



Press release

Inmarsat plc Interim Management Statement

London, UK: 2 May 2013. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today provided the following information for the three months ended 31 March 2013.

Inmarsat plc – Highlights

- Total revenue (excluding LightSquared) \$310.8m up 2.4% (2012: \$303.5m)
- Wholesale maritime MSS revenues up 8.7%
- Strong subscriber growth: FleetBroadband, XpressLink, IsatPhone Pro
- Total active terminals up 16%
- Global Xpress programme on track and budget

Inmarsat Group Limited - First Quarter Highlights

- Inmarsat Global MSS revenues \$184.6m up 3.7% (2012: \$178.0m)
- Inmarsat Solutions revenues \$189.5m (2012: \$190.8m)
- Total EBITDA (excluding LightSquared) \$154.2m (2012: \$157.7m)

Rupert Pearce, Inmarsat’s Chief Executive Officer, said, “The improved results from our wholesale MSS business have continued in the first quarter, with positive performances across our business sectors. We have also maintained momentum in subscriber additions for new services. These results provide for continued confidence in our outlook for full year revenues at the wholesale level. Within our Inmarsat Solutions retail segment we have seen results in line with our expectations from three of our four business units. However, in our US Government business unit, we have seen a sudden and pronounced deterioration in both demand and profitability, in each case principally related to US budget cuts. This has led to further margin compression in the Solutions business in the first quarter and we expect the current adverse market conditions for our US Government retail activities to continue for the time being. We aim to substantially mitigate the impact of this changed environment by addressing the cost base for our US Government business unit and by implementing other cost controls across the group. Looking ahead, we are making rapid progress with Alphasat and our Global Xpress programme and our deployment plans remain firmly on track.”

Inmarsat plc

(US\$ in millions)	Three months ended		Increase/ (decrease)
	31 March 2013	2012	
Inmarsat Global – MSS revenue	184.6	178.0	3.7%
Inmarsat Global – Other income (including LightSquared)	12.9	58.9	(78.1%)
Inmarsat Solutions	189.5	190.8	(0.7%)
	387.0	427.7	(9.5%)
Intercompany eliminations and adjustments	(73.3)	(72.9)	
Total revenue	313.7	354.8	(11.6%)

Inmarsat Global

(US\$ in millions)	Three months ended 31 March		Increase/ (decrease)
	2013	2012	
Maritime voice services	18.4	21.4	(14.0%)
Maritime data services	85.3	74.0	15.3%
Total maritime sector	103.7	95.4	8.7%
Land mobile voice services	4.4	2.6	69.2%
Land mobile data services	27.9	30.6	(8.8%)
Total land mobile sector	32.3	33.2	(2.7%)
Aviation sector	27.7	24.0	15.4%
Leasing	20.9	25.4	(17.7%)
Total MSS revenue	184.6	178.0	3.7%
Other income (including LightSquared)	12.9	58.9	(78.1%)
Total revenue	197.5	236.9	(16.6%)

Maritime

Growth in our maritime data revenues was driven by increased take-up and usage of our FleetBroadband service and by pricing and service package changes primarily implemented in May 2012. During the first quarter we added 1,924 FleetBroadband subscribers. With FleetBroadband we are extending our market leadership in the maritime MSS market while we are also making steady progress in the maritime VSAT market with our XpressLink service. Despite the overall maritime revenue growth reported, customer migration to FleetBroadband from certain older services continues to be a constraint on our rate of revenue growth as the price of FleetBroadband services is typically substantially lower than the price of equivalent services on the terminals being replaced. As the number of customers still using our older services declines through the migration process, so the revenue impact of migration reduces over time.

With effect from 1 January 2013, we adjusted the intra-group pricing to Inmarsat Solutions for L-band services used for XpressLink. As XpressLink combines L-band and VSAT services in a single service package, Inmarsat Global applies a charge to Inmarsat Solutions for the L-band element of service. During 2012, the first full year of XpressLink service, we were able to compare actual customer usage trends to our previous assumptions and have updated our pricing accordingly. Had we not adjusted the pricing, we estimate that maritime revenues for the first quarter 2013 would have been \$1.7m higher than the figure reported. The pricing adjustment has no impact on the total revenue or margin at a group level.

Land mobile

In the land mobile sector, the decline in data revenues is due to on-going troop withdrawals from Afghanistan and lower usage by other BGAN users. We estimate that global events including Afghanistan contributed \$1.5m more revenue in the first quarter 2012 when compared to the first quarter 2013. Although we continue to see growth in BGAN usage from new subscribers, this growth did not fully offset the impact of reduced revenues from Afghanistan and other customers.

Voice revenue in our land mobile sector increased due to growth in revenues from our IsatPhone Pro service. We ended the first quarter with approximately 90,000 active subscribers and had net additions of over 5,000 subscribers in the quarter. The increase in our installed subscriber base is driving overall traffic growth and is the primary contributor to our voice revenue growth.

Aviation and Leasing

The increase in aviation revenue was driven by strong growth in revenues from 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.

The decrease in leasing revenue was due to a reduction in revenue from certain government maritime and aviation contracts, reflecting contracts that were not renewed during the course of 2012 in line with previous expectations.

Inmarsat Solutions

(US\$ in millions)	Three months ended 31 March		Increase/ (decrease)
	2013	2012	
Inmarsat MSS	92.7	94.9	(2.3%)
Broadband and Other MSS	96.8	95.9	0.9%
Total revenue	189.5	190.8	(0.7%)

The decrease in Inmarsat MSS revenue at the Inmarsat Solutions level was driven primarily by a combination of lower leasing revenue and by lower BGAN revenue arising from Afghanistan year-over-year. As Inmarsat Solutions has a disproportionately higher share of both our leasing and BGAN business, the lower revenues from these business lines gave rise to an overall decrease in revenue, even though Inmarsat Solutions benefited from growth in maritime revenues and other factors that contributed to an overall increase in MSS revenue at the wholesale level.

The increase in Broadband and Other MSS revenue was due to increased maritime VSAT revenues as a result of growth in the number of ships using XpressLink. At the end of the quarter we had an installed base of 1,229 ships using our VSAT service, including 418 using XpressLink. There were also increases in equipment sales and other engineering revenues from the Global Government and Enterprise business units, which were partially offset by a reduction in revenue from our US Government business unit. This decrease was primarily a result of contract renewals at lower rates and non-renewals and follows the implementation of defence spending reductions arising as a result of the Federal budget sequestration process. For our US Government business unit, sequestration is likely to result in fewer contracting opportunities as programmes are cancelled, de-scoped or delayed, and significant reduction in margins due to the resultant highly competitive contracting environment.

EBITDA

Inmarsat Group Limited (US\$ in millions)	Three months ended 31 March		Increase/ (decrease)
	2013	2012	
Inmarsat Global:			
EBITDA excluding LightSquared	138.5	131.6	5.2%
EBITDA from LightSquared	0.9	47.6	(98.1%)
Total Inmarsat Global EBITDA	139.4	179.2	(22.2%)
Inmarsat Solutions EBITDA	16.7	25.5	(34.5%)
Eliminations	(1.0)	0.6	
Group EBITDA	155.1	205.3	(24.5%)

During the first quarter, growth in Inmarsat Global EBITDA (excluding LightSquared) was primarily driven by increased MSS revenues, offset by a small increase in net operating costs due mainly to higher Global Xpress costs. The decline in the Inmarsat Solutions EBITDA was driven primarily by significant reductions in revenue and increased cost of sales in our US Government business unit.

Liquidity

At 31 March 2013, the Inmarsat plc group had net borrowings of \$1,493m, made up of cash and cash equivalents of \$404m and total borrowings of \$1,897m. Including cash and available but undrawn borrowing facilities, the group had total available liquidity of \$1,416m. 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 on a quarterly basis. A copy of the full financial report for Inmarsat Group Limited for the first quarter ended 31 March 2013 can be accessed via the investor relations section of our website.

Other Information

Inmarsat management will host a results conference call at 8:30am London time on Thursday, 2 May. To access the call please dial +44 (0)20 7136 2054 and quote conference id 4409797. The call will also be available via a live webcast accessible through our website. A replay of the call will be available for one week after the event. To access the recording please dial +44 (0)20 3427 0598 and enter access code 4409797#.

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.ailles@inmarsat.com

Media Enquiries:
Jonathan Sinnatt
Tel: +44 (0)788 960 5272
jonathan.sinnatt@inmarsat.com

Archie Berens
Pelham Bell Pottinger
+44 (0)7802 442486
ABerens@pelhambellpottinger.co.uk