



اليه سات yahsat

Yahsat

2Q & 1H 2022 Results Presentation

August 9, 2022

Disclaimer



The **information** contained in this presentation represents a summary of the condensed consolidated financial statements for the **six months** ended 30 June 2022 (the **1H22 Financial Statements**) of Al Yah Satellite Communications Company PJSC and its subsidiaries (**Yahsat**). This presentation does not purport to contain all of the information that you may wish to consider in making any investment decision, and should not be relied upon in substitution for a review of the complete 1H22 Financial Statements or the exercise of independent judgment. Yahsat uses alternative performance measures (**APMs**) which are relevant to enhance the understanding of the financial performance and financial position of the Group, which 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. A summary of these APMs can be found at the end of this presentation.

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The payment of dividends by Yahsat 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, market conditions and the then current operating environment in its markets, and the Board of Directors' outlook for the business of the Company. In addition, the level, or any payment, of dividends will depend on, among other things, future profits and the business plan of the Company, which are assessed at the discretion of the Board of Directors.

Rounding

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

Presenters



Ali Al Hashemi
Chief Executive Officer



Andrew Cole
Chief Financial Officer



Amit Somani
Chief Strategy Officer



Yugesh Suneja
AVP Investor Relations



Agenda

1 Key Highlights and Strategy Update

2 2Q & 1H 2022 Financial Overview

3 Discussion and Closing Remarks





1

Key Highlights and Strategy Update

Ali Al Hashemi, CEO



Delivering on growth commitments



Highest-ever 1H revenue, significant bottom-line growth

- 1H revenue up 8.1% year-on-year
- Robust Adjusted EBITDA margin of 59.3%
- Net income grew 50.7% compared to 1H21



Contracted future revenue is 5.2x FY2021 revenue

- Contracted future revenue of USD 2.1 billion, increasing by 4.1% YTD
- Increase underpinned by 5-year USD 247 million UAE government mandate



Strong financial position to drive dividend growth

- Strong balance sheet (leverage ratio of 0.9x) and high visibility on future cash flows
- FY22 dividend to grow by at least 2% to 16.12 fils [USD 4.39 cents]



Confident outlook, increased minimum guidance

- On track to meet 2022 strategic objectives
- Lower end of FY22 revenue guidance increased to USD 420 million from USD 415 million

Strong Operational Performance



Infrastructure

Managed Solutions

Mobility Solutions

Data Solutions

T4-NGS satellite programme on track, 15-year Capacity Service Agreement will support **revenue growth from 2024 onwards**

USD708m
contracted revenue

Started executing 5-year UAE Gov't mandate to provide **enhanced managed services for satellite communications**

USD247m
contracted revenue

Double-digit top-line **Service segment growth** across **Voice, Data** and **Intercarrier**



Expansion in **Africa**. Subscriber base in **Consumer Broadband** grew by **11% YTD** and by **24% YoY**



Two new satellites under consideration (Al Yah 4 and Al Yah 5) for launch in 2026



2Q22 award for **design and delivery of advanced satellite comms** for UAE Gov't platforms (**USD 8 million**)



