



اليه سات yahsat

H1 2021 Results Presentation

August 2021

yahsat.com

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The information contained in this presentation represents a summary of the H1 2021 condensed consolidated financial statements (the H1 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 H1 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 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, 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.



Robust Performance in H1 2021

Resilience and growth potential despite challenging COVID-19 business conditions



Strong H1 financial performance



Clear momentum going into H2 across all businesses



Strong EBITDA margin



Momentum in 2021 profitability



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



Execution of USD 700.5 million financing at competitive rates



Strong cash flow generation



Progressive dividend policy

- ✓ USD 190 million revenues
- ✓ 10.9% quarter on quarter revenue growth
- ✓ 60.9% Normalized adj. EBITDA margin in H1 2021⁽¹⁾ vs. 60.4% in H1 2020
- ✓ 28% increase in Normalised Net Income vs. H1 2020
- ✓ Long-term contracted backlog USD 2.1 bn, ~5x of 2020 revenue
- ✓ Healthy capital structure
Low leverage at 0.4x Net Debt to Adj. EBITDA
- ✓ Operating free cash flow conversion of over 90%

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

Yahsat group financial highlights



Strong recovery in Q2 with revenues, EBITDA and net income up - clear momentum heading into H2

All financial figures are in USD' million

| Financial extracts | Q2-2021 | Q1-2021 | QoQ % | H1 2021 | H1 2020 | YoY % |
|--|---------|---------|-----------------|---------|---------|----------|
| Revenue | 100.0 | 90.2 | 10.9% | 190.2 | 197.9 | -3.9% |
| Cost of revenue | (8.5) | (4.9) | -73.2% | (13.4) | (12.9) | -4.4% |
| Staff costs | (20.8) | (20.0) | -3.9% | (40.8) | (44.8) | 9.0% |
| Other operating expenses | (9.9) | (11.3) | 12.5% | (21.2) | (21.6) | 1.4% |
| Other Income | 0.7 | 0.4 | 65.9% | 1.1 | 2.3 | -50.8% |
| Adjusted EBITDA | 61.5 | 54.4 | 13.0% | 115.9 | 121.0 | -4.2% |
| Normalized Adjusted EBITDA | 61.5 | 54.4 | 13.0% | 115.9 | 119.5 | -3.0% |
| Normalized Adjusted EBITDA margin | 61.5% | 60.3% | 1.2% pt. | 60.9% | 60.4% | 0.5% pt. |
| Net income (Profit attributable to the shareholders) | 14.2 | 15.9 | -10.7% | 30.1 | 30.5 | -1.4% |
| Normalized Net Income | 21.2 | 15.9 | 33.4% | 37.1 | 29.0 | 27.8% |
| Cash and short-term deposits | 325.3 | 281.4 | 15.6% | 325.3 | 224.9* | 44.7% |
| Net Debt to EBITDA | | | | 0.4x | 0.2x* | |

* as of 31 Dec 2020



Financial highlights – normalised results



All financial figures are in USD' million

Normalised Adjusted EBITDA

| | H1 2021 | H1 2020 |
|--|--------------|--------------|
| Adjusted EBITDA | 115.9 | 121.0 |
| Adjustments for: | | |
| One-off gain on transfer of orbital rights | | (1.5) |
| Normalised Adjusted EBITDA | 115.9 | 119.5 |
| Normalised Adjusted EBITDA Margin % | 60.9% | 60.4% |

Normalised Net Income

| | H1 2021 | H1 2020 |
|---|--------------|-------------|
| Net Income | 30.1 | 30.5 |
| Adjustments for: | | |
| One-off gain on transfer of orbital rights | | (1.5) |
| Termination of interest rate hedge* | 5.2 | |
| Accelerated recognition of unamortised finance costs* | 1.8 | |
| Normalised Net Income | 37.1 | 29.0 |
| YoY Growth % | 27.8% | |

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

- **New financing completed in June with 'all-in' cost of borrowing (including hedging) of below 2.5%**
- **New financing triggered an acceleration of hedging and finance costs of USD 7m during the period**



Improved business segments performance in H1 2021



Clear momentum going into H2 across all businesses

| Infrastructure | Managed Solutions | Mobility Solutions | Data Solutions | Broadcast |
|--|---|--|--|--|
| | | | | |
| Leasing of critical satellite capacity to the UAEAF, 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 |
| 63.1% | 15.3% | 15.4% | 6.2% | N/A |

