

# stc group investor presentation

Investor Relations  
Q2, 2021

stc

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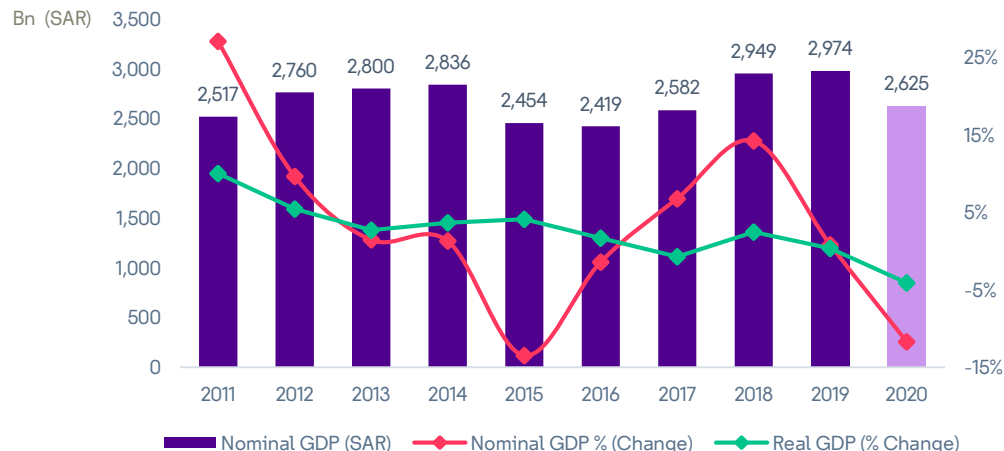
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# Saudi Arabia's Macro-Economic Environment



## Gross Domestic Product (GPD) Growth

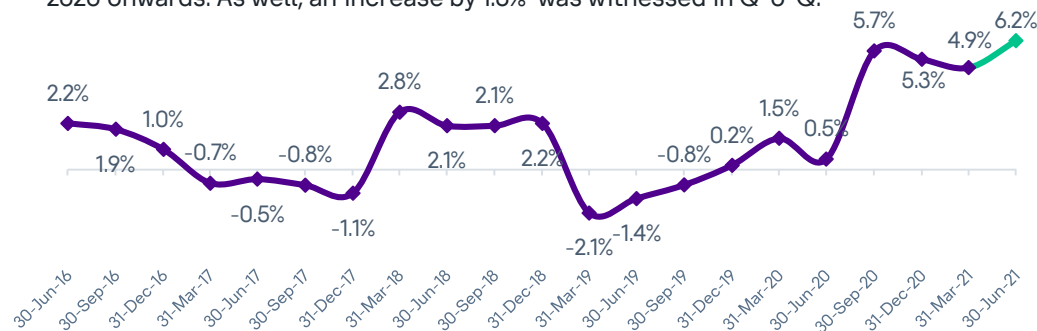
According to the flash estimates by GASTAT data, real GDP recorded a positive growth rate for the first time since the start of Covid-19 pandemic by 1.5% in Q2 2021 compared to Q2 2020. This positive growth rate was due to the increase in non-oil activities by 10.1%, and government activities by 0.7%. Furthermore, seasonally adjusted real GDP showed a positive growth rate of 1.1% in Q2 2021 compared to Q1 2021 mainly from growth in both of oil activities and non-oil activities by 2.5% and 1.3% respectively.



Source: GASTAT

## Inflation Rate

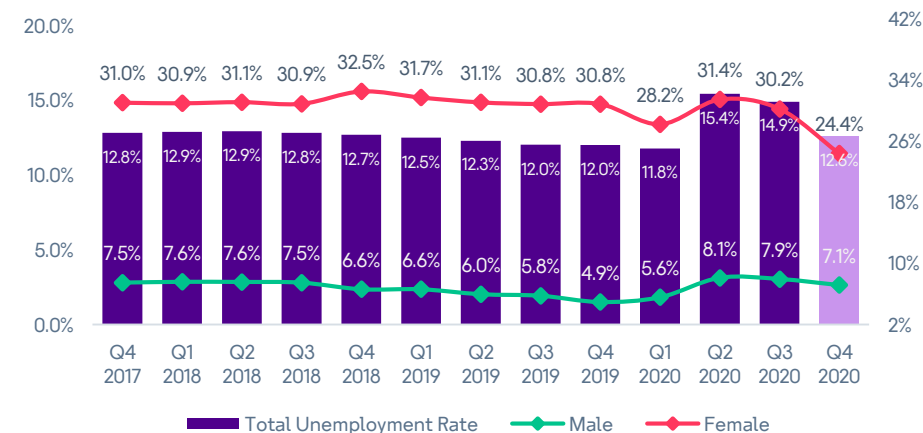
Saudi Arabia's annual inflation rate rose to 6.2% in June, the highest this year, from 5.7% in May. The general consumer price index (CPI) registered in Q2, 2021 a Y-o-Y surge by 5.7% as it was projected that inflation will rise due to the continues impact of VAT increase from 5 percent to 15 percent that was effective starting from July 2020 onwards. As well, an increase by 1.3% was witnessed in Q-o-Q.



Source: SAMA

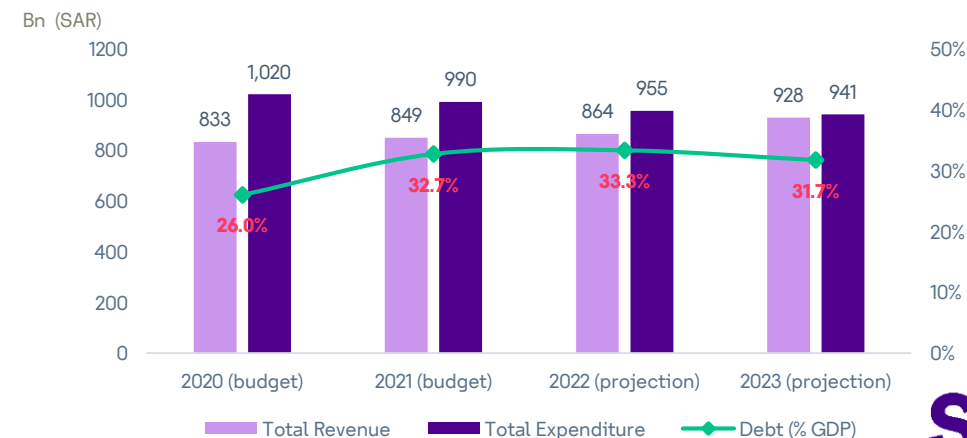
## Saudi Unemployment Rate (15+)

GASTAT's latest labor market release for Q4, 2020 showed that Saudi unemployment rate decreased to 12.6%, down from 14.9% in Q3, 2020. Male unemployment decreased to 7.1%, down from 7.9%, whereas female unemployment decreased significantly to 24.4%, down from 30.2% in Q3 2020.



Source: GASTAT

## Government Outlook on Expenditures & Revenues



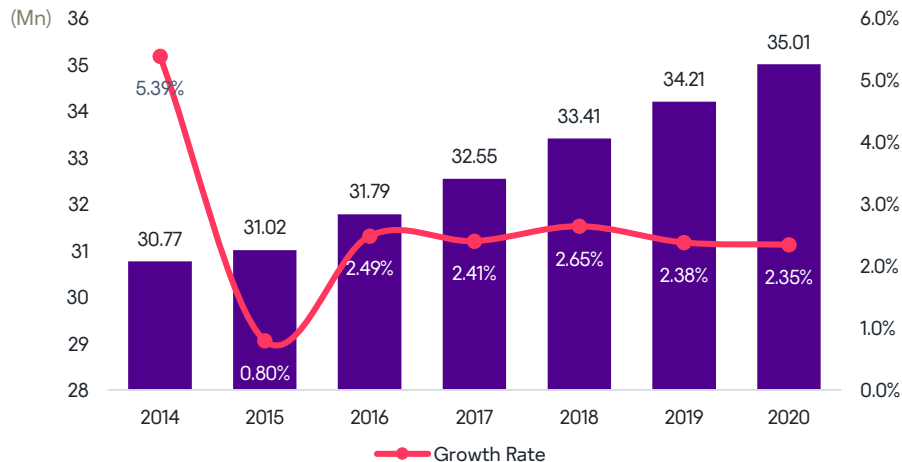
Source: MoF



## Saudi Population

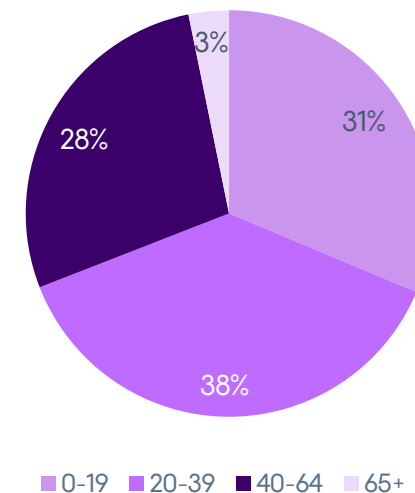
- Saudi population is the largest and youngest demographic in the GCC region.
- 2020 GASTAT data showed that 62% of the population is between the age of 15 and 49.

### Population Census



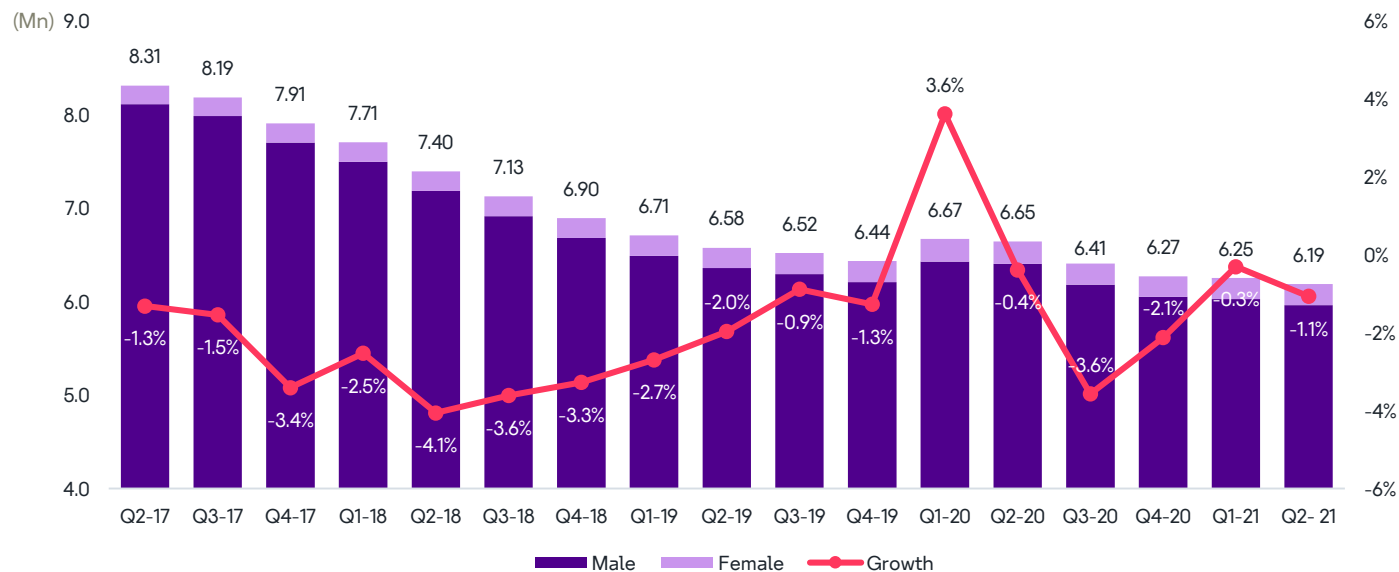
Source: GASTAT

### Distribution by Age Group (2020)



## Foreigners in the Saudi Labor Force

- Latest General Organization for Social Insurance (GOSI) figures showed a decrease in the rate of expat exodus in Q2, 2021.
- Despite the increase in number of workers during Q2 2020, approximately 457 thousand of expats departure by Q2 2021.



Source: GOSI



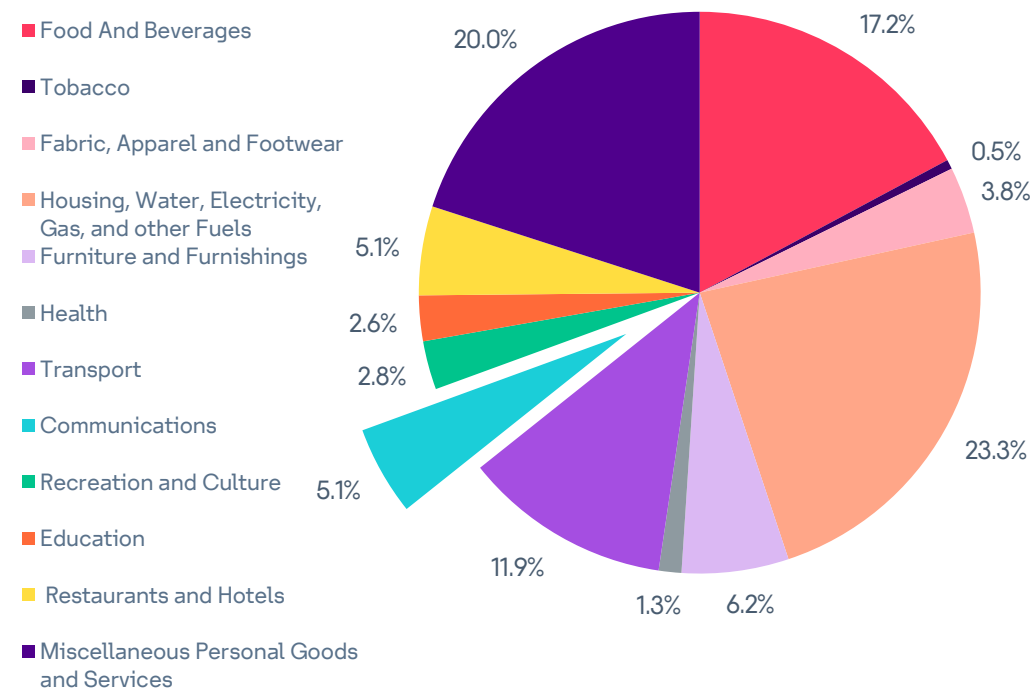
## Average Historical Communication Consumer Spending (By Total Households)

- Throughout the years, percentage of consumer spending on communication services slightly witnessed a decrease.
- This is mainly due to a general reduction in the operational costs making telecom operators to offer competitive packages in the market.

