

Financial Results Presentation Q3 2024

Key Messages



Performance

Revenues **56.63 bn**

> **Growth in revenues** for the nine months period marking an increase of **3.92%** compared to the same period last year.

*Net Profit **11.23 bn**

> The steady increase in net profit, up **by 1.92%**, reflects stc's financial strength, marking the **highest net profit** recorded for the nine-month period.

Financial Strength

Cash & Equivalents **24.44 bn

> **A strong cash position** highlights **stc's** robust balance sheet and financial stability.

Capex **7.24 bn**

> A thorough **Capex** strategy ensures effective investment planning and execution, achieving a Capex intensity of **12.8%** during the period.

***Net Cash **9.12 bn**

> **A solid cash position** combined with a conservative leverage profile reflects a prudent approach to debt management, offering flexibility for financing new projects or acquisitions.

Trade Receivables **22.97 bn**

> **Accounts receivable** from the **public sector** in nine months period amounted to SAR 19,270 million, down from SAR 23,228 million compared to the same period last year, representing a decrease of 17%. This attributed to the notable **improvement in public sector collections**.

Shareholder Returns

Dividends **0.4 p/s**

> A **stable dividend structure** for investors is maintained with a fixed payout of SAR 0.40 per quarter, which will increase to **SAR 0.55 due to the dividend policy** effective Q4 2024.

****Dividend Yield **5.9%**

> A **payout ratio of 96%** for Q3 2024, along with a **strong dividend yield**, reflects stc's dedication to delivering appealing 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

9M at-a-Glance



January	February	March	April	May	June	July	August	September
<p>stc's Brand Value</p> <p>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".</p>	<p>stc & China Mobile International</p> <p>stc Group 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.</p>	<p>stc, flynas & SkyFive Arabia</p> <p>stc Group announced the signing of a strategic triparty MoU with flynas airlines and Sky Five Arabia to elevate In-flight connectivity experience.</p>	<p>stc & PIF</p> <p>stc Group and PIF have signed definitive agreements whereby PIF will acquire a 51% stake in TAWAL from stc Group.</p>	<p>stc & SCCC</p> <p>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.</p>	<p>stc's Brand Influence</p> <p>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.</p>	<p>Two Awards in Sustainability</p> <p>stc Group has won two international awards in the field of "Sustainability Challenges" during its participation in TMF-DTW24 conference in Copenhagen.</p>	<p>New Dividend Policy</p> <p>stc Group's BoD has recommended increasing the annual cash dividends to SAR 2.2 per share.</p>	<p>stc & New Murabba</p> <p>stc Group, has signed strategic partnership agreement with New Murabba to facilitate the implementation of advanced communications and information technology at New Murabba.</p>
<p>sirar by stc & SAR</p> <p>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.</p>	<p>solutions by stc & Devoteam Group</p> <p>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.</p> <p>Special Dividends</p> <p>stc Group announced the Board of Directors recommendation to distribute a special cash dividends for the year 2023.</p>	<p>solutions by stc & nile</p> <p>solutions by stc and US-based nile announced a strategic joint venture to elevate network solutions In Saudi Arabia and the region.</p> <p>inspireU & Business France</p> <p>inspireU from stc has signed an MoU with Business France to foster innovation and strengthen the startup ecosystem in Saudi Arabia and France.</p>	<p>STC Bank launches in Beta</p> <p>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.</p>	<p>stc & PLDT</p> <p>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.</p>	<p>stc & EWCF</p> <p>stc Group signed a strategic partnership with Esports World Cup Foundation to become the leading and founding partner of the Esports world cup championship.</p>	<p>stc TV & EWC</p> <p>stc TV participated in promoting the growth of the Esports sector through comprehensive coverage of the championship on five specialized high quality television channels.</p>	<p>newtrack</p> <p>stc Group has introduced newtrack which will contribute to developing neutral digital infrastructure for major projects in the Kingdom, enabling seamless sharing infrastructure that's both robust and resilient, making it the backbone of every mega project success.</p>	<p>STC Bank & 24 Fintech</p> <p>STC Bank has announced its role as a founding partner of 24 Fintech, Saudi Arabia's new flagship fintech event which hosted finance, policy, technology and investment leaders from around the world in Riyadh.</p>

