

stc group investor presentation

Investor Relations
Q1, 2021

stc

Index

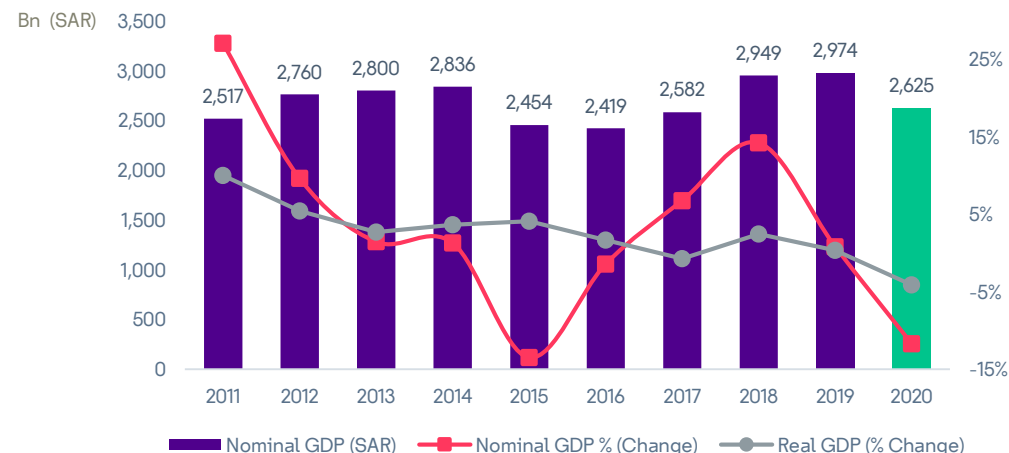
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Saudi Arabia's Macro-Economic Environment



Gross Domestic Product (GPD) Growth

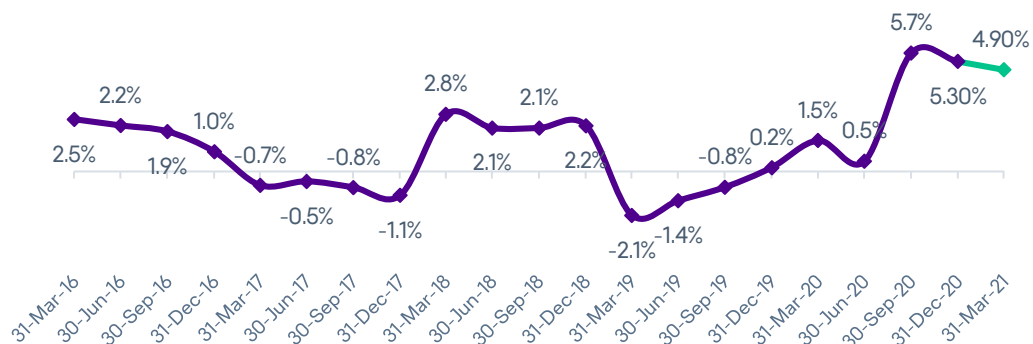
According to GASTAT data, real GDP showed that the economy decreased by 4.1% in 2020 compared to 2019. This negative growth resulted mainly from the contraction in oil sector by 6.7%, in addition to a negative growth rate of 2.3% recorded in the non-oil sector. The private sector shrunk by 3.1%, and the government sector also showed a negative growth rate of 0.5%.



Source: GASTAT

Inflation Rate

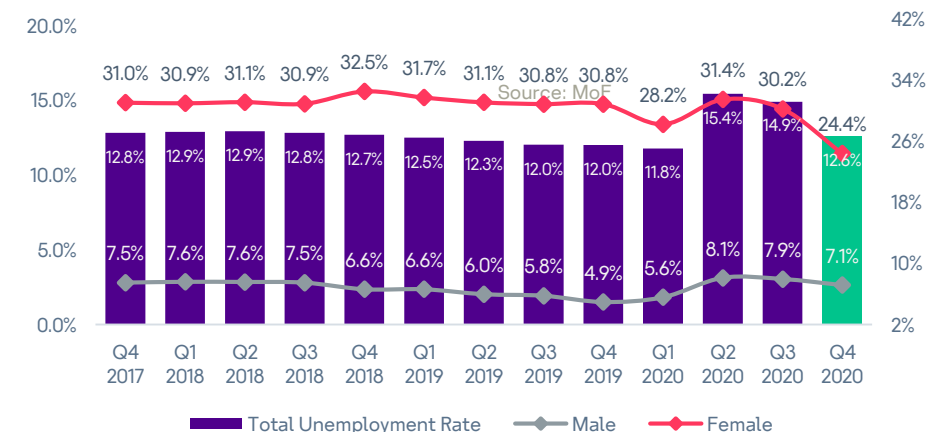
The general consumer price index (CPI) registered in Q1, 2021 a Y-o-Y surge by 3.4% as it was projected that inflation will rise due to the continues impact of VAT increase from 5 percent to 15 percent that was effective starting from July 2020 onwards. Yet, a slight decline by 0.4% was witnessed in Q-o-Q.



Source: SAMA

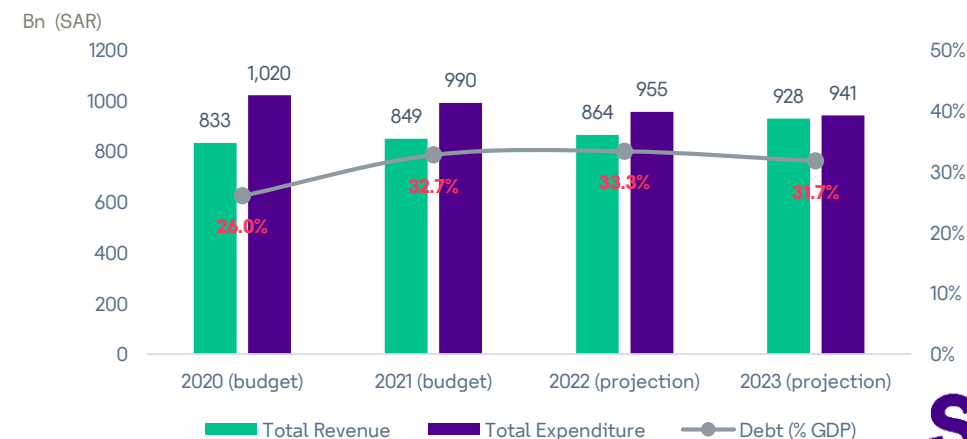
Saudi Unemployment Rate (15+)

GASTAT's latest labor market release for Q4, 2020 showd 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

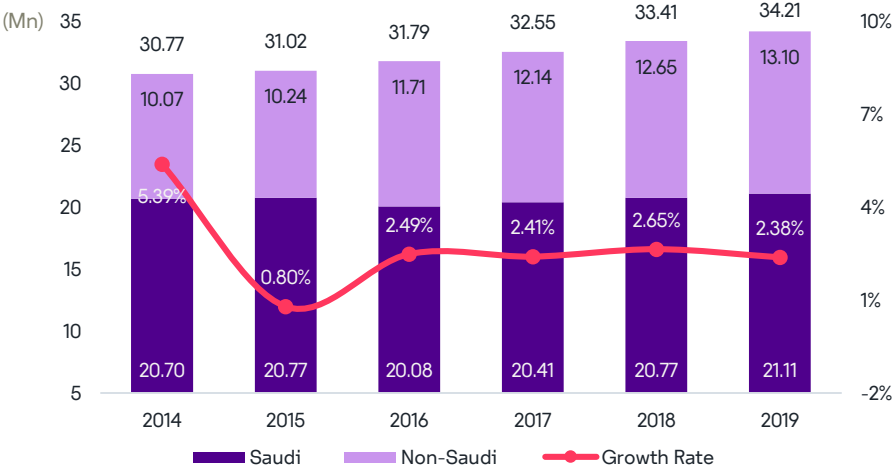
Government Outlook on Expenditures & Revenues



Saudi Population

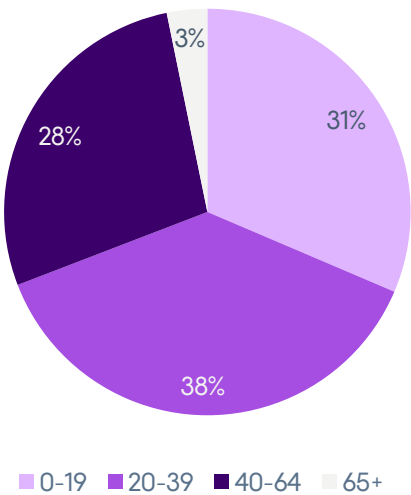
- Saudi population is the largest and youngest demographic in the GCC region.
- 2019 GASTAT data showed that 62% of the population is between the age of 15 and 49.

