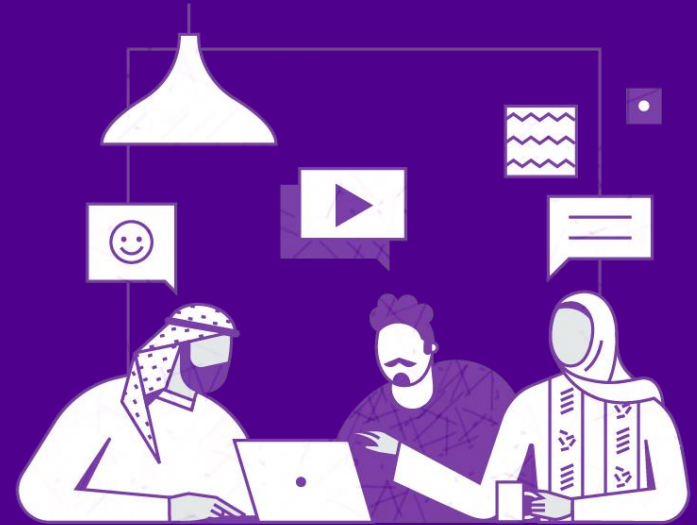


# Financial Results Presentation

Investor Relations  
Q3, 2021



# Agenda

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**1. Strategy Overview**

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**2. Company Overview**

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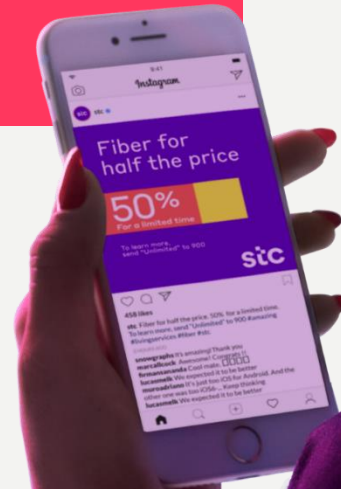
**3. Financial Highlights**

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**4. Appendix**

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# 1. Strategy Overview



stc

## **d** digitize stc

- Instill digital mindset and unlock the potential of digital and analytics capabilities.
- Transform into an agile technology company and embrace new ways of working.

## **a** accelerate performance

- Maximize shareholder returns by transforming costs and monetizing assets.
- Connect our market through leading next-gen technology and digital offerings.
- Be a role model for sustainability and corporate governance.
- Lead company-wide culture change and be the employer of choice for top digital talent.

**dare**

## **r** reinvent experience

- Excite customers with a seamless, personalized and secure experience.
- Be the trusted partner-of-choice for business in the region.

## **e** expand scale and scope

- Grow by expanding into selected growth pillars within digital services and core.

# Aligning stc Strategy with Saudi Arabia's 2020 NTP 2020 & 2030 Vision



- ▶ To raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations;
- ▶ To increase the private sector's contribution from 40% to 65% of GDP;
- ▶ To increase women's participation in the workforce from 22% to 30%;
- ▶ To move from our current position as the 19th largest economy in the world into the top 15;
- ▶ To lower the rate of unemployment from 11.6% to 7%;
- ▶ To increase SME contribution to GDP from 20% to 35%;
- ▶ To increase our capacity to welcome Umrah visitors from 8 million to 30 million every year.



- ▶ Provide broadband services to all KSA regions by stimulating investment in infrastructure and regulatory frameworks;
- ▶ Support e-commerce;
- ▶ Bridge the digital gap in the skills of ICT users;
- ▶ Increase the IT industry's contribution in the non-oil GDP;
- ▶ Rehabilitation of specialized Saudi human capital and employment in CITC sector;
- ▶ Develop and activate smart government transactions based on a common infrastructure.

## Elements of stc Strategy:

▶ Lead market in digital services and creative solutions

▶ Drive efficiencies through digital transformation

▶ Digitalise processes, internal operations, delivery engine and commercial approach

▶ Instill culture change

▶ Grow B2G and B SME segments

▶ Lead technological advancement and provide best in class connectivity platform

A man with a beard and mustache, wearing a white button-down shirt, is leaning over a dark surface, possibly a table or a large screen. He is looking intently at something on the surface, with his right hand pointing towards it. The background is dark with some light sources, creating a professional and focused atmosphere.

