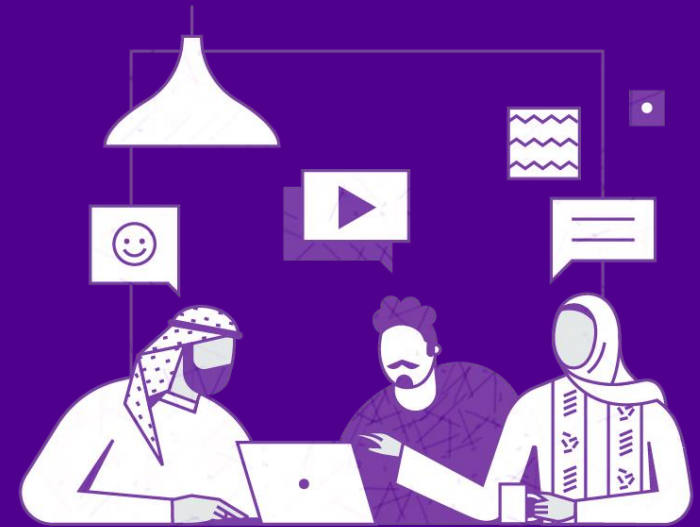


# Financial Results Presentation

Investor Relations  
Q1 2022



# Agenda

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**1. Strategy Overview**

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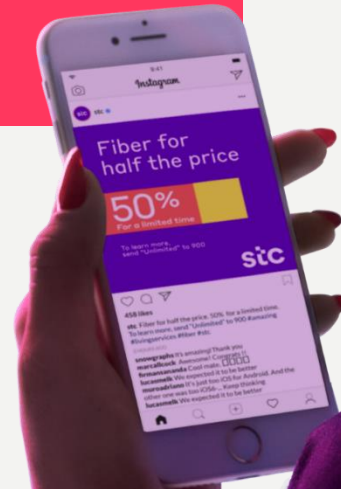
**2. Company Overview**

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**3. Financial Highlights**

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# 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.



- ▶ 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.



## 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

stc announced to establish a major digital hub "MENA Hub" for the Middle East and North Africa with an investment of 1 billion USD

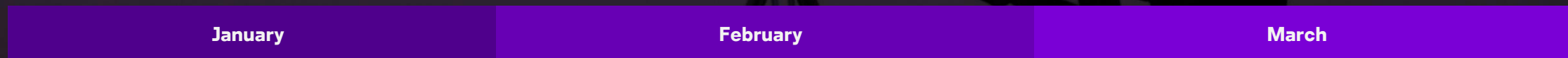
**The MENA Hub**

TAWAL announced its entry into the Pakistan's market via a potential acquisition of Awal Telecom.

**TAWAL in Pakistan**

stc and PIF to establish a company specialized in the field of Internet of Things (IoT)

**stc & PIF New company**



**stc brand valued at USD 10.6 Billion**

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

**stc launched the new data center in Jeddah**

As part of the third phase of the data centers project, stc recently launched a new data center in Jeddah.



## Business Highlights

- ✓ stc announced the launch of its initiative to establish a major digital hub "MENA Hub" for the Middle East and North Africa with an investment of 1 billion USD, which ensures the leading position of KSA across the ICT sector and stc's role as leading player in the region.
- ✓ stc announced the signing of a Joint Venture Agreement with Public Investment Fund (PIF) to establish a limited liability company in the field of IoT. The New Company's business is in line with the expected growth and increasing demand for Internet of Things services and products, it aligns with stc's growth strategy, and Saudi Arabia's Vision 2030 for a connected nation.
- ✓ TAWAL, the leading Saudi ICT infrastructure company and one of stc Group subsidiaries, has announced its entry into the Pakistan's market via its potential acquisition of Awal Telecom.
- ✓ stc was named the most valuable telecom brand in the Middle East, with its brand value increasing by 16% to USD 10.6 billion. stc has been the fastest-growing brand in the region in the Brand Finance Global 500, with a brand value increase of 32% over the last two years.
- ✓ As part of the third phase of the data centers project, stc recently launched a new data center in Jeddah. This step aims to expand stc's capabilities and capacities and accelerate the implementation of the Kingdom's digital transformation goals through a flexible and global-level data distribution process.
- ✓ stc announced that the investments received by entrepreneurs in the InspireU program reached a ceiling of 500 million riyals, as part of its efforts to support and develop the entrepreneurship system in the Kingdom, and with the aim of contributing to supporting innovation and promoting the digital economy in the technical fields. This came in its celebration of the graduation of the seventh and eighth batches of the InspireU program, which included a presentation of 20 projects.
- ✓ stc and Microsoft Arabia enter an MoU to solidify the collaboration between the parties. The MOU foresees empowering the necessary foundational capabilities required to enable the digital transformation ,5G Multi-Edge Computing (MEC) and Cloud use cases in the local and regional markets.
- ✓ stc and Huawei launched their 1<sup>st</sup> initiative, FTTR commercial service out of China the Leading global market, during the Mobile World Congress (MWC 2022). stc and Huawei have identified Saudi Arabia as a massive potential market which is aligned with the Kingdom's sustainable development goals, and Riyadh No1 global speed ranking initiative.
- ✓ stc Play announced the launch of its partnership with the "power" Esports team, which is one of the most developed and successful E-sports teams. This partnership promotes stc play's commitment to being the leading driver of empowerment and transformation in the gaming industry by benefiting from the company's capabilities and employing them to support the organizers of the "power" Team, to reach greater achievements in line with the Kingdom's Vision 2030.



