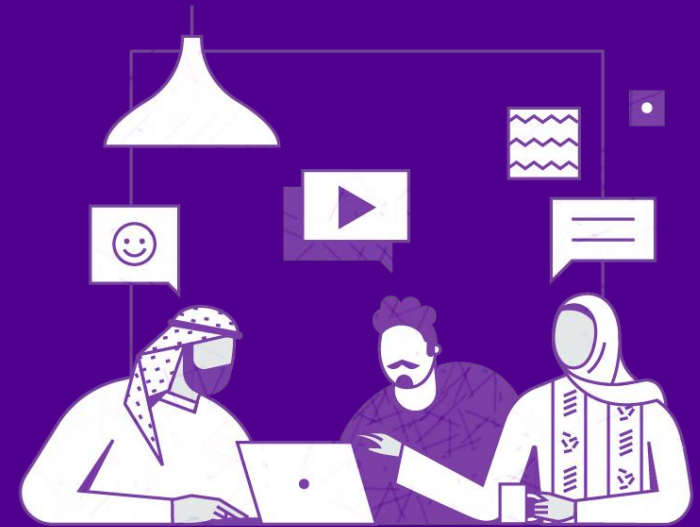


Financial Results Presentation

Investor Relations
Q2, 2021



Agenda

1. Strategy Overview

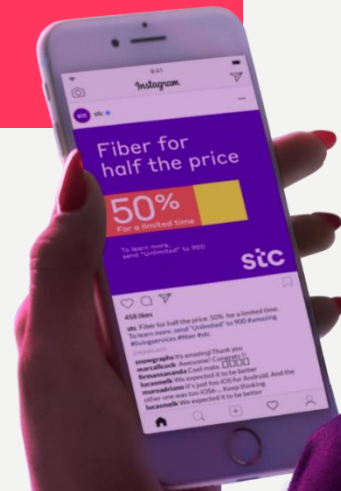
2. Company Overview

3. Financial Highlights

4. Q&A Session

5. Appendix

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 Advanced Technology and Cybersecurity Company

stc launched the digital control center, which is considered the largest integrated operating center in the region with an area of 42k m²

Digital Operations Control Center

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

Number one for 5G coverage by Megyas Report

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

stc pay banking license

January

February

March

April

May

June



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

→ Business Units

Enterprise Business Unit

EBU achieved an increase in revenues for the period by **29.3%** thanks to the company's ability to provide innovative products and services that meet the needs of the public and private sector.

Consumer Business Unit

CBU contributed positively to the results for the period as a result of an increase in operating lines by **3.4%**, an increase in fixed wireless access subscribers by **6.1%**, and an increase in demand for fiber-optic services, which led to an increase in the subscriber base by **20.8%**.

Wholesale Business Unit

WBU revenues for the period increased by **5.5%**, as a result of stc's investments in infrastructure, which is starting to positively reflect on the unit's results.

→ Infrastructure

FTTH

Subscriber base increased by **20.8%**

5G

- Deployed **4000+** towers in **47** cities.
- Next Phase: Deploying **1,800** to **2,500** towers to reach **71** new cities

