



**Global Invacom Group Limited**  
("Global Invacom", the "Company" or the "Group")

### **Results for the nine months ended 30 September 2019**

**Singapore/London, 14 November 2019** - Global Invacom (SGX: QS9) (AIM: GINV), the global provider of satellite communications equipment and electronics, is pleased to announce its financial results for the nine months ended 30 September 2019 ("9M FY2019") and three months ended 30 September 2019 ("Q3 FY2019").

#### **Key financial highlights:**

- Revenue for Q3 FY2019 increased 6.4% to US\$32.5m (Q3 FY2018: US\$30.5m)
- Gross Profit for Q3 FY2019 increased by 3.3% to US\$6.2m (Q3 FY2018: US\$6.0m)
- Net profit for Q3 FY2019 increased 107.3% to US\$0.2m (Q3 FY2018: US\$0.1m)
- Cash and cash equivalents of US\$10.8m (31 December 2018: US\$8.4m)

#### **Key operational highlights:**

- Integration of recent acquisitions has enhanced the Group's ability to offer customers true end-to-end solutions across our product range, a genuine differentiator in the satellite communications industry
- Continued focus on driving both product development and diversification to support growth ambitions
- Established a new subsidiary in Jakarta, Indonesia to support sales and marketing activities across the APAC region, thereby significantly improving the Group's ability to directly address this core market
- Dissolution of two wholly-owned subsidiaries with no material impact for the Group – *Radiance Electronics (Shenzhen) Co Ltd* and *Global Invacom Japan Kabushiki Kaisha* – resulting in a more efficient business structure

Global Invacom addresses demand for connectivity through two key channels: delivering direct-to-home ("DTH") satellite connectivity, and data over satellite ("DOS") in which the Group's products – via its service providers – deliver high speed internet and data connectivity to end customers.

The Group has continued to deliver sales growth in Q3 FY2019, directly reflecting increasing consumer demand for data and connectivity, and the service providers' desire to deliver this connectivity to its global customer base. Our sales teams continue to see strong ongoing demand for the Group's DTH solutions, with rapidly increasing global demand for DOS products, reflecting the exponential rate of growth for data consumption globally.

DTH continues to play a fundamental role in delivering services direct to the consumer, despite the proliferation of over the top ("OTT") services. The Group believes that DTH will continue to generate

good revenues going forward. In the first half of the year, the Group launched its next generation Slimline product which has been well-received by the customer.

Demand for DOS continues to grow exponentially globally. As mentioned previously, Global Invacom is now capable of offering integrated antenna and electronics solutions, including auto-pointing, medium earth orbit (“MEO”) and low earth orbit (“LEO”) satellite tracking features and waveguides, expanding its offering and building on its reputation as the ‘go to’ industry partner of choice for several global media operators, including a leading UK television and telecommunications company, a major broadcaster in the US and the world’s largest provider of DOS services.

Revenue for the nine months ended 30 September 2019 increased 21.5% to US\$104.4m from US\$85.9m in the prior year (“9M FY2018”). Revenue for the quarter ended 30 September 2019 increased 6.4% to US\$32.5m, from US\$30.5m in Q3 FY2018, reflecting the overall buoyancy and growing demand in the global market, as well as the Group’s introduction of new and improved products to key customers.

Geographically, Group revenue for 9M FY2019 increased in America, Europe and Rest of the World (“RoW”) by US\$14.8 million (+24.9%), US\$2.6 million (+13.1%) and US\$3.1 million (+157.1%), respectively, revenue in Asia fell by US\$2.0 million (-45.3%). Revenue for Q3 FY2019 increased in Europe and RoW by US\$1.2 million (+18.7%) and US\$0.9 million (+141.6%) respectively, but declined in Asia by US\$0.1 million (-6.7%) compared to the prior year. The America segment remained constant in the comparative Q3 period.

Gross profit has increased 19.7% to US\$21.3 million in 9M FY2019, compared to US\$17.8 million in 9M FY2018, driven by a combination of improved margins due to the launch of new Slimline products, improved product mix and the optimisation of manufacturing facilities.

Net profit increased by 107.3% to US\$0.2 million (Q3 FY2018: US\$0.1 million), representing net margins of 0.7% and 0.4%, respectively. Overall, the Group posted a net profit of US\$1.8 million in 9M FY2019 as compared to US\$0.6 million in 9M FY2018, representing net margins of 1.7% and 0.7%, respectively.

Administrative expenses for 9M FY2019 increased 9.8% to US\$18.0 million compared to US\$16.4 million in 9M FY2018, representing 17.2% and 19.1% of revenue respectively. This was primarily due to the inclusion of salaries and related costs from the acquisition of business from Skyware Technologies, which was absent in 9M FY2018. If these costs were excluded, administrative expenses would be US\$16.3 million compared to US\$16.4 million for 9M FY2018, a 0.6% decrease. Administrative expenses for Q3 FY2019 remained constant at US\$5.8 million compared to the previous year, representing 17.9% and 19.0% of revenue respectively.

Earnings per share on a fully diluted basis increased to 0.08 US cent for Q3 FY2019 (Q3 FY2018: 0.04 US cent). Net asset value per share for the Group increased to 21.32 US cents at 30 September 2019 (31 December 2018: 20.84 US cents).

The Group’s cash and cash equivalents amounted to US\$10.8 million as at 30 September 2019 (31 December 2018: US\$8.4m).

The global satellite communications equipment market was valued at US\$22.1 billion in 2018 and is expected to exceed US\$53 billion by 2027, representing a CAGR of over 10%<sup>1</sup>, the VSAT/DOS market is predicted to account for US\$12.3 billion of this total in 2027<sup>2</sup>.

Growth in the market is expected to be driven through increasing demand for uninterrupted connectivity and data across multiple markets where physical infrastructure, such as fibre, does not fit the purpose or is not an economically viable long-term solution. Furthermore, mobile data traffic continues to increase unabated, with a recent report from Ericsson stating that total mobile data traffic is expected to grow at 30% CAGR between 2018 and 2024, reaching 131 exabytes per month by the end of 2024, with 95% of that traffic generated from smartphones<sup>3</sup>.

In Q3 FY2019, the Group continued to see strong revenue generated through its DTH division, with profits increasing compared to the last quarter, driven in part by the increased uptake of our second-generation Slimline low noise block downconverter ("LNB"). The Group now has both a Western-Arc and Eastern-Arc model, thereby servicing the whole of the US, and benefitted from being sole source supplier to a major customer for these products in the first half of 2019.

As supported by independent reports, the DOS market is being driven by the unprecedented growth of data consumption across all industry verticals. The Group boasts an enviable customer list and is increasingly seeing customers take advantage of its unique positioning and capability in delivering both antenna and electronics components.

The integration of the Apexsat acquisition – announced in June 2019 – continues to progress well, and has opened up multiple opportunities through the expansion of the Group's capabilities and product range. With its larger portfolio of products now available to clients, Global Invacom is well positioned to bid for large scale tenders in which it has historically been unable to participate.

The Group intends to continue enhancing its sales and marketing activities to further expand its customer base, as well as ensuring it is fully maximising opportunities within its existing customer base. As previously mentioned, the Company continues to de-risk its manufacturing exposure through reduction of activity at its largest site in China.

Notwithstanding the above, the Group is mindful of the difficult economic conditions in areas of the world in which we do business and, as much as possible, has plans and actions in place to react quickly and decisively to reduce any long-term impacts on the business.

**Tony Taylor, Executive Chairman of Global Invacom, commented:**

*"We are delighted to report our eleventh successive quarter of profit growth, reflecting our unique ability to strike a balance to enhance our product offering while successfully serving our global customer base."*

*"As we continue to right size our business to support global demand, our ability to remain at the forefront of innovation underpins our growth aspirations and drives our strategic direction."*

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

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<sup>1</sup> [Research and Markets – SATCOM Equipment – Global Market Outlook \(2018-2027\)](#)

<sup>2</sup> [Northern Sky Research – VSAT and Broadband Satellite Markets – 17<sup>th</sup> edition](#)

<sup>3</sup> [Ericsson – Mobile data traffic outlook](#)

**For further information, please contact:**

**Global Invacom Group Limited**

Matthew Garner, Chief Financial Officer

[www.globalinvacom.com](http://www.globalinvacom.com)

Tel: +65 6431 0782

Tel: +44 203 053 3523

**finnCap Ltd (Nominated Adviser and Joint Broker)**

Christopher Raggett / Matthew Radley (Corporate Finance)

[www.finncap.com](http://www.finncap.com)

Tel: +44 207 220 0500

**Mirabaud Securities LLP (Joint Broker)**

Peter Krens (Equity Capital Markets)

[www.mirabaud.com](http://www.mirabaud.com)

Tel: +44 207 878 3362

**WeR1 Consultants Pte Ltd (Singapore Investor Relations)**

Jordan Teo / Ryan del Agua

[ginv@wer1.net](mailto:ginv@wer1.net)

[www.wer1.net](http://www.wer1.net)

Tel: +65 6737 4844

**Vigo Communications (UK Media & Investor Relations)**

Jeremy Garcia / Fiona Henson / Charlie Neish

[ginv@vigocomms.com](mailto:ginv@vigocomms.com)

[www.vigocomms.com](http://www.vigocomms.com)

Tel: +44 207 390 0238

**About Global Invacom Group Limited**

Global Invacom is a fully integrated satellite equipment provider with six manufacturing plants across China, Israel, Malaysia, UK and the US. Its customers include satellite broadcasters such as BSkyB of the UK and Dish Network of the USA and Data over Satellite providers including Hughes Network Systems, Viasat and Gilat Satellite Networks.

Global Invacom provides a full range of antennas, LNB receivers, transceivers, electronics, fibre distribution equipment, transmitters, switches and video distribution components as well as electronics manufacturing services in satellite communications. Following the acquisition in 2015 of Global Skyware, a leading US-based designer and supplier of satellite antennas products and services, the Company became the world's only full-service outdoor unit supplier.

Global Invacom is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and its shares are admitted to trading on the AIM Market of the London Stock Exchange.

For more information, please refer to [www.globalinvacom.com](http://www.globalinvacom.com)