

July 5, 2023 02:41 PM GMT

Solutions by STC | Europe

2Q23 Preview - Growth to accelerate, backed by CCC

✔ Stock Rating
Equal-weight

◉ Industry View
No Rating

◎ Price Target
SAR 295.00

Our 2Q forecasts are in-line with consensus on revenue and slightly below on EBITDA.

WHAT'S CHANGED	Solutions by STC (7202.SE)	From	To
		Price Target	SAR 287.00

Growth to accelerate to ~30%: We forecast c. 30% growth, to SAR 2.7bn in revenue in 2Q, though largely driven by M&A contribution (from the closed deals of Giza and Contact Center Company). On an organic basis, we forecast 2Q growth at c. 9%, in-line with our c. 9% estimate that Solutions delivered in 1Q. We forecast a 15% stated EBITDA margin, with EBITDA of SAR 407m. Our revenue and EBITDA forecasts are 1/3% below consensus for 2Q. On a full-year basis, our revenue forecast of c. SAR 11bn is in-line with consensus (+25% y/y), with our adj. EBITDA forecast of SAR 1.62bn c. 2% below consensus, and reflecting a 14.8% margin (consensus 15.1%, guidance 13-15%).

Notable events during 2Q:

- Raising forecasts for ITMOS contract win:** Solutions announced in June that they had won a new contract with the National Center for Government Resources (NCGR) to execute a unified operations managed services project. The contract duration is 42 months and carried a contract value of SAR 444m, the impact starting in 3Q23. We estimate the majority of this contract will be booked within Solutions' IT Managed & Operations Services segment (barring a small portion which will initially be within Core ICT Services to perform initial integration). This suggests a c. SAR 127m run-rate of revenue per annum of the contract life. While not significantly material, we estimate this adds a point to growth through the ramp-up phase of the contract and we increase our ITMOS organic revenue forecasts by mid-single-digit % over this period.
- Signing a binding offer to acquire 40% of Devoteam Middle East:** In June, Solutions announced it had signed a binding offer with Devoteam SAS and ORTLL Investment Limited to acquire 40% ownership in Devoteam Middle East, a specialised digital consultancy and transformation services firm. The deal is subject to regulatory approvals, and would imply a **100% enterprise value of SAR 742m**. We do not incorporate this into our numbers yet, pending deal closure, though note that (given the 40%

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Solutions by STC (7202.SE, SOLUTION AB)

EEMEA - Technology / Saudi Arabia

Stock Rating	Equal-weight
Industry View	No Rating
Price target	SAR 295.00
Shr price, close (Jul 5, 2023)	SAR 321.60
52-Week Range	SAR 355.00- 198.00
Mkt cap, curr (mn)	SAR 38,592
Net debt (12/23e) (mn)*	SAR (2,503)
EV, curr (mn)*	SAR 36,073

* = GAAP or approximated based on GAAP

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

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intended holding), this would be consolidated as an associate in Solutions' P&L.

Price target raised to SAR 295: Our FY24-26 forecasts are raised c. 1-3% across FY23-26, incorporating the above contract and reflecting minor changes elsewhere. Our DCF-derived price target tracks higher to SAR 295 (from SAR 287). At SAR 320, Solutions trades on c. 27x FY24e adj. P/E, for a c. 8% FY24-26e revenue CAGR, a c. 9% CAGR on adj. EPS. We forecast adj. EPS of SAR 10.87/11.76/12.74/13.92 for FY23/24/25/26 respectively.

