

Intelsat S.A.
Form 6-K
October 26, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of October, 2017

001-35878

(Commission File Number)

Intelsat S.A.

(Translation of registrant's name into English)

4 rue Albert Borschette

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Luxembourg

Grand Duchy of Luxembourg

L-1246

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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INTELSAT S.A.

Quarterly Report for the three and nine months ended September 30, 2017

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INTRODUCTION

In this Quarterly Report, unless otherwise indicated or the context otherwise requires, (1) the terms we, us, our, the Company and Intelsat S.A. refer to Intelsat S.A. and its subsidiaries on a consolidated basis, (2) the term Intelsat Holdings refers to Intelsat Holdings S.A., Intelsat S.A.'s indirect wholly-owned subsidiary, (3) the term Intelsat Investments refers to Intelsat Investments S.A. (formerly Intelsat S.A.), Intelsat S.A.'s indirect wholly-owned subsidiary, (4) the term Intelsat Luxembourg refers to Intelsat (Luxembourg) S.A., Intelsat Investments' direct wholly-owned subsidiary, (5) the terms Intelsat Connect and ICF refer to Intelsat Connect Finance S.A., Intelsat Luxembourg's direct wholly-owned subsidiary, (6) the term Intelsat Jackson refers to Intelsat Jackson Holdings S.A., Intelsat Connect's direct wholly-owned subsidiary, (7) the term Intelsat Corp refers to Intelsat Corporation, Intelsat Jackson's direct wholly-owned subsidiary and (8) the term Intelsat General refers to Intelsat General Corporation, our government business subsidiary.

In this Quarterly Report, unless the context otherwise requires, all references to transponder capacity or demand refer to transponder capacity or demand in the C-band and Ku-band frequencies only.

FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, all references to dollars and \$ in this Quarterly Report are to, and all monetary amounts in this Quarterly Report are presented in, U.S. dollars. Unless otherwise indicated, the financial information contained in this Quarterly Report has been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP).

Certain monetary amounts, percentages and other figures included in this Quarterly Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

In this Quarterly Report, we refer to and rely on publicly available information regarding our industry and our competitors. Although we believe the information is reliable, we cannot guarantee the accuracy and completeness of the information and have not independently verified it.

FORWARD-LOOKING STATEMENTS

Some of the statements in this Quarterly Report constitute forward-looking statements that do not directly or exclusively relate to historical facts.

When used in this Quarterly Report, the words may, will, might, should, expect, plan, anticipate, project, estimate, predict, intend, potential, outlook and continue, and the negative of these terms, and other similar expressions are intended to identify forward-looking statements and information.

The forward-looking statements made in this Quarterly Report reflect our intentions, plans, expectations, assumptions, anticipations, projections, estimations, predictions, outlook and beliefs about future events. These forward-looking statements speak only as of the date of this Quarterly Report and are not guarantees of future performance or results and are subject to risks, uncertainties and other factors, many of which are outside of our control. These factors could cause actual results or developments to differ materially from the expectations expressed or implied in the forward-looking statements and include known and unknown risks. Known risks include, among others, the risks discussed in Item 3D Risk Factors in our Annual Report on Form 20-F for the year ended December 31, 2016, as

amended by Amendment No.1 on Form 20-F/A filed on October 11, 2017 (the Form 20-F) the political, economic and legal conditions in the markets we are targeting for communications services or in which we operate, and other risks and uncertainties inherent in the telecommunications business in general and the satellite communications business in particular.

The following list represents some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by these forward-looking statements:

risks associated with operating our in-orbit satellites;

satellite launch failures, satellite launch and construction delays and in-orbit failures or reduced satellite performance;

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potential changes in the number of companies offering commercial satellite launch services and the number of commercial satellite launch opportunities available in any given time period that could impact our ability to timely schedule future launches and the prices we pay for such launches;

our ability to obtain new satellite insurance policies with financially viable insurance carriers on commercially reasonable terms or at all, as well as the ability of our insurance carriers to fulfill their obligations;

possible future losses on satellites that are not adequately covered by insurance;

U.S. and other government regulation;

changes in our contracted backlog or expected contracted backlog for future services;

pricing pressure and overcapacity in the markets in which we compete;

our ability to access capital markets for debt or equity;

the competitive environment in which we operate;

customer defaults on their obligations to us;

our international operations and other uncertainties associated with doing business internationally;

potential adverse reactions or changes to business or employee relationships resulting from the termination of the proposed OneWeb/SoftBank Transactions (See Note 1 *General Terminated Combination Agreement with OneWeb and Share Purchase Agreement with SoftBank*);

competitive responses to the terminated OneWeb/SoftBank Transactions;

diversion of management's attention from ongoing business operations and opportunities as a result of the terminated OneWeb/SoftBank Transactions;

litigation; and

other risks discussed in our Annual Report or this Quarterly Report.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee our future results, level of activity, performance or achievements. Because actual results could differ materially from our intentions, plans, expectations, assumptions, anticipations, projections, estimations, predictions, outlook and beliefs about the future, you are urged not to rely on forward-looking statements in this Quarterly Report and to view all forward-looking statements made in this Quarterly Report with caution. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****INTELSAT S.A.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share amounts)

