

1 May 2018

## Letter to Our Shareholders



**Stephen Spengler**  
Director and Chief Executive  
Officer

**Evolution or revolution...** with the coming introduction of fifth generation wireless technologies (5G), the telecommunications landscape will be forever changed. The level of complexity in a 5G world, a 'network of networks' means that no single technology will be able to provide all of the connections required for human and machine-to-machine communications.

An environment where broadband connections are required everywhere, all the time, expands the opportunities for Intelsat.

**We intend to lead a revolution of hybrid technology solutions that seamlessly blend satellite with wired and wireless architectures.**

The attributes that make this a possibility are at the core of Intelsat's fleet, ground network and access investments. We are building on top of satellite's inherent strengths: ubiquitous reach to every corner of the earth; the quality and security of our

signals, regardless of location; and, increasingly, the efficiency and economics of our ever-improving satellite technology.

In 2017 we achieved financial and operating priorities as well as significant strategic milestones. Our financial performance was on plan, with revenue of \$2.15 billion and net loss attributable to Intelsat S.A. of \$179 million.

**\$2.15B**  
2017 Revenue

**\$1.65B**  
2017 Adjusted  
EBITDA<sup>1</sup>

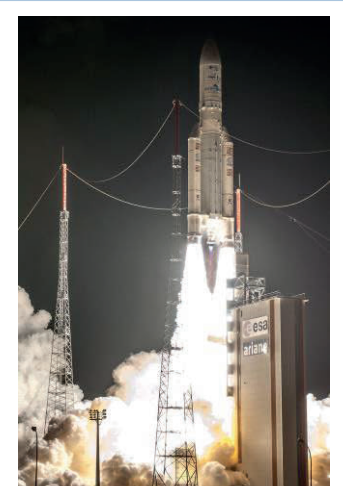
Adjusted EBITDA<sup>1</sup> was \$1.65 billion, or 77 percent of revenue, achieving a slight increase as compared to 2016, despite a modest decline to our top line.

The solid financial performance supported another active year in the capital markets. Importantly, we completed a number of capital markets transactions, extending our maturity profile as we continue to actively manage our complex capital structure.

Near-term, we continue our evolution, as we make shifts necessary to stabilize our current business. As we plan for the long-term, we embrace the revolution in technology and standards that will expand our opportunities. Intelsat's unique capabilities will be essential to the new environment.

## 2017 Operational Priorities

Our plan for 2017 was based upon four operational priorities, each with a role in further stabilizing our business while building capabilities for higher growth opportunities over the mid- to long-term.



*Our first priority was to maintain our schedule for our next generation Intelsat Epic<sup>NG</sup> high-throughput satellite (“HTS”) fleet and other satellites in our plan to ensure availability of new, differentiated inventory to drive revenue growth...*

As we entered 2017, we had only launched two of our next generation Intelsat Epic<sup>NG</sup> satellites. As we exited 2017, five of six planned Intelsat Epic<sup>NG</sup> satellites were in orbit, and we had initiated services on our new managed services platform, IntelsatOne<sup>®</sup> Flex.

This phase of our fleet evolution is nearly complete, and includes nearly 1,150 units of in-service high-performance inventory. Hearing firsthand from large satellite users that Intelsat Epic<sup>NG</sup> is the best performing in the sky today gives me great confidence that we have the right inventory to fuel future growth.

We'll complete our initial Intelsat Epic<sup>NG</sup> build-out with the launch of our joint-venture satellite, Horizons 3e, in late 2018.

*Our second priority was to accelerate the commercialization of Intelsat Epic<sup>NG</sup>...*

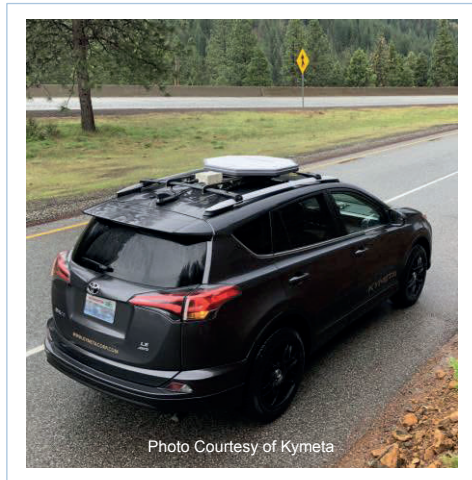
The role of the high-performance satellite services provided by Intelsat Epic<sup>NG</sup>, truly differentiates our position in the market. But of equal importance is the need to commercialize this new technology and make it easier to use. Our activities serve to stimulate the development of

ancillary ground network technologies and service offerings that result in higher efficiency, simplified access and innovative business models. Combined, these forces will revolutionize the role of satellite solutions in the telecommunications landscape.

