

Financial Results Presentation

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.

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.

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.

Company Overview

stc signed sale and purchase agreement with solutions to sale its entire 49% stake at ccc.

stc & solutions

stc announced a sale of land in Al-Khobar for SAR 1,368 million.

Al-Khobar land

stc announced the issuance of non-objection by the "GAC" of the binding offer with solutions. to sell its entire 49% stake in ccc

stc & solutions

TAWAL signed (SPA) to acquire a towers company "United Group"

TAWAL moving to Europe

January

February

March

April

May

June

stc brand value increased to SAR 46.1 B

stc is the most valuable telecom brand in the region with a value of SAR 46.1 billion, according to Brand Finance.

stc Venture capital fund

stc launched a corporate investment fund (CIF) aims to invest in early stages startups.

stc & solutions

stc announced the completion of all procedures required to conclude the sale transaction of ccc to solutions.

Business Highlights



- ✓ stc Group announced that its ICT infrastructure subsidiary, TAWAL, has signed an agreement to acquire United Group's telecommunications tower assets. The agreement, valued at SAR 5 billion, supports stc Group's ambitious strategy to expand its international footprint in key markets with significant growth potential. Following completion of the acquisition, TAWAL will own and operate more than 4,800 sites across Bulgaria, Croatia, and Slovenia (all European Union member states, two of which are already members of the Eurozone), providing the full range of passive infrastructure services ranging from ground-based towers, rooftops small cells to in-building-solutions. As part of the 20-year master services agreement with United Group, TAWAL will deploy over 2,000 additional sharable sites, while co-location relationships with other mobile network operators will be maintained and expanded, enabling stc Group to drive digital transformation through providing world-class connectivity.
- ✓ stc Group, announced that "inspireU" enablement to more than 90 startups since inception resulted in more than SAR 700 million of total investment gathered by Saudi entrepreneurs. The Group also announced the expansion of the accelerator by launching a new track that provides additional support for startups in their growth phase as part of its endeavor to support entrepreneurship, enable innovation in the Kingdom, and contribute to strengthening the digital economy in the region.
- ✓ stc announced that the General Authority for Competition (GCA) gave the green light for solutions by stc to acquire all shares of ccc, including stc's 49% stake. The transaction was made in cash for the entire deal value, and the value of the enterprise (Enterprise Value 100%) amounted to SAR 450 million. The financial impact related to this deal will appear on the financial statements of stc in the second quarter of 2023.
- ✓ stc announced the publication of its fourth Annual Sustainability Report for 2022, highlighting the company's significant progress in the areas of environmental, social, governance, and economic sustainability. The report marks a significant milestone in stc's sustainability journey, as the company seeks to transform its sustainability ambitions into concrete actions and outcomes, accelerated by top management endorsement. This year's report is particularly noteworthy, as it represents stc as a group, highlights its refreshed sustainability priorities and policies, and presents its significant progress in the social, environmental, governance, and economic aspects of sustainability. stc has aligned its reporting disclosures with international standards, such as the Global Reporting Initiative (GRI), and aligned its efforts with Vision 2030 as a digital enabler, and is committed to progressing the Sustainable Development Goals (SDGs).
- ✓ center3 and Meta have announced the landing of the longest subsea cable project in the world at two of the planned four landing locations in Saudi Arabia: Jeddah and Yanbu. "At 45,000 km, 2Africa is the longest subsea cable ever deployed in the world. The record-breaking cable system will connect 33 countries by the completion of the project in 2024, delivering reliable connectivity and internet services across three continents: Africa, Asia, and Europe. Following its landing in Jeddah and Yanbu, 2Africa is anticipated to arrive in Duba later this year and Al-Khobar by 2024.
- ✓ The prominent ICT provider in Saudi Arabia, "solutions by stc", has announced a binding offer with Devoteam SIS (France) and Ortel company. The offer entails the acquisition of a 40% stake in Devoteam Middle East, a top-performing entity in the digital consulting domain across the region. This move aligns with stc's strategic expansion and growth plans, focusing on accessing lucrative sectors and investments. After completion of this transaction and receiving all necessary approvals, the move will further strengthen stc position as a group in the ICT industry as a digital enabler. This will be accomplished by integrating its subsidiaries eco-system specializing in digital infrastructure, IoT, cloud computing, cybersecurity, digital financial services, and business process outsourcing services.
- ✓ center3, announced the signing of the Supplier's Contract for the construction of two subsea and terrestrial data cables (EMC West) that will connect Saudi Arabia with Europe. The second phase of the EMC System (EMC Global) that will connect Saudi Arabia with Asia is in the process of being finalized and will be announced soon. The EMC project enables KSA, Greece, and Cyprus to leverage their geographic position. It delivers a much-needed new data corridor, positioning the three countries at the epicenter of a digital connectivity infrastructure, which will become a cornerstone of the digital transformation era. The EMC cable is designed, from its inception, to realize KSA's Vision 2030 and Greece 2.0 by transforming the Kingdom of Saudi Arabia into a "Digital Hub" that connects Asia with Europe and Africa and positioning Greece and Cyprus as "European Union's East Data Gateway".