	As of December 31, 2016	As of September 30, 2017 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 666,024	\$ 580,694
Restricted cash		17,541
Receivables, net of allowance of \$54,744 in 2016 and \$44,372 in 2017	203,036	194,953
Prepaid expenses and other current assets	55,908	59,125
Total current assets	924,968	852,313
Satellites and other property and equipment, net	6,185,842	6,028,395
Goodwill	2,620,627	2,620,627
Non-amortizable intangible assets	2,452,900	2,452,900
Amortizable intangible assets, net	391,838	360,147
Other assets	365,834	403,480
Total assets	\$ 12,942,009	\$ 12,717,862
LIABILITIES AND SHAREHOLDERS DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 215,987	\$ 97,599
Taxes payable	16,733	8,343
Employee related liabilities	50,178	31,208
Accrued interest payable	204,840	295,030
Current portion of long-term debt		96,527
Deferred satellite performance incentives	23,455	23,855
Deferred revenue	157,684	169,040
Other current liabilities	64,786	45,642
Total current liabilities	733,663	767,244
Long-term debt, net of current portion	14,198,084	14,120,002
Deferred satellite performance incentives, net of current portion	210,706	220,477
Deferred revenue, net of current portion	906,744	824,393

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Deferred income taxes	168,445	168,693
Accrued retirement benefits	186,284	175,739
Other long-term liabilities	148,081	126,391
Shareholders' deficit:		
Common shares; nominal value \$0.01 per share	1,180	1,190
Paid-in capital	2,156,911	2,171,011
Accumulated deficit	(5,715,931)	(5,804,708)
Accumulated other comprehensive loss	(76,305)	(73,040)
Total Intelsat S.A. shareholders' deficit	(3,634,145)	(3,705,547)
Noncontrolling interest	24,147	20,470
Total liabilities and shareholders' deficit	\$ 12,942,009	\$ 12,717,862

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**INTELSAT S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except per share amounts)**

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Revenue	\$ 542,727	\$ 538,759	\$ 1,637,353	\$ 1,610,472
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	88,460	78,111	254,334	242,003
Selling, general and administrative	58,948	47,873	175,244	152,343
Depreciation and amortization	174,909	178,742	520,869	535,384
Total operating expenses	322,317	304,726	950,447	929,730
Income from operations	220,410	234,033	686,906	680,742
Interest expense, net	243,039	261,834	694,937	756,180
Gain (loss) on early extinguishment of debt	219,560	(4,565)	350,962	(4,109)
Other income (expense), net	324	1,797	(1,084)	3,814
Income (loss) before income taxes	197,255	(30,569)	341,847	(75,733)
Provision for (benefit from) or income taxes	650	(1,153)	11,538	10,125
Net income (loss)	196,605	(29,416)	330,309	(85,858)
Net income attributable to noncontrolling interest	(983)	(996)	(2,932)	(2,919)
Net income (loss) attributable to Intelsat S.A.	\$ 195,622	\$ (30,412)	\$ 327,377	\$ (88,777)
Cumulative preferred dividends				
Net income (loss) attributable to common shareholders	\$ 195,622	\$ (30,412)	\$ 327,377	\$ (88,777)
Net income (loss) per common share attributable to Intelsat S.A.:				
Basic	\$ 1.66	\$ (0.26)	\$ 2.89	\$ (0.75)
Diluted	\$ 1.65	\$ (0.26)	\$ 2.77	\$ (0.75)

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**INTELSAT S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(in thousands, except per share amounts)**

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Net income (loss)	\$ 196,605	\$ (29,416)	\$ 330,309	\$ (85,858)
Other comprehensive income, net of tax:				
Defined benefit retirement plans:				
Reclassification adjustment for amortization of unrecognized prior service credits included in net periodic pension costs and other, net of tax	(1)	27	(3)	23
Reclassification adjustment for amortization of unrecognized actuarial loss included in net periodic pension costs, net of tax	532	566	1,596	1,651
Marketable securities:				
Unrealized gains on investments, net of tax	137	147	254	429
Reclassification adjustment for realized gain on investments, net of tax	(17)	(32)	(28)	(61)
Derivatives:				
Unrealized gain on fair value of derivatives, net of tax		329		1,223
Other comprehensive income	651	1,037	1,819	3,265
Comprehensive income (loss)	197,256	(28,379)	332,128	(82,593)
Comprehensive income attributable to noncontrolling interest	(983)	(996)	(2,932)	(2,919)
Comprehensive income (loss) attributable to Intelsat S.A.	\$ 196,273	\$ (29,375)	\$ 329,196	\$ (85,512)

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**INTELSAT S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)**

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2017
Cash flows from operating activities:		
Net income (loss)	\$ 330,309	\$ (85,858)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	520,869	535,384
Provision for doubtful accounts	26,153	(5,891)
Foreign currency transaction gain	(4,141)	(2,363)
Loss on disposal of assets		26
Share-based compensation	18,028	13,848
Deferred income taxes	(8,512)	(10,610)
Amortization of discount, premium, issuance costs and related costs	17,643	36,191
(Gain) loss on early extinguishment of debt	(350,962)	4,109
Unrealized gains on derivative financial instruments	(764)	
Amortization of actuarial loss and prior service credits for retirement benefits	2,521	2,537
Other non-cash items	1,166	(301)
Changes in operating assets and liabilities:		
Receivables	(4,565)	14,611
Prepaid expenses and other assets	(39,830)	(1,783)
Accounts payable and accrued liabilities	(3,381)	(43,447)
Accrued interest payable	143,058	90,190
Deferred revenue	(37,517)	(85,272)
Accrued retirement benefits	(7,148)	(10,545)
Other long-term liabilities	(6,932)	(8,734)
Net cash provided by operating activities	595,995	442,092