



اليه سات yahsat

Yahsat Overview and Q3 2021 Results Presentation

November 2021

yahsat.com

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The information contained in this presentation represents a summary of the condensed consolidated financial statements for the 9 months ended 30 September 2021 (the 9 Months 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 9 Months 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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Rounding

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



Today's Presenters



Ali Al Hashemi
Chief Executive Officer



Andrew Cole
Chief Financial Officer



Amit Somani
Chief Strategy Officer



Layla Al Hayyas
Head of Investor Relations



Agenda

1 CEO Message

2 Q3 2021 Business and Financial Update

3 Discussion





1

CEO Message



CEO Message



Ali Al Hashemi
Chief Executive Officer

Robust financial performance continued throughout Q3, improving the outlook for 2021 and beyond

- **Robust performance** across all business lines delivering YTD results broadly in line with prior year
- Solid pipeline translating into increased business activity with **new government and commercial deals** adding to our contracted future revenue backlog
- Appointed by UAE Government to assess options to support new long-term agreements on **2 potential new missions, AY4 and AY5, to commence operations by 2026**
- Proposal to pay **semi-annual, progressive dividends** subject to shareholders' approval, making **Yahsat one of the highest yielding companies on ADX**
- Laying new foundations for **future expansion and growth**, including MoU with Group 42



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Q3 2021 Business and Financial Update



Business Update – Q3 2021

Update	Area
Appointed by UAE Government to assess expansion of existing fleet with two potential new satellites AY4 and AY5, to be targeted for launch in 2026	Infrastructure
Signed MoU with G42 to form a new collaboration focused on advancing national remote sensing and geospatial capabilities	Managed Solutions
Signed several new deals adding over USD 11 million in contracted future revenues	Managed Solutions
Secured long-term agreements for a total value in excess of USD 86 million over the next three years	Mobility Solutions
Signed pan-African agreement with iSat Africa to deliver connectivity services for cellular backhaul, business applications and connectivity to remote sites	Data Solutions
Secured multiple Enterprise and backhaul deals adding over USD 11 million in contracted future revenues	Data Solutions
Increased consumer subscriber base by approximately 16% since 1 January 2021 – rapid expansion of Direct-to-Market (DTM) model	Data Solutions
Selected SpaceX and Cobham as partners for Thuraya 4-NGS program, which remains on-track	Yahsat

Q3 2021 - Robust Performance with sustained recovery and momentum entering Q4



Sustained recovery in top line since Q1 2021



Clear momentum entering Q4 across all businesses



Strong EBITDA margin



Momentum in 2021 profitability



Signing of a USD 708 million 15-year T4-NGS Capacity Services Agreement



Strong balance sheet



Strong cash flow generation



Progressive dividend policy

- ✓ 9 months revenue of USD 284.3 million, reducing year-on-year shortfall to -3.1%
- ✓ New deals signed across all businesses adding to contracted future revenues
- ✓ Adjusted EBITDA margin above 60%; Normalised Adjusted EBITDA margin of 61.6% vs. 58.3% in prior year
- ✓ Normalised Net Income vs. prior year higher by 44.3%, due to lower finance costs and stronger JV performance
- ✓ Long-term contracted future revenues over USD 2 bn, ~5x of 2020 revenue
- ✓ Low leverage at 0.5x Net Debt to Adjusted EBITDA
- ✓ Operating free cash flow conversion of over 95%

On track

- ✓ 2021 dividend of \$105* Mn (~6% annualized dividend yield based on the issue price of AED 2.75) growing at 2% per year
- ✓ Proposal to distribute semi-annual dividends going forward, subject to approval by shareholders at next General Assembly

