



SpeedCast International Limited Financial Results Presentation Year Ended December 31, 2016

February 28, 2017

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Presentation Outline

1. FY 2016 Operational and Financial Highlights
2. Integration
3. Industry and Divisional Review
4. FY 2016 Financial Results
5. Conclusion and Outlook



FY 2016 Operational and Financial Highlights



A transformative FY 2016¹

Operational

Transformational acquisition of Harris CapRock (completed 1 Jan 2017)

3 additional strategic acquisitions completed in 2016

(Newcom, ST Teleport and WINS)

Market leadership

achieved in the Maritime and Energy markets – well positioned to capture growth opportunities in these two key verticals

Sustained Growth despite a difficult operating environment

Financial

Continued **double digit growth** across key financial metrics with 30% revenue growth

Core **service revenue growth** at 34%

Growth in core service margins and EBITDA margin

reflecting economies of scale and operational optimization

EBITDA growth at 42% (\$41.5M²)

NPATA of \$19.2M (+ 30%)

HARRIS CAPROCK is now **SpeedCast** 

¹ All comparatives in this presentation are with the corresponding prior period, FY 2015, unless otherwise specified

² Includes FX gains of \$1.5M relating to the re-measurement of cash balances at 31 December 2016 used to fund the acquisition of Harris Caprock

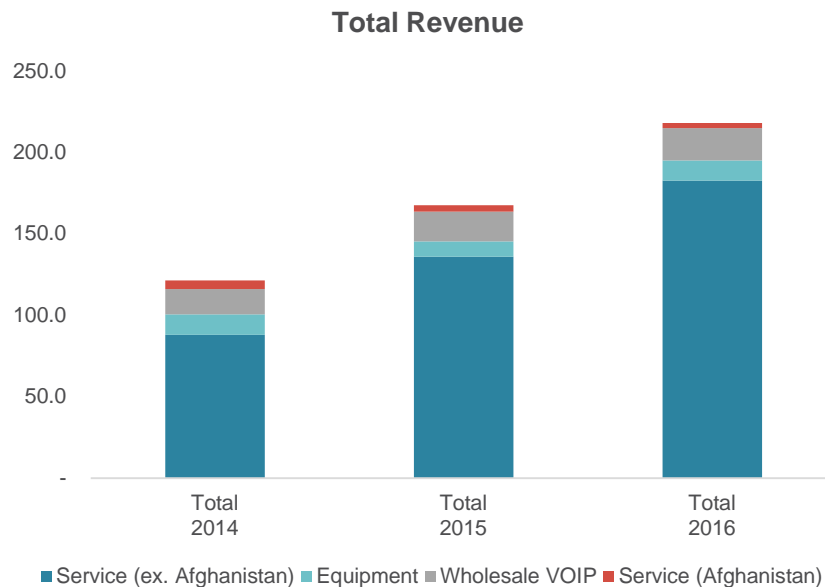
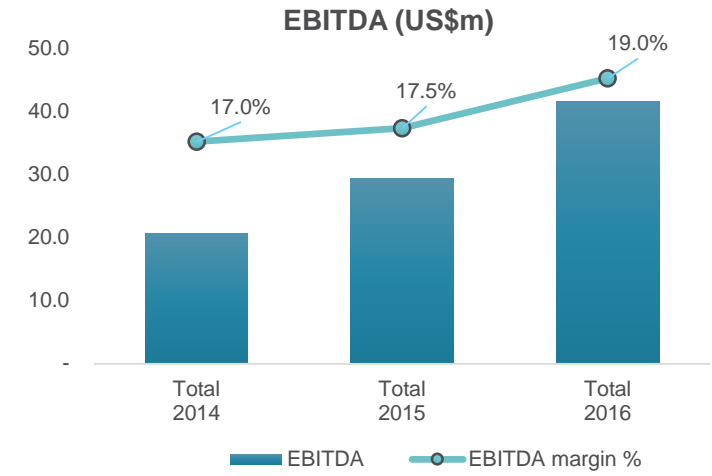
FY 2016 financial highlights – *sustained growth*

Group Revenue
US\$218.0m **↑ 30%**

Service Revenue¹
US\$182.7m **↑ 34%**

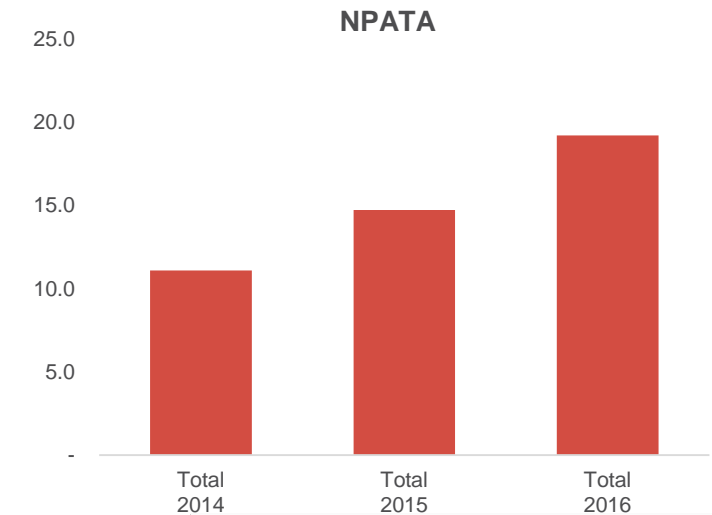
EBITDA²
US\$41.5m **↑ 42%**

EBITDA Margin²
↑ 150bps



NPATA²
US\$19.2m **↑ 30%**

NPATA per Share²
13.5 cps **↑ 9%**



¹ Service Revenue excludes Afghanistan.

