

stc group **investor** **presentation**

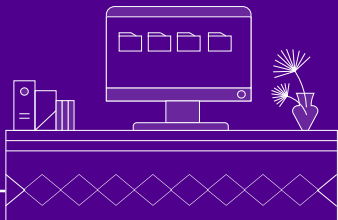
Investor Relations
Q3 2022

stc



Index

1.	Saudi Arabia's Macro-Economic Environment	3
2.	KSA Telecom Market Overview	7
3.	stc Profile	11
4.	Strategy Overview	22
5.	Business Overview	26
6.	Sustainability at stc	37
7.	Financial Highlights	39

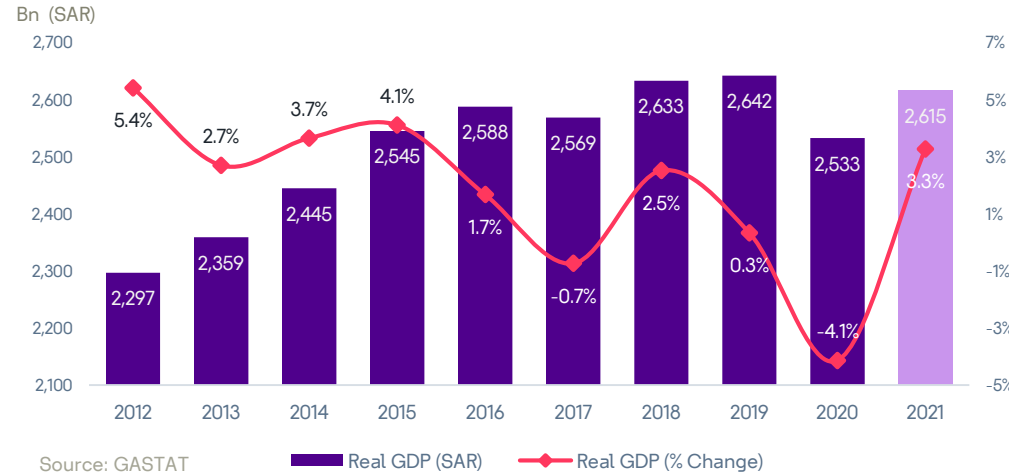


Saudi Arabia's Macro-Economic Environment



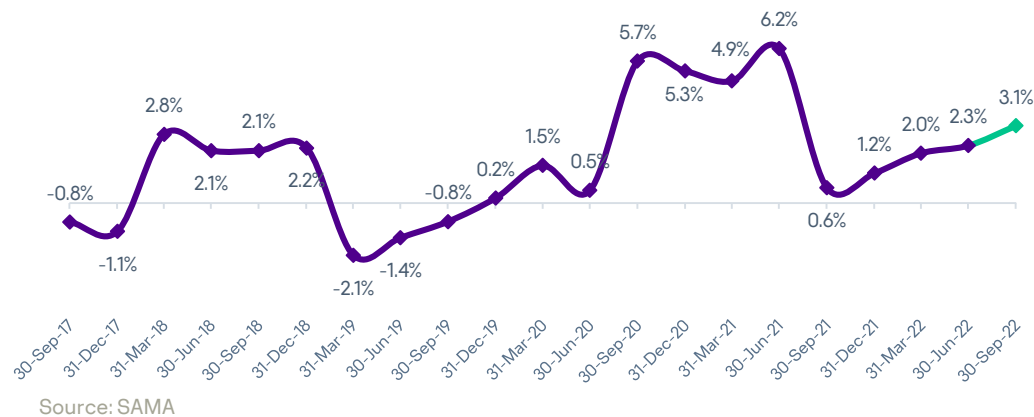
Gross Domestic Product (GDP) Growth

According to estimates by GASTAT, real GDP rose by **8.6%** y/y in Q3 2022. The economic growth was mainly driven by the increase in oil activities by 14.5% y/y, whilst, non-oil activities grew by 5.6% y/y, with government services activities growing by 2.4% y/y.



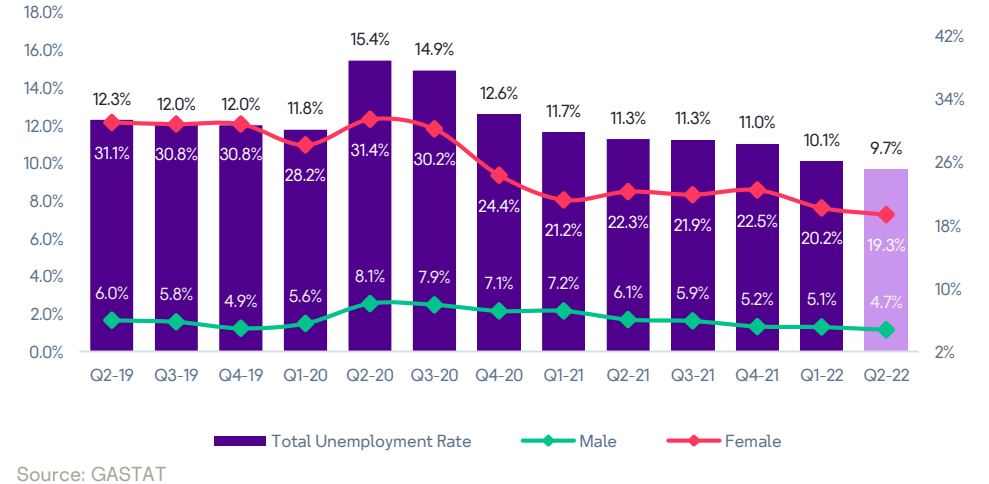
Inflation Rate

The annual inflation rate in Saudi Arabia accelerated to **3.1%** in September 2022 from **3.0%** in August. The inflation rate for the last month was the highest since June 2021, when it reached 6.2%.



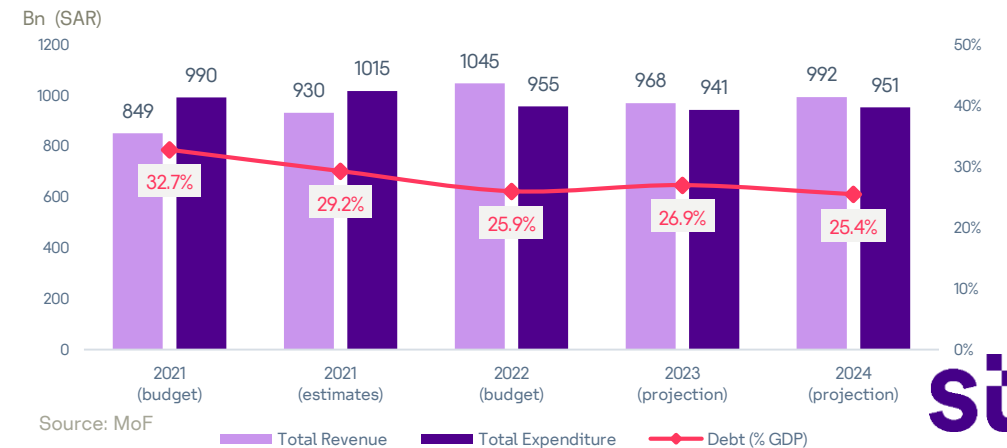
Saudi Unemployment Rate (15+)

GASTAT's latest labor market release for Q2, 2022 showed that Saudi unemployment rate fell to **9.7%** from **10.1%** in Q1 2022. Unemployment rate among male and female decreased to 4.7% and 19.3%, respectively.



Government Outlook on Expenditures & Revenues

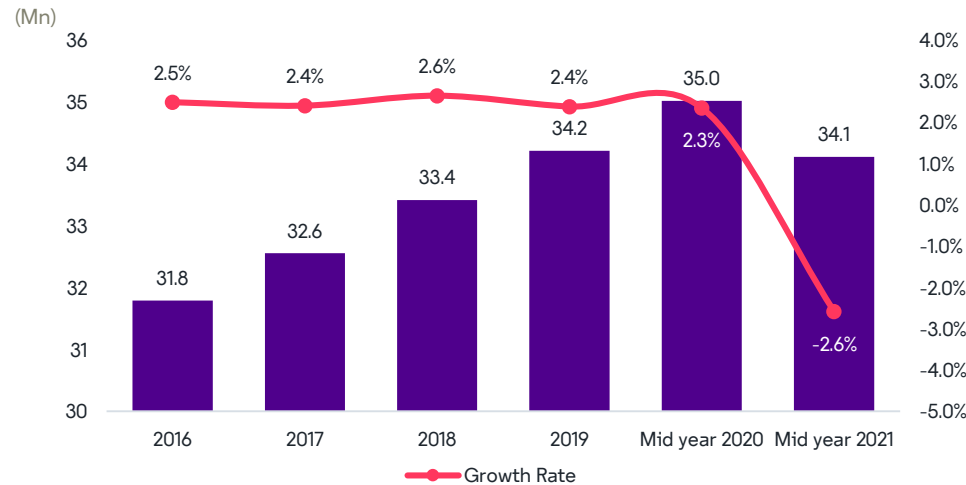
Saudi Arabia posted revenue of more than **SAR 950.2 bn** and expenditure of **SAR 800.7 bn** in the 9M of 2022, with a surplus of nearly **SAR 149.5 bn**.



Saudi Population

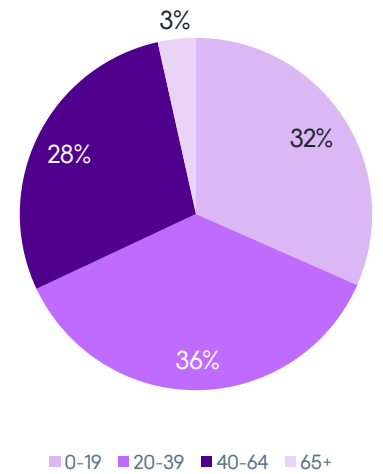
- After the population numbers increased in KSA from 34.2 mn in 2019 to 35.0 mn in 2020 (midyear), 2021 (midyear) saw a decline in the overall population numbers to 34.1 mn. The main driver of the decline is related to non-Saudi population exiting the country during the Covid-19 pandemic.
- Saudi population is the largest and youngest demographic in the GCC region.
- 2020 GASTAT data showed that 62% of the population is between the age of 15 and 49.

Population Census



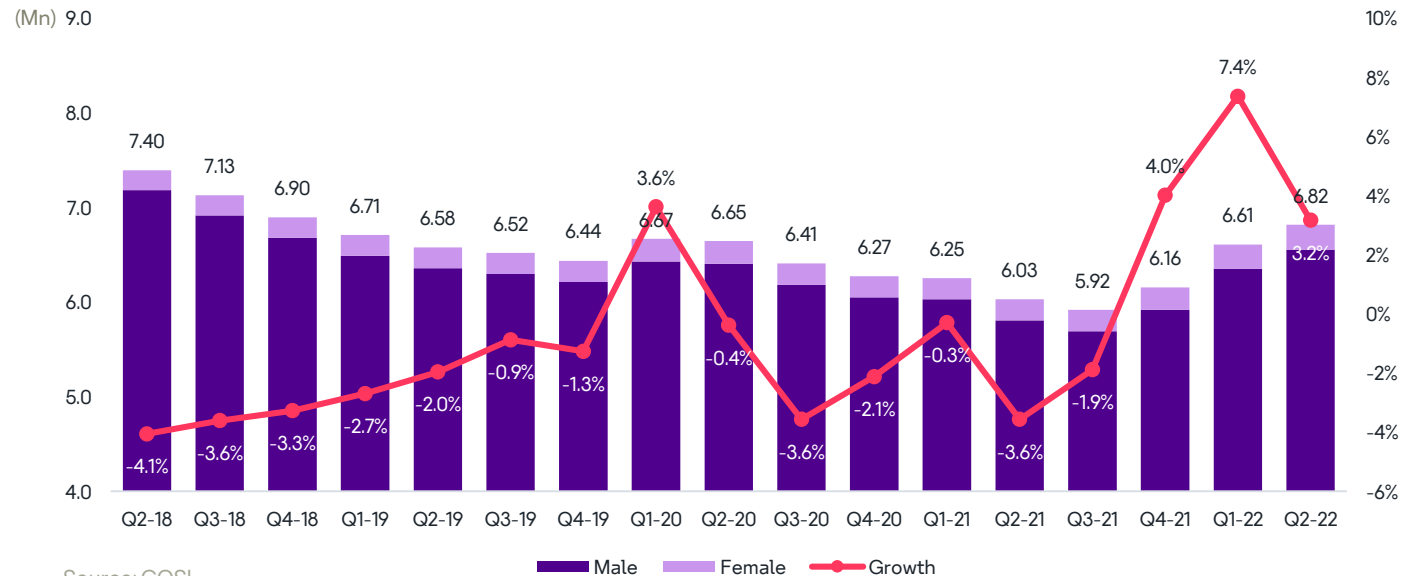
Source: GASTAT

Distribution by Age Group (mid year 2021)



Foreigners in the Saudi Labor Force

- Latest General Organization for Social Insurance (GOSI) figures showed a significant increase in the rate of foreigners working in the labor force in Q2 2022 as compared to the same period last year.
- Approximately, there was an increase of 209 thousand expatriates by Q2 2022 when compared to the previous quarter.