Yahsat Group Financial Highlights

Stable Q3 2021 vs Q3 2020 – sustained recovery and momentum entering Q4



All financial figures are in USD' million

Financial extracts	Q1-2021	Q2-2021	Q3-2021	9 months 2021	9 months 2020	YoY %
Revenue	90.2	100.0	94.1	284.3	293.2	-3.1%
Cost of revenue	(4.9)	(8.5)	(9.2)	(22.6)	(20.5)	-10.4%
Staff costs	(20.0)	(20.8)	(25.1)	(65.9)	(66.6)	1.1%
Other operating expenses	(11.3)	(9.9)	(5.2)	(26.5)	(36.4)	27.2%
Other Income	0.4	0.7	0.6	1.8	15.2	-88.8%
Adjusted EBITDA	54.4	61.5	55.2	171.1	185.0	-7.5%
Normalised Adjusted EBITDA	54.4	61.5	59.4	175.3	171.0	2.5%
Normalised Adjusted EBITDA margin	60.3%	61.5%	63.1%	61.6%	58.3%	3.3% pt.
Net income (Profit attributable to the shareholders)	15.9	14.2	13.2	43.3	51.7	-16.3%
Normalised Net Income	15.9	21.2	17.4	54.5	37.7	44.3%
Cash and short-term deposits	281.4	325.3	398.3	398.3	224.9*	77.1%
Net Debt to EBITDA				0.5x	0.1x	

* as of 31 Dec 2020



Financial Highlights – Normalised Results



Normalised Adjusted EBITDA

	9 Months 2021	9 Months 2020
Adjusted EBITDA	171.1	185.0
Adjustments for:		
One-off gain on transfer of orbital rights		(14.0)
One-off IPO costs	4.2	
Normalised Adjusted EBITDA	175.3	171.0
Normalised Adjusted EBITDA Margin %	61.6%	58.3%

Normalised Net Income

All financial figures are in USD' million

	9 Months 2021	9 Months 2020
Net Income	43.3	51.7
Adjustments for:		
One-off IPO costs	4.2	
One-off gain on transfer of orbital rights		(14.0)
Termination of interest rate hedges*	5.2	
Accelerated recognition of unamortised finance costs*	1.8	
Normalised Net Income	54.5	37.7
YoY Growth %	44.3%	

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

Re-financing exercise completed in June with 'all-in' cost of borrowing (including hedging) below 2.5%



Clear momentum and strong pipeline across all segments is expected to support revenue growth in Q4



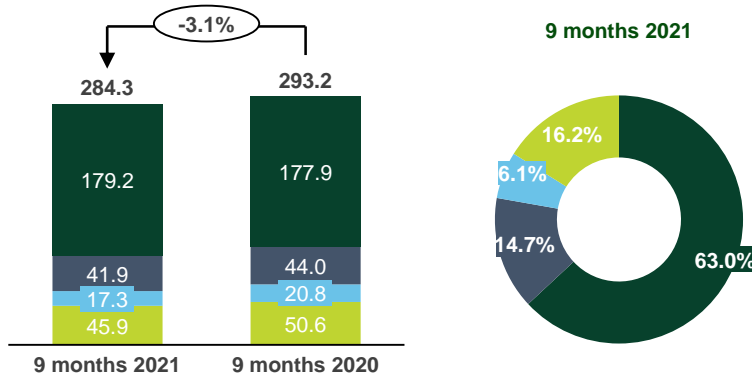
Infrastructure	Managed Solutions	Mobility Solutions	Data Solutions	Broadcast
Leasing of critical satellite capacity to the UAE Armed Forces, and C-band to other operators	Value added (O&M, consultancy) and managed satellite connectivity solutions	Narrowband services using L-band to various sectors (Gov., enterprise, consumer)	Broadband, backhauling to MNOs, corporate networks and WIFI hotspots	SES JV providing direct-to-home television broadcast
Revenue 63.0%	14.7%	16.2%	6.1%	N/A
Adjusted EBITDA 80.2%	11.2%	10.1%	-1.5%	N/A

