



Satellite Industry Statistics

2002

Sponsored by the Satellite Industry Association



Prepared by Futron Corporation

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Methodology

- 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*.

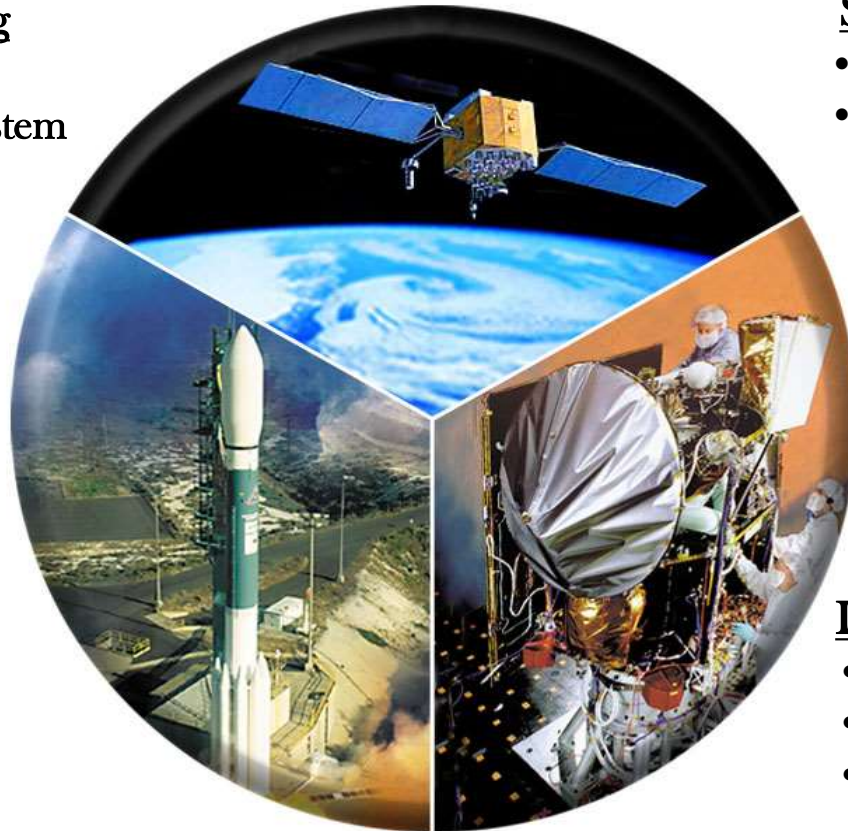
Satellite Industry Overview

Satellite Manufacturing

- Satellite Manufacturing
