



# Inmarsat plc

**Q4 & Preliminary full year results 2007**

**March 6th 2008**

# 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.

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# **Preliminary full year results 2007**

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**

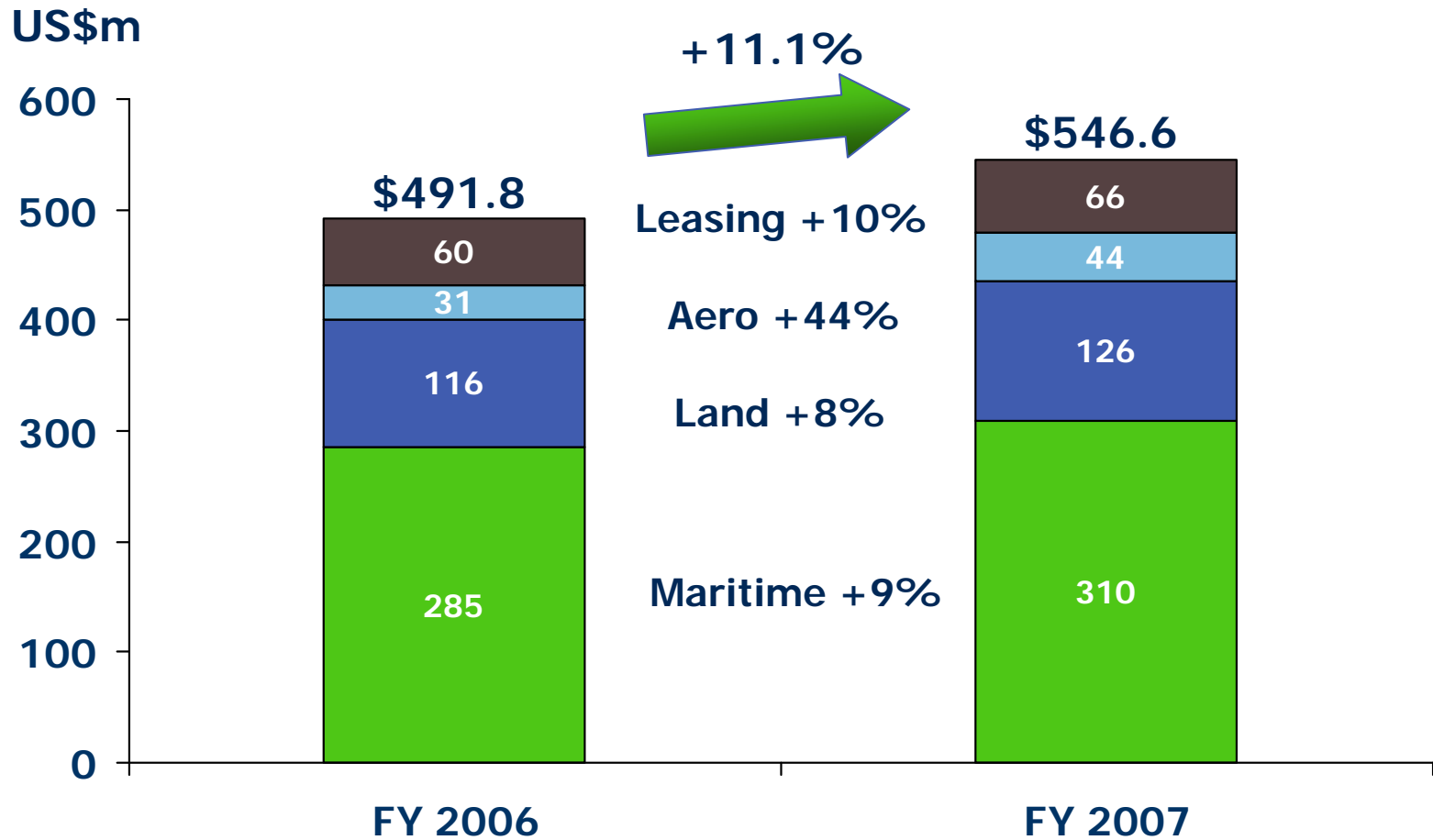
# 2007 financial highlights

- ➔ Total revenue up 15.3% to \$576.5m (2006: \$500.1m)
  - Includes CIP/Stratos for 21 days
  - Inmarsat Core<sup>(1)</sup> revenue up 11.4% to \$557.2m (2006: \$500.1m)
- ➔ EBITDA up 17.0% to \$388.1m (2006 \$331.7m)
  - Inmarsat Core<sup>(1)</sup> EBITDA up 15.6% to \$383.5m (2006: \$331.7m)
- ➔ Profit before tax up 39% to \$124.8m (2006: \$89.8m)
- ➔ EPS 21 cents up 23.5% (2006 adjusted:<sup>(2)</sup> 17 cents)
- ➔ Final dividend proposed of 17.33 cents, up 8.3%

