

STC reports Net Income of SR 1.9 billion, with revenue growth of 11% during the 2nd quarter compared to the same period last year, and distributes SR 1 per share dividends for the 2nd quarter

Consolidated revenue for the 1st half increased 6.6%, and continued with revenue growth from all services

Riyadh, Kingdom of Saudi Arabia, 26 July 2016 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 30 June 2016

- Revenues from domestic operations during the 1st half grew 5% compared to the same period last year
- Revenues from the controlled international subsidiaries during the 1st half grew 3.1% compared to the same period last year
- Consolidated revenues for the 1st half reached SR 26,335m, an increase of 6.6% compared to the same period last year
- Operating profit for the 1st half reached SR 5,601m, a decrease of SR 11.7% compared to the same period last year
- Fixed broadband customer base during the 2nd quarter increased 9% compared to the same period last year.
- FTTH Customer base during the 2nd quarter increased 35% compared to the same period last year, and an increase of 5% compared to the immediate prior quarter
- Enterprise business unit overall revenues increased approximately 17% during the 2nd quarter compared to the same period last year

In accordance with the approved dividend policy for three years starting from the 4th quarter 2015 which was announced on 11 November 2015, and have been ratified during the General Assembly Meeting on April 4th 2016, STC will distribute a total of SR 2,000 million in cash dividend for Q2 2016, representing SR 1 per share.

Commenting on the results, STC Group CEO, Dr. Khaled H. Biyari, stated: "STC's revenues from services for the 2nd quarter increased 11% and gross profit for the same period increased 3% compared to the comparable period last year. Therefore, we assure that STC will continue to expand its fixed & mobile networks and will continue to invest in its infrastructure to introduce new technologies for our individual, residential and business customers in order to reach the highest levels of customer satisfaction and enrich our customers' experience. These investments will support STC strategic role in achieving sustainable growth, enabling government institutions and private sector transformation to the digital economy in connection with the recently announced major national transformation program and Saudi Vision 2030

which will bring about important developmental changes in all vital sectors of our beloved country. One such change is the technological empowerment of the State through the digitalization of all government services with the aim of facilitating citizens' daily transactions, providing them with faster, easier services, and creating an advanced infrastructure that will enhance the efficiency of the private sector.”

With regards to international operations, the 1st half Of 2016 witnessed revenue growth of 3.1% in the controlled international subsidiaries compared to same period last year, and this is attributed mainly to the continued growth in controlled subsidiaries customer base and market shares.

Domestically, the 1st half witnessed revenue growth of 5% from domestic operations compared to same period last year. As STC continues with the introduction of innovative services and customized offers with the appropriate smart phones that encourages mobile usage for both post-paid and pre-paid “SAWA” customers.

STC's continues with the deployment of the fiber optic network for both business and residential. During the 2nd quarter, FTTH Customer base during the 2nd quarter increased 35% compared to the same period last year, and 5% compared to the immediate previous quarter. In addition, Fixed broadband customer base increased 9% compared to the same period last year.

Enterprise business unit overall revenues increased approximately 17% during the 2nd quarter compared to the same period last year, driven by the 30% increase in Business sector data services revenues compared to same period last year.