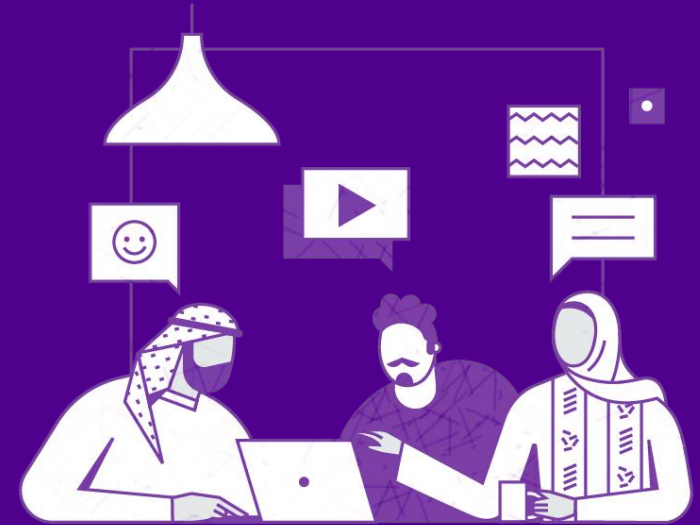


Financial Results Presentation

Investor Relations
Q3, 2020



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Agenda

I. Strategy Overview

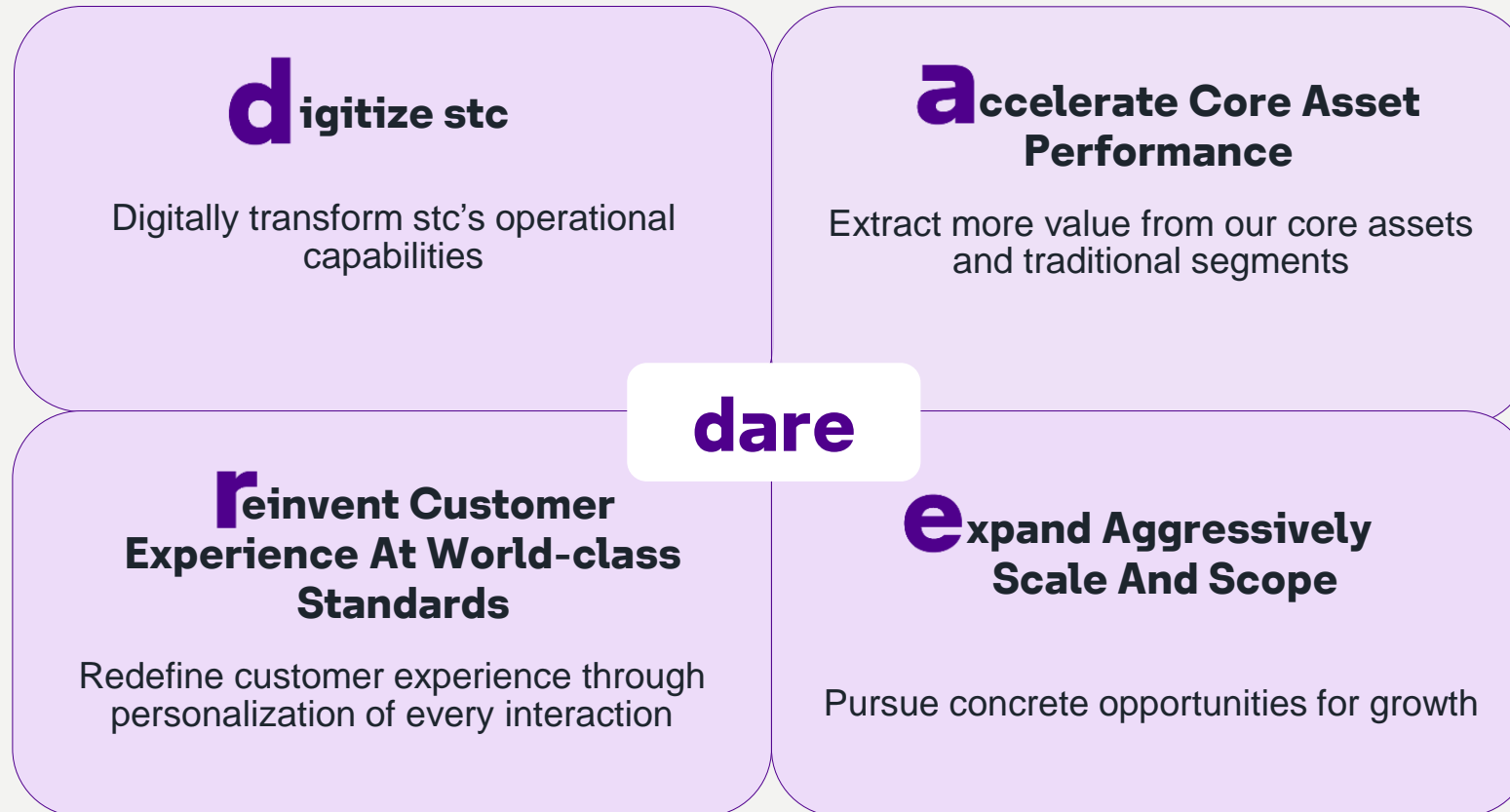
II. KSA Telecom Market Overview

III. Financial Highlights

A man with a beard and mustache, wearing a white button-down shirt, is leaning over a dark surface, possibly a table or a large screen. He is looking intently at something out of frame to the right. His right hand is extended, with his index finger pointing towards the right. The background is dark with some light sources, creating a professional and focused atmosphere.

I. Strategy Overview

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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**

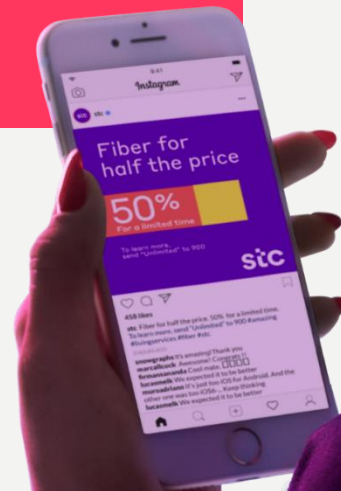
▶ **Digitalise processes, internal operations, delivery engine and commercial approach**

▶ **Instill culture change**

▶ **Grow B2G and B SME segments**

▶ **Lead technological advancement and provide best in class connectivity platform**

II. KSA Telecom Market Overview



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Macro Economy & Liquidity

- Saudi bank loans granted to the public and private sectors increased 15% year-on-year (YoY) by the end of August 2020 to SAR 1.776 trillion compared to SAR 1.544 trillion a year earlier, according to data issued by the Saudi Arabian Monetary Authority (SAMA)..
- Qualified foreign investors (QFIs) were net purchasers of SAR 2.6 billion worth of stocks on the Saudi Stock Exchange (Tadawul) in September 2020, according to data issued by the bourse.
- The unemployment rate among Saudis rose to 15.4% quarter-on-quarter (QoQ) in Q2 2020, compared to 11.8% in Q1 2020, according to data from the Saudi General Authority for Statistics.
- Saudi Arabia's GDP forecast to shrink 3.8% in 2020 with better performance in H2 2020.
- Saudi Arabia's expenditure for the 2021 state budget is expected to reach SAR 990 billion, with estimated revenue of SAR 846 billion.

Regulatory Environment

- CITC issued the "Cyber Security Regulatory Framework for Service Providers in the Information and Communications Technology and Postal Sector"; Through which it seeks to raise the level of cybersecurity maturity within these sectors.
- CITC announced the extension of the competition to licenses new mobile virtual network operators (MVNOs) to provide services in Saudi Arabia.
- CITC announced the entry into force of the open access agreement between all six telecommunications companies. This agreement aims to expand choices for subscribers, as they will be able to choose their broadband service provider independently of fiber infrastructure ownership, which will increase broadband subscriptions and improve service quality.

