

Gazprom Space Systems

Director-General Dmitry Sevastiyanov

Russia-based satellite operator Gazprom Space Systems has been expanding into the international markets. Satellite Executive Briefing Editor-in-Chief Virgil Labrador spoke with Gazprom's Director-General Dmitry Sevastiyanov on their plans and what's in store for the company in the near future. Excerpts of the interview follows.

Can you give us a brief overview of where your company stands in the market today and what are you showcasing at the forthcoming IBC?

Gazprom Space Systems (GSS) is one of two Russian national satellite operators and the company is the 23rd in the Top Fixed Satellite Service Operators list of 2014. Today our satellite communications system includes four geostationary Yamal satellites, state-of-the-art telecommunication center, ground infrastructure in the regions of Russia and satellite digital TV center that provides TV and radio broadcasting via Yamal satellites.

About a third of our satellite constellation capacity is concentrated in beams pointed

over territories outside Russia. The geography of our clients encompasses around 30 countries and services based on Yamal capacity are used in more than one hundred countries. We develop cooperation with foreign customers and partners, with owners of global and regional satellite constellations and promote Yamal capabilities at the largest international exhibitions and forums including the upcoming IBC 2015 show.

What are your targets for the rest of the year and beyond?

Under present circumstances of Russian ruble depreciation it is of the utmost importance to ensure financial stability of the company. Apart from our own funds, GSS

exists and develops on the attracted credit funds. Generally our credits are multicurrency and we certainly have to fulfill the repayment obligations. In this connection one of our main targets is to increase sales in particular on the international market. This will allow us to balance the foreign currency and ruble revenues from sales with the payments on obligations.



Dmitry Sevastiyanov

What markets will you be focusing in the near-term and where do you see the most potential?

Well, our target markets are mainly defined by the service zone of our satellite constellation. The end of 2014 and the first part of 2015 were

rather eventful for our company. New satellite Yamal-401 was successfully launched into 90 degrees East position to replace there Yamal-300K, which in its turn was relocated to the Far East position (183⁰E). Thanks to which, we have spread our business on the part of the Western hemisphere.

This Yamal-300K journey to the East is a new stage in GSS international business development. I would like to mention that now Yamal-300K is the easternmost Russian telecommunications satellite in the geostationary orbit. And in our company we expect that it will be not only the most in terms of location, but also in terms of business success. There are all prerequisites for this. For instance, its wide contour beam covers Eastern territory of Russia, Western part of North America and North of the Pacific Ocean where

