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Yahsat

FY 2021 Results Presentation

March 1, 2022

Disclaimer



The **information** contained in this presentation represents a summary of the condensed consolidated financial statements for the **12 months** ended 31 September 2021 (the 12 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 12 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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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. The payment of semi-annual dividends is subject to shareholder approval at the 2022 AGM.

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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Discussion and Closing Remarks





1

Key Highlights and Strategy Update

Ali Al Hashemi, CEO



Key Highlights



Pivotal year for Yabsat – listed on ADX, robust financial performance, T4 program on track and laying foundations for growth



Full year **revenue marginally up year on year** with stellar 4Q21 performance, up 7.9%
Strong profitability: Normalised Adjusted EBITDA of **USD 244.6 million** - **margin of 60%**



Growing backlog - more than USD 2 billion, up more than 35% in 2021
Strong balance sheet and low leverage at 0.6x



Dividend – one of highest yielding stocks on ADX today
Final dividend for **FY21** of 7.90 Fils per share totalling **AED 192.8 million** pending shareholder approval at the AGM
FY22 interim dividend expected to be **AED 8.06 Fils** per share payable in **October 2022**



Momentum as we enter 2022 – new 5-year Managed Services Mandate worth USD 247.5m awarded in February 2022

FY2021 Business Highlights



INFRASTRUCTURE

MANAGED SOLUTIONS

MOBILITY SOLUTIONS

DATA SOLUTIONS



Appointed to assess 2 new UAE Government satellites for launch in 2026



Signed \$708m 15-year T4-NGS agreement with UAE Gov't

\$47m
Annual revenue from mid 2024



Accelerated market diversification in defense and O&G



Expanded value chain - Start Technologies JV & MoU with G42



5-year managed services mandate with UAE Gov't (2022-26)

\$247m
Contracted revenues



Accelerated key market segments with new products and investing in new portfolio



Evolved GTM with 8 new distribution agreements



Secured 3 year distribution agreement

\$86m
Contracted revenues



Signed 10+ enterprise and backhaul deals



Increased future contracted revenues

+\$22m
Contracted revenues

Growth in consumer subscriber base

+20%
Growth icon

Accelerated D2M in South Africa and launching Nigeria



Strategy - 2022 and Beyond



Expand core government business

Strengthen our UAE core business with existing and new customers while securing new long term capacity deals

>2Bn current future contracted government revenues

Diversify and expand commercial business

Enrich product offerings and go to market models to capture more value

>250k customers across 150 countries

Invest and partner to diversify and grow

Capitalize on the growing importance of satellite in the global connectivity and applications ecosystem – organically or inorganically

4 diverse JVs as partner of choice with industry leaders

Build on position as the UAE's flagship satellite operator

Continue as a technology and industry pioneer in the UAE and internationally

US\$ 500 million transformational programme to boost next-gen capabilities



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FY 2021 Financial Overview

Andrew Cole, CEO



FY2021 Financial Highlights



Sustained recovery in top line since 1Q 2021



4Q 2021 outperformance



Healthy EBITDA margin



Momentum in 2021 profitability leading to highest Net Income ever



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



Strong balance sheet



Consistent cash flow generation

- ✓ Full year revenue of USD 407.6 million, up vs. 2020; strong recovery since 1Q when revenue lagged prior by -7.3%
- ✓ Exceptional quarterly performance with revenue and EBITDA up 7.9% and 12.1% respectively
- ✓ Adjusted EBITDA margin of 59%; Normalised Adjusted EBITDA margin of 60%
- ✓ Normalised EBITDA and Net Income vs. prior year 5% and 47.4% respectively
- ✓ Long-term contracted future revenue ~ USD 2.0 bn, c. 5x of 2021 revenue – c. 70% of 2022 revenue contracted (excludes Managed Services Mandate)
- ✓ Low leverage at 0.6x Net Debt to Adjusted EBITDA
- ✓ Cash conversion of 97%. DFCF of USD 179.5 million, circa 1.7x 2021 dividend