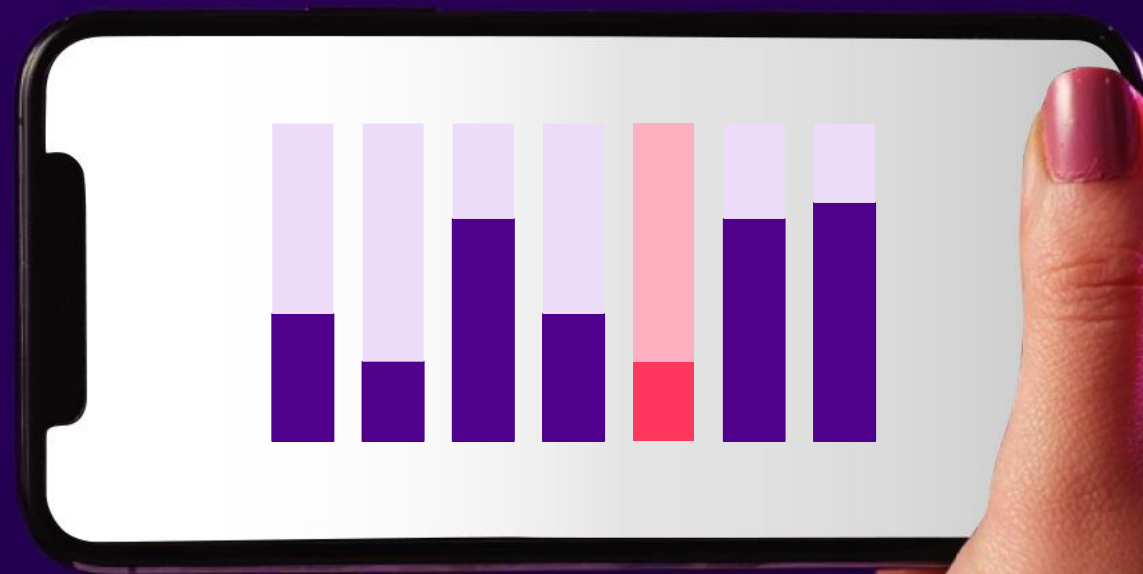
Government Initiatives

- The General Organization for Social Insurance (GOSI) announced that an approval was issued to extend support for Saudi workers in private sector establishments that are still affected by COVID-19, through the unemployment insurance system (SANED), for an additional period of three months.
- Saudi Arabia announced on Sept. 28, that the 2020 G20 Leaders' Summit will be held virtually on Nov. 21–22, chaired by King Salman.
- Saudi Arabia announced four phases to resume Umrah, amid compliance with the required preventive health procedures.
- The Saudi Ministry of Interior announced that the GCC nationals and non-Saudis, who hold valid exit and re-entry, work, residence or visit visas will be allowed to leave and re-enter the Kingdom starting from Tuesday, Sept. 15.

