

# Financial Results Presentation

Investor Relations

Q2 2022



# 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

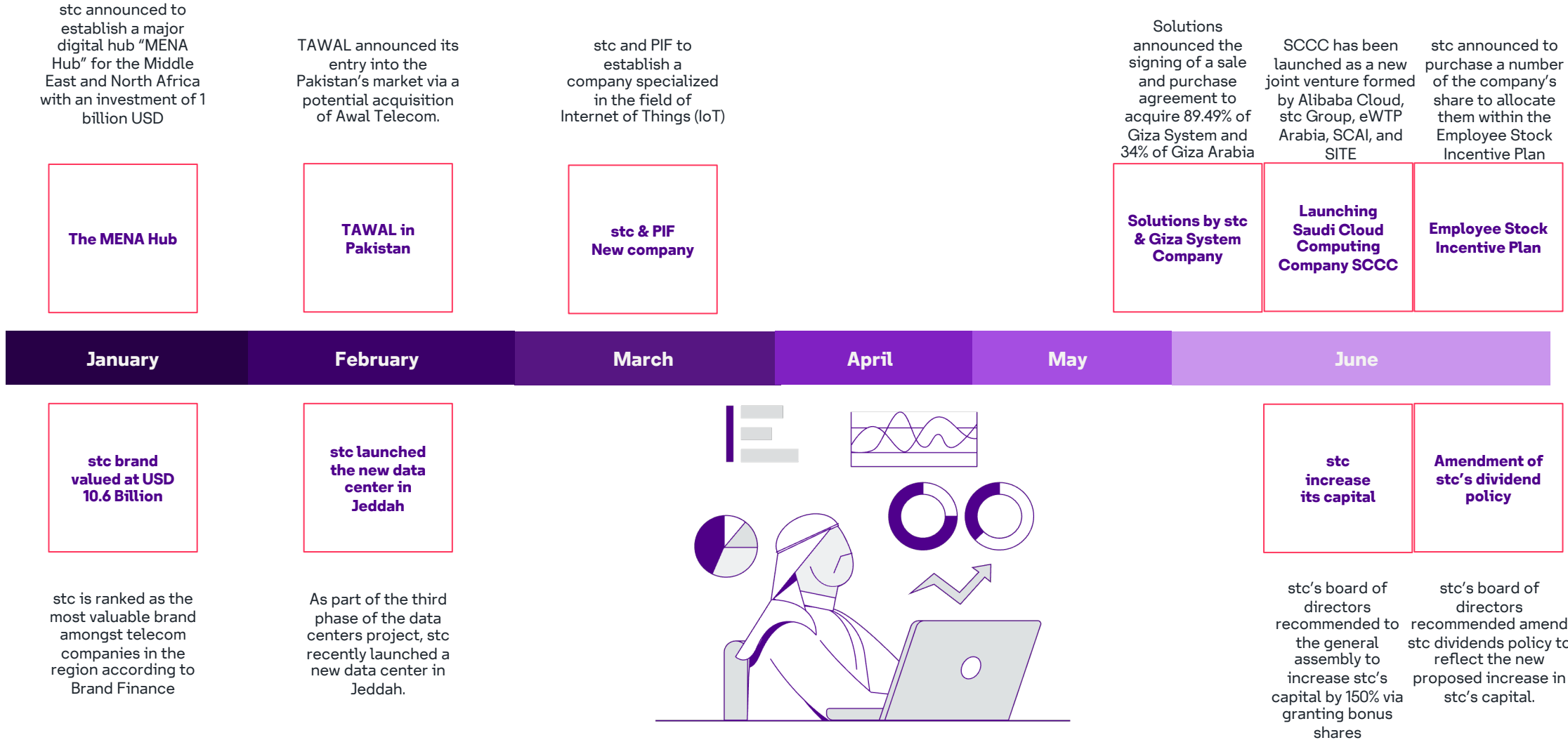
- Grow by expanding into selected growth pillars. within digital services and core.





