

# Financial Results Presentation Q2 2024

# Key Messages



## Performance

Revenues **38.25 bn**

> **Growth in revenues** for the six months period marking an increase of **4.8%** compared to the same period last year.

Net Profit **6.59 bn**

> Healthy **bottom-line** performance, with a robust **7.7%** growth in net profit, serves as a testament to **stc's** financial strength.

## Financial Strength

\*Cash & Equivalents **26.40 bn**

> **Strong cash position** showcasing **stc's** exceptional balance sheet and financial stability.

Capex **4.22 bn**

> Meticulous **Capex** approach ensures strategic investment planning and execution, with Capex intensity at **11%** for the period.

\*\*Net Cash **2.55 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 **23.09 bn**

> **Accounts receivable** from **government entities** totaled SAR **18,331** 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 **4.20%**

> **Payout ratio** of **60.6%** for Q2, 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.

### stc & PIF

stc Group and PIF have signed definitive agreements whereby PIF will acquire a 51% stake in TAWAL from stc Group.

### stc & SCCC

stc Group signed a strategic partnership with the Saudi Cloud Computing Company (SCCC) to establish a center of excellence in the Kingdom of Saudi Arabia.

### stc's Brand Influence

stc Group's brand has strengthened its leadership position as the most influential local brand in Saudi Arabia for the year 2023, according to the most influential brands reported by Global Ipsos.

## January

## February

## March

## April

## May

## June

### 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.

### 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.

### 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 & 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.

### stc Bank launches in Beta

stc pay was given formal approval from the Saudi Central Bank (SAMA) to move to the next phase of its transformation journey into stc Bank.

### stc & PLDT

stc Group signed a strategic partnership agreement with PLDT -the Philippines' largest fully integrated telco company- to deliver a seamless international voice service experience for Filipinos living abroad.

### stc & EWCF

stc Group signed a strategic partnership with Esports World Cup Foundation to become the leading and founding partner of the Esports world cup championship.

# Operational Highlights

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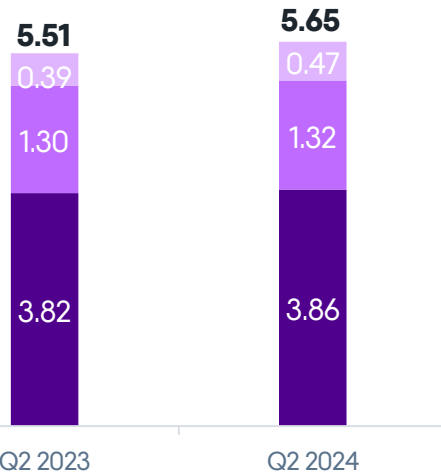


Expansion of stc's subscriber base underscores its strong market position and competitiveness in the telecom sector.

## stc KSA

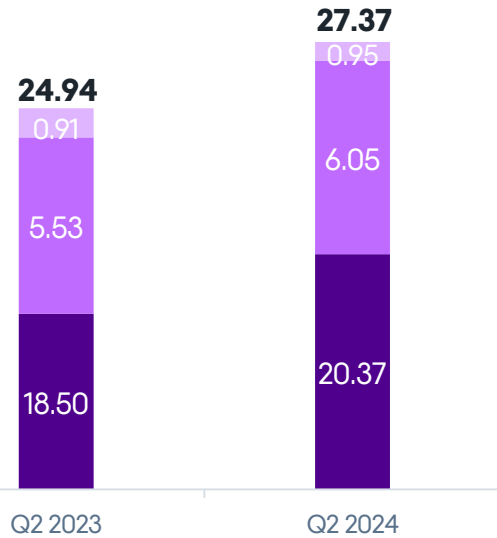
Fixed Subscribers (Millions)

2.54%



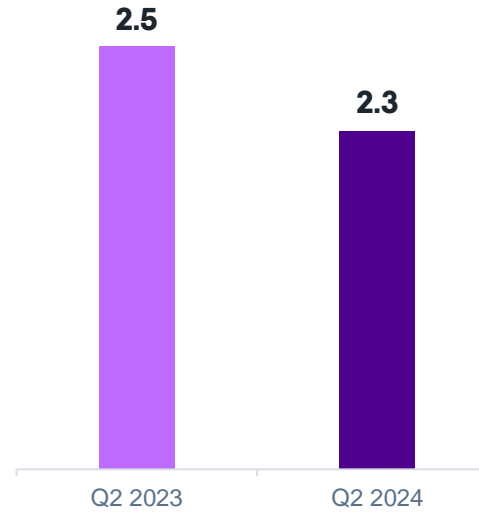
Mobile Subscribers (Millions)

