

Speedcast

The Critical Communications Company

Macquarie Conference
May 1, 2019



Disclaimers

This presentation has been prepared by Speedcast International Limited ("Speedcast"). By accessing or attending this presentation you acknowledge that you have read and understood the following statements.

The information in this presentation does not constitute financial product advice (nor investment, tax, accounting or legal advice) and does not take account of your individual investment objectives, including the merits and risks involved in an investment in shares in Speedcast, or your financial situation, taxation position or particular needs. You must not act on the basis of any matter contained in this presentation, but must make your own independent assessment, investigations and analysis of Speedcast and obtain any professional advice you require before making an investment decision based on your investment objectives.

The financial information includes non-GAAP, non-A-IFRS measures such as underlying EBITDA, which has been included because Management believes it provides users with additional relevant information.

All values are in US dollars (USD \$) unless otherwise stated.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation contains certain "forward looking statements". Forward looking statements include those containing words such as: "anticipate", "estimate", "should", "will", "expect", "plan", "could", "may", "intends", "guidance", "project", "forecast", "likely" and other similar expressions. Any forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Speedcast. In particular, this presentation contains forward looking statements that are subject to risk factors associated with the service provider industry. These statements may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, and political risks, project delay or advancement approvals and cost estimates. Such forward looking statements only speak as to the date of this presentation and Speedcast assumes no obligation to update such information except as required by law.

Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results may differ materially from those expressed or implied in such statements because events and actual circumstances may not occur as forecast and these differences may be material.

Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law or regulation, Speedcast assumes no obligation to update these forward looking statements. To the maximum extent permitted by law, Speedcast and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

Introduction: Clive Cuthell, CFO



Clive Cuthell *Chief Financial Officer*

- Appointed as Chief Financial Officer - April 2018
- Previously Global CFO of Nuplex Industries, global manufacturer and distributor of resins with over 1,700 employees
- Prior to Nuplex Industries, spent five years at global cement major, Holcim.
- Over 25 years of experience in finance with extensive expertise in M&A, integrations and change management
- Clive graduated from Heriot Watt University, Edinburgh and is a member of both The Institute of Chartered Accountants of Scotland and Chartered Accountants Australia & New Zealand

Agenda

- 01 Speedcast Overview
- 02 Full Year 2018 Highlights
- 03 Outlook



Speedcast Overview

A new standard for remote communications and IT solutions



**Deep commitment
to customers**

**A highly reliable and
global network of
networks**

**Tailored, flexible
and innovative
solutions**

**Industry-leading
expertise**

Speedcast Atlas™:

The new standard for remote communication

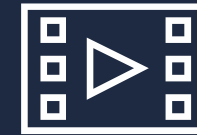
Customer Experience Management



Connectivity



Network Management



Applications & Solutions

Professional Services

Market segments we serve – our four divisions



Maritime

- Commercial Shipping
- Cruise
- Ferries
- Yachting
- Fishing

Enterprise & Emerging Markets (EEM)