Source: GOSI

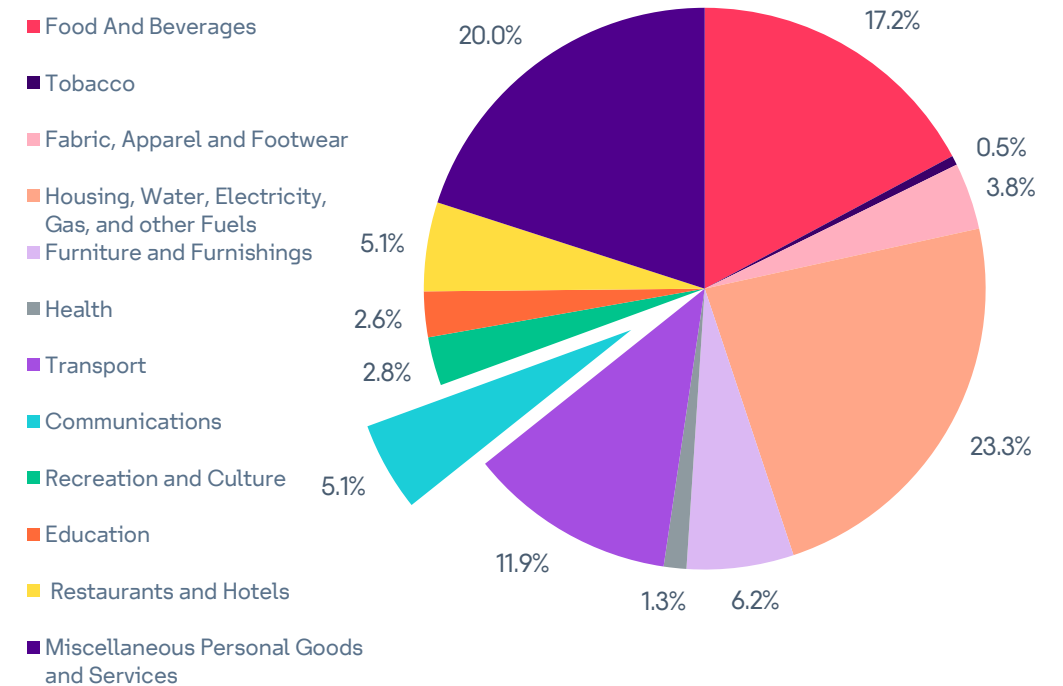
Average Historical Communication Consumer Spending (By Total Households)

- Throughout the years, percentage of consumer spending on communication services slightly witnessed a decrease.
- This is mainly due to a general reduction in the operational costs making telecom operators to offer competitive packages in the market.

Year	Average Household Salaries	Average of Consumer Spending on Communication Services	%
2018	12,818	659	5.14
2013	11,522	726	6.30
2007	10,280	665	6.47

Source: GASTAT

Segmentation of Average Consumer Spending in 2018 (By Total Households)



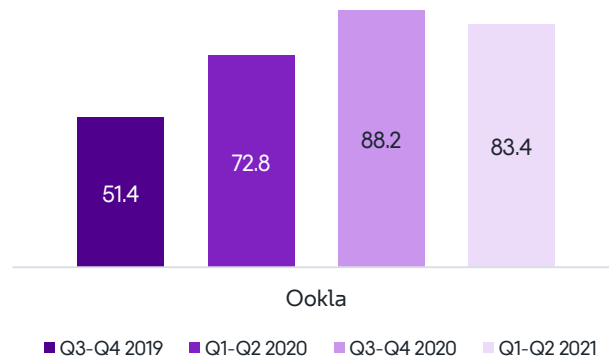
KSA Telecom Market Overview



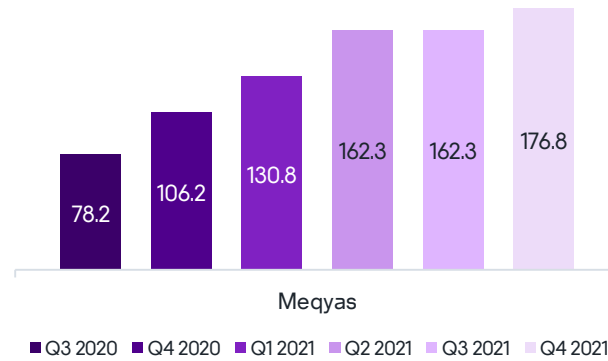
stc

4G Mobile Download Speed

(Mbps)

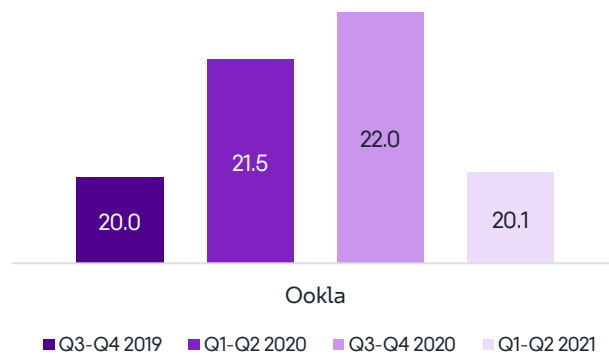


(Mbps)

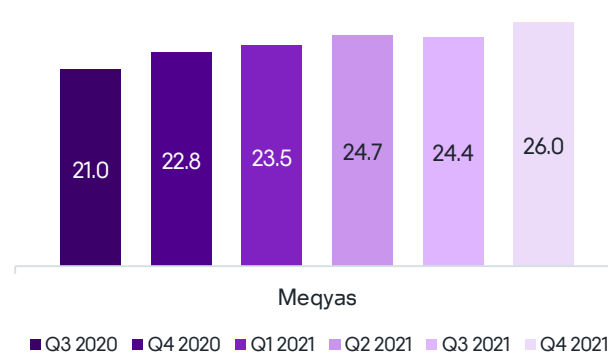


4G Mobile Upload Speed

(Mbps)



(Mbps)



Internet Use & Mobile Connectivity in KSA (as of February 2022):



**Total Number
Of
Active Internet
Users:**
34.84 million



**Internet Users
As A Percentage
Of Total
Population:**
97.9%



**Total Number of
Social Media
Users:**
29.30 million



**Social Media
Users
As A Percentage
Of Total
Population:**
82.3%



**Mobile
Connections
As a Percentage
of Total
Population**
115.3%

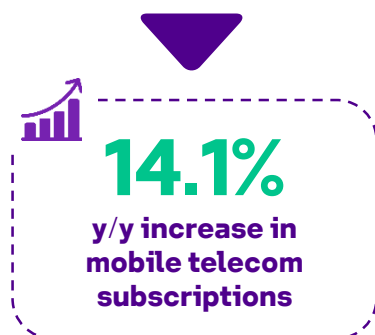
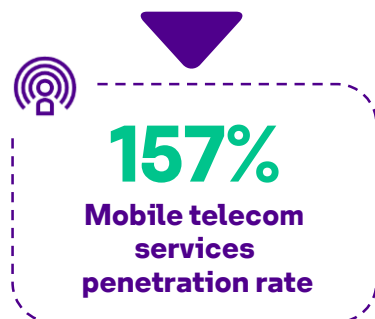
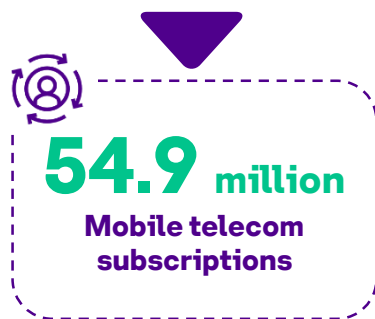


**Share of cellular
mobile
connections that
are broadband
(3G, 4G, 5G)**
94.8%

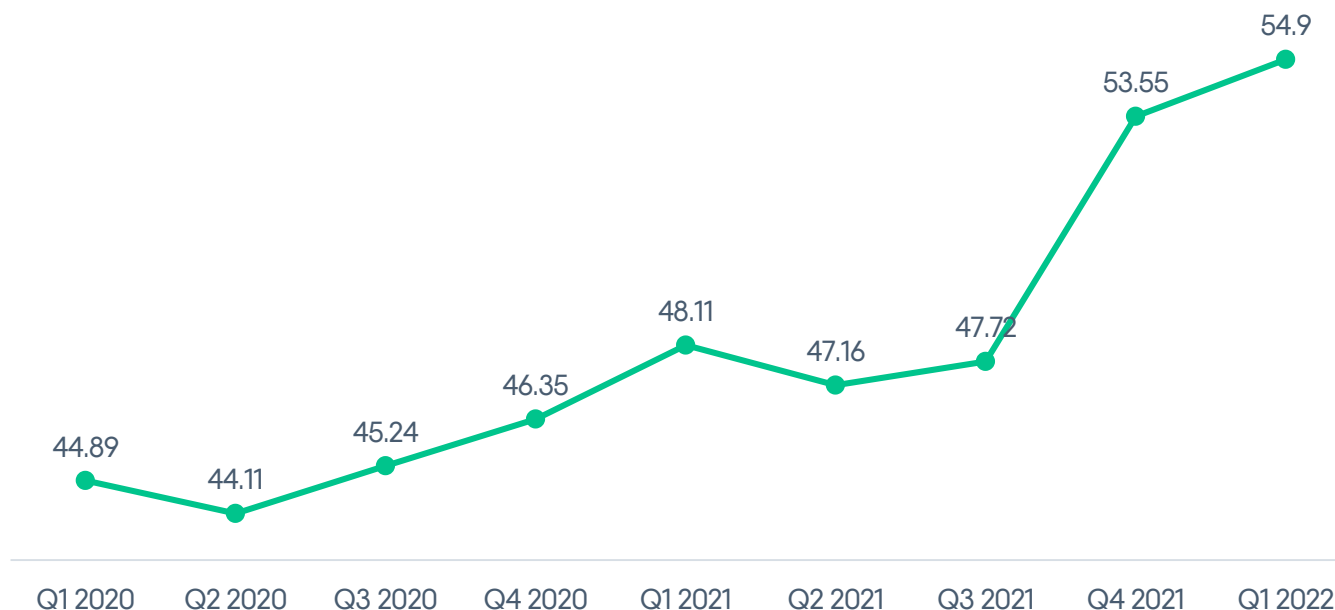


Source: Hootsuite

The Kingdom's population is one of the most connected in the region, with the mobile penetration rate continuing to increase at a pace in the first quarter of 2022



Mobile telecom subscriptions (million)



Source: CITC

We are looking forward

stc Profile



stc

#1 in KSA in
Mobile
&
Fixed Broadband
subscribers

stc is Saudi Arabia's
**Speedtest Award
Winner**
for mobile network
coverage during
Q1-Q2 2021

10 data centers
across
the
Kingdom
+ **6** planned

#1 in KSA in
Post-paid
&
Pre-paid
subscribers

Length
of deployed
fiber optic
cables at the end
of 2021
231K KM

A-
Standard & Poor's
A1
Moody's
AAA
Tasneef

#1 in KSA in
Fixed
Telephony
subscribers

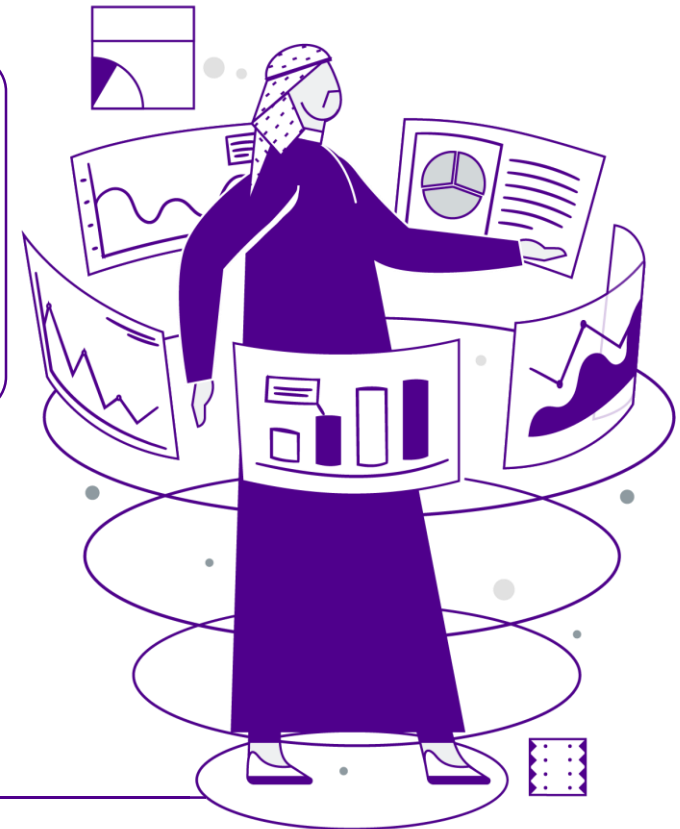
220K KM
Length
of wholesale
submarine cable

Total stc KSA
employees reached
12.9K
in 2021
(2.9% turnover rate)