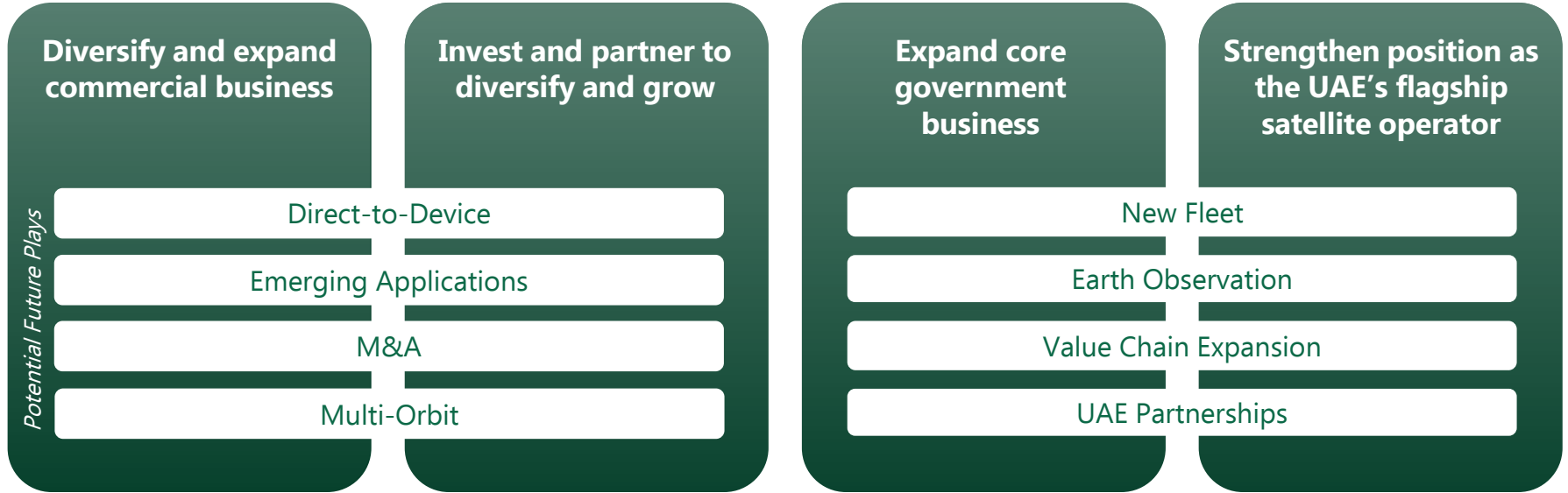
Equipment revenue up 95%, driven by 3-year **distribution agreement** secured in 4Q21

+95%

Agreement to connect **schools in Zimbabwe**; rolled out **new cellular backhaul projects**



Pursuing compelling growth opportunities



Developing growth strategy across business, capitalizing on robust balance sheet and wider industry trends, to capture significant value and drive long-term growth



2

2Q & 1H 2022 Financial Overview

Andrew Cole, CFO



2Q & 1H 2022 Financial Highlights



Highest-ever first half revenue with continued growth momentum in 2Q22



Double-digit growth in Managed Solutions and Mobility Solutions



Healthy EBITDA and Net Profit Margins



Resilient business model underpinned by high level of contracted future revenue



Strong balance sheet allows capital allocation towards growth, while sustaining attractive dividend policy



Highly cash flow generative business

- ✓ 1H22 revenue of USD 206 million, up 8.1% vs. 1H21
- ✓ Managed Solutions and Mobility Solutions revenue up 35.1% and 24.1% respectively compared to the same period last year
- ✓ 1H22 Adjusted EBITDA and Net Income up y-o-y by 5.3% and 50.7% respectively. Adjusted EBITDA margin of 59.3% and Net Profit margin of 22.1%
- ✓ Contracted future revenue now ~ USD 2.1 billion, 5.2x 2021 revenue – up 4.1% since the start of the year
- ✓ Leverage at 0.9x Net Debt to Adjusted EBITDA as at 30 June 2022
- ✓ Cash conversion of 93.1%. DFCF of USD 61 million in 1H22

Increasing minimum revenue guidance for FY22



Now expect 2022 revenue of USD 420-440 million (versus USD 415-440 million previously); stable EBITDA guidance maintained

Committed to attractive and progressive dividend policy



2022 dividend of *at least* \$107* million growing by a minimum of 2% per year

*Half of 2022 dividend (interim) expected to be paid in October 2022, with remainder (final) expected to be paid around May 2023 (subject to approval by Board of Directors and Shareholders)

2Q & 1H 2022 Financial Highlights



Financial Extracts	2Q22	2Q21	YoY%	1H22	1H21	YoY%
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%
<i>Net Income Margin %</i>	<i>23.6%</i>	<i>14.2%</i>		<i>22.1%</i>	<i>15.8%</i>	
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

All financial figures are in USD million

- **1H22 revenue** up 8.1% vs. prior year, growth momentum continued in **2Q22** with **revenue** increasing by 6.9%
- **1H22 Adjusted EBITDA** growth of 5.3% year-on-year with **2Q22 Adjusted EBITDA** up 3.9%
- **Healthy EBITDA margin of 59.3% in 1H22**, slightly lower than prior year due to change in sales mix (mainly Mobility Solutions)
- **1H22 Net Income up 50.7%** vs. prior year period with **2Q22 Net Income** up 77.9% – lower finance costs following 2021 refinancing
- **Strong 1H22 Net Income margin** of 22.1%
- **1H22 Discretionary Free Cash Flow** USD 61 million, cash conversion of 93.1% and a strong balance sheet, well positioned to meet future dividends and capital expenditure

