

# Viasat, Inc.

FY18 Q3 results

February 8, 2018



# Safe harbor disclosure

## Forward-looking statements

This presentation contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. We use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” variations of such words and similar expressions to identify forward-looking statements. In addition, statements that refer to projections of earnings, revenue, costs or other financial items; anticipated growth and trends in our business or key markets; future economic conditions and performance; anticipated performance of products or services; anticipated satellite construction and launch activities; the performance and anticipated benefits of the ViaSat-2 and ViaSat-3 satellites; the expected capacity, service, coverage, service speeds and other features of the ViaSat-2 and ViaSat-3 satellites, and the timing, cost, economics and other benefits associated therewith; anticipated subscriber growth; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed in any forward-looking statements. Factors that could cause actual results to differ include: our ability to realize the anticipated benefits of the ViaSat-2 and ViaSat-3 satellites; unexpected expenses related to the satellite projects; our ability to successfully implement our business plan for our broadband satellite services on our anticipated timeline or at all; risks associated with the construction, launch and operation of our satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; negative audits by the U.S. government; changes in the global business environment and economic conditions; delays in approving U.S. government budgets and cuts in government defense expenditures; our reliance on U.S. government contracts, and on a small number of contracts which account for a significant percentage of our revenues; our ability to successfully develop, introduce and sell new technologies, products and services; reduced demand for products and services as a result of continued constraints on capital spending by customers; changes in relationships with, or the financial condition of, key customers or suppliers; our reliance on a limited number of third parties to manufacture and supply our products; increased competition and other factors affecting the communications and defense industries generally; the effect of adverse regulatory changes on our ability to sell products and services; our level of indebtedness and ability to comply with applicable debt covenants; our involvement in litigation, including intellectual property claims and litigation to protect our proprietary technology; and our dependence on a limited number of key employees. In addition, please refer to the risk factors contained in our SEC filings available at [www.sec.gov](http://www.sec.gov), including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to revise or update any forward-looking statements for any reason.

## GAAP reconciliation

This presentation includes non-GAAP financial measures to supplement Viasat’s consolidated financial statements presented on a GAAP basis. We believe these measures are appropriate to enhance an overall understanding of Viasat’s past financial performance and prospects for the future. However, the presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. A reconciliation between the non-GAAP financial information and the most comparable GAAP financial information is provided in our earnings release, which is available on the Investor Relations section of our website at [www.viasat.com](http://www.viasat.com).

# Highlights

## ViaSat-2 nearing service launch



BRONZE 12	SILVER 25	GOLD 30/50	PLATINUM 100
12 Mbps <small>DOWNLOAD SPEED</small>	25 Mbps <small>DOWNLOAD SPEED</small>	30/50 Mbps <small>DOWNLOAD/UPLOAD SPEED</small>	100 Mbps <small>DOWNLOAD SPEED</small>
Unlimited Data	Unlimited Data	Unlimited Data	Unlimited Data
 Video Streaming At Small Screen Quality Typically 360p	 Video Streaming At DVD Quality Typically 480p	 Video Streaming At HD Quality Typically 720p	 Video Streaming At Full HD Quality Typically 1080p
Includes <b>Built-in Wi-Fi</b> 	Includes <b>Built-in Wi-Fi</b> 	Includes <b>Built-in Wi-Fi</b> 	Includes <b>Built-in Wi-Fi</b> 
Free Standard Install 2yr Price Lock Guarantee Monthly Lease: \$10/mo Lifetime Lease: \$299.99	Free Standard Install 2yr Price Lock Guarantee Monthly Lease: \$10/mo Lifetime Lease: \$299.99	Free Standard Install 2yr Price Lock Guarantee Monthly Lease: \$10/mo Lifetime Lease: \$299.99	Free Standard Install 2yr Price Lock Guarantee Monthly Lease: \$10/mo Lifetime Lease: \$299.99

## IFC growth underway

- > Additional 92 aircraft under contract in Q3
- > Installs underway with several new airlines
- > New & retrofit
- > New contract with United Airlines for 70+ aircraft

