

SUMMARY OF FINANCIAL REPORT



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KEY FINANCIAL DATA

Consolidated revenues

Revenues for 2006-2007 were up by 4.8% on last year, sustained by strong momentum of Video Applications. Full-year 2006-2007 revenues include 11.7 million euros of penalties related to late delivery of the HOT BIRD™ 7A satellite. Excluding one-off revenues and at a constant exchange rate, revenue growth was 6.8%.

Revenues derived from Video Applications increased by 11.7% to 590.4 million euros, taking the proportion of overall revenues of this activity to 72.2%. A total of 19.4% of revenues was generated by Data and Value-Added Services and 7.3% by Multi-Usage applications.

		Twelve months ended June 30		
		2006	2007	Change
Key elements of the consolidated income statement				
Revenues	€m	791.1	829.1	+4.8%
EBITDA*	€m	616.5	652.6	+5.9%
EBITDA* margin	%	77.9	78.7	+0.8 pt
Consolidated net income	€m	40.2	170.0	N.A.
Diluted earnings per share	€	0.122	0.718	N.A.
Key elements of the consolidated cash flow statement				
Net cash flow from operating activities	€m	501.1	527.7	+5.3%
Capital expenditure	€m	(230.9)	(350.1)	+51.6%
Operating free cash flow	€m	270.2	177.6	(34.3%)
Key elements of financial structure				
Net debt	€m	2,228	2,295	+3%
Net debt/EBITDA*	x	3.6	3.5	-0.1x
Key operational metrics				
Backlog	€bn	4.0	3.7	-7.5%
Leased transponders	Units	373	404	+8.3%

* EBITDA is defined as operating income before depreciation, amortisation and other operating income/charges (impairment charges, dilution profits (losses), insurance compensations, etc.).

Consolidated EBITDA

Consolidated EBITDA was 652.6 million euros compared to last year's figure of 616.5 million euros, representing a rise of 5.9%. The EBITDA margin rose to 78.7% compared to 77.9% for the 2005-2006 financial year. Excluding one-off revenues the EBITDA margin would have been 78.4%.

Consolidated operating charges

Operating charges for the year of 176.5 million euros are made up of operating costs and selling, general and administrative expenses. With continued tight control over cost structure, operating charges represented 21.3% of revenues, down by nearly one percentage point in comparison to the preceding financial period. In particular, while maintaining the same level of coverage, the Group reduced in-orbit insurance costs upon renewal in November 2006 of its annual contract.

Depreciation/amortisation and other operating charges

Depreciation/amortisation for the year was 300.8 million euros compared to 285.8 million euros last year. The 5.3% increase in depreciation and amortisation expenses is mainly due to entry into service in October 2006 of HOT BIRD™ 8, and accounting over the entire fiscal year of HOT BIRD™ 7A which entered into service in April 2006. These two operations fully offset the decrease in depreciation expenses related to the depreciation of EUROBIRD™ 4 (formerly HOT BIRD™ 3).

Other operating revenues (costs) mainly include 37.5 million euros related principally to insurance compensations for the damage incurred following the technical incident on the W1 satellite during the previous fiscal year, for which agreements were reached during fiscal year 2006-2007. A 25.0 million euro expense was also recorded corresponding to the depreciation of EUROBIRD™ 4 following the technical incident on October 4, 2006.

Operating income consequently increased by 58.8 million euros, taking the operating margin up to 43.7%.

Income tax

The tax expense for 2006-2007 was 92.2 million euros against tax proceeds of 89.7 million euros last year. The substantial improvement in the effective tax rate at 36.3% for the 2006-2007 financial year followed the simplification of the Group's corporate structure, which was achieved according to plan.

