



**Telesat Reports Results for the Quarter  
Ended June 30, 2016**

**OTTAWA, CANADA, July 26, 2016** - Telesat Holdings Inc. ("Telesat") today announced its consolidated financial results for the three and six month periods ended June 30, 2016. All amounts are in Canadian dollars and are reported under International Financial Reporting Standards ("IFRS") unless otherwise noted.

For the quarter ended June 30, 2016, Telesat reported revenues of \$232 million, an increase of approximately 2% (\$5 million) compared to the same period in 2015. During the quarter, the U.S. dollar was approximately 4% stronger than it was during the second quarter of 2015 and, as a result, there was a favorable impact on the conversion of U.S. dollar denominated revenues. When adjusted for foreign exchange rate changes, revenue was largely unchanged (an increase of \$1 million) compared to the same period in 2015.

Operating expenses of \$42 million for the quarter were 5% (\$2 million) lower than the same period in 2015, and 7% (\$3 million) lower when taking into account changes in foreign exchange rates. Adjusted EBITDA<sup>1</sup> for the quarter was \$191 million, an increase of 3% (\$6 million) compared to the same period in 2015 and an increase of 2% (\$3 million) when adjusted for foreign exchange rate changes. The Adjusted EBITDA margin<sup>1</sup> improved to 82.5% in the second quarter of 2016 from 81.4% during the same period in 2015.

For the six month period ended June 30, 2016, revenue was \$467 million, an increase of 2% (\$11 million) compared to the same period in 2015. During the first half of 2016, the U.S. dollar was 8% stronger than it was during the first half of 2015. When adjusted for changes in foreign exchange rates, revenues were essentially unchanged (a decrease of \$2 million) compared to the same period in 2015. Operating expenses were \$89 million, unchanged from the first half of 2015 or 2% (\$2 million) lower when adjusted for foreign exchange rate changes. Adjusted EBITDA<sup>1</sup> was \$382 million, an increase of 3% (\$11 million) compared to the same period in 2015 and unchanged when adjusted for foreign exchange rate changes. The Adjusted EBITDA margin<sup>1</sup> for the first half of 2016 was 81.9%, compared to 81.4% in the same period in 2015.

Telesat's net income for the quarter was \$62 million compared to net income of \$56 million for the quarter ended June 30, 2015. The \$6 million difference was principally the result of higher revenue and lower operating expenses for the quarter ended June 30, 2016, as compared to the same period in 2015,

combined with favorable changes in the fair value of financial instruments and a lower tax expense, which were offset by unfavorable changes in the gain on foreign exchange and higher depreciation expense. For the six month period ended June 30, 2016, net income was \$299 million, compared to a net loss of \$98 million for the same period in 2015. The increase in net income for the first half of the year was principally the result of a gain on foreign exchange in the first quarter of 2016 arising from the translation of Telesat's U.S. dollar denominated debt into Canadian dollars.

"I am very pleased with our second quarter results," commented Dan Goldberg, Telesat's President and CEO. "Compared to the same period last year and adjusting for foreign exchange rate changes, revenue was stable, operating expenses were 7% lower, Adjusted EBITDA<sup>1</sup> was 2% higher, and our Adjusted EBITDA margin<sup>1</sup> was slightly higher at 82.5%. Although headwinds persist in certain markets we serve, our solid performance for the quarter and year to date highlights the broad strength and stability of our overall business, which is underpinned by our industry leading contractual backlog to revenue ratio. Looking ahead, we remain focused on the sale of our available in-orbit capacity, the construction of Telstar 19 VANTAGE and Telstar 18 VANTAGE, and the further development of certain other important growth initiatives."

## **Business Highlights**

- At June 30, 2016:
  - Telesat had contracted backlog for future services of approximately \$4.5 billion.
  - Fleet utilization was 94% for Telesat's North American fleet and 66% for Telesat's international fleet.

Telesat's report on Form 6-K for the quarter ended June 30, 2016, has been filed with the United States Securities and Exchange Commission ("SEC") and may be accessed on the SEC's website at [www.sec.gov](http://www.sec.gov).

Telesat has scheduled a conference call on Tuesday, July 26, 2016, at 10:30 a.m. ET to discuss its financial results for the three and six month periods ended June 30, 2016, and other recent developments. The call will be hosted by Daniel S. Goldberg, President and Chief Executive Officer, and Michel Cayouette, Chief Financial Officer, of Telesat.

