

Inmarsat Group Limited reports First Quarter Results 2018

Financial highlights:

\$ in millions	First Quarter		
	2018	2017 (restated) ¹	% change
Group revenue	345.4	329.5	4.8%
Maritime	142.0	139.8	1.6%
Government	78.3	86.0	(9.0%)
Aviation	56.0	40.3	39.0%
Enterprise	32.7	29.4	11.2%
Other ²	36.4	34.0	7.1%
EBITDA³	175.1	183.4	(4.5)%
PAT	34.3	56.4	(39.2)%

Operational highlights:

- **Group Revenue** increased \$15.9m (4.8%) to \$345.4m (up 5.0% to \$313.3m, excluding Ligado), driven by growth in Aviation, Enterprise and Maritime:
 - **Maritime:** continued year-on-year revenue growth, supported by further market traction with Fleet Xpress (“FX”)
 - **Government:** lower contracted revenue from Boeing Take-or-Pay contract and the end of exceptional operational revenues outside the US, as expected in both cases
 - **Aviation:** continued double digit revenue growth in both In-Flight Connectivity (“IFC”) and our Core Aviation business
 - **Enterprise:** first quarter of significant growth for some time, mainly driven by double digit growth in satellite phone airtime and handset revenues
 - **GX:** airtime and related revenues of \$50.0m (Q1 2017: \$32.1m), driven by growing customer take-up in Maritime, Government and Aviation
- **Group EBITDA:** decreased by \$8.3m (4.5%) to \$175.1m, reflecting the growth in revenue partly offset by changes in revenue mix and an adverse impact of currency movements on indirect costs of \$9.1m
- **Profit After Tax:** down \$22.1m due to lower EBITDA and higher depreciation.

¹ 2017 figures have been restated throughout this announcement to reflect the adoption of IFRS15 and the reclassification of short term deposits. The Group has also adopted IFRS16 and IFRS9 as of 1 January 2018. Please refer to Appendix 2 of this announcement for further details.

² “Other” revenue comprises revenue contribution from Central Services and Ligado Networks.

³ In response to the Guidelines on Alternative Performance Measures (‘APM’s) issued by the European Securities and Markets Authority (‘ESMA’), we have provided additional information on the APMs used by the Group including definitions and reconciliations to statutory measures within Appendix 1 of this document.

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 Ltd (the “Company” or, together with its subsidiaries, the “Group”) for the three months ended 31 March 2018. This should be reviewed 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 the measurement requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union. In addition to IFRS measures we use a number of Alternative Performance Measures (APMs) 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. These have been explained in Appendix 1. All discussion of results relate to the three months ended 31 March 2018, and all comparisons are with the three months ended 31 March 2017, unless specifically stated otherwise. This report includes additional disclosure relating to year-on-year trends in direct and indirect costs, with data from recent quarters available on the Company’s website: www.inmarsat.com.

Inmarsat has adopted IFRS15, 16 and 9 for the financial year ending 31 December 2018. Additionally a reclassification of short-term deposits has been made to better reflect the requirements of IAS7.

To reflect the adoption of IFRS15, Q1 2017 figures have been restated throughout this document, primarily impacting Maritime and Aviation, where revenue and costs related to equipment installation are now spread over the length of the contract, rather than being recognised at the time of installation. Consequently, in Q1 2017, revenue is \$2.7m lower, whilst capital expenditure and EBITDA are higher by \$11.6m and \$1.6m respectively.

IFRS16, which Inmarsat is adopting a year early to avoid restatements impacting in two successive years, requires vehicles and properties to be accounted for as “right-of-use assets”. This had a \$2.3m positive impact on EBITDA in Q1 2018, due to lease costs being reclassified as depreciation and interest.

The impact of the adoption of IFRS9 is not material in the period or in prior year reported numbers, whilst short-term deposits have been re-classified in the Cash Flow statement.

More information on the changes in accounting policy can be found in Appendix 2 of this document.

Group Financial Highlights

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue			
Revenue	313.3	298.5	5.0%
Ligado revenue	32.1	31.0	3.5%
Total revenue	345.4	329.5	4.8%
Direct costs	(53.0)	(36.1)	(46.8%)
Gross Margin	292.4	293.4	(0.3%)
Indirect costs	(117.3)	(110.0)	(6.6%)
EBITDA	175.1	183.4	(4.5%)
EBITDA margin %	50.7%	55.7%	–
Cash capital expenditure	141.3	134.4	(5.1%)

Group revenue increased by \$15.9m mainly driven by growth in Aviation, Enterprise and Maritime.

Direct costs increased by \$16.9m mainly reflecting the changing revenue mix right across the business, particularly in Government.

Indirect costs grew by \$7.3m, driven by the \$9.1m adverse impact of currency movements.

EBITDA consequently decreased by \$8.3m from the prior year, and EBITDA margin decreased to 50.7%, from 55.7% in Q1 2017.

Capital expenditure increased by \$6.9m, mainly due to higher levels of investment in major infrastructure projects in the period (in particular the GX-5 and I-6 satellites).

Maritime

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue	142.0	139.8	1.6%
Direct costs	(22.1)	(19.3)	(14.5%)
Gross Margin	119.9	120.5	(0.5%)
Indirect costs	(10.3)	(8.4)	(22.6%)
EBITDA	109.6	112.1	(2.2%)
<i>EBITDA margin %</i>	77.2%	80.2%	–
Cash capital expenditure	(11.4)	(11.4)	–
Business Unit Operating Cash Flow	98.2	100.7	(2.5)

Q1 - Maritime products	Revenue (\$ in millions)		Number of vessels		Average Revenue per User (“ARPU”)	
	2018	2017 (restated)	2018	2017	2018	2017
FleetBroadband (“FB”)	83.3	87.8	35,343	37,746	778	772
VSAT (XL and FX)	34.6	29.2	4,726	3,259	2,549	3,100
Fleet One	2.1	1.2	3,259	1,537	160	96
Other products	22.0	21.6	n/a	n/a	n/a	n/a

Maritime delivered revenue of \$142.0m in Q1 2018, up 1.6% from the prior year.

Revenue from our Very Small Aperture Terminal (“VSAT”) products, Xpress Link (“XL”) and Fleet Xpress (“FX”), continued to grow strongly, increasing by 18.5% in Q1 2018, with 4,726 installed VSAT vessels at the end of the period, (3,259 of which were FX vessels). The VSAT installation order book was stable at c.720 vessels, and the pace of FX installations remained strong, driven by the on-going ramp-up of our internal installation capability and increased engagement from our distribution partners, which is expected to further drive the FX installation rate going forward. The overall proportion of completely new customer installations remained high at around 30% (excluding XL migrations).

Installed Fleet Xpress installations	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Opening balance of installed FX vessels	2,614	1,963	1,337	808	335
XpressLink migrations	185	241	200	198	237
FleetBroadband upgrades	324	208	267	213	145
New customers	136	202	159	118	91
Total installations & migrations	645	651	626	529	473
Closing balance of installed FX vessels	3,259	2,614	1,963	1,337	808

VSAT Average Revenue per User (“ARPU”) declined by 17.8% to \$2,549 per month, reflecting the on-going impact of wholesalers significantly increasing their share of aggregate VSAT installations from 3% (97 installed FX vessels) at the end of the prior year to 19% (887 installed FX vessels) at the end of Q1 2018, and a decline in wholesale and retail ARPU, mainly as a result of an increasing share of entry level price plans as well as price incentives for some new customers to help capture market share.

FleetBroadband (“FB”) vessels declined to 35,343 at the end of Q1 2018, from 37,746 in Q1 2017. Around 40% of this decline in FB vessel numbers related to the ARPU-accretive managed migration of these vessels up to FX. The remainder, which were mainly low ARPU vessels, were lost as a result of scrappage and increased competition at the low end of the market (which we are addressing through new pricing strategies). FB revenues consequently declined by 5.1% in Q1 2018, with the migration of FB vessels to FX accounting for more than half of this reduction. FB ARPU was little changed at around \$780 per month.

Fleet One delivered \$2.1m of airtime and equipment revenue in Q1 2018, up \$0.9m from the prior year, with around 200 new Fleet One terminals installed during the quarter. The products customer base is now 3,259 vessels, up from 1,537 in Q1 2017. Fleet One’s average ARPU in Q1 was particularly high at around \$160 per month, but is expected to normalise to around \$100 per month in the coming quarters.

Revenue from our mainly lower margin and legacy products was broadly flat, with the on-going decline in legacy product revenue being offset by a \$3.8m increase in FX terminal sales. Terminal sales will continue to be a positive feature of our revenue mix, as they drive new airtime revenues once installed.

Direct costs increased by \$2.8m in the quarter, due to higher bad debt provisions, following temporarily slower customer collections resulting from the introduction of a new billing system. Indirect costs increased by \$1.9m to \$10.3m, mainly as a result of increased marketing activity related to the biennial Volvo Ocean Race. As a result, EBITDA in the period declined by \$2.5m, with EBITDA margin decreasing to 77.2% (from 80.2% in Q1 2017). Maritime capex, which is all success-based capex, was unchanged at \$11.4m.

Government

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue	78.3	86.0	(9.0%)
Direct costs	(14.2)	(10.1)	(40.6%)
Gross Margin	64.1	75.9	(15.5%)
Indirect costs	(10.8)	(11.6)	6.9%
EBITDA	53.3	64.3	(17.1%)
<i>EBITDA margin %</i>	68.1%	74.8%	–
Cash capex	(1.4)	(3.1)	54.8%
Business Unit Operating Cash Flow	51.9	61.2	(9.3)

As expected, Government revenue declined by 9.0% to \$78.3m in Q1 2018. US Government revenues declined by 3.5%, driven by lower contracted revenue from the higher margin Boeing Take-or-Pay contract, (albeit that underlying revenues are increasing and breakage is decreasing) partially offset by a full quarter's contribution from the lower margin CSSC contract. Outside the US, revenues fell by 17.6% mainly reflecting the previously highlighted end of exceptional higher margin operational revenue.

Direct costs increased by \$4.1m, mainly due to the impact of the lower margin CSSC contract, but indirect costs declined by \$0.8m. As a result of lower revenue and higher direct costs, EBITDA declined by \$11.0m and EBITDA margin fell to 68.1%.

As previously outlined, near-term future revenue growth in Government is expected to be modest, as the Boeing Take-or-Pay contract reduces to normalised levels, the exceptional revenues of 2017 are not repeated and contract wins continue to be lumpy and irregular.

Aviation

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue	56.0	40.3	39.0%
Direct costs	(7.9)	(0.9)	(777.8%)
Gross Margin	48.1	39.4	22.1%
Indirect costs	(14.5)	(14.1)	(2.8%)
EBITDA	33.6	25.3	32.8%
<i>EBITDA margin %</i>	60.0%	62.8%	
Cash capex	(19.8)	(49.0)	59.6%
Business Unit Operating Cash Flow	13.8	(23.7)	37.5

Core / IFC

(\$ in millions)	Core		IFC	
	Q1 2018	Q1 2017 (restated)	Q1 2018	Q1 2017 (restated)
Revenue	36.7	31.5	19.3	8.8
Direct costs	(0.4)	(0.2)	(7.5)	(0.7)
Gross Margin	36.3	31.3	11.8	8.1
Indirect costs	(2.2)	(2.1)	(12.3)	(12.0)
EBITDA	34.1	29.2	(0.5)	(3.9)
<i>EBITDA margin %</i>	92.9%	92.7%	n/a	n/a
Cash capex	-	-	(19.8)	(49.0)
Business Unit Operating Cash Flow	34.1	29.2	(20.3)	(52.9)

Core Aviation business

Revenue in our Core Aviation business, which comprises SwiftBroadband and JetConneX for Business and General Aviation (“BGA”), Classic Aero and SwiftBroadband-Safety for Safety and Operational Services (“SOS”) and other legacy products, increased by 16.5% to \$36.7m in Q1 2018. By the end of Q1 2018, 223 aircraft were installed with JetConneX, our GX-based product for BGA, generating airtime revenue of \$3.7m (Q1 2017: \$0.5m).

