

# Inmarsat plc

**Q4 & Full year results 2008**

**March 12th 2009**



# Forward-looking statements

Certain statements in this presentation constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this presentation.

We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances, except where we would be required to do so under applicable law.

# Full year results 2008

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**

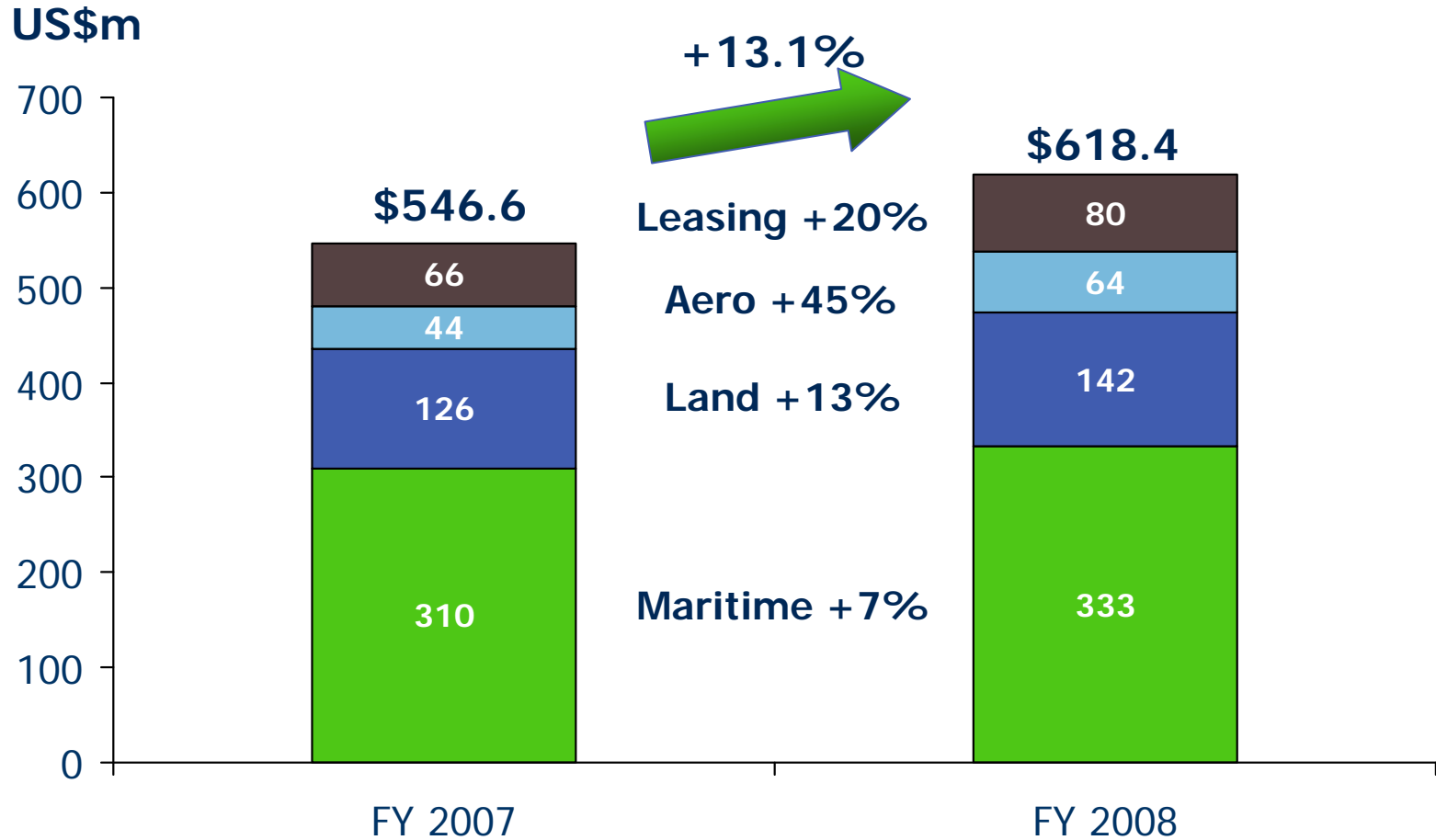


# 2008 financial highlights

- ➔ Total revenue \$996.7m (2007: \$576.5m)
  - Inmarsat Core<sup>(1)</sup> revenue up 13.9% to \$634.7m (2007: \$557.2m)
- ➔ EBITDA \$531.2m (2007: \$388.1m)
  - Inmarsat Core<sup>(1)</sup> EBITDA up 12.5% to \$431.6m (2007: \$383.5m)
- ➔ Profit before tax \$193.8m (2007: \$124.7m)
- ➔ Adjusted EPS 30 cents (2007: 21 cents)
- ➔ Final dividend proposed of 18.20 cents, up 5.0%

