UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2021

INTELSAT S.A.
(Exact Name of Registrant as Specified in its Charter)

Grand Duchy of Luxembourg	001-35878	98-1009418
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4 rue Albert Borschette
Luxembourg
Grand Duchy of Luxembourg
L-1246
(Address of principal executive offices)

+352 27-84-1600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934: None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On August 3, 2021, Intelsat S.A. issued a press release regarding its results of operations and financial condition for the quarter ended June 30, 2021. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information included in this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated August 3, 2021, entitled “Intelsat Announces Second Quarter 2021 Results”
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTELSAT S.A.

Date: August 3, 2021	By:	/s/ David Tolley
	Name:	David Tolley
	Title:	Chief Financial Officer

News Release
2021-2Q

Contact
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Intelsat Announces Second Quarter 2021 Results

- *Second quarter revenue was $507.9 million*
- *Second quarter net loss attributable to Intelsat S.A. was $152.3 million*
- *Second quarter Adjusted EBITDA of $283.8 million or 56% of revenue*
- *June 30, 2021 contracted backlog of $6.0 billion*

Luxembourg, 3 August 2021
Intelsat S.A. (the "Company") (OTC: INTEQ), today announced financial results for the three months ended June 30, 2021.

Intelsat reported total revenue was $507.9 million and net loss attributable to Intelsat S.A. was $152.3 million for the three months ended June 30, 2021.

Intelsat reported EBITDA[1], or earnings before net interest, taxes and depreciation and amortization, of $150.4 million and Adjusted EBITDA[1] of $283.8 million, or 56% of revenue, for the three months ended June 30, 2021.

Intelsat's Chief Executive Officer, Stephen Spengler, said, "We generated strong operating performance across all our business sectors during the quarter. Network Services benefited from new mobility business from FlexMaritime managed services and the recovery in North American airline travel resulting in higher inflight connectivity revenues. Solid results in Media were driven by new business in our Europe and Asia markets and we also announced a contract expansion with a major media company that is expected to generate additional revenues in the future. The start of hosted payload service on our Galaxy 30 satellite and continued demand for our FlexMove land mobility managed services positively impacted our Government business.

Spengler concluded, "Our results demonstrate that we are well positioned to capitalize on an improving economic environment as the global market leader in connectivity solutions. We are making critical investments to expand our leadership position through innovation. We expect these investments will generate broader opportunities to secure new revenue streams while simultaneously optimizing our cost structure to compete more effectively. Investment in our next generation network is our highest priority. We are leveraging our unparalleled global orbital and spectrum rights, scale and partnerships to build the world's first global 5G satellite-based software-defined network. The Intelsat network will support a range of access technologies, enabling an open architecture network for global mobility, the Internet of Things (IoT) and 5G services with simplicity, coverage and performance."

Second Quarter 2021 Business Highlights

Intelsat provides critical communications infrastructure to customers in the network services, media and government sectors. Our customers use our services for broadband connectivity to deliver fixed and mobile telecommunications, enterprise, video distribution and fixed and mobile government applications.

Network Services

Network services revenue was $221.0 million (or 44% of Intelsat's total revenue, which consolidates revenue from our commercial aviation business), for the three months ended June 30, 2021, an increase of 25% compared to the three months ended June 30, 2020. Factors positively impacting revenue included in flight connectivity services and the expansion of services with mobility and network customers. The increase in revenue was partially offset by specific non-renewals and capacity and price reductions across our mobility and networks customer sets.

Media

Media revenue was $184.2 million (or 36% of Intelsat's total revenue) for the three months ended June 30, 2021, a decrease of 9% compared to the three months ended June 30, 2020. The decline in media was primarily driven by a planned service migration by a specific customer from Intelsat's network to the customer's own network assets. Other factors impacting revenue were terminations and non-renewals reflecting industry trends. The declines in revenue were slightly offset by new business expansion.

Government

Government revenue was $95.8 million (or 19% of Intelsat's total revenue) for the three months ended June 30, 2021, a nominal decrease compared to the three months ended June 30, 2020. The entry into service of a hosted payload on Galaxy 30 and continued growth of FlexMove land mobility managed services contributed to revenue for the quarter. This was offset by specific non-renewals and capacity and price reductions.