## 2. Company Overview

stc



A company dedicated to providing advanced cybersecurity services and solutions in the business sector

stc launched the digital control center, which is considered the largest integrated operating center in the region with an area of 42k m<sup>2</sup>

stc succeeded in providing the largest advanced 5G network in the Middle Eastern region covering most regions of the Kingdom

The Council of Ministers approved the establishment of stc Digital Bank, thereby transforming the stc pay platform into an integrated digital bank

The board of directors of stc recommended the three-year dividend policy: SAR 1/share a quarter, starting Q4 2021

stc launched the Advanced Technology and Cybersecurity Company

Digital Operations Control Center

Number one for 5G coverage by Meqyas Report

stc pay banking license

Dividends Distribution Policy

January

February

March

April

May

June

July

August

September



stc brand valued at USD 9.2 Billion

stc is ranked as the most valuable brand amongst telecom companies in the region according to Brand Finance

stc ranked as the top telecom in MENA

According to Forbes, stc ranked first as the strongest telecom company in MENA & among the top 44 digital companies in the world

IPO of solutions by stc

The Capital Market Authority granted the approval for solutions by stc to float 24 million shares for IPO, representing 20% of the company's shares

solutions by stc on Tadawul

solutions by stc started trading on the Saudi Exchange (Tadawul)

## → Business Units

### Enterprise Business Unit

EBU continued to demonstrate its ability to grow its revenues as it achieved **27.4%** revenue growth during the period, as the unit is well positioned to cater to the strong demand from the government and private sectors.

### Consumer Business Unit

CBU revenues increased for the residential segment, driven by an increase in FTTH and fixed wireless access subscribers by **15%** and **27%**, respectively.

### Wholesale Business Unit

WBU contributed positively to the company's performance, as it registered **3.4%** revenue growth during the period due to the increase in its international revenues, benefitting from stc's infrastructure investments which led to a growth in the company's Hubbing services.

## → Infrastructure

### 5G

Increased the number of deployed towers from **4000** towers in **2020** to **6000** towers currently

### FTTH & FWA

Subscriber base increased by **15%** and **27%**, respectively YoY



## → stcPay

### stc Digital Bank

stc pay's full digital banking license enables the provision of all banking services.

