

Financial Results Presentation



Strategy Overview

stc DARE Strategy

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.

r reinvent experience

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

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.

e expand scale and scope

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

Company Overview

stc announced to establish a major digital hub “MENA Hub” for the Middle East and North Africa with an investment of 1 billion USD.			TAWAL announced its entry into the Pakistan’s market via a potential acquisition of Awal Telecom.			stc and PIF to establish a company specialized in the field of Internet of Things (IoT)			solutions announced the signing of a sale and purchase agreement to acquire 89.49% of Giza System and 34% of Giza Arabia.			SCCC has been launched as a new joint venture formed by Alibaba Cloud, stc Group, eWTP Arabia, SCAL, and SITE.			stc announced to purchase a number of the company’s share to allocate them within the Employee Stock Incentive Plan.			stc group to build East to Med Data Corridor (EMC) undersea and land fiber optic data cable that will link Europe with Asia, with Greek partners.			stc announced the landing of “Saudi Vision Cable,”; which is the first high-speed cable in the Red Sea through its first landing station in Jeddah.			stc announced receiving a non-binding offer from PIF to acquire 51% of the shares of Tawal while stc will maintain 49% of the shares of Tawal.			stc announced the signing of a binding offer with solutions by stc to sell its entire 49% stake in Contact Center Company (CCC) for cash consideration.								
The MENA Hub			TAWAL in Pakistan			stc & PIF New company			solutions by stc & Giza System Company			Launching Saudi Cloud Computing Company SCCC			Employee Stock Incentive Plan			Creating a New Global Submarine Cable			"Saudi Vision Cable” Launch			A non-binding offer from PIF to acquire 51% of the shares of Tawal			Signing of a binding offer with Solutions by stc to sell the entire 49% stake in CCC								
January			February			March			April			May			June			July			August			September			October			November			December		
stc brand valued at USD 10.6 Billion			stc launched the new data center in Jeddah												stc increase its capital			Amendment of stc’s dividend policy						Approval of stc’s capital increase									Employee Stock Incentive Plan		
stc is ranked as the most valuable brand amongst telecom companies in the region according to Brand Finance.			As part of the third phase of the data centers project, stc recently launched a new data center in Jeddah.												stc’s board of directors recommended to the general assembly to increase stc’s capital by 150% via granting bonus shares.			stc’s board of directors recommended amend stc dividends policy to reflect the new proposed increase in stc’s capital.						Shareholders of stc approved increasing the company’s capital by 150% & the amendment of dividends policy.									stc announced the completion of purchasing its shares allocated to the Employee Stock Incentive Plan		

