# Acquisition of Harris CapRock and equity raising

2 November 2016

# Disclaimer

**Disclaimer**

The following notice and disclaimer applies to this investor presentation (Presentation) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

This Presentation has been prepared by SpeedCast International Limited (ACN 600 699 241) (SpeedCast). This Presentation has been prepared in relation to:

- SpeedCast's acquisition of Harris CapRock from the Harris Corporation (Harris CapRock); and
- a fully underwritten 2 for 3 pro-rata accelerated renounceable entitlement offer of new SpeedCast ordinary shares (New Shares) (Entitlement Offer) to be made under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73; and

The Entitlement Offer will be made to eligible institutional shareholders of SpeedCast (Institutional Entitlement Offer) and eligible retail shareholders of SpeedCast (Retail Entitlement Offer).

**Summary information**

This Presentation contains summary information about SpeedCast and its activities which is current only as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in SpeedCast or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

SpeedCast's historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (ASX). This Presentation should be read in conjunction with SpeedCast's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au. Certain information in this Presentation has been sourced from Harris CapRock and its associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither SpeedCast nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The retail offer booklet for the Retail Entitlement Offer will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding whether to apply under that offer.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the 'Selling Restrictions' section in this Presentation for more information.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor entitlements have been, and will be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly neither the New Shares nor the entitlements may be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which SpeedCast has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.

**Not investment advice**

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by SpeedCast or its advisers to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of SpeedCast and the impact that different future outcomes may have on SpeedCast.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. SpeedCast is not licensed to provide financial product advice in respect of SpeedCast shares.

**Future performance**

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the Harris CapRock acquisition, the outcome and effects of the Entitlement Offer and the use of proceeds, and the future performance of SpeedCast and Harris CapRock post-acquisition. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of SpeedCast, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the Key Risks section in this Presentation for a summary of certain general, SpeedCast-specific and Harris CapRock acquisition-specific risk factors that may affect SpeedCast. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward looking statements are based on information available to SpeedCast as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), SpeedCast undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

# Disclaimer

**Investment risk**

An investment in SpeedCast shares is subject to known and unknown risks, some of which are beyond the control of SpeedCast. SpeedCast does not guarantee any particular rate of return or the performance of SpeedCast. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

**Financial data**

All financial information in this Presentation is in US Dollars (US$ or USD) unless otherwise stated. Investors should note that this Presentation contains pro forma historical and forward looking financial information. In particular, a pro forma balance sheet as at 30 June 2016 has been prepared by SpeedCast based on the reviewed SpeedCast balance sheet as at that date, audited balance sheet of Harris CapRock and certain acquisition adjustments. The pro forma and forward looking financial information, and the historical information, provided in this Presentation is for illustrative purposes only and is not represented as being indicative of SpeedCast's views on its future financial condition and/or performance.

The pro forma financial information has been prepared by SpeedCast in accordance with the recognition and measurement principles of Australian Accounting Standards and SpeedCast's adopted accounting policies of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Such information does not purport to comply with Article 3-05 of Regulation S-X.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information/non-GAAP financial measures include EBITDA and EBIT. SpeedCast believes the non-IFRS financial information/non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of SpeedCast. The non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS and IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

**Effect of rounding**

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

**Past performance**

Investors should note that past performance, including past share price performance of SpeedCast and pro forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future SpeedCast performance including future share price performance. The pro forma historical information is not represented as being indicative of SpeedCast's views on its future financial condition and/or performance.

**Disclaimer**

None of the underwriters, nor their or SpeedCast's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, SpeedCast, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, SpeedCast, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to the underwriters, their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents take no responsibility for any part of this Presentation or the Entitlement Offer.

The underwriters and their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by the underwriters, or any of their advisers, affiliates, related bodies corporate, directors, officers, partners, employees or agents in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice.

**Acceptance, Withdrawal and Cooling-off**

By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important Notice and Disclaimer'.

SpeedCast reserves the right to withdraw, or vary the timetable for the Entitlement Offer without notice.

Cooling off rights do not apply to the acquisition of New Shares.

# Today’s presenters

**Pierre-Jean (“PJ”) Beylier**

- CEO of SpeedCast
- Joined SpeedCast in 2000

**Ian Baldwin**

- CFO of SpeedCast
- 17 years experience in senior finance

**Keith Johnson**

- Senior VP Energy Sales, SpeedCast (appointed October 2014)
- Former President – Global Energy Services at Harris CapRock where he was involved with the organisation for over 20 years

SpeedCast

SpeedCast

# Transaction highlights

# Summary

## Agreement to acquire Harris CapRock, a subsidiary of Harris Corporation, for USD 425M

| | |
|---|---|
| **Transaction details** | ▪ SpeedCast has entered into binding documentation to acquire Harris CapRock, a subsidiary of Harris Corporation ("Harris"), for USD 425M<br>- Represents an implied transaction multiple of 7.0x Jun-16 EV / EBITDA (before synergies) and 5.0x Jun-16 EV / EBITDA (pro-forma for USD 24M of cost-synergies anticipated to be achieved in years 1 and 2)<br>- SpeedCast and Harris have agreed to make a joint election under s338(h)(10) of the US Internal Revenue Code, which treats the transaction as an asset purchase for tax purposes. The election generates a tax cash benefit with an estimated present value of USD 13M for SpeedCast<br>▪ Harris CapRock is a global leader in satellite communications to the energy market and to the cruise market<br>- In the 12 months to 30 June 2016, Harris CapRock generated revenue of USD 363M and pro-forma EBITDA of USD 60M |
| **Key highlights** | ▪ Highly strategic acquisition at an attractive valuation:<br>- Creation of a global and diversified industry leader<br>- Expansion of the maritime business with global leadership in maritime broadband services<br>- A global leader in the energy sector, acquired at a low point in the market cycle and well positioned for future growth<br>- Significant operational and economic benefits of scale<br>▪ Significant annual cost synergies:<br>- Estimated USD 24M delivered progressively over the 24 month period post acquisition, with USD 15M expected to be achieved within the first year post acquisition(1)<br>▪ Significant EPS accretion(2) – on a pro-forma full year basis, the acquisition is expected to be:<br>- Double digit EPS accretive in 2017 before synergies; and<br>- In excess of 40% EPS accretive pro-forma for USD 15M of cost-synergies anticipated to be achieved in year 1 |

Note: Foreign exchange conversion based on AUD:USD of 0.76.
1) Refer to page 19. Expected synergies of USD 24M with expected cost to achieve of USD 4.3M. Excluding the impact of expected costs to achieve the synergies.
2) EPS accretion (NPATA basis which excludes the impact of costs to achieve synergies) is calculated in accordance with AASB 133 considering a bonus factor reflecting the proposed discount on TERP for the rights issue.

SpeedCast

# Summary (cont'd)

## Agreement to acquire Harris CapRock, a subsidiary of Harris Corporation, for USD 425M

**Key terms and financial impact**

- Acquisition will be funded via a fully-underwritten equity capital raising and a fully-underwritten syndicated debt facility:
  - ~AUD 295M equity raising via a 2-for-3 Accelerated Renounceable Entitlement Offer ("Entitlement Offer")
  - Balance of proceeds under a refinanced USD 385M (~AUD 507M) fully-underwritten syndicated debt facility
    - USD 365M (~AUD 480M) 3-year term loan, fully drawn at completion
    - USD 20M (~AUD 26M) undrawn revolving multi-currency facility
- Anticipated pro-forma LTM net debt / EBITDA of 3.0x for Dec-16(1) (pro-forma for Harris CapRock contribution to EBITDA and anticipated year-1 cost synergies of USD 15M)
  - Strong deleveraging expected to result in actual reported net debt / EBITDA ratio as at Jun-17 of c.3.0x and as at Dec-17 of less than 2.5x, in each case pro-forma for the impact of historical acquisitions and reflective of anticipated realisation of actual Harris CapRock synergies
- The transaction is expected to complete in Q1 2017 subject to customary closing conditions, including anti-trust and regulatory approval

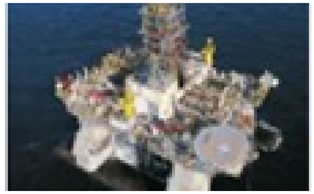
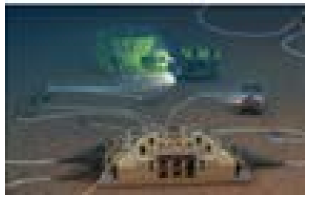
Note: Foreign exchange conversion based on AUD:USD of 0.76.
1) Illustratively assumes completion on 31 December 2016. Year 1 synergies expected to be fully realised within 12 months of financial close.