Exhibit 1: 2Q23 Preview

SARm, Y/E 31 Dec	MS 2Q23e	Consensus 2Q23e	MSe vs. Cons	MS FY23e	Consensus FY23e	MSe vs. Cons
Core ICT Services	1,340			5,637		
<i>y/y growth (%)</i>	25%			18%		
IT Managed and Operational Services	869			3,344		
<i>y/y growth (%)</i>	49%			44%		
Digital Services	500			1,984		
<i>y/y growth (%)</i>	15%			16%		
Total revenue	2,709	2,728	-0.7%	10,964	10,973	-0.1%
<i>y/y growth (%)</i>	30%	31%		25%	25%	
<i>y/y org. growth (%)</i>	9%			10%		
Stated EBITDA	407	421	-3.2%	1,623	1,652	-1.8%
<i>% of sales</i>	15.0%	15.4%		14.8%	15.1%	
Adjusted EBIT	349			1,419		
<i>% of sales</i>	12.9%			12.9%		
Stated net income	311	334	-6.6%	1,218	1,314	-7.3%
Adj. net income	321			1,304		
FCF	265			1,027		

Source: Visible Alpha consensus, Morgan Stanley Research estimates

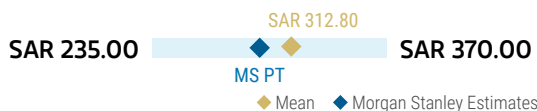
Risk Reward – Solutions by STC (7202.SE)

Valuation captures Solutions' KSA ICT services market leadership position

PRICE TARGET SAR 295.00

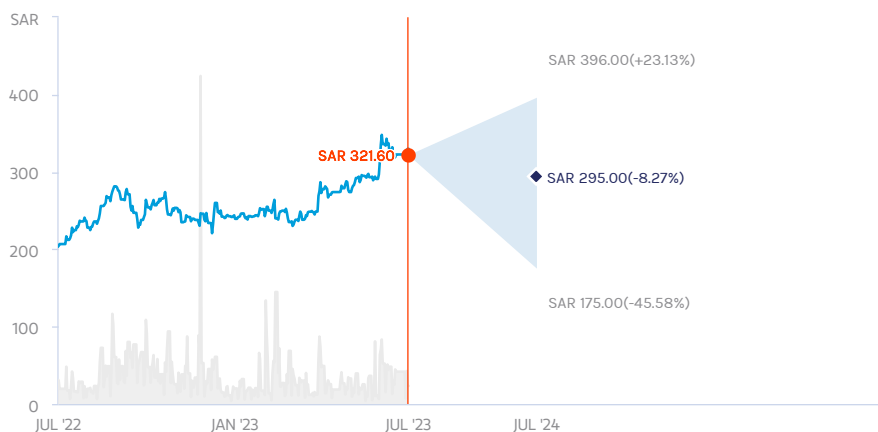
We value Solutions by STC with a 10-year DCF, using a WACC of 8.5%, and a 2.5% terminal growth rate.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



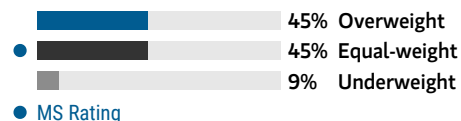
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- Strongly positioned to help enable KSA Vision 2030 by enabling technology adoption in the public and private sectors.
- We forecast Solutions to grow revenues organically at a c. 9% CAGR FY23-26, slightly ahead of its underlying market growth rate. In the context of IT services, this represents a relatively high rate of growth, reflecting KSA's earlier positioning on the IT adoption maturity curve.
- We continue to expect some cost re-emergence post COVID-19 pandemic and gross margin volatility (as has historically been the case). We expect adj. EBIT margins to remain broadly around c. 12.5%.
- We see the current valuation as fairly capturing the baseline growth opportunity.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

SAR 396.00

Double-digit organic growth momentum

As was the case over FY19-22, Solutions continues to win large new ICT contracts, driving growth materially above the company's guidance. We forecast c. 28% total growth in FY24 and c. 16% in FY24 (vs. 10.5% in our base case). Operating leverage drives adj. EBIT margins higher and Solutions sustains >12% margins through the mid-term, and reaches >14.5% in terminal state. The FY23-26 revenue growth CAGR is c. 13%, c. 6.5% FY27-33. Our bull case equals c. 30x FY24 adj. P/E, or c. 3.4x EV/Sales.

