

## Investment Case

telecommunications, digitization and ICT services, **stc** presents a compelling investment opportunity with reliable returns and sustainable growth potential. Supported by our forward-thinking vision aimed at shaping the future, providing innovative products and best-in-class services, fostering an empowering and thriving culture as well as sustaining our competitive market positioning, **stc** stands out as a leading telecom operator in the GCC, with a key role in driving Kuwait's digital transformation and delivering a comprehensive range of quality services and solutions to individuals and enterprises.

## Investment Pillars

### Delivering strategic growth in a competitive market

- **stc's** ongoing strategy refresh is designed to excel in quality growth
- **stc** revenues grew by 2.8% in FY-2024 to reach KD 336.5 mn compared to KD 327.4 mn in FY-2023.
- EBITDA grew by 0.3% in FY-2024 to reach KD 85.3 mn compared to KD 85.1 mn in FY-2023.
- **stc's** dividends per share showed a growth trajectory since 2016 as a commitment to create a long-term value to shareholders. In FY-2024, **stc's** board of directors recommended the distribution of 35 fils per share for shareholders, subject to the AGM's approval.
- **stc's** upgrade to the Premier Market at Boursa Kuwait in 2024 solidifies its position among Kuwait's top-tier companies, increasing its visibility and attractiveness to institutional investor.

### Leading brand name and outstanding technical capabilities

- **stc** Group brand name ranked 1st as the most valuable telecom brand in the Middle East.
- **stc** leverages on its parent company's (**stc** group) digital and technical capabilities through finding synergies between the two companies and their subsidiaries.
- **stc** possesses strong technical capabilities including its solid network and 5G infrastructure, cloud & data services, cybersecurity, IoT, BPO, smart solutions, integrated technical solutions, digital transformation and innovation.
- **stc** continues to support its employees and strengthen loyalty amongst outstanding talent through offering training programs reaching 1,459 training hours in 2024 in addition to adopting the flexible working hours and encouraging employees to work from home by offering 10 working days a year.
- **stc** continues to support its employees and strengthen loyalty amongst outstanding talent through utilizing its treasury shares as stock options that can be exercised by employees

- **stc** ranked 1<sup>st</sup> as the ideal employer of choice in Kuwait for Information Technology and Engineering professionals, by Universum for Information Technology and Engineering professionals.

### Robust financial position and sustainable profitability

- **stc's** revamped and resilient operating model is a pivotal element in building the company's strong solvency and cash flow position. **stc's** cash, bank balances and deposits reached KD 56.6 mn at the end of FY-2024.
- **stc** generates stable revenue and sustainable profits was validated throughout the most adverse economic conditions and market turbulence. **stc's** revenue reached KD 336.5 million in 2024.
- Flexibility to undertake organic and inorganic investments as well as generate strong shareholders returns through offering a sustainable dividend with elevated payout ratio reaching 113% in 2024.

### Opportunities in digital, ICT and data services

- 5G coverage of 100% of Kuwait's populated areas
- Growing demand on digitization and technical solutions, especially in the enterprise sector, especially government entities with their automation processes and systems.
- New streams of revenue to include the ISP and ICT sectors in addition to the traditional telecommunication services where the B2B revenues reached 24% of **stc's** total revenue in 2024.
- **stc** provides non-core services for the Consumer segment such as Insurtech and digital E-vouchers.

### Strong sustainability commitment and focus

- Developed and launched comprehensive sustainability framework and program, with 1<sup>st</sup> standalone sustainability report was published during Q4-2024.
- Strategic Partnerships with government entities, suppliers, and industry leaders to enhance sustainability impact.
- **stc** continues to support the young Kuwaiti professionals and empowers them to play a key role in the country's digital economic future through launching the Talent Incubation Program (TIP) in 2024.
- **stc** maintains various ISO Certifications across various fields, aligning with the company's ongoing commitment to enhancing the quality and level of services it provides to its valued customers. The ISO standards include:
  - ISO 9001:2015 (QMS)
  - ISO 14001:2015 (EMS)
  - ISO 27001:2022 (ISMS)
  - ISO 20000-1:2018 (ITSMS)
  - ISO 22301:2019 (BCMS)
  - ISO 31000:2018 (RM)
  - ISO 37301:2021 (CMS)

### Strategic M&A and Partnerships to accelerate growth

- **stc** acquired 100% of the share capital of (Qualitynet) **solutions by stc** in 2019
- **stc** acquired 100% of the share capital of e-Portal Holding Company and its subsidiaries in 2022
- **stc** executed a number of strategic partnerships through its B2B specialized arms including to provide cloud, system integration and cybersecurity services to the enterprise segment.