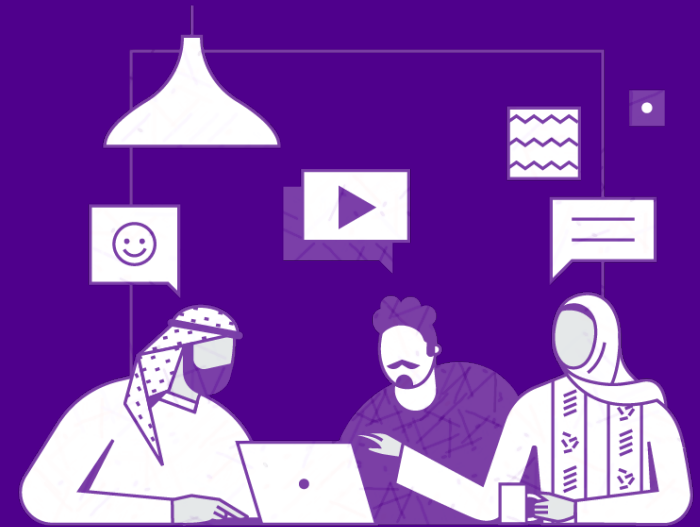


Financial Results Presentation



Investor Relations
Q4, 2019

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For further information about Saudi Telecom Company, or the materials contained within this presentation, please direct your enquiries to our Investor Relations team via email at IRU@stc.com.sa

Agenda

I. Strategy Overview

II. KSA Telecom Market Overview

III. Financial Highlights

IV. Q&A

A man with a beard and mustache, wearing a white button-down shirt, is leaning over a dark, reflective table. He is looking intently at a screen or document on the table, with his right hand pointing at it. The background is dimly lit, suggesting an office or meeting room environment. A purple horizontal bar is overlaid on the right side of the image, containing the text 'I. Strategy Overview'.

I. Strategy Overview

sic





- ▶ 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

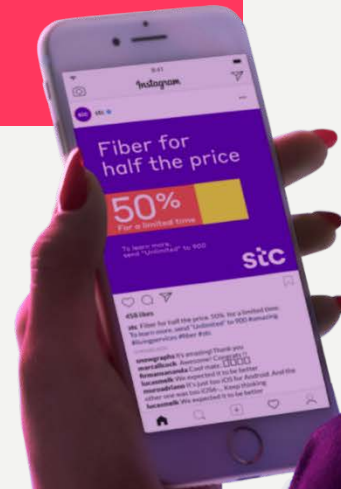
▶ **Digitalise processes, internal operations, delivery engine and commercial approach**

▶ Instill culture change

▶ **Grow B2G and B SME segments**

▶ Lead technological advancement and provide best in class connectivity platform

II. KSA Telecom Market Overview



stc

Macro Economy & Liquidity

- Saudi Aramco's world record-breaking IPO reaches \$29.4 billion.
- Saudi Arabia became the first Arab nation to take over the G20 presidency. It will host world leaders for a global summit in its capital on November 21-22.
- Base salaries will increase by 4.5 percent in Saudi Arabia by 2020, according to the annual Total Remuneration Survey (TRS) by global consultancy Mercer.
- Unemployment in Saudi Arabia currently stands at 12.3 percent, down from 12.9 percent last year, and Mohammed Al-Tuwaijri, the minister of economy and planning, expects it to fall further by the end of the year, according to reports.
- Saudi Arabia's energy minister said, the Khafji oil field which is jointly operated with Kuwait would produce 320,000 oil barrels per day (bpd) at the end of 2020, Saudi-owned al-Arabiya TV reported.

Regulatory Environment

- Saudi Arabia's Communication and Information Technology Commission (CITC) released a Request for Application (RFA) to issue licenses to foreign mobile virtual network operators (MVNO) and to enable them to invest in Saudi Arabia, CITC said in a statement.

