



# Global Invacom Group Limited

Analyst Briefing 1H FY2013

14 August 2013

# Presentation Outline

1H FY2013 Financial Highlights

Business Overview

Business Outlook

# 1H FY2013 Financial Highlights

- Net Profit up 9-fold to US\$3.4M
- Post-RTO Revenue up 78.9% to US\$55.3M – Stronger Contribution from New Subsidiaries
- Gross Profit up 96.9% to US\$12.6M
- Inclusion of Contract Manufacturing, Malaysia and newly acquired TWS operations
- First Asian order nearly completed, accounted for a significant portion of RoW' s revenue in 1H FY2013; Well placed to receive repeat order in 2H FY2013
- Healthy cash position of US\$25.0M; generated US\$6.1M cash flow from operations

# Profit & Loss Highlights

US\$ in million (30 June)	1H' 13	1H' 12	Change %
Revenue	55.3	30.9	78.9
Satellite Communications	43.9	30.9	42.0
Contract Manufacturing	11.4	--	N.M.
Gross Profit	12.6	6.4	96.9
Gross Profit Margin (%)	22.8	20.7	2.1 <sup>^</sup>
Net Profit After Tax	3.4	0.4	804.0
Cash Generated from/(used in) Operating Activities	6.1	(2.2)	N.M.
EPS (US Cents)	2.28 <sup>*</sup>	0.31 <sup>**</sup>	635.5
NAV per Share (US Cents)	24.96 <sup>#</sup>	23.77 <sup>##</sup>	5.0

\* calculated based on 148,558,325 weighted average number of ordinary shares for the period ended 30 June 2013

\*\* calculated based on 122,515,189 weighted average number of ordinary shares for the period ended 30 June 2012

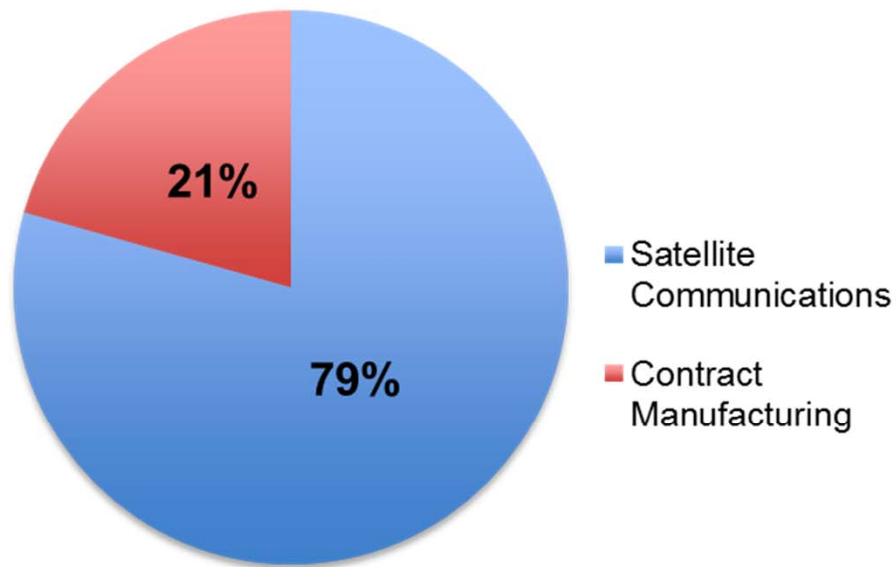
# calculated based on 237,802,299 total number of issued shares as at 30 June 2013

## calculated based on 229,997,035 total number of issued shares as at 31 December 2012

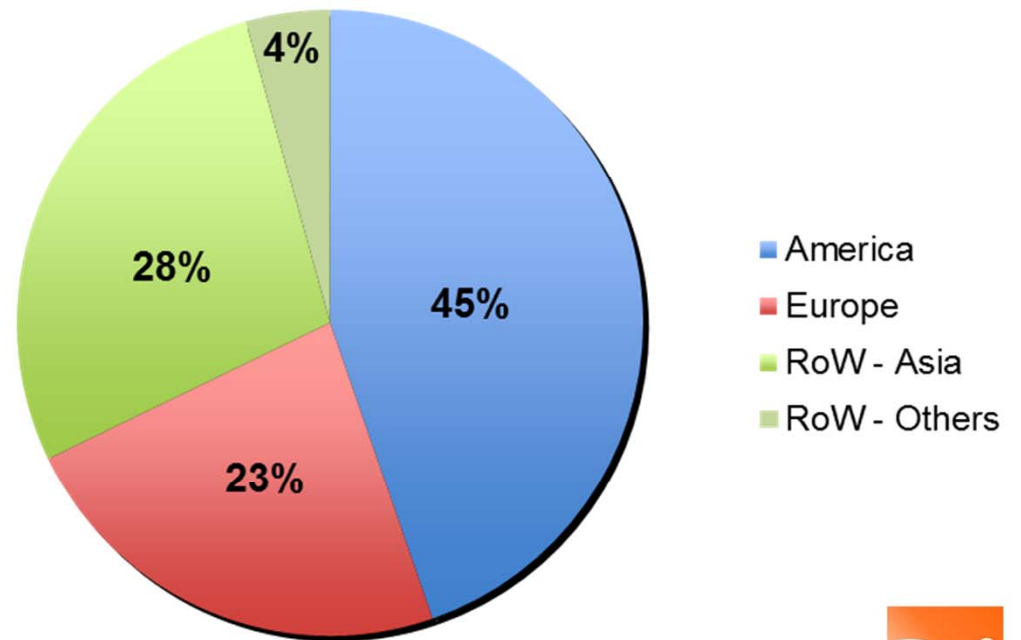
<sup>^</sup> percentage points

# Revenue Breakdown

## By Business Segment



## By Geographical Segment



# Balance Sheet Highlights

US\$ in million	30 Jun 2013	31 Dec 2012
Total Assets	74.9	73.7
Total Borrowings	0.2	0.6
Cash & Bank Balances	25.0	20.8
Shareholders' Funds	59.4	54.7



# BUSINESS OVERVIEW

# Recent Significant Events

## *Reverse Takeover – completed 5 July 2012*

- Meaningful synergies between principal business activities of Radiance Group and GIHL Group
- Streamlined supply chain
- Improved value proposition to end-customers

## *Acquisition of The Waveguide Solution Limited (“TWS”)*

- TWS specialises in military, medical and telecom-related Sat Comms products
- Acquisition deepens GIGL’s product portfolio
- Recognised full 6 months’ results in 1H FY2013 (revenue contribution began in Aug 2012)

## *Enhanced Asian Footprint*

- Recently won major Asian customer
- Reduced dependence on key customers in US and Europe
- Well placed to receive repeat order in 2H FY2013
- Upgrading of Selangor operations from sub-assembly to manufacturing



# Other Significant Events

## *Quality Issues Encountered*

- Faced by manufacturing quality issues in China
- Re-work or replacement led to additional costs and freight charges
- FY2012 order backlog fulfilled by end March 2013

## *Customer Relationship*

- Received additional orders; several new product offerings (extend range of products & more complex)
- New orders to ship progressively in 2H FY2013
- All despite the quality issues encountered

## *Cost & Quality Initiatives*

- Shifted assembly in-house vs subcontracting
- Significant cost savings derived
- Equipment upgrade in China after 5 years
- Added quality personnel, revamped process and improved staff training

## *New Pressing Business*

- Took over a pressing business in Birmingham, UK
- Secured a new dish contract for BSkyB – existing major customer in UK
- Expands product/service offerings

# Sat Comms Industry / Trends

- **Major disruption of Sat Comms industry, Triple Play being re-shaped**
  - DISH is buying Sprint to add wireless capabilities... after unveiling AutoHop
  - Gen Y wants HD and Ultra-HD quality anytime, anywhere, over any device
  - Roles are being blurred among telcos, ISPs, and broadcasters
  - U.S. and Europe are saturated; growth is in Asia
  - Our competitors are scaling back R&D and/or facing succession issues
- **Sat Comms is critical catalyst, but itself needs disruption**
  - Sat Comms broadcasters need a simplified supply chain to integrate R&D and innovate; we must anticipate and solve our clients' problems
  - Products have to be smarter, better, smaller

# Group Strategies

- **Consolidation – Buy out peers to lead the pack**
  - Combine and integrate R&D portfolio to lead innovation and products among Sat Comms equipment manufacturers
  - Be in the forefront of Sat Comms broadcasters' supply chain
- **Develop new products to revolutionise industry**
  - Set new industry standards with unique components (semiconductors, connectors, rojcs, waveguides and electronic modules) which can be licensed to competitors to open up market
- **Expand business model**
  - Beyond selling equipment, to offer service and maintenance (recurring revenue)
  - Offer triple/quad play solutions to cities and towns

# Stock Data

Basic Share Data	As at 13 August 2013
Share Price	S\$0.193
Average Daily Volume (over a month)	731,389
No. of Issued Shares	237.8 Million
Market Capitalisation	S\$45.9 Million
NTA per Share	S\$0.284
Price/NTA	0.68 times

Major Shareholders (as at 28 Mar 2013)	% Shares Held
OCBC Securities P/L	20.85
Stamford Law Corp.	17.30
UOB Kay Hian P/L	8.08

**Substantial Shareholders:** *Roger Mark Pannell & Helen Ann Pannell*, each with 4.68% direct interest and are both deemed interested



# BUSINESS OUTLOOK

# FY2013 Outlook

## Industry

- Optimistic on outlook of Sat Comms industry
- According to Forrester, global Sat Comms business is still growing despite the global economic conditions
- Bourgeoning demand for data & connectivities as well as in flight wifi in Asia-Pacific market, Middle East and Latin America

## Asia

- Continue to maintain close relationship with customers who have shown faith and support during rectification process
- Potential repeat order from major Asian satellite pay TV player
- Converting Malaysian operations from sub-assembly to manufacturing plant to meet demand in Asia

## Performance

- Expects FY2013 to be better than FY2012
- Position Group as global leader of Sat Comms with strong R&D capabilities
- Explore M&A opportunities as Sat Comms equipment sector consolidates



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## Thank you!