Q1 2019 results

1 May 2019

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Performance review

Rupert Pearce
Chief Executive Officer

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Operational Review

Continued revenue growth

- Robust results, building on positive momentum achieved in 2018
- Further success in building and aggressively defending market share
  - Progress across our diversified growth portfolio
  - Well placed to capitalise on future growth opportunities
- Medium term outlook and future guidance unchanged

- Recommended offer for Inmarsat plc
  - Subject to shareholder vote on 10 May and regulatory approvals
  - Expected to be completed during Q4 2019

Maritime performance

Strong performance in fast-developing market segments

	Q1 2019 progress	Future roadmap
Fleet Xpress Aiming to capture further share in high potential VSAT market	▪ High level of FX vessels installed ▪ 36% of FX installations were new customers ▪ Run rate of installations well ahead of expectations ▪ Strategic partners continue to gain traction ▪ Xpress Link migration programme on track ▪ Good initial market traction from Crew Xpress product	▪ Install 5,000+ FX vessel commitments ▪ Drive into new non-merchant VSAT segments ▪ Complete Xpress Link migration programme in 2019 ▪ Launch Crew Xpress into the market ▪ Support improvement in ARPU over medium to long term ▪ Launch value-added services over Fleet Edge platform
FleetBroadband Focused on retaining FB vessels and/or migrating to FX	▪ Continued customer migration to VSAT, including FX ▪ Significant reduction in vessel loss rate, compared to 2018 ▪ Highlights initial traction from management actions taken	▪ Enhanced protection of FB base, to FX transition ▪ Sustain ARPU through functionality improvements and usage and package progression ▪ Lower cost/size, higher functionality of next gen FB terminals

Focused on supporting and growing market share

Government performance

Strong performances across both businesses

Q1 2019 progress	Future roadmap
US business supported by contract wins and expanded mandates achieved in 2018	Expand footprint in new markets, sectors and niches
Continued growth in underlying revenues from Boeing ToP	Major long term contracts fully embedded
Increased GX hardware sales outside the US	Deliver on MILSATCOM augmentation opportunities

Continue to become more embedded in significant customer platforms

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Aviation IFC performance

Further progress in supporting customers into service

Q1 2019 progress	Future roadmap
c.1,790 aircraft under contract and committed to hardware, + c. 300 aircraft under option	Additional contract wins from new business pipeline
600 aircraft installed with Inmarsat broadband IFC services	Further increase in aircraft in service, from 100+ in 2018, to generate high margin airtime revenue
145 GX connected aircraft in commercial service	Service roll-out of European Aviation Network
L-band IFC business remains robust	Next phase of strategic agreement with Panasonic Avionics

Further success in building long term leadership position

Aviation Core performance

Continued revenue growth

	Q1 2019 progress	Future roadmap
Business and General aviation	▪ Lower SwiftBroadband revenues, mainly due to customer migrations to JetConneX ▪ c. 475 now installed with JetConneX	▪ Further roll-out of JetConneX, including incremental customer migration from SwiftBroadband ▪ New growth opportunities through our I-6 satellite platform from early 2020's
Safety and Operational Services	▪ Some additional aircraft usage and delayed customer billing for Classic Aero ▪ Swift Broadband-Safety achieved further market traction	▪ Full commercial roll-out of SB-S for next gen aero safety ▪ Continue development of IRIS European Space Agency Air Traffic Management programme ▪ Focus on connected aircraft opportunities

Leadership position maintained across key segments

Enterprise performance

Further foundations built for future IIoT opportunities

Q1 2019 progress	Future roadmap
▪ On-going market pressure on legacy product base ▪ Lower level of satellite phone handset sales ▪ M2M revenues remain resilient ▪ Early stage trials continue on IIoT initiatives	▪ Continue to protect revenues of legacy product lines ▪ Further develop major IIoT partnerships to help establish solutions in key target areas (mining, logistics & agriculture) ▪ Secure recovery of ultimate RigNet award

