

# Investor Presentation



# Agenda

- 
- 1 Overview of solutions by stc

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  - 2 KSA's Macroeconomic Environment

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  - 3 Investment Thesis

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  - 4 Strategy Highlights

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  - 5 Historical Financial Performance

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  - 6 Appendix

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1

# Overview of solutions by stc



# solutions by stc at a Glance

The leading ICT services provider and enabler of the digital transformation across the Kingdom

## Key highlights

**#1**

IT services provider  
in Saudi Arabia

**~20%**

IT Services  
market share in KSA

**25+**

Years of experience  
in IT sector

## 2022 financials

**22%**

Revenue growth YoY  
to SAR 8.8bn

**15.8%**

EBITDA margin

**27%**

Net income growth  
YoY to SAR 1.1bn

## Customers

**1,297**

Opportunities won  
across business lines

**316**

New customers

**780**

Total customers  
from diverse  
industries

## People

**1,716**

Talented employees

**65.5%**

Saudization

**18.0%**

Female staff

## Partnerships

**180+**

Partners in solutions  
ecosystem

**45%**

Growth in partner  
revenue

**70%**

Procurement  
spending on local  
suppliers

# Geographical presence



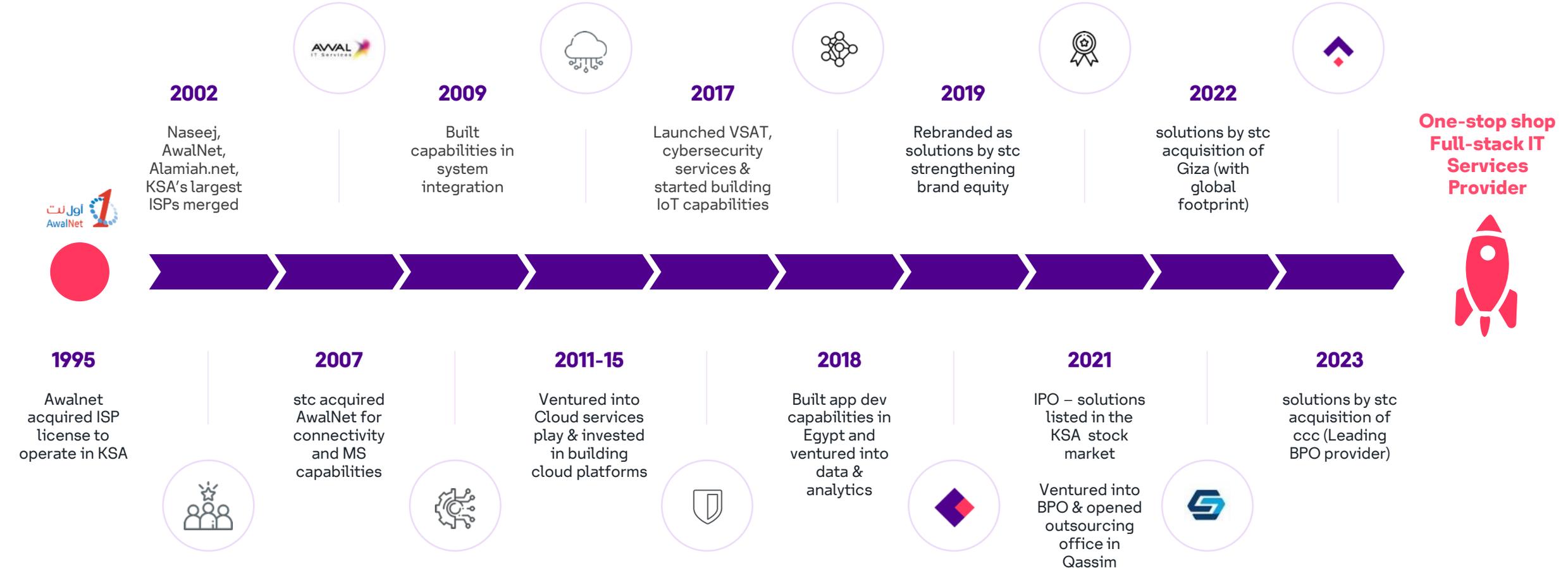
## Presence across the world...

- The head office in **Riyadh** with **+4** offices including (Sales, Product Dev, data center)
- solutions expanded its reach with the acquisition of **Giza** and **ccc** and their subsidiaries, delivering value to different sectors



# solutions by stc evolution

Expanding from serving stc alone to serving governments and enterprises across KSA and MENA region



# Management Team

solutions leadership team are set to achieve corporate progression and business goals.

**29y** of experience, of which nearly +16 years in stc in various leadership roles in information **security, infrastructure & architecture, and IT**

**CEO**  
Omer Abdullah Alnomary  
~6 yrs. with solutions



**19y** of total experience in finance roles in solutions

**CFO of the year** (Public Sector), Nov 2021

**Chief Financial Officer**  
Abdulrahman Hamad AlRubaia  
~19 yrs. with solutions



**22y** of experience in IT Services solutions.

Worked with **Cisco and stc** in various related **IT roles** prior to joining solutions

**Chief Business Outsourcing Officer**  
Thamir Mohammad Alhammad  
~9 yrs. with solutions



**16y** in the IT services industry with multiple leadership roles in solutions.

Before solutions, he worked with **SBM** and **Cisco** in IT-related roles.

**Chief Strategy Officer**  
Muataz Abdullah Aldharrab  
~8 yrs. with solutions



**14y** of experience in **Human Resources.**

Prior to current role, he held the role of **GM Human Capital Management** in solutions

