

Yahsat reports robust financial performance for the nine months ended 30 September 2021

- Year to date revenues broadly in line vs prior year with strong momentum going into Q4
- Adjusted EBITDA of AED 628.3 million [USD 171.1 million] and Normalised Adjusted EBITDA¹ of AED 643.6 million [USD 175.3 million], up 2.5% vs. prior year, generating a superior EBITDA margin of 61.6%
- Net Income (profit attributable to the shareholders) of AED 159.0 million [USD 43.3 million] and Normalised Net Income² of AED 200.1 million [USD 54.5 million], up 44.3% vs. prior year, delivering a margin of 19.2% (vs. 12.9%)
- Proposal to distribute semi-annual dividends endorsed by Board and subject to shareholders' approval; dividend to be paid in 2022 expected to be approximately 16 Fils (AED 0.16) per share
- Yahsat positioned well for future growth with contracted future revenues of over AED 7.3 billion [over USD 2 billion], underpinned by significant new Commercial and Government deals secured in Q3 2021

Abu Dhabi, United Arab Emirates, 07 November 2021: Al Yah Satellite Communications Company PJSC (“Yahsat” or “the Group”) listed on the Abu Dhabi Securities Exchange (“ADX”) under (SYMBOL: YAHSAT) (ISIN: AEA007501017), one of the largest providers of multi-mission satellite communication solutions in the world, today announced its financial results for the nine months ended 30 September 2021 (“9M 2021”).

The top line continued to gain momentum with revenue for the nine months of AED 1.0 billion [USD 284.3 million], which is broadly in line with prior year, demonstrating a strong and sustained performance since Q1 2021. A strong pipeline across all business lines is set to support further revenue growth, with a number of new Commercial and Government contracts secured and further significant deals already signed as of the date of this announcement.

Yahsat maintained an Adjusted EBITDA margin above 60%, with Adjusted EBITDA for the nine months of AED 628.3 million [USD 171.1 million]. Normalised Adjusted EBITDA³ of AED 643.6 million [USD 175.3 million] exceeded prior year by 2.5%, generating a margin of 61.6%, higher than the prior year margin of 58.3%, reflecting continued cost and working capital efficiencies.

Net Income (profit attributable to shareholders) for the nine months was AED 159.0 million [USD 43.3 million]. After adjusting for one-off items⁴, Normalised Net Income of AED 200.1 million [USD 54.5 million] exceeded prior year by AED 61.4 million [USD 16.7 million] (or 44.3%). Normalised Net Income margin of 19.2% for the nine months significantly exceeded the corresponding margin of 12.9% in prior year.

Underpinning the 9M 2021 results was a resilient Q3 performance, with revenues broadly stable (approximately 1% lower than Q3 2020) and a notable increase in profitability, with Normalised Adjusted

¹ Refer Alternative Performance Measures.

² Refer Alternative Performance Measures.

³ Refer Alternative Performance Measures.

⁴ Refer Alternative Performance Measures.

EBITDA up by AED 28.9 million [USD 7.9 million] (15.3%) and Normalised Net Income up by AED 31.7 million [USD 8.6 million] (99.2%).

Yahsat maintained a high cash conversion ratio of approximately 97% for the period ended 30 September 2021, driven by low maintenance related capital expenditure.

Key Business Updates

The T4-NGS programme, which started in 2020, remains on track with several key contracts now concluded. In June 2021, Yahsat entered into a 15-year T4-NGS Capacity Services Agreement adding more than AED 2,570 million [more than USD 700 million] to contracted future revenues. In September 2021, Yahsat selected SpaceX Falcon 9 for the launch of the T4-NGS satellite in 2023 and awarded to Cobham SATCOM the contract to deliver a comprehensive mobile broadband system, including ground infrastructure.

The success of the refinancing programme of AED 2,572.6 million [USD 700.5 million], which was completed in June 2021, boosted the Group's already strong cash position, and supported a healthy Net Debt to EBITDA ratio of 0.5x as at 30 September 2021.

