



speedcast

Speedcast International Limited

Full Year 2018 Results Presentation

26 February 2019



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Agenda

- 01** **FULL YEAR 2018 HIGHLIGHTS**
PJ Beylier, CEO
- 02** **FULL YEAR 2018 FINANCIAL REVIEW**
Clive Cuthell, CFO
- 03** **DIVISIONAL & FUNCTIONAL OVERVIEW**
PJ Beylier, CEO
- 04** **OUTLOOK**
PJ Beylier, CEO
- 05** **Appendices**



Full Year 2018 Highlights

26 February 2019



Increased revenue and organic growth in CY2018, but results below expectations

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Year ended 31 Dec 2018 (CY2018)		% var. to CY2017
Revenue	USD \$623 ¹ m	21%
Underlying EBITDA	USD \$132m	7%
Underlying NPATA	USD \$48m	5%
Underlying NPATA / share	USD 20.1 cents	4%
Dividend / share	AUD 7.2 cents	-

- ▶ 21% revenue growth² including 5.4% organic revenue growth
- ▶ 91% cash conversion
- ▶ Final dividend and full-year dividend of AUD 4.8 cents/share and AUD 7.2 cents /share, respectively
- ▶ \$60m capex in 2018 higher than previous years due to growth, one-off investment, and classification changes
- ▶ Net debt USD \$581m; Net Leverage 3.5x

1. Includes \$7.2m revenue from Globecom and \$0.7m from InAria

2. Pro forma 2017 acquisition UltiSat and excluding 2018 acquisitions

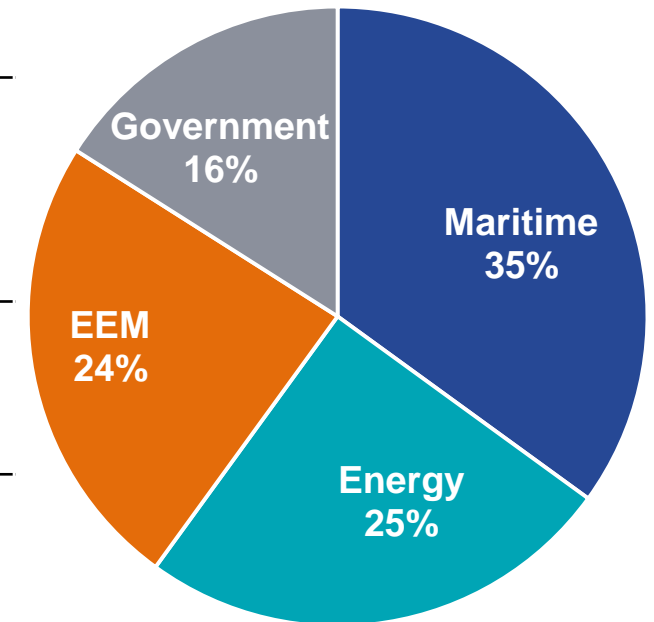
Three divisions growing but significant drag from Energy result

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Revenue year ended 31 Dec (USD \$m)

	CY2018	CY2017	% var.	Drivers
Maritime	220 ¹	200	9.7%	► Growth in both Commercial Shipping & Cruise
Energy	158 ¹	183	(13.6)%	► Delay in Energy market recovery, in particular in deepwater offshore activity ► 2H 8% higher than 1H
Enterprise & Emerging Markets (EEM)	148 ¹	117	26.8%	► Strong growth from Phase 1 of the NBN contract
Government	97 ¹ 94 ²	14 84 ²	587.7% 12.0%	► Excellent organic growth driven by airborne ISR and solutions
Total	623	514	21.2%	

Revenue % by Division



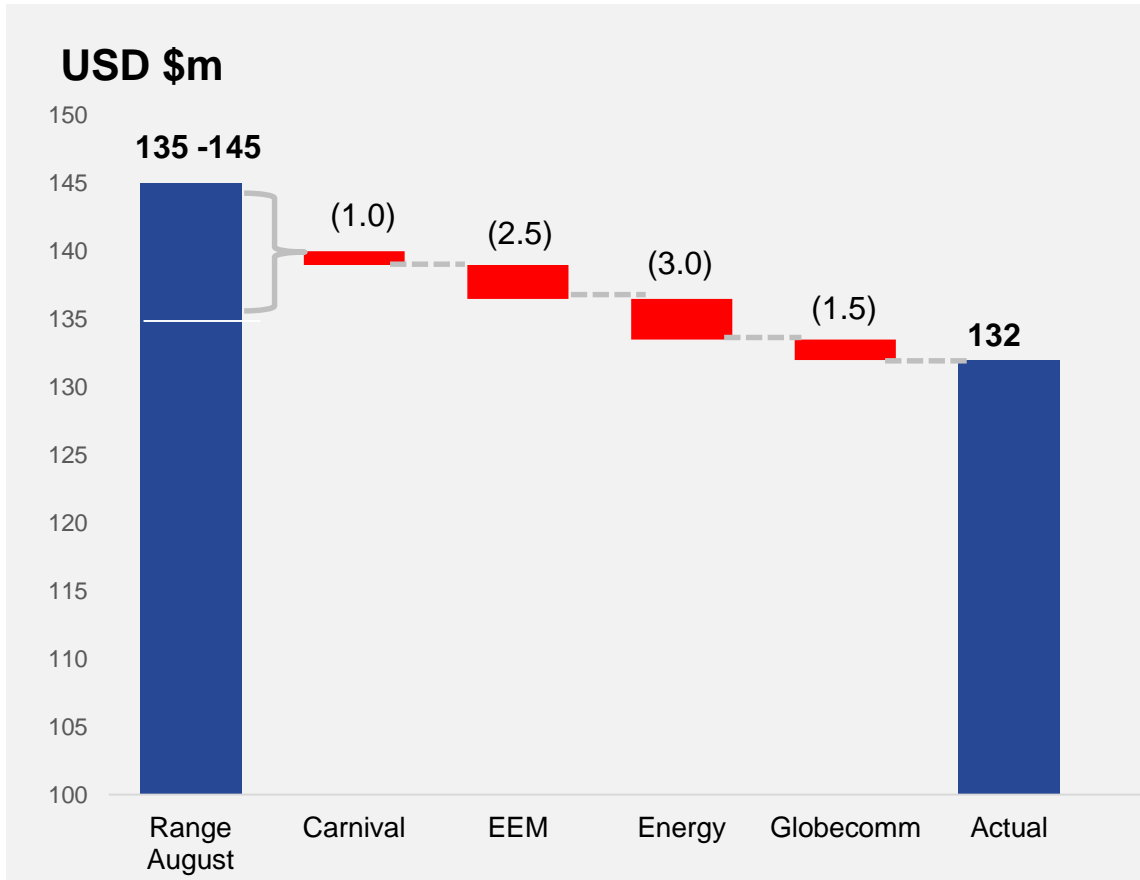
1. \$7.9m revenue from Globecommm & InAria! split: Maritime \$1.5m, EEM \$2.6m, Energy \$0.2m, Government \$3.6m

