



اليه سات yahsat

Yahsat

Q3 & 9M 2022 Results Presentation

8 November 2022

Disclaimer



The **information** contained in this presentation represents a summary of the condensed consolidated financial statements for the **nine months** ended 30 September 2022 (the **9M22 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 9M22 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.



Agenda

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Key highlights and strategy update

2

Q3 & 9M 2022 financial overview

3

Discussion and closing remarks





1

Key highlights and strategy update

Ali Al Hashemi, Group CEO



Sustained growth momentum



Revenue and bottom-line growth accelerated in 9M 2022

- 9M revenue **up 10.7%** year-on-year
- Robust Adjusted EBITDA margin of **60.1%**
- Normalized Net income **grew 39.0%** compared to 9M 2021



Contracted future revenue underpins high revenue visibility

- Contracted future revenue of USD 2.1 billion, **5.1x 2021 revenue**
- **94%** of contracted future revenue with **highly rated counterparty** (UAE Government)



Pursuing ambitious growth strategy

- **On track** to meet 2022 strategic objectives and financial guidance
- **Focussed on expansion** in new markets and high growth areas aligned to UAE Space strategy, value-added Satcom solutions, IoT, and other opportunities



Strong financial position to increase shareholder returns

- **Strong balance sheet** (leverage ratio of -0.1x) and **predictable cash flows** to sustain progressive dividend policy
- FY22 dividend to grow by at **least 2%** to 16.12 fils [USD 4.39 cents]

Strong operational performance



Infrastructure

Managed Solutions

Mobility Solutions

Data Solutions

T4-NGS expected to be launched in H1 2024, 15-year Capacity Service Agreement to support **revenue growth from 2025 onwards**

USD708m
contracted revenue

5-year UAE Gov't mandate to provide enhanced managed services for satellite communications, **uplifting revenue growth**

USD247m
contracted revenue

Strong top-line **Service segment growth** across **Voice and Data**



Expansion in **Africa**. Subscriber base in **Consumer Broadband** grew by **19% YoY**



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



USD 46 million of revenue already recognized in 9M 2022 on new UAE Gov't mandate



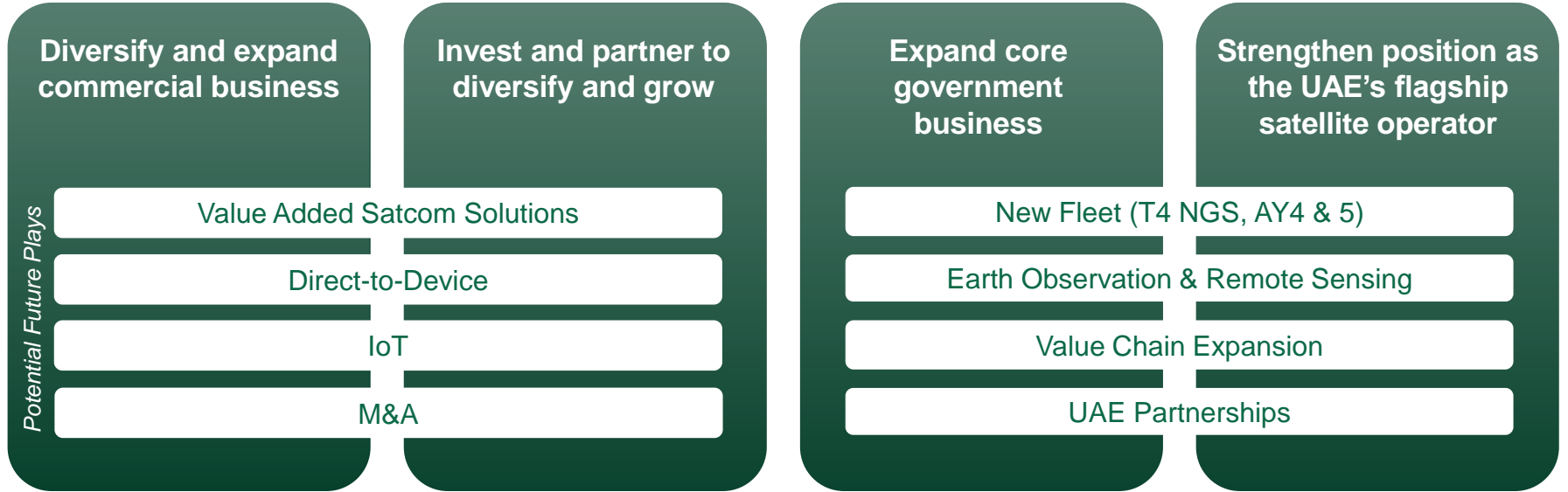
Equipment revenue up 46%, driven by 3-year **distribution agreement** secured in 4Q21

