

# ViaSat, Inc.

## FY15 Q2 Results

November 7, 2014

# 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 activities; the performance and anticipated benefits of the ViaSat-2 satellite; the expected capacity, service, coverage, service speeds and other features of ViaSat-2, 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 satellite; unexpected expenses related to the satellite project; our ability to successfully implement our business plan for our broadband satellite services on our anticipated timeline or at all, including with respect to the ViaSat-2 satellite system; risks associated with the construction, launch and operation of ViaSat-2 and our other satellites, including the effect of any anomaly, operational failure or degradation in satellite performance; negative audits by the U.S. government; continued turmoil 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 condensed 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).

# Topics

- FY15 Q2 Highlights
- Financial Summary
- Segment Discussion
- Outlook & Summary
- Q & A

# FY15 Q2 Highlights

- **Record Revenues, Adjusted EBITDA and Backlog**

- **Momentum in core consumer & government segments**

## **Strong Q2 financial performance**

- Q2 Adjusted EBITDA of \$110m, up 102% YoY (up 29% YoY before benefit of settlement)
- Q2 YTD Adjusted EBITDA of \$170m
- \$499m awards – highest level in 2 years
- Record \$1b in firm backlog, up 27% YoY

## **Exede services growth continues**

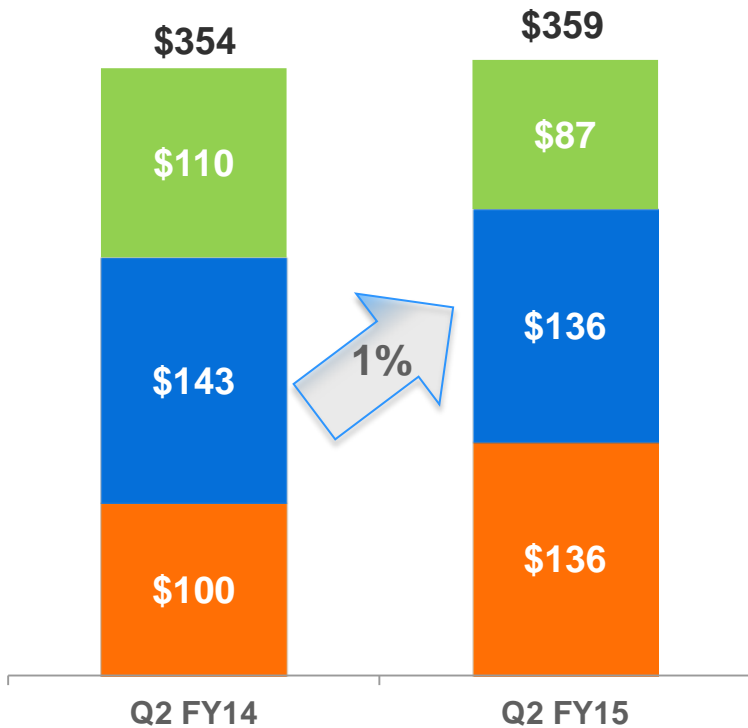
- 16k net adds (27k on VS-1)
- Record ARPU; sequential churn & cost improvements
- Nearly 50% gain in WiFi aircraft
- Satellite Services revenue and Adj EBITDA up 15% and 91% YoY, respectively (before benefit of settlement)
- New plans & distribution portend sustained growth
- Ex-Im financing commitment benefits VS-2