Financial & Operational Performance

5G

stc has deployed **7,479 5G towers** as of Q2 2023.

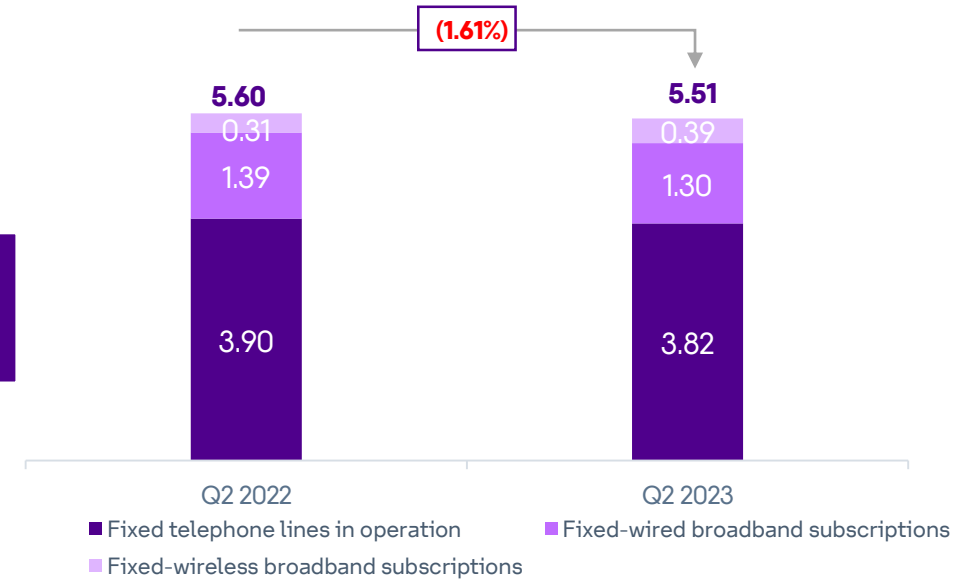
The Carrier & Wholesale Unit

The Carrier & Wholesale unit was able to achieve positive results, as its revenue grew by **4.0%**, supported by the increase in its national revenue.

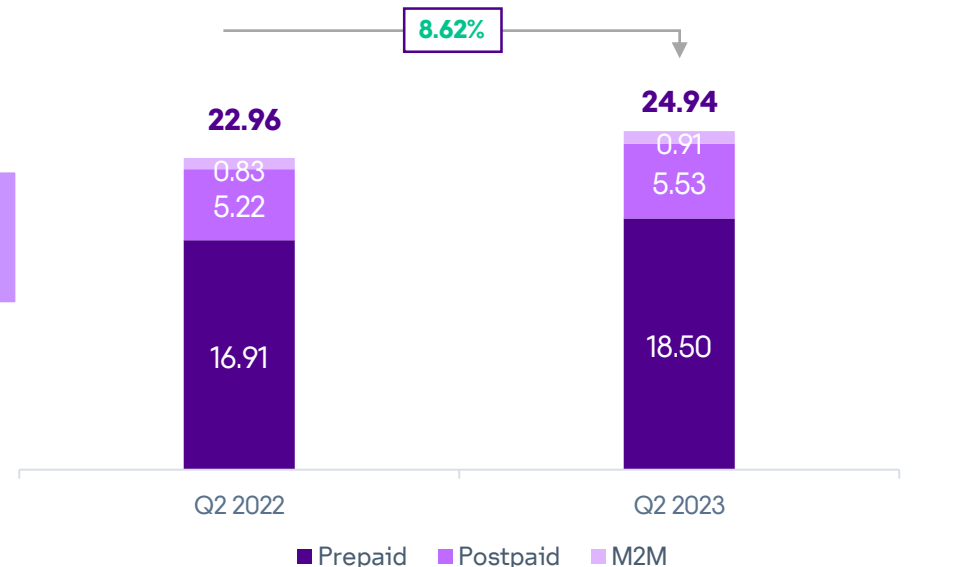
The Commercial Unit

The Commercial unit revenues increased by **3.7%**, attributed to a growth in the mobility and residential segments revenues by **3.3%** and **5.6%** (respectively).