+46%

Upward trajectory in subscriber base expected to continue in Q4 2022



Pursuing compelling growth opportunities



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



2

Q3 & 9M 2022 financial overview

Andrew Cole, CFO



Q3 & 9M 2022 financial highlights



Growth accelerated in 9M 2022 with exceptional Q3 performance



Stellar performance by Managed Solutions, Mobility Solutions maintained double digit growth, Data Solutions recovered



Maintained healthy margins



High visibility underpinned by strong contracted future revenues



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



High cash flow generative business

- ✓ Q3 2022 revenue up 15.8% y-o-y, 9M 2022 revenue up 10.7% y-o-y
- ✓ Managed Solutions and Mobility Solutions up 58.7% y-o-y and 14.8% y-o-y respectively in 9M 2022, Data Solutions up 0.5% y-o-y
- ✓ 9M 2022 Adjusted EBITDA margin at 60.1%, above higher end of expectation, Normalized Net Income up 39.0% y-o-y
- ✓ Contracted future revenue ~ USD 2.1 billion, 5.1x 2021 revenue
- ✓ Leverage at -0.1x Net Debt to Adjusted EBITDA as at 30 September 2022
- ✓ Cash conversion of 95.1%. DFCF of USD 182 million in 9M 2022



On track to meet FY 2022 guidance

Revenue of USD 420-440 million; stable EBITDA



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

Q3 & 9M 2022 Financial Highlights



Financial Extracts	Q3 2022	Q3 2021	YoY%	9M 2022	9M 2021	YoY%
Revenue	109	94	15.8%	315	284	10.7%
Cost of Revenue	(9)	(9)	6.5%	(30)	(23)	-34.3%
Staff costs	(22)	(25)	11.1%	(64)	(66)	2.6%
Other operating expenses	(12)	(5)	-122.5%	(33)	(26)	-23.5%
Other Income	1	1	-16.1%	2	2	-9.7%
Adjusted EBITDA	67	55	21.3%	189	171	10.4%
<i>Adjusted EBITDA Margin %</i>	<i>61.4%</i>	<i>58.7%</i>		<i>60.1%</i>	<i>60.2%</i>	
Net Income <i>(Profit attributable to the shareholders)</i>	(10)	13	NA	35	43	-18.8%
<i>Net Income Margin %</i>	<i>-9.4%</i>	<i>14.0%</i>		<i>11.2%</i>	<i>15.2%</i>	
Normalized Net Income	30	17	74.9%	76	54	39.0%
Discretionary Free Cash Flow	121	106	14.7%	182	158	15.3%
Cash and short-term deposits	631	400*		631	400*	

* As at 31 December 2021

All financial figures are in USD million

- **9M 2022 revenue** up 10.7% vs. prior year, growth accelerated in **Q3 2022** with **revenue** increasing by 15.8%
- **9M 2022 Adjusted EBITDA** growth of 10.4% y-o-y with **Q3 2022 Adjusted EBITDA** up 21.3%
- **Higher Other operating Expenses** - prior year benefitted from provision releases. Current year includes higher travel, Fx and additional costs as a listed company
- **Strong EBITDA margin of 60.1% in 9M 2022**, stable versus prior year and at high end of expectation
- **9M 2022 Net Income** of USD 35 million includes a non-cash impairment of USD 41 million in the Group's equity-accounted joint-venture HPE Brazil, reflecting a deterioration in the global macro-economic environment
- **9M 2022 Normalized Net Income up 39.0%** vs. prior year period with **Q3 2022 Normalized Net Income up 74.9%** – lower finance costs following 2021 refinancing and efficient treasury operations
- **9M 2022 Discretionary Free Cash Flow** USD 182 million, a strong balance sheet - well positioned to meet future dividends and capital expenditure