- ISP
- Telco
- NGO/ Civil Gov
- Broadcast & Media
- Mining

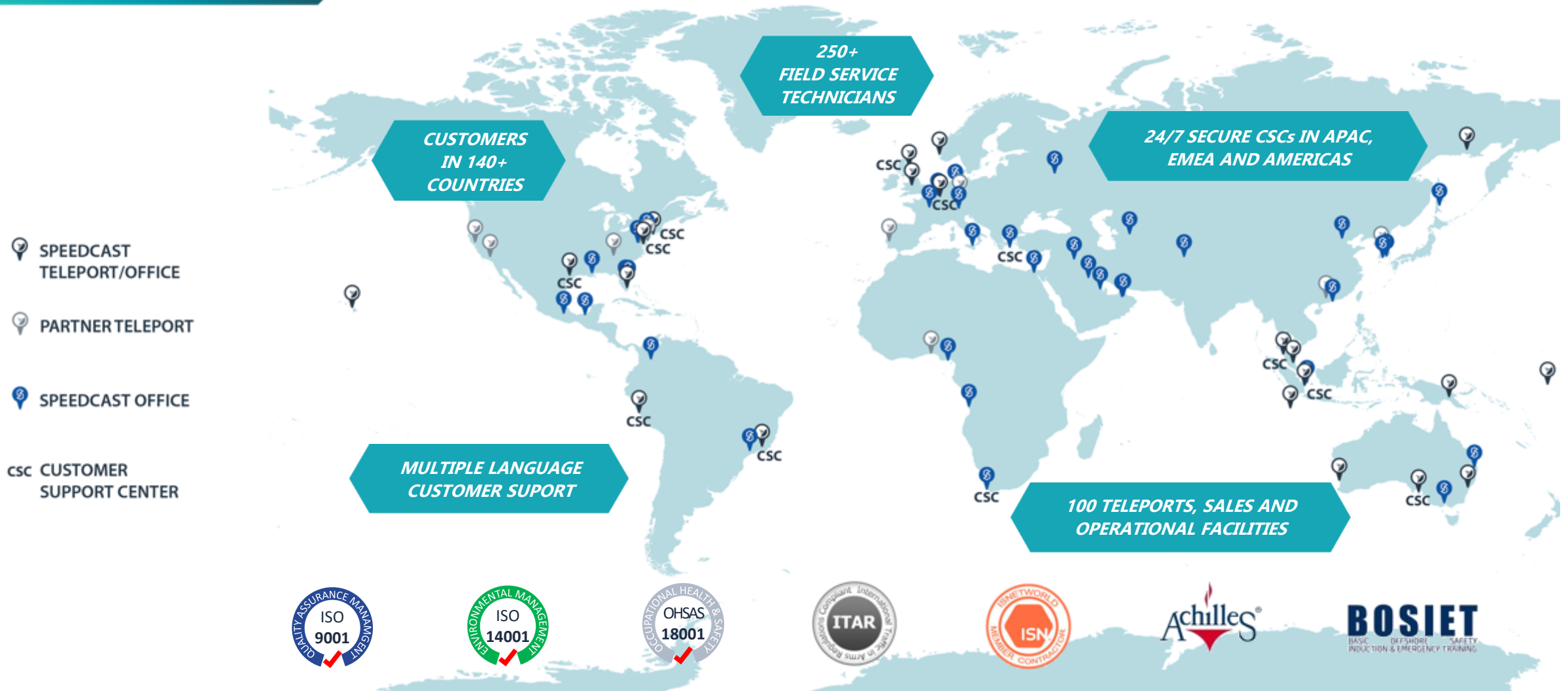
Government

- US Government
- Global Government
- IGO
- Military & Defense
- Navy / Coast Guard
- Land / Sea / Air

Energy

- O&G Offshore
- O&G Onshore
- Pipelines
- Oil Platforms
- OSV, FPSO, etc
- Renewable Energy

