Speedcast

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speedcast THE CRITICAL COMMUNICATIONS COMPANY

Communications | IT Solutions | Consulting

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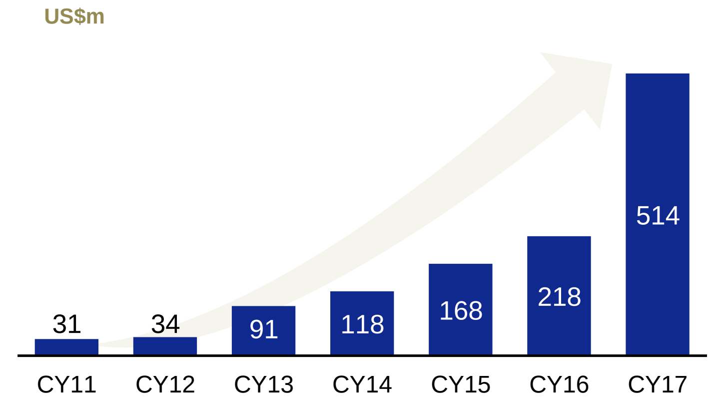
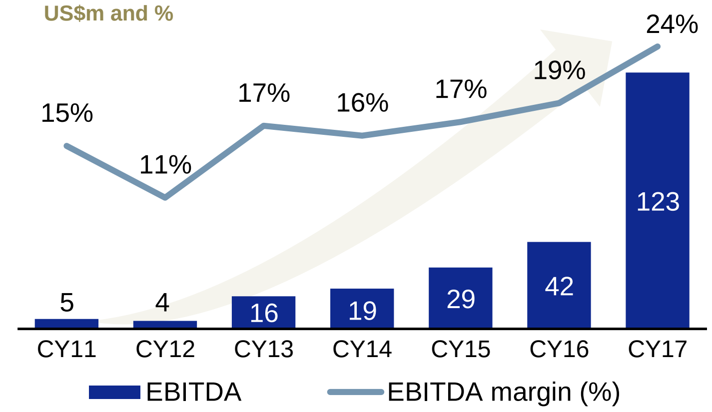
Speedcast: The Leading Provider of Remote and Critical Communications Services And IT Solutions

- Critical telecommunications managed services to enterprises and governments in locations where there is limited or no terrestrial network
- Designs, sources, configures, operates and maintains remote communications networks
  - Satellite is the primary network technology used; we do not own satellites
  - Offers customers a range of value-added services
  - Customer solutions are usually complex and customers demand high levels of support generating "stickiness"
- Successful execution and integration of a number of acquisitions in the past 5 years. Strong growth experienced since 2012.
- Business diversified across geography, industry and customer base
- High recurring revenue base, average contract life of 2-3 years

Reported revenues



Reported EBITDA(1)



(1) Reported results represent underlying financial results, which are intended to exclude items that are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

Our Unique Global Footprint

1,300+
employees

2,000+
Customers in over 140 countries

40+
sales & field support locations

230+
field engineers & support

5
24/7 multilingual NOCs

Favourable Industry Trends

Growth in data connectivity needs	■ Digitalization, internet of things, automation ■ Network extension across the world, on the back of global trade development
Need for consolidated managed services	■ Expert knowledge and network management skills across Ka, Ku, C and L bands ■ Communications service providers are required to go beyond connectivity
Customers buy more globally, less regionally	■ Global presence commercially and engineering-wise is a must
Strong satellite capacity supply	■ Volume growth and capacity oversupply driving capacity costs down ■ Larger buyers of satellite capacity have the opportunity to increase operating margins
Growing technological complexity requires scale	■ LEO, MEO, HTS satellites ■ Strong technological expertise required for managed / value-added services
Consolidation of the services industry ongoing	■ Global scale more important than ever; consolidation should have a positive impact on margins

Growth in demand

Capacity costs decline

Scale matters

Innovation opportunities

Building Our Culture as a Key Competitive Advantage

C	A	S	T
customer focused	agile & responsive	success through people & safety	team spirit

The underlying values driving our performance culture

Speedcast's Strategy
Create Value From both Organic & Inorganic Growth

Favourable Industry Trends

Organic Growth Strategy

- Market leader positions - growth industries & markets
- Create customer value - service & innovation
- Realise economies of scale
- Participate in expected Energy (O&G) recovery
- Prioritise high growth markets

Inorganic Growth Strategy

- Disciplined approach
- Focus on fragmented growth markets
- Communications & IT Solutions
- Drive cost synergies and scale efficiencies

Revenue & Margin Growth

Create Value

2017 Acquisitions Demonstrate Disciplined Approach to M&A with Strong Strategic Rationale

Develop market leading positions
Expand into high growth industries & markets

Harris CapRock

- Leading positions in Energy and Cruise, with strong blue-chip customer base
- Acquired at the bottom of the energy cycle
- Purchase price of $425M, i.e. 4.7x post-synergies
- Transaction announced 2 November 2016 and closed 1 January 2017
- Cost synergies of more than $30M (versus $24M initially anticipated)

