



Singapore and U.K. AIM Market-listed Global Invacom Group Announces FY2016 Results

- Revenue US\$127.3 million (FY2015: US\$129.1 million) including first full-year contributions from U.S. subsidiary Global Skyware
- Gross profit improved 4.5% to US\$26.0 million (FY2015: US\$24.9 million)
- Gross profit margin improved to 20.4% (FY2015: 19.3%)
- Loss after tax US\$2.7 million following restructuring of Chinese manufacturing facilities (2015: US\$1.1 million loss)

Singapore, 23 February 2017 – Global Invacom Group Limited (“Global Invacom” or “the Group”), a satellite communications (“Sat Comms”) equipment provider listed on the Singapore Exchange and the U.K. AIM Market, today announces its results for the twelve months ended 31 December 2016 (“FY2016”).

The Group generated revenue of US\$127.3 million for FY2016 (FY2015: US\$129.1 million) on maiden full-year contributions from U.S. subsidiary, Satellite Acquisition Corporation (trading as “Global Skyware”), which designs and manufactures antennas for Broadband, Satellite and Very Small Aperture Terminals covering C-band, Ku-band and Ka-band frequency platforms. Global Invacom completed the acquisition of Global Skyware on 24 August 2015.

FY2016 revenue from America increased 11.1% to US\$84.5 million, representing 66.4% of global revenue. This was offset by lower revenue from Europe, Asia and the Rest of the World of US\$3.0 million (-8.8%), US\$5.7 million (-41.2%) and US\$1.5 million (-28.4%), respectively.

The Group’s revenue in the first half of FY2016 (“1H FY2016”) was affected by major customers continuing their destocking actions of the previous financial year, driven by a technological change that usually occurs every decade, although orders had resumed in 2H FY2015.

Gross profit for FY2016 improved 4.5% to US\$26.0 million from US\$24.9 million in FY2015. More importantly, gross profit margin improved to 20.4% in FY2016 from 19.3% in FY2015 due to a favourable sales mix of products, improved efficiencies and tighter factory cost control.

Administrative expenses declined 9.0% to US\$26.4 million in FY2016 from US\$29.0 million in FY2015. The FY2016 expenses include costs related to the consolidation of the Group’s China activities under the Group’s wholly owned Shanghai subsidiary, as announced on 22 December 2016. The expenses included one-off labour compensation of US\$2.3 million for employees of the Shenzhen subsidiary, which has since ceased operation.

In line with its performance guidance announced on 22 December 2016, the Group recorded a net loss of US\$2.7 million for FY2016 (FY2015: net loss of US\$1.1 million). Loss per share on a fully diluted basis was 1.00 U.S. cent in FY2016, while net asset value per share was 19.26 U.S. cents as at 31 December 2016.

Cash and cash equivalents as at 31 December 2016 stood at US\$7.9 million. Net cash generated from operating activities was US\$3.2 million compared to US\$0.5 million used in operating activities for FY2015; offset by the purchase of property, plant and equipment and the repayment of shareholder loans.

For the three months ended 31 December 2016 (“Q4 FY2016”), the Group recorded revenue of US\$31.0 million, down from US\$42.9 million a year earlier. The difference was largely driven by an unexpectedly high demand for product from one of the Group’s largest customers in Q4 FY2015 which was not repeated in FY2016, and the delay in the launch of a new satellite to 2017.

The Group generated a net loss of US\$3.0 million for Q4 FY2016 compared to a net profit of US\$4.4 million for Q4 FY2015. Excluding the Q4 FY2015 one-off upside release of a US\$5.0 million contingent consideration payable related to the Global Skyware acquisition, and reversing the Shenzhen compensation payment and impairment in FY2016, the Group’s net loss would have narrowed to US\$0.5 million in Q4 FY2016, compared to a similar loss after tax of US\$0.6 million in Q4 FY2015.

The Group has completed the first phase of research and development for next-generation Low Noise Block (“LNB”) products that support digital channel stacking switch (“DCSS”) technology, and commenced supplying these products to its largest customer in Q4 FY2016. The Group expects to continue development and roll out DCSS-generation LNBs for other customers and territories during the financial year ending 31 December 2017.

Recent political changes around the world may have an impact on international trade and the Group is monitoring these developments and investigating ways to mitigate any impact on its activities.

Mr Tony Taylor, Executive Chairman of Global Invacom, said: “As part of our continued pursuit of global leadership in the research and production of Sat Comms equipment, we spent much of FY2016 focused on strengthening our global manufacturing supply chain. We will continue investing in manufacturing automation and product innovation to streamline cost efficiencies and generate long-term value for our shareholders.”

“While the consolidation of our China operations has affected our bottom line in the year under review, this will yield long-term benefits as we integrate the products from the Shenzhen subsidiary – which has since ceased operation – into the Shanghai subsidiary’s strategic location and superior facilities, giving a larger revenue base over which to spread the manufacturing overheads,” he added.

****End of Press Release****

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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About Global Invacom Group Limited

Global Invacom Group Limited (“Global Invacom”) is listed on the Singapore Exchange Securities Trading Limited Mainboard (“SGX-ST”) and its shares are admitted to trading on the AIM Market of the London Stock Exchange in the U.K.

Global Invacom is a fully integrated satellite equipment provider with seven manufacturing plants across China, Israel, Malaysia, U.K. and the U.S. Its customers include satellite broadcasters such as BSkyB of the U.K. and Dish Network of the U.S.A.

On 24 August 2015, Global Invacom completed the acquisition of Global Skyware, a leading U.S.-based designer and supplier of satellite antennas products and services for C-band, Ku-band and Ka-band frequency platforms, positioning itself as the world's only full-service outdoor unit supplier.

Global Invacom provides a full range of dish antennas, LNB receivers, transmitters, switches and video distribution components and electronics manufacturing services in satellite communications as well as manufacturing services in TV peripherals, computer peripherals, medical, and consumer electronics industries.

For more information, please refer to www.globalinvacom.com