9.74%



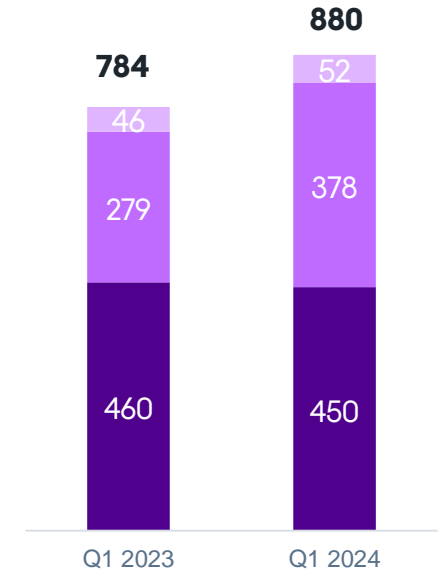
## stc Kuwait

Mobile Subscribers (Millions)



## stc Bahrain

Mobile Subscribers (Thousands)



- Fixed-wireless broadband subscriptions
- Fixed-wired broadband subscriptions
- Fixed telephone lines in operation

- Prepaid
- Postpaid
- M2M

- Q2 2023
- Q2 2024

- Prepaid
- Postpaid
- M2M

\*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



**#1**  
in **ICT segment** in  
Saudi Arabia

**#1**  
in **consumer segment** in  
Saudi Arabia

**#1**  
in **enterprise segment** in  
Saudi Arabia

**1#**  
rank as the **most valuable  
telcom brand** in the Middle  
East

**5G Towers**  
**+8.66K**  
Towers deployed

**5G Coverage**  
**49.75%**  
Coverage of residential &  
populated areas

**Towers Under  
Management\***  
**+21,000 towers**  
across five countries

**Fiber Optic**  
**3.51 million**  
Households Connected with  
fiber

**Loyalty program  
(Qitaf from stc)**  
**16.04 million** users

**stc tv**  
**4.45 million**  
Authorized subscribers\*\*

**stc play**  
**3.16 million**  
Registered subscribers

**Credit Rating**  
Fitch: **A+**  
S&P: **A**  
Moody's: **A1**  
Tassnief: **AAA**

\*If the deal with PIF goes through, the new entity will own and manage a portfolio of around 30,000 towers across 5 countries.

\*\*Authorized Subscribers: Customers who have generated their login credentials and logged into stc tv or Jawwy TV at least once in their lifetime.

