



Global Invacom Group Limited

Skyware Global Acquisition & 1H FY2015 Results Briefing

19 August 2015

Presentation Outline

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The Satellite TV Route



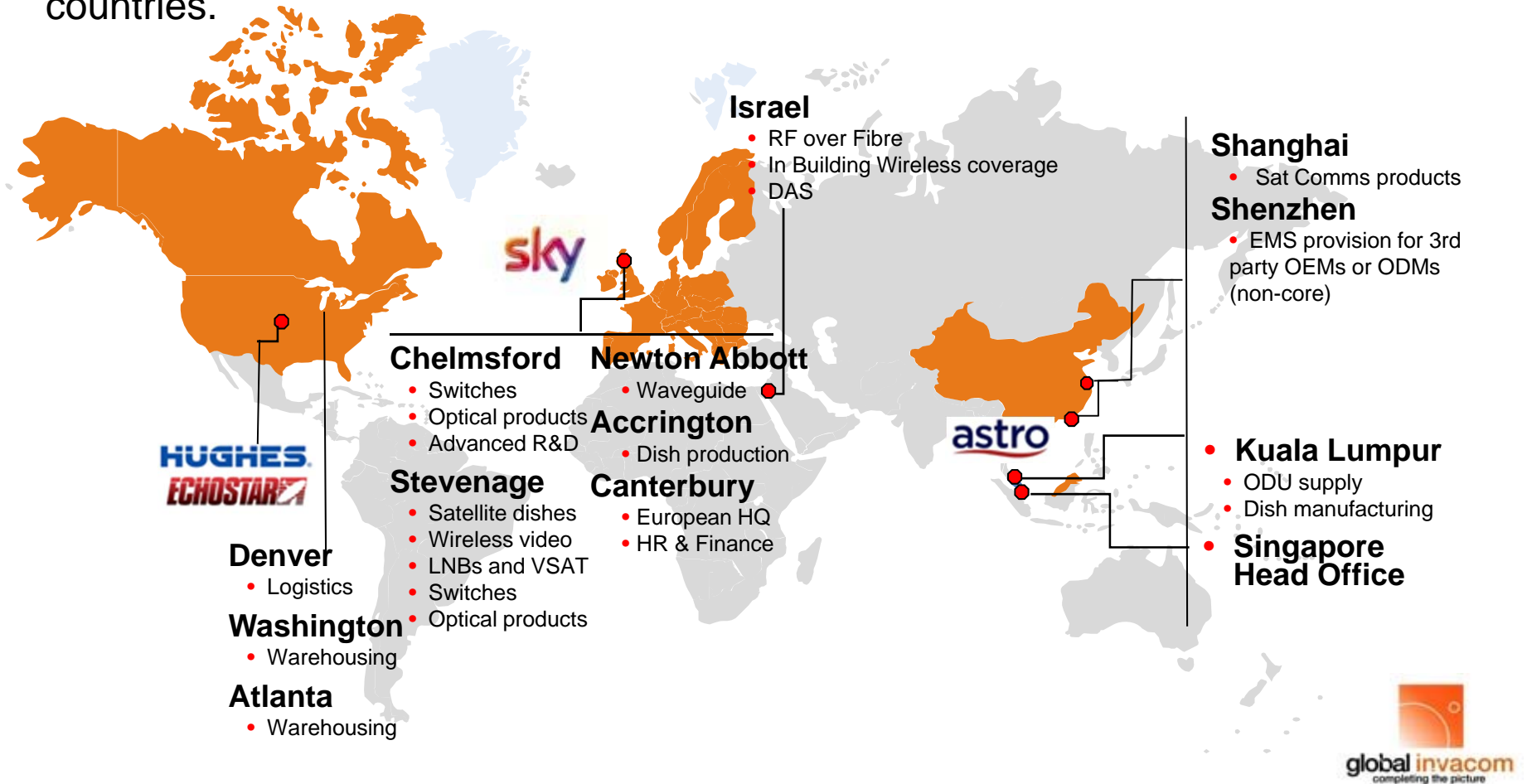
Global Invacom Overview

- Listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange, Global Invacom is one of the world's leading providers of fully integrated satellite communications ("Sat Comms") equipment
- One of seven companies worldwide involved in R&D, design and supply of Sat Comms products to large-scale satellite broadcasters
- Has six manufacturing plants across China, Malaysia, Israel and the U.K.
- Has 83 patent applications with 20 granted to date and a 20-year track record in pioneering new products