² Underlying- Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.



SpeedCast – *The new global leader*

SpeedCast is the world's most trusted provider of fully managed remote communication network and IT services

- **Industry leader:** extensive worldwide footprint of local support, infrastructure and coverage coupled with world-class technology and a pervasive safety culture
- **Innovator:** able to design, integrate, secure and optimize networks tailored to customer needs
- **Customer focused:** with technology agnostic solutions and support designed to meet the needs of each unique customer installation
- **Highly Skilled People** make the difference in the services SpeedCast provides
- Creating value for our customers **beyond connectivity** to meet evolving customer needs



Harris CapRock – *transformational acquisition*

1

Creation of a global and diversified industry leader

- Expands global footprint and infrastructure with strong geographic complementarity – gives SpeedCast an immediate geographic presence that it currently lacks in North America, Brazil, Norway and parts of Africa
- Acquisition enhances diversification across end-markets and geographies

2

Expansion of the maritime business with global leadership in maritime broadband services

- Strengthens maritime offering, which is additive to the recent WINS acquisition and a key growth segment
- Leading provider globally to the fast growing and bandwidth hungry cruise segment
- Attractive scale of the combined group enables greater competitiveness
 - SpeedCast's maritime business will more than double in terms of revenue

3

A global leader in the Energy sector, well positioned for future growth

- Market leader in Energy, with complementary geographical overlap with SpeedCast
- Strong service and technology offering, creating upsell opportunities to SpeedCast customers
- Acquisition at an attractive stage in the cycle

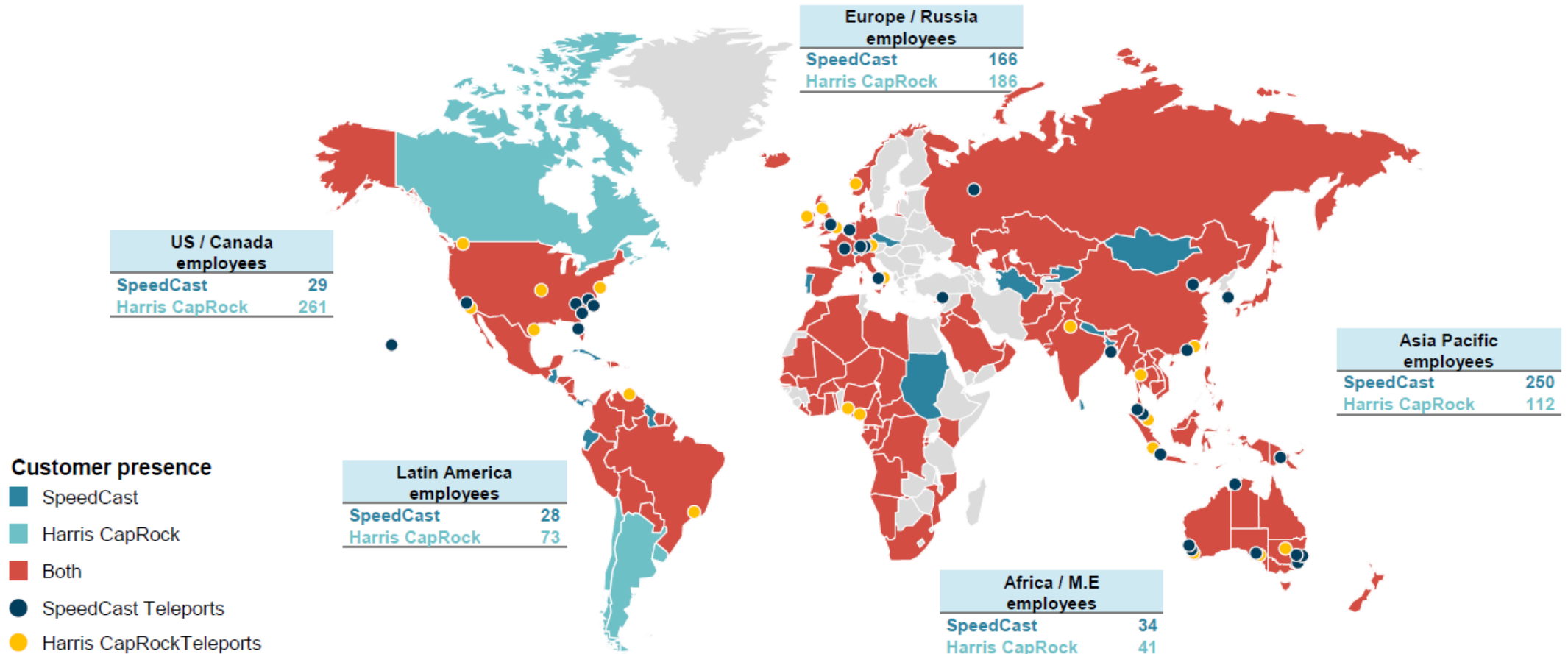
4

Significant operational and economic benefits of scale

- One of the largest commercial buyers of satellite capacity globally
- Increased operational leverage
- Significant R&D capabilities
- Significant synergies expected, resulting in a high margin combined business

