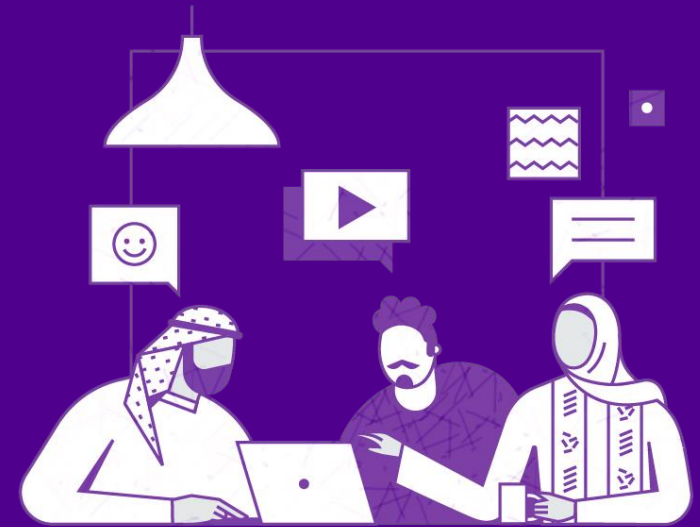


# Investor Presentation

Investor Relations  
2020



# Index

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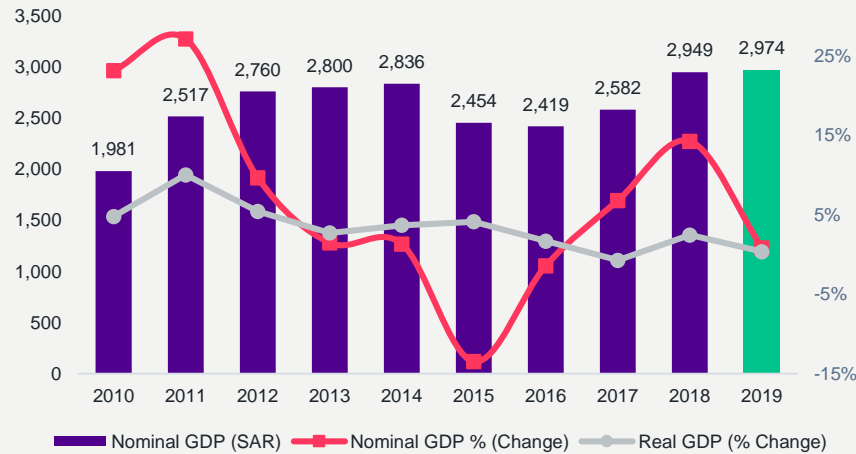
# I. Macro Environment



## GDP & Government Budget:

Data on 2019, real GDP showed that the economy expanded by 0.3% (Y-o-Y). During 2019, the oil sector declined by 6% (31% share of GDP), whilst non-oil GDP rose by 4% (non-oil private sector GDP was up 4.1% and government sector was up by 4.4%).

Bn (SAR)



\*Source: GASTAT

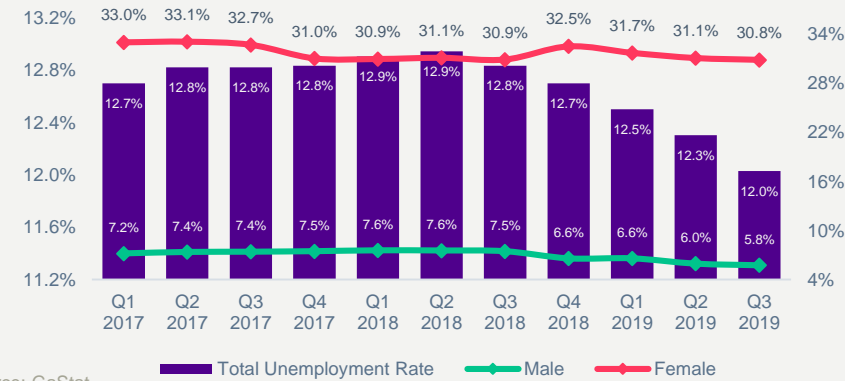
According to the newly announced budget for the year of 2020, total expenditure is budgeted at SAR 1,020 trillion (\$272 billion), a slight fall in spending that reversed three years of expenditure hikes aimed at spurring growth. Yet, the Kingdom continues to implement its Vision Realization Programs (VRPs) for the Saudi Vision 2030 aiming to achieve higher sustainable economic growth with a focus on growing non-oil GDP sector.

SAR	Budget		Projections	
	2020	2021	2022	
Total Revenue	833	839	863	
Total Expenditure	1,020	990	955	
Budget Deficit	(187)	(151)	(92)	
Debt	754	848	924	
% GDP	26%	28%	29%	
Government Reserves	346	280	265	

\*Source: MoF

## Saudi Unemployment Rate (15+):

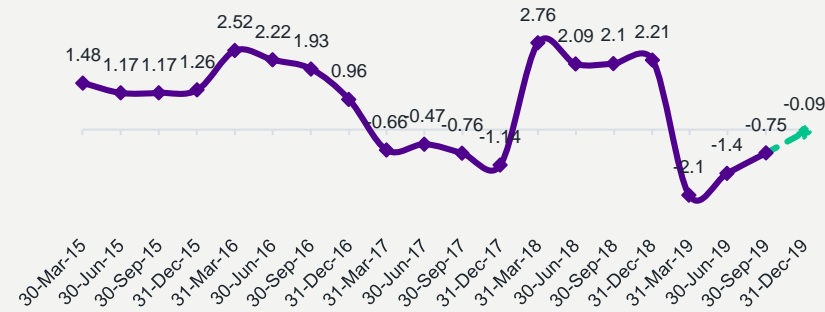
GaStat's latest labor market release for Q3 2019 shows that unemployment declined to 12%, down from 12.3% in Q2 2019. Male unemployment declined to 5.8%, down from 6% in Q2 2019, and female unemployment was also down from 31.1 to 30.8%, the lowest in 3 years.



\*Source: GaStat

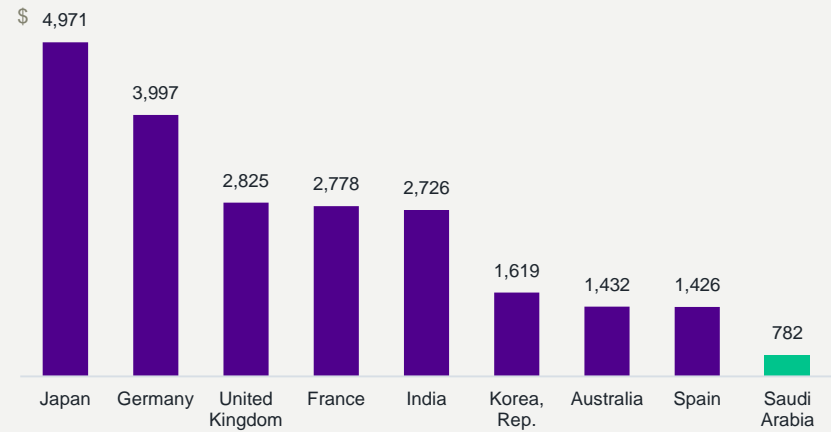
## Consumer Price Index:

The general consumer price index (CPI) registered a Y-o-Y decline of 0.1% in Q4 2019 and an increase of 0.3% compared to the third quarter of 2019 (with communication sector registering a Y-o-Y decrease of 0.2%).



\*Source: Bloomberg

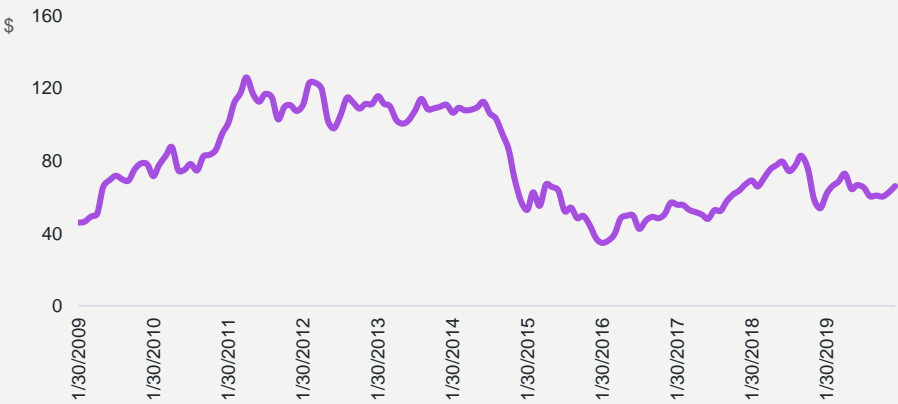
Nominal GDP of World's Major Economy:  
(KSA ranked #19 out of the top largest 20 economies in 2018)



\*Source: The World Bank

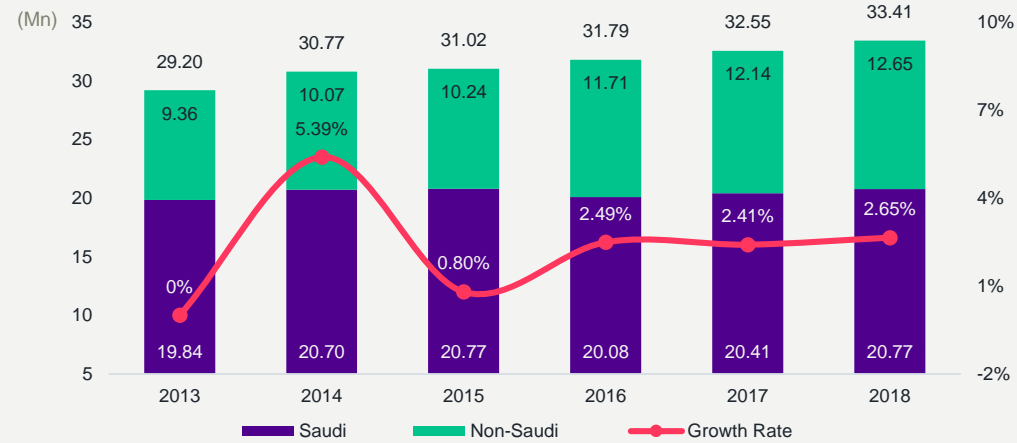
Brent Oil Performance (Monthly):

Brent oil prices averaged \$63/ barrel in Q4 2019 (higher 1.2% Q-o-Q) leading to a higher government revenue.



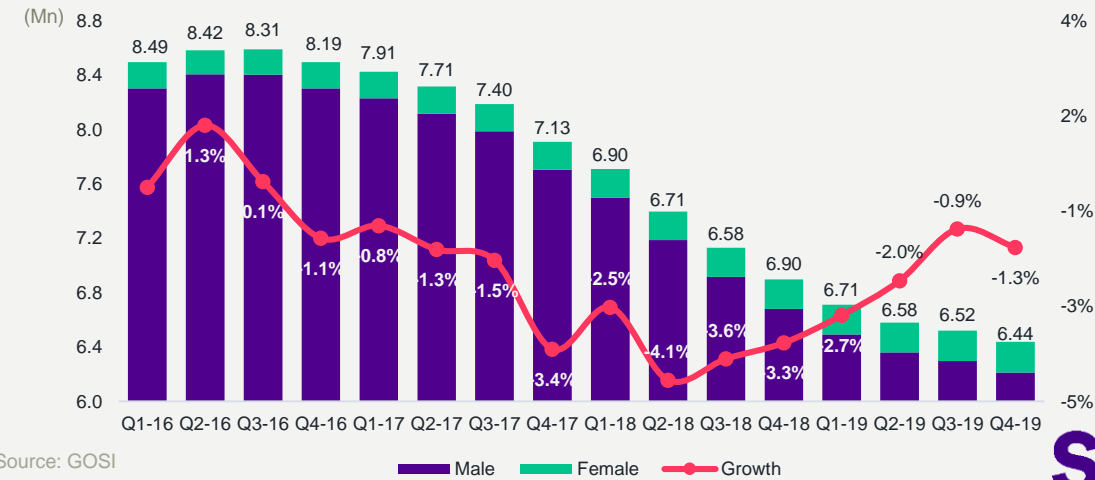
\*Source: Bloomberg

Population:



Foreigners in Saudi Labor Force:

Latest General Organization for Social Insurance (GOSI), figures show a decrease in the rate of the expat exodus in 2019. In addition, data shows that the expat departures, to date, have been concentrated amongst lower-paid workers (earning SR 1,500 or less a month).