Latest Business Highlights

- ✓ Through an offer aligned with stc Group's strategy that aim at expanding investments, maximizing returns on assets and recycling capital, the group announced that it had received a non-binding offer from the Public Investment Fund (PIF) to buy 51% of Telecom Towers Company (TAWAL), which is completely owned by stc, with a total value of SAR 21.94 billion. Conspicuously, the offer is in line with the group's strategy to growth and expand by retaining stakes in value-added strategic assets across its subsidiaries, as well as benefiting from the return on these assets in development, expansion and capital recycling, for ensuring a healthy enhancement of the group's ability to invest in pioneering and diversified areas, in addition to maximizing the return on shareholder equity.
- ✓ stc announced the signing of a binding offer with Arabian Internet and Communication Services Company (solutions by stc) on 10-11-2022 to sell its entire 49% stake in Contact Center Company (CCC) for cash consideration. The 100% Enterprise Value amounts to SAR 450 million, on cash free and debt free basis.
- ✓ stc announced the completion of purchasing its shares allocated to the Employee Stock Incentive Plan on 29-11-2022, in accordance to the approval of the Extraordinary General Assembly meeting held on 30-8-2022, and its published results in Tadawul website on 31-8-2022. Accordingly, stc confirms that it has completed the purchase of the required shares in one tranche only, and that no additional shares will be purchased during the specified purchase period.
- ✓ stc the largest telecom operator in MENA, announced during the sixth Future Investment Initiative (FII) that it has committed an additional \$300m on top of its original \$500m to STV, the largest independent technology investment firm in the Middle East and North Africa (MENA). The investment comes to further fuel STV's mission of backing and scaling the region's digital champions. STV recently projected that MENA is poised to create 45 unicorns by 2030, presenting a \$100b value opportunity to be unlocked through local IPOs. STV believes that its first fund will capture a significant part of this accelerating unicorn creation on the back of its investment in champions across sectors that are growing rapidly. STV has already made its mark as a top quartile emerging markets VC investor and a driving force behind innovation in MENA.
- ✓ stc Group inaugurated one of its largest and significant projects, Center3 Company, the digital regional center for the Middle East and North Africa. The new company will be the owner of the digital infrastructure assets owned by stc group, including data centers, submarine cables, international points of presence, and internet exchange points. Center3 will be a group of carrier-neutral data centers and a provider of international communication for the telecommunications sector through a submarine fiber-optic network. It aims to develop digital businesses and enhance investment opportunities in international communication services and data centers by providing the latest communication and hosting technologies and raising the capacity of data centers to meet the needs of the markets across Asia, Europe, Africa, and the rest of the world.
- ✓ stc and Nokia signed a Memorandum of Understanding (MoU) to collaborate in four areas characterized by climate, society, digitalization, and future of work, aiming to reduce carbon emissions and promote sustainable practices. As part of this collaboration, stc is deploying several solutions from Nokia, including a 5G Air-Scale Baseband unit, plugin card with Nokia Reefshark chipset, EdenNet SON Energy Saving Management module and 5G software structures, that help to bring down the energy consumption. The deployment of baseband plugin card helps stc save 805 MWh energy and brings CO2 emissions down by 570 tons annually.
- ✓ iot squared, the region's leading IoT player, and Dahua Technology, a world-leading video-centric smart IoT solution and service provider, signed a new partnership agreement to advance digital transformation in the Kingdom of Saudi Arabia in support of Vision 2030. The agreement which was signed at the iot squared headquarters in Riyadh, will see the two tech companies collaborate to enrich IoT security and develop new smart surveillance offerings for smart cities. Committed to delivering cutting-edge IoT solutions to governments, enterprises, and SMEs, this latest partnership is part of iot squared's broader efforts to enable a 'Connected Kingdom' by supporting the development of Saudi Arabia's IoT ecosystem across three verticals: public sector, logistics, and Industry 4.0. These industries are expected to drive IoT spending in KSA, with the domestic IoT market in Saudi Arabia projected to reach SAR10.8bn by 2025, with an annual growth rate of 12.8 percent.

Financial & Operational Performance

The Enterprise Business Unit

The Enterprise business unit achieved a revenue growth of **8.9%** due to the Group's keeping pace with the rapid technology development and digital transformation in the Kingdom.

The Commercial Unit

The Commercial unit revenues increased by **6.7%**, attributed to the growth in mobility revenue by **7.9%**, whereas the residential segment registered **0.9%** revenue growth.

The Carrier & Wholesale Unit

The Carrier & Wholesale unit was able to achieve positive results, as its revenue grew by **6.0%**, supported by the increase in its National and International revenues by **8.3%** and **5.1%** (respectively).

5G

stc has deployed more than **7,300 5G** towers as the end of 2022. An additional **500 5G** towers are expected to be deployed in 2023 with an additional **1000** 5G colocation sites.

FTTH & FWA

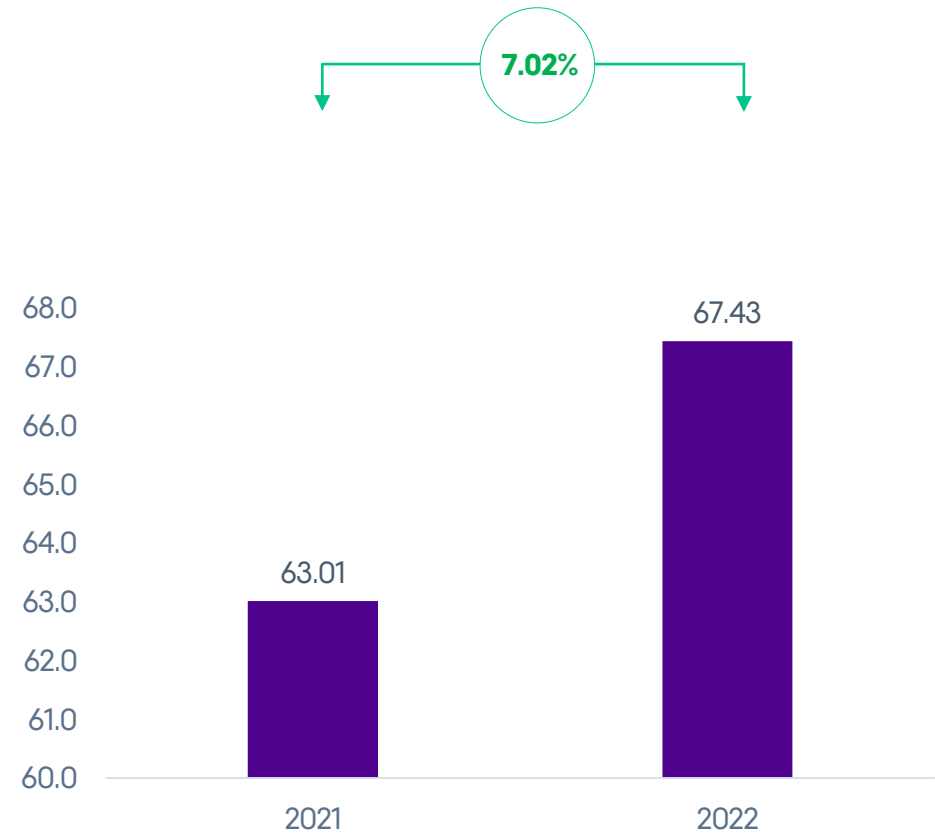
FTTH subscribers increased by **1.5%**
FWA subscribers increased by **20.2%**
Working Lines increased by **6.6%**