Prior to the commencement of the call, Telesat will post a news release containing its financial results on its website ([www.telesat.com](http://www.telesat.com)) under the tab “News & Events” and the heading “News”.

**Dial-in Instructions:**

The toll-free dial-in number for the teleconference is +1 (866) 225-0198. Callers outside of North America should dial +1 (416) 340-2216. The conference reference number is 4227926. Please allow at least 15 minutes prior to the scheduled start time to connect to the teleconference.

**Dial-in Audio Replay:**

A replay of the teleconference will be available one hour after the end of the call on July 26, 2016, until 11:59 p.m. ET on August 12, 2016. To access the replay, please call +1 (800) 408-3053. Callers outside of North America should dial +1 (905) 694-9451. The access code is 2632487 followed by the number sign (#).

All Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA<sup>1</sup> margins included in this release are non-IFRS financial measures, as described in the End Notes section of this release. For information reconciling non-IFRS financial measures to the most comparable IFRS financial measures, please see the consolidated financial information below.

**Forward-Looking Statements Safe Harbor**

This news release contains statements that are not based on historical fact and are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this news release, the words “looking ahead”, and “further development”, or other variations of these words or other similar expressions are intended to identify forward-looking statements and information. Actual results may differ materially from the expectations expressed or implied in the forward-looking statements as a result of known and unknown risks and uncertainties. Detailed information about some of the known risks and uncertainties is included in the “Risk Factors” section of Telesat Holdings Inc.’s Annual Report on Form 20-F for the fiscal year ended December 31, 2015 which can be obtained on the SEC website at <http://www.sec.gov>. Known risks and uncertainties include but are not limited to: risks associated with operating satellites and providing satellite services, including satellite construction or launch delays, launch failures, in-orbit failures or impaired satellite performance, volatility in exchange rates and risks associated with domestic and foreign government regulation. The foregoing list of important factors is not exhaustive. The information contained in this news release reflects Telesat’s beliefs, assumptions, intentions, plans and expectations as of the date of this news release. Except as required by law, Telesat disclaims any obligation or undertaking to update or revise the information herein.

**About Telesat ([www.telesat.com](http://www.telesat.com))**

Telesat is a leading global satellite operator, providing reliable and secure satellite-delivered communications solutions worldwide to broadcast, telecom, corporate and government customers. Headquartered in Ottawa, Canada, with offices and facilities around the world, the company's state-of-the-art fleet consists of 15 satellites plus the Canadian payload on ViaSat-1 with two new satellites under construction. An additional two prototype satellites are under construction and will be deployed in low earth orbit. Telesat also manages the operations of additional satellites for third parties. Privately held, Telesat's principal shareholders are Canada's Public Sector Pension Investment Board and Loral Space & Communications Inc. (NASDAQ: LORL).

For further information:

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**Telesat Holdings Inc.**  
**Consolidated Statements of Income (Loss)**  
**For the periods ended June 30**

| <i>(in thousands of Canadian dollars) (unaudited)</i>  | <b>Three months</b> |                  | <b>Six months</b> |                    |
|--|---------------------|------------------|-------------------|--------------------|
|  | <b>2016</b>         | <b>2015</b>      | <b>2016</b>       | <b>2015</b>        |
| Revenue  | \$ 231,686          | \$ 227,291       | \$ 466,619        | \$ 455,999         |
| Operating expenses                                     | (42,302)            | (44,273)         | (89,149)          | (88,747)           |
|  | 189,384             | 183,018          | 377,470           | 367,252            |
| Depreciation   | (56,193)            | (51,607)         | (112,478)         | (104,045)          |
| Amortization   | (7,150)             | (6,940)          | (13,760)          | (14,094)           |
| Other operating losses, net                            | (43)                | (8)              | (2,547)           | (26)               |
| Operating income                                       | 125,998             | 124,463          | 248,685           | 249,087            |
| Interest expense                                       | (46,846)            | (45,260)         | (97,065)          | (90,202)           |
| Interest and other income                              | 1,199               | 707              | 2,374             | 1,697              |
| Loss on changes in fair value of financial instruments | (18,428)            | (52,147)         | (24,297)          | (7,812)            |
| Gain (loss) on foreign exchange                        | 18,977              | 53,263           | 208,499           | (207,278)          |
| Income (loss) before tax                               | 80,900              | 81,026           | 338,196           | (54,508)           |
| Tax expense  | (19,171)            | (24,895)         | (39,101)          | (43,550)           |
| <b>Net income (loss)</b>                               | <b>\$ 61,729</b>    | <b>\$ 56,131</b> | <b>\$ 299,095</b> | <b>\$ (98,058)</b> |

