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The Manager  
Market Announcements Platform  
Australian Securities Exchange Limited

## **BEAM DELIVERS INCREASE IN FY2020 EBITDA AND POSITIVE UNDERLYING NPAT**

### **Highlights:**

- **Group EBITDA rises 43% to \$3m in FY2020 and underlying net profit was steady at \$341K vs. \$339K in FY2019, despite revenue impact from COVID-19**
- **Strong balance sheet with \$4.2m in cash and available debt**
- **Revenue declined 16% to \$14.9m from record revenues enjoyed in FY2019, which were bolstered by the \$3.9m Thuraya WE delivery**
- **Strong rebound in sales enquiries and revenues in June, following significant COVID-19 impact**
- **Statutory NPAT impacted by non-cash and one-off write-down of \$2m, largely relating to capitalised development cost**
- **Beam currently expecting improved FY2021 performance with continuing momentum from ZOLEO, further orders from India and additional GO! orders**

**Beam Communications Holdings Ltd** (ASX: BCC) is pleased to provide the Group's full year results for the period ended 30 June 2020. Beam's results clearly demonstrate the resilience of its businesses during the most challenging trading environment in living memory.

Beam's FY2020 earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 43% over the previous year to \$3,009,000, while its underlying net profit after tax (NPAT) was steady at \$341,419 (FY19: \$339,000). Continuing strong demand for our organic product suite was very pleasing and major order fulfilments from Iridium and ZOLEO underwrote this robust Group performance.

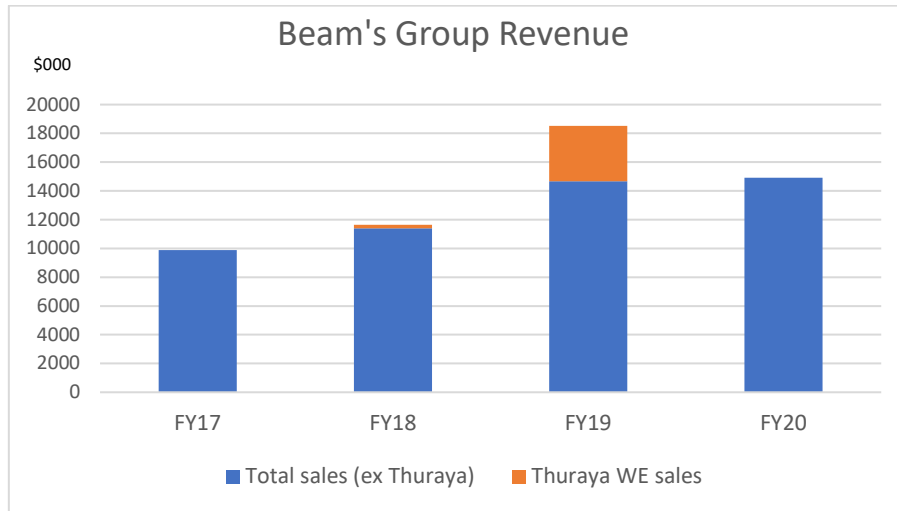
Other factors behind the Group's improved EBITDA included an increase in high-margin airtime revenue, a favourable exchange rate, R&D tax refund and prudent cost control.

Beam is also well funded with \$4.2 million in cash and available debt facilities.

### **Strength in Beam's business despite setbacks**

The profit result was achieved despite increased investment in new product market developments, including the launch of ZOLEO, and the sharp but temporary impact of COVID-19 in April and May, before a significant rebound in June.

While full year total revenue declined 16.1% to \$14.92 million from FY2019's record, the result in the previous financial year was elevated by a \$3.85 million Thuraya WE order which was not repeated in this period.



Notwithstanding the Thuraya WE setback, other parts of Beam's business traded resiliently through the volatile period. Revenue from its online SatPhone Shop business grew 16% and the revenue and profit contributions from the Beam-Branded Equipment division were steady compared to the prior corresponding period.

Overall, Beam performed better than expected through the COVID-19 crisis. However, the unpredictable environment and the need to focus our priorities on those projects with greatest demand and revenue predictability prompted the Board to take the prudent measure of writing down \$1.97 million in capitalised development expenses relating mainly to capitalised expenditure on the Thuraya WE product. This one-off item led predominately to a statutory net loss of \$1.62 million for the year.

Beam could still receive a second order from Thuraya in FY2021 as the device is the only dual-mode hotspot in Thuraya's portfolio and it remains a highly flexible and extremely capable product.