Industry-leading support and expertise





Connectivity Across A Global Network of Networks

CELLULAR

4G/LTE & 3G/GSM

VSAT

GLOBAL

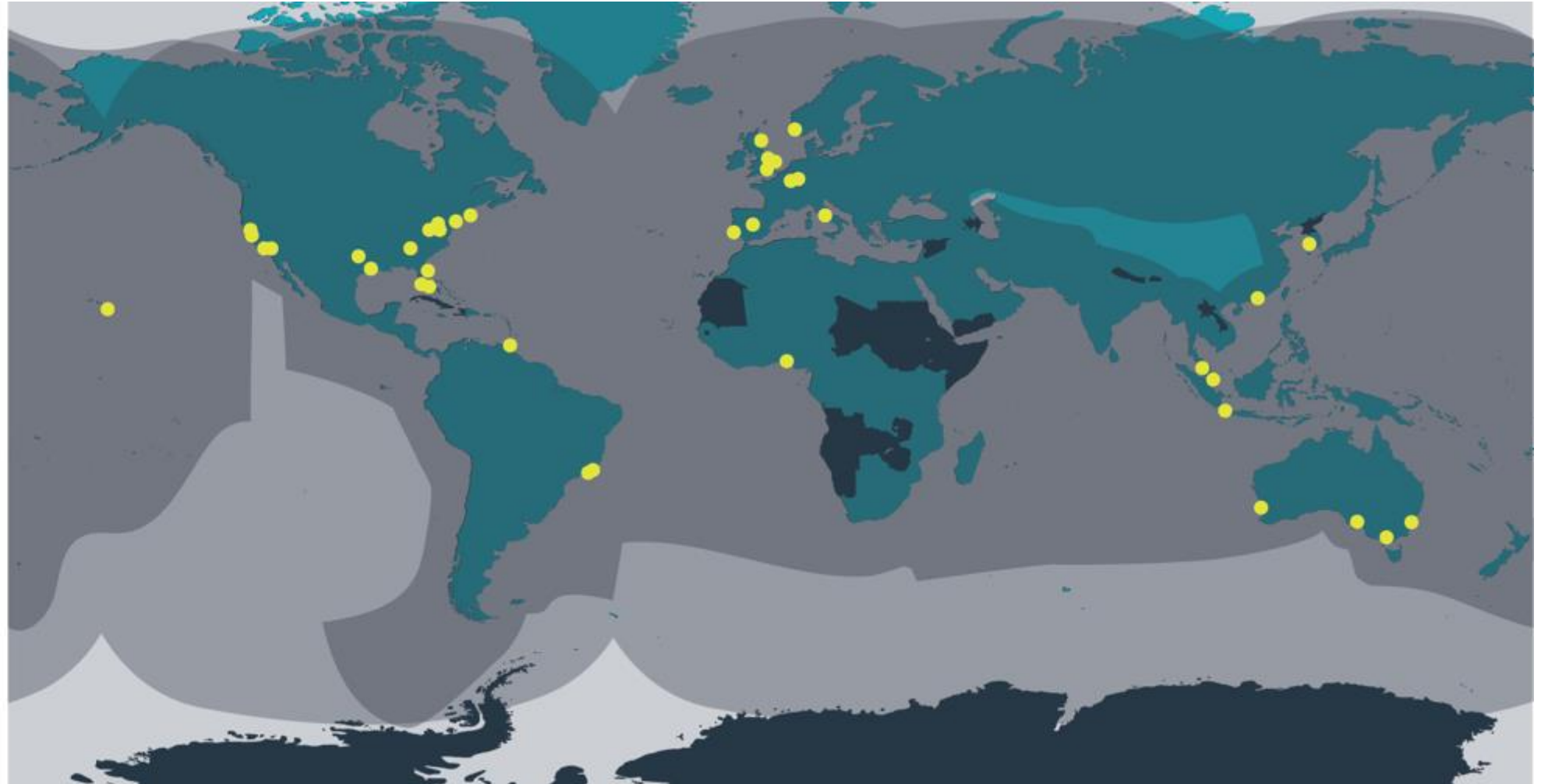
MSS BACKUP SERVICES

INMARSAT BACKUP SERVICES

IRIDIUM BACKUP SERVICES

TERRESTRIAL

CORE NETWORK PoP



ASIASAT

eutelsat

INTELSAT

SES[^]

