



Fourth Quarter & Full Year 2023 Earnings Presentation

February 28, 2024





Forward-Looking Statements and Non-IFRS Financial Measures

Forward-Looking Statements

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information with respect to MDA Ltd.’s (“MDA” or the “Company”) objectives and strategies to achieve these objectives, as well as information with respect to the Company’s beliefs, plans, expectations, anticipations, estimates, intentions and views of future events. The Company has based the forward-looking information on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Statements containing forward-looking information are based on certain assumptions and analyses made by the Company in light of management’s experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. These assumptions include our ability to maintain and expand the scope of our business; our ability to execute on our growth strategies; assumptions relating to government support and funding levels for space programs and missions; continued and accelerated growth in the global space economy; the impact of competition; our ability to retain key personnel; our ability to obtain and maintain existing financing on acceptable terms; changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, readers should not place undue reliance on the forward-looking information. Whether actual results, performance or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those described in the Company’s latest Annual Information Form (AIF) and listed under the heading “Risk Factors”, which factors should not be considered exhaustive. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information. Although the Company bases the forward-looking information on assumptions that it believes are reasonable when made, the Company cautions investors that statements containing forward-looking information are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking information contained in this presentation. Given these risks and uncertainties, investors are cautioned not to place undue reliance on the forward-looking information. Any forward-looking information that is made in this presentation speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws.

Non-IFRS Financial Measures

This presentation refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. We use non-IFRS measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted EPS, Order Bookings, Net Debt and Free Cash Flow to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Additional details for these non-IFRS measures, including a reconciliation of such measures to the most directly comparable IFRS measures, can be found in our most recently issued MD&A which is posted on www.mda.space and available on SEDAR+.

Why Invest In MDA?



Pure-play Exposure to the Growing Space Market

Global space economy projected to reach US\$1.5 trillion by 2040⁽¹⁾ up from ~US\$509 billion in 2023⁽²⁾

Established Industry Leader with a Proven Track Record and Strong Competitive Position

More than 50 years of innovation in space

Strong customer relationships with government agencies and commercial companies

Cutting-edge technologies and solutions including robotics, satellite systems and earth observation offerings

Rich portfolio of patents and industry know-how

Long-tenured and experienced technical team

Attractive Fundamentals for Long-term Value Creation

Growing backlog, strong profitability and healthy balance sheet





Key Messages

FULL YEAR 2023

- **Strong top line growth** with revenues of \$807.6M, up 26% YoY driven by execution on our backlog
- **Solid profitability** with adjusted EBITDA⁽¹⁾ of \$174.2M, up 24% YoY⁽²⁾
- **Robust adjusted EBITDA margin⁽¹⁾** of 21.6%
- **Strong business activity** with order bookings⁽¹⁾ of \$2.5B and record backlog of \$3.1B, up 125% YoY
- **Healthy balance sheet** with Net Debt to LTM adjusted EBITDA ratio of 2.4x at year-end
- **Focused on strategic initiatives** and growing the business
 - ❑ Made significant development progress on CHORUS including completing payload Critical Design Review
 - ❑ Unveiled a new software-defined digital satellite product line to support market transition from analog to digital satellites
 - ❑ Acquired SatixFy Space Systems UK Ltd. to further strengthen MDA's offerings in digital satellites
 - ❑ Deployed \$193M on capital expenditures to support revenue growth across the business
 - ❑ Successfully hired and on-boarded 890 people in 2023

(1) Non-IFRS measure; (2) Excludes amounts related to resolution of historical Investment Tax Credit (ITC) settlement in 2022



Key Messages

FOURTH QUARTER 2023

- **Solid top line growth** with revenues of \$205.0M, up 10% YoY driven by execution on our backlog
- **Robust profitability** with adjusted EBITDA⁽¹⁾ of \$42.1M, up 6% YoY, and **adjusted EBITDA margin⁽¹⁾** of 20.5%
- **Record backlog** of \$3.1B at quarter end, up 125% YoY

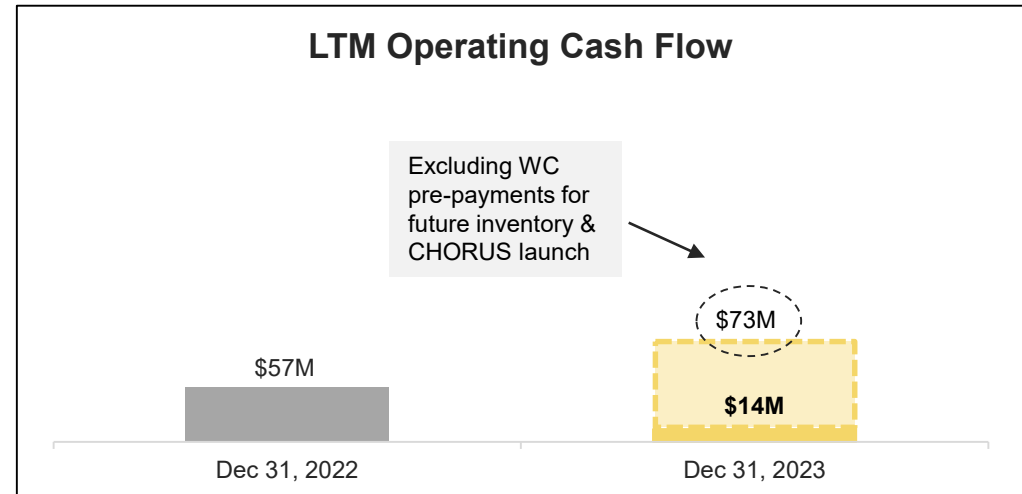
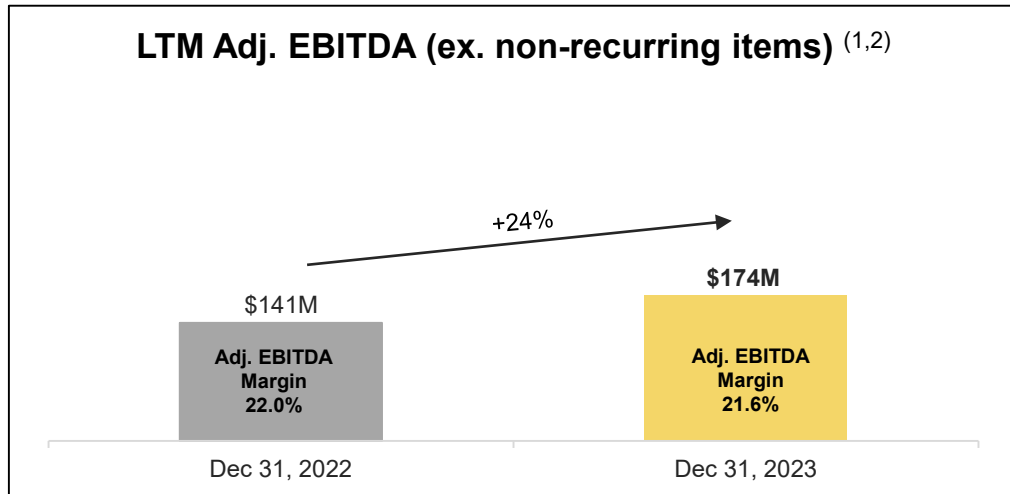
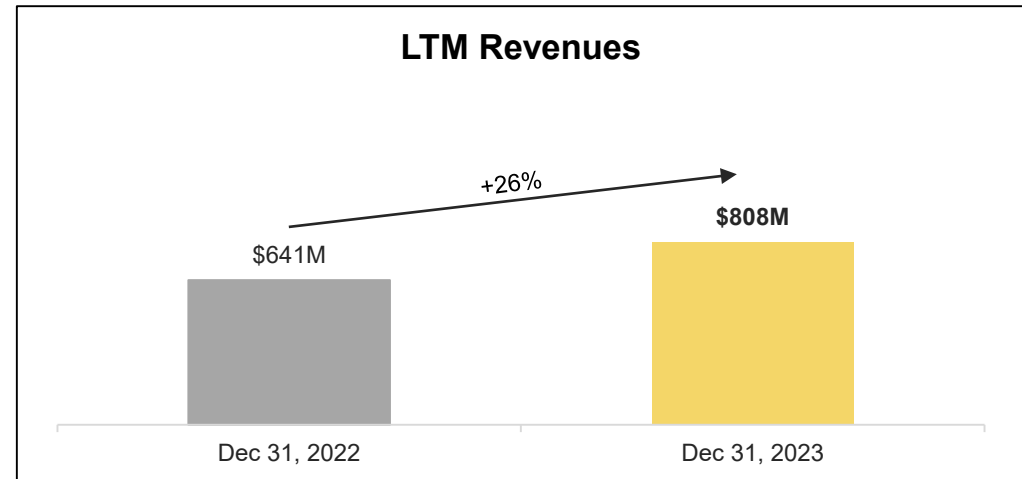
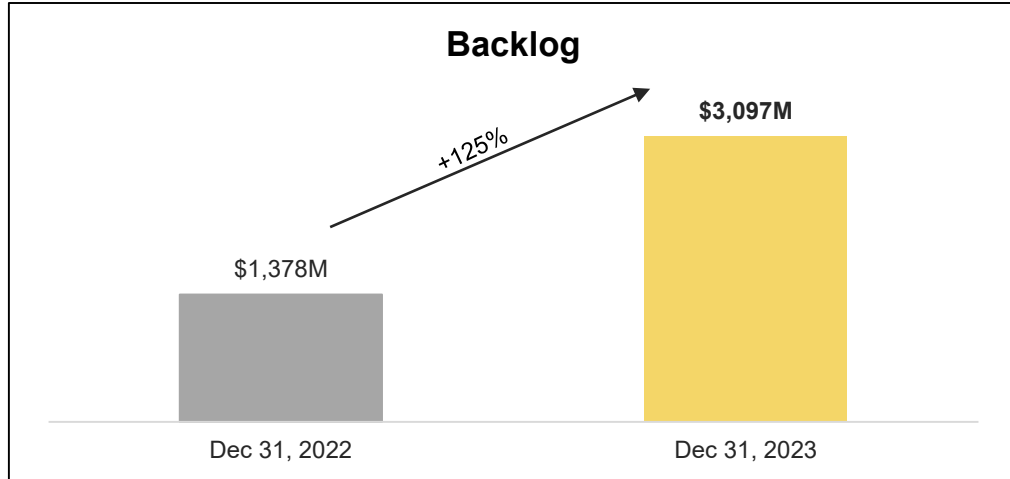
2024 FINANCIAL OUTLOOK

- **Revenues** expected to be \$950-\$1,050M, up approximately 25% YoY at the mid-point of guidance
- **Adjusted EBITDA⁽¹⁾** expected to be \$190-\$210M with adjusted EBITDA margin expected to be 19%-20%
- **Capital expenditures⁽²⁾** expected to be \$210-\$230M, comprising primarily growth capex to support MDA's strategic initiatives
 - Maintenance capex expected to be approximately \$25-\$35M

(1) Non-IFRS measure; (2) Capital expenditures include purchase of PPE and Intangible assets



Key Performance Indicators



(1) Non-IFRS measure; (2) Excludes amounts related to resolution of historical Investment Tax Credit (ITC) settlement in 2022



Fourth Quarter 2023 Results

<i>(\$M, except per share data)</i>	Q4 2023	Q4 2022	YoY Change (\$)	YoY Change (%)
Revenues	\$205.0	\$186.1	\$18.9	10%
Gross Profit	57.8	58.9	-1.1	-2%
<i>Gross margin</i>	28.2%	31.6%		
Adjusted EBITDA ⁽¹⁾	42.1	39.9	2.2	6%
<i>Adjusted EBITDA margin⁽¹⁾</i>	20.5%	21.4%		
Adjusted Net Income ⁽¹⁾	27.8	22.3	5.5	25%
Adjusted Diluted Earnings per share ⁽¹⁾	0.23	0.18	0.05	28%

- Revenues of \$205.0M up 10% YoY driven by strong contributions from Robotics & Space Operations and Satellite Systems businesses
- Adjusted EBITDA⁽¹⁾ of \$42.1M up 6% YoY driven by higher volumes of work as we execute on our backlog
 - Adjusted EBITDA margin⁽¹⁾ of 20.5% in Q4 2023 in line with 21.4% margin level achieved in Q4 2022
- Adjusted net income⁽¹⁾ of \$27.8M in Q4 2023 up 25% YoY driven by lower income tax expense and finance costs in Q4 2023 compared to Q4 2022

(1) Non-IFRS measure; refer to Appendix for reconciliation of non-IFRS to IFRS measures



Full Year 2023 Results

<i>(\$M, except per share data)</i>	2023	2022	YoY Change (\$)	YoY Change (%)
Revenues	\$807.6	\$641.2	\$166.4	26%
Gross Profit	244.0	228.4	15.6	7%
<i>Gross margin</i>	30.2%	35.6%		
Adjusted EBITDA ⁽¹⁾	174.2	157.9	16.3	10%
Adjusted EBITDA, excluding non-recurring items ^(1,2)	174.2	141.1	33.1	24%
<i>Adjusted EBITDA margin, excluding non-recurring items</i>	21.6%	22.0%		
Adjusted Net Income ⁽¹⁾	97.9	78.9	19.0	24%
Adjusted Diluted Earnings per share ⁽¹⁾	0.81	0.64	0.17	27%

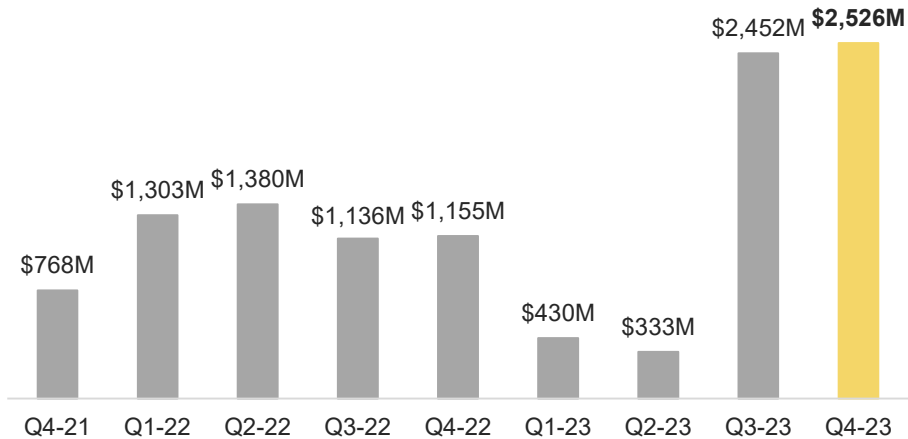
- Revenues of \$807.6M up 26% YoY driven by execution on our backlog with strong contributions from Satellite Systems and Robotics & Space Operations businesses
- Adjusted EBITDA⁽¹⁾ of \$174.2M up 10% YoY driven by higher work volume across our business areas; adjusted EBITDA excluding non-recurring items^(1,2) up 24% YoY
 - Adjusted EBITDA margin^(1,2) of 21.6% in 2023 in line with 22.0% margin level reported in 2022
- Adjusted net income⁽¹⁾ of \$97.9M up 24% YoY driven by higher operating income and lower finance costs in 2023

(1) Non-IFRS measure; refer to Appendix for reconciliation of non-IFRS to IFRS measures; (2) Excludes amounts related to resolution of historical Investment Tax Credit (ITC) claims in 2022

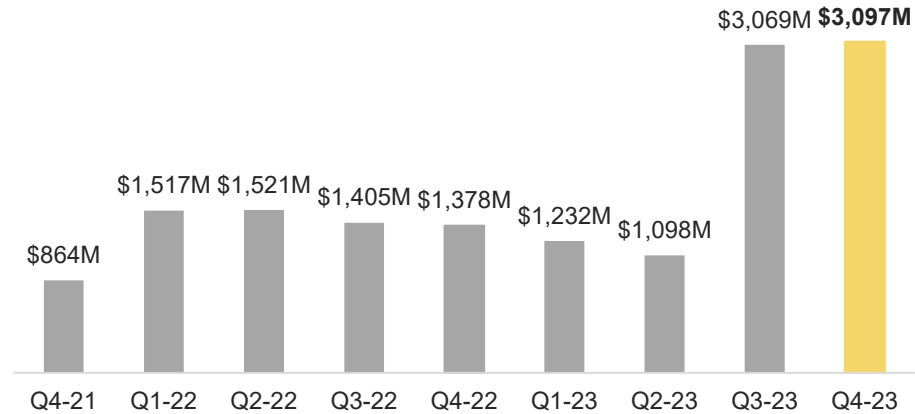


Order Bookings & Backlog

LTM Order Bookings ⁽¹⁾



Backlog

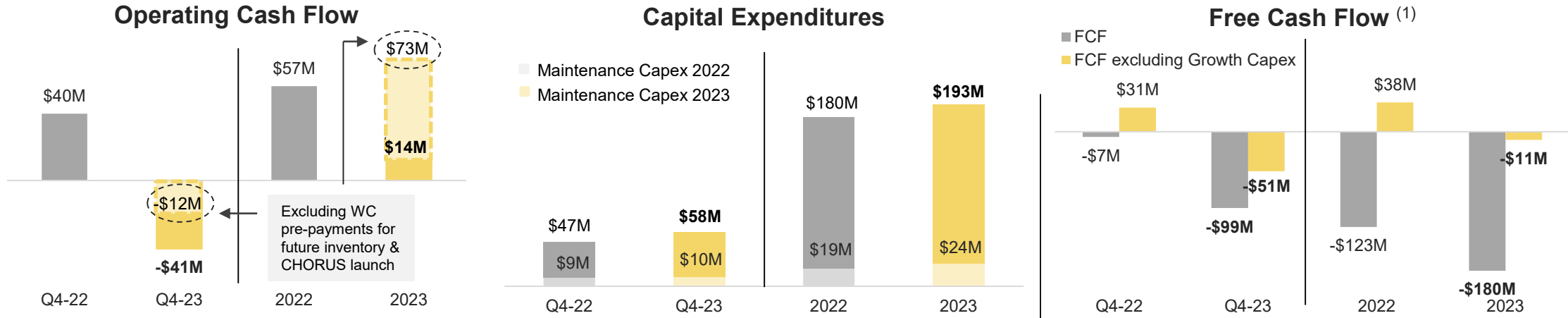


- Order bookings of \$2.5B in 2023 largely driven by awards in Satellite Systems business including Telesat Lightspeed constellation award (~\$2.1B)
- Backlog of \$3.1B at a record level for Company and up 125% versus Q4 2022
- LTM book-to-bill of 3.1x

(1) Non-IFRS measure

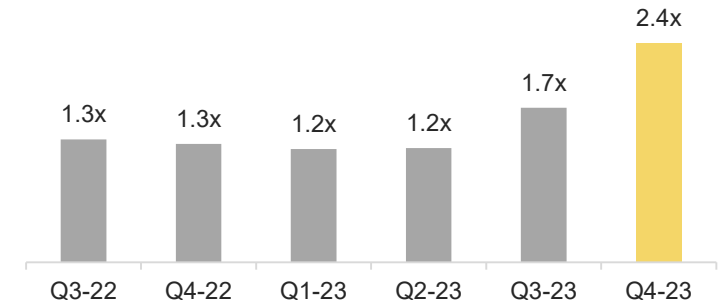


Cash Generation & Financial Position



- Operating cash flow was \$14M in 2023 reflecting higher working capital requirements including \$59M for future inventory and vendor deposits for CHORUS constellation launch scheduled for Q4 2025
- Capex of \$193M in 2023 primarily to support growth capex
- Net debt to LTM adjusted EBITDA ratio of 2.4x as of December 31, 2023 driven by investment in our growth initiatives

Net Debt to LTM Adj. EBITDA⁽¹⁾



(1) Non-IFRS measure



2024 Financial Outlook

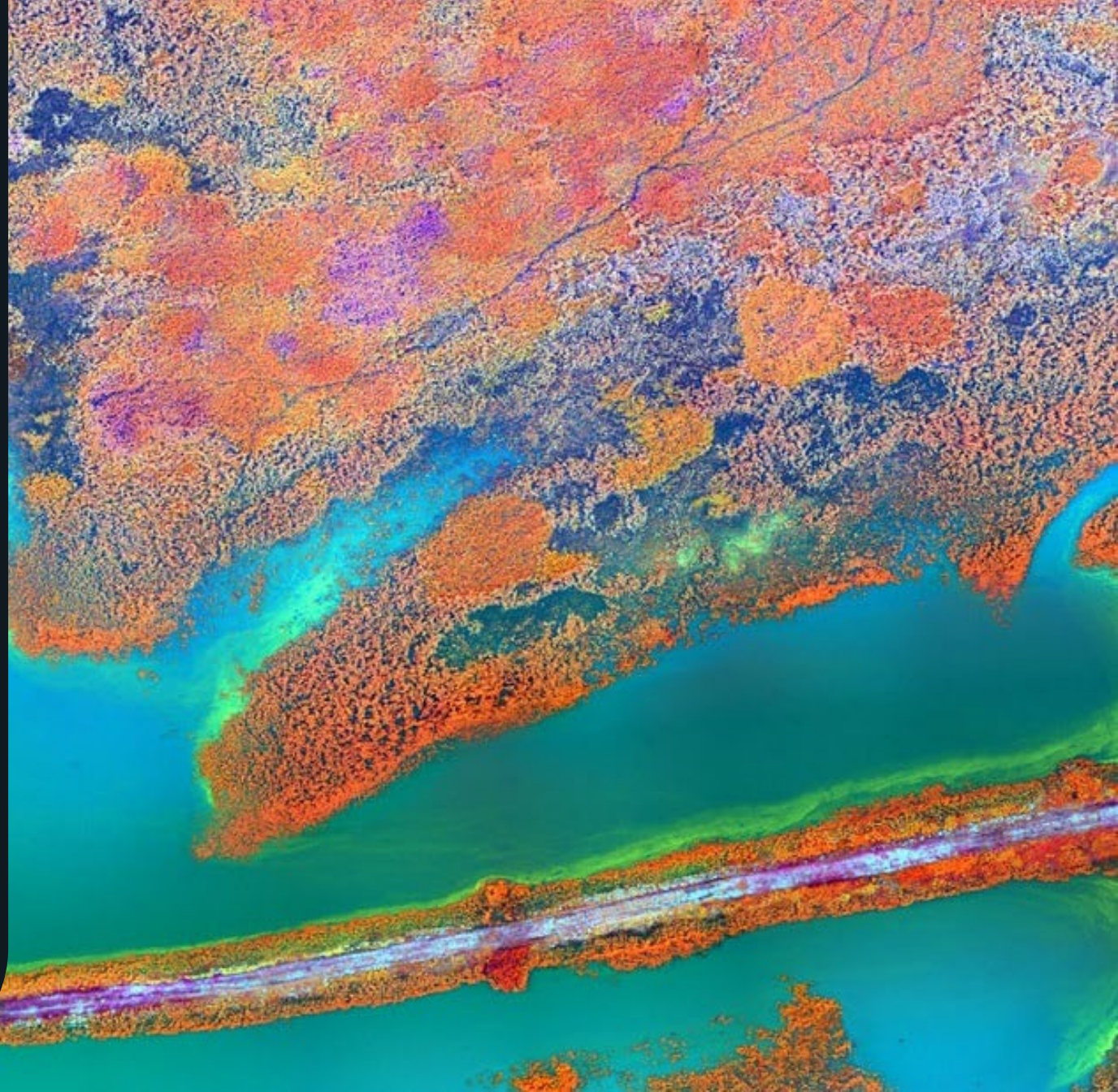
	2024 Financial Outlook (February 28, 2024)
Revenue <i>YoY Growth at mid-point</i>	\$950 - \$1,050M ~25%
Adjusted EBITDA <i>Adjusted EBITDA Margin</i>	\$190 - \$210M ~19% - 20%
Capital Expenditures ⁽¹⁾	\$210 - \$230M

Outlook Assumptions

- Financial outlook reflects management’s judgment based on Company’s current backlog and information available at the time of this release
- Capital expenditures comprised primarily of growth investments; full-year maintenance capex expected to be ~\$25-\$35M

(1) Capital expenditures include PPE and Intangible assets

APPENDIX





Appendix – Reconciliation of Non-IFRS Measures

(\$M)	Q4-23	Q4-22		2023	2022
Net income	\$13.5	\$8.8		\$48.8	\$26.3
Depreciation and amortization	9.2	6.3		31.6	23.7
Amortization of intangible assets related to business combination	11.7	12.8		46.5	52.5
Income tax expense (recovery)	(0.1)	4.7		18.5	7.9
Finance income	(0.2)	(0.2)		(2.0)	(0.4)
Finance costs	0.1	3.0		8.6	34.6
EBITDA	34.2	35.4		152.0	144.6
Unrealized foreign exchange loss (gain)	2.2	0.7		4.7	(5.1)
Unrealized losses on derivative financial instruments	0.7	0.8		0.8	9.9
Impairment of long-lived assets	-	-		4.8	-
Acquisition, integration & restructuring costs	1.9	-		1.9	-
Share based compensation	3.1	3.0		10.0	8.5
Adjusted EBITDA	42.1	39.9		174.2	157.9
ITC claims resolution	-	-		-	16.8
Adjusted EBITDA, excluding ITC claims resolution	42.1	39.9		174.2	141.1



Appendix – Reconciliation of Non-IFRS Measures

(\$M, except per share data)	Q4-23	Q4-22		2023	2022
Net income	\$13.5	\$8.8		\$48.8	\$26.3
Amortization of intangible assets related to business combination	11.7	12.8		46.5	52.5
Impairment of long-lived assets	-	-		4.8	-
Acquisition, integration & restructuring costs	1.9	-		1.9	-
Unrealized losses on derivative financial instruments	0.7	0.8		0.8	9.9
Net foreign exchange loss (gain)	2.0	1.8		2.8	(3.7)
ITC claims resolution	-	-		-	(16.8)
Debt refinancing costs	-	-		-	21.1
Share based compensation	3.1	3.0		10.0	8.5
Income taxes related to above items ⁽¹⁾	(5.1)	(4.9)		(17.7)	(18.9)
Adjusted Net income	27.8	22.3		97.9	78.9
Weighted average number of shares outstanding – Diluted	122,696,679	122,450,428		121,176,848	122,451,142
Adjusted Earnings per share – Diluted	0.23	0.18		0.81	0.64

⁽¹⁾ Standard income tax rate of 26.5% applied



Appendix – Reconciliation of Non-IFRS Measures

(\$M)	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Opening Backlog	\$3,068.7	\$1,093.8	\$1,232.4	\$1,378.2	\$1,405.1	\$1,520.8	\$1,516.8	\$864.3
Revenue recognized	(205.0)	(204.7)	(196.0)	(201.9)	(186.1)	(172.0)	(154.7)	(128.4)
Order Bookings	233.3	2,175.1	61.9	56.1	159.2	56.3	158.7	780.9
Adjustments ⁽¹⁾	—	—	—	—	—	—	—	—
Ending Backlog	3,097.0	3,068.7	1,098.3	1,232.4	1,378.2	1,405.1	1,520.8	1,516.8

⁽¹⁾ Adjustments in 2021 include reassessments of the values on certain customer contracts and effects of foreign exchange

(\$M)	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Total Debt	\$438.9	\$303.8	\$248.7	\$268.7	243.6	\$193.5	\$168.4	\$144.9
Cash	(22.5)	(13.4)	(39.0)	(67.9)	(39.3)	1.1	(8.8)	(59.5)
Net Debt	416.4	290.4	209.7	200.8	204.3	194.6	159.6	85.4
Adjusted EBITDA (LTM)	174.2	172.0	168.0	162.3	157.9	144.8	137.8	142.2
Net Debt to Adjusted EBITDA Ratio	2.4x	1.7x	1.2x	1.2x	1.3x	1.3x	1.2x	0.6x



We'll Take You There