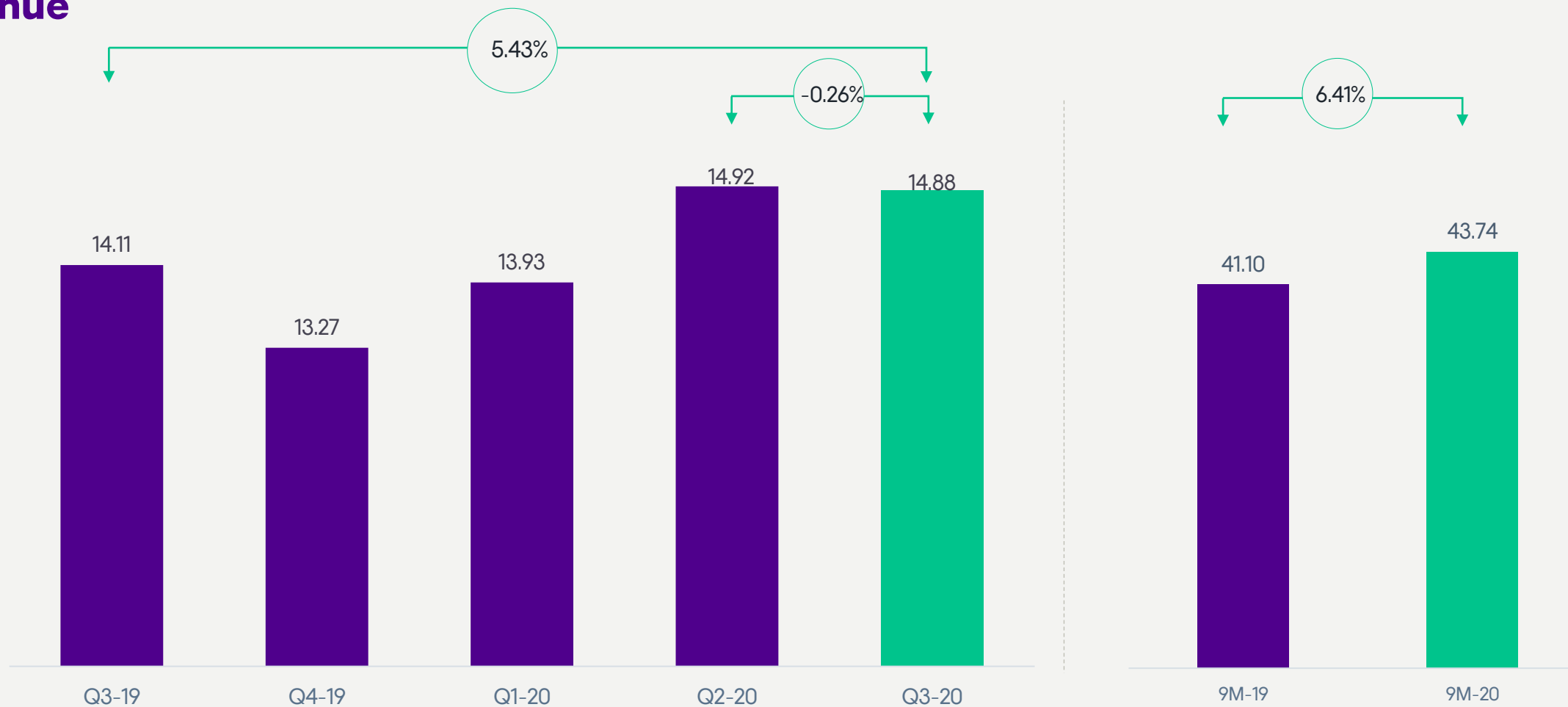
Business Highlights

- ✓ NEOM launches infrastructure work for the world's leading cognitive cities in an agreement with stc
- ✓ The Diplomatic Quarter General Authority has recently partnered with the leading integrated ICT Infrastructure service provider in the Kingdom, TAWAL, for the development of the area's telecommunication infrastructure.
- ✓ stc group has awarded as the 1st Saudi national company to be CREST accredited and certified for Cybersecurity penetration test services.
- ✓ stc increased the coverage of the 5G network in Makkah and the holy sites during the Hajj season of 1441 AH by 119% compared to last year.
- ✓ stc has achieved ISO/IEC 27001:2013 certification for its adherence to stringent data security practices in overall company operations.
- ✓ Saudi Arabia has jumped five places globally in terms of mobile internet speed, ranking 5th worldwide with a speed of 71.73 MB/s as announced by Speedtest website.
- ✓ stc won, for the 4th consecutive year, the award for the fastest mobile network speed, and the award for the best mobile coverage provided by a telecommunication company in the KSA.
- ✓ stc has announced digital solutions to facilitate access to educational e-platforms. The company has introduced the "Education Package" offering unlimited access to the Ministry of Education's applications and platforms.
- ✓ In continuation of its leading role in sales and distribution, stc Channels provided its SME clients POS solution systems provided by SUNMI to enhance digital transformation and improve sales solutions of the business sector.
- ✓ stc pay has launched its first virtual payment card for its digital wallet in the kingdom of Saudi Arabia.
- ✓ The World Summit on the Information Society Forum 2020 (WSIS+15) being held at the International Telecommunication Union's Headquarters in Geneva has honored stc for its Digital Empowerment in Remote Areas Project, proving its excellence once again through global recognition.
- ✓ stc announced the first deployment of 5G SA and "5G Voice over New Radio" service in live network. This technologically innovative accomplishment will enable stc to deploy enhanced data and voice services over an agile, cloud native, next generation end-to-end 5G network.
- ✓ stc received the third-place award for the best digital investor relations in the Middle East. The award was presented by the Middle East Investor Relations Association (MEIRA), which is an independent non-profit organization dedicated to promoting the Investor Relations (IR) profession and industry standards in corporate governance, as well as enhancing the reputation, efficiency, and attractiveness of capital markets in the Middle East.
- ✓ stc announced its new impactU program by inspireU, the program aims to achieve sustainability initiatives provided by stc to lead the digital transformation of our society as an innovative, caring and inclusive company, and lead social responsibility programs with strategic guidance that includes the community, environment, business and governance.

III. Financial Highlights



Revenue



Top line growth of 5.43% and 6.41% was a result of a 25.2% increase in FTTH and 8.5% increase in broadband subscribers, in addition to a 10.1% increase in data revenue for the current period compared to the previous period (9M). As well as, overall increase of revenue for all business units.

