

# GLOBAL INVACOM

**Q3 FY2016 Briefing & Analysis**



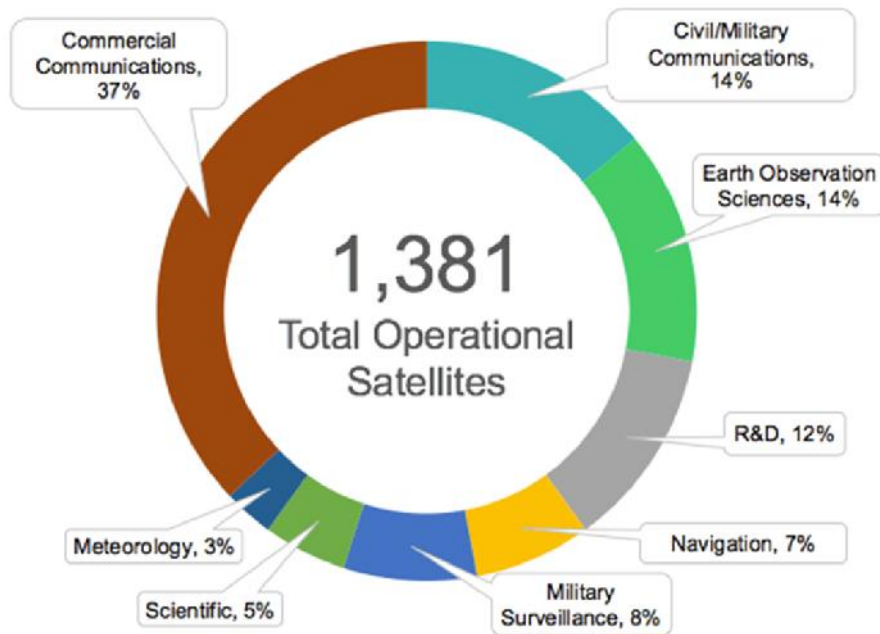
# 1 State of the Industry



# Industry Overview

## Operational Satellites by Function

(as of 31 Dec 2015 – Tauri Group data)



## No. of satellites up 39% over 5 years (2011: 986)

- Average number of satellites launched per year in 2011-2015 up 36%
- Small and very small satellites deployed in LEO contribute to this growth
- Average operational lives of certain satellite types (e.g. GEO communications satellites) becoming longer

**59 countries with operators of at least one satellite (some as part of regional consortia)**

# How Sat Comms Work



## Uplink Stations

TV content from broadcasters is processed by the operator and sent to the uplink station, where it is beamed up to the satellite.



## Dish & LNBs

A dish and LNB receive signals from satellites, which are then converted before being passed to the set top box, decoded, and displayed on TVs.

