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Speedcast International Limited

Financial Results Presentation
Year Ended 31 December 2017

27 February 2018

speedcast THE CRITICAL COMMUNICATIONS COMPANY

Communications | IT Solutions | Consulting

Emerging Stronger Out of a Transformative Year

- Strong EBITDA delivery in line with expectations at $122.6M (+195%)
- Revenue of $514.2M (+136%)
  - Stronger organic service revenue growth (7%) despite challenging market conditions
  - Delays on a few material projects, e.g. NBN
  - Continued challenging market conditions in some verticals, e.g. Energy, generated higher than expected revenue churn
- Confirmation that growth inflexion point is being reached as demonstrated by organic growth performance, strong backlog & pipeline in improving market conditions
- Outstanding performance on Harris CapRock integration
  - Phase 1 completed - above $30M synergies forecasted in 2018, in excess of original investment case
- 4th pillar of growth with Government – UltiSat acquisition completed 1 November 2017
  - Significant outperformance: UltiSat revenues higher than expected ($83.9M vs. $78.5M) and strong profitability
- Strong free cash flow generation supporting deleveraging

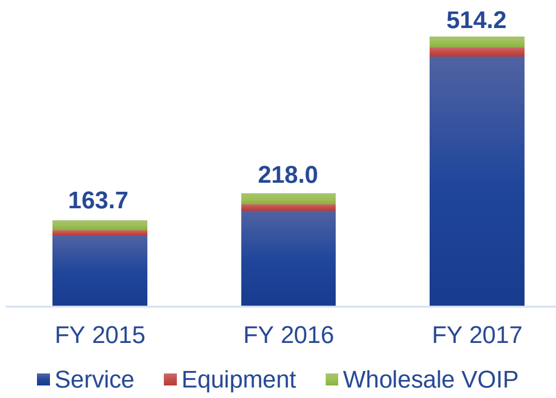
Well positioned to take advantage of improving macro-economic conditions and increasing connectivity needs which will provide tailwinds to organic growth in the medium term

2017 - A Year of Unprecedented Growth

Group Revenue
US$514.2M
136%

Service Revenue
US$476.6M
157%

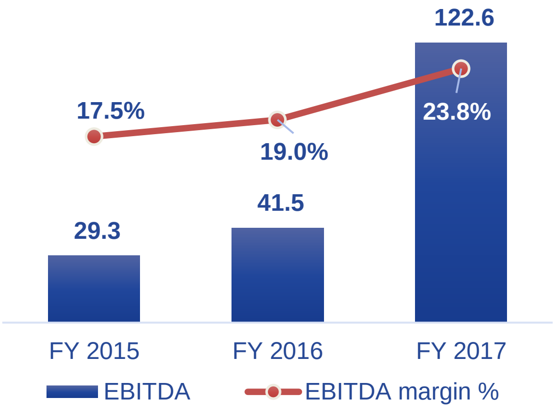
Revenues (US$m)



EBITDA[1]
US$122.6M
195%

EBITDA Margin[1]
23.8%
480 bps

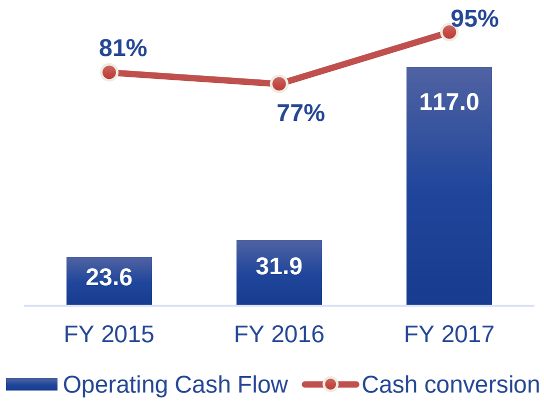
EBITDA (US$m)



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

Pro forma leverage
2.9 x

OpCF(US$m)

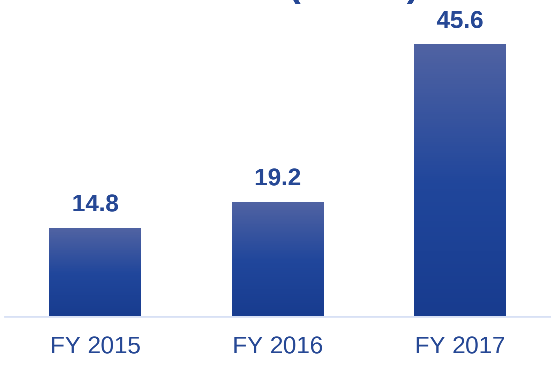


NPATA[1]
US$45.6M
137%

NPATA per share
US19.1 cents
41%

Final Dividend	**AU4.80 cps**
Total Dividend	**AU7.20 cps**

NPATA (US$m)



[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.