■ Nine Months contribution

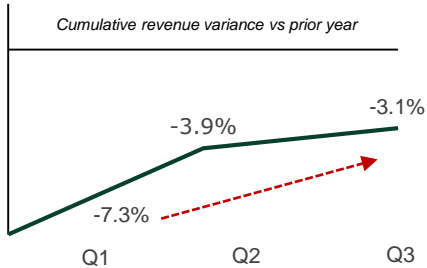
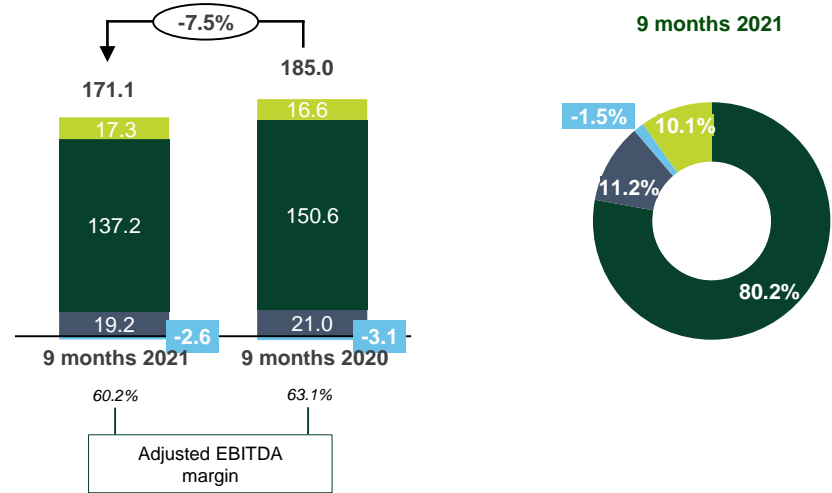


Financial Highlights

Revenue by operating segments



Adjusted EBITDA by operating segments



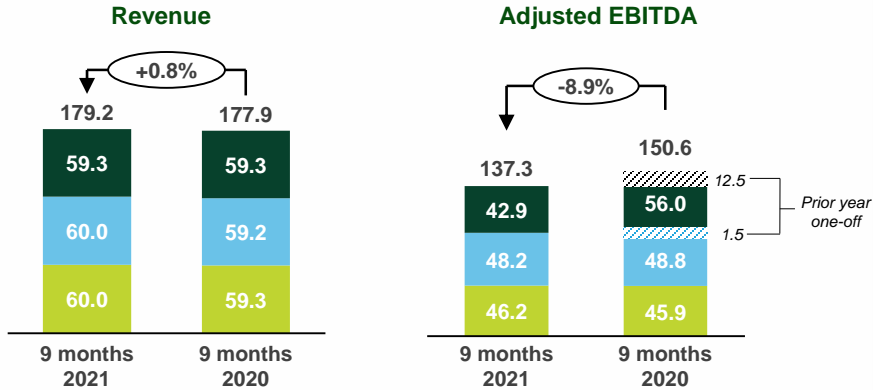
All financial figures are in USD' million

- Infrastructure
- Managed Solutions
- Data solutions
- Mobility solutions

Financial Highlights

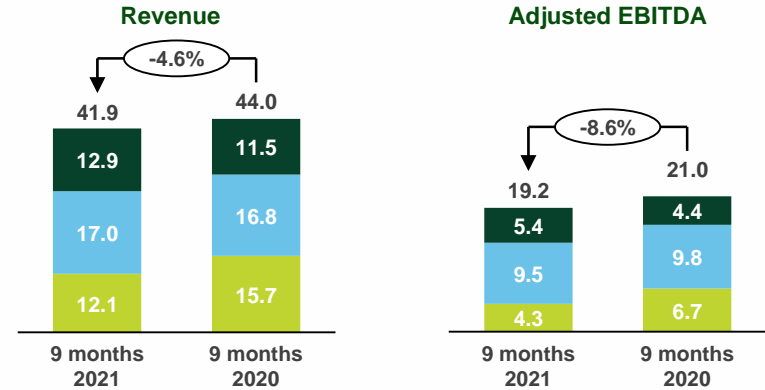


Infrastructure



- Solid revenue and EBITDA performance
- T4-NGS Capacity Services Agreement signed in Q2 adding more than \$700m to contracted future revenues and supporting future revenue growth from 2024 onwards
- 9 months 2020 Adjusted EBITDA includes USD 14m one-off gain arising on transfer of orbital rights (of which USD 12.5m in Q3 2020)

