

STC reports Net Income of SR 2.15 billion, with revenue growth of 5% during the 3rd quarter compared to the same period last year, and distributes SR 1 per share dividends for the 3rd quarter

Consolidated revenue for the 9 months period increased 6%, and continued with revenue growth from all services

Riyadh, Kingdom of Saudi Arabia, 19 October 2016 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 30 September 2016

- Revenues from domestic operations during the 9 months period grew 5% compared to the same period last year
- Revenues from the controlled international subsidiaries during the 9 months period grew 2% compared to the same period last year
- Consolidated revenues for the 9 months period reached SR 39,833m, an increase of 6% compared to the same period last year
- Operating profit for the 9 months period reached SR 7,962m, a decrease of SR 15% compared to the same period last year
- Fixed broadband customer base during the 3rd quarter increased 3.4% compared to the same period last year
- FTTH Customer base during the 3rd quarter increased 33% compared to the same period last year, and an increase of 4% compared to the immediate prior quarter
- Bundled services customer base during the 3rd quarter increased 5% compared to the same period last year
- Enterprise business unit overall revenues increased approximately 20% during the 3rd 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 Q3 2016, representing SR 1 per share.

Commenting on the results, STC Group CEO, Dr. Khaled H. Biyari, stated: stated: "The 6% increase in Consolidated revenue compared to the same period last year, came as a result to the growth in all sectors revenues, and an increased contribution from enterprise services, specially the recently introduced services which includes cloud computing and managed data services as a result to STC investments in this sector, these investments started to contribute to the top line and will have a bigger positive outcomes in the near future. I also assure, that STC will continue to invest in infrastructure, advanced networks and new technologies which will enable us to reach new levels of customers' satisfaction and enrich our customers' experience. With regards to the increase in cost of services during the period, it should be noted that it includes costs resulting from the bio-metric process, registering all mobile customers (postpaid and

prepaid) and bind their fingerprint with the related Government agencies, as this process consumed time and effort from the company and significant costs which was booked during the period.

In light of the recent major development with regards to NTP 2020 and KSA Vision 2030, STC as an efficient ICT provider at a world-class standard is at the forefront of the Digital Transformation of the Saudi economy, due to the company's strength and durability in infrastructure tailored to the latest technology. To achieve this in conjunction with the KSA Vision 2030 and the NTP, the company has significant investments in integrated structure of cloud computing services and an integrated platform system for "Internet of things" with great emphasis on investment in human resources and this will provide national solutions based on best practices in these sectors, to offer new smart services to customers from various government and business sectors, and individuals to enable the knowledge economy and the information society".

With regards to international operations, the 9 months period witnessed revenue growth of 2% 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 9 months period witnessed revenue growth of 5% from domestic operations compared to same period last year, as a result to the growth in all sectors revenues, and an increased contribution from the enterprise sector.

STC's continues with the deployment of the fiber optic network for both business and Consumer sectors. During the 3rd quarter, FTTH Customer base increased 33% compared to the same period last year, and 4% compared to the immediate previous quarter. Fixed Broad Customer base increased 3.4% compared to the same period last year. STC continued during the 3rd quarter with the revamp the fixed line services through the new wave of services with the accompanying services which resulted in 5% increase in Bundled services customer base compared to the same period last year.

Enterprise business unit overall revenues increased approximately 20% during the 3rd quarter compared to the same period last year, driven mainly by the 28% and 21% increase in Business sector data services revenues and Enterprise mobile services revenue accordingly compared to same period last year.