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
- Macro-economic indicators improving, supporting medium term growth outlook
- Digitalisation 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 the sector economics are improving
- Automation to drive bandwidth growth

Enterprise & Emerging Markets ('EEM')

- Diversified segment in fragmented industry
- Limited number of global competitors
- Cellular backhaul driving growth
- Mining spending expected to improve
- Material contract wins in Q4 2017 & Q1 2018, highlighting competitive strength

Government

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

Strengthening The Management Team

- Driving excellence in **Operations**
  - **Keith Johnson**, Chief Operating Officer, leveraging his deep understanding of energy customers needs to continue our march towards operational excellence
  - **John Truschinger**, Chief Information Officer, bringing 35 years of experience in IT and supply chain experience; spent 9 years at Transocean as CIO
- Strengthening leadership in our **Divisions** to achieve our growth ambitions
  - **Erwan Emilian**, Executive VP Enterprise & Emerging Markets, bringing strong industry know-how and sales leadership; previously CEO of IEC Telecom
  - **Moe Abutaleb**, UltiSat's Founder & CEO, to lead government activities
  - **Brent Horwitz**, SVP Cruise & Ferry, to drive expansion of the promising passenger carrying segment. Previously spent 18 years at MTN/Global Eagle.
- Transitioning **Finance** team for next phase of growth
  - **Ian Baldwin**, Chief Financial Officer, leaving the company after three years of significant contribution for which we thank him
  - Search for new CFO ongoing
  - Strong finance team will ensure smooth transition
    - **Leonard Wapler** joined late last year as VP Finance for EEM, M&A and Group business analysis; previously CFO of Eutelsat Americas
    - **Sarah Symes**, Head of Capital Management, bringing strong treasury experience; previously at GE Capital
  - **Grant Ferguson**, Chairman of the Audit Committee, will assist the team for key decisions

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

Divisional Reviews

27 February 2018

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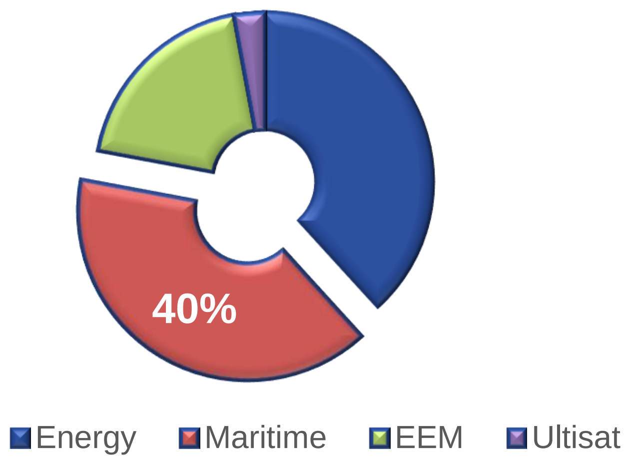
Strong Maritime Growth Momentum

FY 2017 highlights

- VSAT vessels increased from 998 at 31 December 2016 to 1,925 at 31 December 2017, driven by strong new activations (+650) as our customers migrate from narrowband to broadband systems in the commercial shipping sector, and the addition of vessels served by Harris CapRock
- Back to double digit organic service revenue growth in the Speedcast legacy business (18% versus FY 2016), despite decline in Offshore Service Vessels ('OSVs')
- Successful integration of Harris CapRock cruise business as demonstrated with Royal Caribbean contract extension and Fred Olsen win from competition

