

## Perfect Presentation for Commercial Services Co.

We initiate coverage on Perfect Presentation for Commercial Services Co. (2P) with an 'Overweight' rating and a price target of SAR 13.9 per share, implying a 24.2% upside from the current price. 2P's order backlog has surged to SAR 2.4 bn (2.2x of 2024 revenue), marking a 3.2x increase since 2020, fueled by consistent project wins. The company has strategically reshaped its business model, reducing its reliance on the legacy Call Center segment (27.8% of revenue) while expanding its presence in the high-margin Software Development segment (27.5% of revenue). We expect this transition to drive gross margin expansion to 26.5% by 2030f. Additionally, its presence in the O&M segment (32.1% of revenue) positions it well to capitalize on Vision 2030 opportunities. The company's expansion into new business lines, particularly cybersecurity, is expected to provide long-term revenue stability and growth.

**Expanding backlog providing revenue visibility.** 2P's backlog has expanded significantly, reaching SAR 2.4 bn as of 2024—a 3.2x increase since 2020. This backlog stands at 2.2x of the 2024 revenue, offering strong visibility into medium-term topline growth. In 2024, the company secured new contracts worth SAR 1.9 bn, further strengthening its order book. We anticipate a steady revenue recognition, translating to a 6-year CAGR of 7.4% from 2024 to 2030f.

**Enhancing profitability amid optimization of portfolio.** The company has significantly reduced its reliance on the Call Center segment, which now contributes 27.8% to the topline in 2024, down from 47.9% in 2020. This segment also carries the lowest gross margin at 20% (2024). The strategic shift has led to greater emphasis on the Software Development segment, whose contribution rose to 27.5% in 2024 from 21.6% in 2021. With the highest gross margin of 32.0%, this segment has lifted 2P's overall gross margin to 23.4% in 2024. We expect continued revenue mix optimization, driving gross margins to a projected peak of 26.5% by 2030f.

**O&M and cybersecurity to give strong support.** 2P's O&M segment is well-positioned to benefit directly from Vision 2030 initiatives. With a strong presence in the public sector and government clients contributing 90.1% to its topline in 2024, the company is strategically placed to secure key government contracts in digitization and system integration. Additionally, 2P's expansion into cybersecurity strengthens its market penetration prospects, aligning with the Kingdom's National Cybersecurity Strategy. We project a CAGR of 6.6% for O&M and 13.1% for cybersecurity between 2024 and 2030f.

**Valuation:** Our Dec-25 TP of SAR 13.9/share is based on a blended valuation with equal weightage assigned to DCF (TP SAR 13.7/share) and relative valuation (TP SAR 14.1/share).

**Risks:** Slower-than-expected change in revenue mix can pull the aggregate margins downward. Reduced IT spending, particularly by the government, due to broader macro factors can hamper 2P's growth prospects.

### RATING SUMMARY

### Overweight

Target Price (SAR)	14
Upside/Downside	24%
Div. Yield (%)	0%
Total Exp. Return	24%

Last Price as of 19<sup>th</sup> May, 2025  
Source: Company Data, anbc Research

### ISSUER INFORMATION

Bloomberg Code	2P AB
Last Price (SAR)	11.2
No of Shares (mn)	300
Market Cap bn (SR/USD)	3.4/0.9
52-week High / Low (SAR)	16.8/11.1
12-month ADTV (SAR mn)	15.4/4.1
Free Float (%)	81.7
Foreign Holdings (%)	4.2

Last Price as of 19<sup>th</sup> May, 2025

### VALUATIONS

	2024	2025e	2026f	2027f
EPS (SAR)	0.5	0.6	0.7	0.8
PER (x)	20.5	18.9	15.6	13.7
PBV (x)	6.2	5.2	4.3	3.6
DPS (SR)	0.0	0.2	0.3	0.3
Div. Yield (%)	0.0	2.1	2.6	2.9
RoAE (%)	35.2	29.6	30.1	28.7
RoAA (%)	12.5	12.4	14.4	14.6