Connecting the digital society remains a long term opportunity

2019 Priorities

Focused on delivering further growth

	Maritime	Government	Aviation	Enterprise	Organisational Infrastructure
Objectives	▪ Grow share in VSAT segments, protect mid-market position and launch first applications	▪ Continue to strengthen & diversify major customer relationships	▪ Further commercial momentum in IFC. Launch new safety product & develop connected aircraft position	▪ Progress in building market position in IIoT. Stabilize legacy products	▪ Further strengthen our global networks & organizational infrastructure
2019 proof points	▪ Further progress with FX installation programme – wholesale and retail ▪ Successful Crew Xpress roll-out ▪ Retention of FB customers ▪ Complete migration of XL & FB customers to FX ▪ Launch first set of maritime business applications	▪ Continued strong USG performance, driven by new contract wins and increased usage from existing customers ▪ Further revenue growth from Boeing ▪ Continue to diversify and internationalise ▪ Develop global managed services capability	▪ Further increase in IFC aircraft under contract, installed & in service ▪ Commercial launch of the European Aviation Network ▪ Further JX installs in BGA, with continued usage growth in SB ▪ Increased usage in SOS products & next steps for IRIS	▪ Continued growth in M2M revenue ▪ Move into billing for IIoT deployments in target markets, with key partners ▪ Manage legacy products revenues	▪ Launch of GX-5 satellite ▪ Continued preparation for launch of I-6 satellites in 2020/21 ▪ Launch new service delivery & billing platforms ▪ Further steps taken to establish strong organisational platform ▪ Continued drive to reduce legacy costs

Remain well positioned to capitalise on future growth opportunities

Financial Review

Tony Bates
Chief Financial Officer

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Group Income statement – Q1 2019

$m	Q1 2019	Q1 2018	Change
Revenue	**346.9**	**345.4**	**1.5**
Direct costs	(66.0)	(53.0)	(13.0)
Gross margin	**280.9**	**292.4**	**(11.5)**
Indirect costs*	(111.5)	(117.5)	6.0
Adjusted EBITDA*	**169.4**	**174.9**	**(5.5)**
Depreciation & Amortisation	(128.3)	(115.5)	(12.8)
Net financing costs**	(17.3)	(27.6)	10.3
Adjusted profit before tax	**23.8**	**31.8**	**(8.0)**
Tax	(5.5)	(2.4)	(3.1)
Adjusted profit after tax	**18.3**	**29.4**	**(11.1)**
Change in value of derivative	(273.7)	24.2	(297.9)
Exceptional items (nil tax)	(17.0)	-	(17.0)
Statutory profit after tax	**(272.4)**	**53.6**	**(326.0)**

$m Excluding Ligado	Q1 2019	Q1 2018	Change
Revenue	**346.7**	**313.3**	**33.4**
Direct costs	(66.0)	(53.0)	(13.0)
Gross margin	**280.7**	**260.3**	**20.4**
Indirect costs*	(111.3)	(117.5)	6.2
Adjusted EBITDA*	**169.4**	**142.8**	**26.6**

* Excludes $17.0m exceptional item relating to costs associated with the recommended offer for the Group

** Before change in value of derivative

Business Unit Summary ($m) – Q1 2019

Maritime	2019		2018	
Revenue	128.5		142.0	
Direct Costs	(10.4)		(22.1)	
Gross Margin	118.1	91.9%	119.9	84.4%
Indirect Costs	(8.6)		(10.3)	
EBITDA	109.5	85.2%	109.6	77.2%

Government	2019		2018	
Revenue	100.7		78.3	
Direct Costs	(23.5)		(14.2)	
Gross Margin	77.2	76.7%	64.1	81.9%
Indirect Costs	(10.9)		(10.8)	
EBITDA	66.3	65.8%	53.3	68.1%

Aviation - IFC	2019		2018	
Revenue	47.0		19.3	
Direct Costs	(24.3)		(7.5)	
Gross Margin	22.7	48.3%	11.8	61.1%
Indirect Costs	(15.0)		(12.3)	
EBITDA	7.7	16.4%	(0.5)	