(1) Inmarsat plc and its subsidiaries excluding CIP

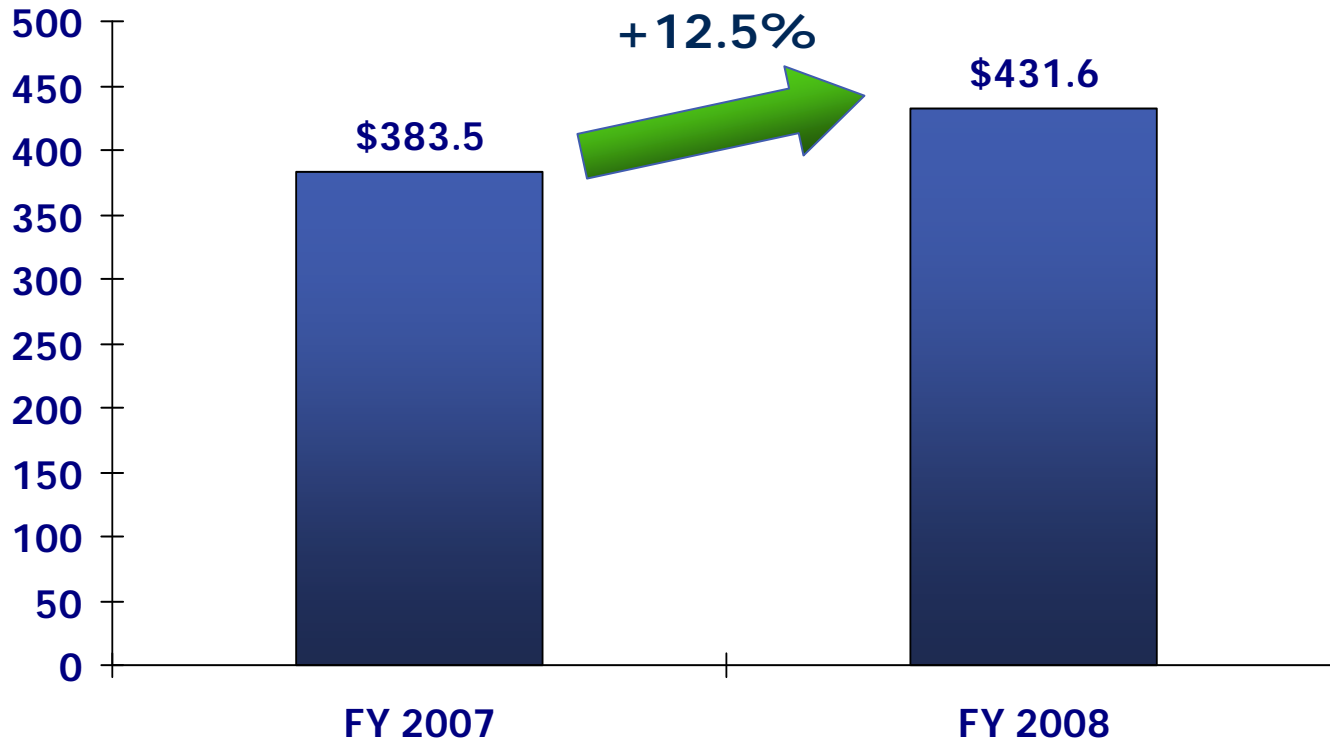
# Inmarsat Core<sup>(1)</sup> – MSS revenue