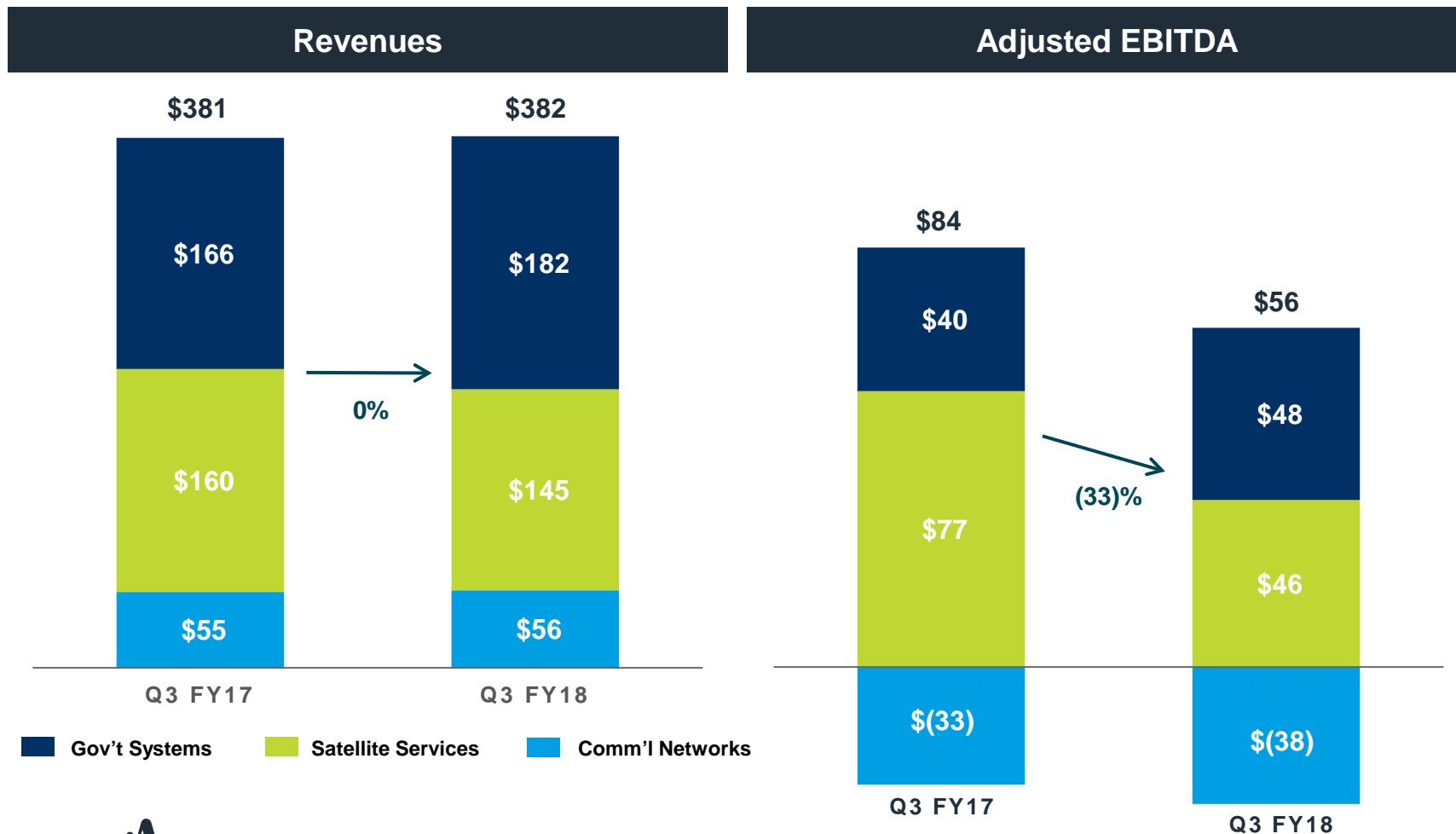


## Gov't Systems continuing growth

- > 9% revenue growth YoY
- > 20% adj EBITDA growth YoY validates previous R&D investments
- > Record segment backlog of over \$700m
- > Sustained long term growth prospects

