GLOBAL INVACOM

FY2017 Briefing & Analysis





1 FY2017 Financial Review

FY2017 Financial Highlights

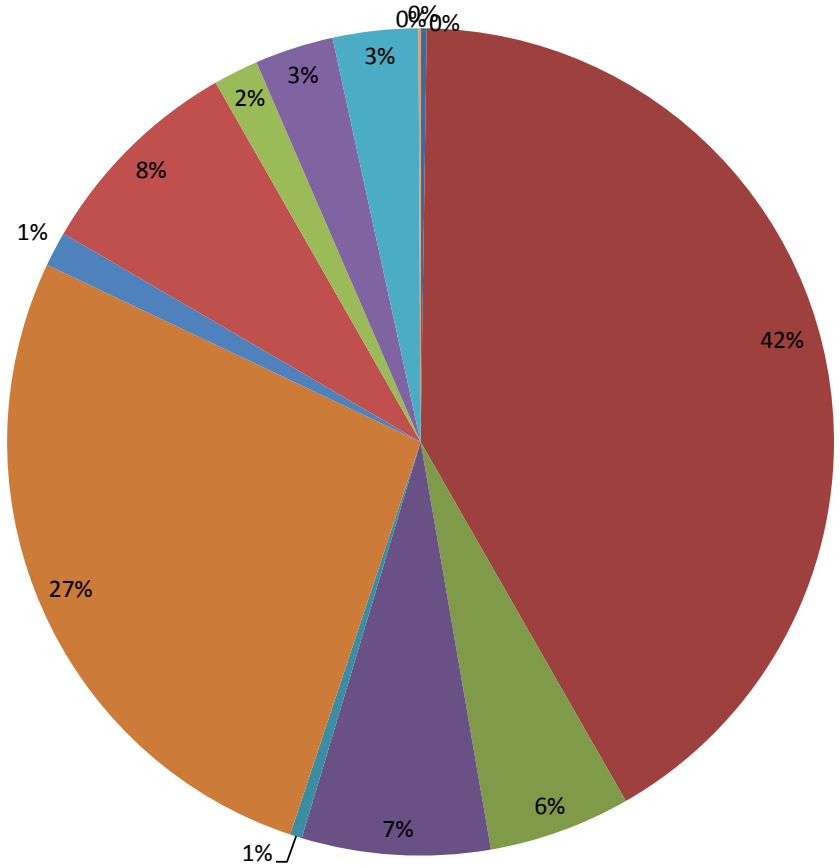
- FY2017 net profit of US$2.9 million, reversing two years of losses
- Lifted by recovery of U.S. and Israeli units – which reported first profit in over ten years – and improved global efficiencies
- Q4 FY2017 represents fourth consecutive quarter of profitability
- A year after consolidating two China facilities into one, global manufacturing and supply chain efficiencies are kicking in
- Significant reduction in expenses reflects synergies and improved efficiency
- Launched slimline products, commenced expansion of global marketing activities