Normalised Results



Normalised Adjusted EBITDA

	1H 2022	1H 2021
Adjusted EBITDA	122	116
Adjustments for:		
One-off items	-	-
Normalised Adjusted EBITDA	122	116
Normalised Adjusted EBITDA Margin %	59.3%	60.9%
YoY Growth %	5.3%	

All financial figures are in USD million

Normalised Net Income

	1H 2022	1H 2021
Net Income	45	30
Adjustments for:		
Termination of interest rate hedges*	-	5
Accelerated recognition of unamortised finance costs*	-	2
Normalised Net Income	45	37
Normalized Net Income Margin %	22.1%	19.5%
YoY Growth % (normalized)	22.3%	

*One-off costs relating to the re-financing exercise which completed in June 2021

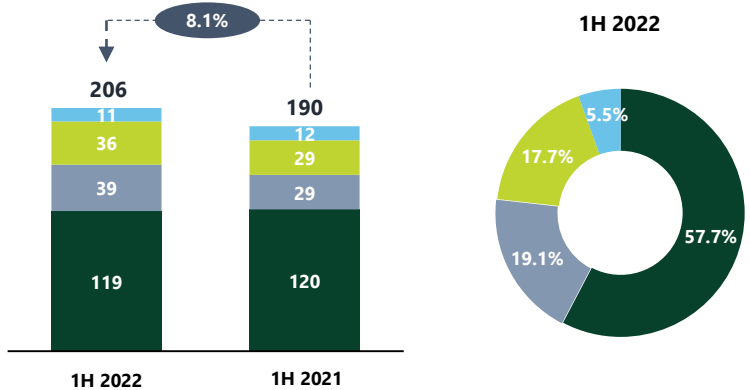
Strong growth versus prior year on both reported and normalized results

1H22 Normalized Net Income up 22.3% vs. prior year after adjusting for one off refinancing costs incurred in 2Q21

