Media Contact:
Andrew Smith (Montreal)
+1 (514) 903-1001
smith@euroconsult-na.com

For immediate release

Satellite Industry Growth To Continue Despite Challenging Environment

Commercial markets to post modest growth while government space activities languish

Paris and Montreal, February 6, 2012 – Euroconsult, the leading international consulting and analyst firm specializing in the satellite and space sectors, announced today that it expects prospects for the satellite industry to remain favorable over the decade in a variety of areas. The next ten years should see continued growth for commercial markets, while at the same time stagnating growth for government spending should be expected at least through mid-decade.

According to Euroconsult's "Satellite Communications & Broadcasting Markets Survey," the satellite bandwidth used for traditional FSS services will be worth almost $15 billion in 2020. "While we have seen slowing growth rates in leased capacity, FSS operators' revenue growth has continued to outperform the global economy, and operating margins remain high for most operators. In the near term, the difficult economic environment could weigh on the market," said Pacôme Revillon, CEO at Euroconsult. "Still, connectivity needs and the growth of digital TV in emerging regions, combined with the launch of new generation high throughput satellite systems should continue to drive growth. The value of satellite capacity leasing should consequently grow at 7% over the next ten years."

In the report "Mobile Satellite Communications Markets Survey," Euroconsult forecasts that the MSS market will grow at nearly 13% per year on average, from 2.4 million terminals in service in 2010 to 7.8 million by 2020. Low-data rate machine-to-machine (M2M) devices will have a significant share in this subscriber growth while their contribution to service revenues will remain limited.

"MSS wholesale revenue is expected to grow roughly 7% per year over the decade, due to increased demand for broadband and other MSS services in a number of vertical markets and emerging regions," said Wei Li, Senior Consultant at Euroconsult and principal author of the report. "Nevertheless, competition from terrestrial and VSAT networks will remain a major limitation for MSS growth in L-band."

Euroconsult's "Satellites to be Built & Launched" estimates that 1,145 satellites will be built for launch from 2011 to 2020, 51% more satellites than the previous decade. Revenues from the manufacture and launch of these 1,145 satellites will be worth $196 billion worldwide, of which 70% can be attributed to government demand.

Euroconsult forecasts 203 commercial communications satellites with a market value of $50 billion will be launched into the GEO arc over the next ten years. Some of these satellites were recorded in satellite manufacturers' order books during the flurry of ordering activity over the past five years. Commercial satellite services outside the geostationary orbit will get a boost over the next decade with a total of 165 satellites to be built and launched into medium and low Earth orbits (MEO and LEO).

"Governments continue to dominate the space market, as satellite systems are critical infrastructure for communications and geo-information solutions for civilian and military users," said Rachel Villain, Director for Space for Euroconsult and editor of the report. "The government market is worth more than double the commercial market, but is largely closed to non-domestic manufacturers. Export opportunities for manufacturers exist with governments in countries with no space industry."

However, government space activities are entering a stagnation phase following years of continuous expansion during the last decade. Following a peak funding level of $71.5 billion in 2010, government budgets for space programs are anticipated to begin a slow decline at a minimum of -1% per year on average by 2015 according to Euroconsult's "Government Space Markets, World Prospects to 2020." In the most optimistic scenario, this would result in a stabilization of approximately $70 billion for the next five years.

"Government investments in satellite systems are cyclical, driven by the procurement of operational systems in large space countries," said Steve Bochinger, President of Euroconsult North America. "Following stimulus funding allocated to space projects to support national economies and innovation, most governments have returned to more stringent budget spending. This has already resulted in cutting non-priority budget items including space programs." Government stakeholders will increasingly look for cooperation opportunities with their counterparts and with the private sector to maximize their investment and share risks on key programs.

Earth observation remains a driving factor for the space industry with $8 billion spent by government civil and defense agencies worldwide in 2011. According to Euroconsult's "Satellite-Based Earth Observation" report, EO commercial data sales are due to grow by 12% on average per year over the decade, reaching nearly $4 billion by 2020 with very high resolution datasets dominant. Although commercial data sales may be affected in the short term by tightening budgets, long term prospects for data sales remain positive; key drivers include commercial data sales to defense agencies globally to support their IMINT requirements and a developing private sector, particularly for LBS. Realizing this, "operators are developing mechanisms to provide data to a global client base - through providing direct access to their proprietary satellites, developing online services and expanding distribution networks," said Adam Keith, Director of Earth Observation at Euroconsult.

About Euroconsult

Euroconsult is the leading international consulting and analyst firm specializing in space applications, communications, and Earth observation. Euroconsult provides strategic consulting and analysis, develops comprehensive research reports and forecasts, and organizes events including the annual World Satellite Business Week, the industry's leading executive-level gathering (www.satellite-business.com). With more than 25 years of experience Euroconsult has over 560 clients in 50 countries, including leaders throughout the satellite industry: satellite operators and service providers; government agencies; satellite manufacturers and launch service providers; equipment providers and integrators; media and broadcasting companies; and banks and investors. The company has completed over 500 satellite-related consulting projects. Euroconsult is based in Paris with offices in Montreal and Washington, DC. www.euroconsult-ec.com.

###