(1) Inmarsat plc and its subsidiaries excluding CIP

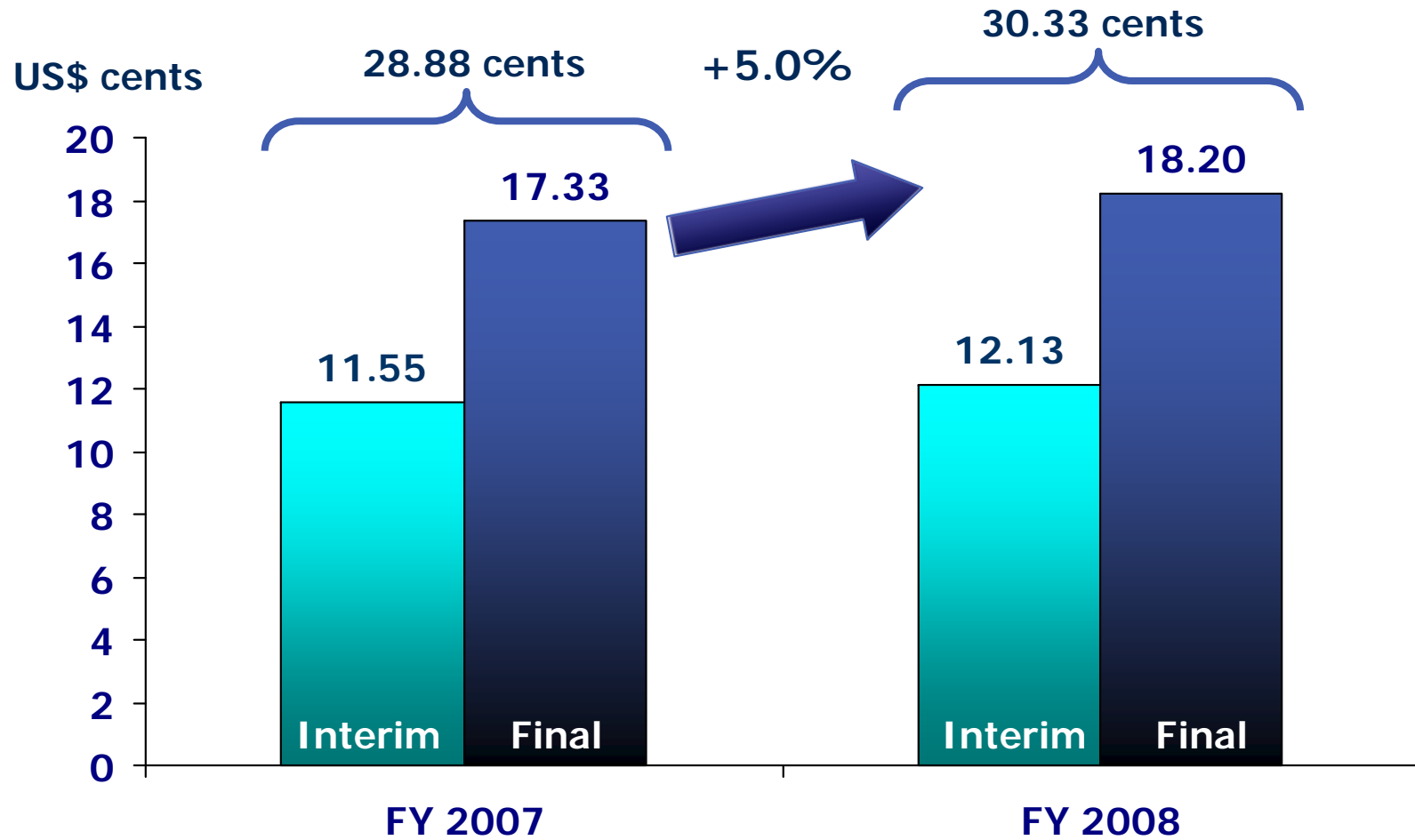
# Inmarsat Core<sup>(1)</sup> – EBITDA

US\$m



(1) Inmarsat plc and its subsidiaries excluding CIP

# Dividends



# Satellite fleet update

- ➔ Third Inmarsat-4 satellite successfully launched in August
- ➔ Entered commercial service in January at 98W
- ➔ Repositioning of satellites completed successfully
- ➔ Global broadband coverage in place
- ➔ Alphasat construction underway and on schedule





# Management update

- ➔ Perry Melton appointed Chief Operating Officer 1 January 2009
- ➔ 16 years experience at Inmarsat
- ➔ Previously VP of Sales and Marketing



# Q4 & Full year results 2008

**Rick Medlock**

**Chief Financial Officer**



# Inmarsat plc – Consolidation analysis

US\$m	Inmarsat Core	CIP	Adjust- ments	Inmarsat plc
	2008	2008		2008
Revenue	634.7	638.0	(276.0)	996.7
Operating costs	(203.1)	(539.7)	277.3	(465.5)
EBITDA	431.6	98.3	1.3	531.2
Depreciation & amortisation	(167.0)	(47.7)	-	(214.7)
Share of results of associates	-	0.7	-	0.7
Operating profit	264.6	51.3	1.3	317.2
Net interest payable	(78.2)	(38.4)	(6.8)	(123.4)
Profit before tax	186.4	12.9	(5.5)	193.8
Tax credit/(expense)	165.2	(3.6)	-	161.6
Profit for the period	351.6	9.3	(5.5)	355.4

