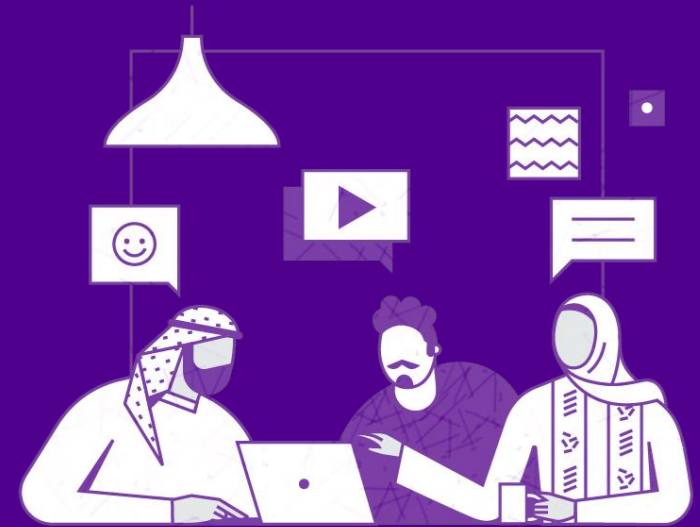


Financial Results Presentation

Investor Relations
Q2, 2020



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Agenda

I. Strategy Overview

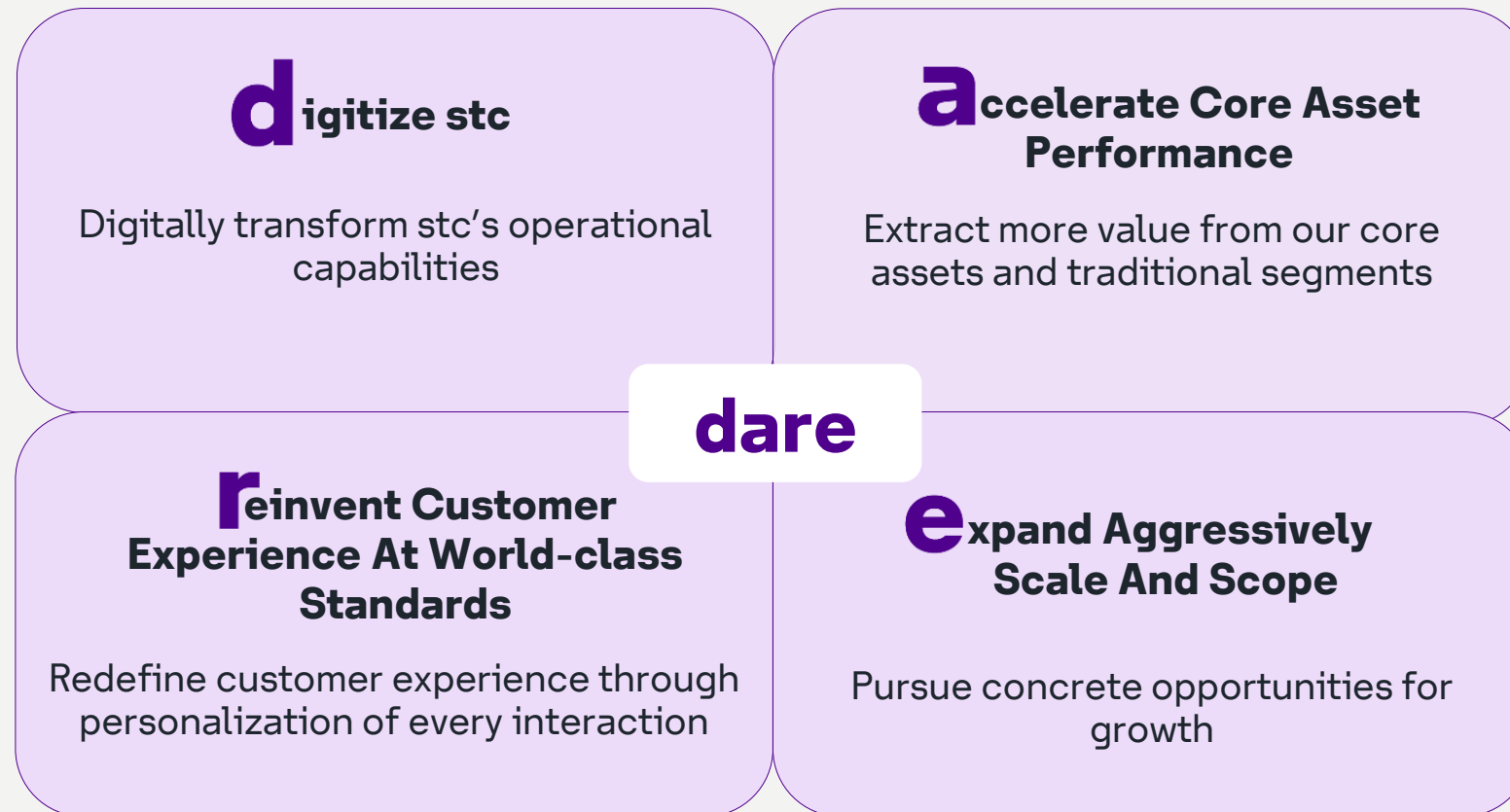
II. KSA Telecom Market Overview

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 on the surface, with his right hand pointing towards it. The background is dark with some light sources, creating a professional and focused atmosphere.

I. Strategy Overview

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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**

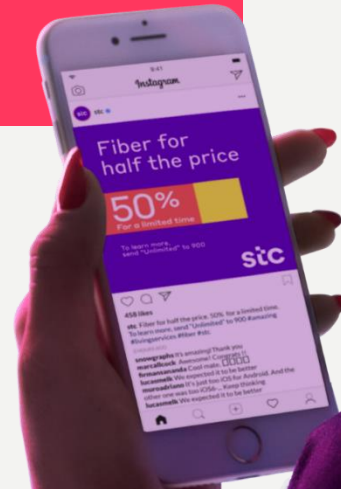
▶ **Digitalise processes, internal operations, delivery engine and commercial approach**

▶ **Instill culture change**

▶ **Grow B2G and B SME segments**

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

II. KSA Telecom Market Overview



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Macro Economy & Liquidity

- Saudi Aramco posts strong results in Q1 despite challenges, expects COVID-19 to weigh on revenue.
- Saudi Aramco completes acquisition of 70% stake in SABIC.
- Saudi Arabia: Hajj 2020 to be held with limited number of pilgrims. The decision was taken due to the ongoing threat from the coronavirus pandemic and to preserve "global public health," the Saudi Ministry of Hajj and Umrah said.
- Saudi Arabia VAT tax triples to 15 pct . The announcement came in mid-May following a wave of enormous cost-cutting programs to help counter the unprecedented economic fallout caused by the ongoing coronavirus pandemic.
- The unemployment rate among Saudis dropped to 11.8% in Q1 2020, compared to end of 2019, according to data from the Saudi General Authority for Statistics.

Regulatory Environment

- CITC has announced it will lower the cap on termination rates for local mobile and fixed calls. Local mobile termination rates (MTR) will be reduced by 60% to SAR 0.022, from SAR 0.055 in 2017. Fixed termination rates (FTR) will be also cut by 48% to SAR 0.011, from SAR 0.021 in 2017.
- CITC plans to enhance the regulatory environment for cell-on-wheels (COW) or what is known as mobile cellular sites and towers. The step aims to cut operating expenses (OPEX) and capital expenditure (CAPEX), maximize efficiency, as well as cutting maintenance costs.
- CITC Open Access agreement came into effect during Q2 2020.