# Company Overview

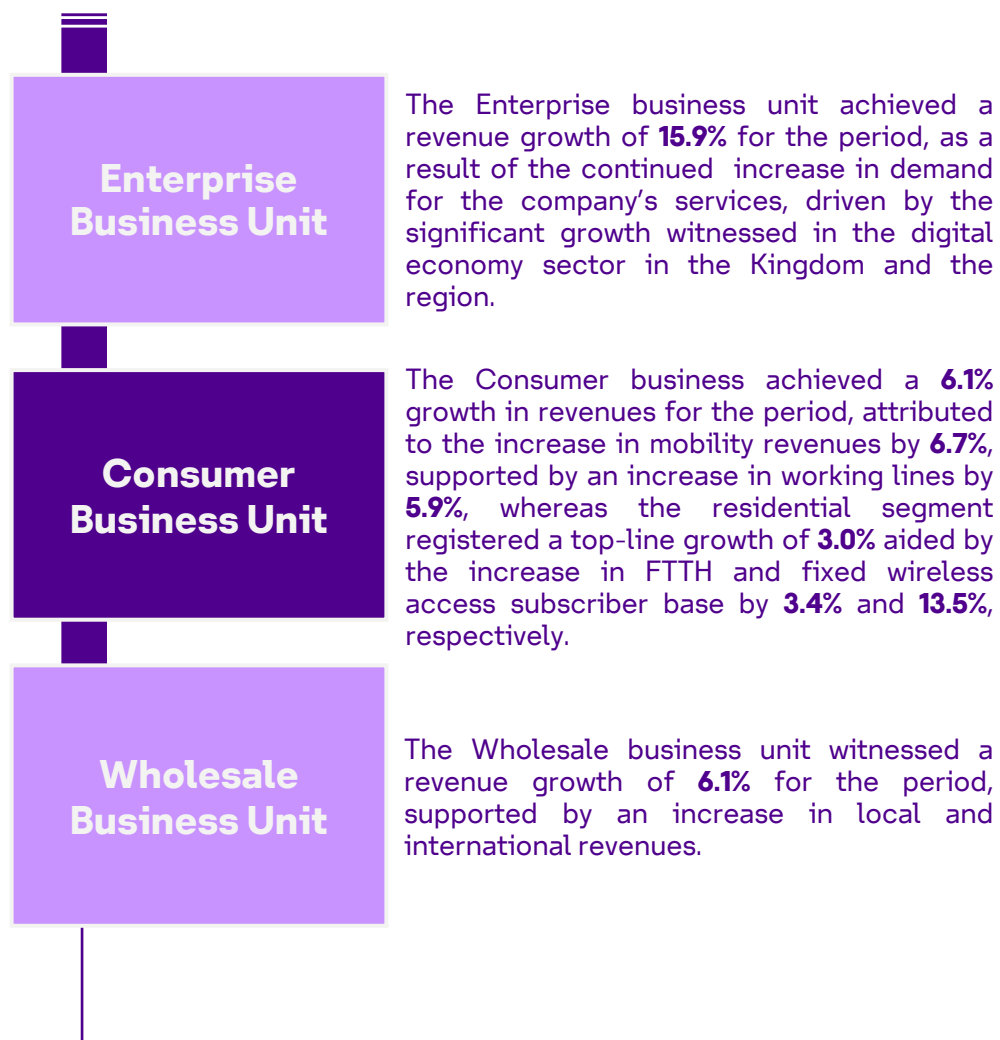
stc



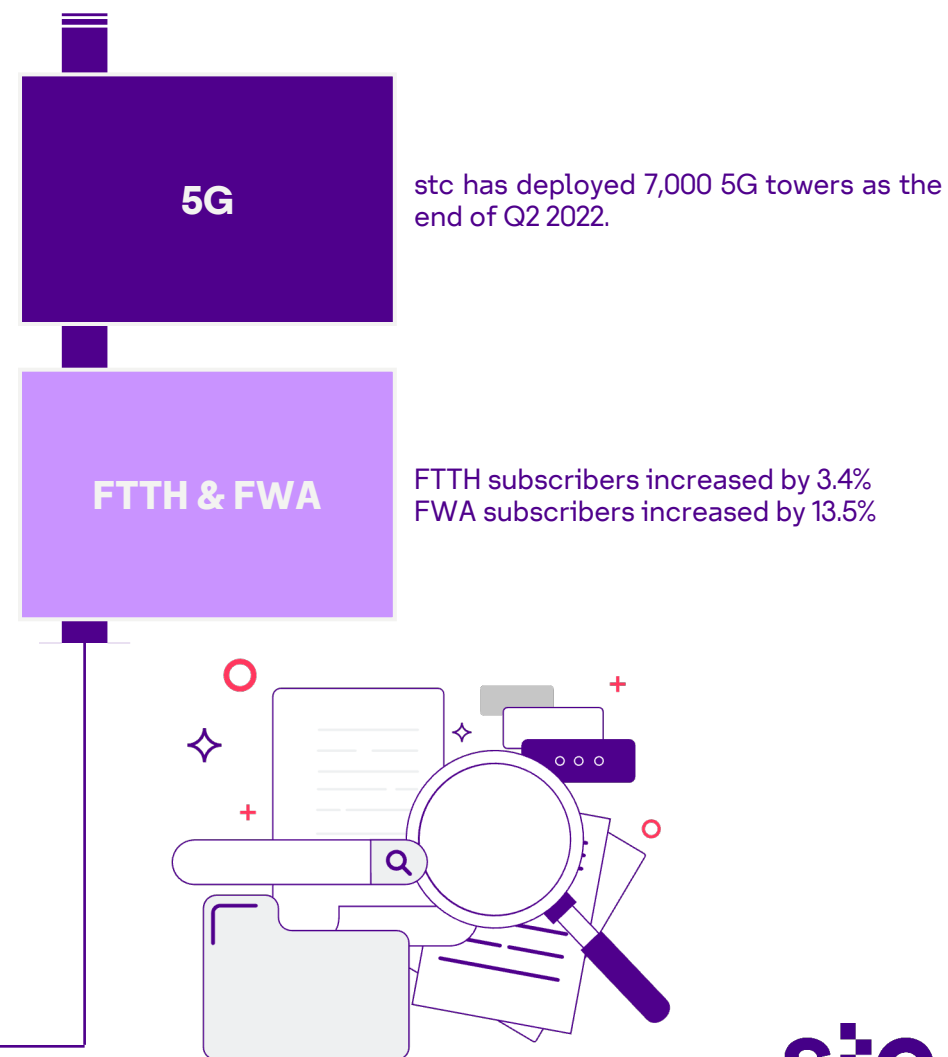
## Business Highlights

- ✓ Saudi Cloud Computing Company SCCC has been launched as a new joint venture formed by Alibaba Cloud, stc Group, eWTP Arabia Capital, the Saudi Company for Artificial Intelligence (SCAI), and the Saudi Information Technology Company (SITE). The new company will provide a vast array of reliable and secure cloud computing solutions, such as flexible computing, digital storage, and network solutions in order to respond to increasing demand from particular sectors that include retail sales, fitech, and internet services in general.
- ✓ stc's board of directors announced its recommendation to the general assembly to increase the company's capital by 150% through granting bonus shares, by capitalizing SAR 30 billion from retained earnings, bringing stc's capital from SAR 20 billion (2 billion shares) to 50 billion riyals Saudi (5 billion shares), where (1.5) shares will be granted for every (1) share held by shareholders at the time of maturity.
- ✓ stc announced its Board of Directors' recommendation to amend the dividends policy based on the recommended increase in stc's capital. The dividends policy is based on committing a minimum dividend in an amount of SAR 0.40 per share per quarter, effective from Q4-2021, for 3 years.
- ✓ In order to showcase its expansion in data centers, stc Group has taken part in the Capacity Middle East Conference 2022, which was held in Dubai and attended by a number of key partners in the information and technology sector, to discuss potential future collaboration projects, as well as global expansion opportunities in the sector of wholesales
- ✓ Senior mobile network operators, developers of technical infrastructure services and officials in the communications and information technology sector discussed the most important issues of the mobile and technology industries at the Mobile 360 global conference, which was hosted in Riyadh for the first time in partnership with GSMA and stc.
