

# Global Invacom Group Limited

## Completing The Picture

SGX Connect Seminar  
5 March 2015

# Presentation Outline

- 1 Global Invacom Overview
- 2 Recent Corporate Developments
- 3 FY2014 Financial Highlights
- 4 Strategy, Outlook & Investment Merits



# GLOBAL INVACOM OVERVIEW



# The Satellite TV Route



# About Global Invacom

- Formed in 2008 following the merger of Global Communications (UK) Ltd (established in 1985) and Invacom (established by former Marconi Company employees in 2000)
- The only Sat Comms equipment manufacturer listed on the SGX-ST since 2012, via reverse takeover (RTO) of Singapore's Radiance Group by U.K.'s Global Invacom Holdings Limited
- Its shares were admitted to trading on the AIM Market of the London Stock Exchange on 2 July 2014; First SGX Mainboard listed company to successfully list on the AIM



# Market Outlook

## Positive outlook on the global Sat Comms industry\*

- Revenues for the global satellite industry have nearly tripled since 2004 (2004:US\$74.3B; 2013: US\$195.2B), with an average annual growth rate of 11%
- Satellite Ground Equipment market is valued at US\$55.5 billion in 2013
- Continues to expand on the back of growth of the global satellite pay-TV industry, albeit amidst an increasingly competitive landscape
- Higher demand for consumer ground equipment continues to drive satellite revenues at a time of technological advancements and increased demand for HD and shortly 4K content, especially HD in emerging markets
- Worldwide HD subscriber base is growing on all pay-TV platforms with ~57% of total pay-TV subscribers to be HD subscribers by 2019.

\*According to 2014 research by Satellite Industry Association (SIA) and ABI research

# Market Outlook

## Cable, Satellite and IP TV Markets\*

- IP TV Market:
  - Expected to grow **14%** in 2014, and predicted to triple between now and 2020 from \$24.9 billion to \$79.4 billion in 2020
  - This is compared to total Pay TV market forecast for 2019 of \$324 billion
- Satellite TV platform expected to grow at **7%** in 2014, against slowing down of growth rates of cable and terrestrial TV platforms to **~3%**
- IP TV growth is largely at the expense of cable while Satellite platforms stand to gain as they feed channels to the headends for distribution across the terrestrial fixed broadband infrastructure
- There are now 274 million homes within satellite platform operator Eutelsat's footprint in Europe, North Africa and the Middle East# an increase of 32% from 2010

\*According to 2014 research by Satellite Industry Association (SIA) and ABI research

#According to recent survey by satellite platform operator Eutelsat



# Growth Opportunities

## Cable, Satellite and IP TV Markets\*

Worldwide-pay TV market is expected to grow at an CAGR of nearly 5% and will reach US\$324 billion by 2019

- Largely driven by the Asian Pacific and Latin American markets
- IP TV markets to grow at CAGR of 18.1% from 2014 to 2020 with Asia Pacific (excluding Japan) growing at a CAGR of 21.1%