Aviation - Core	2019		2018	
Revenue	38.9		36.7	
Direct Costs	(0.3)		(0.4)	
Gross Margin	38.6	99.2%	36.3	98.9%
Indirect Costs	(1.6)		(2.2)	
EBITDA	37.0	95.1%	34.1	92.9%

Enterprise	2019		2018	
Revenue	28.2		32.7	
Direct Costs	(3.4)		(6.0)	
Gross Margin	24.8	87.9%	26.7	81.7%
Indirect Costs	(4.7)		(5.1)	
EBITDA	20.1	71.3%	21.6	66.1%

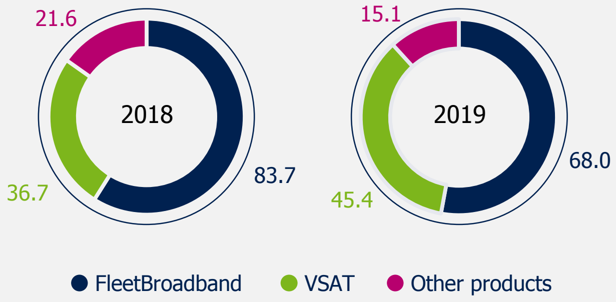
Central Services	2019	2018
Revenue	3.6	36.4
Direct Costs	(4.1)	(2.8)
Gross Margin	(0.5)	33.6
Indirect Costs	(87.7)	(76.8)
EBITDA	(88.2)	(43.2)

GX-generated airtime and related revenue in Q1 2019: $85.7m (Q1 2018: $50.0m)

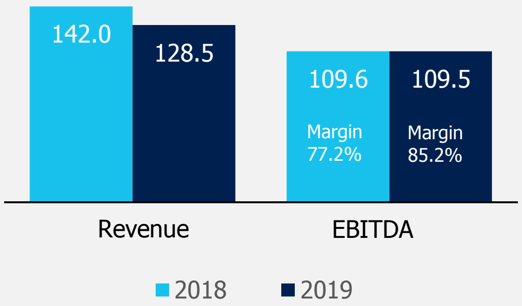
Maritime Q1 results

- VSAT revenue up $8.7m, 23.7%, to $45.4m
  - Vessels up 42.3%, by 2,001, to 6,727
    - Including 6,164 FX vessels, of which 789 were installed in Q1 2019
  - Further market share gains, with 36% of FX installations being new customers
  - ARPU down 15.2% to $2,162 due to channel mix
    - Wholesale installation share of FX vessels at 37%, from 27% in Q1 2018
- FleetBroadband revenue down $15.7m, 18.8%, to $68.0m
  - FB vessels down 2,877 to 32,466:
    - c.880 vessels transferred from Enterprise
    - Vast majority of vessel losses due to customer migrations to VSAT, in particular FX
    - c.38% improvement in vessel losses compared to 2018 average
  - ARPU down 11% to $695, mainly due to higher value customers migrating to VSAT
- Other products revenue down $6.5m, 30.1%, to $15.1m
  - Fleet One revenue down $0.7m to $1.5m – (4,400+ vessels)
  - Legacy product revenue down $5.8m, 29.9%, to $13.6m
- Direct costs down $11.7m
  - Provision releases and leased capacity savings
- Indirect costs declined $1.7m
  - Timing of marketing spend related to Volvo Ocean Race
- EBITDA flat at $109.5m
- Success-based cash capex flat $11.5m

Q1 Revenue ($m)



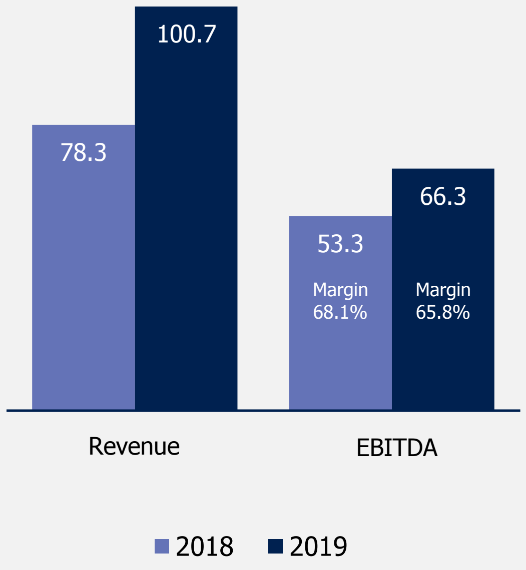
Q1 Revenue & EBITDA ($m)



