

# NewSat Corporate Overview

Transformation from a reseller of third-party satellite communications capacity to an owner and operator of communication satellites



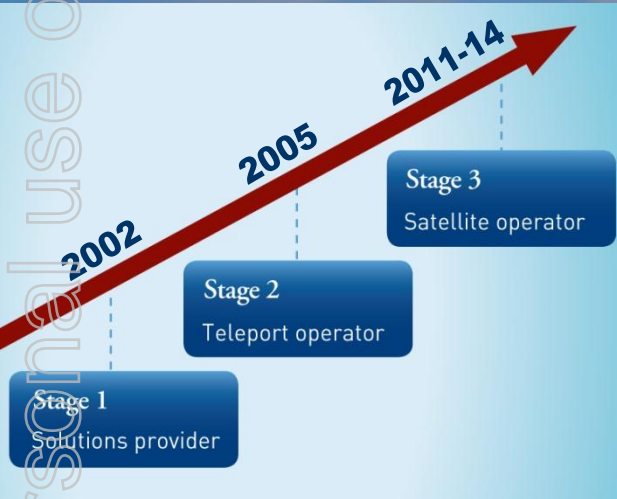
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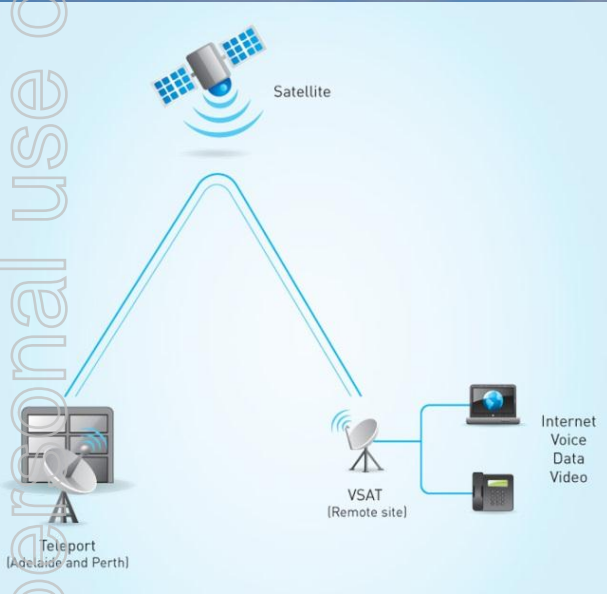
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## Executive Summary



- NewSat (ASX:NWT) is Australia's leading independent satellite service provider specialising in global satellite communications
  - Operates as a reseller of third-party satellite capacity using owned Teleports in Adelaide and Perth, Australia
  - Provides tailored VSAT, Teleport and satellite services to 75% of the earth's surface
  - Provides remote and temporary sites with fast, secure and reliable Internet, voice, data and video communications
- Established and profitable current business:
  - Market capitalisation of A\$70m
  - 20% average revenue growth over the last two years
  - EBITDA of A\$1.8m, FY11
  - NPAT of A\$0.3m, FY11
  - Monthly recurring customer revenue of over A\$2.6m per month as of July 2011

## Executive Summary



- Poised for significant growth
  - In the advanced stages of launching Australia's first independently owned commercial satellite, Jabiru-1
  - The rights of up to 7 orbital slots acquired and significant customer contracts already signed with high value military, government and enterprise customers
- Transformation from a “reseller” of satellite capacity to an “owner” of satellites
  - Will create a step-change in earnings and dramatically increase EBITDA margins
- Supported by a Management Team with significant commercial and technical experience, particularly suited for the next phase of growth