SpeedCast

# Harris CapRock overview

**Harris CapRock is a leading provider of communications networks for remote and harsh environments**

- ✓ Powerful brand equity
- ✓ Focused strategy
- ✓ Blue chip customers
- ✓ Differentiated solutions
- ✓ Global foot print

| Energy | | | Maritime | | |
|---|---|---|---|---|---|
| Offshore energy | Oil field services | Land drilling and bases | Cruise | River cruise | Subsea systems |
|  |  |  |  |  |  |

# Harris CapRock overview (cont'd)

## Harris CapRock is servicing two industries:

### Revenue contribution

**Energy**

LTM Jun-16


**Maritime**

LTM Jun-16


### Overview

**Energy**

- Offshore drilling and deepwater production: supports 9 of top 10 drilling contractors
- Subsea networks: manages subsea networks in support of exploration and production at depths over 3,000 meters
- Shallow water: serves more than 100 production platforms around the world
- Land drilling: select clients include Allied Wireline and Nabors Industries

**Maritime**

- Cruise: serving over 140 cruise ships traveling between six continents
  - 1st company to deliver over 100 Mbps to a single cruise ship
- Key Cruise customers include Royal Caribbean, Carnival and Princess Cruises
- Commercial shipping: more than 400 vessels operating around the globe rely on Harris CapRock's services
- Also serves marine systems and seafloor networks and maritime service and supply providers

### Key clients

**Energy:** bp, NABORS, REPSOL, Chevron, Shell, Transocean, OCEANEERING, TOTAL, ODFJELL, DSME, ExxonMobil, TALISMAN ENERGY, BAKER HUGHES, ALLIED, Bristow, HESS, HALLIBURTON

**Maritime:** Carnival, Royal Caribbean International, PRINCESS CRUISES, TUI Cruises, STAR CRUISES, HURTIGRUTEN

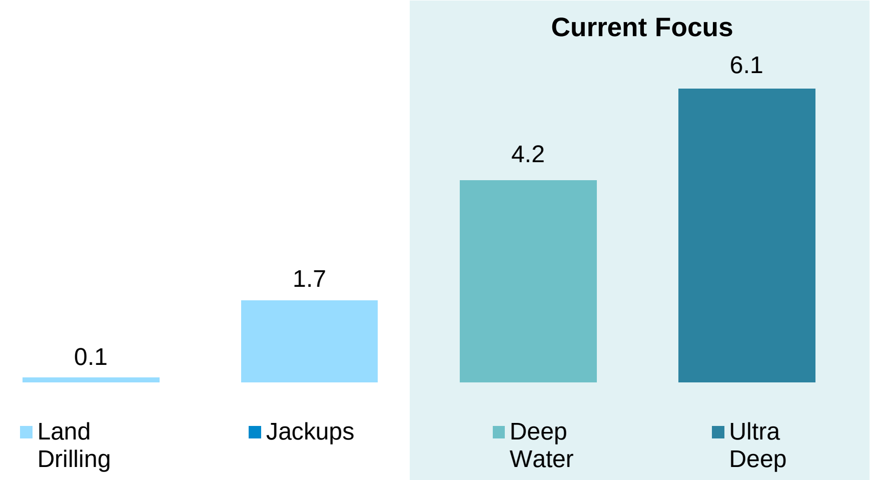
Note: Unaudited management numbers.

SpeedCast

# Harris CapRock overview (cont'd)

## Focussed on the high-bandwidth segments of the two industry markets it serves

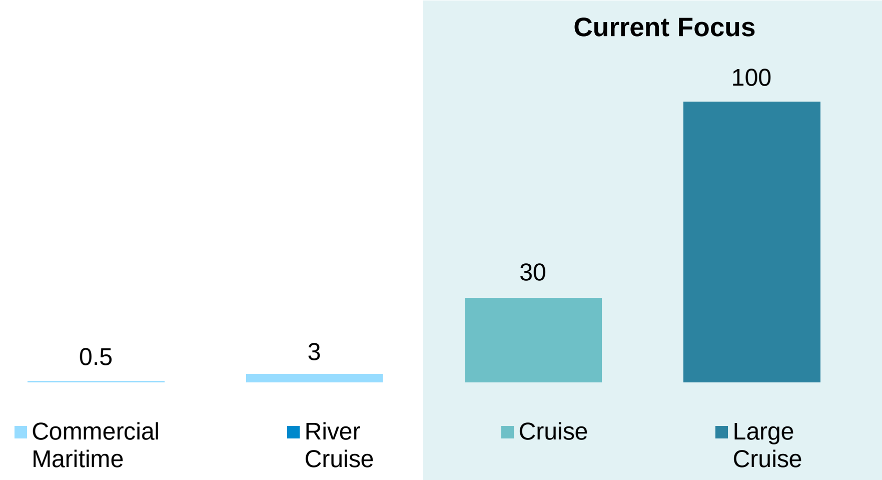
### Energy markets (Mbps)(1)







### Maritime markets (Mbps)(1)







**Single global price**
- Regardless of activity or transport
- Radio, LTE and other transports as appropriate

**Usage flexibility**
- Mbps commitments with flexibility on geography and timing
- Pooled bandwidth across assets

**Global footprint**
- Large and dynamic networks
- Global infrastructure footprint
- Strategically positioned field tech services

**Technology**
- Automated network supported by innovative terminals
- Flat panel partnership
- Value added services
- Cyber security

SpeedCast

1) Represents subsegment speed requirements.

# Strategic rationale

# Strategic benefits of the acquisition

**1**

**Creation of a global and diversified industry leader**

- Expands global footprint and infrastructure with strong geographic complementarity – gives SpeedCast an immediate geographic presence that it currently lacks in North America, Brazil, Norway and parts of Africa
- Acquisition enhances diversification across end-markets and geographies

**2**

**Expansion of the maritime business with global leadership in maritime broadband services**

- Strengthens maritime offering, which is additive to the recent WINS acquisition and a key growth segment
- Leading provider globally to the fast growing and bandwidth hungry cruise segment
- Attractive scale of the combined group enables greater competitiveness
  - SpeedCast's maritime business will more than double in terms of revenue

**3**

**A global leader in the energy sector, well positioned for future growth**

- Market leader in Energy, with complementary geographical overlap with SpeedCast
- Strong service and technology offering, creating upsell opportunities to SpeedCast customers
- Acquisition at an attractive stage in the cycle

**4**

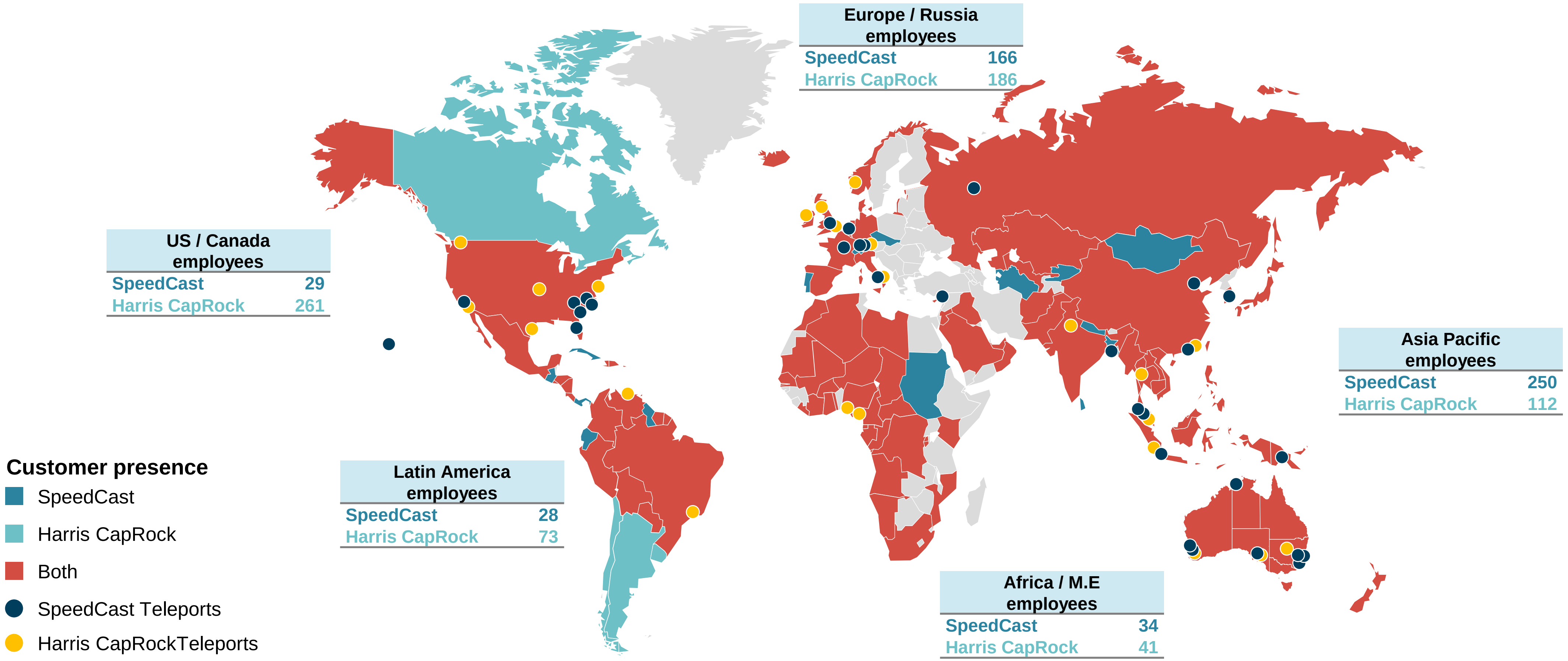
**Significant operational and economic benefits of scale**

