

# Inmarsat plc

**Q4 & Full year results 2008**

**March 12th 2009**



# Forward-looking statements

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# Full year results 2008

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**

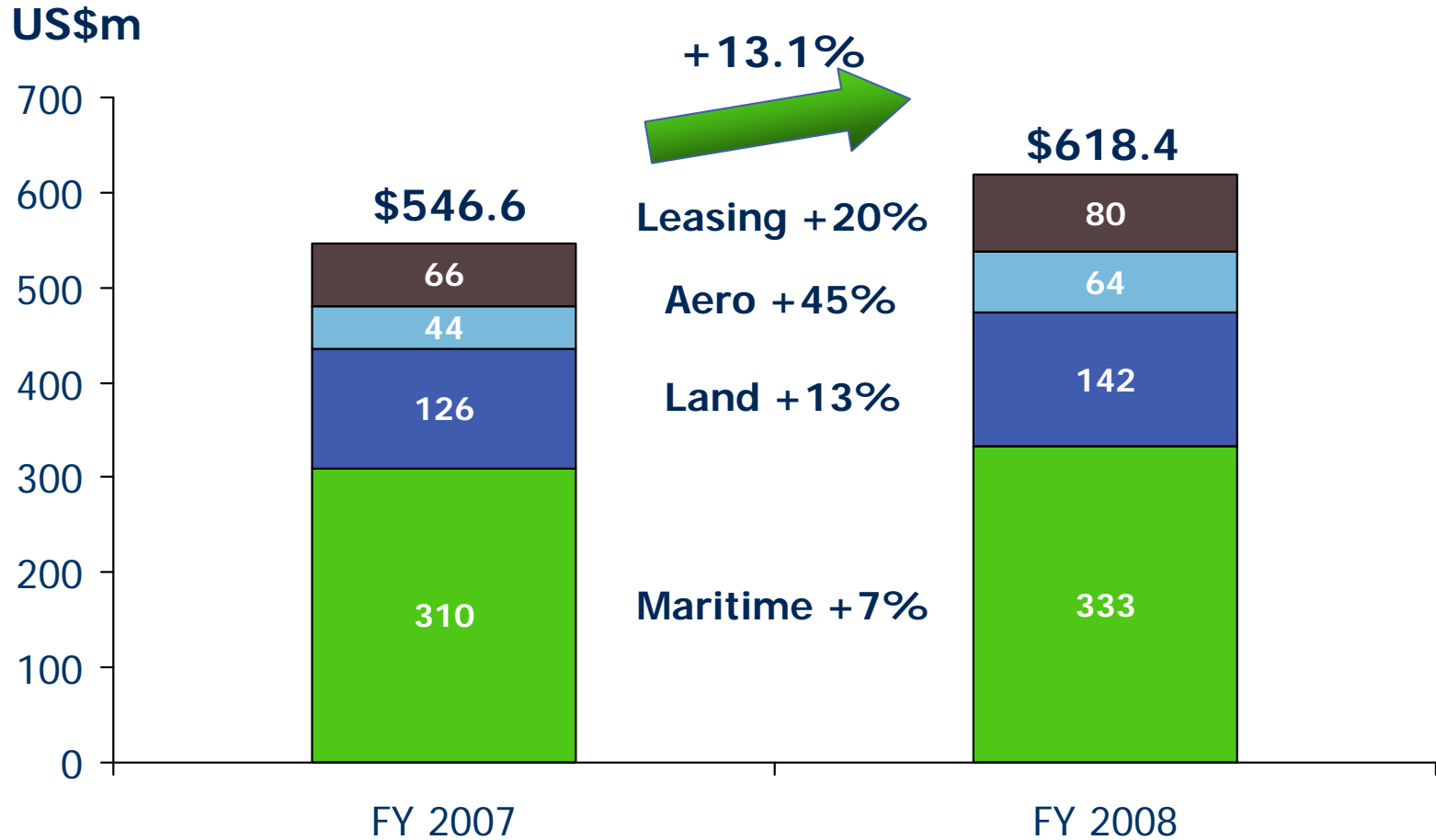


# 2008 financial highlights

- ➔ 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

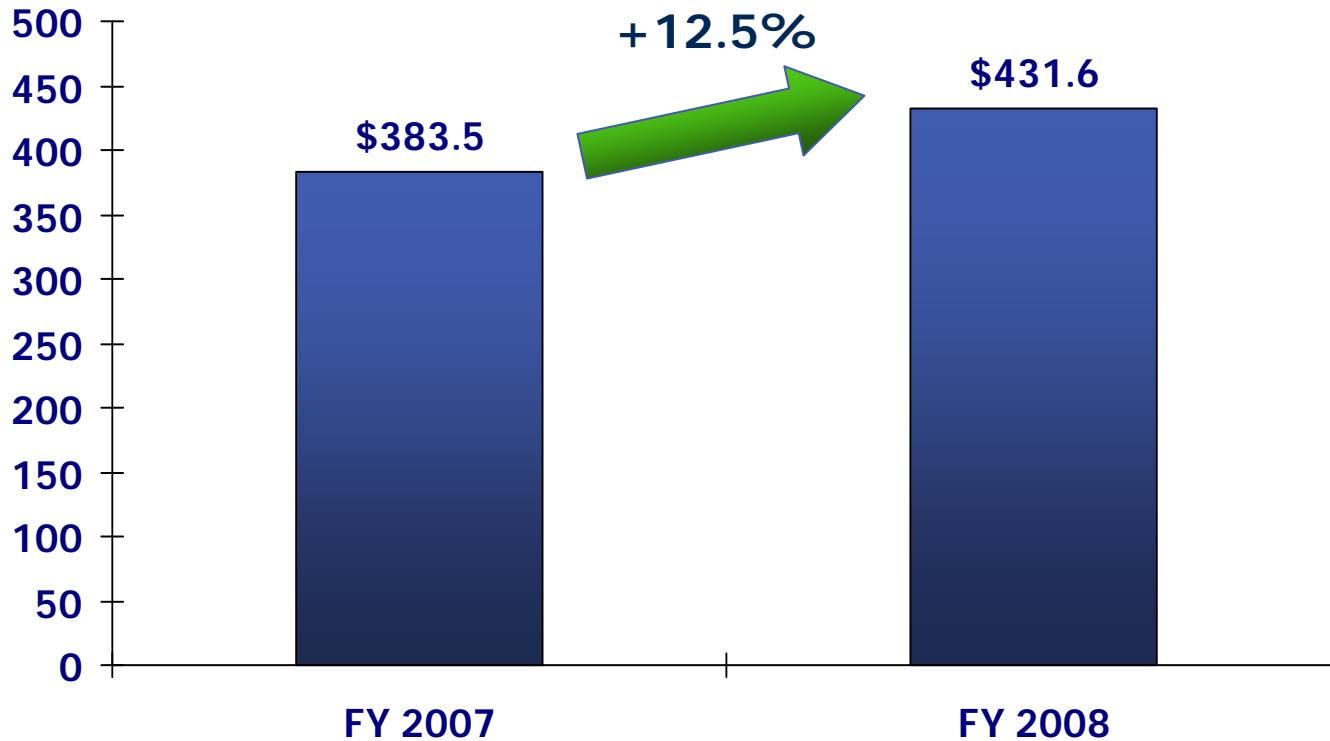
# Inmarsat Core<sup>(1)</sup> – MSS revenue