- Component and Subsystem Manufacturing

Ground Equipment

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



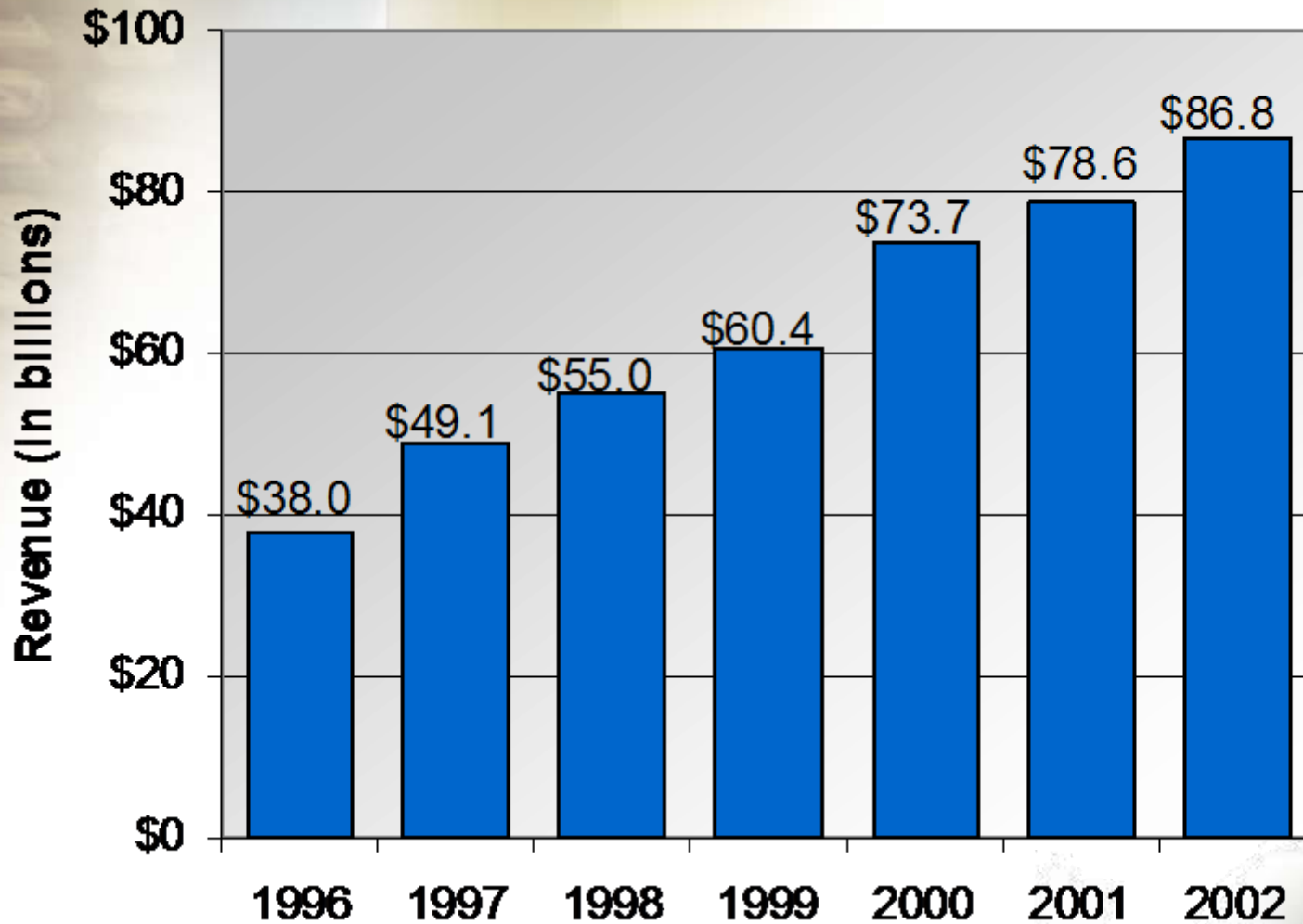
Satellite Services

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

Launch Industry

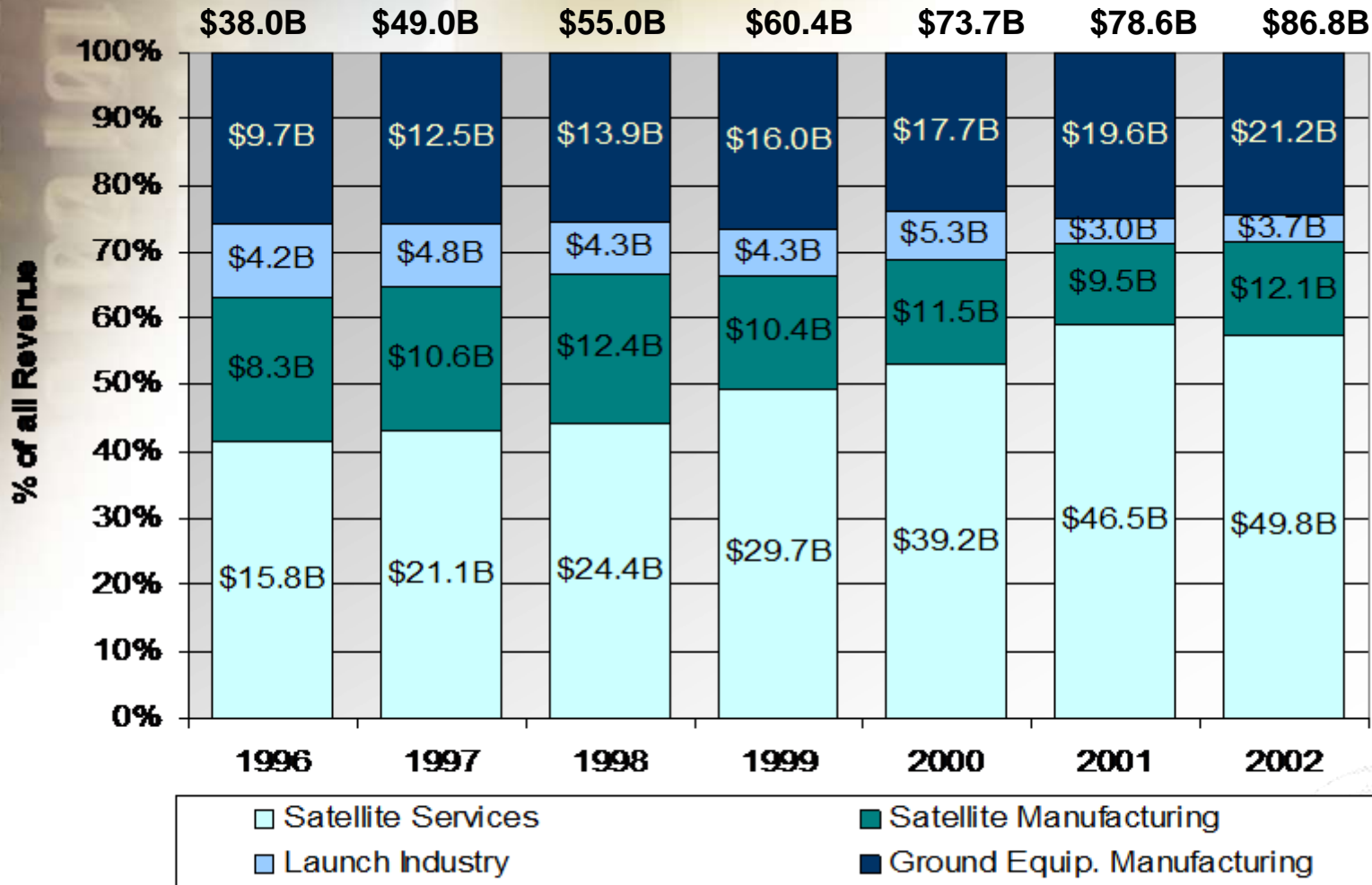
- Launch Services
- Vehicle Manufacturing
- Component and Subsystem Manufacturing

