

stc

Press Release

For the year ended 31st December 2022

Financial Performance

For the financial year ended 31st December 2022

7.02% ↑

Increase in revenue for the year ended 31st December 2022, compared to 2021

Key Figures (SAR mn)	2022	2021	Change (%)
Revenues	67,432	63,008	7.02%
Gross Profit	37,393	33,794	10.65%
Operating Profit	15,088	13,128	14.93%
EBITDA	25,079	22,841	9.80%
Net Profit	12,171	11,311	7.60%
EPS (in SAR)	2.44	2.27	

Credit Rating

- S&P: A-
- Moody's: A1
- Tasneef: AAA



The year 2022 witnessed a noteworthy success for stc Group at all fronts, as the Group, in line with its vision and strategy, has made initiatives and investments in various domains which resulted in achieving the highest revenues in stc group's history, reaching SAR 67 billion. The Group was able to grow its revenue by 7.0% compared to the year 2021, driven by the exceptional performance of the Enterprise business unit, which achieved a revenue growth of 8.9% due to the Group's keeping pace with the rapid technology development and digital transformation in the Kingdom. The Carrier & Wholesale unit was able to achieve positive results, as its revenue grew by 6.0%, supported by the increase in its National and International revenues by 8.3% and 5.1% (respectively). Furthermore, the Commercial unit revenues increased by 6.7%, attributed to the growth in mobility revenue by 7.9% (supported by an increase in the working lines by 6.6%), whereas the residential segment registered 0.9% revenue growth (aided by the increase in FTTH and fixed wireless access subscriber base by 1.5% and 20.2%, respectively). On the other side, revenues of stc Group's subsidiaries increased by 6.2% compared to the previous year.

Commenting on these results, Eng. Olyan Mohammed Alwetaid, stc Group CEO, stated that 2022 was a year of successes and achievements, as the Group delivered on many initiatives and investments that had a positive and clear impact on increasing and diversifying the Group's revenue through expanding its business in the Kingdom and the region, in addition to entering into promising and new domains. The Group sought to diversify its investments portfolio by launching a number of companies in the fields of cloud computing, internet of things and digital infrastructure. These investments are in line with the Kingdom's Vision 2030, which will contribute to strengthening the Kingdom's position as a main digital hub in the region and the world, and will support the Group's profitability and growth in a sustainable manner, and in line with the Group's vision and ambitious strategy (DARE 2.0).

Alwetaid went on to say that, stc's recent capital increase is considered one of the largest capital increases in the Saudi stock market. This increase aims to support the Group in achieving its strategy that aimed at expansion and growth, along with maximizing the return for its shareholders, by increasing and diversifying investments and seizing the expected growth opportunities in the telecommunications and information technology sectors in the kingdom and the region.

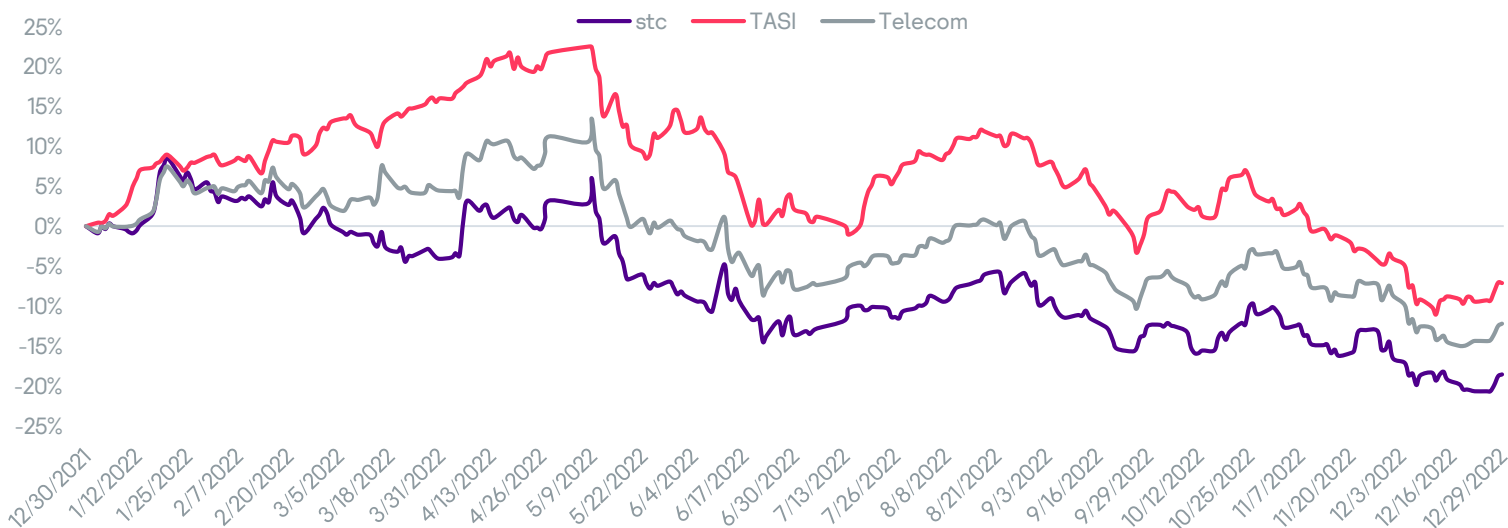
In light of the Group's role as a leading digital enabler in the kingdom and the region, stc Group announced that it has committed an additional \$300 million on top of its original \$500 million investment in STV, the largest independent technology investment firm in the MENA region. This additional investment reflects stc's future vision and its significant contribution to the digital transformation in Saudi Arabia and beyond, as well as, it deepens the Group focus on innovation and technological development in the Kingdom and the MENA region.