Year	Average Household Salaries	Average of Consumer Spending on Communication Services	%
2018	12,818	659	5.14
2013	11,522	726	6.30
2007	10,280	665	6.47

Source: GASTAT

## Segmentation of Average Consumer Spending in 2018 (By Total Households)





## 2030 Vision Key Objectives

- Raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations
- Increase the private sector's contribution from 40% to 65% of GDP
- Increase women's participation in the workforce from 22% to 30%
- Move from our current position as the 19<sup>th</sup> largest economy in the world into the top 15
- Lower the rate of unemployment from 11.6% to 7%
- Increase SME contribution to GDP from 20% to 35%
- Increase our capacity to welcome Umrah visitors from 8 million to 30 million every year



## NTP 2020 Key Objectives

- 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

## stc Strategy Elements



- Lead the market in digital services and creative solutions
- Drive efficiencies through digital transformation
- Digitalize 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

## Macro Economy & Liquidity

- The point-of-sale (POS) transactions soared by 72% to SAR 40.27 billion in May 2021, from SAR 23.45 billion in the same month last year, data issued by the Saudi Central Bank (SAMA).
- Online sales performed through Mada cards soared by 85% year-on-year (YoY) to reach SAR 5.56 billion in April 2021. The sales were performed through 25.57 million transactions, according to the monthly data issued by the Saudi Central Bank (SAMA).
- Remittances from expatriates in Saudi Arabia rose by 6% year-on-year (YoY) to SAR 12.53 billion in May, according to recent data released by the Saudi Central Bank (SAMA). Compared to April, remittances from expatriates in Saudi Arabia declined around 6%, or SAR 748 million.
- Assets held by the Saudi Central Bank (SAMA) decreased by SAR 5.6 billion month-on-month (MoM) to SAR 1.826 trillion in May 2021, according to data released by the central bank.
- Saudi Arabia's non-oil exports grew 23% year-on-year (YoY) to SAR 59.9 billion in Q1 2021, recording its highest quarterly level since Q4 2018, data from the General Authority for Statistics (GASTAT).
- The value of Saudi Arabia's oil exports reached around SAR 152.5 billion in Q1 2021, an increase of 7% or SAR 9.5 billion year-on-year (YoY), data from the General Authority for Statistics (GASTAT).
- Saudi Arabia's gross domestic product (GDP) fell by 3% to SAR 634.6 billion by the end of Q1 2021, compared to SAR 654.03 billion a year earlier, data issued by the General Authority for Statistics (GASTAT).
- Private sector contribution to Saudi Arabia's gross domestic product (GDP) increased to 44.1% in Q1 2021 from 41.5% in Q4 2020, data issued by the General Authority for Statistics (GASTAT).
- The unemployment rate among Saudis fell to 11.7% in Q1 2021 from 12.6% in Q4 2020, according to data from the General Authority for Statistics (GASTAT).

## Regulatory Environment

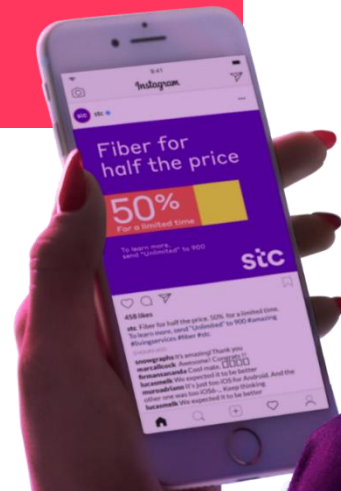
- Saudi Arabia's Ministry of Communications and Information Technology expects the e-commerce sector to grow to SAR 66 billion by 2030, Al-Eqtisadiah Newspaper reported. By 2023, it aims to be among the top 30 countries in digital economy, and become a hub for digitally connecting continents.
- Saudi Arabia saw increased coverage of 5G network services during the first quarter of 2021, as the number of governorates that now have access to 5G services rose to 53, compared to 51 in Q4 2020, according to the report issued by The Communications and Information Technology Commission (CITC) on internet speeds in the Kingdom (Meqyas).
- The Capital Market Authority (CMA) approved a request by Arabian Internet and Communications Services Co. (stc solutions) to float a 20% stake, or 24 million shares in an initial public offering (IPO).
- Saudi Arabia's Communications and Information Technology Commission (CITC) launched the first phase of the experimental regulatory environment "Regulatory Sandbox" to provide innovative solutions developed by telecom service providers.
- The Communications and Information Technology Commission (CITC) launched today, June 28, a campaign to localize the ride-hailing applications across Saudi Arabia, aiming to increase the number of nationals working in the field and enable them to capitalize on the increasing demand and accordingly, diversify their sources of income. In addition, CITC called on all nationals to use these apps while shopping and fulfilling their daily needs.

## Government Initiatives

- Crown Prince Mohammed bin Salman launched the national strategy for transport and logistics services, aiming to enhance the Kingdom's position as a global logistic hub that links the three continents. It also aims to improve the transport services and enhance integration of the logistics services system and modern means of transport to support the Kingdom's development.
- Saudi Arabia's Crown Prince Mohammed bin Salman inaugurated eight housing and medical projects for Ministry of Defense staff in several provinces, SPA reported.
- Crown Prince Mohammed bin Salman issued directives to double housing projects in the north of Riyadh by allocating new residential land plots on a total area of 20 million square meters and transferring their full ownership to the Ministry of Municipal, Rural Affairs and Housing.
- Saudi Arabia's Crown Prince Mohammed bin Salman said in a televised interview on April 27, 2021, that the Kingdom seeks a normal rate of unemployment between 4-7% within Vision 2030.



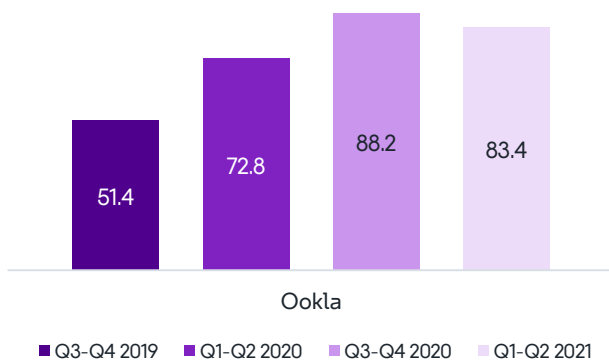
# KSA Telecom Market Overview



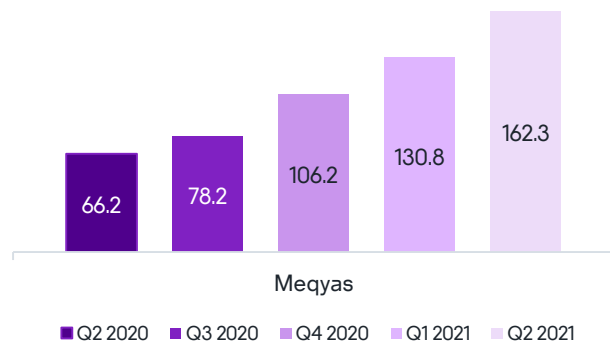
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### 4G Mobile Download Speed

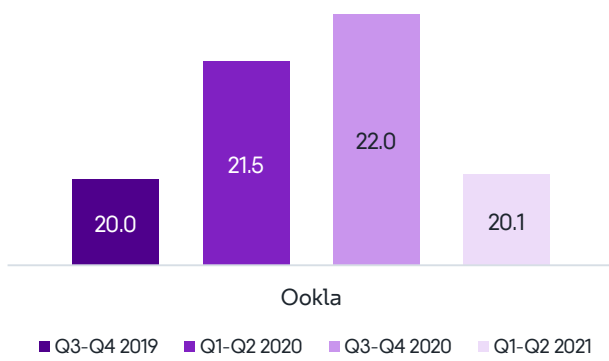
(Mbps)



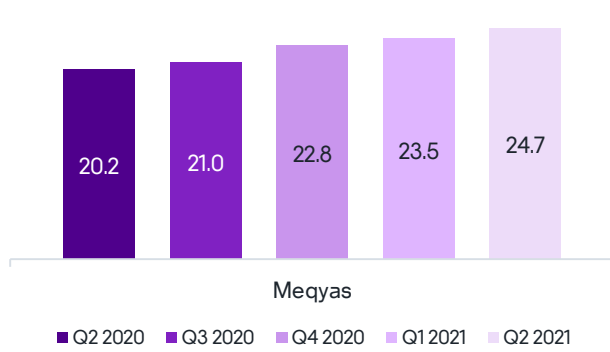
(Mbps)



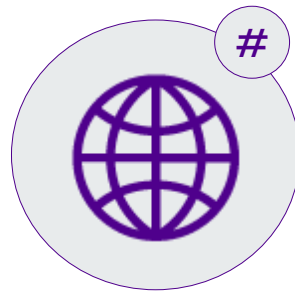
### 4G Mobile Upload Speed



(Mbps)



## Internet Use Based on Device Perspective as of Jan 2021



**Total Number of Active Internet Users: 33.58 mn**



**Internet Users as a Percentage of Total Population: 96%**

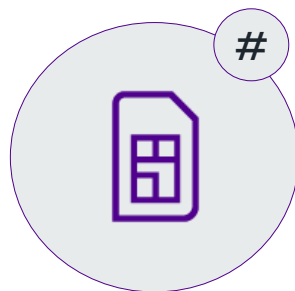


**Total Number of Active Mobile Internet Users: 32.03mn**



**Mobile Internet Users as a Percentage of Total Population: 95%**

## Mobile Subscriptions By Type as of Jan 2021



**Total Number of Mobile Connections: 39.53 mn**



**Mobile Connections as a Percentage of Total Population: 113%**



**Percentage of Mobile Connections That are Pre-paid: 62%**



**Percentage of Mobile Connections That are Post-paid: 38%**



**Percentage of Mobile Connections That are Broadband: 94%**

Source: Hootsuite

# We are looking forward



## stc Profile

stc is ranked as the **3<sup>rd</sup>** most valuable brand in the Middle East with a total value of **SAR 34.5 bn** (USD 9.20 bn) as of January 2021

**stc**

**#1** in KSA in  
Mobile  
&  
Fixed Broadband  
subscribers

stc is  
Saudi Arabia's  
**Speedtest Award  
Winner**  
for mobile network  
coverage  
during Q3-Q4 2020

**A-**  
Standard  
& Poor's  
**A1**  
Moody's  
**AAA**  
Tasneef

**#1** in KSA in  
Post-paid &  
Pre-paid  
subscribers

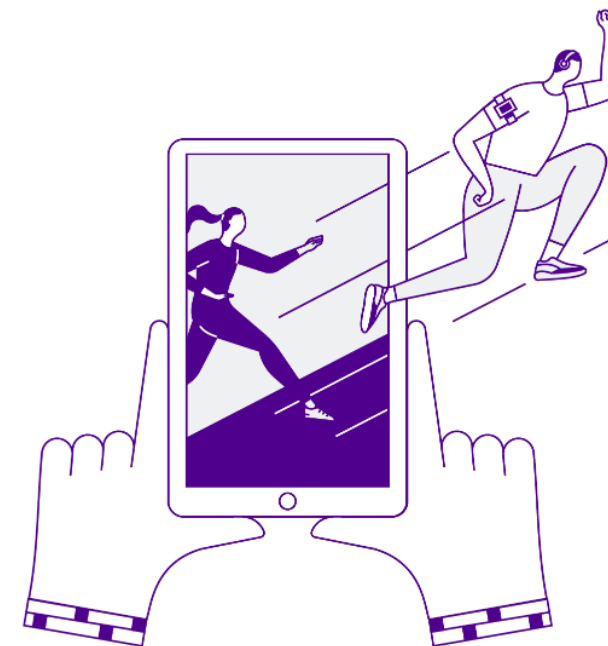
Length  
of deployed  
fiber optic  
cables at the end  
of 2020  
**229K KM**

Total stc group  
employees **19K**  
&  
Total stc KSA  
employees **13.7K**  
(2.5% turnover rate)

**#1** in KSA in  
Fixed Telephony  
subscribers

More than **12** data  
centers  
spread across  
the  
Kingdom

**SAR 34.5 bn**  
3<sup>rd</sup> Most valuable  
Brand (AAA-)  
As of January 2021



**Let's go  
forward**





الاتصالات السعودية  
SAUDI TELECOM

STC  
الاتصالات السعودية

stc

## 1998

- Company Incorporation.
- stc IPO (December, 2002).

## 2005

- 10 million mobile subscriber mark.
- Launch of 3G and 3.5G mobile technology.

## 2007

- Stack acquisition in MAXIS Communications and its operations in Indonesia & India.
- Won third mobile license in Viva Kuwait.

## 2009

- 3<sup>rd</sup> mobile license in Viva Bahrain.

## 2011

- Acquired 60% stake in Sale Communication.
- Share Increase in AXIS Indonesia and Integral.
- Launched IPTV services in Saudi Arabia.

## 2013

- Acquisition of push-to-talk (PTT) mobile operator Public Telecom Company (Bravo).
- Establishment of Aqalat Company.

## 2015

- stc became an ICT integrated player in the region.

## 2017

- stc ranked as most valuable brand in Saudi Arabia.
- Establishment of STV with \$500 million capital.

## 2019

- \$5 billion international Sukuk program offering.
- Establishment of Tawal Company.
- Launching 5G services.
- Launched the new brand of stc.
- Uber acquisition of Careem (in which stc owns a direct stake of 8.8% and an indirect stake of 9.3%).

1998-2003

2005-2006

2007-2008

2009-2010

2011-2012

2013-2014

2015-2016

2017-2018

2019-2020



## 2003

- Introduction of DSL services.

## 2006

- Increased capital from SAR 15 billion to SAR 20 billion.

## 2008

- Stake acquisition in Oger.
- Launched Indonesian operation under the name AXIS.

## 2010

- Launched Bundled services.

## 2012

- Fiber Optic in Saudi.
- Reached more than 500 residents.

## 2014

- SAR 5 billion Sukuk program offering (1<sup>st</sup> series was SAR 2 billion).

## 2016

- Share increase in VIVA Kuwait up to 51.8% and Sale Co. to 100%.

## 2018

- Comprehensive settlement agreement with the Government.
- Announcement of new Dividend Policy.
- Launch of stcPay.