# Inmarsat Core<sup>(1)</sup> - 2008 full year results

US\$m	Financial year		
	2008	2007	
Revenue	634.7	557.2	13.9%
Operating costs	(203.1)	(173.7)	(16.9%)
EBITDA	431.6	383.5	12.5%
Depreciation & amortisation	(167.0)	(174.2)	
Operating profit	264.6	209.3	26.4%
Net interest payable	(78.2)	(83.8)	
Profit before tax	186.4	125.5	48.5%
Tax credit/(expense)	165.2	(28.3)	
Profit for the period	351.6	97.2	

(1) Inmarsat plc and its subsidiaries excluding CIP

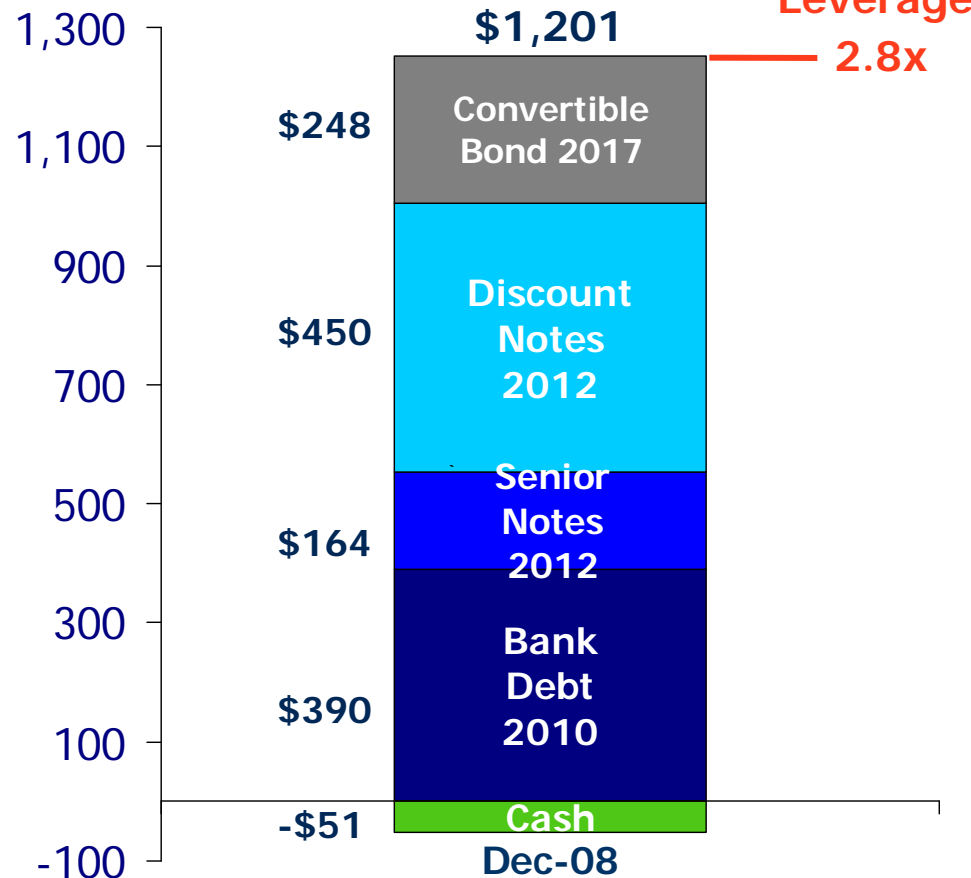
# Inmarsat Core<sup>(1)</sup> - 2008 cash flow

US\$m	Financial year	
	2008	2007
EBITDA	431.6	383.5
Working capital/non-cash items	(7.0)	(10.8)
Operating cash flow	424.6	372.7
Capital expenditure	(187.7)	(209.9)
Capitalised operating costs	(23.4)	(17.5)
Cash interest	(37.0)	(33.5)
Cash tax	(1.3)	0.1
Free cash flow	175.2	111.9

(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Core<sup>(1)</sup> - Net debt<sup>(2)</sup>

US\$m



- ➔ \$211m of liquidity through cash and undrawn bank facilities
- ➔ No debt maturities in 2009
  - \$50m amortisation
- ➔ CIP/Stratos net debt at 31 December 2008 of \$199.1m
  - Cash \$105.0m
  - Leverage 2.0x
  - No maturities in 2009

(1) Inmarsat plc and its subsidiaries excluding CIP

(2) Net debt excludes deferred satellite payments of \$41.4m.