2. Including Ultisat revenue, excluding Globecommm

2H2018 impacted by Energy market and project delays into 2019

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2018 Underlying EBITDA guidance in August 2018 of \$135-145m vs Actual CY2018



Maritime (Carnival)

- ▶ Contract signed in Dec 2018
- ▶ Ramp up now well underway
- ▶ Negative timing impact including equipment sales

EEM

- ▶ Slower implementation of new project wins in 2H2018
- ▶ Revenue churn in Q4 2018
- ▶ Delayed equipment sales

Energy

- ▶ 2H performance weaker than expected due to:
 - > Delay in market recovery
 - > Higher than expected 2H rig count attrition

Globecomm

- ▶ Acquisition completed on 14 December 2018, later than expected

During this challenging year, a lot has been achieved in building a market leading platform

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Achievements

Largest Two Contracts Ever Won



3 Divisions Growing Organically



Maritime



Government



EEM

Synergistic and Innovative Acquisitions



InAria Networks



Strengthened People and Systems



Management Team



Shared Services &
IT Systems



Innovation Success

Challenges

Energy Decline



Delayed Market Recovery



Revenue Churn

Maritime (Cruise)



Investment and Delayed
Contract Renewal



Pricing Impact from
2017 Contract

EEM



Temporary investment in
working capital



Delays and
churn

IT Transformation



Transformation of IT Systems required
significant investment in time and money

Full Year 2018 Financial Review

26 February 2019



NPATA per share up 4.4% despite a challenging year

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Underlying ¹ USD \$m	CY2018	CY2017 ²	Var. %
Revenue	623.1	514.2	21%
EBITDA	132.0	123.3	7%
<i>EBITDA %</i>	<i>21.2%</i>	<i>24.0%</i>	<i>(280)bps</i>
Depreciation	(37.5)	(42.5)	(12)%
Amortisation	(40.0)	(28.6)	40%
EBIT	54.5	52.2	4%
Net finance costs	(29.2)	(23.5)	24%
Income tax expense	(8.0)	(4.2)	90%
NPAT	17.3	24.5	(29)%
NPATA	48.1	46.0	5%
NPATA per share (US\$ cents)	20.1	19.3	4%

- ▶ **Revenue** includes 5.4% organic growth and \$7.2m contribution from 2018 acquisitions
- ▶ **EBITDA** includes :
 - > 12-month contribution from Ultisat
 - > Growth in Maritime & EEM; weaker Energy market
 - > Globecom \$0.7m
- ▶ **EBITDA margin diluted** by lower Energy activity, one-off Cruise investment and large NBN contract, but remains industry leading
- ▶ **Depreciation & Amortisation increased** with the inclusion of UltiSat, partially offset by classification changes
- ▶ **Net finance cost increased** with additional debt to fund growth
- ▶ **Tax expense reflects** effective recurring underlying tax rate of 21%
- ▶ **Full year dividend of AUD 7.2 cents/share**

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

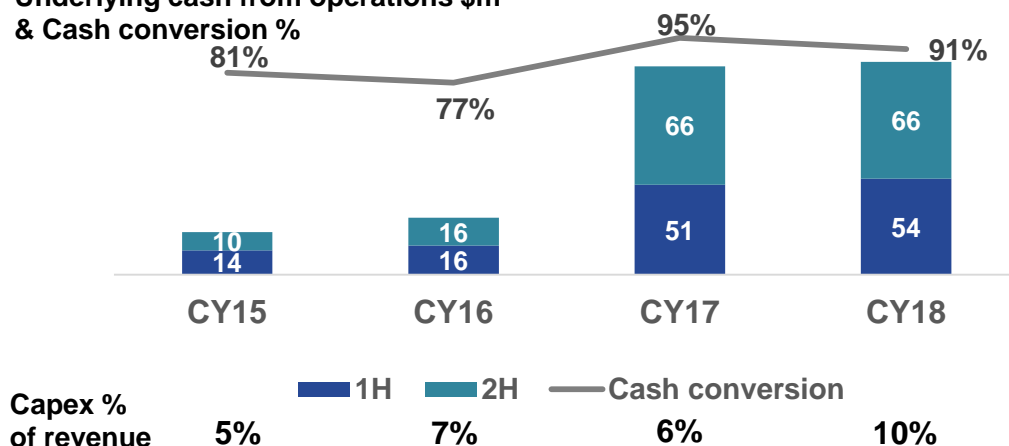
2. 2017 restated for AASB9.