Geographical Presence

- Headquartered in Singapore, Global Invacom has 11 operational locations in the U.K., U.S., Israel, China and Malaysia. It 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
- Telecommunications providers
- Medical
- Aerospace and Marine

Services

- Consultancy
- State-of-the-art R&D

Business Overview

- Globally-integrated value chain which offers an extensive portfolio of more than 1,000 products
- Strong R&D capabilities
 - Over 70 professional hardware and software design engineers
 - 83 patent applications with 20 granted to date
 - Over 25 years' track record in pioneering new products
- Solid customer relationships and reliable supply chain
 - Customers: Business relationship with Echostar for over 10 years; significant increase in sales to BSkyB over FY2009-FY2013
 - Suppliers: Engaged with 4 of our 5 top suppliers for over 10 years; commenced consolidation of total number of suppliers to build strategic relationships in 2013



ACQUISITION OF SKYWARE GLOBAL

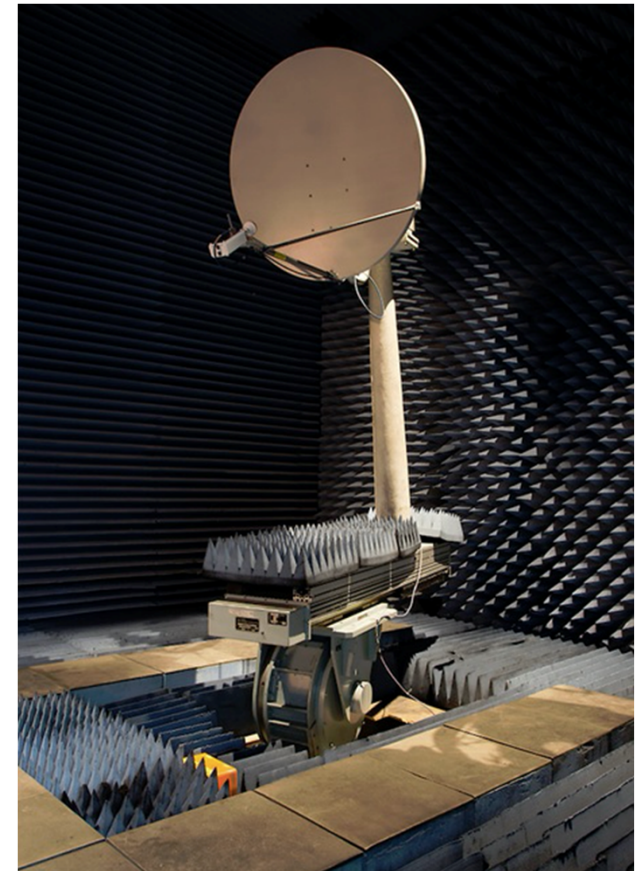
About Skyware Global

- With heritage going back 60 years, Skyware Global is a U.S.-based leading designer and manufacturer of satellite antenna products
- Has shipped more antennas than any other manufacturer under various brands
 - Channel Master;
 - Andrews;
 - Skyware Global
- Highly experienced sales and management team from the satellite industry



About Skyware Global

- Extensive range of products covering C-band, Ku-band and Ka-band frequency platforms:
 - Consumer and Enterprise broadband equipment
 - Antennas and mounts for virtual private networks and telecommunications
 - Direct-to-home antennas
- Provides solutions-based services such as turn-key design, engineering, product integration and programme management
- Offers value-added services such as radio frequency testing, fulfillment and logistics



Terms of Acquisition

Consideration Shares

US\$6.6M worth of Global Invacom shares to Vendors

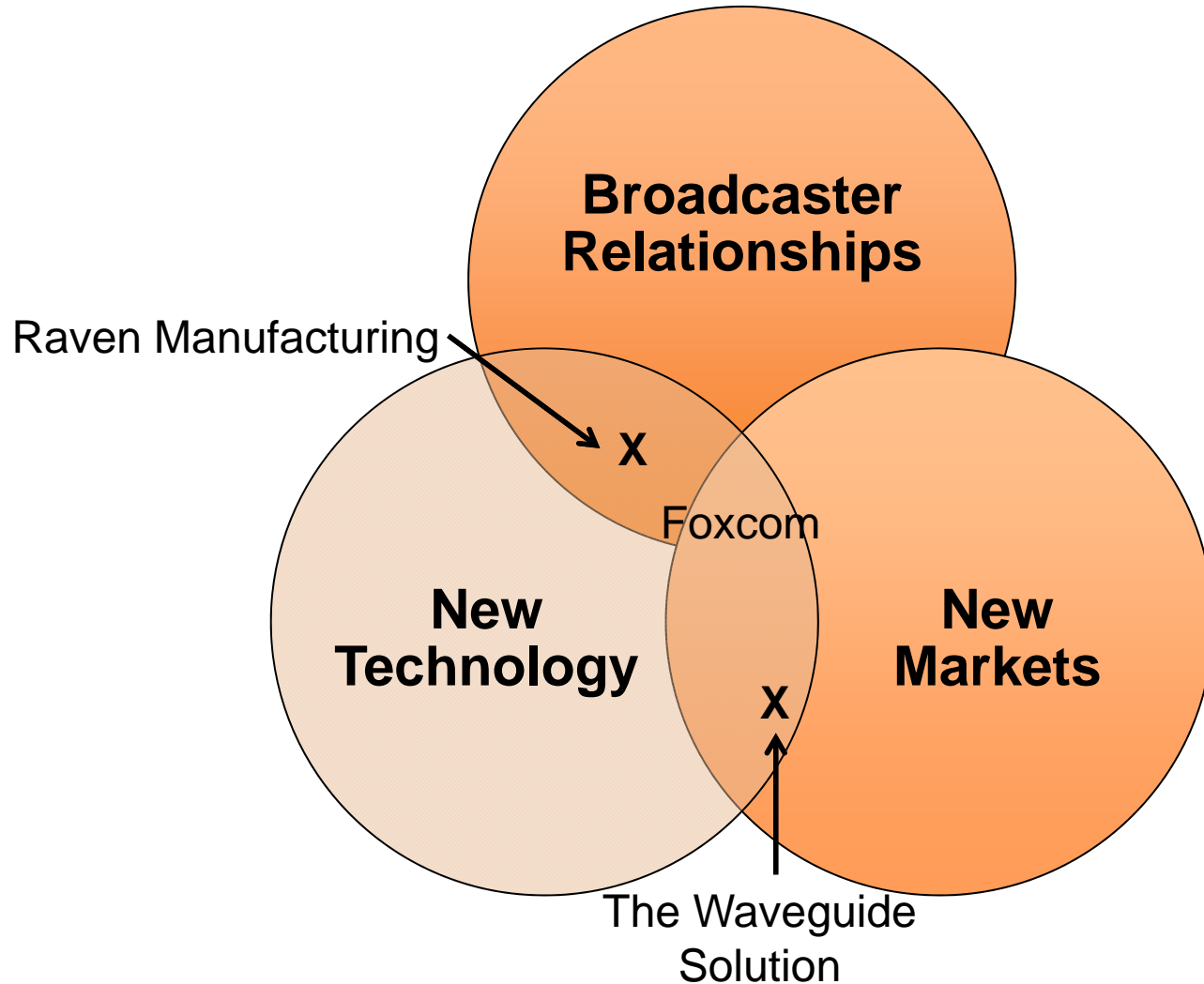
- 27,957,828 treasury shares (9.9% of total issued and paid-up share capital) at US\$0.2362 (S\$0.3185) per share
- Lock-up period of 1 year

Earn-Out

Payment to Vendors of an amount equivalent to 0.5554 times of revenue in excess of US\$52.3M earned by Skyware, up to a maximum of US\$5.0M for the period 1 June 2015 to 31 May 2016

Total Consideration: Up to US\$11.6M (S\$15.6M)

Rationale Recap on Acquisition Strategy



Recap on Acquisition Strategy

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 telecommunications, 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 the majority share of dish pressing in the U.K. market
- 4. Acquisition of OnePath Networks Limited, November 2014 (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
 - New and complementary capabilities to strengthen the Group's current product lines

Rationale Skyware Global

In line with Group's stated acquisition strategy:

New Markets

- Physical U.S. presence
- Canada
- South America
- Widens customer base in Europe, Asia and Africa

New Network

- Strong, established relationships with broadcasters

New Technologies

- Composite dishes
- Large scale dishes up to 2.4m
- Four, state of the art, microwave test ranges
- Sophisticated design techniques that utilise cutting edge software and test facilities

Rationale Industry Outlook

Emphasis on higher-end Ka-band dishes, that typically command higher margins. Gives access to Composite dishes.

Major customers launching two new satellites in early 2016, which will lift demand for VSAT terminals

U.S. factory gives Group dish manufacturing facilities in three continents.

Skyware Global's Financials

Based on audited consolidated financial statements:

US\$ (Million)	Year ended 31 December 2014
Net tangible liability	6.8
Net liability value	1.0
Loss before tax	4.7

Net tangible liability includes:

- US\$3 million in one-off acquisition
- Disposal transaction expenses incurred over last six years
- US\$3 million in interest expense through debt financing incurred over last three years

Skyware Global's Financials

- New business model by new senior management team focuses on maintenance and growth of sustainable business relationships with key broadcasters:
 - Higher-end high precision Ka-band dishes with market leading vendors
 - Eliminated unprofitable product lines
 - Consolidation of facilities
 - Enhanced production efficiency
- Pro forma gross margin has improved to 24% (FY14) from 16% (FY12).
- Bottom line for 2015 has improved to date



Post-Acquisition Outlook

- Upon completion:
 - Group will consolidate existing logistics and warehouse functions at the North Carolina plant and introduce Skyware's VSAT technology to Asian markets
 - Lower Skyware's debt level to reduce ongoing interest expenses
 - Group expects Skyware to return to break even in 2H FY2015 and improve further in FY2016 through synergies created, cost savings, enhanced efficiencies and cross-selling
- Enlarged Group will be the world's only full-service outdoor unit supplier, with an extensive portfolio of products, which better positions it to capture market share
- Enlarged Group will assume a leading global position in the design and manufacture of Sat Comms equipment
- Synergies and efficiencies created should enhance shareholder value through growth in earnings, profits and share price



1H FY2015 FINANCIAL OVERVIEW

1H FY2015 Financials

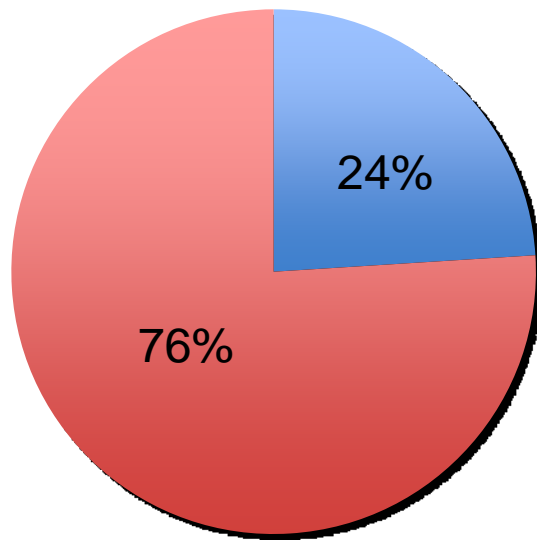
Revenue

- **1H FY2015** was a challenging first half of the year, largely attributed to delayed sales to three of the Group's major customers through destocking or changes in procurement procedures.
 - Majority of the orders have now resumed and will contribute to financial performance in 2H FY2015
 - Group is reasonably confident, barring unforeseen circumstances, of an improvement in performance for 2H FY2015
- **Revenue** declined 22.7% to US\$54.0 million in 1H FY2015 (1H FY2014: US\$69.8 million).
 - Lower sales in America, Europe, Asia and Rest of the World by US\$10.0 million (-25.4%), US\$1.6 million (-8.7%), US\$4.0 million (-39.7%) and US\$0.3 million (-12.4%), respectively.
 - Recognised six months' revenue contribution of of US\$1.7 million from OnePath Networks Limited (trading as "Foxcom") in Israel, whose acquisition was completed in November 2014.

1H FY2015 Financials

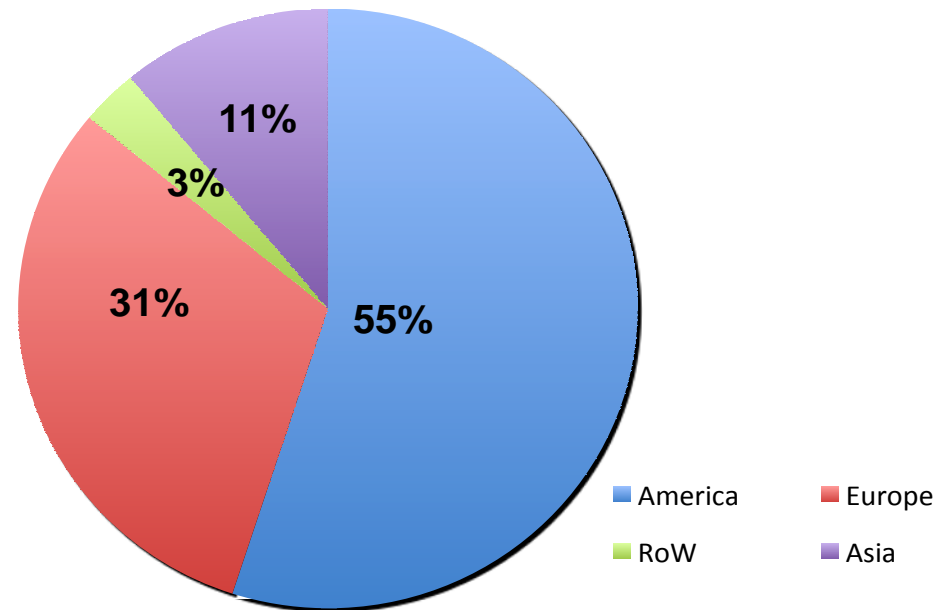
Revenue Breakdown

By Business Segment



- Contract Manufacturing
- Satellite Communications

By Geographical Segment



- America
- Europe
- RoW
- Asia

1H FY2015 Financials

Gross Profit

- **Gross profit** decreased by US\$6.2 million or 35.9% to US\$11.2 million in 1H FY2015 (1H FY2014: US\$17.4 million).
- **Gross profit margin** fell to 20.7% from 24.9% due to:
 - Reclassification of products in relation to import duty taxes to the U.S., which the Group is contesting
 - Weakening of the Malaysian Ringgit against the U.S. dollar
 - Extended lead times of semi-conductor devices which delayed production and raised logistics costs.

1H FY2015 Financials

Expenses

- **Administrative expenses** increased by 7.8% to US\$13.6 million:
 - Recognition of six months' worth of manpower and expenses costs for Foxcom in 1H FY2015
 - Cost of an ongoing legal dispute with a supplier of its U.K. subsidiary that the Group is strongly defending
 - Restructuring of one of its U.K. facilities following the completion of several large-scale R&D projects and manufacturing improvements at the Shanghai facility; translating into operational cost improvements in 2H FY2015.
- **R&D investments** to enhance competitive position to drive sustainable growth in the long run.
 - Currently completing the development of four new customer Low Noise Blocks ("LNB") for satellite reception, and three new switches.

Profit & Loss Snapshot

As at 30 June 2015 US\$'000	1H FY2015	1H FY2014	Changes (%)
Revenue	53,970	69,834	(22.7)
Satellite Communications	40,841	53,645	(23.9)
Contract Manufacturing	13,129	16,189	(18.9)
Gross Profit	11,152	17,387	(35.9)
Gross Profit Margin (%)	20.7	24.9	4.2
(Loss)/Profit Before Income Tax	(2,582)	4,267	N.M.
(Loss)/Profit After Tax	(2,840)	3,651	N.M.
Diluted (Loss)/Earnings per Share (US cents)	(1.09)*	1.56**	N.M.
NAV per Share (US cents)	20.18 [#]	22.33 ^{##}	(9.6)

* calculated based on 259,391,176 weighted average number of ordinary shares for the period ended 30 June 2015

** calculated based on 234,434,003 weighted average number of ordinary shares for the period ended 30 June 2014

[#] calculated based on 254,444,399 total number of issued shares as at 30 June 2015

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

[^] percentage points

Balance Sheet Highlights

US\$ in million	30 June 2015	31 December 2014	Change %
Total Assets	83.4	86.7	(3.9)
Total Borrowings	2.5	0.0	N.M.
Shareholders' Equity	51.3	60.1	(14.5)
Cash & cash equivalents	19.4	21.2	(8.6)

- Secured **loans** of US\$2,474,000 were secured over a subsidiary's bank deposit of US\$400,000.
- **Cash and cash equivalents** stood at US\$19.4 million including gross proceeds of US\$15.0 million raised from its AIM Market listing, which has been, and will be, used for business expansion and general corporate working capital purposes.

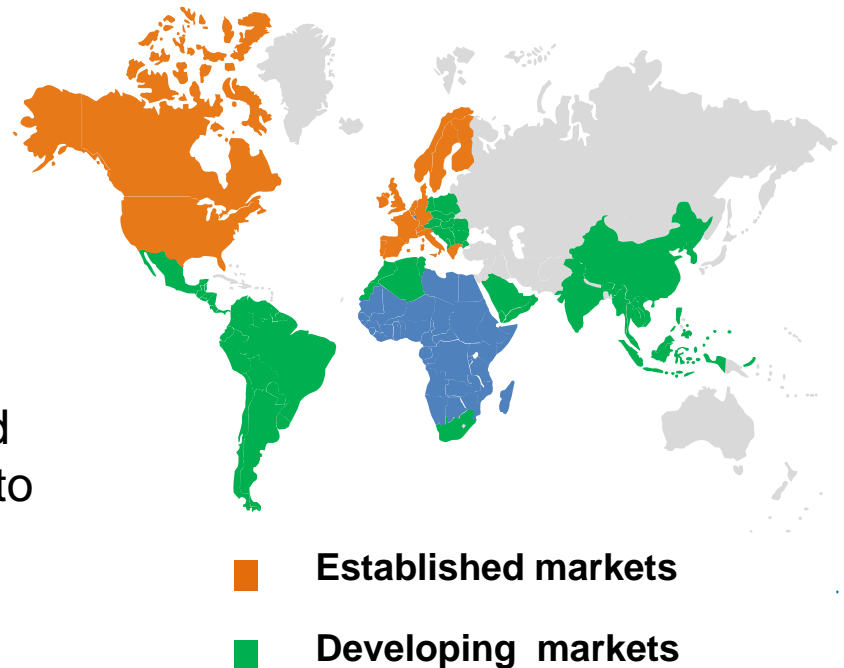


GLOBAL LEADERSHIP IN SAT COMMS MARKET

Market Outlook

Positive outlook on the global Sat Comms industry:

- The market for Satellite Communications (“Sat Comms”) equipment continues to expand amidst growing global demand for data and connectivity.
- Developing markets such as Latin America and the Middle East have yet to be saturated with terrestrial networks, leaving them open to new satellite services. In addition, more governments are turning to commercial satellites to increase connectivity and spur economic growth.
- The global satellite manufacturing and launch market is expected to grow at a CAGR of 5.14% between 2014 and 2019.



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 Asia 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 still lack 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

2H FY2015 Outlook

- Most major orders for dishes and LNBs have resumed in July and August
- Completion of restructuring will translate into operational cost improvements in 2H FY2015 as the Group continues to improve operational efficiencies through automation and cost reduction
- Gross profit margin to recover in 2H FY2015, following the completion of destocking of inventory in 1H FY2015
- The Group continues to invest in R&D to enhance its competitive position and drive sustainable long-term growth
- Reasonably confident, barring unforeseen circumstances, of an improvement in operational performance for 2H FY2015

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
- Uniquely traded on Singapore and London Exchanges

Stock Data

Basic Share Data	As at 18 August 2015
SGX Share Price	S\$0.27
AIM Share Price	13.50 U.K. pence (~S\$0.30)
No. of Issued Shares (excluding treasury shares)	254,444,399
Treasury Shares	27,957,900
Market Capitalisation*	S\$68.7 Million
NAV per Share	S\$0.28
Price/NAV*	0.96 times

*calculated based on SGX share price

Major Shareholders (as at 17 March 2015)	% Shares Held
Neo Chee Beng	9.02
Investec Asset Management Ltd	5.82
River and Mercantile Funds ICVC	5.53

Substantial Shareholder: Neo Chee Beng has 0.0002% direct interest and 9.02% deemed interest



Global Invacom Group Limited

Thank you!

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