



# Press Release

For the nine months period ended 30<sup>th</sup> September 2021

**stc**

# Financial Performance

For the nine months period ending 30<sup>th</sup> September 2021

# 8.22%

Increase in revenues for the 9 months period, as compared to the same period last year.

## Credit Rating

- **S&P: A-**
- **Moody's: A1**
- **Tasneef: AAA**

Key Figures (SAR mn)
Revenue
Gross Profit
<i>Gross Profit Margin</i>
Operating Profit
<i>Operating Profit Margin</i>
EBITDA
<i>EBITDA Margin</i>
Net Income
<i>Net Income Margin</i>
EPS

Q3 2021	Q3 2020	Change (%)	Q2 2021	Change (%)
<b>15,735</b>	14,881	5.74%	15,899	(1.03%)
<b>8,369</b>	8,971	(6.71%)	8,352	0.20%
<b>53.19%</b>	60.28%		52.53%	
<b>3,192</b>	3,460	(7.75%)	3,250	(1.78%)
<b>20.29%</b>	23.25%		20.44%	
<b>5,606</b>	5,788	(3.14%)	5,627	(0.37%)
<b>35.63%</b>	38.90%		35.39%	
<b>2,924</b>	2,766	5.71%	2,821	3.65%
<b>18.58%</b>	18.59%		17.74%	
<b>1.46</b>	1.38		1.41	

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EPS

9M 2021	9M 2020	Change (%)
<b>47,330</b>	43,737	8.22%
<b>25,278</b>	25,508	(0.90%)
<b>53.41%</b>	58.32%	
<b>9,924</b>	9,526	4.18%
<b>20.97%</b>	21.78%	
<b>17,073</b>	16,460	3.72%
<b>36.07%</b>	37.63%	
<b>8,698</b>	8,402	3.52%
<b>18.38%</b>	19.21%	
<b>4.35</b>	4.20	

Commenting on these results, Eng. Olayan Mohammed Alwetaid, stc Group CEO, stated that the company's results for the 9 month period came in line with our expectations, as the company was able to grow its top line by 8.2% compared to the same period last year, which was achieved through the continuation of the exceptional performance from the Enterprise business unit and its ability to grow its revenues, as it achieved 27.4% revenue growth during the period, due to the unit being well positioned to cater to the strong demand from the public and private sectors. The Wholesale business unit also contributed positively to the company's performance, as it registered 3.4% revenue growth during the period due to the increase in its international revenues, benefitting from stc's infrastructure investments which led to a growth in the company's Hubbing services. As for the Consumer business unit, revenues increased for the residential segment, driven by an increase in FTTH and fixed wireless access subscribers by 15% and 27%, respectively.

Alwetaid went on to say that stc aims to establish its position among the world's leading companies, and to enable innovation and digital transformation in the Middle East and North Africa through an integrated system of services provided by the Group and its subsidiaries. This has enhanced the success of companies such as (solutions by stc) to transform from a SR 100 million acquisition in 2007 to a company with a value of more than 18 billion riyals upon its listing, and becoming at the forefront of IT service providers for five consecutive years, in addition to being the preferred partner for the public and private sectors in the Kingdom. The successful listing of (solutions by stc) in the Saudi Stock Exchange, Tadawul, represents a qualitative and important leap in supporting companies working in the field of communications and information technology.