## 2020

- Received highest credit rating by SIMAH Rating Agency "Tassnief".
- Sale equity stake of 15% in stcPay to Western Union with a value of SAR 750 million (USD 200 million).



Expanding our footprints across four countries has unlocked growth opportunities...



# 5G technology

## 1<sup>st</sup> Launched Commercial Network

- stc group is the first telecom company launching the fifth generation technology in the region commercially (KSA, Kuwait and Bahrain).
- The fifth generation in the Kingdom was launched through broadband applications.

## +4,000 5G Towers

- Total number of 5G towers as end of 2020 reached **+4,000** deployed in more than **47** cities across the Kingdom.
- The next phase of the 5G expansion in Saudi Arabia, is to increase the network by **2,300** towers to reach over **71** new cities across the Kingdom.
- stc deals with various international suppliers for providing 5G equipment.

## IoT Technology

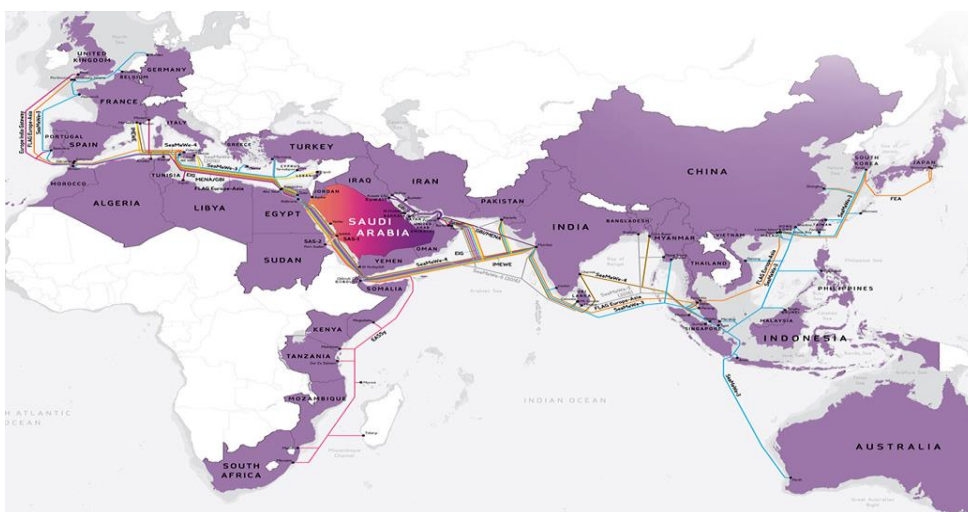
- The company will benefit from Internet of Things (IoT) enabled by 5G technology. It will not only enhance operational efficiencies and user experiences but also provide new revenue opportunities.
- 5G technology in industrial applications is a future plan, as the company operates in several areas, including oil and gas, service agencies and various industries.

## 4<sup>th</sup> 5G Globally

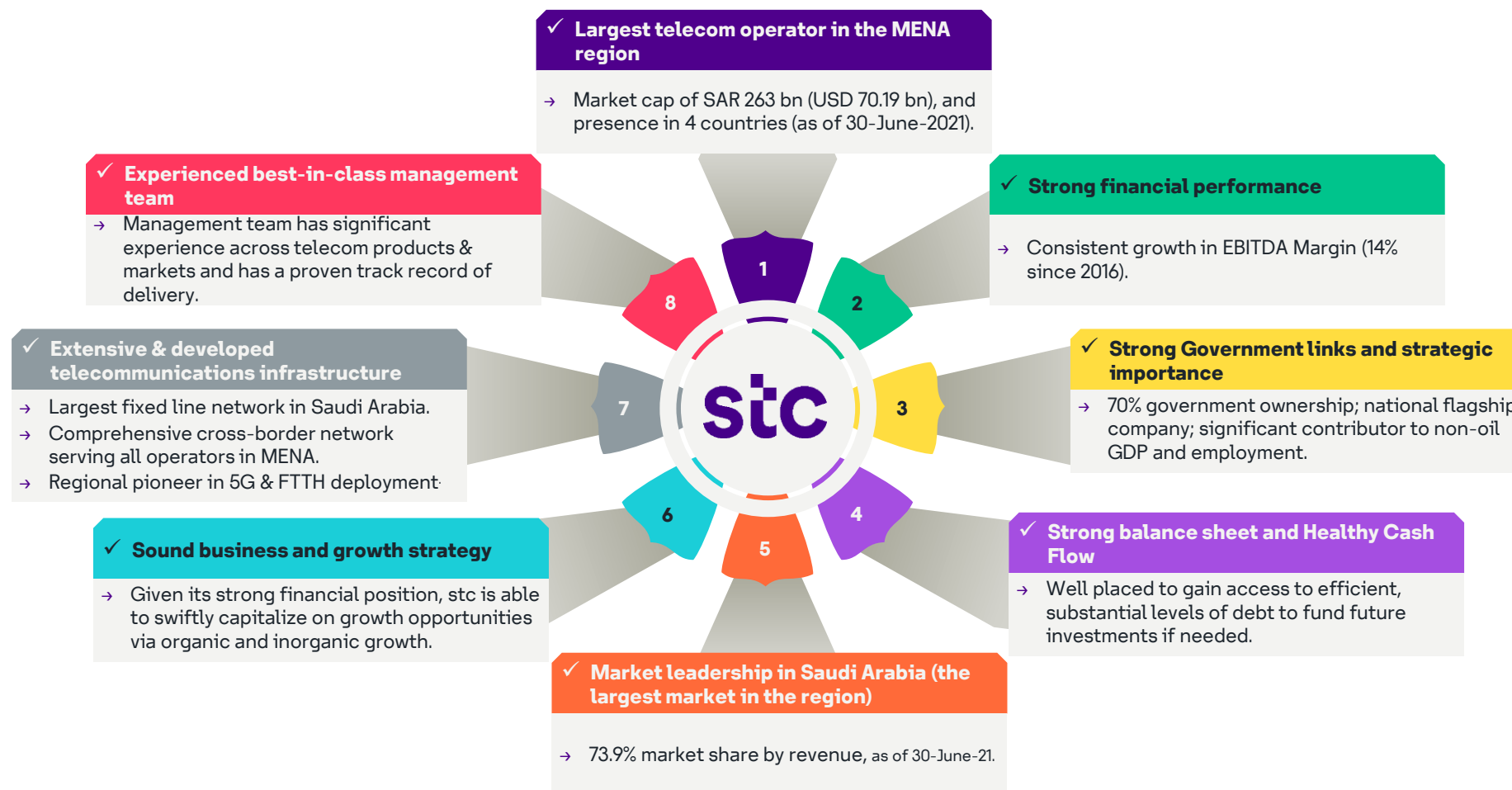
- stc group is the **4<sup>th</sup>** globally in 5G technology.
- **43%** 5G coverage in main cities.

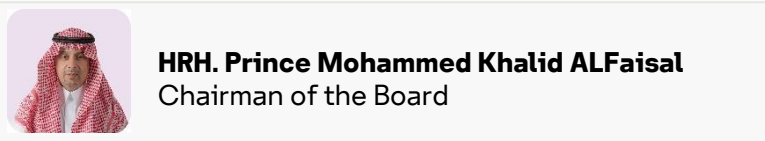


#	Cable System	Name of Cable
1	SMW5	South Asia Middle East #5 Western Europe
2	SMW4	South Asia Middle East #4 Western Europe
3	IMEWE	India Middle East Western Europe
4	EIG	Europe India Getaway
5	SMW3	South Asia Middle East #3 Western Europe
6	1-SAS	1- Saudi Arabia Sudan
7	2-SAS	2- Saudi Arabia Sudan
8	EASSY	Eastern Africa Submarine System
9	MENA	Middle East North Africa
10	FLAG	Fiber link around Global
11	GBI	Gulf Bridge International
12	JADI	Jeddah Amman Damascus Istanbul

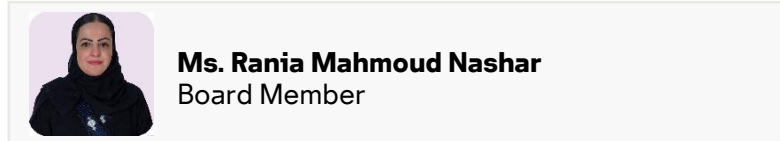


- stc has given a strategic importance to establish its international network, as about 99% of the total communication and data transmission is carried out through Submarine Cables.
- stc serves the Middle East and North Africa (MENA) region through its international network, which for more than 25 years is considered one of the leading networks in the region.
- stc has signed with more than 400 operators all over the world in more than 100 countries.
- stc runs more than 90% of the volume of the internet traffic and data in the Kingdom and increases the data traffic to more than 3,500 TB per day. The company passes the data flows through the largest internet gateway in the region with capacity of 4,000 GB per second.
- stc is one of the initiators and founders of the fourth continental submarine cable, which extends for a distance of 20 thousand Km and connects 14 countries between Singapore and France. The company is also a founding member of IMEWE marine cable project linking India, Middle East and Western Europe.
- The Company is a founding member of EIG Europe India Getaway project that extend from the UK through Alexandria with landing station in Tark mountain, Libya and Morocco, and from Egypt to India with landing station in Saudi Arabia, Oman, Djibouti and UAE.
- The latest achievements was the completion of a project of an international alliance of more than 14 international communication companies. The project of establishing the SMW "South Asia Middle East West Europe" (Capacity of 24 TB per second, 20,000 km long and connects 17 countries).
- stc is currently preparing to engage in a new project (Africa1 cable), which connects a number of African countries, with capacity of 36 TB per second and connect more than 12 countries in Africa and Europe through the Kingdom.

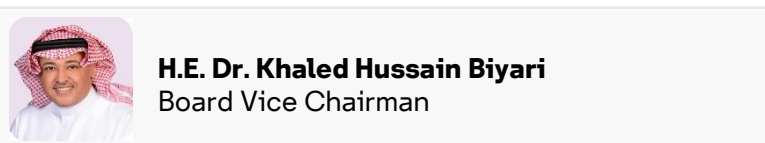




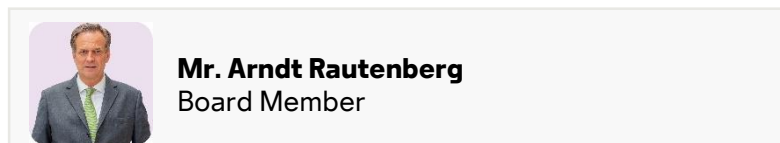
**HRH. Prince Mohammed Khalid ALFaisal**  
Chairman of the Board



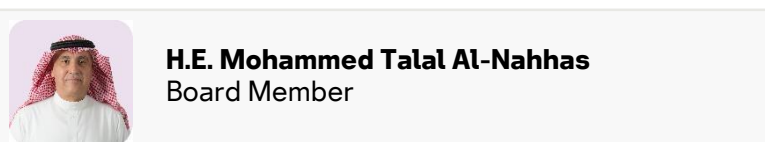
**Ms. Rania Mahmoud Nashar**  
Board Member



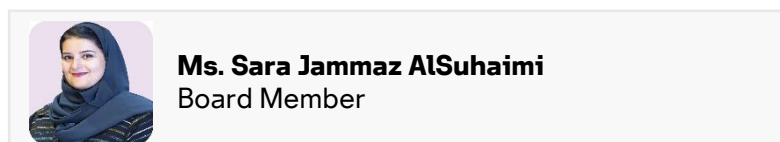
**H.E. Dr. Khaled Hussain Biyari**  
Board Vice Chairman



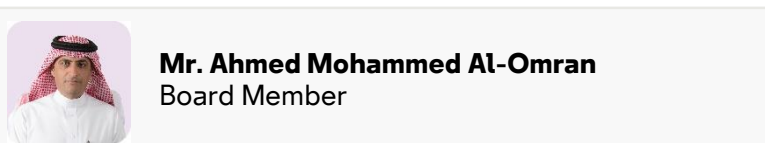
**Mr. Arndt Rautenberg**  
Board Member



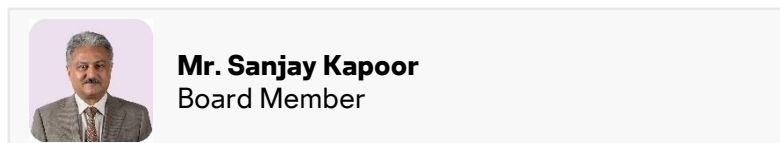
**H.E. Mohammed Talal Al-Nahas**  
Board Member



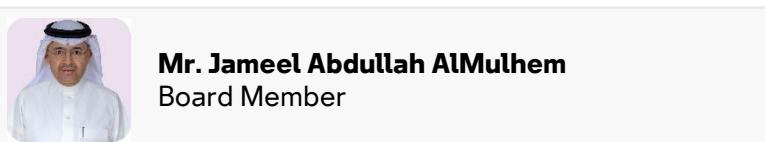
**Ms. Sara Jammaz ALSuhaimi**  
Board Member



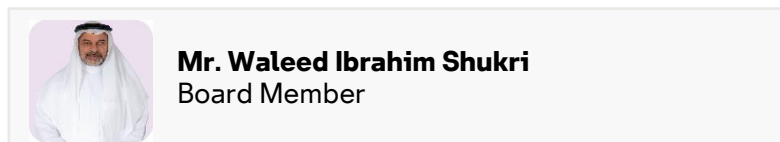
**Mr. Ahmed Mohammed Al-Omran**  
Board Member



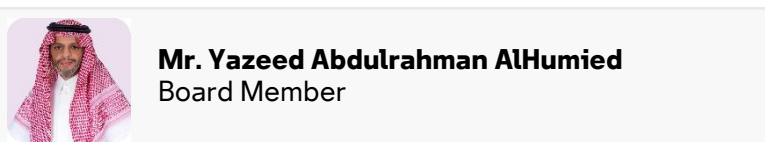
**Mr. Sanjay Kapoor**  
Board Member



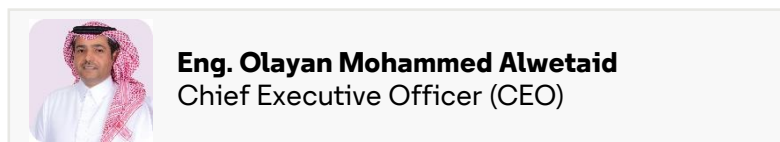
**Mr. Jameel Abdullah AlMulhem**  
Board Member