As a continuation of stc's leadership, the Group has succeeded in maintaining the first rank as the most valuable brand in the Middle East in the telecommunication sector for the third year in a row, according to Brand Finance's Global 500 2023 report. Over the last five years, the brand's value has increased by almost twofold, from \$6.2 billion in 2017 to \$12.3 billion in 2022. This achievement results from the brand's outstanding performance in maintaining its leadership position and enhancing its commercial strength in the Kingdom and the region.

Lastly, we are in stc Group as the leading digital enabler in the kingdom and the region and due to the infinite support provided to the communication and information technology sector by our visionary government, will continue to achieve our ambitious strategy (DARE 2.0) and seek to enable the digital transformation in various sectors and grow in new paths. The Group's diversified investments is a testimony of stc's commitment to its strategy and our aspiration to create an integrated digital system to enrich our customers' experience and contribute to achieving vision 2030 goals.

Stock Performance

FY 2022



Event Calendar

Q4 2022

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

- **10th & 11th Oct:** J.P. Morgan - Saudi Arabia Investment Forum.
- **24th Oct:** stc announced receiving a non-binding offer from the Public Investment Fund to acquire 51% of the shares of Telecommunications Towers Company (Tawal).
- **27th Oct:** Q3, 2022 Financial Results & Dividends Announcements

- **1st Nov:** BofA MENA Conference.
- **7th & 8th Nov:** GS 14th Annual CEEMEA 1x1 Conference.
- **10th Nov:** stc announced the signing of a binding offer with Arabian Internet and Communication Services Company (SOLUTIONS) to sell its entire 49% stake in Contact Center Company (CCC).
- **30th Nov:** stc announced the results of purchase of its own shares allocated within the Employee Stock Incentive Plan.

→ NA

Key News

A non-binding offer from PIF to acquire 51% of the shares of Tawal

stc group announced that it had received a non-binding offer from the Public Investment Fund (PIF) to buy 51% of Telecom Towers Company (TAWAL), which is completely owned by stc, with a total value of SAR 21.94 billion. Conspicuously, the offer is in line with the group's strategy to growth and expand by retaining stakes in value-added strategic assets across its subsidiaries, as well as benefiting from the return on these assets in development, expansion and capital recycling, for ensuring a healthy enhancement of the group's ability to invest in pioneering and diversified areas, in addition to maximizing the return on shareholder equity.

Employee Stock Incentive Plan

stc announced the completion of purchasing its shares allocated to the Employee Stock Incentive Plan on 29-11-2022, in accordance to the approval of the Extraordinary General Assembly meeting held on 30-8-2022, and its published results in Tadawul website on 31-8-2022. Accordingly, stc confirmed that it has completed the purchase of the required shares in one tranche only, and that no additional shares will be purchased during the specified purchase period.

