

REVIEWING MARITIME CONNECTIVITY MARKET 2022

VISHAL PATIL

PRESENTATION

18th MAY 2022





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OUR CLIENTS

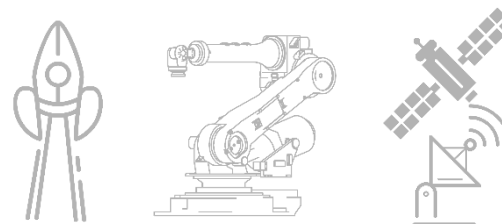


Leading and emerging organizations in **>40** countries

Supported decisions on **\$30b+** investment



Expertise at each level of the **ecosystem**



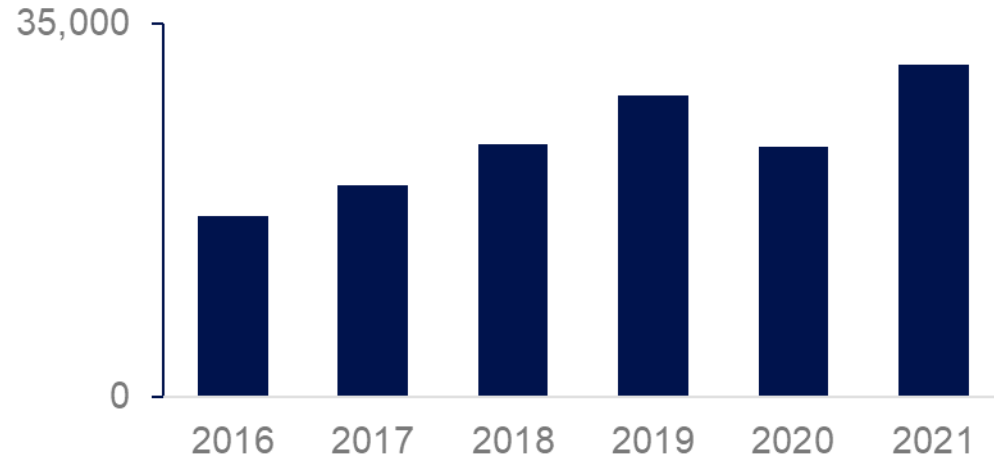
Promoting forward-thinking, facilitating projects & deals for over **1,000** executives





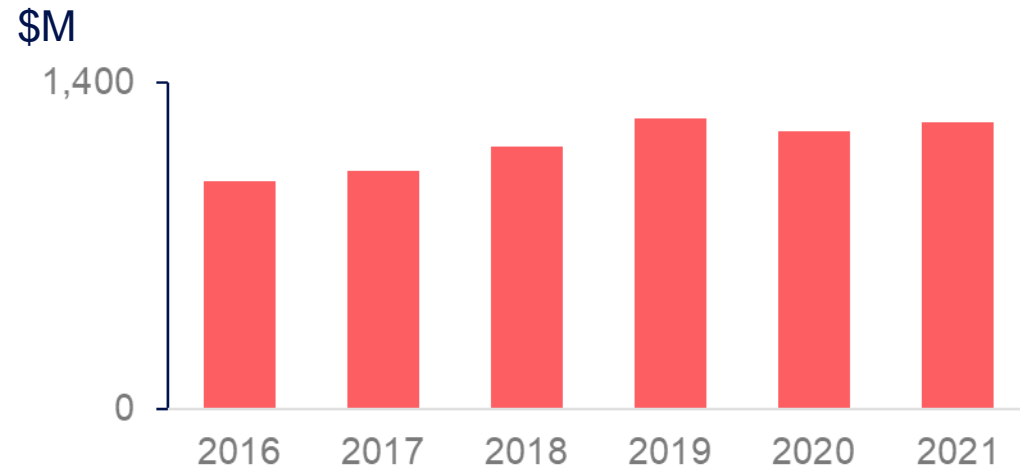
OVERVIEW // MARITIME SATCOM MARKET

ACTIVE MARITIME VSAT



- Some maritime verticals were more resilient to the pandemic impacts than others (ex. Merchant, Fishing, etc.)
- Terminal installations have seen an uptake in 2021 though remained impacted by the **supply chain issues**