Fixed Subscribers (stc KSA)



Mobile Subscribers (stc KSA)

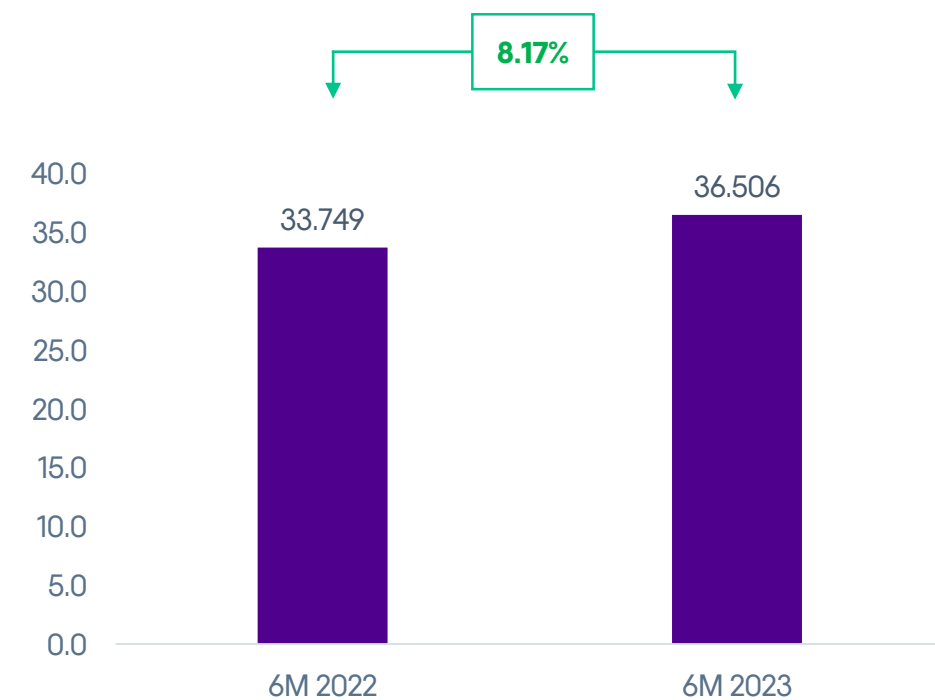
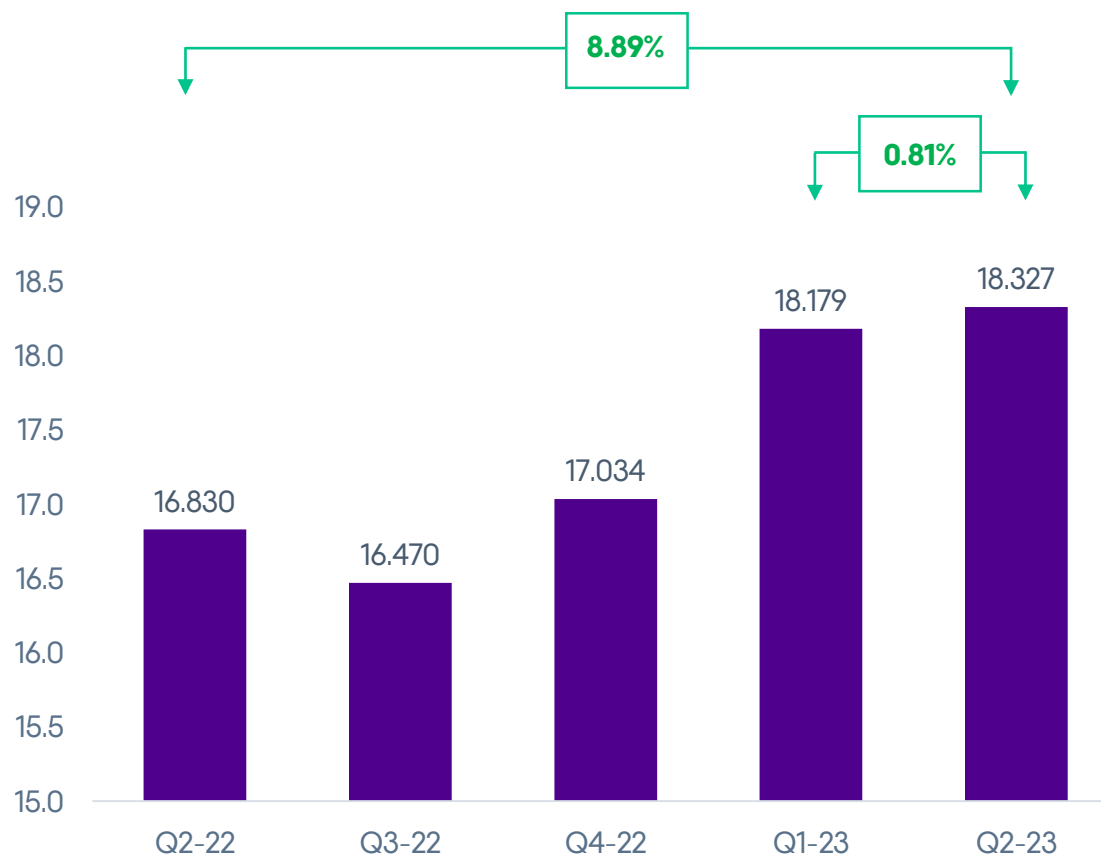


