



Watch this space

Paris-based satellite consultancy Euroconsult has just released an in depth analysis of business trends and prospects for satellite Television (TV) around the world which has emerged as the most dynamic sector in the digital media's era.

As reported on 'Satellite TV Platforms, World Survey and Prospects to 2013', satellite TV platforms have generated worldwide US\$32 billion in revenue in 2003, thus posting its first operating profit as an industry. Satellite TV was first introduced in 1995.

The 54 satellite TV platforms in operation worldwide had signed 59 million subscribers at the end of 2003. Leaders of the sector are named DirecTV and Echostar (US), BSkyB (UK) and SkyPerfecTV (Japan).

Maintaining yearly growth

In spite of the crisis in the telecom and media sectors, satellite TV has maintained a yearly growth of 15 per cent in the last three years. Furthermore, mergers between satellite TV platforms in most of the markets have begun to produce effects.

In 2003, the industry has globally posted its first operating profit, and two-thirds of the satellite TV platforms are today at operating breakeven compared to one-third in 2002.

The strong growth in subscriptions and revenues is directly correlated to the increase of the offers in quantity and quality. 7,500 TV channels are currently broadcast by satellite TV platforms compared to 4,700 TV channels in 2000. Diversity in available content - always more segmented TV channels, interactive services (bets, games...) - is identified as the real engine for the growth of satellite TV platforms.

The industry keeps a very large growth potential. Some platforms, such as CanalSatellite and Sky Italia,

According to the latest report by Euroconsult, in 2003 the satellite Television (TV) sector finally posted its first operating profit at a global level.

move close to a critical size of three million subscribers and might enter into the same virtuous cycle of growth as BSkyB. Satellite TV platforms continue to add new services including High Definition TV (HDTV), already largely introduced in the US and announced in Europe for 2005-2006 (TPS - France, Premiere - Germany, BSkyB - UK)

Thematic TV channels

By 2013, around 130 millions of subscribers to satellite TV platforms should benefit from the broadcast of 17,000 thematic TV channels. The European market, with close to 40 millions subscribers, is expected to become the first market in terms of subscriptions in front of the Asian market, currently emerging, and the maturing North American market. ■

The report 'Satellite TV Platforms, World Survey and Prospects to 2013', published yearly by Euroconsult, provides through its 250 pages an in depth analysis of current trends and prospects for the industry. It includes a benchmark of the performance of satellite TV platforms worldwide, with a focus on leading business models and ten-year forecasts for the industry.

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Growth of satellite TV platforms worldwide

	1998	2003	2008	2013
Satellite pay TV platforms				
Subscriptions (millions of households)	20	59	95	132
TV channels broadcast by TV platforms	2,900	7,200	11,900	17,400
Revenue (US\$ billion)	9	32	59	90

Source: Euroconsult, 'Satellite TV Platforms, World Survey and Prospects to 2013'

Intelsat

receives go-ahead

▶▶ **As the latest and bigger** deal involving the sale of a global satellite operator to private equity firms was announced a few weeks ago (see *Satellite Evolution Asia*, Spot Beams, Sep/Oct 2004), pundits and commentators were quick to highlight the fact that the words 'the end' could not be pronounced yet. The US Congress, in fact, could still upset things had they decided to enforce the Open-Market Reorganization for the Betterment of International Telecommunications Act (ORBIT Act) as it was. A few weeks later, the latest obstacle to the sale of Intelsat has finally dropped.

Just days before going to press, in fact, an amendment to the ORBIT Act became law, and the sale of Intelsat can proceed. The Act had previously required Intelsat to dilute the ownership interests of its former signatories through an Initial Public Offering (IPO). The amendment, on the other hand, permits Intelsat to comply with the dilution objectives of the ORBIT Act by means other than an IPO.

Conny Kullman, Chief Executive Officer (CEO) of Intelsat, commented: "This change in the law was a wise decision by Congress, ensuring that a stated purpose of the ORBIT Act is achieved while at the same time allowing us the flexibility to determine the form of transaction that is most appropriate for our company. Intelsat's acquisition by the private equity consortium backing Zeus Holdings Limited is expected to be complete within a few months, after which we believe our company will have fully satisfied the requirements of the ORBIT Act. Additionally, if the Federal Communication Commission (FCC) determines that we have met the criteria set forth in the amended ORBIT Act, we will no longer expect to face ORBIT-related licensing restrictions, allowing us the freedom to sell and develop our services, including Direct-To-Home (DTH). This will put Intelsat on a more level playing field with our competitors while offering customers more high-quality choices when procuring DTH platforms."

A few days earlier, Intelsat had announced that at an annual general meeting held in Paris its shareholders approved the proposed acquisition of the company by Zeus Holdings Limited. Over 99 per cent of the votes cast on the matter, representing nearly 85 per cent of Intelsat's total issued and outstanding ordinary shares, voted in favour of the transaction.

