



Inmarsat Group Limited reports First Quarter Results 2016

Operational Highlights

- We are competing well in challenging markets, growing market share and diversifying the business successfully. The foundations for future double-digit revenue growth are largely established, with the GX network now global.
- In the first quarter, Government performed better than for many quarters, with revenues rising, and Aviation delivered another quarter of double digit growth. First quarter trading was however weaker than expected in Maritime, Enterprise and Aviation. Costs continue to be tightly controlled.
- We continue to make good progress with Global Xpress ('GX') and the European Aviation Network ('EAN'). The GX global service proposition is bedding down well with strong customer interest across all markets and the launch of commercial services in Maritime and Enterprise. Some GX opportunities are slipping into 2017, which is not unexpected with the launch of a new service. Good progress continues to be made on the delivery of the EAN.
- Ligado Networks ('Ligado') elected for the 30MHz option. Variations to the Cooperation Agreement were agreed under which Ligado will pay Inmarsat \$337m over 2016 to 2018. Additionally the transition was postponed and extensive spectrum usage rights were granted to Inmarsat until Ligado receives its FCC license and moves to deploy ATC services.
- As a consequence of the above we are revising 2016 guidance for revenues (excluding Ligado) down to a range of \$1,175 to \$1,250m. The new guidance for Ligado revenues is higher than expected.
- The medium term outlook and guidance remains unchanged.

First Quarter Financial Headlines

- Total revenues down \$6.2m (-2.0%) at \$298.6m (Q1 2015: \$304.8m)
 - Maritime \$6.7m lower at \$143.1m (-4.5%)
 - Government up \$1.9m to \$68.7m (+2.8%)
 - Enterprise \$4.9m lower at \$34.0m (-12.6%)
 - Aviation up \$4.1m to \$31.2m (+15.1%)
 - Ligado Networks income up \$0.4m (+2.3%)
- EBITDA¹ \$11.4m lower (-6.4%) at \$165.6m (Q1 2015: \$177.0m)
- Profit after tax \$50.8m, down \$32.0m (Q1 2015: \$82.8m)

¹ EBITDA is defined as profit before net financing costs, taxation, depreciation and amortisation, gains/losses on disposal of assets, impairment losses and share of profit of associates.

Outlook and Guidance

The underlying trading environment in 2016 has continued to be tough and demand weakened further in the first quarter. In addition, for operational reasons, the increase in GX revenues is proceeding more slowly than previously expected. Whilst it is still early in the year, it is already clear that these trends will continue and our guidance for Group revenues in 2016, excluding Ligado, is consequently being revised downwards by \$50m to between \$1,175m and \$1,250m.

Ligado has now chosen the 30MHz option under the Cooperation Agreement. Following agreement on certain transitional arrangements, the cash payments to Inmarsat from Ligado are now expected to increase to approximately \$108m, \$111m and \$118m in respect of 2016, 2017 and 2018. The cash payments from Ligado in later periods continue to be uncertain.

The Group's other financial guidance remains unchanged:

- Group revenues in 2018 (excluding Ligado but including I-5 F4) are expected to grow to between \$1,450m and \$1,600m.
- Annual GX revenues of \$500m by the end of 2020 (to update in due course for revenues from I-5 F4 when the business plan for that satellite is confirmed).
- Capital expenditure of \$500m to \$600m in each of 2016, 2017 and 2018.
- Net debt to be normally maintained at less than 3.5x EBITDA

Results Conference Call

Inmarsat management will discuss the first quarter results in a conference call on Thursday 5 May 2016 at 08.30 hrs London time.

To access the call please dial +44(0)20 3427 1919. The conference id for the call is 9249902. The call will also be web-cast at www.inmarsat.com.

The call will be recorded and available on our website after the event. A copy of this announcement can also be found on our website at www.inmarsat.com.

Forward looking Statements

This announcement contains 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance or programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances.

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the unaudited consolidated results of the operations and financial condition of Inmarsat Group Limited (the 'Company' or, together with its subsidiaries, the 'Group') for the three months ended 31 March 2016. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In addition to IFRS measures, we use a number of non-IFRS measures in order to provide readers with a better understanding of the underlying performance of our business, and to improve comparability of our results for the periods concerned. All discussion of results relates to the three months ended 31 March 2016, and all comparisons are with the three months ended 31 March 2015, unless specifically stated otherwise.

Financial Highlights - Three months ended 31 March

| (\$ in millions) | Maritime 2016 | Government 2016 | Enterprise 2016 | Aviation 2016 | Central Services 2016 | Total 2016 | Total 2015 |
|--|------------------|--------------------|--------------------|------------------|-----------------------------|---------------|---------------|
| Revenue | | | | | | | |
| MSS and other | 143.1 | 68.7 | 34.0 | 31.2 | 3.7 | 280.7 | 287.3 |
| Ligado | – | – | – | – | 17.9 | 17.9 | 17.5 |
| Total revenue | 143.1 | 68.7 | 34.0 | 31.2 | 21.6 | 298.6 | 304.8 |
| Operating costs | (30.8) | (20.0) | (7.9) | (8.8) | (65.5) | (133.0) | (127.8) |
| EBITDA | 112.3 | 48.7 | 26.1 | 22.4 | (43.9) | 165.6 | 177.0 |
| <i>EBITDA margin</i> | <i>78.5%</i> | <i>70.9%</i> | <i>76.8%</i> | <i>71.8%</i> | | <i>55.5%</i> | <i>58.1%</i> |
| Capital expenditure¹ | 12.9 | 0.5 | 0.3 | 1.7 | 63.0 | 78.4 | 120.3 |

OPERATING REVIEW

Market

Inmarsat provides global mobile connectivity on land, at sea and in the air. Our business unit structure ensures that we remain close to the needs of our Maritime, Government, Enterprise and Aviation customers and continue to innovate to deliver products and solutions that meet their evolving remote and mobile connectivity needs. Q1 2016 has seen a continuation of some of the difficult market conditions we highlighted in 2015, particularly in Maritime, Government and Enterprise. The growing demand for communications globally, especially for broadband applications, nevertheless continues to be a key engine for growth in the commercial satellite services market and we remain encouraged by both the medium and long term opportunities that this provides across each of our markets.

