

"We see ourselves as an emerging market satellite operator"

In an interview with SatelliteFinance's Pauline Renaud, CEO Paul Brown-Kenyon highlights Measat's expansion plans in emerging markets and potential partnerships with other satellite operators

Over the past couple of years, Measat has sought to expand outside its core South East Asian market, agreeing a number of strategic satellite sharing agreements and ordering new spacecraft.

Such growth, following the company's privatisation in September 2010, led to ongoing speculation of a potential sale by its owner, billionaire Ananda Krishnan.

Pauline Renaud: Earlier this year, Measat announced two strategic agreements with Australia's NewSat. How did these agreements come about?

Paul Brown-Kenyon: Today, Measat operates two spacecraft – Measat-3 and Measat-3a – at 91.5E. These spacecraft support six DTH platforms in delivering more than 600 channels to 14.5 million satellite TV households across four countries.

Because of strong demand for capacity at this location, Measat contracted Astrium for the procurement of the Measat-3b spacecraft in June 2011.

Designed to operate in tandem with the existing satellites, Measat-3b will provide an additional 48 Ku-band transponders to Measat's core DTH customers across Malaysia, India and Indonesia. The satellite, scheduled for launch end 2013, will be on-board an Ariane launch vehicle.

Given additional customer requirements at this location, and to provide in-orbit backup satellite capacity to increase the robustness of the satellite neighbourhood, Measat entered into an agreement with NewSat in January 2012 for a further spacecraft for 91.5E.

The satellite, to be procured by NewSat and launched in 2014, has been designed with a Measat payload of 12 Ku-band transponders, with a further option for six Ku-band transponders, to support Measat's core DTH markets. Regarding NewSat's requirements, the satellite has Ka-band capacity



with bandwidth equivalent to 210 Ku-band transponders. Measat's Ku-band payload has been named Measat-3c. In addition to the arrangement for Measat-3c, NewSat has secured six Ku-band transponders on Measat-3b to provide satellite capacity for their VSAT customers in Australia.

With the launch of Measat-3b and Measat-3c, Ku-band capacity at 91.5E will grow from 36 Ku-band transponders today to over 100 Ku-band transponders in 2014.

With capacity spread across four co-located spacecraft, this investment will create Asia's most robust DTH hot slot.

PR: Are you looking to make similar agreements with other companies on future satellite projects to share

costs? Could these companies include the likes of Eutelsat and AsiaSat?

PBK: As a company, we are very positive about the prospects for the Asian and African satellite markets. As such, we are focused on building the scale and reach of our satellite network to meet this increasing demand. Over the past few years, we have taken a pragmatic approach to this by both procuring our own spacecraft (Measat-3b), entering into joint venture satellites (Africasat-1a/Measat-3c) and securing capacity on existing spacecraft (Measat-5).

Future projects could include joint satellites as well as self builds.

PR: Could you give us more details about your partnership with Azercosmos at the 46E slot?

PBK: The partnership with Azercosmos was formalised in May 2010, when we reached an agreement with Azerbaijan's Ministry of Communications and Information Technologies for a new satellite for the 46E orbital slot.

Under the terms of the agreement, Azercosmos agreed to procure, launch and operate a satellite designed to meet its communication requirements and those of Measat.

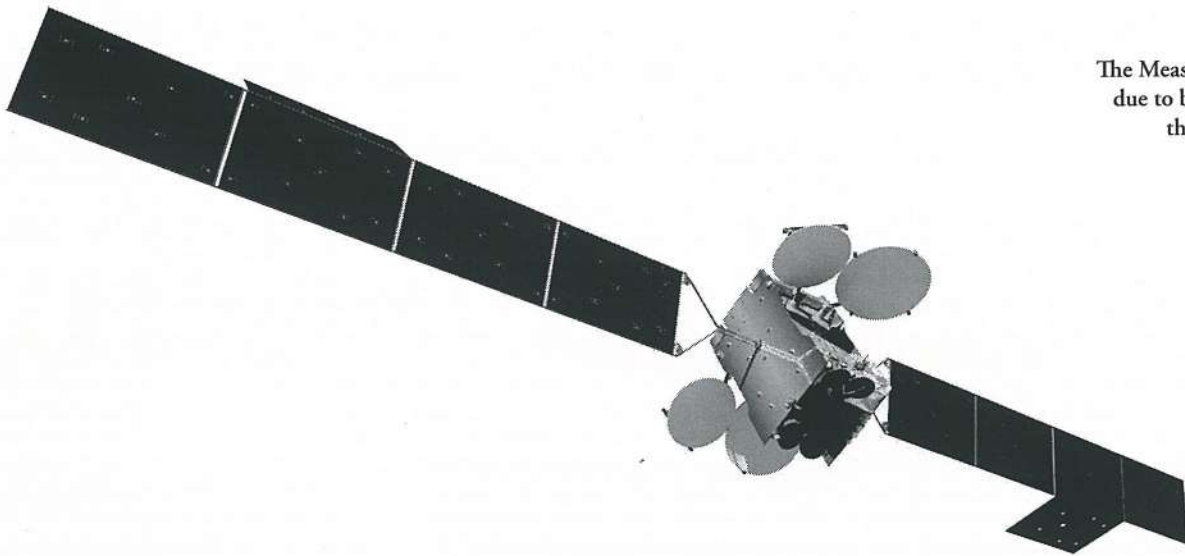
In addition to securing capacity on the satellite, Measat agreed to support Azercosmos in the procurement, launch and operations of the spacecraft.

The satellite, which is going to be marketed under the dual name Azerspace-1/Africasat-1a, is currently being built by Orbital and will be launched on-board an Ariane launch vehicle end 2012/early 2013.

PR: How much of the Africasat-1a's capacity has been pre-sold and what kind of services are you targeting (i.e. video, multi-usage, data backhaul)?

PBK: Africasat-1a will provide Measat with an additional 16 C-band transponders over the

The Measat-3b satellite
due to be launched at
the end of 2013



Picture: Measat Satellite Systems

African, Middle East and Southern European markets. We began marketing capacity on this satellite earlier this year and have already executed agreements with customers for multiple transponder leases.

With a strong customer pipeline, we are targeting in excess of 50% utilisation at launch.

As per our approach in Asia, we will likely initially adopt a generalist market strategy, supporting telecommunications (backhaul and VSAT) and broadcasting customers.

Over time, however, we expect to focus on a small number of long-term sustainable customer segments where we believe we have a distinctive value proposition.

PR: Beyond this satellite, what plans do you have for further growing your presence in the African region?

PBK: We have a strong belief in the long-term potential of the African market and are actively looking to extend our exposure to the market, with the plan to be a key supplier of satellite services within the next five years.

In addition to our cooperation with Azercosmos at 46E, the company has taken an interest in the SES-5 satellite at 5E.

Further, we are currently evaluating two additional projects to deploy additional capacity into the African region over the next three years.

PR: Are you planning to send out an RfP for new satellites to expand both your Asian and African coverage?

PBK: In addition to the two projects referenced above, we are evaluating a further two projects in the Asian region.

At the top of this list is the replacement of the Measat-2 satellite 148E (to be named Measat-2a). We will issue an RfP for this satellite later this year, with the satellite expected to be under contract in Q4 2012.

PR: What are the current opportunities in the domestic Malaysian market?

PBK: A core part of the company's mission is to be the satellite operator of choice for the Malaysian market.

To ensure that we delivered on this mission, we signed last year an agreement with Thaicom to secure the Malaysian payload on the IPSTAR satellite. We renamed this payload Measat-5 and have since been working with our partners to support local broadband requirements.

With seven spot beams located across Peninsular and East Malaysia, Measat-5 offers approximately 3Gbps of bandwidth capacity to provide internet connectivity for local telecom operators and service providers for mobile backhaul and broadband services; and to support government initiatives including the Universal Service Provisioning (USP) to areas with little or no terrestrial connectivity. We are

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very pleased with the response to the capacity, with take-up exceeding our original projections.

PR: Are you looking to increasingly tap the burgeoning Chinese market or are the restrictions too prohibitive?

PBK: At this time, the Chinese market is not a major market for the company.

We continue to monitor its development and opportunities to support customers in the country.

PR: Given your focus on emerging markets, do you see the rising interest of the global satellite operators on these regions as an increasing threat to your core business model and how do you plan to compete?

PBK: Measat has been providing satellite solutions to the Asian region for over 16 years.

During that time, we have developed a well-deserved reputation for the provision of quality solutions tailored to the specific needs of the region. We have been tracking the renewed focus of global operators in the developing markets with interest. We don't expect their realisation of the potential of the region to change our position dramatically.

Measat will continue to focus on the segments and the markets where we, as a local operator, are able to support the customer better than a company based in the US or Europe.

PR: Have you considered expanding outside the Asian and African markets?

PBK: While our current focus is the Asian and African markets, we see ourselves as an emerging market satellite operator and are actively looking for opportunities beyond our current markets.

With filings across 16 orbital slots around the globe, we are uniquely positioned to expand our reach in a pragmatic manner.

But at this time, we see ample opportunities in Asia and Africa and will be focused on these regions.