Normalised Results



Normalised Adjusted EBITDA

	9M 2022	9M 2021
Adjusted EBITDA	189	171
Adjustments for:		
One-off IPO costs	-	4
Normalised Adjusted EBITDA	189	175
Normalised Adjusted EBITDA Margin %	60.1%	61.6%
YoY Growth %	7.8%	

All financial figures are in USD million

Normalised Net Income

	9M 2022	9M 2021
Net Income	35	43
Adjustments for:		
One-off IPO costs		4
Termination of interest rate hedges*	-	5
Accelerated recognition of unamortised finance costs*	-	2
Impairment of investment in Brazil	41	-
Normalised Net Income	76	54
Normalized Net Income Margin %	24.1%	19.2%
YoY Growth % (normalized)	39.0%	

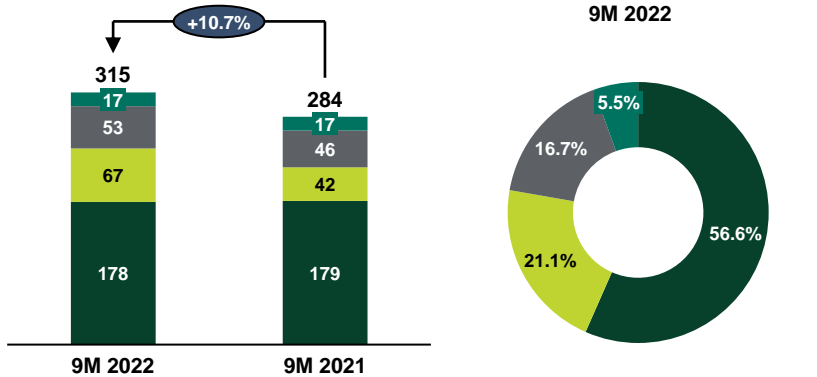
*One-off costs relating to the re-financing exercise which completed in June 2021

Strong EBITDA growth versus prior year on both reported and normalized results
 9M 2022 Normalized Net Income up vs. prior year after adjusting for one off-items in both periods

