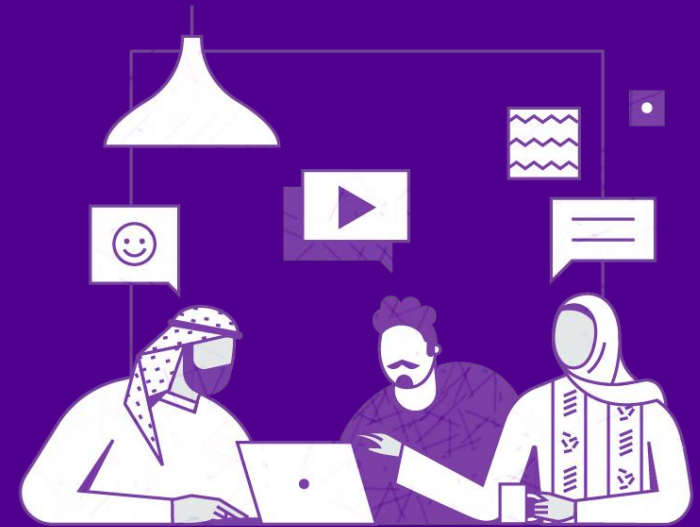


Financial Results Presentation

Investor Relations
Q1, 2021



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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 surface, possibly a table or a large screen. He is looking intently at something off-camera to the right. His right hand is extended, with his index finger pointing towards the right. The background is dark with some light sources, creating a professional and focused atmosphere.

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**

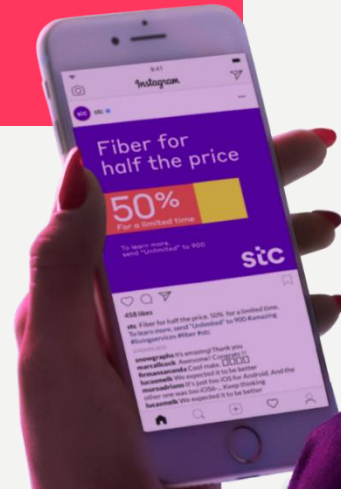
▶ **Digitalise processes, internal operations, delivery engine and commercial approach**

▶ **Instill culture change**

▶ **Grow B2G and B SME segments**

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

II. KSA Telecom Market Overview



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.

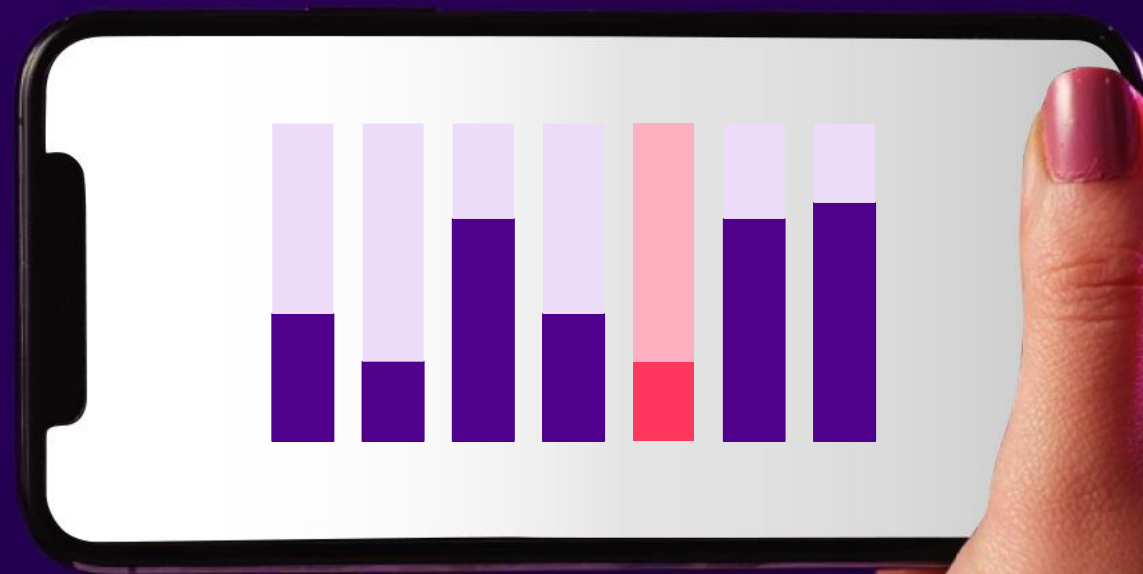
Government Initiatives

- 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.