Gross Profit



9M Gross Margin remains in line with the same period last year

All figures are in SAR Billions

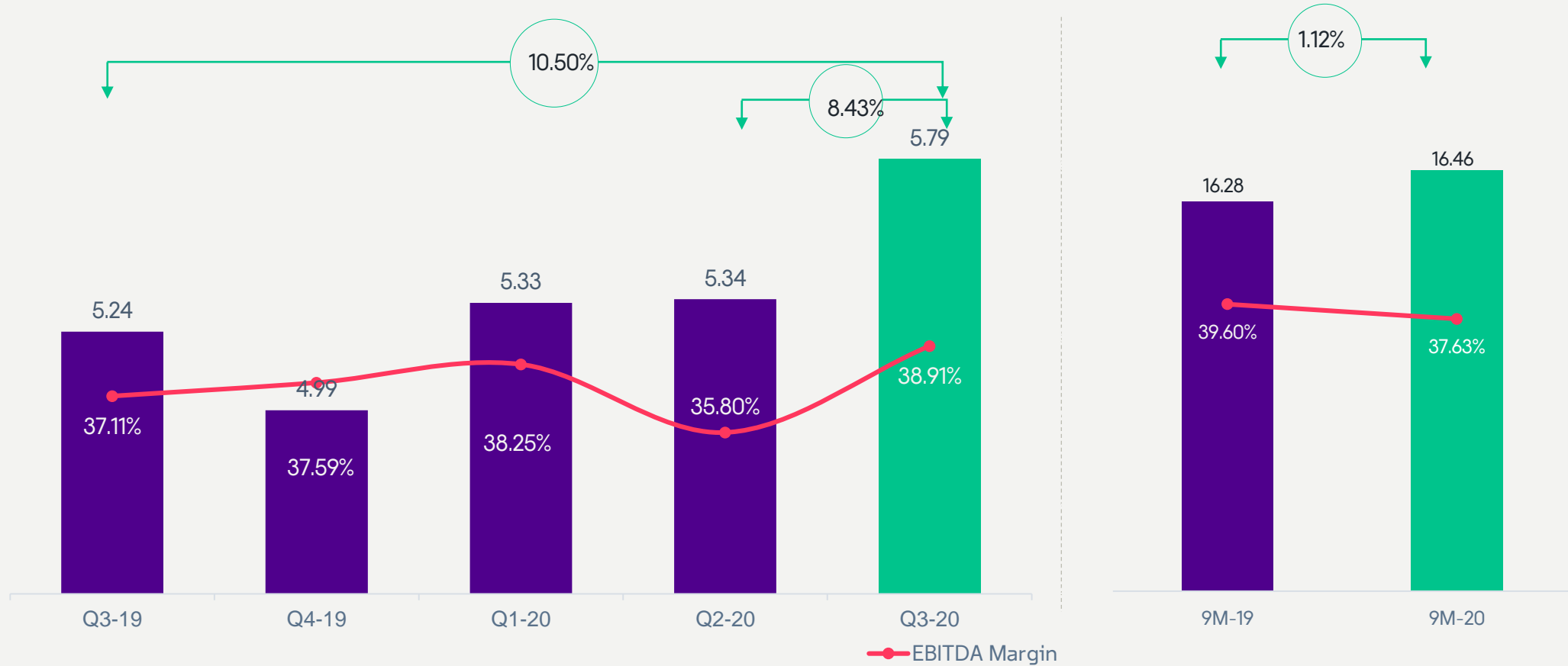
Operating Profit (EBIT)



