

# Speedcast

## UBS Conference: Australian Emerging Companies

Clive Cuthell, CFO

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**Clive Cuthell**  
***Chief Financial Officer***

- Recently appointed as Chief Financial Officer - April 2018
- Previously, Global CFO of Nuplex Industries, global manufacturer and distributor of resins with over 1,700 employees
- Prior to Nuplex Industries, spent five years at global cement major, Holcim. Over 25 years of experience in finance with extensive expertise in M&A, integrations and change management
- Clive graduated from Heriot Watt University, Edinburgh and is a member of both The Institute of Chartered Accountants of Scotland and Chartered Accountants Australia & New Zealand

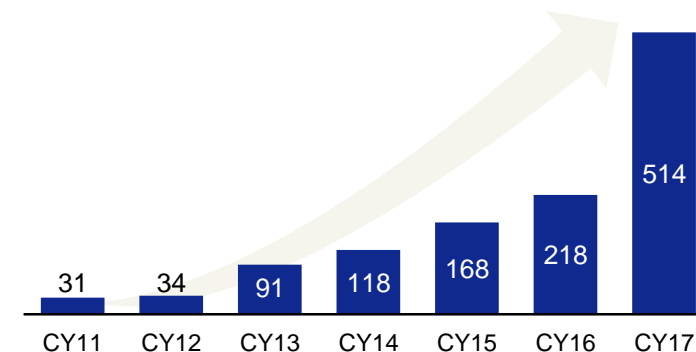
# Speedcast: The Leading Global Remote Communication Provider

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- Critical telecommunications managed services to enterprises and governments in locations where there is limited or no terrestrial network
- Designs, sources, configures, operates and maintains remote communications networks
  - Satellite is the primary network technology used; we do not own satellites
  - Offers customers a range of value-added services
  - Customer solutions are usually complex and customers demand high levels of support generating “stickiness”
- Successful execution and integration of a number of acquisitions in the past 5 years. Strong growth experienced since 2012.
- Business diversified across geography, industry and customer base
- High recurring revenue base, average contract life of 2-3 years