Business Highlights

- ✓ stc was awarded second place in the "Best Investor Relations Program" among over 200 companies listed in the Saudi Market.
- ✓ CCC team received an international award from COPC Inc for the best international customer experience standards.
- ✓ Channels by stc was selected among the top Al Safwa companies by the Ministry of Human Resources and Social Development for the Best Work Environment.
- ✓ stc signed a strategic partnership agreement with the Saudi Data and Artificial Intelligence Authority (SDAIA). The agreement aims to study the establishment of an AI infrastructure, seek opportunities for enabling AI experts in the business field, and develop an AI laboratory.
- ✓ stc pay in cooperation with Musaned, a comprehensive electronic platform for recruiting domestic workers and one of the Ministry of Human Resources and Social Development initiatives, launched Musaned service that enables sponsors to transfer the domestic workers' salaries through via stc pay seamlessly.
- ✓ In 2020, stc won a total of 11 Global Architecture Excellence awards from ICMG Awards, which is the most prestigious global awards in the domains of Enterprise Architecture, Digital Architecture and IT architecture. There were 119 submissions globally and each submission evaluated over 300 parameters, which are covering the whole journey from strategy to execution and value realization in the "internal digitalization & EA build up projects".
- ✓ stc launched the largest Digital Operations Control Center in the MENA.
- ✓ stc has obtained a "Mowaamah" certificate for the best work environment supporting people with disabilities. The certificate was granted after stc met all the Ministry of Human Resource and Social Development requirements, and the group was given a gold category certificate.
- ✓ Discovery Inc., the global leader in real-life entertainment and stc's digital media and entertainment arm Intigral, announced that they have entered a strategic long-term partnership for the provision of broadcast and subscription-video-on-demand content on Intigral's flagship OTT service, Jawwy TV.
- ✓ stc signed a Memorandum of Understanding with the National Industry Development and Logistics Program to work on building national platforms and use cases of emerging technologies in the industrial, energy, mining and logistics sectors.
- ✓ CITC revealed that stc was the operator with the highest mobile downloading speed in the Kingdom, with a 5G network that reached a speed of 342.35 MB/s. This announcement was made in the 2020 Q4 Meqyas report on the average downloading speeds for 5G networks.
- ✓ Intigral won the "Streaming Service of the Year 2020" Award.
- ✓ stc signed five agreements to enable digital transformation in the Qassim region.
- ✓ According to Brand Finance, stc is the most valuable brand amongst telecommunications companies in the region reaching US\$9.2 Billion.
- ✓ stc signed an agreement with Princess Nourah University in the field of technology and digital transformation.