TOTAL MARITIME VSAT SERVICE REVENUE



- Service revenues would still need a year to surpass pre-COVID revenues
- Service revenues were mainly driven by the merchant shipping segment

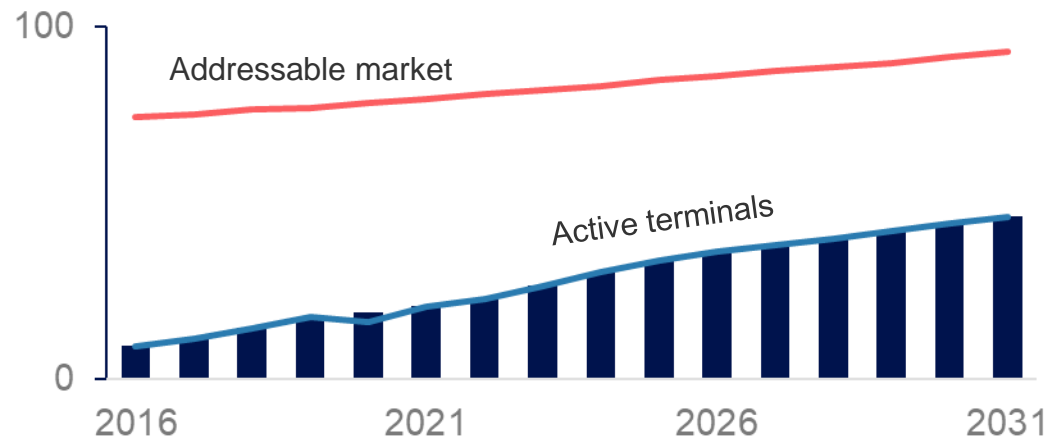


MARKET OVERVIEW // MERCHANT AND PASSENGER

- Increased new installations and transitions to higher bandwidth driven by **crew welfare and communication**
- The pandemic acted as a catalyst for **increased data consumption per ship**

MERCHANT SHIPPING

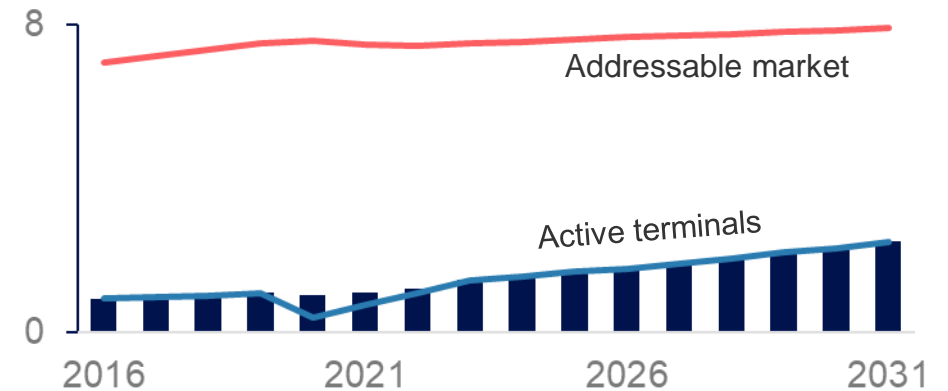
Number of vessels (in thousand)



Source: Euroconsult's maritime report 2022

PASSENGER SHIPS

Number of vessels (in thousand)



Source: Euroconsult's maritime report 2022

- The most impacted segment due to the pandemic though Cruise ships increasingly resuming activities.
- The **Caribbean** remained the famous sailing region in 2021. **Fear of capacity shortage** in the region in the short term
- Increased VSAT adoption expected in the ferry segment post-NGSO service availability

