



Inmarsat plc Interim Management Statement

Press release London, UK: 7 May 2014. Inmarsat plc (ISAT.L), the leading provider of global mobile satellite communications services, today provided the following information for the 3 months ended 31 March 2014.

Inmarsat plc – Highlights

- Total revenues \$344.7m up 9.9% (2013: \$313.7m)
- Adjusted¹ total revenues \$299.4m (2013: \$310.8m)
- Total Inmarsat Global MSS revenues \$191.5m up 3.7% (2013: \$184.6m)
- Strong MSS revenue growth in maritime up 6% and aviation up 20%
- FleetBroadband net additions over 1,800 subscribers
- Next generation IsatPhone handset launched
- Major M2M contract signed to start in Q2

Inmarsat Group Limited – First Quarter Highlights

- Adjusted¹ total EBITDA \$164.7m up 6.8% (2013: \$154.2m)

Rupert Pearce, Inmarsat’s Chief Executive Officer, said, “We have made a strong start to the year in both our wholesale MSS business and in our retail operations. Our MSS business grew by 4% year over year, driven by strong results from our maritime and aviation businesses. We have also completed two strategic transactions that enhance our existing business operations and build new capability and market reach that will benefit the successful take-up of Global Xpress (“GX”).

“We remain on track for two further Inmarsat-5 launches in 2014 that will complete our GX network. Market interest in GX is building and a number of high profile customers have committed to service trials. New business for GX was signed during the quarter and GX service testing is progressing well. We remain confident that commercial GX services will be introduced in July in line with our plan. Finally, we are indebted to the skill and professionalism of our team in providing vital support and information in the search for the missing aircraft MH370.”

Inmarsat plc

(US\$ in millions)	Three months ended 31 March		
	2014	2013	Increase
Inmarsat Global – MSS revenue	191.5	184.6	3.7%
Inmarsat Global – Other income (including LightSquared)	52.0	12.9	303.1%
Inmarsat Solutions	192.1	189.5	1.4%
	435.6	387.0	12.6%
Intercompany eliminations and adjustments	(90.9)	(73.3)	
Total revenue	344.7	313.7	9.9%

¹ “Adjusted”, as applied to total revenue, excludes \$45.3m (2013: \$2.9m) of revenue from our Cooperation Agreement with LightSquared. “Adjusted”, as applied to total EBITDA, excludes \$45.2m (2013: \$0.9m) of EBITDA from our Cooperation Agreement with LightSquared.

Inmarsat Global

(US\$ in millions)	Three months ended 31 March		Increase/ (decrease)
	2014	2013	
Maritime	110.1	103.7	6.2%
Land mobile	28.4	32.3	(12.1%)
Aviation	33.3	27.7	20.2%
Leasing	19.7	20.9	(5.7%)
Total MSS revenue	191.5	184.6	3.7%
Other income (including LightSquared)	52.0	12.9	303.1%
Total revenue	243.5	197.5	23.3%

Maritime

Growth in our maritime revenues was driven by increased take-up and usage of our FleetBroadband service. During the quarter we added a further 1,847 FleetBroadband subscribers and ended the quarter with an installed base of 42,891 active FleetBroadband terminals. We believe take-up of FleetBroadband was accelerated during the quarter by the impact of price increases on our legacy Fleet service which took effect from 1 January and has encouraged faster migration. In addition, our Inmarsat Solutions business saw continued strong take-up of our XpressLink service.

Land mobile

In the land mobile sector, we saw revenue growth from IsatPhone Pro and M2M services, offset by a decline in BGAN revenues primarily due to on-going troop withdrawals from Afghanistan, but also from lower BGAN usage levels more generally. We estimate that global events including Afghanistan contributed \$4.2m more revenue in the first quarter 2013 when compared to the first quarter 2014. During the quarter we continued to add to our subscriber base with net additions of over 1,100 BGAN terminals and over 2,000 IsatPhone terminals. During the quarter we signed a large M2M contract which will begin to contribute during the second quarter, this contract was won from another MSS operator and is evidence of our progress in the M2M market.

Aviation and Leasing

The increase in aviation revenues was driven by strong growth in subscribers and ARPU for our SwiftBroadband service, offset by a decline in Swift 64 revenues due to lower usage by certain government customers, including usage related to reduced activity in Afghanistan. Growth in SwiftBroadband revenues was driven by take-up in business aviation and for commercial in-flight passenger connectivity services. The decrease in leasing revenue was due to a reduction in revenue from certain government aviation and maritime contracts, partially offset by growth in certain land business.

LightSquared

During the quarter LightSquared elected to restart Phase 2 of our Cooperation Agreement, triggering quarterly payments to Inmarsat of \$12.5m starting in June 2014 with an additional \$5m for the first 10 quarters. In connection with the election, LightSquared made a \$5m payment to Inmarsat which was recorded as revenue within Other Income during the quarter. Due to a reorganisation process that is yet to be completed, further payments from LightSquared are subject to significant uncertainty. In addition, following a review during the quarter we recognised \$40.3m of previously deferred income in relation to the Cooperation Agreement.

Global Xpress

Our GX programme remains on track and the delivery schedule of the Inmarsat-5 F2 and F3 satellites continues to provide for launches that will complete our global coverage by the end of 2014. We continue to believe and be advised that current US and EU restrictions in place against the Russian Federation do not affect our launch plans.

Inmarsat Solutions

(US\$ in millions)	Three months ended		Increase/ (decrease)
	31 March		
	2014	2013	
Inmarsat MSS	105.8	92.7	14.1%
Broadband and Other MSS	86.3	96.8	(10.8%)
Total revenue	192.1	189.5	1.4%

The increase in Inmarsat MSS revenue at the Inmarsat Solutions level was driven primarily by the inclusion of the acquisition of Globe Wireless. In addition we saw growth in maritime revenues due to take-up of FleetBroadband and an increased share of leasing business as a result of business moving from another Inmarsat distribution partner. This growth was partially offset by lower US Government aviation revenue from Swift 64.

The decline in Broadband and Other MSS revenue was primarily due to a reduction in revenue from the managed network services segment of our US Government business unit and the disposal of our energy operations to RigNet with effect from 31 January. This decline was partially offset by growth in VSAT revenues as a result of further take-up of our XpressLink service and by the addition of maritime VSAT subscribers acquired with Globe Wireless. At the end of the quarter we had an installed base of 1,728 ships using our VSAT service, including 929 ships using XpressLink.

Liquidity

At 31 March 2014, the Inmarsat plc group had net borrowings of \$1,829m, made up of cash and cash equivalents of \$166m and total borrowings of \$1,995m. Including cash and available but undrawn borrowing facilities, the group had total available liquidity of \$1,066m. We remain fully-funded as to all our capital needs for the foreseeable future.

Our Financial Reports

While Inmarsat plc is the ultimate parent company of our group, our subsidiary Inmarsat Group Limited is required by the terms of our Senior Notes to report consolidated financial results. A copy of the full financial report for Inmarsat Group Limited for the first quarter ended 31 March 2014 is available from the investor relations section of our website.

Other Information

Inmarsat management will host a first quarter results conference call on **Wednesday 7 May 2014 at 08.00 hrs BST, 03.00 hrs EST**. To access the call please dial +44 (0) 20 3427 0503. The conference id is **1913823**. The call will be recorded and available for one week after the event. To access the recording, please dial +44 (0) 20 3427 0598 and enter the access code 1913823#. The call will also be available via a webcast accessible through our website: www.inmarsat.com/webcast.

Forward-looking Statements

Certain statements in this announcement constitute “forward-looking statements”. 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.

Contact: Inmarsat plc, London, UK

Investor Enquiries:

Simon Ailes

Tel: +44 (0)20 7728 1518

simon.ailes@inmarsat.com

Media Enquiries:

Chris McLaughlin

Tel: +44 (0)77 9627 6033

christopher.mclaughlin@inmarsat.com