**Chief People & Corporate Services Officer**  
Saleh Tareg AlGroony  
~6 yrs. with solutions



**29y** of experience, of which last 8 years have been in a **GM position at stc Group.**

Prior to stc, he worked as **country manager in SBM** and executive in **Cisco**

**Chief Technology Officer**  
Saleh Abdullah AlZahrani  
~5 yrs. with solutions



**31y** of experience in large scale multi-industry projects and digital transformation engagements

Prior to current role, he held several senior positions in **Cisco and IBM**

**Chief Partnerships & Synergies Officer**  
Hatem Abdulhalim Elkady  
~6 yrs. with solutions



**20y** of experience, of which +15 years in stc in various roles in **Technology and Operations.**

Prior to current role, he held the role of **GM Operations in solutions**

**Chief Governance Officer**  
Ahmed Najj Bajnaid  
~4 yrs. with solutions



**14y** of experience in multiple companies. serving in senior commercial roles across industries

Before solutions, he worked with **Oracle, Pearson** and **The Centennial Fund**

**Chief Commercial Officer**  
Yousef Abdulrahman AlMarshad  
~5 yrs. with solutions



**21y** of experience in multiple companies and government sector.

Previously he has served in organizations like **Tahakom, KSU** and **MCIT**

**Chief Audit Officer**  
Rajeh Saad Albogamy  
~3 yrs. with solutions



# Overview of Business Segments

solutions operates across three main business segments

## Business line

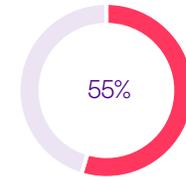
## Services

## Share of Revenue



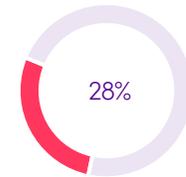
**Core ICT Services**

- System integration services
- Communication and Internet services



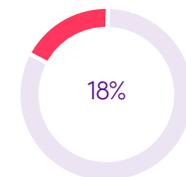
**IT Managed and Operational Services**

- Managed services
- Business Process Outsourcing



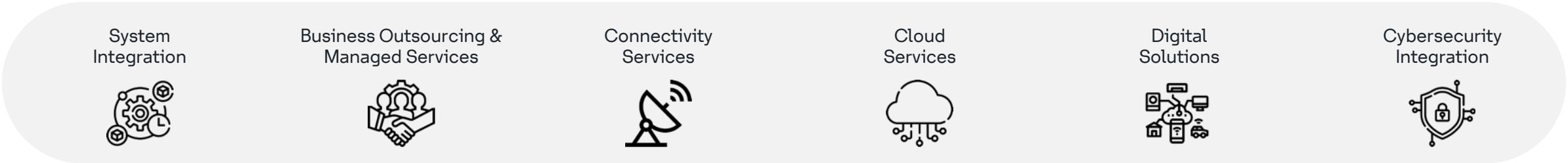
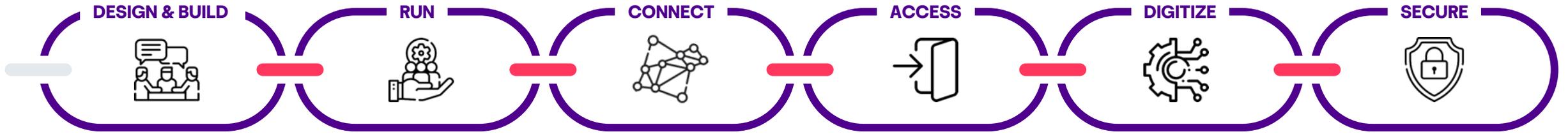
**Digital Services**

- Cloud services
- Digital services
- Cybersecurity Integration



# Product Portfolio Spans the Whole Value Chain

solutions' holistic product offering supports clients in their digital aspirations at each stage of the value chain



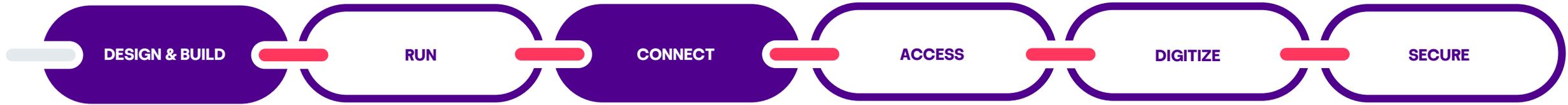
Offered by



Partnerships with other services providers



# Product Portfolio: Core ICT Services Segment



## Business line

## Description

## Services



**System integration services**

The core business of solutions, with services spanning across the value chain, enabled through a strong local and global partner ecosystem

Network Integration  
Infrastructure Integration  
Application Integration  
IT Advisory Services



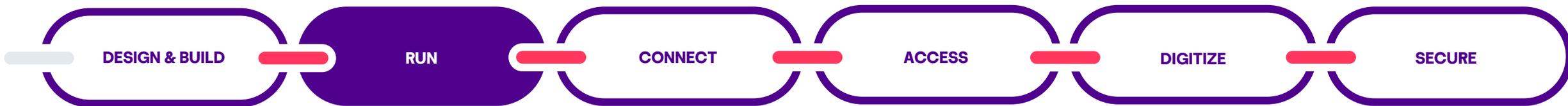
**Communication and internet services**

Serving high-end connectivity needs of enterprises within cities as well as remote locations

Dedicated, secured, and high-quality business internet  
VSAT services



# Product Portfolio: IT Managed and Operational Services Segment



## Business line

## Description

## Services



**Managed services**

Providing end-to-end management of IT infrastructure and networks

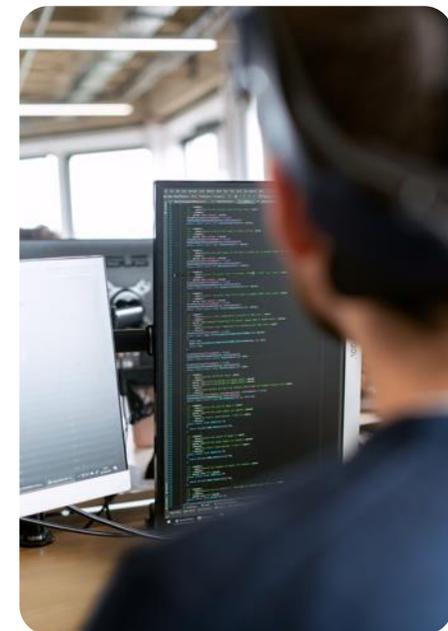
Managed business networks, incl. WiFi, LAN, VPN  
Managed IT Infrastructure, incl. servers, edge computing, devices, assets, database, data center



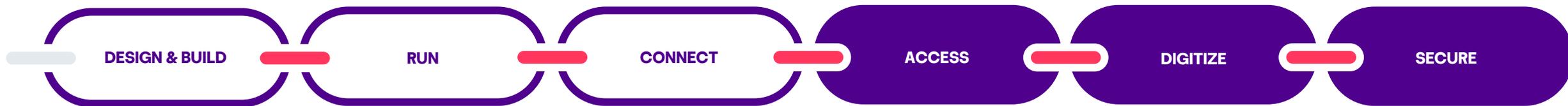
**Business Process Outsourcing (BPO)**

Fully integrated, behind-the-scenes business process outsourcing

BPO portfolio spans across Finance and Accounting, Human Resource, Maken Services, Training, Manpower, BPaaS and CLM offerings