Consolidated net result

The Group's consolidated net result was 170 million euros, up by 129.8 million euros. This strong growth can be attributed to the following factors: 19.4% growth in operating income, the absence of the non-recurring net charge (44.5 million euros) in the previous fiscal year in relation to debt restructuring, the 26.9 million euro decrease in interest charges resulting from the refinancing of senior debt during the previous financial year and reduction of the fiscal year average debt following the IPO of December 2005. The net result also reflects substantial improvement in the effective tax rate at 36.3% for the 2006-2007 financial year and growth in income from equity investments reflecting the excellent financial performance of Hispasat, the leading satellite operator in Spanish and Portuguese-language markets, of which Eutelsat owns 27.69%.

Backlog

At 3.7 billion euros, the backlog represents 4.5 times annual revenues. The slight erosion of the backlog compared with June 30, 2006 reflects the higher average fleet age, a major part of the backlog being composed of contracts for the entire operational life of the corresponding satellite, which are generally concluded or renewed upon entry into service of new satellites.

A total of 92% of the backlog relates to the Group's Video Applications. The average residual duration of leases in the backlog is 7.3 years.

Fill Factor

At 30 June 2007, the Group had a fill factor of 80.0% for its 505 transponders in stable orbit. This is the equivalent of 404 transponders compared to 373 at 30 June 2006 and reflects an increase of 8.3% in the number of leased transponders.

The 31 additional transponder leases reflect the good commercial performance of the Group during the reporting period, notably the growth of video applications in emerging markets served by the Group's major video neighbourhoods and a continued high fill factor of more than 95% at premium video neighbourhoods.

Cash flow and net debt

Net cash flow from operating activities rose by 5.3% to 528 million euros. Compared with the previous fiscal year, the 91 million euro decrease in operating free cash flow reflects a 119 million euro increase in capital expenditure at 350 million euros. This is notably dedicated to the launch of HOT BIRD™ 8, to the construction of HOT BIRD™ 9 and W2M, and to the procurement during the financial year of HOT BIRD™ 10, W2A and W7.

Compared with a year ago, net debt was up 67 million euros as of June 30, 2007, reflecting the investment programme and the consolidated distribution in November 2006 of 124 million euros. Financial debt is completely hedged against interest rates fluctuations, wholly until November 2011 and partly until June 2013. At 3.5x, the net debt to EBITDA ratio was stable compared with June 30, 2006.



CONSOLIDATED BALANCE SHEET

(In thousands of euros)

	30 June 2006	30 June 2007
ASSETS		
Non-current assets		
Goodwill	750 714	758 179
Intangible assets	875 237	829 791
Satellites and other property and equipment, net	1 749 597	1 705 635
Prepayments for assets under construction	310 116	461 477
Investments in associates	117 461	124 599
Financial assets	2 955	3 061
Deferred tax assets	18 738	1 380
Total non-current assets	3 824 818	3 884 122
Current assets		
Inventories	2 257	2 092
Accounts receivable	213 716	220 976
Other current assets	19 889	28 373
Current tax receivable	1 957	8 585
Financial instruments	62 613	135 883
Cash and cash equivalents	264 055	45 479
Total current assets	564 487	441 388
TOTAL ASSETS	4 389 305	4 325 510

(In thousands of euros)

	30 June 2006	30 June 2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Common stock	215 692	217 401
Additional paid-in capital	907 485	776 136
Reserves and retained earnings	16 179	242 522
Minority interests	70 924	75 454
Total shareholders' equity	1 210 280	1 311 513
Non-current liabilities		
Non-current bank debt	2 445 850	2 308 978
Other non-current liabilities	76 048	60 466
Other non-current payables and deferred revenues	58 483	45 507
Non-current provisions	50 333	38 385
Deferred tax liabilities	302 985	304 932
Total non-current liabilities	2 933 699	2 758 268
Current liabilities		
Current bank debt	29 757	23 185
Other current liabilities	19 498	23 273
Accounts payable	42 376	44 048
Fixed assets payable	41 650	61 062
Taxes payable	20 305	-
Other current payables and deferred revenues	80 140	94 521
Current provisions	11 600	9 640
Total current liabilities	245 326	255 729
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4 389 305	4 325 510

CONSOLIDATED INCOME STATEMENT

(In thousands of euros, except per data)