## → Business Units

### Enterprise Business Unit

The Enterprise business unit revenue grew by **16.3%**, due to the strong demand from the public and private sectors for innovative products and services and the company ability to fulfill the various needs of its clients

### Consumer Business Unit

The Consumer business unit registered a top-line growth of **5.9%**, supported by the growth in FTTH subscribers by **4.4%**, FWA subscribers by **8.3%**, and working lines by **4.6%**.

### Wholesale Business Unit

The Wholesale business unit contributed positively to the company's performance, as it registered **7.8%** revenue growth, supported by a **20.6%** growth in its international revenues.

## → Infrastructure

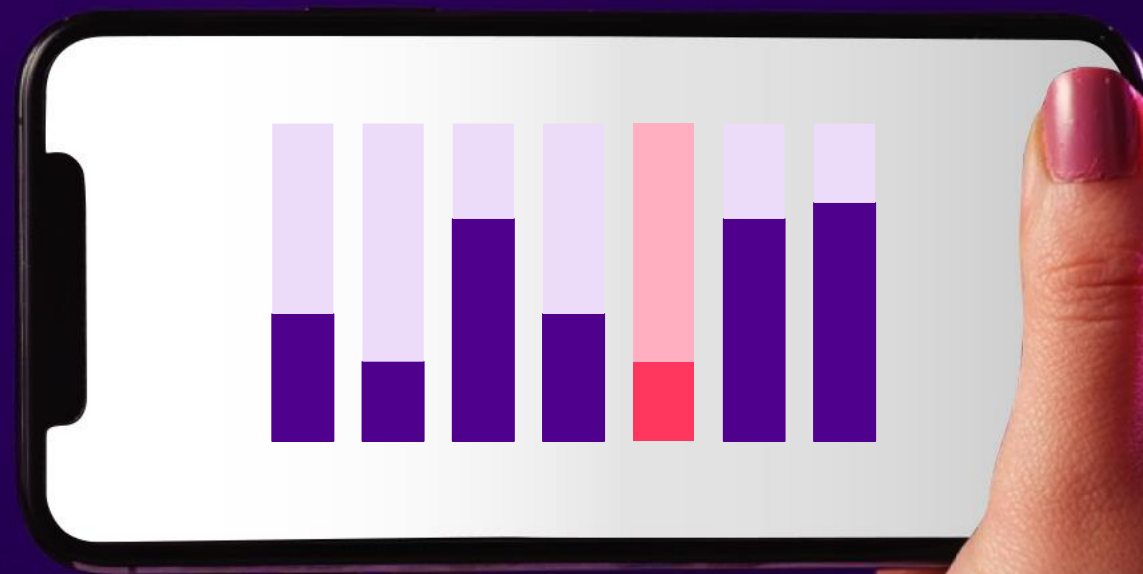
### 5G

- stc has deployed **6,709 5G** towers as the end of March 2022.