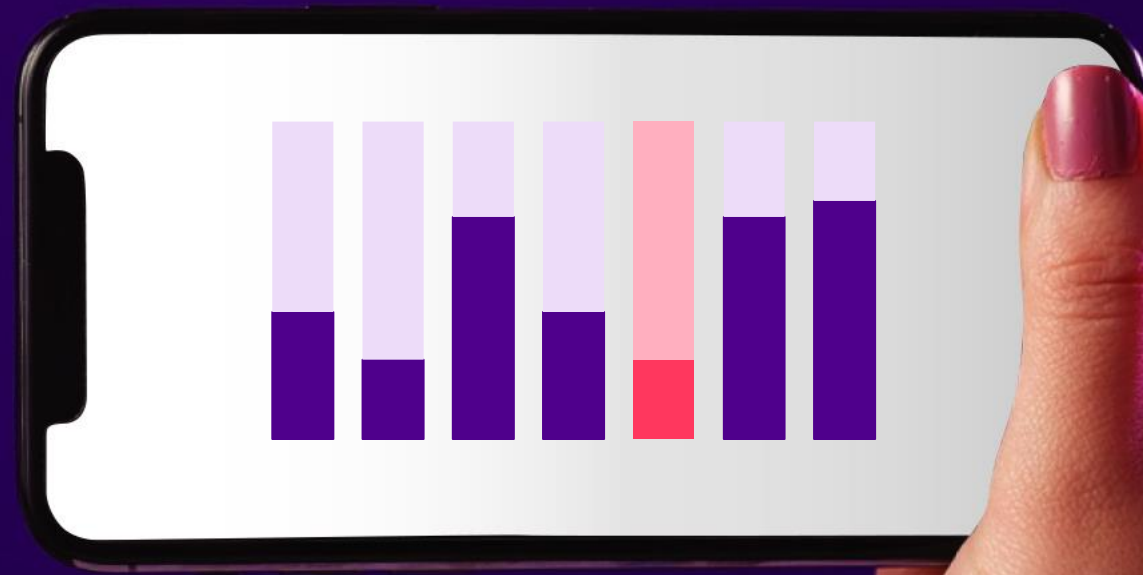
Government Initiatives

- As part of its role in activating monetary policy tools and preserving financial stability, the Saudi Arabian Monetary Authority (SAMA) has decided to inject SAR 50 billion into the banking sector to enhance banking liquidity and enable banks to continue providing credit facilities for the private sector.
- Saudi Arabia has extended the validity of all tourist visas which had expired during the period of suspension of international flights.
- Saudi Arabia's Government launches measures to support industrial & mining sectors in response to COVID-19 pandemic.
- Saudi King Salman issued a royal decree on extending some government initiatives to mitigate the fallout of the coronavirus pandemic on economic activities and the private sector. These initiatives focus on supporting Saudi employees, suspending penalties, deferring collection of fees, exemptions and tax returns.

