

## Yahsat First Half Revenues Up by 8.1% to record levels, with Net Income Increasing by 50.7%

**Abu Dhabi, United Arab Emirates, 9 August 2022:** Al Yah Satellite Communications Company PJSC (“Yahsat” or “the Group”) listed on the Abu Dhabi Securities Exchange (“ADX”) under (SYMBOL: YAHSAT) (ISIN: AEA007501017), the UAE’s flagship satellite solutions provider, today announced its financial results for the six-month period ended 30 June 2022 (“1H22”).

### 1H22 Highlights

**Revenue** of AED 755 million [USD 206 million], up 8.1% year-on-year, underpinned by double-digit growth in Managed Solutions and Mobility Solutions

**Adjusted EBITDA** of AED 448 million [USD 122 million], up 5.3% year-on-year, delivering a robust margin of 59.3%

**Net Income** of AED 167 million [USD 45 million], up 50.7% year-on-year, driving a strong net margin of 22.1%

**Contracted future revenue** of more than AED 7.7 billion [USD 2.1 billion], equivalent to 5.2 times FY2021 annual revenue

**Strong financial position** and high visibility on future cash flows underpin ability to invest in growth and sustain attractive dividend policy

**On track to grow FY2022 dividend** by at least 2% to 16.12 fils [USD 4.39 cents] per share or AED 393 million [USD 107 million], split into two equal installments payable around October 2022 and May 2023

**Lower end of FY2022 revenue guidance increased** to AED 1,542 million [USD 420 million] from AED 1,524 million [USD 415 million]; all other guidance remain unchanged

**Musabbeh Al Kaabi, Chairman of Yahsat,** commented:

“Against a backdrop of challenging global economic headwinds, we are delighted to record our highest ever first-half revenue whilst significantly growing Adjusted EBITDA and net income. This reflects the strength of our business underpinned by strong contracted future revenue and positive momentum across operating segments. In light of our strong year-to-date performance, the Board of Directors’ confidence in future cash flow generation, ability to grow the business and financial strength of the Company, we are reiterating our commitment to deliver attractive shareholder returns.”

**Ali Al Hashemi, Group Chief Executive Officer of Yahsat,** commented:

“Yahsat has delivered exceptional results, recording its highest-ever first half revenue and demonstrating our performance-driven culture to deploy innovative capabilities and grow the business. Our contracted future revenue exceeds AED 7.7 billion, equivalent to 5.2 times FY2021 annual revenue. Looking ahead, we remain on track to bring into commercial service our Next Generation Satellite, Thuraya 4-NGS, in the second half of 2024 whilst two new satellites, Al Yah 4 and Al Yah 5, are under consideration for launch in 2026. We remain very confident in both our short-term and long-term outlook, and have accordingly increased the lower end of our revenue guidance for FY2022, whilst reiterating our commitment to pay a progressive dividend.

We remain committed to pursuing and launching new growth opportunities across the business and we are confident that Yahsat’s robust balance sheet, business resilience and track record in delivering exceptional results will enable us to capture significant value to drive long-term growth.”

## **Strong first-half results**

Yahsat's growth momentum continued in 2Q22 with revenue of AED 392 million [USD 107 million], an increase of 6.9% year-on-year. This resulted in 1H22 revenue growth of 8.1% year-on-year to AED 755 million [USD 206 million]. Both Managed Solutions and Mobility Solutions performed exceptionally well with 1H22 revenues increasing by 35.1% and 24.1% respectively.

2Q22 Adjusted EBITDA of AED 235 million [USD 64 million] increased by 3.9% year-on-year, generating a healthy margin of 59.8%, while net income (profit attributable to the shareholders) of AED 93 million [USD 25 million] increased by 77.9% year-on-year. On a year-to-date basis, the Group recorded 1H22 Adjusted EBITDA growth of 5.3% and an increase in net income of 50.7%, resulting in a solid net income margin of 22.1%.