In 2017, we experienced slower than expected take-up of one of our Intelsat Epic<sup>NG</sup> satellites. We redoubled our commercialization efforts and are now on the way to attaining our incremental utilization goals.

Over the course of 2017, Intelsat continued its strategy of targeted investments in network platforms that deliver managed services and related technologies. Our goal: accelerate the adoption of our high-throughput services by larger, higher growth applications ranging from wireless infrastructure to mobility connectivity for aeronautical, maritime and land mobile applications (such as trains), and government and media customers.

## Our activities included:



- An equity investment in Kymeta Corp., an innovator in the development of electronically steerable, flat panel antennas. These antennas enable easier installations and new land mobile applications. Kymeta and Intelsat also announced a distribution alliance for a new managed satellite service offering, KĀLO™, that combines Kymeta's antenna with the IntelsatOne® Flex managed service. The new service will provide a fully provisioned end-to-end connectivity solution for rail, energy, Internet of Things ("IoT"), first responders, buses, and connected car.

- Activation of our IntelsatOne® Flex managed services platform. This managed service delivers additional value to our service provider customers, who entrust us with operating their network infrastructures so they can funnel resources, expertise and investment dollars toward differentiated applications.
- Introduction of Intelsat Mobile Reach Solar solutions for 2G, 3G and 4G wireless networks, which feature hardware with lower power requirements that still deliver high performance, leveraging the Intelsat Epic<sup>NG</sup> platform.
- A minority equity investment in Dejero Labs, Inc. Dejero's technology blends satellite services with wireless and other transmission media for a seamless, robust infrastructure. In August 2017, Intelsat and Dejero introduced the CellSat service, a blended cellular and Ku-band IP solution that provides newscasters the bandwidth to report live from virtually anywhere, regardless of ground network congestion.

As we exited 2017, the cumulative backlog value of the approximately 190 contracts to date on Intelsat Epic<sup>NG</sup> was \$1.25 billion. We expect to reap further benefits from our commercialization strategy as we move into 2018.

### *Our third priority was to maintain our leadership in government services...*

We continued to leverage our leadership as a trusted provider of services for the U.S. government and NATO affiliates. We are successfully delivering Intelsat Epic<sup>NG</sup> services to the U.S. government. With services that allow full high definition video capture from an airborne platform with 6 inch antennas, our connectivity furthers the revolution in increasingly capable manned and unmanned aerial vehicles with myriad military and commercial applications.

*Our fourth priority in 2017 emphasized optimizing our capital expenditure plan, and maintaining our industry-leading portfolio of spectrum rights...*

Intelsat holds premium spectrum rights—perhaps the most attractive collection of satellite spectrum rights held by any company—which benefits our business by unmatched global reach. In October 2017, Intelsat introduced at the United States Federal Communications Commission (“FCC”) a proposal to enable joint-use of our U.S. C-band spectrum with the mobile wireless sector. We made our proposal in

response to an FCC request to identify spectrum that could be used to accelerate the deployment of 5G wireless services in the U.S.

Working with high-tech leader, Intel Corporation, and later joined by industry peer SES Global, our revolutionary market-based proposal includes incentive compensation provided by the wireless sector to satellite operators for accommodating their joint-use of our C-band spectrum. The proposal also requires compensation for the opportunity costs of satellite operators related to loss of flexibility and restrictions of our services within the band. If adopted as an official order, our proposal will revolutionize the way satellite spectrum can be leveraged for maximum value, while at the same time protecting the quality of services we provide in the band.

We expect to learn the outcome of our proposal over the course of the next year, although the timeline is completely in the control of the FCC. In the meantime, we will continue to deploy our spectrum—and capital expenditure dollars—in a way that maximizes our total value and optimize our space-based inventory in terms of technology and geographic reach.

## Evolution and Revolution in Our Customer-Focused Businesses

**In each of our businesses, we are continually evolving our offerings** as we build towards a stable revenue base. At the same time, we are investing resources and capital into initiatives that will be revolutionary in terms of the way we deliver services and access to much larger applications than we serve today.

## Network Services

Our network services business generated \$852 million of revenue in 2017, a decline of 5% as compared to 2016. This was primarily a result of non-renewals and lower prices as we transition away from traditional services and wide-beam capacity to higher volume mobility applications using lower cost high throughput assets such as Intelsat Epic<sup>NG</sup>.



The entire sector was challenged with respect to the provision of services for broadband applications in 2017. We saw a bright spot within network services in mobility applications—broadband infrastructure for aeronautical and maritime services. This application provided double digit revenue growth for Intelsat in 2017, reflecting an industry-wide opportunity that may provide nearly \$1 billion of growth by 2022.

