

Earnings Release

Kuwait Telecommunications Company K.S.C.P.

Full Year- 2019
For the Full Year Ended 31 December 2019



stc's financial results

For the full year ended 31 December 2019

Kuwait Telecommunications Company (**stc**), a world-class digital leader providing innovative services and platforms to customers and enabling the digital transformation in Kuwait, and a subsidiary of **stc** Group, announced its financial results for the year ended 31 December 2019; whereby **stc**'s revenues reached KD 293.7 million, while the net profit reached KD 43.6 million.

stc's financial results for the year ended 31 December 2019 reflect the effectiveness of the company's strategy in delivering outstanding results despite the increased competition.

These results also reflect **stc**'s focus on achieving outstanding customer experience, high quality of services as well as innovative promotions and solutions to meet customers' needs and aspirations. **stc**'s services and solutions are inspired by customers' confidence which motivates us to provide the best services with the highest possible quality.

Key Figures & Ratios	FY-2018	FY-2019	Change
Subscribers (Mn)	2.15	2.0	-7.1%
Revenue (KD Mn)	287.9	293.7	+2.0%
EBITDA	77.8	82.4	+5.9%
EBITDA Margin (%)	27%	28%	+1.0 pt.
Net Profit (KD Mn)	50.4	43.6	-13.5%
Net Profit Margin (%)	17.5%	15%	-2.7 pt.
EPS (Fils)	101	87	-13.5%
Equity (KD Mn)	192.0	215.4	+12%
BVPS (Fils)	384	431	+12%

Key Financial Highlights

- **stc**'s revenue grew by 2.0% during the year ended 31 December 2019 to reach KD 293.7 million as compared to KD 287.9 million recorded in 2018.
- On a quarterly basis, **stc**'s revenues reached KD 78.1 million in Q4-19 compared to KD 76.1 million in Q3-19 with growth of 2.6%, while the net profit in Q4-19 increased to KD 12.0 million compared to 11.7 million in Q3-19.
- EBITDA recorded a growth of 5.9% to reach KD 82.4 million during the year ended 31 December 2019 compared to KD 77.8 million in 2018.
- EBITDA Margin reached 28% during the year ended 31 December 2019 compared to 27% in 2018.
- The net profit reached KD 43.6 million (earning per share 87 fils) during the year ended 31 December 2019 as compared to KD 50.4 million (earning per share 101 fils) recorded in 2018.
- Shareholders' equity reached KD 215.4 million at the end of December 2019 with a growth rate of 12% compared to KD 192.0 million at the end of December 2018. **stc**'s customers' reached 2.0 million by end of December 2019.
- The Board of Directors has recommended distributing cash dividends of 50 fils among the shareholders representing 50% of the share's nominal value for the year ended 2019 subject to the approval of the Ordinary General Assembly of the company.

CEO Statement

Commenting on the announcement of these financial results, Eng. Maziad Al Harbi – **stc**'s Chief Executive Officer – stated: "company's financial results for the year ended 31 December 2019 witnessed a growth, were **stc** managed to achieve revenues of KD 293.7 mn compared to KD 287.9 mn during the last year, with a percentage growth of 2%. In 2019, **stc**'s EBITDA recorded a growth of 6% to reach a KD 82.4 mn compared to KD 77.8 mn for the same period in 2018. Meanwhile, EBITDA margin reached 28% in 2019 compared to 27% in 2018. As a result, **stc** achieved a net profit of KD 43.6 mn (earnings per share of 87 fils) in 2019 with a profit margin of 15%.

These positive results have been achieved despite the continued competition in Kuwait's Telecommunications sector - one of the most competitive markets in the region - where **stc** has achieved high levels of revenue in addition to enhancing the operational efficiency in order to help creating value for its customers and better returns for its shareholders. **stc** has achieved these results by implementing the digital transformation strategy and offering integrated technology solutions to its customers, individuals and enterprises. **stc** has also driven its business operations into new areas of sustainable growth, through a series of innovative initiatives aimed at improving operational efficiency, improving customer experience, as well as delivering the best services and products to meet their customers' needs. Furthermore, and in addition to investing in the advanced 5G infrastructure, the company has the largest 5G network with 100% coverage of the populated areas at the end of 2019. Moreover, **stc**'s customer base has reached 2.0 mn customers at the end of December 2019".

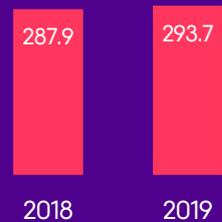
Al Harbi added: "**stc**'s financial results reflected its capability to compete and enhance its position as the second greatest telecom operator in the Kuwaiti Telecom market in terms of its market share of revenue. Due to its secure and stable financial policy, **stc** continued to implement the cost optimization program that was adopted by the company during the previous year in order to achieve the best results, which will, in turn, enhance company's profitability through adopting a balanced and effective financial policy in the operational and capital expenditures. Shedding the light on company's financial position as of 31 December 2019, company's total assets reached KD 391.1 mn where total shareholders' equity reached KD 215.4 mn, with a book value of 431 Kuwaiti fils per share. In addition, **stc** has a strong financial solvency position, which is considered one of the best amongst the telecom companies across the Middle East. Meanwhile, **stc**'s Board of Directors has recommended distributing cash dividends to respective shareholders of 50 fils representing 50% of the share's nominal value for the year ended 2019, subject to company's Ordinary General Assembly's approval".