Population Census



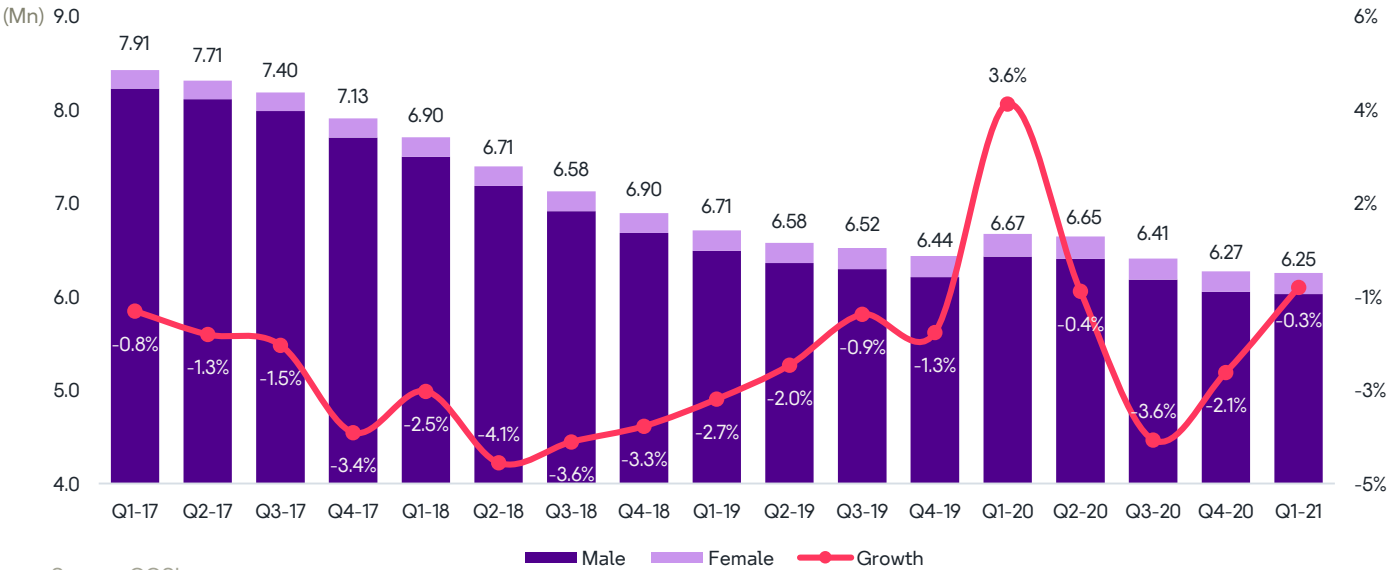
Source: GASTAT

Distribution by Age Group (2019)



Foreigners in the Saudi Labor Force

- Latest General Organization for Social Insurance (GOSI) figures showed a decrease in the rate of expat exodus in Q1, 2021.
- Despite the increase in number of workers during Q1, 2020, approximately 417 thousand of expats departure by Q1, 2021.



Source: GOSI

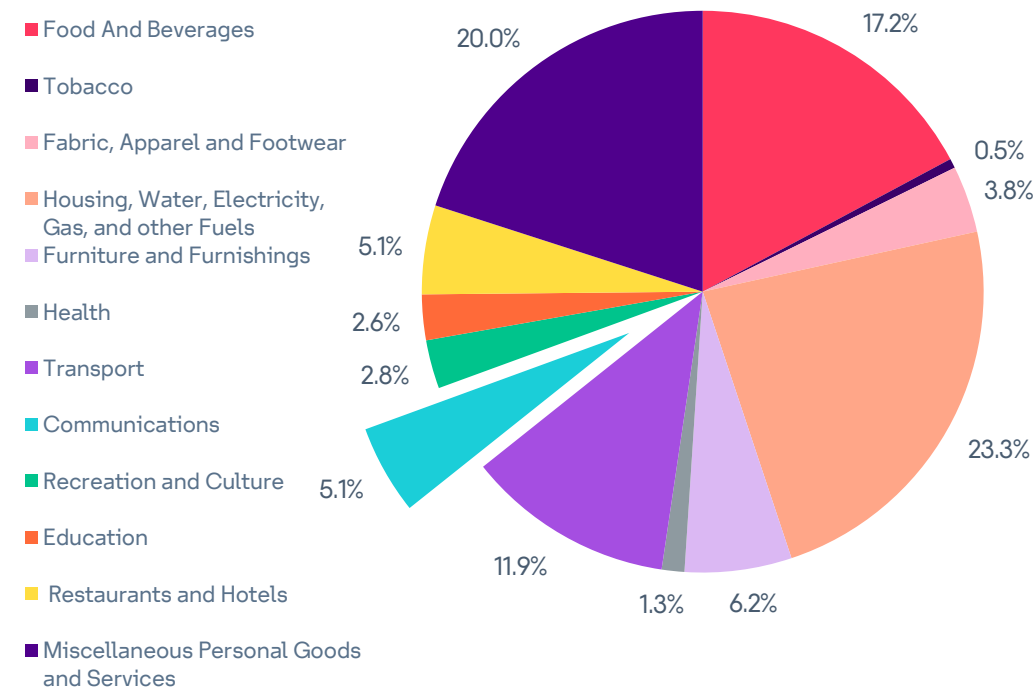
Average Historical Communication Consumer Spending (By Total Households)

- 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 19th 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 grew by 20% to SAR 31.05 billion in February 2021, from SAR 25.93 billion in the same period last year, data issued by the Saudi Central Bank (SAMA).
- Assets held by the Saudi Central Bank (SAMA) saw a decline of SAR 17.1 billion month-on-month (MoM) to SAR 1.834 trillion in February 2021, according to data released by the central bank.
- Saudi Arabia's non-oil exports grew by 16% year-on-year (YoY), or SAR 2.56 billion, to SAR 18.91 billion in January 2021, according to the General Authority for Statistics (GASTAT).
- Saudi Arabia's oil exports grew by 1% month-on-month (MoM) to 6.58 million barrels per day (bpd) in January 2021, according to the Joint Organizations Data Initiative (JODI).
- S&P Global Ratings affirmed Saudi Arabia's sovereign credit ratings at 'A-/A-2' with a stable outlook. The credit ratings agency said in a statement that the Saudi economy will likely return to the positive growth in 2021 after the contraction seen in 2020.

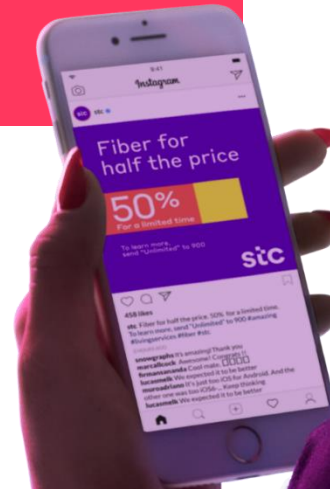
Regulatory Environment

- Companies operating in the telecommunications sector in Saudi Arabia invested over SAR 40 billion in digital infrastructure over the past three years, according to Communications and Information Technology Commission (CITC) governor Mohammed Altamimi.
- The Saudi telecommunications industry is estimated at SAR 70 billion with the information technology market size at SAR 64 billion and Saudi postal services at SAR 6.4 billion. The market value of the Saudi telecom operators is estimated at SAR 246 billion, according to (CITC) governor Mohammed Altamimi.
- The Communications and Information Technology Commission (CITC) launched the 'Game Mode' initiative, with the aim of enhancing Saudi Arabia's booming gaming sector.

Government Initiatives

- Crown Prince Mohammed Bin Salman launched "Shareek" program to strengthen the partnership with the private sector. The program aims to enhance the resilience and capacities of major regional and foreign companies. It also seeks to enhance the Saudi government's position as a contributor for trade and strengthen the Kingdom's reputation as a global economic power.
- Crown Prince Mohammed Bin Salman said that several initiatives that will be launched in the short term could boost expenditure over the next decade to SAR 27 trillion, which would exceed spending in the last 300 years.
- Crown Prince unveils Green Saudi and Green Middle East Initiatives. The Initiatives will set the Kingdom's direction to protect earth and nature.
- Saudi Arabia licensed 91 new factories worth SAR 857 million in February 2021
- Minister of Industry and Mineral Resources, Bandar Alkhorayef, launched "Made in Saudi", under the sponsorship of Crown Prince Mohammed bin Salman. The move aims to support national products and services at both local and global levels.

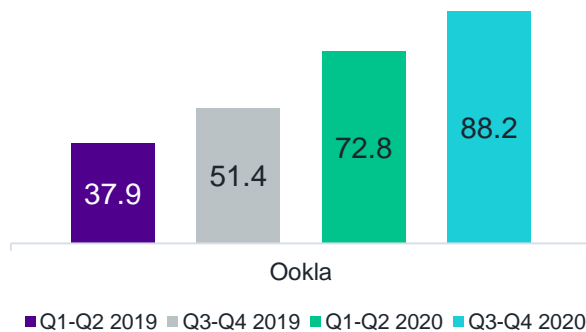
KSA Telecom Market Overview



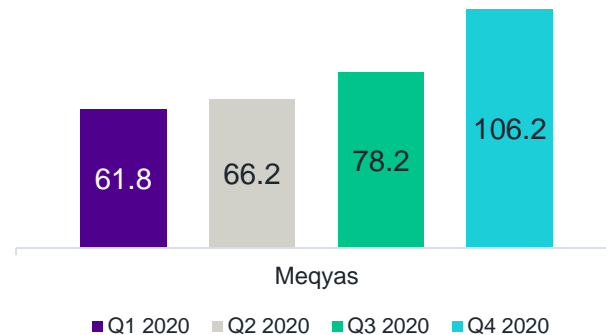
stc

4G Mobile Download Speed

(Mbps)

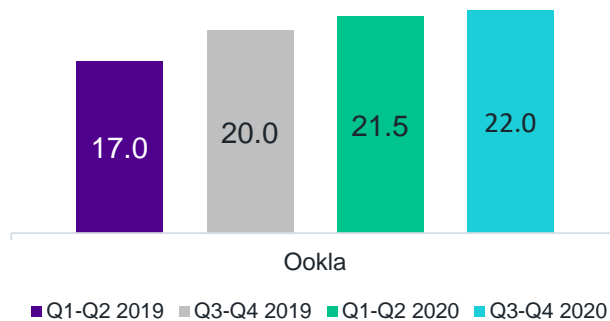


(Mbps)

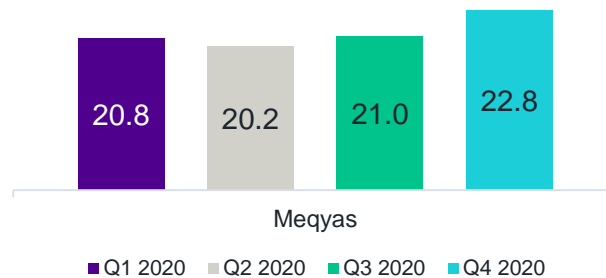


4G Mobile Upload Speed

(Mbps)



(Mbps)



Telecom market has been going through a fixed-mobile convergence wave to become an ICT one-stop-shop for their business customers, providing mobile and fixed telecommunication services and IT and IoT solutions, under one contract (and therefore one billing).