As at 30 June 2022, the Group's contracted future revenue remained strong at more than AED 7.7 billion [USD 2.1 billion], equivalent to around 5.2 times FY2021 annual revenue representing an increase of 4.1% since the start of the financial year, underpinned by the 5-year AED 909 million [USD 247 million] managed services mandate awarded by the UAE Government in February 2022.

## **Attractive dividend outlook**

Yahsat reiterates its commitment to grow its dividend by at least 2% per year, reflecting the Board of Directors' confidence in the cash flow generation and overall financial strength of the business. For financial year 2022, the total expected dividend is a minimum of 16.12 fils per share [US Cents 4.39], split into two equal instalments payable around October 2022 and May 2023 respectively. This represents a total dividend payment of AED 393 million [USD 107 million]. The Company's dividend policy is well supported by its high cash conversion (93.1% in 1H22), robust balance sheet (0.9x Net Debt/EBITDA as at 30 June 2022) and a strong discretionary free cash flow<sup>1</sup> (expected to be approximately two times FY2022 dividend payment).

## **Increasing minimum revenue guidance**

In view of the strong 1H22 performance and considering that approximately 90% of the remaining projected revenue for FY2022 is already secured (based on the low end of its revenue guidance), Yahsat has decided to narrow the range of its FY2022 guidance provided on 1 March 2022. The Company now raises its projected 2022 revenues to at least AED 1,542 million [USD 420 million] with the upper end of the range unchanged at AED 1,616 million [USD 440 million]. All other guidance remain unchanged.

## **Senior management appointment**

On 1 July 2022 (a post-period event), Yahsat announced the appointment of Mr. Sulaiman Al Ali as Chief Commercial Officer ("CCO"). Mr. Al Ali has assumed the role having been with Yahsat for eight years, previously serving as a Director of Yahsat Government Solutions and later as CEO of Thuraya, where he has been instrumental in driving operational excellence and delivering new and innovative solutions for customers, establishing a platform for strong future growth. In his new role, Mr. Al Ali will lead both YahClick, Yahsat's Data Solutions arm, and Thuraya, with a mandate to drive synergies and growth across these commercial businesses, creating value for customers and partners. He takes over from Mr. Farhad Khan, who spent six years in the role and was a key player in the expansion of the YahClick business in new and existing markets.

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<sup>1</sup> Refer to Alternative Performance Measures in Appendix for definition

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Overview

<u>AED millions</u>	2Q22	2Q21	Change %	1H22	1H21	Change %
Revenue	392	367	6.9%	755	698	8.1%
Adjusted EBITDA	235	226	3.9%	448	426	5.3%
<i>Adjusted EBITDA Margin %</i>	59.8%	61.5%		59.3%	60.9%	
Net Income (Profit attributable to the shareholders)	93	52	77.9%	167	111	50.7%
<i>Net Income Margin %</i>	23.6%	14.2%		22.1%	15.8%	
Normalized Net Income (Profit attributable to the shareholders)	93	78	19.2%	167	136	22.3%
Discretionary Free Cash Flow	(109)	(124)	11.8%	224	192	16.6%
Cash and short-term deposits				1,370	1,470*	-6.8%

\* as at 31 December 2021

### Results by Operating Segments

<u>Revenue (AED millions)</u>	2Q22	2Q21	Change %	1H22	1H21	Change %
Infrastructure	218	220	-1.1%	435	440	-1.1%
Managed Solutions	88	62	41.4%	144	107	35.1%
Mobility Solutions	66	61	7.8%	134	108	24.1%
Data Solutions	20	23	-12.0%	42	43	-4.4%
<b>Total Revenue</b>	<b>392</b>	<b>367</b>	<b>6.9%</b>	<b>755</b>	<b>698</b>	<b>8.1%</b>

#### Infrastructure

Infrastructure accounted for approximately 55% of Group revenue in 2Q22, mainly comprising a 15-year long-term Capacity Services Agreement with the UAE Government. Overall revenue remained broadly stable at AED 218 million [USD 59 million]. The Infrastructure business offers strong visibility on future cash flows with contracted future revenue of approximately AED 6.5 billion [USD 1.8 billion] as of 30 June 2022, which includes a 15-year T4-NGS Capacity Service Agreement worth AED 2.6 billion [USD 708 million] that will support revenue growth from 2024 onwards. Yahsat remains well-positioned to further grow its Infrastructure business with two potential new satellites under consideration (Al Yah 4 and Al Yah 5), targeted for launch in 2026.

