



Stephen Spengler

Director and Chief Executive Officer

Letter to Our Shareholders 2019

Leading... in 2018, the narrative regarding the role of satellite technology in the coming 5G revolution changed dramatically. Over the course of the next few years, fifth generation wireless technologies will drive demand for connectivity everywhere, all the time and satellite services will be an essential part of this communications revolution.



No longer a niche technology, satellite's ubiquity, quality, security and global reach have been brought to the forefront given its inherent ability to maximize inclusion.

Intelsat will lead our sector in the deployment of seamless hybrid satellite-wireless connectivity services, addressing the need of countries, people and machines. Our goal is to guide the development and deployment of hardware and other satellite technologies based on inclusive telecom industry standards. Customers will benefit from easier to use, flexible and cost effective services for their businesses.

Interoperability with other standards-based networks, wired and wireless, will expand Intelsat's market opportunity. We will incorporate technologies that are already produced on a mass scale with new software-based technologies to improve our network economics and reduce our capital intensity.

In 2018 we achieved financial and operating objectives, as well as significant strategic milestones which are highlighted in this letter. Our financial performance was on plan with the guidance announced early in the year, with revenue of \$2.16 billion, including \$103 million related to a new revenue recognition accounting rule.¹ Net loss attributable to Intelsat S.A. was \$600 million.



2018 Revenue
\$ 2.16 Billion



Adjusted EBITDA
\$ 1.67 Billion, or
77 percent of revenue

2018 Adjusted EBITDA² was \$1.67 billion, or 77 percent of revenue. This included \$103 million related to the new revenue recognition accounting rule. On a same-basis reporting as compared to 2017, our revenue and adjusted EBITDA declined by 4 percent and 6 percent, respectively.

With our high-throughput fleet now in place, our ability to deliver services globally is a differentiator in the marketplace. We still have not fully transitioned our business past the pricing pressures that began several years ago. That said, our leadership in data services, and particularly in wireless infrastructure, maritime and aeronautical mobility services, will serve us well as we seek our share of the \$4.1 billion in growth expected in our sector through the end of 2023.

2018 Operational Priorities

Our plan for 2018 featured four operational priorities, each designed to provide a stable foundation to develop new revenue sources to provide growth in the near- to mid-term.

Our first priority was to leverage all assets within the Intelsat global network for maximum return. With new assets carrying pre-launch commitments, our market-leading neighborhoods, and our collection of spectrum rights, Intelsat's core business has an enviable foundation.



In 2018, we launched the final satellite in our series of first-generation Intelsat Epic^{NG} satellites. That satellite, Horizons 3e, entered into service in early 2019 and commenced with an impressive contracted backlog serving the wireless sector. This milestone completes our global high-throughput network, a program which began in 2012 when we embarked upon our high-throughput services strategy.

The Intelsat Epic^{NG} fleet and its 1,150 high-throughput transponders have booked approximately \$1.4 billion in contracted backlog from inception to year-end 2018, with customers that include the world's leading wireless, enterprise, government, and mobility service providers.

Our infrastructure will continue to evolve as we adapt to the changes in our operations. Our Intelsat 29e satellite suffered a fatal anomaly on April 7, 2019. The pace at which we were able to identify a restoration path for our customers, on network and through third parties, demonstrated the robust, global Ku-band satellite infrastructure. At the publication time of this letter, we are still reviewing our options with respect to supplementing this lost capability in the fleet.

The last two years highlight—more than any other time in our history—the value of Intelsat's portfolio of spectrum rights. In 2018, we enhanced our proposed solution to a challenge faced by the U.S. Federal Communications Commission ("FCC"): to find mid-band spectrum to

accelerate the deployment of 5G services in the U.S. In February 2018 we were joined in our market-based proposal by SES, and by the third quarter, we had established the C-Band Alliance ("CBA") along with Telesat and Eutelsat.

The CBA proposal objectives are twofold: facilitate an accelerated deployment of 5G in the U.S. and protect the incumbent users — most importantly our customers — including the highly developed U.S. video distribution ecosystem. With the race for 5G essential for innovation and economic growth, the 'need for speed' must be considered. As compared to FCC-run spectrum auctions, which historically have taken as long as a decade, the CBA proposal can deliver valuable spectrum to the U.S. market years ahead of any alternative proposal.