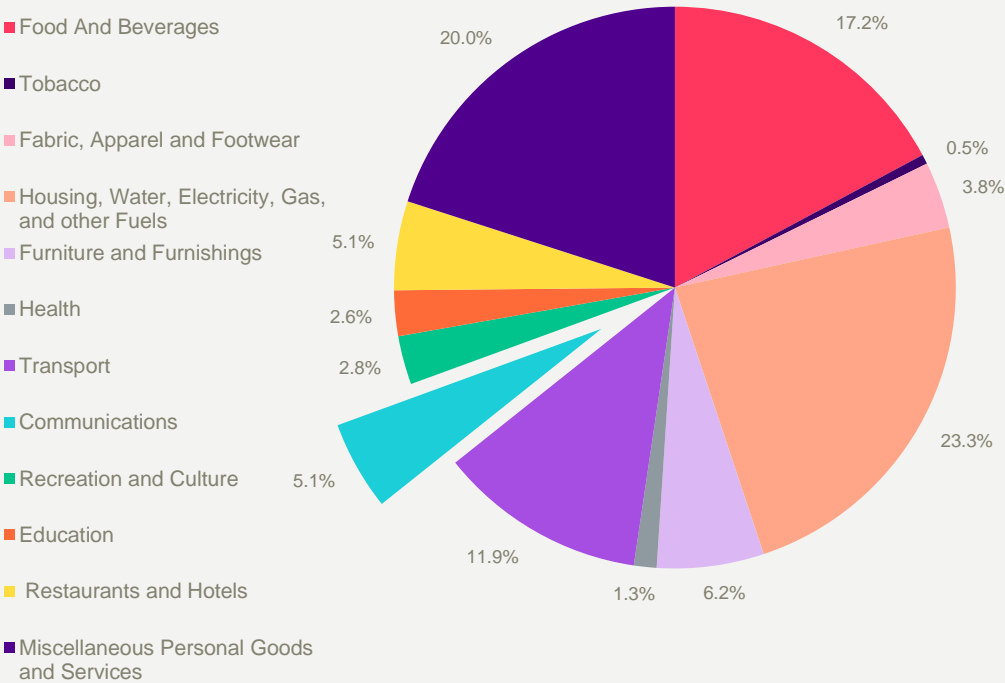
\*Source: GOSI

Historical Average 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 the reduction of operational costs on the general telecom sector as a whole, along with the competitive packages offered by market operators.

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

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



\*Source: GaStat

# 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

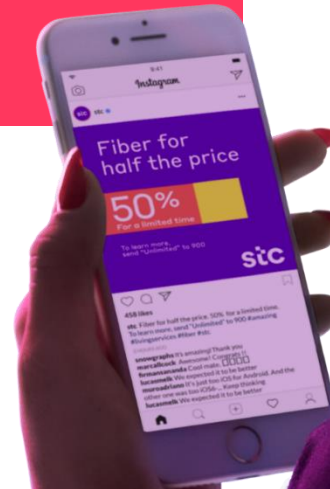
▶ Digitalise processes, internal operations, delivery engine and commercial approach

▶ Instill culture change

▶ Grow B2G and B SME segments

▶ Lead technological advancement and provide best in class connectivity platform

## 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.

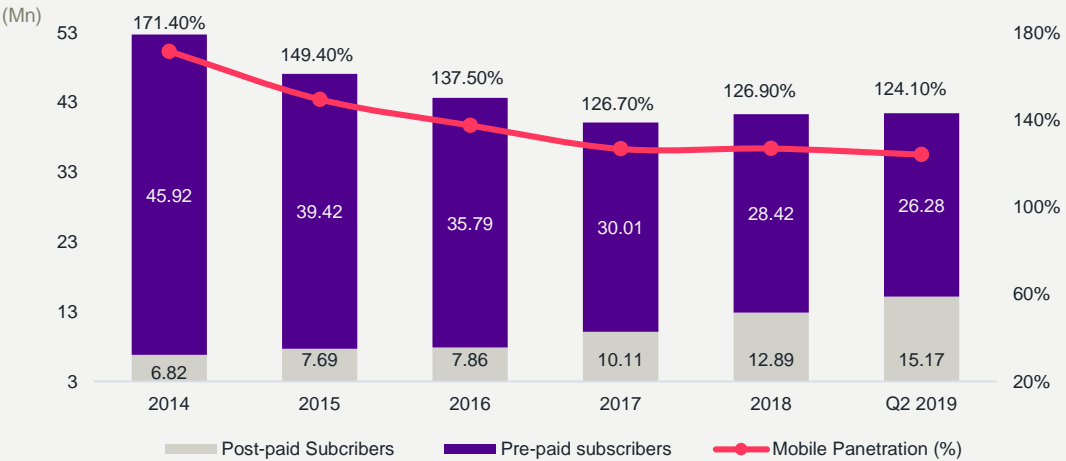
## Government Initiatives

- 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.

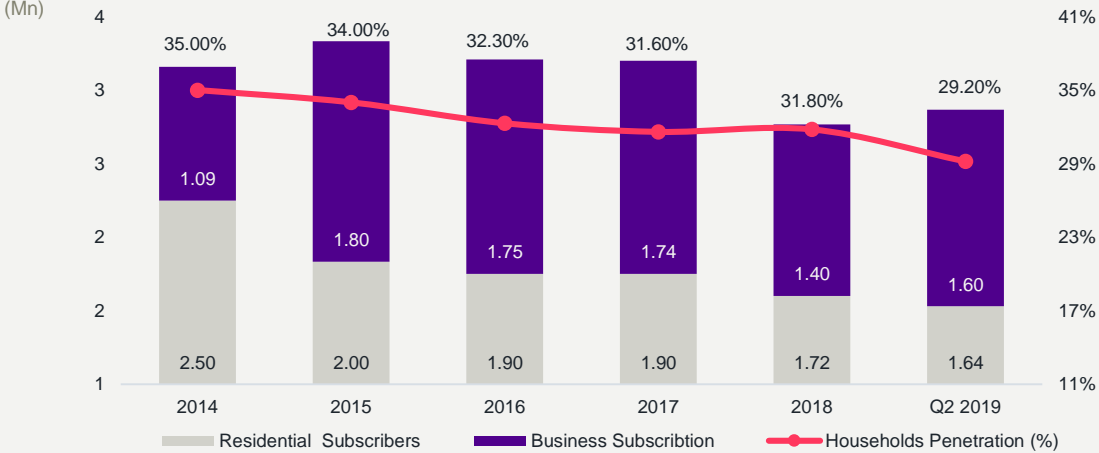
# KSA Telecom Market Overview

Mobile & Fixed markets are saturated, however, this is expected to be offset by the increase in broadband subscribers

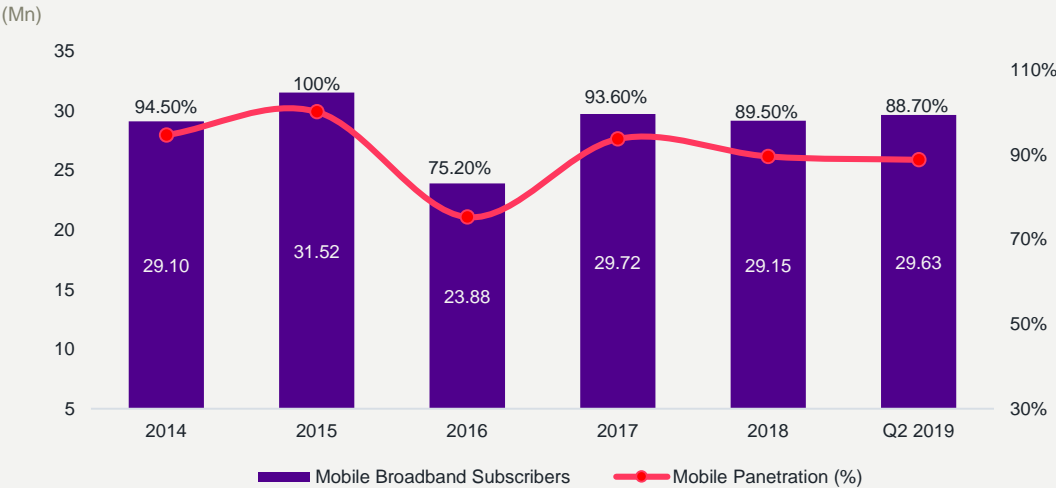
## Mobile Subscribers:



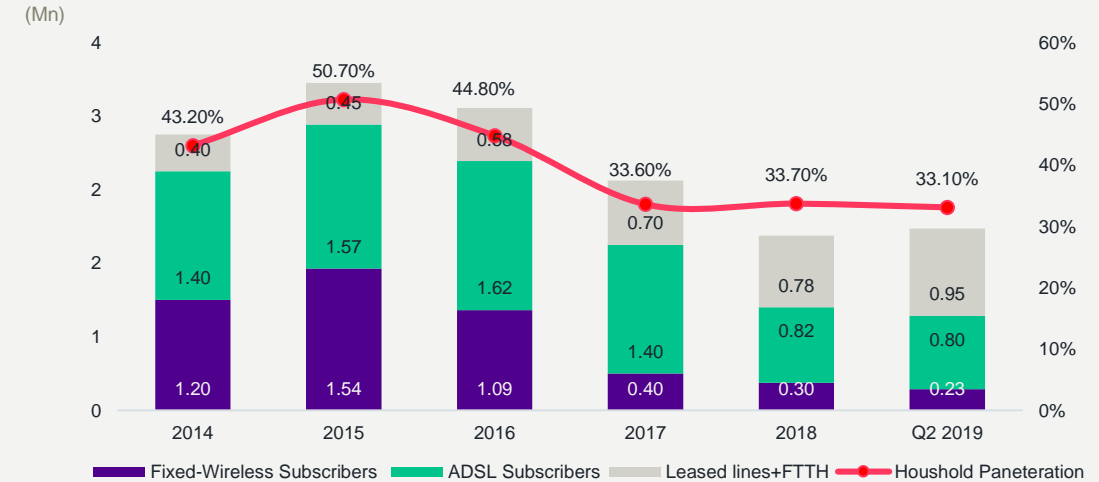
## Fixed Telephony Subscribers:



## Mobile Broadband Subscribers:



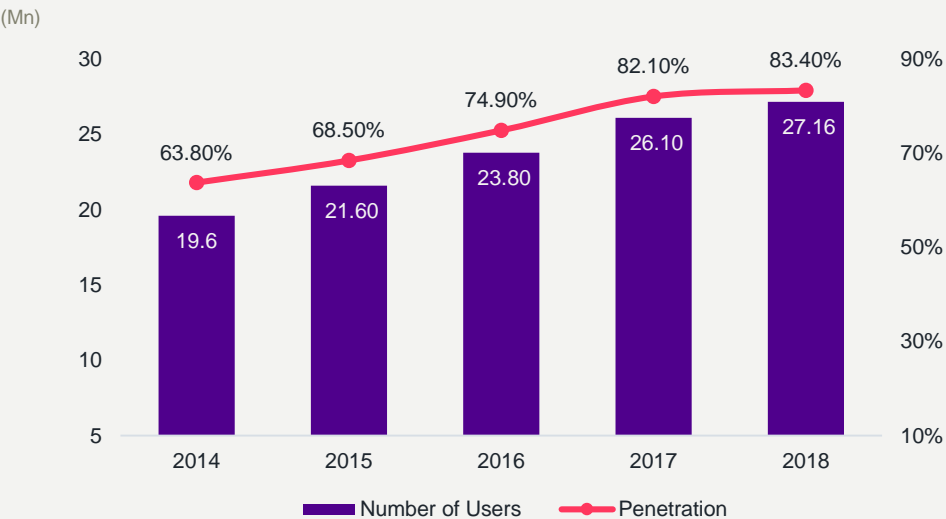
## Fixed Broadband Subscribers:



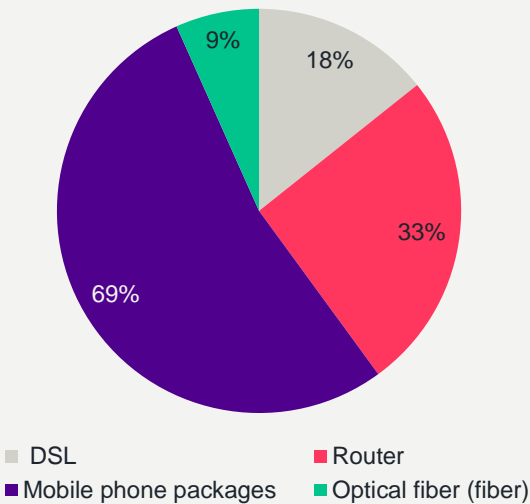
\*Source: CITC

## Internet Usage:

In 2019, the Kingdom was ranked in the **13<sup>th</sup>** place in the world's mobile internet speed and in the **53<sup>rd</sup>** place in fixed broadband speed\*\*.