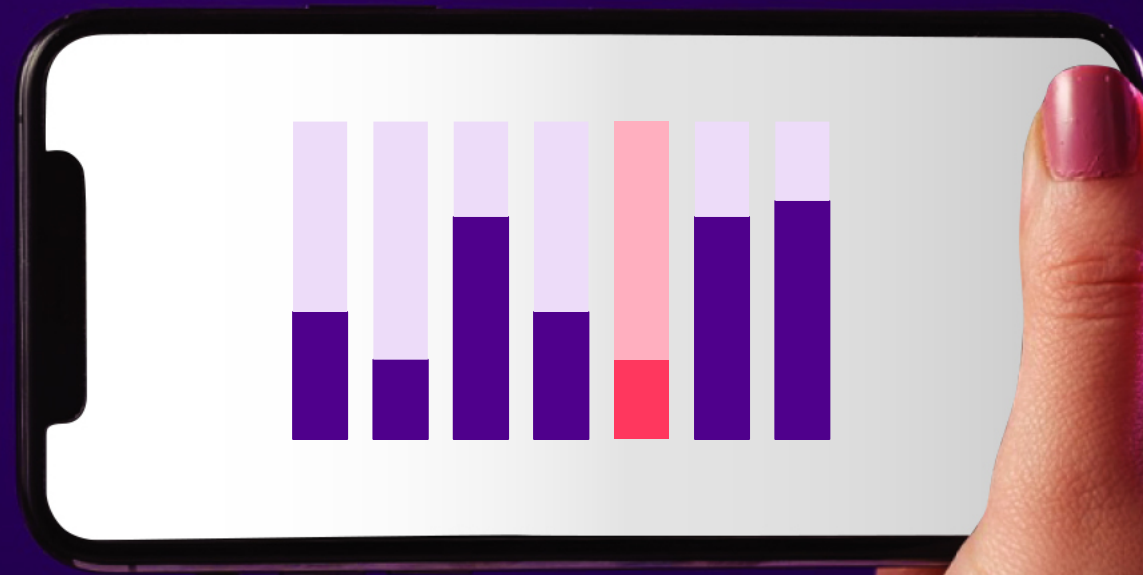
Government Initiatives

- Custodian of the Two Holy Mosques King Salman ordered to extend the cost-of-living allowance for one additional year until the end of 2020.
- Saudi Arabia began offering tourist visas for the first time, offering e-visas and visas on arrival to citizens of 49 countries.
- Saudi Arabia has waived fees on expatriate workers employed in the industrial sector, one of the main economic segments eyed for development, for five years.
- Minister Al-Sawah stated that the Kingdom ranks first among the countries of the Middle East and North Africa in the size of the electronic games market and among the top 20 markets worldwide, with 4.6 million active players and revenues of about SR 2.8 billion in 2018, which calls for capturing the opportunities in the market through coordination between all stakeholders in the digital entertainment industry.

Business Highlights

- ✓ stc Group Concludes 25 Cooperation Agreements to Enable Digital Transformation and 5G Services at GITEX 2019.
- ✓ stc's contribution to local content and technology localization has reached SR 4 billion.
- ✓ stc signed an agreement with Samsung to provide the Saudi Market 5G mobile devices for the first time.
- ✓ stc announced the launch of its MySIM service for mobile phone SIM cards that don't require fingerprint activation, becoming the first operator in the Kingdom to offer this service.
- ✓ stc Specialized Launches "FORUN" (Push-to-talk) Service, as the Next Generation of Wireless Communication Technology.
- ✓ stc Signed a MOU with Saudi Aramco in Cybersecurity Areas. This MOU paved the way for Cybersecurity direct communications, to raise both companies' Cyber capabilities and cyber readiness via information and experience sharing.
- ✓ stc won Best Middle Eastern Wholesale Carrier award in the prestigious Capacity Europe 2019 conference.
- ✓ Mystc App has received the "App of the Year" Golden Award at the Network PG's 2019 IT World Awards, which is organized annually in San Francisco and attended by major winning companies and projects.
- ✓ stc won six awards for advertising campaign at the prestigious 2019 Effies Advertising Effectiveness Awards held in Dubai.
- ✓ stc Joins World Economic Forum's Partnering Against Corruption Initiative (PACI).
- ✓ Eng. Ahmed bin Sulaiman Al Rajhi, Minister of Labor and Social Development, honored stc for its platinum sponsorship of the activities of the Saudi Family Forum 2019 in its second session entitled "Family and Technology".
- ✓ stc won an AI/Analytics international award for the best AI Operating Model by Informa at the Telecom AI Forum in London.
- ✓ stc has joined the Cybersecurity Center at World Economic Forum (WEF), adding to stc's global memberships.
- ✓ stc announced that it has achieved speeds exceeding 1GB in its satellite connectivity services to its customers in the Kingdom.
- ✓ stc has been awarded the MEF 2019 Award for "Middle East Service Provider of the Year". This award recognizes STC's excellence and innovation in devising telecommunications solutions.
- ✓ stc solutions was named the Best Partner in Architectural Excellence (Service Provider Award) at the Cisco Global Partner Events Conference in Las Vegas.
- ✓ stc topped MENA region's digital companies by ranking 44th on Forbes magazine's list for the Top 100 Digital Companies around the world.
- ✓ stc won the Prize of the Best Provider of Cloud Computing Services in the Region on the sidelines of Telecom Review Excellence Summit which was held in Dubai.
- ✓ stc launched its new unified brand identity in KSA, Kuwait and Bahrain to enhance its performance and role as a leading digital enabler in the region.