Operational Highlights

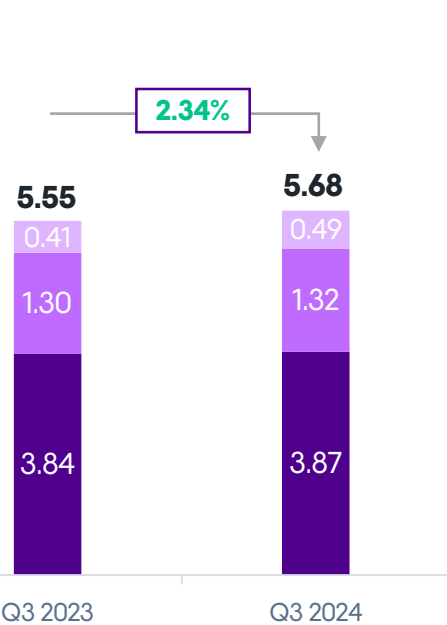
Operational Highlights



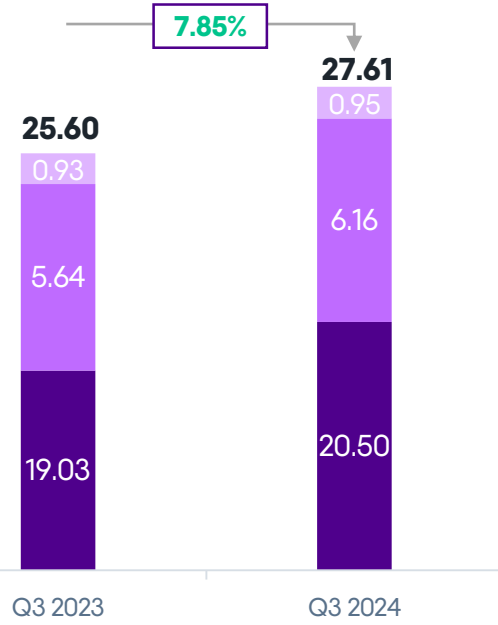
Expansion of stc's subscriber base underscores its strong market position and competitiveness in the telecom sector.

stc KSA

Fixed Subscribers*
(Millions)



Mobile Subscribers*
(Millions)

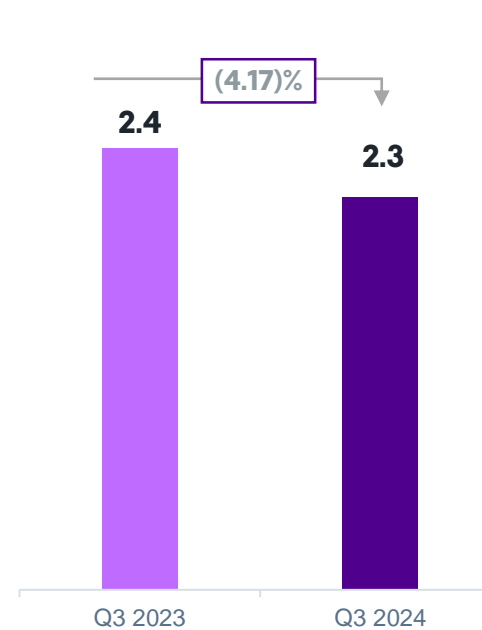


- Fixed-wireless broadband subscriptions**
- Fixed-wired broadband subscriptions
- Fixed telephone lines in operation

- Prepaid***
- Postpaid****
- M2M

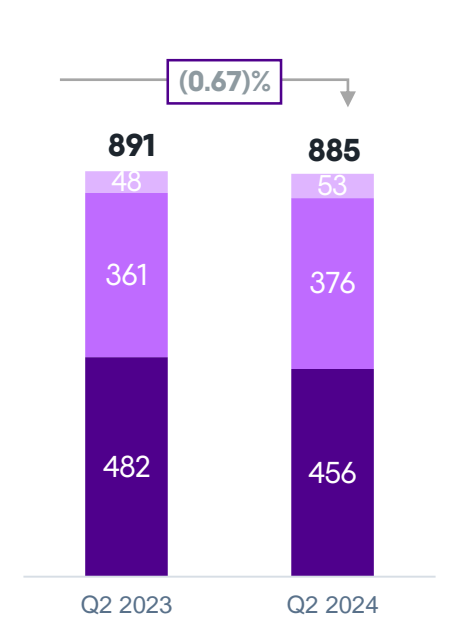
stc Kuwait

Mobile Subscribers
(Millions)



stc Bahrain

Mobile Subscribers
(Thousands)



- Prepaid
- Postpaid
- M2M

*Figures are not audited.