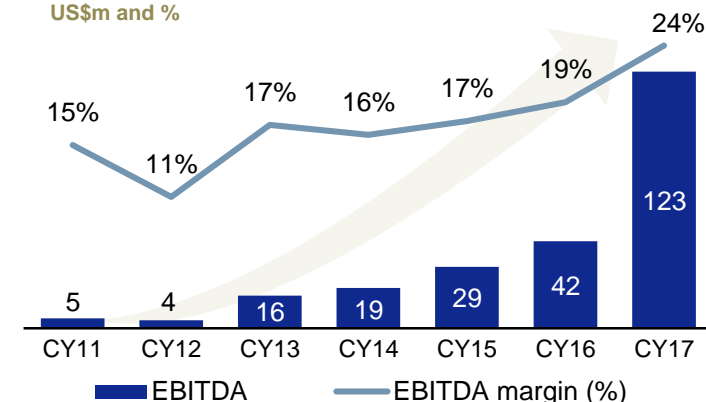
## Reported revenues

US\$m



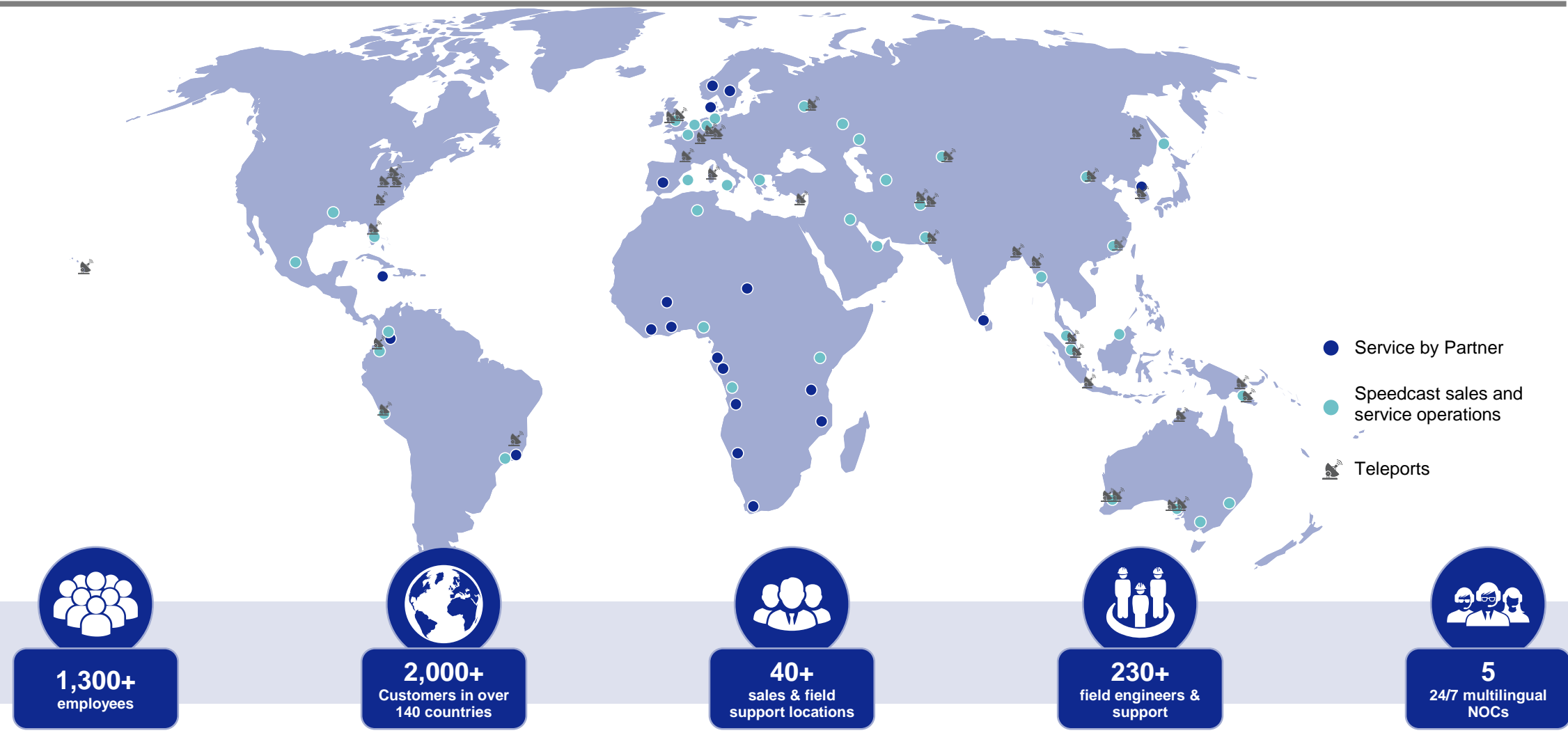
## Reported EBITDA<sup>(1)</sup>

US\$m and %



(1) Reported results represent underlying financial results, which are intended to exclude items that are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