Broadband & FWA

Subscriber base increased by **6.1%**



→ stcPay

stc Digital Bank

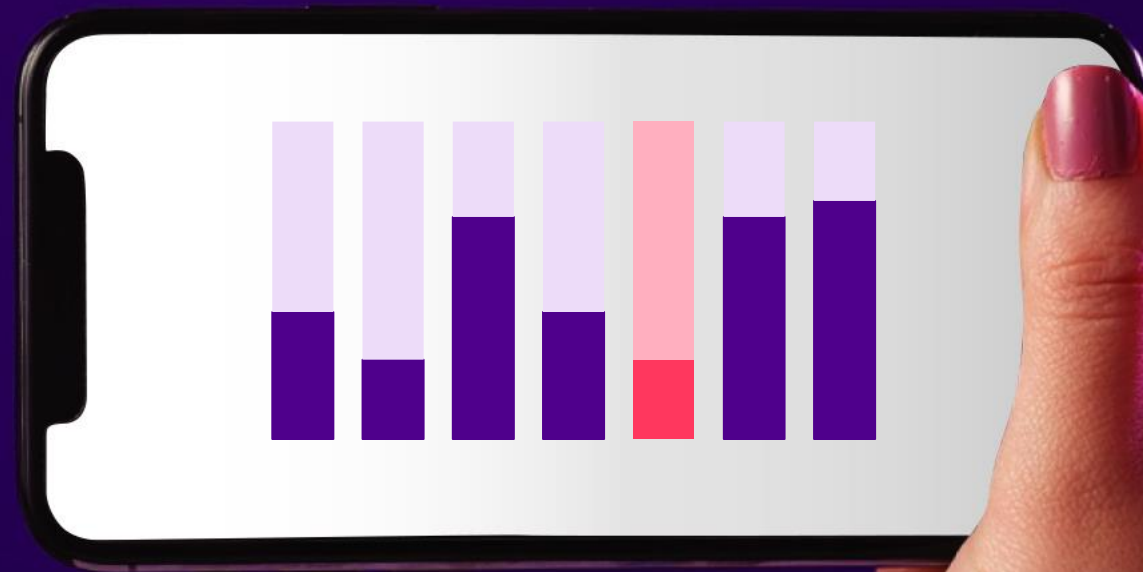
stc pay's full digital banking license enables the provision of all banking services.