YAMAL-300K

YAMAL-401

YAMAL-402

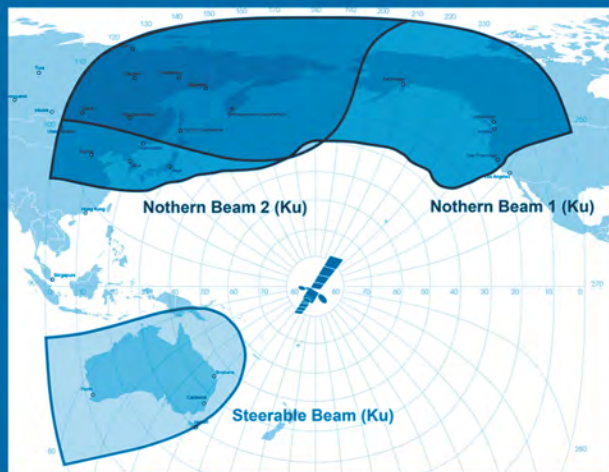
YAMAL-202



www.gazprom-spacesystems.ru

YAMAL-300K

ORBITAL POSITION 183E

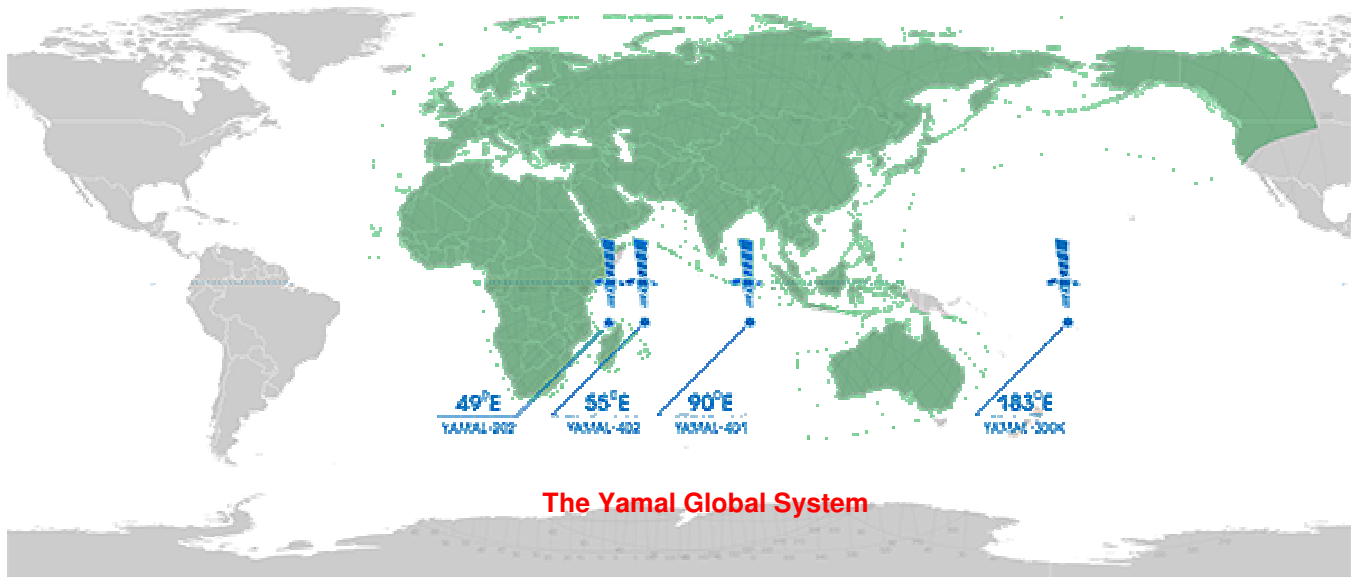


air and marine traffic is so busy. Such service zone makes the beam very attractive for aeronautics and maritime sectors. Considerable amount of this beam capacity is already being leased by one of the world biggest communication service providers in aeronautic industry, and we are receiving new and new requests from the other potential clients.

The expansion of our satellite constellation service zone enabled GSS to strike up new relationships. A well-known and respected American company, U.S. Electro-dynamics, Inc. (USEI), whose headquarters and teleport are located in Brewster, Washington, pointed on Yamal-300K one of its 9m antennas to uplink signals to commercial air-

services to operators of pay TV, corporate sector, governmental entities and NGOs.

Additionally on the international market, year after year our veteran staff keeps on proper operation and reliable service provision. It is Yamal-202 well-known on the Middle East and Asia (49°E). An expert analysis of the satellite resources performed together with the satellite manufacturer showed that despite its age the satellite has significant equipment and functional reserve including amount of fuel. In this connection, I would like to say that the results of this analysis made us sure, that the satellite will be able to extend in-orbit operation up to June 2019. We feel trust of



craft. I hope this cooperation will develop and lead to a significant increase in the number of end customers using services based on our satellites.

Another Yamal-300K fixed beam dedicated to serve the Russian Far East arouses interest of the Russian mobile operators developing trunk infrastructure for their networks in the region.

And finally we are considering some options for the satellite steerable beam pointing. Depending on with what interested service provider or operator we come to an agreement, this beam can be pointed over the Southeast Asia, Australia, New Zealand or island states of the Pacific ocean.

At this point, I've been talking about the new developments in our satellite constellation and additional opportunities that these bring for the international market. But actually, we are not a new player on this market. I would like to remind your readers that about three years have passed since our Yamal-402 (55°E) started to operate in Europe, Africa and the Middle East. Even being in a highly competitive environment the satellite is enjoying great demand thanks to its attractive service zone and high power parameters. Its capacity is used to provide communications

our current customers and welcome new ones to join Yamal-202 community.

This year we begin new investment cycle that will result in Yamal-202 have to be replaced by a new Yamal-601 satellite in 2018; and totally at least five new satellites are planned to be launched by 2025.

Finally, do you have anything else to add and what can we expect from Gazprom Space Systems in the coming months?

In 2014 GSS showed 24% revenue growth (in rubles). This year we intend to maintain the pace of growth in loading our new satellites.

Moreover apart from creating new own satellites GSS will continue to search new opportunities for cooperation with other satellite operators in order to jointly create and utilize satellite assets.

