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Yahsat

1Q 2022 Results Presentation

May 11, 2022

Disclaimer



The **information** contained in this presentation represents a summary of the condensed consolidated financial statements for the **3 months** ended 31 March 2022 (the **Q1 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 Q1 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



Layla Al Hayyas
Head of Investor Relations



Agenda

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1

Key Highlights and Strategy Update

Ali Al Hashemi, CEO



Positive Momentum Continues in 1Q22



Strong financial performance

- Revenue up 9.4% year-on-year
- Healthy EBITDA margin of 58.9%



Contracted Future Revenue exceeds USD 2.2 billion

- Up 8.6% since start of 2022 and > 47% since 1 January 2021
- Represents 5.4x annualized revenue, up from 5.0x at 31 December 2021



Robust cashflow generation

- USD 90.7 million Discretionary free cash flow
- Supports attractive dividend now paid semi-annually



Confident on growth outlook

- On track to meet 2022 objectives
- FY2022 guidance range maintained

Good Operational Performance



Awarded 5-year managed services mandate with UAE Gov't

\$247.5m
Contracted revenue

Launched IP-based radio comms solution Thuraya Push-to-Talk (PTT).



Growth in consumer subscriber base over the last 12 months

+25%

Managed Solutions revenue up 26.0% y-o-y; revenue from Oil & Gas customers more than doubled



Partnered with Philippines' leading communications solutions provider



Strong year-on-year consumer broadband revenue growth

+24%

Stellar y-o-y revenue growth, up 45.4%



Delivering Our Strategy



Diversify and expand commercial business

Invest and partner to diversify and grow

Expand core government business

Strengthen position as the UAE's flagship satellite operator

Further diversified across markets and industries: marine, military, humanitarian and other opportunities secured, spanning Asia, Africa and beyond

Strengthened our Government relationship with 5-year mandate; further vote of confidence in our teams and solutions



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1Q 2022 Financial Overview

Andrew Cole, CFO



1Q 2022 Financial Highlights



Excellent start to 2022 with stellar revenue growth



Especially strong performance in Managed Solutions and Mobility Solutions



Strong Profitability



Contracted future revenue continues to climb following award of Managed Services Mandate worth USD 247.5 million



Strong balance sheet allows capital allocation towards growth



Resilient business with robust cash flow generation

- ✓ 1Q22 revenue of USD 98.7 million, up 9.4% vs. 1Q 2021
- ✓ Managed Solutions and Mobility Solutions revenues up y-o-y by 26.0% and 45.4% respectively
- ✓ Adjusted EBITDA and Net Income up y-o-y by 6.8% and 26.4% respectively. Healthy adjusted EBITDA margin of 58.9%
- ✓ Contracted future revenue now ~ USD 2.2 billion, 5.4x 2021 revenue – up 8.6% since start of year
- ✓ Low leverage at 0.4x Net Debt to Adjusted EBITDA
- ✓ Cash conversion of 97.6%. DFCF of USD 90.7 million



Well positioned to deliver on FY 2022 guidance

2022 revenue of USD 415-440 million and stable EBITDA



Committed to attractive and progressive dividend policy

2022 dividend of *at least* \$107.1* 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 in April or May 2023 (subject to approval by Board of Directors and Shareholders)

1Q 2022 Financial Highlights



Financial Extracts (USDm)	1Q22	1Q21	YoY%
Revenue	98.7	90.2	9.4%
Cost of Revenue	(10.1)	(4.9)	-104.8%
Staff costs	(21.1)	(20.0)	-5.3%
Other operating expenses	(10.0)	(11.3)	11.7%
Other Income	0.5	0.4	25.0%
Adjusted EBITDA	58.1	54.4	6.8%
Adjusted EBITDA Margin %	58.9%	60.3%	
Net Income <i>(Profit attributable to the shareholders)</i>	20.1	15.9	26.4%
Net Income Margin %	20.4%	17.6%	
Cash and short-term deposits	478.2	400.3*	19.5%
Discretionary Free Cash Flow	90.7	86.0	5.5%

