

# THIRD QUARTER 2016-17 REVENUES

May 11, 2017

# Agenda

1

**Recent highlights**

2

**Q3 2016-17**

3

**Outlook**

# Recent highlights

## Revenues in line with expectations

- ▶ Q3 revenues down 4.9% reported and 4.2% like-for-like
- ▶ 9-month revenues down 3.3% reported and 2.0% like-for-like
- ▶ Financial outlook confirmed with Full Year revenues expected around the middle of the -1 to -3% range

## Solid commercial performance

- ▶ Outcome of Spring DoD renewals in line with expectations
- ▶ Video contracts for incremental capacity in Russia
- ▶ Multi-year contract at 7/8°West for a new TV platform in Ethiopia
- ▶ Renewal of one transponder at HOTBIRD with SRG

## Capex efficiencies

- ▶ Agreement to embark the EGNOS navigation system hosted payload on EUTELSAT 5 West B
- ▶ Contract with Blue Origin, further diversifying our options for access to space

## Preparing for return to growth

- ▶ Closing of ViaSat partnership to expand wholesale broadband business and launch new consumer retail service in Europe

# Agenda

1

**Recent highlights**

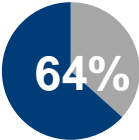
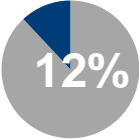
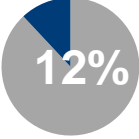
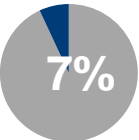
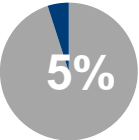
2

**Q3 2016-17**

3

**Outlook**

# Q3 2016-17 Revenues: €364m, down 4.2% like-for-like<sup>1</sup>

		REVENUE CONTRIBUTION <sup>2</sup>	REVENUES <sup>3</sup> (€m)	LIKE-FOR-LIKE <sup>4</sup> CHANGE
CORE BUSINESSES	Video		228	-4.1%
	Fixed Data		42	-12.6%
	Government Services		45	-3.0%
CONNECTIVITY	Fixed Broadband		24	+36.0%
	Mobile Connectivity		17	+21.1%

<sup>1</sup> At constant currency and Perimeter. On a reported basis revenues are down 4.9%

<sup>2</sup> The share of each application as a percentage of total revenues is calculated excluding "Other revenues."

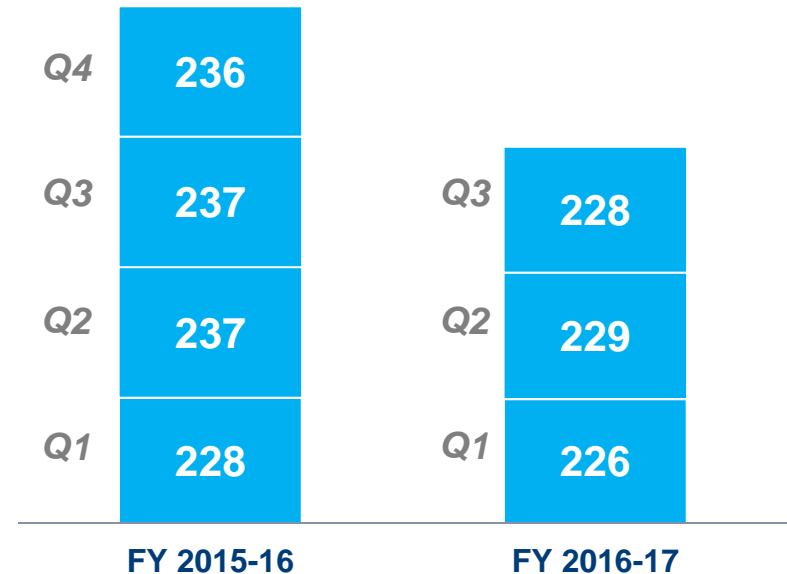
<sup>3</sup> Total revenues of €364m also include Other revenues of €7.5m

<sup>4</sup> At constant currency and perimeter. Based on new applications reporting.