On 16 August 2004, Intelsat, Ltd. and one of its subsidiaries entered into a transaction agreement with Zeus Holdings Limited and two of its subsidiaries pursuant to which Zeus Holdings will acquire 100 per cent

Satellite Evolution Asia (SEA) reports on the latest developments of the Intelsat saga.

of Intelsat for total cash consideration of approximately US\$3 billion, or \$18.75 per ordinary share, plus the assumption of nearly \$2 billion in existing debt. Zeus Holdings is a Bermuda company formed by investors advised by Apax Partners Worldwide, LLP and Apax Partners, Inc., Apollo Management V, L.P., MDP Global Investors Limited and Permira Advisers LLC.

Telenor sells Intelsat shares

In the meantime, as things are looking up for the 'new' Intelsat, some traditional shareholders seem to have decided to cash in their investments given the favourable moment.

Nordic telco Telenor is selling its four per cent share in Intelsat for \$129 million. The sale will give Telenor a book profit of around approximately \$62 million (NOK 400 million). An Intelsat Annual General Meeting (AGM) on 20 October approved the sales agreement involving Telenor selling their shares to private investors for \$18.75 a share. Telenor had approximately 6.9 million shares in Intelsat. The settlement for the shares will be in cash, and is expected to be concluded around year end 2004.

"We made an important choice in 2001 when we continued as shareholders after Intelsat was privatised (and turned into a private limited company). We are now rewarded for this strategy. Even though we are selling our shares in Intelsat, Telenor will still be a part owner of the new Intelsat 10-02 satellite, which was launched in June. We will continue to develop the strong industrial co-operation with Intelsat, encompassing operations and joint ownership of satellites, independently of the change of ownership in the company," says Stig Eide Sivertsen, Managing Director (MD) of Telenor Broadcast Holding. ■

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Conny Kullman, Chief Executive Officer (CEO) of Intelsat





Waiting for Galileo

A new Ranging and Integrity Monitoring Station (RIMS) that forms part of the ground element of the European Geostationary Navigation Overlay Service (EGNOS) system has been inaugurated in Warsaw, in the Space Research Centre of the Polish Academy of Science. This station is crucial for the EGNOS service over the East of Europe.

For Poland, this co-operation and the resulting performances of EGNOS in this country, marks a major step in the development of Global Navigation Satellite System (GNSS) technology. This includes benefits for different GNSS users such as the aviation industry and other business sectors

One such example is Poland's need to know with great precision the surface area and limits of its land dedicated to agriculture. This is a difficult task as fields are often long and narrow, but with EGNOS accuracy of less than 2 metres, this process is made easier. EGNOS gives excellent results useful for subsidy allocation or surface verification within the International Agriculture Control System (IACS). Precision farming can also be envisaged thanks to EGNOS, helping to make significant savings.

The Polish EGNOS RIMS station was inaugurated on 27 September in the presence of Włodzimierz Marcinski, Deputy Minister of Scientific Research and Information Technology and Wojciech Halka, Undersecretary of State for Telecommunications in the Ministry of Infrastructure. They both talked about the benefits Poland will gain from satellite navigation programmes such as EGNOS and Galileo.

Wojciech Halka said: "EGNOS and Galileo are excellent examples of how science, technology and its practical applications in the economy join together to satisfy the needs of modern society. Poland is also

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Poland takes part in Europe's first satellite navigation system.

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The monitoring station in Poland is a key element, offering EGNOS coverage deep into the eastern part of Europe and the Baltic Sea, collecting ionospheric and Global Positioning System (GPS) measurements information.

The EGNOS system worldwide

EGNOS has been developed to provide a highly accurate signal and to improve safety for civil aviation in Europe, with the potential for service extension in large parts of the world such as Africa.

For such so-called 'safety of life' services, a certification process will start once the EGNOS signal is fully available (early 2005), and it should be integrated in air traffic management systems by 2006. All other potential users of satellite navigation will also benefit from EGNOS from 2005.

EGNOS is Europe's first step into satellite navigation. The system is based on the correction of GPS signals, thus it provides better accuracy - less than two metres compared to 15-20m with raw GPS signals. To achieve this, a network of ground elements is needed. It consists of RIMS (of which there are 34 like the one in Poland) and Master Control Centres (MCCs) to process the data delivered by the RIMS. Finally uplink stations send the signal to three geostationary satellites that relay it back for reception by end-users on the ground. Altogether 47 EGNOS elements are being deployed at 41 sites in 22 countries. Agreements have been concluded with 28 hosting entities.

EGNOS is an initiative of the European Space Agency (ESA), the European Commission and Eurocontrol. With EGNOS, Europe is showing its know how in satellite navigation and creating a community of users in Europe and beyond for the benefit of everyone, everywhere. EGNOS is the first step towards Galileo, the European civil initiative for global navigation satellite services. ■

The editor welcomes any comments or questions you might have on the editorial content of *Satellite Evolution Asia*.

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