



August 4, 2015

RigNet Announces Second Quarter 2015 Earnings Results

- *Quarterly revenue of \$75.1 million, representing decreases of 6.9% and 3.3% over the prior year and prior quarters, respectively*
- *Quarterly Adjusted EBITDA of \$18.5 million, a decrease of 1.6% over the prior year quarter, but an increase of 8.1% over the prior quarter*
- *Quarterly Cash Earnings of \$15.4 million, representing increases of 3.8% and 7.5% over the prior year and prior quarters, respectively*

HOUSTON, Aug. 04, 2015 (GLOBE NEWSWIRE) -- RigNet, Inc. (NASDAQ:RNET), a leading global provider of digital technology solutions to the oil and gas industry, today reported quarterly results for the quarter ended June 30, 2015.

Quarterly revenue was \$75.1 million, representing a decrease of \$5.6 million, or 6.9%, as compared to the prior year quarter. The decrease was primarily due to reduced offshore and onshore drilling budgets resulting from depressed commodity prices. Compared to the first quarter, revenue decreased by 3.3% for the same reasons.

Quarterly Adjusted EBITDA was \$18.5 million, or 24.6% of revenue, representing a decrease of \$0.3 million, or 1.6%, over the prior year quarter. The decrease primarily resulted from lower revenue partially offset by benefits from cost containment actions taken over the first half of the year. Principally as a result of cost containment and strong operational execution, Adjusted EBITDA grew 8.1% over the prior quarter and Adjusted EBITDA margin expanded by 130 and 260 basis points over the prior year and prior quarters, respectively.

Quarterly Cash Earnings were \$15.4 million, or \$0.86 per diluted share, an increase of \$0.6 million, or 3.8%, over the prior year quarter. Compared to the first quarter, Cash Earnings increased \$1.1 million, or 7.5%.

Capital expenditures were \$8.1 million compared to \$11.6 million in the prior year quarter. Unlevered Free Cash Flow ("UFCF"), defined as Adjusted EBITDA less capital expenditures, was \$10.4 million, an increase of \$3.2 million, or 44.1%, over the prior year quarter. The increased UFCF was due primarily to reduced capital expenditures.

Mark B. Slaughter, chief executive officer and president, commented, "The RigNet team demonstrated strong operational execution in the quarter against market headwinds of significantly reduced oil prices and customer spending. By adjusting our cost structure to the available market, we were able to lift EBITDA and EBITDA margins in the quarter, even as revenues declined, while maintaining needed long-term investments critical for our future success when the macro environment improves. Despite the near-term market challenges, we continue efforts to strengthen our capabilities, defend and expand our market presence and emerge as a stronger and more capable company. Moreover, with our strong financial position, we are well-positioned to execute against our long-term growth plans, both organically and inorganically, under the current market conditions."

A conference call for investors will be held at 11:00 a.m. Eastern Time (10:00 a.m. Central Time) on Wednesday, August 5, 2015, to discuss RigNet's 2015 second quarter results. The call may be accessed live over the telephone by dialing +1 (877) 845-0777, or, for international callers, +1 (760) 298-5090. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto RigNet's website at www.rig.net in the *Investors — Webcasts and Presentations* section. A replay of the conference call webcast will also be available on our website for approximately thirty days following the call.

Non-GAAP Financial Measures

This press release contains the following non-GAAP measures: Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS. Gross Profit (excluding depreciation and amortization), Adjusted EBITDA, Unlevered Free Cash Flow, Cash Earnings and Cash EPS are financial measures that are not calculated in accordance with generally accepted accounting principles, or GAAP. We refer you to the Company's most recent

10-K and 10-Q filings for the year ended December 31, 2014 and the three and six months ended June 30, 2015, respectively, for a more detailed discussion of the uses and limitations of our non-GAAP financial measures.