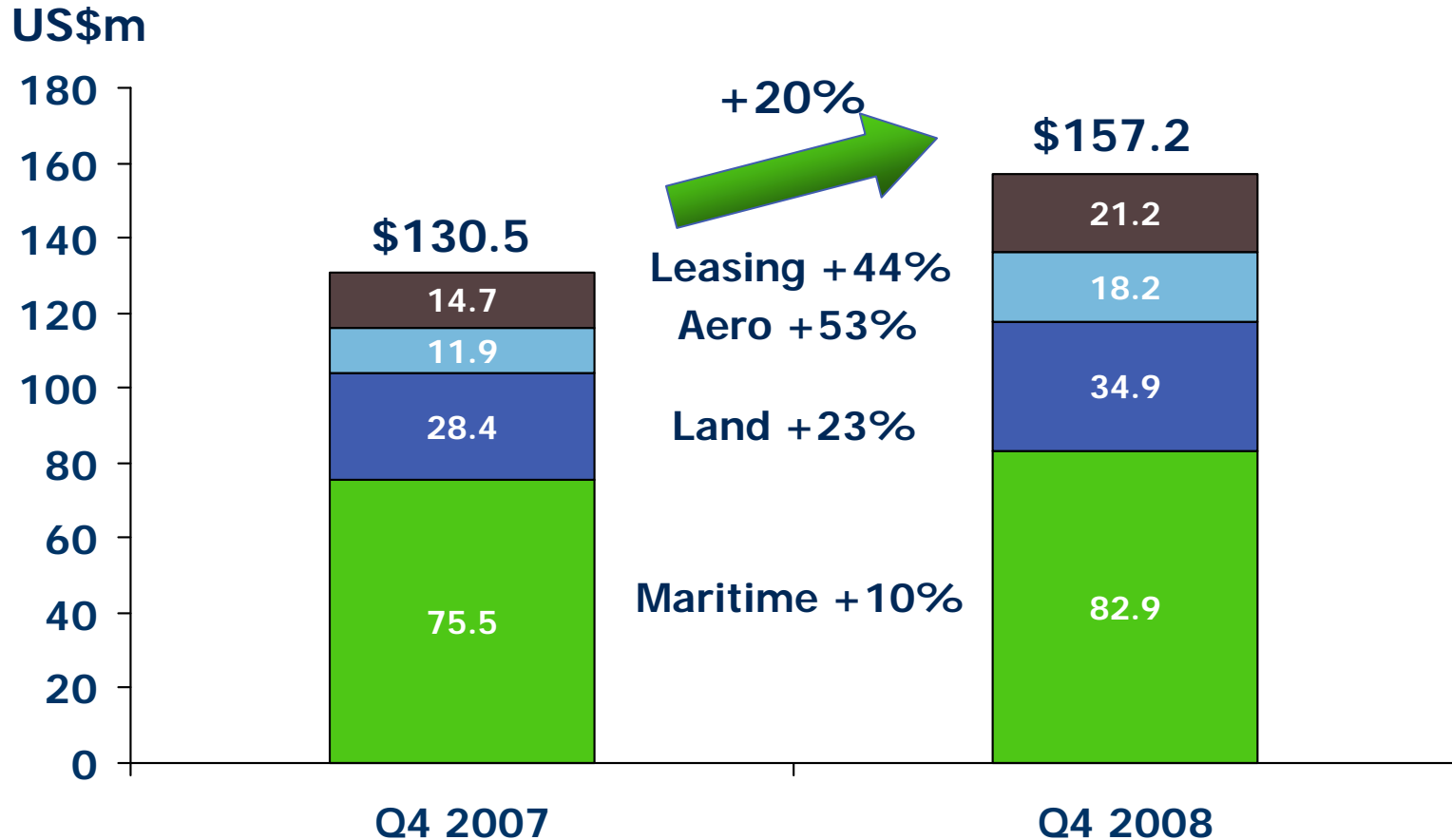
# Inmarsat Core<sup>(1)</sup> – Financial summary

