



Financial Results Presentation

Q3 - 2019

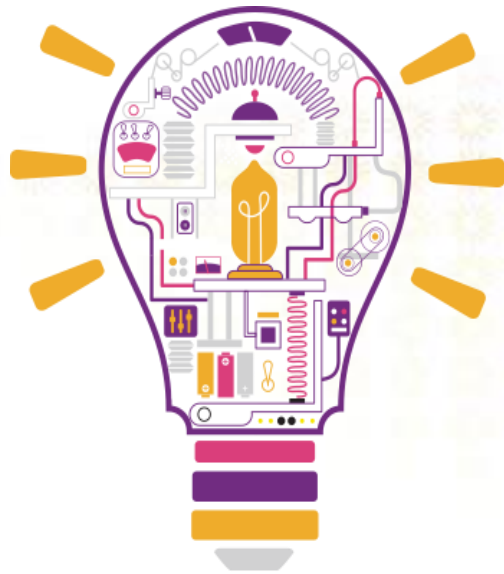
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For further information about Saudi Telecom Company, or the materials contained within this presentation, please direct your enquiries to our Investor Relations team via email at IRU@STC.com.sa



I. Strategy Overview

Vision:

“

We are a world-class digital leader providing innovative services and platforms to our customers in the MENA region

”

Values:



devotion



drive



dynamic

Digitize STC

Digitally transform STC's operational capabilities

Accelerate Core Asset Performance

Extract more value from our core assets and traditional segments

DARE

Reinvent Customer Experience
At World-class Standards

Redefine customer experience through personalization of every interaction

Expand Aggressively
Scale And Scope

Pursue concrete opportunities for growth



- ▶ 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

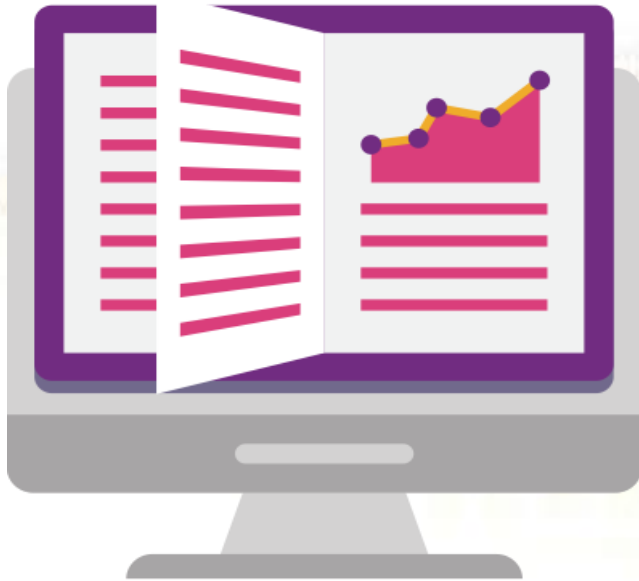
▶ Drive efficiencies through digital transformation

▶ 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. Business Overview

Expanding Macro Economy & Liquidity

- ✓ Saudi Arabia's gross domestic product expanded by 0.16% year-on-year in the third quarter of 2019;
- ✓ In line with the decrease in Federal Fund rate, Reverse Repo Rate in Saudi Arabia decreased to 2 percent in October from 2.25 percent in September of 2019;
- ✓ The Ministry of Finance announced that it has closed the September 2019 Sukuk Program issuance under the Saudi Arabian Government (SAR-denominated) at a total amount of SAR 8.84 billion;
- ✓ The Ministry of Haj and Umrah has completed all arrangements to receive pilgrims in the new Umrah season starting on September and expected their number to go up by about 18 percent over the previous season when more than seven million pilgrims performed the Umrah.

Regulatory Environment

- ✓ Ministry of Communications and Information Technology (MCIT) and Huawei host 5G onboard training program under 'Think-Tech' Initiative;
- ✓ The Ministry of Communications and Information Technology (MCIT) has signed a memorandum of understanding with Nokia launching a global center for software development and support in the Kingdom;
- ✓ "ICT strategy to contribute SR50bn to GDP in 5 years" according to Abdullah Al-Sawaha, minister of information and communications technology;
- ✓ MCIT and Human Resources Development Fund (HRDF) have launched a joint nationalization program that targets 14,000 positions in the Information and Communication Technology (ICT) sector, in alignment with Saudi Arabia's Vision 2030.

