Daily Bulletin

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Solutions signs a five-year contract worth >10% of 2025 revenue

Last Price: SAR 204.0 | YoY Performance: -15.3% | Target Price: SAR 254.0

Arabian Internet and Communications Services Co. (Solutions) has signed a revenue-sharing agreement with Tatweer Education Holding Company, through its subsidiary Tatweer Educational Technologies Company (TETCO). The contract involves developing and operating the Madares Platform, the Kingdom's unified national platform for private-sector services in the education sector. The contract runs for five years, with contract value expected to exceed 10% of Solutions' 2025 revenue over the five-year term. The financial impact is expected to start from 1Q27.

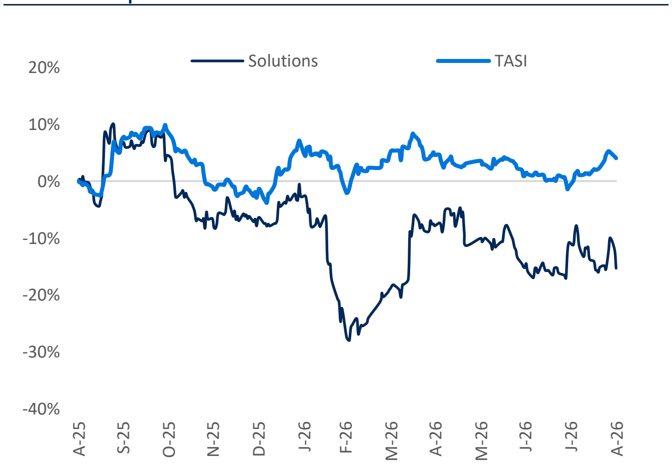
At 10% of 2025 revenue, the contract value is expected to be at least SAR 1,273.0 mn of cumulative revenue over five years against Solutions 2025 revenue of SAR 12,730.2 mn. On an annual basis, the contract is expected to contribute approximately SAR 254.6 mn per year, or about 2.0% of 2025 revenue. At Solutions' 2025 net margin of 11.9%, the contract is expected to contribute SAR 151.2 mn to incremental earnings over its lifetime, equating to about SAR 30.2 mn in annual incremental earnings.

The revenue-sharing contract sits within the Digital Services segment, which recorded revenue at SAR 1,982.9 mn in 2025, up 2.8% YoY, contributing 15.6% of the total revenue. The contract value exceeds 64.2% of the segment's revenue over its lifetime, or 12.8% annually. Digital services revenue has grown at a CAGR of 5.7% between 2021 to 2025. However, the segment's share of total revenue has declined to 15.6% in 2025 from 22.0% in 2021. Digital services segment revenue came in at SAR 351.3 mn in 2Q26, down 23.4% YoY, from SAR 458.7 mn in the same period last year.

Solutions framed this revenue-sharing contract as part of its strategy to expand its public-private partnership portfolio and adopt sustainable revenue-sharing models.

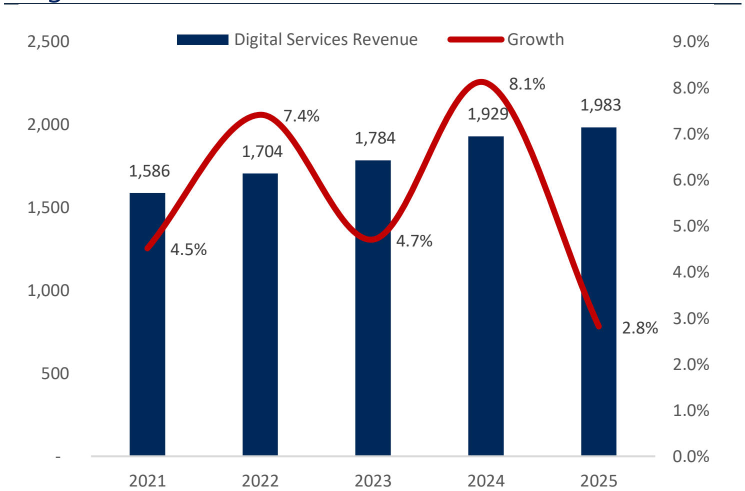
Solutions' stock has declined 15.3% YoY, as of last close of SAR 204.0, underperforming TASI, which gained 4.0% during the same period. Solutions is currently trading at a 2026e P/E and P/B multiple of 14.9x and 4.9x, respectively. We maintain a target price of SAR 254.0, implying an upside potential of 24.5% from the current level.

Relative price chart



Source: Tadawul, anbc research

Digital Services Revenue - SAR mn



Source: Company financials, Tadawul, anbc research

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