(1) Inmarsat plc and its subsidiaries excluding CIP

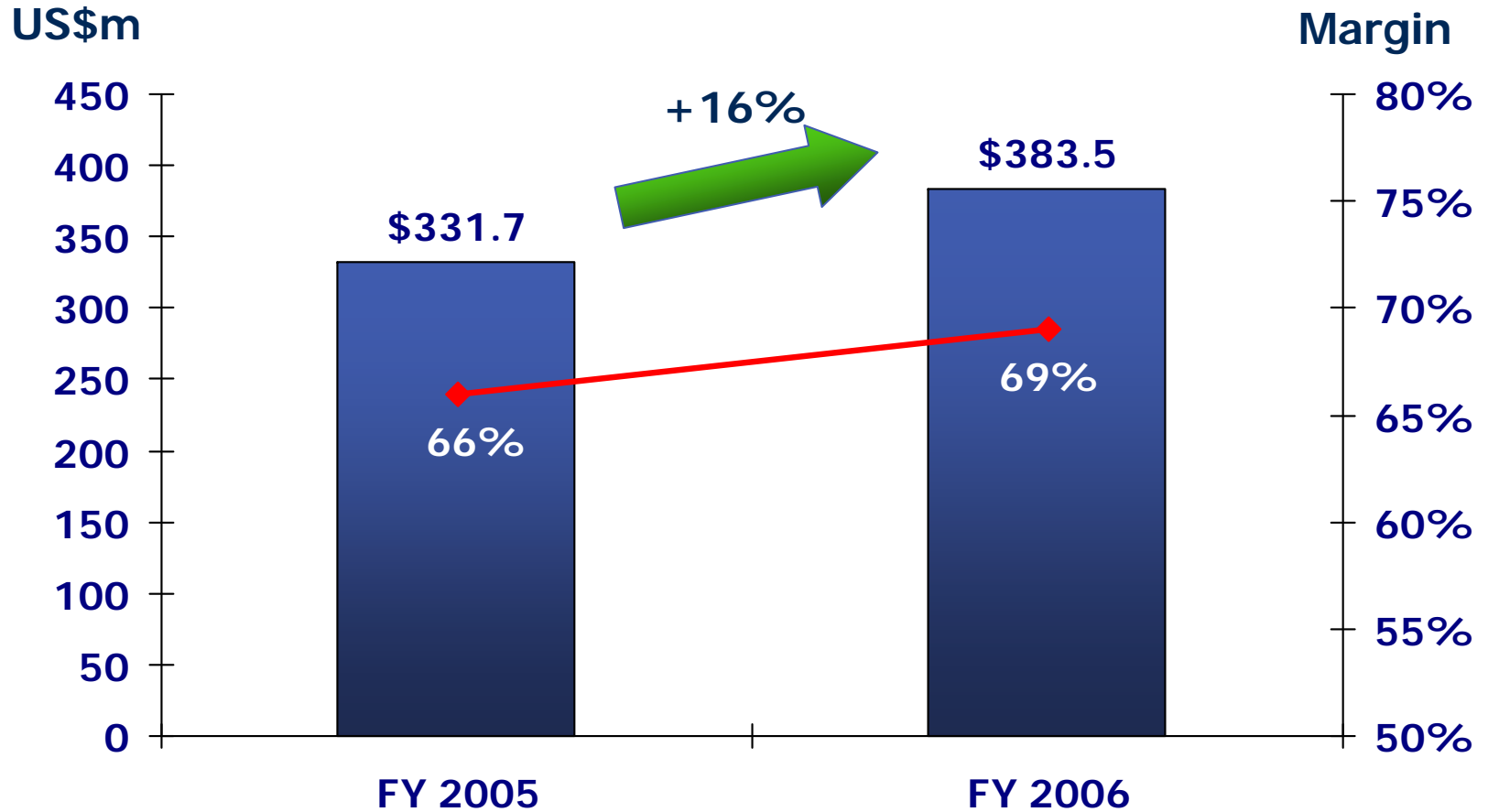
(2) 2006 EPS adjusted to exclude \$51.9m of one time items in relation to a subsidiary disposal