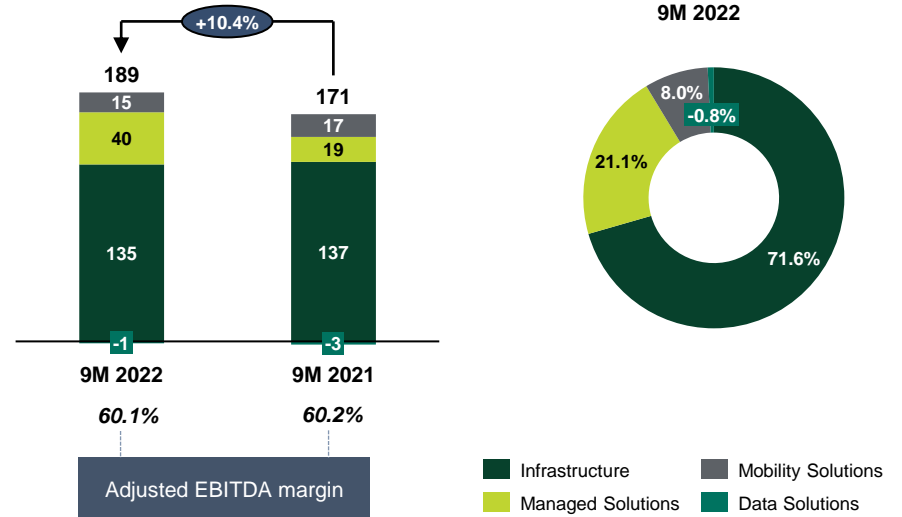
Financial performance



Revenue by Operating Segment



Adjusted EBITDA by Operating Segment



All financial figures are in USD million

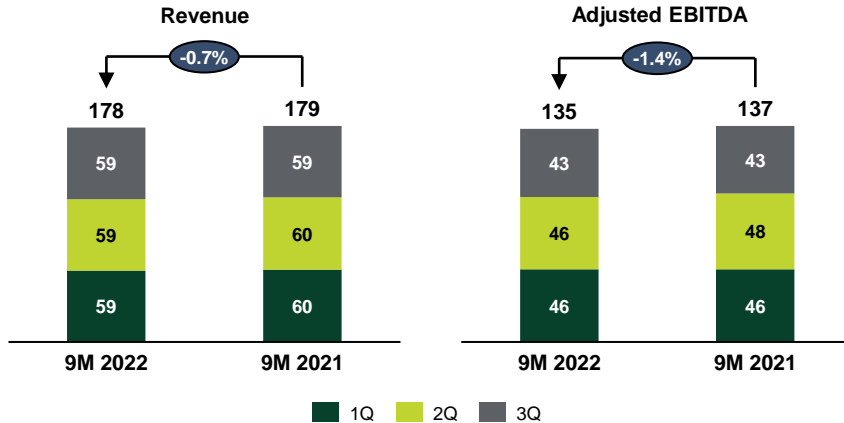
■ Infrastructure ■ Mobility Solutions
■ Managed Solutions ■ Data Solutions

■ Infrastructure ■ Mobility Solutions
■ Managed Solutions ■ Data Solutions

Operating segment performance



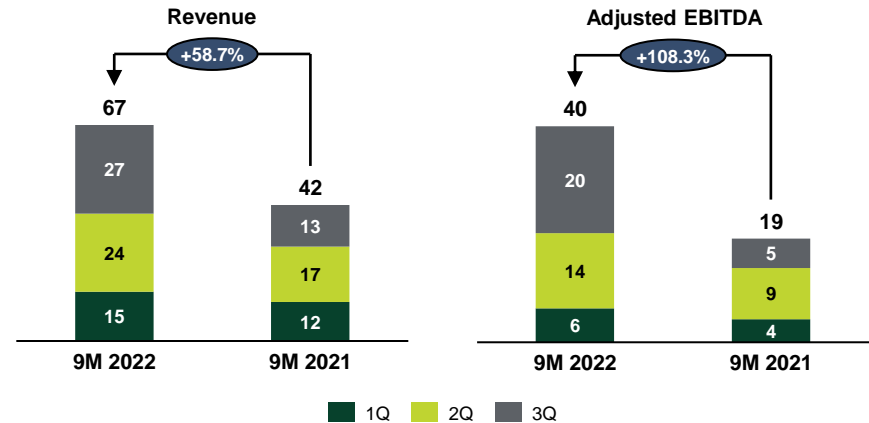
Infrastructure



- Revenue broadly stable with slight decline due to reallocation of certain C-band contracts to Managed Solutions and Data Solutions from 4Q21 onwards
- Maintained strong Adjusted EBITDA margin of 76.0%
- Long term visibility of future cash flows - contracted future revenue of ~USD 1.7 billion as of 30 September 2022 and includes a 15-year T4-NGS Capacity Services Agreement worth USD 708 million that will support revenue growth from 2025 onwards (USD 50 million annually)
- Two new satellites (Al Yah 4 and Al Yah 5) under consideration, with a target launch in 2026

All financial figures are in USD million

Managed Solutions

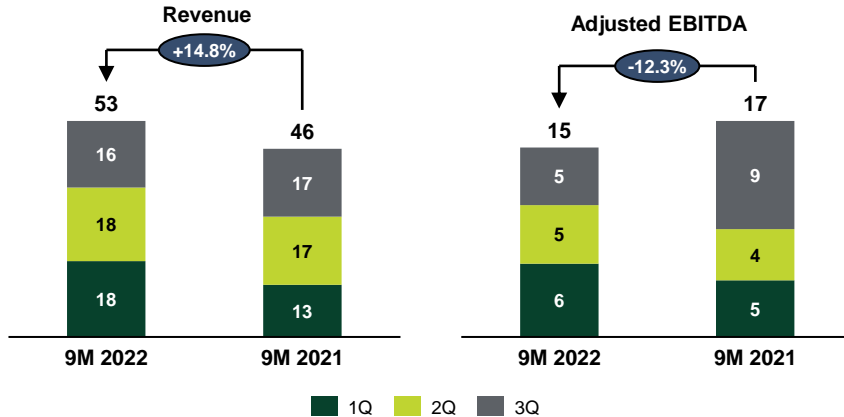


- Growth acceleration continued in Q3 2022 with revenue more than doubling vs prior year period, driving strong 9M 2022 performance
- Growth was primarily driven by the 5 year Managed Services mandate worth USD 247 million awarded in February
- Adjusted EBITDA also more than doubled in 9M 2022 with robust margin of 60.0% (vs. 45.7% in prior year period)
- Positive outlook for Managed Solutions business with a number of new growth opportunities being pursued