III. Financial Highlights



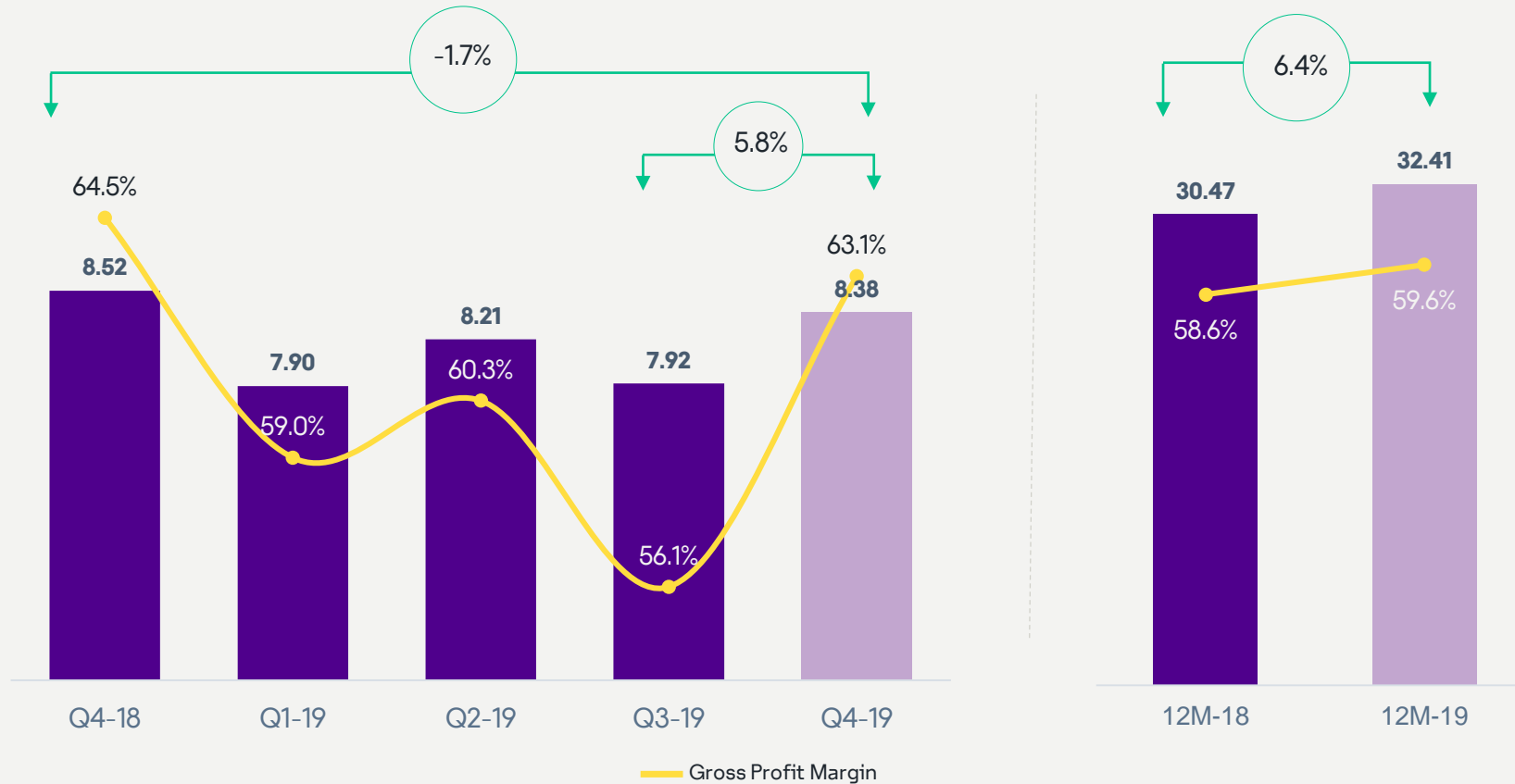
stc – 2019 Financial Highlights

Revenue



stc has achieved the highest annual revenue since 2013 with a CAGR of 3%

