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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the conference call to report the Fourth Quarter of 2024 Financial Results for Telesat.

Our speakers today will be Dan Goldberg, President and Chief Executive Officer of Telesat; and Andrew Browne, Chief Financial Officer of Telesat.

I would now like to turn the meeting over to Mr. James Ratcliffe, Vice President of Investor Relations. Please go ahead, Mr. Ratcliffe.

James Ratcliffe, Vice President, Investor Relation

Thank you, Giselle, and good morning, everyone. This morning we filed our annual report for the period ending

December 31, 2024 on Form 20-F with the SEC and on SEDAR+.

Our remarks today may contain forward-looking statements. There are risks that Telesat's actual results may differ materially from the results contemplated by the forward-looking statements as a result of known and unknown risks and uncertainties. For a discussion of known risks, please see Telesat's Annual Report filed with the SEC. Telesat assumes no responsibility to update or revise these forward-looking statements.

I'll now turn the call over to Dan Goldberg, Telesat President and Chief Executive Officer.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Okay. Thanks, James, and thank you all for joining us this morning. I'll say a few words about our performance in 2024 and then talk about our key objectives and expectations for 2025. I'll then hand over to Andrew to speak to the numbers in more detail, and then we'll open the call up to questions.

Twenty twenty four was a pivotal and productive year for Telesat and I'm very pleased with what we accomplished. We delivered focused, disciplined execution in our GEO business, resulting in revenue, and Adjusted EBITDA that were above our guidance. And we deployed a portion of the healthy cash flows the GEO business generates to make some additional debt repurchases which we believe strengthen our financial position and are accretive for stakeholders. In addition, we made major strides forward with Telesat Lightspeed.

In September, we closed our financing arrangements with the Governments of Canada and Quebec, securing the funding we need for full global service. We also made strong progress on the development and deployment of Lightspeed, investing more than \$1 billion over the course of last year and completing some important development milestones. We continued to build out the LEO team on both the engineering and commercial fronts and importantly got strong traction with prospective customers.

Turning to this year 2025, we expect the difficult operating environment in our GEO business to continue, which is reflected in our guidance for the year. We anticipate revenue to be down approximately \$155 million at the midpoint of our guidance with pressure on both the video and enterprise portions of our business. Half the anticipated decline comes from our DTH business, primarily from the full run rate impact of the lower rates

associated with the renewal last year of the Nimiq 5 agreement with Dish.

We also marked the end of service with Shaw last year on our Anik F2 satellite and early this year, we'll reach the expiration of our Anik F3 contract with Dish. Anik F3 has come to the end of its station kept life and so is being put into inclined orbit and will be used for customer requirements that can be supported on an inclined orbit satellite. The other half of our forecasted revenue decline is expected to come from our enterprise and consulting activities. Roughly 20 percent of that is coming from customers serving the maritime and to a lesser extent the aero markets, principally owing to competition from Starlink.

Other meaningful contributors are reduced revenues from an Indonesian government funded broadband program where a new Indonesian owned satellite is replacing some of the services we provided, lower revenues from LEO related consulting and demonstration projects with U.S. government agencies NASA and DARPA, as well as reduced consulting revenues in our GEO business too, and lower revenues owing to the sale of our wholly-owned subsidiary Infosat that we announced last year.

On the OpEx front, we're expecting Lightspeed OpEx to increase by approximately \$40 million at the midpoint of guidance, with increased investments in engineering, operations, and commercial resources, mostly headcount driven, as we continue to ramp up and execute the program. We'll run our GEO business in a very focused, disciplined way. We'll continue to do that in an effort to mitigate as much as possible the pressures we're seeing in the market.

On a consolidated basis, with the forecast top line declines and the incremental OpEx for Lightspeed, we're expecting consolidated Adjusted EBITDA to be down approximately \$200 million at the midpoint of guidance.

For my colleagues and I, 2025 will be all about focused execution on both GEO and LEO, mitigating as best we can the headwinds we're facing in GEO and building out and commercializing Lightspeed on the LEO front. We're making strong progress across all aspects of developing the Lightspeed Constellation, the satellites, the landing stations, user terminals, software development, and expect to launch our first batch of satellites late next year.

On the commercial front for Lightspeed, I'd say, we're more bullish than ever given what we're hearing from customers and seeing in the market. We've announced a handful of customer contracts over the past few weeks and are optimistic that we'll have more material contract announcements over the course of this year, announcements that will translate into more significant

Lightspeed contractual backlog, which in turn will provide greater revenue and cash flow visibility for the project.