FY2017 Key Financials

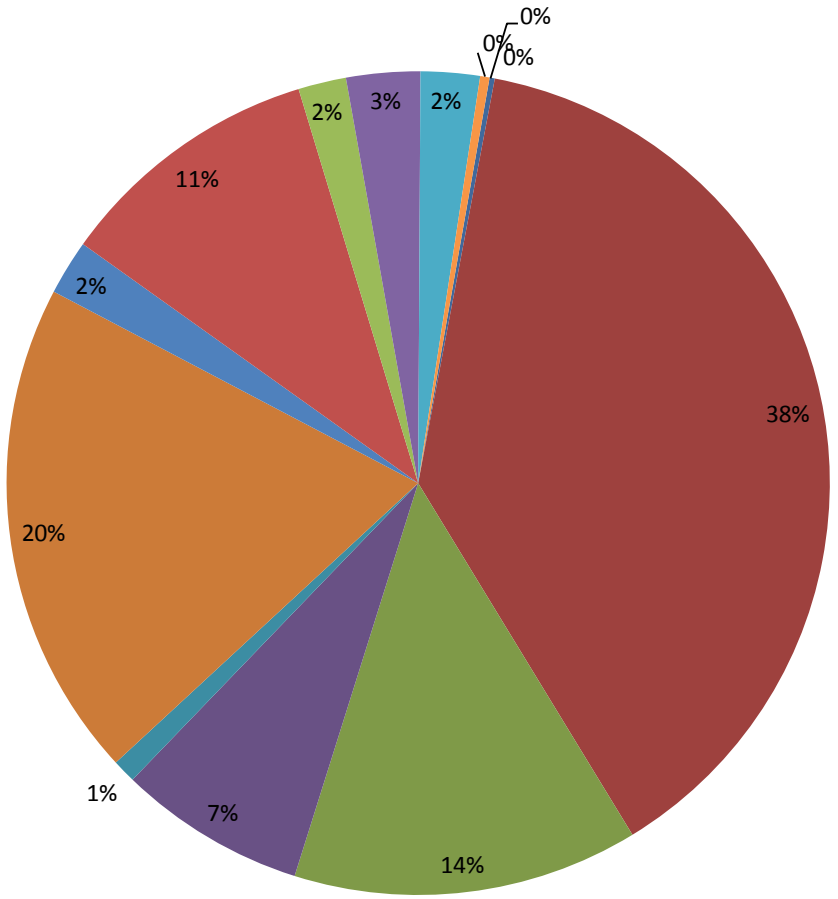
US$'000	FY2017	FY2016	Change (%)
Revenue	115,706	127,308	(9.1)
Gross Profit	24,191	26,025	(7.0)
Gross Profit Margin	20.9%	20.4%	0.5ppt
Net Profit / (Loss) after Tax	2,949	(2,703)	N.M.
Diluted Earnings Per Share (US cents)	1.08	(1.00)	N.M.
NAV Per Share (US cents)	20.42	19.26	6.0

- Revenue declined 9.1% to US$115.7m (FY2016: US$127.3m), due to the reduction of contract manufacturing activities previously carried out in Shenzhen
- Gross profit decreased 7.0% to US$24.2m (FY2016: US$26.0m) in line with lower revenue
- Gross profit margin improved to 20.9% (FY2016: 20.4%) underscoring Group-wide improved efficiencies
- Net profit after tax of US$2.9m (FY2016: US$2.7m), reflecting turnarounds in the U.S. and Israeli units, as well as global efficiencies after consolidating China operations