In Maritime, the commercial shipping market remains mired in recession, with low growth in global trade, over-capacity in the global merchant fleet, high fixed costs and low cargo rates and accordingly we are seeing an increasing number of vessels being laid up or scrapped. The recent oil price volatility has also continued to adversely affect our energy customers, including oil and gas offshore supply vessel activity. Connectivity nevertheless continues to be seen as an enabler of lower cost operations and competitive advantage, with the return on investment in better communications being widely recognised by ship and rig operators. We continue to believe that FleetBroadband ('FB') and Global Xpress ('GX') are well positioned as the shipping industry's communications services of choice and that the smart shipping era will drive future growth in our Maritime business. We are also pleased to note that in these difficult markets, the latest independent industry data shows that Inmarsat gained market share in 2015².

Fiscal year budgets and operational activity levels are key drivers of governments' expenditure on commercial satellite services, and both of these factors continue to exert downward pressure on satellite operators' revenues and margins. In the US, budget challenges continue, and contingency rather than

¹ Capital expenditure is stated using the accruals basis, including capitalised interest.

² Source: Comsys 2015 for VSAT market share, Euroconsult 2015 for MSS market share.

baseline funding remains the key driver of commercial satellite expenditure. However demand for satellite communications services continues to be strong in certain key areas of government operations, and spending here is holding up or even increasing in some cases. In other developed country government markets similar budget pressures, and the volatility of short-term operational requirements, also dominate the satellite spend. But in these countries too, the demand for connectivity is increasing and there are areas of growth in a generally adverse environment. The picture outside the traditional defence related government customer base is mixed, with economic and currency headwinds in some areas and growing demand for specific new solutions from some new areas in governments as well as from the traditional defence-related customer base.

Within Enterprise, the global energy industry remains depressed but, as in the commercial shipping sector, connectivity is seen as an important driver of operational efficiency. The Machine-to-Machine ('M2M') market continues to face robust competition from terrestrial mobile operators but we continue to see growth and are optimistic that this sector will provide a number of good medium-term opportunities.

Aviation remains a major growth market with connectivity, particularly into the cabins of commercial aircraft, expected to see strong growth over the coming years. This will be driven by the increasing number of aircraft in the sky, the rapidly expanding demand for passenger connectivity and the need for more capable and sophisticated operational and safety services in the cockpit. The combination of GX and the European Aviation Network is expected to provide Inmarsat with the global coverage, high bandwidth and price competitiveness necessary to compete effectively in this market.

Ligado Cooperation Agreement

On 1 April, Inmarsat announced that Ligado Networks had elected the 30 MHz option (the "30 MHz Plan") under the Cooperation Agreement between the two companies. Since that date, the parties have discussed in detail the nature and timing of transition to the 30 MHz Plan and have agreed today to an amendment that significantly benefits both parties.

In exchange for deferral of some payments from Ligado to Inmarsat, the parties have agreed to delay the transition to the 30 MHz Plan and Ligado has granted Inmarsat enhanced spectrum usage rights for its satellite operations for a minimum period of two years.

Ligado will make aggregate payments of approximately \$108m, \$111m and \$118m to Inmarsat in respect of 2016, 2017 and 2018 respectively, payable in quarterly instalments. Over that period, up to approximately \$35m of additional contracted payments will be deferred. In 2019, Inmarsat has granted Ligado a full payment deferral in an aggregate amount of up to approximately \$132m. All deferred amounts will be increased by agreed amounts and repayable on 30 June 2021 or earlier in certain circumstances. Payment deferrals will stop from the date of FCC approval of Ligado's spectrum for terrestrial use. From 1 January 2020, no further payments will be deferred and quarterly payments will recommence at the level of approximately \$136m per annum, escalating at 3% per annum, in accordance with the existing terms of the Cooperation Agreement.

The impact of the foregoing on the deferred revenue balance of \$208.8m currently carried by Inmarsat in respect of the costs of implementation of this agreement is still to be determined. Further details will be provided in due course.

Global Xpress Programme

Following Global Commercial Service Introduction ('CSI') at the end of 2015, when our global GX satellite network was brought into operation, Inmarsat is progressively making available a wide range of market specific terminals and services. At the end of the first quarter, we complemented our initial Government GX service offerings with the launch of Maritime GX services (badged 'Fleet Xpress') and Enterprise services.

Fleet Xpress combines the high data speeds of the GX service with seamless back up capability of our ultra-reliable FleetBroadband L-band service. As a fully integrated service, Fleet Xpress switches automatically between Ka-band and L-band, ensuring an 'always on' guaranteed connection with a market leading committed information rate.

Work continues on the launch of our Aviation GX services (to be badged 'Jet Xpress') which we expect to launch later this year.

Inmarsat announced that its partner, Beijing Marine Communication & Navigation Company Ltd. ('MCN'), has won the largest Inmarsat Fleet Xpress installation project to date, with Nanjing Tanker Corporation of

China. The deal for 70 ships was announced just two weeks after the launch of Fleet Xpress; delivering 'smart shipping' connectivity to drive performance optimisation and a step change in crew communications

We remain very pleased by the level of customer interest in and demand for our GX products and services, across diverse market segments and geographies. We believe that - as a seamless, global broadband network with full L-band back-up and in-orbit redundancy - GX remains unique. However, as we bed down and de-bug diverse GX products and services as well as initiate customer trials and demos, we are seeing expected 2016 GX revenues slide modestly into 2017. For example a small delay in the launch of GX Aviation services together with the logistics of freeing up aircraft from service has mildly postponed installations of Jet Xpress on DLH and Singapore Airlines platforms. These factors have played a part in reducing our revenue expectations for the year. However, our medium term target annual revenue for overall GX revenues remains unchanged at a run rate of \$500m of GX revenues by the end of 2020, the fifth anniversary of the global launch of GX services. This target will be increased when the final business plan for the I-5 F4 satellite has been confirmed, later this year.

Aviation Cabin Connectivity

We continue to make progress towards delivering the transformational aviation cabin connectivity opportunity on both our newly launched GX platform discussed above, and on our European Aviation Network ('EAN').

Construction of the S-band satellite by Thales Alenia Space ('Thales') continues with launch now expected early in the second quarter of 2017. Deutsche Telekom has commenced build out of the EAN tower infrastructure and expects this to be ready, as planned, for network trials early in 2017.