Attractive Dividend Policy

In October 2021, the Board of Directors of Yahsat endorsed management's recommendation to update the Group's current dividend policy, allowing it to distribute dividends on a semi-annual basis going forward. The updated policy is subject to shareholder approval at the next AGM in 2022. This reflects the Board's confidence in the financial strength of the business, a positive outlook on cash flow and Yahsat's ability to fund future investments.

A final dividend of AED 192.8 million [USD 52.5 million] for the financial year 2021 is expected to be paid to all shareholders in April 2022, bringing the total dividend for the year 2021 to AED 385.6 million [USD 105 million].

The dividend is expected to grow by at least 2% per year⁵, with the below illustrating the expected annual dividends to be paid per share:

Year of payment	Total dividend to be paid in calendar year (sum of interim and final dividends) in AE Fils per share
2022	15.96
2023	16.28
2024	16.61

Please refer to the Legal Notice at the end of this release for a discussion regarding the factors that influence dividend payments generally.

⁵ 7.90 Fils [US Cents 2.15] per share in April 2022 and 8.06 Fils [US Cents 2.19] in October 2022
8.06 Fils [US Cents 2.19] per share in April 2023 and 8.22 Fils [US Cents 2.24] in October 2023
8.22 Fils [US Cents 2.24] per share in April 2024 and 8.39 Fils [US Cents 2.28] in October 2024

Commenting on the results, Ali Al Hashemi, Chief Executive Officer at Yahsat said:

“We continue to see a strong performance in our revenues coupled with high levels of profitability and cash flow. We are laying the foundations for future growth, by signing new deals across our Commercial and Government businesses, which add to our contracted future revenues and underpin our commitment to a progressive dividend.”

“Our recent appointment by the UAE Government to assess the expansion of our existing fleet with two potential new satellites presents Yahsat with significant additional growth opportunities across the business, further enhancing our longer-term outlook.”

Al Hashemi added, “We remain on track to achieve all our strategic objectives, financially and operationally, supported by the rapid post-pandemic recovery of our business segments globally. We will continue forging partnerships with the world’s most innovative companies to enhance our competitiveness and continue to create value for our customers, shareholders and the UAE.”

Revenue by Operating Segments

Revenue by operating segments, year-on-year comparison and % changes year-on-year (YoY) are provided in the table below.

AED millions	Q1 2021	Q2 2021	Q3 2021	9M 2021	Q1 2020	Q2 2020	Q3 2020	9M 2020
Infrastructure	220.2	220.2	217.8	658.2	217.9	217.6	217.7	653.2
<i>Change YoY</i>	1.0%	1.2%	0.0%	0.8%				
Managed Solutions	44.3	62.4	47.3	154.0	57.8	61.6	42.1	161.4
<i>Change YoY</i>	-23.4%	1.3%	12.4%	-4.6%				
Mobility Solutions	46.6	61.2	60.7	168.5	57.1	65.7	63.1	185.9
<i>Change YoY</i>	-18.3%	-6.9%	-3.9%	-9.4%				
Data Solutions	20.2	23.3	19.9	63.4	24.6	24.6	27.2	76.4
<i>Change YoY</i>	-17.9%	-5.3%	-26.9%	-17.0%				
Total Revenue	331.3	367.1	345.6	1044.1	357.4	369.5	350.1	1076.9
<i>Change YoY</i>	-7.3%	-0.6%	-1.3%	-3.1%				
<i>Cumulative (Year-to-date) Change YoY</i>	-7.3%	-3.9%	-3.1%	-3.1%				

Q3 revenues of AED 345.6 million [USD 94.1 million] remained robust and were broadly in line with prior year. On a YTD basis, revenues have continued to recover with total revenues of AED 1.0 billion [USD 284.3 million] now just 3.1% lower vs. prior year, recovering from -7.3% at Q1 2021.

