

## Iridium Communications Inc.

### 3Q16: Iridium Raises 2016 Forecast; Pushes out NEXT Completion Until 2018 due to Launch Delays

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- Another earnings beat.** For the eleventh consecutive quarter, Iridium reported better-than-expected financial results, including a 9% increase in OEBITDA to \$69.7 mm (consensus \$64.8 mm) and 6% revenue growth to \$113 mm (consensus \$111 mm).
- Service revenues up 8%.** Iridium posted its best service growth in eight quarters, boosted by a step-up in the company's US government contract and improved maritime/M2M demand.
- Flat net additions.** Following record Q2 net additions of 35,000, Iridium added 15,000 subs in Q3, driven primarily by M2M. Iridium added Komatsu as a new OEM customer, and could experience a Q4 boost from its InReach product, assuming expanded distribution through the Gamin sales channel.
- Waiting to launch.** While satellite production is proceeding smoothly (20 satellites complete to-date), Iridium's launch campaign remains stuck in a holding pattern until the SpaceX Falcon 9 is cleared to fly following a September 1 launch pad anomaly. SpaceX is hoping to wrap up the investigation shortly and carry out two launches (including Iridium?) by year-end, but a push-out until early-2018 is altogether possible.
- Guidance raised.** Management raised its midpoint 2016 service revenue growth forecast by 50 bp (from a 4-6% to 5-6%) and its EBITDA forecast by 1% (from \$245-255 to \$250-255 million). Management also updated its long-term guidance to reflect a 10.5% service revenue CAGR through 2019, which now becomes the first "full-year" of run-rate revenues for NEXT.
- Buckle your seatbelt.** The stock has demonstrated >30% price movement over the course of 2016, and could experience further volatility through the end of the year based on the outcome of several pending events: (1) a launch announcement or event, (2) conclusion of lender/vender negotiations, (3) Aircon customer announcement or financing event.

#### Key Data

Symbol:	NYSE: IRDM
Fiscal Year:	Dec
Stock price:	\$8.05
Shares out (mm):	95.8
Market cap (\$, mm)"	\$773

#### Trading Data

52-week range:	\$6.14 - \$9.37
Avg daily vol:	836,000
Avg daily vol (\$, mm):	\$6.7
Float:	84%
Short % float	25%

#### Balance Sheet

Total debt (\$, mm):	\$1,547
Net debt (\$, mm):	\$1,007
Book value/share:	\$13.77
Net debt/EBITDA (TTM):	4.5x

#### Cash Payout

Dividend (annual):	\$0.00
Dividend yield:	0.0%
FCF (current FY):	(\$229)
FCF yield:	NM

Adj. EBITDA	Q1	Q2	Q3	Q4	FY	EV/EBITDA
2015A	52.5	61.0	63.8	56.8	234.0	7.6x
2016E	60.7	62.6	69.7	61.6E	254.5E	7.0x
2017E	63.2E	63.2E	67.5E	66.1E	260.0E	6.8x
2018E	69.2E	70.5E	77.7E	77.4E	294.9E	6.0x

Revenue	Q1	Q2	Q3	Q4	FY	Y/Y Growth
2015A	97.0	101.9	106.0	106.4	411.4	0.7%
2016E	104.2	109.2	112.8	108.0E	434.3E	5.6%
2017E	107.4E	110.1E	115.0E	115.0E	447.5E	3.0%
2018E	117.1E	121.1E	128.7E	128.4E	495.3E	10.7%

**Iridium 3Q16 Operating Results**

(\$ in mm, ex-EPS)	3Q15	3Q16	Change	Comment
Government services	\$18.0	\$22.0	22.2%	Fixed-price USG contract
Commercial services	63.2	65.3	3.3%	Growth in PTT and OpenPort partially offset by declines in voice airtime
<b>Service revenues</b>	81.2	87.3	7.5%	Best performance in eight quarters
Subscriber equipment	21.2	19.9	-6.0%	Lower handset sales
Engineering & support	3.7	5.6	52.7%	DoD gateway modernization and Type 1 security for Extreme handset
<b>Total revenue</b>	106.0	112.8	6.4%	
SG&A	17.5	18.8	7.0%	Increased employee-related expenses and professional fees
R&D	3.5	5.0	44.8%	Increased spending on NEXT projects
D&A	12.9	11.8	-8.7%	Extension of satellite useful life
<b>Op. expenses</b>	33.9	35.6	4.9%	
Hardware Margins	45.4%	42.3%	(310 bp)	Lower sales of high-margin voice handsets
Service Margins	82.8%	81.7%	(110 bp)	Increase in low-margin USG engineering services
<b>Gross Margin</b>	75.9%	75.7%		
Adjusted EBITDA	\$63.8	\$69.7	9.2%	Consensus forecast of \$64.8 million
Sequential Net Adds	15,000	15,000	0.0%	Net adds flat y/y but better than our forecast of 11,000

Source: Company reports and Quilty Analytics.

**2Q16 Operational Highlights****Waiting to Launch**

Most-recently scheduled for September 19, Iridium's maiden launch of NEXT satellites is currently on hold while SpaceX seeks to determine the cause of a September 1 launch pad anomaly that destroyed the company's Falcon 9 rocket and payload (the Amos-6 satellite).