AI & ML \$28.5 Million

- AI & Machine Learning will grow at a steady pace in 2021 to reach \$ 28.5 Mn as enterprises will use cognitive systems to monitor and refine business processes. In 2023 spending expected to reach \$ 38.5 Mn.
- 18% of Saudi organizations have already implemented AI whilst more than 40% are looking to invest in AI workloads within 2021. By 2023, 40% of the data collected throughout the customer journey will be used to create a better product and a personalized experience.
- Saudi Arabia's AI & Data Authority will empower public sector to adopt AI use cases.

IoT \$2.2 Billion

- More than 72% of organizations in Saudi Arabia expected to deploy an IoT solution to gain competitive advantage by cost reductions and improved productivity driving the spending in the kingdom to surpass \$ 2.2 Bn in 2021 and growing to \$ 3.08 Bn in 2023.
- IoT spending will be driven by analytics, application platforms, and security.
- 5G technology for IoT is not yet fully standardized. The next two years will be crucial for IoT related to 5G standardization.

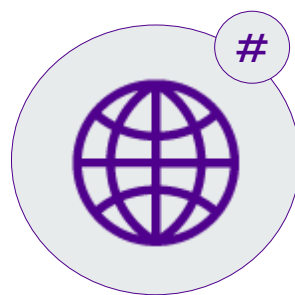
Cyber Security \$425 Million

- Security spending is predicted to reach more than \$ 425 Mn.
- In 2021, more 26% of Saudi organizations will invest heavily in cybersecurity solutions. 35% of security spending in META will move to public cloud by 2023, up from 19% in 2019. 40% of spending will be on managed security services.

Cloud Computing \$425 Million

- By end of 2021 Cloud spending in the Kingdom will cross \$541 Mn. By 2023 total spending on cloud will reach \$ 789 Mn.
- SaaS forms 75% of Cloud spending.
- Top cloud applications:
 - Enterprise Performance
 - Human Capital Management
 - Financial Applications
 - Procurement Applications
 - Marketing Campaign Management

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%

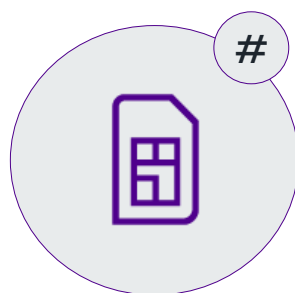


Total Number of Active Mobile Internet Users: 32.03mn



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 **3rd** 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

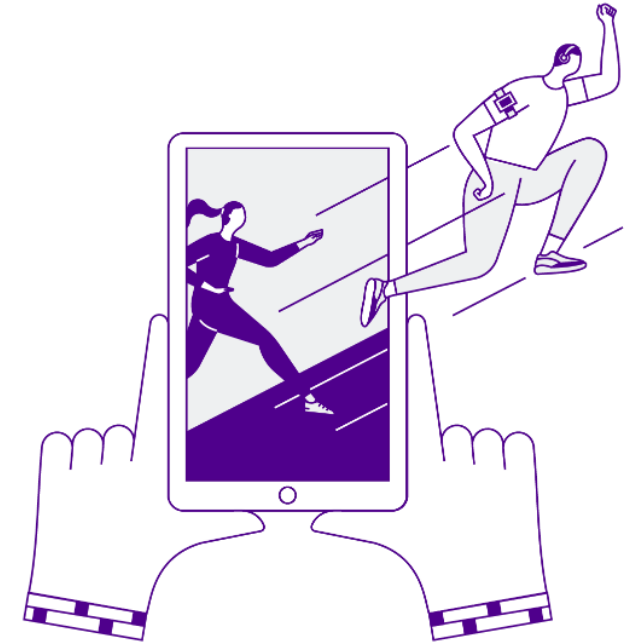
Length
of deployed
fiber optic
cables at the end
of 2020
229K KM

Total stc group
employees **19K**
&
Total stc KSA
employees **13.6K**
(2.1% turnover rate)

#1 in KSA in
Fixed Telephony
subscribers

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

SAR 34.5 bn
3rd 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

- 3rd 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 (1st 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).

stc

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



1st 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 **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

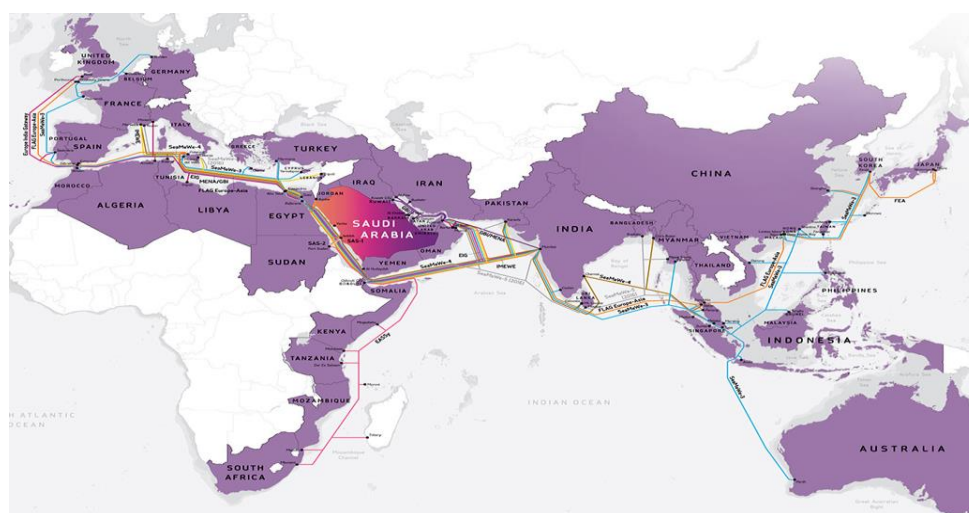
- The company will benefit from Internet of Things (IoT) enabled by 5G technology. It will not only enhance operational efficiencies and user experiences but also provide new revenue opportunities.
- 5G technology in industrial applications is a future plan, as the company operates in several areas,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

Award Wining

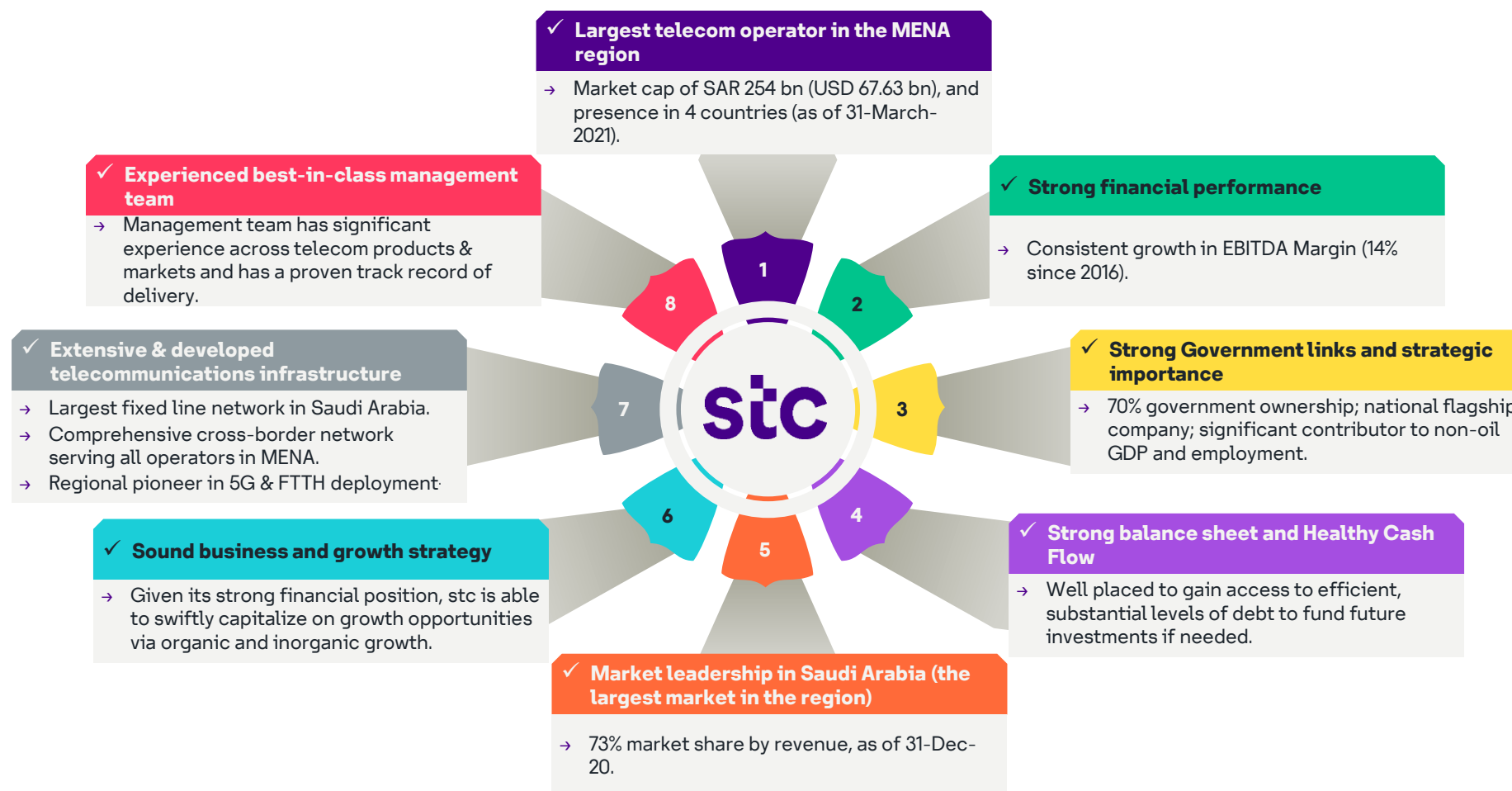
- stc group won 3 international awards at the 5G MENA Summit.



