

Letter to Our Shareholders 2020



Stephen Spengler

Director and Chief Executive Officer

A backdrop of exciting opportunities – and complex challenges – provides the context for our 2019 shareholder update. These factors will drive IntelSat's performance in 2020 and beyond.

New space-based technologies – and recent investments – are lowering barriers to entry in the satellite communications sector, driving innovation, scale and potentially opening new applications for satellite solutions.

At the same time, the global telecommunications ecosystem faces continual price pressure. This creates capital constraints which must be balanced with the need to invest heavily for the next generation "network of networks" known as 5G. Data traffic is expected to grow by a factor of 4 by 2025. Over this time, it is increasingly likely that telecom operators will create more value by analyzing the data carried by their networks than by transmitting this data.

Thus, the tools required for success in the telecommunications sector are changing radically from those of just three years ago.

This landscape of change and opportunity causes us to reassess IntelSat's advantages and to challenge and refine our strategies to position our company for opportunity and success in the 5G era.

IntelSat Advantage: the telecommunications growth drivers of 2020 and beyond align directly with the enduring strengths of our business.

The network everywhere – Not only do people need connectivity everywhere, and with the right economics that align to developed and developing world realities, but now machines and devices need connectivity as well. IntelSat's vast global network, with the ability to connect 99 percent of the world's populated regions, is unmatched in its reach and reliability.

Mobility – These same people and machines need to be connected always – network dead zones without connectivity are not an option. IntelSat's satellite network includes high-performance capacity that has been optimized to maintain connectivity for mobility applications, whether on land, sea or in the air.

Efficiently reaching the network edge – Network experts forecast that by 2022 video will represent 82 percent of all global Internet traffic. The most efficient way to move video is via satellite. IntelSat's network can deliver video directly to the network edge, relieving congestion points with ubiquitous delivery. This creates value for content owners and efficiency for wireless network operators seeking to free network resources.

As we study these changes, we are certain that IntelSat is – and will continue to be – an essential part of the global communications infrastructure that will deliver the next generation of connectivity. Over the course of 2019, we expanded our workforce and pursued investments in our integrated space and ground network that position IntelSat with the right technologies and capabilities. This transformation of IntelSat should allow us to garner a winning share of the network of the future.

2019 also brought its fair share of challenges. For most of 2019, we continued to advance our proposed solution to a Notice of Proposed Rulemaking issued by the U.S. Federal Communications Commission (“FCC”): repurposing mid-band spectrum to accelerate the deployment of 5G services in the U.S. Our market-based proposal featured the transition of a portion of our licensed C-band spectrum to the wireless sector, while protecting the nation’s video and radio content distribution that is delivered by our C-band networks today.

Although our proposal was viewed by many as an efficient path that would speed the nation’s entry into the 5G era—and the economic growth that will accompany it—the FCC changed course. In early November 2019, the FCC announced it would not pursue our market-based proposal, but instead conduct a public auction of the spectrum. In February 2020, the FCC issued a final order for the clearing of a portion of the C-band spectrum including incentives that would be provided to satellite operators to accelerate this clearing. This order has significant implications for our business and the services we provide to our customers in the C-band; therefore, as of the time of this letter, we are continuing to evaluate the myriad details of the FCC final order and will preserve all options to ensure our company is treated fairly.

2019 Priorities and Achievements

Our operational priorities are designed to stabilize our core business, grow new revenue and improve our competitive position. In addition to optimizing our spectrum rights, which we discussed earlier, we successfully advanced our priorities in 2019.

Leverage all assets for maximum return... We placed three new satellites into service over the course of 2019. Two of these satellites included significant incremental capacity that generated new revenue and improved our competitive positioning in the telecommunications infrastructure and mobility sectors.

Scale our managed services to new sectors and build powerful distribution channels to amplify our marketing efforts... Managed services represent the fastest growing part of our business and provide services on a global scale. We introduced managed services to make it simpler to utilize our Intelsat Epic high-throughput services. The Flex network now includes commercial offerings including FlexMaritime, FlexExec (for business jet connectivity), FlexEnterprise (for enterprise broadband networks) and FlexMove (for land mobile applications). Government managed services include FlexAir and FlexGround. Intelsat’s solutions partners include a number of well-respected distributors with value-added expertise in their respective markets.