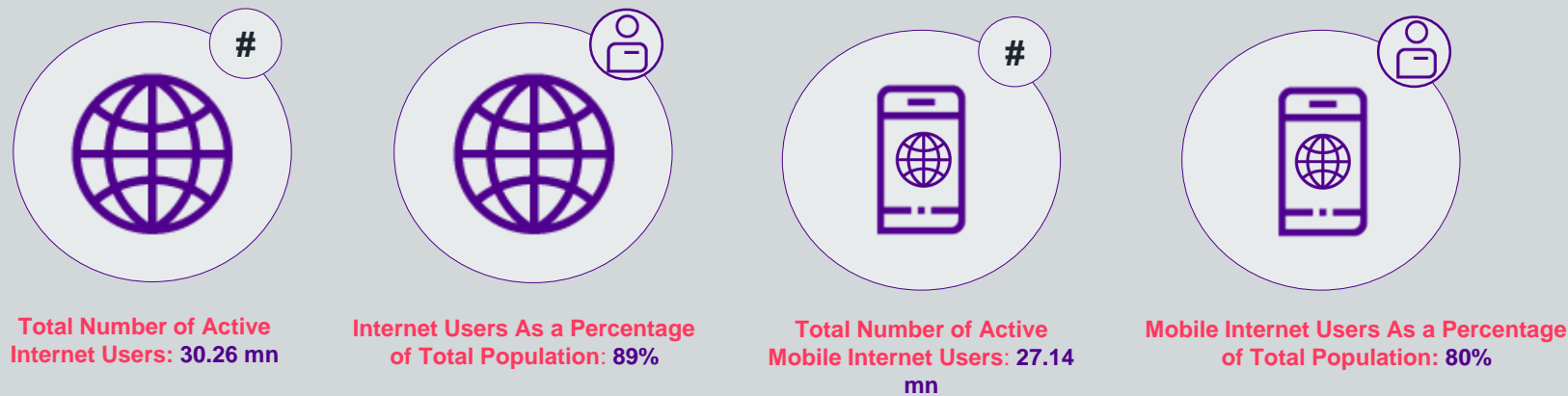


## Percentage Distribution of Internet Access in 2018:

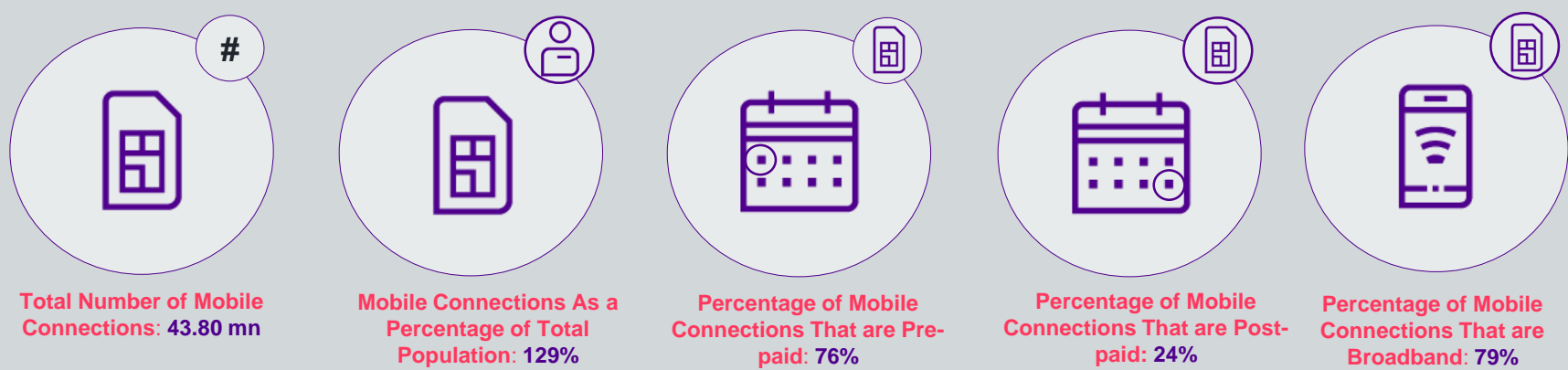


\*Source: CITC  
\*\* Source: Speedtest

## Internet Use Based on Device Perspective As of Jan 2019:

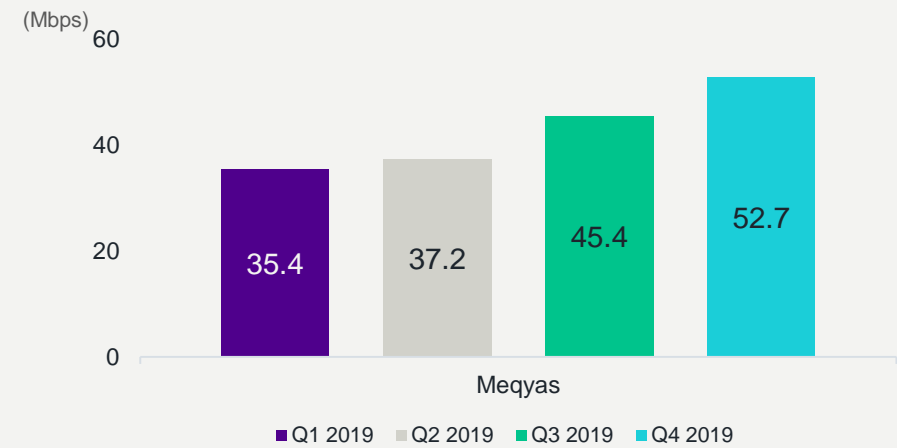
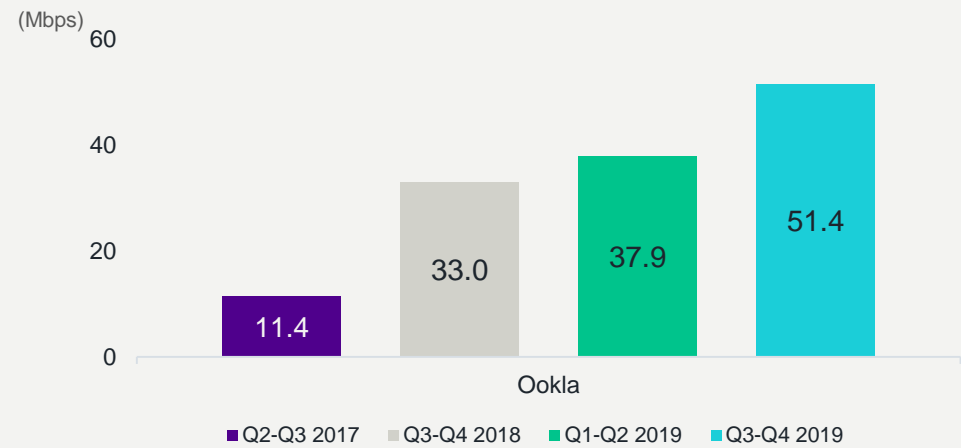


## Mobile Subscriptions By Type As of Jan 2019:

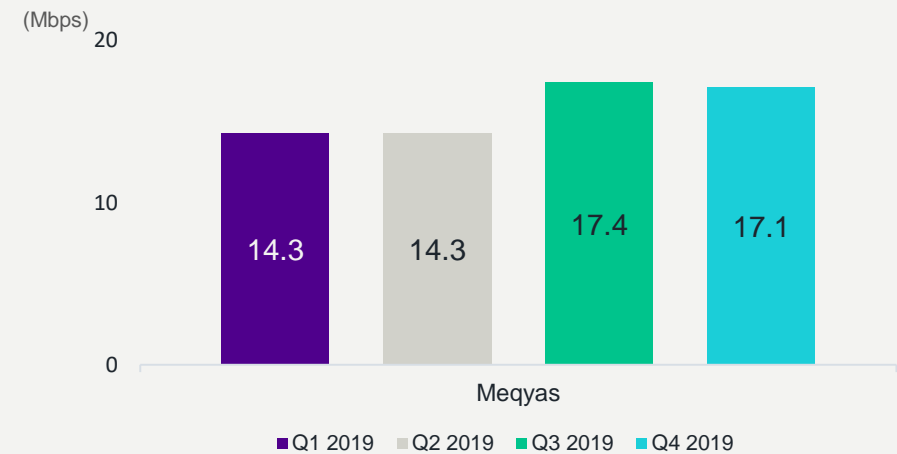
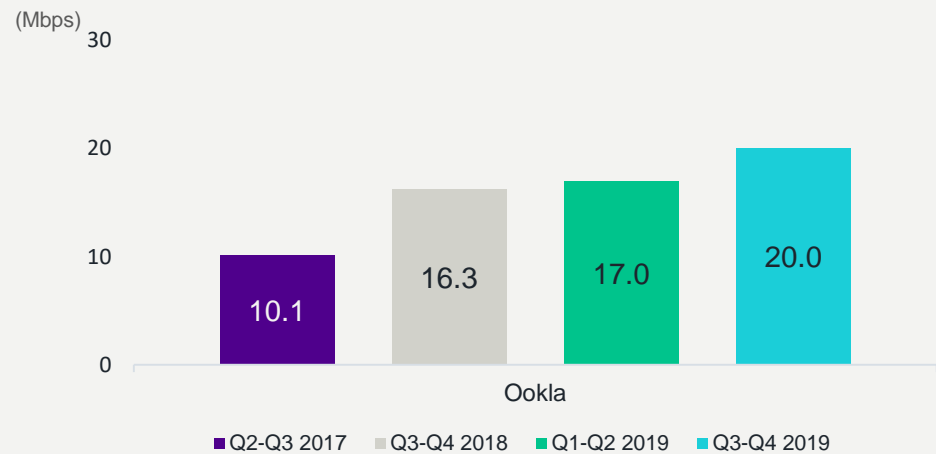


\* Source: Hootsuite

4G Mobile Download Speed:



4G Mobile Upload Speed:



# We are looking forward

## III. stc Company Profile

\* stc is ranked as the most valuable brand in Saudi Arabia with a total value of SAR 30.09 bn (USD 8.024 bn) as of January 2020



stc

Balance Sheet	SAR	GCC Ranking**
Total Assets	118.33 bn	#2
Total Equity	61.76 bn	#1
Total Liabilities	55.27 bn	#3
Debt/ Equity	15.08%	
Debt/ Assets	7.87%	
Dividends Paid (12-M)	SAR 4/ share	
Dividend Yield 2019*	3.93%	

Income Statement	SAR	GCC Ranking**
Revenue	54.37 bn	#1
Operating Profit	12.48 bn	#1
Net Income	10.66 bn	#1
EPS	5.33	#1

\*Based on 31/12/2019 closing price

\*\* Among GCC biggest Telecom Operators (Zain Group, Etisalat UAE and Ooredoo Qatar) based on 12M 2019 numbers

\*\*\*As of January 2020, Brand Finance

**SAR30.09 bn**  
Most valuable  
Brand (AA+)

**A-**  
Standard  
& Poor's  
**A1**  
Moody's

**#1** in KSA in  
Mobile  
& Fixed Broadband  
subscribers

Total stc group  
employees **19K**  
&  
Total stc KSA  
employees **13.5K**

**#1** in KSA in  
FTTx with  
741,503 customers

Length of deployed  
fiber optic cables  
**217K KM**

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

**#1** in KSA in  
Fixed Telephony  
subscribers



**HRH. Prince Mohammed Khalid ALFaisal**  
Chairman of the Board



**H.E. Dr. Khaled Hussain Biyari**  
Board Vice Chairman



**H.E. Mohammed Talal Al-Nahhas**  
Board Member



**Mr. Ahmed Mohammed Al-Omran**  
Board Member



**Dr. Ibrahim bin Abdulrahman Kadi**  
Board Member



**Mr. Rashid Ibrahim Sharif**  
Board Member



**Mr. Osama Yassin Al-Khiary**  
Board Member



**Mr. Roy Chestnutt**  
Board Member



**Mr. Sanjay Kapoor**  
Board Member



**Eng. Nasser Bin Sulaiman Al Nasser**  
Chief Executive Officer (CEO)



# Major Milestones

Since Establishment, stc has Capitalized on Major Growth Opportunities

Investor Presentation 2020 | stc group



الاتصالات السعودية  
SAUDI TELECOM

STC  
الاتصالات السعودية



stc

1998

- Company Incorporation.

2003

- Introduction of DSL services.

2006

- Increased capital from SR 15 billion to SR 20 billion.

2008

- Stake acquisition in Oger;
- Launched Indonesian operation under the name AXIS.

2010

- Launched Bundled services.

2012

- Fiber Optic in Saudi;
- reached more than 500 residents.

2014

- SR 5 billion Sukuk program offering (1ST series was SAR 2 billion).

2016

- Share increase in VIVA Kuwait up to 51.8% and Sale Co. to 100%.

2018

- Comprehensive settlement agreement with the Government;
- Announcement of new Dividend Policy;
- Launch of stc PAY.

1998 -2002

2003-2005

2006-2007

2008-2009

2010-2011

2012-2013

2014-2015

2016-2017

2018-2019



2002

- stc IPO (December)

2005

- 10 million mobile subscriber mark;
- Launch of 3G and 3.5G mobile technology.

2007

- Stack acquisition in MAXIS Communications and its operations in Indonesia & India;
- Won third mobile license in Viva Kuwait.

2009

- Third mobile license in Viva Bahrain.

2011

- Acquired 60% stake in Sale Communication;
- Share Increase in AXIS Indonesia and Integral;
- Launched IPTV services in Saudi Arabia.

2013

- Acquisition of push-to-talk (PTT) mobile operator Public Telecom Company (Bravo);
- Establishment of Aqalat Company.

2015

- stc became an ICT integrated player in the Region.