FY17 Service Revenue



Market & Business outlook

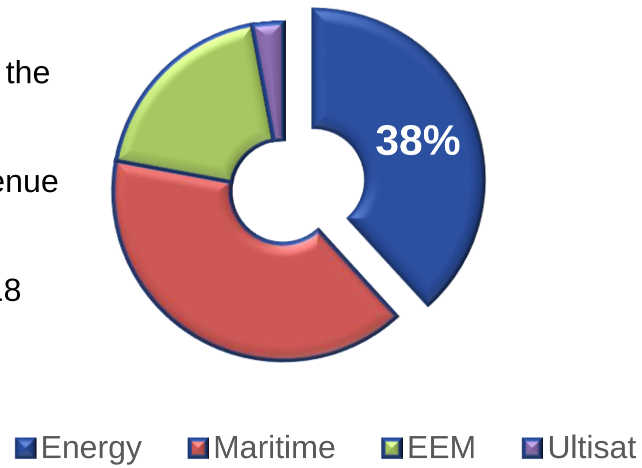
- Merchant Shipping - backlog of over 950 VSATs providing a strong outlook for 2018 revenue growth
- Promising medium term growth potential in cruise with customers aiming for much higher bandwidth for both guests and crew
- Material Carnival Cruise contract coming up for renewal at the end of 2018
- OSV market to remain slow in 2018

Energy Business Stabilised

FY 2017 Highlights

- Stable quarterly Service revenues as expected, confirming that we acquired Harris Caprock at the bottom of the cycle
  - Higher churn than expected in 2H, as the offshore sector's recovery did not start, did not allow for revenue growth in 2H
  - Better systems integration revenue in 2H an encouraging sign, but some activities were pushed to 2018
- First signs of our platform's ability to win market share, e.g. Noble Drilling

FY17 Service Revenue



Market & Business Outlook

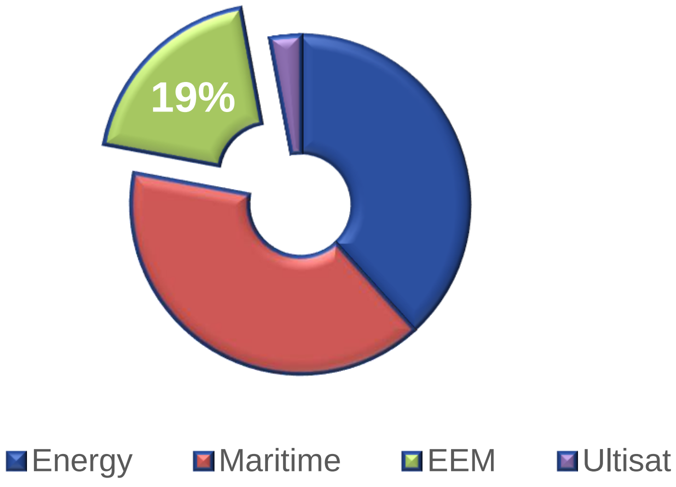
- Slight return to revenue growth forecasted for 2018, expected to be back-end loaded due to full-year effect of FY 2017 churn and some further churn expected in 1H 2018. Sector upswing expected in 12-18 months.
- Price pressure remains strong in the current environment, however expansion of service offerings and volume growth is expected to largely offset price discounts over the near term
- Systems integration revenue expected to continue growing in 2018 as investment slowly comes back; positive lead indicator for our industry
- Successful integration of Harris CapRock enabling a strong platform for future market share gains

Slight EEM Revenue Growth in 2017, Strong Acceleration in 2018

FY 2017 Highlights

- 1% growth in service revenues year on year due to Harris CapRock contribution
- However, revenue decline year on year on a like-for-like basis
  - Significant churn in 1H
  - Revenue growth in 2H versus 1H not sufficient to offset 1H churn
  - Delay in NBN contract closure
  - Challenging implementation of a few material projects
- Strong win rate in Cellular Backhaul and in Latin America

FY17 Service Revenue



Market & Business Outlook

- Significant growth expected in 2018 on the back of the late 2017 wins & activations and the NBN win early 2018
  - NBN project expected to contribute around $30M in 2018
- Cellular backhaul to be a key growth area, with good momentum in Latin America and Africa where we are winning more capex intensive large projects
- Some price erosion expected but will be offset by volume growth and market share gains