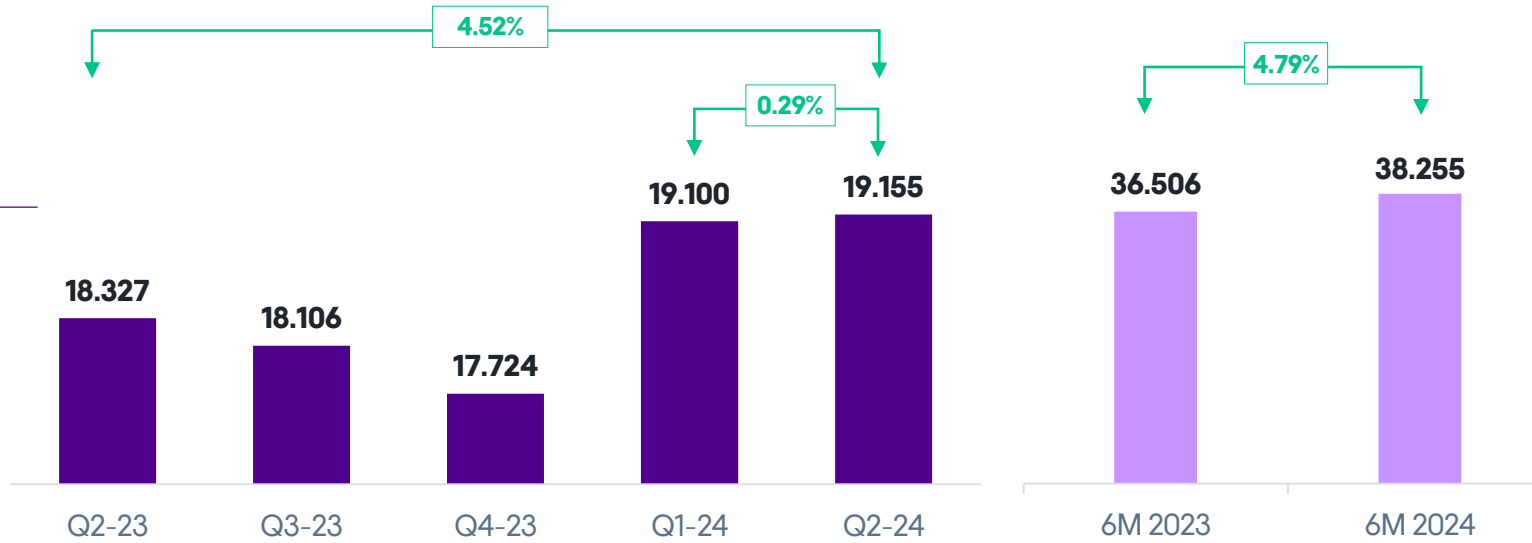
# Financial Performance

Q2 2024

# stc Group – Revenue and Gross Profit

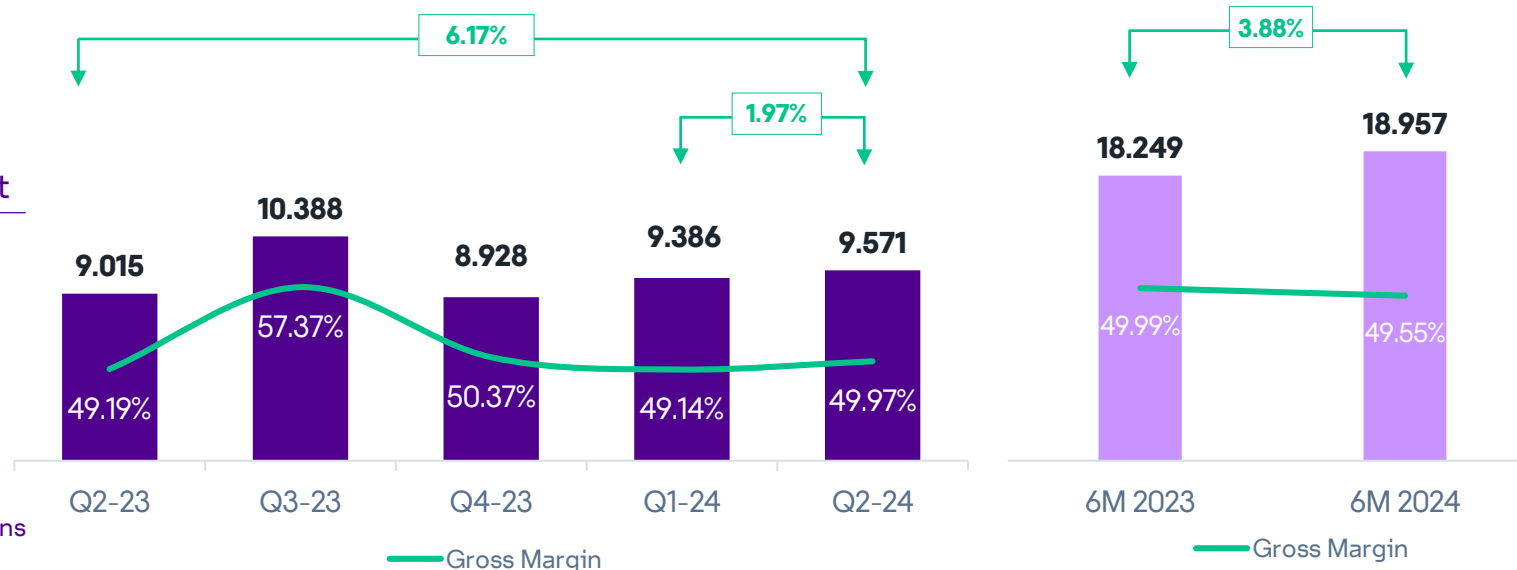


## Revenue



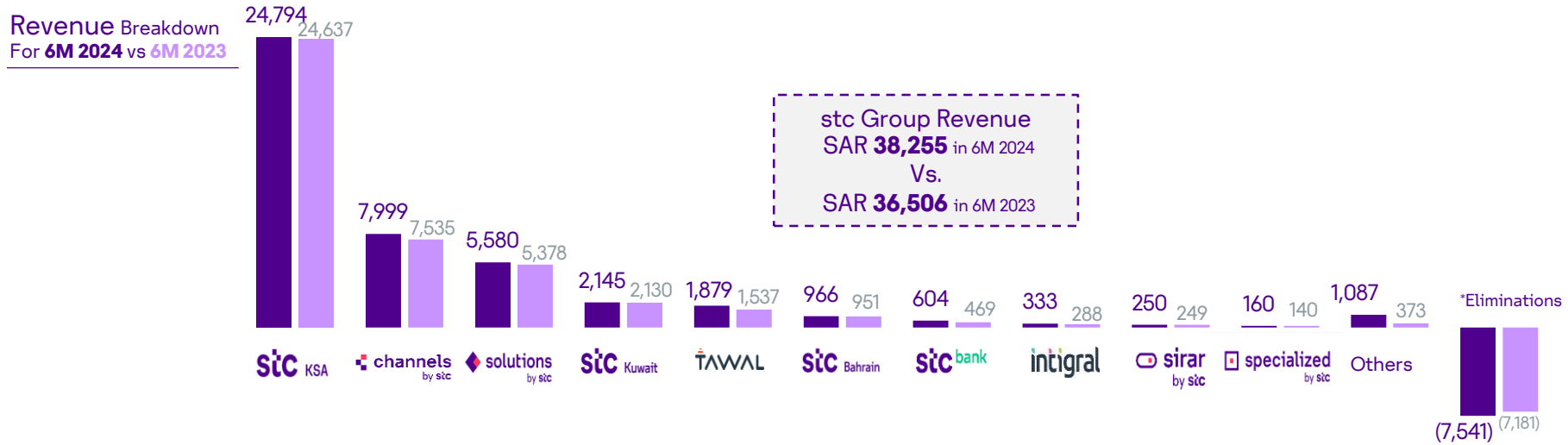
- stc Group, has achieved the highest revenue in its history for the quarter and the six months period.
- Revenue increased by 4.52% in the 2nd quarter compared to the comparable quarter last year, was mainly attributed to the increase in stc KSA's revenues by 0.11% driven by an increase