

# Iridium Communications Inc.



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**Annual Shareholders Meeting**

**May 17, 2022**





# ANNUAL MEETING AGENDA

**Chairman's Welcome and Introductions**

**Bob Niehaus**

**Call Meeting to Order**

**Bob Niehaus**

**Business of Meeting**

**Bob Niehaus &  
Kathy Morgan**

**Closing of Polls**

**Kathy Morgan**

**Adjournment of Meeting**

**Bob Niehaus**

**CEO Remarks**

**Matt Desch**

**Q&A**



# IRIDIUM'S BOARD OF DIRECTORS



**Robert H.  
Niehaus**



**Thomas C.  
Canfield**



**Matthew J.  
Desch**



**Thomas J.  
Fitzpatrick**



**L. Anthony  
Frazier**



**Jane L.  
Harman**



**Alvin B.  
Krongard**



**Suzanne E.  
McBride**



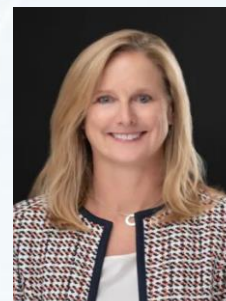
**Eric T.  
Olson**



**Parker W.  
Rush**



**Henrik O.  
Schliemann**



**Kay  
Sears**



**Barry J.  
West**



# FORWARD LOOKING STATEMENTS

## Safe Harbor Statement

This presentation contains statements about future events and expectations known as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Iridium Communications Inc. (“Iridium” or the “Company”) has based these statements on its current expectations and the information currently available to it.

Forward-looking statements in this presentation include statements regarding Iridium’s expectations with respect to growth in IoT subscribers; capital expenditures; deleveraging and shareholder-friendly activities. Forward-looking statements can be identified by the words “anticipates,” “may,” “can,” “believes,” “expects,” “projects,” “intends,” “likely,” “will,” “to be” and other expressions that are predictions or indicate future events, trends or prospects. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Iridium to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, uncertainties regarding customer demand for Iridium’s products and services, including demand from the U.S. government; Iridium’s ability to maintain the health, capacity and content of its satellite constellation, and the development of and market for Iridium’s products and services, as well as general industry and economic conditions, and competitive, legal, governmental and technological factors. Other factors that could cause actual results to differ materially from those indicated by the forward-looking statements include those factors listed under the caption “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission (“SEC”) on February 17, 2022, and the Company’s Form 10-Q for the quarter ended March 31, 2022, filed with the SEC on April 19, 2022, as well as other filings Iridium makes with the SEC from time to time. There is no assurance that Iridium’s expectations will be realized. If one or more of these risks or uncertainties materialize, or if Iridium’s underlying assumptions prove incorrect, actual results may vary materially from those expected, estimated or projected. Participants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof unless otherwise indicated. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.



# NON-GAAP FINANCIAL MEASURES

## Non-GAAP Financial Measures

In addition to disclosing financial results that are determined in accordance with U.S. GAAP, the Company provides Operational EBITDA and Operational EBITDA margin, which are non-GAAP financial measures, as supplemental measures to help investors evaluate the Company's fundamental operational performance. Operational EBITDA represents earnings before interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT only), loss from investment in Aireon, share-based compensation expenses, the impact of purchase accounting, and non-cash gain from the Boeing transaction. Iridium NEXT revenue and expenses were excluded from Operational EBITDA through 2017. Beginning in 2018, Iridium NEXT revenues and recurring Iridium NEXT expenses (recurring Iridium NEXT expenses are not part of the approximately \$3 billion construction cost of Iridium NEXT (the "Construction Costs")) were no longer excluded in calculating Operational EBITDA. U.S. GAAP requires that certain of the Construction Costs be expensed. These certain Construction Costs, which beginning in 2018 principally consisted of in-orbit insurance, will continue to be excluded from the calculation of Operational EBITDA through the first quarter of 2020. The Company also presents Operational EBITDA expressed as a percentage of GAAP revenue, or Operational EBITDA margin. Operational EBITDA, along with its related measure, Operational EBITDA margin, does not represent, and should not be considered, an alternative to U.S. GAAP measurements such as net income or loss, and the Company's calculations thereof may not be comparable to similarly titled measures reported by other companies. A reconciliation of consolidated GAAP net income to Operational EBITDA is in the attached appendix. By eliminating interest, income taxes, depreciation and amortization, Iridium NEXT revenue and expenses (for periods prior to the deployment of Iridium NEXT only), loss from investment in Aireon, share-based compensation expenses, the impact of purchase accounting, and non-cash gain from the Boeing transaction, the Company believes the result is a useful measure across time in evaluating its fundamental core operating performance. Management also uses Operational EBITDA to manage the business, including in preparing its annual operating budget, debt covenant compliance, financial projections and compensation plans. The Company believes that Operational EBITDA is also useful to investors because similar measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies in similar industries. However, there is no standardized measurement of Operational EBITDA, and Operational EBITDA as the Company presents it may not be comparable with similarly titled non-GAAP financial measures used by other companies. As indicated, Operational EBITDA does not include interest expense on borrowed money, the payment of income taxes, amortization of the Company's definite-lived intangibles assets, or depreciation expense on the Company's capital assets, which are necessary elements of the Company's operations. It also excludes expenses in connection with the development, deployment and financing of Iridium NEXT and the loss from investment in Aireon. Since Operational EBITDA does not account for these and other expenses, its utility as a measure of the Company's operating performance has material limitations. Due to these limitations, the Company's management does not view Operational EBITDA in isolation, but also uses other measurements, such as net income, revenues and operating profit, to measure operating performance.