### **FY2020 highlights**

The official launch of Beam's innovative and unique ZOLEO satellite messaging solution in late January in North America and Australia was the main highlight of the financial year. In the second half of FY2020, Beam received from Zoleo Inc (its 50% owned joint venture vehicle) orders for 10,000 units, which have since been supplemented by an order for yet another 5,000 units in July.

Most of the devices are earmarked for the North American market where demand has not been hindered by restrictions on movement as severe as in Australia. Even so, sales of ZOLEO in Australia

have improved appreciably since May through direct sales to customers (from SatPhone Shop, Amazon Australia and eBay Australia) and through Beam's expanding network of dealers.

Beam also received the seventh order for its Iridium GO! device in FY2020. The latest order of 5,000 units, to be delivered in FY2021, from NASDAQ-listed Iridium takes the total number of units ordered to 45,000 over the past six years, making that product the most profitable development in Beam's history.

Beam was also the only Australian company, and only one of seven worldwide, chosen by Iridium to develop the next generation of Iridium Certus® devices, which have data speeds that are more than 35 times faster than the previous generation of Iridium transceivers.

Other notable highlights include repeat orders of Beam's Inmarsat terminals from reseller partner Station Satcom for India, which is a new market for Beam, and the signing of a global reseller agreement with Pivotal Satellite Pty Ltd.

## **Outlook**

While no one could have predicted how challenging the last financial year was going to be, the current FY2021 outlook is positive for Beam even as economic conditions remain highly volatile. There are a few reasons for the optimism.

Firstly, sales of ZOLEO are expected to continue to grow significantly over the next 12-months. The momentum achieved in the North American market, which is expected to accelerate, provides us confidence that we will experience similar traction in the Australian market as social restrictions are eased, together with demand from other as-yet untapped markets globally.

Other major Australian retailers are also anticipated to join the ZOLEO reseller network, which already includes Cabela's in Canada. Cabela's is part of BPS Direct, LLC (Bass Pro Shops), which is the world's largest outdoor equipment retailer with 40,000 employees with an annual turnover of around US\$8 billion.

Another growth opportunity for Beam is the development and launch of its Iridium Certus® devices. The first of these next-gen devices is anticipated to be launched late in 2021.

Meanwhile, Beam's base business is also well positioned to grow organically over the next 12 months. Demand for Iridium GO! is expected to remain robust for the next few years at least, and Beam is expecting to receive new orders for the device from Iridium in the current financial year.

The opening of the Indian market to Inmarsat is likely to lead to further orders for Beam-branded terminals and accessories as these are the only devices, along with the Inmarsat handset, that are approved for sale using the Inmarsat GSPS service in India currently.



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The continued strength and resilience of Beam's core business will help support the growth of ZOLEO and the development for Beam's Iridium Certus® devices in FY2021 and beyond.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Michael Capocchi", with a long horizontal flourish extending to the right.

Michael Capocchi  
Managing Director

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#### **About Beam Communications Limited**

Beam Communications Holdings Limited is an Australian publicly-listed company (ASX:BCC) that specialises in the design, development, manufacture and distribution of satellite, cellular and dual-mode equipment applications and services. Its products and services are adopted by some of the world's largest satellite and telecommunications companies, such as Iridium, Telstra, KDDI, Inmarsat & Thuraya, to fill the global needs of Information Communication & Technology markets. Beam Communications Holdings Limited owns 100% of Beam Communications Pty Ltd and SatPhone Shop Pty Ltd [www.satphoneshop.com](http://www.satphoneshop.com). For more information, visit [www.beamcommunications.com](http://www.beamcommunications.com).

#### **About ZOLEO Inc.**

Formed in 2018 and headquartered in Toronto, Canada, ZOLEO Inc. is a joint venture between Beam Communication Pty. Ltd. and Roadpost Inc. that is pioneering the development of innovative lower cost, consumer-oriented global messaging solutions, including innovative wireless devices and apps based on Iridium short burst data (SBD), cellular and Wi-Fi standards. The company serves three primary markets including consumers residing on the fringe of cellular coverage, outdoor recreation and lone worker safety. Its products are offered through authorised retailers in the US, Canada and Australia. Roadpost is responsible for retail distribution in North America and Beam is responsible for the Asia Pacific region. Staged distribution in other regions will be jointly managed. For more information visit [www.zoleo.com](http://www.zoleo.com).