(1) Inmarsat plc and its subsidiaries excluding CIP

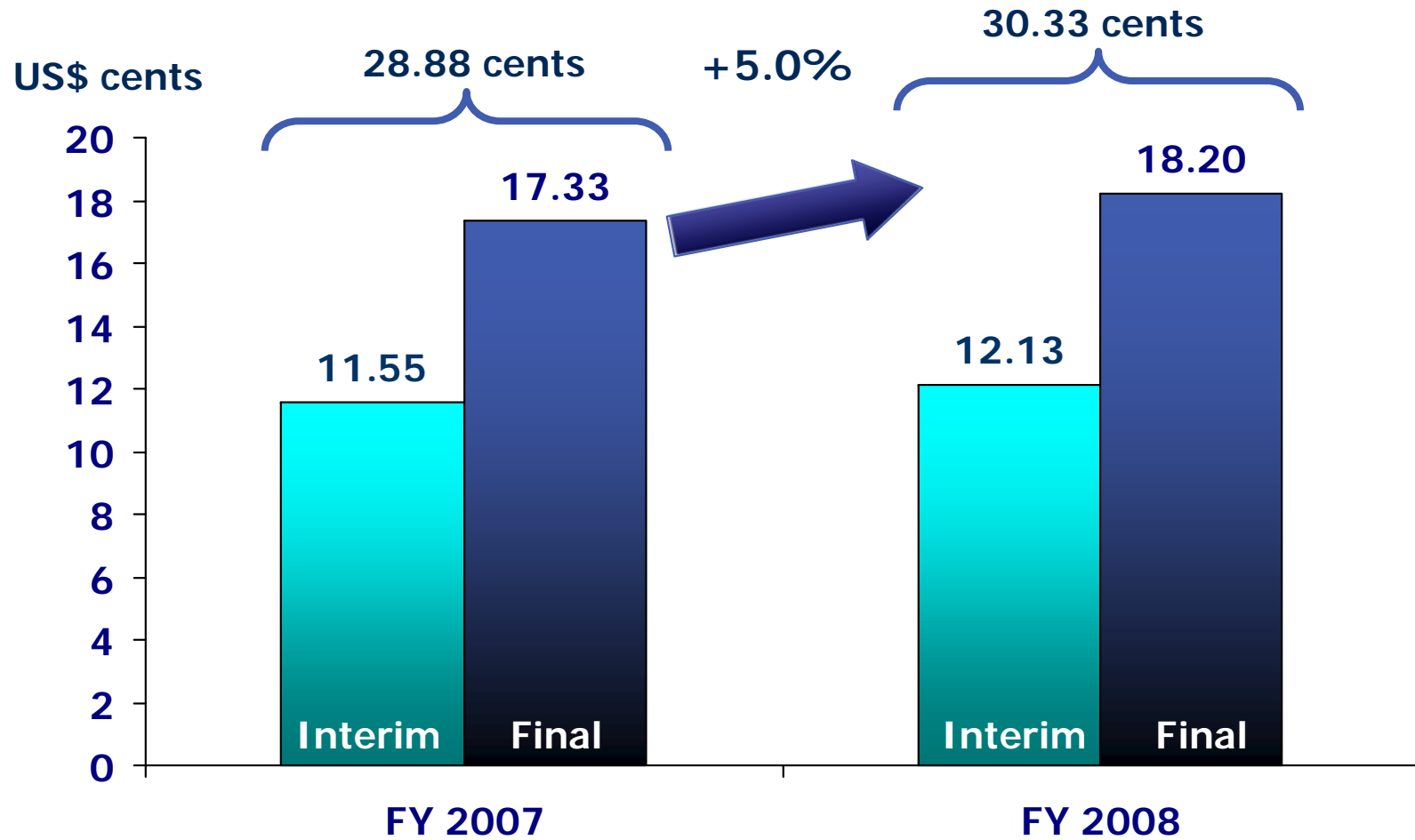
# Inmarsat Core<sup>(1)</sup> – EBITDA

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<br>Core | CIP     | Adjust-<br>ments | Inmarsat<br>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

