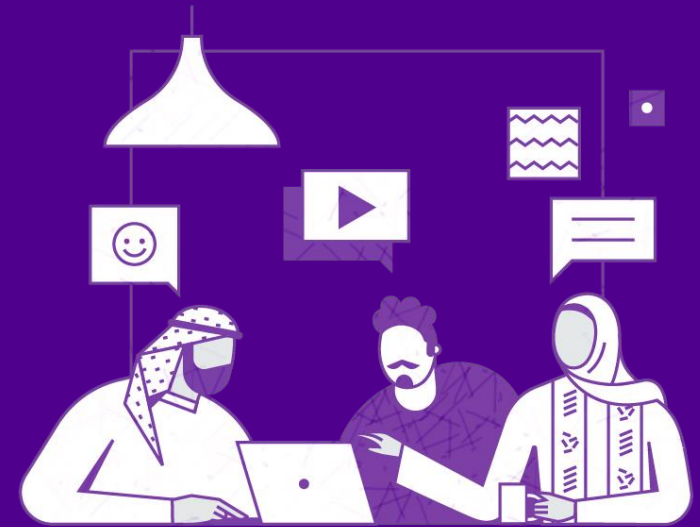


# Investor Presentation

Investor Relations  
Q4, 2020



# Index

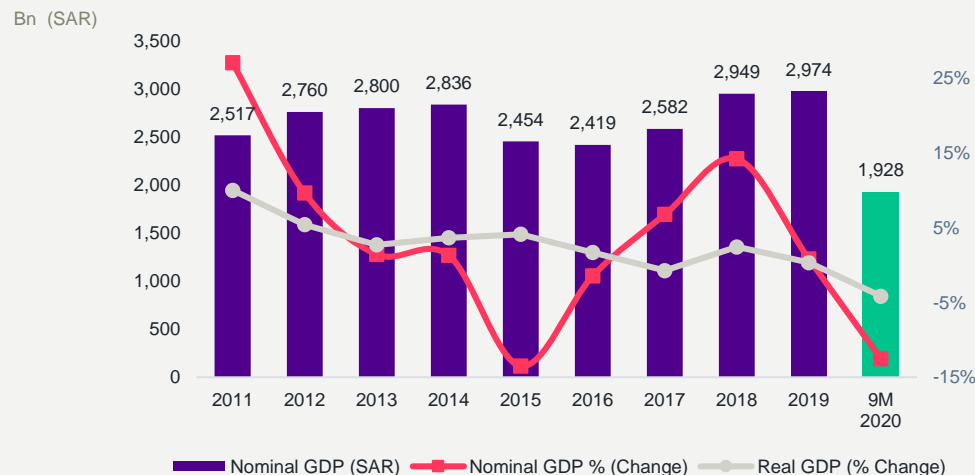
|  |    |
|--|----|
| <b>I. Macro Environment</b>            | 3  |
| <b>II. KSA Telecom Market Overview</b> | 8  |
| <b>III. stc Profile</b>                | 12 |
| <b>IV. Strategy Overview</b>           | 26 |
| <b>V. Business Overview</b>            | 29 |
| <b>VI. Financial Highlights</b>        | 38 |

# I. Macro Environment



## GDP & Government Budget:

Data on 9M 2020, real GDP showed that the economy decreased by 4.2% Y-o-Y. During Q3 2020, the oil sector declined by 30% Y-o-Y (24% share of GDP), whilst non-oil GDP declined by 2% Y-o-Y (non-oil private sector GDP decreased by 2% and government sector decreased by 1% Y-o-Y).



\*Source: GASTAT

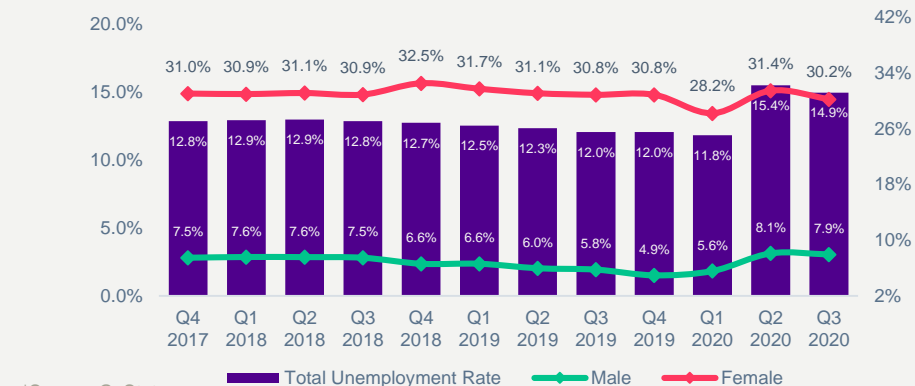
Given the difficulty of predicting the time horizon for full recovery from the crisis, the FY 2021 budget aims to provide assurance about the government's ability to manage the crisis, gradually restore the pace of economic growth, strengthen the social benefits and subsidies schemes and continue to provide basic services. In view of these developments, the budget deficit is expected to increase to SAR 298 bn in FY 2020. The target is to reduce the budget deficit to SAR 141 bn or 4.9% of GDP, in FY 2021. It is envisaged that the budget deficit shall continue to gradually decline to 0.4% of GDP in FY 2023.

| SAR Bn            | Estimates | Budget | Projections |       |
|-------------------|-----------|--------|-------------|-------|
|                   | 2020      | 2021   | 2022        | 2023  |
| Total Revenue     | 833       | 849    | 864         | 928   |
| Total Expenditure | 1,020     | 990    | 955         | 941   |
| Budget Deficit    | (187)     | (141)  | (91)        | (13)  |
| Debt              | 754       | 937    | 1,013       | 1,026 |
| % GDP             | 26.0%     | 32.7%  | 33.3%       | 31.7% |

\*Source: MoF

## Saudi Unemployment Rate (15+):

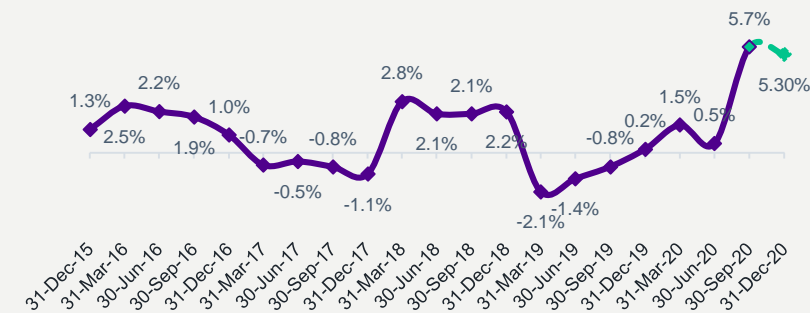
GaStat's latest labor market release for Q3 2020 shows that Saudi unemployment rate slightly decreased to 14.9%, down from 15.4% in Q2 2020. Male unemployment decreased to 7.9%, down from 8.1%, whereas female unemployment decreased to 30.2%, down from 31.4% in Q2 2020.



\*Source: GaStat

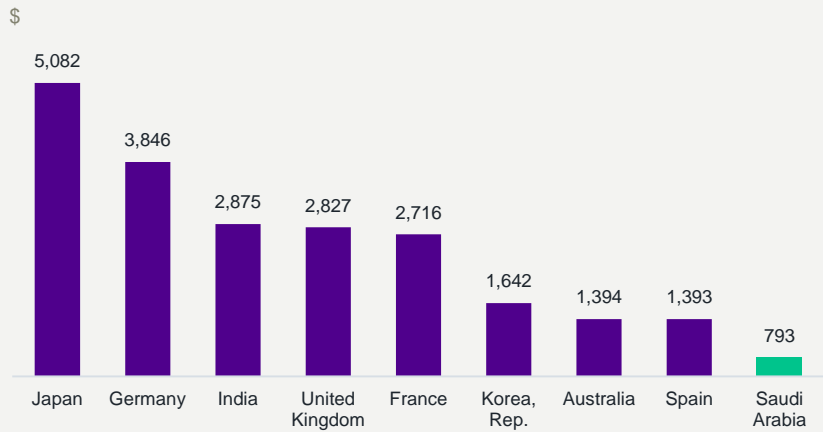
## Consumer Price Index:

The general consumer price index (CPI) registered in Q4 2020 a surge in Y-o-Y by 5.1% mainly due to a rise in the level of VAT from 5 to 15 percent that was effective starting from July 2020 onwards resulted in hikes in price levels. While a slight decline was witnessed in Q-o-Q (-0.4%)



\*Source: Bloomberg

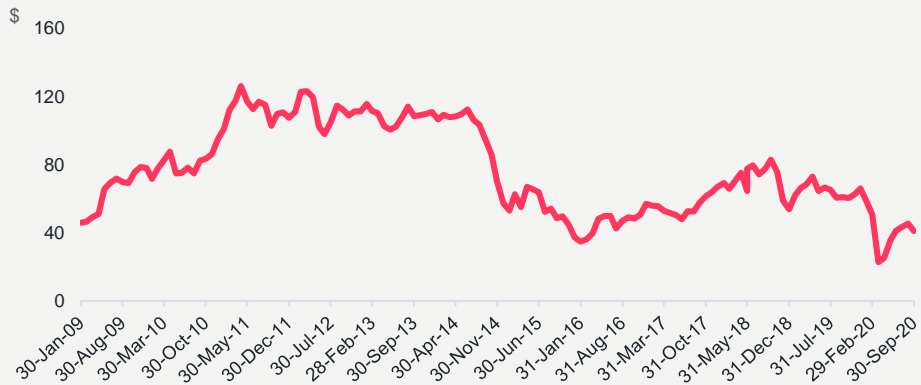
Nominal GDP of World's Major Economies:  
(KSA ranked #18 out of the top largest 20 economies in 2019)



\*Source: The World Bank

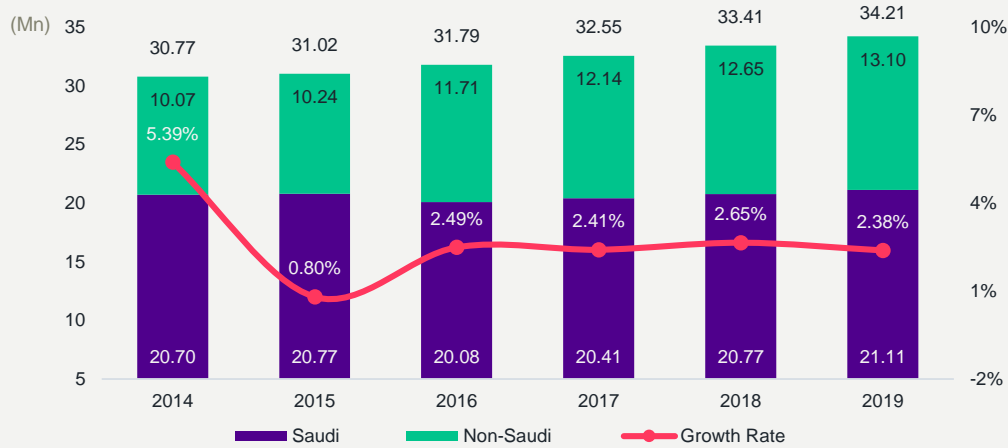
Brent Oil Performance (Monthly):

Brent oil prices averaged \$43/ barrel in Q3 2020. Overall oil prices witnessed a recovery during the last couple of months as OPEC+ agreed to reduce production coupled with opening up the economy and easing the restrictions related to COVID-19 pandemic in number of countries. Looking ahead, oil prices are expected to see a recovery specially with market demand picking up during H2 2020.