- ➔ Revenue growth ahead of plan in 2008
- ➔ Operating cash flow growth up 14%
- ➔ Pre-tax profit growth up 49%
- ➔ Significant capex reductions in 2009
- ➔ Modest debt and deleveraging ahead
- ➔ Ample covenant headroom in borrowing facility



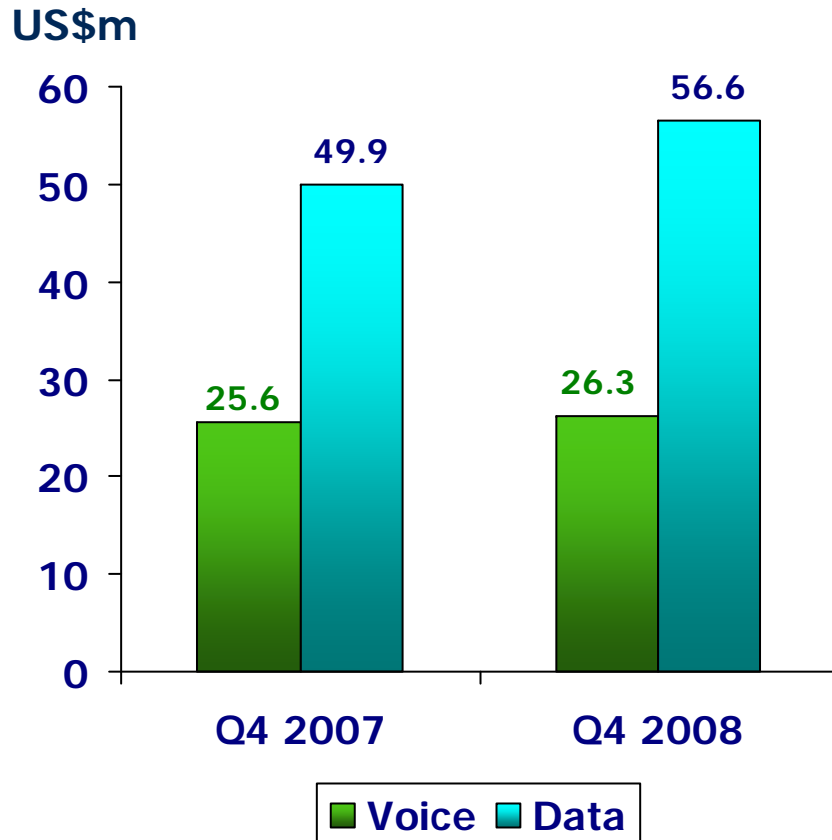
(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Holdings Ltd - Q4 MSS revenue



