

The Impact of the Global Economy on the Space Business

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2 March 2010

Introduction to Lazard

- North America: 52%
- Europe: 41%
- Rest of the World: 7%

← **LAZARD** →

Established 1848

- \$1.6bn 2009 operating revenue
- 2,276⁽¹⁾ employees
- Offices in 39 cities in 24 countries



FINANCIAL ADVISORY

- \$983m 2009 operating revenue (62% of Group revenue)
- M&A, Strategic Advisory, Government Advisory, Restructuring, Corporate Finance, Real Estate and Others
- 831 employees, including 150 MDs



ASSET MANAGEMENT

- \$603m 2009 operating revenue (38% of Group revenue)
- \$129.5bn in AUM
- 355 employees, including 56 MDs

SELECTED RECENT CREDENTIALS

<p>Not Disclosed</p> <p>HAS INCREASED ITS STAKE IN</p> <p>2008</p>	<p>Not Disclosed</p> <p>HAS INCREASED ITS STAKE IN</p> <p>2007</p>	<p>\$8.1 billion</p> <p>ACTED AS SOLE FINANCIAL ADVISOR IN MAJOR RESTRUCTURING OF COMPANY OWNERSHIP</p> <p>2006</p>	<p>€1.7 billion</p> <p>THALES</p> <p>HAS ACQUIRED THE SATELLITE BUSINESS AND CRITICAL SECURITY SYSTEMS BUSINESS FROM</p> <p>Alcatel</p> <p>2006</p>	<p>€3.8 billion</p> <p>HAS SOLD FRANCE TELECOM MOBILE SATELLITE COMMUNICATIONS TO</p> <p>Apax Partners</p> <p>2005</p>	<p>€3.8 billion</p> <p>HAVE ACQUIRED AN 85% STAKE IN AND RECAPITALIZED</p> <p>Eutelsat</p> <p>2005</p>	<p>€860 million</p> <p>INITIAL PUBLIC OFFERING</p> <p>2005</p>
<p>€4.4 billion</p> <p>HAS ACQUIRED</p> <p>Eutelsat</p> <p>2004</p>	<p>Undisclosed</p> <p>FINMECCANICA</p> <p>HAS FORMED A JOINT VENTURE COMBINING THEIR SPACE OPERATIONS AND SERVICES ACTIVITIES WITH</p> <p>Alcatel Space</p> <p>2004</p>	<p>\$2.4 billion</p> <p>RESTRUCTURING OF LATIN AMERICAN OPERATIONS</p> <p>2004</p>	<p>\$84 million</p> <p>HAS SOLD 4% STAKE IN INTELTSAT TO</p> <p>Inteltsat Global Sales & Marketing</p> <p>2002</p>	<p>\$701 million</p> <p>THALES</p> <p>HAS SOLD ITS 49% STAKE IN ALCATEL SPACE TO</p> <p>Alcatel</p> <p>2001</p>	<p>Undisclosed</p> <p>VIVENDI UNIVERSAL</p> <p>HAS MERGED ITS POLISH SATELLITE TELEVISION ASSETS WITH</p> <p>UPC</p>	<p>\$3.1 billion</p> <p>RESTRUCTURING</p>

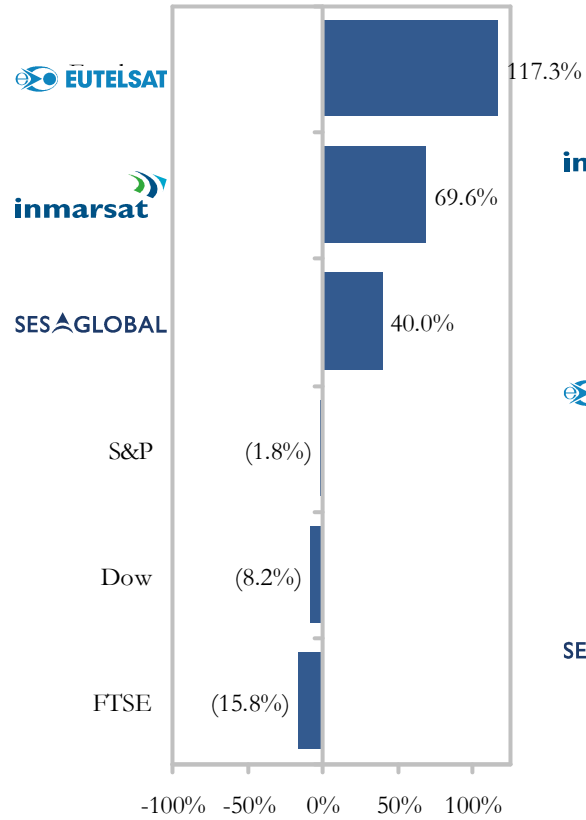
(1) Includes headcount related to support functions; as of June 2009.