More than
12 million
Qitaf
Subscribers

Recognized as the
most valuable
brand
in Middle East
as of January 2022

**Let's go
forward**



stc



الاتصالات السعودية
SAUDI TELECOM

STC
الاتصالات السعودية

stc

1998	2005	2007	2009	2011	2013	2015	2017	2019	2021
<ul style="list-style-type: none"> Company Incorporation. stc IPO (December, 2002). 	<ul style="list-style-type: none"> 10 million mobile subscriber mark. Launch of 3G and 3.5G mobile technology. 	<ul style="list-style-type: none"> Stack acquisition in MAXIS Communications and its operations in Indonesia & India. Won third mobile license in Viva Kuwait. 	<ul style="list-style-type: none"> 3rd mobile license in Viva Bahrain. 	<ul style="list-style-type: none"> Acquired 60% stake in Sale Communication. Share Increase in AXIS Indonesia and Integral. Launched IPTV services in Saudi Arabia. 	<ul style="list-style-type: none"> Acquisition of push-to-talk (PTT) mobile operator Public Telecom Company (Bravo). Establishment of Aqalat Company. 	<ul style="list-style-type: none"> stc became an ICT integrated player in the region. Establishment of stc's dividend policy. 	<ul style="list-style-type: none"> stc ranked as most valuable brand in Saudi Arabia. Establishment of STV with \$500 million capital. 	<ul style="list-style-type: none"> \$5 billion international Sukuk program offering. Establishment of Tawal Company. Launching 5G services. Launched stc's new brand. Uber acquisition of Careem (in which stc owns a direct stake of 8.8% and an indirect stake of 9.3%). 	<ul style="list-style-type: none"> Launch of "Advanced Technology and Cybersecurity Company". stc pay obtained digital banking license. solutions by stc IPO. Announcement/ renewal of the Dividend Policy. stc Group secondary public offering.
1998-2003	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014	2015-2016	2017-2018	2019-2020	2021-2022
2003	2006	2008	2010	2012	2014	2016	2018	2020	2022
<ul style="list-style-type: none"> Introduction of DSL services. 	<ul style="list-style-type: none"> Increased capital from SAR 15 billion to SAR 20 billion. 	<ul style="list-style-type: none"> Stake acquisition in Oger. Launched Indonesian operation under the name AXIS. 	<ul style="list-style-type: none"> Launched Bundled services. 	<ul style="list-style-type: none"> Fiber Optic in Saudi. Reached more than 500 residents. 	<ul style="list-style-type: none"> SAR 5 billion Sukuk program offering (1st series was SAR 2 billion). 	<ul style="list-style-type: none"> Share increase in VIVA Kuwait up to 51.8% and Sale Co. to 100%. 	<ul style="list-style-type: none"> Comprehensive settlement agreement with the Government. Announcement of new Dividend Policy. Launch of stcPay. 	<ul style="list-style-type: none"> Received highest credit rating by SIMAH Rating Agency "Tassnief". Sale equity stake of 15% in stcPay to Western Union with a value of SAR 750 million (USD 200 million). 	<ul style="list-style-type: none"> Establishment of a new company specializing in datacenter hosting, international and regional connectivity (MENA Hub). Signing a Joint Venture Agreement with PIF to establish a company specialized in the field of Internet of Things (IoT) in KSA. stc, eWTP Arabia, Alibaba Cloud, SCAI & SITE to establish a company specialized in cloud computing in KSA. Announcement of shareholders approval in increasing stc's capital by 150% & the amendment of dividends policy.

stc

Expanding our footprints across four countries has unlocked growth opportunities...



1st Launched Commercial Network

- stc group is the first telecom company launching the fifth generation technology in the region commercially (KSA, Kuwait and Bahrain).
- The fifth generation in the Kingdom was launched through broadband applications.

+7,000 5G Towers

- As the end of Q2 2022, the total number of 5G towers deployed across the Kingdom is more than **7,000** towers.
- stc deals with various international suppliers for providing 5G equipment.

IoT Technology

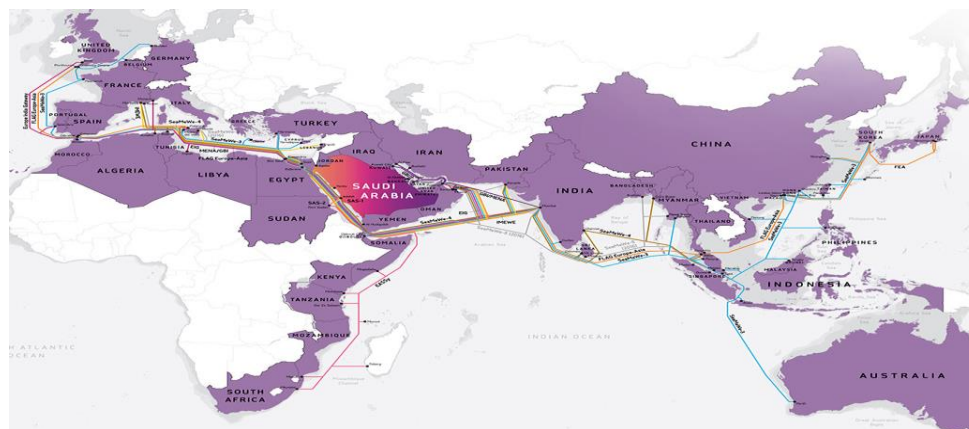
- The company will benefit from Internet of Things (IoT) enabled by 5G technology. It will not only enhance operational efficiencies and user experiences but also provide new revenue opportunities.
- 5G technology in industrial applications is a future plan, as the company operates in several areas, including oil and gas, service agencies and various industries.

4th 5G Globally

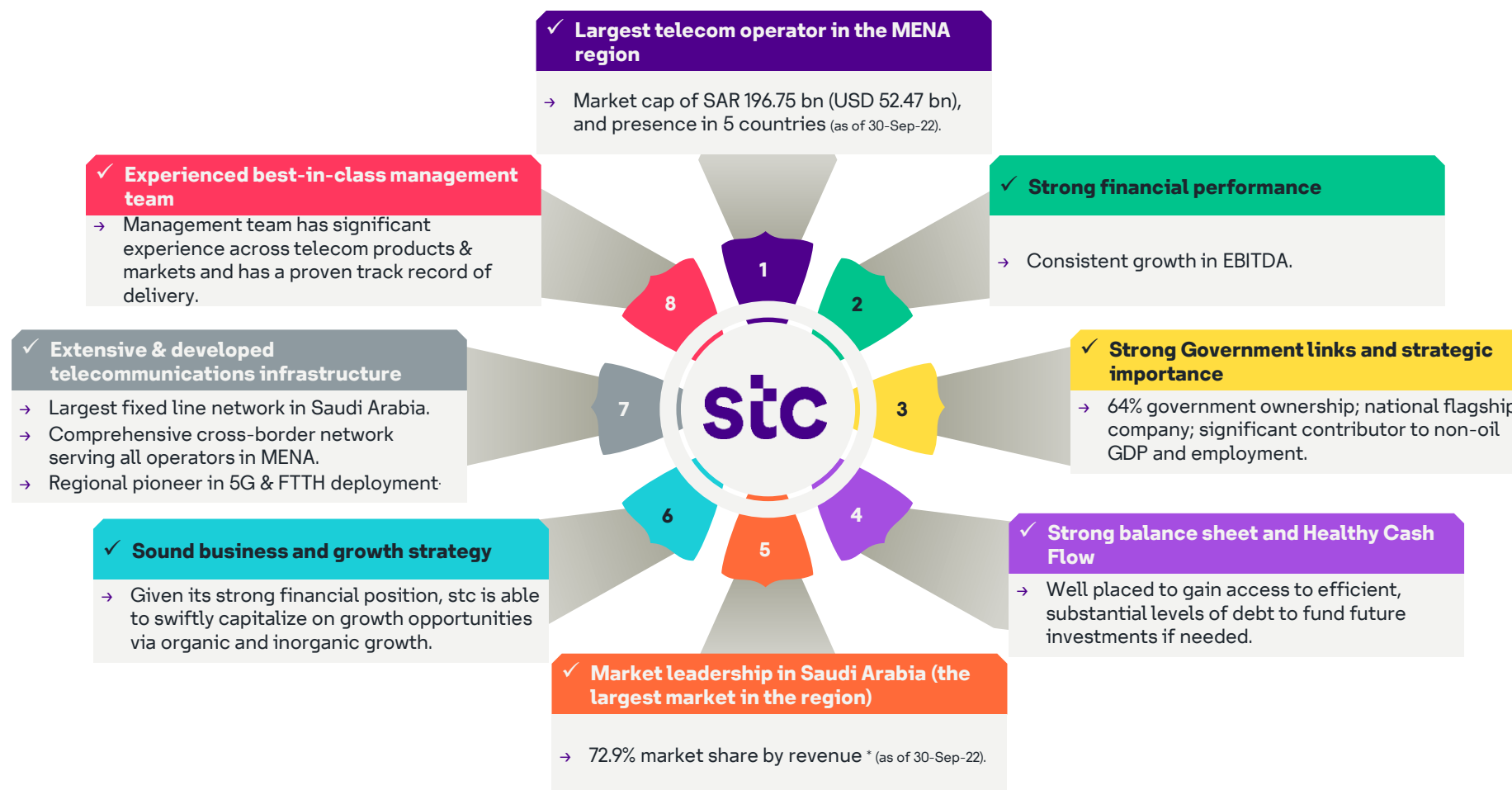
- stc group is the **4th** globally in 5G technology.
- **#1** 5G service provider in **65** governorates across the Kingdom.



#	stc Submarine Cable System	Length (km)
1	Saudi vision cable (SVC)	1,071
2	2Africa	45,000
3	2Africa Pearls	
4	India – Asia Europe Xpress (IAX-IEX)	16,000
5	EIG	15,000
6	FLAG Europe Asia	28,000
7	GBI	5,270
8	IMEWE	12,091
9	MENA	9,000
10	SAS1	300
11	SAS2	300
12	SEA-ME-WE 3	39,000
13	SEA-ME-WE 4	18,800
14	SEA-ME-WE 5	20,000
15	EASSy	10,500



- stc owns and operates the largest and most reliable submarine communications cables in the Middle East, with more than 100 global landing points via the fiber-optic cable system.
- stc has given a strategic importance to establish its international network, as about 99% of the total communication and data transmission is carried out through Submarine Cables.
- stc serves the Middle East and North Africa (MENA) region through its international network, which for more than 25 years is considered one of the leading networks in the region.
- stc has signed with more than 400 operators all over the world in more than 100 countries.
- stc runs more than 90% of the volume of the internet traffic and data in the Kingdom and increases the data traffic to more than 3,500 TB per day. The company passes the data flows through the largest internet gateway in the region with capacity of 4,000 GB per second.
- stc is one of the initiators and founders of the fourth continental submarine cable, which extends for a distance of 20 thousand Km and connects 14 countries between Singapore and France. The company is also a founding member of IMEWE marine cable project linking India, Middle East and Western Europe.
- The Company is a founding member of EIG Europe India Getaway project that extend from the UK through Alexandria with landing station in Tark mountain, Libya and Morocco, and from Egypt to India with landing station in Saudi Arabia, Oman, Djibouti and UAE.
- stc is currently preparing to engage in a new project (Africa1 cable), which connects a number of African countries, with capacity of 36 TB per second and connect more than 12 countries in Africa and Europe through the Kingdom.