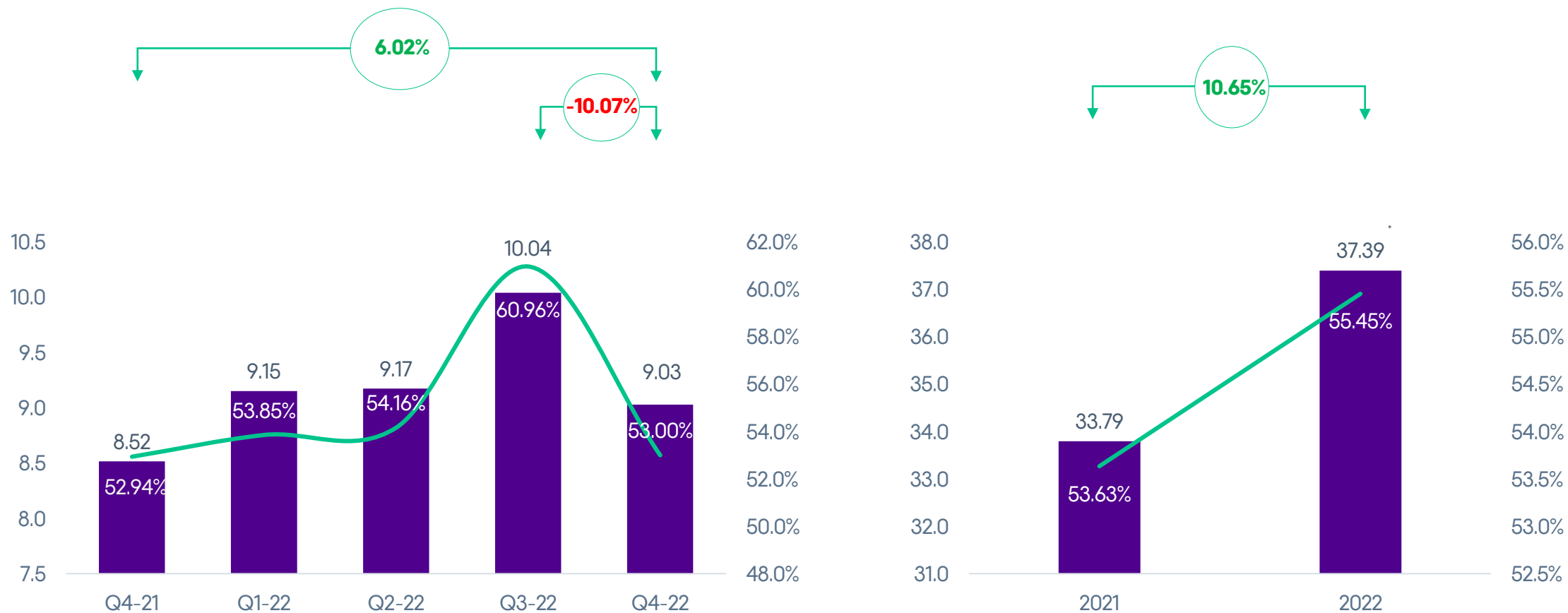
Financial Highlights

FY 2022



stc recorded the highest annual and quarter revenues in its history since inception





Notable growth in annual gross profit backed with healthy margins

* Gross Profit was affected by a reversal of contingent liability provision in an amount of SAR 1.079 billion.

