

IR Release

**Investor Relations
2021**

For the three months period and the year Ended 31 December 2020

stc

Financial Performance

For the three months and twelve months periods ended 31 December 2020

8.43%



Increase in revenue for the 12 month period

Credit
Rating

A-
S&P
A1
Moody's
AAA
Tasneef

Key Figures (SAR mn)
Revenue
Gross Profit
Gross Profit Margin
Operating Profit
Operating Profit Margin
EBITDA
EBITDA Margin
Net Profit
Net Income Margin
EPS

12M 2020	12M 2019	Change (%)
58,949	54,368	8.43%
33,997	32,391	4.96%
57.67%	59.58%	
12,816	12,480	2.69%
21.74%	22.95%	
22,175	21,265	4.28%
37.62%	39.11%	
11,085	10,665	3.94%
18.80%	19.62%	
5.54	5.33	

Key Figures (SAR mn)
Revenue
Gross Profit
Gross Profit Margin
Operating Profit
Operating Profit Margin
EBITDA
EBITDA Margin
Net Profit
Net Income Margin
EPS

Q4 2020	Q4 2019	Change (%)	Q3 2020	Change (%)
15,213	13,265	14.69%	14,881	2.23%
8,489	8,360	1.54%	8,971	(5.37%)
55.80%	63.02%		60.28%	
3,290	2,400	37.08%	3,460	(4.91%)
21.63%	18.09%		23.25%	
5,716	4,987	14.62%	5,788	(1.24%)
37.57%	37.60%		38.90%	
2,683	2,321	15.60%	2,766	(3.00%)
17.64%	17.50%		18.59%	
1.34	1.16		1.38	

CEO Statement

Commenting on these results, Eng. Nasser bin Sulaiman Al-Nasser, stc Group CEO, stated that the company has achieved the highest annual revenue in the past 8 years. This achievement was primarily due to the increased demand for stc's various services & products, and the company's ability to meet this demand promptly and efficiently, especially during COVID-19 pandemic. The Consumer Business Unit revenue has grown as a result of 27.5% increase in FTTH and 10.6% increase in broadband subscribers, in addition to a 9.0% increase in data revenue during the current period compared to the previous period (12M). Further, The Enterprise Business Unit revenue has also increased during the 12 months period, by 24.6%, due to the company's ability to provide the necessary support and innovative services to its customers in order to accelerate their digital infrastructure transformation. Despite the challenges faced by the Wholesale Business Unit due to the travel ban and its impact on international roaming revenues, Wholesale's revenue increased during this year as well. Moreover, the revenue generated by stc's subsidiaries grew by 13.8% during the current year, which contributed positively to achieving these results.

Mr. Al-Nasser also pointed out to stc's success as a digital enabler for the Saudi G20 presidency, where stc provided critical telecommunications and digital services for all meetings as well as expanding the 5G network by 130% to accommodate the increase in digital services during the G20 summit, which has concluded successfully.

Recently, the company launched 3 mega Data Centers in Riyadh, Jeddah and Al-Madina with the aim of enabling the digital transformation of the government and private sectors and strengthening the cloud infrastructure for the local digital economy in the fields of artificial intelligence, Internet of things and cloud computing, according to the Kingdom's Vision 2030 targets. Furthermore, the data centers were designed in accordance with the highest international standards, and they are a testament to the company's commitment to achieving its strategy "dare", and to bring about a major evolution of network architecture to enable the digital transformation in all cities within the Kingdom. Additionally, in order to enhance the infrastructure and accelerate the growth of the local digital economy, stc also signed a USD 500 million non-binding MoU to invest in the field of cloud services with Alibaba Cloud, the digital technology and artificial intelligence arm of the Alibaba Group.

Moreover, stc has been assigned with the highest grade credit rating by SIMAH Rating Agency, Tassnief, as "AAA" for long term and "T1" for short term. The assigned credit rating grade reflects the positive vision of SIMAH Rating Agency on stc, represented by its strategic plans and operational capability with the support of its high cash flows and revenue growth. In addition to the strength of its financial position and its credit indicators to meet any financing requirements in the future.