2017

- stc ranked as most valuable brand in Saudi Arabia;
- Establishment of STV with \$500 million capital.

2019

- \$ 5 billion international Sukuk program offering (1st series was \$ 1.250 bn);
- Establishment of Tawal Company;
- Launching 5G services
- Launching the new branding of stc
- Uber acquisition of Careem (in which stc owns a direct stake of 8.8% and an indirect stake of 9.3%)

stc

## 2010:

- Advertiser Excellence in the Middle East and North Africa by Dubai Lynx;
- 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 2<sup>nd</sup> 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.

# Expanding Footprints Across Four Countries Has Unlocked Growth Opportunities





## 1<sup>st</sup> Launched Commercial Network

- stc 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.



## 2,300 5G Towers

- The total number of 5G towers as end of 2019 is **2,300**, and it is expected that the number of towers deployed will increase by the end of 2020 as demand grow for devices and applications supporting 5G technology.
- stc deals with three main international partners.



## IoT Technology

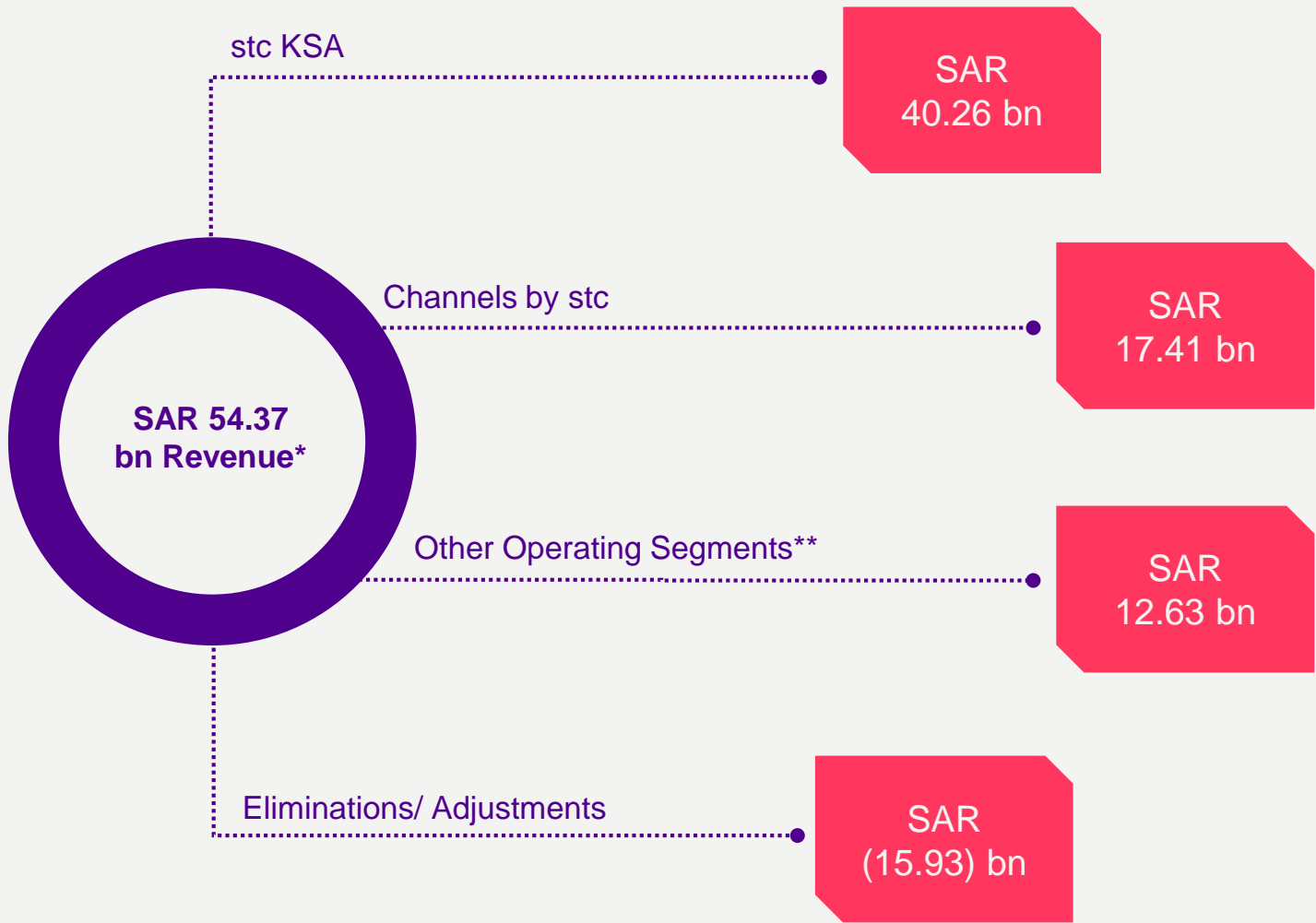
- The company also has the Internet of Things (IoT) through its cellular network applications.
- 5G technology in industrial applications is a future plan, as the company operates in several areas, including oil and gas, service agencies and various industries.



## Award Wining

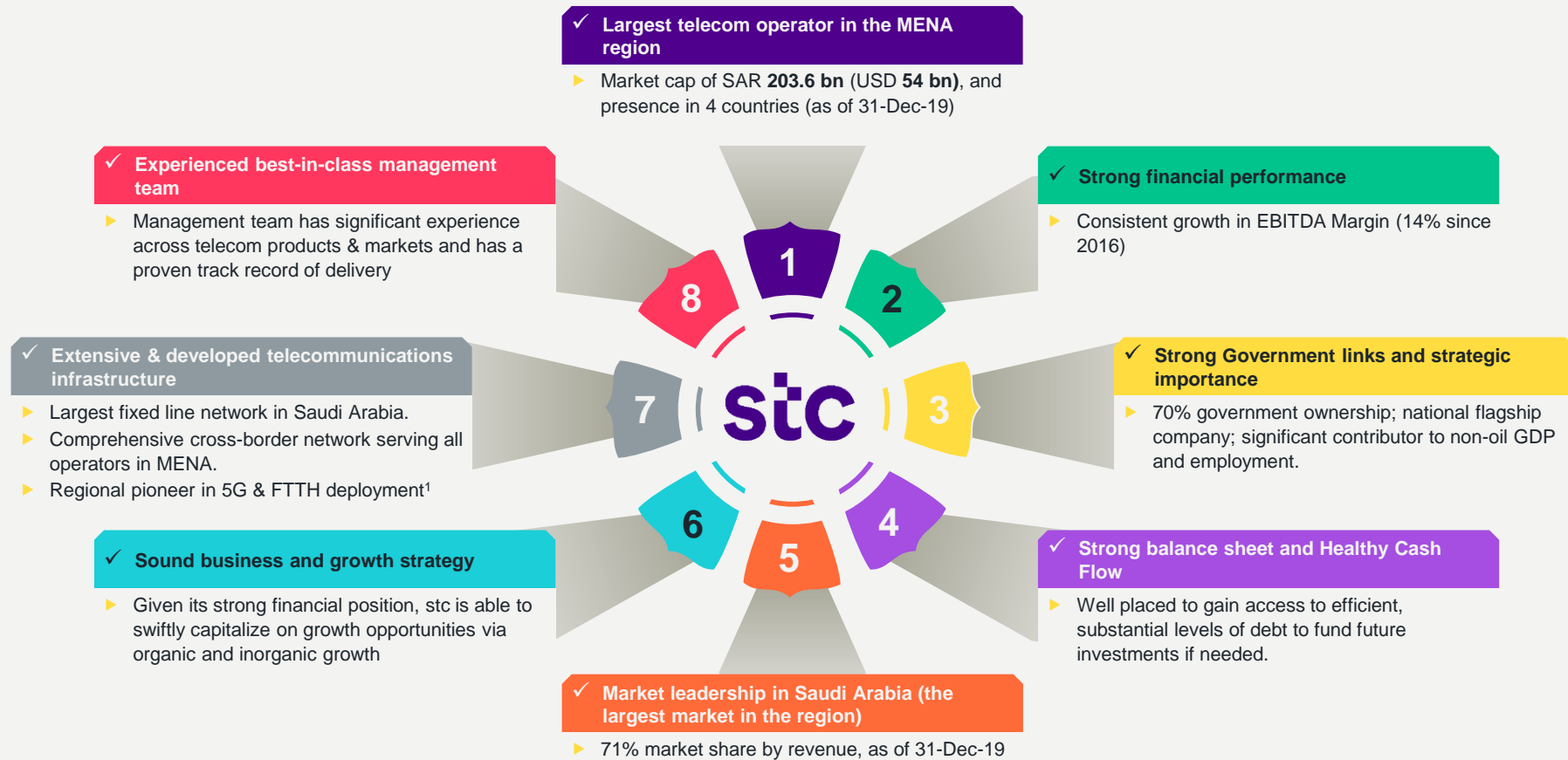
- stc won 3 international awards at the 5G MENA Summit.

# 12M Revenue Breakdown



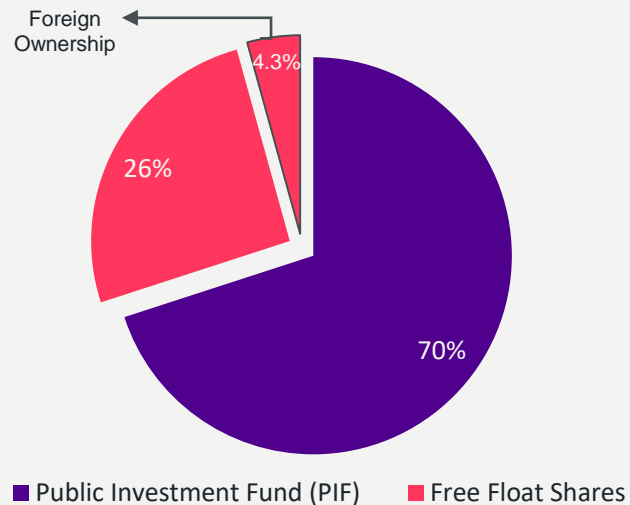
\*As of 31 Dec. 2019

\*\* Other operating segments include: stc Kuwait, stc Bahrain, Solutions by stc, Intigral, Specialized by stc, Sapphire, Aqalat, Tawal and STC Pay.

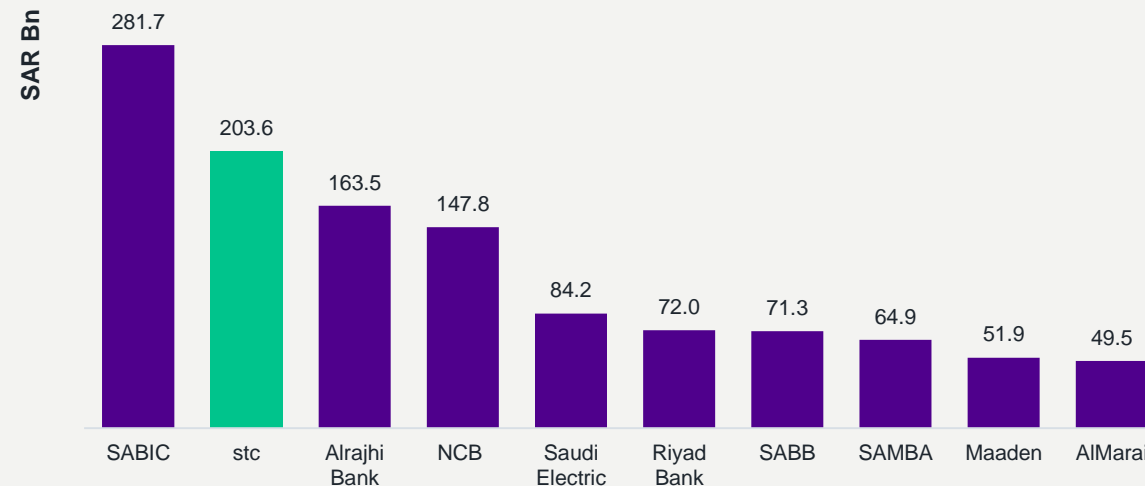


<sup>1</sup> FTTH: Fiber-to-the-home technology.

