

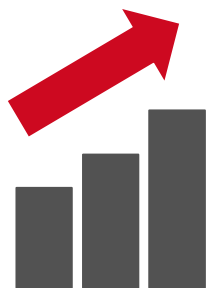
# Rakon Limited 2015 Annual Shareholders' Meeting



- ◀ Welcome & Introduction
- ◀ Meeting Order & Process
- ◀ Chairman's Address
- ◀ Managing Director's Address
- ◀ Business of the Annual Shareholders' Meeting
  - Annual Report
  - Resolutions
    - Re-election of Directors
    - Auditors' remuneration
  - General Business
- ◀ Meeting Close

# **Chairman's Address**

Bryan Mogridge



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**NZ\$15.4 m**  
Underlying EBITDA

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Continued focus  
on R&D

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Increased  
opportunities in  
connectivity

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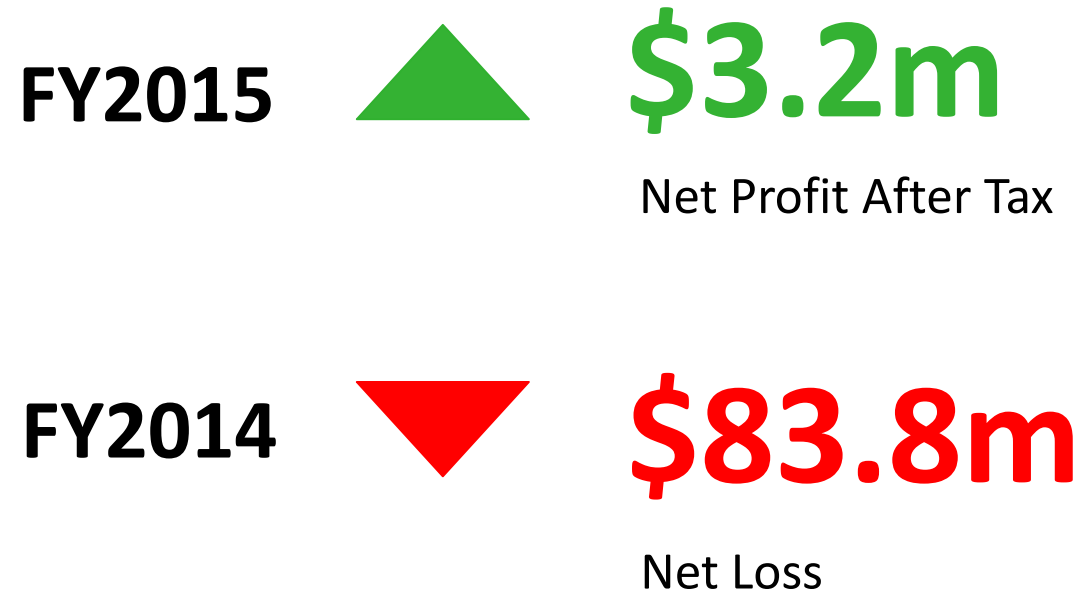
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**NZD:USD**  
currency  
benefits

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# **Managing Director's Address**