- One of the largest commercial buyers of satellite capacity globally
- Increased operational leverage
- Significant R&D capabilities
- Significant synergies expected, resulting in a high margin combined business

SpeedCast

# 1 Creation of a global and diversified industry leader

## Complementary geographical overlap

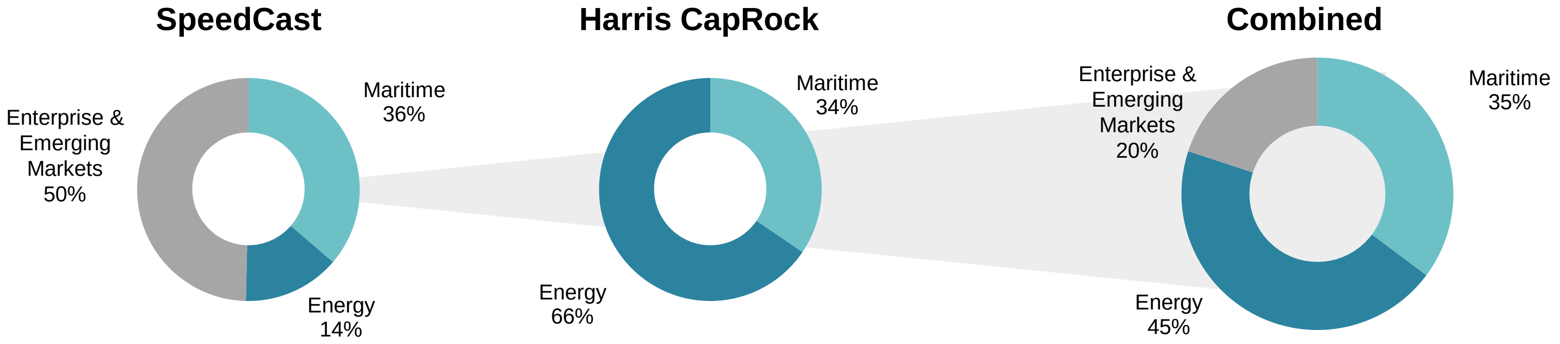



SpeedCast

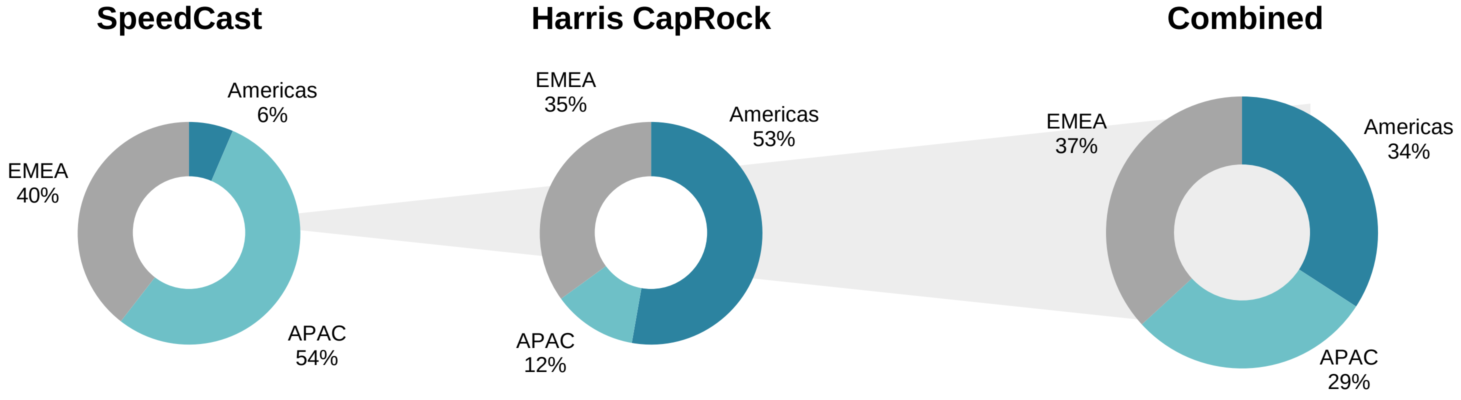
# 1 Creation of a global and diversified industry leader (cont'd)

## Pro-forma earnings mix as at 30 June 2016

### Revenue by segment



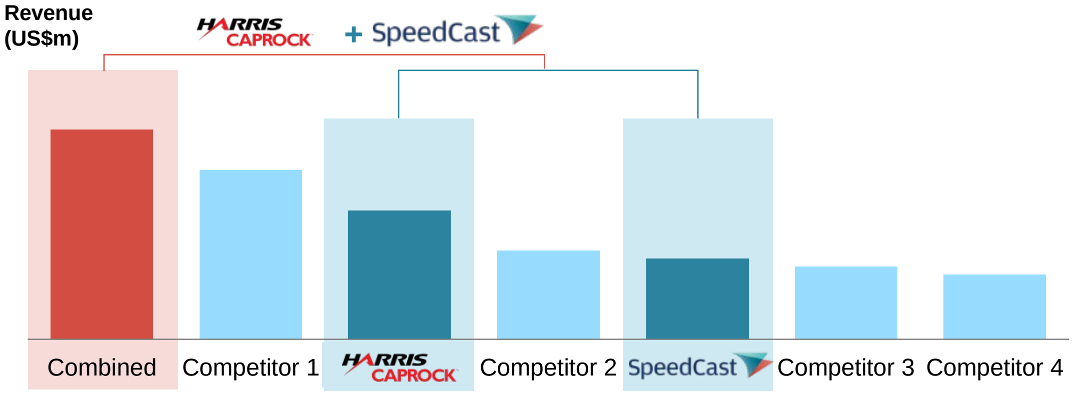

### Revenue by geography



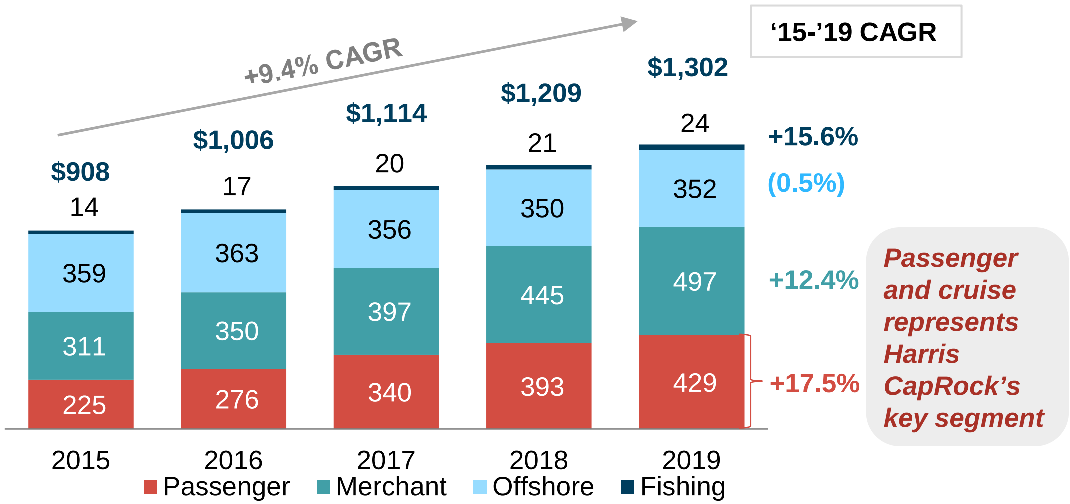

Note: Unaudited management numbers.
Note: Pro forma for contribution of recent acquisitions.