in commercial unit revenues by 5.28%. Also, stc's subsidiaries revenues increased by 13.86%.

## Gross Profit

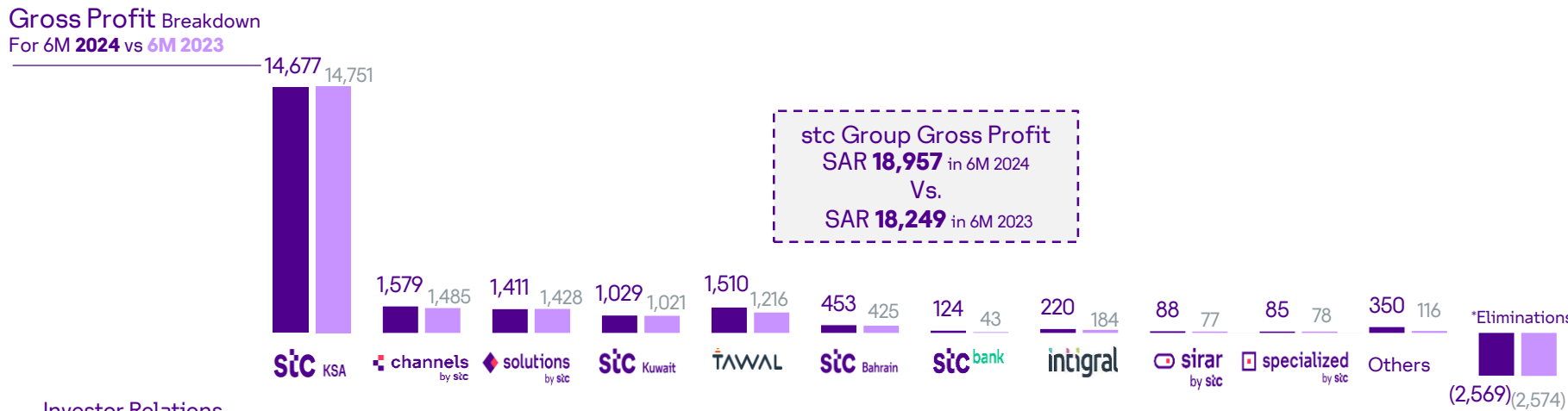


- The increase in gross profit by SAR 556 million was attributed to the increase in revenue along with more efficient cost structure.
- Gross profit witnessed a growth on both YoY and QoQ basis by 6.17% & 1.97% respectively.
- Gross profit margin for Q2 improved slightly to 49.97% when compared to a margin of 49.19% for the same quarter last year.

