Q3 2017 results

9 November 2017

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The mobile satellite company

Performance review

Rupert Pearce
Chief Executive Officer

inmarsat
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Operational Review – Q3 2017

Another quarter of solid growth

> **Group** revenue up 5% to $358m, with EBITDA down 6% to $191m

- GX generated revenue of $42m in Q3 2017, $102m YTD 2017

> **Maritime**

- Sequential revenue growth, due to 26% increase in VSAT revenue, offsetting lower revenue in FleetBroadband and legacy products

> **Government**

- Stronger US results offset lower contribution from Boeing and material reduction in exceptional operational revenues outside the US

> **Aviation**

- Significant revenue growth achieved - driven by continued strong performance in Core business and installation revenue ramp-up in IFC

> **Enterprise**

- Returned to growth, due to higher airtime and terminal sales related to recent hurricanes

> **Organisational capability**

- Continued investment to ensure Inmarsat remains well positioned as the leading operator in global mobility markets

Maritime – progress in Q3 2017

Sequential growth supported by improving revenue mix

L-band

Fleet One

- Over 2,600 vessels installed
- Continue to build new business pipeline

Fleet BroadBand

- Resilient performance, in the face of a weak market
- On-going customer migration to Fleet Xpress – ARPU-accretive for the Maritime business
- Customers continue to take higher value packages

Ka-band

Fleet Xpress

- Acceleration in pace of installations, with around 2,000 FX vessels installed to date
- Significant increase in proportion of new customer installations
- Growing share of installations by distribution partners
- Increase in number of ports available for FX installation
- Future commitments on over 10,000 vessels

Fleet One medium to long term "upsell" → **FleetBroadband** migration to Fleet Xpress

Government – progress in Q3 2017

On-going strong performance validates strong strategic position

US	International
Short term higher operational tempo – partly hurricane-related CSSC contract continues ramp-up Lower contribution from Boeing partnership, as anticipated	Material reduction in exceptional operational revenues Continued success in geographic diversification

Aviation – progress in Q3 2017

Further momentum continues across the business

Business & General Aviation Safety & Operational Services

- Continued double digit revenue growth in SwiftBroadband and Classic Aero
- 17,800 terminals now connected
- Continued high customer usage of SwiftBroadband
- Over 100 JetConnex terminals installed, generating revenue of $1.5m in Q3 2017 (YTD: $2.6m)

In-flight connectivity services for Commercial Aviation

- Contracts signed with AirAsia, Philippine Airlines and Air Astana in Q3 2017
- Over 1,300 expected aircraft under signed contracts
- Active new business pipeline of 3,000 aircraft
- Continued focus on customer installation programmes
- 141 aircraft installed for Deutsche Lufthansa Group
- First successful flight trials for the EAN
- Continued investment in market capture and delivery

Enterprise – progress in Q3 2017

Returned to growth, but short term outlook remains challenging

Legacy products will remain under pressure in the short term

- Double digit growth from BGAN and GSPS, mainly due to short term impact of hurricane-related activity
- Fixed to mobile remains impacted by continued migration to VOIP

Continued focus on "Internet-of-Things" opportunities in the long term

- Positive growth trajectory continues in M2M
- Incubating focused initiatives to capture long term growth opportunities

Q3 2017 performance - summary

Continued progress against our key priorities for 2017

Maritime

Drive FleetBroadband ARPU and value, progress Fleet Xpress migration from Xpress Link, scale Fleet Xpress and Fleet One, CAP programme

Government

Internationalise, diversify and innovate to deliver further value to key government customers. Deliver WGS and MUOS interoperability

Asset base

Maintain high service and connectivity levels for L-band and GX customers, deliver successful launch of I-5 F4 satellite in Q2 2017

Aviation

Continue to grow BGA & SOS services. Drive installation rates and win further customers in IFC. Ensure EAN is operational during H2 2017, including launch of S-band satellite in Q2 2017

Enterprise

Focus on M2M, innovation and sectorisation. Grow new market segments, address challenging markets and escalate planning for medium to long term opportunities

Organisational capability

Continue investment in global functional transformation programmes to drive efficiency and effectiveness