Operating segment performance

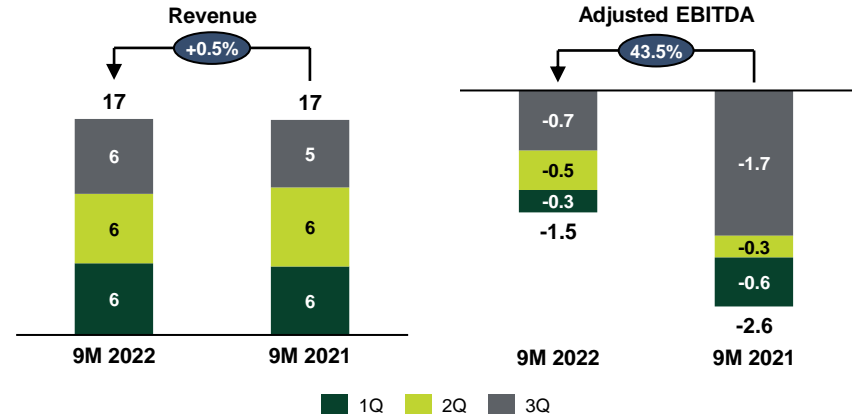


Mobility Solutions



- Maintained double digit growth in 9M 2022 with revenue growth of 14.8%, increase seen in both service and equipment revenue
- Strong growth in Voice and Data revenue
- Equipment revenue increased by 46% driven by 3-year distribution agreement secured in 4Q21
- Adjusted EBITDA decreased by 12.3% in 9M 2022 mainly reflecting provision releases in the prior year period; underlying business performance remained strong in 9M 2022

Data Solutions



- 9M 2022 revenue recovered with strong Q3 2022 revenue growth of 11.0% vs. prior year period, fully absorbed impact of capacity deal with Eutelsat that ended in Q3 2021
- Consumer subscriber base continues to ramp up, increasing 19% year-on-year driven by expansion across Africa region
- Profitability continues to improve driven by growth in consumer broadband revenue and as the business takes measures to optimize its cost base
- Upward trajectory in subscriber base expected to continue in Q4 2022

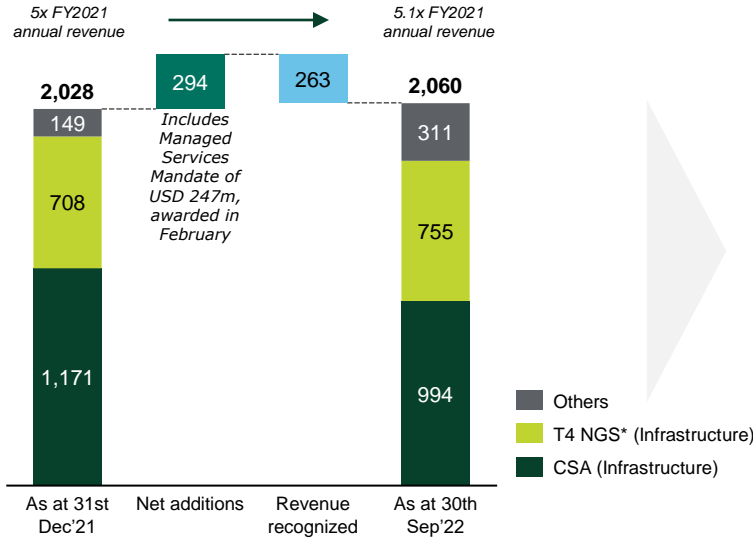
All financial figures are in USD million