Inmarsat has selected Cobham to develop and manufacture the satcoms terminal for the EAN and Thales to develop and manufacture the Complementary Ground Component ('CGC') terminal for the EAN. Development work on both programmes is scheduled for completion in March 2017, prior to system trial and formal entry into full commercial service in the same year.

The acquisition of licences from EU Member States and other European countries, necessary to deploy the EAN, is progressing as anticipated. We now have a full complement of authorisations for the satellite licences across Europe and in addition, 18 countries have provided us with authorisations or in-principle approvals for the CGC component. We remain confident that delivery of pan European regulatory approvals for the EAN will be completed in time to support full pan-European commercial deployment to plan.

We have continued to make good progress with a number of major airlines and other aviation industry partners for both GX and the EAN opportunities and remain confident of advancing several current prospects into contract over the remainder of the year. Inmarsat and MCN signed a Heads of Terms agreement to establish a joint venture for aircraft cabin and cockpit connectivity solutions in China's fast-growing commercial aviation market. The Inmarsat services that would be provided through the joint venture include GX Aviation and SwiftBroadband-Safety (SB-S). The final agreement is expected to be signed later this year.

Other Developments

On 1 March Inmarsat C marked a quarter century of saving lives at sea. Inmarsat remains the only provider to be granted GMDSS (Global Maritime Distress and Safety Services) approval by the International Maritime Organization ('IMO').

In the first example of Inmarsat's evolving cyber as a service offering, SingTel and Inmarsat announced a strategic partnership to strengthen global maritime cyber security capabilities using Trustwave's Unified Threat Management ('UTM') solution. Trustwave, the cyber security arm of SingTel, will provide the software based UTM service to be integrated with Inmarsat hardware on-board ships, to protect data and reduce cyber risk for maritime companies. The UTM service offers a suite of cyber security defences, such as advance firewall, anti-virus, intrusion prevention and web-filtering, which is backed by global round-the-clock support. The service will be delivered through Fleet Xpress.

In the Internet-of-Things ('IoT') arena, Inmarsat announced a partnership with Actility, the industry leader in Low Power Wide Area Networks, to enable an end-to-end IoT solution to connect assets over public and private networks anywhere in the world. Inmarsat also joined the LoRa Alliance which is dedicated to developing a global standard for IoT. Inmarsat will provide the LoRa Alliance ecosystem with satellite connectivity to enable the deployment of solutions anywhere an object or device needs to be connected.

Under the Iris Service Evolution programme in Europe, Inmarsat has been awarded a contract by the European Space Agency to enhance Air Traffic Management in Europe with a new generation of satellite-

based data link communications. Inmarsat is heading up a consortium of over 30 companies from across the aviation industry to develop a technical, commercial and operational roadmap that meets Europe's long-term requirements for enhanced air traffic communications.

The second Inmarsat Developer Conference was held in February bringing together hundreds of application, hardware and software developers to discuss multiple opportunities including sustainable fishing, digital transformation and machine-to-machine applications. It is still early days in the development of the Inmarsat Gateway platform but extending the Inmarsat ecosystem is an important step towards ensuring Inmarsat becomes synonymous with delivering solutions for our customers, beyond the simple provision of connectivity and capacity.

Inmarsat has also continued to develop its global footprint. In the first quarter, the company secured a licence in the UAE, signing its first UAE-based Enterprise distribution partner, Global Beam Telecom and signing a strategic partnership agreement with Turksat, becoming its preferred mobile satellite communications provider.

FINANCIAL REVIEW

Consolidated Group Results

During the quarter ended 31 March 2016, Group revenue decreased by \$6.2m (-2.0%) to \$298.6m (Q1 2015: \$304.8m) with ongoing headwinds particularly in the Maritime and Enterprise markets outweighing growth in Aviation, Government and Ligado income.

Total Group revenue in the quarter included Wholesale MSS revenue of \$206.9m, 4.4% higher than in the same period last year (Q1 2015: \$198.2m), reflecting the growth of FleetBroadband, SwiftBroadband and Global Xpress but also declining revenues from our legacy services such as Fleet.

Net operating costs in the quarter increased by \$5.8m (4.1%) to \$133.0m (Q1 2015: \$127.8m), reflecting increased investment in Aviation and the additional operating costs of the new GX infrastructure, partly offset by FX gains due to the strength of the US dollar against other currencies in which some of our costs arise.

EBITDA in the quarter decreased by \$11.4m (-6.4%) to \$165.6m (Q1 2015: \$177.0m) and the Group's EBITDA margin decreased to 55.5%, from 58.0%, reflecting the issues noted above.

Maritime

| (\$ in millions) | Three months ended 31 March | | |
|----------------------------|--------------------------------|--------------|---------------|
| | 2016 | 2015 | Change |
| Revenue | 143.1 | 149.8 | (4.5%) |
| Operating costs | (30.8) | (32.9) | (6.4%) |
| EBITDA | 112.3 | 116.9 | (3.9%) |
| <i>EBITDA margin</i> | <i>78.5%</i> | <i>78.0%</i> | |
| Capital expenditure | 12.9 | 5.9 | 118.6% |

The commercial shipping market remains mired in recession, with low growth in global trade, over-capacity in the global merchant fleet, high fixed costs and low cargo rates and accordingly we are seeing an increasing number of vessels being laid up or scrapped. These issues mean that new customers must increasingly be won to replace ships that are being taken out of service, as well as to drive revenue growth. We must also deliver new, value-added solutions that attract a wider market such as Fleet Media and Fleet Cyber, and enable the growing 'smart ship' operating environment. We are also pleased to note that in these difficult markets, the latest independent industry data shows that Inmarsat gained market share in 2015¹.

Overall Maritime revenue in the quarter decreased by \$6.7m (-4.5%) to \$143.1m (Q1 2015: \$149.8m) with the decline in mainly legacy, typically lower margin products (\$11.7m or 29.0%) outweighing the growth in FleetBroadband (FB) and VSAT (including XpressLink) services (\$5.0m or 4.6%). As a result of this steady change in mix, FB and VSAT products now account for 80% of Maritime Q1 revenues (up from 73% in Q1 of last year).

¹ Source: Comsys 2015 for VSAT market share, Euroconsult 2015 for MSS market share.