inmarsat

APSTAR

JSAT

RSCC

Telesat

Our industry is undergoing a major transformation



Our values at the heart of our success

C A S T

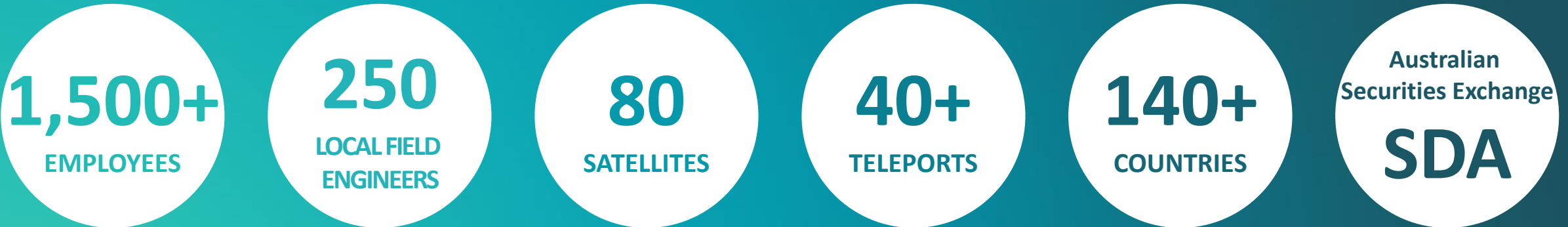
**CUSTOMER
FOCUSED**

**AGILE &
RESPONSIVE**

**SUCCESS THROUGH
PEOPLE & SAFETY**

**TEAM
SPIRIT**

Speedcast Facts and Figures

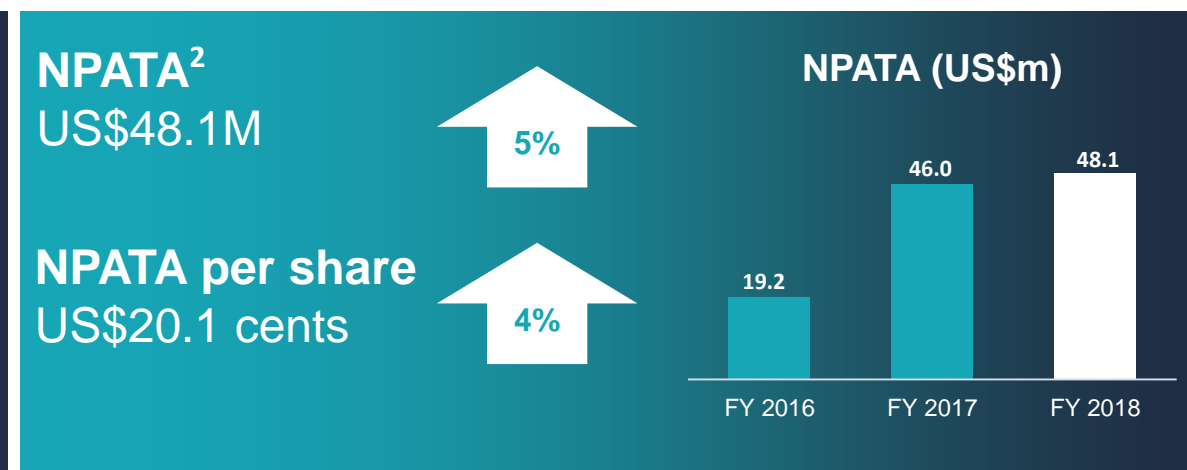
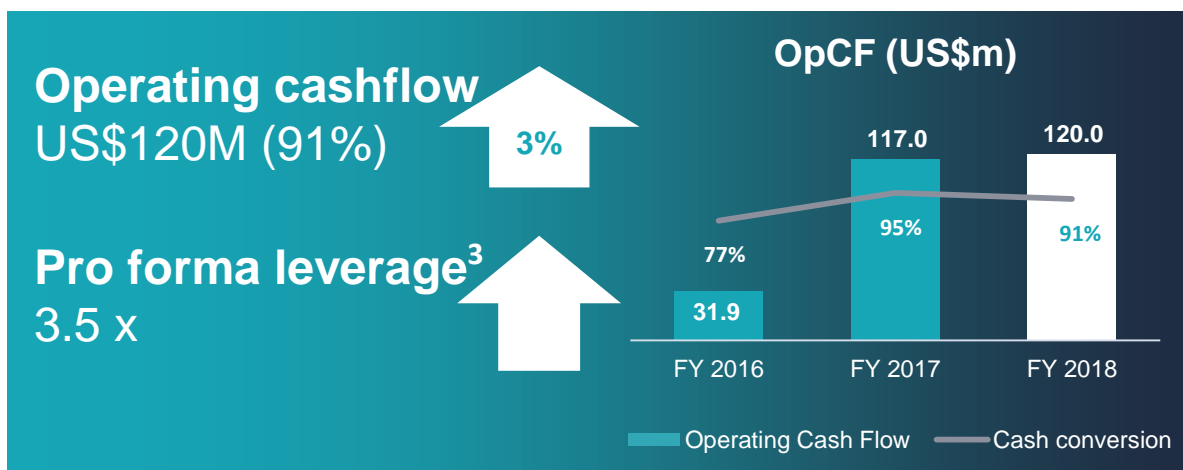
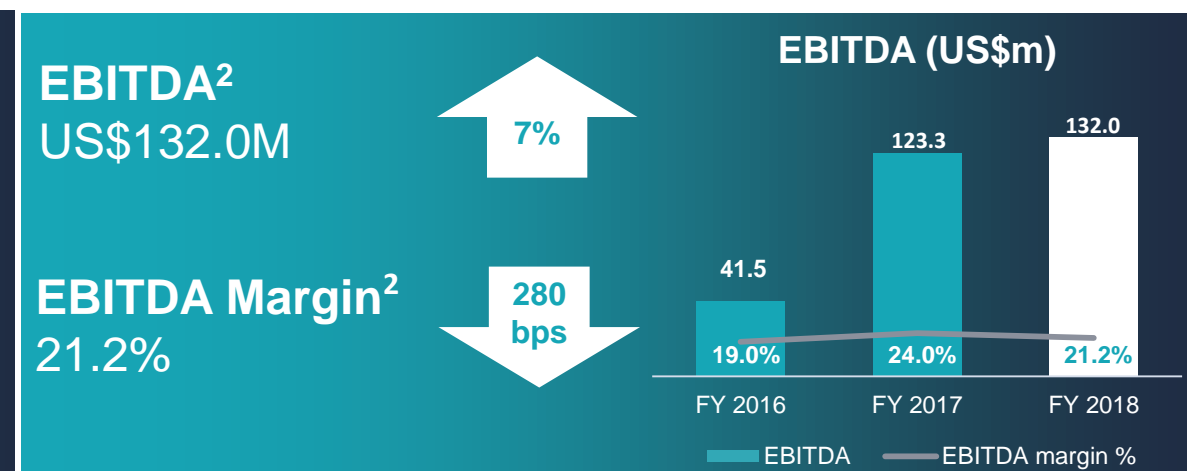
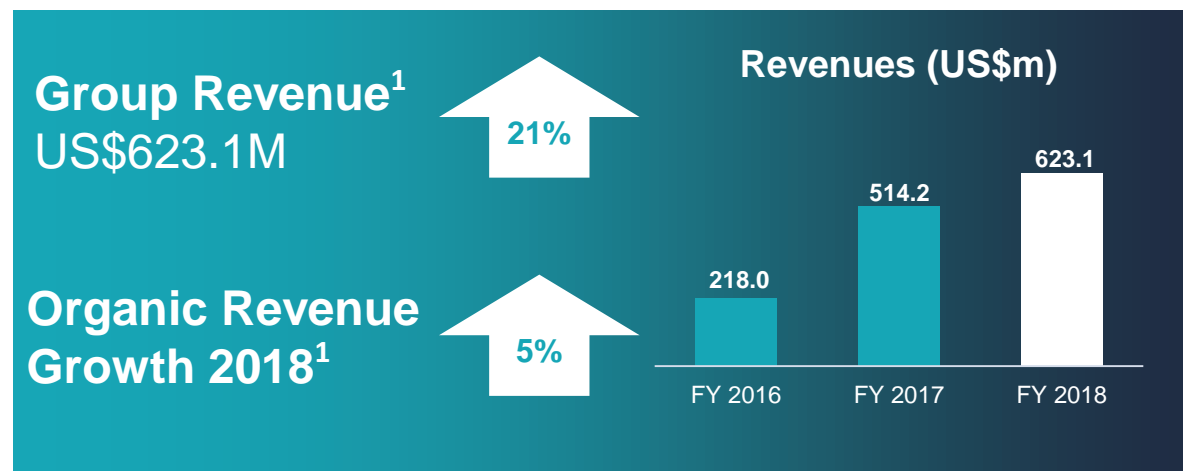


