



# Global Invacom Group Limited

FY2015 Results Briefing

25 February 2016

# Presentation Outline

- 1 About The Sat Comms Industry
- 2 FY2015 Financial Overview
- 3 Update on Skyware Global
- 4 Group Outlook

# The Satellite TV Route



**Uplink Station**

**2**

The TV content is first processed by the operator and then sent to the uplink station, where it is beamed up to the satellite.



**Satellite**

**3**

The satellite re-transmits the signals back down to earth, typically providing coverage over a large geographical area.



**Dish & LNB**

**4**

A dish and LNB receive the signals from the satellite, which are then converted before being passed to the set top box.



**5**

**Set Top Box**

Finally, the signals are decoded inside the set top box, before appearing as pictures on the TV screen.



**TV Content**

**1**

Broadcasters create TV content for delivery to their subscribers

**Global Invacom currently supplies equipment to the uplink station and dish/LNB sectors of this chain.**



**6**

**Television**



# Benefits of Satellite Communication

Develops low-cost, ubiquitous coverage in cities, especially in remote regions where terrestrial networks fall short of high reliability and high speed

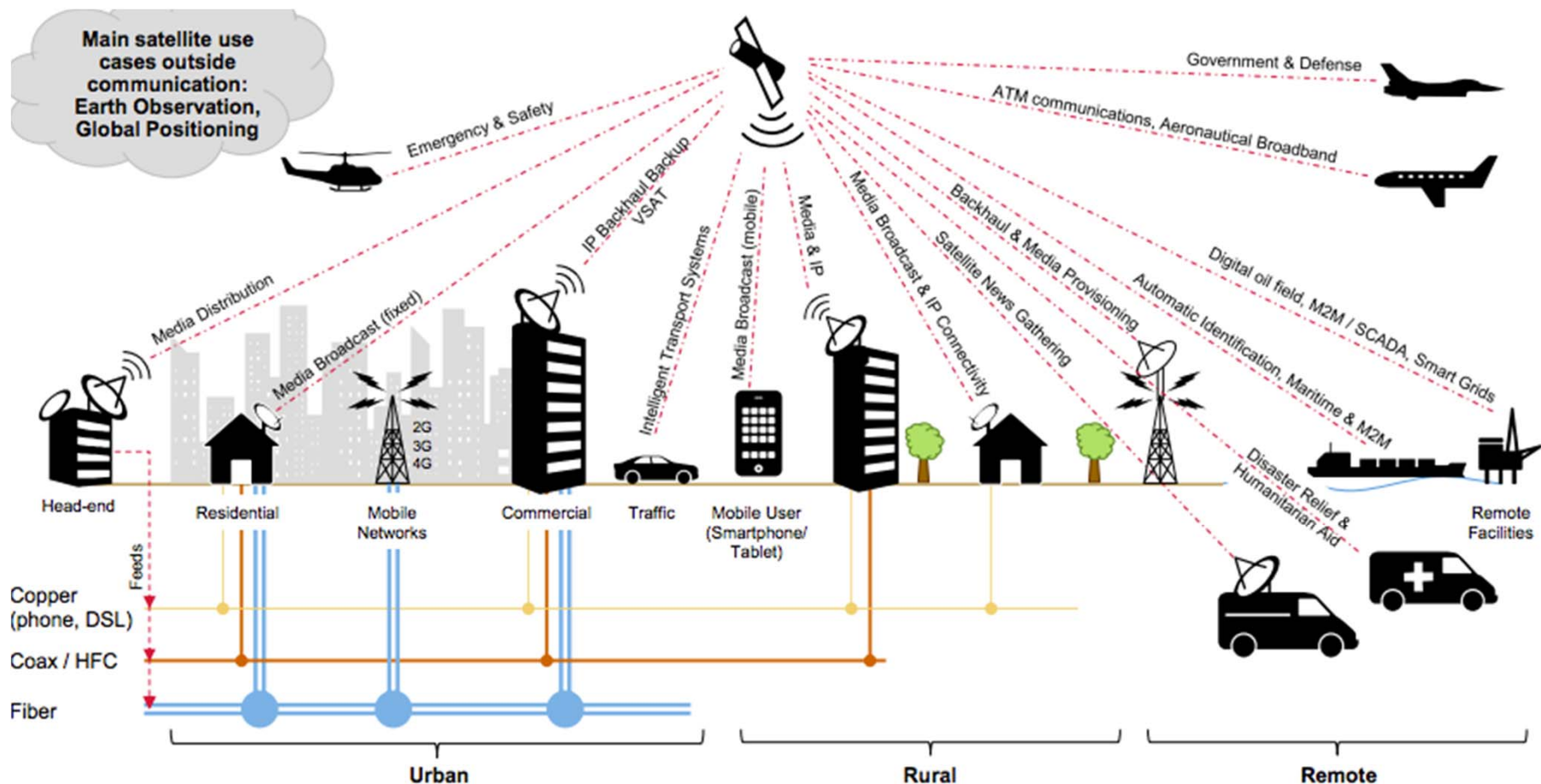


Image reference: EMEA Satellite Operators Association, "Why Satellites Matter"

# Benefits of Satellite Communication

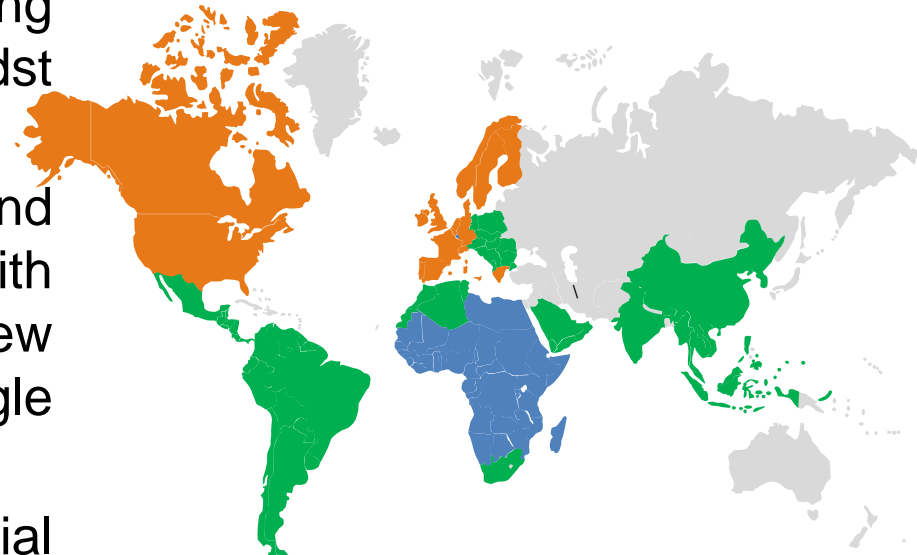
- Highly cost-efficient for broadcasting
- High bandwidth
- Does not require complex ground infrastructure while being interoperable with terrestrial services; runs on solar power
- Offers global coverage with instant and interoperable services
- Reliable with predictable quality, independent of terrain or distance





# The Global Sat Comms Market

- Continues to expand on the back of growing global demand for data and connectivity amidst technological advancements
- 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 (i.e. Facebook and Google Project)
- Governments are turning to commercial satellites to increase connectivity and spur economic growth
- Asia is expected to be a major market, with a rising middle class and increasing connectivity in rural villages
- The global satellite manufacturing and launch market is expected to grow at a CAGR of 5.14% between 2014 and 2019



- Established markets
- Developing markets
- Potential markets



# FY2015 FINANCIAL OVERVIEW



# FY2015 Financials Overview

## 1H FY2015

- Delayed sales to three of Group's major customers through destocking or changes in procurement procedures

## 2H FY2015

- Improvement in operational performance due mainly to resumption of sales by all major customers
- Incurred one-off expenses in relation to the acquisition and restructuring of Skyware Global

## FY2015

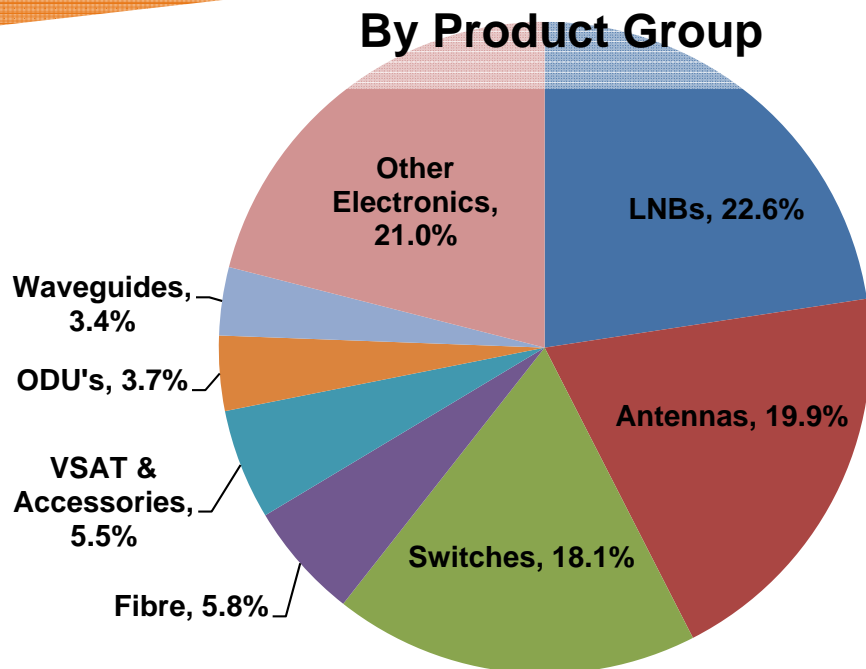
- Net loss of US\$1.1 million
- Successfully completed R&D for next generation LNBs, strengthening Group's market position for FY2016



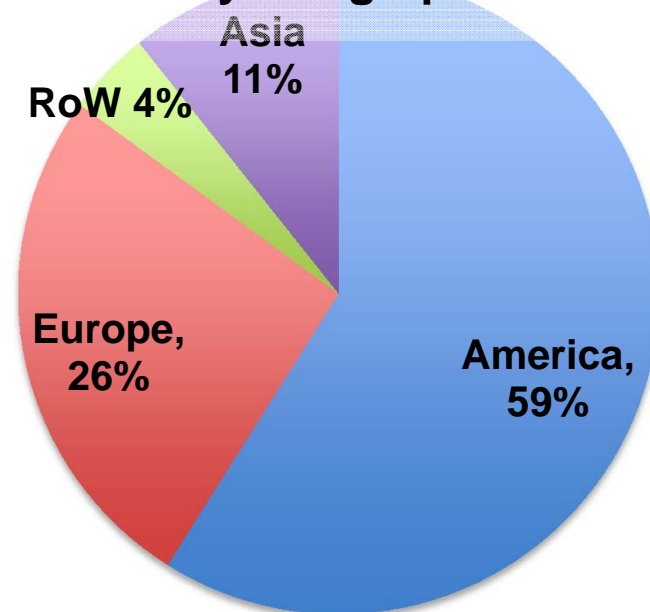
# FY2015 Financials

## Revenue

By Product Group



By Geographies



**Revenue** declined 3.7% to US\$129.1 million in FY2015 (FY2014: US\$134.1 million)

- Sales in the U.S. and Rest of the World increased by US\$2.9M (+3.9%) and US\$2.3M (+74.7%), respectively; offset by lower sales in Europe and Asia by US\$1.9M (-5.4%) and US\$8.3M (-37.6%), respectively
- Recognised four months' revenue contribution of US\$17.5 million from Skyware Global in North Carolina

# FY2015 Financials

- **Gross profit margin** fell to 19.3% from 23.7% 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
  - Inclusion of Skyware Global
- **Administrative expenses** increased by 18.0% to US\$30.1 million:
  - Recognition of four months' of manpower and expenses, as well as professional fees of US\$2.3 million related to the acquisition of Skyware Global
  - Cost of US\$1.2 million for an ongoing legal dispute with a supplier of its U.K. subsidiary, which the Group is strongly defending
  - Restructuring of a U.K. facility following the completion of several large-scale R&D projects and improvements at the Shanghai manufacturing facility

# Profit & Loss Overview

As at 31 December US\$'000	FY2015	1H FY2014	Changes (%)
<b>Revenue</b>	129,107	134,135	(3.7)
Satellite Communications	101,969	106,278	(4.1)
Contract Manufacturing	27,138	27,857	(2.6)
<b>Gross Profit</b>	24,897	31,791	(21.7)
<b>Gross Profit Margin (%)</b>	19.3	23.7	4.4
<b>(Loss)/Profit Before Income Tax</b>	(1,293)	5,513	N.M.
<b>(Loss)/Profit After Tax</b>	(1,128)	5,102	N.M.
<b>Diluted (Loss)/Earnings per Share (US cents)</b>	(0.43)*	2.00**	N.M.
<b>NAV per Share (US cents)</b>	20.05 <sup>#</sup>	22.33 <sup>##</sup>	(10.2)

\* calculated based on 263,148,798 weighted average number of ordinary shares for the period ended 31 December 2015

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

<sup>#</sup> calculated based on total number of issued shares 271,662,227 as at 31 December 2015

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

<sup>^</sup> percentage points



# Balance Sheet Highlights

US\$ in million	31 December 2015	31 December 2014	Change %
<b>Total Assets</b>	89.5	86.7	3.2
<b>Total Borrowings</b>	5.3	0.0	N.M.
<b>Total Equity</b>	54.5	60.1	(9.4)
<b>Cash &amp; cash equivalents</b>	8.9	21.2	(58.2)

**Loans** of US\$5,348,000 were secured over a subsidiary's bank deposit of US\$400,000, cash collateral of US\$1,000,000 and corporate guarantees.



# UPDATE ON SKYWARE GLOBAL



# About Skyware Global

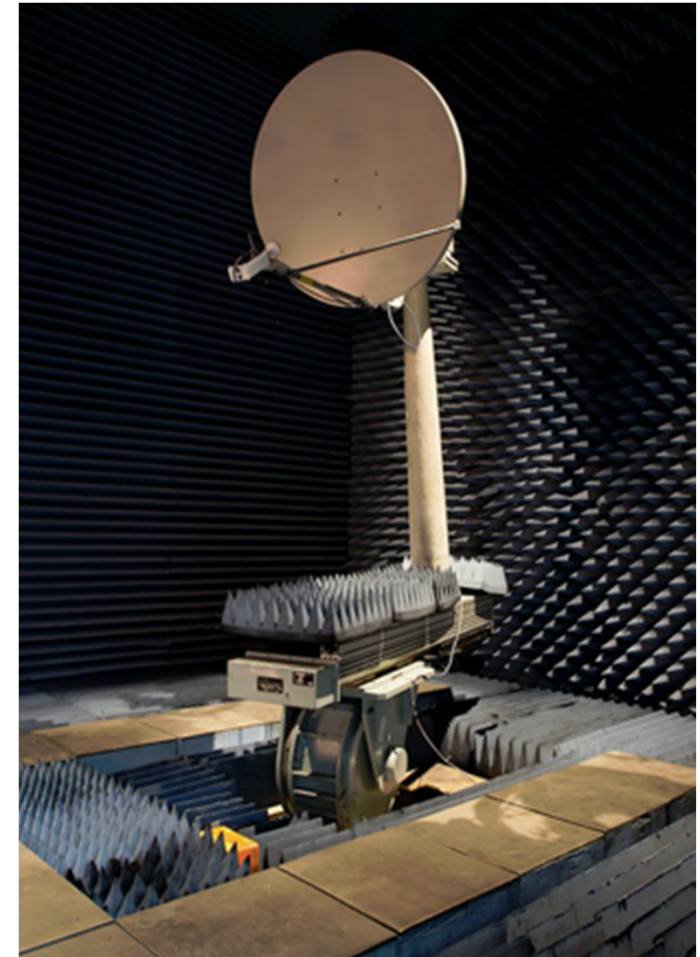
- The Group completed the acquisition of Skyware Global, a leading U.S.-based designer and manufacturer of satellite antenna products with a 60-year heritage, on 24<sup>th</sup> August 2015.
- Has shipped more antennas than any other manufacturer under various brands
  - Channel Master;
  - Andrews Satellite Corp; and
  - Skyware Global
- Highly experienced sales team from the satellite industry
- Recruited proven management team





# About Skyware Global

- Extensive range of products covering C-band, Ku-band and Ka-band frequency platforms in metal and composite :
  - 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



# Rationale

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
- Sales into Indonesia, Columbia and Brazil
- Addition of six, highly experienced sales personnel

## New Technologies

- Composite dishes
- Comprehensive range of dishes (0.6 - 2.4m)
- Four state-of-the-art microwave test ranges
- Design techniques utilising 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 late 2016, which will lift demand for VSAT terminals

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



# Post-Acquisition

- Purchase consideration of up to US\$11.6 million (S\$15.6 million)
- Enlarged Group will be the world's only full-service outdoor unit supplier, with an extensive portfolio of products that better positions it to capture market share
- Updates on restructuring activities carried out in Skyware Global:
  - The Group is consolidating existing logistics and warehouse functions at the North Carolina plant and is leveraging Skyware Global's VSAT technology within Asian markets
  - The Group has strengthened its management team and, with an enlarged global sales network, is increasing sales and marketing activities in South America, Asia, Africa and Europe



# GROUP OUTLOOK



# Group Outlook

- **Acquisition of Skyware Global positions Group as leader in Sat Comms equipment**
- **Group to exploit significant technological change:**
  - Completed R&D for the LNB technology, currently awaiting qualification
  - Provides Group with further product expertise and access to a wider customer base
- **Expects a slower 1H FY2016:**
  - Customers undergoing significant technology changes, expected to continue careful inventory management and change procurement patterns during the replacement cycle over this period
- **Continues to drive internal and operational efficiencies:**
  - Streamlining Group-wide operations
  - Removing third-party warehousing/services and increasing utilisation of Smithfield facility
  - Expanding manufacturing operations in South East Asia to leverage on lower production costs



# Investment Merits

- Acknowledged by the industry as innovators in our field
- Only manufacturer of electronics and antennas for satellite reception in the world
- Proven track record of acquisitions
- Only supplier with global footprint – Europe, U.S./Latin America, Asia
- Relationships with multiple major broadcasters around the world
- Uniquely traded on Singapore and London exchanges



# ABOUT GLOBAL INVACOM GROUP LIMITED



# Global Invacom Overview

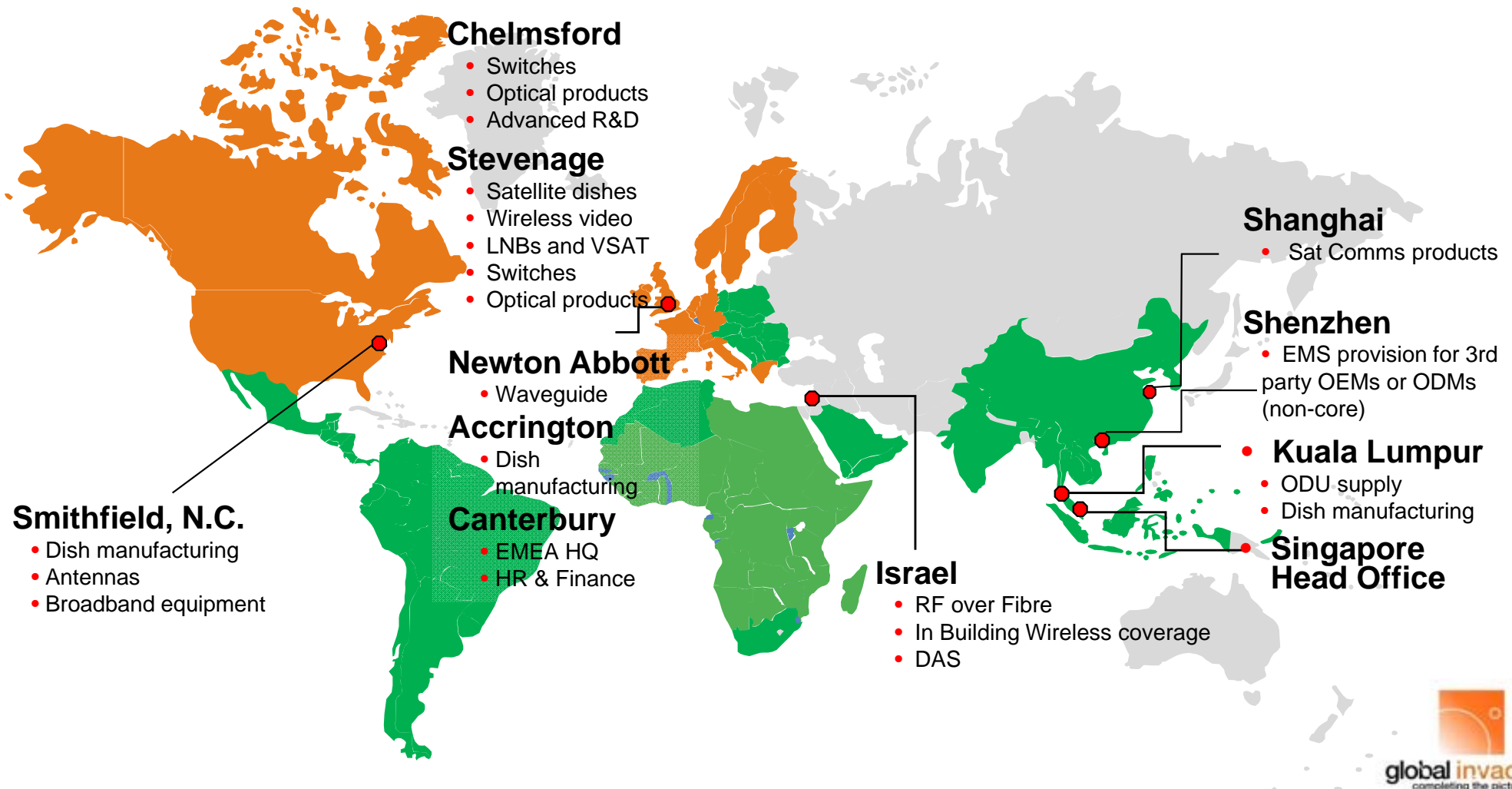
- Listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange, Global Invacom is one of the world's leading providers of fully integrated satellite communications ("Sat Comms") equipment
- One of seven companies worldwide involved in R&D, design and supply of Sat Comms products to large-scale satellite broadcasters
- Seven manufacturing plants across China, Malaysia, Israel, the U.K. and the U.S.
- 56 granted patents to date with another 70 applied for/pending and a 25-year track record in pioneering new products





# Geographical Presence

- Headquartered in Singapore, Global Invacom has 12 operational locations in the U.K., U.S., Israel, China and Malaysia, exporting 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 that offers an extensive portfolio of products
- Solid customer relationships and reliable supply chain
  - Customers: 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; begun consolidating all suppliers to build strategic relationships in 2013

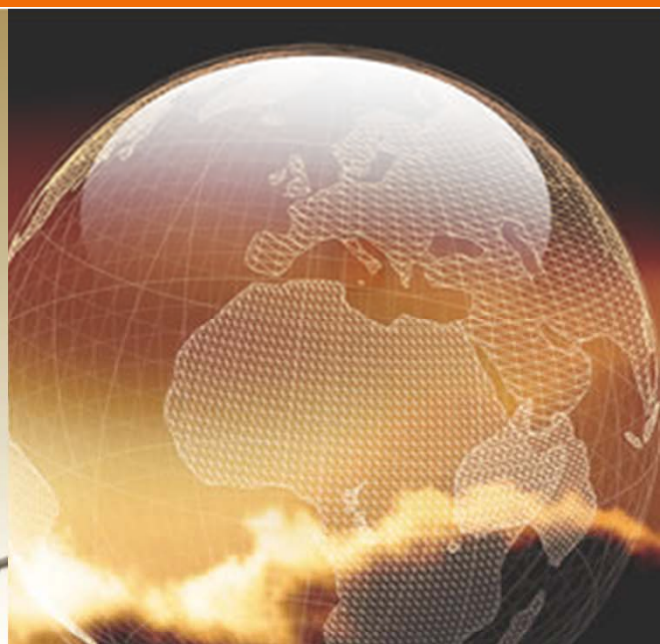




# Stock Data

Basic Share Data	As at 24 February 2016
SGX Share Price	S\$0.139
AIM Share Price	8.00 UK pence (~S\$0.16)
No. of Issued Shares (excluding treasury shares)	271,662,227
Treasury Shares	10,740,072
Market Capitalisation*	S\$37.76 Million
NAV per Share	S\$0.20
Price/NAV*	0.70 times

\*calculated based on SGX share price



# Global Invacom Group Limited

## Thank you!

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