

Financial Results Presentation Q1 2024

Key Messages



Performance

Revenues

19.10 bn

> **Strong revenue growth** led to the achievement of the Group's **highest** quarterly **revenues** in its history, marking a notable increase of **5.07%** compared to the same period last year.

Net Profit

3.29 bn

> Healthy **bottom-line** performance, with a notable **5.69%** growth in net profit, serves as a testament to **stc's** financial strength.

Financial Strength

*Cash & Equivalents

26.77 bn

> **Strong cash position** underscores **stc's** exceptional liquidity and financial stability.

Capex

1.68 bn

> Meticulous **Capex** approach ensures strategic investment planning and execution, with Q1 Capex intensity at **8.8%**.

Net Cash

4.75 bn

> **Robust cash position** coupled with a **conservative leverage profile**, demonstrates a prudent approach to managing debt and provides flexibility for financing new projects or acquisitions.

Trade Receivables

22.75 bn

> **Accounts receivable** from **government entities** totaled SAR **18,054** million.

Shareholder Returns

Dividends

0.4 p/s

> Stable dividend structure for investors with a **fixed payout** of SAR **0.4** per quarter.

**Dividend Yield

4.04%

> **Payout ratio** of **61%** coupled with a **competitive dividend yield**, highlighting **stc's** efforts to delivering attractive returns to shareholders.

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

Special Dividends

stc announced the Board of Directors recommendation to distribute a special cash dividends for the year 2023.

stc's Brand Value

stc Group has been recognized as the most valuable telecom brand in the Middle East for the fourth year in a row and in the top 10 strongest telecom brands in the Middle East, according to "Brand Finance".

stc & China Mobile International

stc has made a strategic alliance with China Mobile International Limited (CMI) to advance the deployment and implementation of IoT connectivity services in various industries in the region.

stc, flynas & SkyFive Arabia

stc Group announced the signing of a strategic triparty MoU with flynas airlines and Sky Five Arabia to elevate In-flight connectivity experience.

January

sirar by stc & SAR

stc Group announced a strategic partnership between its subsidiary, sirar by stc, and the Saudi Railway Company (SAR) to revolutionize the realm of Information Technology and technological innovation within the Kingdom's critical infrastructure.

February

solutions by stc & Devoteam Group

solutions by stc has signed an MoU with Devoteam Global Group, The agreement follows and builds upon the completion of solutions acquisition of a 40% stake in Devoteam Middle East.

March

solutions by stc & nile

solutions by stc and US-based nile announced a Strategic Joint Venture to Elevate Network solutions In Saudi Arabia and the region.

inspireU from stc & Business France

inspireU from stc has signed an MoU with Business France to foster innovation and strengthen the startup ecosystem in Saudi Arabia and France.

