

# Inmarsat plc

**Q4 & preliminary full year results 2009**

**9 March 2010**



# 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 2009

**Andrew Sukawaty**

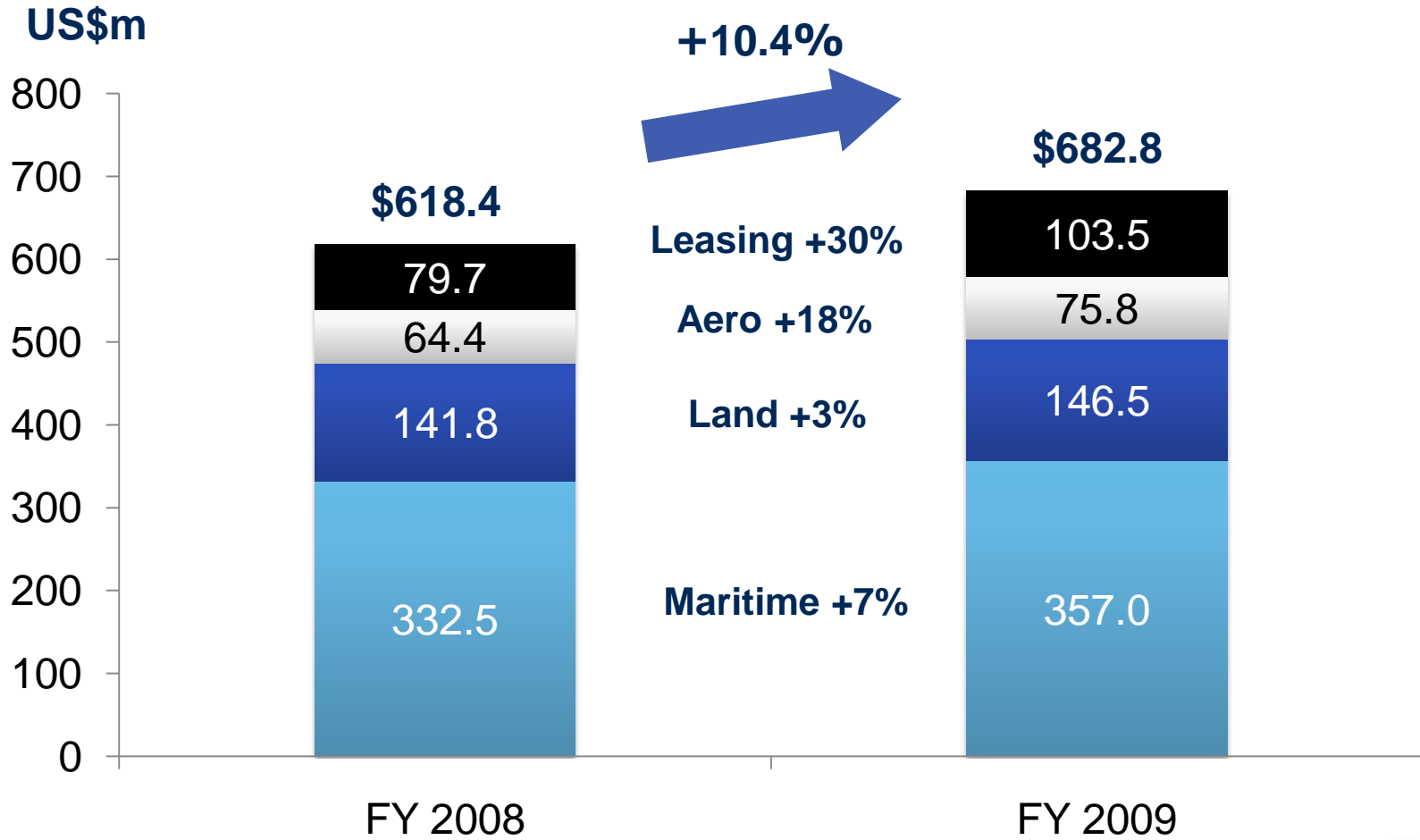
**Chairman & Chief Executive Officer**



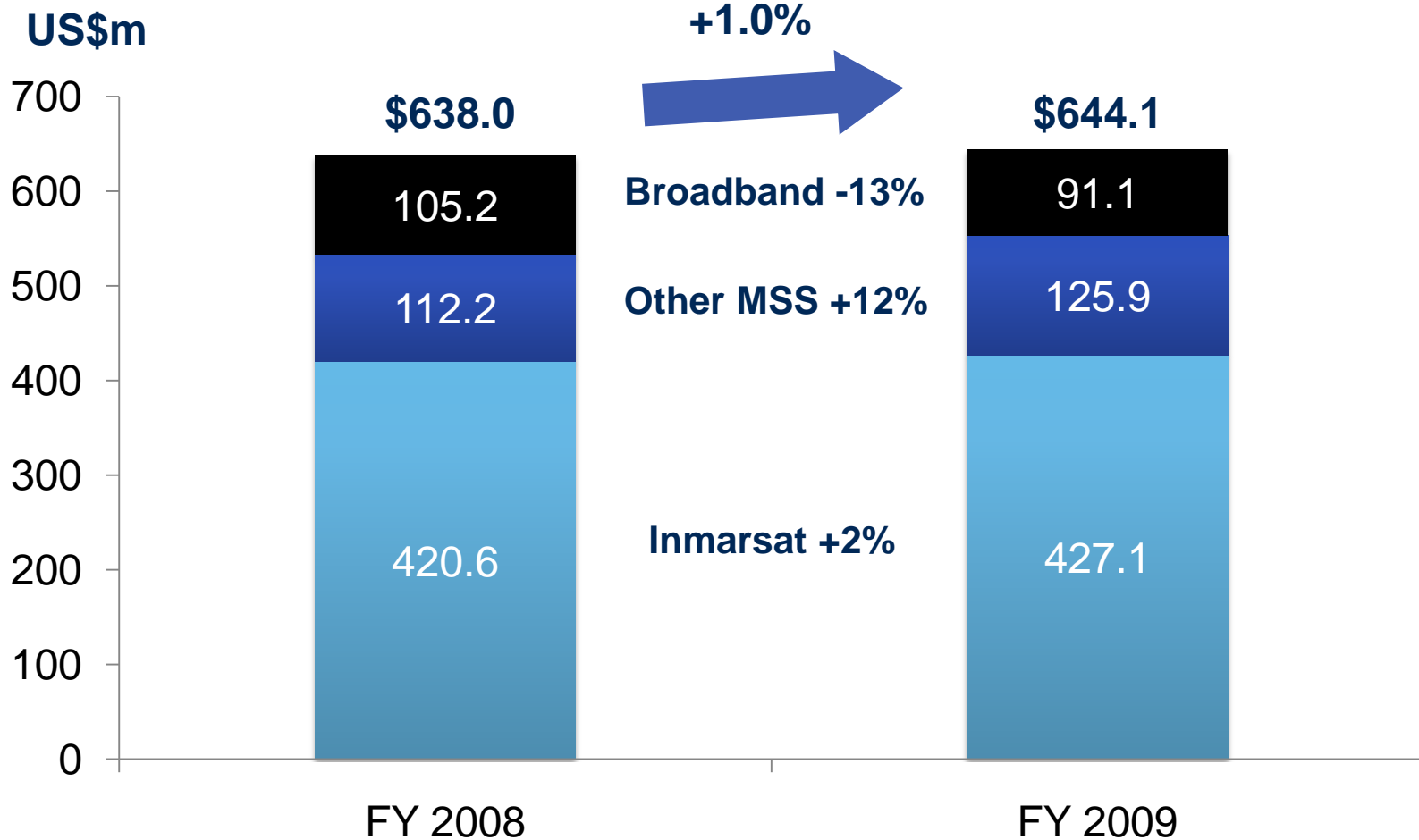
# 2009 financial highlights

- ➔ Total revenue \$1,038.1m (2008: \$996.7m)
  - Inmarsat Global revenue up 9.5% to \$694.8m (2008: \$634.7m)
- ➔ EBITDA up 11.9% to \$594.2m (2008: \$531.2m)
  - Inmarsat Global EBITDA up 14.8% to \$495.5m (2008:\$431.6m)
- ➔ Operating profit up 12.5% to \$356.8m (2008: \$317.2m)
- ➔ Adjusted EPS up 27% to 38 cents (2008 adjusted: 30 cents)
- ➔ Second interim dividend of 20.63 cents, up 13.4%