Financial Returns

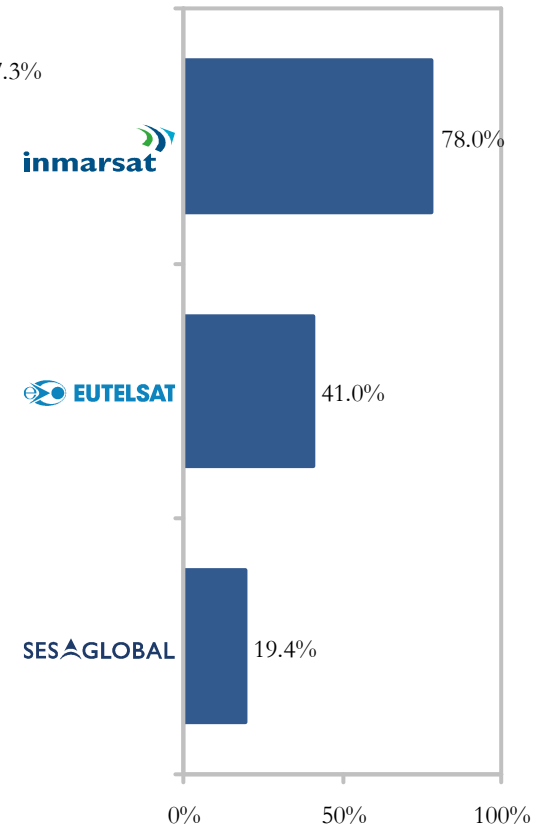
3-YEAR STOCK MARKET PERFORMANCE



3-YEAR TOTAL SHAREHOLDER RETURN

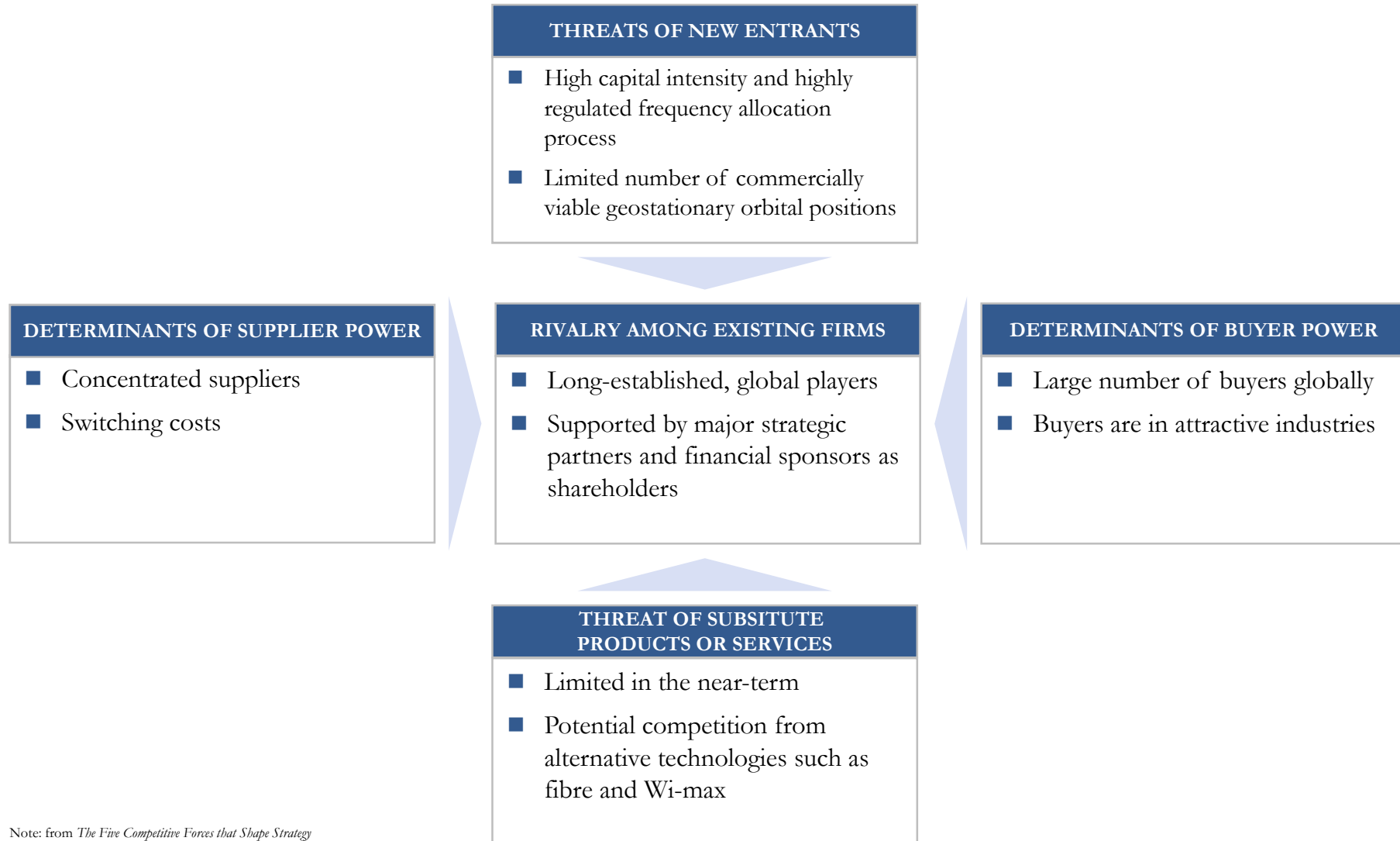


2009-2012 EPS GROWTH



Source: Bloomberg, broker reports.