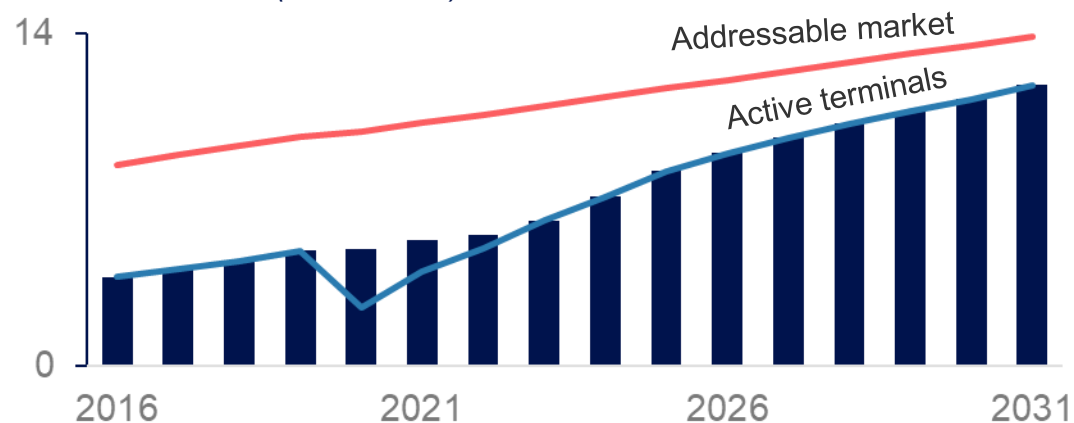


MARKET OVERVIEW // LEISURE AND OFFSHORE

- International travel restrictions impacted segment recovery
- Low price sensitivity in the high-end superyachts
- VSAT growth will be triggered by the entry of new SPs and higher adoption of NGSOs
- VSAT adoption challenged by **terrestrial networks**

LEISURE VESSELS

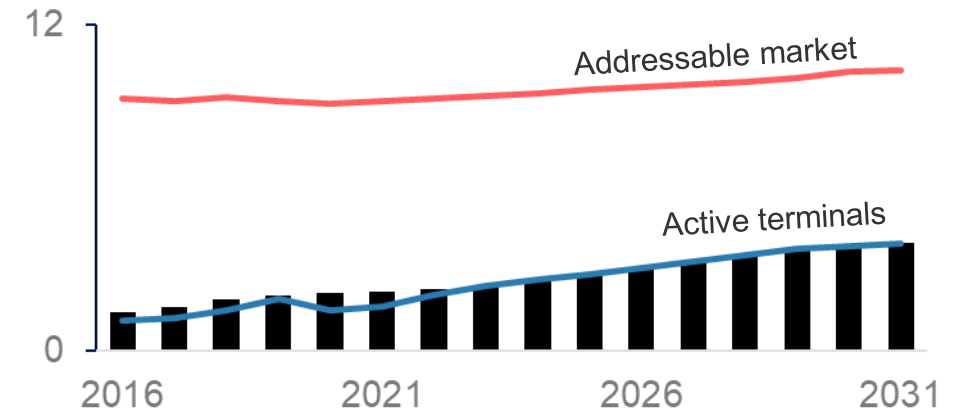
Number of vessels (in thousand)



Source: Euroconsult's maritime report 2022

OFFSHORE

Number of vessels/rigs (in thousand)