Creation of a global and diversified industry leader

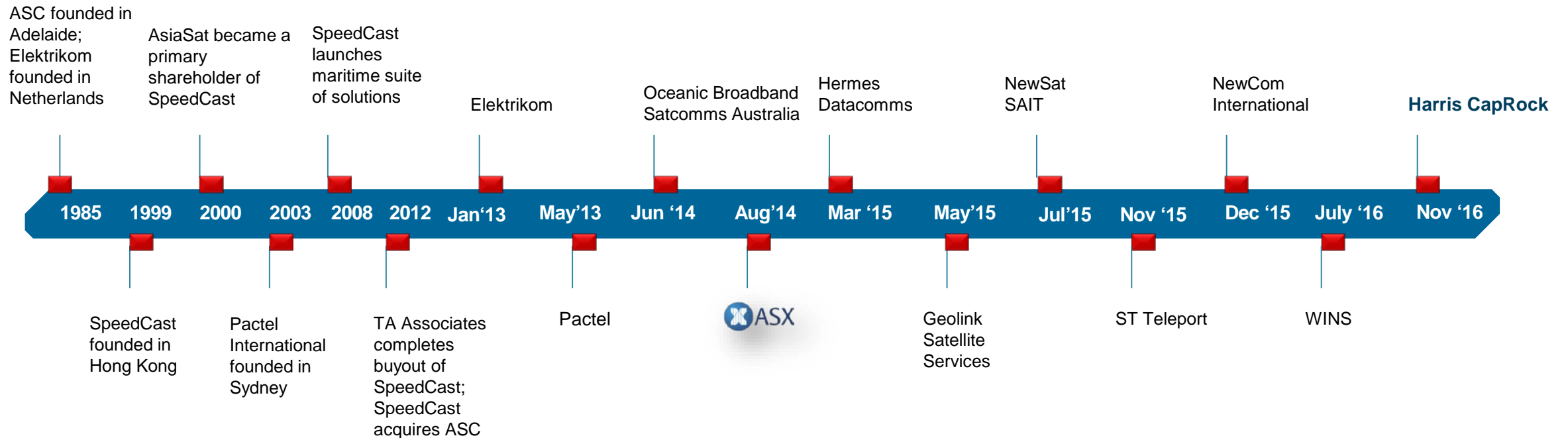
Complementary geographical overlap



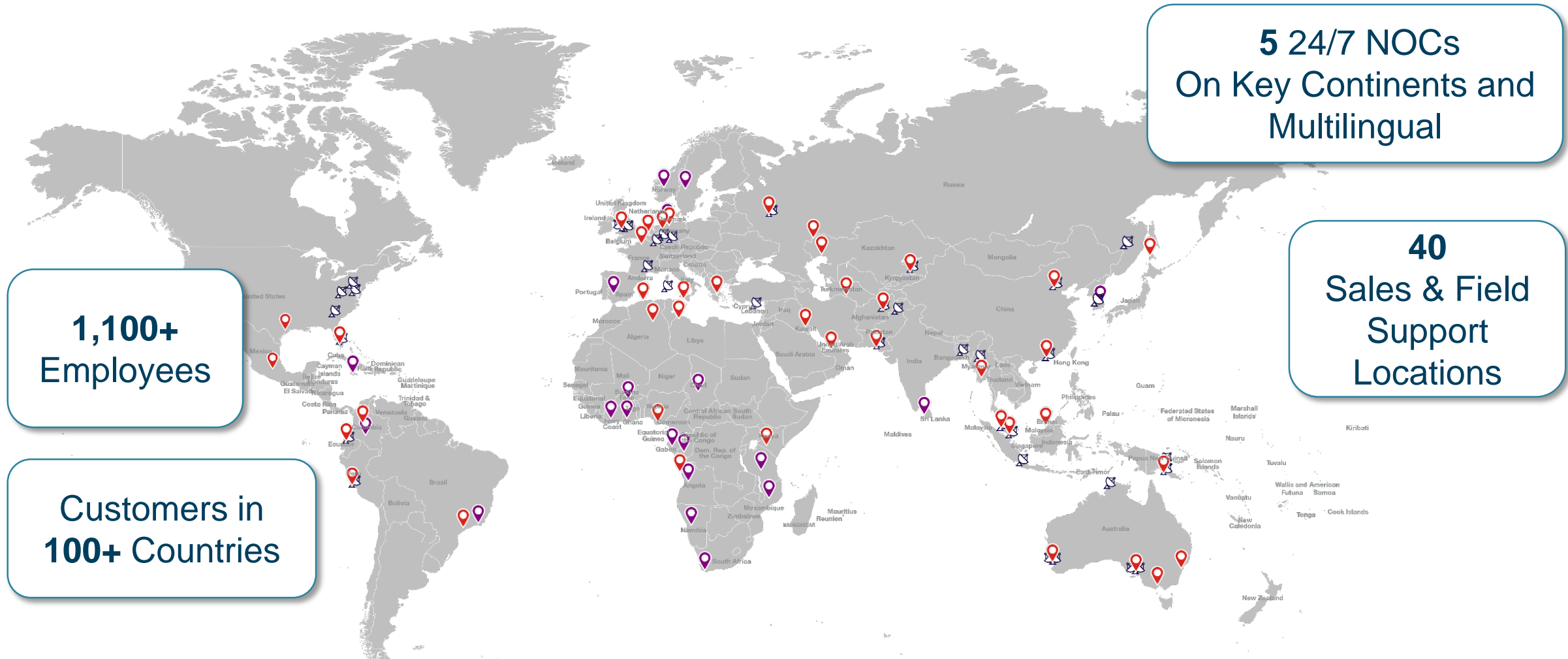
SpeedCast @ August 2014



SpeedCast acquisition history



Service & support wherever you need it – *SpeedCast @ January '17*




1,100+
Employees


Customers in
100+ Countries

5 24/7 NOCs
On Key Continents and
Multilingual

40
Sales & Field
Support
Locations

 SpeedCast Sales & Service Operations

 Teleport & NOC

 Service by Partner



Vision accomplished ahead of schedule

- ✓ Top 3 global player
- ✓ Top 3 Maritime service provider
- ✓ Top 3 Energy service provider

SpeedCast is focused in 2017 on strengthening its leadership through efficient integration, operational excellence and organic growth, on driving value creation through innovation and on defining a new vision



Integration



Performance based culture



C

customer
focused

A

agile &
responsive

S

success through
people & safety

T

team
spirit

The underlying values driving our performance and success

Integration at full speed - *15 work streams*



- **Project charters have been developed for each work stream** – containing the objectives, priorities, guidelines, anticipated benefits, team members, high level planning with key activities, timelines and milestones, risks & mitigations
- Across the work streams, there are **102 roles of which 54 are taken by legacy SpeedCast and 48 by legacy Harris Caprock employees**, resulting in the **right balance**
- We believe the **Integration Program ‘really ticks’** through numerous weekly interactions, meetings and conf calls in and across work streams, with high energy, enthusiasm, commitment, buy in and support from both management and staff from both legacy organizations