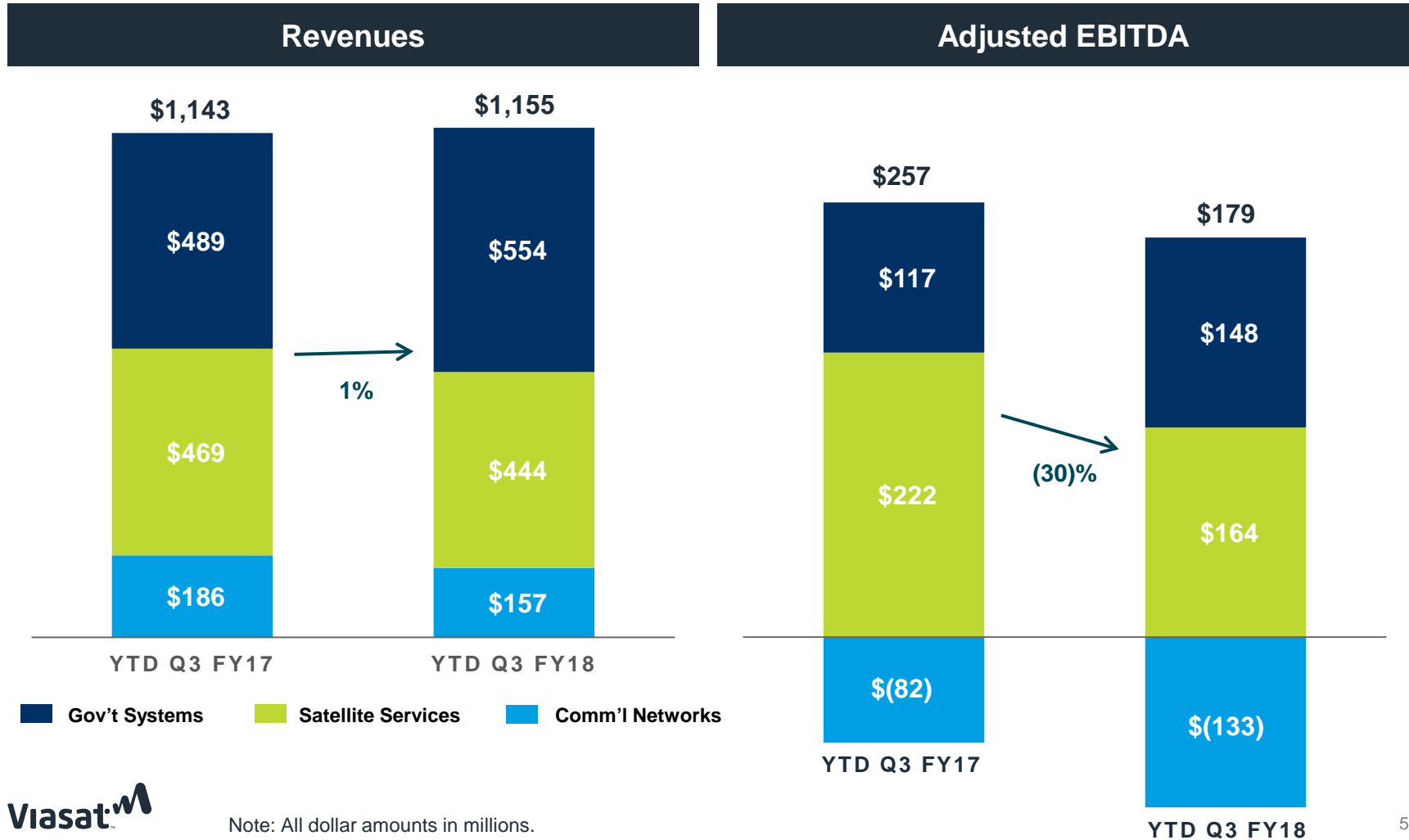
# Financial results – Q3 FY18

Adj EBITDA impacted by higher ramping costs & SSL settlement completion

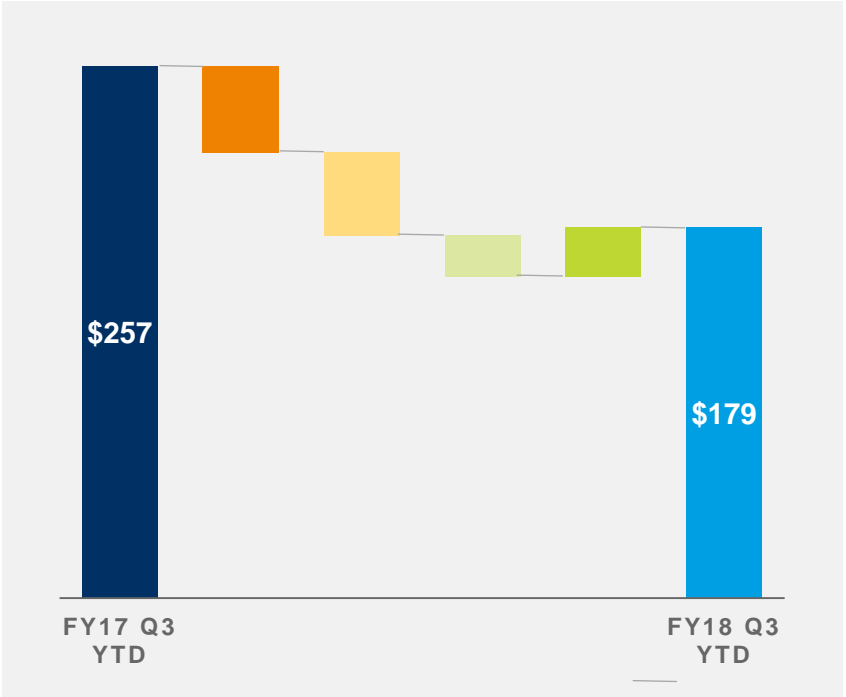
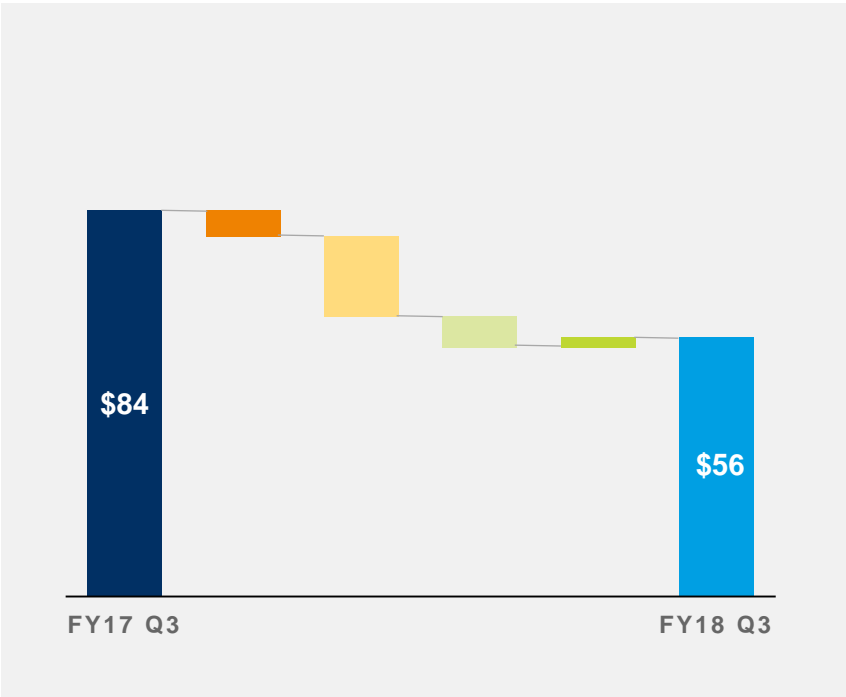


# Financial results – YTD Q3 FY18

Adj EBITDA impacted by higher R&D and ramping costs, and SSL settlement completion



# Adjusted EBITDA reconciliation



- Increased R&D investment
- Conclusion of SS/L settlement payments
- ViaSat-2 & commercial mobility ramping
- Growth of base business

# Income, cashflow & borrowings

## Income YTD

	Q3 FY18	Q3 FY17
Revenues	\$ 1,155.0	\$ 1,142.9
(Loss) income from operations	\$ (59.1)	33.8
Net (loss) income <sup>1</sup>	\$ (47.4)	\$ 17.1
Non-GAAP net income <sup>1</sup>	\$ 5.3	\$ 47.1
Diluted EPS <sup>1</sup>	\$ (0.81)	\$ 0.33
Non-GAAP diluted EPS <sup>1</sup>	\$ 0.09	\$ 0.91