Contracted future revenue

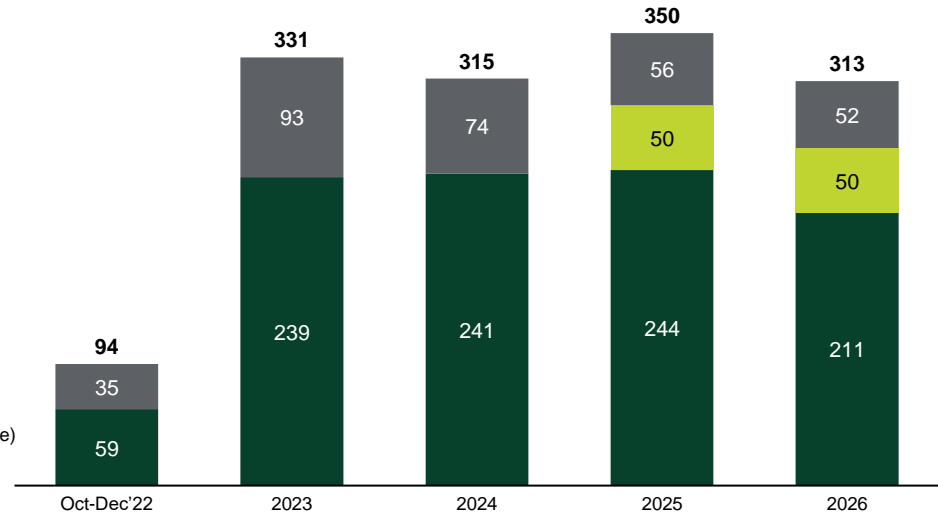


All financial figures are in USD million

Contracted Future Revenue



Roll out over next 5 years & beyond



94% 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: Future contracted revenues in 2027 and beyond are USD 656 million

* Under IFRS 15, as a significant part of the contract price is received years ahead of the service provision, the contract is deemed to contain a significant financing component, and requires the contract value to be adjusted to include the imputed finance cost relating to the advance payments. Accordingly, the future revenue is adjusted to include USD 46 million (imputed finance cost relating to the USD 150 million advance payment received in July 2022), bringing the total transaction price to \$755 million as of the end of Q3 2022 and future annual revenue of USD 50 million

Balance sheet



Balance Sheet	30 September 2022	31 Dec 2021
Fixed assets (satellite, ground systems and infrastructure, buildings)	811	904
Capital work in progress (including T4-NGS)	319	227
Cash and short-term deposits	631	400
Other assets	372	331
Total Assets	2,134	1,862
Borrowings	586	532
Other Liabilities	658	412
Total Liabilities	1,244	944
Equity attributable to the shareholders	818	841
Non-controlling interests	72	77
Equity	889	918
Total Liabilities & Equity	2,134	1,862

All financial figures are in USD million

- Yahsat continues to maintain a strong and stable balance sheet
- Cash position has strengthened following receipt of USD 150 million advance received from the UAE Government in July
- T4-NGS project milestone payments are capitalized as incurred, contributing to an increase in capital work in progress
- Draw down under BPI ECA facility started in 3Q21. As of 30 September 2022, USD 190 million was drawn
- Low leverage - Net Debt to Adjusted EBITDA -0.1x as at 30 September 2022

Cash flow underpins dividend policy



Operating Free Cash Flow conversion

	9M 2022	9M 2021
Normalized Adjusted EBITDA	189	175
(-) Net non-satellite capital expenditure	(8)	(7)
(-) Additions to Intangible assets	(1)	(0.2)
Operating FCF (excl. satellite capital expenditure)	180	168
Cash conversion**	95.1%	96.1%

Discretionary Free Cash Flow

	9M 2022	9M 2021
Net cash from operations	194	201
(-) Net non-satellite capital expenditure (incl. intangibles)	(9)	(7)
(-) Net investment in an associate/subsidiary	3	(8)
(-) Net finance costs	(5)	(29)
Discretionary Free Cash Flow	182	158

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) was paid in October 2022, with remainder (Final) expected to be paid around April/May 2023 (subject to Board of Directors and Shareholder approval)*

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

Dividend policy

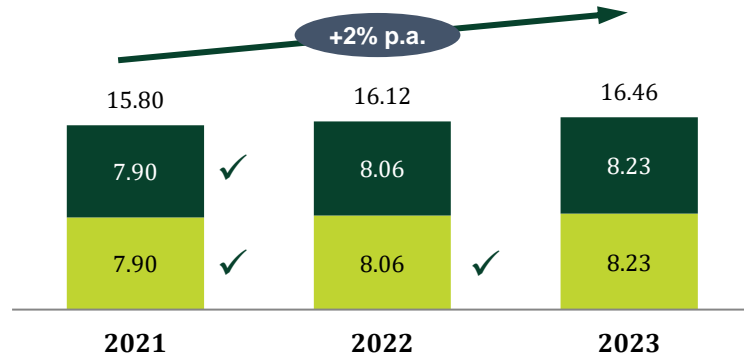


Yahsat dividend policy and guidance

Dividends (USD million)



