PR/05/07

EUTELSAT COMMUNICATIONS REPORTS FIRST HALF 2006-2007 RESULTS IN LINE WITH FULL YEAR GUIDANCE

- 5.2% revenue growth, driven by progress in Video Applications
- Strong development in emerging markets
- EBITDA[1] margin at 79.4%, maintained at the highest level among leading satellite operators[2] in the Fixed Satellite Services sector
- Sharp increase in consolidated net income at 79.9 million euros
- Confirmation of full-year and medium-term objectives

Paris, February 15, 2007 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL), one of the world's leading satellite operators, today reported results for the first half ended December 31, 2006.

In millions of euros		Six months ended December 31 2005	2006	% change
Key elements of the consolidated income statement				
Revenues	M€	394.9	415.3	+5.2%
EBITDA	M€	311.0	329.6	+6.0%
EBITDA margin	%	78.7	79.4	+0.7pt
Consolidated net income	M€	(21.2)	79.9	NA
Earnings per share	€	(0.16)	0.33	NA
Key elements of the consolidated cash flow statement				
Net cash flow from operating activities	M€	228.2	240.3	+5.3%
Capital expenditure	M€	73.1	138.1	+88.9%
Operating free cash flow	M€	155.1	102.2	-34.1%
Key elements of the financial structure				
Net debt	M€	2,242	2,302	+2.7%
Net debt/EBITDA[3]	x	3.8	3.6	NA
Key operational metrics				
Backlog	€bn	4.0	3.8	NA
Leased transponders	Units	352	394	+42

Commenting on first half 2006-2007 results, Giuliano Berretta, Chairman and Chief Executive Officer of Eutelsat Communications said: *"This solid performance for our first half-year shows the dynamic of the full set of digital markets addressed by our satellites. We have actively pursued growth of Video Applications within the framework of our objective to maximise revenue yield per transponder. As a result, this activity has increased over the last six months from 67% to account for 70% of revenues. The successful launches in 2006 of two HOT BIRD™ satellites have also enabled us to consolidate our key video neighbourhood, which, at the end of December 2006, passed the tipping point of 1,000 digital channels addressing 121 million satellite and cable homes in Europe, North Africa and the Middle East. With these launches under our belt, we could also go ahead with redeploying two existing satellites to other locations to serve broadcast markets experiencing solid growth.*

In parallel, our Group has pursued the development of broadband services for regions not served by terrestrial infrastructure, while the introduction of in-flight broadband for business aviation passengers has fuelled further diversification of our portfolio of value-added services.

[1] EBITDA is defined as operating income before depreciation and amortisation, excluding impairment charges, dilution profits (losses) and insurance proceeds
[2] SES, Eutelsat Communications, Intelsat
[3] Based on last 12 months EBITDA

This strategy has enabled us to maintain our operational profitability at the highest level in the Fixed Satellite Services industry.

Furthermore, in order to strengthen our in-orbit resources we have concluded procurement contracts for the HOT BIRD™ 10, W7 and W2A satellites. As part of our policy of innovation, W2A will embark the first S-band payload for video broadcasting to mobile devices and vehicles in Europe.

This performance lends confidence to our strategic directions and our ability to meet our full-year and medium-term objectives."

INCOME STATEMENT HIGHLIGHTS

- Revenues up 5.2%, driven by Video Applications in emerging markets[4]
- Operating profitability maintained at the highest level of leading satellite operators in the Fixed Satellite Services sector: EBITDA margin at 79.4%
- Strong increase in consolidated net income to 79.9 million euros, reflecting excellent operational performance and the impact of restructuring of Group debt.

REVENUE GROWTH SUSTAINED BY STRONG COMMERCIAL DYNAMIC

Revenues by application

	Six months ended December 31		Change
In millions of euros	2005	2006	(in millions of euros)
Video Applications	255.5	289.8	+34.3
Data & Value-Added Services	86.6	81.6	-5.0
Multi-usage	33.4	29.5	-3.9
Other	2.1	3.1	+1.0
Sub-total	377.5	403.9	+26.4
One-off revenues	17.4	11.4	-6.0
Total	394.9	415.3	+20.4

First half 2006-2007 revenues include 11.4 million euros of penalties related to late delivery of the HOT BIRD™ 7A satellite. At a constant exchange rate, revenues were up 6.3% compared with the first half 2005-2006. Excluding one-off revenues and at a constant exchange rate, revenue growth was 8.2%.

Strong growth in **Video Applications (70% of first half revenues)** was driven by:

- Full effect of contracts activated during the second half 2005-2006, notably following entry into service of the HOT BIRD™ 7A satellite on April 20, 2006.
- Ongoing expansion of pay-TV platforms in the Group's priority areas of development (central Europe, Russia, Africa, Middle East) with NTV+ and Tricolor in Russia, MAXTV in Romania, SBB in Serbia and Digiturk in Turkey.
- Strengthening of the HOT BIRD™ neighbourhood following entry into service of HOT BIRD™ 8 and the launch of a new pay-TV platform in Poland: "n", Poland's first platform in MPEG 4 to include High-Definition channels.
- Entry into service on July 1, 2006 of ATLANTIC BIRD™ 4 at the 7/8° West orbital position, enabling entry into force of contracts formerly concluded with operators in the Middle East.
- Increase in the number of channels broadcast on the Eutelsat fleet by 36.9% to compared with December 31, 2005 (+655 channels), and by 14.5% compared with June 30, 2006 (+308

[4] Central Europe, Russia, Middle East, North Africa and Sub-Saharan Africa

channels). At December 31, 2006 the 2,429 channels broadcast by Eutelsat's satellites were received by 164 million satellite and cable homes.

- Consolidation of premium orbital positions[5] with 1,339 channels broadcast (+262 channels compared with December 31, 2005, and +112 channels compared with June 30, 2006). The HOT BIRD™ neighbourhood confirms its leadership in extended Europe with 1,082 channels broadcast to over 121 million homes (of which 47.5 million are Direct-to-Home) as of December 31, 2006.

- Strengthening of major orbital video positions[6] with 917 channels broadcast (+336 channels compared with December 31, 2005 and +194 channels compared with June 30, 2006). This growth notably reflects growth of TV platforms in the Group's priority areas of development in particular those broadcasting from ATLANTIC BIRD™ 4 (7/8° West) for the Middle East and North Africa, W3A (7° East) for Turkey, W2 (16° East) for central Europe and the Balkans, and W4 (36° East) for Russia and Ukraine.

Data and Value Added Services (20% of first half revenues) revenues were almost stable compared with the second half 2005-2006, down by less than 1 million euros. Compared with the first half 2005-2006, revenues were down by 5 million euros. This is notably due to the non-renewal of certain contracts which expired during the previous fiscal year following the technical incident in August 2005 on the W1 satellite, and to the transformation last year of certain short-term contracts into long-term contracts which, in counterpart, offer more visibility on revenues. Revenues for second quarter 2006-2007 were stable compared with first quarter 2006-2007.

- **Value-Added Services** revenues were up 5% compared with the first half 2005-2006 at 14.9 million euros. This was driven by the ongoing deployment of D-STAR[7] terminals, mainly in Europe (+649 terminals) and in Africa (+617 terminals), increasing the installed base by 29% compared with a year ago, to 5,715 terminals at December 31, 2006. The Group also continued to innovate as shown by the introduction of a new service developed in partnership with ViaSat to provide high-speed in-flight communications to business jet passengers in Europe.

Multi-usage (7% of first half revenues) benefited from the renewal of all government service contracts which had expired during the period and also from additional demand from these customers.

- The overall performance of this segment is mainly due to the reallocation to Video Applications of capacity previously leased to ARABSAT following expiration of a contract. This capacity, which represented revenues of slightly more than 5 million euros in the first half 2005-2006, is now leased for Video applications under medium-term and long-term contracts.

- Multi-usage revenues also reflects unfavourable US$/€ currency fluctuations. At a constant exchange rate, revenue decrease would have been limited to 6.1%.

Backlog[8]: at 3.8 billion euros, of which 79% comprises satellite lifetime contracts, Group backlog represents 4.8 times last year revenues. The weighted average residual life of the contracts was 7.4 years at December 31, 2006. The share of Video Applications in the order book remains stable at 91% as of December 31, 2006, compared with 92% as of December 31, 2005. This provides the Group with long term visibility on revenues and operating cash flows.

[5] Orbital positions HOT BIRD™ at 13° East and EUROBIRD™ 1 at 28.5° East

[6] Orbital positions 7/8° West, 5° West, 7° East, 9/10° East, 16° East, 25.5° East and 36° East

[7] D-STAR services provide Internet access and Virtual Private Networks to enterprises and institutions in regions with inexistent or unreliable terrestrial broadband infrastructure

[8] Backlog represents future revenues from capacity lease agreements (including contracts for satellites yet to be delivered). These capacity lease agreements can be for the entire operational life of the satellites

Improvement of fleet fill rate: 82.2% at December 31, 2006

Available capacity in stable orbit and number of leased transponders

In units	June 30, 2005	December 31, 2005	June 30, 2006	December 31, 2006
Number of operational transponders	474	460	462	479
Number of leased transponders	343	352	373	394
Fill rate (%)	72.4%	76.6%	80.7%	82.2%

Improvement in the fill rate reflects an increase of the number of leased transponders (up 5.6% compared with June 30, 2006), at a rate slightly above that of the number of operational transponders (up 3.7% compared with June 30, 2006). Given the stability of the fill rate at premium orbital positions, this increase is attributable to the development of Video Applications in emerging markets, in particular at the Group's major video orbital positions, in line with its development strategy.

OPERATING PROFITABILITY MAINTAINED AT THE HIGHEST LEVEL IN THE INDUSTRY

Extract from the consolidated income statement[9]

Six months ended December 31	2005		2006	
	In millions of euros	In % of revenues	In millions of euros	In % of revenues
Revenues	**394.9**		**415.3**	
Operating expenses[10]	(83.9)	*21.3%*	(85.7)	*20.6%*
EBITDA	**311.0**	***78.7%***	**329.6**	***79.4%***
Depreciation and amortisation[11]	(146.6)	*37.1%*	(150.2)	*36.2%*
Other operating revenues (costs)[12]	(31.5)	*8.0%*	0.1	*NS*
Operating income	**132.9**	***33.7%***	**179.5**	***43.2%***

Operating expenses grew at a substantially lower pace (+2.1%) than revenues, highlighting the tight control the Group exerts over its cost structure.

As a result, EBITDA increased 6.0%, taking the EBITDA margin to 79.4%. Excluding one-off revenues, EBITDA margin would have been 78.8%.

Depreciation and amortisation were up 2.5% following the launches of HOT BIRD™7A in April 2006 and HOT BIRD™ 8 in August 2006 which fully offset the decrease in depreciation expenses related to three satellites of which the estimated lifetime was increased.

Other operating revenues (costs) mainly include:

- a 25.8 million euros income related to a partial insurance compensation for the damage incurred following the technical incident on the W1 satellite on August 10, 2005,
- a 25.0 million euros expense corresponding to the depreciation of the EUROBIRD™ 10 satellite following the technical incident on October 4, 2006.

Operating income consequently increased by 46.6 million euros to 179.5 million euros, taking the operating margin up to 43.2%.

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9 For further details, please refer to the consolidated accounts of the Group

10 Operating expenses are defined as cost of operations plus sales & administrative expenses

11 Comprises amortisation expense of 22.2 million euros corresponding to the intangible asset "Customer Contracts and Associated Relationships" identified during the acquisition of Eutelsat S.A. by Eutelsat Communications

12 In the first half 2005-2006, other operating costs were primarily due to a 30.4 million euro impairment of the value of the W1 satellite following the technical incident on August 10, 2005

STRONG INCREASE IN CONSOLIDATED NET INCOME

Extract from the consolidated income statement

In millions of euros	Six months ended December 31 2005	 2006
Operating income	**132.9**	**179.5**
Financial result	(118.0)	(56.5)
Income from equity investments	1.2	2.5
Income tax	(37.3)	(45.6)
Consolidated net income (loss)	**(21.2)**	**79.9**
Minority interests	4.5	4.9
Net income (loss), Group share	**(25.6)**	**75.0**

The improvement of financial result reflects the decrease and the refinancing of the debt which was completed in the previous fiscal year. As a result, interest charges were reduced by 29.6 million euros compared with the first half 2005-2006.

Financial result

In millions of euros	31/12/2005	Six months ended 30/06/2006	31/12/2006
Interest expenses & other	(84.4)	(53.7)	(54.8)
Hedging instruments	10.0	0.7	(0.2)
Foreign exchange gains / (losses)	0.2	0.3	(0.1)
Amortisation of loan set-up fees	(4.6)	(3.6)	(1.5)
Sub-Total	(78.8)	(56.3)	(56.5)
Prepayment penalties and waiver fee (cash)	(14.2)	-	-
Write off of loan set up fees on PIK, Second Lien and senior debt (non cash)	(25.0)	(35.4)	-
Gain on hedging instruments subsequent to senior debt refinancing (non cash)	-	30.1	-
Post-IPO debt restructuring costs and net senior debt refinancing costs (sub-total)	(39.2)	(5.3)	-
Financial result	**(118.0)**	**(61.6)**	**(56.5)**

Following these transactions and the simplification of the corporate structure, the effective tax rate improved substantially to 37% for the first half 2006-2007.

Income from equity investments shows the contribution of Hispasat, the leading satellite operator in Spanish and Portuguese-language markets, of which Eutelsat owns 27.7%.

Consolidated net income therefore increased strongly, driven by:

- Improvement of operating performance leading to consolidated EBITDA growth of 6.0%;
- Absence of the non-recurring items which had impacted financial results of the first half 2005-2006;
- Significant decrease in interest charges resulting from debt reduction and debt refinancing completed during the previous fiscal year.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

- Substantial operating free cash flow[13] at 102 million euros (representing 25% of revenues)
- Leverage ratio at 3.6x net debt to EBITDA, stable compared with June 30, 2006

Compared with June 30, 2006, net debt is up 74 million euros, reflecting the consolidated distribution of 124 million euros in November 2006 and the investment programme. Capital expenditure (138 million euros) is mainly related to the launch of the HOT BIRD™ 8 satellite and to the procurement of HOT BIRD™ 9, HOT BIRD™10, W2A, W7 and W2M.

Continuation of an active in-orbit investment programme

Following the entry into service in April 2006 of HOT BIRD™ 7A, the HOT BIRD™ 4 satellite was redeployed to the 7/8° West orbital position. Rebranded ATLANTIC BIRD™ 4, the satellite has been used for video broadcasting for Middle East and North Africa markets since July 1, 2006.

HOT BIRD™ 8 went into commercial service in the night of October 2 to 3, 2006. Equipped with a payload of 64 Ku-band transponders which spans the entire range of frequencies at the HOT BIRD™ 13° East position, it assumed all broadcast traffic previously carried by the 20-transponder HOT BIRD™ 3. It also took the inter-satellite redundancy at Eutelsat's prime video neighbourhood to a new level of security.

HOT BIRD™ 8's successful launch also enabled the redeployment of HOT BIRD™ 3 to the 9°/10° East position to serve customers in Europe under its new name of EUROBIRD™ 10. During transfer operations, the satellite experienced an anomaly which resulted in loss of use of a solar array and subsequent significant reduction of electrical power.

These operations together brought the number of operational transponders supplied by the fleet to 479 at December 31, 2006, up from 462 at June 30, 2006 and 460 at December 31, 2005.

Satellite procurement activity was also sustained with contracts signed for three new satellites during the period:

- **HOT BIRD™ 10 :** the Group signed a contract with EADS Astrium for the delivery of the HOT BIRD™ 10 broadcast satellite which will be equipped with 64 Ku-band transponders. The deployment of HOT BIRD™ 10 which is scheduled for launch in the first quarter 2009 underpins Eutelsat's objectives to continue to renew capacity at its premium HOT BIRD™ neighbourhood, to raise in-orbit redundancy and security for broadcasting clients, and to increase overall flexibility across the entire satellite fleet. The entry into commercial service of the HOT BIRD™9 and HOT BIRD™10 satellites will ultimately enable redeployment of HOT BIRD™ 7A (38 transponders) to 9°/10°East and possibly HOT BIRD™ 6 to another orbital location.

- **W7:** the Group also signed a contract with Alcatel Alenia Space for the procurement of W7 whose mission comprises up to 70 Ku-band transponders that can be connected to six beams serving Europe, Russia, Africa, the Middle East and central Asia. To be launched in second quarter 2009, W7 will double the capacity currently available at the 36° East neighbourhood and will allow the redeployment of the SESAT 1 satellite for a new commercial mission at another location.

- **W2A:** the Group retained Alcatel Alenia Space for the delivery of the W2A satellite which will be equipped with Ku-band and C-band payloads. This satellite which is scheduled for launch in the first quarter 2009 will be located at 10° East where it will replace the W1 satellite.
  Eutelsat Communications and SES also announced a project to set-up a joint venture[14] in order to acquire, operate and market an S-band payload on W2A for broadcasting video, radio and data to mobile devices and vehicle receivers over Europe.

[13] Operating free cash flow is defined as net cash flow from operating activities less acquisition of satellites and other property, plant and equipment, net of disposals
[14] A joint venture will be set up by SES ASTRA and Eutelsat following approval from relevant regulatory agencies

RECENT EVENTS

Share ownership structure and corporate governance

On January 23, 2007, Abertis Telecom, subsidiary of the Spanish group Abertis, completed the acquisition of 32% of the share capital of Eutelsat Communications from private equity investment funds (Cinven, Texas Pacífic Group, Spectrum and Goldman Sachs).

On February 14, 2007, CDC Infrastructure[15] completed the acquisition of 25.5% of Eutelsat Communications' share capital from Eurazeo.

With the completion of these transactions, the new share ownership structure is:

- Abertis Telecom: 31.96%
- CDC Infrastructure: 26.15%[16]
- Public: 41.89%.

Following these transactions the January 23, 2007, and February 14, 2007, Board of Directors' meetings coopted five new Directors to replace members who resigned their posts. These appointments are subject to ratification by the next ordinary shareholders meeting.

The new coopted Directors are:

- Tobias Martínez (Managing Director, Abertis Telecom),
- Carlos Espinós (Deputy Managing Director and Commercial and Technology Director, Abertis Telecom)
- Andrea Luminari (Business Development Director, Abertis Telecom)
- Carlos Sagasta (Finance, Planning and Control Director, Abertis Telecom).
- CDC Infrastructure, represented by Jean Bensaïd (Deputy Director, Finance and Strategy, Caisse des Dépôts et Consignations)

The total number of Directors remains unchanged at 10.

OUTLOOK

In view of the results of the first half 2006-2007, the Group confirms its objectives:

- Revenues exceeding 800 million euros for fiscal year 2006-2007, in line with the initial objective communicated in February 2006 of a 3-year[17] compound average growth rate of more than 4.5%[18].
- A compound average growth rate of more than 4.5% for fiscal years 2007-2008 and 2008-2009.
- EBITDA margin of at least 77% for fiscal year 2006-2007 taking into account non-recurring revenues of 11.4 million euros in the first half, and above 76% for fiscal years 2007-2008 and 2008-2009.
- Average annual capital expenditures of 325 million euros, over the three fiscal years 2006-2007 to 2008-2009.

[15] CDC Infrastructure is a subsidiary of Caisse des Dépôts et Consignations
[16] Including 0.65% owned by CDC Fonds Propres (subsidiary of Caisse des Dépôts et Consignations)
[17] Over the 3 fiscal years 2006-2007 to 2008-2009
[18] Assuming revenues of 769 million euros for fiscal year 2005-2006

Analysts and Investors Meeting and Conference call

Eutelsat Communications will hold an analysts and investors meeting on February 15 to present its financial results for the first half 2006-2007. The meeting will take place at Group headquarters, 70, rue Balard, 75015 Paris and will start at 9:30 am (Paris time). The call-in numbers for audio (French and English) are: +33 1 70 99 42 95 (French) and +44 207 806 1957 (English).

A replay will be available by phone at 1:30pm (Paris time) until February 21, 2007, midnight, by dialing +33 1 71 23 02 48 (French), access code: 9906794#, and +44 207 806 1970 (English), access code: 4749999#.

A presentation will be available on the Group's website www.eutelsat.com from 7:30am (Paris time) on February 15, 2007.

Eutelsat Communications will also hold a conference call in English for analysts and investors. The call will begin at 3:30pm (Paris time, New York: 9:30am, London: 2:30pm). Call-in numbers are +44 207 138 0816 and +1 718 354 1171.

A replay of the call will be available at 6:30pm (Paris time) until February 21, 2007, midnight, by dialing + 44 207 806 1970 or +1 718 354 1112, access code: 4425657#.

Financial calendar

- May 10, 2007 : revenues for third quarter ended March 31, 2007
- Week starting July 30, 2007: earnings for full year ended June 30, 2007

The above financial calendar is provided for information purposes only. It is subject to change and will be regularly updated.

About Eutelsat Communications

Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) is the holding company of Eutelsat S.A.. With capacity commercialised on 23 satellites that provide coverage over the entire European continent, as well as the Middle East, Africa, India and significant parts of Asia and the Americas, Eutelsat is one of the world's three leading satellite operators in terms of revenues. At 31 December 2006, Eutelsat's satellites were broadcasting over 2,400 television channels and 1,000 radio stations. More than 1,000 channels broadcast via its HOT BIRD™ video neighbourhood which serves over 120 million cable and satellite homes in Europe, the Middle East and North Africa. The Group's satellites also serve a wide range of fixed and mobile telecommunications services, TV contribution markets, corporate networks, and broadband markets for Internet Service Providers and for transport, maritime and in-flight markets. Eutelsat's broadband subsidiary, Skylogic, markets and operates services through teleports in France and Italy that serve enterprises, local communities, government agencies and aid organisations in Europe, Africa, Asia and the Americas. Headquartered in Paris, Eutelsat and its subsidiaries employ 490 commercial, technical and operational experts from 27 countries.

www.eutelsat.com

For further information

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Appendices

Quarterly revenues by business application

In millions of euros	Three months ended September 30, 2005	December 31, 2005	September 30, 2006	December 31, 2006
Video Applications	129.0	126.5	142.8	147.0
Data & Value Added Services	42.2	44.4	40.8	40.8
Multi-usage	16.2	17.2	14.7	14.8
Other	0.9	1.2	1.3	1.9
Sub-total	188.3	189.3	199.5	204.4
One-off revenues	-	17.4	-	11.4
Total	188.3	206.6	199.5	215.8