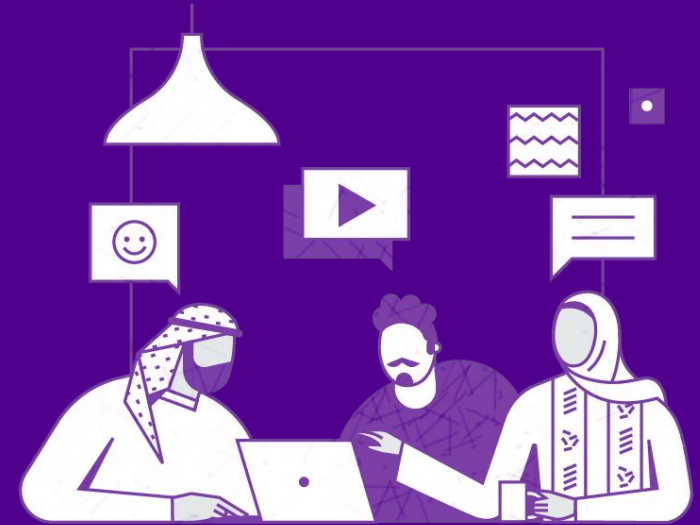


Financial Results Presentation

Investor Relations
Q4, 2020



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For further information about Saudi Telecom Company, or the materials contained within this presentation, please direct your enquiries to our Investor Relations team via email at IRU@stc.com.sa

Agenda

I. Strategy Overview

II. KSA Telecom Market Overview

III. Financial Highlights

A man with a beard and mustache, wearing a white button-down shirt, is leaning over a dark, reflective table. He is looking intently at a screen or document on the table, with his right hand pointing at it. The background is dimly lit, suggesting an office or meeting room environment. A purple horizontal bar is overlaid on the right side of the image, containing the text 'I. Strategy Overview'.

I. Strategy Overview

stc

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.

Aligning stc Strategy with Saudi Arabia's 2020 NTP 2020 & 2030 Vision



- ▶ To raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations;
- ▶ To increase the private sector's contribution from 40% to 65% of GDP;
- ▶ To increase women's participation in the workforce from 22% to 30%;
- ▶ To move from our current position as the 19th largest economy in the world into the top 15;
- ▶ To lower the rate of unemployment from 11.6% to 7%;
- ▶ To increase SME contribution to GDP from 20% to 35%;
- ▶ To increase our capacity to welcome Umrah visitors from 8 million to 30 million every year.



- ▶ 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.

Elements of stc Strategy:

▶ **Lead market in digital services and creative solutions**

▶ **Drive efficiencies through digital transformation**

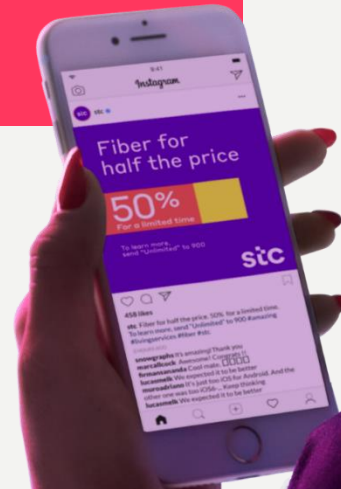
▶ **Digitalise processes, internal operations, delivery engine and commercial approach**

▶ **Instill culture change**

▶ **Grow B2G and B SME segments**

▶ **Lead technological advancement and provide best in class connectivity platform**

II. KSA Telecom Market Overview



stc

Macro Economy & Liquidity

- Expat remittances from Saudi Arabia rise 30% to SAR 12.9 bln in November 2020.
- Saudi bank loans granted to the public and private sectors increased 16% by the end of November 2020 to SAR 1.832 trillion compared to SAR 1.585 trillion a year earlier, according to data issued by the Saudi Central Bank (SAMA).
- Assets held by the Saudi Central Bank (SAMA) saw an increase of SAR 37.4 billion month-on-month (MoM) to SAR 1.858 trillion in November 2020, according to data released by the central bank.
- Saudi Arabia's oil exports to China increased by 43% month-on-month (MoM) in November 2020 to reach 8.48 million tons, or 2.06 million barrels per day. Accordingly, the Kingdom, restored its position as the largest oil supplier to China.
- Saudi Arabia's Ministry of Investment issued 812 new licenses to foreign companies in the first nine months of 2020, compared to 840 licenses a year earlier.
- Saudi GDP drops 5% to SAR 621.4 bln in Q3 2020.