**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, except for stc Bahrain is in Thousands.

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
+8.83K
Towers deployed

5G Coverage
49.95%
Coverage of residential &
populated areas

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

Fiber Optic
3.55 million
Households Connected with
fiber

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

stc tv
4.89 million
Authorized subscribers**

stc play
3.25 million
Registered subscribers

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

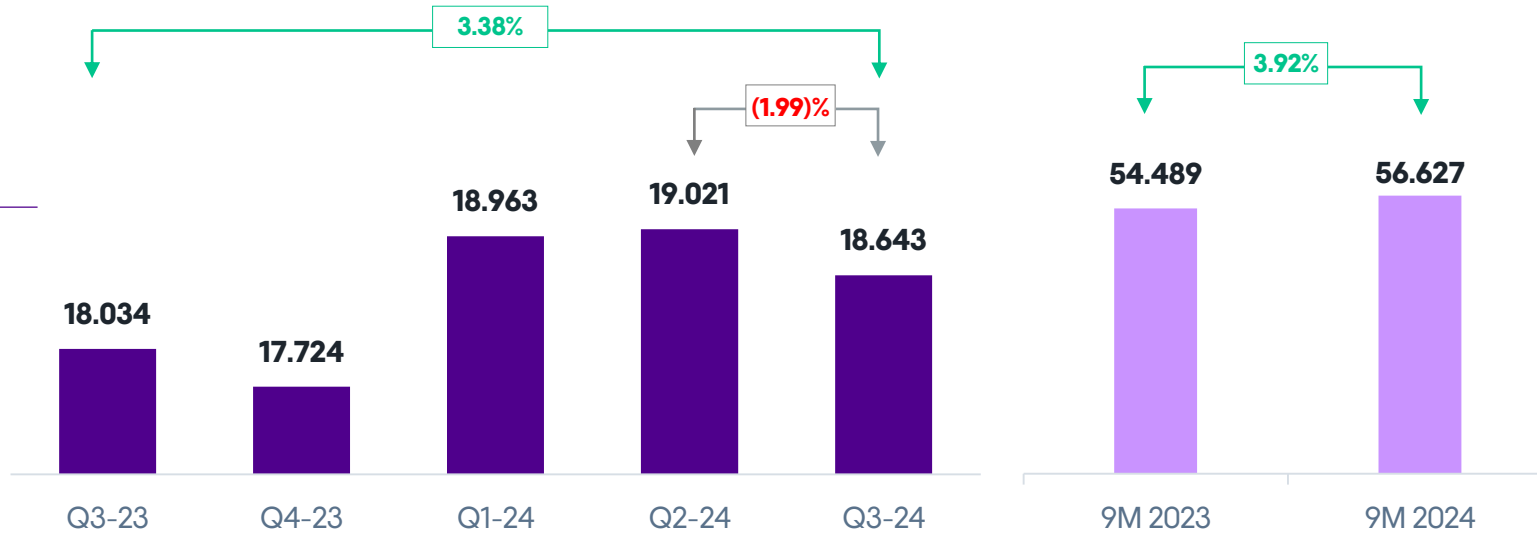
Financial Performance

Q3 2024

stc Group – Revenue and Gross Profit

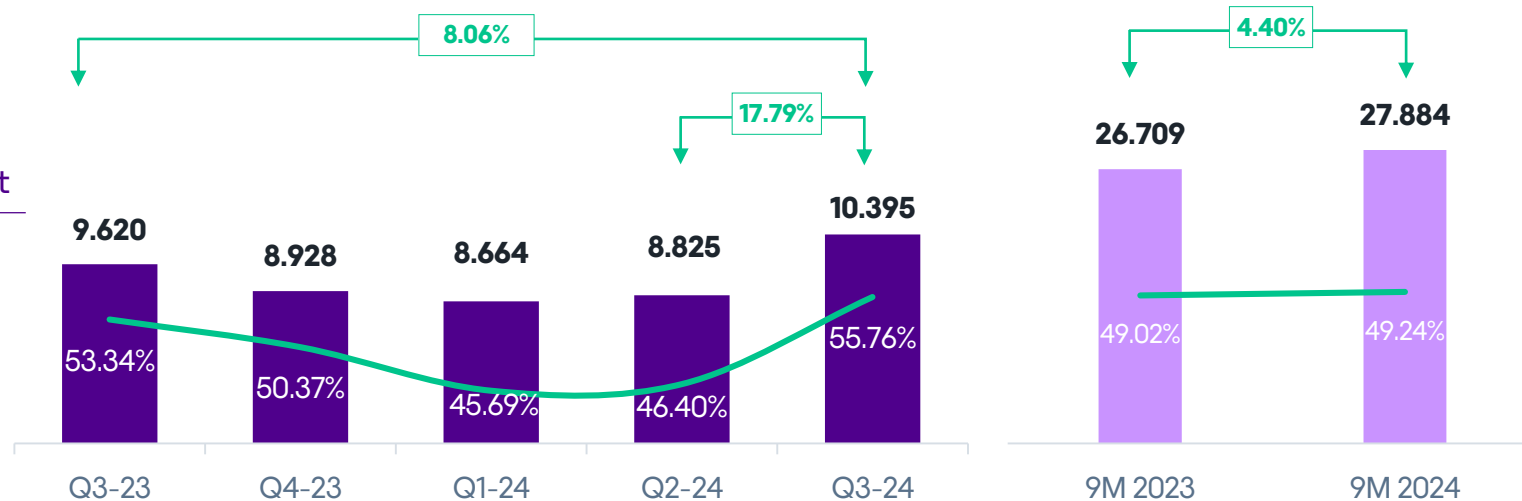


Revenue



- stc Group, has achieved the highest revenue in its history for the nine months period.
- Revenue increased by SAR 2,138 million in the nine months period compared to the same period last year and was mainly attributed to the increase in stc’s subsidiaries revenues by 11.01% and the increase in stc KSA’s revenues by 0.58%.