World Satellite Industry Revenues



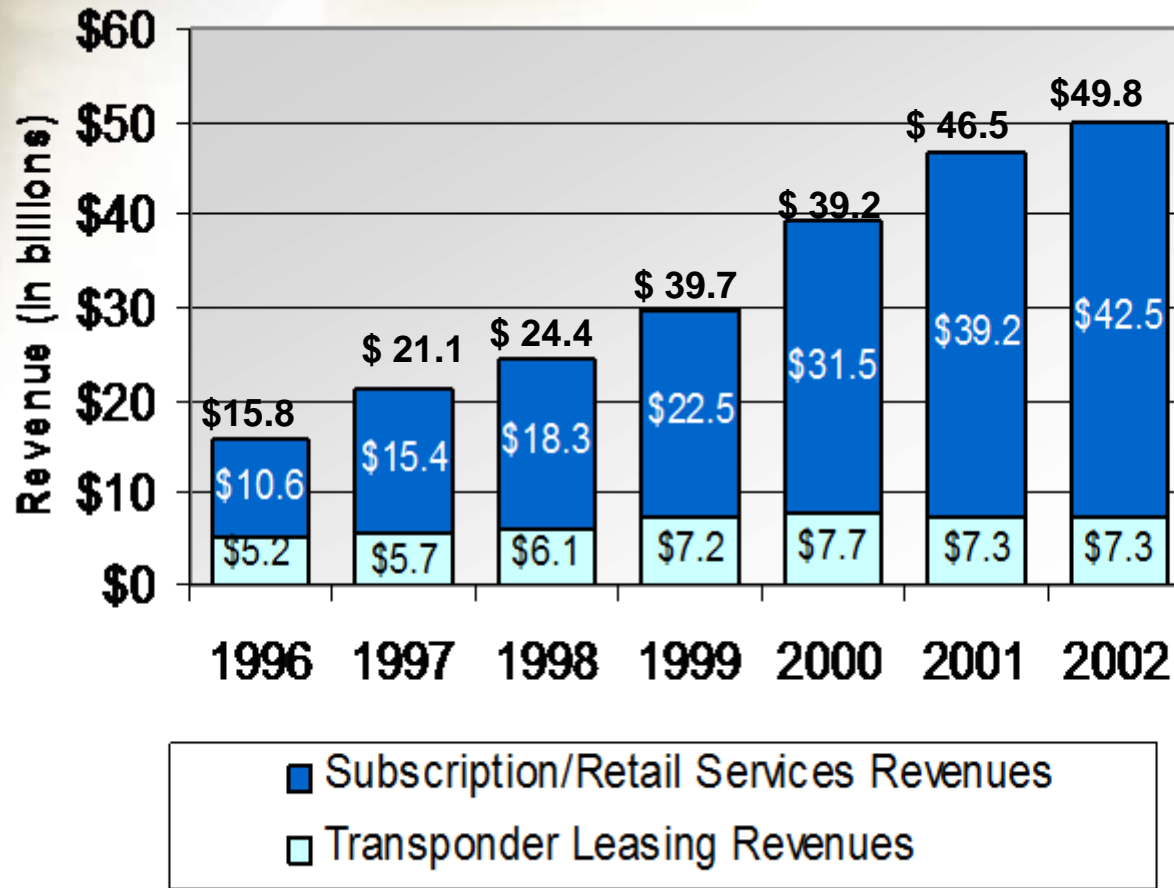


World Satellite Industry Revenues



- 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.