## Cashflow YTD

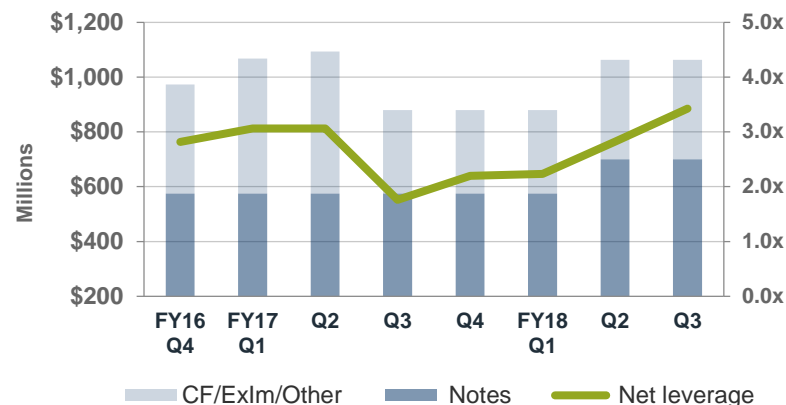
	Q3 FY18	Q3 FY17
Net (loss) income	\$ (48.8)	\$ 17.5
Depr / amort / other, net	\$ 256.2	\$ 260.5
Working capital change, net	\$ 75.1	\$ 34.7
Cashflow from operations	\$ 282.6	\$ 312.7
CapX & investments	\$ (409.6)	\$ (463.4)
Financing activities / FX / other	\$ 158.7	\$ 393.6
Net change in cash	\$ 31.7	\$ 242.9

## Liquidity

- \$933m of liquidity
- Undrawn \$800m credit facility
- \$162m of cash
- Ex-Im direct loan repayment installments begin April 2018

1) Attributable to Viasat, Inc. common stockholders.  
 2) Net leverage ratio defined as principal amount of total debt less cash, divided by TTM Adjusted EBITDA.

## Net leverage<sup>2</sup>



# Government Systems sustained growth

## YTD Q3 FY18

Backlog

\$702 million,  
a new record

Revenue

\$554 million,  
up 13% YoY

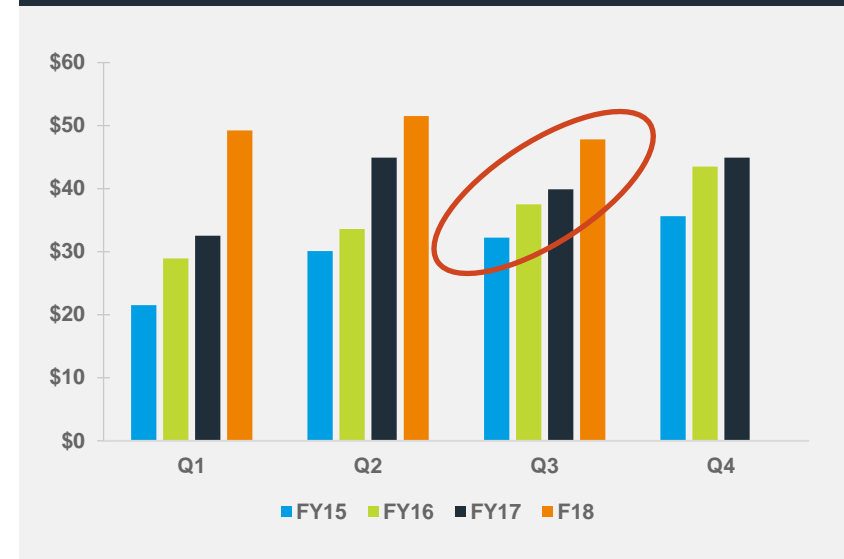
Adjusted  
EBITDA

\$148 million,  
up 27% YoY

### Revenues by quarter



### Adjusted EBITDA by quarter





# In-flight connectivity update

- › Scaling terminal production for ramp with multiple airlines
- › New aircraft and retrofit
- › 589 aircraft in service; 912 additional aircraft under contract (end of Q3)
- › New IFEC contract with United Airlines for 70+ aircraft (post Q3)
- › 4 million PED sessions in Q3