Operational Highlights

Operational Highlights

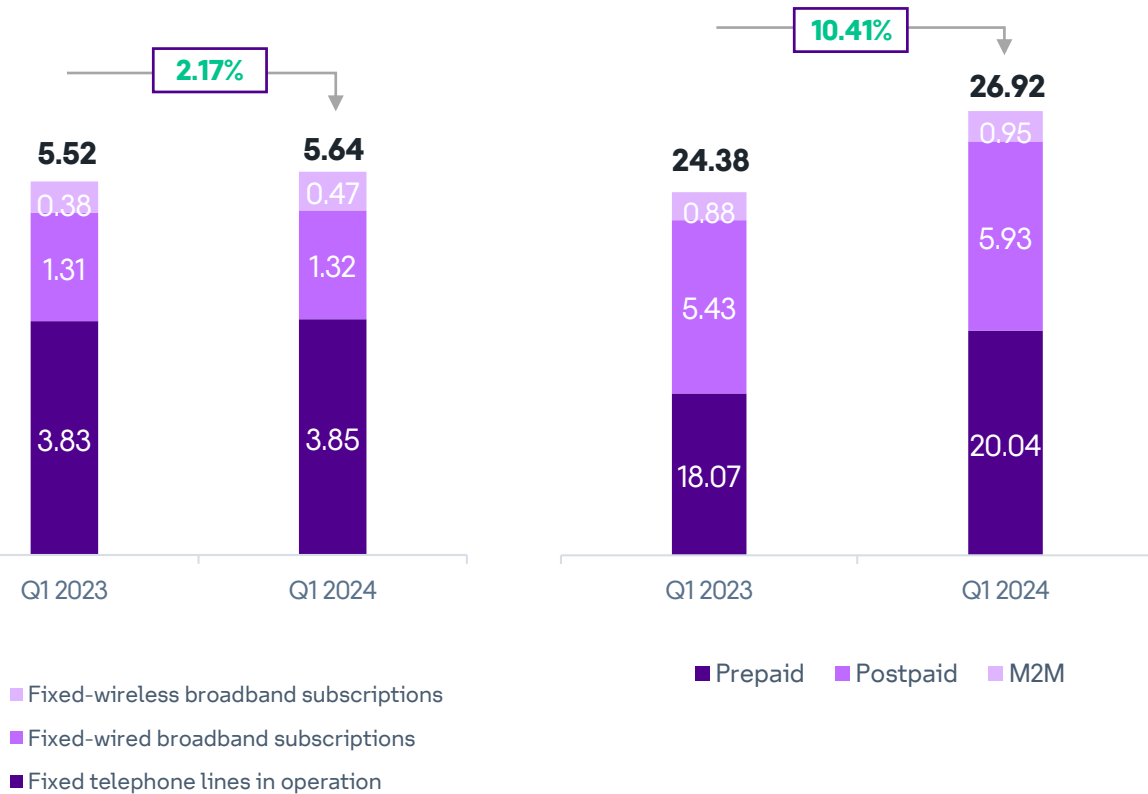


Expansion of stc's subscriber base underscores its strong market position and competitiveness in the telecom sector.

stc KSA

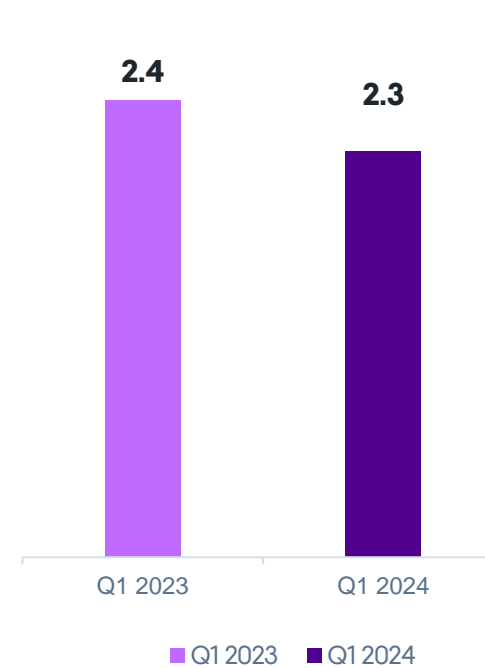
Fixed Subscribers (Millions)

Mobile Subscribers (Millions)



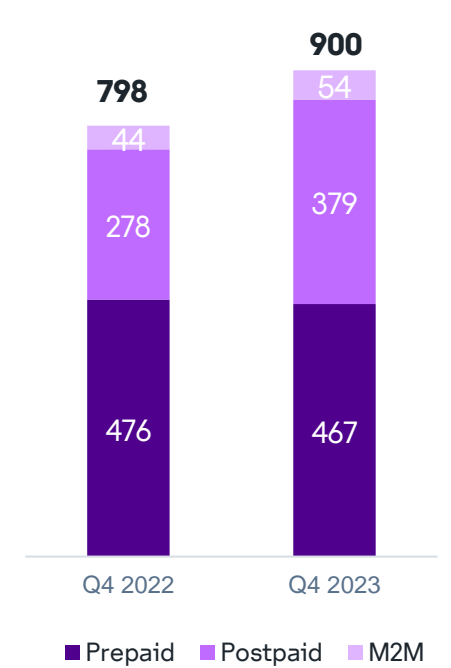
stc Kuwait

Mobile Subscribers (Millions)



stc Bahrain

Mobile Subscribers (Thousands)



*Fixed-wireless broadband subscribers includes 4G and 5G subscribers.