While the failure investigation is currently ongoing, SpaceX has publicly released a number of details that suggest the company is close to identifying the root cause.

- **Hardware or process?** It now seems fairly certain that a helium pressure vessel was the source of the explosion, but according to SpaceX, the problem may lie with the fueling process rather than a fundamental hardware design. If, in fact, the issue is process-related, the recovery process should be greatly simplified.
- **Two by year-end?** SpaceX President, Gwynne Shotwell, has publicly stated that SpaceX is hoping to carry out two Falcon 9 missions before year-end. While the order is uncertain, the next two launches in the queue should be Iridium from Vandenberg AFB and SES-9 (using a used booster) from the Cape.
- **Gating factors.** Per industry practice, SpaceX is leading the failure investigation, with oversight from NASA, the DoD, the FAA, insurance carriers, and customers (including Iridium). Commenting on the incident, SpaceX CEO Elon Musk indicated that the investigation was "the most difficult and complex" in company history, suggesting that 100% certainty may not be achievable. If this turns out to be the case, SpaceX's return-to-launch will be contingent on the buy-in of customers and the insurance community.

## NEXT Update

While the launch campaign remains on hold, the NEXT production effort is otherwise performing well, with 20 satellites completed and a target of 35 by year-end. The first batch of 10 satellites are currently at Vandenberg AFB awaiting the arrival of a Falcon 9 rocket in “a couple of weeks.” Other highlights:

- **Insurance done:** Prior to the September 1 launch pad explosion, Iridium successfully placed insurance for all seven planned SpaceX launches, priced in-line with management expectations.
- **Deployment slips into 2018.** Given the multiple launch delays over the past year, Iridium publicly conceded that the next constellation is unlikely to achieve full deployment until early-to-mid 2018. With satellite production not anticipated to be a gating factor, full NEXT deployment will be dependent on: (1) the timing of SpaceX’s return-to-launch, and (2) the ability of SpaceX to achieve its planned 60-day launch cadence.

## Aireon Momentum Continues

In July, Aireon signed a Memorandum of Agreement (MOA) with Myanmar, followed by a multi-year data service agreement with the Seychelles Civil Aviation Authority (SCAA) in October (Aireon’s second African-based ANSP agreement). To date, Aireon has inked a total of nine (9) long-term data service agreements, complemented by 12 MOAs and other agreements that could eventually transition into paying data service agreements down the road.

Importantly, Aireon also established a **new revenue stream** outside the ANSP (air navigation service provider) channel, signing a partnership agreement with FlightAware to integrate Aireon tracking data into the company’s [GlobalBeacon](#) flight tracking service. FlightAware subsequently signed Qatar Airways as the first commercial customer for the service.

Notably, these new customer wins should aide Aireon’s effort to raise capital in order to pay its \$200 million hosted payload fee to Iridium. The size and timing of this capital raise will be dependent on a number of factors, including capital market conditions, and the size/number of long-term service agreements signed by Aireon’s ANSP customers.

- Iridium had previously indicated that it expects to receive its Aireon fee in late-’16 or early-’17.
- Management now expects this fee payment to slip further into 2017 due to: (1) delayed launch of the NEXT program, and (2) delays in signing a long-term contract with the FAA.

## Liquidity Efforts Ongoing

Last quarter, Iridium announced that it was working with its primary lender (Coface) and prime contractor (Thales) to obtain additional flexibility with its near-term capital plan due to the anticipated delay in the Aireon hosting fee. Iridium is currently in advanced discussion with both partners and reiterated that it expects to conclude discussions before year-end. Key elements of Iridium’s capital plan include:

- Iridium currently has \$426 million of cash-on-hand, along with \$130 million of unused borrowing on the credit facility
- Pursuant to terms of the Coface credit facility, Iridium currently has a cash reserve balance of \$113 million and this reserve is scheduled to grow to \$189 million over the course of 2017. Reducing or eliminating this cash reserve requirement could provide up to \$189 million of additional liquidity.
- As of June 30, Iridium has made aggregate payments of \$1.67 billion to Thales under the company’s \$2.3 billion prime contract. Delaying future milestone payments could yield several hundred million of additional short-term liquidity.
- Given the various levers at its disposal, management does NOT expect to raise additional equity.

## Guidance and Outlook

Following three consecutive quarters of better-than-expected performance, Iridium raised its midpoint 2016 service revenue growth forecast by 50 bp (from a 4-6% to 5-6%) and its EBITDA forecast by 1% (from \$245-255 to \$250-255 million).

Given recent launch delays, Iridium also provided updated long-term guidance that reflects the fact that 2019 (rather than 2018) will represent the first “full-year” of run-rate revenues from the NEXT constellation.

### Iridium Long-Range Financial Outlook

Date Guidance Issued	Feb'15	Jul'15	Jul'16	Oct'16
Total service revenues	\$420-485 in '18	\$420-465 in '18	Affirmed	\$440-465 in '19
OEBITDA	60% in '18	Affirmed	Affirmed	60% in '19
Cash Taxes	Nil thru '20	Affirmed	Affirmed	Affirmed
Peak leverage	6.0-6.5x in '16	Affirmed	6.0-6.5x in '17	Affirmed
Net leverage	4.0x in '18	Affirmed	Affirmed	<4.0x in '19

Source: Company reports and Quilty Analytics.