## Contents

1. Global Satellite Market
2. NewSat's Business
3. Financials
4. Board and Management
5. Future Growth
6. Conclusion

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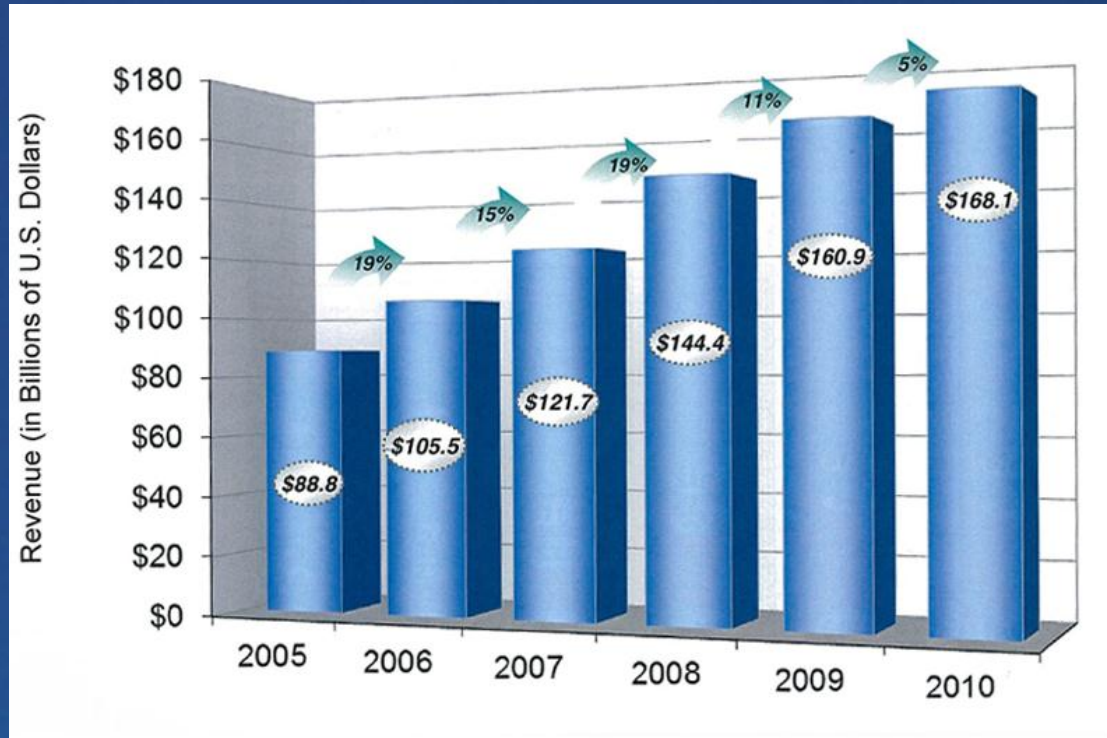
# 1. Global satellite market

## Growing global market

World satellite industry revenue US\$168.1b in 2010.

Average annual growth of 11.2% for the period 2005 through 2010.

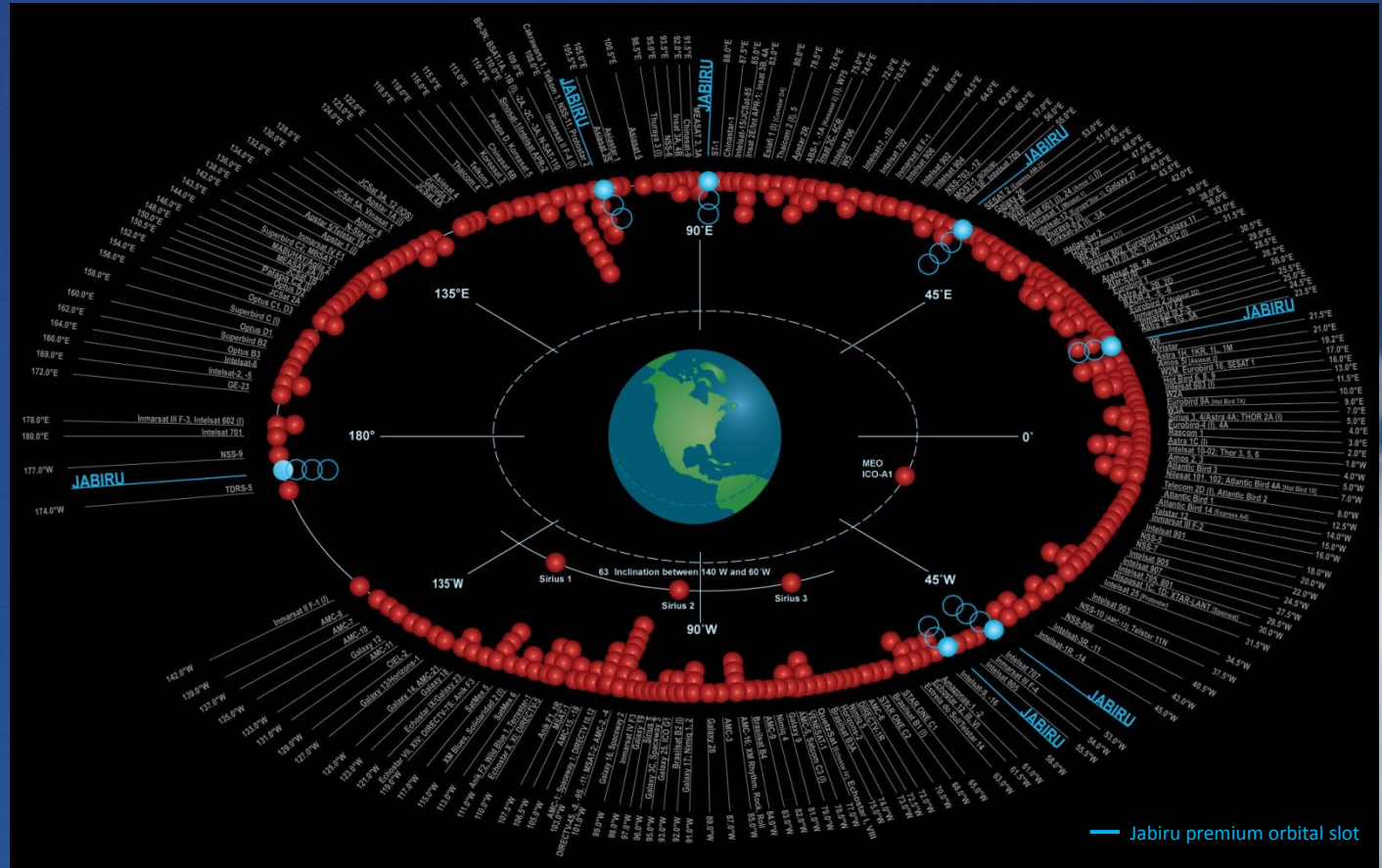
Satellite services made up US\$101.3b and Ground equipment US\$51.6b, while Build services US\$10.8b and Launch services US\$4.4b.