# Product Portfolio: Digital Services Segment



## Business line

## Description

## Services

 **Cloud services**

Full spectrum of data center & cloud services

Multi-Cloud  
Disaster Recovery  
Cloud advisory

Private Cloud  
Hybrid Cloud Services



 **Digital Services**

Connect, monitor and analyze machines / devices for informed and effective decisions

Fleet Control  
Virtual Clinic  
Smart Surveillance

Point of Sale  
M2M Connectivity



 **Cybersecurity Integration**

Security services that cover all stages across the full IT value chain

Planning  
Design

Implementation  
Project management



# Giza snapshot

Giza brings strong presence in Egypt and enhances solutions' one-stop-shop offering

## Background



Established in 1974 as first national IT Company in Egypt. Became #1 provider for OSS & BSS in Egypt in 2004. Giza Arabia founded in 2006 to focus on the KSA market.



A leading systems integrator in the MEA region, designs and deploys industry-specific technology solutions for asset-intensive industries in over 25 countries.

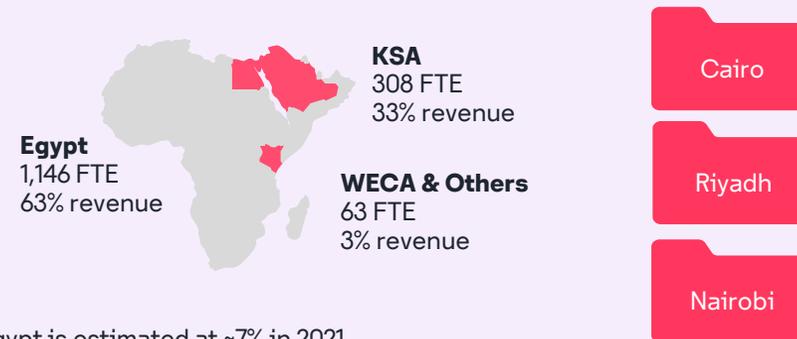


Strong expertise in application integration, development and management.

## Geographical Presence

**Total:**  
1,517 FTEs

**350**  
Customers



- Giza's market share in Egypt is estimated at ~7% in 2021
- stc and SEC are Giza's two largest customers in KSA

## Portfolio

**System & Application Integration**

System, application & infra integration and advisory services

**Digital solutions**

Industrial and physical security bespoke digital solutions

**Application Development & Management**

Custom application development, app mgmt. & SW deploy and support

**Data Center & Cloud Services**

Infrastructure/DC services, cloud advisory, migration & deployment

## Financial Performance, SAR mn

	2021	2022	YoY
<b>Revenue</b>	1,093	1,253	14.6%
<b>EBITDA Margin</b>	7.4%	10.0%	2.6%
<b>Total Assets</b>	903	1114	23.4%
<b>Total Debt</b>	129	198	53.5%



# ccc snapshot

ccc reinforces solutions' ICT market leadership and expands its BPO offering

## Background



Founded in 2011 as a JV between stc Group and the US-based global company STARTEK, a conglomerate CX mgmt. company



Biggest customer experience management provider in KSA handling over 35 mn annual interactions



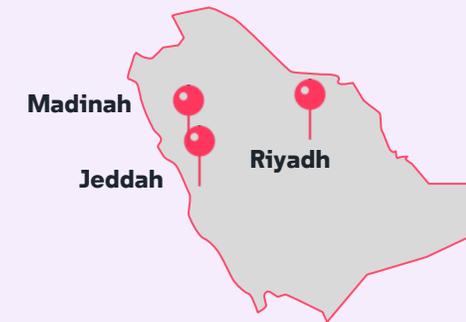
Offerings mainly Customer Care BPO, staffing (MPO) for mostly large clients in KSA; nascent shared services, consulting, other specialized services

## Presence & reach

5,823 FTEs

84% Saudization  
35% female

25+ Clients



30mn+ calls answered

320k+ customers retained

8+ languages

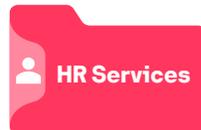
## Services Portfolio



- Customer care
- Telesales
- Social media management
- Retention & loyalty management



- Business intelligence
- Speech analytics
- Big data
- Cyber security
- Work from home
- Omni channel



- Staff augmentation
- Recruitment
- Training
- On-boarding
- Payroll processing



- Finance
- Accounting
- Business process engineering

## Financial Performance, SAR mn

	2021	2022	YoY
Revenue	755	915	21.2%
EBITDA Margin	13.1%	11.2%	-1.9%
Total Assets	522	575	10.2%
Total Debt	-	-	

# Market Positioning

solutions currently has ~20% market share in the Saudi Arabian IT market



## KSA Pure Play

Majority of solutions revenue is generated in Saudi Arabia

## Public & Private Sector

45% of revenue generated from Government (Direct and Indirect), but increasing contribution from private sector

## E2E solutions

solutions comprehensive portfolio offers a One-Stop-Shop approach covering the entire IT value chain

# Competitive Landscape

solutions is in an unrivalled position to maintain its leadership position in Saudi Arabia



## solutions competitive positioning



### solutions' key strengths:

- Access to customers
- Cross-selling
- Sharing brand equity
- Sharing best practices
- Opportunities as customers



### International Competition

- International players are solutions' partners rather than competitors



### Local Competition

- Fragmented local industry primarily focused on reselling hardware and software with minimal professional services
- Other telco operators represent limited threat as they underinvested in their infrastructure for years



## High barriers to entry



+25 years track record



Regulatory compliance



Customer relationships



Local experience



Delivery capability (large & complex projects)