## Ownership Structure As of 31<sup>st</sup> Dec. 2019:



## Market Capitalization as of 31<sup>st</sup> Dec. 2019 Among Major Saudi Listed Companies :

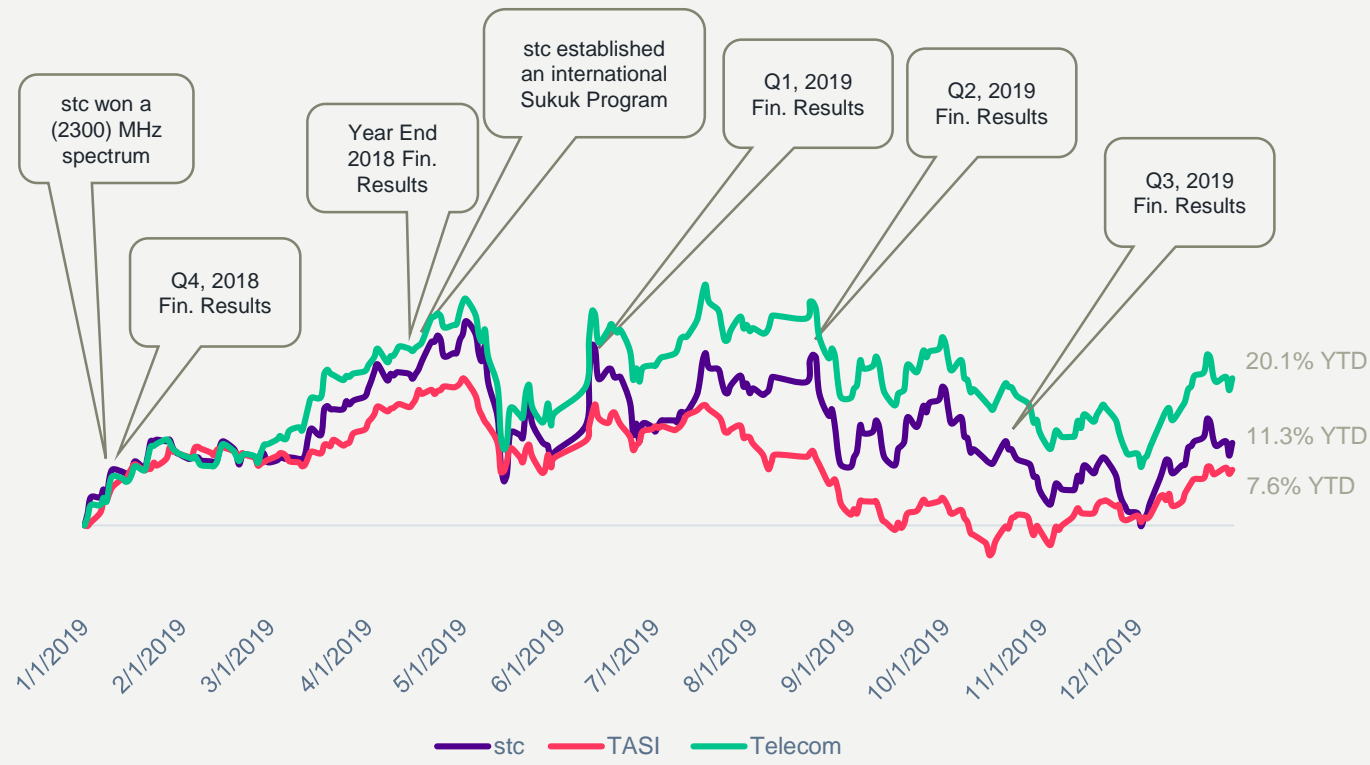


Share Information	31 <sup>st</sup> December 2019
Close Price (SAR)	101.8
Issued Shares (mn.)	2,000
Free Float	30%
P/E Ratio	19.10
EPS (12M)	5.33

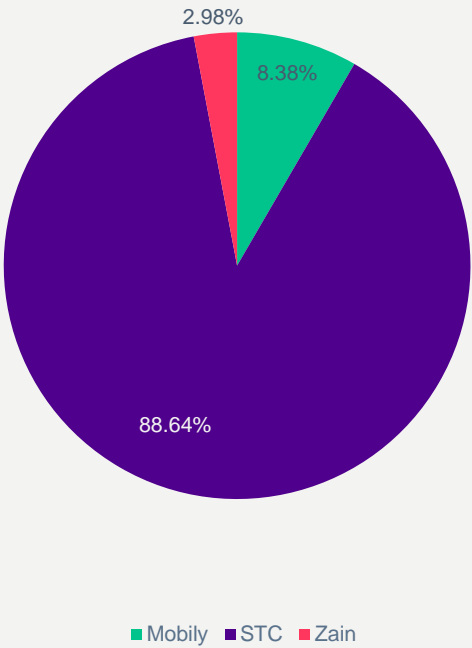
MSCI*	Float Adj Mkt Cap (USD bn)	Index Wt. (%)
RAJHI BANKING & INV	21.36	13.23%
SAUDI BASIC IND CORP AL	18.77	11.63%
NATIONAL COMM BANK	15.75	9.76%
<b>SAUDI TELECOM CO</b>	<b>10.85</b>	<b>6.73%</b>
Saudi Aramco	9.40	5.82%

\* As of 31<sup>st</sup> Dec 2019

Share Performance Vs. Telecom Index and TASI:



Market Capitalization of Telecom Sector As of 31<sup>st</sup> Dec. 2019:





Submarine Cables		
#	Cable System	Name of Cable
1	SMW5	South Asia Middle East #5 Western Europe
2	SMW4	South Asia Middle East #4 Western Europe
3	IMEWE	India Middle East Western Europe
4	EIG	Europe India Getaway
5	SMW3	South Asia Middle East #3 Western Europe
6	1-SAS	1- Saudi Arabia Sudan
7	2-SAS	2- Saudi Arabia Sudan
8	EASSY	Eastern Africa Submarine System
9	MENA	Middle East North Africa
10	FLAG	Fiber link around Global
11	GBI	Gulf Bridge International
12	JADI	Jeddah Amman Damascus Istanbul

99%

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.

25 Years

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.

400 Operators

stc has signed with more than 400 operators all over the world in more than 100 countries.

90%

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.

Initiator

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.

Founder

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.

Partnerships

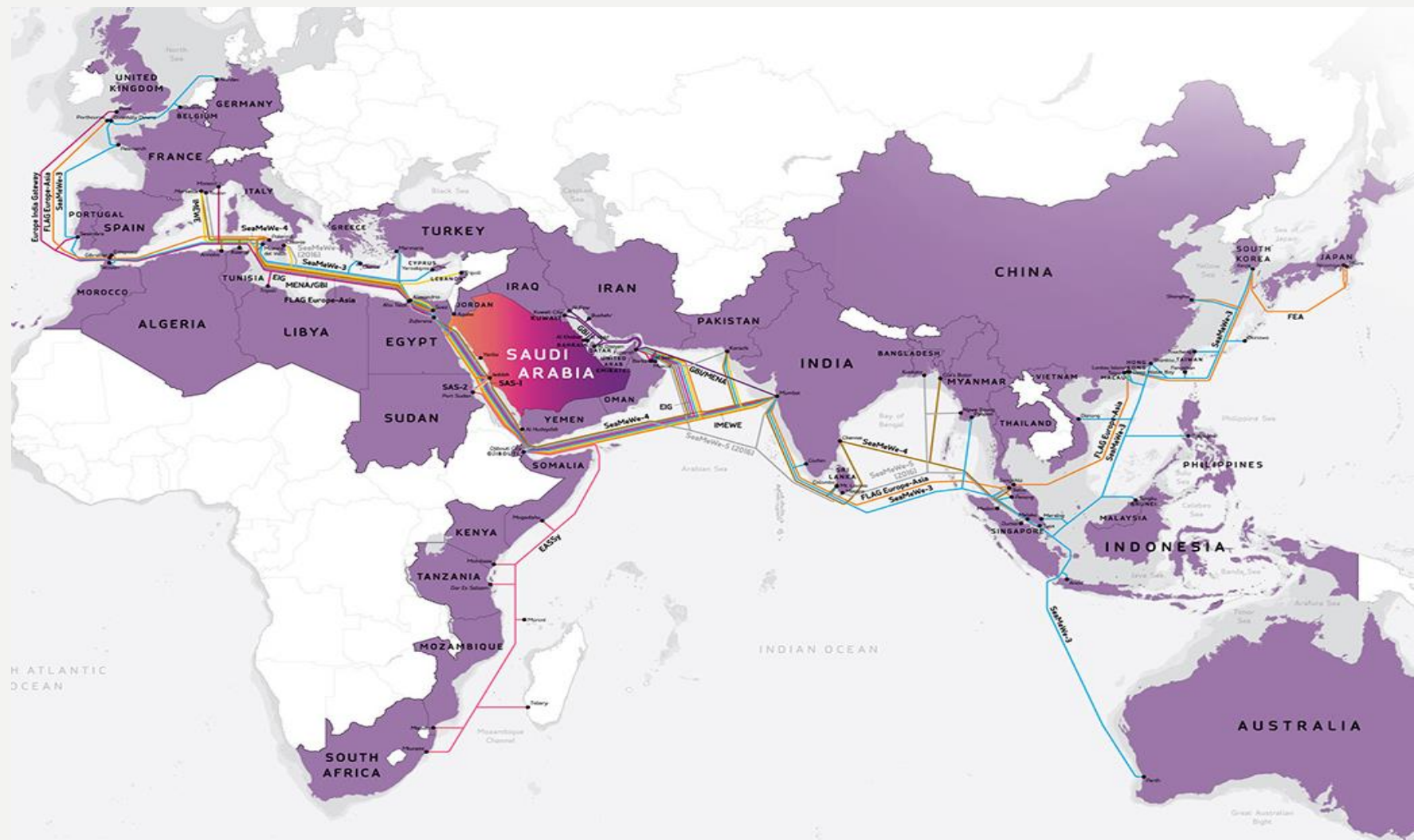
The company has strategic partnership in new projects such as (EASSY) which extend along the East Coast as well as South Africa to reach Sudan linked to two cable systems SAS-1 and SAS-2.

International alliances

The latest achievements was the completion of a project of an international alliance of more than 14 international communication companies. The project of establishing the SMW "South Asia Middle East West Europe" (Capacity of 24 TB per second, 20,000 km long and connects 17 countries).

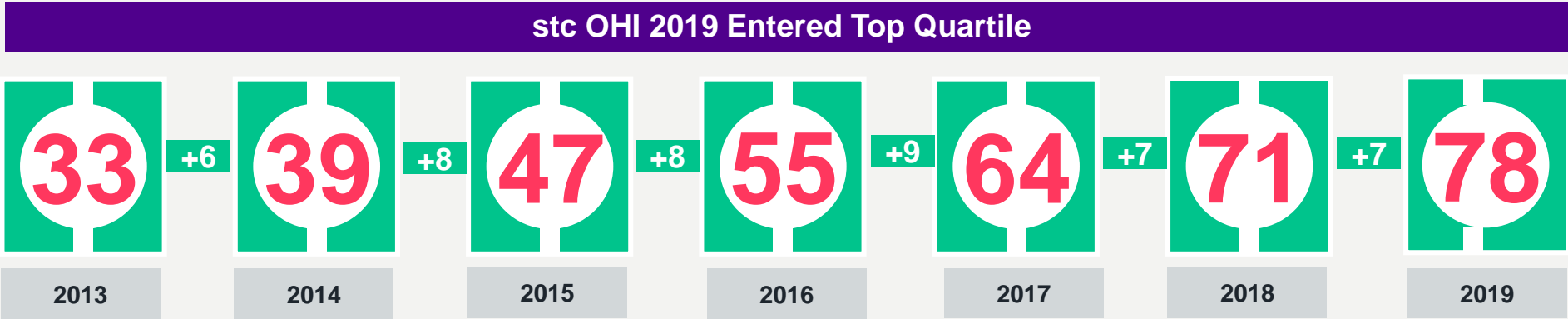
New projects

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.



Source: stc Wholesale Unit

# Healthy Organization – stc’s OHI Success Story Continues with Hitting Target Again



- stc Unique Success Story continues in it's 7<sup>th</sup> year;
- Ranked in the first-quartile in KSA and the Region;
- First-Quartile compared to Telecom Industry.

A man with dark hair and a beard, wearing a white button-down shirt, is leaning over a large, dark, reflective surface that appears to be a digital display or a table. He is looking down at the surface with a focused expression, and his right hand is touching the surface. The background is dimly lit, with a bright light source visible on the right side. A semi-transparent purple banner with a red square on the left is overlaid on the right side of the image.

## IV. Strategy Overview

stc


Vision:

“


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

”


Values:



devotion



drive



dynamic





A man in a white thobe is walking down a long, brightly lit aisle in a server room. He is holding a silver laptop and looking at it. The aisle is lined with tall server racks on both sides. The floor is light-colored, and the walls are white. The ceiling has exposed cables and lights. The overall atmosphere is clean and professional.

## V. Business Overview

Local Subsidiaries

Channels by stc	100%
Specialized by stc	100%
Tawal (Tower Company)	100%
Solutions by stc	100%
Aqalat	100%
stc pay	100%
Telecom Commercial Investment Co Ltd (TCIC)	100%

International Subsidiaries

stc Bahrain	100%
stc Kuwait	51.8%
stc Asia	100%
stc Gulf Investment	100%

Associate Companies

Arab Satellite Communications Organization	36.6%
Virgin Mobile KSA	10%

Joint Ventures

Arab Submarine	50%
Contact Center (CCC)	49%
Binariang GSM Holding (BGSM)	25%



**Date of Incorporation:**

The subsidiary was founded in Q1 2018.

**Invested Capital:**

A total of SAR 2.5 billion.

**Subsidiary Objective:**

To be responsible for owning, constructing, operating, leasing and investing in the towers.