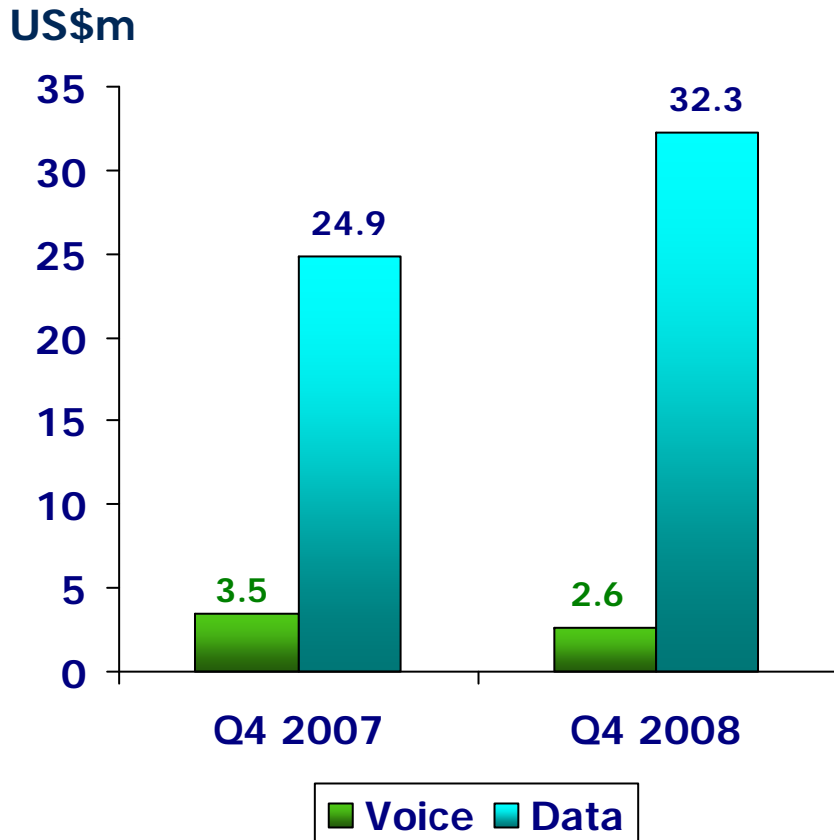


# Maritime sector

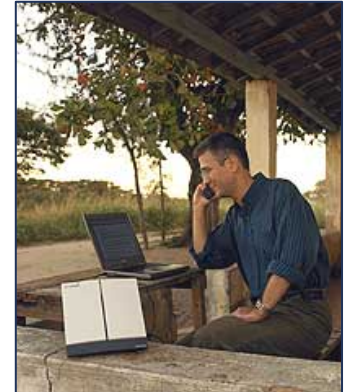


- Voice up 3%
  - Data up 13%
  - Active terminals up 6%
  - ARPU up
- 
- ➡ Revenue and terminal sales momentum sustained in Q4
  - ➡ Sequential growth in average Fleet traffic from Q3 to Q4

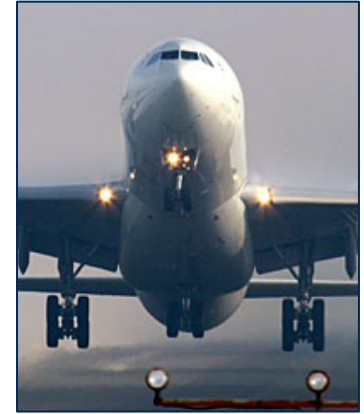
# Land mobile sector



- Data up 30%
- Voice down \$0.9m
- Active terminals up 2%
- BGAN key to land sector growth
  - Revenue up 78%
  - Subscribers up 75%
  - Sustained ARPU
- R-BGAN discontinued at end of year in line with plan



