Inmarsat plc reports Preliminary Full Year Results 2015

First truly global broadband network launched, significant progress in Aviation

London, UK: 3 March 2016. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today provided the following information for the year ended 31 December 2015.

Full Year Financial Headlines

- Total revenues flat at $1,274.1m (2014: $1,275.1m)[1]
  - Maritime $2.4m lower at $593.2m (-0.4%)
  - Government $33.3m lower at $286.6m (-10.4%)
  - Enterprise up $3.6m to $159.5m (+2.3%)[1]
  - Aviation up $25.7m to $126.8m (+25.4%)
  - LightSquared[2] up $13.2m to $88.6m (+17.5%)
- EBITDA[3] up $25.0m (+3.6%) to $726.0m (2014: $701.0m)
- Profit after tax $282.0m, down $59.1m (2014: $341.1m)
- Final dividend increased by 5.0% to 31.78 cents per share (2014: 30.26 cents per share)

Operational Highlights

- Inmarsat-5 F2 and Inmarsat-5 F3 satellites launched successfully. Global Commercial Service Introduction ('CSI') for our Global Xpress ('GX') high-speed mobile broadband capability delivered in December 2015.
- Significant steps taken towards delivering the European Aviation Network ('EAN'), our transformational aviation cabin connectivity opportunity. Strategic relationship established with Deutsche Telekom to develop the ground component of the EAN. Major airline contracts for Inmarsat aviation services awarded by Deutsche Lufthansa and Singapore Airlines.
- Contract signed with Airbus for the construction of two dual L and Ka-band payload Inmarsat-6 ('I-6') satellites which will provide significant increases in capability and capacity.

Fourth Quarter Financial Headlines

- Total revenues $334.8m (2014: $333.0m), up 0.5%
  - $35.7m from LightSquared (Q4 2014: $18.5m)
- EBITDA[3] up $37.8m (+22.9%) to $203.1m (2014: $165.3m)

[1] 2014 revenue adjusted to exclude disposals of energy related assets in 2014 which delivered revenue of $10.8m in 2014.
[2] On 11 February 2016 LightSquared announced a name change to Ligado Networks. We continue to refer to the company as LightSquared in these results, reflecting the position throughout 2015.
[3] EBITDA is defined as profit before net financing costs, taxation, depreciation and amortisation, gains/losses on disposal of assets, impairment losses and share of profit of associates.

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

"2015 has been another year of solid achievement during a period of transition as we bring our Global Xpress services to market and establish our new European Aviation Network. We have been equal to the challenges of some very difficult market conditions whilst putting in place the foundations for an exciting future with higher growth and a more diversified business.

We successfully launched the second and third Inmarsat-5 Global Xpress Ka-band satellites in February and August 2015 respectively and in December we announced Global Commercial Service Introduction for Global Xpress. We now have the satellite platform in place to deliver a steadily growing material new revenue stream for the Group.

We also made significant progress on our plans to develop a new aviation cabin connectivity opportunity globally. In Europe, we put in place a partnership with Deutsche Telekom for them to build the air-to-ground network that will be fully integrated with our S-band satellite programme to form the European Aviation Network, the world's first hybrid network for broadband connectivity to aircraft. We continued our efforts to secure necessary ground and satellite licences in all 28 EU member states and two further European countries, and now have 28 satellite authorisations in Europe and confirmations from 18 countries regarding ground-based licences. Our negotiations with individual airlines also continued, with notable deals for Global Xpress services being concluded with Deutsche Lufthansa and Singapore Airlines. I expect to be able to report further progress in this area in 2016 given continued strong customer interest.

After adjusting for disposals, total Group revenues were unchanged on last year, driven mainly by growth in our revenues from Aviation, Enterprise and LightSquared but with continuing weakness in government expenditure across the globe. Maritime revenues were little changed, with strong growth in our two key products, FleetBroadband and XpressLink, continuing to be offset by decline in our non-core legacy product suite.

EBITDA increased by $25m reflecting unchanged revenues but lower costs as the impact of improved product mix more than offset the additional costs incurred to deliver the new opportunities in Aviation and to support our new GX infrastructure. We will invest further in these areas over the coming years to maximise the longer term opportunities for growth."

Outlook and Guidance

The medium term outlook for Inmarsat remains encouraging with the global demand for high speed mobile data communications continuing to grow. The underlying trading environment in 2016 is however expected to be broadly similar to that in 2015. Mainly as a result of the introduction of Global Xpress, we expect that Group revenues (excluding LightSquared) will increase to between $1,225m and $1,300m in 2016 and will reach between $1,450m and $1,600m in 2018.

We can now confirm that the Group intends to launch its fourth GX satellite, Inmarsat-5 F4 ('I-5 F4') in the latter part of 2016. We continue to explore a number of different orbital locations, business opportunities and related revenues for this satellite. Further guidance will be provided closer to the launch date.

The $500m targeted annual revenue run-rate for GX revenues by the end of 2020, the fifth anniversary of the global launch of commercial GX services, remains unchanged pending a decision on the orbital slot and business plan for I-5 F4 later this year. The 2018 revenue outlook above includes an estimated contribution from I-5 F4.

Considerable uncertainty remains regarding the future net income from LightSquared. By the end of March 2016 LightSquared must decide the amount of spectrum it wishes to opt for under the current Cooperation Agreement. That in turn will determine the costs and timing of the resulting spectrum reorganisation and the subsequent revenue step-up (if applicable) that will result for Inmarsat. Over the medium term, LightSquared also needs to obtain an FCC licence for its business and to then build and operate its new network. Consequently, we are currently unable to provide guidance on the level or timing of LightSquared revenues or the related spectrum reorganisation costs to be incurred. We expect the position to be clarified in the coming months.

We have revised our capital expenditure guidance to include the two Inmarsat-6 satellites recently ordered (build, launch and ground network) and to more fully address the success-based capital expenditure expected for the Aviation cabin connectivity opportunity. Our guidance includes the launch of I-5 F4 and the costs of the planned XpressLink to GX migrations. We currently expect capital expenditure to be within the range of $500m to $600m in each of 2016, 2017 and 2018.

In order to assist investors' understanding of capital expenditure, starting with the quarterly data for 2015, we are expanding our disclosure to provide an analysis of historical capital expenditure between 'Success-based capex' (such as equipment installed on ships and aircraft and which ties very closely to near term new revenues), 'Major infrastructure projects' capex (satellites, launch and ground network costs) and 'Other' capex (primarily maintenance, IT and capitalised R&D).

Finally, in respect of the capital structure of the Group, we confirm that the Company expects normally to maintain net debt at less than 3.5x EBITDA.

Results Presentation

Inmarsat management will host a presentation of the results on Thursday 3 March at the company's offices at 99 City Road, London EC1Y 1AX, starting at 09.00 hrs London time (04.00 hrs EST).

To register to attend the presentation please contact Andi Marcz at Inmarsat on +44 207 728 1206 or Andi.marcz@inmarsat.com.

A live web-cast of the presentation will also be available through our website at www.inmarsat.com and via a simultaneous conference call: +44 (0) 20 3364 5381; for US: + 1212 444 0895. Code 7060142.

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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. 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

YEAR ENDED 31 DECEMBER

($ in millions)	Maritime 2015	Government 2015	Enterprise 2015	Aviation 2015	Central Services 2015	Total 2015	Total 2014
Revenue							
MSS and other	593.2	286.6	159.5	126.8	19.4	1,185.5	1,199.7
LightSquared	–	–	–	–	88.6	88.6	75.4
Disposed energy assets	–	–	–	–	–	–	10.8
Total revenue	**593.2**	**286.6**	**159.5**	**126.8**	**108.0**	**1,274.1**	**1,285.9**
Operating costs							
Operating costs	(133.8)	(95.6)	(46.4)	(23.1)	(249.2)	(548.1)	(575.7)
Disposed energy assets	–	–	–	–	–	–	(9.2)
Total operating costs	**(133.8)**	**(95.6)**	**(46.4)**	**(23.1)**	**(249.2)**	**(548.1)**	**(584.9)**
EBITDA							
EBITDA	459.4	191.0	113.1	103.7	(141.2)	726.0	699.4
Disposed energy assets	–	–	–	–	–	–	1.6
Total EBITDA	**459.4**	**191.0**	**113.1**	**103.7**	**(141.2)**	**726.0**	**701.0**
EBITDA margin	*77.4%*	*66.6%*	*70.9%*	*81.8%*		*57.0%*	*54.5%*
Capital expenditure[1]	**31.0**	**1.5**	**0.4**	**70.7**	**393.5**	**497.1**	**424.7**

THREE MONTHS ENDED 31 DECEMBER

($ in millions)	Maritime 2015	Government 2015	Enterprise 2015	Aviation 2015	Central Services 2015	Total 2015	Total 2014
Revenue							
MSS and other	145.9	72.2	40.5	36.3	4.2	299.1	314.5
LightSquared	–	–	–	–	35.7	35.7	18.5
Total revenue	**145.9**	**72.2**	**40.5**	**36.3**	**39.9**	**334.8**	**333.0**
Operating costs	(33.3)	(23.4)	(8.3)	(8.9)	(57.8)	(131.7)	(167.7)
EBITDA	**112.6**	**48.8**	**32.2**	**27.4**	**(17.9)**	**203.1**	**165.3**
EBITDA margin	*77.2%*	*67.6%*	*79.5%*	*75.5%*		*60.7%*	*49.6%*
Capital expenditure[1]	**20.8**	**0.2**	**–**	**12.6**	**135.9**	**169.5**	**169.2**

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

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the audited consolidated results of the operations and financial condition of Inmarsat plc (the 'Company' or, together with its subsidiaries, the 'Group') for the year ended 31 December 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.