**stc Ownership:**

Since establishment, stc fully owns the subsidiary (100%).

**Subsidiary Operation:**

During Q1 2019, stc Towers Co. obtained the necessary operational licenses from the Communications and Information Technology Commission.



**Date of Incorporation:**

The subsidiary was founded in 2002.

**Invested Capital:**

A total of SAR 252 million.

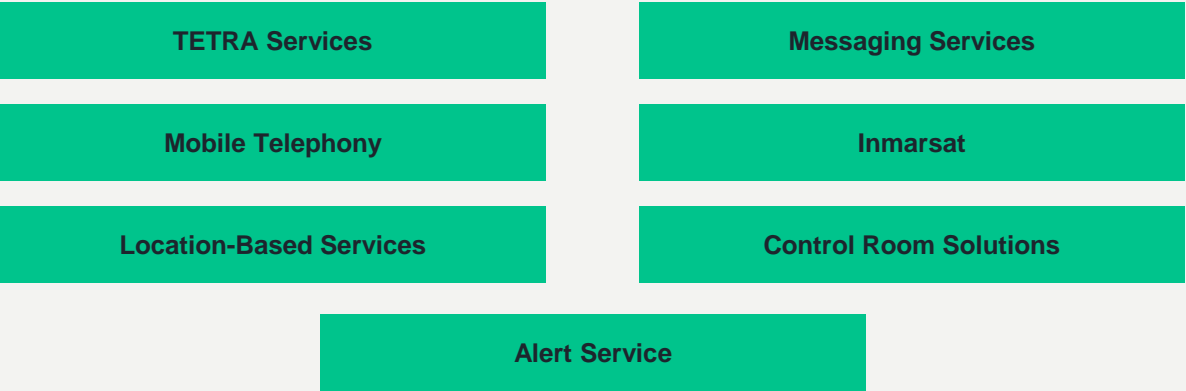
**Subsidiary Objective:**

stc Specialized, is 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:**

stc fully owns the subsidiary (100%).

**Provided Services:**





**Date of Incorporation:**

The subsidiary was founded back in 2008

**Invested Capital:**

A total of SAR 100 million

**Subsidiary Objective:**

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, the selling and reselling of all fixed and mobile telecommunications services and the maintenance and operation of commercial complexes. The company's head office is located in Saudi Arabia.

**stc Ownership:**

In December 2011, stc acquired a 60% stake of the subsidiary. In January 2017, the company acquired the remaining shares thereby owning 100% in the subsidiary.

**Digitization:**

- Reduced number of branches and distribution centers by 36%;
- Increasing number of Self-services machines which increased the number of transactions by 380% in two years only;
- Digitized inventory management by using a digital order management system;
- Launched digital platforms to boost online sales: MyStore, Mystc, electronic recharging...etc.

266  
Stores

46,000 +  
Merchants

122 +  
Distribution Hubs

57,000 +  
POS transaction

3,200 +  
Agents



**Date of Incorporation:**  
The subsidiary was founded in 2002.

**Invested Capital:**  
A total of SR 100 million.

- Subsidiary Objective:**
- To enable digital transformation to support government and private sector goals; spreading the benefits of Cloud computing 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:**  
stc fully owns the subsidiary (100%).

**Provided Services:**

Big Data Analytics and Smart Data Insights	Cyber Security
The Internet of Things	Managed Services
CLOUD	System Integration

**Date of Incorporation:**

The subsidiary was founded in 2013.

**Invested Capital:**

A total of 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 Saudi Telecommunications Group and its applications by adopting the concept of smart development that is based on integrating technology in all projects and investments.

**stc Ownership:**

Since establishment, stc fully owns the subsidiary (100%).

**Projects Under Management:****1- Riyadh Project (Smart Square)\***

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.

**2- Dammam Project (Smart Boulevard)**

The project is located in the southern part of the communications complex in Al-Rayan district, in the heart of Dammam City situated on a land of 380,000 m2. The project is a mixed-use project with the commercial part being the project's main concept. AQALAT aim this project to achieve its vision by enabling Smart Cities applications.



Riyadh Project



Dammam Project

\* During Q4 2019, stc issued a separate SPV for the project allocating SAR 107mn of invested capital.



**Date of Incorporation:**

The subsidiary was founded in 2018.

**Invested Capital:**

A total of SAR 400 million.

**Subsidiary Objective:**

stc Pay is a digital secure wallet that empowers individuals to take full control of their finances at their fingertips- anytime, anywhere. Enabling them to send, receive, spend, and manage money simply through their phone.

**stc Ownership:**

Since establishment, stc fully owns the subsidiary (100%).

**Application Main Features:**



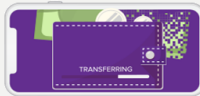
**Purchases**

Allows you to pay for your purchase needs from shops and restaurants anytime, anywhere



**International Remittance**

With stc pay you can transfer funds instantly to more than 525,000 Western Union agent locations worldwide



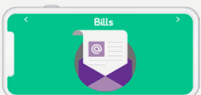
**Transfer money to mobile number**

You can send and receive money with family & friends from your contacts list!



**Transfer money to a local banks**

stc pay app allows you to transfer money to any local bank account in the Kingdom of Saudi Arabia



**stc Services**

You can now pay your bills or recharge your Sawa Directly, easily and safely through stc pay



**Cash withdrawal**

You can withdraw cash from your mobile account through any ANB Bank ATM



STV

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



- Co-leading a SAR 750 million (USD \$200 million) investment in Careem
- 120+ Cities, 15+ million Riders, 1+ million Captains



- Leading a SAR 78.75 million (USD \$21 million) investment round in unifonic
- 150+ Countries, 720+ Operators



- 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 33.75M SAR to accelerate the company's growth and scale-up plans



- A multimillion-dollar investment in Mrsool
- The leading Saudi on-demand delivery service
- \$ 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

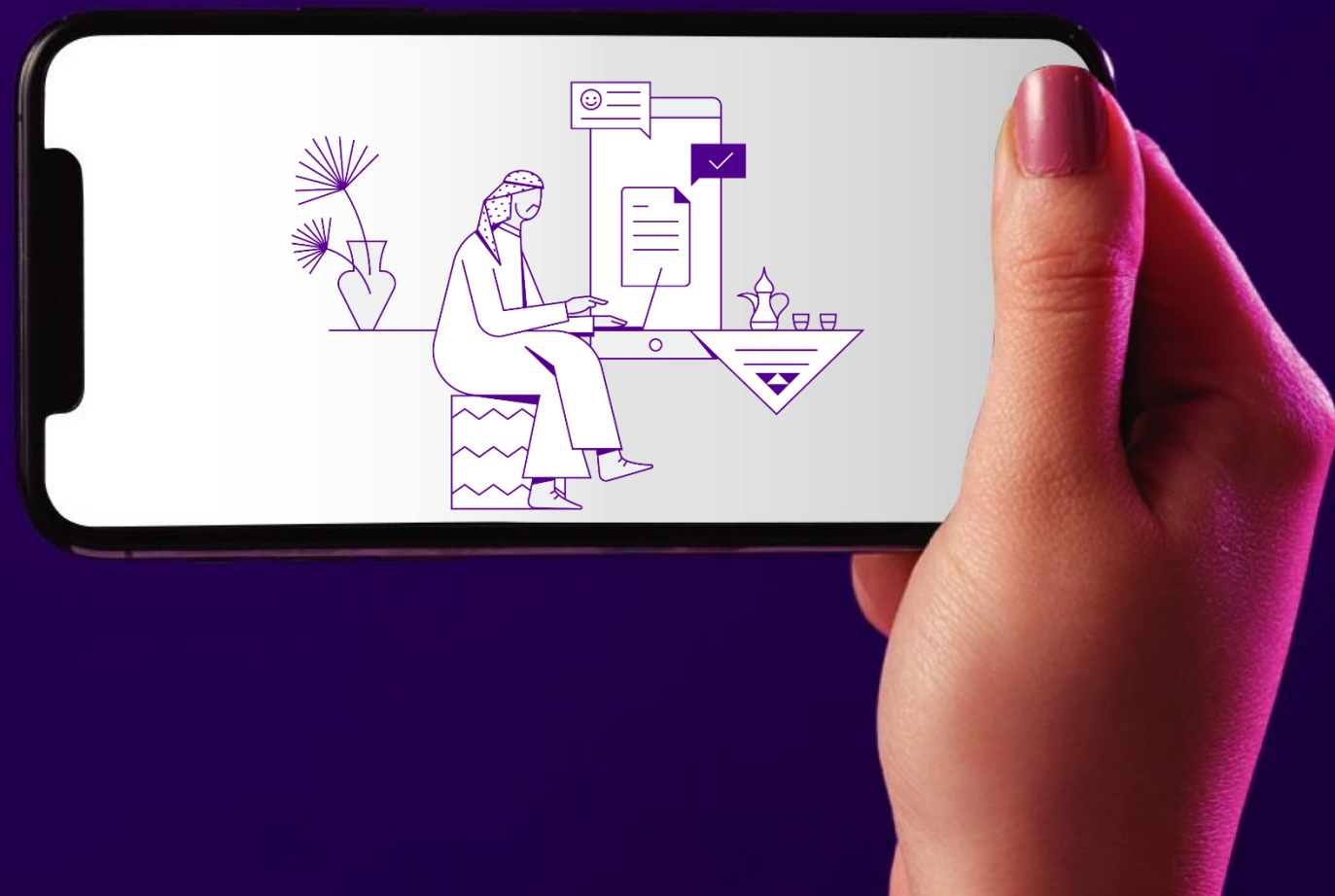


- Brings innovation to trucking with On-Demand aggregation in Real-Time.
- 100% automated booking, real-time tracking of trucks, smart asset utilization, & cost efficiency.

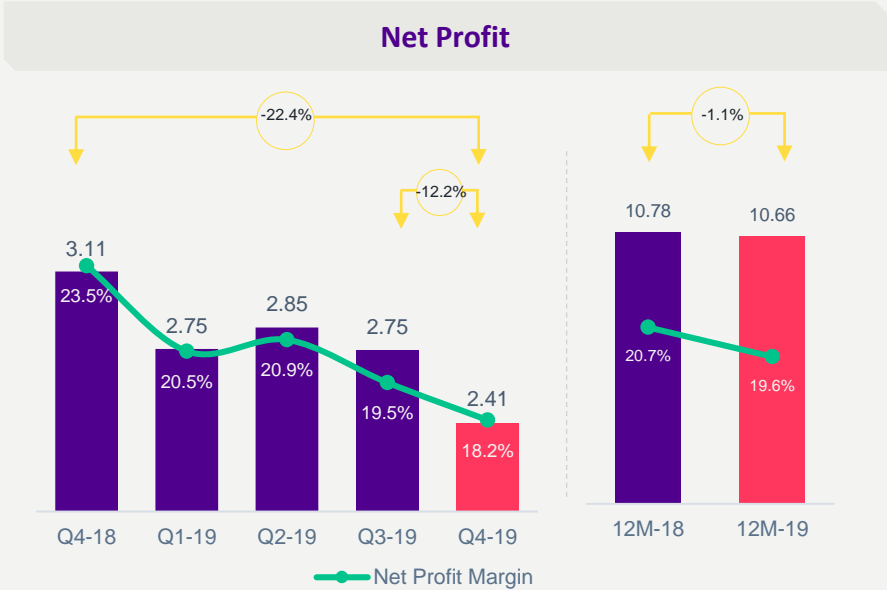
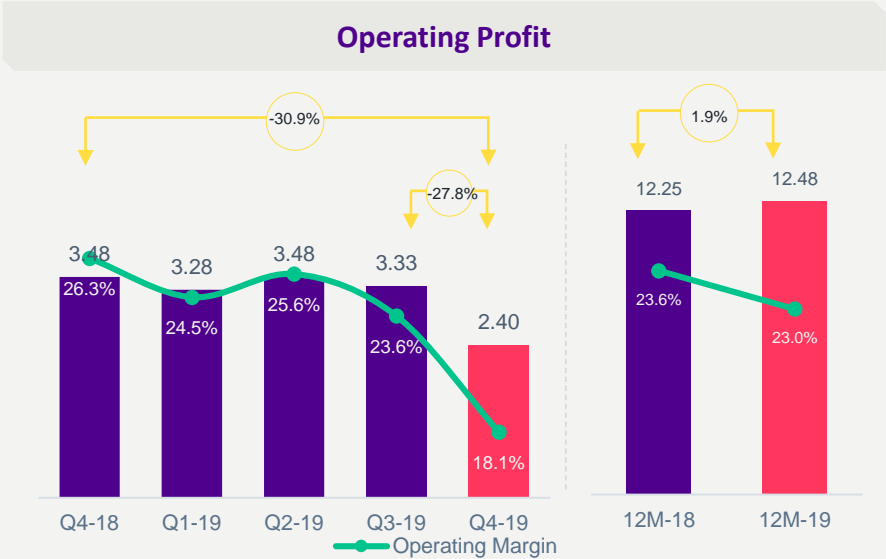
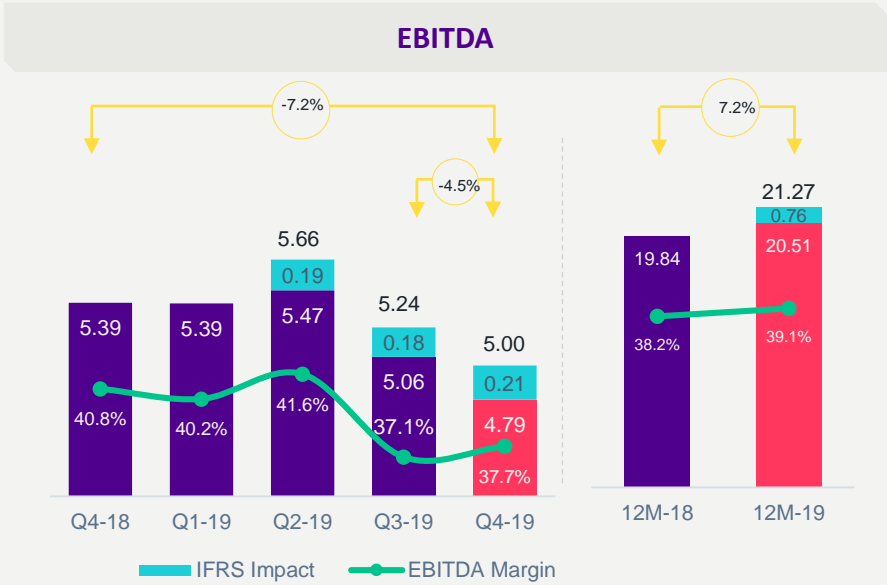
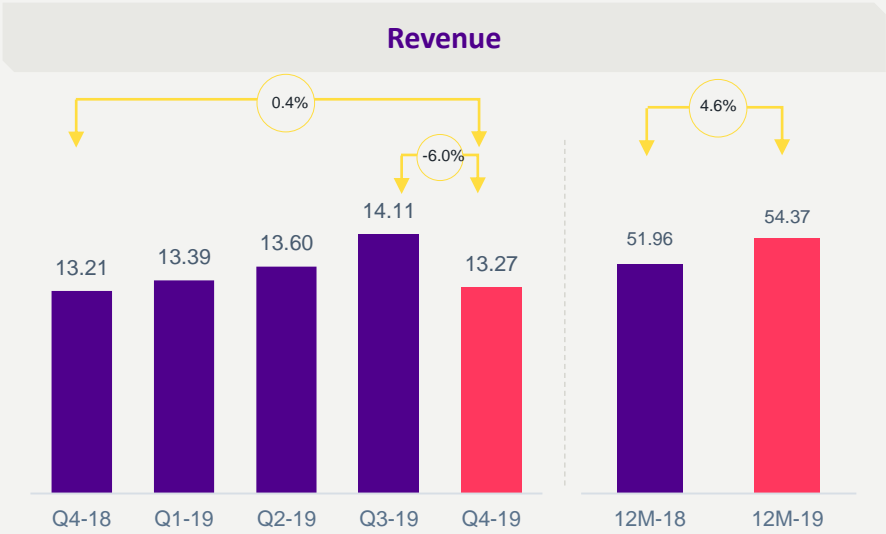