A binding offer with Solutions by stc to sell the entire 49% stake in CCC

stc announced the signing of a binding offer with Arabian Internet and Communication Services Company (solutions by stc) on 10-11-2022 to sell its entire 49% stake in Contact Center Company (CCC) for cash consideration. The 100% Enterprise Value amounts to SAR 450 million, on cash free and debt free basis.

iot squared & Dahua Technology Partnership to Advance Digital Transformation

iot squared, the region's leading IoT player, and Dahua Technology, a world-leading video-centric smart IoT solution and service provider, signed a new partnership agreement to advance digital transformation in the Kingdom in support of Vision 2030. The agreement which was signed at the iot squared headquarters in Riyadh, will see the two tech companies collaborate to enrich IoT security and develop new smart surveillance offerings for smart cities. Committed to delivering cutting-edge IoT solutions to governments, enterprises, and SMEs, this latest partnership is part of iot squared's broader efforts to enable a 'Connected Kingdom' by supporting the development of Saudi Arabia's IoT ecosystem across three verticals: public sector, logistics, and Industry 4.0.

stc & STV with an additional \$300m investment by stc

stc announced during the sixth Future Investment Initiative (FII) that it has committed an additional \$300m on top of its original \$500m to STV, the largest independent technology investment firm in the Middle East and North Africa (MENA). The investment comes to further fuel STV's mission of backing and scaling the region's digital champions. STV recently projected that MENA is poised to create 45 unicorns by 2030, presenting a \$100b value opportunity to be unlocked through local IPOs. STV believes that its first fund will capture a significant part of this accelerating unicorn creation on the back of its investment in champions across sectors that are growing rapidly. STV has already made its mark as a top quartile emerging markets VC investor and a driving force behind innovation in MENA.

stc & Nokia pave the way towards a greener future and net zero emissions

stc and Nokia signed a Memorandum of Understanding (MoU) to collaborate in four areas characterized by climate, society, digitalization, and future of work, aiming to reduce carbon emissions and promote sustainable practices. As part of this collaboration, stc is deploying several solutions from Nokia, including a 5G Air-Scale Baseband unit, plugin card with Nokia Reefshark chipset, EdenNet SON Energy Saving Management module and 5G software structures, that help to bring down the energy consumption. The deployment of baseband plugin card helps stc save 805 MWh energy and brings CO2 emissions down by 570 tons annually.

Launch of Center3

stc Group inaugurated one of its largest and significant projects, Center3 Company, the digital regional center for the Middle East and North Africa. The new company will be the owner of the digital infrastructure assets owned by stc group, including data centers, submarine cables, international points of presence, and internet exchange points. Center3 will be a group of carrier-neutral data centers and a provider of international communication for the telecommunications sector through a submarine fiber-optic network. It aims to develop digital businesses and enhance investment opportunities in international communication services and data centers by providing the latest communication and hosting technologies and raising the capacity of data centers to meet the needs of the markets across Asia, Europe, Africa, and the rest of the world.

stc & SkyFive sign MoU to introduce broadband inflight connectivity

stc Group and SkyFive Arabia announced the signing of a MoU to introduce inflight connectivity (IFC) through A2G-based solutions to airlines in Saudi Arabia. With plans to further expand across the entire MENA region in the near future, the partnership will deliver unparalleled connectivity that will enrich passengers' travel experience. Through the MoU, stc aims to contribute towards the Kingdom's digital transformation while providing unrivaled connectivity, be it on the ground or in-air. Inflight connectivity through A2G-based solutions will enhance airline passengers' experience, who will benefit from access to high-speed connectivity, allowing them to experience high-quality (up to 4K) video-streaming, web browsing, and social media usage.

iot squared signs MoU with Rockwell Automation

iot squared, have signed a Memorandum of Understanding (MoU) with Rockwell Automation, the world's largest company dedicated to industrial automation and digital transformation. The collaboration aims to enhance cooperation in the field of information and communication technology and Internet of Things (IoT) services in the Kingdom of Saudi Arabia, which will further strengthen the Industry 4.0 ecosystem, in line with the Kingdom's Vision 2030.

Disclaimer

Saudi Telecom Company (**stc**) has prepared this presentation to the best of its abilities, however, no warranty or representation, express or implied is made as to the adequacy, correctness, completeness or accuracy of any numbers, statements, opinions, estimates, or other information contained in this presentation.

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 **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. The information contained in this presentation is subject to change and we disclaim any obligation to update you of any such changes, particularly those pertaining to the forward-looking statements. 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.

Moving the World
for  ward

Investor Relations Department

 : IRU@stc.com.sa

 : <https://www.stc.com.sa/content/stcgroupwebsite/sa/en/investors.html>