Follow



Just enjoyed two days of productive travel on [@AmericanAir](#) and their new 737MAX -nice work on integration and the [@ViasatInc](#) service provided amazing WiFi streaming at 15mbs! [#737MAX](#) [#timetofly](#)



Follow



Wifi on the [@Qantas](#) flight from Perth To Brisbane... can keep up with what's happening at the MCG via [@MRNCricket](#)



# Consumer broadband highlights

- Promising results from initial market test of new unlimited plans
- More attractive to consumers — higher speeds, more BW, greater demand
- Record-level ARPU of \$68.23, up 8% YoY
- ‘Migrations in Place’ on VS-1
- National VS-2 launch planned this month (February)

## VS-1 unlimited plans






**NEW**

### Unlimited Data Plans!

- » Fastest Residential Satellite Internet in the U.S.
- » Quick, Simple Installation
- » 3-year Price Lock Guarantee

*See plans available where you live now!*

BRONZE 12	SILVER 25	GOLD 30
<b>12 Mbps</b> DOWNLOAD SPEED	<b>25 Mbps</b> DOWNLOAD SPEED	<b>30 Mbps</b> DOWNLOAD SPEED
Unlimited Data	Unlimited Data	Unlimited Data
 Video Streaming at Small Screen Quality Optimized for 360p	 Video Streaming at DVD Quality Optimized for 480p	 Video Streaming at HD Quality Optimized for 720p
Includes Built-in Wi-Fi	Includes Built-in Wi-Fi	Includes Built-in Wi-Fi
<b>\$50/mo</b> \$70/mo after first 3 months	<b>\$70/mo</b> \$100/mo after 3 months	<b>\$100/mo</b> \$150/mo after 3 months

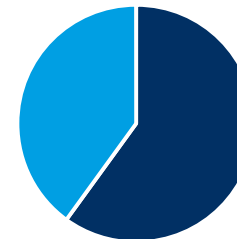
# VS-2 discussion

## Business objectives

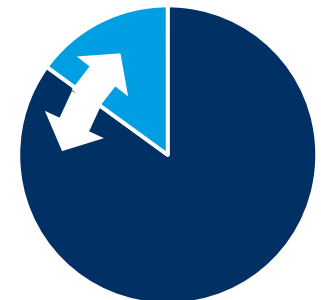
- > Increase addressable U.S. market
  - Faster speeds
  - More bandwidth
- > Expand into new geographic markets
  - Mexico, Central America, Caribbean, Northern South America, Trans-Atlantic
- > Improve geographic fit of supply to demand
  - Slow & fast dynamic resource allocation
- > Grow existing and develop new verticals
  - Mobility, enterprise, Wi-Fi