#	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

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

H.E. Mohammed Talal Al-Nahas
Board Member

Mr. Ahmed Mohammed Al-Omran
Board Member

Mr. Jameel Abdullah AlMulhem
Board Member

Mr. Yazeed Abdulrahman AlHumied
Board Member

Ms. Rania Mahmoud Nashar
Board Member

Mr. Arndt Rautenberg
Board Member

Ms. Sara Jammaz AlSuhaimi
Board Member

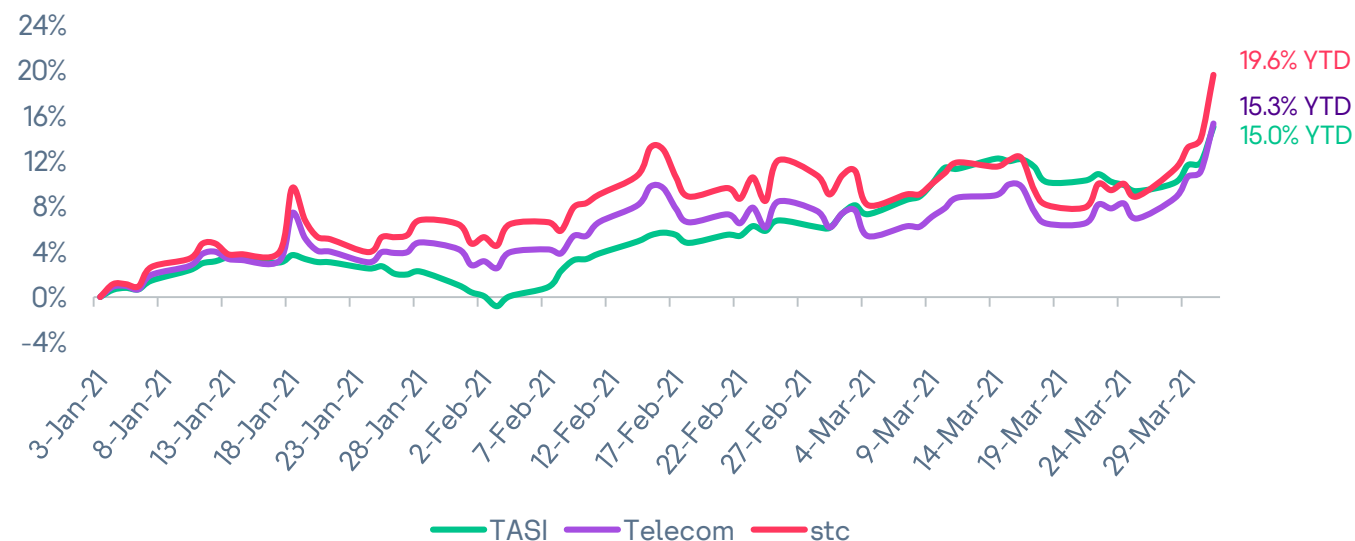
Mr. Sanjay Kapoor
Board Member

Mr. Waleed Ibrahim Shukri
Board Member

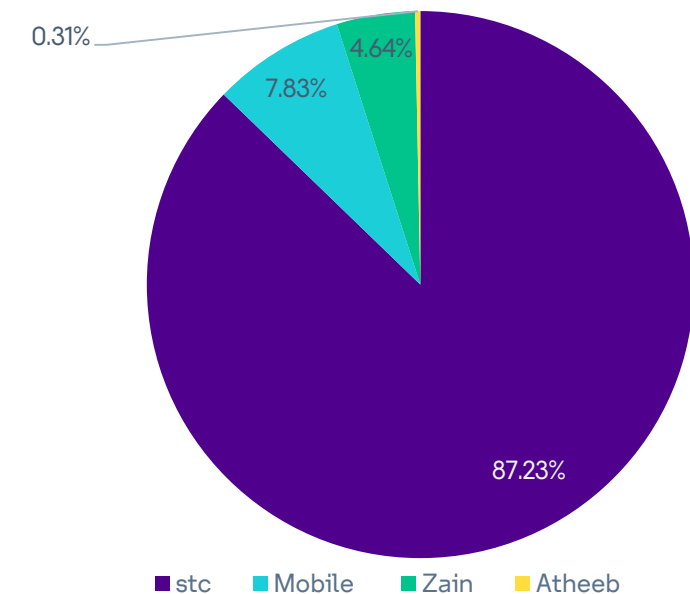
Eng. Olayan Mohammed Alwetaid
Chief Executive Officer (CEO)

Share Performance Vs. Telecom & TASI Index

→ stc maintained its momentum and outperformed the telecom sector and TASI Index.



Market Capitalization of Telecom Sector As of 31st March 2021



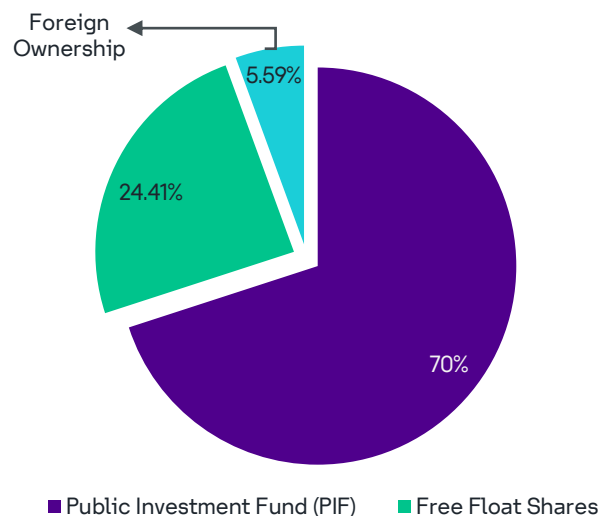
Key Metrics

Closing price	Issued Shares (Mn)	Market Cap	Market Cap % Tadawul	Price/ Earnings	Price/ Book	Dividend Yield
126.8	2,000	253.60	2.6%	21.42x	3.90x	3.15%

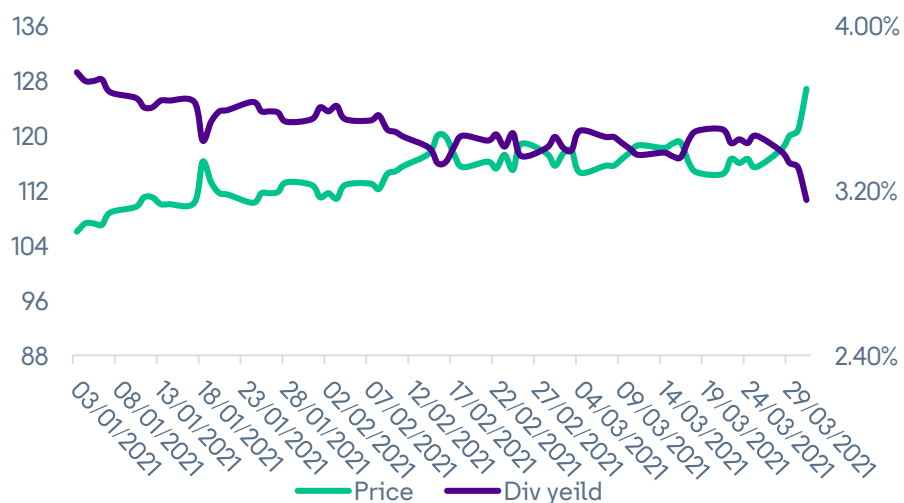
31st March 2021

stc

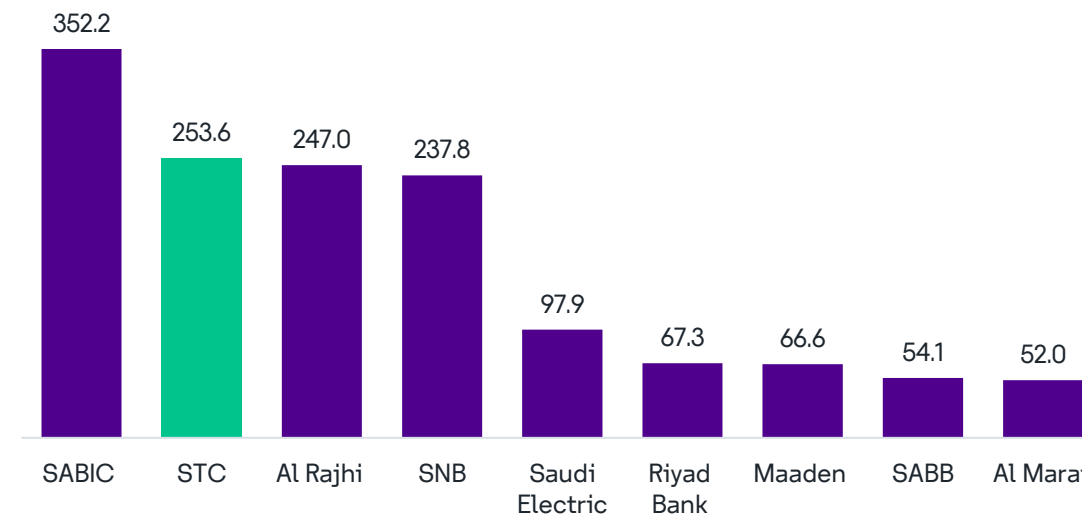
Ownership Structure As of 31st March 2021



Price Vs. Yield Fluctuation



Market Capitalization As of 31st March 2021 Among Major Saudi Listed Companies (SAR Bn)



MSCI Tadawul 30 Index

Company	Float Adj Mkt Cap (USD bn)	Index Wt. (%)
AL RAJHI BANKING & INV	32.27	14.76
SAUDI BASIC IND CORP	28.17	12.88
Saudi Aramco	21.12	9.66
NATIONAL COMM BANK	20.81	9.52
Saudi Telecom Co	20.29	9.28

As of 31st March 2021

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 Datamatrix 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 2nd 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.