DPS (AED fils/share)



- **USD 105 million** (AED 15.80 fils/share) dividend paid for **FY 2021**, reflecting solid performance for the year
- Dividends in respect of **FY 2022** expected to reach at least **USD 107 million** as per Yahsat's progressive dividend policy of a minimum **2% annual increase**
 - An interim dividend of **USD 53.5 million** was paid in October 2022
 - A final dividend of **USD 53.5 million** is projected to be distributed in April/May 2023 following the Company's Annual General Meeting

Annual dividend yield of c.5.9%^[1]

1. Based on Yahsat's share price as at the end of Q3 2022 of AED 2.71 per share

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

FY2022 guidance – on track to meet guidance



2022 GUIDANCE	PREVIOUS (9 August 2022)	UPDATED (8 November 2022)
Revenue	USD 420 - 440 million	USD 420 - 440 million (unchanged)
Adjusted EBITDA	Stable vs. 2021	Stable vs. 2021 (unchanged)
Discretionary Free Cash Flow (DFCF)*	USD 210 - 240 million	USD 210 - 240 million (unchanged)
Capex and Investments**	USD 210 - 230 million	USD 150 - 170 million (reduced)

- After strong 9M 2022 performance, **Yahsat reiterates its 2022 Full Year Guidance**
- 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
- Capex and Investments guidance revised down to reflect shift in T4-NGS programme, reductions in overall programme cost and capital returned from one of the Group's associates

*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



Sustained momentum in both revenue and profitability,

demonstrating solid progress on growth commitments despite volatile macroeconomic environment.



Positive outlook for FY22 and beyond with growth

supported by significant contracted future revenue, new satellites (T4-NGS, potentially AY4 and AY5) and expansion in high growth areas such as IoT/D2D etc.



Long-term Infrastructure capacity service agreement & Managed Solutions mandate, coupled with growing Mobility Solutions & Data Solutions support **high visibility on future cashflows.**



Preferred partner of UAE

Government to meet growing satellite needs, along with expansion in new segments and international markets offer **strong earnings growth prospects.**



Strong balance sheet with low leverage and high cash conversion ratio

positions Group to meet future growth, Capex and dividend commitments.



Progressive 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
Normalized Adjusted EBITDA	Adjusted EBITDA adjusted for material, one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business. There were no one-off items for 9M 2022 whilst 9M 2021 Normalised Adjusted EBITDA of USD 175 million adjusts for IPO related costs (USD 4 million)
Normalized Adjusted EBITDA margin	Normalised Adjusted EBITDA divided by Revenue
Operating Free Cash Flow	Adjusted EBITDA minus (a) additions to intangible assets and (b) development and maintenance capital expenditure, excluding additions to satellite related 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 (a) additions to intangible assets, (b) development and maintenance capital expenditure, excluding additions to satellite related capital work-in-progress, (c) net investments in associates, and (d) net finance costs.
Normalized Net Income	Profit attributable to the Group's shareholders, adjusted for material, one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business. 9M 2022 Normalised Net Income of USD 76 million adjusts for one-off impairment expenses relating to the Group's equity-accounted joint-venture in Brazil (USD 41 million). 9M 2021 Normalised Net Income of USD 54 million has been adjusted for one-off costs relating to the prior year debt refinancing (USD 7 million) and IPO related costs (USD 4 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



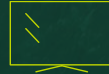
4 billion

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



Business lines focused on network services

Combining both fixed and mobile services^[1]



Infrastructure	Managed Solutions	Mobility Solutions	Data Solutions	Broadcast
Leasing of critical satellite capacity to the UAE government, 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
UAE Government and UAEOF (Capacity Services Agreement)	UAE Government, UAEOF and UAE Government related entities	<ul style="list-style-type: none"> • 229k+ active subscribers • 395 active global roaming agreements 	<ul style="list-style-type: none"> • 20k+ subs. in MEA / Southwest Asia • 20+ VNO /enterprise customers 	<ul style="list-style-type: none"> • 100mn+ viewers in MENA and West Asia
57%	21%	17%	6%	n/a
UAE Gov. + GREs generated c.76% of 9M 2022 total revenues				