Regulatory Environment

- CITC signs MoUs with Ericsson, Nokia, Huawei to support digital transformation plans.
- Abdullah Alswaha, Minister of Communications and Information Technology said the Kingdom ranks among the 10 best countries in internet speed, noting that it was not among the 100 best countries in 2017 as the frequency spectrum increased from 260 GHz to 1,100 GHz.
- The Capital Market Authority announced that its board issued a decision on Oct. 26, 2020, obligating the issuers of listed securities in the main market to make any notification to the Saudi Stock Exchange (Tadawul), as well as to disclosures to the public, in both Arabic and English languages Jan. 1, 2021.

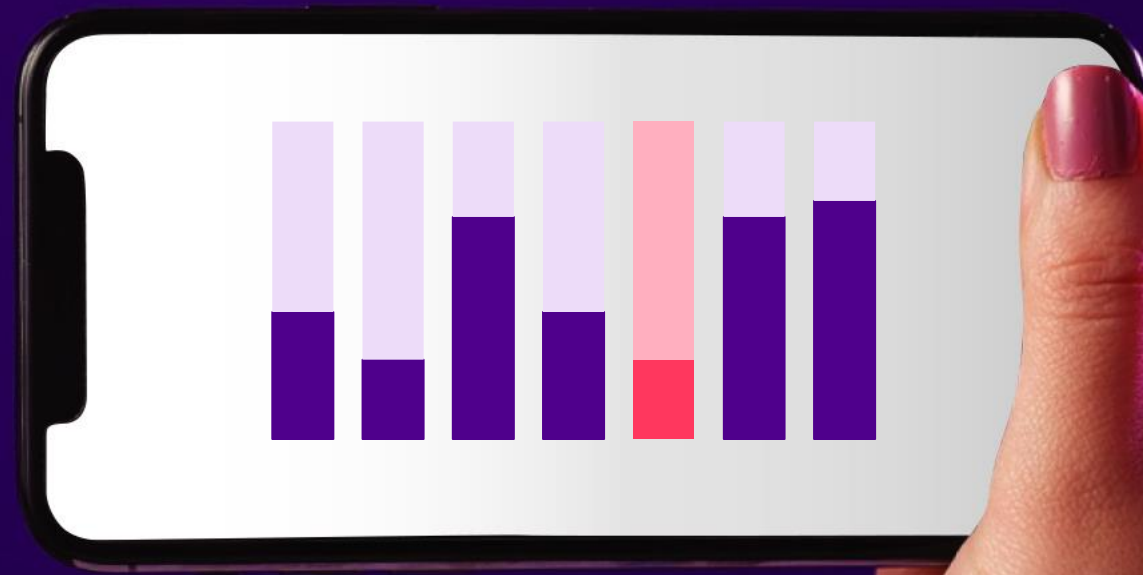
Government Initiatives

- Saudi Arabia 'among world's first 3 countries' to start vaccine rollout.
- King Salman bin Abdulaziz Al Saud said that 2021 budget will focus on the healthcare of nationals and residents, and combat COVID-19 challenges.
- The Kingdom's housing targets for 2021 include continuing to pump more units from off-plan sales to the beneficiaries of Sakani program, the Saudi Ministry of Finance said in the 2021 budget statement.
- Saudi Arabia's Ministry of Human Resources and Social Development launched a Labor Reform Initiative (LRI) to organize the contractual relationship between employers and expatriate workers in the labor market.