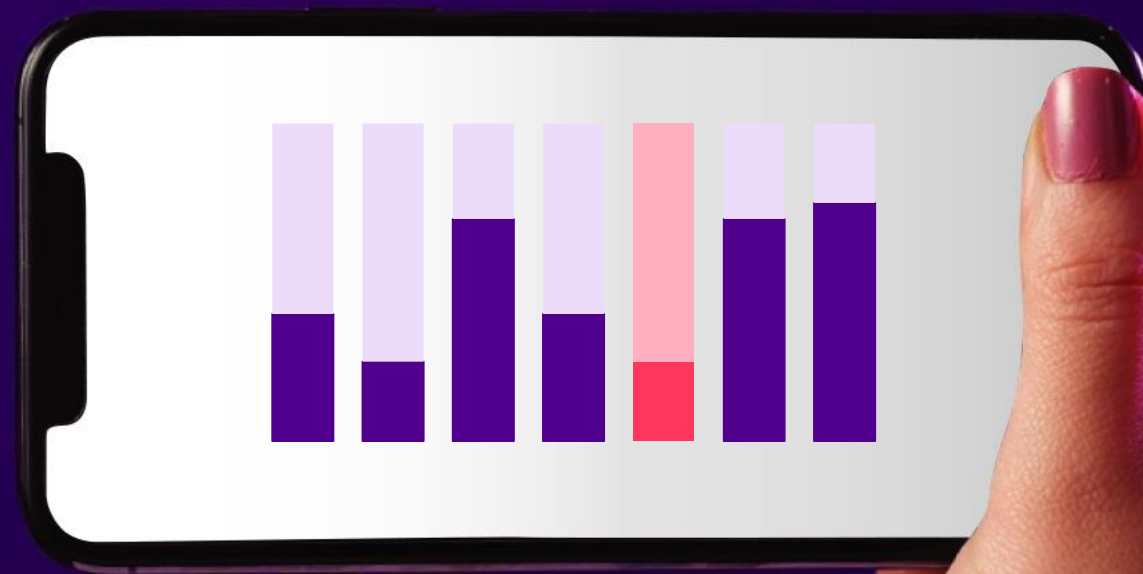
### Subscribers

**6 million** registered Users





### 3. Financial Highlights



# stc – Q3, 2021 Financial Highlights

## Revenue

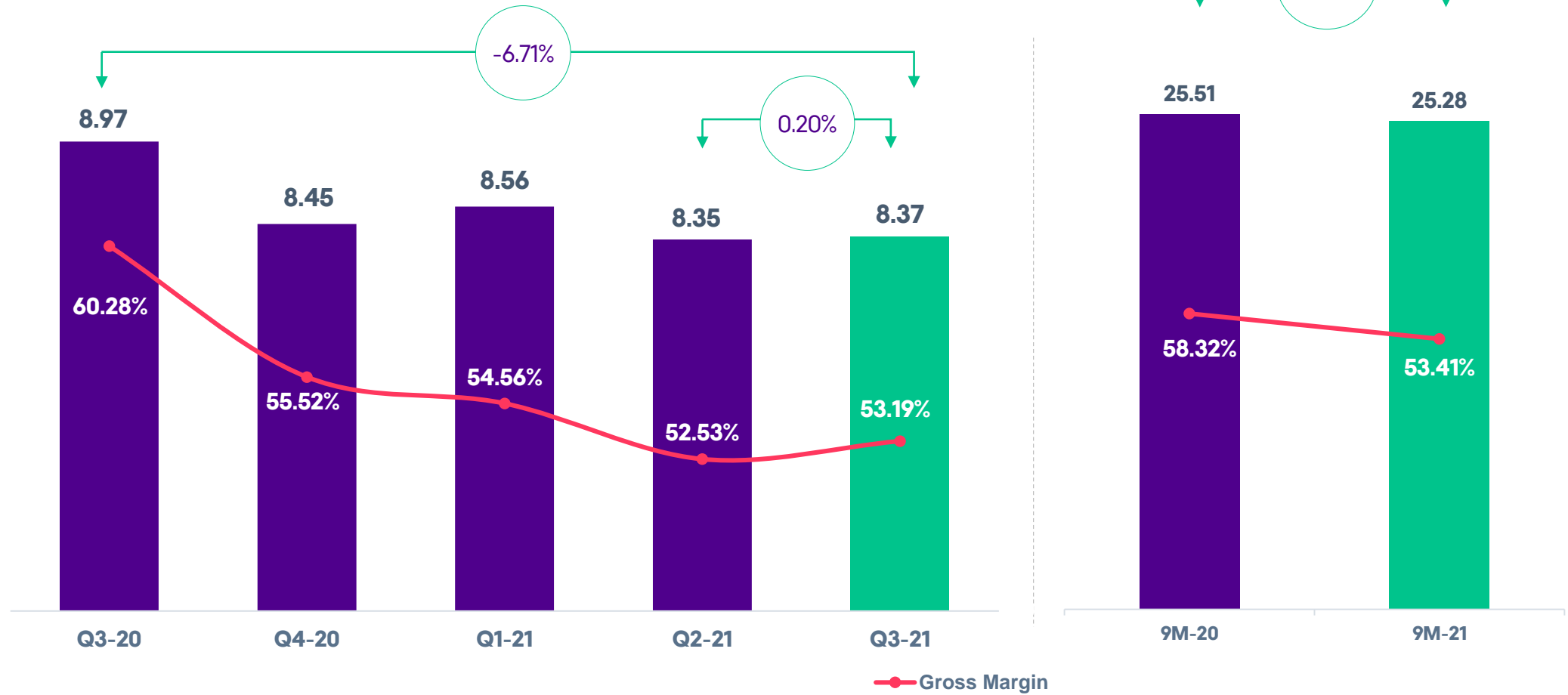


**Strong topline growth for the 9M period**

All figures are in SAR Billions

# stc – Q3, 2021 Financial Highlights

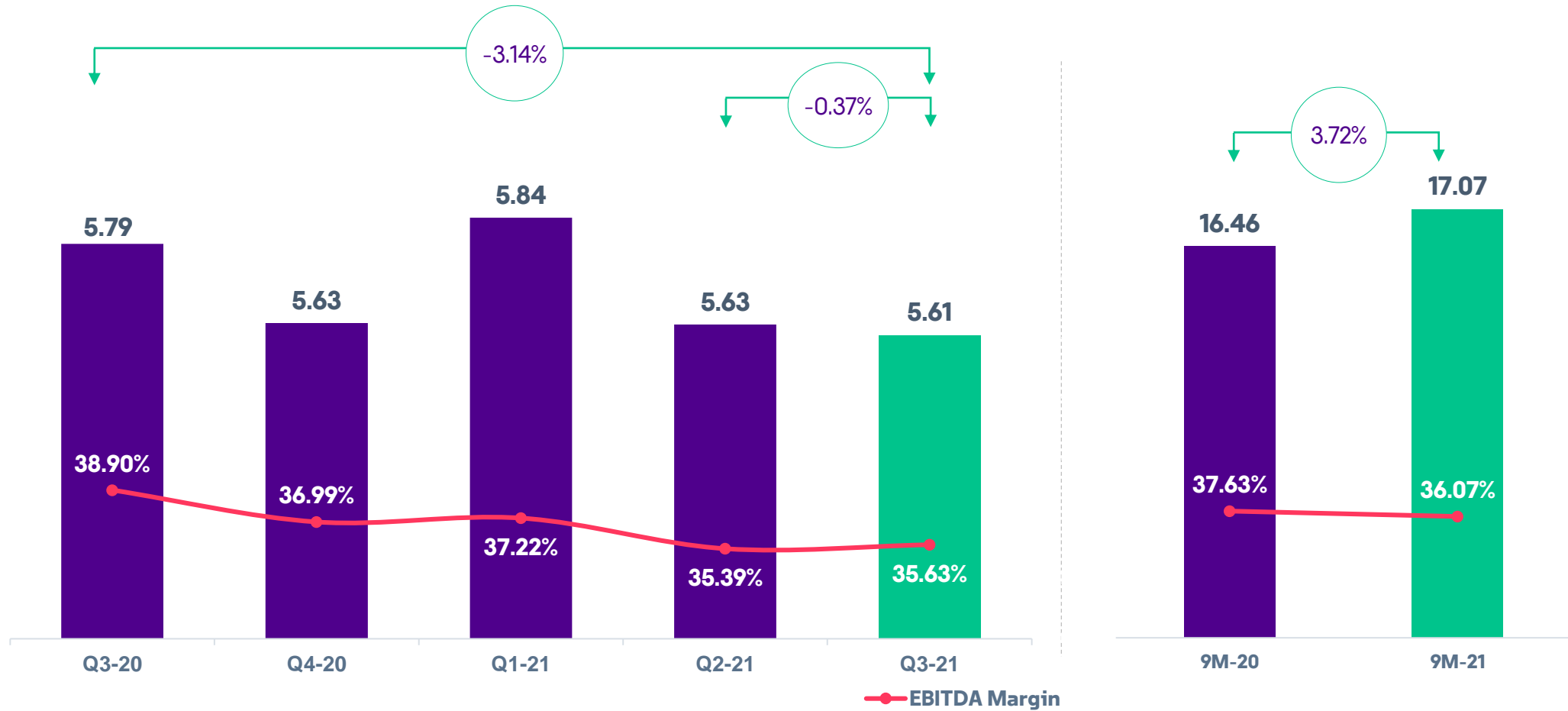