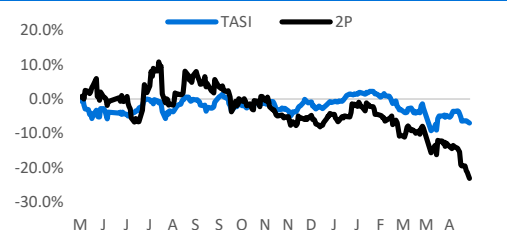
Source: Company Data, anbc Research

### FINANCIALS (SAR bn)

	2024	2025e	2026f	2027f
Revenue	1.1	1.2	1.3	1.3
Gross Profit	0.3	0.3	0.3	0.3
Operating Income	0.2	0.2	0.2	0.3
EBITDA	0.2	0.2	0.2	0.3
Net Income	0.2	0.2	0.2	0.2
Gross Margin (%)	23.4	24.3	25.0	25.4
EBIT Margin (%)	15.8	18.0	19.1	20.0
EBITDA Margin (%)	16.5	18.7	19.8	20.7
Net Margin (%)	15.3	15.2	17.2	18.2

Source: Company Data, anbc Research

### RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc Research

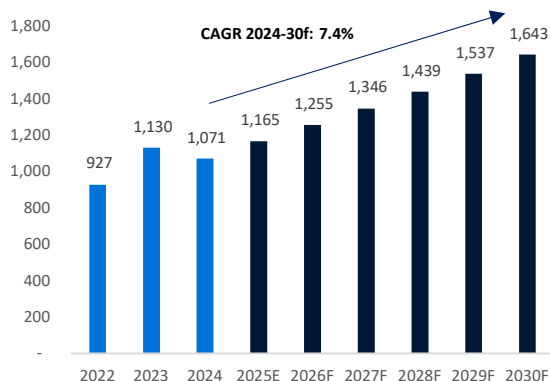
## Investment Thesis

### Expanding backlog providing revenue visibility

2P's backlog has seen substantial growth, reaching SAR 2.4 bn as of 2024—a 3.2x increase since 2020. This equates to 2.2 times the company's total topline in 2024, reinforcing its medium-term growth prospects. The strong expansion highlights 2P's ability to secure long-term contracts and sustain revenue momentum. A well-diversified backlog across multiple service lines enhances 2P's resilience. Operation & Maintenance (39.5% of backlog) and Software Development (20.0%) constitute a significant portion of secured projects, while Managed Services is rapidly emerging as a high-growth area, further strengthening 2P's position as a key technology partner for enterprises and government clients. During 2024, 2P had secured new projects worth SAR 1.9 bn strengthening its order book. We expect continued backlog expansion, driven by government-backed digital initiatives, rising cybersecurity demand, and large-scale cloud adoption projects under Vision 2030. The company's ability to efficiently convert backlog into revenue, coupled with its strong execution capabilities, positions it well for sustained long-term growth.

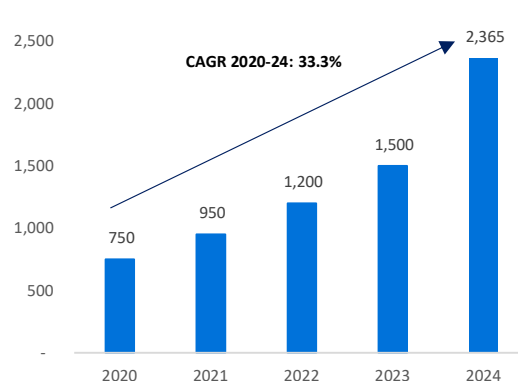
We anticipate stable revenue recognition in the medium term, supported by the company's average project duration of 3–5 years. This translates to a projected 6-year revenue CAGR of 7.4% from 2024 to 2030f.

