

PROFILE

Dmitry Sevastiyarov

DIRECTOR-GENERAL, GASCOM

Keeping Focused on Growth, Partnerships

Satellite-fleet operator Gascom of Moscow has been one of the world's fastest-growing satellite-fleet operators in the last few years and the company shows no sign of slowing down. Revenue from their satellite operations grew from \$8.1 million in 2001 to \$69.8 million in 2007 despite the loss of one of the two first-generation Yamal satellites shortly after it was launched in 1999.

Backed by the cash-rich Gazprom natural-gas producer, which is its principal shareholder and biggest single customer, Gascom plans to expand its fleet by adding eight new satellites in the next seven years.

Now big enough to attract attention from potential partners and current competitors, Russia's second-largest satellite operator after Russian Satellite Communications Co. (RSCC) is ready to consider strategic partnerships, notably those that would help it to enter the fast-growing African market, according to Gascom Director-General Dmitry Sevastiyarov.

The current growth plans will remain fo-

ocused on Gascom's core 90 degrees east orbital slot, where two of its three satellites are now located. The company operates one satellite at 49 degrees east.

The third-generation Yamal satellite platform is scheduled for launch in 2009 with two satellites — one for the 90-degree slot and one for a new Gascom position at 55 degrees east. Those satellites are being built by Gascom shareholder RSC Energia of Koroletv, Russia. Payloads are being provided by NEC Toshiba Space Systems of Japan, Tesat Spacecom of Germany and MacDonald, Dettwiler and Associates of Canada, which is providing antennas.

The Yamal-300 satellites will have higher overall power and higher-power transponders compared to the Yamal-200 series launched in 2003. In-orbit lifetime also will be increased, to 14 years from 12 years for the 200 series.

The fourth- and fifth-generation Yamals now are being designed and scheduled for launch in 2011 and 2015. Sevastiyarov outlined the company's growth strategy to *Space News* staff writer Peter B. de Selding.



GASCOM PHOTO

What were Gascom's revenue and gross profit margin for 2007?

Last year was successful for Gascom. The company showed a stable, high rate of growth. In 2007 Gascom increased its total revenue from operator activity and telecommunications systems development by 48 percent, to \$69.8 million according to our preliminary results.

EBITDA [earnings before interest, taxes, depreciation and amortization] also increased by 48 percent, to \$44.5 million, giving us an EBITDA margin of about 64 percent.

What is the outlook for 2008 and 2009?

We plan to reach the revenue of about \$80 million during this period. The expected growth will come mainly from creating telecommunications networks for our customers.

As regards our activity in providing space capacity, we have reached the saturation point in terms of revenue coming just from satellite capacity as our satellites are fully loaded. We do not have free capacity available to maintain our planned development.

After the launch our two new Yamal-300 birds in 2009, I hope we will be able to return to the high rate of growth.

What is your current customer profile by revenue contribution?

Corporate networks, Internet service providers and other telecoms activity accounts for 62 percent of our revenue. Television is 25 percent, government services are 10 percent and the remaining 3 percent is from occasional-use customers.

And the breakdown by geographic region?

Russia and the CIS [Commonwealth of Independent States] region accounts for 75 percent of our satellite capacity. The remaining 25 percent is sold on the international market, with end users located in 50 nations around the world.

In 2007 more than 10 international companies became new customers of Gascom. Among them: Arqiva of the

United Kingdom, Mach-6 of The Netherlands, Sonema of Monaco and Network Teleport Italia. So far in 2008 we have continued our growth internationally with Detasad of Saudi Arabia, Etisalat of the United Arab Emirates and CeTel of Germany.

This 25 percent international part of our business is 15 percent Middle East, 7 percent South East Asia, 2 percent northern Africa and 1 percent elsewhere.

Is your near-term growth mainly Russia and CIS?

The Eastern Hemisphere, which we cover with our satellites, will remain our main interest for the near future. We expect the main growth to come from Russia and CIS. But there is no doubt that the Middle East and Africa will contribute noticeably too.

Do you need a strategic partner to assure your growth?

Outside of Russia we provide the satellite capacity only. Our main customers are teleports providing end users with value-added service based on our capacity. We certainly consider these customers as partners. As for strategic partnerships, we are thinking about this for our future satellites. Using this new capacity, we have ambitious plans to enter new markets, especially the African market.

Have other satellite operators sought to partner with you?

We have definitely seen some interest in Gascom from other satellite operators. They recognize our expertise and competence in the Russian market, and we are the only Russian nongovernmental satellite operator. RSCC is a state structure. We are ready to consider all variants of cooperation with other satellite operators.

What is your satellite purchasing plan for the next couple of years?

The existing Yamal satellite constellation was 95 percent filled by the end of 2007. For this reason, manufactur-

ing the two new Yamal-300 satellites is the main Gascom investment project now. By the end of 2007, Gascom paid approximately 50 percent of this program's total cost. The two Yamal-300 satellites are scheduled for launch in mid-2009.

Yamal-301 will be launched into the 90 degrees east orbital slot for collocation with the existing Yamals. Its 14 72-MHz C- and Ku-band transponders will strengthen our position in the Russian market. Yamal-302 will be launched into the 55 degrees east slot and will carry 12 72-MHz Ku-band transponders. It will have a fixed beam and two steerable beams to extend our presence on the international market.

Both satellites will support additional applications including direct-to-home television. Beyond this investment, in January 2008 our board of directors approved our Perspective Plan until 2015, which foresees the launch of eight new satellites and a four-fold increase in our total capacity. The plan includes development of the company's central ground infrastructure, and in particular a new teleport in the Moscow region.

Has anyone ever figured out what happened to Yamal 101 in orbit or is it a mystery?

Of course it is not a mystery. Yamal-101 was lost due to the failure of the power-supply system after the separation from the upper stage.

What effect does the drop in value of U.S. dollar have on your business?

The 25 percent of our revenue coming from international markets are paid in this currency because most of our end users are located in dollar areas. To compensate for the dollar's decline we have made reasonable increases in the price of our capacity, especially for new customers and contract extensions. But we do it very carefully and only taking into account the interests and abilities of our customers. We remain attached to the principle that "The customer is always right."