The CBA proposal features the use of a process run by the consortium of operators, with FCC oversight, for a competitive bidding process open to all interested bidders. Having a commercially run process rather than a government run process will allow for a quicker delivery of mid-band spectrum for 5G deployment and better ability to protect incumbent users. All outcomes would be subject to FCC approval. The proceeds received by the CBA members would be used to fund new satellite launches, and spectrum clearing costs, as well as to compensate the current satellite operators for past investment and development of the spectrum and the opportunity costs of no longer being able to sell services in a portion of the band.

What's next? The FCC Notice of Proposed Rulemaking reply period ended in December 2018, and all stakeholders now await the final regulatory order from the FCC. Intelsat continues to meet with relevant parties, including our customers, the cable community, mobile operators and regulators, to advocate for our commercial framework that would allow us to protect the reliability of the services we deliver and result in an efficient and timely process for implementation.

We believe the FCC could issue a final order as early as mid-2019. However, we can provide no assurance as to the likelihood of the FCC's acceptance of the various facets of our proposal, or of the timing for issuing a final ruling, all of which are in the control of the FCC.

Our second priority was to scale our IntelsatOne® Flex and other managed services across targeted commercial and government opportunities.

The high-performance satellite services provided by our Intelsat Epic^{NG} fleet differentiate our position in the market. But of equal importance is the need to commercialize our new technology and make it easier to use.

This is where our managed services strategy is key to expanding market share and growing revenue. High-throughput technology is complicated. It isn't rocket science, but it's close to it! Many of our customers have networks that operate across vast service territories or are constantly on the move from one area to the next. In the 'spot beam' environment of a high-throughput satellite, the complexity of throughput requirements multiplies with every beam needed.

Managed services eliminate that design challenge by shifting the customer purchase from wholesale capacity to Mbps of service that is flexible as to beam and even satellite. We take on more of the network operations tasks for our customers, and they are able to focus on vertical applications where they bring their differentiation. Further, managed services allow us to expand our sales channels to make better use of strategic distribution partners, amplifying our marketing efforts.

In 2018, we added to our IntelsatOne FlexSM managed services:

FlexExecTM addresses the commercial business jet mobility market, and will initially roll out with SatCom Direct, a premier business aviation connectivity provider.

FlexAirSM targets the intelligence, surveillance and reconnaissance aeronautical mobility market and supports in-flight communications for government personnel. Our initial solution partners for this service include L3 Communications and COMSAT, Inc.

We also expanded the distributor network for our **Flex MaritimeSM** mobility service. China's APSATCOM is now our solution partner for maritime services in the sizeable Chinese market. This is in addition to our first and highly successful distribution agreement with maritime connectivity services leader, KVH Industries, Inc.

Our third priority was to lead the industry in a seamless integration with the global telecommunications infrastructure.

Perhaps no other priority has more promise than the opportunity for satellite in a 5G world. We see the development of 5G standards as a key ingredient to redefining and optimizing the industry cost structure. In 2018, Intelsat joined the 3rd Generation Partnership Project ("3GPP") through membership in the Alliance for Telecommunications Industry Solutions ("ATIS"), a collaboration of international telecommunications standards associations. Intelsat is focused on building alliances within the broader telecommunications technology community, ensuring that satellite-specific architectures are fully incorporated in 5G standards development.

We will increasingly focus on collaboration with sector peers to drive more standards-based hardware and technology development. A current focus is building specifications for universal modems to use in satellite-based solutions, a stark contrast to the closed system modems required for satellite use today. As we grow our success in this area, we will dramatically simplify our customers' network operations and expand our ability to interface with new technologies, such as for applications that need to seamlessly interface with 5G.

Our fourth priority in 2018 emphasized financial discipline in light of a period of continued business transition.

Intelsat is noted for its continued high operating margins, spotlighting our financial discipline as we guide our business to stability. This philosophy, of financial discipline, and the proactive management of our capital structure, makes Intelsat an attractive investment holding in high yield portfolios around the world. Over the course of 2018, we implemented a capital expenditure profile that reflects our commitment to adopt new technologies that will be more cost efficient, while also bringing greater flexibility to our networks.

Managing Intelsat's capital structure is an essential priority for the company. In 2018, we addressed our balance sheet when the financial markets were favorable for our company. Intelsat completed nearly \$5 billion in capital markets activities, including a \$230 million offering of our common shares and \$403 million aggregate principal amount offering of convertible debt. In 2018 Intelsat extended its maturity profile, increasing the runway for the company to stabilize and find growth. As a result of these accomplishments, Intelsat entered 2019 in a stronger position.

Our Customer-Focused Businesses

2018 brought new opportunities in each of our businesses. We addressed challenges as we built towards a stable revenue base.

Network Services

Our network services business generated \$798 million of revenue in 2018, a decline of 6 percent as compared to 2017. This was primarily a result of reduced demand for certain trunking routes and lower prices as we transitioned away from traditional services and wide-beam capacity to higher volume mobility applications using lower cost high-throughput assets such as Intelsat Epic^{NG}.

 **Network Services
2018 Revenue**
\$ 798 Million

Mobility applications, such as aeronautical and maritime mobility services, provided the most growth for our business in 2018. Longer term, we see opportunity in both mobility and wireless infrastructure, which combined are forecasted to bring \$2.5 billion in incremental revenue opportunity from 2018 to 2023.

Successes in the network services business in 2018 included:

- The booking of significant pre-launch commitments on Horizons 3e with two of Asia's largest wireless operators.
- The signing of an agreement that significantly increased a previous commitment from the anchor customer on Intelsat 39, the Myanmar Ministry of Transportation and Communications.



- The signing of new agreements with Gogo LLC, the global leader in providing broadband connectivity solutions and wireless entertainment to the aviation industry. Gogo uses services on a number of Intelsat satellites, including five Intelsat Epic^{NG}

satellites, as part of its global passenger broadband aeronautical network.

The strategy for our network services business includes expanding our managed services business and developing offerings that introduce new business models to simplify the use of satellite communications. For instance, in 2018 we made a strategic investment in Africa Mobile Networks ("AMN") to accelerate the deployment of mobile connectivity to unserved communities across multiple countries in sub-Saharan Africa. AMN provides a low-cost, low-power satellite connected cell site solution that is powered by a highly reliable solar-based power system, all of which is only possible with powerful Intelsat Epic^{NG} connectivity.

Media

Our media business generated \$937 million of revenue in 2018, an increase of 3 percent as compared to 2017. After adjusting for new accounting rules, on a like for like basis, our media business declined by 4 percent in 2018 as compared to 2017. In 2018, the largest share of our media revenue came from services for direct-to-home television outside of the U.S.

 **Media Services
2018 Revenue**
\$ 937 Million

Our media business is affected by a sector shift that is the result of new technologies and changes in audience viewing habits. Linear television distribution, enabled by our network, generates the overwhelming majority of our media customer revenues. However, these customers are also looking for cost efficiencies as their businesses are also distributing internet-based programming to support mobile viewing preferences while not yet generating significant incremental revenue streams.

The opportunity for Intelsat? To provide solutions that dynamically integrate satellite connectivity with cloud-based services, resulting in improved scalability, reliability and cost. This will allow our customers, the world's leading content producers, to tailor their network delivery to different kinds of distribution outlets, leveraging the global reach of our satellite and IntelsatOne terrestrial network.

Highlights of the media business in 2018 included:



- The renewal cycle continues with our North American media customers. AMC Networks, Fox Entertainment, Disney and Discovery are just a few of the customers renewing services in 2018. With contract commitments as long as ten years, these

customers are attracted by the strength of our video neighborhoods, which provide reach to 100 million American households.

- Japan's national public broadcasting organization, NHK, renewed services on four Intelsat satellites and IntelsatOne terrestrial services that form the foundation of its global distribution platform. NHK benefits from a single source solution, managed and monitored end-to-end by Intelsat.

Our strategy and investments in this business leverage our competitive advantages, not the least of which is our global reach, in a media environment where content will be created locally but distributed globally. As a result, we will continue to invest in our teleports and ground network capabilities around the world. We'll also continue to develop technologies that blend wireless, wired, and satellite services, providing our customers with fully-integrated solutions.

Government

Our government business generated \$392 million of revenue in 2018, an increase of 11 percent as compared to 2017. After adjusting for new accounting rules, on a like for like basis, our government business increased by 2 percent in 2018 as compared to 2017. The primary contributor to the increase was new business and the transfer of a customer from our network services business to government.



**Government
2018 Revenue**
\$ 392 Million

The government team successfully navigated a year where an unusually large percentage of contracts was due to be contracted through new government competitions. The team not only achieved a near-perfect 96 percent renewal ratio, they were successful in achieving our commercial goals for the new contracts, completing the year with an increase in contracted backlog and also an increase in beginning of year backlog as compared to 2017.