BASE CASE

SAR 295.00

Growth in-line with the market

After MSe c. 17% org. growth in FY22, Solutions continues to deliver strong growth. We forecast c. 9% org. for FY23 (25% total growth), c. 9% for FY24. Adj. EBIT margins compress vs. FY22 levels, reflecting M&A impacts and project mix. Adj. EBIT margins ease from 13.2% in FY22 to 12.9% in FY23. The FY27-33 revenue growth CAGR is c. 6%. Adj. EBIT margins improve gradually, towards ~13.5% in terminal state. Our base case equals c. 25x FY24 adj. P/E, c. 2.6x EV/sales.

BEAR CASE

SAR 175.00

Increased competition drives below-market growth

Beyond FY23 (where stated growth is 18%), Solutions' top-line growth moderates below the wider market at, driven by increased competition. Adj. EBIT margins compress to <12% in FY22, and to around 10% in terminal state, as mix shift weighs, currently higher-margin work commoditises, and margin improvements in more nascent divisions (e.g. digital) proves relatively limited. The FY23-26 revenue CAGR is c. 6.5%, c. 3% FY27-33. Our bear case represents c. 17.5x FY24 adj. P/E, or c. 1.6x EV/Sales.

Risk Reward – Solutions by STC (7202.SE)

KEY EARNINGS INPUTS

Drivers	2022	2023e	2024e	2025e
Group y/y revenue growth (%)	22.2	23.8	10.5	8.6
Group adj. EBIT margin (%)	13.2	12.9	12.6	12.4

INVESTMENT DRIVERS

- Large new contract wins
- Relative growth of high versus low margin business segments
- Expansion of activities in private sector end market
- M&A inside KSA or in other GCC countries
- Delivery quality on large contracts already being serviced
- 2Q23 results

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5
MOST 3 Month
Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- New contract wins particularly with the KSA government
- International expansion into other GCC countries in the mid-term
- Bolt-on M&A

RISKS TO DOWNSIDE

- Slowdown in contract wins or contract losses once they reach the end of their term
- Weaker than expected delivery on existing large contracts leading to margin compression
- Impairments/provisions on contracts/inventory
- Longer working capital cycles than expected

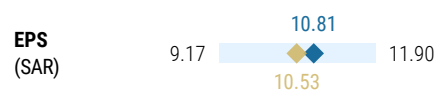
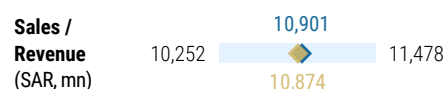
OWNERSHIP POSITIONING

Inst. Owners, % Active	57.8%	<div style="width: 57.8%;"></div>
HF Sector Long/Short Ratio	2x	<div style="width: 200%;"></div>
HF Sector Net Exposure	7%	<div style="width: 7%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2023e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Financial forecasts