Revenues from the largest segment, Infrastructure, remained solid with an increase of AED 5.0 million [USD 1.4 million] (or 0.8%), year-on-year, to AED 658.2 million [USD 179.2 million].

Managed Solutions continued its growth with Q3 2021 revenues of AED 47.3 million [USD 12.9 million], outperforming prior year by AED 5.2 million [USD 1.4 million] (or 12.4%). During the quarter, it continued to capture new business and grow its contracted future revenues by more than AED 40.4 million [USD 11 million]. On a year-to-date basis, revenues of AED 154.0 million [USD 41.9 million] are now just 4.6% lower than prior year compared to -23.4% at Q1 2021. The year-on-year shortfall reflects temporary COVID-19 related delays to certain projects although, for certain programmes, there is clear evidence that the situation is improving.

Mobility Solutions also reported a strong performance with Q3 revenues of AED 60.7 million [USD 16.5 million], in line with Q2. The total revenues of AED 168.5 million [USD 45.9 million] for the nine months are 9.4% lower than prior year, significantly better than the year-on-year shortfall of -18.3% at Q1 2021. The recovery is expected to continue into Q4 and beyond, underpinned by the recent signing of a significant 3-year distribution contract with a global service provider worth more than AED 316 million [USD 86 million] and continued expansion of the Maritime business, in particular across high growth markets in Asia, such as Vietnam.

Data Solutions reported revenues for the nine months of AED 63.4 million [USD 17.3 million], AED 13.0 million [USD 3.5 million] lower than prior year reflecting the wind down in July 2021 of a multi-year, opportunistic capacity deal with Eutelsat, complementary to the core data solutions strategy. In parallel the Consumer Broadband business continued to accelerate with subscriber numbers up 16% in the nine months and corresponding revenues increasing by 24%, underpinned by rapid expansion of the Direct-to-Market ('DTM') model in South Africa. This growth is expected to continue as subscribers continue to ramp up in South Africa and the DTM model is rolled out across other major markets (including Nigeria) in Q4. The pipeline of Enterprise and Carrier Wholesale deals continues to grow with 5 new deals signed in Q3 adding more than AED 40.4 million [USD 11 million] to contracted future revenues with several further deals expected to be signed in Q4 with increasing uptake in Cellular Backhaul. As both the Consumer Broadband and Enterprise and Carrier Wholesale businesses increase in scale, Data Solutions is poised for growth in 2022.

Key Financial Highlights

AED millions	Q3-2021	Q3-2020	QoQ %	9M 2021	9M 2020	YoY %
Revenue	345.6	350.1	-1.3%	1,044.1	1,076.9	-3.1%
Cost of Revenue	(33.7)	(27.9)	-20.6%	(83.0)	(75.1)	-10.4%
Staff costs	(92.3)	(80.2)	-15.0%	(242.0)	(244.7)	1.1%
Other operating expenses	(19.2)	(54.5)	64.7%	(97.3)	(133.6)	27.2%
Other Income	2.3	47.5	-95.1%	6.5	56.0	-88.4%
Adjusted EBITDA	202.7	235.0	-13.7%	628.3	679.4	-7.5%
Normalised Adjusted EBITDA	218.0	189.1	15.3%	643.6	628.0	2.5%
Net Income (Profit attributable to the shareholders)	48.5	77.9	-37.8%	159.0	190.1	-16.3%
Normalised Net Income	63.8	32.0	99.2%	200.1	138.6	44.3%
Adjusted EBITDA Margin %	58.7%	67.1%		60.2%	63.1%	
Normalised Adjusted EBITDA Margin %	63.1%	54.0%		61.6%	58.3%	
Normalised Net Income Margin %	18.4%	9.1%		19.2%	12.9%	
Cash and short-term deposits				1,462.9	826.0*	77.1%

* (as of 31 Dec 2020)

The full earnings announcement for the nine months ended 30 September 2021 can be found at <https://www.yahsat.com/>

Yahsat will host its first investor call on Monday the 8th November 2021 at 4 PM Abu Dhabi time. To join the call, please use the following link:

https://hsbc.zoom.us/webinar/register/WN_MZPpZvRbR9CXis_PNCEd3A

Alternative Performance Measures

Yahsat regularly uses alternative performance measures which are relevant to enhance the understanding of the financial performance and financial position of the Group. These measures may not be comparable to similar measures used by other companies; they are neither measurements under IFRS nor any other body of generally accepted accounting principles and thus should not be considered as substitutes for the information contained in the Group's financial statements.