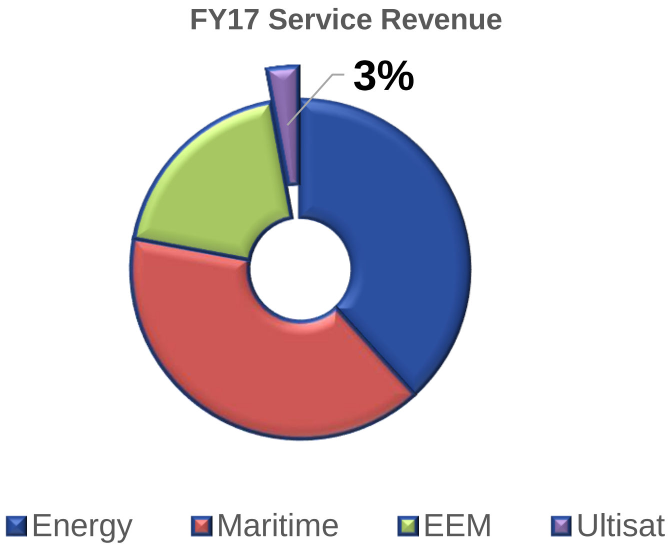
UltiSat – Strong Performance With US Government Recovery

FY 2017 Highlights

- Higher than expected UltiSat revenues in 2017 ($83.9M vs. $78.5M) demonstrating good dynamics in Government markets
  - 2-month contribution to FY 2017 financials, $14.1M of revenues and $2.4M of EBITDA

Market & Business Outlook

- Global government market to grow to $9.3 Billion in revenues by 2025, up from $4.4 Billion in 2015[1]
- Increasing demand by US government for commercial satcoms going forward driven by:
  - broadband connectivity needs (more so than previously)
  - operation of manned & unmanned aerial vehicles
  - monitoring of locations on a global level for treaty compliance and other applications
  - regions of high military activity (Middle East, SW Asia, NE Asia, Africa)
  - requirements within North America for training and backup purposes
  - military satellite capacity reserved for highly specialized missions, pushing demand for commercial satcoms
- Speedcast will leverage UltiSat access to government opportunities while increasing its presence in the NGO/IGO space
- Cost synergies expected lower than previously communicated ($3M) due to regulatory constraints



[1] Source: NSR

Financial Results 2017

27 February 2018

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Strong Financial Performance on All Fronts

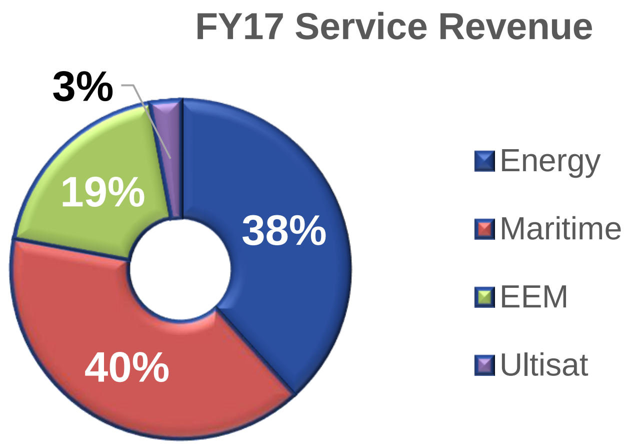
US$m	Underlying[1] FY 2017	Underlying[1] FY 2016	Var.
Revenue	**514.2**	**218.0**	***+136%***
EBITDA	**122.6**	**41.5**	***+195%***
EBITDA %	*23.8%*	*19.0%*	*+480bps*
Depreciation	(42.5)	(11.6)	
Amortisation	(28.6)	(10.0)	
EBIT	**51.5**	**19.9**	
Net finance costs	(23.5)	(5.7)	
Profit before tax	**28.0**	**14.2**	
Income tax expense	(3.9)	(2.8)	
Effective tax rate %	*13.9%*	*20.0%*	
NPAT	**24.1**	**11.4**	
Add: Amortisation (net of tax)	21.5	7.8	
NPATA	**45.6**	**19.2**	***+137%***
NPATA per share (US cents)	19.1	13.5	***+41%***