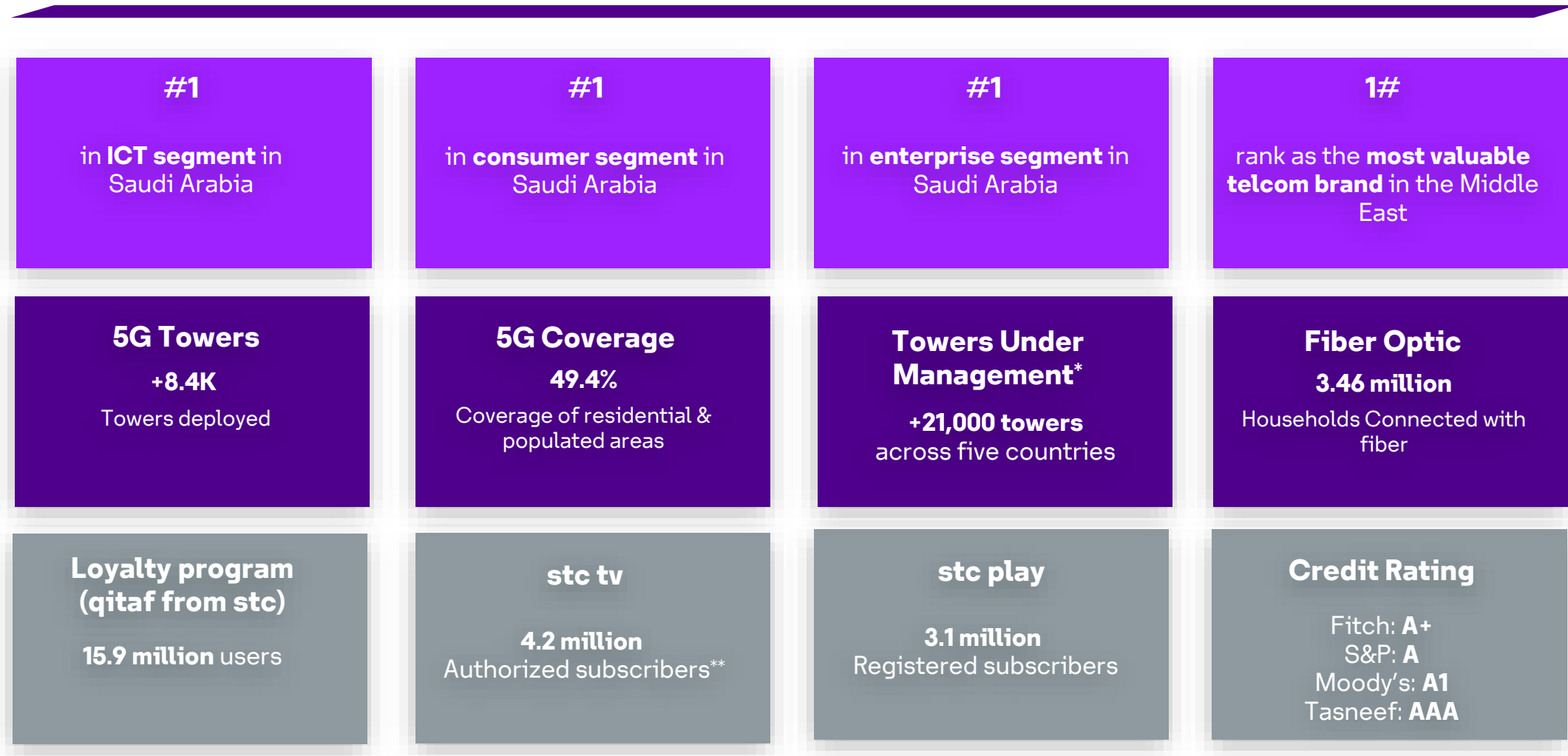
*Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.

*Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.

Numbers are in Millions for the subscribers.