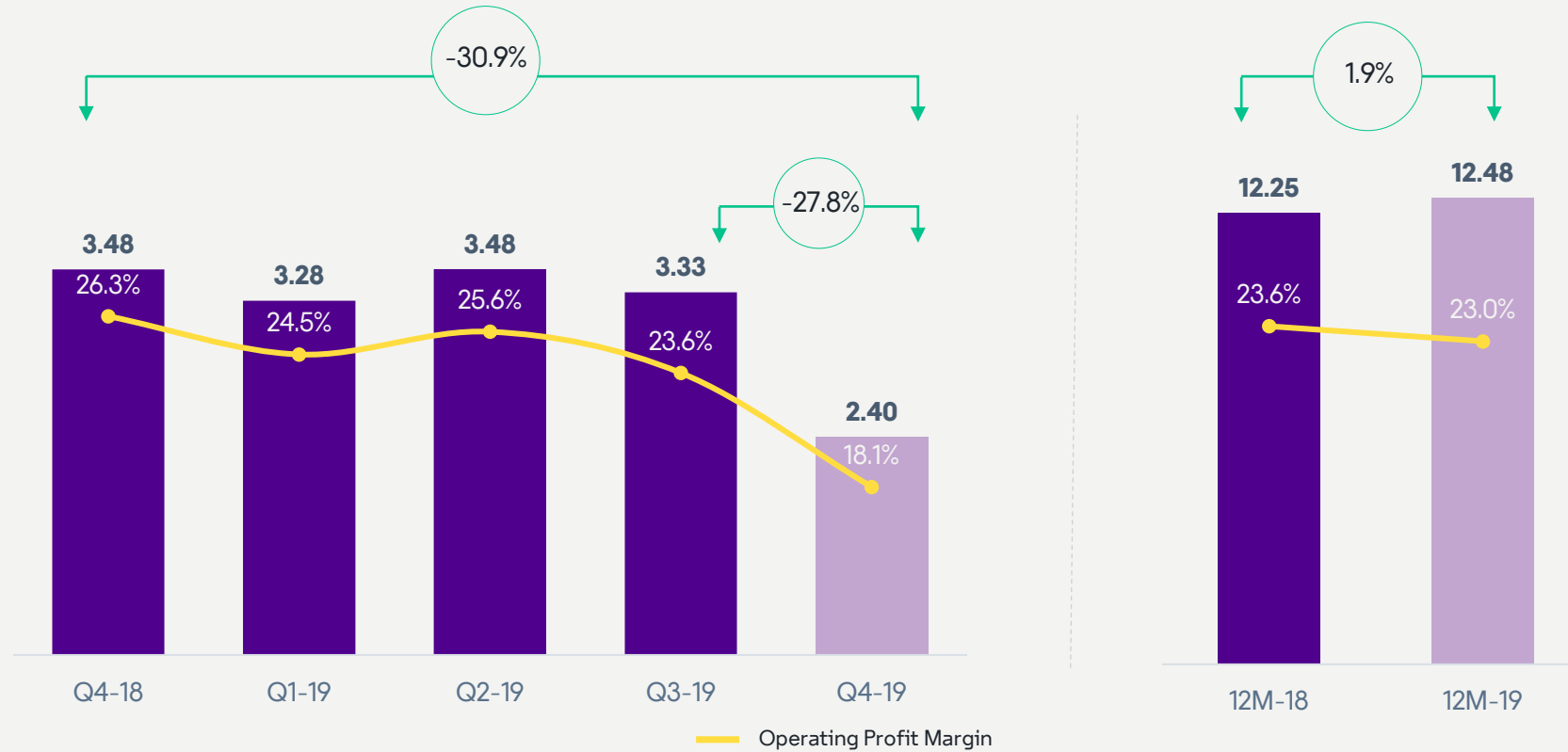
Gross Profit



Both Q4 2019 and year end have picked up quite well in terms of Gross Profit margins and growth