- Delivers full screen, engaging media and measurement on rideshare vehicles and taxis.
- Creating a significant new ad format at scale. the scale of rideshare networks has created a large opportunity to provide digital out of home advertising with granular city-block and time targeting.

## VI. Financial Highlights

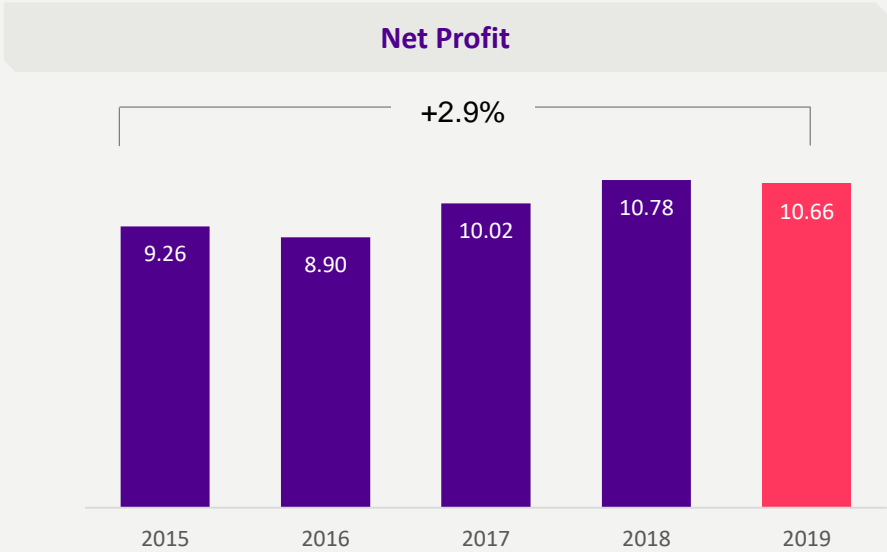
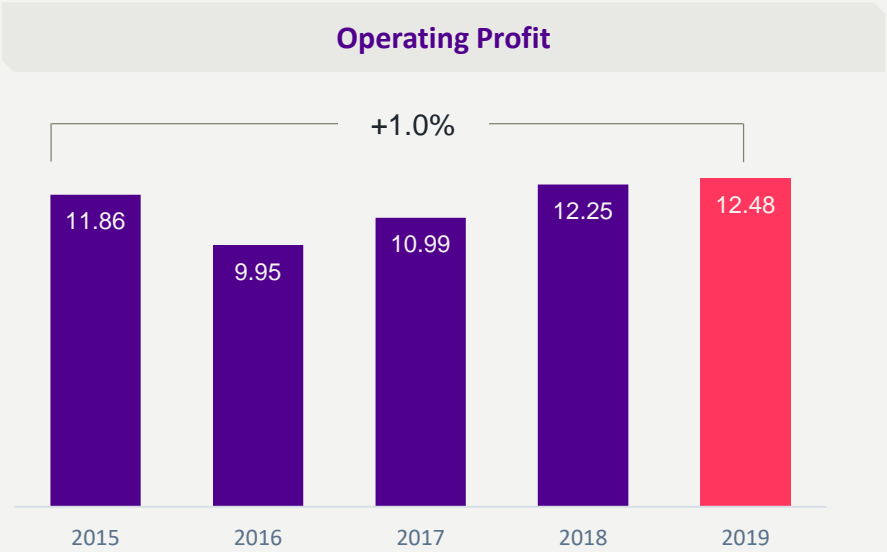
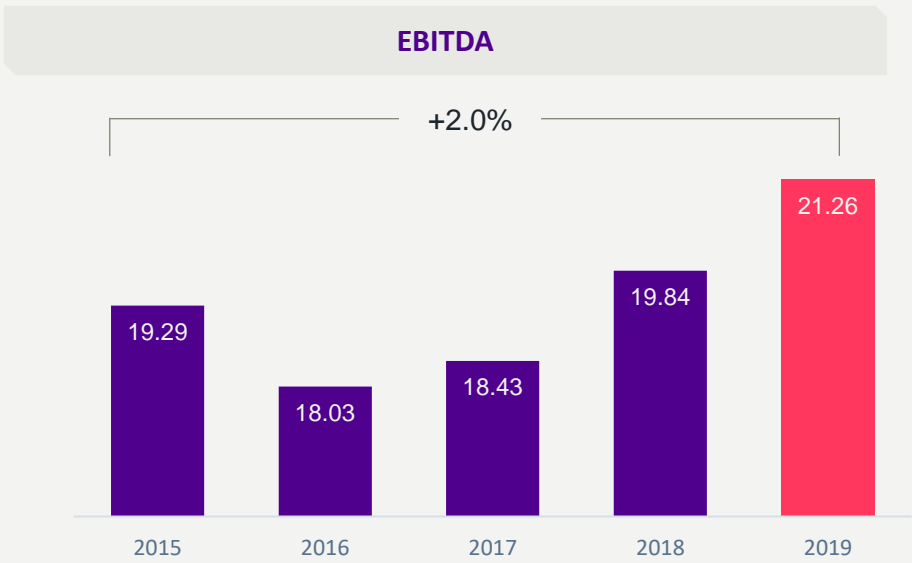
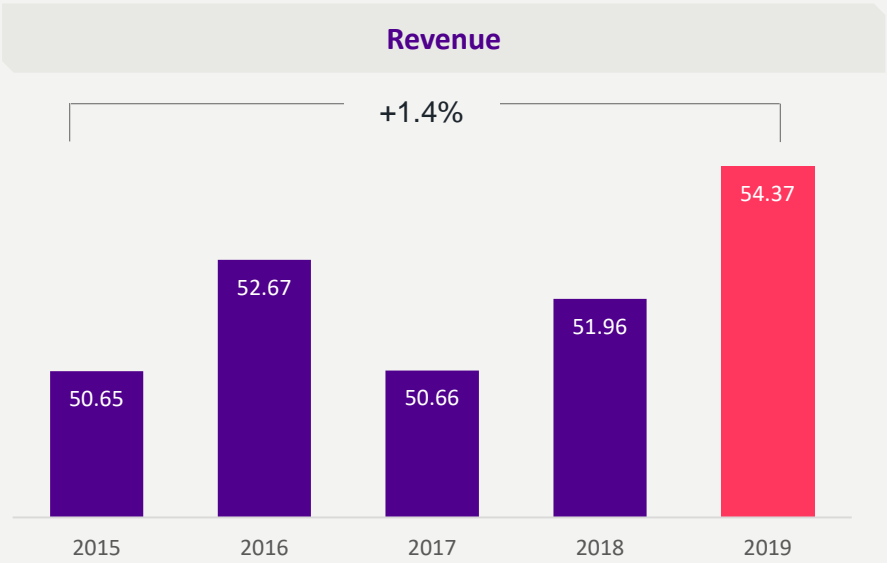




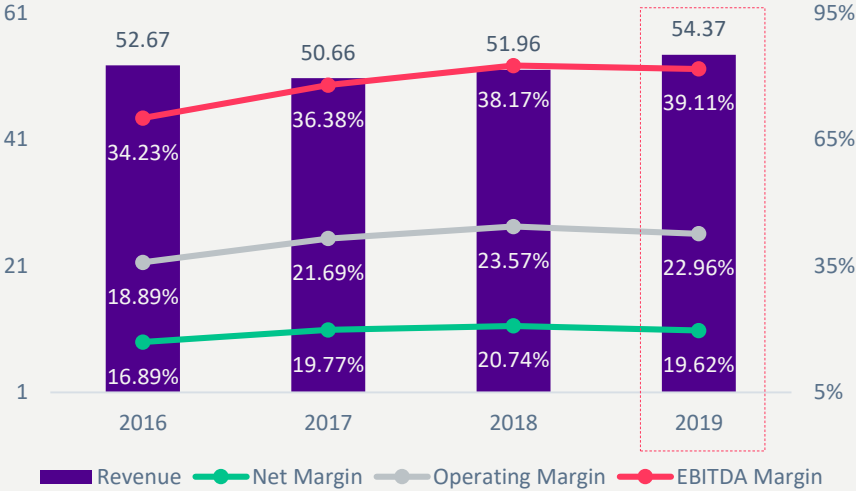
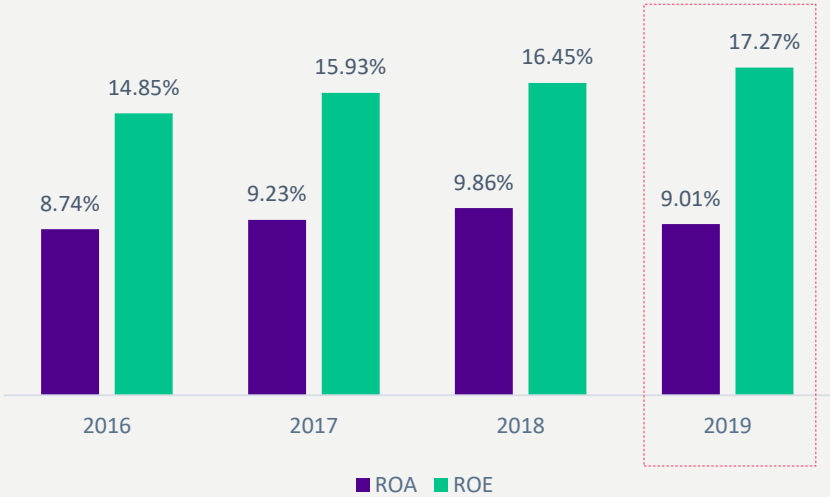