Major accomplishments for our government business included:

- Introduction of FlexAirSM, a worldwide in-flight connectivity managed service designed for aircraft with high performance requirements, such as manned and unmanned intelligence, surveillance and reconnaissance aircraft. The global Ku-band platform comprises beams on our



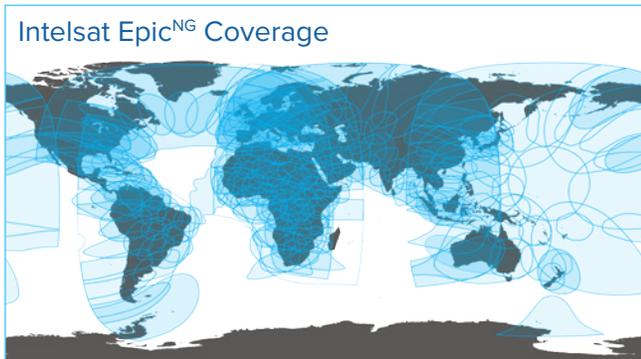
high-throughput Intelsat Epic^{NG} satellites and our traditional wide-beam spacecraft. The service is compatible with multiple types of fuselage and tail-mounted antennas on both manned and unmanned aircraft.

- The award of a contract by the Federal Aviation Administration to develop and operate the Wide Area Augmentation System (“WAAS”) satellite payload, which aids aircraft navigation, particularly precision approaches to airports, without dependence on ground-based infrastructure. Intelsat will develop the WAAS GEO 7 payload, which will then be hosted on Intelsat’s replacement Galaxy 30 satellite currently under construction and planned for launch in 2020. Leidos, a global science and technology leader, is the prime contractor on the contract.

The strategy for Intelsat’s government business is to use managed services and other operations-based services to provide more of the solution, freeing our customers to deploy staff for mission-critical activities. Longer term, our focus on standards-based technologies and establishing a seamless interface with the broader telecommunications infrastructure benefits our government business, especially with respect to mobility applications.

The Intelsat Network... Leading Change in Technology

The launch of Horizons 3e in 2018, the final satellite in the first series of Intelsat Epic^{NG} satellites, completed the deployment of the first generation of our Intelsat Epic^{NG} high-throughput fleet.



The end result: a global footprint that provides best in class efficiency for our customers, improving throughput and offering a lower cost-per-bit to expand addressable markets.

In 2018, we announced the adoption of a capital expenditure strategy designed to deliver improved technology with much lower capital intensity.

By focusing on software-defined satellites, exploring emerging technologies and collaborating across the

sector to develop standards-based networking gear, we expect to gain operational flexibility and market agility to leverage our global spectrum rights. Further, we are investing in our service delivery chain. This will improve our ability to efficiently and rapidly scale our managed service business.

Meanwhile, we will expand our fleet and upgrade our technology in the normal course of maintaining our fleet of over 50 satellites. In 2018, our satellite procurement teams were busy on two key projects.

Intelsat 39 is a satellite planned for launch in 2019 that we are building for the Asia market, providing a customized broadband payload for the Myanmar government.



The second project, also planned for launch in 2019, will mark another leadership moment for Intelsat, when the world’s first mission extension vehicle, or MEV, meets up with one of our already orbited satellites. The rendezvous of these two spacecraft will be a first, transferring flight operations to the MEV to extend the life of our satellite. A successful mission will provide yet another source of efficiency as we pursue a disciplined, but highly productive, capital investment program.

Leading Globally

Although Intelsat's business is highly global – doing business in approximately 200 countries and territories – we are very lean, with 1,200 employees globally.

As the leader of this team, I get to know many of our employees personally. One of the most rewarding aspects of my role is being able to share in the passion and energy that is put forth by our team as they pursue our goals and those of our customers. Their commitment, bringing new technologies to market and enabling economic growth in the countries we serve, accrues to Intelsat's brand recognition in the telecommunications community.

The entire Intelsat team understands that creating value for our shareholders is the ultimate goal of executing our strategy. We will lead our company to an expanded role in the era of 5G.

We thank you for your continued support for Intelsat.



Stephen Spengler

Director and Chief Executive Officer



United Nations Broadband Commission
May 2018

¹ In the first quarter of 2018, we adopted the provisions of the Financial Accounting Standards Board Accounting Standards Codification Topic 606, Revenue from Contracts with Customers.

² Adjusted EBITDA ("AEBITDA") and the related margin included in this letter are non-U.S. GAAP financial measures. Please see our SEC filings, including our Annual Report on Form 20-F for the year ended December 31, 2018, available on our website for a reconciliation of these measures to comparable U.S. GAAP financial measures.