# stc Group – Breakdown by subsidiaries

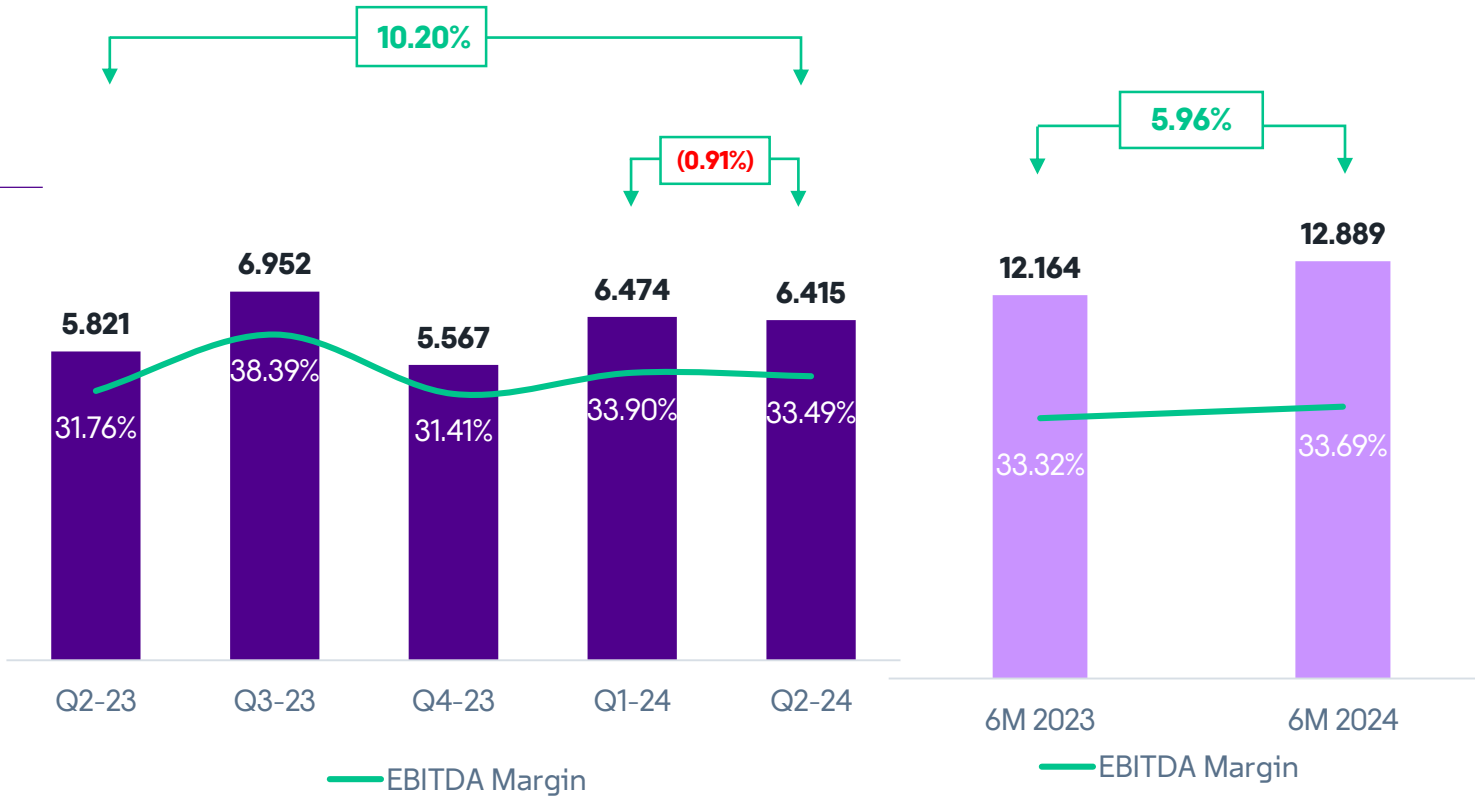


- Revenues from stc Group subsidiaries increased by 13.41% for the 6 months period compared to the same period last year.
- Almost all of the Group's subsidiaries saw an increase in revenues, with the other operating segments experiencing the highest growth at 191.27%, followed by stc Bank at 28.86% and TAWAL at 22.26%.