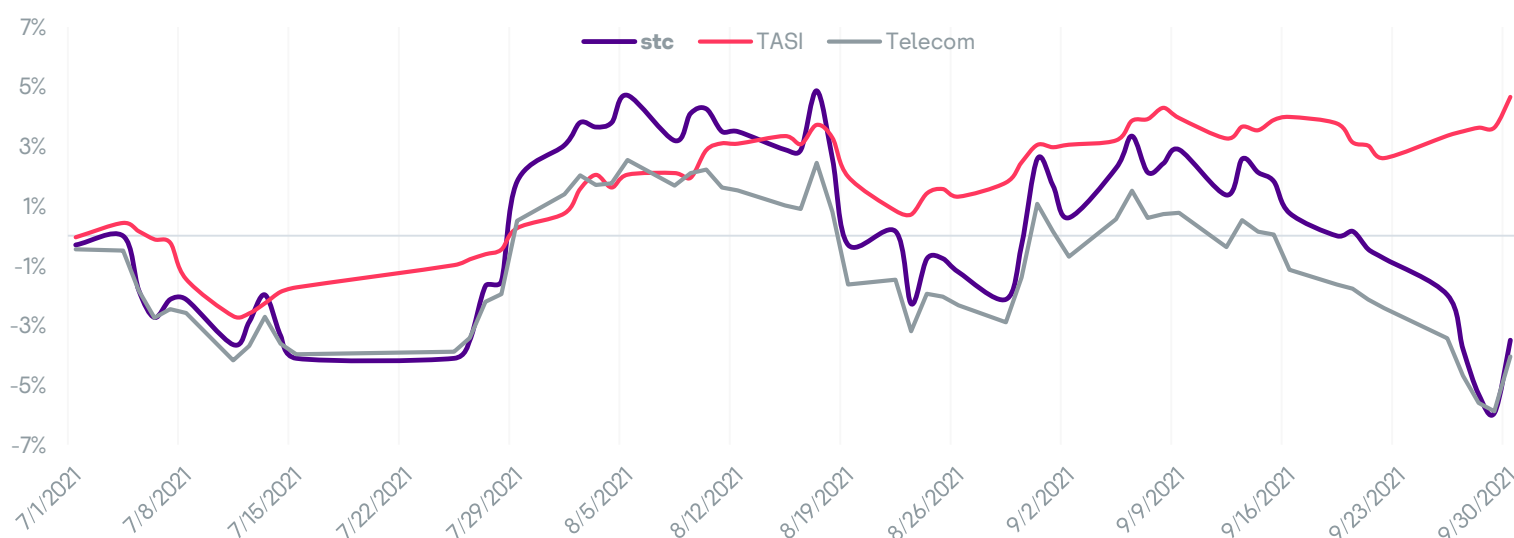
Recently, stc announced its wholly owned submarine cable system named Saudi Vision Cable, that is inspired by the Saudi 2030 vision, which will be a game changer for subsea cables in the region. This state of the art submarine cable system will enable a unique and low latency route, linking the major subsea hubs in the Red Sea cities of Saudi Arabia. Saudi Vision Cable is the first ever high capacity submarine cable in the Red Sea region that will provide seamless connectivity through 4 landings in Jeddah, Yanbu, Duba, and Haql.

Further and in recognition of the strong financial position of the company and its objective to maximize its shareholders' value, the Board of Directors of Saudi Telecom Company has recently recommended a dividend policy starting from the 4th quarter of 2021. Where stc commits to distribute SR 1 per quarter for the next three years, with a possibility of paying additional dividends subject to assessment of the company's financial position, future outlook, and capital requirements.

Finally, stc is still committed to investing in infrastructure and acting as a national enabler for digital transformation. As stc adopts sustainable national initiatives that are concerned with building digital capabilities and skills for future leaders, embracing entrepreneurs and innovators, supporting the digital environment, empowering society and consolidating the Kingdom's position as a regional technical leader.

## Stock Performance

Q3 2021



## Event Calendar

Q3 2021

### July

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

→ No announcements.

### August

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

→ **2<sup>nd</sup> August:** stc announced its interim condensed consolidated financial results for the period ending on 30-06-2021 (Six Months).

→ **2<sup>nd</sup> August:** stc announced the interim dividends for the 2<sup>nd</sup> quarter 2021.

→ **5<sup>th</sup> August:** stc announced that it has conducted an Earnings Conference Call to discuss the financial results of the second quarter and the Six Months of 2021 with investors and financial analysts.

→ **26<sup>th</sup> August:** Q2 2021 dividend distribution (SAR 1/ share).

→ **31<sup>st</sup> August:** J.P. Morgan MENA Opportunities Investment Forum.

### September

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

→ **1<sup>st</sup> September:** J.P. Morgan MENA Opportunities Investment Forum.

→ **13<sup>th</sup> - 14<sup>th</sup> September:** The 4<sup>th</sup> EFG Hermes Conference.

→ **22<sup>nd</sup> September:** stc announced the latest developments regarding the Initial Public Offering for its subsidiary, Arabian Internet and Communications Services Company (solutions by stc).

→ **27<sup>th</sup> September:** stc announced its dividends distribution policy starting from Q4, 2021.

→ **30<sup>th</sup> September:** stc announced its receipt of a letter from the Public Investment Fund with respect to exploring a sale of part of its stake in stc while maintaining majority stake of more than 50% of the Company.

## stc and Huawei signed MoU for sustainable development and green initiatives in KSA

stc and its strategic partner Huawei signed an MoU for cooperation in sustainable development, green initiatives, and social development to build a better-connected nation that bridges the digital gap. Through this partnership, stc seeks to adopt the best global practices in sustainable development to set new benchmarks for responsibility in the ICT sector. The initiative is in line with Saudi Arabia's direction towards achieving the UN Sustainable Development Goals (SDGs). It also supports the Saudi Green Initiative and Middle East Green Initiative launched by the Kingdom's Crown Prince HRH Prince Mohammed bin Salman to confront climate change in the Middle East.

## Riyadh ranked 6<sup>th</sup> globally in Fastest Performing 5G Networks

Riyadh ranked sixth among world capitals in competing for the fastest performing 5G communication network. In the first half of 2021, Riyadh recorded an average download speed of 384.66 megabits per second, according to a report by Ookla (specializes in analyzing the performance and availability of 5G networks in major cities around the world). This groundbreaking success reflects the Kingdom's efforts and stc's success in developing the communications and information technology infrastructure and building an advanced 5G network in the Middle East, which supports the digital transformation journey.

