

# GLOBAL INVACOM

Q2 FY2016 Briefing & Analysis



**global invacom**  
completing the picture

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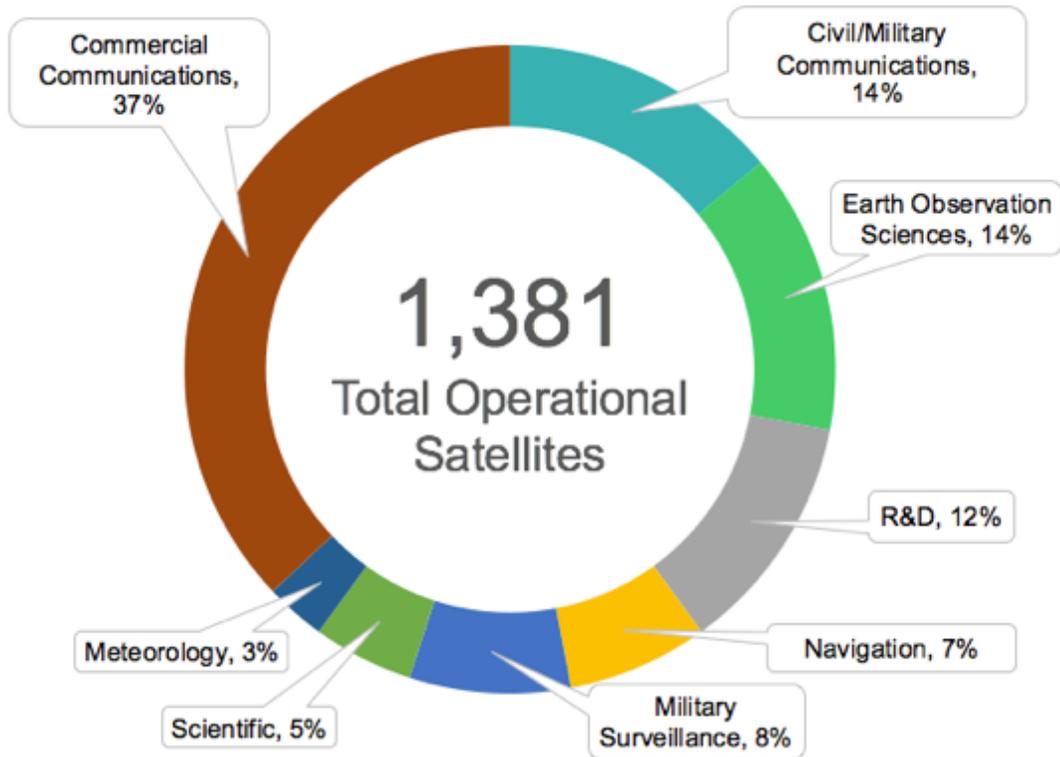
# State of the Industry



# Industry Overview

## Operational Satellites by Function

(as of 31 Dec 2015 – Tauri Group data)



**No. of satellites up 39% over 5 years (2011: 986)**

- Average number of satellites launched per year in 2011-2015 up 36%
- Small and very small satellites deployed in LEO contribute to this growth
- Average operational lives of certain satellite types (e.g. GEO communications satellites) becoming longer

**59 countries with operators of at least one satellite (some as part of regional consortia)**

# How Sat Comms Work



## Uplink Stations

TV content from broadcasters is processed by the operator and sent to the uplink station, where it is beamed up to the satellite.