We've spoken for some time about the huge opportunity we see in the market for commercial services, something that's becoming much more concrete, as we get closer to launch and as the market's embrace of the LEO value proposition accelerates across all verticals. We'd also note that the recent fairly tectonic shifts in the geopolitical environment are making us even more bullish on sovereign national security requirements.

Requirements we always believed were significant, but now expect will provide an even stronger tailwind as countries increase their defense spending, and look to diversify the allied governments and service providers they work with to protect and advance their national security interests. Lastly, I'd note that refinancing our restricted group debt remains an important priority for the Company this year.

In sum, we made an enormous amount of progress in 2024 and we have a clear plan and huge opportunity as we go forward. Given the progress we've made and the opportunities we see in the market at this time, we're more bullish than ever on our ability to deliver the services and solutions the market is demanding while delivering highly attractive returns to our shareholders.

As I hand over to Andrew, you may have seen in our release this morning that after more than five years at Telesat and well over 40 years in the computer chip and satellite communications industries, Andrew has decided to retire. We'll be instituting a search for his successor shortly and Andrew will ensure a smooth transition in handover.

I've known and worked with Andrew for over a quarter century and while we'll still be working together for the next little while, I can't thank him enough for his exemplary work and contributions and for his warm collegiality, and friendship over the years. I wish him a heartfelt congratulations, and all the very best as he gets ready to take this very well deserved next step.

So with that, over to you, Andrew.

Andrew Browne, Chief Financial Officer, Telesat Canada

Good morning, everyone. Firstly, thank you Dan for those really kind and generous words and so very much appreciated. It's been a great privilege to have known and worked with you for many years and especially here at Telesat. As you move ahead with Telesat Lightspeed,

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I'm really very excited about the future created for Telesat and indeed Canada and the world.

As we all know, there are times in life when certain decisions have to be made and alas, believe this is the right time to use that word retirement, especially given where we are now at Telesat and also I think for my good wife and family. I will naturally do all I can to ensure a smooth and seamless handover to my successor and sincere thank you again, Dan, and also to my colleagues, and very good friends around the table with me this morning and here at Telesat and to our Board.

So with that said, I would now like to focus on highlights from this morning's press release and filings.

Telesat ended the year 2024 with reported revenues of \$571 million, Adjusted EBITDA of \$384 million, and cash from operations of \$62 million with \$552 million of cash on the balance sheet at year end. As Dan has mentioned, we outperformed the revenue and EBITDA guidance for 2024. In the fourth quarter of 2024, Telesat reported revenues of \$128 million and Adjusted EBITDA of \$73 million, down \$38 million, and \$50 million, respectively, from the same period in 2023.

When adjusted for changes in foreign exchange rates, total revenues decreased by \$40 million, and Adjusted EBITDA decreased by \$53 million. Our Adjusted EBITDA margin was 57.4 percent as compared to 74.3 percent in the fourth quarter of 2023. The GEO segment Adjusted EBITDA margin, which exclude our ongoing investment in Telesat Lightspeed, was 78 percent versus 82.2 percent in the fourth quarter of 2023.

The revenue decrease for the quarter was primarily due to a rate reduction on the renewal of a long-term agreement with a North American DTH customer, lower enterprise revenues, and the sale of the Company's Infosat business, as Dan mentioned. The decline in our consolidated Adjusted EBITDA reflects the revenue decline along with higher costs associated with the Telesat Lightspeed deployment.

Interest expense decreased by \$7 million during the fourth quarter, when compared to the same period in 2023. The decrease in interest expense was primarily due to the repurchase of Term Loan B in 2024. This was partially offset by an increase in interest rates in the U.S. term loan facility.

In the fourth quarter, we recorded a foreign exchange loss of \$177 million as compared to a gain of \$78 million in the fourth quarter '23. The loss for the three months ended December 31, '24 was mainly the result of the stronger U.S. dollar to Canadian dollar spot rate as of December 31 compared to the spot rate as of September

30, and the resulting impact on the translation of our U.S. dollar denominated debt. We recorded a \$447 million net loss in the fourth quarter of 2024 compared to net income of \$39 million for the same period in the prior year.

For the full 2024, we recorded a net loss of \$302 million compared to a gain of \$583 million for the prior year. Variance primarily due to the previously mentioned foreign exchange impact, the recognition of C-band proceeds in 2023, higher impairment charges on our orbital slots, and satellites on the reduction in revenues.