**Brent Robinson**



## Return to Profit

We delivered on our promise and returned the business to profitability in FY2015

# Starting Position Heading into FY2016



**18%**

Reduction in  
operating expenses

**46%**

Increase in  
gross profit amount

**17%**

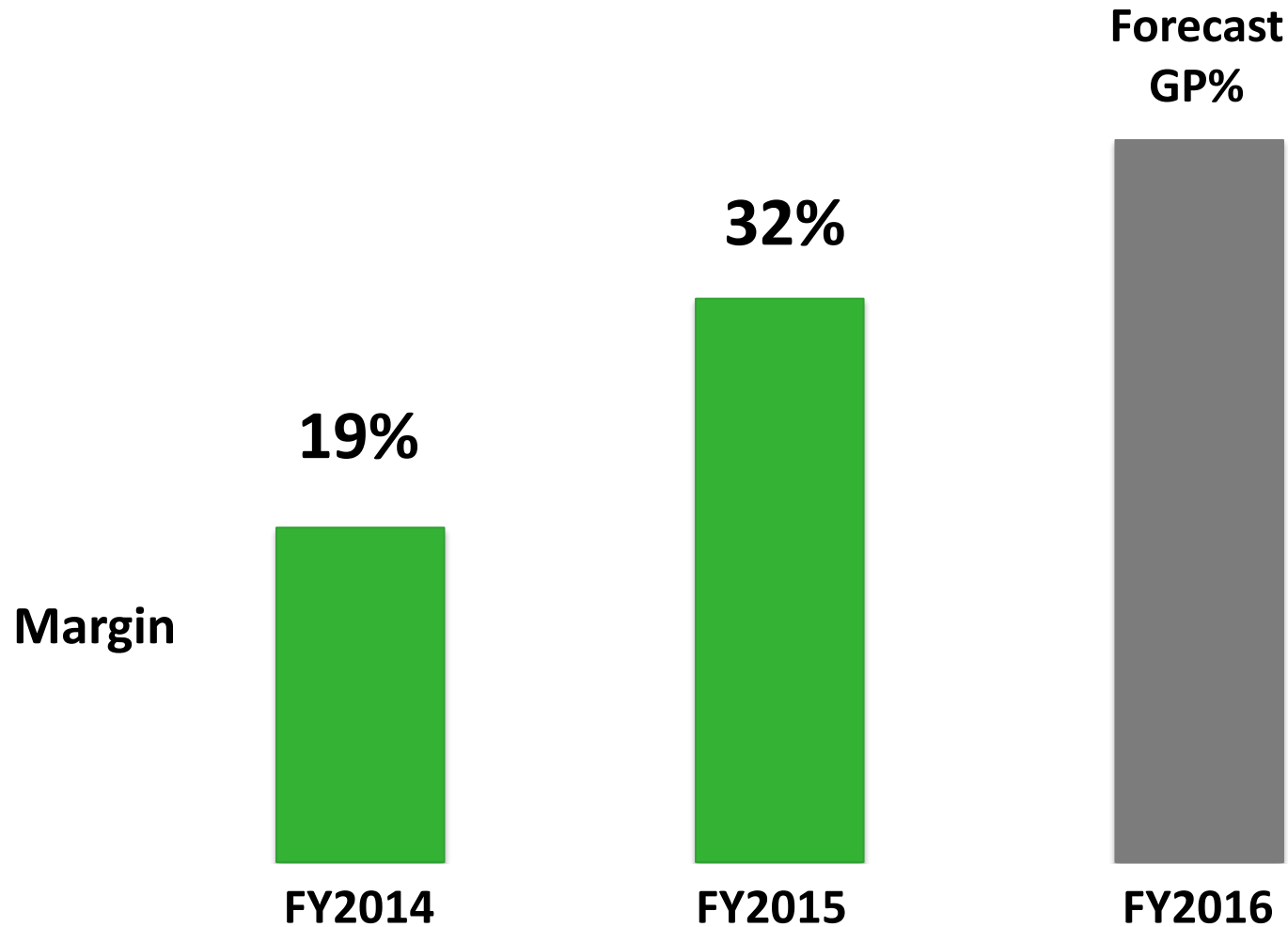
Debt to equity

**16%**

Increase in  
Telecommunications  
market revenue