Integration progressing well and on track

SpeedCast closed Harris Caprock acquisition earlier than expected on 1 January 2017

- Capgemini Consulting has been engaged to support the integration planning & execution
- A new organizational structure has been announced January 17, as expected, including the joining of a new Chief Operating Officer, David Kagan
- Detailed and complete organization charts for every department will be finalized and communicated by mid March
- The integration program is well on track and the steering committee fully operational with efficient decision making process
- A re-branding plan has been launched
- Cost synergies on track with \$9M of savings already executed for 2017
- Strong activities around culture and our corporate values; overall very satisfied with the enthusiasm of our staff to embrace this powerful transformation



Industry & Divisional Review

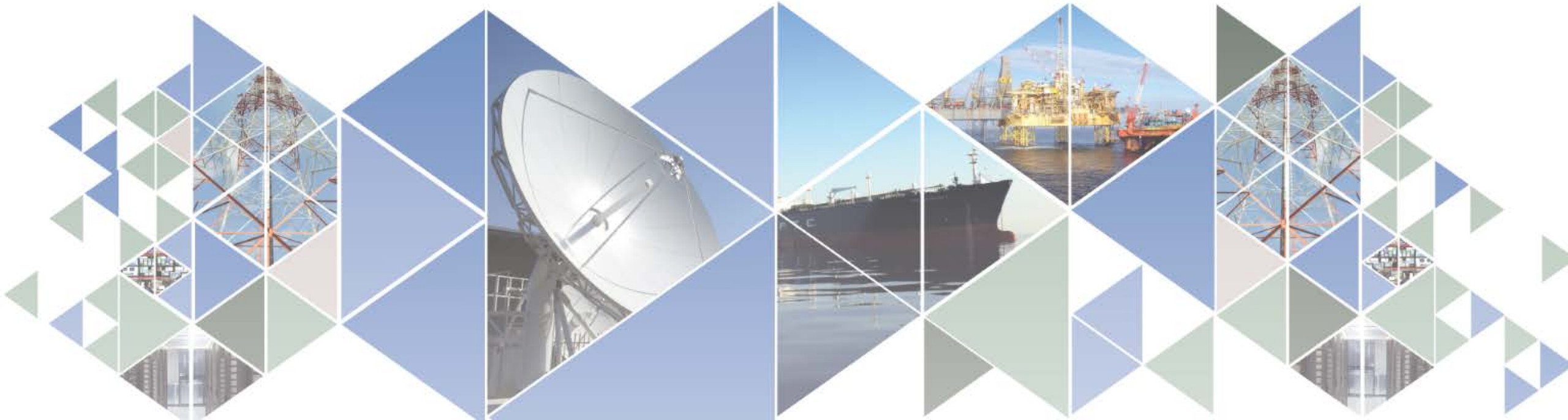


2016 – a disruptive year for our industry

- Some key industries served experienced continued downturn or delayed recovery, resulting in some key service providers in the sector experiencing revenue decline
- In the current climate, diversification into various industries and geographies continues to be a strength
- Satellite capacity supply remains very strong
- Customers increasingly want to procure globally and work with global partners for managed end-to-end communication networks and in some cases IT services
- Technologies are evolving faster; remaining technology agnostic is more important than ever
- Scale has become a critical competitive advantage