Operational Highlights

Maintaining the lead in every aspect of stc Business



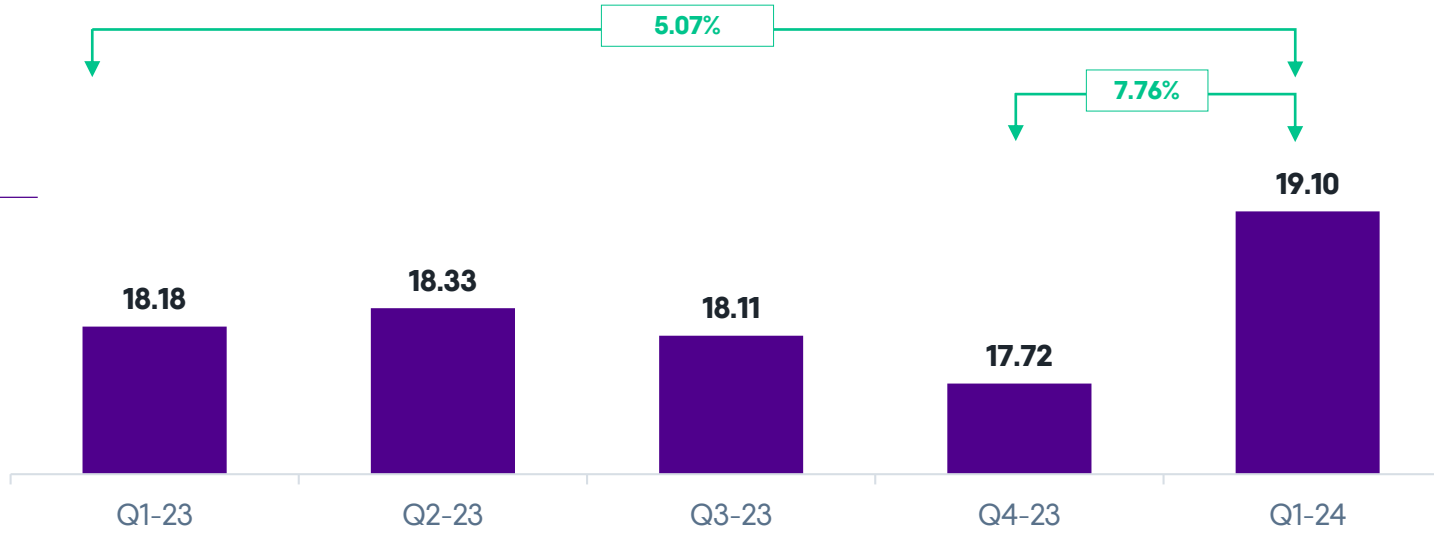
Financial Performance

Q1 2024

stc Group – Revenue and Gross Profit

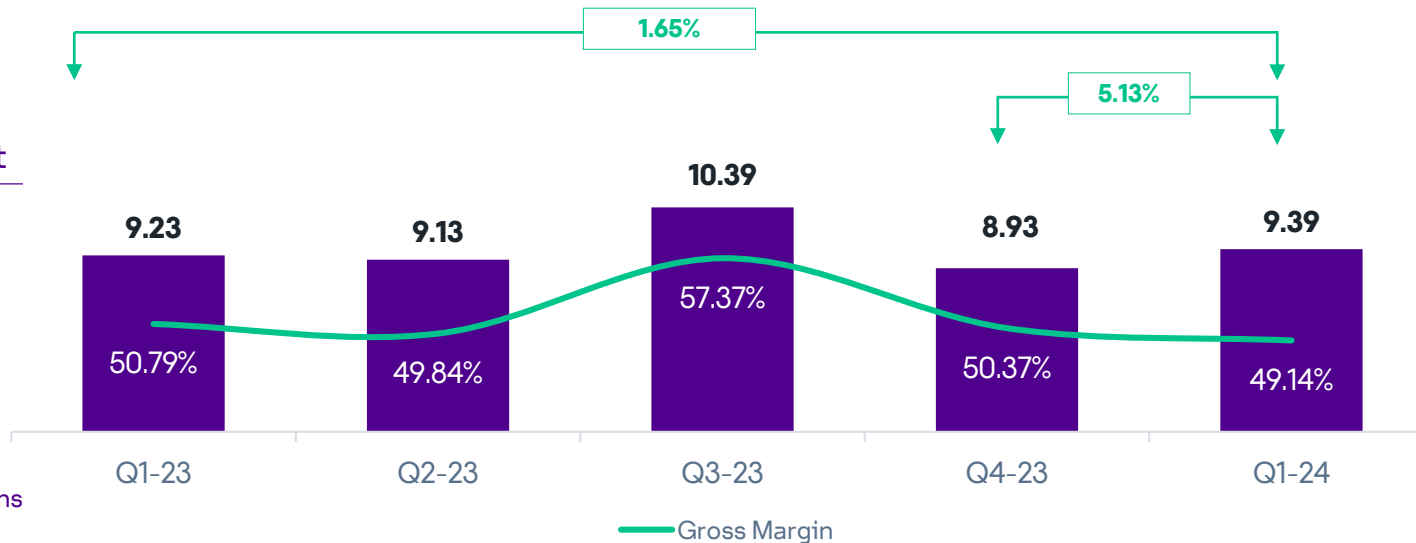


Revenue



- stc Group, has achieved the highest quarterly revenue in its history in Q1 2024.
- The revenue increased by SAR 921 mn compared to the same quarter last year, primarily driven by a 1.2% rise in stc KSA's revenue. Along with a growth in the subsidiaries revenues by 13.0%.

Gross Profit

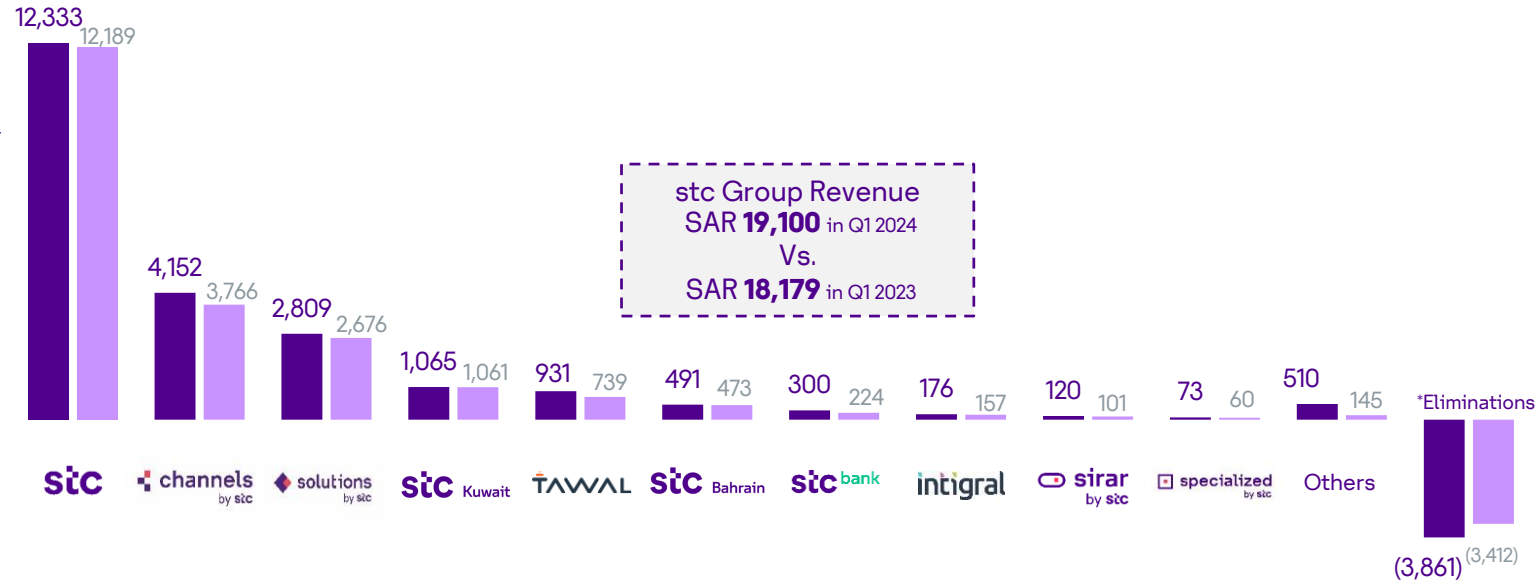


- The gross profit witnessed an increase on both YoY and QoQ basis by 1.65% & 5.13% respectively.
- Despite the increase in gross profit, the gross margin experienced a minor decline, primarily attributed to an 8.6% YoY rise in Cost of Goods Sold.