* Excluding Atheeb Telecom

Highly experienced executive management team and board of directors

Group Executive Management Team



Eng. Olayan Mohammed Alwetaid
Chief Executive Officer (CEO)



Ameen Alshiddi
Chief Financial Officer



Riyadh Muawad
Chief Business Officer



Motaz Alangari
Chief Investment Officer



Faisal Alsaber
Chief Commercial Officer



Haithem Alfaraj
Chief Technology Officer



Moeaed Alsaloome
Chief New Market Officer



Jose Del Valle
Head of Special Projects



Abdullah Alkanhl
Chief Strategy Officer



Amir Ajibreen
Chief Regulatory & Compliance Officer



Ahmad Alghamdi
Chief Human Resources Officer



Mohammed Alabbadi
Chief Carrier & Wholesales Officer



Ibrahim Alsuwail
Chief of Staff



Mathad Alajmi
Chief Legal & Risk Officer and General Counsel



Abdullah Alanizi
Chief Internal Audit Officer



Emad Aloudah
Chief Shared Services Officer

Board of Directors



HRH. Prince Mohammed Khalid ALFaisal
Chairman of the Board



Mr. Yazeed AlHumied
Board Member



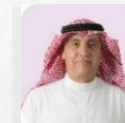
Ms. Rania Nashar
Board Member



H.E. Dr. Khaled Biyari
Board Vice Chairman



Ms. Sara AlSuhaimi
Board Member



H.E. Mohammed Al-Nahhas
Board Member



Mr. Sanjay Kapoor
Board Member



Mr. Ahmed Al-Omran
Board Member



Mr. Waleed Shukri
Board Member

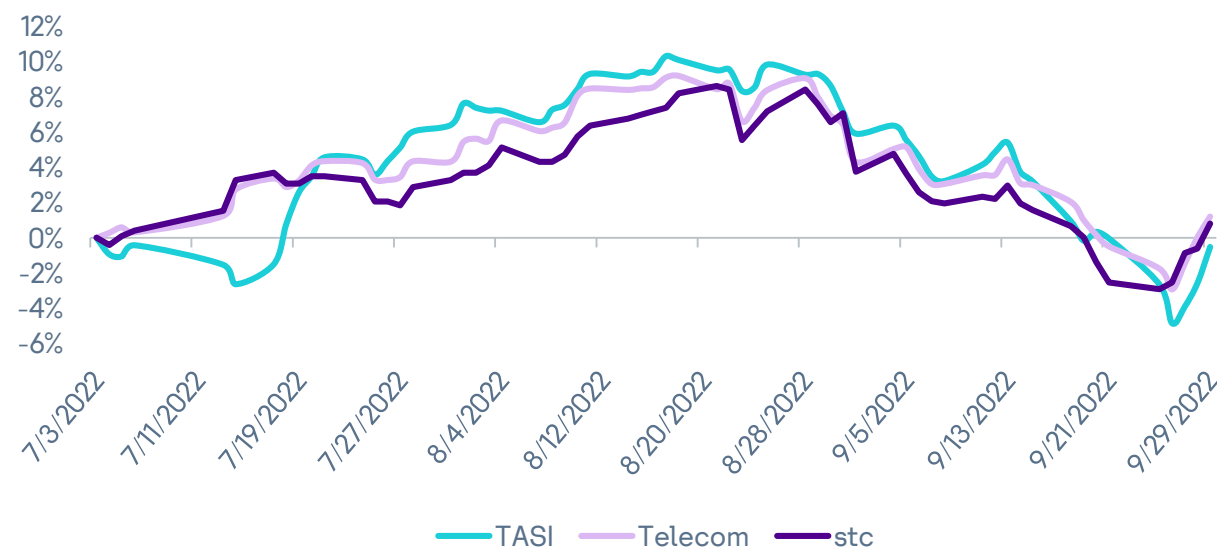
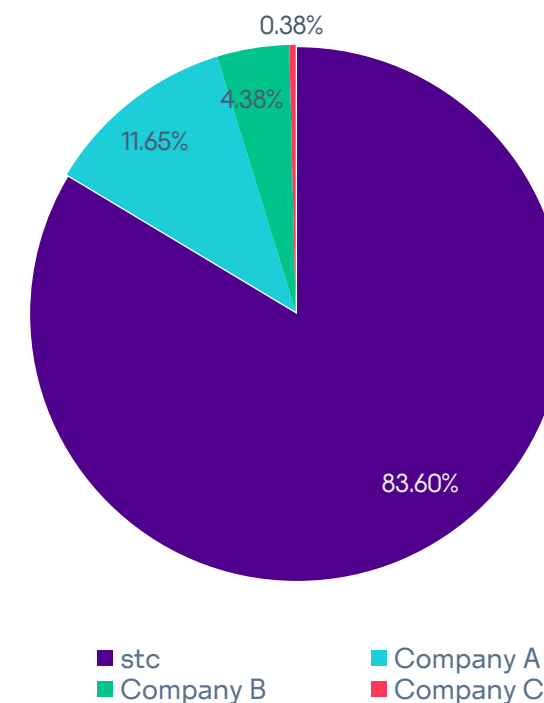


Mr. Jameel AlMulhem
Board Member



Mr. Arndt Rautenberg
Board Member

Share Performance Vs. Telecom & TASI Index

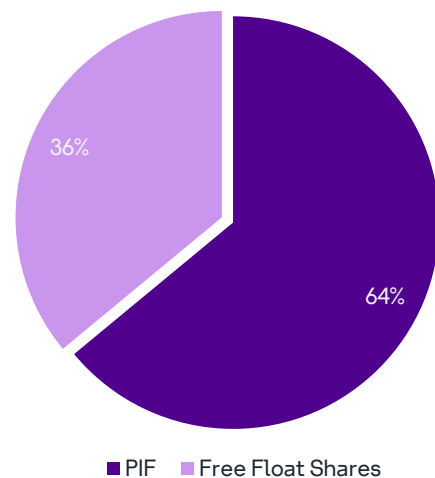
Market Capitalization of Telecom Sector As of 30th September 2022*stc's Key Metrics*

Closing price	Issued Shares (Mn)	Market Cap (Bn)	Market Cap % Tadawul	Price/ Earnings*	Price/ Book*	Dividend Yield
39.35	5,000	196.75	1.8%	16.33	2.68x	4.07%

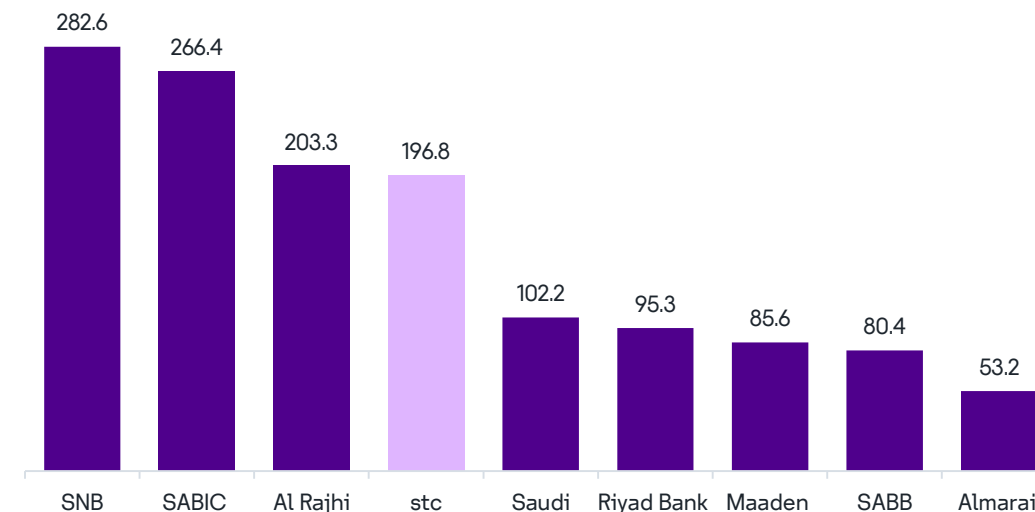
30th September 2022

* Last Twelve Months

Ownership Structure As of 30th September 2022

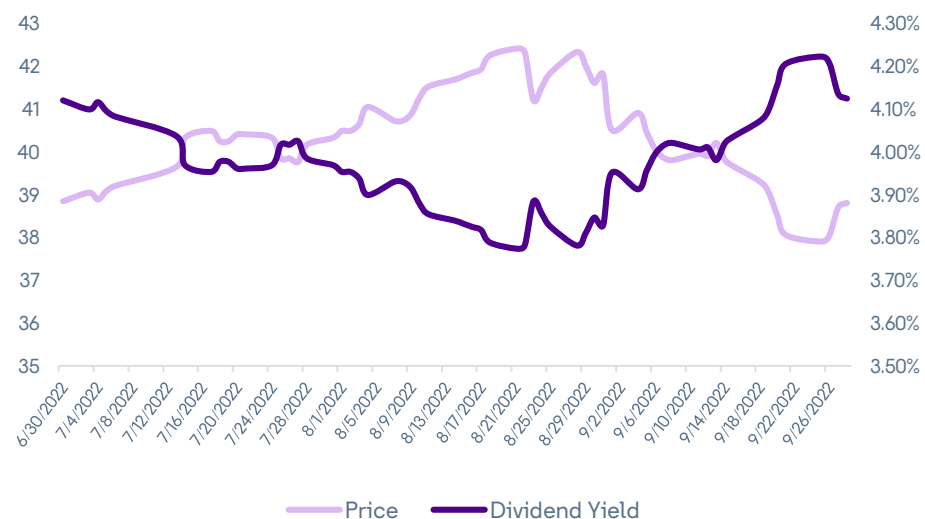


Market Capitalization As of 30th September 2022 Among Major Saudi Listed Companies (SAR Bn)*



*Excluding Saudi Aramco

Price Vs. Yield Fluctuation



MSCI Tadawul 30 Index

Company	Sector	Index Wt. (%)
AL RAJHI BANKING & INV	Financials	15.44
SAUDI NATIONAL BANK	Financials	13.42
SAUDI ARAMCO	Energy	8.41
SAUDI BASIC IND CORP	Materials	7.74
SAUDI ARABIAN MINING CO	Materials	5.81
SAUDI TELECOM CO	Communication Services	5.7

As of 30th September 2022

stc

2010

- Advertiser Excellence in the Middle East and North Africa by Dubai Linux.
- Operational Excellence Award at the Global Forum for Communications TM Forum Management World.
- Transparency Award for Saudi Stock Companies by BMG Financial Consultations Firm.

2011

- Customer Care Excellence Award by Middle East Excellence Awards Institute.
- Cisco Most innovation Data Center Project awards by Cisco International.
- Leadership Award for pioneer Role in Telecom Industry at TMT Conference Middle East.
- Best operator of mobile phone services at TMT Conference.
- International Award for Development, Experience Transfer, and Innovation at TMT Conference Middle East.

2012

- Distinctive award for Employment Nationalization.
- Mobile Operator of the Year by TMT Finance.
- Best iPhone app.
- Best Mobile Service Provider in the fourth annual poll by Mobile Trend.
- Mid East Media Reach-Out Award by Datamatix International.
- The Best Provider of Telecom Services to Airports in Emerging Markets by Arabian Reach.
- Distinction Award for Information Security Control and Operating Project for the entire region by Symantec.

2013

- Customer Services Excellence Award by Global Telecom Business.
- MENA performance excellence and telecom service delivery Award by COMMSMEA magazine
- World-renowned ISO Certification for effectively handling customer complaints in call centers by Lloyd's Register Quality Assurance (LRQA).
- Procurement wins EIPM Award.

2014

- 4 Mena Cristal awards for its print and outdoor Roaming campaigns by Mena Cristal event.

2015

- Obtains OKAZ and EFFIE awards.
- Best wholesale operator for data and voice services in the MENA region by Telecoms World Middle East.



2016

- Multiple creativity awards on outstanding work on the Rayi7 Rayi7, Dawri Plus, and Laywagif campaigns by Dubai Lynx.
- Mega contact centers and "social media services" awards.
- Middle East Grand Prix at the Lorez Award Ceremony.
- Gold medal for "contact center" award and the silver medal for "Best use of Social Media in the Contact Center" award during Contact Center World Summit.
- Two awards for being the leader in the telecommunication industry by Effie Worldwide.

2017

- 7 awards (1 Grand Prix, 2 silver, 4 bronze) on creativity portrayed in advertising campaigns by Dubai Lynx International Festival of Creativity.
- Makkah excellence award for its strategic partnership.
- Excellence Award in Corporate Governance at the 2nd Annual Corporate Governance Conference by Alfaisal University.

2018

- SPEEDTEST award for the fastest mobile internet in the Kingdom.
- Golden Award for Mystc Campaign for the Effective Integration of the Channels Partnerships by the WARC Media Awards.
- Silver Award for the "Unveil Saudi" campaign for the Effective Use of Partnerships by the WARC Media Awards.
- Pioneer Marketing Award as Best Advertising Campaign for Digital Day.

2019

- 6 Awards at Dubai Lynx 2019 Festival.
- King Salman honored stc for supporting the Founder's Equestrian Cup Festival.
- stc Academy won the Silver award in Technology by the Global Council of Corporate Universities (GCCU).
- 4 Awards by Effie Worldwide as a leader in the telecommunication industry.
- Won Makkah excellence award for its strategic partnership.
- Golden Award for "Mystc campaign" and with the Silver Award for "Unveil Saudi".
- Won the Excellence Award in Corporate Governance by Al Faisal University.
- Won the Speedtest award for the fastest mobile internet in the Kingdom.
- Won the Speedtest award for the best mobile coverage.

2020

- wins the best apply of Customer Experience Management program Award 2020.
- First company headquartered in Saudi to be accredited by CREST for penetration testing services.
- Won the best mobile coverage award by Speedtest.
- Won the fastest 5G and mobile network award by Speedtest.

2021

- won the SpeedTest award for the fastest mobile internet in the Kingdom for the sixth time.
- stc sustainability platform wins the excellent award at "The World Summit on the Information Society (WSIS)" forum 2021.
- Won the "Corporate Treasury & Funding Team of the Year" Award by Global Financial Conference Media Group.
- 2nd place award for the best investor relations program during the Saudi Capital Awards.

Strategy Overview



stc

 **drive** — Proactive, Inquisitive and Inventive

 **devotion** — Caring, Committed and Trustworthy

 **dynamism** — Agile, Collaborative and Fresh

Our values form the basis of our culture. We foster trust, in a collaborative and constructive environment where innovation is encouraged, and people have the freedom and support to turn ideas into achievement. We build strong supportive relationships and knowledge transfer among employees and stakeholders. We recognize that a diverse and inclusive workplace sparks innovation and creativity, which makes our offerings to our customers more competitive and appealing.

Our vision

We are a world-class digital leader providing innovative services and platforms to our customers and enabling the digital transformation of the MENA region.

Our purpose

We create and bring greater dimension and richness to people's personal and professional lives.