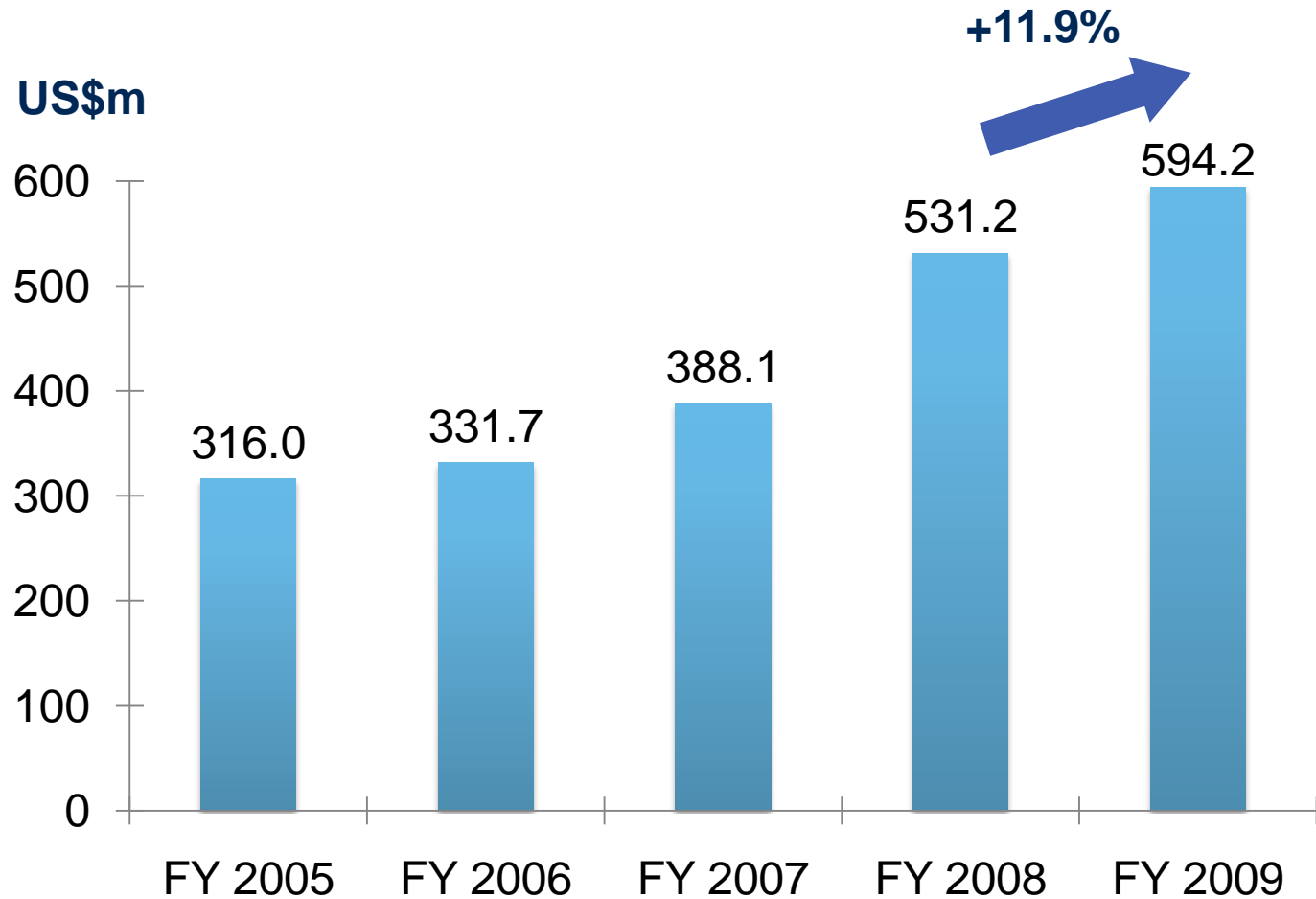
# Inmarsat Global – MSS revenue



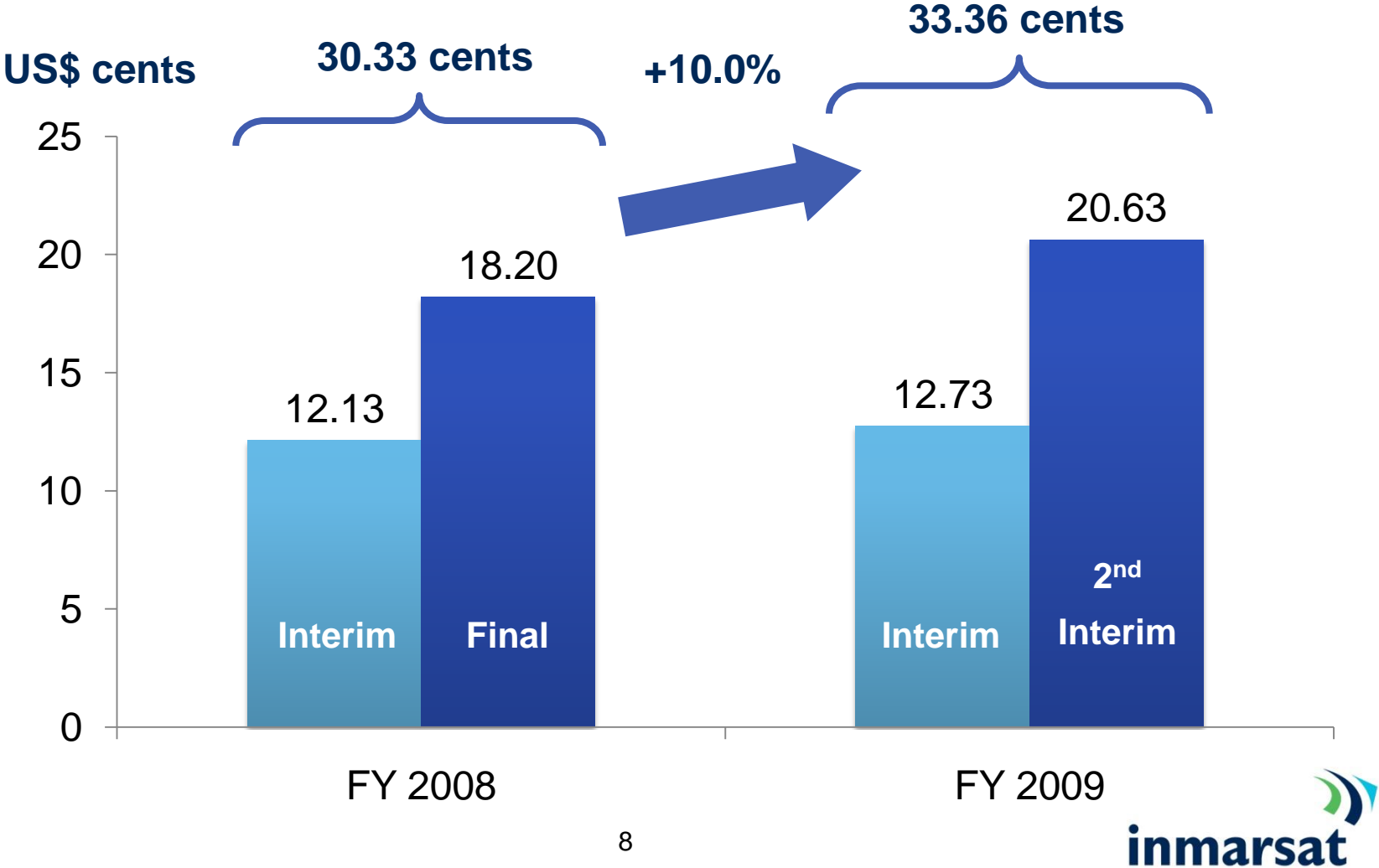
# Stratos – revenue



# Inmarsat plc – 5-year EBITDA record



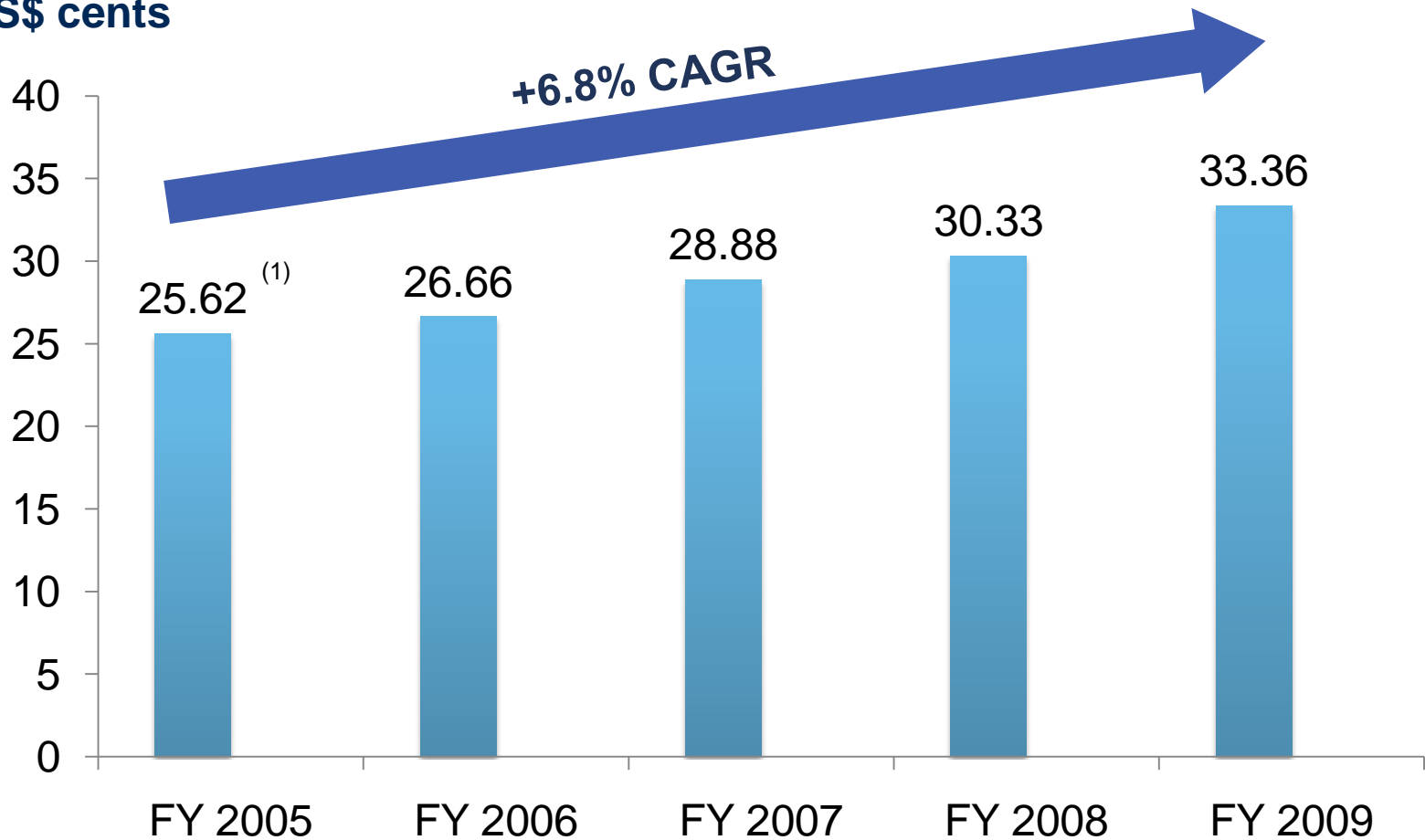
# Total dividends





# Dividends – 5-year record

US\$ cents



(1) Effective full year dividend as only public for part of 2005 year

# 2009 operational achievements

- ➔ Global broadband service introduced in all markets
- ➔ Stratos acquisition completed
- ➔ New distribution agreements signed with all partners
- ➔ SkyWave investment and collaboration