Telecom Industry *

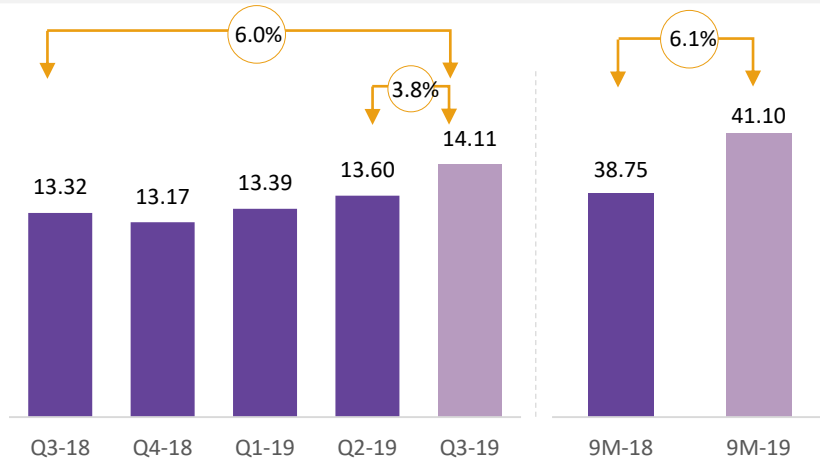
- ✓ Number of mobile subscribers decreased slightly to reach 41.45m as of June. 2019 (vs. 41.63 m as of Mar. 2019) with a penetration rate of 124.1%;
- ✓ Number of fixed Telephony subscribers increased to reach 3.24m as of June. 2019 (vs. 3.12 m as of Mar. 2019) with a penetration rate of 29.2%;
- ✓ Number of mobile broadband subscribers increased, reaching to 29.63m as of June 2019 (vs. 29.45m as of Mar. 2019) with a penetration rate of 88.7%;
- ✓ Number of fixed broadband subscribers increased, reaching to 1.98m as of June 2019 (vs. 1.96m as of Mar. 2019) with a penetration rate of 33.1%.

- ✓ Eng. Nasser Alnasser, STC Group CEO, confirmed that STC has increased the number of sites equipped with 5G up to 1,000 site in various KSA regions as the first operator to provide such service.
- ✓ STC announced services of the fifth generation (5G) provided to corporate sector are expected to be launched early 2020.
- ✓ STC and SIF concluded a cooperation agreement to promote local content and create localization opportunities.
- ✓ STC and Panda retail company has signed an agreement to develop data communication networks to serve Panda customers to the fullest and provide free internet within Panda markets.
- ✓ STC Business and Badir Program signed an agreement to support startups with innovative solutions.
- ✓ STC Channels has opened the first Apple accredited maintenance and technical support center for smart devices.
- ✓ STC Business signed service agreement with Ministry of Housing's for Ejar Program beneficiaries.
- ✓ CITC Governor Honors STC for its active contributions in making Hajj season 1440 H.
- ✓ Deployed 5G network in 196 sites in the two holy cities, at the Hajj season to serve pilgrims of the Holy Mosque.
- ✓ STC approved the distribution of SR 2,000 million cash dividend for Q3 2019, representing SR 1 per share, and a total of SR 6,000 million for the year.
- ✓ STC concluded an agreement with the Saudi federation for cybersecurity, programming and drones (SAFCSP).
- ✓ STC obtained membership in Social International Value Organization as the first telecommunication company in the Middle East.
- ✓ STC launched its new digital branch in Riyadh, where customers can enjoy fast self-service machines.
- ✓ STC was recognized as a winner in the Best Annual Report – Digital Category in the 2019 MEIRA Annual Conference.
- ✓ STC organized a conference call with analysts on the 23rd of July to discuss the financial results for the 2nd Quarter of 2019.
- ✓ STC announced its plans to stop using its 3G network by 2022.
- ✓ STC won the 2019 Best Practices Awards by TDWI.
- ✓ STC wins 3 creative awards at the Loeries 2019 for four years in a row.
- ✓ Jawwy won a Technology & Customer Experience award for best use of automation for customer engagement.
- ✓ STC announced that the negotiations with the General Sport Authority and Saudi Arabian Football Federation on the revision of broadcasting and sponsorship agreements have been completed, and accordingly STC decided not to continue those agreements.
- ✓ STC Solutions retained its position as the #1 IT Service provider in the Kingdom for the fourth consecutive year according to the latest report published by International Data Corporation (IDC).