## **Government segment strength**

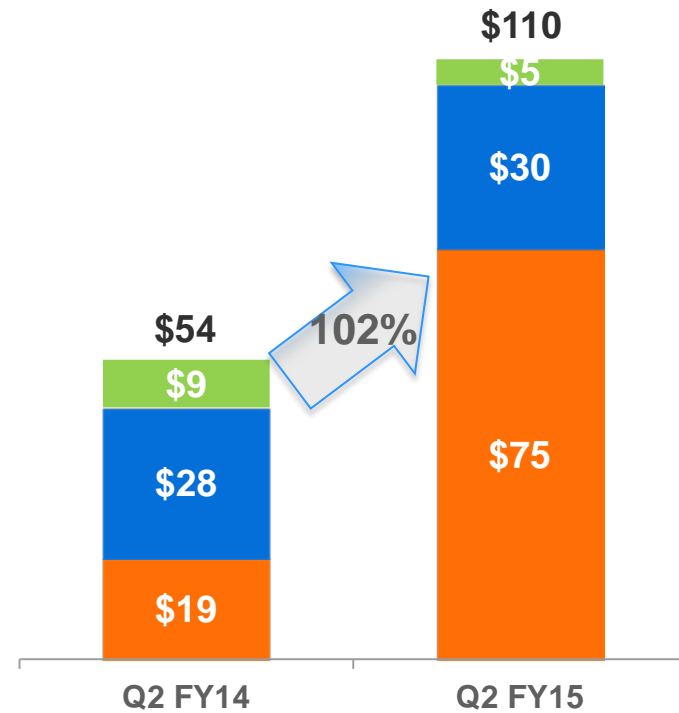
- Record Q2 orders of \$232m; 1.5:1 book/bill YTD
- Slight Q2 YoY revenue dip, but strong sequential gain
- Q2 Adjusted EBITDA gain of 9% YoY

# Financial Summary – Q2 FY15

## Revenues



## Adjusted EBITDA



■ Satellite Services    ■ Government Systems    ■ Commercial Networks

**Strong organic growth in Satellite Services**

# Income Statement Summary

## Income Metrics

	<u>Q2 FY14</u>	<u>Q2 FY15</u>
Revenues	\$ 353.9	\$ 358.8
Income from operations	(0.5)	46.5
Interest expense, net	(9.9)	(8.0)
Income tax provision	12.7	(14.5)
Minority interest, net	(0.4)	(0.0)
<b>Net Income</b>	<b>\$ 1.9</b>	<b>\$ 23.9</b>
<b>Non-GAAP Net Income</b>	<b>\$ 9.3</b>	<b>\$ 32.4</b>
<b>Adjusted EBITDA</b>	<b>\$ 54.4</b>	<b>\$ 109.7</b>
Diluted EPS	\$ 0.04	\$ 0.50
<b>Non-GAAP Diluted EPS</b>	<b>\$ 0.20</b>	<b>\$ 0.68</b>
Diluted common equivalent shares	47.1	48.0

## Adj EBITDA to Non-GAAP Net Income

	<u>Q2 FY14</u>	<u>Q2 FY15</u>
<b>Adjusted EBITDA</b>	<b>\$ 54.4</b>	<b>\$ 109.7</b>
- Depr, amort and stock comp	(55.3)	(63.3)
- Interest expense, net	(9.9)	(8.0)
- Income tax provision	12.7	(14.5)
<b>Net Income</b>	<b>\$ 1.9</b>	<b>\$ 23.9</b>
+ Amort of acquired intangibles	3.8	4.7
+ Stock comp	8.2	9.1
+ Acquisition related expenses	-	-
- Inc. tax effect non-GAAP addback	(4.6)	(5.2)
<b>Non-GAAP Net Income</b>	<b>\$ 9.3</b>	<b>\$ 32.4</b>
<b>Non-GAAP Diluted EPS</b>	<b>\$ 0.20</b>	<b>\$ 0.68</b>
Diluted common equivalent shares	47.1	48.0