All figures are in SAR Billions

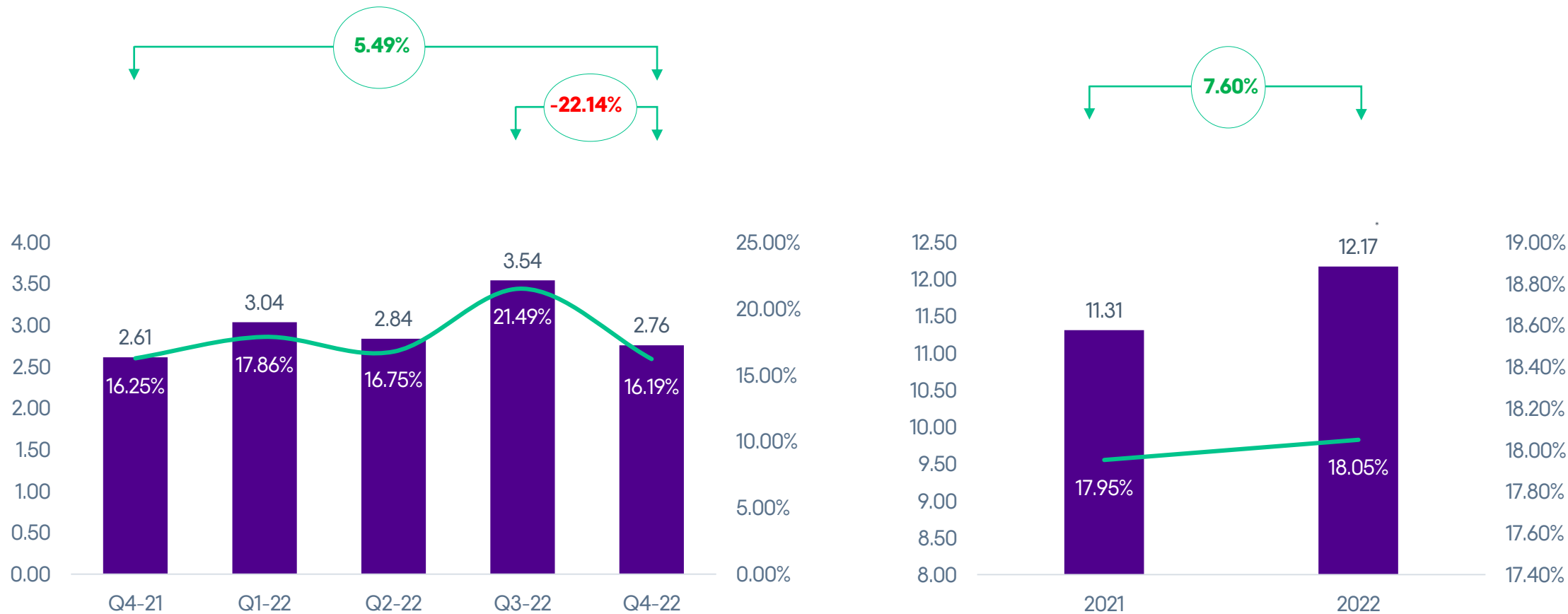


Strong growth in EBITDA in 2022 with improving margins

* EBITDA was affected by a reversal of contingent liability provision in an amount of SAR 1.079 billion.

All figures are in SAR Billions

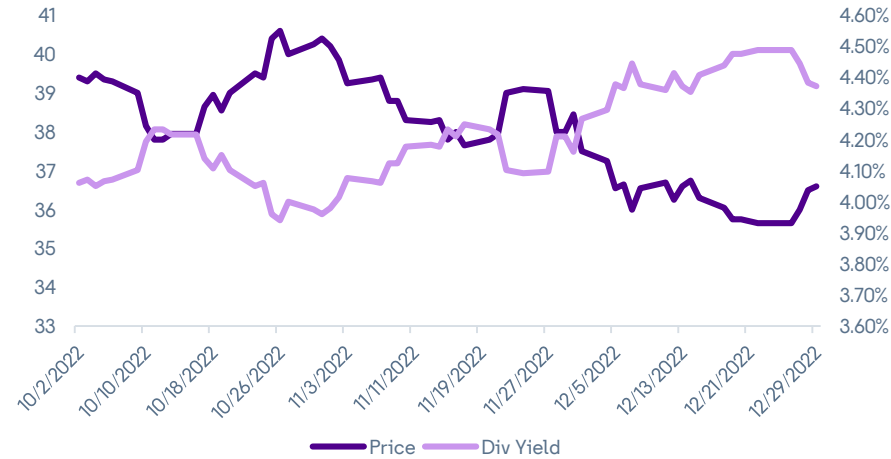
stc Group – Net Profit



Continuous improvement in annual net profit, margins remain healthy

* Net profit was affected by 1.259 bn (0.177 bn in 2021) which is a provision taken against BGSM and a reversal of contingent liability provision in an amount of SAR 1.079 bn.
All figures are in SAR Billions