Financial Review

Tony Bates
Chief Financial Officer

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Group Income statement – Q3 and YTD 2017

$m	Q3 2017	Q3 2016	Change	YTD 2017	YTD 2016	Change
Revenue	**358.3**	**341.9**	**16.4**	**1,046.5**	**970.9**	**75.6**
Direct costs	(51.3)	(41.6)	(9.7)	(145.5)	(112.3)	(33.2)
Gross margin	**307.0**	**300.3**	**6.7**	**901.0**	**858.6**	**42.4**
Indirect costs	(115.7)	(95.7)	(20.0)	(333.2)	(285.6)	(47.6)
EBITDA	**191.3**	**204.6**	**(13.3)**	**567.8**	**573.0**	**(5.2)**
Depreciation & Amortisation	(105.2)	(86.5)	(18.7)	(297.5)	(261.0)	(36.5)
Operating profit	**86.1**	**118.1**	**(32.0)**	**270.3**	**312.0**	**(41.7)**
Net financing costs*	(20.1)	(22.2)	2.1	(70.3)	(61.7)	(8.6)
Adjusted profit before tax	**66.0**	**95.9**	**(29.9)**	**200.0**	**250.3**	**(50.3)**
Tax	(10.4)	1.4	(11.8)	(34.6)	(30.6)	(4.0)
Change in value of derivative	56.4	(10.6)	67.0	(15.8)	(10.6)	(5.2)
Redemption of 2017 convertible	-	(32.8)	32.8	-	(32.8)	32.8
Statutory profit after tax	**112.0**	**53.9**	**58.1**	**149.6**	**176.3**	**(26.7)**

* Adjusted for change in value of derivative in Q3 2017 and Q3 2016, and redemption of 2017 convertible in Q3 2016

Q3 2017 Business Unit Summary

Maritime ($m)	2017		2016	
Revenue	143		143	
Direct Costs	21		20	
Gross Margin	122	85%	123	86%
Indirect Costs	9		10	
EBITDA	113	79%	113	79%

Government ($m)	2017		2016	
Revenue	88		85	
Direct Costs	12		14	
Gross Margin	76	86%	71	84%
Indirect Costs	11		11	
EBITDA	65	74%	60	71%

Aviation ($m)	2017		2016	
Revenue	54		36	
Direct Costs	9		1	
Gross Margin	45	83%	35	98%
Indirect Costs	20		11	
EBITDA	25	47%	24	68%

Enterprise ($m)	2017		2016	
Revenue	38		38	
Direct Costs	7		6	
Gross Margin	31	82%	32	84%
Indirect Costs	4		5	
EBITDA	27	71%	27	71%

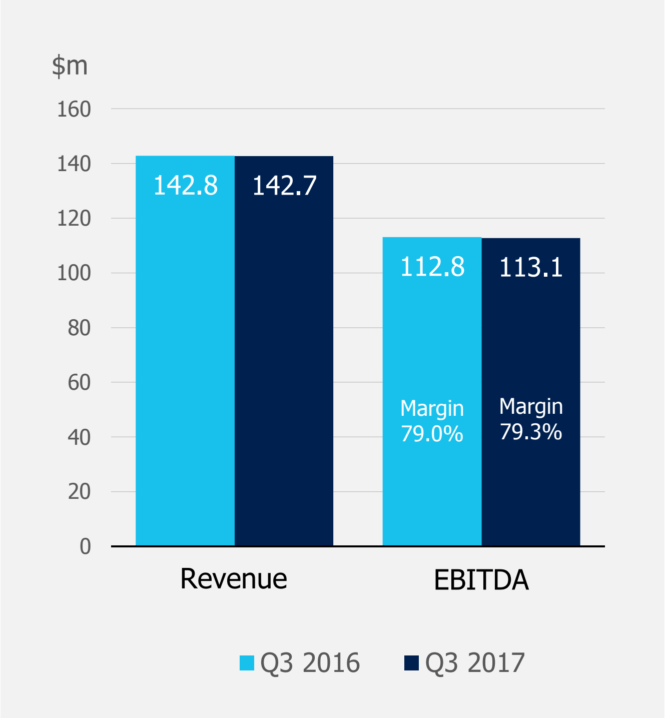
Central Services ($m)	2017	2016
Revenue	35	41
Direct Costs	2	1
Gross Margin	33	40
Indirect Costs	71	59
EBITDA	(38)	(19)

Group ($m)	2017		2016	
Revenue	358		342	
Direct Costs	51		42	
Gross Margin	307	86%	300	88%
Indirect Costs	116		95	
EBITDA	191	53%	205	60%

Business Unit Summaries for H1 2017, Q1 2017, Q2 2017 and FY 2016 can be found in the appendices of this presentation.