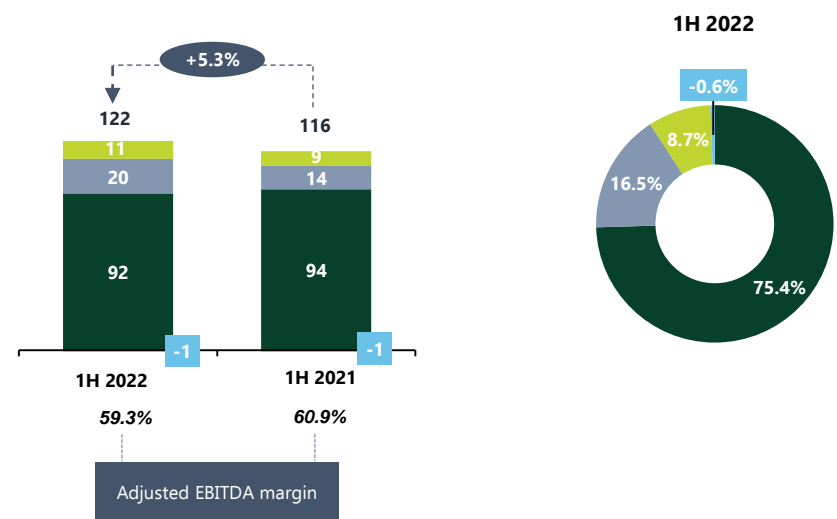
Financial Performance



Revenue by Operating Segment



Adjusted EBITDA by Operating Segment



All financial figures are in USD million

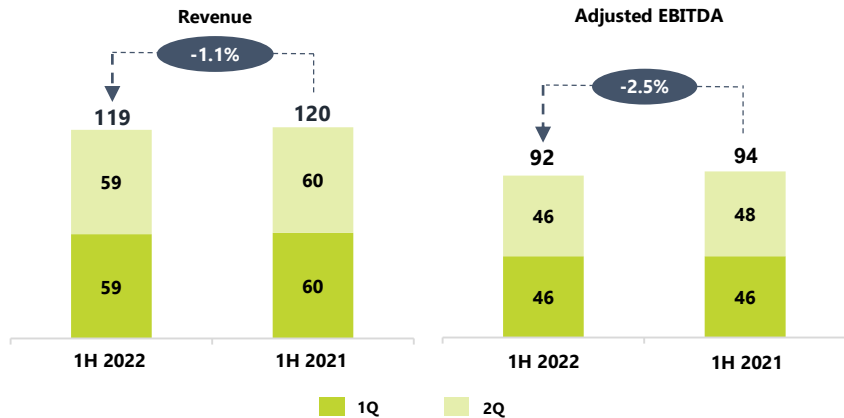
- Infrastructure
- Mobility solutions
- Managed Solutions
- Data solutions

Adjusted EBITDA margin

Operating Segment Performance



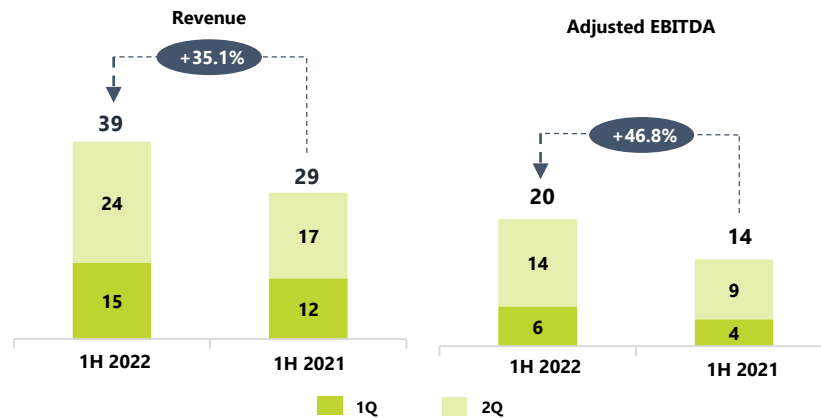
Infrastructure



- Revenue broadly stable with slight decline due to reallocation of certain C-band contracts to Managed Solutions and Data Solutions from 4Q21 onwards
- Maintained healthy Adjusted EBITDA margin of 77.6%
- Long term visibility of future cash flows - contracted future revenue of ~USD 1.8 billion as of 30 June 2022 and includes a 15-year T4-NGS Capacity Services Agreement worth USD 708 million that will support revenue growth from 2024 onwards (USD 47 million annually)
- Two new satellites (AI Yah 4 and AI Yah 5) under consideration, with a target launch in 2026

All financial figures are in USD million

Managed Solutions

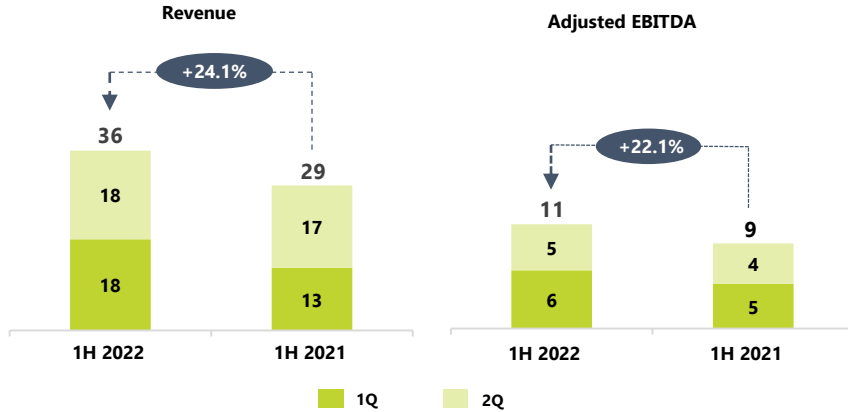


- Growth accelerated in 2Q22 with revenue up 41.4% vs prior year period, driving strong 1H22 performance
- Growth was primarily driven by revenue from the 5 year Managed Services mandate worth USD 247 million awarded in February and, to a lesser extent, by the reversal of project delays
- Adjusted EBITDA up 46.8% in 1H22 with robust margin of 51.4% (vs. 47.3% in prior year period)
- Strong momentum in the Managed Solutions business expected to continue in the second half of 2022