Breakdown: Product Segment



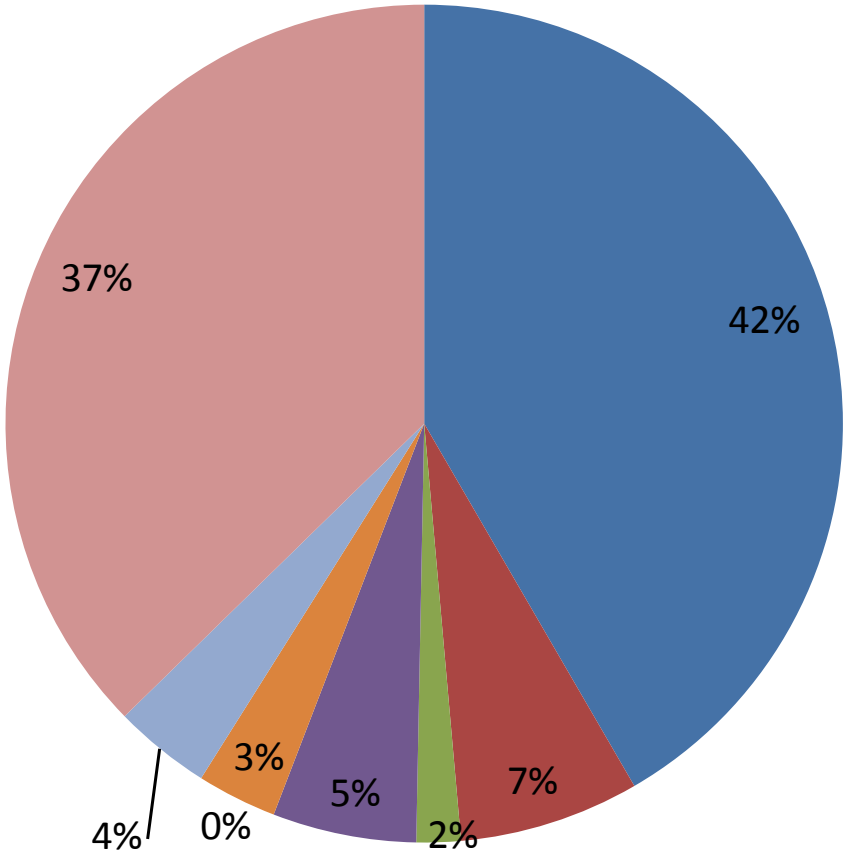
FY2017



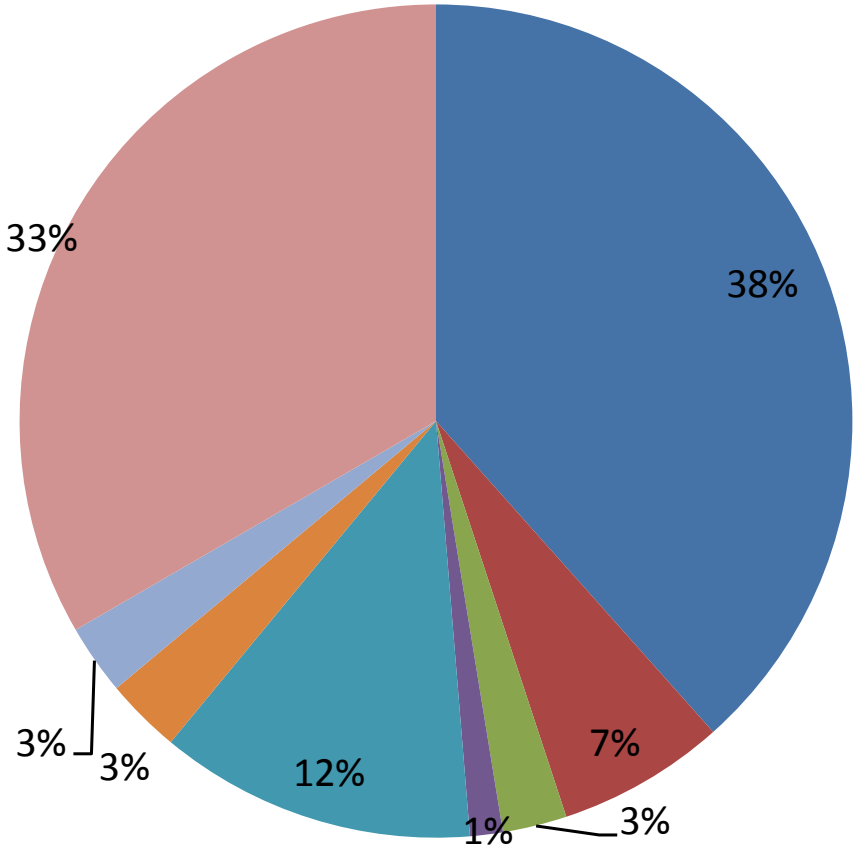
FY2016



Breakdown: Site



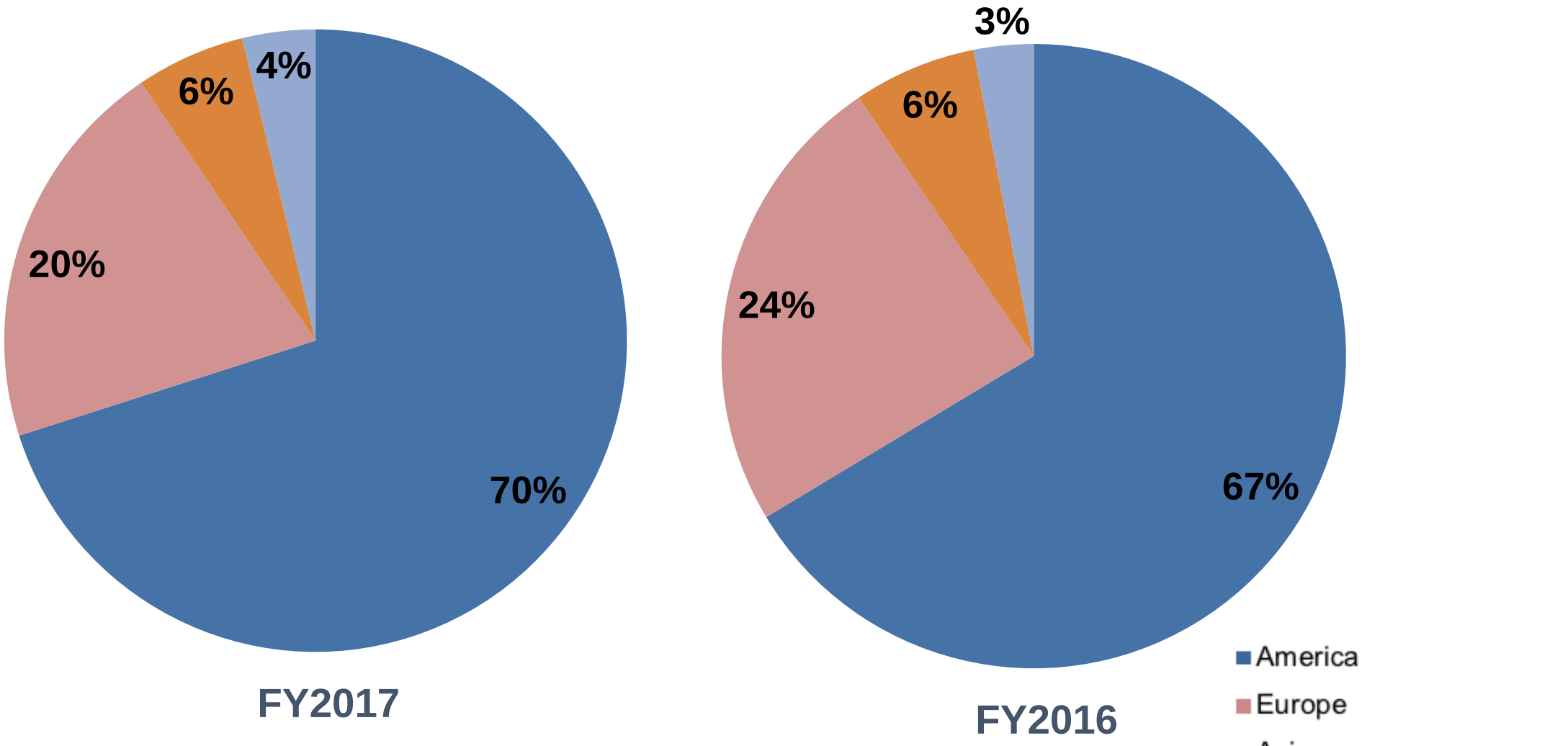
FY2017



FY2016



Breakdown: Geographical Segment



2 Corporate Highlights



Corporate Highlights

Date	Milestone
11 May 2017	Subsidiary, Foxcom, ships world's first iridium/GPS repeater for aircraft hangars
17 May 2017	Malaysia recognises Global Invacom's Fibre Integrated Reception System for nationwide rollout
23 Aug 2017	Live-tests new technology in the U.K. that permits high-quality, large-scale live streaming over WiFi
6 Sep 2017	Receives approval from U.S. satellite TV broadcaster to supply triple-feed DCSS LNBs to western U.S. region; begins delivery the same month
31 Jan 2018	Incorporates Global Invacom Japan to drive business opportunities in Asia and Australasia; rebrands U.K. subsidiary as Global Invacom Waveguide