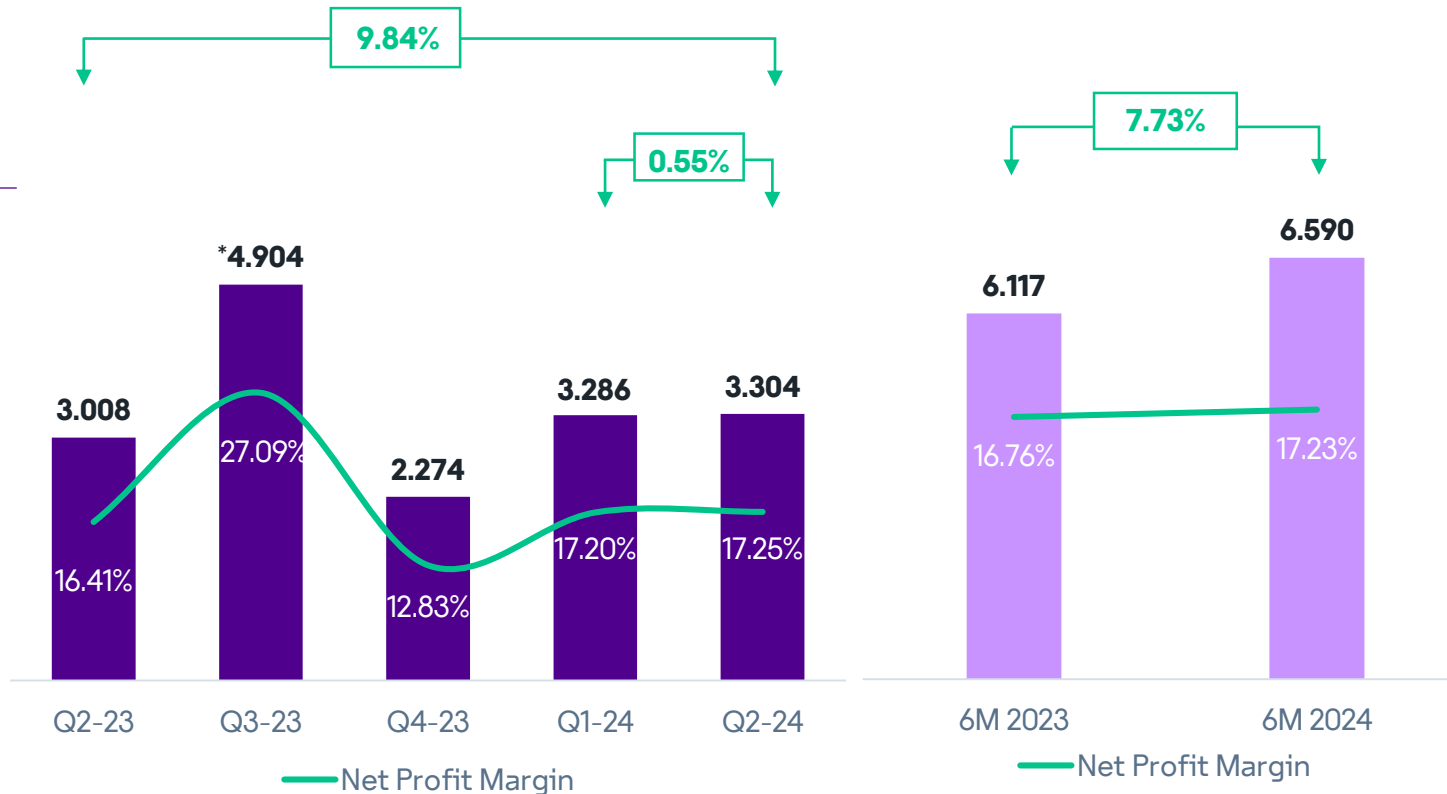
- Gross profit from stc Group subsidiaries increased by 22.34% for the first six months period compared to the same period last year.
- The other operating segments achieved the highest growth in gross profit at 200.70%, followed by a notable growth of 190.03% from stc Bank.