**Mr. Waleed Ibrahim Shukri**  
Board Member



**Mr. Yazeed Abdulrahman AlHumied**  
Board Member

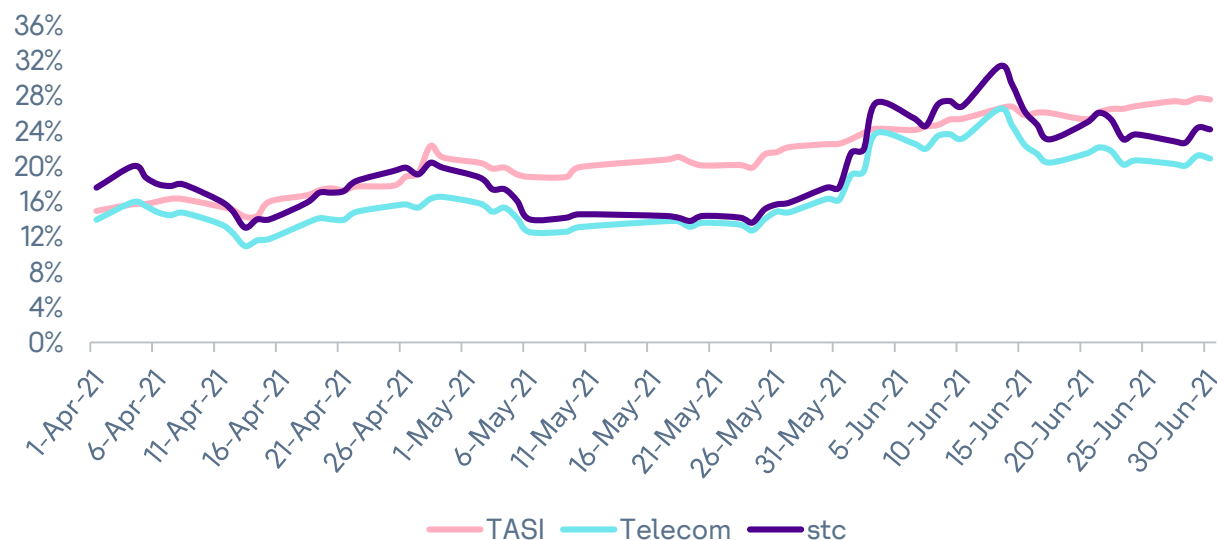


**Eng. Olayan Mohammed Alwetaid**  
Chief Executive Officer (CEO)

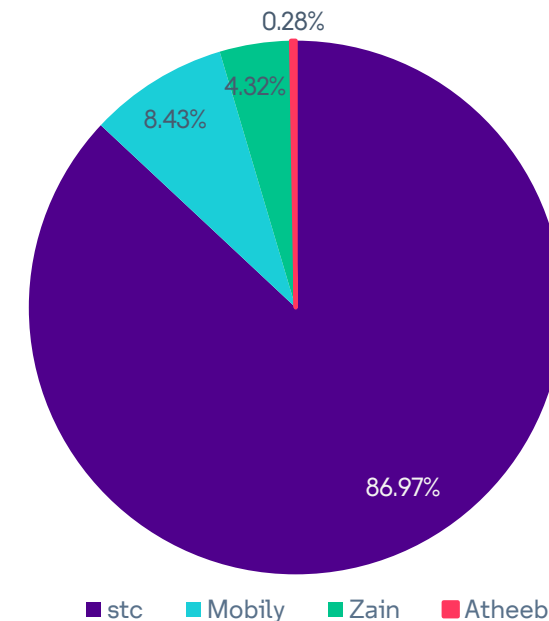


## Share Performance Vs. Telecom & TASI Index

stc maintained its momentum and outperformed the telecom sector index.



## Market Capitalization of Telecom Sector As of 30<sup>th</sup> June 2021



### stc's Key Metrics

Closing price	Issued Shares (Mn)	Market Cap	Market Cap % Tadawul	Price/ Earnings*	Price/ Book	Dividend Yield
131.60	2,000	263.20	2.7%	23.63x	4.12x	3.04%

30<sup>th</sup> June 2021

\*Last Twelve Months



**2010**

- Advertiser Excellence in the Middle East and North Africa by Dubai Lynx.
- Operational Excellence Award at the Global Forum for Communications TM Forum Management World.
- Transparency Award for Saudi Stock Companies by BMG Financial Consultations Firm.

**2011**

- Customer Care Excellence Award by Middle East Excellence Awards Institute.
- Cisco Most innovation Data Center Project awards by Cisco International.
- Leadership Award for pioneer Role in Telecom Industry at TMT Conference Middle East.
- Best operator of mobile phone services at TMT Conference.
- International Award for Development, Experience Transfer, and Innovation at TMT Conference Middle East.

**2012**

- Distinctive award for Employment Nationalization.
- Mobile Operator of the Year by TMT Finance.
- Best iPhone app.
- Best Mobile Service Provider in the fourth annual poll by Mobile Trend.
- Mid East Media Reach-Out Award by Datamatix International.
- The Best Provider of Telecom Services to Airports in Emerging Markets by Arabian Reach.
- Distinction Award for Information Security Control and Operating Project for the entire region by Symantec.

**2013**

- Customer Services Excellence Award by Global Telecom Business.
- MENA performance excellence and telecom service delivery Award by COMMSMEA magazine
- World-renowned ISO Certification for effectively handling customer complaints in call centers by Lloyd's Register Quality Assurance (LRQA).
- Procurement wins EIPM Award.

**2014**

- 4 Mena Cristal awards for its print and outdoor Roaming campaigns by Mena Cristal event.

**2015**

- Obtains OKAZ and EFFIE awards.
- Best wholesale operator for data and voice services in the MENA region by Telecoms World Middle East.

**2016**

- Multiple creativity awards on outstanding work on the Rayi7 Rayi7, Dawri Plus, and Laywagif campaigns by Dubai Lynx.
- Mega contact centers and "social media services" awards.
- Middle East Grand Prix at the Lorez Award Ceremony.
- Gold medal for "contact center" award and the silver medal for "Best use of Social Media in the Contact Center" award during Contact Center World Summit.
- Two awards for being the leader in the telecommunication industry by Effie Worldwide.

**2017**

- 7 awards (1 Grand Prix, 2 silver, 4 bronze) on creativity portrayed in advertising campaigns by Dubai Lynx International Festival of Creativity.
- Makkah excellence award for its strategic partnership.
- Excellence Award in Corporate Governance at the 2<sup>nd</sup> Annual Corporate Governance Conference by Alfaisal University.

**2018**

- SPEEDTEST award for the fastest mobile internet in the Kingdom.
- Golden Award for Mystc Campaign for the Effective Integration of the Channels Partnerships by the WARC Media Awards.
- Silver Award for the "Unveil Saudi" campaign for the Effective Use of Partnerships by the WARC Media Awards.
- Pioneer Marketing Award as Best Advertising Campaign for Digital Day.

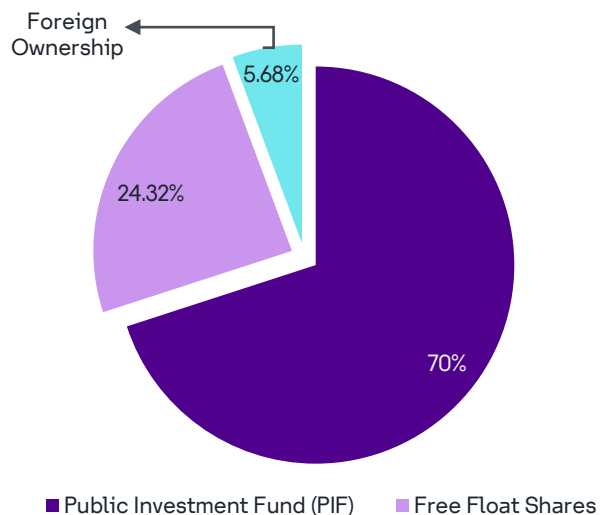
**2019**

- 6 Awards at Dubai Lynx 2019 Festival.
- King Salman honored stc for supporting the Founder's Equestrian Cup Festival.
- stc Academy won the Silver award in Technology by the Global Council of Corporate Universities (GCCU).
- 4 Awards by Effie Worldwide as a leader in the telecommunication industry.
- Won Makkah excellence award for its strategic partnership.
- Golden Award for "Mystc campaign" and with the Silver Award for "Unveil Saudi".
- Won the Excellence Award in Corporate Governance by Al Faisal University.
- Won the Speedtest award for the fastest mobile internet in the Kingdom.
- Won the Speedtest award for the best mobile coverage.

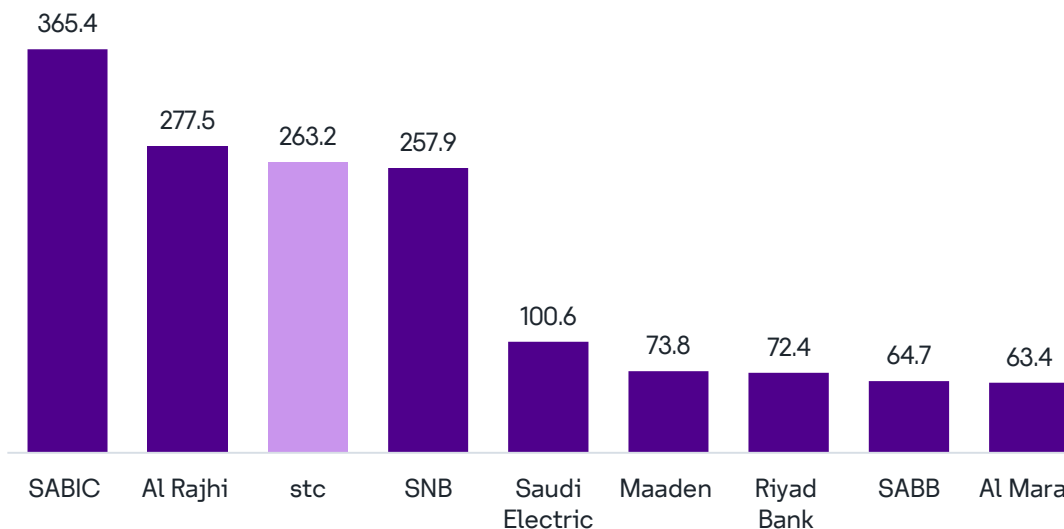
**2020**

- wins the best apply of Customer Experience Management program Award 2020.
- First company headquartered in Saudi to be accredited by CREST for penetration testing services.
- Won the best mobile coverage award by Speedtest.
- Won the fastest 5G and mobile network award by Speedtest.

### Ownership Structure As of 30<sup>th</sup> June 2021



### Market Capitalization As of 30<sup>th</sup> June 2021 Among Major Saudi Listed Companies (SAR Bn)



### Price Vs. Yield Fluctuation

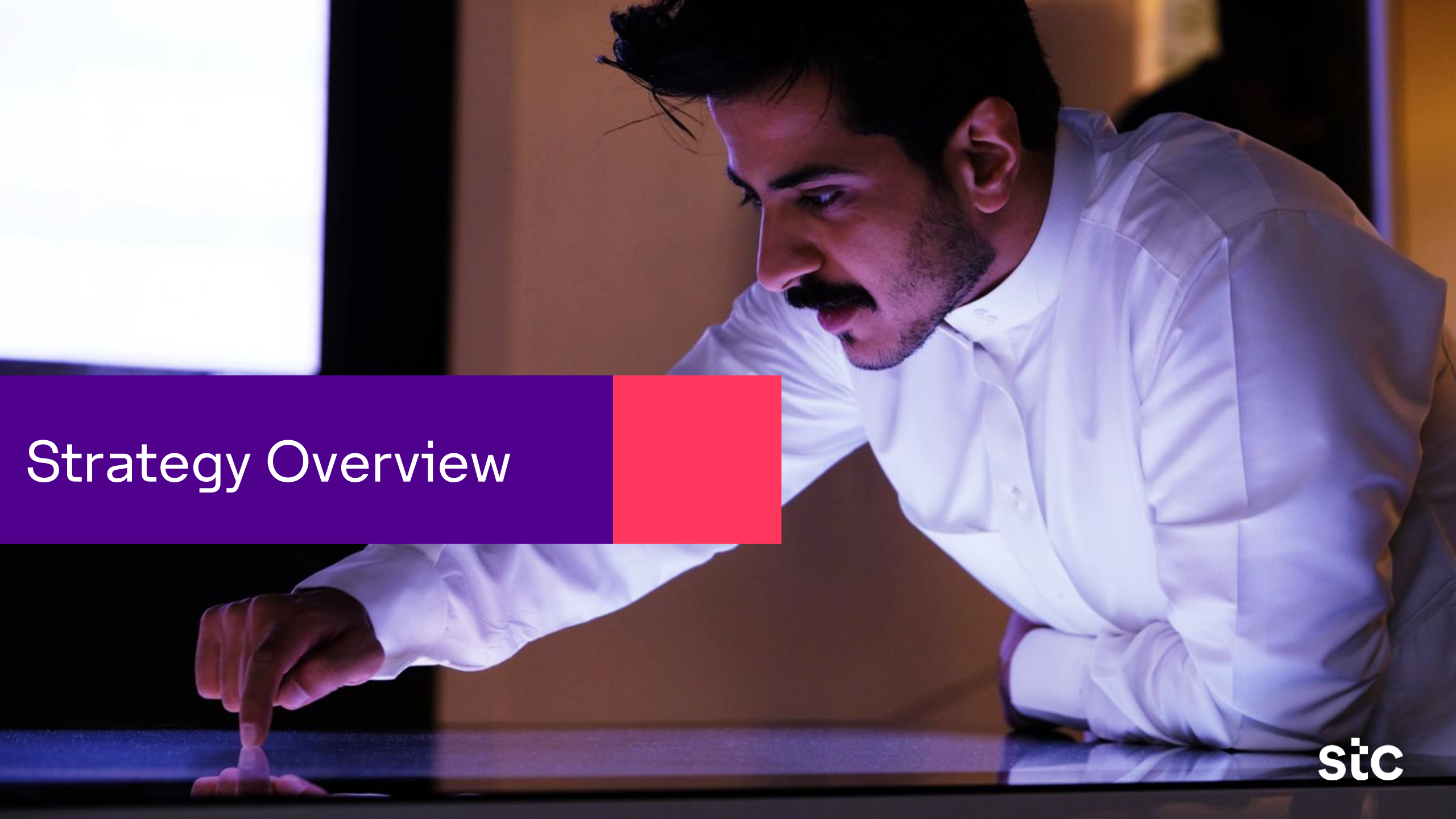


### MSCI Tadawul 30 Index

Company	Float Adj Mkt Cap (USD bn)	Index Wt. (%)
AL RAJHI BANKING & INV	36.26	15.22
SAUDI NATIONAL BANK	33.70	14.15
SAUDI BASIC IND CORP	29.23	9.66
<b>Saudi Telecom Co</b>	<b>21.05</b>	<b>8.84</b>
SAUDI ARAMCO	20.59	8.64

As of 30<sup>th</sup> June 2021





# Strategy Overview

## Our vision

We are a world-class digital leader providing innovative services and platforms to our customers and enabling the digital transformation of the MENA region.