Speedcast Evolution



Full Year 2018 Results

2018 Financial Snapshot



¹ Includes \$7.2m revenue from Globecomm and \$0.7m from InAria. Organic revenue growth calculated pro forma 2017 acquisition of UltiSat and excluding 2018 acquisitions

² 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. 2017 results are restated for AASB9

³ 2018 Net Debt/EBITDA calculated based on LTM December 2018 Consolidated EBITDA including the pro forma impact of Globecomm EBITDA and identified cost synergies (acquired 14 December 2018)

Diverse platform with three divisions growing but significant drag from Energy result

Revenue year ended 31 Dec (USD \$m)

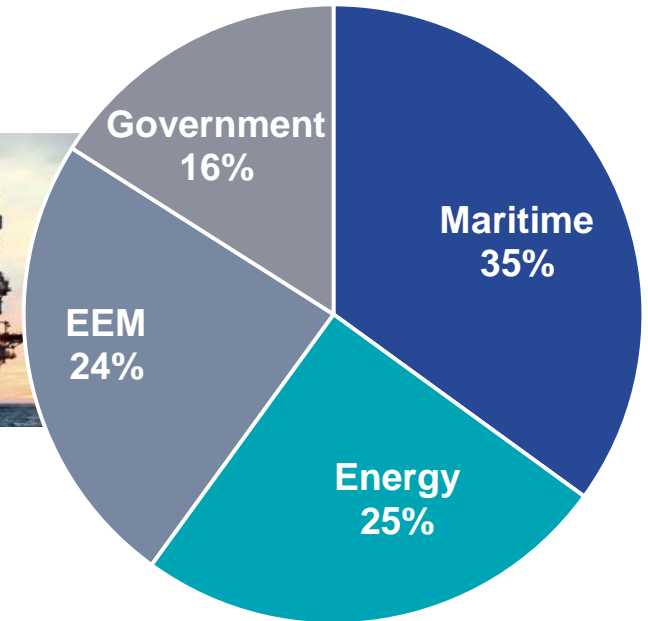
Total

% var. to CY2017

\$623m

+21.2%

Revenue % by Division



Maritime

220¹

*+9.7% vs
CY2017*

EEM

148¹

*+26.8% vs
CY2017*

Government

97¹

*+16.0%² vs
CY2017*

Energy

158¹

*(13.6)%¹ vs
CY2017*

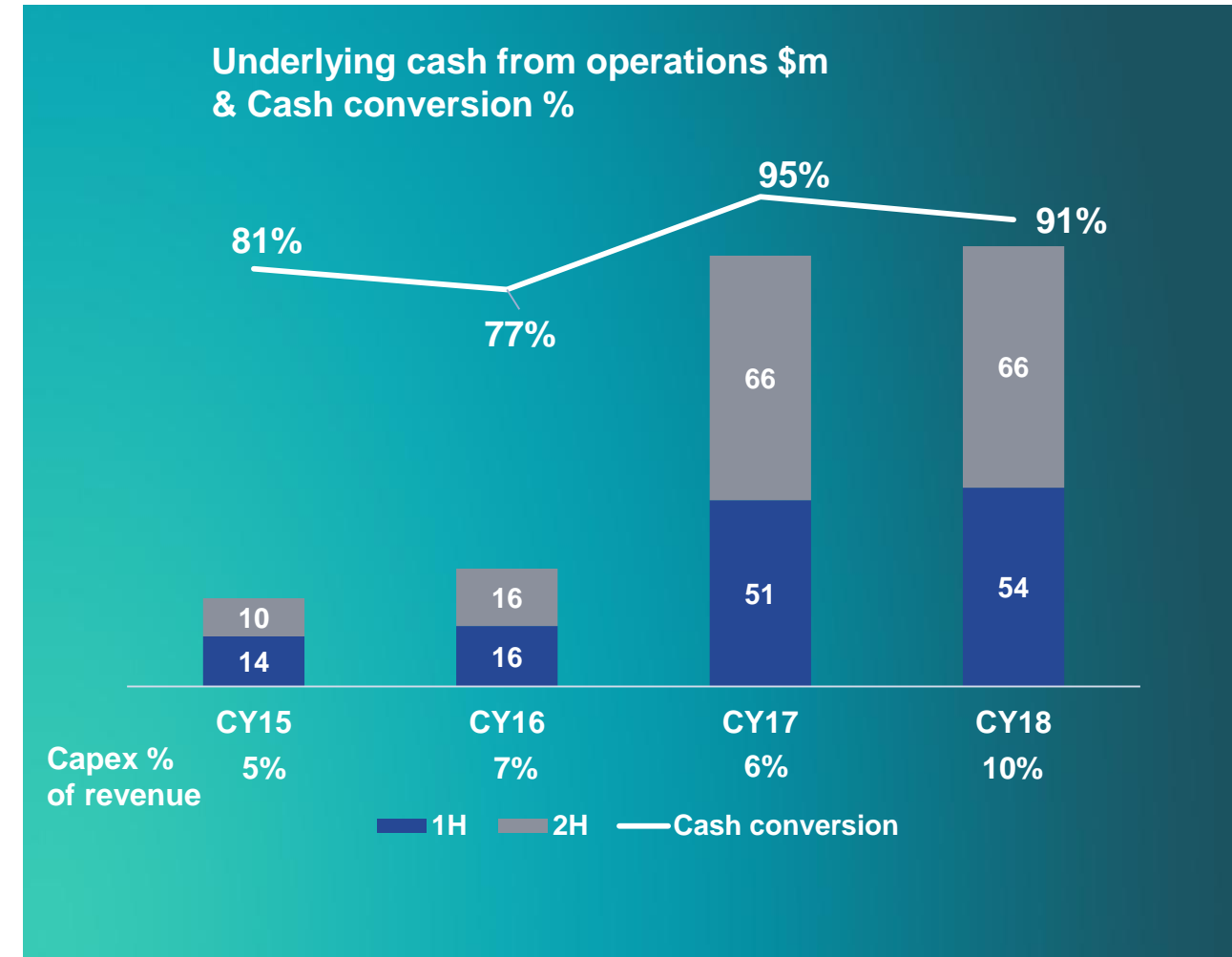
*Delay in Energy market recovery, in
particular in deepwater offshore activity*