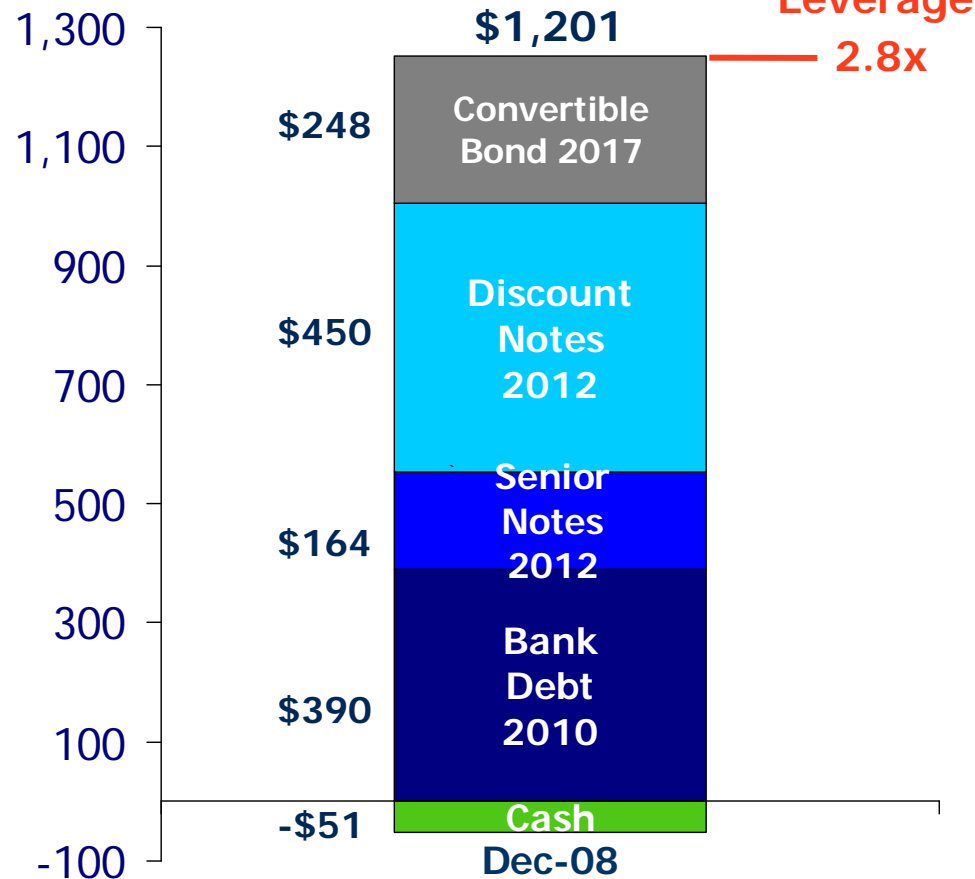
# Inmarsat Core<sup>(1)</sup> - 2008 cash flow

| 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.

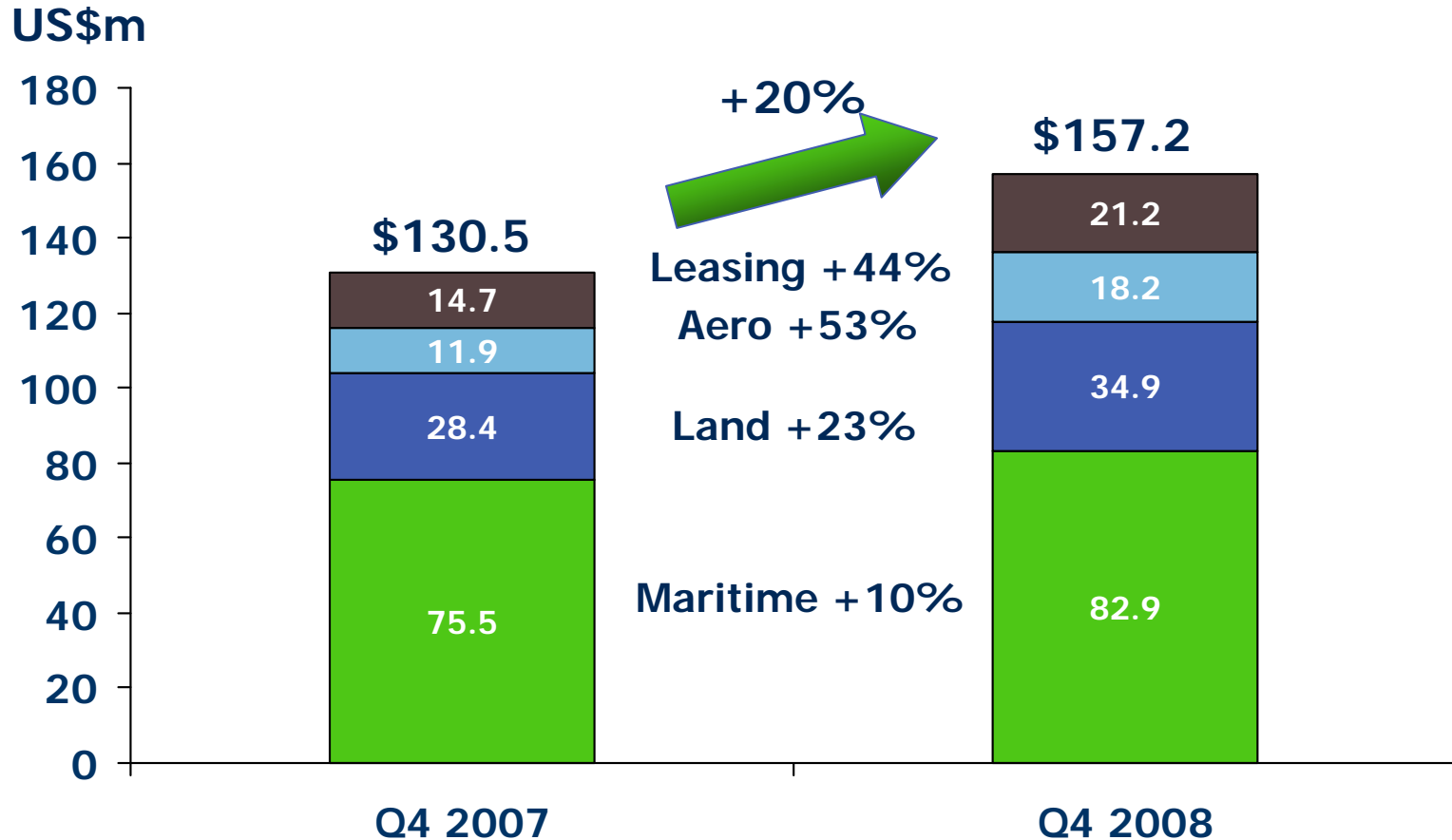
# Inmarsat Core<sup>(1)</sup> – Financial summary

