

Interview with Gazprom Space Systems Director-General Dmitry Sevastiyanov

Russia-based satellite operator Gazprom Space Systems has plans to expand into the international markets. Backed by one of the world's largest energy companies and one of Russia's biggest banks, Gazprom is leveraging its unique pedigree to become one of the world's major satellite companies. Satellite Markets and Research 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:

Q. In the competitive global satellite market, how do you differentiate your company from the other established satellite operators? What are your unique capabilities and service offerings?

A. There are currently two satellite operators based in Russia: the Russian Satellite Communications Company (RSCC) and our company Gazprom Space Systems (GSS). The difference between us and RSCC is that we are a private, non-governmental company developing our orbital and ground infrastructure with project financing without government budgetary support.

One main difference we have with most of the other satellites operators is that we have a big share of value-added services in our business (more than one third of our current Yamal satellites capacity we sell via value-added services).

Thus we are not only a satellite operator but also a satellite networks integrator and service provider. This approach allows us to develop a diversified clients base which enables us to decrease the market risks.

One more special feature - our company unlike traditional satellite operators actively participates in the process of developing and manufacturing its satellites. We have our own engineering expertise, we participate in the development of the key sub-systems such as

payloads and ground control facilities. This allows us not only to realize budgetary savings from the satellite manufacturing process but also decrease production risks. More importantly, the end result of this is that we get satellites with features that optimally meet the market's and our clients' requirements.

Q. How has your company's association with one of the largest energy companies benefited you and your customers?

A. Being our main shareholder Gazprom supports our company's development by helping us in attracting credit financing at affordable terms to implement our expansion projects such as the Yamal satellites. Gazprom is also our biggest client. It uses about 10% of our satellites capacity and services.

The feeling of confidence and reliability we enjoy thanks to Gazprom's support is passed on to our clients. Our clients realize that cooperation with Gazprom Space Systems is a guarantee of their own business success.

Q. You will be launching your new Yamal 300-series satellite next year. What markets will this satellite and other future satellites be focusing and what applications will this satellite be servicing?

A. For our new satellites, we plan to have the same sales structure as that of the Yamal 200 series. That is, we plan



Dmitry Sevastiyanov

to provide satellite capacity and value-added services for the Russian market and direct capacity provision for the international markets. The new Yamal satellites are designed so that, firstly, to provide for continuity of the current Yamal-200 satellites coverage; and secondly, to extend our business coverage and to implement new services thanks to the higher power parameters of the satellite links.

We are expecting to launch our next Yamal-300K satellite into 90°E orbital slot by the end of 2011. This satellite will satisfy the Russian market demand and support the overloaded Yamal-201 at 90°E. Also it will have a steerable beam aimed at the international markets.

In 2013 the large satellite Yamal-401 will be launched into the same orbital slot. It will serve the Russian and CIS markets.

A year before we expect to get on the orbit at 55°E position the other heavy satellite Yamal-402 intended for the Russian and CIS market as well as for further developing already existing international business of the company on the Middle East and Asian markets, and also for entering new markets (for example, Africa).

Q. Your company has been stepping up its international sales efforts lately. In reaching out to the international market are you trying to reach foreign companies to enter the Russian market or is more for Russian companies to go out to other markets, or is it a combination of both?

tional partners.

We are open to using the abilities and experience of foreign companies when developing our business on the Russian market, in particular for adopting new services.

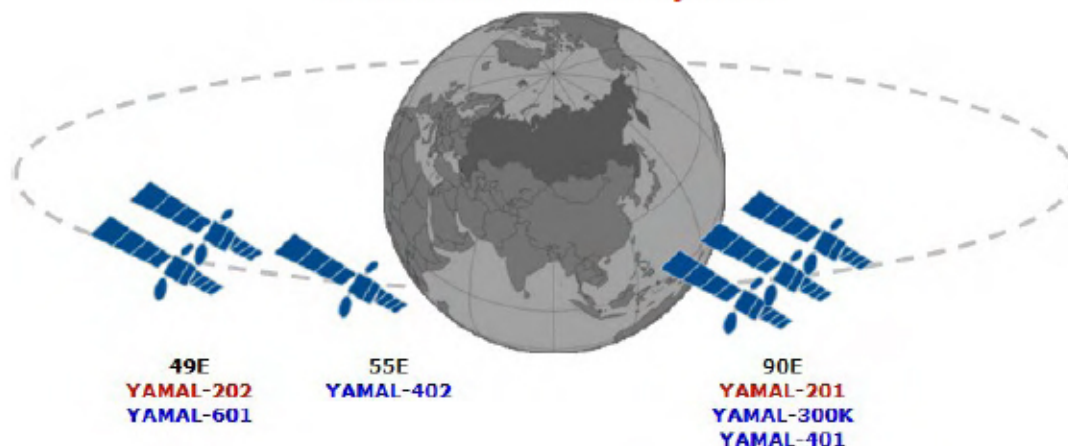
For the satellite industry, when investment cycle of new satellites takes two-three years, the main condition of success is available capability to promptly react to dynamic market situations. Using satellite capacity of the other operators on an in-

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pany evolving in the next few years?

A. Gazprom's strategic purpose is to become the leader among global oil & gas companies. In this connection our company, as the space and telecommunications asset of Gazprom, intends to

Yamal Constellation by 2015



Gazprom Space Systems' satellite fleet currently consists of three satellites –Yamal 100 and 201 sharing the 90°E slot and Yamal 202. Four satellites are being planned to be launched in the next few years giving the company coverage over most of the Eastern Hemisphere.

Currently a quarter of our company revenues comes from the international markets. With new capacity coming from our satellites to be launched in the next three years (totally it is more than 200 equivalent transponders), we hope to maintain this proportion of our revenues from the international markets. So we have rather ambitious plans on international activities, and we are ready to implement them with interna-

terim basis for efficient solutions is one of the possible forms of cooperation. It also makes sense to implement projects with high technical and commercial risks (new markets, new services) in cooperation with other companies. We know a lot of precedents of such cooperation and our company is open to consider opportunities for such joint project ventures.

grow its presence first of all in the regions of interest for our shareholders. This includes the regions of the Far East, Africa, and Southeast Asia. GSS has rights for five orbital positions in geostationary orbit and by using them we potentially can provide for satellite coverage over the entire Eastern hemisphere.

Q. Finally, how do you see your com-