Business Highlights

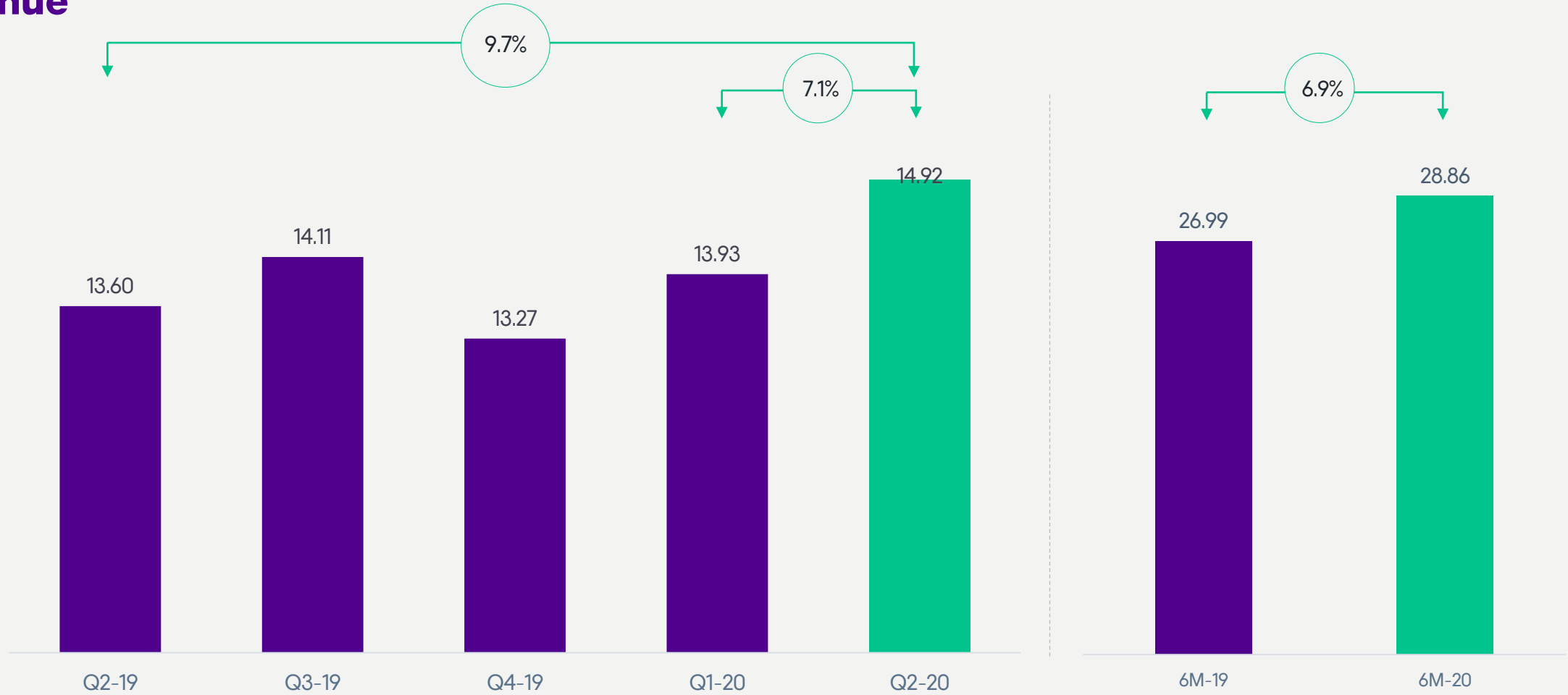
- ✓ stc announce localizing platform for E-SIM for the first time in Saudi.
- ✓ InspireU continues to support startups after its SR 300 million success in developing technology applications, despite the effects of the coronavirus.
- ✓ stc pay has launched its store "stc pay fun market" that includes a variety of entertainment cards such as iTunes, Nintendo, PUBG, PlayStation, Fortnite, and Google Play.
- ✓ stc pay has launched a new service, i.e., "Request money" that allows the users to request money from any contact on their list or any number; also, they can add a photo and a short message along with their money request. The receiver can seamlessly accept or reject the request.
- ✓ Stc announced the signature of a Group strategic agreement between stc Group and GSMA Association Joining the "IoT GSMA Partnership Program"
- ✓ Strategic partnership between stcpay and Visa to launch a digital payment solutions.
- ✓ stc launched "Virtual Clinic" Service to Facilitate Remote Communication Between Patients and Doctors. This service is part of a package of services provided by stc which aim to provide digital, smart and innovative solutions that enable the digital transformation of the business sector, whether governmental or private.
- ✓ stc launched EMI Service for Remote Management of Radiology Images from anywhere in order to achieve the highest quality of service in health facilities.
- ✓ stc has launched two new services targeting enterprises titled Das and FileVault, which allow customers to save and share files and documents easily and safely.
- ✓ stcpay achieved remarkable growth in financial operations during the first quarter of 2020, paralleling what the company achieved throughout the entirety of 2019.
- ✓ stc and MBC GROUP – the leading telecom and media groups – announced the signing of a joint partnership to offer Shahid VIP, MBC's premium subscription video on demand (SVOD) service, to stc customers for no additional cost for the duration of two months.
- ✓ stc Group and Nokia signed a five-year Master Frame Agreement (MFA) to further strengthen their strategic partnership.
- ✓ stc Group has actively lent its support to Tawakkalna platform by dedicating a call center of 600 employees through the Group's Contact Center Company (CCC). The Center answers an average of 20,000 calls and 12,000 transactions every day.
- ✓ stc topped the list of powerful telecom companies in the MENA region, according to international Forbes magazine. The company also came in 5th place among the Arab companies listed in the stock market and 335th place internationally.
- ✓ stc tops the 2020 Effie Index rankings as the most effective brand and second most effective marketer in the Middle East and North Africa region.
- ✓ stc has announced an initiative to facilitate the payment of old billing debts, which includes providing discounts on billing value up to 50% for 2017 and before
- ✓ stc Wins the "Fastest 5G Mobile Network" and "Best Coverage" Awards from OOKLA