On track

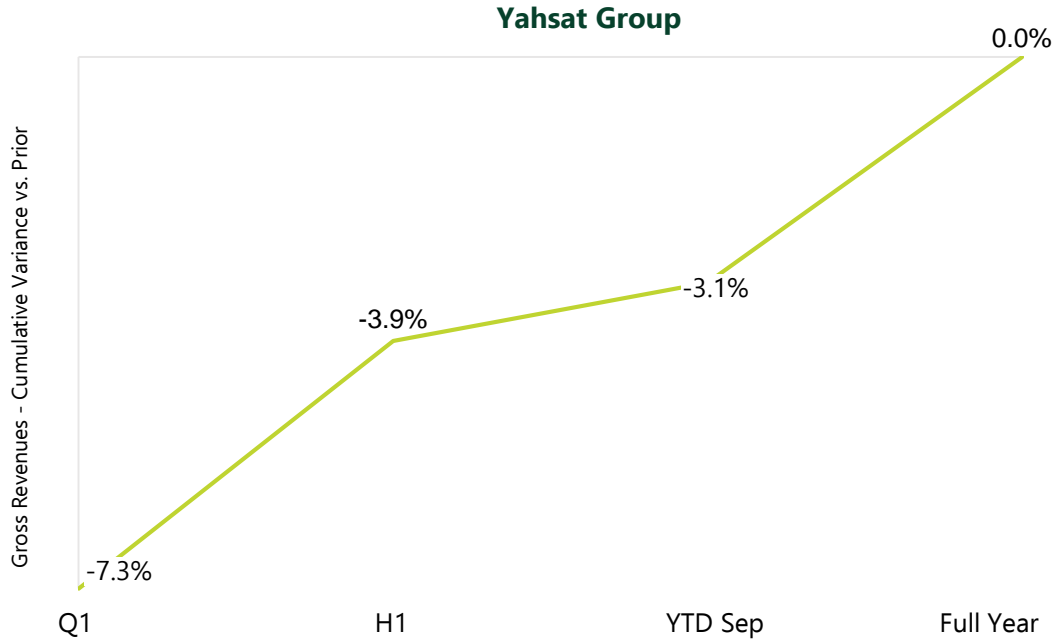


Progressive dividend policy

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

*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

Continued Recovery and Momentum



- **Revenue** accelerated in second half of 2021 after a challenging Q1
- **1Q performance** held back by pandemic impacting most parts of the business
- Many of **Managed Solutions** project delays reversed in 2021
- **Mobility Solutions** rebounded strongly with stellar Q4 performance (up 21% year on year) with growth in both Service and Equipment revenue
- **Data Solutions** recovered well with strong equipment sales in Q4 2021
- **4Q momentum** positions Yahsat well for growth in 2022

FY2021 Financial Highlights



Financial Extracts (USDm)	4Q21	4Q20	YoY%	FY21	FY20	YoY%
Revenue	123.3	114.3	7.9%	407.6	407.5	0.0%
Cost of Revenue	(22.9)	(19.6)	-16.9%	(45.5)	(40.0)	-13.6%
Staff costs	(19.6)	(17.6)	-11.6%	(85.5)	(84.2)	-1.5%
Other operating expenses	(11.9)	(15.6)	23.5%	(38.4)	(52.0)	26.1%
Other Income	0.6	0.4	31.3%	2.3	15.7	-85.2%
Adjusted EBITDA	69.4	61.9	12.1%	240.5	246.9	-2.6%
Adjusted EBITDA Margin %	56.3%	54.2%		59.0%	60.6%	
Normalised Adjusted EBITDA	69.4	61.9	12.1%	244.6	232.9	5.0%
Normalised Adjusted EBITDA Margin %	56.3%	54.2%		60.0%	57.2%	
Net Income <i>(Profit attributable to the shareholders)</i>	26.5	17.2	54.3%	69.8	68.9	1.2%
Normalised Net Income	26.5	17.2	54.3%	80.9	54.9	47.4%
Normalised Net Income Margin %	21.5%	15.0%		19.9%	13.5%	
Cash and short-term deposits				400.3*	224.9**	78.0%
Discretionary Free Cash Flow				179.5	186.3	-3.7%