Gross Profit

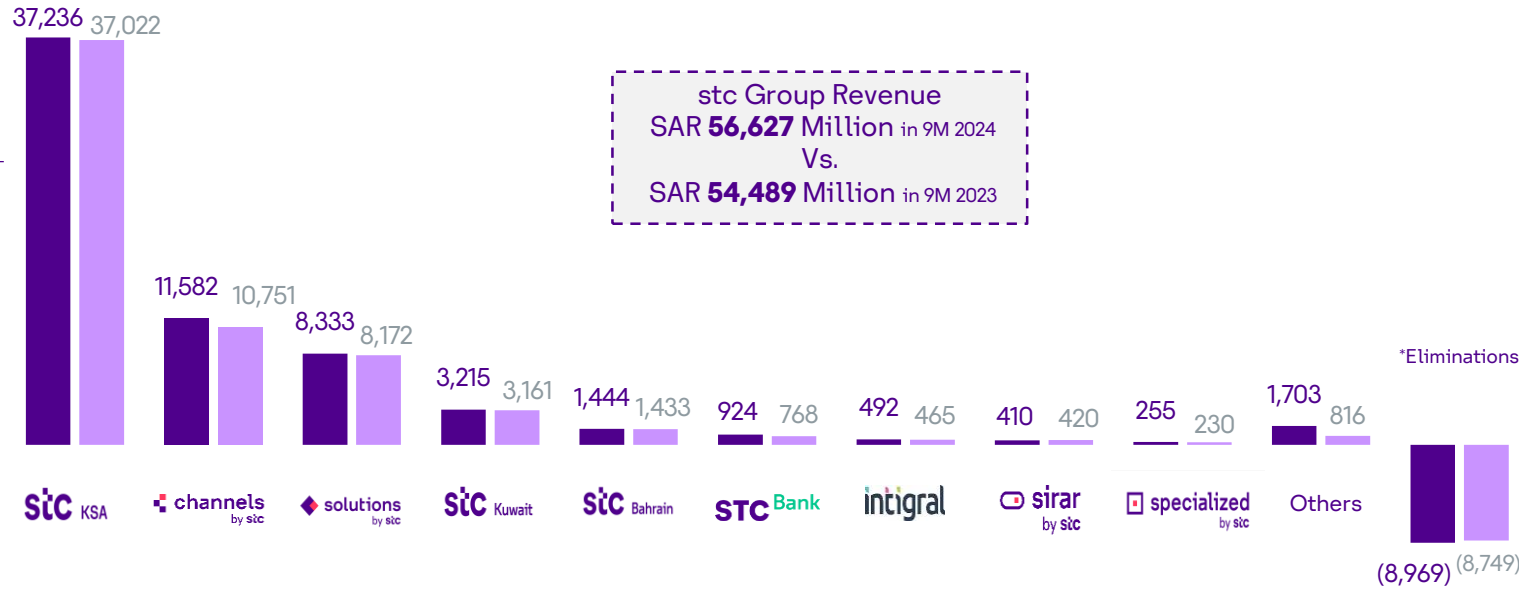


- Gross profit increased by SAR 1,570 million representing an increase of 17.79% compared to the previous quarter mainly due to the cost efficiency program and the reversal of withholding tax provision amounting to SAR 1,500 million in the current quarter.
- Gross profit margin for Q3 improved to 55.76% when compared to a margin of 46.40% for the previous quarter.