As a continuation of the company's achievements at the local and global fronts, stc Group was re-elected to take part in The Global System for Mobile Communications Association (GSMA) Board of Directors, following its victory in the elections comprising the world's 25 top and key telecommunications companies. stc is the first Saudi company to accomplish and maintain such achievement. In this respect, stc's election came in recognition of its position as a digital transformation leader, and reflects KSA's prominent influence on global and regional policy-making regulating the telecommunications sector, which comes in line with KSA's strategies and directions of the telecommunications sector, according to the Saudi Vision 2030.

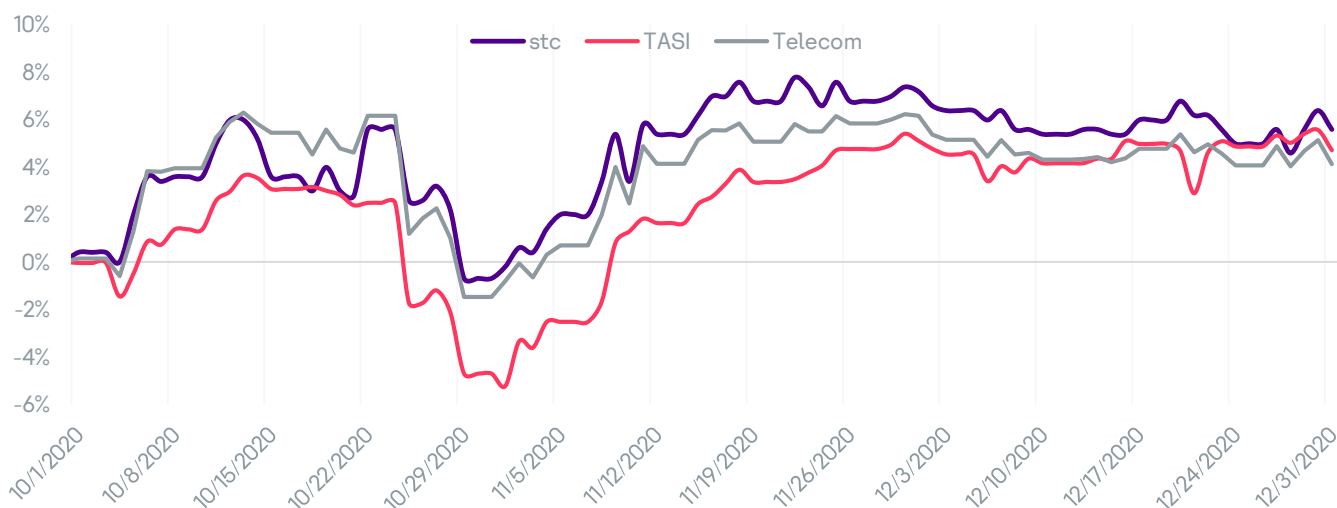
Lastly, as part of stc's strategy to support and develop the financial sector in the kingdom, stcPay signed an agreement with Western Union to sell an equity stake of 15% at a value of SAR 750 million (USD 200 million), where the proceeds will be used to develop the company and support its expansion plans.



Eng. Nasser Bin Sulaiman Al Nasser
Group Chief Executive Officer (GCEO)

Stock Performance

Q4 2020



Event Calendar

Q4 2020

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- **21st Oct:** Q3, 2020 Financial Results Announcement.
- **21st Oct:** Q3, 2020 Dividend Announcement.
- **29th Oct:** stc announced that it has assigned with the highest credit rating by SIMAH Rating Agency "Tassnief"

- **3rd Nov:** Attended BofA Global Research MENA Conference 2020.
- **18th Nov:** Q3, 2020 Dividends Distribution of SAR 1/Share.
- **22nd Nov:** stc announces a sale of equity stake in one of its subsidiaries.
- **23rd Nov:** Attended Arqam Capital Virtual MENA Investor Conference 2020.
- **29th Nov:** stc announced the result of purchase of its own shares allocated within the Employee Stock Incentive Plan.
- **29th Nov:** stc announced the resignation of the CEO

- No Events.