For the year ended December 31, cash inflows from operating activities were \$62 million with total cash capital expenditures of \$1.11 billion or \$1.21 billion on an accrual basis. Of that \$1.21 billion, virtually all was related to our investments in Telesat Lightspeed.

In terms of debt repurchases, we repurchased US\$262 million during 2024 at the cost of US \$190 million including accrued interest. Combined with debt repurchases completed in '22 and '23, we have now repurchased a cumulative principal amount of US \$849 million at a cost of US \$459 million, at an average price of just under \$0.53. This also results in interest savings of approximately US \$54 million annually. Combined with our 2020 repayments of \$365 of our term loan, we've retired 36 percent of our total debt outstanding, and lowering overall annualized interest expense by US \$78 million at current rates.

Turning to guidance that Dan discussed and as you will also have noted in our earnings release this morning, we provided guidance for 2025. The guidance assumes a Canadian to U.S. dollar exchange rate of \$1.42. In 2025, Telesat expects its full year revenues to be between \$405 million to \$425 million. In terms of Adjusted EBITDA, Telesat expects to be between \$170 million to \$190 million on a consolidated basis.

From a segment perspective, we expect LEO operating expenses to be in the range of \$110 million to \$120 million, a \$38 million to \$48 million increase in 2024. The drivers of the increased operating expenditures include higher compensation expense as we continue to build out the Telesat team, Lightspeed team, IT services, and consulting costs. We expect capital expenditures in 2025 to be in the range of \$900 million to \$1.1 billion, virtually all of which is related to Telesat Lightspeed.

Turning to our cash and liquidity position in the restricted group, we had approximately \$211 million cash on hand at the end of 2024 and the business continues to generate healthy cash flows. In the LEO Group, we ended the year with \$317 million cash on hand and also with the full CAD\$2.54 billion in lending capacity from the Governments of Canada and Quebec available to draw.

As we noted in our release, we received the first tranche of funds from the loan facilities in January of this year.

At the fourth quarter, the total leverage ratio is calculated under the terms of the amended senior secure facilities was 6.68 times. Telesat is in compliance with all covenants in our credit agreements and indentures. A reconciliation between our financial statements and financial covenant calculations is provided in the report we filed this morning. Our 20-F provides the unaudited interim condensed consolidated financial information in the MD&A. The non-guarantor subsidiaries shown are essentially the unrestricted subsidiaries with minor differences.

So with this, this concludes our prepared remarks for the call, and I'm very happy to turn back to the Operator, and address any questions you may have. Thank you very much..

QUESTION AND ANSWER SESSION

Operator

Thank you. We will now take questions from the telephone lines. If you have a question, please press star, one. You may cancel your question at any time by pressing star, two. Please press star, one at this time if you have a question. There will be a brief pause while participants register for their questions. Thank you for your patience.

We will take the first question from Edison Yu, Deutsche Bank. Please go ahead.

Edison Yu, Deutsche Bank

Hey. Good morning, everyone. Thank you for taking our questions. First-off, I know you mentioned tectonic shifts happening in part due to the geopolitics. Can you give us a sense on how those discussions have changed? Was it one of those things where a couple months ago literally your phone just kind of blew up or had these things been going on in the background and then it just accelerated? Some colour there would be great.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Okay. Thanks, Edison. It's Dan. Yes. I think that's probably a fair characterization. Were they going on in the background and then did they accelerate? I think that's kind of probably best captures it and maybe less

accelerate but maybe it's the same thing, but just seems to be more concrete now.

There's just a much greater focus, it feels like with, yes, kind of sovereign customers in thinking about their need to have access to an advanced LEO network. Their focus on making sure that they've got options in terms of who they work with. Certainly, for the Government of Canada. We've been here and I should say, we're in an election up here right now.

So we're hearing a lot from political leaders from all parties right now. And whether, it's the Conservative Party of Canada, whether it's the Liberal Party of Canada, they've been articulating in connection with this election their views around the need to have greater defense spending, number one, to accelerate that spending, so to achieve NATO spending targets much sooner than what was earlier envisioned.

Doing it in a way that sort of supports Canadian industry. I'd say most countries do this when they increase their defense spending. They usually in the first instance look to do that with their domestic suppliers. And certainly doing all that with a greater focus on here in Canada at least.