High cash conversion used to fund future growth

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- ▶ **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 Globecom 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

Underlying cash from operations \$m
& Cash conversion %



Key Cash Flows

USD \$m	CY2018	CY2017
Cash generated in operations	113.3	106.6
Net finance costs	(30.4)	(14.8)
Tax paid	(14.8)	(12.8)
Net cash inflow from operating activities	68.1	79.0
Capital expenditure, net	(60.3)	(29.2)
Acquisitions & transaction costs	(157.8)	(489.9)
Receipts from Escrow	-	422.4
Net cash outflow from investing activities	(218.2)	(96.7)
Net cash inflow from financing activities	176.3	47.9
Net increase/(decrease) in cash & cash equiv.	26.2	30.2

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

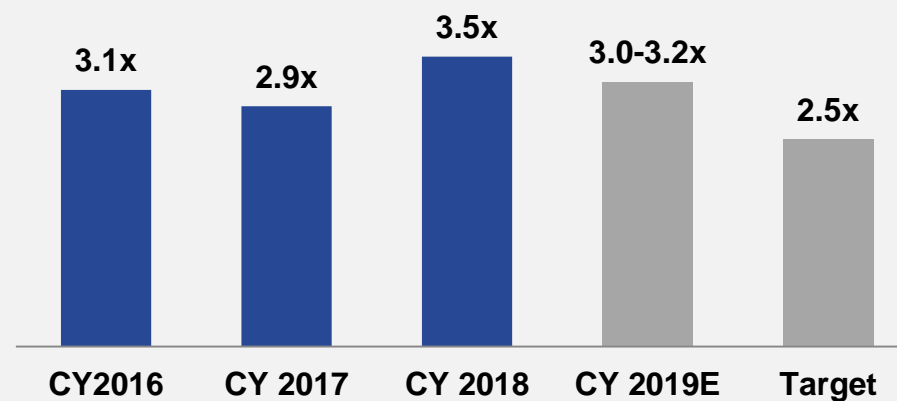
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- ▶ **Net Debt at Dec 2018 \$581m, up from \$388m in 2017**
 - > Globecom acquisition and incremental debt
 - > Capex \$60m
 - > UltiSat outperformance earnout \$20m
- ▶ **Covenant-lite loan facilities**
 - > Revolving Credit Facility includes a maintenance covenant of maximum 4x Pro Forma EBITDA if the RCF >30% drawn
- ▶ **Liquidity discipline - formal policy of minimum \$50m available liquidity ensures strong funding risk management**
- ▶ **Interest cover¹ > 3.5x:**
 - > Current weighted average cost of debt ~5.70% p.a.
 - > ~70% of Term Loan B interest rate now fixed
- ▶ **Aim to de-lever to ~3.0-3.2x by end of 2019**
- ▶ **Continued commitment to de-lever to < 2.5x on a like for like basis over time**

Term Debt Maturity Profile (USD \$m)



Net Debt / EBITDA ratio²



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

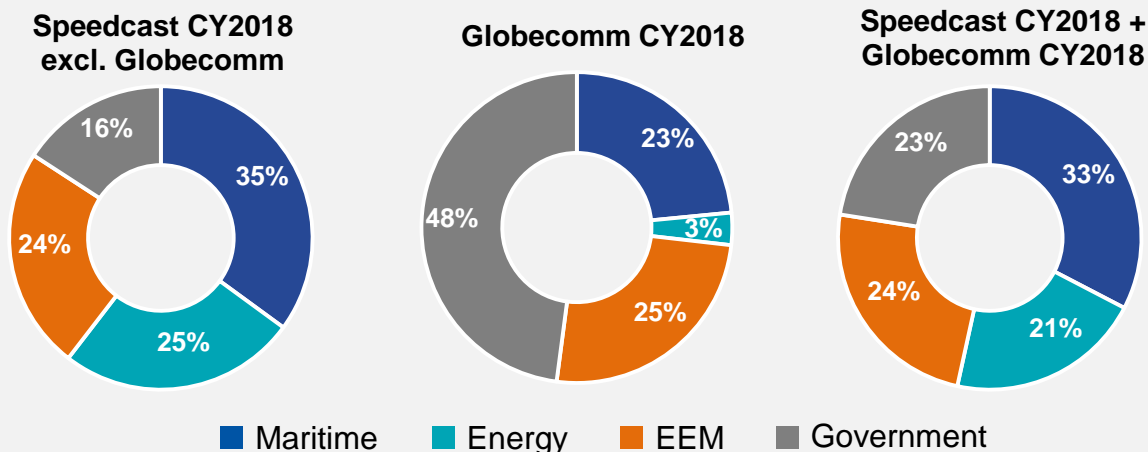
2. 2018 Net Debt/EBITDA calculated based on LTM December 2018 Consolidated EBITDA including the Pro Forma impact of Globecom EBITDA and identified cost synergies (acquired on 14 December 2018)

Globecomm adds scale & capabilities in high growth market segments

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- ▶ Acquisition completed 14 Dec 2018 for net consideration of \$134m
- ▶ CY2018 Revenue \$162m, Underlying EBITDA \$15m, Depreciation \$9m - **in line with expectations**
- ▶ \$175m incremental debt raised to fund acquisition and partly repay the Revolving Credit Facility
- ▶ Temporary increase to leverage immediately post transaction, with clear path to deleverage
- ▶ **~\$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