Subscribers

6 million registered Users

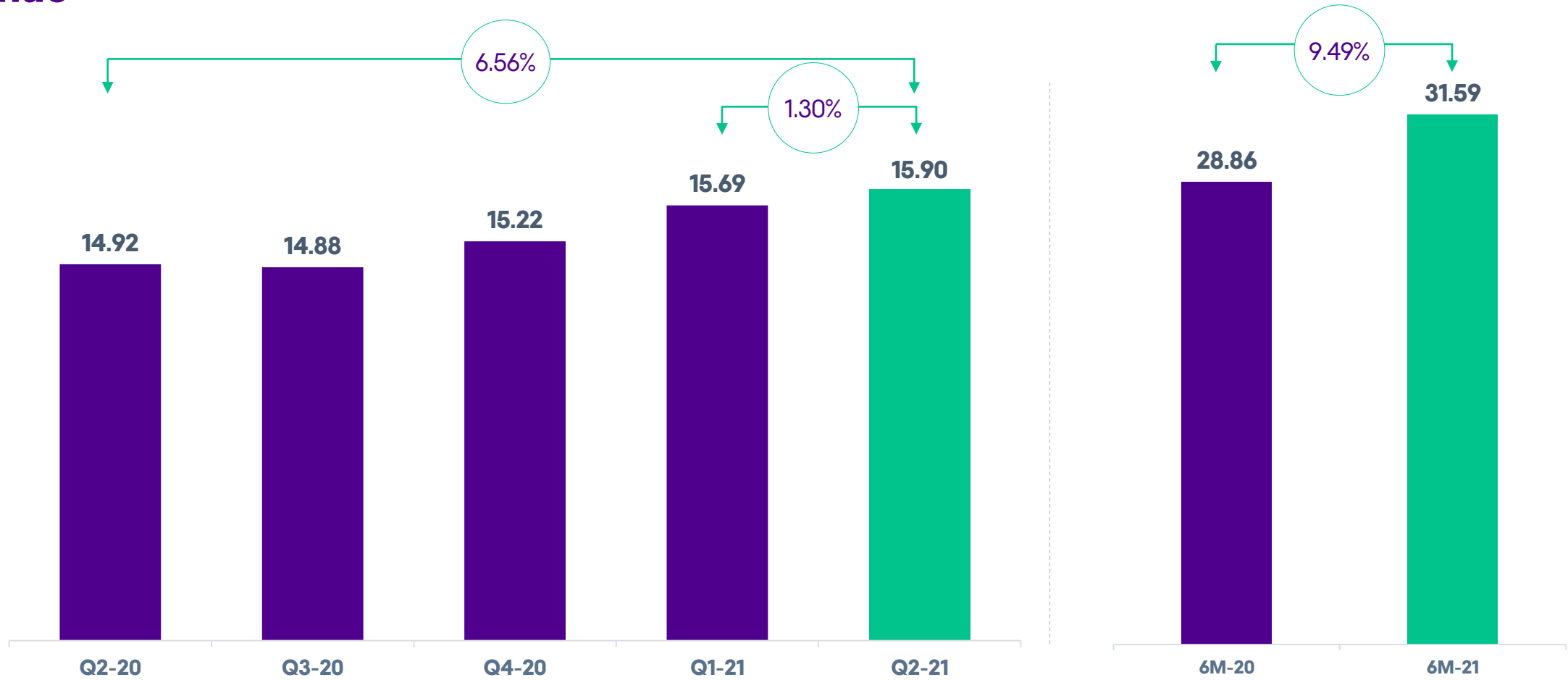


3. Financial Highlights



stc – Q2, 2021 Financial Highlights