# Our Unique Global Footprint

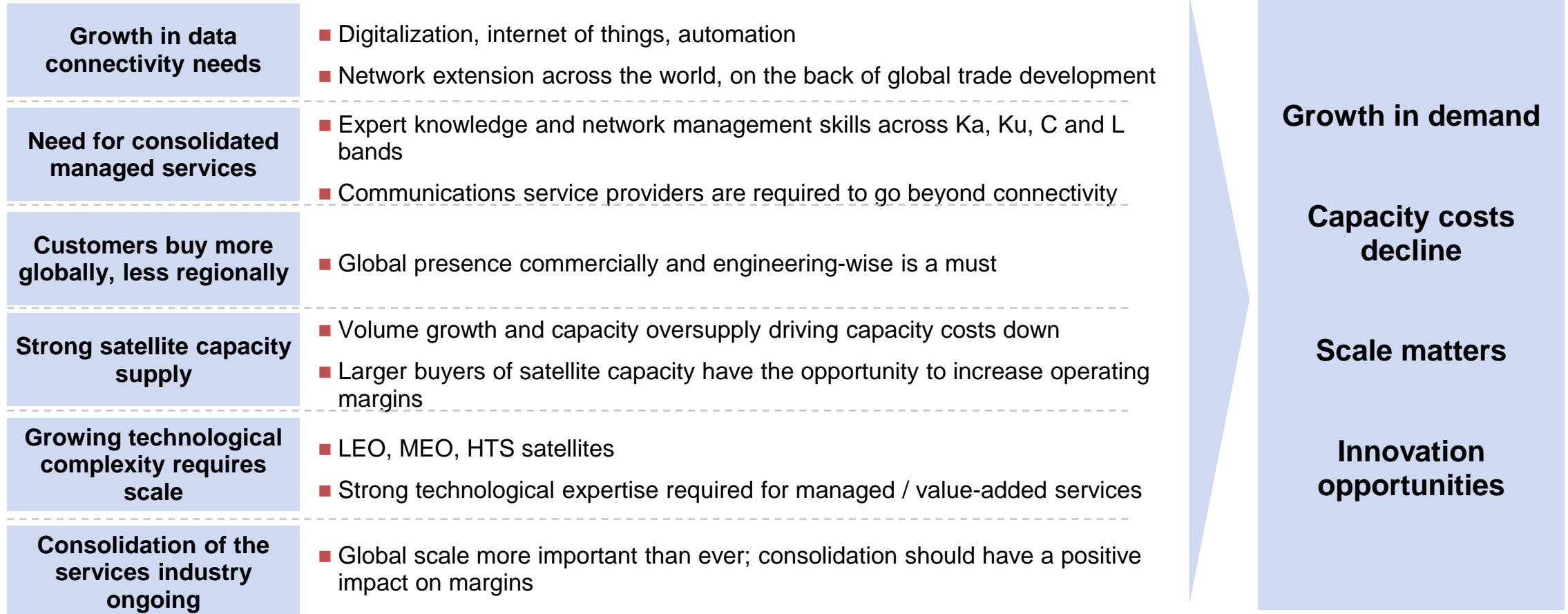


THE CRITICAL COMMUNICATIONS COMPANY

Communications | IT Solutions | Consulting

# Speedcast Benefits From Strong Industry Fundamentals and Favourable Industry Trends

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# Speedcast's Strategy

## Create Value From both Organic & Inorganic Growth

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### Favourable Industry Trends

#### Organic Growth Strategy

- Market leader positions - growth industries & markets
- Create customer value - service & innovation
- Realise economies of scale
- Participate in expected Energy (O&G) recovery
- Prioritise high growth markets

#### Inorganic Growth Strategy

- Disciplined approach
- Focus on fragmented growth markets
- Communications & IT Solutions
- Drive cost synergies and scale efficiencies

### Revenue & Margin Growth

## Create Value

# 2017 Acquisitions Demonstrate Disciplined Approach to M&A With Strong Strategic Rationale

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## Develop market leading positions Expand into high growth industries & markets

### Harris CapRock

- Leading positions in Energy and Cruise, with strong blue-chip customer base
- Acquired at the bottom of the energy cycle
- Purchase price of \$425M, i.e. 4.7x post-synergies
- Transaction announced 2 Nov 2016 and closed 1 Jan 2017
- Cost synergies of more than \$30M (versus \$24M initially anticipated)

### UltiSat

- Strong foothold in the Military, Government, IGO and NGO sectors with coverage of 130 countries, at an opportune time
- Strong growth momentum - revenue more than doubled in two years
- Growing demand from the US government and increased spending expected from other NATO countries (2% of GDP)
- Purchase price of up to \$100M, i.e. around 7x
- Transaction announced 24 July 2017 and closed 1 Nov 2017

## Create Value



# Strategic Platform For Profitable Growth Established

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## Maritime



- Market leading position in cruise following the acquisition of Harris CapRock
- Passenger & crew connectivity needs at an inflexion point
- Narrowband to broadband migration accelerating in commercial shipping as sector economics improve
- Automation to drive bandwidth growth



