

Company

Arabian Internet and
Communications
Services Co.
1Q26 Result Review

Rating

Hold

Bloomberg Ticker

SOLUTION AB

Date

28 April 2026

Results

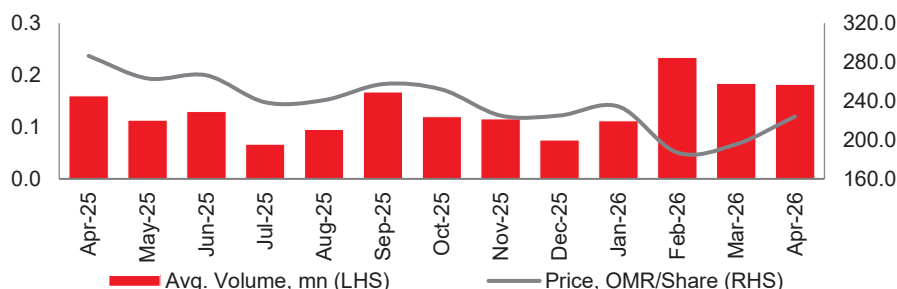
Target Price (SAR)	215.0
Total Return	-0.4%

Current Market Price (SAR)	224.1
52wk High / Low (SAR)	297.9/170.1
12m Average Vol. (m)	128.5
Mkt. Cap. (USD/SAR bn)	7.2/26.9
Shares Outstanding (mn)	120.0
Free Float (%)	20.1%
3M ADTV (SAR mn)	41.5
6M ADTV (SAR mn)	31.5
P/E'26e (x)	17.3
P/B'26e (x)	5.5
Dividend Yield '26e (%)	3.7%
Price Perf. (1m/3m) (%)	16.8/-6.5

Research Department

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For our
last report



Results came in line with estimates, driven by core ICT segment

In 1Q26, Solutions by STC reported a revenue of SAR 3,002mn (6% YoY), broadly in line with our estimates. The results are primarily driven by strong performance across business segments. Core ICT Services increased (10% YoY), followed by IT Managed & Operational Services (4% YoY) and Digital Services (1% YoY), reflecting continued demand for integrated technology solutions.

Earnings growth driven by operating cost optimization

Net profit recorded at SAR 370mn, broadly in line with U-Capital estimates, mainly supported by operating expenses. However, profitability was partially offset by a SAR 31mn decline in gross profit as higher cost of revenues outpaced revenue growth, alongside a SAR 10mn decrease in other income due to lower finance income and a SAR 5mn increase in zakat and tax expense.

U-Capital view

The company is expected to benefit from STC-related projects entering advanced execution stages, along with government and selective private-sector contract wins, thereby supporting pipeline visibility. However, we believe near-term triggers are already priced in, and we maintain our Hold rating on the stock with a Dec-2026 target price of SAR 215.0/share, while any incremental execution or new wins could act as key upside catalysts.

Financial Summary

SAR mn	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26e	YoY	QoQ	Var.
P&L									
Revenue	2,824	2,902	3,098	3,907	3,002	3,012	6%	-23%	0%
Gross profit	616	656	707	699	586	649	-5%	-16%	-10%
Operating profit	371	446	462	362	399	392	8%	10%	2%
Net profit	361	446	417	279	370	352	3%	33%	5%
BS									
Shareholders' Equity	4,364	3,598	3,993	4,287	4,622	4,657	6%	8%	1%
Ratios									
Gross profit margin	21.8%	22.6%	22.8%	17.9%	19.5%	21.5%			
Operating profit margin	13.1%	15.4%	14.9%	9.3%	13.3%	13.0%			
Net profit margin	12.8%	15.4%	13.5%	7.1%	12.3%	11.7%			
RoE (TTM)					36.7%				
P/E (TTM)					17.8				
Current P/B					5.8				

Source: Financials, TASI, Bloomberg, U Capital Research



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Recommendation

BUY

Greater than 10%

HOLD

Between
0% and +10%

SELL

Lower than 0%

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