# Cashflow and Borrowings

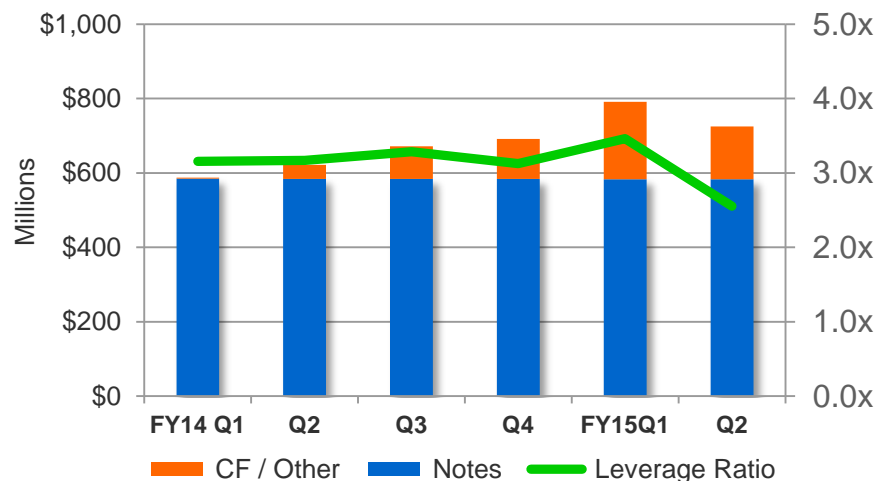
## Cashflow

	YTD	
	Q2 FY14	Q2 FY15
Net income	\$ 0.8	\$ 17.7
Depr / amort / other, net	103.7	155.5
Change in working capital, net	(1.8)	(14.7)
Cashflow from operations	\$ 102.8	\$ 158.5
Capital expenditures & investments	(184.7)	(217.9)
Financing activities	43.4	43.0
Net change in cash	\$ (38.6)	\$ (16.4)

