

# NewSat Investor Presentation



21 December 2011

## Summary points

- High value, low risk project that plans to be the first of multiple satellites for NewSat
- Solid base Teleport business that is the springboard to being a satellite operator
- Experienced management team
- Differentiated target market (Enterprise, Government, Telco, Resources)
- High degree of pre-sales

## Placement and rights issue

- Placement details:
  - NewSat has completed an institutional placement of A\$10 million and is now seeking to raise up to approximately A\$26.5 million via a partially underwritten pro rata non-renounceable Entitlement Offer
- Rights Issue details:
  - Ratio of 1 new share for every 4 existing shares to raise approximately \$26.5 million
  - Offer Price of \$0.60 per share, representing a 13% discount to the 5 day VWAP as at Thursday 15 December 2011
  - Partially underwritten by E.L. & C Baillieu Stockbroking Ltd to \$10 million
  - NewSat reserves the right to place any shortfall shares
  - All eligible shareholders will have an equal opportunity to participate

## Offer summary

- Proceeds from this capital raising will be used to:
  - Strengthen NewSat's balance sheet
  - Provide financial capacity for deposits on key satellite and rocket components
  - Provide working capital to ramp-up phases to satellite launch
- Offer timetable

Announcement	Tuesday, 20 December 2011
Shares trade on ASX on an 'ex' basis	Thursday, 22 December 2011
Record Date for determining entitlements	Friday, 30 December 2011 (7.00pm)
Entitlement offer opens	Wednesday, 4 January 2012
Entitlement offer closes	Wednesday, 25 January 2012 (5.00pm)
New shares quoted on a deferred settlement basis	Friday, 27 January 2012
Announce results of Offer	Tuesday, 31 January 2012
Allotment of new shares under Entitlement Offer	Friday, 3 February 2012
Trading of new shares under Entitlement Offer	Monday, 6 February 2012

\*Dates and times are indicative only and subject to change. All times refer to Melbourne Time

## Proposed use of funds

- Assuming the Entitlement Offer is fully subscribed, the proposed funds will be used in the following ways

Source of Funds	A\$Million
Placement	~10.0
Entitlement Offer	~26.5
<b>TOTAL</b>	<b>~36.5</b>

Use of Funds	A\$Million
Strengthen NewSat's balance sheet	\$10
Provide financial capacity for deposits on key satellite rocket components	\$20
Provide working capital to ramp-up phases to satellite launch	\$6.5
<b>TOTAL</b>	<b>\$36.5</b>

## Recent update & near term targets

- ✓ Financing: Made a formal application for ECA-backed debt financing to Ex-Im Bank and COFACE; appointed Societe Generale as lead COFACE bank
- ✓ Suppliers: Signed contracts with Lockheed Martin and Arianespace
- ✓ Customers: Approved new customer contract in final documentation stage for a total commitment US\$178.2-253.8 million

## Jabiru customer contract summary

- ✓ 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\$40m contract with Quicklink Communications to service government and enterprise customers in Iraq, Saudi Arabia and other parts of the Middle East and Africa.
- ✓ US\$67m contract with a Middle Eastern telecommunications company

## Jabiru-1 timeline

- NewSat's Jabiru-1 satellite project is progressing well
- This financing will allow NewSat to fast-track the project



## Jabiru-1 financing metrics

- Preliminary estimate is for the project to cost approximately A\$380 million - \$440 million
- Funded through a mix of low cost export credit financing (US Ex-Im Bank and French COFACE to account for 75-80% of in country components), subordinated debt and equity
- Financial close of export credit funding expected to be achieved using the following key levers:
  1. Fully coordinated premium orbital slot located in high demand market
  2. Binding customer commitments in excess of \$50 million per annum and totalling in excess of \$300 million
  3. Contract from satellite builder
- Net after tax profit over 15 year life of satellite is expected to be in excess of \$1.0 to \$1.4 billion

Sources of funds	(A\$m)
Export credit financing and other debt	300-340
Equity <sup>(1)</sup>	80-110
<b>Total</b>	<b>380-440</b>

Uses of funds	(A\$m)
Estimated cost of satellite	<b>380-440</b>
Estimated cost of launch vehicle	
Estimated cost of insurance	
Estimated cost of financing, fees and expenses	

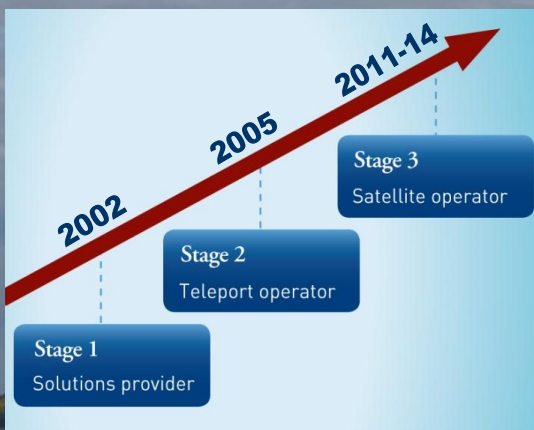
Necessary milestones for financial close	
1. Premium orbital slot	Secured
2. Customer contracts	US\$346m of contracts secured to date, with significant sales pipeline
3. Satellite build contract	Secured

Note: working estimates, subject to final confirmation.  
<sup>(1)</sup> Equity to be raised by NewSat once all other project items are in place and in parallel with debt

# Appendix



## 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 remote and temporary sites with fast, secure and reliable Internet, voice, data and video communications.
- Established and profitable current business:
  - Market capitalisation of ~A\$120m.
  - 20% average revenue growth over the last two years.
  - EBITDA of A\$1.8m, FY11.
- Jabiru project to transform business from a "reseller" of satellite capacity to an "owner" of satellites.
  - Will create a step-change in earnings and dramatically increase EBITDA margins.

## NewSat 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, providing global satellite coverage to governments and enterprises through broad satellite network of 12 satellites.
- Provides remote and temporary sites with fast, secure and reliable Internet, voice, data and video communications.
- Currently supports more than 4,000 (VSAT) satellite telecommunications services in Australia and abroad.



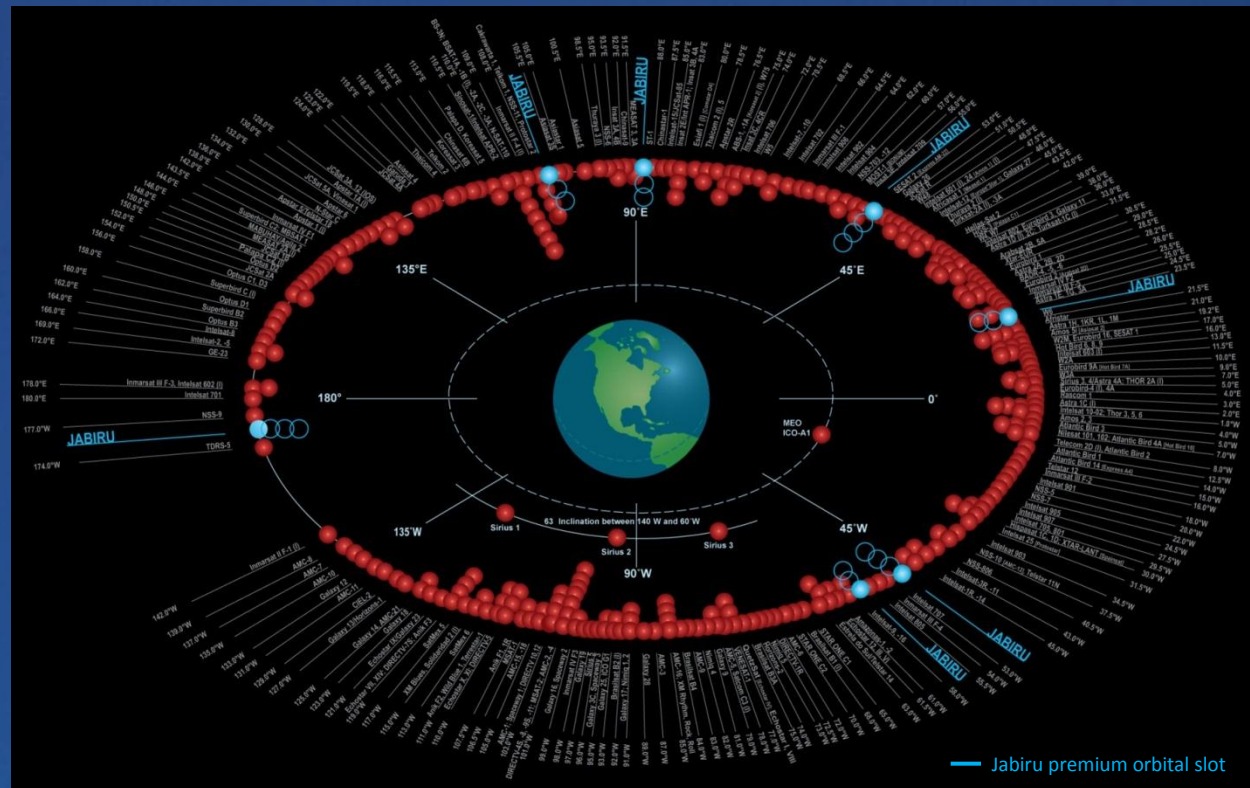
## Premium customer focus

- NewSat 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.



## Jabiru satellite capacity

- 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.



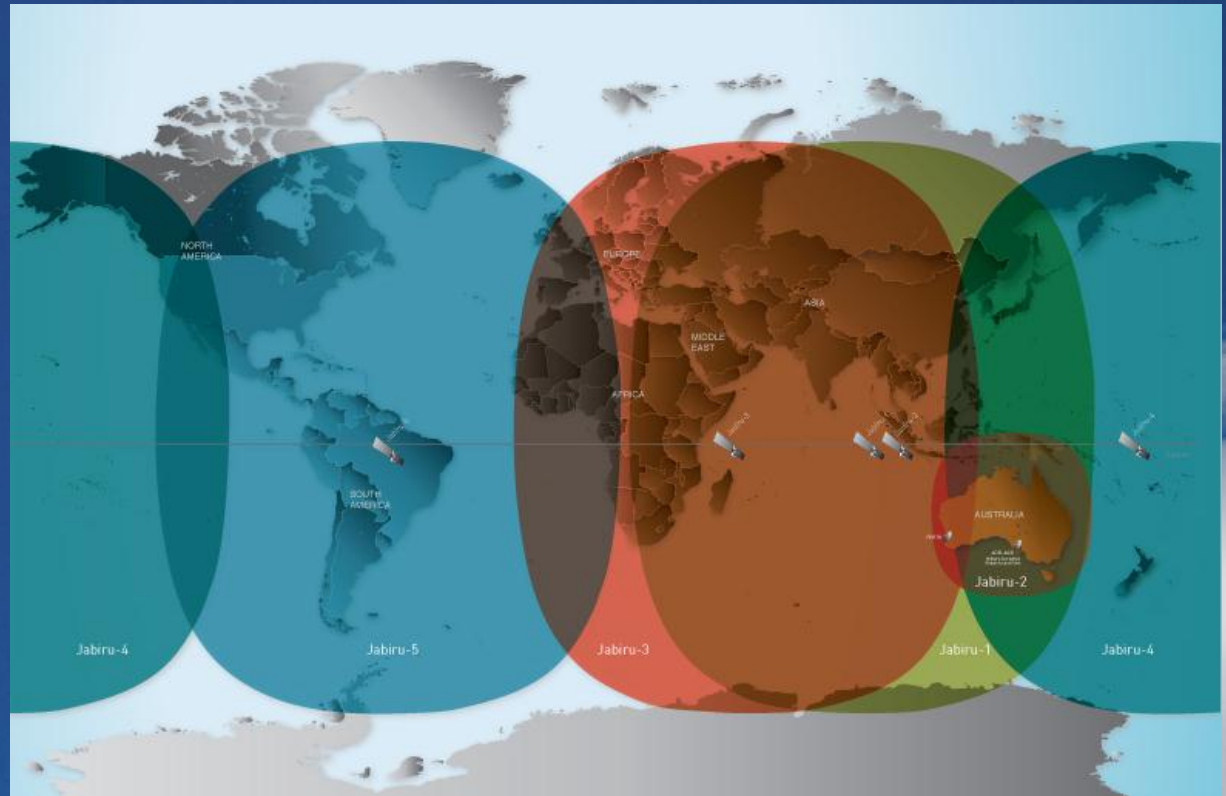
## Jabiru-1 satellite

- 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 planned

- 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.



## Jabiru satellite 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.



## Best in class suppliers

### LOCKHEED MARTIN

- ☑ Global leader in defence and space
- ☑ Have commenced build pre-financial close
- ☑ Ability to adjust design for specific customer demands

### ARIANESPACE

- ☑ Acknowledged leaders in launch services
- ☑ Launch slot reserved

## 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>	<b>19,876</b>	<b>24,951</b>	<b>28,736</b>	
Cost of Goods Sold	-10,433	-13,201	-15,886	
<b>Gross Margin</b>	<b>9,443</b>	<b>11,750</b>	<b>12,850</b>	17%
<b>Gross Margin %</b>	<b>47.5%</b>	<b>47.1%</b>	<b>44.7%</b>	
<b>Operating Expenses and Overheads</b>	<b>-10,436</b>	<b>-10,184</b>	<b>-11,013</b>	3%
<b>EBITDA</b>	<b>-993</b>	<b>1,566</b>	<b>1,837</b>	138%
<b>EBITDA as a % of Revenue</b>	<b>-5.0%</b>	<b>6.3%</b>	<b>6.4%</b>	
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	

## NewSat 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 3 years
- \$5 million revolver facility with the NAB during FY11 (matures October 2012) and a \$1 million convertible note maturing in 2016 (convertible at 80 cents)
- Future usable Tax Carry forward Losses of \$47,297,333 not recognised on balance sheet

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

## 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.

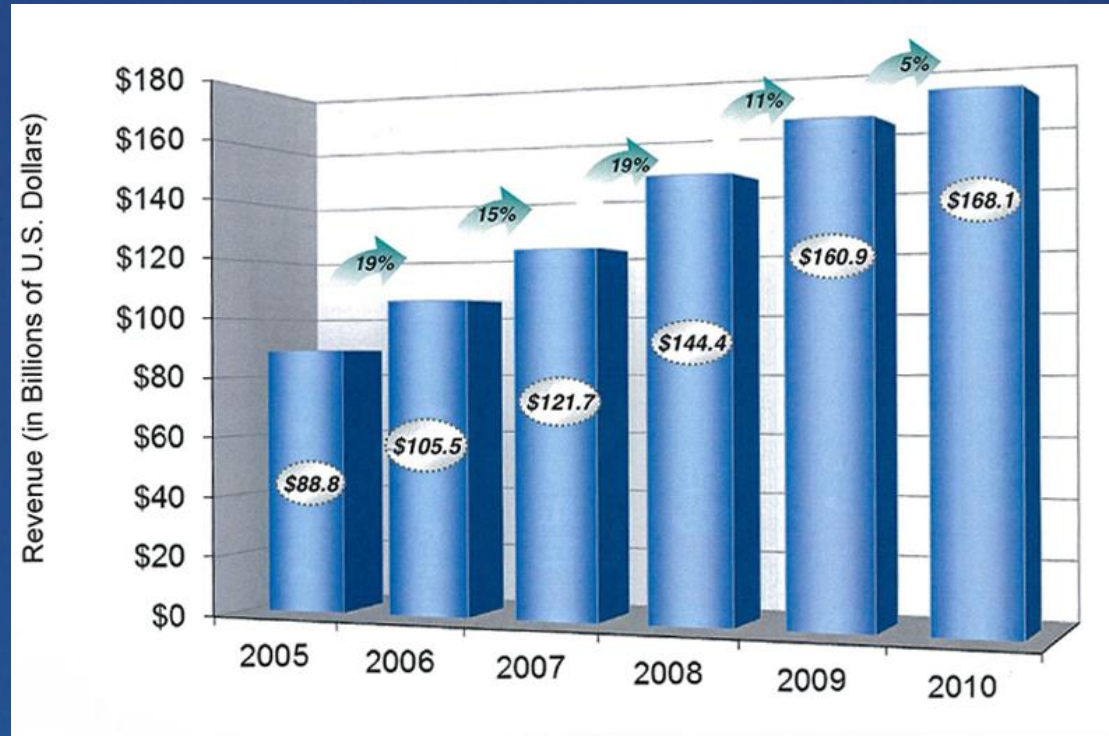
## A typical customer: Proactive

- Mission critical communications for the US Military in Afghanistan.
- US based communications company contracted by the US Government to provide vital communications support to the US military in war zones in the Middle East.
- 20 contracts with NewSat since 2008.
- NewSat provides secure, reliable, responsive and cost-effective satellite communications via Defence accredited Adelaide Teleport.



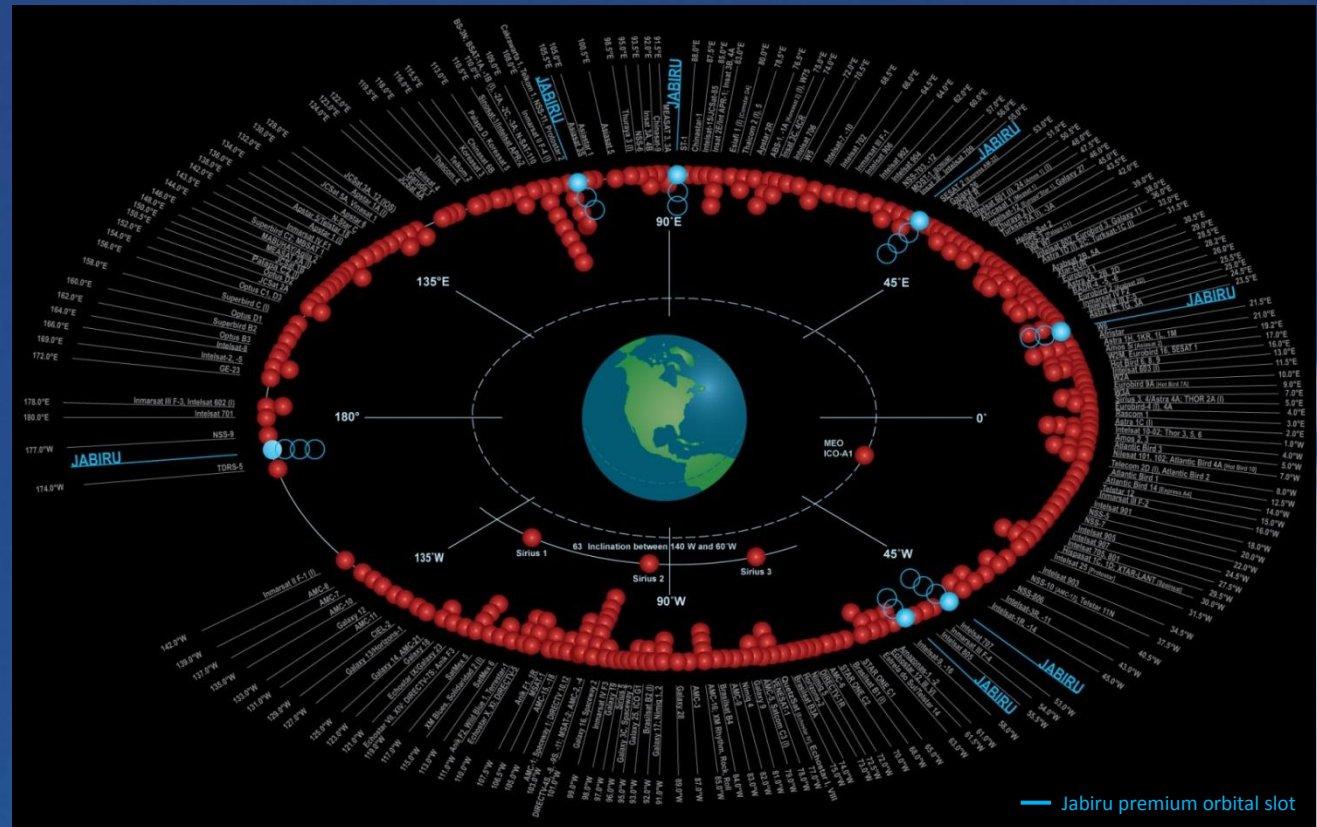
## Growing global satellite market

- 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

- 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.



## Risk Factors

- **Global Political Conditions:** As NewSat will generate a large portion of its revenue internationally, geopolitical problems could adversely impact the Company's revenue.
- **Global Economic Conditions:** Any major disruption to the economic climate could adversely impact revenues by affecting employment levels, consumer and business confidence and business activity.
- **Competitive Market Place:** NewSat faces competition not only from other satellite services providers but also from providers of terrestrial-based networks, such as DSL and cable. Government agencies are also increasingly considering and implementing subsidies for broadband access in underserved areas which could reduce NewSat's target market.
- **Large Contracts:** Any deterioration in the relationship or a reduction in expenditure by key clients would lead to a significant loss of revenue for NewSat. Mitigation -contracts are generally long term.
- **Consumer Demand:** A slow-down of growth in emerging markets or in the take-up of demand for Ka band satellite services as predicted may impact revenues.
- **Business Plan:** NewSat may be unsuccessful in implementing its business and a failure to attract a sufficient number of customers for either the satellite or base business would result in lower revenues than anticipated. Mitigation - financing will only take place based on long term customer contracts.

## Risk Factors

- **Key Personnel:** The loss of one or more members of the senior management team, the majority of who have spent a number of years on the satellite project, could have an adverse impact on the business. Mitigation – senior management are employed on long term contracts with relation to retention incentives.
- **Schedule Risk:** Delays relating to obtaining financing, satellite and launch vehicle construction, obtaining regulatory approval and/or the periodic unavailability of reliable launch opportunities may extend the time in which significant revenues commence.
- **Debt Risks:** NewSat’s ability to make debt repayments and to fund operations will depend on its ability to generate cash. This ability is subject in part to factors that are beyond NewSat’s control – such as general economic, financial, competitive, regulatory and legislative conditions. Mitigation – borrowings to finance satellite will only occur based on contracts entered into with satellite customers.
- **Cost Risks:** NewSat may be required to spend in excess of current forecasts for the construction of the satellite and launch vehicle, insurance and other miscellaneous fees and expenses. Mitigation – satellite procurement contract is a ‘fixed price’ contract.
- **Launch Risks:** Although the satellite launch will be insured, launch failure, damage, or destruction during launch would harm the business in delaying revenues and the possible loss of customers.
- **Satellite Operations:** Satellites are subject to orbit malfunctions, interference from electrical storms and debris collision, which could have a material adverse effect on operations, the ability to generate revenue and damage customer and distributor relationships.

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Thank you



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