# Satellite operators

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- 40 satellite operators with 250 satellites generating over US\$10b revenue per year.
- Intelsat - 53 satellites and US\$2.5b revenue per year.
- SES - 43 satellites and US\$2.5b revenue per year.
- Eutelsat - 23 satellites and US\$1.5b revenue per year.
- Telesat - 12 satellites and US\$0.7b revenue per year.



## Emerging satellite markets

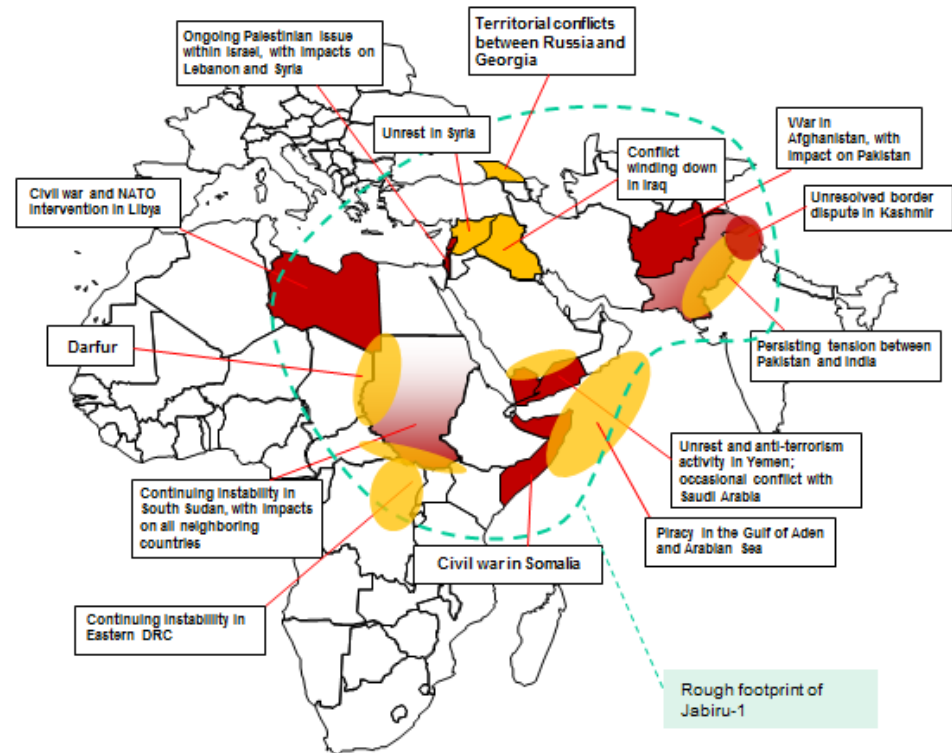
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The Jabiru-1 coverage footprint covers a number of conflict areas in the Middle East, Africa and South Asia.

Increased demand for satellite capacity from military and government in conflict areas.

In areas where conflict is subsiding, demand for satellite capacity increasing due to UAV's, telecoms and resources.

Exh. 10: Security issues and recent conflicts in the planned Jabiru-1 footprint



Source: Euroconsult research and analysis of *Military Balance 2010-11* (London: Institute of International Security Studies, 2011)

## 2. NewSat's Business

# Background

NewSat is an ASX listed reseller of third-party satellite communications capacity

3 key products:

### Teleport services

Owner and operator of two Teleports in Adelaide and Perth

### VSAT services

Support over 4,000 satellite telecommunications services

### Jabiru satellite capacity

Launching fleet of satellites covering high demand regions

High profile existing client base

Proactive Communications

Amstar Communications

CapRock

Exxon Mobil

Chevron

Schlumberger

Has built a strong foundation for growth over 5 years

### Revenue (FY11)

A\$28.8m

### EBITDA (FY11)

A\$1.8m

### NPAT (FY11)

A\$0.3m

- Transforming to an owner and operator of communication satellites
  - Will create a step-change in earnings and dramatically increase EBITDA margins