stc Group – Breakdown by Subsidiaries

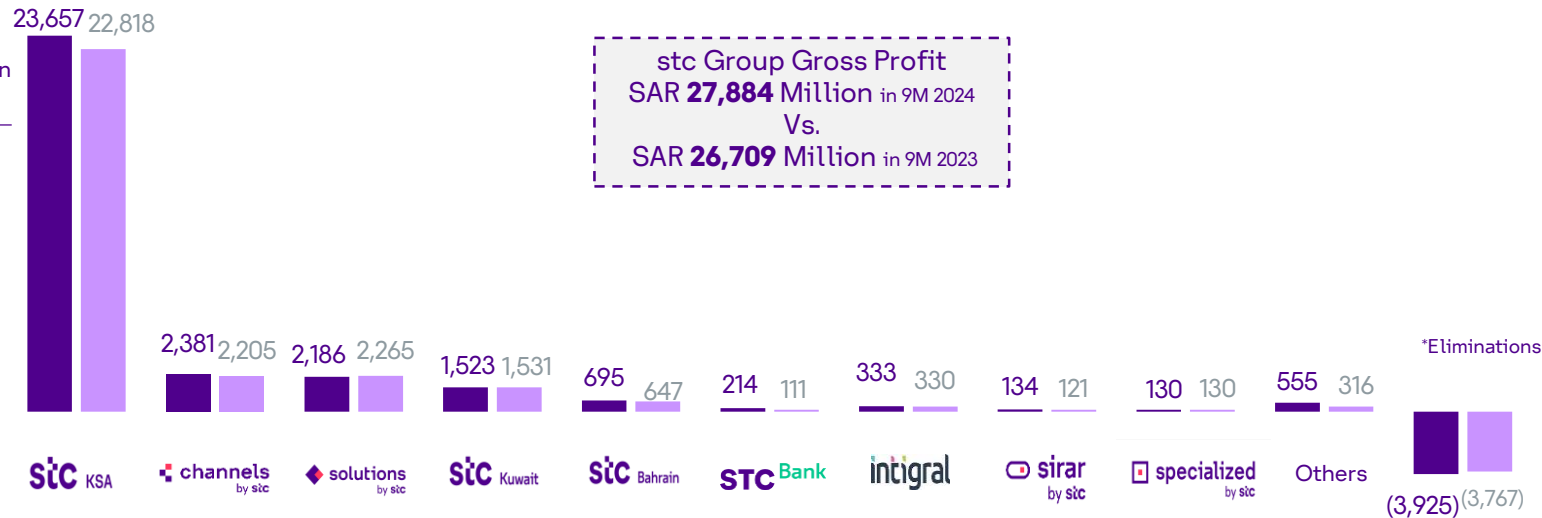


Revenue Breakdown
For 9M 2024 vs 9M 2023



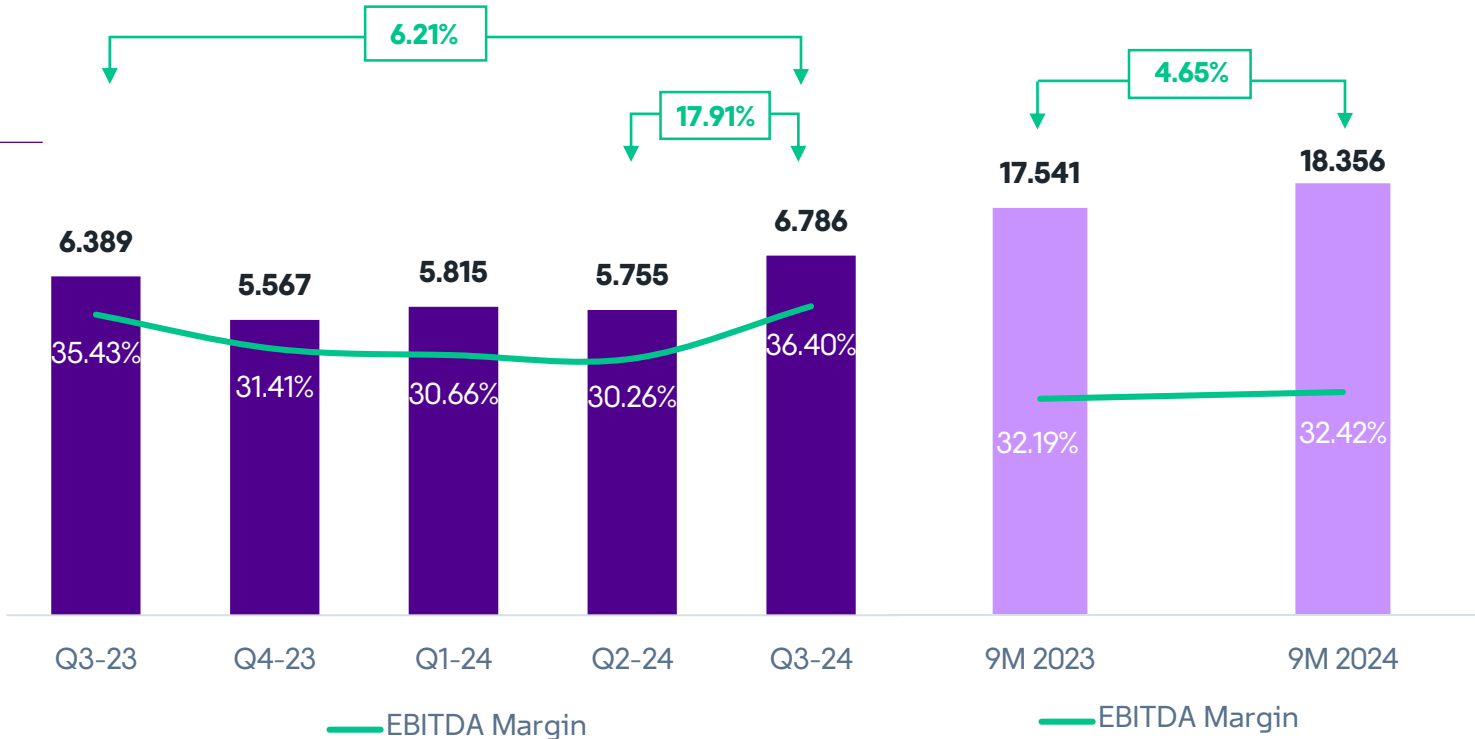
- Revenues from stc Group subsidiaries increased by 11.01% for the 9 months period compared to the same period last year.
- Almost all of the Group's subsidiaries saw an increase in revenues, with the other operating segments experiencing the highest growth at 108.59%, followed by STC Bank at 20.24%.