# Satellite Advantage

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

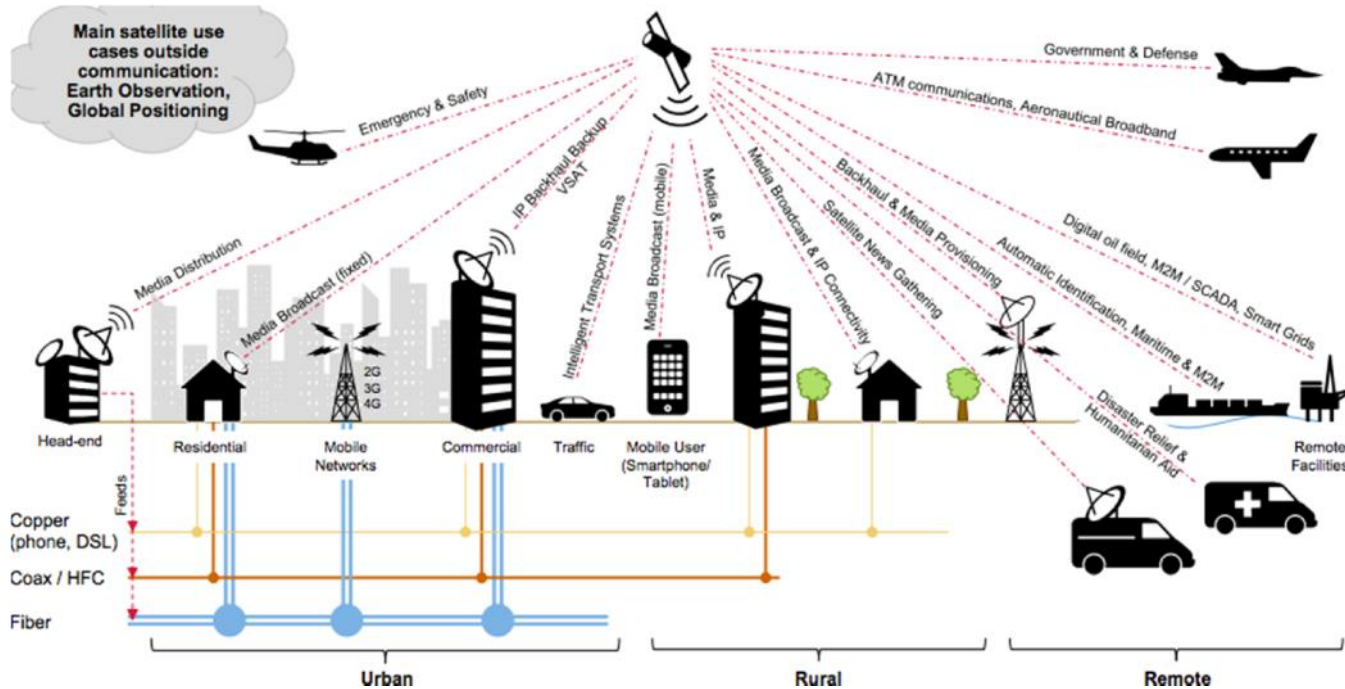
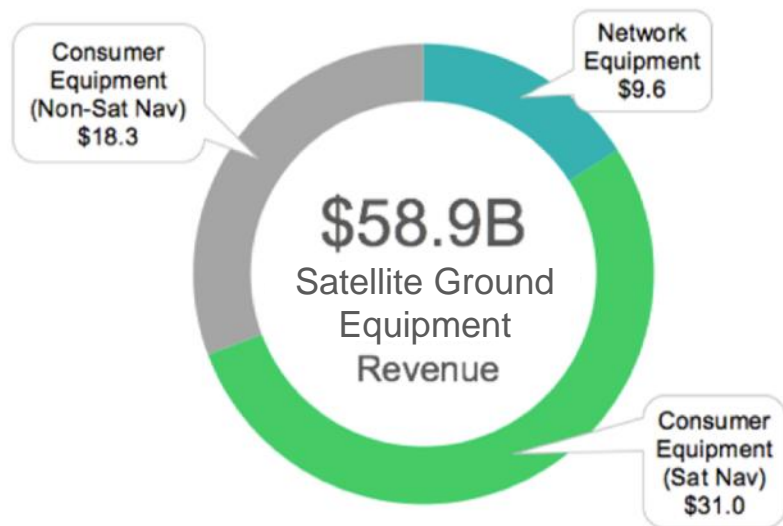


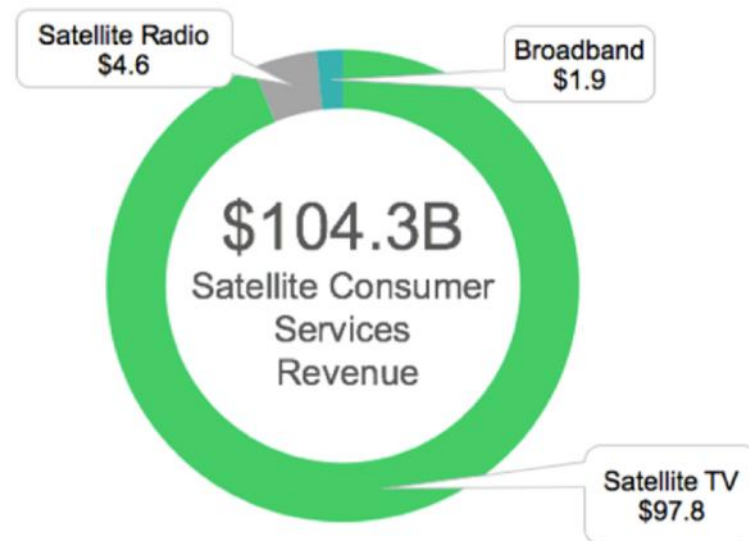
Image reference: EMEA Satellite Operators Association, "Why Satellites Matter"

# By the Numbers



Global Satellite Ground Equipment (“SGE”) market valued at US\$58.9B in 2015, expected to continue growing (grew 1% since 2014)

Global satellite manufacturing and launch market expected to grow at CAGR of 5.14% between 2014 and 2019