- Total revenues grew 136% to $514.2M for the full year ended 31 December 2017
- EBITDA increased by 195%, to $122.6M which was in line with previous guidance of $122M. The impact of the delayed signing of the NBN contract into 2018 was more than offset by the contribution from the UltiSat acquisition, which closed ahead of schedule.
- EBITDA margins continued to grow in 2H 2017 as the execution of cost synergy benefits from acquisitions and the increasing impact of scale to generated cost efficiencies were realised
- Depreciation & Amortisation grew in line with the additional acquisitions completed. Over an extended period of time depreciation is expected to be aligned more closely with cash capex.
- The growth in net finance costs on the prior period reflects the additional debt raised to fund acquisitions, including the UltiSat acquisition which completed on 1 November and was fully debt funded and the movement in LIBOR interest rates
- The effective tax rate decreased to 13.9% in the period (2016: 20%). 2017 benefited from a remeasurement of the deferred tax liabilities in the US following the enactment of the US tax reform. An increased share of the group’s taxable profits are generated in the US following the acquisitions of Harris CapRock and UltiSat.
- Underlying NPAT, including the additional non-cash amortisation charge from acquisition intangibles, was $24.1M (FY16: $11.4M)
- NPATA grew 137% to $45.6M and NPATA per share increased 41% to 19.1 cents per share, reflecting the organic earnings growth of the business and the accretive nature of the Harris CapRock acquisition
- The Board declared a fully franked final dividend of AU4.80 cents per share. The total expected dividend distribution for 2017 is USD13.5M, 75% above the prior year amount of USD7.7M.

[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.

2017 Building The Foundation For Growth Acceleration

US$m	FY 2017	FY 2016	Var.
Total Revenue	**514.2**	**218.0**	***136%***
Service revenue	476.6	185.8	*157%*
Maritime	189.1	64.6	*193%*
Energy	182.3	30.5	*498%*
EEM	91.5	90.7	*1%*
UltiSat	13.7	-	*N/A*
Equipment revenue	17.2	12.3	*40%*
Wholesale VOIP	20.3	19.9	*2%*



- Service revenues of $476.6M grew 157% or $290.8M year on year
- Both **Maritime** & **Energy** revenues grew substantially, incorporating the material contributions from the market leading positions held by Harris CapRock, positioning us strongly in these key markets due to increased scale and capabilities
- **EEM** markets remained challenging in the period. The year saw significant churn in Q1 and business wins and activations in Q4 and early 2018 which will underpin a return to strong organic growth
- **UltiSat** added $14.1M revenues of which $13.7M of service revenues. The **Government** division is expected to include the vast majority of UltiSat revenues and revenues from legacy Speedcast government accounts (today under EEM).
- Stronger equipment revenue thanks to Maritime VSAT growth
- 2H 2017 was impacted by the NBN contract finalization delay, higher than expected churn in Energy and delays in the start of several material projects in EEM
- The strategic acquisitions made over the past 24 months have positioned Speedcast strongly in key markets with strong or improving underlying growth fundamentals - Energy, Cruise, Merchant Shipping, Government and Cellular Backhaul - strengthening Speedcast's backlog and opportunity pipeline

Capital Management - Balance Sheet De-leveraging Occurring

US$m	FY 2017
Opening Net Debt	**(355.8)**
Operating cash flows	117.0
Tax paid	(12.8)
Interest paid	(14.8)
Net capex	(29.1)
Capital bandwidth contract	(3.1)
Net operating cash flow (after capex)	**57.2**
Utilised for:	
Restructuring & integration one-off costs	(10.4)
Dividend payments	(8.8)
Free cash flow (pre-acquisitions)	**38.0**
Investment / Acquisition cash flows (net)	(69.8)
FX movements	(0.6)
Closing Net Debt	**(388.2)**

- Strong operating cash flow conversion in the year with 95% of underlying EBITDA being converted into cash, generating $117M of net cash inflows
- Customer cash collections continued to improve throughout the year, resulting in a reduction in debtor days by 14% from Jan-17 to Dec-17, generating almost $20M of additional cash. This was largely offset by additional working capital funding required to meet the deficit transferred with the Harris Caprock business at the beginning of 2017.
- Net capex payments accelerated in 2H 2017 as anticipated, bringing the full-year amount to $29.1M, back in line with historical levels of 5-6% of revenues
- Further cost saving initiatives and acquisition cost synergies were executed in 2H 2017, increasing the one time cash costs to $10.4M. These actions are expected to deliver annual cost saving benefits of over $30M in 2018, up from the original investment case estimate of $24M.
- Net cash inflows of $38.0M were generated in 2017, before acquisition related cash outflows
- In 2017 Speedcast invested $69.8M in strategic acquisitions, primarily relating to the acquisition of UltiSat Inc. which was completed in Q4 2017