	Twelve-month period ended 30 June 2006	Twelve-month period ended 30 June 2007
Revenues	791 070	829 086
Revenues from operations	791 070	829 086
Operating costs	(72 664)	(62 526)
Selling, general and administrative expenses	(101 886)	(113 938)
Depreciation and amortisation	(285 805)	(300 849)
Other operating revenues	-	37 501
Other operating costs	(27 006)	(26 745)
Operating income	303 709	362 529
Financial income	49 665	16 710
Financial expenses	(229 235)	(124 870)
Financial result	(179 570)	(108 160)
Income from equity investments	5 819	7 866
Net income before tax	129 958	262 235
Income tax expense	(89 724)	(92 215)
Net income (loss)	40 234	170 020
Group share of net income (loss)	30 420	159 377
Minority interests' share of net income	9 814	10 643
Earnings per share attributable to Eutelsat Communications' shareholders		
Basic earnings per share in €	0.137	0.732
Diluted earnings per share in €	0.122	0.718

CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of euros)

	Twelve-month period ended 30 June 2006	Twelve-month period ended 30 June 2007
Cash flow from operating activities		
Net income (loss)	40 234	170 020
Income from equity investments	(5 819)	(7 866)
(Gain) / loss on disposal of assets	(18)	224
Other non-operating items	302 121	187 364
Depreciation, amortisation and provisions	307 825	316 549
Deferred taxes	(10 747)	(4 411)
Accounts receivable	(16 246)	(12 896)
Other current assets	3 760	(6 525)
Accounts payable	3 355	2 738
Other payables and deferred revenues	(28 658)	11 349
Taxes paid	(94 659)	(128 872)
NET CASH INFLOW FROM OPERATING ACTIVITIES	501 148	527 674
Cash flows from investing activities		
Acquisitions of satellites and other property and equipment	(230 858)	(350 065)
Proceeds from sale of assets	250	57
Acquisition of minority interests	(66 988)	(19 914)
Changes in other long-term assets	(1 397)	(109)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(298 993)	(370 031)
Cash flows from financing activities		
Changes in capital	838 516	2 673
Distributions	(12 195)	(124 338)
Additional long-term and short-term debt	1 900 522	1 886
Repayment of long-term and short-term debt	(2 449 997)	(167 280)
Repayment in respect of performance incentives and long-term leases	(66 826)	(15 622)
Interest and other fees paid	(189 127)	(92 971)
Interest received	2 546	10 358
Other cash flows	4 849	1 384
NET CASH FLOWS FROM FINANCING ACTIVITIES	28 288	(383 910)
Impact of exchange rate on cash and cash equivalents	(19)	(5)
Increase (decrease) in cash and cash equivalents	230 424	(226 272)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	32 606	263 030
CASH AND CASH EQUIVALENTS, END OF PERIOD	263 030	36 758
Cash reconciliation		
Cash and cash equivalents	264 055	45 474
Overdraft included under debt ^[1]	(1 025)	(8 716)
Cash and cash equivalents per cash flow statement	263 030	36 758

[1] Overdrafts are included in determining "Cash and cash equivalents per the cash-flow statement" as they are repayable on demand and form an integral part of the Group's cash-flow management.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SELECTED FINANCIAL DATA
FROM ANNUAL
FINANCIAL STATEMENTS
OF EUTELSAT S.A.
Operating company of the Group

(In thousands of euros, except share data)