% based on FY2014 to FY2015

# A Commitment to High Margins



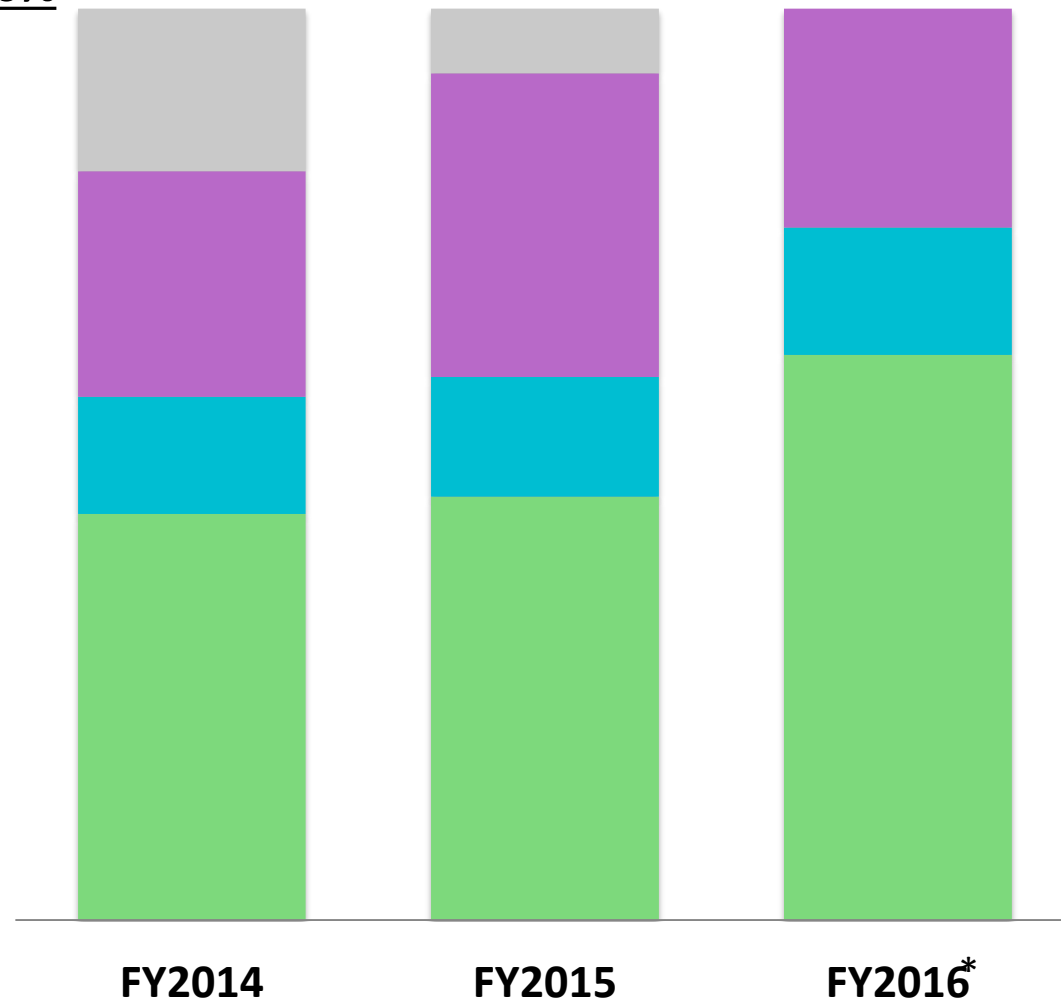
**Underlying margins** are further improving due to product mix, technology transition and currency benefit



# Revenue Split by Business Unit



100%



- < NZ business forecast to grow
- < Lincoln UK closure now complete
- < France Space & Defence is steady