#### Managed Solutions

Managed Solutions, which contributed approximately 22% of Group revenue, continued its strong performance with 2Q22 revenues increasing by 41.4%, resulting in 1H22 revenue of AED 144 million [USD 39 million], an increase of 35.1% year-on-year. This was underpinned by the February 2022 award of a 5-year mandate worth AED 909 million [USD 247 million] focused on providing enhanced managed services to the UAE Government for its satellite communication capabilities, effective from January 2022. During the 1H22 period, AED 86 million [USD 23 million] of this award was recognized. In 2Q22, the business continued to build its contracted future revenues with the award of other contracts including a mandate to design and deliver advanced satellite communications for UAE Government platforms worth AED 28 million [USD 8 million]. Management expects the strong momentum in the Managed Solutions business to continue in the second half of 2022.

## Mobility Solutions

Mobility Solutions, accounting for approximately 17% of Group revenue, had another excellent quarter with 2Q22 revenues up 7.8% year-on-year. 1H22 revenues exceeded the prior year by 24.1% with strong growth in both service and equipment revenue. Service revenue increased by 6.5% with double digit increases across several parts of the business including Voice, Data and Intercarrier. Meanwhile, equipment revenue, which increased by 95%, continued to benefit from the three-year AED 316 million [USD 86 million] distribution agreement secured in 2021.

## Data Solutions

YahClick, which accounted for approximately 5% of Group revenue, saw year-on-year revenue slightly down by 4.4% in 1H22, mainly due to the wind-down in July 2021 of a multi-year, opportunistic capacity deal that contributed AED 8 million [USD 2 million] of revenue in 1H21. The business continued to build strong foundations for future growth with the subscriber base in the Consumer Broadband business growing by 11% year-to-date and by 24% compared to the same period last year, underpinned by expansion across the Africa region. In addition, it concluded an agreement to connect schools across Zimbabwe, rolled out several cellular backhaul projects and signed a number of new managed network service orders.

## Balance Sheet & Cashflow

The Group's balance sheet remained robust. At 30 June 2022, net debt stood at AED 812 million [USD 221 million] with a leverage ratio (Net Debt to Adjusted EBITDA) of 0.9x. Together with Discretionary Free Cash Flow for the period of AED 224 million [USD 61 million] and a cash conversion ratio of 93.1%, the Group is well positioned to meet its growth and capital expenditure commitments and to sustain its attractive dividend policy.

## Guidance Update

Financial KPI	2022 Guidance	
	Previous – 1 March 2022	Updated – 9 August 2022
Gross revenue	AED 1,524 – 1,616 million [USD 415 - 440 million]	AED 1,542 – 1,616 million [USD 420 - 440 million] <b>(narrowed)</b>
Adjusted EBITDA	Stable	Stable (unchanged)
Discretionary Free Cash Flow ('DFCF')	AED 771 – 881 million [USD 210 - 240 million]	AED 771 – 881 million [USD 210 - 240 million] (unchanged)
Capex and Investments <sup>2</sup>	AED 771 – 845 million [USD 210 - 230 million]	AED 771 – 845 million [USD 210 - 230 million] (unchanged)

Approximately 90% of 2022 projected Capex and Investments, equating to about AED 735 million [USD 200 million], is related to the T4-NGS program, for which funding arrangements are already in place.

-Ends-

<sup>2</sup> 'Investments' refer to investments in associates, net of any dividends received, and capital returned.