Gross Profit Breakdown
For 9M 2024 vs 9M 2023



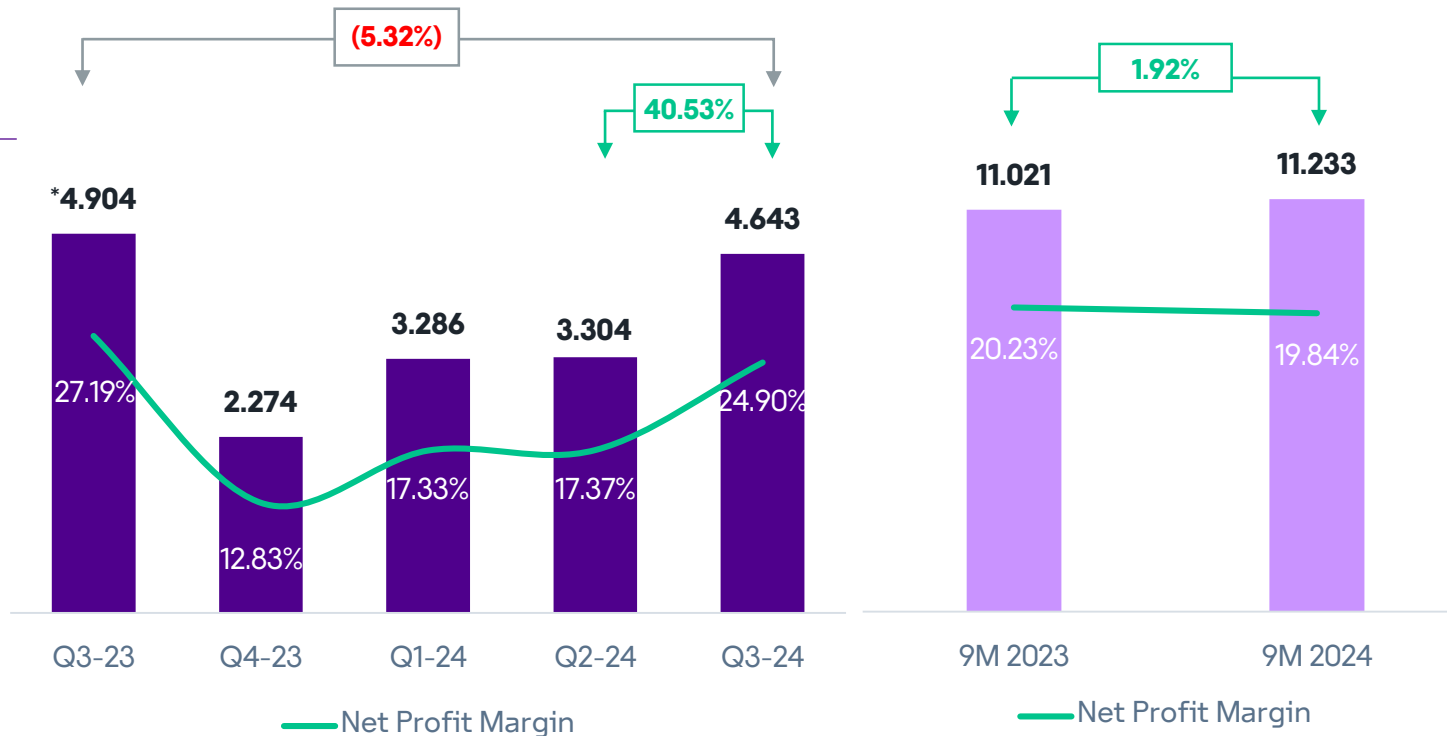
- Gross profit from stc Group subsidiaries increased by 8.66% for the nine months period compared to the same period last year.
- STC Bank achieved the highest growth in gross profit at 93.35%, followed by a growth of 75.36% from the other operating segments.