# 2 Global leadership in maritime broadband services

## A global provider in maritime

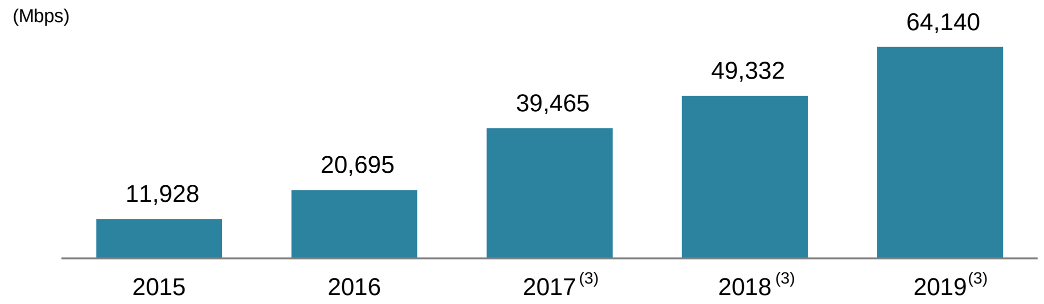



## VSAT maritime vessel revenue[1]




## Significant maritime bandwidth growth driven by multiple factors

### Cruise ships and passenger bandwidth growth[2]




**Increasing demand for bandwidth**

- Access to social media, entertainment and phone calls being increasingly demanded by customers
- Crew requesting similar connectivity options

**Operational requirements**

- On-board IT systems becoming more complex
- Condition monitoring of ship as source of cost savings
- Use of new applications such as weather forecasting and video

**Regulatory requirements**

- Surveillance, navigational systems, mapping

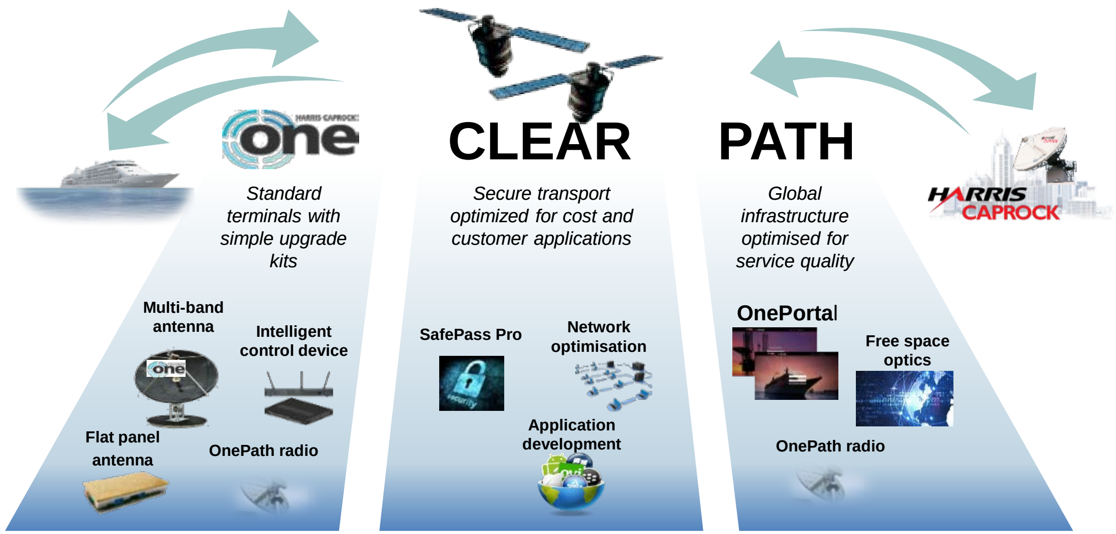
Note: Numbers may not add due to rounding.
1) Northern Sky Research, Maritime SATCOM Markets 4th Edition Data Sheets. Note: Passenger vessels include commercial (Ocean Cruise Liners, River Cruises, Ferries) and private passenger vessels (Super Yachts, "Leisure" Yachts).
2) Bandwidth is representative of bandwidth billed.
3) Forecasts based on management estimates.

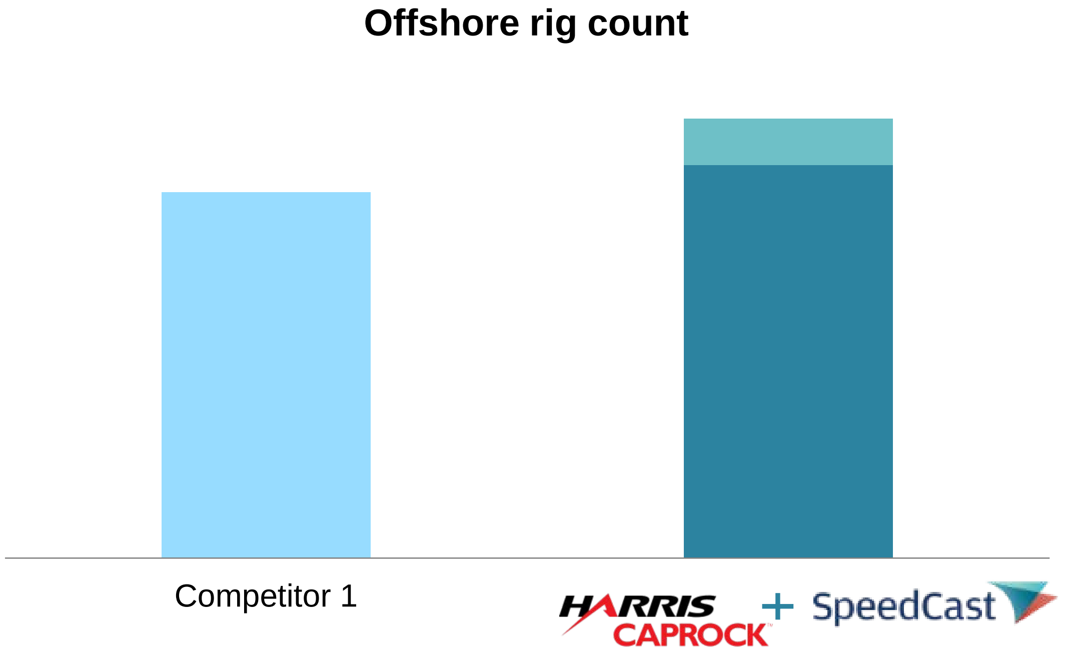
SpeedCast

# 3 A global leader in the energy sector

**Harris CapRock is a leading service provider to the energy sector, and will take SpeedCast to a market leading position**

| Harris CapRock is a leader in technology among peers | Increased scale over nearest rival allows better customer service |
|---|---|



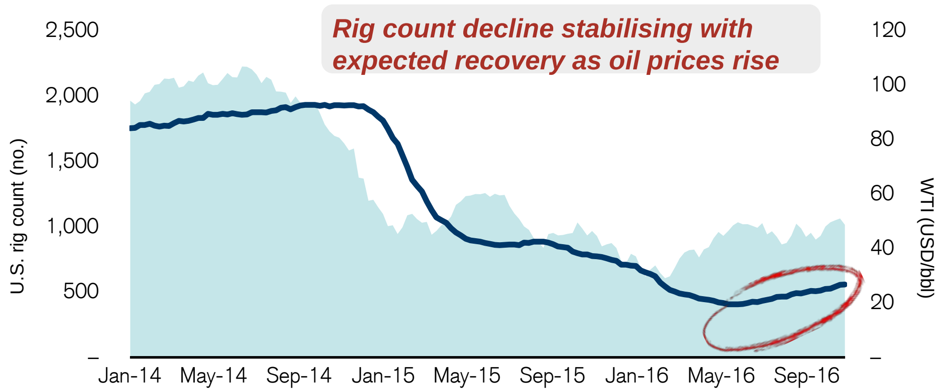



# 3 A global leader in the energy sector (cont'd)

## Acquisition at an attractive stage in the cycle

| | |
|---|---|
| **Oil price recovery** | ▪ Oil prices have increased ~80% from current year lows(1)<br>▪ Price recovery improved by OPEC product curtailments |
| **Expected increase in upstream investment** | ▪ Upstream investment underpinned by oil price recovery<br>▪ Unconventional US producers are forecast to increase investment and price increases improve production economics |
| **Expected increase in US rig count activity** | ▪ Oil price recovery renewing market confidence and rig count has seen uptick in activity<br>▪ Rig count currently at highest levels since January 2016 |

## Total U.S. rig count (no.)(2)




*"After calling the bottom of the cycle in the second quarter of this year, our business stabilised in the third quarter following a drop of more than 50% in pro forma revenue during the previous seven quarters"*

***Paal Kibsgaard, CEO Schlumberger***

*"As we look forward, we expect an increased commodity price to stimulate rig count growth. In the near term, we remain cautious around fourth quarter customer activity due to holiday and seasonal weather-related downtimes. However, it does not change our view that things are getting better for us and our customers"*

