

25 October 2022

The Manager  
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Australian Securities Exchange Limited

### **BEAM INVESTOR WEBINAR PRESENTATION**

**Beam Communications Holdings Ltd** (ASX: BCC, “Beam” or the “Company”) will be hosting an investor webinar today at 10.30am (AEDT) and will be presenting the attached presentation.

Investors have to sign up to join the webinar and they can do this via the following link:

[https://us06web.zoom.us/webinar/register/WN\\_IXNP4LtLTKKYNIo63jYy6A](https://us06web.zoom.us/webinar/register/WN_IXNP4LtLTKKYNIo63jYy6A).

Yours faithfully,



Michael Capocchi  
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### **About Beam Communications Holdings Limited**

Beam Communications Holdings Limited is an Australian publicly-listed company (ASX:BCC) that specialises in the design, development, manufacture and distribution of satellite, cellular and dual-mode equipment applications and services. Beam has developed several world-first innovations and its products and services are adopted by some of the world’s largest satellite and telecommunications companies, such as Iridium, Telstra, KDDI, Inmarsat and Thuraya. Beam also developed the multi-award winning ZOLEO device, which generates recurring subscription revenues for the Group. Beam Communications Holdings Limited owns 100% of Beam Communications Pty Ltd and SatPhone Shop Pty Ltd [www.satphoneshop.com](http://www.satphoneshop.com). For more information, visit [www.beamcommunications.com](http://www.beamcommunications.com).

# Webinar Presentation

October 2022

Beam Communications Holdings LTD (ASX:BCC)



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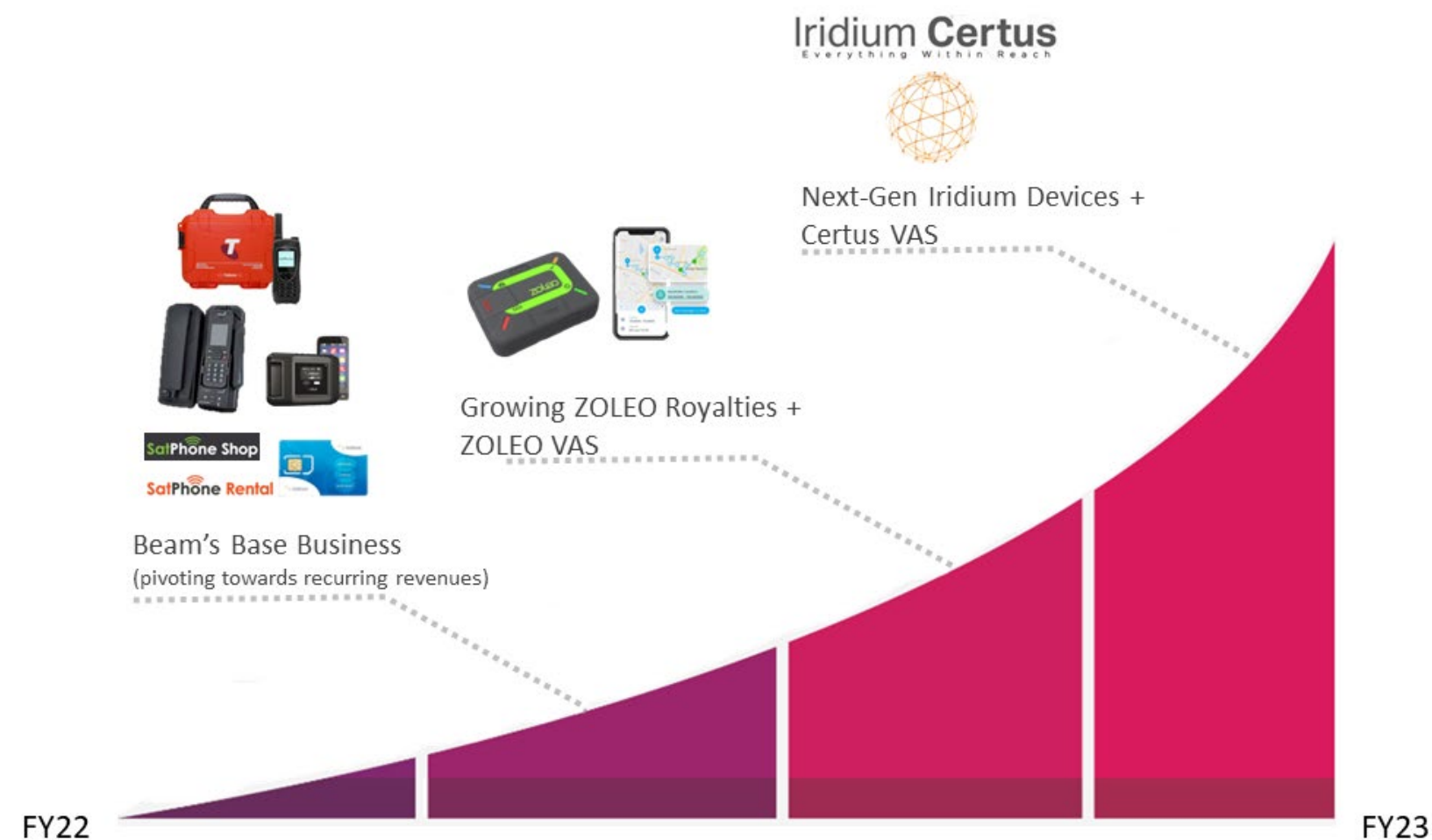
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# Reaffirming FY23 Outlook