Exhibit 2: Income statement

Profit & Loss	FY	FY	FY	FY	FY	FY	FY	FY	FY
YE 31st Dec - SARm	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
Total revenues	4,041	5,257	6,891	7,816	2,243	10,964	12,190	13,250	14,313
<i>y/y growth (%)</i>		30.1%	31.1%	13.4%	20.1%	24.5%	11.2%	8.7%	8.0%
<i>y/y cc growth (%)</i>		30.1%	31.1%	13.4%	20.1%	24.9%	11.2%	8.7%	8.0%
<i>y/y org. growth (%), (ex FX, ex M&A)</i>		30.1%	31.1%	13.4%	20.1%	10.0%	9.5%	8.7%	8.0%
<i>y/y org. growth (%), (ex M&A, ex-out not PF)</i>		30.1%	31.1%	13.4%	20.1%	11.7%	11.2%	8.7%	8.0%
Cost of sales	(3,076)	(4,410)	(5,469)	(6,108)	(1,749)	(8,529)	(9,496)	(10,335)	(11,164)
Stated gross profit	965	847	1,422	1,708	494	2,436	2,694	2,915	3,149
<i>as % of sales</i>	23.9%	16.1%	20.6%	21.9%	22.0%	22.2%	22.1%	22.0%	22.0%
Adj. selling and distribution expenses	(113)	(158)	(159)	(196)	(58)	(304)	(347)	(388)	(415)
<i>y/y growth</i>		39.4%	1.0%	23.1%	38.4%	23.6%	14.1%	11.6%	7.1%
<i>as % of sales</i>	-2.8%	-3.0%	-2.3%	-2.5%	-2.6%	-2.8%	-2.9%	-2.9%	-2.9%
Adj. general and administration expenses	(273)	(357)	(429)	(450)	(121)	(708)	(817)	(881)	(945)
<i>y/y growth</i>		31.0%	20.3%	4.8%	27.0%	17.9%	15.4%	7.9%	7.2%
<i>as % of sales</i>	-6.7%	-6.8%	-6.2%	-5.8%	-5.4%	-6.5%	-6.7%	-6.7%	-6.6%
Net impairments/provisions in COGS	13	(32)	(14)	(11)	(26)	5	—	—	—
Net impairments/provisions below COGS	(7)	15	(77)	(163)	(2)	(50)	—	—	—
Other income/(losses)	6	74	(2)	2	(1)	(29)	—	—	—
Amortisation of acquired intangibles	—	—	—	—	—	(24)	(24)	(24)	(24)
Stated EBIT	572	348	757	899	313	1,350	1,506	1,622	1,765
<i>as % of sales</i>	14.2%	6.6%	11.0%	11.5%	14.0%	12.3%	12.4%	12.2%	12.3%
Adjusted EBIT	567	365	848	1,073	341	1,419	1,530	1,646	1,789
<i>as % of sales</i>	14.0%	6.9%	12.3%	13.7%	15.2%	12.9%	12.6%	12.4%	12.5%
D&A	43	92	105	208	55	272	301	329	346
<i>as % of sales</i>	1.1%	1.8%	1.5%	2.7%	2.5%	2.5%	2.5%	2.5%	2.4%
o/w. normal depreciation (MSe)	30	54	55	155	42	183	195	199	200
<i>as % of sales</i>	0.7%	1.0%	0.8%	2.0%	1.9%	1.7%	1.6%	1.5%	1.4%
o/w. lease depreciation	—	17	19	17	4	22	24	27	29
o/w. amortisation	13	21	31	35	9	45	58	80	93
<i>as % of sales</i>	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.6%	0.7%
o/w. ppa of intangibles	—	—	—	—	—	24	24	24	24
Stated EBITDA	614	440	862	1,107	368	1,623	1,807	1,952	2,112
<i>as % of sales</i>	15.2%	8.4%	12.5%	14.2%	16.4%	14.8%	14.8%	14.7%	14.8%
Adjusted EBITDA	610	457	953	1,281	396	1,668	1,807	1,952	2,112
<i>as % of sales</i>	15.1%	8.7%	13.8%	16.4%	17.7%	15.2%	14.8%	14.7%	14.8%
Net finance income/(expense)	30	13	(1)	3	4	51	36	50	66
Stated PBT	608	435	754	904	316	1,372	1,542	1,673	1,831
Adj. PBT	597	377	847	1,076	345	1,470	1,566	1,697	1,855
Stated tax (Zakat)	(52)	(41)	(52)	(71)	(34)	(142)	(139)	(151)	(165)
<i>Tax rate % of stated PBT</i>	-8.5%	-9.4%	-6.9%	-7.9%	-10.6%	-13.7%	-9.0%	-9.0%	-9.0%
Adjusted tax (Zakat)	(51)	(36)	(58)	(87)	(37)	(154)	(141)	(153)	(167)
<i>Tax rate % of adj. PBT</i>	-8.5%	-9.4%	-6.9%	-8.1%	-10.6%	-13.7%	-9.0%	-9.0%	-9.0%
NCIs	—	—	—	—	—	(12)	(14)	(16)	(18)
Stated net income	556	394	702	833	283	1,218	1,390	1,507	1,649
Adj. net income	546	342	788	989	309	1,304	1,411	1,528	1,671
Average diluted SII	120	120	120	120	120	120	120	120	120
Adj. diluted EPS	4.55	2.85	6.57	8.24	2.57	10.87	11.76	12.74	13.92