EBITDA



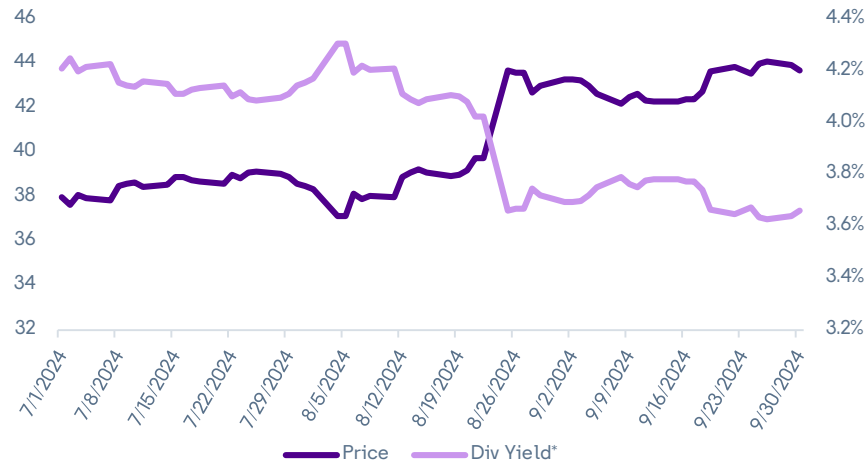
- EBITDA for the third quarter increased by SAR 1,031 million, achieving a growth of 17.91% compared to the previous quarter.
- Due to the cost efficiency program, EBITDA margin improved to 36.40% when compared to a margin of 30.26% in Q2 2024.

Net Profit



- stc Group, has achieved the highest net profit in its history for the nine months period, an increase by SAR 212 million amounting to 1.92% compared to the same period last year.
- For Q3 2024, net profit increased by SAR 1,339 million on QoQ basis representing a notable growth of 40.53%, whereas it decreased by SAR 261 million on YoY basis representing a decline of (5.32%) which was mainly attributed to booking a gain from the sale of Alkhubar land in Q3 2023.
- Operating expenses increased by SAR 440 million compared to the same quarter of the last year, mainly due to the booking of doubtful debt provision amounting to SAR 554 million in selling and marketing expenses.