Energy



Energy – *new global leader*

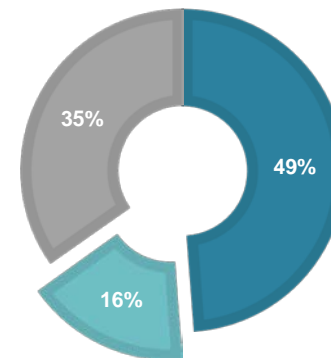
Highlights – FY 2016

- The Energy division is currently the smallest business unit in the group, contributing 16%² of SpeedCast's Service Revenues. Service Revenues in Energy in FY 2016 were up 22% on the corresponding prior period.
- The energy business experienced a difficult year but achieved market share gains amid a declining market and challenging macroeconomic conditions
- The energy sector has stabilized during the second half of the year but has not shown any significant signs of recovery yet
- Revenue churn was high in the first half of the year and came down to historical levels in the second half

Market & Business Outlook

- Post the HCC acquisition the Energy division is expected to represent approximately 45% of the Group's core service revenues
- We believe SpeedCast is well positioned to benefit from the expected future recovery of the sector
- The recent stabilization of the sector has led to a strengthening of our pipeline

Revenue Contribution¹



¹ Revenue contribution percentages are of Total Service Revenue (excl. Afghanistan).

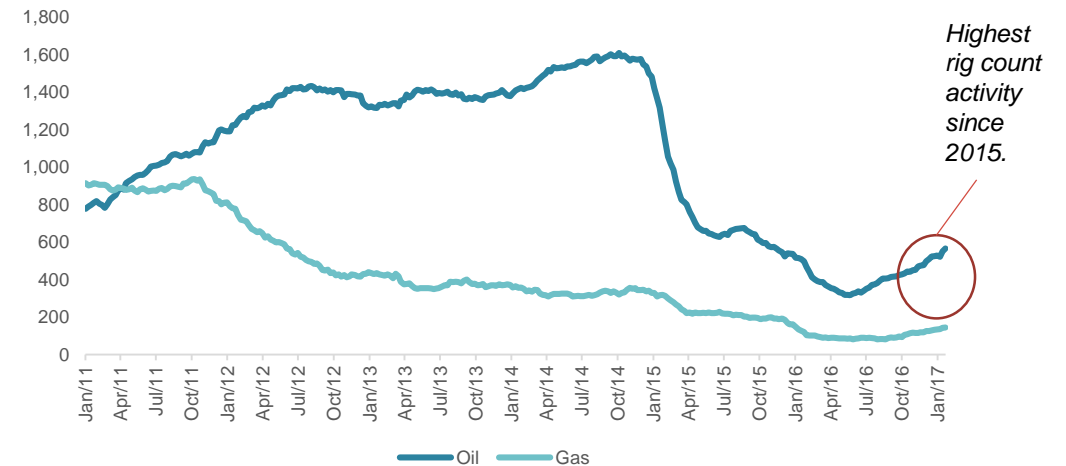
² At 30 June 2015, SpeedCast had reported Natural Resources as a key business, which had Revenue Contribution of 27% (1H 15). Since 2H 15, this has been renamed to Energy and excludes mining, which moves to "Enterprise and Emerging Markets."

Energy – *positioned for future growth*

Harris Caprock Acquisition

- The acquisition of Harris Caprock results in SpeedCast becoming a global market leader in Energy
- Unique field engineering force with presence in 40 countries to support our customers
- Strong combined service and technology offering, creating upsell opportunities to both SpeedCast and Harris Caprock customers
- SpeedCast will benefit from Harris CapRock capabilities in competing against regional players in the Asia-Pacific region which is expected to support growth in market share
- Acquisition at an attractive stage in the cycle

North America Rig Count Trend¹



Acquisition at an Attractive stage in the Cycle

Oil Price Recovery

- Oil prices have increased ~ 80% from 2016 lows
- Price recovery improved by OPEC production reduction

Expected increase in upstream investment

- Upstream investment underpinned by oil price recovery
- Price increases improve production economics

Expected increase in US rig count activity

- Oil price recovery renewing market confidence and rig count has seen uptake in activity
- North America rig count currently at highest levels since 2015

Maritime

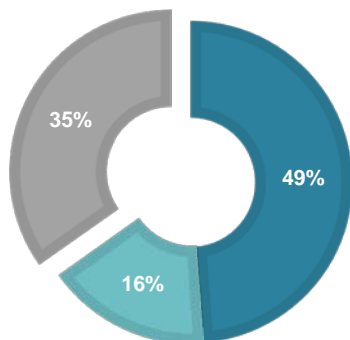


Maritime – *global maritime VSAT leader*

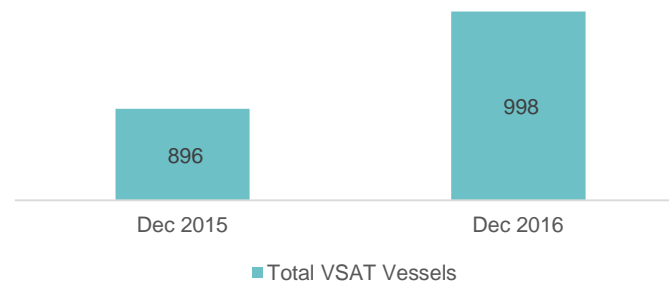
Highlights – FY 2016

- 57% service revenue growth versus FY15 driven by continuous penetration of Broadband VSAT systems and the contribution from acquisitions
- Acquisition of WINS provided a stronger presence for SpeedCast in the passenger-carrying vessels market and a local presence in Hamburg, a key shipping hub in Europe
- The downturn in the Energy market has affected the offshore service vessels (“OSVs”) segment, which experienced greater levels of churn and temporary suspensions
- Important strategic partnership signed with Inmarsat and Ericsson