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



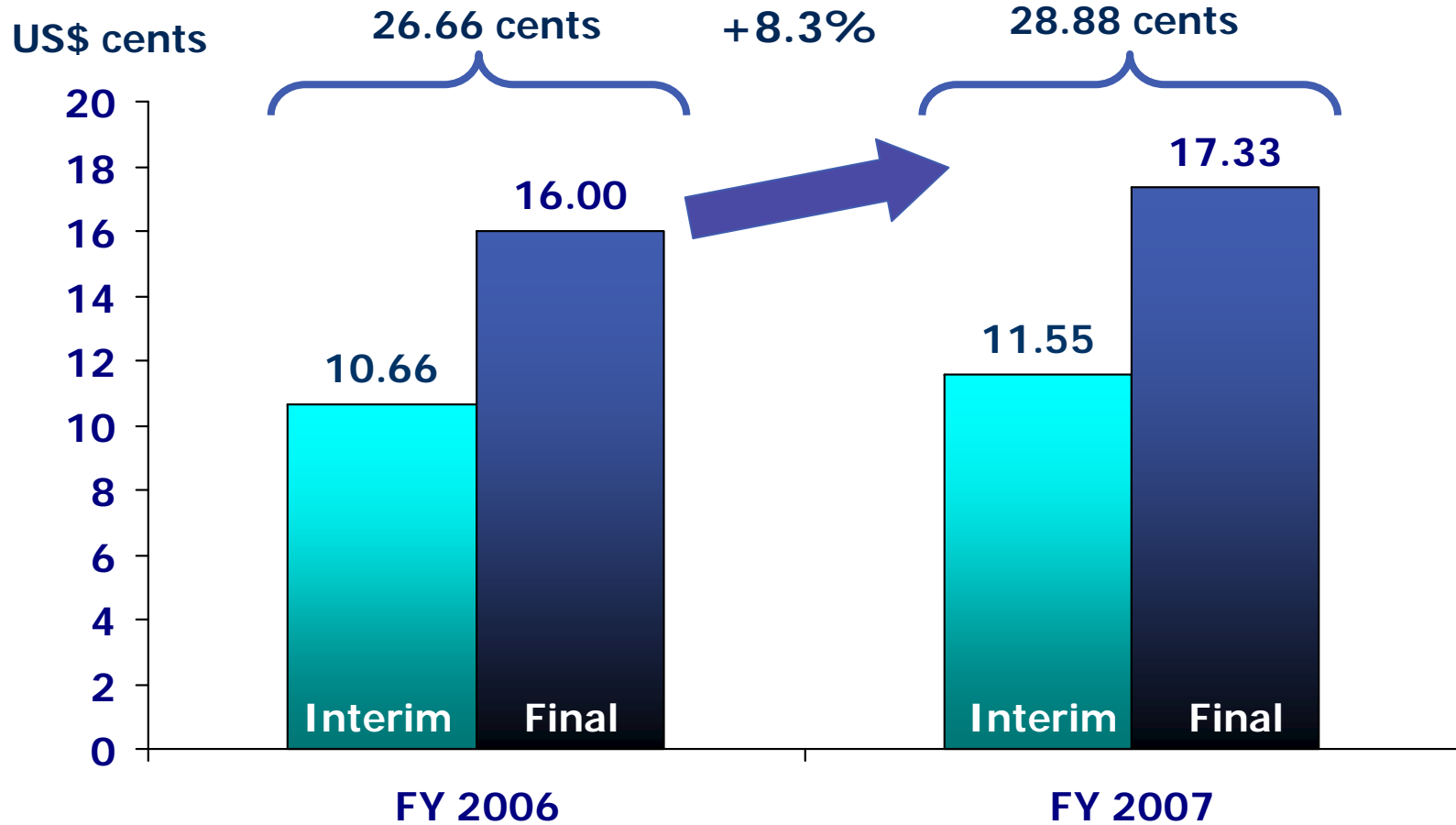
(1) Inmarsat plc and its subsidiaries excluding CIP

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



(1) Inmarsat plc and its subsidiaries excluding CIP

# Dividends





# **Q4 & Preliminary full year results 2007**

**Rick Medlock**

**Chief Financial Officer**



# 2007 – Financial overview

- ➔ IFRS requires consolidation of CIP and Stratos Global
  - Call option remains in place, first exercise April 2009
- ➔ “Inmarsat Core” = Inmarsat plc excluding CIP and Stratos
- ➔ Inmarsat Holdings and Inmarsat Group quarterly reporting entities continue as before
- ➔ Stratos Global expected to remain a SEC quarterly reporting entity
- ➔ Next consolidated results will be interim 2008 results, August 2008

# Inmarsat plc – Consolidation analysis

	Inmarsat Core	CIP	Adjust- ments	Inmarsat plc
US\$m	2007	2007		2007
Revenue	557.2	31.6	(12.3)	576.5
Operating costs	(173.7)	(27.0)	12.3	(188.4)
EBITDA	383.5	4.6	-	388.1
Depreciation & amortisation	(174.2)	(2.5)	-	(176.7)
Operating profit	209.3	2.1	-	211.4
Net interest payable	(83.8)	(2.3)	(0.5)	(86.6)
Profit before tax	125.5	(0.2)	(0.5)	124.8
Tax	(28.3)	(0.1)	0.2	(28.2)
Profit for the period	97.2	(0.3)	(0.3)	96.6

# Inmarsat Core<sup>(1)</sup> - 2007 full year results

US\$m	Financial year		
	2007	2006	
Revenue	557.2	500.1	11.4%
Operating costs	(173.7)	(168.4)	3.1%
EBITDA	383.5	331.7	15.6%
Depreciation & amortisation	(174.2)	(156.8)	
Operating profit	209.3	174.9	19.7%
Net interest payable	(83.8)	(85.1)	
Profit before tax	125.5	89.8	39.8%
Tax	(28.3)	37.9	
Profit for the period	97.2	127.7	