- ✓ Arabian Internet and Telecommunication Company (solutions) announced the signing of a sale and purchase agreement (SPA) on 04-06-2022G to acquire 89.49% of Giza Systems Company (Closed Joint Stock Company), in addition to 34% of Giza Arabia, which represents the shares that are not owned by Giza Systems Company, for a full cash consideration for the entire acquisition. The acquisition will be based on an Enterprise Value amounting to USD 158 million. It was agreed that the acquisition consideration shall be based on valuation formulas pursuant to the enterprise value, debt, cash and working capital as stated under the agreement terms and condition. solutions intends to fund the acquisition consideration via a mixture of banking facilities and cash.
- ✓ As part of its efforts to support the digital transformation in the educational sector in the Kingdom , stc participated as a digital enabler in the ICEE2022 International Conference and Exhibition for Education, which is organized by the Ministry of Education under the theme (Education Challenges and Opportunities). stc's support for the conference comes within its role as a leading digital enabler in the Kingdom and. stc provided a sum of initiatives and digital support for educational platforms during the pandemic.
- ✓ stc announced the successful deployment of multi-layer 4G and 5G NSA network on ORAN platform in collaboration with Mavenir, the leading digital enabler in the region who announced the successful deployment of 4G-3CC Carrier Aggregation and 5G-NSA capable O-RAN Mobile Infrastructure.
- ✓ stc announced the board of director's approval to purchase a number of the company's share with a maximum of 15 million shares (the proposed shares to be purchased reflects the proposed increase in the company's capital by 150% based on the recommendation of the Board of Directors to increase the capital by granting bonus shares), and an amount not to exceed SAR 453 million to allocate them within the Employee Stock Incentive Plan and to raise its recommendation to the extraordinary general assembly (EGM) for voting. Further, the shares shall be purchased within 12 months from EGM's approval.

