

Inmarsat Plc

10:15 25 Mar 2019

Inmarsat shares rocket higher after agreeing US\$3.4bn takeover by private equity-led consortium

Inmarsat Plc (LON:ISAT) has agreed to be taken over by a private equity-led consortium in a deal that values the British satellite operator at US\$3.4bn.

The consortium, which includes private equity firms Apax Partners and Warburg Pincus as well as pension funds Canada Pension Plan Investment Board and Ontario Teachers' Pension Plan, will pay US\$7.21 a share in cash.

The offer was made on January 31 but Inmarsat only revealed that it was considering the approach last Tuesday after a leak.

READ: Inmarsat considers US\$3.3bn takeover bid from private equity-led consortium

In sterling terms, Inmarsat said the 546p per share bid represents a 45% premium to its 377p closing price the day before press speculation on February 28 of a possible deal.

Consortium recognises need for continued investment, says Inmarsat

Inmarsat said it considers the terms of the acquisition to be "fair and reasonable" and recommended shareholders approve the offer.

"The expertise and skills of our employees, together with continued investment in our technology and infrastructure, are integral to delivering on our growth potential," Inmarsat non-executive chairman Andrew Sukawaty said.

"We are pleased that the consortium recognises this and that we are able to present this offer to shareholders."

The consortium said it believes Inmarsat is "well positioned for growth based on its unique global infrastructure, leading technological and capacity roadmap and strong spectrum holdings".

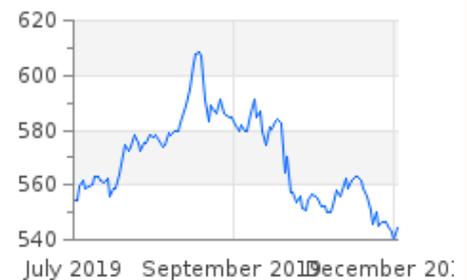
Inmarsat has "predictable revenues" from a range of long-term contracts with governments and other financially secure customers, it added.

"As experienced and long-term investors in telecommunications, the consortium values and admires Inmarsat for its proven expertise in maritime, aviation, defence and broadband satellite communications, alongside its strong market positions and potential for growth," it said.

"Our planned ownership will enable this innovative British company to fulfil its ambitions to become a global leader in next-generation satellite communications, including the fast-growing market for commercial aviation in-flight connectivity."

The consortium plans to maintain Inmarsat's UK headquarters and the company will continue to operate as a standalone business.

1 Year Share Price Graph



Share Information

Code: ISAT
Listing: LSE
Sector: Telecoms
Website: www.inmarsat.com

Company Synopsis:

Inmarsat Plc provides via satellite a portfolio of global mobile and transportable broadband communication services and solutions across its main areas of maritime, aeronautical and land mobile.

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Counterbid speculation cools

The deal comes after EchoStar ditched a takeover of its British rival last year.

In recent weeks, there has been market speculation EchoStar would return with a counter bid for Inmarsat but those expectations have cooled following Monday's announcement.

"The acceptance for an all cash offer of \$7.21 (roughly equivalent £5.45) comes as a surprise to me as I suggested last week that Inmarsat would hold off given that this offer is only marginally higher than the previous one which at the time management felt undervalued the business," said Helal Miah, investment research analyst at The Share Centre.

"This becomes increasingly surprising now we have some of the key factors which held the business back, such as the Maritime division, showing signs of abating, and very good prospects for its In-Flight broadband service.

"However, some investors will welcome this news since the shares have been languishing until recent takeover speculation."

Inmarsat's shares have suffered in recent years following a period of poor performance and an uncertain outlook, making it an attractive takeover target.

The company has been owned by private equity firms previously. Apax and Permira purchased a majority stake in the firm in 2003 before floating it in 2005.

In morning trading, shares in Inmarsat jumped 8.6% 550.20p.

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