Average Fill Rate

Intelsat's average fill rate as of June 30, 2021 on our approximately 1,625 36 MHz station-kept wide-beam transponders was 74%, similar to our average fill rate at March 31, 2021. In addition, as of June 30, 2021 our fleet included approximately 1,220 36 MHz equivalent transponders of high-throughput Intelsat Epic capacity, consistent with the prior quarter.

Contracted Backlog

At June 30, 2021, Intelsat's contracted backlog, representing expected future revenue under existing contracts with customers, was $6.0 billion, as compared to $5.9 billion at March 31, 2021.

Financial Results for the Three Months Ended June 30, 2021

Total revenue for the three months ended June 30, 2021 increased by $25.8 million to $507.9 million, or an increase of 5 percent as compared to the three months ended June 30, 2020, primarily reflecting the consolidation of revenue from our commercial aviation business.

Direct costs of revenue (excluding depreciation and amortization) increased by $56.4 million, or 53 percent, to $163.3 million for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. The increase was primarily due to a $61.2 million increase in costs attributable to our commercial aviation business.

Selling, general and administrative expenses increased by $36.3 million, or 57 percent, to $100.2 million for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. The increase was primarily due to a $30.6 million increase in costs attributable to our commercial aviation business and a $4.0 million increase in staff-related expenses largely relating to our employee retention incentive plans.

Depreciation and amortization expense increased by $5.6 million, or 3 percent, to $168.3 million for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. Significant items impacting depreciation and amortization in the period included an increase of $7.4 million in depreciation and amortization expense attributable to our commercial aviation business and an increase of $3.1 million in depreciation expense resulting from the impact of a certain satellite placed into service. These increases were partially offset by a decrease of $5.4 million in depreciation expense due to the timing of certain satellites becoming fully depreciated.

Other operating expense—C-band consists of reimbursable and non-reimbursable costs associated with our C-band spectrum relocation efforts. We incurred $64.6 million of C-band clearing related expenses for the three months ended June 30, 2021, with no material comparable amounts for the three months ended June 30, 2020.

Interest expense, net consists of the gross interest expense we incur, together with gains and losses on interest rate cap contracts we held that matured in February 2021 (which reflected the change in their fair value), offset by interest income earned and the amount of interest we capitalize related to assets under construction.

Interest expense, net decreased by $92.6 million, or 42 percent, to $129.9 million for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. This was primarily due to a decrease of $76.4 million in interest expense resulting from our Chapter 11 restructuring activities, and a $13.1 million decrease due to higher capitalized interest primarily resulting from increased levels of satellites and related assets under construction.

The non-cash portion of interest expense, net was $26.6 million for the three months ended June 30, 2021, primarily consisting of interest expense related to the significant financing component identified in customer contracts, amortization and accretion of discounts and premiums, and amortization of deferred financing fees.

Other income, net was $20.2 million for the three months ended June 30, 2021, as compared to $2.8 million for the three months ended June 30, 2020. The net increase in other income primarily consisted of a $13.0 million gain, due to a change in fair value of a certain investment and a sale of an investment in a third party company, as well as foreign currency gains, with a net positive impact of $3.3 million for the three months ended June 30, 2021.

Reorganization items reflect direct costs incurred in connection with our Chapter 11 restructuring activities. Reorganization items of $49.6 million for the three months ended June 30, 2021 primarily consisted of professional fees. Reorganization items of $298.7 million for the three months ended June 30, 2020 primarily consisted of $197.0 million related to the write-off of debt discount, premium and issuance costs, $52.2 million of financing fees related to the DIP Facility (as defined below) and $49.0 million in professional fees.

Income tax expense increased by $3.1 million to $3.9 million for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. The increase was principally attributable to higher income from our U.S. subsidiaries, withholding taxes on revenue earned in some of the non-U.S. jurisdictions in which we operate and prior year adjustments from impacts of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Cash paid for income taxes, net of refunds, totaled $1.7 million and $2.1 million for the three months ended June 30, 2020 and 2021, respectively.