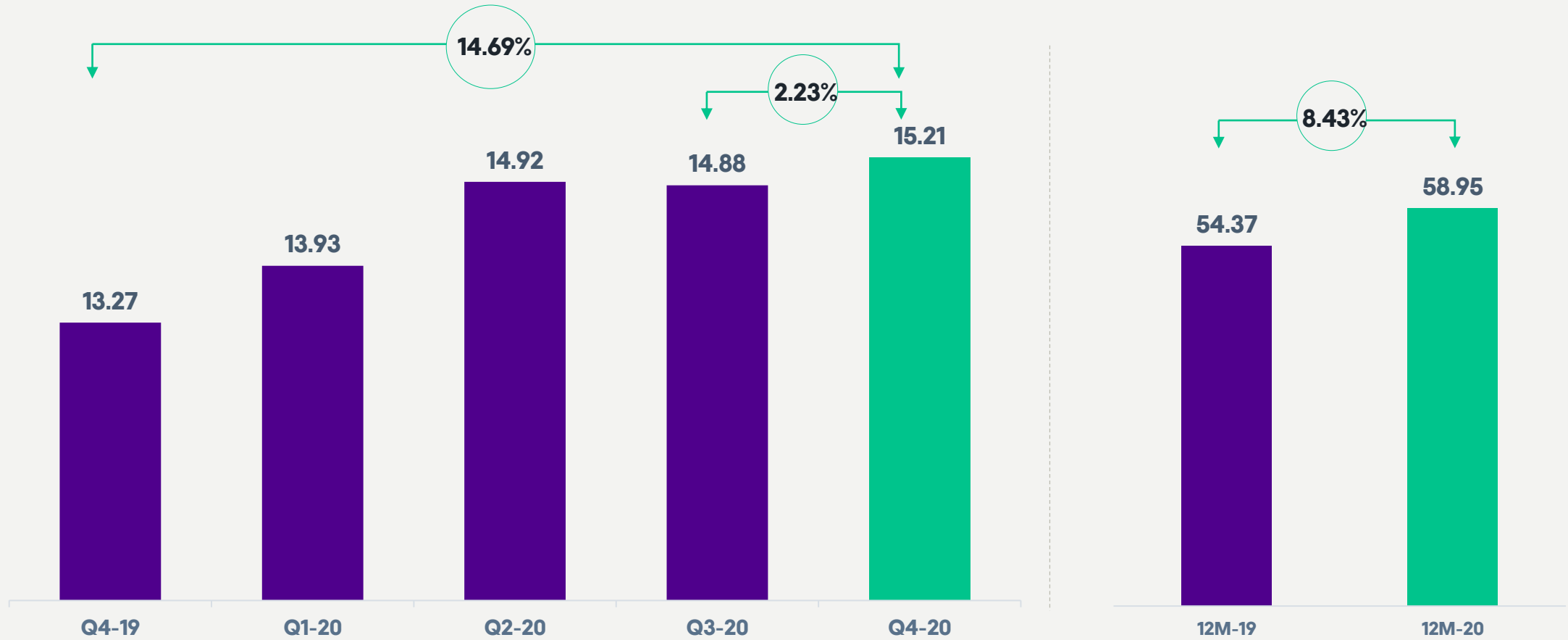
Business Highlights

- ✓ Channels Receives Quality Management Systems Certificate: ISO 9001 2015.
- ✓ stc ranked first in BrandZ's Top 30 Most Valuable Emirati and Saudi Brands, worth \$9.7 billion.
- ✓ stc received the international Certified Energy Efficient Datacenter Award (CEEDA).
- ✓ stc and Rakuten Mobile, Inc. announced the signing of a Memorandum of Understanding (MoU) with the aim of collaborating in the field of innovation and strategic mobile technology.
- ✓ stc inaugurated the largest branch of its kind in the Central Region, in Riyadh, which is completely managed by female staff to energetically serve all female and male customers in a positive work environment.
- ✓ stc is working with NVIDIA to build Saudi Arabia's first AI and deep learning cloud infrastructure, enabling domestic enterprises to fast-track AI adoption and showcasing the Kingdom's digital leadership in the region.
- ✓ solutions by stc has been chosen as this year's recipient of the 'Digital HR Award of the Year' from GCC GOV HR Awards.
- ✓ stc becomes the first and only company in KSA to be certified in 2020 by COPC Inc.; the global leader in contact center performance certification with many companies using the standard such as Microsoft, Apple and Orange.
- ✓ stc continues its support in the area of entrepreneurship through the inspireU program for supporting startups after the launch of the incubation application campaign for the program's seventh intake.
- ✓ The Global System for Mobile Communications Association (GSMA) announced the re-election of stc Group to take part in its Board of Directors, represented by its Group CEO, Eng. Nasser bin Sulaiman Al nasser, following its victory in the elections comprising the world's 25 top and key telecommunications companies as the first Saudi company to accomplish and maintain such achievement.
- ✓ Western Union acquires 15% of stc pay, valued at \$200 million.
- ✓ stc Group successfully collaborated with the G20 Saudi Secretariat as a digital enabler for the Saudi G20 presidency. The company provided critical telecommunications and digital services for all meetings of the G20 summit, which just concluded successfully. stc expanded the 5G network by 130% to accommodate the increase in digital services during the G20 summit.
- ✓ stc and Nokia team up to operate Technology Innovation Center
- ✓ stc signed a partnership agreement with the General Authority of Meteorology and Environmental Protection for the implementation of project "Air Quality", one of the main projects of the Kingdom's Vision 2030.
- ✓ stc Group CEO, in the presence and participation of Dr. Badran Al-Omar, the President of King Saud University, inaugurated the stc Artificial Intelligence Chair in partnership with King Saud University.
- ✓ stc has announced launching 3 Mega Data Centers in Riyadh, Jeddah and Al-Madina which aim to host telecommunications equipment and digital cloud infrastructure.