- ➔ 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



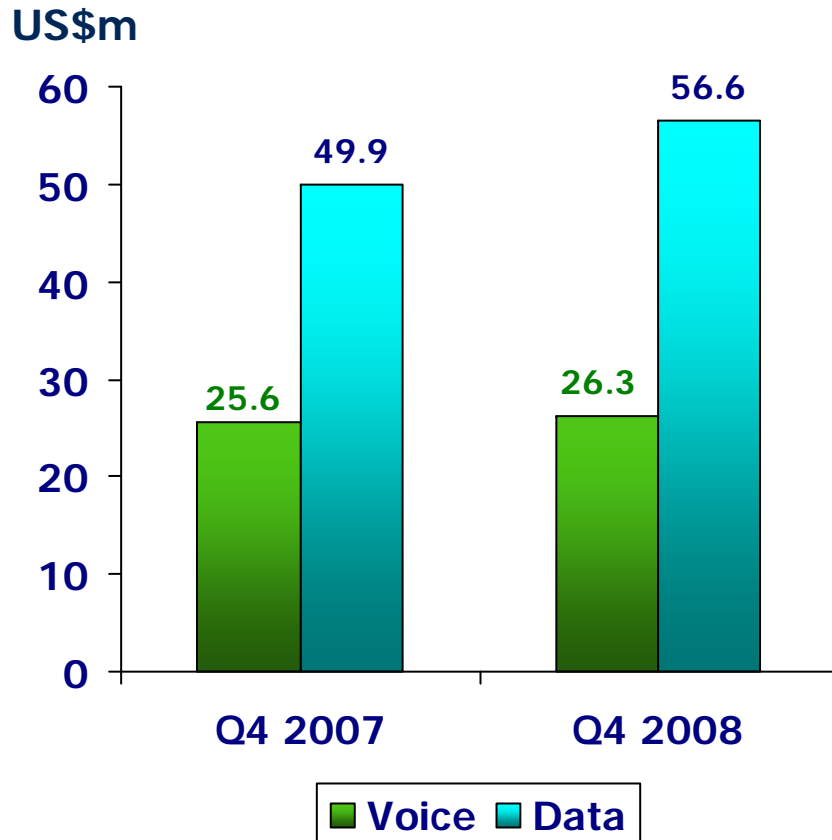
(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Holdings Ltd - Q4 MSS revenue