- ➔ New service launches, BGAN X-Stream, FleetBroadband 150
- ➔ S-band spectrum licence awarded
- ➔ Debt refinancing completed
- ➔ Strategic acquisition of Segovia announced

# Q4 & Full year results 2009

**Rick Medlock**

**Chief Financial Officer**



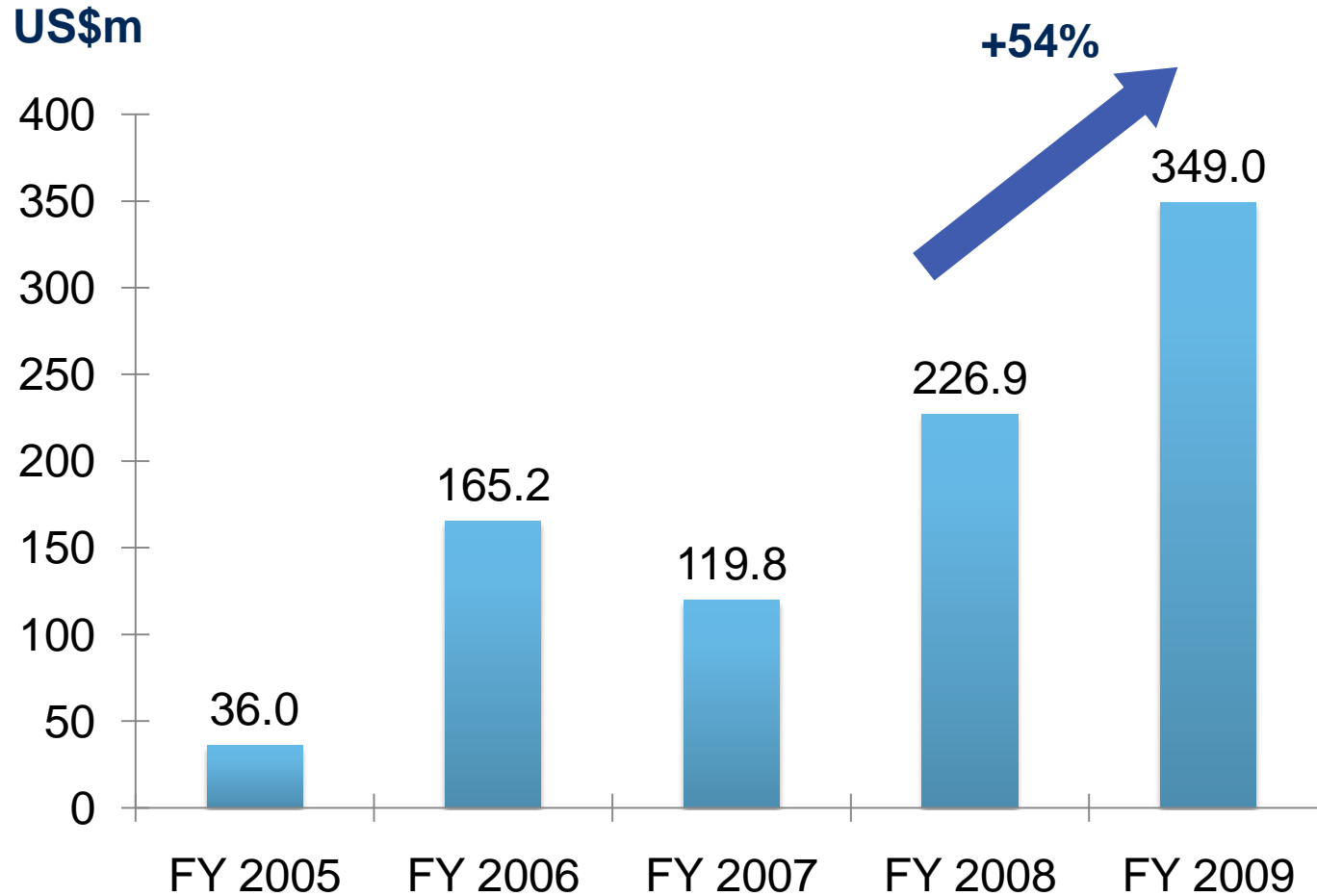
# Inmarsat plc - 2009 full year results

| US\$m                       | Financial year |         |        |
|-----------------------------|----------------|---------|--------|
|                             | 2009           | 2008    |        |
| Revenue                     | 1,038.1        | 996.7   | 4.2%   |
| Operating costs             | (443.9)        | (465.5) | (4.6%) |
| EBITDA                      | 594.2          | 531.2   | 11.9%  |
| Depreciation & amortisation | (231.6)        | (214.7) |        |
| Other                       | (5.8)          | 0.7     |        |
| Operating profit            | 356.8          | 317.2   | 12.5%  |
| Net interest payable        | (159.9)        | (123.4) |        |
| Profit before tax           | 196.9          | 193.8   | 1.6%   |
| Tax (expense)/credit        | (44.1)         | 161.6   |        |
| Profit for the period       | 152.8          | 355.4   |        |