¹ After adjusting for one-off pre IPO costs of USD 4.2 million
* as of 31 Dec 2021
** as of 31 Dec 2020

- **Full year revenue** in line vs. prior year, following a strong recovery in Q4 – up 7.9% vs prior
- **4Q Adjusted EBITDA** up 12.1% vs. prior – growth in both revenues but also reduction in OpEx
- Recurring **staff costs** down 3.4%¹
- **Adjusted EBITDA** down 2.6%
- **Normalised Adjusted EBITDA** up 5% with margin of 60% vs. 57.2% in prior year
- **Net Income** up 1.2% vs. prior – stronger JV performance
- **Normalised Net Income** up 47.4% - lower finance costs

Normalised Results



Normalised Adjusted EBITDA

	FY2021	FY2020
Adjusted EBITDA (USDm)	240.5	246.9
Adjustments for:		
One-off gain on transfer of orbital rights		(14.0)
One-off IPO costs	4.2	
Normalised Adjusted EBITDA	244.6	232.9
Normalised Adjusted EBITDA Margin %	60.0%	57.2%
YoY Growth %	5.0%	

Normalised Net Income

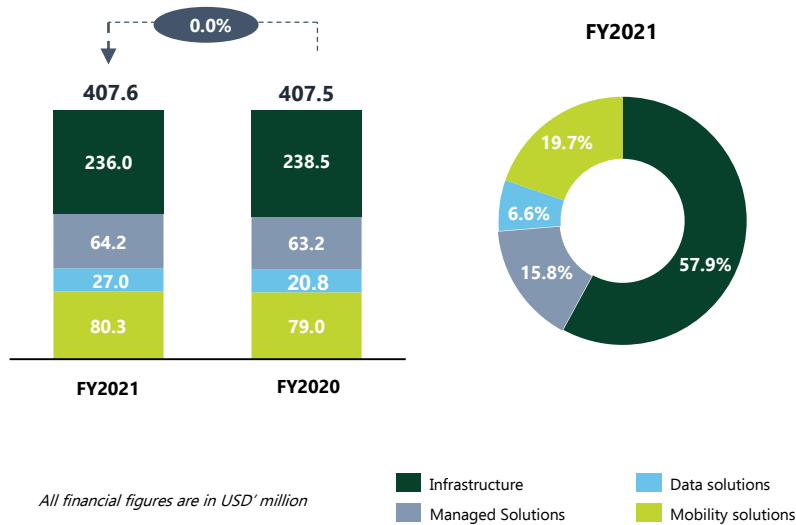
	FY2021	FY2020
Net Income (USDm)	69.8	68.9
Adjustments for:		
One-off IPO costs	4.2	
One-off gain on transfer of orbital rights		(14.0)
Termination of interest rate hedges*	5.2	
Accelerated recognition of unamortised finance costs*	1.8	
Normalised Net Income	80.9	54.9
YoY Growth %	47.4%	