United Kingdom

France/India

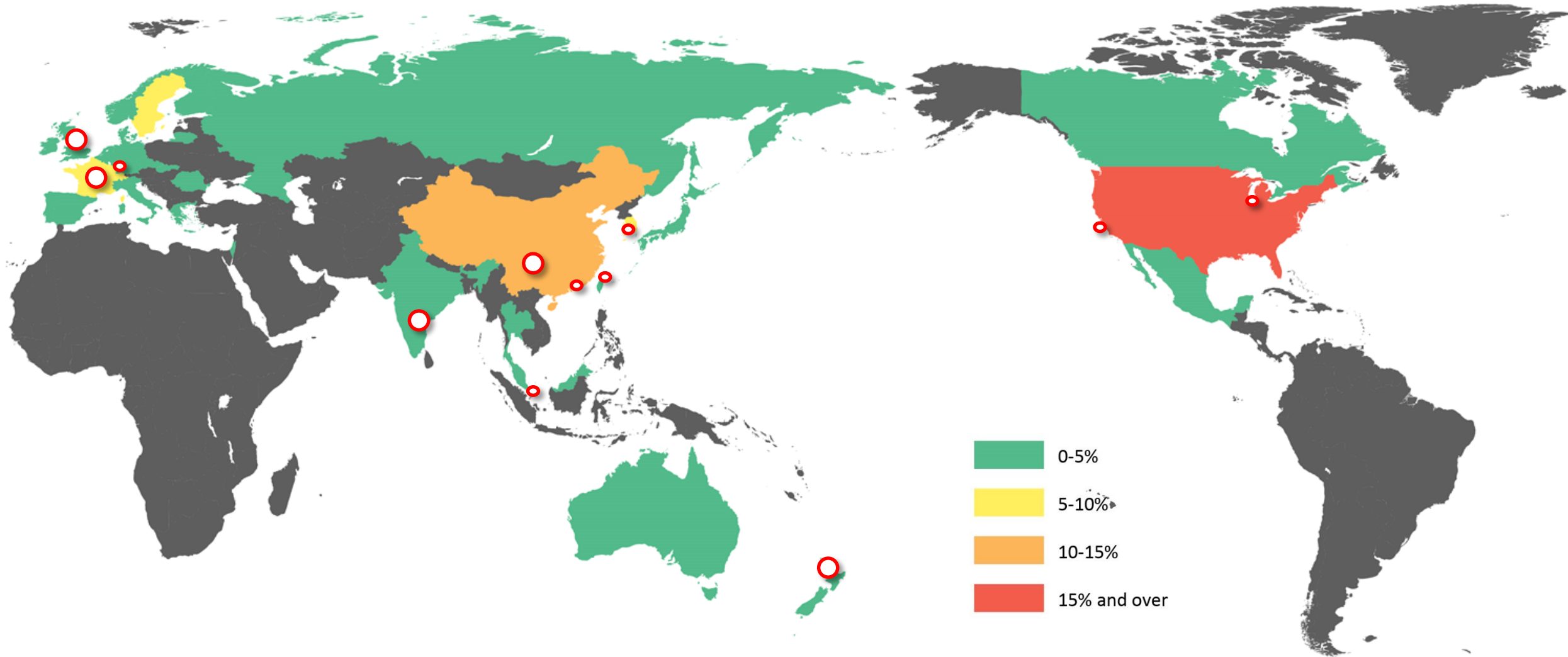
France Other

New Zealand

\*Based on forecast revenues

# At the centre of our markets, from New Zealand

**rakon**



# Strength With our Customers



**A true testament to the quality of your products, is the company you keep.**

At Rakon, we are proud to work with some of the top companies in the world.



Cisco CEO: Rakon stepped up and delivered



Designing Rakon products into the latest equipment



Roll out with Samsung Networks into India



Thales Satellites rely on Rakon for communication

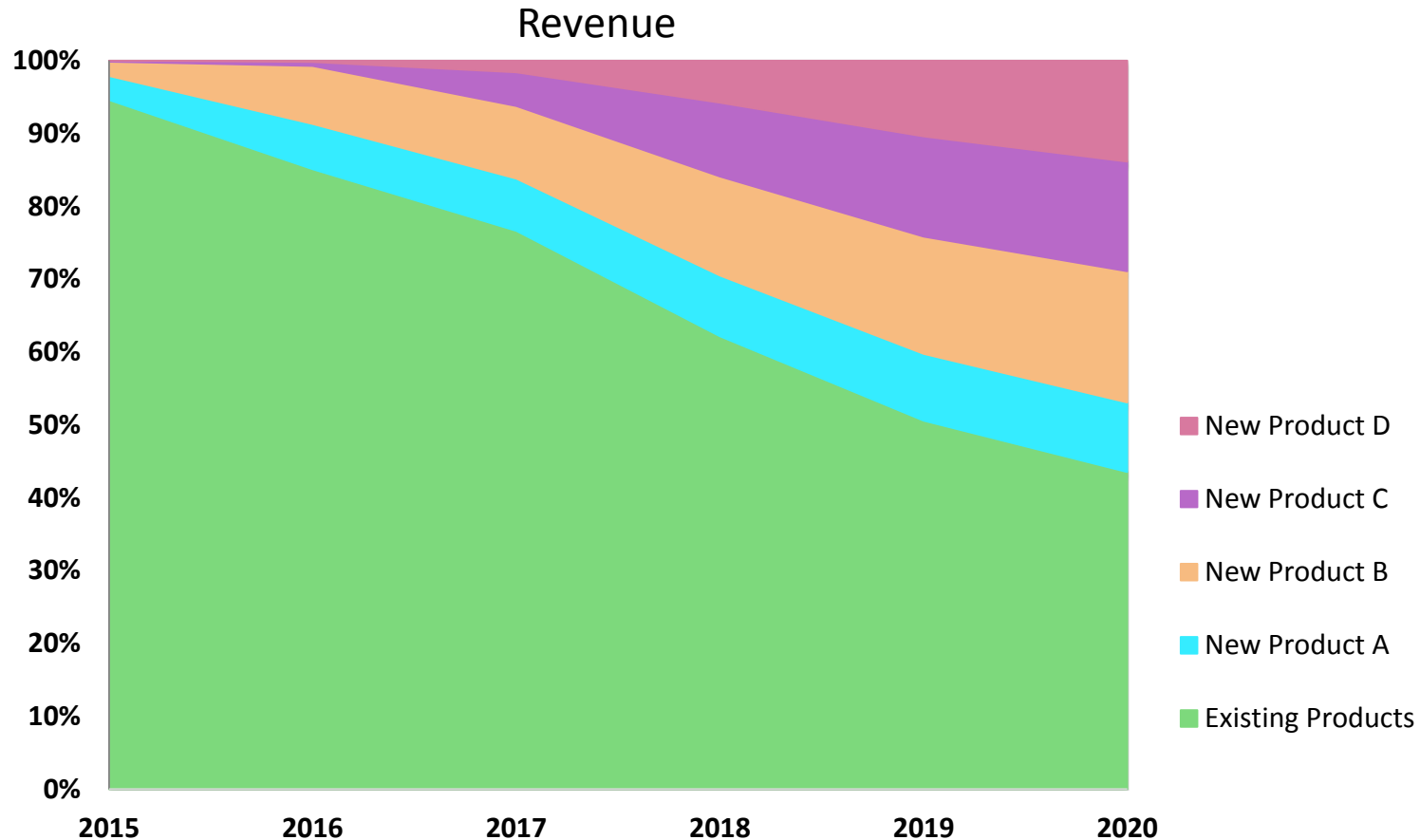


Precision farming with Rakon patented technology



20 years with Garmin positioning products

# New Products Capturing Market Share

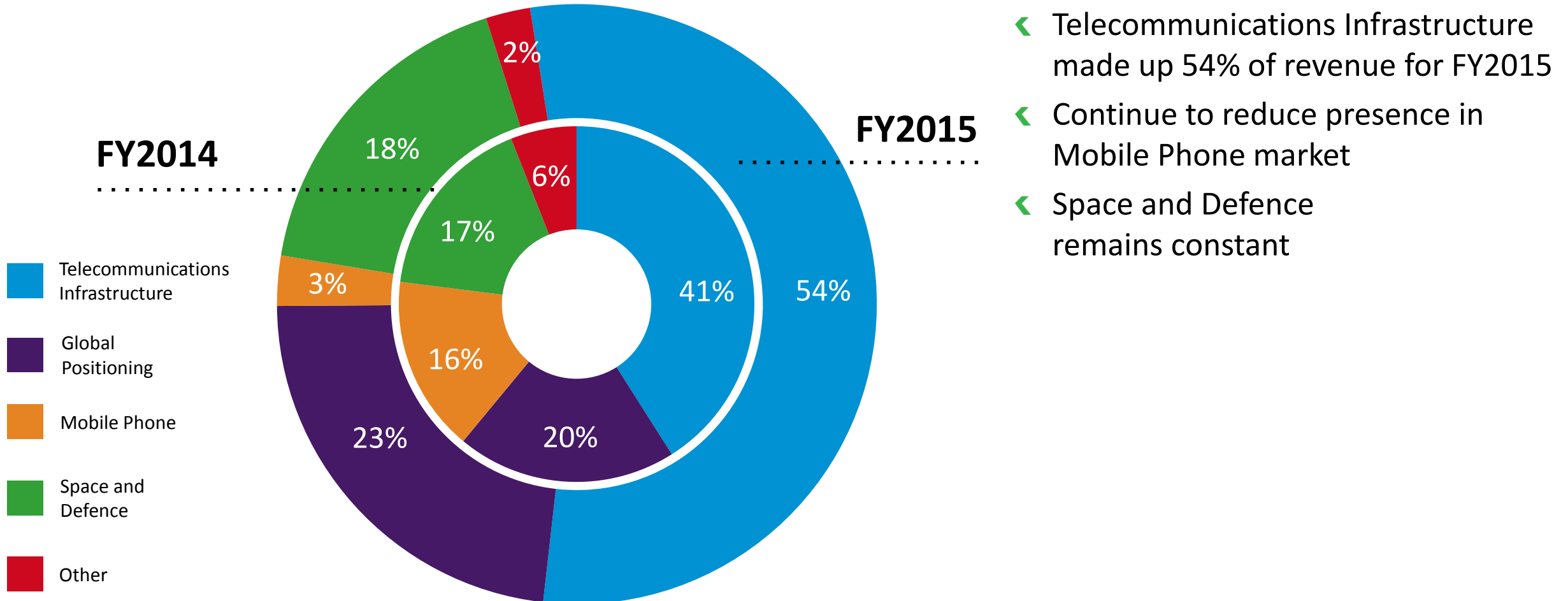


## New products capturing market share through technology transition

We have positioned our new product offering to take advantage of high margin opportunities servicing future technologies

- ◀ **NZD:USD** hedging in place
- ◀ Revenue dip in legacy products