Market reputation

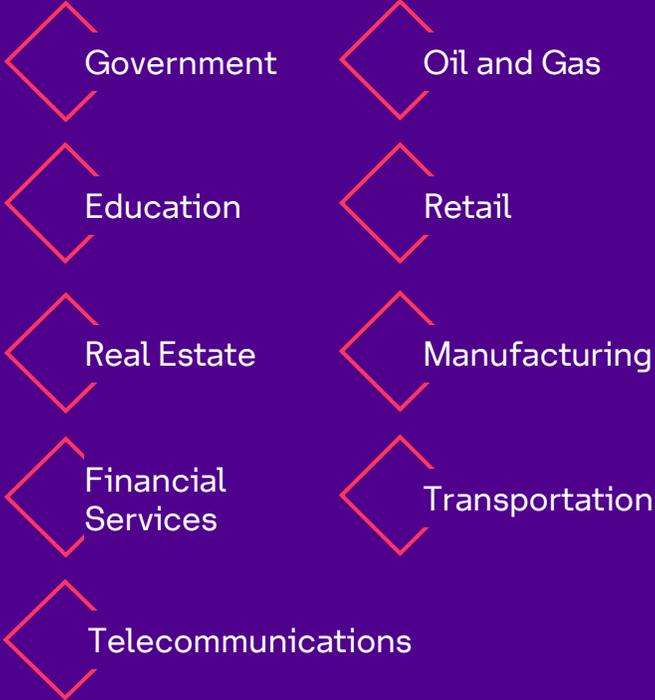
# Customers and Offerings Analysis

solutions have a diversified customer base across the kingdom and different industries

### Customers by Segment



### Industries



### Clients by Region



# Partnerships

Well-balanced partner ecosystem to diversity our offerings...



180 +

Partners including Cisco, Microsoft, Dell, VMWare, Huawei.



9 Agreements

Signed under VAP scalable program to penetrate the SME segment



45%

growth in partner revenue



38 new

Niche digital and emerging tech partners

...with significant recognition from our international partners



Cloud Partner of the Year 2022



Fellow Traveler 2022 Award  
Enterprise Networking Partner of the year 2022  
The Partner of the Year 2022  
Excellent Global Sales Partner Award 2022



Dell Cloud & Services Partner of the Year 2022 by Mindware



Strategic Partner of the Year 2022



Enterprise Partner of the Year 2022



System Integrator Partner of the year 2021



Partner of the Year 2022



Telecom Partner of the Year 2022



Partner of the Year 2022



Enterprise Partner of the year 2022  
Tiering Up Partner of the Year 2022



# Human Capital Analysis

solutions work towards elevating skill level and achieving diversified employee base

### Employees Age

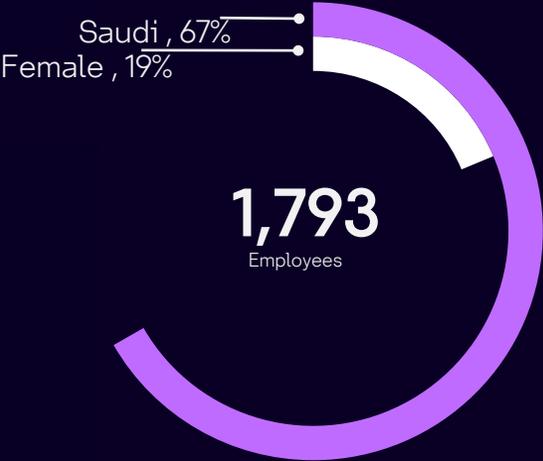


### Training Hours



Hours of training have been conducted during 2022 (+20% compared to 2021)

### Employees Profile



2

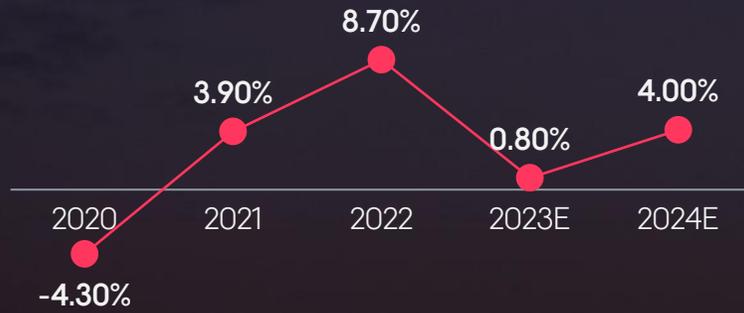
# KSA's Macro-Economic Environment



# Macro-Economic Environment

Robust economic outlook supportive for the ICT sector in the kingdom

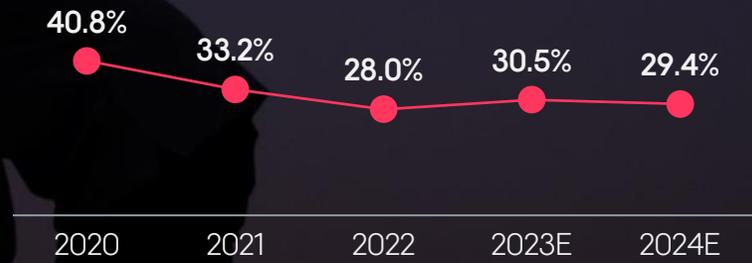
### Real GDP Growth (%)



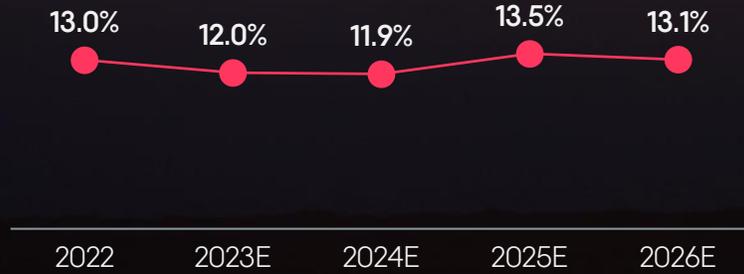
### Brent Oil Price / Barrel (USD)



### Government Expenditures % of GDP (%)



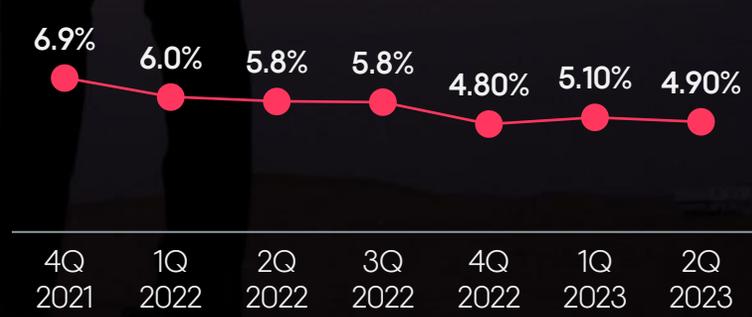
### KSA IT Growth (%)