stc Group – Breakdown by subsidiaries

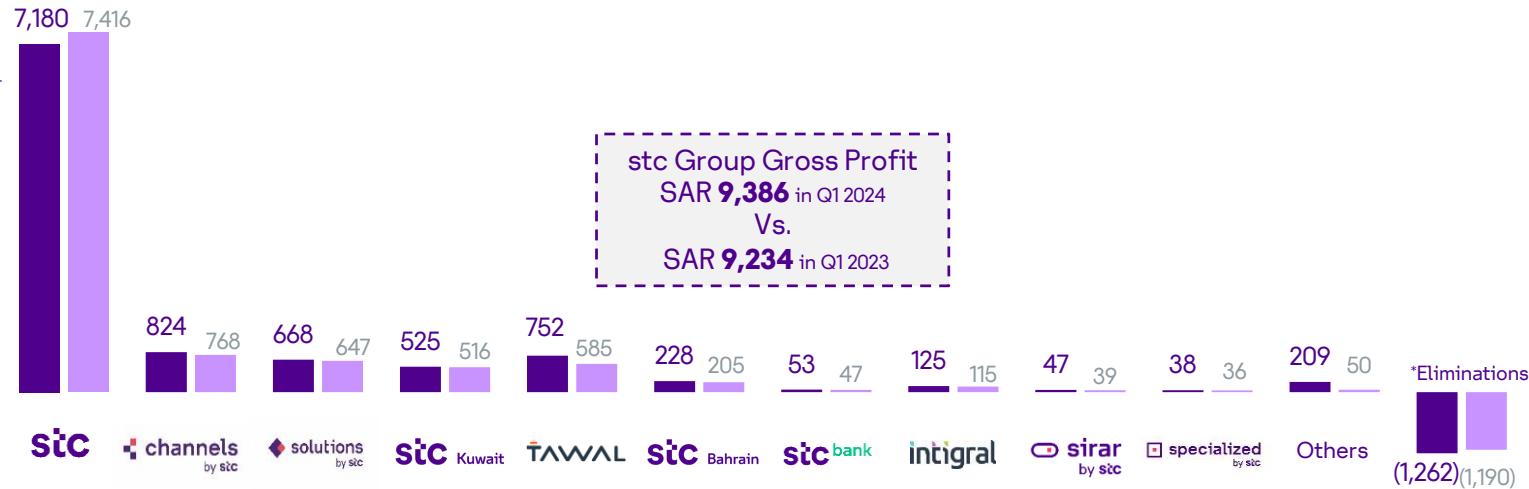


Revenue Breakdown
For Q1 2024 vs Q1 2023



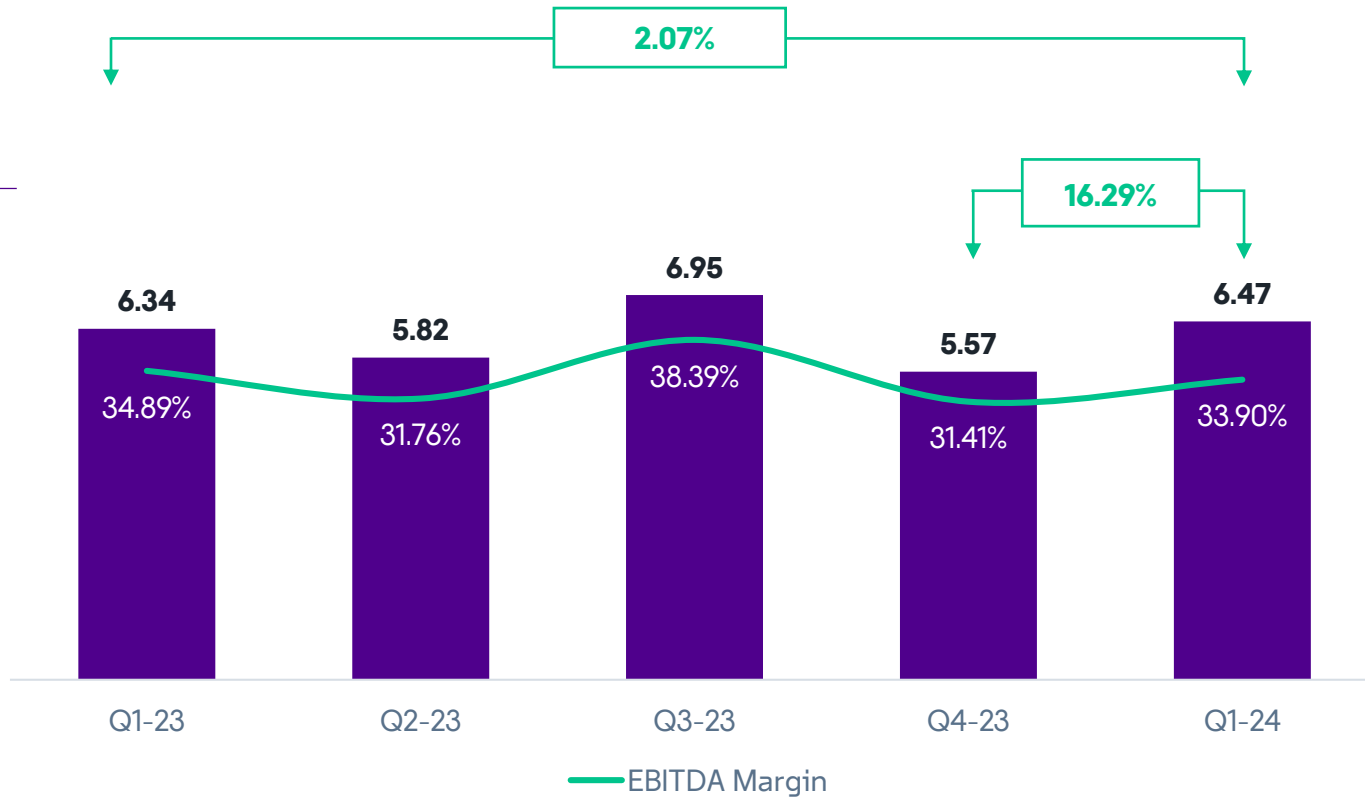
- The revenues from stc Group subsidiaries increased by 13% in the 1st quarter of 2024 as compared to the comparable quarter last year.
- The increase in stc KSA's revenue by 1.2% was driven by an increase in the commercial unit revenues by 6.7% and wholesale unit revenues by 5.7%.