# Telesat Holdings Inc.

## Consolidated Balance Sheets

| <i>(in thousands of Canadian dollars) (unaudited)</i> | <b>June 30,<br/>2016</b> | <b>December 31,<br/>2015</b> |
|---|--------------------------|------------------------------|
| <b>Assets</b>   |                          |                              |
| Cash and cash equivalents                             | \$ 736,269               | \$ 690,726                   |
| Trade and other receivables                           | 62,372                   | 50,781                       |
| Other current financial assets                        | 7,903                    | 1,186                        |
| Prepaid expenses and other current assets             | 20,555                   | 17,100                       |
| <b>Total current assets</b>                           | <b>827,099</b>           | <b>759,793</b>               |
| Satellites, property and other equipment              | 1,867,423                | 1,925,265                    |
| Deferred tax assets                                   | 7,740                    | 7,791                        |
| Other long-term financial assets                      | 19,924                   | 40,362                       |
| Other long-term assets                                | 13,272                   | 13,438                       |
| Intangible assets                                     | 835,328                  | 811,397                      |
| Goodwill  | 2,446,603                | 2,446,603                    |
| <b>Total assets</b>                                   | <b>\$ 6,017,389</b>      | <b>\$ 6,004,649</b>          |
| <b>Liabilities</b>                                    |                          |                              |
| Trade and other payables                              | \$ 26,272                | \$ 44,166                    |
| Other current financial liabilities                   | 38,183                   | 36,425                       |
| Other current liabilities                             | 92,140                   | 80,637                       |
| Current indebtedness                                  | 1,511,560                | 87,386                       |
| <b>Total current liabilities</b>                      | <b>1,668,155</b>         | <b>248,614</b>               |
| Long-term indebtedness                                | 2,271,090                | 3,975,835                    |
| Deferred tax liabilities                              | 458,382                  | 467,971                      |
| Other long-term financial liabilities                 | 93,473                   | 94,190                       |
| Other long-term liabilities                           | 349,097                  | 299,911                      |
| <b>Total liabilities</b>                              | <b>4,840,197</b>         | <b>5,086,521</b>             |
| <b>Shareholders' Equity</b>                           |                          |                              |
| Share capital   | 658,735                  | 656,874                      |
| Accumulated earnings                                  | 470,392                  | 188,479                      |
| Reserves  | 48,065                   | 72,775                       |
| <b>Total shareholders' equity</b>                     | <b>1,177,192</b>         | <b>918,128</b>               |
| <b>Total liabilities and shareholders' equity</b>     | <b>\$ 6,017,389</b>      | <b>\$ 6,004,649</b>          |

**Telesat Holdings Inc.**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30**

*(in thousands of Canadian dollars) (unaudited)*

|  | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                   |                   |
| Net income (loss)  | \$ 299,095        | \$ (98,058)       |
| Adjustments to reconcile net income (loss) to cash flows from operating activities |                   |                   |
| Depreciation   | 112,478           | 104,045           |
| Amortization   | 13,760            | 14,094            |
| Tax expense  | 39,101            | 43,550            |
| Interest expense   | 97,065            | 90,202            |
| Interest income  | (3,109)           | (1,743)           |
| (Gain) loss on foreign exchange  | (208,499)         | 207,278           |
| Loss on changes in fair value of financial instruments                             | 24,297            | 7,812             |
| Share-based compensation   | 3,324             | 3,631             |
| Loss on disposal of assets   | 2,547             | 26                |
| Other  | (19,158)          | (19,500)          |
| Income taxes paid, net of income taxes received                                    | (65,090)          | (102,632)         |
| Interest paid, net of capitalized interest and interest received                   | (77,388)          | (79,763)          |
| Repurchase of stock options  | (24,658)          | —                 |
| Operating assets and liabilities   | 71,720            | 7,449             |
| <b>Net cash from operating activities</b>  | <b>265,485</b>    | <b>176,391</b>    |
| <b>Cash flows used in investing activities</b>                                     |                   |                   |
| Satellite programs, including capitalized interest                                 | (99,523)          | (59,100)          |
| Purchase of other property and equipment   | (3,785)           | (3,802)           |
| Purchase of intangible assets  | (36,745)          | (5)               |
| <b>Net cash used in investing activities</b>                                       | <b>(140,053)</b>  | <b>(62,907)</b>   |
| <b>Cash flows used in financing activities</b>                                     |                   |                   |
| Repayment of indebtedness  | (49,824)          | (36,597)          |
| Capital lease payments   | (15)              | —                 |
| Satellite performance incentive payments   | (3,652)           | (3,186)           |
| <b>Net cash used in financing activities</b>                                       | <b>(53,491)</b>   | <b>(39,783)</b>   |
| Effect of changes in exchange rates on cash and cash equivalents                   | (26,398)          | 16,775            |
| Increase in cash and cash equivalents  | 45,543            | 90,476            |
| Cash and cash equivalents, beginning of period                                     | 690,726           | 497,356           |
| <b>Cash and cash equivalents, end of period</b>                                    | <b>\$ 736,269</b> | <b>\$ 587,832</b> |