## Liquidity

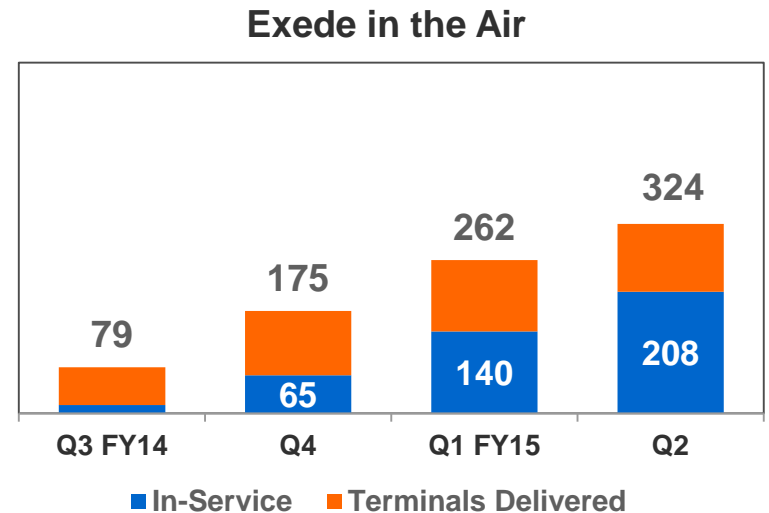
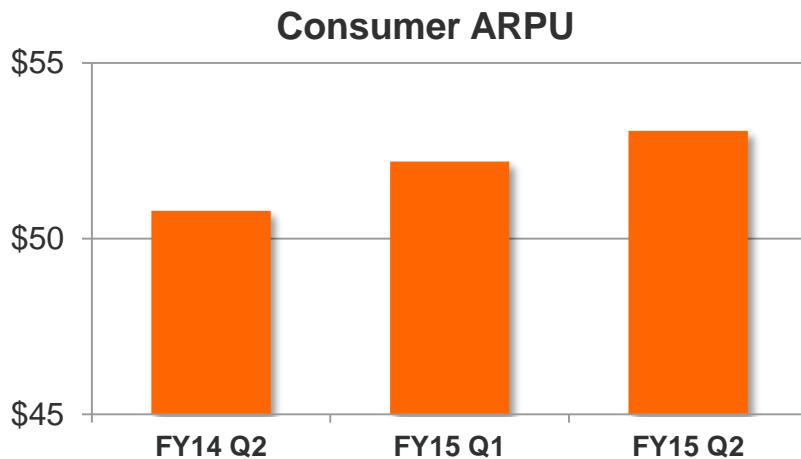
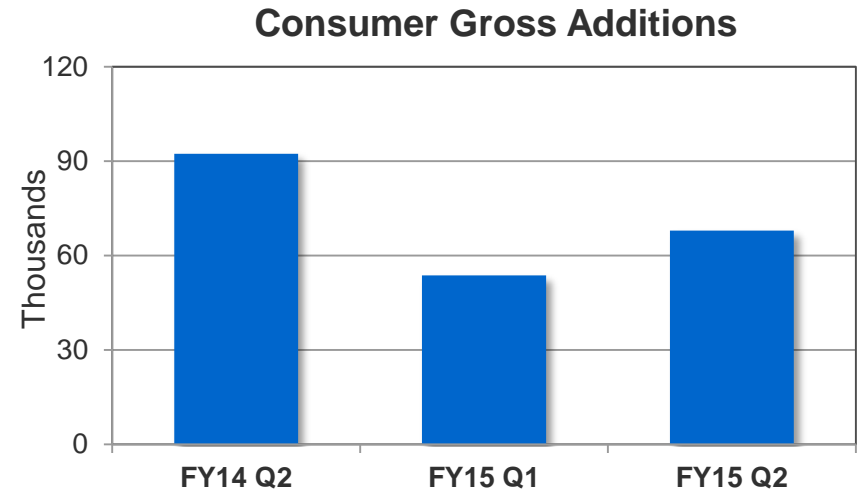
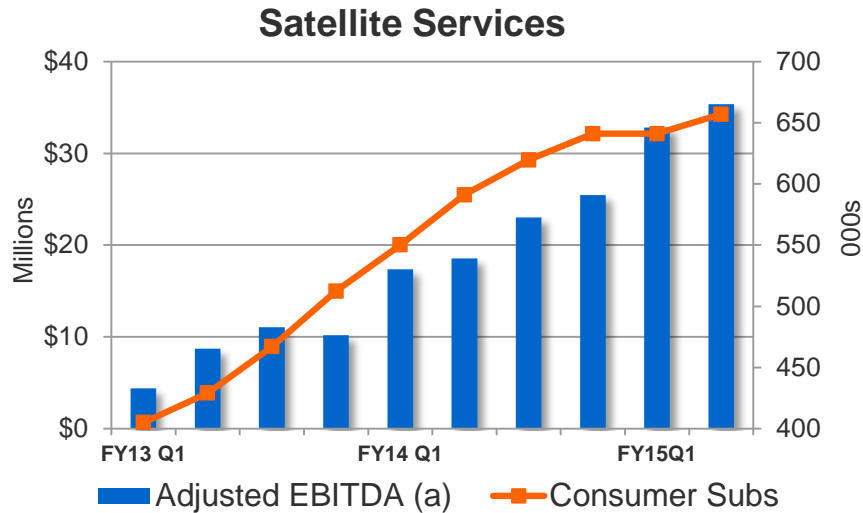
- Availability of \$321m under existing credit facility
- When completed, Ex-Im financing will allow the credit facility to be paid down and provide additional funding for the VS-2 project