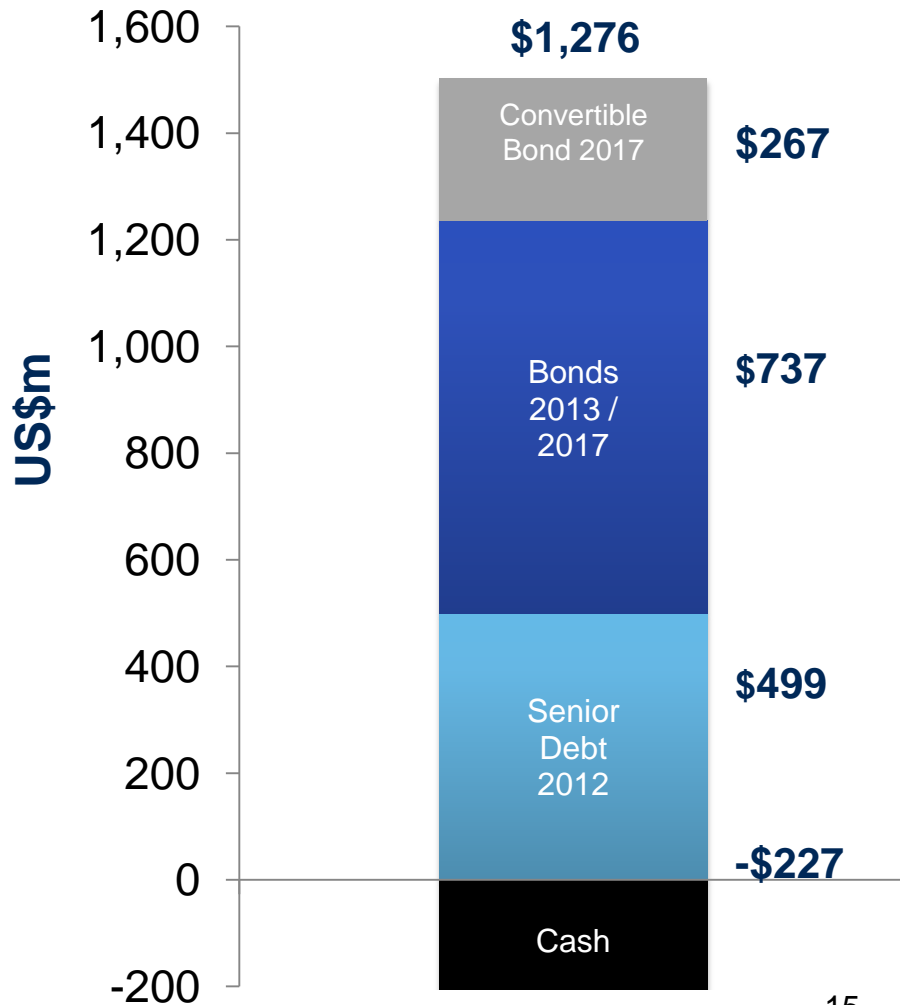
# Inmarsat plc - 2009 cash flow

| US\$m                                 | Financial year |                |
|---------------------------------------|----------------|----------------|
|                                       | 2009           | 2008           |
| <b>EBITDA</b>                         | <b>594.2</b>   | <b>531.2</b>   |
| <b>Working capital/non-cash items</b> | <b>51.6</b>    | <b>(3.2)</b>   |
| <b>Operating cash flow</b>            | <b>645.8</b>   | <b>528.0</b>   |
| <b>Capital expenditure</b>            | <b>(145.3)</b> | <b>(211.6)</b> |
| <b>Capitalised operating costs</b>    | <b>(17.3)</b>  | <b>(23.4)</b>  |
| <b>Cash interest</b>                  | <b>(109.6)</b> | <b>(62.5)</b>  |
| <b>Cash tax</b>                       | <b>(24.6)</b>  | <b>(3.6)</b>   |
| <b>Free cash flow</b>                 | <b>349.0</b>   | <b>226.9</b>   |