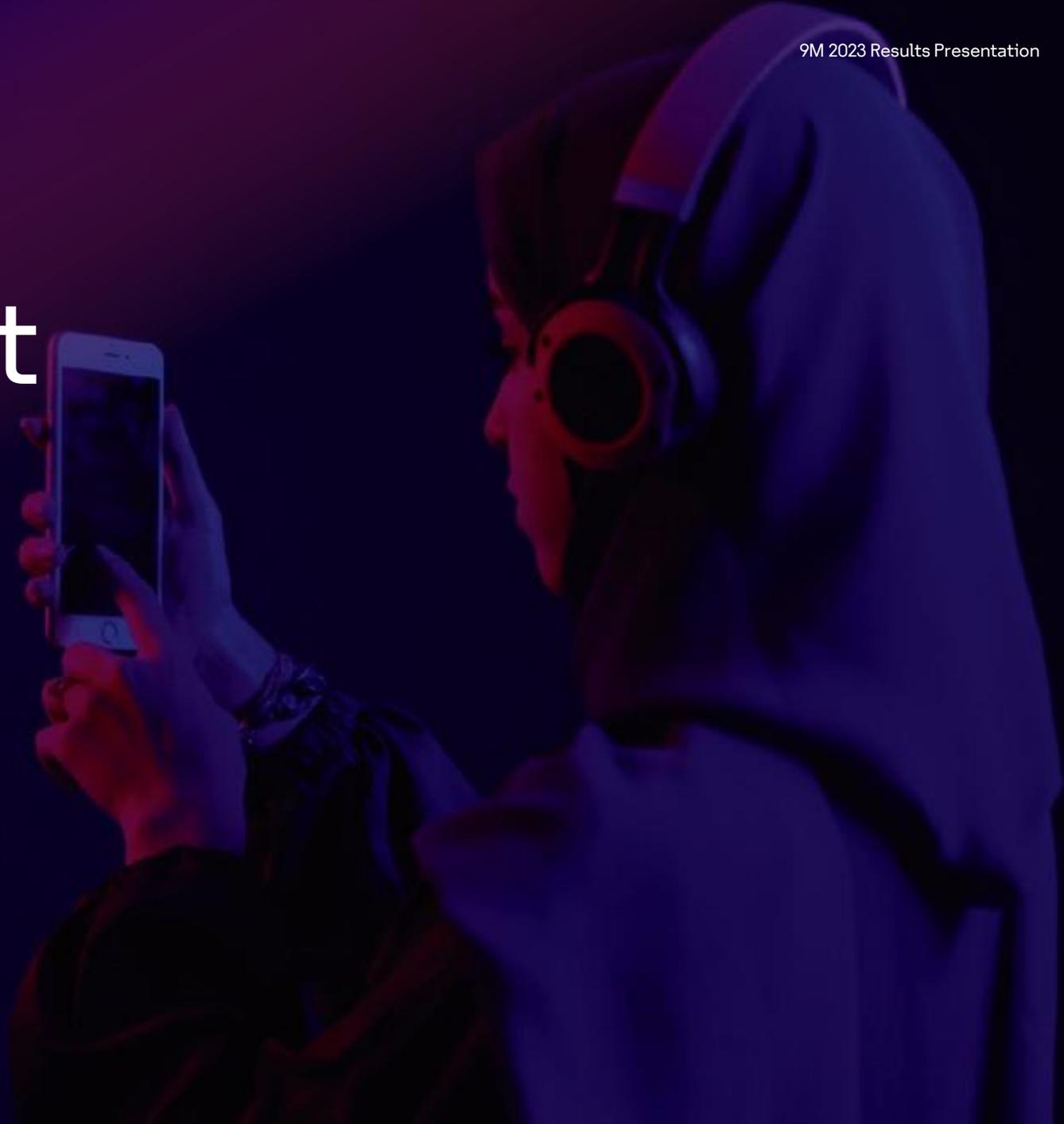
### Inflation Rate (%)



