



**speedcast**

# Speedcast AGM

Sydney, Australia

28 April, 2017



THE CRITICAL COMMUNICATIONS COMPANY

**Connectivity | IT Services | Consulting**

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The first Item of business is the **Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2016**

There is no requirement to vote on the financial statements

# Resolution 1

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## Adoption of the 2016 Remuneration Report.

Proxies have been received prior to the meeting representing:

- ▶ 147,958,823 shares **For**;
- ▶ 17,169,888 shares **Against**; and
- ▶ 130,423 **Open**

# Resolution 2

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## Re-election of Mr John Mackay as Director.

Proxies have been received prior to the meeting representing:

- ▶ 173,452,306 shares **For**;
- ▶ 200,282 shares **Against**; and
- ▶ 511,660 shares **Open**

# Resolution 3

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## Re-election of Mr Michael Berk as Director.

Proxies have been received prior to the meeting representing:

- ▶ 104,524,521 shares **For**;
- ▶ 68,148,035 shares **Against**; and
- ▶ 513,660 shares **Open**

# Resolution 4

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## Approval of the Securities to the CEO under the Companies Long Term Incentive Plan

Proxies have been received prior to the meeting representing:

- ▶ 119,462,992 shares **For**;
- ▶ 44,089,714 shares **Against**; and
- ▶ 475,578 **Open**

# Resolution 5

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## Approval of Potential Future Termination Benefits

Proxies have been received prior to the meeting representing:

- ▶ 95,105,985 shares **For**;
- ▶ 56,472,186 shares **Against**; and
- ▶ 469,744 **Open**