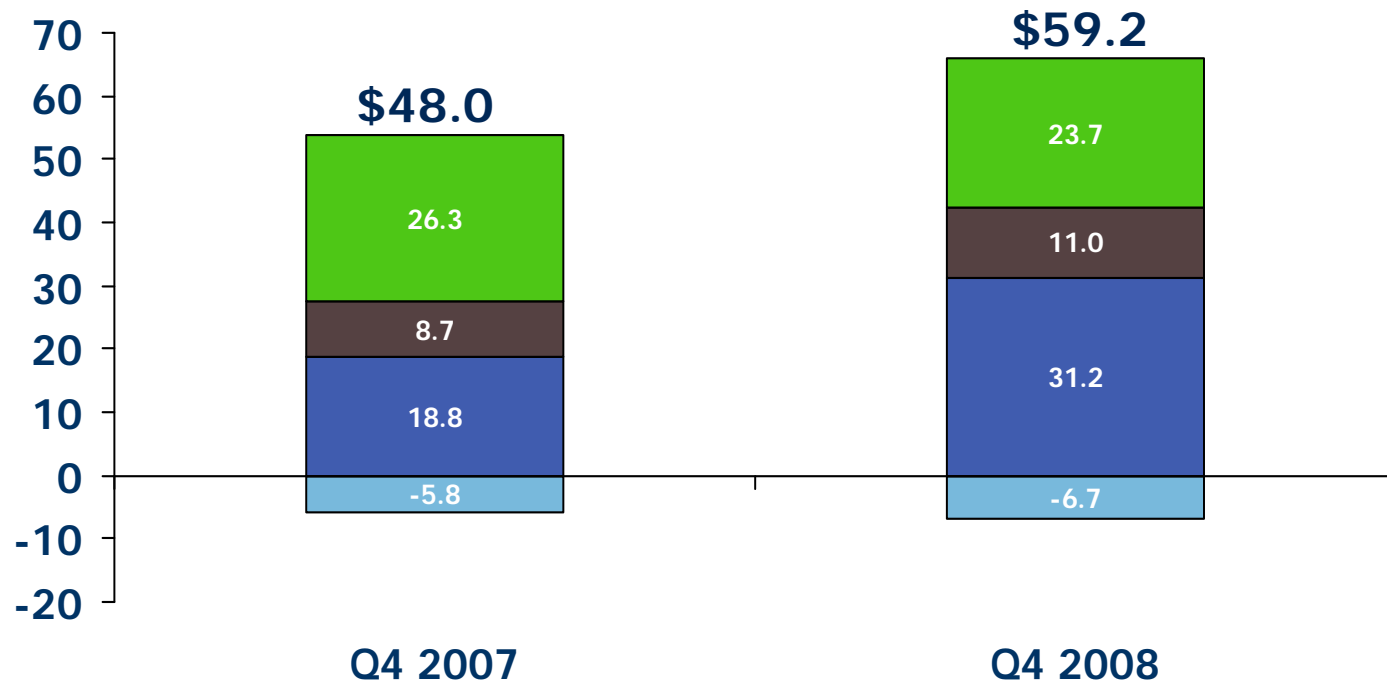
# Aeronautical & Leasing



- Aero revenue up 53%
- Active aero terminals up 13%
- Leasing up 44%
- ➔ Sustained demand for Swift 64 service
- ➔ In-flight GSM service trials underway
- ➔ Success in new lease business and high renewals rate

# Inmarsat Holdings Ltd - Q4 operating costs

US\$m



# Strategy update and outlook

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**



# 2009 priorities



- ➔ Continue core business growth and cost control
- ➔ Build broadband services momentum through global coverage
- ➔ Exercise call option to complete Stratos transaction
- ➔ Transition successfully to new distribution agreement
- ➔ Refocus on global satellite phone voice service
- ➔ Progress business opportunities, including S-band

# Stratos Global



- ➔ All regulatory approvals received, no restrictions
- ➔ Expect to exercise call option from 15 April
- ➔ No funding or refinancing requirements on exercise
- ➔ Already fully consolidated into Inmarsat accounts
- ➔ Operational plan – stand alone operating division
  - Motivated management team
  - Limited integration risks
  - Aligned objectives
  - Arm's length treatment to other distributors

# Distribution agreement update

- ➔ Discussions on terms concluded
- ➔ Begin trading on new terms 15 April
- ➔ Commitment to fair channel management
- ➔ Volume discount and other changes to be phased in
  - Revised volume discounts terms over two years
  - Revised payment terms over three years





# Global Satellite Phone Services

- ➔ Schedule impacted by third satellite launch delay and vendor change
- ➔ Original design and functionality objectives still achievable
- ➔ Global service launch reforecast to Q2 2010
- ➔ Resource increased to ensure successful launch and capture revenue objectives
- ➔ Retain 10% market share objectives within two years of launch



# Aero passenger connectivity



- ➔ Commercial roll-outs and demand for trials building
  - Emirates 31 planes equipped
  - Ryanair 20 planes equipped
- ➔ 100,000 users on Emirates in first 11 months, February run rate 25,000 users per month
- ➔ Attractive revenue opportunity gaining momentum
  - No material upfront capital expenditure or operating expenses to support

- ✓ *AirAsia*
- ✓ *Airblue*
- ✓ *Air France*
- ✓ *BMI*
- ✓ *British Airways*
- ✓ *Emirates*
- ✓ *Jazeera*
- ✓ *Kingfisher*
- ✓ *Malaysia*
- ✓ *Oman Air*
- ✓ *Ryanair*
- ✓ *Royal Jordanian*
- ✓ *Saudi Arabian*
- ✓ *Shenzhen Airlines*
- ✓ *TAP*
- ✓ *TAM*
- ✓ *Qantas*
- ✓ *V Australia*
- ✓ *Wataniya*



# Inmarsat Core<sup>(1)</sup> – 2009 outlook

- ➔ Positive operating trends maintained through Q4 and early trading data for 2009 positive
- ➔ No evidence that overall Maritime revenues impacted by global economic slowdown in first two months
- ➔ High proportion of government business and high dependence among commercial and industrial customers provides defensive qualities to economic climate
- ➔ **Cautiously optimistic for solid revenue growth in 2009**
- ➔ Substantial reduction in capital expenditure vs 2008

(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Core<sup>(1)</sup> - Summary

→ 2008 revenue growth 13.9%



→ 2008 EBITDA growth 12.5%



→ Dividend increased



→ Defensive qualities



→ Positive outlook



(1) Inmarsat plc and its subsidiaries excluding CIP

# **Questions & Answers**

**Inmarsat plc**

**Q4 & Full year results 2008**

**12 March 2009**

**[www.inmarsat.com](http://www.inmarsat.com)**