### Saudi Unemployment Rate (%)

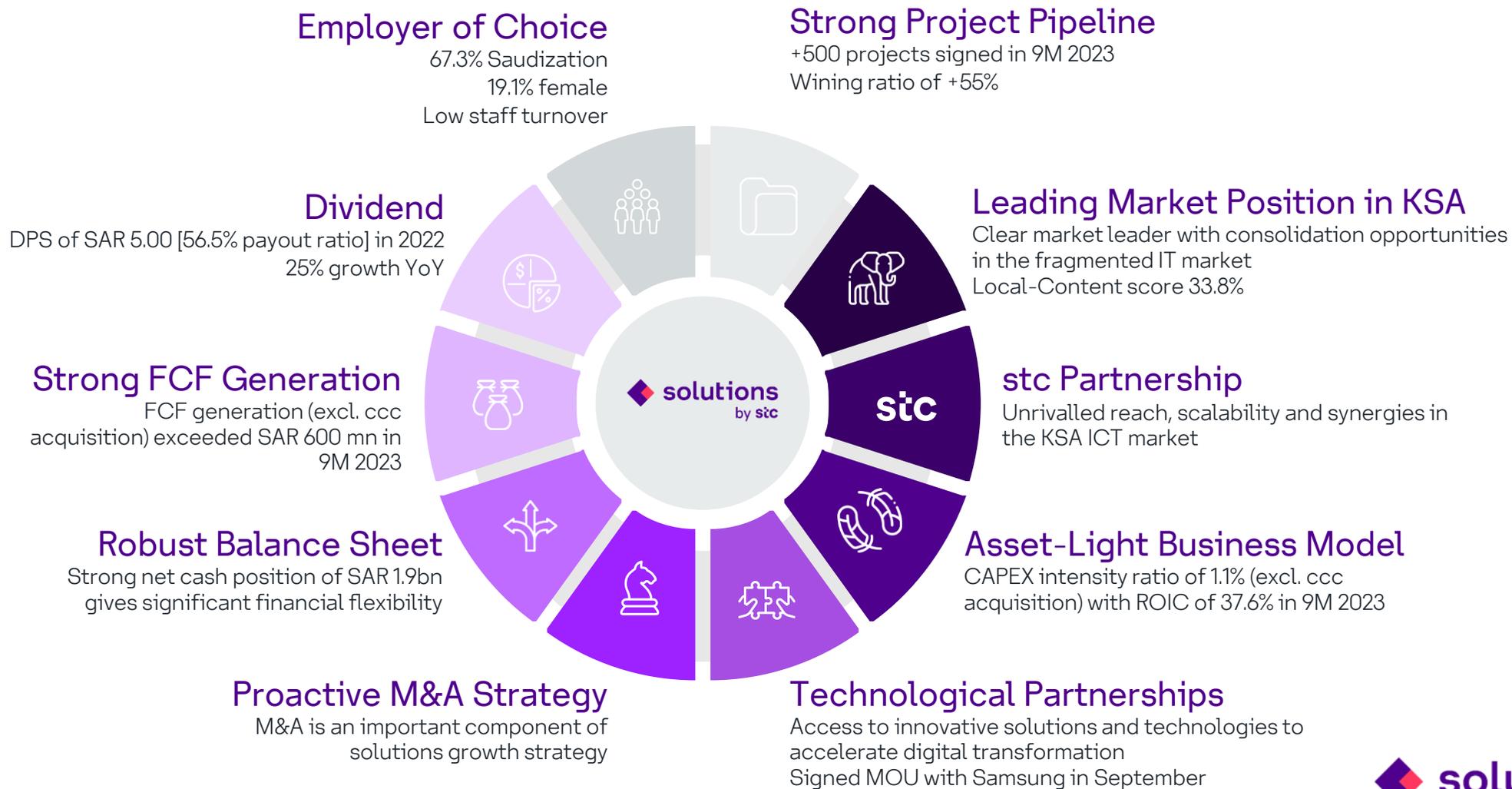


# 3 Investment Thesis



# Investment Thesis Update

solutions is the **right stock** in the **right market** at the **right time**



A man with a beard and a young boy are looking at a screen. The man is pointing at the screen. The scene is lit with dramatic blue and red lights.

# 4 Strategy Highlights



# solution's Strategy



# Strategic Objectives

solutions provides innovative technology solutions that enable our customers to succeed in evolving market needs



<p><b>L</b></p> <p><b>Lead in managed &amp; professional services</b> through continuous capabilities enhancements across:</p> <ul style="list-style-type: none"><li>• IT Professional services</li><li>• Multi-Cloud Services</li><li>• IT Managed Services</li><li>• Business Process Outsourcing</li></ul> <p>Strengthening solutions market leadership</p>	<p><b>E</b></p> <p><b>Expand Offerings Portfolio and Market Reach</b> through:</p> <ul style="list-style-type: none"><li>• Expanding offering into digital consulting and emerging tech</li><li>• Enhancing our market reach by focusing on new sectors and segments</li><li>• Protecting the core business by enhancing the offering through specific use cases</li></ul> <p>Becoming one-stop-shop IT services provider</p>	<p><b>A</b></p> <p><b>Achieve Excellence in Total Experience</b> by:</p> <ul style="list-style-type: none"><li>• Continuously improving our 360 CX framework</li><li>• Expanding our partners ecosystem across technologies and ICT value chain</li><li>• Exploring innovative ideas and business models</li></ul> <p>Building a strong effective ecosystem</p>	<p><b>P</b></p> <p><b>Promote Internal Efficiencies &amp; Collaboration</b> by:</p> <ul style="list-style-type: none"><li>• Digitization &amp; automation of processes</li><li>• Optimizing resources management and creating synergies</li><li>• Adopting best sustainability practices</li></ul> <p>Best workplace for the best people in business</p>
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# M&A Strategy



# In the MENA region, the market for IT services is ripe for consolidation

MENA's IT market is dynamic and fragmented - perfect ingredients for strong M&A activity going forward



**MENA is following in the footsteps of mid-market ICT M&A activity globally**  
solutions' M&A strategy is built on three pillars with the aim to scale, widen the offering, and remain the industry leader

# Devoteam Transaction Overview

Sale and purchase agreement (SPA) to acquire 40% of Devoteam signed on the 15<sup>th</sup> of October 2023



## Transaction Details and Strategic Rationale

### Transaction details:

- The binding offer to acquire 40% in Devoteam Middle East was announced on 18 June 2023 and the sale and purchase agreement (SPA) signed on 15 October 2023.
- The acquisition price is to be based on the Enterprise Value of SAR 741.7 million.
- The deal is subject to obtaining all regulatory approvals from the relevant authorities in KSA.

### Good strategic fit for solutions:

1. Devoteam will bring synergies with solutions' core business (systems integration) and strengthen its leadership in the ICT market...
2. ...while complementing solutions' offering with digital consulting and business transformation capabilities and reinforcing its one-stop-shop value proposition for clients in the KSA IT services market.

## Sectors and Partners

Key sectors



Key business partners



A person wearing headphones and holding a smartphone, with a large red number 5 overlaid on the image.

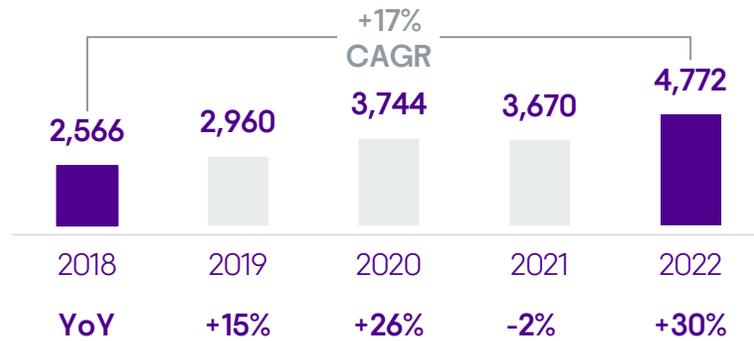
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Historical financial  
performance

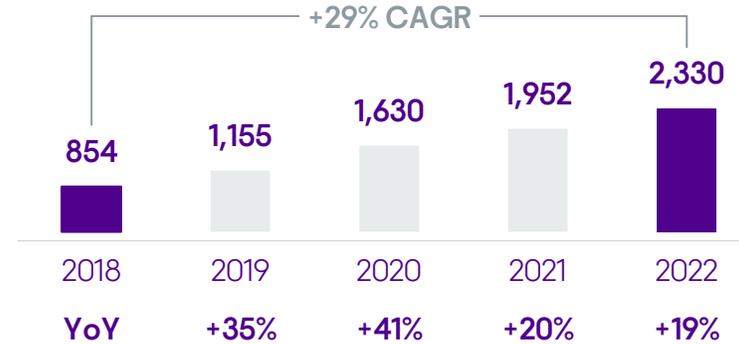
# Historical financial performance

Expansion across all business segments and channels during the last five years...

