

STC's Net Income for the year 2017 increased by 14.3% compared to last year, and it distributes SR 1 per share dividends for the 4th quarter

Riyadh, Kingdom of Saudi Arabia, 25 January 2018 - Saudi Telecom Company (STC) today announced the company's preliminary financial results for the period ending at 31 December 2017:

- **Consolidated Revenues for the year reached SR 51,362m, a decrease of 4.3% compared to last year**
- **Gross Profit for the year reached to SR 29,555 an increase of 3.0% compared to last year**
- **Operating Profit for the year reached to SR 11,104 an increase of 11.6% compared to last year**
- **Earnings before Interest, Taxes, Zakat, Depreciation and Amortization (EBITDA) for the year reached to SR 19,311 an increase of 7.1% compared to last year**
- **Net Profit for the year reached to SR 10,174 an increase of 14.3% compared to last year**

- 1. 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 2017, representing SR 1 per share. The eligibility of dividends shall be for the shareholders registered in the register of the Securities Depository Center (TADAWUL) at the end of the 2nd trading day after the day of Annual General Meeting, which will be announced later. Furthermore, details of Dividend distribution date will be announced later.**

Commenting on the results, STC Group CEO, Dr. Khaled H. Biyari, stated: "The results of the 4th quarter of 2017 were good given the successful cost optimization initiatives and for the shift in the Company's strategy with a clear focus towards digitization. The company has been investing in the areas of technology and digitization and it expects this positive business momentum to continue".

Continuing with his commentary on the company's strategy, Dr. Biyari elaborated; "STC's transition to its new strategy that focuses on growth and digitization would bolster the company's leadership position in delivering the best digital solutions to the Saudi market while aspiring to become the world-class digital leader in the MENA region". Dr. Biyari commented that "STC's strategy will support the vision 2030 of the Kingdom and the National Transition Program 2020 by introducing and investing in latest technology (with focus on cyber security, cloud computing, Internet of things, etc.), local & smart content development and job creation. STC also aims to keep investing in advanced and robust networks".

The 2017 year-end Revenue from Services has decreased by (4.3%) for 12 months period compared to the comparable period last year. This is mainly attributable to the decline in consumer sector performance due to challenging economic conditions and regulatory environment, for example lifting the ban on VOIP that significantly affected the international calls revenue. However, the impact of voice decline on overall

Group's revenue was significantly offset by the strong growth of data revenue. Furthermore, FTTH customer base in Q4 2017 increased by **5.1%** and **20%** as compared to Q3 2017 and Q4 2016 respectively. In addition, the company's strategy of diversifying sources of income also resulted in significant growth during the period in Enterprise and Wholesales sectors revenues which contributed positively to the performance of the company. Also, International operations mainly the controlled international subsidiaries also contributed positively.

The 2017 year-end Net Profit has increased by **14.3%** for 12 months period compared to the comparable period last year. The increase in net profit is attributable to the improved operational efficiency and successful cost optimization initiatives.

In his commentary on the performance of the company, Dr. Biyari also touched on STC's initiative to expand and diversify its overall business profile by exploiting its strong balance sheet and healthy assets base. He explained that STC has progressed well in this direction and has taken various key initiatives such as setting up of a technology venture fund (STV) and rebranding and re-strategizing the retail operations under STC Channels. STC has also launched the new identity of for its specialized communication services under the name of STC Specialized (STCS), formerly called "Bravo". This is an important step towards achieving STC's goals and future vision of building a unified national network for specialized communications, emergency and crisis management (Critical-Mission network).