Revenue



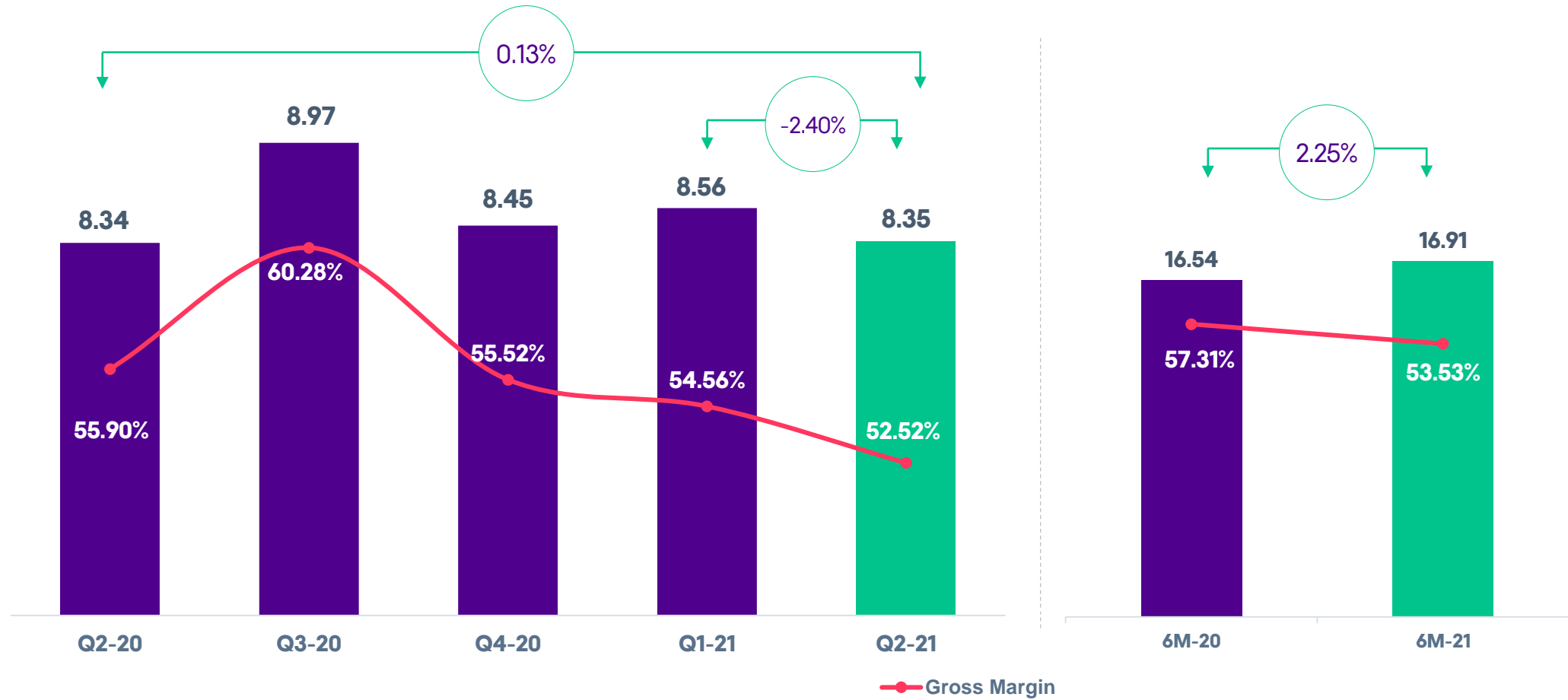
stc's highest quarterly and semi-annual revenues in its history