## Energy



- Market leading position following the acquisition of Harris CapRock
- Unique scale and capabilities to enable market share gains
- Macroeconomic indicators improving, supporting medium term growth outlook
- Digitalization of the oil field driving bandwidth growth



## EEM



- Diversified segment in fragmented industry
- Limited number of global competitors
- Cellular backhaul driving growth
- Mining spending expected to improve
- Recent material contract wins (e.g. NBN) highlighting competitive strength



## Government



- Government spending expected to rise globally in coming years
- Access to growing US Government opportunities following the acquisition of UltiSat
- Significant opportunity in the IGO/NGO space on the back of Speedcast's global capabilities

# Building Our Culture as a Key Competitive Advantage

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**C**

customer  
focused

**A**

agile &  
responsive

**S**

success through  
people & safety

**T**

team  
spirit

The underlying values driving our performance culture

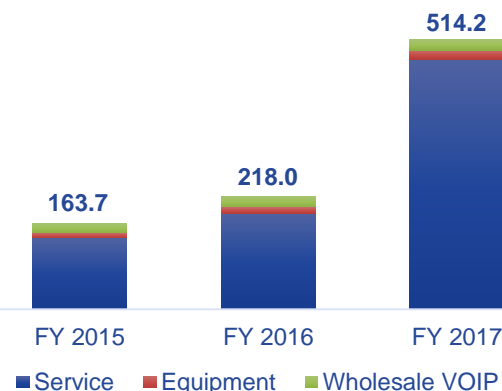
# 2017 Financial Snapshot - A Year of Unprecedented Growth

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**Group Revenue**  
US\$514.2M **136%**

**Service Revenue**  
US\$476.6M **157%**

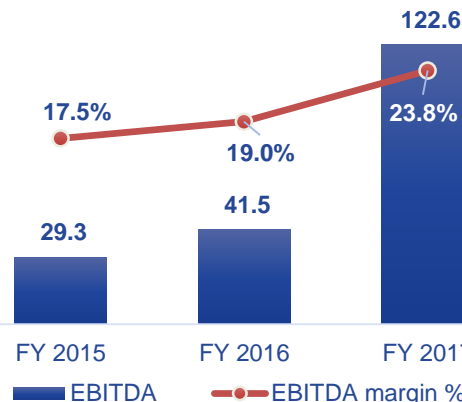
Revenues (US\$m)



**EBITDA<sup>1</sup>**  
US\$122.6M **195%**

**EBITDA Margin<sup>1</sup>**  
23.8% **480 bps**

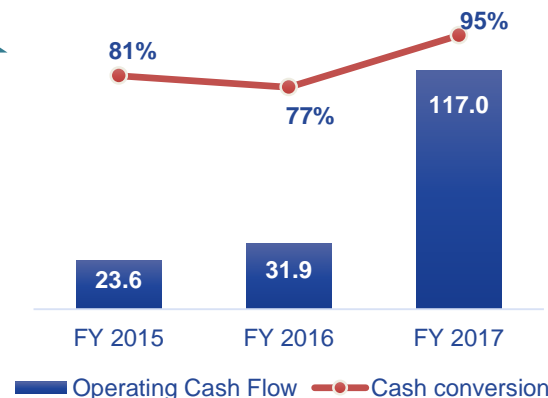
EBITDA (US\$m)



**Operating cashflow**  
US\$117M (95%) **264%**

**Pro forma leverage**  
2.9 x

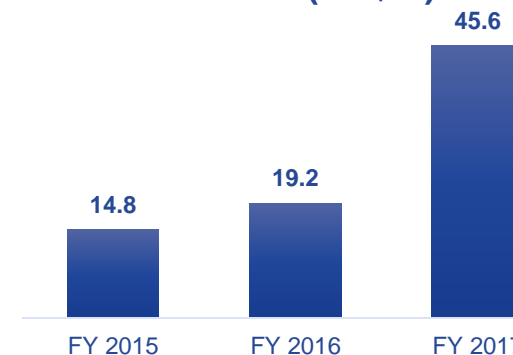
OpCF(US\$m)



**NPATA<sup>1</sup>**  
US\$45.6M **137%**

**NPATA per share**  
US\$19.1 cents **41%**

NPATA (US\$m)



**Final Dividend** AU\$4.80 cps  
**Total Dividend** AU\$7.20 cps

<sup>1</sup> 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.