The booming satellite TV industry accounted for nearly 80% of satellite consumer revenues in 2015, and is rising YoY

Examples: Astro (Malaysia), SkyTV (UK)

# SGE In-Demand

## **Very Small Aperture Terminals (VSATs)**

- Low-cost connectivity for internet usage, transactions and rural telecommunications
- Internet, VoIP, Point of Sale services, on-the-go Sat Comms

## **Ka-, Ku-, C-band Antennas**

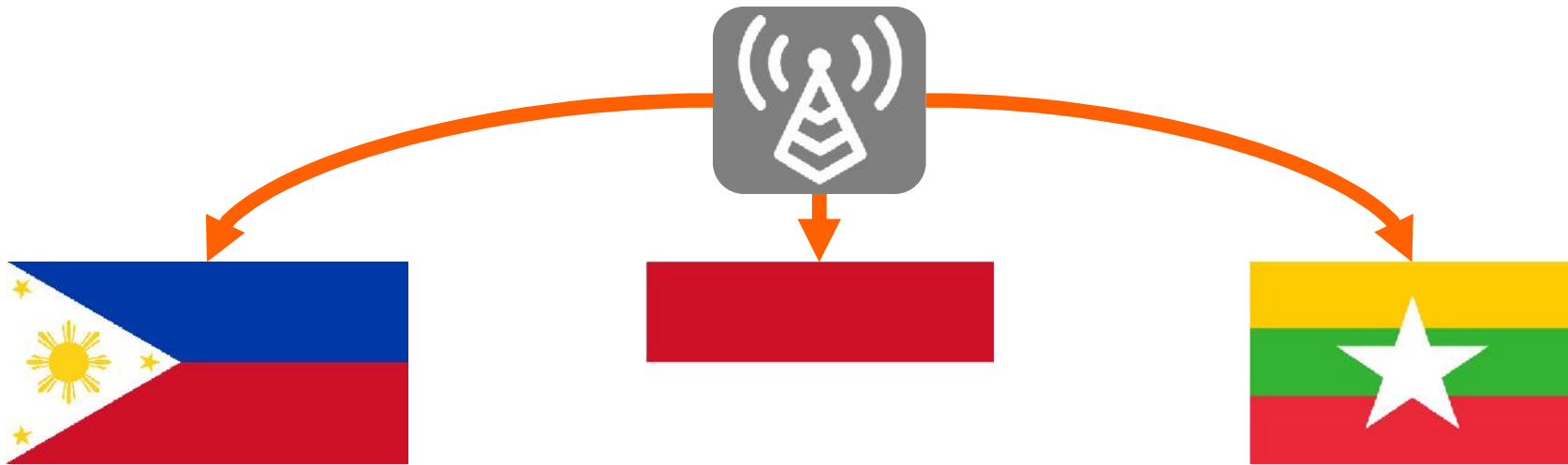
- Especially for broadband networks
- Largely used in communication satellites

## **Home Satellite Systems**

- Entertainment Related Services
- DISH/Echostar, SkyTV, Astro, etc



# Emerging Markets in Asia



## Disaster Relief

The Philippines is in talks to deploy Sat Comms services in rural islands to prepare for future natural disasters

## Financial Services

**Bank Rakyat Indonesia (BRI)** launched its own satellite to facilitate financial transactions in rural areas around the country

## Internet Services for All

Myanmar's government has committed to hooking up 70% of its 54 million population to a broadband connection by 2019