III. Financial Highlights



stc – Q2, 2020 Financial Highlights

Revenue



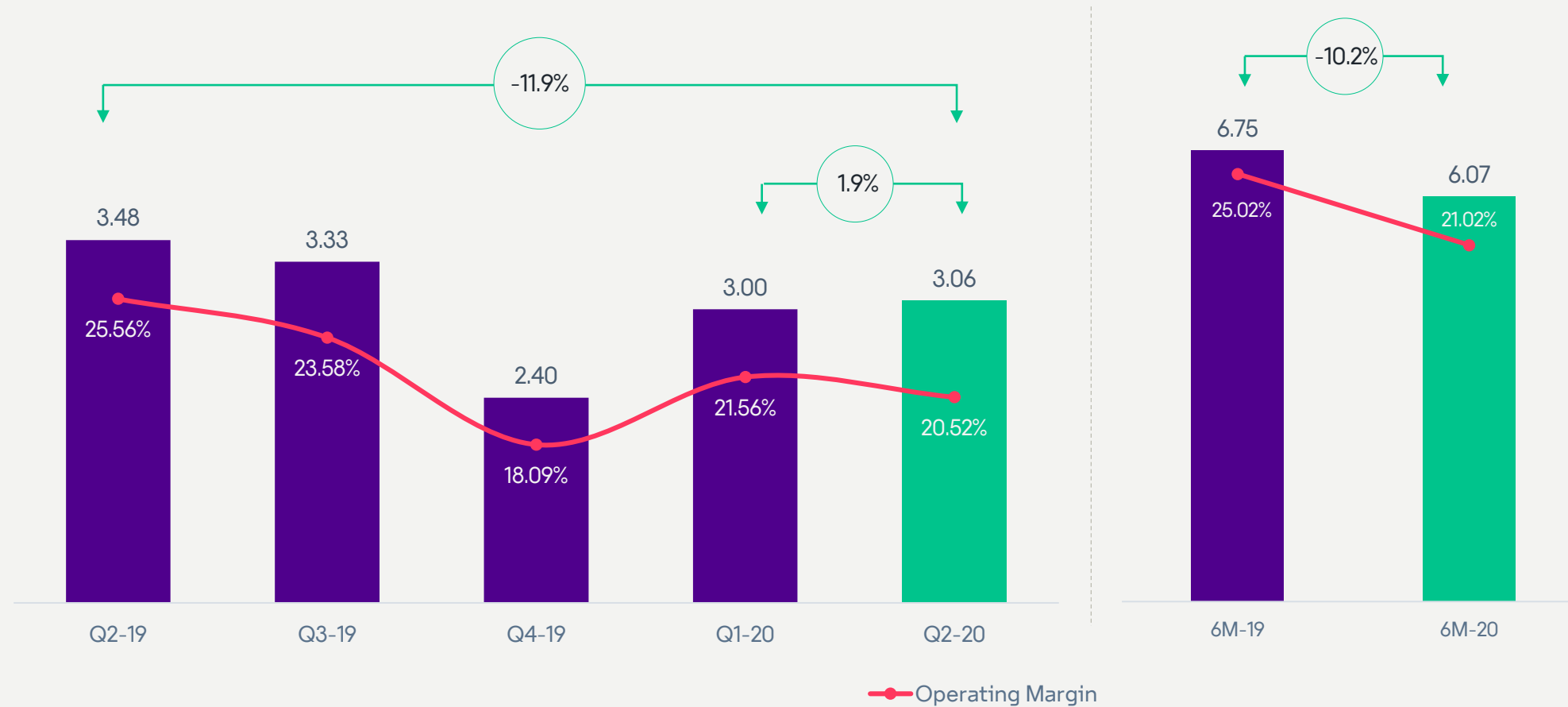
stc achieved the highest quarterly revenues since 2013 with a CAGR of 3.9%