Other successes in the network services business this year included:



- Welcoming global maritime leader KVH Industries as the first major user of the IntelsatOne<sup>®</sup> Flex Maritime managed services when the network went live in late 2017.
- The signing of a wireless infrastructure contract with one of Asia's largest mobile network operators, including a ten-year commitment on the Intelsat Epic<sup>NG</sup> fleet.

Our near-term strategy changes the way we market connectivity as we expand our managed services offerings. As compared to our more typical model of selling capacity services, managed services evolve Intelsat's go to market capabilities, allowing Intelsat to deliver greater value by taking on a larger part of network management. This allows our service provider customers to build application-specific offerings, differentiating their services in the market.

Our investments for network services support our long-term strategy as we prepare to lead the satellite-data revolution:

- Equity investments in electronically steerable antenna developers, enabling simpler installations and satellite connectivity for automobiles, trains and other forms of land transport.
- Regional data networking platforms in the developing world, allowing for a more localized solution.
- Building strategic relationships with global distributors, multiplying the productivity of our sales and marketing team and positioning for new sectors not served by our business today.

## Media

Our media business generated \$901 million of revenue in 2017, an increase of 5% as compared to 2016. Over the last two years, we launched three incremental direct-to-home (“DTH”) television satellites for customers in Latin America and South Africa, contributing to the growth. By the end of 2017, our media business was split relatively evenly between distribution of television programming to cable networks and the hosting of DTH platforms.

Media Services  
**\$901M**  
2017 Revenue

Highlights of the media business this year included:



- The beginning of an extended renewal cycle by our North American media customers, with contract commitments as long as ten years, attracted by the strength of our video neighborhoods, which provide reach to 100 million American households.
- The introduction of a news gathering managed service with Dejero Labs, Inc., using technology that dynamically blends wireless and satellite transmission services for newscasters who require highly reliable access when covering breaking news events.

Our media customers are also experiencing a revolution in their space, with competing internet-based programming sources and multiple platforms required to support mobile viewing preferences. Our goal is to provide more of the solution for our media customers, delivering services that effectively outsource teleport operations, leveraging our skill and global footprint.

Our strategy and investments in this business leverage our competitive advantages as we support a media revolution where content will be created locally but distributed globally:

- Continuing to expand our video neighborhoods, adding distribution capacity in regions such as Latin America.
- Investing in teleport and ground network capabilities globally, expanding our service networks.
- Differentiating our platform through small, strategic investments in technologies such as blended wireless and satellite services, for which we see further potential beyond media applications.

In 2018, we plan to launch Intelsat 38, a replacement payload supporting the growth of our DTH customers in Asia and Central and Eastern Europe.

## Government Services



Our government services business generated \$353 million of revenue in 2017, a decline of 9% as compared to 2016. The primary contributor to the decline was the previously announced conclusion of a contract in the first quarter of the year.

Although the pace of new requests for proposals remains somewhat slow, our government team has never been more active, providing services to aeronautical systems, manned and unmanned, with over 20 contracts awarded-to-date using our high-throughput Intelsat Epic<sup>NG</sup> satellites.

Major accomplishments for our government business included:

- The renewal of approximately 200 contracts for over 5500 MHz of satellite services, with Intelsat General contracting directly for service delivery as well as relationships with more than 50 government contractors.
- Furthering the use of Intelsat Epic<sup>NG</sup> for government applications. In 2017, Intelsat Epic<sup>NG</sup> satellites enabled small, manned, surveillance airplanes to transmit intelligence data to commanders at 12 Mbps. As surveillance needs continue to rise, our high-throughput satellites will support up to 30 Mbps to aeronautical platforms, expanding the capabilities of these increasingly important tools in intelligence gathering.

Our near to mid-term strategy extends our commercial managed services strategy to our government business, as we increasingly provide more of the solution, freeing our customers to focus on the mission. Our strategy includes:

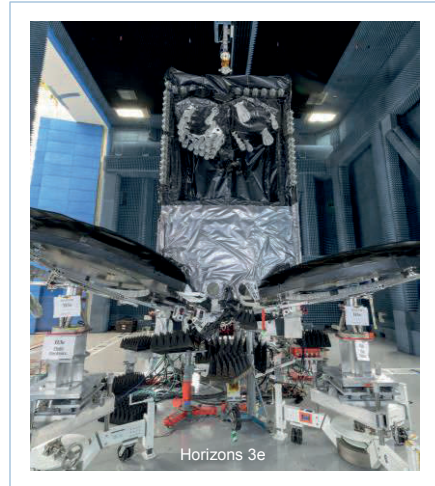
- Introducing IntelsatOne<sup>®</sup> Flex aeronautical services, which are designed to support government contractors looking to expand mission-based business models for surveillance and other aeronautical requirements.
- Evolving our government customer base, selling high performance solutions for data and military applications to a more diversified set of governments beyond the U.S.