Maritime FB revenue grew by \$1.8m, or 2.0%, to \$89.7m. As expected, the growth of FB slowed significantly this quarter as the price increase of January 2015 was not repeated. The installed base increased by 2.9% from 40,822 ships in Q1 2015 to 42,022 ships at the end of Q1 2016, including the net addition of 80 ships in the quarter and after the migration of 165 ships to XpressLink en route to Fleet Xpress. Wholesale ARPU was little changed at just over \$700 per month.

VSAT revenues grew by \$3.2m, or 14.8%, to \$24.8m. ARPU was little changed at c. \$3,300 per month. Despite increasing de-activations, net new installations continued to grow strongly and were 28% higher than the quarterly average for 2015, taking the installed base up by c.150 to over 2,600 vessels, over 20% more than in Q1 2015. The installation backlog was unchanged in the quarter, representing well over 6 months of new business at the current installation rate.”

Fleet revenues continued to decline rapidly, falling by \$6.0m or 54.1%, to \$5.1m in the first quarter. Fleet now accounts for less than 4% of total Maritime revenues.

Revenues from our mainly legacy, and generally lower margin, Other Maritime products have also continued decline at similar levels to 2015, falling by \$5.7m (19.5%) to \$23.5m in the first quarter.

Operating costs for the quarter decreased by \$2.1m (-6.4%) reflecting the net adverse impact of higher VSAT but lower legacy product volumes and a \$3.4m reduction in indirect costs.

Maritime EBITDA in the quarter consequently decreased by \$4.6m (-3.9%) compared with the same period in 2015, and the EBITDA margin expanded to 78.5% from 78.0%.

Government

| (\$ in millions) | Three months ended 31 March | | |
|----------------------------|--------------------------------|--------------|----------------|
| | 2016 | 2015 | Change |
| Revenue | 68.7 | 66.8 | 2.8% |
| Operating costs | (20.0) | (21.0) | (4.8%) |
| EBITDA | 48.7 | 45.8 | 6.3% |
| <i>EBITDA margin</i> | <i>70.9%</i> | <i>68.6%</i> | |
| Capital expenditure | 0.5 | 0.8 | (37.5%) |

Government revenue in the quarter increased by \$1.9m (+2.8%) to \$68.7m (Q1 2015: \$66.8m).

In the US, the rate of decline in government revenues has continued to slow, with a 2.6% decline in the first quarter compared to a 12.7% decline for the whole of 2015. This improvement mainly reflects the initial impact of GX and new L-band products such as LAISR (L-band Airborne Intelligence Surveillance and Reconnaissance) and LTAC (tactical beyond line of sight communications for military users) and the absence of material negative contract or operational tempo changes.

In the US, we also saw a major expected US Government contract win deferred further by third party protests, significantly impacting expected 2016 revenues.

Outside the US, government revenues rose by 11.0% reflecting higher operational tempo this quarter compared to last year and our ongoing diversification of this business.

Government EBITDA in the quarter increased by \$2.9m (+6.3%) to \$48.7m (Q1 2015: \$45.8m), reflecting both the higher revenues and better revenue mix. The EBITDA margin similarly increased to 70.9% (Q1 2015: 68.6%).

Enterprise

| (\$ in millions) | Three months ended 31 March | | |
|----------------------------|--------------------------------|--------------|---------------|
| | 2016 | 2015 | Change |
| Revenue | 34.0 | 38.9 | (12.6%) |
| Operating costs | (7.9) | (12.7) | (37.8%) |
| EBITDA | 26.1 | 26.2 | (0.4%) |
| <i>EBITDA margin</i> | <i>76.8%</i> | <i>67.4%</i> | |
| Capital expenditure | 0.3 | 0.2 | 50.0% |

Enterprise revenues fell by \$4.9m or 12.6% to \$34.0m. Within these totals, MSS revenues were higher than last year, mainly reflecting the fixed to mobile price changes applied in Q2 of last year but also including a further decline in BGAN revenues and M2M returning to growth. Non MSS revenues were however held back by slower GSPS sales following re-stocking of the trade in Q4.

Enterprise EBITDA in the quarter was however virtually unchanged at \$26.1m, with the impact of lower revenues being offset by a revenue mix driven reduction in operating costs.

Aviation

| (\$ in millions) | Three months ended 31 March | | |
|----------------------------|--------------------------------|-------------|----------------|
| | 2016 | 2015 | Change |
| Revenue | 31.2 | 27.1 | 15.1% |
| Operating costs | (8.8) | (4.8) | 83.3% |
| EBITDA | 22.4 | 22.3 | 0.4% |
| <i>EBITDA margin</i> | 71.8% | 82.3% | |
| Capital expenditure | 1.7 | 13.9 | (87.8%) |

Aviation revenue in the quarter grew by \$4.1m, or 15.1%, to \$31.2m.

SwiftBroadband revenues grew by 23.5%. Though a strong rate of growth, this was lower than last year where growth was fuelled by Take or Pay contracts with our major distributors which were not repeated this year and as the market becomes increasingly well served. We are also experiencing some early signs of softer market, with a reduction in end user traffic in Europe. The active SwiftBroadband customer base increased to c. 7,500 aircraft with a monthly ARPU of c. \$930. The legacy Classic Aero service also grew, with revenue 7.4% higher than in Q1 2015, the active base increasing to c. 7,800 and monthly ARPU little changed at c. \$320.

Operating costs increased by \$4.0m (+83.3%) to \$8.8m (Q1 2015: \$4.8) due to increased headcount and other costs associated with the pursuit and delivery of the major growth opportunities in cabin connectivity. We will continue to invest in these areas in order to maximise the longer-term opportunities for growth.

Aviation EBITDA in the quarter increased by \$0.1m or 0.4% to \$22.4m. The EBITDA margin in the quarter decreased to 71.8% (Q1 2015: 82.3%) due to the increased headcount and other business development costs.

Central Services

| (\$ in millions) | Three months ended 31 March | | |
|----------------------------|--------------------------------|---------------|----------------|
| | 2016 | 2015 | Change |
| Revenue | | | |
| Ligado | 17.9 | 17.5 | 2.3% |
| Other | 3.7 | 4.7 | (21.3%) |
| Total revenue | 21.6 | 22.2 | (2.7%) |
| Operating costs | (65.5) | (56.4) | 16.1% |
| EBITDA | (43.9) | (34.2) | 28.4% |
| Capital expenditure | 63.0 | 99.5 | (36.7%) |

Revenue from Ligado in the quarter increased by \$0.4m, or 2.3%, to \$17.9m. There was no impact in the first quarter of the exercise of the 30MHz option by Ligado.

