



FIRST HALF  
2022-23 RESULTS  
17 February 2023

# AGENDA

## 1. Key Events

2. Operational performance

3. Financial performance

4. Outlook

5. Appendix

# HIGHLIGHTS



- ✓ H1 **Operating verticals** down -4.1%, within the range of our Full Year objectives
- ✓ Maintained industry-leading **profitability** with an EBITDA margin of 73.0% in H1, despite decline in revenue
- ✓ Operational success with the **launch of four satellites** in H1 2022-23
- ✓ Rapid ramp-up of **EUTELSAT QUANTUM** with seven out of eight beams commercialized in its first year of service
- ✓ **Further progress in our Telecom Pivot strategy** with finalization of the reorganization of the company structure along two business units
- ✓ All **standalone Full Year 2022-23 and longer-term financial objectives confirmed**
- ✓ **OneWeb** seeing positive commercial ramp-up; merger transaction on track to close by Q2/Q3 2023

# KEY FINANCIAL DATA

	First Half 2022-23	YoY Change	
		Reported	Like-for-like
Total Revenues	€574m	+0.3%	-6.1% <sup>1</sup>
Operating Verticals Revenues	€582m	+2.3%	-4.1% <sup>1</sup>
EBITDA margin at constant currency <sup>2</sup>	72.9%	-3.2 pts	
Cash Capex <sup>2</sup>	-€194m	-€98m	
Reported Discretionary Free Cash-Flow <sup>2</sup>	€82m	-€125m	
Adjusted Discretionary Free Cash-Flow <sup>2</sup>	€121m	-€111m	
Net Debt / EBITDA <sup>2</sup>	3.55x	+0.02 pt	

<sup>1</sup> Change at constant currency and perimeter. <sup>2</sup> Alternative performance metrics. Please refer to Appendix 3 to the press release for more details.

# SUCCESSFUL SATELLITE LAUNCHES: OPERATIONAL EXCELLENCE & SECURED RETURN TO GROWTH



KONNECT VHTS launch in Kourou, French Guyana

From September to November 2022, successful launch of four new satellites, illustrating operational excellence and efficient supply chain management

- ▶ **KONNECT VHTS**, state-of-the-art satellite built by *Thales Alenia Space (TAS)* and launched from Kourou (French Guyana) by *Arianespace*
- ▶ **HOTBIRD 13F & 13G**, both built by *Airbus Defence and Space* and launched from Cape Canaveral, Florida, by *SpaceX*
- ▶ **EUTELSAT 10B**, a *TAS* product, also launched from Cape Canaveral, Florida, by *SpaceX*

✓ All programs within our Cash Capex annual envelope of €400 million

# SUCCESSFUL SATELLITE LAUNCHES: OPERATIONAL EXCELLENCE & SECURED RETURN TO GROWTH

## Incremental capacity to support Connectivity-driven return to growth & seamless service continuity for existing customers

### ▶ KONNECT VHTS

- ▶ 500 Gbps of capacity dedicated to Fixed Broadband and Mobile Connectivity across Europe
- ▶ ~€450m of secured backlog, namely from Orange, Telecom Italia and TAS

### ▶ EUTELSAT 10B

- ▶ Incremental 35 Gbps of HTS Ku-band capacity addressing demand in Mobile Connectivity, and pre-commitments signed notably with Panasonic.
- ▶ Widebeam C and Ku-band payloads to ensure service continuity for customers on EUTELSAT 10A

### ▶ HOTBIRD 13F and HOTBIRD 13G

- ▶ To ensure broadcasting service continuity at our flagship 13° East position, with over 3,800 TV channels broadcast
- ▶ Additionally, HOTBIRD 13G will host the EGNOS GEO-4 payload



KONNECT VHTS



EUTELSAT 10B



HOTBIRD 13F & 13G

# DYNAMIC COMMERCIAL PERFORMANCE OF EUTELSAT QUANTUM



EUTELSAT QUANTUM



Rapid ramp-up of EUTELSAT QUANTUM, with seven out of eight beams commercialized in its first year of service

- ▶ Active discussions for the commercialization of the final beam
- ▶ Five of the seven beams are incremental capacity
- ▶ Four beams selected for Government Services
- ▶ Business shaping up to be more balanced towards Mobile Connectivity, **reflecting buoyant demand for this application**

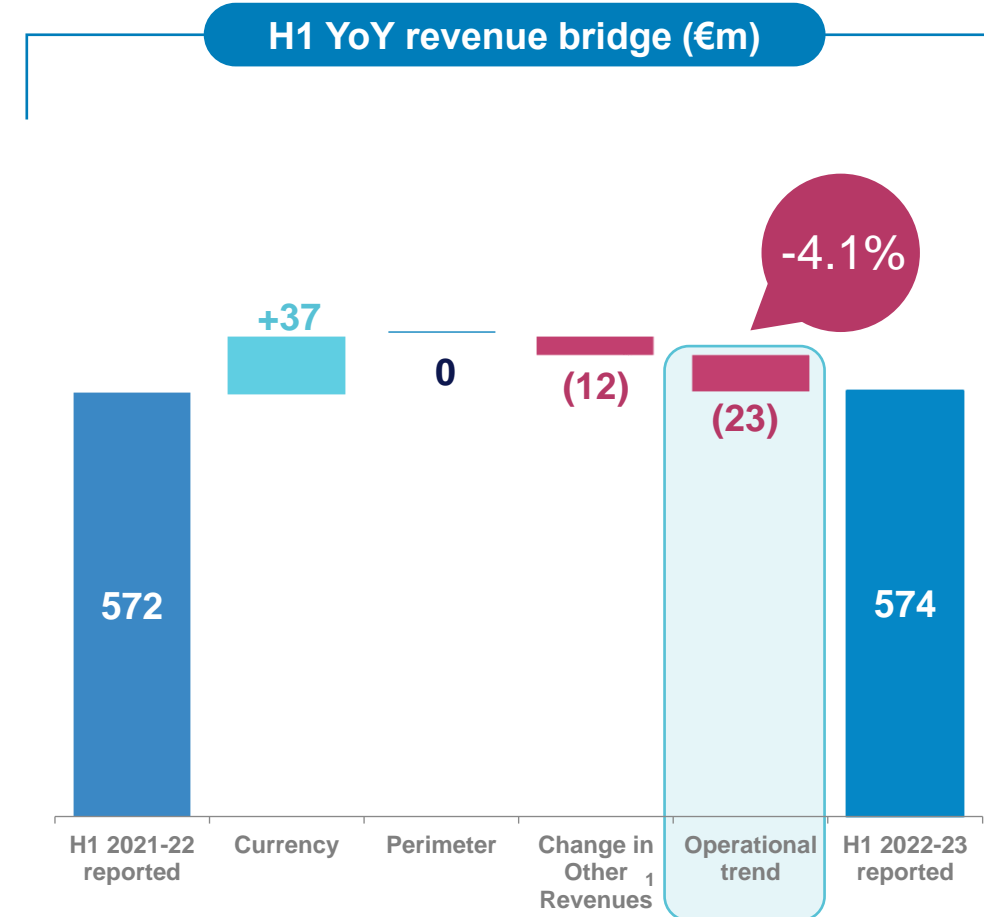
# AGENDA

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# H1 2022-23 REVENUES

- ▶ Total revenues of €574m, down 6.1% like-for-like
- ▶ Positive currency effect
  - €/\$ rate of 1.01 vs 1.17 last year
- ▶ Negative swing of €12m in 'Other Revenues'
  - Of which -€10m related to hedging
- ▶ Revenues of the Operating Verticals down 4.1% like-for-like YoY



<sup>1</sup> Including Hedging revenues representing a -€10m impact

# H1 FY 2022-23 REVENUES BY APPLICATION

		REVENUE CONTRIBUTION <sup>1</sup>	REVENUES (€m)	LIKE-FOR-LIKE <sup>2</sup> YOY CHANGE
Video	 BROADCAST		339	-6.7%
	 DATA & PROFESSIONAL VIDEO		83	-2.5%
Connectivity	 GOVERNMENT SERVICES		67	-20.3%
	 FIXED BROADBAND		37	+17.0%
	 MOBILE CONNECTIVITY		56	+32.7%
<b>TOTAL OPERATING VERTICALS</b>			<b>582</b>	<b>-4.1%</b>
<b>OTHER REVENUES</b>			<b>-8</b>	<b>-€12m<sup>3</sup></b>

<sup>1</sup> Share of each application as a percentage of total revenues excluding "Other Revenues".

<sup>2</sup> Change at constant currency and perimeter. The variation is calculated as follows: i) H1 2022-23 USD revenues are converted at H1 2021-22 rates;

ii) Hedging impact is excluded.

<sup>3</sup> Of which -€10m related to hedging revenues

▶ **H1 revenues of €339m, down 6.7% YoY like-for-like<sup>1</sup>**

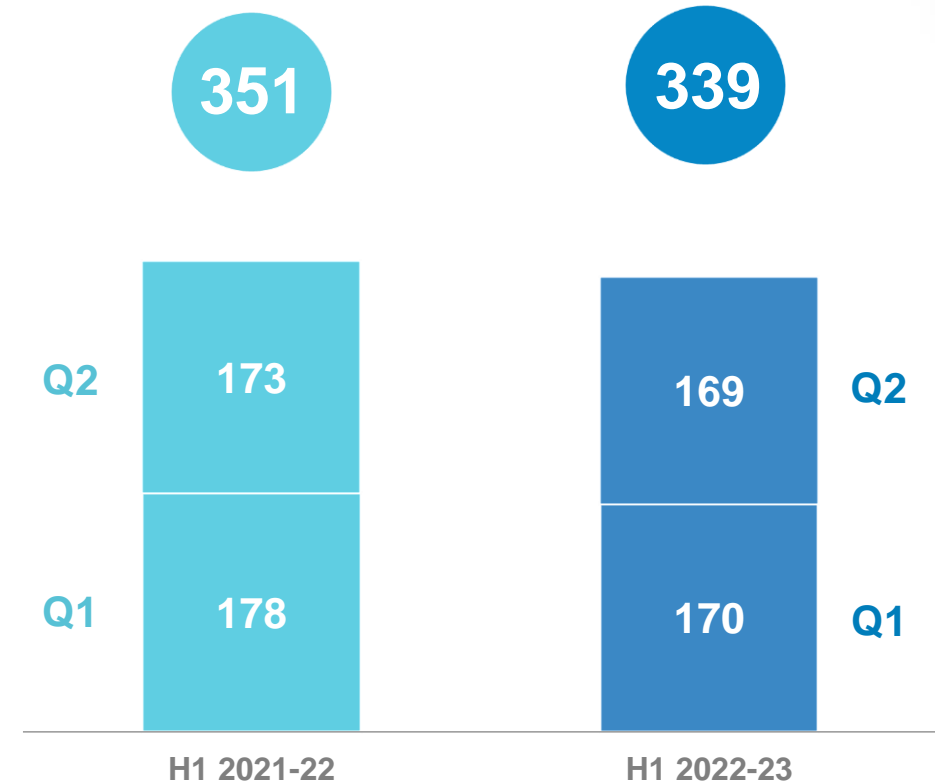
- Temporary headwind of the partial renewal of capacity with Nilesat at 7/8°West
- Negative impact of the anticipated non-renewal of a capacity contract with Digitürk from mid-November
- Lower revenues in Europe related to volume decrease with certain resellers

▶ **Q2 revenues down 6.0% YoY and 1.4% QoQ**

- Phase out of the Nilesat impact from mid-October
- Digiturk impact materialized only from mid-November

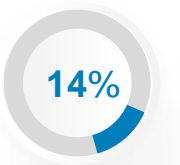
▶ **Full Year trend to see a slight deterioration vs. H1**

- Impact of the sanctions against certain Russian and Iranian channels fully embarked in H2



<sup>1</sup> At constant currency and perimeter

# DATA & PROFESSIONAL VIDEO



▶ **H1 revenues of €83m, down 2.5% YoY like-for-like<sup>1</sup>**

- Q2 revenues down -2.6% YoY but up +1.3% QoQ

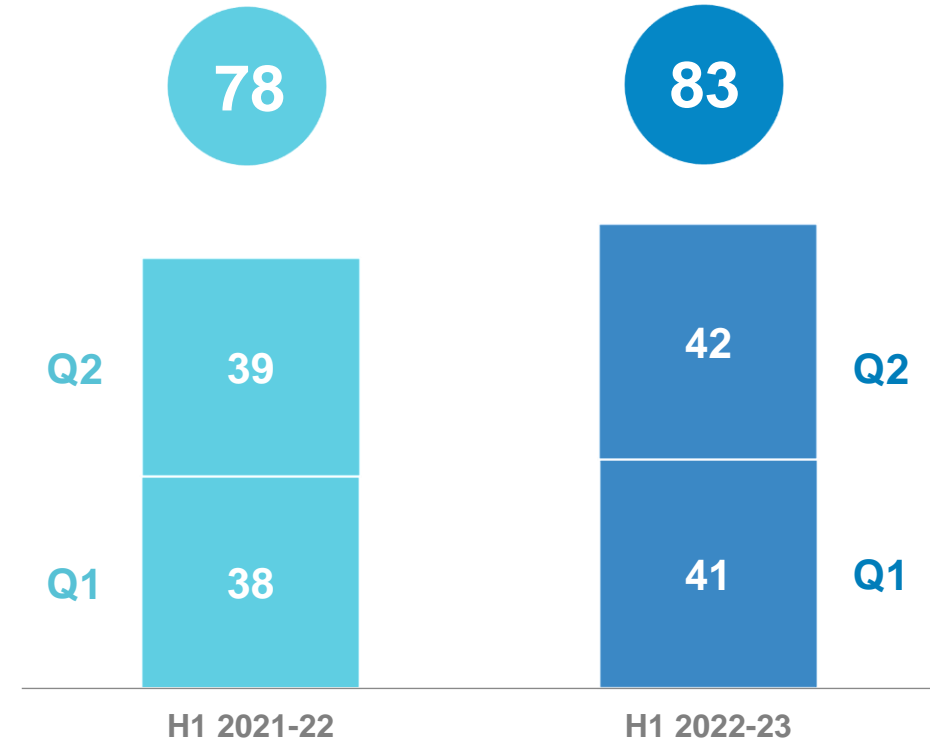
▶ **Improved volume trend in Fixed Data:**

- Offsetting most of the negative impact of competitive pressure on pricing

▶ **Mid-single digit decline in Professional Video**

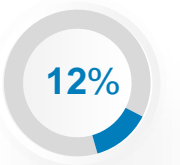
- Structural headwinds
- Lower occasional use activity in Q1, especially in the Americas

▶ **Over the Full Year, topline to decrease in the mid-single digit range, due to seasonality in Professional Video**



<sup>1</sup> At constant currency and perimeter

# GOVERNMENT SERVICES

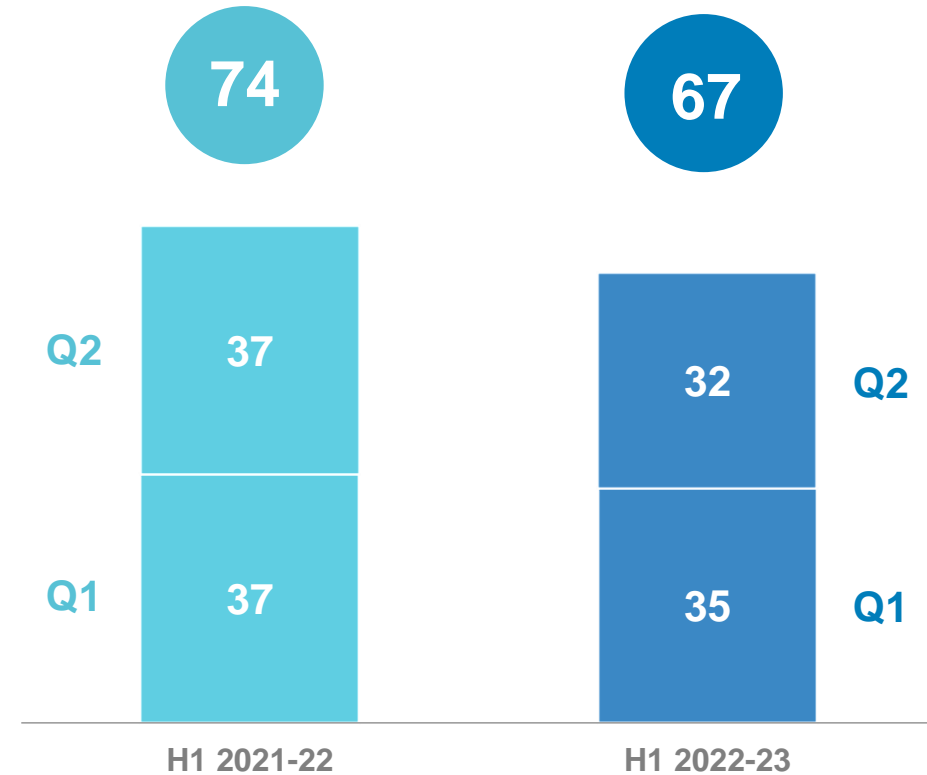


▶ **H1 revenues of €67m, down 20.3% YoY like-for-like<sup>1</sup>**

- Negative carry-forward effect of US Department of Defense renewals in particular Fall 2022 campaign (65% renewal rate) following a 75% renewal rate in Spring 2022
- Reflecting specific US geopolitical context

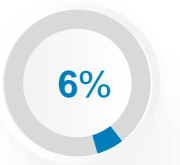
▶ **Q2 revenues down 23.0% YoY and 8.9% QoQ<sup>1</sup>**

▶ **H2 to fully reflect the above-mentioned headwinds**

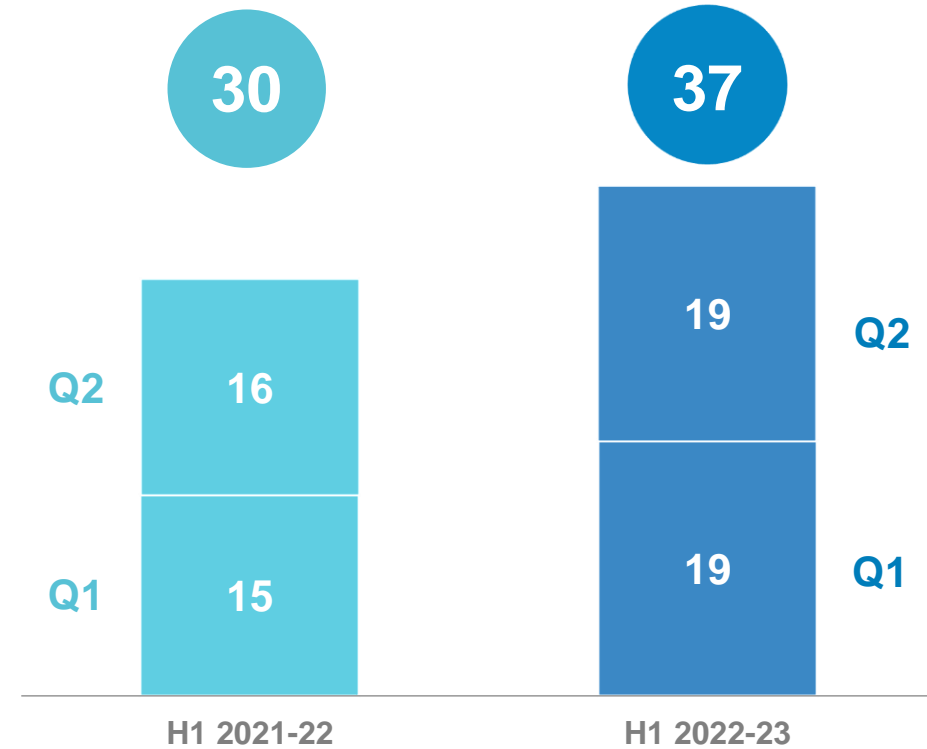


<sup>1</sup> At constant currency and perimeter

# FIXED BROADBAND



- ▶ **H1 revenues of €37m, up 17.0% like-for-like<sup>1</sup>**
  - Wholesale agreements with Orange, TIM, Hispasat and Swisscom
  - Ramp-up of the African operations
- ▶ **Q2 revenues up 13.2% YoY; down 1.2% QoQ<sup>1</sup>**
- ▶ **Revenues will be broadly stable over Full Year**
  - Growth to re-accelerate in FY 2023-24 on the back of entry into service of KONNECT VHTS



<sup>1</sup> At constant currency and perimeter

# MOBILE CONNECTIVITY



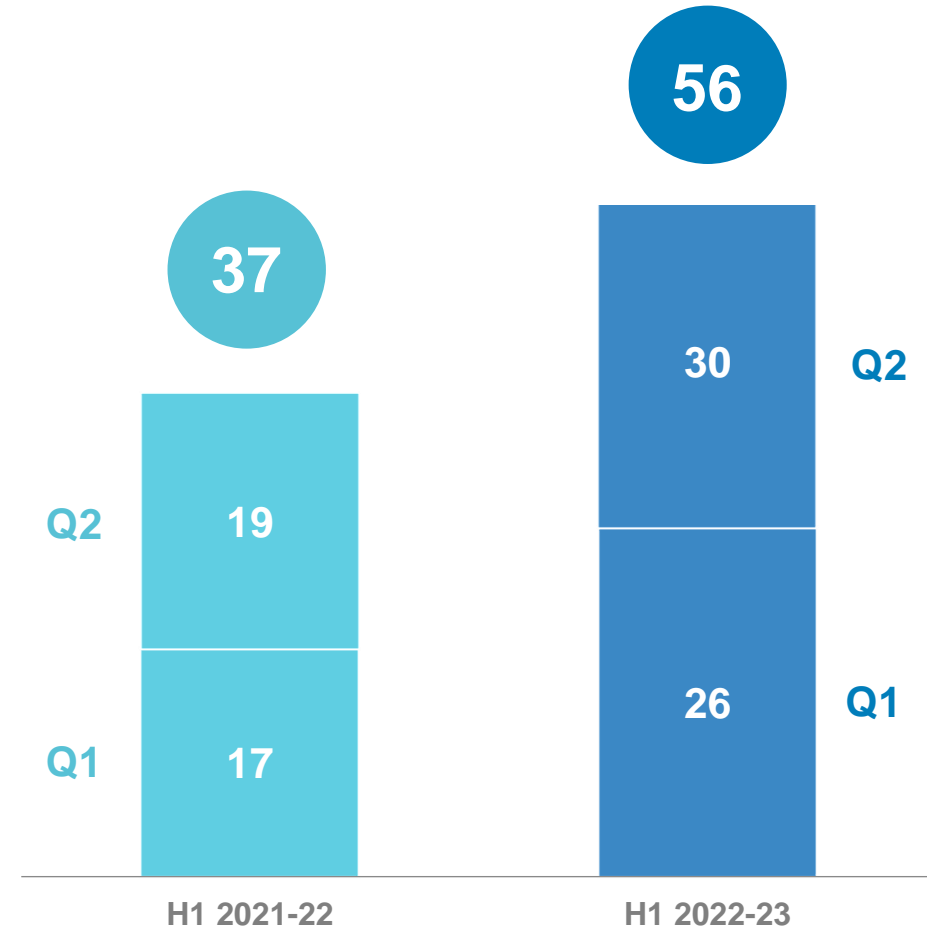
## ▶ H1 revenues of €56m, up 32.7% YoY like-for-like<sup>1</sup>

- Commercial success of EUTELSAT QUANTUM
  - Two additional beams commercialized for incremental capacity in maritime Mobility during H1, bringing the total number of beams commercialized for Mobile Connectivity to three

## ▶ Q2 revenues up 33.8% YoY and 13.3% QoQ<sup>1</sup>

- Reflecting timing of commercialization of the third beam on EUTELSAT QUANTUM

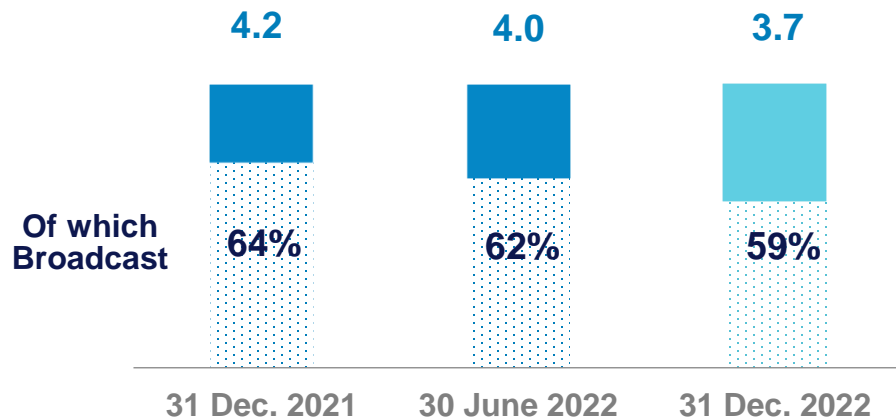
## ▶ Positive dynamic to translate into double-digit growth for the Full Year albeit at slower pace compared to the First Half



<sup>1</sup> At constant currency and perimeter

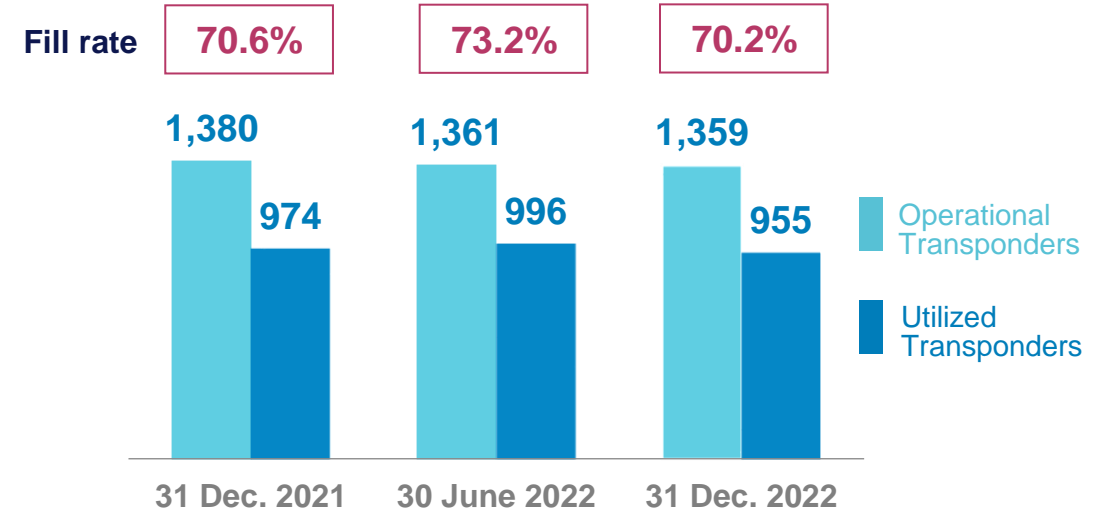
# BACKLOG & FILL RATE

## BACKLOG (€BN)



- Natural consumption partly offset by wholesale contract with Swisscom on EUTELSAT KONNECT and new beams commercialized on EUTELSAT QUANTUM
- Representing 3.2 years of revenues
- Broadcast accounting for 59% versus 64% a year ago

## OPERATIONAL & UTILIZED TRANSPONDERS



- Broadly stable operational TPE
- Utilized TPE down 19 units YoY
- Fill rate at 70.2% in slight decline YoY reflecting notably the return of capacity by Digiturk from mid-November

Based on 36 MHz-equivalent transponders (TPE), excluding HTS capacity



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# PROFITABILITY

▶ **H1 EBITDA margin of 72.9% at constant currency<sup>1</sup> down 3.2 points YoY**

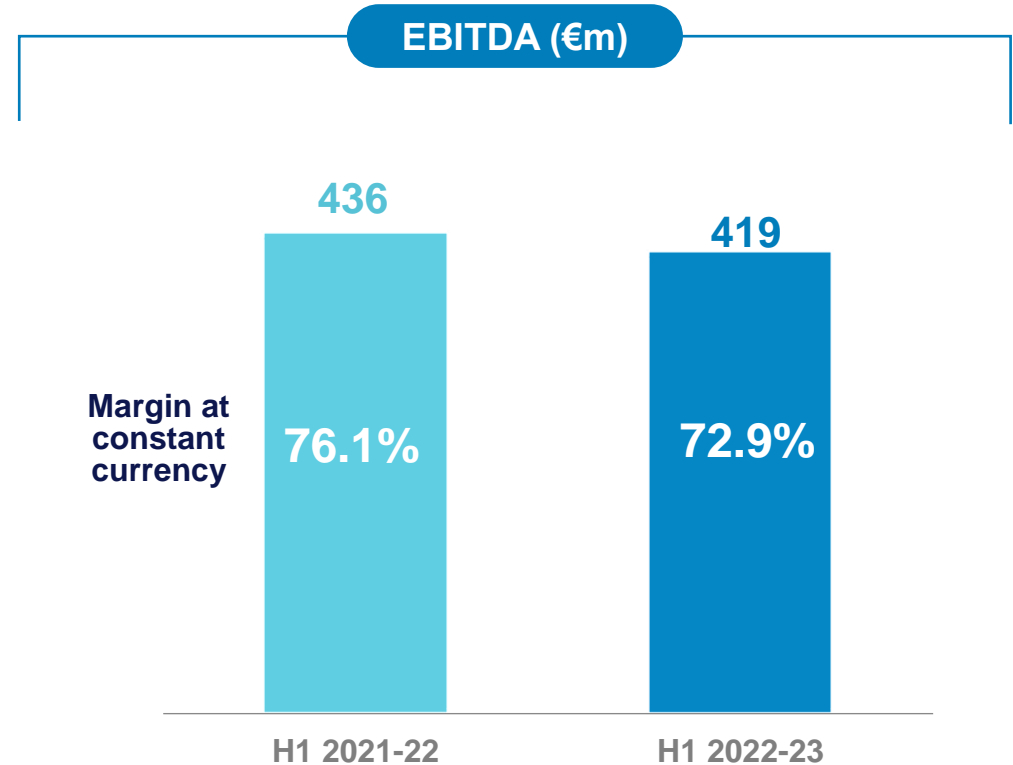
- Lower revenues, especially in the Broadcast vertical

▶ **Higher operating costs**

- Higher Bad Debt
- Increased staff costs due changing revenue mix and, to a lower extent, salary inflation
- Transaction costs with Russia

▶ **EBITDA margin reflecting progressive rebalancing of our business towards connectivity applications**

<sup>1</sup> 73.0% reported.



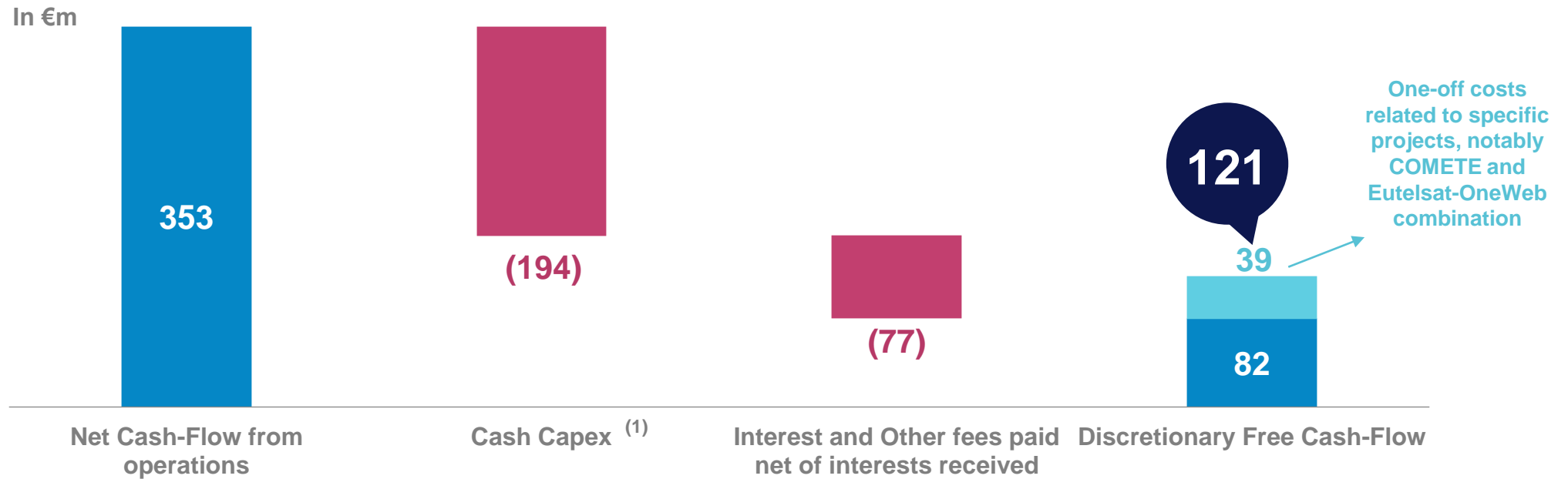
# NET INCOME

Extracts from the consolidated income statement in €m	H1 2021-22	H1 2022-23	CHANGE
<b>Revenues</b>	572	574	+0.3%
<b>EBITDA<sup>1</sup></b>	436	419	-3.8%
<b>Operating income</b>	276	151	-45.3%
<b>Financial result</b>	(35)	(56)	-62.1%
<b>Income tax</b>	(57)	(1)	-98.6%
<b>Group share of net income</b>	166	52	-68.7%

- ▶ Lower D&A due to lower in-orbit and on-ground depreciation
- ▶ Other operating expenses vs. operating income last year, with the \$125m payment related to Phase I of C-Band proceeds received at end-December 2021
- ▶ Unfavorable evolution of FX gains and losses
- ▶ Tax rate of 1% vs 24% last year due to a lower French tax rate as well as the benefits of the specific French Satellite tax regime
- ▶ -€39m income from associates reflecting OneWeb
- ▶ Net margin of 9% versus 29% last year

<sup>1</sup> EBITDA defined as operating income before depreciation, amortization, impairments and other operating income/(expenses)

# ADJUSTED DISCRETIONARY FREE CASH-FLOW



Change as per financial objectives

(111)

Reported change

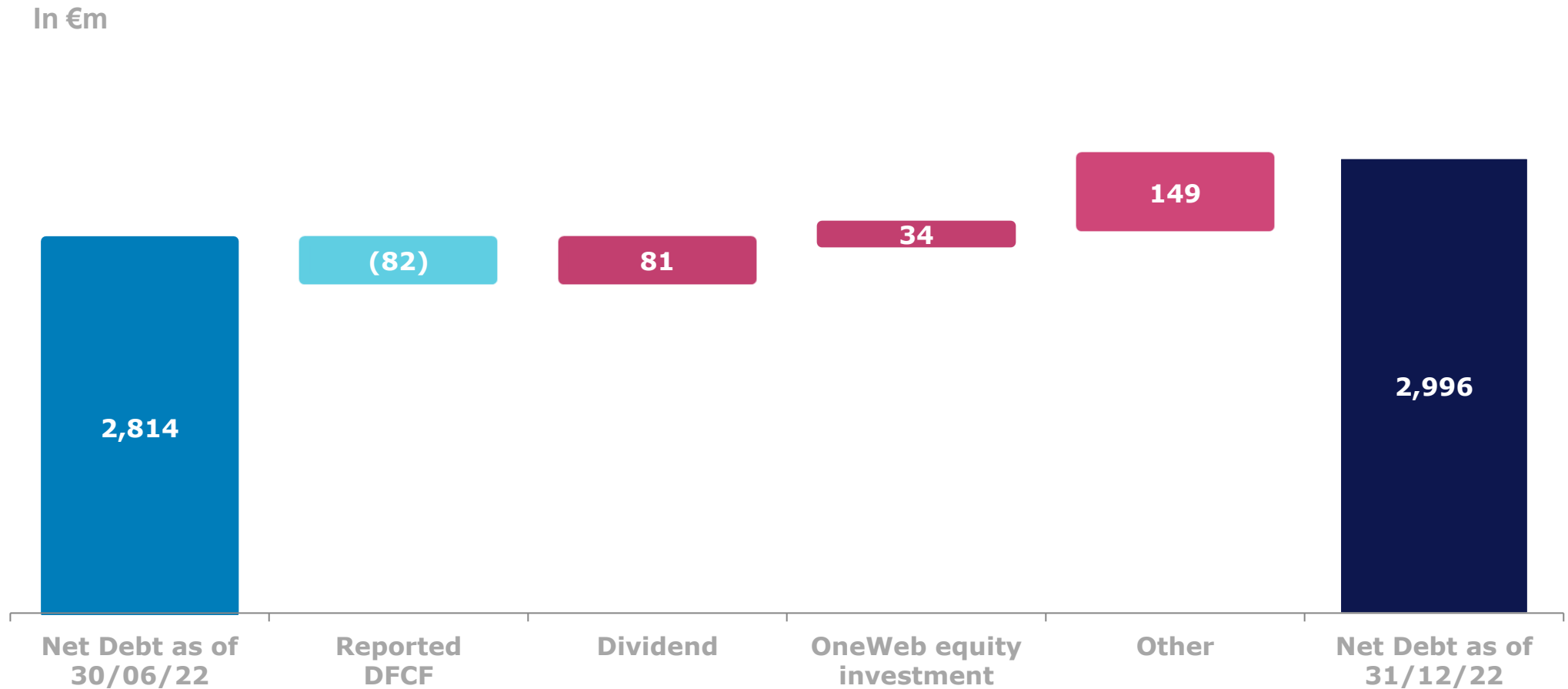
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# NET DEBT EVOLUTION



# FINANCIAL STRUCTURE

## ▶ Net Debt/EBITDA ratio of 3.55x

- Versus 3.53x as of 31 December 2021 and 3.27x at end June 2022

## ▶ Average cost of debt after hedging of 2.67%

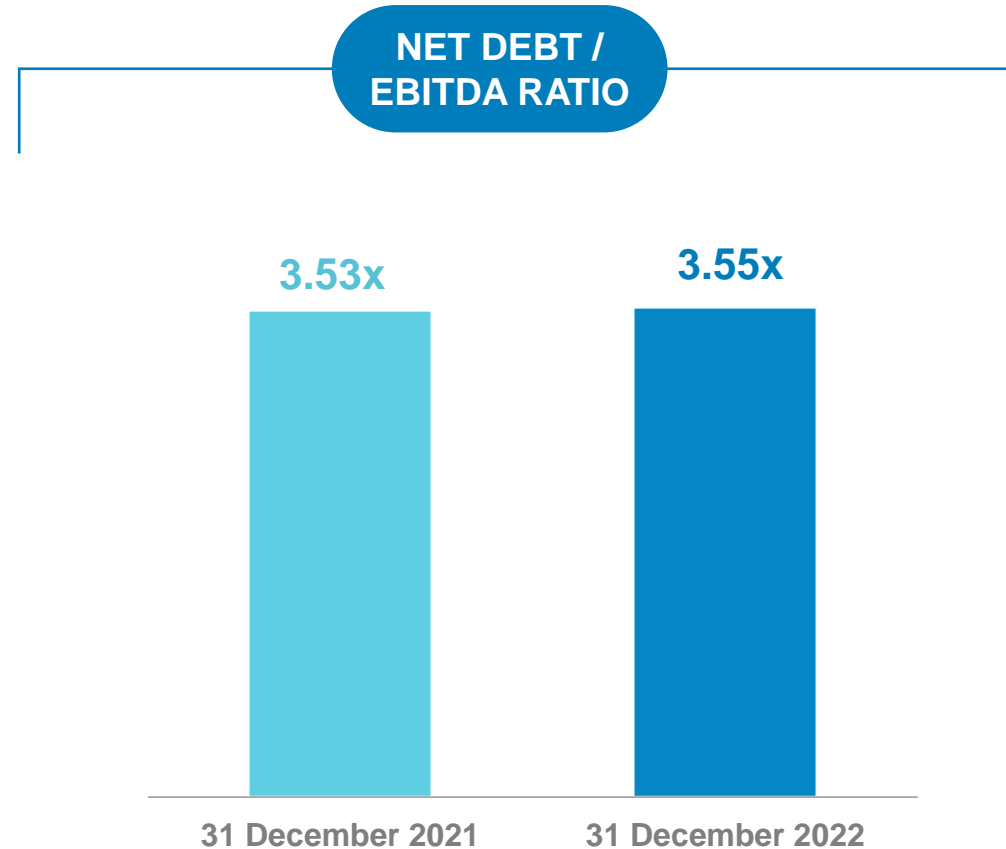
- Versus 2.5% in H1 FY 22

## ▶ Average weighted maturity of 4.1 years

- Versus 4.5 y at 31 Dec 2021

## ▶ Strong liquidity

- Cash and undrawn credit lines of c. €1.3bn



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# STRONG PROGRESS ON THE TELECOM PIVOT

## Rebalancing of our business towards **Connectivity**, where demand is booming











- ✓ **Reorganization along two business units** to enhance customer-centricity completed (project COMETE)
- ✓ Successful **ramp-up of Eutelsat Advance** managed services solutions
- ✓ **Substantial growth capacity** with high level of pre-commitments
- ✓ Access to **OneWeb** resources providing a unique GEO-LEO combination to expand addressable market
- ✓ Connectivity revenues now represent c. **30% of total Operating Verticals revenues**, versus c. 25% four years ago



Launch of HOTBIRD 13F, Cape Canaveral, Florida – 15 October 2023



# SUBSTANTIAL GROWTH CAPACITY TO PROGRESSIVELY SUPPORT TOPLINE

	INCREMENTAL CAPACITY	KEY MARKETS	ENTRY INTO SERVICE*	FIRM COMMITMENTS
 HOTBIRD 13G	EGNOS Payload	Government	Q2/Q3 2023	
 EUTELSAT 10B	~100 Ku spots c. 35 Gbps	Mobility EMEA/Atlantic & Indian Ocean	Q3 2023	 
 KONNECT VHTS	~230 Ka spots 500 Gbps	Connectivity Europe	H2 2023	  
EUTELSAT 36D	UHF Payload	Government	H2 2024	
FLEXSAT AMERICAS	More than 100 Gbps	Connectivity Americas	2026 (delivery)	

 Successfully launched

# FINANCIAL OUTLOOK CONFIRMED



## OPERATING VERTICALS REVENUES<sup>1</sup>

- ▶ Between €1,135 to €1,165m in FY 2022-23<sup>1</sup>
- ▶ Growth from FY 2023-24

## CASH CAPEX

- ▶ Not exceeding €400m<sup>2</sup> per annum for each of the next two fiscal years (FY 2022-23 / FY 2023-24)

## ADJUSTED DISCRETIONARY FREE CASH FLOW<sup>3</sup>

- ▶ Average of €420m per year over the next two fiscal years (FY 23 / FY 24)<sup>3</sup>  
Equivalent to cumulative Adjusted DFCF generation of €1,361m over three fiscal years (FY 22 / FY 23 / FY 24) at 1.00 €/€

## LEVERAGE

- ▶ Medium-term net debt / EBITDA ratio of c. 3x

## DISTRIBUTION

- ▶ Dividend suspended for next three years in the context of combination with OneWeb

*This outlook is based on the revised nominal deployment plan outlined above. It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.*

<sup>1</sup> Based on a €/€ rate assumption of 1.00 and current perimeter.

<sup>2</sup> Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

<sup>3</sup> Based on a €/€ rate assumption of 1.00 and current perimeter. Adjusted DFCF objectives exclude future payments related to the take-or-pay agreement with OneWeb.

# PROGRESS AT ONEWEB SINCE OCTOBER STRATEGIC UPDATE





**On track for >35° N coverage in May 23, >25°N-S by Q3 2023 and full coverage by Jan-24**

- ▶ 36 satellites launched with *NewSpace India*
- ▶ 80 satellites launched with *SpaceX*
- ▶ **~85% of LEO satellites are now in orbit.** 2 more launches planned for March

**Commercial ramp-up in line, generating revenues**

- ▶ Secured backlog at **\$0.8bn** at end-December 2022, **+\$200m** vs. October Strategic Update
- ▶ **On track to reach the \$50m objective by end-June 2023**

**Milestone contracts & partnerships signed in key verticals where demand is well-oriented**

- ▶ **Cellular Backhaul** with  **airtel**
- ▶ **Community Broadband**, namely in underserved regions of North America, with  **GALAXY 30**

# UPDATE ON THE COMBINATION WITH ONEWEB

**14 November 2022**

- **Signing of the final combination agreement**

**Q4 2022 / mid-2023**

- **Regulatory approvals**

**By Q2-Q3 2023**

- **Extraordinary General Meeting of Eutelsat to approve the transaction**
- **Closing**

- ▶ **Regulatory approval workstream progressing according to plan (No EU referral considered, FR and US still ongoing)**
- ▶ **Closing of the transaction expected by Q2-Q3 2023, conditional upon:**
  - Customary regulatory approvals
  - Eutelsat EGM approval
  - Approval from the French stock market authority on the prospectus

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# IMPACT OF BROADCASTING MEASURES IN RUSSIA AND IRAN

## IMPLEMENTED MEASURES (22 December 2022)

### ▶ With respect to Russia

- Pursuant to the decision of the French Regulatory Authority for Audiovisual, Digital Communication (ARCOM) and Council of the European Union (Regulation 2022/2474), all involvement in the broadcast of four channels, Rossiya One, Pervyi Kanal, NTV and RenTV was ended
- Eutelsat has also ensured that it is not involved in the broadcasting of RT News in Russia

### ▶ With respect to Iran

- Pursuant to the Council of the European Union (Regulation 2022/2428) dated 12 December 2022, Eutelsat has ceased all Islamic Republic of Iran Broadcasting (IRIB)-related broadcasting activity



## FINANCIAL IMPACTS

- ▶ Negative combined impact of between €10 to €15m on Revenues and €10 to €15m on EBITDA for FY 23
- ▶ Impact on Adjusted Discretionary Free Cash Flow of c. €10m

## UPDATED OBJECTIVES

- ▶ FY 23 Operating Verticals mechanically adjusted from €1,150-€1,180m to €1,135-€1,165m
- ▶ Adjusted Discretionary Free Cash Flow for FY 23 and FY 24 confirmed

# FUTURE LAUNCHES

NAME	EUTELSAT 36D	FLEXSAT AMERICAS
Orbital Position	36° East	
Approx . Entry into service date <sup>1</sup>	H2 2024	2026 (delivery)
Manufacturer	 AIRBUS DEFENCE & SPACE	 ThalesAlenia Space
Coverage	Africa, Russia, Europe, Middle East	Americas
Applications	Video Government	Connectivity
Total Capacity (TPX <sup>2</sup> /Spotbeams)	70 transponders in Ku-band UHF payload	More than 100 Gbps
o/w Expansion <sup>2</sup>	UHF payload	-

 Electrical propulsion

<sup>1</sup> Calendar year | <sup>2</sup> Excludes unannounced redeployments

<sup>3</sup> "Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 TPE), once regulatory, technical and operational constraints are taken into account."

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