**Chart 46: Revenue to reach SAR 1.6 bn by 2030f**



Source: Company Data, anbc Research

**Chart 47: Robust backlog expansion hits SAR 2.4 bn**



Source: Company Data, anbc Research

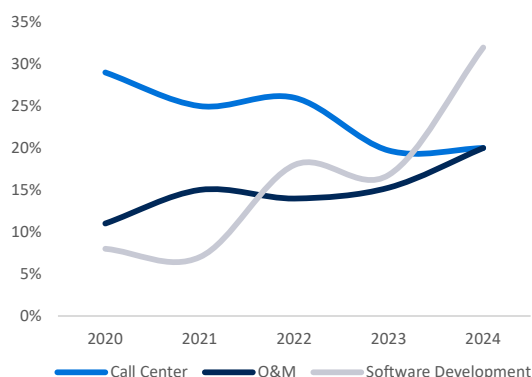
### Enhancing profitability amid optimization of portfolio

Historically, 2P has been perceived as a call center-dominated company, holding 11.5% share of the addressable market in 2022. However, the call center industry faces low barriers to entry, minimal technical expertise requirements, and limited differentiation opportunities, making it highly competitive and resource-intensive. As a result, the call center segment operates with relatively low margins, reflected in 2P's 20.0% gross margin in 2024, well below that of Software Development's (32%).

2P has actively diversified its service portfolio by expanding its presence in the O&M and Software Development segments. We view 2P's strategic shift toward Software Development favorably (Gross Margin 32.0% in 2024), given the segment's scalability and potential for brand building through proprietary products. Software revenue has demonstrated strong growth, with a robust 31.2% CAGR from 2019 to 2024, reaching SAR 294 mn. We expect this momentum to continue, projecting an 8.7% CAGR for the segment from 2024 to 2030f, with its contribution to the total revenue rising to 29.6% by 2030f. This shift will enhance overall profitability, with aggregate gross margins to peak at 26.5% in 2030f.

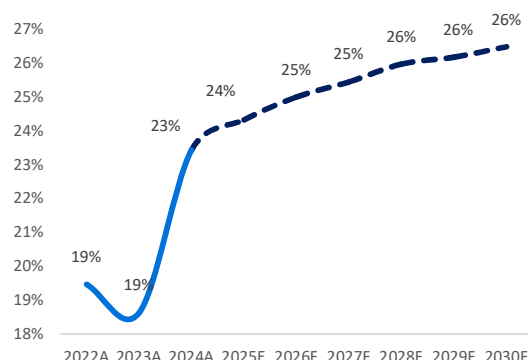
2P's OPEX has historically remained stable, and we project it to average 5.5% of the topline, given the company's asset-light model and low capex requirements. The company's capital structure has also been consistent, with an average D/E ratio of 0.7x, primarily comprising short-term debt to finance working capital (106-day cash cycle in 2024). We project the D/E ratio to decline to an average of 0.3x, supported by a rising cash position. This should enhance bottom-line flow, driving net margin to a peak of 19.5% by 2030f.