Operating costs increased by \$9.1m (16.1%) to \$65.5m primarily reflecting the additional operating costs of the GX infrastructure.

Reconciliation of EBITDA to profit after tax

| (\$ in millions) | Three months ended | | Change |
|-------------------------------|--------------------|--------------|----------------|
| | 31 March | | |
| | 2016 | 2015 | |
| EBITDA | 165.6 | 177.0 | (6.4%) |
| Depreciation and amortisation | (90.5) | (75.4) | 20.0% |
| Other | 0.6 | 9.9 | (93.9%) |
| Operating profit | 75.7 | 111.5 | (32.1%) |
| Net financing costs | (10.7) | (8.5) | 25.9% |
| Taxation charge | (14.2) | (20.2) | (29.7%) |
| Profit for the period | 50.8 | 82.8 | (38.6%) |

Operating profit

Depreciation and amortisation increased by \$15.1m to \$90.5m as the I-5 satellites entered commercial service at the end of 2015. The prior period 'other balance' relates primarily to the gain on disposal of the SkyWave investment.

As a result of the factors discussed above, operating profit for the period was \$75.7m, a decrease of \$35.8m (32.1%), compared with the same period in 2015.

Net financing cost

Net financing costs in the period increased by \$2.2m to \$10.7m. The increase is due to lower capitalised interest in the period caused by a reduction in the value of qualifying expenditure as the I-5 satellites entered commercial service in the prior year.

Taxation

The tax charge for the quarter was \$14.2m (Q1 2015: \$20.2m), a decrease of \$6.0m compared with 2015. The decrease in the tax charge was largely driven by the decrease in profit before tax, as outlined above.

The effective tax rate for the quarter was 21.9% compared to 19.7% for the same period in 2015, the increase being the result of a number of non-recurring items including adjustments in respect of prior periods. The underlying effective tax rate after taking account of these items is 19.5% (Q1 2015: 21.0%). The lower underlying effective tax rate is due to the impact of lower profits in overseas jurisdictions where the tax rate is higher than the UK tax rate.

The Group maintains tax provisions in respect of ongoing enquiries with tax authorities. In the event all such enquiries were settled as currently provided for, we estimate that the Group would incur a cash tax outflow of approximately \$80.0m in 2016 or 2017. The enquiries remain ongoing at this time.

Cash Flow

| (\$ in millions) | Three months ended 31 March | |
|--|-----------------------------|----------------|
| | 2016 | 2015 |
| EBITDA | 165.6 | 177.0 |
| Non-cash items | 1.5 | 7.7 |
| Change in working capital | 33.9 | 7.9 |
| Cash generated from operations | 201.0 | 192.6 |
| Capital expenditure | (38.5) | (88.7) |
| Net interest paid | (10.8) | (10.9) |
| Tax (paid)/refunded | (17.1) | 23.1 |
| Free cash flow | 134.6 | 116.1 |
| Proceeds on disposal of assets | – | 32.9 |
| Dividends paid | (0.4) | – |
| Other movement including foreign exchange | 0.9 | 2.1 |
| Net cash flow | 135.1 | 151.1 |
| (Decrease)/increase in cash from borrowings | (40.4) | 21.7 |
| Net increase in cash and cash equivalents | 94.7 | 172.8 |
| Opening net borrowings | 1,735.4 | 1,598.0 |
| Net cash flow | (135.1) | (151.1) |
| Non-cash movements ¹ | 4.8 | (1.3) |
| Closing net borrowings | 1,605.1 | 1,445.6 |

Free cash flow increased by \$18.5m to \$134.6m driven primarily by lower capital expenditure (see below) and a reduction in working capital but an increase in taxation paid. Of the \$26.0m change in working capital, \$17.9m is due to timing of Ligado cash flows and the change from cash to accrual revenue recognition at the end of Q4 2015.

Capital Expenditure

Cash capital expenditure is broken down into three main categories of investment, shown in the table below.

| (\$ in millions) | Three months ended 31 March | |
|---|-----------------------------|-------------|
| | 2016 | 2015 |
| Major infrastructure projects ² | 33.9 | 73.3 |
| Success-based capex ² | 12.6 | 5.3 |
| Other capex (e.g. maintenance, product development, R&D) ² | 21.4 | 27.3 |
| Cash flow timing ³ | (29.4) | (17.2) |
| Total cash capital expenditure | 38.5 | 88.7 |

'Major infrastructure projects' capex consists of satellite design, build and launch costs and ground network infrastructure costs. Q1 2016 expenditure in this category principally comprised the I-5 and S-band satellites.

'Success-based capex' consists of capital equipment installed on ships, aircraft and other customer platforms. This expenditure ties closely to near term new revenues. In Q1 2016 this principally related to expenditure on fitting out ships with Maritime customer equipment.

'Other capex' investments consist primarily of infrastructure maintenance, IT and capitalised R&D costs.

Group Liquidity and Capital Resources

At 31 March 2016, the Group had cash and cash equivalents of \$268.5m and available but undrawn borrowing facilities of \$578.9m under our Senior Credit Facility and the 2014 Ex-Im Bank Facility.

¹ Includes the impact of deferred financing costs.

² Capital expenditure is shown on an accruals basis, excluding capitalised interest.

³ Cash flow timing represents the difference between accrued capex and the actual cash flows.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services.

Our principal risks and uncertainties, which have been subject to robust assessment and review, are discussed below; however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting our business and they are not listed in any order of priority. Some risks and uncertainties may be unknown to us and other risks and uncertainties, currently regarded as immaterial, could turn out to be material. All of them have the potential to impact our business, operations, liquidity, financial position or future performance adversely. In accordance with the provisions of the UK Corporate Governance Code 2014, the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Company for the purpose of preparing the Viability Statement. The Going Concern and Viability Statements can be found in the 2015 Annual Report.

Satellites and our network

We face risks when we launch our satellites and while they are in operation. There are only a few companies who provide service to build and launch satellites and if they encounter problems, our launch may be delayed or fail. Our network may not be able to cope with the demand from users.

Next generation services

We may fail to correctly assess our market, technological changes, customer requirements and competitors' strategy and to exploit market opportunities. We may develop next generation services that will not meet these market opportunities, or these developments could have delays or cost overruns impacting on our market position, revenue or returns on investment.

