GLOBAL INVACOM

FY2019 Results Briefing

global invacom
completing the picture

Results Briefing Agenda

- Corporate Highlights
- FY2019 Financial Review
- Outlook
- Q&A

Corporate Highlights

Migration of Shanghai operations to The Philippines is on track

- Approximately 80% of Shanghai production has been relocated to The Philippines
- The Group has partnered with EMS Group, a leading electronics sub-contracting group in the Philippines
- Migration is expected to be fully completed by June 2020

Data Over Satellite (DOS) revenue has grown by 19% in FY2019

- There is an upsurge in DOS demand driven by satellite constellations for global broadband systems
- The Group is well-positioned to capture a larger share of the market in FY2020
- DTH still provides a strong and steady stream of revenue for the Group

Minimising the impact of the COVID-19 outbreak on operations in Shanghai

- Only the remaining 20% of operations in Shanghai are directly affected by COVID-19 outbreak and tariffs from the U.S.
- Migration of operations to The Philippines and adoption of asset-light strategy will protect margins and mitigate effect of tariffs on production costs

Milestones

Year	Milestone
1985	**Formation of Global Communications** Sold RF multiswitches
2010	**Obtained controlling interest in Radiance Group** Manufacture of DTH electronics, fibre and peripherals
2012	**Completed RTO, and acquisition of Waveguide Solutions** Design and manufacture of waveguides and antennas
2014	**London AIM listing, and acquisition of Foxcom** Manufacture of two-way fibre secure satellite, radio and telephony equipment
2015	**Acquisition of Skyware Global** Major move into DOS and DTH antennas
2016	**Consolidated China manufacturing sites**
2017	**Slimline's LNB (gen 3 DCSS) live video streaming**
2018	**Acquisition of Skyware Technology assets and development team** Design and manufacture of DOS electronics
2019	**Migration of Shanghai Operations to the Philippines** Shift to asset-light production and assembly

Recent Developments

Date	Development
7 May 2019	Global Invacom Sdn. Bhd. secures new contracts to supply Direct-To-Home Satellite Outdoor Units to a major Asian satellite service provider
18 June 2019	Acquires assets with IP from Apexsat Pte Ltd to address increasing demand in LEO and MEO satellite communications market
26 June 2019	Successful live-testing of Global Invacom's Bx-WiFi technology which enables uninterrupted simultaneous streaming of media
15 July 2019	Incorporation of new subsidiary in Jakarta to support new sales and marketing activities across the APAC region
15 Jan 2020	Issues corporate and business update on the shift to an asset-light production model


FY2019
Financial Review

FY2019 Financial Highlights

- FY2019 revenue of US$134.5 million, up 10% from US$122.3 million in FY2018

- Gross margin dipped (FY2019: 17.9%; FY2018: 20.6%) due to one-off costs and impairments arising mainly from the migration of Shanghai operations to the Philippines. Without impairments, FY2019 margin would have improved to 20.9%

- Net loss of US$12.3 million (FY2018 : US$1.5 million) due to one-off costs and impairments arising mainly from the migration of Shanghai and impairment of goodwill and loans. Without impairments, FY2019 would have a net profit of US$4.0 million, a margin of 3.0% (FY2018 : 1.3%)

FY2019 Financial Highlights

- Administrative expenses increased (FY2019: US$27.4m; FY2018: US$22.9m) mainly due to one-off employee compensation costs arising from the shift of operations to The Philippines and the first year full inclusion of the Skyware Technologies acquisition from September 2018. Without Shanghai costs, administrative expenses would have been US$23.2 million, 17.3% of revenue (FY2018 : 18.7%)

- Cash and cash equivalents increased (FY2019: US$8.9m; FY2018: US$8.4m), brought about by a drop in borrowing throughout the Group

- Net cash in the Group, combining cash and cash equivalents against borrowings, improved by US$3.6 million in FY2019

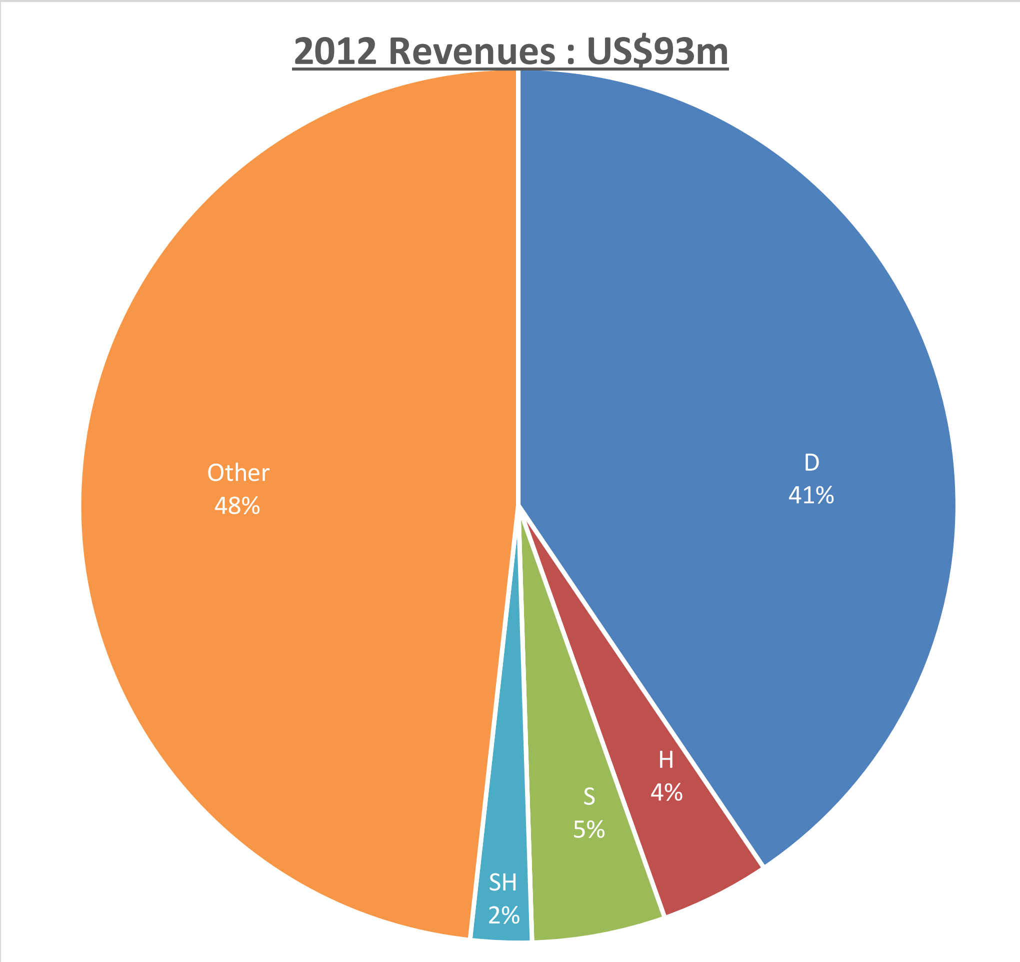
FY2019 Key Financials

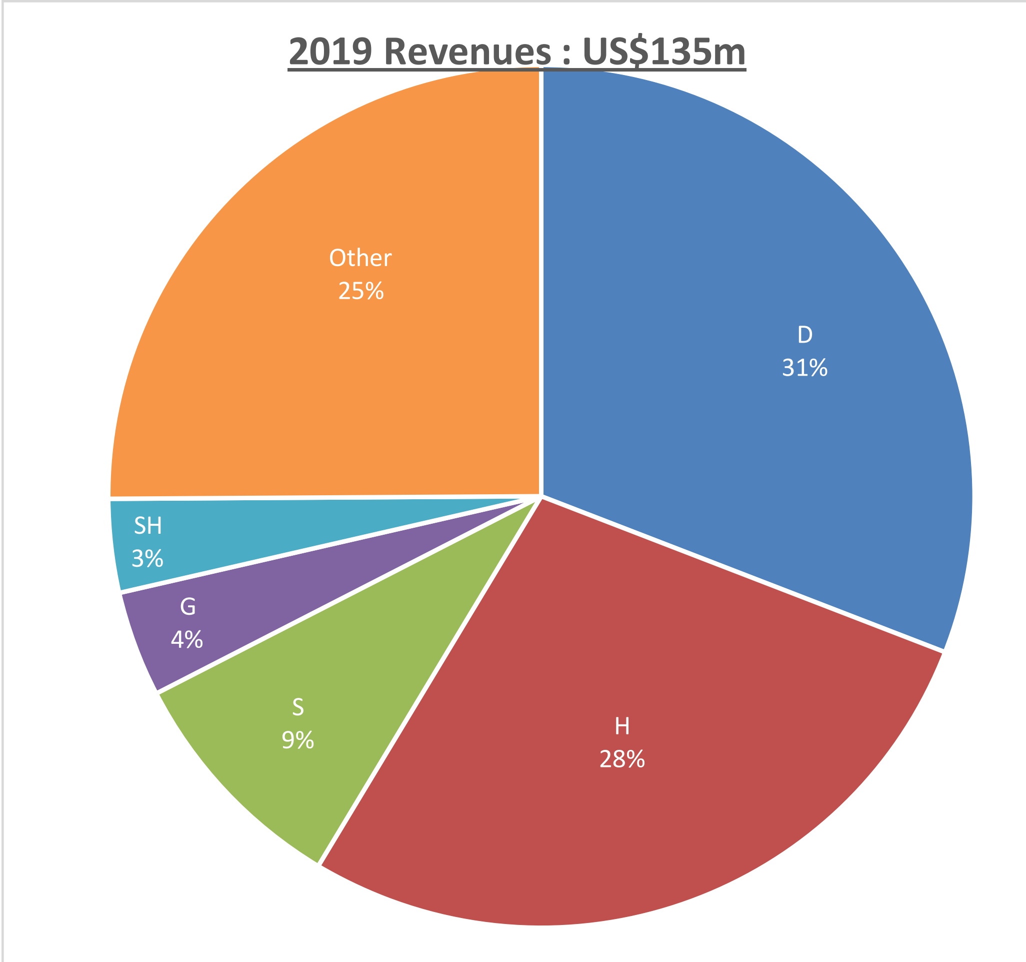
US$'000	FY2019	FY2018	Change (%)
Revenue	134,509	122,292	10
Gross Profit	24,066	25,188	(4.5)
Gross Profit Margin	17.9%	20.6%	(2.7 ppt)
Net Profit after Tax	(12,289)	1,536	(900)
Diluted Earnings Per Share (US cents)	(4.52)	0.57	n.m.
NAV Per Share (US cents)	16.83	21.57	(22.0)

[1] As at 31 December 2019

- Revenue increased 10.% to US$134.5m (FY2018: US$122.3m), due to increase in orders from key customers in the UK and US
- Gross profit decreased 4.5% due to one-off costs from the shift of operations
- Gross profit margin is down 2.7 percentage points in line with the one-off costs
- Net profit after tax is shown after one-off costs in FY2019 totaling US$16.3 million

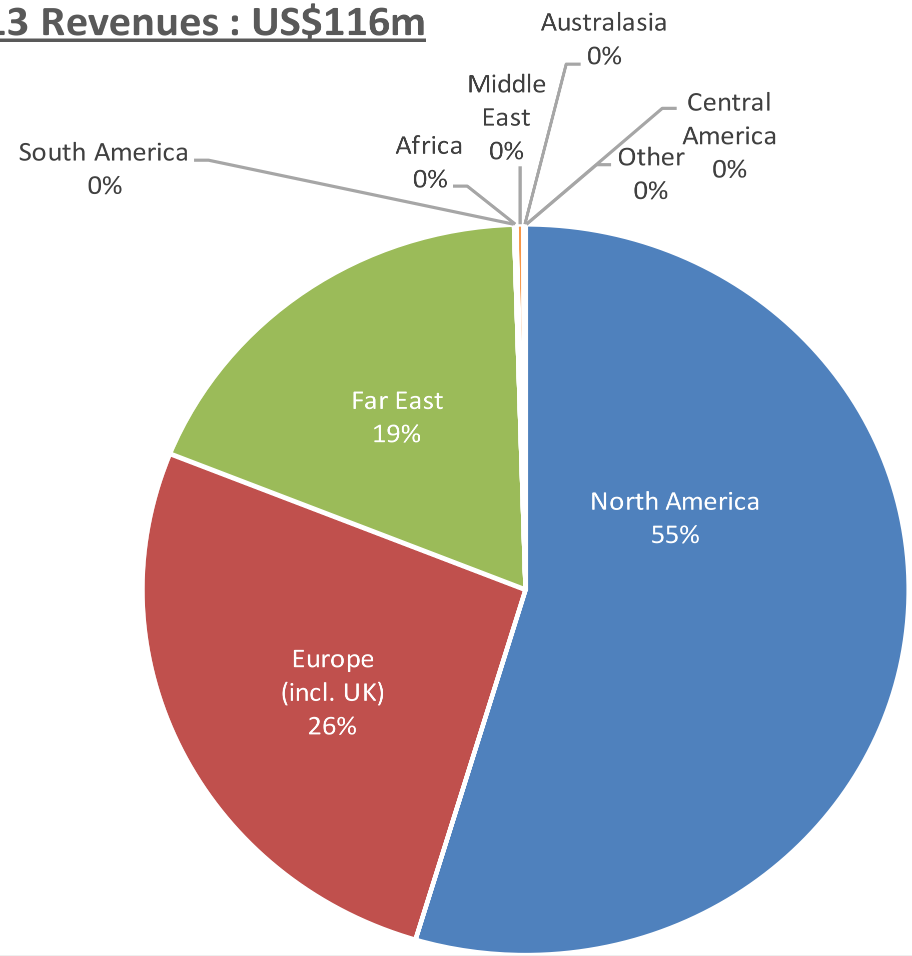
Customer Split



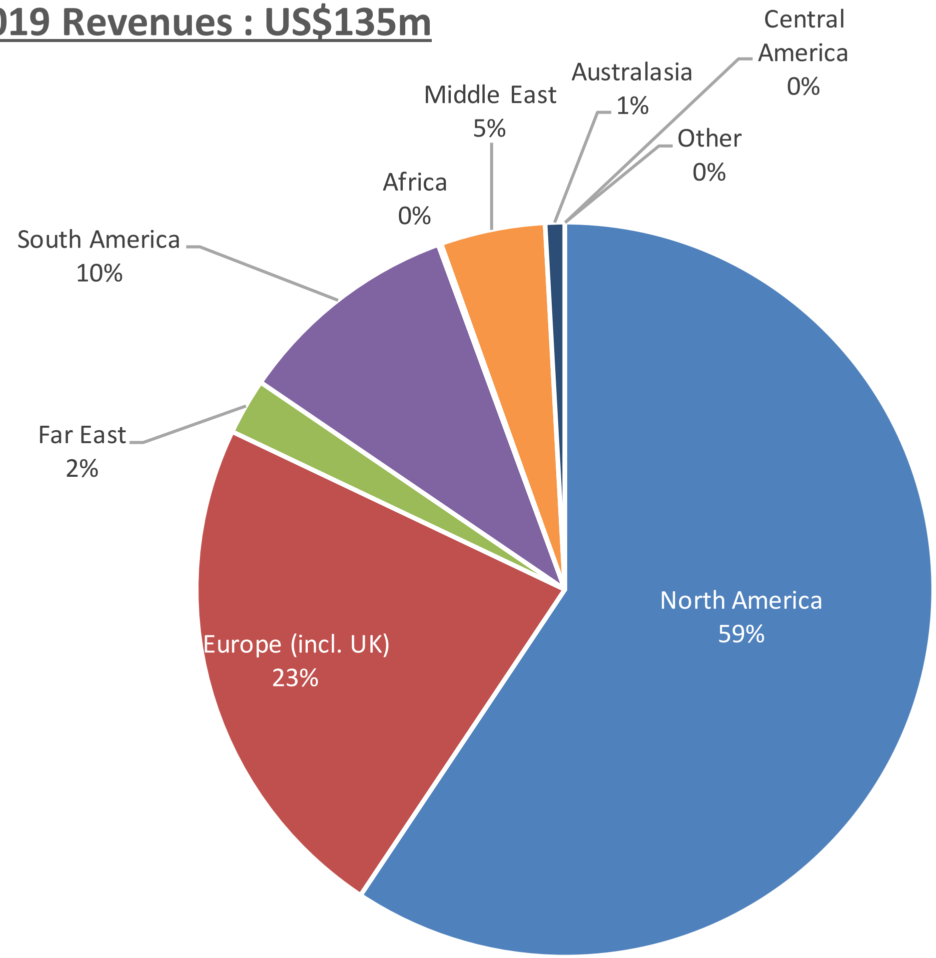


Geographical Split

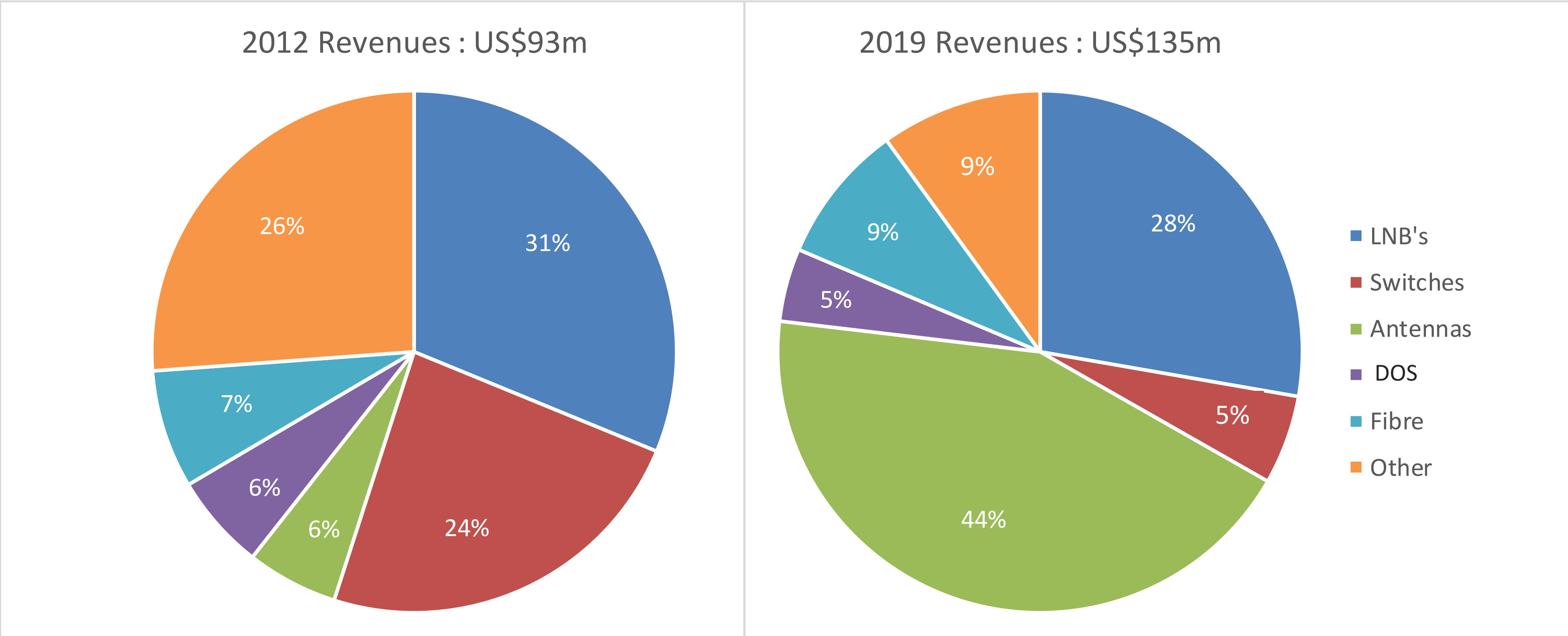
2013 Revenues : US$116m



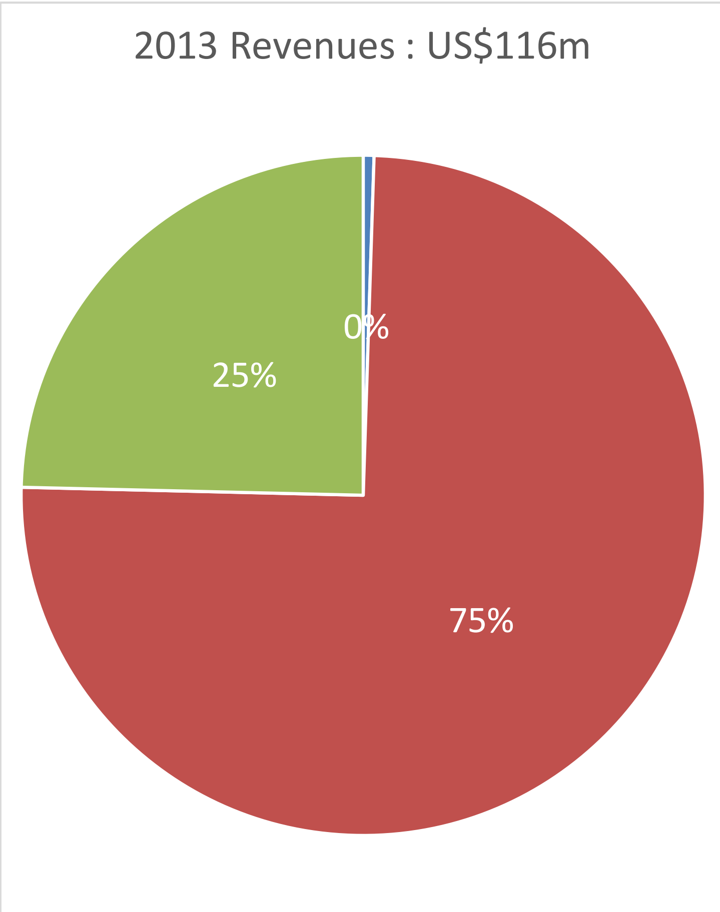
2019 Revenues : US$135m

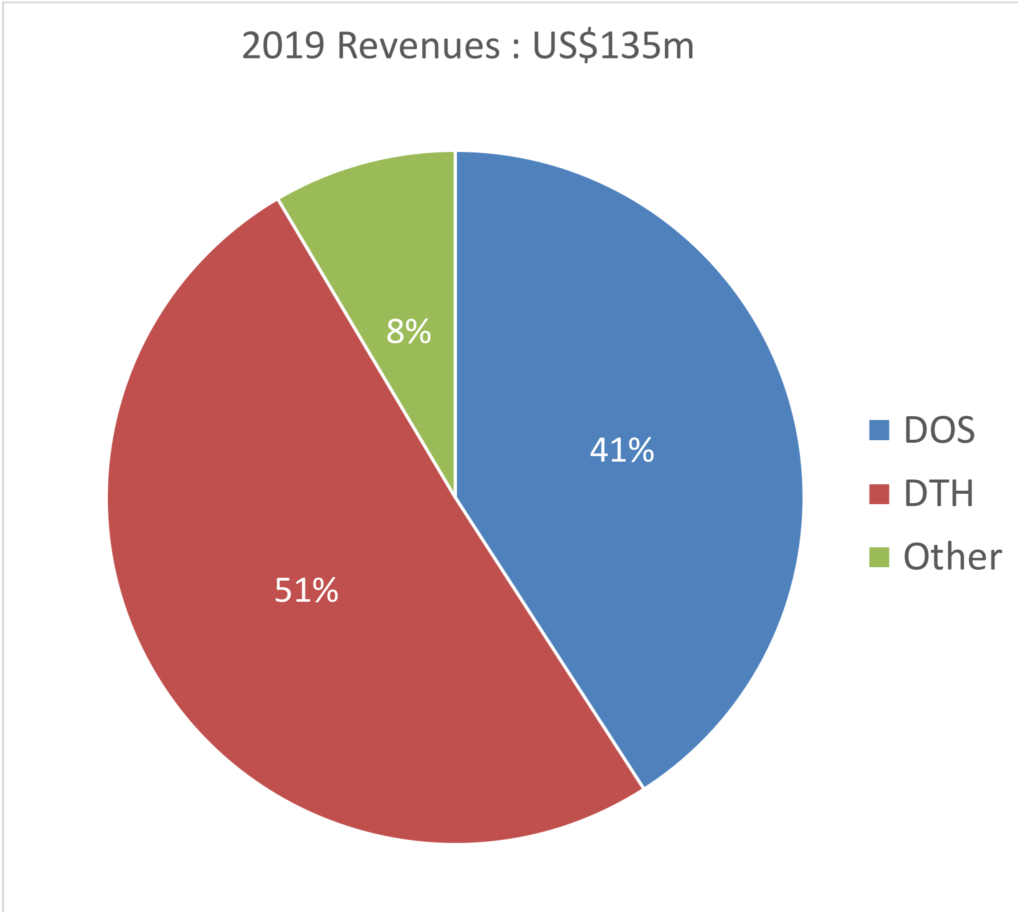


Product Split



DOS/DTH Split





Outlook

Industry Outlook FY2020

The Group sees increasing demand for DOS development and distribution driven by rapid developments in the satellite broadband and data backhaul markets and new players in developing technologies such as SpaceX and Blue Origin. The proliferation of LEO and MEO satellites bodes well for the Group which is well-positioned with the acquisition of Apexsat assets and IP in June 2019.

The US-China trade tensions continue to affect markets worldwide. The Group has already moved a significant proportion of its operations from China to circumvent tariffs imposed on goods shipped from the country. This is expected to complete by June FY2020.

Group Outlook FY2020

The Group is shifting to an asset-light production model that will decrease costs and improve margins.

Its DTH product segment continues to provide a strong and solid stream of revenue that will support the Group's future growth.

The Group is well positioned to tap into the increasing demand for DOS products driven by mobile data and uninterrupted internet access, especially in emerging markets.

THANK YOU / Q&A

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