III. Financial Highlights



Revenue



Highest revenue achieved in the past 8 years.

stc – Q4, 2020 Financial Highlights

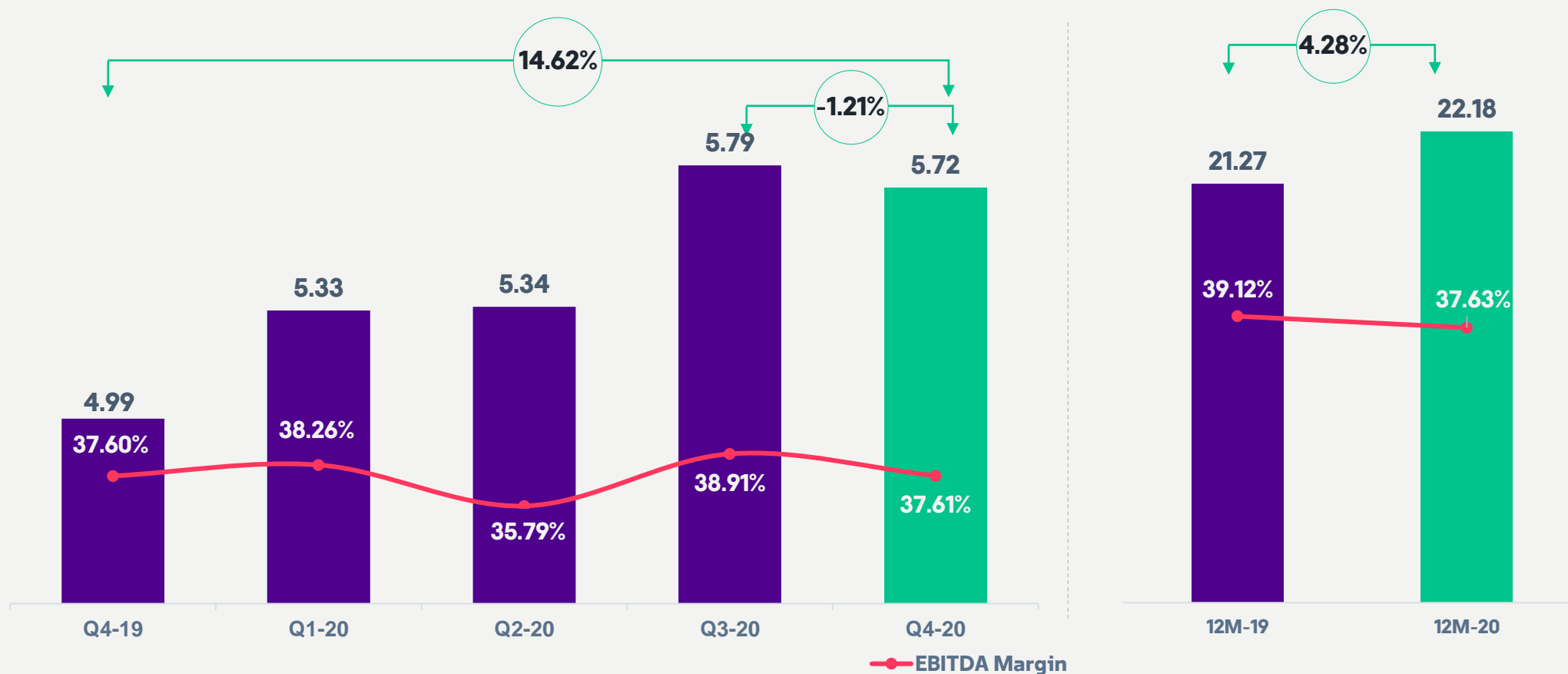
Gross Profit



Although Gross Profit declined during Q4 2020, yet YTD remains solid.