## Premium customer focus

NewSat's is focused on high value military, government and enterprise sectors around the world

NewSat has established a reputation as the partner of choice and is accredited to supply services to Australian and US Defence Forces

Oil and Gas



Mining



Military and Defence



Construction



Government



Communications



Disaster Recovery



Media and Broadcasting



## Teleport services

Owns and operates two Australian based state-of-the-art Teleports in Adelaide and Perth, providing full range C- and Ku- band services

Two of the best Teleports in the Southern Hemisphere

- Finalists in the World Teleport Association's Awards for Excellence in 2010
- Accredited to supply services to the Australian Department of Defence (DRSS)
- Highly secure Global Access Point, supporting certified classified networks to ensure the transmission of vital and sensitive information for military and government clients

Both have high security, climate controlled hosting facilities, UPS power, 24x7 first level support and dedicated multi-path terrestrial inter-connections

- Provide global satellite coverage for enterprises through broad satellite network of 12 satellites



## VSAT services

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VSAT networks provide remote and temporary sites with fast, secure and reliable Internet, voice, data and video communications

Capability to deliver turn-key solutions for VSAT networks globally

Currently supports more than 4,000 satellite telecommunications services in Australia and within the Pacific Ocean, Indian Ocean, North and South East Asian, the Middle East and European regions

