

Chief Financial Officer's Review



Mr. Khalid Fahad Almayouf
Chief Financial Officer

“We are committed to ensuring that every investment we make drives value and supports our long-term growth. We are also keen to foster greater transparency with the investment community and align our financial strategy with the most prominent factors of operational excellence to thrive our operations and ensure long-term success for stc and all our stakeholders.”

In 2024, Kuwait Telecommunications Company (**stc**) marked another year of resiliency and strength in a rapidly evolving telecommunications landscape. This year's financial performance is a testament to our solid financial infrastructure, prudent decision-making, and commitment to a forward-looking strategy that drives our sustainable growth. **stc** is keen to constantly update its prudent financial plan in line with its corporate strategy as well as short and long term strategic plans in addition to taking into consideration the company's ability to capture investment opportunities.

I am pleased to present the financial and strategic highlights of 2024, a year marked by significant achievements and steady progress towards our long-term objectives. Our ability to innovate, expand, and adapt has enabled us to deliver value in a highly competitive market, all while ensuring operational efficiency and maintaining a strong financial position.

With an eye on the future, we have always seized suitable opportunities to embrace new technologies, optimize costs, and invest in the core as well as key growth areas, particularly in the Consumer sector, digitization as well as the Enterprise and ICT sectors. Our results reflect the success of these initiatives and the relentless dedication of our team to faithfully execute our corporate strategy.

During 2024, **stc** was upgraded from the Main Market to the Premier Market on Boursa Kuwait, representing a key milestone in our journey as a listed company. Underscoring our commitment to governance excellence and transparency, this promotion reflects the increasing confidence of both local and foreign investors in **stc**'s financial strength and future prospects, as we continue to meet the highest standards of corporate governance and investor relations. Not to mention that **stc** was also able to maintain our position in the MSCI and FTSE global stock indexes in 2024, confirming its continued attractiveness to investors internationally.

Driven by the **stc**'s refreshed strategy, “re.a.c.h”, which was developed during the fourth quarter of 2024 and that focuses on quality growth, we are keen to invest and allocate the Company's capital to best serve its mission, vision, business operations and business expansion. The key pillars of “re.a.c.h.” strategy is illustrated in strengthening the portfolio of the Consumer sector, expanding our operations in the Enterprise sector, creating an unparalleled experience, promoting market development and achieving business excellence. This, in turn, is aimed at achieving **stc**'s strategic objectives, as well as short and long business plans, positioning the Company for further growth and value creation for all stakeholders.

Revenue growth of 2.8% by strengthening strategic partnerships and providing better services and products to customers

Financial Performance

stc's financial results in 2024 showcase our ability to achieve growth while managing external pressures and competitive dynamics in the telecom sector. Through effective financial planning and disciplined resource allocation, we realized good results across key financial metrics, with total revenues of KD 336.5 mn in 2024, representing a growth rate of 2.8% compared to the previous year. **stc**'s Revenue is comprised of the Consumer Sector which makes up to 76% of the company's total revenue, and the Enterprise Sector revenues which accounts for 24% of total revenue, highlighting a well-balanced revenue mix for the financial year ended December 31, 2024.

stc also achieved good levels of EBITDA, which increased by 0.3% from last year reaching KD 85.3 mn in 2024, with an EBITDA margin of 25.3%. This improvement is driven by the ongoing optimization of our revenue

mix, coupled with the realization of synergies across our subsidiaries.

Net profit reached KD 314 million (earnings per share 31 fils) in the financial year ended December 31, 2024, compared with KD 327 mn (earnings per share 33 fils) in 2023. This decrease is attributed to our Early Retirement Plan (ERP) of 19 mn. Excluding the non-recurring expenses related to the early retirement plan, the net profit for 2024 amounts to approximately KD 33.3 mn, achieving a growth rate of 18% compared to 2023.