Numbers are in SAR Billions



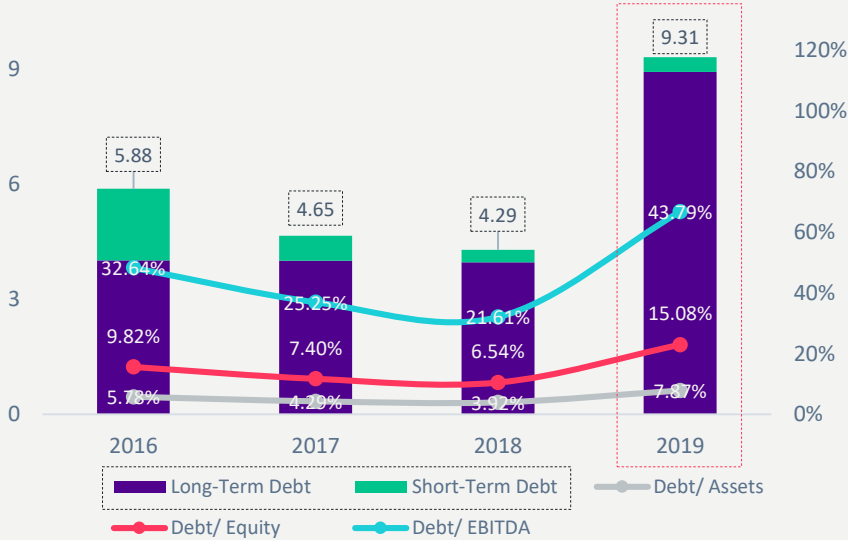


Performance:

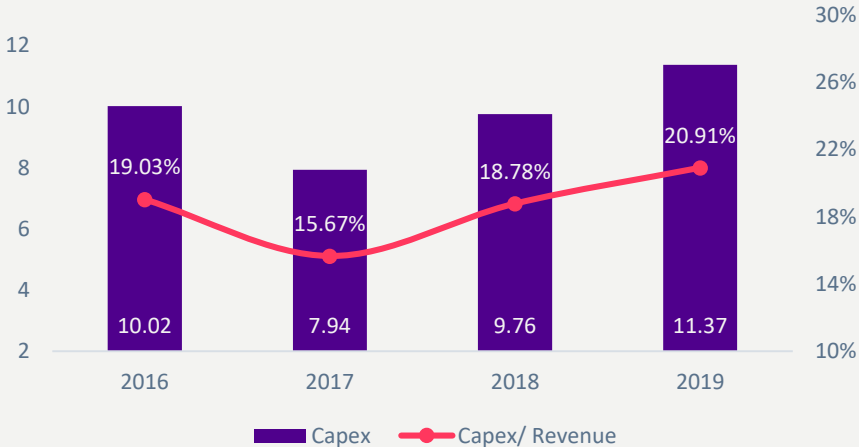


Leverage:

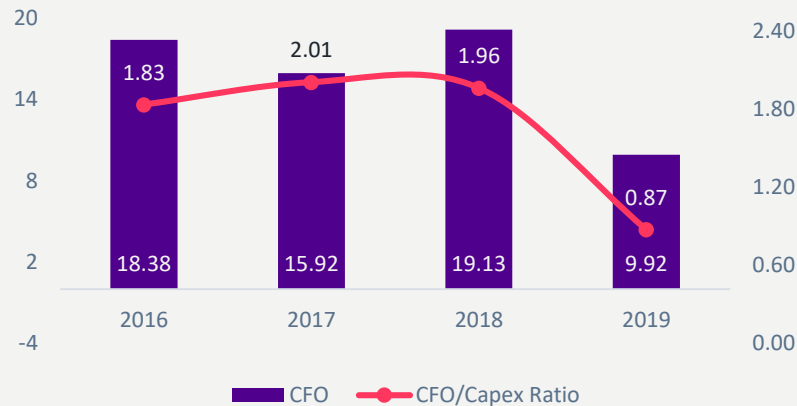
- During the 12 months period of 2019, total debt increased by 117% due to the new established international sukuk program that was approved at the General Assembly meeting on 24<sup>th</sup> April 2019;
- This new sukuk program is denominated in US Dollars not exceeding the amount of USD 5,000 million;
- During the second quarter 2019, stc Sukuk Company Ltd. (SPV established for the purpose of issuing sukuk), completed the first sukuk issuance under the Sukuk Program for USD 1,250 million (equivalent to SR 4,688), at USD 200 thousand par value, annual yield of 3.89% and a maturity of ten years.



Total Capital Expenditure (Capex):



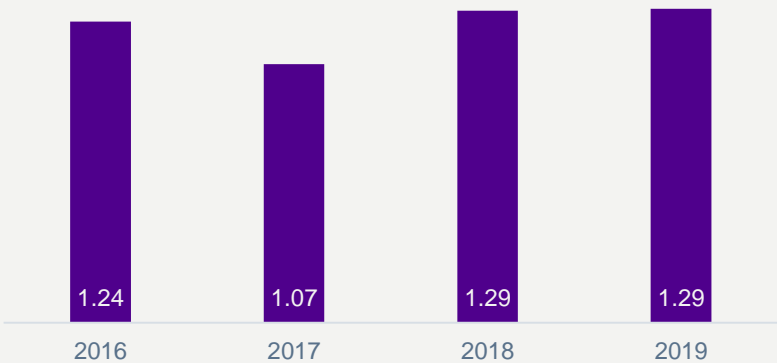
CFO/ Capex Ratio:



Free Cash-Flow (EBITDA-Capex):

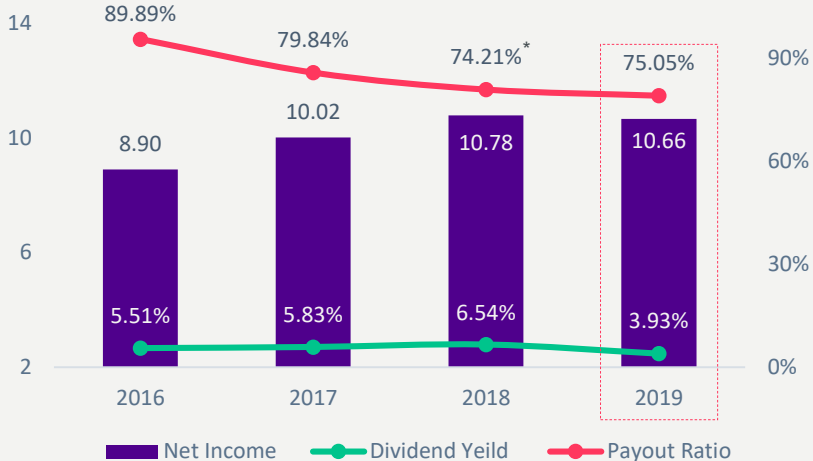


Capex/ Depreciation & Amortization Ratio:



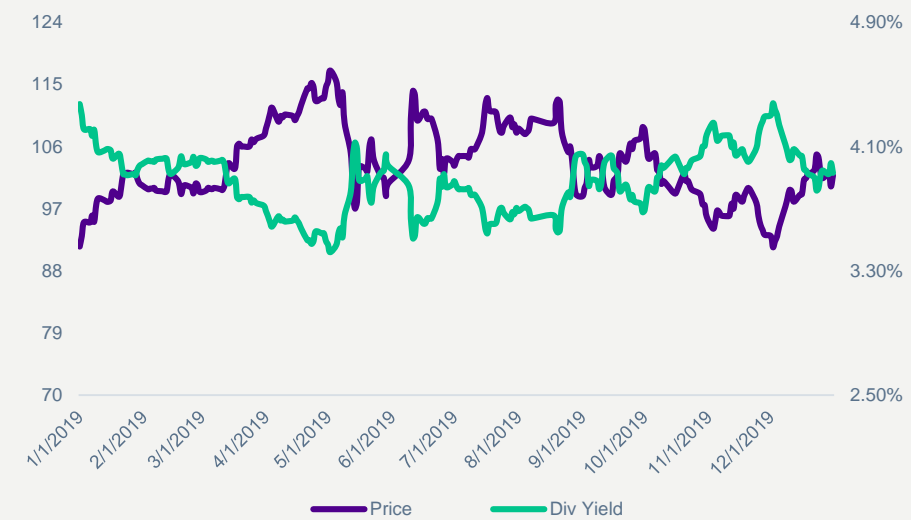
Dividends Distribution:

- Recently announced, the company has approved its dividend policy for the next three years starting from the 4<sup>th</sup> quarter 2018 (as approved by the board of directors);
- The objective of the dividend policy is to maintain a minimum level of dividend per share on quarterly basis. stc commits to pay a fixed minimum dividend of a SR 1 per share per quarter;
- The company may consider paying additional dividends 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.



\*Payout ratio taking into account the special dividend paid in 2018: 111.32%

Price Vs. Yield Fluctuation:



P/E Multiple for Q4:

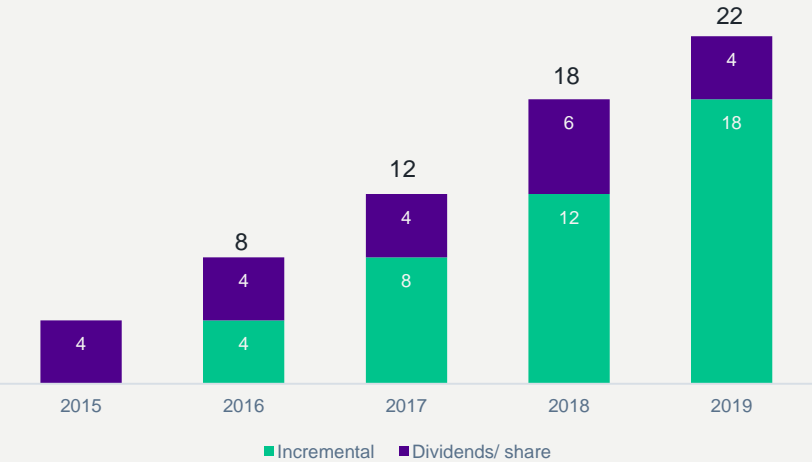
P/E At 108.4 (Max)*	20.34
P/E At 91.4 (Min)**	17.15
P/E at closing price of Q4 (101.8)	19.10

\*As of 01/10/2019  
\*\* As of 02/12/2019



Stability of Dividend Distributions:

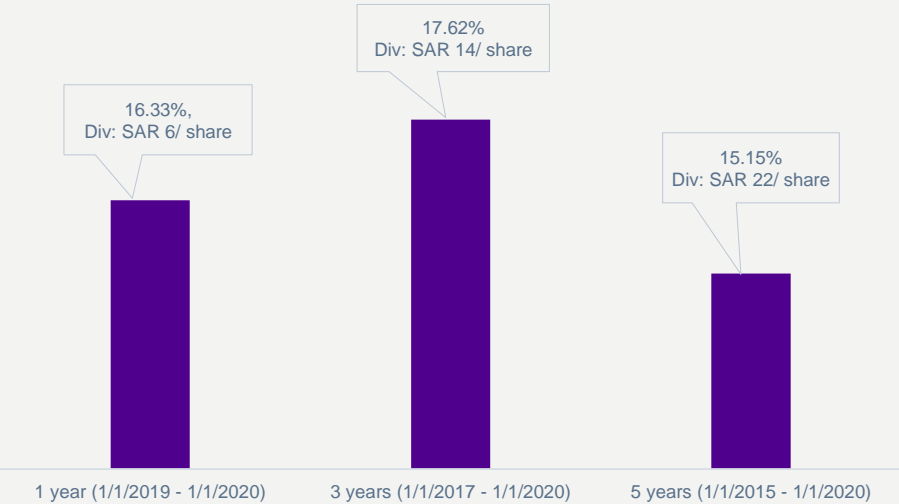
Over the last five years, stc distributed a total of SAR 44 billion to investors through a stable dividend distribution in each quarter (SAR 1/share) which indicates a healthy cash flow supported by a strong and stable performance.



Annualized Capital Gains:

1 year	10.16%
2 years	21.60%
3 years	11.54%
4 years	10.58%
5 years	8.75%

Annualized Total Return\* (Re-invested Dividends):



\*Assuming 1000 shares were invested at the beginning

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"> <li>To support the execution of the company's strategy, future plans and diversify the sources of funding;</li> <li>To benefit from the features of international debt capital market in terms of liquidity, competitive pricing and diversification of investors' base.</li> </ul>	<ul style="list-style-type: none"> <li>To support the execution of the company's strategy, future plans and diversify the sources of funding.</li> </ul>
Minimum Settlement	USD 200,000	SAR 1,000,000
Price at Maturity	At Par	At Par
Price As of 31 <sup>st</sup> Dec. 2019	USD 106.82 (YTD 3.05%)	N/A
Trading Market	Irish Stock Exchange plc trading as "Euronext Dublin"	private placement
Issuing Date	13 <sup>th</sup> May 2019	9 <sup>th</sup> June 2014
1 <sup>st</sup> 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 <sup>th</sup> May 2029)	10 years (9 <sup>th</sup> June 2024)
Coupon Rate	3.89% (Valued at Mid Swap of 2.54%+135 bps)	3M SAIBOR + 70 bps
Payment Frequency	Semi annual (first payment on 13 <sup>th</sup> 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

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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Let`s create the  
future together

**Thank you**

**stc**