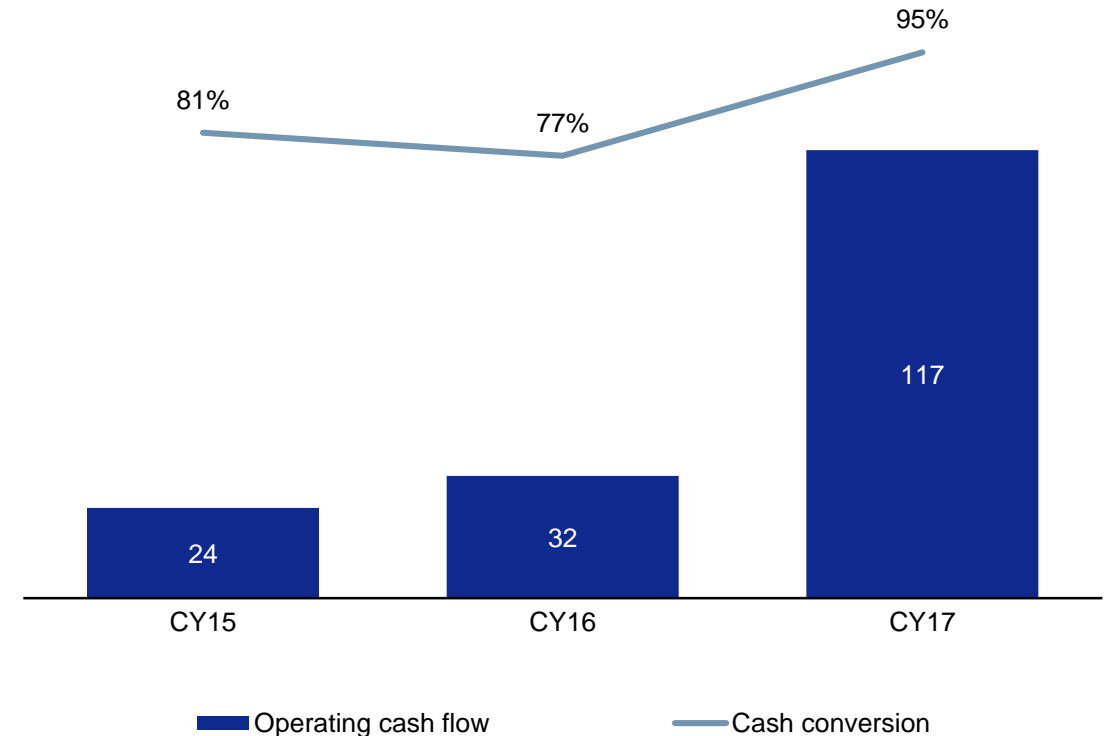
# Speedcast's Strong Cash Conversion and Low Capex Generate Strong Cash Flow

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- Focussed working capital management
- Low historical capex
  - 5 to 6% of revenue
  - Mainly investment in growth
  - Small 2018 increase due to growth
- Strong cash conversion

