

Date: 21 December 2009  
On behalf of: Avanti Communications Group plc ("Avanti", "the Group" or "the Company")  
Embargoed until: 0700hrs

# Avanti Communications Group plc

## ▪ Placing of £86m plus £194m Debt Facilities to Fund Proposed HYLAS 2 satellite launch

### Highlights

- £86 MILLION RAISED THROUGH NEW AND EXISTING INSTITUTIONAL INVESTORS
- £194 MILLION DEBT FACILITIES TO BE PROVIDED OR GUARANTEED BY US AND FRENCH EXPORT CREDIT AGENCIES AT RATES BELOW 6%
- SECOND SATELLITE TO LAUNCH IN 2012 TO PROVIDE KA BAND BROADBAND SERVICES IN EUROPE MIDDLE EAST AND AFRICA

### Background and details of the Placing

Avanti Communications Group plc (AIM: AVN), ("Avanti" or "the Company"), the broadband satellite operator, is pleased to announce a placing ("Placing") of 21,500,000 new ordinary shares of 1p each in the Company ("Placing Shares") to be carried out by Cenkos Securities plc ("Cenkos") with new and existing institutional investors at a placing price of 400p per ordinary share of 1p each in the Company ("Ordinary Shares"). The Placing, which is conditional, inter alia, upon shareholder approval at a General Meeting to be held on 6 January 2010, will raise £86 million (before expenses) to fund the procurement, launch and operation of its second satellite, called HYLAS 2.

The placing proceeds will complement debt facilities amounting to £194m in aggregate to be provided by The Export-Import Bank of the United States ("Ex-Im Bank") and COFACE (acting as a guarantor), respectively the export credit agencies ("ECAs") of the United States of America and France (the "Debt Facilities"). The ECAs will make debt available in support of their own national manufacturers – Avanti will procure the HYLAS 2 satellite from Orbital Sciences Corporation ("Orbital") of the USA and will purchase a Launch Service from Arianespace of France. The HYLAS 2 satellite is planned to launch in the first half of 2012.

HYLAS 1, Avanti's first satellite scheduled for launch in Q2 2010, will be the first superfast broadband satellite launched in Europe. HYLAS 2 will duplicate HYLAS 1 coverage over Europe, and will give Avanti a market advantage in being the only company in Europe to offer resilient, dual redundant Ka band coverage to its customers. It will also provide Avanti's existing European service provider customers with more capacity when HYLAS 1 is full. HYLAS 2 will also add new coverage in Eastern Europe, the Middle East and parts of Eastern and Southern Africa. These new markets are expected to offer strong demand at attractive pricing given the relative shortages of high quality terrestrial infrastructure. The HYLAS 2 satellite has the flexibility to move power

between Europe and the newer markets to mitigate any fluctuations in market appeal and targeting markets with the highest return.

Avanti's assessment of the overall market in EMEA suggests that there is demand for at least 100 million satellite broadband installations. HYLAS 2 offers 8,280 MHz of capacity, versus the 3,000 MHz of HYLAS 1. It will have the capacity to serve up to 1 million broadband customers, in addition to the 350,000 which can be served by HYLAS 1.

The Placing Shares will represent approximately 32% of the enlarged share capital of the Company.

John Brackenbury and Alan Foster, Directors of the Company, have subscribed for 16,000 and 20,000 Placing Shares respectively. Upon completion of the Placing John Brackenbury will be interested in 442,891 ordinary shares representing 0.67% of the enlarged issued share capital and Alan Foster will be interested in 359,639 ordinary shares representing 0.54% of the enlarged issued share capital.

M&G Limited, which owns existing Ordinary Shares in the capital of the Company representing approximately 11.8% of its issued share capital, has committed to subscribe for 4,668,350 Placing Shares under the Placing. The commitment in relation to the Placing by M&G Limited constitutes a related party transaction under the AIM Rules. The Directors of the Company consider, having consulted with Cenkos, its Nominated Adviser and Broker for the purposes of the AIM Rules, that the terms of the transaction with M&G Limited are fair and reasonable insofar as the Company's shareholders are concerned.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 7 January 2010.

### **Debt Facilities**

Under the proposed terms of the Debt Facilities, Ex-Im Bank will be a direct lender to Avanti, and has signed a Facility Agreement. COFACE operates differently, providing a guarantee to a commercial bank which then becomes the lender of record. COFACE has provided an offer of guarantee which is open for acceptance until March 2010 and Avanti is working with a commercial bank to complete the necessary debt facility documentation. The terms of the two facilities, both of which are US dollar denominated, are substantially the same. Subject to the completion of a facility agreement with COFACE and then achievement of certain typical milestones and conditions precedent relating to both facilities, the Debt Facilities can be drawn down during construction and are then repaid over a seven year period with a total maturity of 10 years. The facilities bear an aggregate annualised interest rate including upfront fees and recurring annual rates of below 6%.