Net Income, Net Income per Diluted Common Share attributable to Intelsat S.A., EBITDA and Adjusted EBITDA

Net loss attributable to Intelsat S.A. was $152.3 million for the three months ended June 30, 2021, compared to a net loss of $405.4 million for the same period in 2020.

Net loss per diluted common share attributable to Intelsat S.A. was $1.07 for the three months ended June 30, 2021, compared to net loss of $2.85 per diluted common share for the same period in 2020.

EBITDA was $150.4 million for the three months ended June 30, 2021, compared to ($18.8) million for the same period in 2020, reflecting lower interest expense, higher income, and lower reorganization fees as described above.

Adjusted EBITDA was $283.8 million for the three months ended June 30, 2021, or 56 percent of revenue, compared to $342.4 million, or 71 percent of revenue, for the same period in 2020.

Free Cash Flow Used In Operations[1]

Net cash provided by operating activities was $26.0 million for the three months ended June 30, 2021. Free cash flow used in operations was $198.4 million for the same period. Free cash flow from (used in) operations is defined as net cash provided by (used in) operating activities and other proceeds from satellites from investing activities, less payments for satellites and other property and equipment (including capitalized interest) from investing activities. Payments for satellites and other property and equipment from investing activities, net during the three months ended June 30, 2021 were $224.4 million.

[1]In this release, financial measures are presented both in accordance with U.S. GAAP and also on a non-U.S. GAAP basis. EBITDA, Adjusted EBITDA (or AEBITDA), free cash flow from (used in) operations and related margins included in this release are non-U.S. GAAP financial measures. Please see the condensed consolidated financial information below for information reconciling non-U.S. GAAP financial measures to comparable U.S. GAAP financial measures.

Conference Call Information

In light of the Company and certain of its subsidiaries' decision to file voluntary petitions for relief (the "Chapter 11 Cases") under title 11 of the United States Code in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court"), the Company will not host a financial results conference call this quarter. Additional details regarding the Company's results and the bankruptcy proceedings are included in the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2021, which was filed with the U.S. Securities and Exchange Commission ("SEC") earlier today, as well as the Company's other filings with the SEC. Additional operational and financial details are also available on our Investor Relations website at investors.intelsat.com.

About Intelsat

As the foundational architects of satellite technology, Intelsat S.A. (OTC: INTEQ) operates the world's largest and most advanced satellite fleet and connectivity infrastructure. We apply our unparalleled expertise and global scale to connect people, businesses and communities, no matter how difficult the challenge. Intelsat is uniquely positioned to help our customers turn possibilities into reality – transformation happens when businesses, governments and communities use Intelsat's next-generation global network and managed services to build their connected future. Imagine Here, with us, at Intelsat.com.

Intelsat Safe Harbor Statement:

Some of the information and statements contained in this earnings release and certain oral statements made from time to time by representatives of Intelsat constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that do not directly or exclusively relate to historical facts. When used in this earnings release, the words "may," "will," "might," "should," "expect," "plan," "anticipate," "project," "believe," "estimate," "predict," "intend," "potential," "outlook," and "continue," and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information. Forward-looking statements include statements regarding: the effects of the Chapter 11 Cases on our liquidity or results of operations or business prospects; our belief as to the likelihood of the cause of the failure of Intelsat 29e in 2019 occurring on our other satellites; our guidance regarding our expectation that the launches of our satellites in the future will position us for growth; our plans for satellite launches in the near to mid-term; our intention to maximize the value of our spectrum rights; our expectations as to our ability to comply with the final U.S. Federal Communications Commission (“FCC”) order regarding clearing C-band spectrum in North America, including the availability of adequate resources and funds required to comply and the receipt of accelerated clearing payments set forth in the FCC order; our belief that the scale of our fleet can reduce the financial impact of any satellite anomalies or launch failures and protect against service interruptions; our belief that the diversity of our revenue allows us to benefit from changing market conditions and lowers our risk from revenue fluctuations in our service applications and geographic regions; our belief that developing differentiated managed services and investing in related software- and standards-based technology will allow us to unlock opportunities that are essential to providing global broadband connectivity; and our assessments regarding how long satellites that have experienced anomalies in the past should be able to provide service on their transponders.