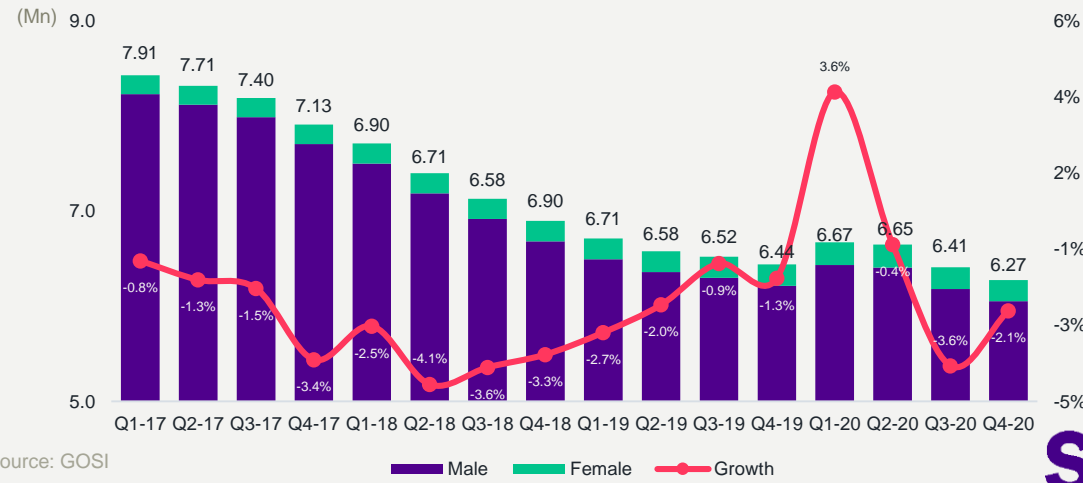
\*Source: Bloomberg

Population:



Foreigners in Saudi Labor Force:

Latest General Organization for Social Insurance (GOSI) figures shows a decrease in the rate of the expat exodus in Q4 2020. In addition, data shows that despite the rise in expat workers during Q1, approximately 398 million expat departure by year end.



\*Source: GOSI

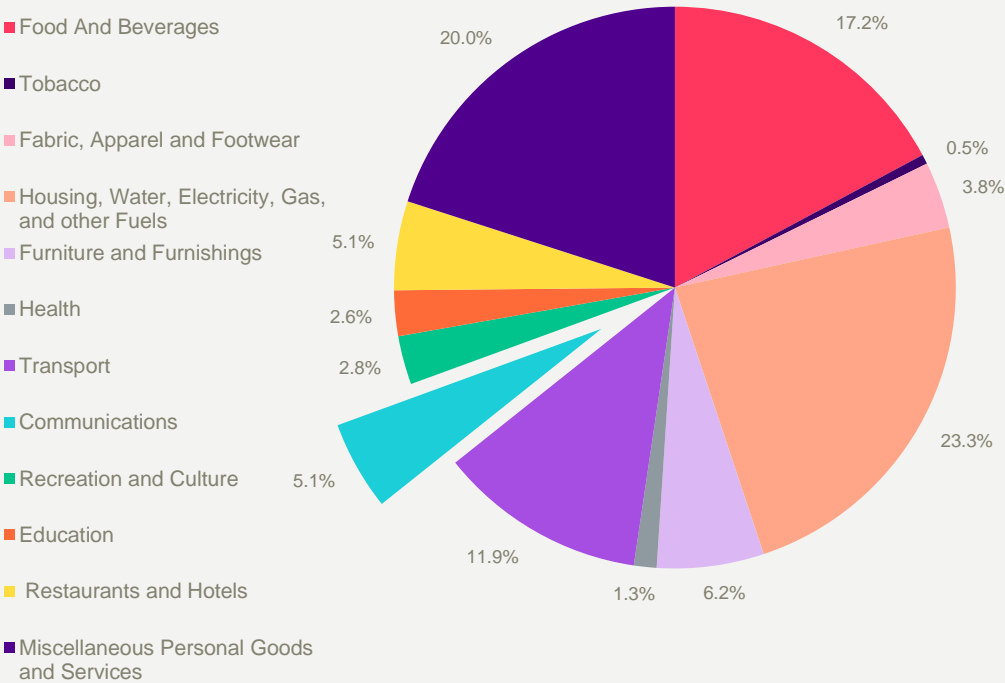


Historical Average Communication Consumer Spending (By Total Households):

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

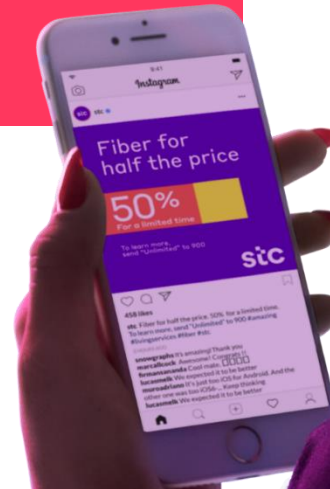
▶ Digitalise processes, internal operations, delivery engine and commercial approach

▶ 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

- Expat remittances from Saudi Arabia rise 30% to SAR 12.9 bln in November 2020.
- Saudi bank loans granted to the public and private sectors increased 16% by the end of November 2020 to SAR 1.832 trillion compared to SAR 1.585 trillion a year earlier, according to data issued by the Saudi Central Bank (SAMA).
- Assets held by the Saudi Central Bank (SAMA) saw an increase of SAR 37.4 billion month-on-month (MoM) to SAR 1.858 trillion in November 2020, according to data released by the central bank.
- Saudi Arabia's oil exports to China increased by 43% month-on-month (MoM) in November 2020 to reach 8.48 million tons, or 2.06 million barrels per day. Accordingly, the Kingdom, restored its position as the largest oil supplier to China.
- Saudi Arabia's Ministry of Investment issued 812 new licenses to foreign companies in the first nine months of 2020, compared to 840 licenses a year earlier.
- Saudi GDP drops 5% to SAR 621.4 bln in Q3 2020.

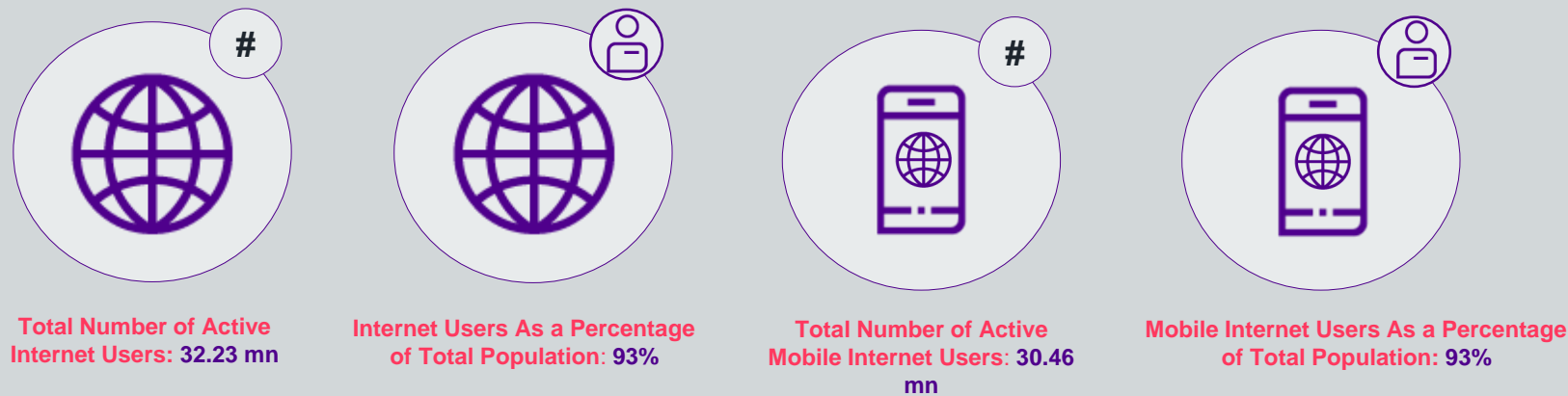
## Regulatory Environment

- CITC signs MoUs with Ericsson, Nokia, Huawei to support digital transformation plans.
- Abdullah Alswaha, Minister of Communications and Information Technology said the Kingdom ranks among the 10 best countries in internet speed, noting that it was not among the 100 best countries in 2017 as the frequency spectrum increased from 260 GHz to 1,100 GHz.
- The Capital Market Authority announced that its board issued a decision on Oct. 26, 2020, obligating the issuers of listed securities in the main market to make any notification to the Saudi Stock Exchange (Tadawul), as well as to disclosures to the public, in both Arabic and English languages Jan. 1, 2021.

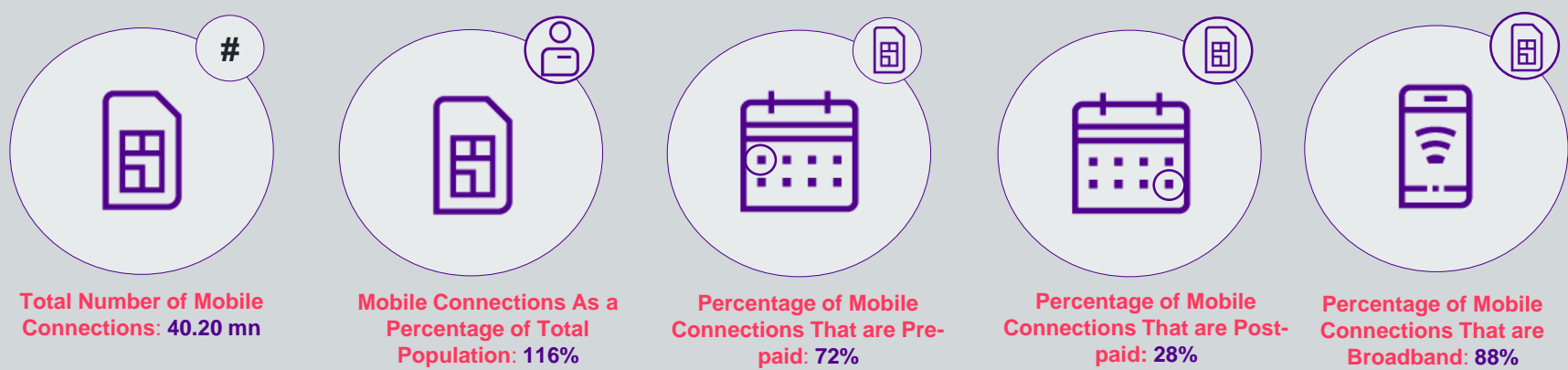
## Government Initiatives

- Saudi Arabia 'among world's first 3 countries' to start vaccine rollout.
- King Salman bin Abdulaziz Al Saud said that 2021 budget will focus on the healthcare of nationals and residents, and combat COVID-19 challenges.
- The Kingdom's housing targets for 2021 include continuing to pump more units from off-plan sales to the beneficiaries of Sakani program, the Saudi Ministry of Finance said in the 2021 budget statement.
- Saudi Arabia's Ministry of Human Resources and Social Development launched a Labor Reform Initiative (LRI) to organize the contractual relationship between employers and expatriate workers in the labor market.

## Internet Use Based on Device Perspective As of Jan 2020:

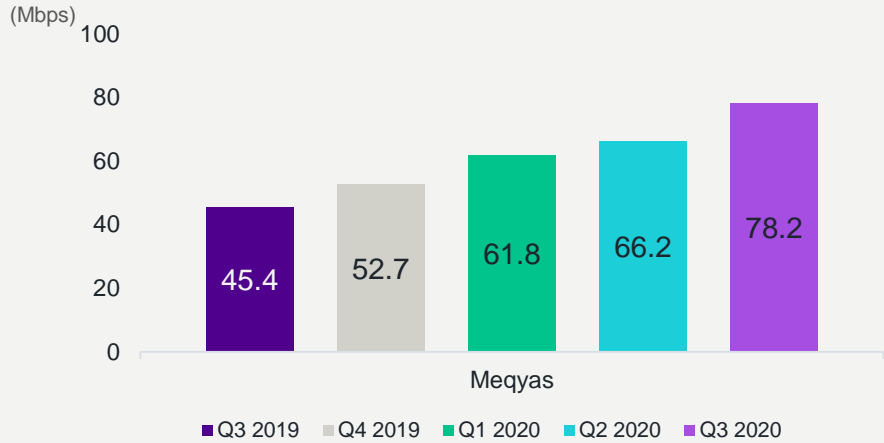
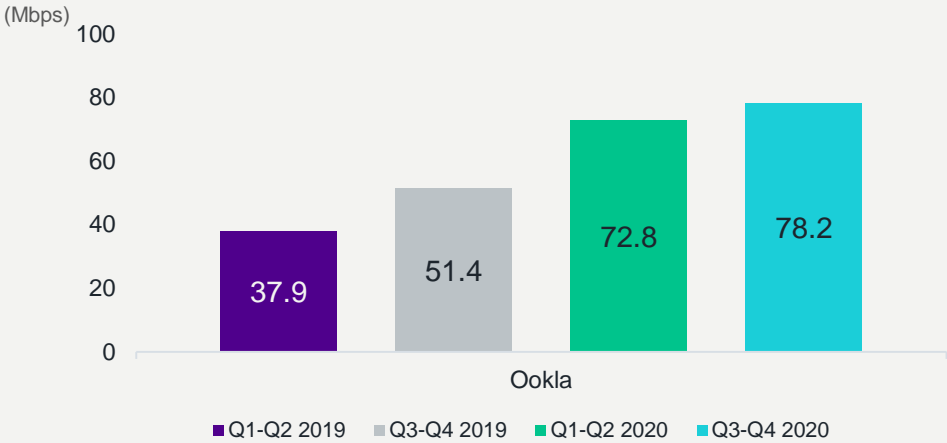


## Mobile Subscriptions By Type As of Jan 2020:

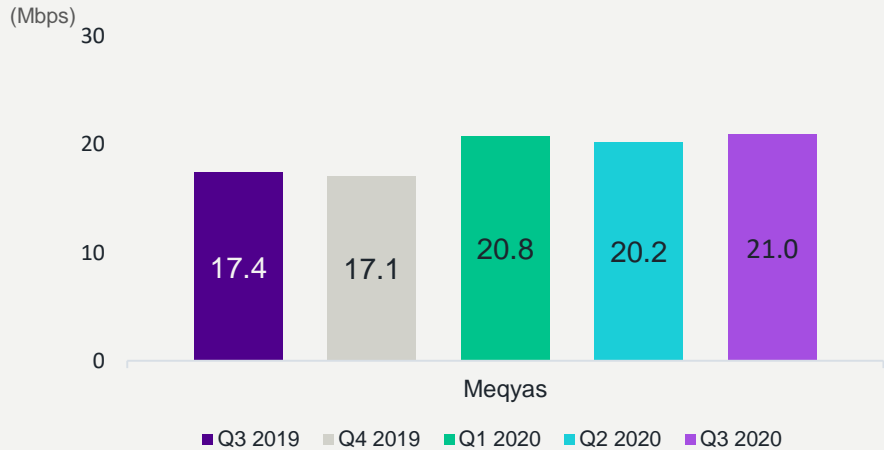
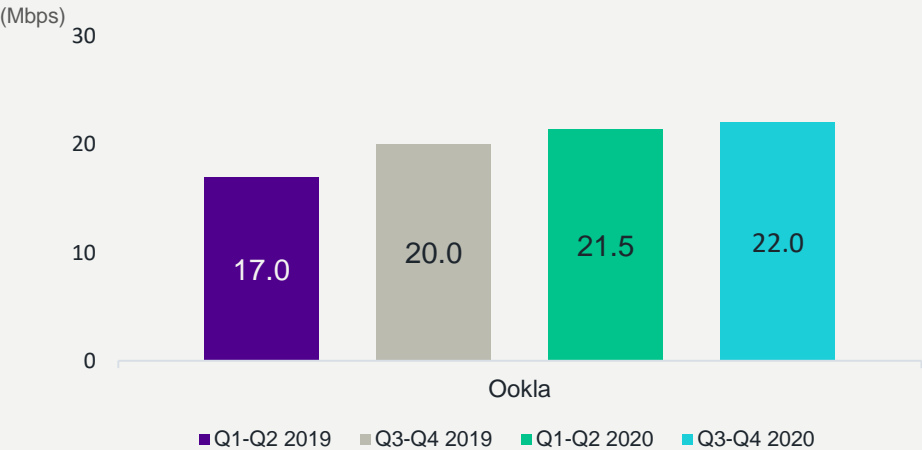


\* Source: Hootsuite

4G Mobile Download Speed:



4G Mobile Upload Speed:



# We are looking forward

## III. stc Company Profile

\* stc is ranked as the 3<sup>rd</sup> most valuable brand in the Middle East with a total value of SAR 34.5 bn (USD 9.20 bn) as of January 2021



stc

| Balance Sheet            | SAR          | GCC Ranking** |
|--------------------------|--------------|---------------|
| Total Assets             | 112.58 bn    | #2            |
| Total Equity             | 64.04 bn     | #1            |
| Total Liabilities        | 57.22 bn     | #3            |
| Debt/ Equity             | 13.99 %      |               |
| Debt/ Assets             | 7.31 %       |               |
| Dividends Paid (Q4 2020) | SAR 1/ share |               |
| Dividend Yield Q4 2020*  | 3.77 %       |               |

| Income Statement | SAR      | GCC Ranking** |
|------------------|----------|---------------|
| Revenue          | 15.21 bn | #1            |
| Operating Profit | 3.29 bn  | #2            |
| Net Income       | 2.68 bn  | #1            |
| EPS              | 1.34     | #1            |

\*Based on 31/12/2020 closing price

\*\* Among GCC biggest Telecom Operators (Zain Group, Etisalat UAE and Ooredoo Qatar) based on Q3 2020 numbers

\*\*\*As of January 2021, Brand Finance

A-  
Standard  
& Poor's  
A1  
Moody's

SAR 34.5 bn  
3<sup>rd</sup> Most valuable  
Brand (AAA-)\*\*

#1 in KSA in  
Mobile  
& Fixed Broadband  
subscribers

Total stc group  
employees **19K**  
&  
Total stc KSA  
employees **13.6K**

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.
- stc IPO (December, 2002).

## 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

- 3<sup>rd</sup> 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;
- Establishment of Tawal Company;
- Launching 5G services;
- Launched 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%)

1998 -2003

2005-2006

2007-2008

2009-2010

2011-2012

2013-2014

2015-2016

2017-2018

2019-2020



## 2003

- Introduction of DSL services.

## 2006

- Increased capital from SAR 15 billion to SAR 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

- SAR 5 billion Sukuk program offering (1<sup>st</sup> 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.

## 2020

- Received highest credit rating by SIMAH Rating Agency "Tassnief".
- Sale equity stake of 15% in stcPay to Western Union.

stc



## 2010:

- Advertiser Excellence in the Middle East and North Africa by Dubai Linux;
- 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.
- Won the Speedtest award for the fastest mobile internet in the Kingdom.
- Won the Speedtest award for the best mobile coverage.

## 2020:

- wins the best apply of Customer Experience Management program Award 2020.
- First company headquartered in Saudi to be accredited by CREST for penetration testing services.
- Won the best mobile coverage award by Speedtest.
- Won the fastest 5G and mobile network award by Speedtest.



# 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.



## 4,000 5G Towers

- Total number of 5G towers as end of 2020 reached 4,000. It is expected that the number of towers deployed will increase as demand grow for devices and applications supporting 5G technology.
- stc deals with various international suppliers for providing 5G equipment.



## IoT Technology

- The company will benefit from Internet of Things (IoT) enabled by 5G technology. It will not only enhance operational efficiencies and user experiences but provide new revenue opportunities.
- 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.

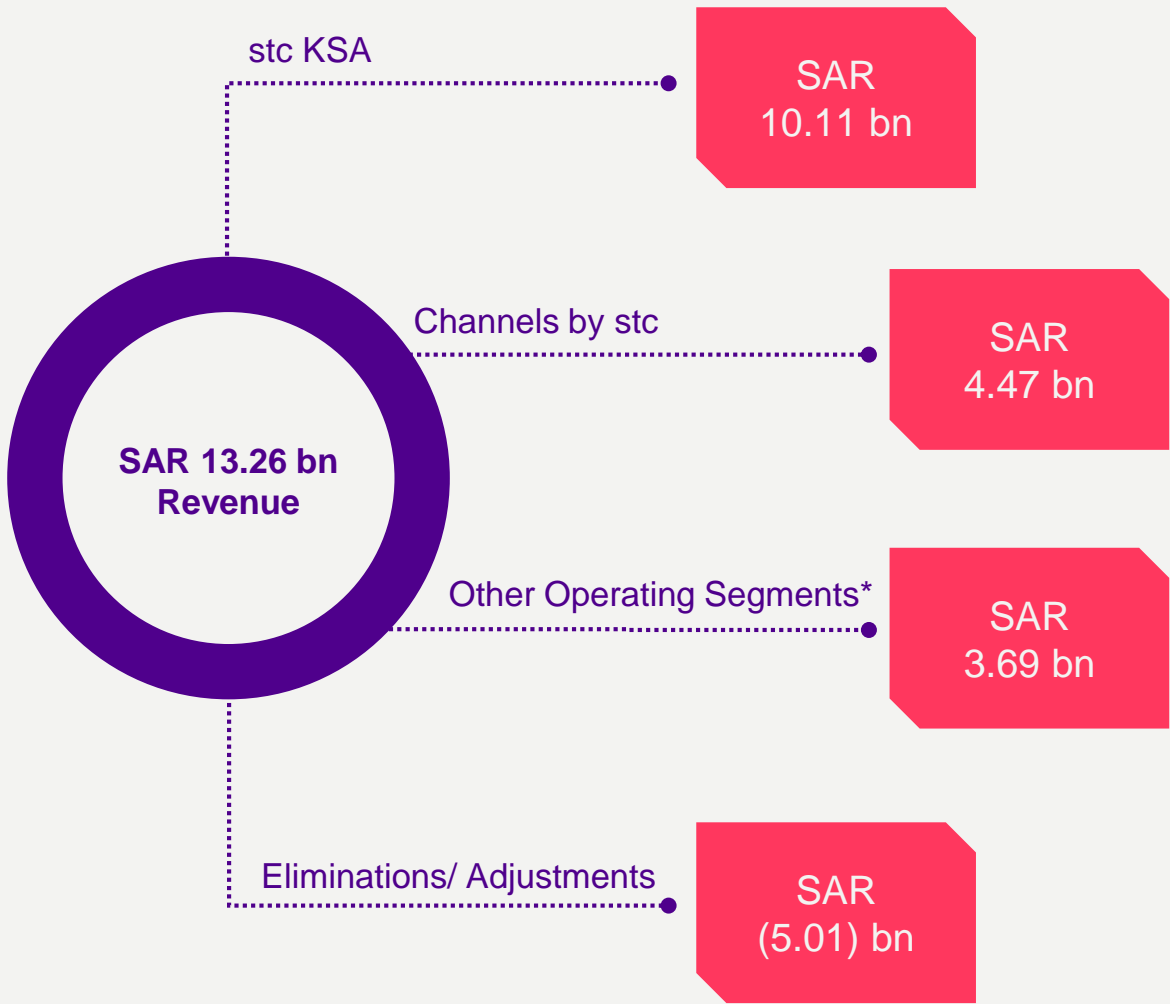


## Award Wining

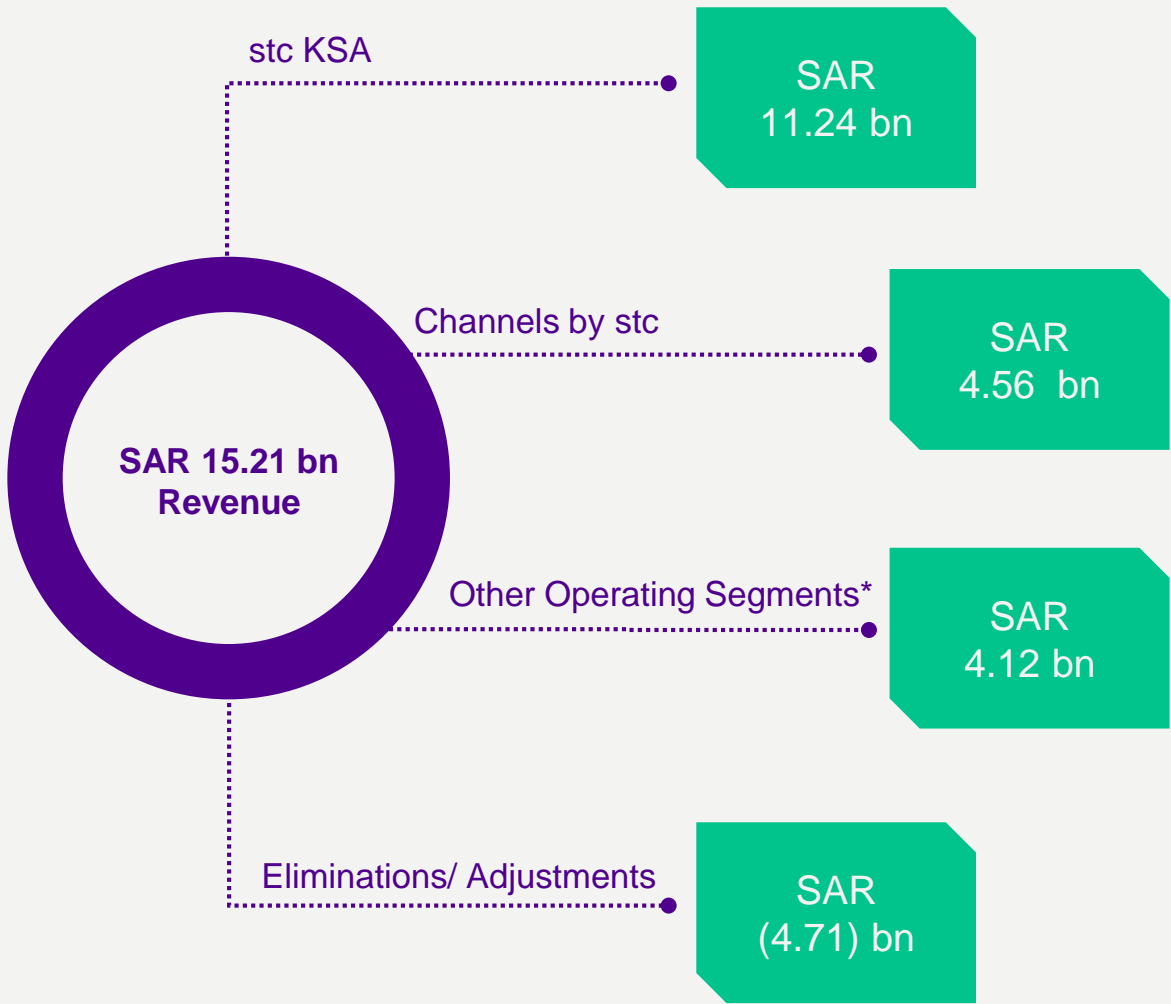
- stc group won 3 international awards at the 5G MENA Summit.

# Y-o-Y Revenue Breakdown

Q4 2019



Q4 2020



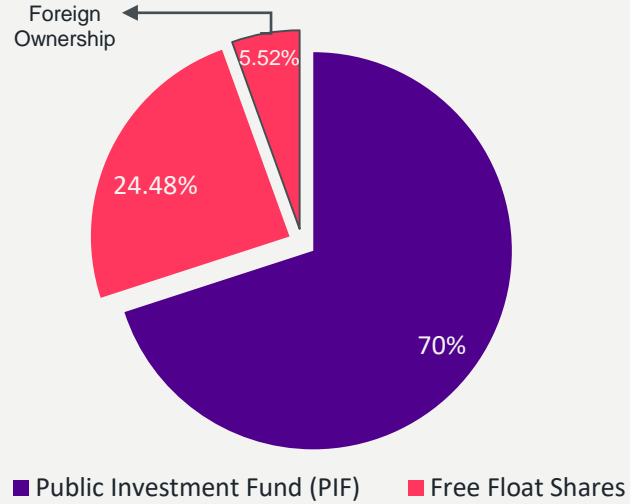
\*Other operating segments include: stc Kuwait, stc Bahrain, Solutions by stc, Specialized by stc, stc Gulf, Aqalat, Tawal, stcpay and advanced technology and cybersecurity Company .



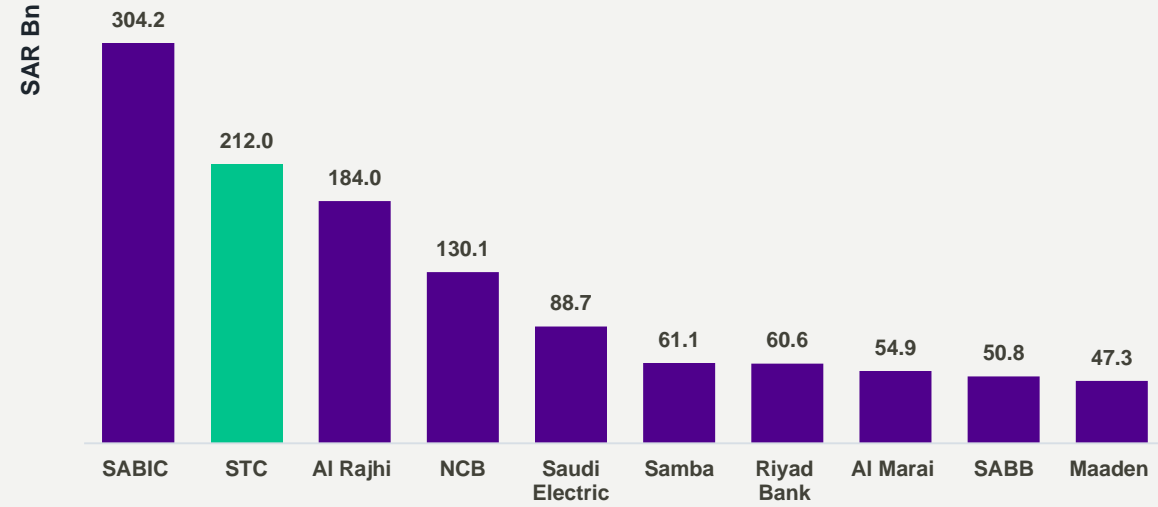


<sup>1</sup> FTTH: Fiber-to-the-home technology.

## Ownership Structure As of 31<sup>st</sup> Dec. 2020:



## Market Capitalization As of 31<sup>st</sup> Dec. 2020 Among Major Saudi Listed Companies :

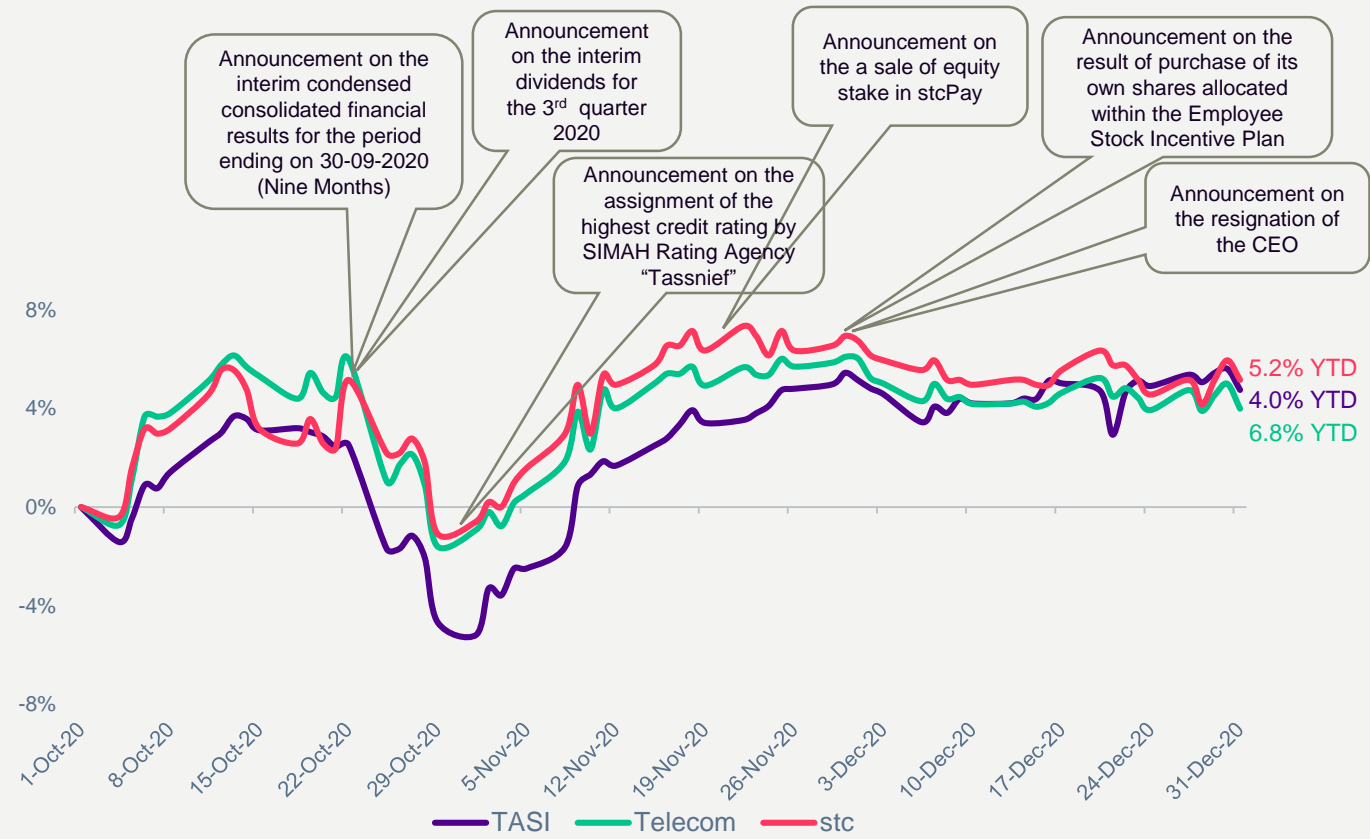


| Share Information   | 31 <sup>st</sup> December 2020 |
|---------------------|--------------------------------|
| Close Price (SAR)   | 106.00                         |
| Issued Shares (mn.) | 2,000                          |
| Free Float          | 30%                            |
| P/E Ratio           | 19.13                          |
| EPS (Q4)            | 1.34                           |

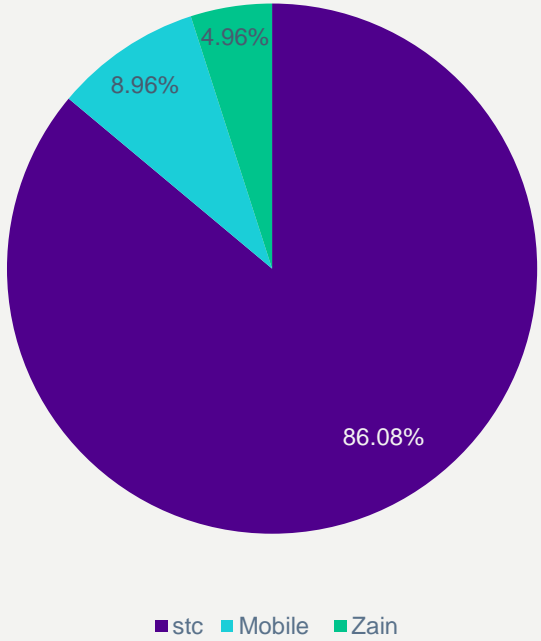
| MSCI*                   | Float Adj Mkt Cap (USD bn) | Index Wt. (%) |
|-------------------------|----------------------------|---------------|
| SAUDI BASIC IND CORP    | 24.33                      | 12.92         |
| AL RAJHI BANKING & INV  | 24.03                      | 12.77         |
| Saudi Aramco            | 20.52                      | 10.90         |
| NATIONAL COMM BANK      | 16.99                      | 9.02          |
| <b>Saudi Telecom Co</b> | <b>16.95</b>               | <b>9.00</b>   |

\* As of 31<sup>st</sup> Dec. 2020

Share Performance Vs. Telecom and TASI Index:



Market Capitalization of Telecom Sector As of 31<sup>st</sup> Dec. 2020:



| 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.

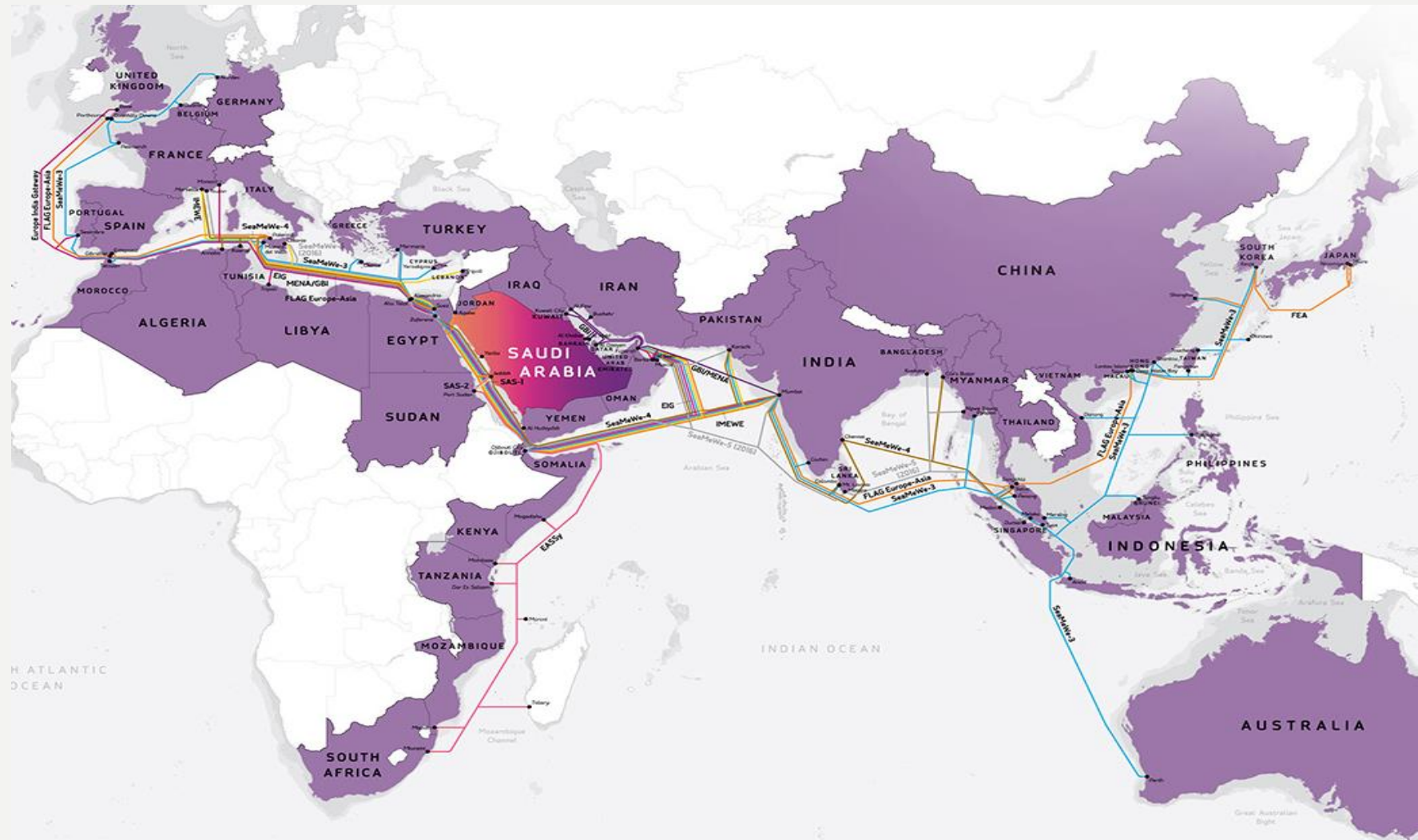
International  
alliances

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.

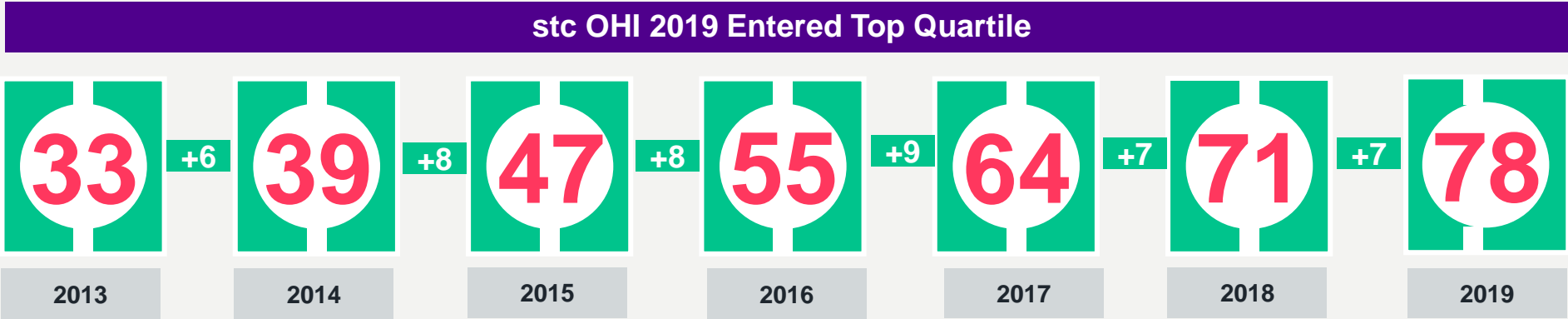




Source: stc Wholesale Unit



# 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

## **d** digitize stc

- Instill digital mindset and unlock the potential of digital and analytics capabilities.
- Transform into an agile technology company and embrace new ways of working.

## **a** accelerate performance

- Maximize shareholder returns by transforming costs and monetizing assets.
- Connect our market through leading next-gen technology and digital offerings.
- Be a role model for sustainability and corporate governance.
- Lead company-wide culture change and be the employer of choice for top digital talent.

## **dare**

## **r** reinvent experience

- Excite customers with a seamless, personalized and secure experience.
- Be the trusted partner-of-choice for business in the region.

## **e** expand scale and scope

- Grow by expanding into selected growth pillars within digital services and core.


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 the screen. The aisle is flanked by rows of server racks on both sides. The floor is light-colored, and the walls are white. The ceiling is visible, showing a complex network of 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%   |
| Oger Telecom Limited                       | 35%   |

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.

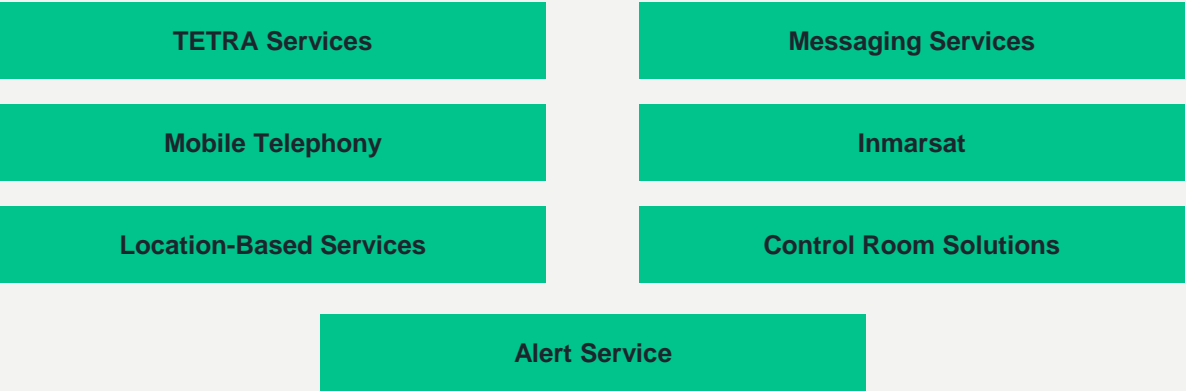
**Subsidiary Objective:**

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:**



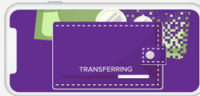
**Purchases**

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



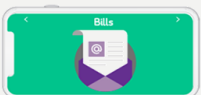
**Transfer money to mobile number**

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.)



- 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



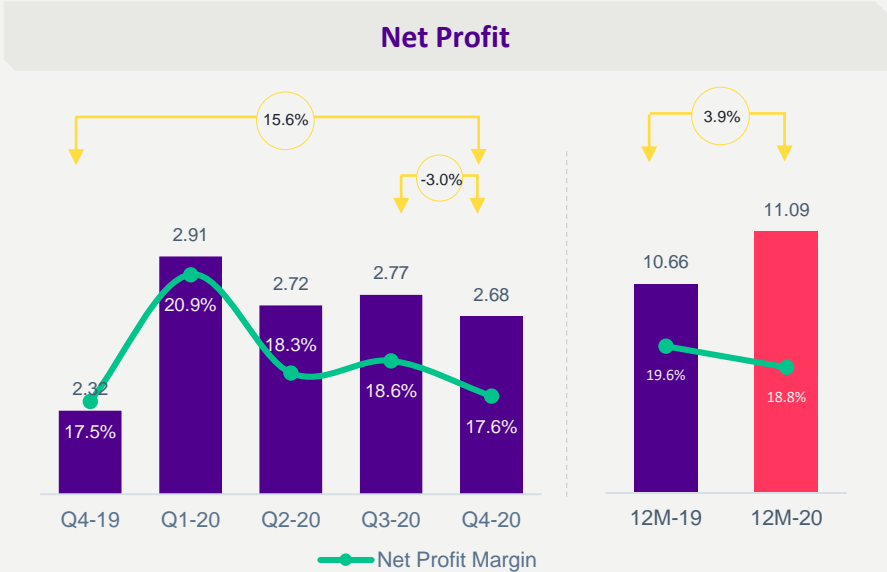
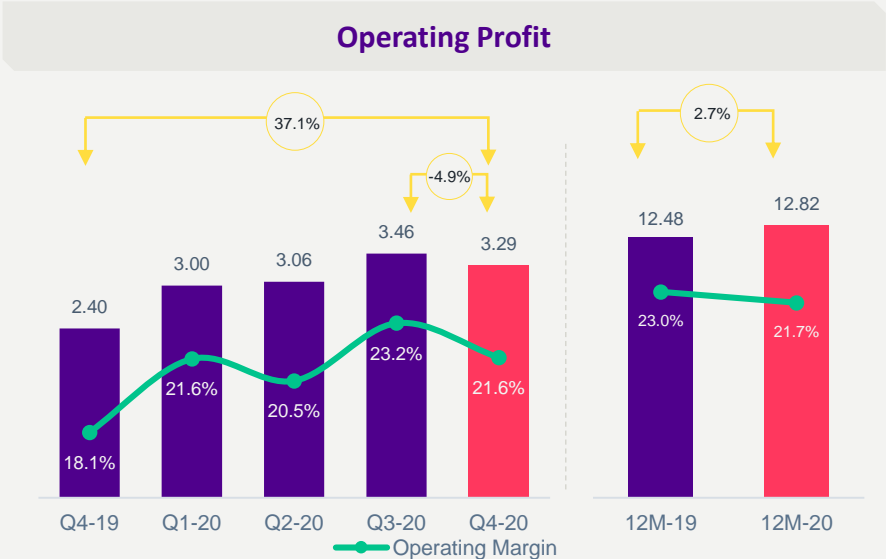
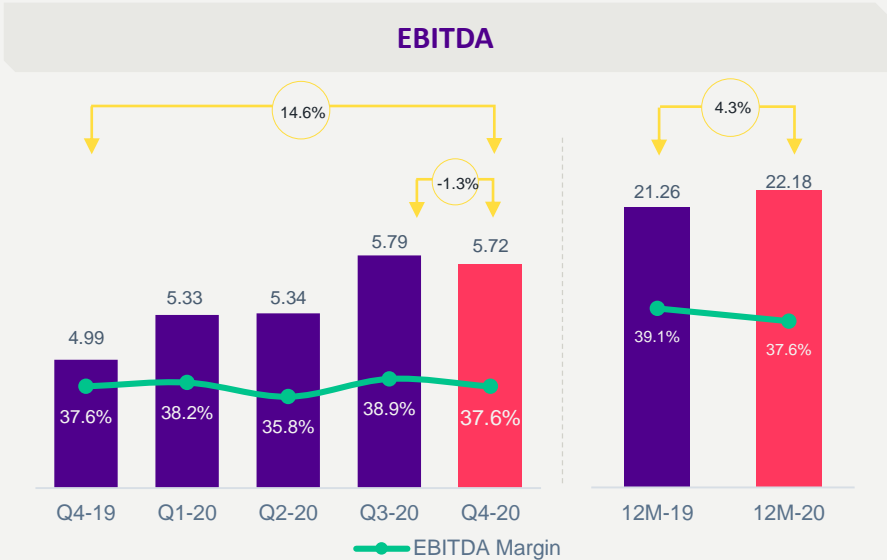
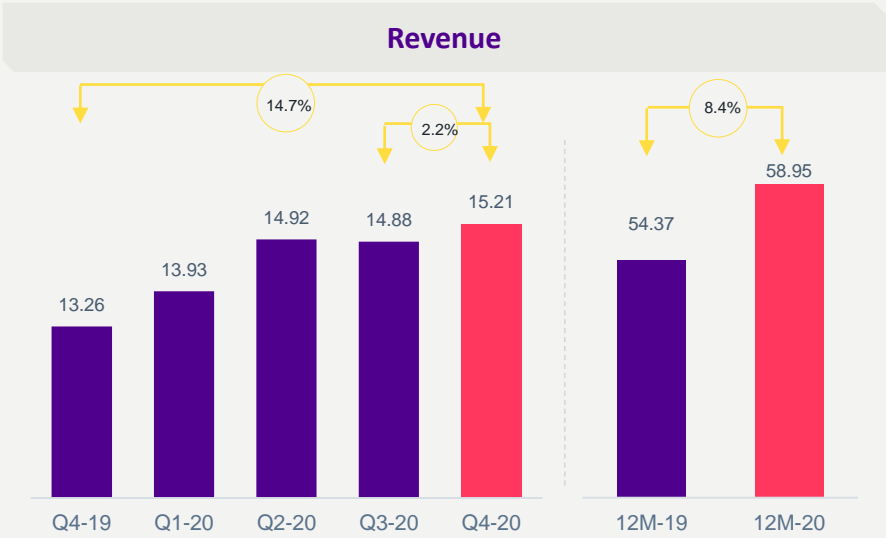
- Brings innovation to trucking with On-Demand aggregation in Real-Time.
- 100% automated booking, real-time tracking of trucks, smart asset utilization, & cost efficiency.



- 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.

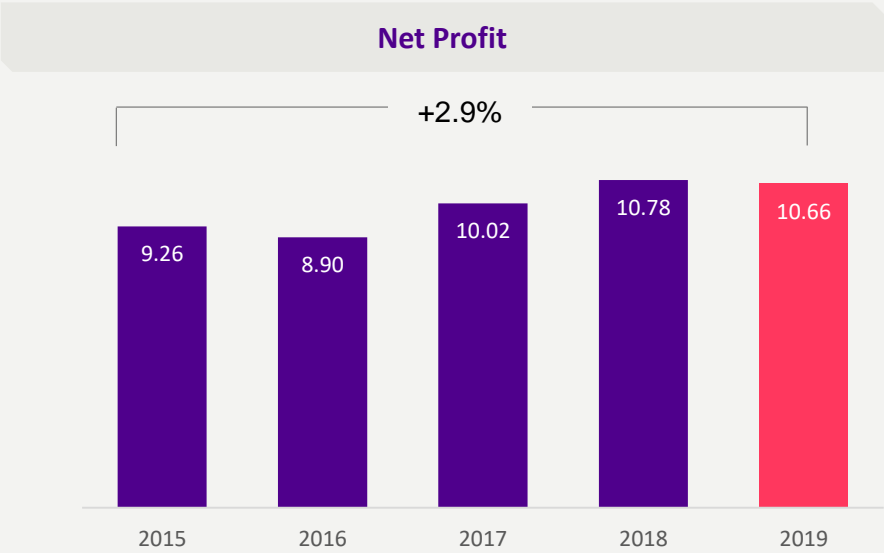
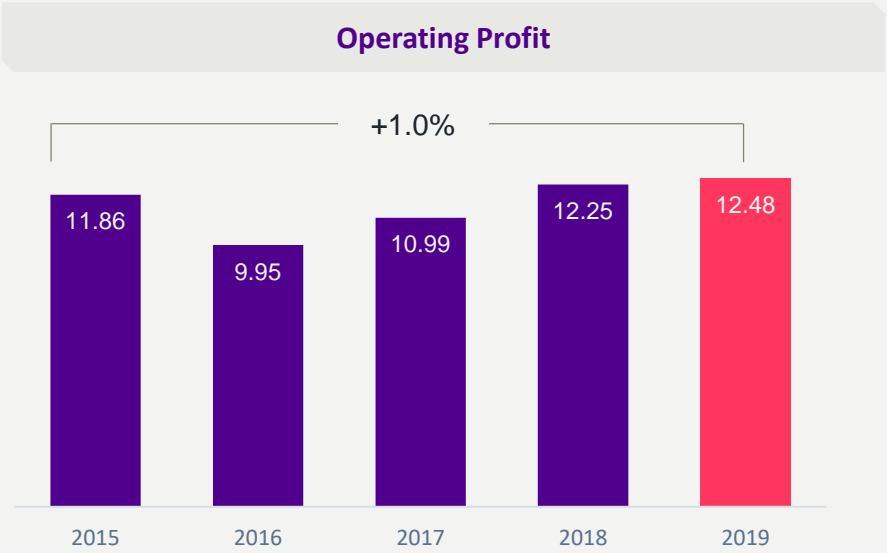
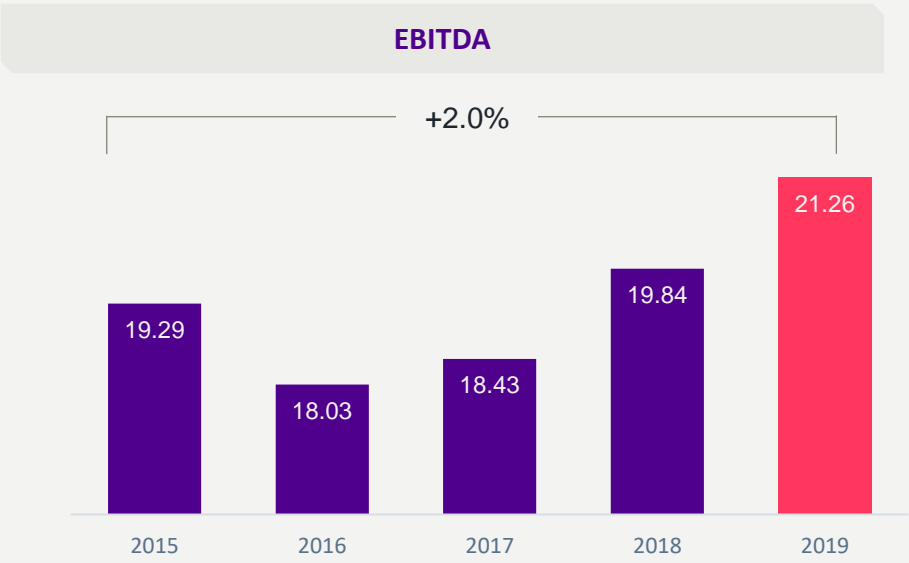
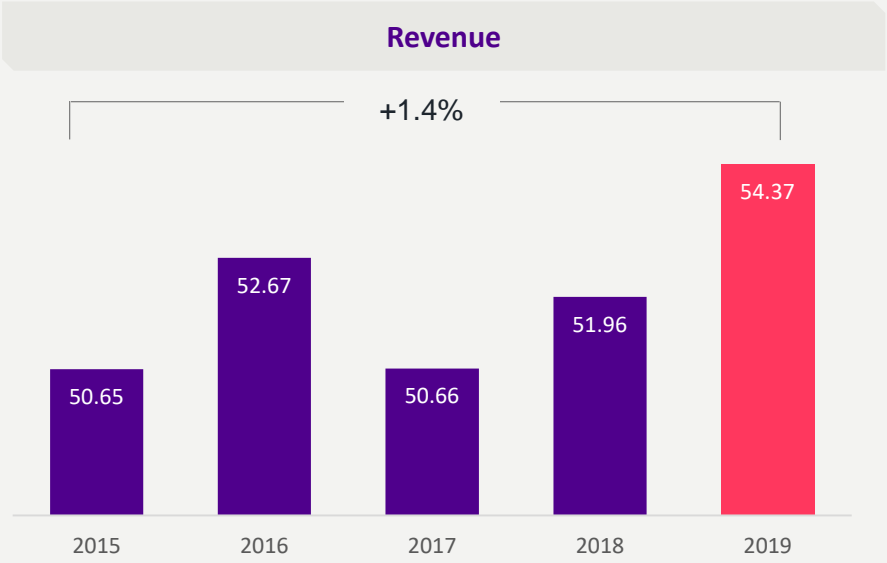
# VI. Financial Highlights





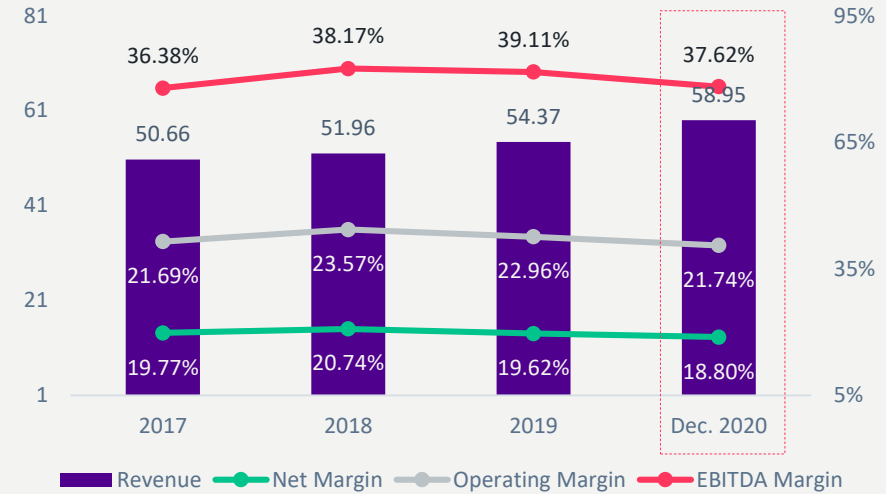
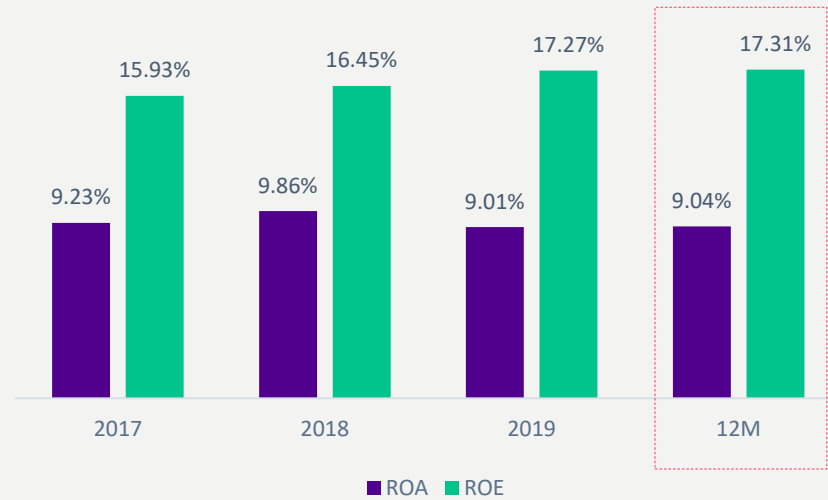
Numbers are in SAR Billions