GAAP defines gross profit as revenue less cost of revenue, and includes in costs of revenue depreciation and amortization expenses related to revenue-generating long-lived and intangible assets. We define Gross Profit (excluding depreciation and amortization) as revenue less cost of revenue (excluding depreciation and amortization). This measure differs from the GAAP definition of gross profit as we do not include the impact of depreciation and amortization expenses related to revenue-generating long-lived and intangible assets which represent non-cash expenses. We use this measure to evaluate operating margins and the effectiveness of cost management.

We define Adjusted EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation and amortization, impairment of goodwill, foreign exchange impact of intercompany financing activities, (gain) loss on retirement of property, plant and equipment, change in fair value of derivatives, stock-based compensation, IPO or merger/acquisition costs and related bonuses, restructuring charges and non-recurring items. Adjusted EBITDA should not be considered as an alternative to net income (loss), operating income (loss) or any other measure of financial performance calculated and presented in accordance with GAAP.

We define Unlevered Free Cash Flow as Adjusted EBITDA less capital expenditures. Unlevered Free Cash Flow should not be considered as an alternative to net income (loss), operating income (loss) or any other measure of financial performance calculated and presented in accordance with GAAP.

We define Cash Earnings as net income (loss), plus depreciation and amortization, impairment of goodwill, foreign exchange impact of intercompany financing activities, (gain) loss on retirement of property and equipment, change in fair value of derivatives, stock-based compensation, IPO or merger/acquisition costs and related bonuses, restructuring charges and non-recurring items. We define Cash EPS as Cash Earnings divided by diluted shares. Cash Earnings and Cash EPS should not be considered as an alternative to net income (loss), operating income (loss), basic or diluted earnings per share or any other measure of financial performance calculated and presented in accordance with GAAP.

About RigNet

RigNet (NASDAQ:RNET) is a leading global provider of digital technology solutions to the oil and gas industry, serving offshore and onshore drilling rigs, energy production facilities and energy maritime vessels. RigNet provides solutions ranging from fully-managed voice and data networks to more advanced applications that include video conferencing and real-time data services to more than 1,200 remote sites in 50 countries on six continents, effectively spanning the drilling and production industry. RigNet is based in Houston, Texas. For more information, please visit www.rig.net. RigNet is a registered trademark of RigNet, Inc.

Forward Looking Statements

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 — that is, statements related to the future, not past, events. Forward-looking statements are based on the current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "anticipate," "believe," "intend," "expect," "plan" or other similar words. These forward-looking statements involve certain risks and uncertainties that ultimately may not prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. For further discussion of risks and uncertainties, individuals should refer to RigNet's SEC filings. RigNet undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2015 | March 31, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| | (in thousands) | | | | |

Unaudited Consolidated Statements of Comprehensive Income Data:

| | | | | | |
|-----------|-----------|-----------|-----------|------------|------------|
| Revenue | \$ 75,106 | \$ 77,650 | \$ 80,656 | \$ 152,756 | \$ 155,699 |
| Expenses: | | | | | |

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Cost of revenue (excluding depreciation and amortization) | 39,736 | 43,933 | 45,656 | 83,669 | 92,177 |
| Depreciation and amortization | 8,211 | 8,096 | 7,280 | 16,307 | 14,077 |
| Selling and marketing | 1,668 | 1,823 | 1,764 | 3,491 | 3,293 |
| General and administrative | 16,388 | 21,346 | 16,154 | 37,734 | 30,997 |
| Total expenses | 66,003 | 75,198 | 70,854 | 141,201 | 140,544 |
| Operating income | 9,103 | 2,452 | 9,802 | 11,555 | 15,155 |
| Other income (expense), net | (348) | (1,080) | (616) | (1,428) | (446) |
| Income before income taxes | 8,755 | 1,372 | 9,186 | 10,127 | 14,709 |
| Income tax expense | (2,635) | (2,314) | (3,438) | (4,949) | (6,653) |
| Net income (loss) | \$ 6,120 | \$ (942) | \$ 5,748 | \$ 5,178 | \$ 8,056 |