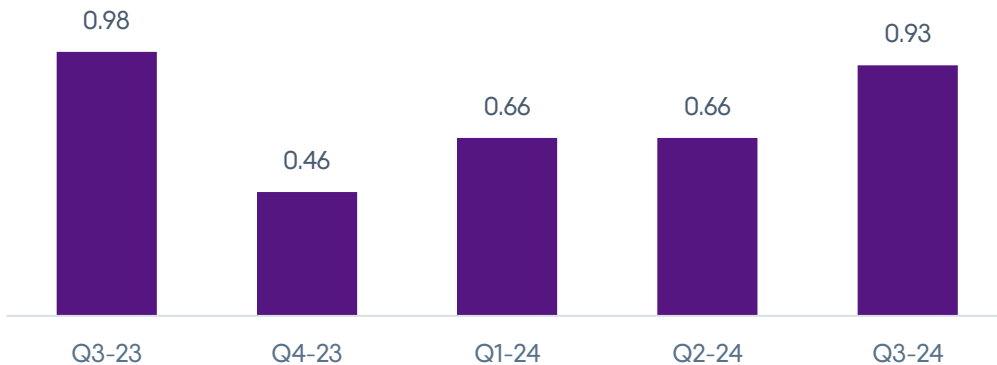
Price Vs. Yield Fluctuation



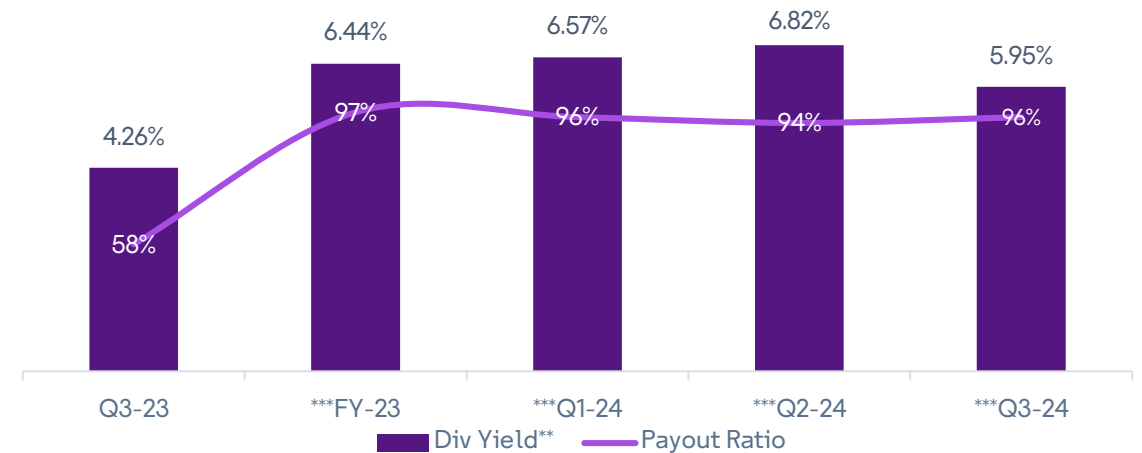
Dividends Policy

- The ordinary general assembly held on November 6, 2024, approved stc’s Board of Directors decision regarding the company’s dividends distribution policy for the next three years, which includes the following:
 - stc commits to pay SAR 0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the company may consider paying special dividends after the assessment of the Company’s financial position, future outlook, strategic investments and capital expenditure requirements. Any special dividends will be subject to stc’s Board of Directors recommendation and the General Assembly’s ratification.
- 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
**Based on last 12 months
***Including the special dividend of 1 SAR

Appendix

Business Highlights

- ✓ STC Bank, Saudi Arabia's newest and first digital bank, has announced its role as a founding partner of 24 Fintech, Saudi Arabia's new flagship fintech event which hosted finance, policy, technology and investment leaders from around the world in Riyadh. The annual world-class event was set to elevate Riyadh's global financial technology ambitions and demonstrate Saudi Arabia's commitment to shaping the future of finance. Key issues that were discussed included governance, risk and policy, cybersecurity, global interoperability, and innovation in payments. 24 Fintech featured four unique streams, the Executive Summit, 24th Trends, the Futures Forum and Fintech Fusion. STC Bank, founding partner of 24 Fintech, showcased its offering and services at the event and visitors were able to download stc Bank's application, pre-register and gain early access once the bank launches later this year.
- ✓ stc Group has won two international awards in the field of "Sustainability Challenges" during its participation in the recently held TMF-DTW24 conference in Copenhagen. The awards were in the categories of "Developing Green Telecommunications Networks" and "Using Advanced AI (GenAI) and Digital Twins". These awards have enhanced our ability to provide better and more sustainable services and have established the principle of developing innovative solutions in the telecommunications and digital transformation sectors.
- ✓ stc Group, concluded its participation in the Global AI Summit by signing a series of strategic agreements with Saudi Railways (SAR), King Abdullah University of Science and Technology (KAUST), Huawei, the Research, Development, and Innovation Authority, and SambaNova Systems. stc's participation in the summit highlights its leadership role in driving digital transformation both locally and globally, showcasing its innovative solutions, products, and technologies, and reaffirming its commitment to positioning Saudi Arabia as a leading digital hub in the Middle East. The agreements aim to accelerate the Group's strategic objectives in various fields, including Artificial Intelligence, innovation, and digital transformation.
- ✓ stc Group, has signed a strategic partnership agreement with New Murabba – a PIF Company, to enhance and facilitate the implementation of advanced communications and information technology. The partnership will leverage a wide range of innovative digital solutions provided by stc Group in the future. Through such agreements, stc Group aims to drive digital and technical transformation across major projects in the Kingdom more widely, enhancing infrastructure and digital services within its real estate sector, by leveraging the most advanced solutions. The partnership between stc Group and New Murabba will boost innovation and improve the quality of life, in alignment with the Kingdom's objectives. It will also enable New Murabba to benefit from the most advanced technological solutions, enabling it to offer a truly unique experience for residents, workers, and visitors alike.
- ✓ stc Group successfully supported the inaugural Esports World Cup (EWC) throughout July and August as an Elite and Founding Partner. The EWC marked a significant milestone in Saudi Arabia's journey towards becoming a global gaming hub, aligned with the Vision 2030 goals. At the heart of EWC's success was stc Group's unparalleled delivery of advanced connectivity and digital services, with 22 gaming and streaming servers optimized for latency, and +3.6K actions in the Group's internet gateway to sustain low latency rates. stc Group ensured that every aspect of the event was seamlessly powered through its state-of-the-art 5G network, providing gamers with an experience unlike any other in the esports industry. stc Group oversaw three indoor solution sites with 21 5G zones, capable of serving 10K players with high internet speeds.
- ✓ stc Group launched its 5th annual sustainability report, continuing its commitment to driving forward sustainable transformation through environmental, social, and governance (ESG) excellence. stc's Sustainability report for 2023 reviewed the Group's role in achieving sustainable growth in the field of digital transformation through the initiatives it has adopted, and motivating companies to protect the future of people and the planet. stc has set a sustainability framework in which it has identified 3 main focus areas during 2023: environmental and climate performance; developing human capital through technological innovation; and strong governance and ethical excellence.

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

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