Operating Segment Performance

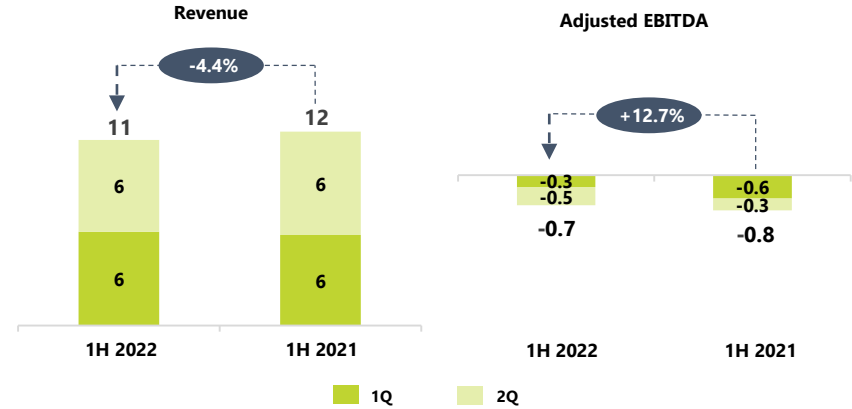


Mobility Solutions



- Another excellent quarter driving 1H22 revenue growth of 24.1%, increase seen in both service and equipment revenue
- Voice, Data and Intercarrier grew at double digit rate
- Equipment revenue increased by 95% driven by 3-year distribution agreement secured in 4Q21
- Adjusted EBITDA increased by 22.1% in 1H22 with a stable margin of 29.0% despite higher proportion of equipment revenue – reflects strong control of OpEx

Data Solutions



- 1H22 revenue down 4.4% vs. prior year period, mainly due to winding down of capacity deal with Eutelsat
- Consumer subscriber base continues to ramp up, increasing 24% over the last 12 months, driven by expansion across Africa region
- Signed number of new managed network service orders and continued to roll out several cellular backhaul projects
- Healthy pipeline of new deals and upward trajectory in subscriber base expected to continue in 2H22

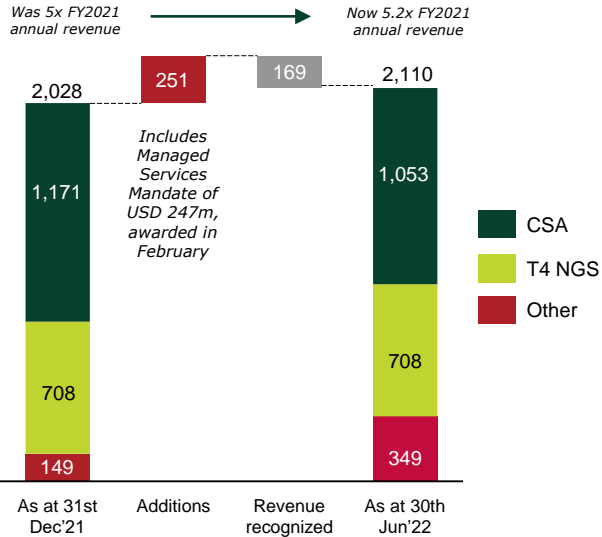
Contracted Future Revenue

Almost 90% of remaining projected revenue for 2022 (based on revised low end of guidance) is secured as at 30 June 2022