OPERATING REVIEW

Market environment

Inmarsat provides global mobile connectivity on land, at sea and in the air. Our business unit structure ensures that we remain close to the needs of our Maritime, Government, Enterprise and Aviation customers and continue to innovate to deliver products and solutions that meet their evolving remote and mobile connectivity needs. 2015 has seen some difficult market conditions in each of our markets, but particularly in Government. Nevertheless, the fast growing demand for communications globally, especially for broadband applications, is a key engine for growth in the commercial satellite services sector as a whole and we are encouraged by both the near and long term opportunities this represents across each of our markets.

In Maritime, the commercial shipping market remains troubled, with low growth in global trade, over-capacity in the global merchant fleet and low cargo rates. The recent oil price volatility has also adversely affected our energy customers, including oil and gas 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 being widely recognised by ship and rig operators. We continue to believe that Fleet Broadband ('FB') and GX are well positioned as the shipping industry's and energy sector's communications services of choice.

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

Within Enterprise, the energy industry remains depressed but, as in the commercial shipping sector, connectivity is seen as an important driver of operational efficiency. Market conditions in media and Machine-to-Machine ('M2M') are more favourable, with good prospects for medium term growth.

Aviation remains a major growth market with connectivity, particularly into the cabin, expected to see strong growth over the coming years. Growth will be driven by the increasing number of aircraft in the sky, the exploding demand for passenger connectivity and the need for more capable and sophisticated operational and safety services in the cockpit. The combination of GX and the European Aviation Network are expected to provide Inmarsat with the global coverage, high bandwidth, and price competitiveness necessary to extend our current leadership in aviation satellite safety and operations and business jets markets into the emerging commercial cabin communications market.

Global Xpress Programme

In 2015 Inmarsat completed the Global Xpress satellite constellation, creating the world's first globally-available, high-speed mobile broadband service, delivered through a single network operator.

We launched the second and third GX satellites, Inmarsat-5 F2 ('I-5 F2') and Inmarsat-5 F3 ('I-5 F3'), on 1 February 2015 and 28 August 2015 respectively, thereby completing our global coverage following the launch of the first GX satellite, Inmarsat-5 F1 ('I-5 F1'), in December 2013.

Operating in the Ka-band, the new GX network complements Inmarsat's existing fleet of L-band communication satellites and delivers seamless, superfast mobile broadband services globally. GX is also the only worldwide commercial satellite network that is interoperable with government military satellite communications' Ka-band systems such as the US Government's Wideband Global SATCOM ('WGS') network. Global CSI was achieved in December 2015, signalling the start of global commercial availability of our GX services. Inmarsat will be introducing a series of market-specific, high-speed connectivity services powered by GX during the course of 2016.

The migration of Maritime's current XpressLink customers onto GX is about to commence. As well as delivering all of the benefits of global GX to these customers, this migration onto our GX network from the third-party infrastructure used to deliver XpressLink will over time improve the margins generated by this revenue stream. As we have previously reported, we expect to incur a total capital expenditure cost of around $55m on this migration over the course of the next three years, to eventually return an annual saving of third-party costs of around $35m.

A fourth GX satellite, Inmarsat-5 F4 ('I-5 F4') is currently completing construction and testing by Boeing in California. We can now confirm that Inmarsat intends to launch this satellite in the latter half of 2016. We are, however, still exploring a number of different orbital slots and related business opportunities and expected revenues for this satellite. We will provide further information on this once the decision on the final orbital location for this satellite has been confirmed.

Our target annual revenue for overall GX revenues remains unchanged at a run rate of $500m of GX revenues by the end of 2020, the fifth anniversary of the global launch of GX services, pending an upgrade when the final business plan for the I-5 F4 satellite has been confirmed.

Aviation Cabin Connectivity

Significant steps were taken in 2015 towards delivering the transformational aviation cabin connectivity opportunity both on our newly launched GX platform, and on our European Aviation Network which is currently in development.

In October 2015 we announced a ten year contract for GX services with Deutsche Lufthansa Group for its European continental fleet. This contract provides a framework for equipping at least 190 Lufthansa aircraft with GX, with the potential to extend the service to other airlines in the Group in due course. The first aircraft will be equipped and tested in the summer of 2016. Lufthansa has additionally committed to trialling the EAN in 2017, when it is planned to be operational.

In November we announced a contract with Singapore Airlines to deploy GX services for passengers on board its long-haul fleet. The services have been procured by the airline from Inmarsat's partner SITAONAIR and will be powered by Honeywell's JetWave satellite communications platform. The first installation is scheduled for the second half of 2016. In addition, our distribution partners continue to report other incremental wins with smaller airlines.

The Lufthansa and Singapore Airlines deals serve to illustrate two variants among a variety of different contracting models that will be employed by Inmarsat as we develop the material Aviation connectivity opportunity over the coming years. The Lufthansa deal involves significant Inmarsat capital expenditure on fitting-out the aircraft fleet, in exchange for ten years of exclusive access to the group's customers with a full service retail proposition. The Singapore Airlines deal involves significantly less Inmarsat capital expenditure for a more traditional wholesale airtime arrangement. The latter will yield lower revenues, but at higher margins than the full service retail approach. The potential evolution in the mix of retail and wholesale business for Inmarsat in the aviation passenger connectivity opportunity is not yet clear, but with the major airlines all currently considering their position in this space, the shape of the long term effects of the aviation opportunity on Inmarsat's revenue growth, profitability and capital expenditure should become increasingly visible over the next few years.

The EAN opportunity comprises the world's first integrated hybrid satellite/terrestrial network which will deliver unparalleled speeds and capacity for broadband connectivity services for aviation passengers across Europe, similar to that of high-speed broadband at home, bringing a step change to aviation connectivity in Europe.

In September 2015 we announced details of a strategic partnership with Deutsche Telekom to develop and run the air-to-ground network ('ATG') element of the EAN across the EU, to be fully integrated with the S-band satellite component. It is anticipated that initially the ATG element will consist of approximately 300 LTE sites which Deutsche Telekom will build and manage throughout the twelve year period of the strategic partnership with Inmarsat.

Our S-band satellite is currently under construction by Thales Alenia Space. Due to circumstances outside our control the planned launch of this satellite by SpaceX is now scheduled for the first half of 2017 but this should not impact on availability for the overall EAN for testing and commercial deployment which remains on target for mid-2017. Our costs to build, launch and insure the S-band satellite will be held to around $200m, due to a satellite sharing agreement with Hellas-Sat.

The acquisition of licenses from EU Member States and other European countries, necessary to deploy the EAN, is progressing as anticipated. We now have 28 authorisations for the satellite licences across Europe and in addition, 18 countries have provided us with authorisations or in-principle approvals for the ATG component. Good progress has also been made in a number of other Member States such that we remain confident that delivery of pan European regulatory approvals for the EAN will be completed to support commercial deployment to plan.

Discussions with a number of major airlines and other aviation industry partners, for both GX and the EAN opportunities, continue to make good progress.

LightSquared Cooperation Agreement

In December 2007, we entered into a Cooperation Agreement with LightSquared designed to enable ancillary terrestrial component ('ATC') services in North America, while protecting the continued deployment and growth of our own MSS business. In May 2012, LightSquared filed for a reorganisation under Chapter 11 of the US Bankruptcy Code. For the majority of 2015, payments from LightSquared were subject to significant uncertainty and so Inmarsat only recognised revenue from LightSquared when it was received in cash. In December 2015 LightSquared emerged from bankruptcy protection and raised new capital so from the fourth quarter Inmarsat has returned to accruals-based accounting. This has resulted in the recognition of a further $17.9m of revenue and EBITDA in the fourth quarter and in the full year 2015. This accrued revenue was received from LightSquared in January 2016.

At 31 December 2015, deferred income remaining in relation to the Cooperation Agreement of $208.8m was recorded on the balance sheet. Although the cash has been received, the timing of the recognition of this deferred income, together with any related future costs and taxes, continues to be uncertain.

By the end of March 2016 LightSquared must decide the amount of spectrum it wishes to opt for under the current Cooperation Agreement. That in turn will determine the revenue that will result for Inmarsat and the costs and timing of the resulting spectrum reorganisation.

New Services and Developments

Inmarsat announced cooperation agreements with Ericsson and Rolls Royce concerning the development of future services for the maritime market. With Ericsson, Inmarsat signed a strategic agreement to integrate Ericsson's Maritime ICT Cloud and Inmarsat's global connectivity to transform the future of the connected ship through facilitating the sharing of cargo, logistics and vessel operational data to help streamline the maritime supply chain. The deal included a distribution contract for Ericsson to offer XpressLink, and an upgrade path to Fleet Xpress (GX) services. Inmarsat also announced its participation in a Rolls Royce-led project focused on the autonomous ship concept. 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 form a central component of this research.