## Gross Profit



**Gross margins remain healthy**

# stc – Q3, 2021 Financial Highlights

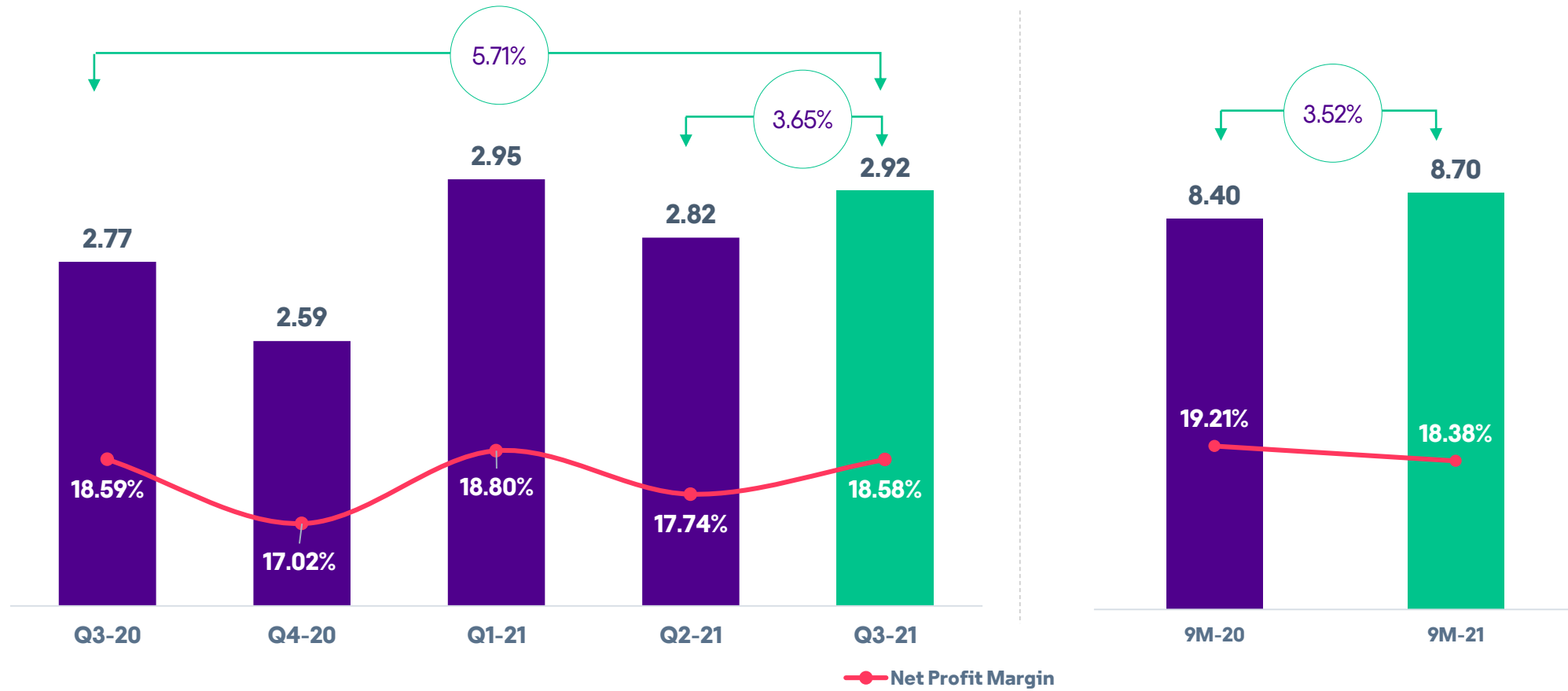
## EBITDA



**EBITDA continues to grow during the period**

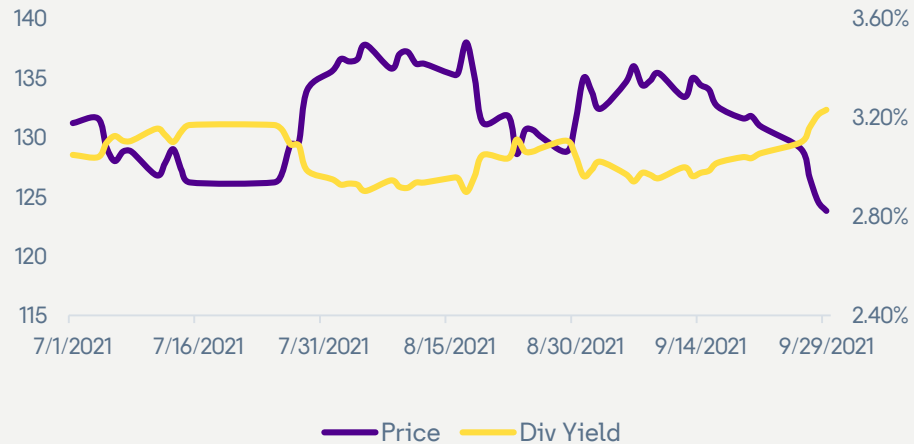
All figures are in SAR Billions