# Business Units



# Infrastructure



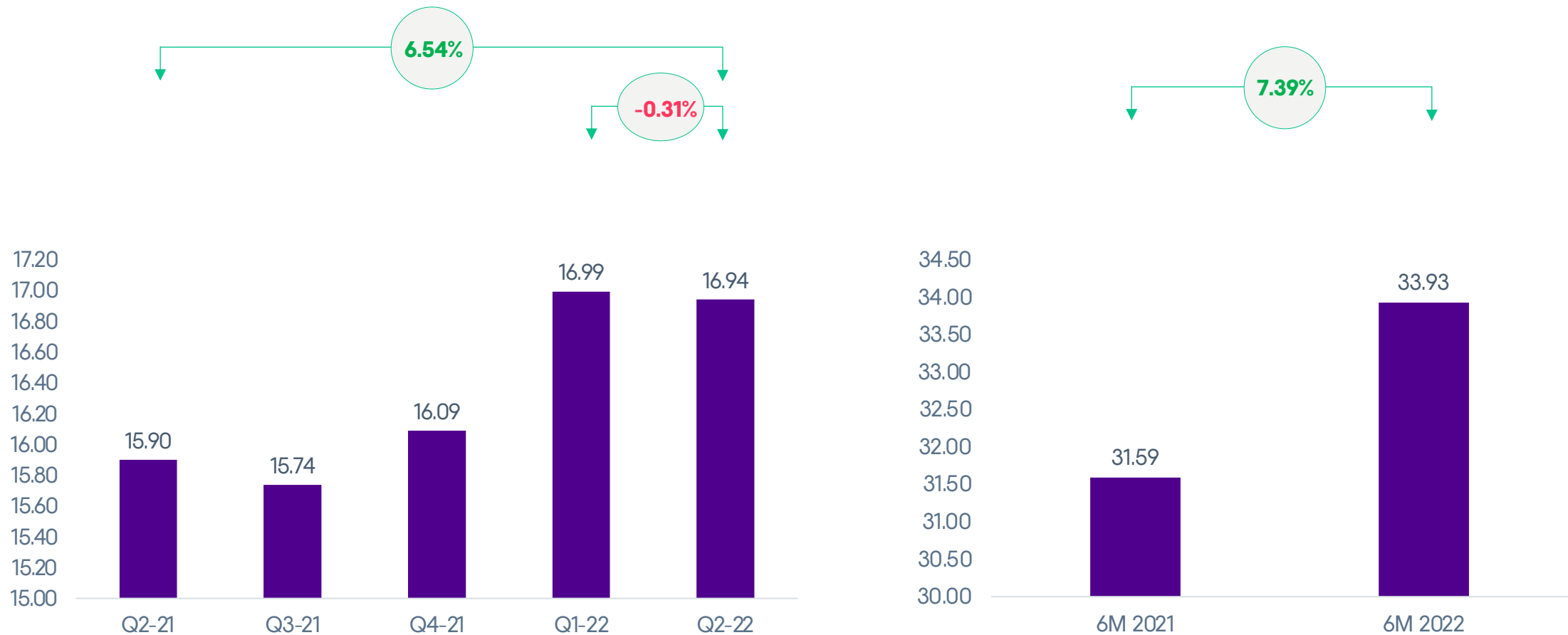




# Financial Highlights

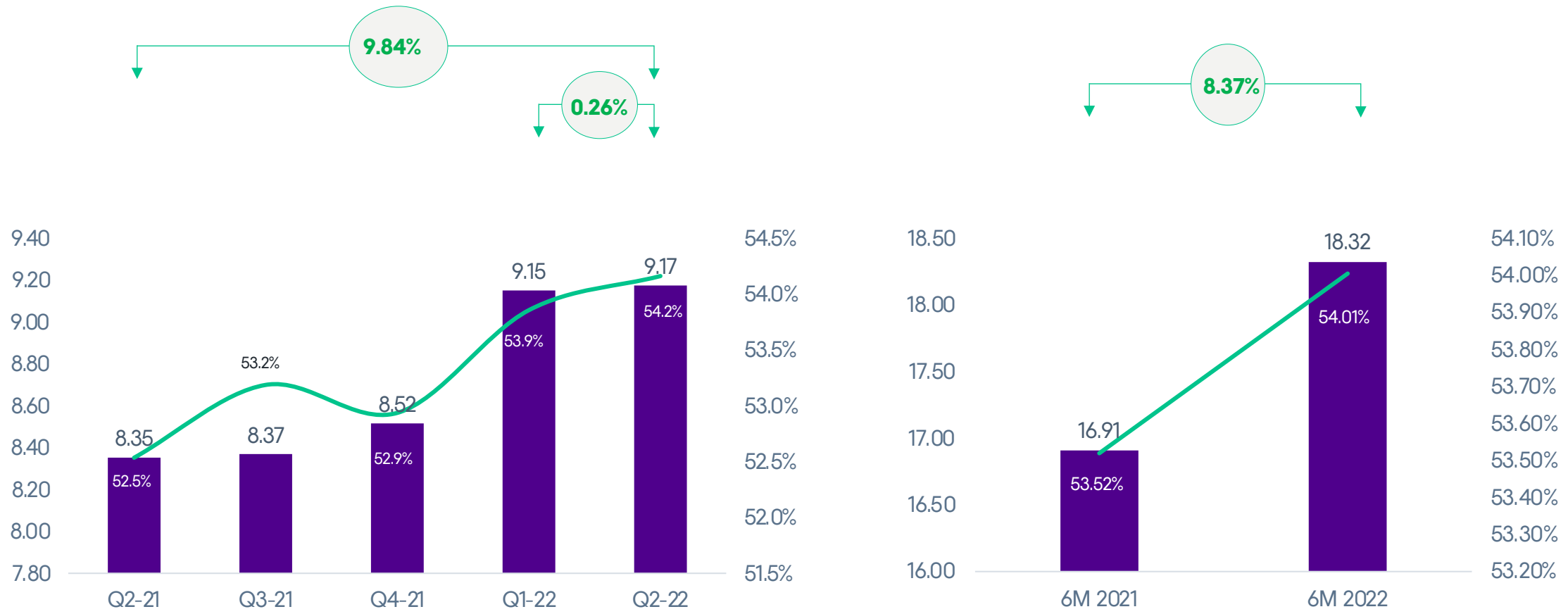
Q2 2022





Strong growth in revenue for the 6M period