Arctic sovereignty is an area of great focus and working with all of their allies to make sure that the defense spending is done in a way that doesn't just lift or meet the kind of more parochial domestic objectives, but that is kind of a win-win in terms of what the allies are thinking about as well.

Anyway, so that's what we're seeing and I've talked a little bit about what's happening here in Canada, but we're seeing it all over. When I read the press about what the Europeans are doing and I see how that's impacting some of our European peers out there, I think, they're probably experiencing the same thing.

And when we have conversations around the world with other governments here, again, whether it's sovereign requirements or just making sure that they've got good broadband infrastructure to bridge the digital divide in their countries, there just seems to be a greater focus on ensuring that there are a diversity of suppliers that can bring these kind of architectures to market.

So I'll stop there, Edison, but that's what it's like. And maybe just one more thing. As I said in my remarks, we were always optimistic about how Telesat Lightspeed can deliver on all those sorts of objectives, but it just seems so much more concrete now, so much more tangible, and the nature of the discussions we're having, there's just a greater immediacy, I would say.

And I think a lot of that has to do just with the fact that our program is getting closer to launch, number one. But number two, some of these geopolitical shifts that I talked about have just really focused the minds of government users and that just gives us greater confidence that the things that we believe were going to happen are going to happen and maybe sooner rather than later.

Edison Yu, Deutsche Bank

Understood. Appreciate the colour. On the comment you made about the backlog for Lightspeed, can you give us a sense of magnitude? I think the last disclosure made was \$600 million or something. Could we see that double, triple in the next year or two? Any kind of colour around, maybe the pipeline to getting that number much larger?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Yes. I'll say something about that. And I'll say a couple things. One, we had promised to start disclosing LEO backlog and to break that out in our financial statements. And we are going to do that. It's not in our 20-F, but we'll start doing that looking around the table. My colleagues will start doing that in Q1, which isn't that far off at this point, so you'll see that. We disclosed GEO backlog at year end this time around, which was CAD\$1.1 billion.

But here's what I'd say. We've talked about LEO backlog before and we'll do that more formally in our public filings. But your recollection is correct. We've talked about LEO backlog being an order of magnitude about CAD\$600 million. I would note that, that includes that \$600 million agreement that we have with the Government of Canada. So we include that and obviously, that's a big part.

Now we have been announcing some smaller Lightspeed customer contracts. I mentioned the last few weeks there was something with Orange that we mentioned. A lot of that was where they're going to be hosting a landing station for us. They've made a smallish commitment for Lightspeed.

What's more fundamental about that is Orange is obviously a big player in the mobile and broadband connectivity space in Europe, throughout Africa, and elsewhere. And having them as a partner and getting them set up to integrate Lightspeed into their network, which isn't that hard given the way we've architected Lightspeed, I think there's more strategic significance in that than there is actual kind of meaningful contributions to backlog at this time. We announced just yesterday, I

think maybe the day before, a Bangladeshi satellite services integrator has made a commitment to Lightspeed more meaningful than Orange, but still not what I would consider at a big material level.

But there are things in the pipeline that we have that are giving us confidence that we will see some more meaningful contributions to backlog even by the end of this year. I'd note we're not going to get in the habit of giving guidance for backlog but I'll give maybe just some high level thoughts.

Given what we're seeing, what I'm seeing in our pipeline right now, and the nature and the quality of the discussions that we're having with different folks out there, my own expectation is that by the end of this year, that Lightspeed backlog could very likely eclipse what our GEO backlog was at the end of last year, that CAD\$1.1 billion. And look, it ain't over till it's over.

We're having some advanced discussions with customers about Lightspeed commitments, which I think is great, right? I mean, we're still about a year-and-a-half out from our first launch, but the market just feels like it's moving in our direction. And so that's kind of some feeling for how we think backlog is going to shape up. But we got to close these deals and as we do, hopefully, we'll be making some announcements about that throughout the course of this year.

Edison Yu, Deutsche Bank

Fantastic. Thank you.

Operator

Thank you. The next question is from David McFadden, Cormark Securities. Please go ahead.

David McFadden, Cormark Securities

Great. Hi. A couple of questions. Well, first of all, sorry to see Andrew go.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Yes, me too.