Notably, this guidance assumes that Iridium can achieve a 10.5% service revenue CAGR through 2019, as compared to a trailing three-year service CAGR of 8.5%. Factors potentially supporting this higher growth rate include:

- The availability of new services on the NEXT constellation, including Certus broadband
- Annual Aireon hosting and data fees of \$47 million
- A potential step-up in Iridium’s DoD contract beginning in April 2019 (assuming a six-month extension)

## Stock Performance and Valuation

Shares of Iridium are essentially flat YTD, but the stock has experienced >30% peak-to-trough movement over the course of the year, reflecting better-than-expected operating results (uptrend) paired against recurring launch delays (downtrend).

Shares of IRDM were basically unchanged yesterday following the company’s Q3 earnings report, as the company’s “beat-and-raise” was partially nullified by a push-out of the long-term guidance. Looking ahead, key factors that are likely to impact the stock’s performance include:

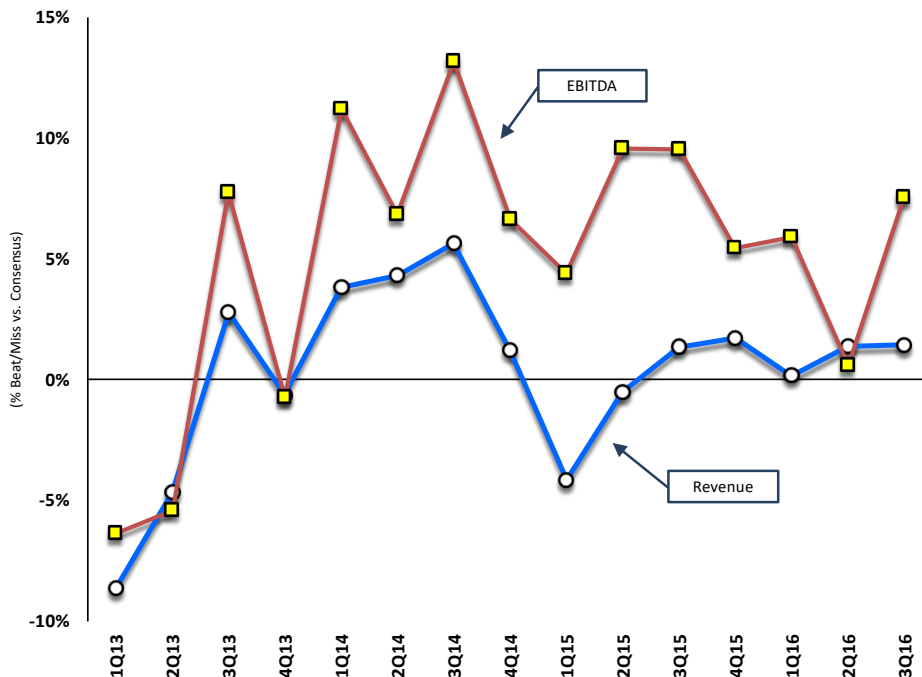
**BULLISH**

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- **Successful launch:** While Iridium will require more than seven launches to complete the constellation, the stock should react favorably following the first successful launch; signaling a light at the end of the tunnel.
- **Lender relief.** If Iridium is able to successfully (and favorably) renegotiate its lender/vendor covenants by year-end, the stock should react positively.
- **Aireon capital raise.** A successful capital raise by Aireon would provide third-party validation of the Aireon business model along with a much-welcome cash infusion to Iridium.
- **Christmas surprise:** While Iridium’s customer base is overwhelmingly commercial, the company’s (Delorme/Garmin) InReach product has the potential for high volume consumer sales, potentially aligned with 4Q16.
- **Liquidity concerns:** Always #1 amongst investor concerns, Iridium’s announcement that it is negotiating with its lenders/vendors to ease near-term liquidity issues raised the specter of a potential equity capital raise despite management’s assertion that a capital raise is “off the table.”
- **Aging constellation:** Iridium lost two satellites during Q2, which shouldn’t have a meaningful impact on network performance, but does highlight the frailty of the constellation.
- **Launch delays:** If the SpaceX accident investigation drags on for an extended period of time, Iridium may be forced to lower its growth outlook, with consequences for cash flow and capital funding.

Source: Quilty Analytics.