Lead the sector in seamless integration with the global telecommunications infrastructure... In 2019, Intelsat invested resources to position the company for the networks of the future. A key priority was to influence the Alliance for Telecommunication Industry Solutions Third Generation Partnership Project—more commonly known as ATIS 3GPP—to begin strategic positioning for our role in the era of 5G. Intelsat led the ATIS 3GPP non-terrestrial networking (“NTN”) working group. The first outcome of the group’s work is that satellite is being included in the requirements for the forthcoming Release 17 of the 5G standard. This is a key breakthrough moment for satellite. It demonstrates our focus on the development of standards across the satellite ecosystem, which is so important for network interoperability and reduced costs. We are confident that Intelsat will be well-positioned and fully integrated into the 5G global infrastructure.

Disciplined stance on cash flow and enhanced productivity of our deployed capital... Over the past decade, discipline with respect to cash flow and investments has become a core priority for the company. We generate leading industry productivity metrics such as revenue per employee and capex as a percentage of revenue and work our assets to ensure we earn the highest return on our fleet investments. In 2019, Intelsat innovated with partner Northrop Grumman to launch an in-space servicing vehicle to extend the life of one of our deployed satellites. Because it defers the need to launch new satellites, the service, which is delivered by the Mission Extension Vehicle (or MEV-1), will provide in-orbit flexibility for fleet management. It enables Intelsat to redeploy capital into other areas of our business, freeing capital expenditures for future innovation. At this writing, the historic rendezvous and docking of MEV-1 with Intelsat 901 is complete and Intelsat 901 is back in service.

In 2019 we also achieved our financial objectives. Our full-year revenue and Adjusted EBITDA¹ results came in above the guidance range that was reset following the April 2019 loss of one of our Intelsat Epic satellites. Revenue was \$2.06 billion, a 5 percent decline as compared to the full-year 2018 result, and net loss attributable to Intelsat S.A. was \$914 million, which included a \$382 million impairment charge related to the loss of Intelsat 29e.



2019 Revenue
\$ 2.06 Billion



Adjusted EBITDA
\$ 1.48 Billion, or
72 percent of revenue

2019 Adjusted EBITDA was \$1.48 billion, or 72 percent of revenue, an 11 percent decline from the full-year 2018 result. This reflects several new satellite-related investment programs that eliminate or delay capital expenditure requirements while increasing operating expenses. These include the MEV-1 program, and other investments in our managed services infrastructure, both of which are discussed above. We ended 2019 with \$7.0 billion in contracted backlog, providing visibility on future cash flows.

In 2019 we focused on stabilizing our core business and positioning the company for the future. I am confident our 2019 achievements contributed significantly to both goals, providing a transformational foundation for the future.

Our Customer-Focused Businesses

Network Services

Our network services business generated \$770 million in revenue in 2019, a decline of 3 percent as compared to 2018. The result reflects lost revenue following the Intelsat 29e satellite loss, as well as non-renewals and, to a lesser degree, lower prices, particularly in our enterprise business.



**Network Services
2019 Revenue**
\$ 770 Million

Mobility applications, such as aeronautical and maritime services, provided a growing stream of new revenue for our business in 2019. New satellites and new managed service offerings introduced over the course of the year generated new revenue within the wireless sector. In the near-to mid-term, we see opportunity in mobility and wireless infrastructure, which benefit from our global footprint and our emphasis on seamlessly integrating into wireless infrastructures in the era of 5G.



Over the course of 2019, our FlexMaritime service scaled attractively, providing new revenue streams. Our managed services have become the network backbone for many of our maritime distributors. In addition to expanding globally, our distributors are provisioning sites more rapidly, using new tools that we have implemented to accelerate deployment of our services.

Our network services business is benefitting from a resurgence in our telecommunications infrastructure business, after several years of lower volume and significant pricing headwinds. Growth in this sector is

sourced from several new Intelsat satellites serving the Asia region, including high-throughput Intelsat Epic satellites, and our new AgileCore UX managed service offering that addresses trunking requirements for enterprise and telecom applications.

Our strategy for our network services business includes expanding our managed services to address higher growth opportunities with on-the-move applications, whether air, land or sea. In 2020, we will begin to build Intelsat 40e, an asset optimized to support mobility services over North America.