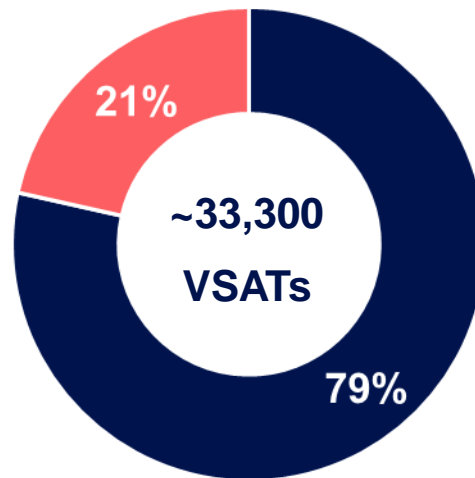
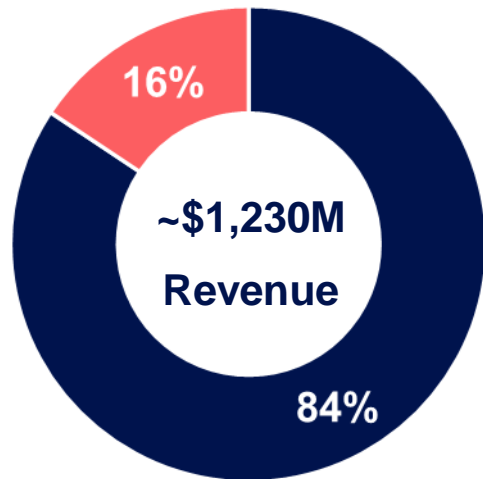
Source: Euroconsult's maritime report 2022

- Offshore activities were impacted by the pandemic as it hit the oil prices. Activities resuming as oil prices have increased
- Expected to be the first segment in terms of the mass adoption of the new NGSO capacity
- VSAT market challenged by **underwater fiber optic**



OPPORTUNITIES FOR CONSOLIDATIONS

EST. VSAT RETAIL MARKET SHARE (YE 2021)



- **Ku-band** is the most favoured frequency
- Top 5 service providers captured **84%** of the total retail revenue market
- VSAT revenue share depends highly on the market served
- The market witnessed several **financial restructuring activities**
- Highly concentrated top-end market yet the market remained open for new entrants
- Market volatility will trigger further consolidations in the near term

Source: Euroconsult's maritime report 2022



IMPACT OF CONSOLIDATIONS

EXAMPLES OF RECENT M&A ACTIVITIES

2021	Centerbridge Partners - Speedcast	Providence Equity Partners² - Marlink	Viasat¹ - Inmarsat
	Viasat - RigNet	Marlink - ITC Global	
2020	Triton Bidco³ - Inmarsat		
2018	NSSL Global - Station 711 - UK Electric Solution	Speedcast - Globecom	
	Marlink - Palantir - Omni Access - Livewire connections - Radio Holland	Castor Networks - Watum Solutions	NSSL Global - SatLink
2017			

1. The transaction is expected to complete by H1 2022.

2. Private equity firm Providence Equity Partners has agreed to acquire a majority shareholding in Marlink from Apex Partners.

3. Triton Bidco is equally-owned by a group of four investment funds advised by Apex Partners, Warburg Pincus, Canada Pension Plan Investment Board and Ontario Teachers' Pension Plan Board.



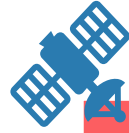
FOCUS ON NEW ENTRANTS

Global FSS operators (Wholesale)



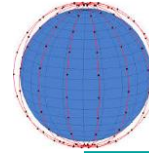
- Trend towards operators providing managed services (SES, Intelsat, etc.)
- Increasing Consolidations through M&A

Regional FSS operators



- Highly fragmented market
- Involvement of local partners
- Significant competition in the certain regions
- Trend towards operators providing managed services

NGSO constellations



- High volume of HTS capacity
- Direct impact on the existing market shares
- Sale of services more likely through DP and VARs