Ultisat - Government

- Strong foothold in the Military, Government, IGO and NGO sectors with coverage of 130 countries, at an opportune time
- Strong growth momentum- revenue more than doubled in two years
- Growing demand from the US government and increased spending expected from other NATO countries (2% of GDP)
- Purchase price of up to $100M, i.e. around 7x
- Transaction announced 24 July 2017 and closed 1 Nov 2017

Value creation

Strategic Platform For Profitable Growth Established

Energy

- Market leading position following the acquisition of Harris CapRock
- Unique scale and capabilities to enable market share gains
- Macroeconomic indicators improving, supporting medium term growth outlook
- Digitalization of the oil field driving bandwidth growth

Maritime

- Market leading position in cruise following the acquisition of Harris CapRock
- Passenger & crew connectivity needs at an inflexion point
- Narrowband to broadband migration accelerating in commercial shipping as sector economics improve
- Automation to drive bandwidth growth

EEM

- Diversified segment in fragmented industry
- Limited number of global competitors
- Cellular backhaul driving growth
- Mining spending expected to improve
- Recent material contract wins (e.g. NBN) highlighting competitive strength

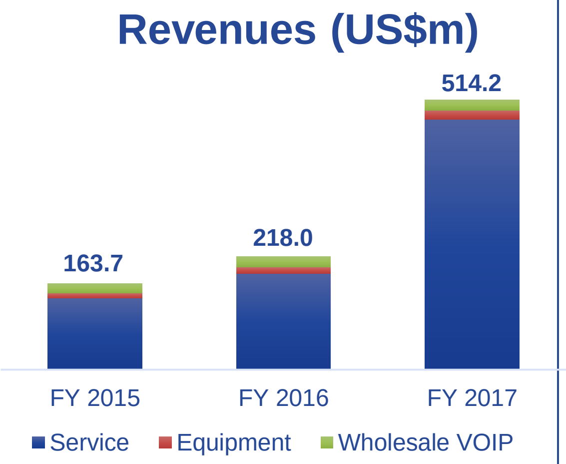
Government

- Government spending expected to rise globally in coming years
- Access to growing US Government opportunities following the acquisition of UltiSat
- Significant opportunity in the IGO/NGO space on the back of Speedcast’s global capabilities

2017 Financial Snapshot - A Year of Unprecedented Growth

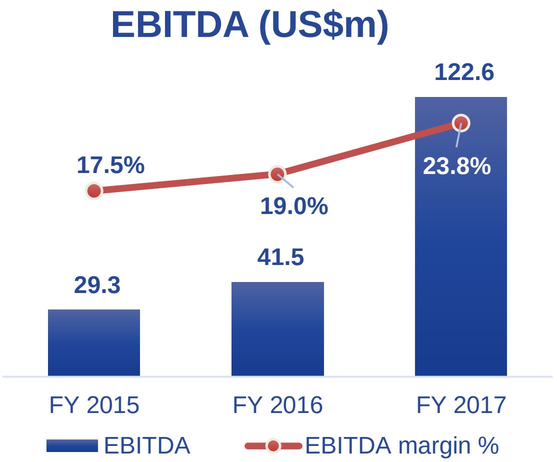
Group Revenue
US$514.2M
136%

Service Revenue
US$476.6M
157%



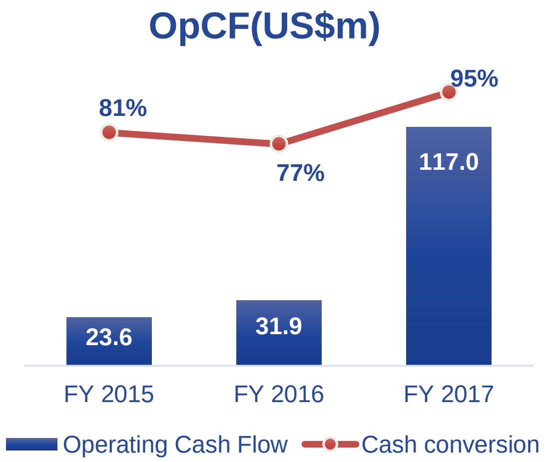
EBITDA[1]
US$122.6M
195%

EBITDA Margin[1]
23.8%
480 bps



Operating cashflow
US$117M (95%)
264%

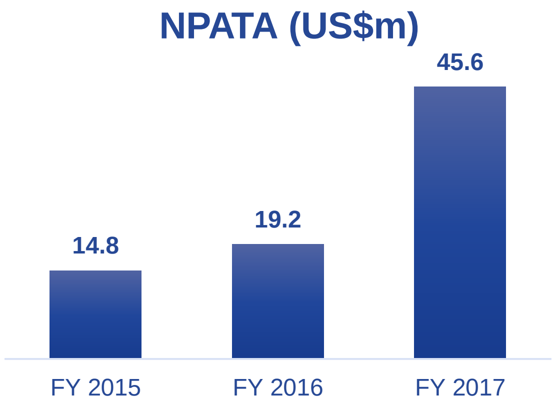
Pro forma leverage
2.9 x



NPATA[1]
US$45.6M
137%

NPATA per share
US$19.1 cents
41%

Final Dividend	**AU$4.80 cps**
Total Dividend	**AU$7.20 cps**



[1] 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.