Managed Solutions



- Continued turnaround with both Q2 and Q3 revenues outperforming prior year with Q1 revenue shortfall of -23.4% now standing at -4.6%
- 9 Months revenue shortfall partially reflects prior year completion of Falcon Eye project (USD 4.8m) and temporary COVID-19 delays to certain projects, some of which are now beginning to progress in Q4

All financial figures are in USD' million

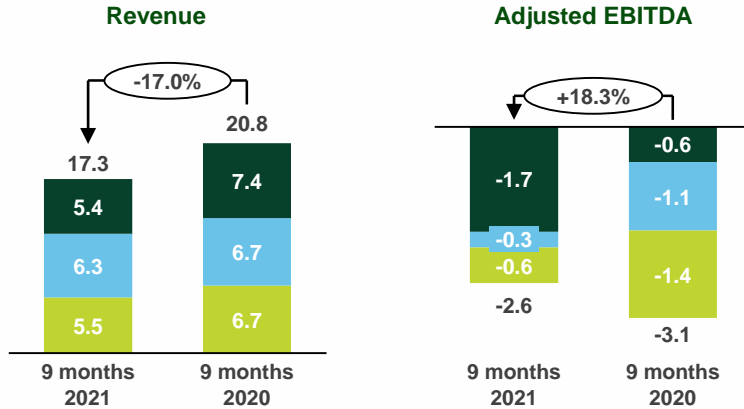
Q1 Q2 Q3



Financial Highlights

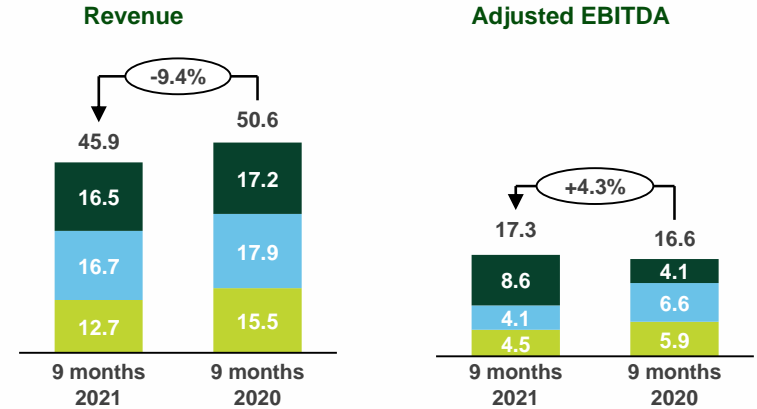


Data Solutions



- Winding down of Eutelsat capacity deal in Q3 2021 partially offset by strong growth in Consumer Broadband
- Consumer subscriber base up 15.9% since 1 January 2021. Revenues up more than 24% in the nine months, underpinned by expansion of Direct-to-market (DTM) model in South Africa
- Enterprise contracted future revenues continue to grow with 5 new deals signed in Q3 adding more than USD 11 million.
- Further deals signed in Q4 with business well positioned for growth in 2022

Mobility Solutions



- Solid revenue performance with Q3 2021 in line with Q2 2021 and year to date % shortfall vs. prior halved relative to Q1 2021 (-18.3%)
- Recovery expected to continue into Q4, underpinned by recent signing of a 3-year distribution contract with a global service provider worth more than USD 86 million
- Strong increase in EBITDA with YTD margin now circa 38% vs. 33% in prior period