Efficient investments to enhance 5G infrastructure resulted from its prudent financial strategy

This performance reflects our commitment to sustainable growth and value creation, positioning the Company to continue delivering strong returns to shareholders

	2023	2024
Total Revenue (KD mn.)	3274	336.5
EBITDA (KD mn.)	85.1	85.3

while reinforcing our operational resilience. In line with our strategic focus on innovation and infrastructure development, **stc**'s capital expenditure reached KWD 392 million, representing 11.6% of total revenues for 2024, compared to KWD 28.1 million, representing 8.6% of total revenues for 2023. The rise in capital expenditure is mainly due to the preparation of launching the advanced 5G technology during 2025. These investments have contributed mainly to enhancing 5G service infrastructure and our in-house capabilities, as well as supporting the company's digital transformation goals.

Meanwhile, **stc**'s total assets reached KD 462.2 mn in 2024. Shareholders' equity reached

KD 240.5 mn, with a book value of 241 fils per share, reflecting the strength of our financial position. Furthermore, we maintained a low debt-to-equity ratio of 0.07%, underscoring our disciplined approach to capital management and strong solvency position within the telecom industry.

The successful execution of our "LEAD" strategy, introduced in 2023, has been instrumental in driving these results. By focusing on digital transformation, expanding our service offerings, optimizing operations, and targeting high-potential growth and market segments, **stc** has maintained a competitive edge in the market. Our continued focus on cost management and operational efficiency has allowed us to sustain robust margins and ensure the Company's resilience in the face of fluctuating market conditions.

Strategic Progress and Market Leadership

Since inception, **stc** has performed regular reviews and refinements to our financial strategy in order to facilitate the strategic

allocation of key resources. This, in turn, served to enhance **stc**'s services, maintain our leading position in the telecom industry, help the Company to cater to customers' needs, and build value for our shareholders.

Throughout 2024, **stc** made significant strides in advancing our 5G network, expanding digital and ICT internal capabilities, redesigning our operating model for enhanced flexibility, executing strategic projects, driving operational efficiency, and enhancing profitability. This was supported by **stc**'s subsidiaries, which played a key role in bolstering our market position, offering comprehensive ICT services and integrated technical solutions to both our enterprise and

stc and the Investment Community

stc continues to promote transparency in its engagement with its current and potential investors in order to embrace global best practices in investor relations and apply corporate governance principles throughout its activities. This has reflected positively on its relationship with the investment community over the past years, where it has managed to maintain effective communication with investors despite economic challenges and potential risks. **stc** is also committed to leveraging digital platforms and different communication channels to serve the investor community and the company's shareholders, believing in the importance of maintaining clear and open communication channels that accurately reflect its position in the market, highlighting its competitive advantages and the effectiveness of its corporate strategy. In addition, **stc** is keen to inform investors about its financial and operational performance, as one of the key requirements for its upgrade to the premier market on Boursa Kuwait. Accordingly, **stc** held four earnings calls in 2024 to update investors and analysts on the latest financial and operational developments.

Moving Forward

As we look into the future, **stc** remains firmly committed to driving digital transformation and capitalizing on new opportunities in the telecom and ICT sectors. Our financial strategy will continue to focus on innovation, efficiency, and customer-centricity, ensuring that we remain at the forefront of the industry. In the year ahead, and following CITRA's direction to launch 5G advanced in 2025, **stc** is determined to invest heavily in our 5G infrastructure to accelerate growth and enhance market share. With a healthy financial position, strong capital allocation, and clear strategic direction, **stc** is well-positioned to navigate the evolving market landscape and explore

rising opportunities, execute strategic partnerships, while contributing to the national vision and the digital economy. It is worth highlighting the crucial role of our sustainability initiatives in strengthening the company's financial performance, enhancing risk management, and improving operational efficiency. These efforts support long-term strategic planning and ensure sustained financial stability. We are confident that our proactive approach and commitment to sustainable growth will continue to drive positive outcomes for our shareholders and stakeholders, as we build on our efforts of 2024 and beyond.