Interim Results 2015

6th August 2015
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Forward looking Statements

This announcement contains “forward-looking statements” within the meaning of the US 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 or 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 announcement. 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.
Growing markets

Demand for global mobile broadband – satellite a key enabler

- Global Coverage
- High Speed Broadband
- On the move
- Secure & Resilient
- Solutions Enabling

Maritime
- Smart Ship to Drone Ship
- Crew Welfare

Governments
- ‘AISR’, situational awareness, ‘BLOS’
- Morale, welfare & recreation

Enterprise
- Energy, Resources, Transportation, Agriculture, Control systems, Security, Media, e-Commerce

Aviation
- Aircraft safety & operations
- Passenger connectivity
Focused strategy
Clear roadmap to sustained profitable growth

Grow in core markets > Innovate & expand into new markets > New services & applications

Core L-band
- Mobile
- Agile
- Resilient

Global Xpress
- High capacity
- High speed
- Safety
- Resilience
- Capacity

EU Aviation Network
- Ultra-high throughput
- Hybrid network
- Coverage
- Capacity

Inmarsat Gateway – delivering value-added solutions for end users
Business developments

Global Xpress: New F3 launch date establishes momentum

- F1 already in commercial service
- F2 in commercial service late August
- Satellite Access Stations all completed
- Strong distribution network in place

F3 launch now late August

Targeting global commercial services introduction by the end of 2015

Target of $500m of incremental annual revenue by fifth anniversary of global commercial service introduction (i.e. end 2020)

LightSquared: situation stabilising, payments received regularly
Q2: Maritime

Growth in new products offset by expected legacy and non-MSS decline

- Trade-up to FB from legacy Fleet largely completed
  - FB connections in Q2’15 +7% y-o-y vs. +13% in FY’14
  - Fleet now just 7% of Maritime revenue (H1’14 14%)

- ARPU > growth driver for FB in mid-market (+10%)
  - Opportunities: Fleet Media, Gateway/CAP, OEMs, pricing innovation
  - Increased usage for value-driving purposes

- VSAT revenue growth rate dipped in H1 2015
  - Anticipated GX global CSI early Q3 2015
  - Strong Q2 VSAT installation exit run-rate and excellent backlog

- Other legacy & non-MSS revenues declining as expected
- Fleet One new market opportunity remains promising
Q2 : Government

US more resilient; tougher environment in some non-US legacy markets

> Continuing budgetary constraints & lower operational tempo in many markets

> US a little more resilient
   > Rate of decline is moderating
   > Growing demand for GX

> Weaker quarter in non-US legacy markets – Germany & Australia

> Encouraging progress in new market development programme

> Continued progress in sector & product diversification efforts
Continuing strong underlying growth

- Underlying revenue up 8.9%
- Increased focus on key vertical markets
  - Energy/resources, Transportation, Security, e-Commerce, Agriculture, Media, Control systems
- Good product pull-through
  - FleetBroadband up 45% (Energy-driven)
  - M2M up 25%
  - BGAN up 5% (deployments after Nepal earthquake)
- IsatPhone2 manufacturing glitch at end of quarter
Continuing strong growth – developing commercial passenger opportunity

> Existing business - growth in cockpit, operations & safety services
  > SwiftBroadband – higher connections & ARPU
  > Classic Aero still delivering good growth

> Passenger connectivity - strong commercial & technical progress
  > Advanced stage of negotiation with several large airlines
  > First major contract expected to be announced in H2
  > GX (global) and S-band (Europe) complement each other

> Good progress on EU aviation network
  > Satellite construction remains on schedule
  > Contracts for complementary ground network close to completion
  > Regulatory approvals process remains on track
Q2 Summary

Transition continues: robust core business + transformational new opportunities

> L-band business resilient
  > Diversified markets and opportunities
  > Core products (FB, SB) delivering strong growth

> GX primed to deliver a step-change in growth
  > New I-5 F3 launch date creates renewed momentum
  > Strong backlog of customers for global commercial service – e.g. XL-to-GX transition

> Optimistic about potential of EU aviation network
  > Good technological, operational & regulatory progress
  > Above all, excellent commercial interest from airlines & passengers

> LightSquared revenue stream visibility continuing to improve
Financial Review H1 2015