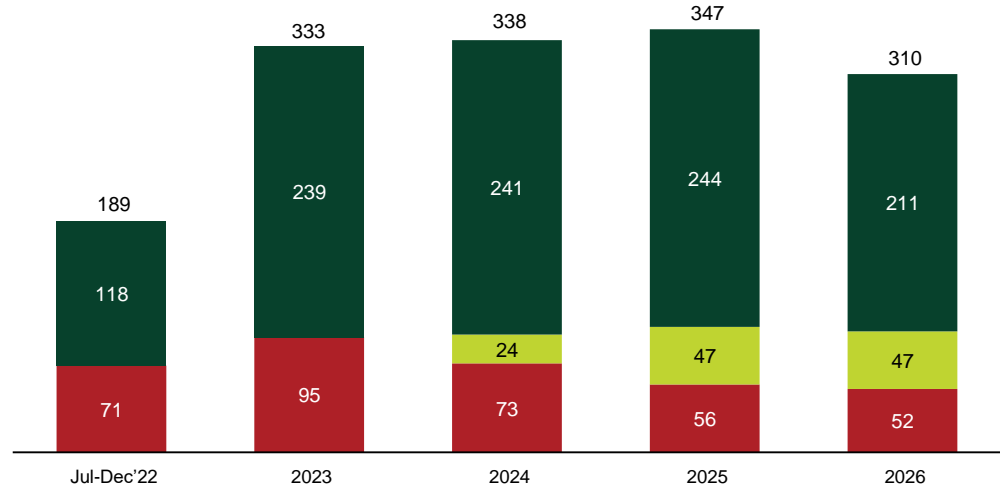


All financial figures are in USD million

Contracted Future Revenue



Roll out over next 5 years



96% of contracted future revenue with highly rated counterparty (UAE rating at Aa2 by Moody's and AA- by Fitch, Abu Dhabi rating at AA by S&P)

Note: Contracted Future Revenue in 2027 and beyond is USD 593 million

Balance Sheet



Balance Sheet	30 June 2022	31 Dec 2021
Fixed assets (satellite, ground systems and infrastructure, buildings)	840	904
Capital work in progress (including T4-NGS)	313	227
Cash and short-term deposits	373	400
Other assets	559	331
Total Assets	2,085	1,862
Borrowings	578	532
Other Liabilities	560	412
Total Liabilities	1,138	944
Equity attributable to the shareholders	873	841
Non-controlling interests	73	77
Equity	946	918
Total Liabilities & Equity	2,085	1,862

- Yahsat continues to maintain a strong and stable balance sheet
- T4-NGS project milestone payments are capitalized as incurred, contributing to an increase in capital work in progress
- Other assets include receivable against advance payment of USD 150 million pursuant to the terms of 15-year T4-NGS managed capacity services agreement with the UAE Government, which was subsequently received in July 2022
- Draw down under BPI ECA facility started in 3Q21. As of 30 June 2022, USD 180 million was drawn
- Low leverage - Net Debt to Adjusted EBITDA 0.9x as at 30 June 2022

All financial figures are in USD million

Cash Flow Underpins Dividend Policy



Operating Cash Flow conversion

	1H 2022	1H 2021
Adjusted EBITDA	122	116
(-) Purchase of PPE (excl. capital WIP)	(8)	(7)
(-) Additions to Intangible assets	(1)	(0)
Operating FCF (excl. capital WIP)	114	109
Cash conversion**	93.1%	93.9%

Discretionary Free Cash Flow

	1H 2022	1H 2021
Net cash from operations	74	81
(-) Net non-satellite capital expenditure	(8)	(7)
(-) Net investment in an associate/subsidiary	(0)	(8)
(-) Net finance costs	(4)	(14)
Discretionary Free Cash Flow	61	52

Efficient business model enabling strong cash generation

- Robust Adjusted EBITDA margins
- Low levels of maintenance CapEx
- Negligible cash taxes
- Light balance sheet model with very low leverage
- Efficient working capital management

→ Strong **Free Cash Flow** Generation



Progressive dividend policy

2022 dividend of at least \$107* million growing by a minimum of 2% per year

*Half of 2022 dividend (interim) is expected to be paid in October 2022, with remainder (Final) expected to be paid around May 2023 (subject to Board of Directors and Shareholder approval)

**Defined as Operating FCF (excl. capital WIP) divided by Adjusted EBITDA

Dividend Policy



	2021 Final		2022 Interim	
Expected Payment	9 May 2022		October 2022	
Dividend	USD 52.5m	AED 192.7m	USD 53.6m	AED 196.7m
Dividend per share	Cents 2.15	Fils 7.90	Cents 2.19	Fils 8.06

Annual **dividend yield** of around **6.1%*** (excluding growth in dividends)

- Final **FY21 dividend** payment of **AED 193 million** equal to **7.90 Fils** per share paid on 9 May 2022
- **Shareholders approved updated Dividend Policy**, expressly allowing payment of semi-annual dividends
- **FY22 dividend** expected to be at least **16.12 Fils** per share payable in two equal instalments (around October 2022 and May 2023)
- **Dividend** expected to grow by **at least 2%** per year

* Based on the share price of AED 2.65 per share as of market close August 8, 2022

The Company's issued share capital as at 30 June 2022 is AED 2,439,770,265 comprising 2,439,770,265 shares, each with a nominal value of AED 1.