***David Lesar, CEO Haliburton***

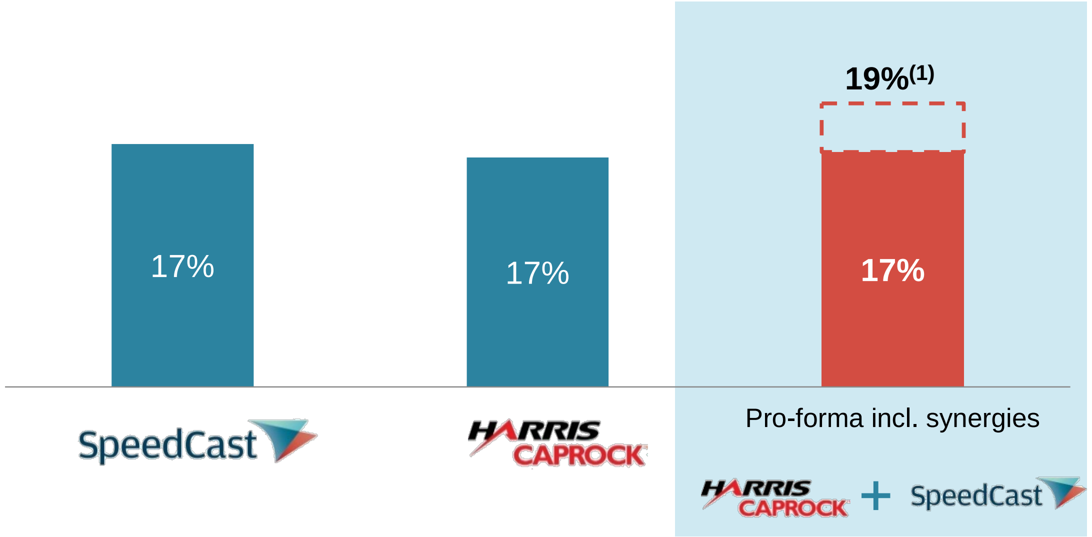
1) IRESS as at 28 October 2016, S&P, Moody's, Wood Mackenzie, Broker research.
2) IRESS as at 28 October 2016, Baker Hughes "North America Rotary Rig Count". Data as at 28 October 2016.

# 4 Significant operational and economic benefits of scale

- ✓ One of the largest commercial buyers of satellite capacity globally
- ✓ Offices in 37 countries and over 240 field engineers globally, on every continent, supporting our customers
- ✓ Larger portfolio of services
- ✓ Stronger resources and focus on technological innovations with R&D centres in Europe and the US
- ✓ Revenue synergies from leveraging each business' local presence and licenses to support customers' requirements
- ✓ Significant cost synergies and operational leverage to lift EBITDA margin

**Improved profitability**

Pro forma EBITDA margin (Jun-16 LTM)









Note: Unaudited management numbers.
1) Includes USD 15M of synergies in year 1.

# Synergies

## Estimated to deliver ~USD 24M of run-rate annual cost synergies

**Cost synergies**

| Item | Year 1 estimated amount (USD M) | Year 2 incremental amount (USD M) | Total annual run-rate amount (USD M) | Description |
|---|---|---|---|---|
| Opex | 12 | 5 | 16 | ▪ Footprint rationalisation, combining offices in 6 locations, downsizing corporate costs, removal of duplicated roles within the organisation |
| Network | 3 | 5 | 8 | ▪ Merging of terrestrial networks and teleports, consolidation of satellite capacity, improved procurement ability as one of the largest commercial purchasers of bandwidth capacity globally |
| **Total** | **15** | **9** | **24** | |

- SpeedCast has undertaken detailed analysis of geographical footprint and contracts to understand the synergy potential
- Year 1 synergies expected to be fully realised within 12 months of financial close and year 2 synergies within 24 months of financial close
- One-time costs associated with achieving these synergies of ~USD 3M plus ~USD 1M in capital expenditure
- Potential for revenue synergies not quantified

Note: Numbers may not add due to rounding.
Note: Unaudited management numbers.
Note: Expected costs to achieve of USD 4.3m do not include any expected capex for IT following the 12 months TSA period.

SpeedCast

# Integration road map

**1**

**Between signing and closing (estimated 90 days)**

- Meetings with key managers and determination of the global organisational structure
- Preparation of synergies plan
- Analysis and design of high level integration plan and preparation of work streams, Project Management team, Steering Committee
- Re-branding plan
- Analysis of product offerings

**2**

**First 60 days**

- Meetings with key strategic energy and maritime customers
- Employees “All Hands” meeting
- Presentation and implementation of new organisation
- Detailed integration and synergy plan finalised and launched
- Refresh management initiatives

**3**

**60-180 days**

- Implementation of integration and synergy plan
- Initial network consolidation initiatives
- Re-branding

**4**

**> 180 days**

- Continued implementation of longer term integration projects:
  - IT, Service management, Network consolidation

SpeedCast

# Trading update and funding overview

# SpeedCast current trading update

## Despite weaker macro-economic conditions across several key end-markets, our dual pronged strategy of organic growth and acquisitions is delivering results

- All FY16 key financial metrics expected to grow strongly compared to 2015

## Organic revenue growth has slowed in FY16 compared with double digit growth in FY15

- High energy churn in 1H
- Delays in customer purchasing decisions, particularly in the Energy sector, impacting both service revenues and equipment sales

## Strong EBITDA growth versus 1H16 with FY16 EBITDA expected at USD 40M

- 2H EBITDA expected to grow to USD 23M vs 1H EBITDA of USD 17M
- Churn back to near historical levels, including Energy
- Strong integration synergies and cost savings, including the renegotiation of a material capacity contract in Q4[(1)]
- Key project delays include the previously disclosed Central American Government contract together with another material contract in the Americas Aggregate impact to 2H EBITDA of USD 1.3M anticipated relative to prior guidance, with both contracts expected to contribute to 2017 EBITDA

## Overall satisfying performance from acquired companies

- WINS performance in line with expectations
- NewCom impacted by the delays in two material contracts; gaining market share in Q4 against smaller competitors thanks to SpeedCast global scale and capabilities
- SAIT growing well
- NewSat fully integrated into SpeedCast Australia and delivering ahead of expectations
- ST Teleport infrastructure supporting growth across all verticals

1) The renegotiation is expected to benefit NPATA in FY16 and FY17 by USD 0.3M and USD 1M respectively. In FY16 bandwidth costs will decrease by USD 1.9M as a result of this renegotiation. The capital nature of this agreement means the value of payments made under this agreement will be capitalised and amortised over the life of the lease which will require a depreciation charge of USD 1.5M in FY16. In FY17 the impact is expected to reduce bandwidth by USD 7.8M and increase depreciation by c.USD 6M.

SpeedCast

# Harris CapRock financial outlook

## Summary financials

| USD M | LTM Dec-15A | LTM Jun-16A | LTM Dec-16F |
|---|---|---|---|
| **Revenue** | **420** | **363** | **315** |
| **EBITDA** | **66** | **60** | **61** |
| *EBITDA margin* | *16%* | *17%* | *19%* |
| **EBITA** | **25** | **25** | **31** |
| *EBITA margin* | *6%* | *7%* | *10%* |
| **Capex** | **25** | **19** | **23** |
| *% Revenue* | *6%* | *5%* | *7%* |

## Outlook

- Decline in revenue through to LTM June-16 expected to continue through to LTM December-16 before stabilising into CY2017
  - Expectations of quarterly revenue to be flat into FY17 with energy softness offset by maritime
  - Energy revenue trough expected Q4 2016
  - Continued focus on costs and positioning for improved energy market conditions
  - Outlook underpinned by a strong backlog
- Margin improvement reflects proactive cost management, including targeted headcount reduction
- Depreciation to continue to decline in absolute terms, more closely aligning to capex as historical investment in energy and cruise unwinds
- Dec-16 LTM capex includes incremental IT spend associated with cost savings initiatives implemented in 2H 2016
- Amortisation profile generally reflects step up of acquisition related intangibles on historical Harris CapRock acquisitions

Note: Unaudited management numbers, based on September unaudited actuals and management December quarter projections.

SpeedCast

# Pro-forma financial summary as at 30 June 2016

| (USD M, LTM 30 June 16) | SpeedCast | CapRock | Combined |
|---|---|---|---|
| **Revenue** | **244** | **363** | **607** |
| **EBITDA** | **42** | **60** | **103** |
| *EBITDA Margin* | *17%* | *17%* | *17%* |
| **EBITA** | **32** | **25** | **57** |
| *EBITA Margin* | *13%* | *7%* | *9%* |
| **EBIT** | **22** | **18** | **40** |
| *EBIT Margin* | *9%* | *5%* | *7%* |
| **Capex** | **13** | **19** | **31** |
| *% Revenue* | *5%* | *5%* | *5%* |

Note: Unaudited management numbers.
Note: SpeedCast Pro forma for contribution of recent acquisitions and recent adjustments for non-recurring items.
Note: The financial information excludes the impact of purchase price accounting adjustments following the acquisition of Harris CapRock and WINS. Post acquisition a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact of future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the balance sheet line items.
Note: Revenue, EBITDA, EBITA and EBIT are presented on an underlying basis, reflecting adjustments for items that are considered non-recurring in nature, as disclosed in SpeedCast's annual and half-year reports.
Note: Complete versions of SpeedCast's financial reports for these periods are available from SpeedCast's website, http://www.speedcast.com, or ASX's website www.asx.com.au.