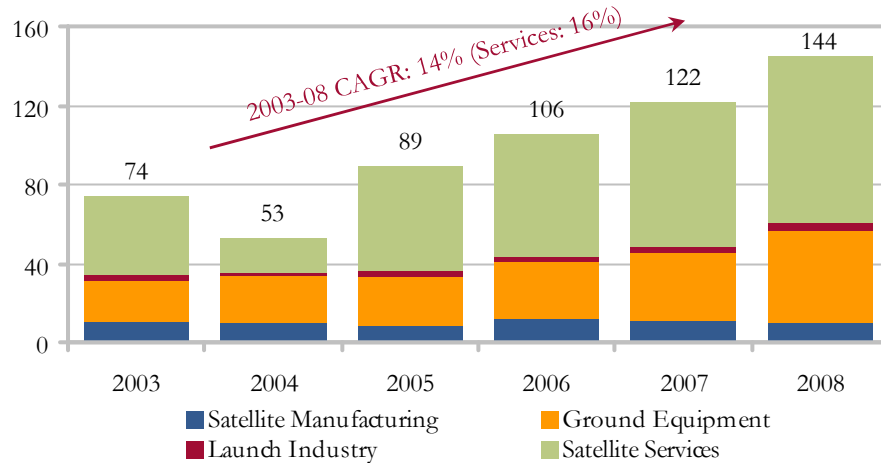
Industry Structure Is Conducive to Strong Fundamentals



Note: from *The Five Competitive Forces that Shape Strategy*
by Michael E. Porter, *Harvard Business Review*.

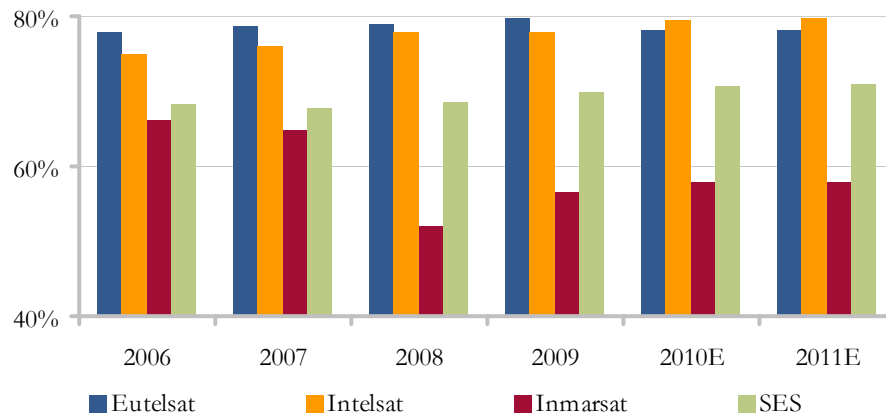
Industry Fundamentals

GLOBAL SATELLITE REVENUE BREAKDOWN BY SECTOR



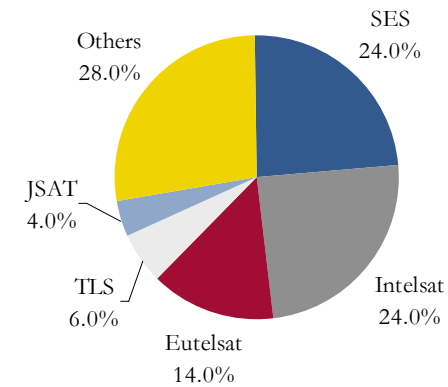
Source: Satellite Industry Association.

SECTOR EBITDA MARGIN EVOLUTION (%)



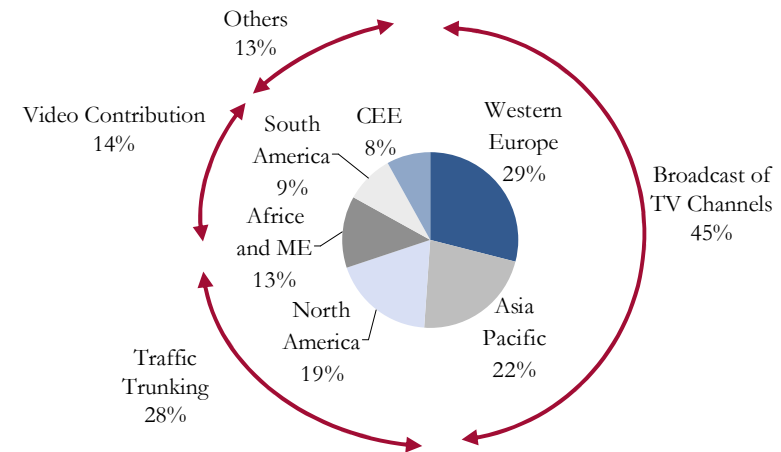
Source: Capital IQ

MARKET SHARES OF THE FSS SECTOR (GLOBAL)











Source: Euroconsult, 2008.

GLOBAL FSS DEMAND BY APPLICATION & REGION



Source: Euroconsult, 2008.

Significant Consolidation Over the Last Several Years

	GE AMERICOM	SES GLOBAL	NEW SKIES	EUTELSAT	PANAMSAT	INTELSAT	IRIDIUM	GLOBAL-STAR	LORAL	TELESAT CANADA	THURAYA	INMARASAT
	SES/Americom Merger (Mar '01)	Acquisition by Blackstone (Aug '05)	Acquisition by Blackstone (Aug '05)	Acquisition by Eurazeo and Nebozzo (Oct '04)	Acquisition by KKR (Aug '04)	Acquisition by Apax (Jan '05)	Iridium Project Announced (June '90) Bankruptcy (Aug '99) Emergenced from Bankruptcy (Dec '00) \$210m Credit Facility (Jul '06)	Bankruptcy (Feb '02) Acquisition by Thermo Capital Partners and Emergence From Bankruptcy (Apr '04) IPO (Nov '06) \$150m Facility (Dec '07) \$150m Convertible (Apr '08) \$586m Coface facility and \$55m convertible Notes (Jun '09)	Bankruptcy (Jul '03) Emergenced from Bankruptcy (Nov '05)		Founded (Sept '97)	Acquired by Permira and Apax Partners (Oct '03)
		SES/New Skies Merger (Mar '06)		IPO (Dec '05)	IPO (Mar '05)	Intelsat/PanAmSat (Aug '06)	Merged with Greenhill SPAC to go public (Sep '09)					IPO (Jun '05)
				Sale of Stakes by Select PE Sponsors (Dec '06)		BC Partners/Intelsat ^(a) (June'07)				Loral/Telesat (Dec '06)		
OWNERSHIP		 SES GLOBAL		 EUTELSAT		 Intelsat	 IRIDIUM	 Globalstar	 LORAL Space & Communications	 THURAYA		 inmarsat
		BIP Investment Partners, GE Capital, Luxempart		Abertis, CDC, Eurazeo		BC Partners/Apollo	Greenhill SPAC	Thermo Capital	MHR		Etisalat, ADIC, Q-Tel, Arabsat <i>et al.</i>	Apax / Permira
VALUATION												
Equity Value		\$9,559		\$7,439	n.a.		\$457	\$288	\$994		n.a.	\$5,123
2010E P/E		14.8x		19.3x			6.9x					22.9x
Enterprise Value		\$14,338		\$10,553	n.a.		\$320	\$621	\$569		n.a.	\$6,618
EV/10E Sales		5.94x		7.15x			0.92x	3.53x	0.65x			5.87x
EV/10E EBITDA		8.4x		9.1x			2.1x	20.7x				10.1x

Source: Company filings and broker research.

Note: Based on market valuation as of February 24, 2010.

(a) Acquired 76% stake in Intelsat Holdings, parent company of Intelsat.

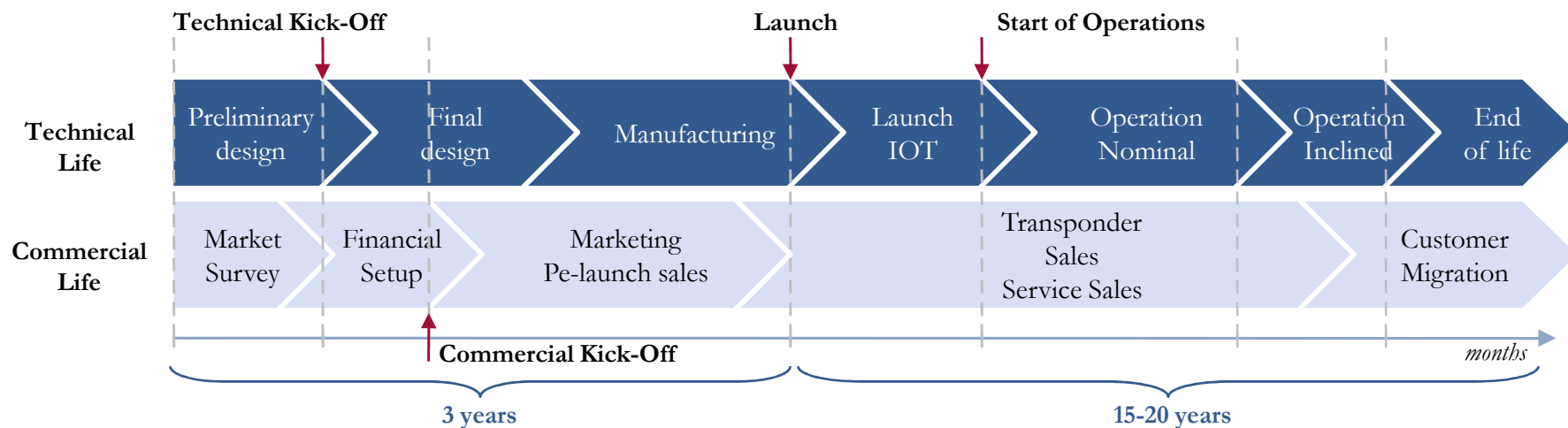
General Observations

- **Investment profile is similar to infrastructure:**

- Long development period
- Committed revenue streams
- Project finance at times via state guarantees
- Attractive EBITDA margins