**Iridium Quarterly Revenue/EBITDA vs. Consensus**

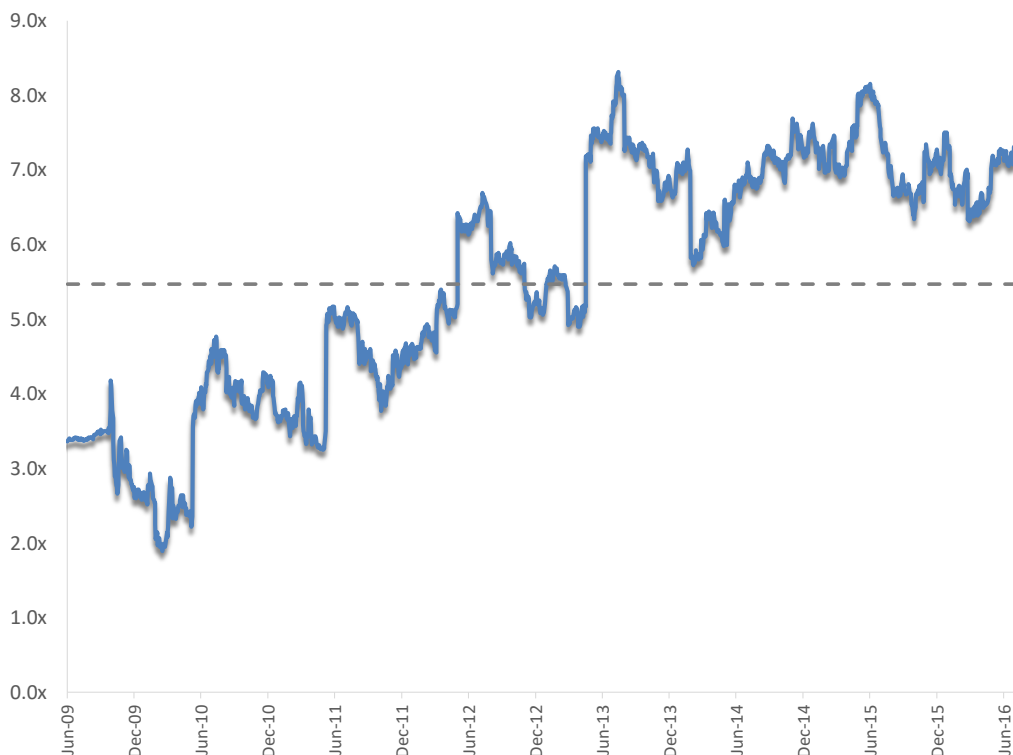


Source: Sentieo.

From a valuation perspective, Iridium remains relatively attractive, trading at 6.8x our 2017 EBITDA forecast vs. peer group satellite operators such as ORBC (12.7x) and VSAT (12.3x). In order to achieve a like-valuation multiple, however, Iridium must deftly navigate the financial/operational hurdles associated with its constellation replacement plans.

Assuming the NEXT program proceeds smoothly, Iridium’s valuation multiple should expand to reflect the retirement of financial operational risk. While a successful first launch may-or-may-not mark a turning point for the stock, it is probably fair to assume the stock can achieve a 10x on our 2018 EBITDA estimate, implying a stock price of \$16.00.

**Iridium Forward EV/EBITDA Multiple (FY2)**



Source: Sentieo.

**Segment Performance**

**Commercial Services**

Overall commercial service revenues grew 3.3%, representing Iridium’s best growth performance in eight quarters. Once again, growth in M2M and maritime was partially offset by declines in the legacy voice business.

**Commercial Service Revenues**

(\$ in millions)	3Q15	3Q16	Y/Y Growth	CQ Est	Variance
Commercial Voice	\$47.2	\$48.1	1.7%	\$45.6	5.4%
Commercial M2M	16.0	17.3	8.2%	15.6	10.5%
Total	\$63.2	\$65.3	3.3%	\$61.2	6.7%

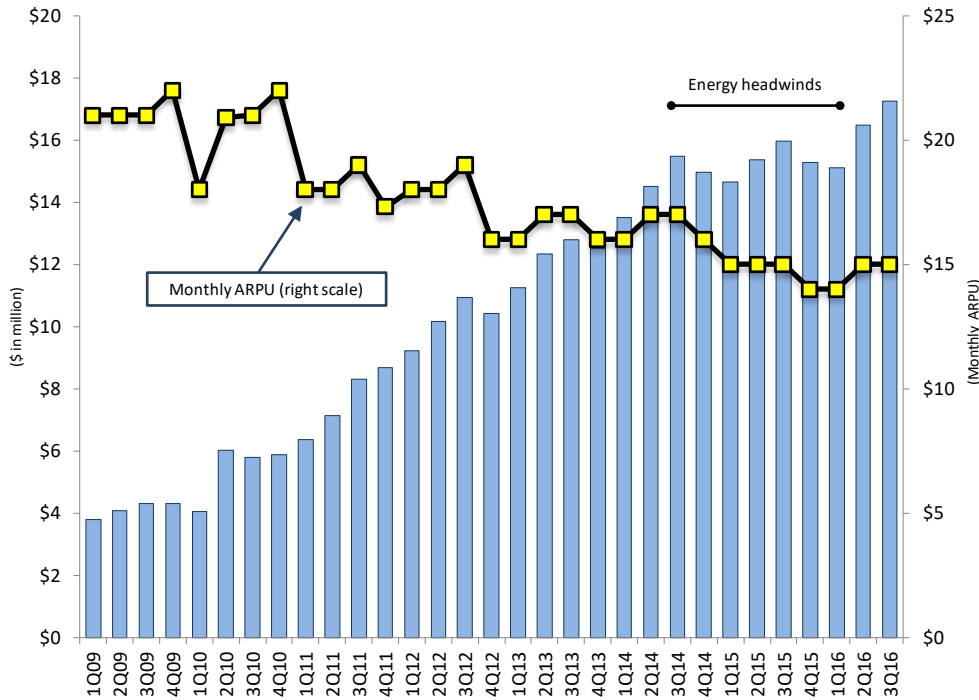
## Commercial Subscribers

	3Q15	3Q16	Y/Y Growth	CQ Est	Variance
Commercial Voice	360,000	358,000	-0.6%	353,300	1.3%
Commercial M2M	352,000	398,000	13.1%	372,000	7.0%
Total	712,000	756,000	6.2%	725,300	4.2%

Source: Company reports and Quilty Analytics.