## Our purpose

We create and bring greater dimension and richness to people's personal and professional lives.

 **drive** — Proactive, Inquisitive and Inventive

 **devotion** — Caring, Committed and Trustworthy

 **dynamism** — Agile, Collaborative and Fresh

Our values form the basis of our culture. We foster trust, in a collaborative and constructive environment where innovation is encouraged, and people have the freedom and support to turn ideas into achievement. We build strong supportive relationships and knowledge transfer among employees and stakeholders. We recognize that a diverse and inclusive workplace sparks innovation and creativity, which makes our offerings to our customers more competitive and appealing.

- Our DARE strategy aims to strengthen our position as a leading telecom and ICT company.
- The key focus areas and strategic ambitions to guide us in pursuing our purpose are:

## **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.

## **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.

## **dare**

## **r** reinvent experience

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

## **e** expand scale and scope

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



# Business Overview



stc



# Subsidiaries & Global Presence

## Local Subsidiaries

Channels by <b>stc</b>	100%	Sales & distribution arm of stc group and one of the largest telecom distribution companies in the Middle East, with operations in Saudi Arabia, Bahrain and Oman.
Specialized by <b>stc</b>	100%	Providing the business, governmental, industrial & commercial sectors with services and solutions addressing instant collective wireless communications.
Tawal	100%	Responsible for owning, constructing, operating, leasing and investing in stc KSA towers.
Solutions by <b>stc</b>	100%	A leading regional ICT player who provides a wide range of information and communications technology & services beyond the traditional telco offerings.
Aqalat	100%	Develop & manage the company's properties in all parts of the Kingdom by adopting the concept of smart developments.
<b>stc</b> pay	100%	A digital secure wallet that empowers individuals to take full control of their finances at their fingertips anytime anywhere.
Telecom Commercial Investment Co Ltd	100%	Operation and maintenance of telecommunications networks, business systems and computer and Internet networks.
Advanced Technology and Cybersecurity	100%	Established in the fourth quarter of 2020, with a capital of SAR 120 million to provide cybersecurity services.

## International Subsidiaries

<b>stc</b> Bahrain	100%	The company offers mobile, international telecommunications, broadband and other related services.
<b>stc</b> Kuwait	51.8%	The company offers mobile, international telecommunications, broadband and other related services.
<b>stc</b> Asia	100%	Invests in companies operating in Malaysia and owns investments in stc Malaysia Holding LTD in which it holds a 25% stake in the Binariang GSM Holding Group.
<b>stc</b> Gulf Investment	100%	A private company whose operations provide services and support to the Group's investment activities. The company headquarter is in Bahrain.

## Associate Companies

Arab Satellite Communications Organization	36.6%	Offers number of services: regional telephony, television broadcasting, regional radio broadcasting, restoration services...etc.
Virgin Mobile KSA	10%	A mobile virtual network operator.
Oger Telecom Limited	35%	stc through one of its subsidiaries (stc Turkey Holding Ltd) acquired a stake in OTL.

## Joint Ventures

Arab Submarine	50%	Constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan.
Contact Center (CCC)	49%	Provide call center services and answer directory queries with Aegis Company.
Binariang GSM Holding (BGSM)	25%	An investment holding group registered in Malaysia which owns 62% of Maxis Malaysian Holding Group ("Maxis").

## Subsidiary Overview

<b>Date of Incorporation</b>	→ Founded in 2018
<b>Invested Capital</b>	→ SAR 2.5 billion
<b>Subsidiary Objective</b>	<p>→ To be responsible for owning, constructing, operating, leasing and investing in the towers.</p> <p>→ Establishing itself as the leading player in the Saudi telecommunications infrastructure market, aspiring to extend its services and coverage across the region.</p>
<b>stc Ownership</b>	→ 100%
<b>Subsidiary Operation</b>	<p>→ In Q1 2019, stc Towers Co. obtained the necessary operational licenses (CITC).</p> <p>→ Saudi Arabia has more than 35,000 telecom towers, of which Tawal's towers represent almost <b>45%</b></p>
<b>Tower Portfolio</b>	<p>→ TAWAL now owns a portfolio of more than <b>15,000</b> telecom towers spread across the Kingdom.</p> <p>→ <b>70%</b> of TAWAL's sites are ground-based towers, the rest are rooftops.</p>
<b>Infrastructure Sharing</b>	→ In Feb 2020, the CITC announced a new open access regulation allowing infrastructure sharing between operators.

## Solutions Offered



### Built-to-Suit

Selects an optimum spot and constructs wireless communication towers, tailor-made to match the business' needs.



### Colocation

Engage in sharing passive infrastructure through collocating on our towers to densify the network.



### In-Building Solution

Providing In-Building-Solution "IBS" to boost superior internal coverage with cutting-edge technologies.



### O&M as a Service

Offering operations and maintenance services, including preventive maintenance, fault management, energy management and other services.



## Subsidiary Overview

<b>Date of Incorporation</b>	→ Founded in 2002
<b>Invested Capital</b>	→ SAR 1.2 billion
<b>Subsidiary Objective</b>	<ul style="list-style-type: none"> <li>→ One of the major names in the field of technical solutions, and biggest suppliers in the kingdom.</li> <li>→ To enable digital transformation to support government and private sector goals; spreading the benefits of ICT services to bring down the cost of progress and speed up the journey into the future.</li> <li>→ Through an extensive partner ecosystem, the subsidiary aim to deliver the most advanced end-to-end solutions, and managed services, for compute, storage and network, software and hardware.</li> </ul>
<b>stc Ownership</b>	→ 100%
<b>Subsidiary IPO</b>	→ In June 2021, the Capital Market Authority "CMA" Board has issued its resolution approving solutions by stc's application for the offering of (24,000,000) shares representing (20%) of the Company's share capital.

## Services Offered



System Integration



IoT Digital Services



Connectivity Services



Cloud Services



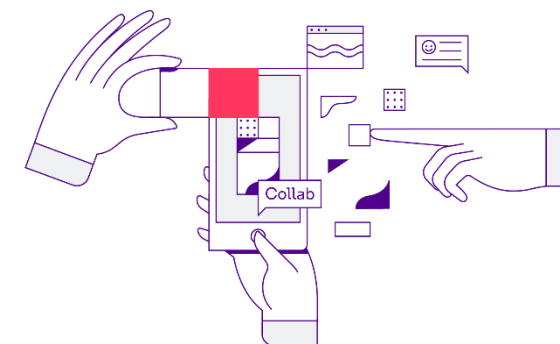
Business Outsourcing



Cybersecurity Integration

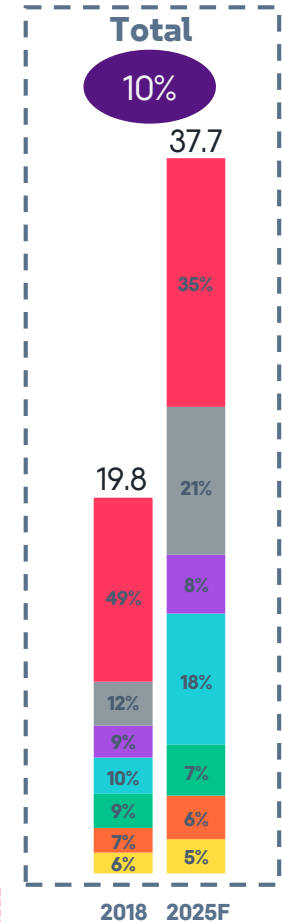
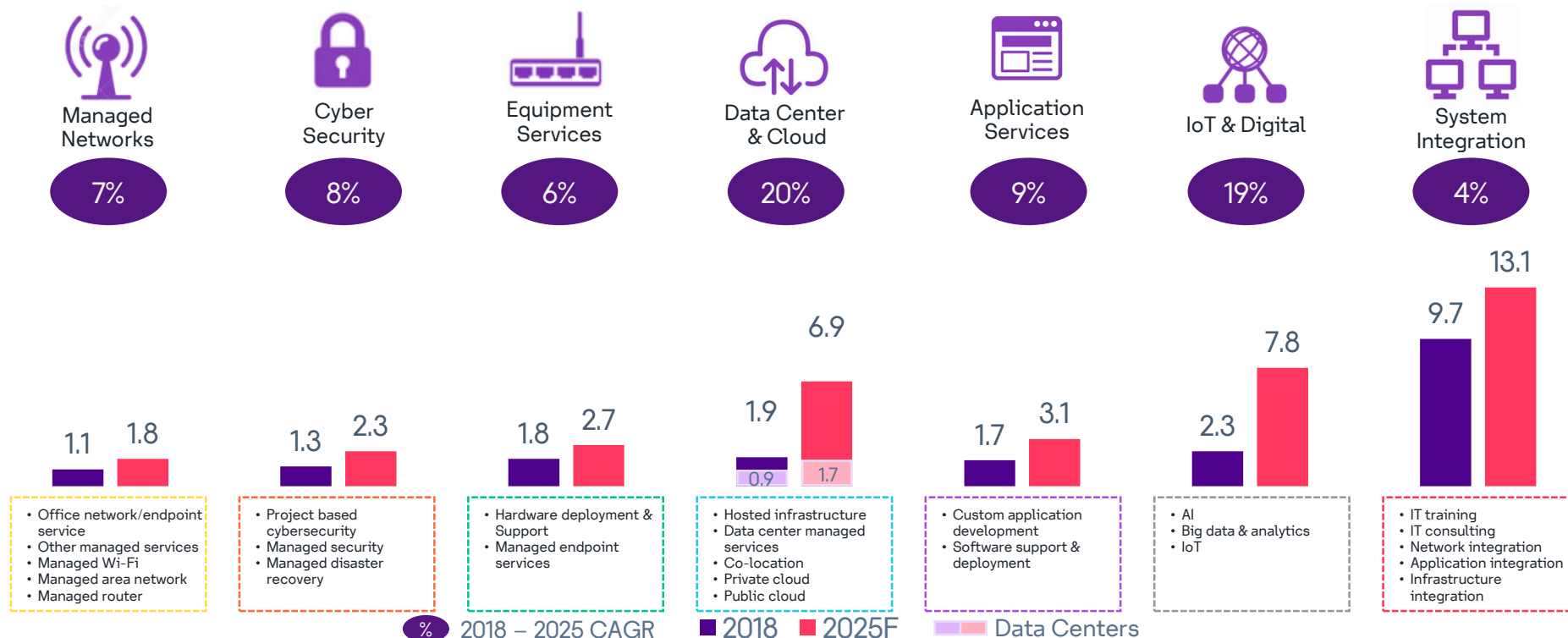


Managed Services



# KSA B2B IT Services Market by Category Size (SAR Bn)


The B2B ICT market in the Kingdom is expected to grow at a CAGR of 6.7% for the period from 2018G – 2025G to reach SAR 53.1 billion. The IT services sector is expected to be the main driver of market growth with an expected CAGR of 10.0%, while the B2B Voice and Data sector is expected to grow by 1.4% per annum over the same period. It is expected that IT services will represent an increasing portion of the total ICT services market in the Kingdom in the future.



## Subsidiary Overview


<b>Date of Incorporation</b>	→ Founded in 2018
<b>Invested Capital</b>	→ SAR 948 million
<b>Subsidiary Objective</b>	<p>→ stcPay is a digital secure wallet that empowers individuals to take full control of their finances at their fingertips anytime anywhere. Enabling users to send, receive, spend, and manage money simply through their phone.</p> <p>→ The <b>1<sup>st</sup></b> digital bank in the Kingdom of Saudi Arabia licensed by Saudi Monetary Authority (SAMA).</p>
<b>stc Ownership</b>	→ 100%
<b>Registered Users</b>	→ More than <b>6 million</b> (as of June 2021)
<b>Partners</b>	<p>→ In Nov. 2020, stc have signed an agreement with Western Union to sell an equity stake of <b>15%</b> with a value of <b>SAR 750 million (USD 200 million)</b>.</p> <p>→ The transaction is expected to be completed during 2021.</p>
<b>Business Operations</b>	→ The company extended its operations to be present in Bahrain in which Bahrain Channels supporting stcpay in expanding their partners and point of sales, presence and coverage.

## Offered Services




**Transfer money**

Send and receive money with family & friends from your contacts!




**Local Transfer**

Transfer money to a local banks




**International transfer**

Transfer internationally to more than 525,000 Western Union agent




**stc services**

Pay your stc bills or recharge your sawa number




**Musaned**

Now you can transfer the domestic workers' salaries through Musaned service on stc pay in seconds!