Spectrum

We rely on radio spectrum, which has historically been allocated without charge, to provide our services. We must agree how it is used in coordination with other satellite operators. We may not be able to coordinate usage in the future and/or may be charged for the spectrum which could affect our ability to provide services.

Cyber security

Our satellites, networks, systems and processes may be vulnerable to security risks from unauthorised access, computer viruses, denial of services and other security attacks. Our customers may not use our services if we cannot demonstrate that our services are reliable and meet certain cyber security requirements.

Critical customers

We rely on our distribution channel for part of our revenue and they might not sell our services effectively or competitively. We provide our services to many government organisations around the world which may have conflicting requirements, and our revenue may be affected by governments' reduction in spending and their other political priorities.

Critical suppliers

We rely on a limited number of third party suppliers and partners in the production of our satellites, systems, terminals and products and we may have limited control over availability, quality and delivery.

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the three months ended 31 March (unaudited)

| (\$ in millions) | 2016 | 2015 |
|--|----------------|----------------|
| Revenues | 298.6 | 304.8 |
| Employee benefit costs | (65.7) | (62.8) |
| Network and satellite operations costs | (43.3) | (45.0) |
| Other operating costs | (33.2) | (29.8) |
| Own work capitalised | 9.2 | 9.8 |
| Total operating costs | (133.0) | (127.8) |
| EBITDA | 165.6 | 177.0 |
| Depreciation and amortisation | (90.5) | (75.4) |
| Gain on disposal of assets | – | 9.3 |
| Share of profit of associates | 0.6 | 0.6 |
| Operating profit | 75.7 | 111.5 |
| Financing income | 1.3 | 1.3 |
| Financing costs | (12.0) | (9.8) |
| Net financing costs | (10.7) | (8.5) |
| Profit before tax | 65.0 | 103.0 |
| Taxation charge | (14.2) | (20.2) |
| Profit for the period | 50.8 | 82.8 |
| Attributable to: | | |
| Equity holders | 50.6 | 82.7 |
| Non-controlling interest | 0.2 | 0.1 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March (unaudited)

| (\$ in millions) | 2016 | 2015 |
|---|-------------|---------------|
| Profit for the period | 50.8 | 82.8 |
| Other comprehensive income/(loss) | | |
| Items that may be classified subsequently to the Income Statement: | | |
| Gain on measurement of available-for-sale financial asset | – | (9.4) |
| Foreign exchange translation differences | 0.1 | (0.2) |
| Net gain/(loss) on cash flow hedges | 0.8 | (2.5) |
| Tax credited directly to equity | – | 1.7 |
| Other comprehensive income/(loss) for the period, net of tax | 0.9 | (10.4) |
| Total comprehensive income for the period, net of tax | 51.7 | 72.4 |
| Attributable to: | | |
| Equity holders | 51.5 | 72.3 |
| Non-controlling interest | 0.2 | 0.1 |

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

| (\$ in millions) | As at 31 March 2016 (unaudited) | As at 31 December 2015 (audited) | As at 31 March 2015 (unaudited) |
|--|--|---|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2,854.2 | 2,860.2 | 2,692.8 |
| Intangible assets | 769.1 | 772.0 | 797.9 |
| Investments | 12.4 | 12.1 | 11.0 |
| Other receivables | 22.6 | 23.4 | 23.6 |
| Deferred tax asset | 42.7 | 44.6 | 26.7 |
| Derivative financial instruments | 1.5 | – | – |
| | 3,702.5 | 3,712.3 | 3,552.0 |
| Current assets | | | |
| Cash and cash equivalents | 268.5 | 175.5 | 376.6 |
| Trade and other receivables | 325.1 | 342.3 | 299.4 |
| Inventories | 23.4 | 25.0 | 30.1 |
| Current tax assets | 5.4 | 3.8 | 11.6 |
| Derivative financial instruments | 0.3 | – | – |
| Restricted cash | 2.3 | 3.0 | – |
| | 625.0 | 549.6 | 717.7 |
| Total assets | 4,327.5 | 4,261.9 | 4,269.7 |
| Liabilities | | | |
| Current liabilities | | | |
| Borrowings | 208.5 | 207.2 | 128.5 |
| Trade and other payables | 509.9 | 459.7 | 573.4 |
| Provisions | 1.3 | 1.8 | 6.5 |
| Current tax liabilities | 121.3 | 128.3 | 112.5 |
| Derivative financial instruments | 0.2 | 0.3 | 7.8 |
| | 841.2 | 797.3 | 828.7 |
| Non-current liabilities | | | |
| Borrowings | 1,665.1 | 1,703.7 | 1,693.7 |
| Other payables | 43.2 | 42.9 | 25.0 |
| Provisions | 2.7 | 2.5 | 21.5 |
| Deferred tax liabilities | 203.6 | 198.3 | 194.7 |
| | 1,914.6 | 1,947.4 | 1,934.9 |
| Total liabilities | 2,755.8 | 2,744.7 | 2,763.6 |
| Net assets | 1,571.7 | 1,517.2 | 1,506.1 |
| Shareholders' equity | | | |
| Ordinary shares | 0.4 | 0.4 | 0.4 |
| Share premium | 677.4 | 677.4 | 677.4 |
| Other reserves | 413.5 | 409.8 | 398.0 |
| Retained earnings | 479.6 | 429.0 | 429.7 |
| Equity attributable to shareholders | 1,570.9 | 1,516.6 | 1,505.5 |
| Non-controlling interest | 0.8 | 0.6 | 0.6 |
| Total equity | 1,571.7 | 1,517.2 | 1,506.1 |

