Full Year Results 2016

8 March 2017

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The mobile satellite company

Business Review 2016 & Key Priorities for 2017

Rupert Pearce
Chief Executive Officer

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Sound core business and material growth potential

Strong L-band franchise

- $800m revenue per annum
- 8 satellites currently in orbit
- One of only two global L-band satellite operators
- Long-term underpin to “digital society” opportunities
- Substantial spectrum assets globally
- Ligado
- Established distribution capability

Growing additional Broadband capability

- I-5 F-1, F-2 and F-3 satellites Launched
- I-5 F-4 satellite launch expected in Q2 2017
- European Aviation Network to be operational in H2 2017
- Commercial In-Flight Connectivity remains major long term opportunity in Aviation
- Maritime supported by significant Fleet Xpress distributor commitments
- Government supported by long term relationships with major distributors

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2016 Operational Highlights

Continuing to deliver the foundations for long-term growth

- 2016 Group revenue up 4.3% to $1,329.0m, with EBITDA, up 9.5% to $794.8m
- GX gaining market traction, generating revenue of $78.5m in 2016
- Strong performance in Government, both US and RoW, despite budgetary constraints
- Further growth in Aviation and foundations being laid for IFC opportunity
- Maritime markets remained challenging but material commitments to Fleet Xpress from major distribution partners
- Weaker revenue in Enterprise due to continued depression in Oil & Gas and decline in legacy products
- New Ligado structure in place – stability through 2018
- $1.05bn of new capital raised, further lengthening tenure of Group’s debt profile – debt levels remain within gearing policy

2016 Operational Highlights

By Business Unit

Maritime

Market remains challenging

VSAT growing strongly

First successful installations of Fleet Xpress

Major strategic distribution deals signed

FleetBroadband revenues growing slowly with ARPU gains

Launch of Fleet One

CAP performance

Government

Underlying environment remains difficult

GX take-up by USG - Boeing ToP

CSSC contract won

Operational tempo stabilising

Innovation

Diversification

Internationalisation

Aviation

Core business growing - 16,000 aircraft installed for BGA & SOS

Key mandates won in IFC, with 3,000 aircraft in pipeline

Building internal capability

Continued development of EAN infrastructure

Enterprise

Key markets under pressure, in particular Oil & Gas

Aid & Media continue to be competitive

M2M seeing some growth

Slow growth in GSPS

On-going focus on new opportunity areas

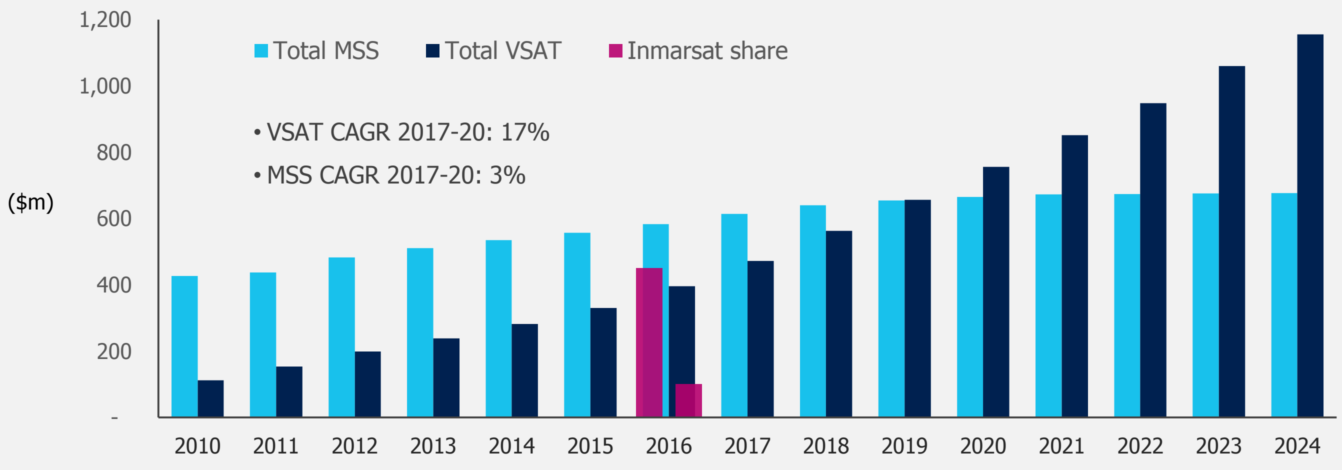
Q4 2016 Operational Highlights

Performance ahead of expectations

- Group revenue up 7.0% to $358.1m, with EBITDA up 9.2% to $221.8m
- Significant impact from GX in Government, reflecting take-or-pay contract with primary channel partner and a one-off contract
- Short term revenue pressure in Enterprise, due to weak demand in challenging markets & legacy product decline
- Maritime supported by VSAT revenue growth and ARPU accretion in FleetBroadband, but offset by continued revenue decline from legacy products
- Initial GX installation revenue generated in IFC, with core BGA/SOS business continuing to grow

Maritime
The market opportunity

Maritime satcoms market expected to nearly double in next 8 years



Future milestones:

Major distribution agreements commitments delivered

Fleet Xpress transition

CAP programme established

Fleet One roll-out

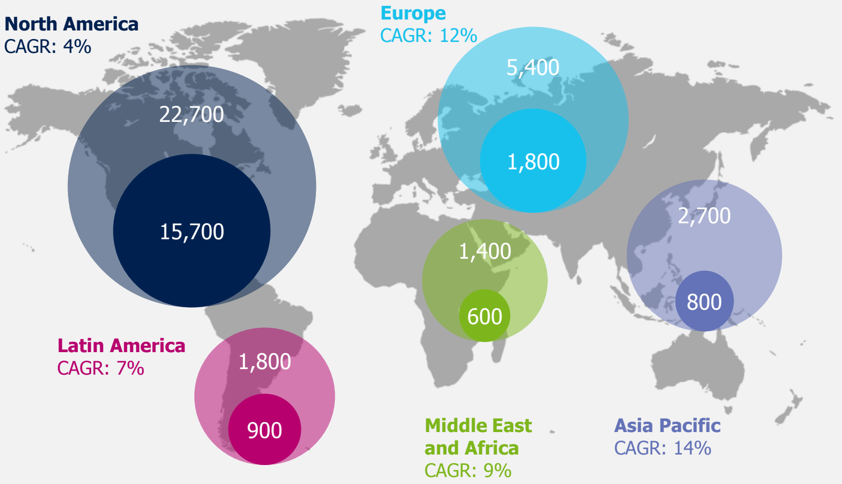
Source: Euroconsult

Inmarsat well positioned to maintain strong market share in L-band and drive market share growth in VSAT

Aviation:
The market opportunity – BGA & SOS

Continued growth expected in both legacy sectors

Business and General Aviation market:
Number of connected business aircraft in 2025 vs 2015



Safety & Operations Services

- Cockpit satcom market to grow from $400m to **$1b** over next 20 years
- Key market areas include aircraft health monitoring ($3b) and flight ops/planning ($2b)
- Inmarsat **SB-Safety** is the only product to meet **performance** and **security** standards set by the industry

Future milestones:

SB-Safety established

Successful delivery of Jet Xpress

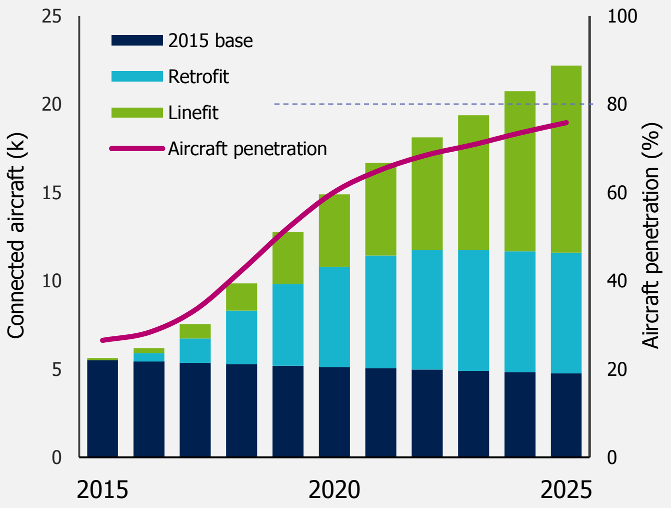
IRIS opportunity realised

Source:
Euroconsult 2016

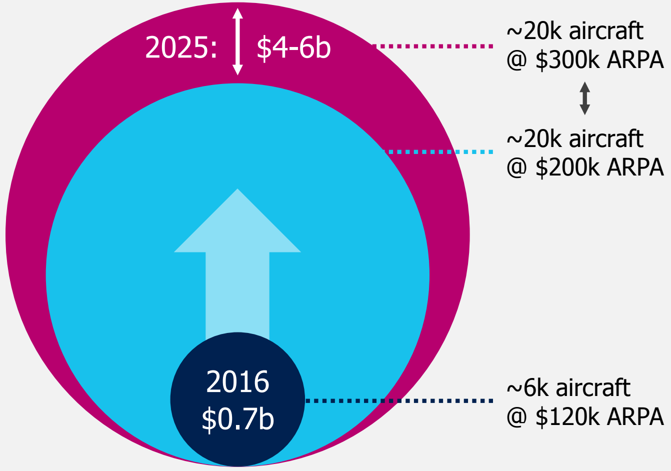
Aviation
The market opportunity – IFC

In-flight connectivity remains a significant opportunity

Connected aircraft[1]



IFC revenues[2] 2016 to 2025



Future milestones:

IFC deals signed and installed

EAN build completed & licenses obtained

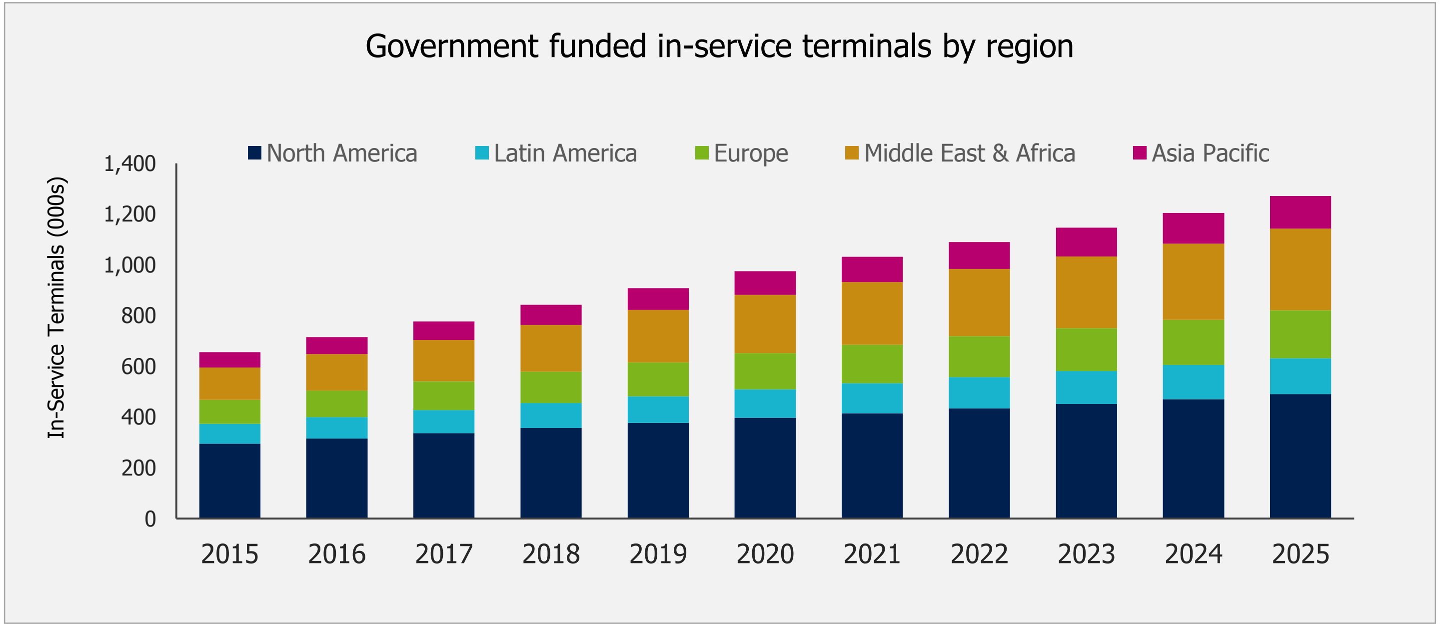
Sources:
Valour 2016; Euroconsult 2016; Inmarsat estimates

Notes:
1. IFC in commercial aviation (excludes business and general aviation and cargo);
2. Connectivity (airtime) revenues and ISP services, including both airlines and passenger spend; excludes hardware and apps;

Government

The market opportunity

Mobile HTS government satcoms spend expected to continue to grow



Future milestones:

CSSC delivered

ToP contract

Further major contracts won

New markets / verticals

Supporting WGS & MUOS

Source:
NSR

Enterprise
The market opportunity

Short term environment is challenging, but medium to long term outlook remains strong

- Agritech
- Fintech
- Energy
- Media
- Transportation
- Aid & Development
- Mining & Construction

Future milestones:

IoT opportunities grasped:

Connected car

Smart agriculture

Smart cities

Oil & Gas recovery

Key priorities for 2017

First steps off new growth foundations

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 launches of S-band and I-5 F4 satellites 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

Enterprise

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

Organisational infrastructure

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

$m	2016	2015	Change	Q4 2016	Q4 2015	Change
Revenue	**1,329.0**	**1,274.1**	**54.9**	**358.1**	**334.8**	**23.3**
Operating costs	(534.2)	(548.1)	13.9	(136.3)	(131.7)	(4.6)
EBITDA	**794.8**	**726.0**	**68.8**	**221.8**	**203.1**	**18.7**
Depreciation & Amortisation	(349.4)	(311.2)	(38.2)	(87.1)	(85.1)	(2.0)
Other	1.7	11.6	(9.9)	0.4	0.6	(0.2)
Operating profit	**447.1**	**426.4**	**20.7**	**135.1**	**118.6**	**16.5**
Net financing costs	(147.9)	(88.4)	(59.5)	(42.8)	(30.7)	(12.1)
Profit before tax	**299.2**	**338.0**	**(38.8)**	**92.3**	**87.9**	**4.4**
Tax	(55.8)	(56.0)	0.2	(25.2)	0.3	(25.5)
Profit for the period	**243.4**	**282.0**	**(38.6)**	**67.1**	**88.2**	**(21.1)**
Free cash flow	**274.5**	**132.4**	**142.1**	**(14.4)**	**(77.2)**	**62.8**
Basic EPS (cents)	54.21	62.65	(13.5%)			
DPS (cents)	53.96	51.39	5.0%			

Revenue & EBITDA

$m	2016	2015	Change	%	Q4 2016	Q4 2015	Change	%
Wholesale MSS revenue	904.5	832.8	71.7	8.6%	245.9	215.3	30.6	14.2%
Other revenue & terminals	305.1	352.7	(47.6)	(13.5%)	81.7	83.8	(2.1)	(2.5%)
Ligado	119.4	88.6	30.8	34.8%	30.5	35.7	(5.2)	(14.6%)
Total Revenue	**1,329.0**	**1,274.1**	**54.9**	**4.3%**	**358.1**	**334.8**	**23.3**	**7.0%**
EBITDA ex Ligado	675.4	637.4	38.0	6.0%	191.3	167.4	23.9	14.3%
Ligado	119.4	88.6	30.8	34.8%	30.5	35.7	(5.2)	(14.6%)
Total EBITDA	**794.8**	**726.0**	**68.8**	**9.5%**	**221.8**	**203.1**	**18.7**	**9.2%**
EBITDA margin ex LN	*55.8%*	*53.8%*			*58.4%*	*56.0%*		
EBITDA margin	***59.8%***	***57.0%***			***61.9%***	***60.7%***		

2016 Revenues include $78.5m of mainly airtime GX revenues

Business Unit Cost 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%

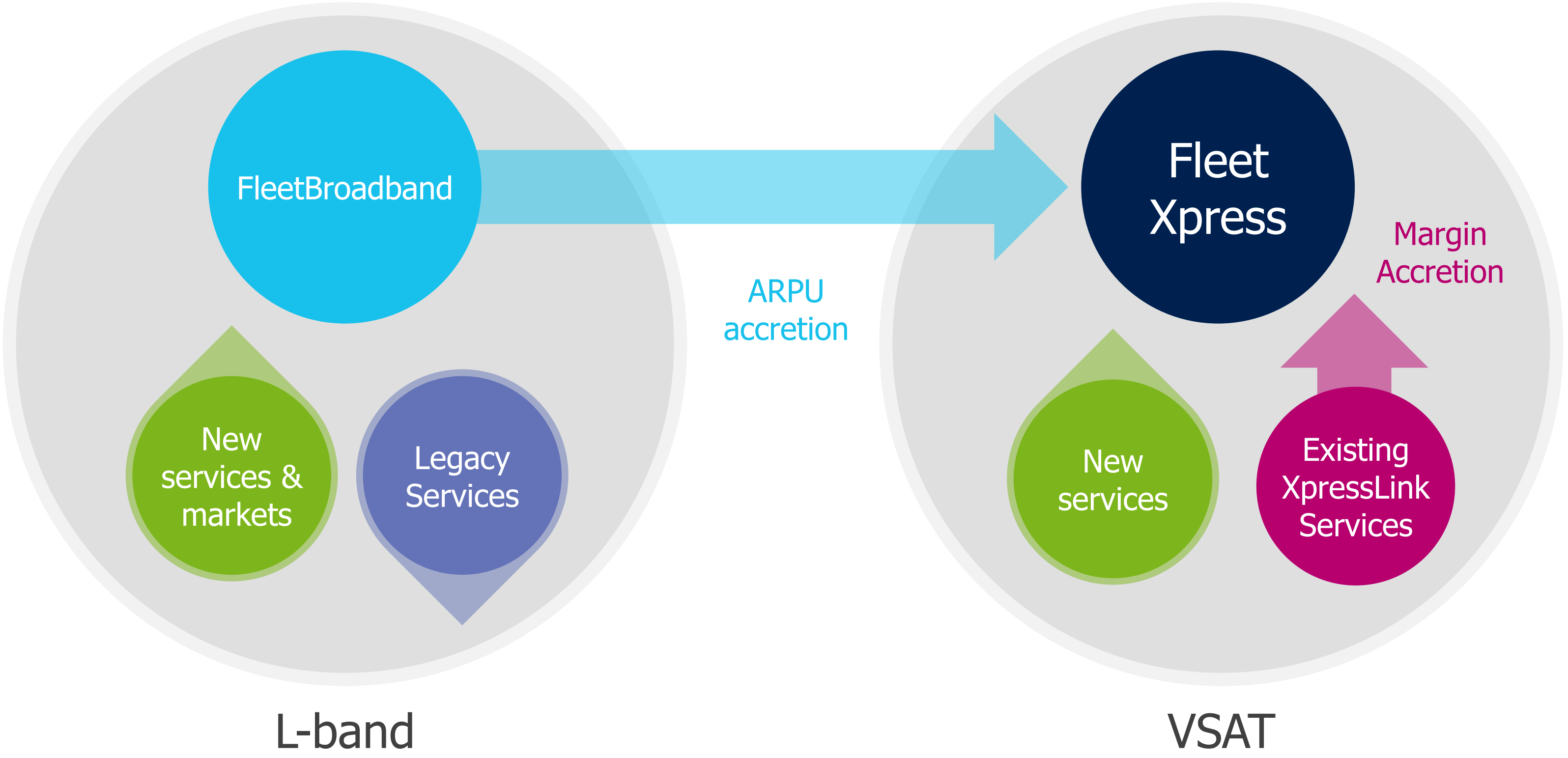
Enterprise ($m)	2016		2015	
Revenue	145		159	
Direct Costs	19		26	
Gross Margin	126	87%	133	84%
Indirect Costs	20		20	
EBITDA	106	73%	113	71%

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

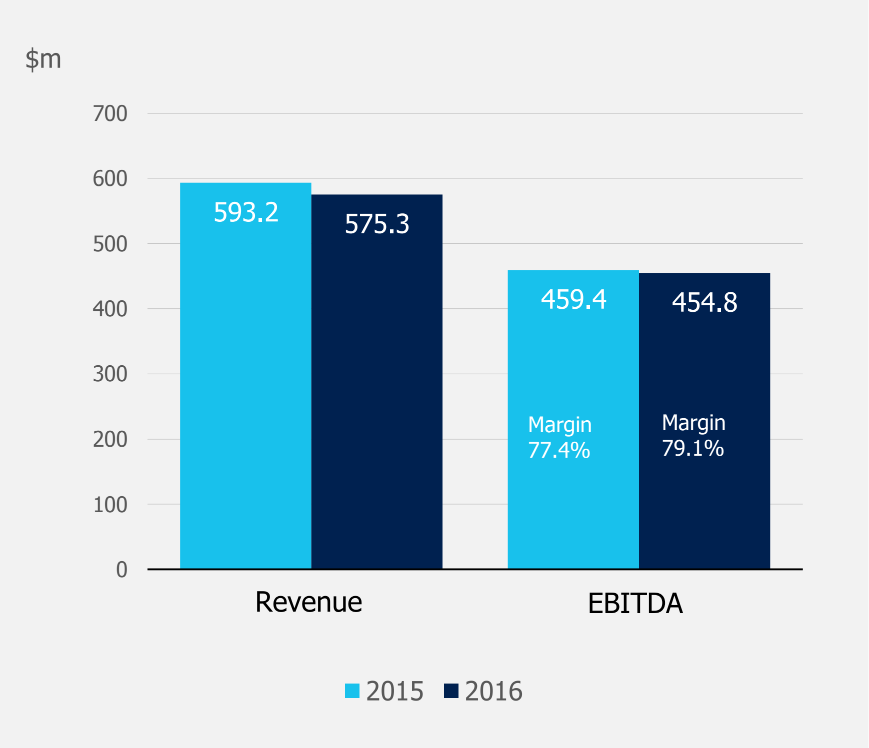
Maritime business model



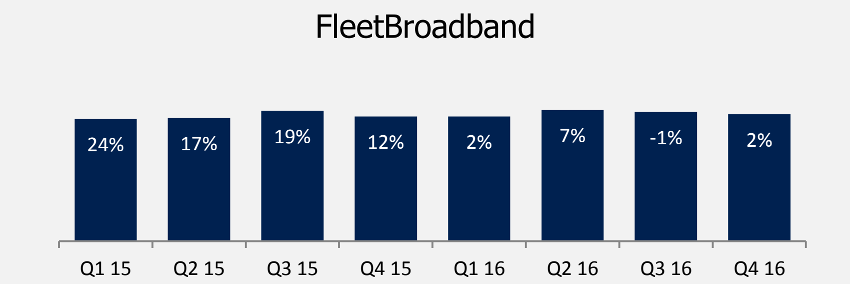
N.B. Sizes of images on this slide are not indicative of value

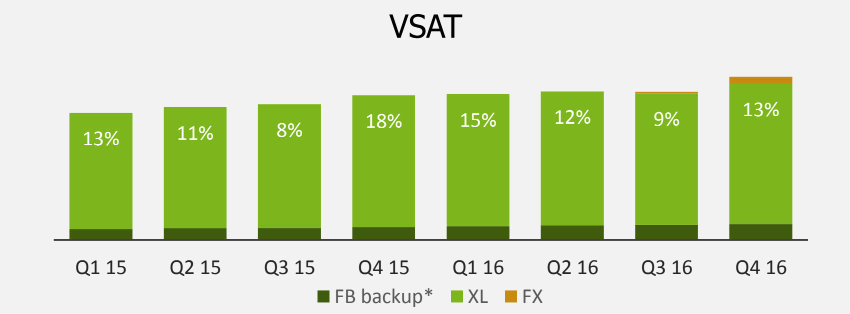
Maritime
Business Unit Results

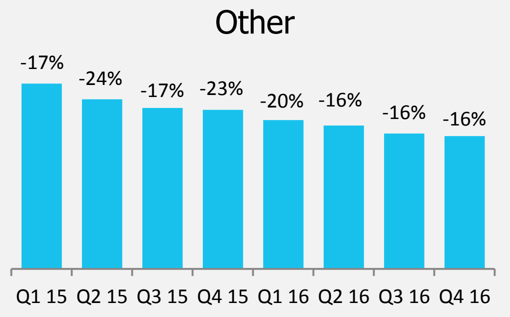
- Growth in VSAT revenue +12% to $102.9m
  - Fleet Xpress full commercial launch
  - More ships, substantial backlog (unchanged)
  - ARPU lower
  - Marlink, SpeedCast, Navarino deals
- Growth in FleetBroadband revenue +2% to $368.2m
  - ARPU increase
  - Migration to VSAT continues
- Legacy product decline unabated by -27% to $104.2m
  - Fleet -55%, Other -17%
- Margin improvement
  - Better mix: less low margin legacy product but continued VSAT (XL Ku) cost growth
  - Lower indirect costs

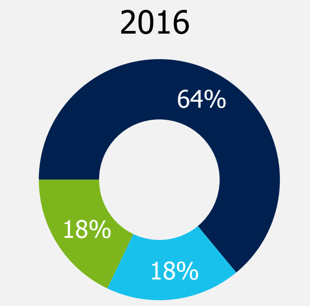


Maritime
Key product dynamics







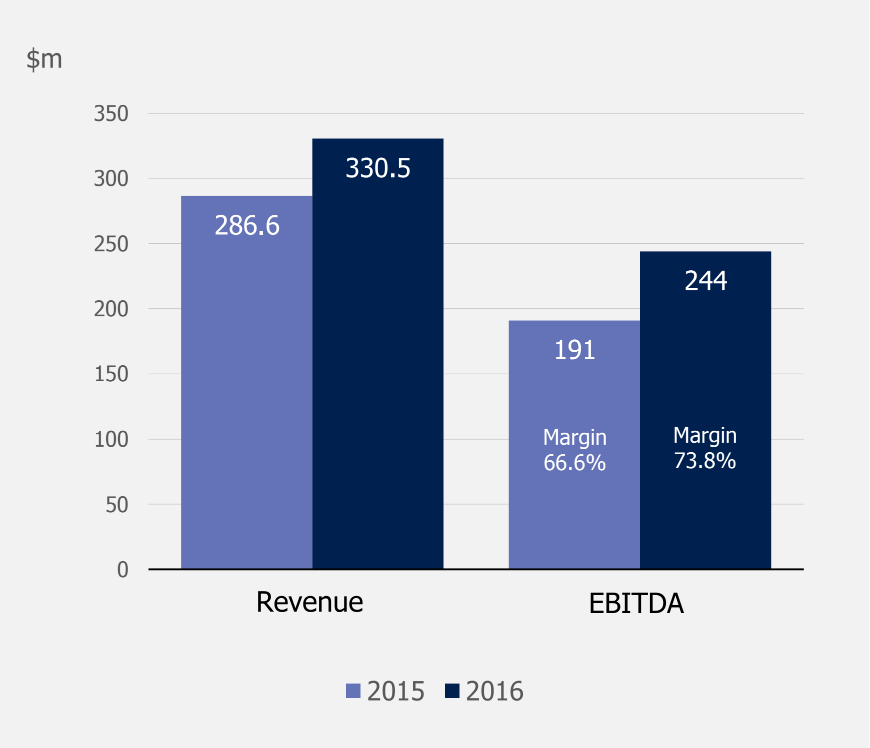


	Revenue ($m)		Vessel count		Monthly ARPU ($)	
	2016	2015	2016	2015	2016	2015
FB inc. VSAT backup	368.2	359.7	41,032	41,942	737	724
FB standalone			38,088	39,712	787	756
VSAT (XL and FX)	102.9	91.8	3,028	2,484	3,112	3,433
Other products	104.2	141.7				

*FB backup is shown to illustrate VSAT revenues which are attributable to the L-band backup service

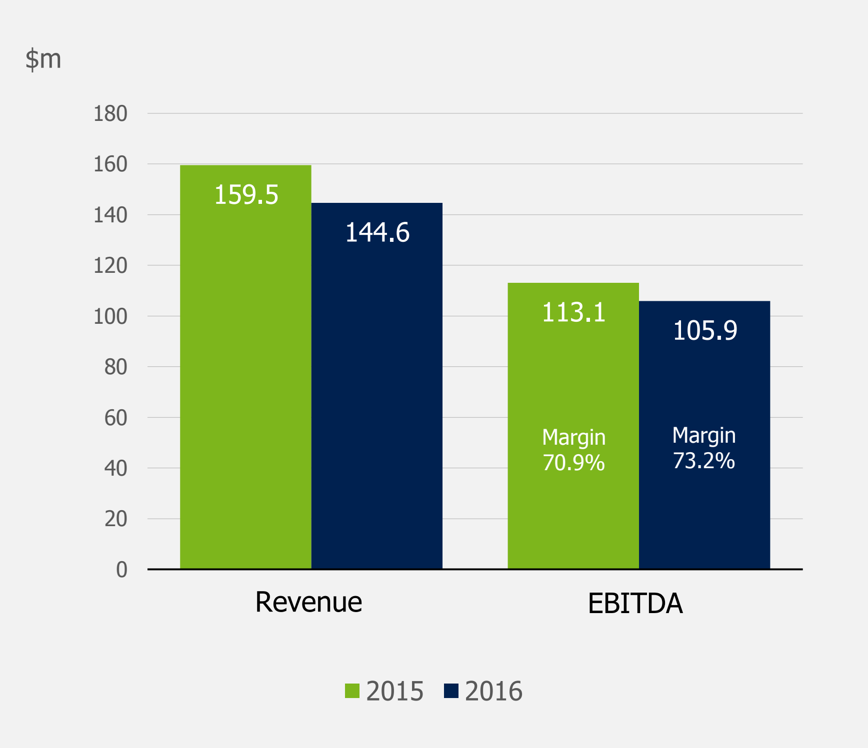
Government
Business Unit Results

- > Growth in the US
  - Revenue up 20% (down 13% in 2015)
  - Budgetary pressure continues
  - Increasing GX uptake
  - One-off Q4 transaction
  - US Navy contract win impacts in 2017
- > Growth outside the US
  - Revenue up 10% (down 7% in 2015)
  - Operational tempo
  - Budgetary pressure continues
- > Margin improvements
  - Improved revenue mix :
    growth in GX and other high margin airtime



Enterprise
Business Unit Results

> Markets continue to be tough
  – Revenue down 9% (down 4% in 2015)
> BGAN -21%
  – Continuing decline (particularly energy & media)
> GSPS +8%
  – Airtime flat, terminal sales +22% (2015 issue)
> FleetBroadband -12%
  – Oil and Gas users and usage lower
> FB Fixed to Mobile +25%
  – Price increase to market level
> M2M +3%
  – Increasing terminal numbers
> Margin improvements
  – Revenue mix



Aviation
Business Unit Results

Growth in BGA and SOS*

> Revenues up 11% (25% 2015)

> SwiftBroadband up 9%

> Classic Aero up 24%

Investment in In-Flight Connectivity

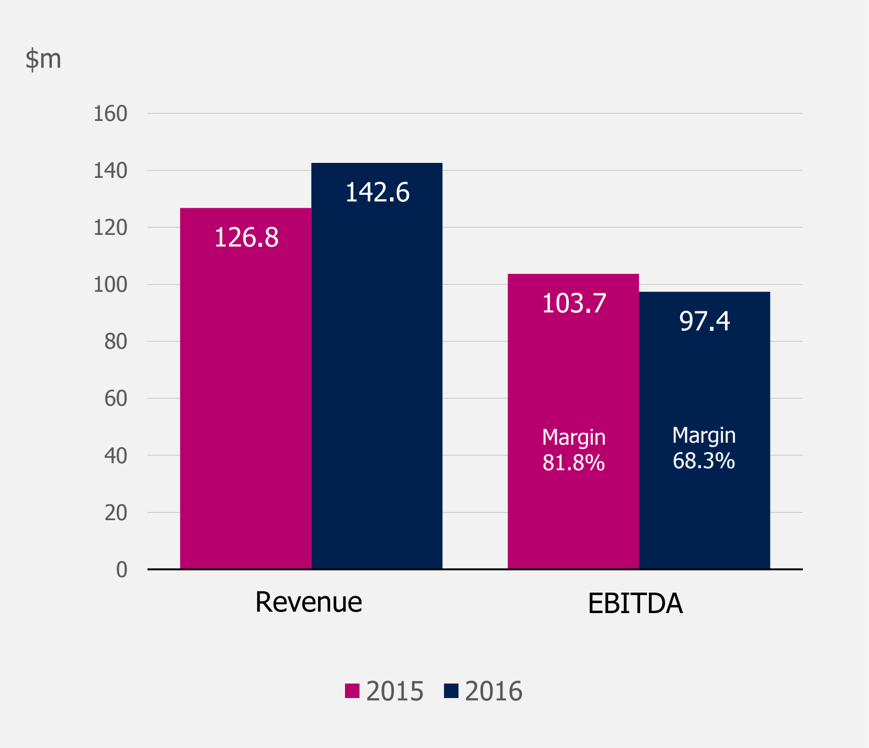
> First $2m of revenues : DLH installation

> Additional investment (opex and capex)

Lower EBITDA and EBITDA margins

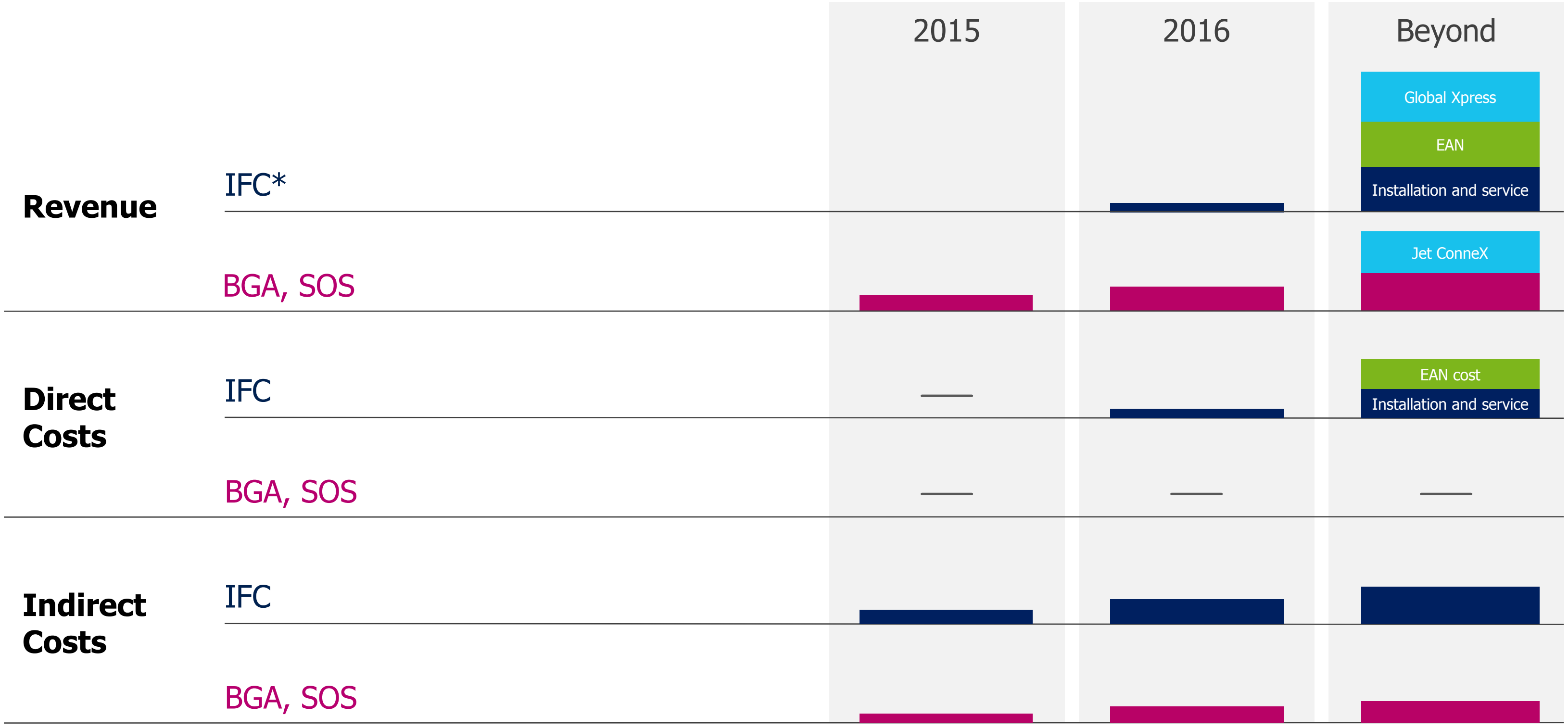
> Entirely due to IFC investment

> Core BGA and SOS EBITDA growth



* Business & General Aviation, Safety and Operational Services

Aviation
Changing Financial Profile



*Excludes transitional L-band cabin services
NB The various elements on this graph are indicative, not to scale

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Group Cash Flow

US$m	2016	2015	Change	Q4 2016	Q4 2015	Change
EBITDA	**794.8**	**726.0**	**68.8**	**221.8**	**203.1**	**18.7**
Working capital/non-cash items	10.7	(9.0)	19.7	(28.2)	(56.4)	28.2
Operating cash flow	**805.5**	**717.0**	**88.5**	**193.6**	**146.7**	**46.9**
Capital expenditure	(412.9)	(493.6)	80.7	(173.9)	(177.8)	3.9
Interest paid	(82.5)	(78.1)	(4.4)	(27.7)	(28.4)	0.7
Tax paid*	(35.6)	(12.9)	(22.7)	(6.4)	(17.7)	11.3
Free cash flow	**274.5**	**132.4**	**142.1**	**(14.4)**	**(77.2)**	**62.8**
Disposals	-	32.9	(32.9)	-	-	-
Dividends	(228.5)	(223.7)	(4.8)	(84.5)	(87.8)	3.3
Other movements	7.4	2.4	5.0	3.1	0.6	2.5
Net cash flow	**53.4**	**(56.0)**	**109.4**	**(95.8)**	**(164.4)**	**68.6**
Opening net debt	1,985.8	1,900.7	(85.1)	1,792.8	1,815.8	23.0
Net cash flow	(53.4)	56.0	109.4	95.8	164.4	68.6
Other	(37.6)	29.1	66.7	6.2	5.6	(0.6)
Closing net debt	**1,894.8**	**1,985.8**	**91.0**	**1,894.8**	**1,985.8**	**91.0**

* Legacy tax issue remains open

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Capital Expenditure

US$m	2016	2015	Change	Q4 2016	Q4 2015	Change
Major infrastructure projects	279.2	354.1	74.9	139.4	128.9	(10.5)
Success-based capex	78.8	29.1	(49.7)	33.2	11.3	(21.9)
Other	92.1	78.6	(13.5)	40.4	23.5	(16.9)
Cash flow timing	(37.2)	31.8	69.0	(39.1)	14.1	53.2
Total cash capital expenditure	**412.9**	**493.6**	**80.7**	**173.9**	**177.8**	**3.9**

Definitions

Major infrastructure projects: In 2016, mainly relates to I-5 F4, S-band and I-6 satellite design, build, launch and ground infrastructure costs.

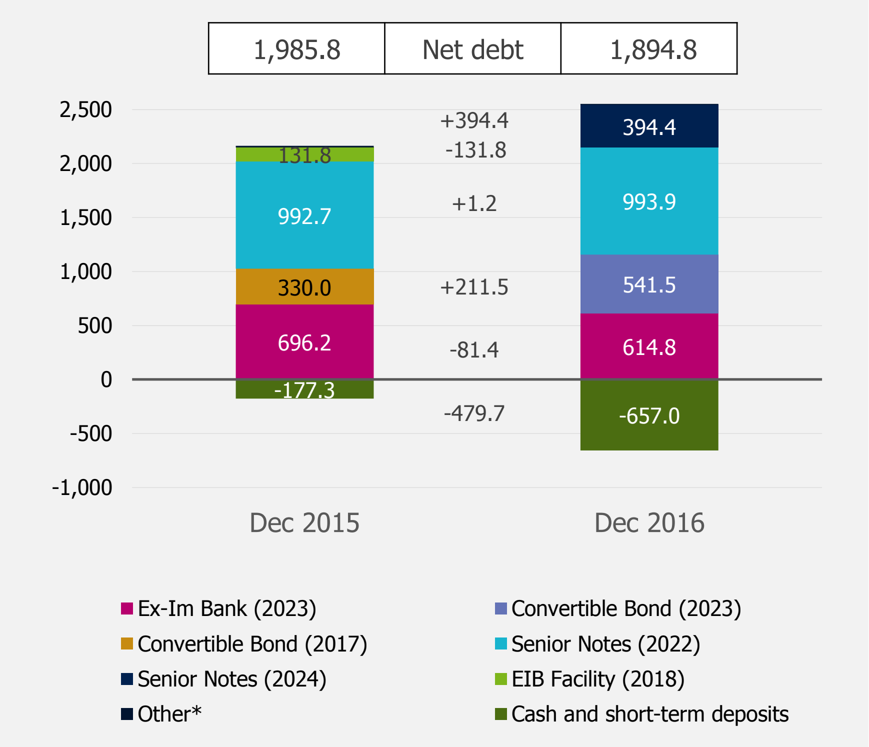
Success-based capex: Equipment installed on customer platforms (e.g. ships and aircraft). Ties closely to near term new revenues.

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.

Net debt

- > Refinancing completed H2
  - – $650m new convertible, 3.875%
  - – $400m new Bond, 6.5%
  - – $400m 2017 Convertible retired
  - – $107m EIB Bond retired
- > $1,236m liquidity at 31 December
  - – Cash $657m
  - – Revolving Credit Facility $500m
  - – Undrawn Ex-Im Facilities $79m
- > Average interest rate on Gross Debt of 4.41% (2015 3.98%)
- > Leverage
  - – Net Debt* to normally be <3.5x EBITDA
  - – 2.4x at 31 Dec (2015: 2.7x)



* Including convert

Guidance

New guidance (in line with current market expectations)

- 2017 revenue, excluding Ligado, of $1,200m to $1,300m
- 2018 revenue, excluding Ligado, of $1,300m to $1,500m
  - Higher outcomes continue to be possible, depending on the results of Aviation and Government noted above

Unchanged guidance

- Capex at $500m to $600m per annum for both 2017 and 2018
- Annual GX revenues at a run rate of $500m by the end of 2020
- Leverage to normally remain below 3.5x
- Aviation EBITDA margins will reflect the addition of new lower margin service revenues and higher indirect costs
- Central costs will increase reflecting additional GX operational delivery costs

Full Year Results 2016

8 March 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.

Q&A

Full Year Results 2016

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