(1) Inmarsat plc and its subsidiaries excluding CIP

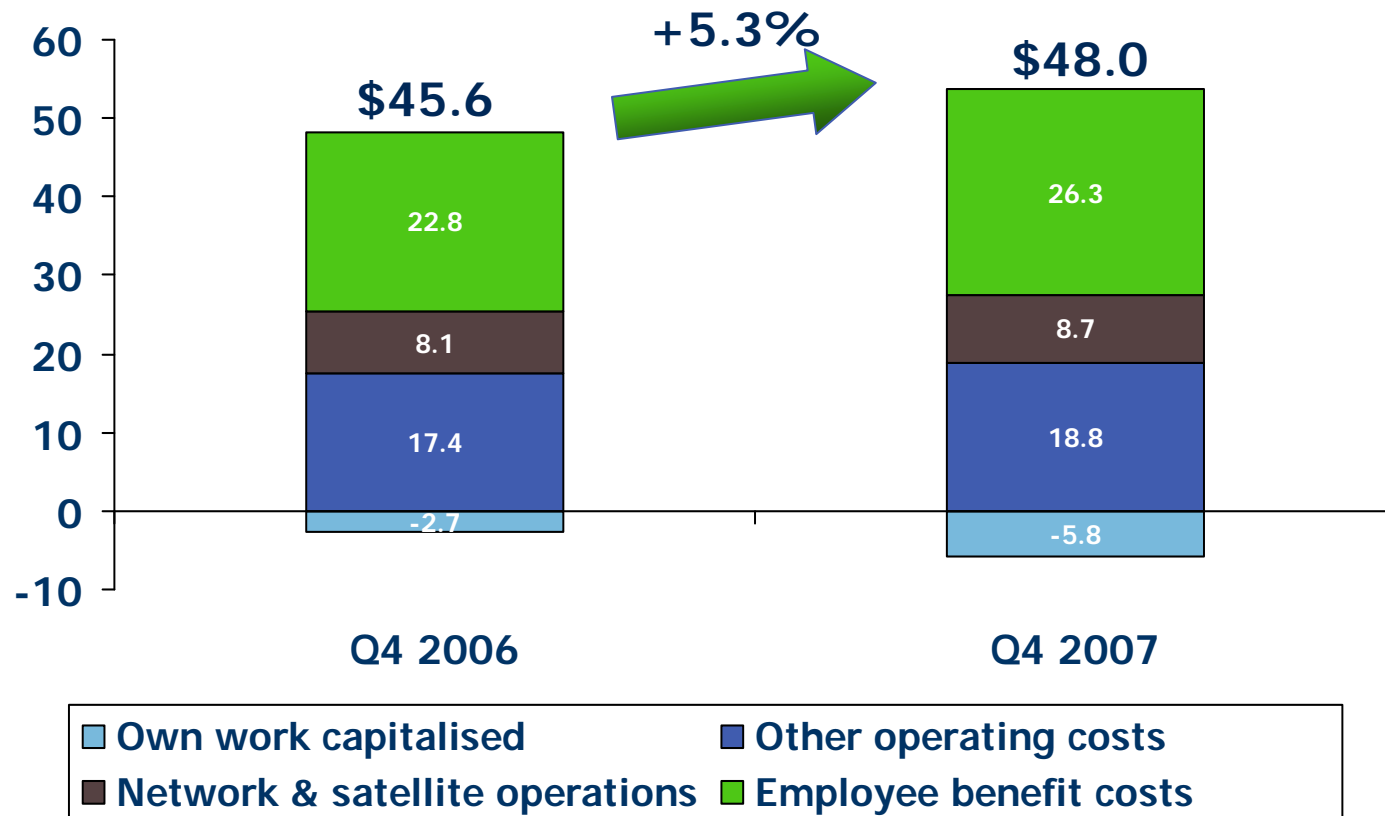
# Inmarsat Core<sup>(1)</sup> - 2007 cash flow

US\$m	Financial year	
	2007	2006
EBITDA	383.5	331.7
Working capital/non-cash items	(10.8)	(3.8)
Operating cash flow	372.7	327.9
Capital expenditure	(209.9)	(114.4)
Capitalised operating costs	(17.5)	(14.0)
Cash interest	(33.5)	(33.8)
Cash tax	0.1	(0.5)
Free cash flow	111.9	165.2

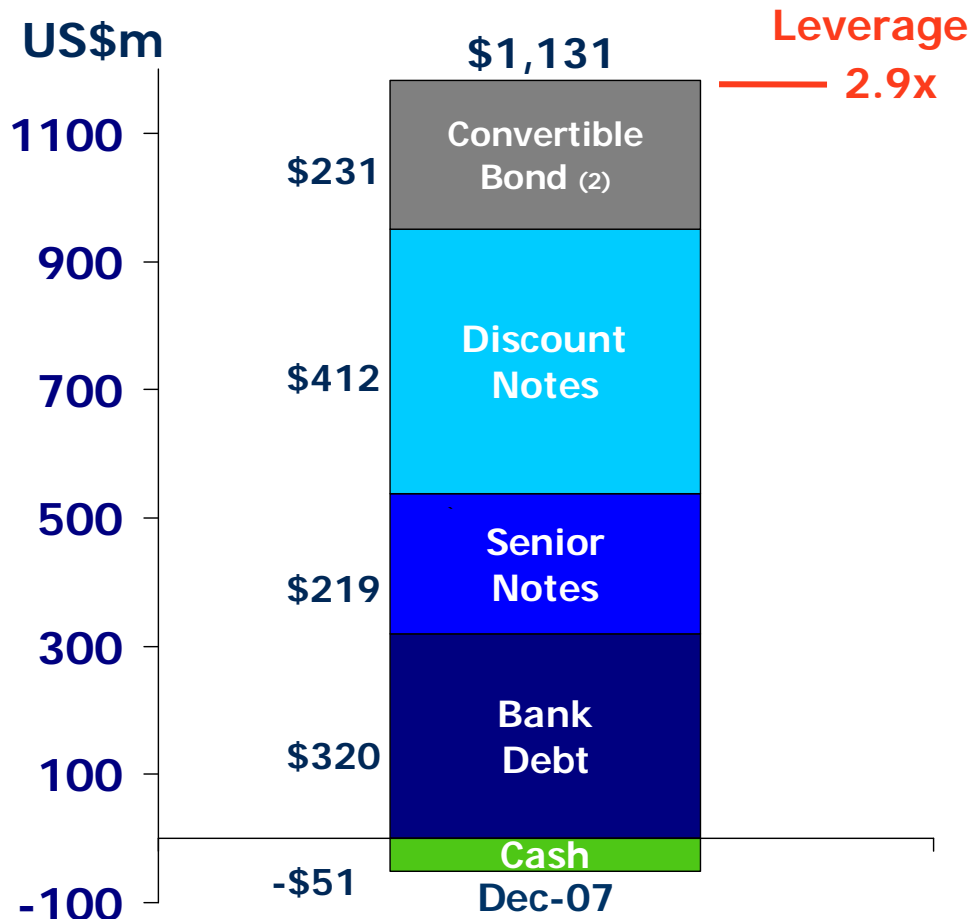
(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Holdings Ltd - Q4 operating costs