Divisional & Functional Update

26 February 2019



Maritime – continued strong organic growth in our largest division

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USD \$m	CY2018	CY2017	% var.
Revenue	219.7	200.2	9.7%
Services	194.3	181.1	7.3%
Equipment & Installation	25.4	19.1	33.0%

At Dec	2018	2017
Commercial Shipping		
VSAT vessels	2,352	1,589
with Globecom	3,046	
L-Band Terminals	10,969	10,489
with Globecom	13,308	
Cruise		
Cruise ships	215	198
Ferries	121	115

2018

- ▶ **Strong growth in Commercial Shipping** driven by continued increase in VSAT activations - **net 763 additions** in 2018
- ▶ **Good revenue growth in Cruise** driven by bandwidth growth and new wins, but significant one-time investment into key customer program

Outlook

- ▶ **Targeting mid to high single digit organic revenue growth 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
 - > Potential to accelerate migration of Globecom L-band vessels to VSAT
- ▶ **Cruise & Ferry**
 - > Promising medium-term organic growth from much higher bandwidth for both guests and crew, and digital transformation projects
 - > Carnival renewed for 3 years in Dec 2018 - Speedcast's largest customer
 - > 36 new ships won during 2018 with 28 already activated will underpin growth in 2019

Carnival - largest commercial VSAT contract was renewed in 2018

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3 years

Contract started
in Dec 2018

~3,000 to
~5,500
people

Aboard
at a time

860+
ports

In 90
destinations

8-9%

of 2019 Total
Group revenue



Speedcast
TrueBeam

~100
ships

Serviced in
2019

24/7
365 days

Seamless
operations



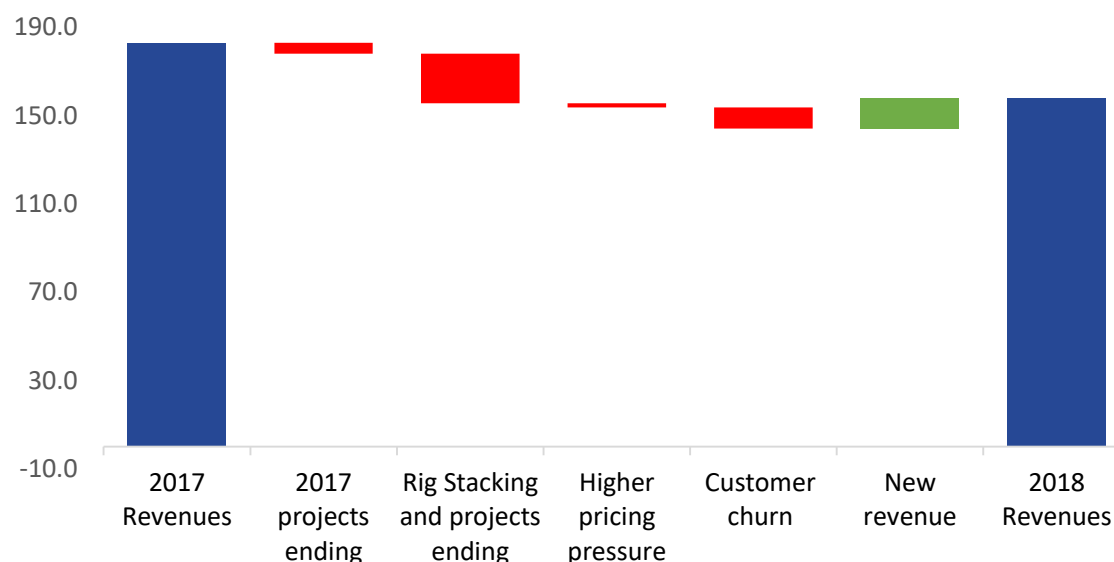
Revenue and EBITDA
growth

Energy – impacted by delay in market recovery in 2018 but positive outlook for 2019

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USD \$m	CY2018	CY2017	% var.
Total Revenue	158.3	183.2	(13.6)%
Services	148.2	174.9	(15.3)%
Equipment & Installation	10.1	8.3	21.5%

CY2017 to CY2018 Energy revenue bridge (USD \$m)



2018

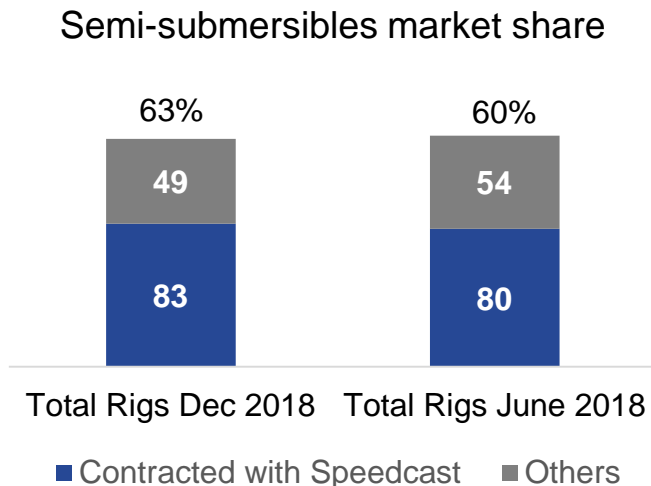
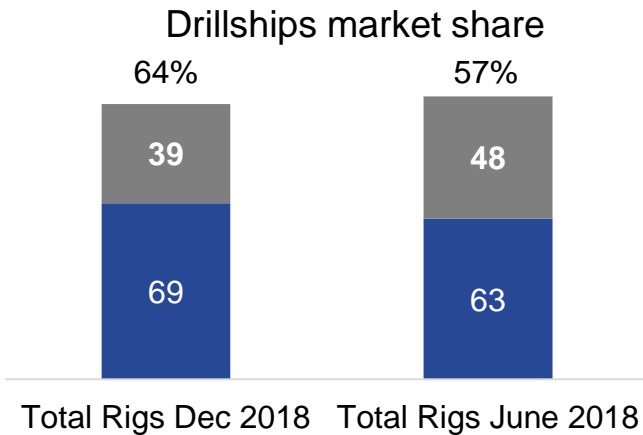
- ▶ Total revenue for CY2018 down 13.6%, lower than Aug 2018 expectation
- ▶ **2H2018 revenue 8% higher than 1H2018** in line with Dec 2018 guidance and despite \$2m of equipment and systems integration revenue delayed to Q1 2019, and further rig stacking
- ▶ 2H2018 growth supported by good activity levels onshore, transitioning Noble rigs and growth in systems integration revenue
- ▶ **Activations exceeded churn in 2H**, unlike 1H
- ▶ Strong equipment sales a lead indicator for future service revenue growth

