Broadband via Satellite: Eutelsat Perspective

DLR, 11 February 2004
Eutelsat: Europe’s Leading Satellite Operator, Worldwide Number Four

Situation as of November 2003

- Owned satellites:
  - Stable orbit
  - Inclined orbit

- Capacity leased through other operators
- W3A: planned for launch Q3 2004
25 Years in the Satellite Business

- Capacity commercialised on 22 satellites, 20 of which are of European origin
- Serving 5 continents: Europe, Africa, Asia, North and South America
- Active over a diverse range of industries and markets
  - 1300 TV channels
  - 750 data networks
  - Mobile services
  - Broadband services
- Distribution to 107 million homes via DTH or cable
- 27.7% equity interest in HISPASAT
# Eutelsat’s Portfolio of Activities

## VIDEO APPLICATIONS

Leading operator in Europe 75% of 2002/2003 consolidated revenues

- Direct broadcasting of television channels and radio programmes
- Television channel distribution to cable networks
- Contribution links
- Professional video networks for programme exchange and newsgathering via satellite

## PROFESSIONAL DATA NETWORKS

Leading operator in Europe 15% of 2002/2003 consolidated revenues

- Private networks for interconnecting LAN/WAN and extending voice networks
- Data broadcasting services to wide audiences
- Corporate television and videoconferencing services
- Professional mobile services for messaging and positioning

## BROADBAND SERVICES

Emerging market 3% of 2002/2003 consolidated revenues

- Internet backbone connections for Internet Service Providers
- Broadband Internet access for corporate and private users
- Virtual Private Networks via satellite
- Multicasting and distribution of IP content
The Digital Divide: A Reality

Projected DSL Coverage in Europe

Who is left out?
10% of the population = 15 million households
Mainly in rural areas

Part of Europe’s Population is Left Behind
Digital Divide: an essential part of e-Europe objectives

Source: CMA
Germany in Comparison

Germany: Population Out of Reach of DSL

Households Out of Reach: European Comparison

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<thead>
<tr>
<th></th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
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<tbody>
<tr>
<td>Germany</td>
<td>17%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>France / UK</td>
<td>30%</td>
<td>22%</td>
<td>14%</td>
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<tr>
<td>Italy</td>
<td>33%</td>
<td>24%</td>
<td>15%</td>
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</tbody>
</table>

Source: Omsyc
Why Satellite?

Available Everywhere
- No geographic constraints within coverage area of satellite
- Economics are independent of local demographics (see next slide)

Quick Deployment
- Service available today
- Installation normally takes < 2 hours

Possibility of Bundled Offering
- TV
- Multicasting
Cost Comparison DSL - Satellite

Cost of Broadband Access by Technology

Terrestrial technologies: exponential increase in installation costs when density decreases
Broadband Services on Eutelsat Fleet

Eutelsat platforms and VAS

Partner platforms (examples)

More than 100 distributors

Market presence through distributor networks in Europe, Middle East and Africa, providing turn-key solutions to SMEs, local authorities and the general public

More than 10,000 terminals deployed in Europe at end-June 2003
Eutelsat Value-Added Services

- Broadband Internet & multimedia services
- Broadband IP services
- Enterprise network solutions with bandwidth on-demand
- Meshed data networks

Residential One-way services

Businesses Two-way services
Internet Satellite Subscribers in Europe

Satellite is far from reaching its potential in Europe!

Source: Digit

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<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
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<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>DSL</td>
<td>50.5k</td>
<td>53.5k</td>
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<tr>
<td>Cable</td>
<td>4.65M</td>
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(North America: 227.5k)
Key Challenges to Develop Satellite Broadband

- **Reduce Price**
  - Reduce price gap with DSL
  - High cost has limited uptake of satellite broadband
    - Terminal: 900€
    - Subscription: 120 - 500€

- **Improve Distribution**
  - Incumbents (Telcos) have little interest in promoting satellite
  - Small service providers and distributors often cannot provide adequate marketing and customer support

- **Raise Awareness**
  - Satellite associated with TV
How Can the Public Sector Help?

- The public sector can play an important role in the development of broadband via satellite

- The short-term objective is to jump-start the industry
  - The objective is to enter into a virtuous circle of subscriber growth and decrease in cost of service
  - A program of 300K terminals over 5 years would bring the terminal down to 550€, 1M terminals to 270€

- Several measures can make a significant difference
  - Fiscal incentives in order to reduce the cost of the terminal (see next slide)
  - The public sector as a customer
  - The public sector as an aggregator for third party customers
Example of Fiscal Incentive: France

- The French Government has recognised satellite as the best solution to reduce the digital divide.

- Priority has been given to the business sector in order to retain employers in underserved regions.

- From 1 January 2004 to 31 December 2006, the cost of a satellite terminal can be deducted from corporate profits.
Medium-Term Objectives

- The cost of broadband access via satellite can be dramatically decreased with a new generation of satellites
  - Dedicated to Internet access

- Such a programme has to be initiated by the public institutions, with the involvement of private companies from the beginning
  - Government support especially in R&D for space segment and terminals

- While this could be done on a national level, a European solution would be preferable
Thank You!

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