# Funding the acquisition

## Acquisition to be financed via new equity and refinanced debt facilities

| | |
|---|---|
| **Purchase price** | ▪ Total upfront transaction purchase price of USD 425M, subject to customary closing adjustments |
| **Funding** | ▪ Acquisition will be funded via:<br>- ~AUD 295M Accelerated Renounceable Entitlement Offer ("AREO")<br>- Balance of proceeds under a refinanced USD 385M (~AUD 507M) fully-underwritten syndicated debt facility |
| **Timing** | ▪ SpeedCast expects the transaction to complete by Q1 2017, subject to customary closing conditions, including anti-trust approval |

### Sources and uses

| Sources | USD M | % |
|---|---|---|
| Entitlement Offer | 224 | 38% |
| New debt facilities | 365 | 62% |
| **Total sources** | **589** | **100%** |

| Uses | USD M | % |
|---|---|---|
| CapRock purchase price | 425 | 72% |
| Refinance net debt | 137[1] | 23% |
| Transaction costs | 27 | 5% |
| **Total uses** | **589** | **100%** |

Note: Foreign exchange conversion based on AUD:USD of 0.76.
1) Projected net debt for SpeedCast at 31 December 2016, net of anticipated closing adjustments (subject to change).

SpeedCast

# Debt refinancing details

**Refinanced and upsized facilities to fund acquisition and support further growth**

## Debt facilities

- SpeedCast has increased the Group’s committed bank facilities through a fully underwritten syndicated facility
- Total debt facilities of the Group will increase to USD 385M
  - USD 365M (~AUD 480M) 3-year term loan, fully drawn at completion
  - USD 20M (~AUD 26M) undrawn revolving multi-currency facility

## Pro-forma leverage

- Anticipated pro-forma LTM net debt / EBITDA of 3.0x for Dec-16(1) (pro-forma for Harris CapRock contribution to EBITDA and anticipated year-1 cost synergies of USD 15M)
  - Strong deleveraging expected to result in actual reported net debt / EBITDA ratio as at Jun-17 of c.3.0x and as at Dec-17 of less than 2.5x in each case pro-forma for the impact of historical acquisitions and reflective of anticipated realisation of actual Harris CapRock synergies

Note: Foreign exchange conversion based on AUD:USD of 0.76.
1) Illustratively assumes completion on 31 December 2016. Year 1 synergies expected to be fully realised within 12 months of financial close.

# Pro-forma balance sheet

## Pro-forma balance sheet as at 30 June 2016[1]

| (USD M) | SpeedCast (30-Jun-16) | Acquisitions post 30-Jun-16 | Equity placement 9/08/2016 | SpeedCast (post acquisitions and equity raise) | Acquisition of CapRock | Effect of the Offer and Debt Raising | Pro-forma SpeedCast Group |
|---|---|---|---|---|---|---|---|
| Cash | 26 | (52) | 45 | 19 | (420) | 411 | 10 |
| PP&E | 37 | 3 | – | 40 | 73 | – | 113 |
| Intangibles | 116 | 62 | – | 178 | 335 | – | 513 |
| Other assets | 62 | 7 | 0 | 69 | 98 | 6 | 172 |
| **Total assets** | **241** | **21** | **45** | **306** | **86** | **416** | **808** |
| Loans and borrowings | 122 | 29 | – | 151 | – | 204 | 356 |
| Other liabilities | 87 | (9) | – | 78 | 86 | (2) | 161 |
| **Total liabilities** | **209** | **21** | **–** | **229** | **86** | **202** | **517** |
| **Net assets** | 32 | – | 45 | 77 | – | 214 | 291 |
| **Net debt** | | | | | | | **355**[2] |

Pro-forma 30 June balance sheet shown for illustrative purposes. Transaction close is expected in Q1 2017

1) Pro-forma for acquisitions and equity raise post 30 June 2016.
2) Net debt adjusted to add back capitalised borrowing costs.
Note: Unaudited management numbers.
Note: Net purchase consideration of USD 420M is net of USD 5M of identified purchase price adjustments, subject to change.
Note: The financial information excludes the impact of purchase price accounting adjustments following the acquisition of CapRock and WINS. Post acquisition a purchase price allocation exercise will be undertaken which may identify amortisable intangibles and impact of future depreciation and amortisation charges. Additionally, the allocation exercise may give rise to material differences in values allocated to the balance sheet line items.
Note: Complete versions of SpeedCast's financial reports for these periods are available from SpeedCast's website, http://www.speedcast.com, or ASX's website www.asx.com.au.

SpeedCast

# Equity raising overview

# Key equity raising details

| | |
|---|---|
| **Offer structure and size** | ▪ Fully underwritten equity raising of approximately AUD 295M via a 2-for-3 Accelerated Renounceable Entitlement Offer (“Entitlement Offer”)<br>- Representing ~95M new shares to be issued (“New Shares”)<br>- Record Date for the Entitlement Offer is 7pm (Sydney time) on Friday 4 November 2016 |
| **Offer pricing** | ▪ AUD 3.10 per New Share representing a:<br>- 13.8% discount to the theoretical ex-rights price (TERP)[1] of AUD 3.60<br>- 21.1% discount to the closing price of AUD 3.93 per share on 1 November 2016 |
| **Institutional Entitlement Offer** | ▪ Institutional Entitlement Offer opens 2 November and closes 3 November 2016<br>▪ Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold in the institutional shortfall bookbuild to be conducted on Thursday 3 November 2016[2] |
| **Retail Entitlement Offer** | ▪ Retail Entitlement Offer opens 9 November and closes on 18 November 2016<br>▪ Entitlements not taken up and entitlements of ineligible retail shareholders will be sold in the retail shortfall bookbuild to be conducted on 23 November 2016[2] |
| **Ranking** | ▪ New shares issued under the Entitlement Offer will rank equally with existing SpeedCast shares |
| **Underwriting** | ▪ Entitlement Offer is fully underwritten |

1) The theoretical ex-rights price is the theoretical price at which SpeedCast shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which SpeedCast shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to SpeedCast' closing price of AUD 3.93 per share on 1 November 2016, being the last trading day prior to the announcement of the Entitlement Offer.
2) These entitlements will be offered for sale in the relevant shortfall bookbuild and any premium (being any amount paid in respect of the sale of the entitlements) will be paid to non-participating and ineligible shareholders, net of any applicable withholding tax.

# Offer timetable

| Event | Date |
|---|---|
| Trading halt and announcement of acquisition and Entitlement Offer | Wednesday, 2 November 2016 |
| Institutional Entitlement Offer opens | Wednesday, 2 November 2016 |
| Institutional Entitlement Offer closes | Thursday, 3 November 2016 |
| Institutional shortfall bookbuild | Thursday, 3 November 2016 |
| SpeedCast Shares recommence trading | Friday, 4 November 2016 |
| Entitlement Offer record date, 7pm Sydney time | Friday, 4 November 2016 |
| Retail Entitlement Offer opens | Wednesday, 9 November 2016 |
| Retail Offer Booklet, Entitlement and Acceptance Forms despatched to Eligible Retail Shareholders | Wednesday, 9 November 2016 |
| Settlement of New Shares issued under the Institutional Entitlement Offer | Thursday, 10 November 2016 |
| Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer | Friday, 11 November 2016 |
| Retail Entitlement Offer closes, 5pm Sydney time | Friday, 18 November 2016 |
| Retail shortfall bookbuild | Wednesday, 23 November 2016 |
| Settlement of New Shares issued under the Retail Entitlement Offer | Monday, 28 November 2016 |
| Allotment of New Shares issued under the Retail Entitlement Offer | Tuesday, 29 November 2016 |
| Normal trading of New Shares issued under the Retail Entitlement Offer | Wednesday, 30 November 2016 |
| Despatch of holding statements and payments (if any) with respect to Retail Entitlement Offer | Wednesday, 30 November 2016 |