FY2022 Guidance – Increasing minimum revenue guidance; other guidance remain unchanged



2022 GUIDANCE	PREVIOUS (1 March 2022)	UPDATED (9 August 2022)
Revenue	USD 415 - 440 million	USD 420 - 440 million
Adjusted EBITDA	Stable	Stable
Discretionary Free Cash Flow ('DFCF')*	USD 210 - 240 million	USD 210 - 240 million
Capex and Investments**	USD 210 - 230 million	USD 210 - 230 million

- Based on excellent 1H22 performance **Yahsat has decided to narrow the range of its 2022 Full Year Revenue Guidance**
- Almost 90% of remaining projected revenue for 2022 is already contracted (based on the low end of updated revenue guidance)
- Guidance projects full year revenue growth of 3% - 8% vs 2021
- EBITDA to remain stable versus 2021 (at around USD 240 million)
- DFCF expected to cover 2022 dividend payments by circa 2x
- 2022 T4 Capex (c. 90% of Capex and Investments) more than fully funded by ECA facility and USD 150 million advance payment from UAE Government received in July 2022

**Discretionary Free Cash Flow ('DFCF') is defined as net cashflow from operations less Maintenance and Development CapEx, Investments (defined below), taxes and net finance costs. DFCF excludes the T4 advance payment of USD 150 million received in July 2022*

***Investments' refer to investments in associates, net of any dividends received and capital returned*



3

Discussion and Closing Remarks



Closing Remarks



Strong first half, demonstrating resilience vs. macroeconomic headwinds and **sustained momentum in both revenue and profitability.**



Positive outlook for FY22 with longer-term growth supported by significant contracted future revenue and potentially two new satellites (AY4 and AY5).



Contract awards across Infrastructure, Managed Solutions, Mobility Solutions, coupled with growing Data Solutions **subscriber base**, support **high visibility on future cashflows.**



Strong relationship with UAE Government, along with **expansion of services** to new segments and international markets, a key driver for **quality of future earnings.**



Strong balance sheet with low leverage and high cash conversion ratio positions Group to meet future growth, Capex and dividend commitments.



Progressive and attractive dividend policy, with minimum 2% growth, reflect Board of Directors' confidence in the financial strength of the business.



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Appendix

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
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 Maintenance and Development CapEx, Investments and net finance costs and excludes advances from customers on long term capacity contracts (e.g. T4-NGS).
Normalized Net Income	Profit attributable to the shareholders, adjusted for material one-off items. 1H21 Normalized Net Income of 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 (USD 5 million) and accelerated recognition of unamortized finance costs (USD 2 million).
Normalized Net Income margin	Normalized Net Income divided by Revenue