Alternative Performance Measure	Definition
Adjusted EBITDA	Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments
Normalised Adjusted EBITDA	Adjusted EBITDA excluding material one-off items. 9M 2020 Adjusted EBITDA included the one-off gain arising on the transfer of orbital rights (-AED 51.4 million [-USD 14.0 million]). 9M 2021 Adjusted EBITDA included one-off IPO costs (+AED 15.3 million [+USD 4.2 million]).
Normalised Adjusted EBITDA Margin	Normalised Adjusted EBITDA divided by Revenue
Operating Free Cash Flow	Normalised Adjusted EBITDA minus development and maintenance related capital expenditure, excluding capital work-in-progress
Cash Conversion Ratio	Operating Free Cash Flow divided by Normalised Adjusted EBITDA
Normalised Net Income	Profit attributable to the shareholders, adjusted for material one-off items. 9M 2020 Normalised Net Income of AED 138.6 million [USD 37.7 million] is after adjusting for the one-off gain arising on the transfer of orbital rights (-AED 51.4 million [-USD 14.0 million]). 9M 2021 Normalised Net Income of AED 200.1 million [USD 54.5 million] is after adjusting for one-off costs relating to the refinancing exercise which completed in June 2021, notably the termination of interest rate hedges (+AED 19.2 million [+USD 5.2 million]) and accelerated recognition of unamortised finance costs (+AED 6.6 million [+USD 1.8 million]) as well as one-off IPO costs (+AED 15.3 million [+USD 4.2 million]).
Net Income margin	Net Income (profit attributable to owners) divided by Revenue
Normalised Net Income margin	Normalised net income divided by Revenue

The numbers in UAE Dirhams (AED) have been derived by converting the underlying US Dollar (USD) values using a standard exchange rate of **1 USD = AED 3.6725**.

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

ENDS

About Yahsat

Al Yah Satellite Communications Company PJSC (**Yahsat**) is a public company listed on the Abu Dhabi Securities Exchange (ADX) and a subsidiary of Mubadala Investment Company PJSC, offering multi-mission satellite solutions in more than 150 countries across Europe, the Middle East, Africa, South America, Asia and Australasia.

Yahsat's fleet of 5 satellites reaches more than 80% of the world's population, enabling critical communications including broadband, broadcasting, backhauling and mobility solutions. Based out of Abu Dhabi in the UAE, Yahsat provides C, Ku, Ka and L-band satellite communications solutions for land, maritime and aero platforms to consumers, governments and enterprises. Its businesses consist of Yahsat Government Solutions, Thuraya, YahClick (powered by Hughes) and YahLink. Yahsat also participates in Hughes do Brasil, an equity partnership with Hughes, and Yahlive, an equity partnership with SES. In 2020, Yahsat commenced construction of Thuraya 4-NGS, the next generation telecommunications system for Thuraya, which is due to be in service during 2024.