# Non-GAAP Financial Measures

## Iridium Communications Inc.

### Supplemental Reconciliation of GAAP Net Loss to Operational EBITDA and Pro Forma Free Cash Flow

(In thousands)

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2021	2020	2021	2020	
GAAP net loss	\$ (5,884)	\$ (7,925)	\$ (9,319)	\$ (56,054)	
Interest expense, net	15,893	22,693	73,906	94,271	
Income tax (benefit) expense	473	(9,967)	(19,569)	(32,910)	
Depreciation and amortization	76,165	75,914	305,431	303,174	
Iridium NEXT expenses, net	-	-	-	149	
Share-based compensation	6,781	4,086	26,879	16,714	
Loss on extinguishment of debt	-	-	879	30,209	
Operational EBITDA	\$ 93,428	\$ 84,801	\$ 378,207	\$ 355,553	6.4%
Hosted Payload Cash Timing <sup>(1)</sup>			(14,000)	(22,000)	
Working Capital <sup>(2)</sup>			(8,000)	(8,000)	
Iridium Capital Expenditures <sup>(3)</sup>			(45,000)	(35,000)	
Net Interest <sup>(4)</sup>			(66,000)	(89,000)	
Cash Taxes <sup>(5)</sup>			-	-	
Pro Forma Free Cash Flow			\$ 245,207	\$ 201,553	21.7%

(1) Hosted Payload adjusts OEBITDA for revenue recognition from Aireon and Harris hosting and prepaid data in excess of cash received in period

(2) Working Capital timing is expected to result in a net cash use averaging \$5-\$10M annually; for illustrative purposes, we present this as an \$8M annual use of cash

(3) Booked Capital Expenditures excludes capitalized interest, which is included with Pro Forma Net Interest, and for illustrative purposes, 2021 capex is presented as an average of \$45M per year, and 2020 is presented as an average of \$35M per year

(4) Pro Forma Net Interest for 2020 includes \$1.65B TLB at ~5.5% over 12-months and ~\$1M interest income and 2021 reflects average balance on TLB at ~4.1% over 12-months and ~\$1M interest income; all years exclude costs related to repricing and extinguishment of debt

(5) For illustrative purposes, Cash Taxes are assumed at \$0, reflecting guidance of negligible tax payments through 2024



# IRIDIUM BY THE NUMBERS

A unique, global communications provider of highly mobile voice and data services from space



**1.78 MILLION**

Global Subscribers  
as of Q1'22 (3/31/2022)



**\$614.5 MILLION**

in Total Revenue  
in full-year 2021



**MORE THAN 450**

Industry-Leading Partners



**80% RECURRING**

Service Revenue  
in full-year 2021



# RETURNING CAPITAL TO SHAREHOLDERS

Iridium's strong free cash flow has supported Board authorizations for the repurchase of up to \$600 million in common stock



**(\$9.3) MILLION**

Net Loss  
in full-year 2021



**\$245 MILLION**

Pro Forma Free Cash Flow  
in full-year 2021



**\$378 MILLION**

Operational EBITDA  
in full-year 2021



**\$298 MILLION**

in Shares Repurchased  
as of Q1'22 (3/31/2022)