US\$m



# Inmarsat Core<sup>(1)</sup> - Net debt



- ➔ Convertible Bond completed during Q4 to fund loan to CIP
- ➔ \$280m of liquidity through cash and undrawn bank facilities
- ➔ Fully funded and no debt maturities in 2008
- ➔ CIP/Stratos net debt at 31 December 2007 of \$309.4m

(1) Inmarsat plc and its subsidiaries excluding CIP

(2) Convertible Bond proceeds at issue were \$287.7m, liability shown here is after reflecting accretion of \$2.0m and after deducting \$56.9m plus related fees reflecting an equity component shown separately in our balance sheet.

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

- ➔ Revenue growth healthy and ahead of plan, up 11%
- ➔ Operating cash flow growth up 15%
- ➔ Pre-tax profit growth up 40%
- ➔ Delivering dividend growth, up 8.3%
- ➔ Significant capex reductions post 2008
- ➔ Fully funded and significant liquidity



(1) Inmarsat plc and its subsidiaries excluding CIP

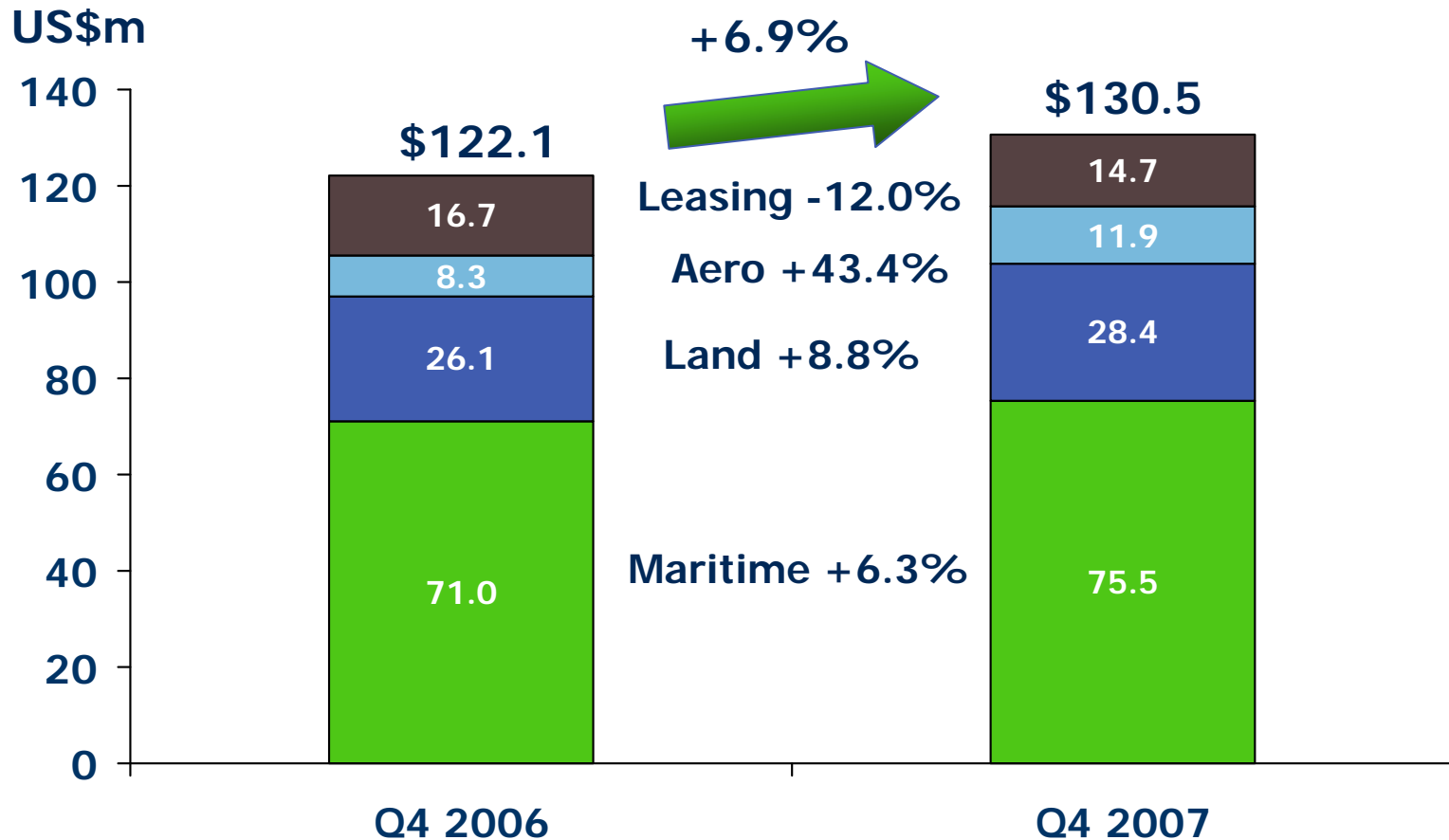
# **Inmarsat Core - Q4 operating review**