III. Financial Highlights

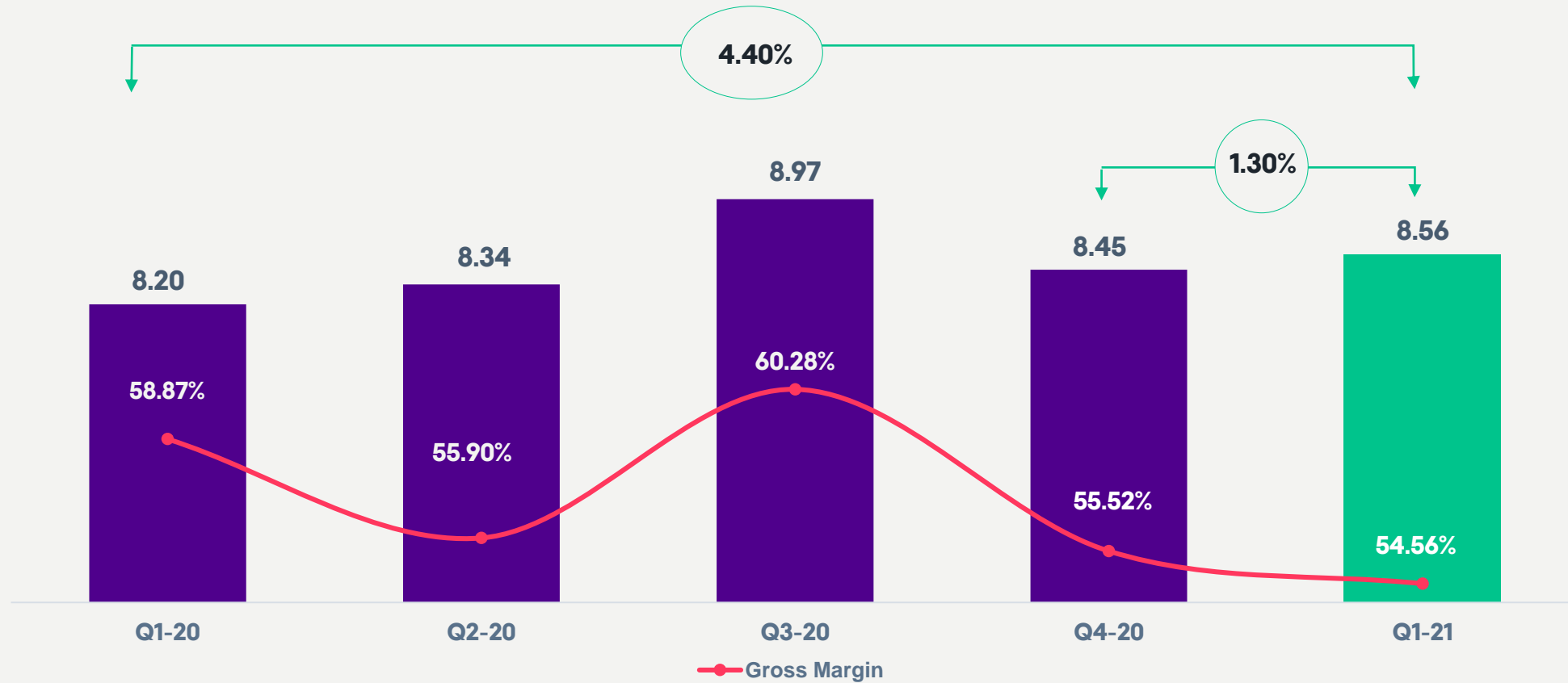


Revenue



Continuous improvement in revenues during the previous quarters

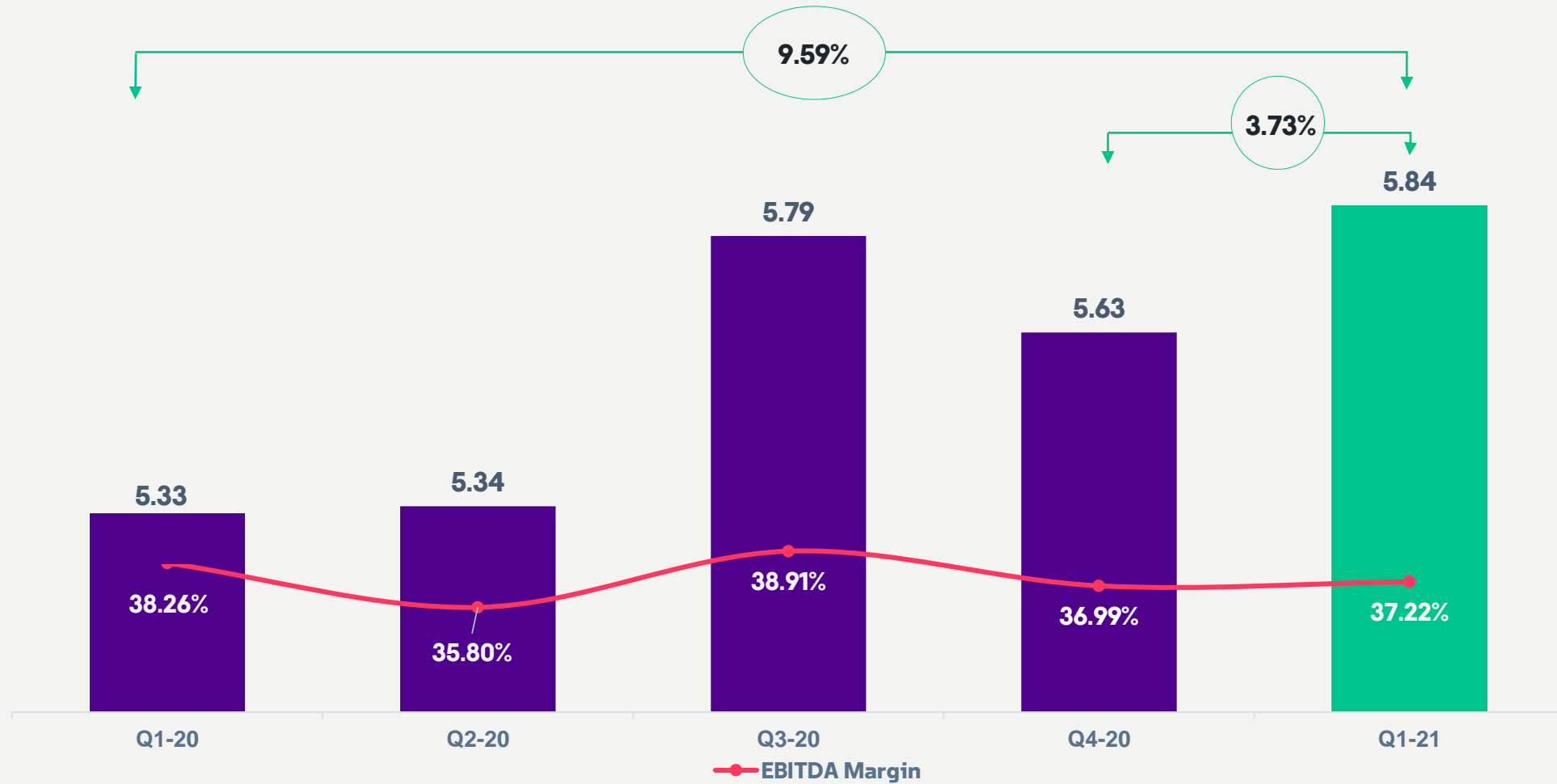
Gross Profit



Good gross profit margins due to effective cost control

All figures are in SAR Billions

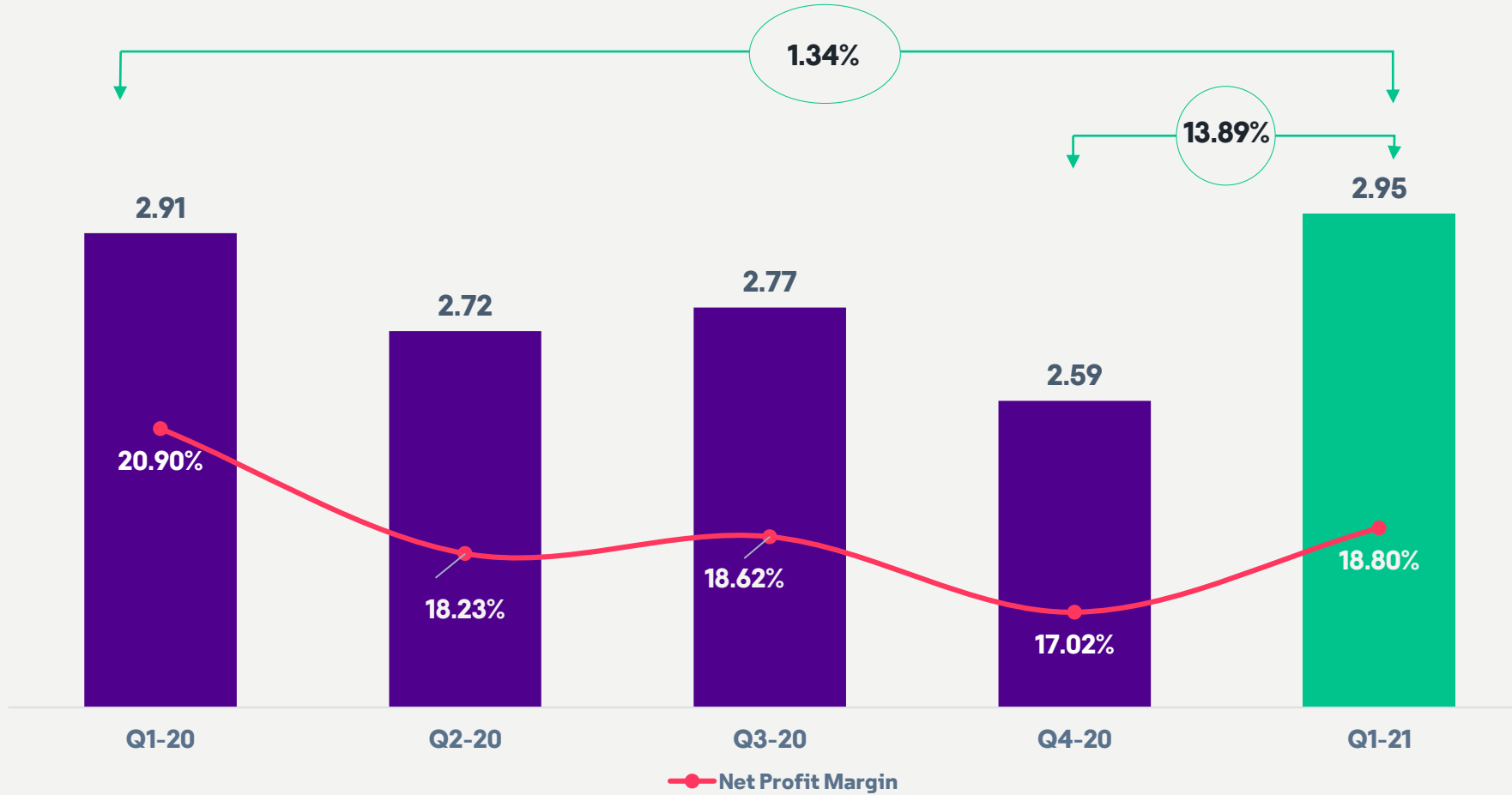
EBITDA