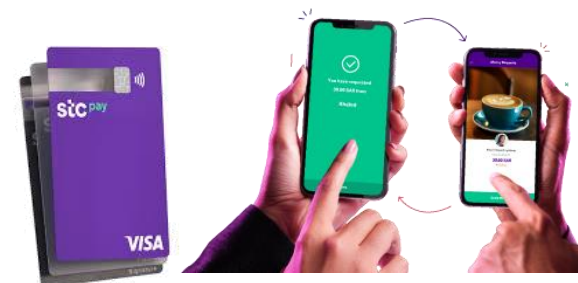
**Cash withdrawal**

Withdraw cash from your mobile through ANB Bank ATM or merchants



**Purchases**

Pay for your purchases from merchants anytime, anywhere



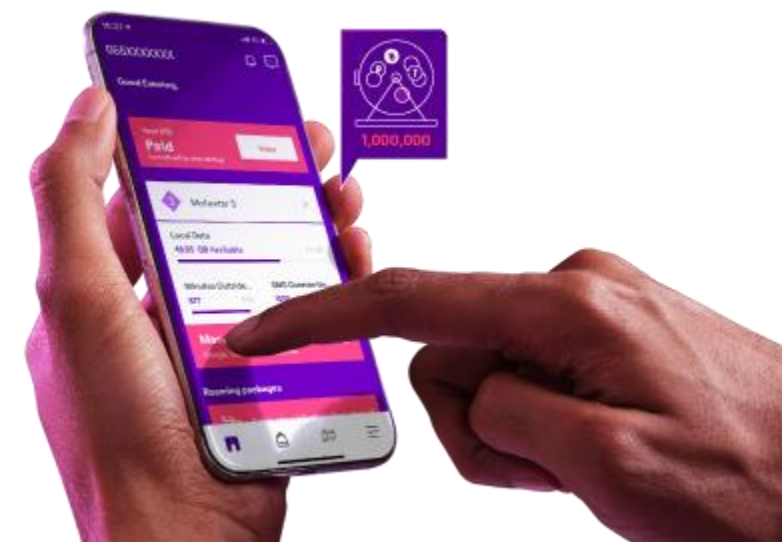
**stc pay stc**



## Subsidiary Overview

<b>Date of Incorporation</b>	→ Founded in 2008
<b>Invested Capital</b>	→ SAR 100 million
<b>Subsidiary Objective</b>	<ul style="list-style-type: none"> <li>→ Considered as the sales and distribution arm of stc Group.</li> <li>→ stc Channels is the leading and one of the largest telecom distribution companies in the Middle East with operations in Saudi Arabia, Bahrain and Oman.</li> <li>→ The company is a wholesaler and retailer of smart card services, communication equipment and computer services, selling and reselling of all fixed and mobile telecommunications services and maintenance and operation of commercial complexes.</li> <li>→ The company's head office is located in Saudi Arabia.</li> </ul>
<b>stc Ownership</b>	→ 100%
<b>Optimization Plan</b>	<ul style="list-style-type: none"> <li>→ Reduced number of branches and distribution centers by <b>38%</b> in the last 3 years.</li> <li>→ Increased the number of self-service machines which reflected a growth in the number of transactions by <b>380%</b> in only two years.</li> <li>→ Digitized inventory management by using a digital order management system.</li> <li>→ Launched digital platforms to boost online sales: MyStore, Mystic, electronic recharging...etc.</li> </ul>

<b>266 Stores</b>	<b>46,000 + Merchants</b>
<b>122 + Distribution Hubs</b>	<b>57,000 + POS</b>
<b>3,200 + Agents</b>	<b>10 Mn+ Customers</b>



**channels**  
by stc **stc**

## Subsidiary Overview

<b>Date of Incorporation</b>	→ Founded in 2002
<b>Invested Capital</b>	→ SAR 252 million
<b>Subsidiary Objective</b>	→ The only national licensed operator providing the business sector, and the governmental, industrial and commercial sectors with services and solutions addressing instant collective wireless communications.
<b>stc Ownership</b>	→ 100%

**reliable**

communication for government, public and personal safety.



## Services Offered

TETRA Services

Mobile Telephony

Location-Based Services

Alert Service

Messaging Services

Inmarsat

Control Room Solutions

## Subsidiary Overview

<b>Date of Incorporation</b>	→ Founded in 2013
<b>Invested Capital</b>	→ SAR 70 million
<b>Subsidiary Objective</b>	→ To develop and manage the company's properties in all parts of the Kingdom by benefiting from the capabilities of the Group and its applications by adopting the concept of smart development that is based on integrating technology in all projects and investments.
<b>stc Ownership</b>	→ 100%

### Projects Under Management

#### Riyadh Project (Smart Square)\*

The project is located in the heart of Riyadh City in Al-Mursalat district, sitting on a 140,000 m2 land. In this project, AQALAT aspires to achieve its vision of future projects by enabling Smart Cities concepts. It is a mixed-use project that include residential, offices and commercial units.

#### Dammam Project (Smart Boulevard)

The project is located in the southern part of the communications complex in Al-Rayan district, in the heart of Dammam City situated on a land of 380,000 m2. The project is a mixed-use project with the commercial part being the project's main concept. AQALAT aim this project to achieve its vision by enabling Smart Cities applications.



Riyadh Project



Dammam Project

\*During the fourth quarter of 2019, the Company established a special purpose vehicle (SPV) subsidiary (Smart Zone Real Estate Company) in the kingdom with a share capital of approximately SR 107 million and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings.

STV is an independent VC fund with a total capital of USD 500 anchored by stc with access to its assets (e.g., network, channels, analytics, customer base...etc.)



- Leading a SAR 78.75 million (USD \$21 million) investment round in unifonic.
- 150+ Countries, 720+ Operators.



- Vezeeta has managed 3 million bookings in the region.
- Served 2.5 million consumers/patients.
- Connected more than 10,000 doctors in Egypt, Saudi Arabia and Jordan.



- Leading an investment round of SAR 33.75 million to accelerate the company's growth and scale-up plans.



- A multimillion-dollar investment in Mrsool.
- The leading Saudi on-demand delivery service.
- USD \$270 million in transactions in 2018.
- 4 million registered users.



- A Co-leading SAR 32.2 million investment in noon Academy.
- noon Academy is the leading EdTech platform in the Mena Region.



- Brings innovation to trucking with On-Demand aggregation in Real-Time.
- 100% automated booking, real-time tracking of trucks, smart asset utilization, & cost efficiency.



- Delivers full screen, engaging media and measurement on rideshare vehicles and taxis.
- Creating a significant new ad format at scale. The scale of rideshare networks has created a large opportunity to provide digital out of home advertising with granular city-block and time targeting.

# Sustainability at stc





Our approach to sustainability involves maximizing economic value, creating positive environmental impact and supporting progressive social development. By aligning our actions with the goals of the Saudi Vision 2030, we are helping to build a better future. We believe the steps we have taken to date are already catalyzing digital transformation in KSA.

### 01 Doing business with integrity

- One of the first companies in KSA to implement corporate governance throughout the management structure as early as 2004
- 97% of all employees attended integrity training
- Partnered with the World Economic Forum – Partnering Against Corruption Initiative (PACI) forum to adopt global principles for countering corruption

### 02 Enhancing economic impacts

- 50% of procurement spending towards locally registered suppliers
- SAR 54,368 million in revenues (2019)- the highest annual revenue since 2013
- Through Rawafed, provided support to SMEs to the value of SAR 4 billion in 2019, equal to one-third of total support given to local suppliers

### 03 Enriching lives and experiences

- 100% of employees have completed iGate training on issues regarding privacy, data protection and cybersecurity
- One of the best complaints to subscriber ratio in the world – 0.17% by Dec 2019
- 8% decrease in total number of customer complaints from 2019
- SAR 2.5 billion in community investments, through direct contributions

### 04 Expanding access to technology and connectivity

- Recorded 81.79 mbps mobile download speed in KSA, which exceeded the committed target in 2020 of 55 mbps.
- We have the largest broadband network in KSA, complemented by significant fiber optic and 5G network

### 05 Advancing innovative digital opportunities

- Provided >500K jobs since the start of InspireU and through supporting start-ups.
- InspireU program incubated 17 digitization ideas during 2020.
- First operator in KSA to launch 5G commercial services

### 06 Empowering people

- 2.5% turnover rate in 2020
- In 2020, stc women employment reached 34%, with 167 new women employees in the workforce
- Hiring of female employees reached 675, starting from 0 in 2015
- 298,458 total hours of employee training

### 07 Caring for the environment

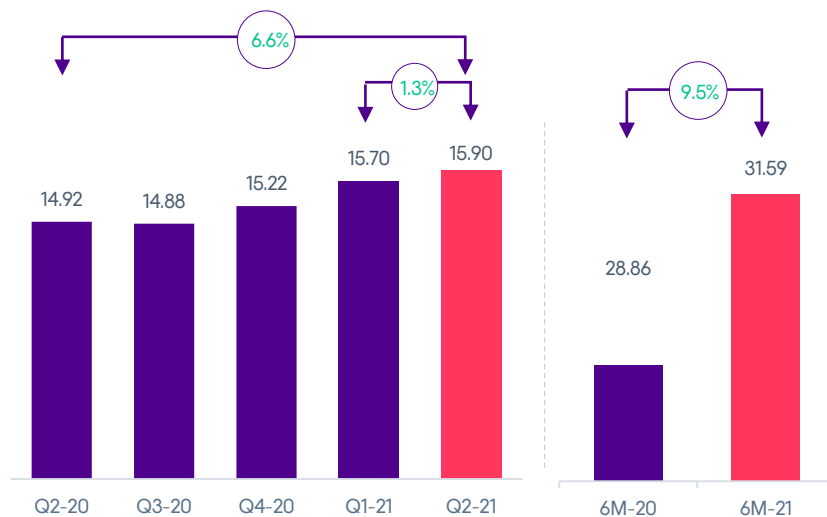
- Compared to 2019, 40% drop in water consumption, 16% decrease in electricity, and 63% reduction in paper consumption
- Joined the global movement of leading companies aligning their business with the Paris Agreement to reach net zero emissions by no later than 2050

\*For further details, please refer to the sustainability report at stc website or click [here](#)

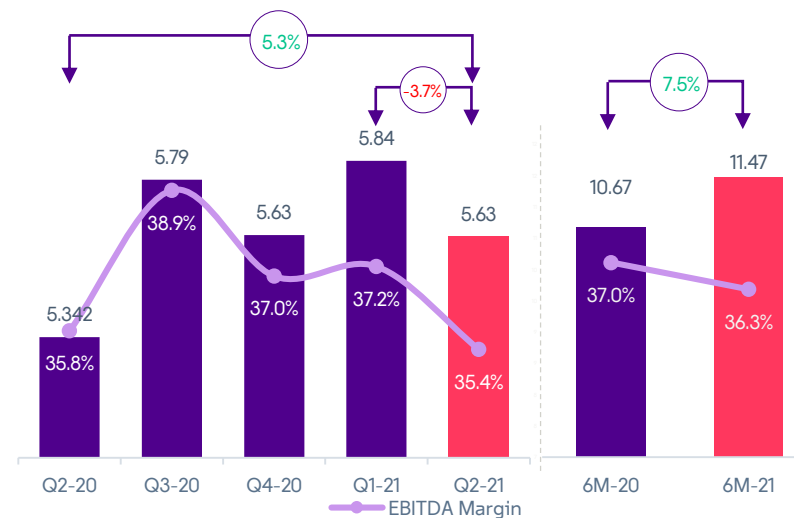
# Financial Highlights



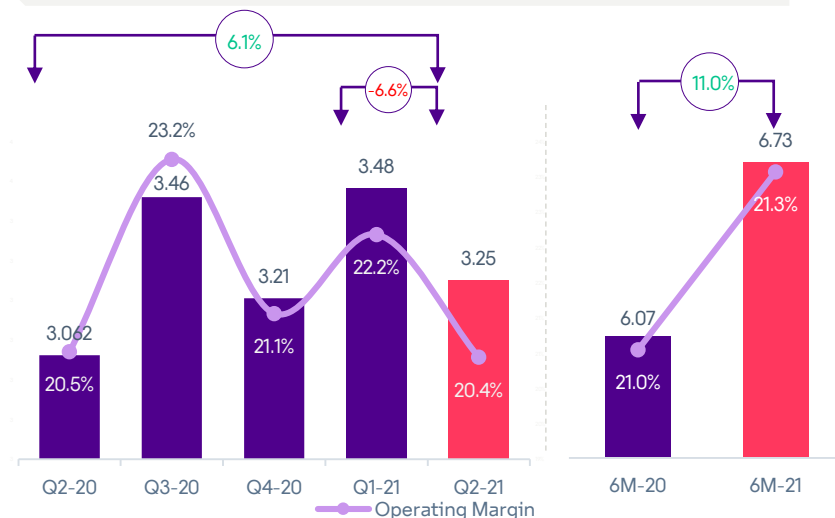
## Revenue



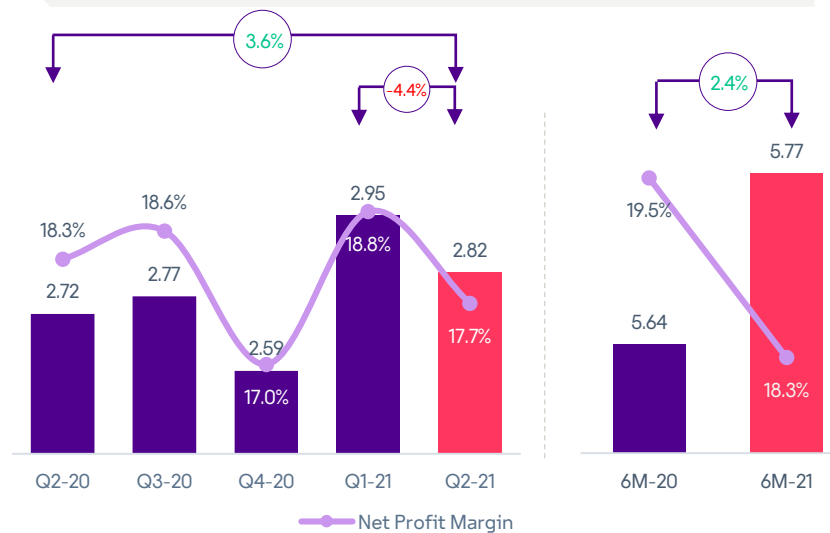
## EBITDA



## Operating Profit



## Net Profit



The Group achieved an outstanding performance during the second quarter and the first half of 2021.

