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VIZADA — A CLOSER LOOK

AIRBUS DEFENSE AND SPACE PLANS TO DIVEST ITS
COMMERCIAL SATELLITE COMMUNICATIONS BUSINESS UNIT

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On September 16, 2014, Airbus Group announced plans to implement a leaner and more focused strategy for their recently renamed Airbus Defense and Space division. This new focus on space launchers, satellites, military aircraft and missiles includes the planned divestiture of non-core businesses. One of the attractive assets now available is their commercial satellite communications services business, more commonly known in the trade by its former name: Vizada.

Vizada was formed in 2007 by Apax Partners when they acquired France Telecom Mobile Satellite Communications and Telenor Satellite Services, two companies with experience in satellite communications dating back to the birth of commercial satellite communications. EADS (now Airbus Group) acquired Vizada in 2011 for US\$933M and integrated it with Astrium Services. A more recent alignment combined Astrium, Cassidian and Airbus Military to form Airbus Defense and Space.

Vizada is a major worldwide wholesale supplier of satellite communications services across multiple geographic and market segments.

Vizada has strong market share in both maritime and aeronautical commercial satellite communications, and smaller established shares of the land mobile, media, NGO and government agencies markets.

Vizada's market penetration is supported by a network of over 400 service provider partners, placing Vizada in a key position in the market, working with satellite network operators such as Inmarsat, Iridium and Thuraya on one hand, and selling mobile and fixed satellite communications

services and solutions both directly and through partners to end users worldwide.

Maritime satellite telecommunications is in a period of evolution. Gone are the days when low data rate Inmarsat L-band channels are sufficient to meet all ship-to-shore communications needs. Increasingly, seafarers are seeking shipboard solutions that are similar to those that have become commonplace when they are ashore, including bandwidth-intensive videoconferencing, VoIP, internet access and video chat. Complicating this further is that the demand is coming from both ship owners looking to improve fleet management through more robust communication with their ship captains, and crews looking for better email, internet and voice/video service for personal use.

Conventional internet applications such as Skype are not sufficiently optimized for data usage to be deployed cost-effectively on today's ships. These new services, facilitated by the development and launch of a new generation of high throughput commercial communications satellites, require specialized application development that places the highest priority on providing high-quality voice, video and other services at the lowest possible data rates. That will require continued product investment over the next several years. Airbus officials have acknowledged that the parent company is not willing to make the required large investments needed to grow Vizada's commercial satellite communications business.

In their review of the Astrium – Vizada merger in 2011, the European Union estimated Vizada's share of the maritime wholesale market to be 20%-30%, on par with Inmarsat.

Other competitors in the maritime market include MTN Communications (USA), Satcom Group (UK), SingTel (Singapore) and KDDI (Japan).

We expect to see rapid growth in the aeronautical satellite communications market segment over the next five years, driven by increasing demand for both flight deck (cockpit) and cabin communications. New aeronautical services not previously available, such as global tracking of commercial airliners and “black box in the cloud”, conceived in response to the loss of MH370 in 2014, add to this demand. The demand will influence both MSS and VSAT solutions, and again we can anticipate significant investment in new products will be needed to capture a significant share of this market segment.

In 2011 the European Union estimated of Vizada’s share of the aeronautical wholesale market to be 30% to 40%. Established and emerging competitors in this market segment include Inmarsat, Hughes Network Systems, ViaSat, and iDirect.

In 2013, Vizada signed on with Inmarsat as a distributor for Global Xpress, Inmarsat’s new high throughput Ka-band service enabled by the constellation of new Inmarsat-5 satellites (with 2 of 5 already on orbit).

We can assume that this will drive Vizada to invest in new products to provide higher bandwidth service offerings to both maritime and aviation users.

KEY QUESTIONS

- How large is Vizada’s addressable market for mobile and fixed satellite communications?
- What are the projected growth rates for the maritime, aeronautical and other market segments Vizada is currently pursuing?
- How do demand and competitive dynamics differ by segment, and which competitors are offering compelling solutions in each segment?
- What changes are on the horizon (e.g, technology, demographics, regulation) that could have a significant impact on future demand?
- How does Vizada’s pipeline of new product offerings align with the migration of maritime satellite communications from legacy L-band systems to high throughput satellite systems such as the Inmarsat-5 constellation?
- Is Vizada well positioned to retain their legacy maritime provider partners and customers as they transition to the new technology?
- How is Vizada positioned to capture market share in the rapidly growing aeronautical satellite communications market across the commercial, business aviation, general aviation and government markets?



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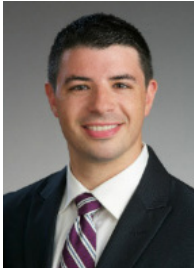
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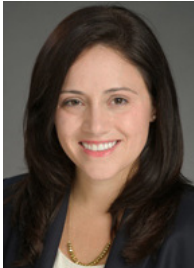
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