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

Financial Performance

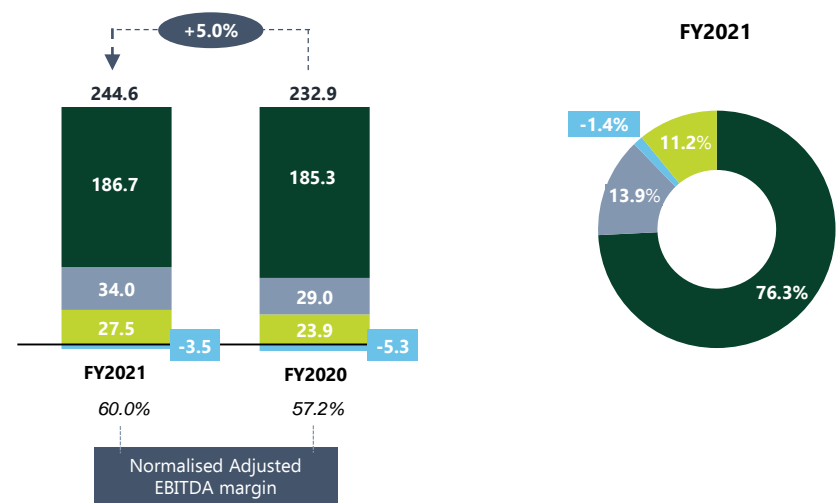


Revenue by Operating Segment



Note: USD 4.7 million of C-band revenues were reallocated in Q4'21 from Infrastructure to Managed Solutions and Data Solutions so that customer revenue is reported under the respective segments that sell and deliver the solution. This was applied retrospectively from 1 January 2021 and does not impact the Group's consolidated revenue

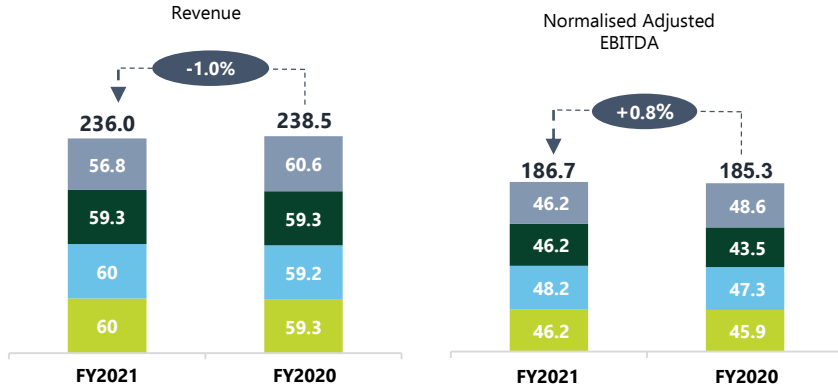
Normalised Adjusted EBITDA by Operating Segment



Operating Segment Performance



Infrastructure

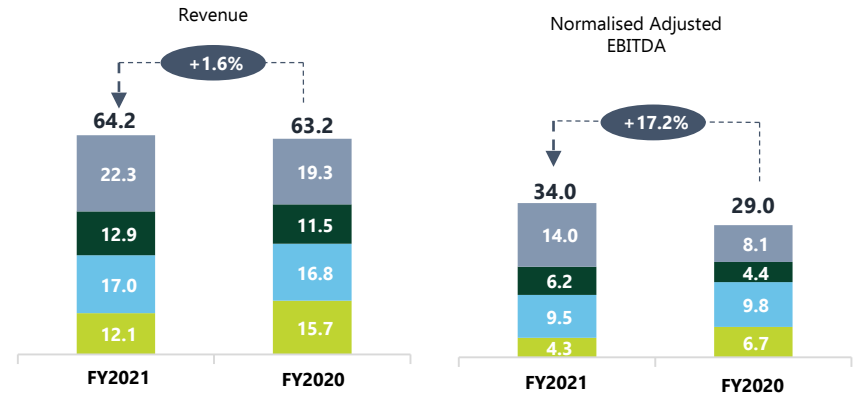


- **Revenues broadly stable** year on year with Normalised Adjusted EBITDA margin of **79%**
- Decline of 1% attributable to **reallocation of C-band contracts** (USD 4.7 million) and corresponding revenues to Managed Solutions and Data Solutions in 4Q21
- **15-year T4-NGS Capacity Services Agreement** signed in 2Q21 adding **more than USD 700m** to contracted future revenues and supporting revenue growth from 2024 onwards (USD 47 million annually)