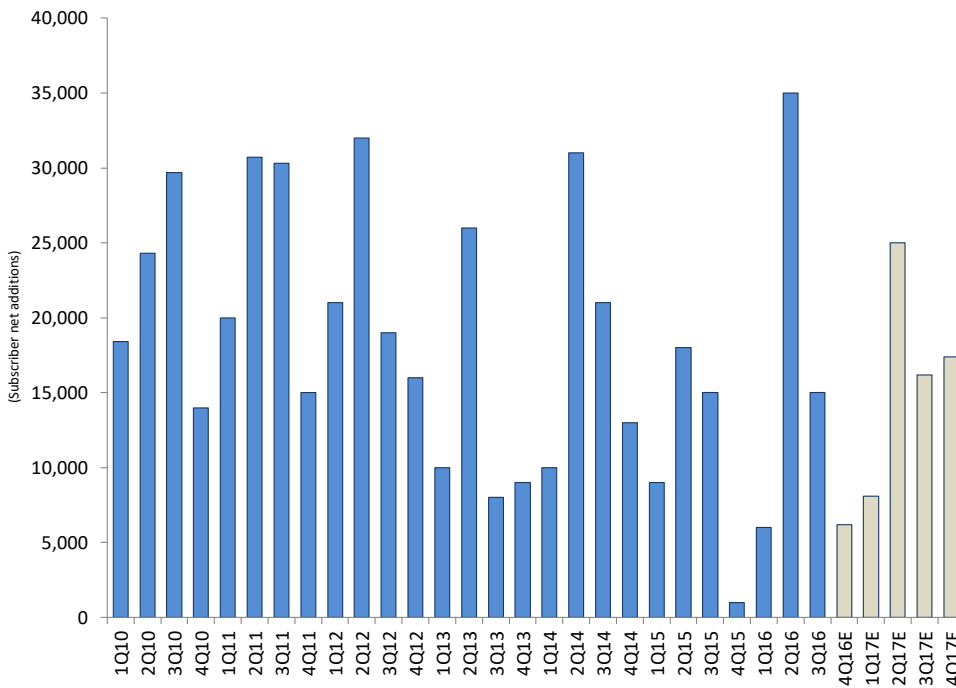
- Flat net adds:** Iridium picked up 15,000 net additions in Q3, flat with last year, but significantly better than our forecast of 9,000 net adds. Management once cited strength in the maritime and the DeLorme InReach product, and noted diminished headwinds in the oil & gas sector.
- A Christmas surprise?** Since acquiring (Iridium-partner) DeLorme in March 2016, Garmin has adopted a “go-slow” approach toward integrating the InReach product into the Gamin portfolio, showing no visible indications of a rebranding effort or an intent to expand distribution. Our model assumes a modest bump in Q4 M2M net adds (from 7k to 10k), but a more-robust Christmas sales effort on the part of Garmin could generate substantial upside to this forecast.
- Komatsu unveiled:** Having previously announced the signing of a “Top 5” heavy equipment OEM last quarter, Iridium officially announced Komatsu as an OEM customer, giving Iridium exposure to seven of the world’s Top 20 OEMs (representing 40% of overall industry sales). Similar to Caterpillar and Doosan, Komatsu is already a long-standing customer of ORBCOMM, suggesting that Iridium may be relegated to a niche role until the NEXT constellation is more fully-deployed.
- Iridium Edge.** Iridium launched a new low-power M2M tracking device (Iridium Edge) designed for fleet management and other remote monitoring applications, with availability beginning in 1Q17.
- Voice subs down, revenues up.** Iridium lost 1,000 voice subscribers sequentially, but revenues grew 1.7% aided by a \$900k one-time benefit from the expiration of an airtime credit. Overall, Iridium’s legacy voice business faces challenging growth prospects (data-for-voice substitution), but could return to growth when/if Iridium’s commercial [Push-to-talk](#) effort gains traction. Prospects for PTT remain encouraging, but the sales cycle has proved more daunting than first imagined (i.e. first responders, government agencies, and large commercial deployments).

**Commercial M2M Revenues and ARPU**



Source: Company reports and Quilty Analytics.