## Net Profit



**A healthy growth in Net profit for the 9M period and the third quarter**

## Price Vs. Yield Fluctuation



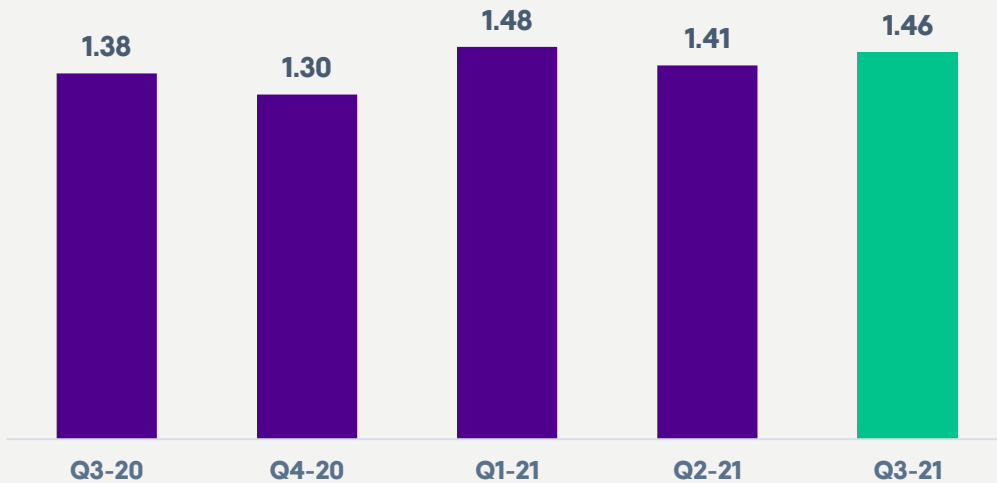
- stc commits to pay a fixed minimum dividend of a SR 1 per share per starting from Q4 2021 for three years. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance.\*\*\*

- The dividends policy will remain subject to:

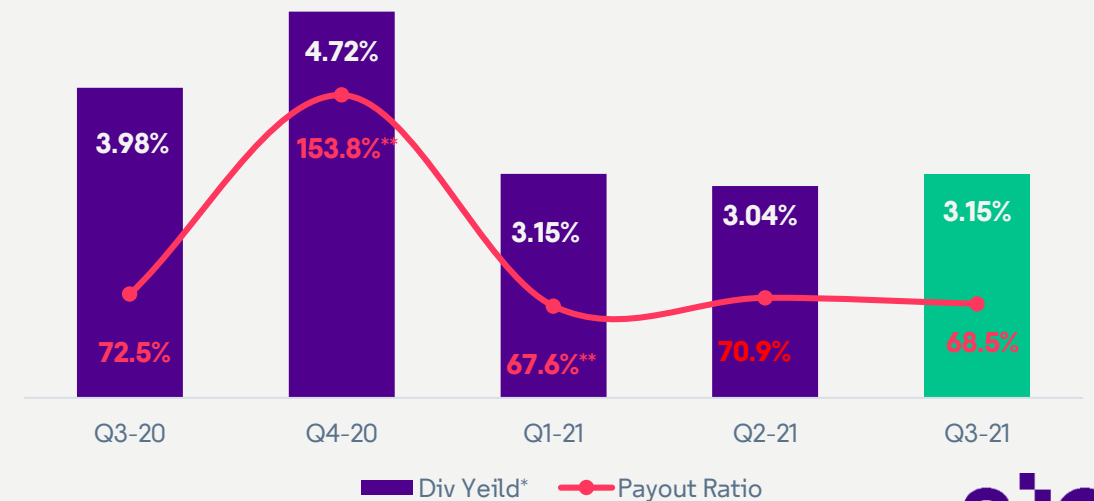
- Any material changes in the strategy and business of the company (including the business environment it operates in);
- Laws and regulations that are applicable on the company;
- Any banking, other funding or credit rating covenants that the company may be bound to follow from time to time.