A man with dark hair and a beard, wearing a white button-down shirt, is leaning over a large, dark, reflective surface that appears to be a digital display. He is looking down at the surface with a focused expression, and his right hand is touching the surface. The background is dimly lit, with a bright light source visible on the right side. A semi-transparent purple banner with a red square on the left is overlaid on the right side of the image.

Strategy Overview

stc

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.

A man in a white thobe is walking down a long, brightly lit aisle in a server room. He is holding a silver laptop and looking at the screen. The aisle is flanked by rows of server racks on both sides. The floor is light-colored, and the walls are white. The ceiling is visible, showing a complex network of cables and lights. The overall atmosphere is clean and professional.

Business Overview

stc

Local Subsidiaries

Channels by stc	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 stc	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 stc	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.
stc 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

stc Bahrain	100%	The company offers mobile, international telecommunications, broadband and other related services.
stc Kuwait	51.8%	The company offers mobile, international telecommunications, broadband and other related services.
stc 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.
stc 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

Date of Incorporation	→ Founded in 2018
Invested Capital	→ SAR 2.5 billion
Subsidiary Objective	<ul style="list-style-type: none"> → To be responsible for owning, constructing, operating, leasing and investing in the towers. → Establishing itself as the leading player in the Saudi telecommunications infrastructure market, aspiring to extend its services and coverage across the region.
stc Ownership	→ 100%
Subsidiary Operation	→ In Q1 2019, stc Towers Co. obtained the necessary operational licenses (CITC).
Tower Portfolio	<ul style="list-style-type: none"> → TAWAL now owns a portfolio of more than 15,000 telecom towers spread across the Kingdom. → 70% of TAWAL's sites are ground-based towers, the rest are rooftops.
Infrastructure Sharing	→ 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

Date of Incorporation	→ Founded in 2002
Invested Capital	→ SAR 1.2 billion
Subsidiary Objective	<ul style="list-style-type: none"> → One of the major names in the field of technical solutions, and biggest suppliers in the kingdom. → 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. → 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.
stc Ownership	→ 100%
Subsidiary IPO	<ul style="list-style-type: none"> → In Oct. 2020, solutions by stc have officially announced its potential IPO. → The IPO is expected to take place either in Q2 or Q3 of 2021 as the Group will maintain the majority stake of the business.

Services Offered



System Integration



IoT Digital Services



Connectivity Services



Cloud Services



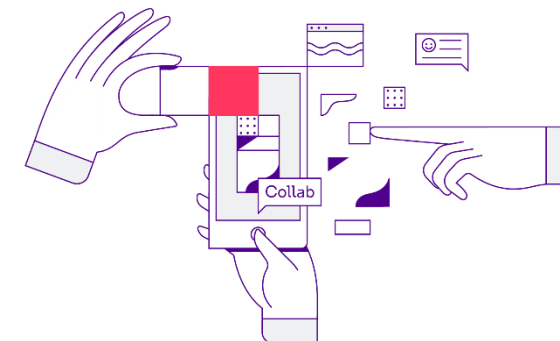
Business Outsourcing



Cybersecurity Integration




Managed Services




Subsidiary Overview

Date of Incorporation	→ Founded in 2018
Invested Capital	→ SAR 948 million
Subsidiary Objective	<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 first fintech arm that was authorized by the Saudi Monetary Authority (SAMA).</p>
stc Ownership	→ 100%
Registered Users	→ 4.9 million (as of Dec. 2020)
Partners	<p>→ In Nov. 2020, stc have signed an agreement with Western Union to sell an equity stake of 15% with a value of SAR 750 million (USD 200 million).</p> <p>→ The transaction is expected to be completed during 2021.</p>
Business Operations	→ 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



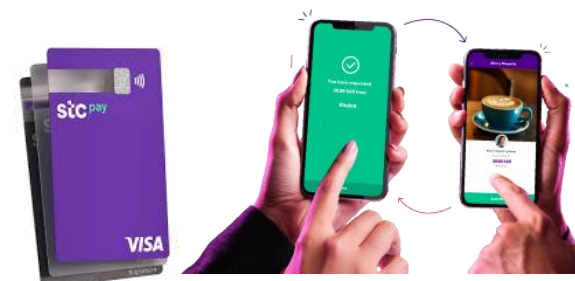
Musaned
Now you can transfer the domestic workers' salaries through Musaned service on stc pay in seconds!



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

Date of Incorporation	→ Founded in 2008
Invested Capital	→ SAR 100 million
Subsidiary Objective	<ul style="list-style-type: none"> → Considered as the sales and distribution arm of stc Group. → 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. → 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. → The company's head office is located in Saudi Arabia.
stc Ownership	→ 100%
Optimization Plan	<ul style="list-style-type: none"> → Reduced number of branches and distribution centers by 38% in the last 3 years. → Increased the number of self-service machines which reflected a growth in the number of transactions by 380% in only two years. → Digitized inventory management by using a digital order management system. → Launched digital platforms to boost online sales: MyStore, Mystic, electronic recharging...etc.

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



channels
by stc **stc**

Subsidiary Overview

Date of Incorporation	→ Founded in 2002
Invested Capital	→ SAR 252 million
Subsidiary Objective	→ 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.
stc Ownership	→ 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

Date of Incorporation	→ Founded in 2013
Invested Capital	→ SAR 70 million
Subsidiary Objective	→ 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.
stc Ownership	→ 100%
Projects Under Management	<p>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.</p> <p>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.</p>

*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.



Riyadh Project



Dammam Project

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
- 300+ employees attended anticorruption training and awareness sessions
- 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
- SR 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
- SAR 2.5 billion in community investments, through direct contributions

04 Expanding access to technology and connectivity

- Recorded 62 mbps mobile download speed in KSA by December 2019
- We have the largest broadband network in KSA, complemented by significant fiber optic and 5G network

05 Advancing innovative digital opportunities

- Through InspireU, incubated 28 startups that support ICT/ digital innovation
- First operator in KSA to launch 5G commercial services

06 Empowering people

- 2.1% turnover rate
- Hiring of female employees reached 528, starting from 0 in 2015
- 288,462 total hours of employee training

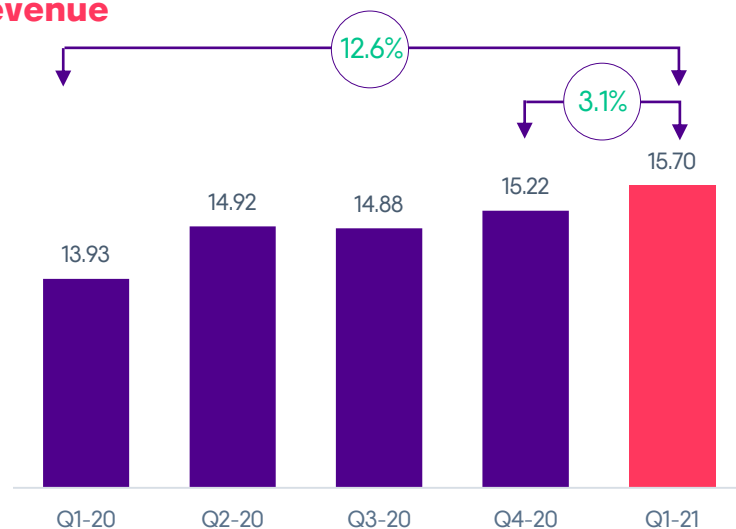
07 Caring for the environment

- 18% decrease in direct energy consumption from buildings and fleet
- 50% reduction in paper consumption compared to 2018
- Joined the global movement of leading companies aligning their business with the Paris Agreement to reach net zero emissions by no later than 2050