## Leverage



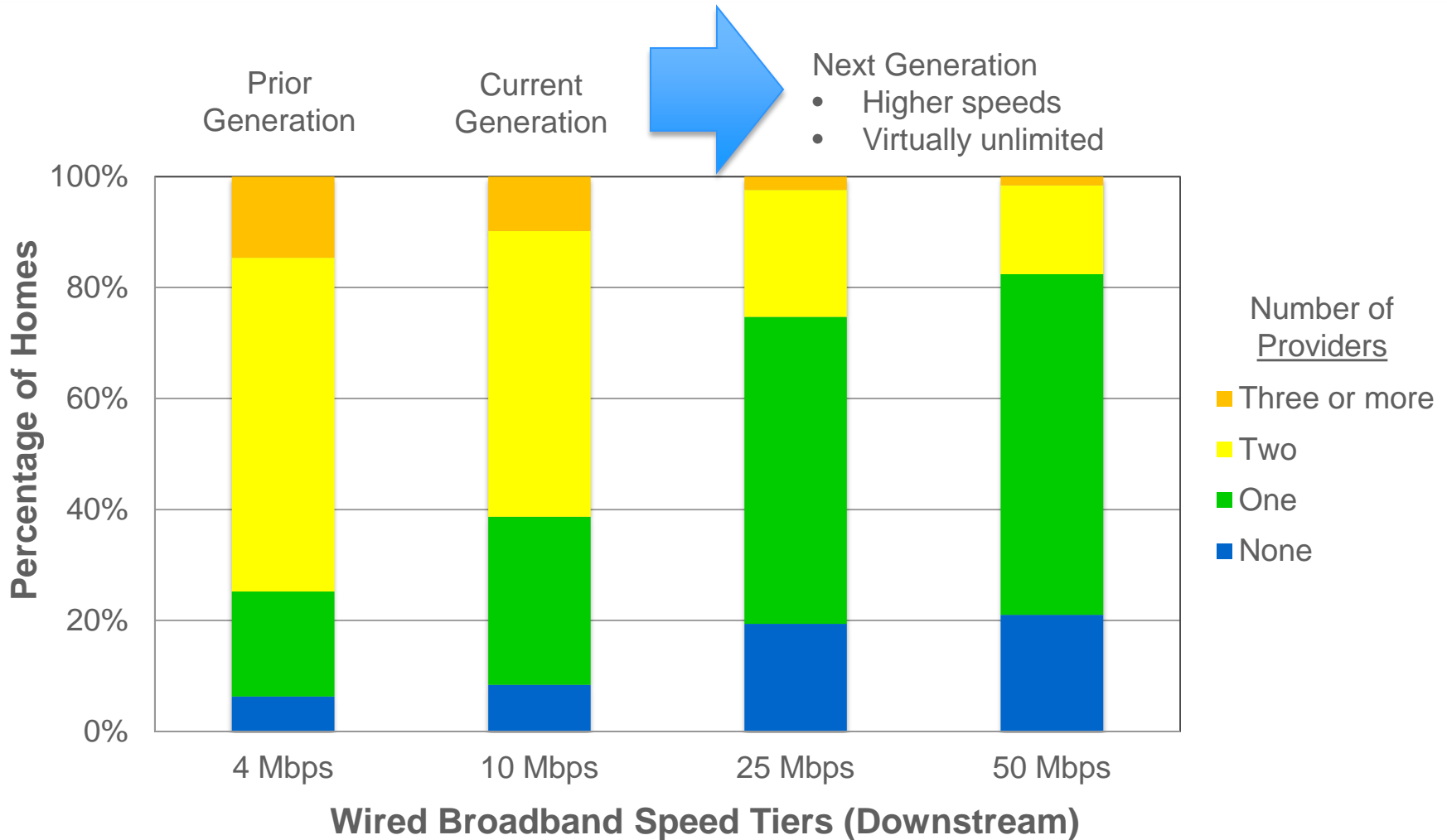
Leverage Ratio defined as Total Debt to trailing twelve month Adjusted EBITDA.