SwiftBroadband revenues grew 10.3% in the period to \$20.4m (Q1 2017: \$18.5m), driven by an increase in number of installed aircraft and higher average revenue per aircraft (“ARPA”), which increased to \$1,729 per month, from \$1,660 per month in the prior year, as a result of higher airtime usage. By the end of Q1 2018, there were 3,835 active aircraft with SwiftBroadband services in BGA (Q1 2017: 3,652).

In SOS, Classic Aero delivered revenue growth of 11.5% to \$10.7m in the period (Q1 2017: \$9.6m), as a result of higher ARPA, which increased to \$373 per month (Q1 2017: \$354 per month), reflecting higher customer usage. The number of aircraft using the service remained stable at around 9,000. Revenue in our other legacy products in our Core business decreased to \$1.8m, (Q1 2017: \$2.9m), due to the end of a leasing contract, which will have a similar impact on the remaining quarters of 2018. On 17 April 2018, we launched our new aviation safety product, SwiftBroadband-Safety, which will help to further develop our business in SOS going forward.

Direct costs in our Core business remained fairly immaterial at \$0.4m in the period, whilst indirect costs remained stable at \$2.2m.

EBITDA and Business Unit Operating Cash Flow for the Core Aviation business consequently both grew to \$34.1m (Q1 2017: \$29.2m).

IFC

IFC revenues, comprising our L-band-based IFC services for commercial aviation, and our GX Aviation services for IFC, together grew by 119.3% to \$19.3m Q1 2018.

Our L-band-based IFC services delivered revenue growth of 50.0% to \$11.7m (Q1 2017: \$7.8m), driven by increased usage by a number of key customers.

At the end of Q1 2018, we had over 1,300 aircraft expected under signed contracts for our GX Aviation IFC services, including some smaller customer contracts announced during the period, with 245 GX-installed aircraft across a number of customers (up from 194 at the end of 2017) and the first commercial services for customers going live in Q2 2018. In the period, there was \$7.7m of GX-related IFC revenue generated, (Q1 2017: \$1.0m), the vast majority of which was relatively low margin installation revenue. Installation revenue is expected to ramp-up during the remainder of the year, driven by installation schedules of our customers.

Despite on-going challenges from some of our competitors, substantially all required regulatory authorisations are now in place for the European Aviation Network (“EAN”). The complementary ground network is complete, the S-band satellite is operational and preparations continue with our launch customers for the service roll-out of the EAN to passengers.

In IFC, direct costs increased to \$7.5m in Q1 2018 (Q1 2017 restated for IFRS15: \$0.7m), as a result of additional low margin GX installation revenues being added to the revenue mix. Indirect costs in IFC, related to investment in headcount and other overhead costs associated with the pursuit and delivery of the major growth opportunities in IFC, were unchanged at \$12.3m.

In IFC, cash capex decreased to \$19.8m in the period, (Q1 2017: \$49.0m) mainly as a result of infrastructure investment in the S-band satellite in the prior year, ahead of its launch in Q2 2017.

As a result of all of the factors outlined above, IFC EBITDA consequently improved to close to breakeven, with the Business Unit Operating Cash Flow in IFC improving significantly, reducing the level of start-up investment by \$32.6m to \$20.3m for the quarter.

Overall Aviation EBITDA

Overall Aviation EBITDA increased by \$8.3m to \$33.6m in Q1 2018, with EBITDA margin decreasing to 60.0% in the period (Q1 2017: 62.8%).

We continue to expect that, in the near term, Aviation EBITDA and cash flow margins will be impacted by our on-going efforts to build a strong market position in the rapidly growing and high potential IFC market.

As previously outlined, we expect that, over the years 2016 to 2021, overall EBITDA margins in Aviation will fall from over 60% in 2016 to 53% in 2017 and then to around 40% in 2018, after which we expect that higher revenues, improved revenue mix and more stable indirect costs will start to deliver a return to 2016 overall EBITDA margins in Aviation.

Enterprise

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue	32.7	29.4	11.2%
Direct costs	(6.0)	(2.8)	(114.3%)
Gross Margin	26.7	26.6	0.4%
Indirect costs	(5.1)	(4.5)	(13.3%)
EBITDA	21.6	22.1	(2.3%)
EBITDA margin %	66.1%	75.2%	
Cash capex	–	–	–
Business Unit Operating Cash Flow	21.6	22.1	(0.5)

Enterprise revenues increased by 11.2% in Q1 2018, mainly as a result of significant growth in satellite phone airtime and handset revenue.

Revenue from our Broadband Global Area Network (“BGAN”) product grew by 4.4% to \$7.1m. Satellite phone airtime and handset revenue increased by 100.0% to \$9.2m, against a relatively low prior year comparator, driven by several material new partnerships for handset sales.

Fixed-to-mobile revenues continued to decline, falling by 36.0% to \$3.2m during the period, mainly reflecting on-going decline of satellite-based voice products, driven by continued migration to Voice-over-IP.

Machine to Machine (“M2M”) revenue increased by 11.4% to \$4.9m during the quarter, highlighting continuing strong demand for M2M in commercial applications.

Direct costs increased by \$3.2m, mainly reflecting the additional satellite phone handset sales, whilst indirect costs increased by \$0.6m, as a result of which EBITDA was down by \$0.5m and EBITDA margin declined to 66.1% in the period.

Central Services

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
Revenue			
Ligado Networks	32.1	31.0	3.5%
Other	4.3	3.0	43.3%
Total revenue	36.4	34.0	7.1%
Direct costs	(2.8)	(3.0)	6.7%
Gross Margin	33.6	31.0	8.4%
Indirect costs	(76.6)	(71.4)	(7.3%)
EBITDA	(43.0)	(40.4)	(6.4%)
Cash capex	(108.7)	(70.9)	(53.3%)
Business Unit operating cash flow	(151.7)	(111.3)	–

Revenue from Ligado increased \$1.1m, driven by the terms of our 2016 agreement and IFRS15 adjustments.

Indirect costs increased by \$5.2m, mainly driven by the adverse impact of currency movements.

Excluding currency movements, indirect costs remained broadly flat year-on-year once account has been taken of the \$2.3m reduction in indirect costs from the implementation of IFRS16 which has moved lease costs into depreciation.

As previously outlined, growth in central operational delivery costs in 2018 is expected to be in low single digits, in percentage terms.

Central Services capital expenditure in the year increased by \$37.8m, due to the timing of expenditure on our major infrastructure programmes, including in Q1 2018 the 5th GX satellite and the I-6 satellite infrastructure. Other capex was down year-on-year due to the timing of project expenditure.

Reconciliation of EBITDA to Profit after tax

(\$ in millions)	Q1 2018	Q1 2017 (restated)	Change
EBITDA	175.1	183.4	(4.5%)
Depreciation and amortisation	(116.0)	(97.7)	(18.7%)
Other	0.5	0.6	(16.7%)
Operating profit	59.6	86.1	(30.8%)
Net financing costs	(21.4)	(22.2)	3.6%
Taxation charge	(3.9)	(7.5)	48.0%
Statutory profit after tax	34.3	56.4	(39.2%)

Operating profit

Depreciation and amortisation increased by \$18.3m as a result of the I-5 F4 and S-Band satellites coming into commercial service in Q4 2017. This, combined with lower EBITDA, resulted in operating profit decreasing by \$26.5m.

Net financing cost

Net financing costs decreased by \$0.8m to \$21.4m as a result of reduced intercompany interest payable.

Taxation

The tax charge for the first quarter of 2018 was \$3.9m, a decrease of \$3.6m, compared with the same period of 2017. The lower tax charge in 2018 was largely driven by the reduced profit in 2018.

The effective tax rate for the quarter was 11.5% (2017: 11.7%), reflecting the reduction in UK tax rate from 19.25% in 2017, to 19% in 2018.

Profit after tax

PAT decreased by \$22.1m in Q1 2018, reflecting the changes in EBITDA, depreciation, financing costs and taxation noted above.

Cash Flow¹

(\$ in millions)	Q1 2018	Q1 2017 (restated)
EBITDA	175.1	183.4
Non-cash items	2.5	7.6
Change in working capital	(35.2)	(8.2)
Cash generated from operations	142.4	182.8
Capital expenditure	(141.3)	(134.4)
Net interest paid	(16.1)	(21.3)
Tax paid	1.6	(13.7)
Free cash flow	(13.4)	13.4
Proceeds on disposal of assets	-	-
Other movement including foreign exchange	0.7	3.8
Net cash flow	(12.7)	17.2
Decrease/(increase) to cash reclassified from short-term deposits with original maturity >3 months	143.7	(20.0)
Increase/(decrease) in cash from borrowings	(64.6)	(40.9)
Net increase/(decrease) in cash and cash equivalents	66.4	(43.7)
Cash and cash equivalents		
At beginning of the period	142.9	259.6
Net increase/(decrease) in cash and cash equivalents	66.4	(43.7)
At end of the period (net of bank overdrafts)	209.3	215.9
Short term deposits		
At beginning of the period	342.0	395.0
Net increase/(decrease) in short term deposits	(143.7)	20.0
At end of the period	198.3	415.0
Opening net borrowings²	1,963.3	2,366.2
Net cash flow	8.1	(17.2)
Non-cash movements ³	7.1	(15.2)
Closing net borrowings²	1,978.5	2,333.8

At 31 March 2018, the Group had cash and cash equivalents of \$209.7m, short term deposits of \$198.3m and available but undrawn borrowing facilities of \$500.5m under our Senior Credit Facility.

Free cash flow decreased in the period by \$26.8m compared with Q1 2017. This was mainly due to lower cash generated from operations (\$40.4m) and higher capital expenditure (\$6.9m) offset by a reduction in tax paid (\$15.3m) mainly due to lower UK profits.

Cash generated from operations was adversely impacted by an increase in working capital of \$27.0m driven mainly by higher receivables at the end of the quarter. Customer collections were impacted by a combination of the Easter holiday period which coincided with the quarter end and slower customer payment collections resulting from the introduction of a new billing system.

¹ Cash flow outlined in this table is non-statutory.

² Net borrowings includes total borrowings less cash and cash equivalents and short-term investments. Borrowings exclude accrued interest and any derivative liabilities.

³ Non-cash movements relate to the amortisation of deferred financing costs.

Capital Expenditure

(\$ in millions)	Q1 2018	Q1 2017 (restated)
Major infrastructure projects ¹	110.8	76.2
Success-based capex ²	55.7	34.2
Other capex ³	26.9	29.8
Cash flow timing ⁴	(52.1)	(5.8)
Total cash capital expenditure	141.3	134.4

The increase in capital expenditure on major infrastructure projects was driven by increased investment in GX, in particular GX-5, against which there was no investment in the prior period, and the I-6 satellites.

Success-based capex also increased, driven by the acceleration in the installation of GX terminals in Aviation and Fleet Xpress, including the XpressLink migration programme, in Maritime.

Other capex, which includes investment in infrastructure maintenance, IT and new product and service development, declined due to the phasing of product and service development costs over the period.

Cash flow timing in the period was impacted by the timing of contractual milestones on GX-5 where the work was largely completed in the quarter but the associated milestone payment was not due to be made until next quarter.

Principal Risks and Uncertainties

There have been no material changes in the principal risks and uncertainties from those described on pages 51 – 55 of the 2017 Inmarsat plc Annual Report and Accounts.

Inmarsat Group Ltd
99 City Road
London EC1Y 1AX

By order of the Board,

Rupert Pearce
Chief Executive Officer
1 May 2018

Tony Bates
Chief Financial Officer
1 May 2018

¹ "Major infrastructure projects" capex consists of satellite design, build and launch costs and ground network infrastructure costs.

² "Success-based capex" consists of capital equipment installed on ships, aircraft and other customer platforms.

³ "Other capex" investment primarily includes infrastructure maintenance, IT and capitalised product and service development costs.

⁴ Cash flow timing represents the difference between accrued capex and the actual cash flows

INMARSAT GROUP LIMITED
CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2018

(\$ in millions)	2018	2017 (restated)¹
Revenues	345.4	329.5
Employee benefit costs	(74.8)	(68.0)
Network and satellite operations costs	(47.5)	(45.0)
Other operating costs	(58.0)	(44.8)
Own work capitalised	10.0	11.7
Total net operating costs	(170.3)	(146.1)
EBITDA	175.1	183.4
Depreciation and amortisation	(116.0)	(97.7)
Impairment loss	(0.4)	(0.4)
Share of profit of associates	0.9	0.8
Operating profit	59.6	86.1
Financing income	2.0	2.3
Financing costs	(23.4)	(24.5)
Net financing costs	(21.4)	(22.2)
Profit before tax	38.2	63.9
Taxation charge	(3.9)	(7.5)
Profit for the period	34.3	56.4
Attributable to:		
Equity holders	34.2	56.2
Non-controlling interest²	0.1	0.2

¹ 2017 figures have been restated throughout this announcement to reflect the adoption of IFRS15 and the reclassification of short term deposits. The Group has also adopted IFRS16 and IFRS9 as of 1 January 2018. Please refer to Appendix 2 of this announcement for further details.

² Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf.

INMARSAT GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2018

(\$ in millions)	2018	2017 (restated)
Profit/(Loss) for the period	34.3	56.4
Other comprehensive income		
Items that may be reclassified subsequently to the Income Statement:		
Foreign exchange translation differences	0.3	(0.2)
Net gain/(loss) on cash flow hedges	5.2	2.5
Other comprehensive income/(loss) for the period, net of tax	5.5	2.3
Total comprehensive income for the period, net of tax	39.8	58.7
Attributable to:		
Equity holders	39.1	58.5
Non-controlling interest	0.7	0.2

INMARSAT GROUP LIMITED
CONSOLIDATED BALANCE SHEET
As at 31 March 2018

(\$ in millions)	As at 31 March 2018 (unaudited)	As at 31 December 2017 (restated)	As at 31 March 2017 (restated)
Assets			
Non-current assets			
Property, plant and equipment	3,318.8	3,258.2	3,052.9
Intangible assets	778.0	788.9	775.7
Right of use assets	72.9	–	–
Investments	16.7	16.2	13.5
Other receivables	23.5	23.9	10.8
Deferred tax asset	26.9	35.4	39.7
Derivative financial instruments	0.1	0.3	–
	4,236.9	4,122.9	3,892.6
Current assets			
Cash and cash equivalents ¹	209.7	143.2	215.9
Short-term deposits ²	198.3	342.0	415.0
Trade and other receivables	398.5	371.6	339.9
Inventories	40.4	33.9	35.4
Current tax assets	9.7	13.8	10.0
Derivative financial instruments	0.3	1.2	1.6
Restricted cash	2.3	2.3	2.3
	859.2	908.0	1,020.1
Total assets	5,096.1	5,030.9	4,912.7
Liabilities			
Current liabilities			
Borrowings	499.1	563.6	464.8
Trade and other payables	952.3	622.6	553.8
Provisions	10.3	16.2	1.2
Current tax liabilities	145.3	148.7	134.4
Obligations under finance leases	13.0	–	–
Derivative financial instruments	1.9	7.9	11.0
	1,621.9	1,359.0	1,165.2
Non-current liabilities			
Borrowings	1,887.5	1,884.9	1,869.0
Other payables	24.2	25.0	25.9
Provisions	9.8	9.7	2.8
Deferred tax liabilities	230.4	236.2	212.9
Obligations under finance leases	75.2	–	–
Derivative financial instruments	1.1	2.1	12.5
	2,228.2	2,157.9	2,123.1
Total liabilities	3,850.1	3,516.8	3,288.3
Net assets	1,246.0	1,514.1	1,624.4
Shareholders' equity			
Ordinary shares	0.4	0.4	0.4
Share premium	677.4	677.4	677.4
Other reserves	432.1	423.8	402.1
Retained earnings	135.5	411.9	543.8
Equity attributable to shareholders	1,245.4	1,513.5	1,623.7
Non-controlling interest	0.6	0.6	0.8
Total equity	1,246.0	1,514.1	1,624.4

¹ Cash and cash on deposits with maturity at acquisition of less than 3 months.

² Short-term deposits are cash held on deposit with maturity at acquisition of between 3 and 12 months.