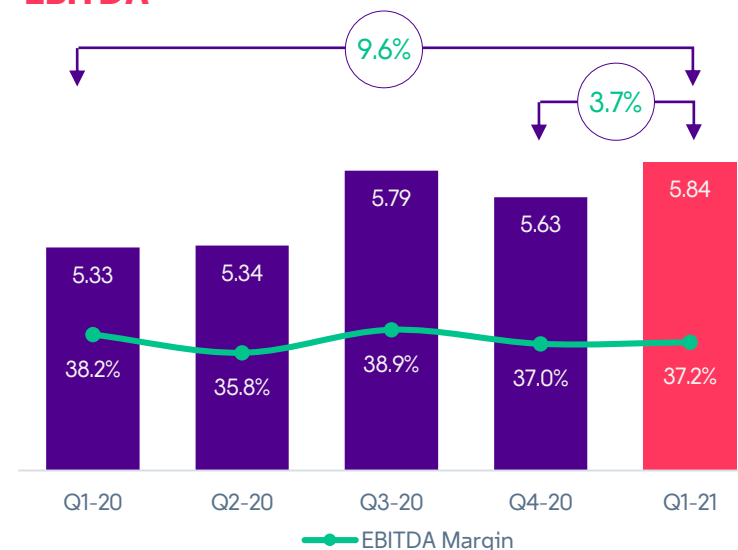
Financial Highlights



Revenue



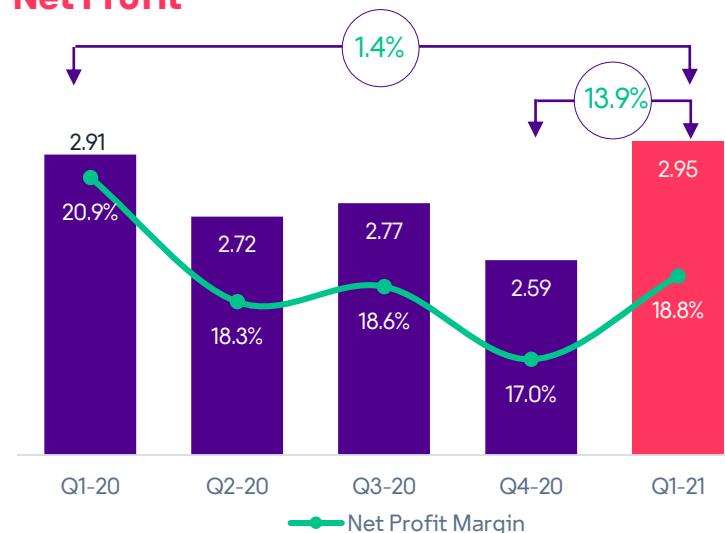
EBITDA



Operating Profit



Net Profit



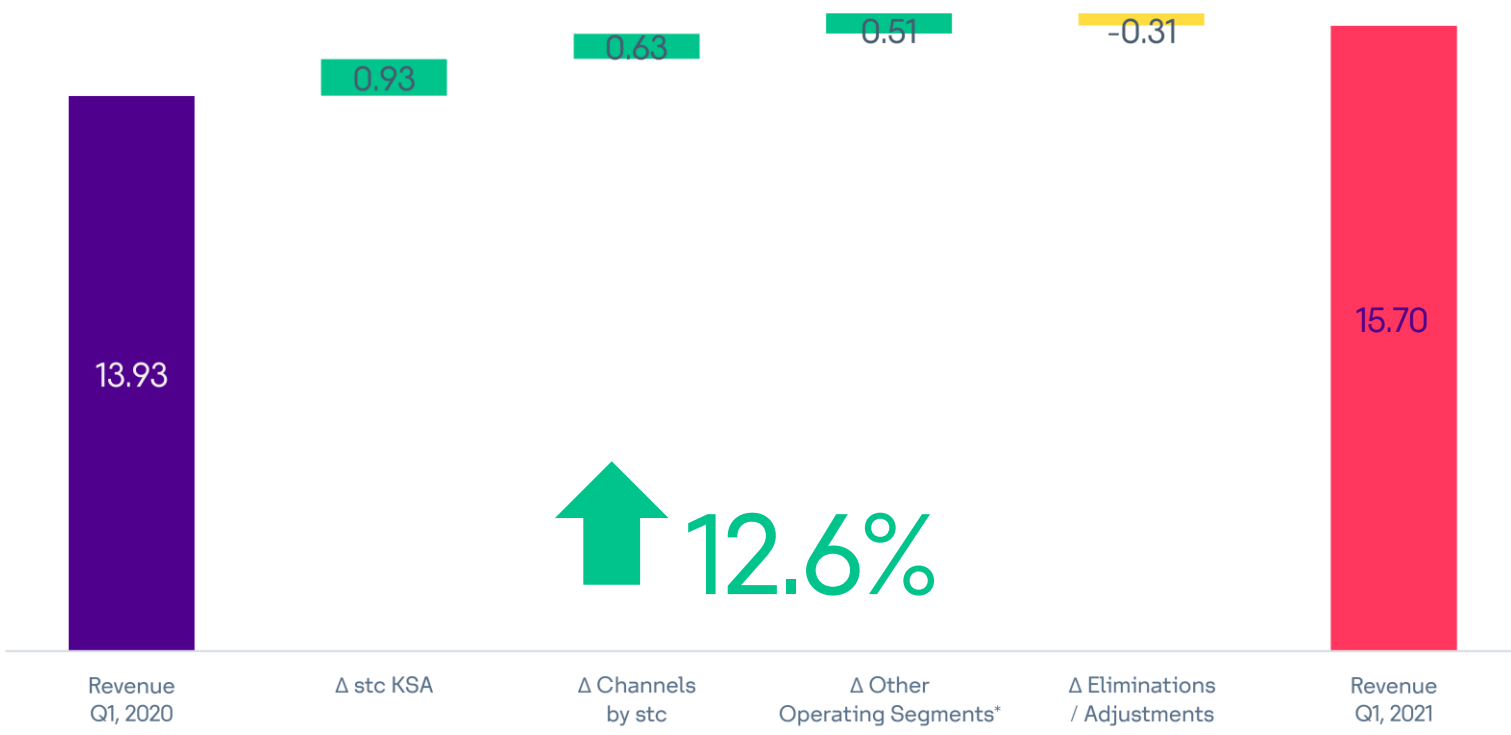
The Group achieved an outstanding performance during the first quarter of 2021.

The company was able to grow its top line by **12.6%** which was supported by:

- Increase in **Consumer Business Unit** revenues due to the growth in the Broadband & Fixed Wireless Access subscriber base by **10.1%**, FTTH by **26%**, working lines by **3.1%** and data revenue by **4.5%**.
- **Enterprise Business Unit** revenues grew by **33.4%**, as a result of the increased demand for the company's services & products along with its ability to swiftly respond to customers' request and demand in a competitive manner.
- **Wholesale Business Unit** managed to increase its revenues by **5.1%**.
- Revenues generated by stc's subsidiaries grew by **23.2%**, which contributed positively to the group's overall results.

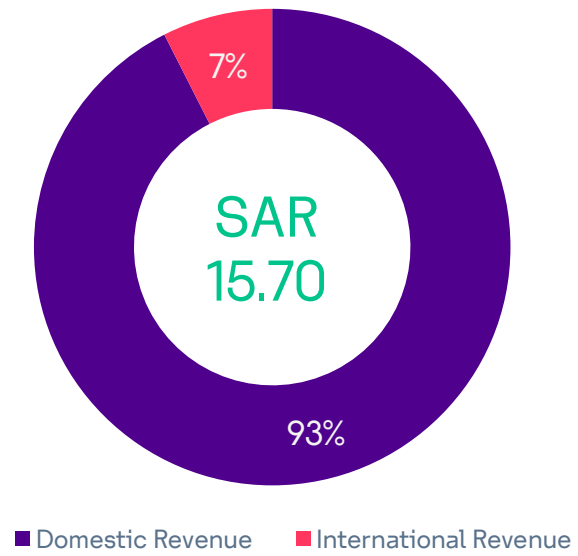
Numbers are in SAR Billions

Revenue Segmentation



*Other operating segments include: stc Kuwait, stc Bahrain, Solutions by stc, Specialized by stc, stc Gulf, Aqalat, Tawal, stcpay and advanced technology and cybersecurity Company .