The forward-looking statements reflect Intelsat's intentions, plans, expectations, anticipations, projections, estimations, predictions, outlook, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside of Intelsat's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Some of the factors that could cause actual results to differ from historical results or those anticipated or predicted by these forward-looking statements include: risks associated with operating our in-orbit satellites; satellite launch failures, satellite launch and construction delays and in-orbit failures or reduced satellite performance; potential changes in the number of companies offering commercial satellite launch services and the number of commercial satellite launch opportunities available in any given time period that could impact our ability to timely schedule future launches and the prices we pay for such launches; our ability to obtain new satellite insurance policies with financially viable insurance carriers on commercially reasonable terms or at all, as well as the ability of our insurance carriers to fulfill their obligations; possible future losses on satellites that are not adequately covered by insurance; U.S. and other government regulation; changes in our contracted backlog or expected contracted backlog for future services; pricing pressure and overcapacity in the markets in which we compete; our ability to access capital markets for debt or equity; the competitive environment in which we operate; customer defaults on their obligations to us; the impact of the novel coronavirus ("COVID-19") pandemic on our business, the economic environment and our expected financial results; our expectations as to the benefits and impact on our future financial performance associated with the Company’s recent purchase of the equity of Gogo Inc.’s (“Gogo”) commercial aviation business; our ability to successfully integrate Gogo’s commercial aviation business; our international operations and other uncertainties associated with doing business internationally; litigation; risks, uncertainties, and increased administrative and legal costs related to the Chapter 11 Cases; our ability to improve our liquidity and long-term capital structure and address our debt service obligations through our restructuring; our ability to obtain timely approval by the Bankruptcy Court with respect to the motions that we have filed or will file in the Chapter 11 Cases, including those related to our debtor-in-possession financing (the "DIP Facility"); objections to the Company’s restructuring process or other pleadings filed that could protract the Chapter 11 Cases or interfere with the Company’s ability to consummate our restructuring; our ability to retain the exclusive right to propose a Chapter 11 plan of reorganization and our ability to achieve confirmation of such plan; our ability to develop, obtain support for, confirm and consummate a Chapter 11 plan of reorganization, including the proposed plan of reorganization the Company filed in the Bankruptcy Court on February 12, 2021, as may be modified or amended; the length of time that the Company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of the Chapter 11 Cases; our substantial level of indebtedness and related debt service obligations and restrictions, including those expected to be imposed by covenants in any exit financing, that may limit our operational and financial flexibility; the conditions to which our DIP Facility subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of our control; our ability to develop and execute our business plan during the pendency of the Chapter 11 Cases; potential delays in the Chapter 11 process due to the effects of the COVID-19 pandemic; and our ability to continue as a going concern and maintain relationships with regulators, suppliers, customers, employees and other third parties as a result of such going concern during our restructuring. Known risks include, among others, the risks described in Intelsat’s Annual Report on Form 10-K for the year ended December 31, 2020 and its other filings with the U.S. Securities and Exchange Commission; the political, economic, regulatory and legal conditions in the markets we are targeting for communications services or in which we operate; and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular. Because actual results could differ materially from Intelsat's intentions, plans, expectations, anticipations, projections, estimations, predictions, outlook, assumptions and beliefs about the future, you are urged to view all forward-looking statements with caution. Intelsat does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
($ in thousands, except per share amounts)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Revenue	$ 482,034	$ 507,862
Operating expenses:		
Direct costs of revenue (excluding depreciation and amortization)	106,961	163,317
Selling, general and administrative	63,863	100,161
Depreciation and amortization	162,614	168,259
Impairment of non-amortizable intangible and other assets	34,043	—
Other operating expense—C-band	—	64,638
Total operating expenses	367,481	496,375
Income from operations	114,553	11,487
Interest expense, net	(222,533)	(129,893)
Other income, net	2,762	20,218
Reorganization items	(298,691)	(49,591)
Loss before income taxes	(403,909)	(147,779)
Income tax expense	(818)	(3,923)
Net loss	(404,727)	(151,702)
Net income attributable to noncontrolling interest	(628)	(604)
Net loss attributable to Intelsat S.A.	$ (405,355)	$ (152,306)
Net loss per common share attributable to Intelsat S.A.:		
Basic	$ (2.85)	$ (1.07)
Diluted	$ (2.85)	$ (1.07)