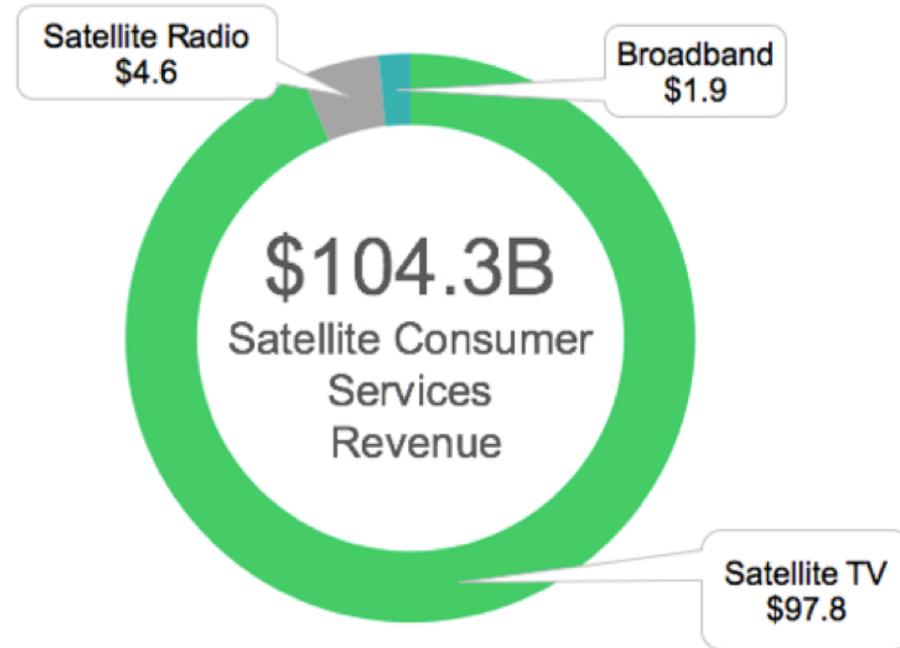
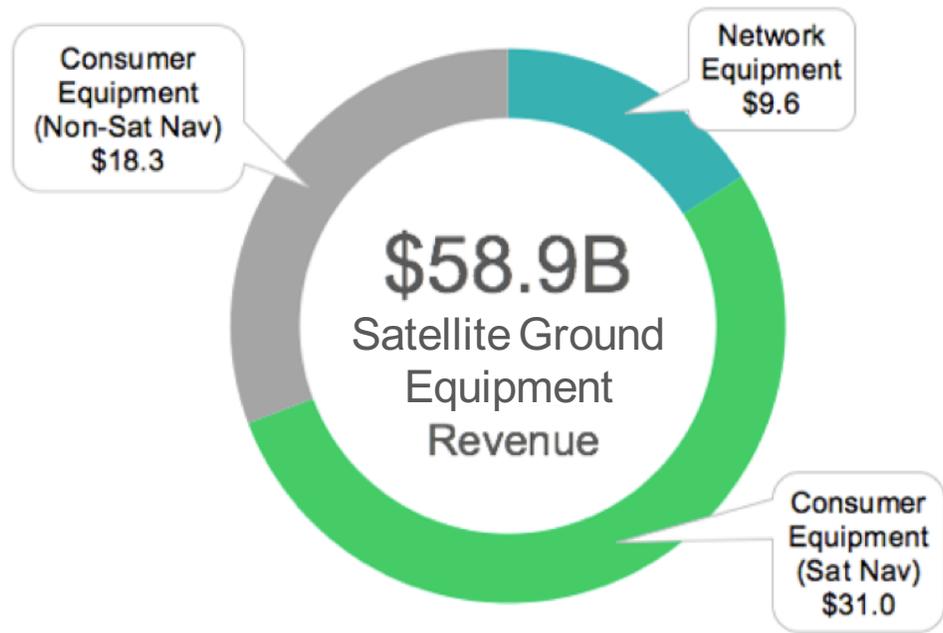


## Dish & LNBS

A dish and LNB receive signals from satellites, which are then converted before being passed to the set top box, decoded, and displayed on TVs.



# By the Numbers



Global Satellite Ground Equipment (“SGE”) market valued at US\$58.9B in 2015, expected to continue growing (grew 1% since 2014)

Global satellite manufacturing and launch market expected to grow at CAGR of 5.14% between 2014 and 2019

The booming satellite TV industry accounted for nearly 80% of satellite consumer revenues in 2015, and is rising YoY

Examples: Astro (Malaysia), SkyTV (UK)

# SGE In-Demand

## **Very Small Aperture Terminals (VSATs)**

- Low-cost connectivity for internet usage, transactions and rural telecommunications
- Internet, VoIP, Point of Sale services, on-the-go Sat Comms

## **Ka-, Ku-, C-band Antennas**

- Especially for broadband networks
- Largely used in communication satellites

## **Home Satellite Systems**

- Entertainment Related Services
- DISH/Echostar, SkyTV, Astro, etc

# Emerging Markets in Asia



## Disaster Relief

The Philippines is in talks to deploy Sat Comms services in rural islands to prepare for future natural disasters



## Financial Services

**Bank Rakyat Indonesia (BRI)** launched its own satellite to facilitate financial transactions in rural areas around the country



## Internet Services for All

The Burmese government has committed to hooking up 70% of its 54 million population to a broadband connection by 2019

**“The global satellite sector is valued at US\$208bn in 2015, and SGE numbers are expected to grow 5% per year”**

**- The Tauri Group**

# 2 About Global Invacom



# Global Invacom

- Leading designer and manufacturer of fully integrated satellite communications (“Sat Comms”) equipment
- Listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange
- One of seven companies worldwide involved in R&D, design and supply of Sat Comms products to large-scale satellite broadcasters
- 65 patent applications, 59 granted patents, and a 30-year track record in pioneering new products