All figures are in SAR Billions



stc – Q2, 2021 Financial Highlights

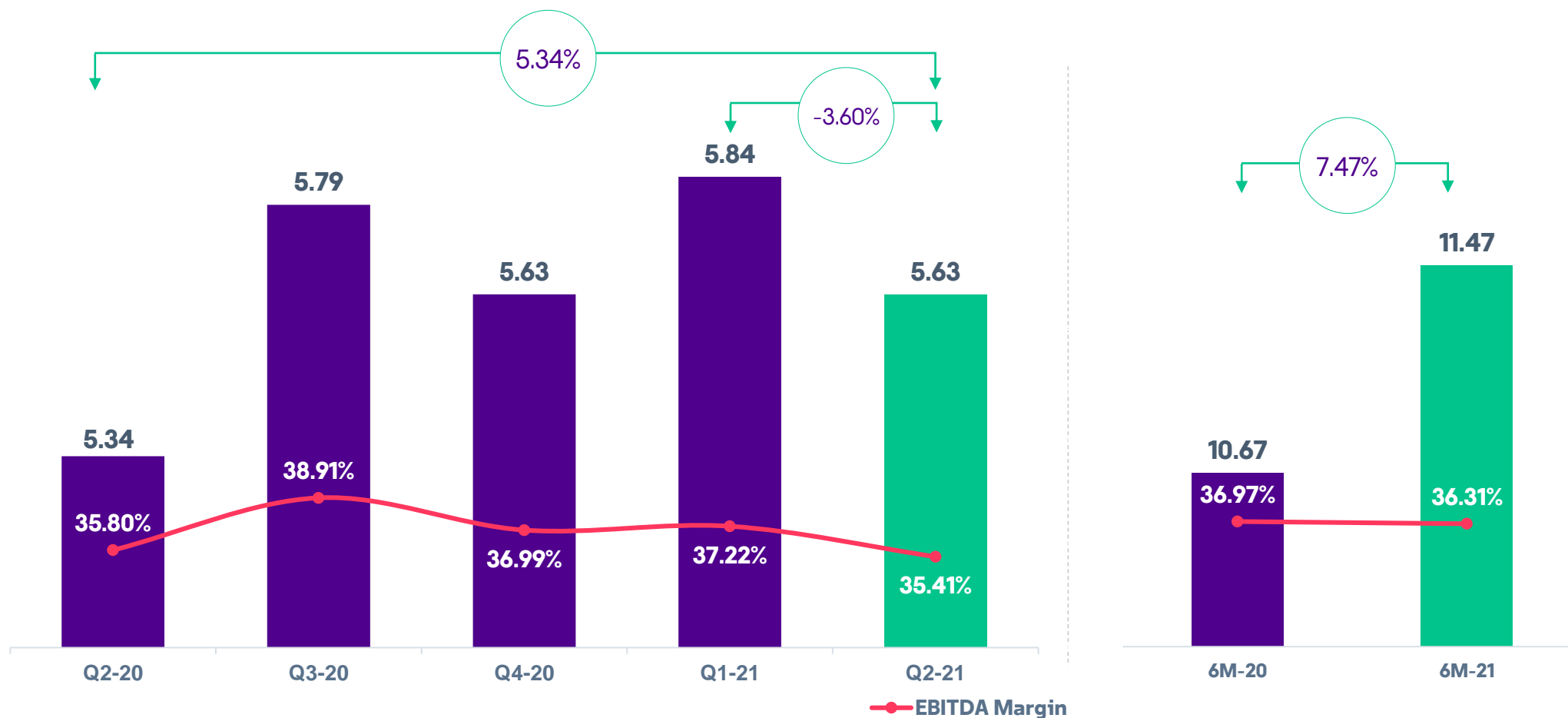
Gross Profit



Slight gross profit growth for the period, margins remain healthy

All figures are in SAR Billions

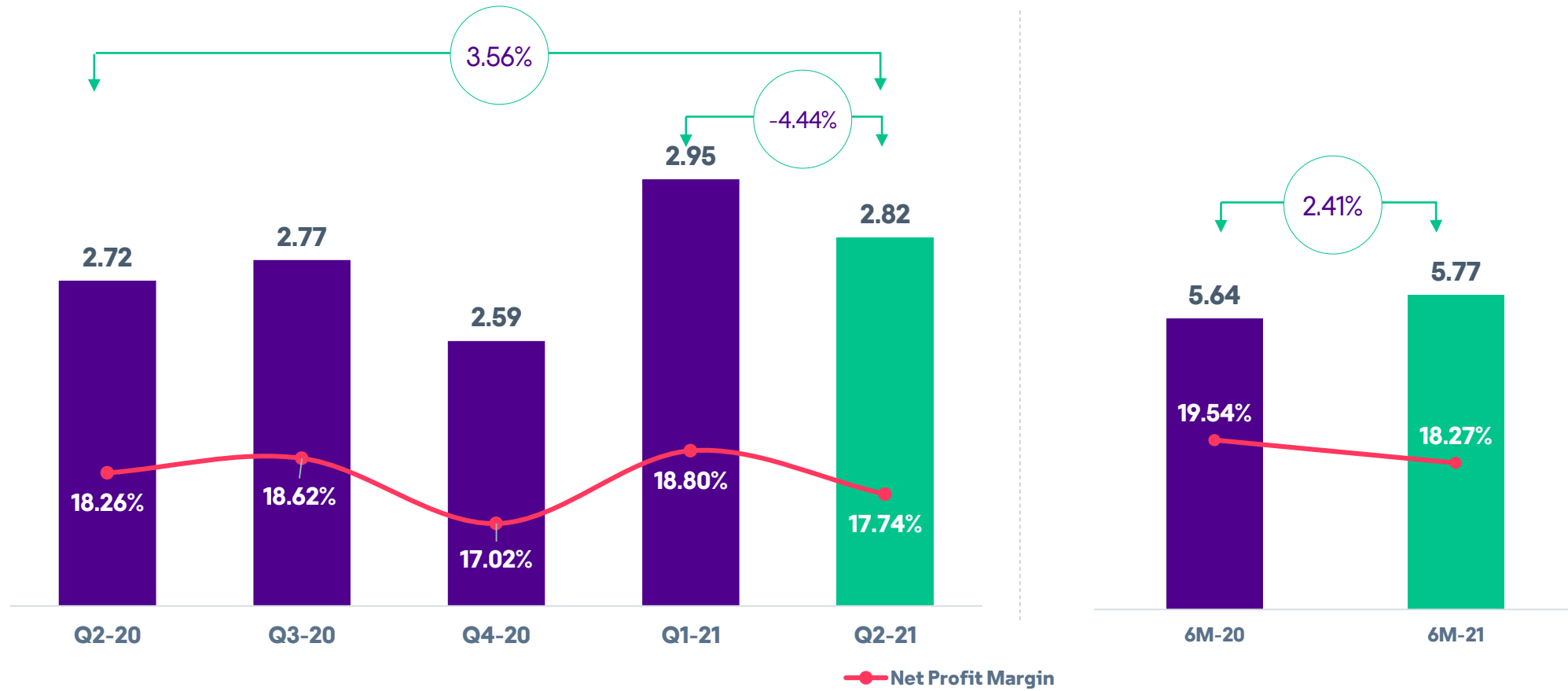