stc ranks most valuable brand, worth \$9.7 billion, according to BrandZ

stc ranked first in BrandZ's Top 30 Most Valuable Emirati and Saudi Brands 2020. At a virtual conference, stc was celebrated as the most valuable brand, with a value of \$9.7 billion. BrandZ stated that stc led the ranking given the company's strong position in the market and outstanding initiatives in the sector, including its efforts to empower and employ women.

stc and NVIDIA Team Up to Build KSA's First AI and Deep Learning Cloud Infrastructure

stc, a digital leader in the MENA region, 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.

stc and Nokia team up to operate Technology Innovation Center

stc has partnered with Nokia to jointly operate its Technology Innovation Center over the next five years. The center will allow the stc employees to interact with global subject matter experts from Nokia and its international partner network to create innovative services and products for end-users. The partnership will carry out several programs to strengthen stc's innovation mindset to develop truly innovative use cases and enhance engagement with entrepreneurs across the globe.

Solutions Licensed by the SFDA for Cold Chain Services

Solutions by stc has been qualified and certified as a company licensed by the Saudi Food & Drug Authority (SFDA) to provide Cold Chain services which include temperature and humidity monitoring services during the transport of food and medicines and at storage facilities. This license will provide the SFDA with digital control and the ability to use IoT technologies to achieve the highest safety standards during the transportation of all health and food products.

stc and Rakuten Mobile Sign a Memorandum of Understanding

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. With the signing of this MoU, stc and Rakuten Mobile aim to accelerate the delivery of mobile network services through the use of open technology that will facilitate and revolutionize wireless infrastructure.

Western Union acquires 15% of stc pay for \$200 million

Under the patronage of SAMA'S governor, stc Group announced an agreement with Western Union, a leader in cross-border, cross-currency money movement and payments, to sell a minority stake of up to 15% of the Saudi Digital Payment Company "stc pay" (a subsidiary company owned by stc Group 100%) to Western Union for up to \$200 million, equivalent to valuing 5 billion riyals of the company. Western Union's investment will be used to finance stc pay's capital and support long-term expansion plans.

stc announced appointment of group CEO

stc announced appointing Eng. Olayan M. Alwetaid as group CEO effective March 28th 2021. Eng. Olayan has more than 20 years of experience. He initially worked at Aramco then joined stc and has gradually worked his career within stc; Alwetaid is the Senior VP for Consumer sector, before that he was the CEO of stc Bahrain. He heads the Boards of Directors of several stc subsidiaries such as Channels, Intigral, and CCC. He is also the Vice Chairman of the BoD of stcpay and the chairman of several committees related to the mentioned Boards.

Launching 3 Mega Data Centers in Riyadh, Jeddah, and Al-Madina

stc has announced launching 3 Mega Data Centers in Riyadh, Jeddah and Al-Madina which aim to host telecommunications equipment and digital cloud infrastructure, offering higher availability, more flexibility and faster time to the customer. stc adopted Next Generation build technology through modular and prefabricated solutions, affirming business continuity and service uptime. It also enables stc to optimize future expansions with Grow-On-Demand technology and Quick-To-Market solutions.

stc gets "AAA" rating by Tassnief

stc has been assigned with the highest grade credit rating by SIMAH Rating Agency-Tassnief, licensed by the Capital Market Authority, with "AAA" for long-term and "T1" for short-term. The assigned credit rating grade reflects the positive vision of Tassnief on stc, represented by its strategic plans and operational capability, with the support of its high cash flows and revenue growth.

stc completes buyback of 2.98 mln shares at SAR 300 mln

stc completed the buyback of its shares allocated to the employees' stock incentive plan on Nov. 29, 2020, stc said in a statement to Tadawul. A total of 2.98 million shares, with an approximate value of SAR 300 million (SAR 100.58 per share) were bought back in one tranche.

stc Group announced investing around \$500 Million in cloud services

stc Group signed a non-binding MoU in regards to investing around \$500 Million in cloud services with eWTP Arabia Capital, one of the largest venture capital funds in the region, and Alibaba Cloud, the digital technology and intelligence backbone of Alibaba Group. Through this project, stc aims to reinforce digital infrastructure and to leverage the proven cloud-based technologies and services of Alibaba Cloud to accelerate the growth of local technology ecosystem, in alignment with its "DARE" strategy and Vision 2030 objectives.



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