Others

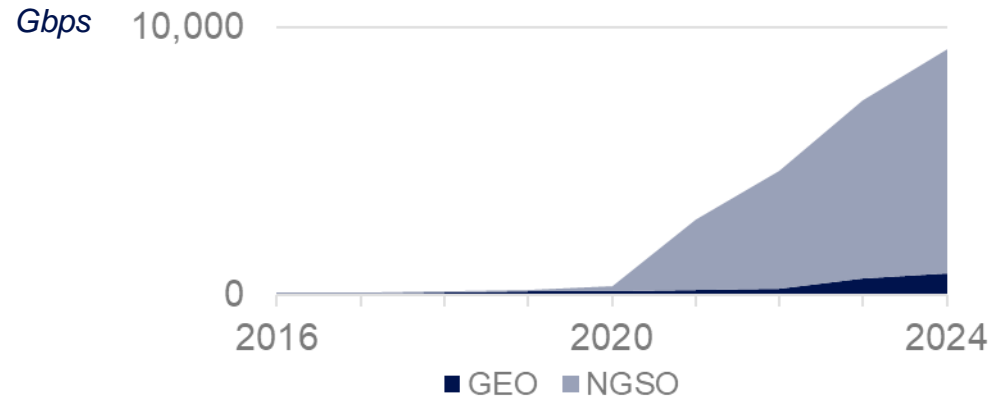


- Special efforts on equipment development
- Some markets remained to be niche
- Value added services gaining more importance (Cloud services, Cybersecurity, etc.)



IMPACT ON CAPACITY MATRIX

HTS (GEO-NGSO) CAPACITY SUPPLY

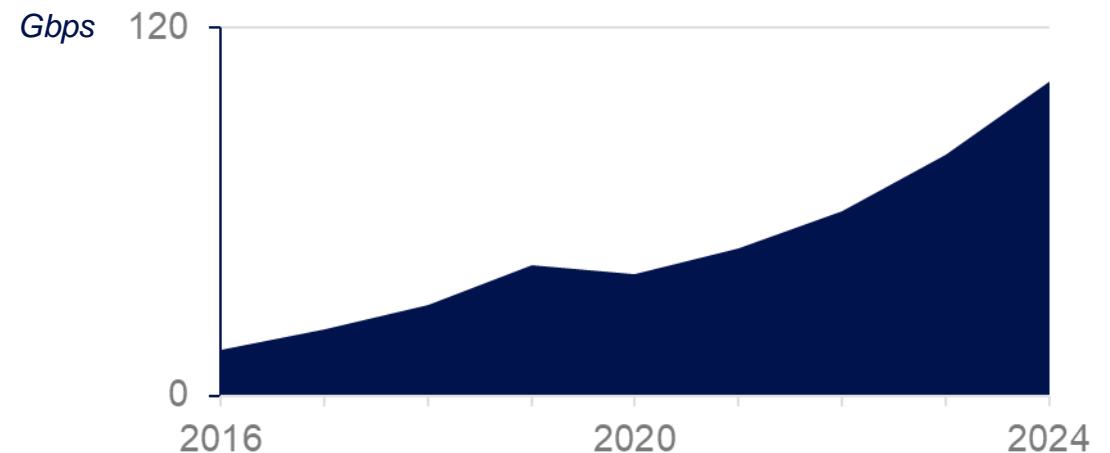


Source: Euroconsult's satellite connectivity report 2021

- Exponential capacity supply from up to at least **3 new NGSO constellations** and **flexible payload GEO satellites** in the near-term
- The pandemic and current geopolitical situation have shifted **the availability of new capacity even further to the right**
- Despite partial deployment, NGSO operators are actively signing the **partnership agreements** to strengthen their distribution network

- **Crew and passenger communications** to remain at the center stage
- Smart ships, autonomous ships, and digitalization to drive the demand
- Value added services such as cybersecurity, cloud applications, and artificial intelligence to supplement the demand