- ◀ Continued focus on high margin products
- ◀ **Increase in 1H FY2016** profit expected vs 1H FY2015
  - Both Underlying EBITDA and NPAT
- ◀ FY2016 **profit** levels to **remain similar** to last year
  - Both Underlying EBITDA and NPAT

# Our Markets – Revenue Split



# Telecommunications Highlights

rakon

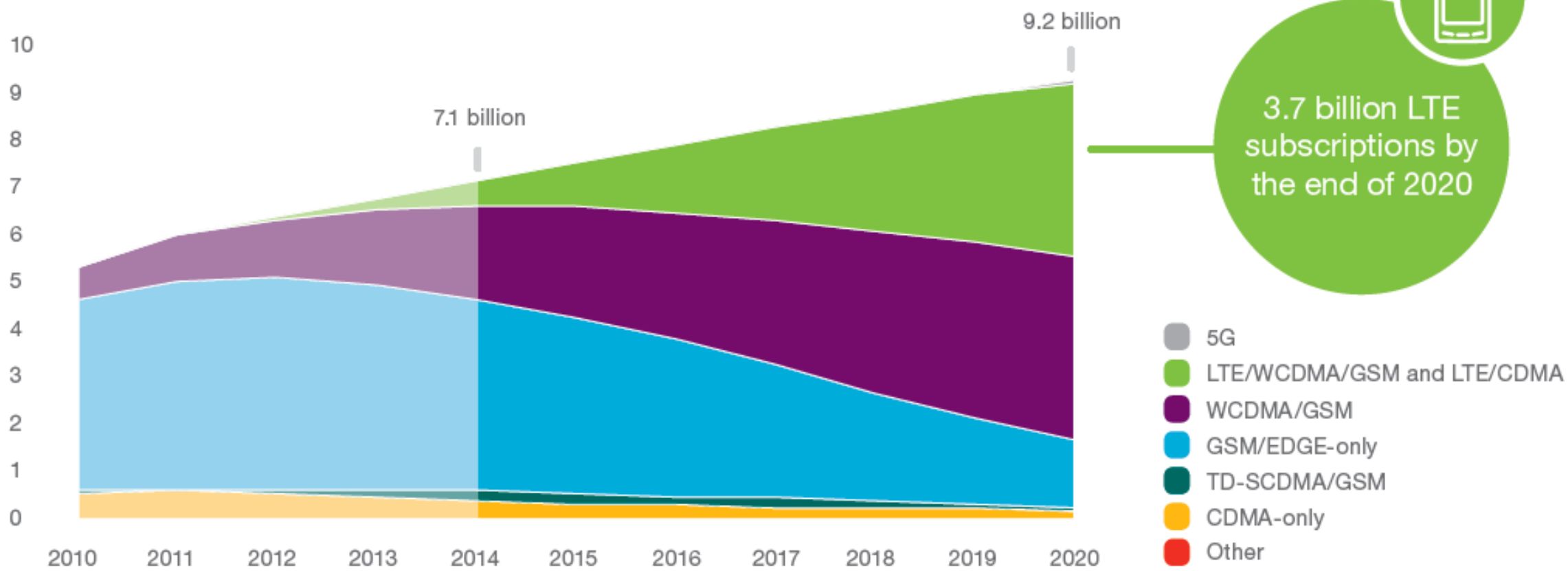
- ◆ Small Cell industry growth of **20% CAGR**<sup>1</sup>
- ◆ 4G Subscription Growth at **151%**<sup>2</sup>
- ◆ Working with all **Tier 1** players
- ◆ Global Mobile Data Traffic to grow 54% in 2016<sup>3</sup>
- ◆ 4G will be more than 50% of total mobile traffic by 2017<sup>4</sup>