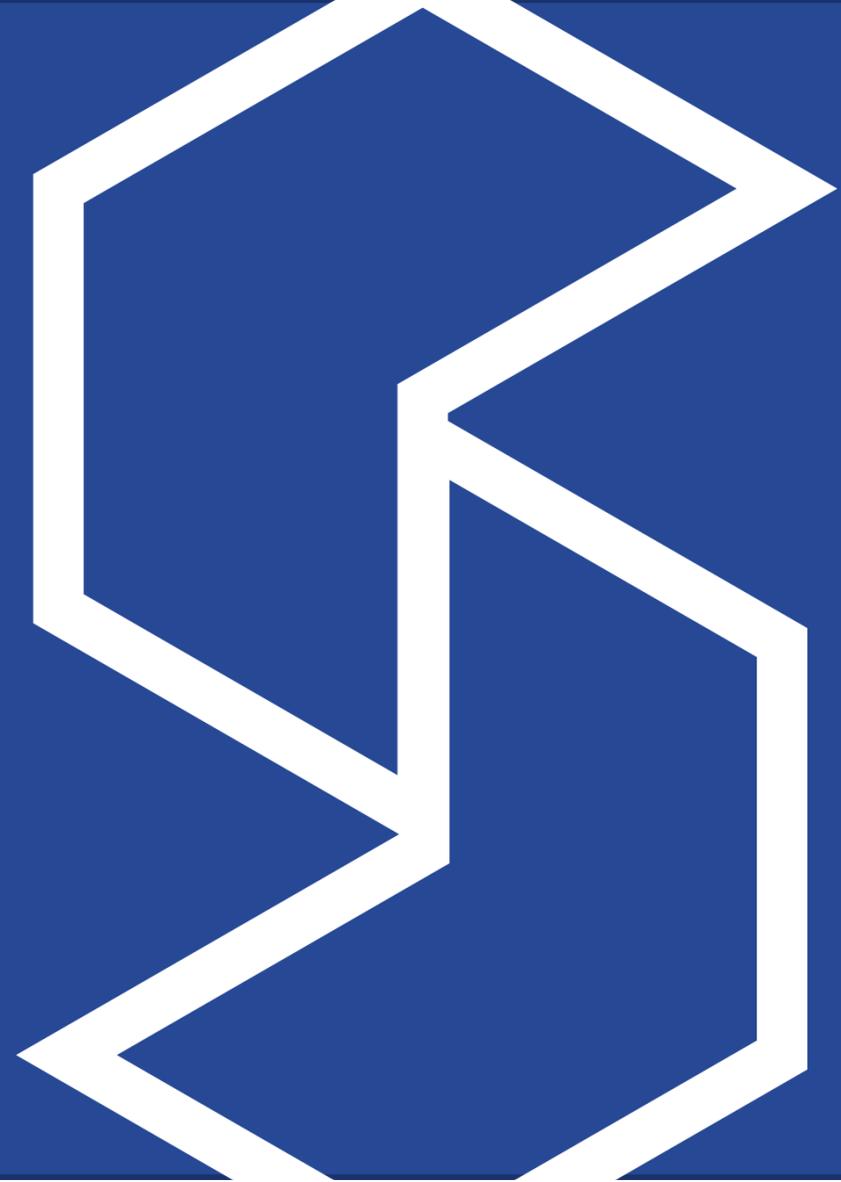
# Speedcast AGM

## CEO presentation

**Pierre-Jean Beylier**

Sydney, Australia

28 April, 2017



# A transformative FY 2016<sup>1</sup>

## Operational

**Transformational acquisition of Harris CapRock (completed 1 Jan 2017)**

**3 additional strategic acquisitions** completed in 2016  
(Newcom, ST Teleport and WINS)

**Market leadership** achieved in the Maritime and Energy markets – well positioned to capture growth opportunities in these two key verticals

**Sustained Growth** despite a difficult operating environment

## Financial

Continued **double digit growth** across key financial metrics with 30% revenue growth

Core **service revenue growth** at 34%

**Growth in core service margins and EBITDA margin** reflecting economies of scale and operational optimization

**EBITDA growth at 42%**  
NPATA of \$19.2M (+30%)  
**NPATA per share growth of 9%**

<sup>1</sup> All comparatives in this presentation are with the corresponding prior period, FY 2015, unless otherwise specified

<sup>2</sup> Includes FX gains of \$1.5M relating to the re-measurement of cash balances at 31 December 2016 used to fund the acquisition of Harris Caprock

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## **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 has more than doubled 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

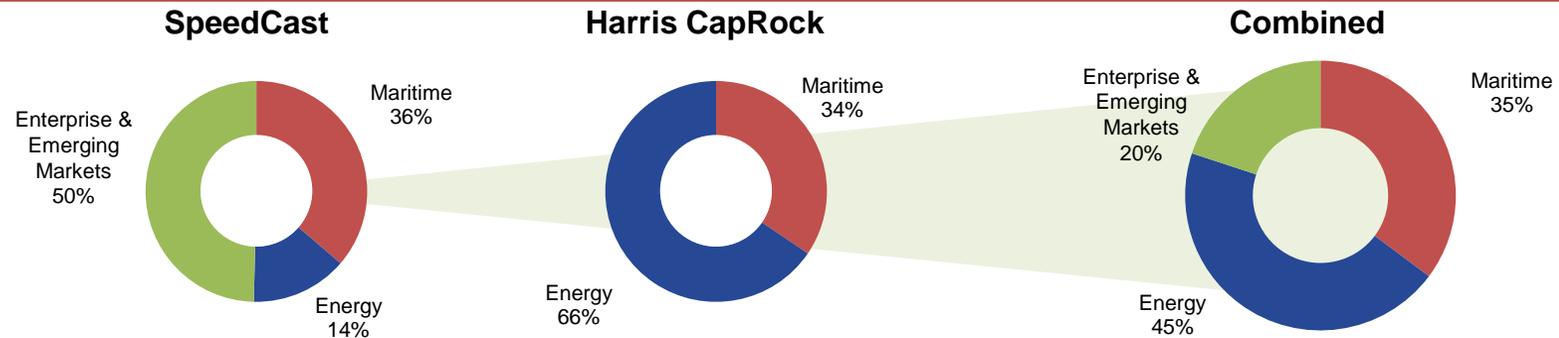
## **Significant operational and economic benefits of scale**

