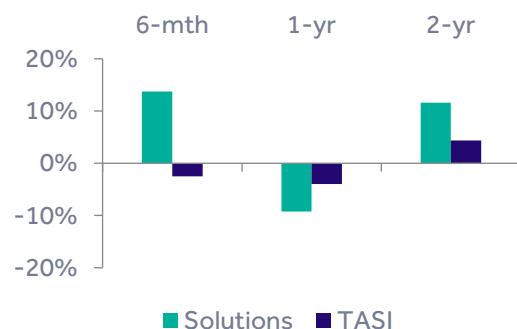


Market Data	
52-week high/low	SAR 350.0/250.0
Market Cap	SAR 37,368 mln
Shares Outstanding	120 mln
Free-float	19.9%
12-month ADTV	194,272
Bloomberg Code	SOLUTION AB



## ■ Matching Profits, Net Margin Expands

April 27, 2025

Upside to Target Price 9.2%  
 Expected Dividend Yield 2.6%  
 Expected Total Return 11.8%

Rating Neutral  
 Last Price SAR 311.40  
 12-mth target SAR 340.00

SOLUTIONS	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	2,824	2,809	1%	3,731	(24%)	2,930
Gross Profit	616	619	(0%)	738	(17%)	668
Gross Margins	22%	22%		20%		23%
Operating Profit	371	370	0%	406	(9%)	417
Net Profit	361	353	2%	327	10%	360

(All figures are in SAR mln)

- Solutions posted modest revenue growth of +1% Y/Y and -24% Q/Q, coming in at SAR 2.8 bln, in line with estimates. Y/Y growth was affected by seasonal trends, and was driven by a +28.6% increase in IT Managed and Operational Services, and a +2.6% incline in Digital Services, despite a -13.8% decrease in Core ICT Services. The sequential decline of -24% was due to a high base effect, as the previous quarter had a ramp-up of some projects and the completion of key milestones for others. Revenue share from Solutions declined to 69%, while Upsource by Solutions and Giza accounted for 18% and 13%, respectively.
- Gross margin for the quarter came in at 22%, -99 bps lower than estimates, due to a different revenue mix, similar to last year but up from 20% in the previous quarter. Gross profit was flat Y/Y but down -17% Q/Q, following revenues. OPEX stood at SAR 245 mln, improving by -2% Y/Y and -26% Q/Q, in line with our estimates. This resulted in a sequentially improved operating margin at 13% compared to 11% last quarter, but flat Y/Y.
- Despite lower revenues sequentially, net profits of SAR 361 mln were up +10% Q/Q and +2% Y/Y, matching our SAR 360 mln estimate, and in line with market consensus of SAR 365 mln. The sequential incline resulted from better margins coupled with negligible other expenses of SAR (2.5) mln versus SAR (34.7) mln in previous quarter. Net margin for the quarter stood at 12.8%, higher than 8.8% last quarter and 12.6% last year. We maintain our SAR 340.00 per share target price and Neutral rating.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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