**54%**

Revenue

# Very Early Days for LTE/4G

Mobile subscriptions by technology (billion)





# Global Positioning Highlights

rakon

- ◆ Emergency Beacon market forecast to **grow 15%** in volume
- ◆ Higher margins coming from **GNSS**
- ◆ Machine to Machine market to **triple** by 2018<sup>1</sup>
- ◆ Demand for **precision** increases – a key strength of Rakon

**23%**  
Revenue



## Guiding Self-driving Tractors

- Rakon's patented technology application enables GPS to work in harsh and rugged environments
- Greater position accuracy aligns with Rakon's product strength in agriculture and asset tracking



# Space & Defence Highlights

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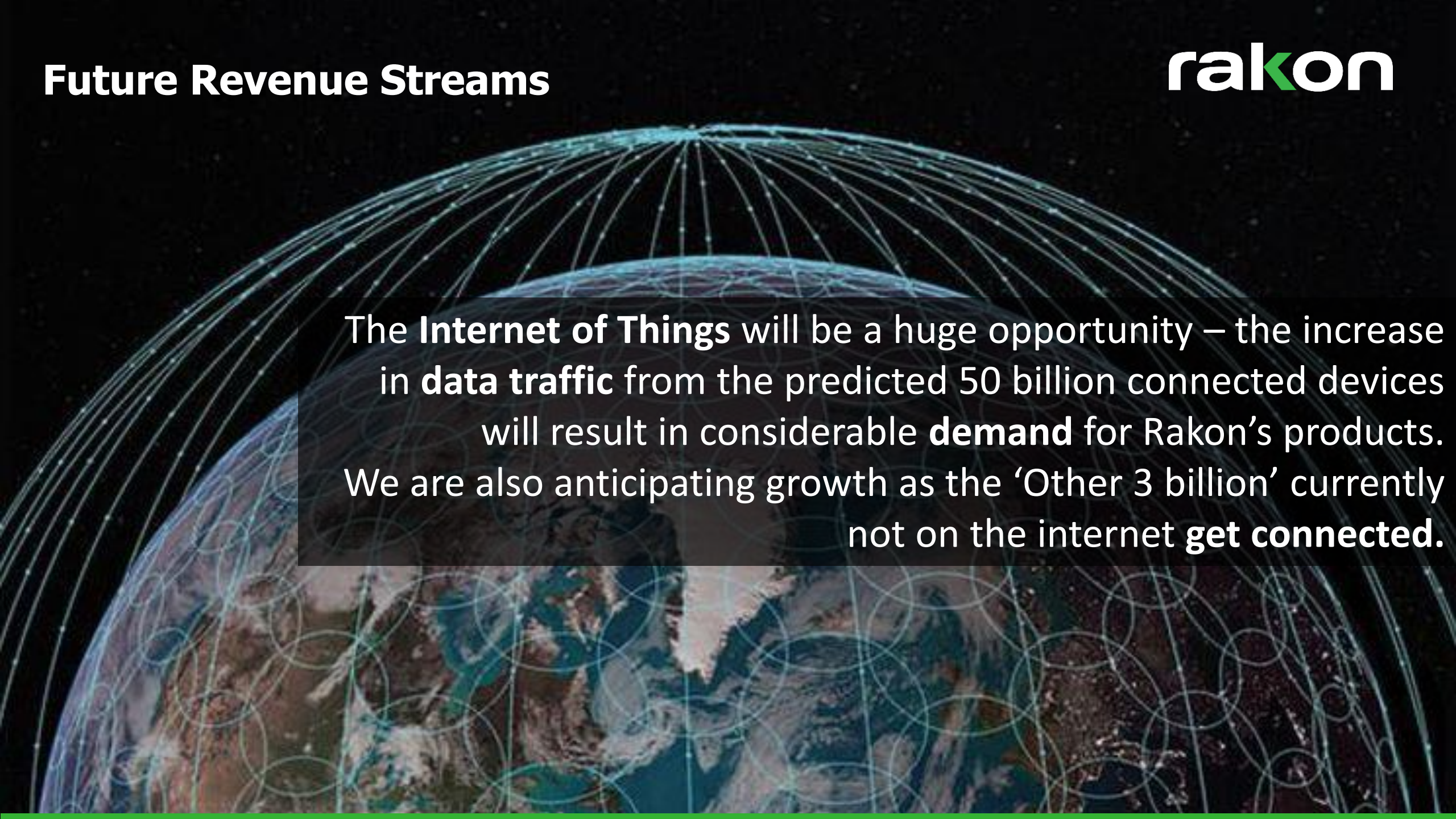
- ◆ 10% of an estimated 200M+ TAM
- ◆ Strong relationship with **Euro** customer base
- ◆ Expansion and focus on **US, India** and **Asian** markets
- ◆ Three major **new product** platforms being introduced this year
- ◆ Defence spending is prioritising **technology**