All financial figures are in USD' million

1Q 2Q 3Q 4Q

Managed Solutions

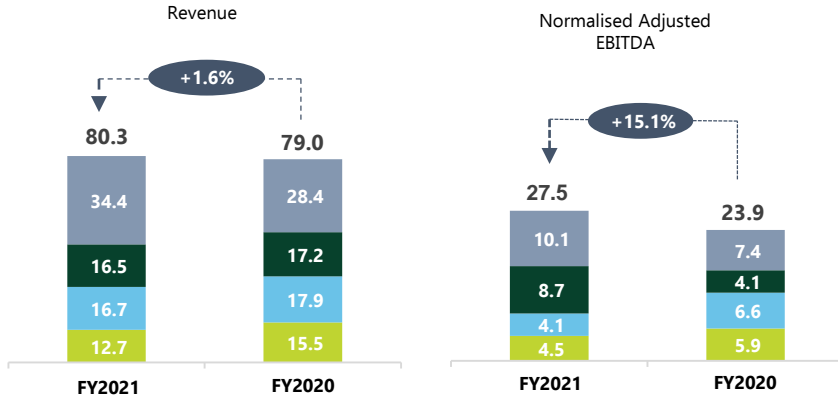


- **2Q and 3Q recovery continued in 4Q** with full year revenues closing marginally up vs prior
- This compares to a 1Q revenue shortfall of -23.4%
- Delays to certain projects in H1 **started to unwind**
- **Promising outlook** with expansion of Oil & Gas and 5 year Managed Services mandate worth USD 247.5 million (awarded in February 2022)
- Normalised Adjusted EBITDA margin **above 50%**

Operating Segment Performance



Mobility Solutions

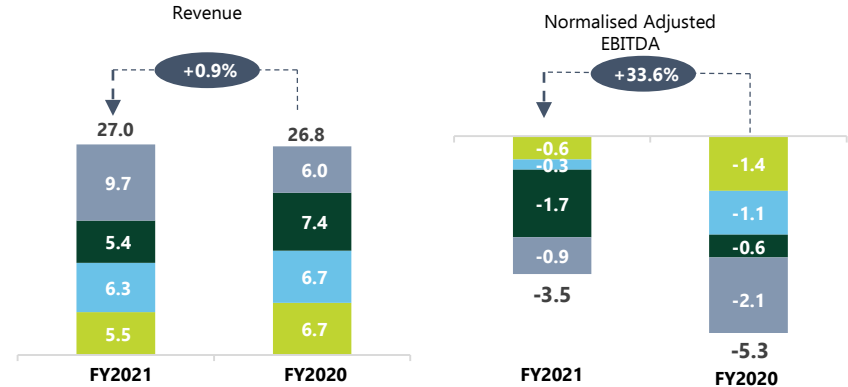


- **Revenue recovery continued in 4Q** with very strong close to the financial year
- **4Q revenues grew 21.2%** vs. prior year, offsetting declines in previous quarters, resulting in overall growth of 1.6% in 2021
- 4Q21 underpinned by **recent signing of a 3-year distribution contract** with a global service provider worth over USD 86m
- 2021 saw **growth in Voice, Maritime and Equipment revenues**
- Margin **increased to 34.1%**, supported by release of bad debt provision

All financial figures are in USD' million

1Q 2Q 3Q 4Q

Data Solutions



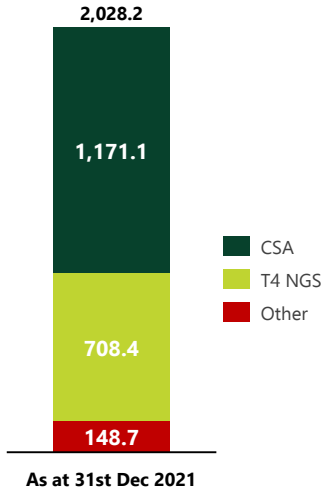
- **Revenues up 0.9%** despite COVID-19 related challenges and winding down of multi-year, opportunistic capacity deal with Eutelsat
- **Consumer subscriber base up 20%** year-on-year, driven by expansion of Direct-to-market (D2M) model in South Africa
- **10 Enterprise deals** signed in 2H with total contracted future revenues more than doubling over the year to close at **over USD 22 million**
- **OpEx down 16%** with EBITDA loss reduced to USD 3.5 million
- Business **well positioned to grow in 2022** with a healthy pipeline of new deals and upward trajectory in its subscriber base, underpinned by launch of D2M in Nigeria