The company was able to grow its top line by **6.56%** for the second quarter and **9.49%** for the period which was supported by:

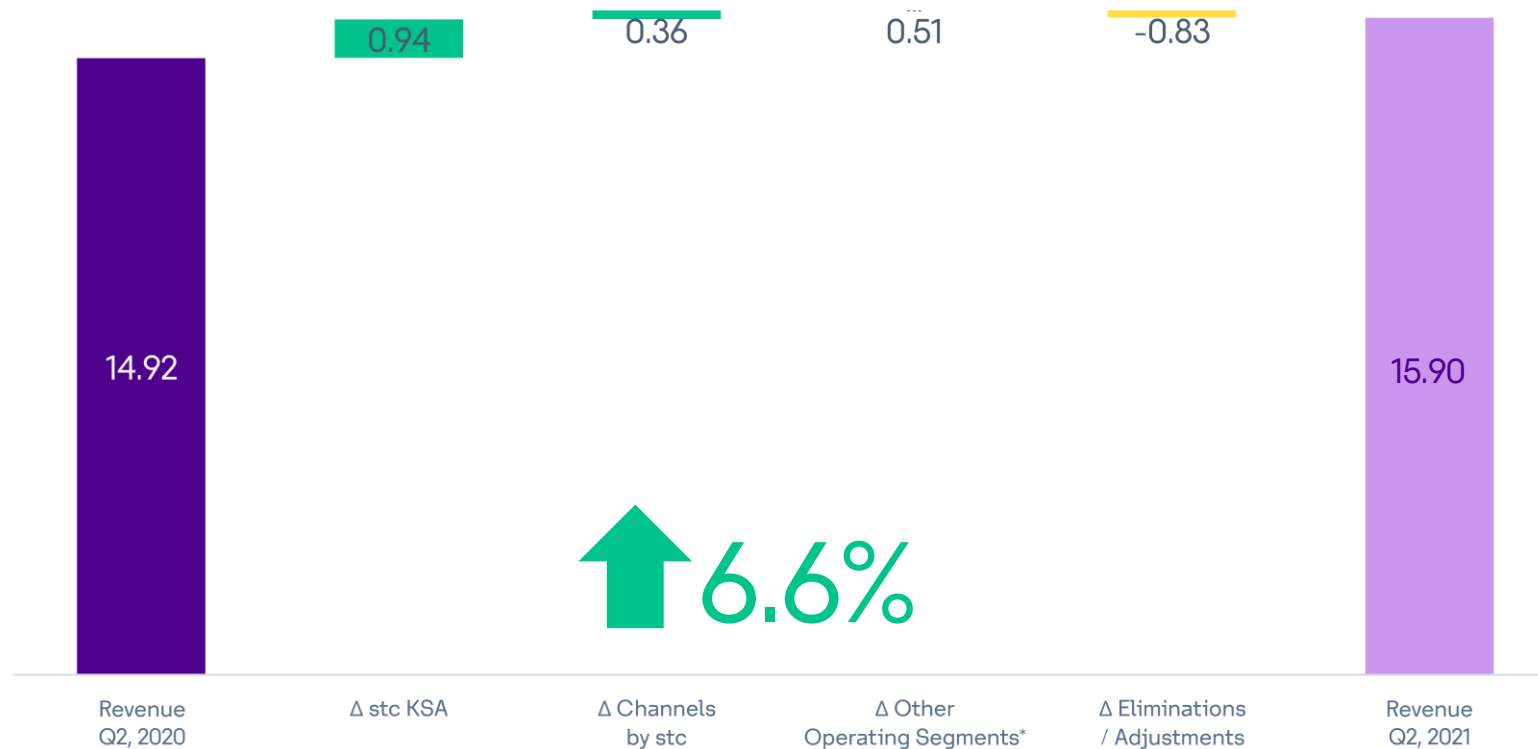
→ Increase in **Consumer Business Unit** operating lines by **3.4%**, an increase in fixed wireless access subscribers by **6.1%**, and an increase in demand for fiber-optic services, which led to an increase in the subscriber base by **20.8%**

→ **Enterprise Business Unit** achieved an increase in revenues for the period by **29.3%** as a result of the company's ability to provide innovative products and services that meet the needs of the public and private sector.

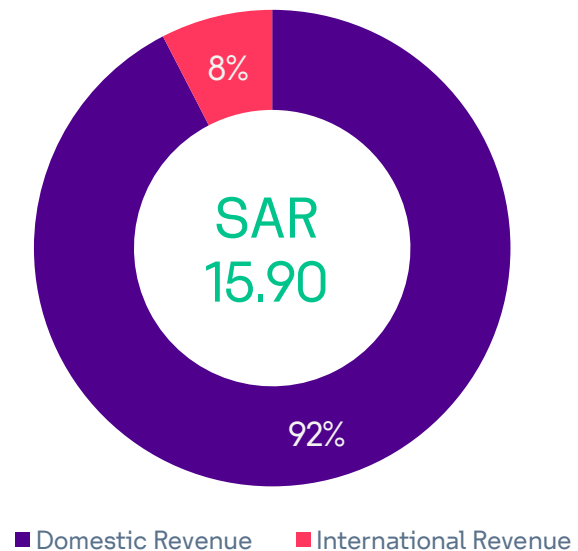
→ **Wholesale Business Unit** managed to increase its revenues for the period by **5.5%**, as a result of stc's investments in infrastructure, which is starting to positively reflect on the unit's results.

Numbers are in SAR Billions

### Revenue Segmentation

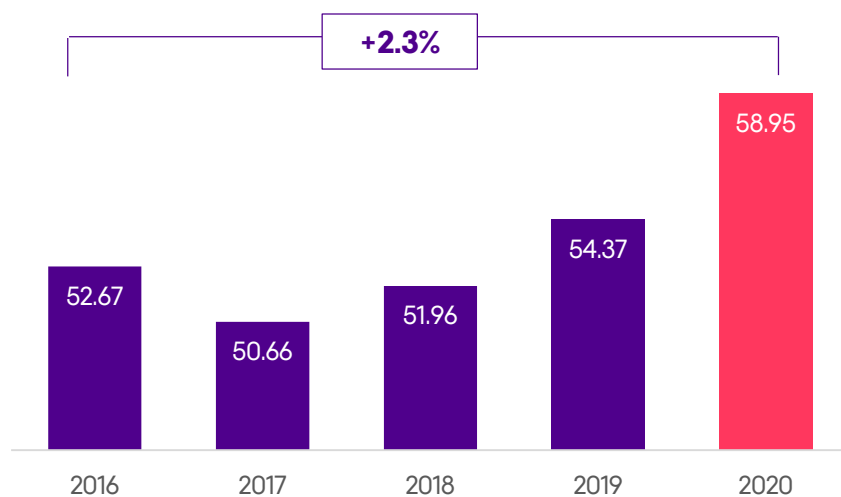


### Geographical Segmentation

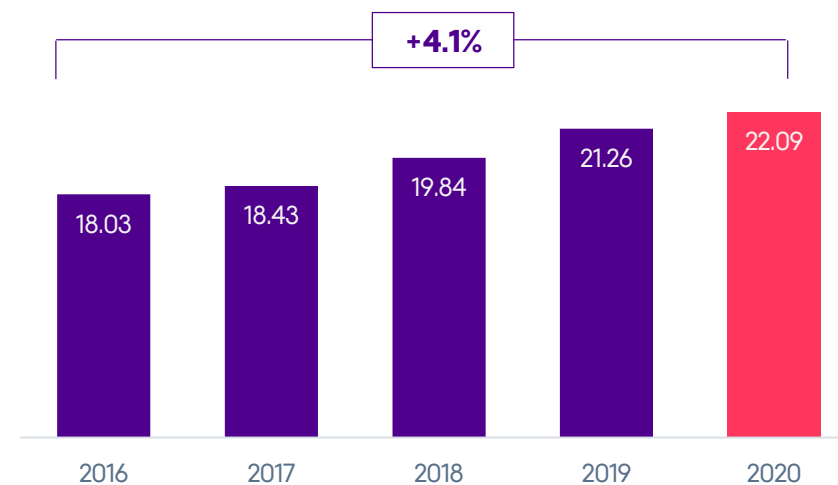


\*Other operating segments include: stc Kuwait, stc Bahrain, Solutions by stc, Specialized by stc, stc Gulf, Aqalat, Tawal, stc pay, Advanced Technology and Cybersecurity Company, Gulf Digital Media Model Company and stc GCC Cable Systems Company

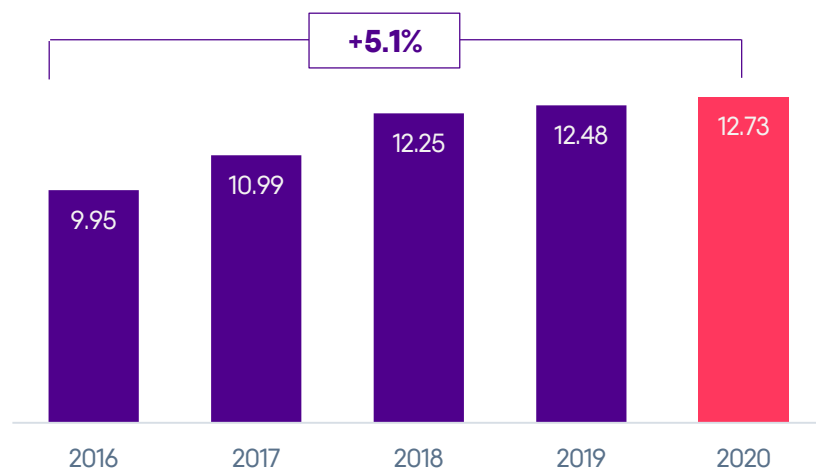
## Revenue



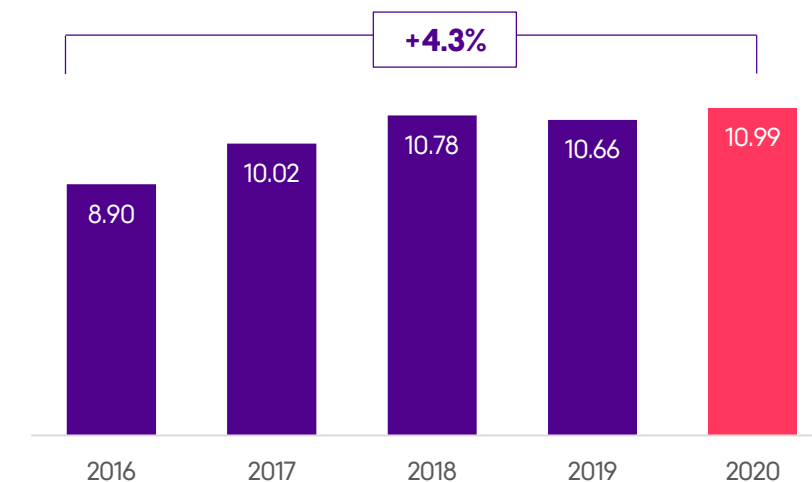
## EBITDA



## Operating Profit



## Net Profit



Numbers are in SAR Billions

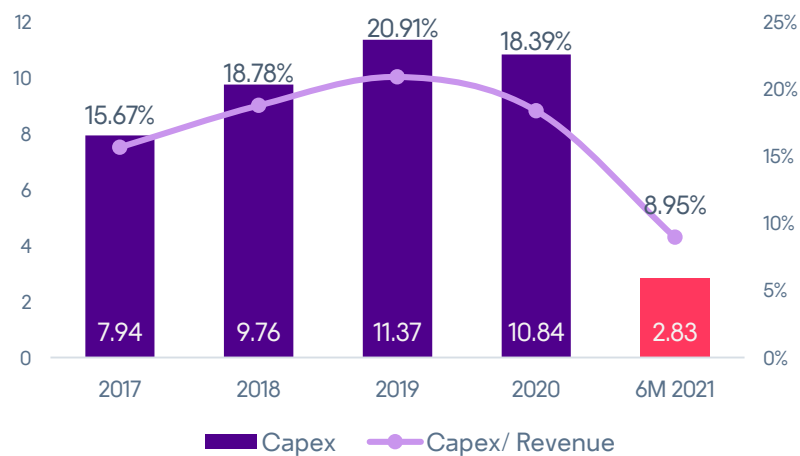


SAR billion	June 2021	December 2020
<b>Total cash*</b>	11.35	19.44
<b>Total assets</b>	119.27	121.97
<b>Total liabilities</b>	54.11	56.71
<b>Total equity</b>	63.91	63.95
<b>Total debt</b>	8.72	8.96
<b>Net Debt</b>	-2.63	-10.48
<b>Debt/ Equity</b>	13.64%	14.01%
<b>Debt/ Assets</b>	7.31%	7.34%

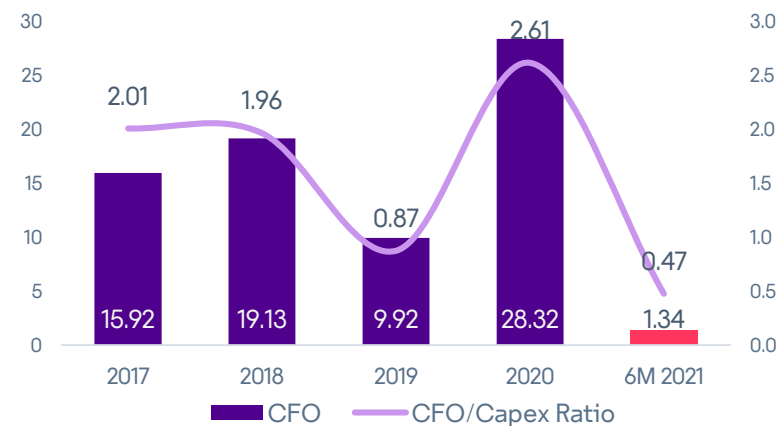
- The newly established international sukuk program was approved at the General Assembly meeting on 24<sup>th</sup> April 2019. This program is denominated in US Dollars not exceeding the amount of USD 5,000 million. During the second quarter 2019, stc Sukuk Company Ltd. (SPV established for the purpose of issuing sukuk), completed the first sukuk issuance under the Sukuk Program for USD 1,250 million (equivalent to SR 4,688), at USD 200 thousand par value, annual yield of 3.89% and a maturity of ten years.
- stc group is considered one of the lowest leveraged telecom companies in the world (Debt/ EBITDA 0.38x) creating a debt capacity for the company that might be utilized for financing new projects/ acquisitions.