## Advanced Telecommunications Market

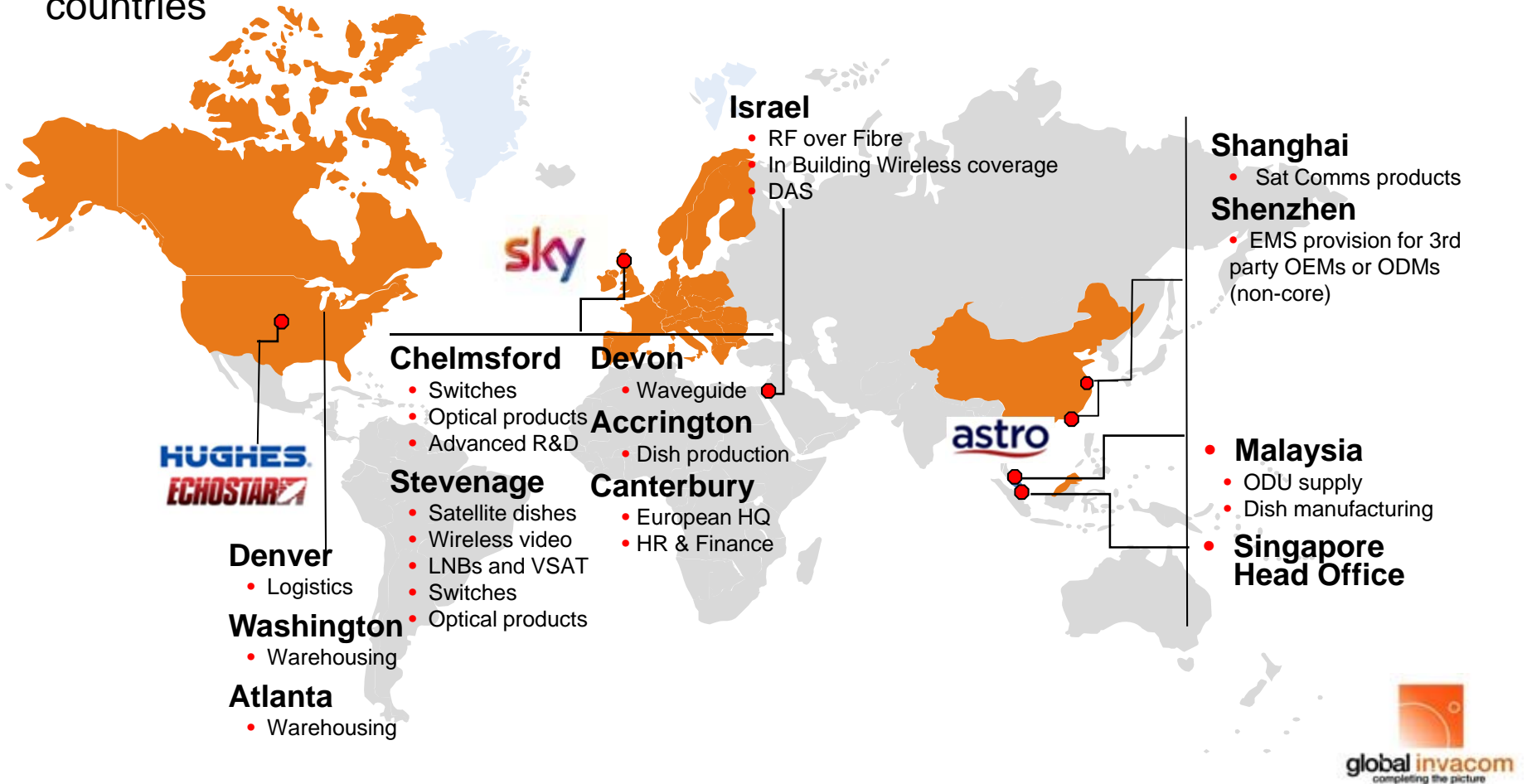
- Many established and developing markets are still without access to genuine high-speed services
- Increasing awareness of satellites as a cost effective way to widen reach especially in Asia and South America

\*Source: ABI Research, Digital TV Research & Transparency Market Research



# Geographical Presence

- Headquartered in Singapore, Global Invacom has 11 operational locations in the U.K., U.S., Israel, China and Malaysia and exports products to over 60 countries



# Business Overview

## Products

- Designing, manufacturing and marketing of products in the satellite TV and cable peripherals industries
- Electronics manufacturing services

## Markets

- Broadcasters
- Building developers
- Installers and integrators
- Telecomms providers
- Medical
- Aerospace and Marine

## Services

- Consultancy
- State of the art research & development

# Business Overview

- Globally integrated value chain which offers an extensive portfolio of more than 1,000 products
- Strong R&D capabilities
  - Over 50 professional hardware and software design engineers
  - 55 patent applications with 20 granted to date
  - Over 25 years track record in pioneering new products
- Solid customer relationships and reliable supply chain
  - Customers: More than 10 years of business relationship with Echostar; significant increase in sales to BSkyB over FY2009-FY2013
  - Suppliers: Engaged with 4 of our 5 top suppliers for more than 10 years; commenced consolidation of total number of suppliers to build strategic relationships in 2013

# Recent Corporate Developments

<b>Jul 2014</b>	<ul style="list-style-type: none"><li>• Successfully completed AIM Market listing</li><li>• Raised gross proceeds of US\$15.0M to be used for business expansion and general corporate working capital</li></ul>
<b>Sep 2014</b>	<ul style="list-style-type: none"><li>• Commenced share buy-back programme</li><li>• Purchased 19.0 million of its own shares, increasing treasury shares to a total of 25.0 million, to date</li></ul>
<b>Nov 2014</b>	<ul style="list-style-type: none"><li>• Completed acquisition of Israel-based OnePath Networks Limited (trading as “Foxcom”) for US\$3.5M</li><li>• Foxcom is one of the pioneers in Radio Frequency (“RF”) over fiber technology</li><li>• Allows Group to gain new technologies, expand market reach and grow network of broadcasters</li></ul>





# FY2014 FINANCIAL HIGHLIGHTS

# FY2014 Financial Highlights

- **FY2014** was a transformative year for the Company following listing on AIM, restructuring of facilities in the UK and the acquisition of Foxcom
- **Revenue** increased 15.9% to US\$134.1M (FY2013: US\$115.8M) mainly due to:
  - Top-line growth driven by revenue increases in America and Europe of 26.3% and 34.1%, respectively
  - Increased orders from a major Sat Comms customer in the U.S.
  - Recognition of an incremental US\$12.5M contribution from Global Invacom Manufacturing Limited (“GIML”), acquired in November 2013
  - US\$5.0M from Contract Manufacturing sales in China which received additional subcontract assembly work from their customers
  - Two months revenue recognition of US\$0.8M from Foxcom in Israel
- **Gross Profit** rose 8.9% to US\$31.8M (FY2013: US\$29.2M)

# FY2014 Financial Highlights

- **Gross profit margin** decreased slightly to 23.7% from 25.2%
  - Higher volume of lower-margin sales
  - Inventory write offs in the last quarter of 2014, ahead of a technology upgrade by a major customer which provides the Group with strong long term prospects
- **Administrative expenses** increased by 24.8% to US\$25.5M due to:
  - One-off professional fees in relation to AIM listing and acquisition of Foxcom
  - Full year inclusion of manpower and expenses from GIML
  - Additional research and development costs for two major customers leading to the development of 3 new LNBS and a range of fibre switches
  - Provision in respect of a legal dispute with a supplier in the U.K.
  - Forex differential of US\$1.2 million between FY2014 and FY2013

# FY2014 Financial Highlights

- **Net Profit** of US\$8.9M with net profit margin of 6.7%, excluding the US\$2.6 million one-off professional fees, restructuring costs, provision against a legal dispute and the foreign exchange differential of US\$1.2 million between FY2014 and FY2013 (FY2013: US\$8.0M)
  - Reported Net Profit after tax of US\$5.1 million in FY2014
- **Healthy cash position** of US\$21.2M as at 31 December 2014
- Company actively pursuing further strategic acquisitions
- Proposed first and final **dividend** of 0.525 Singapore cent



# Profit & Loss Highlights

As at 31 December 2014 US\$'000	FY2014	FY2013	Changes (%)
<b>Revenue</b>	134,135	115,750	15.9
Satellite Communications	106,278	92,878	14.4
Contract Manufacturing	27,857	22,872	21.8
<b>Gross Profit</b>	31,791	29,204	8.9
<b>Gross Profit Margin (%)</b>	23.7	25.2	(1.5) <sup>^</sup>
<b>Profit Before Income Tax</b>	5,513	9,274	(40.6)
<b>Net Profit After Tax</b>	5,102	8,038	(36.5)
<b>Net Profit After Tax (Excluding One-Off Costs)</b>	8,926	8,038	11.0
<b>Diluted Earnings per Share (US cents)</b>	2.00 <sup>*</sup>	3.41 <sup>**</sup>	(41.3)
<b>NAV per Share (US cents)</b>	22.33 <sup>#</sup>	19.32 <sup>##</sup>	15.6

\* calculated based on 254,747,318 weighted average number of ordinary shares for the period ended 31 December 2014

\*\* calculated based on 235,600,286 weighted average number of ordinary shares for the period ended 31 December 2013

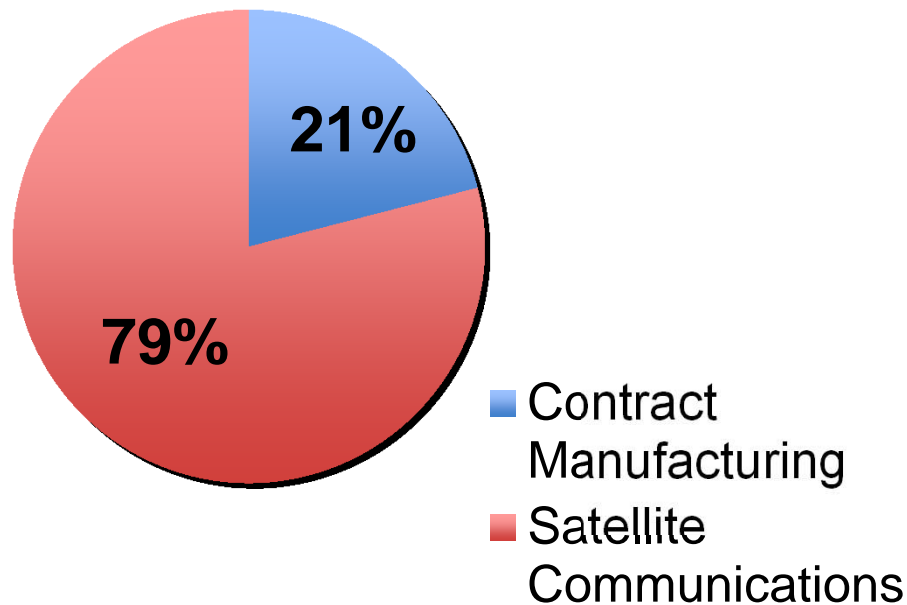
# calculated based on 269,059,299 total number of issued shares as at 31 December 2014

## calculated based on 231,802,299 total number of issued shares as at 31 December 2013

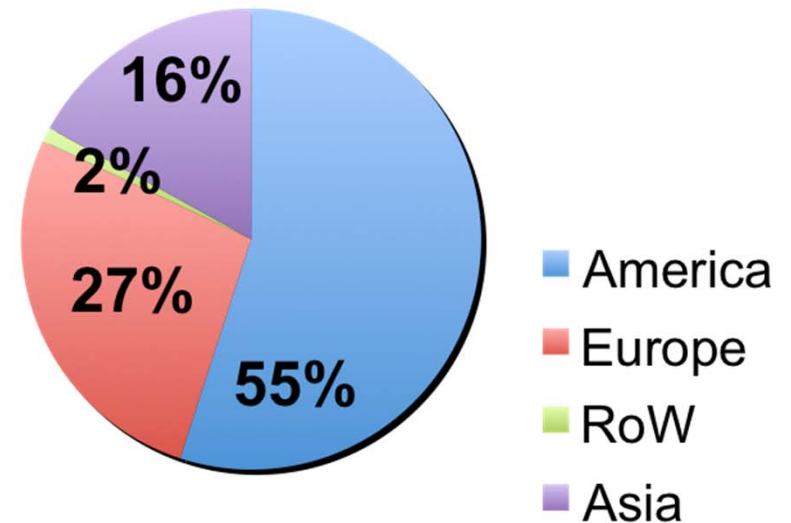
^ percentage points

# Revenue Breakdown

## By Business Segment



## By Geographical Segment



# Balance Sheet Highlights

US\$ in million	31 Dec 2014	31 Dec 2013	Change %
<b>Total Assets</b>	86.7	79.3	9.3
<b>Total Borrowings</b>	0.0	0.1	N.M.
<b>Shareholders' Equity</b>	60.1	44.8	34.1
<b>Cash &amp; cash equivalents</b>	21.2	14.7	44.6

Strong balance sheet with cash and cash equivalents of US\$21.2 million as at 31 December 2014 (31 December 2013: US\$14.7 million), which has been and will be used for business expansion and general corporate working capital purposes.



# **STRATEGY, OUTLOOK & INVESTMENT MERITS**



# Recent Corporate Developments

## **Listing on the AIM Market of the London Stock Exchange (July 2014)**

- Raised gross proceeds of US\$15.0M to be used for business expansion and general corporate working capital
- Enhanced international profile, boosting long-term visibility reputation, growth and development with investors and customers

## **Acquisition of OnePath Networks Limited (November 2014)**

- Completed acquisition of Israel-based OnePath Networks Limited (trading as “Foxcom”) for US\$3.5M
- Pioneers in Radio Frequency (“RF”) over fibre technology providing products and services to major satellite operators, teleports and broadcasters in over 35 countries
- Leveraging on Foxcom’s U.S.-based sales team, its customer base in North and South America and its network in the military sector, Global Invacom will expand its footprint in existing and new geographies while entering new product markets

# Track Record of Consolidation

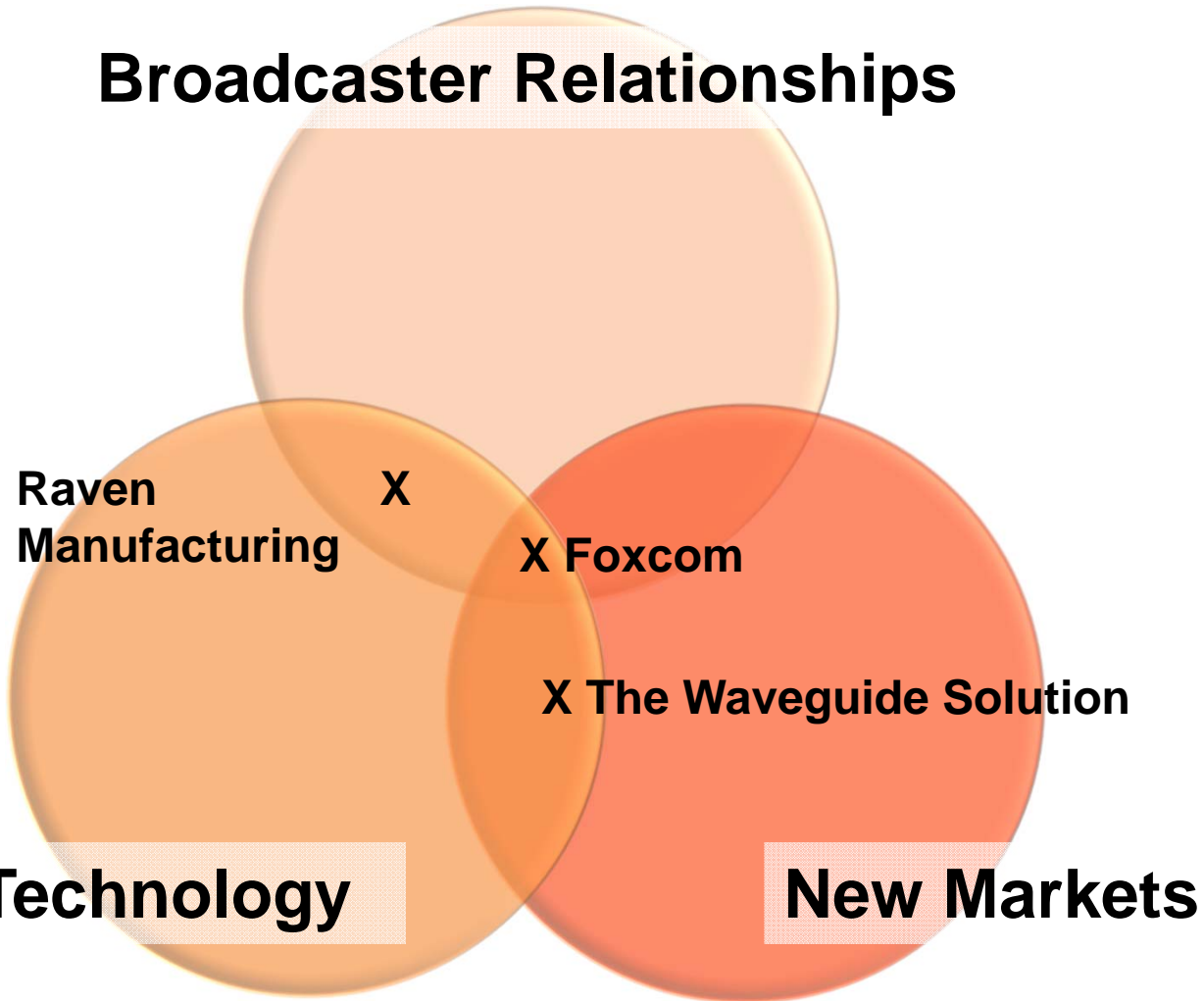
- 1. Acquisition of Radiance Group, August 2010 (US\$49.0M)**
  - Integrated Sat Comms with Radiance's manufacturing operations in China
  - Widened global presence and security of supply chain
- 2. Acquisition of The Waveguide Solution, August 2012 (US\$7.4M)**
  - U.K. based company manufacturing components and applications for telecomms, medical, military, aerospace and marine industries
  - Offers higher margin and precision engineering skills
- 3. Acquisition of Raven Manufacturing, November 2013 (US\$2.4M)**
  - In line with Group's strategy to build up manufacturing capabilities in Europe
  - Resulted in bottom line growth as well as gaining majority share of dish pressing in the U.K. market
- 4. Acquisition of OnePath Networks Limited, November 2014 (US\$3.5M)**
  - New and complementary capabilities that strengthen the Group's current product lines

## Highly fragmented industry

- Predominantly made up of small independents founded in 1970s and 1980s looking for a good exit plan which offers consolidation opportunity.

# Track Record of Consolidation

## Broadcaster Relationships



# Investment Merits

Acknowledged by the Industry as the innovators in our field

The only current industry manufacturer of electronics and antennas for satellite reception

The only supplier with a global footprint

Relationships with multiple major Broadcasters around the world

Strong financials

Uniquely traded on Singapore and London Exchanges



# Group Outlook

- Group continues to strengthen value proposition to be a global integrated Sat Comms equipment player that combines research and development and a global manufacturing footprint
- Actively researching acquisition opportunities to expand its suite of technological capabilities, geographical reach and access to broadcasters
- Next generation of technology positions the Group in a highly competitive position with existing and prospective customers
- Continues to invest in research and development to enhance its competitive position to drive sustainable growth in the long run



# Global Invacom Group Limited

## Thank you!

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