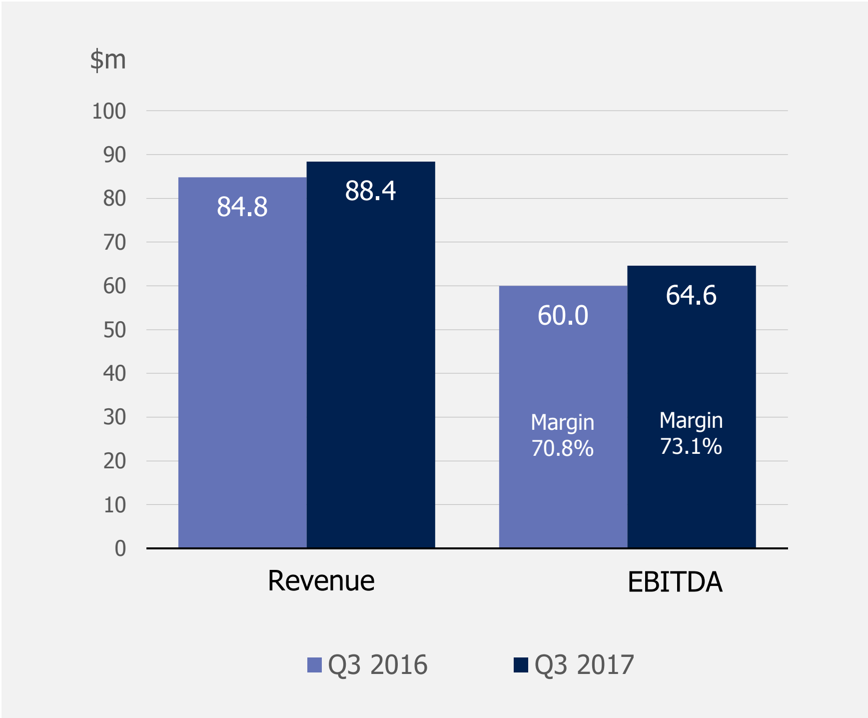
Maritime Results – Q3 2017

- VSAT revenue up $6.5m, 25.8%, to $31.7m:
  - 3,960 ships on VSAT, including 1,960 on FX, up 1,042 y-o-y
  - FX installation rate ramping up – net vessels up 623 in Q3 (Q2: 529, Q1: 473)
  - New customer share of installations up to 47% in Q3 (Q2: 22%, Q1: 19%)
  - Lower ARPU, as anticipated, mainly due to mix, stable XpressLink ARPU
- Decline in FleetBroadband revenue of $6.3m or 6.8%, to $86.6m:
  - Loss of vessels due to FX migration, Fleet One migration, increased low end competition and scrappages
  - Moderately lower ARPU
- Other, mainly legacy products, down by $0.3m or 1.6%, to $24.4m:
  - Underlying decline of $4.5m, or 19%
  - Fleet One airtime & terminals, & FX terminal sales increased by $4.1m
- 2,600 vessels now on Fleet One, up 1,600 y-o-y
- EBITDA flat, reflecting broadly unchanged revenue and operating costs
- Success-based cash capex up $0.2m to $10.9m:
  - Continued ramp-up of FX installation programme