All financial figures are in USD' million

■ Q1 ■ Q2 ■ Q3

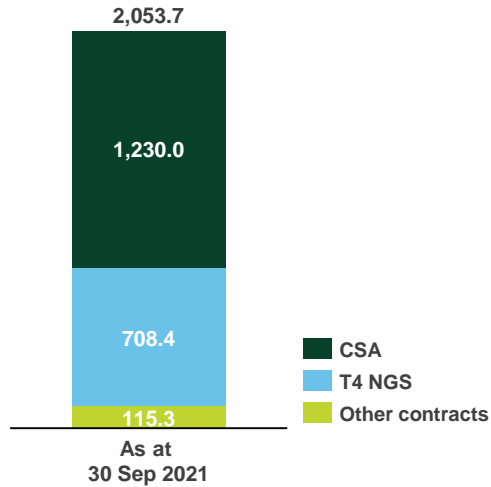


Solid backlog providing visibility of revenues and cash flows



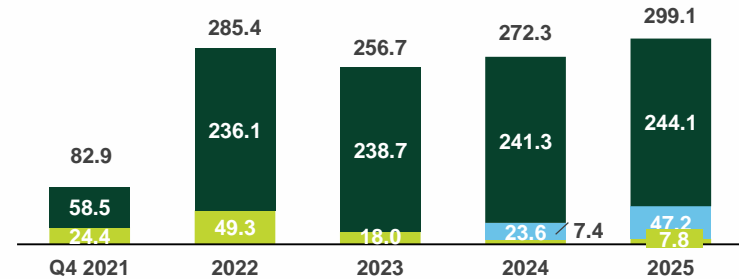
In H1, the 15-year T4-NGS Capacity Services Agreement increased contracted future revenues by more than USD 700m. In Q3, Data Solutions and Managed Solutions added a further USD 20 million to contracted future revenues, which remain at around ~USD 2.1 billion, approximately 5x FY 2020 revenues*

Yahsat Backlog



Contracted future revenues over next 5 years

All financial figures are in USD' million



Note: Backlog in 2026 and beyond is USD 857.0 million

94% of contracted future revenues, with highly rated counterparty (Abu Dhabi rating at AA by S&P, Aa2 by Moody's and AA- by Fitch)



Strong and well capitalized Balance Sheet



All financial figures are in USD' million

Balance Sheet	30 Sep 2021	31 Dec 2020
Fixed assets (satellite, ground systems and infrastructure, buildings)	936.6	1,018.6
Capital work in progress (including T4-NGS)	181.2	98.5
Cash and short-term deposits	398.3	224.9
Other assets	334.9	333.0
Total Assets	1,851.0	1,675.0
Borrowings	506.3	272.8
Other liabilities	453.5	422.1
Total Liabilities	959.8	694.9
Equity attributable to the shareholders	812.9	896.5
Non-controlling interests	78.3	83.6
Equity	891.2	980.1
Total Liabilities & Equity	1,851.0	1,675.0

- Yahsat continues to display a strong and stable Balance Sheet
- T4-NGS project remains on track with milestone payments capitalized as incurred
- USD 400 million Term Loan fully drawn in June 2021 providing liquidity
- Draw down under BPI ECA started in Q3 2021. As of 30 September, USD 106.7 million was drawn
- Low leverage - Net debt to Adjusted EBITDA 0.5x as at 30 September 2021



Strong Operating Cash Flow underpins progressive Dividend Policy



All financial figures are in USD' million

Strong operating cash flow conversion on 30 Sept 2021

	9 Months 2021	9 Months 2020
Adjusted EBITDA	171.1	185.0
One-off gain on transfer of orbital rights		(14.0)
One-off IPO costs	4.2	
Normalised adjusted EBITDA	175.3	171.0
(-) Purchase of PPE	(5.2)	(3.9)
(-) Additions to Intangible assets	(0.2)	(0.8)
Operating FCF (excl. capital WIP)	169.9	166.3
Cash conversion	96.9%	97.3%



