

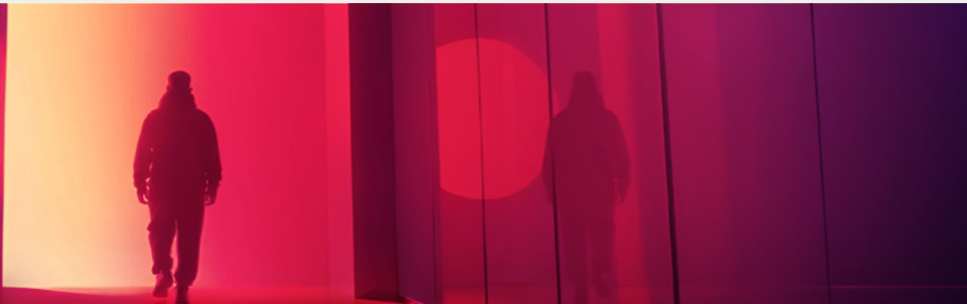
# Investment Case

Driven by the company's "r.e.a.c.h." corporate strategy, which was designed to deliver quality growth, stc offers a compelling opportunity due to its competitive market position in enabling communication infrastructure, expanding mobile and internet penetration, accelerating digital transformation, advancing market revolution, and capitalizing on emerging technologies such as 5G advanced, Internet of Things (IoT), ICT, as well as cloud services. stc's strategic direction reinforces differentiation and value creation through the advancement in digital services, AI, and connectivity which represent the backbone of the global community.

stc boasts a strong market presence, robust revenue streams from diversified services beyond the core telecom services, as well as significant

investments in network modernization, positioning it well to capture growth in data consumption and digital transformation across both consumer and enterprise segments. Additionally, stc's stable cash flows and flexible business model offer resilience against economic volatility, while strategic partnerships, wise investments and innovation initiatives provide upside potential.

Given these factors, stc stands out as a leading telecom operator in the GCC, with a key role in driving Kuwait's digital transformation and presents an attractive risk-reward profile for investors seeking exposure to the telecom sector, given its evolving nature, that is poised for sustainable long-term growth and reliable returns.



## Kuwait's Macroeconomic Environment

Kuwait's economy has returned to positive growth in 2025, with real GDP expanding by around 2.6% following a period of contraction in recent years. This recovery is largely driven by higher oil production after the unwinding of OPEC+ output cuts alongside continued non-oil growth, which expanded by around 2.7% in 2025. Growth is expected to continue into 2026 at around 3.8% as both oil and non-oil sectors strengthen.

Inflation is moderating, with headline CPI expected around 2.2–2.4% in 2025–2026, reflecting easing price pressures after higher rates in earlier years.

(source: IMF)

## Telecommunication sector in Kuwait

The telecommunications sector in Kuwait continues to demonstrate robust growth, driven by strong demand for mobile, internet, and digital services. With mobile penetration exceeding 100% and rapid adoption of next-generation technologies such as 5G and IoT, the sector plays a pivotal role in supporting the country's digital transformation. There is increasing demand for value-added services, cloud solutions, and ICT infrastructure, as businesses and consumers embrace digitalization across finance, education, and government services. The sector's expansion is further fueled by high-quality network investments, competitive offerings, and the growing importance of AI driven investments and e-government services, positioning Kuwait as one of the most advanced telecommunications markets in the region.

## Investment Pillars



### Diversified portfolio with potential growth trajectories

- stc's emphasis on quality growth as a strategic pillar to elevate its portfolio of advanced products and innovative business solutions.
- Solid revenue mix from providing diversified products, integrated services, and innovative business solutions to the consumer and enterprise segments, amounting to KD 342.5 mn in 2025 with a growth of 1.8% compared to 2024, representing its highest level since inception.
- Continuous focus on elevating the core telecom services, where the consumer revenue segment represented 78% of total revenue in 2025 compared to 76% in 2024.
- EBITDA grew by 9.6% in FY-2025 to reach KD 93.5 mn compared to KD 85.3 mn in FY-2024.



### Enhance value for shareholders and potential investors

- stc's dividends per share shows a growth trajectory since 2016 as a commitment to create long-term value for shareholders. In FY-2025, stc's board of directors recommended the distribution of 38 fils per share for shareholders, subject to the AGM's approval.
- stc's upgrade to the Premier Market at Bursa Kuwait in 2024 solidifies its position among Kuwait's top-tier companies, increasing its visibility and attractiveness to institutional investors.
- stc's listing in international indices such as FTSE and MSCI plays a critical role in strengthening the company's visibility, transparency, liquidity, and credibility.