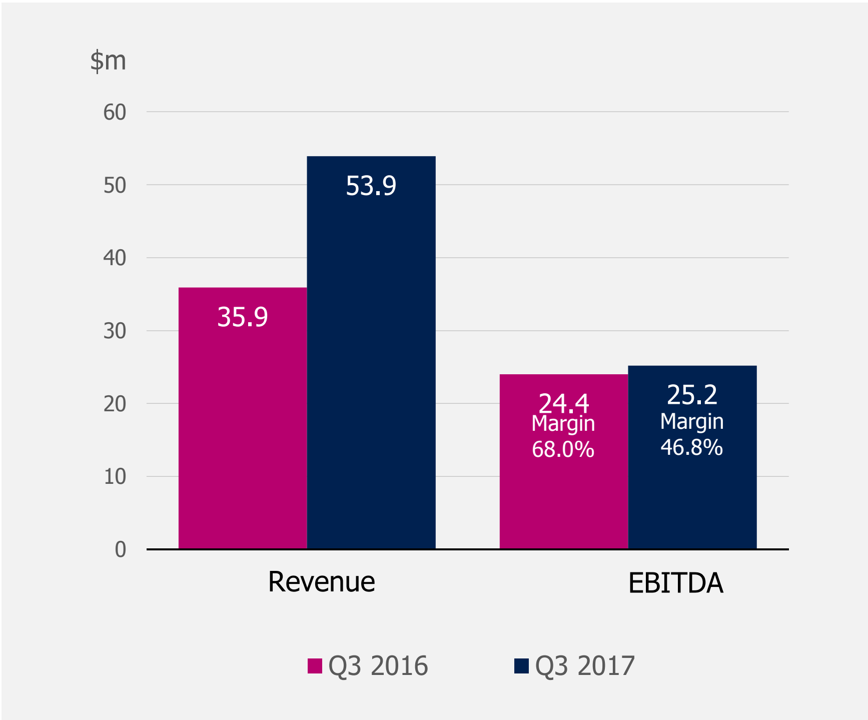
Government Results – Q3 2017

- US revenue up 15.9%:
  - Short term higher operational tempo, partly hurricane-related
  - CSSC contract continues to ramp-up
  - Lower Boeing ToP revenues, as expected
- Revenue down (14.5%) outside the US:
  - Reduction in exceptional operational revenues
- EBITDA growth of $4.6m:
  - Revenue growth and lower direct costs, partly due to lower bad debt provisions
- Revenue growth achieved in H1 2017 will not be sustained in H2 2017 – due to:
  - One-off revenue item in Q4 2016
  - Lower contribution from Boeing ToP
  - Reduction in exceptional operational revenues outside US
  - Lower base for growth in 2018