EBITDA



Notable growth in EBITDA for the period backed with healthy margins

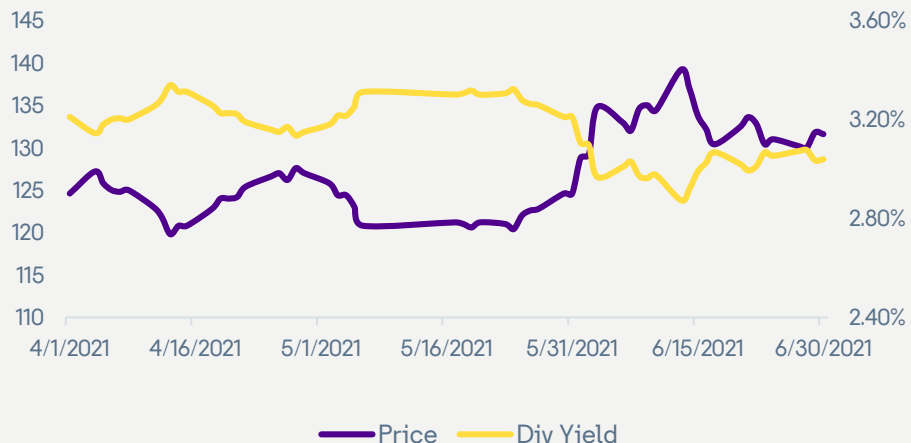
All figures are in SAR Billions

Net Profit



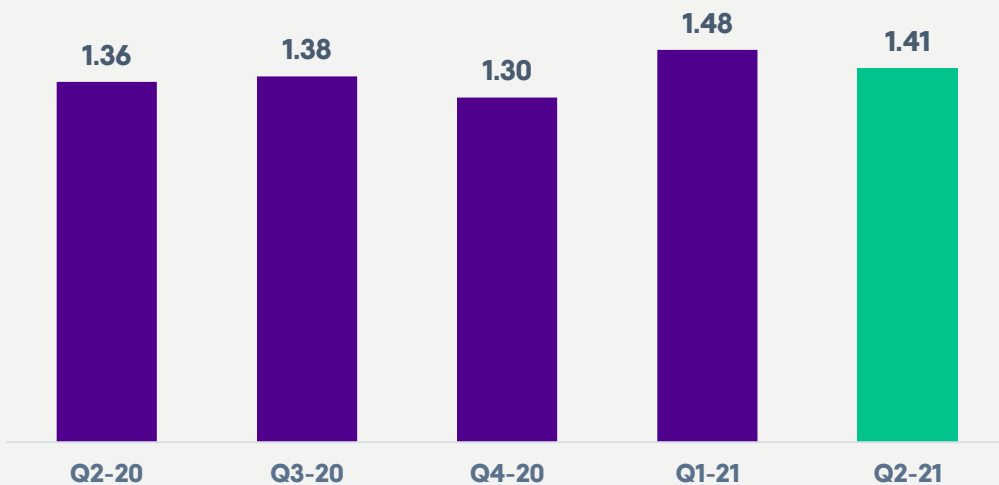
Net income grew for the period, with healthy margins