Price Vs. Yield Fluctuation

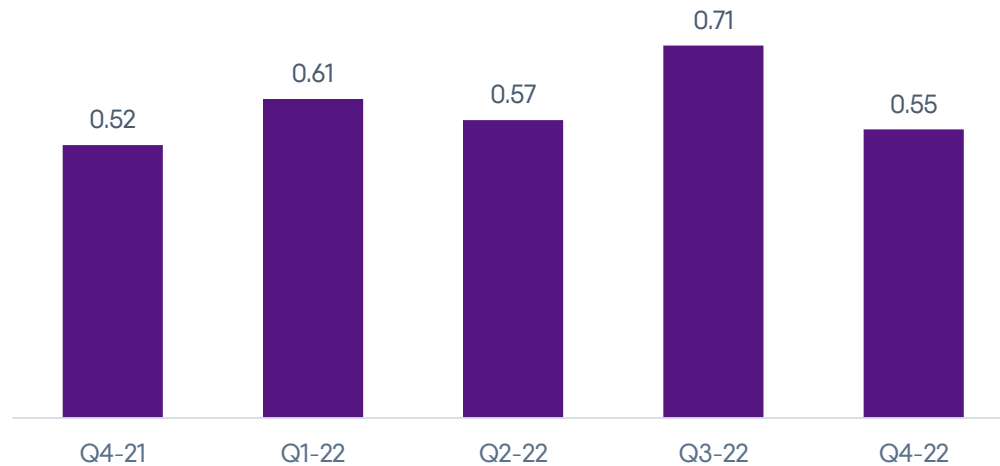


▪ stc commits to pay a fixed minimum dividend of a SAR 0.4 per share per quarter effective from Q4 2021 for three years. Furthermore, the company will consider and pay additional dividend, subject to stc BoD's approval after assessment and determination of the Company's financial situation, future outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance

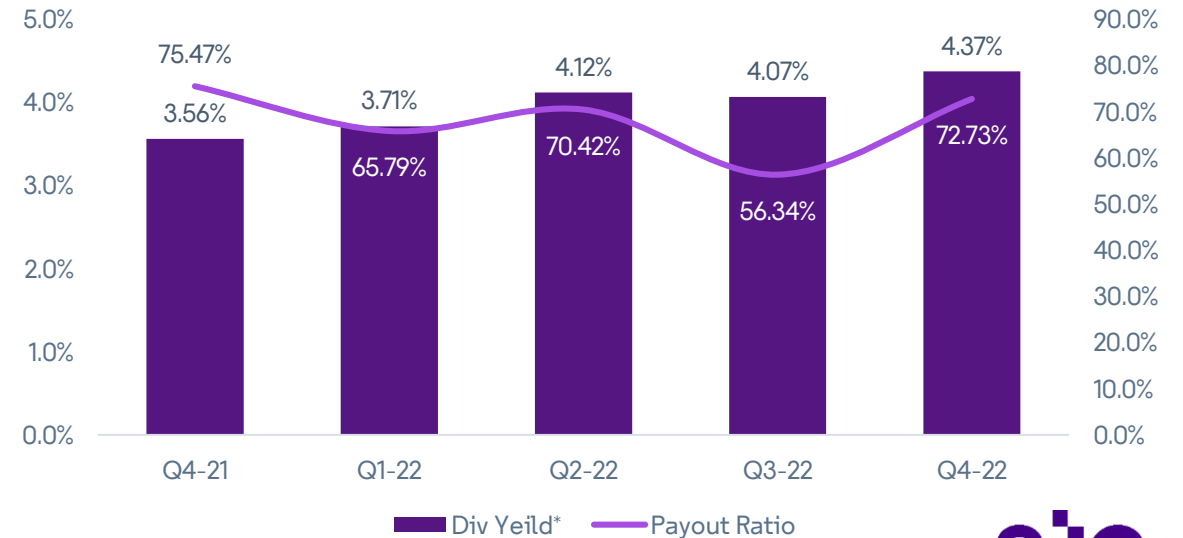
▪ The dividends policy will remain subject to:

1. Any material changes in the strategy and business of the company (including the business environment it operates in);
2. Laws and regulations that are applicable on the company;
3. Any banking, other funding or credit rating covenants that the company may be bound to follow from time to time.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



*Annualized Dividend

Disclaimer

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.

Investor Relations E-mail:

IRU@stc.com.sa

Investors Website:

<https://www.stc.com.sa/content/stcgroupwebsite/sa/en/investors.html>

IR App QR Code:





Thank you