Maintaining EBITDA at good levels

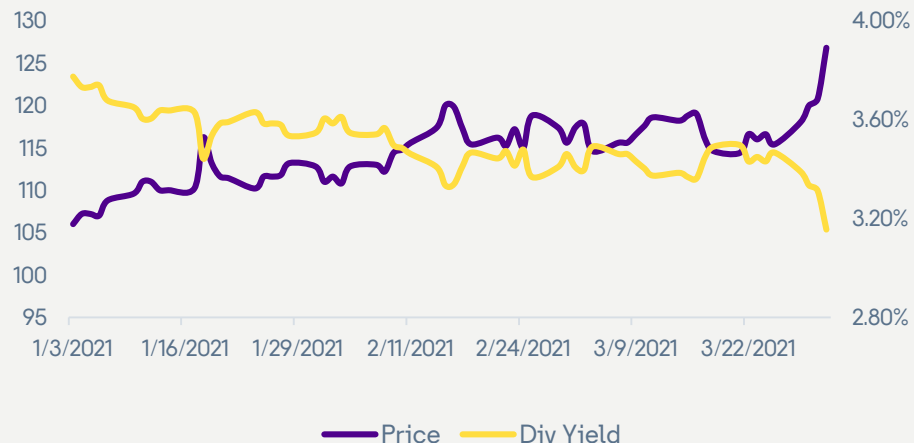
All figures are in SAR Billions

Net Profit



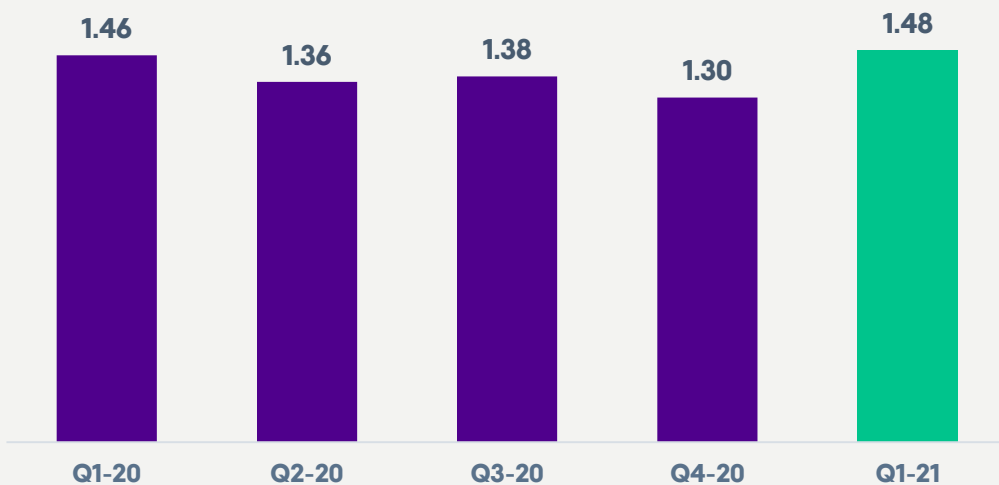
Improved net profit compared to previous quarters due to increase in revenue while controlling costs

Price Vs. Yield Fluctuation

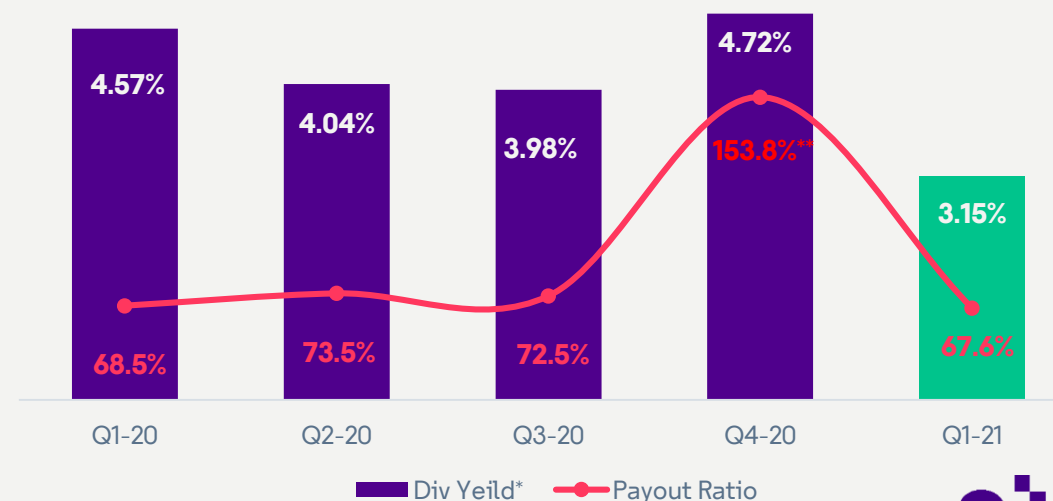


- stc commits to pay a fixed minimum dividend of a SR 1 per share per starting from Q4 2018 for three years. Further, the company may consider and pay additional dividend subject to the Board approval after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements. Additional dividends are likely to vary on quarterly basis depending on the company's performance.
- The dividends policy will remain subject to:
 1. Any material changes in the strategy and business of the company (including the business environment it operates in);
 2. Laws and regulations that are applicable on the company;
 3. 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.

** Includes (SAR 1) additional dividend for the year 2020, Approved on April 26th 2021.

Thank You