\*Total Cash is the total cash and cash equivalents & short-term murabahas

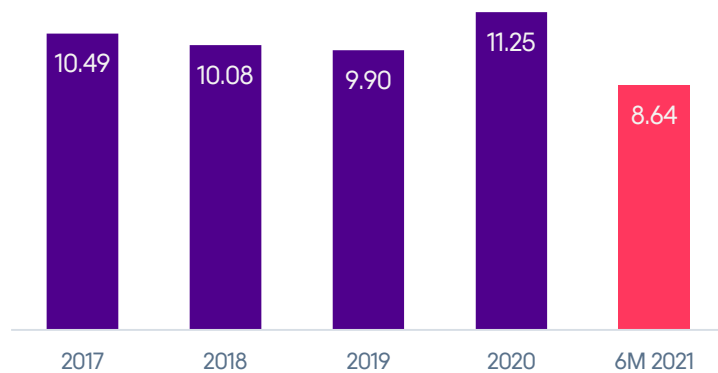
## Total Capital Expenditure (Capex)\*



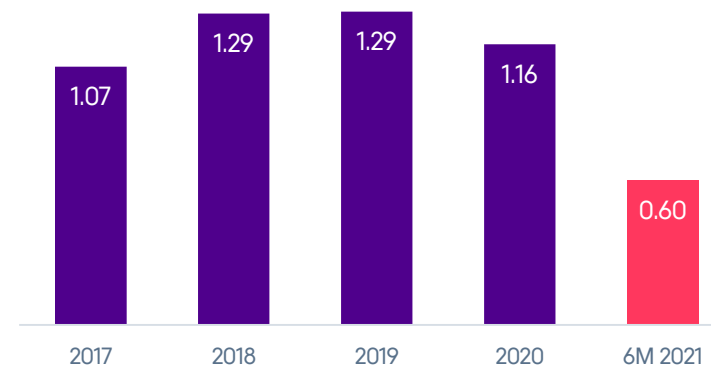
## CFO/ Capex Ratio



## Free Cash-Flow (EBITDA-Capex)

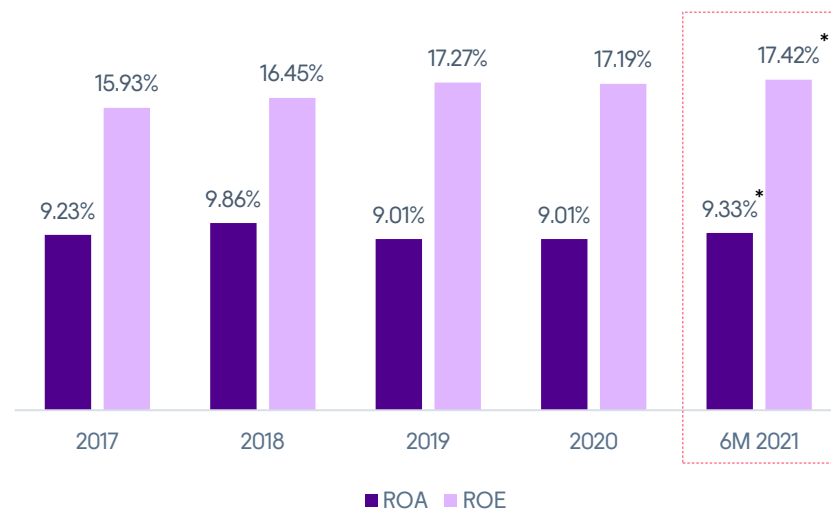


## Capex/ Depreciation & Amortization Ratio

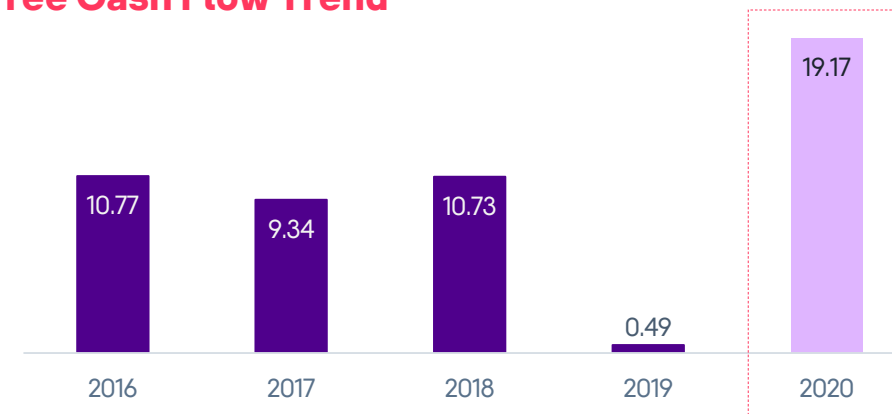


\*Capex is the total of additions to property and equipment & additions to intangible assets

## Performance Ratios

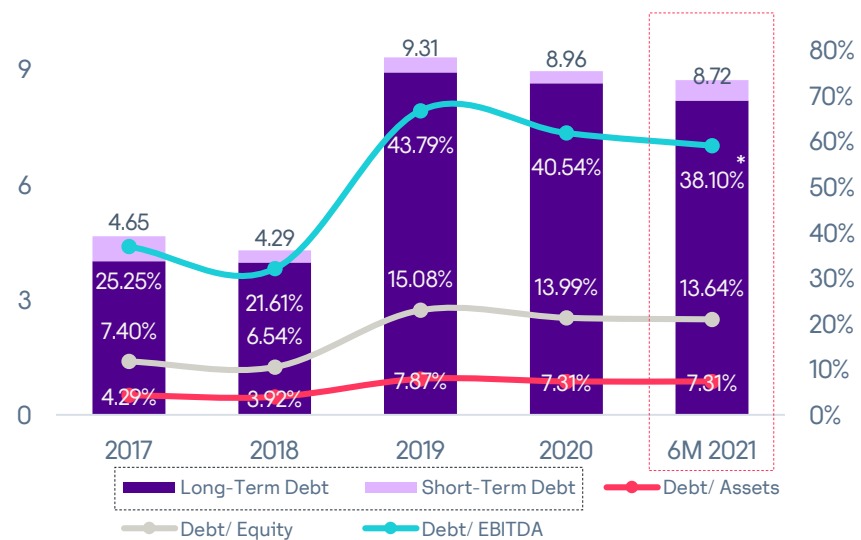


## Free Cash Flow Trend



- Highest FCF achieved in 5 years and on a challenging year.
- The sharp decline in FCF in 2019 is mainly due to the sudden increase in both receivables and payables.
- stc aims to generate higher cash flow in the coming years.

## Leverage Level



\*Last Twelve Months

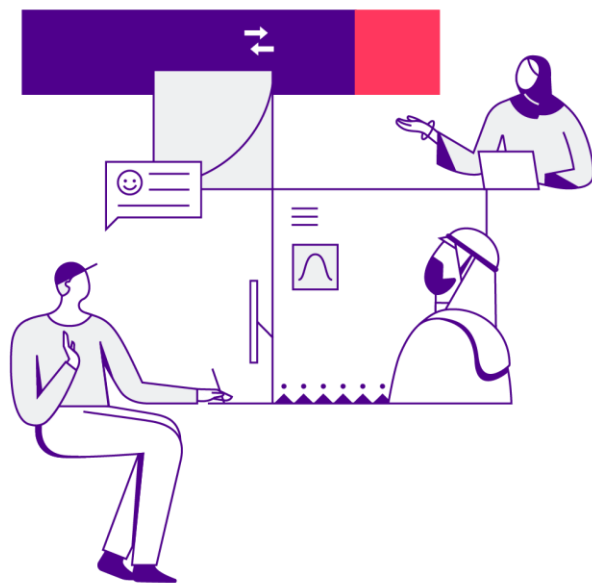
## P/E Multiple for Q2\*

<b>P/E at 139.2 (Max)**</b>	24.99
<b>P/E at 119.8 (Min)***</b>	21.51
<b>P/E at closing price of Q2 (131.6)</b>	23.63

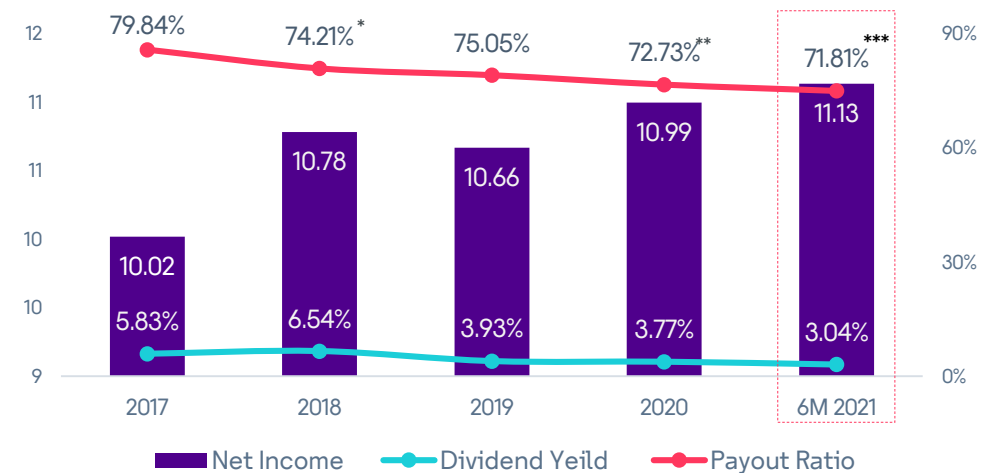
\*Last Twelve Months

\*\*As of 13/06/2021

\*\*\*As of 13/04/2021



## Quarterly Payouts

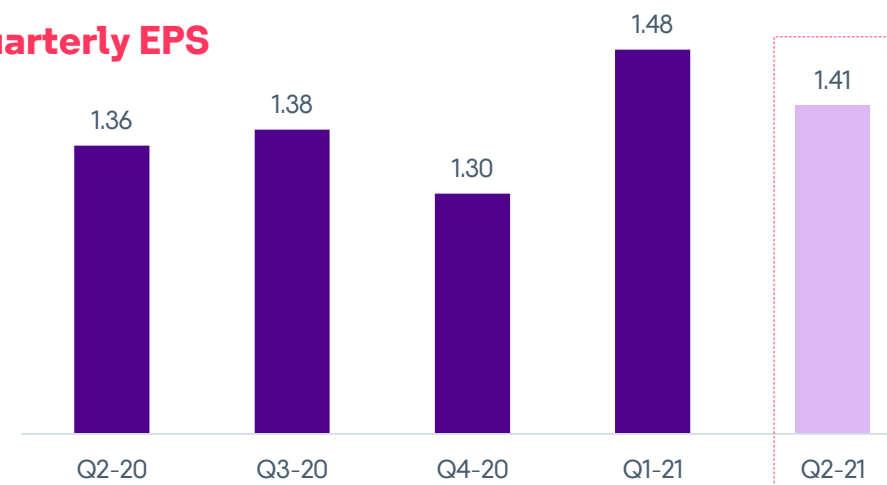


\*Payout ratio taking into account the special dividend paid in 2018: 111.32%

\*\*Payout ratio taking into account the special dividend paid in 2020: 90.91%

\*\*\*Last Twelve Months

## Quarterly EPS



Item	International Sukuk Program	Domestic Sukuk Program
<b>Issuing Type</b>	International Sukuk (senior, unsecured sukuk)	Domestic Sukuk
<b>Currency</b>	USD denominated	SAR denominated
<b>Program Amount</b>	USD 5 Bn	SAR 5 Bn
<b>Issuing Objective</b>	<ul style="list-style-type: none"> <li>→ To support the execution of the company's strategy, future plans and diversify the sources of funding;</li> <li>→ To benefit from the features of international debt capital market in terms of liquidity, competitive pricing and diversification of investors' base.</li> </ul>	<ul style="list-style-type: none"> <li>→ To support the execution of the company's strategy, future plans and diversify the sources of funding.</li> </ul>
<b>Minimum Settlement</b>	USD 200,000	SAR 1,000,000
<b>Price at Maturity</b>	At Par	At Par
<b>Trading Market</b>	Irish Stock Exchange plc trading as "Euronext Dublin"	private placement
<b>Issuing Date</b>	13 <sup>th</sup> May 2019	9 <sup>th</sup> June 2014
<b>1<sup>st</sup> Tranche Amount</b>	USD 1.250 bn	SAR 2 bn
<b>Number of Sukuk Issued</b>	6,250 sak	2,000 sak
<b>Subscription Coverage</b>	3.5x	2x
<b>Tenor</b>	10 years (13 <sup>th</sup> May 2029)	10 years (9 <sup>th</sup> June 2024)
<b>Coupon Rate</b>	3.89% (Valued at Mid Swap of 2.54%+135 bps)	3M SAIBOR + 70 bps
<b>Payment Frequency</b>	Simi annual (first payment on 13 <sup>th</sup> Nov 2019)	Quarterly
<b>Arrangers</b>	HSBC, JPMorgan, Standard Chartered, Samba Capital, First Abu Dhabi Bank, and KFH Capital	J.P. Morgan Saudi Arabia Limited, NCB Capital Company and Standard Chartered Capital Saudi Arabia
<b>Rating</b>	Moody's (A1), S&P (A-)	N/A

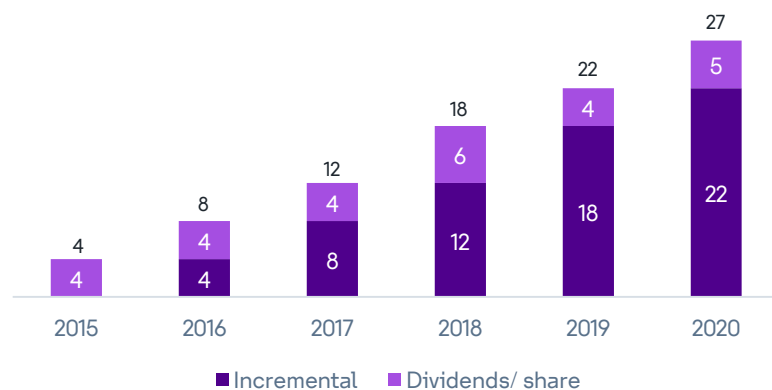


## Dividends distribution policy

- In Q4 2018, the company announced that it has approved its dividend policy for the next three years starting from the 4<sup>th</sup> quarter 2018 (as approved by the board of directors);
- The objective of the dividend policy is to maintain a minimum level of dividend per share on quarterly basis. stc commits to pay a fixed minimum dividend of a SAR 1 per share per quarter;
- The company may consider paying additional dividends 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;
- Based on the policy the last dividend to be paid is in Q3, 2021.

## Stability of dividends distributions

- Over the last six years, stc distributed a total of SAR 54 billion to investors through a stable dividend distribution in each quarter (SAR 1/share) which indicates a healthy cash flow supported by a strong and stable performance.



Numbers are in SAR/ share



# Let`s create the future together

## 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/wps/wcm/connect/english/investor/overview>

### IR App QR Code:

