



# Satellite Industry Statistics

## 2002

Sponsored by the Satellite Industry Association



Prepared by Futron Corporation

*Futron Corporation • 7315 Wisconsin Avenue, Suite 900W • Bethesda, Maryland 20814-3202  
Phone 301-913-9372 • Fax 301-913-9475 • <http://www.futron.com>*



- The study is performed by Futron Corporation for SIA.
- The study is based on a survey that targets large companies operating in four satellite industry segments:
  - Satellite Services
  - Launch Industry
  - Satellite Manufacturing
  - Ground Equipment Manufacturing
- Survey questions are geared to gather employment, revenue, and other relevant information specific to each industry segment.
- Futron augments survey data with publicly available data to provide the complete industry picture.



## *Methodology*

- Launch Industry data includes launch services provided by private companies for both commercially-owned and government-owned payloads.
- Launch Industry data does not include Shuttle launches or ISS missions.
- Satellite Manufacturing data include manufacturing activity by private companies for both commercial and government customers.
- All Launch Industry and Satellite Manufacturing revenues are recognized in the year of launch not the year the contract is awarded.
- All revenues are in then-year dollars (inflation is not taken into account).

- Historically, two different revenue figures have been reported by SIA for the Satellite Manufacturing and Launch Industry sectors.
  - » Revenues earned by prime contractors
  - » Revenues earned by prime contractors and major subcontractors.
- This year's briefing shows revenues earned by *prime contractors only*.

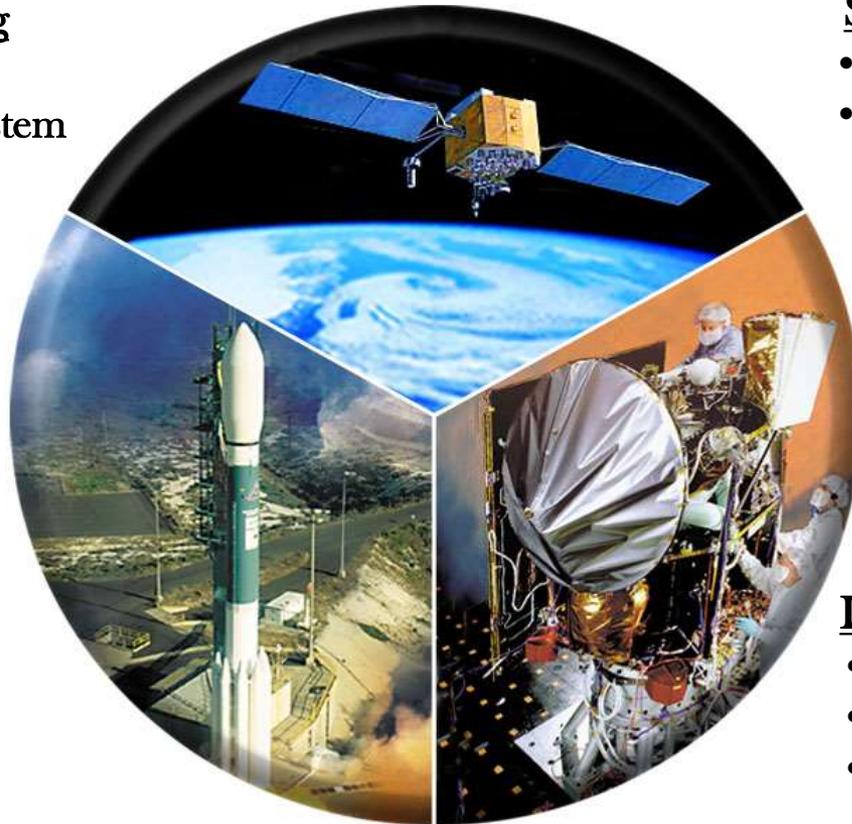
# Satellite Industry Overview

## Satellite Manufacturing

- Satellite Manufacturing
- Component and Subsystem Manufacturing

## Ground Equipment

- Mobile Terminals
- Gateways
- Control stations
- VSATs & USATs
- DBS dishes
- Handheld phones



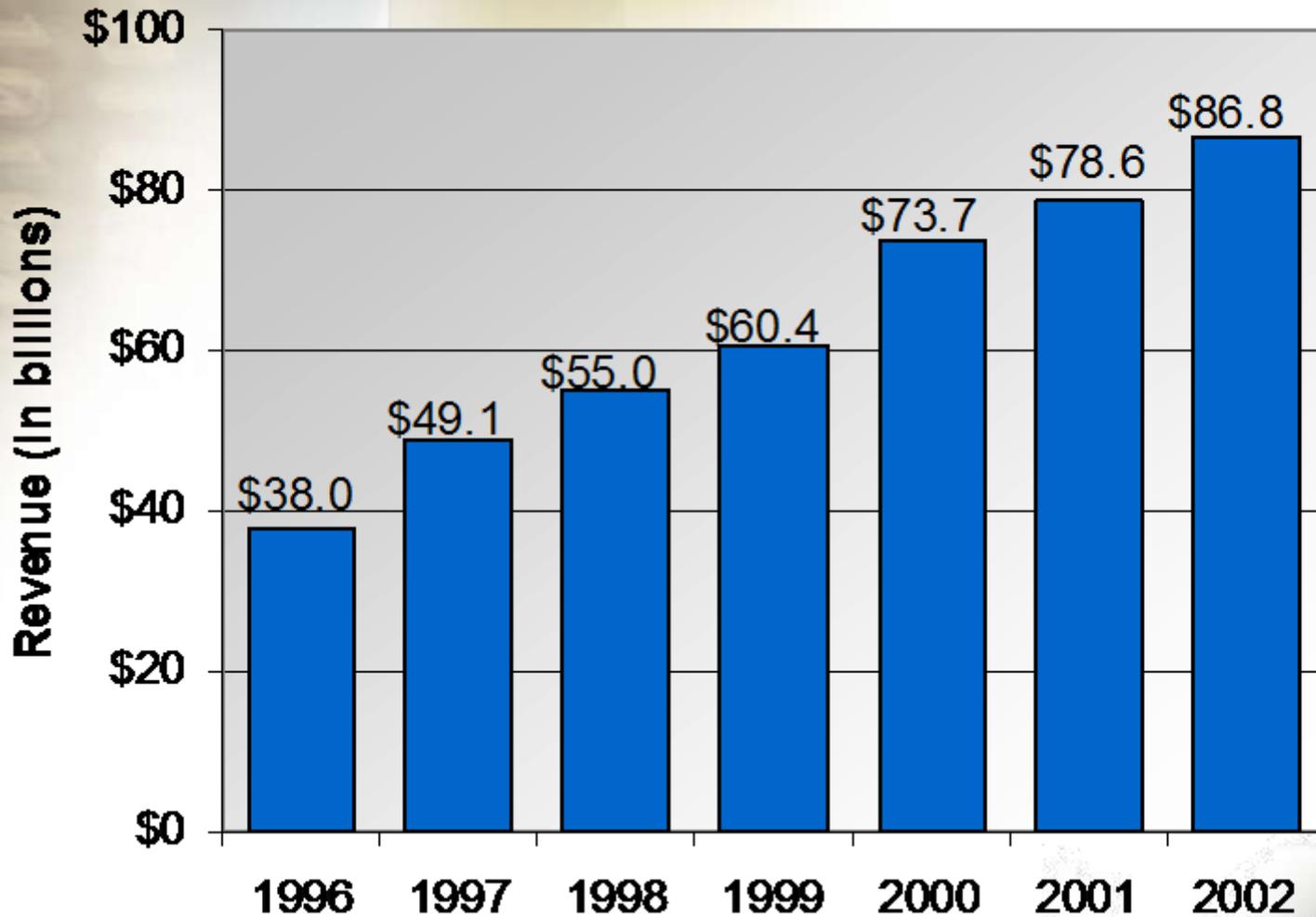
## Satellite Services

- Transponder Leasing
- Retail/Subscription Services
  - Direct-to-home
  - Wireless telephone
  - Data services
  - Direct radio
  - Remote sensing

## Launch Industry

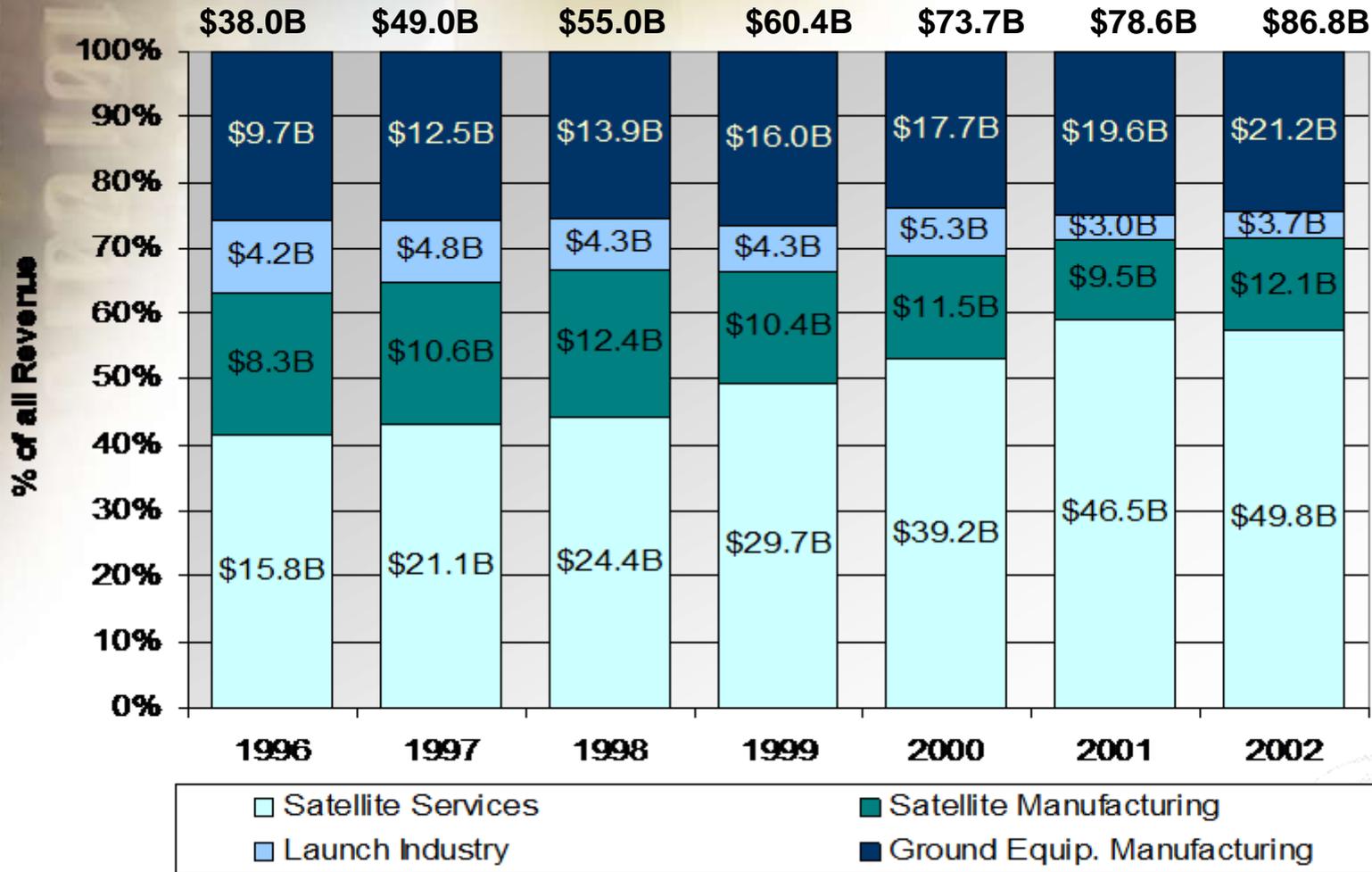
- Launch Services
- Vehicle Manufacturing
- Component and Subsystem Manufacturing

## World Satellite Industry Revenues



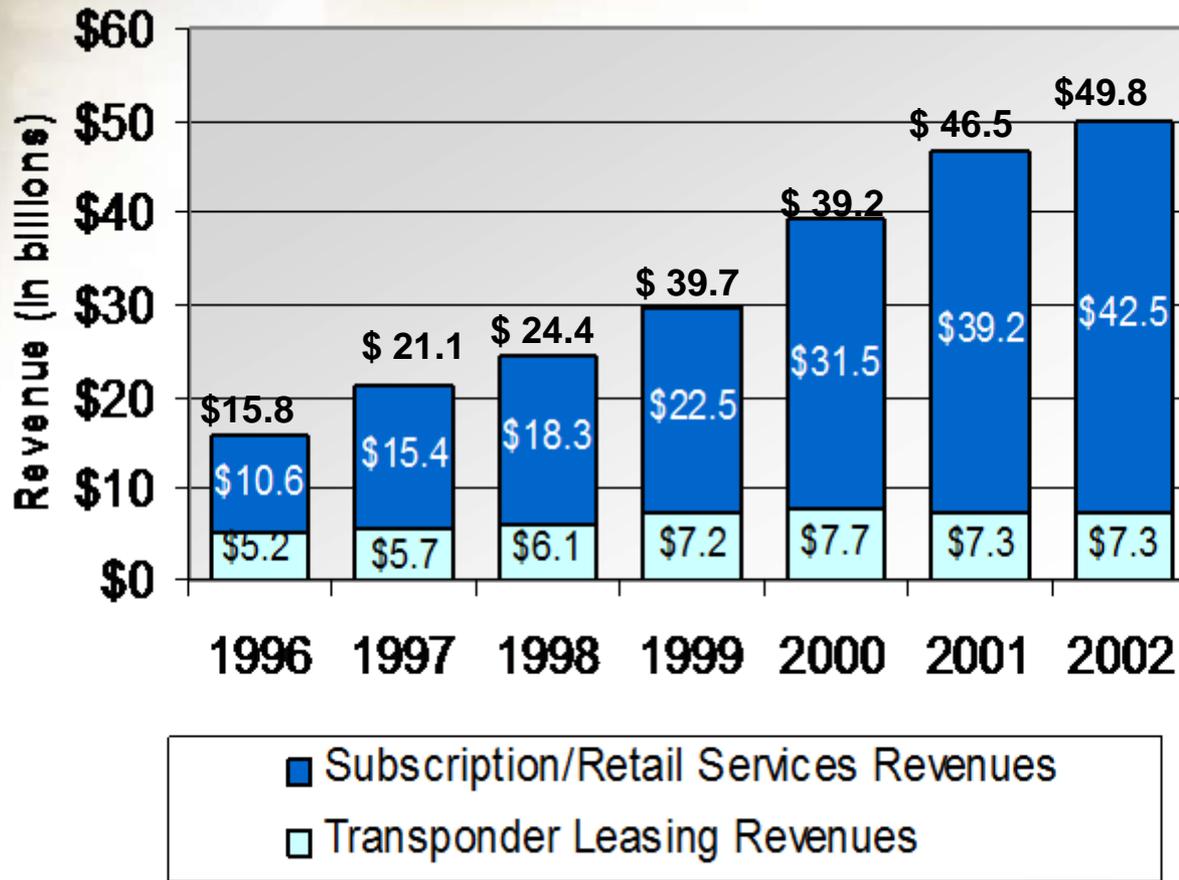


# World Satellite Industry Revenues



- The world satellite industry experienced an average annual growth of 15% over the last 6 years.
- In 2002, the world satellite industry experienced moderate revenue growth of 10% despite the financial stress experienced by many of the major players in the satellite industry.
- Every satellite industry sector experienced growth in 2002.
- The Satellite Services share of total revenues has grown over the study period, increasing from 42% of the total in 1996 to over 57% of the total in 2002.

# World Satellite Services Revenue

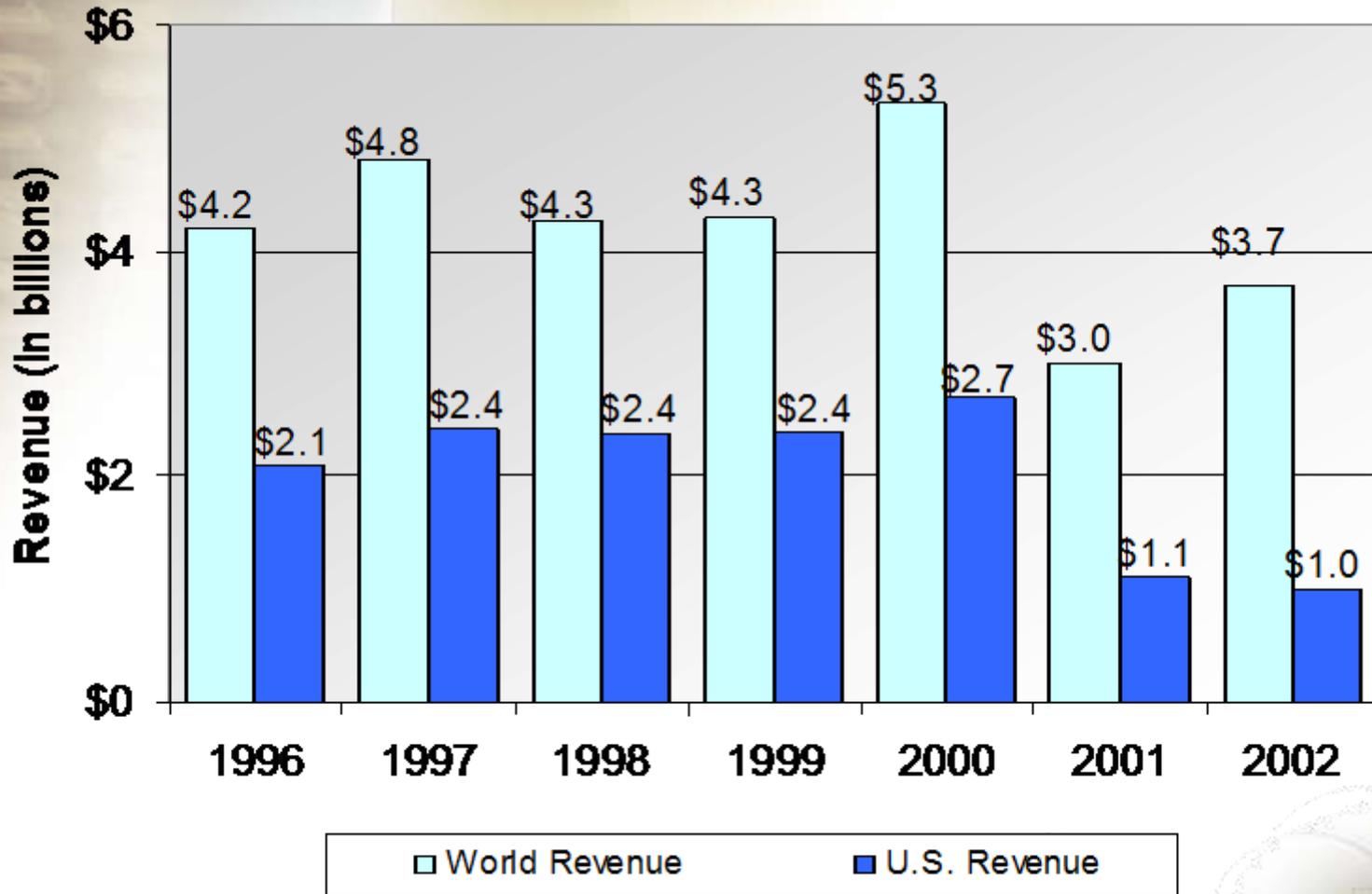


Note: Transponder leasing revenues do not include revenues from the resale of transponders.

- The Satellite Services sector has nearly tripled in size from 1996 to 2002. However, revenue growth in the sector slowed to 7% this year compared to 19% growth in 2001.
- Growth in the Satellite Services sector is being driven by consumer-oriented video services.
- Satellite radio services experienced significant growth, although revenues still account for less than 1% of overall satellite service revenues.
- Traditional transponder leasing revenues remained flat in 2002.



## Launch Industry Revenues

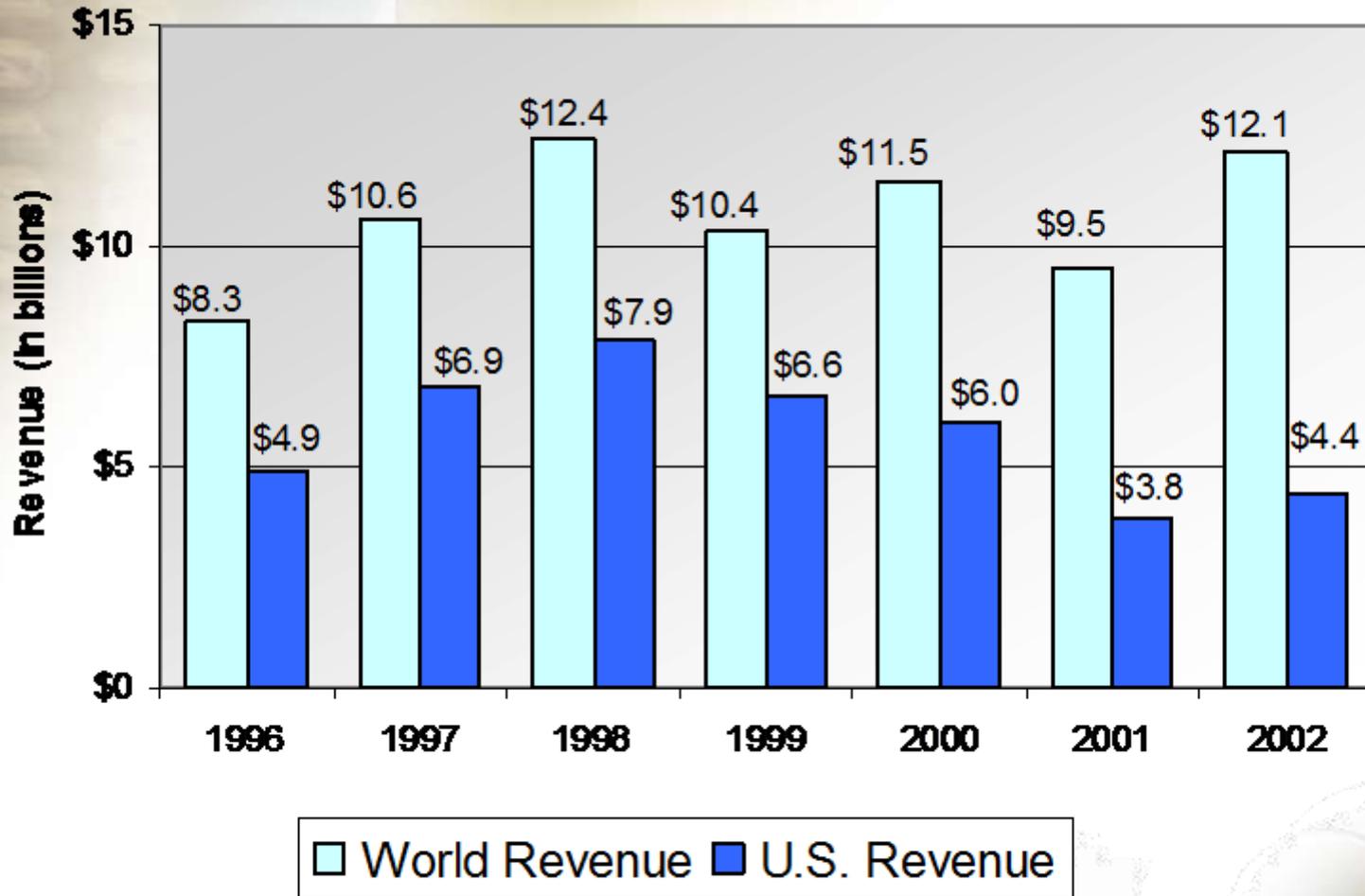




## *Launch Industry Findings*

- While global Launch Industry revenues grew by 23% in 2002, U.S. Launch Industry revenues declined by 9%.
- U.S. revenue declined because there were fewer U.S. launches *and* because of lower launch prices.
- Non-U.S. launch prices also declined on average; however, this decline was offset by the higher number of launches.

## Satellite Manufacturing Revenues

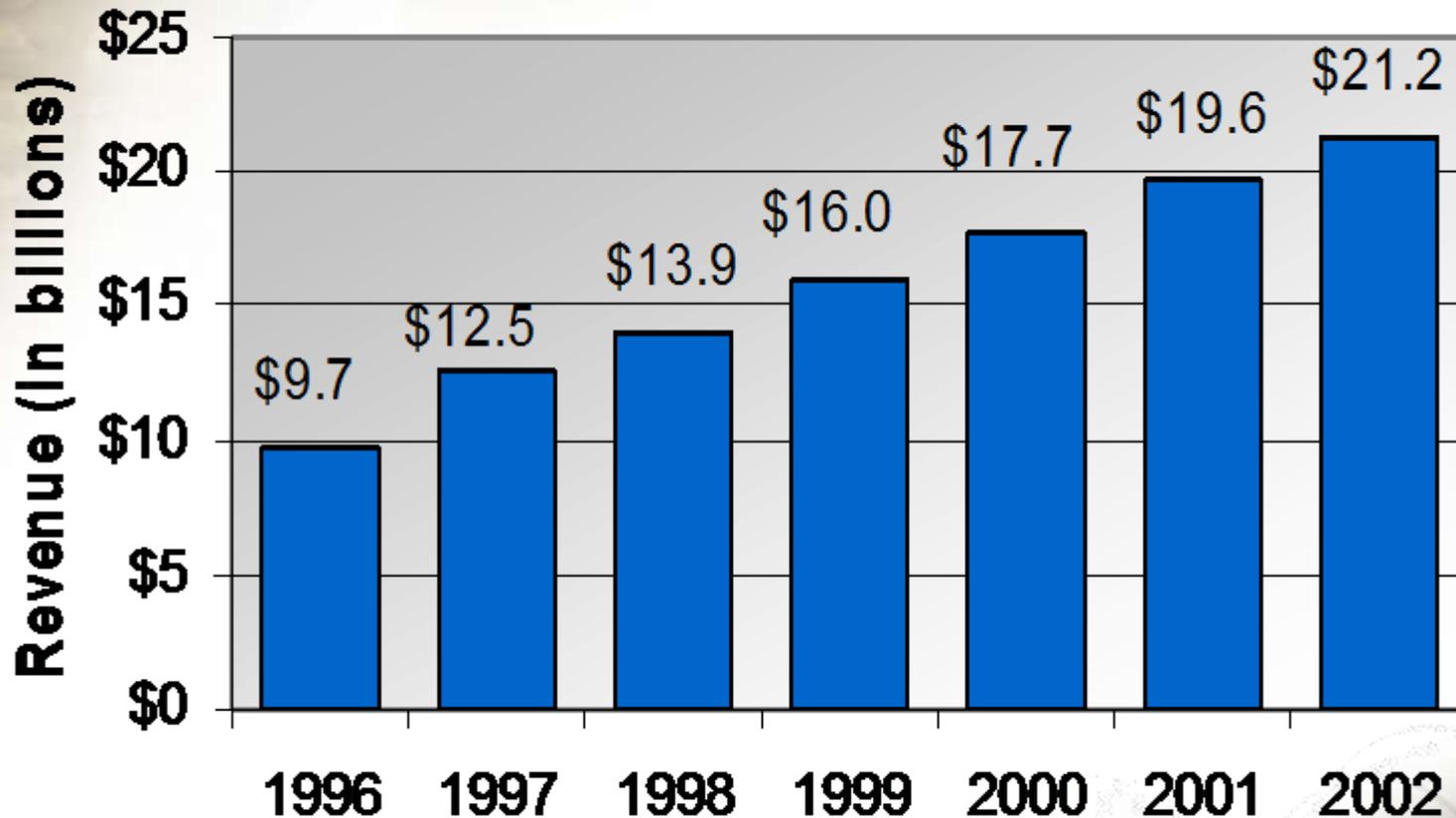




## *Satellite Manufacturing Findings*

- The Satellite Manufacturing Revenues increased by 27% in 2002, while U.S. Satellite Manufacturing revenues grew by 16%.
- Growth in the global Satellite Manufacturing sector in 2002 is partially attributable to launches of two \$1B satellites (Milstar 5 and Envisat), increases in launches of satellites for Asia, and the launch of 7 Iridium payloads.
- Increased manufacturing revenues reflect the large number of contracts awarded in 2000 and 2001. The significant decline in orders for 2002 will be reflected in revenues in the next 18 - 24 months.

## *World Ground Equipment Revenues*





## *Ground Equipment Findings*

- The Ground Equipment sector has been a consistent performer during the survey period, growing by 8% in 2002.
- The sector has experienced an average annual growth rate of 14% over the last 6 years.
- Greatest revenue growth is end-user equipment for VSAT, satellite television, high-speed Internet, and satellite radio services.



# Analysis

- In 2002, global satellite industry revenues continued to grow despite a general downturn in the telecommunications sector and a weak overall global economy. Government spending and strong consumer demand for satellite video services were responsible for much of this growth
- Although industry revenues have been positive, other indicators -- such as prices, profit margins, stock prices, and new orders -- have experienced negative trends and reflect significant financial stress in the industry.
- The infrastructure sectors -- satellite and launch -- continue to be hampered by overcapacity.
- The reduction in US launch and manufacturing market share reflect a number of complex factors including:
  - » The increased competitiveness of foreign suppliers
  - » A continued global perception that US satellite export control policies are a barrier to commerce