**Michael Butler**

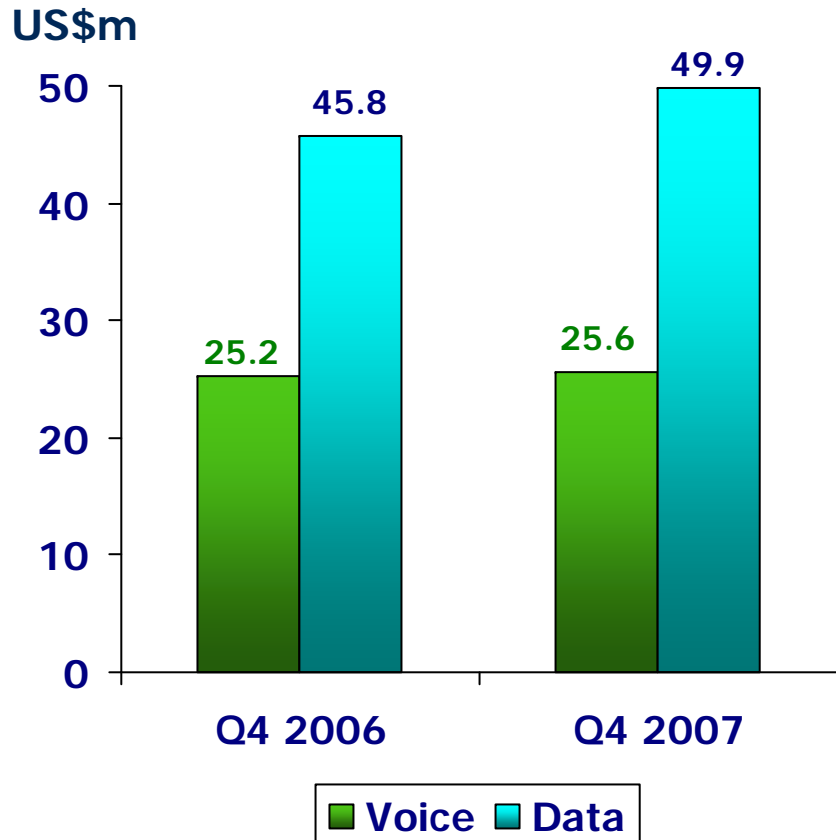
**President & Chief Operating Officer**



# Inmarsat Holdings Ltd - Q4 MSS revenue

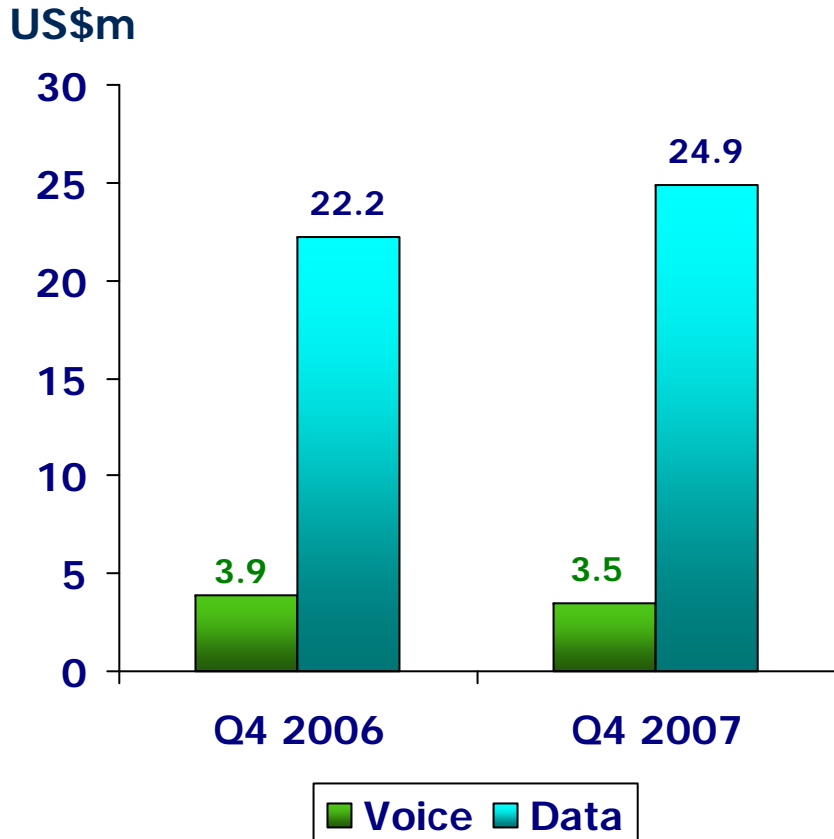