All figures are in SAR Billions



Continued improvement in gross profits with healthy margins

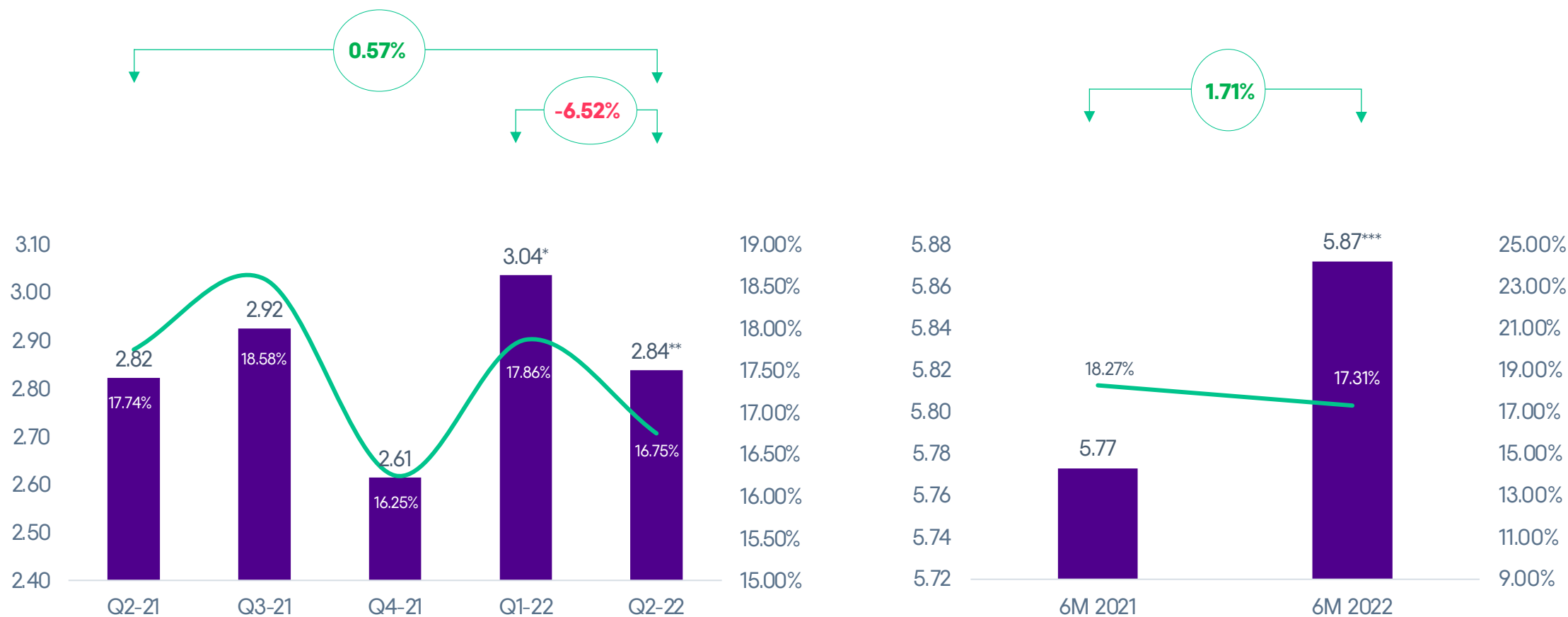
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Notable