For more information, visit: www.yahsat.com; Follow us on Twitter: [@YahsatOfficial](https://twitter.com/YahsatOfficial)

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Legal Notice and Cautionary statement regarding forward-looking information

This news release contains forward-looking statements relating to Al Yah Satellite Communications Company PJSC (“Yahsat” or “the Group”) operations that are based on management’s current expectations, estimates and projections about the integrated satellite communication solutions and other related industries. Words or phrases such as “expects,” “proposes,” “intends,” “continues,” and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company’s control and are difficult to predict, such as the materialisation and successful execution of pipeline deals across the business, successful delivery of capex projects, third party service providers’ delivery as per the terms of their contracts, realisation of contracted future revenues, continued recovery of MSS revenues, continued expansion of the Data Solutions DTM model and realisation of enterprise and carrier wholesale deals, customer delays in Managed Services projects easing as expected, continued financial strength of the business, profitability and cash flows being realised in line with expectations and supporting the ability to fund future investments and a progressive dividend policy and shareholder approval of the proposed revised dividend policy. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Unless legally required, Yahsat undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The amount and payment of dividends by the Group is subject to consideration by the Board of Directors of the cash management requirements of the Group for operating expenses, interest expense, and anticipated capital expenditures, and market conditions, the then current operating environment in its markets, and the Board of Directors’ outlook for the business of the Company. In addition, any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, as determined at the discretion of the Board of Directors.

Appendix

Yahsat's financial statements are prepared in its functional currency, US Dollars (USD). For convenience of the readers, the numbers in USD have been converted to AED using a standard exchange rate of 1 USD = AED 3.6725. The tables below present the financial numbers in USD.

Revenue by Operating Segments

Revenue by operating segments, year-on-year comparison and % changes year-on-year (YoY) are provided in the table below.

USD millions	Q1 2021	Q2 2021	Q3 2021	9M 2021	Q1 2020	Q2 2020	Q3 2020	9M 2020
Infrastructure	60.0	60.0	59.3	179.2	59.3	59.2	59.3	177.9
<i>Change YoY</i>	1.0%	1.2%	0.0%	0.8%				
Managed Solutions	12.1	17.0	12.9	41.9	15.7	16.8	11.5	44.0
<i>Change YoY</i>	-23.4%	1.3%	12.4%	-4.6%				
Mobility Solutions	12.7	16.7	16.5	45.9	15.5	17.9	17.2	50.6
<i>Change YoY</i>	-18.3%	-6.9%	-3.9%	-9.4%				
Data Solutions	5.5	6.3	5.4	17.3	6.7	6.7	7.4	20.8
<i>Change YoY</i>	-17.9%	-5.3%	-26.9%	-17.0%				
Total Revenue	90.2	100.0	94.1	284.3	97.3	100.6	95.3	293.2
<i>Change YoY</i>	-7.3%	-0.6%	-1.3%	-3.1%				
<i>Cumulative (Year-to-date) Change YoY</i>	-7.3%	-3.9%	-3.1%	-3.1%				

Key Financial Highlights

USD millions	Q3-2021	Q3-2020	QoQ %	9M 2021	9M 2020	YoY %
Revenue	94.1	95.3	-1.3%	284.3	293.2	-3.1%
Cost of Revenue	(9.2)	(7.6)	-20.6%	(22.6)	(20.5)	-10.4%
Staff costs	(25.1)	(21.8)	-15.0%	(65.9)	(66.6)	1.1%
Other operating expenses	(5.2)	(14.8)	64.7%	(26.5)	(36.4)	27.2%
Other Income	0.6	12.9	-95.1%	1.8	15.2	-88.4%
Adjusted EBITDA	55.2	64.0	-13.7%	171.1	185.0	-7.5%
Normalised Adjusted EBITDA	59.4	51.5	15.3%	175.3	171.0	2.5%
Net Income (Profit attributable to the shareholders)	13.2	21.2	-37.8%	43.3	51.7	-16.3%
Normalised Net Income	17.4	8.7	99.2%	54.5	37.7	44.3%
<i>Adjusted EBITDA Margin %</i>	58.7%	67.1%		60.2%	63.1%	
<i>Normalised Adjusted EBITDA Margin %</i>	63.1%	54.0%		61.6%	58.3%	
<i>Normalised Net Income Margin %</i>	18.4%	9.1%		19.2%	12.9%	
Cash and short-term deposits				398.3	224.9*	77.1%

* (as of 31 Dec 2020)