1. \$7.9m revenue from Globecomms & InAria! split: Maritime \$1.5m, EEM \$2.6m, Energy \$0.2m, Government \$3.6m
2. Percentage variance to CY2017 including UltiSat revenue for the full twelve months of CY2017

High cash conversion used to fund future growth

- **Strong cash conversion¹ at 91%**
- **Operating cash flows \$68m, down \$11m due to:**
 - Temporary working capital investment in NBN ~\$10m
 - Higher finance costs from Ultisat and Globecomm acquisitions
- **2018 total capex at 10% of revenue higher than historical levels due to:**
 - Growth Investment towards stronger organic revenue growth– \$39m primarily Maritime & Energy
 - Corporate platform Investment - \$8m mostly in IT systems
 - Maintenance - \$7m (1.1% of Revenue)
 - Classification changes - \$6m from accounting standard AASB15

1. Cash conversion represents Underlying Cash Generated in Operations (cash generated in operations adjusted for restructuring and integration) divided by Underlying EBITDA.

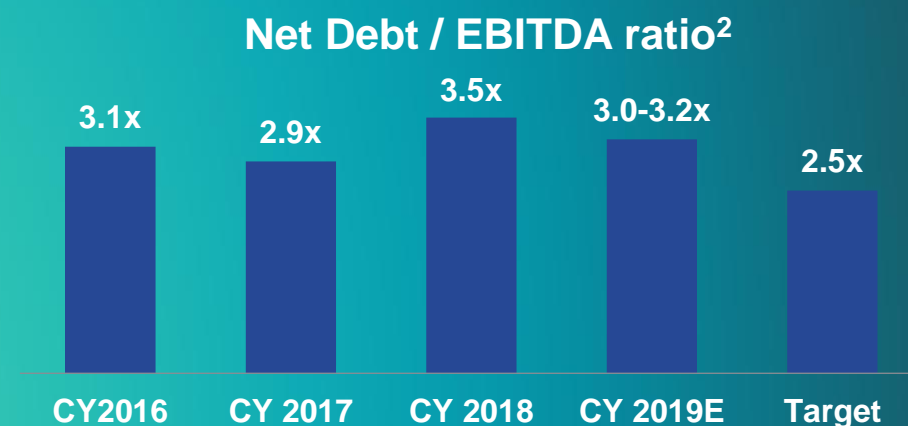
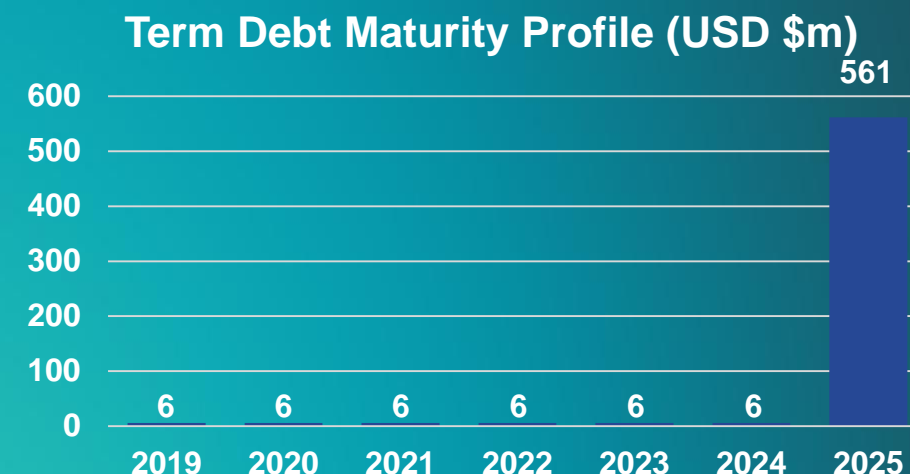


Strong focus on and clear path to deleveraging

- **Net Debt at Dec 2018 \$581m, up from \$388m in 2017**
 - Globecomm acquisition and incremental debt
 - Capex \$60m
 - UltiSat outperformance earnout \$20m
- **Covenant-lite loan facilities**
- Liquidity discipline
- **Interest cover¹ > 3.5x:**
- **Aim to de-lever to ~3.0-3.2x by end of 2019**
- 2019 dividend may be adjusted in consideration of deleveraging priority