MARITIME CAPACITY DEMAND



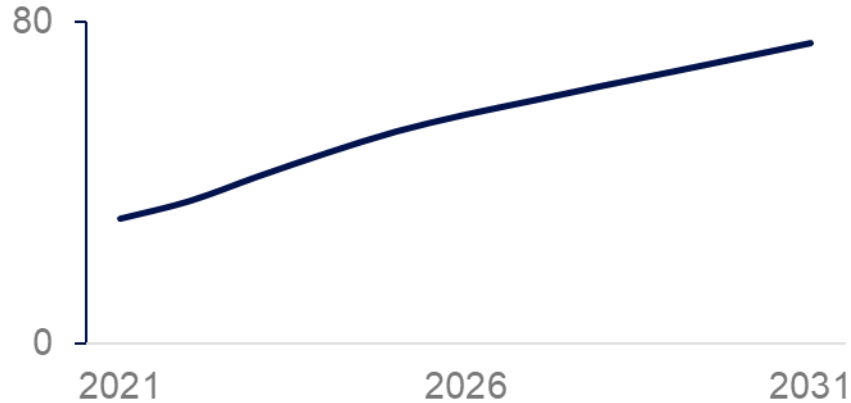
Source: Euroconsult's maritime report 2022



IMPACT ON OUTLOOK TO 2031

TOTAL VSAT

Terminals (in thousands)



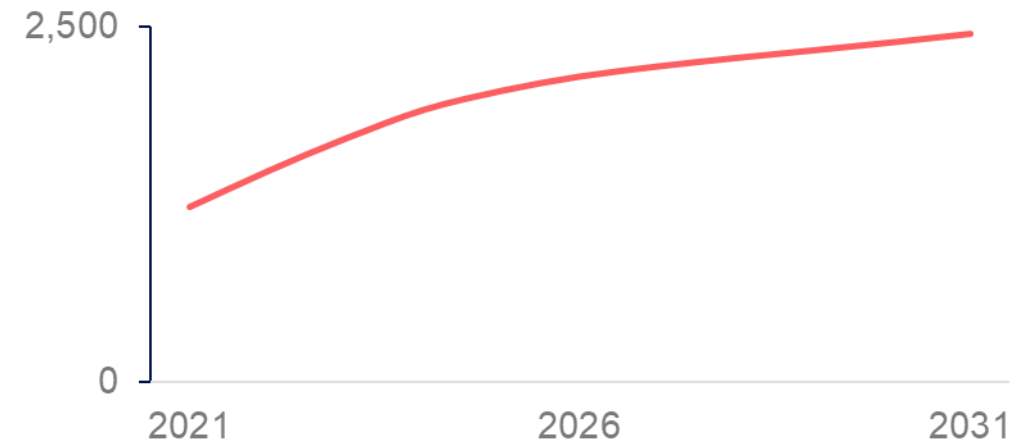
Source: Euroconsult's maritime report 2022

- Total maritime VSAT to increase due to lower cost of ownership, crew-centric regulations, and operational benefits
- Increasing tendency toward **dual-band (VSAT) approach**
- **Technology advancements** in the equipment market (multi-band multi-orbit) to fuel VSAT adoption

- The NGSOs and new flexible payloads are set to **disrupt capacity costs** leading to the availability of more bandwidth at the same price
- Service providers **exploring VAS options** to differentiate service portfolio

TOTAL VSAT SERVICE REVENUE

\$M



Source: Euroconsult's maritime report 2022



KEY TAKEAWAYS

- Amid multiple resurgences of the pandemic waves, the **maritime satcom market remained dynamic**
- The maritime satcom market being highly volatile witnessed several M&A activities. It is expected to continue as the market is coping up
- Highly concentrated capacity demand combined with delays in service availability from certain operators may cause **temporary bandwidth congestion** in certain geographies at least until the new capacity is available
- Involvement of not only **vertically but also horizontally integrated service providers** is on the rise aiming to cater to the ever-increasing capacity demand
- New entrants in the maritime satcom market will help growing the VSAT adoption

Muchas Gracias

Дякую

Danke

Merci

谢谢

شكرا

Thank you

спасибо

Շնորհակալություն

ありがとうございました

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