# Inmarsat plc – 5-year FCF record



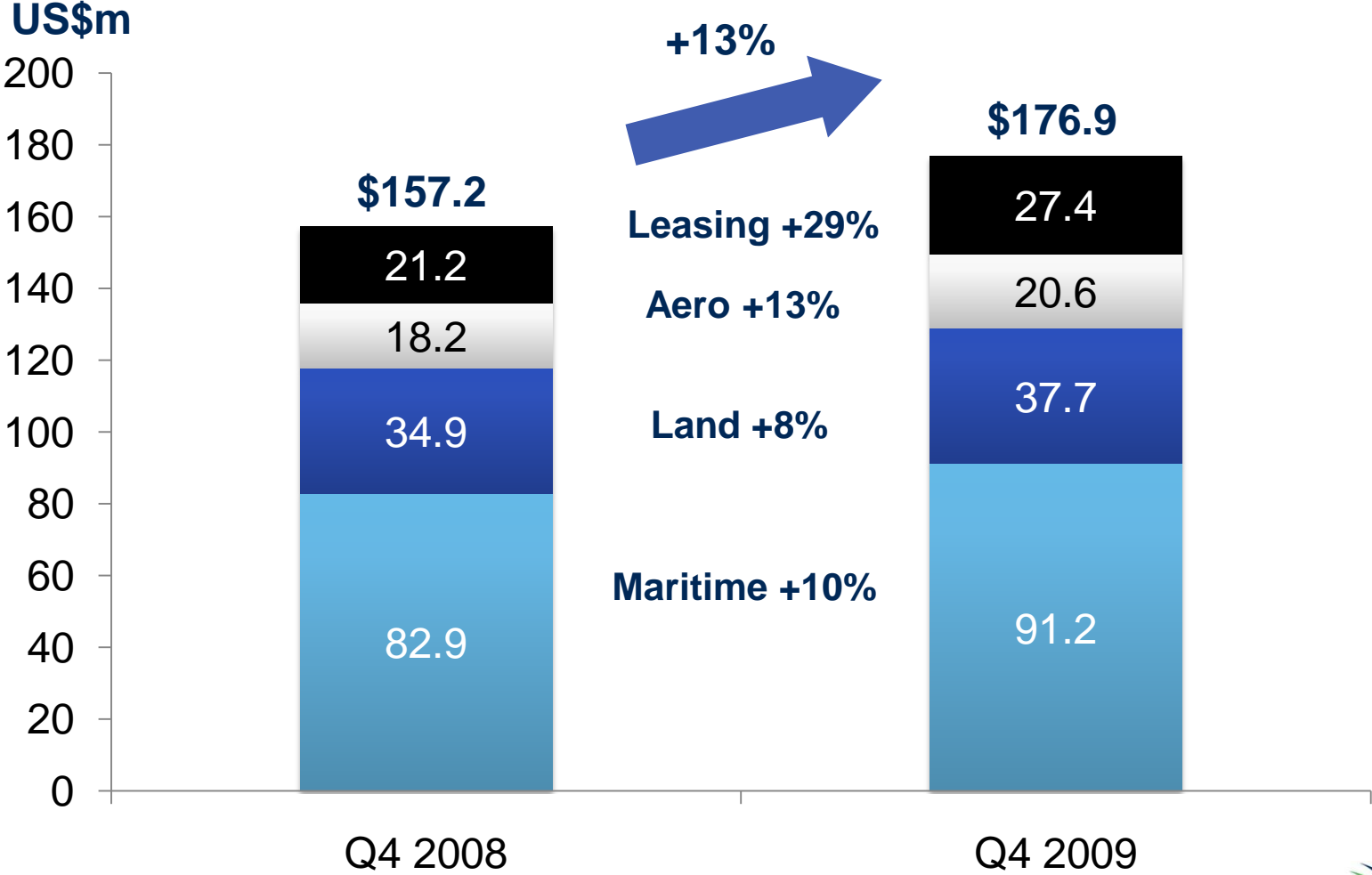
# Inmarsat plc – net debt



- ➔ \$437m of available liquidity through cash and bank facilities
- ➔ New \$500m Senior Facility signed July 2009
- ➔ New \$650m 8-year bond issued November 2009