Source: Company data, Morgan Stanley Research estimates

Exhibit 3: Balance sheet

Balance Sheet	FY	FY	FY	FY	FY	FY	FY	FY	FY
YE 31st Dec - SARm	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
Accounts receivable	1,829	2,635	2,804	3,021	3,240	4,974	4,911	5,330	5,741
As % annualised sales	45%	50%	41%	39%	36%	45%	40%	40%	40%
Receivables days	165 days	155 days	144 days	136 days	0 days	155 days	148 days	141 days	141 days
Prepayments and other assets	301	157	157	288	151	286	312	339	367
As % annualised sales	7%	3%	2%	4%	2%	3%	3%	3%	3%
Contract assets	868	1,166	1,505	1,256	1,584	1,601	2,169	2,360	2,551
As % annualised sales	21%	22%	22%	16%	18%	15%	18%	18%	18%
Other current assets	140	151	112	274	54	240	249	271	293
As % annualised sales	3%	3%	2%	4%	1%	2%	2%	2%	2%
Total current assets	3,138	4,109	4,578	4,839	5,030	7,101	7,640	8,300	8,952
Accounts payable	1,236	1,458	1,974	1,931	1,938	3,202	3,428	3,662	3,930
As % annualised sales	-31%	-28%	-29%	-25%	-22%	-29%	-28%	-28%	-27%
Deferred revenue	988	1,427	1,705	2,277	2,286	3,202	3,303	3,594	3,849
As % annualised sales	-24%	-27%	-25%	-29%	-25%	-29%	-27%	-27%	-27%
Contract liabilities	336	452	336	354	364	629	715	795	880
As % annualised sales	-8%	-9%	-5%	-5%	-4%	-6%	-6%	-6%	-6%
Other current liabilities	99	40	53	72	106	114	125	136	147
As % annualised sales	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
Total current liabilities	2,659	3,377	4,068	4,634	4,695	7,147	7,570	8,186	8,805
Net working capital	480	732	509	204	335	(46)	70	113	147
As % annualised sales	12%	14%	7%	3%	4%	0%	1%	1%	1%
LT equity investments	0	-	-	-	-	4	4	4	4
Intangible assets	64	104	91	98	100	760	760	760	760
Tangible assets	102	167	594	551	516	390	363	332	308
Other non-current assets	23	84	79	78	75	46	46	46	46
Total non-current assets	189	354	764	726	691	1,200	1,173	1,142	1,118
Cash & equivalents	892	414	993	1,608	1,803	806	1,436	2,207	3,072
ST investments	230	-	-	-	-	2,450	2,450	2,450	2,450
ST debt	-	-	-	-	-	243	243	243	243
LT debt	-	-	-	-	-	502	502	502	502
Net cash/(debt)	1,123	414	993	1,608	1,803	2,511	3,141	3,913	4,778
End of service indemnities	126	189	295	237	266	286	284	271	242
Lease liabilities	-	54	48	31	29	12	12	12	12
Other non-current liabilities	-	-	-	-	-	16	16	16	16
Share capital	100	100	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Retained earnings	1,515	1,079	610	960	1,243	2,056	2,791	3,602	4,519
Other equity	50	78	113	111	92	60	32	2	(30)
NCI	-	-	-	-	-	36	50	65	83
Total equity	1,665	1,257	1,924	2,271	2,535	3,352	4,073	4,869	5,772
Total assets	4,450	4,877	6,335	7,173	7,524	11,557	12,700	14,099	15,592
Total liabilities and equity	4,450	4,877	6,335	7,173	7,524	11,557	12,700	14,099	15,592