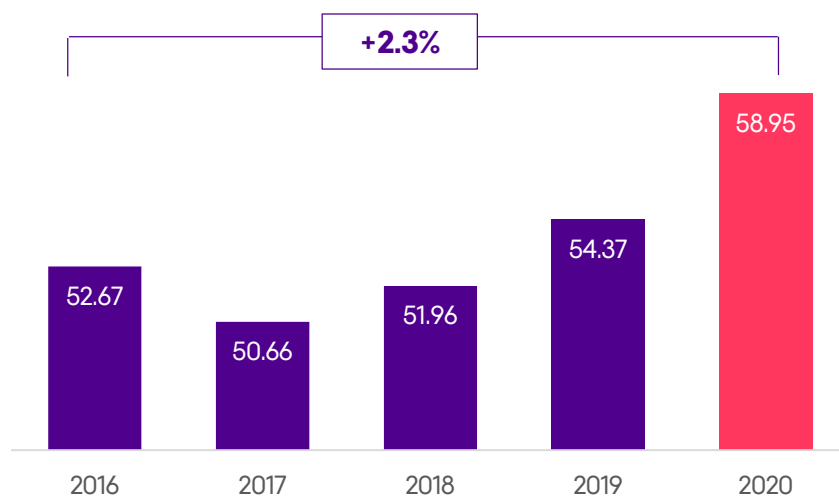
Geographical Segmentation



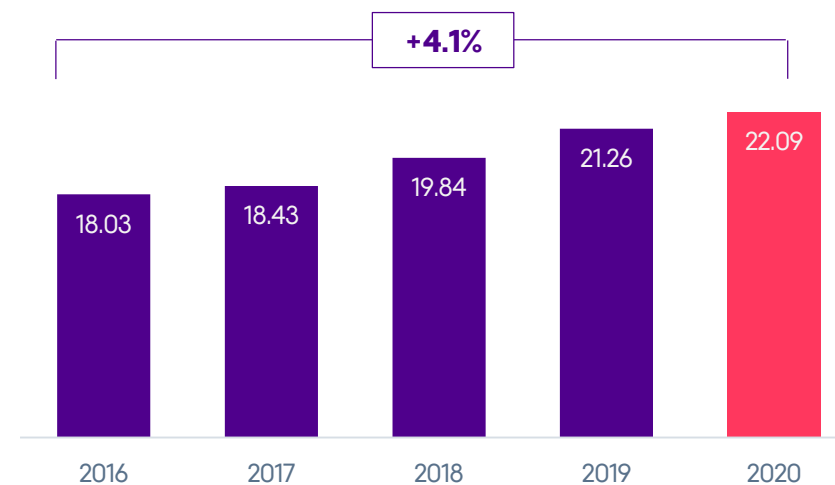
Numbers are in SAR Billions



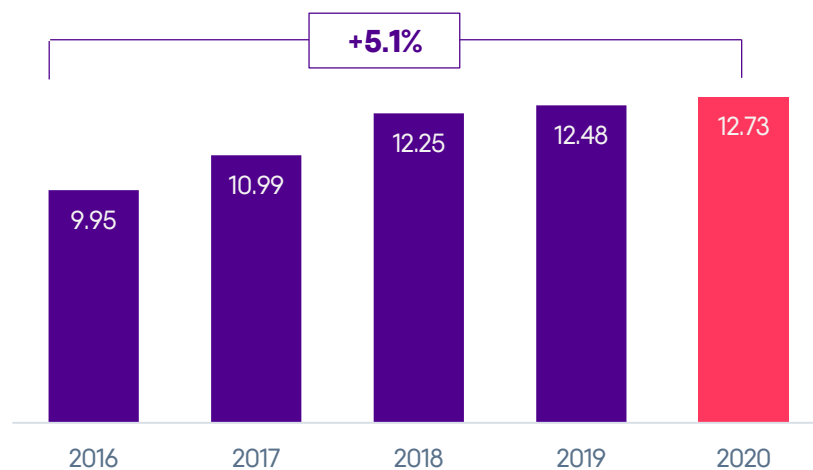
Revenue



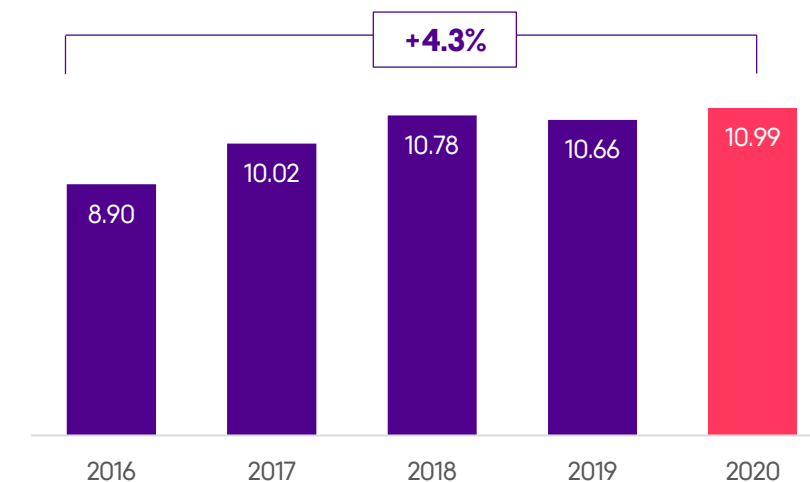
EBITDA



Operating Profit



Net Profit

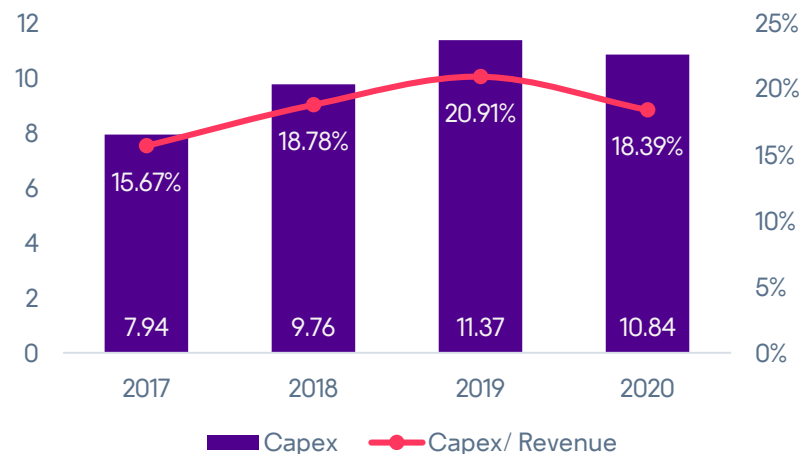


Numbers are in SAR Billions

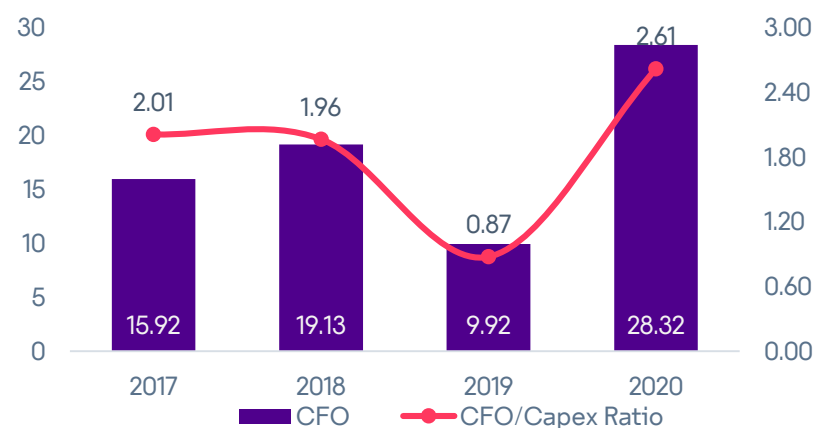
SAR billion	Mar. 2021	Dec. 2020
Total cash	6.84	9.00
Total assets	124.46	121.97
Total liabilities	58.20	56.71
Total equity	65.07	63.95
Total debt	8.84	8.96
Net Debt	1.99	-0.05
Debt/ Equity	13.58%	14.01%
Debt/ Assets	7.10%	7.34%
Working capital	13.73	12.97

- The newly established international sukuk program was approved at the General Assembly meeting on 24th 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 Capital Expenditure (Capex)



CFO/ Capex Ratio



→ In Q4, 2018 stc had a financial dispute with the Regulator entailing the reversion of provisions on quarterly basis for 3 years (ending in 2020) subject to meeting certain KPIs of Capex requirement.

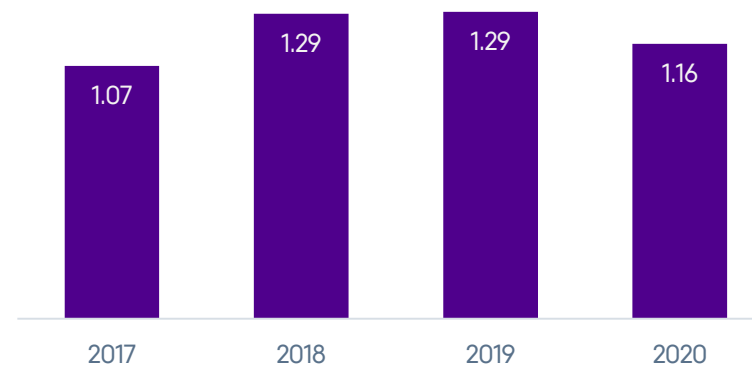
→ The investment is mainly focused on the infrastructure of the country for example increasing the speed of 4G, 5G rollout, Wi-Fi spots, spreading the fiber and increasing its speed...etc.

→ The government provisions came to an end. Therefore, Capex levels will experience a decline going forward.

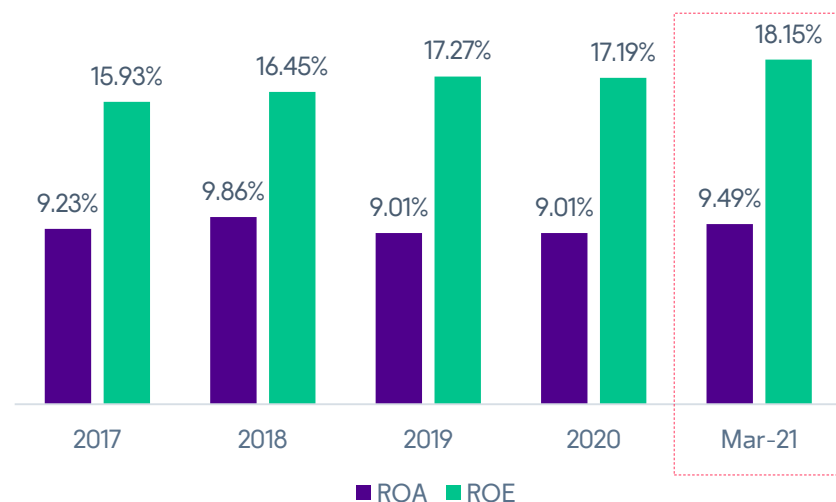
Free Cash-Flow (EBITDA-Capex)



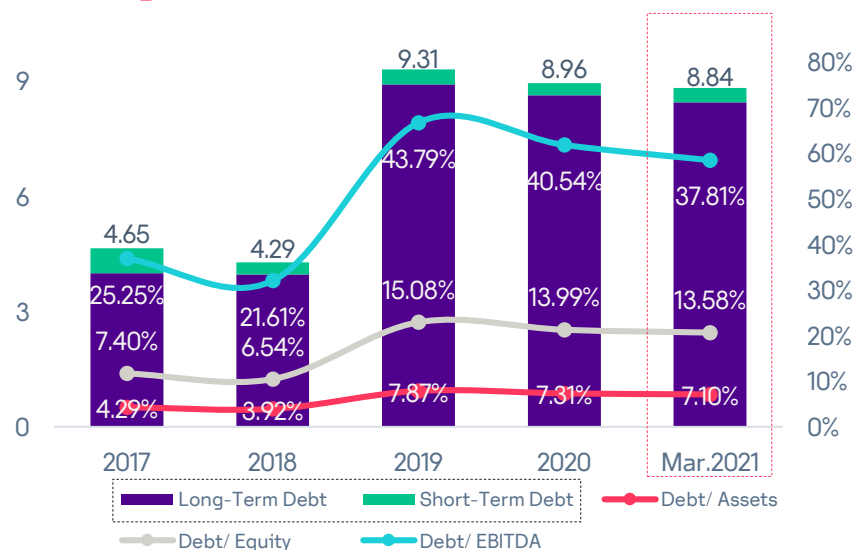
Capex/ Depreciation & Amortization Ratio