Price Vs. Yield Fluctuation

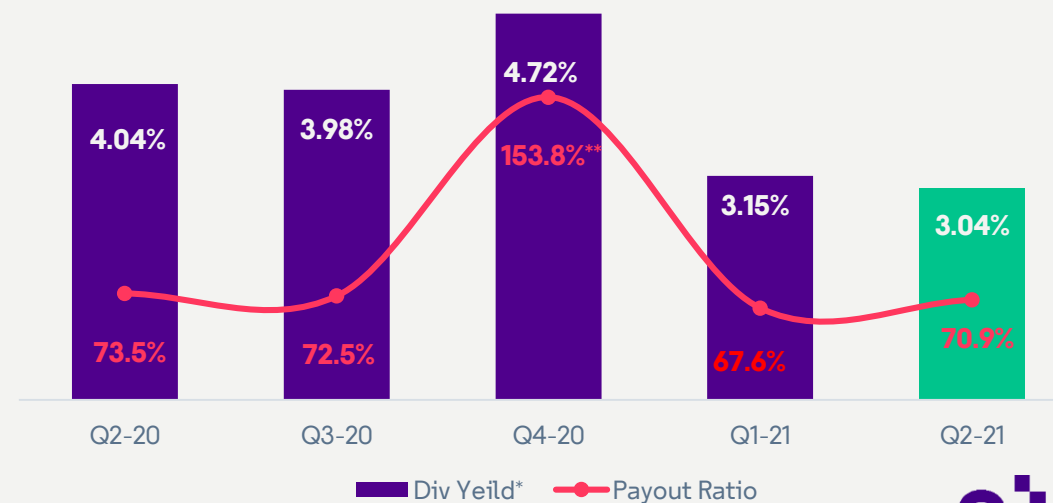


- stc commits to pay a fixed minimum dividend of a SR 1 per share per starting from Q4 2018 for three years. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance.
- The dividends policy will remain subject to:
 1. Any material changes in the strategy and business of the company (including the business environment it operates in);
 2. Laws and regulations that are applicable on the company;
 3. Any banking, other funding or credit rating covenants that the company may be bound to follow from time to time.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



*Annualized Dividend
 ** Additional Dividend for 2020 announced on Mar 25th 2021

4. Q&A Session

5. Appendix

Macro Economy & Liquidity

- The point-of-sale (POS) transactions soared by 72% to SAR 40.27 billion in May 2021, from SAR 23.45 billion in the same month last year, data issued by the Saudi Central Bank (SAMA).
- Online sales performed through Mada cards soared by 85% year-on-year (YoY) to reach SAR 5.56 billion in April 2021. The sales were performed through 25.57 million transactions, according to the monthly data issued by the Saudi Central Bank (SAMA).
- Remittances from expatriates in Saudi Arabia rose by 6% year-on-year (YoY) to SAR 12.53 billion in May, according to recent data released by the Saudi Central Bank (SAMA). Compared to April, remittances from expatriates in Saudi Arabia declined around 6%, or SAR 748 million.
- Assets held by the Saudi Central Bank (SAMA) decreased by SAR 5.6 billion month-on-month (MoM) to SAR 1.826 trillion in May 2021, according to data released by the central bank.
- Saudi Arabia's non-oil exports grew 23% year-on-year (YoY) to SAR 59.9 billion in Q1 2021, recording its highest quarterly level since Q4 2018, data from the General Authority for Statistics (GASTAT).
- The value of Saudi Arabia's oil exports reached around SAR 152.5 billion in Q1 2021, an increase of 7% or SAR 9.5 billion year-on-year (YoY), data from the General Authority for Statistics (GASTAT).
- Saudi Arabia's gross domestic product (GDP) fell by 3% to SAR 634.6 billion by the end of Q1 2021, compared to SAR 654.03 billion a year earlier, data issued by the General Authority for Statistics (GASTAT).
- Private sector contribution to Saudi Arabia's gross domestic product (GDP) increased to 44.1% in Q1 2021 from 41.5% in Q4 2020, data issued by the General Authority for Statistics (GASTAT).
- The unemployment rate among Saudis fell to 11.7% in Q1 2021 from 12.6% in Q4 2020, according to data from the General Authority for Statistics (GASTAT).