Income (loss) Per Share - Basic and Diluted

| | | | | | |
|---|----------|------------|----------|----------|----------|
| Net income (loss) attributable to RigNet, Inc. common stockholders | \$ 6,039 | \$ (1,029) | \$ 5,667 | \$ 5,010 | \$ 7,862 |
| Net income (loss) per share attributable to RigNet, Inc. common stockholders, basic | \$ 0.35 | \$ (0.06) | \$ 0.32 | \$ 0.29 | \$ 0.45 |
| Net income (loss) per share attributable to RigNet, Inc. common stockholders, diluted | \$ 0.34 | \$ (0.06) | \$ 0.31 | \$ 0.28 | \$ 0.44 |
| Weighted average shares outstanding, basic | 17,499 | 17,463 | 17,490 | 17,482 | 17,379 |
| Weighted average shares outstanding, diluted | 17,893 | 17,463 | 18,108 | 17,857 | 18,029 |

Unaudited Non-GAAP Data:

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Gross Profit (excluding depreciation and amortization) | \$ 35,370 | \$ 33,717 | \$ 35,000 | \$ 69,087 | \$ 63,522 |
| <i>Gross Profit (excluding depreciation and amortization) margin</i> | 47.1 % | 43.4 % | 43.4 % | 45.2 % | 40.8 % |
| Adjusted EBITDA | \$ 18,506 | \$ 17,114 | \$ 18,806 | \$ 35,620 | \$ 35,014 |
| <i>Adjusted EBITDA margin</i> | 24.6 % | 22.0 % | 23.3 % | 23.3 % | 22.5 % |
| <i>Unlevered Free Cash Flow</i> | \$ 10,423 | \$ 9,041 | \$ 7,234 | \$ 19,464 | \$ 13,790 |
| <i>Cash Earnings</i> | \$ 15,363 | \$ 14,289 | \$ 14,803 | \$ 29,652 | \$ 27,315 |
| <i>Cash EPS</i> | \$ 0.86 | \$ 0.82 | \$ 0.82 | \$ 1.66 | \$ 1.52 |

| Three Months Ended | | Six Months Ended | | |
|--------------------|----------|------------------|---------------|---------------|
| March | | | | |
| June 30, 2015 | 31, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| (in thousands) | | | | |

Reconciliation of Gross Profit to Gross Profit (excluding depreciation and amortization):

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Gross profit | \$ 27,508 | \$ 25,978 | \$ 28,073 | \$ 53,486 | \$ 50,127 |
| Depreciation and amortization related to cost of revenue | 7,862 | 7,739 | 6,927 | 15,601 | 13,395 |
| Gross Profit (excluding depreciation and amortization) | \$ 35,370 | \$ 33,717 | \$ 35,000 | \$ 69,087 | \$ 63,522 |

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2015 | March 31, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |

(in thousands)

Reconciliation of Net Income (loss) to Adjusted EBITDA, Cash Earnings, Cash EPS and Unlevered Free Cash Flow:

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Net income (loss) | \$ 6,120 | \$ (942) | \$ 5,748 | \$ 5,178 | \$ 8,056 |
| Interest expense | 508 | 511 | 565 | 1,019 | 1,046 |
| Depreciation and amortization | 8,211 | 8,096 | 7,280 | 16,307 | 14,077 |
| Gain on sales of property, plant and equipment, net of retirements | (1) | (12) | (10) | (13) | (83) |
| Stock-based compensation | 1,033 | 949 | 1,195 | 1,982 | 2,343 |
| Restructuring costs | - | 6,198 | - | 6,198 | - |
| Acquisition costs | - | - | 590 | - | 2,922 |
| Income tax expense | 2,635 | 2,314 | 3,438 | 4,949 | 6,653 |
| Adjusted EBITDA (non-GAAP measure) | <u>\$ 18,506</u> | <u>\$ 17,114</u> | <u>\$ 18,806</u> | <u>\$ 35,620</u> | <u>\$ 35,014</u> |
| Interest expense | (508) | (511) | (565) | (1,019) | (1,046) |
| Income tax expense | (2,635) | (2,314) | (3,438) | (4,949) | (6,653) |
| Cash Earnings (non-GAAP measure) | <u>\$ 15,363</u> | <u>\$ 14,289</u> | <u>\$ 14,803</u> | <u>\$ 29,652</u> | <u>\$ 27,315</u> |
| Diluted Shares | 17,893 | 17,463 | 18,108 | 17,857 | 18,029 |
| Cash EPS (non-GAAP measure) | <u>\$ 0.86</u> | <u>\$ 0.82</u> | <u>\$ 0.82</u> | <u>\$ 1.66</u> | <u>\$ 1.52</u> |
| Adjusted EBITDA (non-GAAP measure) | \$ 18,506 | \$ 17,114 | \$ 18,806 | \$ 35,620 | \$ 35,014 |
| Capital expenditures | 8,083 | 8,073 | 11,572 | 16,156 | 21,224 |
| Unlevered Free Cash Flow (non-GAAP measure) | <u>\$ 10,423</u> | <u>\$ 9,041</u> | <u>\$ 7,234</u> | <u>\$ 19,464</u> | <u>\$ 13,790</u> |

| | June 30, 2015 | December 31, 2014 |
|--|------------------|----------------------|
|--|------------------|----------------------|

(in thousands)

Unaudited Consolidated Balance Sheet Data:

| | | |
|--------------------------------------|-----------|-----------|
| Cash and cash equivalents | \$ 61,524 | \$ 66,576 |
| Restricted cash - current portion | 781 | 1,200 |
| Total assets | 294,502 | 299,837 |
| Current maturities of long-term debt | 8,413 | 8,405 |
| Long-term debt | 73,461 | 77,706 |

| | Six Months Ended June 30, |
|--|------------------------------|
|--|------------------------------|

| | 2015 | 2014 |
|--|------|------|
|--|------|------|

(in thousands)

Unaudited Consolidated Statements of Cash Flows Data:

| | | |
|---|-----------|-----------|
| Cash and cash equivalents, January 1, | \$ 66,576 | \$ 59,822 |
| Net cash provided by operating activities | 13,435 | 10,040 |
| Net cash used in investing activities | (13,891) | (37,875) |
| Net cash provided by (used in) financing activities | (4,295) | 27,572 |
| Changes in foreign currency translation | (301) | 1,448 |

Cash and cash equivalents, June 30,

\$ 61,524 \$ 61,007

| | 2nd Quarter 2014 | 3rd Quarter 2014 | 4th Quarter 2014 | 1st Quarter 2015 | 2nd Quarter 2015 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Selected Operational Data (4): | | | | | |
| Offshore drilling rigs (1) | 277 | 285 | 278 | 281 | 270 |
| Strategic initiatives (2) | 553 | 548 | 562 | 526 | 515 |
| Other sites (3) | 705 | 691 | 676 | 493 | 442 |
| Total | <u>1,535</u> | <u>1,524</u> | <u>1,516</u> | <u>1,300</u> | <u>1,227</u> |

(1) Includes jack up, semi-submersible and drillship rigs

(2) Includes production facilities, energy support vessels and international land rigs

(3) Includes U.S. onshore drilling rigs, completion sites, man-camps, remote offices and supply bases