# Satellite Services Metrics





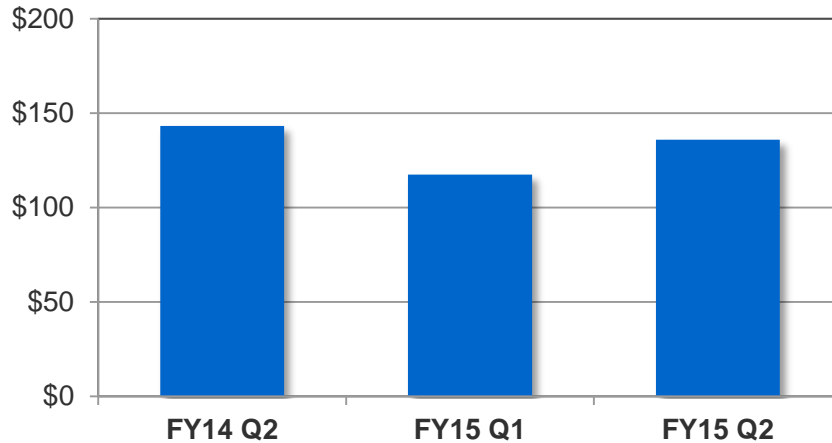
# Terrestrial Competition vs Speed



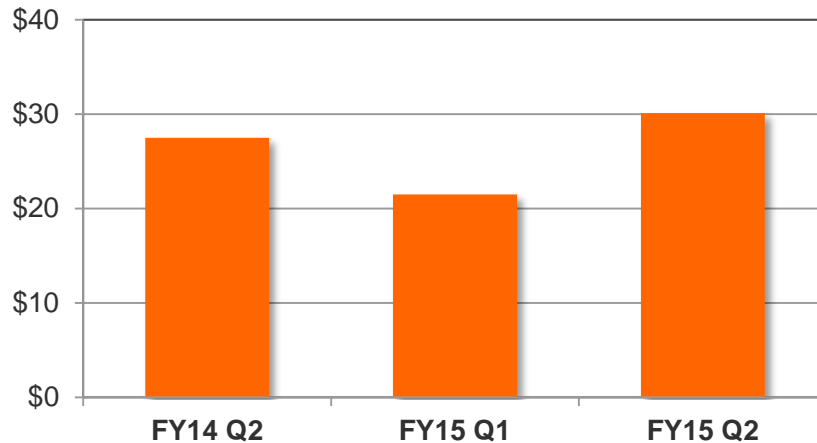
Source: FCC Chairman Tom Wheeler prepared remarks, September 4, 2014  
[https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-329161A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-329161A1.pdf)