	Common stock			Reserves and retained earnings	Minority interests	Total
	Number	Amount	Additional paid-in capital			
30 June 2005	278 732 598	278 733	-	(25 489)	125 158	378 402
Translation adjustment				150	8	158
Changes in fair value of cash-flow hedges				50 507	2 164	52 671
Tax impact				(16 050)	(747)	(16 797)
Income and expenses recognised directly under equity				34 607	1 425	36 032
Net income of the period				30 420	9 814	40 234
Total income and expenses recognised for the period				65 027	11 239	76 266
Change in capital	(63 040 006)	(63 041)	907 485	79		844 523
Treasury stock				(28)		(28)
Change in scope of consolidation					(36 394)	(36 394)
Distributions					(11 895)	(11 895)
Benefits for employees upon exercising options, and free shares granted				954	49	1 003
ABSA commitments				(19 534)	(58)	(19 592)
Liquidity offer				(4 830)	(17 175)	(22 005)
30 June 2006	215 692 592	215 692	907 485	16 179	70 924	1 210 280
Translation adjustment				(865)	(31)	(896)
Changes in fair value of cash-flow hedges				68 399	708	69 107
Tax impact				(23 551)	(244)	(23 795)
Income and expenses recognised directly under equity				43 983	433	44 416
Net income of the period				159 377	10 643	170 020
Total income and expenses recognised for the period				203 360	11 076	214 436
Change in capital	1 708 490	1 709	(14 874)	16 453		(3 288)
Treasury stock				(26)		(26)
Change in scope of consolidation					(1 460)	(1 460)
Distributions			(116 476)		(7 717)	(124 193)
Benefits for employees upon exercising options, and free shares granted				922	(4)	918
ABSA commitments				3 202		3 202
Liquidity offer				2 433	2 635	5 068
30 June 2007	217 401 082	217 401	776 135	242 523	75 454	1 311 513

BALANCE SHEETS

(In thousands of euros)

	30 june 2006	30 june 2007
ASSETS		
Long-term assets		
Intangible assets	12 805	10 498
Tangible assets	2 040 773	2 140 979
Financial assets	144 109	170 987
Total long-term assets	2 197 687	2 322 464
Current assets		
Inventories	787	588
Accounts receivable	229 281	238 024
Other debtors	5 335	17 835
Cash and marketable securities	4 839	8 613
Total current assets	240 242	265 060
Deferred revenues	64 537	61 741
TOTAL ASSETS	2 502 466	2 649 265
LIABILITIES AND SHAREHOLDERS' EQUITY		
Common stock (997 672 773 ordinary shares as of 30 June 2007 with a nominal value of € 0.65 per share)	646 071	648 487
Additional paid-in capital	352 888	355 342
Legal reserve	33 547	47 073
Free reserve	172	92
Retained earnings	-	8 512
Result for the year	270 527	239 827
Advance payments on dividends	(89 345)	-
Regulated provisions	78 187	115 393
Total shareholders' equity	1 292 047	1 414 727
Provisions for risks	10 646	8 621
Provisions for expenses	20 677	16 201
Total provisions for risks and expenses	31 323	24 822
Bank debt	877 671	718 878
Other bank debt	14 848	17 003
Total bank debt	892 519	735 881
Accounts payable	32 600	44 096
Tax and employee-related payable	47 762	31 274
Fixed assets payable	144 139	140 788
Other payables	32 075	227 625
Total operating debt	256 576	443 784
Deferred revenues	30 001	30 050
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2 502 466	2 649 265

INCOME STATEMENT

(In thousands of euros)

	Twelve-month period ended 30 June 2006	Twelve-month period ended 30 June 2007
Revenues	754 875	809 040
Costs eligible for capitalisation	9 996	8 269
Grants received	893	898
Release of provisions and reclassification of costs	95 745	16 726
Other income	74	44
Total operating income	861 583	834 977
Purchase of goods and variations of inventories	1 813	923
Other purchases and external charges	123 249	108 297
Taxes and assimilated	11 548	13 538
Wages	34 577	35 365
Social charges	18 045	17 467
Depreciation, amortisation and provisions	247 771	263 337
Other charges	1 200	2 817
Total operating charges	438 203	441 743
Operating income (loss)	423 381	393 234
Financial income	8 505	14 104
Financial expenses	43 062	51 331
Financial result	(34 557)	(37 227)
Exceptional income	36 617	78 701
Exceptional charges	58 994	67 853
Exceptional result	(22 377)	10 848
Mandatory employee profit-sharing	3 415	3 914
Income tax	92 504	123 114
NET INCOME	270 527	239 827