- 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

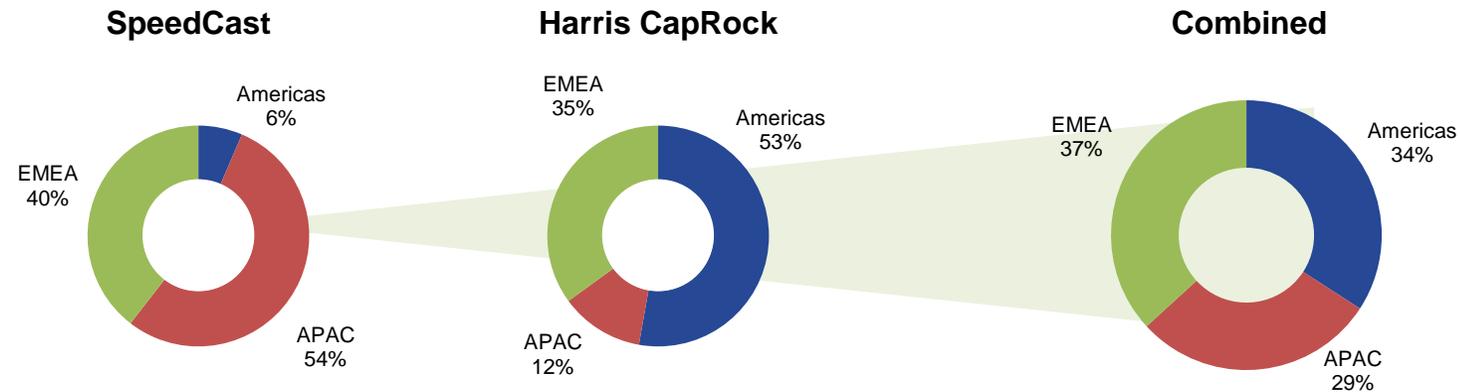
# Creation of a global and diversified leader

Pro-forma earnings mix as at 30 June 2016

## Revenue by segment



## Revenue by geography



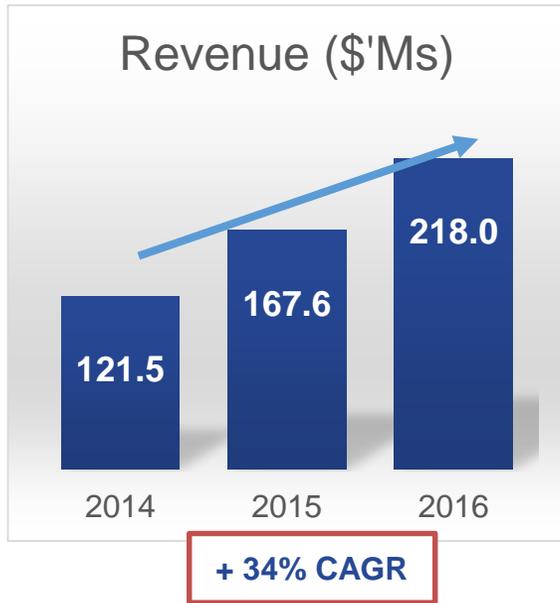
► **Speedcast is the world's most trusted provider of fully managed remote communication network and IT services**

- > Industry leader: extensive worldwide footprint of local support, infrastructure and coverage coupled with world-class technology and a strong safety culture
- > Innovator: able to design, integrate, secure and optimize networks tailored to customer needs
- > Customer focused: with technology agnostic solutions and support designed to meet the needs of each unique customer installation
- > Highly Skilled People make the difference in the services Speedcast provides
- > Creating value for our customers beyond connectivity to meet evolving customer needs

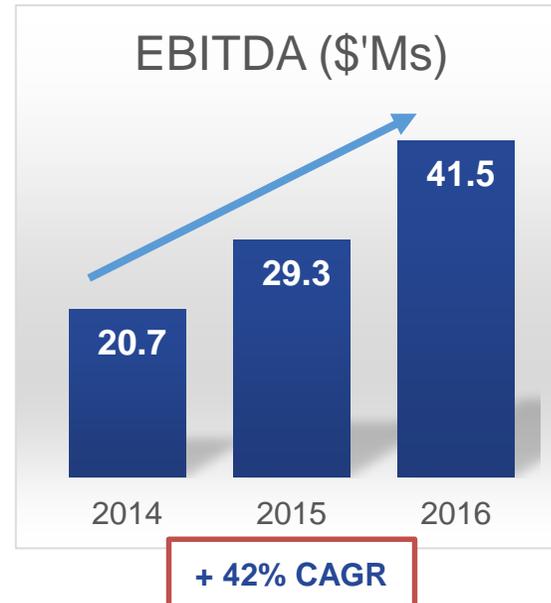


# History of growth

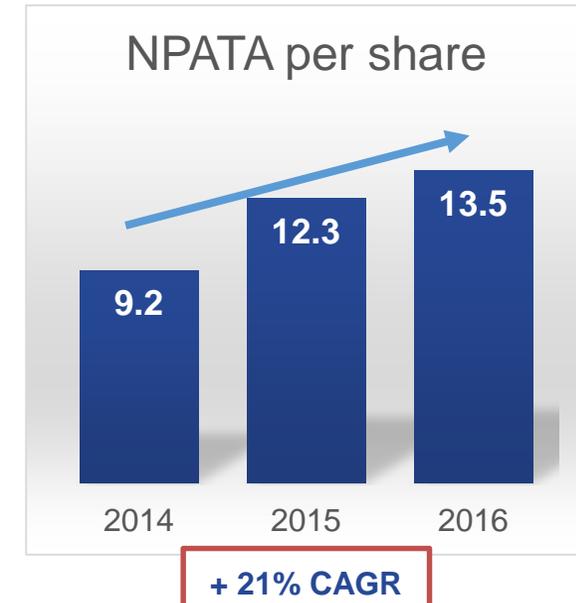
## Since IPO.....