## EBITDA



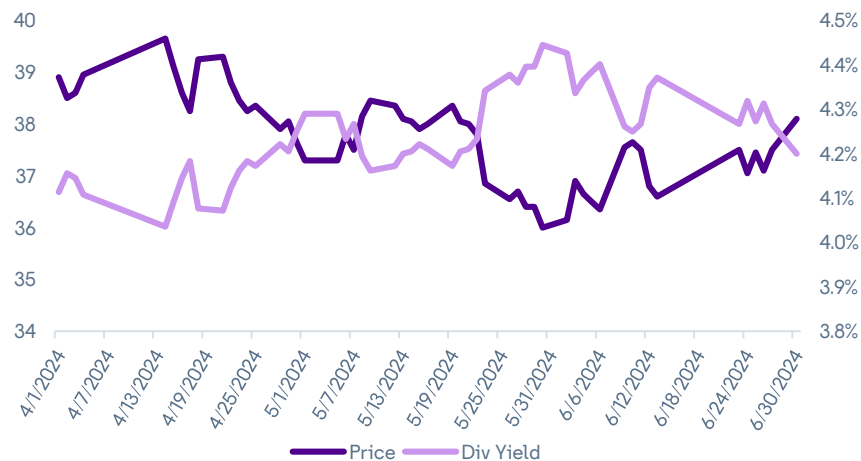
- EBITDA for the six months period increased by SAR 725 million, achieving a growth of 5.96% compared to the same period last year.
- For the second quarter of 2024, EBITDA grew by 10.20% on YoY basis and experienced a slight decrease of 0.91% on QoQ basis.
- Due to the cost efficiency program, EBITDA margin improved to 33.49% when compared to a margin of 31.76% in Q2 2023.

## Net Profit



- Net profit for the first six months of 2024 increased by SAR 473 million demonstrating a growth of 7.73% compared to the same period last year.
- For Q2 2024, net profit increased by SAR 296 million on YoY basis representing a growth of 9.84%. This improvement was mainly attributed to the following:
  - The increase in gross profit by SAR 556 million.
  - The decrease in operating expenses by SAR 48 million.
  - The decrease in zakat and income tax expense by SAR 23 million.
  - On the other side, there was a booking of total other income (expenses) in an amount of SAR (190 million) as compared to SAR 98 million.

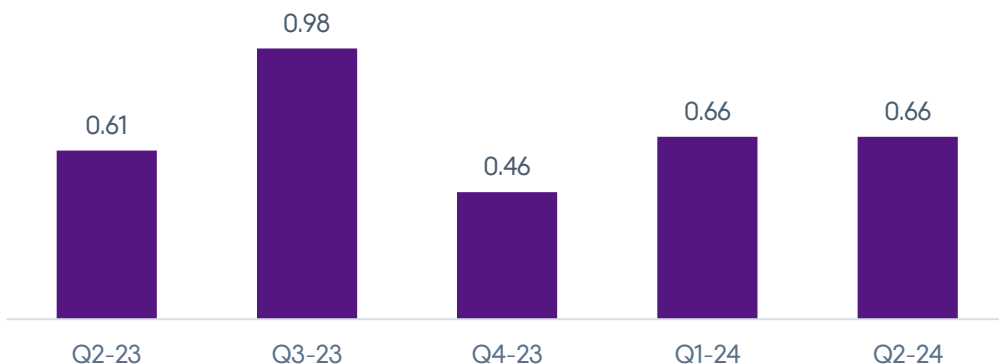
## Price Vs. Yield Fluctuation



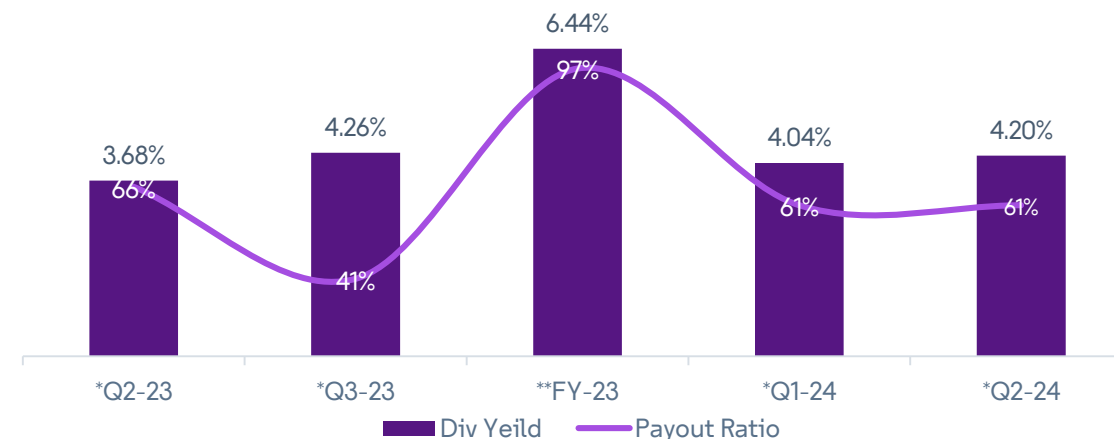
## Dividends policy

- 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 for voting, 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:
  1. Any material changes in the stc’s strategy and business (including the commercial environment in which stc operates).
  2. Laws, regulations and legislations governing the sector in which stc operates.
  3. 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