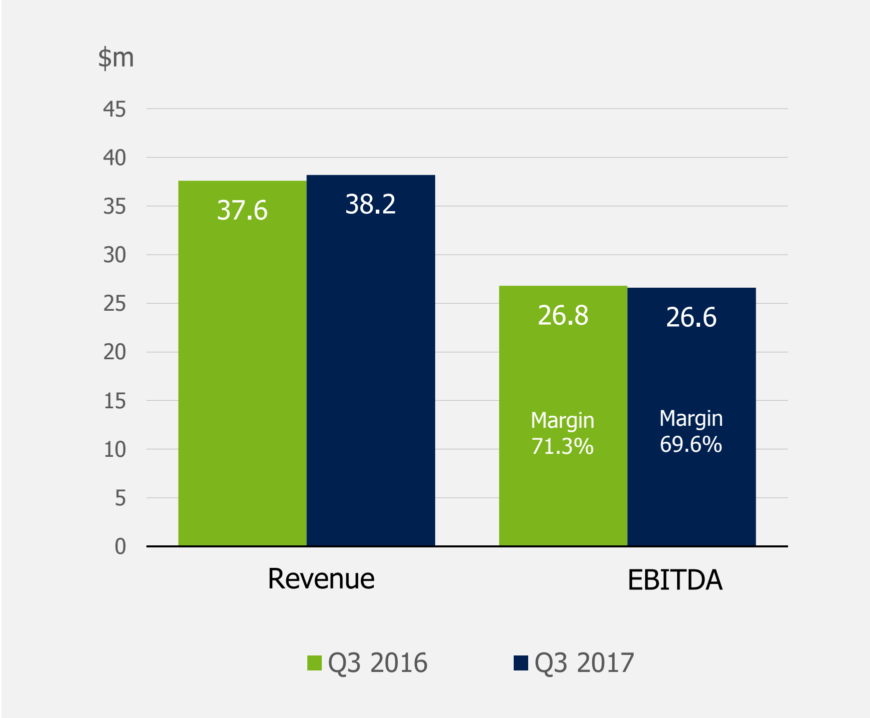
Aviation Results – Q3 2017

- Double digit revenue growth in Core business:
  - Total Core revenues up $15.2m, (42%) to $51.1m
  - SwiftBroadband up $4.2m, (18%) to $27.3m
  - Classic Aero up $1.6m, (17%) to $11.2m
- Progress in In-Flight Connectivity installation phase:
  - Installation revenues of $10.9m in Q3 (YTD: $19.5m)
  - Further investment in market capture and delivery
- EBITDA growth of $0.8m:
  - Changing revenue mix, $8.6m increase in direct costs
  - Indirect costs increased by $8.6m - will be c$70m for FY2017
- EBITDA margins declined to 46.8%, as expected:
  - EBITDA margins will fall from 60%+ in 2016 to around 50% in 2017, & to around 40% in 2018, before returning to 2016 levels
- Cash capex down $3.4m to $27.4m:
  - S-band satellite capex in prior year offset increase in GX installation capex



Enterprise Results – Q3 2017

- Revenue up $0.6m. but markets remain challenging:
- Revenues in BGAN up 16%, GSPS up 18%:
  - Mainly hurricane-related
  - Revenue increase will not be sustained
  - GSPS airtime up 9%, terminal sales up 28%
- FB Fixed to Mobile revenues down (28%):
  - Structural migration to VOIP
- M2M revenues up 10%:
  - Increasing terminal numbers
- EBITDA declined ($0.2m):
  - Changing revenue mix
  - Indirect costs down due to internal personnel transfer



Group Cash Flow – Q3 & YTD 2017

US$m	Q3 2017	Q3 2016	Change	YTD 2017	YTD 2016	Change
EBITDA	**191.3**	**204.6**	**(13.3)**	**567.8**	**573.0**	**5.2**
Working capital/non-cash items	(7.5)	(10.1)	2.6	9.7	38.9	(29.2)
Operating cash flow	**183.8**	**194.5**	**(10.7)**	**577.5**	**611.9**	**(34.4)**
Capital expenditure	(97.2)	(99.9)	2.7	(398.0)	(239.0)	(159.0)
Interest paid	(22.7)	(16.3)	(6.4)	(77.5)	(54.8)	(22.7)
Tax paid*	(1.5)	(7.6)	6.1	(18.1)	(29.2)	11.1
Free cash flow	**62.4**	**70.7**	**(8.3)**	**83.9**	**288.9**	**(205.0)**
Dividends paid	(0.1)	-	(0.1)	(118.0)	(144.0)	26.0
Other movements	(4.1)	1.8	(5.9)	(7.0)	4.3	(11.3)
Net cash flow	**58.2**	**72.5**	**(14.3)**	**(41.1)**	**149.2**	**(190.3)**
Opening net debt	2,005.7	1,923.9	(81.8)	1,894.8	1,958.8	64.0
Net cash flow	(58.2)	(72.5)	(14.3)	41.1	(149.2)	(190.3)
Other	4.5	(58.6)	63.1	16.1	(16.8)	(32.9)
Closing net debt	**1,952.0**	**1,792.8**	**(159.2)**	**1,952.0**	**1,792.8**	**(159.2)**

* Legacy tax issue remains open

Capital Expenditure – Q3 and YTD 2017

US$m	Q3 2017	Q3 2016	Change	YTD 2017	YTD 2016	Change
Major infrastructure projects	40.7	39.6	(1.1)	244.2	139.8	(104.4)
Success-based capex	28.4	22.5	(5.9)	81.8	45.6	(36.2)
Other	36.3	17.6	(18.7)	95.1	51.8	(43.3)
Cash flow timing	(8.2)	20.2	28.4	(23.1)	1.8	24.9
Total cash capital expenditure	**97.2**	**99.9**	**2.7**	**398.0**	**239.0**	**(159.0)**

Major infrastructure projects: 2017 reflects I-5 F4, I-5 F5, and I-6 spend satellite design, build, launch and ground infrastructure costs.