H1 revenue contribution

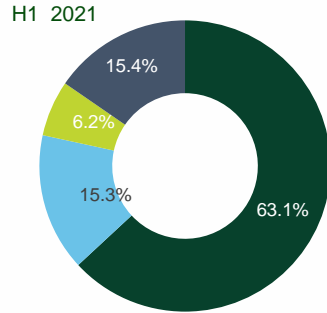
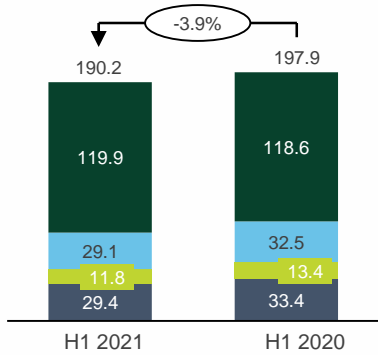


Financial highlights – Infrastructure underpins our results

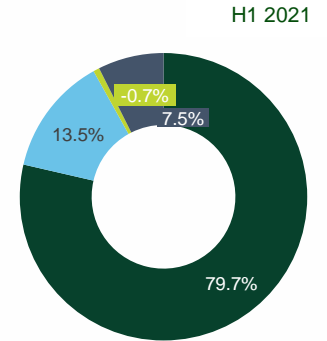
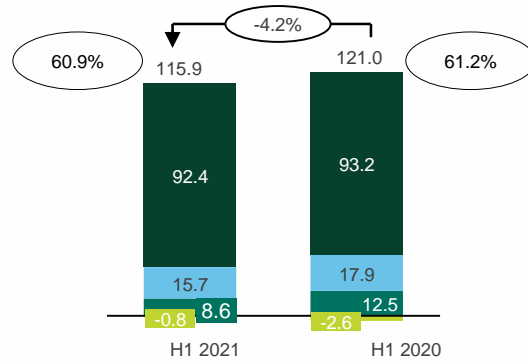


All financial figures are in USD' million

Revenue by operating segments



Adjusted EBITDA by operating segments



■ Infrastructure
 ■ Managed Solutions
 ■ Data solutions
 ■ Mobility solutions

EBITDA margin %

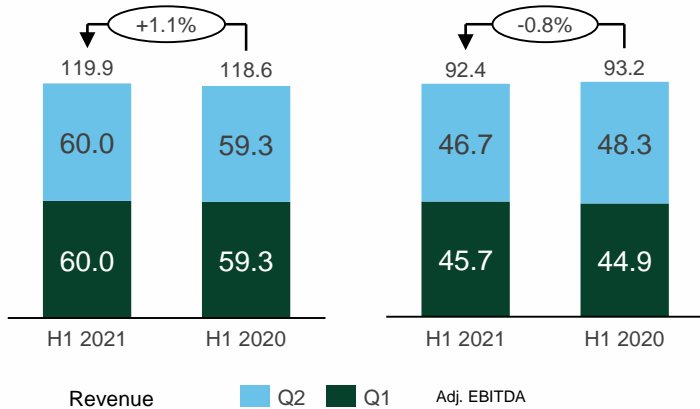


Financial highlights – strong rebound in Q2 2021



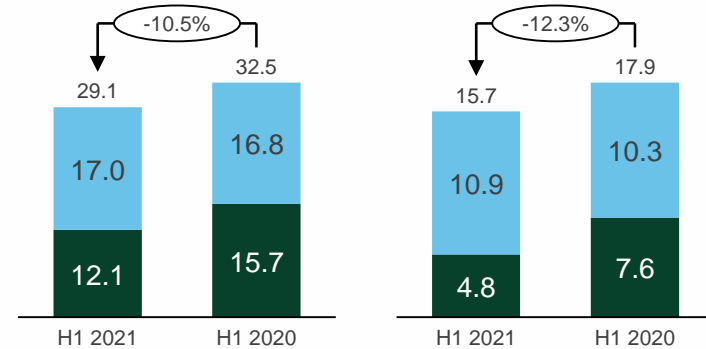
All financial figures are in USD' million

Infrastructure



- Solid revenue and EBITDA performance
- T4-NGS Capacity Services Agreement signed in Q2 adding more than \$700m to contract backlog and supporting future revenue growth from 2024 onwards

Managed Solutions



- Strong recovery in Q2 - revenues up \$4.9m vs. Q1 2021
- Q2 2021 performance stronger vs. Q2 2020
- YTD revenue shortfall reflects temporary COVID-19 delays to certain projects and prior year completion of Falcon Eye project (\$4.8m)