growth in EBITDA for the period coupled with improving margins

All figures are in SAR Billions

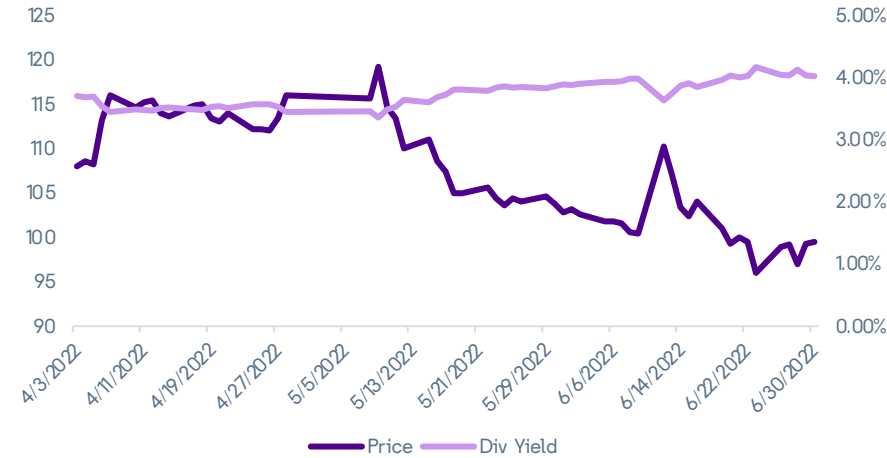


Net Profit grew for the period, margins remain healthy.

