

CEO's Presentation - 2010 AGM



May 6th 2010

C2SAT

CEO's presentation AGM 2010

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Agenda

Targets and objectives

Market outlook, trends and competition

Score card analysis

Key operational objectives 2010





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Targets and objectives – AGM 2009

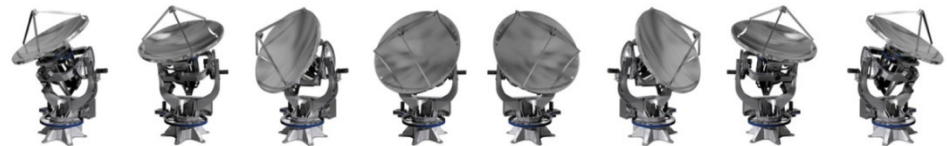
- To reach a market share of 15%
- To be one of the three leading global VSAT suppliers
- To post 50% sales growth, quarter by quarter
- To achieve a sustainable gross margin in excess of 30%
- To have a positive Cash Flow by 2010.





Targets and objectives – AGM 2009

- To establish a global distribution and service network
- To (re-) establish production and distribution in China
- To significantly expand production capacity
- To ensure compatibility with all major communication standards
- To implement an information policy in accordance with market practice





Targets and objectives – Added since

- To achieve “type approval” (certification) for the C2SAT product
- To ensure functionality on par with competition
- To expand the product portfolio, both with regards to size and frequency
- To improve user friendliness of the C2SAT product





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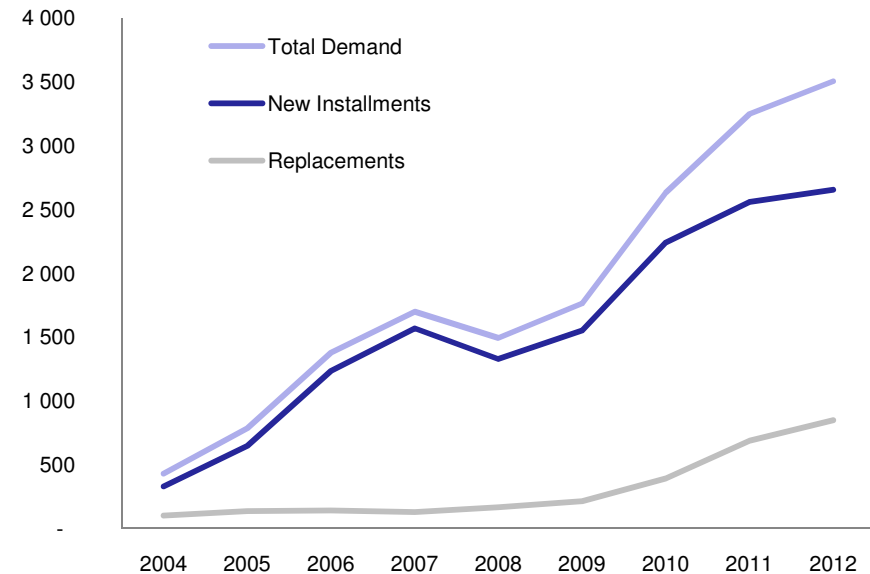
Operational objectives





The VSAT Market: Prospects of Growth

- In the current year the number of VSAT installations is forecast to be about 3 000 units, bringing the total number of VSAT installation up to about 10 000 units.
- The maritime VSAT market is expected to grow by 25 – 30 % per annum over the next 3 years.
- Further strong growth can be expected since market penetration will by 2012 only have reached about 40 %.