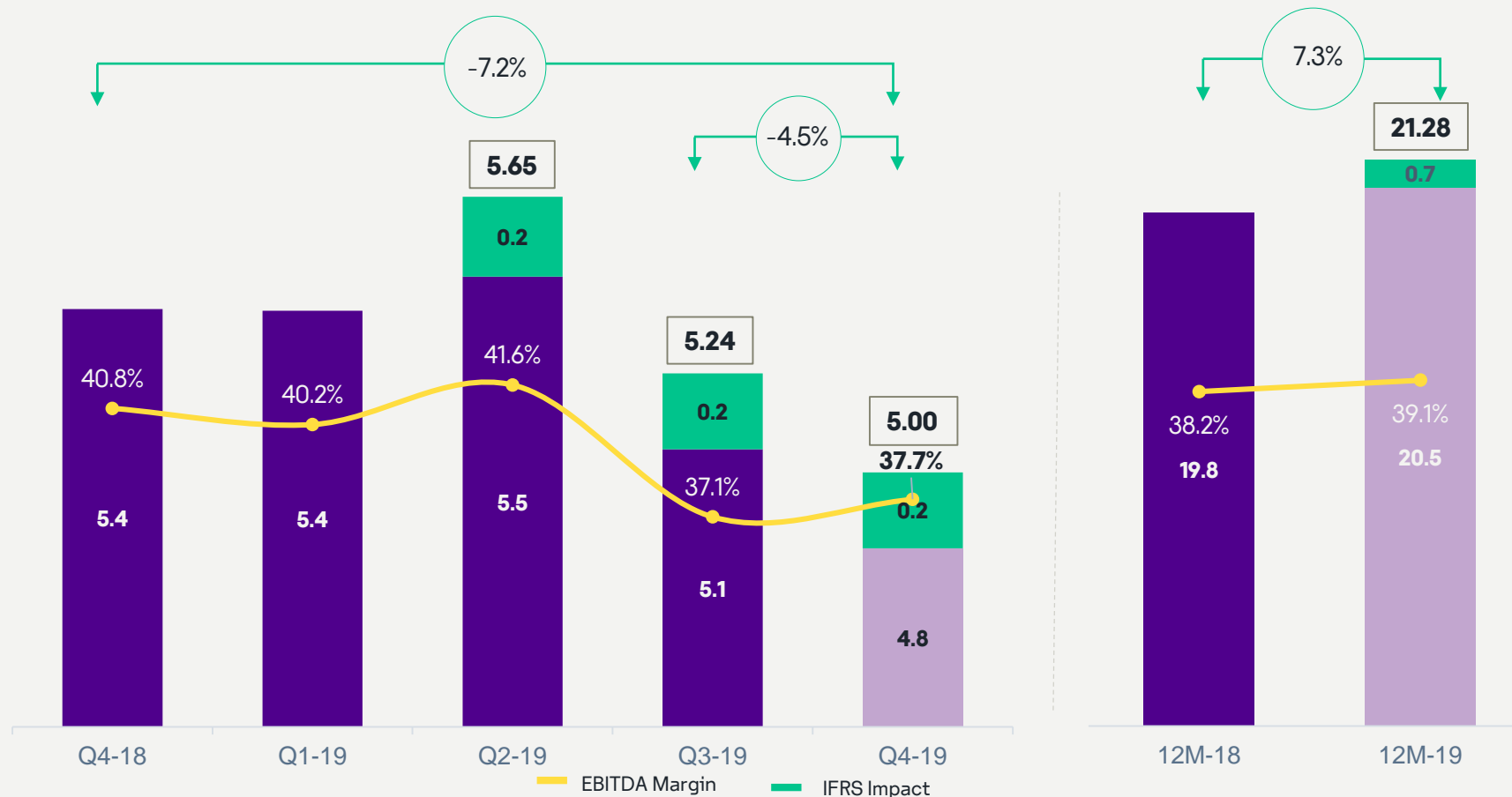
stc – 2019 Financial Highlights

Operating Profit



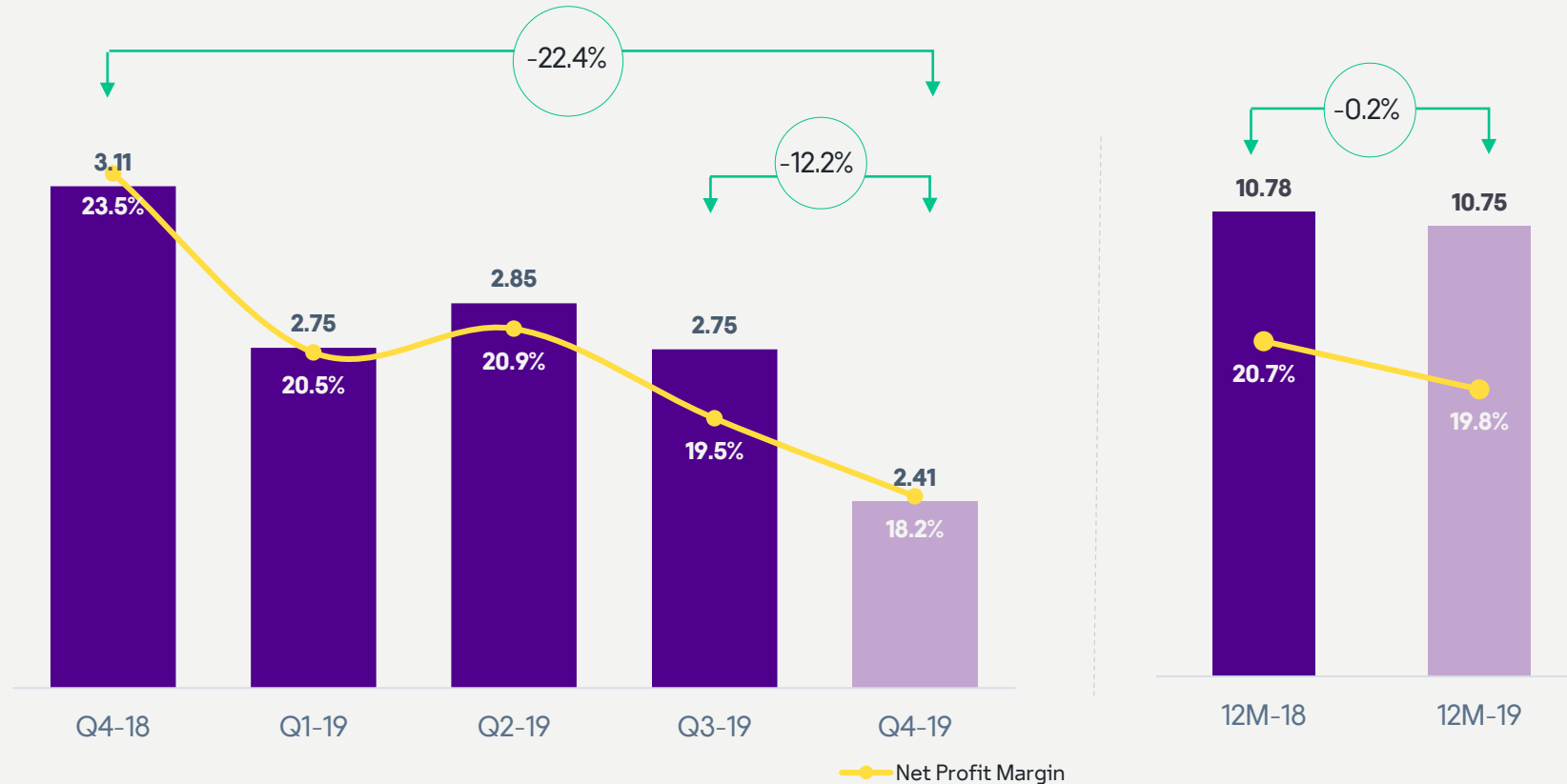
Although Q4 2019 operating profit declined, yet the 12 months result has shown a growth of 1.9%