\*After adjusting for non-recurring items (provisions taken against BGSM), net profit would reach SR 3.28 bn  
\*\*After adjusting for non-recurring items (provisions taken against BGSM), net profit would reach SR 3.14 bn  
\*\*\*After adjusting for non-recurring items (provisions taken against BGSM), net profit would reach SR 6.41 bn



### Price Vs. Yield Fluctuation

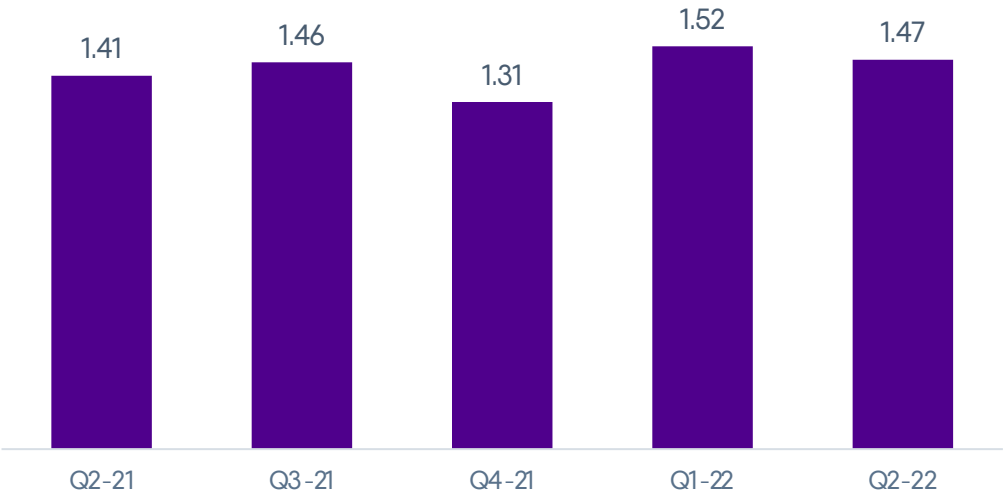


■ stc commits to pay a fixed minimum dividend of a SAR 1 per share per quarter effective from Q4 2021 for three years. Furthermore, the company will consider and pay additional dividend, subject to stc BoD's approval after assessment and determination of the Company's financial situation, future outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance

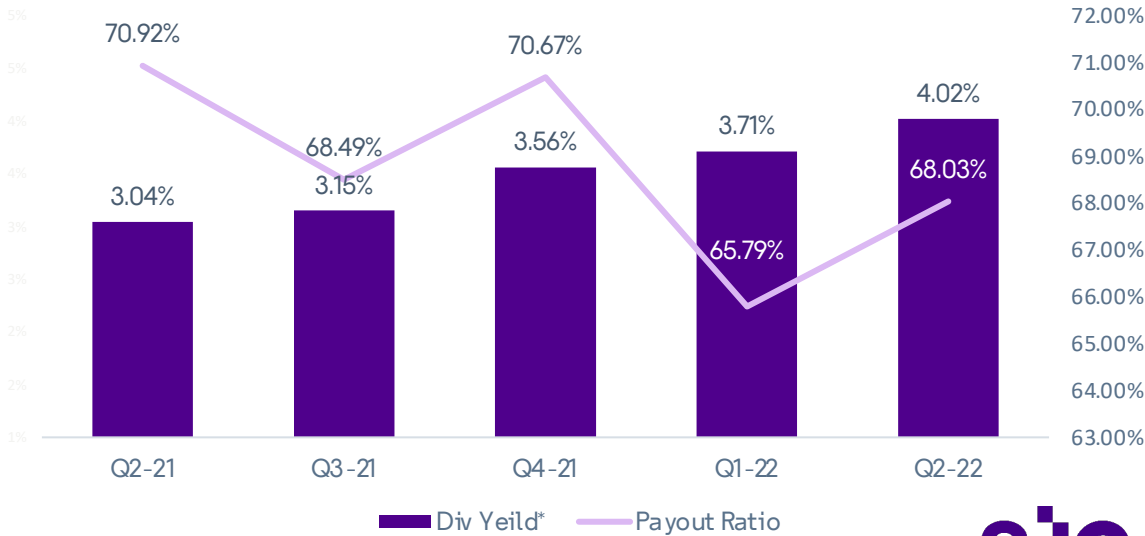
■ The dividends policy will remain subject to:

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.

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A horizontal banner featuring a man in a white thobe and ghutra looking down. The background is a blurred city night scene with warm lights. A solid red square is positioned on the right side of the banner.

Thank you