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March

| (\$ in millions) | Ordinary share capital | Share premium account | Share option reserve | Cash flow hedge reserve | Revaluation reserve | Currency reserve | Capital contribution reserve | Retained earnings | Non- controlling interest | Total |
|---|------------------------------|-----------------------------|----------------------------|-------------------------------|------------------------|---------------------|------------------------------------|----------------------|---------------------------------|----------------|
| Balance at 1 January 2015 (audited) | 0.4 | 677.4 | 71.8 | (1.6) | 8.6 | (0.4) | 327.8 | 346.3 | 0.5 | 1,430.8 |
| Share options charge | - | - | 2.3 | - | - | - | - | 0.7 | - | 3.0 |
| Comprehensive Income: | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 82.7 | 0.1 | 82.8 |
| Other comprehensive loss – before tax | - | - | - | (2.6) | (9.4) | (0.2) | - | - | - | (12.2) |
| Other comprehensive loss – tax | - | - | - | 0.3 | 1.4 | - | - | - | - | 1.7 |
| Balance at 31 March 2015 (unaudited) | 0.4 | 677.4 | 74.1 | (3.9) | 0.6 | (0.6) | 327.8 | 429.7 | 0.6 | 1,506.1 |
| Balance at 1 January 2016 (audited) | 0.4 | 677.4 | 81.6 | 0.9 | 0.6 | (1.1) | 327.8 | 429.0 | 0.6 | 1,517.2 |
| Share options charge | - | - | 2.8 | - | - | - | - | - | - | 2.8 |
| Comprehensive Income: | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 50.6 | 0.2 | 50.8 |
| Other comprehensive loss – before tax | - | - | - | 0.8 | - | 0.1 | - | - | - | 0.9 |
| Other comprehensive loss – tax | - | - | - | - | - | - | - | - | - | - |
| Balance at 31 March 2016 (unaudited) | 0.4 | 677.4 | 84.4 | 1.7 | 0.6 | (1.0) | 327.8 | 479.6 | 0.8 | 1,571.7 |

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the three months ended 31 March (unaudited)

| (\$ in millions) | 2016 | 2015 |
|--|---------------|---------------|
| Cash flow from operating activities | | |
| Cash generated from operations | 201.0 | 192.6 |
| Interest received | 0.2 | 0.6 |
| Tax (paid)/refunded | (17.1) | 23.1 |
| Net cash from operating activities | 184.1 | 216.3 |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (31.3) | (69.9) |
| Additions to capitalised development costs and other intangibles | – | (6.4) |
| Own work capitalised | (7.2) | (12.4) |
| Proceeds on disposal of assets | – | 32.9 |
| Net cash used in investing activities | (38.5) | (55.8) |
| Cash flow from financing activities | | |
| Dividends paid | (0.4) | – |
| Drawdown of Ex-Im Bank Facilities | – | 46.8 |
| Repayment of Ex-Im Bank Facilities | (40.4) | (24.8) |
| Interest paid | (11.0) | (11.5) |
| Arrangement costs of financing | – | (0.4) |
| Other financing activities | 0.3 | 0.4 |
| Net cash (used in)/from financing activities | (51.5) | 10.5 |
| Foreign exchange adjustment | 0.6 | 1.8 |
| Net increase in cash and cash equivalents | 94.7 | 172.8 |
| Cash and cash equivalents | | |
| At the beginning of the period | 172.9 | 202.7 |
| Net increase in cash and cash equivalents | 94.7 | 172.8 |
| At the end of the period (net of bank overdrafts) | 267.6 | 375.5 |
| Comprising: | | |
| Cash at bank and in hand | 70.6 | 53.5 |
| Short-term deposits with original maturity of less than three months | 197.9 | 323.1 |
| Bank overdrafts | (0.9) | (1.1) |
| Cash and cash equivalents at the end of the period | 267.6 | 375.5 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Inmarsat Group Limited ('the Company' or, together with its subsidiaries, 'the Group') is a company incorporated in the United Kingdom and domiciled in England and Wales.

These condensed consolidated interim financial statements for the three months ended 31 March 2016 were approved by the Board of Directors on 5 May 2016.

The financial information presented in this release does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2015 were approved by the Board of Directors on 3 March 2016 and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 March 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and are available on our website at www.inmarsat.com. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those in the Group's Annual Report and Accounts for the year ended 31 December 2015. There are no new IFRS or IFRIC interpretation that are effective for this financial year that have had a material impact on the Group.

Going Concern

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all banking covenants. Because of this and the relatively stable overall economic climate, the Directors believe that the Company and the Group are well placed to manage their business risks successfully. After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat Group Limited continues to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Basis of accounting

The functional currency of the Company and most of the Group's subsidiaries and the presentation currency is the US Dollar, as the majority of operational transactions and borrowings are denominated in US Dollars.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period. In particular, the calculation of some of the Group's potential tax assets or liabilities involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finalised until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Although these estimates are based on management's best estimate of the amount, event or actions, the actual results may ultimately differ from these estimates.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker to allocate resources and assess the performance of the Group. The Group's operating segments are aligned to five market-facing business units, being:

- Maritime, focusing on worldwide commercial maritime services;
- Enterprise, focusing on worldwide energy, industry, media, carriers, and M2M services;
- Aviation, focusing on commercial aviation services;
- US Government, focusing on US civil and military government services; and
- Global Government, focusing on worldwide civil and military government services.

These five business units are supported by 'Central Services' which include satellite operations and backbone infrastructure, corporate administrative costs, and any income that is not directly attributable to a business unit. The Group has aggregated the US Government and Global Government operating segments into one reporting segment, as the segments meet the criteria for aggregation under IFRS. Therefore, the Group's reportable segments are Maritime, Government, Enterprise, Aviation and Central Services.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment results are assessed at the EBITDA level without the allocation of central costs, depreciation, net financing costs and taxation.

| (\$ in millions) | Three months ended 31 March | |
|---------------------------------------|-----------------------------|--------------|
| | 2016 | 2015 |
| Revenues | | |
| Maritime | 143.1 | 149.8 |
| Government | 68.7 | 66.8 |
| Enterprise | 34.0 | 38.9 |
| Aviation | 31.2 | 27.1 |
| Central Services | 21.6 | 22.2 |
| Total segment revenues | 298.6 | 304.8 |
| EBITDA | | |
| Maritime | 112.3 | 116.9 |
| Government | 48.7 | 45.8 |
| Enterprise | 26.1 | 26.2 |
| Aviation | 22.4 | 22.3 |
| Central Services | (43.9) | (34.2) |
| Total segment EBITDA | 165.6 | 177.0 |
| Depreciation and amortisation | (90.5) | (75.4) |
| Other | 0.6 | 9.9 |
| Total segment operating profit | 75.7 | 111.5 |
| Net financing costs | (10.7) | (8.5) |
| Profit before tax | 65.0 | 103.0 |
| Taxation charge | (14.2) | (20.2) |
| Profit for the period | 50.8 | 82.8 |
| Capital expenditure | | |
| Maritime | 12.9 | 5.9 |
| Government | 0.5 | 0.8 |
| Enterprise | 0.3 | 0.2 |
| Aviation | 1.7 | 13.9 |
| Central Services | 63.0 | 99.5 |
| Total capital expenditure | 78.4 | 120.3 |