FY23 Group EBITDA Forecast to be >\$2.1m (>40% above FY22) on Stronger Margins



## Growth Drivers for FY23 and Beyond

- **ZOLEO European Expansion:** Sold in every country within the European Economic Area (EEA)
- **ZOLEO Royalty Payments:** Annualised run rate at \$760K at 30 Sep 2022 (+11% QoQ) and growing strongly
- **Appointment of Major UK Distributor:** Signed agreement with leading outdoor equipment distributor, Dalesman
- **Iridium Certus®:** Binding minimum US\$12m (\$19m) order that is likely to be significantly larger over 5-years
- **Ongoing Orders for Iridium GO!:** Expecting further orders for the hotspot device as lifecycle for SatCom devices is typically >10yrs
- **New Value-Added Services (VAS):** VAS for Beam's Iridium Certus device that will generate new recurring revenue stream for Beam that is independent from ZOLEO
- **Macro Tailwinds:** Cost pressure and supply chain bottlenecks should start easing as demand for personal SatComs is accelerating



# Momentum in 1QFY23

Consolidated statement of cash flows		Current quarter \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,500	
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(5,933)	
(c) advertising and marketing	(117)	
(d) leased items	(7)	
(e) staff costs	(1,528)	
(f) administration and corporate costs	(304)	
1.3 Dividends received (see note 3)		
1.4 Interest received	2	
1.5 Interest and other costs of finance paid	(20)	
1.6 Income taxes paid/refunded		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material - GST and FBT)	(60)	
<b>1.9 Net cash from/(used in) operating activities</b>	<b>(1,467)</b>	

Quarterly revenue is ~\$8m

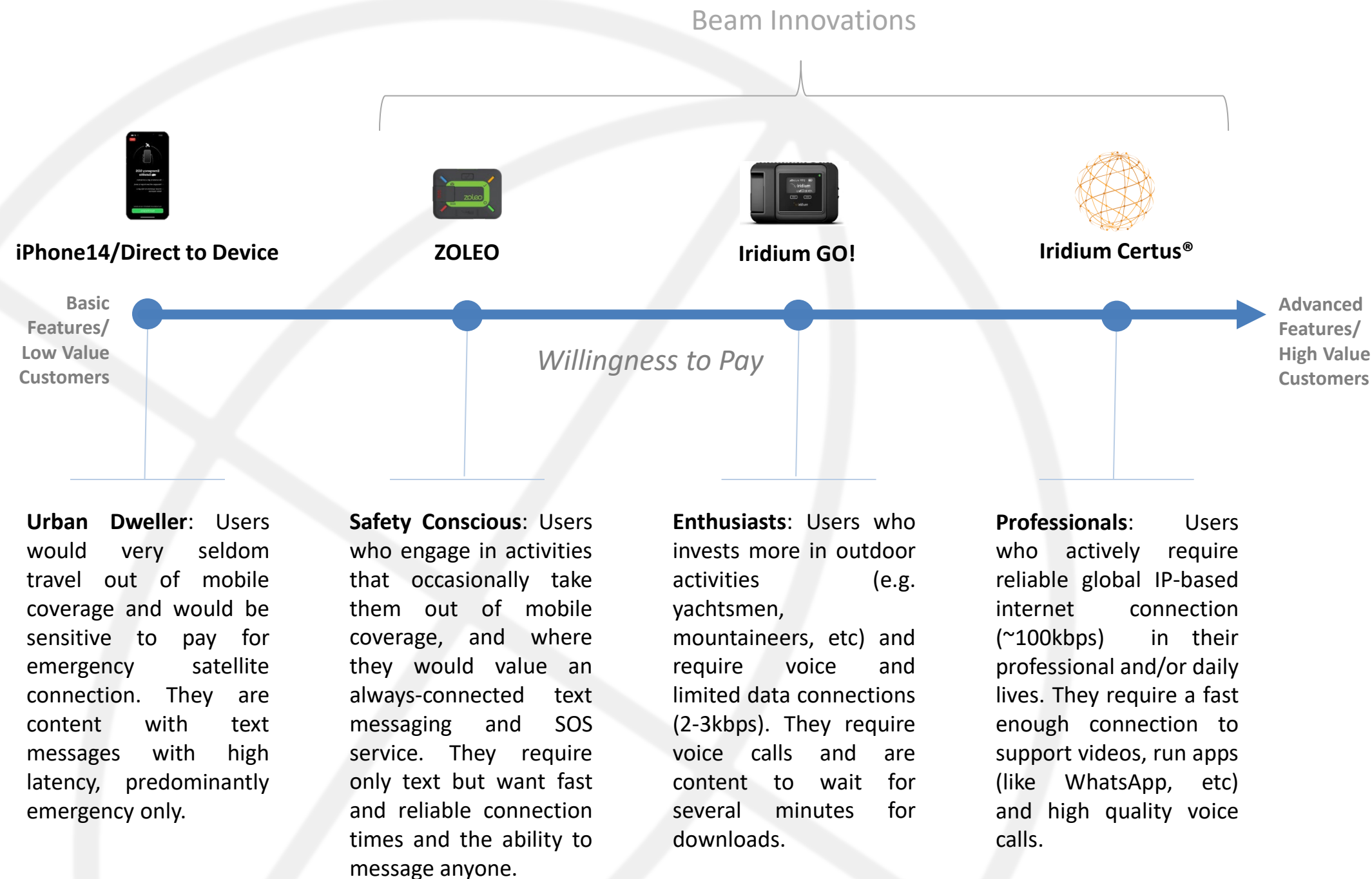
Part of costs reflect increase in prices and prepayments, which will be reimbursed to Beam. The cumulative amount currently stands at ~\$3m.

Op CF reflects the growth of the business. The investment in working capital expected to convert to cash in coming quarters given orders in hand and investment unwind

- Strong sales **growth across all of Beam's key businesses** in the quarter vs. the previous corresponding period (pcp)
- On track to post **improved margins and EBITDA** of >\$2.1m for FY23 (+40% vs. FY22)
- Beam Equipment sales (ex ZOLEO) **jumps 251%** and SatPhone Shop revenue **gains 70%** in quarter vs. pcp
- ZOLEO ANZ net subs **up 165% pcp (16% QoQ) to 4,337**
- Annualised royalty payments to Beam **increases 11% in three months to \$760K** at end September 30
- Beam **sufficiently resourced** to execute its growth plans with total available funds of \$4.9m
- Use of funds **consistent with objectives** outlined in November 2021 capital raise
- Beam is **reimbursed for all costs increases** (apart from ZOLEO device sales in ANZ)



# Product Positioning



The global Mobile Satellite Services market is forecast to grow at **6.4% CAGR to hit US\$10.4bn** by 2032\*. The growth drivers include:

- Increasing features & capabilities of MSS devices/services
- Improving affordability with new generation lower cost devices & services
- Growing demand for anywhere connections for telecommunication, weather and emergency/disaster recovery

\*<https://www.factmr.com/report/mobile-satellite-services-market>

# ZOLEO Strategic Advantage



RRP	A\$345	A\$599	A\$469
Characters per message	900	160	160
Dedicated mobile number	✓	X	X
Dedicated Email address	✓	X	X
Waterproof >1m (IP68)	✓	X	X
Warranty	2 Years	1 Year	1 Year

*\*Garmin launched Messenger in Sep 2022 following the strong market traction of ZOLEO (launched Feb 2020)*

- **High Barriers to Entry:** Iridium selective on who they allow on their network to avoid cannibalisation
- **Best-in-Class:** Best messaging functionality and the only IP68 rated device in the product category
- **Experienced:** Beam has ~20 years know-how and track record in developing world’s best satellite equipment
- **Key Partnerships:** Beam’s long-standing partnerships with industry leaders gives it an edge over competitors

ZOLEO has won multiple Australian and International awards since launch





# Satellite Going Direct to Device

iPhone14 vs. ZOLEO



iPhone 14  
( North America Only )



ZOLEO

Demographic	Casual User	Users wanting constant and reliable messaging/SOS
Operating Temp ( Celsius )	0 to 35	-15 to 55
Battery Life	20 Hours	200+ Hours
Reliable Global Network	X	✓
Shock Resistance	X	✓
On the move ease of use	X	✓
Cross linked satellite network	X	✓
Messaging with Friends/Family	X	✓
Seamless Wi-Fi/Cell/Sat messaging	X	✓
1-button SOS	X	✓
Weather Info	X	✓
Auto Location Sharing	X	✓
Enterprise Application (via API)	X	✓

iPhone14 is for use in North America only, using satellites that have limited signal penetration and there is no commitment yet for rest of world access.

Iridium’s Low Earth Orbiting (LEO) constellation, provides a superior and more complete user experience from anywhere on earth.



# Direct to Device – Starlink / T-Mobile

The rise of mobile phones with satellite connectivity will drive increasing awareness of the unique value proposition ZOLEO provides as it will take years for mobile phone-to-satellite services to match the user experience of ZOLEO

## Known shortcomings of the Starlink T-Mobile service

- Satellites not capable of delivering this service today
- Spectrum not currently approved to provide a global service
- High latency (can take up to 30mins to send or receive messages\*)
- May not be a reliable emergency SOS service
- No launch confirmed
- No current plans to expand beyond US (will only work for T-Mobile subscribers)
- Licensing and regulatory restrictions could prevent service from operating globally for years
- Yet-to-be-proven technology (only shown to work in the lab)

\*<https://techcrunch.com/2022/08/25/t-mobile-phones-will-connect-to-starlink-for-free-starting-next-year/>



# Following Iridium's Success

## Highlights from Iridium's September Quarter Results:

- Expecting 2022 to be “another record year”
- IoT data subscribers grew 22% pcp to 1.2m, driven by continued strength in **personal communications devices**
- Voice & data revenue up 10% to US\$50.3m
- IoT subscribers represent 77% of commercial subscribers (up from 75% a year ago)

Iridium's strong 2022 September quarterly results and positive outlook bodes well for Beam as Beam's offering is leveraged to the fastest growing parts of Iridium's business



# Multiple Growth Drivers



## ZOLEO

1. Strong subscriber growth outlook as ZOLEO expands into new markets
2. ZOLEO API launch is imminent
3. Further growth opportunities with the launch of the API to allow partner integration
4. Beam's overall profit margin increases due to economies of scale
5. Multiples trials by Enterprise/ Government organisations in Australia



## Certus

1. Iridium soon to launch new Certus® device
2. Certus® devices capable of data speeds that are >35 times faster than current devices
3. Orders backed by minimum binding US\$12m contract from Iridium Communications
4. Opportunity for Beam to offer value-added recurring revenue services for its Certus® device



## Organic Growth

1. Global personal satellite product market expected to grow strongly
2. Beam seeing improved demand from consumers, businesses and government entities post COVID for all products
3. Orders for Iridium GO! expected to stay strong even with new Certus® offering
4. SatPhone Shop online retail business B2B and B2C continues to grow



## M&A

1. Well positioned for opportunistic bolt-on acquisitions
2. Beam looking at businesses that can substantially increase its recurring revenues
3. Ongoing work in this area

# Questions & Answers

Why can't the ZOLEO JV details be more transparent?

- Beam can disclose specific Beam territory performance
- Binding non-disclosure limitations on other territories
- Exceptions when required by Auditor/ASX

Does the JV structure benefit Roadpost more than Beam?

- Expertise from both Beam and RP required to start ZOLEO
- Beam has 50% interest in JV even though RP has more subs
- Each respective territory also requires direct investment by the respective partner
- There is intrinsic value being built in the ZOLEO brand

There have been no new orders for ZOLEO recently. Has there been a slowdown in sales?

- There're over 60K units still on order to be manufactured
- Orders were placed to secure components to meet demand
- Anticipate component shortages to improve mid next year that should lead to shorter lead times for future orders

Will Iridium engage with mobile operators or hardware vendors?

- Iridium has highlighted an intention to go direct to device
- Iridium sees this as complimentary to their existing business and partners and avoids cannibalisation
- Same technical challenges and limitations with mobile phones no matter the network
- Users still prefer dedicated devices for emergency communications



# Questions & Answers

Is Certus launch holding a lot of the cash ?

- Certus has been a significant R&D investment
- Growth in the core business also needs funding
- Beam is covered for increased costs of Certus devices
- Refer comments on cash flow on slide 4 herein

What is the progress on commercial ZOLEO deals?

- Multiple trials underway across a number of diverse verticals
- Typical long lead times to convert a trial to a sale
- Sales team well resourced and active with a solid pipeline

What can be expected with regards to the Certus order profile?

- The binding minimum US\$12m (\$19m) order has been executed, FY23Q2+ to reflect the revenue
- We would expect sales to significantly exceed the minimum order and can accommodate this outcome

Are supply chain issues impacting margins and requiring the company to increase minimum inventory holding levels?

- This issue has been a constant focus. Increases in manufacturing cost are reimbursed to Beam apart from ZOLEO devices sold in ANZ
- Anticipated component shortages to improve mid next year
- This lead to shorter lead times for future orders and therefore reductions in inventory holdings (all things being equal)



# Q & A

Beam Communications Holdings LTD