**Group leverage:  
Net Debt / EBITDA=2.1x**

# Inmarsat Group Ltd - Q4 MSS revenue

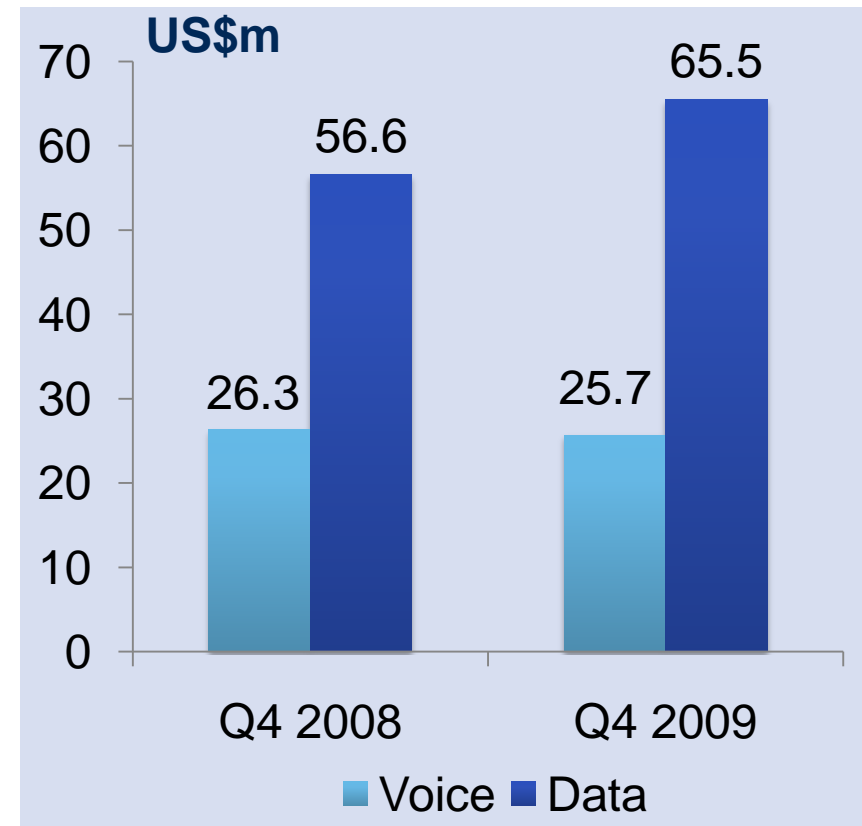




# Maritime sector



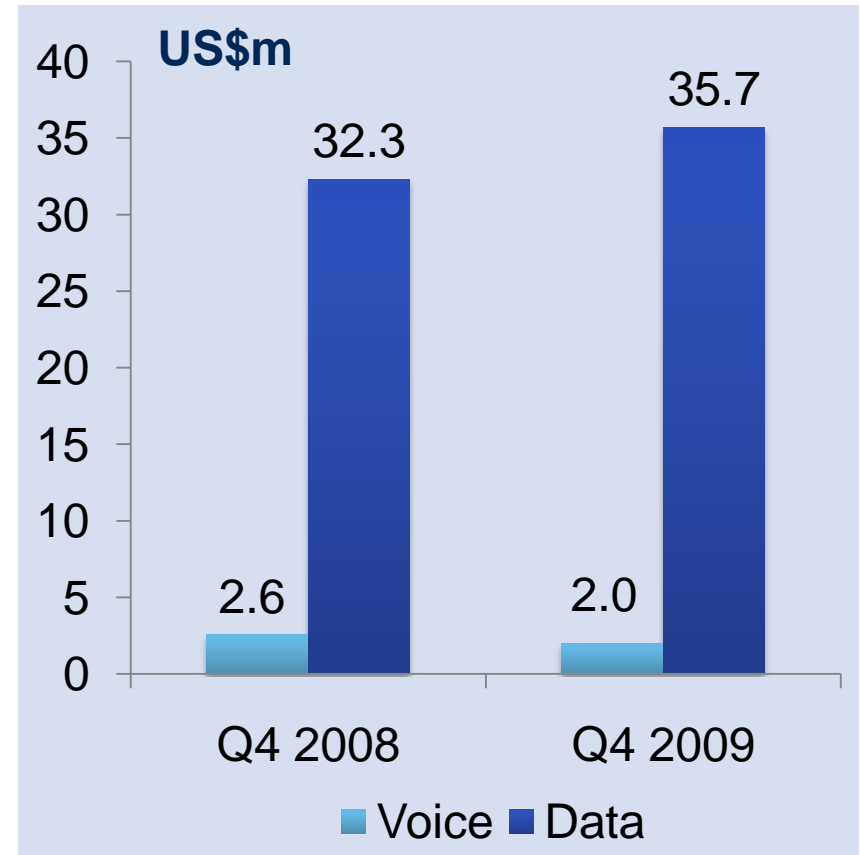
- ➔ 16% growth in data revenue driven by FleetBroadband
- ➔ Active terminals up 10%
- ➔ Over 1,400 FleetBroadband terminals added in Q4, over 5,000 terminals at end of year
- ➔ Encouraging progress and contribution from FB 150 service
- ➔ Total terminal additions and APRU trends consistent through Q4



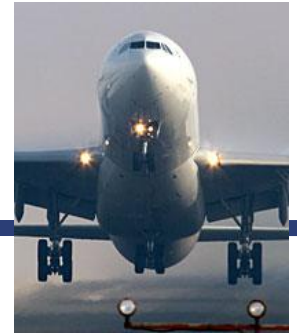
# Land mobile sector



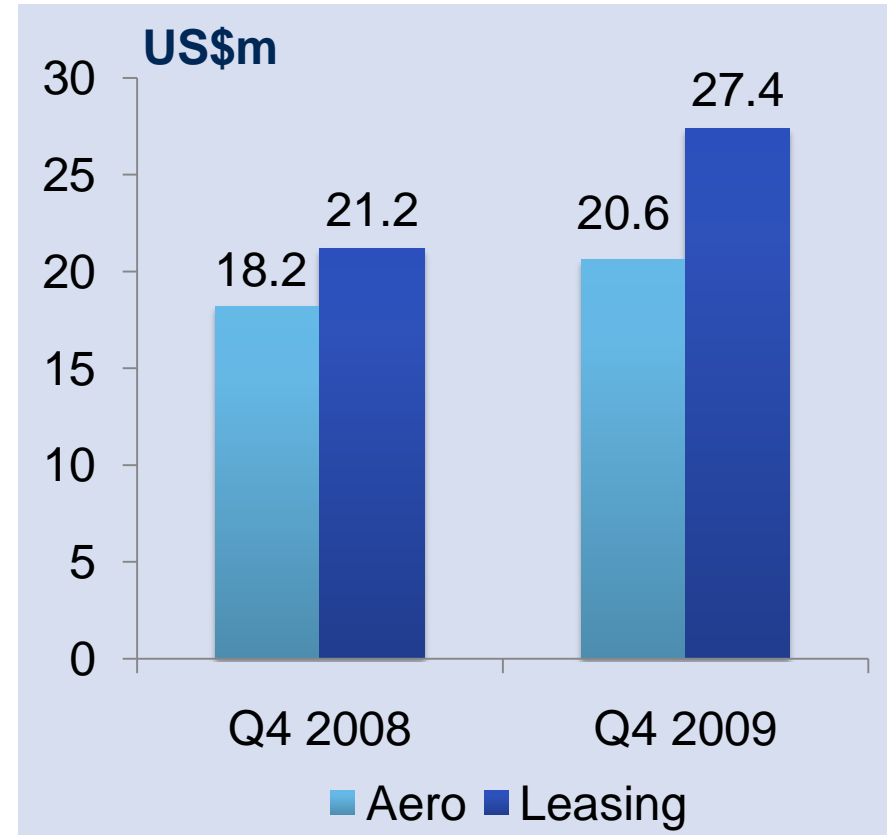
- ➔ BGAN key to land sector growth
  - Revenue up 41%
  - Subscribers up 21%
  - 1,707 terminals added
  - ARPU \$288 / month
- ➔ BGAN voice revenue growth accelerating, now 50% of all land voice
- ➔ GPS service launch on track for June 2010