# A VERY UNIQUE NETWORK



- Designed for extreme mobility & IoT
- Total earth coverage – no compromises!
- L-band LEO – small antennas & low latency
- Upgraded \$3B network – 25 years of experience



# ASSESSING IMPORTANT GROWTH MARKETS

A growing portfolio of solutions drives critical connections all over the world



**ASSET / FLEET  
MANAGEMENT**

**PERSONAL SATELLITE  
MESSAGING**

**REMOTE SENSING**

**ENERGY & INDUSTRIAL**

**AUTONOMOUS  
SYSTEMS**



**SHIPPING &  
CONNECTED  
VESSELS**

**FISHING**

**RESEARCH**

**LEISURE CRAFT**

**BUOYS &  
WORKBOATS**



**FIRST RESPONSE &  
DISASTER RELIEF**

**SAFETY  
COMMUNICATIONS**

**TRANSPORTATION &  
AUTONOMOUS  
VEHICLES**

**BUSINESSES  
CONTINUITY**



**BUSINESS &  
PRIVATE JET**

**COMMERCIAL COCKPIT  
OPERATIONS**

**UAVs**

**GENERAL AVIATION**

**ROTORCRAFT**



**U.S. GOVERNMENT**

**NGOs**

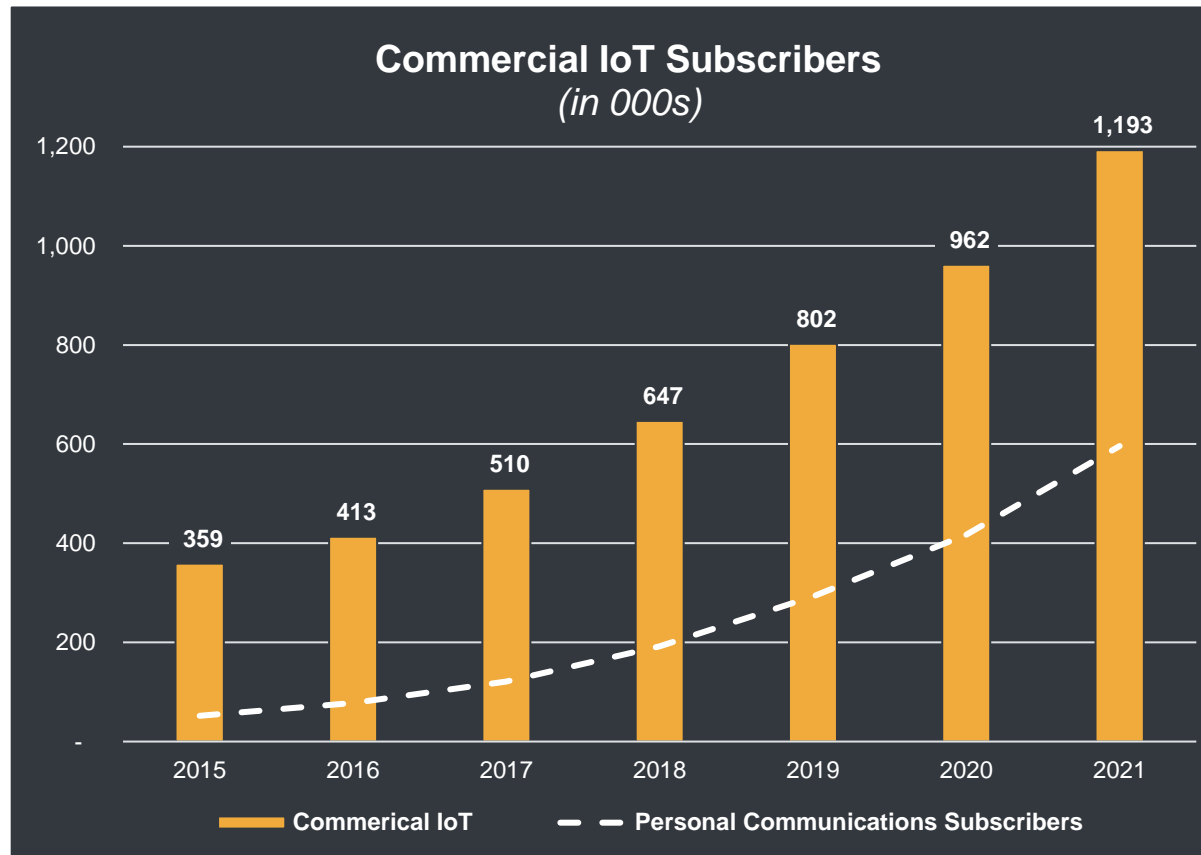
**LOCAL  
GOVERNMENTS &  
MILITARIES**

**GATEWAY  
MANAGEMENT &  
SUPPORT  
SERVICES**



