



28 April 2017

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

World Reach Limited
ABN 39010 568 804

5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170

T +61 3 8561 4200
F +61 3 9560 9055
E: info@worldreach.com.au

2017 Outlook – Profit and Revenues

The Company wishes to update the market on its financial outlook for the remainder of FY2017.

As advised to the market on 25 January 2017, the Company's revenue in the first half of the financial year was lower than anticipated, owing to lower order volumes and market volatility. That experience, which our research indicates is by no means unique to World Reach, has not abated sufficiently during the March quarter for that guidance to be retained. As part of the Company's ongoing prudent revenue and profit outlook, management has revised our overall FY2017 profit projection.

The factors that are impacting the Company's overall sales and profit performance, are:

- Demand for remote satellite data and telephony services remains subdued across the global industry, with continued modest order sizes reflective of a reluctance by distributors to retain and hence fund larger stock inventories.
- Sales of docking stations have decreased due to lower handset sales by both major network operators. Being a high margin category, the profit impact is significant.
- With new, enhanced products known to be coming to market in the near term, we believe some orders are being deferred to take advantage of the greater product capabilities shortly to be available to consumers.

Pleasingly, and deliberately, the Company is at the forefront of these new product developments and accordingly we expect to benefit significantly from the substantial investment and work we have undertaken, as previously revealed to the market.

In particular, two major Beam product development projects are scheduled for widespread release and are the subject of pre-committed sales in FY2018. These products, which will not replace but rather augment our existing offerings, will enable greater flexibility, capability and choice for consumers and we are consequently not only expecting, but are contractually assured of receiving major additional Group revenues.

We advise, however, that revenues for FY2017 are expected to be significantly less than those enjoyed in FY2016 and it is currently anticipated that the Company's net performance before tax, or any balance sheet revisions should they be required, for FY2017 will be a net loss in the range of \$220,000 to \$370,000.



Although the reduction in FY2017 revenues naturally impacts cash usage, the Board has previously secured the requisite financial accommodation to ensure the Group's ongoing investment in new products and funding of our operations is not affected by cyclical revenue variations.

Largely undrawn loan facilities of A\$3,400,000, when combined with contracted revenues of US\$3,000,000 in respect to the imminent release to market of the new product development undertaken for valued Beam client Thuraya Communications, give us confidence and enthusiasm as to the Company's prospects and revenue outlook for FY2018 and beyond. This would not have been possible had the Board not taken a prudent approach to cash management in the recent past, while also funding new developments to ensure the Group remains a market leader in its chosen segments.

While the Company's short-term trading outlook will always be a key consideration of the Board and senior management, the Company is well placed and well-funded to navigate periods of revenue and profit volatility.

The Board remains determined to continue, and where appropriate expand, its investments in innovative and advanced technologies over the medium and long terms.

We look forward to updating the market very shortly regarding the progress of our product developments as we approach the global launch of these sophisticated satellite communication devices, designed and engineered by our local team.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Capocchi".

Michael Capocchi
Managing Director