

STC's Net Income for Q4 2018 compared to the comparable quarter last year and the 3rd quarter this year increased by 22.0% & 17.9% (respectively).

Riyadh, Kingdom of Saudi Arabia, 23 January 2019 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 31 December 2018:

- Revenue from Services for the 4th quarter reached SR 13,166m an increase of 5.3% compared to the corresponding quarter last year. For the year 2018, the company revenue from services reached SR 52,068m an increase of 2.7%.
- Gross Profit for the for the 4th quarter reached to SR 8,651m an increase of 17.7% compared to the corresponding quarter last year. For the year 2018, the Gross Profit increased by 6.9% to reach SR 30,565m.
- Operating Profit for the 4th quarter reached to SR 3,487m an increase of 21.1% compared to the corresponding quarter last year. For the year 2018, the Operating Profit increased by 11.6% to reach SR 12,256m.
- Earnings before Interest, Taxes, Zakat, Depreciation and Amortization (EBITDA) for the 4th quarter reached to SR 5,411m an increase of 12.0% compared to the corresponding quarter last year. For the year 2018, the Earnings before Interest, Taxes, Zakat, Depreciation and Amortization (EBITDA) increased by 7.7% to reach SR 19,857m.
- Net Income for the 4th quarter reached to SR 3,116m an increase of 22.0% compared to the corresponding quarter last year. For the year 2018, the Net Income increased by 7.7% to reach SR 10,790m.

Commenting on the results, Group CEO of Saudi Telecom Company said, the results for the 4th quarter and 2018 were excellent, reflecting the strong and continuous performance of the company. STC is striving to achieve its strategy that is in line with the rapid changes and developments in the telecommunication sector and the digital transformation that the world is witnessing.

The strategy focuses on re-inventing the customer experience on a continuous journey of development, high quality of services and the re-invention of sale channels. It also focuses on accelerating the core assets performance by extracting greater value from its major and traditional assets. Further, the strategy aims to digitize STC through the digital transformation of the company's operational capabilities, as well as expanding the scale and scope of the company's

business by looking for concrete opportunities for growth in services, applications, platforms and infrastructure, for example, cybersecurity, cloud computing, IOT, and improved data economics.

Al Nasser added that STC is working to expand its business, diversify its portfolio and enhance the integration between the Group and its subsidiaries in order to achieve sustainable growth and create greater value for shareholders. The company is committed to investing in its infrastructure and stimulating the demand for digital services, which is in line with the objectives of the Kingdom's 2030 Vision. Innovation and investment are key factors in accelerating digital transformation to reach the highest level of customer satisfaction and enrich their experience that would brace the company's position not only locally, but also regionally. This year, STC has been awarded the King Abdulaziz Quality Award for the second time since the launch of the award. This is a reflection of the importance of quality and organizational work and the commitment to one of STC's key values "customer first".

At the level of local operations, data revenue increased by 10% for the current quarter compared to the same quarter of 2017 and by 5.6% for the current year compared to the previous year. This growth was a result of the continued offering of distinctive services that stimulate the usage of postpaid and prepaid mobile services (SAWA) accompanied with latest devices offering.

STC continues to deploy the fiber optic network in the Kingdom, which comes as part of the National Broadband Deployment Initiative (NBB). The number of FTTH customers increased by 18% this year compared to the previous year to reach about 600,000 customers.

Further and in recognition of the strong financial position of the company and its objective to maximize its shareholders' value, the Board of Directors of Saudi Telecom Company has recently approved a dividend policy starting from the 4th quarter of 2018. Where STC commits to distribute SR 1 per quarter for the next three years, with a possibility of paying additional dividends subject to the Board of Directors assessment of the company's financial position, future and capital requirements, which is likely to vary from quarter to quarter based on the performance of the company. In addition to the above, the Board of Directors recommended the distribution of

additional dividends of SR 2 per share for the year 2018, which will be presented at the next General Assembly meeting for approval. The dividends that will be distributed for the year 2018 in an amount of SR 12 billion represents 60% of the nominal value of the share.