ViaSat-1



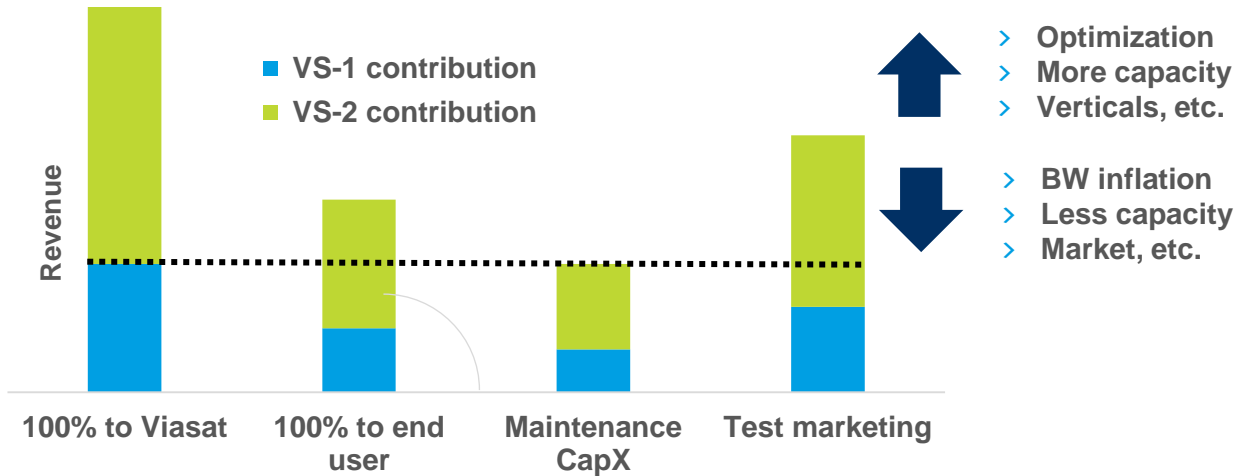
ViaSat-2



- Downstream BW
- Upstream BW

# Residential service growth opportunity

## VS-2 productivity gain allocation







## Optimal growth = highest ROI

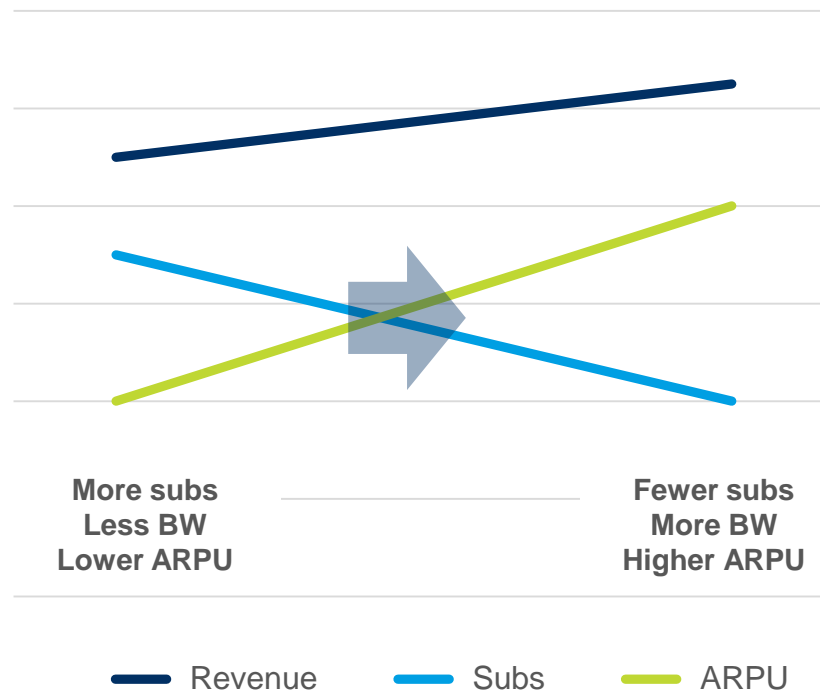


# Service plan approaches

## VS-2 unlimited plans

BRONZE 12	SILVER 25	GOLD 30/50	PLATINUM 100
UP TO 12 Mbps DOWNLOAD SPEED	UP TO 25 Mbps DOWNLOAD SPEED	UP TO 30/50 Mbps DOWNLOAD SPEED	UP TO 100 Mbps DOWNLOAD SPEED
Unlimited Data	Unlimited Data	Unlimited Data	Unlimited Data
			
Video Streaming At Small Screen Quality Typically 360p	Video Streaming At DVD Quality Typically 480p	Video Streaming At HD Quality Typically 720p	Video Streaming At Full HD Quality Typically 1080p
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## Economic growth strategy



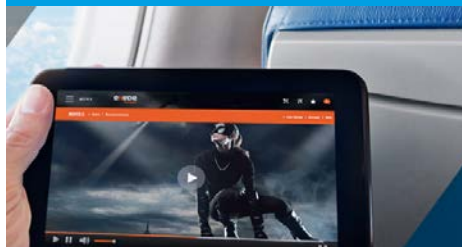
# Outlook and key drivers

## Government Systems



- > Strong execution
- > Good growth opportunities
- > Leverage unique capabilities
- > Grow addressable market
  - Satellite products & services
  - Tactical data links
  - Cyber security

## Commercial Networks



- > Strong growth in IFC terminal sales
- > Improving awards & backlog
- > Growth opportunities
- > Moderating VS-3 R&D expense
- > Continued R&D investment in retro-fit and line-fit STCs

## Satellite Services



- > Conclusion of SS/L VS-1 payments
- > Availability of VS-2 bandwidth
  - Residential, IFC
  - Gov't mobility, new verticals
- > Return to subscriber growth and associated variable expenses/SAC
- > Begin to overcome fixed costs of VS-2 infrastructure



# Q & A