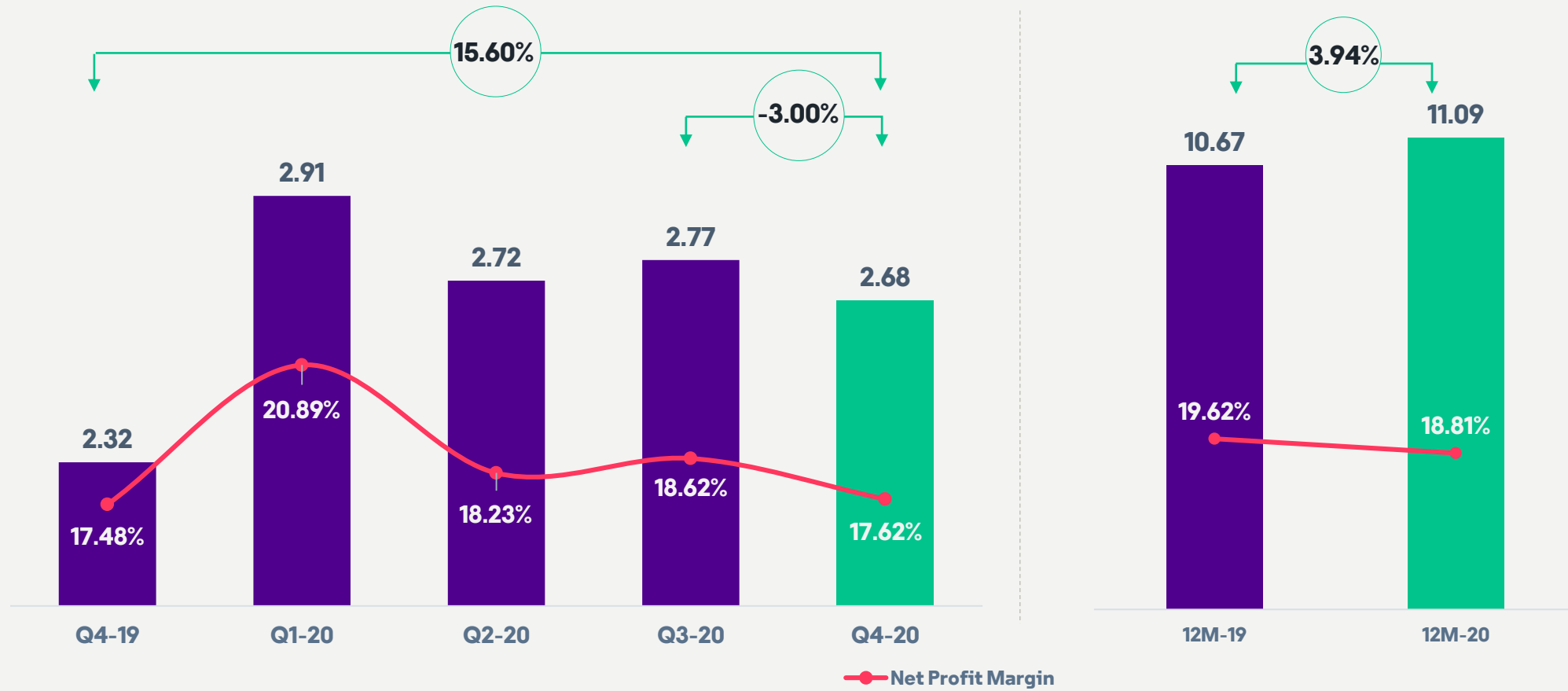
All figures are in SAR Billions

EBITDA



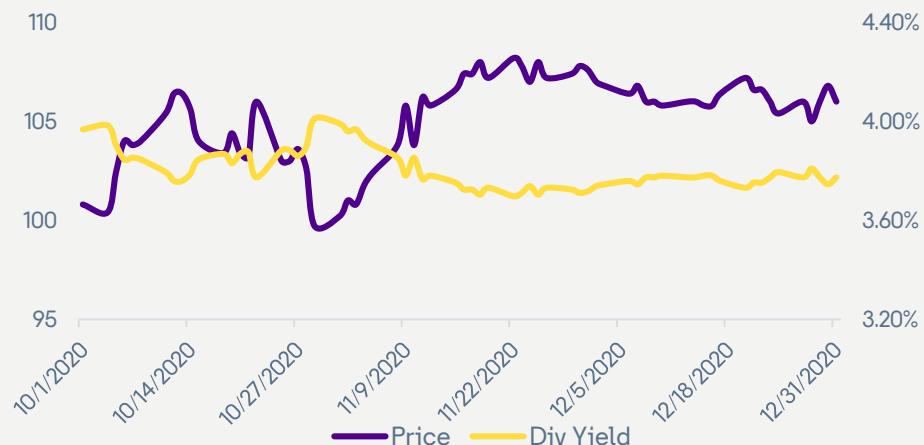
Q4 2020 EBITDA from an absolute number point achieved a remarkable growth as compared to Q4 2019. Further, YTD EBITDA achieved a growth as well.