Revenue Contribution¹



VSAT Vessels Trend

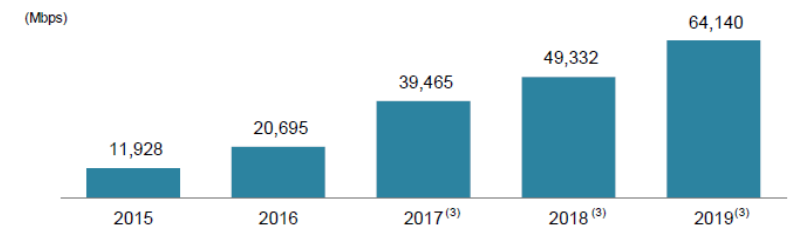


Market & Business Outlook

- Acquisition of Harris CapRock (“HCC”) strengthens and transforms SpeedCast into the leading maritime VSAT provider. In particular, SpeedCast has taken a strong leadership position in the fast growing cruise segment, expected to be a major growth driver.
- The merchant shipping sector will continue to roll out VSATs, including Fleet Xpress, whose impact will be observed in 2017
- The OSV segment is expected to remain subdued in 2017, but suspensions should slow down
- GSM services pricing models to be re-visited to drive volume growth

Significant maritime bandwidth growth driven by multiple factors

Cruise ships and passenger bandwidth growth⁽²⁾



Enterprise and Emerging Markets

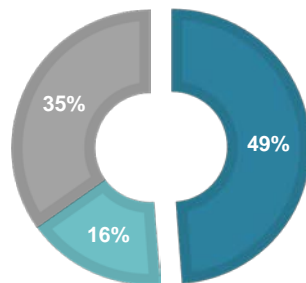


E&EM – *diversified growth*

Highlights – FY 2016

- The diversified Enterprise and Emerging Markets division, representing approximately half of the Group's core service revenues, delivered 26% revenue growth
- Delayed contract wins and activations impacted growth in FY 2016 but provide a foundation for services revenue growth in 2017
- Key wins in Latin America in the past 6 months, outside of the two previously mentioned delayed contracts, have confirmed the strategic rationale behind Newcom's acquisition. The two delayed contracts have not been signed yet but we significant progress was made.
- Important strategic partnership signed with Airbus Defence & Space

Revenue Contribution¹



Market & Business Outlook

- With the acquisition of HCC, SpeedCast's scale benefits, global coverage and greater capabilities should enable market share gains against smaller players. SpeedCast's global reach is second to none in the industry.
- New opportunities in the government sector are materializing, as government spending is expected to grow in key developed markets around the world. This represents an attractive short-term growth engine for the Group.
- Cellular backhaul should experience strong growth in 2017 on the back of a strong pipeline
- The overall pipeline has strengthened with a greater number of large contract opportunities than previous periods

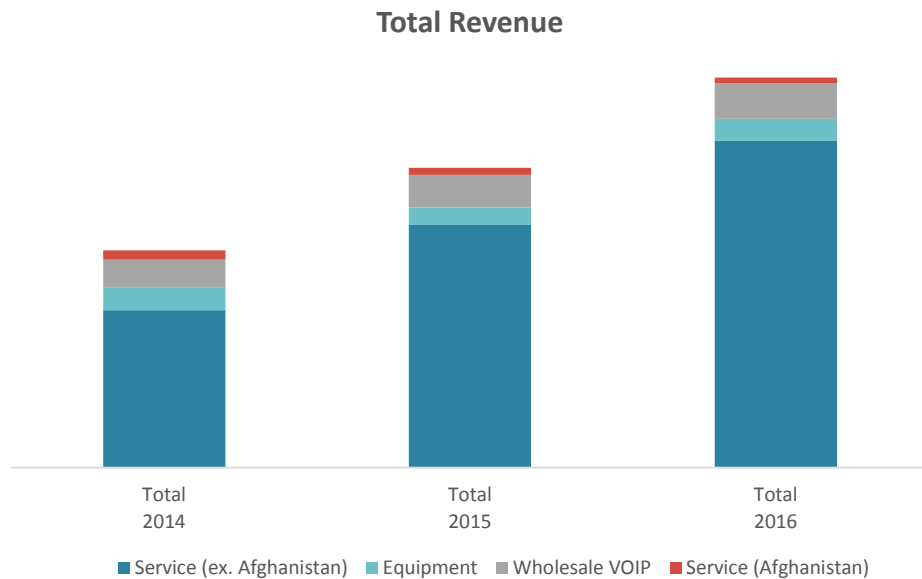
¹ Revenue contribution percentages are of Total Service Revenue (excl. Afghanistan).