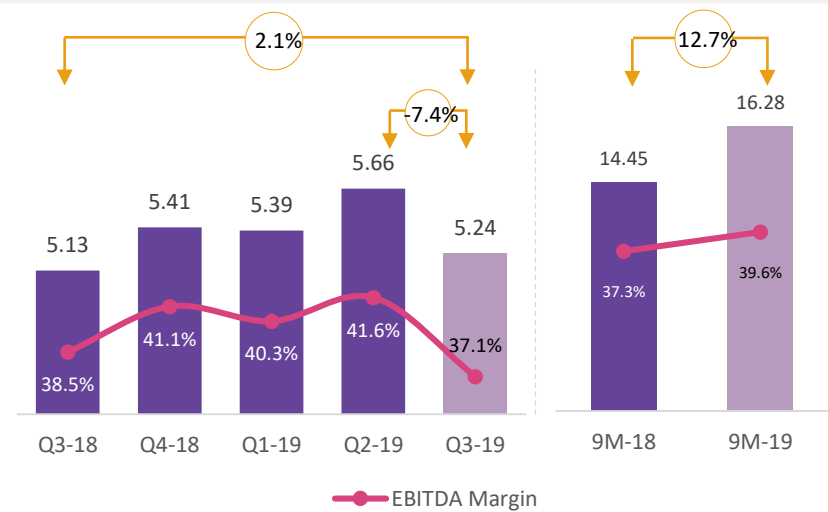


III. Financial Highlight

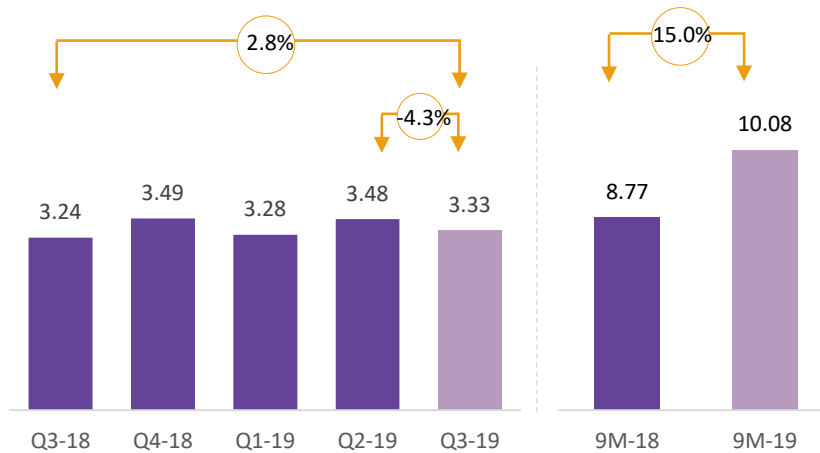
Revenue



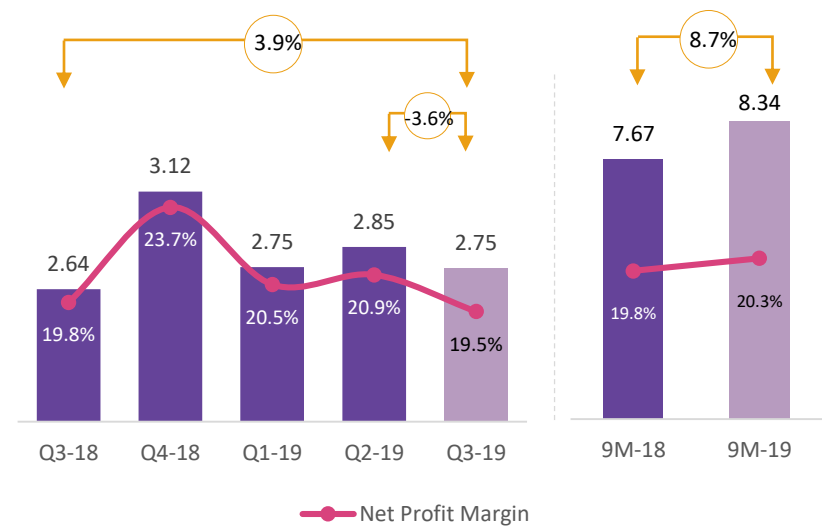
EBITDA



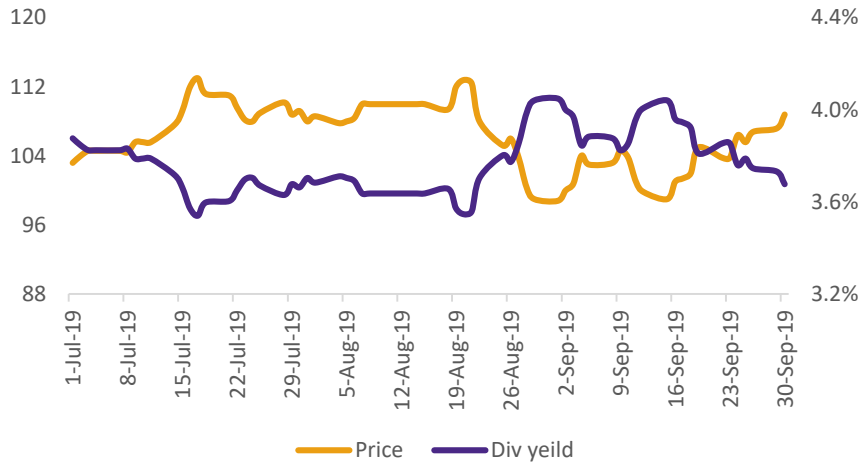
Operating Profit



Net Profit

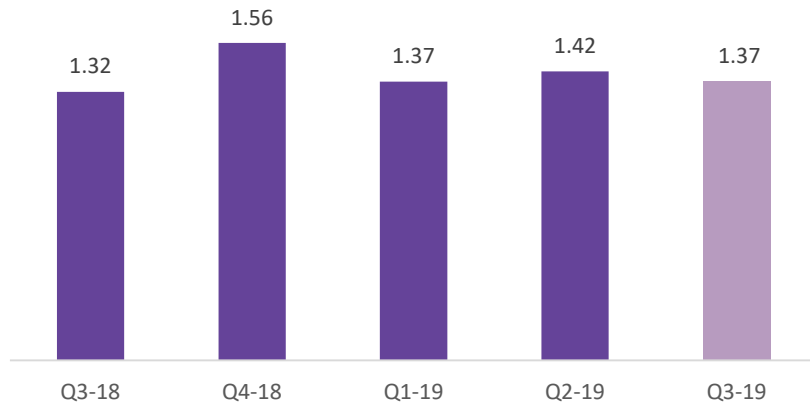


Price Vs. Yield Fluctuation