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
UNAUDITED RECONCILIATION OF NET INCOME (LOSS) TO EBITDA
($ in thousands)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Net loss	$ (404,727)	$ (151,702)
Add:		
Interest expense, net	222,533	129,893
Income tax expense	818	3,923
Depreciation and amortization	162,614	168,259
EBITDA	$ (18,762)	$ 150,373
EBITDA Margin	NM	30 %

Note:

Intelsat calculates a measure called EBITDA to assess the operating performance of Intelsat S.A. EBITDA consists of earnings before net interest, loss (gain) on early extinguishment of debt, taxes and depreciation and amortization. Given our high level of leverage, refinancing activities are a frequent part of our efforts to manage our costs of borrowing. Accordingly, we consider loss (gain) on early extinguishment of debt an element of interest expense. EBITDA is a measure commonly used in the Fixed Satellite Services (“FSS”) sector, and we present EBITDA to enhance the understanding of our operating performance. We use EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and financial analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies.

EBITDA is not a measure of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. EBITDA should not be considered as an alternative to operating income (loss) or net income (loss), determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
UNAUDITED RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
($ in thousands)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Net loss	$ (404,727)	$ (151,702)
Add:		
Interest expense, net	222,533	129,893
Income tax expense	818	3,923
Depreciation and amortization	162,614	168,259
EBITDA	(18,762)	150,373
Add:		
Compensation and benefits[1]	20,149	21,561
Non-recurring and other non-cash items[2]	4,431	58,870
Impairment of non-amortizable intangible assets[3]	34,043	—
Reorganization items, net[4]	298,691	49,591
Proportionate share from unconsolidated joint venture:[5]		
Interest expense, net	1,045	609
Depreciation and amortization	2,814	2,814
Adjusted EBITDA[6][7]	$ 342,411	$ 283,818
Adjusted EBITDA margin	71 %	56 %

(1) Reflects non-cash expenses incurred relating to our equity compensation plans and expenses incurred relating to our employee retention incentive plans in connection with our Chapter 11 proceedings.

(2) Reflects certain non-recurring expenses, gains and losses and non-cash items, including the following: costs associated with our C-band spectrum relocation efforts; professional fees related to our liability management initiatives; merger and acquisition costs; certain research and development costs; amortization of supplemental type certificates; severance, retention and relocation payments; changes in fair value and gains on sales of certain investments; certain foreign exchange gains and losses; and other various non-recurring expenses.

(3) Reflects a non-cash impairment charge recorded in connection with the write-off of certain satellite and launch vehicle deposits for the three months ended June 30, 2020.

(4) Reflects direct costs incurred in connection with our Chapter 11 restructuring activities. See Item 1, Note 2—Chapter 11 Proceedings, Ability to Continue as a Going Concern and Other Related Matters of Intelsat S.A.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 (the "Quarterly Report").

(5) Reflects adjustments related to our interest in Horizons-3 Satellite LLC (“Horizons 3”). See Item 1, Note 10(b)—Investments—Horizons-3 Satellite LLC of the Quarterly Report.

(6) Adjusted EBITDA included $26.4 million and $26.7 million for the three months ended June 30, 2020 and 2021, respectively, of revenue relating to the significant financing component identified in customer contracts in accordance with the adoption of ASC 606, *Revenue from Contracts with Customers*.

(7) Intelsat S.A. Adjusted EBITDA reflected $5.1 million and $4.7 million for the three months ended June 30, 2020 and 2021, respectively, of Adjusted EBITDA attributable to Intelsat Horizons-3 LLC, its subsidiaries and its proportionate share of Horizons 3. These entities are considered to be unrestricted subsidiaries under the definitions set forth in our applicable debt agreements.

Note:

Intelsat calculates a measure called Adjusted EBITDA to assess the operating performance of Intelsat S.A. Adjusted EBITDA consists of EBITDA as adjusted to exclude or include certain unusual items, certain other operating expense items and certain other adjustments as described in the table above. Our management believes that the presentation of Adjusted EBITDA provides useful information to investors, lenders and financial analysts regarding our financial condition and results of operations, because it permits clearer comparability of our operating performance between periods. By excluding the potential volatility related to the timing and extent of non-operating activities, our management believes that Adjusted EBITDA provides a useful means of evaluating the success of our operating activities. We also use Adjusted EBITDA, together with other appropriate metrics, to set goals for and measure the operating performance of our business, and it is one of the principal measures we use to evaluate our management's performance in determining compensation under our incentive compensation plans. Adjusted EBITDA measures have been used historically by investors, lenders and financial analysts to estimate the value of a company, to make informed investment decisions and to evaluate performance. Our management believes that the inclusion of Adjusted EBITDA facilitates comparison of our results with those of companies having different capital structures.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP, and our Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered as an alternative to operating income (loss) or net income (loss), determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in thousands)

	December 31, 2020	June 30, 2021 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,060,917	$ 631,871
Restricted cash	21,130	27,055
Receivables, net of allowances of $40,785 in 2020 and $29,202 in 2021	659,444	1,022,447
Contract assets, net of allowances	39,774	39,280
Inventory	147,094	140,302
Prepaid expenses and other current assets	136,611	123,906
Total current assets	2,064,970	1,984,861
Satellites and other property and equipment, net	4,757,877	4,958,927
Goodwill	2,698,247	2,695,866
Non-amortizable intangible assets	2,295,000	2,295,000
Amortizable intangible assets, net	290,569	271,405
Contract assets, net of current portion and allowances	86,017	76,565
Other assets	605,001	627,486
Total assets	$ 12,797,681	$ 12,910,110
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 252,998	$ 300,179
Taxes payable	7,493	6,436
Employee related liabilities	43,404	47,010
Accrued interest payable	17,747	18,035
Current maturities of long-term debt	5,903,724	5,909,377
Contract liabilities	157,320	848,691
Deferred satellite performance incentives	47,377	56,115
Other current liabilities	73,479	83,815
Total current liabilities	6,503,542	7,269,658
Contract liabilities, net of current portion	1,447,891	1,108,617
Deferred satellite performance incentives, net of current portion	138,116	127,774
Deferred income taxes	61,345	71,866
Accrued retirement benefits, net of current portion	129,837	118,458
Other long-term liabilities	262,900	283,516
Liabilities subject to compromise	10,168,518	10,169,230
Shareholders' deficit:		
Common shares, nominal value $0.01 per share	1,421	1,422
Paid-in capital	2,573,840	2,576,144
Accumulated deficit	(8,416,410)	(8,743,592)
Accumulated other comprehensive loss	(80,322)	(78,307)
Total Intelsat S.A. shareholders' deficit	(5,921,471)	(6,244,333)
Noncontrolling interest	7,003	5,324
Total liabilities and shareholders' deficit	$ 12,797,681	$ 12,910,110

INTELSAT S.A. (DEBTOR-IN-POSSESSION)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
($ in thousands)

	Three months Ended June 30, 2020	Three months Ended June 30, 2021
Cash flows from operating activities:		
Net loss	$ (404,727)	$ (151,702)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	162,614	168,259
Provision for expected credit losses	9,598	8,267
Foreign currency transaction (gains) losses	547	(2,740)
Loss on disposal of assets	—	41
Impairment of non-amortizable intangible and other assets	34,043	—
Share-based compensation	2,774	6,788
Deferred income taxes	3,450	1,678
Amortization of discount, premium, issuance costs and related costs	6,081	2,519
Non-cash reorganization items	196,974	—
Debtor-in-possession financing fees	52,182	—
Amortization of actuarial loss and prior service credits for retirement benefits	658	1,063
Unrealized losses on derivative financial instruments	14	—
Unrealized (gains) losses on investments and loans held-for-investment	730	(8,887)
Amortization of supplemental type certificate costs	—	3,097
Other non-cash items	—	(54)
Changes in operating assets and liabilities:		
Receivables	2,205	2,841
Prepaid expenses, contract and other assets	(47,596)	17,957
Accounts payable and accrued liabilities	12,796	16,828
Accrued interest payable	49,532	49
Contract liabilities	(33,449)	(25,999)
Accrued retirement benefits	(4,367)	(6,233)
Other long-term liabilities	(3,842)	(7,819)
Net cash provided by operating activities	40,217	25,953
Cash flows from investing activities:		
Capital expenditures (including capitalized interest)	(161,866)	(224,380)
Proceeds from sale of investment	—	15,000
Proceeds from principal payments on loans held-for-investment	—	103
Capital contribution to unconsolidated affiliate (including capitalized interest)	(2,692)	—
Acquisition of intangible assets	—	(955)
Net cash used in investing activities	(164,558)	(210,232)
Cash flows from financing activities:		
Proceeds from debtor-in-possession financing	500,000	—
Debtor-in-possession financing fees	(52,182)	—
Principal payments on deferred satellite performance incentives	(11,389)	(3,351)
Dividends paid to noncontrolling interest	—	(1,436)
Net cash provided by (used in) financing activities	436,429	(4,787)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,725)	817
Net change in cash, cash equivalents and restricted cash	310,363	(188,249)
Cash, cash equivalents, and restricted cash, beginning of period	800,622	847,175
Cash, cash equivalents, and restricted cash, end of period	$ 1,110,985	$ 658,926
Supplemental cash flow information:		
Cash paid for reorganization items included in cash flows from operating activities	$ 28,913	$ 58,639
Interest paid, net of amounts capitalized	139,944	103,104
Income taxes paid, net of refunds	1,664	2,071
Supplemental disclosure of non-cash investing activities:		
Accrued capital expenditures	$ 16,187	$ 1,853
Conversion of loans held-for-investment to equity securities	4,802	—

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
UNAUDITED RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES
TO FREE CASH FLOW FROM (USED IN) OPERATIONS
($ in thousands)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Net cash provided by operating activities	$ 40,217	$ 25,953
Other proceeds from satellites from investing activities	—	—
Payments for satellites and other property and equipment (including capitalized interest)	(161,866)	(224,380)
Free cash flow used in operations	$ (121,649)	$ (198,427)

Note:

Free cash flow from (used in) operations consists of net cash provided by (used in) operating activities and other proceeds from satellites from investing activities, less payments for satellites and other property and equipment (including capitalized interest) from investing activities. Free cash flow from (used in) operations is not a measurement of cash flow under U.S. GAAP. Intelsat believes free cash flow from (used in) operations is a useful measure of financial performance that shows a company's ability to fund its operations. Free cash flow from (used in) operations is used by Intelsat in comparing its performance to that of its peers and is commonly used by financial analysts and investors in assessing performance. Free cash flow from (used in) operations does not give effect to cash used for debt service requirements and thus does not reflect funds available for investment or other discretionary uses. Free cash flow from (used in) operations is not a measure of financial performance under U.S. GAAP, and free cash flow from (used in) operations may not be comparable to similarly titled measures of other companies. You should not consider free cash flow from (used in) operations as an alternative to operating income (loss) or net income (loss), determined in accordance with U.S. GAAP, as an indicator of Intelsat's operating performance, or as an alternative to cash flows from operating activities, determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

INTELSAT S.A. (DEBTOR-IN-POSSESSION)
SUPPLEMENTARY TABLE
REVENUE BY CUSTOMER SET
($ in thousands)

By Customer Set

	Three Months Ended June 30, 2020		Three Months Ended June 30, 2021		Increase (Decrease)	Percentage Change
Network services	$ 176,699	37%	$ 221,034	44%	$ 44,335	25%
Media	202,563	42%	184,153	36%	(18,410)	(9)%
Government	96,106	20%	95,843	19%	(263)	—%
Satellite-related services	6,666	1%	6,832	1%	166	2%
	$ 482,034		$ 507,862		$ 25,828	5%