# Maritime sector



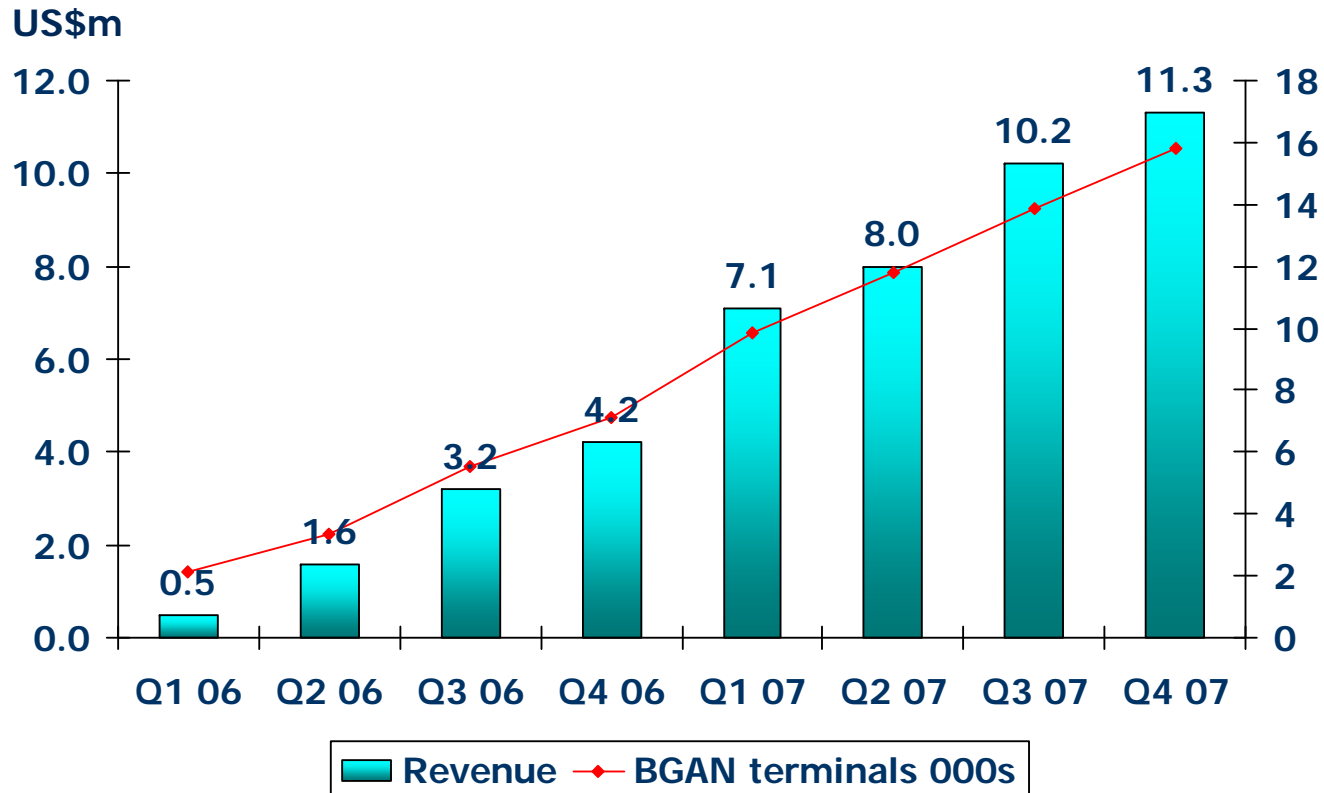
- Voice up 2%
- Data up 9%
- Active terminals up 6%
- ARPU up
- ➡ Fleet terminal sales momentum sustained through Q4
- ➡ FleetBroadband launched in November