David McFadden, Cormark Securities

Anyways, so I'll just start-off first with you talked about the debt restructuring and you said it's a priority. So what's the update on that? Do you think you could get that resolved in 2025?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

That's going to be our focus, David. It is a priority for us. And look, I got to say, I mean, the maturities don't come up until the end of next year. So, it's not like these are things that are coming up at the end of next quarter, but we want to tackle this sooner than later. And so, yes, that's going to be our focus. We obviously have a lot going on at Telesat right now.

I'm happy to say it's good stuff, but we got a lot going on. But no, engaging with the restricted group lenders and seeking to refinance that restricted group debt is a priority for us this year, and I believe it's realistic that we'll be able to get that done, but we'll see. So it is a priority.

David McFadden, Cormark Securities

Okay. Then just on the GEO business. Obviously, we've seen a decent decline in '24, and then guidance in '25 is another decent decline. Do you think the decline in the GEO revenue would ease up in 2026 because you factored in a couple of big contract renewals?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Gosh, I haven't quite looked out that far. I mean we've got a long-term plan obviously, but just getting ready for this call. It's more focused on last year and this year than 2026. Fortunately, I've got colleagues here that... But in any event, no, what would I say? I mean the good thing about our GEO business, it's fairly predictable. Half of it's the DTH business that we provide.

I think a huge amount of visibility on in terms of when these big contracts come up for renewal. And so, I certainly think folks out there, that's a pretty easy part of our business to model. We've said a lot about the Nimiq 5 renewal, we had with DISH. We've said a lot about the end of life on our Anik F2 and Anik F3 satellites and whatnot.

So, that's been, I think, reasonably easy to model. The enterprise, a little bit more challenging looking from the outside in. But yes, what can I say? We expected these shifts to be taking place in our industry. It's why we're

working as hard and as fast as we can on Lightspeed. And that business still generates a lot of cash. We are fighting in the trenches on every new opportunity on every renewal to support that business as best as possible.

We continue to manage the cost structure in a very disciplined way and we can't—it is a largely fixed cost business but we will be reducing some costs over the course of this year in the GEO business.

So anyway, so I don't want to project all the way out to 2026. Maybe as we get a little bit deeper into this year, we'll try to start, to foreshadow how we think that's going to shape up.

David McFadden, Cormark Securities

Okay. And then, you said you have \$211 million in cash and restricted subs. I just wondering why you haven't purchased any debt. You didn't purchase any in Q4. I don't think you purchased any in Q3 as well. Just wondering what your thoughts are there.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Look, that's another area we just try to be pretty transparent about. We think those debt repurchases that we've made to date, totally sensible. We think it strengthens our financial position, we think it's accretive to shareholders, but candidly to all stakeholders we do have some available cash, if we want to do more of those. And I'd say, there are a lot of variables that we have to take into account when we go into the market, whether that's liquidity or just where things are trading.

So anyway, all I'll say if we make additional repurchases, as always, we'll disclose them and so I'd probably leave it there, David.

David McFadden, Cormark Securities

Okay. Just one last one, if I may. So when you look at your CapEx, you spent \$1 billion on say Lightspeed in '24. The guidance this year is about another \$1 billion. So it would seem to me that given the total CapEx of this program, '26 CapEx is going to be probably something like \$1 billion as well, right?

Andrew Browne, Chief Financial Officer, Telesat Canada

So for the next couple of years, so '26, '27, it would be in that sort of range, absolutely.

David McFadden, Cormark Securities

Yes. Okay. Great. Thanks, guys.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Thank you.

Operator

Thank you. The next question is from Chris Quilty from Quilty Space. Please go ahead.

Chris Quilty, Quilty Space

Thanks, Dan. Not to go back to the enterprise business, but it declined \$24 million two years ago. It was down \$93 million this year. Just in terms of revenue contribution, does it slow from there or does it accelerate? And I guess what I'm asking is, what is the nature of the enterprise customers that remain on the network, and how much of the customers who were subject to loss have already left from your (inaudible)?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Thanks for the question, Chris. So what would I say about that, I mean our enterprise business is a mix of different things. It's rural broadband connectivity and broadband connectivity in the maritime and the aero segments. We include government services in there. There are kind of some services in the energy market, kind of point of sale networks, and whatnot. So it's a bunch of different things.

And we've talked before, where we've already seen big impacts in the enterprise business from Starlink and Starlink has been ramping up and there have been some certainly impacts to the GEO operators, Telesat included. Where we've seen the most of it to date has been in the maritime segment.