Net Profit



Q4 2020 Net profit achieved a remarkable growth compared to Q4 2019

Price Vs. Yield Fluctuation

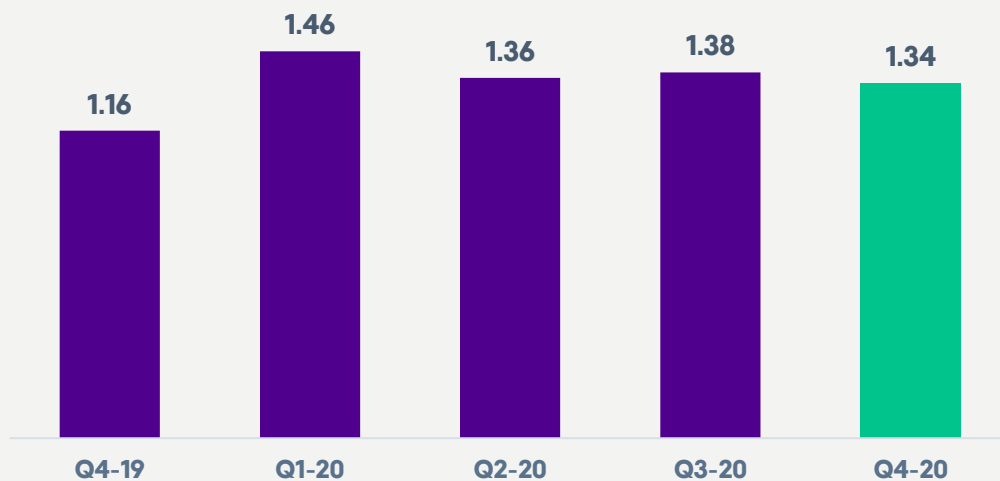


- stc commits to pay a fixed minimum dividend of a SR 1 per share per starting from Q4 2018 for three years. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance.

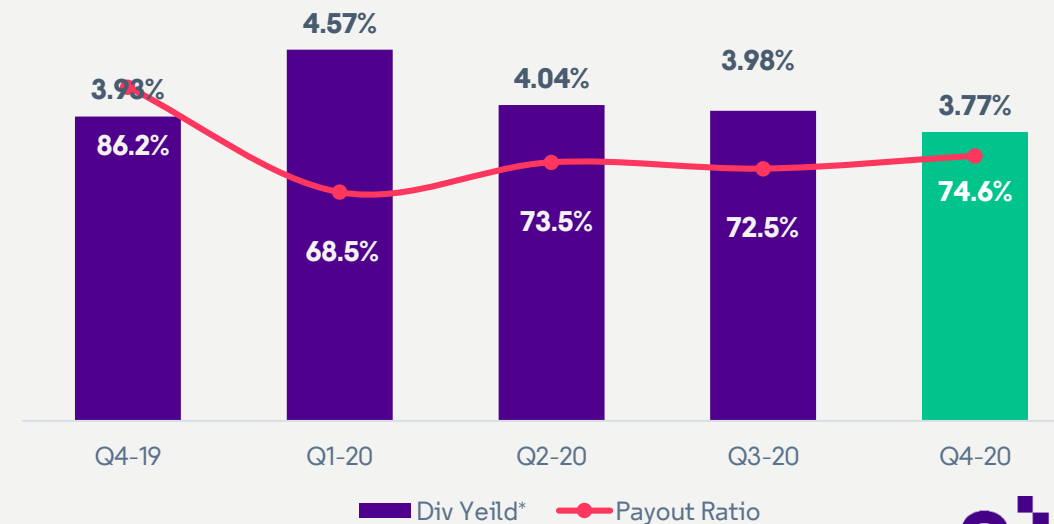
- The dividends policy will remain subject to:

- Any material changes in the strategy and business of the company (including the business environment it operates in);
- Laws and regulations that are applicable on the company;
- Any banking, other funding or credit rating covenants that the company may be bound to follow from time to time.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



*Annualized Dividend

Thank You