Gross Profit Breakdown
For Q1 2024 vs Q1 2023



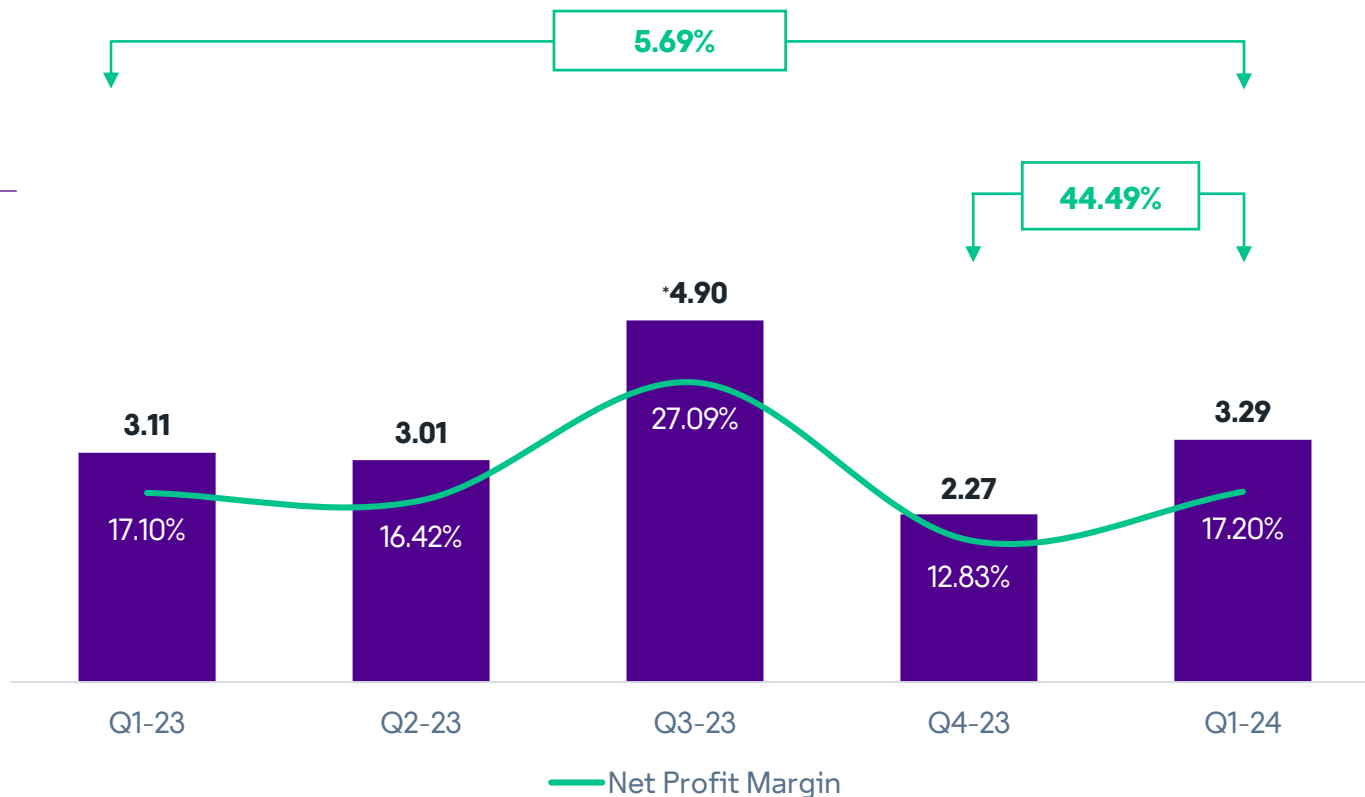
- Nearly all of the group's subsidiaries witnessed growth in their gross profit, with the other operating segments exhibiting the most notable growth, surging by 322% compared to the same quarter last year.
- stc KSA continues to lead in contributing to the Group's gross profit, followed by channels, TAWAL, and solutions.