Success-based capex: Equipment installed on customer platforms (e.g. vessels and aircraft) increasing due to installation programmes in IFC and FX.

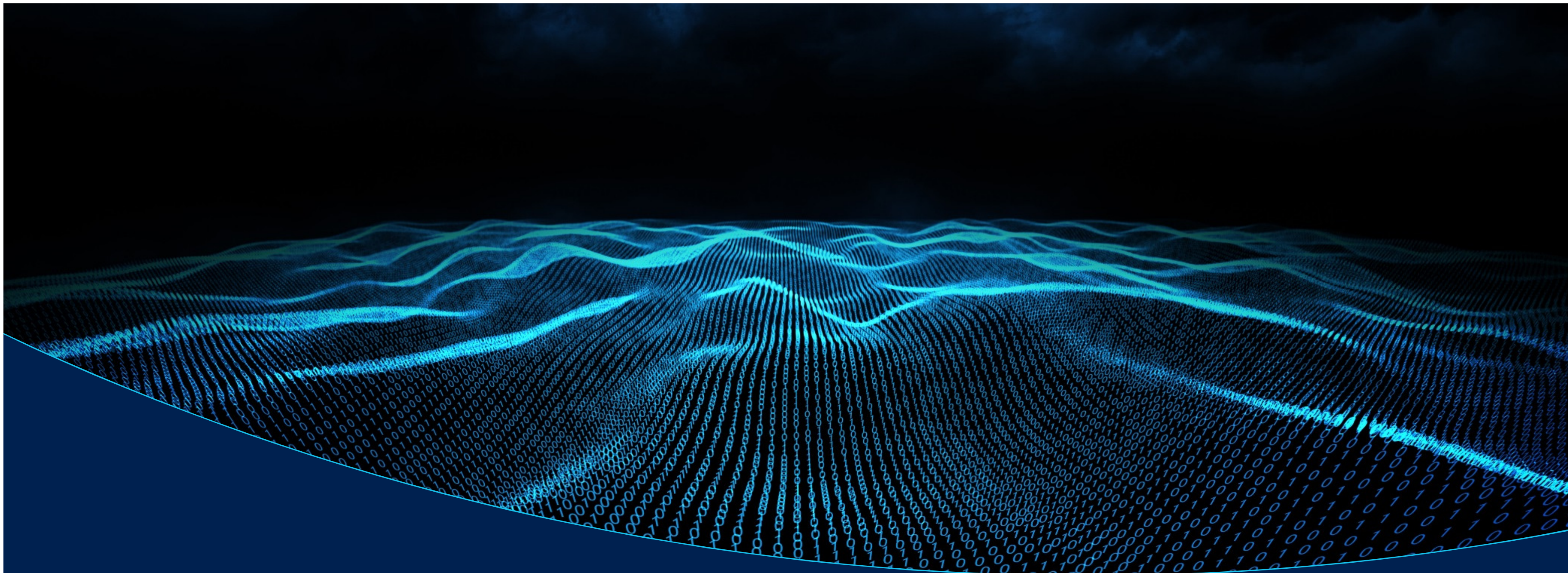
Other: Primarily infrastructure maintenance, IT and capitalised product and service development costs.

This analysis of capital expenditure is on an accruals basis, with the timing adjustment to cash capex being shown separately, and is exclusive of capitalised interest.