Media

Our media business generated \$883 million of revenue in 2019, a decline of 6 percent as compared to 2018. In 2019, the largest share of our media revenue came from services provided for direct-to-home television platforms outside of the U.S.



**Media Services
2019 Revenue**
\$ 883 Million



Our media business is affected by a sector shift that is the result of new technologies and changes in audience viewing habits. While the number of channels on the Intelsat global network increased to 5,550 in 2019, the types of formats being distributed reduce the volume of capacity needed. Global and regional programmers are driving operational efficiencies in their linear distribution operations in order to fund the growth in their on-demand digital distribution platforms.

In 2019 we introduced IronRoute with our partner Dejero Labs, Inc. IronRoute is a new blended connectivity cloud-based content distribution solution for the media industry. The service simplifies the simultaneous distribution of content to multiple locations anywhere in the world, whether it be to network affiliates, station groups, or to other broadcasters and media organizations.

Our team is focused on maintaining the important global relationships that we enjoy with our video content programmers, many of whom we serve on at least four continents. In 2019, we captured important contract renewals in North America where our customers are attracted by the strength of our video neighborhoods, which provide reach to nearly 120 million American households. We also earned significant renewals from global and regional programmers, most notably in China, Brazil and South Africa.

Our strategy and investments in this business leverage the competitive advantage of our global reach, in a media environment where content will be created locally but distributed globally. Over the next several years we will ensure seamless delivery of services to our programmers as part of the C-band transition in the United States.

Government Services

Our government services business generated \$378 million of revenue in 2019, a decrease of 3 percent as compared to 2018. The government team is actively repositioning its business from one of primarily providing bulk capacity, to one that is managed services-based.



**Government
2019 Revenue**
\$ 378 Million

An example of this is our latest managed service, FlexGround. This service is designed to provide on-demand high data rate access for first-entry forces, special operations and other quick action situations. Using terminals that are designed to be set up and connected in minutes, FlexGround offers enhanced speed and improved economics as compared to mobile satellite services.

Intelsat is a key supplier to the U.S. government, and is one of the largest providers of commercial satellite capacity to support its operations overseas. In 2019, the team successfully renewed the vast majority of contracts up for renewal, with attractive commercial terms that reflect our interest in continuing to invest for growth in this business.



Our strategy for our government business is to extend and scale our managed services and pursue alliances to deliver adjacent services, such as imagery analytics, to expand our revenue opportunity. As we expand our managed services, we offer our customers the opportunity to better focus their staff and resources on mission-critical activities.

The Intelsat Network... Leading with Innovation and Focusing on Capital Efficiency

The Intelsat network is never 'complete'. Our reach and scale mean that we must continually innovate and evolve the network to ensure our capabilities are always ready to support our customers' requirements. So, even as we reached a significant milestone in 2019, completing the final satellite deployment in the first generation of the Intelsat Epic high-throughput fleet, we were already defining the requirements for next generation technology that will continue to evolve our fleet.

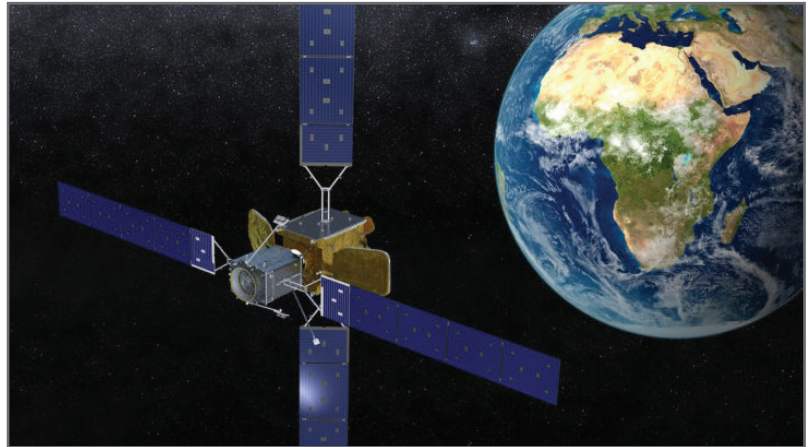
Intelsat's next investment cycle will emphasize the acquisition of software-defined satellites to enable a new level of agility and flexibility as we manage our network. These characteristics are now required by a sector that has relied on bespoke satellites from its inception. Our customers' businesses can't wait for years while we custom build capacity to suit. Software-defined satellites eliminate that problem with shorter manufacturing cycles and the use of software to optimize the mission once the satellite is on orbit.

Combined with our sizeable collection of orbital rights, Intelsat's network will become more flexible and responsive to opportunities and changes in our markets, while at the same time maximizing capex efficiency and lowering unit costs.

In addition, we look to innovate by incorporating into our network highly capable, cost-efficient technologies that complement our throughput and reach. In February 2020, Intelsat joined leading technology companies including SoftBank, Loon (Alphabet), Ericsson, Nokia and Airbus Defence and Space, among others, to promote the use of high-altitude platforms in the Earth's stratosphere which hold the promise of cost-effectively expanding the reach of terrestrial networks.

These programs are built upon the strong foundation of Intelsat's leading network. While the loss of Intelsat 29e earlier in 2019 dealt a blow to our operational plan, the resilience of our global Ku-band infrastructure was proven, and our customers noticed. In fact, customers using our Flex network were transitioned so seamlessly to other resources that they were unaware of the outage. We believe the event demonstrated the value of open systems and layered in-orbit resilience.

Our launch program in 2019 was lighter than previous years. In the fall of 2019, we launched and placed into service Intelsat 39, a powerful wide-beam satellite that brought new services to the Asia region. Our team also continued to oversee the build of Galaxy 30, a satellite we plan to launch in the second quarter of 2020.



2020... and Beyond

One of the most rewarding aspects of working at Intelsat is witnessing the benefits that our services bring to the lives of individuals, communities and businesses around the world. From our operational headquarters in Virginia and our network operations center in Georgia, the connectivity provided by Intelsat makes a difference in each of the approximately 200 countries and territories that we serve.

Our regionally-based employees witness Intelsat's contributions to local and regional economies first-hand and guide the global team with valuable market intelligence that allows us to sharpen our focus on reliably and seamlessly connecting people, devices and networks, even in the most challenging and remote locations.

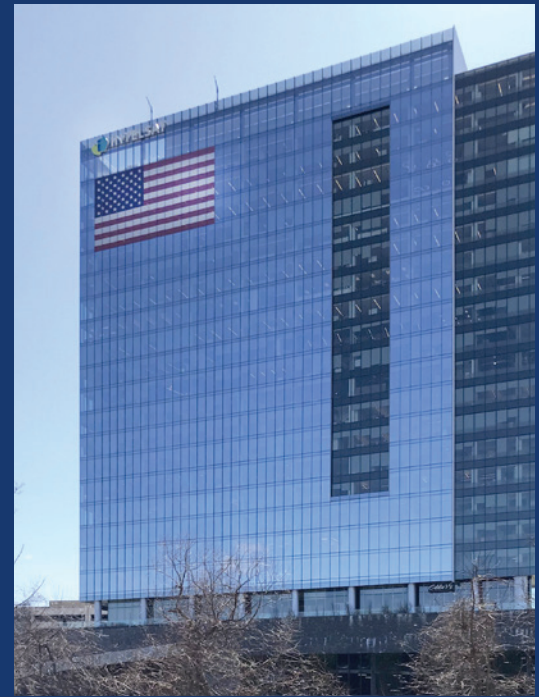
Our employees know that transformation happens when businesses, governments and communities have access to the ubiquitous connectivity of the Intelsat network. As our customers' businesses transform, opportunities are created for our company. We know that we have more work to do, and we remain confident that as we execute our strategies, we will continue the transformation that positions us for a successful future.

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, and improved financial stability, in the era of 5G.

At Intelsat, we turn possibilities into reality. We thank you for your continued support of Intelsat.



Stephen Spengler
Director and Chief Executive Officer



Intelsat U.S. Administrative Headquarters
McLean, Virginia



¹ Adjusted EBITDA (AEBITDA) and the related margin included in this letter are non-U.S. GAAP financial measures. Please see our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year-ended December 31, 2019, available on our website at www.intelsat.com for a reconciliation of these measures to comparable U.S. GAAP financial measures.