Our Strategy for Success

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



Be a role model for sustainability and corporate governance



Connect our market through leading next-gen technology and digital offerings

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 Vision 2030



- ▶ 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**

Business Overview



stc

Subsidiaries & Global Presence

Local Subsidiaries

Channels by stc	100%	Sales & distribution arm of stc group and one of the largest telecom distribution companies in the Middle East, with operations in Saudi Arabia, Bahrain and Oman.
Specialized by stc	100%	Providing the business, governmental, industrial & commercial sectors with services and solutions addressing instant collective wireless communications.
Tawal	100%	Responsible for owning, constructing, operating, leasing and investing in stc KSA towers.
Solutions by stc	79%	A leading regional ICT player who provides a wide range of information and communications technology & services beyond the traditional telco offerings.
Aqalat	100%	Develop & manage the company's properties in all parts of the Kingdom by adopting the concept of smart developments.
stc Bank	85%	A digital secure wallet that empowers individuals to take full control of their finances at their fingertips anytime anywhere.
Telecom Commercial Investment Co Ltd	100%	Operation and maintenance of telecommunications networks, business systems and computer and Internet networks.
Advanced Technology and Cybersecurity	100%	Established in the fourth quarter of 2020, with a capital of SAR 120 million to provide cybersecurity services.
Gulf Cable Systems Company	100%	Operates in the Kingdom of Bahrain with a capital of SAR 188.6 million. It's main activities include the sale and installation of telecommunications equipment and the construction of utilities projects.
Saudi Cloud Computing Company	55%	Established in the 2 nd quarter of 2022 with its headquarter in the Kingdom. The company is specialized in cloud computing services.
Center3	100%	A wholly owned subsidiary established in Q1 2022, its major activities include providing services related to big data, data analytics and cloud computing

Associate Companies

Arab Satellite Communications Organization	36.6%	Offers number of services: regional telephony, television broadcasting, regional radio broadcasting, restoration services...etc.
Virgin Mobile KSA	10%	A mobile virtual network operator.
Oger Telecom Limited*	35%	stc through one of its subsidiaries (stc Turkey Holding Ltd) acquired a stake in OTL.

Joint Ventures

Arab Submarine	50%	Constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan.
Contact Center (CCC)	49%	Provide call center services and answer directory queries with Aegis Company.
Binariang GSM Holding (BGSM)	25%	An investment holding group registered in Malaysia which owns 62.4% of Maxis Malaysian Holding Group ("Maxis").
IoT Information Technology Company	50%	A shareholder agreement with PIF to establish a company specialized in the field of Internet of Things

International Subsidiaries

stc Bahrain	100%	The company offers mobile, international telecommunications, broadband and other related services.
stc Kuwait	51.8%	The company offers mobile, international telecommunications, broadband and other related services.
stc Asia	100%	Invests in companies operating in Malaysia and owns investments in stc Malaysia Holding LTD in which it holds a 25% stake in the Binariang GSM Holding Group.
stc Gulf Investment	100%	A private company whose operations provide services and support to the Group's investment activities. The company headquarter is in Bahrain.

Subsidiary Overview

Date of Incorporation	→ Founded in 2002
Capital	→ SAR 1.2 billion
Subsidiary Objective	<ul style="list-style-type: none"> → One of the major names in the field of technical solutions, and biggest suppliers in the kingdom. → To enable digital transformation to support government and private sector goals; spreading the benefits of ICT services to bring down the cost of progress and speed up the journey into the future. → Through an extensive partner ecosystem, the subsidiary aim to deliver the most advanced end-to-end solutions, and managed services, for compute, storage and network, software and hardware.
stc Ownership	→ 79%
Business Highlights	→ During Q1 2022, Solutions has signed a binding agreement for the acquisition of 89.5% ownership of Giza Systems Company, in addition to 34% of Giza Arabia, a subsidiary of Giza Systems Company. The acquisition value amounts to USD 158 million (equivalent to SR 592.5 million). In October 2022, the acquisition has been completed.

Services Offered



System Integration



Connectivity Services



Business Outsourcing



Managed Services



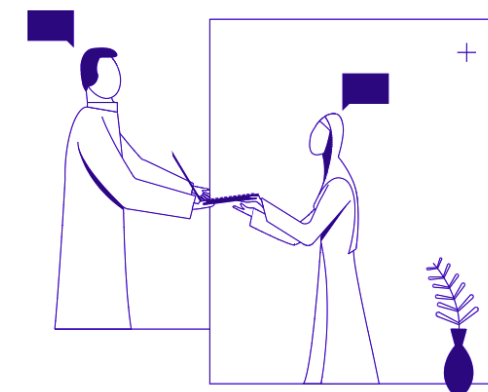
IoT Digital Services



Cloud Services

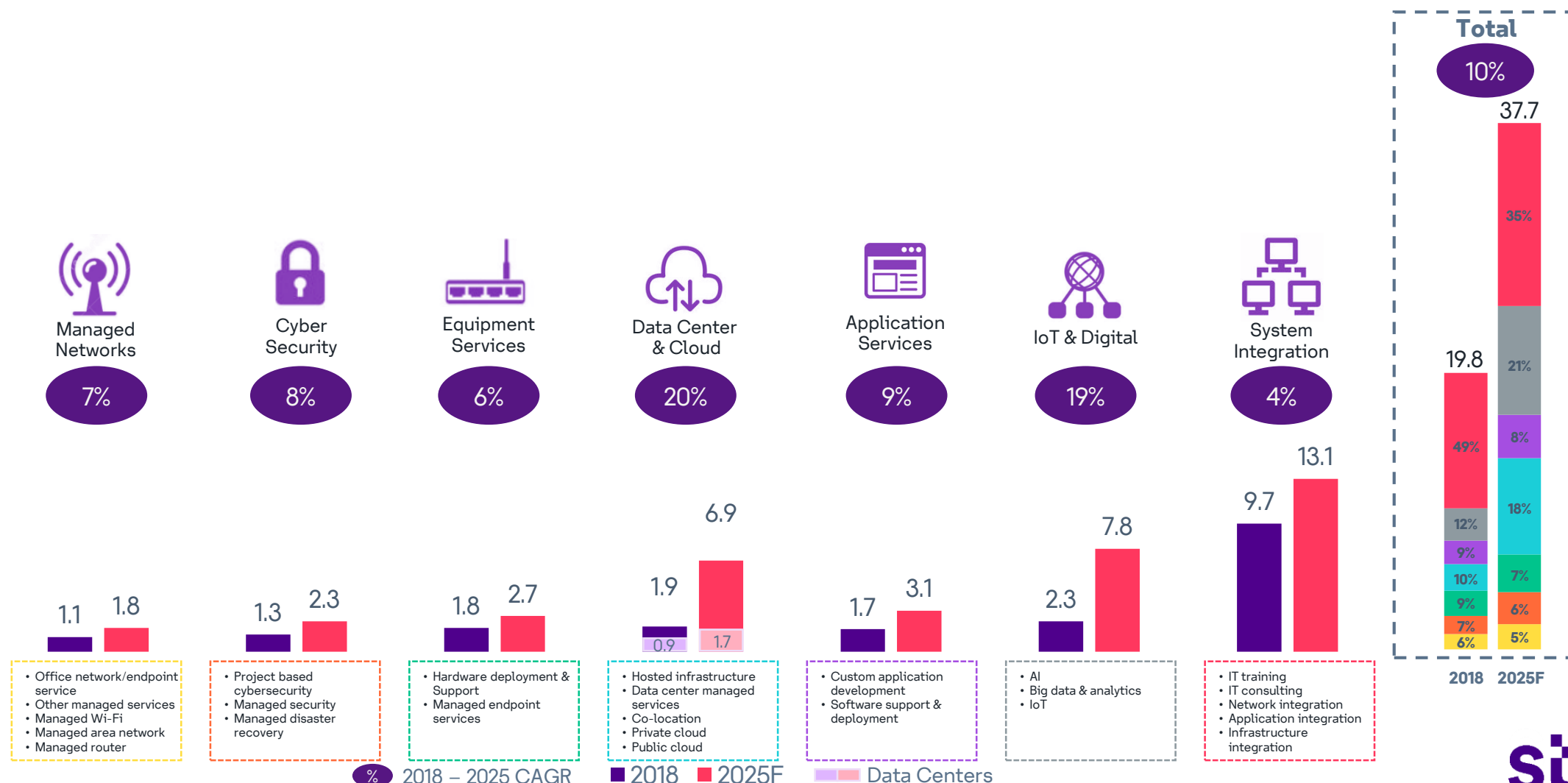


Cybersecurity Integration



KSA B2B IT Services Market by Category Size (SAR Bn)

The B2B ICT market in the Kingdom is expected to grow at a CAGR of 6.7% for the period from 2018G – 2025G to reach SAR 53.1 billion. The IT services sector is expected to be the main driver of market growth with an expected CAGR of 10.0%, while the B2B Voice and Data sector is expected to grow by 1.4% per annum over the same period. It is expected that IT services will represent an increasing portion of the total ICT services market in the Kingdom in the future.



Subsidiary Overview

Date of Incorporation	→ Founded in 2008
Capital	→ SAR 100 million
Subsidiary Objective	<ul style="list-style-type: none"> → Considered as the sales and distribution arm of stc Group. → stc Channels is the leading and one of the largest telecom distribution companies in the Middle East with operations in Saudi Arabia, Bahrain and Oman. → The company is a wholesaler and retailer of smart card services, communication equipment and computer services, selling and reselling of all fixed and mobile telecommunications services and maintenance and operation of commercial complexes. → The company's head office is located in Saudi Arabia.
stc Ownership	→ 100%
Optimization Plan	<ul style="list-style-type: none"> → Reduced number of branches and distribution centers by 38% in the last 3 years. → Increased the number of self-service machines which reflected a growth in the number of transactions by 380% in only two years. → Digitized inventory management by using a digital order management system. → Launched digital platforms to boost online sales: MyStore, Mystc, electronic recharging...etc.

**226
Stores**

**24,000 +
Merchants**

**137
Distribution Hubs**

**57,000 +
POS**

**8,000 +
Agents**

**15 Mn+
Customers**

**6B +
Devices Revenue**

**400
Self-Service
Machines**



channels
by stc **stc**

Subsidiary Overview

Date of Incorporation	→ Founded in 2018
Capital	→ SAR 2.5 billion
Subsidiary Objective	<ul style="list-style-type: none"> → To be responsible for owning, constructing, operating, leasing and investing in the towers. → Establishing itself as the leading player in the Saudi telecommunications infrastructure market, aspiring to extend its services and coverage across the region.
stc Ownership	→ 100%
Business Highlights	<ul style="list-style-type: none"> → In Q1 2019, stc Towers Co. obtained the necessary operational licenses (CITC). → In Q1 2022, Tawal announced its potential acquisition of the Pakistani tower company "AWAL Telecom".*
Tower Portfolio	<ul style="list-style-type: none"> → Saudi Arabia has more than 35,000 telecom towers, of which Tawal's towers represent almost 45% → TAWAL owns around 15.5K telecom towers spread across the Kingdom. → 70% of TAWAL's sites are ground-based towers, the rest are rooftops.
Infrastructure Sharing	→ In Feb 2020, the CITC announced a new open access regulation allowing infrastructure sharing between operators.

Solutions Offered



Built-to-Suit

Selects an optimum spot and constructs wireless communication towers, tailor-made to match the business' needs.



Colocation

Engage in sharing passive infrastructure through colocating on our towers to densify the network.



In-Building Solution

Providing In-Building-Solution "IBS" to boost superior internal coverage with cutting-edge technologies.



O&M as a Service


Offering operations and maintenance services, including preventive maintenance, fault management, energy management and other services.




Subsidiary Overview

Date of Incorporation	→ Founded in 2018
Capital	→ SAR 2.5 billion
Subsidiary Objective	<p>→ stcPay is a digital secure wallet that empowers individuals to take full control of their finances at their fingertips anytime anywhere. Enabling users to send, receive, spend, and manage money simply through their phone.</p> <p>→ The 1st digital bank in the Kingdom of Saudi Arabia licensed by Saudi Monetary Authority (SAMA).</p>
stc Ownership	→ 85%
Registered Users	→ Reached 7.49 Million (since inception).
Partners	<p>→ In November 2020, stc have signed an agreement with Western Union to sell an equity stake of 15% with a value of SAR 750 million (USD 200 million).</p> <p>→ During Q2 2021, the Council of Ministers approved granting stcpay a digital banking services license to become a digital bank.</p> <p>→ During Q3 2021, the regulatory requirements were completed to conclude the agreement with WU.</p>
Business Highlights	→ The company extended its operations to be present in Bahrain in which Bahrain Channels supporting stcpay in expanding their partners and point of sales, presence and coverage.


Offered Services




Transfer money
Send and receive money with family & friends from your contacts!




Local Transfer
Transfer money to a local banks




International transfer
Transfer internationally to more than 525,000 Western Union agent




stc services
Pay your stc bills or recharge your sawa number



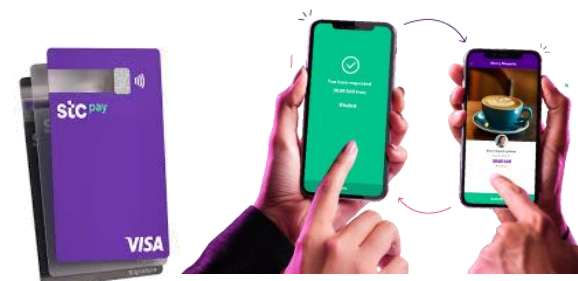
Musaned
Now you can transfer the domestic workers' salaries through Musaned service on stc pay in seconds!