- ▶ Growth in revenues from dual strategy of combining organic and acquisitive growth



- ▶ EBITDA growth > Revenue
- ▶ Scale and operating leverage driving EBITDA margin % expansion, despite initial dilution of acquisitions on margins
- ▶ Realisation of acquisition synergies



- ▶ EPS growth underpinned by a combination of
  - > Organic growth in the business
  - > EBITDA margin expansion
  - > Accretive acquisitions

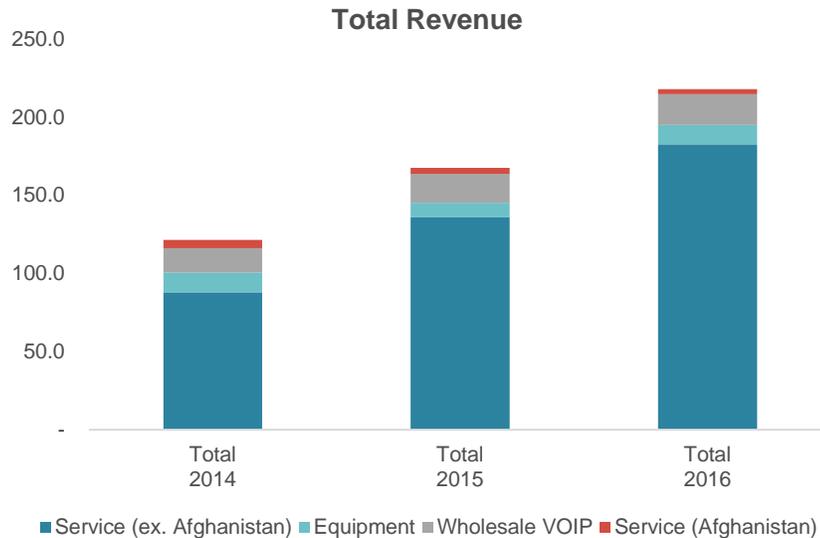
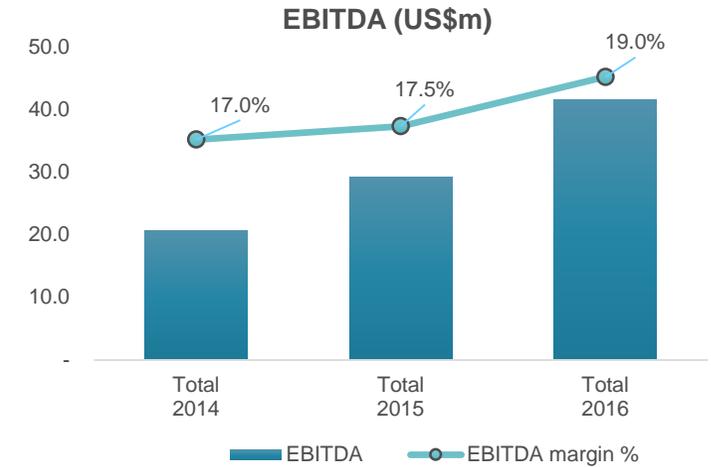
# 2016 Financial Highlights - sustained growth

**Group Revenue**  
US\$218.0m **↑ 30%**

**Service Revenue<sup>1</sup>**  
US\$182.7m **↑ 34%**

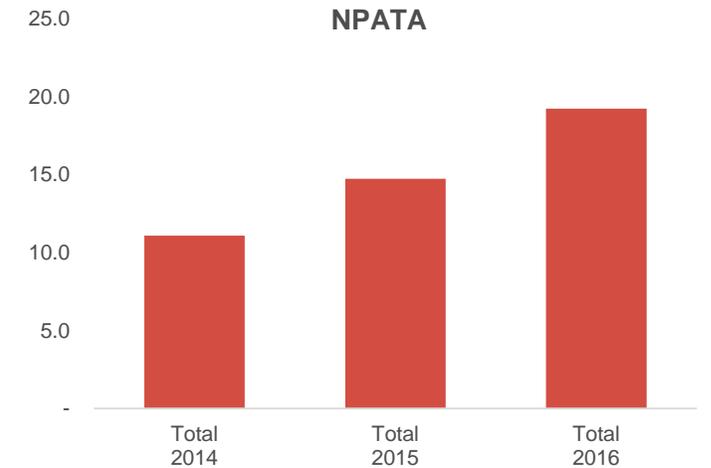
**EBITDA<sup>2</sup>**  
US\$41.5m **↑ 42%**