*Fixed-wireless broadband subscribers includes 4G and 5G subscribers.
 *Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
 *Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
 Numbers are in Millions for the subscribers.

Financial Highlights

Q2 2023

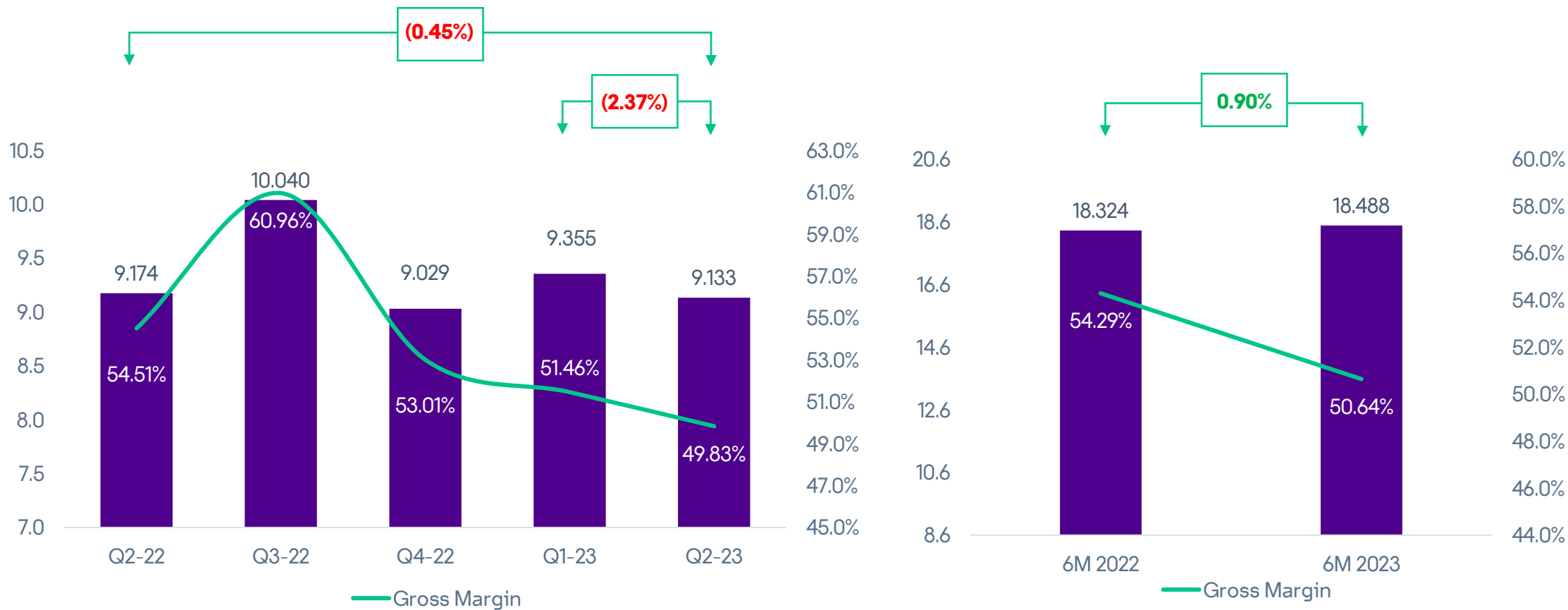
stc Group – Revenue



stc achieved the highest revenue for the period in its history, supported by the growth of the Commercial unit, the Carrier & Wholesale unit, and the Group’s subsidiaries.