FY 2016 Financial Results



Revenue growth in difficult market conditions

US\$m	Underlying ¹ FY 2016	Underlying ¹ FY 2015	Var
Total revenue	218.0	167.6	30%
Service Revenue - excl. Afghanistan	182.6	136.0	34%
Equipment revenue	12.3	9.4	31%
Wholesale VOIP	19.9	18.3	8%
Service revenue - Afghanistan	3.2	3.9	-18%



- SpeedCast delivered total revenues of \$218M in FY 2016, a 30% growth on the prior period largely reflecting the execution of the group's selective acquisition strategy
- The group's core Service revenues grew at a faster pace than total revenues with growth of 34% on the prior corresponding period
- Underlying organic growth in service revenues was below the group's target of low double digit growth, impacted by delays in customer purchasing decisions and in project roll-outs, including the previously disclosed Central American Government contract.
- 2H FY16 included strong equipment sales in the Maritime sector delivering overall year on year growth of 31%
- Wholesale VOIP revenues grew by 8% compared with the prior corresponding period, albeit at much lower margins than other revenue streams
- Service revenues from Afghanistan were down by 18%. In future periods this will be included within the EEM vertical.
- Despite the challenging market conditions, SpeedCast continued to execute well on its growth strategy

¹ Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.



Income statement - FY16 guidance delivered

US\$m	Underlying ¹ FY 2016	Underlying ¹ FY 2015	Var.
Revenue	218.0	167.6	+30%
EBITDA	41.5	29.3	+42%
EBITDA %	19.0%	17.5%	
Depreciation	(11.6)	(7.4)	
Amortisation	(10.0)	(7.7)	
EBIT	19.9	14.2	+41%
Net finance costs	(5.7)	(3.2)	
Share of JV profits	-	0.1	
Profit before tax	14.2	11.1	
Income tax expense	(2.8)	(2.4)	
NPAT	11.4	8.7	+31%
Add: Amortisation (net of tax)	7.8	6.0	
NPATA	19.2	14.8	+30%
NPATA per Share	13.5	12.3	+9%

- Total revenue grew 30% compared with FY 2015 and was substantially driven by acquisitive growth; service revenue organic growth was softer than in previous years due to difficult conditions in key industries served by SpeedCast
- FY 2016 EBITDA was \$41.5M, up 42% on the prior corresponding period and above previous market guidance. The 2016 result included a FX gain of \$1.5M relating to gains on cash balances at 31 December 2016. Excluding this SpeedCast delivered \$40M of EBITDA, in line with guidance.
- EBITDA margins grew from 17.5% to 19.0%. Core service margins continue to grow reflecting the impact of economies of scale and operational optimization.
- Depreciation and Amortization increased in the period reflecting the impact of acquisitions. 2016 also includes an additional \$1.5M depreciation expense relating to a transponder lease entered into in 2H 2016.
- The increase in associated net debt to fund acquisitions has resulted in an increase of \$1.5M in net finance costs in the year compared with the prior period.
- The underlying effective tax rate was 20% in the period (FY2015: 22%).
- NPATA grew by 30% to \$19.2 M, up \$4.4M against the corresponding period. NPATA per share also grew 9% against FY 2015 demonstrating the shareholder value creation from the combination of both organic and acquisitive growth. This increase is despite the impact of the additional shares issued in Nov-16 in relation to the acquisition of Harris Caprock. Excluding these additional shares, NPATA per share increased by 21%.
- Declared a fully franked final dividend of AU2.40 cents per share, corresponding to approximately 40% of second half 2016 NPATA.



¹ Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

Reconciliation of underlying to statutory results

US\$m	Underlying ¹ FY 2016	Underlying ¹ FY 2015
Statutory NPAT	5.9	4.3
Acquisition related costs	7.3	3.8
Integration costs	1.0	0.3
Re-measurement loss on deferred consideration	0.6	0.4
Accelerated amortization of loan establishment costs	1.2	-
Hedging gains	(6.0)	-
Tax effect of underlying adjustments	1.4	(0.1)
Underlying / Pro forma NPAT	11.4	8.7
Add back: Amortisation (net of tax)	7.8	6.0
Underlying / Pro forma NPATA	19.2	14.8

- Acquisition related costs include due diligence, M&A, and other transaction related costs that are recorded in the income statement in the period in which they are incurred. In FY 2016 these amounted to \$7.3M
- Integration costs includes re-structuring, redundancy and other one-time costs associated with the integration of acquired entities
- Deferred consideration in relation to the acquisition of SAIT Communications is payable if certain revenue targets are met in 2016. The potential consideration payable is reassessed and fair valued at each period end date. A loss of \$0.6M has been recognised in the current period statutory income statement, reflecting the change in the fair value from 31 December 2015 to 31 December 2016.
- In Q4 2016, SpeedCast repaid all drawn amounts relating to its previous debt facilities. As a consequence previously capitalized debt facility establishment costs were written off in the current period resulting in an additional expense of \$1.2M.
- Following the completion of the equity raise in Nov-16 to fund the acquisition of Harris Caprock, SpeedCast entered into a number of forwards FX contracts to hedge the AUD proceeds received from the rates on equity funding for the HCC acquisition. The execution of these forward contracts resulted in a gain of \$6.0M.

¹ Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.