Longer term, we're beginning to create solutions that integrate our geosynchronous services with low-earth orbit and other terrestrial capabilities. Our goal: be the trusted source for integrated commercial satellite solutions for a government customer with complex global communications requirements.

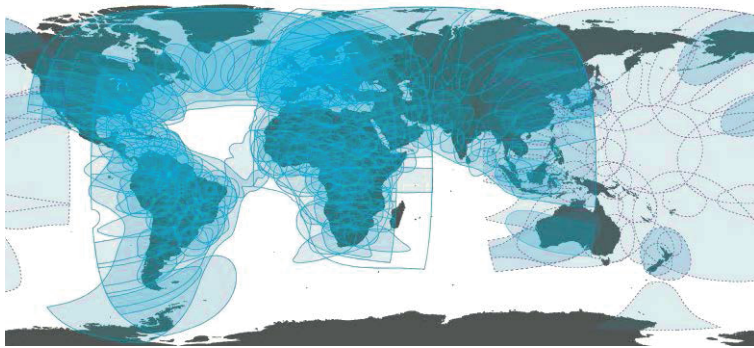
## Investing in Our Core, and the Evolution of Our Fleet Concept

In 2017, the Intelsat Epic<sup>NG</sup> fleet deployment progressed, with three successful launches covering service territories including South America, the North Atlantic, Africa and Europe, joining the two Intelsat Epic<sup>NG</sup> satellites launched in 2016.

Our sixth Intelsat Epic<sup>NG</sup> satellite, Horizons 3e, is scheduled for launch in late 2018. The launch of Horizons 3e, the final satellite in the first series of Intelsat Epic<sup>NG</sup> satellites, will complete this phase of our fleet evolution and our initial high-throughput network overlay investment program. The end result: a global footprint that provides best in class efficiency for our customers, improving throughput and a lower cost-per-bit to expand addressable markets.



### Intelsat Epic<sup>NG</sup> Coverage



This milestone will complete several years of intense capital investments. We will enter a phase of relatively lighter capital investment and begin the work of replacing our North American media satellites.

We will always push for the next innovation. Intelsat's role is to drive introduction of new

technologies and approaches. For instance, the incorporation of software-defined satellites into our fleet design, which can be configured while in orbit, will bring agility to our high throughput platform. This will provide a profound improvement to our ability to respond to changes in our markets, and support our leadership in delivering lower cost infrastructure.

New manufacturing techniques and increased competition in the rocket launch sector signal the potential for a new era in the use of low-earth orbit ("LEO") satellite fleets to address global broadband demand.

In February 2017, Intelsat announced a conditional combination agreement with WorldVu Satellites Limited ("OneWeb"), the builder of a new LEO global communications system. SoftBank Group Corp. ("SoftBank"), the majority equity holder of OneWeb, was expected to invest an additional \$1.7 billion in newly issued common and preferred equity of the combined company to support the combined company's growth strategies and strengthen the Intelsat capital structure.



Ultimately, we were unable to persuade the necessary number of bondholders to accept the offer. Regardless, we consider the commercial relationship with OneWeb and SoftBank—which has continued to evolve despite the termination of the combination agreement—to be a strategic milestone and ongoing priority. Our commercial relationship allows us to advance our vision of fully integrated LEO/GEO services. These services will switch seamlessly between our two fleets, leveraging telecommunications standards-based ground network technology that easily scales.

## Our Team is Always Looking for the Next Revolution

We are ready to embrace the revolution ahead. The energy and passion of the Intelsat employees, located in 15 countries and doing business in 160, never wavers. As we add new skills in the managed services arena and incorporate the technologies from our investments, we are also developing and attracting new engineering, product management and marketing talent.

Late in 2017, I announced that Samer Halawi would join Intelsat's executive team as Chief Commercial Officer. His experience in developing new services and bringing them to market in partnership with value added distributors is a significant skill set to add to our mix, and we welcome him to our team.

**The entire Intelsat team understands that creating value for our shareholders is the ultimate goal of executing our strategy. We are evolving our leading global business, to position for the revolution to come.**

We thank you for your continued support for Intelsat.



**Stephen Spengler**

Director and Chief Executive Officer



Jacques Kerrest, Executive Vice President and Chief Financial Officer and Stephen Spengler, Director and Chief Executive Officer

<sup>1</sup>Adjusted EBITDA ("AEBITDA") and the related margin is a non-U.S. GAAP financial measure. Please see our SEC filing including our Annual Report on Form 20-F and available on our website for a reconciliation of this measure to comparable U.S. GAAP financial measures.

