

JULY 18, 2016

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# THE WALL STREET TRANSCRIPT

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Connecting Market Leaders with Investors

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**THE FOLLOWING REPORT IS EXCERPTED FROM  
THE WALL STREET TRANSCRIPT**

## **COMPANY INTERVIEW**

## **STEVEN E. PICKETT & CHIP SCHNEIDER**

**RigNet, Inc. (NASDAQ:RNET)**

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Founded 1963  
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# RigNet, Inc. (NASDAQ:RNET)



**STEVEN E. PICKETT** currently serves as Chief Executive Officer and President for RigNet, Inc. Before joining RigNet, Mr. Pickett was the Chief Executive Officer and President of 21st Century Towers, a new entrant in the wireless infrastructure market. Mr. Pickett also served as Chief Executive Officer to North America's second-largest tower construction and maintenance company, WesTower Communications, which was acquired by MasTec (NYSE:MTZ). Prior to WesTower, Mr. Pickett was the Chief Executive Officer and President of Telmar Network Technology until its sale to Jabil Circuits (NYSE:JBL). Mr. Pickett's other roles included Senior Vice President/General Manager of Alcatel-Lucent's Optical Network Division and Vice President of Sales at Alcatel. Mr. Pickett has been a QuEST Forum board member since early

2011 and served as an executive contributor for two years prior to that. He holds a Bachelor of Science in electrical engineering from Tufts University and a Master of Business Administration degree from The Kellogg Graduate School of Management at Northwestern University.



**CHIP SCHNEIDER** is Senior Vice President and Chief Financial Officer of RigNet, Inc. Mr. Schneider oversees RigNet's global finance operations, including accounting, treasury, tax, corporate finance, information technology, supply chain management and investor relations. He has more than 30 years of banking and industry experience, working with companies such as KBR, Enron Corp. and National Power PLC. Mr. Schneider has held a diverse range of corporate finance and banking positions, with a focus on treasury, project finance, M&A and controllership activities at corporate and division levels. He holds a BBA in finance and an MBA from The University of Texas at Austin, McCombs School of Business.

## SECTOR — TELECOMMUNICATIONS

**(AZY608) TWST: Can you give us some sense of how much the downturn in oil prices has impacted RigNet?**

**Mr. Schneider:** Certainly, the oil industry influences our business since we have many customers in that market. Therefore, there has been an impact on RigNet with the downturn in oil prices. If you review our past financials, you can understand how this downturn has negatively affected our results. A majority of our customers operate within the drilling segment. So when prices drastically change over a period of time, the drilling segment along with the entire segment is severely impacted. That being said, we are continuing to move forward, and the decline in prices has not completely undermined our important role in the segment.

**TWST: Has that resulted in a change in the way RigNet conducts business or where it focuses?**

**Mr. Schneider:** Lower oil prices certainly put us in a place where we want to be more creative and innovative for our customers and provide a variety of solutions. Our goal is to assist our customers in lowering their operational costs. To achieve this goal, we provide our customers with solutions they need to operate. Additionally, we enable them to manage their remote locations from their regional and corporate offices. The ability to allow communication between existing

drilling platforms and real-time centers is valuable to customers. This is an example of how we are collaboratively working with our customers to help them maintain their services and reducing their costs. As a result, we are providing our customers with opportunities to create greater efficiencies in their business.

**Mr. Pickett:** In addition to Chip's comment, we are in an environment where the customers are trying to manage their operational costs. Hence, there is an opportunity for us to add applications on top of the managed services we currently provide that can help them drive business efficiency. We will be focused on helping our customers more effectively use bandwidth that gets delivered to remote locations.

**TWST: You recently had some management changes. How have those changes impacted the company?**

**Mr. Pickett:** Yes, we made some management changes recently. I am the newest member of the RigNet management team, having joined one month ago. Chip is also a new member of the team, joining in December. I would characterize the changes as a move by the company to re-emphasize the focus on cost management. There is no question that the environment we find ourselves in today has driven this activity.

You will also find us more focused on how we can

help our customers optimize their business processes through the use of business applications that leverage their RigNet-based communication infrastructure. You are also going to see our management team increasingly focused on movement into other verticals. There are a number of other verticals where our services fit very nicely, and we are determined to explore those verticals and become a more meaningful player in those verticals.

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***“One of the markets we’re evaluating is maritime, which is a current area of focus. However, we are also exploring other verticals. We will enter a smaller number of vertical markets in order to make sure we can enter them in a more impactful way. Also, we want to enter verticals that leverage our core business in the oil and gas market.”***

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**TWST: What is your strategy for the rest of the year?**

**Mr. Pickett:** We want to become more relevant to our customers by helping them optimize their business through the deployment of applications, or also referred to as apps. I’ll give you a couple of examples of those apps. One app that we can make available to our customers is related to real-time video communication, which allows for better awareness of what is happening at a remote location. Another example is our ability to provide real-time weather information to help, as an example, a helicopter pilot who is heading out to the rig to assess the weather situation. You will see it’s more about business applications that help a rig run as efficiently as possible and not just the delivery of a managed service. RigNet believes this will help make our products more valuable. Another area of focus is to move into other verticals and leverage what we do well today in the energy market.