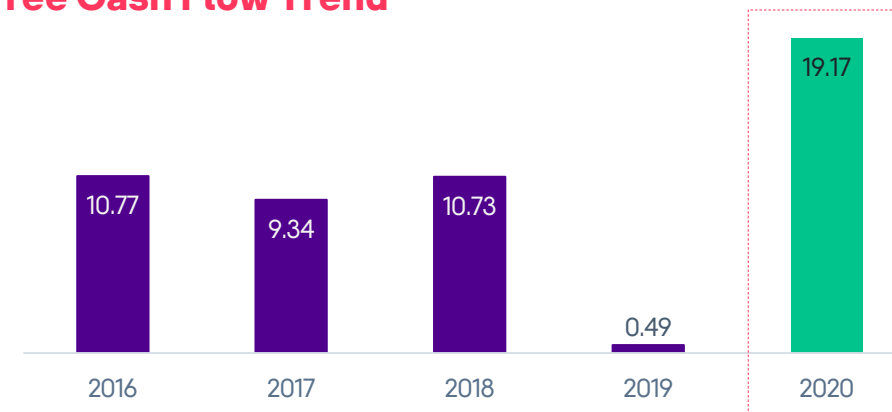
Performance Ratios



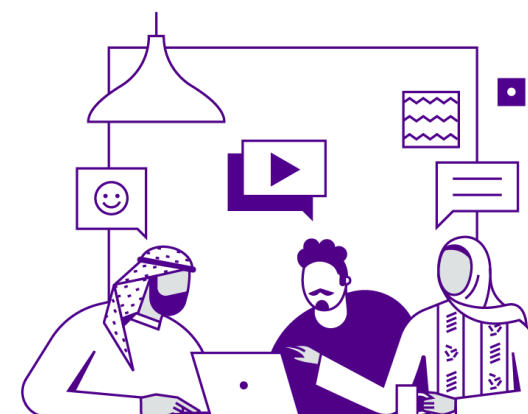
Leverage Level



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.



P/E Multiple for Q1

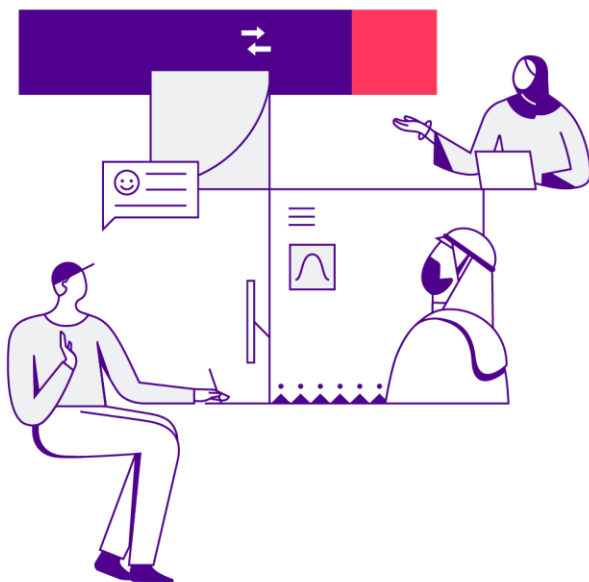
P/E At 126.8 (Max)* 21.42

P/E At 106 (Min)** 17.91

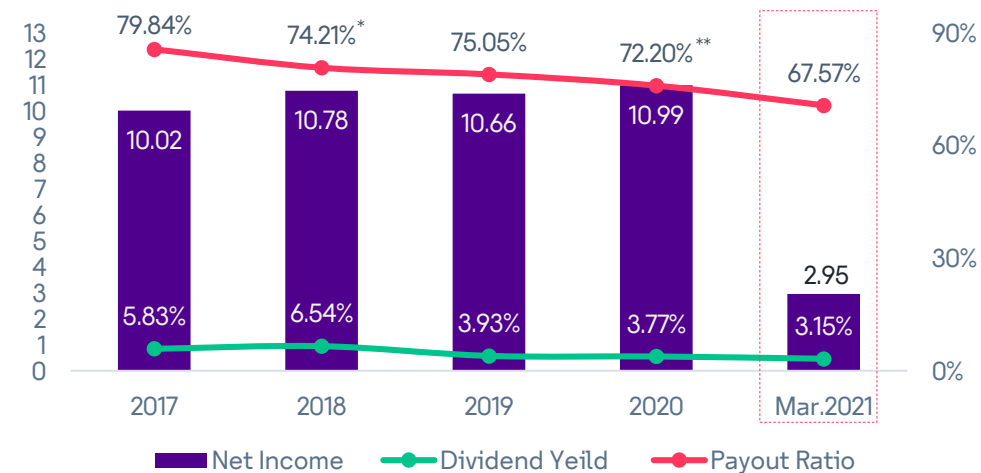
P/E at closing price of Q1 (126.8) 21.42

*As of 31/3/2021

** As of 3/1/2021

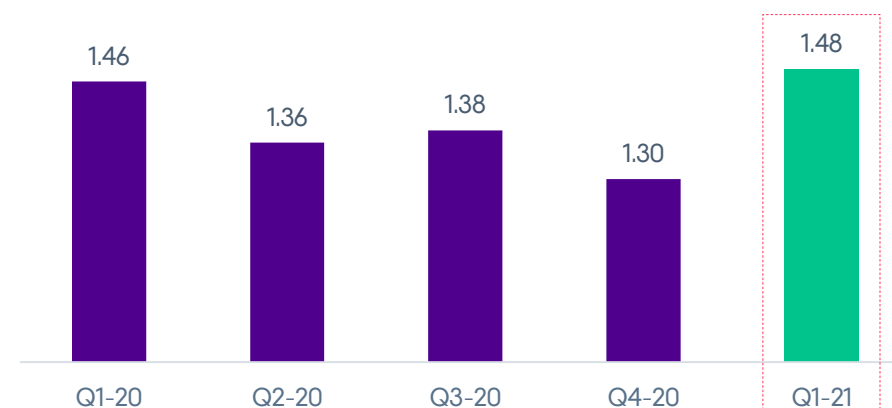


Quarterly EPS and Payouts



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

** Payout ratio taking into account the special dividend paid in 2020: 92.25%



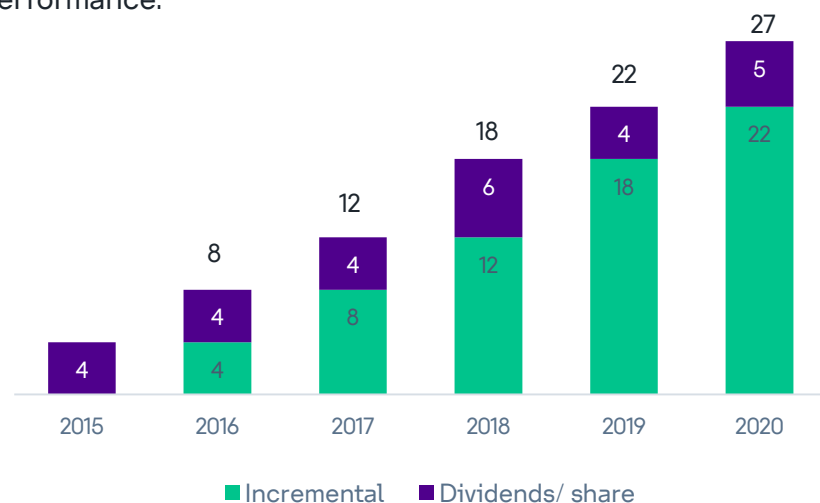
Item	International Sukuk Program	Domestic Sukuk Program
Issuing Type	International Sukuk (senior, unsecured sukuk)	Domestic Sukuk
Currency	USD denominated	SAR denominated
Program Amount	USD 5 Bn	SAR 5 Bn
Issuing Objective	<ul style="list-style-type: none"> → To support the execution of the company's strategy, future plans and diversify the sources of funding; → To benefit from the features of international debt capital market in terms of liquidity, competitive pricing and diversification of investors' base. 	<ul style="list-style-type: none"> → To support the execution of the company's strategy, future plans and diversify the sources of funding.
Minimum Settlement	USD 200,000	SAR 1,000,000
Price at Maturity	At Par	At Par
Trading Market	Irish Stock Exchange plc trading as "Euronext Dublin"	private placement
Issuing Date	13 th May 2019	9 th June 2014
1st Tranche Amount	USD 1.250 bn	SAR 2 bn
Number of Sukuk Issued	6,250 sak	2,000 sak
Subscription Coverage	3.5x	2x
Tenor	10 years (13 th May 2029)	10 years (9 th June 2024)
Coupon Rate	3.89% (Valued at Mid Swap of 2.54%+135 bps)	3M SAIBOR + 70 bps
Payment Frequency	Simi annual (first payment on 13 th Nov 2019)	Quarterly
Arrangers	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
Rating	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 4th 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.

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IR App QR Code:

