

Intelsat S.A.
Form 6-K
August 01, 2013
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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 August, 2013

001-35878

(Commission File Number)

Intelsat S.A.

(Translation of registrant's name into English)

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4 rue Albert Borschette

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 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 six months ended June 30, 2013

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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. (formerly Intelsat Global Holdings S.A.) and its subsidiaries on a consolidated basis, (2) the term *Intelsat Investments* refers to Intelsat Investments S.A. (formerly Intelsat S.A.), Intelsat S.A.'s indirect wholly-owned subsidiary, (3) the term *Intelsat Holdings* refers to Intelsat Holdings S.A., Intelsat S.A.'s indirect wholly-owned subsidiary, (4) the term *Intelsat Luxembourg* refers to Intelsat (Luxembourg) S.A., Intelsat Investments S.A.'s direct wholly-owned subsidiary, (5) the term *Intelsat Jackson* refers to Intelsat Jackson Holdings S.A., Intelsat Luxembourg's direct wholly-owned subsidiary, (6) the term *Intelsat Corp* refers to Intelsat Corporation, Intelsat Jackson's indirect wholly-owned subsidiary, and (7) 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*, *believe*, *estimate*, *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 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 *Risk Factors* in our prospectus dated April 17, 2013, filed with the Securities and Exchange Commission in accordance with Rule 424(b) of the Securities Act of 1933, 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 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;

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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;

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;

litigation;

risks associated with investing in a company existing under the laws of the Grand Duchy of Luxembourg; and

inadequate access to capital markets.

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 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, except as required by law.

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

(in thousands, except share amounts)

	As of December 31, 2012	As of June 30, 2013 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 187,485	\$ 95,792
Receivables, net of allowance of \$23,583 in 2012 and \$28,692 in 2013	282,214	284,854
Deferred income taxes	94,779	94,672
Prepaid expenses and other current assets	38,708	51,160
Total current assets	603,186	526,478
Satellites and other property and equipment, net	6,355,192	5,834,263
Goodwill	6,780,827	6,780,827
Non-amortizable intangible assets	2,458,100	2,458,100
Amortizable intangible assets, net	651,087	609,931
Other assets	417,454	414,606
Total assets	\$ 17,265,846	\$ 16,624,205
LIABILITIES AND SHAREHOLDERS DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 178,961	\$ 139,304
Taxes payable	9,366	
Employee related liabilities	46,590	33,557
Accrued interest payable	367,686	198,585
Current portion of long-term debt	57,466	56,598
Deferred satellite performance incentives	21,479	21,533
Deferred revenue	84,066	78,827
Other current liabilities	72,715	71,982
Total current liabilities	838,329	600,386
Long-term debt, net of current portion	15,846,728	15,350,921
Deferred satellite performance incentives, net of current portion	172,663	163,320
Deferred revenue, net of current portion	834,161	871,140
Deferred income taxes	286,673	290,278
Accrued retirement benefits	299,187	274,385
Other long-term liabilities	300,195	227,710
Commitments and contingencies (Note 14)		
Shareholders' deficit:		
Common shares ⁽¹⁾	832	1,054
5.75% Series A mandatory convertible junior non-voting preferred shares		35

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Paid-in capital ⁽¹⁾	1,519,429	2,089,250
Accumulated deficit	(2,759,593)	(3,175,702)
Accumulated other comprehensive loss	(118,428)	(112,140)
Total Intelsat S.A. shareholders' deficit	(1,357,760)	(1,197,503)
Noncontrolling interest	45,670	43,568
Total liabilities and shareholders' deficit	\$ 17,265,846	\$ 16,624,205

⁽¹⁾ Common shares and paid-in capital amounts reflect the retroactive impact of the former Class A and Class B share reclassification into common shares and the share splits related to our Initial Public Offering. See Note 1 – General – Initial Public Offering for further discussion.

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 June 30, 2012	Three Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, 2013
Revenue	\$ 638,668	\$ 653,803	\$ 1,282,838	\$ 1,308,930
Operating expenses:				
Direct costs of revenue (excluding depreciation and amortization)	99,307	100,278	204,316	197,924
Selling, general and administrative	53,434	125,217	104,589	183,373
Depreciation and amortization	188,628	186,745	375,500	374,157
(Gains) losses on derivative financial instruments	15,756	(4,457)	25,614	(2,592)
Gain on satellite insurance recoveries		(9,618)		(9,618)
Total operating expenses	357,125	398,165	710,019	743,244
Income from operations	281,543	255,638	572,819	565,686
Interest expense, net	327,379	301,685	639,421	620,038
Loss on early extinguishment of debt	(43,383)	(366,794)	(43,383)	(366,794)
Other income (expense), net	(1,906)	(3,184)	997	(3,833)
Loss before income taxes	(91,125)	(416,025)	(108,988)	(424,979)
Provision for (benefit from) income taxes	(6,797)	(8,759)	407	(10,797)
Net loss	(84,328)	(407,266)	(109,395)	(414,182)
Net income attributable to noncontrolling interest	(382)	(1,039)	(563)	(1,927)
Net loss attributable to Intelsat S.A.	\$ (84,710)	\$ (408,305)	\$ (109,958)	\$ (416,109)
Basic and diluted net loss per common share attributable to Intelsat S.A.	\$ (1.02)	\$ (4.19)	\$ (1.32)	\$ (4.66)

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**INTELSAT S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(in thousands)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, 2013
Net loss	\$ (84,328)	\$ (407,266)	\$ (109,395)	\$ (414,182)
Other Comprehensive income (loss), net of tax:				
Defined benefit retirement plans:				
Reclassification adjustment for amortization of unrecognized prior service credits included in net periodic pension costs, net of a tax provision of \$0.02 million for the three months ended June 30, 2012 and June 30, 2013; and \$0.03 million for the six months ended June 30, 2012 and June 30, 2013.	(28)	(27)	(56)	(55)
Reclassification adjustment for amortization of unrecognized actuarial loss included in net periodic pension costs, net of a tax benefit of \$1.4 million and \$1.9 million for the three months ended June 30, 2012 and June 30, 2013, respectively; and \$2.8 million and \$3.7 million for the six months ended June 30, 2012 and June 30, 2013, respectively	2,279	3,080	4,558	6,160
Marketable securities:				
Unrealized gains on investments, net of a tax provision of \$0.05 million and a tax benefit of \$1.0 thousand for the three months ended June 30, 2012 and June 30, 2013, respectively; and a tax benefit of \$0.1 million and \$0.01 million for the six months ended June 30, 2012 and June 30, 2013, respectively	(86)	1	218	223
Reclassification adjustment for realized gains on investments, net of a tax benefit of \$0.01 million and \$0.02 million for the three and six months ended June 30, 2013, respectively		(17)		(40)
Other comprehensive income	2,165	3,037	4,720	6,288
Comprehensive loss	(82,163)			