SpeedCast

# Conclusion and outlook

# Conclusion and outlook

| | |
|---|---|
| **Group** | ▪ SpeedCast's new global footprint, scale, global network and product offering will enable new revenue opportunities and revenue synergies<br>▪ Competition for satellite communication services is vibrant and customers have many choices; evolving technologies means increased competition from new and varied sources<br>▪ The combination of Harris CapRock capabilities and SpeedCast's customer focused culture will create a strong global and diversified industry leader<br>▪ Expands SpeedCast's channels and product offering to a more global customer base with improved quality and choice, increased R&D, and innovative new services |
| **Maritime** | ▪ The combination of Harris CapRock and WINS cruise businesses creates a strong global leader in that fast growing segment<br>▪ This acquisition of a leading global energy satellite communications provider will strengthen our maritime offering, which is a key growth segment<br>▪ SpeedCast reaches a significant scale that will allow it to better compete in the market<br>▪ We expect our maritime business to continue to be a key growth engine for the Group in 2017 |
| **Energy** | ▪ The energy sector has stabilised and is expected to show improvement through 2017, with the Group very well positioned to benefit from this improvement<br>▪ SpeedCast will benefit from Harris CapRock capabilities in competing against regional players in the Asia-Pacific region which is expected to support growth in market share |
| **EEM** | ▪ EEM will also benefit from Harris CapRock presence in countries that are new for SpeedCast<br>▪ The scale of the Group will enhance competitiveness against smaller players<br>▪ Government business in developed markets is likely to experience growth momentum in 2017 further supported by SpeedCast having announced several key partnerships<br>▪ Cellular backhaul should be a strong growth engine on the back of a good pipeline<br>▪ SpeedCast will further develop its media business |

SpeedCast

# Investor & media contacts

Contacts:

For further information please contact:


**Investors:**

Ian Baldwin

Chief Financial Officer
ian.baldwin@speedcast.com

Tel: +61 432 680 746

**Media:**

Clara So

Marketing Director
clara.so@speedcast.com

Tel: +852 3919 6800


**About SpeedCast Ltd**
SpeedCast International Limited (ASX: SDA) is a leading global satellite communications and network service provider, offering high-quality managed network services in over 90 countries and a global Maritime network serving customers worldwide. With a worldwide network of 40 sales and support offices and 39 teleport operations, SpeedCast has a unique infrastructure to serve the requirements of customers globally. With over 5,000 links on land and at sea supporting mission critical applications, SpeedCast has distinguished itself with a strong operational expertise and a highly efficient support organisation. For more information, visit www.speedcast.com.
Social Media: Twitter | LinkedIn

# Appendix

Key risks and selling restrictions

# Key risks

**KEY BUSINESS RISKS**

| | |
|---|---|
| **The satellite services industry is highly competitive** | The satellite services industry is subject to vigorous competition based on factors including price, service, quality, performance standards and the ability to provide customers with an appropriate range of reliable and tailored services in a timely manner. SpeedCast has both global and local competitors, some of which may be better able to withstand downturns in the market or expand into new and developing markets better than SpeedCast. New entrants may also enter the market. SpeedCast's growth plans may be impacted by difficulties in effectively competing against global and domestic competitors, which could adversely affect its future financial performance and position. |
| **SpeedCast faces competition from a range of communications services and new technologies** | As competing networks expand, satellite communications' competitive advantage in providing connectivity to users outside established networks is reduced.<br>If telecommunications to remote locations become more readily accessible or less expensive than SpeedCast's services, SpeedCast's financial position and performance could be adversely affected. |
| **Consolidation of SpeedCast's industry could change the competitive landscape** | The satellite services industry has recently undergone a period of consolidation and vertical integration. Distributors have been acquired by competitors and it is anticipated that other distributors will be acquired by competitors in future. This could adversely affect SpeedCast's business operations and financial performance by reducing demand for its services from distributors and re-sellers. If SpeedCast fails to respond to the changing competitive landscape it may lose important channels to end-users and face increased competition, which could lead to deterioration in SpeedCast's financial position and performance. |
| **SpeedCast may be affected by macro-economic and geo-political events** | SpeedCast may be affected by changes in macroeconomic conditions or geo-political events. An example of the effect of macroeconomic factors is the impact on SpeedCast's Energy business of the continued weakness in global oil prices. This weakness has led to falling infrastructure and project investment across global energy over the past 2 years and is continuing to hamper growth. While SpeedCast forecasts an improvement in trading conditions, further macroeconomic shifts may occur and may adversely impact SpeedCast's financial performance.<br>SpeedCast may also be negatively impacted by political decisions or disruptions. This risk is heightened as SpeedCast operates in higher risk territories around the world. |

# Key risks (cont'd)

**KEY BUSINESS RISKS**

| | |
|---|---|
| **SpeedCast may lose, or be unable to attract, key personnel** | There is significant competition for key personnel with experience in the satellite services industry and this is expected to increase. The loss of key personnel, and an inability to recruit or retain replacement or additional personnel, may adversely affect SpeedCast's future financial performance. |
| **Competition and price erosion** | SpeedCast financial targets may be compromised by ongoing global reduction in bandwidth costs. This is caused in part by bandwidth oversupply and increased competition from new entrants, primarily aviation players coming into the Maritime sector.<br>This price erosion may also lead to increased competition across SpeedCast's businesses, as including satellite operators in order to move into end customer service provision (in part to offset the impact of price erosion). |
| **Service delivery may experience disruptions or failures** | SpeedCast's business operations and ability to deliver its services to customers may be subject to disruption or failure, which may arise as a result of a wide range of scenarios. Any service interruption suffered by SpeedCast could damage its business reputation and affect its profitability. In the event that a service interruption was prolonged, SpeedCast could lose key customer contracts and could be unable to win new contracts, which would adversely affect its financial position. |
| **Failure to adapt or adequately respond to new technologies** | The satellite services industry is characterised by rapid changes in technology, new evolving standards and frequent new product and service introductions. SpeedCast may not be able to successfully respond to new technological developments and challenges or identify and respond to new market opportunities, services or products offered by its competitors. In addition, SpeedCast's efforts to respond to technological innovations may require significant capital investments and resources. Failure to keep up with future technological changes could harm our business, financial condition and results of operations. |
| **Satellite services providers are subject to strict regulatory and licensing requirements** | The provision of telecommunications services is highly regulated in most of the countries in which SpeedCast operates. SpeedCast is required to obtain approvals from national and local authorities in connection with many of the services that it provides. If SpeedCast fails to obtain all required licences or is otherwise not in compliance with applicable licence conditions or regulations, SpeedCast could face enforcement actions, which could result in, among other things, the imposition of fines, the cancellation of licenses or imposition of additional license terms and conditions, or the refusal to grant regulatory authority necessary for the future provision of services. |

# Key risks (cont'd)

**KEY BUSINESS RISKS**

| | |
|---|---|
| **Country-specific risks in foreign operations** | SpeedCast has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes. This gives rise to risks relating to labour practices, foreign ownership restrictions, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to communications licensing, taxation and foreign investment) and other issues in foreign jurisdictions in which SpeedCast operates (for example, practices of government and regulatory authorities). |
| **Risks relating to acquisitions** | SpeedCast has experienced rapid recent growth through acquisitions that has placed, and may continue to place, significant demands on management, information reporting resources, and financial and internal controls systems. SpeedCast intends to make future acquisitions and the associated risks include identifying acquisition candidates, incurring debt and liabilities, suffering a loss relating to an acquisition, legal restrictions, failure to achieve expected synergies, customers and key employees not being retained after the acquisition and unusual or onerous terms in customer contracts of acquired businesses. Effective management of SpeedCast's growth will require, among other things, continued development and appropriate resourcing of its management information reporting systems and financial and internal controls. |
| **Information technology systems and security arrangements may fail** | Operational or business delays, and damage to reputation, may result from any disruption failure or corruption of SpeedCast's information systems and the systems of its providers and customers. This could lead to operational and business delays and damage to SpeedCast's reputation, and could affect its business and financial position. |
| **Foreign exchange rates** | SpeedCast's financial reports are prepared in United States dollars. However, a substantial proportion of SpeedCast's sales revenue, expenditures and cash flows are generated in various other currencies, including Australian dollars and Euros. Further, as SpeedCast expands its operations it is expected that it will be exposed to additional currencies. Any adverse exchange rate fluctuations or volatility in the currencies in which SpeedCast generates its revenues and cash flows, and incurs its costs, would have an adverse effect on SpeedCast's future financial performance and position. |

# Key risks (cont'd)

**KEY BUSINESS RISKS**

| | |
|---|---|
| **Interest rate risk** | SpeedCast will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. SpeedCast seeks to manage all or part of its exposure to adverse fluctuations in floating interest rates through interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that SpeedCast does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect SpeedCast's results. |
| **Cash flow risk and liquidity** | SpeedCast's ability to service its debt and other obligations depends on the future performance and cash flow of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond its control.<br>Cash flows can vary and SpeedCast's business will continue to be subject to fluctuations, and SpeedCast' business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations. Any inability to secure sufficient debt funding (including to refinance on acceptable terms) or to service its existing and new debt may have a material adverse effect on SpeedCast's financial performance and prospects. |