All figures are in SAR Billions

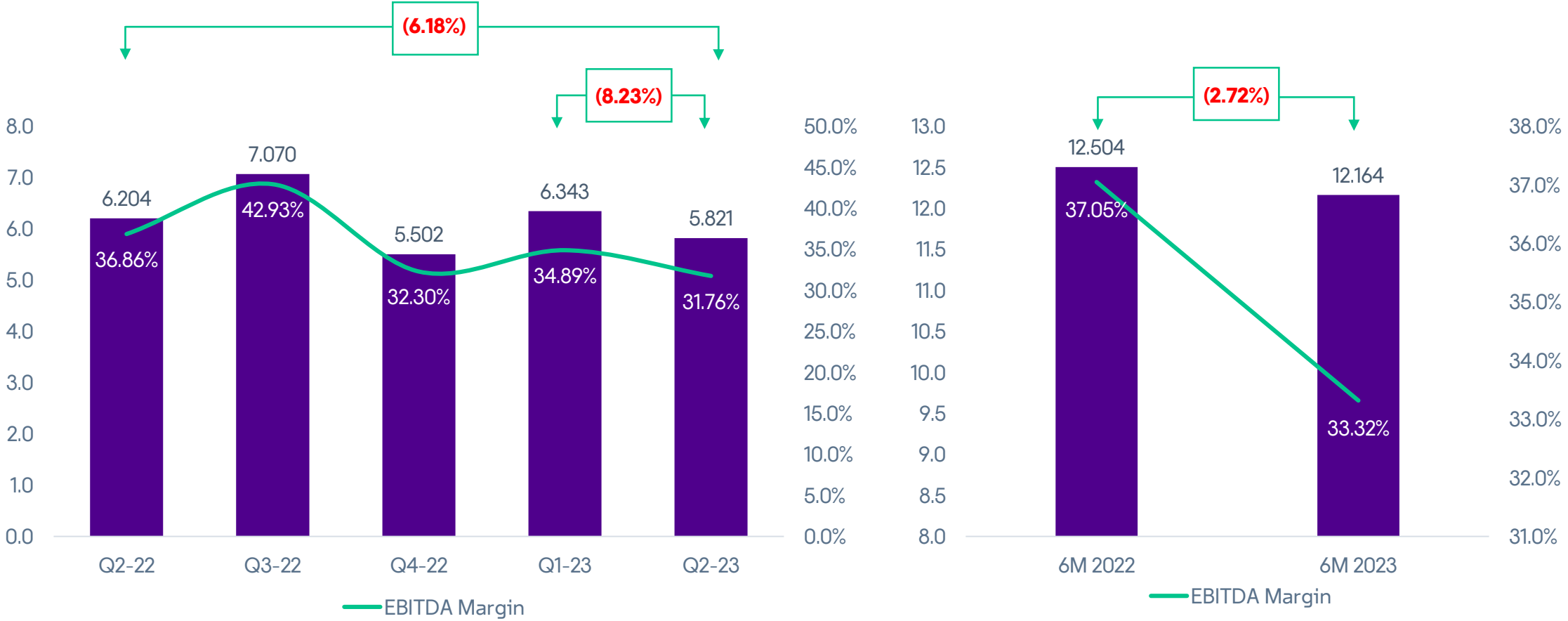
stc Group – Gross Profit



slight improvement in gross profit for the 6-month period

All figures are in SAR Billions

