

FOR IMMEDIATE RELEASE

Chairman's Letter to Shareholders

SYDNEY, Australia, July 17, 2019 - [Speedcast International Limited](#) (ASX: SDA)

Dear Shareholder,

Following what has been a difficult couple of weeks for Speedcast, I thank you for the extensive feedback we have received and the support you continue to provide to the Company. Together with the management team, we are committed to delivering on the Company's potential and the opportunities we see ahead to grow shareholder value.

Your Board is disappointed by the Company's 2019 first half performance. Our December 2018 acquisition of Globecom was a good strategic opportunity but has proved to be challenging, and time-consuming. Globecom has experienced a decline in their maritime business and delays to material Government projects in the pipeline. Globecom was on a declining trajectory when we acquired the company and our efforts have been centred around integrating it as quickly as possible in order to stabilise revenue by leveraging Speedcast strengths. We are hopeful that we will start seeing the results of the integration work in 2020.

I also want to take this opportunity to acknowledge and address key concerns expressed to us by our shareholders regarding Speedcast's operational and financial performance, and reiterate that your Board and management are very focused on delivering:

- Operational improvements
- Systems and processes integration and consolidation
- Organic revenue and earnings growth
- Reduced debt ratio

With this in mind, I would like to outline some details regarding the key initiatives being implemented.

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Operational improvements

Firstly, on the operational front, since January 2019, our new COO Sebastien Lehnherr has been implementing organisational changes and launching several continuous improvement programs that are expected to deliver benefits over the next 6-12 months.

Our Net Promoter Score (NPS) has been rising over the past 6 months, and Speedcast's customer teams are focused on streamlining our operational services, delivering customer service on a 24/7 global scale and as such becoming more cost-effective. Sebastien will present our improvement plan in more detail at the upcoming half year financial results release planned for Tuesday 27 August.

Systems and processes integration and consolidation

Several investors have asked questions about management's level of visibility on the business and the ability to forecast accurately. We fully understand this concern.

Speedcast operates in a fast-moving industry. The Company has always aimed to forecast its outlook in a balanced way and to update investors and the market immediately when things change. Larger contracts, of which Speedcast has an increasing share, can sometimes have a short term negative impact on forecasts due to their execution complexity but create significant value in the long term. In addition, tremendous work has been done to enhance our IT systems and evolve our processes as we have integrated acquired companies and while the size of the business has grown substantially in a short space of time. For the first time, since 1 July 2019, all of our non-government business is on a common Enterprise Resource Planning (ERP) IT system. This common platform will enhance our ability to forecast better and make decisions faster.

John Truschinger, who joined us as CIO in January 2018 with extensive experience in larger organisations, has been leading the successful integration of our systems, and is driving the implementation of a unique common platform for the Group.

Organic revenue and earnings growth

Delivering organic growth has been more challenging recently as market conditions have been difficult. It is Speedcast's priority to focus on organic growth in its four divisions, including investing in product development and innovative solutions, upselling applications to existing customers and expanding our reach through larger and more dynamically managed channel partners' networks.

We continue to see strong fundamentals for growth in Government and Maritime, even amidst a more competitive environment. Our Energy business is expected to deliver modest organic growth this year. Across these industries the need for more data is evident as businesses rely on it more and more to run their operations; Speedcast has a significant role to play to help collect, transport and analyse that data flow. Our Enterprise & Emerging Markets business is facing a challenging business environment, with lower barriers to entry, but we believe Speedcast's scale will enable us to win market share in this segment.

We are not just relying on organic revenue growth to create value. Over the past few months, we have reviewed opportunities to reduce our cost structure and build a more efficient growth machine. This efficiency program will be discussed in more detail with the release of our half year financial results planned for Tuesday 27 August and comes in addition to the cost synergies implemented through Globecom's integration.

Management is targeting US\$20 million of annual savings across Operating Expenses and Cost of Sales, without jeopardising our ability to grow and to deliver quality services to our customers. Some of these cost savings activities are well advanced including the re-organisation of certain functions and some procurement activities. We expect these efforts to have a significant positive impact on our 2019 and 2020 financial performance, and are confident that it will deliver a leaner, more agile and more focused platform for growth.

Reduced debt ratio

Some shareholders have expressed concerns around Speedcast's balance sheet and debt covenant ratios. De-leveraging is a priority for the Group.

As you may know, the only maintenance covenant under our debt facilities is Net Debt to EBITDA (Leverage Ratio), which is required to be less than 4:1. In the recent trading update, we indicated a 3.5:1 to 3.6:1 Leverage Ratio at 30 June 2019 and that the Board was confident that we will be below the 4:1 limit at the end of this year. It is important to note that the leverage calculation is prepared on a pro-forma basis and includes the benefits from our re-organisation activities. Stronger management focus on working capital and capital expenditures are other important aspects of our plan to de-leverage through cash maximisation. While Speedcast's Leverage Ratio is not expected to come down in 2019, it will be a key priority for the Management team to reduce it in 2020.

Based on our current business outlook and funding needs, the Board has no need or intention to raise additional equity.

In addition to these four key focus areas, we have started a process to broaden the Board's skillset and experience, and aim to add 1-2 Board members by the end of the year that will further strengthen your Board.

The past 5 years have seen Speedcast grow from an under-scaled Asia-Pacific focused remote telecommunications provider to a global industry leader, with a strong presence in the US. The Company has unique global capabilities, scale and infrastructure today. This unprecedented growth has not been achieved without challenges, both internally to ensure our systems, processes and people are appropriate, and externally, with fluctuating market conditions. Your Board and Management acknowledge the need to address these challenges and mitigate market risks.

However, it is very clear to us that Speedcast is a much stronger company today than it was a few years ago and has the platform to grow and create value for its customers, staff and shareholders in the coming years. Your Board continues to strongly believe in the long-term value creation potential of Speedcast and fully supports Management's long term growth strategy and ability to execute on that strategy.

On behalf of the Board and Management, I would like to thank you, our current shareholders, for your continued support. We hope that the information provided above will reassure you that initiatives are ongoing to realise Speedcast's attractive long-term value creation potential.

Yours sincerely,



John AM Mackay
Chairman

About Speedcast International Limited

Speedcast International Ltd (ASX: SDA) is the largest provider of remote communications and IT services in the world. Speedcast's fully-managed service is delivered via a leading global, multi-access technology, multi-band and multi-orbit network of 70+ satellites and an interconnecting global terrestrial network, bolstered by extensive on-the-ground local support from 40+ countries. This global "network of networks" allows customers to fully rely on the most robust, integrated infrastructure available in the market for their mission critical applications. Speedcast is uniquely positioned as a strategic business partner, tailoring communications, IT and digital solutions to meet unique customer needs and enable business transformation. Speedcast extends its managed services through differentiated technology offerings including cyber-security, crew welfare, content solutions, data and voice applications, and network systems integration services. With a passionate customer focus and a strong safety culture, Speedcast serves more than 2,000 customers in more than 140 countries in sectors such as Maritime, Energy, Mining, Enterprise, Media, Cruise, NGOs and Government. Learn more at www.speedcast.com.

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