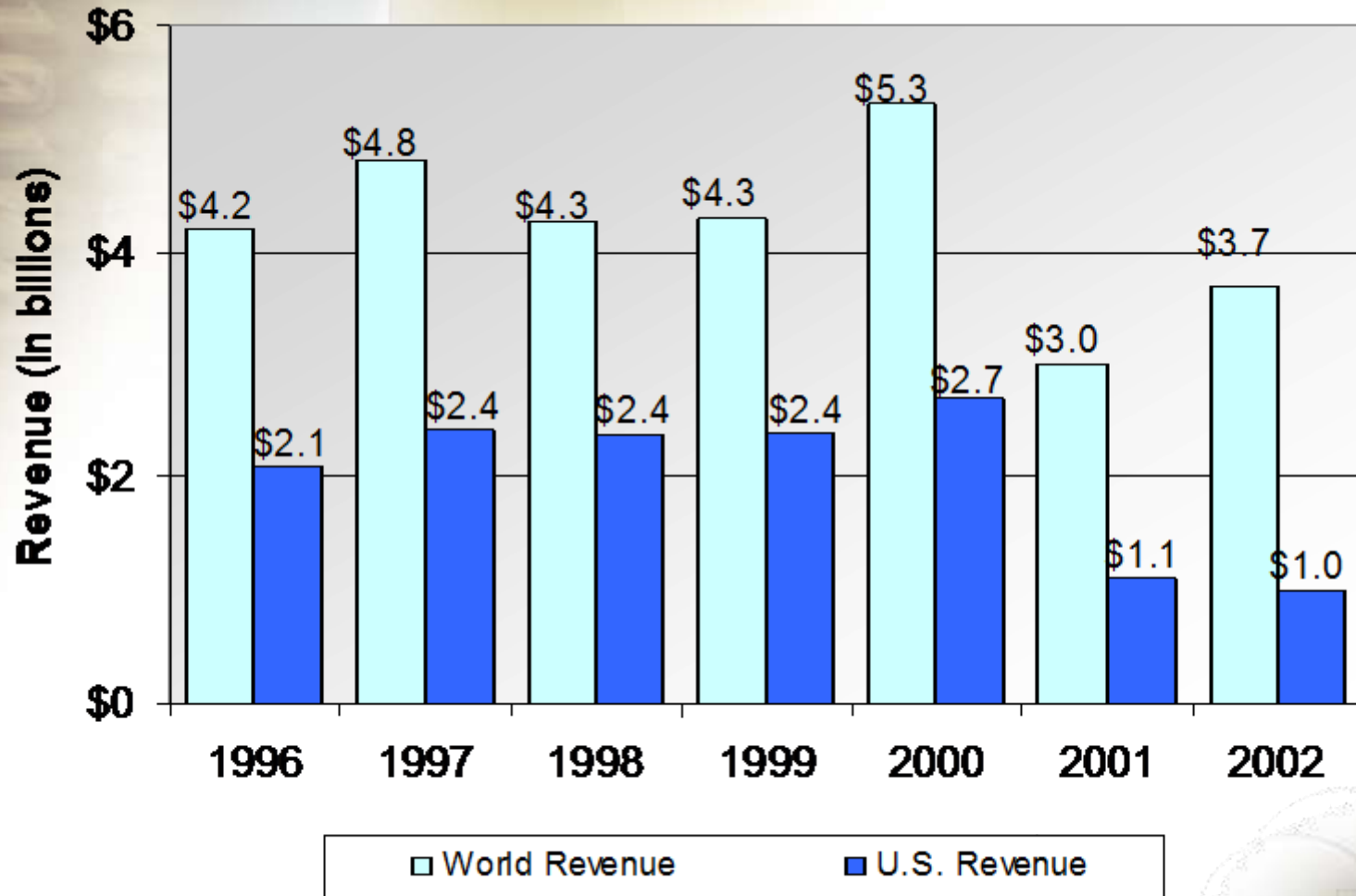


Satellite Services Findings

- 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

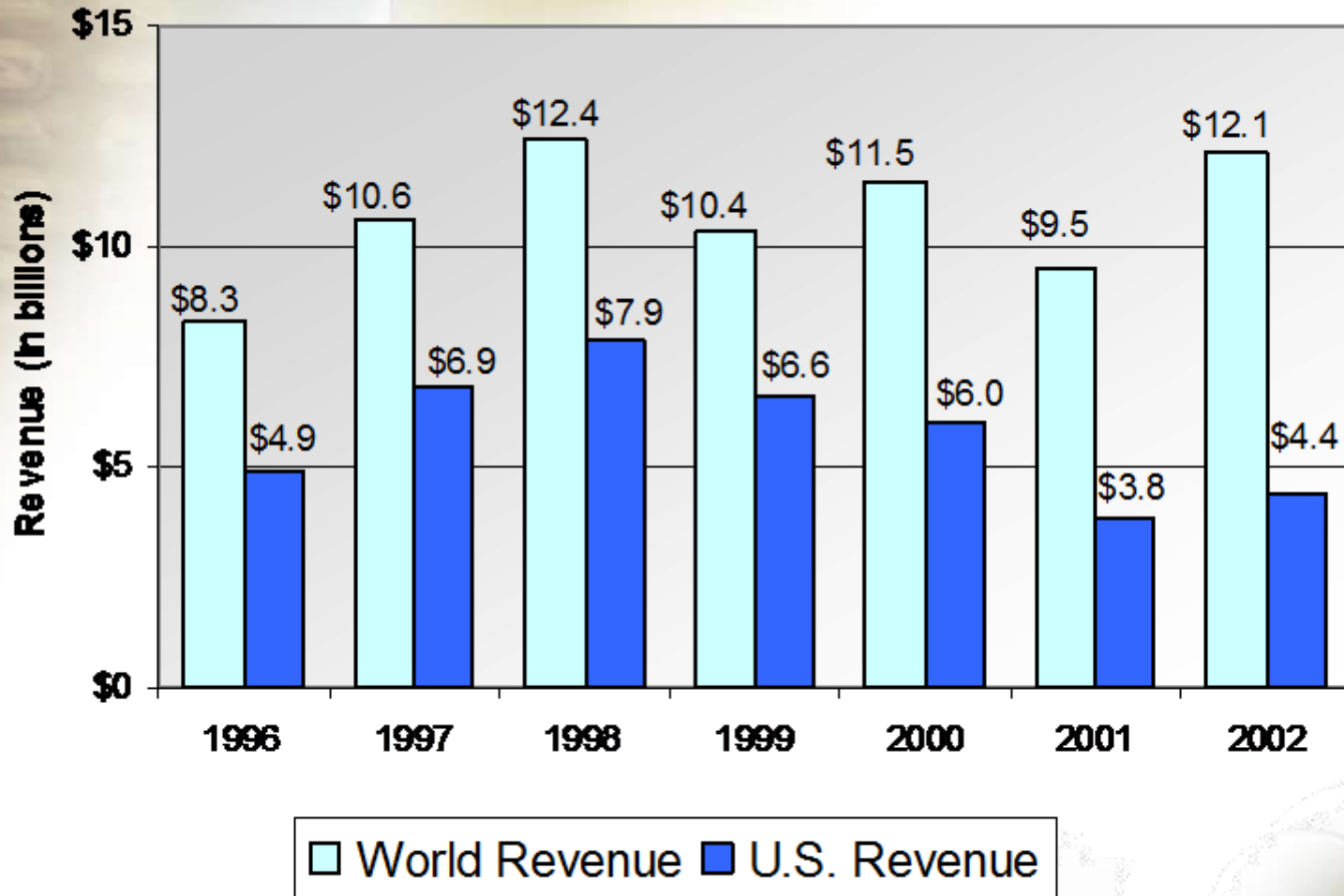




Launch Industry Findings

- 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

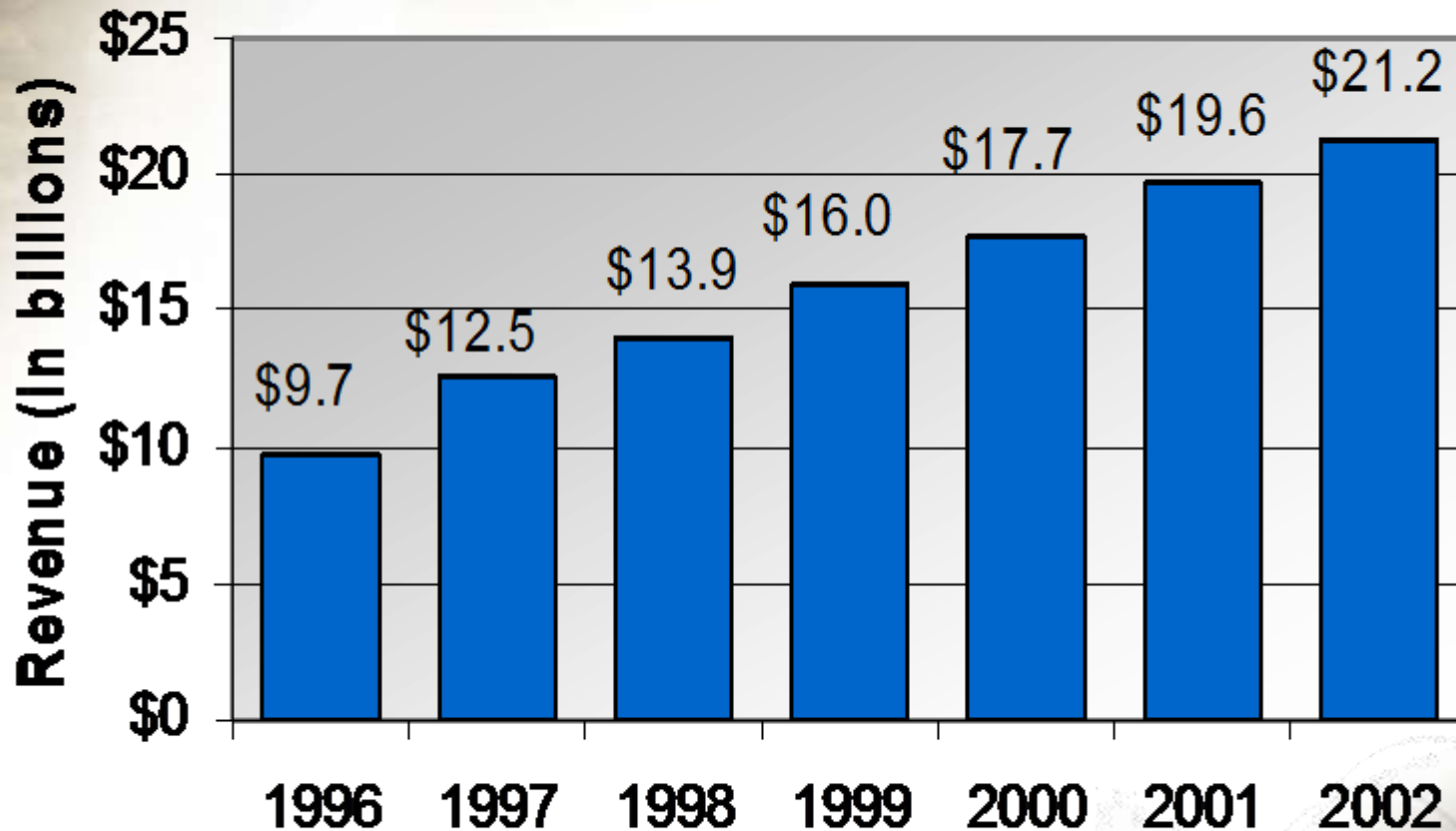




Satellite Manufacturing Findings

- 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.

- 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