

February 16, 2026

■ Weaker Margins Offset Record Topline

Upside to Target Price	20.3%
Expected Dividend Yield	3.8%
Expected Total Return	24.2%

Rating	Buy
Last Price	SAR 207.80
12-mth target	SAR 250.00

Market Data	
52-week high/low	SAR 340.0/203.4
Market Cap	SAR 24,936 mln
Shares Outstanding	120 mln
Free-float	20.1%
12-month ADTV	116,312
Bloomberg Code	SOLUTION AB

SOLUTIONS	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	3,907	3,731	5%	3,098	26%	3,788
Gross Profit	699	738	(5%)	707	(1%)	701
Gross Margins	18%	20%		23%		19%
Operating Profit	362	406	(11%)	462	(22%)	369
Net Profit	279	327	(15%)	417	(33%)	321

(All figures are in SAR mln)



- Solutions reported record 4Q2025 revenues of SAR 3.9 bln (+5% Y/Y, +26% Q/Q), in line with our SAR 3.8 bln estimate. Growth was led by Core ICT Services (+9% Y/Y, +43% Q/Q) on key project delivery milestones, and Digital Services (+27% Y/Y, +40% Q/Q) reflecting the recent strengthening of cloud portfolio with new offerings and capabilities, while IT Managed & Operational Services (-11% Y/Y, -0.1% Q/Q) softened on a high comparative base. By customer segment, growth was driven by Government sector (+7% Y/Y, +24% Q/Q), contributing 45% to topline. Across subsidiaries, Solutions' standalone operations showed solid growth of (+6% Y/Y, +29% Q/Q), and Giza expanded strongly (+17% Y/Y, +45% Q/Q), while Upsource softened (-9% Y/Y, +1% Q/Q). Full-year 2025 revenues increased +6% to SAR 12.73 bln, below management's 8-10% growth guidance, due to the timing of project awards. Full year performance was supported by IT Managed & Operational Services (+10% Y/Y, 34% contribution), followed by Core ICT (+3% Y/Y, 50% contribution), and Digital Services (+3% Y/Y, 16% contribution).
- Gross profit declined (-3% Y/Y, -1% Q/Q) on a lower-than-expected gross margin of 17.9% (down from 19.8% a year ago and 22.8% previous quarter, and vs. our 18.5% estimate), reflecting project mix changes and lower share of higher-margin connectivity services. OPEX of SAR 337 mln rose +1% Y/Y and +38% Q/Q, in line with our SAR 332 mln estimate. Consequently, operating margin contracted to 9.3%, vs. 10.9% last year and 14.9% previous quarter, below our 9.7% estimate. On full-year basis, OPEX fell -8% and by -116 bps as a percentage of topline to 8%, braced by operating efficiencies.
- 4Q net profit reached SAR 279 mln (-15% Y/Y, -33% Q/Q), below market consensus of SAR 393 mln but closer to our SAR 321 mln estimate, mainly due to margin compression. Full-year 2025 profits decreased -6% to SAR 1.50 bln, but excluding last year's SAR 104 mln zakat reversal and SAR 68 mln non-operating income one-off, adjusted growth would be around +6%. The company announced a SAR 8.00 DPS for 2025. We lower our target price to SAR 250.00 from SAR 290.00 per share until margin improvement is visible, and maintain a Buy 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

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