## Reported operating cash flow

US\$m and %



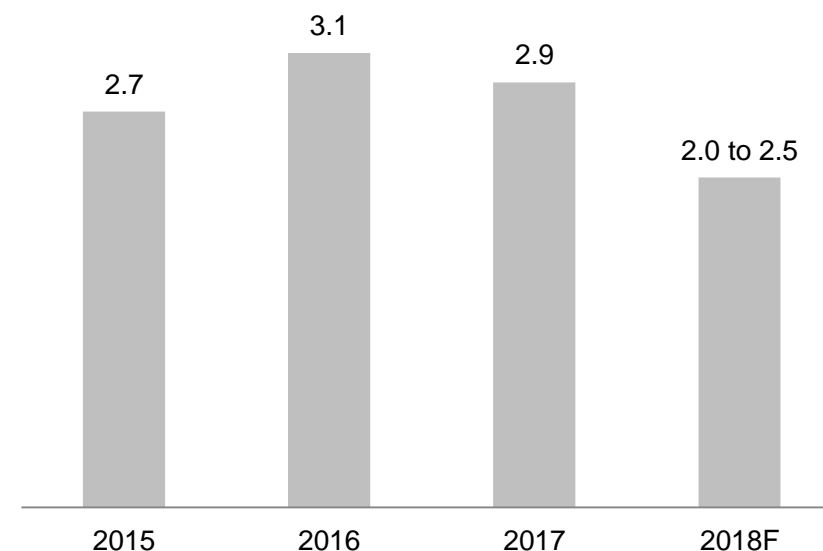
# Disciplined Approach to Funding - Proactive Early Refinancing in 2018

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- **Deleveraging following acquisitions - driven by strong cashflows**
- **Credit ratings met management expectations**
  - Moody's: Ba3 / Stable Outlook
  - S&P: BB- / Stable Outlook
- **Refinancing extended funding & provided increased flexibility and liquidity**
  - \$425M 7-year US Term Loan B to replace existing syndicated facility maturing in 2019
  - \$100M 5-year Revolving Credit Facility to replace existing \$20m facility, maturing in 2019
  - Covenant-lite
  - Improved pricing
- **Transaction closed on May 16 2018**

## Pro-forma Net Debt / EBITDA

US\$m





# FY 2018 Outlook

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## Maritime

- **Strong outlook for CY18** driven by:
  - **Merchant Shipping: backlog of over 950 VSATs** providing a strong outlook for revenue growth
  - **Cruise: Promising medium-term growth** with customers aiming for much higher bandwidth for both guests and crew. Market share gains expected, driven by leadership position and large global network.
- Offshore Support Vessel market to remain slow in 2018



## Energy

- Slight return to revenue growth forecasted for 2018 driven by:
  - **Sector upswing expected** in 2019
  - **Market share gains** due to unique global platform post Harris CapRock acquisition
- **CY18 revenue growth** expected to be back-end loaded due to full-year effect of CY17 churn and some further churn expected in 1H CY18
- Price pressure remains however **volume growth is expected to largely offset price discounts** over the near-term



## EEM

- Significant growth expected in CY18 on the back of **the NBN win** in early CY18, expected to contribute ~US\$30m in CY18
- **Cellular backhaul to be a key growth area**, with positive momentum in Latin America and Africa
- Some price erosion expected but this will be offset by **volume growth and market share gains**



## UltiSat<sup>(2)</sup>

- Speedcast will leverage UltiSat **access to government opportunities** while increasing its presence in the **NGO/IGO space**.
- Strong market fundamentals:
  - **Global government market to grow to US\$9.3 bn in revenues** by 2025, up from US\$4.4 billion in 2015<sup>(3)</sup>
  - **Increasing demand by US government** for satcoms going forward

- Stronger organic growth, despite continuing slow offshore sector
- Full-year impact of UltiSat acquisition (only 2 months in CY17)
- Slight EBITDA margin dilution due to the acquisition of UltiSat and the NBN project set-up
- Harris CapRock integration to deliver more than US\$30m in cost synergies
- Capex expected to increase with sizeable new projects in Energy, Maritime and cellular backhaul
- **Management comfortable with the current equity market sell-side analysts' 2018 EBITDA consensus (~US\$155m)**

(1) EEM contain revenues from contracts that are government in nature and would be included in a government vertical (i.e. together with UltiSat).

(2) UltiSat revenues include non-material revenues that could be classified in other verticals.

(3) NSR Government & Military Satellite Communications, 14th Edition.

- Strong industry fundamentals and favourable trends
- Focus on growth
  - Organic
  - Inorganic
- Sustainable competitive advantages
  - Leadership position in growth markets
  - Customer service capabilities
  - Scaled global network
  - Economies of scale
  - Culture
- Value creation via revenue & margin growth over time



■ Q & A

■ Thank you





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