**“The global satellite sector is valued at US\$208bn in 2015, and SGE numbers are expected to grow 5% per year”**

**- The Tauri Group**

## 2 About Global Invacom



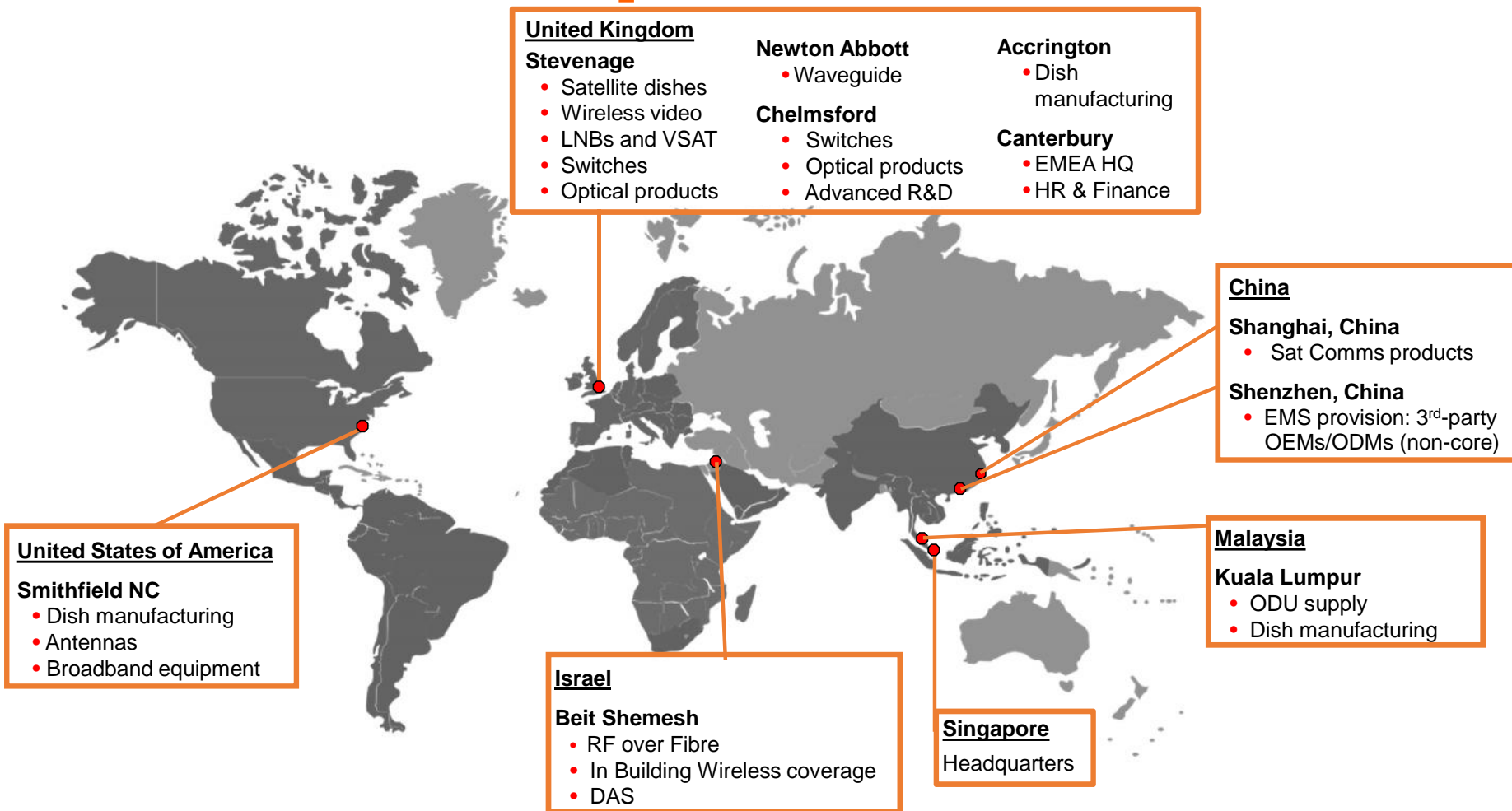
# Global Invacom

- Leading designer and manufacturer of fully integrated satellite communications (“Sat Comms”) equipment
- Listed on the Mainboard of SGX-ST and the AIM Market of the London Stock Exchange
- One of seven companies worldwide involved in R&D, design and supply of Sat Comms products to large-scale satellite broadcasters
- 63 granted patents, 58 patent applications and a 30-year track record in pioneering new products

# Clients & Partners



# Global Footprint



The background of the slide is a grayscale photograph showing several tall, cylindrical stacks of coins. The coins are stacked closely together, and the perspective is from a low angle, looking slightly upwards at the stacks. The lighting creates highlights and shadows on the edges of the coins, emphasizing their texture and the height of the stacks.

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# Global Invacom Financials

# Financial Highlights Q3 FY2016

US\$'000	Q3 FY2016	Q3 FY2015	Change (%)
Revenue	32,068	32,192	(0.4)
Gross Profit	7,235	6,271	15.4
Gross Profit Margin	22.6%	19.5%	3.1
Net Profit/(Loss) after Tax	698	(2,711)	N.M.
Diluted Earnings/(Loss) per Share (US cents)	0.26	(1.04)	N.M.