Efficient business model enabling strong cash generation

- Robust and attractive Normalised 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



2021 dividend of \$105* Mn (~6% annualized dividend yield based on the issue price of AED 2.75) growing at 2% per year

*Half of 2021 dividend was paid to our 100% shareholder pre-IPO in relation to H1 performance, with remainder expected to be paid to shareholders in 2022



Dividend Policy



In October 2021, the Yahsat Board endorsed management's recommendation to update Yahsat's Dividend Policy to enable semi-annual distribution of dividends going forward, subject to approval by the Shareholders at the next AGM

This reflects the Board's confidence in the financial strength of the business, positive outlook on cash flow and Yahsat's ability to fund future investments

Yahsat intends to pay a total dividend of USD 105 million [AED 385.6 million] relating to the financial year ending 31 December 2021. The final dividend of USD 52.5 million [AED 192.8 million] for the financial year 2021 is expected to be paid to all shareholders in April 2022

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

Expected Payments in	Semi-annual Dividend	Total Dividend per Calendar Year	Semi-annual Dividend	Total Dividend per Calendar Year
	US Cents per Share		AE Fils per Share	
April 2022	2.15	4.34	7.90	15.96
October 2022	2.19		8.06	
April 2023	2.19	4.43	8.06	16.28
October 2023	2.24		8.22	
April 2024	2.24	4.52	8.22	16.61
October 2024	2.28		8.39	



2022 and onwards, annual dividend yield of **at least 5.7%** (excluding growth in dividends) **at the current share price of AED 2.81 per share***





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Discussion





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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
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 (-USD 14.0 million [-AED 51.4 million]). 9M 2021 Adjusted EBITDA included one-off IPO costs (+USD 4.2 million [+AED 15.3 million])
Normalised Adjusted EBITDA Margin	Normalised Adjusted EBITDA divided by Revenue
Operating Free Cash Flow	Normalised Adjusted EBITDA minus PPE-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 USD 37.7 million [AED 138.6 million] is after adjusting for the one-off gain arising on the transfer of orbital rights (-USD 14.0 million [-AED 51.4 million]). 9M 2021 Normalised Net Income of USD 54.5 million [AED 200.1 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 (+USD 5.2 million [+AED 19.2 million]) and accelerated recognition of unamortised finance costs (+USD 1.8 million [+AED 6.6 million]) as well as one-off IPO costs (+USD 4.2 million [+AED 15.3 million])
Net Income margin	Net Income (profit attributable to owners) divided by Revenue
Normalised Net Income margin	Normalised Net Income divided by Revenue



Who we are



8th

largest satellite operator
in terms of revenues



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





Yahsat is a top ten global satellite operator

Rank (2020)	Company (HQ)	Revenue (Mn USD, 2020)
1	 SES (Luxembourg)	\$2,208
2	 Intelsat (Luxembourg)	\$1,913
3	 Inmarsat (UK)	\$1,501 ¹
4	 Eutelsat (France)	\$1,492
5	 Telesat (Canada)	\$820
6	 Iridium (US)	\$583
7	 JSAT (Japan)	\$477 ¹
8	 Yahsat (UAE)	\$407
9	 ISRO (India)	\$253 ¹
10	 Arabsat (KSA)	\$272 ¹