1. Underlying EBITDA/net cash interest. Note that this is not a covenant.

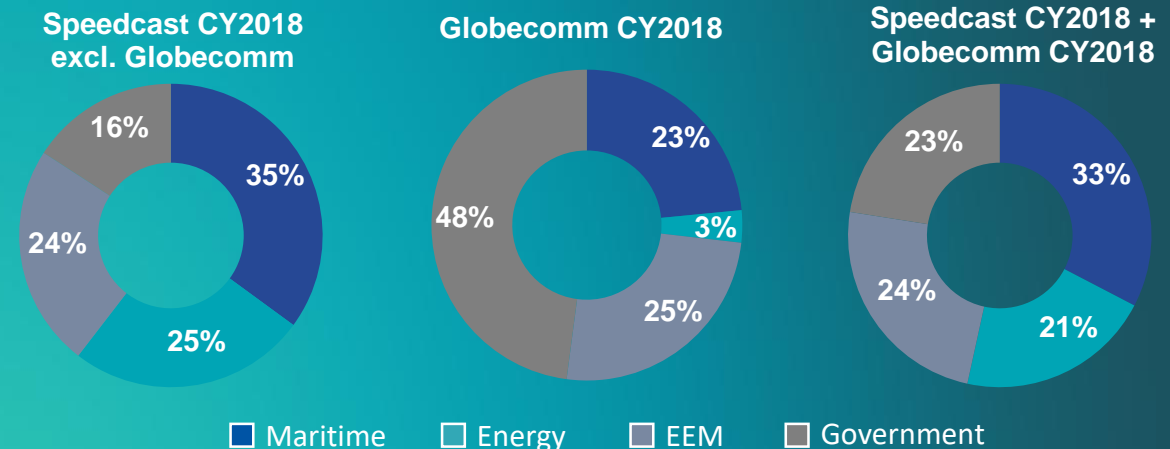
2. 2018 Net Debt/EBITDA calculated based on LTM December 2018 Consolidated EBITDA including the Pro Forma impact of Globecomm EBITDA and identified cost synergies (acquired on 14 December 2018)



Globecomm acquisition adds scale & capabilities in high growth market segments

- **Completed 14 Dec 2018** for net consideration of \$134m - < 4.0x EV/EBITDA (post synergies)
- CY2018 results inline with expectations
 - **Revenue \$162m**
 - **Underlying EBITDA \$15m**
 - Depreciation \$9m
- **\$175m incremental debt** raised to fund acquisition and partly repay the Revolving Credit Facility
- **~\$18-\$20m annual cost synergies** identified to be achieved by 2020
- Accretive to Underlying NPATA/share in 2019