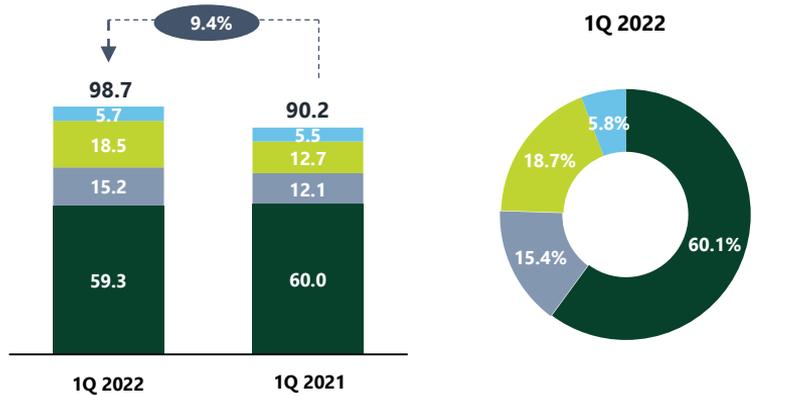
* At 31 December 2021

- **1Q22 revenue** up 9.4% vs. prior year, continuing strong momentum from 4Q21
- **1Q22 Adjusted EBITDA** up 6.8% vs. prior year period
- **Healthy EBITDA margin of 58.9%**, slightly lower than prior due to change in sales mix (mainly Mobility Solutions)
- **1Q22 Net Income** up 26.4% vs. prior year period – lower finance costs following 2021 refinancing
- **1Q22 Net Income margin** surpasses 20%
- **1Q22 Discretionary Free Cash Flow** USD 90.7 million, cash conversion of 97.6% and a 19.5% increase in cash and short term deposits (since 31 December 2021) positions Yabsat well to meet its future dividend and capital expenditure commitments