Backlog - Revenue and Cash Flow Visibility



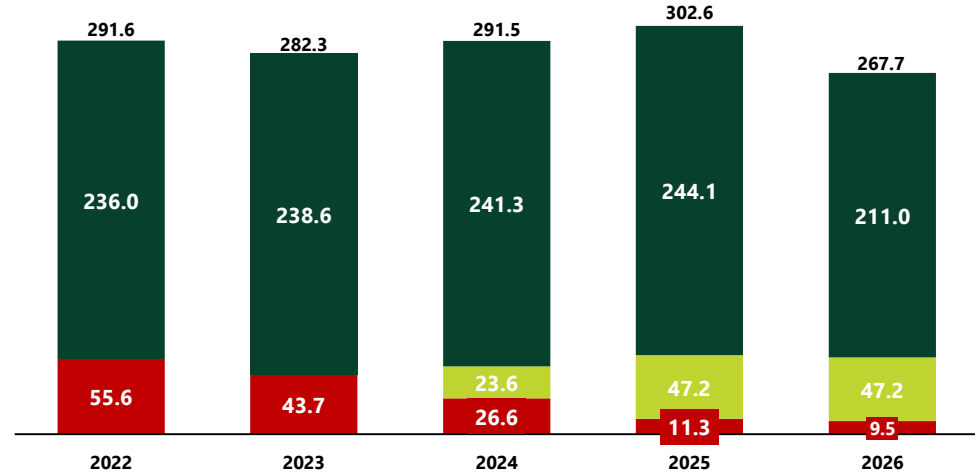
In 2021 Yahsat signed deals with a gross value of more than USD 800 million, including the 15-year T4-NGS Capacity Services Agreement. Circa 70% of 2022 projected revenues (based on low end of guidance) are contracted

Future Contracted Revenues



Roll out over next 5 years

All financial figures are in USD' million



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

Note: Backlog in 2027 and beyond is USD 592.4 million

Balance Sheet



Balance Sheet	31 Dec 2021	31 Dec 2020
Fixed assets (satellite, ground systems and infrastructure, buildings)	904.4	1,018.6
Capital work in progress (including T4-NGS)	226.9	98.5
Cash and short-term deposits	400.3	224.9
Other assets	330.6	333.0
Total Assets	1,862.2	1,675.0
Borrowings	532.3	272.8
Other Liabilities	411.8	422.1
Total Liabilities	944.1	694.9
Equity attributable to the shareholders	841.4	896.5
Non-controlling interests	76.7	83.6
Equity	918.1	980.1
Total Liabilities & Equity	1,862.2	1,675.0

All financial figures are in USD' million

- 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 3Q21. As of 31 December, USD 132.8 million was drawn
- Low leverage - Net debt to Adjusted EBITDA 0.6x as at 31 December 2021

Operating Cash Flow Underpins Dividend Policy



Operating **cash flow** conversion
on 31 Dec 2021

	FY 2021	FY 2020
Adjusted EBITDA	240.5	246.9
One-off gain on transfer of orbital rights One-off IPO costs	4.2	(14.0)
Normalised adjusted EBITDA	244.6	232.9
(-) Purchase of PPE	(7.6)	(8.6)
(-) Additions to Intangible assets	(0.5)	(1.1)
Operating FCF (excl. capital WIP)	236.5	223.2
Cash conversion**	96.7%	95.8%