### FTTH & FWA

- FTTH subscribers increased by **4.4%**
- FWA subscribers increased by **8.3%**

### 3. Financial Highlights



## Revenue

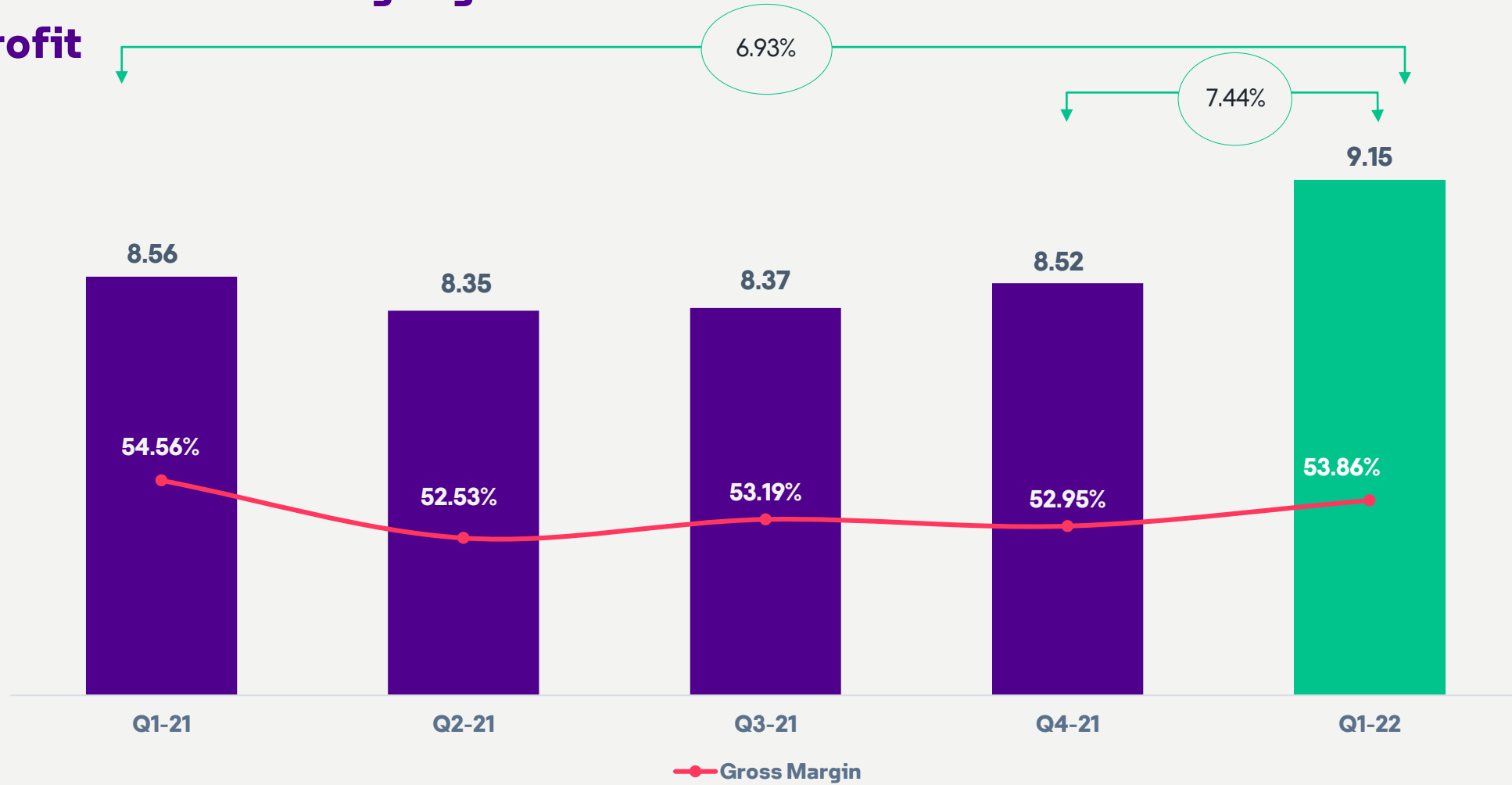


**Strong growth in revenues as compared to previous quarters**

All figures are in SAR Billions

# stc – Q1, 2022 Financial Highlights

## Gross Profit

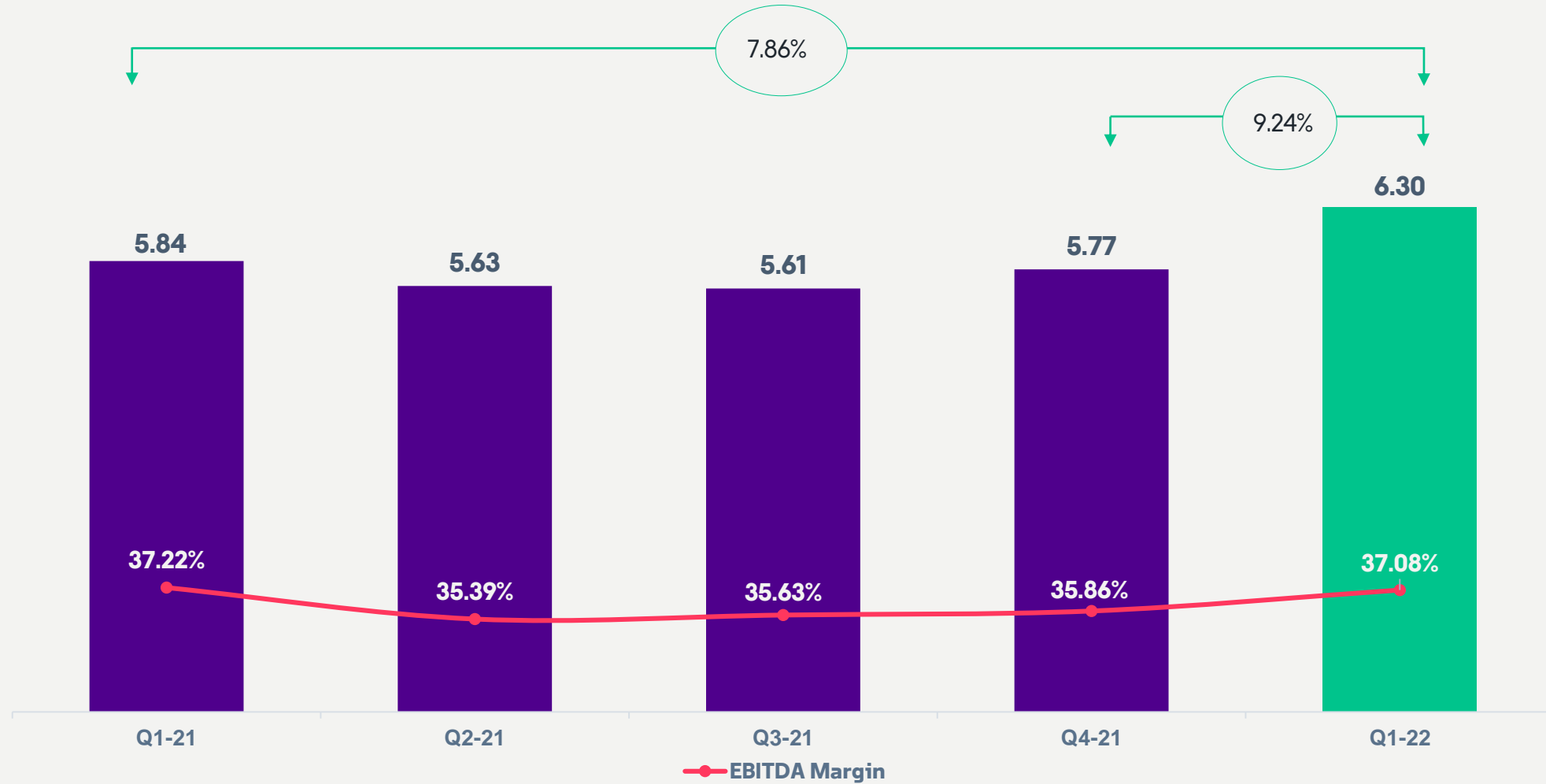