**18%**

Revenue



# Future Revenue Streams

The background of the slide is a composite image. It features a view of the Earth from space, showing the Western Hemisphere with North and South America. Overlaid on this is a complex network of glowing blue lines and dots, representing a global communication or data network. The lines arc across the top of the frame, while the dots are concentrated at the poles and along the network paths.

The **Internet of Things** will be a huge opportunity – the increase in **data traffic** from the predicted 50 billion connected devices will result in considerable **demand** for Rakon's products. We are also anticipating growth as the 'Other 3 billion' currently not on the internet **get connected**.



**rakon**

**More than global**



**Our products span  
land, sea, air and space**



# **Business of the Annual Shareholders' Meeting**

## **Resolutions**

## ◀ 1. Annual Report

To receive the Annual Report for the period ended 31 March 2015, including the financial statements and Auditors' report

## ◀ 2. Re-election of Directors

In accordance with the constitution of the Company, **Bruce Robertson Irvine** retires by rotation and being eligible, offers himself for re-election





## ◀ 3. Re-election of Directors

In accordance with the constitution of the Company, **Herbert Dennis Hunt** retires by rotation and being eligible, offers himself for re-election



## ◀ 4. Auditor

To record the reappointment of PricewaterhouseCoopers as the Company's Auditor and to authorise the Directors to fix the Auditor's remuneration

# **Business of the Annual Shareholders' Meeting**

## **General Business**

**Meeting Closed**

## Disclosure of Non-GAAP Financial Information

Rakon has used 'Underlying EBITDA' as a measure of non-GAAP financial information in this announcement and it is defined as:

“earnings before interest, tax, depreciation, amortisation, impairment, loss on disposal of assets, employee share schemes, non-controlling interests, adjustments for associates and joint ventures share of interest, tax & depreciation, and other non-cash items”

'Underlying EBITDA' is a non-GAAP measure, with its presentation not being in accordance with GAAP. The Directors present 'Underlying EBITDA' as a useful non-GAAP measure to investors, in order to understand the underlying operating performance of the Group and each operating segment, before the adjustment of specific non-cash charges and before cash impacts relating to the capital structure and tax position. 'Underlying EBITDA' is considered by the Directors to be the closest measure of how each operating segment within the Group is performing. Management uses the non-GAAP measure of 'Underlying EBITDA' internally, to assess the underlying operating performance of the Group and each operating segment

For FY2014 and FY2015 the use of 'Underlying EBITDA' in this announcement has been extracted from the audited financial statements for those financial years. This document should be read in conjunction with the Rakon Limited Annual Report 2015. A detailed reconciliation of Underlying EBITDA is contained at Note 4 (Segment Information) of the Financial Statements.

The use of 'Underlying EBITDA' in this release for FY2016 is based on a forecast and is unaudited.

- ◀ This presentation contains not only a review of operations, but also some forward looking statements about Rakon Limited and the environment in which the company operates. Because these statements are forward looking, Rakon Limited's actual results could differ materially
- ◀ Although management and directors may indicate and believe that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised
- ◀ Media releases, management commentary and investor presentations are all available on the company's website and contain additional information about matters which could cause Rakon Limited's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Rakon Limited