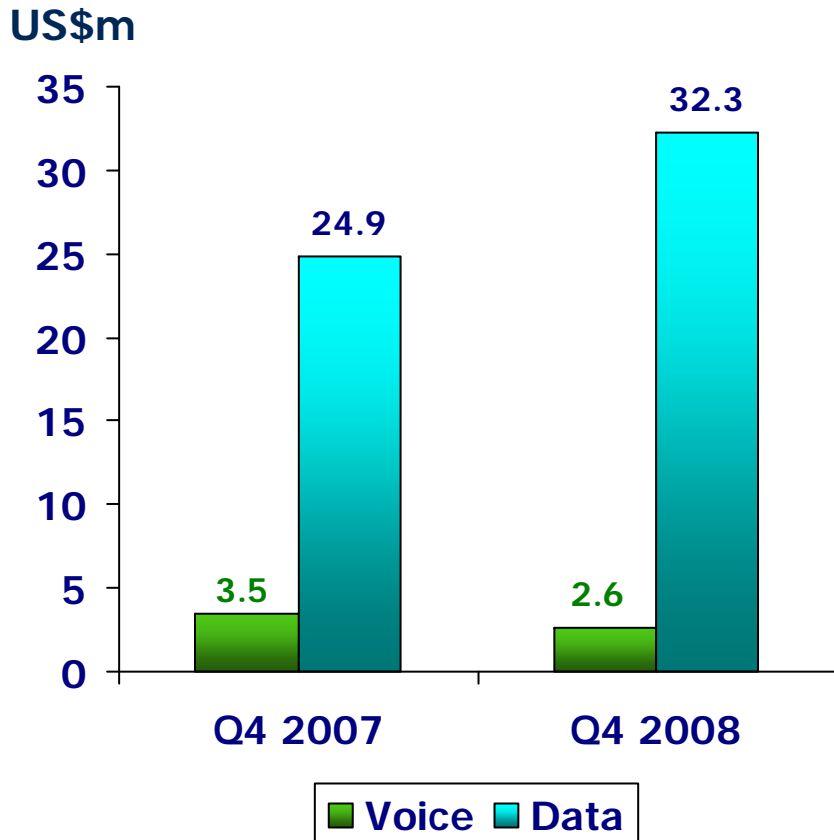


# Maritime sector



- 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

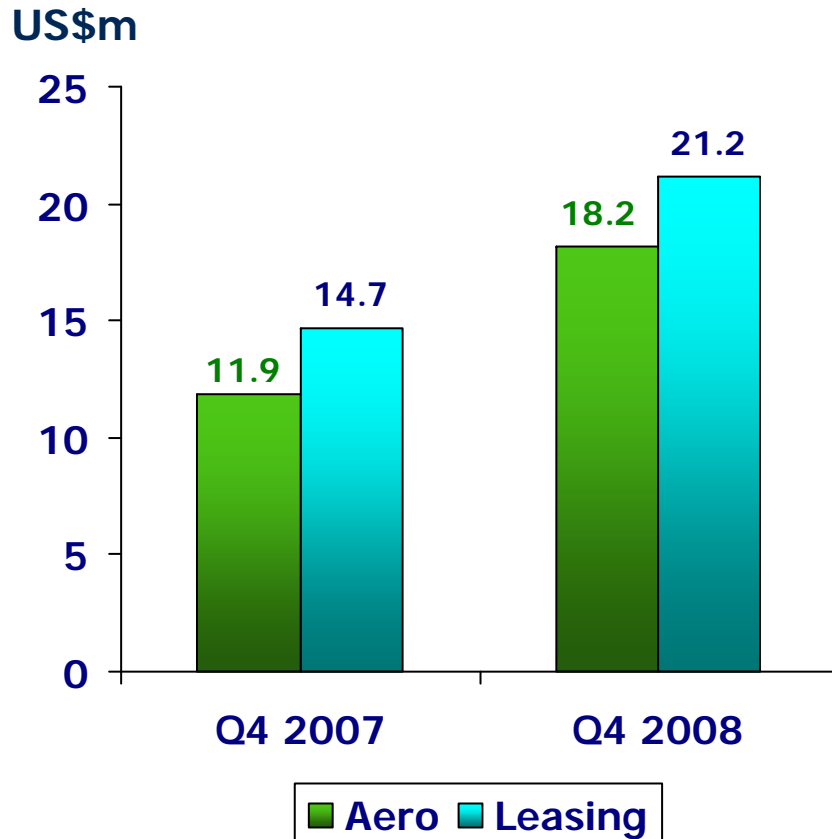
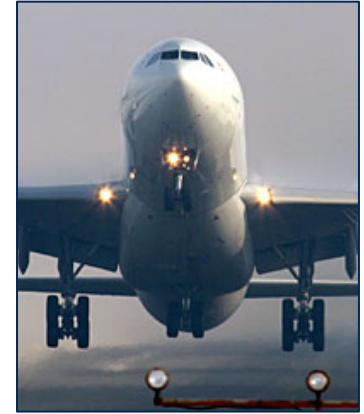
# Land mobile sector



