

## Why we are excited about 2019



**Michael Capocchi**  
CEO, Beam Communications

Dear shareholders,

As we head into 2019 and our next significant phase of growth, it's my great pleasure to bring you Beam Communications' (BCC) inaugural quarterly investor newsletter, which will improve our engagement with shareholders.

While the telecommunications sector and the broader share market are experiencing a period of upheaval and uncertainty, BCC is well placed to grow as we have successfully laid the groundwork to improve profitability from new and existing products and increase recurring revenues over the next 12 months.

The 2018 calendar year saw several significant achievements for BCC. We underwent a name change to better align the group with its core activity and launched the world's first dual-mode (LTE and Satellite) hot spot device for Thuraya – a major Middle East satellite operator.

Earlier this month, we successfully fulfilled the first \$4.3 million order of the dual-mode Thuraya WE units and we are anticipating further orders of the product in 2019 as Thuraya has reported a high level of interest for the device pending its commercial launch.

We were also pleased by the strong ongoing demand for the Iridium GO! product, which was designed and manufactured by BCC for Iridium Communications Inc. in

2014. BCC has received a new order from Iridium for an additional 5,000 units that will be delivered in the second half of FY19 and fresh demand for the unit is largely driven by a growing list of apps designed for Iridium GO!, including messaging, weather, email and chat and also some new developments for Internet of Things (IoT) and Machine-to-Machine (M2M) applications.

The IoT and M2M segment is believed to be the fastest growing part of the satellite sector. While growth forecasts from analysts vary, there is consensus that this segment will deliver double-digit compound annual growth rates (CAGR) over the next several years.

Just as significantly, we expect to increase the scale and proportion of our recurring revenues. Our SatPhone Shop business continues to grow, and it remains one of Telstra's largest Satellite dealers in Australia.

SatPhone Shop not only sells and rents a range of satellite devices, but also offers post- and pre-paid airtime plans from Telstra and Iridium.

The outlook for 2019 and beyond is promising as demand for satellite and dual-mode services is expected to keep growing thanks to an increasing number of people seeking to wander off the beaten path and those working in the resurgent resources industry being sent to remote locations around the world.

On behalf of the Board of Directors I'd like to thank all shareholders for coming along this journey with us and I wish you and your family a very wonderful and safe Christmas and New Year.

## BCC enters one of the fastest growing segments of the telecoms sector

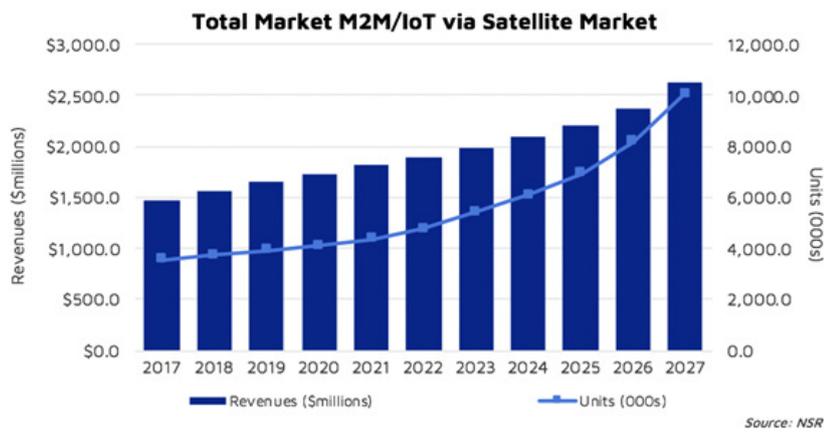
One of the fastest growing segments of the telecommunications sector may surprise you. It isn't "sexy" high-speed broadband or the latest mobile phones, but narrow-band mobile satellite services (MSS).

Beam Communications (BCC) is positioning to capitalise on this growth that is driven by Machine-to-Machine (M2M) and Internet of Things (IoT), as well as emergency communications and personnel monitoring.

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Another industry research firm Northern Sky Research (NSR) is also bullish on this space. Its latest report is forecasting a more than doubling in sales of IoT/M2M satellite devices to 10 million units worldwide from 2017 to 2027 as revenue surges to US\$2.5 billion from just under US\$1 billion.

This makes the segment the fastest growing area in the satellite sector with the North American and Asia Pacific regions predicted to experience the strongest demand.

These regions represent the key market focus for BCC and its upcoming

developments of new Cellular, Satellite and dual-band IoT/M2M solutions designed to meet this demand.

To put the above growth figures in context, the growth of LTE smart phones is only expected to deliver a CAGR of 0.4% from 2016 to 2021, according to IDC.

BCC's outlook is very encouraging as it expands its product portfolio and distribution with the introduction of these new products. BCC is an approved Telstra vendor and we look forward to updating shareholders on further developments in 2019.

## BCC and Iridium sail to new frontiers

Seasoned global adventurer Charles Werb has been to some of the most isolated locations in the world and his Iridium GO! device is never far from his side – whether he's on expedition through Antarctica and Russia or trekking through the Solomon Islands.

The Iridium GO! device has become an essential part of his toolkit as it gives him data and voice connection to anyone, anywhere and anytime.

Having such a device can make all the difference to those who roam on the road less travelled whether it's for their health, safety or mental wellbeing.

Beam Communications (BCC) is proud to have designed and manufactured the device for NASDAQ-listed Iridium Communications Inc.

"The Iridium GO! has become an integral part of my communication set up and the ease of operation allows me to keep in touch with my ground crew, media and family whilst I have been away," said Mr Werb.

"The Iridium GO! is a fantastic addition to an explorer's 'MUST HAVE' list of items to carry."

Mr Werb's passion for adventure, innovation and humanity prompted him to create the Outer Edge Polar Challenge Ride in 2017 to raise awareness and funds for Leukemia research.

He designed and built the world's first wind-powered Snow Sailer that can glide across the ice at speeds up to 97km/h in Brisbane and Iridium and BCC are proud to be associated with the event.



Charles Werb in his custom-built Snow Sailer with BCC/Iridium GO! by his side.