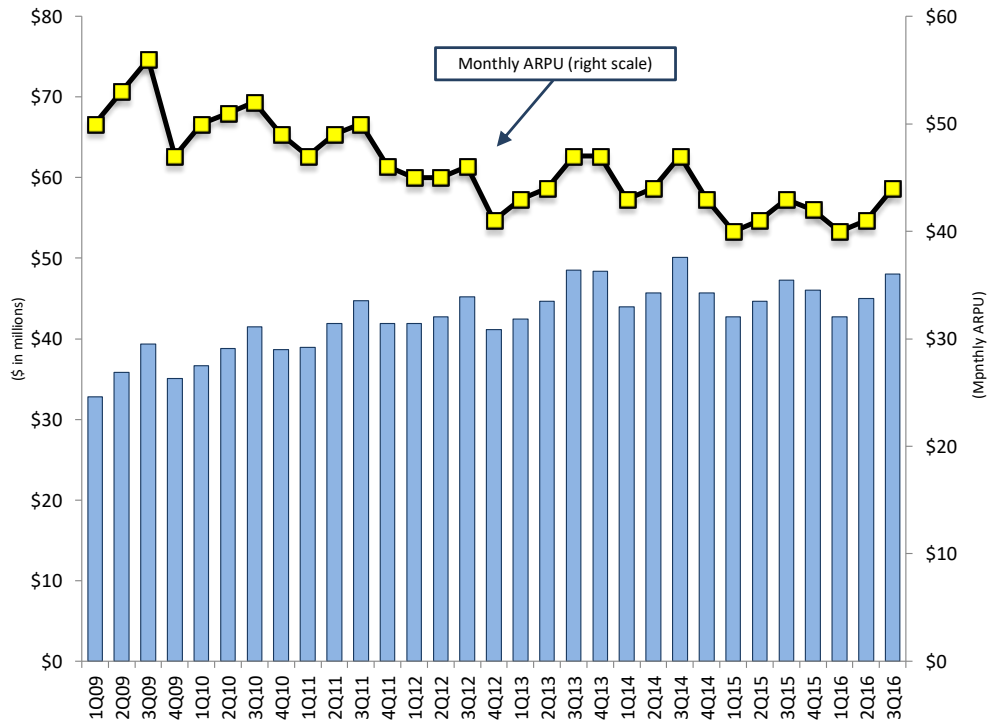
**Commercial M2M Net Additions**



Source: Company reports and Quilty Analytics.

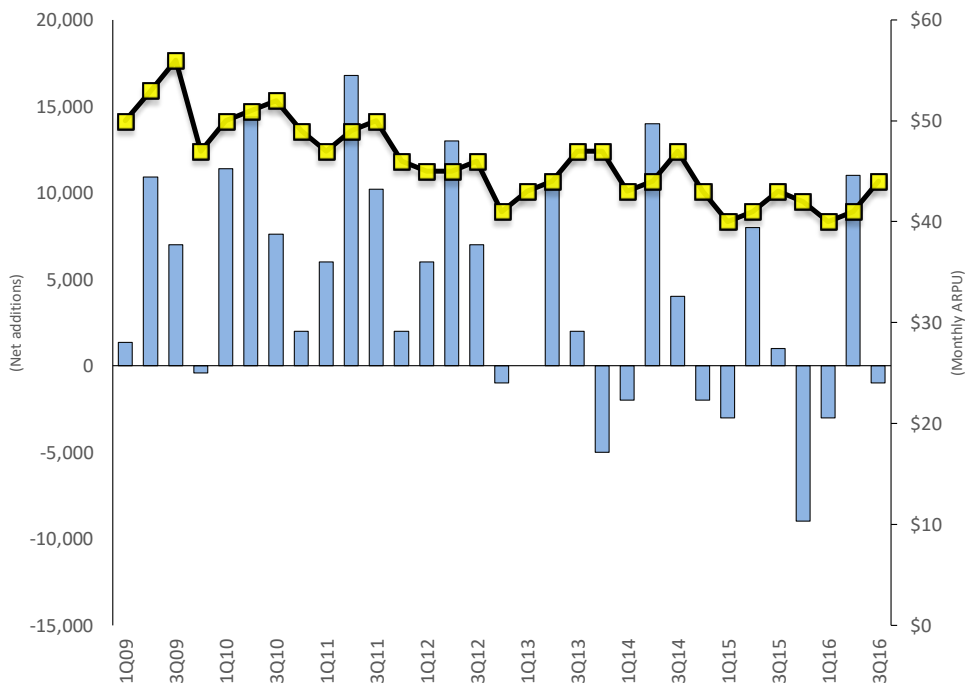


**Commercial Voice & Data Revenue and ARPUs**



Source: Company reports and Quilty Analytics.

**Commercial Voice & Data Net Additions and ARPU**



Source: Company reports and Quilty Analytics.

**Government Services**

Government service revenues grew 22% to \$22 million, consistent with Iridium’s five-year, fixed-price EMSS contract. Service revenues are contracted to remain flat at \$22 million for the balance of the contract (Oct’18), but Iridium is negotiating the addition of new services (not covered by the EMSS contract) that could generate revenue upside beginning in 2017.

**Government Service Revenues**

(\$ in millions)	3Q15	3Q16	Y/Y Growth	CQ Est	Variance
Total	\$18.0	\$22.0	22.2%	\$22.0	0.0%