**Chart 48: GPM from Software peaked at 32% in 2024**



Source: Company Data, anbc Research

**Chart 49: GPM is expected to reach 26% by 2030f**

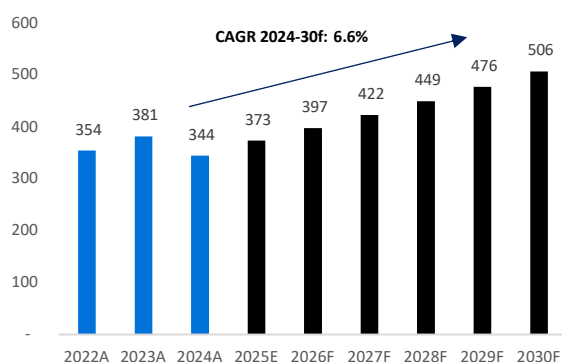


Source: Company Data, anbc Research

## O&M and cybersecurity to give strong support

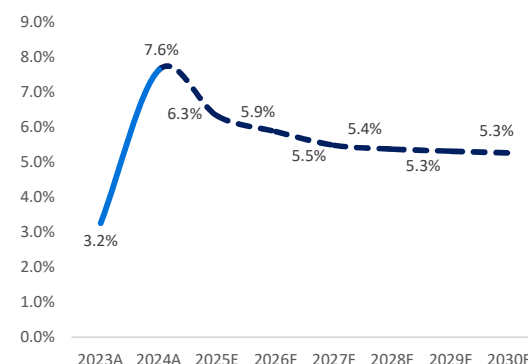
Government and related entities contributed 90.1% of 2P's revenue in 2024, growing at a 5-year CAGR of 33.5% from 2019 to 2024. We attribute much of this growth to the Operations & Maintenance (O&M) segment, which expanded at a CAGR of 24.5% over the same period. We view 2P's strong presence in the public sector as a key advantage, enabling it to capitalize on upcoming digital transformation contracts from various ministries. Given the length of ongoing projects and the continued expansion of its backlog, we forecast O&M revenue to grow at a CAGR of 6.6% from 2024 to 2030f. Notably, the segment offers high potential for recurring revenue, particularly in IT infrastructure management and operational services. Given its alignment with Vision 2030, we expect O&M's contribution to remain stable at an average of 31.3% of total revenue, in line with historical levels.

**Chart 50: O&M revenues to record 6Y CAGR of 6.6%**



Source: Company Data, anbc Research

**Chart 51: OPEX as % of revenue expected to decline**



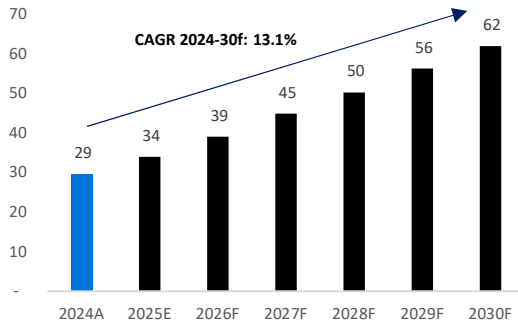
Source: Company Data, anbc Research

2P captured 11.8% of its addressable O&M market in 2024, a significant increase from 5.6% in 2020, reflecting strong post-COVID expansion. We expect gradual yet sustained market penetration, with 2P's share reaching 12.3% by 2030f. The company's growing portfolio of long-term O&M contracts has also strengthened the segment's

margin profile, with gross margins improving to 20.0% from a low of 11.0% in 2020. Additionally, 2P's expansion into the Smart Homes industry has also consolidated within this segment, presenting further growth opportunities.

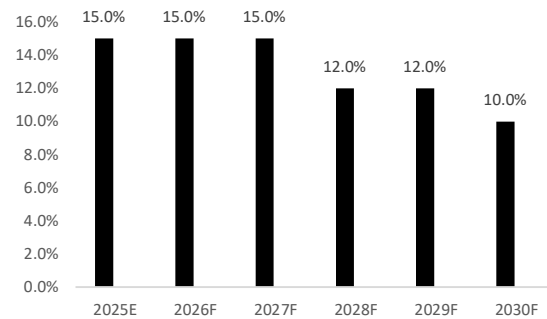
2P's entry into cybersecurity is well-timed, aligning with the Kingdom's rollout of the National Cybersecurity Strategy. The segment benefits from strong synergies with O&M's System Design and Architecture, providing a competitive edge in this new business line. We forecast cybersecurity revenue to grow at a 13.1% CAGR between 2024-2030f.

**Chart 52: Cybersecurity to reach SAR 62 mn by 2030f**



Source: Company Data, anbc Research

**Chart 53: 2 phased growth in Cybersecurity revenues**



Source: Company Data, anbc Research

## Valuation

We have adopted a blended valuation approach to value 2P, assigning equal weight to DCF and multiples-based valuation. This resulted in target prices of SAR 13.7/share and SAR 14.1/share, respectively, leading to a final target price of SAR 13.9/share, implying a 24.2% capital upside. We have an 'Overweight' rating on the stock, driven by expectations of profitability improvement and accelerated diversification into high-growth, high-margin segments.