EBITDA



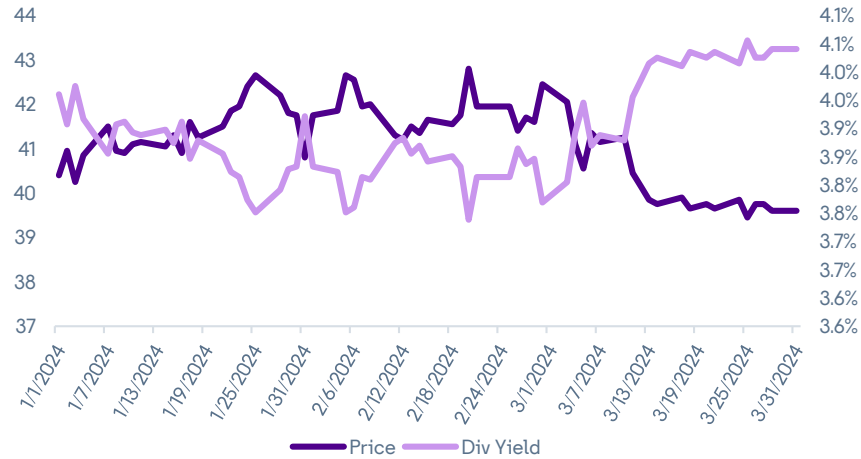
- EBITDA in Q1 2024 shows an increase on both YoY and QoQ basis by 2.07% & 16.29% respectively.
- The EBITDA margin in Q1 stands at 33.9% indicating a robust operational performance and efficiency.
- There was a slight decline in the EBITDA margin compared to Q1 2023 due to the increase in G&A expenses by 5.5%, In addition to the costs associated with the Group's subsidiaries.

Net Profit



- The net profit for Q1 2024 demonstrated an upturn both on a YoY and QoQ basis, rising by 5.69% and 44.49% respectively.
- A slight improvement in Q1 net profit margin and an increase in net profit by SAR 177 mn in the 1st quarter as compared to the comparable quarter last year.