Källa: Comsys

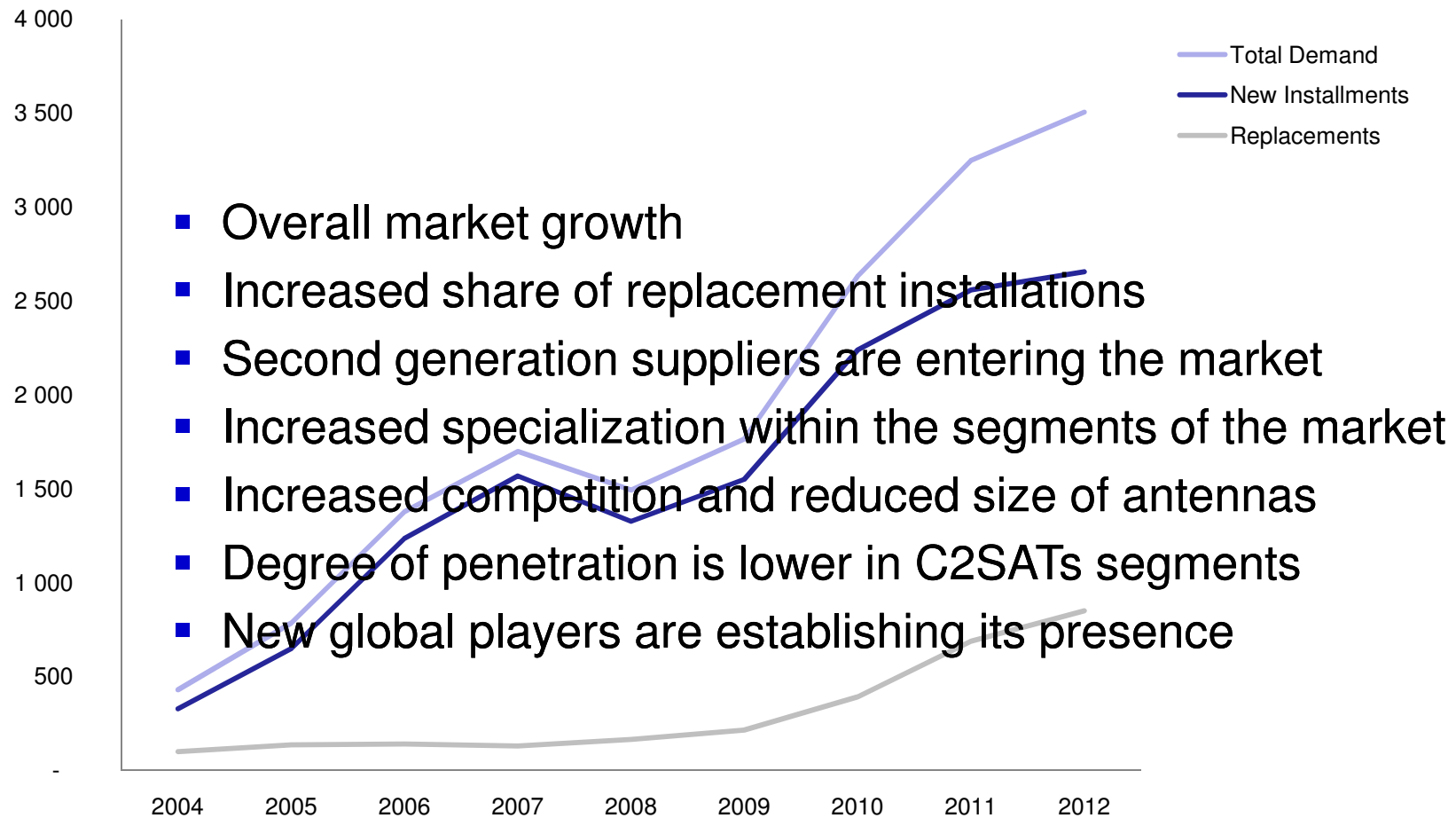


The VSAT Market: Prospects of Growth

- Increasing demand for maritime communication services favours VSAT, since user expectations are increasingly to have the same connectivity at sea as on land. Furthermore, new applications are developed on the basic assumption of full broadband connectivity.
- A prominent growth driver is also the ongoing shift away from Inmarsat, still the industry standard, in favour of VSAT. Inmarsat, currently has close to 200 000 installations, but limited capacity and costly pricing model, priced on volume compared to VSAT's flat fee model.
- There is also an expanding VSAT replacement market, based on a life span of 5 years for a typical VSAT, with 2011 being the first year the replacement market has a significant impact on overall demand, with replacements representing close to 20 % of the total demand for VSAT.



Trends in the VSAT Market





The VSAT Market: Service Providers

- Typically, the shipowner will buy a "bundled communication package" from a system integrator or telecom operator, in which the VSAT antenna is included. Pricing will typically be based on a flat monthly fee, for a period of 3-5 years.
- At current there are about 80 system integrators, or telecom operators, who offer maritime communication solutions based on VSAT technology in the market
- The 10 largest operators control about 70% of the market. The most important, to date, are Vizada (10%), Ship Equip (8%), and Schlumberger (6%)
- Up until 2008, underlying growth for VSAT solutions was driven by users within "Cruise & Ferry" and "Oil & Gas". "Robustness" was then not a key issue.
- Growth is now being driven by users in commercial shipping and offshore supply where robustness is a key issue.



The VSAT Market: the Competition



Four Axis enables Accuracy and High Speed



The VSAT Market: Hardware Suppliers

- The VSAT "hardware market", i.e. antennas is currently dominated by two suppliers:
 - SeaTel Inc, with a market share of about 70%
 - Orbit Technology Group Ltd, with a market share of about 15%
 - SeaTel offer a range of 8 VSATs, ranging from 0.6m to 2.4m, covering C-, Ku and X-band. In addition, they also supply numerous model of TVRO.
 - Orbit supply both VSAT and TVRO. The VSATs range from 1.15m to 2.8m covering C-, Ku and X-band.
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The VSAT Market: Hardware Suppliers

- C2SAT is one about ten smaller VSAT antenna suppliers. C2SAT market share in 2009 was about 1%.
- Most of the smaller suppliers are South East Asian based that offer 3-Axis antennas, "SeaTel look-a-likes", at very competitive prices. Alternatively, they are highly niched players, such as Schlumberger (offshore), with a 4% market share, or choose to offer other bundled services, including airtime, such as KVH.



The Uniqueness of the C2SAT Product

- The C2SAT product range (C- to Ku-band) is based on a modular design, with the same software and user interface, which simplifies service and maintenance.
- The robust design in itself reduces the need for maintenance, expands the life-cycle and reduces cost of ownership.
- The 4-Axis design solves high elevation problems (the Zenith paradox), a truly unique quality.
- C2SAT patented solution gives superior tracking and pointing accuracy which ensures optimal use of bandwidth and higher average transmission speed.



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Score card analysis – Events 2010

- New management team
- Analysis, restructuring and reorganization of ongoing operations
- New and transparent targets for the organization established
- Restructuring of the sales team, distribution and pricing strategies
- Strengthened capital base to restructure organization and strategies
- Establishing new distributor, service and installation partners
- Establishing and ensuring production capabilities
- Industrialization of the products and focus on quality assurance
- Introducing new reference clients: Thales and Orange



Score card – Market presence and financial performance

Year-end 2008:

- 0 % market share, with 8 sold units, on sales of 4.9 Mkr.
Loss of 35.1 Mkr and negative cash flow.

Year-end 2009:

- 1 % market share, with 17 sold units, on sales of 13.6 Mkr.
Loss of 34.1 Mkr and negative cash flow.

Forecast 2010:

- 4 – 6 % market share, with 120 sold units, on sales of about 60 Mkr.
Loss making and negative cash flow.



Score card – Distribution, Service and installation

Year-end 2008:

- 4 distribution partners (MCOM, DRS, TracID, LCDC)
- No in-house dedicate support service resources.

Now:

- 15 distribution and service partners covering South East Asia, the Middle East, Europe, North America and the Caribbean.
- Four in-house dedicated support engineers, based in Sweden and Singapore.





Score card – Production capacity and Production cost

Year-end 2008:

- Production in Söderhamn with an annual capacity of about 20 antennas
- Production cost of Ku-band 251% of long-term target, and 153% for C-band.

Now:

- Production in Söderhamn, Singapore and Shanghai with a current annual capacity of 80, 160 and 60 respectively, i.e. total capacity of about annualised 300 antennas.
- Production cost of Ku-band 200% of long-term target and 123% for C-band.
- Targeted production cost to be reached by Q1 2011.



Score card – Production and distribution in China

Year-end 2008:

- Terminated J/V with CETC 23
- No sales or production achieved

Now:

- Exclusive Licensee Agreement with Xinguo IT Ltd for production and distribution
- Local production established
- Local distribution network established
- Commercial roll-out initiated



Score card – Product performance and portfolio

Year 2008:

Product portfolio:	2.4m C, 1.2m Ku, 1.2m Ku-M, 1.2m RL, 0.9m S
Modem compatibility:	less than 50 %
Certification:	None
Functionality features:	None

Now:

Product portfolio:	2.4m C, 1.2m Ku, 1.2m Ku-M
Modem compatibility:	More than 90 %
Functionality features:	ABS, Remote Access, Etc

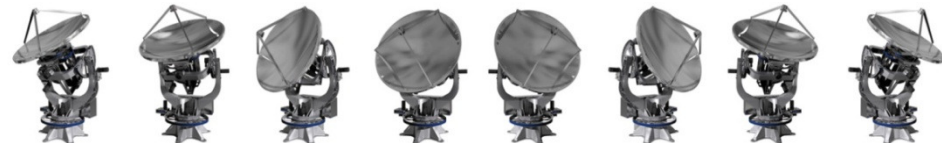


Score card – Product performance and portfolio

In 6 – 12 months:

Product portfolio:	+ smaller C and Ku. + X
Certification:	Type approval by GVF (Oct/Nov)
Functionality features:	Co-Pol, etc

- In addition we are constantly reviewing how to reduce the weight of the product and enhance its basic performance





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Key operational objectives for 2010

- Reach set sales targets
- Continue to build C2SAT's organization
- Continue to expand the service and installation network
- Continue to add distributors and increase market presence
- Continued focus on quality assurance
- Expand and refine product offering
- Increase profitability through economy of scale



Thank You