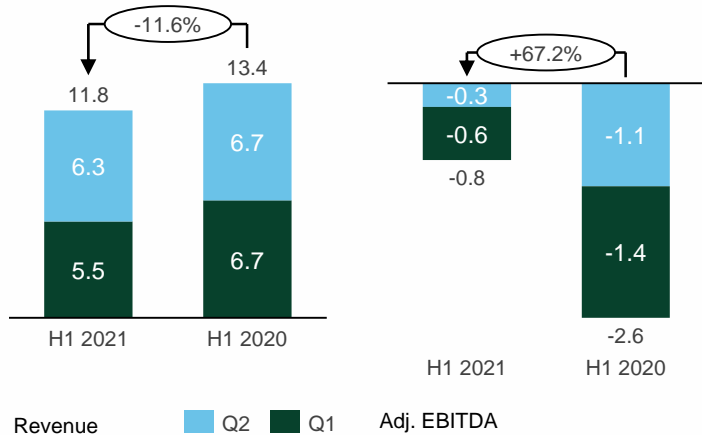


Financial highlights – strong rebound in Q2 2021



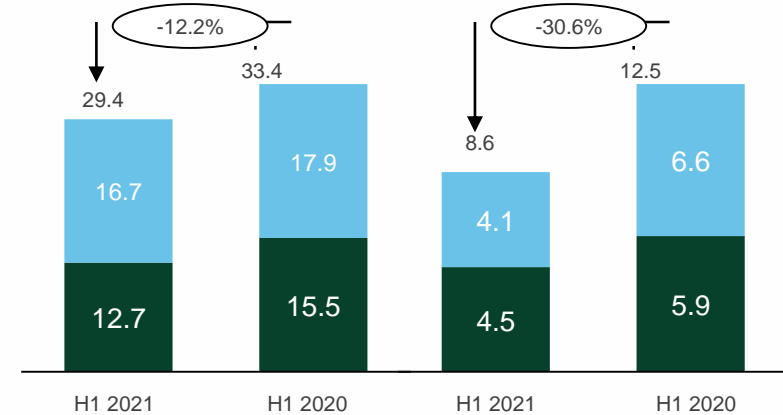
All financial figures are in USD million

Data Solutions



- Strong fundamentals – further expansion in Africa planned for H2
- Strong pipeline of Enterprise deals
- Subscriber base up 8% during H1 2021 and by over 30% vs. H1 2020
- Winding down of Eutelsat contract in H1 2021 partially offset

Mobility Solutions



- Strong recovery in Q2 with revenues up \$4m vs. Q1
- Easing of COVID restrictions in high growth markets (e.g. Asia) leading to improvement in key segments
- Momentum expected to continue into H2 (Maritime, Data, Equipment)

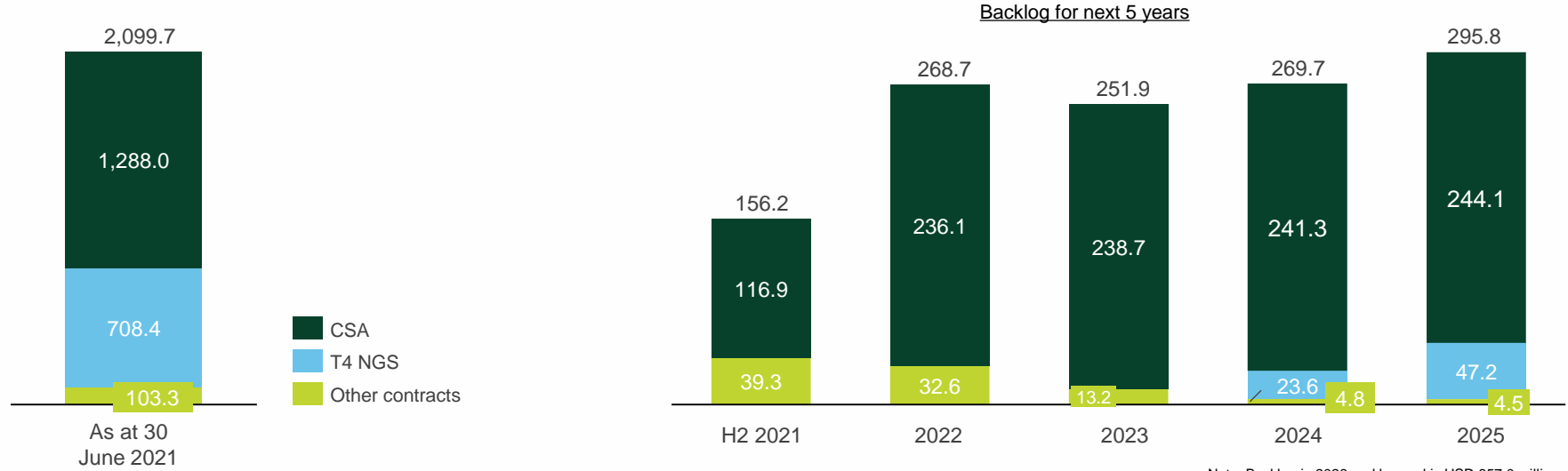


Solid backlog providing visibility of revenues and cash flows



Signing of a USD 708 million, 15-year T4-Next Generation Satellite Capacity Services Agreement increased backlog to ~USD 2.1 billion, approximately 5x FY 2020 revenues*