SAR mn	2025E	anbc Estimate	
		2026F	2027F
Revenue	1,165	1,255	1,346
Gross Margin	24.32%	25.00%	25.44%
EBITDA	218	249	278
Net Income	177	216	245
Net Margin	15.19%	17.18%	18.18%
EPS	0.6	0.7	0.8

Source: anbc Research

## DCF Valuation

We used an FCFF-based model, applying a beta of 1.0, a risk-free rate of 5.0%, and a market risk premium of 5.2%, resulting in a cost of equity of 10.4%. Incorporating a cost of debt of 7.2%, we derived a weighted average cost of capital (WACC) of 9.4%.

SAR mn	2026F	2027F	2028F	2029F	2030F	2031F
FCFF	210	240	266	291	316	327
Terminal Value						5,257
FCFF + Terminal	210	240	266	291	316	5,583
<b>Discounted FCFF</b>	192	200	203	203	202	3,257
Enterprise Value	4,257					
Cash	116					
Debt	(267)					
Equity Value	4,106					
<b>Target Price</b>	<b>13.7</b>					

Source: Company Data, anbc Research

## Sensitivity Analysis on DCF Valuation

WACC	Growth rate					
		2.0%	2.5%	3.0%	3.5%	4.0%
	7.4%	17.1	18.6	20.3	22.6	25.4
	8.4%	14.3	15.3	16.4	17.8	19.5
	9.4%	12.2	12.9	13.7	14.6	15.7
	10.4%	10.6	11.1	11.7	12.4	13.1
	11.4%	9.4	9.8	10.2	10.7	11.2

## Relative Valuation

For our EV/EBITDA multiple (20.1x), we have taken the average multiple of 2Ps local and global peers primarily operating in similar segments. Using forward EBITDA (2025e) of SAR 218 mn, we arrived at our target price of SAR 14.1/share.

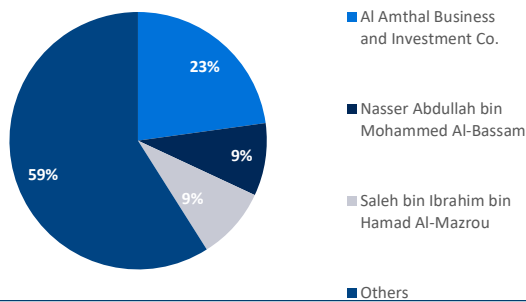
Peer	EV/EBITDA
Solutions	16.8
Elm	44.2
EAND	7.0
Tech Mahindra	20.3
Wipro	12.1
<b>Target Multiple</b>	<b>20.1</b>
EBITDA (SAR mn)	218
EV (SAR mn)	4,373
Cash (SAR mn)	116
Debt (SAR mn)	267
<b>Target Price</b>	<b>14.1</b>

Source: Company Data, anb Research

## Company Overview

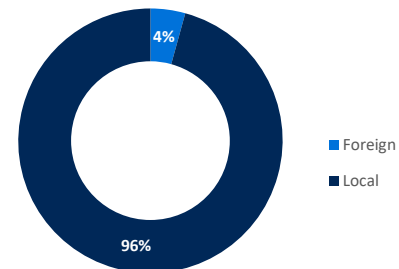
Perfect Presentation for Commercial Services Co. (2P), headquartered in Riyadh, specializes in telecommunications and IT services. Founded in 2004, the company provides a wide range of solutions, including contact center operations, decision support systems, business intelligence, application performance management, internet services, software development, and data center infrastructure, as well as operations and maintenance services. Listed in 2022, the company is 22.8% owned by Al Amthal Business Development Co., while foreign investors hold a 3.5% stake.

**Chart 54: Ownership (%) by investor**



Source: Company Data, anbc Research

**Chart 55: Ownership (%) by type of investor**



Source: Company Data, anbc Research






2P has a strong presence in both public and private sector, with notable ministerial clients in domains such as NEOM, SDAIA, MODON, Ministry of Health, and Ministry of Defense. The company partners with significant global giants to expand its service portfolio, with alliances including Webex, Oracle, Microsoft, IBM, and Lenovo.