Source: Company data, Morgan Stanley Research estimates

Exhibit 4: Cash flow statement

Cash Flow Statement	FY	FY	FY	FY	FY	FY	FY	FY	FY
YE 31st Dec - SARm	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
P&L PBT	608	435	754	904	316	1,372	1,542	1,673	1,831
D&A and impairments	43	92	109	209	55	272	301	329	346
as a % of sales	1.1%	1.8%	1.6%	2.7%	2.5%	2.5%	2.5%	2.5%	2.4%
Employee benefits expense	53	77	90	60	14	62	67	72	78
Other impairments/provisions	2	17	91	174	28	45	—	—	—
Other non-cash add-backs	—	(72)	—	(0)	—	—	—	—	—
Other operating cash flows	—	—	—	—	—	—	—	—	—
Net finance expense add-back	(30)	(13)	1	(3)	(4)	(51)	(36)	(50)	(66)
Change in receivables	(870)	(805)	(218)	(368)	(222)	(664)	63	(419)	(411)
% of sales	-21.5%	-15.3%	-3.2%	-4.7%	-9.9%	-6.1%	0.5%	-3.2%	-2.9%
Change in prepayments/other assets	(164)	122	1	(143)	137	(85)	(26)	(27)	(28)
% of sales	-4.1%	2.3%	0.0%	-1.8%	6.1%	-0.8%	-0.2%	-0.2%	-0.2%
Change in contract assets	(15)	(290)	(336)	248	(328)	(324)	(568)	(191)	(192)
% of sales	-0.4%	-5.5%	-4.9%	3.2%	-14.6%	-3.0%	-4.7%	-1.4%	-1.3%
Change in payables	429	191	492	(36)	(16)	610	226	234	268
% of sales	10.6%	3.6%	7.1%	-0.5%	-0.7%	5.6%	1.9%	1.8%	1.9%
Change in deferred revenue	507	439	278	572	10	(64)	101	291	255
% of sales	12.6%	8.3%	4.0%	7.3%	0.4%	-0.6%	0.8%	2.2%	1.8%
Change in contract liabilities	(312)	116	(116)	18	10	141	86	80	85
% of sales	-7.7%	2.2%	-1.7%	0.2%	0.5%	1.3%	0.7%	0.6%	0.6%
Other working capital changes	(87)	(26)	30	(185)	213	21	1	(11)	(11)
% of sales	-2.2%	-0.5%	0.4%	-2.4%	9.5%	0.2%	0.0%	-0.1%	-0.1%
Net change in WC	(512)	(253)	131	107	(195)	(367)	(116)	(43)	(33)
as a % of sales	-12.7%	-4.8%	1.9%	1.4%	-8.7%	-3.3%	-1.0%	-0.3%	-0.2%
Net interest paid	31	16	2	3	4	61	36	50	66
Tax paid	(27)	(100)	(39)	(52)	—	(95)	(139)	(151)	(165)
End of service payments	(9)	(16)	(20)	(33)	(12)	(57)	(68)	(85)	(107)
Cash from operating activities	160	183	1,119	1,379	215	1,245	1,587	1,795	1,951
Net capital expenditure	(133)	(179)	(536)	(155)	(19)	(192)	(274)	(298)	(322)
as a % of sales	3.3%	3.4%	7.8%	2.0%	0.8%	1.8%	2.3%	2.3%	2.3%
Total capex	(133)	(179)	(536)	(155)	(19)	(192)	(274)	(298)	(322)
as a % of sales	3.3%	3.4%	7.8%	2.0%	0.8%	1.8%	2.3%	2.3%	2.3%
Share issue / (repurchase)	—	—	—	—	—	—	—	—	—
Cash dividends paid	(300)	(800)	—	(400)	—	(595)	(654)	(696)	(732)
Net disposals / (acquisitions)	—	100	—	—	—	(450)	—	—	—
Lease repayments	—	(13)	(4)	(29)	(1)	(26)	(28)	(30)	(32)
Other financing cash flows	—	—	—	(181)	—	—	—	—	—
Other investing cash flows	570	230	—	—	—	251	—	—	—
Issue of debt	—	—	—	—	—	48	—	—	—
Repayment of debt	—	—	—	—	—	—	—	—	—
Cash FX impact	—	—	—	—	—	(19)	—	—	—
FCFE	27	(9)	579	1,195	196	1,015	1,271	1,452	1,579
as % of adj. EBIT	4.8%	-2.3%	68.3%	111.4%	57.4%	71.5%	83.1%	88.2%	88.2%
y/y growth (%)	—	-131.5%	-6909.5%	106.4%	-35.9%	-48.0%	25.3%	14.2%	8.8%
as % of sales	0.7%	-0.2%	8.4%	15.3%	8.7%	9.3%	10.4%	11.0%	11.0%
FCFF	4	(12)	594	1,224	204	1,021	1,316	1,501	1,636
as % of adj. EBIT	0.8%	-3.4%	70.1%	114.0%	59.8%	72.0%	86.0%	91.1%	91.4%
y/y growth (%)	—	-383.8%	-4939.1%	105.8%	-35.5%	-48.5%	28.8%	14.1%	9.0%
as % of sales	0.1%	-0.2%	8.6%	15.7%	9.1%	9.3%	10.8%	11.3%	11.4%