Tony Bates
Chief Financial Officer
## Group Income statement

<table>
<thead>
<tr>
<th></th>
<th>HY 2015</th>
<th>HY 2014</th>
<th>Change</th>
<th>Q2 2015</th>
<th>Q2 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>616.2</td>
<td>652.3</td>
<td>(5.5%)</td>
<td>311.4</td>
<td>307.6</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td>(273.5)</td>
<td>(282.6)</td>
<td>9.1</td>
<td>(145.5)</td>
<td>(147.8)</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>342.7</td>
<td>369.7</td>
<td>(27.0)</td>
<td>165.9</td>
<td>159.8</td>
<td>6.1</td>
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<tr>
<td></td>
<td>(150.9)</td>
<td>(136.1)</td>
<td>(14.8)</td>
<td>(75.5)</td>
<td>(68.5)</td>
<td>(7.0)</td>
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<tr>
<td></td>
<td>10.4</td>
<td>0.6</td>
<td>9.8</td>
<td>0.5</td>
<td>1.2</td>
<td>(0.7)</td>
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<tr>
<td><strong>Operating profit</strong></td>
<td>202.2</td>
<td>234.2</td>
<td>(32.0)</td>
<td>90.9</td>
<td>92.5</td>
<td>(1.6)</td>
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<td></td>
<td>(36.3)</td>
<td>(65.9)</td>
<td>29.6</td>
<td>(21.3)</td>
<td>(50.5)</td>
<td>29.2</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>165.9</td>
<td>168.3</td>
<td>(2.4)</td>
<td>69.6</td>
<td>42.0</td>
<td>27.6</td>
</tr>
<tr>
<td></td>
<td>(34.3)</td>
<td>(31.6)</td>
<td>(2.7)</td>
<td>(15.4)</td>
<td>(5.5)</td>
<td>(9.9)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>131.6</td>
<td>136.7</td>
<td>(5.1)</td>
<td>54.2</td>
<td>36.5</td>
<td>17.7</td>
</tr>
</tbody>
</table>

| Free cash flow       | 94.8    | 50.0    | 44.8     |
|                      | 19.61   | 18.68   | 5.0%     |
| Basic EPS ($)        | 0.29    | 0.30    | (0.01)   |
| DPS (cents)          |         |         |          | (21.6)  | 10.6    | (32.2)   |

*inmarsat The mobile satellite company*
# Revenue & EBITDA

<table>
<thead>
<tr>
<th></th>
<th>HY 2015</th>
<th>HY 2014</th>
<th>Change</th>
<th>Q2 2015</th>
<th>Q2 2014</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Wholesale MSS revenue</td>
<td></td>
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<tr>
<td></td>
<td>403.8</td>
<td>387.6</td>
<td>4.2%</td>
<td>205.6</td>
<td>196.1</td>
<td>4.8%</td>
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<tr>
<td>Other MSS &amp; terminals</td>
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<td></td>
<td>177.4</td>
<td>217.6</td>
<td>(18.5%)</td>
<td>88.4</td>
<td>109.7</td>
<td>(19.4%)</td>
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<tr>
<td>LightSquared</td>
<td></td>
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<tr>
<td></td>
<td>35.0</td>
<td>47.1</td>
<td>(25.7%)</td>
<td>17.5</td>
<td>1.8</td>
<td>872.2%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>616.2</td>
<td>652.3</td>
<td>(5.5%)</td>
<td>311.4</td>
<td>307.6</td>
<td>1.2%</td>
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<tr>
<td>EBITDA ex L2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>307.7</td>
<td>322.6</td>
<td>(14.9)</td>
<td>148.4</td>
<td>158.0</td>
<td>(9.6)</td>
</tr>
<tr>
<td>L2 EBITDA</td>
<td></td>
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<tr>
<td></td>
<td>35.0</td>
<td>47.1</td>
<td>(12.1)</td>
<td>17.5</td>
<td>1.8</td>
<td>15.7</td>
</tr>
<tr>
<td><strong>Total EBITDA</strong></td>
<td>342.7</td>
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<td>(27.0)</td>
<td>165.9</td>
<td>159.8</td>
<td>6.1</td>
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<tr>
<td><strong>Total EBITDA margin</strong></td>
<td></td>
<td></td>
<td>(1.1ppt)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>55.6%</td>
<td>56.7%</td>
<td>(1.1ppt)</td>
<td>53.3%</td>
<td>52.0%</td>
<td>1.3ppt</td>
</tr>
</tbody>
</table>
Maritime

Business Unit Results - H1

> FleetBroadband +20%
> VSAT/XpressLink +12%
> Fleet -53%
> EBITDA margin:
  > H1 2015: 77.7%
  > H1 2014: 75.2%
Maritime
Quarterly Product Revenue (year-on-year change)

**FleetBroadband**

- Q1 14: +32%
- Q2 14: +22%
- Q3 14: +23%
- Q4 14: +20%
- Q1 15: +24%
- Q2 15: +17%

**Fleet**

- Q1 14: -12%
- Q2 14: -14%
- Q3 14: -23%
- Q4 14: -29%
- Q1 15: -51%
- Q2 15: -55%

**Proportion of Maritime H1 2015 Revenue**

- Fleet: 59%
- FleetBroadband: 19%
- VSAT: 15%

**VSAT**

- Q1 14: +29%
- Q2 14: +26%
- Q3 14: +29%
- Q4 14: +19%
- Q1 15: +13%
- Q2 15: +11%

**Other**

- Q1 14: +10%
- Q2 14: +18%
- Q3 14: +2%
- Q4 14: +10%
- Q1 15: -17%
- Q2 15: -24%
Government