EBITDA



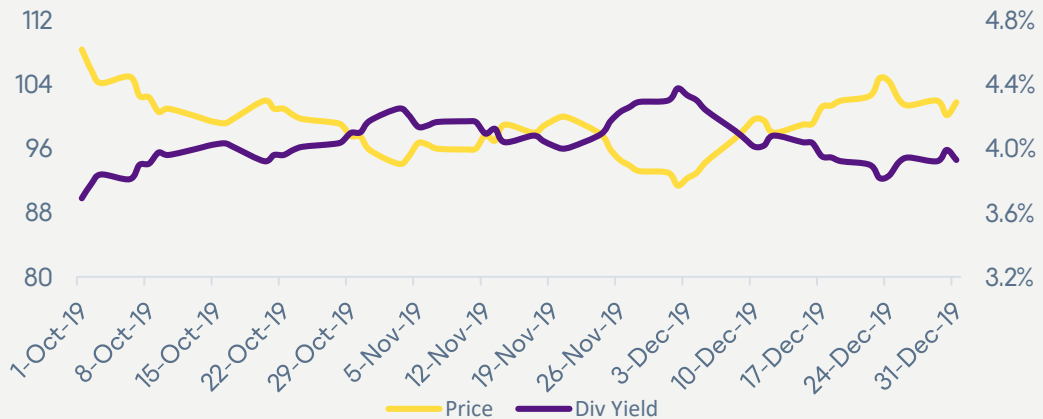
Even though Q3 & Q4 2019 EBITDA declined, yet the year end EBITDA has grown by 7.3% and 3.6% (respectively) in both pre and post IFRS