# Government Systems

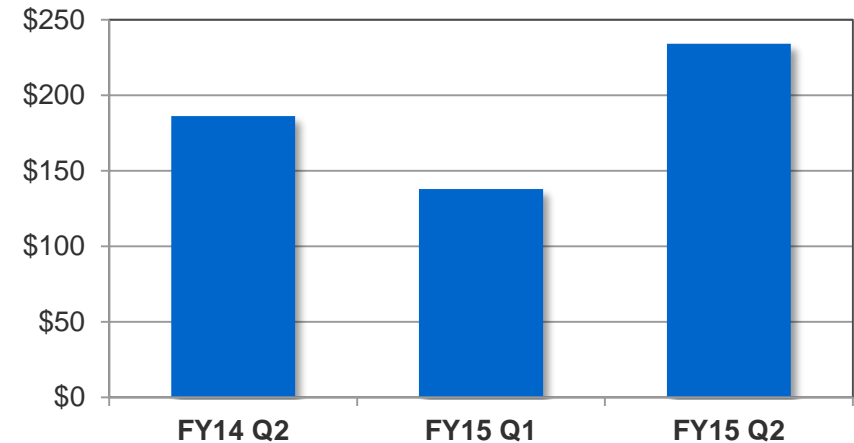
## Revenue



## Adjusted EBITDA

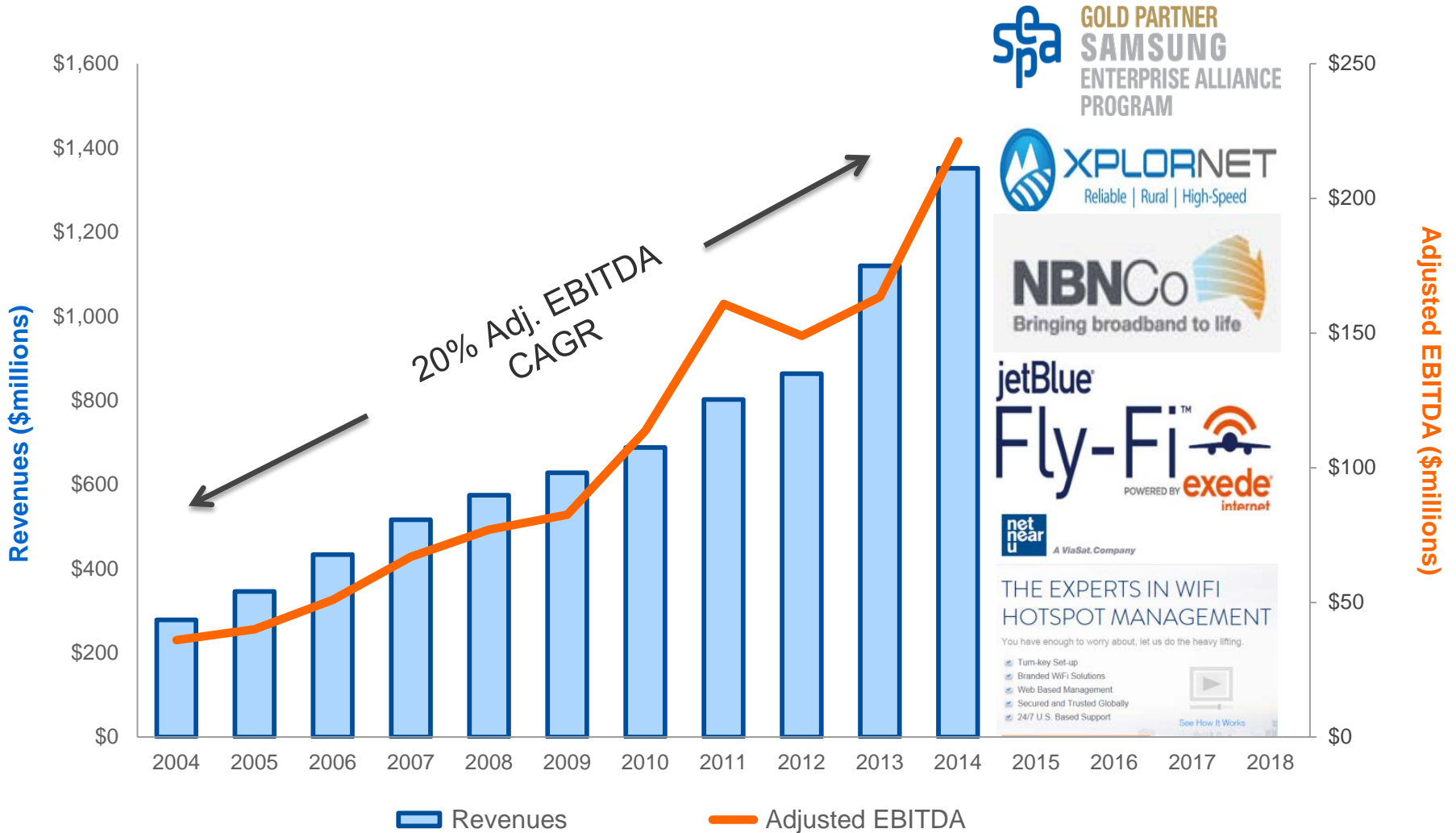


## New Awards



- Growth in tactical data links, security, and global mobile offset declines in BFT
- Key growth drivers
  - Funded development programs
  - Increasing market share
  - New products and services
- YTD book-to-bill of 1.5 to 1

# Outlook & Summary



# Q & A