\*Annualized

\*\*Including the special dividend of 1 SAR (not annualized)

# Appendix



## Business Highlights

- ✓ stc pay was given formal approval from the Saudi Central Bank (SAMA) to move to the next phase of its transformation journey into stc Bank. This beta launch is limited to preselected customers and is a preparation for a full public launch later in the year. This step is supported by SAMA, affirming its commitment to playing a pivotal role in digital transformation and empowerment, contributing to the ambitious goals of Vision 2030 to transition towards a cashless society by increasing the share of digital financial transactions. This beta launch will enable selected users to upgrade their accounts from an stc pay digital wallet into an stc Bank account. Customers will be provided with an stc Bank International Bank Account Number (IBAN) and get additional banking services.
- ✓ stc Group, through its Carrier and Wholesale unit and in partnership with the General Authority of Ports, the Saudi Global Ports Company, and Red Sea Gateway Terminal, is providing a range of digital services and solutions for the transportation and ports sector. These include the provision of a private 5G network and Edge computing services at the King Abdulaziz Port in Dammam and the Jeddah Islamic Port. These services contribute to improving performance, operations, economic competitiveness, cost reduction, and increasing the safety level of workers, in addition to supporting the digitization of operational processes in ports and contributing to enhancing their operational processes and the application of modern technologies, starting with remote control of quay cranes and increasing the container handling capacity.
- ✓ Economy Middle East awarded stc Group the "Telecom & Digital Service Provider of the Year" at its 2024 summit. Held in Abu Dhabi, Economy Middle East brings together a number of Ministers and industry experts from across the private and public sectors under the theme "Accelerating Future Growth". The program focuses on addressing the key challenges and opportunities across banking, finance, technology, hospitality, tourism, and the future of mobility. The recognition of stc Group as the leading Telecom & Digital Service Provider of the year across the region is a testament to the Kingdom of Saudi Arabia's progress in driving digital transformation, domestically and worldwide. stc Group's focus on innovative technology expands across digital infrastructure, cloud computing, cybersecurity, Internet of Things (IoT), digital payments, and digital entertainment.
- ✓ stc Group has reinforced its position as a leader in sustainability by joining the inaugural edition of the 'KSA Sustainability Champions' program, launched by the Ministry of Economy and Planning at the World Economic Forum. The program is a knowledge transfer and partnership initiative that has identified the top performing Saudi companies in corporate sustainability. stc Group has joined 23 other champions which have been shortlisted from 7 sectors, reflecting the continuous efforts by stc Group to focus on sustainability within its operations. At the World Economic Forum, stc Group signed a pledge that commits the Group to become net-zero by 2060 or earlier, supporting 3 or more companies in their sustainability transformation, and to improving sustainability performance and reporting across the Group.
- ✓ The Esports World Cup Foundation (EWCF) announced that stc Group has been named as the Elite and Founding Partner of the inaugural Esports World Cup (EWC). Through this partnership, stc Group will provide seamless connectivity across all EWC venues, creating an unparalleled competitive gaming experience. With a remarkable track record of innovation and integration of advanced technologies in gaming across the region, stc Group will elevate both professional and enthusiast gaming esports competitions to new heights. stc Group is also the naming partner for three key venues at the event, which will showcase dynamic and immersive digital and gaming experiences: stc Arena, stc Play Gaming Hall, and stc TV World Cup Studios. These venues will highlight stc Group's pivotal role in the festival, reaffirming its commitment to advancing the esports industry in the kingdom. The stc Arena and World Cup Studios will host esports matches, while the Gaming Hall will serve as a hub for participants to join community tournaments and other activations.
- ✓ stc Group's brand, has strengthened its leadership position as being the most influential local brand in Saudi Arabia for the year 2023, according to most influential brands reported by the Global Ipsos. stc Group's brand has also maintained its position amongst the list of the most influential outstanding existing brands in the Kingdom of Saudi Arabia for the year 2023. The two awards show the remarkable success of stc Group's expansion and growth strategy, which focuses on providing digital solutions and services, along with a growth approach that enables it to adopt and deliver state-of-the-art technologies and continuously expand its products and services.

## 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