Who We Are



8th

largest satellite operator
in terms of revenue



Preferred partner

for satellite solutions to the
UAE Government



150+

countries covered by Yahsat
and Thuraya satellites



1 billion

people within
broadband coverage



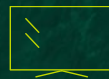
4 billion

people within
mobile coverage



No. 1

satellite broadband
provider in Africa



100+ million

viewers on Yahlive



50%

of Emirati workforce



Yahsat's journey to date



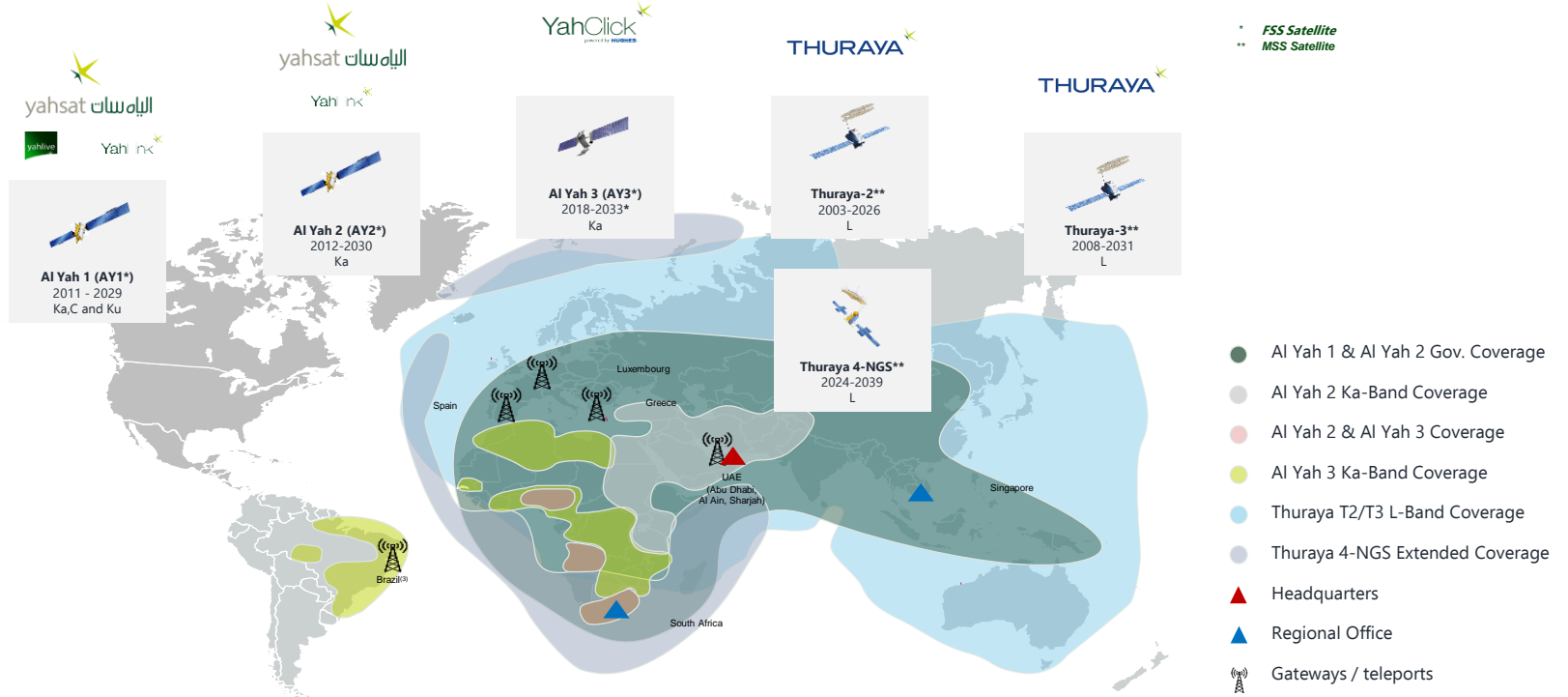
Diversified Narrow and Wideband Frequency Portfolio



	MSS		FSS				
	L	S	C	X	Ku	Ka	
Frequencies	1GHz – 2GHz	2GHz – 4GHz	4GHz – 8GHz	8GHz – 12GHz	12 GHz – 18GHz	27GHz – 40GHz	
Business Line	 NA		 NA	NA	 NA	 NA	
Applications	 Government and military mobility Handheld voice Land mobile data M2M/IoT solutions Maritime and Aero connectivity		 Video Enterprise data (i.e. backhaul, trunking, banking, etc.)	 Military solutions Radar systems Air traffic control Maritime vessel traffic control Defence tracking Vehicle speed detection for law enforcement		 Video Enterprise data (i.e. backhaul, trunking, banking, etc.) In-flight connectivity ¹ Maritime VSAT ¹	 Secure government and military capacity and solutions Enterprise data (i.e. backhaul, trunking, banking) Enterprise networks Consumer broadband / hot spots In-flight connectivity ¹ Maritime VSAT ¹

(1) Potential expansion
 Note: V/Q band excluded given current uses are limited to gateway uses. UHF also limited given its limited availability and market size

Fleet and Coverage - Overview



Note:

- Estimated end of life (EoL) based on the latest health reports and estimated remaining fuel life, assuming no significant anomalies occur
- EoL for AY3 is 2027 but use of extension vehicle could extend to 2033
- Information presented as of year-end 2021. Map excludes uplink beacon stations in UAE, Saudi Arabia and Qatar
- Brazil gateway / teleport owned and operated by the Group's HPE JV with Hughes