A healthy EBIT Margin which is above the average of the past 4 financial quarter

All figures are in SAR Billions

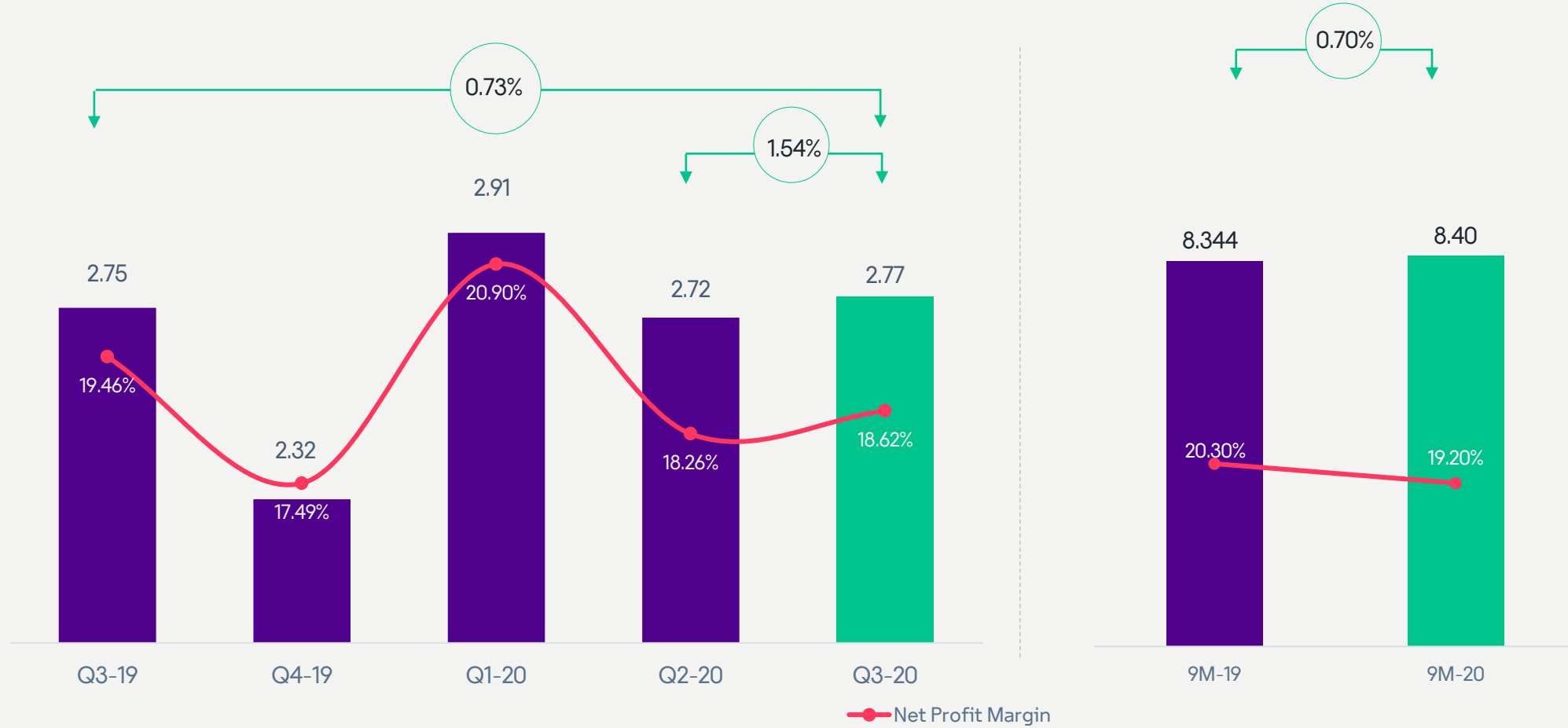
EBITDA



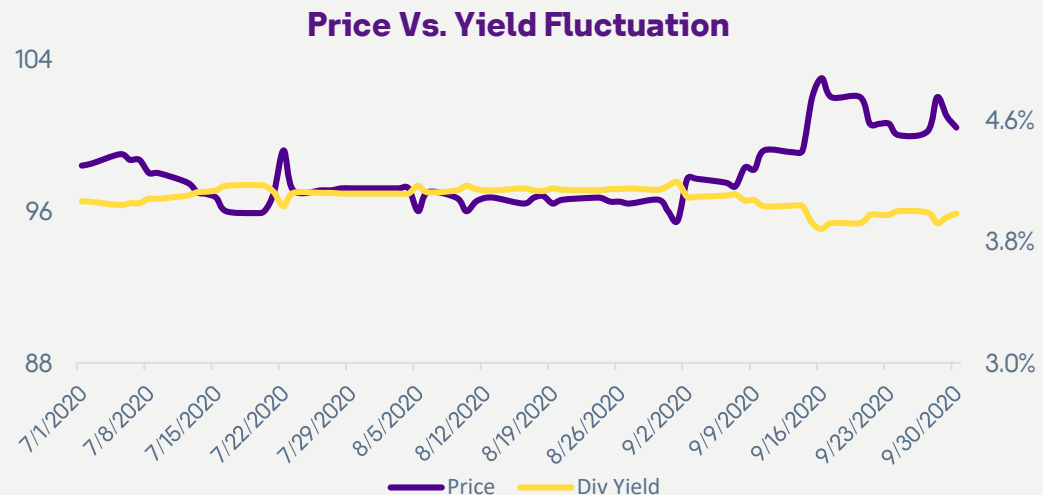
EBITDA witnessed growth by SAR 446 million compared with the previous quarter