# Clients & Partners



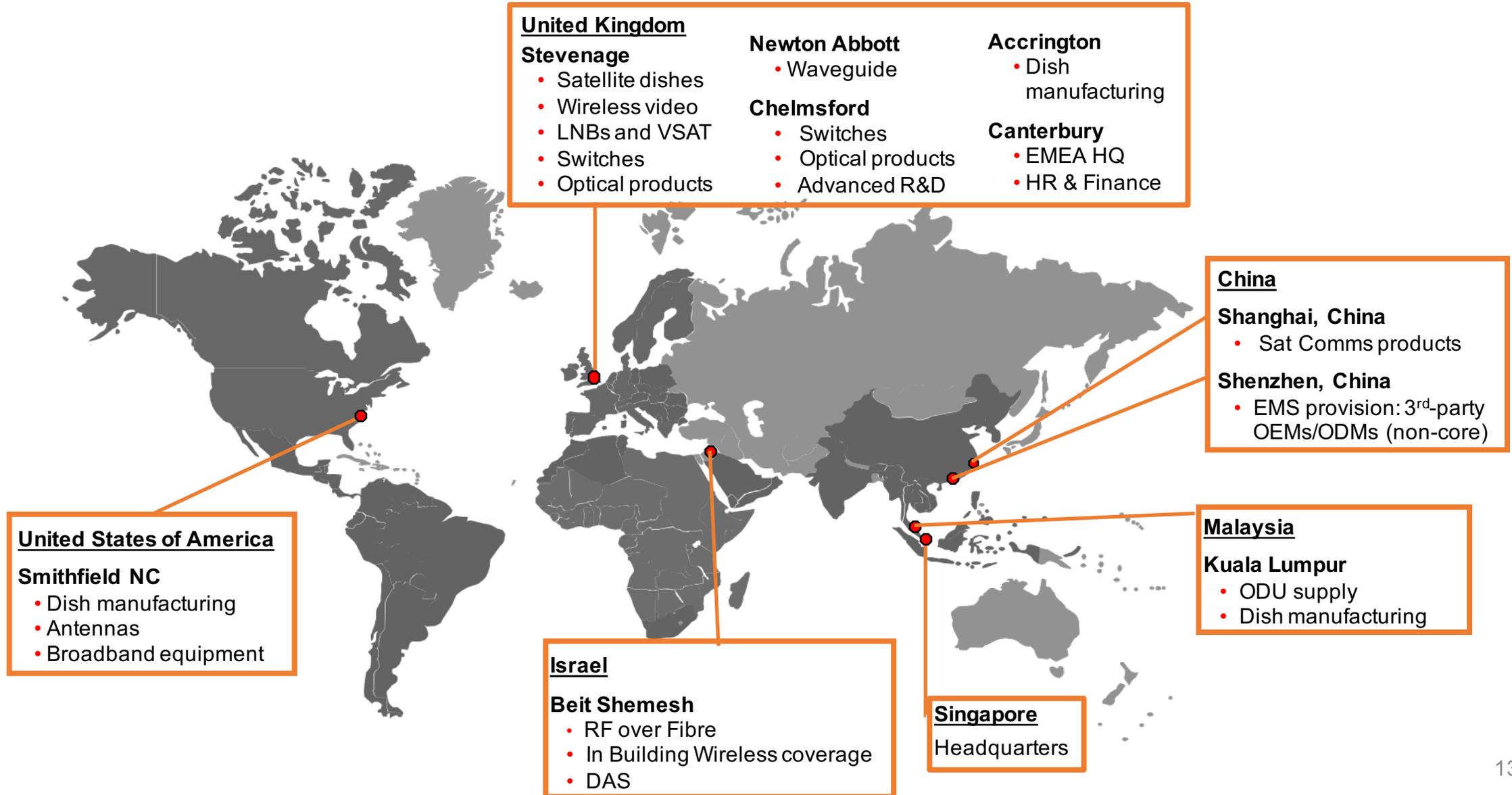
**ECHOSTAR**

**HUGHES**<sup>®</sup>  
An EchoStar Company



**Shaw)** Broadcast  
Services

# Global Footprint



The background of the slide is a grayscale photograph of numerous stacks of coins. The stacks are arranged in a way that creates a sense of depth, with some stacks in the foreground and others receding into the background. The lighting is soft, highlighting the texture of the coins and the edges of the stacks.

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# Global Invacom Financials

# Financial Highlights Q2 FY2016

US\$'000	Q2 FY2016	Q2 FY2015	Change (%)
Revenue	33,517	26,933	24.4
Gross Profit	7,301	5,305	37.6
Gross Profit Margin	21.8%	19.7%	2.1
Net Profit/(Loss) after Tax	225	(1,907)	N.M.
Diluted Earnings/(Loss) per Share (US cents)	0.08	(0.74)	N.M.

# Balance Sheet

US\$'000	30 Jun 2016	31 Dec 2015	Change (%)
Total Assets	87,037	89,539	(2.8)
Total Borrowings	5,599	5,348	4.7
Total Equity	54,685	54,462	0.4
Cash & Cash Equivalents	12,479	8,866	40.8
Net Asset Value per Share (US cents)	20.13	20.05	0.4

# Financial Highlights Q2 FY2016

- **Revenue** increased 24.4% to US\$33.5 million (Q2 FY2015: US\$26.9M)
  - Including contribution from Skyware Global
- **Gross profit margin** improved to 21.8% (Q2 FY2015: 19.7%)
  - Favourable product mix
- **Net profit after tax** of US\$0.2 million (Q2 FY2015: US\$1.9M net loss)
  - Improvement over Q1 FY2016 loss of US\$0.7 million

# Financial Highlights Q2 FY2016

- **Administrative expenses** down to US\$6.5 million (Q2 FY2015: US\$6.6M)
  - Reduction comes despite inclusion of Skyware Global expenses
  - Improved internal efficiencies, reduction in legal costs
  - Benefits of two restructuring and rationalisation exercises for UK Ops in FY2015/1H FY2016
- Increased **cash and cash equivalents**, up US\$3.6 million from end-FY2015

# Financial Highlights 1H FY2016

US\$'000	1H FY2016	1H FY2015	Change (%)
Revenue	64,275	53,970	19.1
Gross Profit	12,980	11,152	16.4
Gross Profit Margin	20.2%	20.7%	(0.5)
Net Loss after Tax	(429)	(2,840)	(84.9)
Diluted Loss per Share (US cents)	(0.16)	(1.09)	(85.3)

# Financial Highlights 1H FY2016

- **Revenue** increased 19.1% to US\$64.3 million (1H FY2015: US\$54.0M)
  - Including contribution from Skyware Global
  - Reflects lower Echostar business during technology change over
- **Gross profit margin** reduced to 20.2% (1H FY2015: 20.6%)
  - Inclusion of Skyware Global products with lower gross profit
- **Net loss after tax** of US\$0.4 million (1H FY2015: US\$2.8M net loss)

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# 1H FY2016 Updates & The Year Ahead



# 1H FY2016: In Review

- **New technological developments**
  - Introduction of digital channel stacking (“DCS”) technology that allows up to 32 continuous video streams from a single Low Noise Block (“LNB”) has caused major customers to destock; expected to persist in 2H FY2016
  - New rack mounts for VSATs and GPS products
  - Group is completing research on next-gen LNBs, positioning for improved sales
- **Higher expected demand for HD and 4K content from satellite broadcasters**
  - Especially in emerging markets; more product launches expected in upcoming year

# 1H FY2016: In Review

- **Increased sales and marketing initiatives across all geographical markets**
  - Regional sales forces combined
  - Increased emphasis on cross-selling
- **New orders from telecommunications providers/suppliers**
  - 5,500 1.8m Ku-Band Very Small Aperture Terminals (VSAT) to US customer
  - 14,000 VSATs to Indonesia's PT ANTA Mediakom for communications, online financial services
  - Leading US broadcaster that will launch two satellites later in the year

# 1H FY2016: In Review

- **Restructuring and overhaul after Skyware Global acquisition**
  - Consolidation of supply chain, new quality control measures, strong key management team
  - Positive feedback from clients
  - First full-year revenue contributions to be recognised in FY2016
- **Focus on cost control**
  - Direct material cost reductions
  - Improved labour efficiencies
  - Drive to reduce fixed cost spend

# Share Price

Global Invacom Group Ltd (QS9.SI) - SES

**0.14** ↓0.01 (6.67%) 16:53 SGT



After announcement of Skyware Global's new partnership and the Group's preliminary statement on Brexit

**“With the launch of satellite Jupiter 2 and a more exclusive deal with Echosstar, the Group’s turnaround is solidly in place”**

**- RHB Investment Bank**

# Investment Merits

- Group turnaround in place
  - Revenues increasing
  - Skyware Global restructuring has attracted new and former clients
  - UK restructuring has reduced fixed costs
  - Company in profit
- Innovative new products slated to be released in the year ahead
- The only supplier with a global footprint in Europe, North America & Asia
- Relationships with major broadcasters globally

# Stock Data

Basic Share Data	As at 22 Aug 2016 5.00 PM
Share Price	0.14
Net Asset Value per Share	0.2716
Trailing P/E	23.022
Total Shares	282,402,000
Issued & Paid-up Shares <i>(not including Treasury Shares)</i>	271,662,000
Treasury Shares	10,740,000
Market Capitalisation	38,033,000

Data: ShareInvestor; Currency: SGD

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# THANK YOU

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