Al Harbi concluded, "2019 has marked an exceptional number of achievements for **stc**. We have successfully launched our new brand '**stc**' and the 5G services commercially nationwide. **stc** has also launched the "Let's go further" campaign which involves introducing company's new concept and strategy of boosting digital services, offering new innovative digital solutions and enhanced service offerings that go beyond the traditional telecom services. This campaign also aims to enrich the customer experience, create additional communication channels and a dynamic approach that is dedicated to catering with customers' needs. The campaign also highlights implementing innovative services and products offerings in order to elevate the Company to obtain and retain its leading position in the market. Furthermore, acquiring 100% of the share capital of Qualitynet – the Internet Service Provider General Trading and Contracting Company in Kuwait – is considered one of the extraordinary achievements of **stc** during 2019. In light with the ongoing changes in the global economic markets, and the increasing competitiveness in providing leading services in domestic as well as regional digital communications and services, **stc** has made every effort to enhance the efficiency of its business model and operations, adding value to all stakeholders, including customers, investors and shareholders. In this regard, **stc** has been working on offering a number of unique as well as innovative products and services, thus supporting its current position as a leader in the Kuwaiti Telecom market".



Eng. Maziad Al Harbi
Chief Executive Officer

Revenue (KD Mn)



EBITDA (KD Mn)

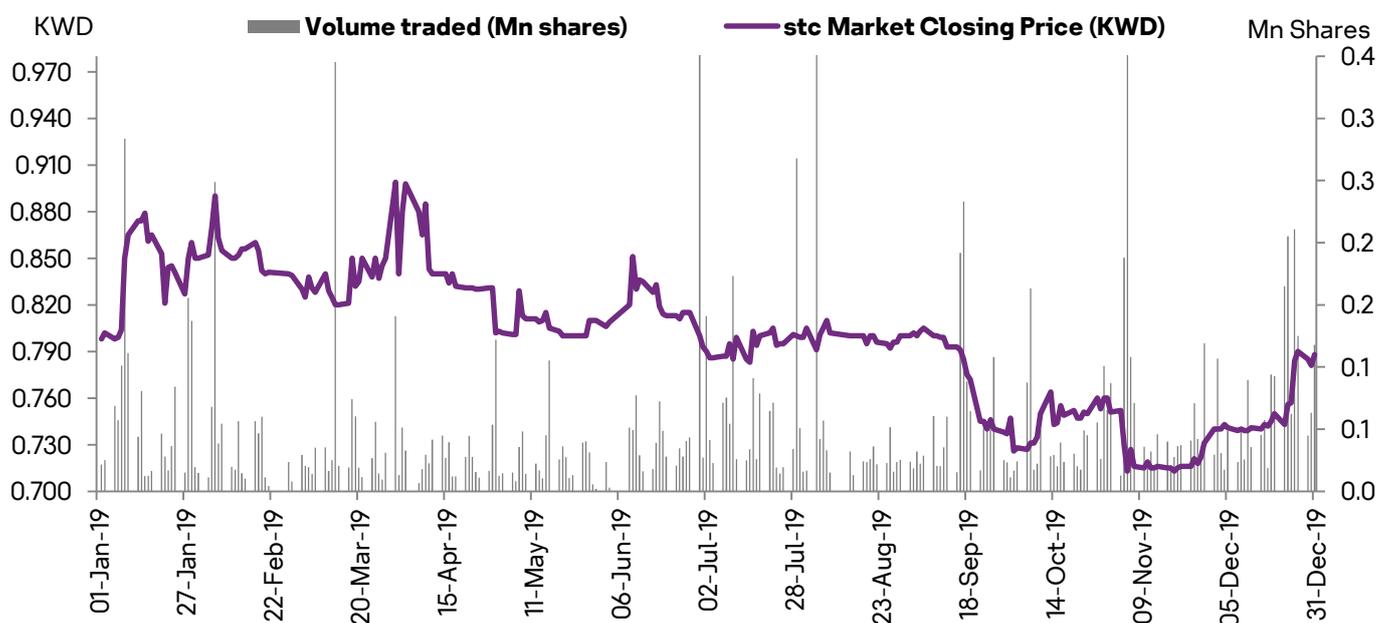


Net Profit (KD Mn)



YTD-2019 Stock

Performance and Indicators



Closing Price (KD)	High Price (KD)	Low Price (KD)	Volume Traded (Mn Shares)	Value Traded (KD Mn)	Number of Deals	Share Turnover (%)	YTD-2019 Return (%)
0.788	0.899	0.705	13.13	10.10	8,707	2.63%	-1.5%

Source: Boursa Kuwait,

Note: Data provided in the above table as of 31 December 2019.

About stc

Kuwait Telecommunications Company (**stc**), is a leading brand in the telecommunications industry established in December 2008 as a subsidiary of **stc** Group, the world-class digital leader, providing innovative services and platforms, and enabling the digital transformation of the region. With a share capital of KD 50 million, **stc** was listed on the Boursa Kuwait in December 2014. In 2019, **stc** has acquired 100% of the share capital of Qualitynet General Trading and Contracting Company - the leading Internet Service Provider in Kuwait.

stc strives to provide its customers, both consumers and enterprise (**stc** business), with a unique pool of products and services that satisfy their aspirations and cater to their needs. **stc** offers numerous opportunities in the fields of telecommunications, entertainment, information, digital and data transfer services, and delivers the best customer experience around the clock.

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