



Company	Speedcast International Limited
Code	SDA
Meeting	AGM
Date	20 May 2019
Venue	Intercontinental Hotel Sydney
Monitor	Pamela Murray Jones, assisted by David Jackson and Patricia Beal (attending the AGM)

Number attendees at meeting	5 shareholders plus 12 visitors
Number of holdings represented by ASA	16
Value of proxies	\$312,350
Number of shares represented by ASA	83,296
Market capitalisation	\$880 m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, Virtual Meeting with Chair John Mackay and Peter Jackson (NED)

Unhappy shareholders lead to a first strike and a future focus on lowering debt

Speedcast describes itself as “the leader in remote communications and IT solutions”. It specialises in Maritime, Enterprise and Emerging Markets (EEM), Government and Energy sectors and has been in acquisition mode.

The most recent acquisitions have left the company with heavy debt and the market penalised it with the share price dropping 40% in late 2018. The strategy of acquisition through debt was explained at the AGM as being necessary to keep SDA as the leader in its sector, as it undergoes a major transformation, from servicing a network to “managing information globally, as the requirements grow to transmit increasing amounts of data. We were assured that there is a “strong focus and clear path” to deleveraging, though future acquisitions were not completely ruled out. It is planned for gearing to be reduced from greater than 3.5x to around 3.0-3.2x by the end of 2019. It was foreshadowed that the already low dividend might be lowered even further to accomplish this.

ASA questioned how integration of the acquired companies was progressing and were assured that Speedcast have an integration team and good company values, regularly reinforced. The majority of the integrations are progressing well, if not yet completely accomplished. They aim for organic growth as well as acquisition growth and we were told that many of the Directors have significant acquisition / integration experience, despite this not being highlighted amongst their skills.

Directors and key management personnel (KMPs) reside wherever is most convenient for their responsibilities; for example the Energy head in Houston, the Government head in Washington (where they have large contracts with the USA government). We were shown a world map with branches in over 140 countries, 250 local field engineers and support centres on 5 continents. However, we were told that the Board is comfortable having the company listed only on the ASX and seem likely to take more interest in properly satisfying all the regulations and business customs of this country. For example, there was sympathy with our requirement for directors and KMPs to have significant “skin in the game”. Directors already do, and the KMPs this year chose to take incentives as equity.

ASA also commented on how we would like the remuneration system changed. While several of the AGM Resolutions were approved by more than 87% shares voted in favour, notable negative votes were 32% against the remuneration report (a first strike), 12% against the long-term incentive issue to the CEO, and 40% against the approval of potential future termination benefits. Given the overall dissatisfaction with the remuneration, there are likely to be changes next year.

Several other ASA members also attended the AGM. However, there were no other questions relating to the resolutions.

Despite a significant overseas shareholding, the AGM was not webcast.