\*\*\*The dividend policy as approved by the board of directors remains subject to the ratification in the next General Assembly Meeting which will be announced later.

## Earnings Per Share (EPS)



## Payout Ratio/Dividend Yield



\*Annualized Dividend  
 \*\* Additional Dividend for 2020 announced on Mar 25<sup>th</sup> 2021





# 4. Appendix

## Macro Economy & Liquidity

- The point-of-sale (POS) transactions rose by 31.5% to SAR 40.97 billion in August, from SAR 31.15 billion in the same month last year, data issued by the Saudi Central Bank (SAMA) showed.
- Foreign investment in Saudi Arabia grew by 16% to SAR 2.256 trillion in Q2 2021 from SAR 1.951 trillion a year earlier, based on the latest official data issued by the Saudi Central Bank (SAMA).
- Remittances from expatriates in Saudi Arabia grew by 11% year-on-year (YoY) to SAR 13.74 billion in August, according to recent data released by the Saudi Central Bank (SAMA). Compared to July, remittances from expatriates in Saudi Arabia rose around 10%, or SAR 1.22 billion.
- The Public Investment Fund (PIF) increased its holding of US equities to nearly \$15.9 billion in Q2 2021 from \$15.4 billion in the previous quarter, according to the PIF disclosure to the Securities and Exchange Commission. The Kingdom's sovereign wealth fund upped its holding in one company only, when compared to the previous quarter. The fund raised its stake in Activision Blizzard by 4.4 million shares.
- The value of Saudi Arabia's oil exports reached around SAR 172.97 billion in Q2 2021, an increase of 126% year-on-year (YoY), data from the General Authority for Statistics (GASTAT) showed. Oil exports accounted for 72.5% of the total exports for the quarter, reaching SAR 238.62 billion. On a quarter-on-quarter (QoQ) basis, oil exports increased 13% or SAR 20.46 billion.
- Saudi Arabia's gross domestic product (GDP) rose by 1.5% year-on-year (YoY) by the end of Q2 2021, data issued by the General Authority for Statistics (GASTAT) showed.
- Saudi bank loans granted to the public and private sectors increased 15% by the end of August 2021 to SAR 2.0494 trillion, compared to SAR 1.7762 trillion a year earlier, according to data issued by the Saudi Central Bank (SAMA).

## Regulatory Environment

- The Communications and Information Technology Commission (CITC) has launched the second phase of the local roaming service, maintaining telecommunication services to 2,887 villages and rural areas in the Riyadh and Qassim regions.
- The Communications and Information Technology Commission (CITC) signed a cooperation agreement with the Social Development Bank to finance self-employed citizens by enabling them to own private vehicles to work as couriers in delivery applications.
- The Communications and Information Technology Commission (CITC) has updated the IMT regulatory document in furtherance of its National Spectrum Strategy, which aims to unlock the potential of radio spectrum in Saudi Arabia by 2025 for a smarter and safer future. The updated regulatory IMT document is part of the implementation plan for CITC's Spectrum Outlook for Commercial and Innovative Use 2021-2023. This further strengthens CITC's strategic transition towards the role of a "Digital Regulator", and it is an expression of CITC's continuing support for the Kingdom's transformation into a digital society.
- The Communications and Information Technology Commission (CITC) has signed a cooperation agreement with the General Authority for Small and Medium Enterprises "Monshaat" to support and motivate small and medium enterprises to invest in delivery applications and enter the experimental regulatory environment for delivery applications (Sandbox).