Cash withdrawal
Withdraw cash from your mobile through ANB Bank ATM or merchants



Purchases
Pay for your purchases from merchants anytime, anywhere



stc pay stc

Subsidiary Overview

Date of Incorporation

→ Founded in 2020

Capital

→ SAR 120 million

Subsidiary Objective

- stc Group established Advanced Technology and Cyber Security Company "sirar by stc".
- World-class leading edge cyber capabilities to enable and protect economic and physical critical infrastructure and government services.

stc Ownership

→ 100%



Offered Services



MANAGED SOC

Investing in cyber security is vital to business continuity



MANAGED SECURITY DEVICES

Managing security devices is a challenge for many, especially in complex networks.



WEB SECURITY

Tackle web security challenges that threaten your business



EMAIL SECURITY

Protect your business against email attacks



CYBERSECURITY RESILIENCE ADVISORY

Building Cybersecurity Resiliency & Robustness



VULNERABILITY MANAGEMENT, DETECTION AND RESPONSE (VMDR)

Identify your company's IT vulnerabilities before it's late



DDOS PROTECTION

Act now to stay in control of your business



PENETRATION TESTING

Assessing your defenses against cyber attacks



INCIDENT RESPONSE

When the untold story is revealed



CYBERSECURITY AWARENESS & EDUCATION

Security Culture & Awareness Programs



COMPROMISE ASSESSMENT

Unveil any past or present indicators of compromise



CYBERSECURITY GOVERNANCE ADVISORY

Aligning Cybersecurity with business



CYBERSECURITY RISK ADVISORY

Cybersecurity Risk Assessment & Management



CYBERSECURITY COMPLIANCE ADVISORY

Cybersecurity Audit & Assurance

Subsidiary Overview

Date of Incorporation	→ Founded in 2013
Capital	→ SAR 70 million
Subsidiary Objective	→ To develop and manage the company's properties in all parts of the Kingdom by benefiting from the capabilities of the Group and its applications by adopting the concept of smart development that is based on integrating technology in all projects and investments.
stc Ownership	→ 100%
Projects Under Management	<p>Riyadh Project (Smart Square)*</p> <p>The project is located in the heart of Riyadh City in Al-Mursalat district, sitting on a 140,000 m2 land. In this project, AQALAT aspires to achieve its vision of future projects by enabling Smart Cities concepts. It is a mixed-use project that include residential, offices and commercial units.</p>



Riyadh Project

*During the fourth quarter of 2019, the Company established a special purpose vehicle (SPV) subsidiary (Smart Zone Real Estate Company) in the kingdom with a share capital of approximately SR 107 million and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings.

Subsidiary Overview

Date of Incorporation	→ Founded in 2002
Capital	→ SAR 252 million
Subsidiary Objective	→ The only national licensed operator providing the business sector, and the governmental, industrial and commercial sectors with services and solutions addressing instant collective wireless communications.
stc Ownership	→ 100%

reliable

communication
for government,
public and
personal safety.



Services Offered

Forun

TETRA Services

Mobile Telephony

Location-Based Services

Alert Service

Messaging Services

Inmarsat

Control Room Solutions

STV is an independent VC fund with a total capital of USD 500 million anchored by stc with access to its assets (e.g., network, channels, analytics, customer base...etc.)



- Opontia acquires and grows outstanding e-commerce brands in Central & Eastern Europe, The Middle East, and Africa.



- Vezeeta has managed 3 million bookings in the region.
- Served 2.5 million consumers/patients.
- Connected more than 10,000 doctors in Egypt, Saudi Arabia and Jordan.



- Leading an investment round of SAR 33.75 million to accelerate the company's growth and scale-up plans.



- A multimillion-dollar investment in Mrsool.
- The leading Saudi on-demand delivery service.
- USD \$270 million in transactions in 2018.
- 4 million registered users.



- A Co-leading SAR 32.2 million investment in noon Academy.
- noon Academy is the leading EdTech platform in the Mena Region.



- Brings innovation to trucking with On-Demand aggregation in Real-Time.
- 100% automated booking, real-time tracking of trucks, smart asset utilization, & cost efficiency.



- Delivers full screen, engaging media and measurement on rideshare vehicles and taxis.
- Creating a significant new ad format at scale. The scale of rideshare networks has created a large opportunity to provide digital out of home advertising with granular city-block and time targeting.



- Saudi-based e-commerce platform that allows users to set up their e-commerce store and sell their products and services to customers.



- An online shopping and delivery to houses service in KSA.



- Enables customers to split their purchases into 4 interest-free payments or pay after their purchase within 14 days.



- Foodics POS solution is a cloud-based software compatible with all platforms in multiple languages (Arabic, English, and French).



- Sary is a B2B marketplace that connects small businesses with wholesalers and brands in one place to procure supply efficiently.



- An online platform licensed and approved by the Ministry of Tourism where people list and rent vacation rentals



- Founded in 2017, Floward is an online flowers and gifting company.



- A Saudi tech-startup which launched in 2019 to create technology solutions to boost the recruitment process in the retail, hospitality, and entertainment industry.



- A deep-tech AI company with a wide range of capabilities that address sector challenges by providing tailored solutions and unique products.



- A pioneer of the region's ride-hailing economy.
- Careem is expanding services across its platform to include mass transportation, delivery and payments.



- Calo is a healthy meal plan app based in Riyadh that helps to calculate daily calories based on fitness goals



- Jasper is the AI Content Platform that helps you and your team break through creative blocks to create amazing, original content 10X faster.



- Qlub is the fastest way to pay the bill in dine-in venues



- spiderSilk is re-imagining threat detection from a multi-solution, resource intensive proposition today, to an automated, intelligent, cost-effective & easy to deploy one.



- A smart account to manage your money, savings and everyday purchases.



- Wajeez focuses on providing the highest quality main insights in the form of a summary for the world's best selling books.



- A fintech app that enables families to pay school bills with pay-now and pay-later options, unlocking rewards when ever they pay.

Sustainability at stc



Our approach to sustainability involves maximizing economic value, creating positive environmental impact and supporting progressive social development. By aligning our actions with the goals of the Saudi Vision 2030, we are helping to build a better future. We believe the steps we have taken to date are already catalyzing digital transformation in KSA.

01 Doing business with integrity

- One of the first companies in KSA to implement corporate governance throughout the management structure as early as 2004
- Nearly 95% of total employees completed the integrity training.
- Partnered with the World Economic Forum – Partnering Against Corruption Initiative (PACI) forum to adopt global principles for countering corruption

02 Enhancing economic impacts

- SAR 63,417 million in revenues (2021)- the highest annual revenues since inception.
- Through Rawafed, the local content requirements were embedded in the mega projects awarded during 2021, to a value of approximately SAR 6 bn
- Total procurement spending remained relatively consistent in 2021, with nearly 85% of approximately SAR 22 bn in total accounted for by local suppliers.

03 Enriching lives and experiences

- In 2021, data privacy awareness campaign reached +19K internal stakeholders & +4.6M external stakeholders.
- 21% decrease in total number of customer complaints from 2020 to 2021, with 100% complaint resolution rate.
- In 2021, stc achieved an overall customer satisfaction rate of 82%, based on >3.7M customer response from SCAT survey.

04 Expanding access to technology and connectivity

- In 2021, CITC ranked stc as number 1 digital service provider for excellent 5G coverage across KSA
- In 2021, stc recorded 151.97 mbps mobile network download speeds, and reached 93.85 mbps in Q4 which exceeded the committed target in 2020 of 80 mbps.

05 Advancing innovative digital opportunities

- Since inception InspireU provided +600K jobs through supporting start-ups.
- InspireU program incubated 10 start-ups ideas during 2021.
- First operator in KSA to launch 5G commercial services

06 Empowering people

- 2.9% turnover rate in 2021.
- In 2021, stc women employment rate reached 37%, with 215 new women employees in the workforce
- Hiring of female employees reached 830, starting from 0 in 2015
- 449,160 total hours of employee training

07 Caring for the environment

- In 2021, we have cut water consumption by 2% compared to 2020, and by over 40% compared to 2019, and recorded 82% reduction in paper consumption.
- Joined the global movement of leading companies aligning their business with the Paris Agreement to reach net zero emissions by no later than 2050

*For further details, please refer to the sustainability report at stc website or click [here](#)

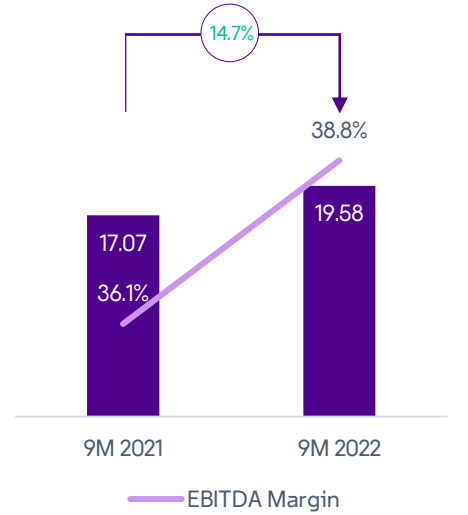
Financial Highlights



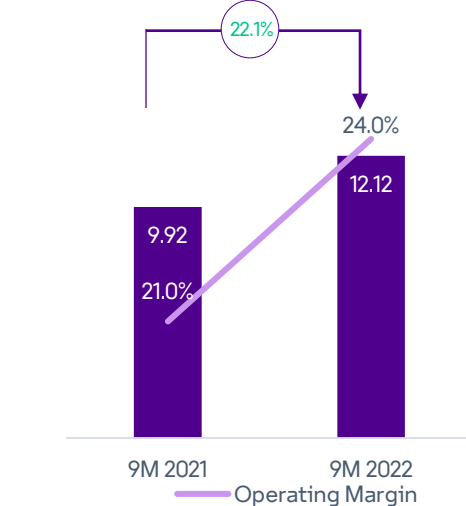
Revenue



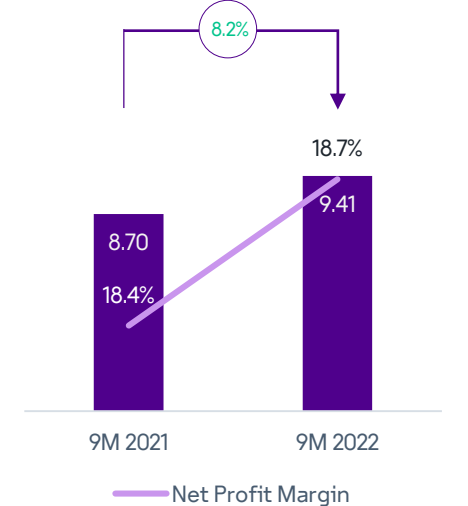
EBITDA



Operating Profit



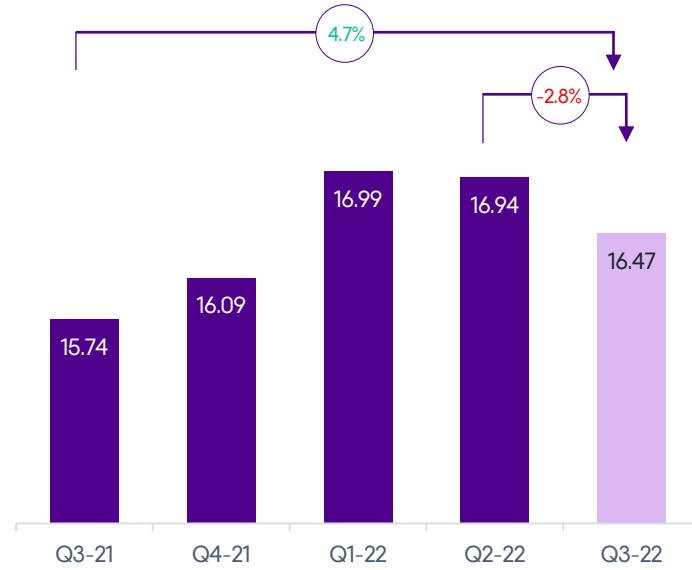
Net Profit



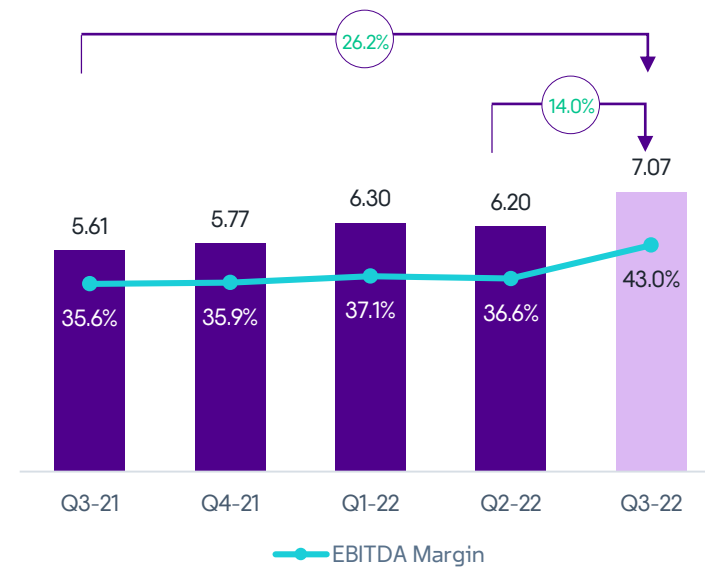
stc achieved an impressive performance for the 9 month period of 2022 as it was able to grow its topline by **6.5%**, supported by:

- The exceptional performance of the **Enterprise business unit**, as revenues grew by **12.4%** for the period, due to the increasing pace of stc group's digital transformation as it builds out a world leading comprehensive digital ecosystem, reinforced by the significant growth witnessed from the digital economy sector in the Kingdom and the region.
- The **Consumer business unit** registered a topline growth of **6.9%** for the period, attributed to the increase in mobility revenues by **8.0%**, supported by an increase in working lines by **5.9%**, whereas the residential segment registered a topline growth of **1.6%** due to the increase in FTTH and FWA subscriber base by **1.5%** and **18.1%**, respectively.
- The **Wholesale business unit** also contributed positively to the company's performance, as it registered **7.3%** revenue growth for the period, supported by a growth in the group's various investments in the infrastructure and technical capabilities.