US$m	FY 2017
Transfer of funds held in Escrow	422.4
Harris CapRock acquisition, net of cash	(415.2)
SAIT deferred consideration payments	(1.0)
UltiSat acquisition, net of cash	(61.7)
Equity raising & M&A costs	(14.3)
Net Investing / Acquisition cash flows	**(69.8)**

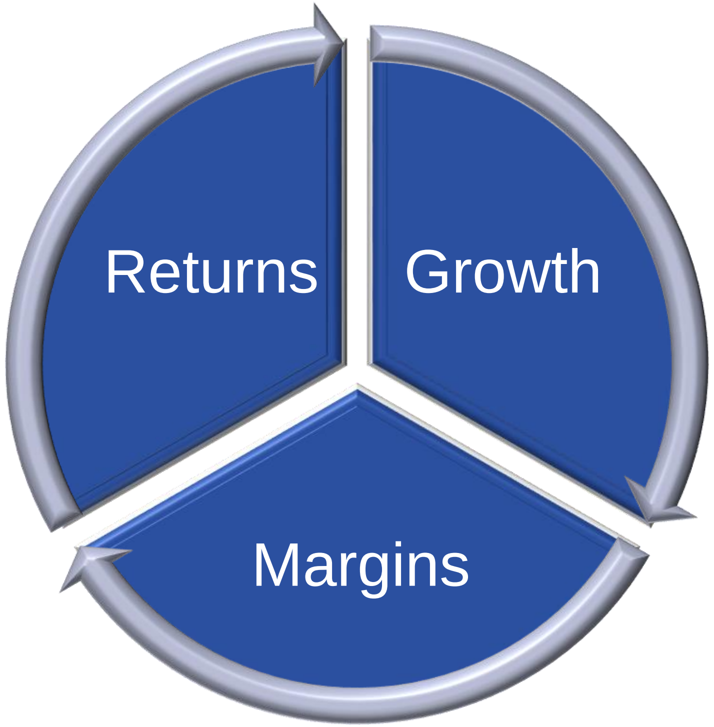
- Net debt increased by $32.4M in the year to $388.2M at year-end
- Pro forma net leverage (Net debt/EBITDA) at 31 December 2017 reduce to 2.9 times (2016: >3.0 times)

Value Creation Through Earnings Growth & De-leveraging

- **Earnings growth delivered, and in line with guidance**
  - Significant contract wins in Q4 2017 and early 2018 (e.g. NBN, Noble Drilling) demonstrating growing ability to generate material revenue synergies; strong backlog and pipeline to drive organic growth in FY18
  - UltiSat acquisition expected to deliver significant value in the years to come
  - Well positioned in key markets of Energy, Maritime and Government with macro-economic tailwinds in these industries expected to underpin future growth

- **EBITDA margin % expansion as impact of scale and operating leverage begin to flow through**
  - EBITDA margin of 23.8% in FY17 (FY16: 19.0%)
  - Scale added by Harris CapRock acquisition driving operating cost efficiencies
  - Additional cost saving activities and synergy cost benefits delivered in 2H will deliver further earnings improvement in 2018

- **Balance sheet de-leveraging occurring**
  - Strong operating cash flows (95% of underlying EBITDA) being delivered
  - Net cash capex of $29.1M, only 41% of P&L depreciation and amortisation
  - $38M of free cash (after dividends) generated in 2017, before acquisition-related cash flows



Conclusion & outlook

27 February 2018

2017 - A Transformative Year for Speedcast

- Revenue and EBITDA growth establishing us as a **global leader** in our industry and a **platform** for future profitable growth
  - 136% revenue growth
  - 195% EBITDA growth
  - Employee count up from 496 as of 31 December 2016 to 1,318 as of 31 December 2017, with presence in 40 countries
- **Margin expansion** driven by cost synergies and scale
  - EBITDA margin grew from 19.0% to 23.8%
- Strong **acquisition and integration** performance
  - Outstanding integration of Harris CapRock with higher than expected cost synergies
  - 4th pillar of growth in the Government vertical with the acquisition of UltiSat
- Unique **global platform** established for future growth

