Milbank

Space Business Review

A monthly round-up of space industry developments for the information of our clients and friends.

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INTELSAT, ONEWEB UNITING GEO & LEO

On February 28, Intelsat S.A. (Intelsat) and OneWeb, Ltd. (OneWeb) announced that they entered into a definitive combination agreement whereby Intelsat and OneWeb will merge in a share-for-share transaction. In connection with the combination agreement, Intelsat also entered into a definitive share purchase agreement with SoftBank Group Corp. (SoftBank) whereby SoftBank will invest $1.7b in newly issued common and preferred shares of the combined company, giving it an approximately 39.9% voting ownership interest, as well as a number of additional non-voting preferred shares. Under the combination agreement, OneWeb shareholders will receive Intelsat common shares in exchange for OneWeb shares and Intelsat shareholders will retain the shares they hold currently. Both transactions, which remain subject to receipt of regulatory approvals and completion of debt exchange offers to certain existing Intelsat bondholders, are expected to produce substantial financial benefits, including a $3.6b reduction in Intelsat's debt. In addition, the combination of Intelsat's GEO satellite network and terrestrial infrastructure with OneWeb's planned LEO satellite constellation and innovative technology is expected to create significant synergies that will accelerate achievement of Intelsat's and OneWeb's stated goal of developing and offering advanced solutions for the provision of ubiquitous broadband Internet service. Intelsat was an early investor in OneWeb, participating in June 2015 in a Series A investment round that produced $500m. More recently, in December of last year, SoftBank agreed to invest $1.2b in OneWeb.

PLANET TO PURCHASE TERRA BELLA

On February 3, Planet Labs Inc. (Planet) announced that it entered into an agreement to acquire the Terra Bella business, including the seven-satellite SkySat constellation, from Google, Inc. (Google), which acquired Terra Bella – then, Skybox Imaging, Inc. – in August 2014 for $500m in cash. According to Planet, Terra Bella's high-resolution system will complement Planet's existing medium-resolution 60-satellite fleet to produce greater diversification in available data and solutions and enable service to new customers and markets. As part of the transaction, upon closing, Google will enter into a multi-year contract to purchase Earth-imaging data from Planet. The acquisition remains subject to customary closing conditions.

MDA MOVES TO ACQUIRE DIGITALGLOBE

On February 24, MacDonald, Dettwiler and Associates Ltd. and DigitalGlobe, Inc. (DigitalGlobe) announced that they entered into a definitive merger agreement whereby MDA will acquire DigitalGlobe for $35 per share in a combined cash and stock transaction, reflecting an equity value of roughly $2.4b, and an enterprise value of roughly $3.6b, for DigitalGlobe. The transaction, which has been unanimously approved by the boards of directors of both companies, is expected to produce a leading provider of satellites, Earth imagery, geospatial data solutions and analytics through vertical integration, expanded market access and customer base diversification.

FEBRUARY LAUNCH SERVICES

February 14 – Arianespace S.A. successfully launched the SKY Brasil-1 and Telkom 3S satellites for AT&T/DIRECTV and PT. Telekomunikasi Indonesia Tbk, respectively, on an Ariane 5 launch vehicle. SKY Brasil-1 was manufactured by Airbus Defence and Space based on the Eurostar 3000 platform; equipped with 60 Ku-band transponders, it will provide HD DTH broadcast services to Brazil from 43.1°W. Telkom 3S was manufactured by Thales Alenia Space based on the Spacebus 4000B2 platform; equipped with 24 C- and 10 Ku-band transponders and 8 extended C-band beams, it will enable HDTV broadcasting, mobile communications and Internet applications for users in Southeast Asia from 118°E.

February 15 – The Indian Space Research Organisation successfully launched its Cartosat-2 remote sensing satellite and the NanoSatellite-1 (INS-1) and NanoSatellite-2 (INS-2) technology demonstration satellites, together with 101 other co-passenger satellites, including 88 Dove Earth imaging satellites for Planet Labs Inc. and eight Lemur weather data gathering satellites for Spire Global, Inc., on a Polar Satellite Launch Vehicle.

BOEING SELECTED BY JSAT AND KACIFIC

On February 20, Boeing announced that it was selected to manufacture the JCSAT-18/Kacific-1 condominium satellite for SKY Perfect JSAT Corporation and Kacific Broadband Satellites Pte. Ltd. of Singapore, based on Boeing's 702 platform. Scheduled for launch in 2019, the satellite will be used to provide mobility, broadband, government and cellular backhaul services to users across the Asia-Pacific region.