Also in Maritime, in June a contract was signed between Inmarsat and KVH, appointing both companies to be reciprocal distribution partners for complementary offerings in maritime satellite communications markets. KVH is now a distributor of Inmarsat's Fleet One and FleetBroadband services, and Inmarsat became a distributor of KVH's proprietary training and news services, which will be offered as enhancements to Inmarsat's Fleet Media service.

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.

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.

In July Inmarsat and the European Space Agency ('ESA') announced the successful completion of Phase 1 of ESA's 'Iris Precursor' project, to validate ESA's Iris programme, which forms a major part of the EU's 'Single European Skies' air traffic management initiative. Also in July Inmarsat and ESA signed a 'Public Private Partnership', in which Inmarsat will act as the prime contractor in a project to expand the identification of new technologies for the next generation of space-enabled communications services.

Inmarsat 6 next generation dual-payload satellites

In December Inmarsat announced the award of a contract to Airbus Defence and Space ('Airbus') to build the first two mobile communications satellites for Inmarsat's sixth-generation fleet.

The contract, valued in the region of $600 million for construction of the two satellites, will see Airbus deliver the first satellite, Inmarsat-6 F1 ('I-6 F1'), by 2020 at a time when the two oldest of our Inmarsat-4 satellites will be reaching the end of design life and so this investment is necessary to secure our current $1 billion plus revenue stream for L-band services. Uniquely for Inmarsat, the sixth-generation fleet will feature a dual payload with each new I-6 satellite supporting both L-band and Ka-band services. The new satellites will provide a step change in the capacity of Inmarsat's L-band services and will be capable of supporting a new generation of more advanced services. The Ka-band co-payload adds material depth to the global breadth of the unique capabilities of our GX constellation at very low incremental cost, and will deliver further revenue opportunities for the 15 year minimum design life of the satellites.

A third satellite will eventually be added to the first two I-6s to bring global capability to the I-6 fleet but, with the most recent I-4 L-band satellite, Alphasat, having only been launched in 2013, this may not need to be for several more years. There will also be ground infrastructure and launch costs associated with delivering the new capability, and we will provide more details on these when contracts are finalised.

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

In October 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 Inmarsat's long-established provision of mobile satellite services to diverse communities and enterprises in China.

In 2015 Inmarsat 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 GX related business opportunities for CTTIC's Chinese government and enterprise customers, and to establish a partnership to provide global aviation passenger connectivity services to Chinese airlines.

Dividends

The Board will recommend to shareholders that a final dividend of 31.78 cents per share in respect of the year ended 31 December 2015 (2014: 30.26 cents), be paid on 27 May 2016 to ordinary shareholders on the register of members at the close of business on 13 May 2016.

Shareholders will be asked to approve the final dividend payment at the Annual General Meeting on 5 May 2016. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment.

The 2015 final dividend is not recorded as a liability in the financial statements at 31 December 2015. The total dividends paid and proposed in respect of the year ended 31 December 2015 total 51.39 cents per ordinary share, an increase of 5% over 2014.

FINANCIAL REVIEW

Group - Full Year 2015

During the year ended 31 December 2015, total reported Group revenue decreased by $11.8m (-0.9%) to $1,274.1m (2014: $1,285.9m). After excluding the impact of the sale of retail energy-related assets by Enterprise in 2014 (-$10.8m), total Group revenue fell by $1.0m.

The virtually unchanged underlying revenue year over year reflects continuing growth in Aviation (+$25.7m), Enterprise (+$3.6m) and LightSquared revenue (+$13.2m) but a market driven decrease in Government (-$33.3m) and a small decline in Maritime revenues (-$2.4m).

Total Group revenue in the year included wholesale MSS revenue of $832.8m, 5.2% higher than in 2014 ($791.4m), with higher wholesale MSS revenue in Maritime and Aviation more than offsetting the decline in Government wholesale MSS revenue.

Operating costs in the year fell by $36.8m (-6.3%) to $548.1m (2014: $584.9m). $9.2m of the reduction was related to the sale of retail energy-related assets by Enterprise in 2014. The remaining $27.6m reduction was due to improved product mix, which more than offset the additional growth investment in Aviation and the additional costs of the new GX infrastructure as it enters commercial operations.

EBITDA in the full year increased by $25.0m (+3.6%) to $726.0m (2014: $701.0m) and the Group's EBITDA margin increased to 57.0%, from 54.5% in 2014, reflecting the issues above.

Depreciation and amortisation increased by $19.4m to $311.2m (2014: $291.8m) reflecting the entry into service of the I-5 satellites, with depreciation commencing in December 2014 for I-5 F1 and December 2015 for I-5 F2 and I-5 F3. There was a gain of $9.4m from the disposal of the SkyWave investment in the first quarter of 2015 and the Group operating profit increased by $17.1m to $426.4m (2014: $409.3m).

The net finance charge in the year increased by $21.4m to $88.4m (2014: $67.0m), reflecting a number of one-off factors in the prior year including an adjustment to the expected maturity date of the Convertible Bonds and refinancing of the Group's Senior Notes. The underlying interest charge reduced compared to the prior year due to two main factors. The new Senior Notes issued in June 2014 incur a lower rate of interest and capitalised interest was lower as a result of the lower interest rate and the delay to I-5 F3.

Profit before tax in the year was $338.0m (2014: $342.3m).

The tax charge for the year was $56.0m, an increase of $54.8m (2014: $1.2m). This increase was primarily due to the non-recurrence of the 2014 release of a $53.1m provision made in 2013 for a potential tax liability, which was successfully settled by the company in 2014. The underlying effective tax rate was 20.8% compared to 21.3% in 2014, with the reduction being mainly driven by the UK tax rate reduction from 21% to 20%.

Profit after tax was $282.0m, compared to $341.1m in 2014, and basic earnings per share was 63 cents (2014: 76 cents).

A final dividend of 31.78 cents per share is being proposed (2014: 30.26 cents), taking the total dividend payable in respect of 2015 to 51.39 cents, an increase of 5% (2014: 48.94 cents).

Group – Fourth Quarter

During the quarter ended 31 December 2015, Group revenue increased by $1.8m (+0.5%) to $334.8m (Q4 2014: $333.0m). This included $35.7m of LightSquared revenue (Q4 2014: $18.5m) reflecting the change in accounting for LightSquared revenues onto an accrual basis. Revenues excluding LightSquared fell by $15.4m, mainly as a result of lower Government revenues (-$11.4m), reflecting the continuing pressure in those markets.

Net operating costs in the quarter decreased by $36.0m (-21.5%) to $131.7m (Q4 2014: $167.7m) primarily reflecting the improvement in product mix and the non-recurrence of inventory provisions seen in Q4 2014.

EBITDA in the quarter increased by $37.8m (+22.9%) to $203.1m (Q4 2014: $165.3m) and the Group's EBITDA margin increased to 60.7%, from 49.6%, reflecting the issues noted above.

Results by Business Unit

Maritime

($ in millions)	Three months ended 31 December 2015	2014	Change	Year ended 31 December 2015	2014	Change
Revenue	145.9	147.2	(0.9%)	593.2	595.6	(0.4%)
Operating costs	(33.3)	(37.0)	(10.0%)	(133.8)	(145.2)	(7.9%)
EBITDA	**112.6**	**110.2**	**2.2%**	**459.4**	**450.4**	**2.0%**
EBITDA margin	*77.2%*	*74.9%*		*77.4%*	*75.6%*	
Capital expenditure	**20.8**	**14.9**	**39.6%**	**31.0**	**35.3**	**(12.2%)**

FY 2015

Maritime revenue in the year decreased by $2.4m (-0.4%) to $593.2m (2014: $595.6m) as continued strong growth in FleetBroadband and VSAT was more than offset by the much faster decline in Fleet and other mainly legacy and lower margin services. The merchant maritime industry continues to face severe commercial headwinds, and this is reflected in reduced new ship orders, increasing scrappage of older ships and lay-ups of younger ships (especially in the Oil & Gas segment), impacting on growth in new installations and accelerating the decline in our legacy services on older vessels. However, we continue to defend and grow our market share in this important sector, through product and service innovation and the delivery of value-added solutions that enable a more efficient 'smart ship' operating environment globally.

Over 2015 FB continued to grow strongly, rising by $53.8m (+17.6%) despite slowing markets. At the end of the year there were 41,942 active FB ships, around 4% higher than the installed base of 40,469 ships at the end of 2014. The rate of growth of installations continued to slow through the year as we complete the transition of legacy Maritime services onto FB (and FB growth starts to reflect more closely intrinsic maritime sector growth dynamics) and as negative market pressures increased. Wholesale ARPU increased by 10% to an average of over $700 for the year, mainly reflecting price increases at the start of the year.

VSAT revenue increased by $10.3m (+12.6%) driven by a 20% increase in the installed base to almost 2,500 ships, mainly comprising XpressLink customers. VSAT ARPU was little changed over the year. The net installation run-rate increased steadily over 2015 with the underlying levels of installations and terminations both increasing. The backlog of installation orders continued to rise across the year, ending the year at over six months of installations.

Revenues from Fleet fell by 52.5% (2014: 18.6% decline). Revenues from our other mainly legacy services fell by 20.6% (2014: 10.0% growth). Together these services declined by $66.5m during the year. These services, which often have a higher third party component cost and hence lower margin, now represent 24% of total Maritime revenues, compared to 35% at the end of 2014.

During the year we have continued to innovate in Maritime, launching Fleet Media, our platform for media entertainment and training Maritime crew, and Fleet One, our broadband offering for smaller vessels.

Maritime costs fell by $11.4m (7.9%), with the volume driven impact of VSAT cost increases being more than offset by a reduction in indirect costs and the change in mix from lower margin / higher cost mainly legacy products towards higher margin / lower cost FleetBroadband.

Maritime EBITDA increased by $9.0m (+2.0%) and Maritime EBITDA margin increased by 1.8ppts to 77.4% (2014: 75.6%) with the impact of slightly lower revenues being more than offset by the favourable cost impact of improved revenue mix and lower indirect costs.

Q4 2015

Maritime revenue in the quarter decreased by $1.3m (-0.9%) to $145.9m (Q4 2014: $147.2m) with faster decline in Fleet and our other mainly legacy products outweighing the continuing good growth in FB and VSAT.

The Maritime FB installed base increased by 201[1] ships to 41,942 ships at the end of the quarter. FB revenue rose by 11.8% or $9.5m to $89.7m and wholesale ARPU rose from $638 to over $700 per ship. Growth continued to slow in the quarter reflecting the issues noted above.

VSAT revenues grew by $3.7m, or 17.9%, to $24.6m, ARPU was little changed at around $3,400 per ship. New installations continued to grow strongly reflecting the efforts of the team and, with the launch of I-5 F3, the now clear migration path from XpressLink to GX. The installed base grew by 138 in the quarter to 2,484 ships.

Fleet continued to decline at over 50% as this legacy product gradually disappears from the market. Other Maritime revenues declined faster in Q4, falling by 23.3% as unusual Chatcard growth in Q4 of 2014 was not repeated.

Operating costs for the quarter decreased by $3.7m (-10.0%) with the adverse impact of higher VSAT revenues being outweighed by lower indirect costs, including the impact of the non-recurrence of the 2014 costs of supporting the Volvo Ocean Race.

[1] Underlying increase in ships billing in the quarter after internal adjustments.

Maritime EBITDA in the quarter increased by $2.4m (+2.2%) compared with the same period in 2014, and the EBITDA margin increased to 77.2% from 74.9%, reflecting the issues noted above.

Government

	Three months ended 31 December			Year ended 31 December		
($ in millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue	72.2	83.6	(13.6%)	286.6	319.9	(10.4%)
Operating costs	(23.4)	(26.1)	(10.3%)	(95.6)	(103.5)	(7.6%)
EBITDA	**48.8**	**57.5**	**(15.1%)**	**191.0**	**216.4**	**(11.7%)**
EBITDA margin	*67.6%*	*68.8%*		*66.6%*	*67.6%*	
Capital expenditure	**0.2**	**1.4**	**(85.7%)**	**1.5**	**5.6**	**(73.2%)**

FY 2015

Government revenues in the year continued to decrease, falling by $33.3m (-10.4%) to $286.6m (2014: $319.9m). This decline reflects the continued impact of troop withdrawals and the reduction in government commercial satellite expenditure generally. Government revenues are to some degree event and project driven, and in 2015, we won a material new short-term contract in the US but saw a major reduction in the expenditure by one other government. The combination of all of these factors meant that the rate of decline in government revenues slowed to 10.4% compared to a decline of 21.7% in 2014.

In the US, government revenues fell by 12.7% (2014: 31.7%) reflecting one significant short-term contract win, the end of one major contract, the introduction of GX and encouraging revenue growth for new L-band products including Assured Access, L-TAC and LAISR. Outside the US, revenues declined by 7.1% (2014: 0.7% growth) due to the renewal of one major contract in Q1 2015 with a lower value and a different usage profile. Our other non-US markets grew in aggregate, with the markets that we have entered more recently – 8 in 2015 - generally providing growth and the more established government markets continuing to see lower expenditure.

Operating costs in the year fell by $7.9m (-7.6%) to $95.6m (2014: $103.5m) mainly reflecting the mix and volume impact of the reduction in revenue.

Total Government EBITDA in the year fell by $25.4m (-11.7%) to $191.0m (2014: $216.4m) and the EBITDA margin of 66.6% remained consistent with 2014 (2014: 67.6%) reflecting the issues noted above.

Q4 2015

Government revenue in the quarter decreased by $11.4m (-13.6%) to $72.2m (Q4 2014: $83.6m). In the US, the material short-term contract won in Q2 2015 ended, GX revenues continued to increase and there was little change to the backdrop of continuing decline in US government revenues generally. Outside the US, the fourth quarter was the best of the year, completing a year of sequential revenue growth each quarter.

Government EBITDA in the quarter decreased by $8.7m (-15.1%) to $48.8m (Q4 2014: $57.5m), largely in line with the reduction in revenues, with the EBITDA margin declining to 67.6% (Q4 2014: 68.8%).

Enterprise

	Three months ended 31 December			Year ended 31 December		
($ in millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue						
MSS and other	40.5	41.5	(2.4%)	159.5	155.9	2.3%
Disposed energy assets	–	–	–	–	10.8	(100.0%)
Total Revenue	40.5	41.5	(2.4%)	159.5	166.7	(4.3%)
Operating costs						
Operating costs	(8.3)	(13.4)	(38.1%)	(46.4)	(55.4)	(16.2%)
Disposed energy assets	–	–	–	–	(9.2)	(100.0%)
Total operating costs	(8.3)	(13.4)	(38.1%)	(46.4)	(64.6)	(28.2%)
EBITDA						
EBITDA	32.2	28.1	14.6%	113.1	100.5	12.5%
Disposed energy assets	–	–	–	–	1.6	(100.0%)
Total EBITDA	**32.2**	**28.1**	**14.6%**	**113.1**	**102.1**	**10.8%**
EBITDA margin	*79.5%*	*67.7%*		*70.9%*	*61.2%*	
Capital expenditure	**–**	**0.6**	**(100.0%)**	**0.4**	**3.3**	**(87.9%)**

FY 2015

In Enterprise, underlying revenues (i.e. excluding the impact of the sale of our retail energy-related assets in 2014) grew by $3.6m (+2.3%). Reported revenue fell by $7.2m (-4.3%) to $159.5m (2015: $166.7m).

The increase in underlying revenues was driven by strong growth in FB (+48.7%) and M2M revenues (+13.7%) and a one-off service upgrade supplied to a major customer in Q3, that were offset by IsatPhone handset sales (-25.7%) and lower BGAN revenues (-6.0%).

Enterprise FB revenues grew by 48.7% in 2015, despite the downturn in the energy sector, mainly as a result of increased traffic and tariff changes, including a price increase in the fixed-to-mobile interconnect termination rates.

M2M revenues continued to grow well despite the slow-down in the energy sector as customers continue to demand connectivity to drive efficiency. By the end of the year, the total M2M installed base was over 326,000 terminals.

IsatPhone revenues were adversely impacted by a manufacturing problem experienced in Q3, which drove a 25% reduction in handset revenues for the year. IsatPhone airtime revenues were unchanged year on year.

BGAN revenues were down by 6.0% year-on-year, mainly driven by fewer events and lower use in the media and resources sectors than last year.

Operating costs decreased by $18.2m (-28.2%) compared to 2014, reflecting the disposal of our retail energy-related assets in 2015, higher product margins and lower indirect costs.

Enterprise EBITDA increased by $11.0m (+10.8%) to $113.1m (2014: $102.1) primarily due to growth in higher margin on-net services. This also resulted in the Enterprise EBITDA margin increasing to 70.9%, from 61.2% in 2014.

Q4 2015

Enterprise revenues in the quarter fell by $1.0m (-2.4%) to $40.5m (Q4 2014: $41.5m). Enterprise FB revenues grew strongly (+46.0%) as did IsatPhone handset revenues (+43.5%). GSPS airtime, BGAN and M2M revenues were, however, weaker in the quarter.

The growth in Enterprise FB revenues reflects the increased traffic and tariff changes noted above. IsatPhone handset revenues rebounded strongly with the end of the manufacturing problem experienced in Q3 and consequent restocking of the trade.

GSPS airtime continued to grow steadily in absolute terms (up 7% on Q3, up 32% on Q1) but was lower than a very strong Q4 of 2014 which had benefited from unusually high breakage from voucher expiry. BGAN revenues were lower, particularly in December, driven by lower usage in both media and amongst Oil & Gas customers. M2M revenues were lower, with changes in product, channel and price plans all contributing. There was, however, good underlying volume growth, with the number of Installed M2M terminals rising by 10,000 during Q4.

Operating costs fell by $5.1m (-38.1%) to $8.3m (Q4 2014: $13.4m), primarily reflecting the decline in non-MSS revenues.

Enterprise EBITDA in the quarter increased by $4.1m (+14.6%) to $32.2m (Q4 2014: $28.1m) and the EBITDA margin expanded to 79.5%, from 67.7% in 2014, reflecting the issues noted above.

Aviation

	Three months ended 31 December			**Year ended 31 December**		
($ in millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue	36.3	34.4	5.5%	126.8	101.1	25.4%
Operating costs	(8.9)	(6.5)	36.9%	(23.1)	(13.9)	66.2%
EBITDA	**27.4**	**27.9**	**(1.8%)**	**103.7**	**87.2**	**18.9%**
EBITDA margin	*75.5%*	*81.1%*		*81.8%*	*86.3%*	
Capital expenditure	**12.6**	**12.6**	**–**	**70.7**	**48.3**	**46.4%**

FY 2015

Aviation revenue for the year grew by $25.7m (+25.4%) to $126.8m (2014: $101.1m), with SwiftBroadband (‘SB’) now accounting for two-thirds of total Aviation revenues in the year. Aviation’s revenue growth was driven by both higher connections and a higher ARPU, both in our SB service, in the Business and General Aviation markets and air transport markets, and in our legacy Classic Aero service.

SB revenue growth continued to benefit from the impact of the ‘take-or-pay’ contracts signed with several key distribution partners in mid-2014. These contracts applied pricing discounts retrospectively to the start of 2014 in return for minimum revenue commitments in the full years 2014 and 2015.

SB revenue increased by 43.7%, with active SIMS growing by 31.9% to c. 7,200. SB ARPU grew by 8.6% to just under $1,100 per month. Classic Aero revenue increased by 9.7%, with active SIMS growing by 8.6% to c. 7,700. Classic Aero ARPU grew by 0.9% to just over $320 per month.

Operating costs increased by $9.2m (-66.2%) to $23.1m (2014: $13.9m) due to increased headcount and other costs associated with the pursuit and delivery of the major growth opportunities in cabin connectivity. We will invest further in these areas over the coming years to maximise the longer term opportunities for growth.

Aviation EBITDA increased by $16.5m (+18.9%) to $103.7m (2014: $87.2m). However the EBITDA margin decreased to 81.8% (2014: 86.3%) reflecting the additional costs noted above.

Q4 2015

Aviation revenue in the quarter grew by $1.9m (+5.5%) to $36.3m (Q4 2014: $34.4m). Within Q4 of both 2014 and 2015, there was a similar value 'true up' under the Take or Pay contracts, which has contributed to the results of these quarters.

SB accounted for over 70% of total Aviation revenues in the quarter. The total active base increased to c. 7,200 at the end of the period, of which over 60% were installed in the Business and General aviation segment. SB ARPU in the quarter was around $1,200, including the recognition of take-or-pay revenue in the quarter. The legacy Classic Aero service also grew, with revenue 7.3% higher than in the same period last year, the active base increasing to c.7,700 and ARPU remaining broadly flat.

Operating costs increased by $2.4m (36.9%) to $8.9m (Q4 2014: $6.5m). The run rate of operating costs in Q4 was approximately double that in Q1, reflecting our increasing investment in this area. The annualised run rate of operating costs in Q4 of $35.6m, is expected to increase further in 2016 for the reasons noted above.

Aviation EBITDA in the quarter decreased by $0.5m (-1.8%) to $27.4m (Q4 2014: $27.9m) driven by the strong growth in high margin SB as well as Classic Aero revenues. The EBITDA margin in the quarter decreased to 75.5% (Q4 2014: 81.1%) due to the increased headcount and other business development costs.

Central Services

	Three months ended 31 December			**Year ended 31 December**		
($ in millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenue						
LightSquared	35.7	18.5	93.0%	88.6	75.4	17.5%
Other	4.2	7.8	(46.2%)	19.4	27.2	(28.7%)
Total revenue	39.9	26.3	51.7%	108.0	102.6	5.3%
Operating costs	(57.8)	(84.7)	(31.8%)	(249.2)	(257.7)	**(3.3%)**
EBITDA	**(17.9)**	**(58.4)**	**(69.3%)**	**(141.2)**	**(155.1)**	**9.0%**
Capital expenditure	**135.9**	**139.7**	**(2.7%)**	**393.5**	**332.2**	**18.5%**

FY 2015

Central Services revenue for the year increased by $5.4m to $108.0m (2014: $102.6m) and the EBITDA net cost for the year decreased by $13.9m to $141.2m (2014: $155.1m). This was primarily due to increased LightSquared revenue, which rose by $13.2m (+17.5%) to $88.6m (2014: $75.4m) including the impact of a change from cash to accrual revenue recognition as LightSquared emerged from bankruptcy and obtained new funding.

In Development and Engineering, management of the highly intensive GX project brought I-5 F2 to successful launch on 1 February 2015 and I-5 F3 on 28 August 2015. The construction of I-5 F4 and of our S-band satellite for European aviation both remain on schedule for completion in 2016. In December, we signed a contract with Airbus for the delivery of two new I-6 satellites. Service availability levels remained high across all our networks and all GX regions integrated into the operational network.

Despite the high levels of activity experienced across all of the Central Services functions, operating costs in the full year decreased by $8.5m (-3.3%) to $249.2m (2014: $257.7m), with foreign exchange gains in 2015 and one-off inventory write downs in 2014 offsetting underlying cost increases required to support the new GX infrastructure.

Q4 2015

The revenue received from LightSquared in the quarter increased by $17.2m to $35.7m (Q4 2014: $18.5m, mainly as a result of the change in accounting policy noted above. Operating costs decreased by $26.9m (-31.8%) to $57.8m (Q4 2014: $84.7m), mainly reflecting increased inventory provisions in 2014.

Reconciliation of EBITDA to profit after tax

($ in millions)	Three months ended 31 December 2015	2014	Change	Year ended 31 December 2015	2014	Change
EBITDA	**203.1**	**165.3**	**22.9%**	**726.0**	**701.0**	**3.6%**
Depreciation and amortisation	(85.1)	(79.2)	7.4%	(311.2)	(291.8)	6.6%
Impairment loss	(0.1)	(0.7)	(85.7%)	(0.2)	(1.3)	(84.6%)
Other	0.7	(0.5)	(240.0%)	11.8	1.4	742.9%
Operating profit	**118.6**	**84.9**	**39.7%**	**426.4**	**409.3**	**4.2%**
Net financing costs	(30.7)	(15.0)	104.7%	(88.4)	(67.0)	31.9%
Taxation charge	0.3	55.7	(99.5%)	(56.0)	(1.2)	4,566.7%
Profit for the period	**88.2**	**125.6**	**(29.8%)**	**282.0**	**341.1**	**(17.3%)**

Operating profit

Depreciation and amortisation increased by $19.4m to $311.2m (2014: $291.8m) as the I-5 satellites entered commercial service in December 2015. Other balances refer to the gain on disposal of the SkyWave investment and the share of profit of associates for the year.

As a result of the factors discussed above, operating profit for the year was $426.4m, an increase of $17.1m (4.2%), compared with 2014.

Net financing cost

Net financing costs in the year increased by $21.4m to $88.4m (2014: $67.0m), reflecting a number of one-off factors in the prior year including an adjustment to the expected maturity date of the Convertible Bonds and refinancing of the Group's Senior Notes. The underlying interest charge reduced compared to the prior year due to two main factors. The new Senior Notes issued in June 2014 incur a lower rate of interest and capitalised interest was lower as a result of the lower interest rate and the delay to I-5 F3.

Taxation

The tax charge for 2015 was $56.0m, an increase of $54.8m compared with 2014, which resulted in an effective tax rate for 2015 of 16.6% compared to 0.4% for 2014. This increase was primarily due to the 2014 release of a $53.1m provision made in 2013 for a potential tax liability which had arisen in relation to the I-4 satellites.

The underlying effective tax rate is 20.8% for 2015 and 21.3% for 2014. This is calculated after excluding the impact of non-recurring items, being the revaluation of UK deferred tax balances in 2015 for the substantively enacted reduction of the UK rate of corporation tax to 18% which will take place in future periods, and adjustments in respect of prior periods (which include the impact of the release of the provision for potential tax liabilities for 2014 referred to above).

The remaining difference in the underlying effective tax rate between 2014 and 2015 arises primarily from the reduction in the UK rate of corporation tax from 21% to 20%. With the reduction becoming effective on 1 April 2015, this had the effect of lowering the average UK statutory rate applicable to current year taxable profits to 20.25% (2014: 21.5%).

The tax charge for 2015 was in excess of the cash tax paid in the year ($12.9m). This arose principally due to a refund of UK corporation tax overpaid in prior years which was received during 2015.

Earnings per share

Basic and diluted earnings per share for profit attributable to the equity holders of the Company were 63 cents and 62 cents, respectively, compared with 76 cents and 69 cents in 2014, respectively.

Cash Flow

($ in millions)	Three months ended 31 December 2015	Three months ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
EBITDA	203.1	165.3	726.0	701.0
Non-cash items	2.4	3.3	15.7	17.2
Change in working capital	(58.8)	(19.4)	(24.7)	(64.8)
Cash generated from operations	146.7	149.2	717.0	653.4
Capital expenditure	(177.8)	(115.7)	(493.6)	(405.7)
Net interest paid	(28.4)	(27.5)	(78.1)	(88.1)
Tax paid	(17.7)	(6.6)	(12.9)	(9.5)
Free cash flow	**(77.2)**	**(0.6)**	**132.4**	**150.1**
Acquisition of subsidiaries and other investments	–	(0.7)	–	(46.2)
Proceeds on disposal of assets	–	0.5	32.9	27.5
Dividends paid	(87.8)	(83.7)	(223.7)	(212.6)
Other movement including foreign exchange	0.6	(1.1)	2.4	0.1
Net cash flow	**(164.4)**	**(85.6)**	**(56.0)**	**(81.1)**
Increase in cash from borrowings	68.2	46.5	26.3	144.7
Net (decrease)/increase in cash and cash equivalents	**(96.2)**	**(39.1)**	**(29.7)**	**63.6**

Opening net borrowings	**1,815.8**	**1,811.2**	**1,900.7**	**1,812.8**
Net cash flow	164.4	85.6	56.0	81.1
Non-cash movements[1]	5.6	3.9	29.1	6.8
Closing net borrowings	**1,985.8**	**1,900.7**	**1,985.8**	**1,900.7**

During the year, free cash flow was $132.4m (2014: $150.1m). The decrease over 2014 is primarily due to higher capital expenditure (see below) partially offset by more cash generated from operations. The prior year change in working capital included the release of $43.8m of LightSquared deferred income (nothing released in 2015). Overdue receivables in 2015 were also reduced by around $25m through improved collections.

The change in working capital in the fourth quarter of 2015 includes the $17.9m impact of changing the revenue recognition for LightSquared income to an accruals basis as, following LightSquared's emergence from bankruptcy and the new funding it obtained in Q4, there is improved probability that its financial obligations to Inmarsat will be honoured.

Capital Expenditure

As stated in our Q3 preliminary results announcement, in order to assist investors' further understanding of capital expenditure we will be reporting capital expenditure broken down into three main categories of investment, shown in the table below. A quarterly analysis has also been provided separately on our website.

($ in millions)	Three months ended 31 December 2015	Three months ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
Major infrastructure projects[2]	128.9	117.2	354.1	256.9
Success-based capex[2]	11.3	10.3	29.1	25.8
Other (e.g. maintenance, product development, R&D)[2]	23.5	29.1	78.6	100.1
Cash flow timing[3]	14.1	(40.9)	31.8	22.9
Total cash capital expenditure	**177.8**	**115.7**	**493.6**	**405.7**

'Major infrastructure projects' capex consists of satellite design, build and launch costs and ground network infrastructure costs. 2015 expenditure in this category included the I-5 and S-band satellites and an initial investment in two I-6 satellites.

'Success-based capex' consists of capital equipment installed on ships, aircraft and other customer platforms. This expenditure ties closely to near term new revenues. In 2015 this principally relates to expenditure on fitting out ships with Maritime customer equipment, but going forward will also include an increasing amount of aircraft fit-out costs.

[1] Includes the impact of deferred financing costs and a non-recurring credit in 2014 to re-base the convertible bonds.
[2] Capital expenditure is shown on an accruals basis, excluding capitalised interest.
[3] Cash flow timing represents the difference between accrued capex and the actual cash flows.

‘Other’ capex investments consists primarily of maintenance, IT and capitalised R&D costs. In 2015 this investment was spread across a number of projects, the most material of which pertained to the development of RFIC technology, costs associated with creating a 4th full service L-band region, and enhancements to the Group’s billing and accounting systems.

Group Liquidity and Capital Resources

At 31 December 2015, the Group had cash and cash equivalents of $177.3m and available but undrawn borrowing facilities of $578.9m under our Senior Credit Facility and the 2014 Ex-Im Bank Facility.

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

Group Balance Sheet

The table below shows the condensed consolidated Group Balance Sheet:

($ in millions)	At 31 December 2015	At 31 December 2014
Non-current assets	3,712.3	3,510.9
Current assets	533.8	581.0
Total assets	**4,246.1**	**4,091.9**
Current liabilities	(719.6)	(682.7)
Non-current liabilities	(2,276.6)	(2,226.1)
Total liabilities	**(2,996.2)**	**(2,908.8)**
Net assets	**1,249.9**	**1,183.1**

The increase in the Group’s non-current assets of $201.4m is largely due to our ongoing investment in the Global Xpress infrastructure and the development of our new S-band programme, less depreciation. Over $340m was invested in these two programmes during 2015.

The net decrease in current assets of $47.2m is due to a number of factors including a decrease in cash and cash equivalents of $27.1m to $177.3m, and a decrease in assets held for sale to nil at December 2015 (2014: $32.9m). The prior year balance related to the SkyWave disposal that had been remeasured to fair value. Partially offsetting these was an increase in trade and other receivables by $19.3m to $324.7m (2014: $305.4m), primarily attributable to the accrual of LightSquared revenue due on 31 December 2015.

The increase in current liabilities of $36.9m to $719.6m (2014: $682.7m) is mainly due to three issues. The current tax liability increased by $41.9m, representing a current tax charge in excess of payments made in the year, principally due to a refund of corporation tax overpaid in prior years. Current borrowings increased by $11.3m due to drawdowns on the 2011 Ex-Im Bank Facility which has commenced its repayment period of equal semi-annual instalments. Partially offsetting these increases was a $10.0m reduction in trade and other payables.

The increase in non-current liabilities of $50.5m is primarily due to an increase in non-current borrowings of $46.7m to $2,033.7m (2014: $1,987.0m) at 31 December 2015. There were three main components of this increase; a net increase in drawdowns on the Ex-Im Bank Facilities of $77.2m (a portion of which is sitting in current borrowings and discussed above), accretion of $25.6m on the Convertible Bonds, offset by a $44.0m repayment and reduction in the EIB Facility.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Satellites and our network

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

Next generation services

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

Spectrum

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

Cyber security

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

Critical customers

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

Critical suppliers

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INMARSAT PLC ON THE PRELIMINARY ANNOUNCEMENT OF INMARSAT PLC

We confirm that we have issued an unqualified opinion on the full financial statements of Inmarsat plc.
Our audit report on the full financial statements sets out the following risks of material misstatement which had the greatest effect on our audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those risks:

Risk	How the scope of our audit responded to the risk
Revenue Recognition – Accuracy and occurrence of subscription and usage-based airtime services Subscription and usage-based airtime revenue is the largest revenue stream within the business. This revenue originates from both the I-3 and I-4 constellations sold on a wholesale and retail basis along with the resale of capacity from other satellite operators. A significant risk has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the highly material nature of this balance and the high volume of transaction leading to heightened susceptibility to manipulation.	We have tested the design, implementation and operating effectiveness of the key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems. We have performed substantive analytical procedures to develop an expectation of revenue based upon usage data and subscription numbers which are the key drivers of each airtime revenue stream. We have also held meetings with the Vice Presidents of each of the Group's five market-facing business units to corroborate the key movements and trends in revenue within the year. To address the risk relating to occurrence of airtime revenue streams we have reviewed the reconciliation between the general ledger and the billing systems. We audited the accuracy of revenue by agreeing a sample of revenue transactions back to the customer contracts with the distribution partner (wholesale customers) and published tariffs (retail customers).
Revenue Recognition – Capacity contracts with take or pay features A number of the Group's satellite capacity contracts with customers have a 'take or pay' feature. The accounting policy for such agreements is set out in Note 2 of the financial statements. There is a risk that revenue associated with take or pay arrangements could be recorded in an incorrect period, leading to a material error within the financial statements. This risk is especially pertinent due to the material nature of these contracts, their non-standard terms, and the fact that any new contracts entered in to may not necessarily run concurrently with calendar years.	We have obtained and reviewed the underlying contracts for all material 'take or pay' agreements. We have considered the terms of these contracts to evaluate whether the revenue recognised is in accordance with IAS 18 and other accounting standards and guidance. We have corroborated our understanding of the existence of such take or pay agreements through meeting with senior management both within finance and the market-facing business units to understand the commercial developments during the financial year.
Accounting for the LightSquared Cooperation Agreement The Group continues to hold a material balance of $208.8 million deferred revenue in respect of the LightSquared Cooperation Agreement. The Group's accounting policy in respect of this agreement is summarised in Note 4c of the financial statements (and in the operating review section of this announcement). We consider that risks	We have met with senior management throughout the year to corroborate our understanding of the commercial developments with LightSquared and to understand any potential impact this may have on accounting for the agreement, as well as any technical developments which may impact the quantum of future compensation costs that the Group may incur. We have tested the design and implementation of controls in respect of the recognition of previously deferred revenue and accounting for the payments received this year from LightSquared. We have assessed the level of uncertainty regarding the possible

exist in relation to revenue and cost recognition for the agreement, as the accounting policy is reliant on management judgement, and there is a high degree of uncertainty surrounding the future of the commercial relationship with LightSquared. Further, there is a cut-off risk in respect of the quarterly payments receivable from LightSquared. As discussed in Note 4c to the financial statements (and in the operating review section of this announcement), Inmarsat has accrued for the payment of $17.9 million due on 31 December 2015.	form of the cooperation agreement in the future, and the impact this has on the deferred revenue on the balance sheet. We have performed substantive testing to confirm the cash received from LightSquared during the year, and have further considered whether management's recognition of these amounts on an accruals basis is appropriate.
Accounting for major capital projects The Group capitalises significant internal labour costs, external costs and qualifying borrowing costs in respect of major capital projects, most notably relating to satellite programmes and associated infrastructure such as the Global Xpress programme and European Aviation Network. There is a risk in respect of valuation and allocation of assets, that costs which do not meet the criteria for capitalisation in accordance with IAS 16, IAS 38 and IAS 23 are inappropriately recorded on the balance sheet rather than expensed, or that costs continue to be held on the balance sheet despite no longer meeting the relevant capitalisation criteria. The Group's policy on the capitalisation of assets is included in Note 2 to the financial statements. Included in Note 13 to the financial statements (and shown on the Balance Sheet within this announcement) is property, plant and equipment with a net book value of $2,860 million, of which $2,164 million relates to space segment assets, and $604 million relates to assets in the course of construction. Included in Note 14 to the financial statements (and shown on the Balance Sheet within this announcement) are intangible assets with a net book value of $772 million. As disclosed in Note 9 to the financial statements (and included within Note 4 of this announcement), capitalised borrowing costs totalled $35 million in the year.	We have tested the design and implementation of controls in respect of the processes and procedures which govern the capitalisation of development costs. We have met the project leaders for the most financially significant capital projects, which account for 78% of current year capital expenditure, to corroborate the project status, feasibility of completion, and performance against budget, including investigating any derivations from budget. Furthermore, we have carried out substantive testing in relation to each element of capitalised costs including inspecting supporting evidence for a sample of the capitalised costs, understanding the nature of the costs capitalised and considering whether they are consistent with the originally approved budget. In relation to borrowing costs we obtained the supporting calculations, verified the inputs to the calculation, including testing a sample of cash payments, tested the mechanical accuracy of the model, and reviewed the model to determine whether the borrowing costs for completed projects are no longer being capitalised.
Implementation of a new global ERP During the year the Group implemented one instance of their accounting	We reviewed management's project plan and the appropriateness of governance controls around the identification of data to be moved across during the roll-out of the software, including the

software system in all locations with the exception of certain parts of the Government and Enterprise business units. This represents over 91% of the Group's revenues. There is a risk that the data that has been migrated to the new global instance of the accounting software system was not accurate or complete.	testing of appropriate approvals. We reviewed the process of initial mapping to ensure the existing system configuration, data mapping, timelines, periods and sub-ledger configurations underlying the existing data were understood. We tested the design and implementation of controls to ensure the data quality and appropriateness, including whether the data moved across to the new instance of the software had received appropriately senior reviews and approval. We performed substantive testing on the data of ledgers and sub-ledgers before and after the implementation to ensure their completeness and accuracy, including performing reconciliations between the two systems. We used system interrogation software called eQSmart to assess and monitor the levels of system security, implemented authorisations and system enforced segregation of duties in the new global instance of accounting software.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

Our liability for this report, and for our full audit report on the financial statements is to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit report or this report, or for the opinions we have formed.

Deloitte LLP
Chartered Accountants and Statutory Auditor

INMARSAT PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

($ in millions)	2015	2014
Revenues	**1,274.1**	**1,285.9**
Employee benefit costs	(260.4)	(237.3)
Network and satellite operations costs	(180.0)	(205.7)
Other operating costs	(147.2)	(174.1)
Own work capitalised	39.5	32.2
Total operating costs	**(548.1)**	**(584.9)**
EBITDA	**726.0**	**701.0**
Depreciation and amortisation	(311.2)	(291.8)
Gain/(loss) on disposal of assets	9.3	(1.2)
Impairment loss	(0.2)	(1.3)
Share of profit of associates	2.5	2.6
Operating profit	**426.4**	**409.3**
Financing income	1.8	8.1
Financing costs	(90.2)	(75.1)
Net financing costs	(88.4)	(67.0)
Profit before tax	**338.0**	**342.3**
Taxation charge	(56.0)	(1.2)
Profit for the year	**282.0**	**341.1**
Attributable to:		
Equity holders	**281.4**	**340.5**
Non-controlling interest	**0.6**	**0.6**
Earnings per share for profit attributable to the equity holders of the Company (expressed in $ per share)		
– Basic	0.63	0.76
– Diluted	0.62	0.69

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

($ in millions)	2015	2014
Profit for the year	**282.0**	**341.1**
Other comprehensive income/(loss)		
Items that may be classified subsequently to the Income Statement:		
Gain on measurement of available-for-sale financial asset	–	9.4
Transfer to income statement on disposal of available-for-sale financial asset	(9.4)	–
Foreign exchange translation differences	(0.7)	(0.6)
Net gain/(loss) on cash flow hedges	2.9	(12.7)
Tax credited directly to equity	1.0	1.1
Items that will not be reclassified subsequently to the Income Statement:		
Remeasurement gains from pension and post-employment benefits	3.0	3.4
Tax (charged)/credited directly to equity	(0.6)	(0.6)
Other comprehensive loss for the year, net of tax	**(3.8)**	**–**
Total comprehensive income for the year, net of tax	**278.2**	**341.1**
Attributable to:		
Equity holders	**277.6**	**340.5**
Non-controlling interest	**0.6**	**0.6**

INMARSAT PLC
CONSOLIDATED BALANCE SHEET
As at 31 December 2015

($ in millions)	2015	2014
Assets		
Non-current assets		
Property, plant and equipment	2,860.2	2,649.4
Intangible assets	772.0	799.6
Investments	12.1	10.8
Other receivables	23.4	24.4
Deferred tax assets	44.6	26.7
	3,712.3	**3,510.9**
Current assets		
Cash and cash equivalents	177.3	204.4
Trade and other receivables	324.7	305.4
Inventories	25.0	28.4
Current tax assets	3.8	8.5
Derivative financial instruments	–	1.4
Restricted Cash	3.0	–
Assets held for sale	–	32.9
	533.8	**581.0**
Total assets	**4,246.1**	**4,091.9**
Liabilities		
Current liabilities		
Borrowings	129.4	118.1
Trade and other payables	464.9	474.9
Provisions	1.8	3.4
Current tax liabilities	123.2	81.3
Derivative financial instruments	0.3	5.0
	719.6	**682.7**
Non-current liabilities		
Borrowings	2,033.7	1,987.0
Other payables	42.9	45.6
Provisions	2.5	7.2
Deferred tax liabilities	197.5	186.3
	2,276.6	**2,226.1**
Total liabilities	**2,996.2**	**2,908.8**
Net assets	**1,249.9**	**1,183.1**
Shareholders' equity		
Ordinary shares	0.3	0.3
Share premium	687.6	687.6
Equity reserve	56.9	56.9
Other reserves	71.8	66.7
Retained earnings	432.7	371.1
Equity attributable to shareholders	**1,249.3**	**1,182.6**
Non-controlling interest	**0.6**	**0.5**
Total equity	**1,249.9**	**1,183.1**

INMARSAT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

($ 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	**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	–	–	–	1.0	–	–	–	5.6	0.6	–	7.2
Issue of share capital	–	0.2	–	–	–	–	–	–	–	–	(0.2)
Dividends paid	–	–	–	–	–	–	–	–	(212.8)	(0.3)	(213.1)
Transfer to liabilities directly associated with assets held for sale	–	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Comprehensive Income:											
Profit for the year	–	–	–	–	–	–	–	–	340.5	0.6	341.1
Other comprehensive loss – before tax	–	–	–	–	(12.7)	9.4	(0.6)	–	3.4	–	(0.5)
Other comprehensive loss – tax	–	–	–	–	2.5	(1.4)	–	–	(0.6)	–	0.5
Balance at 31 December 2014	**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	–	–	–	11.3	–	–	–	–	1.9	–	13.2
Dividends paid	–	–	–	–	–	–	–	–	(224.1)	(0.5)	(224.6)
Comprehensive Income:											
Profit for the year	–	–	–	–	–	–	–	–	281.4	0.6	282.0
Other comprehensive loss – before tax	–	–	–	–	2.9	(9.4)	(0.7)	–	3.0	–	(4.2)
Other comprehensive loss – tax	–	–	–	–	(0.4)	1.4	–	–	(0.6)	–	0.4
Balance at 31 December 2015	**0.3**	**687.6**	**56.9**	**73.8**	**0.9**	**0.6**	**(1.1)**	**(2.4)**	**432.7**	**0.6**	**1,249.9**

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

INMARSAT PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2015

($ in millions)	2015	2014
Cash flow from operating activities		
Cash generated from operations	717.0	653.4
Interest received	1.4	0.9
Tax paid	(12.9)	(9.5)
Net cash from operating activities	**705.5**	**644.8**
Cash flow from investing activities		
Purchase of property, plant and equipment	(433.5)	(345.9)
Additions to capitalised development costs and other intangibles	(20.8)	(29.0)
Own work capitalised	(39.3)	(30.8)
Acquisition of subsidiaries and other investments	–	(46.2)
Proceeds on disposal of assets	32.9	27.5
Net cash used in investing activities	**(460.7)**	**(424.4)**
Cash flow from financing activities		
Dividends paid	(223.7)	(212.6)
Repayment of EIB Facility	(44.0)	(44.1)
Drawdown of Ex-Im Bank Facilities	136.7	106.9
Repayment of Ex-Im Bank Facilities	(59.5)	(13.4)
Redemption of Senior Notes due 2017	–	(882.8)
Gross issuance proceeds of Senior Notes due 2022	–	991.9
Interest paid	(79.5)	(89.0)
Arrangement costs of financing	(6.9)	(13.8)
Net proceeds from the issue of ordinary shares	–	0.2
Other financing activities	1.7	0.3
Net cash used in financing activities	**(275.2)**	**(156.4)**
Foreign exchange adjustment	0.7	(0.4)
Net (decrease)/increase in cash and cash equivalents	**(29.7)**	**63.6**

Cash and cash equivalents		
At the beginning of the year	204.4	140.8
Net (decrease)/increase in cash and cash equivalents	(29.7)	63.6
At the end of the year	**174.7**	**204.4**
Comprising:		
Cash at bank and in hand	53.6	40.7
Short-term deposits with original maturity of less than three months	123.7	163.7
Bank overdrafts	(2.6)	–
Cash and cash equivalents at the end of year	**174.7**	**204.4**

NOTES TO THE CONSOLIDATED 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.

2. Principal accounting policies

Basis of preparation

The financial statements for the year ended 31 December 2015 were approved by the directors on 2 March 2016. These preliminary results for the year ended 31 December 2015 are an abridged statement of the full Annual Report and Accounts and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2015 will be delivered to the Registrar of Companies and made available on website at www.inmarsat.com, following the Company's annual general meeting on 5 May 2016. The auditor's report in respect of both years is 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.

The consolidated financial statements within the full Annual Report and Accounts are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, the Companies Act 2006 and Article 4 of the EU IAS Regulation.

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 consolidated financial statements.

Basis of accounting

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

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

3. Segment information

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

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

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

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

($ in millions)	**2015**	**2014**
Revenues		
Maritime	593.2	595.6
Government	286.6	319.9
Enterprise[1]	159.5	166.7
Aviation	126.8	101.1
Central Services[2]	108.0	102.6
Total segment revenues	**1,274.1**	**1,285.9**
EBITDA		
Maritime	459.4	450.4
Government	191.0	216.4
Enterprise[6]	113.1	102.1
Aviation	103.7	87.2
Central Services[2]	(141.2)	(155.1)
Total segment EBITDA	**726.0**	**701.0**
Depreciation and amortisation	(311.2)	(291.8)
Impairment loss	(0.2)	(1.3)
Other	11.8	1.4
Total segment operating profit	**426.4**	**409.3**
Net financing costs	(88.4)	(67.0)
Profit before tax	**338.0**	**342.3**
Taxation charge	(56.0)	(1.2)
Profit for the year	**282.0**	**341.1**
Capital expenditure[3]		
Maritime	31.0	35.3
Government	1.5	5.6
Enterprise	0.4	3.3
Aviation	70.7	48.3
Central Services[2]	393.5	332.2
Total capital expenditure	**497.1**	**424.7**

[1] Enterprise excludes the disposals made during the first half of 2014.
[2] Central Services includes revenue from LightSquared of $88.6m (2014: $75.4m). 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)	2015	2014
Bank interest receivable and other interest	(1.4)	(1.5)
Net amortisation of premium on Senior Notes due 2017	–	(6.0)
Net interest on the net pension asset and post-employment liability	(0.4)	(0.6)
Total financing income	**(1.8)**	**(8.1)**
Interest on Senior Notes and credit facilities	74.1	84.3
Interest on Convertible Bonds	30.7	(18.3)
Unwinding of discount on deferred satellite liabilities	0.9	1.4
Amortisation of debt issue costs	7.9	16.0
Amortisation of discount on Senior Notes due 2022	1.1	0.5
Redemption premium on Senior Notes due 2017	–	32.8
Other interest	10.8	0.3
Financing costs	**125.5**	**117.0**
Less: Amounts capitalised in the cost of qualifying assets	(35.3)	(41.9)
Total financing costs	**90.2**	**75.1**
Net financing costs	**88.4**	**67.0**

During 2014, a non-recurring credit of $48.5m was recognised to interest expense on the Convertible Bonds arising from an adjustment to the expected maturity date, due to the expiration of the bond holder's redemption option in November 2014.

5. Taxation

($ in millions)	2015	2014
Current tax:		
Current year	37.0	41.0
Adjustments in respect of prior periods	24.0	(45.9)
Total current tax	**61.0**	**(4.9)**
Deferred tax:		
Origination and reversal of temporary differences	33.7	18.1
Adjustments in respect of prior periods	(17.9)	(9.3)
Adjustments due to reducing the UK corporation tax rate	(20.8)	(2.7)
Total deferred tax	**(5.0)**	**6.1**
Total taxation charge	**56.0**	**1.2**

6. Net Borrowings

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

($ in millions)	At 31 December 2015 Amount	Deferred finance costs	Net balance	At 31 December 2014 Amount	Deferred finance costs	Net balance
Current:						
Bank overdrafts	2.6	–	2.6	–	–	–
Deferred satellite payments	1.8	–	1.8	5.9	–	5.9
EIB Facility	44.1	–	44.1	44.1	–	44.1
Ex-Im Bank Facilities	80.9	–	80.9	68.1	–	68.1
Total current borrowings	**129.4**	**–**	**129.4**	**118.1**	**–**	**118.1**
Non-current:						
Deferred satellite payments	14.5	–	14.5	17.4	–	17.4
Senior Notes due 2022	1,000.0	(7.3)	992.7	1,000.0	(8.7)	991.3
– Net issuance discount	(6.5)	–	(6.5)	(7.6)	–	(7.6)
EIB Facility	88.1	(0.4)	87.7	132.1	(0.6)	131.5
Ex-Im Bank Facilities	633.3	(18.0)	615.3	568.9	(18.9)	550.0
Convertible Bonds	326.6	–	326.6	301.3	–	301.3
– Accretion of principal	3.4	–	3.4	3.1	–	3.1
Total non-current borrowings	**2,059.4**	**(25.7)**	**2,033.7**	**2,015.2**	**(28.2)**	**1,987.0**
Total Borrowings	**2,188.8**	**(25.7)**	**2,163.1**	**2,133.3**	**(28.2)**	**2,105.1**
Cash and cash equivalents	(177.3)	–	(177.3)	(204.4)	–	(204.4)
Net Borrowings	**2,011.5**	**(25.7)**	**1,985.8**	**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 was available to be drawn down for four years and is now repayable in equal semi-annual instalments over a further 8.5 years. Drawings under this facility incur interest at a fixed rate of 3.11% for the life of the loan. In November 2014, the Group signed a seven year $185.9m facility which has a total availability period of two years and will then be repayable in equal semi-annual instalments over a further five years. Drawings under this facility incur interest at a fixed rate of 1.96% for the life of the loan.

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

Convertible Bonds
In 2007, the Group issued $287.7m of 1.75% Convertible Bonds due 9 November 2017. The bonds are convertible into ordinary shares of the Company and have a 1.75% per annum coupon payable semi-annually and a yield to maturity of 4.5%. The total number of ordinary shares to be issued if all bonds are converted is 23.3 million shares and the conversion price at 31 December 2015 was $12.31. The conversion price is subject to periodic adjustment if dividends paid on ordinary shares exceed defined levels.

Senior Credit Facility
On 22 May 2015, the Group signed a five-year $500.5m revolving credit facility ('Senior Credit Facility'). Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 0.70% and 1.70% determined by reference to the ratio of net debt to EBITDA. At 31 December 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:

	At 31 December	
($ in millions)	**2015**	**2014**
Financial assets:		
Forward foreign currency contracts – designated cash flow hedges	–	1.4
	–	**1.4**
Financial liabilities:		
Forward foreign currency contracts – designated cash flow hedges	–	4.5
Forward foreign currency contracts – undesignated	0.3	0.5
	0.3	**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:

	At 31 December 2015		At 31 December 2014	
($ in millions)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities:				
Senior Notes due 2022	1,000.0	996.3	1,000.0	992.5
Ex-Im Bank Facilities	714.2	741.4	637.0	637.0
Convertible bonds	326.6	498.6	301.3	418.7

8. Dividends

($ in millions)	**2015**	**2014**
Final dividend for the year ended 31 December 2014 of 30.26 cents per share (2013: 28.82 cents per share)	136.0	129.1
Interim dividend for the year ended 31 December 2015 of 19.61 cents per share (2014: 18.68 cents per share)	88.1	83.7
Total dividend paid in the year	**224.1**	**212.8**

The Inmarsat plc Board of Directors intends to recommend a final dividend of 31.78 cents per ordinary share in respect of the year ended 31 December 2015 to be paid on 27 May 2016.

9. Earnings per share

Earnings per share for the year ended 31 December 2015 has been calculated based on profit attributable to equity holders for the year and the weighted average number of ordinary shares in issue (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 31 December 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 31 December 2015, the Convertible Bonds were not included in the calculation of diluted earnings per share as they were antidilutive.

($ in millions)	2015	2014
Profit attributable to equity holders of the Company	281.4	340.5
Interest on convertible bonds (net of tax)	–	(14.4)
Profit attributable to equity holders for diluted earnings per share	**281.4**	**326.1**
(millions)		
Weighted average number of ordinary shares in issue	449.2	448.1
Potentially dilutive ordinary shares	4.4	27.2
Weighted average number of diluted ordinary shares	**453.6**	**475.3**
($ per share)		
Basic earnings per share	0.63	0.76
Diluted earnings per share	0.62	0.69

10. Contingent liability

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, 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.

For the year ended 31 December 2014, the Group disclosed contingent liabilities in respect of outstanding tax issues with HMRC for which no provision had been made, totalling $18m. During the year, HMRC concluded their review relating to $12m of this amount with no adjustment to the filed position. The remaining exposure at 31 December 2015 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 technology. As part of these agreements the Group acquired SkyWave's satellite network assets, hosted at three Inmarsat Satellite Access Stations, for $7.5m.