Business Unit Results – H1

> Budget and Op Tempo pressure
> Slower decline in the US
  > Revenue down 16% (37%)
> Tough elsewhere
  > Europe down 9%
  > Australia down over 30%
  > Growth overall elsewhere
> EBITDA margin:
  > Unchanged at 67.2%
## Enterprise

**Business Unit Results – H1**

- Asset disposals
- FB +48%
- M2M +27%
- BGAN -2%
- GSPS flat
- EBITDA margin:
  - >2015: 66.3%
  - >2014: 58.7%

### Enterprise Business Unit Results – H1

<table>
<thead>
<tr>
<th></th>
<th>2014 Disposals</th>
<th>2014 Revenue ex Disposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>10.8</td>
<td>73.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1.6</td>
<td>47.9</td>
</tr>
</tbody>
</table>

![Bar chart showing revenue and EBITDA for 2014 and 2015](chart.png)

- 2014 Revenue
- 2015 Revenue
- 2014 Revenue ex Disposals

*inmarsat - The mobile satellite company*
Aviation

Business Unit Results – H1

> SwiftBroadband revenue +44%
> Take or Pay
> Investment in capability
> EBITDA margin:
  > H1 2015: 83.4%
  > H1 2014: 91.1%
## Group Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2014</th>
<th>Change</th>
<th>Q2 2015</th>
<th>Q2 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>342.7</td>
<td>369.7</td>
<td>(27.0)</td>
<td>165.9</td>
<td>159.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Working capital/non-cash items</td>
<td>21.2</td>
<td>(63.3)</td>
<td>84.5</td>
<td>5.2</td>
<td>(3.6)</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>363.9</td>
<td>306.4</td>
<td>57.5</td>
<td>171.1</td>
<td>156.2</td>
<td>14.9</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(240.8)</td>
<td>(205.1)</td>
<td>(35.7)</td>
<td>(152.1)</td>
<td>(109.4)</td>
<td>(42.7)</td>
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<tr>
<td>Interest paid</td>
<td>(39.0)</td>
<td>(49.5)</td>
<td>10.5</td>
<td>(28.2)</td>
<td>(39.2)</td>
<td>11.0</td>
</tr>
<tr>
<td>Tax paid</td>
<td>10.7</td>
<td>(1.8)</td>
<td>12.5</td>
<td>(12.4)</td>
<td>3.0</td>
<td>(15.4)</td>
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<tr>
<td><strong>Free cash flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>94.8</td>
<td>50.0</td>
<td>44.8</td>
<td>(21.6)</td>
<td>10.6</td>
<td>(32.2)</td>
</tr>
<tr>
<td>Acquisitions and investments</td>
<td>-</td>
<td>(45.5)</td>
<td>45.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Disposals</td>
<td>32.9</td>
<td>27.0</td>
<td>5.9</td>
<td>-</td>
<td>4.5</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(135.1)</td>
<td>(127.3)</td>
<td>(7.8)</td>
<td>(135.1)</td>
<td>(127.3)</td>
<td>(7.8)</td>
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<tr>
<td>Other movements</td>
<td>0.5</td>
<td>0.4</td>
<td>0.1</td>
<td>(1.7)</td>
<td>(0.5)</td>
<td>(1.2)</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(6.9)</td>
<td>(95.4)</td>
<td>88.5</td>
<td>(158.4)</td>
<td>(112.7)</td>
<td>(45.7)</td>
</tr>
<tr>
<td>Opening net debt</td>
<td>1,900.7</td>
<td>1,812.8</td>
<td>(87.9)</td>
<td>1,754.2</td>
<td>1,801.4</td>
<td>47.2</td>
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<tr>
<td>Net cash flow</td>
<td>6.9</td>
<td>95.4</td>
<td>88.5</td>
<td>158.4</td>
<td>112.7</td>
<td>(45.7)</td>
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<tr>
<td>Other</td>
<td>14.0</td>
<td>44.6</td>
<td>30.6</td>
<td>9.0</td>
<td>38.7</td>
<td>29.7</td>
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<tr>
<td><strong>Closing net debt</strong></td>
<td>1,921.6</td>
<td>1,952.8</td>
<td>31.2</td>
<td>1,921.6</td>
<td>1,952.8</td>
<td>31.2</td>
</tr>
</tbody>
</table>
Net debt

> Overall profile little changed over the first half of this year

> New revolving credit facility
   > $500m, five years, lower cost
   > Stronger bank group

> Average interest rate now 3.98%

> Maturities run from 2017 to 2022

> Leverage 2.9x (Dec 2014: 2.7x)
   > Normally maintain below 3.5x

> $900m liquidity at 30 June 2015:
   > Credit Facility $500m
   > Undrawn Ex-Im Facilities $188.8m
   > Cash $198m
Outlook/Guidance

- Annual GX revenues of $500m by the fifth anniversary of Global Commercial Service Introduction

- No material change in the trading environment in the second half
  - Revenues $1,250-$1,300m
  - Includes L2 and latest GX timing

- Capex $450m-500m for 2015, below $400m for 2016 and 2017

- New medium term revenue guidance to follow after I-5 F3 launch

- Capital Markets Day early October