## Government Initiatives

- Saudi Crown Prince Mohammed bin Salman launched the Strategy for the Development of the Aseer Region, reported the Saudi Press Agency. The strategy aims to achieve comprehensive, unprecedented and sustainable growth for the region through an investment of 50 billion riyals to finance major vital projects from different sources and develop tourism attractions on and around the peaks of the Aseer mountains, turning the region into an all-year-round world destination.
- Crown Prince Mohammed bin Salman bin Abdulaziz launched the Human Capability Development Program (HCDP), one of the realization programs to achieve the Kingdom's Vision 2030. The program represents a national strategy to strengthen citizen's capabilities locally and globally by seizing promising opportunities resulting from accelerated and renewed changes around the world.
- Saudi Arabia's General Directorate of Passports started to automatically extend the validity of residency permits for expatriates outside the Kingdom and the validity of visit visas, exit and re-entry visas for free until Nov. 30, following the directives of Saudi King Salman bin Abdulaziz.
- Saudi Arabia's Public Investment Fund, in collaboration with the Saudi Tadawul Group, announced plans to establish an exchange for carbon offsets and credits within the MENA region as part of efforts to combat climate change.

## Business Highlights

- ✓ Channels by stc signed a strategic partnership agreement with ASUS, the leading company in designing and manufacturing products that meet the digital needs of businesses and individuals. Through this partnership, channels becomes one of the authorized distributors of ASUS technology products such as laptops, screens, and accessories, emphasizing its leadership in sales and distribution, the creation of sales opportunities, and the enhancement of customer experience.
- ✓ stc Group has announced expanding 5G coverage in Mecca and the Holy Sites by 48% comparing to last year.
- ✓ According Ookla, stc ranked top mobile operator in KSA by speed and coverage in Q1 - Q2 2021.
- ✓ stc won the Platinum Game Operator award for the best performing service providers in terms of electronic games in the KSA during the first half of 2021. According to the Game Mode report issued by CITC.
- ✓ stc participated in the largest launch ksa event to take place in the Middle East and North Africa (MENA) region. The event saw the technical launch of a package of high quality initiatives and technical programs, with a total value of nearly SAR 4 billion, with the cooperation and partnership of 10 of the world's most important technology giants.
- ✓ sirar by stc, a subsidiary of stc Group, revealed that the number of cyber-attacks repelled has reached more than 71,000 attacks and 14 million malicious "phishing" emails since the beginning of 2020.
- ✓ stc has signed an agreement with the Global System for Mobile Communications (GSMA) to contribute to sponsoring the Artificial Intelligence for Impact initiative in cooperation with many international operators such as Vodafone, Orange, Telefonic.
- ✓ stc Academy just won 2 Global Awards by Brandon Hall in partnership with the Centre of Creative Leadership (CCL). This is a new milestone ranked against other international and global corporate universities like (Deloitte, AT&T, Verizon, Accenture, EY, Cisco, etc.) for our Digital Leadership program (DLM) with 14 delivered cohorts and 330 participants.
- ✓ CCC, a subsidiary of stc group dedicated to customer experience, launched its new brand with the hopes of building upon the success it has witnessed since it was established in 2011. The company conducts over 70 million interactive operations every year in eight languages using various communication channels.
- ✓ stc and Integrated Dawiyat for Telecommunication and Information Technology - which is affiliated with the Saudi Electricity Company - have signed an agreement on using stc's networks in developing the digital infrastructure in the Kingdom of Saudi Arabia under the umbrella of the IOT, in order to enable citizens and businesses to benefit from sustainable growth and flourishing economic and social opportunities.
- ✓ As part of its efforts to achieve sustainability and adopt initiatives with sustainable impact, stc launched its Sustainability Platform, which provides digital services to nonprofit organizations free of charge, thus allowing them to develop and expand their services in a way that supports their efficiency and effectiveness.

# Thank you

## Disclaimer

This presentation has been prepared as an informative guide that might assist interested parties in gaining an insight into the history and background of telecommunications within Saudi Arabia, as they relate to the Saudi Telecom Company (stc). Furthermore, it does not constitute an invitation or inducement to purchase or dispose of any securities, either in stc, or any companies in which stc has a financial interest.

In addition, there may also be 'forward looking' statements included within the meaning of current securities laws and regulations. In this context, any opinions expressed within this document, regarding the company's potential future performance, should be viewed as being accurate at the time of preparation. However, cognizance should be taken of the fact that uncertainty may dictate that actual performance differs substantially from any views articulated herein.

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