



Inmarsat plc reports Third Quarter Results 2015

Growth continuing and on track for GX global commercial service by year-end

London, UK: 6 November 2015. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today provided the following information for the three months ended 30 September 2015.

Third Quarter Financial Headlines

- Total revenues \$323.1m (2014: \$300.6m)
 - Maritime up \$2.6m to \$150.2m (+1.8%)
 - Government up \$0.9m to \$77.2m (+1.2%)
 - Enterprise down \$1.2m to \$39.7m (-2.9%)
 - Aviation up \$11.9m to \$32.6m (+57.5%)
 - \$17.9m from LightSquared (2014: \$9.8m)
- Wholesale Mobile Satellite Service (MSS) revenues \$213.7m, up 11.3% (2014: \$192.0m)
- Total EBITDA¹ \$180.2m (2014: \$166.0m)

Operational Headlines

- I-5 F3 launched successfully, putting Global Xpress ('GX') on track for the introduction of global commercial service by the end of the year
- Strategic partnership with Deutsche Telekom established, to develop the European Aviation Network, an LTE-based hybrid satellite and ground network for commercial passenger connectivity
- MOU signed with Lufthansa to provide inflight connectivity services in Europe, subsequently converted into a 10-year contract to install and deliver GX initially to 150 Lufthansa aircraft

Rupert Pearce, Inmarsat's Chief Executive Officer, commented,

"We delivered solid growth in the quarter, across our business. In Maritime, higher FleetBroadband and XpressLink revenue off-set the continuing decline in legacy services, enabling a resumption of growth. A number of new contracts in the US and other government markets allowed us to report growth in our Government business for the first time for several years. Enterprise experienced an Isatphone 2 manufacturing issue, now resolved. Aviation had another strong quarter, financially and strategically.

The successful launch of I-5 F3 at the end of August means that we expect to introduce GX commercial services globally by the end of the year. This will be a key milestone for Inmarsat, enabling us to deliver the high-speed, high-volume seamless global service that customers want, and to start to build towards our medium-term revenue targets for GX.

Our Aviation business also took two major steps forward, when we joined in a strategic partnership with Deutsche Telekom to develop the ground component of our European Aviation Network. We also signed an MOU with Lufthansa, which has now become a ten-year contract, to provide high-speed inflight connectivity services on board Lufthansa's European fleet.

In the third quarter we therefore saw real progress across all three of the core elements of our strategy - L-band, GX, and aviation passenger connectivity - and we are confident that we can maintain this momentum in all of these areas of opportunity for Inmarsat."

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

Outlook

No material change in the trading environment or in the Group's performance is expected during the remainder of the year.

- For the full year 2015 total Group revenue is expected to be in the range \$1,250m to \$1,300m, including revenue of \$71m expected to be received from LightSquared.
- Full-year 2015 Group capex is expected to be in the range \$450-500m.

The Group's longer-term guidance for Global Xpress revenue also remains unchanged, with annual GX revenues of \$500m expected by the fifth anniversary of the global launch of commercial GX services, including approximately \$100m of existing XpressLink revenue which is expected to be migrated to GX over the next three years. The global launch of commercial GX services is currently on track for the end of 2015.

At the 2015 Preliminary Full-Year results the Group will provide additional medium-term revenue guidance, in the form of an expected range for total Group revenue in 2018.

As guided at the Interim results on 6 August, capex in each of 2016 and 2017 is currently expected to be less than \$400m. However, as set out at the Capital Markets Day on 8 October, a number of new developments may have a material impact on this guidance, including the potential launch of I-5 F4 in 2016, the agreement with Deutsche Telekom to build the ground component of the European Aviation Network, aviation cabin connectivity costs in respect of the Lufthansa and any other service contracts awarded to Inmarsat in the future, and the initial development costs of the I-6 satellites which will be commissioned to replace older Inmarsat satellites. The combined potential impact of these new developments is expected to be finalised over the coming months and incorporated into new revenue and capex guidance which will be published with the 2015 Preliminary Full Year results.

From 2016 onwards the Group will report total actual capex broken down into three main categories of expenditure: (a) major project investment, such as satellite and ground infrastructure; (b) success based investment, such as Maritime and Aviation equipment tied directly to contract revenues; and (c) maintenance, product development and other expenditure.

Results Conference Call

Inmarsat management will discuss the third quarter results in a conference call on Friday 6 November at 08.30 hrs London time.

To access the call please dial +44(0)20 3427 1910 (US: +1 646 254 3364). The conference ID for the call is 4302217. 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.

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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. Attention is drawn to the Principal Risks and Uncertainties listed on page 14. 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.

Other Information

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 on a quarterly basis. A copy of the resulting financial report for Inmarsat Group Limited will be available via the Investor Relations section of our website.

Financial Highlights

(\$ in millions)	Three months ended 30 September					Total 2015	Total 2014
	Maritime 2015	Government 2015	Enterprise 2015	Aviation 2015	Central Services 2015		
Revenue							
MSS and other	150.2	77.2	39.7	32.6	5.5	305.2	290.8
LightSquared	–	–	–	–	17.9	17.9	9.8
Total revenue	150.2	77.2	39.7	32.6	23.4	323.1	300.6
Operating costs	(34.1)	(27.2)	(11.4)	(4.6)	(65.6)	(142.9)	(134.6)
EBITDA	116.1	50.0	28.3	28.0	(42.2)	180.2	166.0
EBITDA margin %	77.3%	64.8%	71.3%	85.9%		55.8%	55.2%
Depreciation and amortisation	(8.8)	(2.0)	(1.4)	(0.6)	(62.4)	(75.2)	(76.5)
Impairment losses	–	–	–	–	(0.1)	(0.1)	(0.1)
Other	–	–	–	–	0.7	0.7	0.8
Operating profit	107.3	48.0	26.9	27.4	(104.0)	105.6	90.2

(\$ in millions)	Nine months ended 30 September					Total 2015	Total 2014
	Maritime 2015	Government 2015	Enterprise 2015	Aviation 2015	Central Services 2015		
Revenue							
MSS and other	447.3	214.4	119.0	90.5	15.2	886.4	896.0
LightSquared	–	–	–	–	52.9	52.9	56.9
Total revenue	447.3	214.4	119.0	90.5	68.1	939.3	952.9
Operating costs	(100.5)	(72.2)	(38.1)	(14.2)	(191.4)	(416.4)	(417.2)
EBITDA	346.8	142.2	80.9	76.3	(123.3)	522.9	535.7
EBITDA margin %	77.5%	66.3%	68.0%	84.3%		55.7%	56.2%
Depreciation and amortisation	(26.4)	(6.5)	(1.6)	(1.6)	(190.0)	(226.1)	(212.6)
Impairment losses	–	–	–	–	(0.1)	(0.1)	(0.6)
Other	–	–	–	–	11.1	11.1	1.9
Operating profit	320.4	135.7	79.3	74.7	(302.3)	307.8	324.4

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the unaudited consolidated results of operations and financial condition of Inmarsat plc (the 'Company' or together with its subsidiaries, the 'Group') for the three and nine months ended 30 September 2015. 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 30 September 2015, and all comparisons are with the three months ended 30 September 2014, unless specifically stated otherwise.

OPERATING REVIEW

Market environment

The commercial shipping market remains difficult, with over-supply and consequent price pressure in the container ship market, and a slowdown in offshore supply vessel activity. However connectivity continues to be seen as an enabler of lower cost operations and competitive advantage, with the return on investment in better communications widely recognised by ship operators. FleetBroadband ('FB') and Global Xpress ('GX') are well positioned as the shipping industry's communications services of choice.

Defence budgets and operational activity levels are key drivers of governments' spending on commercial satellite services, and both of these factors continue to exert downward pressure on satellite operators' revenues and margins. In the US, uncertainty around the 2016 defence budget continues, and contingency rather than baseline funding remains the key driver of satellite spending. However demand for satellite communications services continues to be strong in certain key areas of operations, and spending here is holding up or even increasing in some cases.