Future Guidance

Remains unchanged, 2017 revenue guidance narrowed

- 2017 revenue, excluding Ligado, now $1,225m to $1,275m (from $1,200m to $1,300m)
- 2018 revenue, excluding Ligado, of $1,300m to $1,500m (unchanged)
- As YTD 2017 results clearly demonstrate, EBITDA margin is being adversely impacted by:
  - Addition of lower margin service revenues and higher indirect costs in Aviation IFC
  - Higher central operational delivery costs
- Capex at $500m to $600m per annum for both 2017 and 2018 (unchanged)
- Annual GX revenues at a run rate of $500m by the end of 2020 (unchanged)
- Leverage to normally remain below 3.5x (unchanged)



Q&A

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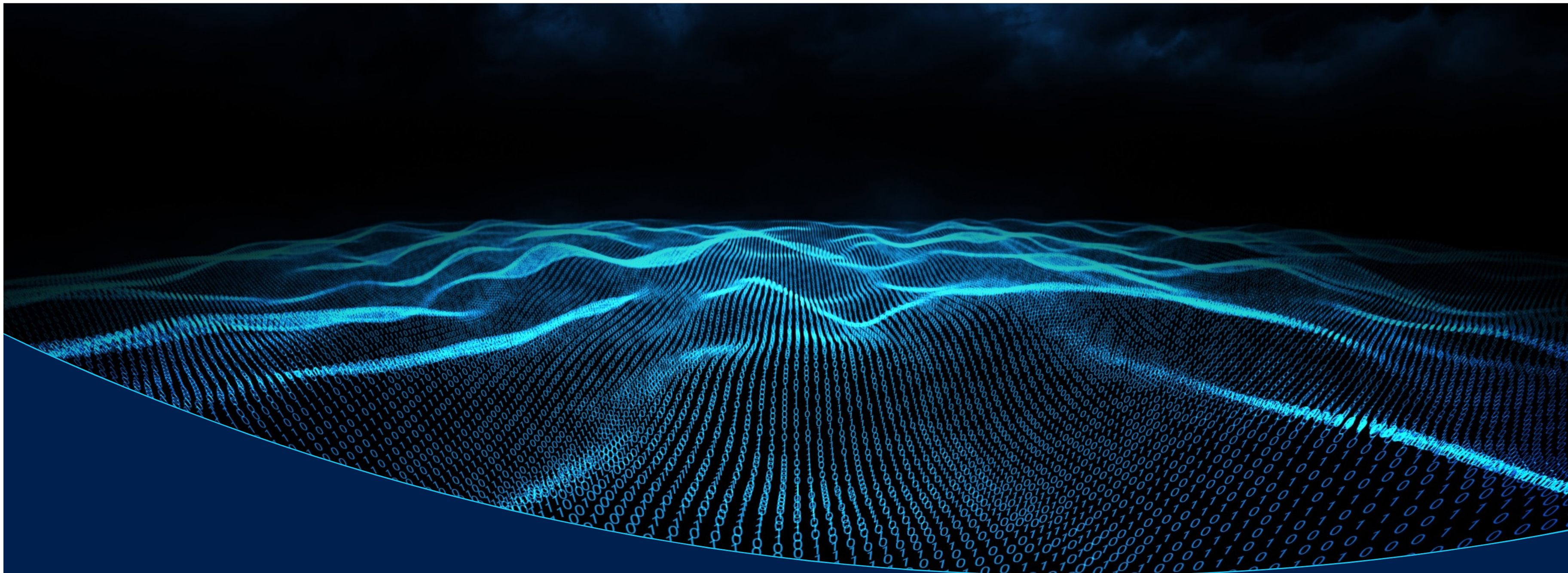

Appendices

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H1 2017 Business Unit Summary

Maritime ($m)	2017	2016
Revenue	278	290
Direct Costs	41	42
Gross Margin	237 85%	248 86%
Indirect Costs	17	21
EBITDA	220 79%	227 78%

Government ($m)	2017	2016
Revenue	188	141
Direct Costs	28	18
Gross Margin	160 85%	123 87%
Indirect Costs	22	22
EBITDA	138 73%	101 72%

Aviation ($m)	2017	2016
Revenue	90	65
Direct Costs	8	2
Gross Margin	82 91%	63 97%
Indirect Costs	31	18
EBITDA	51 57%	45 69%

Enterprise ($m)	2017	2016
Revenue	62	73
Direct Costs	9	9
Gross Margin	53 85%	64 88%
Indirect Costs	9	10
EBITDA	44 71%	54 74%

Central Services ($m)	2017	2016
Revenue	70	62
Direct Costs	7	2
Gross Margin	63	60
Indirect Costs	139	119
EBITDA	(76)	(59)