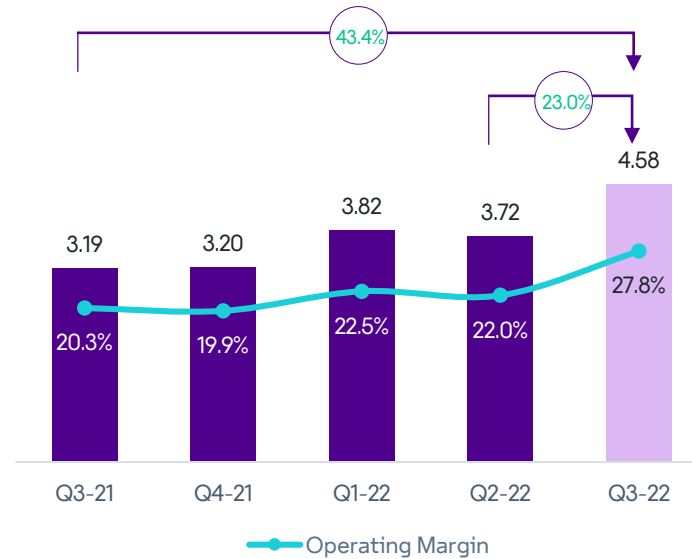
Revenue



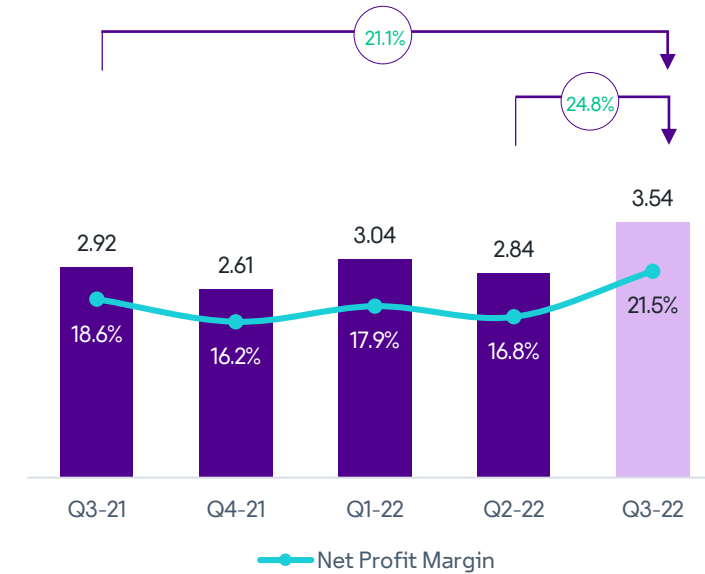
EBITDA



Operating Profit



Net Profit

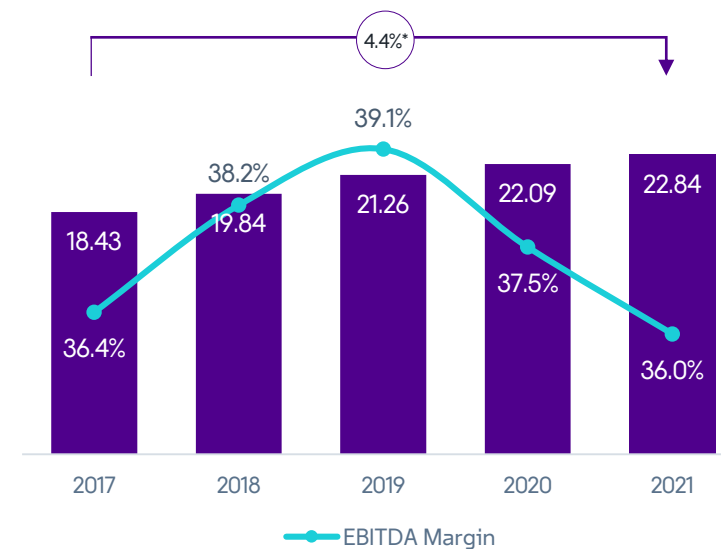


Numbers are in SAR Billions

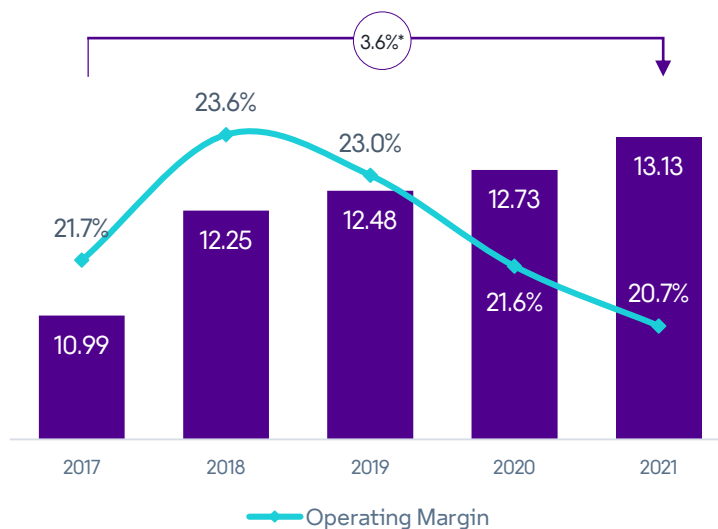
Revenue



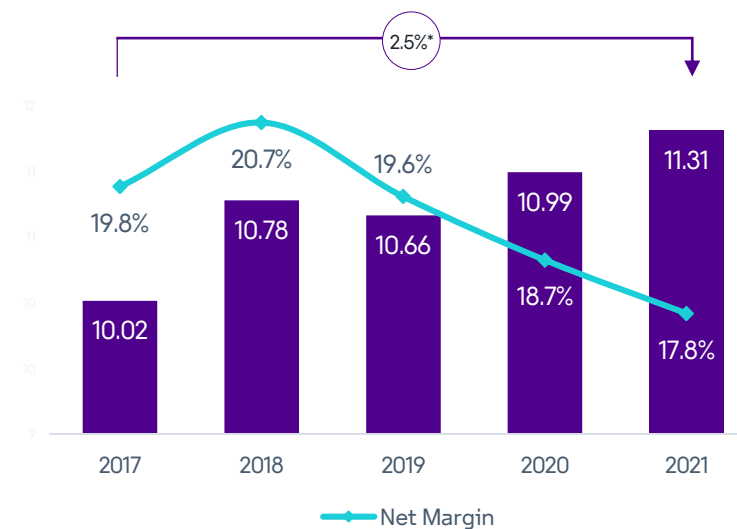
EBITDA



Operating Profit

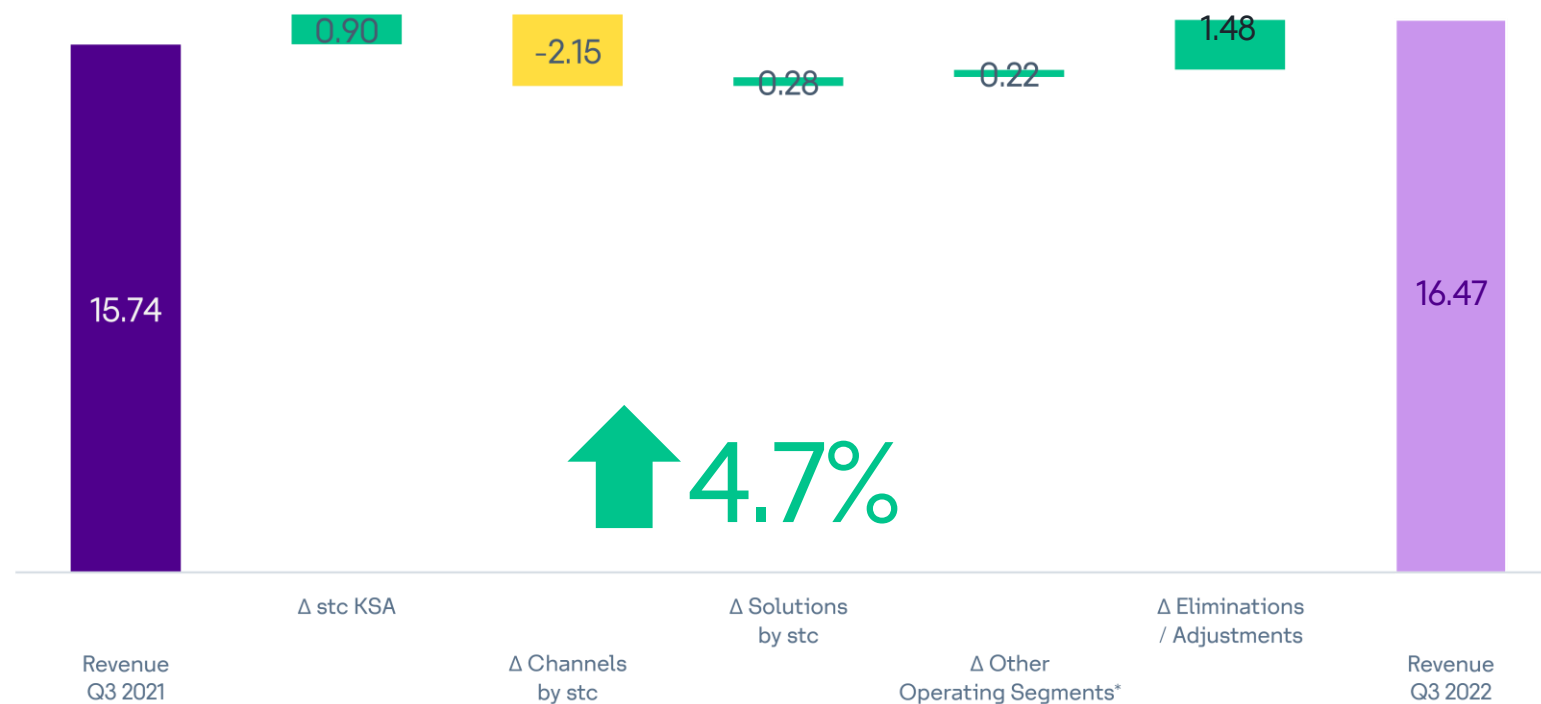


Net Profit



* 2017-2021 CAGR
Numbers are in SAR Billions

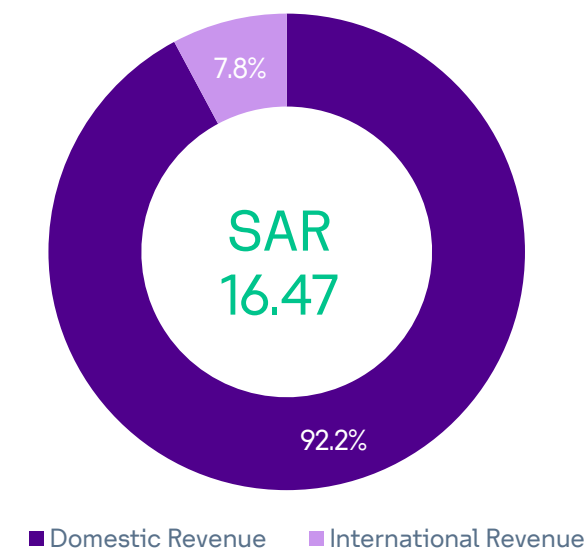
Revenue Segmentation



* Other operating segments include: Telecommunications Towers Company "TAWAL", stc Bank, stc Kuwait, stc Bahrain, Public Telecommunications Company "specialized by stc", Advanced Technology and Cybersecurity Company "sirar by stc", Aqalat, RSS, Gulf Digital Media Model Company, stc Gulf Investment Holding, stc GCC Cable Systems W.L.L., Innovation Fund Investment Company, Digital Centers for Data and Telecommunications, Internet of Things Information Technology Company, and General Cloud Computing Company for Information Technology.