Gross Profit



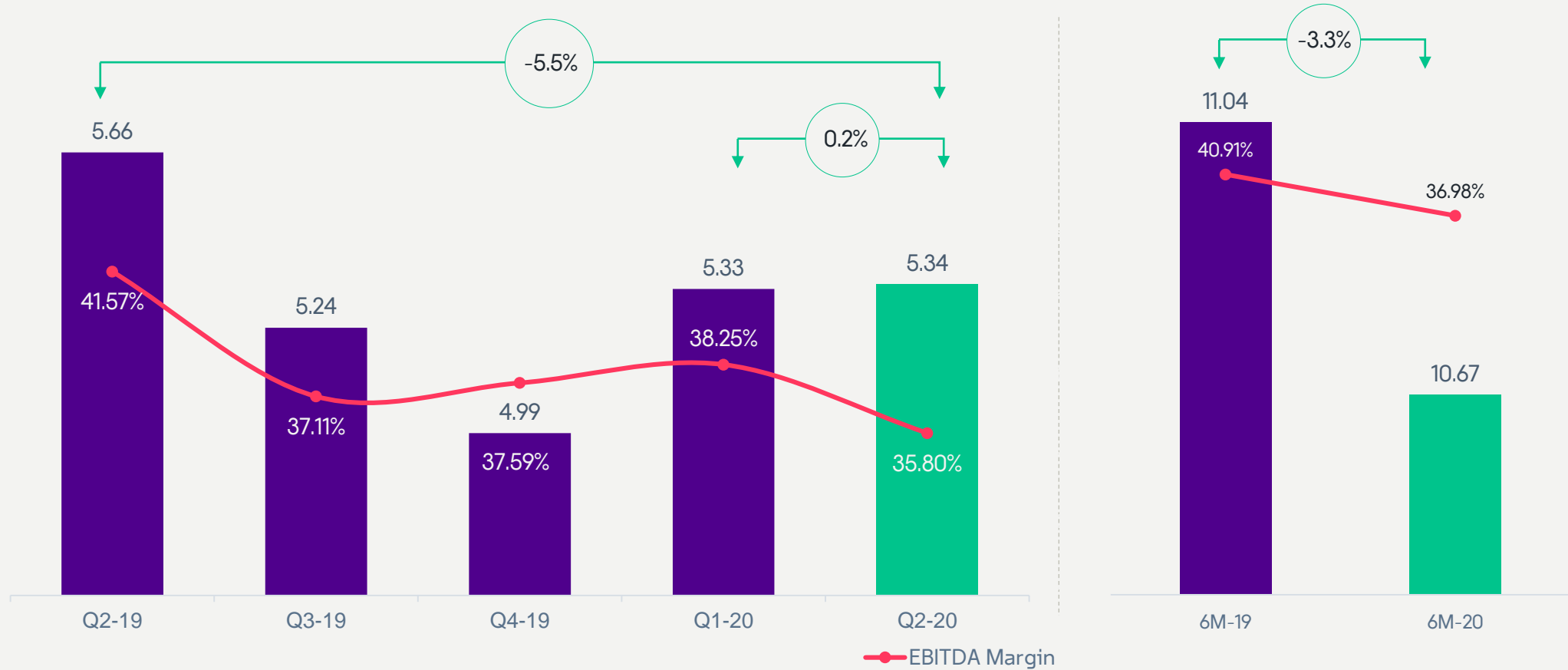
Gross Margin remains healthy despite the current satiation of COVID-19

Operating Profit (EBIT)