## MoU between Advanced Technology and Cyber Security Company and Telefonica

To enhance cooperation in the development of new products and services in the field of technology and cybersecurity, the Advanced Technology and Cyber Security Company (sirar by stc) and Telefonica Tech signed a strategic agreement aimed at exchanging knowledge and adopting best practices in the field of cybersecurity management and exchanging proactive information on cyber threats and attacks.

## stc enables users to benefit from its wide network by introducing "Local Roaming Service" launched by CITC

The Kingdom's interest in supporting digital transformation by expanding the telecommunications services to cover all its citizens, whether nationals or residents, is manifested by reaching more than 21,000 villages and towns and providing the service to more than 5 million people, as part of villages and towns development projects. To ensure the diversity of options and the continuity of service for visitors and residents of villages and towns, the national local roaming campaign has been launched by the Communications and Information Technology Commission (CITC) with the participation of stc. The service enables customers to change their operator to another service network if there is no coverage for their primary service operator. This campaign will allow customers to benefit from the wide coverage of stc networks in all regions of the Kingdom.

## solutions by stc successfully completed its IPO process

Arabian Internet and Communications Services Co. (solutions by stc) began trading on the Saudi Exchange (Tadawul) on 30<sup>th</sup> of September. The IPO process was a successful hit in the market as the IPO order book was 13,003% oversubscribed raising SAR 471 billion from institutional investors only. While a total of 1.04 million retail investors subscribed to 2.40 million shares at a total value of SAR 8.6 billion. The company offered 24 million shares (20% of capital), of which 90% and 10% were allocated for institutional and retail investors, respectively.

## CITC launched 2<sup>nd</sup> phase of broadband opening project for business sector

CITC launched the second phase of the broadband opening project, which is dedicated to the business sector. The move followed the success of the first phase, in which individuals were allowed to choose the fiber-optic service provider, regardless of the owner of the infrastructure. The commercial agreements were signed by all telecom service providers, namely stc, Mobily, Zain KSA, Salam, Dawiyat Integrated Telecommunications & Information Technology Co, and Etihad Attheeb Telecommunication Co. The authority indicated that the percentage of requests to open broadband in its first phase, which targeted the retail sector, increased to more than 76% of the total subscriptions to fiber-optic service since its launch last year. This led to improving the competitiveness of fiber-optic services by nearly 23%. The service providers have submitted more than 50 promotions since the launch of the project.

## stc announces "SVC" a new subsea cable system

stc announced the establishment of its wholly owned submarine system, named Saudi Vision Cable that is inspired by the Saudi 2030 vision. The submarine cable system will enable a unique and low latency route, linking the major subsea hubs in the Red Sea cities of Saudi Arabia. The supply contract for the construction of the fiber optic submarine cable, has been awarded to ASN (Alcatel Submarine Networks). ASN design, manufacture and install the system including repeaters and 1,160km of fiber optic cable. SVC is the first ever high capacity submarine cable in the Red Sea region that will provide a seamless PoP to PoP connectivity (up to 18Tbps/fiber pair with a total of 16 fiber pairs) through 4 landings in Jeddah, Yanbu, Duba, and Haql. Saudi Vision Cable will be an Open Cable system that will allow deployment of transmission equipment separately from the wet plant, thereby providing stc with the advantage of development life cycle of transmission and wet plant technologies.

## stc announces its new dividend distribution policy

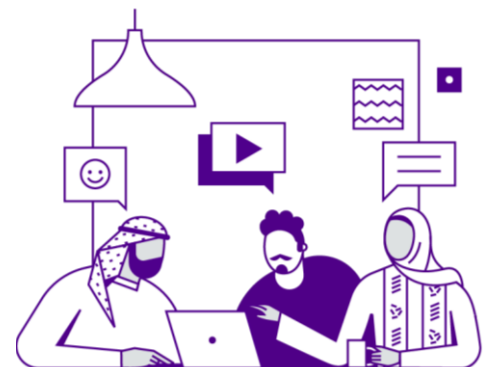
stc announced its new dividends distribution policy for the next three years starting from the 4<sup>th</sup> quarter 2021. The dividend policy as recommended by the BOD remains subject to the ratification in the next General Assembly Meeting, which will be announced later. The objective of the dividend policy is to maintain a minimum level of dividend per share on quarterly basis.

The dividend policy as follows:

- stc commits to pay SAR 1/ share per quarter for the next three years. stc will consider and pay additional dividend, subject to stc BOD recommendation to the General Assembly, after the assessment of the Company's financial situation, future outlook and capital expenditure requirements.

The dividends policy will remain subject to change based on the following:

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.



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