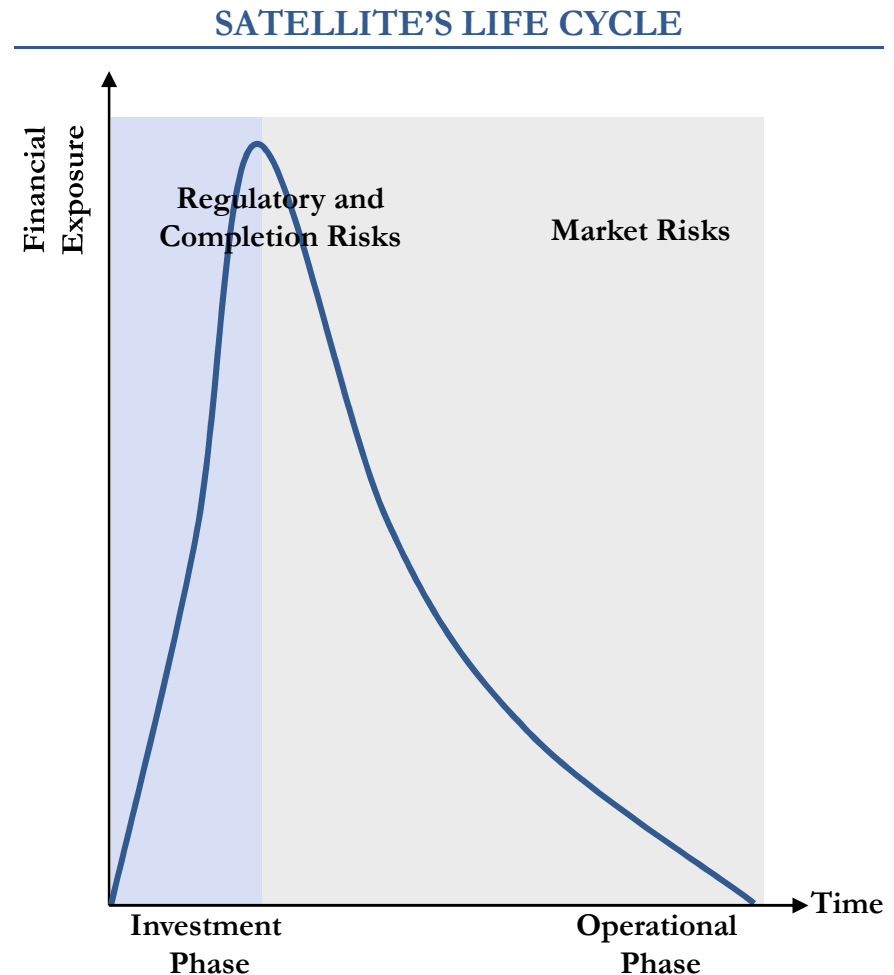
- **Different, since:**

- Technically challenging
- In space, so cannot “touch and feel”



Key Risks

- Risks vary during the lifecycle and fall into three broad areas:
 - **regulatory risk:** inability to obtain relevant approvals to build (e.g. export licences) and operate (e.g. orbital slots assignment, frequency coordination and landing rights)
 - **technical risk:** launch failure and satellite malfunction
 - **commercial risk:** lack of guaranteed income and firm off-take agreements



Source: PM World Today, August 2009.

Closing Thoughts

- **Need to see through the “coolness” of the technology**
- **Insurance can be used effectively to defray launch failure and satellite malfunction risks**
- **Most of the major satellite failures have primarily been due to a failure in the business case**
 - known unknowns
 - unknown unknowns