Disciplined Approach to Funding - Proactive Early Refinancing in 2018

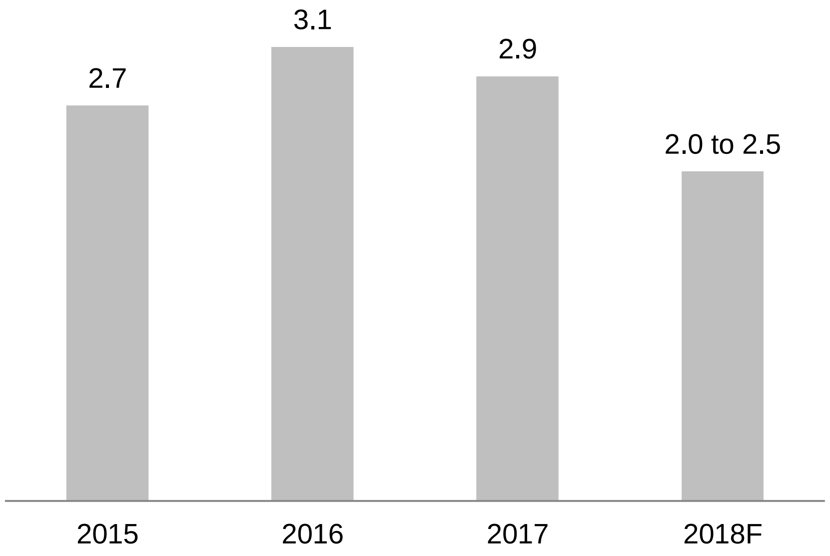
- **Deleveraging following acquisitions - driven by strong operational cashflows**

- **Credit ratings met management expectations**
  - Moody's: Ba3 / Stable Outlook
  - S&P: BB- / Stable Outlook

- **Refinancing proposed to extend funding & increase flexibility and liquidity**
  - $425M 7-year US Term Loan B to replace existing syndicated facility maturing in 2019
  - $100M 5-year Revolving Credit Facility to replace existing $20m facility, maturing in 2019
  - Covenant-lite
  - Improved pricing

- **Marketing on-going, target closing by mid-May**

Pro-forma Net Debt / EBITDA



FY 2018 Outlook

Maritime

- **Strong outlook for CY18** driven by:
  - **Merchant Shipping: backlog of over 950 VSATs** providing a strong outlook for revenue growth
  - **Cruise: Promising medium-term growth** with customers aiming for much higher bandwidth for both guests and crew. Market share gains expected, driven by leadership position and large global network.
- Offshore Support Vessel market to remain slow in 2018

Energy

- Slight return to revenue growth forecasted for 2018 driven by:
  - **Sector upswing expected** in 2019
  - **Market share gains** due to unique global platform post Harris CapRock acquisition
- **CY18 revenue growth** expected to be back-end loaded due to full-year effect of CY17 churn and some further churn expected in 1H CY18
- Price pressure remains however **volume growth is expected to largely offset price discounts** over the near-term

EEM

- Significant growth expected in CY18 on the back of **the NBN win** in early CY18 expected to contribute ~US$30m in CY18
- **Cellular backhaul to be a key growth area**, with positive momentum in Latin America and Africa
- Some price erosion expected but this will be offset by **volume growth and market share gains**

UltiSat(2)

- Speedcast will leverage UltiSat **access to government opportunities** while increasing its presence in the **NGO/IGO space.**
- Strong market fundamentals:
  - **Global government market to grow to US$9.3 billion in revenues** by 2025, up from US$4.4 billion in 2015(3)
  - **Increasing demand by US government** for satcoms going forward

- Stronger organic growth, despite slow offshore oil & gas recovery.
- Full-year impact of UltiSat acquisition (only 2 months in CY17)
- Slight EBITDA margin dilution due to the acquisition of UltiSat and the NBN project set-up
- Harris CapRock integration to deliver more than US$30m in cost synergies
- Capex expected to increase with sizeable new projects in Energy, Maritime and cellular backhaul
- **Management comfortable with the current equity market sell-side analysts' 2018 EBITDA consensus (~US$155m)**

(1) EEM contain revenues from contracts that are government in nature and would be included in a government vertical (i.e. together with UltiSat).
(2) UltiSat revenues include non-material revenues that could be classified in other verticals.
(3) NSR Government & Military Satellite Communications, 14th Edition.

Conclusion

- Strong industry fundamentals

- Focus on growth
  - Organic
  - Inorganic

- Sustainable competitive advantages
  - Leadership position in growth markets
  - Customer service capabilities
  - Scaled global network
  - Economies of scale
  - Culture

- Value creation via revenue & margin growth

Conclusion

- Q & A

- Thank you

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