## Earnings Conference Call

The earnings announcement for the three months and six months ended 30 June 2022 can be found on the Company's website at <https://www.yahsat.com/>.

A conference call to discuss earnings, followed by a Q&A session, has been scheduled for Tuesday, 9 August 2022 at 16:00 (GST) / 13:00 (BST) / 8:00 (EDT). The call will be hosted by Ali Al Hashemi (CEO), Andrew Cole (CFO), Amit Somani (CSO) and Yugesh Suneja (AVP Investor Relations). Interested parties are invited to join the call by clicking [here](#).

## APPENDIX

### USD Financial Highlights

Revenue by operating segment and year-on-year comparisons are provided in the table below.

USD millions	2Q22	2Q21	Change %	1H22	1H21	Change %
Infrastructure	59	60	-1.1%	119	120	-1.1%
Managed Solutions	24	17	41.4%	39	29	35.1%
Mobility Solutions	18	17	7.8%	36	29	24.1%
Data Solutions	6	6	-12.0%	11	12	-4.4%
<b>Total Revenue</b>	<b>107</b>	<b>100</b>	<b>6.9%</b>	<b>206</b>	<b>190</b>	<b>8.1%</b>

A financial overview for the three months and six months ended 30 June 2022 and year-on-year comparison are provided in the table below.

USD millions	2Q22	2Q21	Change %	1H22	1H21	Change %
Revenue	107	100	6.9%	206	190	8.1%
Cost of revenue	(12)	(9)	-37.6%	(22)	(13)	-62.2%
Staff costs	(21)	(21)	0.0%	(42)	(41)	-2.6%
Other operating expenses	(11)	(10)	-11.4%	(21)	(21)	0.9%
Other Income	1	1	-24.9%	1	1	-6.1%
Adjusted EBITDA	64	61	3.9%	122	116	5.3%
<i>Adjusted EBITDA Margin %</i>	<i>59.8%</i>	<i>61.5%</i>		<i>59.3%</i>	<i>60.9%</i>	
Net Income (Profit attributable to the shareholders)	25	14	77.9%	45	30	50.7%
Normalized Net Income (Profit attributable to the shareholders)	25	21	19.2%	45	37	22.3%
Discretionary Free Cash Flow	(30)	(34)	11.8%	61	52	16.6%
Cash and short-term deposits				373	400*	-6.8%

\* as at 31 December 2021

## 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
Adjusted EBITDA Margin	Adjusted EBITDA divided by Revenue
Operating Free Cash Flow	Adjusted EBITDA minus additions to intangible assets, development and maintenance related capital expenditure, excluding capital work-in-progress
Cash Conversion Ratio	Operating Free Cash Flow divided by Adjusted EBITDA
Discretionary Free Cash Flow' ('DFCF')	Net cashflow from operations less (a) Maintenance and Development CapEx, (b) Investments, (c) Net finance costs and (d) Advances from customers on long term capacity contracts (e.g. T4-NGS).
Net Income	Profit attributable to the shareholders
Normalized Net Income	Profit attributable to the shareholders, adjusted for material one-off items. 1H21 Normalized Net Income of AED 136 million [USD 37 million] is after adjusting for the one-off costs relating to the refinancing exercise which completed in June 2021, notably the termination of interest rate hedges (+AED 19 million [+USD 5 million]) and accelerated recognition of unamortized finance costs (+AED 7 million [+USD 2 million]).
Net Income margin	Net Income (profit attributable to the shareholders) divided by Revenue
Normalized Net Income margin	Normalized net income divided by Revenue

Financial numbers presented in millions are rounded to whole numbers while those presented in billions are rounded to one decimal place. All percentages are rounded to one decimal place. Financial numbers and percentages have been derived from underlying numbers. 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 and rounded. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## 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](http://www.yahsat.com); Follow us on Twitter: [@YahsatOfficial](https://twitter.com/YahsatOfficial)

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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.

Neither this announcement nor anything contained herein constitutes a financial promotion, or an invitation or inducement to acquire or sell securities in any jurisdiction.