**EBITDA Margin<sup>2</sup>**  
**↑ 150 bps**



**NPATA<sup>2</sup>**  
US\$19.2m **↑ 30%**

**NPATA per Share<sup>2</sup>**  
13.5 cps **↑ 9%**



<sup>1</sup> Service Revenue excludes Afghanistan. <sup>2</sup> Underlying. Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

# Our Integration program: 15 work streams

- 1 Sales
- 2 Products
- 3 Marketing
- 4 Organization
- 5 HR
- 6 Internal Communication
- 7 Real Estate
- 8 Network Operations & Engineering
- 9 Service Management
- 10 Service Implementation
- 11 Field Engineering
- 12 IT
- 13 Finance
- 14 Legal
- 15 Supply Chain

**Project charters have been developed for each work stream** – containing the objectives, priorities, guidelines, anticipated benefits, team members, high level planning with key activities, timelines and milestones, risks & mitigants

Across the work streams, there are **102 roles of which 54 are taken by legacy Speedcast and 48 by legacy Harris CapRock employees**, resulting in the **right balance of the legacy organizations and cultures in the integration program**

## ▶ **2017 Cost synergies (\$15M Target)**

- > Labour - 120 employees exiting. Various departure dates through first half 2017
- > Transition Service Agreements (TSA) with Harris Corporation
  - Finance migrations commenced in Q1, full transition expected to be complete in Q3 2017
  - IT transitions ahead of schedule and progressively occurring throughout 1H 2017, except ERP IT system. ERP transition process underway and scheduled to migrate in 2H 2017
- > Network consolidation activities in progress; Majority of cost savings expected to be in 2H 2017 & early 2018
- > \$11M of \$15M target cost savings for 2017 now secured; detailed plans in place to deliver remaining \$4M

## ▶ **2018 Cost synergies (\$24M Target)**

- > Full year benefit of 2017 synergies exit run-rate will deliver large proportion of \$24M target
- > Additional savings from Network consolidation activities in 2018
- > Potential additional savings above the \$24m target have been identified

## ▶ **Revenue synergies starting to materialise**

- > Low hanging early stage sale synergies being realised
- > Will support delivery of organic growth in 2018+

# Our Culture & values drives our performance

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**C**

customer  
focused

**A**

agile &  
responsive

**S**

success through  
people & safety

**T**

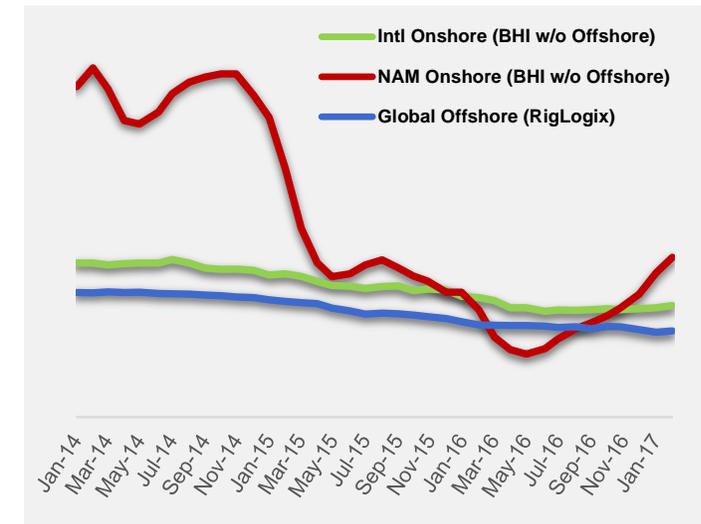
team  
spirit

# Rebranding – new logo, new campaign



# Business update - Energy

- ▶ Rig count up in North America, translating into bandwidth orders and additional managed services
- ▶ Increase in demand for bandwidth among existing customers as activity picks up
- ▶ Customers are again discussing projects and capex and requesting proposals - significant increase in Sales Engineering activity
- ▶ Systems integration wins and pipeline growing - momentum building
- ▶ Positive feedback from our customers on Harris CapRock/Speedcast combination
- ▶ 100% Renewal rate for Q1 2017 - price pressure on long term contract renewals, partially offset by a wider scope of services provided. Bandwidth growth expected to kick in as the sector recovers.
- ▶ Revenues levelling out - 3 months of consistent revenues in Q1
- ▶ Energy customers transformed to operate with less staff, leading to outsourcing opportunities in professional services
- ▶ Some competitors in turmoil