**TWST: Can you give us more flavor around the other verticals you are looking at?**

**Mr. Pickett:** One of the markets we’re evaluating is maritime, which is a current area of focus. However, we are also exploring other verticals. We will enter a smaller number of vertical markets in order to make sure we can enter them in a more impactful way. Also, we want to enter verticals that leverage our core business in the oil and gas market.

**TWST: Do offshore oil rigs remain the center of your business, even with the expansion into other verticals?**

**Mr. Schneider:** They are very much an important part of what we do and will continue to do. That’s where remote communications is really key since satellite communication is the only way to connect to their headquarters. So it is an important part of what we do today. We are not looking to de-emphasize that part of the business; however, we are looking to expand our capabilities elsewhere.

The offshore market is important to the oil industry as a whole. Offshore activity is dictated by the price level of oil. So to say whether it’s favorable in the future, I think the opportunity is always favorable, because in the long run, the oil industry will need more production, and the offshore potential is high. So in the long run, there’s likely to be more offshore activity at some point in time. However, it’s

hard to say exactly when the trend will change. The offshore business will always be impacted by favorable and unfavorable cycles; however, it’s an important component of the oil and gas business and will always need connectivity. We want to provide the connectivity and services to those customers wherever they need it.

**TWST: Can you tell us about both of your backgrounds please?**

**Mr. Schneider:** My background is finance. I’ve lived in Houston for about 30 years. I’ve been a banker and worked in several energy-related verticals but generally around energy lending, energy trading and energy projects. So I’ve worked in a number of areas in the energy value chain.

**Mr. Pickett:** From an industry point of view, most of my career has been in the communications marketplace, less around the energy segment and more on communications. In terms of background, I’m an electrical engineer. However, I also received my MBA from the Kellogg School of Management at Northwestern University.

Early in my career, I was primarily involved in sales, marketing and business development. I managed a part of Alcatel’s business before the combination between Alcatel and Lucent as their Senior Vice President of the Optical Networking Division. I also was the Chief Executive Office and President at a private-equity-backed company called Telmar Network Technology. I have a fair amount of M&A experience with previous organizations. I look forward to leveraging my background and experiences at RigNet.

**TWST: What is unique about the RigNet product?**

**Mr. Pickett:** We differentiate ourselves in a number of ways. Many in the industry view us as the premier provider of remote managed services. Having that premier status is a result of a few things: first, having high availability, which means our customers are not losing their connectivity and, in return, lowers their operational downtime; second, providing highly responsive services, globally, when there a problem. I would also like to mention many of our deployments are customized, which means our solutions have been precisely designed for our customer’s needs. We have a very talented and professional engineering team that build all of our solutions, are involved with the deployment of our solutions at the remote site and then manage it over many years.

**TWST: Are you seeing continued demand for access to and from remote sites? Is that still growing?**

**Mr. Pickett:** Yes, I do see a growing demand for access and more bandwidth to and from remote locations. To highlight this, when you use your cellphone these days, you are consuming quite a bit of bandwidth. Your connection to the LTE network is many megabytes per second. The amount of data you consume might even be a gigabyte or more per month. The device you are using may cost you \$600.

In the case of rigs, they can be multimillion-dollar devices, yet they have a much smaller amount of data delivered to them. Given more and more business applications need to use this data stream and workers want the same kind of service on a rig that they receive at their homes, I think there is a great demand for additional bandwidth out there. In many cases, we deliver bandwidth through partnerships we have with satellite owners. We are technology-agnostic to how bits are delivered or how managed services are delivered. We can deliver our services by way of microwave, fiber or other forms. We are willing to get the bits

there as efficiently as we can for our customers.

**TWST: Are acquisitions part of your growth strategy?**

**Mr. Pickett:** Yes, we will be looking for opportunities to grow inorganically as well as growing organically, given the right set of opportunities. We are fortunate enough that our balance sheet provides us flexibility to fund acquisitions.

**TWST: Why do you believe investors should consider RigNet as part of their investment portfolio?**

**Mr. Pickett:** We are determined to provide a premier service to our customers. This includes high availability and a very responsive experience for our customers with consistency around the globe in order to really leverage our global capabilities. We also will concentrate on helping our customers solve their business problems with unique applications that layer on top of the managed services that we classically provide. Finally, we will

work to diversify our business by entering new verticals. All of these efforts are designed to drive shareholder value.

**TWST: Thank you. (LMR)**

**STEVEN E. PICKETT**

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