4. Net financing costs

| (\$ in millions) | Three months ended 31 March | |
|---|-----------------------------|--------------|
| | 2016 | 2015 |
| Bank interest receivable and other interest | (1.3) | (1.1) |
| Net interest on the net pension asset and post-employment liability | – | (0.2) |
| Total financing income | (1.3) | (1.3) |
| Interest on Senior Notes and credit facilities | 18.6 | 19.3 |
| Unwinding of discount on deferred satellite liabilities | 0.1 | 0.2 |
| Amortisation of debt issue costs | 1.7 | 1.7 |
| Amortisation of discount on Senior Notes due 2022 | 0.3 | 0.3 |
| Other interest | 0.9 | 1.7 |
| Intercompany interest payable | 0.9 | 1.0 |
| Financing costs | 22.5 | 24.2 |
| Less: Amounts capitalised in the cost of qualifying assets | (10.5) | (14.4) |
| Total financing costs | 12.0 | 9.8 |
| Net financing costs | 10.7 | 8.5 |

5. Net Borrowings

These balances are shown net of unamortised deferred finance costs, which have been allocated as follows:

| (\$ in millions) | At 31 March 2016 | | | At 31 December 2015 | | |
|-------------------------------------|------------------|------------------------|----------------|---------------------|------------------------|----------------|
| | Amount | Deferred finance costs | Net balance | Amount | Deferred finance costs | Net balance |
| Current: | | | | | | |
| Bank overdrafts | 0.9 | – | 0.9 | 2.6 | – | 2.6 |
| Deferred satellite payments | 0.7 | – | 0.7 | 1.8 | – | 1.8 |
| EIB Facility | 44.1 | – | 44.1 | 44.1 | – | 44.1 |
| Ex-Im Bank Facilities | 80.9 | – | 80.9 | 80.9 | – | 80.9 |
| Intercompany Loan | 81.9 | – | 81.9 | 77.8 | – | 77.8 |
| Total current borrowings | 208.5 | – | 208.5 | 207.2 | – | 207.2 |
| Non-current: | | | | | | |
| Deferred satellite payments | 14.4 | – | 14.4 | 14.5 | – | 14.5 |
| Senior Notes due 2022 | 1,000.0 | (7.0) | 993.0 | 1,000.0 | (7.3) | 992.7 |
| – Net issuance discount | (6.2) | – | (6.2) | (6.5) | – | (6.5) |
| EIB Facility | 88.1 | (0.3) | 87.8 | 88.1 | (0.4) | 87.7 |
| Ex-Im Bank Facilities | 592.9 | (16.8) | 576.1 | 633.3 | (18.0) | 615.3 |
| Total non-current borrowings | 1,689.2 | (24.1) | 1,665.1 | 1,729.4 | (25.7) | 1,703.7 |
| Total Borrowings | 1,897.7 | (24.1) | 1,873.6 | 1,936.6 | (25.7) | 1,910.9 |
| Cash and cash equivalents | (268.5) | – | (268.5) | (175.5) | – | (175.5) |
| Net Borrowings | 1,629.2 | (24.1) | 1,605.1 | 1,761.1 | (25.7) | 1,735.4 |

EIB Facility

In 2010, the Group signed an 8-year facility agreement with the European Investment Bank (the 'EIB Facility'). No additional funding is available under this facility, which matures on 30 April 2018 and is repayable in equal annual instalments. Interest is equal to three-month USD LIBOR plus a margin, payable in January, April, July and October each year.

Ex-Im Bank Facilities

The Group has two direct financing agreements with the Export-Import Bank (the 'Ex-Im Bank Facilities') of the United States. The \$700.0m facility signed in 2011 was available to be drawn down for four years and is now repayable in equal semi-annual instalments over a further 8.5 years. Drawings under this facility incur interest at a fixed rate of 3.11% for the life of the loan. In November 2014, the Group signed a seven year \$185.9m facility which has a total availability period of two years and will then be repayable in equal semi-annual instalments over a further

five years. Drawings under this facility incur interest at a fixed rate of 1.96% for the life of the loan.

Senior Notes due 2022

On 4 June 2014, the Group issued \$1.0bn of 4.875% Senior Notes due 15 May 2022. The aggregate gross proceeds were \$992.1m, net of \$7.9m issuance discount.

Senior Credit Facility

On 22 May 2015, the Group signed a five-year \$500.5m revolving credit facility ('Senior Credit Facility'). Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 0.70% and 1.70% determined by reference to the ratio of net debt to EBITDA. At 31 March 2016, there were no drawings under the Senior Credit Facility.

Intercompany Loan

The intercompany loan due to Inmarsat plc is repayable on demand and incurs interest at a fixed rate of 5.5%, for the life of the loan.

6. Fair value of financial instruments

The Group's derivative financial instruments consist of forward foreign currency contracts which are primarily designated as cash flow hedges. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The fair values at the Balance Sheet date were:

| (\$ in millions) | At 31 March 2016 | At 31 December 2015 |
|--|---------------------|------------------------|
| Financial assets: | | |
| Forward foreign currency contracts – designated cash flow hedges | 1.8 | – |
| Financial liabilities: | | |
| Forward foreign currency contracts – undesignated | 0.2 | 0.3 |

The fair value of foreign exchange contracts are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. The fair value of foreign exchange contracts is based upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk-free rate at the period end.

Except as detailed in the following table, the Directors consider that the carrying value of non-derivative financial assets and liabilities approximately equal to their fair values:

| (\$ in millions) | At 31 March 2016 | | At 31 December 2015 | |
|-------------------------------|-------------------|---------------|---------------------|---------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial liabilities: | | | | |
| Senior Notes due 2022 | 1,000.0 | 945.0 | 1,000.0 | 996.3 |
| Ex-Im Bank Facilities | 673.8 | 709.5 | 714.2 | 741.4 |

7. Contingent liabilities

There have been no material changes to the Group's contingent liabilities from those reported in the financial statements for the year ended 31 December 2015.