## Unlocking potentials in digital, AI, ICT, and data services

- The launch of the 5G advanced network serves as a bridge between traditional 5G and the future 6G, adding substantial enhancements to performance, efficiency, and new capabilities.
- Growing demand on AI, digitization and technical solutions, especially in the enterprise sector and government entities in respect of their automation processes and systems.
- stc has successfully diversified its revenue base beyond traditional telecommunication services, with established contributions from the ISP and ICT sectors. In 2025, B2B revenues accounted for 22% of total revenue, underscoring the company's strategic shift toward integrated digital solutions.
- stc complements its core offerings with consumer-focused non-core services such as Insurtech and digital e-vouchers, over the top (OTT), and direct career billing (DCB) services supporting its broader digital lifestyle strategy.
- stc continues to invest in and actively manage its 5G infrastructure to support the growth and quality of its consumer services, value-added services, and ICT offerings. Through the latest launch of 5G Advanced as well as ongoing network expansion, optimization, and capacity enhancement, the company ensures high performance, reliability, and low latency, enabling superior customer experiences across mobile connectivity, digital applications, and advanced enterprise solutions.
- It delivers an agile and flexible AI enhanced operating model to enhance data access and security, upskill existing teams, and facilitate AI tools and learning systems in addition to identifying roles and responsibilities.
- It is also leveraging AI into stc's internal operations to boost efficiency, reduce costs, and enrich customer experience, including, but not limited to, website chatbots, business analysis, and decision-making process.



## Strengthen and elevate stc Kuwait brand-positioning locally and regionally

- stc Group brand name ranked 1st as the most valuable telecom brand in the Middle East.
- As part of the wider stc Group, stc Kuwait leverages the Group's digital and technical capabilities by creating synergies across affiliated entities and subsidiaries.
- stc focuses on creating differentiated experience in the local market to maximize value creation and establish a more prominent and influential presence in the local area.
- stc's operational expansion to provide beyond the telecom core services in Kuwait is vital to increase confidence, attract talent management, and world-class corporate culture.
- stc possesses strong technical capabilities including its solid network and 5G infrastructure, cloud & data services, cybersecurity, IoT, business process outsourcing (BPO), smart solutions, integrated technical solutions, and digital transformation and innovation.
- stc continues to support its employees and strengthen loyalty amongst outstanding talent in its efforts to become Kuwait's "Employer of Choice" across various fields as part of its human resources focus on Talent and Employer Branding. In 2025, stc offered 1,320 training hours in addition to making favorable adjustments to its flexible working hours and work-from-home policy.
- stc continues to support its employees and strengthen loyalty amongst this talent through utilizing its treasury shares as stock options that can be exercised by employees.



## Customer Experience and Process Excellence

- stc continued to place customers at the center of its transformation agenda in 2025, linking customer experience initiatives with a more disciplined approach to Business Process Management. By treating journeys and processes as integrated value streams, stc aims to deliver faster, simpler, and more reliable experiences across all channels, while reinforcing efficiency and governance.
- In 2025, our Customer Experience initiatives focused on mapping priority customer journeys across digital and physical channels to better understand the key drivers of effort, satisfaction, and churn. We enhanced the use of structured feedback mechanisms, such as CSAT surveys, campaign insights, and contact-center analytics, to identify recurring pain points and design targeted improvements. These efforts resulted in measurable gains across core customer-experience metrics, including first call resolution rate of >95%, and ending the year with an industry-leading 93% of calls being attended to in less than 20 seconds by our trained agents. As a result, our Net Promoter Score (NPS) increased by 10 points year-on-year compared to 2024, as independently measured by ServiceHero.
- stc has started to build a stronger foundation for Business Process Management by shifting from a documentation-centric approach toward one that focuses on end-to-end flow efficiency and measurable outcomes. The necessary governance methodology documents were set in place to enable stc to start interacting with processes as living value streams with clear owners, defined inputs and outputs, and performance indicators that track time, quality, and cost across the full journey.



## Robust financial position and sustainable profitability

- stc's strengthened and adaptable operating model plays a key role in reinforcing the company's solid solvency and healthy cash flow. By the end of FY-2025, stc's cash, bank balances, and deposits totaled KD 90.4 million.
- The solid financial position enables stc to consider organic and inorganic investments as well as generating strong shareholders returns through offering a sustainable dividend with elevated payout ratio reaching 112% in 2025.



## Adherence to global sustainability standards and governance frameworks

- A comprehensive sustainability framework and program, with a standalone sustainability report, illustrates stc's commitment to a sustainable future.
- Incorporating sustainability standards into the day-to-day operations of stc and its subsidiaries helps to create long-term value for stakeholders and the local community.
- Strategic Partnerships with government entities, suppliers, and industry leaders 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 was awarded Best Governance Telecom Company for the second consecutive year, reflecting its well-structured governance framework that ensures effective oversight across all levels of the organization.



## Strategic Investments and partnerships to accelerate growth

- stc acquired 100% of the share capital of solutions by stc (Qualitynet) 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 providing cloud, system integration, and cybersecurity services to the enterprise segment.
- Ongoing exploration for market potential in line with the global direction in the telecom landscape.