INMARSAT GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2018

(\$ in millions)	Share capital	Share premium	Share option reserve	Cash flow hedge reserve	Other ¹	Retained earnings restated	NCI ²	Total restated
Balance at 1 January 2017 (audited)	0.4	677.4	92.7	(23.3)	327.5	489.6	0.6	1,564.9
Share-based payments ³	–	–	3.1	–	–	1.8	–	4.9
<i>Comprehensive Income:</i>								
Profit for the year	–	–	–	–	–	55.7	0.2	55.9
OCI – before tax	–	–	–	2.5	(0.3)	–	–	2.3
Balance at 31 March 2017 (unaudited)	0.4	677.4	95.8	(20.8)	327.2	547.1	0.8	1,627.9
Balance at 1 January 2018 (unaudited)	0.4	677.4	104.0	(7.7)	327.5	413.6	0.6	1,515.8
Share-based payments ³	–	–	2.8	–	–	(0.4)	–	2.4
Dividends declared	–	–	–	–	–	(312.0)	–	(312.0)
<i>Comprehensive Income:</i>								
Profit for the year	–	–	–	–	–	34.3	–	34.3
OCI ⁴ – before tax	–	–	–	5.2	0.3	–	–	5.5
OCI ⁴ – tax	–	–	–	–	–	–	–	–
Balance at 31 March 2018 (unaudited)	0.4	677.4	106.8	(2.5)	327.8	135.5	0.6	1,246.0

¹ The 'other' reserve relates to the currency reserve debit of \$0.7m (2017: \$0.6m), the capital contribution reserve of \$327.8m (2017: \$328.8m) and the revaluation reserve of \$0.7m (2017: \$nil).

² Non-controlling interest ("NCI") refers to the Group's 51% shareholding in Inmarsat Solutions ehf..

³ Represents the fair value of share option awards recognised in the period.

⁴ OCI refers to Other Comprehensive Income.

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

(\$ in millions)	2018	2017 (restated)
Cash flow from operating activities		
Cash generated from operations	142.4	182.8
Interest received	0.6	0.6
Tax paid	1.6	(13.7)
Net cash inflow from operating activities	144.6	169.7
Cash flow from investing activities		
Purchase of property, plant and equipment	(105.2)	(116.8)
Additions to intangible assets	(25.2)	(6.0)
Own work capitalised	(10.9)	(11.6)
Short-term cash deposits >3 months	143.7	(20.0)
Net cash inflow from investing activities	2.4	(154.4)
Cash flow from financing activities		
Repayment of borrowings	(61.1)	(40.4)
Drawdown of borrowings	-	5.4
Interest paid	(16.7)	(21.9)
Arrangement costs of financing	(0.5)	(1.1)
Cash payments for the principal portion of the lease liabilities	(3.0)	-
Other financing activities	(0.5)	0.3
Net cash used in financing activities	(81.8)	(57.7)
Foreign exchange adjustment	1.2	(1.3)
Net (decrease)/increase in cash and cash equivalents	66.4	(43.7)
Cash and cash equivalents		
At beginning of the period	142.9	89.2
Net (decrease)/increase in cash and cash equivalents	66.4	126.3
At end of the period (net of bank overdrafts)	209.3	215.5
Comprising:		
Cash at bank and in hand	125.2	24.9
Short-term deposits with original maturity less than 3 months	84.5	191.0
Cash and cash equivalents	209.7	215.9
Bank overdrafts	(0.4)	(0.4)
Net cash and cash equivalents at end of period	209.3	215.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

2. Principal accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 March 2018 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. They were approved by the Board of Directors on 1 May 2018.

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 2017 were approved by the Board of Directors on 14 March 2018. 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.

Going Concern

The Group has a robust and resilient business model, and is expected to generate positive free cash flow over the medium term and is compliant with all banking covenants. Because of this, 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 Ltd continues to adopt the going concern basis in preparing the consolidated 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 receipts from operational transactions and borrowings are denominated in US Dollars.

The preparation of the consolidated 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. 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.

In the current period the Group has adopted IFRS15, IFRS16 and IFRS9. The impact of these changes in accounting policies has been discussed in Appendix 2 of this announcement. Other than those discussed within Appendix 2, the accounting policies used are consistent with the 2017 financial statements.

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;
- US Government, focusing on US civil and military government services; and
- Global Government, focusing on worldwide civil and military government services.
- Aviation, focusing on commercial IFC, business and general aviation services;
- Enterprise, focusing on worldwide energy, industry, media, carriers, and M2M 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 such as Ligado Networks. 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 8. Therefore, the Group's reportable segments are Maritime, Government, Aviation, Enterprise 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 by the Chief Operating Decision Maker at the EBITDA level without the allocation of central costs, depreciation, net financing costs and taxation.

(\$ in millions)	Q1 2018	Q1 2017 (restated)
Revenues		
Maritime	142.0	139.8
Government	78.3	86.0
Aviation	56.0	40.3
Enterprise	32.7	29.4
Central Services ¹	36.4	34.0
Total revenues	345.4	329.5
EBITDA		
Maritime	109.6	112.1
Government	53.3	64.3
Aviation	33.6	25.3
Enterprise	21.6	22.1
Central Services ¹	(43.0)	(40.4)
EBITDA²	175.1	183.4
Depreciation and amortisation	(116.0)	(97.7)
Other	0.5	0.4
Operating profit	59.6	86.1
Net financing (costs)/income	(21.4)	(22.2)
Profit before tax	38.2	63.9
Taxation (charge)/credit	(3.9)	(7.5)
Profit for the period	34.3	56.4
Cash capital expenditure		
Maritime	11.4	11.4
Government	1.4	3.1
Aviation	19.8	49.0
Enterprise	–	–
Central Services	108.7	70.9
Total cash capital expenditure	141.3	134.4
Financing costs capitalised in the cost of qualifying assets	7.1	10.3
Cash flow timing	52.1	5.8
Total capital expenditure	200.5	150.5