### **David Williams, Chief Executive of Avanti, said:**

*"I am delighted to announce the financing of HYLAS 2, which has been made in a manner which is highly efficient for shareholders. With this second satellite, we achieve three important objectives. Firstly we diversify our risks by launch, satellite manufacturer and geography, meaning that Avanti is a lower risk company. Secondly we can provide in orbit resilience and redundancy, an important factor in the maturity of our offer to larger customers. Finally we gain access to some exciting high growth markets whilst also providing existing customers in Europe with further capacity once HYLAS 1 is filled. HYLAS 2 is a much larger satellite and therefore greatly increases our revenue and profit potential. With equity dilution of less than 50%, we gain additional satellite revenue generating capacity of 275%.*

*"It is clear to Avanti that the market for Ka band broadband services is growing at a much higher rate than originally anticipated. This project enables us to secure our position as a world leader in satellite broadband and one of the only companies with more than one Ka band satellite.*

*"I am very grateful to Ex-Im Bank and COFACE and to our main suppliers Orbital and Arianespace for their support of this ground breaking transaction. It will have a transformational impact on profit potential, makes Avanti a lower risk and stronger company and gives us great confidence in the next phase of our growth."*

#### **Enquiries to:**

**Avanti Communications Group plc**  
David Williams

<http://www.avanti-communications.com>  
020 7749 1600

**Redleaf Communications Ltd**  
Wendy Watherston / Paul Dulieu

[avanti@redleafpr.com](mailto:avanti@redleafpr.com)  
020 7566 6700

**Cenkos Securities**  
Julian Morse / Ivonne Cantú

020 7397 8900

#### **Notes to Editors:**

##### **About Avanti Communications**

- Avanti sells satellite broadband services to telecoms companies which use them to supply homes and businesses.
- Avanti's first satellite, called HYLAS1 is under construction for launch in Q2 2010 and will be the first superfast broadband satellite launched in Europe.
- The market for 2Mb satellite broadband products in the Europe, Middle East and Africa markets Avanti serves is estimated at more than 100 million homes and businesses.
- Avanti currently provides satellite broadband services to customers in Europe using leased satellite capacity which it will transfer to HYLAS 1 on launch.

##### **About EXIM BANK**

The Export-Import Bank of the United States is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. Ex-Im Bank provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing). With more than 70 years of experience, Ex-Im Bank has supported more than \$400 billion of U.S. exports, primarily to developing markets worldwide. <http://www.exim.gov>

##### **About Orbital**

Orbital develops and manufactures small- and medium-class rockets and space systems for commercial, military and civil government customers. The company's primary products are satellites and launch vehicles, including low-Earth orbit, geosynchronous-Earth orbit and planetary spacecraft for communications, remote sensing, scientific and defense missions; human-rated

space systems for Earth-orbit, lunar and other missions; ground- and air-launched rockets that deliver satellites into orbit; and missile defense systems that are used as interceptor and target vehicles. Orbital also provides satellite subsystems and space-related technical services to government agencies and laboratories. More information about Orbital can be found at <http://www.orbital.com>.

### **About Arianespace**

Arianespace is the world's leading launch Service & Solutions company, delivering innovative offer to its customers since 1980. Backed by its 23 shareholders and the European Space Agency, Arianespace proposes an unrivalled launcher family, comprising Ariane 5, Soyuz and Vega, and an international workforce renowned for their culture of commitment and excellence. As of 18 December 2009, Arianespace had launched a total of 277 payloads, including more than half of all the commercial satellites now in service worldwide. It has a backlog of 25 Ariane 5 and 10 Soyuz launches, equal to 3 years of business. [www.arianespace.com](http://www.arianespace.com)

### **About Coface**

Coface's mission is to facilitate global business-to-business trade by offering its 130.000 customers four business lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, factoring, ratings and business information and receivables management. Thanks to the worldwide local service delivered by 6,700 staff in 67 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.

Coface is a subsidiary of Natixis whose share capital (Tier 1) was 13.4 billion euros end June 2009. [www.coface.com](http://www.coface.com)

### **Legal Notice**

Cenkos Securities plc ("Cenkos"), which is authorised and regulated in the United Kingdom by the FSA, is acting for the Company as Nominated Adviser and Broker for the purposes of the AIM Rules in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos or for providing advice in relation to the Placing and the other arrangements described in this announcement.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

This announcement is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of FSMA. The Placing Shares are in any event being placed only with (i) persons who have professional experience in matters relating to

investments and who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom (the "Financial Promotion Order") or (ii) persons who fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons. Anyone other than a relevant person must not rely on this announcement.

The Placing Shares have not been, and nor will they be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national or resident of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.