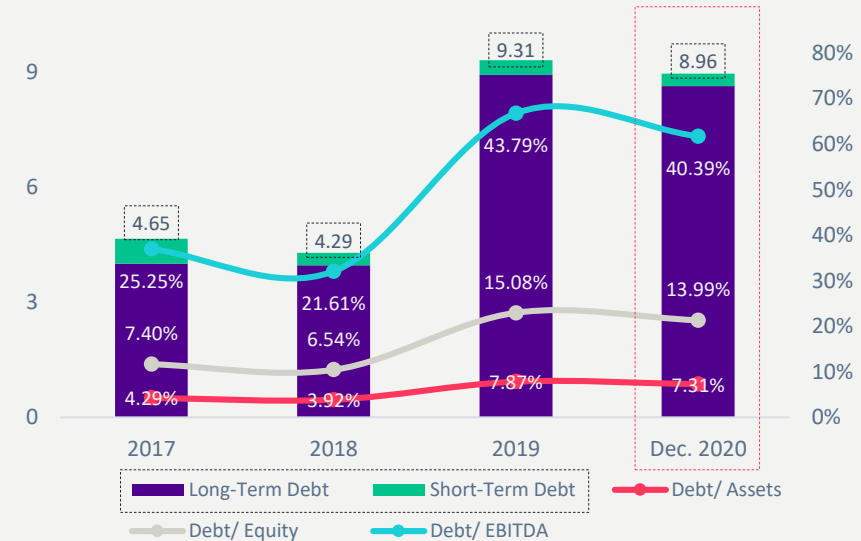


## Performance:

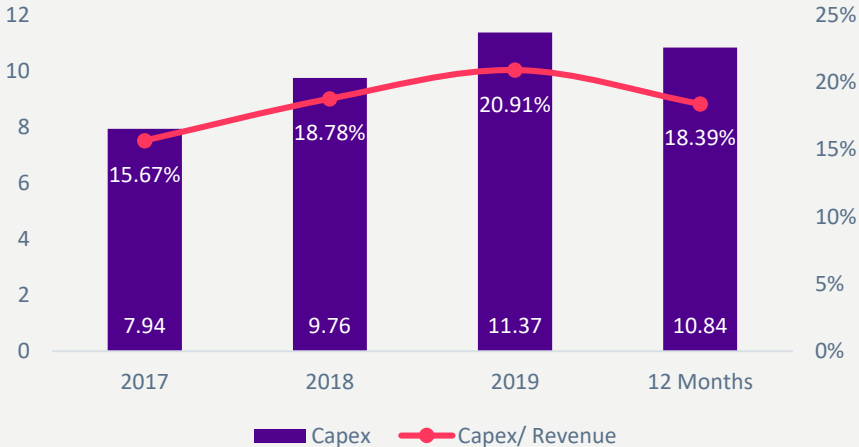


## Leverage:

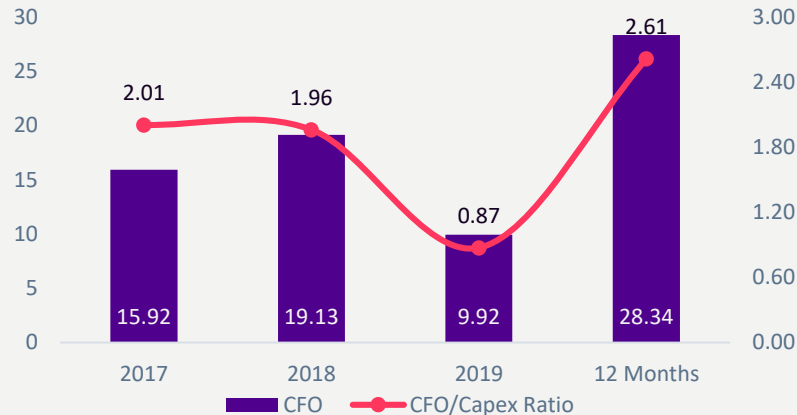
- Total borrowings paid during the year ended 31 December 2020 amounted to SR 402 million (the year ended 31 December 2019 amounted to SR 351 million). Total borrowings received during the year ended 31 December 2020 amounted to SR 21 million (the year ended 31 December 2019 amounted to SR 5,381 million).
- During 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):



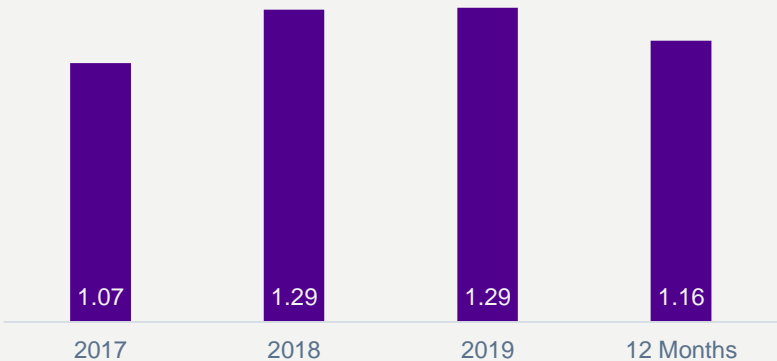
CFO/ Capex Ratio:



Free Cash-Flow (EBITDA-Capex):

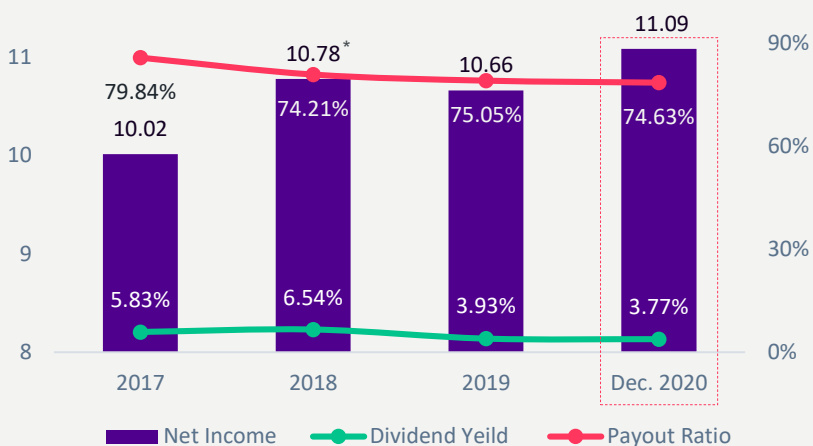


Capex/ Depreciation & Amortization Ratio:



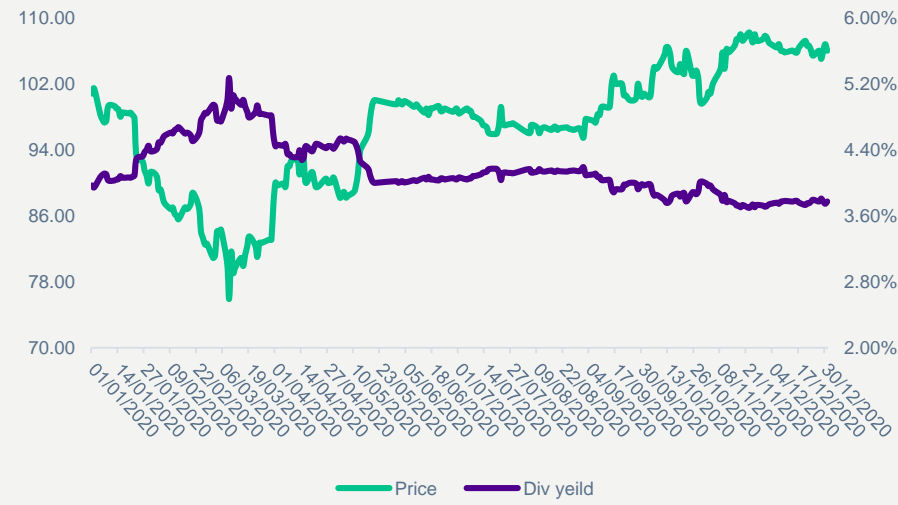
Dividends Distribution:

- 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:

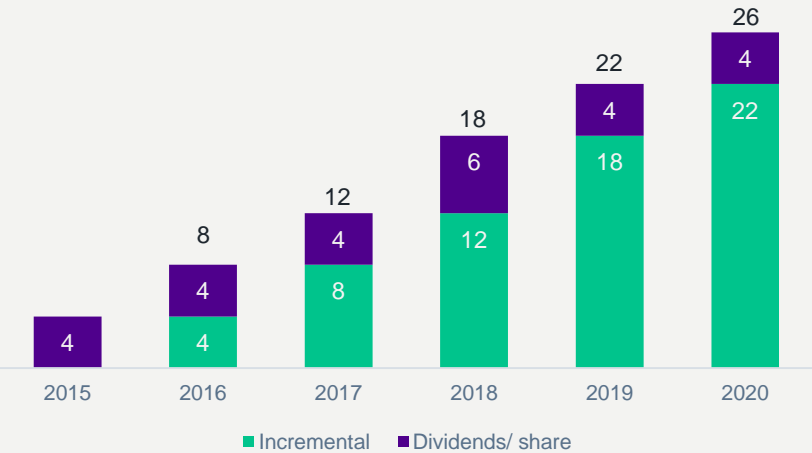
|                                     |       |
|-------------------------------------|-------|
| P/E At 108.20 (Max)*                | 19.53 |
| P/E At 99.70 (Min)**                | 18.00 |
| P/E at closing price of Q4 (106.00) | 19.13 |

\*As of 22/11/2020  
\*\* As of 29/10/2020



Stability of Dividend Distributions:

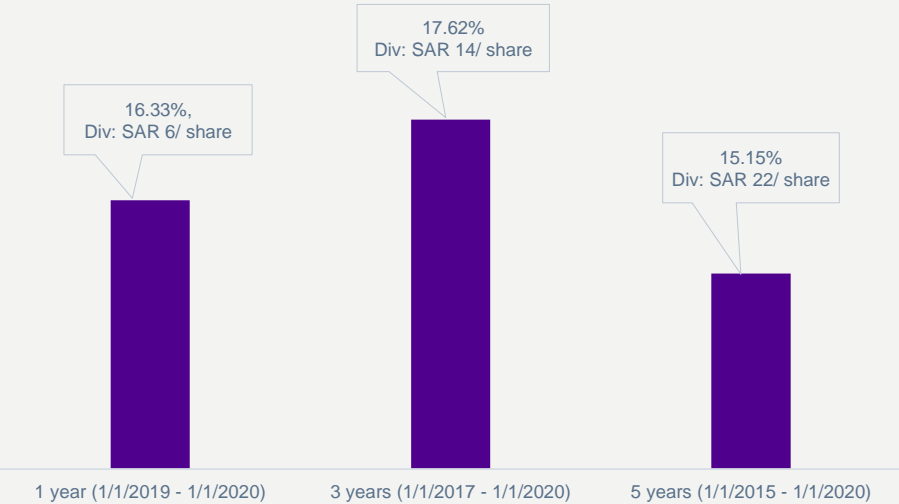
Over the last six years, stc distributed a total of SAR 52 billion to investors through a stable dividend distribution in each quarter (SAR 1/share) which indicates a healthy cash flow supported by a strong and stable performance.



Annualized Capital Gains:

|         |        |
|---------|--------|
| 1 year  | 5.16%  |
| 2 years | 7.63%  |
| 3 years | 15.85% |
| 4 years | 9.91%  |
| 5 years | 9.47%  |

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 30 <sup>th</sup> Sept. 2020 | USD 113.3 (YTD 2.2%)   | 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.

**stc Head Office:**

Almursalat District, Imama Saud Road

**Toll Free (from inside KSA):**

8001161100

**Postal Address:**

P.O.Box 87912, Riyadh 11652 Saudi Arabia

**Investor Relations E-mail:**

[IRU@stc.com.sa](mailto:IRU@stc.com.sa)

**Website:**

<https://www.stc.com.sa/wps/wcm/connect/english/investor/overview>

Let`s create the  
future together

**Thank you**

**stc**