Key Developments

Turnaround of U.S. and Israeli operations

- U.S. operations, Global Skyware (acquired in August 2015), and Israeli operations, Foxcom (acquired in November 2014), each achieved their first year of profitability in over ten years

- Reflects the Group's ability to improve productivity through efficient resource allocation, lowering overheads and shifting to higher-margin product sales mix

- The Group will continue to further improve the performance and margins of both operations through further shop-floor enhancements, including continued capital investment as well as moving more operations in-house

Key Developments

Successful consolidation of contract manufacturing operations in Shenzhen and integration into Shanghai

- In FY2016 the Group chose to cease operations in Shenzhen, ahead of the decline in non-core contract manufacturing (“CM”) activity
- Top line dipped in FY2017 reflecting the reduction of CM activity previously carried out in Shenzhen
- The Group recognised sales efficiencies and higher margins; and
- The consolidation coincided with Group-wide supply chain efficiency improvements driven by internalising subcontracting activities.

Key Developments

Digital Channel Stacking Switch (DCSS) transition

- Industry-wide replacement cycle ongoing; switch to DCSS technology allows stacking of 32 continuous video streams from a single LNB
- Building on the completed R&D, the Group has designed a new low-cost LNB based on a new chip design
- Uniquely positioned to offer both standard and customised antenna designs to optimise costs and performance
- DCSS transition is expected to continue throughout FY2018.

Key Developments

Continued emphasis on R&D to strengthen product pipeline

- New Western Arc Hybrid LNB launched in second half of FY2017

- New products to be launched in FY2018 include:
  - Slimline products
  - New dish formats
  - Low-cost LNBs based on a new chip design



The Western Arc Triple (left) and Eastern Arc Twin (right) Slimline LNB prototype mounted on a dish

3 Group & Industry Outlook



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Industry Outlook

Over-The-Top (OTT) industry trend

- According to Satellite Industry Association, market for satellite ground equipment grew 2% to US$260.5 billion in 2017
- Continued demand attributed to increasing consumer appetite for higher quality video (4K and 8K) and commercial viability in remote areas
- There is an inherent cost-effectiveness of satellite provision over its cable alternative, reflecting shifting methods of disseminating an ever-growing library of video content
- Despite OTT and service bundling, broadcasters will continue to offer new services and enter new markets, leveraging on the latest innovations and technologies

Industry Outlook

Growing consumer appetite for higher bandwidth

- Sporting spectacles such as the 2018 Football World Cup in Russia, 2019 Rugby World Cup and 2020 Summer Olympics in Japan have garnered government and commercial attention to developing the infrastructure
- Japanese government is seeking to implement 8K in time for the 2020 Olympics, while 4K testing has already begun through the SKY Perfect JSAT satellite service
- Public and private attention has accelerated the provision of the 7680x4320 (8K) resolution, 4 and 16 times sharper than 4K and 1080p, respectively
- In January 2018, the Group established a presence in Japan, which will provide services to the Group’s distribution hub in Malaysia and drive business opportunities in Asia and Australasia

Group Outlook

- U.S. operations will seek to further enhance margins through shop-floor enhancements, and a shift of sales mix towards higher margin products
- Enlarged global footprint and consolidation of PRC operations allows the Group to benefit from cost synergies and economies of scale
- Continued emphasis on R&D; launching slimline products, new dish formats, and low-cost Low Noise Blocks in FY2018
- Group will explore opportunities to tap demand for satcomm products in developing markets
- The Group has sharpened focus on its satellite ground equipment business and is well-positioned for future growth

THANK YOU / Q&A

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