**Continued growth in gross profit, while maintaining healthy margins**

All figures are in SAR Billions

# stc – Q1, 2022 Financial Highlights

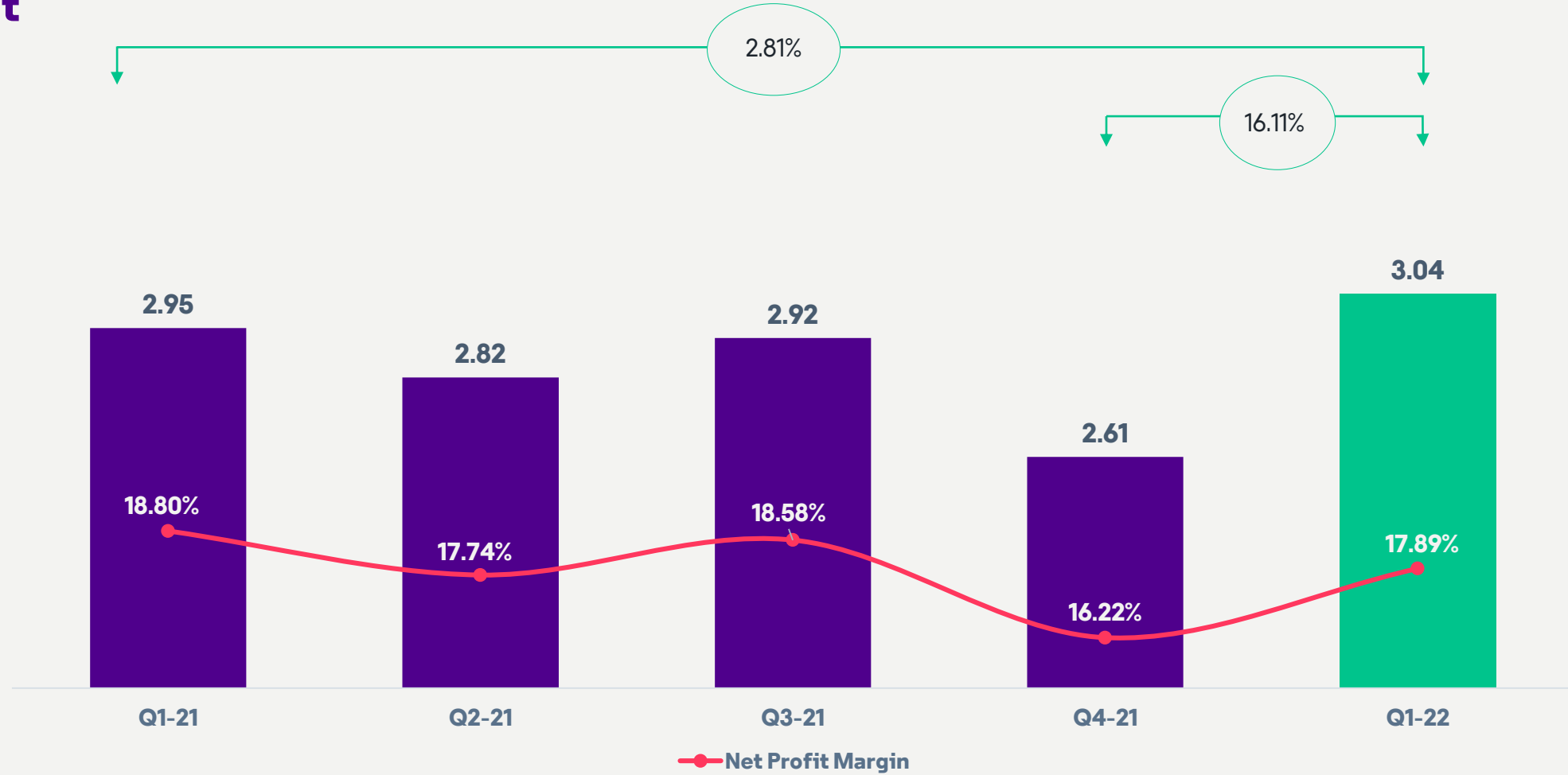
## EBITDA



**Notable growth in EBITDA, backed with strong margins**

All figures are in SAR Billions

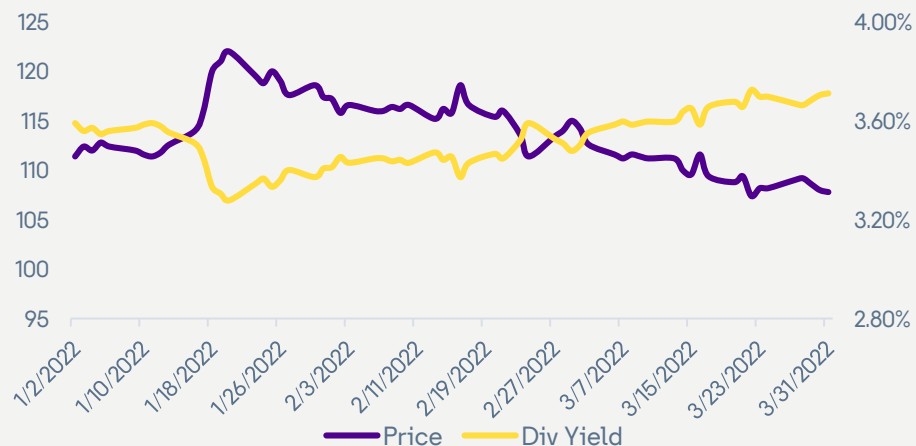
## Net Profit



**Improved net profit compared to previous quarters**

All figures are in SAR Billions

