Interim Results 2017

3 August 2017

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Mid-year review

Rupert Pearce
Chief Executive Officer

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Market context

Structural Change

- Will remain a key feature of our industry
- Significant potential investment from existing operators and new players
- Will help to capture new growth opportunities

Demand Side

- Rise of a digital society, powered by the “Internet of Things”
- Sizeable new markets will need satellite communications and technology
- Shift towards managed services and solutions

Supply Side

- Risk of over-capacity remains in certain geographies and for specific technologies
- Likely requirement for more usable capacity in certain mobility markets

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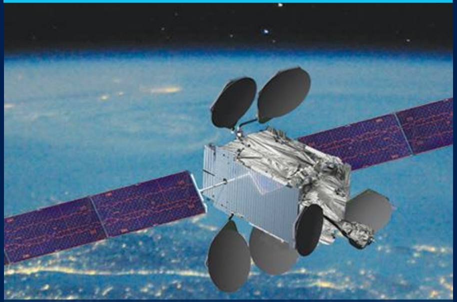


- Driving into new satellite broadband markets in mobility
- Re-positioning L-band network for next generation “Internet of Things” opportunities

Our strategy

Grow and diversify by serving the Digital Society
with our **unique capabilities**

Best networks

Best solutions

Best distribution

Best organisation

Driven by our unique position in **mobility** in
Maritime, Government, Aviation and **Enterprise**

Operational Review - H1 2017

Continued focus on operational execution in challenging markets

> **Group** revenue up 9% to $688m, with EBITDA, up 2% to $376m in H1 2017

- GX generated revenue of $60m in H1 2017, including $28m in Q2 2017

> **Maritime**

- Against tough comparator in Q2, strong growth in higher bandwidth services and resilient L-band revenues, with legacy product continuing to decline

> **Government**

- Continued outperformance, reflecting material new business win, particularly impacting Q2, first CSSC revenue, increased Boeing revenue & ongoing higher operational tempo

> **Aviation**

- Sustained double digit revenue growth in Core business and further positive momentum in In Flight Connectivity, with Avianca and Qatar contract wins, and service with Deutsche Lufthansa Group going live

> **Enterprise**

- Growth in M2M but continuing difficult markets otherwise

Market share

Maritime - the market opportunity

2017

Small vessel market
- Inmarsat products: Fleet One
- Market size: 690,000 vessels
- Market value: c.$750m

Mid-market
- Inmarsat products: FleetBroadband
- Market size: 60,000 vessels
- Market value: c.$540m

VSAT / high bandwidth
- Inmarsat products: XpressLink, Fleet Xpress
- Market size: 20,000 vessels
- Market value: c.$500m

Fleet One medium to long term "upsell"

FleetBroadband migration to Fleet Xpress

2020's

Small vessel market
- Forecast market size: 725,000 vessels
- Potential market value: c.$780m

Market share opportunity

Mid-market
- Forecast market size: 50,000 vessels
- Potential market value: c.$450m

Market share opportunity

VSAT / high bandwidth
- Forecast market size: 40,000 vessels
- Potential market value: c.$1bn

Market share opportunity

Source: Inmarsat, Clarksons, Euroconsult, Futurenautics
NB All estimated market sizes are retail

Maritime – progress in H1 2017

Driven by continued demand for higher bandwidth services

L-band

Fleet One

- Over 2,000 vessels now installed
- Building new business pipeline for future growth

Fleet BroadBand

- A solid performance, despite weak market conditions
- On-going customer migration to Fleet Xpress – ARPU-accretive for the Maritime business
- Customers continue to take higher value packages

Ka-band

Fleet Xpress

- Installation programme ahead of schedule, with over 1,300 vessels now installed
- Margin benefits from migration to Ka-band expected to come through
- Future commitments on over 10,000 vessels
- Strengthened internal installation capability
- Market-leading distribution network, further enhanced by Satlink commitment, signed in Q1 2017

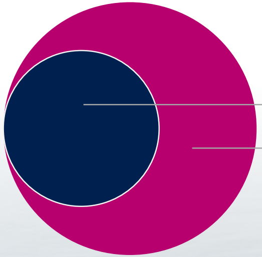
Fleet One medium to long term "upsell" → **FleetBroadband** migration to Fleet Xpress

Aviation: BGA & SOS – the market opportunity

Business & General Aviation and Safety & Operations Services market

Market size:

BGA:

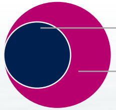


2016: $200m

2025: $600m

Market size:

SOS:
(Long haul only)



2016: $50m

2025: $100m

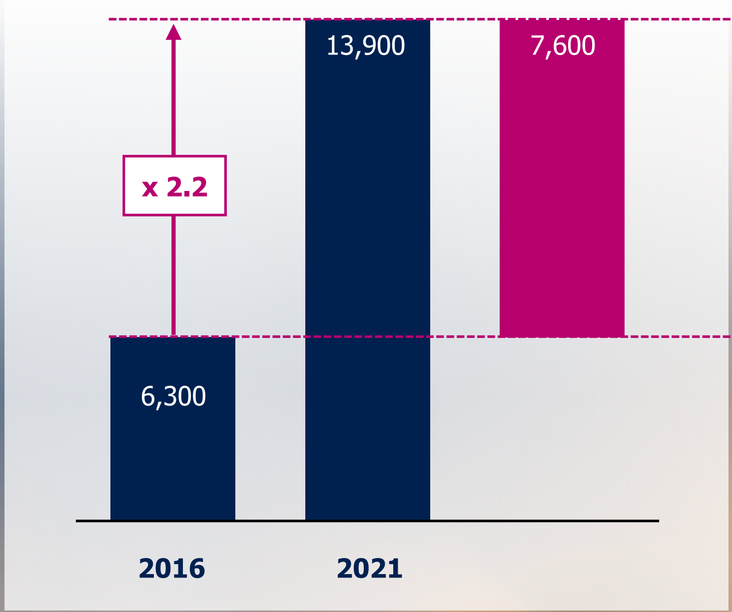
Key Drivers

> Growth in connected jets in BGA – from 21,000 in 2016 to 34,000 in 2026
> Increased bandwidth requirement per aircraft
> Further innovation in cabin and cockpit applications
> Key regulatory-driven mandates, including IRIS
> Rise in next generation safety services

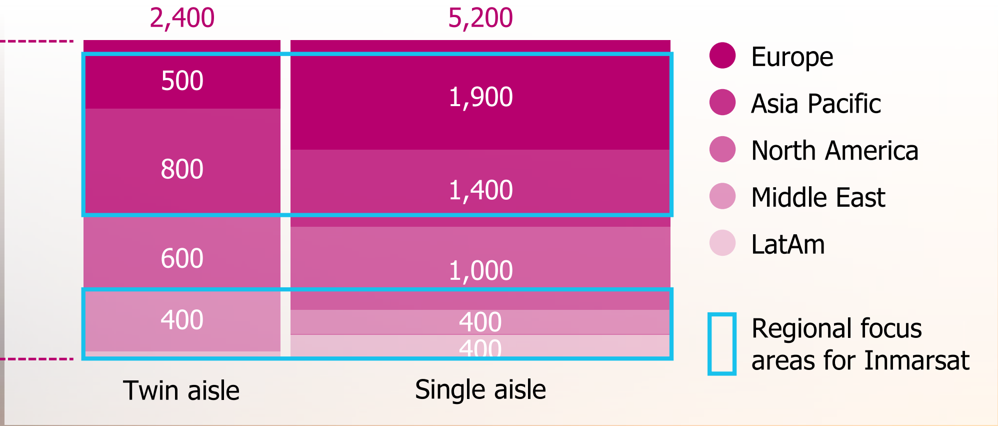
Source: Euroconsult 2016

Aviation: IFC – the market opportunity

Growth in connected aircraft



Regional split of new expected connected aircraft



Source: Valour 2016

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The European Aviation Network

On track for commercial deployment in Q4 2017

EAN Proposition vs current IFC offerings	Response to recent competitor claims
> Higher capacity > Wider coverage > Faster speeds > Lower latency > Quicker and easier terminal installation > Lower cost per bit > Quicker and easier network expansion	> Inmarsat is delivering EAN in accordance with framework established by European laws and implemented by national regulatory authorities > Competitor claims are entirely without merit and fundamentally misconceived > No basis to challenge our use of the MSS spectrum > All MSS regulatory authorizations received and issuance for remaining CGC licenses in final stages > On track for commercial deployment in Q4 2017

Aviation – progress in H1 2017

Strong growth continues

Business & General Aviation Safety & Operational Services

- Continued double digit revenue growth in SwiftBroadband and Classic Aero
- Over 17,000 terminals now connected
- Continued high customer usage of SwiftBroadband
- 64 JetConnex terminals now installed
- JetConnex now linefit certified with 4 leading OEM’s

In-flight connectivity services for Commercial Aviation

- Qatar Airways and Avianca contracts won in Q2 2017
- Over 1,200 signed aircraft under expected contract
- Active new business pipeline of 3,000 aircraft
- Increasing focus on installation programmes for customers
- 101 aircraft installed for Deutsche Lufthansa Group
- Launch of Inmarsat-S EAN satellite

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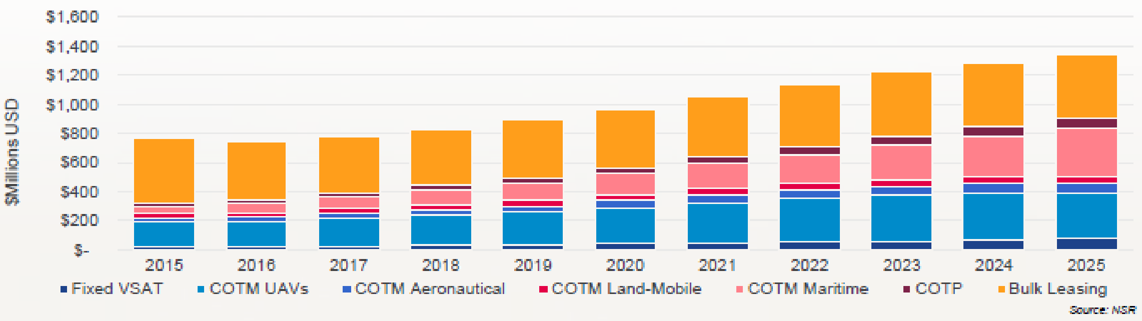
Government – the market opportunity

Government/military satcom global capacity revenues



Key Drivers:

Major events | Budgets | Technology | Contract wins

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Government – progress in H1 2017

US

Boeing partnership

CSSC contract ramping up

New contract wins – driven by renewed emphasis on direct sales

Involvement in FirstNet consortium win

International

Higher operational tempo continues in one region

Continued focus on geographic diversification - over 30 countries served

Longer term opportunities in China and India

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Enterprise – the market opportunity

Core Connectivity Markets		Future markets		

Oil & Gas

Mining

Intelligent transport

Smart Agriculture

e2e logistics

Media

Aid & NGO

Smart Cities

Smart grids

E-government

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Enterprise – progress in H1 2017

Legacy products remain under pressure in the short term	Focused on "Internet-of-Things" opportunities in the long term
> Impacted by challenging and competitive markets, in particular BGAN > On-going decline in customer demand for GSPS > Fixed to mobile impacted by continued migration to VOIP > Re-focused approach gaining new business traction	> Positive growth trajectory continues in M2M > Incubating key potential growth initiatives > Further developments in Connected Car proposition > Inmarsat involvement in Smart Africa Alliance

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Asset Base Development – progress in H1 2017

Continuing to develop our organizational capability

Launch of Inmarsat-5 F4

- Successful launch with SpaceX
- Provides in-orbit redundancy and additional capacity, as and when required
- Initially positioned over Europe, Middle East and Indian Sub-continent

Design & build of 5th GX

- Adds depth in capacity to service areas of higher demand, in particular aviation routes
- Supports our customers in IFC
- Illustrates constant evolution of GX to capture future growth opportunities – to be launched during 2019
- Total expected capital investment of c.$200m, including launch and insurance

Investing in our organisational capability

- Building a strong functional backbone to support the business
- Improving our organisational capability – IT, Cyber, Finance, People, Digital, Operations, Product Development
- Utilising best practice to drive innovation
- Creating efficiencies over time

H1 2017 performance - summary

Strong 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 – H1 and Q2 2017

$m	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Revenue	**688.2**	**629.0**	**59.2**	**356.0**	**330.4**	**25.6**
Operating costs	(311.7)	(260.6)	(51.1)	(161.0)	(128.2)	(32.8)
EBITDA	**376.5**	**368.4**	**8.1**	**195.0**	**202.2**	**(7.2)**
Depreciation & Amortisation	(192.3)	(174.5)	(17.8)	(96.2)	(84.6)	(11.6)
Operating profit	**184.2**	**193.9**	**(9.7)**	**98.8**	**117.6**	**(18.8)**
Adjusted net financing costs	(50.2)	(39.5)	(10.7)	(23.7)	(21.7)	(2.0)
Adjusted profit before tax	**134.0**	**154.4**	**(20.4)**	**75.1**	**95.9**	**(20.8)**
Tax	(24.2)	(32.0)	7.8	(17.5)	(19.1)	1.6
Change in value of derivative	(72.2)	-	(72.2)	(13.9)	-	(13.9)
Profit after tax	**37.6**	**122.4**	**(84.8)**	**43.7**	**76.8**	**(33.1)**
Free cash flow	**21.5**	**218.2**	**(196.7)**	**3.7**	**85.7**	**(82.0)**
DPS (cents)	**21.6**	**20.6**	**5.0%**			

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%

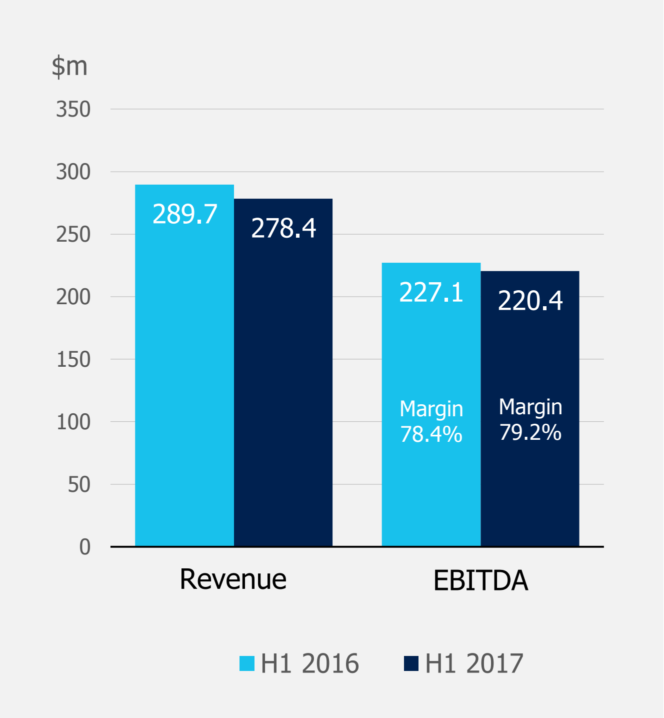
Enterprise ($m)	2017		2016	
Revenue	62		73	
Direct Costs	9		9	
Gross Margin	53	85%	64	88%
Indirect Costs	9		10	
EBITDA	44	71%	54	74%

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%

Maritime Results – H1 2017

- VSAT revenue up $9.7m, 19.5%, to $59.7m
  - FX installation rate ramping up assisted by partners
  - Now 3600 ships, increasing order book
  - ARPU lower due to increasing impact of distribution agreements
- Decline in FleetBroadband revenue of $8.3m or 4.5%, to $175.7m
  - Fewer ships : FX migration and loss (mainly H2 2016)
  - Lower ARPU reflecting migration to VSAT, lower F2M etc
- Other, mainly legacy products, fell by $12.7m or 22.8%, to $43.0m
- EBITDA $6.7m lower:
  - Revenue impact
  - Bad debt provisions (may reverse)
  - Underlying indirect costs little changed



Maritime Revenue trends

	2016								2017			
$m	Q1		Q2		Q3		Q4		Q1		Q2	
VSAT (XL and FX)	24.8		25.2	17%	25.2		27.8		29.2		30.5	22%
FleetBroadband	89.7		94.3	64%	92.9		91.3		87.8		87.9	63%
Other (mainly low margin and legacy)	28.6		27.1	18%	24.8		23.7		22.1		20.9	15%
Total Maritime Revenue	**143.1**		**146.6**	**100%**	**142.9**		**142.7**		**139.1**		**139.3**	**100%**

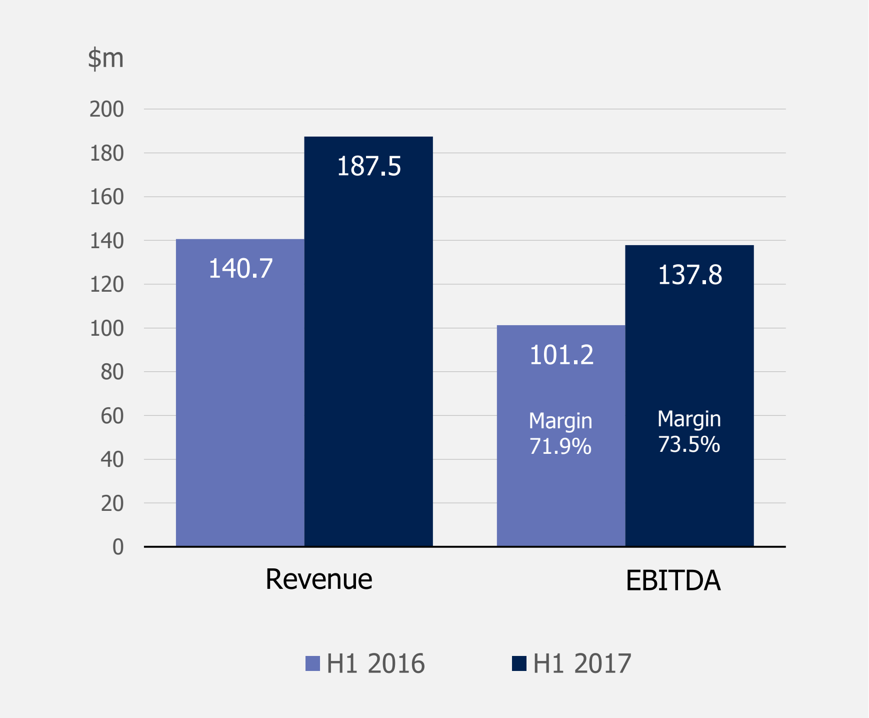
FBB	Q1		Q2		Q3		Q4		Q1		Q2	
To VSAT		(0.3)		(0.2)		(0.2)		(0.3)		(0.4)		
Other		4.8		(1.2)		(1.5)		(3.2)		0.5		
Total		**4.6**		**(1.3)**		**(1.7)**		**(3.5)**		**0.1**		

VSAT	Q1		Q2		Q3		Q4		Q1		Q2	
From FBB		0.7		0.4		0.5		0.5		0.8		
Other		(0.2)		(0.4)		2.1		0.9		0.5		
Total		**0.4**		**(0.0)**		**2.6**		**1.5**		**1.3**		

1. Tougher Q2 comparative given FB price increase in Q2 2016
2. Revenue growth Q2 2017 v Q1 2017
3. Accelerating strong growth in VSAT (in Q2 2017, 21% v PY)
4. FB declining slowly, compounded by migration to VSAT
5. Legacy decline at 20-25% pa continues but impact reducing
6. FB ARPU increase Q2 2016 not sustained
7. Material ARPU accretion on FB to FX migration

Government Results – H1 2017

- Growth in the US
  - Revenue up 57.2%
  - Material new, high margin, contract impacting Q2
  - Boeing ToP contract
  - CSSC contract ramping up
  - FirstNet contract – no impact in 2017
- Growth outside the US
  - Revenue up 4.3%
  - Higher operational tempo continues
- EBITDA growth of $36.6m:
  - Revenue impact
  - Indirect costs unchanged



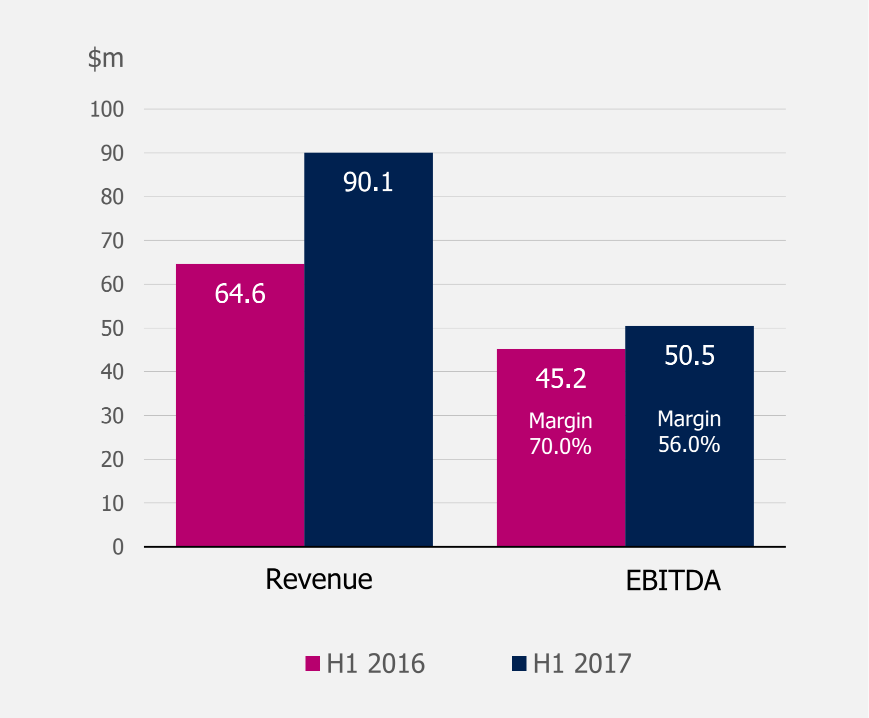
Aviation Results – H1 2017

> Growth in Core BGA and Safety
  - Total core revenues up $16.9m, (26%) to $81.5m
  - SwiftBroadband up $13.3m, (32%), to $55.2m
  - Classic Aero up $2.5m, (15%), to $19.3m

> Investment in In-Flight Connectivity (GX)
  - Installation revenues of $8.6m
  - Investment in capability

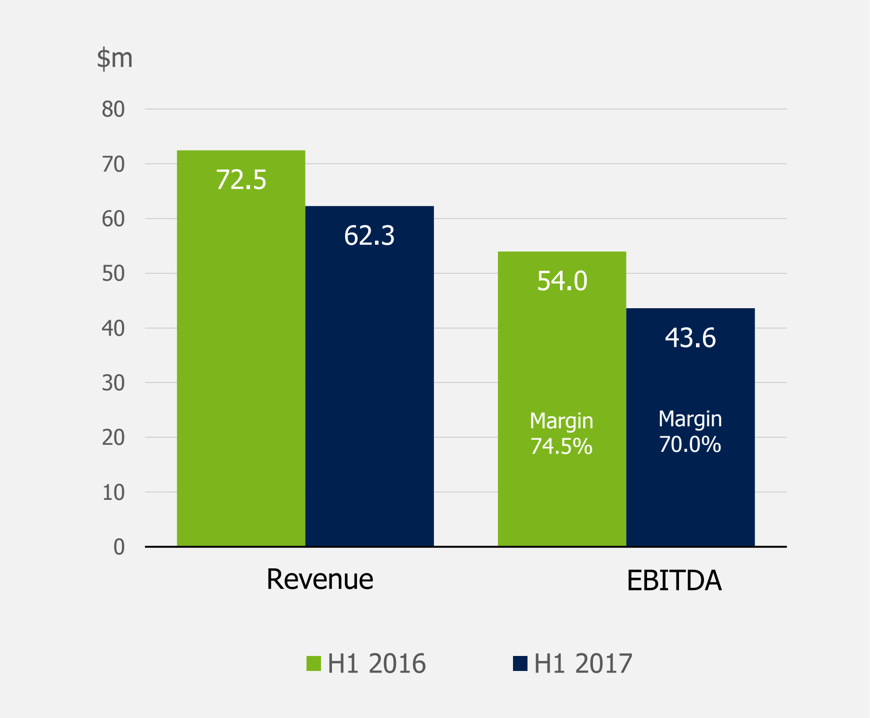
> EBITDA growth of $5.3m:
  - Revenue growth, changing revenue mix
  - Rising indirect costs

> Cash capex increased by $45.9m to $78.9m
  - Inmarsat-S EAN satellite and GX on board equipment



Enterprise Results – H1 2017

- Markets continue to be tough
  - Revenue down $10.2m, (14%) to $62.3m
- BGAN -21%
  - Continuing decline (particularly energy & media)
- GSPS -20%
  - Airtime flat, terminal sales -46%
- FleetBroadband -29%
  - Oil and Gas users and usage lower
- FB Fixed to Mobile -29%
  - Structural migration to VOIP
- M2M +8%
  - Increasing terminal numbers
- EBITDA declined by $10.4m:
  - Revenue decline and mix
  - Indirect costs unchanged



Group Cash Flow

US$m	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
EBITDA	**376.5**	**368.4**	**8.1**	**195.0**	**202.2**	**(7.2)**
Working capital/non-cash items	17.2	49.0	(31.8)	15.7	16.3	(0.6)
Operating cash flow	**393.7**	**417.4**	**(23.7)**	**210.7**	**218.5**	**(7.8)**
Capital expenditure	(300.8)	(139.1)	(161.7)	(170.6)	(100.6)	(70.0)
Interest paid	(54.8)	(38.5)	(16.3)	(33.5)	(27.7)	(5.8)
Tax paid*	(16.6)	(21.6)	5.0	(2.9)	(4.5)	1.6
Free cash flow	**21.5**	**218.2**	**(196.7)**	**3.7**	**85.7**	**(82.0)**
Dividends paid	(117.9)	(144.0)	26.1	(117.9)	(143.6)	25.7
Other movements	(2.0)	2.6	(4.6)	(0.7)	(0.8)	0.1
Net cash flow	**(98.4)**	**76.8**	**(175.2)**	**(114.9)**	**(58.7)**	**(56.2)**
Opening net debt	1,894.8	1,985.8	91.0	1,884.9	1,857.8	(27.1)
Net cash flow	98.4	(76.8)	(175.2)	115.2	58.7	(56.5)
Other	12.6	14.9	2.3	5.7	7.4	1.8
Closing net debt	**2,005.8**	**1,923.9**	**(81.9)**	**2,005.8**	**1,923.9**	**(81.8)**

* Legacy tax issue remains open

Capital Expenditure

US$m	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
Major infrastructure projects	203.5	100.2	(103.3)	127.3	66.3	(61.0)
Success-based capex	53.4	23.1	(30.3)	23.4	10.5	(12.9)
Other	58.8	34.2	(24.6)	29.0	12.8	(16.2)
Cash flow timing	(14.9)	(18.4)	(3.5)	(9.1)	11.0	20.1
Total cash capital expenditure	**300.8**	**139.1**	**(161.7)**	**170.6**	**100.6**	**(70.0)**

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

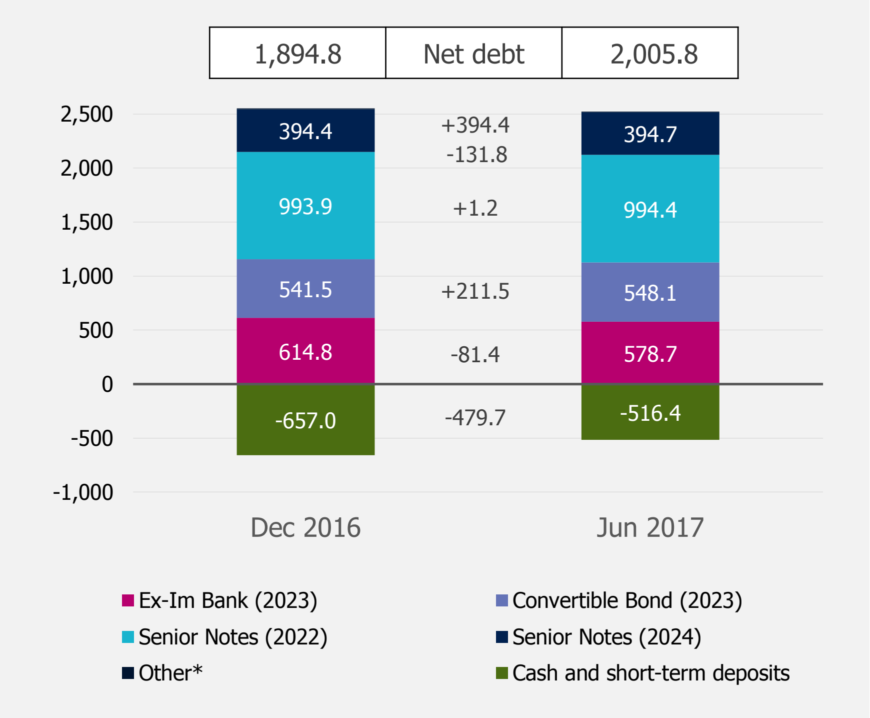
Success-based capex: Equipment installed on customer platforms (e.g. ships and aircraft) increasing due to DLH.

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

- $1,094m liquidity at 30 June
  - Cash $516m
  - Revolving Credit Facility $500m
  - Undrawn Ex-Im Facilities $78m
- Average interest rate on Gross Debt of 4.43% (Dec 2016 4.41%)
- Leverage
  - Net Debt* to normally be <3.5x EBITDA
  - 2.5x at 30 Jun (as at 31 Dec 2016: 2.4x)



* Including convert

Future Guidance

Remains unchanged

- 2017 revenue, excluding Ligado, of $1,200m to $1,300m
- 2018 revenue, excluding Ligado, of $1,300m to $1,500m
- EBITDA margin will be 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
- Annual GX revenues at a run rate of $500m by the end of 2020
- Leverage to normally remain below 3.5x, compared to 2.5x at the end of HY 2017

Interim Results 2017

3 August 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

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