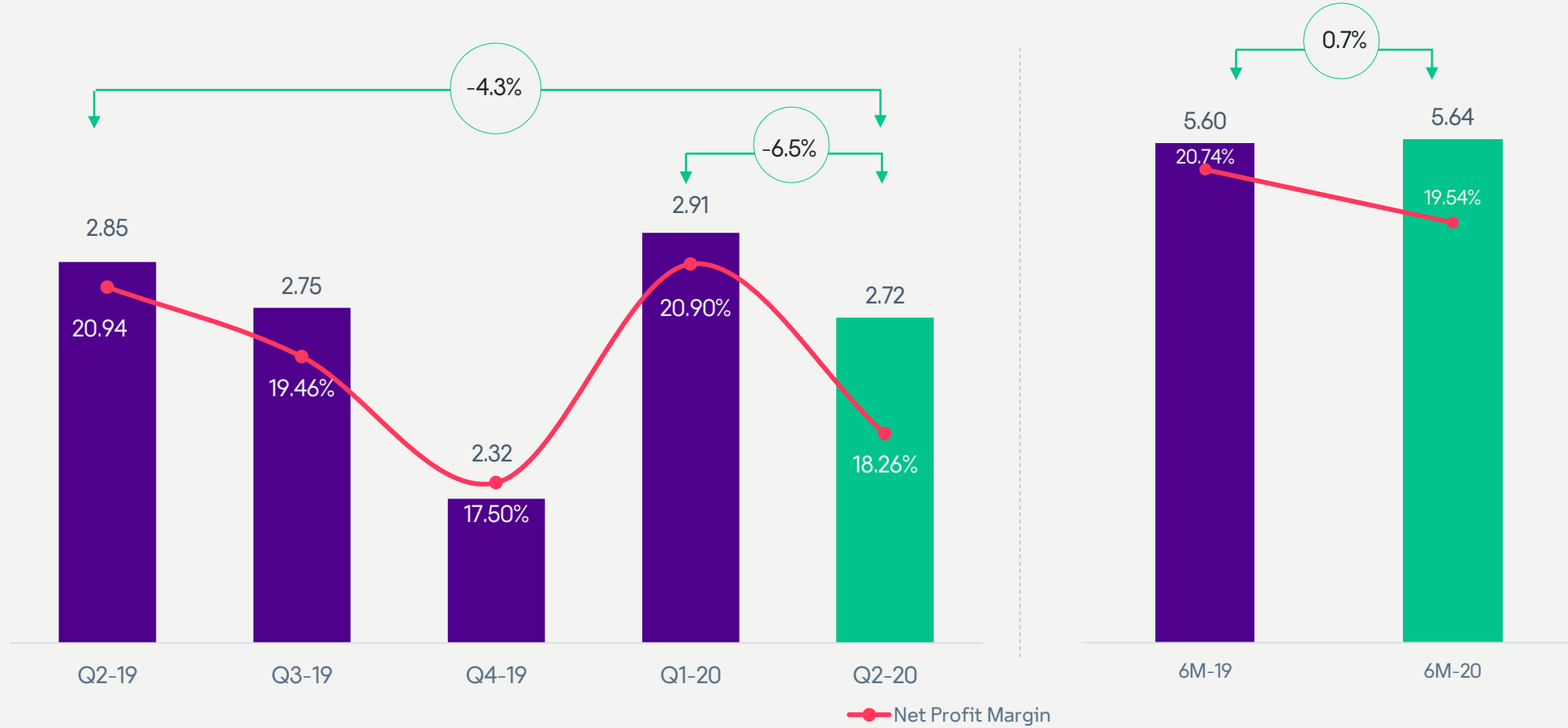
EBIT margin remains in line with Q1 2020 and better than Q4 2019

EBITDA

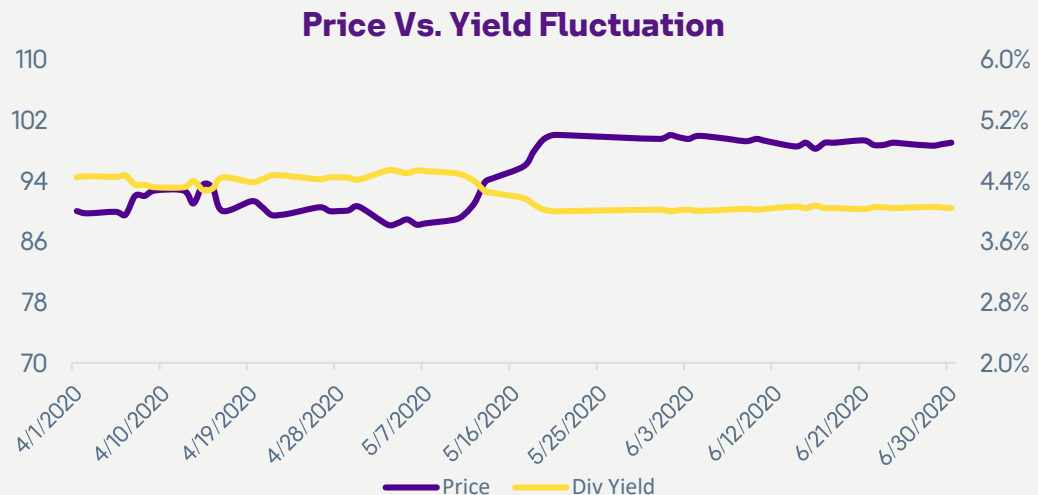


EBITDA as an absolute number is in line with previous quarters, however, the margins remain under pressure