Note: Considering FSS and MSS satellite operators only
(1) 2019 estimates



Diversified narrow and wideband frequency portfolio

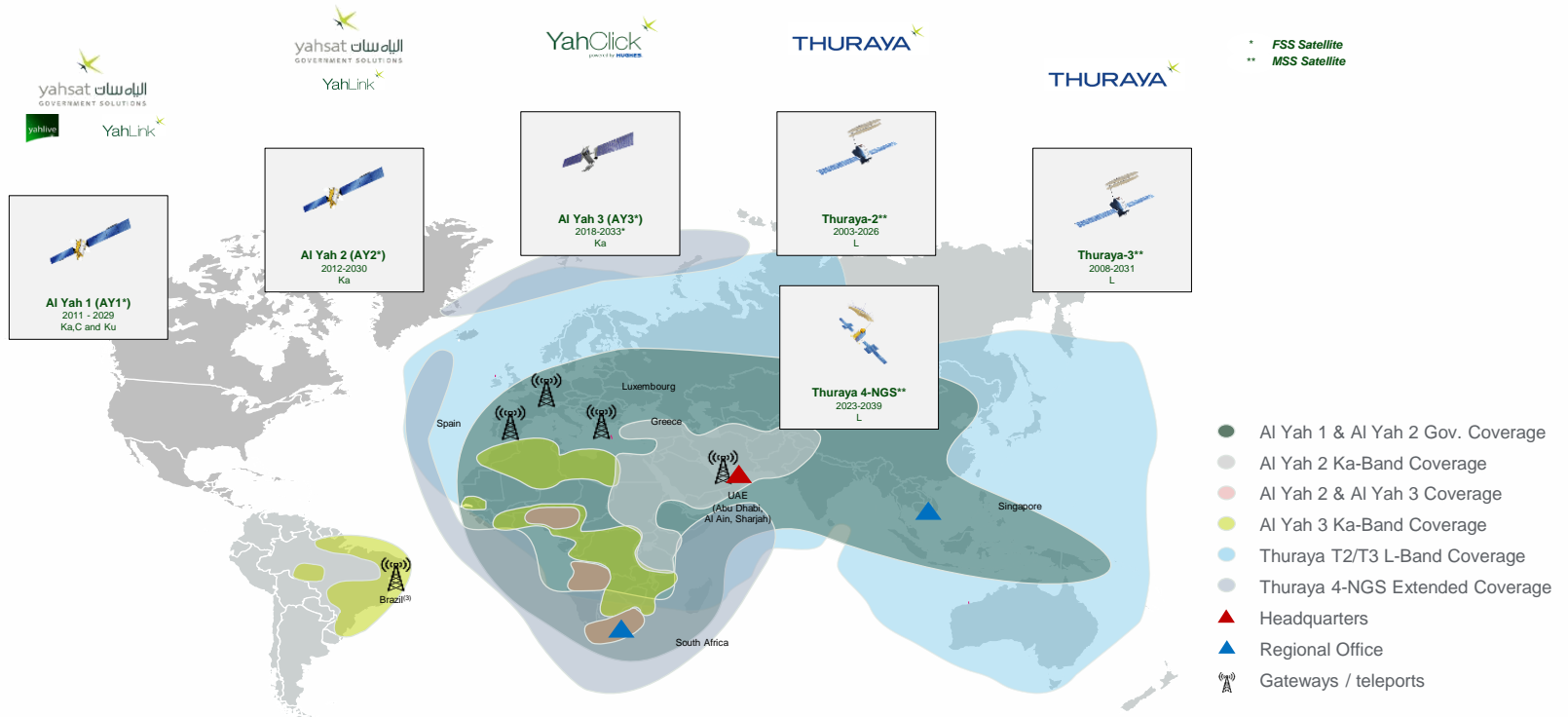


	MSS		FSS				
	L	S	C	X	Ku	Ka	
Frequencies	1GHz – 2GHz	2GHz – 4GHz	4GHz – 8GHz	8GHz – 12GHz	12 GHz – 18GHz	27GHz – 40GHz	
Business Line	 NA			NA		 	
Applications	 Government and military mobility Handheld voice Land mobile data M2M/IoT solutions Maritime and Aero connectivity	 Video Enterprise data (i.e. 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		
Key players	 		 		 		

(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 vehicle extension could extend to 2033
- Information presented as of year-end 2020. 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





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Thank you