## Telesat's Adjusted EBITDA margin<sup>1</sup>

| <i>(in thousands of Canadian dollars) (unaudited)</i>             | Three months ended June 30, |                   | Six months ended June 30, |                   |
|---|-----------------------------|-------------------|---------------------------|-------------------|
|   | 2016                        | 2015              | 2016                      | 2015              |
| Net income (loss)   | \$ 61,729                   | \$ 56,131         | \$ 299,095                | \$ (98,058)       |
| Tax expense   | 19,171                      | 24,895            | 39,101                    | 43,550            |
| Loss on changes in fair value of financial instruments            | 18,428                      | 52,147            | 24,297                    | 7,812             |
| (Gain) loss on foreign exchange                                   | (18,977)                    | (53,263)          | (208,499)                 | 207,278           |
| Interest and other income   | (1,199)                     | (707)             | (2,374)                   | (1,697)           |
| Interest expense  | 46,846                      | 45,260            | 97,065                    | 90,202            |
| Depreciation  | 56,193                      | 51,607            | 112,478                   | 104,045           |
| Amortization  | 7,150                       | 6,940             | 13,760                    | 14,094            |
| Other operating losses, net                                       | 43                          | 8                 | 2,547                     | 26                |
| Non-recurring compensation expenses, including severance payments | 142                         | 292               | 1,302                     | 390               |
| Non-cash expense related to share-based compensation              | 1,579                       | 1,711             | 3,324                     | 3,631             |
| Adjusted EBITDA   | <u>\$ 191,105</u>           | <u>\$ 185,021</u> | <u>\$ 382,096</u>         | <u>\$ 371,273</u> |
| Revenue   | \$ 231,686                  | \$ 227,291        | \$ 466,619                | \$ 455,999        |
| Adjusted EBITDA Margin  | 82.5%                       | 81.4%             | 81.9%                     | 81.4%             |

### End Notes

<sup>1</sup> The common definition of EBITDA is "Earnings Before Interest, Taxes, Depreciation and Amortization." In evaluating financial performance, Telesat uses revenue and deducts certain operating expenses (including share-based compensation expense and unusual and non-recurring items, including restructuring related expenses) to obtain operating income before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and the Adjusted EBITDA margin (defined as the ratio of Adjusted EBITDA to revenue) as measures of Telesat's operating performance.

Adjusted EBITDA allows Telesat and investors to compare Telesat's operating results with that of competitors exclusive of depreciation and amortization, interest and investment income, interest expense, taxes and certain other expenses. Financial results of competitors in the satellite services industry have significant variations that can result from timing of capital expenditures, the amount of intangible assets recorded, the differences in assets' lives, the timing and amount of investments, the effects of other income (expense), and unusual and non-recurring items. The use of Adjusted EBITDA assists Telesat and investors to compare operating results exclusive of these items. Competitors in the satellite services industry have significantly different capital structures. Telesat believes the use of Adjusted EBITDA improves comparability of performance by excluding interest expense.

Telesat believes the use of Adjusted EBITDA and the Adjusted EBITDA margin along with IFRS financial measures enhances the understanding of Telesat's operating results and is useful to Telesat and investors in comparing performance with competitors, estimating enterprise value and making investment decisions. Adjusted EBITDA as used here may not be the same as similarly titled measures reported by competitors. Adjusted EBITDA should be used in conjunction with IFRS financial measures and is not presented as a substitute for cash flows from operations as a measure of Telesat's liquidity or as a substitute for net income as an indicator of Telesat's operating performance.