Product/Solutions	Description
Yamamah	Offers bulk SMS services to government and private sectors, providing fast, cost-effective, and reliable solutions for delivering timely notifications and information.
Wesal	Integrates phone, fax, conferencing, messaging, and IT applications to enhance business communication and ensure seamless connectivity for employees and customers.
Tarasul	Offers institutional clients educational and entertainment content, interactive SMS, and waiting tone services.
Perfect Engage	Integrates seamlessly with internal ICT systems with options for off-the-shelf or customizable versions supporting text, audio, and video messaging.
Perfect Signage	Cloud platform enabling SMEs to manage digital panel content effortlessly, with features like indoor navigation and wayfinding.
Perfect Home	Smart home app leveraging IoT technology to help individuals and property owners manage home appliances efficiently using the latest digital innovations.
2PB1	User-friendly, cloud-based ERP to manage all company resources from one platform.

Source: Company Data, anbc Research

## Financial Overview

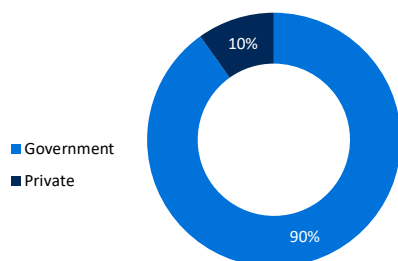
2P operates in 5 business sectors, including cybersecurity, which began generating revenue in 2024. The O&M segment has played a pivotal role in the company's growth, with 2P intensifying its efforts to transform its hallmark, low-margin Call Center segment into high-margin contracts in the O&M and Software Development segments.

Segment	Description
 O&M	IT services management, including digital transformations, IT outsourcing, technical support, and IT training.
 Call Center	Customer experience enhancement via 24/7 availability of chatbots and virtual assistants, acting as omni-channel support.
 Software Development	Includes mobile and web application development, native cloud development, existing applications modernization, and decision support systems.
 Managed Services	Solutions of new and unique IT problems, providing latest IT technologies and improving overall IT performance.
 Cybersecurity	Designing, implementing, and managing comprehensive cybersecurity solutions that meet modern organizations' specific requirements and challenges.

Source: Company Data, anbc Research

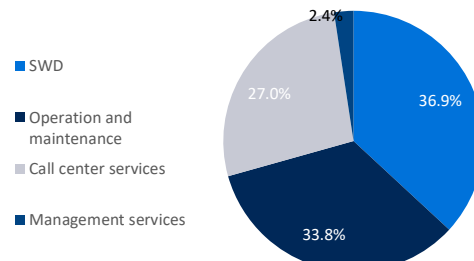
2P boasts a significant presence in the public sector, making it as a preferred choice for ministerial contracts in the O&M and Call Center segments. Government clients contributed 90.1% (2024) of the revenue, an increase from 76.4% in 2019. The Call Center has been 2P's largest segment, accounting for as much as 47.9% of the revenue in 2020. However, the Software segment has emerged as the new focal point of strategy, now accounting for 27.5% of the revenue (2024), after contribution peaking at 36.9% in 2023. The O&M has historically been the most stable segment, with its proportion of revenue averaging at 33.8%.