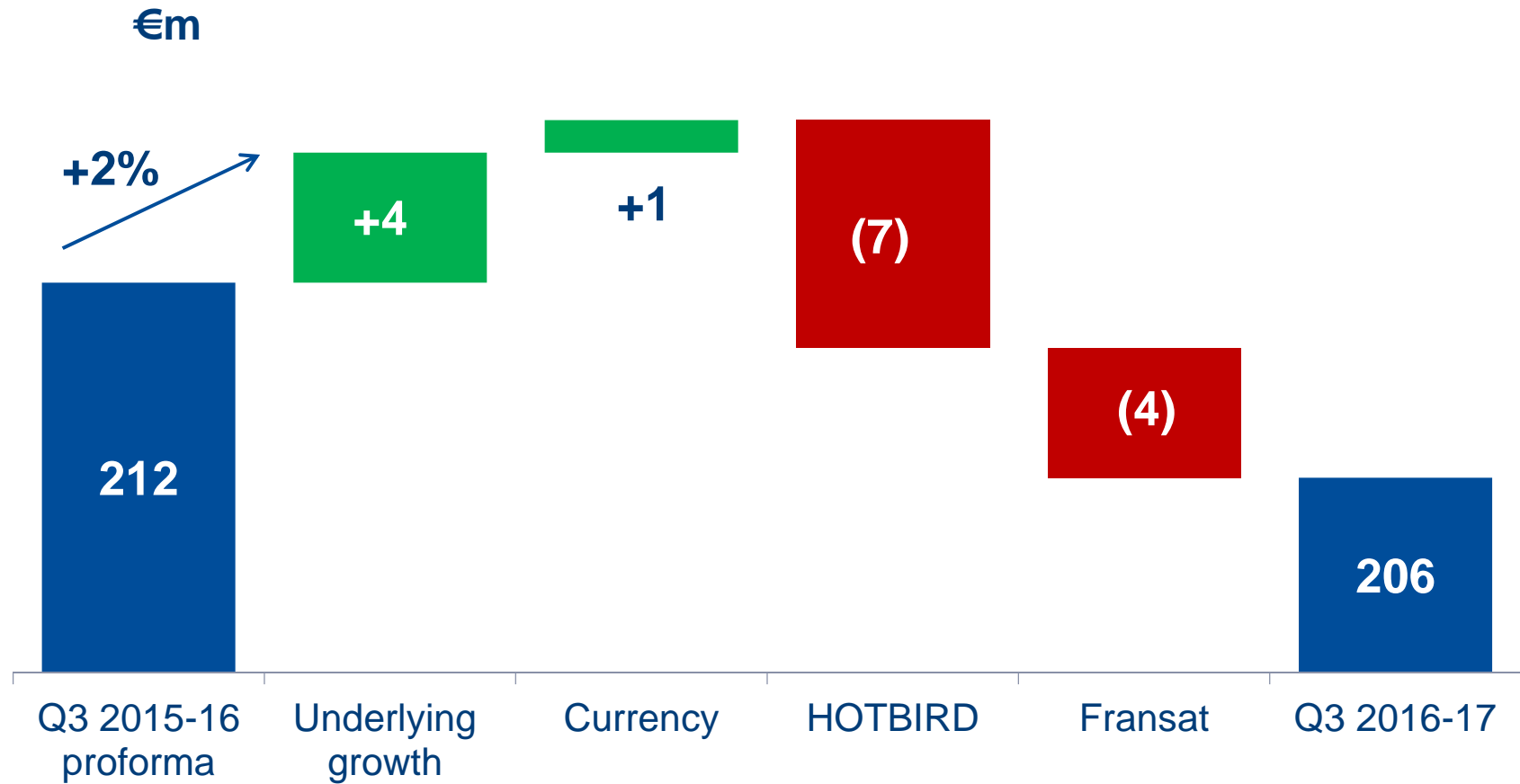
# Video

- ▶ **Q3 Revenues of €228m, down 4.1% like-for-like**
- ▶ **Broadcast down 3.5% like-for-like**
  - Contribution of incremental capacity launched during the course of last year, offset by:
    - Lower capacity leased at HOTBIRD
    - Lower revenues from Fransat
- ▶ **Professional Video down 9.1% like-for-like**
  - Continued pressure on contribution services
- ▶ **6,356 channels at end-March 2017**
  - +3.2% y-o-y
  - HD penetration at 16.6% vs. 13.1% a year ago

## REVENUES<sup>1</sup> (€M)



# Video: focus on broadcast revenues

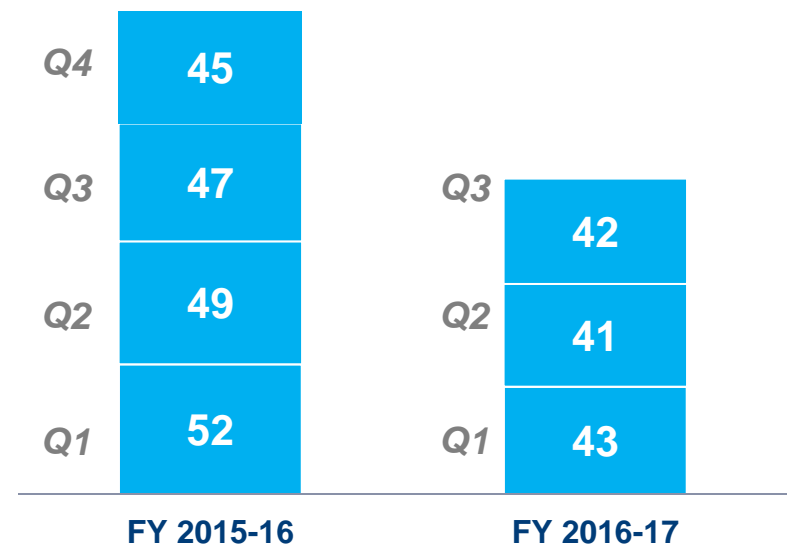


**Underlying growth in Broadcast revenues of 2%**

# Fixed Data

- ▶ Q3 Revenues of €42m, down 12.6% like-for-like
- ▶ Ongoing pricing pressure in all geographies albeit at a slightly slowing pace
- ▶ Improving trend with a 1.4% like-for-like decline Q-o-Q

## REVENUES<sup>1</sup> (€M)

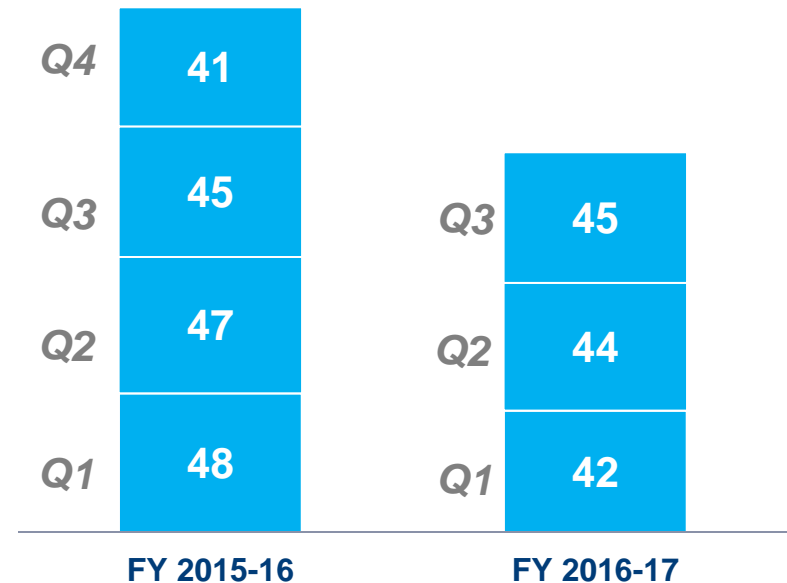




# Government Services

- ▶ Q3 Revenues of €45m, down 3.0% like-for-like
- ▶ Ongoing impact of lower renewals with US DoD in spring 2016
- ▶ Favourable outcome of spring renewal campaign:
  - Spring renewal rate of circa 85%
  - New contracts representing an additional three 36-MHz equivalent transponders

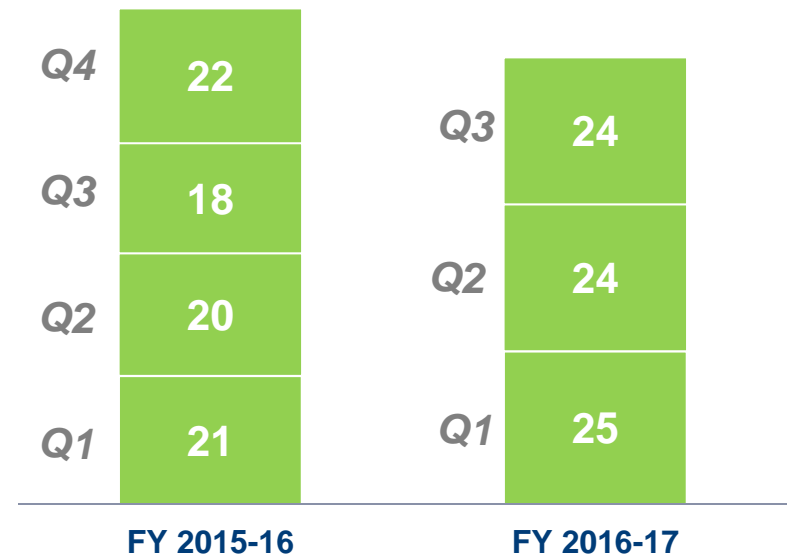
## REVENUES<sup>1</sup> (€M)



# Fixed Broadband

- ▶ Q3 Revenues of €24m, up 36.0% y-o-y like-for-like
- ▶ Positive effect of the fully-leased HTS payload on EUTELSAT 65 West A
- ▶ Resilience of European broadband revenues
- ▶ African broadband initiative to be launched in June to support revenues from next fiscal year

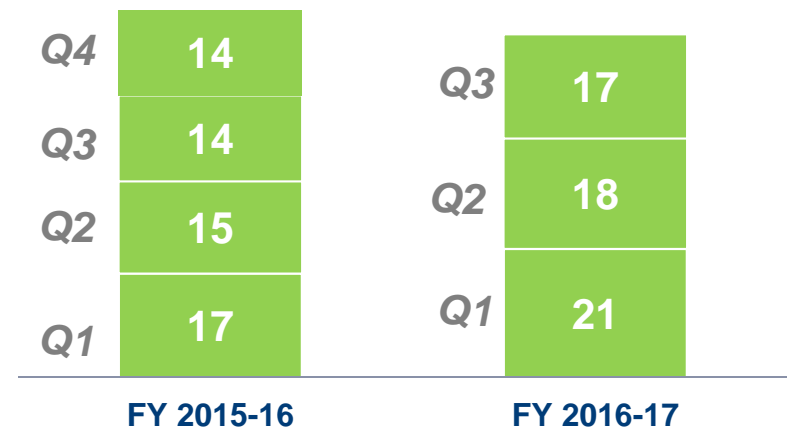
## REVENUES<sup>1</sup> (€M)



# Mobile Connectivity

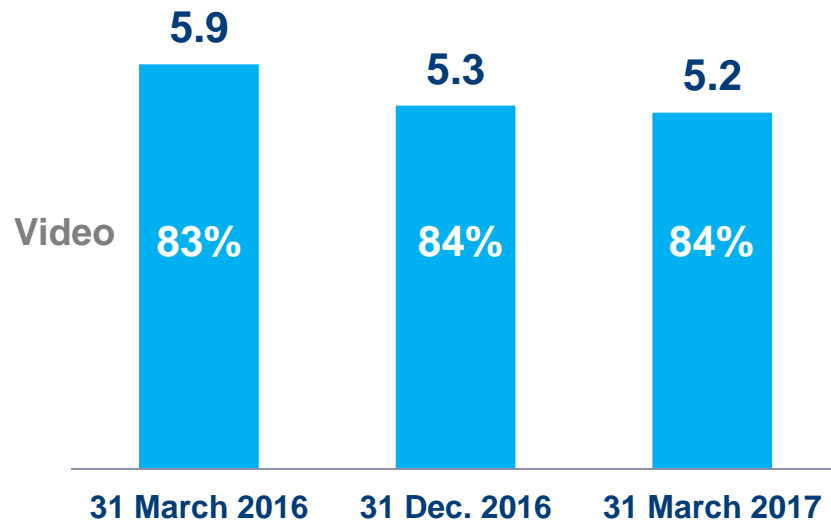
- ▶ Q3 Revenues of €17m, up 21.1% like-for-like
- ▶ Full-quarter effect of the agreement with Taqnia for the lease of four spotbeams on the HTS payload of EUTELSAT 3B
- ▶ HTS Payload on EUTELSAT 172B and ramp-up of in-flight Mobility contracts on KA-SAT to feed growth in FY 2018

## REVENUES<sup>1</sup> (€M)



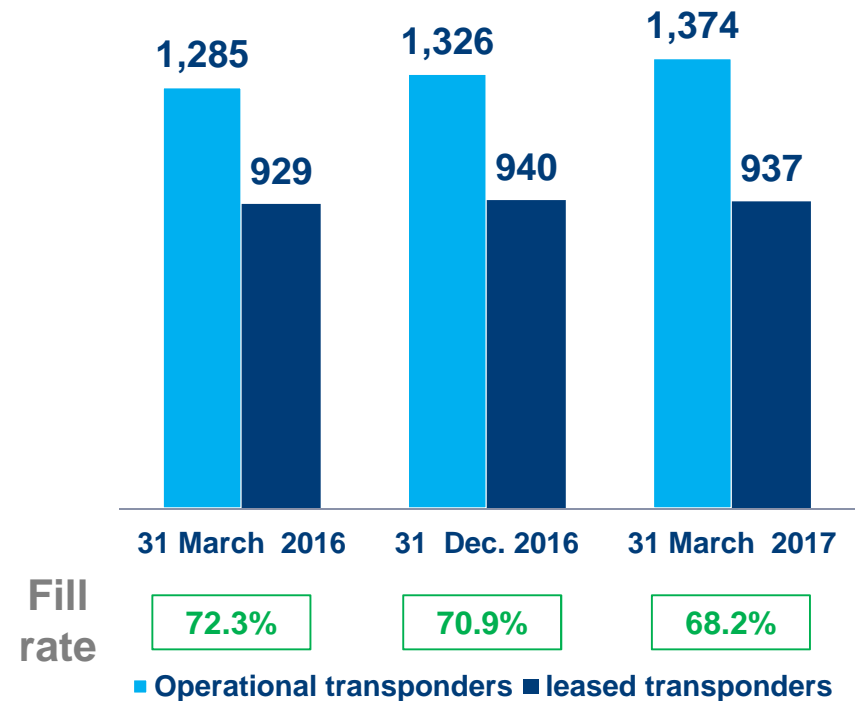
# Backlog and Fill Rate

## BACKLOG (€BN)



- ▶ Backlog of €5.2bn
- ▶ 3.4 years of revenues
- ▶ Video accounting for 84%

## OPERATIONAL AND LEASED TRANSPONDERS



- ▶ Evolution of Fill rate reflecting predominantly entry into service of EUTELSAT 117 West B in January and end of Orange contract

# Agenda

1

**Recent highlights**

2

**Q3 2016-17**

3

**Outlook**

# Financial Outlook

## REVENUES

(At constant currency, and perimeter)

- ▶ FY 2016-17: around the middle of the -1 to -3% range
- ▶ FY 2017-18: Broadly stable
- ▶ FY 2018-19: Slight growth

## EBITDA MARGIN<sup>1</sup>

- ▶ FY 2016-17 and FY 2017-18: above 76%
- ▶ FY 2018-19: heading towards 77%

## CAPEX

- ▶ FY 2016-17 to FY 2018-19:  
Average of €420m<sup>2</sup> per year<sup>3</sup>

## FREE CASH FLOW

- ▶ FY 2015-16 to FY 2018-19:  
Discretionary Free Cash Flow<sup>3</sup> CAGR >10%

## LEVERAGE

- ▶ Investment grade rating
- ▶ Target net debt / EBITDA: below 3.3x

## DISTRIBUTION

- ▶ Stable to progressing dividend

# APPENDICES

# Future launches

Name	EUTELSAT 172 B	EUTELSAT 7C	EUTELSAT 5 WEST B		AFRICAN BBAND. SATELLITE
Position	172° East	7° East	5° West	TBD	TBD
Launch <sup>1</sup>	June 2017	H2 2018	H2 2018	2019	2019
Manufacturer					
Launcher		TBD		TBD	TBD
Coverage	Asia-Pacific	MENA SSA	Europe MENA	Flexible	SSA
Applications	Data GS Mobility	Video	Video	Government Services	Broadband
Total Capacity (TPE/Spotbeams)	42 Ku 24 C 11 Ku / 1.8 Gbps	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps
Expansion Capacity <sup>2</sup>	19 Ku 11 Ku / 1.8 Gbps	19 Ku	-	N/A	65 Ka / 75 Gbps



# Disclaimer

This presentation does not constitute or form part of and should not be construed as any offer for sale of or solicitation of any offer to buy any securities of Eutelsat Communications, nor should it, or any part of it, form the basis of or be relied on in connection with any contract or commitment whatsoever concerning Eutelsat Communications' assets, activities or shares.

This presentation includes only summary information related to the activities for the third quarter of 2015-16 and its strategy, and does not purport to be comprehensive or complete.

All statements other than historical facts included in this presentation, including without limitations, those regarding Eutelsat Communications' position, business strategy, plans and objectives are forward-looking statements.

The forward-looking statements included herein are for illustrative purposes only and are based on management's current views and assumptions. Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: postponement of any ground or in-orbit investments and launches including but not limited to delays of future launches of satellites; impact of financial crisis on customers and suppliers; trends in Fixed Satellite Services markets; development of Digital Terrestrial Television and High Definition television; development of satellite broadband services; Eutelsat Communications' ability to develop and market value-added services and meet market demand; the effects of competing technologies developed and expected intense competition generally in its main markets; profitability of its expansion strategy; partial or total loss of a satellite at launch or in-orbit; supply conditions of satellites and launch systems; satellite or third-party launch failures affecting launch schedules of future satellites; litigation; ability to establish and maintain strategic relationships in its major businesses; and the effect of future acquisitions and investments.

Eutelsat Communications expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. These materials are supplied to you solely for your information and may not be copied or distributed to any other person (whether in or outside your organization) or published, in whole or in part, for any purpose.