All financial figures are in USD' million



Note: Backlog in 2026 and beyond is USD 857.0 million

98% of backlog contracted 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 Jun '21 | 31 Dec '20 |
|--|----------------|----------------|
| Fixed assets (satellite, ground systems and infrastructure, buildings) | 958.4 | 1,018.6 |
| Capital work in progress (including T4 NGS) | 168.1 | 98.5 |
| Cash and short-term deposits | 325.3 | 224.9 |
| Other assets | 365.3 | 333.0 |
| Total Assets | 1,817.1 | 1,675.0 |
| Borrowings | 415.3 | 272.8 |
| Other liabilities | 417.3 | 422.1 |
| Total Liabilities | 832.6 | 694.9 |
| Equity attributable to the shareholders | 904.5 | 896.5 |
| Non-controlling interests | 80.0 | 83.6 |
| Equity | 984.5 | 980.1 |
| Total Liabilities & Equity | 1,817.1 | 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
- First draw down under BPI ECA expected in Q3 2021
- Low leverage - Net debt to EBITDA 0.4x



Strong Operating Cash Flow underpins progressive Dividend Policy



All financial figures are in USD' million

Strong operating cash flow conversion on 30 Jun 2021

| | H1-2021 | H1-2020 |
|--|--------------|--------------|
| Adjusted EBITDA | 115.9 | 121.0 |
| One-off gain on transfer of orbital rights | | (1.5) |
| Normalised adjusted EBITDA | 115.9 | 119.5 |
| (-) Purchase of PPE | (4.7) | (2.6) |
| (-) Additions to Intangible assets | (0.1) | (0.4) |
| Operating FCF (excl. capital WIP) | 111.2 | 116.5 |
| Cash conversion | 95.9% | 97.5% |



Efficient business model enabling strong cash generation

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

Strong Free Cash Flow Generation

Progressive dividend policy



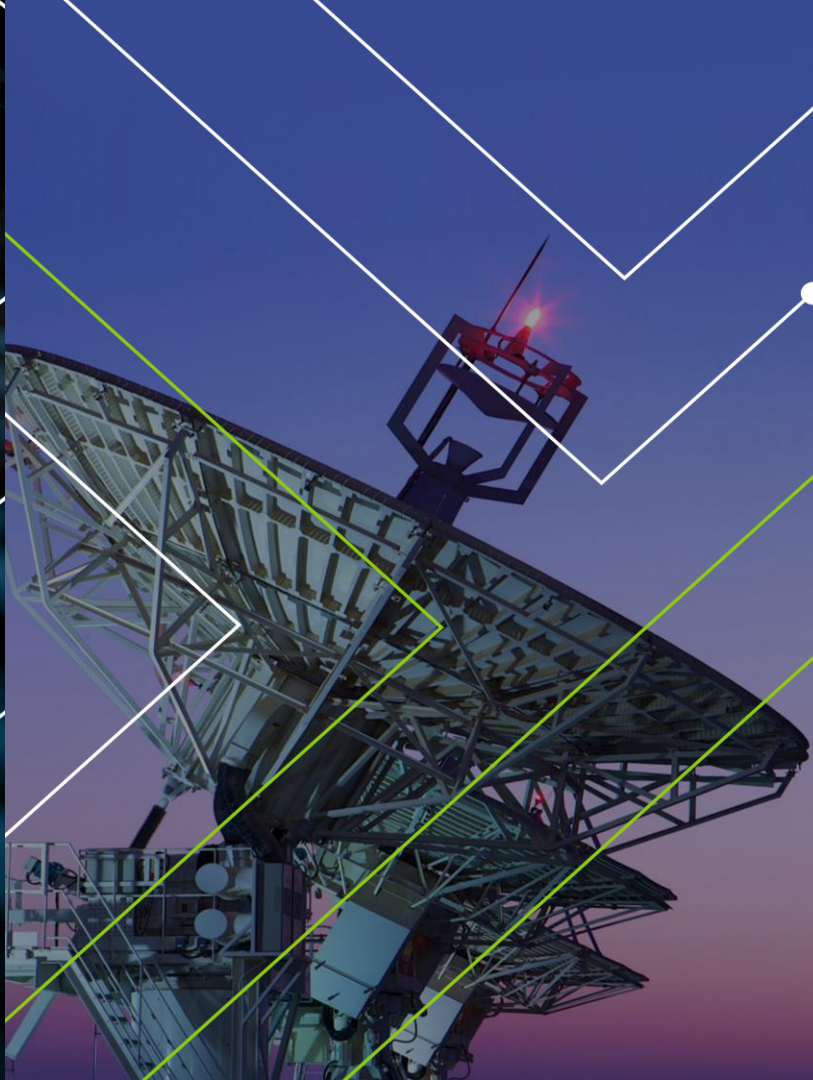
2021 dividend of \$105* Mn (~6% annualized dividend yield based on the issue price of AED 2.75) growing at 2% per year