Chart 56: Government is the single largest client



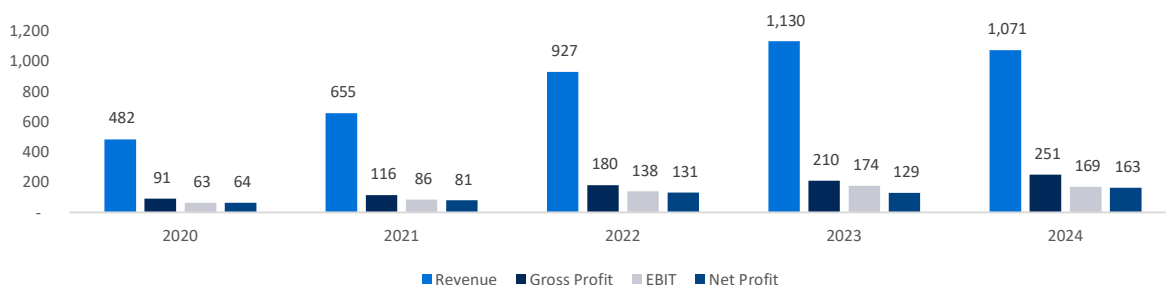
Source: Company Data, anbc Research

Chart 57: Revenue (%) by segment



Source: Company Data, anbc Research

Chart 58: Key Financials (SAR Mn) over the years



Source: Company Data, anbc Research



## Financial Summary

SAR mn

Income statement	2023A	2024A	2025E	2026F	2027F	2028F	2029F	2030F	2031F	CAGR 2024-2031F
Revenue	1,130	1,071	1,165	1,255	1,346	1,439	1,537	1,643	1,755	7.3%
Cost of Revenue	(919)	(820)	(882)	(942)	(1,003)	(1,065)	(1,135)	(1,208)	(1,285)	6.6%
<b>Gross Profit</b>	<b>210</b>	<b>251</b>	<b>283</b>	<b>314</b>	<b>342</b>	<b>374</b>	<b>402</b>	<b>435</b>	<b>470</b>	<b>9.4%</b>
Operating Expenses	(37)	(82)	(73)	(74)	(74)	(77)	(82)	(86)	(91)	1.5%
<b>EBIT</b>	<b>174</b>	<b>169</b>	<b>210</b>	<b>240</b>	<b>269</b>	<b>296</b>	<b>321</b>	<b>349</b>	<b>379</b>	<b>12.2%</b>
Dep & Amort	5	7	8	9	9	10	11	11	12	7.5%
<b>EBIDTA</b>	<b>178</b>	<b>176</b>	<b>218</b>	<b>249</b>	<b>278</b>	<b>306</b>	<b>331</b>	<b>360</b>	<b>391</b>	<b>12.1%</b>
Finance Cost	(38)	(42)	(30)	(20)	(18)	(17)	(18)	(19)	(19)	-10.4%
<b>Profit Before Tax</b>	<b>135</b>	<b>171</b>	<b>185</b>	<b>226</b>	<b>256</b>	<b>285</b>	<b>308</b>	<b>336</b>	<b>366</b>	<b>11.5%</b>
Zakat Tax	(6)	(8)	(8)	(10)	(11)	(13)	(14)	(15)	(16)	11.3%
<b>PAT</b>	<b>129</b>	<b>163</b>	<b>177</b>	<b>216</b>	<b>245</b>	<b>272</b>	<b>294</b>	<b>321</b>	<b>349</b>	<b>11.5%</b>
Number of Share	300	300	300	300	300	300	300	300	300	
EPS	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	
<b>Balance Sheet</b>										
Fixed Assets	175	165	171	179	186	194	201	209	217	4.0%
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
<b>Non-current assets</b>	<b>175</b>	<b>165</b>	<b>171</b>	<b>179</b>	<b>186</b>	<b>194</b>	<b>201</b>	<b>209</b>	<b>217</b>	<b>4.0%</b>
Trade receivables	495	581	585	615	644	672	702	733	783	4.0%
Cash and Cash equivalents	52	100	116	230	362	511	676	855	1,038	42.9%
Other Current Assets	457	588	539	560	579	598	618	640	663	1.4%
<b>Current Asset</b>	<b>1,003</b>	<b>1,270</b>	<b>1,241</b>	<b>1,404</b>	<b>1,585</b>	<b>1,781</b>	<b>1,995</b>	<b>2,227</b>	<b>2,484</b>	<b>9.8%</b>
<b>Total Assets</b>	<b>1,178</b>	<b>1,435</b>	<b>1,412</b>	<b>1,583</b>	<b>1,771</b>	<b>1,975</b>	<b>2,197</b>	<b>2,436</b>	<b>2,701</b>	<b>9.2%</b>
<b>Total Equity</b>	<b>382</b>	<b>545</b>	<b>651</b>	<b>781</b>	<b>927</b>	<b>1,091</b>	<b>1,267</b>	<b>1,460</b>	<b>1,669</b>	<b>17.8%</b>
Long-term loans	3	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	34	41	41	41	41	41	41	41	41	0.0%
<b>Non-current liabilities</b>	<b>37</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>0.0%</b>
Trade payables	172	185	192	205	219	232	247	263	280	6.0%
Short-term Borrowings	311	431	267	277	286	295	305	315	330	-5.1%
Other current Liabilities	277	232	261	279	298	316	336	358	380	7.5%
<b>Current Liabilities</b>	<b>760</b>	<b>848</b>	<b>720</b>	<b>761</b>	<b>803</b>	<b>843</b>	<b>888</b>	<b>935</b>	<b>991</b>	<b>1.6%</b>
<b>Total liabilities and equity</b>	<b>1,178</b>	<b>1,435</b>	<b>1,412</b>	<b>1,583</b>	<b>1,771</b>	<b>1,975</b>	<b>2,197</b>	<b>2,436</b>	<b>2,701</b>	<b>9.2%</b>