- 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



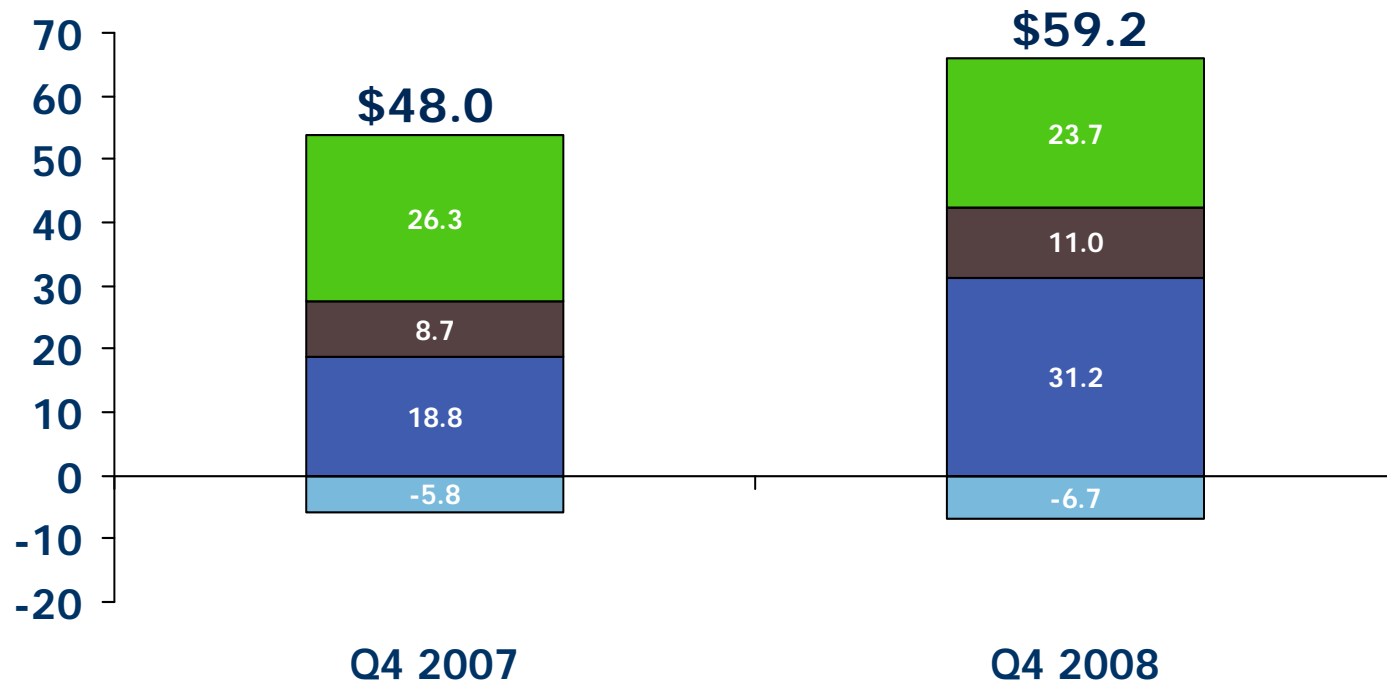
# Aeronautical & Leasing



- 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)**