Delivered using either of the worlds leading VSAT platforms; Linkstar or iDirect



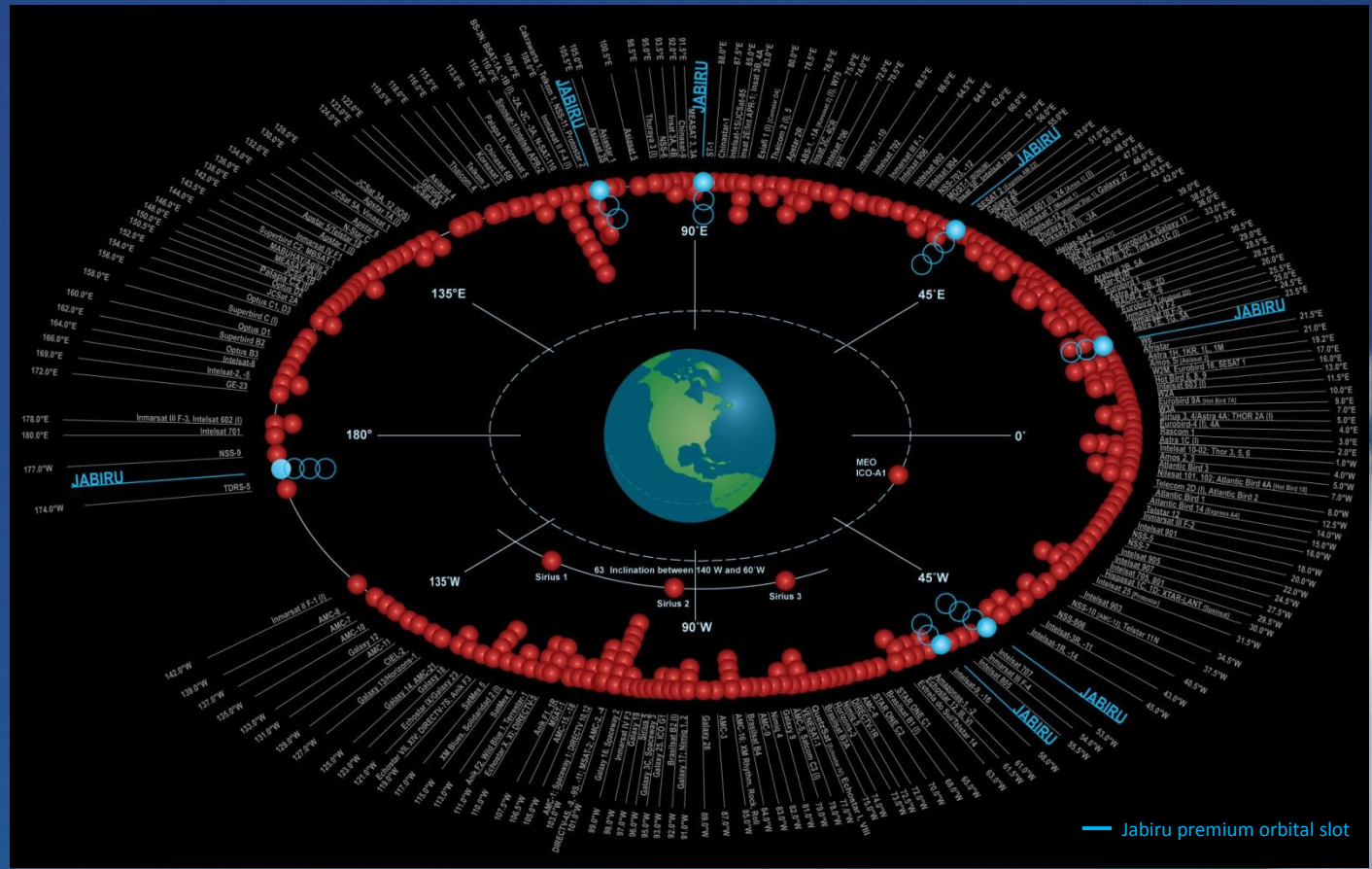
# Jabiru satellite capacity

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NewSat has acquired the rights to 3 premium orbital slots with an option over an additional 4 slots - “Beach front property in the sky”

Orbital slot locations are aligned with Jabiru’s focus on high value customers in high growth markets

Orbital slots acquired can accommodate multiple satellites and is the platform for all Jabiru satellites and future growth



## Jabiru Satellite Project

- NewSat's fleet of geostationary satellites aiming to provide high-powered global coverage and unlock bandwidth capacity that is unavailable today
- Targeted at high growth markets and high value government and enterprise customers
- Premium customer base the same as existing Teleport business



## Jabiru Competitive Advantages

### Ka-band frequencies

- more available bandwidth compared to C- and Ku-band
- faster speeds, smaller end-user antennas and more cost-effective solutions

### Flexible payload, with a mix of spot, shaped and steerable beams

Targets enterprise and government customers with raw capacity and tailored networks

Leverages world-class Teleport facilities in Australia for trunking applications and industry leading support



## Jabiru-1 timeline

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<b>August</b>	<ol style="list-style-type: none"><li>1. Sign binding cornerstone customers</li><li>2. Gather term sheets</li><li>3. Progress drafting IM (including market research)</li><li>4. Finalise technical specifications</li><li>5. Manufacturer negotiations</li></ol>
<b>September</b>	<ol style="list-style-type: none"><li>6. Sign binding customers</li><li>7. Commence Coface</li><li>8. Commence Ex-Im</li><li>9. Financing DD (debt and equity)</li></ol>
<b>October</b>	<ol style="list-style-type: none"><li>10. Sign manufacturer contract</li></ol>
<b>November</b>	<ol style="list-style-type: none"><li>11. Financing DD</li></ol>
<b>December</b>	<ol style="list-style-type: none"><li>12. Preliminary financing guarantee</li><li>13. Equity raising</li></ol>
<b>January</b>	<ol style="list-style-type: none"><li>14. Debt syndication</li></ol>
<b>February</b>	<ol style="list-style-type: none"><li>15. Financial close</li></ol>

## Jabiru-1 satellite

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- High-powered Ka-band coverage over the high growth Middle East, Asia and Africa regions
- Meets the growing demand for high throughput and secure capacity from military, resources and telco markets
- Significant progress made to launch Australia's first independently owned commercial satellite
- Over A\$2b of high margin revenue over 15 year life
- Significant pre sales of capacity



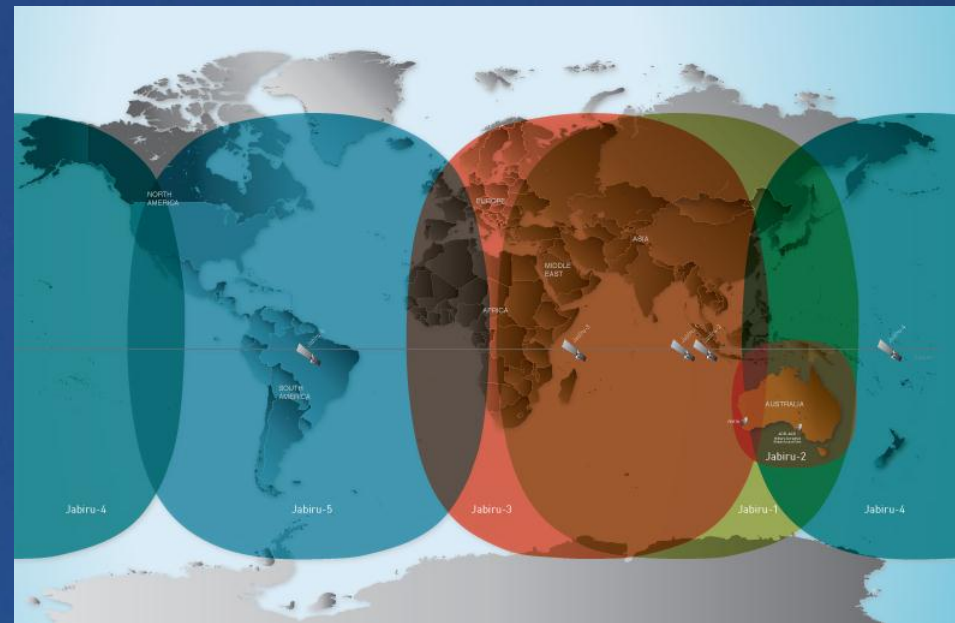
## Additional Jabiru satellites

### Jabiru-2 satellite

- Provide highly targeted Ku-band coverage over Australia, Timor Leste and PNG
- Targeting growing demand from resource and government markets
- Generate over A\$110m of revenue over 15 year life

