



avanti

Avanti Communications Group plc

Preliminary Results Presentation

September 2014





Presenters Today



David Williams: Chief Executive

- Co-founded Avanti in 2002
- Ten years of prior experience in financing telecommunications projects



Nigel Fox: Finance Director

- Chartered accountant
- Extensive range of senior finance roles in tech companies prior to joining Avanti in 2007



Summary of the Year

- Sales up 104%, EBITDA positive, slightly ahead of consensus
- Customer acquisition Strategy is working – 92 new contracts in year, 135 customers
- Sales Momentum growing across all four sectors
 - Global scale customers are buying – market acceptance is achieved
 - Good wins Government, Carrier Enterprise strong, W. Europe broadband improving
- Artemis satellite acquisition completed
- \$370m bond offer closed successfully
- Initial financing of HYLAS 4 with \$150m tap to original bond
- Procurement contracts finalised in July 2014 with better than expected terms
- Paul Walsh became Chairman in March 2014



FINANCIAL HIGHLIGHTS

- Change of functional and reporting currency to US Dollars
- Revenues increased by 104% to \$65.6 million (2013: \$32.1 million)
- Adjusted* EBITDA of \$1.7 million (2013: loss \$12.3 million)
- Contracted backlog of \$430 million
- Re-financing of ECA debt with \$370 HYB in October 2013
- Initial financing of HYLAS 4 in June 2014 with \$150 million Tap HYB
- \$195.3 million cash at year end
- Post year end concluded H4 satellite and launch contracts

* Before share based payment charge



Income Statement

	Year ended 30 June 2014 \$ million	Year ended 30 June 2013 \$ million
Revenue	65.6	32.1
Other Operating Income	7.2	1.5
Income	72.8	33.6
EBITDA*	1.7	(12.3)
Loss before tax	(87.7)	(58.9)
Basic loss per share (cents)	(81.18c)	(44.49c)



Cost of Sales

	Year ended 30 June 2014 \$ million	Year ended 30 June 2013 \$ million
Satellite Services	12.0	11.2
Sub contract	7.4	3.4
Materials	20.0	4.9
Depreciation	47.3	38.5
Costs of Sale	86.7	58.0



Overheads

	Year ended Year ended 30 June 2014 \$ millions	Year ended Year ended 30 June 2013 \$ millions
<u>Overheads</u>		
Employment costs	19.4	16.0
Non satellite depreciation and amortisation	2.5	1.4
SG&A and other	12.9	11.1
TOTAL	34.8	28.5
<i>Headcount</i>	<i>174</i>	<i>164</i>



Balance Sheet

	30 June 2014 \$ millions	30 June 2013 \$ millions
Non-current assets	645.9	646.2
Current assets	235.7	83.9
Total assets	881.6	730.1
Current liabilities	44.4	55.1
Total liabilities	572.1	362.8
Total equity	309.4	367.3
Total liabilities and equity	881.6	730.1



Net Debt

	30 June 2014 \$ millions	30 June 2013 \$ millions
ECA debt	0.0	305.4
HYB - Gross	520.0	0.0
Issue expenses/premium	(11.6)	0.0
Finance leases	8.5	7.6
Bank debt and finance leases	516.9	313.0
Cash	(195.3)	(58.7)
Net debt	321.6	254.3



Cash Flow

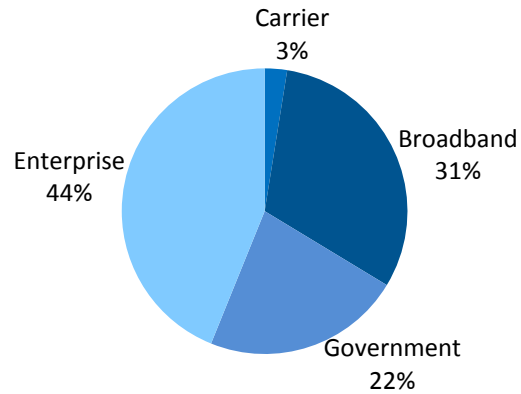
	Year ended 30 June 2014 \$ millions	Year ended 30 June 2013 \$ millions
EBITDA*	1.7	(12.3)
Interest and non cash	(17.6)	(23.2)
Working capital	(18.0)	11.1
Capital expenditure	(25.8)	(73.8)
Financing	193.7	38.6
Exchange on cash balances	2.6	(2.1)
Net cash flow	136.6	(61.7)
Opening cash	58.7	120.4
Closing cash	195.3	58.7



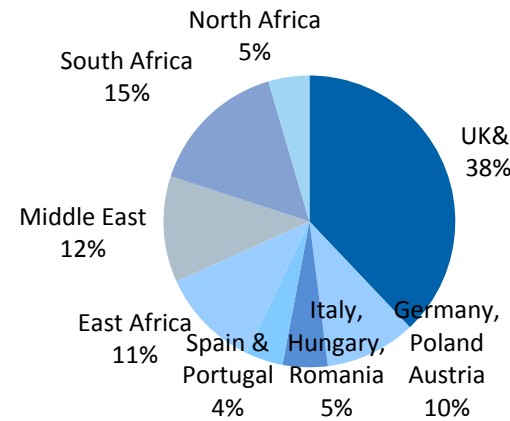
Key performance indicators & backlog

- Diversified backlog across end-market, geography and contract length significantly lowers risk profile

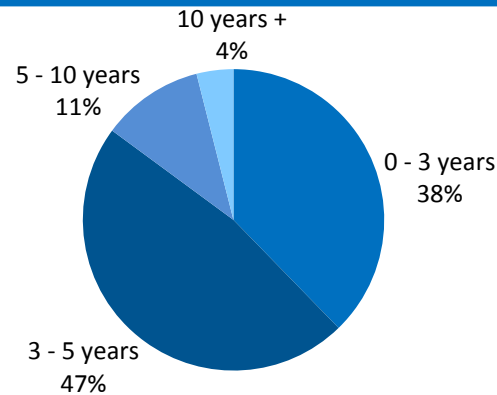
Backlog Composition By End User



Backlog Composition By Geographical Coverage



Backlog Composition By Contract Length





Business Update 1

- **Carrier Services - early success now translating more broadly**
 - Our first commercial 3G backhaul network signed was further extended in the period
 - Several new cellular Backhaul Projects are in progress
- **Enterprise - becoming more mainstream**
 - New customers signing include Internet Solutions (NTT), Globecomm
 - Existing customers like Bentley Walker extending capacity based on success
 - Mainstream acceptance of SNG business with BBC, CNN, Reuters and Sky
- **Government – Avanti solving the big needs:**
 - Major opportunities in both Security and Civil
 - One \$15m contract awarded for Africa network in the period
 - Large schools projects now live in four countries
- **Broadband – success across geographies**
 - Market is growing well in Africa with little competitive pressure
 - Avanti is installed with incumbent telcos now in our main markets in Africa
 - Europe has been price competitive but we are winning business from rivals based on service quality recently



Business Update 2

- Acquired Artemis and made revenue contribution in Q4
- Initial funding of HYLAS 4



HYLAS 4 Rationale

- The most attractive Growth Market
 - Sub Saharan iGDP Growth will rise from \$18bn to \$300bn by 2025
 - 16 of 20 fastest growing economies in World
- An existing distribution channel
 - Avanti's existing customers are multinational within region, so will take us in to new countries
 - Customers want continuity capacity in current regions
- A Strategic Imperative
 - Gives Avanti strategic advantage to serve the complete region
 - Pricing power exists based on Quality& Flexibility will be enhanced by breadth of coverage
- Efficient Financing
 - The bond market financed commencement with no equity required
 - We achieved an attractive rate and structure
- Successful Procurement
 - A low risk project with experienced vendors
 - An excellent coverage design with 28GHz capacity
 - Attractive price and payment terms



Outlook

- Large Customer base should begin to smooth volatility in revenues
- Large scale telco customers will drive revenue growth
- HYLAS 4 junior capital and bond tap on will be addressed in the next 12 months

The Avanti logo is a square graphic divided into four quadrants. The top-left quadrant is a solid light blue square containing the word "avanti" in white lowercase letters. The top-right quadrant is a light blue square with a fine grid pattern. The bottom-left quadrant is a light blue square with a fine grid pattern. The bottom-right quadrant is a solid medium blue square.

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Thank You