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

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

Dividend Policy



- **Board** endorsed management's recommendation to **update Dividend Policy**, subject to shareholder approval at the AGM, to permit payment of semi-annual dividends
- Final **FY21 dividend** payment of **AED 192.8 million** equal to **7.90 Fils** per share
- **Dividend** is expected to grow by **at least 2% per year** from FY22 onwards
- **FY22** interim dividend expected to be **8.06 Fils** per share payable in **October** 2022

	2021 Final		2022 Interim	
Expected Payment Date	April / May 2022		October 2022	
Dividend	USD 52.5 mn	AED 192.8 mn	USD 53.5 mn	AED 196.6 mn
Dividend per share	Cents 2.15	Fils 7.90	Cents 2.19	Fils 8.06

Annual dividend yield of around **6.0%**
(excluding growth in dividends)

Based on the share price as of market
close February 25, 2022 of **AED 2.63**
per share*

*The Company's issued share capital as at 31 December 2021 is AED 2,439,770,265 comprising 2,439,770,265 shares, each with a nominal value of AED 1.

FY2022 Guidance



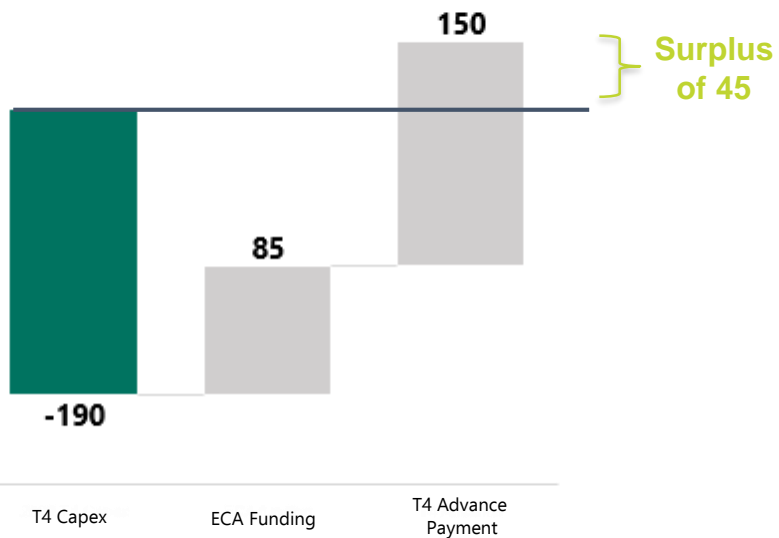
	GUIDANCE 2022
Revenue	USD 415 - 440 million
Adjusted EBITDA	Stable
Discretionary Free Cash Flow ('DFCF')*	USD 210 - 240 million
Capex and Investments**	USD 210 - 230 million

- Satellite industry set for growth both nationally and internationally
- Yahsat well positioned to capitalize on this growth
- Q4'21 momentum and recent Managed Services mandate positions Yahsat well for 2022
- Around 70% of 2022 projected revenues already contracted (based on low end of revenue guidance)
- Guidance projects revenue growth of 2% - 8% vs 2021
- Margin to remain within 55% - 60% range
- DFCF 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*

T4 Program - Beyond Fully Funded



- Out of the USD 210 – 230 million Capex and Investments guidance; approximately USD 190 million, or about 85%, relates to the T4 program.
- T4 CapEx is funded by:
 - Approximately USD 85 million ECA draw down
 - USD 150 million T4 advance payment from end customer
- **T4 program generates surplus cash of approximately USD 45 million in 2022**

All financial figures are in USD million



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Discussion and Closing Remarks



Closing Remarks



Successful **first year as a listed company**



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**



Proposal to pay **semi-annual, progressive dividends** subject to shareholders' approval, making Yahsat one of the highest yielding companies on ADX