Revenue of USD 315 million with 60% Adjusted EBITDA margin and leverage of -0.1x^[3] in 9M 2022

1. All data presented for 9M 2022; 2. Yahsat 20% stake in Brazil JV (HPE) and 65% stake in YahLive JV are not consolidated and accounted for as associates. Yahsat, by contractual agreement, does not control the day-to-day financial and/or operating policies of the Yahlive JV. 3. 9M 2022 net debt divided by 9M 2022 adjusted EBITDA

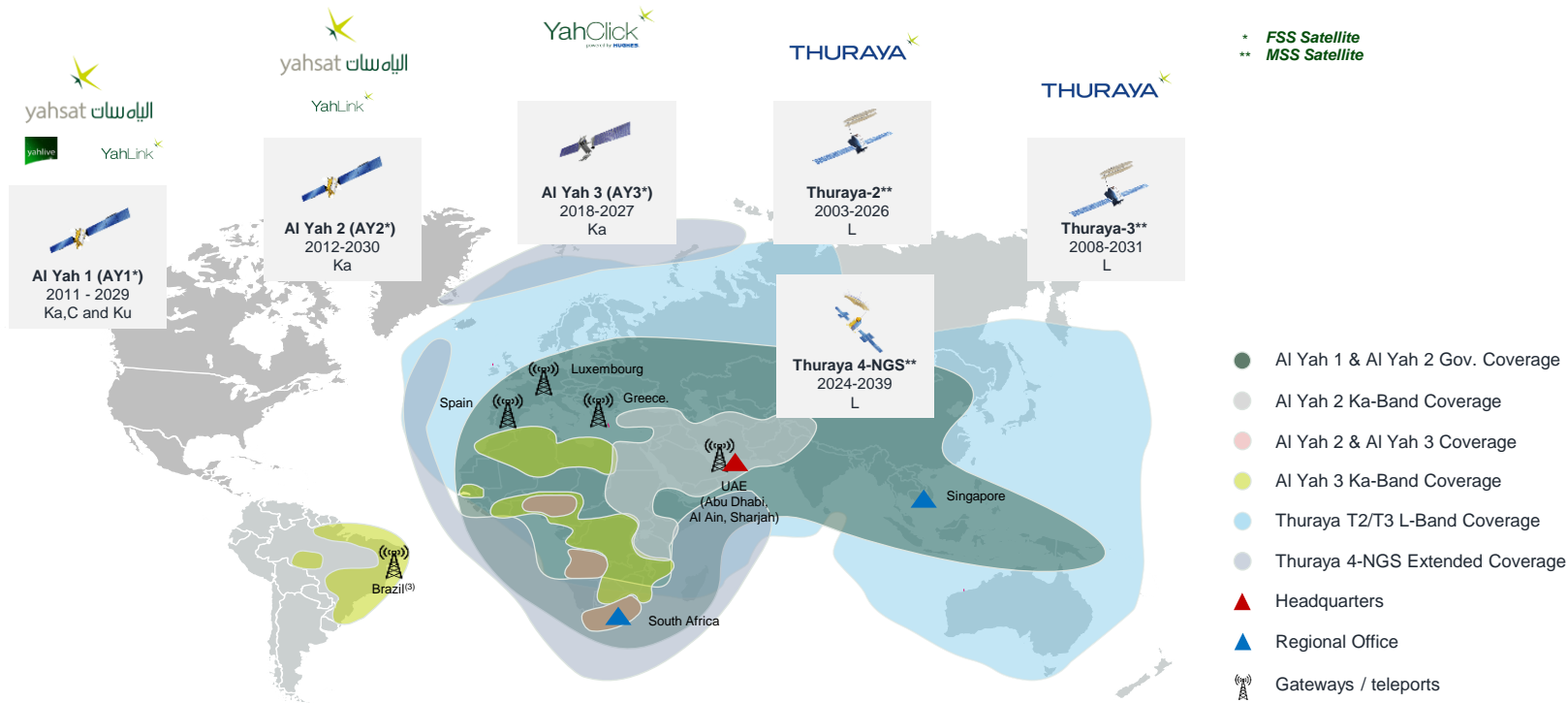
Diversified Narrow and Wideband Frequency Portfolio



	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		
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
- Information presented as at end of 9M 2022. 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



Thank you