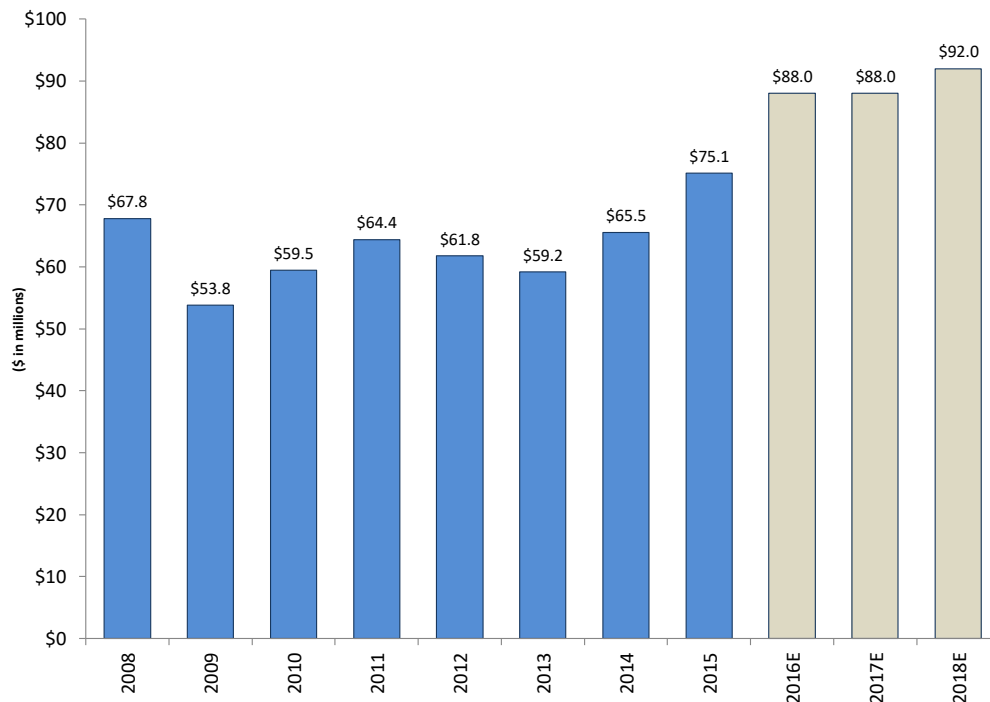
**Government Subscribers**

	3Q15	3Q16	Y/Y Growth	CQ Est	Variance
Government Voice	39,000	43,000	10.3%	42,000	2.4%
Government M2M	30,000	39,000	30.0%	35,000	11.4%
Total	69,000	82,000	18.8%	77,000	6.5%

Source: Company reports and Quilty Analytics.

Voice subscribers were flat sequentially (up 10% y/y), but the USG added 2,000 new M2M subscribers since the second quarter. In total, Iridium now serves 82,000 USG subs, up from 51,000 in 3Q13 when the EMSS contract was signed.

**Annual Government Service Revenues**



Source: Company reports and Quilty Analytics.