Regulatory Environment

- Saudi Arabia's Ministry of Communications and Information Technology expects the e-commerce sector to grow to SAR 66 billion by 2030, Al-Eqtisadiah Newspaper reported. By 2023, it aims to be among the top 30 countries in digital economy, and become a hub for digitally connecting continents.
- Saudi Arabia saw increased coverage of 5G network services during the first quarter of 2021, as the number of governorates that now have access to 5G services rose to 53, compared to 51 in Q4 2020, according to the report issued by The Communications and Information Technology Commission (CITC) on internet speeds in the Kingdom (Meqyas).
- The Capital Market Authority (CMA) approved a request by Arabian Internet and Communications Services Co. (stc solutions) to float a 20% stake, or 24 million shares in an initial public offering (IPO).
- Saudi Arabia's Communications and Information Technology Commission (CITC) launched the first phase of the experimental regulatory environment "Regulatory Sandbox" to provide innovative solutions developed by telecom service providers.
- The Communications and Information Technology Commission (CITC) launched a campaign to localize the ride-hailing applications across Saudi Arabia, aiming to increase the number of nationals working in the field and enable them to capitalize on the increasing demand and accordingly, diversify their sources of income. In addition, CITC called on all nationals to use these apps while shopping and fulfilling their daily needs.

Government Initiatives

- Crown Prince Mohammed bin Salman launched the national strategy for transport and logistics services, aiming to enhance the Kingdom's position as a global logistic hub that links the three continents. It also aims to improve the transport services and enhance integration of the logistics services system and modern means of transport to support the Kingdom's development.
- Saudi Arabia's Crown Prince Mohammed bin Salman inaugurated eight housing and medical projects for Ministry of Defense staff in several provinces, SPA reported.
- Crown Prince Mohammed bin Salman issued directives to double housing projects in the north of Riyadh by allocating new residential land plots on a total area of 20 million square meters and transferring their full ownership to the Ministry of Municipal, Rural Affairs and Housing.
- Saudi Arabia's Crown Prince Mohammed bin Salman said in a televised interview on April 27, 2021, that the Kingdom seeks a normal rate of unemployment between 4-7% within Vision 2030.

Business Highlights

- ✓ stc Group signed a partnership agreement with the Saudi Arabian Federation for Electronic and Intellectual Sports SAFEIS.
- ✓ stc was named the most influential local brand in Saudi Arabia, according to a 2020 survey conducted by Ipsos. Ipsos looked at nearly 800 of the most influential and powerful brands across 14 markets.
- ✓ stc donated 10 million to "Ehsan" platform, in addition to supporting and contributing to the operation and provision of Ehsan's call center through a team dedicated to responding to almost 900 calls a day, as well as sending text messages to introduce the platform and its objectives under the supervision of the Saudi Authority for Data and Artificial Intelligence and a number of other official entities.
- ✓ stc is first in 5G service deployment, Opensignal global report applauds network performance.
- ✓ stc Cloud is a digital platform that offers cloud services to more than 3,000 different entities in the Kingdom's government and private sectors. With more than 30 products at the IaaS infrastructure level and PaaS digital development platforms, stc is classified as the largest cloud service provider in the region.
- ✓ stc signed a joint cooperation agreement with Machinestalk, a company that specializes in publicizing (IoT) services. The agreement will also facilitate solutions of smart cities and buildings, smart transportation, as well as smart industries, a move expected to accelerate the Kingdom's digital transformation journey to achieve the goals of the Vision 2030.
- ✓ the Mohammed bin Salman Foundation "Misk Foundation" and stc signed a Memorandum of Understanding that lays the foundations for cooperation between the two parties in several areas at the institutional level and at the level of companies and entities affiliated with both parties.
- ✓ stc announced the signing of an additional partnership agreement with RPMANetworks to expand the LINC_Air™ Smart Home Solution's deployment for the mega project of NEOM city with a Smart Wireless Fire Monitoring Solution from RPMA.
- ✓ stc continues its support in the area of entrepreneurship through the inspireU program for supporting startups after the launch of the incubation application campaign for the program's eighth intake along with its campaign "The Impossible is Just a Word" aiming at promoting the Program and its services. Such services are among the best services provided to entrepreneurs and startups in the region.
- ✓ Towards a digital society, stc pay launching mada cards, the cards offer many advantages, most notably is the full control through the application, where the customer can issue a card, set a credit limit, stop it temporarily, cancel it, and renew it simply with their phone.
- ✓ Forbes: stc is among the top 44 digital companies in the world and the most powerful telecommunications company in the Middle East for 2021

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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