### Further satellites (Jabiru 3,4 & 5) in preliminary design phase

- Targeting high value markets and customers in orbital slot footprints





# 3. Financials

## Historical financial performance – 3 years

Revenue growth during the 2 year period at a rate of 20% compound per annum with fairly static COGS during period

Large proportion of OPEX and Overheads are fixed – reflected in compound growth per annum of 3% during 2 year period

D&A static during 3 year period – reflective of static level of CAPEX required to grow Teleport business

Business generating operating cashflow with significant investing activities occurring in Jabiru Satellite Program the last 2 years

	<u>FY09</u> (\$'000)	<u>FY10</u> (\$'000)	<u>FY11</u> (\$'000)	<u>Compound</u> <u>Annual</u> <u>Growth</u>
<b>Revenue</b>	19,876	24,951	28,736	
Cost of Goods Sold	-10,433	-13,201	-15,886	
<b>Gross Margin</b>	9,443	11,750	12,850	17%
<b>Gross Margin %</b>	47.5%	47.1%	44.7%	
<b>Operating Expenses and Overheads</b>	-10,436	-10,184	-11,013	3%
<b>EBITDA</b>	-993	1,566	1,837	138%
<b>EBITDA as a % of Revenue</b>	-5.0%	6.3%	6.4%	
Depreciation and amortisation	-1,630	-1,539	-1,505	-4%
Finance Costs	-337	-1	-18	
<b>Operating and Investing Cashflow</b>				
Net cash flow from Operating activities	-31	2,151	907	
Net cash flow used for Investing activities	-805	-2,807	-9,123	

## Financial position

Balance sheet is easy to analyse and clean

Increase in intangible asset in FY11 represents investment in Jabiru Satellite Project – over \$13 million invested over last 3years

\$5 million revolver facility with the NAB during FY11 (matures October 2012) and a \$1 million convertible note maturing in 2016 (convertible at 1.6 cents)

Future usable Tax Carry forward Losses of \$47,297,333 not recognised on balance sheet

	<u>FY11</u> (\$'000)	<u>FY10</u> (\$'000)	<u>FY09</u> (\$'000)
Cash	5,534	4,968	1,927
Debtors & Other Current Assets	8,155	5,929	4,146
<b>Total Current Assets</b>	<b>13,689</b>	<b>10,897</b>	<b>6,073</b>
Property, Plant & Equipment	6,328	6,752	6,996
Intangibles	22,053	10,345	8,727
<b>Total Non Current Assets</b>	<b>28,381</b>	<b>17,097</b>	<b>15,723</b>
Trade and Other Payables	8,364	7,538	6,243
Deferred Revenue	3,900	2,721	1,699
<b>Total Current Liabilities</b>	<b>12,264</b>	<b>10,259</b>	<b>7,942</b>
Interest Bearing Borrowings	3,699	0	0
Other	197	172	112
<b>Total Non Current Liabilities</b>	<b>3,896</b>	<b>172</b>	<b>112</b>
<b>Net Assets</b>	<b>25,910</b>	<b>17,563</b>	<b>13,742</b>