Numbers are in SAR Billions

Geographical Segmentation

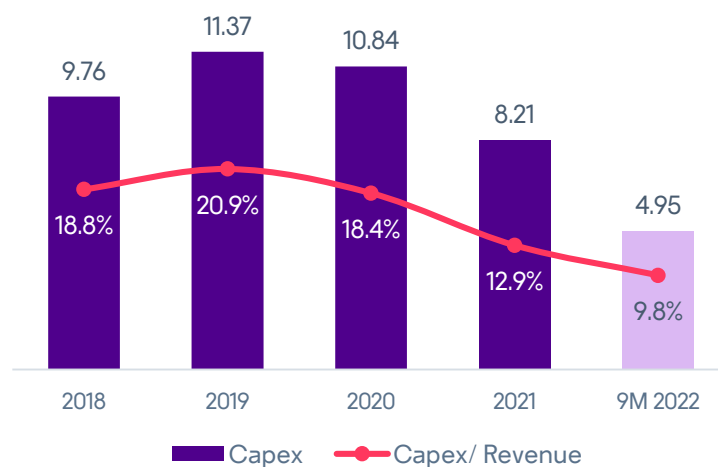


SAR billion	September 2022	December 2021
Total cash*	14.81	16.23
Total assets	131.53	127.78
Total liabilities	57.00	56.39
Total equity	71.79	69.27
Total debt	10.21	9.30
Net Debt	-4.60	-6.92
Debt/ Equity	14.2%	13.4%
Debt/ Assets	7.8%	7.3%

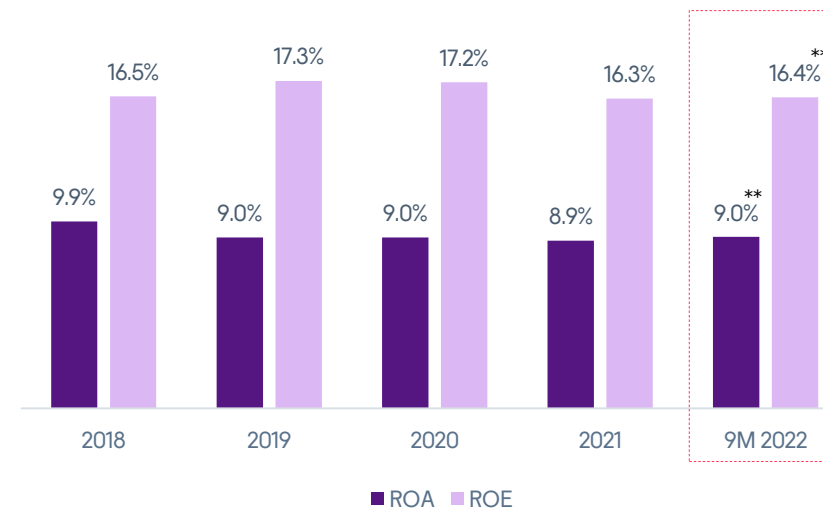
→ stc group is considered one of the lowest leveraged telecom companies in the world (Debt/ EBITDA 0.40x) creating a debt capacity for the company that might be utilized for financing new projects/ acquisitions.

*Total Cash is the total cash and cash equivalents & short-term murabahas

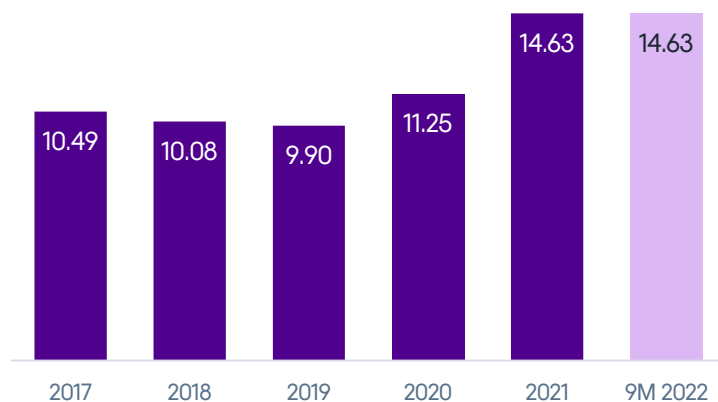
Total Capital Expenditure (Capex)*



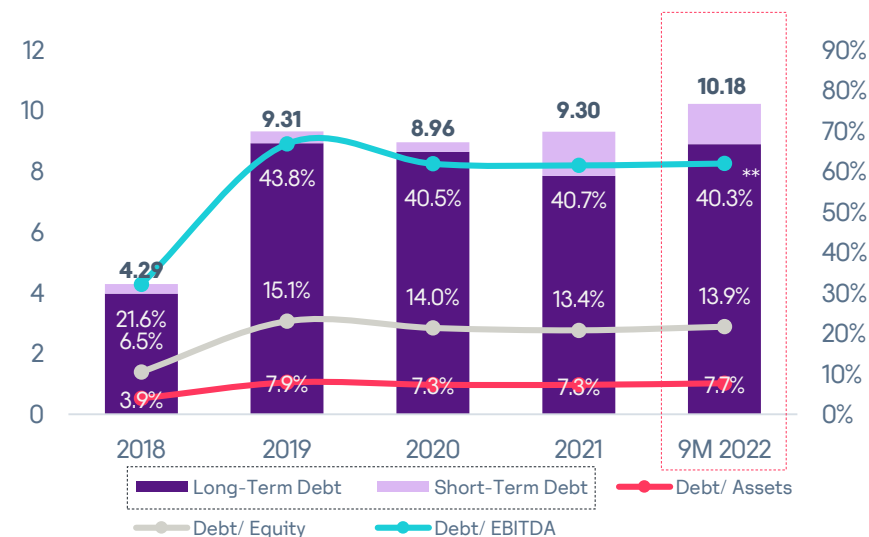
Performance Ratios



Free Cash-Flow (EBITDA-Capex)



Leverage Level



* Capex is the total of additions to property and equipment & additions to intangible assets

** Last Twelve Months

Q3 2022 P/E Multiple*

P/E at 42.4 (Max)** 17.6

P/E at 37.9 (Min)*** 15.7

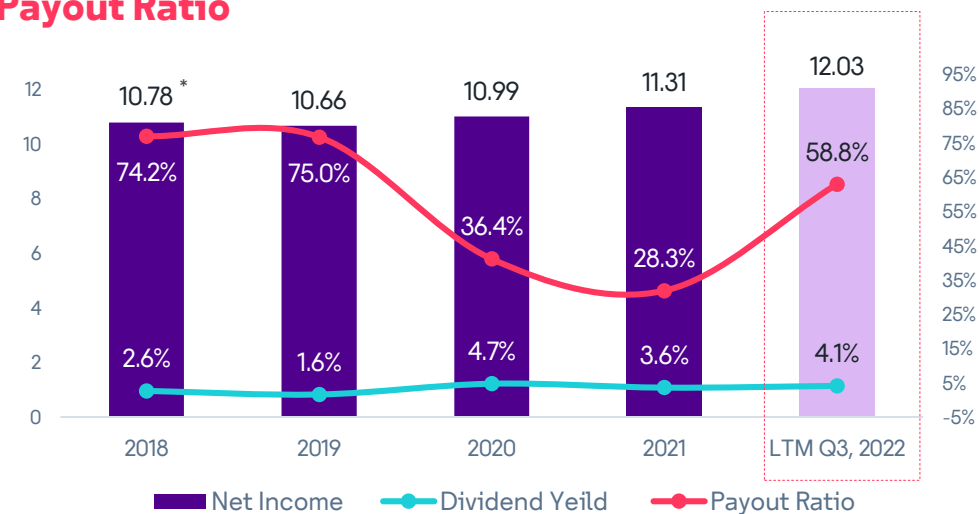
P/E at 39.35 (Closing) 16.3

* Last Twelve Months

** As of 21/08/2022

*** As of 25/09/2022

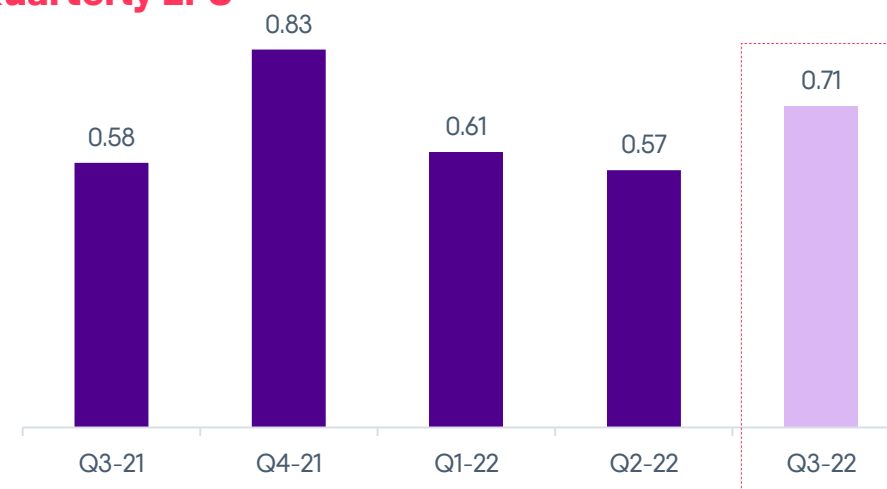
Payout Ratio



*Does not include special dividends (2 SAR/share); payout including special dividends: 111.32%

** Does not include special dividends (1 SAR/share); payout including special dividends: 90.91%

Quarterly EPS



stc



Item	International Sukuk Program	Domestic Sukuk Program
Issuing Type	International Sukuk (senior, unsecured sukuk)	Domestic Sukuk
Currency	USD denominated	SAR denominated
Program Amount	USD 5 Bn	SAR 5 Bn
Issuing Objective	<ul style="list-style-type: none"> → To support the execution of the company's strategy, future plans and diversify the sources of funding; → To benefit from the features of international debt capital market in terms of liquidity, competitive pricing and diversification of investors' base. 	<ul style="list-style-type: none"> → To support the execution of the company's strategy, future plans and diversify the sources of funding.
Minimum Settlement	USD 200,000	SAR 1,000,000
Price at Maturity	At Par	At Par
Trading Market	Irish Stock Exchange plc trading as "Euronext Dublin"	private placement
Issuing Date	13 th May 2019	9 th June 2014
1st Tranche Amount	USD 1.250 bn	SAR 2 bn
Number of Sukuk Issued	6,250 sak	2,000 sak
Subscription Coverage	3.5x	2x
Tenor	10 years (13 th May 2029)	10 years (9 th June 2024)
Coupon Rate	3.89% (Valued at Mid Swap of 2.54%+135 bps)	3M SAIBOR + 70 bps
Payment Frequency	Simi annual (first payment on 13 th Nov 2019)	Quarterly
Arrangers	HSBC, JPMorgan, Standard Chartered, Samba Capital, First Abu Dhabi Bank, and KFH Capital	J.P. Morgan Saudi Arabia Limited, NCB Capital Company and Standard Chartered Capital Saudi Arabia
Rating	Moody's (A1), S&P (A-)	N/A

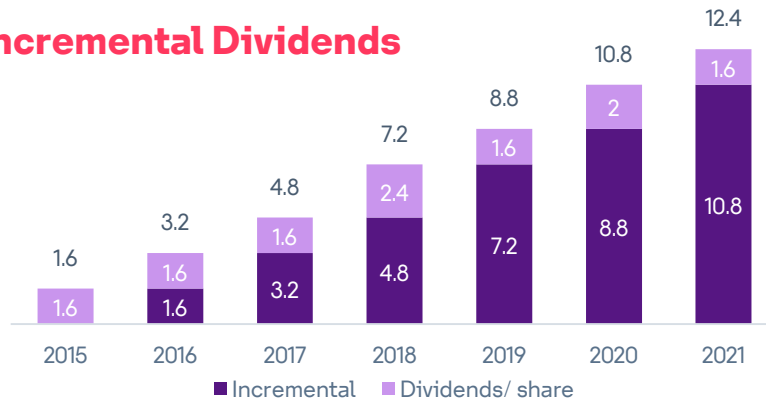
Dividends distribution policy

- stc announced that based on the BoDs' recommendation to increase stc's capital by **150%** via granting bonus shares. Therefore, stc's BoD recommended to the General Assembly to amend the dividends policy to reflect the new proposed increase in stc's capital.
- The amended dividends policy should therefore be based on committing a minimum dividend in an amount of **SAR 0.40 per share per quarter**, effective from Q4-2021, for 3 years.
- The company will consider and pay additional dividend, subject to stc BoD's approval after assessment and determination of the Company's financial situation, future outlook and capital expenditure requirements.
- Additional dividends are likely to vary on quarterly basis depending on the company's performance.

Stability of dividends distributions

- Over the last seven years, stc distributed a total of **SAR 56 billion** to investors through a stable dividend distribution in each quarter (SAR 0.4/share), in addition to **SAR 6 billion** distributed as special dividends, bringing the total to **SAR 62 billion**, indicating a healthy cash flow supported by a strong and stable financial performance.

7 Years Incremental Dividends



Numbers are in SAR/ share



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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Investors Website:

<https://www.stc.com.sa/content/stcgroupwebsite/sa/en/investors.html>

IR App QR Code:



Let's create the future
together

stc