I'd say that Maritime and Aero combined are order of magnitude 10 percent of our total revenue roughly. And it was split pretty evenly between the two. My instinct is

given that we've seen more hits to Aero—I'm sorry, to Maritime over the past 12, 24 months, it wouldn't surprise me if aero is now in our mix a little bit bigger than maritime at this point. Is that leveling out? I don't know.

We're actually doing okay in Aero right now. Notwithstanding the inroads that Starlink has been making, there's been some pressure there, but feels like we're seeing a good number of renewals and some new business opportunities there. That market continues to grow quickly. The question is who's going to capture it? But we're kind of holding our own there.

I think one of the issues that we're going to have to watch is just beyond the macro dynamics out there, just our own fleet, right? So we've got Anik F3 going into inclined operations. We've got Anik F2 going into inclined operations. I've said before, we haven't ordered a new geo-satellite in nine years.

And that means that some of our satellites are starting to come to their end of life. So even away from kind of the LEO geodynamics out there in the market and what that means, there are some issues that are more Telesat specific because we haven't been able to close a compelling business case for a new GEO satellite in quite some time. We saw where this market was going.

So you all know we've been taking that cash flow and thinking about our LEO investments, repurchasing debt, and the like. I'm not totally—I still think there might be another opportunity or two for a new GEO satellite in the future. We'll see. So we're not totally by any measure abandoning that.

Anyway, Chris, it's a long answer. I think net-net, there will continue to be headwinds in the enterprise space this particular year '25 relative to '24. We had the restructuring with exploring that we talked about that's provided some headwinds. We sold our Infosat business, which had some headwinds. We were providing some consulting services to the U.S. Government around LEO.

Some of those projects are still ongoing, but we expect less revenue this year versus 2024. But overall, I think that there is going to be a shift from GEO to LEO that will continue to act as a headwind to our enterprise GEO revenues, as will some of the reaching the end of life of some of our satellites. And then I think, we're going to see massive acceleration once Lightspeed gets into service, as those enterprise applications are just really well served by Lightspeed.

Chris Quilty, Quilty Space

Thanks, Dan. Andrew, real quickly, I mean I will miss your distinguished way of reading through the earnings report. But I do have one final question for you. For the equity guy here, can you remind us of how the debt-government debt draws down over time?

Andrew Browne, Chief Financial Officer, Telesat Canada

It will be drawn down pretty well in line I think with our CapEx that we just referred to. It's clearly matched up with that, Chris. So that would be the expectation, our CapEx like for this year it'll be around the same as the CapEx itself. So it'll be pretty kind of linear. I appreciate your comments on my dulcetones, by the way. I appreciate that as well.

Chris Quilty, Quilty Space

One of my favourites over the years.

Andrew Browne, Chief Financial Officer, Telesat Canada

Thank you.

Operator

Thank you. The next question is from Walter Piecyk, LightShed. Please go ahead.

Walter Piecyk, LightShed

Thanks. Dan, thanks for the—I know it's not an official market, but at least kind of sizing where you think the backlog can go. But now you basically enabled us all to keep asking questions and kind of how you're tracking to hit that. So I would suggest maybe providing that every quarter, kind of where you are in pacing in the backlog for LEO. The press releases have also been helpful even if they don't include that data. So to the extent you sign up additional customers for LEO capacity, I would just encourage you guys to continue to issue those releases so we can get some sense of the pace.

One of the potentials that I think should be out there in terms of a customer for LEO capacity would be Viasat. And I'm just curious, kind of what the state of the relationship you have with the company, and what might be taking so long. And, presumably if you did come to some agreement with them, it would be an announceable

event. Would you anticipate something more strategic like that being like kind of a take or pay cash type of deal or maybe equity in Lightspeed, like how would you imagine a relationship like that taking place?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Okay, Walter. Thanks for the question. So I'll say a few words about Viasat and I'll say at the start, look, as a rule, we tend not to talk about deal discussions with prospective customers. We'll make an exception for ViaSat, largely because ViaSat's been talking about the discussions that they've been having with us. And I should note we gave them a green light to do that.

And I know they had their earnings call a couple of weeks ago and Mark Dankberg made some comments about his discussions with Lightspeed. And I'll affirm, what Mark said. I believe Mark said that they are—ViaSat is in advanced negotiations with Telesat, that we are converging in terms of the nature of those discussions, that they're thinking about their use of the Lightspeed network, kind of to support them across a couple of verticals, but probably with a heavy emphasis on the commercial aero market and in flight connectivity.