# Land mobile sector

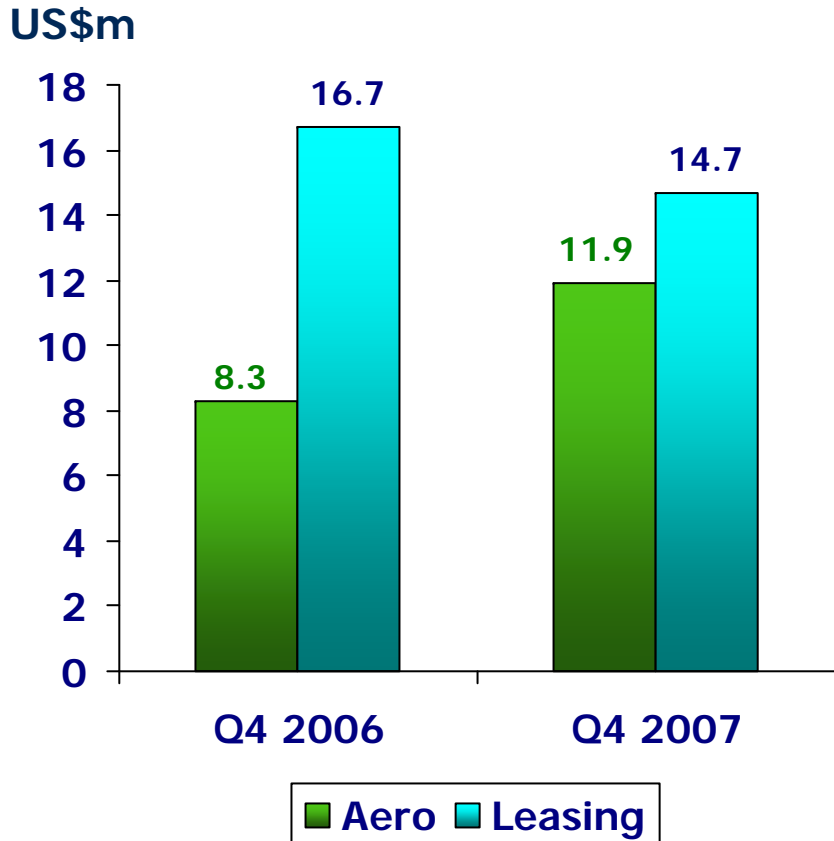


- Voice down 10%
- Data up 12%
- Active terminals down 4.5%
- BGAN drives momentum in land data
  - Revenue up 167%
  - Subscribers up 122%
  - Sustained ARPU
- Satellite Phone Services contribution from 2008

# BGAN quarterly progression



# Aeronautical & Leasing



- Aero revenue up 44%
- Active aero terminals up 15.6%
- Sustained demand for Swift 64 service
- SwiftBroadband launched in October
- In-flight GSM service trials underway
- Leasing impacted by lower demand

# Extending our broadband platform

## FleetBroadband

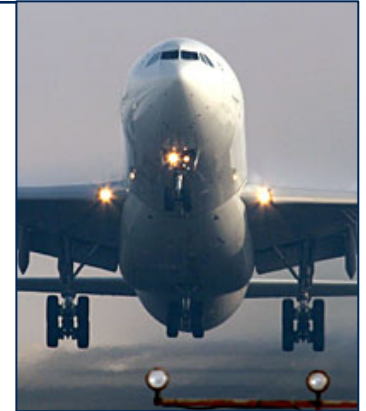
- Launched  
November 2007



- Capture increasing demand for data services
- Raise barriers to VSAT competition further

## SwiftBroadband

- Launched  
October 2007



- Extend market leadership in data connectivity
- Enable implementation of in-flight GSM service by airlines

# **Business development and outlook**

**Andrew Sukawaty**

**Chairman & Chief Executive Officer**

# 2008 priorities

- ➔ Continued core business growth and cost control
- ➔ Successful launch of third Inmarsat-4 satellite
- ➔ Implementation of global satellite phone voice service
- ➔ Progress spectrum opportunities
- ➔ New distribution agreement



# Launch of third Inmarsat-4 satellite

- ➔ On track for late April launch
- ➔ Proton launch vehicle
- ➔ >95% success rate
- ➔ Launch insurance placed



# Satellite Phone Services

- ➔ Service launched July 2007
- ➔ Pre-pay platform launched November 2007
- ➔ Customer acquisition and channel development
- ➔ Global network by Q4 2008
- ➔ Modernised phone by Q1 2009
- ➔ Reiterate target 10% market share by 2010



# Aero passenger connectivity

- ➔ Passenger trials – Qantas and Air France
- ➔ Data acceptance, voice to come
- ➔ Inmarsat Classic and SwiftBroadband services
- ➔ Ryanair Q2 for commercial service introduction
- ➔ Expect further trials and deployments in 2008
- ➔ Revenue opportunity from 2009



# Spectrum cooperation agreement with MSV

- ➔ Signed December 2007, effective immediately
- ➔ Outstanding regulatory issues resolved
- ➔ More spectrum available to support BGAN migration
- ➔ Commercial terms for an ATC implementation agreed
- ➔ Defines the benefits of L-band for ATC



# Distribution agreement objectives

- ➔ New distribution agreement sent out January 2008
- ➔ Next step - discussions and refinement
- ➔ New agreement effective April 2009
- ➔ Call option on CIP/Stratos effective April 2009

# Inmarsat Core<sup>(1)</sup> – 2008 outlook

- ➔ Trading conditions in our key sectors remain positive
- ➔ Steady momentum in Maritime, Land Mobile and Aeronautical customer growth
- ➔ New services introduced in 2007 to expand portfolio and ensure we can meet increasing customer demand
- ➔ Expect continued good growth in 2008

(1) Inmarsat plc and its subsidiaries excluding CIP

# Inmarsat Core<sup>(1)</sup> - Summary

→ 2007 revenue growth 11.4%



→ 2007 EBITDA growth 15.6%



→ 2007 dividend growth 8.3%



→ Market leadership



→ Growth options



(1) Inmarsat plc and its subsidiaries excluding CIP

# **Questions & Answers**

**Inmarsat plc**

**Q4 & Preliminary full year results 2007**

**6 March 2008**

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