Summary balance sheet

US\$m	Dec-16	Dec-15
Cash	25.3	15.1
Trade & other receivables	77.2	43.3
Inventories	5.8	5.2
Other Financial Assets	422.4	-
Total current assets	530.7	63.6
Investment in JV	0.2	0.2
PP&E	44.8	26.2
Deferred Tax Assets	5.7	3.1
Intangibles (including Goodwill)	171.4	96.7
Total Assets	752.8	189.8
Trade and other payables	64.3	50.6
Income tax payable	5.3	2.7
Other liabilities	3.1	0.1
Current Borrowings	-	-
Total Current liabilities	72.7	53.4
Non-Current Borrowings	381.2	99.4
Deferred Tax Liabilities	8.5	6.2
Other Non Current Liabilities	0.1	3.6
Total Liabilities	462.5	162.6
Net Assets	290.3	27.2

- At 31 December 2016, cash at bank was \$25.3M (FY2015: \$15.1M).
- Other financial assets relates to the amounts held in escrow for the final consideration payable for the Harris Caprock (“HCC”) acquisition.
- Net current assets were \$458M compared to \$10.2M at 31 December 2015. The increase is largely attributable to the funds held in escrow required to settle the HCC acquisition on 1 January 2017.
- In the period to 31 December 2016, intangibles (including goodwill) increased by circa \$77M due to the acquisitions of NewCom International, ST Teleport and WINS. \$10.0M of amortization was charged in the period with the remaining movement attributable to FX.
- In H2 2016, the previous debt facility was paid down. In order to settle the HCC acquisition, SpeedCast increased the Group’s committed bank facilities through a fully underwritten syndicated facility.
- Total debt facilities for the Group increased to \$385M to fund the acquisition of Harris Caprock
 - \$365M was a 3-year term loan, which was fully drawn down to settle the HCC acquisition;
 - \$20M was a revolving multi-currency facility, which was partially drawn down at 31 December 2016.



Capital Management

US\$m	Underlying ¹ FY 2016	Underlying ¹ FY 2015
EBITDA	41.5	29.3
Non-Cash items in EBITDA	(1.4)	0.9
Change in working capital	(8.2)	(6.6)
Operating free cash flow before capital expenditure	31.9	23.6
<i>Operating cash conversion ratio</i>	<i>77%</i>	<i>81%</i>
Acquisition of Capital Items	(15.1)	(7.5)
Operating free cash flow after capital expenditure	16.8	16.1

Capital Management Ratios	Dec-16	Dec-15
Net debt (\$M)	358.9	84.2
Leverage ratio*	n/a	2.7 x
Interest Cover [#]	n/a	9.2 x

* Net Debt/Annualised Underlying EBITDA

Annualised Underlying EBITDA / Net finance costs

¹ Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

- Strong operating cash flow conversion continued in 2016.
- Operating cash conversion of 77% in FY 2016 excludes the impact of two material cash generating transactions around year end.
- FY 2016 EBITDA included unrealised FX gains of \$1.5M relating to the re-measurement of cash balances at 31 December 2016 used to fund the acquisition of Harris Caprock.
- In Q4 2016 SpeedCast entered into a large equipment sale in the Maritime sector. Delivery of the equipment occurred in December, with the cash being received early in Q1 2017.
- Including the impact of these two items, the operating cash flow conversion would have been 89%
- Investment in capex grew to \$15.1M in 2016. Included within capex is \$5.0M related to the renegotiation of a material capacity contract in Q4. The value of payments made under this contract are treated as capital in nature under accounting standards and will be amortized over the life of the lease.
- Net debt was \$358.9M at 31 December 2016, including \$25.3M in cash
- Funds for the Caprock acquisition were drawn from the new debt facility just prior to year end.
- SpeedCast continues to generate strong operating cash flows and earnings growth, and the combination of these two factors is expected to reduce the pro forma leverage materially over time
- Under the new group debt facilities the capital management ratios will be assessed at the first measurement date post closing of the Harris Caprock acquisition which will be 30 June 2017



Conclusion and Outlook



A successful FY 2016 with most key objectives met

Acquisition	✓	<i>Key strategic acquisitions and a transformational one</i>
Integration	✓	<i>Continued successful integration of acquisitions</i>
Organic Growth	✗	<i>Lower organic growth than the double digit growth achieved in previous years, amidst difficult market conditions, but strong foundation built for growth in 2017</i>
Operational performance	✓	<i>EBITDA margin and Gross Margin continue to climb</i>
Operating Cash Flow	✓	<i>Good cash flow Performance</i>

FY 2017 outlook – *GLOBAL GROWTH*

GLOBAL CAPABILITIES

Global footprint, global network, scale and enhanced product offerings will enable new revenue opportunities and synergies

GLOBAL LEADER

The combination of HCC and SpeedCast creates a strong global and diversified Group, at a time when some of our key competitors are experiencing difficulties

GLOBAL BRAND

Rebranding ongoing to increase brand awareness and better communicate our capabilities and the value we can create for our customers

M & A GROWTH

In addition to the HCC acquisition, a full period impact of NewCom, ST Teleport, and WINS will drive growth

ORGANIC GROWTH

Strong focus on organic growth in 2017. We expect growth momentum to build in 2H 2017.

EBITDA GROWTH

A systematic focus on operational efficiencies and organic growth is expected to deliver continuous EBITDA margin improvement

Appendix



FX Analysis

- SpeedCast operates in an industry which predominantly transacts in USD.
- The table below provides an **indicative** guide to the mix of revenues and costs split between USD, AUD, EUR and GBP.
- This includes the impact of the HCC Acquisition.

	USD	AUD	EUR	GBP
Revenue	87%	9%	4%	-%
Cost of good sold	96%	1%	2%	-%
Opex	72%	14%	9%	5%
Depreciation	84%	8%	3%	6%
Net finance costs	100%	-%	-%	-%

The above information is indicative only and is provided as a guide.

Thank You