*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



Questions





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Appendix

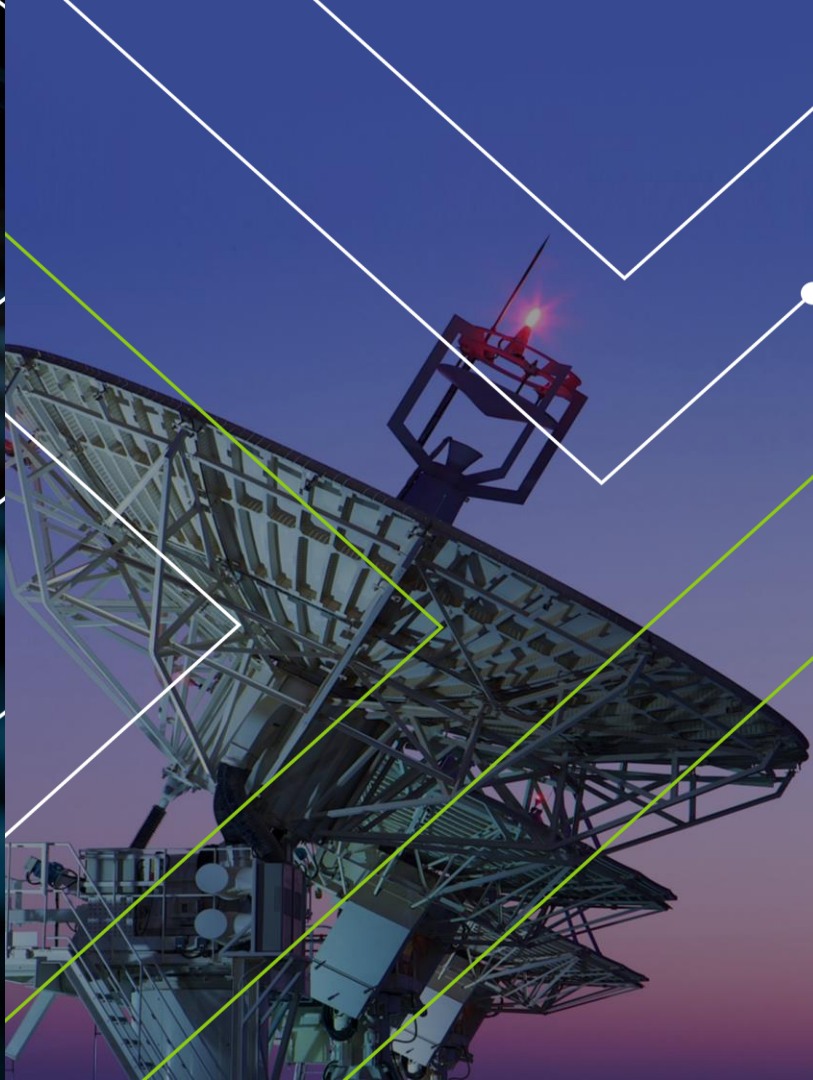
Alternative Performance Measures



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| 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 exceptional items. In 2020, an exceptional item impacting Adjusted EBITDA was a one-off gain relating to the transfer of orbital rights (-USD 1.5m) |
| Normalised Adjusted EBITDA Margin | Normalised Adjusted EBITDA Margin is 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 excluding material exceptional items. Prior year net income (USD 30.5m) has been adjusted for the one-off gain relating to the transfer of orbital rights (-USD 1.5m). YTD June 2021 net income (USD 30.1m) has been adjusted for one-off costs relating to the refinancing exercise which completed in June 2021, notably the termination of interest rate hedges (+USD 5.2m) and the accelerated recognition of unamortised finance costs (+USD 1.8m) |





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Appendix