Iridium Communications, Inc.  
Quarterly Income Statement

	2015				2016				2017				2018			
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Government services	18.00	18.00	18.00	21.10	22.00	22.00	22.00	88.00	22.00	22.00	22.00	22.00	22.00	24.00	24.00	92.00
Commercial services	57.42	60.02	63.20	241.93	57.82	61.49	65.32	248.06	61.35	63.09	66.84	67.87	65.82	67.20	71.52	277.15
Aircom	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	1.50	3.00	5.50	8.00	9.50	11.00	41.50
Service Revenues	75.42	78.02	81.20	82.38	79.82	83.49	87.32	336.06	83.75	86.59	91.84	95.37	95.82	98.70	106.52	410.65
Subscriber equipment	16.54	18.77	21.18	17.13	17.56	20.36	19.90	74.78	18.44	19.34	19.50	16.45	18.07	18.76	18.53	70.98
Engineering & support	5.04	5.14	3.65	6.91	6.82	5.35	5.58	23.42	5.17	4.17	3.67	3.17	3.17	3.67	3.17	13.70
Total Revenues	97.01	101.92	106.03	106.42	104.20	109.20	112.79	434.25	107.36	110.10	115.02	114.99	117.06	121.14	128.72	495.33
Cost of subscriber equip.	10.65	9.28	11.56	9.32	10.46	11.86	11.48	9.66	11.10	11.41	11.60	9.87	10.66	11.07	10.75	8.98
Network operating costs	14.88	14.32	13.99	17.11	15.90	16.45	15.94	65.58	16.21	16.08	17.48	17.82	17.44	17.44	18.41	71.78
Gross Profit	71.48	78.32	80.49	79.98	77.84	80.89	85.38	325.21	80.05	82.62	85.93	87.30	88.96	92.63	99.57	382.08
SG&A	20.52	18.74	17.53	24.65	19.06	22.30	18.77	21.72	19.54	21.47	20.59	22.19	20.37	22.53	22.14	23.63
R&D	4.13	4.42	3.48	4.12	2.56	4.01	5.04	3.38	3.44	4.17	3.14	3.35	3.86	4.12	3.37	3.62
D&A	13.36	12.82	12.93	51.83	12.94	12.84	11.81	12.05	21.14	28.93	38.22	44.36	53.03	71.04	71.16	266.50
One-time items	0.00	0.00	0.00	87.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit	33.47	42.33	46.54	(48.54)	43.278	41.73	49.77	178.73	35.94	28.05	23.98	17.39	11.69	(5.06)	2.90	2.41
Interest (expense)	(0.34)	0.22	0.00	0.00	0.00	(0.37)	(0.31)	(0.90)	(0.22)	(0.22)	(12.60)	(16.72)	(24.97)	(23.32)	(22.50)	(92.47)
Interest income	1.58	0.79	0.26	0.78	0.76	0.80	0.70	0.69	0.62	0.65	0.64	0.44	0.35	0.06	(0.03)	(0.05)
Other (expense)	(1.13)	(0.93)	(0.89)	(3.97)	(0.52)	0.33	0.04	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(4.00)
Pretax Income	33.58	42.41	45.92	(48.79)	43.52	42.49	50.20	179.64	35.34	27.47	11.02	0.11	(13.93)	(29.33)	(20.62)	(84.19)
Income taxes	12.56	16.42	16.37	20.64	15.00	15.64	18.65	65.42	13.12	10.20	4.09	0.04	(5.18)	(10.89)	(7.66)	(7.54)
Net Income	21.02	25.99	29.55	(69.43)	28.52	26.85	31.56	114.22	22.21	17.27	6.93	0.07	(8.76)	(18.43)	(12.96)	(31.27)
Series A dividend	1.75	1.75	1.75	7.00	1.75	1.75	1.75	7.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	7.00
Series B dividend	2.11	2.11	2.11	8.44	2.11	2.11	2.11	8.44	2.11	2.11	2.11	2.11	2.11	2.11	2.11	8.44
Net income to common	17.16	22.13	25.69	(73.29)	24.66	23.00	27.70	98.79	18.35	13.41	3.07	(3.79)	(12.62)	(22.29)	(16.82)	(69.36)
Basic EPS	\$0.18	\$0.23	\$0.27	(\$0.77)	\$0.26	\$0.24	\$0.29	\$1.03	\$0.19	\$0.14	\$0.03	(\$0.04)	(\$0.13)	(\$0.23)	(\$0.17)	(\$0.70)
Diluted EPS	\$0.17	\$0.21	\$0.24	(\$0.59)	\$0.23	\$0.22	\$0.28	\$0.93	\$0.18	\$0.14	\$0.06	\$0.00	(\$0.07)	(\$0.15)	(\$0.10)	(\$0.42)
Wild Ave Shares	94.53	95.06	95.32	95.48	95.66	95.91	96.07	95.81	95.91	95.99	96.07	96.17	96.27	96.35	96.43	96.39
Fully Diluted Shares	122.31	123.20	122.70	122.11	123.04	123.47	123.69	123.60	123.89	124.16	124.48	124.74	125.04	125.31	125.63	125.89
CFO	51.53	41.18	70.22	(56.27)	47.02	61.82	55.72	46.71	37.63	249.01	43.13	42.67	32.68	50.50	56.98	194.38
CapEx (ex-NEXT)	6.25	6.25	6.25	25.00	6.25	6.25	6.25	25.00	6.50	6.50	7.00	7.00	7.00	7.00	7.00	28.00
Free Cash	45.28	34.93	63.97	(81.67)	40.77	55.57	49.47	186.27	31.13	242.51	36.13	35.67	25.68	43.50	49.98	166.38
NEXT cap ex	43.80	117.90	71.34	236.76	69.57	74.73	68.74	415.43	198.23	179.19	184.26	184.33	123.71	103.10	0.00	226.81
<b>EBITDA</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>4Q15</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>3Q18</b>	<b>4Q18</b>
Net income	21.02	25.99	29.55	(69.43)	28.52	26.85	31.56	114.22	22.21	17.27	6.93	0.07	(8.76)	(18.43)	(12.96)	(31.27)
(+) Interest expense	0.34	0.56	0.00	0.00	0.00	0.29	0.25	0.77	0.22	0.22	12.60	16.72	24.97	23.32	22.50	92.47
(+) Income taxes	12.56	16.42	16.37	20.64	15.00	15.64	18.65	65.42	13.12	10.20	4.09	0.04	(5.18)	(10.89)	(7.66)	(7.54)
(+) Interest exp. recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(+) D&A	13.36	12.82	12.93	51.83	12.94	12.84	11.81	12.05	21.14	28.93	38.22	44.36	53.03	71.04	71.16	266.50
(-) Interest income	1.58	1.35	0.26	0.78	0.76	1.09	0.95	0.69	0.62	0.65	0.64	0.44	0.35	0.06	(0.03)	(0.05)
EBITDA	45.70	54.44	58.59	(36.84)	55.70	54.54	61.31	226.55	56.07	55.97	61.20	60.75	63.73	64.98	73.06	274.44
<b>Operational EBITDA</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>4Q15</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>	<b>2Q18</b>	<b>3Q18</b>	<b>4Q18</b>
EBITDA	45.70	54.44	58.59	(36.84)	55.70	54.54	61.31	226.55	56.07	55.97	61.20	60.75	63.73	64.98	73.06	274.44
(+) FAS123R	2.44	2.11	1.67	2.39	2.19	3.89	3.80	4.04	4.12	4.21	4.29	4.38	4.46	4.55	4.65	4.74
(+) Noncore Items	(0.25)	(0.20)	(0.20)	86.91	(0.21)	(0.20)	(0.22)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(+) GHO Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(+) Iridium NEXT	4.58	4.64	3.75	4.32	3.02	4.32	4.78	2.50	3.00	3.00	2.00	1.00	1.00	1.00	0.00	2.00
Oper. EBITDA	52.47	60.99	63.80	56.78	60.71	62.55	69.67	61.55	63.20	63.18	67.49	66.13	69.19	70.53	77.70	77.42
				234.04				254.47								294.85

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