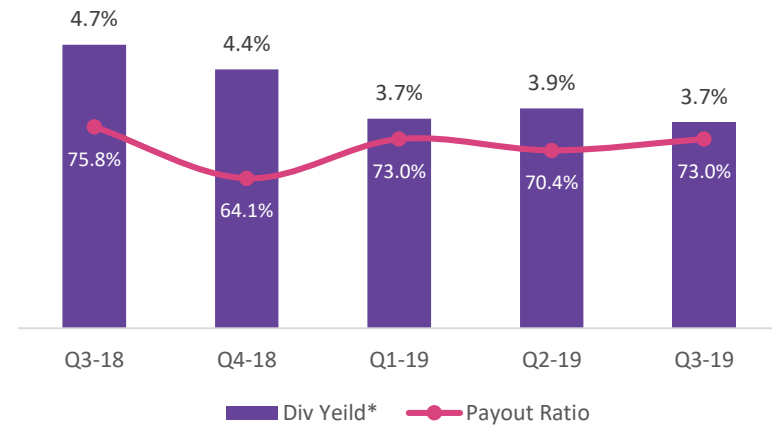


- STC commits to pay a fixed minimum dividend of a SR 1 per share per quarter. Further, the company will consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional 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.

Earnings Per Share (EPS)



Payout Ratio



*Annualized Dividend

Thank you