(4) Includes sites acquired from Inmarsat's Enterprise Energy business unit

| | Three Months Ended | | | Six Months Ended | |
|-------------------------------------|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2015 | March 31, 2015 | June 30, 2014 | June 30, 2015 | June 30, 2014 |
| | (in thousands) | | | | |
| Eastern Hemisphere: | | | | | |
| Revenue | \$ 38,085 | \$ 38,971 | \$ 39,842 | \$ 77,056 | \$ 77,864 |
| Cost of revenue | 18,734 | 17,900 | 19,204 | 36,634 | 37,897 |
| Gross Profit (non-GAAP measure) | 19,351 | 21,071 | 20,638 | 40,422 | 39,967 |
| <i>Gross Profit margin</i> | 50.8 % | 54.1 % | 51.8 % | 52.5 % | 51.3 % |
| Depreciation and amortization | 3,988 | 3,972 | 3,353 | 7,960 | 6,076 |
| Selling, general and administrative | 3,664 | 3,528 | 3,783 | 7,192 | 6,767 |
| Operating income | <u>\$ 11,699</u> | <u>\$ 13,571</u> | <u>\$ 13,502</u> | <u>\$ 25,270</u> | <u>\$ 27,124</u> |
| Adjusted EBITDA (non-GAAP measure) | <u>\$ 15,735</u> | <u>\$ 17,475</u> | <u>\$ 17,187</u> | <u>\$ 33,210</u> | <u>\$ 33,878</u> |
| <i>Adjusted EBITDA margin</i> | 41.3 % | 44.8 % | 43.1 % | 43.1 % | 43.5 % |

| | | | | | |
|-------------------------------------|------------------|-----------------|-----------------|------------------|------------------|
| Western Hemisphere: | | | | | |
| Revenue | \$ 26,654 | \$ 28,128 | \$ 30,053 | \$ 54,782 | \$ 51,461 |
| Cost of revenue | 11,714 | 13,954 | 16,572 | 25,668 | 29,244 |
| Gross Profit (non-GAAP measure) | 14,940 | 14,174 | 13,481 | 29,114 | 22,217 |
| <i>Gross Profit margin</i> | 56.1 % | 50.4 % | 44.9 % | 53.1 % | 43.2 % |
| Depreciation and amortization | 2,964 | 3,016 | 2,682 | 5,980 | 5,445 |
| Selling, general and administrative | 4,326 | 4,554 | 4,039 | 8,880 | 6,328 |
| Operating income | <u>\$ 7,650</u> | <u>\$ 6,604</u> | <u>\$ 6,760</u> | <u>\$ 14,254</u> | <u>\$ 10,444</u> |
| Adjusted EBITDA (non-GAAP measure) | <u>\$ 10,707</u> | <u>\$ 9,249</u> | <u>\$ 9,564</u> | <u>\$ 19,956</u> | <u>\$ 16,144</u> |
| <i>Adjusted EBITDA margin</i> | 40.2 % | 32.9 % | 31.8 % | 36.4 % | 31.4 % |

| | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Telecoms Systems Integration: | | | | | |
| Revenue | \$ 10,367 | \$ 10,551 | \$ 10,761 | \$ 20,918 | \$ 26,374 |
| Cost of revenue | 7,715 | 8,073 | 7,466 | 15,788 | 20,408 |
| Gross Profit (non-GAAP measure) | 2,652 | 2,478 | 3,295 | 5,130 | 5,966 |
| <i>Gross Profit margin</i> | 25.6 % | 23.5 % | 30.6 % | 24.5 % | 22.6 % |
| Depreciation and amortization | 774 | 764 | 954 | 1,538 | 2,009 |
| Selling, general and administrative | 1,356 | 1,080 | 843 | 2,436 | 1,496 |

| | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating income (loss) | <u>\$ 522</u> | <u>\$ 634</u> | <u>\$ 1,498</u> | <u>\$ 1,156</u> | <u>\$ 2,461</u> |
| Adjusted EBITDA (non-GAAP measure) | <u>\$ 1,318</u> | <u>\$ 1,249</u> | <u>\$ 2,391</u> | <u>\$ 2,567</u> | <u>\$ 4,402</u> |
| <i>Adjusted EBITDA margin</i> | 12.7 % | 11.8 % | 22.2 % | 12.3 % | 16.7 % |

NOTE: Consolidated balances include the three segments above along with corporate activities and intercompany eliminations.

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