The world's most trusted provider of remote communication and IT solutions

FY 2018 Outlook

- Stronger **organic growth**, despite slow offshore oil & gas recovery
- Full-year impact of **UltiSat acquisition** (only 2 months in 2017)
- Expected **EBITDA margin slight dilution** due to the acquisition of UltiSat and the NBN project setup
- Harris CapRock **integration** to deliver over $30M in cost synergies
- Capex expected to increase with **sizeable new projects** in Energy, Maritime and cellular backhaul
- **Deleveraging** to continue on the back of **strong cash flow generation**
  - Leverage expected back within 2.0 to 2.5 times range on a like-for-like basis
- Speedcast to continue exploring **acquisition** opportunities amidst **market consolidation**
- Management comfortable with the current 2018 EBITDA consensus

Platform established in 2017 with unique scale, network, local presence and culture to create a growing competitive advantage

Appendix

27 February 2018

Reconciliation of Underlying to Statutory Results

US$m	Underlying[1] FY 2017	Underlying[1] FY 2016
Statutory NPAT	**5.5**	**5.9**
Acquisition related costs	9.2	7.3
Integration costs	4.0	1.0
Restructuring costs	6.3	-
Re-measurement (gain)/loss on deferred consideration	0.6	0.6
Unwinding of fair value adjustments	0.7	-
Accelerated amortization of loan establishment costs	-	1.2
Hedging gains	0.1	(6.0)
Tax effect of underlying adjustments	(2.4)	1.4
Underlying NPAT	**24.1**	**11.4**
Add back: Amortisation (net of tax)	21.5	7.8
Underlying NPATA	**45.6**	**19.2**

- The underlying financial results have been presented to provide a better understanding of Speedcast's financial performance in the period and are intended to exclude items which are non-recurring in nature such as acquisition-related costs, integration costs and restructuring costs. The table opposite reconciles the Statutory NPAT to the Underlying NPAT and NPATA.
- Acquisition-related costs such as due diligence, M&A, consultants and legal fees totalling $9.2M have been excluded from the underlying financial results. These largely relate to the Harris CapRock and UltiSat acquisitions completed on 1 January and 1 November 2017
- Integration and restructuring costs totalled $10.4M in 2017, mainly related to the integration of Harris CapRock
- The collective tax impact of the above adjustment is a credit of $2.4M
- Underlying NPAT for the period after these adjustments was $24.1M
- After adding back the amortisation of intangibles (net of tax) the underlying NPATA of the Group rises to $45.6M compared with $19.2M in FY 2016

[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.

Summary Balance Sheet – 31 December 2017

US$m	Dec-17	Jun-17
Cash	54.8	49.8
Trade & other receivables	151.6	131.8
Inventories	15.7	19.9
Income tax receivable	4.2	-
Total current assets	**226.3**	**201.5**
Investment in JV	-	0.2
PP&E	95.2	98.0
Deferred Tax Assets	9.8	16.5
Intangibles (including Goodwill)	627.2	526.8
Other Non-current assets	4.1	4.9
Total Assets	**962.6**	**848.0**
Trade and other payables	166.3	137.6
Income tax payable	5.3	8.0
Other liabilities	0.0	-
Total Current liabilities	**171.5**	**145.6**
Borrowings (Non-Current)	432.2	371.4
Deferred Tax Liabilities	18.6	8.7
Other Non Current Liabilities	29.5	25.8
Total Liabilities	**651.9**	**551.5**
Net Assets	**310.7**	**296.5**

- Purchase Price Allocation (‘PPA’) process in relation to the acquisition of UltiSat is ongoing. The initial findings of this process have indicated goodwill of $60.7M. The goodwill is attributable to the expected future profitability and expertise of UltiSat, as well as the synergies expected to be achieved with the Group, subject to the confines of the Proxy Agreement These amounts are included in the Speedcast balance sheet at 31 December 2017
- Borrowings of $432.2M at Dec-17 are non-current and comprise gross drawn debt of $443.1M (Dec-16: $381.2M) offset by prepaid facility fees of $10.9M (Dec-16: $12.9M)
- Net debt (Gross drawn debt less cash) increase by $55M to $388M at 31 Dec 2017 reflecting the acquisition of UltiSat
- Other non-current liabilities include fair value provisions booked in accordance with the initial findings of the PPA process.

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 over 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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