



Satellite Finance Issue 93 August 2 2006

Reporter: Nicola Preston

SPACECOM LOOKS AT LAUNCHING FUNDING ROUND

Israel-based satellite operator **AMOS Spacecom** could be opening a second round of funding to complete the development of AMOS 3 later this year.

AMOS 3, which is to be launched at the end of 2007 at an estimated total cost of US\$170m, has so far been funded by a combination of equity, money raised in the February 2005 IPO, and bank debt.

AMOS vice president of business development and strategy Omri Arnon said: "AMOS 3 is almost fully-funded." The company would not reveal how much money needs to be raised to complete the project.

AMOS 3 is the replacement satellite for AMOS 1, which sits at 4W and serves the Middle East and Europe and the US East Coast. "AMOS has strong satellites suitable for DTH. We have just signed a deal with a Romanian DTH operator and we hope to sign further deals with other Eastern European DTH operators." He added that the unique position of 4W is also prompting it bridge the gap between the Middle East and American markets.

The company's first priority is finalizing funding for AMOS 3, before it starts formalizing plans to build and launch AMOS 4. "There have been no plans about how to raise the money for AMOS 4, but it is likely to be a combination of bank debt, equity and bonds," Arnon said.

AMOS 4 will be larger than AMOS 3. Like AMOS 3 it will have steerable antennas, and Ka and Ku-band capacity. AMOS 4 is tentatively being scheduled for 2010 and will serve the Asian and African markets. It will be at a slot around 70E. The exact position is still being negotiated

and several locations are on the table.

Arnon described Spacecom's move into Asia as a logical progression. "We believe it is a market that will grow. The market is developing and prices are increasing in some of the regions," he said. "India in particular is a growth market. We will be present there in a year or two and much more when the satellite is launched."

Following the launch of AMOS 3 and AMOS 4, Spacecom will continue to launch additional satellites as it strives to develop hotspots at what it describes as its 'key orbital locations' - 4W and 70E. It plans to eventually have at least two satellites operating at each of these locations. As well as focusing on its own line of AMOS satellites, the company is looking at other ways to develop the business and is in discussion with potential partners such as existing operators looking to launch new satellites in new locations, operators looking to launch a national satellite, or simply through marketing partnerships.

Spacecom is currently in final discussions with a potential partner in Asia and expects to find out whether these discussions have been successful in several weeks. Arnon concluded: "The launches up to AMOS 4 are definitely happening - the other ones are business opportunities."

Spacecom classes itself as a regional operator, with its biggest markets being The Middle East and Eastern Europe. Some 80% of its business comes from the video sector.

Industry speculation

Spacecom's financing history suggests that the money is likely to be provided by the Israeli financing community. One source commented: "Domestic Israel financings is the source of most of the company's funding. It would not surprise me if they were looking to open a funding round as this would be consistent with Spacecom past approach to financing its acquisition of new satellites."