Source: Company data, Morgan Stanley Research estimates

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(as of June 30, 2023)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	1353	37%	280	44%	21%	607	39%
Equal-weight/Hold	1658	46%	293	46%	18%	716	46%
Not-Rated/Hold	2	0%	0	0%	0%	0	0%
Underweight/Sell	610	17%	68	11%	11%	224	14%
TOTAL	3,623		641			1547	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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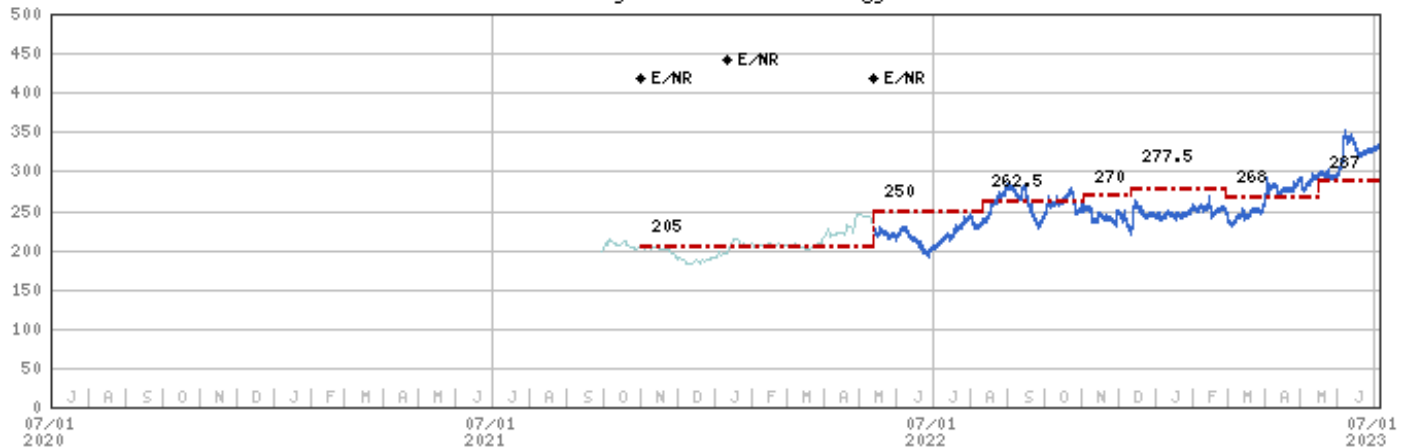
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Stock Price, Price Target and Rating History (See Rating Definitions)

Solutions by STC (7202.SE) - As of 7/4/23 in SAR
Industry : EEMEA - Technology



Stock Rating History: 11/1/21 : E/NR; 1/11/22 : E/NR; 5/12/22 : E/NR

Price Target History: 11/1/21 : 205; 5/12/22 : 250; 8/10/22 : 262.5; 11/2/22 : 270; 12/12/22 : 277.5; 2/28/23 : 268; 5/16/23 : 287

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) --- Stock Price (Covered by Current Analyst) ---

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/05/2023)
George W Webb Solutions by STC (7202.SE)	E (05/12/2022)	SAR 321.60

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