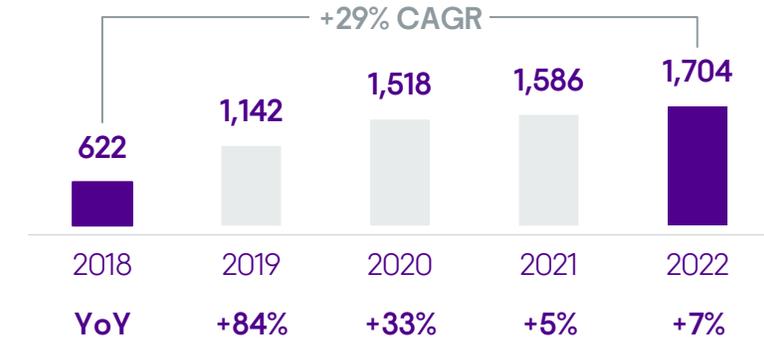
**Core ICT Services Revenue Trend (SARmn)**



**IT Managed & Operational Services Revenue Trend (SARmn)**



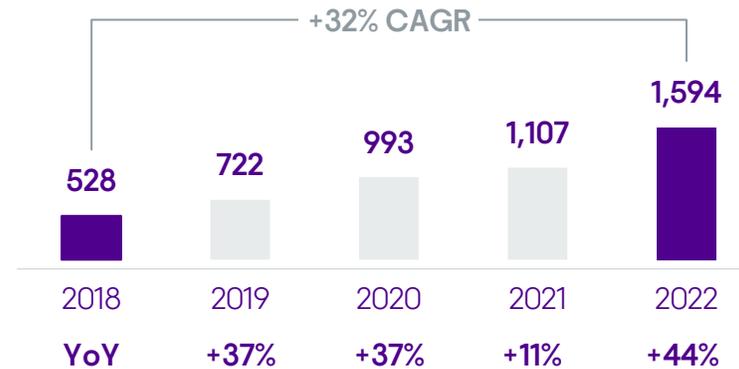
**Digital Services Revenue Trend (SARmn)**



**Revenue from stc (SARmn)**



**Revenue from Private Sector (SARmn)**



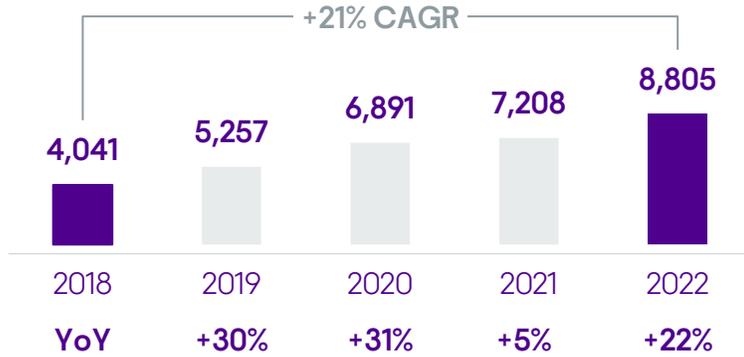
**Revenue from Government (SARmn)**



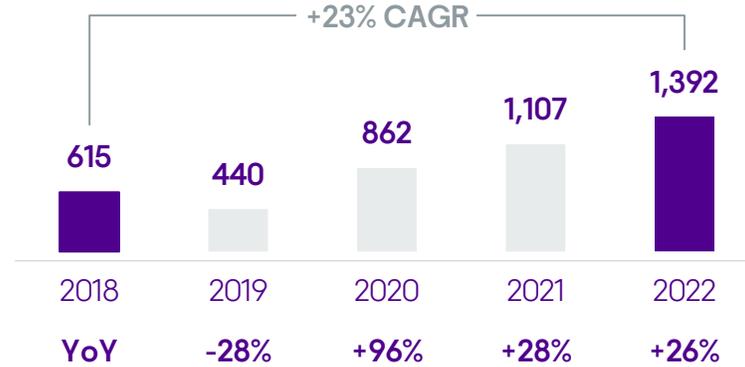
# Historical financial performance

...resulted in consistent growth and solid profitability

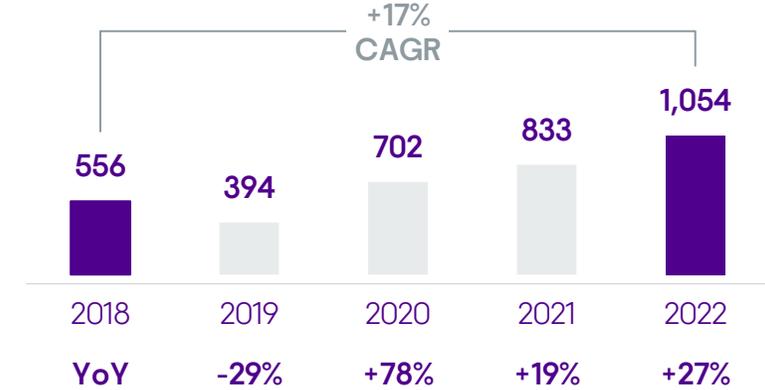
### Revenue Trend (SARmn)



### EBITDA Trend (SARmn)



### Net Profit Trend (SARmn)



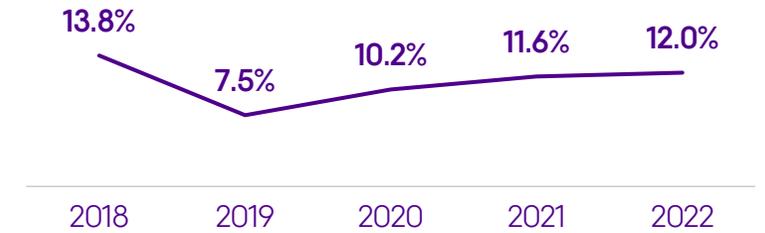
### Gross Profit Margin (%)



### EBITDA Margin (%)



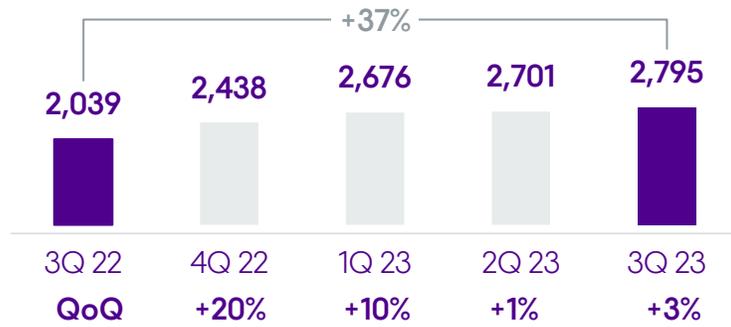
### Net Profit Margin (%)