¹ Central Services includes revenue and EBITDA from Ligado

4. Net financing costs

(\$ in millions)	Q1 2018	Q1 2017 (restated)
Bank interest receivable and other interest	(2.0)	(2.3)
Total financing income	(2.0)	(2.3)
Interest on Senior Notes and credit facilities	23.4	23.7
Amortisation of debt issue costs	2.7	3.8
Amortisation of discount on Senior Notes due 2022	0.3	0.3
Amortisation of discount on deferred satellite liabilities	0.1	0.1
Net interest on the net pension asset and post-employment liability	-	0.7
Other interest	(0.7)	0.8
Intercompany interest payable	4.7	5.4
Total financing cost	30.5	34.8
Less: Amounts capitalised in the cost of qualifying assets	(7.1)	(10.3)
Net financing costs	21.4	22.2

5. Net Borrowings

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

(\$ in millions)	At 31 March 2018			At 31 December 2017		
	Amount	Deferred finance costs	Net balance	Amount	Deferred finance costs	Net balance
Current:						
Bank overdrafts	0.4	-	0.4	0.3	-	0.3
Deferred satellite payments	3.1	-	3.1	3.1	-	3.1
Ex-Im Bank Facilities	61.1	-	61.1	122.2	-	122.2
Intercompany Loan	434.5	-	434.5	438.0	-	438.0
Total current borrowings	499.1	-	499.1	563.6	-	563.6
Non-current:						
Deferred satellite payments	5.2	-	5.2	5.6	-	5.6
Senior Notes due 2022	1,000.0	(4.7)	995.3	1,000.0	(5.1)	994.9
- Net issuance discount	(4.2)	-	(4.2)	(4.5)	-	(4.5)
Senior Notes due 2024	400.0	(4.7)	395.3	400.0	(4.9)	395.1
Ex-Im Bank Facilities	508.7	(12.8)	495.9	508.7	(14.9)	493.8
Total non-current borrowings	1,909.7	(22.2)	1,887.5	1,909.8	(24.9)	1,884.9
Total borrowings	2,408.8	(22.2)	2,386.6	2,473.4	(24.9)	2,448.5
Cash and cash equivalents	(209.7)	-	(209.7)	(143.2)	-	(143.2)
Short-term deposits	(198.3)	-	(198.3)	(342.0)	-	(342.0)
Net borrowings	2,000.8	(22.2)	1,978.6	1,988.2	(24.9)	1,963.3

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 2018	At 31 December 2017
Financial assets:		
Forward foreign currency contracts – designated cash flow hedges	0.4	1.5
Forward foreign currency contracts – undesignated cash flow hedges	–	–
Total derivative financial assets	0.4	1.5
Financial liabilities:		
Forward foreign currency contracts– designated cash flow hedges	(2.9)	(9.9)
Forward foreign currency contracts – undesignated cash flow hedges	(0.1)	(0.1)
Total derivative financial liabilities	(3.0)	(10.0)
Net derivative financial liability	(2.6)	(8.5)

The fair values of forward foreign exchange contracts are based on 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. 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.

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 2018		At 31 December 2017	
	Carrying Value	Fair value	Carrying value	Fair value
Financial liabilities:				
Senior Notes due 2022	1,000.0	982.3	1,000.0	1,000.8
Senior Notes due 2024	400.0	409.3	400.0	408.1
Ex-Im Bank Facilities	569.8	570.1	630.9	639.7

7. Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position. There are no material contingent liabilities requiring disclosure at 31 March 2018.

8. Events after the balance sheet date

There have been no material events since the balance sheet date.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- (a) the condensed set of financial statements, including Appendix 1 Alternative Performance Measures and Appendix 2 Changes in Accounting Policy, has been prepared in accordance with IAS 34, "Interim Financial Reporting"
- (b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule ('DTR') 4.2.7R, being an indication of important events during the first three months and description of principal risks and uncertainties for the remaining nine months of the year; and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

The Directors of Inmarsat Group Limited are listed on our website at www.inmarsat.com.

By order of the Board,

Rupert Pearce
Chief Executive Officer
2 May 2018

Tony Bates
Chief Financial Officer
2 May 2018

APPENDIX 1: ALTERNATIVE PERFORMANCE MEASURES

The Directors use APMs to better understand the underlying financial performance of the Group and to provide comparability of information between reporting periods and business units. The measures are also used in discussions with the investment analyst community and the credit rating agencies. Given that APMs are not defined by International Financial Reporting Standards they may not be directly comparable with other companies who use similar measures. APMs used in these financial statements are:

APM	Description and Reconciliation
1. EBITDA	EBITDA is defined as profit for the year before net financing costs, taxation, depreciation and amortisation, gains/losses on disposal of assets, impairment losses and share of profit of associates. EBITDA is a commonly used industry measure which helps investors to understand the contribution made by each of our business units. It reflects how the effect of growing revenues and cost management deliver value for our shareholders. This has been reconciled to both operating profit and profit after tax on page 8.
2. Cash Capex	Cash capital expenditure is the cash flow relating to tangible and intangible asset additions, it includes capitalised labour costs and excludes capitalised interest. Cash capex indicates our continued investment in the growth and development of our network and infrastructure as well as our investment in the future technologies of the business. This has been reconciled to total capital expenditure within Note 3.
3. Free Cash flow	Free cash flow represents how much cash is available to pay back borrowings, distribute to investors or invest in the business in future periods. This has been reconciled to the net increase or decrease in cash and cash equivalents on page 9.

APPENDIX 2: ACCOUNTING POLICY CHANGES

IFRS15 'Revenue from contracts with customers'

The Group has adopted IFRS 15 on 1 January 2018 using the fully retrospective method. Two revenue streams were identified as areas requiring Group policy change to align with IFRS15. These are revenues from the Ligado contract and installation revenues.