And so, yes, I mean, I think Mark's characterization of where we are is yes, very fair. We know ViaSat well. We've worked with them for a long time. They're a customer of Telesat's today. We've been a customer of theirs over the years for their VSAT product and whatnot. And we have a high regard for ViaSat. They're definitely a leading, pretty well vertically integrated service provider.

Just to say a little bit. It's less about kind of an equity kind of deal and more about them being a Lightspeed customer. And whether it's taking long or not, I don't know these—they're pretty complex arrangements to negotiate. But as Mark said, yes, the discussions are advanced. The parties are converging. If we ultimately get there with them, for sure we'll announce that.

And yes, maybe I'd just add, I think they'd be a great customer of Lightspeed, given the verticals that they're focused on, given kind of the way the market's developing. We'd welcome the opportunity to work with them. We'd welcome the opportunity, as we've always done in the past, to work with a lot of the other service providers out there across all the different verticals. That's our business model. It's a B2B business model.

We need good channels, whether it's into the aeronautical market, the maritime market, government, the deal with Orange and ADN, that's much more about rural broadband connectivity and extension of terrestrial,

and wireless networks on the ground. Space Norway, that, we announced that we signed a term sheet with Space Norway.

We've worked with them for years. They're owned by the government. Now they used to be owned by Telenor, but Space Norway is now owned by the Government of Norway. They've got a mix of different requirements, commercial requirements, government requirements. Like ViaSat, they kind of have a multi-orbit strategy. Lightspeed is dynamite. Advanced LEO network. So anyway, yes, so I'll stop there.

Walter Piecyk, LightShed

Would a contract with them substantially get you to that end of year target? And I guess similarly, did any of these announcements ever merit you putting—sizing them in there or is it always going to be something you kind of hold back and only aggregate up in terms of overall backlog for LEO?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Yes. You tend not to disclose exact contract sizes. That tends to be pretty commercial and proprietary. So when we talk about it, we'll probably talk about it more in the aggregate and I don't know, maybe try to put some markers down, distinguishing, a very large contract from a contract that might be strategic but it might be smaller in terms of guaranteed dollar contribution.

So anyway, no, but I mean, when we think about the pipeline of opportunities, ViaSat's obviously in that pipeline. There are others and yes, when we kind of think about them in the aggregate, that gets us into the zip code of sort of what I was suggesting where we could land in terms of LEO backlog by the end of this year.

Walter Piecyk, LightShed

For me, I prefer take or pay or cash as you indicated, as opposed to equity. So that's obviously good to hear. Could you give us a sense of...

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

You know what, Walter? You'll be happy to know that we're pretty aligned there. We like take or pay contracts too. We like the backlog creation, we like the revenue,

and the cash flow visibility that it offers to investors. And yes, that's our focus. We're pretty simple guys. We're building a great network and we're focused on being out there selling it in a pretty clear straightforward way.

Walter Piecyk, LightShed

Can you give us a sense of, when we look at 2025, I know there's a lot of intermingled expenses, but if we want to get a sense of kind of what the GEO world looks like versus LEO, just what the OpEx is that's associated with the LEO because obviously, you're ramping up this year. We see it in CapEx. I assume there's OpEx that you can't capitalize. Maybe I'm wrong, but what OpEx (multiple speakers)

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

No. Listen, look at our guidance. We've literally broken out what our LEO OpEx. We gave a range of LEO OpEx of between CAD\$110 million and CAD\$120 million, that's OpEx. There's other expenditures for LEO that we expect will get capitalized and most of that CAD\$110 million and CAD\$120 million—I mean a huge part of that is headcount and compensation-related expenses. We continue to ramp up the team.

A lot of that is technical people but there's some commercial people and then we just kind of have to scale the rest of the organization to keep up with that. And then there are other expenses obviously that are above and beyond comp. But yes, no, we'll be real transparent about trying to help folks understand LEO versus GEO so that you can see how those different activities are shaping up.

Andrew Browne, Chief Financial Officer, Telesat Canada

Well, you can see it in our 20-F, we break out the segmentation. We make that very clear. So going forward that will continue for sure.

Walter Piecyk, LightShed

Okay. Thank you for that. And just one last one just. I think in our earlier answer you said something to the extent of enterprise is more challenging from the outside looking in and I just want to get a little bit more colour. I think you were relating it to the GEO business but I guess in general in terms of satellite connectivity has the enterprise market changed at all? And then similarly like,

it looks like Kuiper is finally starting to move forward on their own getting satellites up.