# PERFECT FOR CONSUMER COMMUNICATIONS

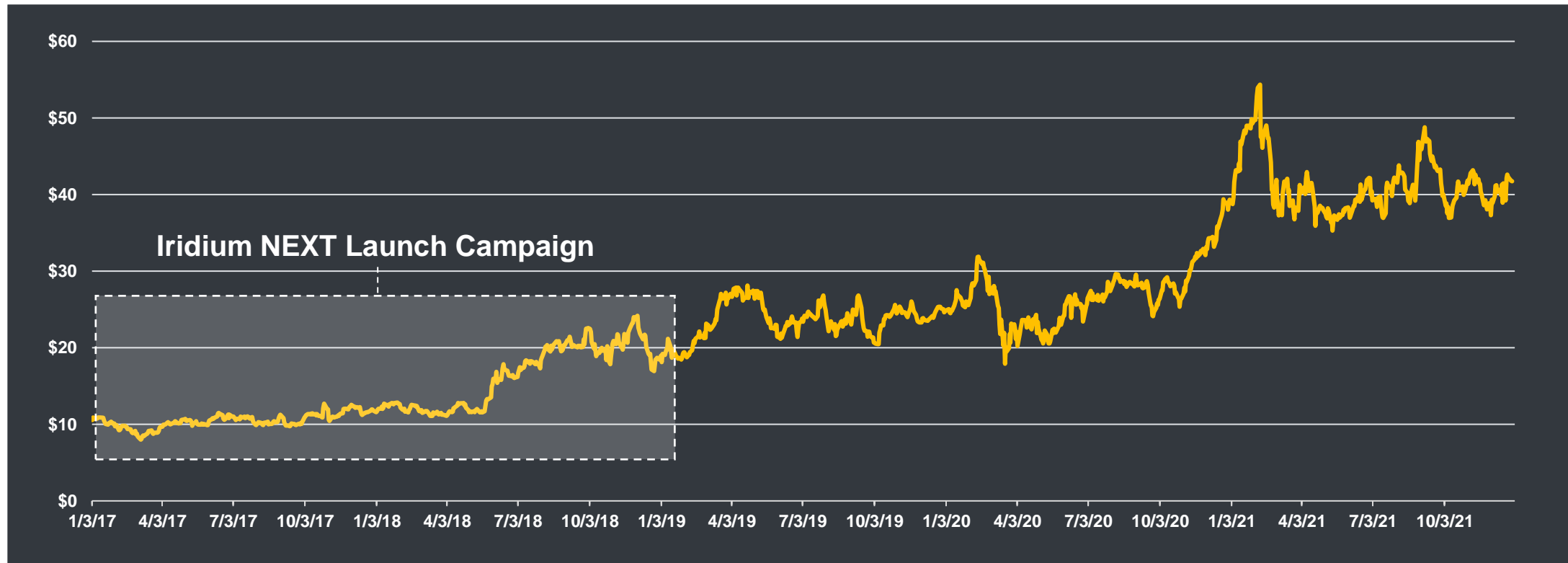
More than 50% of Iridium's IoT subscribers & growing fast





# STOCK PERFORMANCE

- Iridium shares have generated a 5-year CAGR of 41%
- 2021 stock appreciation of 5% outperformed space industry indexes, like Procure Space ETF (+5) and ARK Exploration & Innovation ETF (-7%)





# ESG: INDUSTRY LEADERSHIP BEING ACKNOWLEDGED

*“Our success as a company starts and ends with our foundational values”*





# FOLLOWING THROUGH ON COMMITMENTS

**Strong levered free cash flow is already delivering meaningful shareholder returns**

## **Strong Cash Flow Conversion**

**+**

## **Flexible Allocation of Capital**

**=**

## **Maximizing Shareholder Returns**

- Monetizing the new services enabled by our upgraded constellation
- Post-construction CapEx holiday

- Continued deleveraging
- 2.5x – 3.5x target net leverage

- Path to meaningful capital returns into the future
- Shareholder-friendly activities have begun!



# Q & A