Revenue Split by Division



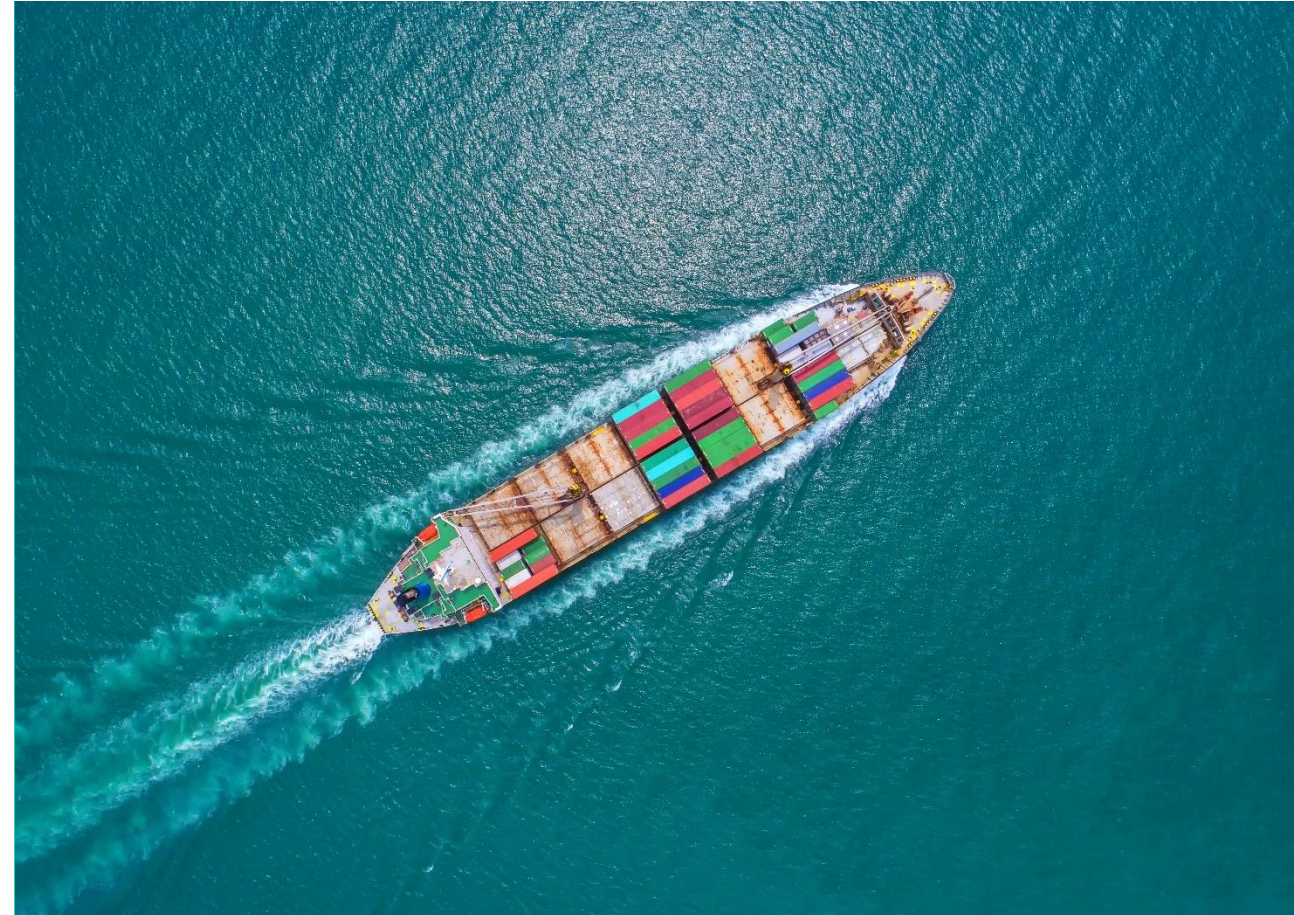
Cost Synergy Update

Updated identified annual cost synergies	Cost synergies implemented to date	Expected realised cost synergies in 2019
~\$18-20m	~\$8m	~\$10-12m

2019 Outlook

Maritime: continued organic growth in our largest division

- **Mid to high single digit organic revenue growth expected in 2019**
- **Commercial Shipping**
 - Backlog of >520 VSAT vessels at 31 Dec 2018
 - Large contract with satellite operator to which Speedcast was providing Ku-band services will create \$6m revenue churn as services will be discontinued
- **Cruise & Ferry**
 - Medium-term organic growth from much higher bandwidth for both guests and crew, and digital transformation projects
 - 36 new ships won during 2018, 28 already activated to underpin growth in 2019
 - Carnival renewed for 3 years in Dec 2018. Roll out underway but slower than originally expected and lower equipment sales in 1H2019



Energy: positive outlook for 2019 with specific tailwinds

- **Mid to high single-digit growth** expected in 2019, accelerating in 2020
- **Positive net activations in 2019** continuing 2H18 trend, including reduced revenue churn
- **Tailwind from transition of Noble fleet** in 2018 continuing in 2019
- **Stronger and more diversified pipeline** across various segments (onshore, offshore, LNG) and a wider offering of new services (IT services, crew wifi...)
- **Systems integration revenue expected to more than double in 2019** to \$10m on the back of new large production projects
- Outlook for Energy sector and deepwater investment **strengthening confidence in 2020 and beyond**



EEM: service revenue growth offset by NBN phase 2 decline in 2019

- **Overall low double-digit revenue decline** expected in 2019 due to the transition into Phase 2 of the NBN project which will result in a revenue decrease of \$20-25m, and will not be fully offset by service revenue growth
- Several large projects implemented in Dec 2018
- Contracted backlog expected to offset 2018 service revenue churn by the end of 2019 due to delays to implementation in 1H2019
- **More limited churn expected in 2019** with less significant renewals
- **Scale and capabilities advantage** expected to result in market share gains
- **Globecomm media and telco business** performing as expected in 2019 and represent key growth opportunities for future years



Government: strong organic growth to continue

- **Organic growth expected to continue in 2019**, consistent with US Government satcom market, albeit slower than in 2018
- **Stronger market position** following Globecom acquisition, closed in Dec 2018
- **Revenue synergies with Globecom** to contribute to growth over the next three years through cross-selling and increased win rates
- More aggressive push into Global Government, in step with growing defense budgets of NATO coalition partners
- **Important wins in late 2018 and early 2019** validate the significant growth opportunity for Speedcast in the Government segment



Stronger service revenue growth and cash generation in 2019

- Expecting to deliver moderate organic revenue growth for the full year despite the negative 2019 impact of the NBN contract
- EBITDA expected to be in the range of ~\$160-\$171m, skewed toward 2H2019
- Temporary 2019 EBITDA margin dilution due primarily to Globecom, expected to improve over time with cost synergy realisation & Energy growth
- Globecom integration progressing well, including synergy realisation for 2019
- Cash flow generation to increase in 2019, including NBN cash realisation
- Capex expected to be ~\$50-\$60m in 2019
- Deleveraging is a priority, with net leverage expected to be 3.0-3.2x by the end of 2019 on a like for like basis
- 2019 dividend may be adjusted in consideration of deleveraging priority

Q&A