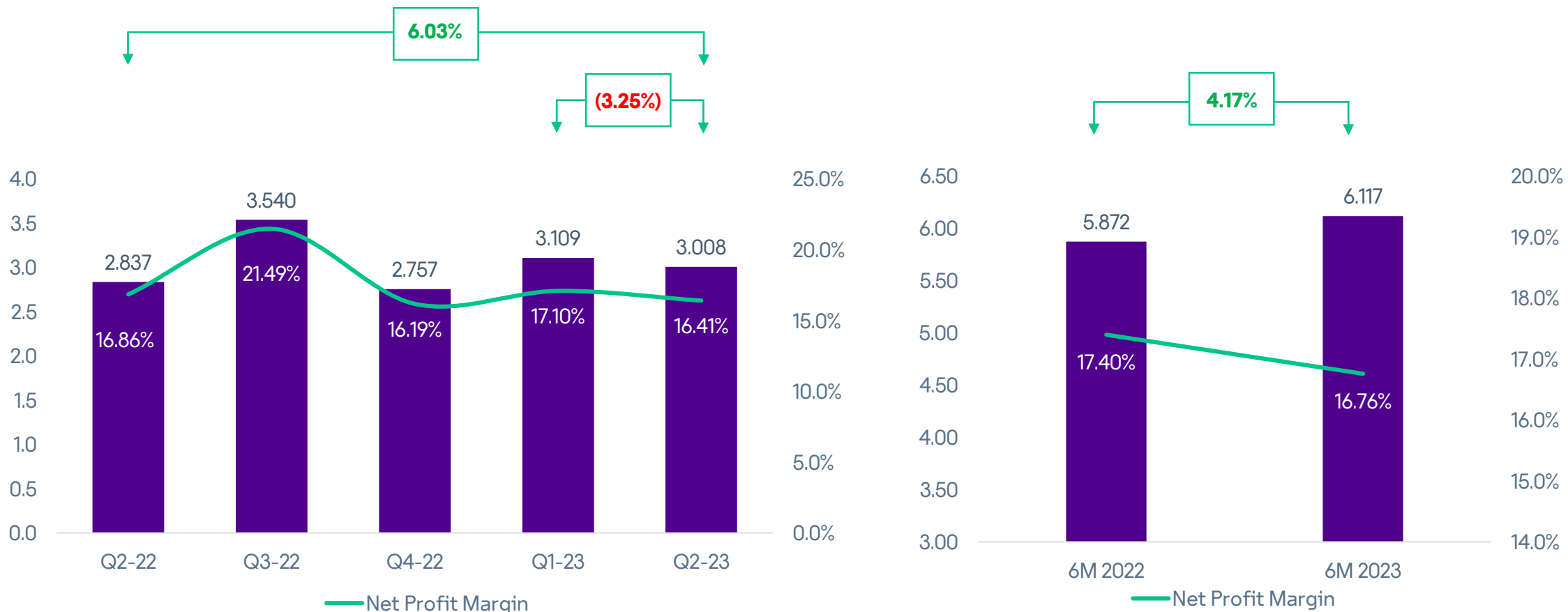
stc Group – EBITDA



EBITDA witnessed a decline due to stc’s continued investment and expansion in new domains in accordance with stc’s strategy