Offshore Rigs: Marketed Active Rigs (Drillships; Jack-ups, Submersibles, Semisubs, Platform rigs) Source - RigLogix  
Onshore Rigs: Source - Baker Hughes (BHI)

- ▶ **Maritime continues to be a growth engine for Speedcast**
- ▶ **Cruise customers adding bandwidth to improve customer experience - additional vessels being built will also contribute to future growth**
- ▶ **Merchant maritime presents an increasing opportunity for upgrade from L-band to VSAT broadband connectivity**
- ▶ **Offshore service vessels expected to remain soft through 2017**
- ▶ **Pressure on price amidst satellite capacity oversupply, but we expect bandwidth growth to outweigh unit price decline**



# Trading update - Enterprise & Emerging Markets | 22

## ▶ Cellular Backhaul

- > 3 x major contract wins in Q1.
- > Large pipeline of opportunities, particularly in Latin America, Africa and Central Asia

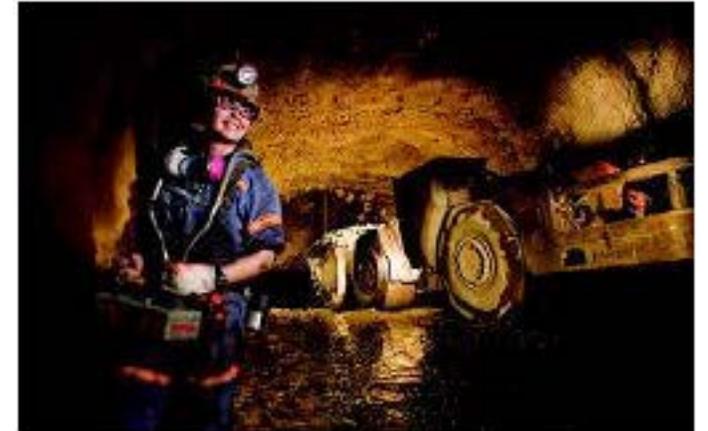
## ▶ Government

- > Pipeline activity beginning to grow as government activity increases
- > First win from our partnership with Airbus Defence & Space
- > Renewals of key government contracts

## ▶ Growth momentum in Latin America

- > Leveraging the Group's scale and capabilities to win market share against smaller regional players

## ▶ Speedcast exploring revenue opportunities in emerging markets for the group: media, aviation



# Conclusion and Outlook

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- ▶ **Strong growth in 2016 across all key financial metrics**
- ▶ **Pipeline strengthening as energy and government verticals are bottoming out**
- ▶ **Increasing demand for connectivity will underpin long-term growth, supported by technology developments and satellite capacity availability**
- ▶ **Acquisition of Harris Caprock has positioned Speedcast as the global leader in remote communications and IT services with unique scale and capabilities, at a time when some of our key competitors are facing significant challenges**
- ▶ **Integration activities progressing well. On track to deliver \$15M of cost synergies in 2017; and at least \$24M in 2018**
- ▶ **Current 2017 EBITDA market consensus is in line with management's expectations**

# Well positioned for long term growth

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- ▶ **Competitive advantages to gain market share**

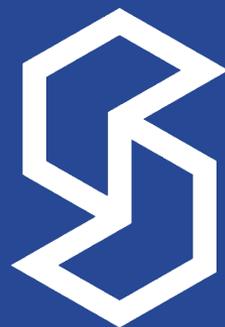
- > Scale
- > Unique capabilities and experience
- > Strong culture
- > Reputation and track record
- > Great customer base

- ▶ **Leadership positions in key growth markets**

- > Energy sector expected to recover
- > Cruise to lead maritime growth
- > Government spending expected to rise in key developed markets

- ▶ **Innovation to lead to new revenue opportunities**

- ▶ **Expertise to expand our offering into non-connectivity services**



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