Net Profit



The impact of net profit in Q4 2019 was due to the continues infrastructure investment i.e. 5G and fiber optics, as well as the large investments in the IT related services. However, stc maintained the net profit at the same level of last year

Price Vs. Yield Fluctuation

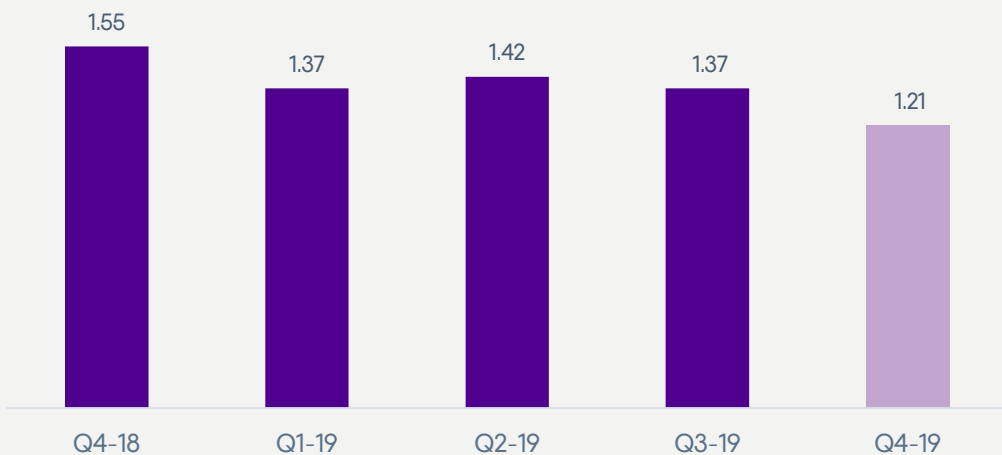


- stc commits to pay a fixed minimum dividend of a SR 1 per share per quarter. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional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

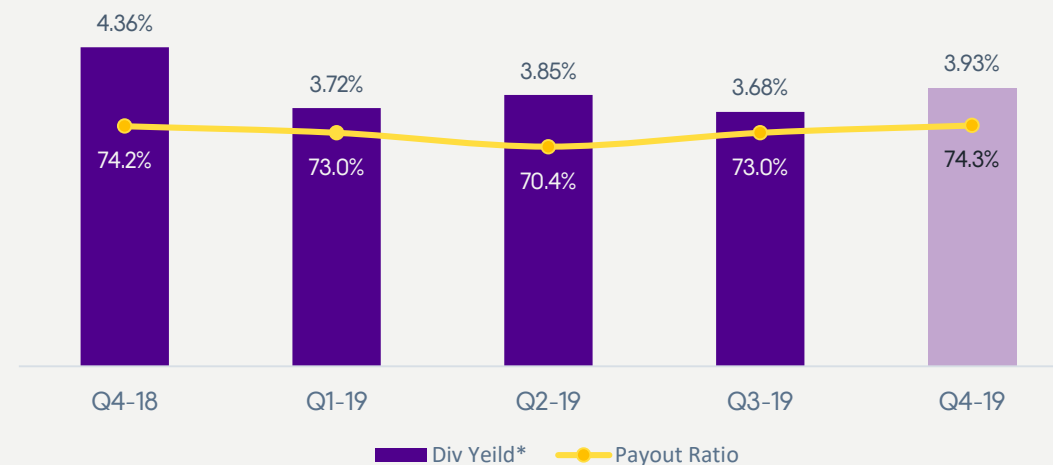
- The dividends policy will remain subject to:

- 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.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



*Annualized Dividend



Q&A



Thank You