The impact due to these changes is set out below:

(\$ in millions)	Q1 2017		
	Reported	IFRS 15	Restated
Revenues	332.2	(2.7)	329.5
Other operating costs	(49.0)	4.3	44.7
EBITDA	181.8	1.6	183.4
Depreciation and amortisation	(96.5)	(1.2)	(97.7)
Operating profit	85.7	0.4	86.1
Financing income	(22.5)	0.3	(22.2)
Profit before tax	63.2	0.7	63.9
Tax	(7.3)	(0.2)	(7.5)
Profit after tax	55.9	0.5	56.4
Total comprehensive income	58.2	0.5	58.7

Within the income statement, the main impact of IFRS 15 is on the treatment of installation revenue which was previously recognised in full on completion of the work. Under IFRS 15 installation revenue is in most instances added to the transaction price and spread over the contract period. Similarly installation costs, which were previously expensed on installation, are now capitalised and depreciated over the contract period. These changes flow through to the balance sheet leading to an increase in property, plant and equipment due to the capitalisation of installation costs and an increase in deferred income, reported within trade and other payables, reflecting the corresponding delay in the recognition of installation revenue.

(\$ in millions)	As at 31 March 2017			As at 31 December 2017		
	Reported	IFRS 15	Restated	Reported	IFRS 15	Restated
Non-current assets						
Property, plant and equipment	3,041.3	11.6	3,052.9	3,239.3	18.9	3,258.2
Deferred income tax asset	39.7	–	39.7	35.6	(0.2)	35.4
Current assets						
Trade and other receivables	325.4	14.5	339.9	346.6	25.0	371.6
Total assets	4,886.6	26.1	4,912.7	4,987.2	43.7	5,030.9
Current liabilities						
Trade and other payables	518.7	35.1	553.8	572.7	49.9	622.6
Non-current liabilities						
Deferred income tax liabilities	212.7	0.2	212.9	235.1	1.1	236.2
Total liabilities	3,253.0	35.3	3,288.3	3,465.9	50.9	3,516.8
Net assets (Equity)	1,633.6	(9.2)	1,624.4	1,521.3	(7.2)	1,514.1

The Ligado impact is largely limited to the balance sheet with payments which were contractually deferred and were previously offset against deferred revenue now being recognised as receivables leading to an increase of \$14.5m in both current assets and current liabilities.

The overall impact of the accounting policy change is a decrease in net assets and retained income of \$9.2m as at the 31 March 2017.

(\$ in millions)	Cash flow as at 31 March 2017		
	Reported	IFRS15	Restated
Cash generated from operations	178.6	4.2	182.8
Net cash inflow from operating activities	165.5	4.2	169.7
Purchase of property, plant and equipment	(112.6)	(4.2)	(116.8)
Net cash used in investing activities	19.8	(4.2)	15.6
Net (decrease)/increase in cash and cash equivalents	126.3	-	126.3

In the cash flow the impact of the accounting policy change is limited to the reclassification of installation costs from cash generated from operations into investing activities. The overall movement in cash remains unchanged.

IFRS 16 'Leases'

IFRS 16 has been early adopted by the Group on 1 January 2018 using the modified retrospective approach which allows for the recognition of the lease liability and asset as at 1 January 2018 with no restatement of prior period financial statements.

The main impact is around property leases where the Group is the lessee.

(\$ in millions)	Balance Sheet as at 1 January 2018		
	Reported	IFRS16	Post IFRS16
Non-current assets			
Right-of-Use	-	75.7	75.7
Total assets	4,987.2	75.7	5,062.9
Current liabilities			
Trade and other payables	572.7	(11.5)	561.2
Obligations under finance leases	-	13.1	13.1
Non-current liabilities			
Obligations under finance leases	-	74.1	74.1
Total liabilities	3,465.9	75.7	3,541.6
Net assets (Equity)	1,521.3	-	1,521.3

A lease liability of \$87.2m has been calculated using the present value of the unpaid lease payments over the lease term specific to each lease, using the incremental borrowing rate as the discount rate. The liability has been separated between a current (\$13.1m) and a non-current liability (\$74.1m). A right of use asset of \$75.7m has been created based on the lease liability, adjusted by \$11.5m of accruals related to the phasing of lease payments.

There was an EBITDA benefit of \$2.3m in the quarter from lease related costs being accounted for as depreciation and interest rather than direct costs. Overall PBT was negatively impacted by \$1.3m due to straight lining depreciation over the life of the lease.

IFRS9 'Financial Instruments'

IFRS9 has been adopted in January 2018. There has been no material impact on Q1 or prior year reported numbers.

IAS7 Reclassification of short term deposits

In Q4 2017, the Group changed the basis for recognising short term deposits with a maturity less than 3 months to more accurately reflect the requirements of IAS7. Previously short term deposits with less than 3 months remaining until maturity at the reporting date were classified as cash and cash equivalents. This has been changed so that only those short term deposits that have a 3 month maturity at their acquisition date are classified as cash and cash equivalents.

As a result, the comparative financial numbers for Q1 2017 have been restated and short term deposits have increased by \$170.0m to \$415.0m and cash & cash equivalents have decreased by \$170.0m to \$215.9m. The overall impact on current assets is zero. There corresponding impact on the cash flow statement can be seen in the table below:

(\$ in millions)	Cash flow as at 31 March 2017		
	Reported ¹	Adj	Restated
Short-term cash deposits >3 months	150.0	(170.0)	(20.0)
Net cash used in investing activities	19.8	(170.0)	150.2
Net (decrease)/increase in cash and cash equivalents	126.3	(170.0)	(43.7)

¹ The reported numbers in the table above have been adjusted for the impact of IFRS15 which is discussed earlier in this appendix.