All figures are in SAR Billions

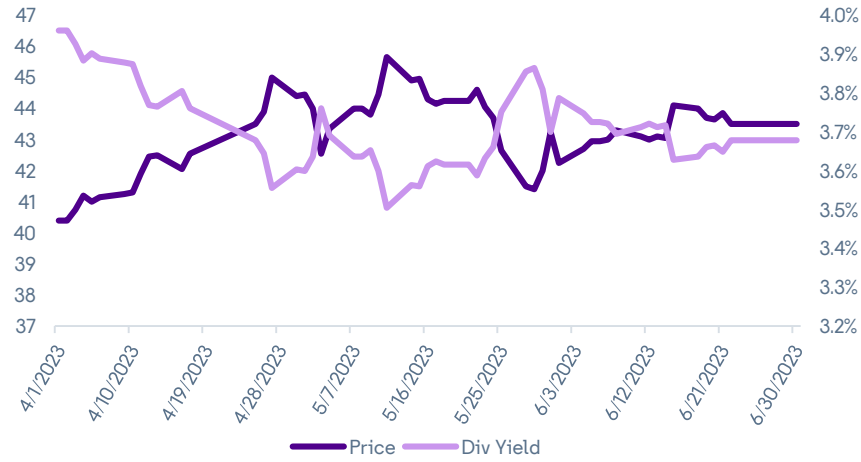
stc Group – Net Profit



Noticeable growth in net profit for the 6-month period

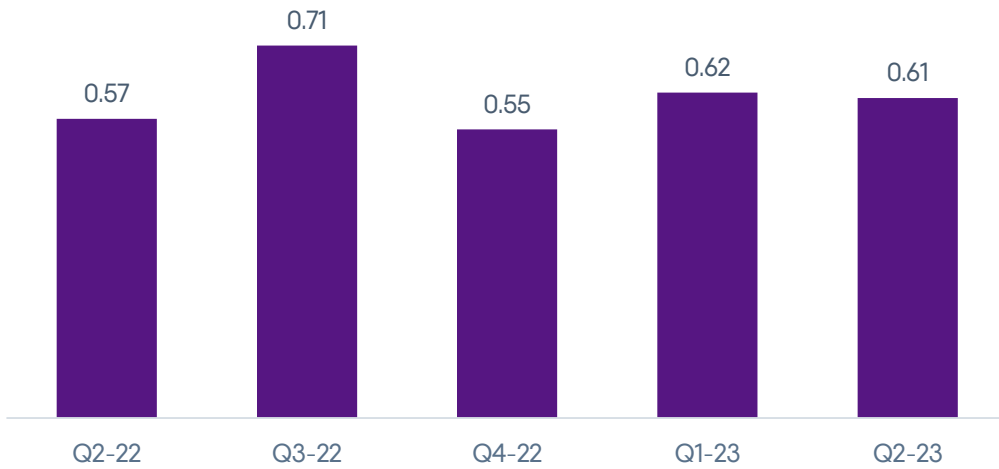
All figures are in SAR Billions

Price Vs. Yield Fluctuation

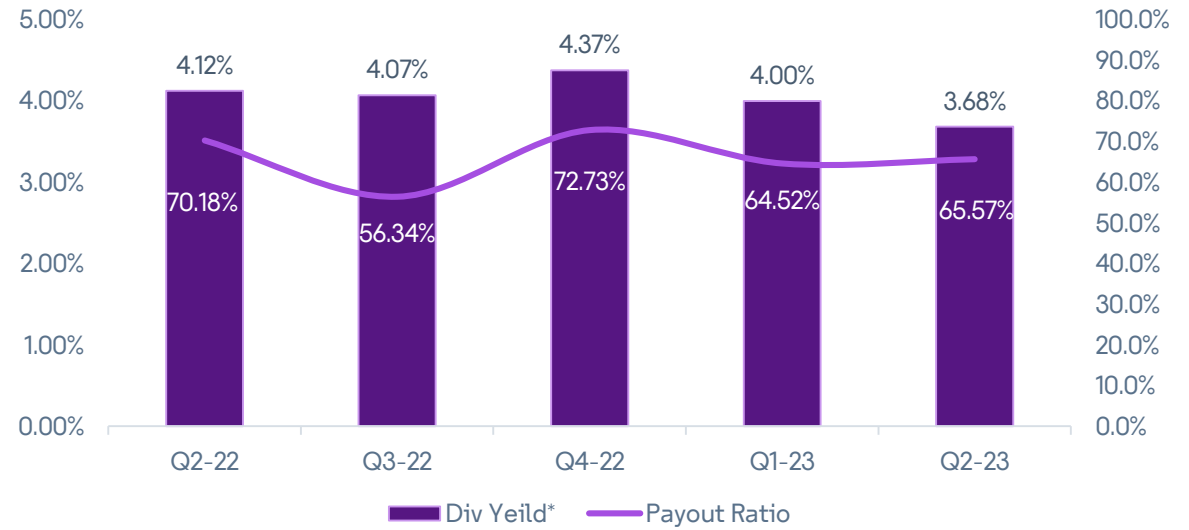


- stc commits to pay a fixed minimum dividend of a SAR 0.4 per share per quarter effective from Q4 2021 for three years. Furthermore, the company will consider and pay additional dividend, subject to stc BoD's approval after assessment and determination of the Company's financial situation, future outlook 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:
 - Any material changes in the strategy and business of the company (including the business environment it operates in);
 - Laws and regulations that are applicable on the company;
 - 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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Thank you