Similar budget pressures, and the volatility of short-term operational requirements, also dominate the satellite spending of the other developed market governments, 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 government customer base is mixed, with economic and currency headwinds in some areas on the one hand, and on the other hand growing demand for specific new solutions from new areas in governments as well as from the traditional defence-related customer base.

Within the Enterprise business environment the energy industry remains depressed, but is similar to the commercial shipping sector in that connectivity is now seen as an important driver of operational efficiency, which is a higher priority for this industry in an era of lower oil prices. Demand for satellite services therefore remains solid. Market conditions in other Enterprise areas such as transport, media and Machine-to-Machine ('M2M') are more favourable, with good prospects for further growth.

Aviation remains a major growth market, with connectivity into the cockpit and the cabin, in both large commercial aircraft and smaller business jets, expected to see strong growth over the coming years. Growth in connectivity will be driven by the increasing number of aircraft in the sky, the need for more capable and sophisticated operational and safety services in the cockpit, and the increasing demand from passengers that they be online when they are on board an aircraft. Global coverage, high bandwidth, and the price competitiveness enabled by a low cost/bit, will be key to capturing this opportunity, and the combination of GX and the hybrid S-band European Aviation Network positions us well to build a leading share of this market.

Global Xpress Programme update

The third GX satellite, I-5 F3, was launched successfully from the Baikonur Cosmodrome on 28 August, has arrived at its orbital position, and is currently undergoing the final stages of testing.

When the test programme is concluded, later this year, the I-5 GX constellation will be complete, ready to provide high bandwidth, global Ka-band coverage. We will then be able to announce the introduction of global GX commercial services, and expect to do this at the end of this year.

Construction of the fourth GX satellite, I-5 F4, is nearing completion by Boeing in California. Originally intended as a launch spare in the event of the loss or failure of one of the first three satellites, it is now likely that F4 will be launched in 2016 in order to provide additional GX network capacity.

A number of business cases that would support an F4 launch are currently being assessed and it is expected that a final decision on launch and deployment will be taken early next year. F4 has a provisional launch slot in the second half of 2016 on the SpaceX Falcon Heavy vehicle, although some

uncertainty remains around the precise timing of this, due to recent delays in the SpaceX Falcon-9 programme.

Aviation Cabin Connectivity business update

In September Inmarsat and Deutsche Telekom entered into a strategic partnership to develop the European Aviation Network, which will seamlessly combine satellite connectivity from Inmarsat's new S-band satellite with an LTE-based ground network to be developed and operated by Deutsche Telekom. The S-band satellite is currently being built and is planned to be launched on a SpaceX Falcon Heavy vehicle as soon as practicable after construction is completed. The ground network will comprise approximately 300 LTE sites across Europe, each with a range of some 80km, which Deutsche Telekom will build and manage. The satellite and ground networks will be integrated such that switching between them will be managed automatically by on-board cabin systems, with no impact on service delivery.

Deutsche Telekom will take a share of the wholesale airtime revenues generated by the ground network. Inmarsat will supply and manage the satellite service component of the network, and will lead the marketing and sales of the integrated connectivity service to European airlines.

The European Aviation Network will provide the capacity, flexibility and quality of service required to deliver the fastest and most consistent in-flight broadband service for airline passengers, similar in quality to the high-speed broadband experience they receive on the ground. Inmarsat and Deutsche Telekom are aiming to have the European Aviation Network ready for airlines to test from mid-2017.

Also in September Lufthansa entered into an MOU with Inmarsat to offer satellite-based connectivity on board its European flights from mid-2016, and also committed to flight test the European Aviation Network when this becomes commercially available. Subsequently, after the end of the third quarter, the MOU was converted into a contract that formalises a ten-year strategic partnership between Inmarsat and Lufthansa for Inmarsat to deliver connectivity services to passengers travelling on Lufthansa's European continental fleet. The agreement also provides a contractual framework to extend this service to the other airlines within the wider Lufthansa Group, and for the trial of the European Aviation Network.

Under this agreement, Inmarsat will initially equip more than 150 Lufthansa aircraft with Global Xpress, with other aircraft in the group being added in due course. Inmarsat will also work with Lufthansa Technik and Lufthansa Systems to install and integrate the connectivity equipment and services on board the aircraft. Lufthansa Group is the largest airline in Europe and its partnership with Inmarsat will enable its passengers to experience broadband connectivity similar to that enjoyed on the ground.

The development of Inmarsat's cabin connectivity business, including but not limited to implementation of the Lufthansa strategic partnership, will give rise to a significant increase in the levels of capital expenditure and operating costs required by the Aviation business going forward. However all of the capex and a proportion of the higher opex will be linked directly to specific revenue generating contracts with airlines, such as the agreement with Lufthansa.

Inmarsat remains responsible for acquiring the necessary regulatory authorisations from all EU Member States for both satellite ('MSS') and terrestrial use of the S-band spectrum. A total of 27 of the required MSS licences have now been received, along with 14 authorisations for terrestrial use. Progress in acquiring the outstanding terrestrial authorisations is proceeding to plan, and we continue to expect to retire significant S-band regulatory risk by the end of 2016.

Also, after the end of the quarter, Inmarsat announced the selection of Cobham to design and produce the compact, lightweight and cost-effective S-band MSS terminal required for the satellite component of the European Aviation Network.

LightSquared Cooperation Agreement

A payment of \$17.9m due from LightSquared on 30 June 2015 was received on 27 August 2015 and the revenue was recognised in the third quarter of 2015. This quarterly payment reflects the first 3% annual increase in lease payments as specified under the Cooperation Agreement. Total payments received in the year to date are \$52.9m.

A quarterly payment of \$17.9m due from LightSquared on 30 September 2015 was not received on time and as a result we have issued a default notice to LightSquared. This revenue was not recognised in the third quarter. However we expect to receive payments from LightSquared totalling \$71m during the full year 2015.

LightSquared is implementing a Court-approved plan to exit from Chapter 11 of the US Bankruptcy Code. The exit from bankruptcy and new funding are subject to FCC approval of change of control. In

addition LightSquared requires a new FCC license. Payments from LightSquared therefore continue to be uncertain. The exit from bankruptcy is currently expected to close before the end of this year.

At 30 September 2015, deferred income remaining in relation to the Cooperation Agreement of \$208.8m was recorded on the balance sheet, unchanged during the period. Although the cash has been received, the timing of the recognition of this deferred income, together with any related future costs and taxes, remains uncertain.

New Services and Developments

In September Inmarsat launched a new partnership with Securiport to develop and deliver new immigration control and border management solutions for governments. This new L-band service will enable remote border management operations to be linked in real time to a government's immigration control systems, enhancing border security and efficiency.

During the quarter Inmarsat announced its participation in a Rolls Royce-led project to explore the factors that need to be addressed in order for the autonomous ship concept to become a reality. Data transfer between ships, and from ship to shore, is a key development area in autonomous ship research, and Inmarsat's GX and FB capabilities will form a central component of the research project.

Inmarsat also completed the installation phase of a project to bring e-commerce and maternal and child health services to remote communities in Africa. Under the auspices of the UK Space Agency's International Partnership Programme, Inmarsat will provide real-time connectivity to health workers in remote locations in Nigeria, and to bank locations in Kenya with no terrestrial communications links.

Visit of President of People's Republic of China to Inmarsat

After the end of the quarter Inmarsat was honoured to welcome the President of the People's Republic of China, Mr Xi Jinping, to its London offices, as part of the President's State Visit to the UK. The visit reflected the close working relationship between Inmarsat and China, with Inmarsat contributing to safety and security in Maritime and Aviation, and during disaster situations in China.

Inmarsat has signed an MOU with China Transport Telecommunication & Information Centre (CTTIC) to establish a strategic partnership to deliver GX connectivity throughout China. The MOU creates the framework for an exclusive strategic relationship between Inmarsat and CTTIC, to develop business opportunities for CTTIC's Chinese government and enterprise customers, and to establish a partnership to provide global aviation passenger connectivity and next generation safety services to Chinese airlines.

FINANCIAL REVIEW

During the quarter ended 30 September 2015 Group revenue increased by \$22.5m (+7.5%) to \$323.1m (Q3 2014: \$300.6m). This included \$17.9m of revenue in respect of the LightSquared Cooperation Agreement (Q3 2014: \$9.8m).

Excluding the impact of LightSquared, Group revenue increased by \$14.4m (+5.0%), with underlying growth in Aviation (+\$11.9m), Maritime (+\$2.6m), Government (+\$0.9m) and Central Services (+\$0.2m) offset by the fall in Enterprise business revenue (-\$1.2m). Wholesale MSS revenue grew by 11.3%, although this was affected positively by a one-off contract adjustment in Aviation in Q3 2014.

Net operating costs in the quarter increased by \$8.3m (+6.2%), compared with the same period in 2014, with the impact of an improved revenue mix being more than out-weighted by higher indirect costs.

EBITDA for the quarter increased by \$14.2m (+8.6%) to \$180.2m (Q3 2014: \$166.0m). The EBITDA margin of 55.8% increased from 55.2% in the same period last year, principally as a result of the higher LightSquared revenue.

Results by Business Unit

Maritime

(\$ in millions)	Three months ended			Nine months ended		
	30 September		Increase/	30 September		Increase/
	2015	2014	(decrease)	2015	2014	(decrease)
Revenue	150.2	147.6	1.8%	447.3	448.4	(0.2%)
Operating costs	(34.1)	(33.8)	0.9%	(100.5)	(108.2)	(7.1%)
EBITDA	116.1	113.8	2.0%	346.8	340.2	1.9%
EBITDA margin %	77.3%	77.1%		77.5%	75.9%	
Depreciation and amortisation	(8.8)	(7.8)	12.8%	(26.4)	(22.9)	15.3%
Operating profit	107.3	106.0	1.2%	320.4	317.3	1.0%

Maritime revenue in the quarter increased by \$2.6m (+1.8%) to \$150.2m (Q3 2014: \$147.6m), with the growth of FB (+19%) and VSAT (+8%) more than offsetting the decline in Fleet (-52%) and in other legacy and low-margin products and services (-18%).

FB represented approximately 62% of total Maritime revenue in the quarter, compared to 53% in the same period last year. The total FB base grew to 41,958 at the end of the quarter, up from 39,940 at the same time last year, with FB ARPU improving by more than 10% year-on-year to over \$715 per month, driven by customers' continuing migration to higher value packages.

VSAT (almost all XpressLink) represented over 15% of total Maritime revenue in the quarter, with VSAT growth driven by more than 120 new installations during the quarter, taking the total installed base to 2,300 ships. There was a back-log of over six months of installations at the end of the period.

Only a rump of lower usage customers is now left on the Fleet service, which accounted for less than 5% of total Maritime revenue in the quarter, compared to 11% at the same time last year, a fall of \$9m. Other products and services, including other legacy MSS services (Inmarsat B, Inmarsat C, Mini-M, Chatcard), equipment (including FB terminals), and third-party products and services, accounted for the remaining 18% of Maritime's revenue, having declined by \$5m year-on-year, in line with recent trends.

Maritime's operating costs increased by \$0.3m (+0.9%) compared with the same period in 2014, with the impact of lower hardware sales offset by the increase in Ku-band costs due to higher XL installations.

Maritime EBITDA in the quarter increased by \$2.3m (+2.0%) compared with the same period in 2014, and the EBITDA margin increased to 77.3% from 77.1%, reflecting the higher gross margin generated by the increase in FB revenue in the mix, and the decline in lower margin MSS and non-MSS revenue.

Government

(\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2015	2014	Increase/ (decrease)	2015	2014	Increase/ (decrease)
Revenue	77.2	76.3	1.2%	214.4	236.3	(9.3%)
Operating costs	(27.2)	(24.9)	9.2%	(72.2)	(77.4)	(6.7%)
EBITDA	50.0	51.4	(2.7%)	142.2	158.9	(10.5%)
EBITDA margin %	64.8%	67.4%		66.3%	67.2%	
Depreciation and amortisation	(2.0)	(2.6)	(23.1%)	(6.5)	(7.0)	(7.1%)
Operating profit	48.0	48.8	(1.6%)	135.7	151.9	(10.7%)

Government revenue in the quarter increased by \$0.9m (+1.2%) to \$77.2m (Q3 2014: \$76.3m).

Revenue in the US was more resilient, with a slower rate of decline than in recent quarters across a range of product areas, and a significant short-term contract win generating new revenue in the quarter.

Government business revenue from outside the US grew in the quarter, with substantial one-off equipment sales adding to broadly flat MSS revenue. There was also revenue growth in a number of the newer countries served, with equipment sales particularly strong, which will drive higher MSS growth in these markets in the future.

Operating costs in the quarter increased by \$2.3m (+9.2%), mainly reflecting the impact of equipment sales and the new US government contract win.

Government EBITDA in the quarter decreased by \$1.4m (-2.7%) to \$50.0m (Q3 2014: \$51.4m) and the EBITDA margin contracted to 64.8% (Q3 2014: 67.4%), due to the higher operating costs.

Enterprise

(\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2015	2014	Increase/ (decrease)	2015	2014	Increase/ (decrease)
Revenue	39.7	40.9	(2.9%)	119.0	125.2	(5.0%)
Operating costs	(11.4)	(16.4)	(30.5%)	(38.1)	(51.2)	(25.6%)
EBITDA	28.3	24.5	15.5%	80.9	74.0	9.3%
EBITDA margin %	71.3%	59.9%		68.0%	59.1%	
Depreciation and amortisation	(1.4)	(0.1)	1300%	(1.6)	(0.7)	128.6%
Operating profit	26.9	24.4	10.2%	79.3	73.3	8.2%

Enterprise revenue in the quarter fell by \$1.2m (-2.9%) to \$39.7m (Q3 2014: \$40.9m), with a one-off fall in Isatphone 2 hardware sales more than offsetting the impact of a one-off service upgrade supplied to a major customer.

Enterprise MSS revenue grew strongly in the quarter, driven by Enterprise FB, machine-to-machine (M2M) and BGAN revenue. These three products together accounted for around 57% of total Enterprise revenue in the third quarter.

GPS handset sales were around \$5m lower than in the same quarter last year, due to a manufacturing issue with the Isatphone 2 device (made by a third-party), which led to a suspension of sales until the issue was resolved and the channel re-stocked, which was completed shortly after the end of the quarter.

Legacy MSS and other non-MSS revenues fell in the quarter, in line with recent trends, with low margin equipment and third-party sales in particular declining.

Operating costs in the quarter fell by 30.5% to \$11.4m (Q3 2014: \$16.4m), primarily reflecting the lower terminal costs due to the suspension of Isatphone 2 sales.

Enterprise EBITDA in the quarter increased by \$3.8m (+15.5%) to \$28.3m (Q3 2014: \$24.5m) and the EBITDA margin expanded to 71.3%, from 59.9% in 2014, reflecting effect of the Isatphone 2 manufacturing issue as well as the growth in high margin MSS revenue.

Aviation

(\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2015	2014	Increase/ (decrease)	2015	2014	Increase/ (decrease)
Revenue	32.6	20.7	57.5%	90.5	66.7	35.7%
Operating costs	(4.6)	(3.3)	39.4%	(14.2)	(7.4)	91.9%
EBITDA	28.0	17.4	60.9%	76.3	59.3	28.7%
EBITDA margin %	85.9%	84.1%		84.3%	88.9%	
Depreciation and amortisation	(0.6)	(0.5)	20.0%	(1.6)	(1.5)	6.7%
Operating profit	27.4	16.9	62.1%	74.7	57.8	29.2%

Aviation revenue in the quarter grew by \$11.9m (+57.5%) to \$32.6m (Q3 2014: \$20.7m).

The revenue growth rate was higher than recent trends due to the one-off adjustment in the third quarter of 2014 to recognise the impact of price discounts to a number of distribution partners applied retrospectively to 1 January 2014 in return for minimum sales commitments in 2014 and 2015.

SwiftBroadband (SB) accounted for over two-thirds of total Aviation revenues in the quarter. The total active base increased to 6,883 at the end of the period, of which around two-thirds are installed in the Business and General aviation segment. SB ARPU in the third quarter grew by 56% year-on-year, to over \$1,000 per month.

The legacy Classic Aero service also grew, with revenue 6% higher than in the same period last year, the active base increasing to 7,632, and ARPU remaining broadly flat.

Headline operating costs increased by \$1.3m, with the significant increase in employee and other costs associated with pursuing the cabin connectivity opportunity partially offset by a \$2.7m one-off reimbursement of network development costs previously incurred. Further cost increases are expected going forward, as new passenger connectivity opportunities are sought and new contracts are serviced.

Aviation EBITDA in the quarter increased by \$10.6m (+60.9%) to \$28.0m (Q3 2014: \$17.4m) driven by the strong growth in high margin SB as well as Classic Aero revenues. The EBITDA margin increased to 85.9% (Q3 2014: 84.1%) due to the impact of the one-off reimbursement of development costs, which offset the significant increase in underlying operating costs.

Central Services

(\$ in millions)	Three months ended 30 September		Increase/ (decrease)	Nine months ended 30 September		Increase/ (decrease)
	2015	2014		2015	2014	
Revenue						
LightSquared	17.9	9.8	82.7%	52.9	56.9	(7.0%)
Other	5.5	5.3	3.8%	15.2	19.4	(21.6%)
Total revenue	23.4	15.1	55.0%	68.1	76.3	(10.7%)
Operating costs	(65.6)	(56.2)	16.7%	(191.4)	(173.0)	10.6%
EBITDA	(42.2)	(41.1)	2.7%	(123.3)	(96.7)	27.5%
Depreciation and amortisation	(62.4)	(65.5)	(4.7%)	(190.0)	(180.5)	5.3%
Impairment losses	(0.1)	(0.1)	-	(0.1)	(0.6)	(83.3%)
Other	0.7	0.8	(12.5%)	11.1	1.9	484.2%
Operating loss	(104.0)	(105.9)	(1.8%)	(302.3)	(275.9)	9.6%

Central operating costs increased by \$9.4m (+16.7%) to \$65.6m (Q3 2014: \$56.2m) mainly due to new costs associated with GX, including the operation of the ground infrastructure. However this was offset by the increase of \$8.1m in LightSquared revenue to \$17.9m (Q3 2014: \$9.8m) so that the EBITDA loss for the quarter was -\$42.2m (Q3 2014: -\$41.1m).

Further increases in GX-related costs are expected in Central Services, relating mainly to the ground network and Inmarsat Gateway platform.

Reconciliation of operating profit to profit after tax

(\$ in millions)	Three months ended 30 September		Increase/ (decrease)	Nine months ended 30 September		Increase/ (decrease)
	2015	2014		2015	2014	
Operating profit	105.6	90.2	17.1%	307.8	324.4	(5.1%)
Net financing (costs)/income	(21.4)	13.9	(254.0%)	(57.7)	(52.0)	11.0%
Taxation	(22.0)	(25.3)	(13.0%)	(56.3)	(56.9)	(1.1%)
Profit for the period	62.2	78.8	(21.1%)	193.8	215.5	(10.1%)

Operating profit

As a result of the factors discussed above, operating profit for the quarter ended 30 September 2015 was \$105.6m, an increase of \$15.4m (+17.1%), compared with same period 2014.

Net financing costs

The net finance charge in the three months increased by \$35.3m to \$21.4m (2014: net financing income of \$13.9m), mainly reflecting a non-recurring credit in the third quarter of 2014, arising from an adjustment at that time to the expected maturity date of the Convertible Bond.

Taxation

The tax charge for the quarter was \$22.0m (Q3 2014: \$25.3m), a decrease of \$3.3m compared with 2014. The decrease in the tax charge is largely driven by the decrease in profit before tax, as outlined above. Included in the tax charge for the quarter was a tax charge of \$1.5m (Q3 2014: \$0.2m) relating to non-recurring adjustments.

If the effects of the above adjustments are removed, the effective tax rate for the quarter was 24.3% (Q3 2014: 24.1%), compared to an average statutory rate for the UK for 2015 of 20.25%. The difference for the quarter largely arises as the Group has tax due in jurisdictions where the statutory tax rate is higher

than the UK. In the three months ended 30 September 2014, the difference to the statutory rate principally arose as a result of non-UK tax losses arising, for which the benefit was not recognised.

Profit after tax

As a result of the factors discussed above, profit after tax for the quarter ended 30 September 2015 was \$62.2m (2014: \$78.8m), a decrease of \$16.6m compared with the same period 2014.

Earnings per share

Basic and diluted earnings per share for profit attributable to the equity holders of the Company were 14 cents and 14 cents, respectively for the quarter, compared with 18 cents and 10 cents, respectively for the same quarter of 2014.

Basic and diluted earnings per share adjusted to exclude the post-tax impact of the LightSquared contribution and impairment losses were 11 cents and 11 cents, respectively for the quarter, compared with 16 cents and 9 cents, respectively for the same quarter of 2014¹.

Cash Flow

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
EBITDA	180.2	166.0	522.9	535.7
Non-cash items	4.7	6.8	13.3	13.9
Change in working capital	21.5	25.0	34.1	(45.4)
Cash generated from operations	206.4	197.8	570.3	504.2
Capital expenditure	(75.0)	(84.9)	(315.8)	(290.0)
Net interest paid	(10.7)	(11.1)	(49.7)	(60.6)
Tax refunded/(paid)	(5.9)	(1.1)	4.8	(2.9)
Free cash flow	114.8	100.7	209.6	150.7
Acquisition of subsidiaries and other investments	–	–	–	(45.5)
Proceeds on disposal of assets	–	–	32.9	27.0
Dividends paid	(0.8)	(1.6)	(135.9)	(128.9)
Other movement including foreign exchange	0.4	–	1.8	1.2
Net cash flow	114.4	99.1	108.4	4.5
Opening net borrowings	1,921.6	1,952.8	1,900.7	1,812.8
Net cash flow	(114.4)	(99.1)	(108.4)	(4.5)
Other ²	8.6	(42.5)	23.5	2.9
Closing net borrowings	1,815.8	1,811.2	1,815.8	1,811.2

During the quarter, free cash flow was \$14.1m more than in the same period in 2014 at \$114.8m (2014: \$100.7m). Cash generated from operations increased by \$8.6m to \$206.4m (2014: \$197.8m). This increase is primarily due to \$14.2m increase in EBITDA.

Capital expenditure decreased by \$9.9m compared with the same period last year, primarily due to the timing of expenditure in relation to the Global Xpress programme.

¹ Adjusted earnings per share for the period ended 30 September 2014 has been restated to remove the interest expense adjustment from re-basing the convertible bonds. This is consistent with the treatment at 31 December 2014.

² Other includes deferred financing costs, interest accretion on the Convertible Bonds and the unwinding of the deferred satellite liabilities. At 30 September 2014 it also included a non-recurring credit to re-base the Convertible Bonds.

Group Liquidity and Capital Resources

At 30 September 2015, the Group had cash and cash equivalents of \$271.9m and available but undrawn borrowing facilities of \$689.3m (Q2 2015: \$689.3m) under our Senior Credit Facility and Ex-Im Bank Facilities. There was no change in the quarter as no drawdowns were made and no new facilities were agreed.

The net cash inflow in the quarter resulted in a decrease in net borrowings at the end of the quarter to \$1,815.8m, from \$1,921.6m at the start of the quarter. At the end of the third quarter of 2014 net borrowings was \$1,811.2m.

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 \$80m in 2016. The enquiries remain ongoing at this time.

Group Balance Sheet

The table below shows the condensed consolidated Group Balance Sheet:

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
(\$ in millions)			
Non-current assets	3,625.6	3,510.9	3,430.3
Current assets	599.7	581.0	568.4
Total assets	4,225.3	4,091.9	3,998.7
Current liabilities	(739.6)	(682.7)	(998.7)
Non-current liabilities	(2,242.1)	(2,226.1)	(1,871.0)
Total liabilities	(2,981.7)	(2,908.8)	(2,869.7)
Net assets	1,243.6	1,183.1	1,129.0

The increase in the Group's non-current assets of \$114.7m since 31 December 2014 is largely due to our ongoing investment in the Global Xpress infrastructure and the development of our new S-Band programme that will deliver high-speed broadband services to Aviation customers across the European Union.

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 are discussed below; however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting our business. 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.

Satellites and our network

Our satellites are subject to significant operational risks at launch or while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we expect to maintain commercially prudent levels of launch and in-orbit insurance, this may be insufficient to cover all losses incurred if we had a full or partial satellite failure. Even if our insurance cover was sufficient, delays in building and launching a replacement satellite could adversely affect our revenues, profitability and liquidity. In addition, if we are required to shorten the expected useful lives of our satellites, our profitability could be adversely affected.

As the majority of the customer traffic on our network is mobile in nature, the utilisation of our network capacity fluctuates and can be concentrated based on geography and other factors, such as the time of day or major events. For example, key shipping routes will tend to experience higher average traffic volumes than oceanic areas generally. Our ability to serve concentrated levels of traffic is limited by the capacity of our satellites and our ability to move capacity around our network. Although we have designed our network to accommodate expected geographic patterns and peak demand, our network could become congested if concentrated demand exceeds our expectations. Such congestion on a sustained basis could damage our reputation for service availability and harm our results from operations.

Cyber Security

Our networks and systems, and those of our distribution partners, may be vulnerable to security risks. We expect the secure transmission of confidential information over our networks to continue to be a critical element of our operations. Our networks and systems and those of our distribution partners have in the past been, and may in the future be vulnerable to unauthorised access, computer viruses and other security risks. We have implemented industry-standard security measures, and have steadily increased our investment in counter cyber threat tools and staff. Indirect evidence is that our counter measures have been effective given the experience gained in previous cyber events. However the nature and diversity of cyber threats has also changed, both in sophistication and number, so these measures may prove inadequate and could result in system failures and delays that could have a material adverse effect on our business, financial condition and results of operations.

Critical partners

Although we have wholly-owned distribution capabilities, we continue to rely in part on other third party distribution partners and service providers to sell our services to end-users, and they determine the prices end-users pay. There is a risk that our distribution partners or service providers could fail to distribute our services effectively, or fail to offer services at prices which are competitive. In addition, the loss of any key distribution partners could materially affect our routes to market, reduce customer choice or represent a significant bad debt risk. Alternatively, changes in our business model could affect the willingness of third party distribution partners to continue to offer our services. Third party distribution partners also provide ground infrastructure for our existing and evolved services, if any of these distribution partners fail to provide or maintain these facilities, we would be forced to migrate traffic to our own facilities and our services would likely be interrupted whilst migration takes place.

We also rely on third parties to manufacture and supply terminals to end-users to access our services, and, as a result, we cannot control the availability of such terminals. In addition, our business relies on intellectual property, some of which is owned by third parties, and we may inadvertently infringe upon their patents and proprietary rights.

Spectrum

We rely on radio spectrum to provide our services. This has historically been allocated by the International Telecommunications Union without charge, and usage is coordinated with other satellite operators in our spectrum band. In the future, we may not be successful in coordinating our satellite operations under applicable international regulations and procedures or in obtaining sufficient spectrum or orbital resources necessary for our operations. In addition, in the future we may be faced with higher costs to acquire and retain spectrum.

Regulation

Our business is subject to regulation and we face increasing regulation with respect to the transmission of our satellite signals. The provision of our mobile satellite communication services in some countries could cause us to incur additional costs, could expose us to fines and could limit our ability to provide services.

We, our customers, and the companies with which we or our customers do business, may be required to have authority from each country in which we or such companies provide services or provide our or their customers with the use of our satellites and ground networks. We may not be aware if some of our customers and/or companies with which we do business do not hold the requisite licenses and approvals as required in such countries.

In addition, our contractual relationships with our distribution partners may be subject to regulatory challenge, which could require us to renegotiate the contractual relationships and could result in the imposition of fines. Our distribution partners and services providers also face increasing regulation in many countries, and end-users often require licenses to operate end terminals. This regulatory burden could increase the costs to our distribution partners and service providers or restrict their ability to sell our products.

Next generation services and satellites

We are currently in the process of implementing two major investment programmes, Global Xpress and an integrated hybrid satellite/terrestrial network to serve the European aviation market. These programmes include the deployment of a global network of Ka-band satellites and one S-band satellite. These programmes, which include satellites, ground network, terminals and related services, may be subject to delays and/or material cost overruns. There can be no assurance that the development of new satellites, ground networks, or terminals and/or the introduction of new services will proceed according to anticipated schedules or cost estimates, or that the level of demand for the new services will justify the cost of setting up and providing such new services. A delay in the completion of such networks and/or services and/or the launch or deployment or operation of such satellites and/or new services, or increases in the associated costs, could have a material adverse effect on our revenue, profitability and liquidity.

Competition

Although Inmarsat is a market leader in MSS, the global communications industry is highly competitive. We face competition today from a number of communications technologies in the various target sectors for our services. It is likely that we will continue to face increasing competition from other existing or new network operators in some or all of our target sectors in the future. There is also a risk that new technologies introduced by our competitors may reduce demand for our services or render our technologies obsolete. In addition, communications providers who operate private networks using VSAT or hybrid systems also continue to target MSS users. While we believe that our L-band product offerings remain competitive in the markets we serve and that our investment in Global Xpress will position us favourably to compete with VSAT providers in the future, technological innovation in VSAT, together with increased C-band, Ku-band and Ka-band coverage and commoditisation, have increased, and we believe will continue to increase, the competitiveness of VSAT and hybrid systems in some traditional MSS sectors, including the maritime and aviation sectors. Furthermore, the gradual extension of terrestrial wireline and wireless communications networks to areas not currently served by them may reduce demand for some of our services in those areas.

Development of hybrid networks, including Ancillary Terrestrial Component ('ATC')

Proposed ATC services in North America or other countries may result in increased competition for the right to use L-band spectrum, and such competition may make it difficult for us to obtain or retain the spectrum resources we require for our existing and future services. We cannot be certain that the development of hybrid networks, including ATC, in North America or other countries will not result in

harmful interference to our operations. If we are unable to prevent or mitigate against such interference it could have an effect on our operations, revenues, profitability and liquidity.

LightSquared Cooperation Agreement

Our Cooperation Agreement with LightSquared may present us with operational and financial risks. If fully implemented, the Cooperation Agreement will ultimately result in a reduction in available L-band spectrum for Inmarsat services over North America and the need for our L-band services to coexist in North America with ATC services in adjacent frequencies. Whilst we believe that we can continue to operate our L-band services over North America with minimal impact to our users, following the launch of ATC services by LightSquared, there is a risk that our services may be congested, interrupted and/or interfered with, which could have an adverse effect on our future L-band service performance in North America.

Reductions in spending by government customers, in particular the US Government

Following the US federal budget sequestration, we have experienced a significant contraction in business from the US Government. Sequestration resulted in the implementation of spending controls by the US Government and a further increase in competition for our Government business unit. As a result we have experienced a reduction in revenues and margins. We have also experienced reductions by other non-US government customers. Although the adverse impact on our business has been limited to our L-band revenue to date, our Global Xpress business plan relies on a material revenue contribution from government customers and may also be affected. If additional government spending controls are implemented, government contracting opportunities may be cancelled, de-scoped or delayed which could further adversely affect our revenues, profitability and results of operations.

Financing and foreign exchange risk

We have a significant amount of debt and may incur substantial additional debt in the future. Although we believe our liquidity position and financing capabilities are more than sufficient to meet the Group's needs for the foreseeable future, our substantial debt requires us to dedicate a substantial portion of our cash flows from operations to payment of our debt, which reduces our cash flow available to fund capital expenditure and for other general corporate purposes. Our ability to make payments on and refinance our debt will depend on our future operating performance and ability to generate sufficient cash. We are also subject to restrictive debt covenants.

We use the US Dollar as our functional and reporting currency. While almost all of our revenues are denominated in US Dollars, a portion of our operating expenses and, from time to time, a small proportion of our capital expenditures are denominated in currencies other than the US Dollar. The Group's foreign exchange exposure to Sterling has been hedged for 2015. There is no assurance that in the results of operations would not be affected by fluctuations of the US Dollar against other currencies.

Taxation

We operate in a number of jurisdictions around the world and from time to time have disputes on the amount of tax due. We maintain constructive engagement with the tax authorities and where appropriate we engage advisors and legal counsel to obtain opinions on tax legislation and principles, and we provide for any potential tax exposures in line with accounting standards.

Impairment losses

Accounting standards require the regular testing of the value of intangible assets, including goodwill. As our business evolves, further organisational, contractual and other changes may result in a requirement to record further impairment charges. Whilst these would not affect any cash outflow to the Group, they would have an adverse effect on our results of operations.

Management and employees

Technological competence and innovation are critical to our business and depend, to a significant degree on the work of technically skilled employees. In the future, we may not be able to recruit and retain the number and calibre of management or employees necessary for our business, which may adversely affect our revenues, profitability and liquidity.

RELATED PARTY TRANSACTIONS

There have been no material changes in the related party transactions described on page 130 of the 2014 Inmarsat plc Annual Report and Accounts.

Inmarsat plc
99 City Road
London EC1Y 1AX

By order of the Board,

Rupert Pearce
Chief Executive Officer
6 November 2015

Tony Bates
Chief Financial Officer
6 November 2015

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the three and nine months ended 30 September (unaudited)

(\$ in millions)	Three months ended		Nine months ended	
	2015	2014	2015	2014
Revenues	323.1	300.6	939.3	952.9
Employee benefit costs	(69.6)	(62.5)	(199.0)	(178.0)
Network and satellite operations costs	(43.9)	(48.1)	(136.4)	(154.1)
Other operating costs	(39.2)	(31.2)	(109.8)	(107.9)
Own work capitalised	9.8	7.2	28.8	22.8
Total net operating costs	(142.9)	(134.6)	(416.4)	(417.2)
EBITDA	180.2	166.0	522.9	535.7
Depreciation and amortisation	(75.2)	(76.5)	(226.1)	(212.6)
Gain/(loss) on disposal of assets	–	–	9.3	(0.2)
Impairment losses	(0.1)	(0.1)	(0.1)	(0.6)
Share of profit of associates	0.7	0.8	1.8	2.1
Operating profit	105.6	90.2	307.8	324.4
Financing income	0.2	0.9	1.4	7.3
Financing costs	(21.6)	13.0	(59.1)	(59.3)
Net financing (costs)/income	(21.4)	13.9	(57.7)	(52.0)
Profit before tax	84.2	104.1	250.1	272.4
Taxation	(22.0)	(25.3)	(56.3)	(56.9)
Profit for the period	62.2	78.8	193.8	215.5
Attributable to:				
Equity holders	62.0	78.7	193.4	215.1
Non-controlling interest	0.2	0.1	0.4	0.4
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in \$ per share)				
— Basic	0.14	0.18	0.43	0.48
— Diluted	0.14	0.10	0.43	0.41
Adjusted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in \$ per share) ¹				
— Basic	0.11	0.16	0.34	0.38
— Diluted	0.11	0.09	0.33	0.32

¹ Adjusted earnings per share for the period ended 30 September 2014 has been restated to remove the interest expense adjustment from re-basing the convertible bonds. This is consistent with the treatment at 31 December 2014.

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three and nine months ended 30 September (unaudited)

(\$ in millions)	Three months ended		Nine months ended	
	2015	2014	2015	2014
Profit for the period	62.2	78.8	193.8	215.5
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to the Income Statement:				
Gain on measurement of available-for-sale financial asset reclassified to the Income Statement	–	–	(9.4)	–
Foreign exchange translation differences	0.1	(0.6)	–	(0.5)
Net gain/(loss) on cash flow hedges	(1.0)	(7.9)	1.1	(8.2)
Tax credited directly to equity	0.1	1.5	1.1	1.7
Items that will not be reclassified subsequently to the Income Statement:				
Remeasurement losses from pension and post-employment benefits	–	–	(0.6)	(4.0)
Tax credited directly to equity	–	–	0.1	0.7
Other comprehensive loss for the period, net of tax	(0.8)	(7.0)	(7.7)	(10.3)
Total comprehensive income for the period, net of tax	61.4	71.8	186.1	205.2
Attributable to:				
Equity holders	61.2	71.7	185.7	204.8
Non-controlling interest	0.2	0.1	0.4	0.4

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(\$ in millions)	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	2,762.8	2,649.4	2,554.8
Intangible assets	788.8	799.6	803.9
Investments	11.7	10.8	34.1
Other receivables	21.9	24.4	20.1
Deferred tax assets	40.4	26.7	16.9
Derivative financial instruments	–	–	0.5
	3,625.6	3,510.9	3,430.3
Current assets			
Cash and cash equivalents	271.9	204.4	246.4
Trade and other receivables	284.5	305.4	265.9
Inventories	33.4	28.4	42.1
Current tax assets	6.7	8.5	10.2
Derivative financial instruments	0.2	1.4	3.8
Restricted cash	3.0	–	–
Assets held for sale	–	32.9	–
	599.7	581.0	568.4
Total assets	4,225.3	4,091.9	3,998.7
Liabilities			
Current liabilities			
Borrowings	118.2	118.1	434.4
Trade and other payables	504.0	474.9	436.6
Provisions	4.4	3.4	2.8
Current tax liabilities	111.1	81.3	122.6
Derivative financial instruments	1.9	5.0	2.3
	739.6	682.7	998.7
Non-current liabilities			
Borrowings	1,969.5	1,987.0	1,623.2
Other payables	24.8	25.6	26.4
Provisions	21.8	27.2	23.4
Deferred tax liabilities	226.0	186.3	198.0
	2,242.1	2,226.1	1,871.0
Total liabilities	2,981.7	2,908.8	2,869.7
Net assets	1,243.6	1,183.1	1,129.0
Shareholders' equity			
Ordinary shares	0.3	0.3	0.3
Share premium	687.6	687.6	687.4
Equity reserve	56.9	56.9	56.9
Other reserves	69.4	66.7	61.3
Retained earnings	429.0	371.1	322.5
Equity attributable to shareholders of the parent	1,243.2	1,182.6	1,128.4
Non-controlling interest	0.4	0.5	0.6
Total equity	1,243.6	1,183.1	1,129.0

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September

(\$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Other reserves ¹	Retained earnings	Non- controlling interest	Total
Balance at 1 January 2014 (audited)	0.3	687.4	56.9	61.5	8.6	0.6	0.2	(8.0)	240.0	0.3	1,047.8
Share options charge	–	–	–	5.4	–	–	–	–	(0.2)	–	5.2
Dividends paid	–	–	–	–	–	–	–	–	(129.1)	–	(129.1)
Transfer to liabilities directly associated with assets held for sale	–	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	215.1	0.4	215.5
Other comprehensive income – before tax	–	–	–	–	(8.2)	–	(0.5)	–	(4.0)	–	(12.7)
Other comprehensive income – tax	–	–	–	–	1.7	–	–	–	0.7	–	2.4
Balance at 30 September 2014 (unaudited)	0.3	687.4	56.9	66.9	2.1	0.6	(0.3)	(8.0)	322.5	0.6	1,129.0
Balance at 1 January 2015 (audited)	0.3	687.6	56.9	62.5	(1.6)	8.6	(0.4)	(2.4)	371.1	0.5	1,183.1
Share options charge	–	–	–	9.9	–	–	–	–	1.0	–	10.9
Dividends paid	–	–	–	–	–	–	–	–	(136.0)	(0.5)	(136.5)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	193.4	0.4	193.8
Other comprehensive income – before tax	–	–	–	–	1.1	(9.4)	–	–	(0.6)	–	(8.9)
Other comprehensive income – tax	–	–	–	–	(0.3)	1.4	–	–	0.1	–	1.2
Balance at 30 September 2015 (unaudited)	0.3	687.6	56.9	72.4	(0.8)	0.6	(0.4)	(2.4)	429.0	0.4	1,243.6

¹ The 'other reserve' relates to ordinary shares held by the employee share trust.

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the three and nine months ended 30 September (unaudited)

(\$ in millions)	Three months ended		Nine months ended	
	2015	2014	2015	2014
Cash flow from operating activities				
Cash generated from operations	206.4	197.8	570.3	504.2
Interest received	0.2	0.2	1.1	0.6
Tax refunded/(paid)	(5.9)	(1.1)	4.8	(2.9)
Net cash inflow from operating activities	200.7	196.9	576.2	501.9
Cash flow from investing activities				
Purchase of property, plant and equipment	(63.2)	(72.6)	(273.1)	(246.0)
Additions to capitalised development costs and other intangibles	(2.5)	(6.0)	(12.9)	(21.9)
Own work capitalised	(9.3)	(6.3)	(29.8)	(22.1)
Acquisition of subsidiaries and other investments	–	–	–	(45.5)
Proceeds on disposal of assets	–	–	32.9	27.0
Net cash used in investing activities	(75.0)	(84.9)	(282.9)	(308.5)
Cash flow from financing activities				
Dividends paid	(0.8)	(1.6)	(135.9)	(128.9)
Repayment of EIB Facility	–	–	(25.7)	(25.7)
Drawdown of Ex-Im Bank Facilities	–	23.8	46.8	39.2
Repayment of Ex-Im Bank Facilities	(34.7)	(13.4)	(59.5)	(13.4)
Redemption of Senior Notes due 2017	–	–	–	(882.8)
Gross issuance proceeds of Senior Notes due 2022	–	–	–	991.9
Interest paid	(10.9)	(11.3)	(50.8)	(61.2)
Arrangement costs of financing	(0.2)	(2.1)	(3.5)	(11.0)
Other financing activities	0.4	0.6	1.3	1.4
Net cash used in financing activities	(46.2)	(4.0)	(227.3)	(90.5)
Foreign exchange adjustment	–	(0.6)	0.5	(0.2)
Net increase in cash and cash equivalents	79.5	107.4	66.5	102.7
Cash and cash equivalents				
At beginning of period	191.4	136.1	204.4	140.8
Net increase in cash and cash equivalents	79.5	107.4	66.5	102.7
At end of period (net of bank overdrafts)	270.9	243.5	270.9	243.5
Comprising:				
Cash at bank and in hand	51.1	39.4	51.1	39.4
Short-term deposits with original maturity of less than three months	220.8	207.0	220.8	207.0
Bank overdrafts	(1.0)	(2.9)	(1.0)	(2.9)
Cash and cash equivalents at the end of the period	270.9	243.5	270.9	243.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Inmarsat plc ('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 nine months ended 30 September 2015 were approved by Board of Directors on 6 November 2015.

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 2014 were approved by the Board of Directors on 5 March 2015 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 nine months ended 30 September 2015 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 2014, 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 2014. There are no new IFRS or IFRIC interpretations 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 plc 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 all 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 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 reported 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

IFRS 8, 'Operating Segments', requires reporting segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources and assess performance. The CODM is the Chief Executive Officer who is responsible for assessing the performance of the individual segments.

The 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 includes satellite operations and backbone infrastructure, corporate administrative costs, and all other income that is not directly attributable to the individual business units. 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, Enterprise, Aviation, Government and Central Services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central costs, investment revenue, finance costs and income tax expense.

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Revenues				
Maritime	150.2	147.6	447.3	448.4
Government	77.2	76.3	214.4	236.3
Enterprise ¹	39.7	40.9	119.0	125.2
Aviation	32.6	20.7	90.5	66.7
Central Services ²	23.4	15.1	68.1	76.3
Total segment revenues	323.1	300.6	939.3	952.9
Operating profit				
Maritime	107.3	106.0	320.4	317.3
Government	48.0	48.8	135.7	151.9
Enterprise ¹	26.9	24.4	79.3	73.3
Aviation	27.4	16.9	74.7	57.8
Central services ²	(104.0)	(105.9)	(302.3)	(275.9)
Total segment operating profit	105.6	90.2	307.8	324.4
Net financing (costs)/income	(21.4)	13.9	(57.7)	(52.0)
Profit before income tax	84.2	104.1	250.1	272.4
Taxation	(22.0)	(25.3)	(56.3)	(56.9)
Profit for the period	62.2	78.8	193.8	215.5
Capital expenditure³				
Maritime	7.3	4.9	10.2	20.4
Government	0.1	0.6	1.3	4.2
Enterprise	0.1	0.1	0.4	2.7
Aviation	15.7	8.9	58.1	35.7
Central Services	48.7	22.3	257.6	192.5
Total capital expenditure	71.9	36.8	327.6	255.5

¹ Enterprise excludes the disposals made during the first half of 2014.

² Central Services includes revenue and operating profit from LightSquared. In addition, it includes central assets and related costs, such as satellites and other ground infrastructure.

³ Capital expenditure is stated using the accruals basis.

4. Net financing costs

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Bank interest receivable and other interest	(0.1)	(0.6)	(1.1)	(1.0)
Net amortisation of premium on Senior Notes due 2017	–	–	–	(6.0)
Pension and post-employment liability finance income	(0.1)	(0.3)	(0.3)	(0.3)
Total financing income	(0.2)	(0.9)	(1.4)	(7.3)
Interest on Senior Notes and credit facilities	18.0	18.9	56.1	65.1
Interest on Convertible Bonds	7.8	(38.6)	22.8	(23.5)
Pension and post-employment liability finance costs	–	(0.2)	–	–
Unwinding of discount on deferred satellite liabilities	0.1	0.3	0.6	1.1
Amortisation of debt issue costs	1.6	(0.1)	6.3	12.0
Amortisation of discount on Senior Notes due 2022	0.3	0.2	0.9	0.3
Redemption premium on Senior Notes due 2017	–	–	–	32.8
Other interest	–	0.5	1.9	0.8
Financing costs	27.8	(19.0)	88.6	88.6
Less: Amounts included in the cost of qualifying assets	(6.2)	6.0	(29.5)	(29.3)
Total financing costs	21.6	(13.0)	59.1	59.3
Net financing costs	21.4	(13.9)	57.7	52.0

5. Taxation

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Current tax:				
Current period	10.1	20.1	27.4	27.8
Adjustments in respect of prior periods	1.2	(0.3)	1.2	(0.6)
Total current tax	11.3	19.8	28.6	27.2
Deferred tax:				
Origination and reversal of temporary differences	10.4	5.5	27.4	30.0
Adjustments in respect of prior periods	0.3	–	0.3	(0.3)
Total deferred tax	10.7	5.5	27.7	29.7
Total taxation	22.0	25.3	56.3	56.9

6. Net Borrowings

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

(\$ in millions)	As at 30 September 2015			As at 31 December 2014		
	Amount	Deferred finance costs	Net balance	Amount	Deferred finance costs	Net balance
Current:						
Bank overdrafts	1.0	–	1.0	–	–	–
Deferred satellite liabilities	3.7	–	3.7	5.9	–	5.9
EIB Facility	44.1	–	44.1	44.1	–	44.1
Ex-Im Bank Facilities	69.4	–	69.4	68.1	–	68.1
Total current borrowings	118.2	–	118.2	118.1	–	118.1
Non-current:						
Deferred satellite liabilities	15.5	–	15.5	17.4	–	17.4
Senior Notes due 2022	1,000.0	(7.6)	992.4	1,000.0	(8.7)	991.3
– Net issuance discount	(6.7)	–	(6.7)	(7.6)	–	(7.6)
EIB Facility	106.4	(0.4)	106.0	132.1	(0.6)	131.5
Ex-Im Bank Facilities	554.9	(16.0)	538.9	568.9	(18.9)	550.0
Convertible Bonds	313.6	–	313.6	301.3	–	301.3
– Accretion of principal	9.8	–	9.8	3.1	–	3.1
Total non-current borrowings	1,993.5	(24.0)	1,969.5	2,015.2	(28.2)	1,987.0
Total Borrowings	2,111.7	(24.0)	2,087.7	2,133.3	(28.2)	2,105.1
Cash and cash equivalents	(271.9)	–	(271.9)	(204.4)	–	(204.4)
Net Borrowings	1,839.8	(24.0)	1,815.8	1,928.9	(28.2)	1,900.7

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 is available 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.

Convertible Bonds

At 30 September 2015, there are \$287.0m of 1.75% Convertible Bonds due 9 November 2017 remaining. The conversion price of the bonds was \$12.31 and the total number of shares to be issued if all bonds are converted is 23.3 million shares.

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 30 September 2015, there were no drawings under the Senior Credit Facility.

7. 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)	As at 30 September 2015	As at 31 December 2014
Financial assets:		
Forward foreign currency contracts – designated cash flow hedges	0.2	1.4
	0.2	1.4
Financial liabilities:		
Forward foreign currency contracts – designated cash flow hedges	1.8	4.5
Forward foreign currency contracts – undesignated	0.1	0.5
	1.9	5.0

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)	As at 30 September 2015		As at 31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Senior Notes due 2022	1,000.0	971.3	1,000.0	992.5
Ex-Im Bank Facilities	624.3	639.3	637.0	637.0
Convertible Bonds	313.6	452.9	301.3	418.7

8. Dividends

(\$ in millions)	Nine months ended 2015	2014
Final dividend for the year ended 31 December 2014 of 30.26 cents per share (year ended 31 December 2013: 28.82 cents per share)	136.0	129.1

The Board declared and, on 23 October 2015 paid, an interim dividend of 19.61 cents (\$) per ordinary share to ordinary shareholders on the share register at the close of business on 2 October 2015. Dividend payments were made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this dividend has not been recorded as a liability for the period ended 30 September 2015.

9. Earnings per share

Earnings per share for the three and nine months ended 30 September 2015 have been calculated based on profit attributable to equity holders for the relevant period and the weighted average number of ordinary shares in issue during that period (excluding shares held by the Employee Benefit Trust).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options and awards granted to employees under the employee share plans. At 30 September 2014, the Convertible Bonds were dilutive due to the credit recognised to interest expense from re-basing the bonds to mature in November 2017. At 30 September 2015, the Convertible Bonds were not included in the calculation of diluted earnings per share as they were antidilutive.

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company	62.0	78.7	193.4	215.1
Interest on convertible bonds (net of tax)	–	(30.3)	–	(18.4)
Profit attributable to equity holders for diluted earnings per share	62.0	48.4	193.4	196.7
(millions)				
Weighted average number of ordinary shares in issue	449.5	448.3	449.1	448.3
Potentially dilutive ordinary shares	4.3	27.6	4.6	27.9
Weighted average number of diluted ordinary shares	453.8	475.9	453.7	476.2
(\$ per share)				
Basic earnings per share	0.14	0.18	0.43	0.48
Diluted earnings per share	0.14	0.10	0.43	0.41

Adjusted earnings per share

Adjusted earnings per share for the three and nine months ended 30 September 2015 have been calculated based on profit attributable to equity holders adjusted for the post-tax impact of the LightSquared contribution and impairment losses. Adjusted earnings per share for the period ended 30 September 2014 has been restated to remove the interest expense adjustment from re-basing the convertible bonds. This is consistent with the treatment at 31 December 2014.

(\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company	62.0	78.7	193.4	215.1
Adjustments for:				
LightSquared contribution (net of tax)	(14.0)	(7.7)	(41.9)	(44.5)
Impairment losses (net of tax)	0.1	0.1	0.1	0.4
Adjusted profit attributable to equity holders of the Company	48.1	71.1	151.6	171.0
Interest on convertible bonds (net of tax)	–	(30.3)	–	(18.4)
Adjusted profit attributable to equity holders for diluted earnings per share	48.1	40.8	151.6	152.6
(millions)				
Weighted average number of ordinary shares in issue	449.5	448.3	449.1	448.3
Potentially dilutive ordinary shares	4.3	27.6	4.6	27.9
Weighted average number of diluted ordinary shares	453.8	475.9	453.7	476.2
(\$ per share)				
Basic earnings per share	0.11	0.16	0.34	0.38
Diluted earnings per share	0.11	0.09	0.33	0.32

10. Contingent liability

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, contracts, regulations and standards. Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage and other sanctions. These matters are inherently difficult to quantify.

In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

At the end of Quarter 1 the Group disclosed contingent liabilities in respect of outstanding tax issues with HMRC for which no provision had been made that were estimated to be in the region of \$18m. During the quarter HMRC concluded their review relating to \$12m of this amount with no adjustment to the filed position. The remaining exposure is covered within the balance sheet tax provision.

11. Disposal

In January 2015, the Group completed the sale of its 19% holding in SkyWave Mobile Communications to ORBCOMM Inc. for total proceeds of \$32.9m and recognised an after-tax gain of \$8.1m. The share sale was one part of a suite of agreements with ORBCOMM, covering the joint ownership and future development and commercialization of the IsatData Pro (IDP) technology. As part of these agreements the Group acquired SkyWave's satellite network assets, hosted at three Inmarsat Satellite Access Stations, for \$7.5m.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- (a) the condensed set of financial statements 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 nine months and description of principal risks and uncertainties for the remaining three 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 plc are listed on our website at www.inmarsat.com.

By order of the Board,

Rupert Pearce
Chief Executive Officer
6 November 2015

Tony Bates
Chief Financial Officer
6 November 2015

USE OF NON-GAAP FINANCIAL INFORMATION

Non-IFRS Measures

In addition to International Financial Reporting Standards ('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. Where such non-IFRS measures are given, this is clearly indicated and the comparable IFRS measure is also given. However, non-IFRS measures presented are not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

Net Borrowings

Net borrowings is defined as total borrowings less cash at bank and in hand less short-term deposits with an original maturity of less than three months. We use net borrowings as a part of our internal debt analysis. We believe that net borrowings is a useful measure as it indicates the level of borrowings after taking account of the financial assets within our business that could be utilised to pay down the outstanding borrowings. In addition the net borrowings balance provides an indication of the net borrowings on which we are required to pay interest.

Free Cash Flow

We define free cash flow ('FCF') as cash generated from operations less capital expenditure (including own work capitalised), net interest and cash tax payments. FCF is a supplemental measure of our performance and liquidity under IFRS that is not required by, or presented in accordance with, IFRS. Furthermore, FCF is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to profit for the period and operating profit as a measure of our performance and net cash generated from operating activities as a measure of our liquidity, or any other performance measures derived in accordance with IFRS.

We believe FCF is an important financial measure for use in evaluating our financial performance and liquidity and that it provides supplemental information to our statement of cash flows.

EBITDA

We define EBITDA as profit before interest, taxation, depreciation and amortisation, loss on disposal of assets, acquisition-related adjustments, impairment losses and share of profit of associates. EBITDA and the related ratios are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, IFRS. Furthermore, EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to profit for the period, operating profit or any other performance measures derived in accordance with IFRS.

We believe EBITDA, among other measures, facilitates operating performance comparisons from period to period and management decision-making.

Underlying performance

We use underlying performance to remove the impacts of acquisitions or disposals from the operating results of our segments. We believe it facilitates operating performance comparisons from period to period and management decision-making.