Government Q1 results

- Total Government revenue up $22.4m, 28.6%, to $100.7m
- US revenue up 27.9%
  - New business wins and expanded mandates in 2018
  - Increased customer expenditure under existing contracts
  - Continued increase in underlying revenues on Boeing ToP
- Revenue up 30.0% outside the US
  - Increased GX equipment revenue
- Direct costs up $9.3m
  - Revenue growth and mix
- Indirect costs flat at $10.9m
- EBITDA up $13.0m to $66.3m

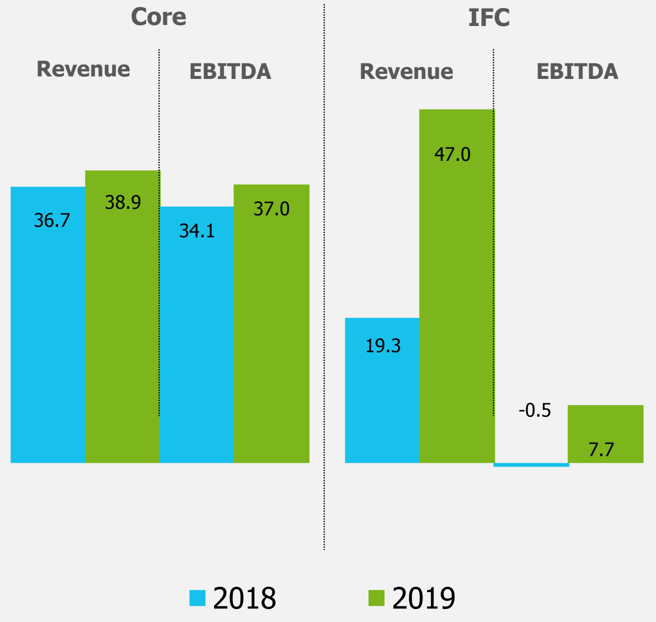
Q1 Revenue & EBITDA ($m)



Aviation Q1 results

- Aviation revenue up 53.4% or $29.9m to $85.9m
- IFC revenues up 143.5% or $27.7m to $47.0m
  - Equipment revenue up $23.3m to $31.2m driven by significant sales order
  - $15.7m airtime revenue (including $4.0m GX airtime)
  - c. 1,790 aircraft under contract or committed to hardware, of which 600 installed
  - 145 GX aircraft in service at end of Q1 2019
- Core revenues up $2.2m, 6.0%, to $38.9m
  - SwiftBroadband down $3.9m, 19.1% to $16.5m
  - JX revenue up $3.8m, 102.7% to $7.5m
  - Classic Aero up $2.7m, 25.2% to $13.4m
- Direct costs up $16.7m to $24.6m
  - Equipment sales
- Indirect costs up $2.1m to $16.6m
  - Increased legal costs on EAN
- EBITDA up $11.1m to $44.7m
  - EBITDA % margin of 52.0%
  - Expect return to at least 2016 levels of c.60% by 2021
- Cash capex down $11.6m to $8.2m
  - Lower spend on on-board equipment for customers

Q1 Revenue & EBITDA ($m)



Enterprise Q1 results

> Revenue down $4.5m, 13.8%, to $28.2m

> Satellite phones down 16.3% to $7.7m

> BGAN down 9.9% to $6.4m

> M2M revenues down 4.1% to $4.7m

> Fixed to Mobile down 25.0% to $2.4m

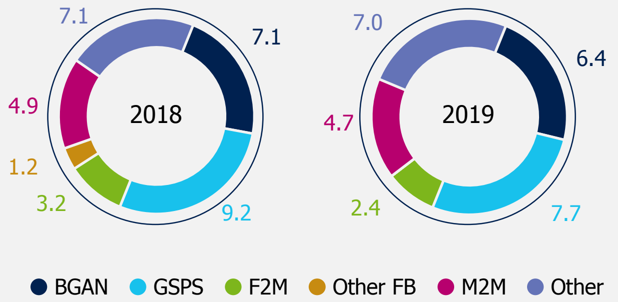
> FB revenues of c.$1m transferred to Maritime

> Direct costs down $2.6m to $3.4m
  - Lower proportion of handset sales

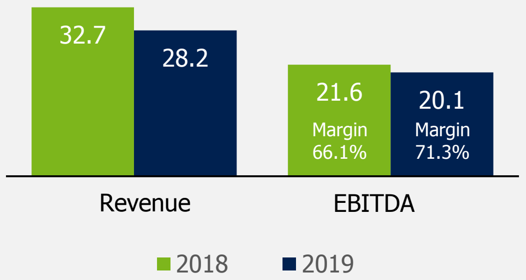
> Indirect costs down $0.4m to $4.7m

> EBITDA declined $1.5m to $20.1m

Q1 Revenue ($m)



Q1 Revenue & EBITDA ($m)



Group Cash Flow – Q1 2019

US$m	Q1 2019	Q1 2018	Change
EBITDA	**152.4**	**174.9**	**(22.5)**
Working capital/non-cash items	45.5	(26.9)	72.4
Operating cash flow	**197.9**	**148.0**	**49.9**
Capital expenditure	(81.8)	(141.3)	59.5
Interest paid	(18.9)	(21.5)	2.6
Tax paid	(1.0)	1.6	(2.6)
Free cash flow	**96.2**	**(13.2)**	**109.4**
Other movements	(3.1)	(3.5)	(0.4)
Net cash flow	**93.1**	**(16.7)**	**109.8**
Opening net debt	2,176.7	2,078.6	(98.1)
Net cash flow	(93.1)	16.7	(109.8)
Non-cash movements	3.1	5.4	(2.3)
Closing net debt	**2,086.7**	**2,100.7**	**14.0**

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Capital Expenditure – Q1 2019

US$m	Q1 2019	Q1 2018	Change
Major infrastructure projects	17.6	110.8	93.2
Success-based capex	11.3	55.7	44.4
Other	30.7	26.9	(3.8)
Cash flow timing	22.2	(52.1)	(74.3)
Total cash capital expenditure	**81.8**	**141.3**	**59.5**

Major infrastructure projects: 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.

Cash flow timing: The difference between fixed asset additions as reported in the balance sheet and the underlying cash disbursements.

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.

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Future Guidance unchanged

2019 Revenue (excluding Ligado):

- Expected to be between $1,300m and $1,400m

Medium term revenue, EBITDA & Free Cash Flow (excluding Ligado):

- Targeting mid-single digit % increase in revenue on average over 2018 to 2022
- EBITDA and Free Cash Flow expected to steadily improve *

Capex:

- Capex of $500m to $600m pa in 2019 and 2020
- Infrastructure capex to meaningfully moderate after 2020
  - Capex of between $450m and $550m in 2021
  - Reflects new satellite technologies, constellation cycle, move to linefit in IFC and completion of XL to FX migration

GX revenues:

- Annual GX revenues at a run rate of $500m by the end of 2020

Leverage policy:

- To normally remain below 3.5x

This guidance excludes any impact from any successful acquisition of, or any unsuccessful attempt to acquire, the Group

* Excluding any impact of on-going exceptional tax matter, outlined in detail in Inmarsat's Q1 2019 results announcement. The reference to EBITDA and Free Cash Flow generation over the five year period 2018 to 2022 constitutes an ordinary course profit forecast for the purposes of Rule 28.1 of the Takeover Code (the "Inmarsat Profit Forecast"). The basis of preparation and assumptions in respect of the Inmarsat Profit Forecast are set out in Part 5 of the scheme document published by the Company on 18 April 2019 (the "Scheme Document"). In accordance with Rule 27.2(d) of the Takeover Code, the Inmarsat Directors have considered the Inmarsat Profit Forecast and confirm that it remains valid as at the date of this presentation.

Q&A

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