Outlook

- ▶ **Mid to high single-digit growth** expected in 2019, accelerating in 2020
- ▶ Positive net activations in Jan 2019 continuing 2H18 trend and revenue **churn is expected to gradually slow down during 2019**
- ▶ >\$14m contracted annual backlog at 31 Dec 2018
- ▶ **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
- ▶ Low market share of jack-up rigs represents a growth opportunity
- ▶ **Revenue synergy** potential with Globecom around IOT

As market leader in deepwater drilling, Speedcast is well positioned for growth as the market starts recovering

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- ▶ Total number of Speedcast deepwater active rigs at Dec 2018 was 73, down from 82 in June 2018 due to rig stacking particularly in semi-submersibles.
- ▶ Speedcast had 79 stacked rigs at Dec 2018, up from 61 in June 2018
 - > Rig data is market information at a point in time. Stacked rigs includes rigs in transit which have full service but no add-on
 - > Indicative revenue potential from warm stacked rigs under contract becoming active when the market recovers is >\$65m
- ▶ Positive commentary in Q4 results from drillers and oil services companies indicates 2019 activity will be higher than 2018:

"While oil prices remain volatile, ... current customer conversations suggest that FIDs in 2019 could increase materially over last year." Jeremy Thigpen, CEO Transocean Fourth Quarter 2018 Results Press Release

"...experiencing steady improvement in fleet activity, with utilization of both our floating and jackup fleets completing the fourth quarter of 2018 at their highest levels for the year." Julie J. Robertson, CEO Noble Corporation plc Fourth Quarter Results Press Release

- ▶ See also: RigZone ["Oil and gas stepping up its exploration game"](#) and Offshore Support Journal ["Anticipating arecovery in the offshore rig market"](#)

1. Source: Bassoe Analytics and company information

EEM – NBN drives strong organic growth in 2018

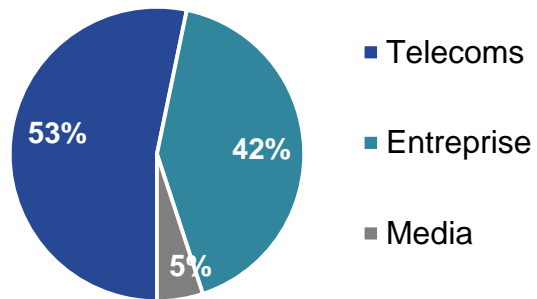
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USD \$m	CY2018	CY2017	% var.
Revenue	147.9	116.6	26.8%
Services	86.2	88.5	(2.5)%
Wholesale Voice	24.0	20.3	18.0%
Equipment & Installation	37.7	7.9	378.5%

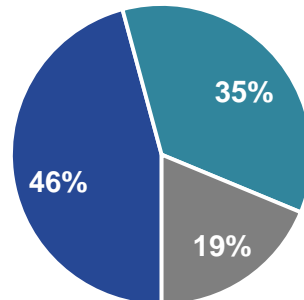
2018

- ▶ **Strong 27% revenue growth**, largely organic, driven by first phase of NBN project
- ▶ Decline in services due to the full year impact of 2017 churn, in particular with an Aviation service provider and Transfield
- ▶ Cellular backhaul and Wholesale Voice growing
- ▶ Globecomm brings interesting **IoT capabilities** with ~16,000 devices connected at end of Dec 2018, versus ~200 at end of Dec 2017

CY18 Revenue pre Globecomm
(excl. NBN)



CY18 Revenue PF Globecomm
(excl. NBN)



Outlook

- ▶ **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 and the contracted backlog will offset service revenue churn experienced in Q4 2018
- ▶ **More limited churn expected in 2019** with less significant renewals
- ▶ **Scale and capabilities advantage** expected to result in market share gains
- ▶ Cellular backhaul to remain a key growth area with positive momentum in Latin America and South East Asia
- ▶ **Revenue synergies with Globecomm** expected in IOT (growth in the number of connected devices), media and systems integration

Government – strong double-digit organic growth

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USD \$m	CY2018	CY2017 ¹	% var.
Revenue	97.3	83.9	16.0%
Services	90.8	80.2	13.2%
Equipment & Installation	6.5	3.7	75.7%

2018

- ▶ **12% organic growth** (excl. Globecomm) driven by increased network services, professional services and equipment sales across the customer base
- ▶ Equipment sales growth underpinning future network and professional service revenue growth
- ▶ Increased US defense budget of approximately 10%²

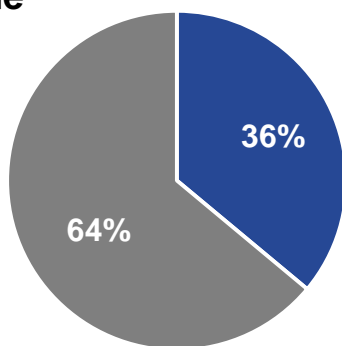
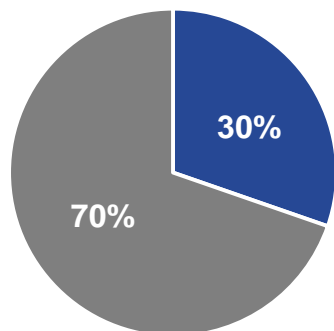
Outlook

- ▶ **Organic growth expected to continue in 2019**, consistent with US Government satcom market, albeit slower than in 2018
- ▶ **Stronger market position** following Globecomm acquisition, closed in Dec 2018, which doubles our US Government revenue - revenue synergies 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
- ▶ Contracted backlog at Dec 31 2018 of \$28m (excl. Globecomm)
- ▶ **Important wins in late 2018 and early 2019** validate the significant growth opportunity for Speedcast in the Government segment

CY2017

COTM/ISR
34% revenue
growth

CY2018



■ COTM/ISR solutions ■ Other

1. Including Ultisat for the full twelve months of CY2017, excluding Globecomm
 2. 2018 vs. 2017. Source: Office of the Under Secretary of the Department of Defense (Comptroller)

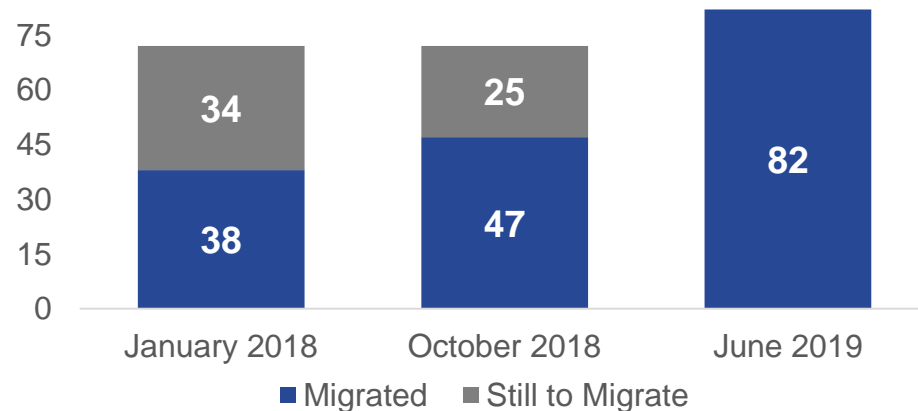
Investment and progress towards a more efficient data-driven organisation

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Major IT projects underway

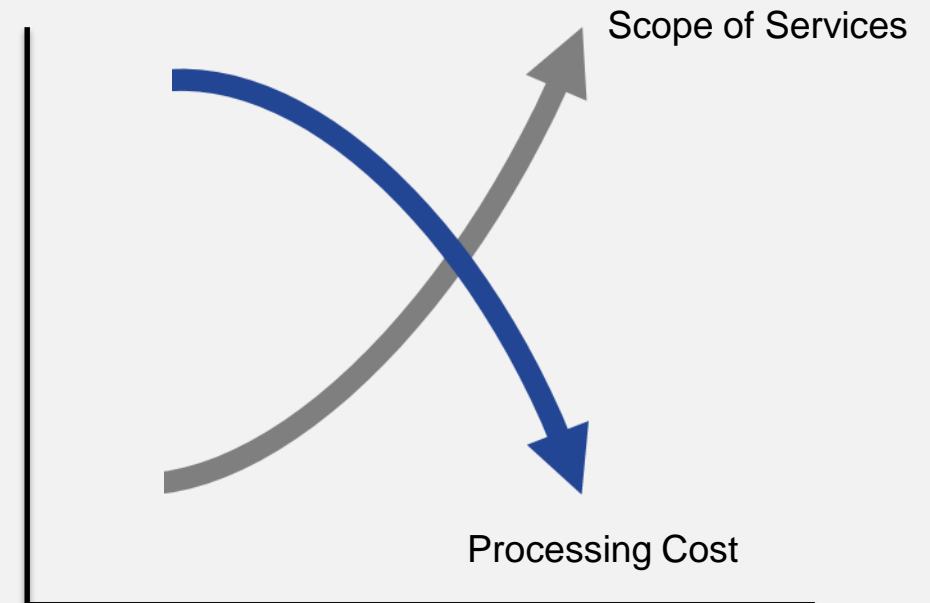
- ▶ Enterprise Resource Planning (ERP)
- ▶ Operational Systems and Services (OSS)
- ▶ Cybersecurity
- ▶ Network and cloud optimization
- ▶ Improved analysis and reporting capability

Number of entities migrated to new common ERP



Using technology and automation to drive down costs and improve our operating model

Speedcast Shared Services



Innovation - a priority with several key successes in 2018

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TrueBeam

Intelligent automation system deployed for Carnival's global fleet of cruise ships



FieldVision

Cloud-based platform to connect, protect and monitor both people and assets



Tempo

Interactive cloud-based content delivery and distance learning platform



Hosted Switch

Carrier-grade cellular switching services



Kymeta flat panel antennas

Innovative electronically-steered, flat-panel Ku-band antenna

Outlook

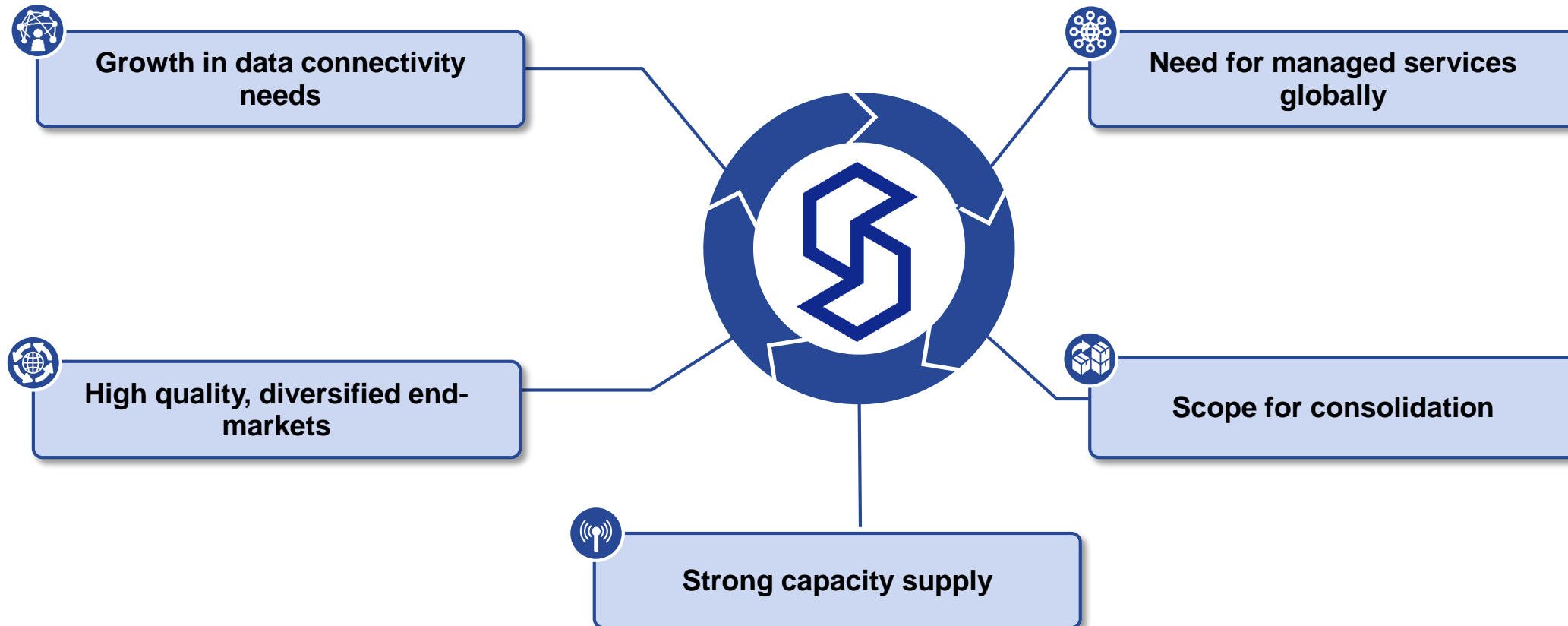
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Industry fundamentals create tailwinds for Speedcast

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Secular trends driving exponential data growth and increasing connectivity needs





1999 - 2012

**Managed Connectivity
Service Provider**

2013 - 2018

**Managed Network
Service Provider**

2019+

**Managed
Information
Service Provider**

**Sustained revenue &
EBITDA growth
Target ~\$1bn revenue &
~25% EBITDA Margin in 2021**

Speedcast Values

- ▶ **C**ustomer Focused
- ▶ **A**gile & Responsive
- ▶ **S**uccess Through People & Safety
- ▶ **T**eam Spirit

Strategy

- ▶ Drive accelerating organic growth in our core market segments through scale and capabilities, which provide competitive advantages
- ▶ Expand our scope of services with innovation
- ▶ Generate operational efficiencies from scale and automation
- ▶ Maximise cash flows to fund profitable growth

Capital Allocation

- ▶ Investing in:
 - > existing and new customers to drive organic growth
 - > new technologies / capabilities
- ▶ Minimum return thresholds:
 - > Target 25% IRR
 - > Payback in 50% of contract period
- ▶ Disciplined investment in strategic value-accretive acquisitions

2019 Outlook – stronger service revenue growth and cash generation

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- ▶ Expecting to deliver **moderate organic revenue growth** despite the negative 2019 impact of the NBN contract
- ▶ **Strong EBITDA growth**
 - > Resulting from Globecomm contribution, cost synergies and organic growth
 - > Temporary 2019 margin dilution due primarily to Globecomm, expected to improve over time with cost synergy realisation & Energy recovery
- ▶ **Cash flow generation to increase** in 2019
 - > Completion of key milestones under NBN contract
 - > Continued lower cash tax payments - effective recurring underlying tax rate expected to continue at 20-21%
 - > Capex expected to be ~\$50-60m, ~7% of revenue
- ▶ **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

Outlook	USD \$m
Underlying EBITDA	
Speedcast CY2018	132
Cruise investment 2018	3
Globecomm 2018	(1)
EEM projects	(3)
Globecomm 2019	16
Cost synergy realisation	10 – 12
Organic Growth	<u>3 – 12</u>
CY2019 Outlook	160 - 171

Appendices

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Reconciliation of Statutory to Underlying results

USD \$m	Underlying CY2018	Underlying CY2017 (Restated)
Statutory NPAT	1.9	6.0
Acquisition related costs	4.4	9.2
Integration costs	4.1	4.0
Restructuring costs	2.2	6.3
Fair value loss on deferred consideration	-	0.6
(Gain) on extinguishment of interest rate hedges	(3.0)	-
Foreign exchange loss	2.7	0.1
Accelerated amortisation of capitalised facility fees on borrowing – finance cost	8.6	-
Interest expense on deferred consideration – finance cost	1.2	0.1
Unwinding of fair value adjustments on acquisitions – finance cost	0.5	0.7
Tax effect of above items	(5.2)	(2.4)
Underlying NPAT	17.3	24.5
Add back: Amortisation (net of tax)	30.8	21.5
Underlying NPATA	48.1	46.0