# Balance Sheet

US\$'000	30 Sep 2016	31 Dec 2015	Change (%)
Total Assets	89,217	89,539	(0.4)
Total Borrowings	7,404	5,348	38.4
Total Equity	55,180	54,462	1.3
Cash & Cash Equivalents	11,457	8,866	29.2
Net Asset Value per Share (US cents)	20.31	20.05	1.3

# Financial Highlights Q3 FY2016

- **Revenue** down US\$0.1 million to US\$32.1 million (Q3 FY2015: US\$32.2M)
  - Contributions of US\$10.4 million from US subsidiary Global Skyware
- **Gross profit margin** improved to 22.6% (Q3 FY2015: 19.5%)
  - Favourable product mix, improved efficiencies and better factory cost controls
- **Net profit after tax** of US\$0.7 million (Q3 FY2015: US\$2.7M net loss)
  - Positive margin of 2.2% compared to negative margin of 8.4% period-on-period

# Financial Highlights Q3 FY2016

- **Administrative expenses** down to US\$5.7 million (Q3 FY2015: US\$8.7M)
  - Reduction comes despite inclusion of Global Skyware expenses
  - Improved internal efficiencies, reduction in legal costs
  - Benefits of two restructuring and rationalisation exercises for UK Ops in FY2015/1H FY2016
- Increased **cash and cash equivalents**, up US\$2.6 million from end-FY2015

# Financial Highlights 9M FY2016

US\$'000	9M FY2016	9M FY2015	Change (%)
Revenue	96,343	86,162	11.8
Gross Profit	20,215	17,423	16.0
Gross Profit Margin	21.0%	20.2%	0.8
Net Profit/(Loss) after Tax	269	(5,551)	N.M.
Diluted Earnings/(Loss) per Share (US cents)	0.10	(2.13)	N.M.

# Financial Highlights 9M FY2016

- **Revenue** increased 11.8% to US\$96.3 million (9M FY2015: US\$86.2M)
  - Including contribution from Global Skyware
  - Reflects higher revenue from America and Europe
- **Gross profit margin** improved to 21.0% (9M FY2015: 20.2%)
- **Net profit after tax** of US\$0.3 million (9M FY2015: US\$5.6M Net Loss)

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# 9M FY2016 Updates & The Year Ahead



# 9M FY2016: In Review

- **New technological developments**

Introduction of digital channel stacking (“DCS”) technology that allows up to 32 continuous video streams from a single Low Noise Block (“LNB”) has caused major customers to destock; expected to persist in 2H FY2016

Group has completed research on next-gen LNBs and has secured approval to supply LNBs from a main customer, positioning for better sales

Delivery to commence Q4 FY2016

- **Higher expected demand for HD and 4K content from satellite broadcasters**

Especially in emerging markets; more product launches expected in upcoming year



# 9M FY2016: In Review

- **Restructuring and overhaul after Global Skyware acquisition**
  - Rebranding as “Global Skyware” to bring brand in line with rest of business
  - Consolidation of supply chain, new quality control measures, strong key management team
  - Positive feedback from clients
  - First full-year revenue contributions to be recognised in FY2016
- **Focus on cost control**
  - Direct material cost reductions
  - Improved labour efficiencies
  - Drive to reduce fixed cost spend

# 9M FY2016: In Review



**“With the launch of satellite Jupiter 2 and a more exclusive deal with Echostar, the Group’s turnaround is solidly in place”**

**- RHB Investment Bank**

# Investment Merits

- Group turnaround in place
  - Revenues increasing – second consecutive quarter of profitability
  - Global Skyware rebranding, consolidation of US supply chain has attracted clients
  - UK restructuring and cost improvement initiatives have reduced fixed costs
  - Currently exploring potential consolidation of China operations to further optimise manufacturing costs; will announce developments as they arise
- Secured approval from major client to release new products in the year ahead
- The only supplier with a global footprint in Europe, North America & Asia
- Relationships with major broadcasters globally
- High demand expected for Sat Comms products as leading US broadcaster launches two new communication satellites in coming months

# Stock Data

Basic Share Data	As at 21 Nov 2016 5.00 PM
Share Price	0.161
Net Asset Value per Share	0.2774
Trailing P/E	26.476
Total Shares	282,402,000
Issued & Paid-up Shares <i>(not including Treasury Shares)</i>	271,662,000
Treasury Shares	10,740,000
Market Capitalisation (S\$M)	43.738

Data: ShareInvestor; Currency: SGD

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# THANK YOU

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