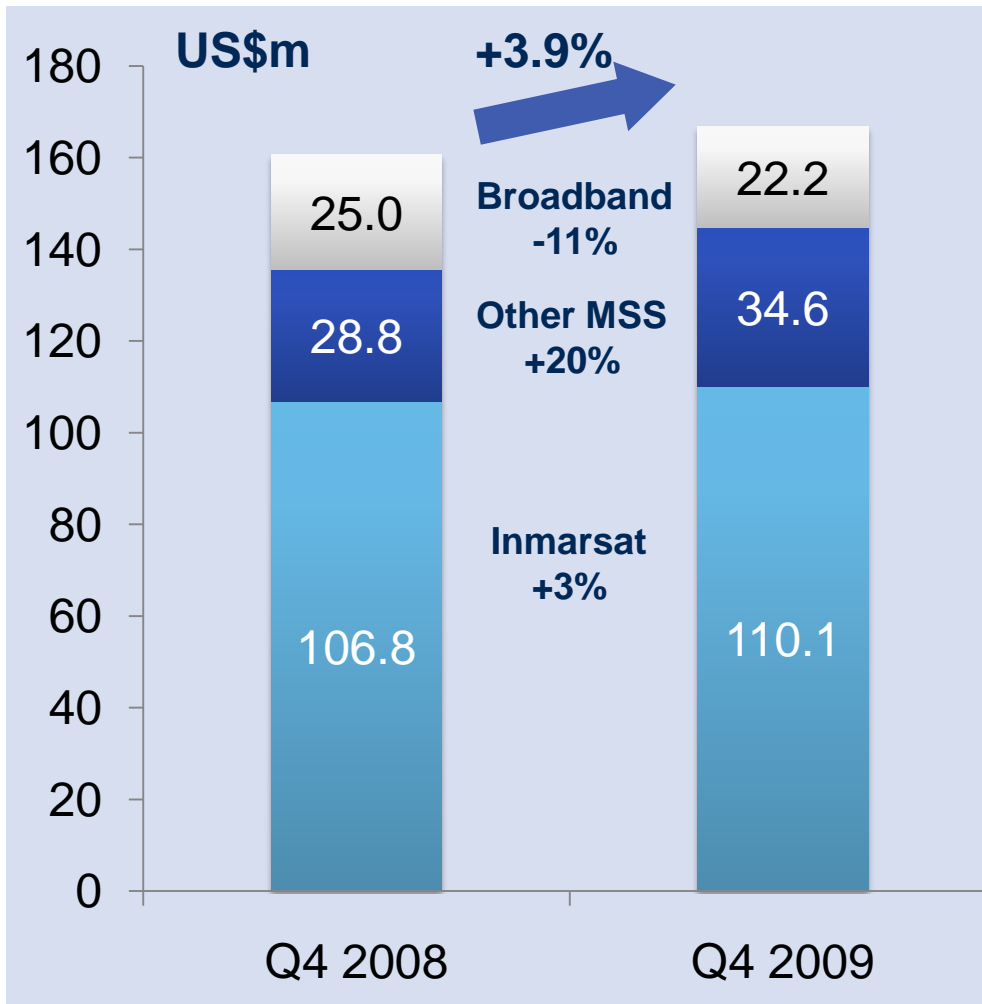
# Aeronautical & Leasing



- ➔ Aero revenue up 13%
- ➔ Aero active terminals up 10%
- ➔ SwiftBroadband
  - Activations ahead of Swift 64
  - Adding over 100 terminals per quarter
  - Fast ARPU growth
  - In-flight passenger services
- ➔ Leasing up 29%
- ➔ New lease business in Q4 from Aeronautical and Land customers



# Stratos – Q4 results



- ➔ Inmarsat revenue driven by leasing, Fleetbroadband and BGAN growth
- ➔ Other MSS revenue mainly due to equipment sales
- ➔ Broadband business improved gross margin and margin on Segment Earnings, from 15% (Q4 2008) to 19% (Q4 2009)
- ➔ Operating costs decreases
- ➔ Net earnings up

# Inmarsat plc – financial summary

- ➔ Revenue and EBITDA growth ahead of plan in 2009
- ➔ Growth in cash from operations up 22%
- ➔ Adjusted EPS up 27%
- ➔ Free cash flow \$349m, up 54%
- ➔ 2009 refinancing reduces cost of debt
- ➔ Significant liquidity and operating headroom



# Strategy update and outlook

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**



# 2010 priorities

- ➔ Further broadband service penetration and service migration to capture higher usage
- ➔ Successful launch of handheld GSPS service in June, begin to recapture voice market
- ➔ Build direct sales effectiveness through Stratos and Segovia
- ➔ Explore new opportunities for future growth
- ➔ Develop S-band strategy to capture option value

# Trading update

- ➔ Maritime terminal activations and revenue trends continue to indicate limited impact of economic slowdown
- ➔ FleetBroadband now established as a main driver of maritime sector growth – both revenue and terminals
- ➔ Encouraging early data from FleetBroadband 150
- ➔ VSAT remains key competitive threat, but FleetBroadband and economic climate restricting further penetration
- ➔ BGAN growth in subscribers and ARPU, strong Q4
- ➔ Widespread acceptance of SwiftBroadband among traditional customers and airlines for in-flight connectivity



# Impact of global events

- ➔ Usage in Afghanistan and Haiti has been a factor in early 2010
- ➔ BGAN usage increases over sustained period
- ➔ Inmarsat committed to charitable support for Télécoms Sans Frontières in Haiti and Chile
- ➔ Events accelerate penetration and adoption of Inmarsat services, long-term benefits

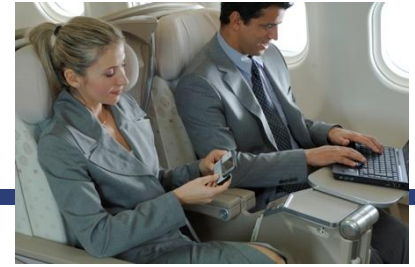


# IsatPhone Pro

- ➔ Global service launch on track for June – IsatPhone Pro
- ➔ 11 distributors recruited and sales training underway
- ➔ Strong margin incentive for distributors compared to competitor products
- ➔ Expect handset to retail at \$500 to \$600
- ➔ End user market worth at least \$350m wholesale revenue
- ➔ Reiterate 10% market share objectives within two years of launch



# Aero passenger connectivity



- ➔ Commercial deployments continue
  - ➔ Emirates 68 aircraft equipped
  - ➔ Ryanair 50 aircraft equipped
  - ➔ British Airways 2 aircraft equipped
  - ➔ Other: 14 aircraft equipped
- ➔ Strongly positive passenger reception, popular with Blackberry and PED users
- ➔ Available on British Airway London to New York service from City Airport



**RYANAIR**

BRITISH AIRWAYS

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

# Inmarsat plc – 2010 outlook

- ➔ Growth in demand from commercial and government customers is continuing in all markets
- ➔ Key broadband services now firmly established and accepted in all customer markets, drives future growth
- ➔ Global handheld satellite phone on track for June launch, attractive additional growth opportunity
- ➔ **On track for continued solid revenue growth in 2010**
- ➔ Strong free cash flow generation to continue
- ➔ Capital expenditure at \$160 to \$170m, including Stratos

# Questions & Answers

**Inmarsat plc**

**Q4 & preliminary full year results 2009**

**9 March 2010**

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