- ▶ The underlying financial results have been presented to provide a better understanding of Speecast's financial performance in the period.
- ▶ 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.
- ▶ The table opposite reconciles Statutory NPAT to Underlying NPAT and NPATA
 - > Acquisition related costs of \$4.4m include due diligence, consultants and legal fees, including in relation to UltiSat and Globecomm.
 - > Integration and restructuring costs (totalling \$6.3m) principally relate to the Harris CapRock and Globecomm acquisitions.
 - > The \$3.0m Gain on extinguishment of interest rate hedges arose on the termination of interest rate swaps in connection with the refinancing in 1H2018.
 - > Foreign exchange losses of \$2.7m arose on non trading balances in various countries and have been excluded from the underlying result.
 - > Accelerated amortisation of capitalised facility fees of \$8.6m resulted from the refinancing that occurred in 1H2018.
 - > The collective tax impact of the adjustments is a credit of \$5.2m

Impact of Changes in Accounting Standards, Policies & Classifications

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USD \$m	2017 As Reported	2017 AASB9 impact ¹	2017 Restated ¹	Other Changes impacting class'n ²	Base Adjusted 2017	Base Adjusted 2018 ³	2018 AASB15 impact ³	Reported 2018
Revenue	514.2	-	514.2	-	514.2	621.6	1.5	623.1
Costs	(391.6)	0.8	(390.8)	(6.1)	(396.9)	(343.2)	6.3	(336.9)
Underlying EBITDA	122.6	0.8	123.3	(6.1)	117.2	124.2	7.8	132.0
D&A	(71.2)	-	(71.2)	6.1	(65.1)	(71.7)	(5.8)	(77.5)
Underlying EBIT	51.4	0.8	52.2	-	52.1	52.5	2.0	54.5

- During 2018, changes to AASB9 and AASB15 were implemented, in line with the requirements. The table shows the impact of the changes in classification.

1. The ASX Appendix 4E includes the restated amounts and a detailed note showing the impact of the AASB9 restatement
2. A classification change arose because in Dec 2017, the company ceased depreciating an acquired near-end-of-life transponder, and instead in 2018 reverted to purchasing bandwidth. This incurred a Cost of Sale in 2018, rather than the \$6.1m depreciation recorded in 2017. 2017 has been restated to ensure comparability with 2018.
3. Because of the acquisition of Harris CapRock and other factors, it is not possible to determine the 2017 impact of implementing AASB 15. To assist users, the 2018 impact is shown.

Balance Sheet overview – 31 Dec 2018

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USD \$m	31 Dec 2018	31 Dec 2017 (Restated)
Cash	79.7	54.8
Trade & other receivables	237.0	147.6
Inventories	28.9	14.9
Income tax receivable	4.0	4.2
Total current assets	349.6	221.6
PP&E	140.2	95.2
Deferred Tax Assets	22.5	9.7
Intangibles (including Goodwill)	710.2	623.9
Other Non-current assets (including Derivative Financial Instruments)	2.5	4.1
Total Assets	1,224.9	954.5
Trade and other payables	257.3	165.7
Borrowings (Current)	6.0	-
Income tax payable	1.1	5.3
Total Current liabilities	264.4	171.0
Borrowings (Non-Current)	625.4	432.2
Deferred Tax Liabilities	19.4	18.7
Other Non Current Liabilities (including Derivative Non Financial Instrument)	30.7	29.5
Total Liabilities	939.9	651.4
Net Assets	285.0	303.1

► Net Working Capital, including Trade & Other Receivables, Inventories, and Trade and Other Payables are discussed in more detail on slide 32.

► Intangibles increased from \$624m to \$710m mainly because of the acquisition of Globecom in Dec 2018.

► Current and Non Current Borrowings total \$631m at 31 Dec. 2018. These include gross drawn debt of US\$645m (Dec 2017: US\$443m) offset by prepaid facility fees of \$13m (Dec 2017: \$11m).

► Net debt increased by \$193m from \$388m at 31 Dec 2017 to \$581m at 31 Dec 2018. Net debt includes Borrowings (excluding prepaid facility fees), Unrestricted Cash and Derivative Financial Instruments. The increase reflects:

- > Globecom acquisition and incremental debt
- > Capex \$60m & UltiSat outperformance earnout \$20m

Balance Sheet – Working Capital

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USD \$m	CY2018	CY2017
Inventories	28.9	14.9
Trade and other receivables	239.5	150.2
Trade and other payables	(282.0)	(195.3)
Sub total	(13.6)	(30.2)
Add back Deferred consideration on Acquisitions	14.9	40.2
Net Working Capital	1.3	10.0

- ▶ Inventories includes Equipment, Spares and Work in Progress.
- ▶ Trade and other receivables includes (Current & Non current) trade receivable balances, deposits & prepayments and other receivables.
- ▶ Trade and other payables includes (Current & Non current) trade payable balances, Accrued Charges & Other Creditors, Employee Provisions, Customer Deposits, Deferred Revenue and Deferred Consideration on Acquisitions.

- ▶ The balance of Deferred Consideration on Acquisitions has been excluded from the calculation of Net Working Capital.
- ▶ The decrease in Net Working Capital was caused by:
 - > The acquisition of Globecom in Dec 2018, which reduced Net Working Capital by \$10.3m.
 - > The acquisition of In Aria!, in Oct 2018, which reduced Net Working Capital by \$1.3m
 - > An increase in Net Working Capital invested in the NBN project by \$10.2m
 - > Other improvements in working capital, mainly receivables and payables through diligent working capital management



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