Financial Performance



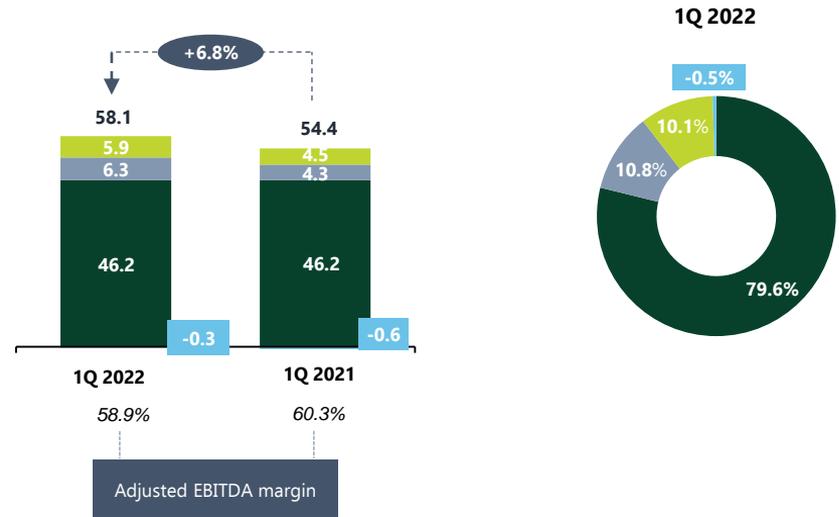
Revenue by Operating Segment



All financial figures are in USD million

- Infrastructure
- Managed Solutions
- Mobility solutions
- Data solutions

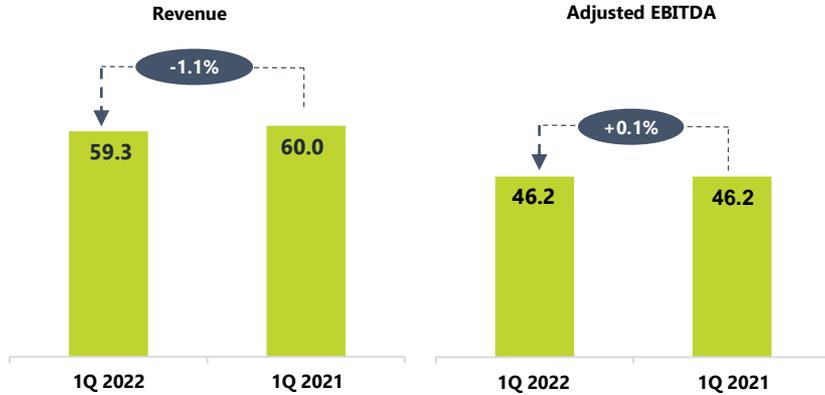
Adjusted EBITDA by Operating Segment



Operating Segment Performance



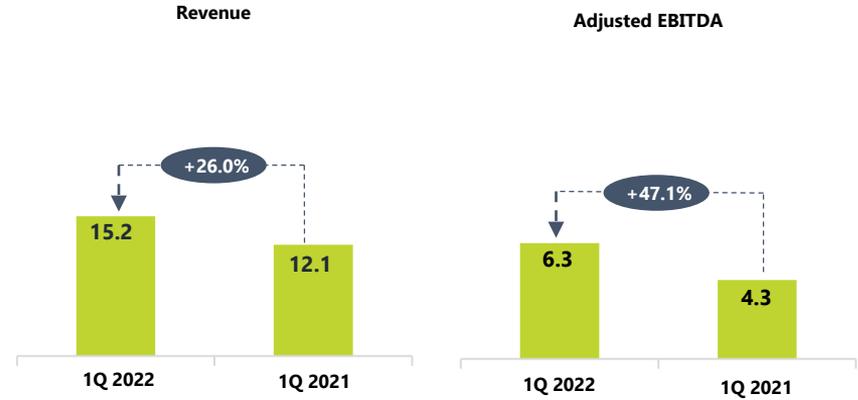
Infrastructure



- Revenue broadly stable with slight decline due to reallocation of certain C-band contracts (USD 1.2 million) to Managed Solutions and Data Solutions from 4Q21 onwards
- Strong Adjusted EBITDA maintained with margin of 78%
- Long term visibility of future cash flows - contracted future revenue exceed USD 1.8 billion as at 31 March 2022 and include 15-year T4-NGS Capacity Services Agreement worth more than USD 700m which will support revenue growth from 2024 onwards (USD 47 million annually)
- RFP responses for two new satellites (Al Yah 4 and Al Yah 5), with a target launch by 2026, have been received and are currently being evaluated

All financial figures are in USD' million

Managed Solutions

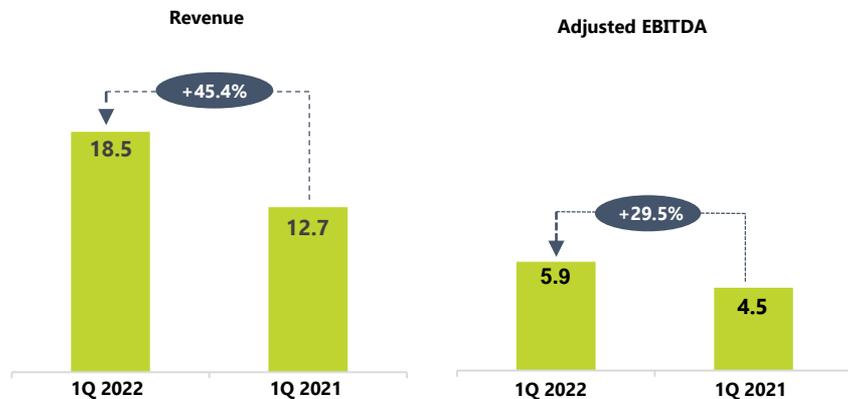


- Excellent start to 2022 with 1Q revenue up 26.0% vs prior year period
- Growth supported by continued reversal of project delays as well as strong Oil & Gas where 1Q revenue more than doubled compared to prior year period
- Healthy Adjusted EBITDA, up 47.1% with a margin of 41.3% (vs. 35.4% in prior year period)
- Business is well positioned to grow following recent award of a 5 year Managed Services mandate worth USD 247.5 million

Operating Segment Performance



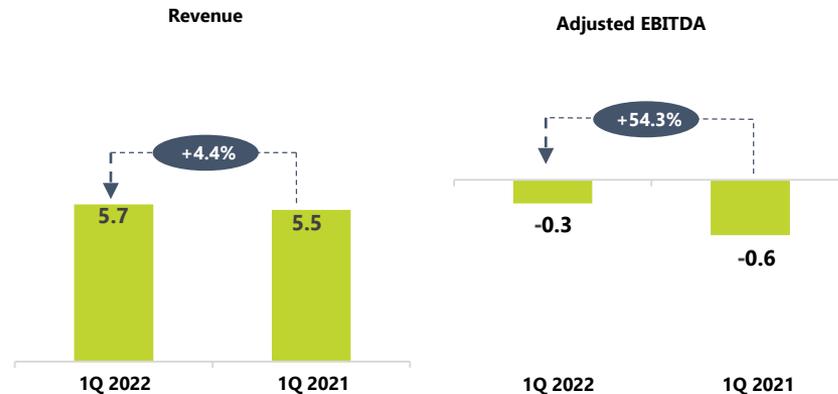
Mobility Solutions



- Very strong start to 2022 following a stellar performance in 4Q21
- 1Q22 revenue increased by 45.4% vs. prior year period with growth across both Service and Equipment
- Voice and Data grew at double digit %
- Equipment revenue climbed by more than 5x driven by 3-year distribution agreement secured in 4Q21
- Adjusted EBITDA rose 29.5% - the margin of 31.8% was slightly lower than prior year period (35.7%) due to a higher proportion of equipment revenue

All financial figures are in USD' million

Data Solutions



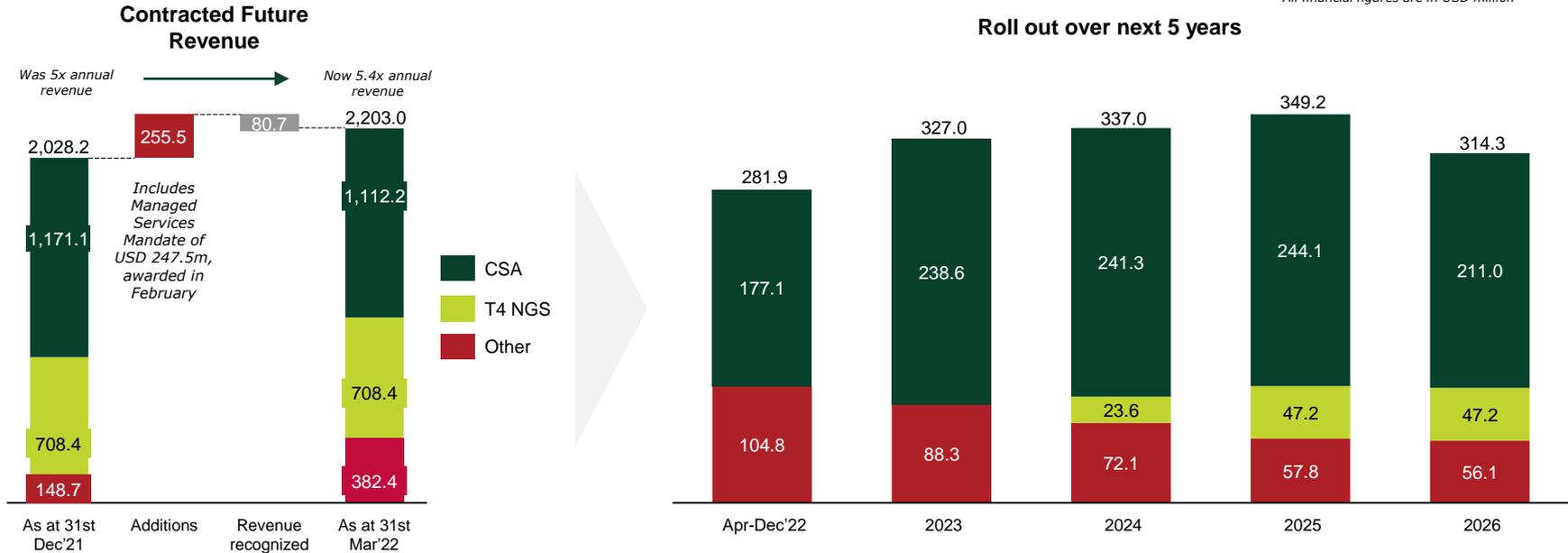
- Solid start to 2022 with revenue up 4.4% vs. prior year period despite winding down of capacity deal with Eutelsat
- Consumer subscriber base continues to ramp up, increasing 25% over the last 12 months, driven by expansion of Direct-to-market (D2M) model in South Africa
- Enterprise revenue grew at double digit % as cellular backhaul projects began to be rolled out
- OpEx fell by 8.2% with EBITDA loss halved to USD 0.3 million
- Business well positioned to grow in 2022 with a healthy pipeline of new deals and upward trajectory in subscriber base

Contracted Future Revenue

Almost 90% of remaining projected revenue for 2022 (based on low end of guidance) are secured as at 31 March 2022



All financial figures are in USD million



95% of contracted future revenue with highly rated counterparty (Abu Dhabi rating at AA by S&P, Aa2 by Moody's and AA- by Fitch)

Note: Contracted Future Revenue in 2027 and beyond are USD 593.6 million

Balance Sheet



Balance Sheet	31 Mar 2022	31 Dec 2021
Fixed assets (satellite, ground systems and infrastructure, buildings)	872.3	904.4
Capital work in progress (including T4-NGS)	262.1	226.9
Cash and short-term deposits	478.2	400.3
Other assets	378.5	330.6
Total Assets	1,991.1	1,862.2
Borrowings	565.6	532.2
Other Liabilities	450.4	411.8
Total Liabilities	1,016.1	944.1
Equity attributable to the shareholders	899.9	841.4
Non-controlling interests	75.2	76.7
Equity	975.1	918.1
Total Liabilities & Equity	1,991.1	1,862.2

- 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
- Draw down under BPI ECA started in 3Q21. As of 31 March 2022, USD 168.1 million was drawn
- Low leverage - Net debt to Adjusted EBITDA 0.4x as at 31 March 2022

All financial figures are in USD' million

Cash Flow Underpins Dividend Policy



Operating **Cash Flow** conversion

	1Q 2022	1Q 2021
Adjusted EBITDA	58.1	54.4
(-) Purchase of PPE (excl. capital WIP)	(1.0)	(1.6)
(-) Additions to Intangible assets	(0.4)	(0.0)
Operating FCF (excl. capital WIP)	56.7	52.8
Cash conversion**	97.6%	97.1%

Discretionary **Free Cash Flow**

	1Q 2022	1Q 2021
Net cash from operations	95.3	95.3
(-) Net non-satellite capital expenditure	(3.7)	(1.6)
(-) Net investment in an associate/subsidiary	-	(5.4)
(-) Net finance costs	(0.9)	(2.3)
Discretionary Free Cash Flow	90.7	86.0

Efficient business model enabling **strong cash generation**

- Robust and attractive 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 \$107.1* 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 in April or 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 53.5m	AED 196.6m
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 192.7 million** equal to **7.90 Fils** per share paid on 9 May 2022
- **Shareholders approved updated Dividend Policy**, allowing payment of semi-annual dividends from 2022 onwards
- **FY22 dividend** expected to be at least **16.12 Fils** per share payable in two equal instalments (October 2022 and April / May 2023)
- **Dividend** expected to grow by **at least 2%** per year from FY22 onwards

** Based on the share price of AED 2.64 per share as of market close May 10, 2022*

The Company's issued share capital as at 31 March 2022 is AED 2,439,770,265 comprising 2,439,770,265 shares, each with a nominal value of AED 1.

FY2022 Guidance



	GUIDANCE 2022
Revenue	USD 415 - 440 million
Adjusted EBITDA	Stable
Discretionary Free Cash Flow ('DFCF')*	USD 210 - 240 million
Capex and Investments**	USD 210 - 230 million

- Based on excellent 1Q22 performance **Yahsat remains well on track** to meet its 2022 Full Year Guidance
- Almost 90% of remaining projected revenue for 2022 are already contracted (based on low end of revenue guidance)
- Guidance projects full year revenue growth of 2% - 8% vs 2021
- EBITDA to remain stable at around USD 240 million
- DFCF expected to cover 2022 dividend payments by circa 2x
- 2022 T4 CapEx (c. 85% of CapEx and Investments) more than fully funded by ECA and upfront payments, DFCF not expected to fund T4 CapEx.

**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 due in June 2022*

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



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Discussion and Closing Remarks



Closing Remarks



Strong **start to the year, continuing momentum seen in 4Q21**



Good trajectory for solid performance going into 2022



Signed new partnerships with key national stakeholders adding to contracted future revenue backlog



Supported **diversification of customer base and offerings**



Laying new foundations for **future expansion and growth**, including Managed Services agreement with UAE Government and MoU with Group 42



Strong and well capitalized **balance sheet**



Progressive and attractive dividend policy, reflecting the 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).
Net Income margin	Net Income (profit attributable to the shareholders) 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

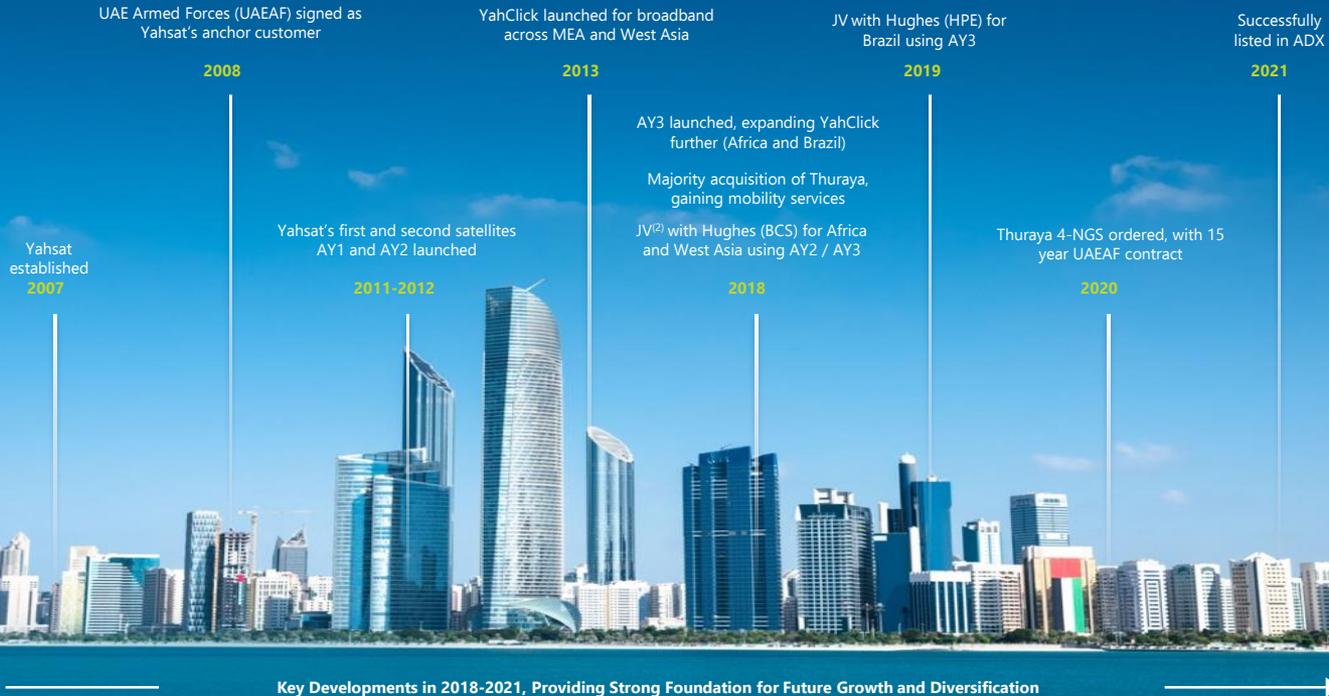


50%

of Emirati workforce



Yahsat's journey to date



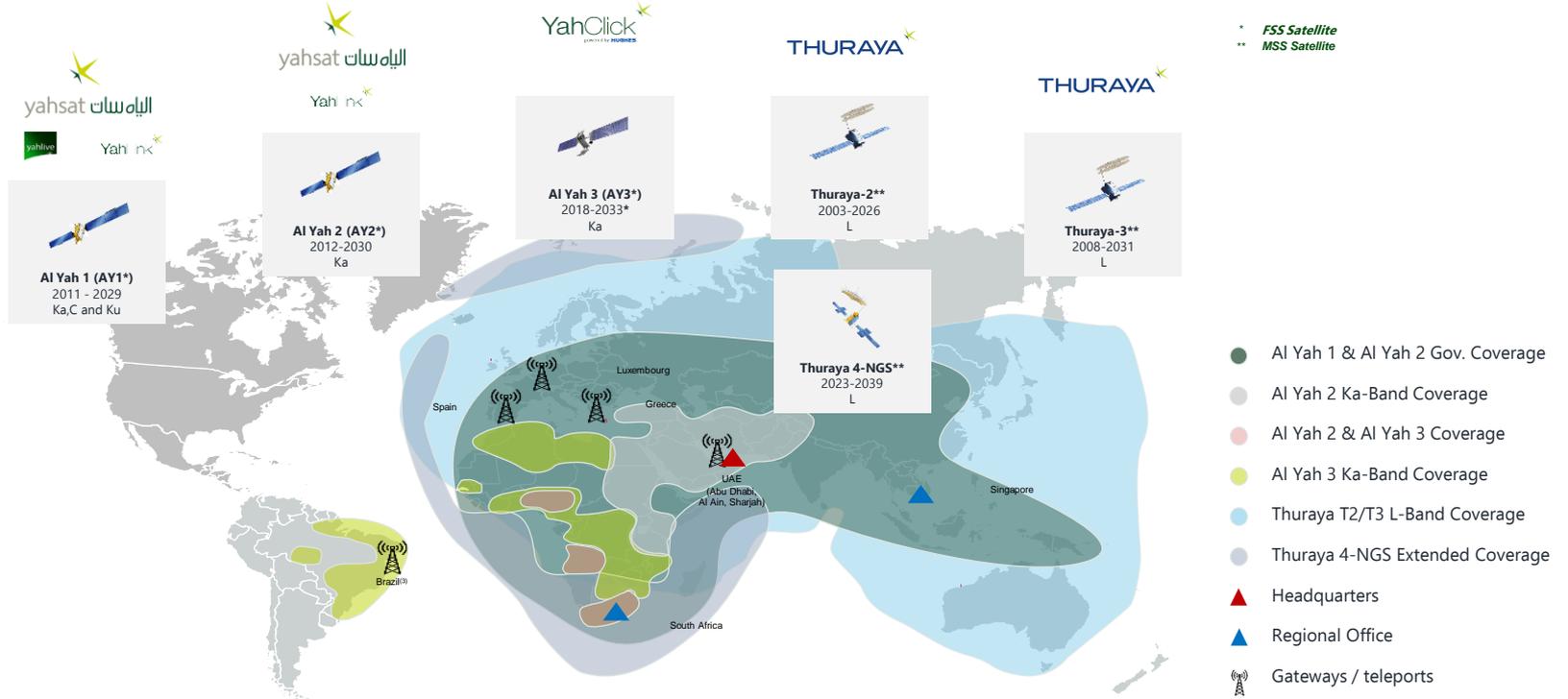
Diversified Narrow and Wideband Frequency Portfolio



	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 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