Source: Company Data, anbc Research

## Key Ratios

Valuation Ratios	2023A	2024A	2025E	2026F	2027F	2028F	2029F	2030F	2031F
EPS	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2
DPS	0.0	-	0.2	0.3	0.3	0.4	0.4	0.4	0.5
BVPS	1.3	1.8	2.2	2.6	3.1	3.6	4.2	4.9	5.6
PE	25.9	20.5	18.9	15.6	13.7	12.3	11.4	10.5	9.6
Div Yield	0.3%	0.0%	2.1%	2.6%	2.9%	3.2%	3.5%	3.8%	4.2%
PBV	8.8	6.2	5.2	4.3	3.6	3.1	2.6	2.3	2.0
EV/Sales	3.2	3.4	3.0	2.7	2.4	2.2	1.9	1.7	1.5
Price / Sales	3.0	3.1	2.9	2.7	2.5	2.3	2.2	2.0	1.9
EV/EBITDA	20.3	20.9	16.1	13.7	11.8	10.2	9.0	7.8	6.8
Margins	2023A	2024A	2025E	2026F	2027F	2028F	2029F	2030F	2031F
Gross Margin	18.6%	23.4%	24.3%	25.0%	25.4%	26.0%	26.2%	26.5%	26.8%
EBITDA Margin	15.8%	16.5%	18.7%	19.8%	20.7%	21.3%	21.6%	21.9%	22.3%
Operating Margin	15.4%	15.8%	18.0%	19.1%	20.0%	20.6%	20.9%	21.2%	21.6%
Net Margin	11.4%	15.3%	15.2%	17.2%	18.2%	18.9%	19.1%	19.5%	19.9%
Returns	2023A	2024A	2025E	2026F	2027F	2028F	2029F	2030F	2031F
ROA	13.0%	12.5%	12.4%	14.4%	14.6%	14.5%	14.1%	13.8%	13.6%
ROE	40.7%	35.2%	29.6%	30.1%	28.7%	27.0%	25.0%	23.5%	22.3%
Health	2023A	2024A	2025E	2026F	2027F	2028F	2029F	2030F	2031F
Debt to Asset	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Debt to Equity	0.8	0.8	0.4	0.4	0.3	0.3	0.2	0.2	0.2
Debt to Capital	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
EBIT/ Interest	4.5	4.0	7.0	11.9	14.5	17.0	17.8	18.7	19.6

Source: Company Data, anbc Research

## Glossary

Term	Explanation
IoT	Internet of Things (IoT) refers to the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between the devices themselves.
Big Data	Extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions.
AI	The theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.
Data Center	A large group of networked computer servers typically used by organizations for the remote storage, processing, or distribution of large amounts of data.
Cloud	Extensive network of remote servers around the world which store and manage data, run applications, and deliver content and services like streaming videos, web mail, and office productivity software over the internet.
Blockchain	Blockchain is a shared, immutable digital ledger, enabling the recording of transactions and the tracking of assets within a business network and providing a single source of truth.

Source: anbc Research

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