

STC's Net Income for Q2 2018 increased by 3.74% compared to the comparable quarter last year, and it distributes SR 1 per share dividends for the 2nd quarter.

Riyadh, Kingdom of Saudi Arabia, 26 July 2018 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 30 June 2018:

- Revenue from Services for 2nd quarter reached SR 13,182m an increase of 1.1% compared to the corresponding quarter last year. For the first half of 2018, the company maintained the revenue level at SR 25,568m.
 - Gross Profit for the for 2nd quarter reached to SR 7,112m an increase of 2.9% compared to the corresponding quarter last year. For the first half of 2018, the Gross Profit increased by 2.0% to reach SR 14,109m.
 - Operating Profit for the 2nd quarter reached to SR 2,901m an increase of 12.3% compared to the corresponding quarter last year. For the first half of 2018, the Operating Profit increased by 6.4% to reach SR 5,533m.
 - Earnings before Interest, Taxes, Zakat, Depreciation and Amortization (EBITDA) for 2nd quarter reached to SR 4,674m an increase of 8.6% compared to the corresponding quarter last year. For the first half of 2018, the Earnings before Interest, Taxes, Zakat, Depreciation and Amortization (EBITDA) increased by 5.2% to reach SR 9,318m.
- In accordance with the approved dividend policy for three years starting from the 4th quarter 2015 which was announced on 11 November 2015, and have been ratified during the General Assembly Meeting on April 4th 2016, STC will distribute a total of SR 2,000 million in cash dividend for Q2 2018, representing SR 1 per share. The eligibility of dividends shall be for the shareholders at the close of trading on Tuesday 31/7/2018 and as per the registered shareholders in the register of The Securities Depository Center Company at the end of the 2nd trading day following the eligibility date. Dividend distribution date will be on 16/8/2018. The number of shares outstanding for Dividend 2,000 million shares.

Commenting on the financial results, Eng. Nasser Bin Sulaiman Al Nasser, Chief Executive Officer of Saudi Telecom Group stated: The results of the 1st half of 2018 was good compared to the corresponding period last year, as the company maintained the revenue level which was driven by an increase in data revenue by 6.7%. The company continues the comprehensive program to improve the operational efficiency and to work on costs optimization initiatives, that have led to an increase in the net profit by 3.7% in the 2nd quarter of 2018 compared to the same quarter last year and by 2.9% for the 6 months of 2018 compared to the same period last year.

As part of the company's strategy (DARE) that aims to grow and expand in non-traditional fields in the ICT sector, Eng. Al Nasser mentioned, that the company aims to expand its investment through focusing on the value add of the technical and Fin-Tech solutions and content, which will help to achieve the targeted growth that the company seeks in the near future. In addition, the new Data Center in Riyadh, which represents the infrastructure of digital transformation, has been launched in line with the National Transformation Program 2020 and Vision 2030. It will have a positive role to play in supporting and enabling the digital services for both public and private sectors in advanced technologies of cloud computing, cyber security, data analysis and smart cities. Al Nasser affirmed that by launching the new Data Center, STC would be the largest provider of infrastructure in the Middle East for Cloud Computing services with 12 new centers to be added over the next three years.

Eng. Al Nasser also said, that as the company continues the technological advancement, its vision for the future and providing digital solutions that enrich the customer experience, which corresponds to the tremendous development in the telecommunications sector, have both led us to achieve, 1) the first place in the Kingdom as the fastest internet provider on the 3G, 4G and Fiber networks, according to "Mekias - Standard", 2) the successful launch of the first live 5G network after completion of the tests stage, for the first time in the Middle East and North Africa, and 3) being placed among the top 20 in the world within 100 international companies in the field of Communications and Information Technology, according to "Global".

He also added, as the main provider of digital services and as part of the Vision 2030 initiatives, the company continues to deploy Fiber Optic Broadband services in the urban areas of the Kingdom with the

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support from the Ministry of Communications and Information Technology. The total number of Fiber Optic subscribers have increased in 2nd quarter of 2018 by 8.5% compared to the same quarter last year.