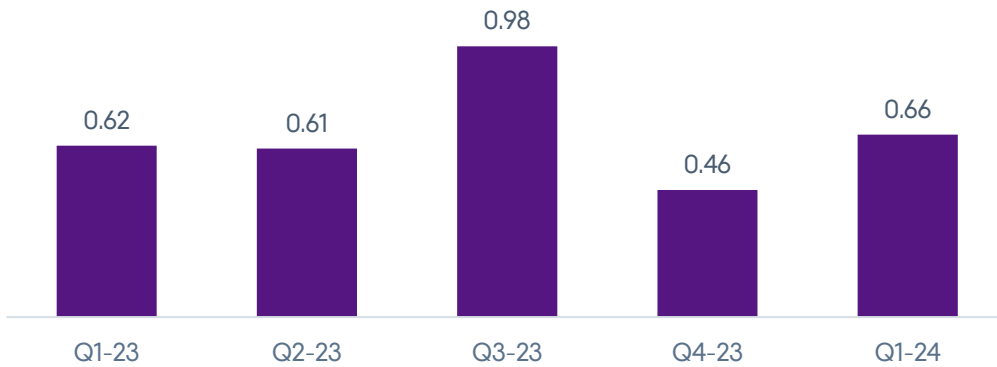
Price Vs. Yield Fluctuation



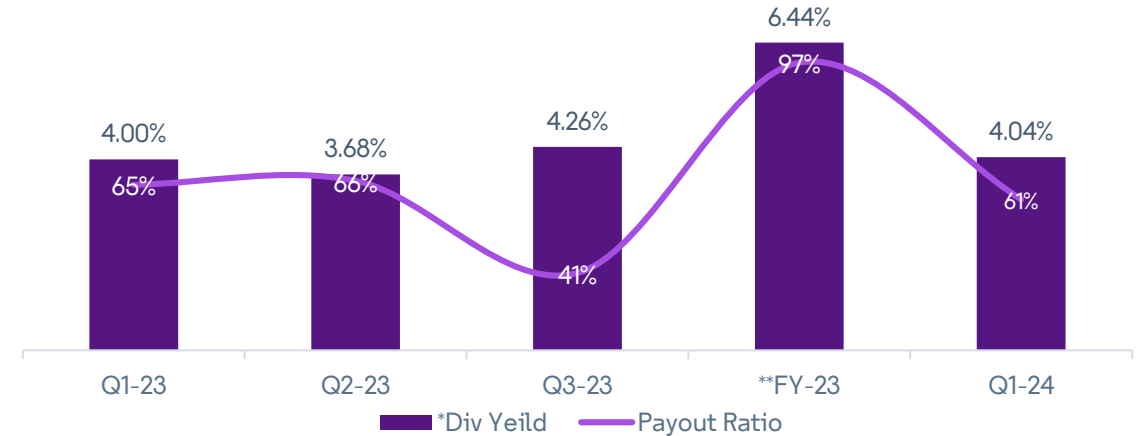
Dividends policy

- 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 recommendation to the General Assembly after assessment and determination of stc’s financial situation, future outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on stc’s performance.
- The dividends policy will remain subject to:
 - Any material changes in the stc’s strategy and business (including the commercial environment in which stc operates).
 - Laws, regulations and legislations governing the sector in which stc operates.
 - Any banking, other funding or credit rating covenants or commitments that stc may be bound to follow from time to time.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



Appendix

Business Highlights

- ✓ The Public Investment Fund (PIF) and stc Group has announced the signing of definitive agreements whereby PIF will acquire a 51% stake in (TAWAL) from stc Group with an enterprise value of \$5.85 billion per the agreement. Subsequently, PIF and stc Group will consolidate TAWAL and Golden Lattice Investment Company (GLIC) – in which PIF holds a majority shareholding – into a new merged entity, forming the largest regional company in the telecommunication infrastructure sector. The combined new entity will be owned 54% by PIF and 43.1% by stc Group, with GLIC minority shareholders owning the remaining issued share capital. The new merged entity will possess approximately 30,000 mobile tower sites and will become one of the largest tower companies globally with estimated annual revenues of approximately \$1.3 billion.
- ✓ stc Group has announced the signing of a strategic triparty MoU with flynas airlines and Sky Five Arabia on the sidelines of its participation in the annual tech conference, LEAP. This memorandum aims to revolutionize the in-flight connectivity (IFC) for passengers. It will leverage the innovative Air to Ground (A2G) technology, a first in the Middle East, to provide high-speed connectivity services during flights that enhance the passenger experience and meet the growing demand for fast and quality internet services.
- ✓ stc Group, the leading digital enabler in the Middle East and North Africa (MENA) region, has forged a strategic alliance with China Mobile International Limited (CMI) to advance the deployment and implementation of IoT connectivity services in various industries in the region. The collaboration between stc Group and CMI is expected to leverage the strengths of both companies in digital transformation and enable them to provide innovative solutions to their customers. With this partnership, stc further advances its position as a key player in the IoT market and contributes to the growth of the digital economy in the MENA region. Additionally, CMI's advanced IoT capabilities are set to enhance the scope and efficiency of smart solutions offered to customers, driving forward the integration of IoT technologies across various sectors.
- ✓ solutions by stc, the leading enabler of digital transformation in Saudi Arabia and the region, has signed an MOU with Devoteam Global Group, the leader in IT consulting, to leverage global investment and collaboration opportunities in technology and other related fields. The agreement follows and builds upon the completion of solutions' significant acquisition of a 40% stake in Devoteam Middle East. As part of this MoU, solutions and Devoteam will catalyze their collaborative efforts, aiming to explore and capitalize on common markets and assess cooperation and investment prospects within the dynamic ICT landscape across the region and globally.
- ✓ stc Group, announced a strategic partnership between its subsidiary, sirar by stc, and the Saudi Railway Company (SAR). This collaboration is set to revolutionize the realm of Information Technology and technological innovation within the Kingdom's critical infrastructure. This will facilitate an alliance for a strategic move to deepen the national expertise in cybersecurity and technology within critical infrastructure sectors. sirar by stc, will provide advanced solutions to safeguard SAR's extensive railway network, contributing to the safety and security assurance of travel and cargo transport across the Kingdom. This partnership extends beyond mere connectivity, it's about securing and propelling the nation forward through technological excellence. The deal reflects a long-term commitment to continuous improvement, innovation, and the pursuit of excellence, ensuring that the Kingdom's railway system operates at the highest international standards.
- ✓ inspireU from stc, the leading corporate accelerator in the region, has signed a landmark Memorandum of Understanding (MoU) with Business France, the national agency supporting the international development of the French economy. The strategic partnership aims to foster innovation and strengthen the startup ecosystem in Saudi Arabia and France. Through this agreement, inspireU and Business France will work closely to empower entrepreneurs and promote the growth of competitive startups in Saudi Arabia and France. The partnership will facilitate knowledge sharing, enable new opportunities for collaboration, and ultimately contribute to the digital transformation of both countries. The MoU represents the shared vision of the two organizations to build a thriving ecosystem for startups. By combining their expertise and networks, inspireU and Business France aim to equip entrepreneurs with the tools and resources needed to establish and scale innovative businesses.

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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