All figures are in SAR Billions

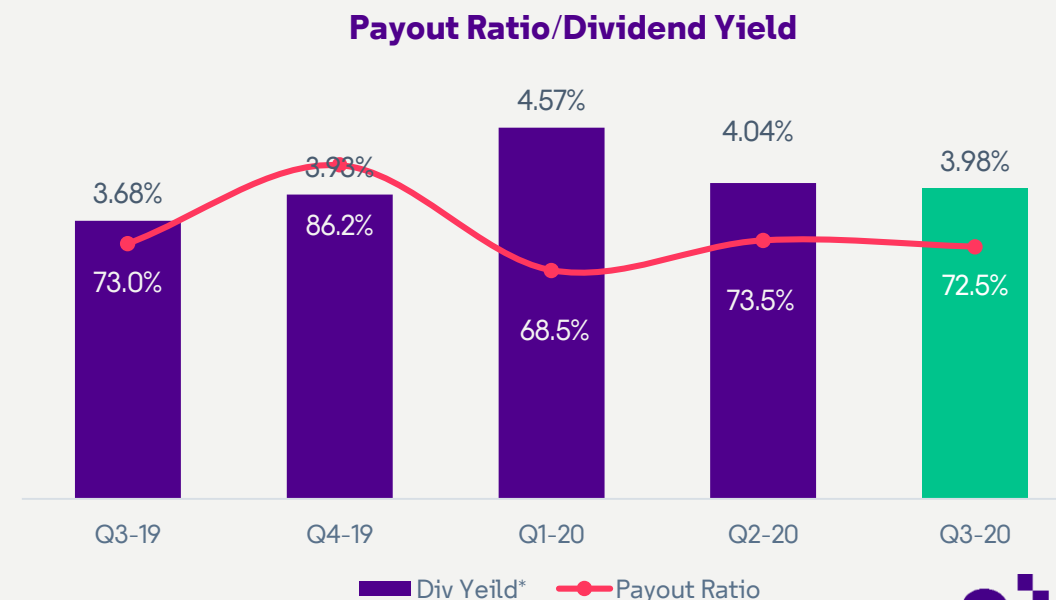
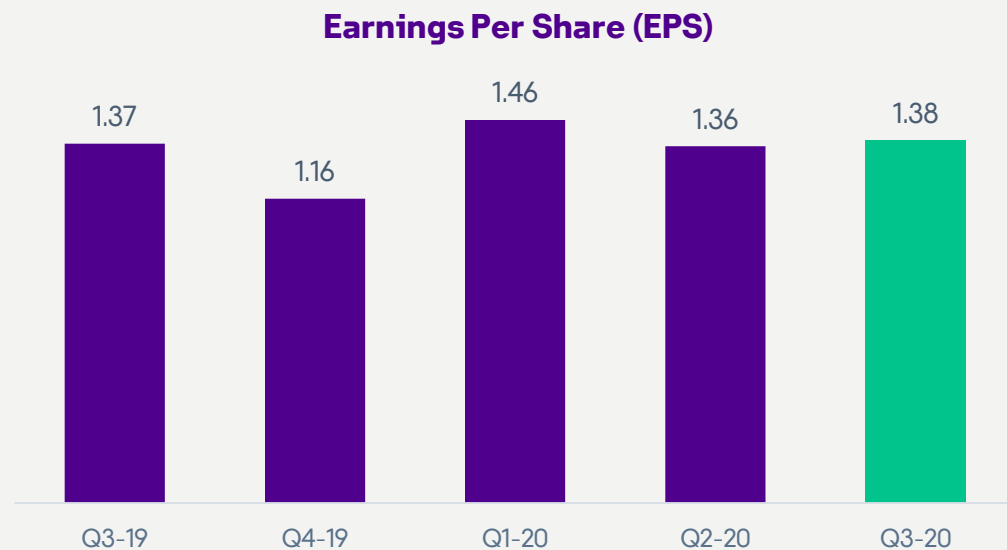
Net Profit



The increase of SR 41m in net profit for Q3 2020 as compared to the previous quarter was attributed mainly to the increase in gross profit by 7.55%



- stc commits to pay a fixed minimum dividend of a SR 1 per share per quarter. Further, the company may consider and pay additional dividend 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.
- 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.



*Annualized Dividend



Thank You