Does their entrance or finalizing some of their launch stuff change your perception of them? I know you said you were super bullish in the prepared comments but then I just caught that more challenging from the outside looking in. Maybe I was misunderstanding what you were saying there, but just kind of go back on the enterprise there and say, what exactly is going on and what you think maybe Kuiper does to that market in '26 and '27 when you launch?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

So I'll clarify the remark I made. What I was trying to say is, if you look at our GEO business, it's easier to model the video side of that. It's three customers, it's a handful of satellites. It's easier to model the video side of our GEO business from the outside looking in than it is to model the GEO enterprise side of our business from the outside looking in.

There are just more moving parts there. So that's all we were saying. And then as far as Kuiper, we've known Kuiper has been coming for quite some time. They are a little bit later than they had originally planned on coming to market. But we still fully believe that they will be coming to market and that they'll have a very capable constellation.

And so our confidence around our ability to be successful with Lightspeed has always taken into account not just Starlink being there and continuing to improve their constellation, but the entry of Kuiper as well. And they're out there in the market right now engaging with commercial and government users. So we're already seeing them out there.

Walter Piecyk, LightShed

Great. Thank you.

Operator

Thank you. Once again, please press star, one if you have a question.

The next question is from Caleb Henry from Quilty Space. Please go ahead.

Caleb Henry, Quilty Space

Hi. Thanks, guys. Most of my questions have been answered. I just wanted to do one follow up on the sovereignty discussion. I was looking there's a couple of Canadian programs like the Enhanced Satellite Communications Project. It's listed as a \$5 billion Canadian program. And then there's the recent Northern Operational Support Hub, Canadian Armed Forces Program that's supposed to have around \$2.7 billion across 20 years.

I guess my question there is, are there programs that we should watch that could be needle moving for Lightspeed or what Canadian programs on the government side should we be paying attention to that might have an impact in terms of putting some more structure around the sovereignty discussion?

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Yes, Caleb. Thanks for the question. So certainly, Escape has been kind of a longstanding program of record for the Department of National Defense here. It's all about—yes, kind of Arctic sovereignty, Arctic communications. It's envisioned to be a program that would provide in the upper latitudes, broadband connectivity, more narrowband tactical communications. So that is a program and a set of requirements we understand very well. So that's one to watch.

But I would also say that is a longstanding program of record and I do think that with these geopolitical shifts that we spoke about that there will be greater focus still on kind of that underlying mission that Escape was all about. Maybe other things I'd point folks to is just some of these recent announcements that we've heard from, I'd say the two leading political parties here in Canada.

The Conservatives announced their Arctic strategy probably a month or so ago. And if you have a look at that, and then kind of think about the things that Lightspeed can do in terms of connecting forward operating bases, connecting ships, icebreaker ships, and other ships, in terms of just having greater presence and connectivity. And you think about fighter jets and you think about UAVs and drones, so and then here again, you think about Lightspeed's capabilities. So that's one thing.

On the one hand, the Liberals earlier this week announced kind of a refreshed defense policy. And there's kind of lots of points in there, but one of the points that they make in there is about the ability that Canada has to accelerate its defense spending with Canadian

suppliers. And one of those ways is to roll forward with dual use investments. So investments that can support not only sovereign defense, national security requirements, but also other requirements that can be—I'll make it up. Bridging the digital divide, providing infrastructure for first responders, and territorial and provincial, and municipal governments. And in that refresh Liberal policy, they explicitly mention satellite communications—satellite technologies.

So those are other things maybe I point folks to think about and to track. And those are the sorts of things that give us even greater confidence that the capabilities that we're investing in are really well suited to help the Government of Canada and their allies out, as they kind of engage in this new environment.

Caleb Henry, Quilty Space

Okay. Thank you.

Operator

Thank you. There are no more further questions registered at this time. I would now like to turn the meeting over to Mr. Dan Goldberg.

Daniel Goldberg, President, Chief Executive Officer, Telesat Canada

Good. Okay. Well, thank you, Operator. Thank you all for joining us this morning. And we'll be speaking in the not too distant future because is a—in the not too distant future, we'll be releasing our Q1 numbers. So we look forward to speaking with you again then. Thank you.

Andrew Browne, Chief Financial Officer, Telesat Canada

Thank you. Cheerio.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time, and we thank you for your participation.