# 4. Board and Management

## Experienced Board & Executive team

Name	Position	Experience
<b>Adrian Ballintine</b>	<b>Founder &amp; CEO</b>	<ul style="list-style-type: none"> <li>Formerly involved with numerous NASDAQ start ups and founded MultiMedia, now NewSat</li> <li>Author of satellite strategy</li> <li>Board member of the World Teleport Association</li> </ul>
<b>Michael Hewins</b>	<b>COO</b>	<ul style="list-style-type: none"> <li>Over 30 years executive management experience in the global space industry</li> <li>Previously Chief Commercial Officer at AON/International Space Brokers, the leading global space risk insurance broker</li> </ul>
<b>David Ball</b>	<b>CTO</b>	<ul style="list-style-type: none"> <li>25 years of global satellite experience in sales, marketing and engineering</li> <li>Previously Managing Director of Intelsat Asia Pacific</li> </ul>
<b>Bill Abbott</b>	<b>Corporate Counsel</b>	<ul style="list-style-type: none"> <li>10 years as senior commercial consultant at HWL Ebsworth lawyers</li> <li>35 years experience in M&amp;A for listed companies</li> </ul>
<b>Adam Shapiro</b>	<b>CFO &amp; Company Secretary</b>	<ul style="list-style-type: none"> <li>Over 10 years assurance and advisory experience, previously with Ernst &amp; Young</li> <li>Fours years as CFO of NewSat</li> </ul>
<b>Andrew Matlock</b>	<b>VP Sales</b>	<ul style="list-style-type: none"> <li>25 years experience developing sales and marketing teams for international companies</li> <li>Four years as VP Sales of NewSat</li> </ul>
<b>Len McGoldrick</b>	<b>VP Engineering &amp; Operation</b>	<ul style="list-style-type: none"> <li>25 years in the satellite industry specifically</li> <li>Formerly with British Telecom commissioning satellite networks for oil and gas customers; supported various special earth station projects in Europe and the Middle East</li> </ul>
<b>Mike Kenneally</b>	<b>VP Satellite Strategy</b>	<ul style="list-style-type: none"> <li>30 years in the ICT and satellite industry</li> <li>Former member of the Australian Trade Commission's ICT Export Advisory Board and Chairman of industry group Spatial Australia for 6 years</li> </ul>
<b>Merv Kuek</b>	<b>VP Marketing</b>	<ul style="list-style-type: none"> <li>Over a decade of telecoms marketing experience with Telstra and Crazy Johns/Vodafone</li> </ul>

Name	Position	Experience
<b>Richard Green</b>	<b>Non-executive chairman</b>	<ul style="list-style-type: none"> <li>Appointed Chairman of the Group on 27 August 2009. He has spent over 40 years in stockbroking corporate finance, specialising in small to medium enterprises handling listings, mergers and acquisitions</li> <li>Also a Director of VentureAcess (since 2008) and Queensland Trustees &amp; Investment Ltd (since 1996)</li> </ul>
<b>Elwood Ellison</b>	<b>Executive director &amp; deputy chairman</b>	<ul style="list-style-type: none"> <li>Appointed director on 14 June 2002 and brings over 30 years of experience in sales and marketing in high technology companies including Microsoft, Ashton-Tate, Gupta Technologies Inc. and Asymetrix</li> <li>Responsible for the sales strategies at Ashton-Tate that grew revenue from &lt;US\$20m to &gt;US\$300m in 4 years</li> <li>Pioneered the Government business division at Microsoft and is highly regarded throughout the USA for his ability to drive start-ups to NASDAQ</li> </ul>
<b>Andrew Plympton</b>	<b>Non-executive director</b>	<ul style="list-style-type: none"> <li>Appointed director on 18 February 2010</li> <li>Active entrepreneur with extensive experience in the financial services sectors and listed companies, including CEO of two global insurance broking firms and successful long term President of the St Kilda Football Club Inc., and is a non-executive Chairman of 4 other Boards (2 of which are ASX listed companies)</li> </ul>
<b>Mark Fishwick</b>	<b>Non-executive director</b>	<ul style="list-style-type: none"> <li>Appointed director on 18 February 2010</li> <li>Out-of-home (OOH) media veteran with 30 years global experience founding many well known brand names including: Nettlefold/NLD/Boyd (now Eye Corp), Cody (now APNO) and Claude Group</li> </ul>
<b>Adrian Ballintine</b>	<b>Founder &amp; CEO</b>	<ul style="list-style-type: none"> <li>Formerly involved with numerous NASDAQ start ups and founded MultiMedia, now NewSat</li> <li>Author of satellite strategy</li> <li>Board member of the World Teleport Association</li> </ul>

- Experienced team complimented with advisors Argosat, Lazard, Pillsbury Winthrop and PWC.

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# 5. Future Growth

## Contracts and opportunity pipeline

- ✓ US\$105m contract with TrustComm to service government and commercial agencies in Afghanistan, Iraq and the Middle East.
- ✓ US\$134m contract with 3A Technology to service government and enterprise customers in Pakistan and Afghanistan, including Mobilink, Pak Datacom and the Government of Pakistan.
- US\$400m high-stage opportunities for military and enterprise clients.
- US\$70m mid-stage opportunities for military clients.
- US\$250m early-stage opportunities for military, enterprise and government clients.

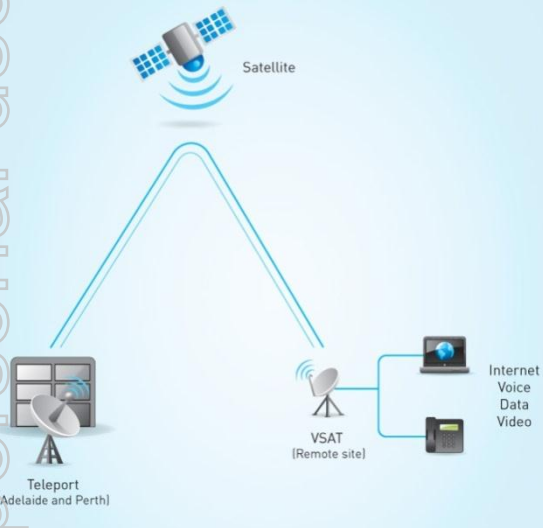




## 6. Conclusion

## Conclusion

- Australia's leading independent satellite service provider specialising in global satellite communications
  - Communications services to 75% of the earth's surface
  - Established and profitable core products
- Poised for significant growth
  - Jabiru satellite project in final stages before launch
  - The rights of up to 7 orbital slots acquired and significant customer contracts already signed with high value military, government and enterprise customers
- Transformation from a "reseller" of satellite capacity to an "owner" of satellites will create a step-change in earnings and dramatically increase EBITDA margins
- Management Team with significant commercial and technical experience, particularly suited for the next phase of growth



Thank you



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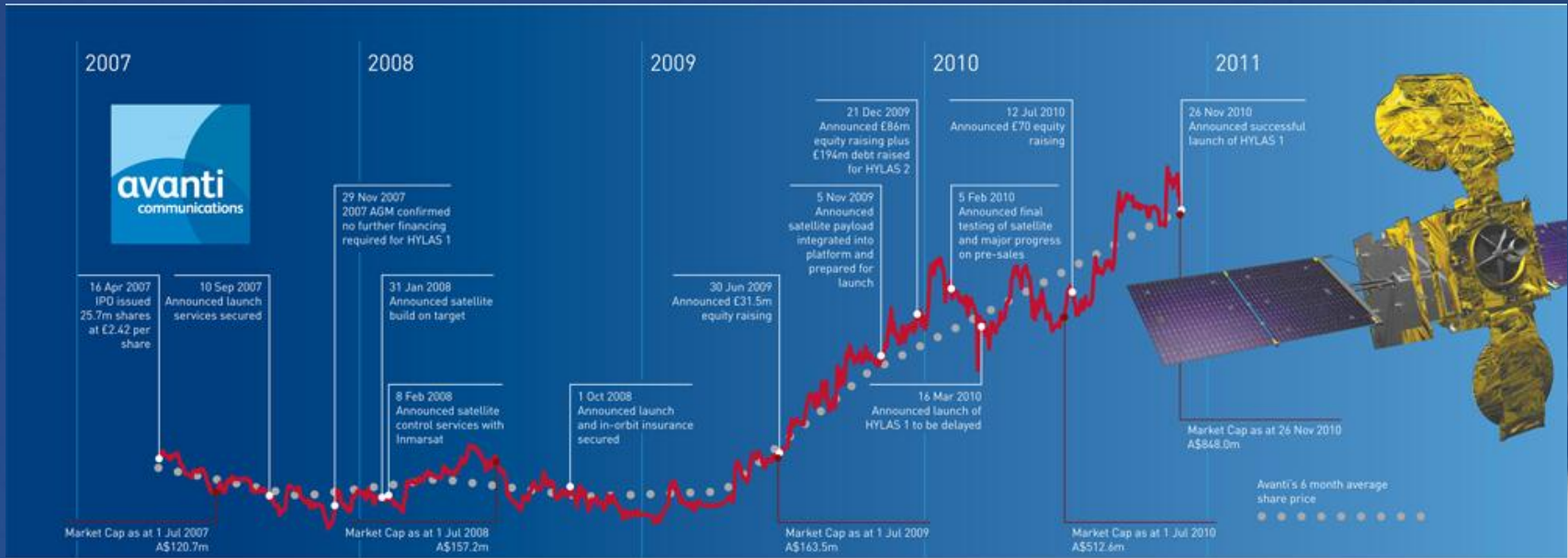
# Appendix: Avanti Case Study

## Comparable Company: Avanti

- NewSat compares favourably with consumer-focused Avanti.

	
Market Cap: A\$535m	Market Cap: A\$70m
Listed in the UK in 2007	Listed on the ASX in 1999
Hylas-1 launched in November 2010	Jabiru-1 due to launch in [2014]
Hylas-1 customer commitments for only 25% of capacity at launch	Customer commitments for >50% of Jabiru-1, a much larger satellite than Hylas-1
Hylas-2 and Hylas-3 in development. Both expected to launch in 2012	Jabiru-2 announced and expected to launch in [2015]. Jabiru-3,4 & 5 in preliminary design phases.
Focused on consumer broadband market	Focused on global military, government and enterprise markets
A\$9m revenue in FY10	A\$25m revenue in FY10
Latest broker valuation of Hylas-1 is approximately A\$180m and for Hylas-2 and Hylas-3 combined approximately A\$2b	To be determined

# Avanti share graph



- Avanti's market cap grew from A\$120.7m to A\$848m when first satellite launched.