Group ($m)	2017	2016
Revenue	688	629
Direct Costs	94	71
Gross Margin	594 86%	558 89%
Indirect Costs	217	190
EBITDA	377 55%	368 59%

Q1 2017 Business Unit Summary

Maritime ($m)	2017		2016	
Revenue	139		143	
Direct Costs	20		20	
Gross Margin	119	86%	123	86%
Indirect Costs	8		11	
EBITDA	111	80%	112	78%

Government ($m)	2017		2016	
Revenue	86		69	
Direct Costs	10		9	
Gross Margin	76	88%	60	87%
Indirect Costs	12		11	
EBITDA	64	74%	49	71%

Aviation ($m)	2017		2016	
Revenue	44		31	
Direct Costs	4		1	
Gross Margin	40	91%	30	97%
Indirect Costs	14		8	
EBITDA	26	59%	22	71%

Enterprise ($m)	2017		2016	
Revenue	29		34	
Direct Costs	2		3	
Gross Margin	27	93%	31	91%
Indirect Costs	5		5	
EBITDA	22	76%	26	76%

Central Services ($m)	2017	2016
Revenue	34	22
Direct Costs	3	1
Gross Margin	31	21
Indirect Costs	72	64
EBITDA	(41)	(43)

Group ($m)	2017		2016	
Revenue	332		299	
Direct Costs	40		34	
Gross Margin	292	88%	265	89%
Indirect Costs	110		99	
EBITDA	182	55%	166	56%

Q2 2017 Business Unit Summary

Maritime ($m)	2017		2016	
Revenue	139		147	
Direct Costs	21		21	
Gross Margin	118	85%	126	86%
Indirect Costs	8		11	
EBITDA	110	79%	115	78%

Government ($m)	2017		2016	
Revenue	102		72	
Direct Costs	17		8	
Gross Margin	85	83%	64	89%
Indirect Costs	11		11	
EBITDA	74	73%	53	74%

Aviation ($m)	2017		2016	
Revenue	46		34	
Direct Costs	4		1	
Gross Margin	42	91%	33	97%
Indirect Costs	17		10	
EBITDA	25	54%	23	68%

Enterprise ($m)	2017		2016	
Revenue	33		39	
Direct Costs	7		6	
Gross Margin	26	79%	33	85%
Indirect Costs	4		5	
EBITDA	22	67%	28	72%

Central Services ($m)	2017	2016
Revenue	36	40
Direct Costs	4	1
Gross Margin	32	39
Indirect Costs	67	55
EBITDA	(35)	(16)

Group ($m)	2017		2016	
Revenue	356		330	
Direct Costs	54		37	
Gross Margin	302	85%	293	89%
Indirect Costs	107		91	
EBITDA	195	55%	202	61%

FY 2016 Business Unit Summary

Maritime ($m)	2016		2015	
Revenue	575		593	
Direct Costs	80		86	
Gross Margin	495	86%	507	85%
Indirect Costs	41		48	
EBITDA	454	79%	459	77%

Government ($m)	2016		2015	
Revenue	330		287	
Direct Costs	41		52	
Gross Margin	289	88%	235	82%
Indirect Costs	45		44	
EBITDA	244	74%	191	67%

Aviation ($m)	2016		2015	
Revenue	143		127	
Direct Costs	3		1	
Gross Margin	140	98%	126	99%
Indirect Costs	42		22	
EBITDA	98	68%	104	82%

Enterprise ($m)	2016		2015	
Revenue	145		159	
Direct Costs	19		26	
Gross Margin	126	87%	133	84%
Indirect Costs	20		20	
EBITDA	106	73%	113	71%

Central Services ($m)	2016	2015
Revenue	136	108
Direct Costs	3	(3)
Gross Margin	133	111
Indirect Costs	240	252
EBITDA	(107)	(141)

Group ($m)	2016		2015	
Revenue	1,329		1,274	
Direct Costs	146		162	
Gross Margin	1,183	89%	1,112	87%
Indirect Costs	388		386	
EBITDA	795	60%	726	57%

N.B. Business Unit EBITDA excludes Central Services costs

Q3 2017 Results

9 November 2017

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.