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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. FY 2020 Adjusted EBITDA included the one-off gain arising on the transfer of orbital rights (-USD 14.0 million [-AED 51.4 million]). FY 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 additions to intangible assets, development and maintenance related capital expenditure, excluding capital work-in-progress
Cash Conversion Ratio	Operating Free Cash Flow divided by Normalised 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).
Normalised Net Income	Profit attributable to the shareholders, adjusted for material one-off items. FY 2020 Normalised Net Income of USD 54.9 million [AED 201.6 million] is after adjusting for the one-off gain arising on the transfer of orbital rights (-USD 14.0 million [-AED 51.4 million]). FY 2021 Normalised Net Income of USD 80.9 million [AED 297.3 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 - 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

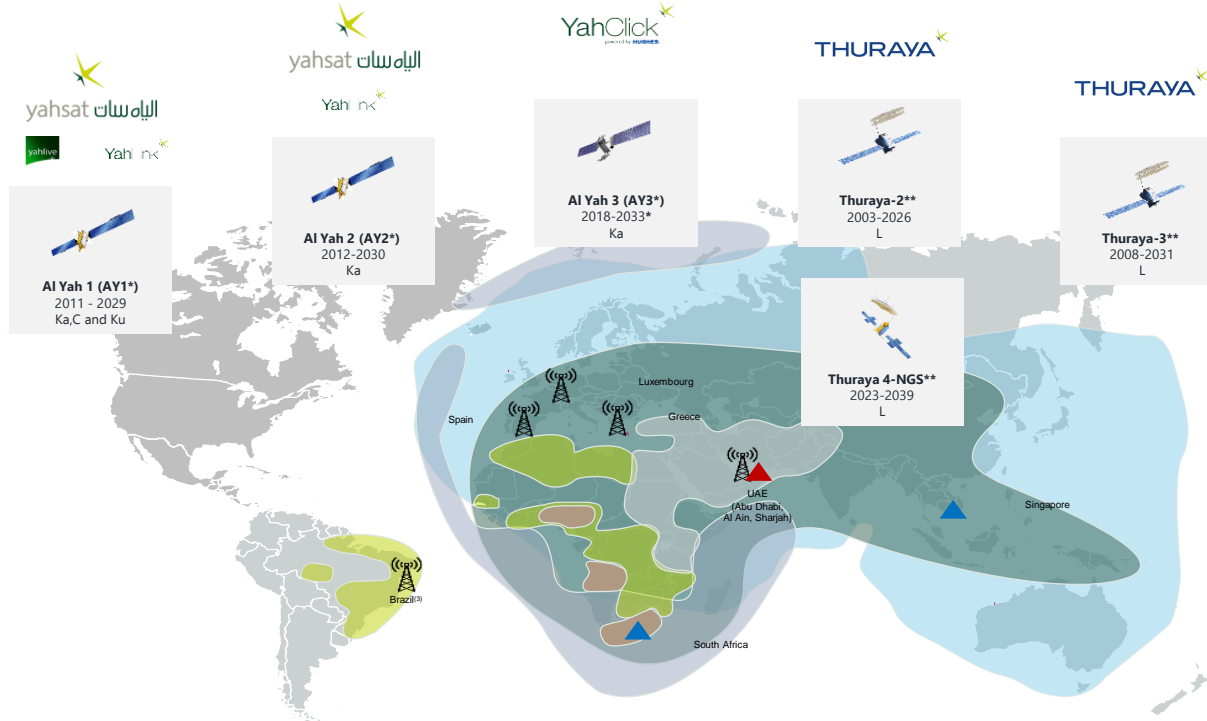
Diversified Narrow and Wideband Frequency Portfolio



	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



* FSS Satellite
** MSS Satellite

- Al Yah 1 & Al Yah 2 Gov. Coverage
- Al Yah 2 Ka-Band Coverage
- Al Yah 2 & Al Yah 3 Coverage
- Al Yah 3 Ka-Band Coverage
- Thuraya T2/T3 L-Band Coverage
- Thuraya 4-NGS Extended Coverage
- ▲ Headquarters
- ▲ Regional Office
- 📡 Gateways / teleports

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