

STC Net Income for the 4th quarter increased 10% to reach SR 2.15 billion compared to the same quarter last year, and distributes SR 1 per share dividends for the 4th quarter

Consolidated revenue for the year increased 2.4% compared to last year, with increased contribution from the Enterprise sector

Riyadh, Kingdom of Saudi Arabia, 19 January 2017 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 31 December 2016

- Revenues from domestic operations during the year grew 2.4% compared to last year
- Consolidated revenues for the year reached SR 51,845m, an increase of 2.4% compared to last year
- Bundled services customer base during the 4th quarter increased 19% compared to the same quarter last year, and an increase of 11% compared to the immediate prior quarter
- Enterprise business unit overall revenues increased approximately 19% during the 4th quarter compared to the same quarter 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 Q4 2016, representing SR 1 per share.

Commenting on the results, STC Group CEO, Dr. Khaled H. Biyari, stated: "The 2.4% increase in Consolidated revenue for the 12 months period compared to last year, confirms that STC strategy is working well despite all the challenges and circumstances facing the communications sector and overall economic conditions. While, the decline in Net Profit for the 12 months period is mainly attributed to the increase in cost of services during the period which included significant costs resulting from the fingerprint authentication process for millions of customers and documented among relevant government agencies during the first half of the year, and due to STC investments in software's and systems related to cloud computing and managed data services mainly during the 1st half. Also, during the twelve months period, STC invested in programs and initiatives that will have positive outcomes in the near future, such as Early retirement program. I would like to stress that the company will continue its investment in advanced networks and new technologies in order to reach the highest levels of customer satisfaction and enrich our customers' experience."

Dr. Biyari also stated “that STC vision for the year 2020 is to transform to a digital company that provide innovative services to its customers. The country is now living the beginning of transformation to the digital economy, and the company is capable to work with all government sectors and the private sector towards the dissemination of broadband services and the corresponding platforms like cloud computing platforms and the Internet of things as per NTP 2020 and 2030 Kingdom vision. Assuring the current need for high speed data services, especially fiber optic network-supported, so that the period ahead for the telecommunications world will see overlaps with many sectors, for example in health and education sectors to enhance the efficiency of the services provided to clients.”

Domestically, STC’s continues with the deployment of 4G network in all districts of the country, and continued with deploying the fiber optic network in the country to serve the business sector. In addition, bundled services customer base during the 4th quarter increased 19% compared to the same period last year, and 11% compared to the immediate prior quarter.

Enterprise business unit overall revenues increased approximately 19% during the 4th quarter compared to the same period last year, driven mainly by the 16% increase in Business sector data services revenues compared to same period last year, and also due to the offering of cloud computing & managed data services which started during the year.