Company

Arabian Internet and Communications Services Company

3Q26 Result Review

Rating

Buy

Bloomberg Ticker

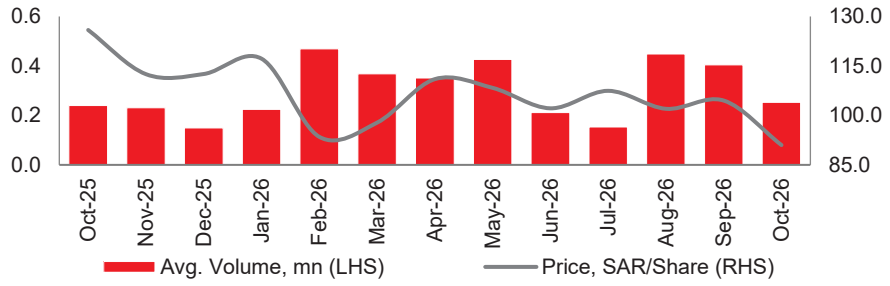
SOLUTION AB

Date

27 October 2026

Results

Target Price SAR	118.5
Total Return	35.7%



Current Market Price (SAR)	91.00
52-week High | Low	131.50 | 85.05
Price Perf. (1m | 3m)	-16.8% | -9.6%
Mkt. Cap. (USD/SAR mn)	5,897 | 21,840
Free Float	21.0%
3m ADTO (000 shares)	242.1
6m ADTO (000 shares)	427.4
3m ADTV (SAR 000)	38,994.4
6m ADTV (SAR 000)	31,445.3
P/E 27e	11.5x
P/B 27e	3.9x
DY 27e	5.5%

U Capital Research

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Revenue increased 10% YoY, in line with our estimates

Solutions by stc reported 3Q26 revenue of SAR 3,394mn (+10% YoY), in line with our estimates. Growth was mainly driven by a 20.0% YoY increase in Core ICT Services and a 4.9% YoY rise in Digital Services. For 9M26, revenue increased 9% YoY to SAR 9,637mn.

Early retirement costs resulted in a flat net profit YoY

The company reported 3Q26 net profit of SAR 417mn (flat YoY and -8% QoQ), in line with our estimates. Higher gross profit was offset by higher G&A expenses and SAR 20mn in early retirement costs; excluding these expenses, net profit would have grown about 5% YoY. For 9M26, net profit rose 1% YoY to SAR 1,241mn.

U-Capital view

Solutions by stc remains well positioned as Saudi Arabia's leading IT services provider, supported by strong demand for digital transformation under Vision 2030, a growing pipeline of large government and enterprise contracts, and rising AI and cloud adoption. We expect steady near-term growth in revenue and profitability. The stock currently trades at a FY27e P/E of 11.5x and a dividend yield of 5.5%. We maintain a Buy rating with an updated target price of SAR 118.5/share.

Financial Statements

SAR mn	3Q25	4Q25	1Q26	2Q26	3Q26	3Q26e	YoY	QoQ	Var.	9M25	9M26	YoY
P&L												
Revenue	3,098	3,907	3,002	3,240	3,394	3,305	10%	5%	3%	8,823	9,637	9%
Gross profit	707	699	586	788	742	760	5%	-6%	-2%	1,979	2,116	7%
Operating profit	462	362	399	506	490	507	6%	-3%	-3%	1,279	1,395	9%
Net profit	417	279	370	453	417	431	0%	-8%	-3%	1,224	1,241	1%
BS												
Shareholders' Equity	3,993	4,287	4,622	4,151	4,491		12%	8%		3,993	4,491	12%
Ratios												
Gross Margin	22.8%	17.9%	19.5%	24.3%	21.9%	23.0%				22.4%	22.0%	
Operating Margin	14.9%	9.3%	13.3%	15.6%	14.4%	15.3%				14.5%	14.5%	
Net Profit Margin	13.5%	7.1%	12.3%	14.0%	12.3%	13.1%				13.9%	12.9%	
TTM RoE (%)					35.8%							
TTM P/E (x)					13.7							
Current P/Bv					4.7							

Source: Financials, Tadawul, Bloomberg, U Capital Research



Investment Research

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BUY	HOLD	SELL
Greater than 10%	Between 0% and +10%	Lower than 0%

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