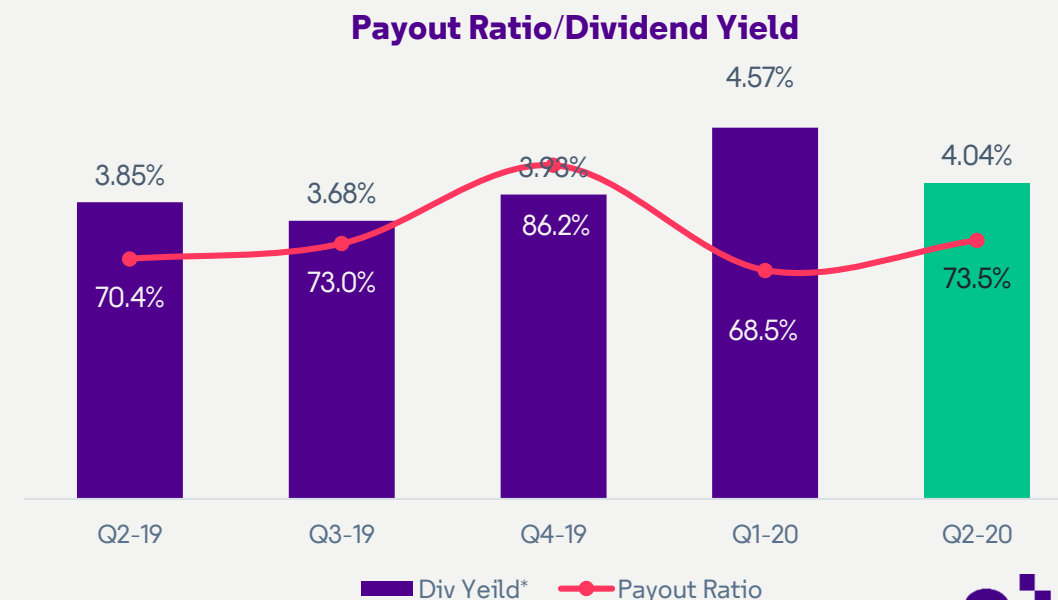
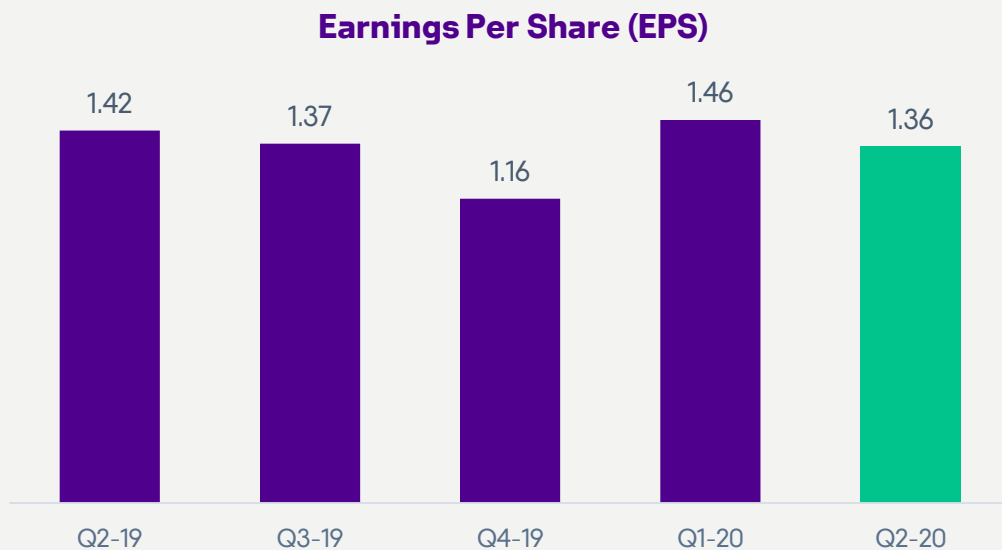
Net Profit



6M net profit remains at healthy level and within the range of the past 4 quarters' average



- stc commits to pay a fixed minimum dividend of a SR 1 per share per quarter. 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.



*Annualized Dividend



Thank You

