



**AVANTI:  
LOOKING UP**



A letter from the CEO –

# Reflecting on my two years at Avanti





Following a period of change and progress, 2020 has continued to deliver many positives, despite it not being quite the year we were expecting. I've been very impressed by how everyone in our organisation has risen to the challenge of keeping people connected throughout the COVID-19 pandemic, be it with each other, or with our clients and professional contacts.

Undoubtedly, the fact that Avanti now has a very clear ambition – to be the leading EMEA Ka-band satellite capacity partner to the communications

industry – has helped keep focus and momentum over recent months. In extending and guaranteeing coverage for defence missions, enterprise solutions, and critical public services we have won key contracts and achieved a doubling of our bandwidth revenues in 2019. Now we are aiming high, driving long-term revenues through a focus on the defence, industry and carrier sectors.

Never before has satellite connectivity played such a vital role in guaranteeing secure and reliable communication for government bodies, first aid responders and health organisations. For our part, we are working hard to provide resilient and secure satellite connectivity.

At the same time, we have firmly kept an eye on ensuring we continue to build a resilient balance sheet and generate increased profit. Over the past two years we have reduced capacity unit costs by over 25% and developed a lean operating model, which has helped operations remain robust throughout this period.

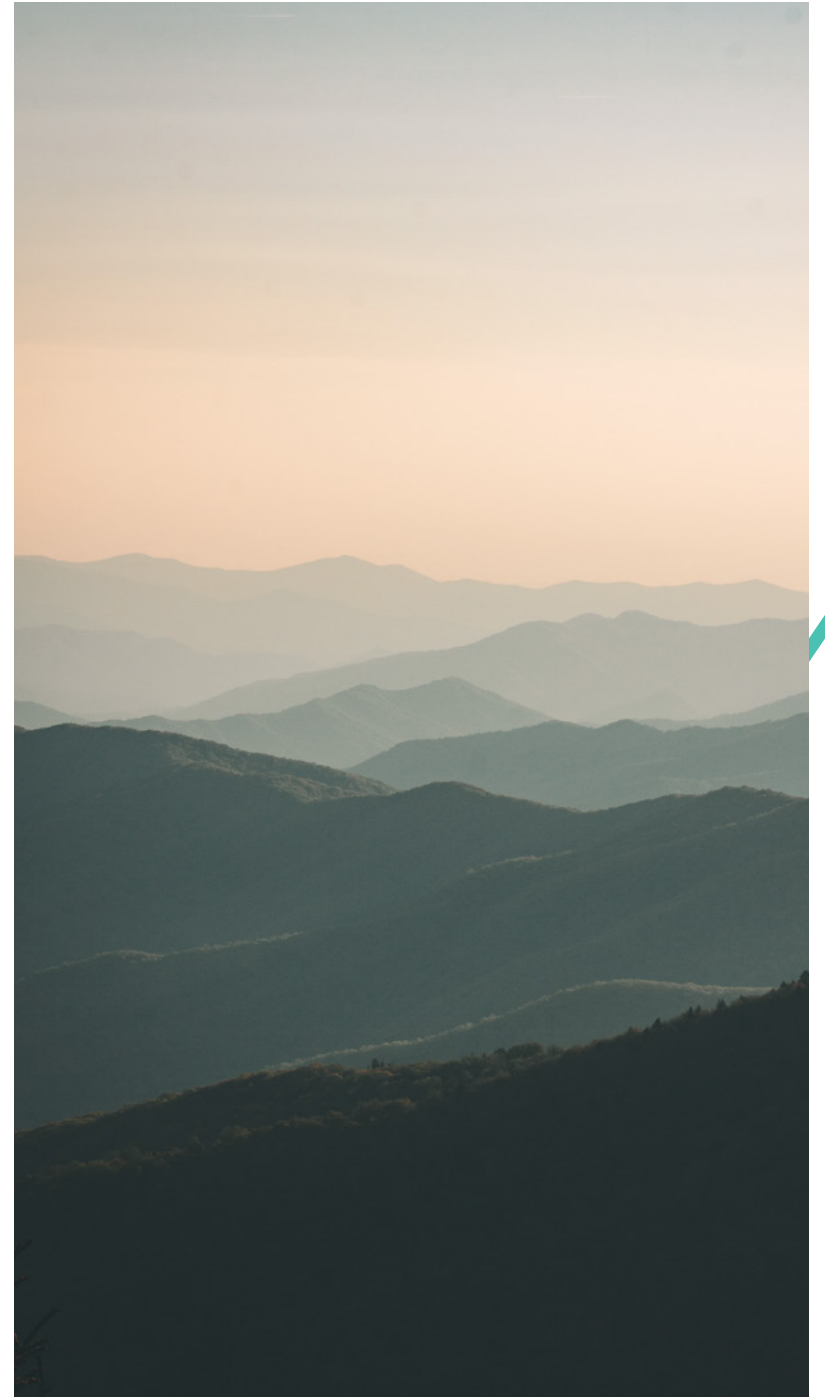
We have also spent time carefully building a professional organisation. Our executive committee is now packed with talented people who bring broad industry experience. They are supported by a focused and driven team who work tirelessly to make sure Avanti continues to thrive.

Now, as we continue through 2020, we strive to build relationships further and grow our coverage capability to connect the unconnected.

Kind regards,

**Kyle Whitehill**  
**Chief Executive Officer**  
**Avanti Communications**

**We are a  
completely  
transformed  
business**



# We are a dedicated partner to the communications industry



In the last two years, we have refocused our business away from consumer broadband to wholesale, government and carrier segments. As we enter the second half of 2020, Avanti is a completely transformed, resilient and future-proof business.

The core of our business model is formed around uncompromised customer service quality, agile adaptation to dynamic market conditions, and superior experience through highly secure and reliable connectivity.

**Libby Barr**  
Chief Operation Officer

## This transformation is leading to significant growth and here are the highlights:

### Satellite Industry

We have secured major wholesale bandwidth contracts with Viasat, Inmarsat, Turksat and Yahsat.



### Government

We are growing our revenues from the US Department of Defence - the single largest buyer of commercial satellite capacity in the world - and the European Ministry Of Defence market through important service agreements with regional partners. This is leading to a significant pipeline of opportunities for 2020 and beyond.



### Terrestrial Communications Industry

We have signed a new service agreement with a large African Carrier to provide cellular backhaul across Africa using our HYLAS 4 satellite's fixed capacity. We continue to provide a resilient backhaul service to EE and the Home Office for emergency services in the UK.



### Master Distributors

We continue to partner strategically with five large master distributors across EMEA.



# Our financial results are going from strength to strength

## Introducing Rob Plews, our new CFO

We are pleased to welcome Rob Plews as our new Chief Financial Officer and as a member of the Executive Committee. Rob is responsible for all aspects of finance for the Group including investor relations, delivering meaningful commercial insight and day-to-day operations.

At Avanti for six years, he originally joined as Deputy CFO. During his tenure Rob has been instrumental in completing the financing of Avanti's HYLAS 3 and HYLAS 4 satellites and is focussed on supporting the organisation to deliver its strategic goals.



2019 was a year of achievement for Avanti. As a result of our new market strategy, we achieved dramatic growth by more than doubling our bandwidth revenues.

We established a cost optimisation programme at the end of 2018 which has driven a reduction in our operating cost base in excess of 25%. This was achieved by aligning the business' cost base with our strategy to sell to a relatively small number of large, well-funded customers and tightly controlling our spend.

By achieving both of those objectives we delivered positive EBITDA (before restructuring costs) for the first time in the Company's history. The operating leverage of the Avanti business is such that our forecast growth in bandwidth revenue and reduction in our operating cost base will continue to drive increased EBITDA and cash generation.

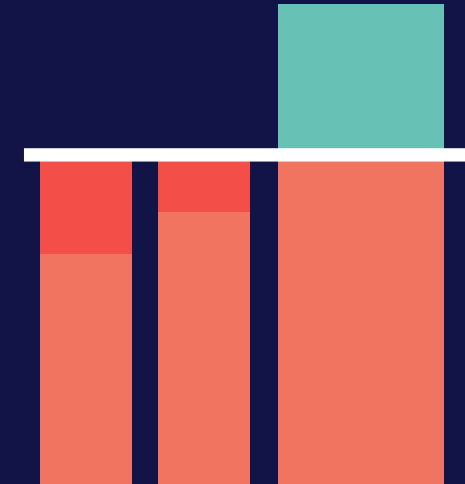
## 2019 Highlights

**+100%**

**Revenue**

**-25%**

**Operating costs**



**Delivered profits for the first time**



# We have a unique set of strategic assets that differentiates us

Our satellite capacity has trebled in the last two years; we now operate a fleet of 5 satellites with 50GHz of Ka-band capacity. They are positioned in coveted, prime orbital positions, secured by Avanti at the level of the International Telecommunications Union.

In December 2019, Avanti's HYLAS 3 satellite capability arrived on station at 31°E and became operational as the world's first Ka-band steerable cluster of high throughput spot beams. Along with our fleet of satellites, we also own a fully authorised, resilient and secure ground

network of 7 Gateway Earth Stations supporting our customers. In 2019, we were the first company to have stations and full authorisations in South Africa and Nigeria. Covid-19 is driving a permanent need for connectivity outside of the urban environment and a push to ensure equal access to communications, everywhere for everyone. Avanti has been at the forefront of advocacy at the World Radio Conference to keep precious spectrum to support this ambition.





Clean spectrum and unencumbered orbital slots are the strategic underpinning for a successful satellite business. In the last two years, we have significantly strengthened our position in that respect, adding to the trust users can place in the quality of our services as well as in the long term future of the business. In addition, we have now fully government approved market access, giving carriers, governments and users unparalleled market access and commercial reach over our network.

To support our key business segments, our focus firmly includes the validation of satellite to support 5G and to integrate satellite and terrestrial technologies. To this end, Avanti's ambitions extend to leading a significant 5G innovation project, with support of the UK government and the European Space Agency that will culminate in demonstrations and test-beds throughout the EMEA region.

**Ann Vandenbroucke,  
Chief Regulatory Officer**

# We empower people and strengthen communities

Our 'Be More' mantra runs through our DNA and we fully support the United Nations Global Goals by taking a stand and doing our part to make a difference.

Sitting alongside names such as Coca-Cola, Diageo, Google, Mastercard, Microsoft and more, Avanti is one of the 17 Business Avengers who have joined forces in 2019 to help achieve the Goals by 2030. Avanti is responsible for Quality Education – in reflection of our wider commitment to improve education across Africa.



Improving educational outcomes in maths and literacy to over

**300,000**

school children across Africa



Partnering with UNHCR, the UN refugee agency, to bring connectivity to some of the largest refugee camps in East Africa



Working with the Red Cross Society and the Ministry of Interior of Kenya to improve disaster recovery responses



Providing connectivity in rural maternity clinics in DRC, enabling satellite enhanced telemedicine

# **We are geared to grow in these turbulent times**

**Our response to a transforming world –  
We have become more agile**



# COVID-19: We have gone above and beyond for our employees

What we have learnt, specifically during the first 12 weeks of the pandemic, is that we need to look at the individual. No two circumstances are the same; a 'one-size' fits all approach doesn't work.

We chose not to change policy but to flex week by week to make sure we did the best for our people in ever-changing circumstances.

**Debbie Mavis,**  
Group HR Director



# Here are some of the engagement initiatives we have introduced at Avanti

## The Communication – Collective and Individual Channels



### The Headlines

A weekly, all employee call hosted by the CEO and Group HR Director, to openly discuss the impact of the virus, business updates, & engagement initiatives.



### Check-in Calls

To all employees to check on wellbeing, individual circumstances and plan returning to the office.

## Finding Balance



### 4x4 May

Working from home meant we all started working longer hours & not taking time off. In May we worked for 4 days for 4 weeks to allow everyone to truly take a break.



### Balance Week

With conference calls taking most of our time, we empowered employees to carve out a schedule to keep quiet time to reflect, plan and prioritise their work.



### Welbeing Wednesday

Each Wednesday we ran a webinar hosted by experts on topics including regulating anxiety, mental health, posture and stretching and yoga classes.

## Employee Engagement



### At Home With

One hour a week, we all unplugged, gathered round the laptop with our family and watched our CEO, Kyle, interview a different inspirational person.



### The Big Avanti Quiz

Another great initiative to keep us all engaged. The teams battled their way through 5 knockout rounds to win £1,000 and become Avanti's champions.



### The 100 Mile Challenge

We all competed to walk/run/cycle round our 9 global offices, racking up 23,000 miles in four weeks, trying to all hit 100 miles. For every mile contributed, £1 was donated to charity.



### The Great Avanti Bake Off

We turned our hands to baking with the hope to be crowned Bake off champion!

# COVID-19: We have proven our resilience and capability to maintain high standards

As the world seeks to stay connected from behind closed doors, satellite connectivity is playing an important role in guaranteeing secure and reliable communication for government bodies, first aid responders and health organisations.

During these few challenging months, we have shown fantastic business continuity implementation. We have guaranteed critical connectivity enabling businesses, governments and schools to continue to operate and families and friends to remain connected.

We have put everything in place to guarantee a seamless transition to full remote working whilst maintaining service excellence, ensuring existing business and revenues remain largely unaffected.

## How we've supported Niger's government response to COVID-19

Using HYLAS 4 capacity, Avanti has provided resilient and secure satellite connectivity and equipment to 10 government sites across Niger, keeping lines of communication open for key government bodies. We are collaborating with the National Agency of Information Society (ANSI), the technical arm of the government of Niger responsible for coordinating ICT solutions in the Covid-19 response in Niger.





We've been able to help other companies remain resilient through this time only because we've been resilient ourselves. Despite the unprecedented scale and duration of this challenge, we were well set to weather the tests that COVID-19 has thrown our way as a business that is used to working through a networked system, across nine different geographies. Within days our business was able to continue operating at full capacity, almost entirely remotely, which meant we enabled our customers to keep people connected right across EMEA.

Looking to the future, as we proceed with a technology refresh and the augmentation of our existing satellite fleet, we are leveraging the miniaturisation that is taking place in satellite manufacturing, through software defined radios and electronic propulsion systems, as well as shorter technology cycles and lower launch costs. The resulting small and nimble GEO satellites we add to our fleet will maximise the agility and flexibility of the services we offer and will open up new business opportunities for our customers.

**Scott Richardson,**  
**Chief Technology Officer**



**We are  
professional,  
capable and  
committed  
to good  
corporate  
governance**



“We believe that our customers, partners, employees, shareholders, suppliers and society at large benefit from the professional, considered and ethically-minded running of our Company.”

**Bridget Sheldon-Hill,  
General Counsel and Group Company Secretary**

Over the past two years Avanti has transformed its leadership, and enhanced and engaged talented teams who deliver services to our customers. In 2019 Avanti Communications de-listed from the UK Alternative Investment Market. Whilst this could have led to some relaxation of our Corporate Governance protocols, we chose to review and enhance them.

## We have:

### Board

Codified and enhanced Board practices through a new Charter

### Focus

Ensured governance rigour and effective decision-taking with a new committee structure

### Leadership

100% transformed the ExCo to one with broad international leadership and robust sector-specific experience

### Team

Enhanced our energetic and passionate teams and involved them directly in the formulation and monitoring of our plans

### Transparency

Opened up to the outside world giving transparency of our intentions and actions to build the confidence of our stakeholders



**We are well  
positioned to  
accelerate in  
the years  
ahead**



Many have highlighted the impact Covid-19 has had, and will continue to have, on the economy as a whole and on individual businesses across the globe. We have taken the time to refresh our market strategy and key areas of focus, as well as defining what “back to the abnormal” means for us and have determined that Avanti is in a unique position to continue driving revenue throughout this period and accelerate growth in the future. We have also focused on how we can deliver the promises we make to our customers in an efficient and effective way.

**Toby Robinson,**  
**Chief Strategy and Wholesale Officer**

## Here is our response to a rapidly changing and uncertain future:

### What is certain?

- Greater demand for connectivity
- Acceleration toward an e-World
- Depressed economy for a while
- High level of uncertainty

### What are we going to do?



#### Refresh our Strategy

- Continue to focus on high value, high growth market segments
- Seek new opportunities for connectivity and the acceleration to the digital economy



#### Drive revenue from big Customers

- We are well advanced in the transition from selling consumer broadband connectivity to focus on selling capacity to the industry. Cellular Backhaul and Government. These customers partnerships have moved from 25% to 90% of our bandwidth revenue
- We will continue to drive the shift in customer focus



#### Home working revolution

- We have implemented several initiatives during COVID-19 to assist our employees working at home
- We will continue to further investigate a new operating model that allows greater flexibility



#### Focus on reducing operational cost to increase EBIDTA

- Our financial results discussed above point to the beginning of a transformation that we are incredibly proud of and wish to continue
- We will continue our focus on reducing operating costs in the business to become more efficient



#### Deliver our promises to customers efficiently

- Key to delivering on the revenue targets is delivering against promises made to customers
- We are continuously working on our operating model within the business to ensure that we do so, and that we do so in the most efficient way



**Be More.**