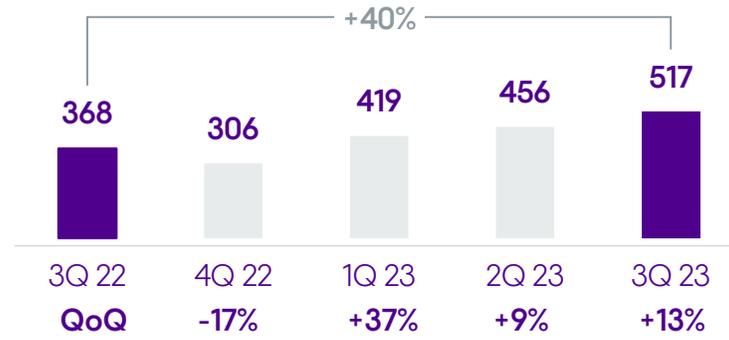
# Quarterly financial performance

Solutions accelerated growth and improved margins in 2Q 2023

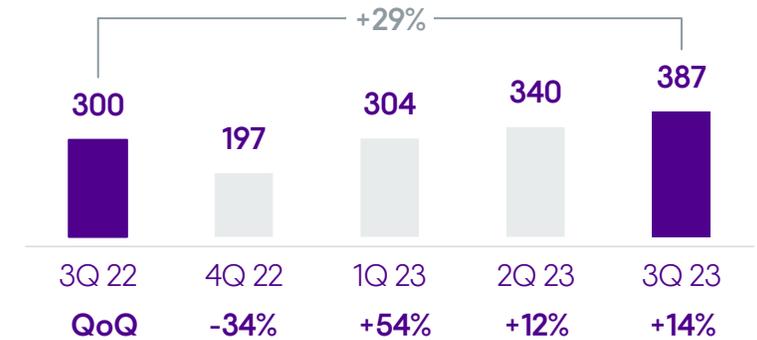
Revenue Trend (SARmn)



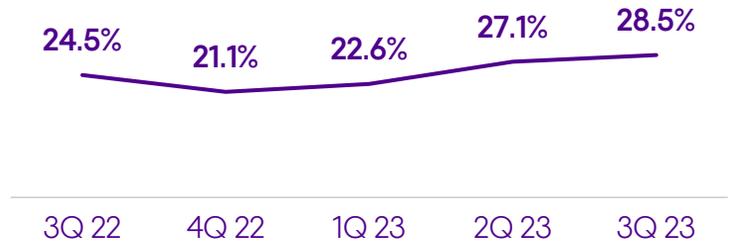
EBITDA Trend (SARmn)



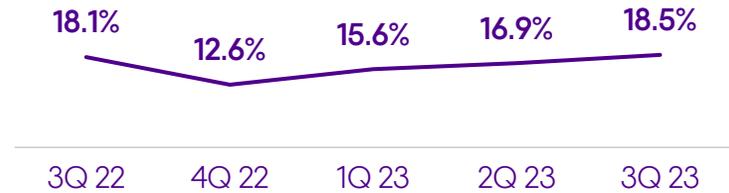
Net Profit Trend (SARmn)



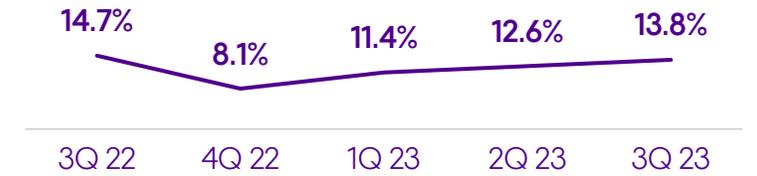
Gross Profit Margin (%)



EBITDA Margin (%)



Net Profit Margin (%)



A woman wearing a grey hijab and a ring, smiling and touching her face, with a purple overlay.

6

# Appendix



# YtD performance vs. FY 2023 Guidance

# Outlook, Guidance and Targets

solutions maintain 2023 guidance

	2023 Outlook
<b>Oil Price</b>	\$84 / bbl
<b>KSA GDP Growth</b>	0.8%
<b>KSA Fiscal Budget</b>	SAR 82 bn deficit
<b>KSA IT Growth</b>	2023: +12% 2022-2026 CAGR: 12.7%
<b>KSA IT Spending % of GDP</b>	1.2%

	9M 2023 results	FY 2023 Guidance
<b>Revenue Growth</b>	28.3%	19% to 22%
<b>EBITDA Margin</b>	17.0%	13% to 15%
<b>Capex Intensity</b>	1.1%	1.5% to 2%

# *b* Awards

# Awards

## Awards, recognition, and certifications



tmforum

Implementation  
Conformance Certificate  
eTOM 20.5



IPSC 6th INTERNATIONAL SUPPLY CHAIN CONFERENCE AWARDS

Blue Ocean Award for supply  
chain management from  
IPSC



procurement  
MIDDLE EAST

Procurement Digital  
Transformation



MIDDLE EAST & NORTH AFRICA  
STEVIE AWARDS

Two Stevie Awards: Gold and  
Bronze



Saudi  
TRADE FINANCE

solutions' CFO awarded CFO  
of the Year 2021 (Public  
Sector)



الموارد البشرية  
والتنمية الاجتماعية

Best Work Environment for  
Women



servicenow

IT and Customer Services  
Digitization



tahawultech.com  
CISO 50  
AWARDS 2021

CISO 50 and Future Security  
Awards 2021 based on efforts  
in security transformation  
from Tahawultech.com



Certified Great Place to  
Work for high-trust, high-  
performing workplace  
culture



Certified Dammam7DC Gold  
by Uptime Institute



First place for quarterly  
performance in most video  
games from GAME MODE



Outstanding Change  
Management Strategy Award  
from the GCC GOV HR  
Awards



Top 3 nominees for project  
of the year from the Project  
Management Institute



Appointed as Corporate  
Members of the IAOP



Highly Commended Honour  
at GLOTEL AWARDS 2021

# C IR Contact

# IR Contact Details

Contact solutions by stc investor relations team

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# Thank You