SpeedCast

# Key risks (cont'd)

KEY ACQUISITION RISKS

| | |
|---|---|
| **Reliance on information provided in due diligence** | SpeedCast has undertaken a due diligence review in respect of the Harris CapRock acquisition. Despite taking reasonable efforts, SpeedCast has not been able to verify the accuracy, reliability or completeness of all the information provided against independent data. There is a risk that information provided by the seller (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to the Harris CapRock business. While SpeedCast has obtained industry standard warranty protection from the sellers, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on SpeedCast in the future. |
| **Integration risk and realisation of synergies** | It is possible that the operational or financial analysis as well as the forecasted estimates undertaken by SpeedCast regarding the acquisition of Harris CapRock are inaccurate or are not realised in due course because of factors within or outside of SpeedCast's control. There is a risk that the realisation of synergies or benefits of the acquisition described in this presentation may not be achieved in a timely manner, at all, or to the extent envisaged, or that the costs or capital expenditure associated with achieving them may be higher than anticipated. |
| **Loss of existing management** | Following completion of the acquisition, the loss of senior management personnel from the Harris CapRock business could have an adverse effect on SpeedCast and the day-to-day running of the newly acquired businesses. This may also extend during the transitional period while SpeedCast integrates Harris CapRock into its group. |
| **Completion risks** | Completion of the acquisition of Harris CapRock is conditional on certain matters, including regulation and competition clearance in certain jurisdictions. If any of the conditions are not met, completion of the Harris CapRock acquisition may be deferred or not occur. If this occurs, SpeedCast will need to consider alternative uses for, or ways to return the proceeds of any subscriptions raised from SpeedCast shareholders under the Offer.<br>Failure to complete the Harris CapRock acquisition and/or any action required to be taken to return capital may have a material adverse effect on SpeedCast's financial performance, financial position and share price.<br>The Harris CapRock acquisition agreement may also be terminated if either SpeedCast, Harris or any their group members become insolvent, there is a material breach of a title or capacity warranty, or a material adverse change occurs in relation to Harris CapRock. In all circumstances, SpeedCast may incur significant costs and be exposed to material liabilities. In the unlikely event that financing becomes unavailable such that SpeedCast is unable to close the transaction, SpeedCast will be liable for a capped termination fee amounting to 10% of the purchase price. As SpeedCast has received equity underwriting and debt financing commitments from its financing sources, the SpeedCast Board consider the risk to be minimal. |

# Key risks (cont'd)

| KEY ACQUISITION RISKS | |
|---|---|
| **Analysis of Harris CapRock acquisition** | SpeedCast has undertaken financial, operational, business and other analysis in respect of Harris CapRock in order to determine its attractiveness to SpeedCast and whether to pursue the Harris CapRock acquisition.<br>It is possible that the analysis undertaken by SpeedCast, and the best estimates and assumptions made by SpeedCast, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology or misinterpretation of economic circumstances). |
| **Debt financing risk** | SpeedCast has entered into syndicated financing arrangements pursuant to which certain banks have agreed to provide additional debt financing to partly fund the acquisition. If certain conditions are not all satisfied or certain events occur, the financiers would have the right to terminate syndicated debt facility. Termination would have an adverse impact on SpeedCast's sources of funding for the acquisition. |
| **Reliance on information provided** | If any of the data or information provided to and relied upon by SpeedCast in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Harris CapRock and the SpeedCast Group may be materially different to the financial position and performance expected by SpeedCast and reflected in this Presentation. |
| **Acquisition accounting** | In accounting for the Harris CapRock acquisition in the pro forma historical combined balance sheet, SpeedCast has used the 30 June 2016 balance sheets provided through the due diligence process. A fair value assessment of the balance sheet has not been performed for the purposes of the pro forma historical combined balance sheet. SpeedCast will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Harris CapRock post-acquisition, which may give rise to different values to those used for the purposes of the pro forma financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the SpeedCast Group's income statement (and a respective increase or decrease in net profit after tax). |

# Key risks (cont'd)

| SHARE AND ENTITLEMENT OFFER RISKS | |
|---|---|
| Risks associated with an investment in New Shares | There are general risks associated with investments in equity capital. The trading price of SpeedCast shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the offer price. Generally applicable factors which may affect the market price of shares include:<br>(i) general movements in Australian and international stock markets;<br>(ii) investor sentiment;<br>(iii) Australian and international economic conditions and outlook,<br>(iv) changes in interest rates and the rate of inflation;<br>(v) changes in government legislation and policies, in particular taxation laws;<br>(vi) announcement of new technologies; and<br>(vii) geo-political instability, including international hostilities and acts of terrorism.<br>No assurances can be given that the New Shares will trade at or above the offer price. None of SpeedCast, its directors or any other person guarantees the market performance of the New Shares.<br>The Australian and global economies continue to experience challenging conditions. Any further deterioration in the Australian or global economies may have an adverse effect on the financial position and performance of SpeedCast.<br>Further, the effect of these conditions on SpeedCast's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in SpeedCast being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse effect on the financial position and performance of SpeedCast.<br>The operational and financial performance and position of SpeedCast may be adversely affected by the worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable. |

# Key risks (cont'd)

| SHARE AND ENTITLEMENT OFFER RISKS | |
|---|---|
| **Underwriting risk** | SpeedCast has entered into an underwriting agreement under which the underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties (the Underwriting Agreement).<br>If certain conditions are not satisfied or certain events occur, the underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Entitlement Offer and SpeedCast's sources of funds for the CapRock acquisition. If the Underwriting Agreement is terminated, SpeedCast will not be entitled to terminate the sale and purchase agreement for the Harris CapRock acquisition. In these circumstances, SpeedCast would need to find alternative funding to meet its contractual obligations. Termination of the Underwriting Agreement could materially adversely affect SpeedCast' business, cash flow, financial condition and results of operations.<br>The underwriters' obligations to underwrite the Entitlement Offer are conditional on certain matters. These matters include that the sale and purchase agreement for the Harris CapRock acquisition has not been terminated, rescinded or varied in any material respect without the underwriters' consent.<br>The Underwriting Agreement sets out various events, the occurrence of which will entitle an underwriter to terminate the Underwriting Agreement, including (but not limited to) if:<br>(i) The sale and purchase agreement for the Harris CapRock acquisition or debt financing agreement in relation to the acquisition is terminated, rescinded, repudiated or amended in a material respect;<br>(ii) SpeedCast is removed from the official list of the ASX or its ordinary shares are suspended from trading or quotation;<br>(iii) there are certain delays in the timetable for the Entitlement Offer without the underwriters' consent;<br>(iv) any of the offer information documents (including this Investor Presentation, the ASX transaction announcement and the cleansing statement) omit certain material required by the Corporations Act, or contain a statement that is misleading or deceptive;<br>(v) SpeedCast fails to perform any of its obligations under the Underwriting Agreement;<br>(vi) SpeedCast contravenes its constitution, the Corporations Act or the Listing Rules; or<br>(vii) SpeedCast's directors commit certain offences.<br>In some cases, the ability of an Underwriter to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the New Shares or the willingness of investors to subscribe for New Shares. |

# Key risks (cont'd)

| SHARE AND ENTITLEMENT OFFER RISKS | |
|---|---|
| **Risk of renouncing retail entitlements under the Entitlement Offer** | If a SpeedCast shareholder is an eligible shareholder, and they do not take up or sell their entitlements under the Entitlement Offer, then their entitlements will be treated as renounced and will be sold on their behalf in the retail bookbuild and any proceeds of sale of their entitlements will be paid to them. However, there is no guarantee that any value will be received for their renounced entitlement through the bookbuild process.<br>The ability to sell New Shares under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions.<br>Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriters, will, if accepted, result in acceptable allocations to clear the entire book.<br>To the maximum extent permitted by law, SpeedCast, the underwriters and their respective related bodies corporate, affiliates or the directors, officers, employees or advisers of any of them, will not be liable, including for negligence, for any failure to procure applications under the bookbuild at a price in excess of the Offer Price.<br>If there is a retail premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail shareholders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.<br>Eligible shareholders should also note that if they do not take up all of their entitlement, then their percentage shareholding in SpeedCast will be diluted by not participating to the full extent in the Entitlement Offer. |
| **Other risks** | The above risks should not be taken as a complete list of the risks associated with an investment in SpeedCast. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of SpeedCast shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by SpeedCast in respect of SpeedCast shares. |

# Selling restrictions

**International Offer Restrictions**

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below:

**European Economic Area – Germany, Luxembourg and Netherlands**

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# Selling restrictions (cont'd)

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Norway**

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

**Singapore**

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# Selling restrictions (cont'd)

**Switzerland**

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

**United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

www.speedcast.com

SpeedCast

*Wherever You Are*

# Thank you