## Price Vs. Yield Fluctuation

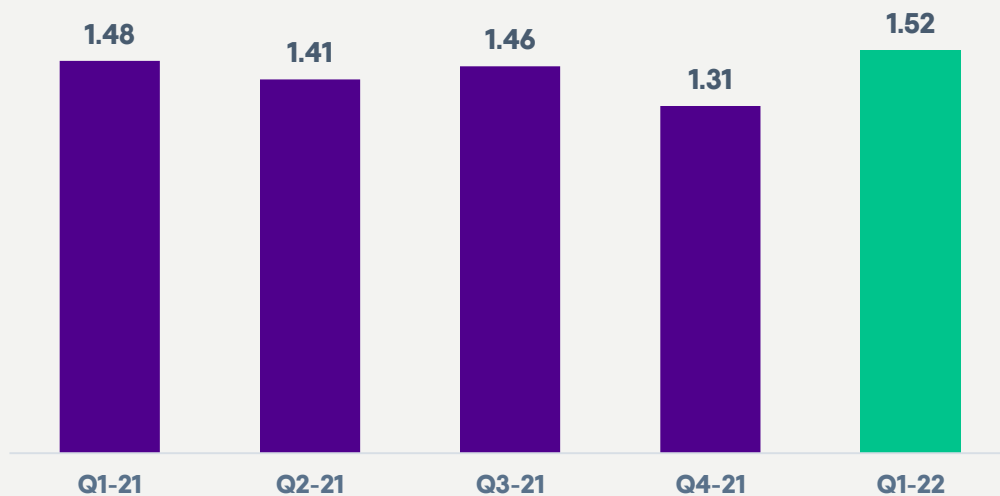


- stc commits to pay a fixed minimum dividend of a SR 1 per share per starting from Q4 2021 for three years. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure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

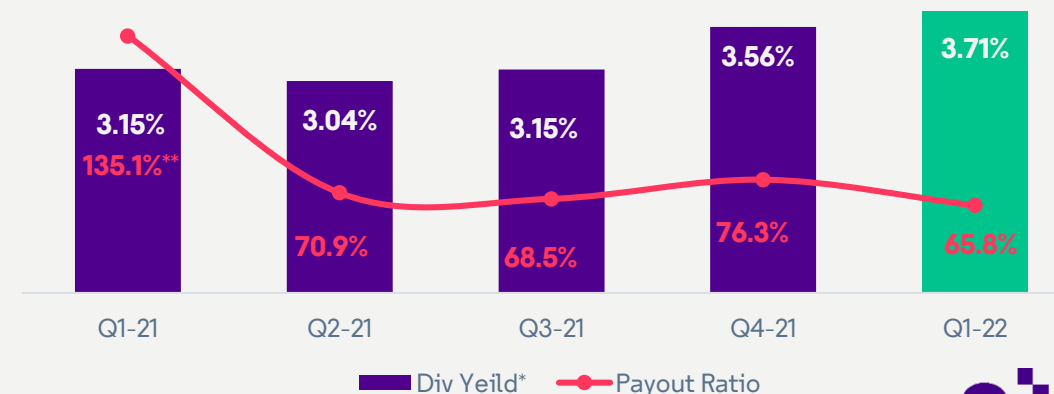
- The dividends policy will remain subject to:

- 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.

## Earnings Per Share (EPS)



## Payout Ratio/Dividend Yield





# 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.

### Investor Relations E-mail:

[IRU@stc.com.sa](mailto:IRU@stc.com.sa)

### Investors Website:

<https://www.stc.com.sa/wps/wcm/connect/english/investor/overview>

### IR App QR Code:

