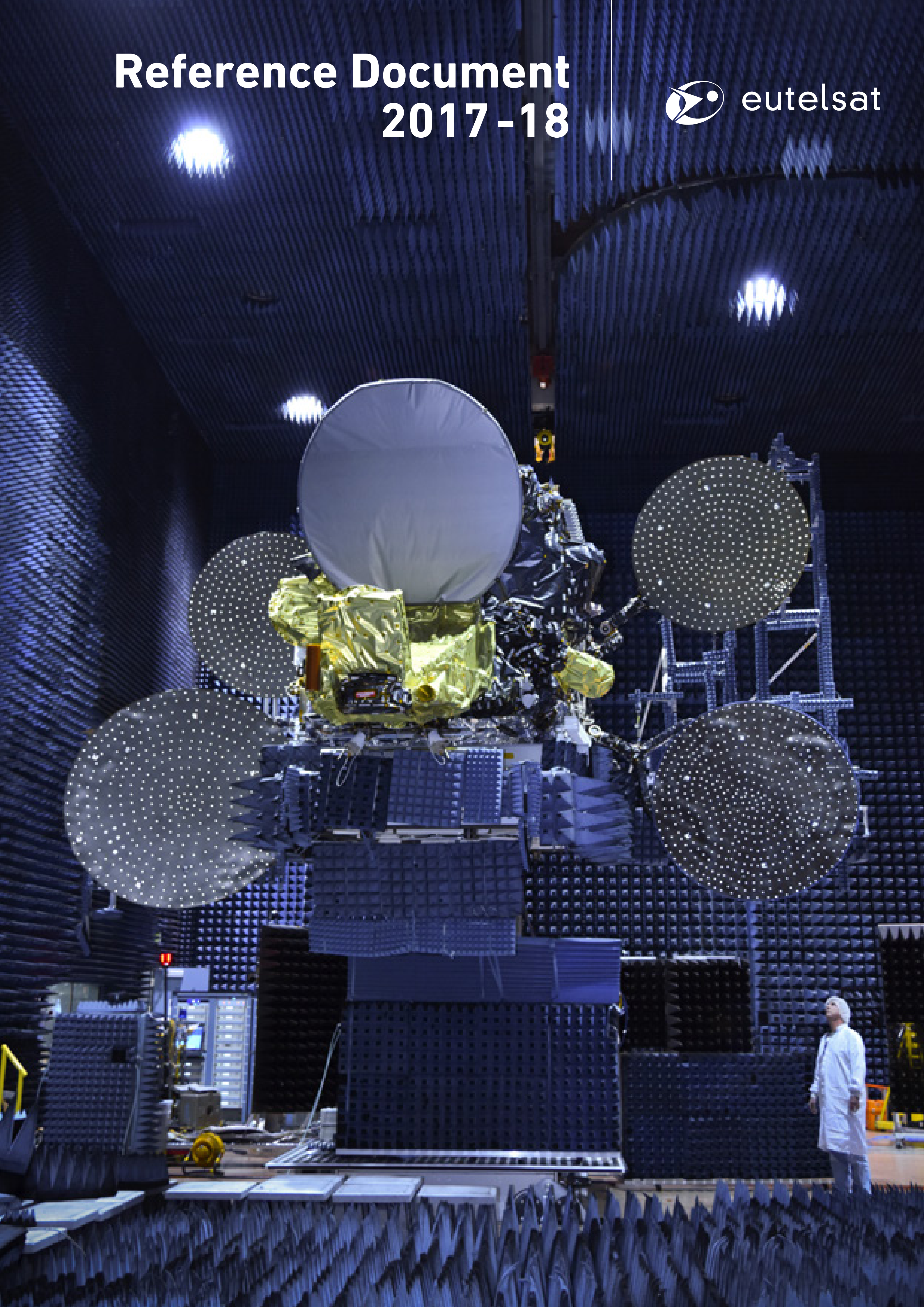
Reference Document 2017-18

eutelsat



CREATING SPACE FOR YOUR COMMUNICATIONS

Every day, Eutelsat demonstrates its expertise as a satellite company which contributes essential resources supporting the growth of digital communications.

As a player at the heart of the video and broadband markets, the greatest advances are yet to come. Ongoing progress brings with it the prospect of an increased role for satellites in order to optimise the use of spectrum, a valuable and finite resource, and to transform the digital society into an environment of economic and social benefit for all.

With these goals in mind, our Group is pursuing a development strategy based on investment and innovation, operational excellence and the creation of lasting value.

>30 years
of Eutelsat Communications

€1,408 m
revenues for 2017-18

~1,000
employees

38
satellites operated[1]

274 m
television households[2]

(1) At 30 June 2018.
(2) Direct and indirect audience.

CONTENTS

Letter

FROM RODOLPHE BELMER,

Chief Executive Officer

“Fully delivering on all our financial objectives for the second year in a row, with progressive improvement in our core operating verticals”

STRONG FREE CASH FLOW GENERATION, PERMITTING A FURTHER INCREASE IN DIVIDEND

The year 2017-18 has been an important one in cementing the foundations for the Group's return to growth. First and foremost, I am pleased to report that we fully delivered on all of our financial objectives for the second year in a row. In particular, I would highlight the progressive improvement in revenue trends throughout the year for the five operating verticals. Our LEAP cost-saving program was well ahead of track, helping us deliver an EBITDA margin of 76.9% at constant currency, well above our 76% target. We strongly improved our financial position, with Net Debt/EBITDA ending the year close to our 3.0x target level, helped by the disposal of our stake in Hispasat for *circa* 300 million euros. Discretionary free cash flow rose by 12% at constant currency despite a tough comparison basis of +65% in FY 2016-17, covering 1.4 times our recommended dividend of 1.27 euros per share, an increase of 5%.

This year delivered a robust commercial performance: Video saw a well-oriented channel count, up 4.5% with HD penetration of 21%, up 3.8 points. The outcome of several important contract renewals, notably Cyfrowy Polsat and TVN at the HOTBIRD position, was positive, while new business was generated in Europe with SFR-Altice at 5°West, Mediaset at HOTBIRD and XtraTV at the 9°East orbital position as well as in several emerging broadcast markets, including Fiji on EUTELSAT 172B and the Caribbean region on EUTELSAT 117 West B. In Government Services, we achieved favorable outcomes in both the Fall 2017 and Spring 2018 renewal campaigns with the U.S. Department of Defense, as well as winning significant incremental business at the newly opened 174°East orbital position. Also in Government Services, much of capacity on EUTELSAT QUANTUM, due to be launched in the second half of calendar 2019, has now been reserved. In Mobile Connectivity, we signed a landmark Memorandum of Understanding with the Chinese telecom operator, China Unicom, rapidly followed up by the commercialization of the remaining HTS capacity on EUTELSAT 172B to its subsidiary, UnicomAirNet. Elsewhere, an agreement was secured with Taqnia for incremental capacity on the EUTELSAT 3B and EUTELSAT 70B satellites. These agreements, together with the double-digit revenue growth of this vertical, confirm the buoyancy of the Mobile Connectivity market.

The performance of our Fixed Broadband vertical, declining for the first time, reflected lower revenues from European Broadband in a context of scarcity of available capacity in Western Europe as well as slower than hoped-for progress by the European retail joint-venture with Viasat. However, the launch of the commercial service in Africa and actions in Europe including yield management, differentiated offers and a strengthened focus on under-penetrated verticals should lead to a return to growth in this vertical in FY 2018-19. Finally, as expected, Fixed Data revenues, which now represent just 10% of the Group total, saw a further decline in the past financial year, reflecting ongoing pricing pressure in all geographies and the absence of significant incremental volumes. Our cautious view on this vertical is unchanged, and we will continue to divert our resources into the other, more promising verticals.

We continued to outperform our targets in terms of reducing capital expenditure, with a level of 358 million euros in 2017-18, well below the 420 million euros average objective. Looking ahead the successful application of our design-to-cost policy will enable us once again to reduce our Capex envelope in the coming years. Indeed the recent Memorandum of Agreement (MoA) with Airbus Defence and Space for the procurement of two larger new satellites to replace the three existing satellites at our HOTBIRD flagship neighbourhood is a perfect illustration of this. These two new satellites are set to be launched in 2021.

Elsewhere in 2017-18, we absorbed Noorsat, one of our distributors, in the MENA region, to optimise Video distribution. This operation fits with our broader strategy of streamlining distribution within selected core video neighborhoods. It will allow Eutelsat to strengthen the long-term commercial development of its market-leading video positions in the Arabic world and increase its direct access to end-customers, facilitating stimulation of High Definition TV take-up and the upselling of incremental video services.

One of the major events of the past year was the procurement of the KONNECT VHTS satellite from Thales Alenia Space to shape our future Connectivity strategy. Expected to be launched in 2021, it will bring 500 Gbps of Ka-Band capacity over Europe to support the development of European Fixed Broadband and in-flight Connectivity businesses. Significant multi-year distribution commitments have been signed with Orange to address the Fixed Broadband market in European countries where the Group has a retail presence and Thales to serve notably the government market.

At the same time as attending to our commercial, strategic and financial priorities, we have continued to invest in reinforcing the cohesion and motivation of our teams, notably with the roll-out of 'One Eutelsat' programme bringing together 200 employees across all subsidiaries, including the Executive Committee, to define Eutelsat's core values, with an emphasis on team work and emotional intelligence, and to strengthen their management skills. Elsewhere, the second edition of the “Rising Star” programme, aimed at identifying high-potential future executives, was launched in partnership with HEC Executive Education, under the supervision of internal mentors.

Our priorities for the current year are clear: we will pursue our financial discipline aimed at maximising free cash flow generation, ensuring we deliver the full benefits of LEAP with our 30 million euros target, securing further interest cost savings with the refinancing of the January 2019 Bond and continuing to strive for Capex efficiencies *via* our design-to-cost policy. In operational terms, we will further focus on extracting maximum value from our core Video vertical with ongoing efforts to stimulate the transition to HD/UHD, roll-out our differentiated pricing policy and mine growth opportunities by enhancing end-viewer experience, on the back of our recently launched

CIRRUS hybrid satellite-OTT delivery solution. We will also prepare for growth in Broadband by continuing to strengthen our European operations ahead of the change in scale that will be brought by the availability, first of the KONNECT, and subsequently of the KONNECT VHTS satellites and focus on successfully deploying the African Broadband business.

All our financial objectives for 2018-19 are reiterated. Revenues for the five operating verticals at constant currency, perimeter and IFRS 15 accounting standards are expected to return to slight growth from FY 2019. The EBITDA margin at constant currency is expected above 78% from FY 2019 onwards after taking into account the impact of IFRS 15 and IFRS 16. Our estimated Cash Capex spend is reduced to an average of 400 million euros per annum for the period July 2017 to June 2020. As a reminder, we already reduced our Capex envelope from 500 million euros to 420 million euros in June 2016. This 20% total reduction has been achieved without compromising at all the deployment plan. Discretionary free cash flow is expected at mid-single digit CAGR at constant currency and perimeter for the same period. We are also committed to maintaining a sound financial structure to support our investment grade credit rating with a net debt/EBITDA ratio objective below 3.0x. Once again, we reiterate our commitment to serving a stable to progressive dividend to our shareholders.

Letter

FROM DOMINIQUE D'HINNIN,

Chairman of the Board of Directors

“Positioned to grasp future opportunities in the Space sector”

INNOVATION AND SUSTAINABILITY AT THE HEART OF OUR BUSINESS MODEL

It is in a context which is both challenging but also full of opportunity for the Group and the Satellite Services industry as a whole that I took up the role as Chairman of Eutelsat Communications in November 2017. The new Directors who joined at this time, Agnès Audier, Paul-François Fournier, Esther Gaide and Didier Leroy, have rapidly gelled with the more long-standing members of the Board and their collective international, strategic, financial, operational and technological experience have yet again proven their worth in the decisions which have been taken during the past 12 months.

At a time of change in our industry, coming both from advances in technology and changing consumption patterns among our customers, Rodolphe Belmer and his teams continue to successfully steer the Eutelsat Group along a strategic path aimed at preparing for a return to growth while delivering solid returns for shareholders, and the Board has been committed to accompanying and supporting them in their task. It has also been gratifying to witness first-hand the commitment, dedication and talent of the Company's employees, who are key to the success of the Group's strategic roadmap.

The results of this successful team are clear, with a further year of delivery on financial commitments, with notably a further rise in free cash flow generation, leading to a 5% increase in this year's recommended dividend. At the same time, the Company has continued to invest to prepare for its return to growth while upholding its strong tradition of innovation, notably with the promising prospects for the EUTELSAT QUANTUM satellite, and lately, the procurement of KONNECT VHTS, a new-generation satellite dedicated to high-speed broadband.

This satellite also addresses one of the elements at the heart of the Group's socially responsible development policy, namely reducing the digital divide experienced by individuals and businesses located beyond reach of terrestrial telecommunication networks. In the majority of regions, the long-term addressable market for satellite broadband is estimated at some 2 to 3% of households – thereby representing a considerable commercial opportunity by also a significant social benefit.

During the past year, the Board has focused its energy on the operational, technical and financial performance of the Group as well as the evolution of its various markets, and has worked closely alongside management on the analysis of various strategic options to grasp the attendant opportunities. We have also pursued our ongoing aim of continually enhancing the internal structures and governance of the Company. In the past year these included amongst others intensifying resources in the areas of anti-corruption and risk management, as well as stepping up our efforts to engage directly with our shareholders, undertaking several external governance meetings during the year. In April 2018, an Investor Perception Study was carried out by an independent consultant, aimed at enhancing our understanding of investor preoccupations and our ability to address them. Its findings and recommendations were presented to the Board.

As we look ahead to FY 2018-19 and beyond, I am confident the Company is on the right path to deliver a return to growth in the coming years, underpinned by technical excellence, commitment to innovation and strong customer focus. We will continue to be guided by our principles of sustainable development, a diverse and motivated workforce and strong financial discipline to ensure that we deliver on our commitments to all our stakeholders.

01

PRESENTATION OF EUTELSAT COMMUNICATIONS

1.1 HIGHLIGHTS OF THE FINANCIAL YEAR, OUTLOOK AND KEY FIGURES

Highlights

Fiscal year 2017-18

The main highliths of fiscal year 2017-18 are as follows:

Fully delivering on all financial objectives:

- Revenues down 1.9% like-for-like, within our guidance range of -1% to -2%;
- LEAP cost-saving program ahead of track;
- EBITDA margin of 76.9% at constant currency, well above 76% target;
- Effective Capex containment at 358 million euros, below the 420 million euros average objective;
- Discretionary free cash flow up 11.9% at constant currency despite tough comparison basis (+65% in FY 2016-17);
- Net Debt/EBITDA now in line with 3.0x target level; deleveraging accelerated by disposal of Hispasat stake for 302 million euros;
- Recommended dividend of 1.27 euros per share, up 5%; 1.4 times covered by Discretionary free cash flow.

Progressive improvement in trend in the operating verticals:

- Operating verticals down 1.3% at constant currency and perimeter, with a progressively improving trend (-2.2% year-on-year in the second quarter, -1.1% year-on-year in the third quarter, -0.7% year-on-year in the fourth quarter).

Effective design-to-cost policy underpinning tangible reduction in Capex spend:

- Replacement of the HOTBIRD constellation a strong illustration of effectiveness of design-to-cost policy;
- Capex outlook further lowered to 400 million euros average thanks to above-expectation delivery on design-to-cost.

Robust commercial performance underpinning return to slight growth in FY 2018-19:

- In Video:
  - Well-oriented channel count, up 4.5% with HD penetration of 21.0%, up 3.8 points;
  - Positive outcome of contract renewals, notably Cyfrowy Polsat and TVN at the HOTBIRD position;
  - New business in Europe with SFR-Altice at 5°West, Mediaset at HOTBIRD and XtraTV at the 9°East orbital position as well as in several emerging broadcast markets, including Fiji on EUTELSAT 172B and the Caribbean region on EUTELSAT 117 West B;
  - Absorption of Noorsat to optimise Video distribution in the MENA region.
- In Government Services:
  - Favourable outcomes of Fall 2017 and Spring 2018 renewal campaigns with the U.S. Department of Defense;
  - Significant incremental business at the new 174°East orbital position;
  - Much of capacity on EUTELSAT QUANTUM reserved.
- In Mobile Connectivity:
  - Landmark MoU with China Unicom followed by the commercialization of the remaining HTS capacity on EUTELSAT 172B to UnicomAirNet;
  - Agreement with Taqnia for incremental capacity on EUTELSAT 3B and EUTELSAT 70B satellites;
  - These agreements and the double-digit revenue growth confirm the buoyancy of the Mobile Connectivity market.

Preparing growth in Connectivity:

- Entry into service of the Al-Yah-3 satellite in August 2018;
- Procurement of KONNECT VHTS with significant multi-year distribution commitments with Orange and Thales.

Since 30 June 2018

In August 2018, Eutelsat sold its interest in the EUTELSAT 25B satellite operated at 25.5 degrees East to the co-owner of the satellite, Es'hailSat, for a consideration of 135 million euros. Eutelsat's share of the satellite generated FY 2018 revenues of *circa* 16 million euros in the video application. The divestment of this non-core asset is in line with Eutelsat's strategy of optimising its portfolio of businesses in the context of its policy of maximizing cash generation.

On 2 October 2018, Eutelsat S.A **800 million euros 2.000% percent** Eurobond with a 7-year maturity. It will enable to redeem the outstanding bonds maturing in January 2019 for a total principal amount of 800 million euros, bearing a 5.000 per cent coupon.

This transaction is expected to contribute to maximize Discretionary Free Cash Flow and will further reduce pre-tax cash interest by some 24 million euros on an annualized basis from FY 2019-20, following the 31 million euros reduction of this item recorded between FY 2015-16 and FY 2017-18. Furthermore, this operation will allow Eutelsat to extend its debt maturity profile.

Financial outlook

Note: The less predictable nature "Other revenues" (*i.e.* revenues which are non-recurring and not related to the commercialization of capacity) leads us to exclude them from our revenue objectives as of FY 2018-19.

All elements of the financial outlook are confirmed or upgraded.

- **Revenues** for the five operating verticals[(1)] (at constant currency, perimeter and IFRS 15 accounting standards) are expected to return to slight growth from FY 2018-19.
- The **EBITDA margin** (at constant currency) is expected above 78% from FY 2018-19, taking into account the impact of IFRS 15 and IFRS 16 accounting standards.
- Our estimated **Cash Capex**[(2)] spend is reduced to an average of 400 million euros [(3)] per annum for the period July 2017 to June 2020 (*versus* 420 million euros previously) reflecting positive impact of design-to-cost policy.
- Discretionary **free cash flow**[(4)] is expected to grow at a mid-single digit CAGR in the period July 2017[(5)] to June 2020 (at constant currency and excluding the impact of the disposal of the interest in the EUTELSAT 25B satellite).
- The Group is committed to maintaining a **sound financial structure** to support its **investment grade credit rating** with a net debt/EBITDA ratio below 3.0x.
- It also reiterates its commitment to serving **a stable to progressive dividend**.

This outlook is based on the nominal deployment plan outlined hereunder.

* * *

These objectives are based *inter alia* on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group, (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.

The forward-looking objectives, statements and information summarised above are based *inter alia* on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.

The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future. Furthermore, the materialisation of certain risks described in the chapter "Principal Risks" below could have a negative impact on the Group's business and on the achievement of the forward-looking objectives, statements and information cited above.

(1) Excluding Other Revenues. Reported revenues for the five operating verticals stood at 1,360 million euros in FY 2017-18. As a reminder, the impact of the adoption of IFRS 15 standard is estimated between (15) million euros and (20) million euros on FY 2017-18 revenues for the five operating verticals.

(2) Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

(3) Including impact of new IFRS 16 accounting standard.

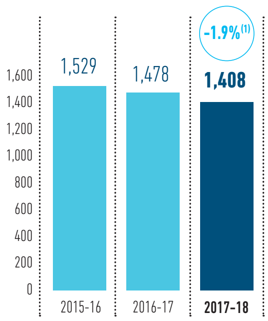
(4) Net cash flow from operating activities – Cash Capex – Interest and Other fees paid net of interest received.

(5) Discretionary Free Cash Flow of 407.8 million euros in FY 2016-17.

Key figures

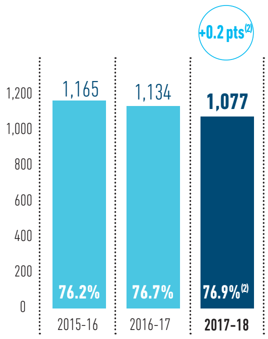
Preliminary comment: EBITDA and discretionary free cash flow are alternative performance indicators which are defined in Chapter 6 of the present document.

REVENUE GROWTH *(€m)*



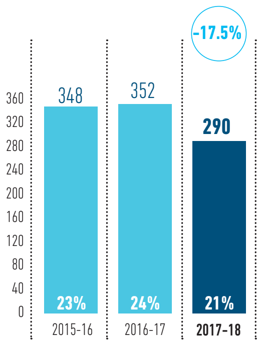
x.x Change at constant currency and perimeter

EBITDA *(€m)*(2)



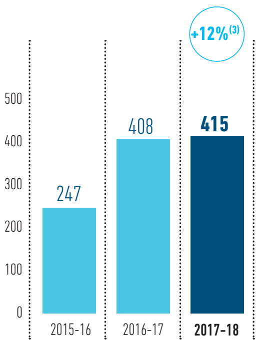
x.x Change in margin at constant currency
% Margin

GROUP SHARE OF NET INCOME *(€m)*



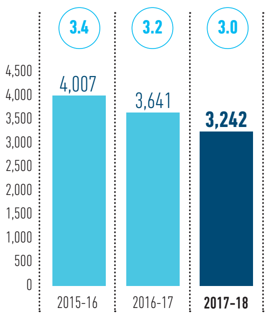
x.x Change
% Net margin

DISCRETIONARY FREE CASH FLOW *(€m)*



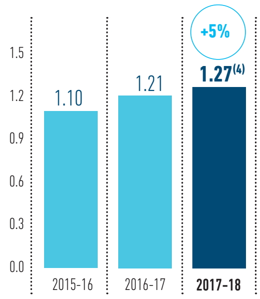
x.x Change at constant currency

NET DEBT *(€m)* AND LEVERAGE



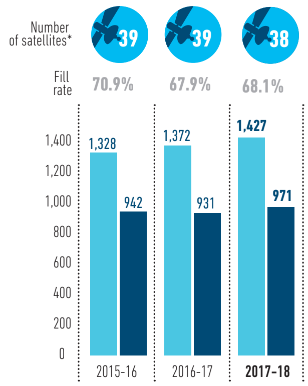
x.x Net Debt/EBITDA

DIVIDEND PER SHARE *(€)*



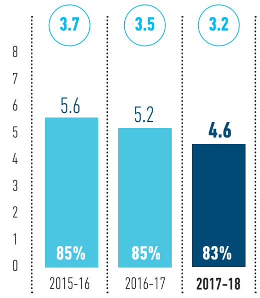
x.x Growth

FILL RATE(5)



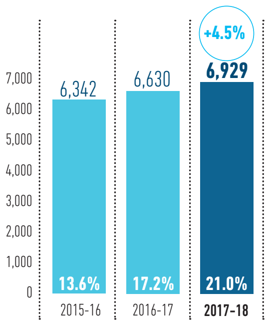
Operational transponders
Utilised transponders
** As of 30 June (owned and leased)*

BACKLOG *(€bn)*



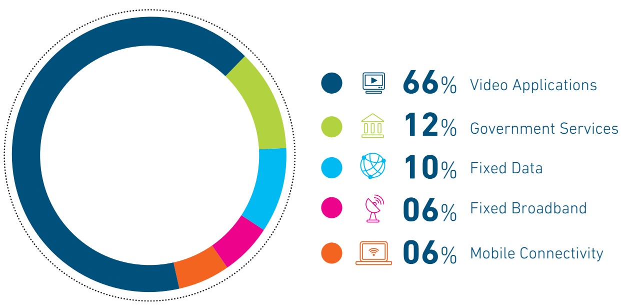
% Share of Video Applications
x.x Number of years of N-1 revenues

CHANNELS BROADCAST AND HD PENETRATION



x.x Change
% HD

2017-18 REVENUES BY APPLICATION *(%)*(6)



(1) On a reported basis revenue was down -4.7%.
(2) Margin at constant currency. Reported EBITDA margin of 76.5% in FY 2017-18.
(3) Change at constant currency. Reported variation stood at +2%.
(4) Proposed to the AGM of 8 November 2018.
(5) On the basis of 36 Mhz-equivalent transponders, excluding HTS capacity.
(6) Excluding "Other revenues".

1.2 GROUP ACTIVITIES, MAIN MARKETS AND COMPETITION

1.2.1 Group activities

Operating capacity on 38 satellites in-orbit between 117°West and 174°East providing coverage of EMEA[6], the Americas and a large part of the Asian continent, the Group delivers its services to broadcasters and network operators directly or *via* distributors.

As of 30 June 2018, Eutelsat's revenues were 1,408 million euros, of which 66%[7] came from Video Applications. The backlog stood at 4.6 billion euros, of which 83% for Video Applications.

1.2.1.1 Core business

Video Applications

Accounting for 66% of Eutelsat's revenues, revenues for Video Applications stood at 897 million euros for the 2017-18 financial year.

Video Distribution ("Direct to Home")

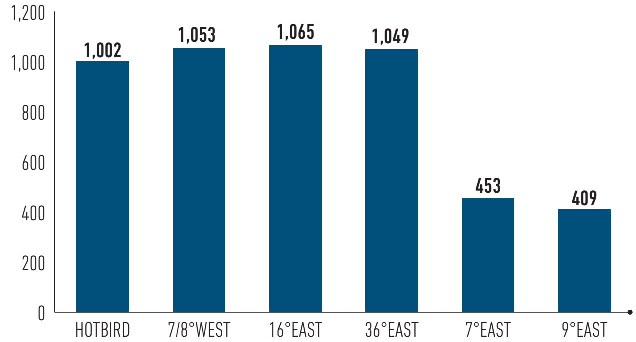
Eutelsat provides its customers with broadcasting capacity and associated services to enable them to transmit TV programmes mainly to households that are either equipped to receive them direct *via* satellite, or – to a much lesser extent – connected to cable or IP networks. The Group occupies a key place in the audiovisual chain which extends from the reporting site to the TV viewer's screen.

With 6,929 TV channels (including 1,455 in High Definition) broadcast *via* the Group's in-orbit resources, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle-East, North Africa and Sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of new broadcasting formats (High Definition, Ultra High Definition).

Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: for example, the Group launched the HOTBIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra-HD channel in this new standard. Eutelsat carried 14 unique UHD channels on its fleet in Europe, Russia and Turkey.

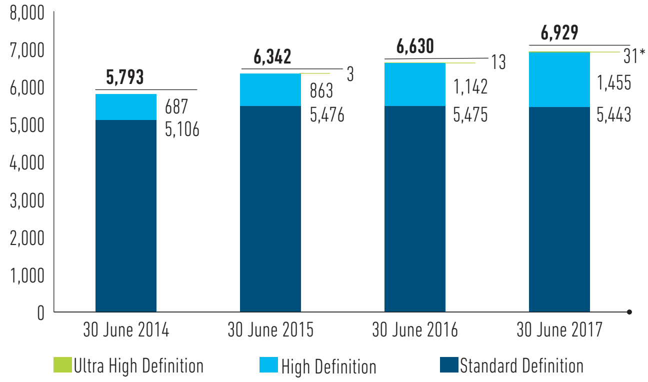
Eutelsat's business model is based on long-term relationships with its broadcasting customers, the opening of new in-orbit resources, the increase in programme offerings and in the numbers of antennae pointed at the Group's satellites. The Group's customers for video distribution include leading broadcasters such as Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal+ Overseas and ZAP in Africa and Milicom in Latin America.

TV CHANNELS BROADCAST ON THE GROUP'S SATELLITES AT EUTELSAT'S MAIN VIDEO NEIGHBOURHOODS



Source: Eutelsat Communications.

NUMBER OF CHANNELS ON EUTELSAT'S FLEET



Source: Eutelsat Communications.

* *Of which 14 unique UHD channels.*

Research published in 2015 by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle-East stood at 274 million, of which 138 million receive channels from the HOTBIRD neighbourhood, up from 122 million in 2010. All eight neighbourhoods continue to experience audience growth.

Direct-to-Home is the leading reception mode across the combined Europe, Russia, North Africa and Middle-East footprint. The number of Direct-to-Home households stood at 160 million.

Regarding DTH, cable, IPTV and DTT reception in the more mature Western European markets, 15 countries were surveyed, accounting for 179 million TV homes. DTH was confirmed as the main mode for TV reception in Western Europe, with 58 million, accounting for one in three homes.

In France, the Fransat service, which transmits free DTT channels *via* the EUTELSAT 5 West A satellite, is received by more than 2 million households.

(6) *Extended Europe consists of Western Europe, Central Europe, Russia and Central Asia, North Africa, the Middle-East and Central Asia.*
(7) *The share of each application as a percentage of total revenues is calculated excluding "Other Revenues".*

Professional Video services

The Group provides television channels or broadcasting platforms with point-to-point links, enabling them to route their programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also enable the establishment meshed networks which are used for the exchange of TV station programmes.

Elsewhere, the Group provides links for the transmission by broadcasters of current affairs programmes ("Satellites News Gathering" or SNG) in standard digital or in High Definition.

The Group's customers for this type of service include the European Broadcasting Union (EBU), Sky, Globecast, Arqiva, as well as video reporting professionals and sports federations.

In these applications, capacity can be allocated for occasional use or on a more permanent basis.

The Group is therefore in a position to support professionals at each stage of the transmission of content, from the transfer of images captured on the spot right through to the reception of programs by the end-viewer, on a regional, national and global level.

Government Services

Government Services revenues amounted to 159 million euros in fiscal year 2017-18 and represented 12% of Group revenues.

Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group's satellites enable a wide coverage with a strong quality of service and provide direct links between Europe, the Middle-East, Africa, Asia and the Americas. Whether operations are land-based, maritime, field, or air, demand for satellite services is generally driven by three key needs: interconnection of sites that are dispersed or located some distance from high-speed terrestrial routes,: guaranteed immediate availability of capacity as well as security and reliability.

In particular the Group addresses the needs in terms of satellite capacity required by intelligence, surveillance, safety, security and reconnaissance systems for the U.S. administration. In order to better respond to satellite needs of government and institutional markets in EMEA region, Eutelsat created Eutelsat Government EMEA in early 2015.

Fixed Data

Fixed Data revenues stood at 143 million euros for fiscal year 2017-18 and represented 10% of Eutelsat's revenues. In this segment Eutelsat's business is split between Corporate Networks, Mobile backhauling and Trunking.

Satellite corporate networks enable corporates to connect their network *via* satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly *via* service providers but the main users include for example the oil and gas industry, banking or distribution. Corporate networks represent more than half of Eutelsat's Fixed Data Services revenues. Revenues related to non-military applications for governments or NGOs such as programs to reduce the digital divide (e-Education, e-health) are also classified in Fixed Data.

Within the mobile network (backhaul) and Internet backbone connection (trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms *via* satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. Demand in strong in emerging markets (Africa, the Middle-East, Latin America and Asia-Pacific) where the Group has a longstanding presence.

1.2.1.2 Connectivity

Fixed Broadband

Fixed Broadband revenues amounted to 87 million euros in fiscal year 2017-18 and represented 6% of Group revenues.

The Group offers Internet access solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks.

The range of services for private individuals (Tooway) offers download speeds of 22 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes. These offers are mostly marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package *via* satellite. In the framework of the partnership with ViaSat, this indirect approach is completed by a retail joint-venture (51% owned by ViaSat and 49% by Eutelsat) which is in charge of the direct commercialization of the Broadband Service to end-users in selected areas. In 2017-18, the first offers of this retail Joint-Venture were launched in Sandinavian countries and in Poland.

A wide range of services for professionals are also commercialized. The main markets targeted include Internet access markets for businesses and local authorities, the interconnection of private virtual networks, the security and safety of terrestrial networks by means of back-up satellite links and the deployment of remote surveillance solutions (SCADA). For example, KA-SAT is used at off-shore sites on the North, Baltic and Mediterranean Seas and can provide broadband access where there is a lack of terrestrial infrastructure for construction companies, event organisers, hotels and public safety organisations.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Brazil on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat also has provided Broadband Internet access services in Russia on the EUTELSAT 36C satellite since fall 2016. Furthermore, capacity leased on the fleet of Yahsat will allow to ramp-up Broadband Internet access services in Sub-Saharan Africa in 2018-19 ahead of the availability of its own satellite which is expected to be launched in 2019 to serve this region.

Mobile Connectivity

Mobile Connectivity revenues amounted to 74 million euros in fiscal year 2017-18 and represented 6% of Group revenues. The capacity is used to provide Connectivity services on planes and to a lesser extent ships.

The Group has a portfolio of assets with capacity dedicated to Mobile Connectivity (in-flight or maritime) at 3°East, 10°East, 172°East and 117°West orbital positions as well as on the KA-SAT satellite. In the value chain, the Group is a raw capacity provider and its main customers are distributors/integrators such as Panasonic, GoGo, ViaSat, Taqnia or Speedcast which resell turnkey services to airlines or shipping companies.

Capacity on KA-SAT satellite, covering Europe and the Mediterranean basin will enable airlines to offers passengers top-quality Internet access throughout European airspace. For example, Eutelsat is providing capacity on KA-SAT for the fleets of Finnair, SAS, Icelandair and El Al.

Furthermore, Eutelsat has signed a multi-year agreement with Taqnia for the lease of four steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity on 130 medium-/long-haul aircraft of Saudi Arabian Airlines, covering flight paths from the Middle-East to Europe. This agreement was complemented thereafter by a contract for additional capacity.

At the end of November 2017, the EUTELSAT 172B satellite entered into service including notably a Ku-band HTS payload specifically designed for in-flight Connectivity over the Pacific region. This capacity has been fully leased on the one hand by Panasonic Avionics Corporation as a platform for in-flight Connectivity and entertainment for airlines serving the Asia-Pacific area and on the other by China Unicom to enhance inflight connectivity services across an area stretching from the West coast of North America to Asia, and down to Australia.

1.2.2 Main markets and competition

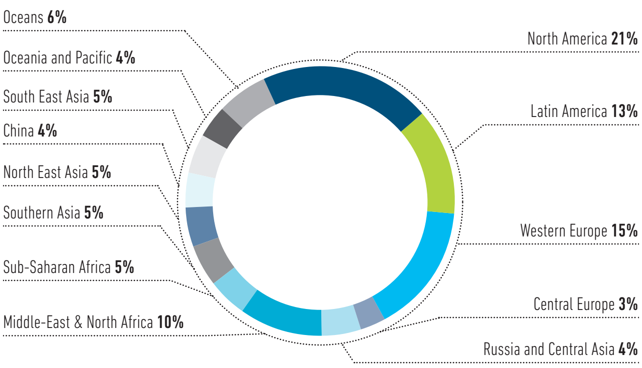
1.2.2.1 The Fixed Satellite Services industry

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (*e.g.* private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The growth of television in emerging markets, growing needs in terms of Internet access, whether fixed or on the move, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector will generate global revenues of 10.9 billion U.S. dollars in 2018.

BREAKDOWN BY REGION OF REVENUE FOR FSS SECTOR



Source: Euroconsult, 2018 edition, based on total FSS operators wholesale revenues.

A market with visibility

Eutelsat: a core player in the most resilient segments

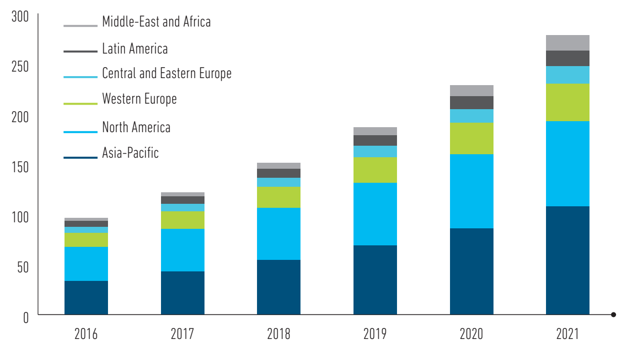
Visibility on the FSS market is underpinned by several factors:

- satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;
- customers, especially those in the Video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

Video Applications, Eutelsat's core business, is highly resilient and its significant backlog provides visibility on future revenues.

Furthermore, as an infrastructure used to distribute content, satellite benefits from the trend of secular growth in usages and global data traffic.

GLOBAL INTERNET TRAFFIC EVOLUTION *(IN EB PER MONTH)*



Source: Cisco/VNI.

An increase in usages driven by the digital revolution

Eutelsat: a key player in the distribution of Video content

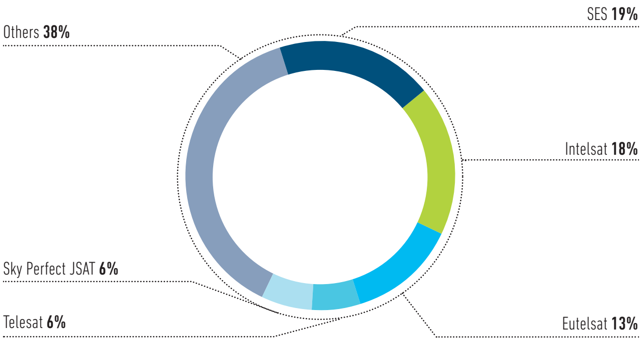
The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD) which require additional bandwidth. Moreover, despite a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services, linear television remains the primary means to view video content.

In this context, satellite remains the distribution infrastructure enabling Free-to-Air or Pay-TV platforms to reach the largest audience at a competitive cost with best-in-class image quality.

A fast-changing and competitive environment

The three largest operators – Intelsat, SES and Eutelsat – together have a 50% market share in the FSS sector.

OPERATORS GLOBAL MARKET SHARE (BASED ON REVENUES)



Source: Euroconsult, 2018 edition.

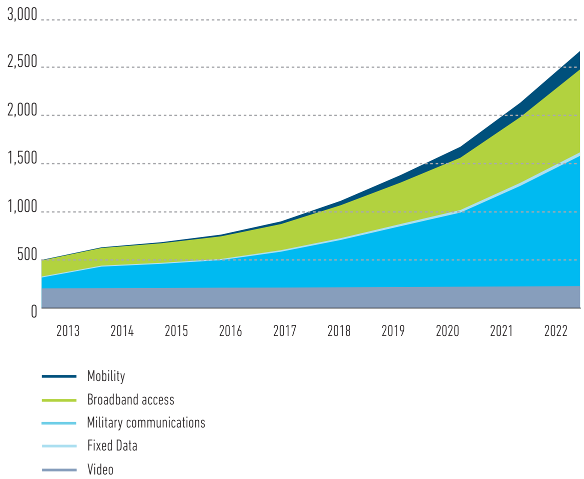
At regional level, some operators have also implemented investment programmes with a view to expanding on their markets and competing with global operators. These programmes may encounter obstacles such as the high level of investment, expertise and commercial effort required and the complexity of the international regulatory environment. Finally, the arrival of HTS and subsequently VHTS satellites driven by technical innovation provides increased throughput at competitive costs for certain applications.

The emergence of regional operators, together with the expansion of established operators and technical innovation is reflected in an increase in the amount of satellite capacity on the market which differs depending on the applications. Whereas regular capacity supply dedicated mostly to Video Applications is forecast to decrease by 4% between 2017 and 2022 according to Euroconsult, HTS capacity supply dedicated mostly to Fixed Data and Connectivity is expected to be multiplied by four over the same timeframe.

A dual market dynamic

In the Fixed Satellite Services sector, the traditional businesses are Video, Fixed Data and Government Services. In the markets covered by the Group, and despite continued growth for Video in emerging markets, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe) and an increase in supply which is weighing on pricing in Data Services. At the same time, new highgrowth segments have emerged in recent years, notably the "Connectivity" businesses of Fixed Broadband and Mobile Connectivity, which present significant new opportunities for satellite operators.

BREAKDOWN BY APPLICATION OF GLOBAL DEMAND IN GBPS (REGULAR AND HTS CAPACITY USED)



Source: Euroconsult, 2018 edition.

1.2.2.2 Core businesses – market prospects

Video

In 2016, Video was the largest segment of the FSS market, accounting for *circa* 4,000 transponders worldwide, equivalent to 60% of the volume of regular capacity available on the market (source: Euroconsult, 2018 edition). Overall the Video market is slightly growing driven by demand in emerging countries.

- The number of homes equipped with a satellite terminal should increase globally by some 50 million between 2017 and 2022 with the penetration of satellite-based television services rising from 26 to 28% of the global population (source: Digital TV Research).
- The number of channels broadcast by satellite worldwide has increased from over 35,000 to over 40,000 over the last five years and should exceed 44,000 by 2027 (source: Euroconsult, 2018 edition).

Market dynamics differ between developed and emerging countries.

In developed countries:

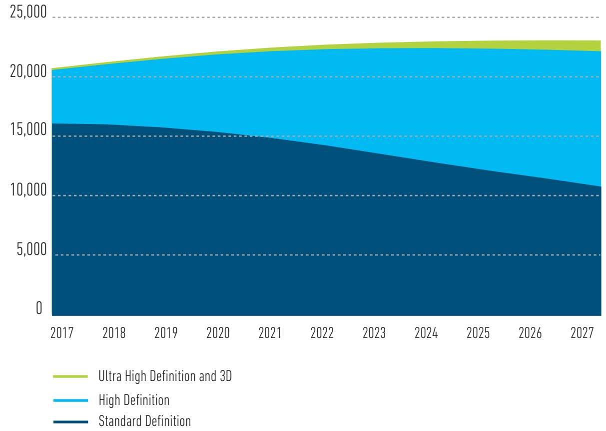
- The market is mature. In Europe in particular, trends should be broadly stable with HD and UHD ramp up offsetting improvement of compression and encoding format as well as end of certain simulcast channels.
- Requiring more satellite capacity as standard definition (a 36 Mhz transponder can broadcast more than 20 Standard Definition channels or around 9 HD channels in MPEG-4 format), the HD penetration rate on Eutelsat satellites has risen in one year from 17.2% to 21.0% in the past year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 10% in EMEA and Latin America over the 2017-27 period to more than 11,000 channels by 2027.
- Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently more than three times as bandwidth-hungry than HD, even factoring in the efficiency gains brought by the new HEVC compression format.
- Conversely, technological advances in the compression of television signals together with the discontinuation of simulcast channels have a negative impact on capacity requirements. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thereby optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market. However, Eutelsat is more advanced on compression (with MPEG-4 channels representing 67% of the channels broadcast by the Group) than on HD penetration (with an HD penetration of 21.0%). Therefore future HD ramp-up should largely offset generalization of MPEG-4.
- The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design a new generation of "hybrid" terminals that combine access to both television and the Internet. Eutelsat's teams are involved in this process and are continuously working to enhance television services and supply of connected television services.

In emerging countries demand is growing. According to Euroconsult, between 2017 and 2022 demand for capacity for Video Applications will grow by 5% per year in Latin America, Sub-Saharan Africa, the Middle-East and North Africa, Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast which has more than doubled over the past five years. The potential for further growth is robust since, for example, there are currently only two channels per million inhabitants in Sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

Moreover HD penetration is weaker than in mature countries. For example, in Sub-Saharan Africa, HD penetration stands at just 5% compared with 34% in Western Europe (source: Euroconsult, 2018 edition). HD penetration is forecast to in these regions which will have an additional positive effect on demand.

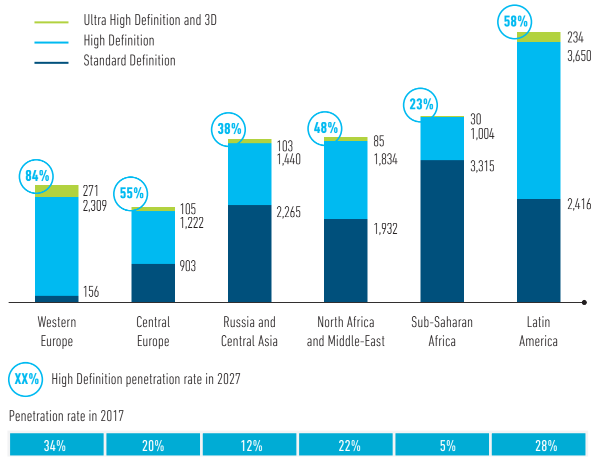
Finally the rise of Digital Terrestrial Television ("DTT") in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

EVOLUTION OF THE NUMBER OF SD, HD AND UHD CHANNELS IN EXTENDED EUROPE AND LATIN AMERICA



Source: Euroconsult, 2018 edition.

HD PENETRATION BY SUBREGION IN 2027



Source: Euroconsult, 2018 edition.

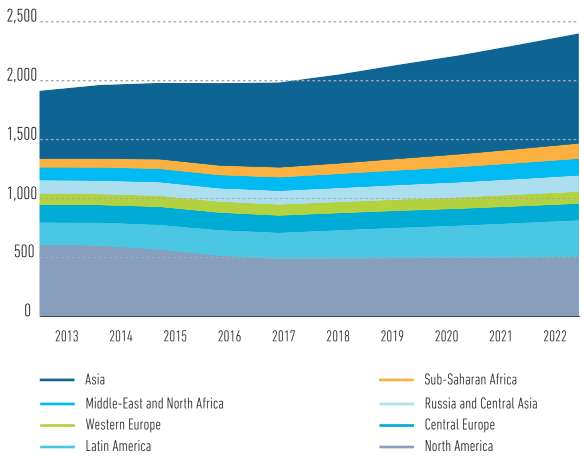
Fixed Data

The Fixed Data market is composed of several segments: business networks, the interconnection of mobile networks and trunking.

- VSAT business networks: although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas, in particular in emerging countries, satellite technology is therefore the optimal solution. Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms; and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. More than two million VSAT terminals for business networks are in operation globally and this is expected to continue to continue to grow as illustrated by the chart below.

DEVELOPMENT IN NUMBER OF V-SATS PER REGION

(IN THOUSANDS)



Source: Euroconsult, 2018 edition.

- Interconnecting mobile networks and "trunking": The market for interconnecting mobile networks is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) for transmitting information between these points. It is concentrated in emerging countries, in particular Latin America and Southern Asia. In the medium-term the development and the extension of data-greedy 3G/4G mobile networks should generate an additional demand for satellite capacity, with satellite being positionned as a complement to terrestrial networks. The market for interconnecting mobile networks should gradually migrate towards new HTS capacities, which enables satellite operators to offer 3G/4G Data Services, (significantly increasing the volume of data transmitted).
- The "trunking" market is defined as the transmission of information (voice or data, also known as "IP trunking") between one national backbone network and another. This market is in decline in both volume and value in large part due to competition from fibre optic. Nevertheless, satellite technology still plays an important role in areas that are not connected to the terrestrial network or that have a poor connection to the network. There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable.

Overall demand is growing in volume notably thanks to increased Data traffic but is accompanied by a significant decline in prices caused by several factors:

- The amount of satellite capacity dedicated to fixed data has increased significantly and continues to grow;
- Terrestrial networks are competing with satellite technology on this market segment;
- The arrival of HTS satellites has led to a reduction in the production cost of capacity which in turn impacts prices.

As a result revenues for Fixed Data are expected to decline in the coming years albeit certain segments, particularly point-to-multipoint applications (which account for more than half of Eutelsat's Fixed Data revenues), should be more resilient in the short and medium-term.

Government Services

After several years of decline demand in volume in the military Government Services market has stabilised. In the medium-term demand will benefit from developments in security, surveillance, safety and IT systems in a context of increasing volumes of data exchanged and from the increasing use of commercial capacities by governments seeking to rationalise the spending.

Demand from the U.S. Government, a key customer in this segment, has stabilized, albeit at much lower prices than before. There are growth opportunities in other regions such as Asia-Pacific or with other governments which may increasingly turn to commercial operators for their satellite capacities. Like Fixed Data, this segment will be impacted by the arrival of HTS capacity, although it is expected to migrate at a much slower pace. The quality of coverage as well as the flexibility allowed by operators to meet operational needs of governments will remain key differentiators.

The civil Government Services market is also opening opportunities, for example in offering additional services to connect public infrastructure (such as schools and hospitals) in remote regions.

1.2.2.3 Connectivity Applications – market prospects

The market for Connectivity Applications represents one of the greatest potential medium and long-term growth opportunities in the satellite segment.

Fixed Broadband

The number of homes equipped with a satellite terminal connected to the Internet has risen by 30% in five years to over 2.8 million worldwide (source: Euroconsult, 2018 edition). Mainly confined to the European and North-American markets at this stage, Satellite Broadband is expected to grow in the years ahead, notably expanding to new regions (Latin America, Africa, Russia…).

The development of the market for Fixed Broadband is driven by the following factors:

- In all geographical areas millions of homes will long remain out of reach of terrestrial infrastructures. Therefore, the satellite is the only way for them to have access to Internet, representing a highly significant addressable market for the FSS industry. In Europe for instance five million homes will still be deprived of fixed terrestrial Internet connection exceeding 10 Mbps and 4G indoor Connectivity in 2030 in spite of the investment programmes announced by governments and telecom operators. In most emerging countries the deployment of terrestrial networks is lagging behind mature countries, which means the addressable market in those countries is even more significant.

- The emergence of HTS satellites ("High Throughput Satellites") in the Ka frequency band significantly reduces the cost of access to satellite resources for connectivity services while offering a customer experience comparable to that of terrestrial technologies. The deployment early in the next decade of VHTS satellites ("Very High Throughput satellites") with dramatically increased capacity compared to the HTS satellites, will enable a far larger number of users to be provided with offers in terms of price and quality of service which will be comparable to very-high-speed *via* terrestrial networks, leading to a change in scale in these markets.

Mobile Connectivity

Broadband mobile communication is a market with strong growth potential.

In particular the provision of capacity for the in-flight Connectivity market is currently worth around 300 million euros and should exceed one billion euros by 2025. Demand in terms of volume is indeed expected to increase sharply on the back of the following factors:

- the continuous rise in air traffic with commercial aviation set to grow by 4.6% per year on average between now and 2034 (source: Airbus Global Market Forecast 2015-34);
- passengers' growing demand for Connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- the desire of airlines to offer this new service as a way of differentiating themselves from competitors leading to an increased penetration of aircrafts equipped for in-flight connectivity services;
- the arrival of HTS satellite capacity (and subsequently VHTS capacity), giving access to larger capacities at a lower cost and enabling a very-high speed experience to be offered to passengers;
- the proliferation of rotating flat dishes, reducing indirect costs (weight and maintenance).

The market for maritime satellite Connectivity is also expected to increase notably on the back of more bandwidth-hungry usages. However, the exposure of Eutelsat to this vertical is relatively limited.

Finally, mobile usages, thus far largely confined to the maritime and aviation sectors, will expand to encompass connected cars and land-based transport in the longer term as well as connected objects. There are therefore many opportunities for the satellite mobility market to diversify, and hence transition from niche to mass.

1.2.3 Group strategy

In the face of the market environment, Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximize the revenue generation of its businesses by adapting its operational and financial objectives. The second step consists in preparing to return to growth by building on Video and capturing the longer-term potential in Connectivity.

To this end, Eutelsat has realigned its organisation along the following five business lines: Video Applications, Fixed Data, Government Services, Fixed Broadband and Mobile Connectivity. This organisation facilitates the maximization of the cash flow of each application and strengthen Eutelsat's focus on its customers' needs.

1.2.3.1 Maximising free cash flow generation

The maximisation of Discretionary free cash flow generation will be achieved through two sets of measures, financial and operational, aimed at optimizing the revenue generation of Eutelsat's core businesses (Video, Fixed Data and Government Services).

Financial Measures

Financial measures are structured around three areas:

- reducing Capex: Capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will notably be driven by the implementation of a "design-to-cost" approach which has started to bear fruit since 2016-17 with the order to EUTELSAT 5 West B (in fall 2016) leading to savings in excess of 30% compared to the theoretical replacement cost of EUTELSAT 5 West A. More recently, the replacement of the HOTBIRD constellation is another example of this approach. Several other elements will also contribute to Capex reduction, in particular a focus on hosted payload and partnership or "condosats" opportunities when appropriate, the capitalisation on industry-wide efficiency improvements and the strict monitoring of Ground Capex. As a result, average annual Capex for the period July 2018 to June 2021 will stand at 400 million euros (20% lower compared to the Capex envelope in place prior to the implementation of this new approach);
- optimising the cost of debt which will allow for cumulative savings of around 50 million euros per year before tax from January 2019;
- controlling operating costs with the implementation of "LEAP" cost-savings plan aimed at generating 30 million euros in annualised savings by 2018-19.

All these measures will help to grow the Group's free cash flow in the medium-term.

Furthermore, in order to maximise cash and accelerate deleveraging, Eutelsat has been streamlining its portfolio of assets with, in 2017-18, the closing of the disposal of its stake in Hispasat for a consideration of 302 million euros. In addition, in August 2018, the Group sold its interest in the EUTELSAT 25B satellite for a 135 million euros consideration. In 2016-17, the Group also sold its subsidiary Wins/DHI.

Adaptation of strategy in core business

Video Applications

The Group's strategy for mature countries will consist in optimising the value of its assets by:

- increasing direct access to its customers when and where appropriate;
- integrating or reorganizing indirect distribution;
- stimulating HD and Ultra HD take-up by means of tailored pricing;
- implementing more segmented pricing strategies.

There will be a particular focus on optimising the value of the HOTBIRD position and on taking back unsold capacity from certain distributors, thereby optimising distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat's value proposition by attracting premium channels in different language pools, increasing sales of services and prioritising HD and UHD ramp-up through appropriate incentives. Finally, the implementation of a new pricing policy based on pricing per Mbps instead of pricing per Mhz aims at capturing part of the efficiency gains enabled by improved modulation formats.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- leveraging on its exisiting in-orbit resources mainly in MENA, Russia and Africa and to a lesser extent in the Americas. For example the Group integrated Noorsat, its main distributor in MENA to rationalise Video distribution and favour HD ramp-up;
- continuing to invest selectively, notably at the 7°East position. The launch of EUTELSAT 7C will significantly improve coverage in Sub-Saharan Africa where the Video market is expanding rapidly.

In emerging regions the flexibility to increase prices will be prioritised over contract length to maximise the value of the customer portfolio.

Furrthermore, in order to maximise return on capital and extract more value from Video assets, a design-to-cost approach (see above) allowing Capex optimization has been implemented in particular when replacement of in-orbit resources is required.

Eutelsat will support the digital revolution in all geographical regions by offering customers a range of innovative services including for example Smart LNB and a multi-screen delivery solution.

Fixed Data

In the context of the price pressure and growing volumes described above, Eutelsat's priority will be to fill existing capacity by adapting its pricing policy.

The Group will also focus in particular on the following opportunities:

- position itself to accompany the development of Telecom Operators by providing with a Capex-light solution to extend services beyond their terrestrial reach;
- less competitive geographies;
- complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;
- opportunities in verticals where satellite has untapped potential, such as agriculture and the Internet of Things;
- Services to governments to enable them to expand their programmes aimed at reducing the digital divide (*e.g.* connecting schools and hospitals and public-private partnerships).

Contract length and volumes will be prioritised over price to secure orders.

Furthermore given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for Fixed Data Services.

Government Services

Eutelsat will continue to work with the U.S. Department of Defense with a view to growing sales in new sub-segments.

Eutelsat will also seek to expand its operations to other governments notably in Europe, the Middle-East and Asia as well as at new orbital positions when possible: fox example, following the entry into service of EUTELSAT 172B in November 2017, EUTELSAT 172A was relocated at 174°East securing incremental business in coverage of Asia-Pacific.

To provide these services, the Group will use the following in-orbit resources:

- regular capacity satellite, notably at 3°East, 21°East, 33°East, 36°East, 70°East, 172°East, 174°East et 117°West orbital positions, which offer extended and quality coverage particularly adapted to these applications;
- EUTELSAT QUANTUM, the new software-based reconfigurable satellite, expected to be launched in 2019 will help to differentiate the value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The applications enabled by this new concept in satellite technology are particularly suited to customers in the Government Services sector who are seeking operational flexibility;
- longer term KONNECT VHTS, the first VHTS satellite of the Group, expected to be launched in 2021, notably through a distribution agreement with Thales.

1.2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return to growth is based on the development of the core Video business and the seizure of long-term opportunities in Fixed Broadband and Mobile Connectivity.

Pursuing growth in Video

Video *via* satellite will continue to grow and Eutelsat expects that in the longer term Video distribution globally will mostly be split between satellite and IPTV. Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

- improving the end-user experience through, for example, Connected Television, multi-screen delivery solutions and digital Connected Television programme guides;
- managing meta-data in order to target advertising;
- compression, encryption and security.

These services will help to strengthen relations with customers while at the same time creating opportunities to generate additional revenues by capturing a share of the value created.

To this end the Group will continue to implement an innovation policy. Recent innovations include the "Smart LNB" antenna for Direct-to-Home, designed mainly for emerging markets which allow broadcasters to operate linear television and connected TV services directly by satellite.

The Group has also developed SmartBeam, a solution for broadcasting native IP Video content to mobile terminals in homes and public places (*e.g.* hotels, shopping malls and airports) *via* satellite. Thanks to this solution, video platform operators can broadcast channels live in IP format *via* satellite by creating a network dedicated to all IP-native terminals, such as tablets and smartphones. Russia's Tricolor TV, is the first to use SmartBeam allowing delivery of channels to mobile devices in public venues.

A significant milestone of this strategy has been achieved with the launch, in September 2018, of CIRRUS a hybrid satellite-OTT turnkey delivery solution which will enable broadcasters to offer a flexible, seamless content experience across multiple screens, representing a further step for Eutelsat in the integration of satellite into the IP ecosystems.

Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

Fixed Broadband

Eutelsat's initial aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

- the KA-SAT satellite in Europe, in service since 2011;
- the HTS payload in Ka-band on EUTELSAT 36C covering Russia: broadband services kicked off in fall 2016 and a partnership has been implemented with Russian Pay-TV operator, Tricolor TV;
- a project to develop Broadband in Africa (KonnectAFrica), first with capacity leased from Yahsat, and subsequently with the launch of a dedicated satellite named KONNECT (previously named African Broadband Satellite);
- the payload in Ka-band on EUTELSAT 65 West A covering Latin America which is fully leased.

Eutelsat will prepare for the mass-market adoption of this application by working on all the prerequisites: availability of an adapted capacity, both sufficient in terms of throughput and competitive in terms of industrial cost, low-cost terminals, distribution strategy, detailed analysis of each national market. A major step forward was achieved in 2017-18 in the Group's growth strategy with the procurement of KONNECT VHTS, a VHTS satellite which will support the development of its European fixed broadband and in-flight connectivity businesses. With a Ka-band capacity of 500 Gbps, KONNECT VHTS which is expected to be launched in 2021, will embark the most powerful on-board digital processor ever put in orbit, offering capacity allocation flexibility, optimal spectrum use, and progressive ground network deployment. The project will be launched with firm multi-year distribution commitments from Orange and Thales, two key European players and leaders in their businesses. A retail partnership was signed with Orange to address the fixed broadband market in European countries where the Group has a retail presence, and a distribution partnership was inked with Thales to serve notably the government connectivity services market.

In the meantime, Eutelsat continues to work with industrial partners to reduce the cost of terminals.

Mobile Connectivity

To capture the growth in Mobility the Group will adopt a step-by-step approach leveraging its existing assets, in particular its strong orbital positions:

- further development of in-flight Connectivity on KA-SAT. Several agreements to provide capacity to the SAS, Finnair, El Al and Icelandair fleets were signed with ViaSat;
- at 172°East where capacity was expanded with the entry into service in 2017-18 of EUTELSAT 172B which includes a payload dedicated to in-flight Connectivity over Asia-Pacific selected by Panasonic and China Unicom;

- at 3°East, where the Group signed a multi-year agreement with Taqnia for the lease of several steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity medium-/long-haul aircrafts of Saudi Arabian Airlines, covering flight paths from the Middle-East to Europe;
- at 10°East and 70°East and over the Americas.

Furthermore, Eutelsat will focus on securing the prerequisites ready for the transition to a mass market. From this perspective, the abovementionned procurement of KONNECT VHTS is a significant milestone to ensure the appropriate capacity over Europe, allowing the delivery of a very-high speed experience in flight at competive costs, thus adressing market needs.

The Group is positioned as a supplier of satellite capacity on this segment, and does not seek, unlike some other players, to play the role of service provider.

In the meantime, Eutelsat is working with all stakeholders involved in Mobility markets, notably antenna manufacturers with a view to position itself on future markets such as connected cars.

1.3 IN-ORBIT OPERATIONS

Operational review for financial year 2017-18

Main changes since 30 June 2017

- EUTELSAT 172B which was launched in June 2017 started to operate mid-November. Subsequently, EUTELSAT 172A was relocated at 174°East and renamed EUTELSAT 174A.
- The Al-Yah-3 satellite, on which Eutelsat is leasing capacity for its Konnect Africa project, was launched on 25 January 2018. The mission experienced some challenges during the launch stages resulting in a revised flight plan. The satellite started operations in August 2018.
- EUTELSAT 31A reached the end of its operational life and was de-orbited in January 2018.
- EUTELSAT 16C reached the end of its operational life and was de-orbited in February 2018.
- EUTELSAT 36 West A has been relocated to 59.7°East and renamed EUTELSAT 59A.
- EUTELSAT 33C and EUTELSAT 59A now operate in inclined orbit.

Main investments

During the financial year, the Group has continued its investment programme. Cash Capital expenditure amounted to 358 million euros(8) in 2017-18.

New orders

During financial year 2017-18

Procurement of KONNECT VHTS

Eutelsat ordered the KONNECT VHTS satellite from Thales Alenia Space. Expected to be launched in 2021, it will bring 500 Gbps of Ka-Band capacity over Europe to support the development of European Fixed Broadband and in-flight Connectivity businesses. Significant firm multi-year distribution commitments have been signed with Orange to address the Fixed Broadband market in European countries where the Group has a retail presence and Thales to serve notably the government market.

Procurement of HOTBIRD Constellation replacement

Eutelsat signed a MoU for the order of two larger new satellites from Airbus Defence and Space to replace the three existing satellites at its HOTBIRD flagship neighbourhood. These two new satellites are set to be launched in 2021.

(8) *This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.*

During financial year 2016-17

In October 2016, the EUTELSAT 5 West B satellite was procured from Airbus Defence and Space and Orbital ATK to replace EUTELSAT 5 West A at the 5°West orbital position.

In October 2016, Eutelsat concluded an agreement with Yahsat to lease Ka-band capacity on its fleet. According to the terms of the agreement, Broadband for Africa will use capacity on up to 16 Ka-band spotbeams on the Yahsat 1B satellite in order to roll out broadband services. Further expansion is supported using capacity on 18 spotbeams on Yahsat's Al-Yah-3 satellite.

Satellite programmes under procurement

Satellite[1]	Orbital position	Estimated launch *(calendar year)*	Main applications	Main geographic coverage	Physical Transponders/ spotbeams	36 MHz-equivalent transponders/ spotbeams	Of which expansion
EUTELSAT 7C	7°East	Q1 2019	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5°West	Q1 2019	Video	Europe, MENA	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	H2 2019	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
KONNECT	To be confirmed	H2 2019	Connectivity	Africa Europe	65 spotbeams	75 Gbps	75 Gbps
KONNECT VHTS	To be confirmed	2021	Connectivity Government Services	Europe	~230 spotbeams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13°East	2021	Video	Europe MENA	80 Ku[2]	73 Ku[2]	None
EUTELSAT HOTBIRD 13G	13°East	2021	Video	Europe MENA	80 Ku[2]	73 Ku[2]	None

(1) Chemical propulsion satellites (EUTELSAT QUANTUM, EUTELSAT 5 West B) generally enter into service 1 to 2 months after launch. Electric propulsion satellites (EUTELSAT 7C, the KONNECT, KONNECT VHTS, EUTELSAT HOTBIRD 13F and EUTELSAT HOTBIRD 13G satellites) between 4 and 6 months.

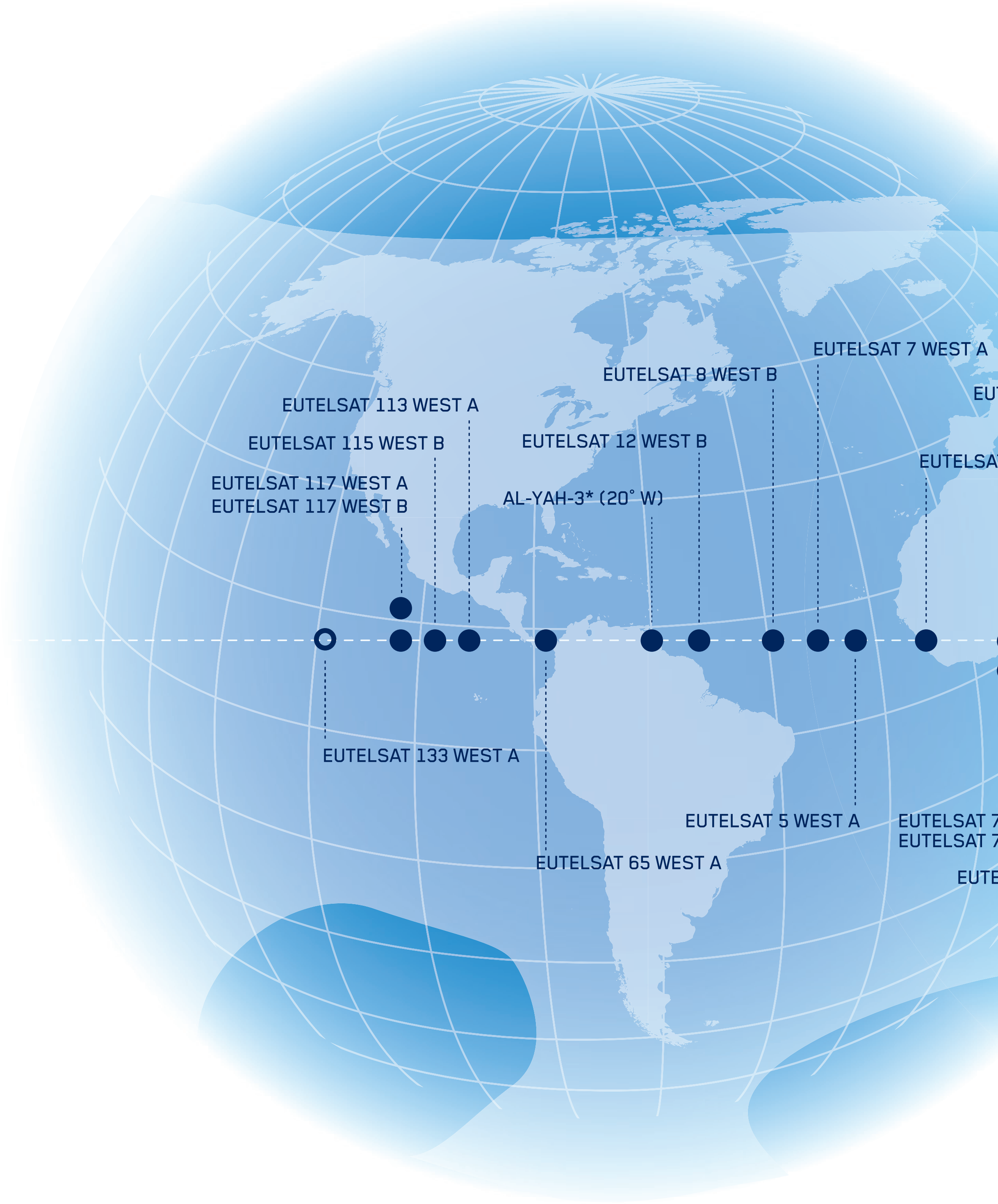
(2) "Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 36 Mhz equivalent transponders), once regulatory, technical and operational constraints are taken into account".

Launch services associated with satellites under procurement

Generally speaking, under its security policy and resource deployment plan, the Group aims to diversify its launch service providers as much as possible to ensure a degree of operational flexibility in the event of a failed launch. For example, its satellites are technically adaptable to a launch using several different types of launch vehicles. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch services contracts.

Satellite fleet

As of 30 June 2018, the Group operated capacity on 38 satellites of which three were satellites in inclined orbit.



THE EUTELSAT FLEET

SEPTEMBER 2018

- ● stable orbit
- ○ inclined orbit
- * capacity on third-party satellites

FUTURE SATELLITES: EUTELSAT 7C
EUTELSAT 5 West B
EUTELSAT QUANTUM
KONNECT
KONNECT VHTS
HOTBIRD 13F
HOTBIRD 13G

○ EUTELSAT 36A currently under redeployment


HOTBIRD 13B, 13C, 13E
EUTELSAT 21B
TELSAT 10A
T 3B
EUTELSAT 28E*
EUTELSAT 28F*
EUTELSAT 28G*
AL-YAH-2*
EUTELSAT 48D
EUTELSAT 53A*
EXPRESS AT1* (56° E)
EUTELSAT 70B
EXPRESS AT2* (140° E)
EUTELSAT 16A
EUTELSAT 36B
EUTELSAT 36C*
EUTELSAT 33E
EUTELSAT 59A
EUTELSAT 172B
EUTELSAT 174A
7A
7B
ELSAT 9B
KA-SAT

Fully owned capacity as at 30 June 2018

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(in number of physical transponders)*	Nominal capacity[(1)] *(36 MHz-equivalent transponders/ spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2018[(2)] *(calendar year)*
EUTELSAT 117 West A	116.8°West	Americas	40 Ku/24 C	42 Ku/24 C	March 2013	Q4 2035
EUTELSAT 117 West B	116.8°West	Americas	40 Ku	48 Ku	June 2016	Q4 2044
EUTELSAT 115 West B	114.9°West	Americas	32 Ku/12 C	40 Ku/24 C	March 2015	Q3 2042
EUTELSAT 113 West A	113°West	Americas	24 Ku/36 C	24 Ku/36 C	May 2006	Q2 2023
EUTELSAT 65 West A	65°West	Latin America	24 Ku/10 C/24 Ka	24 Ku/15 C/24 Ka	March 2016	Q2 2037
EUTELSAT 12 West B	12.5°West	Europe, Middle-East, Americas	26 Ku	31 Ku	September 2001	Q1 2019
EUTELSAT 8 West B	8°West	Middle-East, Africa, Latin America	40 Ku/10 C	42 Ku/20 C	August 2015	Q3 2033
EUTELSAT 7 West A	7°West	Middle-East, North Africa	50 Ku	52 Ku	September 2011	Q2 2033
EUTELSAT 5 West A	5°West	Europe, Americas, Africa	35 Ku/10 C	35 Ku/14 C	July 2002	Q4 2019
EUTELSAT 3B	3°East	Europe, Middle-East, Africa	30 Ku/12 C/5 Ka	54 Ku/23 C/5 Ka	May 2014	Q2 2032
EUTELSAT 7A	7°East	Europe, Middle-East, Africa	42 Ku/2 Ka	57 Ku/6 Ka	March 2004	Q1 2021
EUTELSAT 7B	7°East	Europe, Middle-East, Africa	53 Ku/3 Ka	70 Ku/8 Ka	May 2013	Q3 2039
EUTELSAT 9B	9°East	Europe	50 Ku	47 Ku	January 2016	Q3 2038
EUTELSAT KA-SAT 9A	9°East	Europe, Mediterranean Basin	82 Ka spotbeams	82 Ka spotbeams	December 2010	Q2 2028
EUTELSAT 10A	10°East	Europe, Middle-East, Africa	42 Ku/10 C	59 Ku/20 C	April 2009	Q2 2023
EUTELSAT HOTBIRD 13B	13°East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025
EUTELSAT HOTBIRD 13C	13°East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024
EUTELSAT HOTBIRD 13E	13°East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q3 2024
EUTELSAT 16A	16°East	Europe, Middle-East, Africa, Indian Ocean	53 Ku/3 Ka	70 Ku/8 Ka	October 2011	Q3 2027
EUTELSAT 21B	21.5°East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 25B	25.5°East	Europe, North Africa, Middle-East	8 Ku/7 Ka	8 Ku/7 Ka	August 2013	Q4 2034
EUTELSAT 28E[(3)]	28.2/28.5°East	Europe	4 Ku	4 Ku	September 2013	Q3 2029
EUTELSAT 28F[(3)]	28.2/28.5°East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G[(3)]	28.2/28.5°East	Europe	4 Ku	4 Ku	December 2014	Lifetime in excess of 15 years
EUTELSAT 33E	33°East	Europe, North Africa, Middle-East, Central Asia	64 Ku	60 Ku	February 2009	Q1 2024
EUTELSAT 36B	36°East	Europe, Middle-East, Africa	70 Ku	87 Ku	November 2009	Q4 2026
EUTELSAT 48D	48°East	Afghanistan, Central Asia	8 Ku	12 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5°East	Europe, Middle-East, Asia	48 Ku	92 Ku	December 2012	Q2 2032
EUTELSAT 172B	172°East	Asia-Pacific, Australia, New Zealand	40 Ku/14 C/ 11 spotbeams	48 Ku/24 C	June 2017	Q3 2036
EUTELSAT 174A	174°East	Asia-Pacific, Australia, New Zealand	20 Ku/18 C	23 Ku/24 C	December 2005	Q2 2022
EUTELSAT 59A		Currently being relocated	-	-	August 2002	Inclined orbit
EUTELSAT 70C		Currently being relocated	-	-	May 2000	Inclined orbit
EUTELSAT 33C		Currently being relocated	-	-	March 2001	Inclined orbit

(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.

(2) Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2018).

(3) In January 2014, in the framework of the settlement of a dispute with SES concerning the 28.5°East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders fully owned by Eutelsat on SES fleet.

Capacity leased from third parties as of 30 June 2018

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(in number of physical transponders)*	Nominal capacity *(36 MHz-equivalent transponders/spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2018 *(calendar year)*
EUTELSAT 53A(1)	53°East	Europe, North Africa, Middle-East, Asia	4 Ku	6 Ku	October 2014	Q4 2029
Express-AT1(1)	56°East	Siberia	21 Ku	19 Ku	March 2014	Q2 2029
Express-AT2(1)	140°East	Far East Russia	8 Ku	7 Ku	March 2014	Q2 2029
EUTELSAT 36C(1)	36°East	Africa, Russia	52 Ku/18 Ka	48 Ku/18 Ka	December 2015	Q2 2033
EUTELSAT 28G(2)	28.2/28.5°East	Europe	8 Ku	6 Ku	September 2014	Lifetime in excess of 15 years
YAHSAT 1B	47.6°East	Africa	16 Ka spotbeams	16 Ka spotbeams	April 2012	Lifetime in excess of 15 years

(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.

(2) In January 2014, in the framework of a settlement of the dispute with SES concerning the 28.5°East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders leased by Eutelsat on SES fleet.

Main changes since 30 June 2018

In August 2018 Eutelsat sold its interest in the EUTELSAT 25B satellite to the co-owner of the satellite, Es'hailSat.

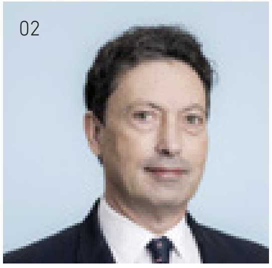
In August 2018, the Al-Yah-3 satellite started operations.

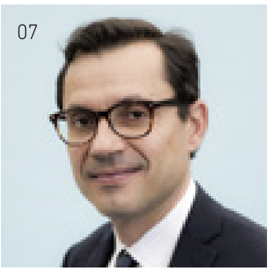
In September 2018, EUTELSAT 33C was relocated at 133°West and renamed EUTELSAT 133 West A.

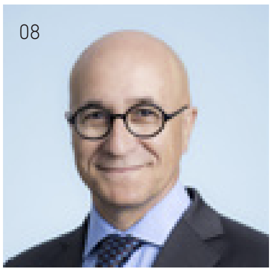
1.4 MANAGEMENT

Executive Committee

The eight members of the Executive Committee of Eutelsat Communications implement the Group's strategy whose major directions are established by the Board of Directors.







01. Rodolphe Belmer
Chief Executive Officer,
Committee Chairman

02. Michel Azibert
Deputy CEO and Chief Commercial
and Development Officer Committee
Deputy Chairman

03. Yohann Leroy
Deputy CEO,
Chief Technical Officer and
Secretary of the Committee

04. Sandrine Téran
Chief Financial Officer
and IT Officer

05. Jacques Dutronc
Chief Development
and Innovation Officer

06. Jean-Hubert Lenotte
Chief Strategy
and Strategic Marketing Officer

07. Antoine Mingalon
Chief Human Resources Officer

08. Édouard Silverio
Group General Counsel
and Company Secretary

1.5 SOCIAL AND SOCIETAL RESPONSIBILITY

Section 3 of this Reference Document describes the Group's environmental, social and societal policy.

02

CORPORATE GOVERNANCE

Preliminary comments:

Persuant to the order No. 2017-1162 dated 12th July 2017 and persuant to the decree No. 2017-1174 dated 18 July 2017 applicable to the fiscal year beginning 1 January 2017, the President report related to the Internal control and risk management is suppressed. A corporate governance report prepared by the Board of Directors is now substituted to such internal control and risk management report. In the *société anonyme* with a Board of Directors, the information provided in the Corporate Governance report might be submitted in a specific section of the Management report. The present section presents all the informations required in the corporate governance report.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS

The Company was incorporated on 15 February 2005, as a *société par actions simplifiée* (joint-stock company) and was transformed into a *société anonyme* (limited company) with a Board of Directors on 31 August 2005.

The Ordinary and Extraordinary Shareholders' Meeting of Eutelsat Communications of 8 November 2017 approved the appointment of four new Directors: Dominique D'Hinnin, Paul-François Fournier, Esther Gaide and Didier Leroy. Dominique D'Hinnin was subsequently appointed as Chairman succeeding Michel de Rosen. The Board is now made up of twelve members, 42% of whom are women (five out of twelve) and 67% of whom are independent Directors (eight out of twelve[(1)]).

The composition of the Board of Directors as of the filing date of this Reference Document is shown in the table below:

DOMINIQUE D'HINNIN

Board Member, Chairman of the Board of Directors

DoB: 4 August 1959
59 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
4 November 2016

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

BIOGRAPHY

Dominique D'Hinnin was Lagardère Co-managing Partner from 2010 to 2016. He is a former student of the *École normale supérieure* and is *Inspecteur des finances*. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed as the Internal Audit Manager, Hachette Livre Finance Manager in 1993, and, in 1994 Executive Vice-President of Grolier Inc (Connecticut, USA). He was Lagardère Chief Financial Officer from 1998 to 2009, and Lagardère SCA co-managing partner between 2009 and 2016. He is currently a Board Member of the Spanish media company PRISA, a Board Member of the French Company Edenred and a Board Member of the Belgium distribution company Louis Delhaize SA. On 8 November 2017, Domminique D'Hinnin was appointed as Chairman of the Board of Directors of Eutelsat Communications S.A.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Chairman of the Board of Directors of Eutelsat S.A. (as of 8 November 2017).

Outside France:
N/A

Having expired:

In France:
— Permanent representative of FSP (until 8 November 2017)

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Edenred: Board Member since 8 June 2017 (listed company)

Outside France:
— Louis Delhaize SA (Belgium): Board Member (since 6 June 2017)
— Prisa (Spain): Board Member since 6 May 2016 (listed company)

Having expired:

In France:
— Marie-Claire Album and Holding Evelyne Prouvost: Board Member between 2014 and 2016
— Editions Amaury SA: Board Member between 2011 and 2013
— Canal+ France: Board Member between 2007 and 2013
— Price Waterhouse Coopers France: Advisory Board Member between 2009 and 2013

Outside France:
— EADS: Board Member between 2007 and 2013

(1) Independent Directors are Dominique D'Hinnin, FSP (represented by Agnès Audier), Esther Gaide, Didier Leroy, Lord Birt, Ana Garcia Fau, Ross Mc Innes and Carole Piwnica.

RODOLPHE BELMER

Board Member and CEO of Eutelsat Communications

DoB: 21 August 1969
49 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
4 November 2016

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

BIOGRAPHY

Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. He is a graduate of France's HEC business school. He joined the Canal+ Group in 2001 and was appointed Head of Marketing and Strategy in 2002. From 2003 he oversaw the editorial division of the Group, initially as CEO of Canal+, and from 2006 onwards, as Head of all pay-TV channels. He led the Group's diversification into free-to-air television in 2011, notably through the acquisition and relaunch of D8 and D17. In 2012 he was appointed CEO of the Canal+ Group.
Rodolphe Belmer joined Eutelsat on 1 December 2015 and was appointed CEO on 1 March 2016.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— CEO of Eutelsat S.A. (since 1 March 2016)

Outside France:
— Board Member and Chairman of Eutelsat Inc. (USA) (since 1 March 2016)
— Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016)
— Board Member of Eutelsat Inc. (USA) (since 1 March 2016)
— Board Member of Eutelsat Networks (Russian Federation) (since 30 September 2016)
— Board Member of Broadband for Africa (UK) (since 1 March 2016)
— Manager of Euro Broadband Infrastructure (Switzerland) (since 3 March 2017)
— Manager of Euro Broadband Retail (Switzerland) (since 3 March 2017)

Having expired:

In France:
— Deputy CEO of Eutelsat S.A. (until 29 February 2016)
— Deputy CEO of Eutelsat Communications (until 29 February 2016)

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Member of the Supervisory Board of Mediawan (listed company)
— Chairman of Auteurs Solidaires (as of January 2017)
— Chairman of RBC (as of July 2015)
— Chairman and Vice-Chairman of Séries Mania (as of September 2017)
— Director of Brut (as of 15 February 2018)

Outside France:
— Non executive Director of Netflix (California) (as of February 2018)

Having expired:

In France:
— Chairman of MultiThématiques S.A.S. (as of 21 June 2013)
— Board Member of Planète Thalassa (as of 6 June 2013)
— Member of Directory Board of Canal+ France (as of 31 December 2013)
— Chairman of D8 Production (as of 21 June 2013)
— Member of Directory Board of Groupe Canal+ (as of 3 July 2015)
— CEO of Groupe Canal+ (as of 3 July 2015)
— Chairman of Cine Info (as of 6 July 2015)
— Board Member of Cine Info (as of 6 July 2015)
— Board Member of Sport+ (as of 6 July 2015)
— Chairman of the Board of Sport+ (as of 6 July 2015)
— Chairman of Vivendi Contents (as of 6 July 2015)
— Chairman of Flab Prod (as of 6 July 2015)
— Management Director of Flab Press (as of 6 July 2015)
— Board Member of Société d'Édition de Canal Plus (as of 7 July 2015)
— CEO of Société d'Édition de Canal Plus (as of 7 July 2015)

Outside France:
— Member of the Supervisory Board of TVN S.A. (Poland) (as of 24 June 2015)
— Board Member of Hispasat S.A (Spain) (as of 18 April 2018)

LORD JOHN BIRT

Vice President, Board of Directors

DoB: 10 December 1944
73 years old
British national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 November 2006 (as Board Member)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

BIOGRAPHY

Lord Birt is a graduate of Oxford University. Lord Birt is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) Maltby Capital Ltd (2007-2010), Paypal Europe (2010-2014), HEG (2013-2017) and CPA Global (2015-2017). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently an adviser to Terra Firma.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
— Member of the House of Lords

Having expired:

In France:
N/A

Outside France:
— Non-executive Director of Infinis Ltd (United Kingdom)
— Chairman of Paypal Europe (Luxemburg)
— Chairman of Terra Firma Investor Advisory Board (United Kingdom)
— Non-executive Director of Shopvolution (United Kingdom)
— Chairman of HEG (United Kingdom)
— Chairman of CPA Global (United Kingdom)

BPIFRANCE PARTICIPATIONS REPRESENTED BY STÉPHANIE FRACHET

Board Member

DoB: 17 May 1977
41 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
17 February 2011 *(Fonds Stratégique d'Investissement)*

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

BIOGRAPHY

Bpifrance Participations (since 12 July 2013, formerly *Fonds Stratégique d'Investissement* – FSI) is currently represented on the Company's Board of Directors by Mrs Stéphanie Frachet. Graduate of the ESSEC business school, S. Frachet has seventeen years of experience in finance and private equity. She was in charge of transaction services for six years at Ernst & Young and then Pricewaterhouse Coopers, then worked in auditing and financial consulting on mergers/acquisitions and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO operation financing and led a number of restructuring operations. In 2009, she joined the *Fonds Stratégique d'Investissement* (renamed Bpifrance Participations, as part of the creation of the Bpifrance Group under a process of contributions through which the Caisse des Dépôts et Consignations and the French State became joint shareholders of the BPI Group, the sole shareholder of Bpifrance Participations) where she is Investment Director. She is also a Board Member of Constellium (listed company on NYSE) and Censor of Paprec and Verallia.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Permanent representative of Bpifrance Participations, censor of:
  — Paprec
  — Verallia

Outside France:
— Board Member of Constellium (listed company on NYSE)

Having expired:
— Permanent representative of Bpifrance Participations, Board Member of:
  — Sarenza
  — Cylande
— Board Member of Eurosic (listed company)

Outside France:
N/A

JEAN D'ARTHUYS

Board Member

DoB: 20 November 1966
51 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
5 November 2015

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

BIOGRAPHY

A graduate of HEC, Jean Arthuys pursued his career in the media and digital sector, primarily in the M6 Group, and in investment. Appointed head of development and strategy of the M6 Group in 1996, he became member of the Management Board in 1999. He headed the digital television activity, before becoming the CEO of Paris Première and W9. Recognized for his experience and digital media, Jean Arthuys served a Director of TPS, Sportfive and Newsweb. He was also Chairman and CEO of the football club "Girondins de Bordeaux". Between 2007 and 2010 he was a partner of the fund PAI Partners, responsible for media, Internet and telecommunications. In 2010, he joined the Executive Committee of the Strategic Investment Fund (Renamed Bpifrance Participations, as part of the creation of the group Bpifrance after an intake process under which the Caisse des Dépôts et Consignations and French State became joint shareholders of BPI Group, sole shareholder of Bpifrance Participations.) in charge of investment. Currently he is CEO of Triana, a company dedicated to luxury brand distribution and e-commerce.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:
N/A

Having Expired:

In France:
— Permanent representative of Bpifrance Participations, Board Member of Eutelsat Communications (until 5 November 2015)
— Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (until 5 November 2015)

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
— CEO of Triana
— Managing Director of Cyrano, Chairman of Triana SAS
— Board Member and CEO of Maison Lejaby SA
— Board Member of L'Exception
— Board Member of Indefilms

Outside France:
N/A

Having Expired:

In France:
— Chairman of HEC Alumni
— Member of the Supervisory Board of ST Microelectronics
— Board Member of Talend
— Board Member of Viadeo
— Permanent representative of Bpifrance Participations
— Board Member of Soprol
— Board Member and Member of the Executive Committee of Bpifrance Participations

Outside France:
N/A

FONDS STRATÉGIQUE D'INVESTISSEMENT (FSP) REPRESENTED BY AGNÈS AUDIER

Board Member

DoB: 3 November 1964
53 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
4 November 2016

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

BIOGRAPHY

The FSP has been a Director of Eutelsat Communications since 4 November 2016, its permanent representative is Mrs Agnès Audier.
From 1993 to 1995 Agnès Audier was technical advisor to the Ministry of Social Affairs of Health and the Urbain Policy of Mrs Simone Veil.
From 1995 to 1997, she was appointed Head of the Private Office of the Ministry of Small Businesses and Retail, Trade and Handicrafts of Mr Jean-Pierre Raffarin, subsequently appointed as Prime Minister.
In 2001, Agnès Audier was appointed Chief Operating Officer for Vivendi Universal's Internet and Technology Division, after serving as Senior Vice President of Strategy and Business Development and Secretary of the Executive Committee.
From 2003 to 2006, Agnès Audier was appointed Executive Vice President and Chief Performance Officer for Havas (Communication Group), the world's fifth largest advertising and communications group.
In 2007, she became Partner and Managing Director of the Boston Consulting Group. She is a member of the Western Europe Management Committee.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Partner and Managing Director of Boston Consulting Group

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

PAUL FRANCOIS FOURNIER

Board Member

DoB:15 March 1968
50 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
8 novembre 2017

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

BIOGRAPHY

Paul-François Fournier, a French national, ex-Télécom, joined the France Télécom Orange Group in 1994 as a business engineer in the Entreprises France sector. After seven years working in the development of corporate services, in 2001 he became Broadband Director of Wanadoo, where he ensured the take-off of ADSL offers in France, which rose from a few thousand customers in 2001 to 3 million by the end of 2004, then internationally as a member of the Executive Board of the Wanadoo Group. He then oversaw strategic projects like the launch of Livebox and Voice Over IP, in partnership with the French start-ups Inventel and Netcentrex.

In addition to his experience in the field of Internet services and partnerships (he was, for instance, the architect of Orange's acquisition of DailyMotion and Cityvox, as well as partnerships with Microsoft, Google and Facebook), Paul-François Fournier has excellent operational knowledge of marketing innovation. He was, from 2011, Executive Director of Orange's Technocentre, in charge of product innovation (Boxes, Cloud, *etc.*), where he radically transformed the organisation with a more regional and decentralised approach (creation of the Amman and Abidjan Technocentres). Since April 2013 Paul-François Fournier has been Head of Innovation and a member of the Executive Board of the Banque Publique d'Investissement (Bpifrance).

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Supervisory Board of Cornovum
- Board Member of Parrot
- Board Member Prodways Group
- Board Member of Sigfox
- Supervisory Board of Younited

Outside France:
N/A

Having expired:

In France:
- Board Member of the Wanadoo Group
- Board Member of Bpifrance
- Head of Innovation of Bpi france

Outside France:
N/A

ESTHER GAIDE

Board Member

DoB: 6 September 1961
57 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard

First appointment/Co-opting:
8 November 2017

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

BIOGRAPHY

Esther Gaide graduated from Essec (Paris) and is a chartered accountant. She began her career in 1983 working in the external audit departments of PricewaterhouseCoopers (PwC) in Paris and London, then with Deloitte in Paris and the USA. In 1994, she joined Bolloré Group where she was appointed Group Internal Audit Director, set up the Internal Audit Department and participated both in the reorganization of the maritime department and the takeover of the Rivaud Group. Between 1996 and 2006, she successively held the posts of CFO of the Logistics Division, CFO of the Bolloré Africa Logistics division and ultimately Group Controller, in charge of all Group accounting. In 2006, she moved to Havas to take up the position of Deputy Chief Financial Officer and Director of Human Resources. In 2011, Esther Gaide went on to join Technicolor (ex-Thomson) as Group Controller. In 2012, she was appointed Deputy Chief Financial Officer before becoming CFO and member of the Executive Committee in 2015. In addition, Esther is a member of the Board of Directors and the Audit Committee of the Eutelsat Group. Esther Gaide was appointed Chief Financial Officer of Elior Group on 15 March 2018.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
Board Member of Eutelsat Communications S.A.

Outside France:
N/A

Having Expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- CFO of Elior Group
- Permanent representative of AREAS WORLDWIDE, member and Chairman of the Supervisory Board of ELIOR PARTICIPATIONS, SCA
- Chairman and CEO and Director of ELIOR FINANCEMENT, SA
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR FA3C SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR TRÉSORERIE SAS,
- Permanent representative of' ELIOR PARTICIPATIONS, herself Chairman of ELIOR GESTION SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of SACORES SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ÉGÉE VENTURE SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of L'ACADEMIE BY ELIOR SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of SC2R SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES I – BSI SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES XXV – BSXXV SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES XXIX – BSXXIX SAS,
- Permanent representative of EGEE VENTURE, herself Chairman of BERCY SERVICES XXVII – BSXXVII SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELEAT SOLUTIONS SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR DATA RC FRANCE SAS,
- Manager of BERCY SERVICES II – BSII SAS,
- Permanent representative of ELIOR GROUP on the Board of Directors of ELIOR RESTAURATION ET SERVICES, SA,
- Permanent representative of ELIOR GROUP on the Board of Directors of AREAS WORLDWIDE, SA,
- Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of ELRES, SAS,
- Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of ELIOR ENTREPRISES, SAS,
- Permanent representative of HOLDING DE RESTAURATION, herself Chairman of C2L,

Outside France:
- Director of ELIOR RISTORAZIONE,
- Director of GEMEAZ ELIOR SpA,
- Director of ELICHEF HOLDING SpA,
- Director of MY CHEF RISTORAZIONE COMMERCIALE,
- Representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of SERUNION SA,
- Director of Elior UK Holdings limited
- Director of Elior UK Plc
- Director of Waterfall Elior limited
- Director of Edwards and Blake limited

Having expired:

In France:
- CFO of Technicolor

Outside France:
N/A

ANA GARCÍA FAU

Board Member

DoB: 3 November 1968
49 years old
Spanish national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
5 November 2015

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

BIOGRAPHY

Ana García Fau graduated in Economics, Business Administration (Finance) and Law from Universidad Pontificia Comillas (ICADE-E3) in Madrid, Ana holds an MBA from Sloan, Massachusetts Institute of Technology (MIT). She began her career in consulting at McKinsey&Co. in Madrid, and at the M&A department of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas, the listed directory business, from 1997 to 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel Board positions at Telfisa in Spain, Publiguías in Chile, TPI Brasil, Telinver in Argentina and TPI Peru, amongst others. In 2006 she was appointed CEO of Yell for the Spanish and LatinAmerican businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013 she was appointed Chief Global Strategy Officer of Hibu (former Yell Group) responsible for partnerships and the digital strategy. Since its IPO in June 2014 she has served as non-executive Director at Merlin Properties, the leading REIT in Spain, and is a member of its Audit Committee. Since April 2016 she has also served as a non-executive Director at Paris-based Technicolor, a technology provider to the media industry. She is a member of the Audit Committee and Chair of its Nominations & Governance Committee. Since June 2016 she has served on the Board of Renovalia Energy Group, a private renewable energy company owned by Cerberus Capital, and where she chairs the Audit Committee. Since April 2017 she has been a non-executive Director at Gestamp, a publicly-listed Spanish car component manufacturer, where she is a member of the Audit Committee. Also in April of 2017, Ana joined the global and International Boards of DLA Piper, a leading global law firm, chairing its Audit Committee. In November 2017, Ana joined the Board of Globalvia, an infrastructure company where she is also a member of its Audit Committee. Ana is currently Vice-President of International Women's Forum and member of Women Corporate Directors, the Spanish Institute of Directors (ICA), and of the executive committee of the MIT Club of Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), and of the Board of Trustees of several Foundations in Spain (2010-2016). During 2011 and 2012 she was President of the Professional Women Network in Spain.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having Expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Technicolor, SA (listed company, Paris, France) (as of April 2016), Member of the Audit Committee, Chairman of the Nominations & Governance Committee

Outside France:
- Board Member of Merlin Properties Socimi, SA (listed company, Madrid, Spain) (as of June 2014), Member of the Audit Committee
- Board Member of Renovalia Energy Group, SL (Madrid, Spain) (as of June 2016), Chair of the Audit Committee
- Board Member of Gestamp Automocion, SA (listed company, Madrid, Spain) (as of April 2017), Member of the Audit Committee
- Board Member of Globalvia, SA (private company, Madrid, Spain) (as of November 2017), Member of the Audit Committee

Having expired:

In France:
N/A

Outside France:
- CEO Hibu connect, SA (ex-Yell Publicidad, SA), (Madrid, Spain) (as of January 2014)
- Board Member of Cape Harbour Advisors, SL (Madrid, Spain) (as of April 2016)

DIDIER LEROY

Board Member

DoB:26 December 1957
60 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
8 November 2017

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

BIOGRAPHY

Didier Leroy, 60, joined Renault S.A. in 1982, after obtaining an engineering degree.
In 1992, he was appointed General Manager at the Douai plant and in 1996, Deputy Director of the Renault Le Mans plant before leading a cross-functional business reform project team, reporting directly to Carlos Ghosn.
Mr Leroy joined Toyota to start up the new French plant, Toyota Motor Manufacturing France in Valenciennes, as Vice President.
He was appointed President of the plant in 2005 and started leading initiatives at European level in 2007.
In 2010, he became President and CEO of Toyota Motor Europe, Toyota's regional headquarter for Sales, After-Sales, R&D, Engineering and Manufacturing.
In 2015, Mr Leroy became the first non-Japanese Executive Vice President and Member of the Board of Directors of Toyota Motor Corporation, double-capping as President of one of the two operational units of the company at global level, covering all the operations in North America and Europe, but also the Japan sales operations.
In 2016, Mr Leroy also became the company's global Chief Competitive Officer.
In 2017, his role expanded to cover the entire overseas operations, including emerging markets.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
- Board Member of Toyota Motor Corporation
- Executive Vice President of Toyota Motor Corporation
- CCO of Toyota Motor Corporation
- Non-executive Board Member of ALIAXIS (Belgium)

Having expired:

In France:
N/A

Outside France:
N/A

ROSS MCINNES

Board Member

DoB: 8 March 1954
64 years old
Dual French-Australian nationality

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
7 February 2013

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

BIOGRAPHY

After graduating from Oxford, Ross McInnes started his career with Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the corporate finance arm of Continental Bank (which became part of Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector, notably Eridania Beghin-Say, where he became Chief Financial Officer in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Executive Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Senior Vice President of Finance and Strategy for the PPR Group (Pinault-Printemps-La Redoute) before joining the Supervisory Board of Générale de Santé in 2006. He served as interim Chairman of the Management Board from March to June 2007. He then served as Vice Chairman of Macquarie Capital Europe, a company specialised in infrastructure investments. In March 2009, Ross McInnes joined the Safran Group as Adviser to the Chairman of the Management Board, before becoming Executive Vice President of Economics and Finance in June 2009. He served as a member of the Management Board between July 2009 and April 2011. From 21 April 2011 to 23 April 2015, he was Deputy Chief Executive Officer in charge of Finance at Safran. As from 1 October 2014 to 30 september 2017, he was a member of the Board of IMI, Plc and the Chairman of the Audit Committee as from the 1 January 2015. Since 23 April 2015, he is Chairman of the Board of Safran. In February 2015, the French Minister of Foreign Affairs and International Development appointed Ross McInnes as Special Representative for economic relations with Australia. In November 2016, he was appointed by the French Prime Minister as the Ambassador of the "Choose Paris Region" program created to attract foreign business to the Greater Paris Area and France in general. In November 2016, based on the recommendation of the AFEP and MEDEF associations, he was appointed a member of the High Committee for Corporate Governance set up by the AFEP and MEDEF to monitor the application of the AFEP-MEDEF Corporate Governance Code for Listed Companies in France.
In February 2017, he joined SICOM, the general partner of Vivescia Industries, as a "qualified person".
On the 30 October 2017, Ross McInnes was appointed as a member of the Board of Directors of Lectra with an effective date on 1 January 2018. In October 2017, the French Prime Minister appointed Ross McInnes as Co-Chairman of the "Action Publique 2022" Committee on public policy reforms.
In January 2018 he joined the IFRS Foundation – the entity that oversees the work of the International Accounting Standards Board (IASB) – as a Trustee and a Director.
On 18 May 2018, he was appointed as a member of the Board of Directors and a member of the Audit Committee of Engie.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Chairman of the Board of Safran (listed company)
- Board Member of Engie (listed company)
- Board Member of Lectra (listed company)

Outside France:
N/A

Having expired:

In France:
- Board Member and Chairman of the Audit Committee of Faurecia (listed company)
- Deputy CEO of Safran
- Board Member of Safran Nacelles
- Board Member of Safran Helicopter Engines
- Board Member of Safran Landing Systems
- Board Member of Safran Idendity & Security
- Board Member of Safran Aircraft Engines
- Board Member of Safran Electronics & Defense
- Board Member of Vallaroche Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroche
- Board Member of Financière du Planier
- Permanent Representative of Santé Europe Investissements S.A.R. L. at the Board and Member of the Audit Committee of Générale de Santé (listed company)

Outside France:
- Board Member of Safran USA, Inc. (USA)
- Permanent Representative of Établissements Vallaroche at the Board of Directors of Soreval (Luxemburg)
- Permanent Representative of Santé Europe Investissements S.A.R. L. at the Board of Directors of Santé S.A. (Luxemburg)
- Board Member of Limoni S.p.A. (Italy)
- Board Member of Globe Motors Inc. (USA)
- Board Member and Chairman of the Audit Committee of IMI, Plc (listed company, U.K)

CAROLE PIWNICA

Board Member

DoB: 12 February 1958
60 years old
Belgian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
9 November 2010

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

BIOGRAPHY

Carole Piwnica graduated in law from the Université Libre de Bruxelles (Belgium), holds a Masters degree in Law from New York University. After a career with several international law firms, Carole Piwnica is currently a Board Member of Naxos UK (private equity firm) and a member of the Boards of the listed companies: Sanofi (healthcare), Rothschild & Co (financial services) and Amyris Inc (industrial biotechnology). Prior to that, Carole Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle Plc (food ingredients) and Board Member of Dairy Crest Group Plc (food). She also served as a member of the Board of Directors and the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
N/A

Outside France:
N/A

Having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Board Member of Sanofi (listed company)
- Board Member of Rothschild & Co (listed company)

Outside France:

- Board Member of Naxos UK (United Kingdom)
- Board Member of Amyris (USA) (listed company)
- Board Member of Big Red (USA)
- Board Member of Elevance (USA)
- Board Member of I20 (United Kingdom)

Having expired:

In France:
N/A

Outside France:

- Board Member of Dairy Crest Group Plc (United Kingdom)
- Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (United Kingdom)
- Board Member of Louis Delhaize (Belgium)
- Board Member of Recycoal (United Kingdom)

Furthermore, the Board of 31 July 2018 called on the shareholders present at the Annual General Meeting of 8 November 2018 to vote amongst other items on the following resolutions:

- the renewal of the mandate of Mr Ross McInnes and Bpifrance Participations as Board Members;
- approval of the accounts;
- dividends relating to financial year 2017-18;
- compensation of Corporate Officers and compensation policy.

"Censeur" and Observer within the Board of Directors

Pursuant to the Letter-Agreement between the Company and EUTELSAT IGO and the Company's By-laws, Piotr Dmochowski-Lipski, Executive Secretary of EUTELSAT IGO, sits on the Board of Directors as an observer (*censeur*), to replace of Christian Roisse.

Finally, pursuant to its policy aimed at improving labour relations within the Group, the Company entered into an agreement with the Work council of its operating subsidiary, Eutelsat S.A., under which the two representatives of the Work council are invited to attend the meetings of the Board of Directors and are provided with the same information as the Board Members of the Company.

2.2 KEY MANAGEMENT PERSONNEL

As of the filing date of this Reference Document, the Company's key management personnel were as follows:

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
RODOLPHE BELMER Eutelsat Communications 70, rue Balard 75015 Paris	**Board Member, Chief Executive Officer since 1 March 2016**	**First appointment/ Co-opting:** 4 November 2016 **Expiry date of office:** General Meeting to be held to approve the accounts for the financial year ending 30 June 2020	**Current offices and functions:** **In France:** — CEO of Eutelsat S.A. (since 1 March 2016) **Outside France:** — Board Member and Chairman of Eutelsat Inc. (U.S.A.) (since 1 March 2016) — Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016) — Board Member of Eutelsat Networks LLC (since 30 September 2016) (Federation of Russia) — Chairman of Eutelsat Networks LLC (since 9 November 2016) (Federation of Russia) — Board Member of Broadband for Africa (since 1 March 2016) (United Kingdom) — Manager of Euro Broadband Infrastructure (Switzerland) (since 3 March 2017) — Manager of Euro Broadband Retail (Switzerland) (since 3 March 2017) **Offices and functions having expired:** **In France:** — Deputy CEO of Eutelsat S.A. (as of 29 February 2016) — Deputy CEO of Eutelsat Communications (as of 29 February 2016) **Outside France:** N/A	**Current offices and functions:** **In France:** — Member of the Supervisory Board of Mediawan (listed company) — Chairman of Auteurs Solidaires — Chairman of RBC — Chairman and Vice-Chairman of Séries Mania (as of September 2017) — Director of Brut (as of 15 February 2018) **Outside France:** — Non-executive Director of Netflix (California) (as of February 2018) **Offices and functions having expired:** **In France:** — Member of Directory Board of Groupe Canal+ (as of 3 July 2015) — CEO of Groupe Canal+ (as of 3 July 2015) — Chairman of Cine Info (as of 6 July 2015) — Board Member of Cine Info (as of 6 July 2015) — Board Member of Sport+ (as of 6 July 2015) — Chairman of the Board of Sport+ (as of 6 July 2015) — Chairman of Vivendi Contents (as of 6 July 2015) — Chairman of Flab Prod (as of 6 July 2015) — Manager of Flab Press (as of 6 July 2015) — Board Member of Société d'Édition de Canal Plus (as of 7 July 2015) — CEO of Société d'Édition de Canal Plus (as of 7 July 2015) **Outside France:** — Member of the Supervisory Board of TVN S.A. (Poland) (as of 24 June 2015) — Board Member of Hispasat S.A. (Spain) (as of 18 April 2018)

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
MICHEL AZIBERT Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	**First appointment:** 28 July 2011 (effective 1 September 2011)	**Current offices and functions:** **In France:** Deputy CEO of Eutelsat S.A. (since 28 July 2011) **Outside France:** — Board Member of Eutelsat MENA FZ-LLC (United Arab Emirates) (since 22 December 2017) — Board Member of Eutelsat Inc. (U.S.A.) (since 22 January 2012) — Board Member of Eutelsat Americas (ex-Satélites Mexicanos S.A. de C.V.) (Mexico) (since 1 January 2014) — Board Member and President of Eutelsat Madeira (Portugal) (since 18 July 2014) — Board Member of Eutelsat America Corp (U.S.A.) (since 8 July 2014) — Board Member of Eutelsat Networks (Federation of Russia) (since 30 September 2016) — Board Member of Broadband for Africa (United Kingdom) (since 3 July 2015) — Manager of Euro Broadband Infrastructure (Switzerland) (since 3 March 2017) — Manager of Euro Broadband Retail (Switzerland) (since 3 March 2017) **Offices and functions having expired:** **In France:** N/A **Outside France:** — Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) (as of 31 July 2014) — Member of the Advisory Board of Eutelsat Services & Beteiligungen GmbH (Germany) (as of 1 July 2015) — Board Member of Eutelsat International Ltd (Cyprus) (as of 25 May 2015) — Board Member and President of Eutelsat UK Ltd (UK) (as of 30 March 2015)	**Current offices and functions:** **In France:** N/A **Outside France:** N/A **Offices and functions having expired:** **In France:** N/A **Outside France:** — Board Member of Hispasat (Spain) (as of 18 April 2018)
YOHANN LEROY Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	**First appointment:** 25 April 2017	**Current offices and functions:** **In France:** — Deputy CEO of Eutelsat S.A. (since 25 April 2017) **Outside France:** — Chairman of Skylogic S.p.A. (Italy) (since 3 August 2016) — Board Member of Satélites Mexicanos S.A. de C.V.) (Mexico) (since 10 September 2016) — Chairman of Skylogic Mediterraneo S.r.l. (Italy) (since 4 August 2016) **Offices and functions having expired:** **In France:** N/A **Outside France:** N/A	**Current offices and functions:** **In France:** N/A **Outside France:** N/A **Offices and functions having expired:** **In France:** N/A **Outside France:** N/A

2.3 INFORMATION ON COMPENSATION PAID TO COMPANY DIRECTORS AND CORPORATE OFFICERS

This section comprises the report on the principles and criteria used to determine, allocate and grant the total fixed, variable and exceptional compensation items and benefits of the Executive Corporate Officers ("dirigeants mandataires sociaux") in respect of their functions, as provided under Article L. 225-37-2 of the French Commercial Code. The General Meeting of Shareholders shall be called upon to approve the compensation principles on the basis of this report.

It is specified that the payment of the annual variable compensation items and of the long-term variable compensation items of the executive Corporate Officers (Chief Executive Officer and Deputy Chief Executive Officers) in respect of the 2017-18 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2017-18 financial year.

Compensation general principles

The Board of Directors, upon recommendation of the Remuneration Committee, has defined the global principles governing the compensation of the Chairman of the Board of Directors the Executive Directors and Corporate Officers and assessed the level of achievement of these general principles.

The global principle behind the compensation policy is to attract, retain and motivate top-ranking executives and to align their interests with the value-creation for the Group, taking into account the Group's capital intensity, its high-technology environment, long-term investment horizon and growth challenges in a very competitive environment as well as the international dimension of the Group and its sector.

2.3.1 General compensation policy in force on the date of this report for the non-executive Corporate Officer: Chairman of the Board of Directors

Compensation structure

The compensation structure for the non-executive Chairman of the Board of Director comprises exclusively attendance fees.

In line with his non-executive functions and consistent with market practices in France, the Chairman of the Board of Directors does not receive any variable annual, pluri-annual or short-term cash compensation, nor the benefit of any long-term incentive scheme.

Attendance fees

The attendance fees paid to the Chairman of the Board of Directors are allocated in accordance with the rules defined by the Board of Directors and set out in the Board's Internal Rules. Such allocation rules, which apply to all the Directors, include variable fees for each meeting of the Board of Directors, as well as a specific fixed annual portion for the Chairman of the Board (see Section 2.5 of the present report concerning rules of allocation of attendance fees to the Directors).

2.3.2 General compensation policy in force on the date of this report for Executive Directors and Corporate Officers: Chief Executive Officer and Deputy Chief Executive Officers

On the basis of these objectives, the Group has implemented a global compensation policy for the Executive Directors and Corporate Officers, structured as follows (see also the Market Positioning Policy Section):

	Purpose	Key Features
Fixed annual salary	Recognise the level of responsibility in a competitive talent market.	See "Market Positioning Policy" section.
Annual Variable Compensation	Ensure published financial outlook is met and stimulate overdelivery on internal corporate objectives for the year.	Two sets of objectives: ▸ quantitative objectives: revenue; Organic change in "Operating Verticals" Revenues; EBITDA margin(1); discretionary free cash flow; LEAP savings plan; ▸ qualitative objectives: specific objectives related to the strategic roadmap. See "Variable compensation policy" section.
Pluri-annual variable compensation	-	None.
Long-term Incentive Plan	▸ Maximise mid-term value creation; ▸ Align the interest of Corporate Officers with shareholders; ▸ Retain key senior executives.	Allocation of phantom shares (or free shares) linked to 3-year value creation objectives: revenue linked to the new verticals; discretionary free cash flow; relative TSR(2). See "Variable compensation policy" section.
Compensation, indemnities or benefits due or likely to be due on termination or change of functions	-	None.
Exceptional compensation	-	See "Exceptional compensation policy" section.
Benefits in kind	-	▸ Car with chauffeur for the CEO. ▸ Company car for Deputy CEO.
Attendance fees	Compensation for Board Members.	Not applicable to Deputy Chief Executive Officers. Regarding the method of allocation of attendance fees to Board Members, please refer to Section 2.5 of this document.
Non-compete undertakings	Take account of the satellite operators's highly competitive environment.	Non-compete clause: lump sum allowance equivalent to 50% of the base salary during the 18-month period following the termination of duties in consideration for the commitment to refrain from working for any satellite operator, directly or indirectly.
Supplementary pension scheme	-	None.
Group benefit and supplementary health plan	-	The Executive Directors and Corporate Officers benefit from supplementary health plans currently in force within the Group, on the same terms as those applying to the employee group to which they are assimilated for the calculation of their employee benefits.

(1) EBITDA is defined as operating income before depreciation and amortisation, impairments and other operating income/(expenses). The EBITDA margin is the ratio of EBITDA to revenues.

(2) TSR is Total Shareholder Return over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

Note:

i) the criteria used to determine the compensation of the Executive Directors and Corporate Officers include, *inter alia*: market positioning (see dedicated Section), track record, function and seniority;

ii) the precise weight of the various objectives to determine the annual variable compensation is determined by the Board of Directors on a case by case basis, depending on the respective functions of the Executive Directors and Corporate Officers.

Market positioning policy

The competitiveness of the compensation policy is measured primarily by reference to comparable French companies (in terms of market capitalisation and revenue), and, when relevant, by reference to comparable European companies.

Market positioning policy

A set of guidelines framing the assessment of the global compensation market competitiveness has been proposed, consistent with Eutelsat's specific features:

- the long-term component of compensation is greater than that of Eutelsat's peers, in order to emphasise long-term objectives and enhance alignment with the interests of shareholders;
- relative positioning objective for cash compensation: base salary and total cash compensation around the median.

Annual fixed compensation

The annual fixed compensation of the Executive Directors and Corporate Officers is awarded in consideration of their corporate functions taking account of their individual merits in combination with market benchmarks.

Accordingly, it is determined on the basis of the following:

- the level and complexity of the missions and responsibilities attached to the corporate function, each Executive Director and Corporate Officer being vested with the broadest powers to act in the name of the Company, in all circumstances, and to represent it in its relationships with third parties;
- the track record, skills, experience, expertise and past functions of each Executive Director and Corporate Officer;
- the compensation analyses and market benchmarks for comparable functions and companies.

In accordance with the Company's reference Code of Governance, the Board of Directors has deemed that this annual fixed compensation of the Chief Executive Officer would be reviewed solely upon expiry of the corporate mandate.

Notwithstanding, it may be reviewed during the course of the corporate mandate and prior to its renewal in the event of a significant change in the scope of responsibility attached to such function, which may occur as a result of changes affecting the Company itself, or of the emergence of a significant discrepancy compared to the market benchmark. In these specific circumstances, the adjustment of the fixed compensation, as well as the reasons for the adjustment, shall be disclosed publicly.

For other Executive Corporate Officers, the opportunity for a revision of their fixed remuneration will be considered on an annual basis by the Board of Directors.

The annual fixed compensation is used as the basis for the calculation of the maximum percentage of annual variable compensation and the valuation of long-term incentives.

As a reminder, the basic fixed annual salary for each Executive Corporate Officer for fiscal year 2018-19 is as follows:

- 650,000 euros for the Chief Executive Officer;
- 363,384 euros for the Deputy Chief Executive Officer and Chief Commercial Officer;
- for the Deputy Chief Executive Officer and Chief Technical Officer: 253,000 euros for FY 2018-19 compared to 230,000 euros for FY 2017-18. This 10% increase is based on the desire of the Board to: i) progressively align the compensation of the Deputy Chief Executive Officer and Chief Technical Officer on the median of the market benchmark; ii) recognize the scope of his perimeter of responsibility and his tasks as well as their impact on the strategy of the Group and its transformation.

Variable compensation policy

Annual variable compensation

Determination method

The potential amount of variable compensation is determined on the basis of, *inter alia*, noted market practices, and the achievement of performance levels in relation to key parameters and certain economic and personal, quantitative and qualitative performance objectives, in line with the implementation of the Company's strategy.

During the first quarter of each fiscal year, the Board of Directors, on the basis of recommendations from the Remuneration Committee, confirms or determines such objectives, as well as their weight and the associated performance levels:

- threshold below which no compensation is paid;
- target level when the objective is met; and
- maximum level evidencing outperformance compared to the target level for the set objective.

The economic, quantitative performance objectives linked to financial indicators are precisely determined on the basis of the budget approved by the Board of Directors, and are subject to the performance thresholds described above.

The level of achievement of the objectives is disclosed once performance has been assessed by the Board of Directors.

Detailed presentation of the characteristics for each Executive Director and Corporate Officer

The parameters are determined by the Board of Directors during the first quarter of the relevant year. They are subject to change from one year to the next. The weight of each criterion for the Chief Executive Officer and the Deputy Chief Executive Officers is set forth in the following summary table:

(as a percentage of the fixed compensation, rounded to one decimal place)	Rodolphe Belmer	Michel Azibert	Yohann Leroy
QUANTITATIVE OBJECTIVES AT GROUP LEVEL	**70%**	**35%**	**25%**
"Operating Verticals" Revenues growth(1)	28%	14%	10%
EBITDA margin (EBITDA/revenues)(2)	14%	7%	5%
Discretionary free cash flow	14%	7%	5%
The transformation plan (LEAP)	14%	7%	5%
QUALITATIVE OBJECTIVES AT GROUP LEVEL	**30%**	**25%**	**25%**
SPECIFIC COMMERCIAL QUANTITATIVE OBJECTIVES	-	**45%**	-
TOTAL	**100%**	**105%**	**50%**

(1) The objective of "Operating Verticals Revenues growth" replaces the "Revenues" objective in order to strengthen the consistency between the financial objectives disclosed to the financial markets and the metrics used to assess the quantitative portion of annual variable compensation. Operating Verticals Revenues is equal to Total Group revenues minus "Other revenues" as disclosed in the Section 6.1 of this document. The less predictable nature of "Other revenues" (i.e. revenues which are non-recurring and not related to the commercialization of capacity) indeed led the Group to exclude them from its revenue objectives. The variation is computed at constant currency, perimeter and IFRS 15 accounting standards.

(2) The EBITDA margin objective replaces the EBITDA objective in order to strenghthen the consistency between the financial objectives disclosed to the financial markets and the metrics use to assess the quantitative portion of annual variable compensation.

Method forcalculating the quantitative objectives (minimum and maximum levels)

- 115% in case of out-performance compared to budget;
- 100% if the budget is met;
- 80% if the disclosed financial objectives are met; and
- 0% in case of objective achievement below this minimum level.

The relevant amounts are calculated using constant exchange rates and on a linear basis from one threshold to the next.

Qualitative objectives

These parameters are determined by the Board of Directors during the first quarter of the relevant fiscal year and are subject to change from one year to the next to reflect the strategic, business and managerial issues for the upcoming financial year, for each relevant function. They may relate to, *inter alia*, the implementation of strategic guidelines approved by the Board of Directors, important industrial and commercial developments and programmes and the organisation and management actions.

They do not relate to day-to-day tasks, but rather to specific actions in respect of which the Board of Directors expects specific performance further to the determination of objectives that are as measurable as possible, and assessed globally.

Payment conditions

As required by law, the payment of the annual variable compensation, effective from that due in respect of fiscal year 2017-18 and payable during fiscal year 2018-19 (the month following the approval), is conditional on approval by an ordinary General Shareholders' Meeting.

Appointment or expiry of functions

In the event of appointments or expiry of functions occurring in the course of the year, the foregoing principles apply for the period of time during which the functions were discharged (*prorata temporis*). However, in respect of any appointments made during the second half of the relevant financial year, performance is assessed on a discretionary basis by the Board of Directors on the basis of a proposal by the Remuneration Committee.

Long-term incentives

Objective

The Board of Directors considers that this mechanism, which also applies to certain other key functions within the Company, is well-suited to the functions of the Executive Directors and Corporate Officers given the expected level of their direct contribution to the long-term performance of the Company. This mechanism, which is based on the achievement of certain performance conditions over several years and on the evolution of the value of the Eutelsat share price, strengthens the motivation and loyalty of these key functions while fostering the alignment of their interests with the interests of the Company and of its shareholders.

Detailed presentation of the characteristics of the long-term incentive plan

Vehicle

The long-term incentive plan is based on the allocation of Eutelsat phantom shares. After a period of at least three years, the level of achievement of the performance conditions described below determines the number of vested phantom shares, resulting in a cash payment based on the value of the Eutelsat share on such date.

Performance conditions

The phantom share vesting percentage varies depending on the achievement of internal and external performance conditions measured over a period of three years.

The internal conditions, account for three-quarters and relate to:

- a revenue objective linked to the new verticals for 50%;
- discretionary free cashflow (DFCF) for one-quarter; and

To be noted that, compared with the long-term incentive plan of November 2017:

- the criterion relative to the LEAP cost-saving plan has been removed. On this subject it should be noted that: i) the objective of the plan was a saving of 30 million euros by 30 June 2019; ii) the plan is already one of the criterion taken into account for the assessment of the variable part of the remuneration for FY 2018-19,
- the criterion of total group revenues is replaced by a revenue objective linked to the new verticals, and notably revenues from the Connectivity business, in line with Step Two of the Group's strategic plan, whose timeline is drawing closer, and which calls for a return to growth on the back of building-out services in Video and capturing opportunities including in the Mobility and Fixed Broadband segments.

The Revenues and DFCF objectives are confidential and based on the Group's strategic plan. For confidentiality reasons, the details of these objectives may only be disclosed ex-post, further to their review by the Board of Directors.

The external condition accounts for one-quarter and is based on a relative TSR objective over the defined period (three years from the establishment of the plan). Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of several relevant indices.

For the purpose of this condition, the actual phantom share vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% as compared to the composite index defined above; and
- 115% in case of out-performance by 15% as compared to the composite index defined above.

The final vesting of phantom shares is also subject to a presence condition until the end of the vesting period. In the event of a departure before the end of this period, the basic principle would be the non-allocation of phantom shares. Nevertheless, the Board of Directors could decide to maintain all or part of the phantom shares allocation but would have to justify and explain the set of specific circumstances leading to such a decision. In this case, the Board of Directors would make sure that a *prorata temporis* is applied and that the vesting percentage is based on the achievement of performance conditions: the cash payment could therefore not occur before the end of the vesting period defined by the plan.

Allocation maximum cap

On the grant date, the value of the phantom shares granted to the Executive Directors and Corporate Officers may not exceed a certain percentage of their annual fixed salary. This percentage stands at:

- 144% for the Chief Executive Officer (allocation equal to 125% of annual fixed salary with a potential vesting percentage of 115% in case of out-performance);
- 58% and 184% for the Deputy Chief Executive Officers:
  - 58% for Yohann Leroy (allocation equal to 50% of annual fixed salary with a potiential vesting percentage of 115% in case of out-performance),
  - 184% for Michel Azibert (allocation equal to 160% of annual fixed salary with a potiential vesting percentage of 115% in case of out-performance).

Exceptional compensation

The Board of Directors adopted the principle according to which the Executive Directors and Corporate Officers may receive exceptional compensation in very specific circumtances only, such as for example a significant transaction for the Group. In any event, should any such decision be made by the Board of Directors:

- the amount of any such exceptional compensation may not exceed 100% of the acting Executive Director or Corporate Officer's target bonus;
- its payment may not be made prior to its approval by an ordinary General Shareholders' Meeting;
- such decision shall be made public immediately after the Board of Directors' meeting during which the decision was taken; and
- the decision must be justified, and must contain details of the event leading to it.

Any such exceptional compensation may also be justified in the event and context of the arrival of a new Director or Corporate Officer in order to indemnify the new Executive Director or Corporate Officer for the loss of variable annual compensation as a result of leaving the previous employer.

2.4 INFORMATION CONCERNING THE ELEMENTS OF REMUNERATION OWED OR ATTRIBUTED TO CORPORATE OFFICERS

The previous section comprises the report on the principles and criteria used to determine, allocate and grant the total fixed, variable and exceptional compensation items and benefits of the Chairman of the Board and of the executive Corporate Officers ("dirigeants mandataires sociaux") in respect of their functions, as provided under Article L. 225-37-2 of the French Commercial Code. The General Meeting of Shareholders shall be called upon to approve the compensation principles on the basis of this report.

It is specified that under this article and in compliance with the Article L. 225-100-2 of the French Commercial Code, the payment of the annual variable compensation items and of the long-term variable compensation items of the executive Corporate Officers (Chief Executive Officer and Deputy Chief Executive Officers) in respect of the 2017-18 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2017-18 financial year.

2.4.1 Main changes to the compensation of the Executive Directors and Corporate Officers in respect of the 2017-18 financial year

As a reminder the General compensation policy for FY 2017-18 was approved by the General Meeting of 8 November 2017. In this section, the main changes compared to FY 2016-17 are included for information purposes.

Evolution of the remuneration of the Chairman of the Board of Directors

In order to simplify the remuneration, the Board of Directors decided to adapt the remuneration of the Chairman as of the entry into office of Dominique D'Hinnin, from 8 November 2017.

The Chairman of the Board of Directors whose remuneration hitherto comprised a fixed annual cash compensation of 200,000 euros and attendance fees now comprises exclusively attendance fees (with a fixed portion raised to 175,000 euros *versus* 45,000 euros previously and an unchanged variable part of 4,000 euros per Board meeting). This was approved by the Shareholders Meeting held on 8 November 2017. Hence the amount of attendance fees was adjusted accordingly, and was also approved by the Shareholders Meeting held on 8 November 2017 (the rules for the attribution of attendance fees are described in the Section 2.5 of this document).

Alignement of the award level for quantitative objectives used to determine annual variable compensation and long-term incentive plan

The Board of Directors decided to align the award level for the criteria used to determine annual variable compensation with the award level used for the long-term incentive plan.

Hence, the amount allocated for each criteria used to determine annual variable compensation for FY 2017-18 is as follows:

- 115% in case out-performance by 1% compared to budget;
- 100% if the budget is met (unchanged);
- 80% if the disclosed financial objectives are met; and
- 0% in case of objective achievement below this minimum level (unchanged).

The relevant amounts are calculated using constant exchange rates and perimeter and on a linear basis from one threshold to the next.

Addition of an objective related to the "LEAP" Plan among the quantitative objectives used to define the variable portion of compensation

In February 2017, the Group announced the launch of the "LEAP" cost-savings plan aimed at generating 30 million euros in annualised savings by 2018-19 of which 15 million euros in 2017-18. In order to maximize the alignment between the implementation of the Strategy and the assessment of variable compensation, an objective related to "LEAP" has been added to the other quantitative criteria (revenues, EBITDA, Discretionary free cash flow) used to define the variable portion of compensation of Corporate Officers from 2017-18.

2.4.2 Criteria to define the variable portion of compensation

In accordance with the AFEP-MEDEF recommendation, the variable part of the Corporate Officers' compensation is based on predetermined qualitative and quantitative objectives.

In respect of the 2017-18 financial year, the variable portion of compensation paid to executive Corporate Officers ranged from 0 to 100% of the fixed portion for Rodolphe Belmer, 0 to 105% of the fixed portion for Michel Azibert and from 0 to 50% of the fixed portion for Yohann Leroy. It is determined entirely on the basis of performance criteria that include:

For Rodolphe Belmer:

- quantitative objectives at Group level (accounting for 70% of fixed salary), linked to revenue (accounting for 28%), EBITDA (accounting for 14%), discretionary free cash flow (accounting for 14%), and the LEAP plan (accounting for 14%);
- qualitative objectives (accounting for 30%).

For Michel Azibert:

- quantitative objectives at Group level (accounting for 35% of fixed salary), linked to revenue (accounting for 14%), EBITDA (accounting for 7%), discretionary free cash flow (accounting for 7%) and the LEAP plan (accounting for 7%);
- specific quantitative objectives related to the position of Group Chief Commercial and Development Officer (accounting for 45%);
- qualitative objectives (accounting for 25%).

For Yohann Leroy:

- quantitative objectives at Group level (accounting for 25% of fixed salary), linked to revenue (accounting for 10%), EBITDA (accounting for 5%), discretionary free cash flow (accounting for 5%) and the LEAP plan (accounting for 5%);
- qualitative objectives (accounting for 25%).

The weight of each criterion is summarised in the table below:

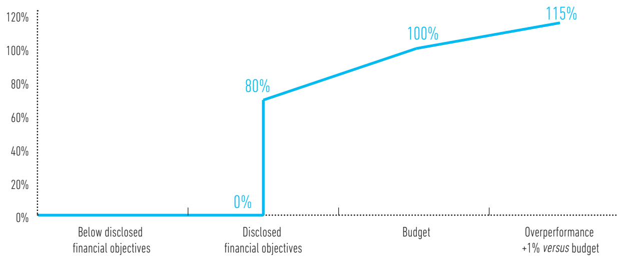
(as a percentage of the fixed compensation, rounded to one decimal place)	Rodolphe Belmer	Michel Azibert	Yohann Leroy
QUANTITATIVE OBJECTIVES AT GROUP LEVEL	**70%**	**35%**	**25%**
Revenues	28%	14%	10%
EBITDA	14%	7%	5%
Discretionary free cash flow	14%	7%	5%
The transformation plan (LEAP)	14%	7%	5%
QUALITATIVE OBJECTIVES AT GROUP LEVEL	**30%**	**25%**	**25%**
SPECIFIC QUANTITATIVE SALES OBJECTIVES	-	**45%**	-
TOTAL	**100%**	**105%**	**50%**

Quantitative objectives at Group level

With regard to quantitative objectives at Group level, the amount allocated for each criterion stands as follows:

- 115% in case of over-performance by 1% compared to budget;
- 100% if the budget is met;
- 80% if the financial objectives communicated are met; and
- 0% in case of objective achievement at lower levels.

The relevant amounts are calculated using constant exchange rates and on a linear basis from one threshold to the next. The amounts allocated as a function of the level achieved can be represented as below:



Qualitative objectives

Qualitative objectives relate to priority projects at strategic or operational level for the financial year. The criteria used to determine compensation in respect of the 2018-19 financial year are not publicly disclosed for confidentiality reasons.

For Rodolphe Belmer

The **qualitative objectives** that were set to determine the variable compensation to be paid to Rodolphe Belmer in respect of fiscal year 2017-18 were as follows:

- Improve the efficiency of core business in order to maximise cash flow Generation (30%):
  - Pursue Capex optimization efforts in particular through the implementation of a design-to-cost approach,
  - Reduce costs related to core businesses,
  - Continue to strengthen the organization and the management teams as well as the roll-out of a performance-driven corporate culture,
- Prepare for return to growth (70%):
  - Increase value extracted from Video Applications notably through the on-going implementation of a differentiated pricing strategy, the rationalisation of distribution at key Video neighbourhoods as well as the development of new services (15%),
  - Strengthen Eutelsat's leadership in innovation for example *via* the initiation of a testing phase for a low-orbit constellation (15%),
  - Prepare the Company for a change in scale in Broadband (20%),
  - Fine-tune the 10-year strategy (20%).

For Michel Azibert

The **qualitative objectives** that were set to determine variable compensation to be paid to Michel Azibert in respect of fiscal year 2017-18 were as follows:

- for Video Applications (24%), the strengthening of the team in charge of the business line and the conclusion of new contracts with new DTH platforms;
- for Fixed Data (24%), the strengthening of the team in charge of the business line and the conclusion of new contracts with Telecom operators;
- for Government Services (16%) the evolution of revenues in this business line;
- for Fixed Broadband (20%), the strengthening of the management team and creation of favourable conditions for the launch of Konnect Africa;
- for mobile Connectivity (16%) the development of specific offers for certain verticals and the conclusion of significant contracts in this application.

Michel Azibert's specific **quantitative objectives** related to the position of Group Chief Commercial and Development Officer included the following:

- HOTBIRD revenues (for 18%);
- reduce Opex for the commercial department in the framework of the LEAP plan (for 11%);
- Customer collection (for 11%);
- increased HD penetration on the fleet (for 15.5%);
- revenues in specific regions, for specific subsidiaries or applications (for 44.5%). For example, revenues in MENA or in LATAM.

For Yohann Leroy

The **qualitative objectives** that were set to determine variable compensation to be paid to Yohann Leroy in respect of fiscal year 2017-18 were as follows:

- the amount of Cash Capex (14%);
- contributing to LEAP cost-savings plan for the technical activities (11%);
- managing technical teams and strengthening technical expertise (18%);
-

- broadening the scope of responsibility to new topics such as the participation to the Group's financial communication (7%);
- continuing the implementation of the "design-to-cost" approach in order to reduce cost per transponder (14%);
- definition of the Group's strategy for in-orbit services and in-orbit maintenance (11%);
- contribution to various group strategy projects (25%).

2.4.3 Summary of compensation and benefits paid to Executive Directors and Corporate Officers (Table 1 – AMF recommendation)

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended on 30 June 2017 and 2018:

(in euros)	Financial year 2016-17	Financial year 2017-18
MICHEL DE ROSEN Chairman of the Board of Directors (from 16 September 2013 to 8 November 2017), Chief Executive Officer (10 November 2009 to 29 February 2016)		
Compensation (see Table 2 for details) including Attendance fees	292,000	96,212
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	-	-
Valuation of phantom shares granted during the financial year	-	-
TOTAL	**292,000**	**96,212**
DOMINIQUE. D'HINNIN Chairman of the Board of Directors (from 8 November 2017)		
Compensation (see Table 2 for details) including Attendance fees	-	167,111
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	-	-
Valuation of phantom shares granted during the financial year	-	-
TOTAL	**-**	**167,111**
RODOLPHE BELMER Chief Executive Officer (since 1 March 2016), Deputy CEO (1 December 2015 to 1 March 2016)		
Compensation (see Table 2 for details) including Attendance fees	1,276,907	1,316,181
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	-	-
Valuation of phantom shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	812,500	812,500
TOTAL	**2,089,407**	**2,128,681**
MICHEL AZIBERT Deputy CEO (since 5 September 2011)		
Compensation (see Table 2 for details)	714,046	710,124
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	-	-
Valuation of phantom shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	436,061	508,738
TOTAL	**1,150,107**	**1,218,862**
YOHANN LEROY* Deputy CEO (since 25 April 2017)		
Compensation (see Table 2 for details)	62,425	341,538
Valuation of options granted during the financial year		-
Valuation of performance shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)		-
Valuation of phantom shares granted during the financial year (*NB:* theoretical amount assuming full vesting of long-term incentive plans)	92,000	115,000
TOTAL	**154,425**	**456,538**

* *Yohann Leroy's compensation for 2016-17 is stated on a prorata temporis basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017. Note: performance shares are valued on the basis of their book value at grant date, calculated in accordance with IFRS standards and assuming a maximum number of granted phantom shares.*

2.4.4 Summary of compensation paid to Executive Directors and Corporate Officers (Table 2 – AMF recommendation)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended on 30 June 2017 and 2018 respectively.

	Financial year 2016-17		Financial year 2017-18	
(in euros)	Amounts payable	Amounts paid	Amounts payable	Amounts paid
MICHEL DE ROSEN Chairman of the Board of Directors (from 16 September 2013 to 8 November 2017), Chief Executive Officer (10 November 2009 to 29 February 2016)				
Fixed salary	200,000	200,000	71,212	71,212
Variable compensation	-	-	-	-
Attendance fees	92,000	31,998	25,000	92,000
Benefits in kind	-	-	-	-
Exceptional compensation	-	-	-	-
TOTAL	**292,000**	**231,998**	**96,212**	**163,212**
DOMINIQUE. D'HINNIN Chairman of the Board of Directors (from 8 November 2017)				
Fixed salary	-	-	-	-
Variable compensation	-	-	-	-
Attendance fees	-	-	167,111	-
Benefits in kind	-	-	-	-
Exceptional compensation	-	-	-	-
TOTAL	**-**	**-**	**167,111**	**-**
RODOLPHE BELMER Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)				
Fixed compensation	650,000	650,000	650,000	650,000
Variable compensation	588,283	235,398	610,103	588,283
Attendance fees	35,250	-	51,000	35,250
Benefits in kind	3,374	3,374	5,078	5,078
Exceptional compensation	-	-	-	-
TOTAL	**1,276,907**	**888,772**	**1,316,181**	**1,278,611**
MICHEL AZIBERT Deputy CEO (since 5 September 2011)				
Fixed compensation	363,384	363,384	363,384	363,384
Variable compensation	345,987	205,160	342,239	345,987
Attendance fees	-	-	-	-
Benefits in kind	4,675	4,675	4,501	4,501
Exceptional compensation	-	-	-	-
TOTAL	**714,046**	**573,218**	**710,124**	**713,872**
YOHANN LEROY* Deputy CEO (since 25 April 2017)				
Fixed compensation	42,167	42,167	230,000	230,000
Variable compensation	19,940	-	109,630	19,940
Attendance fees	-	-	-	-
Benefits in kind	318	318	1,908	1,908
Exceptional compensation	-	-	-	-
TOTAL	**62,425**	**42,485**	**341,538**	**251,848**

* *Yohann Leroy's compensation for 2016-17 is stated on a prorata temporis basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.*

2.4.5 Details of the fixed and variable compensation items due or allocated for the 2016-17 financial year and submitted to a binding vote of the shareholders pursuant to the Article L. 225-37-2 of the *Code de commerce*

The payment of the Annual and Pluri-annual variable compensations is subject to the positive vote of the AGM to be held on 7 November 2018.

Michel de Rosen's compensation

The remuneration below was established on a *prorata temporis* basis until 8 November 2017, when Michel de Rosen's office as Chairman of the Board of Directors ended.

Compensation items due or allocated during the 2017-18 financial year	Amount or book value *(in euros)*
Fixed compensation	71,212
Annual variable compensation	
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	
Attendance fees	25,000
Supplementary pension scheme	

Fixed compensation as non-executive Chairman of the Board of Directors of Eutelsat Communications

Michel de Rosen's annual fixed compensation in his capacity as Chairman of the Board of Directors stood at 200,000 euros.

Michel de Rosen's fixed compensation as determined for the financial year ended 30 June 2018 was established on a *prorata temporis* basis until 8 November 2017, when Michel de Rosen's office as Chairman of the Board of Directors ended.

Attendance fees

The amount of attendance fees due to Michel de Rosen for fiscal year 2017-18 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stands at 25,000 euros.

Variable compensation

None.

Other

Michel de Rosen was not eligible for any post-employment benefit, non-compete indemnity or supplementary pension scheme as non-executive Chairman of the Board of Directors.

Dominique D'Hinnin's compensation

The remuneration of Dominique D'Hinnin as non-executive Chairman of the Board of Directors of Eutelsat Communications comprises exclusively attendance fees.

Compensation items due or allocated during the 2017-18 financial year	Amount or book value *(in euros)*
Fixed compensation	-
Annual variable compensation	
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	
Attendance fees	167,111
Supplementary pension scheme	

Fixed compensation as non-executive Chairman of the Board of Directors of Eutelsat Communications

None.

Attendance fees

The amount of attendance fees due to Dominique D'Hinnin for fiscal year 2017-18 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stood at 167,111 euros.

Variable compensation

None.

Other

None.

Rodolphe Belmer's compensation

Compensation due or allocated during fiscal year 2017-18	Amount or book value *(in euros)*
Fixed compensation	650,000
Annual variable compensation	610,103
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	812,500
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	5,078
Attendance fees	51,000
Supplementary pension scheme	

Fixed compensation

The fixed compensation of Rodolphe Belmer in his capacity as Chief Executive Officer of Eutelsat Communications for the financial year ended on 30 June 2018 stands at 650,000 euros. This remuneration is consistent with the previously defined market positioning policy.

Rodolphe Belmer's fixed compensation as determined for the financial year ended 30 June 2018 was paid to him by Eutelsat Communications.

Variable compensation

The amount of variable compensation paid to Rodolphe Belmer for the financial year ended on 30 June 2017 stands at 588,283 euros and was paid during the first half of the financial year ended on 30 June 2018.

A review of Rodolphe Belmer's objectives achievement was performed and found that the variable component of Rodolphe Belmer's compensation as Chief Executive Officer in respect of fiscal year 2017-18 stands at 93.9% of his gross annual fixed compensation (90.51% in respect of fiscal year 2016-17). The level of achievement of his quantitative objectives stood at 97.66% and of his qualitative objectives at 85%. Accordingly, the variable portion due to Rodolphe Belmer in respect of fiscal year 2017-18 amounts to 610,103 euros.

The calculation details are set our in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	Achievement	Weighted achievement	Achievement *(in euros)*
QUANTITATIVE OBJECTIVES AT GROUP LEVEL	**70%**	**97.66%**	**68.36%**	**444,353**
Revenue	28%	81.2%	22.7%	147,841
EBITDA	14%	95.8%	13.4%	87,212
Discretionary free cash flow	14%	115.0%	16.1%	104,650
The transformation plan (LEAP)	14%	115.0%	16.1%	104,650
QUALITATIVE OBJECTIVES	**30%**	**85%**	**25.5%**	**165,750**
TOTAL	**100%**	**93.9%**	**93.9%**	**610,103**

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include for example:

- a 56 million euros reduction in Cash Capex in FY 2017-18 compared to fiscal year 2016-17 without affecting deployment plan;
- the replacement of the HOTBIRD constellation, a strong illustration of effectiveness of design-to-cost policy;
- the implementation of "LEAP" cost savings plan generating 24 million euros of savings in FY 2017-18;
- continued strengthening of a performance-based corporate culture with notably the implementation of "One Eutelsat Culture" program geared towards 200 Managers;
- the acquisition and the integration of Noorsat to rationalize Video distribution in MENA;
- the pursuit of numerous innovation initiatives such as the commissioning of the nano-satellite ELO, Eutelsat's first low earth orbit satellite, a first step to test a project of constellation dedicated to the Internet of Things;
- the procurement of KONNECT VHTS satellite, a major milestone in the Group's growth strategy in Connectivity.

Attendance fees

The amount of attendance fees due to Rodolphe Belmer for fiscal year 2017-18 in his capacity as Board Member of Eutelsat Communications stands at 51,000 euros.

Benefits in kind

The amount of Rodolphe Belmer benefits in kind in respect to the financial year ended on 30 June 2018 corresponds to the provision of a company car.

Other

A non-compete clause applies in the event of termination of Rodolphe Belmer's functions, in consideration for the payment of an amount equal to 50% of Rodolphe Belmer's fixed compensation for a period of 18 months. This commitment requires Rodolphe Belmer to refrain from working for any satellite operator during such period, whether directly or indirectly.

Michel Azibert's compensation

Compensation items due or allocated during fiscal year 2017-18	Amount or book value *(in euros)*
Fixed compensation	363,384
Annual variable compensation	342,239
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	508,738
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	4,501
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Michel Azibert's fixed compensation for fiscal year 2017-18 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Group Chief Commercial and Development Officer stood at 363,384 euros.

Variable compensation

Michel Azibert's variable compensation stood at 345,987 euros for the financial year ended 30 June 2017 and was paid in the first half of the financial year ended 30 June 2018.

A review of Michel Azibert's objectives achievement was performed and found that the variable component of Michel Azibert's compensation in respect of fiscal year 2017-18 stands at 94.2% of his gross annual fixed compensation (95.21% in respect of the 2016-17 financial year), or 342,239 euros. The level of achievement of his quantitative objectives at Group level stood at 97.66%, of his specific sales objectives at 85% and of his qualitative objectives at 88%. The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	Achievement	Weighted achievement	Achievement *(in euros)*
QUANTITATIVE OBJECTIVES AT GROUP LEVEL	**35%**	**97.66%**	**34.2%**	**124,208**
Revenue	14%	81.2%	11.4%	41,325
EBITDA	7%	95.8%	6.7%	24,378
Discretionary free cash flow	7%	115.0%	8.1%	29,252
The transformation plan (LEAP)	7%	115.0%	8.1%	29,252
QUALITATIVE OBJECTIVES	**25%**	**88.00%**	**22.0%**	**79,944**
SPECIFIC QUANTITATIVE SALES OBJECTIVES	**45%**	**84.44%**	**38.0%**	**138,086**
TOTAL	**105%**	**89.7%**	**94.2%**	**342,239**

With regard to the qualitative objectives and specific quantitative sales objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include – in addition to certain items already mentioned for Rodolphe Belmer:

- the growth of HD channels with a HD penetration rate of 21% as of 30 June 2018, compared to 17% the previous year, representing a 27% increase in the number of HD channels;
- the reinforcement of the commercial teams with for example the hiring of an Executive Vice President, in charge of the Global TV and Video business line and of a Global Executive Vice President for the Data Business Line;
- the contribution of the commercial department to the reduction of external costs in the framework of the LEAP cost savings plan;
- the signing of contracts with new DTH platforms for example in the Carribean region on EUTELSAT 117 West B and with SFR Altice in France;
- the commercialization of the totality of the remaining HTS capacity on EUTELSAT 172B to UnicomAirNet;
- the development of a new orbital position in government services at 174°East, with a significant commercialization of the available resources.

Benefits in kind

The amount of Michel Azibert's benefits in kind in respect to the financial year ended on 30 June 2018 corresponds to the provision of a company car.

Yohann Leroy's compensation

Compensation items due or allocated during fiscal year 2017-18	Amount or book value *(in euros)*
Fixed compensation	230,000
Annual variable compensation	109,630
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	115,000
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	1,908
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Yohann Leroy's fixed compensation for the financial year ended on 30 June 2018 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer stood at 230,000 euros. As a reminder for fiscal year 2016-17 Fixed compensation (42,167 euros) was computed on a *prorata temporis* since Yohann Leroy was appointed Deputy Chief Executive Officer (on 25 April 2017).

Variable compensation

A review of Yohann Leroy's objectives achievement was performed and found that the variable component of Yohann Leroy's compensation in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer in respect of fiscal year 2017-18 stands at 47.7% of his gross annual fixed compensation. The level of achievement of his quantitative objectives stood at 97.66% and of his qualitative objectives at 93%. The variable compensation due to Yohann Leroy in respect of fiscal year 2017-18 in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer accordingly stood at 109,630 euros.

The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation)	Weight	Achievement	Weighted achievement	Achievement *(in euros)*
QUANTITATIVE OBJECTIVES AT GROUP LEVEL	**25%**	**97.66%**	**24.4%**	**56,155**
Revenue	10%	81.2%	8.1%	18,683
EBITDA	5%	95.8%	4.8%	11,021
Discretionary free cash flow	5%	115.0%	5.8%	13,225
The transformation plan (LEAP)	5%	115.0%	5.8%	13,225
QUALITATIVE OBJECTIVES	**25%**	**93.0%**	**23.3%**	**53,475**
TOTAL	**50%**	**95.4%**	**47.7%**	**109,630**

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include:

- the reduction in total Cash Capex (56 million) euros compared to fiscal year 2016-17);
- the contribution of the technical department to the "LEAP" cost savings plan;
- the involvement in financial communication and roadshows;
- continued implementation of a design-to-cost approach to further optimise investments: the replacement of the HOTBIRD constellation is a strong illustration of this approach;
- the commissioning of the nano-satellite ELO, Eutelsat's first low earth orbit satellite, a first step to test a project of constellation dedicated to the Internet of Things;
- the procurement of KONNECT VHTS (with attendant agreements with Orange and Thalès), the first VHTS satellite procured by the Group and the most competitive satellite and ground segment solution on the market, a major milestone in the growth strategy in Connectivity.

2.4.6 Free shares and phantom share plans

Stock options or stock purchase options

The Company did not set up any stock option or stock purchase plans during the financial years ended on 30 June 2017 and 2018.

During earlier financial years, however, stock options and stock purchase plans were set up by the operating subsidiary Eutelsat S.A. As of the filing date of this Reference Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

Free Share Allocation

Free Share Allocation Plan of 16 February 2016

Considering recent developments in French law that are more favourable to free share allocation plans, the Board of Directors decided to change the nature of the long-term compensation by reverting to free share allocation plans which, in the last two years, had been replaced by phantom share plans. In terms of performance-related criteria, the free share allocation plan dated 16 February 2016 follows on from the preceding phantom share plan (plan dated 11 February 2015).

Accordingly, on 16 February 2016, the Board of Directors of the Company approved a new free share allocation plan providing for the allocation of a maximum number of 292,081 free shares to Directors and Corporate Officers, managers and other employees of the Group (with an additional reserve of 20,000 shares for potential new recruitments) and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

Vesting of the free shares was subject to the achievement of performance-related conditions and to the condition that the beneficiaries remain employed within the Group during a period of three financial years (2015-16, 2016-17 and 2017-18) from the grant date for beneficiaries from French subsidiaries, and a 4-year period from such grant date for beneficiaries from foreign subsidiaries. Furthermore, beneficiaries from French companies are required to hold their shares for a further 2-year period following the vesting date.

The number of free shares granted stood at 125% of the gross annual base salary for Rodolphe Belmer (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, subject to the satisfaction of the performance objectives and presence condition set out by the Board of Directors:

- Michel de Rosen was potentially entitled to a total of 4,700 shares representing, on a pro rata basis (between 1 July 2015 and 29 February 2016) 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan;
- Rodolphe Belmer was potentially entitled to a total of 28,619 shares representing 125% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan;
- Michel Azibert was potentially entitled to a total of 12,800 shares representing 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The performance-related objectives are as follows:

- an objective based on EBITDA, accounting for one third;
- an objective based on ROCE, accounting for one third;
- an objective based on relative TSR over the defined period (1 July 2015 to 30 June 2018), accounting for one third. Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 59.52% in case of performance equal to that of the composite index defined above;
- 89.29% in case of over-performance by 10% as compared to the composite index defined above;
- 100% in case of over-performance by 15% as compared to the composite index defined above.

The Board of Directors at its meeting of 31 July 2018 decided to grant 0 share to Michel de Rosen, 0 share to Rodolphe Belmer and 0 share to Michel Azibert, representing a vesting rate of 0%.

The table below shows the vesting rate in respect of each criterion:

Criteria	Weight	Achievement %	Weighted achievement %
EBITDA	33.3%	0%	0%
ROCE	33.3%	0%	0%
Relative TSR	33.3%	0%	0%
TOTAL VESTING RATE			**0%**

The shares shall vest effective from 17 February 2019.

A summary table (Table 9) shows the history of performance shares grants.

As at the date of this report, no other allocation plan was undertaken by the Board.

Phantom share allocation

Phantom share allocation plan of 11 February 2015

On 11 February 2015, the Board of Directors approved a plan for the allocation of phantom shares to Corporate Officers, executives and to certain employees of the Group.

The cash bonus payment is based on the number of phantom shares vested, which is subject to both the achievement of certain performance conditions and to a condition of presence within the Company during a period of three financial years (2014-15, 2015-16 and 2016-17).

The number of phantom shares granted stands at 130% of the gross annual base salary for Michel de Rosen (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, subject to the achievement of certain performance objectives (an EBITDA-based objective accounting for one third, a ROCE-based objective accounting for one third and a TSR-related objective accounting for one third, over the defined period) set by the Board of Directors, Michel de Rosen is potentially entitled to a total of 20,775 phantom shares (reduced to 11,542 after proratization to take account of the termination of Michel de Rosen's duties as Chief Executive Officer effective 29 February 2016) and Michel Azibert to a total of 13,827 phantom shares. By comparison to the previous plan, the decision was made:

- to exclude the EPS-related objective, whose evolution is strongly related to EBITDA;
- to now take into account a relative TSR (rather than an absolute TSR as previously) measuring relative performance, indices and competitors, thereby allowing for a dissociation of the assessment of performance from the effects of macro-economic or market events exogenous to the Company. Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the sector satellite (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are based on the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 67% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 112% in case of over-performance by 15% compared to the composite index defined above.

The Board of Directors, at its meeting of 27 July 2017, decided to grant 2,253 shares to Michel de Rosen and 2,699 shares to Michel Azibert, *i.e.* a vesting rate of 19.52%. The cash payments corresponding to the granted phantom shares shall be made on 1 September 2017.

The table below shows the vesting rate for each of Michel de Rosen and Michel Azibert in respect of each criterion:

Criteria	Weight	Achievement %	Weighted achievement %
EBITDA	1/3	58.55%	19.52%
ROCE	1/3	0%	0%
Relative TSR	1/3	0%	0%
TOTAL VESTING RATE	**-**	**-**	**19.52%**

The members of the Executive Committee were required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary for a period of three years following the phantom share grant date and provided that the performance objective achievement levels at the end of the 3-year period following the granting of the shares allow for payment in respect of at least 50% of the phantom shares granted. For Michel de Rosen, this amount stood at 200% of his gross annual base salary and for Michel Azibert, at 100% of his gross annual base salary.

Phantom share allocation plan of 25 April 2017

On 25 April 2017, the Company's Board of Directors approved a phantom share allocation plan for the Group Corporate Officers. The decision to revert to a phantom share grant instead of the free share grant decided in 2016 is linked to developments in the French tax legislation.

On maturity of the plan, the theoretical grant of shares shall take the form of a cash bonus payment based on the number of vested phantom shares, which itself is conditional on the satisfaction of performance conditions and on a condition of presence within the Company during three financial years (2016-17, 2017-18 and 2018-19).

The number of phantom shares granted stands at:

- for Rodolphe Belmer: 125% (unchanged compared to the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, *i.e.* a total of 38,380 "theoretical" shares;
- for Michel Azibert: 120% (100% under the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, *i.e.* a total of 20,599 "theoretical" shares. In addition, the decision was made to increase Michel Azibert's allocation percentage as follows: 140% under the next long-term incentive plan and 160% under the following plan;
- for Yohann Leroy: 40% of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, *i.e.* a total of 4,346 "theoretical" shares.

The performance objectives set by the Board of Directors for the three financial years are the following:

- relative TSR[(2)] objective, accounting for 25%;
- revenue objective, accounting for 25%;
- objective linked to the LEAP cost savings plan announced in February 2017, accounting for 25%;
- discretionary free cash flow objective, as defined by the Group, accounting for 25%.

The changes in the objectives compared to the objectives under the bonus share plan of February 2016 (which included an EBITDA-related[(3)] objective accounting for one third, a ROCE-related[(4)], objective accounting for one third and a relative TSR-related objective accounting for one third) reflects the new Group strategy announced in June 2016, which aims, *inter alia*, at maximising the generation of cash flow.

The revenue-related objectives, those linked to the LEAP cost savings plan and those linked to discretionary free cash flow are confidential. Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

The final grant of these "theoretical" shares shall occur from September 2019, subject to the satisfaction of the foregoing performance conditions.

Phantom share allocation plan of 8 November 2017

Upon the recommendation of the Remuneration Committee, the Board of Directors, on 8 November 2017, approved a phantom share program for the Corporate Officers of the Group.

This program is in conformity with the Group's remuneration policy and in continuity with the previous program. The attribution of phantom shares translates, at the end of the program, into the payment of a cash bonus determined by the number of phantom shares, itself subject to the attainment of performance conditions as well as a condition of presence during the three financial years concerned (2017-18, 2018-19 and 2019-20).

The number of phantom shares awarded to each Corporate Officer is equal to:

- for Rodolphe Belmer: 125% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 36,305 phantom shares;
- for Michel Azibert: 140% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 22,732 phantom shares;
- for Yohann Leroy: 50% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 5,139 phantom shares.

The performance objectives set by the Board of Directors over the period of the three defined financial years are split as follows:

- 25% for the relative TSR[(5)];
- 25% for revenues;
- 25% for the LEAP[(6)] cost-savings plan announced in February 2017;
- 25% for discretionary free cash flow[(7)] as defined by the Group.

For each of the three internal measures (Revenues, 'LEAP' and discretionary free cash flow), in the case of underperformance relative to communicated financial objectives, the rate of realization would be 0%.

---

(2) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Intelsat, and Inmarsat) and Eutelsat.

(3) EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.

(4) ROCE is Return on Capital Employed = operating result/(shareholders' equity + net debt – goodwill).

(5) Total Shareholder Return: Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Intelsat, and ViaSat). Compared to the previous long-term incentive plan, given the strong volatility of Intelsat's share price which could distort the relative performance analysis, it has been replaced by ViaSat in the composition of the composite Index.

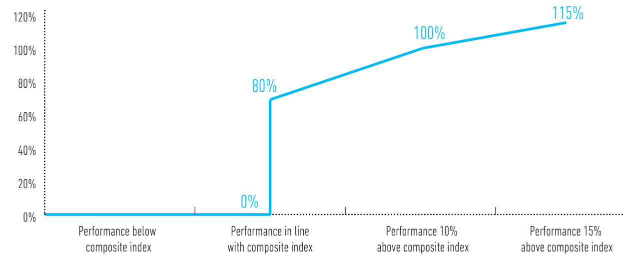
(6) In the event the LEAP cost-saving program is not extended to FY 2019-20, the objective would be removed, leaving three objectives: TSR, Revenues and Discretionary Free Cash Flow, which will each weigh for one-third.

(7) Net cash flow from operating activities – Cash Capex – Interest and Other fees paid net of interest received. For more information please refer to Chapter 6 of this document.

Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

For the TSR criteria, the actual vesting as a function of the performance achieved can be represented as below:



The definitive award of these phantom shares will occur as of November 2020, subject to the attainment of the abovementioned performance conditions.

Performance shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2018 (Table 6 – AMF Recommendation)

None.

Phantom shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2018 (Table 6 bis)

Performance shares granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date and duration of plan	Number of phantom shares granted in the financial year ended 30 June 2018	Valuation of shares based on method used for the consolidated financial statements *(in euros)*	Final vesting date	Holding period	Performance-related conditions under the plan
RODOLPHE BELMER Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)	8 November 2017 for financial years 2017-18, 2018-19 and 2019-20:	36,305	812,500	November 2020		25% of grant based on revenue 25% of grant based on LEAP cost savings plan 25% of grant based on Discretionary free cash flow 25% of grant based on relative TSR(1)
MICHEL AZIBERT Deputy CEO	8 November 2017 for financial years 2017-18, 2018-19 and 2019-20:	22,732	508,738	November 2020		
YOHANN LEROY Deputy CEO	8 November 2017 for financial years 2017-18, 2018-19 and 2019-20:	5,139	115,000	November 2020		
TOTAL	-	**64,176**	**1,436,238**			

(1) *In the event the LEAP cost-saving program is not extended to FY 2019-20, the objective would be removed, leaving three objectives: TSR, Revenues and Discretionary free cash flow, which will each weigh for one-third.*

Performance shares available to Corporate Officers during fiscal year 2017-18 (Table 7 – AMF Recommendation)

Performance shares declared available during the financial year by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date and duration of plan	Number of shares vested in the financial year	Performance-related conditions under the plan
MICHEL DE ROSEN Chairman of Board of Directors from 16 September 2013 to 8 November 2017, Chief Executive Officer (10 November 2009 to 29 February 2016)	8 November 2012 for financial years 2012-13, 2013-14 and 2014-15	3,283	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
MICHEL AZIBERT Deputy CEO	8 November 2012 for financial years 2012-13, 2013-14 and 2014-15	2,027	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
TOTAL		**5,310**	

History of performance shares granted to Corporate Officers (Table 9 – Afep-Medef Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Board of Directors meeting	1 February 2010	28 July 2011	8 November 2012	16 February 2016
Total number of theoretical shares granted including	700,000(1)	700,000(2)	347,530(3)	292,081
▸ to Directors and Corporate Officers	66,952(1)	84,000(2)	33,800(3)	46,119
Michel de Rosen	66,952(1)	52,000(2)	20,900	4,700
Rodolphe Belmer	N/A	N/A	N/A	28,619
Michel Azibert	N/A	32,000	12,900	12,800
Date of vesting	2 February 2013	29 July 2014	9 November 2015	17 February 2019
End of holding period	2 February 2015	29 July 2016	9 November 2017	17 February 2021
Performance-related conditions (for Directors and Corporate Officers)	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share and 25% of grant based on TSR objective	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share and 25% of grant based on TSR objective	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share and 25% of grant based on TSR objective	33.3% of grant based on EBITDA-related objective 33.3% of grant based on return on capital employed (ROCE) 33.3% of grant based on relative TSR objective
Number of shares acquired at 30 June 2018	536,091	132,230	27,562	-
Cumulated number of cancelled or outdated shares	163,909	567,770	319,968	-
Performance shares remaining at financial year-end	-	-	-	249,662

(1) On 30 July 2012, the Board of Directors decided to grant 536,091 shares to 486 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the 3-year vesting period. Under this plan, 55,617 shares were granted to Michel de Rosen on 2 February 2013.

(2) On 30 July 2014, the Board of Directors decided to grant 133,484 shares to 559 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the 3-year vesting period. Under this plan, 5,431 shares were granted to Michel de Rosen, and 3,287 to Michel Azibert.

(3) On 29 July 2015, the Board of Directors decided to grant 27,562 shares to 87 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the 3-year vesting period. Under this plan, 3,283 shares were granted to Michel de Rosen, and 2,027 to Michel Azibert.

2.4.7 Compensation and other benefits payable or likely to be payable as a result of or following the termination of office of the Group's senior executives

Directors and Corporate Officers do not receive any supplementary pension or termination benefit from the Company.

Employment contract and pensions (Table 10 – AMF Recommendation)

	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable as a result of termination or change in office		Payments pursuant to a non-competition clause	
Corporate Officers and Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No
DOMINIQUE D'HINNIN **Chairman of Board of Directors (since 8 November 2017)** Appointed on: 8 November 2017 End of office: General Meeting adopting the 2020-21 accounts		X(1)		X		X		X
MICHEL AZIBERT **Deputy CEO and Chief Commercial and Development Officer** Appointed on: 5 September 2011		X(2)		X		X		X
RODOLPHE BELMER **Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)**		X(3)		X		X	X(4)	
YOHANN LEROY **Deputy CEO and Chief Technical Officer** Appointed on: 25 April 2017		X(5)		X		X	X(4)	

(1) Dominique D'Hinnin has no employment contract with any affiliate of Eutelsat Group.

(2) Michel Azibert has no employment contract with any affiliate of Eutelsat Group.

(3) Rodolphe Belmer has no employment contract with any affiliate of Eutelsat Group.

(4) In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period.

(5) Yohann Leroy has no employment contract with any affiliate of Eutelsat Group.

2.5 ATTENDANCE FEES PAID TO THE BOARD MEMBERS

In accordance with legal provisions, information is reported on the total compensation (including benefits in-kind) paid to the members of the Company's corporate bodies during the financial year ended 30 June 2018 (see the Notes to the consolidated financial statements for more information).

The amount of attendance fees which stands now at 985,000 euros has been modified by a resolution approved by the General Meeting of Shareholders of 8 November 2017.

The draft resolutions adopted by the Board of Directors which will be submitted for approval by the General Meeting of Shareholders to be held on 8 November 2018 to not include provisions aiming to modify this amount.

Regarding the method of allocation of attendance fees to Board Members

At the date of the current report, the method of allocation of attendance fees, as set out in the Board's Internal Rules, take priority account of Board Members' effective participation at meetings and committees, in accordance with the Article 20.1 of the AFEP-MEDEF Code:

Board:

- annual fixed part of 15,000 euros per Board Member (increased to 30,000 euros for the Vice Chairman and 175,000 euros for the Chairman);
- annual additional 10,000 euros per Board Member with foreign nationality and living outside of France;
- variable part of 4,000 euros per Board Member for each Board meeting attended.

Audit Committee:

- annual fixed part of 4,000 euros per Committee member (increased to 14,000 euros for the Committee Chairman);
- variable part of 3,000 euros per Committee member for each Audit Committee attended.

Governance and Selection Committee:

- annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
- variable part of 2,000 euros per member for each Committee attended.

Remuneration Committee:

- annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
- variable part of 2,000 euros per member for each Committee attended.

Attendance fees due for a given fiscal year are paid once a year at the beginning of the following fiscal year.

The total amount of attendance fees due by the Company and the companies it controls to non-executive Directors and Corporate Officers of the Company for the financial year ended 30 June 2018 stood at 951,169 euros.

The method of allocation of attendance fees described above remains unchanged.

The gross amounts received by the Directors serving on the Board at the closing of this financial year, during the two latest financial years, are detailed below.

Attendance fees and other forms of compensation received by non-Executive Directors and Corporate Officers (Table 3 – AMF Recommendation)

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to non-Executive Directors and Corporate Officers during the financial years ended 30 June 2017 and 30 June 2018 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2017-18 and paid from 1 July 2018 are provided in the column "financial year 2017-18".

Non-Executive Directors and Corporate Officers *(in euros)*	FY 2016-17	FY 2017-18
J. D'ARTHUYS BOARD MEMBER		
Attendance fees	66,000	68,600
Other	0	0
R. BELMER BOARD MEMBER		
Attendance fees	35,250	51,000
Other	See Section 2.4	See Section 2.4

ATTENDANCE FEES PAID TO THE BOARD MEMBERS

Non-Executive Directors and Corporate Officers *(in euros)*	FY 2016-17	FY 2017-18
LORD J. BIRT **VICE-PRESIDENT, BOARD OF DIRECTORS**		
Attendance fees	106,500	108,000
Other	0	0
BPIFRANCE PARTICIPATIONS **BOARD MEMBER, REPRESENTED BY STÉPHANIE FRACHET**		
Attendance fees	62,000	62,000
Other	0	0
A. GARCIA FAU **BOARD MEMBER**		
Attendance fees	87,000	79,125
Other	0	0
P-F. FOURNIER **BOARD MEMBER (SINCE 8 NOVEMBER 2017)**		
Attendance fees	-	34,667
Other	0	0
E. GAIDE **BOARD MEMBER (SINCE 8 NOVEMBER 2017)**		
Attendance fees	-	47 267
Other	0	0
D. D'HINNIN **CHAIRMAN OF THE BOARD AND BOARD MEMBER (SINCE 8 NOVEMBER 2017)**		
Attendance fees	-	167,111
Other	0	0
FSP **BOARD MEMBER REPRESENTED BY DOMINIQUE D'HINNIN (FROM 1 JULY 2017 TO 8 NOVEMBER 2017), THEN BY AGNÈS AUDIER**		
Attendance fees	46,650	80,000
Other	0	0
D. LEROY **BOARD MEMBER (SINCE 8 NOVEMBER 2017)**		
Attendance fees	-	49,667
Other	0	0
B. MABILLE **BOARD MEMBER (UNTIL 8 NOVEMBER 2017)**		
Attendance fees	66,000	22,733
Other	0	0
R. MCINNES **BOARD MEMBER**		
Attendance fees	80,500	87,000
Other	0	0
C. PIWNICA **BOARD MEMBER**		
Attendance fees	75,500	69,000
Other	0	0
M. DE ROSEN **CHAIRMAN OF THE BOARD AND BOARD MEMBER (UNTIL 8 NOVEMBER 2017)**		
Attendance fees	92,000	25,000
Other	See. Section 2.4	See. Section 2.4
TOTAL OF ATTENDANCE FEES	**780,518**	**951,169**

2.6 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

Number of Eutelsat Communications S.A. shares held	30 June 2017	30 June 2018
Rodolphe Belmer Board Member, Chief Executive Officer (since 1 March 2016)	2,000	2,000
Dominique D'Hinnin Board Member, Chairman of the Board of Directors (since 8 November 2017)	N/A	2,000
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	61,564,251
FSP Board Member, represented by Mrs Agnès Audier	17,464,145	17,464,145
Ross McInnes Board Member	2,000	2,000
Lord John Birt Board Member	2,101	2,169
Ana García Fau Board Member	2,000	2,000
Paul-François Fournier Board Member (since 8 November 2017)	N/A	0
Esther Gaide Board Member (since 8 November 2017)	N/A	2,000
Didier Leroy Board Member (since 8 November 2017)	N/A	2,000
Carole Piwnica Board Member	2,000	2,000
Michel Azibert Deputy Chief Executive Officer	28,115	28,115
Yohann Leroy Deputy Chief Executive Officer	4,277	4,277
Jean d'Arthuys Board Member (since 5 November 2015)	0	500

2.7 CORPORATE GOVERNANCE

2.7.1 Reference code used to establish a Corporate governance policy

The Company complies with the guidelines in the AFEP-MEDEF Corporate Governance Code of November 2016 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

Article of the AFEP-MEDEF Code	AFEP-MEDEF recommendations	Company practice	Explanations
9.2	Evaluation for the purposes of assessing the actual contribution of each Director to the work of the Board.	The evaluation of the contribution of each Director is not incorporated into either the Board's self-assessment or into the formal assessment that takes place every 3 years.	The discussions involving the Chairman on one side, the Chairwoman of the Nomination and Governance Committee and the other Directors on the other, and the discussions within the Nomination and Governance Committee enable the actual contribution of each of the Directors to be discussed.
23.3	When the non-competition agreement is being concluded the Board should include a provision authorising it to waive this agreement upon the departure of the executive manager.	The non-competition undertaking agreed with Mr Rodolphe Belmer and Mr Yohann Leroy does provide for the option for the Board of Directors to waive it at the time of the executive manager's departure.	The Board of Directors, on the recommendation of the Governance, Selection and Remuneration Committee, took the view that, given the very competitive context for satellite operators, it was very important for the Company to require a non-competition undertaking from Mr Rodolphe Belmer and Mr Yohann Leroy. The non-competition undertaking was limited both in terms of its duration (18 months) and its amount (50% of fixed remuneration), which is significantly below the ceiling set by the Reference Code.

2.7.2 Conditions for admission to and participation in the General Shareholder's Meetings

As of 30 June 2018, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's by-laws.

In accordance with the recommendations set forth in the Reference Code, Board Members participate in General Shareholders' Meetings.

2.7.3 Absence of Control of the Company

To the Company's knowledge, as of 30 June 2018, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 *et seq.* of the French of Commercial Code.

2.7.4 Separating the functions of Chairman and Chief Executive Officer

In accordance with the legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Commercial Code), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

2.7.5 Senior Management

Since 8 November 2017, Dominique D'Hinnin has been Chairman of the Board, Rodolphe Belmer Chief Executive Officer, Michel Azibert and Yohann Leroy have acted as Deputy Chief Executive Officers in addition to their roles as Chief Commercial & Development Officer (Michel Azibert) and Chief Technical Officer (Yohann Leroy).

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer – Chief Commercial and Development Officer, the Deputy Chief Executive Officer – Chief Technical Officer, the Financial and IT Director, the Company Secretary and Director of Legal Affairs, the Human Resources Director, the Deployment and Innovation Director and the Chief Strategy and Strategic Marketing Officer.

With the support of the Remuneration Committee, the Board of Directors determines the remuneration of the Chairman of the Board and the Executive Directors in accordance with the recommendations of the Reference Code. The remuneration policy which sets out the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional elements constituting the total remuneration of the Chairman and the Executive Directors, is detailed Sections 9.12 and 9.13. of the Management report.

Restrictions on the powers of the Chief Executive Officer implemented by the Board of Directors

The internal rules of procedure of the Board specifies the respective competence of the Board of Directors, of the Chairman of the Board and of the Chief Executive Officer by providing limitations to its powers.

2.7.6 Factors likely to have an impact in the event of a public offer

The Company by-laws impose no restrictions on voting rights and on share transfers. To the best of the Company's knowledge, there is no agreement between shareholders limiting share transfers and the exercise of voting rights.

At the date of this Report the Company has no knowledge of any agreement between the Company's shareholders or any convention providing for preferential conditions for the disposal or the acquisition of shares in the Company and involving at least 0.5% of the capital or voting rights in the Company.

Please also see paragraph 2.6 and 7.1.2.5.

2.7.7 Organisation and preparation of the Board Meeting

Internal rules

The Board of Directors has adopted Internal Rules which set out the principles and procedures for how the Board and its Committees will operate. The Internal Rules have been updated on several occasions; the most recent update dates from 8 November 2017 specifically to take into account the new provisions in order to ensure the payment of the fixed share of the attendance token in proportion to the term of office of the Board Members and also to consent to pay an additional amount to the Board Member living outside of France, even if the Board Member is French.

The Internal Rules also defines the composition of the Board of Directors, the Chairman of the Board and the Chief Executive Officer while providing for the limits on the powers of the latter.

The Internal Rules define the composition, responsabilities and operating methods of both the Board and the Committees.

Board meetings and information communicated to the Board of Directors

The Board of Directors met nine times during the financial year (eight times in the previous financial year).

The average annual attendance rate of Directors at meetings held during the fiscal year was 94.1% (compared to 92.7% in the previous fiscal year). The attendance rate for each Director is shown in the table below:

Directors	Attendance rate
John Birt	100%
Michel de Rosen (Chairman until 8 November 2017)	100%
BPIFrance Participations (represented by Stéphanie Frachet)	100%
Ross McInnes	88.9%
FSP represented by Mr Dominique D'Hinnin (until 8 November 2017) and represented by Mrs Agnès Audier (as from 8 November 2017)	100%
Carole Piwnica	77.8%
Jean d'Arthuys	100%
Anna Garcia Fau	100%
Rodolphe Belmer	88.9%
Dominique D'Hinnin (Chairman as from 8 November 2017)	100%
Paul-François Fournier (Board Member as from 8 November 2017)	71.4%
Esther Gaide (Board Member as from 8 November 2017)	100%
Didier Leroy (Board Member as from 8 November 2017)	100%
Bertrand Mabille (Board Member until 8 November 2017)	100%

Observer

Pursuant to the provisions of (i) the Letter of Agreement signed on 2 September 2005 between the Company and EUTELSAT IGO and (ii) the Company's by-laws, the Executive Secretary of EUTELSAT IGO sits as an observer on the Board of Directors.

Directors' term of office

The Directors' term of office is four years as provided for by the by-laws.

Rules applicable to the appointment and to the replacement of the Board Members and also to the amendment of the Company by-laws

In accordance with the Article 13 of the Company by-laws, the Board Members are appointed by the Ordinary Meeting of the Shareholders.

Directors may be reelected. They may be removed at any time by decision of the Ordinary Meeting of Shareholders.

In accordance with the Article 14 of the Company by-laws, if a Director's seat becomes vacant between two Meetings of Shareholders, the Board of Directors may make temporary appointments. Appointments of Directors made by the Board of Directors are subject to ratification by the next Ordinary Meeting of Shareholders.

A Director appointed in replacement of another Director shall remain in office only for his/her predecessor's remaining term of office.

The Shareholders' collective decisions related to the amendment of the Company by-laws are made in Meetings of Shareholders, as provided by law.

2.7.8 Changes in the composition of the Board of Directors

Composition of the Board of Directors

The composition of the Board of Directors as of 30 June 2018 is shown in the table below:

Directors	Date of first appointment/ co-optation	Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended
Lord Birt	10 November 2006	30 June 2019
Jean d'Arthuys	5 November 2015	30 June 2019
Dominique D'Hinnin (Chairman)	8 November 2017	30 June 2020
BPIFrance Participations, represented by Stéphanie Frachet	17 February 2011	30 June 2018
Ana Garcia Fau	5 November 2015	30 June 2019
Ross McInnes	6 February 2013	30 June 2018
Fond Stratégique de Participations (FSP) represented by Mrs Agnès Audier	4 November 2016	30 June 2020
Carole Piwnica	9 November 2010	30 June 2020
Rodolphe Belmer	4 November 2016	30 June 2020
Didier Leroy	8 November 2017	30 June 2021
Esther Gaide	8 November 2017	30 June 2021
Paul-François Fournier	8 November 2017	30 June 2021

Independent Directors

During one of its meetings, the Board of Directors assessed the independence of each of its members. At 30 June 2018, among its twelve members, eight Directors were qualified as independent according to the independence criteria of the Reference Code representing 66.66% of the Boards of Directors.

Directors	Independent
Lord Birt	Yes
Jean d'Arthuys	No
Dominique D'Hinnin (Chairman)	Yes
BPIFrance Participations, represented by Stéphanie Frachet	No
Ana Garcia Fau	Yes
Ross McInnes	Yes
Fond Stratégique de Participations (FSP) represented by Mrs Agnès Audier	Yes
Carole Piwnica	Yes
Rodolphe Belmer	No
Didier Leroy	Yes
Esther Gaide	Yes
Paul-François Fournier	No

On the basis of the work of the Nomination and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each independent Director. The Board had to rule on the situation of Ross McInnes.

Ross McInnes is the non-executive Chairman of the Board of Safran who holds 50% of Arianegroup, a joint company with Airbus. He does not intervene in Safran's operational and commercial decisions or in Safran's participations such as Arianegroup, which launches satellites. However, in order to avoid any potential conflict of interest, Ross McInnes does not participate to discussions or to votes in relation to the choice of launchers or to the launcher policy and is submitted to the Board of Directors of Eutelsat Communications.

2.7.9 Diversity policy and representation to the Board

Gender representation

As of 30 June 2018, five women sit on the Board of Directors, which represents more than 40% of the total number of Directors.

Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's Management and employees, the Company entered into an agreement with its operating subsidiary Eutelsat S.A. and the Eutelsat S.A. Works Council on 8 November 2007. This agreement is designed to give Eutelsat S.A.'s Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the Directors.

Diversity

The Board is also committed to promoting diversity criteria:

- diversity in terms of nationality: a quarter of the members of the Board of Directors are of foreign nationality, not counting the Observer. Two Board Committees are also chaired by female Board Members of foreign nationality. A greater proportion of foreign nationality Board Members may be sought in the future;
- an international experience that is reinforced by the presence of one of the leaders of a large Japanese corporation;
- a variety of professional expertise in relation to the Company's markets (Media, Telecom).

2.7.10 Mission of the Board of Directors

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- Medium-term operations: the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts.

  The Group's 5-year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors;
- Investments and financial commitments: the Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium-term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year.

The annual budget for the 2018-19 financial year was approved by the Board of Directors on 21 June 2018.

Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or 25 million euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.

Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. Finally, prior Board approval is also required for any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million euros that is not expressly included in the Group's Annual Budget. The Board thus had to decide on the refinancing of a portion of the Group's debt during the third quarter of the financial year.

- Interim and annual financial statements: the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.
- Group Senior Management: prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.
- Monitoring the Group's activity: Management submits to the Board a monthly report on the Group's operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, *etc.*) to give the Board a clear understanding of how the business has evolved, particularly on a technical, commercial and financial level and on the monitoring of the budget.

Assessment of the Board of Directors

During the 2017-18 financial year, the Chair of the Nomination and Governance Committee presented the results of the self-assessment that had been conducted during the previous year to the Board.

For fiscal year 2017-18, the Board implemented the formal review by an external firm. The results were presented to Board Members on its 31 July 2018 meeting.

During the financial year ended 30 June 2018, the Board underwent a review by a an external auditor. Each member was interviewed on the basis of a questionnaire validated by the Chairman and the Chairman of the Nominations and Governance Committee. In addition, each member or permanent representative was invited to complete an online questionnaire.

After comparing with similar Boards in general, Eutelsat's Board is among the best in terms of size, independence, commitment, and transparency and quality of information provided by Management as well as the quality of discussions.

The positive points that emerge from the evaluation brought to the Board meeting held on 31 July 2018 are outlined as follows:

- an appropriate governance structure;
- Committed Directors with genuine dialogue with one another and with Management;
- quality and transparency of information from Management;
- a well-structured and meaningful strategic seminar;
- effective coordination between the Chairman of the Board, the Chief Executive Officer and Committee chairs.

The highlights areas for improvement can be summarized as follows:

- the composition of the Board does not yet fully reflect the changes in the business model, and may in particular be more international than it is at present;
- senior executives other than Top Management members may be asked to make more frequent presentations to the Board;
- the succession plan must be finalised;
- training of Directors in the Group's businesses must be intensified.

Based on this assessment, the NGC and the Board will work on the recommendations to enhance the Board's effectiveness.

2.7.11 Committees of the Board of Directors

At 30 June 2018, the Board is assisted in its work by three committees: the Audit Committee, the Appointments Committee and the Compensation Committee.

Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of 30 June 2018, the Audit Committee consisted of Jean d'Arthuys and four independent Directors: Esther Gaide, FSP (represented by Agnès Audier), Lord Birt and Ross McInnes, who acts as Chair, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of financial Director of several industrial groups, including the Safran Group.

The Group's Financial Director has attended all meetings of the Audit Committee.

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 100%.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Ross McInnes (Chairman)	100%
FSP (represented by Dominique D'Hinnin until 8 November 2017 and represented by Agnès Audier as from 8 November 2017)	100%
Lord Birt	100%
Bertrand Mabille (until 8 November 2017)	100%
Jean d'Arthuys (as from 8 November 2017)	100%
Esther Gaide (as from 8 November 2017)	100%

As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Group's Financial Director. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee was updated on ongoing litigations in particular with Canal+ Group dispute, as well as on the internal measures implemented further to last year's fraud case.

During the financial year, the Audit Committee was updated on the 3-year audit plan and 84% of the internal audit's recommendations were implemented. The Audit Committee has also examined the results of the audit undertaken on the Group's information system, as well as the progress of the implementation of the legal and regulatory procedures set forth in the *Sapin II* bill.

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

The Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new Directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of Directors *vis-à-vis* the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

The Nomination and Governance Committee met twice, with a 100% attendance rate.

As of 30 June 2018, the Committee was composed of a majority of independent members in accordance with the Reference Code. As of 30 June 2018 the members of the Committee are: Stéphanie Frachet (representative of BPIFrance Participations), Dominique D'Hinnin, Ross McInnes, and Carole Piwnica who chairs the Committee.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole Piwnica (Chairperson)	100%
Dominique D'Hinnin (as from 8 November 2017)	100%
Ross McInnes	100%
BPIFrance Participations represented by Stéphanie Frachet	100%
Michel de Rosen (until 8 November 2017)	100%

The committee had to consider:

- the renewal of the mandate of BPIFrance Participation represented by Stéphanie Frachet as Director and the renewal of the mandate of Ross McInnes as Director;
- the appointment of Esther Gaide as Chairman of the Nomination and Governance Committee;
- the succession plan for the Executive Committee according to three time horizons: emergency, short-term succession and long-term succession;
- the feminisation of the Executive Committee.

Remuneration Committee

The Remuneration Committee is responsible for matters relating to (i) the long-term remuneration policy, (ii) the remuneration of the CEO and the Deputy CEOs, (iii) the introduction of performance-based stock option plans within the Group, and (iv) the allocation of attendance fees.

The Committee, mainly consisting of independent Directors, met six times. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Anna Garcia Fau (Chairperson since 8 November 2016)	100%
Lord Birt	83.3%
Jean d'Arthuys (until 8 November 2017)	100%
Paul-François Fournier (since 8 November 2017)	50%

During the year, the main activities of the Committee were:

- review of the remuneration policy for Executive Directors and proposal to the Board;
- analysis of the performance of the Executive Officers in the previous financial year and recommendation to the Board on the variable component;
- analysis of the structure of the total (annual and long-term) variable remuneration for Executive Directors and objectives for the following financial year.

Ad hoc committee

The Ad hoc committee is responsible for matters relating to acquisition, disposal and long-term investment policy.

The Committee, mainly consisting of independent Directors, met four times. The attendance rate for each Committee member is shown in the table below.

Name	Attendance rate
Dominique D'Hinnin	75%
Ross Mc Innes	100%
FSP	75%
Carole Piwinca	100%
BPIFrance Participations	100%
Rodolphe Belmer	100%

All Board Members can attend Ad hoc committee meetings when they wish to.

During the year, the main activities of the Committee consisted of providing insight into the Group acquisition policy.

03

SUSTAINABLE DEVELOPMENT

3.1 BUSINESS MODEL, RISKS, CSR POLICY

During the financial year 2017-18, Eutelsat's management pursued its efforts to promote awareness of social, environmental and societal issues within the Group and to an external audience. In compliance with Article L. 225-102-1 of the French Commercial Code which was still applicable for the financial year beginning 1 July 2017, and taking into account French Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the publication of non-financial information by some major companies and some corporate groups, the Group has compiled a response for the items defined by the French *Grenelle II* Act which are relevant to its business in the following fields:

- Social;
- Environmental;
- Societal;

and specifically relating to the following areas:

- Combatting corruption;
- Respecting human rights.

The details of the collated data (indicators) are given in Section 3.7 "Indicators".

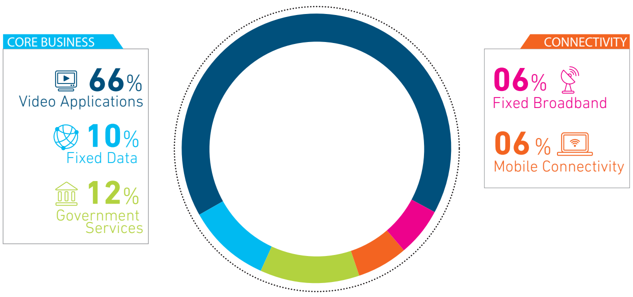
This work was coordinated by the Corporate Communications Department and involves the Group's main departments and subsidiaries: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management and Teleports.

3.1.1 Business model

See the Market and Group Strategy overview, and Group activities Sections of this document.

With a fleet of 38 satellites located in geostationary orbit from 117°West to 174°East, Eutelsat is a world-leading satellite operator with a footprint covering Europe, Africa, the Middle-East, Asia-Pacific and the Americas. The Group's high-performance satellites located at premium orbital positions and extensive ground infrastructure serve a solid client base of broadcasters, telecom operators, government agencies and ISPs from across the globe.

BUSINESS PORTFOLIO*



** Based on 2017-18 revenues excluding "Other revenues".*

3.1.2 Main non-financial risks

Please refer in particular to the "Risk factors" section of this document, which sets out the operating risks, risks related to changes in the satellite telecommunications market, market risks and the risk management and internal control systems implemented by the Group.

The main non-financial risks are:

- in social terms: the departure of key employees and any difficulties in hiring the staff needed for the Group's operations;
- in environmental terms: the risk of polluting space through congestion related to unused satellites which remain in orbit, the risks of pollution during launch operations, mainly under the supervision of launch operators. Eutelsat's activities are not exposed to major risks related to climate change;
- in societal terms, mainly in the field of ethics: the risk of corruption, intentional jamming affecting the broadcasting of some television channels.

The policy and initiatives implemented to manage these risks are set out later in this document.

3.1.3 Non-financial challenges and key performance indicators

The Group has identified three main CSR (Corporate Social Responsibility) areas, which are relevant given its activities, either because they may have an impact on its own performance, or because in relation to these challenges, the Group's operations may have a material impact in terms of responsible and sustainable development. These challenges are as follows:

- engaging in efforts to bridge the "digital divide";
- protecting the environment and maintaining the space around the earth uncongested and clean;
- implementing a Human Resources policy suited to the challenges facing the Group.

3.1.3.1 Engaging in efforts to bridge the "digital divide"

At the heart of the Group's business model, the commitment to reducing the digital divide is one of the main focuses of the Group's socially responsible development policy. The digital divide refers to discrepancies in access to information and communication technologies (ICTs), more specifically to the Internet and television broadcasting.

In this respect, the Group is faced with three major challenges:

- delivering Internet services to consumers, professionals and governmental agencies in areas with limited or no access to terrestrial networks;

- serving specific requirements by addressing the challenges of public policies with regard to digital inclusion;
- promoting access to free-to-air television for all.

Key performance indicators for this objective:

Revenues from Fixed broadband connectivity: **86.7 million euros at 30 June 2018**;

Amount of HTS capacity dedicated to broadband services at 30 June 2018: **more than 140 Gbps**;

Number of free-to-air channels broadcast on the Group's fleet at 31 December 2017: **2,332**.

3.1.3.2 Protecting the environment and maintaining space around the earth uncongested and clean

One of the cornerstones of our corporate social responsibility policy is to conduct a responsible fleet management policy which includes from the outset the procedure for end-of-life satellites. With the ever-growing number of telecommunications satellites in space, the question of satellites' end of life and the potential space debris generated at this stage is becoming increasingly important. Positioned in geostationary orbit for an average period of fifteen years, the satellites operated by Eutelsat are not in the category which generates the most debris, unlike satellites in low or medium orbit. Nevertheless, Eutelsat is committed to reducing the risk of space pollution.

Key performance indicators for this objective:

Number of satellites reaching end of life that have been re-orbited and passivated on 15 May 2018: **20 reflecting a 95% success rate**;

Number of repositionings of satellites in geostationary orbit at 15 May 2018: **102 reflecting a 100% success rate**;

Number of electric propulsion satellites launched during previous financial years: **one in 2015 (of three launches), one in 2016 (of two launches), one in 2017 (of one launch); upcoming: three by 2020 (of five launches)**.

3.1.3.3 Implementing a Human Resources policy suited to the challenges facing the Group

Promoting a diversity of cultures and encouraging employee loyalty in a highly competitive environment is the foundation of the third area of the Group's CSR policy. As a reminder, the activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by the European Telecommunications Satellite Organisation, an intergovernmental organisation (IGO). As a former IGO, the Group corporate culture is still characterised by a strong international identity. Today, the Group is a global and transnational company, and rolls out initiatives and procedures to foster endorsement and thereby promote employee loyalty, in particular through globally federating programmes (One Eutelsat, Rising Star) aimed at strengthening corporate culture and by harmonising its management and employee involvement tools. *NB*: for the 2017-18 fiscal year, the integration of Noorsat in Jordan which reinforced the Group's multiculturalism and its proximity to its priority markets.

Key performance indicators for this objective:

Number of nationalities represented within the Group: **46**;

Proportion of Eutelsat S.A. employees of a nationality other than French hired during the year: **19%**;

Number of nationalities represented on the Group Board of Directors: **4**;

Number of nationalities represented on the Leadership Committee: **12**;

Number of employees included in the Rising Star programme for high-potential managers: **15**.

3.2 SOCIETAL INFORMATION

3.2.1 Engaging in efforts to bridge the "digital divide"

Satellites provides easy and secure means to access broadband, and tomorrow, this very high-speed access will be available to homes located beyond reach of terrestrial telecommunication networks.

In the majority of regions, the long-term addressable market for satellite broadband equates to at least 2 to 3% of households. For example, in Europe, it is estimated that in 2030, around 5 million households will still be deprived of a quality fixed Internet connection through the terrestrial network.

Within the European framework, the European Commission requires a 30 Mbps connection for everyone in 2020, Eutelsat continued its commitment to digital inclusion in April 2018 with the announcement of an order to Thales for KONNECT VHTS, a new-generation satellite dedicated to high-speed broadband, which will be equipped with hundreds of spotbeams and Ka-band capacity of 500 Gbps.

The entry into service of KONNECT VHTS in 2021 will strengthen high-speed broadband resources on the KA-SAT satellite, available since 2011, and will be used to offer increasingly high-performance connections to individuals, professionals and administrations encompassing a vast region across Europe. As a reminder, KA-SAT was the first HTS (High Throughput Satellite) to offer a broadband Internet service to the general public. Since its launch, speeds have increased from 6 Mbps download and 4 Mbps upload to the current 22 Mbps download, even 50 Mbps for some services, and 6 Mbps upload (maximum level). KONNECT VHTS' very high-speed broadband services will be comparable to fibre optics.

Over the last three financial years, the Group has also considerably strengthened its Ka-band HTS resources in regions in which the digital divide issue is particularly critical:

- in **Russia,** with the launch of the EUTELSAT 36C satellite in December 2015;
- in **Brazil** and in other Latin American countries, with the launch and entry into service of EUTELSAT 65 West A in 2016;
- in **Sub-Saharan Africa** with the marketing of the Konnect Africa new-generation broadband services. Based on capacity leased on the fleet of the operator Yahsat, the services were launched in Benin, Cameroon, Kenya, Lesotho, Nigeria, South Africa, Swaziland, Tanzania and Uganda in June 2017, and will be extended to other countries in the region with the entry into service of the Al-Yah-3 satellite over the summer of 2018. Coverage will be extended to the entire region by 2020 with KONNECT satellite.

The Eutelsat's C-band satellite resources are also used to reduce the digital divide in areas with discrepancies in Internet access. This is evidenced by the broadband services distribution contract which was signed during the 2017-18 financial year with Alaska Communications on the EUTELSAT 115 West B satellite. The agreement focuses on the provision of broadband Internet access to various types of organisations in areas beyond terrestrial networks, thereby promoting the use of services such as online job training, e-commerce, state government services, tourism promotion and videoconferencing.

3.2.1.1 Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion

Satellite technology is a particularly well-adapted response to institutional requirements as it is capable of delivering high-quality Internet connectivity in unequalled deployment timeframes across all territories, without the geographical constraints associated with mountainous areas and with optimised cost-effectiveness.

In France, the programme called *"Plan France Très Haut Débit",* which aims to provide very high-speed broadband access to all by 2022, was officially enacted with the "Digital Cohesion" scheme in December 2017 to provide financial backing of 100 million euros for the installation of the equipment necessary for satellite or terrestrial Internet reception of up to 150 euros per household. The window will be officially opened at the end of 2018.

In the last few years, a particular effort has been concentrated on equipping schools in order to give them digital access. In France, the government's "Connected Schools" initiative aims to facilitate Internet access for a potential 8,000 schools, in which Eutelsat's partner suppliers and service providers are heavily involved.

At the European level, Eutelsat is involved in a consortium committed by the European Commission to study the potential and conditions of a satellite broadband equipment support program that the European Union could trigger to target rural schools ("BROSS" project). The first report produced by this consortium was published in September 2017[1] and paves the way for a pilot project.

In the Americas, Eutelsat Americas supplies capacity for several social connectivity programmes, notably in Mexico and Colombia, and is one of the sector leaders in this type of initiative, whose aim is to connect rural communities and give them access to a broader range of services (schools, hospitals, libraries, *etc.*).

In Africa, administrations are also taking action on digital inclusion and are calling on Eutelsat's connectivity services to ensure service continuity and equality for all people. At the end of 2017, La Poste Sénégal, the public postal services company, leased Ku-band capacity on the EUTELSAT 7 West A satellite to interconnect the 200 post offices nationwide *via* a VSAT network. Millions of inhabitants can now access local, financial or IT services throughout the country.

The benefits of satellite services are also evident in the area of healthcare, where it enables remote consultation as well as linking isolated treatment centres with university hospitals *via* the Internet.

3.2.1.2 Promoting access to free-to-air television for all

In Video Applications, its core business, Eutelsat promotes access to free-to-air television for homes in France and abroad.

At 31 December 2017, the Group was broadcasting 2,332 free-to-air channels across its fleet of satellites (*i.e.* one third of the total number of channels broadcast on this same date), to an audience of more than one billion viewers, mainly in Europe, the Middle-East and Africa. In France, the FRANSAT platform broadcasts 27 free DTT channels on the EUTELSAT 5 West A satellite (together with local and thematic channels and radio stations) on a subscription-free and unlimited-time basis. FRANSAT is the only free satellite DTT multi-channel offer referenced by the French broadcasting authority *(Conseil supérieur de l'audiovisuel).* It is designed in particular for homes beyond reach of terrestrial reception. More than two million homes are equipped to receive FRANSAT. FRANSAT is also a preferred conduit for local channels for broadcasting to a wider public audience. For retirement homes and other collective buildings, small community networks in DTT white zones and small and remote terrestrial transmitters, FRANSAT provides "FRANSAT PRO", a satellite-delivered free-of-charge community DTT solution. FRANSAT service is regularly enhanced to improve the viewer experience: e.g. with HDTV and Ultra HD content, the "FRANSAT Connect" portal for browsing the programme guide, interactive services accessible online, *etc*.

The platform is at the forefront in terms of Ultra HD broadcasting, with the arrival over the 2017-18 financial year of several 24/7 channels in this format (SFR 4K, NASA TV UHD), alongside the FRANSAT Ultra HD channel, which regularly broadcasts major sporting or cultural events such as Roland-Garros or the FIFA World Cup in partnership with broadcasting players.

Within a few years, the HOTBIRD constellation has become the benchmark hub for more than 274 million households in Europe, the Mediterranean Basin and the Middle-East, providing them with free access to a rich offering of more than 400 channels broadcast in around 40 languages. The 13°East orbital position is therefore an opportunity for people living outside their country of origin to receive their national channels, and thereby maintain a cultural link. The most recent example of this is the addition of the Bulgarian public channel HRT-HTV5 on HOTBIRD, which has been reaching a national and international audience across the constellation's coverage area since the spring of 2018.

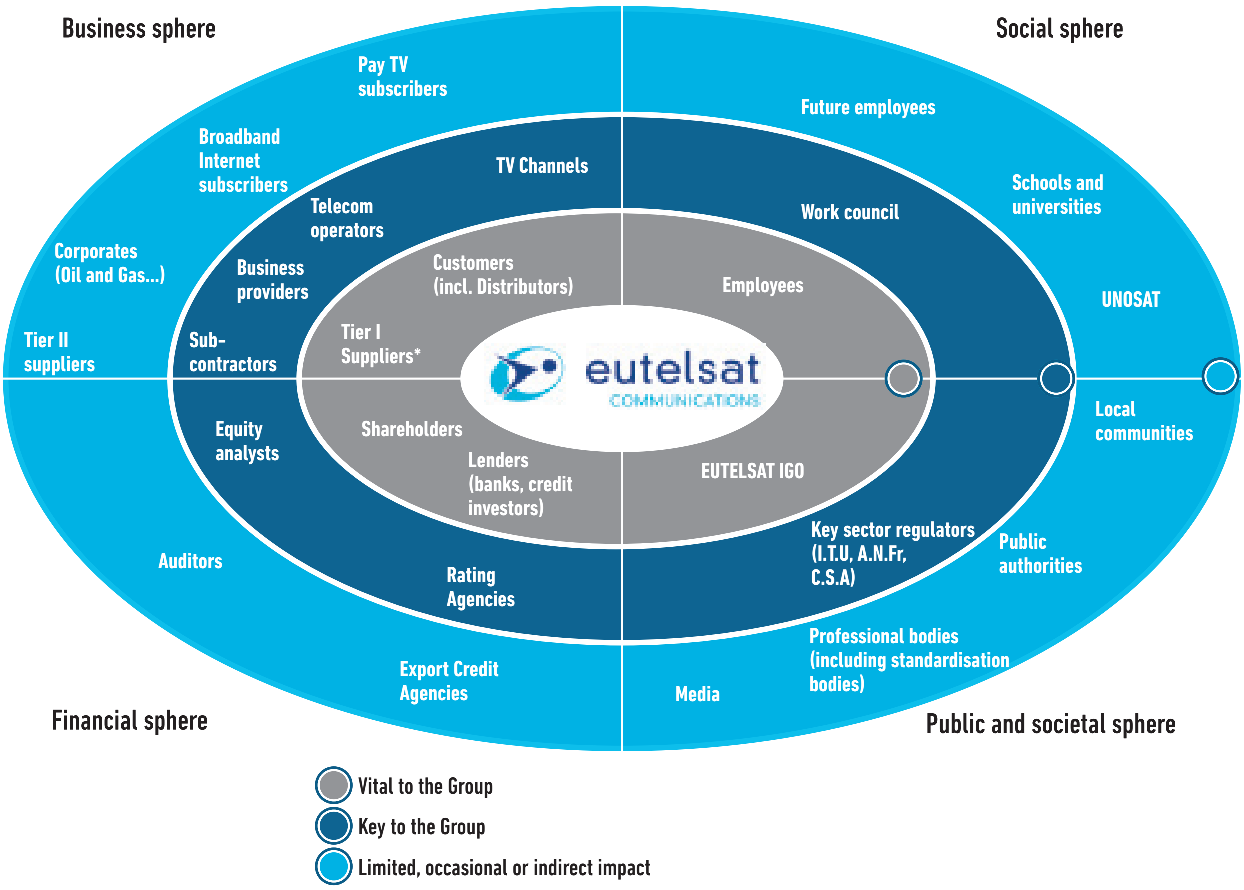
On the other side of the world, Walesia, the DTT operator in Fiji, signed an agreement with Eutelsat for C-band capacity on the EUTELSAT 172B satellite in November 2017, in order to provide digital access to six unencrypted channels to populations living beyond reach of terrestrial networks.

In Africa, the Group is supporting many public stakeholders in their digital transition. The agreement signed on the EUTELSAT 3B satellite with the *Société Burkinabè de Télédiffusion* (SBT), the public DTT broadcasting operator in Burkina Faso, resulted in the successful shift from analogue TV to all digital across the country at the end of 2017.

(1) *https://ec.europa.eu/digital-single-market/en/news/results-satellite-broadband-schools-study.*

3.2.2 Relations with stakeholders

The main stakeholders of the Group are identified in the Matrix below:



* *Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.*

The Group is a signatory of the "Collective for Space Care" Charter which brings together the space industry and partners who share the spirit of responsibility as derived from international treaties and principles on space, in keeping with space legislation and in accordance with best practices. The aim is to promote the safety of persons and goods, ensure the health of populations in all space operations, protect the earth and space environments and strengthen the prevention of risks associated with launch and in-orbit operations.

The Group's international presence and the broad coverage of its satellites worldwide provide many opportunities to commit to development and solidarity initiatives. This societal commitment may take different forms: external support, participation in research and development programmes to use satellite technology for the benefit of the protection of citizens and endangered animal species, support for humanitarian relief associations or digital development in vulnerable areas, the promotion of science and technologies in schools, as well as support for the Eutelsat IGO. Internally, the *"arrondi solidaire"* programme has been implemented.

3.2.2.1 Technological partnerships that contribute to civil defence and the protection of endangered animal species

Eutelsat engages in technological partnerships with space players and the Internet of Things in order to take part in developing innovative satellite resources to serve civil defence and endangered animal species. For example, the EUTELSAT 9B satellite, launched in January 2016, hosts the first payload of the European data relay system implemented by the European Space Agency (ESA) and Airbus Defence and Space. This payload, known as EDRS-A, has opened a spatial data highway, accelerating data flows between low-orbit satellites and their ground stations. The data flow system uses an on-board laser communication terminal, an inter-satellite link in Ka-band, and a Ka-band antenna, which transmits data from geostationary orbit to the EDRS ground stations. The response time required to conduct a wide range of operations such as the watch for natural disasters, emergency operations and coastal and maritime patrol operations has been significantly improved.

In terms of animal protection, Eutelsat joined forces in November 2017 with the Sigfox Foundation to step up the protection of the endangered rhinoceros population through the "Now Rhinos Speak" project. Prior to officialising this partnership, Eutelsat and the Sigfox Foundation had started to work together a year earlier on an initial operation in southern Africa. Three base stations of Sigfox's low-speed IoT network are now connected to the secure rhino tracking platform using Eutelsat's SmartLNB satellite service that extends terrestrial IoT networks anywhere, beyond urban areas. To date, this initiative has resulted in the tracking of around ten wild rhinoceroses.

3.2.2.2 Working in the field of humanitarian emergency relief efforts

Eutelsat is a founding signatory of the Charter of the United Nations Crisis connectivity, integrated with actions carried out by the World Food Programme (WFP). This initiated charter which was signed late 2015 by ESOA (EMEA Satellite Operators' Association), the GVF (Global VSAT Forum) and several satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme and the UN Office for the Coordination of Humanitarian Affairs, aims to provide governments and NGOs immediate and resilient connectivity in case of major humanitarian crisis, within 24 hours, and on four continents. It defines the framework for coordination and response between stakeholders to maximise the terms and response times to telecommunications needs in emergency situations. The principle commitments of the Charter include:

- pre-planned, predictable and scalable satellite-based solutions, deployable within 24 hours of a disaster and adaptable to the unique nature of each operation;
- satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot for deployment within 24 hours to disaster areas; transport within disaster areas; and importation and licensing;
- reserved bandwidth on inter-linking satellite coverages, ensuring prioritization of humanitarian Internet traffic.

All provided at no cost to the humanitarian operation.

Technical training sessions for humanitarian staff, in addition to crisis intervention simulations, have been conducted since the signature of the Charter by Eutelsat and other satellite operators and integrators.

The Crisis Connectivity Charter entered into its operational phase in the spring of 2018, through the signature of a contribution agreement between the WFP and Eutelsat, including around forty ground reception kits, and pre-allocated bandwidth on four satellites of the Group's fleet.

Eutelsat has also supported *Télécoms Sans Frontières* (TSF) since 2007. In the second half of 2016, the Group renewed its support to the NGO for a 3-year period. The assistance provided by Eutelsat through this partnership allows the international NGO to equip a community or crisis unit with high-speed connectivity in the space of a few hours to send data, images or voice communications. Emergency connectivity implemented by TSF leveraging Eutelsat's resources has been essential over the past year to restore telecommunications in the Caribbean Islands hit by Hurricanes Irma (Saint-Martin, Saint-Barthélemy) and Maria (Dominica) as swiftly as possible. Eutelsat's contribution brought about the installation of public access points to a Wi-Fi network in critical centres on the disaster-stricken islands. Several hundred connections were made possible simultaneously and were used as a priority by individuals or families to communicate with their relatives.

Eutelsat's partnership with TSF has also been focusing on major conflict zones for the last few years, ensuring a nearly-continuous coordination of the various humanitarian actions implemented in the field.

With a view to further improving the response speed of TSF's partner teams, and in addition to the resources already made available to the NGO, each year Eutelsat donates terminals ready for use on aircraft.

Similarly, the Group has supported NetHope since 2004. In the past year, Eutelsat has donated ten terminals and bandwidth to support the humanitarian efforts rolled out in refugee camps in Uganda.

Lastly, Eutelsat is directly committed to NGOs which are not specialised in telecommunications such as *"Action contre la faim",* by providing technical training for humanitarian staff. In July 2017, twenty team members were able to learn how to install broadband equipment quickly at Eutelsat's Paris-Rambouillet teleport.

Eutelsat Americas also works with Telmex each year during the storm season to roll out an emergency telecommunications system in Northern Mexico.

3.2.2.3 Eutelsat IGO, in constant dialogue with the Space community

Eutelsat maintains relations with Eutelsat IGO, an intergovernmental organisation, and with a range of stakeholders, on environmental and social responsibility issues.

Eutelsat IGO has the status of permanent observer on the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS). In this capacity, the Executive Secretary of Eutelsat IGO participates in the Working Group on the Long-term Sustainability of Space Activities which is working on the drafting of guidelines and preparation of a regulatory framework for their implementation in the space sector. In February 2018, the Group presented a draft preamble and 21 related guidelines, most of which have already been agreed, to the UNCOPUOS Scientific and Technical Sub-committee.

In June 2018, UNISPACE+50 celebrated the 50th anniversary of the first United Nations Conference on the Exploration and Peaceful Uses of Outer Space. The event brings together the international community to discuss the future avenues of space cooperation which may be beneficial for mankind as a whole. Eutelsat IGO regularly informs its Member States and Eutelsat S.A. of progress made in this field.

In addition, in February 2018, the Executive Secretary of Eutelsat IGO, Mr Piotr Dmochowski-Lipski, was appointed Commissioner of the United Nations' "Broadband Commission for Sustainable Development". Given the importance of the objectives set by this Commission, set up in 2010 by the ITU and UNESCO, including that of encouraging more inclusive and sustainable development by opening the opportunities related to the Internet to all individuals and civil society, Eutelsat IGO has been fully committed within this Commission since its inception[2]. Through Mr Piotr Dmochowski-Lipski's representation, the IGO takes part in the upcoming meetings scheduled in May and September 2018, during which the importance of access to the Internet and Information and Communication Technologies (ICT) in the achievement of the UN's Sustainable Development Goals (SDG) will be discussed.

3.2.2.4 *L'Arrondi Solidaire* – Solidarity in favour of local employment and micro-credit

These external initiatives and partnerships are accompanied by individual commitments within Eutelsat. They are accompanied by other initiatives such as *"l'Arrondi Solidaire",* where Eutelsat was the first French company to offer this programme in 2010, enabling employees to donate the euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to charities working for local employment and microcredit such as "ADIE" and "Positive Planet".

(2) http://www.broadbandcommission.org/Pages/default.aspx.

3.2.3 Territorial impact of the Group's activities on employment and regional development

3.2.3.1 Supporting digital development in rural areas

Please see below 3.2.3.2 and also refer to the Section "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion", Section 3.2.1.1.

3.2.3.2 Support for teaching science, a major challenge for development

Eutelsat actively supports the teaching of science at school and in a more general sense is proactive in education through its promotion of digital access.

The Group has forged close ties with students in the telecom and space sectors, in particular through employees teaching in university courses. Educational partnerships are also implemented with a view to promoting students' interest in science and technology.

In Africa, Eutelsat has been co-organising a competition since 2011 with pay-TV broadcaster, MultiChoice Africa, inviting students aged between 14 and 19 to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year the competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, videos and a dedicated website) and is supported by 1,000 MultiChoice resource centres equipped for satellite-delivered distance learning programmes. Since its creation, the competition has received around 7,000 entries of essays and posters. The competition's jury has always been chaired by an astronaut representing the European Space Agency (ESA). Italian astronaut Paolo Nespoli chaired the continental jury for the fourth time this year, meeting in Kampala, Uganda in April 2018 to select the winners. Amos Mumbere (Uganda) received the best essay prize and won a trip to Paris and French Guiana where he will attend the launch of a satellite. Rasheed Taher (Tanzania), winner of the best poster prize, will travel to South Africa to visit the facilities at the Hartebeesthoek Observatory.

The Group is also investing in educational projects in southern Italy and in Africa, as part of an innovative programme called "ONEClass! Open Network for Education", conducted by the Openet group and supported by the ARTES (Advanced Research in Telecommunications System) branch of the European Space Agency. The schedule of the pilot programme, initially set for an operational launch at the end of 2017, has been pushed back and should start in the spring of 2018, with the objective of connecting 32 sites in total. Aimed at multi-class schools and associations promoting access to education for migrant minors, the project will rely on satellite technology and more specifically on the resources of Eutelsat's KA-SAT satellite for its set-up and implementation. The "multi-class" segment includes the provision of live lessons to geographically isolated pupils in different locations *via* an on-line conference system, in addition to e-learning resources available on a dedicated cloud. The principle is similar for the segment concerning the NGOs who work in immigrant reception centres, who provide access to education to unaccompanied foreign minors. This network includes classes located in Africa. The bandwidth supplied by Eutelsat is a key factor in the programme's success, and supports a new inclusive teaching model, in particular for populations of migrant pupils.

In the Americas, the Group's subsidiary Eutelsat Americas makes its own contribution to the field of education through two programmes.

Since 2010, the company has taken part in the federal digital inclusion programme *México Conectado,* steered by the Ministry of Communications and Transportation. This programme, which aims to offer free Internet access in public spaces such as schools, hospitals, universities, parks and government institutions, currently connects approximately 100,000 sites. More than two thirds of connections are for schools and almost 30% of all public spaces connected *via* the programme use satellite technology. A partnership entered into between Eutelsat Americas and the company Elara Communicaciones has enabled a large number of schools to enjoy the educational potential provided by satellite Internet access. Similar social connectivity initiatives are also conducted in Panama, Colombia and Ecuador.

Recently, Eutelsat decided to lend its support to Laboratoria, an organisation which trains young women from disadvantaged areas in web development, thereby creating new opportunities for them. The NGO was founded in 2014 in Peru and has since extended its scope to Mexico and Chile. Through this initiative, populations who would otherwise be excluded from quality educational paths can more easily join the professional new technologies sector, take control of their careers and assert themselves as the digital frontrunners in their countries, while embodying new female models for younger generations.

3.2.3.3 Impact on employment and regional development

Among the Group's sites, teleports are those who participate most directly and actively in the local economic activity, because of their implantation in peri-urban or rural areas. The teleport in Paris-Rambouillet offers some benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of its activity and upkeep, namely:

- local firms for the upkeep and maintenance of the grounds surrounding the teleport;
- a regional company for antenna installation;
- most technical products required for proper functioning of the teleport are purchased from a local company in Rambouillet.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers. Local businesses are called upon for gardening, maintenance, servicing or office supplied. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organisations.

The proportion of local suppliers is estimated to 70%.

3.2.3.4 Impact on neighbouring populations

At the Paris-Rambouillet teleport, in order to reduce the impact of increased traffic in the region due to its business, the Company manages a shuttle-bus service between the teleport and Rambouillet town centre. Carpooling is also encouraged.

In a spirit of openness and with a view to promoting knowledge of the satellite industry, the Paris-Rambouillet teleport regularly receives visitors on its site including schools, local elected representatives and local authorities, and journalists. In 2017, 10,000 visitors came to the site.

In Madeira, company presentations at local schools are frequently organised and the teleport teams regularly receive visits from students in partnership with their schools.

In addition, Eutelsat supports digital development in rural areas (see Section 3.2.1.1 of this report).

3.2.4 Outsourcing and relationships with suppliers

Given the highly technically nature of Eutelsat's business, it works with a limited number of major suppliers that manufacture and launch the Group's satellites. These main suppliers are principally located in Europe and the U.S. and held to high standards for social responsibility

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the Group's headquarters in Paris ensures that key suppliers have implemented a policy that addresses the social and environmental issues: a purchasing charter is in force to reach this goal.

Group-wide streamlining of purchasing procedures with the "One Purchasing Group" project has resulted in the sharing of environmental and social clauses with subsidiaries, while adapting them to local regulations.

Tenders request the commitment to respect a code of ethics. The purchase contracts always contain clauses stipulating the obligation of compliance with regulations, undeclared personal employment ban, *etc*. For product suppliers, the description of the products is in principle attached or provided on request.

3.3 ENVIRONMENTAL INFORMATION

3.3.1 Global Environmental Policy

The Group's environmental policy is structured around two areas:

- satellite fleet management: space congestion and the environmental impact of satellites' life cycle. The Group applies a responsible fleet management approach in close partnership with satellite manufacturers and launch service providers to mitigate satellites' environmental impacts, and conducts a proactive policy to reduce space debris;
- optimising the environmental impact of Eutelsat's terrestrial operations: teleports and ground management activities. Due to the nature of its business, the Company does not have any factories or warehouses and its impact in terms of energy consumption and air, land or sea transport remains limited.

3.3.1.1 Means used for preventing environmental risks and pollution

The means implemented to reduce space pollution are set out below. As regards reducing pollution and releases related to terrestrial operations, please refer to Section 3.3.5 on circular economy and pollution in the report.

The issue of exposure to electromagnetic waves is also an environmental risk. Here is the comment issued by the World Health Organisation (WHO) on this matter:

"WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years.

While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones."

There are no specific references to risks associated with satellite use (source: WHO website http://www.who.int/mediacentre/factsheets/fs322/en/index.html).

3.3.1.2 Provisions and/or guarantees for environmental risks

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

3.3.2 Maintaining space around the earth uncongested and clean

3.3.2.1 Space debris management policy

Since the early 2000s, Eutelsat has addressed this issue by implementing a policy of responsible management of space debris, combining its extensive operational experience with recommendations from the international community.

Since 8 July 2005, Eutelsat has been certified in satellite control and operations (ISO 9001).

Furthermore, Eutelsat set up the Space Debris Mitigation Plan in 2005 to cover station-keeping manoeuvres, repositioning of satellites in geostationary orbit, colocation strategies, anomaly remedial measures, strategies for operations in inclined orbit and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan draws on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and on criteria defined by the French Space Operations Act. The requirements laid down in the Group's plan for improving end-of-life operations and passivation as well as minimising collision risks during operations are more challenging than those contained in the basic rules governing the Company's activities.

The Plan is regularly updated to include new standards. It was reviewed in 2010 to ensure that the Company's internal organisation aligns with the processes imposed by the French Act on space operations.

At 15 May 2018 Eutelsat had undertaken the reorbiting and passivation of 20 satellites that had reached the end of useful life, with a 95% success rate, far above the industry rate. All 20 satellites[3] were reorbited in compliance with international guidelines and the French Space Operations Act in order to prevent them from re-entering the protected zone (+/-200 km from the geostationary orbit) in the long term (over 100 years). Lastly, Eutelsat has conducted 102 satellite repositionings[3] in geostationary orbit. All were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/-40 km above geostationary orbit) during the repositioning stage and assesses collision risks with the help of USSTRATCOM data and information contained in the Space Data Association database.

3.3.2.2 Compliance with the French Space Operations Act

The French Space Operations Act, in force since 10 December 2010, underscores the need for a responsible approach to fleet management. The Act establishes a regulatory framework within which Eutelsat works with the French Ministry of Research and the CNES *(Centre national d'études spatiales)* to meet its obligations for controlling objects in space orbit.

Technical authorisations and licenses delivered by the Ministry of Research under this law are managed by the CNES. Eutelsat cooperates with the CNES during all stages of the life of a satellite. Prior to receiving authorisation for a satellite, the CNES reviews all technical documentation with Eutelsat. Subsequent to obtaining authorisation, Eutelsat invites the CNES to its technical reviews, in order to ensure correct application of technical regulations. Finally, Eutelsat informs the CNES of any incidents occurring on a satellite and/or any change of orbital position.

In the context of exchanges with the CNES for obtaining authorisations, Eutelsat details its strategies to deplete the resources of a satellite in a way that limits any increase in space debris, or allows for permanent deactivation of any means of producing energy on board the satellite. Eutelsat also justifies the resources needed to conduct de-orbiting operations and the probability calculation to successfully carry out these procedures. Finally, Eutelsat obtains from the CNES a study which encompasses potential risks or dangers to people, the environment, public health, and, in particular the dangers of space debris generation (in the case of a collision with another space object, for example), as well as a plan to address the potential risk of accidental collisions.

Best practices adopted by Eutelsat have allowed the Company to be compliant with the French Space Operations Act since its implementation and the Group continues to be a responsible and engaged operator in the efforts to reduce space debris.

3.3.2.3 Sharing Eutelsat's policy and practices

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the low earth orbit, and sharing information with a view to mitigating RF interference. In March 2017, under the chairmanship of Mark Rawlins of Eutelsat, the SDA announced a new version of the Space Traffic Management (STM) service and the Space Data Management System (SDC) which will be used to catalogue all objects larger than 20 cm in geostationary orbit, or crossing this orbit, to issue collision warnings and provide new functionalities to combat Radio Frequency interference.

Eutelsat is also involved in many events and workshops organised throughout Europe on space debris management. More specifically, the Group plays an active part in two key events organised by the CNES on a regular basis: the Workshop on End of Life Operations (biannual) and the annual Working Panel on outer space debris. It also monitors work by ESA and other relevant international institutions.

In 2013, Eutelsat introduced its internal policy and provided feedback on the French Space Operations Act during a workshop organized by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee. On 14 March 2017, Eutelsat also provided feedback during a dialogue workshop held by the CNES six years after French legislation came into effect.

▸ 3.3.3 A responsible fleet management policy

3.3.3.1 Satellite manufacturing

Eutelsat, either directly or *via* its subsidiaries, has contracts with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus group), Orbital ATK Inc (Northrop Grumman group), Space/Systems Loral (MacDonald Dettwiler and Associates group) and Thales Alenia Space (Thales & Leonardo group). Each of these manufacturers has policies on minimising its environmental impact and ensuring sustainability.

Airbus Defence and Space is committed to minimising the environmental footprint of its activities as well as ensuring compliance with all applicable legal requirements. In addition to the ISO 14001 certification of its environmental management system it also has ISO 50001 certification for its energy management systems for its sites in the United Kingdom, Toulouse (France) and Germany. Each site monitors energy use and security to track priorities and establish facility improvements and action plans to reduce CO_2 emissions, improve energy performance and raise awareness. Airbus DS considers the environment at all stages of its operations and aims at developing eco-efficient products, integrating environmental aspects throughout their life cycle.

Orbital ATK complies with the U.S. Clean Air and Water Act and certifies its compliance each year. Orbital ATK is also committed to environmentally-minded production processes to protect natural resources. It also pursues the development of green technologies or environmentally-friendly technologies, in particular by supporting the development of a new high-performance ecological propulsion system.

Space/Systems Loral meets or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to reduce waste, conserve water and energy and implement recycling amongst other sustainability practices. As well as its stated commitment to protecting the environment on earth, it also ensures that its satellites comply with international regulations on space debris.

(3) As at 15 May 2018.

Thales Alenia Space is part of the Thales Group which has conducted an environmental protection policy since 2007. In 2016, TAS set objectives for 2018 to reduce energy consumption, CO_2 emissions and waste production across the Group. In addition to the ISO 14001 certification for most of the Group's facilities, in 2015 TAS obtained ISO 50001 certification for its sites in France. Its Environmental Management System has achieved reductions in the use of natural resources, greenhouse gas emissions and the production of hazardous waste. The Group is extending its approach to all its suppliers requiring them to align their policies and internal processes with all the principles that Thales is committed to respecting.

It should be noted that European manufacturers are subject to the European REACH regulation (Regulation (EC) No. 1907/2006) which entered into force in 2007 to secure the production and use of chemical substances in European industry.

3.3.3.2 Launch services

As a satellite operator, Eutelsat does not itself launch satellites, but uses launch service providers such as Arianespace, International Launch Services (ILS) and Space Exploration Technologies (SpaceX).

Arianespace uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) first and second stages. The total CO/CO_2 emissions from an Ariane 5 ECA launch are estimated to be 200 tonnes. Environmental checks carried out after each launch show that the impact on the local environment is very limited. Arianespace continues its efforts to protect the environment in all aspects of the activities conducted in its launch site in Kourou, French Guiana. The launch facility's environmental management system and energy management system have ISO 14001 and ISO 50001 certification respectively.

ILS utilises the Russian heavy lift Proton M/Breeze M rocket from the Baikonur Cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the contamination of the environment by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during the Proton M and Breeze M flights. The amount of CO_2 generated by the pre-lift-off exhaust is approximately 0.5 tonne whilst that during the Proton M flight could be up to 350 tonnes. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO_2 emission from the propulsion system could be up to seven tonnes.

SpaceX launches geostationary satellites using a Falcon 9 rocket from the Cape Canaveral Air Force base in the United States. A study of the environmental impact of the operations conducted from this launch facility has shown that the launch of the Falcon 9 rocket using kerosene/liquid oxygen had no material environmental impact. In addition, the environmental impact study conducted by the U.S. Federal Aviation Authority in respect of the new launch facility currently in the process of being developed by SpaceX in Texas shows that the CO_2 emissions generated by the launch of a Falcon 9 rocket will be limited to 387 tonnes.

The transport of a satellite to the launch site by a heavy lift transportation aircraft generates similar amounts of CO_2 to a transatlantic return flight.

3.3.3.3 Life cycle assessment for a geostationary satellite

The European Space Agency has conducted a life cycle assessment in 2016 showing that emissions related to the entire life cycle of the mission (design, production, testing, launch campaign, launch, use phase) are estimated to be the equivalent of 56 tonnes of CO_2.

3.3.4 Pollution on Earth

Due to the nature of its business, the Company does not have any factories or warehouses and its impact related to energy consumption and air, land or sea transport remains limited. There are no employee training courses specifically focusing on environmental protection; however steps are taken to limit energy consumption and transport, which are the main contributors to our environmental footprint.

3.3.4.1 Measures taken to prevent, reduce or repair waste releases into the atmosphere, water or soils which harm the environment

Eutelsat's fleet of telecommunications satellites operate in the geostationary orbit 35,786 kilometres (22,236 miles) above the earth along the equator, far beyond the earth's atmosphere. The satellites remain at this distance for their entire operational life. When they reach end of life, approximately 15 years after their entry into service, they are re-orbited using their remaining on-board propellant into a graveyard orbit, approximately 300 kilometres beyond the geostationary orbit. The satellites never return to earth, nor do they ever re-enter into the earth's atmosphere. As a consequence, Eutelsat's satellites have no direct impact or cause any pollution to the earth or its atmosphere.

Furthermore, the activity of teleports and offices does not represent a material risk that could cause serious prejudice to the environment.

It should be noted that on Earth, at the Paris-Rambouillet teleport, toxic waste (mainly beryllium oxide) is removed and recycled by accredited companies, and indicators are used to monitor the removal of collection vessels.

See Sections 3.3.3.1 and 3.3.3.2 for information on the environmental policies of satellite manufacturers and launch service providers.

3.3.4.2 Management of noise pollution and of any other kind of pollution specific to an activity

At Eutelsat's Paris-Rambouillet teleport (France), noise pollution only concerns site employees as there are no neighbouring buildings. Noise prevention systems have been implemented to reduce noise generated by the antennas and air-conditioning system. Earplugs are provided for employees who work in air-conditioned plant rooms. Periodic inspections are conducted to check the facilities' noise levels and to deploy solutions with a view to their reduction.

The Turin (Italy) teleport is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the impact of the teleport installation on the neighbourhood, some solutions and measures are implemented on an on-going basis. They include:

- noise prevention systems to reduce noise produced by antennas and air-conditioning systems. Periodical checks are performed once a year (the most recent in December 2016) to verify noise status and implement solutions to reduce it;
- planting trees along the teleport perimeter to reduce the visual impact of antennae on the neighbourhood;
- special barriers are maintained to reduce the potential electromagnetic impact;
- a system to identify non-operating antennas;

- periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and *Politecnico di Torino*. The latest check was performed in March 2017;
- the continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In the Mexican teleports, noise nuisances are limited by isolating all noisy equipment on the site. In addition, trees have been planted to contribute to the insulation and to reduce the visual impact of antennas.

3.3.5 Circular economy

3.3.5.1 Waste prevention and management

The Group has committed to observe "best practices" in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous programme of reducing consumption and waste recycling at its Paris offices initiated in 2015, including the reduction of printers and their replacement with multifunction copiers with badges, cutting paper consumption that is now FSC or EU/Ecolabel certified.

The Group has implemented a series of waste management measures:

- separation of waste: paper, glass, industrial waste *via* dedicated collection vehicles;
- installation of bins for collection of paper in offices and corridors;
- removal of waste daily;
- confidential document destruction by shredding truck;
- recycling of paper, cans, PET (plastic bottles) *via* Paprec/La Corbeille Bleue;
- electric and electronic equipment which is no longer in use is either donated to associations when it still works or removed by accredited companies.

The Group's international subsidiaries have also implemented consumption reduction and waste sorting procedures. In 2017, the Madeira teleport was granted ISO 14001 certification for environmental management.

The indicators for this section are paper consumption, and the quantities of waste produced with the percentage of waste recycled (see the table of indicators at the end of this document).

Eutelsat S.A. offers a catering service to its employees in Paris through a provider that is not directly managed by the Group.

3.3.5.2 Sustainable use of resources

3.3.5.2.1 Water consumption and supply in relation to local constraints

Water is used to maintain green areas and for cooling systems.

The sites which consume the most water are the headquarters (Paris) and the teleports. The office air conditioning systems in Paris account for the greatest consumption of water, with high levels during the summer months.

In Madeira, consumption has increased due to the commissioning of the new site. Rainwater is stored for irrigation and a rain sensor is used to avoid wastage. Water consumption is measured monthly.

For Eutelsat Americas, the indicated consumption corresponds to the Iztapalapa and Hermosillo teleports; consumption at the headquarters is not subject to monitoring. Water consumption is minimised, with no watering of green spaces in Iztapalapa, and very few in Hermosillo (in the desert), where the local government applies restrictions.

The quantities of water consumed are listed in the table of indicators at the end of the document.

3.3.5.2.2 Raw material consumption and measures adopted to improve their use efficiency

The Group operates no factories and therefore does not consume raw materials for conducting its business, with the exception of paper.

3.3.5.2.3 Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies

Much of the Group's energy consumption is the result of cooling and heating needs for the teleports used for establishing two-way connectivity between the earth and its fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, for which an air conditioning system is used. During the winter months when exterior temperatures can go dip below freezing, antennas used to uplink signals to satellites must be heated in order to ensure their proper functioning.

The Group has gone to great lengths to reduce the teleports' electricity consumption and this has yielded promising results.

Paris-Rambouillet, France: consumption in 2017 dropped by 3% whereas the satellite operation activity at the teleport increased by 8%.

Various actions have been rolled out:

- focus on de-icing including anticipation of weather conditions and implementation underway of systems for free cooling, based on fresh air from outside the building;
- studies are underway to build a car park which generates electricity with solar panels and for an innovative solution using rainwater;
- a prototype of a passive de-icing system for antennas up to 3.8 meters has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or others) for heating antennas in the winter.

Italy: an energy audit of the Centallo and Cebrosa sites in the Turin region was conducted. It confirmed the need for measures planned the previous year to reduce electricity consumption, namely:

- the implementation of new uninterrupted power supplies;
- the implementation of an energy management system.

Madeira, Portugal: the site is equipped with solar panels.

Eutelsat Americas has been implementing energy-saving measures for several years: natural lighting favoured, energy-saving lightbulbs, motion sensors to control lighting in communal areas. For the offices in the headquarters, as part of energy purchases, "green committees" are organised with energy suppliers, the owner of the premises and the maintenance service provider to find ways to reduce electricity consumption: using a Building Management System and relamping with low consumption lamps. Awareness-raising initiatives involving employees are conducted regularly.

In addition, the Group Information Systems Division is conducting a streamlining project on Group level concerning its information systems and processes. The main actions conducted or pursued in 2016 and 2017 are as follows:

- the implementation of a product catalogue for servers and workstations favouring the low consumption of computer equipment and respect for the environment;
- the implementation of equipment such as "Blade" for servers, which consumes less energy, with electrical system units;
- computers go into stand-by mode if not used for 20 minutes;
- the replacement of work stations now tends to be conducted upon request when the station is no longer functional, and no longer systematically every three years.

Efforts to streamline machine rooms in order to reduce the volume of servers and the number of machines through virtualisation and clustering techniques round off these initiatives. At the same time, the option of outsourcing some activities of the Datacenter (with the exception of sensitive data) to service providers able to conduct these streamlining operations on a large scale is being considered.

3.3.5.3 Land use

Given the Group's profile, this indicator has been deemed not applicable.

3.3.6 Climate change

3.3.6.1 Significant items of greenhouse gas emissions generated by the Group's business, and in particular by the use of the goods and services it produces

The Group assesses the significant items of greenhouse gas emissions over a broader scope, in compliance with Article 173 of France's Energy transition act *("Loi de transition énergétique")*. This assessment has resulted in a total of 9,805 metric tons CO_2 equivalent, which has been broken down as follows:

Significant items of greenhouse gas emissions	Emissions in metric tons equivalent CO_2	Comment
Satellites' life cycle (no launch in the 2017-18 FY)	-	ESA (European Space Agency) study: 56,000 metric tons CO_2 eq. per satellite.
Energy consumption on Eutelsat's main sites	5,900	Mainly electricity, for the teleports and Group headquarters
Facilities (emissions upon production with depreciation)	1,100	Buildings, electronic and IT equipment
Employee air travel	2,805	Only for Eutelsat employees*

* *With the exception of Mexico, Brazil and Jordan (data unavailable).*

As a reminder, the European Space Agency assessed the emissions generated by a geostationary satellite over its life cycle (production, launch, operation, end of life) to be 56,000 metric tons CO_2 equivalent. This is taken into account for years in which there were one or more launches. This year, five satellites are under construction for future launches.

As there were no launches this year, the emissions come from an internal scope. The main emission items are energy consumption and air travel. For these items, projects are underway.

- Energy: see Section 3.3.4.2.
- Travel: the new travel purchasing procedure, implemented in 2017 to standardise travel rules, aims to reduce the number of trips and promote the use of video-conferencing resources.

Eutelsat S.A. conducted a Greenhouse Gas Emission Assessment in 2018, for the scope of direct and indirect emissions related to energy consumption (Scope 1 and 2 of the official method). These emissions totalled 956 metric tons CO_2 eq., mainly from electricity consumption on the Paris-Rambouillet teleport and air conditioning systems.

Eutelsat Americas conducted a Greenhouse Gas Emission Assessment in 2017 with a global scope, with an evaluation of 2,522 metric tons CO_2 eq., of which 1,514 tons CO_2 eq. Scope 1 and 2.

3.3.6.2 Adaptation to the consequences of climate change

Eutelsat's activity has little exposure to the impacts of climate change.

3.3.7 Protection of biodiversity

Eutelsat's businesses have little impact on biodiversity. Several initiatives have, however, been conducted in this field.

To avoid possible interference of the Paris-Rambouillet teleport operations in bird populations, the teleport occasionally uses falconers to prevent migratory bird populations near the teleport from passing during certain periods of the year. In addition, the majority of land owned by Eutelsat on the Paris-Rambouillet teleport site and which is not used by the Company is leased to a farmer, who has undertaken by contract to convert the production to organic crops and has started to rest the land for this purpose. Part of the teleport's land is currently being used as a wildflower meadow.

At the Eutelsat Americas teleport sites, fumigation operations are undertaken for pest control purposes on a regular basis, using eco-friendly products.

In Madeira, the installation of indigenous plants and grasses in green areas has been developed, as has the use of more environmentally-friendly products.

3.4 SOCIAL INFORMATION

3.4.1 Implementing a Human Resources policy suited to the challenges facing the Group

The Group aims to foster an international corporate culture, federate employees around a system of values and shared practices, attract and retain talent.

Cultural diversity is significant within the Group. At the end of 2017, employees were of 46 nationalities from five continents. In total, 30% of employees in the main operating subsidiary Eutelsat S.A. held a nationality other than French (unchanged compared to 2016). In addition, as of 31 December 2017, 44% of the Group's total staff (*i.e.* 444 employees) were employed outside France.

The Group is committed to maintaining and encouraging this multinational diversity through key initiatives that include:

- common training courses for several countries, such as One Eutelsat;
- commercial seminars organised on the Group's various sites, in France and abroad;
- mobility of French employees in the Group's international subsidiaries, Singapore, Switzerland, Mexico and the U.S. and that of employees from different countries in France.

Focus on Rising Star programme

Over the 2017-18 financial year, the second edition of the Rising Star programme aimed at high-potential managers (15 employees from four countries) was organised. Through this programme, created and conducted in partnership with HEC Executive Education, the participants worked as a team on three projects of strategic importance for the Company, under the supervision of internal mentors.

Other initiatives aimed at all employees are becoming a permanent feature over the years. One such initiative is the long-term employee loyalty plan offering profit-sharing to 20% of the workforce (excluding Eutelsat Americas), in addition to other quality of life at work initiatives such as the right to disconnect and sharing best practices on e-mails. At the Group headquarters, a free psychological support and counselling service (Psya) has been offered starting this year, as well as occasional nursery care (FlexiCrèche).

3.4.2 Training and career management

3.4.2.1 The One Eutelsat programme for managers

Rolled out over the second half of the financial year and encompassing 200 Group employees across all subsidiaries, the One Eutelsat programme has involved all managers, including the Executive Committee. It brought employees together to focus on Eutelsat's values, which were redefined at this opportunity, strengthened their management skills, placing emphasis on behaviours, emotional intelligence, kindness and the human factor. Following training workshops, the values were shared with all employees.

3.4.2.2 Skills enhancement

To remain competitive, the Group actively encourages employees to undertake formal training programmes that allow them to be more effective and productive in their daily work, or to acquire new skills that will enable them to follow developments in the Group's professions. To this end, Eutelsat S.A. made a significant investment in training its personnel in 2017[(4)] and a wide range of disciplines and themes were addressed in response to the challenges facing the Group.

Training sessions focused on:

- technical aspects of satellite communications or data processing systems;
- commercial performance, the use of new sales tools (sales force);
- project management, time management and priority management;
- languages, English and French as a foreign language, as well as other languages within the framework of Personal Training Accounts (Russian, Spanish, Italian, Arabic);
- personal development, self-confidence, constructive communication, public speaking;
- support functions, back office: HR, Finance, Legal, specifically with a new anti-corruption programme;
- health and safety, prevention in relation to fires, accidents, electrical hazards, geo-political risks for travellers;

The Group continues to pursue and promote digital initiatives including on-line courses, MOOC, e-learning, blended learning, *etc.*

The total number of training hours for the Eutelsat Group (excluding former employees of Noorsat) in 2017 is 18,813 hours, for a total workforce of 1,011 employees.

3.4.2.3 Careers and mobility

In France and in every country in which Eutelsat operates, annual performance interviews are conducted by managers. In France, interviews are assisted by the company's HRIS (Human Resources Information System). A professional development interview also takes place once a year, either in parallel with the performance review or separately). These interviews are designed to support employees in their desire for mobility and skills development.

Eutelsat S.A. has retained the principle of a second stage of careers interview, specifically for seniors (45+ years), which was opened up to all employees in 2015. A job marketplace was created within the HRIS so that all available positions can be circulated upstream on the Intranet; any internal candidate who applies is interviewed. Similarly, a mapping of professions is available on the Intranet so each employee can find out about the different business areas within the Company and the skills needed to perform in them.

(4) Share of payroll devoted to training for Eutelsat S.A.: 3.3%.

As part of the GPEC (Future Management of Jobs and Skills), staff reviews with Human Resources officers and managers are held every year in September to identify mobility opportunities or possible career developments and anticipate attendant supporting measures for teams, such as the coverage of tuition fees or the adjustment of the job start date in line with the academic calendar.

3.4.3 Health, safety and well-being in the workplace

With the exception of the teleports, the Group's activities are carried out in office buildings, mainly located in city centres. As a result, a vast majority of employees are not exposed to specific safety or health risks.

3.4.3.1 Health and safety conditions

In France, the Unique Risk Assessment Document (DUERP) lists risks and is updated annually by the security department in the Paris sites and the Paris-Rambouillet teleport. It involves a specific procedure for dealing with work-related stress risks, available on the Company's Intranet. An external free hotline (Psya) can be used by employees to alert Human Resources and access consultations with psychologists.

The different initiatives linked to health and safety conditions are listed here below:

Health:

Eutelsat S.A. guarantees health care and retirement to all employees, notably through the health insurance and pension schemes, as well as a supplementary pension Employees above 50 years of age are offered a complete medical check-up every three years. A medical centre specialising in medical prevention performs health checks with the aim of avoiding dysfunctions caused by occupational diseases by offering very high-quality medical services. It also offers lifestyle advice aimed at minimising the negative impacts associated with factors such as inappropriate diet, sleep patterns and stress. Special monitoring measures are in place for controllers, with a medical examination every six months.

Travel:

A special process exists regarding staff travel abroad, with graded levels of approval depending on country risk assessment, and membership of a foreign support service. Employees receive general training on travel risks with additional training as required for specific countries at risk.

Electromagnetic waves:

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes the following precautions, listed hereafter for France:

Tests and access to facilities:

- Periodic tests for radiation are conducted at the Paris-Rambouillet teleport.
- All antennas at the Paris-Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As a standard part of every ESVA activity, antenna radiation patterns are measured. This allows for taking corrective action in case of shortcomings (such as an excess to mechanical tolerance of required surface accuracy, *etc.*), which may occur during the installation process. A radiation diagramme is the base for the determination of the maximum permissible spectral EIRP (Equivalent Isotropically Radiated Power) density, which must not be exceeded by any transmission originating from the station under test. Norms are established by Eutelsat to be in-line with national and international (*i.e.* ITU) radio frequency regulations.
- Access to potential high-risk exposure installations (limited number of antennas close to the ground) is strictly controlled by fences or marked with signs on the ground.

Awareness-raising and training:

- All staff working with antennas are informed about potential exposure risks.
- Training of new recruits on the three sites (Balard, Paris-Rambouillet and Le Ponant).
- A first aid course for all personnel on the three sites.
- Training of Local Safety Teams on the three sites.
- A fire drill on the three sites.

The other teleports in Italy, Mexico and Madeira have implemented similar procedures.

3.4.3.2 Well-being in the workplace

A joint working group on occupational quality of life brings together employee representatives, the Health and Safety Committee (CHSCT), managers and the HR Department to focus on two areas: new information and communication technologies (NICT) and teleworking.

Each subsidiary rolls out initiatives to promote a better quality of work life. In France, an occasional nursery care service was set up over the financial year in order to assist employees in an improved management of their personal commitments.

Eutelsat implements salary continuation for various types of absences: illness, maternity leave, paternity leave, *etc.*

3.4.3.3 Health and safety agreements signed with trade union bodies or employee representatives and their enforcement

Eutelsat S.A. has always maintained a responsible approach to employees' working conditions and complies with the regulations and prerogatives vested in social partners in this area, in France, the CHSCT. To cover potential risks of accidents, Eutelsat S.A. contributes a higher rate to the URSSAF, which collects social security contributions.

3.4.3.4 Accidents at work and occupational diseases

In 2017, few accidents at work were recorded: in France (56% of the Group workforce), six accidents with work stoppage for 22 days of absence, six accidents without absence. These accidents were solely related to professional commutes. No cases of occupational disease were reported.

3.4.4 Employment

3.4.4.1 Workforce

The Group workforce is stable: 1,011 employees in 2017 (1,016 in 2016).

The Group's subsidiaries in France, Italy and Mexico and since 2017 in the Middle-East (ex-Noorsat) account for nearly 90% of the workforce.

Each year, Eutelsat S.A. prepares a social audit report summarising key data in a single document, enabling an assessment of the Company's labour profile. The social audit report is prepared with reference to the calendar year.

Breakdowns of the workforce by gender, age and geographical area are presented in the social indicators tables in Section 3.7.1.

3.4.4.2 Recruitments and departures

In 2017, at Group level, 90 people were hired and there were a total of 119 departures.

For Eutelsat S.A., 53 people were recruited, against 50 departures, of which 14 were dismissals.

The absorption of Noorsat at the end of 2017 led to workforce stability.

The average years of service for Group employees is 9.57 years, the proportion of female employees is 30%.

3.4.4.3 Compensation

Employee remuneration is made up of the salary and performance bonuses, as well as the Company's incentive and profit-sharing programmes.

3.4.4.3.1 Wages

The average gross annual salary for Eutelsat S.A., Skylogic, Euro Broadband and Eutelsat Americas employees (who represent 79% of the Group's personnel in total) is 60,575 euros.

3.4.4.3.2 Incentives and employee profit-sharing

A profit-sharing and long-term loyalty programme for Group employees and managers (including corporate officers) is in place. In future, Eutelsat intends to pursue a policy that enables employees to benefit from its performance.

Eutelsat S.A.

A corporate savings plan was set up at Eutelsat S.A. in July 2000: the plan redistributes considerable amounts in addition to remunerations.

The following table shows the average level of incentive payment per employee beneficiary:

(in euros)	2016-17	2017-18[1]
Average amount of the incentive payment	3,518	N/C

(1) *For the 2017-18 financial year, the final amount is not available at the date of the document.*

An employee profit-sharing agreement also entered into force within Eutelsat S.A.

The average amount of profit-sharing for the financial year 2016-17 is 11,187 euros.

Employees who wish to do so may save up to 5,000 euros per year in the corporate savings plan (PEE) to receive a maximum additional employer contribution of 2,170 euros.

Other subsidiaries

The Group's subsidiaries outside France have established remuneration systems, which comply with local regulations and include bonuses and incentives. Incentive and profit-sharing schemes for subsidiaries converge towards the Group's long-term profit-sharing programme, coordinated by the Human Resources Department.

3.4.5 Work organisation

3.4.5.1 Work time organisation

Eutelsat complies with International Labour Office (ILO) rules. Moreover, Group management ensures that all of its subsidiaries, both in France and abroad, are in compliance with local labour laws, including those relating to working time.

In France, representing 56% of employees, management adheres to the statutory 35-hour week for non-management employees representing 14% of the workforce. The vast majority (86%) of employees occupy a management position and have a package of 212 working days per year, allowing a more flexible organisation of schedules. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several agreements have been signed with employee representatives, addressing the theme of working time.

The subsidiaries have implemented a policy of paid leave in accordance with the labour laws and regulations in jurisdictions in which Eutelsat operates, and for some jurisdictions additional provisions and advantages concerning leave.

In order to assist employees to manage their work and travel time more effectively and to afford them greater flexibility in their organisation methods, a teleworking project has been launched, based on an initial pilot project in Italy. This initiative extends far beyond the technical aspects of remote working, and is part of the corporate project to foster a performance-based culture and trust among team members. Employees can contribute to defining new means of distributing work between the office and the home.

3.4.5.2 Absenteeism

The absenteeism indicators are listed in the social indicators table in Section 3.7.1.

The absenteeism rate is around 2% for the four main entities of the Group, representing 79% of the workforce.

3.4.6 Labour relations

The Group's management strives to further productive social dialogue for the well-being of its employees worldwide and above all to maintain constant compliance with local practices in the countries in which it operates. The Group's Human Resources Department endeavours to standardise practices between countries in order to ensure the proper treatment of all employees, regardless of the country in which they work.

3.4.6.1 Organisation of social dialogue

Eutelsat attaches importance to social dialogue and to maintaining a good social climate, as is demonstrated by the ongoing dialogue between management and employee representatives. At Group level, the roll-out of My HR Planet, Eutelsat's HR social network, is an integration and social dialogue tool.

Through its principal subsidiary, Eutelsat S.A., the Group fully respects the freedom of association and promotes social dialogue through collective bargaining. Following the rulings dated September 2017, Eutelsat's social partners opted to extend the existing mandates by mutual agreement for one year. Staff representative elections to create a Corporate Works Committee will be held in November 2018.

Eutelsat S.A. has implemented an agreement on trade union rights governing in particular relations between social partners. Meetings are organized on a regular basis with the employee representatives: Health and Safety Committee (CHSCT – *Comité d'hygiène, de sécurité et des conditions de travail*), Works Council, staff or trade union representatives. The Company Intranet, where the Company-level agreement is available for review, is also a communications tool on these matters. In addition, meetings are organised in connection with the annual and half-year results in order to describe the highlights for the year or half-year and present the results to employees.

A dynamic of co-construction is implemented with all stakeholders, notably *via* joint working groups on key issues such as quality of work life.

3.4.6.2 Assessment of collective agreements

This item mainly concerns Eutelsat S.A., for which collective agreements are published on the Company's Intranet.

Eutelsat S.A.'s social partners have an attitude that focuses on corporate responsibility:

- "Second part of career" interviews are conducted annually with employees to take stock of their experiences and skills and fulfil their mobility aspirations.
- As part of the agreement on the "Generation Contract", the definition of "Senior" employee has been raised from 55 to 57 years. It replaces the agreements signed 2009 and 2012. A new generation contract was signed in November 2016.
- The opportunity of a part-time career is proposed at the end of employment while maintaining pension contributions at the full rate.
- Tutoring for young employees is proposed.

Regarding gender equality and the "Generation Contract", a review of measures is carried out each year and presented to staff representatives.

3.4.7 Equal opportunities and non-discrimination

3.4.7.1 Gender equality

The proportion of female employees within the Group is 30%, which is stable over the last financial years.

In 2014, Management established an action plan in favour of professional equality and relating to access to employment, career development, actual compensation and the reconciliation of work and family responsibilities. Objectives and indicators were set for each of these items. The action plan was presented to the Work Council in December 2014 and entered into force on 1 January 2015. The professional equality commission meets at least once a year to monitor the action plan.

A specific budget is allocated to salary adjustment schemes. Paternity leave is also favoured. Eutelsat has been topping up the indemnities paid by social security to fathers since 2009, in order to maintain remuneration levels.

Data on employment, training and remuneration by gender is presented in the social indicators table.

3.4.7.2 Employment and integration of disabled people

The Group employs twelve disabled people, four of whom are employed by Eutelsat S.A.

As far as possible, Eutelsat endeavours to subcontract a certain number of specific services to service providers employing disabled personnel and ESATs (vocational rehabilitation centres): supplying flowers and other decorations, digitisation and monitoring of expense accounts, *etc.*

Eutelsat also seeks to reclassify Company employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are sensitive to issues relating to disabilities and, when possible, these agencies nominate candidates with disabilities for Eutelsat positions.

Eutelsat S.A. uses the apprenticeship tax to redistribute part of its funds to institutions which focus on promoting education for persons in need of a second chance or on integrating disabled persons.

3.4.7.3 Fighting discrimination and encouraging diversity

The international and multicultural context and compliance with local regulations have led Eutelsat to place emphasis on skills and diversity, excluding any form of discrimination in its human resources management processes.

Diversity and in particular the multicultural dimension are key success factors for Eutelsat. See Section 3.1.3.3 for more on this aspect.

3.4.8 Promotion and enforcement of the fundamental conventions of the International Labour Organisation (ILO)

As of 31 December 2017, all Eutelsat subsidiaries were in compliance with the ILO in countries where these conventions are applicable.

3.4.8.1 Respect for freedom of association and right to collective bargaining

All Eutelsat subsidiaries reported as being in compliance with all local labour laws with regard to the right to collective bargaining.

Regarding the observation of strict political, religious and philosophical neutrality, the Group makes no financial contribution to political candidates, elected political representatives or political parties. Staff may participate in political activities in their own right, outside Company premises, and without using the Group's corporate image to support their personal convictions. These rules are applied with due regard for the individual freedom of expression for employees and their representatives.

3.4.8.2 Elimination of discrimination in the employment and job policies

The Group respects the principles outlined in ILO Conventions.

3.4.8.3 Elimination of forced labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

3.4.8.4 Effective abolition of child labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

3.5 MEASURES TAKEN TO PREVENT ALL FORMS OF CORRUPTION

3.5.1 Addressing the risk of corruption

After approval from the Board of Directors, senior management has put in place a programme which aims at improving the fight against corruption within the Group (mainly using an ethical charter and publishing a procedures and training manual). Under this programme, a Compliance Committee has also been formed and a professional reporting mechanism has been put in place. The Committee has been asked to vote on the choice of intermediary agents.

In 2017, a "Compliance & Privacy Director" position within the Group headquarters was created, marking the heightened vigilance and best practices implemented to combat corruption. This Director is the contact person on these matters for all Group subsidiaries.

3.5.2 Action taken to prevent corruption

The fight against corruption is part of the Group's commitments to customers and business partners. The Group's Code of business practice and ethics states that "in conducting its business, Eutelsat does not allow any corrupt practices".

The Group has advanced in formalising anti-corruption procedures as part of a continuous improvement process. The main actions conducted, steered by the General Secretariat and by the Audit and Internal Control Division, concern:

- an "Ethics Code", affirming the Group's commitments against corruption, distributed to all employees and made available on the Group's corporate website www.eutelsat.com;
- a Handbook of Procedures describing procedures implemented in order to avoid corruption;
- the drafting and implementation of policies to select and vet consultants and sales agents, particularly in countries deemed "at risk";
- the implementation of a due diligence process for the recruitment of agents;
- the setting up of a Committee tasked with ensuring compliance with existing anti-corruption rules, including the Company Secretary and Group General Counsel, the Financial Director, the Commercial Director and the Human Resources Director;
- in-house training to raise awareness of the risk of corruption among certain employees concerned within the Group, in particular sales teams;
- an e-learning platform for employees concerned within the Group;
- a professional alert system under the responsibility of the Company Secretary and General Counsel. This system, which is already accessible to all Eutelsat SA employees and is being rolled out for all Group employees, aims to encourage employees to submit a notification of any behaviour or action that is likely to constitute an act of corruption and which, as such, could seriously impact the Group's business or image or for which the Group may be held liable. It is used in addition to other existing notification channels (*via* line management or employee representatives). Any staff member may submit a notification by sending

an email. Information disclosed as part of this system is processed confidentially;

- progress made in terms of anti-corruption procedures and improvement avenues was presented to the Executive Committee, the Audit Committee and the Board of Eutelsat Communications;
- an *ex post* audit of anti-corruption policies and procedures in force is currently being assessed and will be conducted after the transposition of the French *Sapin II* Act.

In order to step up the Group's initiatives in this area, a document on anti-corruption is being included in the welcome pack for each new employee.

3.5.3 Measures taken to promote the health and safety of consumers

Eutelsat has no direct link to consumers who use Eutelsat's services through their access or content providers. There is no specific measure regarding the health or safety of end consumers.

3.6 OTHER MEASURES TAKEN IN FAVOUR OF HUMAN RIGHTS

3.6.1 Intentional interference – an attack on the free flow of information

Since 2009, Eutelsat has seen a substantial increase in the number and duration of acts of intentional interference with satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and with the intention of disrupting or even preventing the clear reception of certain TV channels. Following a peak in interference recorded in 2012-13, the frequency of this type of act has decreased, and has now reached a relatively low yet persistent level.

By definition, deliberate interference is a violation of freedom of information cited in Article 19 of the *Universal Declaration of Human Rights* (1948) and by the *International Covenant on Civil and Political Rights* of the United Nations (1966). The latter is binding on signatory states, and declares in Article 19.1 that "everyone has the right to freedom of expression; this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of boarders, *via* either verbal, written, printed or artistic means, or through any other media of his choice." The European Convention to safeguard Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, covered by a European Treaty, adds that freedom of information should not be restricted by the interference of public authorities. Hence, the Charter of Fundamental Rights of the European Union provides in Article 11 that "everyone has the right to freedom of expression. This right includes freedom to hold opinions and freedom to receive and impart information and ideas without interference by public authority and regardless of boarders".

Eutelsat has established that the channels suffering most interference are international news channels (including BBC, Voice of America, Deutsche Welle, Al Jazeera, *etc.*). A number of incidents of intentional interference have also occurred during major sporting events and on sports channels.

3.6.2 Eutelsat activities to combat intentional interference

Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when the disruption can be identified.

The Group is a member of the Satellite Interference Group, whose mission is to maintain interference at its lowest level. As part of this role, Eutelsat uses the "Carrier ID" (CID) system, an embedded code containing information, which allows satellite operators to quickly and easily identify the source of the transmission causing interference. Together with the representatives of and the SIG and the GVF, Eutelsat strives to discuss the actions to be rolled out to combat deliberate interference, which must be backed up by improved geolocation of the signal's origin and the constitution of a baseline of all data relevant to this issue.

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFR systematically files complaints with ITU authorities against territories from which the intentional interference activity is pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures in order to strengthen the regulation on the issue of interference. Its key proposal was to be able to mobilize a network of independent stations to better monitor the phenomenon (ITU signature of a Memorandum of Cooperation), to increase and/or confirm efficiency in the geo-localisation of deliberate interference.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the help of several countries and the collective involvement of the satellite industry and its customer base, as well as international television channels (EBU, BBC, BBG, *etc.*), the Conference adopted the Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

The resolution strengthens the resources used by the ITU to avoid harmful interference, which include greater sharing of best practices, ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming including interference geolocation, and the setting up by ITU of a database for identifying such cases.

Lastly, Eutelsat has contributed and will continue to contribute to the development of regulations by supporting relevant international bodies including: the ITU and COPUOS (United Nations Committee on the Peaceful Uses of Outer Space) and their national authority partners points of reference including the ANFR and EUTELSAT IGO.

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has been a member of Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, *etc.*) in the Middle-East and North Africa to monitor satellite TV piracy, ensure sharing of all data and information on pirate channels and raise awareness of the consequences of piracy.

3.7 INDICATORS

3.7.1 Social information

Social information (calendar year 2017 unless otherwise stated)		Value	Unit	Reference Document	Data collection scope
a) Employment					
Total workforce		1.011	FTE		
Workforce by gender	Male	709	FTE		
	Female	302	FTE		
Workforce by age	Under 25	20	FTE		
	25-40	430	FTE		
	40-60	523	FTE		
	Over 60	38	FTE		
Workforce by geographical area	France	567	FTE		
	Italy	136	FTE		
	Mexico	97	FTE		
	Middle-East	50	FTE		
	Other	161	FTE		
Recruitments and departures	Recruitments	90	Persons		Group
	Departures	119	Persons		Group
	Recruitments	53	Persons		Eutelsat S.A.
	Departures	50	Persons		Eutelsat S.A.
	of which dismissals	14	Persons		Eutelsat S.A.
Compensation and growth		See document		§ 3.4.4.3	
b) Work organisation					
Work time organisation		See document		§ 3.4.5.1	
Absenteeism	Rate	2.2	%		4 main entities*
	Long-term	1,640	Nb days		Group excl. Noorsat
	Work stoppage	117	Nb days	§ 3.4.5.2	
c) Labour relations					
Organisation of social dialogue		See document		§ 3.4.6.1	
Assessment of collective agreements		See document		§ 3.4.6.2	
d) Health and safety					
Health and safety conditions at work		See document		§ 3.4.3	
Assessment of signed agreements: work health and safety		See document		§ 3.4.3.3	
Accidents at work		11	Nb accidents		
Seriousness: nb of days of absence due to an accident		22	Nb days		
Occupational diseases		0			Eutelsat S.A.

Social information (calendar year 2017 unless otherwise stated)		Value	Unit	Reference Document	Data collection scope
e) Training					
Implementation of training policies		See document		§ 3.4.2	
Training hours		18.813	Hours		Group excl. Noorsat
f) Equal opportunities					
Gender equality		Male	Female		
	Recruitments	62	28		Group excl. Noorsat
	Departures	73	43		Group excl. Noorsat
	Training hours	11.970	6.843		Group excl. Noorsat
	Average pay	€65,306	€51,423		4 main entities*
Disabled people		12	FTE		Group
Fighting discrimination		See document		§ 3.4.7.3	
g) Promotion and enforcement of ILO conventions					
Respect for freedom of association		See document		§ 3.4.8	
Elimination of discrimination					
Elimination of obligatory or forced labour					
Effective abolition of child labour					

* *The four main entities are Eutelsat S.A., Eutelsat Americas, Skylogic and Euro Broadband Services.*

3.7.2 Environmental information

Environmental information (calendar year 2017 unless otherwise stated)		Values	Units	Reference Document	Scope
a) Global environmental policy				§ 3.3.1	
Corporate organisation to take account of environmental issues		See document		§ 3.3.1	Group
Employee training and information initiatives in favour of environmental protection		See document		§ 3.3.1	Group
Means used for preventing environmental risks and pollution		See document		§ 3.3.1.1	Group
Provisions and guarantees for environmental risks		0	€	§ 3.3.1.2	Group
b) Pollution and waste management				§ 3.3.2 and 3.3.4	Group
Measures taken to prevent, reduce or repair releases that adversely affect the environment		See document		§ 3.3.4.1	
Management of any kind of pollution specific to an activity, in particular noise and light pollution		See document		§ 3.3.4.2	
c) Circular economy				§ 3.3.5	
Waste prevention and management		See document		§ 3.3.5.1	
Prevention, recycling and re-use measures		See document		§ 3.3.5.1	
Paper consumption					
	Eutelsat S.A. (France)	11.91	Tonnes		Eutelsat S.A.
	Eutelsat Americas (Mexico)	1.39	Tonnes		Eutelsat Americas
Quantity of waste					
	Eutelsat S.A. (France)	62.68	Tonnes		Eutelsat S.A.
	% recycled	40%			Eutelsat S.A.
	Eutelsat Americas (Mexico)	14.1	Tonnes		Eutelsat Americas
	% recycled	17%			Eutelsat Americas

Environmental information (calendar year 2017 unless otherwise stated)		Values	Units	Reference Document	Scope
Actions against food waste		N/A see document		§ 3.3.5.1	
Sustainable use of resources		See document		§ 3.3.5.2	Group
Water consumption and supply in relation to local constraints		See document		§ 3.3.5.2	
	Eutelsat S.A. head office	5.884	M^3		Eutelsat S.A. head office
	Rambouillet teleport	1.648	M^3		Rambouillet teleport
	Eutelsat Americas (Mexico)	2.137	M^3		Eutelsat Americas teleports
	Skylogic (Italy)	461	M^3		Skylogic (Italy)
	Madeira teleport	3.354	M^3		Madeira teleport
Raw material consumption and measures adopted to improve their use efficiency		See document		§ 3.3.5.2	
Energy consumption, measures adopted to improve energy efficiency and the use of renewable energy		See document		§ 3.3.5.2	
Electricity	Eutelsat S.A. head office	2,910,569	KWh	§ 3.3.5.2	Eutelsat S.A. head office
	Rambouillet teleport	8,330,323	KWh		Rambouillet teleport
	Eutelsat Americas (Mexico)	3,285,043	KWh		Eutelsat Americas
	Skylogic (Italy)	6,542,041	KWh		Skylogic (Italy)
	Madeira teleport	899.611	KWh		Madeira teleport
Fuel	Consolidated consumption	17.340	Litres		Group
Land use		N/A see document		§ 3.3.5.3	Group
d) Climate change				§ 3.3.6	
Greenhouse gas emissions	Group Scope 3 Art. 173	9.800	Tonnes CO_2 eq.	§ 3.3.6.1	Group Scope 3
Adaptation to the consequences of climate change		See document		§ 3.3.6.2	
e) Protection of biodiversity					
Measures taken to preserve or develop biodiversity		See document		§ 3.3.7	Rambouillet teleport

3.7.3 Societal information

Societal and ethical information	Reference Document	Scope
a) The territorial, economic and social impact of the Company's activity	§ 3.2.3	
in terms of employment and regional development	§ 3.2.3.1	
on neighbouring or local populations	§ 3.2.3.3	
b) Relations with persons or organisations interested in the Company's activity, in particular social integration associations, educational institutions, environmental defence groups, consumer associations and local populations	§ 3.2.2	
dialogue conditions with these stakeholders	§ 3.2.2	
partnership or sponsoring initiatives	§ 3.2.2.1 *et seq.*	Group
c) Outsourcing and suppliers	§ 3.2.4.4	
acknowledgement in the purchasing policy of social and environmental issues	§ 3.2.4	
the importance of outsourcing and the acknowledgement of suppliers' and subcontractors' social and environmental responsibility in our relations	§ 3.2.4	
d) Fairness in practices	§ 3.5	
measures taken to prevent corruption	§ 3.5.1 and 3.5.2	
measures taken to promote consumer health and safety	N/A § 3.5.3	

3.8 METHODOLOGY AND SCOPE

In compliance with Article L. 225-102-1 of the French Commercial Code which was still applicable for the financial year beginning 1 July 2017, and taking into account French Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the publication of non-financial information by some major companies and some corporate groups, the Group has compiled a response for the items defined by the French *Grenelle II* Act which are relevant to its business.

3.8.1 Methodology

Each of the Eutelsat Communications Group operating subsidiaries provided certain information necessary to draft this report. The section on "social aspects" has been consolidated by the Human Resources Department in the Group's largest subsidiary, Eutelsat S.A., located at the Group's Headquarters in Paris, France. Information regarding "environmental impacts" primarily reflects input from Eutelsat's suppliers (satellite manufacturers and launch companies). We have also included certain information from the Group's Italian and Mexican subsidiaries and teleports located in Paris-Rambouillet (France), Turin (Italy), Madeira (Portugal) and Mexico as they have a limited environmental impact. In particular, there is no discharge of polluted water (no industrial activity). Regarding actions against food waste, as French premises do not have collective catering, this item has also been omitted. "Societal information" was gathered mainly from the operating Company, Eutelsat S.A. but reflects a Group-wide picture.

Information and indicators on the previous fiscal year can be found in the Eutelsat Reference Document on www.eutelsat.com.

3.8.2 Scope

This work was coordinated by the Corporate Communications Department and involves the Group's main departments and subsidiaries: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management and Teleports.

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (*circa* 56%). Information from this subsidiary serves as an "internal benchmark" for the Group. Regarding the other subsidiaries taken into account in the perimeter, please refer to the Section 5.1 "The Group's simplified organisational chart" of this document. When information reported comes exclusively from a specific subsidiary, this has been made clear. The timeframe of quantitative information in this report reflects the calendar year 2017 (1 January 2017 to 31 December 2017), unless otherwise stated.

04

RISK FACTORS

Before making an investment decision, investors and shareholders are invited to read all the information contained in this Reference Document, including the risks described below.

At the filing date of this Reference Document, the risks described are those whose occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or results, and which are important when making an investment decision.

Group risks may be divided into three categories:

- operational risks;
- risk relating to changes in the satellite communications market;
- financial risks and others.

This section briefly outlines the main risks that the Group might face in the course of its business. They are mentioned purely for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this Reference Document was filed, or those considered as without significance by the Group at the filing date of this Reference Document, might have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some risks, irrespective of whether or not they are mentioned in this Reference Document, may result or arise from external factors, such risks being beyond the Group's control.

4.1 OPERATIONAL RISKS

4.1.1 The Group might not be able to meet its launch or activation timeframes for new satellites

The Group plans to launch seven new satellites (EUTELSAT 7C, EUTELSAT 5 West B, EUTELSAT QUANTUM, KONNECT, KONNECT VHTS, EUTELSAT HOTBIRD 13F, EUTELSAT HOTBIRD 13G) before the end of calendar year 2021. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions.

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, would impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers and end users, or meet its growth objectives. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

4.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

Given the small number of launch service providers with the technical ability to launch the satellites already ordered, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the timeframe set out by the Group.

Should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline due to operating (*e.g.* following a failed launch) or financial difficulties, the Group could re-allocate the relevant satellite to another launch service provider or even, in some cases, sign new launch service contracts that could prove more costly than the current contracts. Such events could have a significant detrimental impact on the Group's business (*e.g.* delayed satellite activation) and financial position.

In order to keep as close as possible to the original timetable for its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. The Group thus currently intends to use three different launch service providers: Arianespace, International Launch Services, Space X Exploration Technologies Corp and Blue Origin.

4.1.3 The Group's satellite deployment plan is dependent on a few major suppliers

The number of satellite manufacturers capable of designing and building satellites in compliance with the technical specifications and quality required by the Group is limited, as is the number of suppliers capable of launching these satellites. The limited number of suppliers could reduce the Group's bargaining power and increase the cost of implementing its programme within the scheduled timeframe.

The satellites under procurement as of 30 June 2018 were procured from the following manufacturers: Airbus Defense and Space, Orbital ATK, Thales Alenia Space and Space Systems Loral Inc.

The Group made commitments with satellite manufacturers and with other suppliers for the acquisition of satellites or for the provision of services and acquisitions of fixed assets relating to the monitoring and control of satellites.

More detail on purchase commitments of the Group can be found in the Note 28 of the appendix to the consolidated financial accounts as of 30 June 2018.

The Group considers that it is not dependent on suppliers other than satellite manufacturers and launch operators.

The limited number of suppliers could therefore have a significant negative impact on the Group's business, financial situation and results.

4.1.4 The Group is exposed to the risk that its suppliers may experience operational or financial difficulties

In the event of a Group supplier being unable to fulfil its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service providers and, in some cases, enter into new launch service contracts which might prove more costly. Such events could have a significant negative impact on the Group's business, financial situation and results.

4.1.5 The satellites operated by the Group may experience failures or malfunctions in-orbit

Satellites are sensitive to the external environment. Once they are in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group may not be able to guarantee continuity of service for all customers at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite.

In the event of a satellite failure or in-orbit malfunction, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

For the fully-owned satellites with the highest revenue contribution, In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations, image losses or, to a certain extent, losses of revenues and potential asset impairments lower than the retention level.

Finally, insurance companies could challenge the causes of the failure or malfunction or the amount of the indemnity. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites covered under insurance programmes insurers would compensate the Group within a reasonable timeframe or for the amount claimed by the Group. A lack of compensation, late compensation or partial compensation of losses sustained could have a significant adverse impact on the Group's business, financial situation and results.

4.1.6 Insurance policy premia for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew

Numerous factors, some of which are outside the Group's control, may affect the cost of insurance premia; these mainly include statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its In-Orbit Life insurance plan on comparable terms. A deterioration in the In-Orbit Life insurance market or an increase in insurance premia could prompt the Group to reduce its coverage of partial losses or losses deemed total, which itself could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in-orbit.

In addition, the Group covers the launch of its satellites through a launch-plus-one-year after entry into service insurance.

The Group might not be able to obtain this additional cover or launch insurance for the other satellites currently under construction, or for future satellites, on satisfactory terms. This situation could result from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premia due, in particular, to launch failure statistics across the whole industry. This could have a significant negative impact on the Group's business, financial situation and results.

4.1.7 The Group is exposed to specific risks arising from the capacity it uses on satellites in stable orbit belonging to third parties

As of the date of the present report, the Group uses capacity on five satellites belonging to third parties, and which are recognised as assets in its consolidated balance sheet: Express-AM6[1], Express-AMU-1[2], Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G[3] by SES.

Furthermore, the Group also leases capacity to Yahsat.

In the event of failure or malfunction affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity under the same conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be settled in its favour.

The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases.

Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and might adversely affect its business, financial situation and results.

4.1.8 The Group's operations are exposed to the risk of sabotage, including terrorist acts and piracy

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into its satellite control systems. If the Group's facilities and equipment were disabled, the Group might not be able to prevent a temporary or permanent interruption in service. Such disturbances in the satellite network could result in the loss of customers.

Furthermore, the Group's insurance policies, as is customary in the space industry, automatically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism.

Any act of terrorism, sabotage or piracy could thus have a significant negative impact on the Group's business, financial situation and results.

4.2 RISKS RELATING TO CHANGES IN THE SATELLITE TELECOMMUNICATIONS MARKET

4.2.1 The Group's development is closely tied to future demand for satellite services which might not materialise or which the Group might not be able to meet

The Group's development notably depends on future demand for Video Applications, which is partly linked to the expected development of DTH (Direct-to-Home) broadcasting in emerging countries, high-definition television (HDTV) and satellite-based Internet access. This growth in demand may not materialise. Moreover, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than is the case with the current satellite TV broadcasting standards, the Group might not be in a position to invest in additional satellites at the appropriate time or in proportions enabling it to meet market demand. If demand for video services does not increase or the Group is not in a position to meet this demand, this could have a negative impact on its business, financial position and results.

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, certain television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. Finally, the competition from new online Video Distribution platform could affect the Group's customers in certain geographies. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy or increased competition, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

A consolidation among satellite TV broadcast platform operators and/or cable operators and could give TV broadcast platform operators or cable operators greater bargaining power with satellite operators or their distributors, thereby causing increased pressure on prices. Such consolidation could have a significant negative impact on the Group's business, financial position and results.

The adoption of new technical broadcasting standards, which has resulted in and could continue to result in a higher signal compression rate, has reduced and could further reduce the demand for transponders for a given number of television channels. If the decline is not offset by an increase in the number of channels transmitted or by improved image quality, the overall demand for transponders could decrease, which could have a significant negative impact on the Group's business, financial position and results.

(1) *Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A.*
(2) *Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.*
(3) *Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.*

Another key component of the Group's strategy is developing Connectivity applications (especially broadband Internet solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not guaranteed and is not easily predictable. Demand for broadband Internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity, to cost of terminals or to distribution issues. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand or offer competitive prices, especially in the event of any failure of one of its satellite.

If the demand for satellite broadband Internet services does not develop as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial position and results.

Development of the Group's business also depends on its available capacity in the various frequency bands requested by customers. Availability could be insufficient in some frequency bands, and this could have a significant negative impact on the Group's ability to meet its customers' needs in these bands.

4.2.2 The Group is exposed to risks inherent in the international nature of its customer base and business

The Group provides satellite telecommunications services to customers in a very large number of countries and could develop its activities in other countries. Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. In particular, the Group has been impacted, in recent years, by a more difficult economic environment currently affecting certain Latin American countries as three expansion satellites covering these regions (EUTELSAT 117 West B, EUTELSAT 115 West B and EUTELSAT 65 West A) have entered into service.

Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, business practices in certain countries and their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results. Additionally, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

During the past fiscal year, the Group continued to be impacted by the tough economic environment in certain areas for certain applications. As a consequence, customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

The analysis of matured and unmartured receivables is provided in the Note 11 of the appendix to the financial statements.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic crisis.

4.2.3 A substantial percentage of the Group's revenue is generated by Government Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated revenues (12% of the Group's revenues for the financial year ended 30 June 2018) in the Government Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, generally on the basis of capacity allotment agreements renewalble every year. Obtaining and/or renewing capacity agreements in this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to generate a comparable level of revenues from this segment.

Any failure to obtain new contracts or any termination, non-renewal or renewal under less favourable terms of such contracts could have a negative impact on the Group's business, financial position and results.

4.2.4 The Group is dependent on a number limited of major customers

The Group generates a significant portion of its business from a limited number of customers including distributors, most of which are telecommunications operators. As of 30 June 2018, the Group's 10 largest customers represented 31% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms that are less favourable to the Group. This could have a negative impact on its business, financial position and results.

Moreover, some of the Group's major customers, particularly those located in emerging markets, could encounter financial difficulties that could result in late payments, unpaid debts or bankruptcy, which could lead to termination of capacity agreements, which could have a negative impact on the Group's business, financial position and results.

4.2.5 A growing portion of the Group's customers are end-users and demand for capacity is becoming increasingly fragmented

For several years now, end-users have made up a growing percentage of the Group's customers. Furthermore the Group could take over end-user contracts from distributors. In some cases such customers could have less robust financial resources than distributor-customers, which could increase the risk of bad debts and thereby have an adverse impact on the Group's business, financial situation and results.

Moreover, the satellite capacity needs of end-user customers may be lower than the capacity leased by distributor-customers. Thus, a larger proportion of the Group's new capacity agreements may involve only a fraction of a transponder rather than an entire transponder. If such a customer using a fraction of a transponder defaulted on payments or failed to comply with other contractual commitments, the Group might not be able to discontinue services provided to that customer without interrupting service for all customers using the same transponder. This could have a negative impact on the Group's business, financial situation and results.

Distributors which resell resources to end-users might overestimate market demand and be unable to resell capacity they have committed to. In this case they could either return capacity to the Group or resell it to direct customers at lower prices. This could have a negative impact on the Group's business, financial situation and results.

Fixed Broadband services rely on building a base of individual subscribers to Internet services served *via* a network of distributors and re-sellers, ie a business-to-business-to-consumer model. Unlike the other applications this business model does not generate a backlog.

4.2.6 The Group is faced with considerable competition from satellite and terrestrial network operators

The Group is faced with significant competition from international, national and regional satellite operators. The Group's main competitors are other major international satellite operators, such as SES and Intelsat as well as Inmarsat for certain verticals. These competitors offer greater capacity and geographical coverage than the Group, and more financial resources might be available to them. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (*e.g.* tax or regulatory advantages) in their domestic markets. Several projects for low-orbit constellations are also underway and could represent additional competition for the Group in certain Fixed Data or Connecitivty applications. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

Competition from High-Throughput Satellites or constellations targeting mostly Fixed Data applications (*circa* 10% of Group revenues) is bringing a significant amount of new capacity at a lower cost per Gigabit. This could lead to oversupply situation and higher than expected pricing pressure in particular for Fixed Data applications and could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (fiber optic, 4G) for most of its services, particularly broadband Internet access but also TV broadcasting services (TV on IP, DTT). Heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any increase in the geographical reach of the terrestrial network operators could prompt the Group's customers to opt for the telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or develop its customer portfolio. Stiffer competition with terrestrial network operators could have a significant negative impact on the Group's business, financial position and results.

4.2.7 Technological changes could make the Group's satellite telecommunications system obsolete

Technological innovations that could be developed in the future with alternatives to satellites could render satellite technology obsolete.

The telecommunications industry is subject to rapid technological change. Should the Group not be in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete.

As such, the Group's competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies into their own systems. If the Group's satellite telecommunications system were to become obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

4.2.8 The Group's development strategy depends partly on expanding into geographical areas in which it has little or no experience and where prices could come under pressure

The Group's development depends, in part, on its ability to develop in geographical areas in which it has little or no experience and where there could be substantial competitive and price pressure. This could result in prices that are lower than those in Europe. This could limit the Group's ability to penetrate these markets or be competitive within them.

Furthermore, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could involve a number of risks, arising for example from a lack of control over projects, conflicts of interest between the partners, the possibility that one of them might not meet its obligations (particularly those regarding its equity investments) and the difficulty of maintaining uniform standards, control procedures and policies.

If the Group is unable to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, this could prevent the Group from implementing its development strategy. This could have a significant adverse impact on its business, financial situation, results and growth objectives.

4.2.9 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed

The Group has made major investments in new infrastructure including KA-SAT, launched in December 2010 and a complex network of terrestrial stations used for marketing different types of services and, particularly, satellite broadband Internet access solutions to consumers across Europe. With the procurement of the KONNECT VHTS satellite, the Group also invested in the next generation of HTS satellites (VHTS satelles) for Fixed or Mobile Connectivity which will bring an increased capacity. Finally, the Group developed the innovative software-defined "Eutelsat Quantum" class of satellite and subsequently ordered the first one which is expected to be launched in 2019.

The development of these new assets depends greatly on the demand prospects for satellite services. This demand may not materialise, or the Group may be unable to respond to it.

Furthermore, the Group's failure to develop, operate or sell these innovative projects would have a detrimental effect on the Group's prospects and growth targets and, accordingly, a significant negative effect on its business, financial situation and results.

4.2.10 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group relies on a number of key employees who have specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a negative impact on its business, financial situation and results.

4.2.11 Prevention and management of the Group's commercial risks

Managing and monitoring the Group's customer contracts

The Group's customer contracts are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard contracts prepared by Eutelsat S.A.'s Legal Affairs Department and Sales Department.

Any change to the standard form is examined in advance by the Legal Affairs Department before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

Customer risk management

All new customers undergo a customer risk assessment by the "Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. An annual reassessment is systematically carried out on the entire customer portfolio. Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the Legal Affairs Department and, if necessary, followed by appropriate measures.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

4.3 LIQUIDITY RISKS

4.3.1 The Group has a high level of debt

As of 30 June 2018, the Group's consolidated net debt was 3,242 million euros. Its main components are described in Section 6.1.3.4 of this document.

The Group's high leverage could:

- make it difficult for it to meet commitments regarding its debt;
- limit its ability to obtain loans or raise additional equity capital;
- increase its vulnerability in an unfavourable economic or industry environment;
- limit its ability to make certain types of investments.

All of the consequences relating to the Group's high debt level, including those mentioned above, could affect the Group's ability to meet its debt-related commitments, which could result in a significant negative impact on the Group's business, financial situation and results.

As of 30 June 2018, the breakdown of Group's financing sources was the following: 15% bank, 65% bond debt, 4% export-credit agencies and 16% financial leases.

The following table sets out the financial liability repayments:

Total flows *(in millions of euros)*	30 June 2018 Balance Sheet value	30 June 2018 Contractual flows	30 June 2019 Principal	30 June 2019 Interest	30 June 2020 Principal	30 June 2020 Interest	30 June 2021 Principal	30 June 2021 Interest	30 June 2022 Principal	30 June 2022 Interest	30 June 2023 Principal	30 June 2023 Interest	Beyond 5 years Principal	Beyond 5 years Interest	Total Principal	Total Interest
Bank loan Eutelsat Communications S.A.	(598.3)	(620.3)	0.0	(5.4)	0.0	(5.4)	0.0	(5.4)	(600.0)	(4.1)	0.0	0.0	0.0	0.0	(600.0)	(20.3)
Eutelsat S.A. bonds	(2,522.7)	(2,682.6)	(800.0)	(79.4)	(930.0)	(39.4)	(500.0)	(15.0)	0.0	(9.4)	(300.0)	(9.4)	0.0	0.0	(2,530.0)	(152.6)
ONDD export credit financings	(137.5)	(148.2)	(23.7)	(1.7)	(23.7)	(1.4)	(23.7)	(1.1)	(23.7)	(0.8)	(23.7)	(0.5)	(23.7)	(0.2)	(142.3)	(5.9)
Finance leases	(616.8)	(748.0)	(72.9)	(15.3)	(68.5)	(14.1)	(54.8)	(12.6)	(42.4)	(42.8)	(43.7)	(10.1)	(334.5)	(36.3)	(616.8)	(131.1)
Qualified Interest-rate derivatives	(125.5)	(125.5)	(45.7)	0.0	(79.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(125.5)	0.0
TOTAL FINANCIAL DEBT	**(4,000.8)**	**(4,324.7)**	**(942.3)**	**(101.8)**	**(1,102.0)**	**(60.3)**	**(578.5)**	**(34.1)**	**(666.1)**	**(57.1)**	**(367.4)**	**(20.1)**	**(358.3)**	**(36.5)**	**(4,014.6)**	**(309.9)**
Other financial liabilities	(104.3)	(104.3)	(16.9)	0.0	(87.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(104.3)	0.0
TOTAL FINANCIAL LIABILITIES	**(4,105.1)**	**(4,429.0)**	**(959.2)**	**(101.8)**	**(1,189.4)**	**(60.3)**	**(578.5)**	**(34.1)**	**(666.1)**	**(57.1)**	**(367.4)**	**(20.1)**	**(358.3)**	**(36.5)**	**(4,118.9)**	**(309.9)**

The following table presents credit line maturities:

(in millions of euros)	30 June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Maturity of available unused credit facilities	(650.0)	-	-	-	(200.0)	(650.0)

The following table presents the maturity schedule for financial assets:

(in millions of euros)	Total flows 30 June 2018	June 2019 Principal	June 2020 Principal	June 2021 Principal	June 2022 Principal	June 2023 Principal	Beyond 5 years Principal
Currency derivatives	1.2	1.2	-	-	-	-	-
Financial assets	33.2	15.7	17.5	-	-	-	-
Cash	307.3	307.3	-	-	-	-	-
Cash equivalents	426.2	426.2	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**767.9**	**750.4**	**17.5**	**0.0**	**0.0**	**0.0**	**0.0**

▸ 4.3.2 In order to service its debt, the Group will require substantial capital resources which it might not be in a position to raise. The Group's ability to access the capital required depends on many factors, some of which are beyond its control

If the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt. The Group's ability to restructure or refinance its debt would depend on different factors, some of which are beyond its control. Any refinancing of its debt could be done under less favourable terms, which could restrict the Group's operational and financial flexibility. If the Group is unable to service its debt or refinance under financially-acceptable terms, this could have a significant adverse impact on its business, financial situation and results.

Moreover, the Group's ability to implement its strategy and generate cash flow depends on economic, financial, competitive, legal, regulatory, commercial and other factors, which are outside its control and which will determine its future performance. If the Group's operating cash flow is not sufficient to cover its investment expenditure and debt servicing, it could be forced to:

- postpone or reduce investments;
- sell assets;
- relinquish commercial opportunities or opportunities for external growth (including acquisitions);
- obtain loans or additional equity; or
- restructure or refinance all or part of its debt.

The Group might not be in a position to perform any of these transactions or succeed in performing them in the time required or on satisfactory economic terms, which could have a significant negative impact on its business, financial situation and results.

▸ 4.3.3 A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise financing

The Group's debt instruments are rated by independent rating agencies:

(i) Moody's Investor Service (with the Eutelsat Communications S.A.'s debt rated Ba1/Stable Outlook and Eutelsat S.A.'s debt rated Baa3/Stable Outlook);

(ii) Standard & Poor's (with Eutelsat Communications S.A.'s debt rated BBB-/Watch Negative and Eutelsat S.A.'s debt rated BBB/Watch Negative);

(iii) Fitch Ratings (with Eutelsat S.A.'s debt rated BBB/Stable Outlook).

During financial year 2017-18, the three rating agencies confirmed and maintained their ratings and outlooks.

These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

▸ 4.3.4 The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints

The Company is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2018, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

4.3.5 Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO's Closed Pension Fund

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2018, the defined benefit obligation of the Trust's pension liabilities amounted to 215.8 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 136.4 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated net defined obligation may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund.

During fiscal year ended on 30 June 2017, the financial guarantee was called for an amount of 35.9 million euros. This amount was evaluated on the basis of the projections of the Trust, taking into account the future market evolutions. In March 2017 an agreement was reached with the Trust for nine annual payments of 4.0 million euros, spread between 30 June 2017 and 30 June 2025. These sums could vary dependent on the future financial positions established annually.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group's financial situation and results.

4.3.6 The Group manages liquidity risk

As of 30 June 2018, liquidity remains strong, with undrawn credit lines of 650 million euros and cash of 734 million euros.

The Group believes that it is not exposed to any significant liquidity risk.

As of 30 June 2018, the Group complied with all of the covenants on its various credit facilities as described in Section 6.1.3.4 "Changes in debt and the Group's financing structure" of this Reference Document. Net debt to EBITDA ratio stood at 3.0 as of 30 June 2018, an improvement of 0.2 point *versus* 30 June 2017.

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of the maturity of financial investments, financial assets and estimated future cash flows arising from operations.

The Group's goal is to maintain a balance between continuous funding and flexibility by use of overdrafts, term loans, bond issues, revolving credit lines and satellite lease contracts.

The Group's main maturities are January 2019 (800 million euros), January 2020 (930 million euros), June 2021 (500 million euros), March 2022 (600 million euros) and October 2022 (300 million euros).

4.4 REGULATORY RISKS

4.4.1 Eutelsat S.A., the Group's main operating subsidiary, is subject to the Amended Convention of EUTELSAT IGO, and Eutelsat Communications is subject to the Letter-Agreement

Eutelsat S.A. by-laws provide that the international treaty establishing the EUTELSAT IGO, dated 15 July 1982 and amended on 20 May 1999 (hereinafter the "Amended Convention"), is a "Reference Document" for the conduct of Eutelsat S.A.'s business activities.

Furthermore, the reciprocal rights and obligations of Eutelsat S.A. and EUTELSAT IGO are defined in an agreement pursuant to the Amended Convention (the "Arrangement") dated 2 July 2001.

The rights of EUTELSAT IGO under the Arrangement allow EUTELSAT IGO to ensure that Eutelsat S.A. abides by the "Basic Principles" defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in compliance with relevant international agreements, including the European Convention on transfrontier television and national regulations; the pan-European coverage of the satellite system and compliance with the principles of non-discrimination and fair competition in defining its strategy and conducting its business.

For a complete description of Eutelsat S.A.'s obligations under the Arrangement (see Section 5.6 "Other provisions applicable to the Group").

With a view to allowing the Company to carry out an initial public offering of its shares, Eutelsat Communications and EUTELSAT IGO signed a Letter-Agreement dated 2 September 2005 (the "Letter-Agreement") by which the Company made certain commitments to EUTELSAT IGO.

Moreover, to facilitate reporting to EUTELSAT IGO on the Company's operations, the Executive Secretary of EUTELSAT IGO attends meetings of the Eutelsat S.A. Board of Directors and, since the IPO of Eutelsat Communications, has attended meetings of the latter's Board of Directors as an Observer.

EUTELSAT IGO's assessment of Eutelsat S.A.'s operations and strategy, in terms of the obligation to observe the "Basic Principles", and the Group's financial policy, could be different from that of the Group. As a result, taking into account EUTELSAT IGO's recommendations or requests could reduce the Group's responsiveness and flexibility in conducting its business, managing its debt and equity and defining its distribution policy, and could have a significant negative impact on the Group's business, financial situation and results.

4.4.2 The application of international regulations on co-ordinating frequency assignments could make it more difficult for the Group to implement its deployment plan

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts (see Section 5.1 "Regulations governing frequency assignments and international coordination" for a description of the frequency assignment coordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations (see Section 5.1 "Regulations governing frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the coordination procedure is not yet complete, priorities for these assignments and for third parties involved in the coordination could mean that coordination restricts the Group's ability to fully operate some of these assignments. As regards assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the timeframes set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of two special regulations (see Section 5.1.1 "International coordination of frequency assignments under the Radio Regulations"). If any State decides to exercise their rights under these systems, or if these special regimes are amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

Finally, the ITU's Radio Regulations provide only for voluntary resolution of disputes in the event of disagreements between the ITU's Member States over non-compliance with international regulations governing coordination of their frequency assignments. The Group could be forced to accept the result of an unfavourable agreement between ITU Member States relating to frequency assignments it uses. This could have a significant negative impact on the Group's business, financial situation and results.

4.4.3 The Group’s provision of satellite telecommunications services is subject to certain specific statutory and regulatory provisions

The satellite telecommunications industry in which the Group operates is governed by extensive regulation (see Section 5 “Regulations”). Changes in policy or regulation on a global level within the framework of the ITU or within the European Union, France or other countries in which the Group does business could have a significant negative impact on the Group’s activities, financial situation and results, particularly if such changes increase costs and regulatory restrictions relating to the Group’s services.

The Group must be able to maintain its existing frequency assignments at the orbital positions at which it operates its satellites or where it might need to redeploy some of its satellites. It must also be able to obtain new frequency assignments, at the same or new orbital positions, for the future expansion of its business.

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the “Confidence in the Digital Economy Act” (No. 2004-575 of 21 June 2004) and the Decree of 11 August 2006 (see Section 5.1.3 “French regulations relating to satellite frequency assignments and their operation”). Being strictly applied, this regulation has already to some extent, and could in future, limit the Group’s ability to obtain new assigned frequencies from the French authorities or to use them as it would like. Such a situation could have a significant negative impact on the Group’s business, financial situation and results.

Currently, the cost of requests for frequency assignments from the ITU and those of requests for frequency usage authorisations consists solely of the handling costs of the *Agence nationale des fréquences*. A change in the pricing policy could prompt the authorities to charge operators for part of the economic value of the orbital positions they operate. This could have a significant adverse effect on the Group’s business, financial situation or results.

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP (“Frequency assignments”, see Section 5.2.1 “Regulations in France”). Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites could no longer be accessed through future authorisation requests. This is the case with the 3.4-3.8 GHz band, which cannot be used for Fixed Satellite Services since 2008.

In particular, at the next World Radiocommunication Conference in 2019 (WRC-19), certain bands identified for satellite use will be on the agenda (*e.g.* Q/V bands) of WRC-19. Discussions will be held at the end of 2019 with a view to identifying possible bands for future 5G mobile networks. As these bands are essential to the operation of future satellite systems, and in particular satellites such as KONNECT VHTS, any regulatory changes at international, regional or national level could have a potential impact on the Group’s ability to operate optimally in these frequency bands.

When developing new businesses, the Group could be subject to regulatory requirements including those relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investment of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

The amendment of applicable regulations could also limit or prevent the obtaining or retaining of the requisite authorisations regarding the Group’s current business or its development strategy, which could have a significant negative impact on the Group’s business, financial position and earnings.

Furthermore, some states could decide to impose a system of taxation on satellite operators for satellite broadcast reception in their territory. Such a development could have a significant negative impact on the Group’s business, financial situation and results.

4.4.4 The Group is governed by the French Space Operations Act

The Space Operations Act was published in France’s *Journal officiel* on 4 June 2008, and its application decrees were published on 10 June 2009. The Group is mainly affected by Decree No. 2009-643 on authorisations. The Act has been in force since 10 December 2010 and is described in Section 5.4 “Regulations governing Space Operations”.

The application of the Space Operations Act could therefore have a significant negative impact on the Group’s business, financial situation and results.

4.4.5 The Group is subject to strict regulation governing the content of programmes broadcast *via* its satellites

Regulations on the broadcasting of television programmes in the European Union provide that each Member State must ensure that the programmes transmitted comply with applicable laws on broadcasts to the general public, especially for the purpose of the protection of minors and the avoidance of incitement to hatred or violence on grounds of race, sex, religion, habits or nationality.

As a French satellite operator, the Group could be given formal notice to cease broadcasting of a television channel from outside the European Union if the channel’s content does not comply with French laws and regulations or if it is likely to damage public order (see Section 5.3 “Regulations governing content”). However, the Group might not be technically able to cease the broadcast without being forced to interrupt the transmission of other television channels that are part of the same multiplex on the same transponder. These television channels might then terminate contracts for that capacity and apply for compensation, which could have a significant negative impact on the Group’s business, financial situation and results.

Any competent regulatory authority in Europe (see Section 5.3.1 “Audiovisual media services directive”) could issue an order to interrupt broadcasting of new non-European channels. As a result, if at any time, governmental or judicial decisions prevent the Group from delivering its transmission services, it could find it more and more difficult to pursue its policy of long-term contracts for the transmission of television channels with non-French customers, thereby encouraging some of its customers to use the services of competing operators, which would have a negative impact on the Group’s business, financial situation and results.

This risk can vary from one member state to another, with certain legislations adopting more flexible policies within the limits authorised by the community framework, and each regulator adopting its own interpretation of adherence to the principles.

Certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps may therefore have repercussions, regardless of the designated national regulator within the European Union. The position of one or another of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

4.4.6 The Group is governed by other regulations applying to the channels carried on its satellites

Some channels broadcast by the Group could be explicitly addressed by United Nations resolutions transposed *via* European Union regulations, introducing restrictive measures against some entities, or citing them directly in European regulations. These European regulations are directly applicable to the Group, which must ensure that none of the listed channels are broadcast using its satellites (see Section 5.3.2. "1986 French law on freedom of communication").

Considering the number of channels broadcast by the Group, and the absence of direct contractual links with television channels, the risk of transmitting channels covered by such regulations is real, representing a potentially significant negative impact on the Group's business, financial situation, and results.

4.5 MARKET RISKS

The Group is exposed to market risks, principally in terms of currency and interest rates, and the Executive Board actively manages this risk exposure using various derivative instruments. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group's policy is to use financial derivative instruments to manage such exposure. These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

4.5.1 Foreign exchange risk

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the U.S. dollar, which represented 38% of revenues in the financial year ended 30 June 2018. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future. This geographical expansion could result in an increase in EUR/USD exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services may be denominated in U.S. dollars. These contracts may involve significant amounts, generally in excess of 50 million U.S. dollars, whose payment may be phased over time. As of 30 June 2018, the Group owed phased payments totalling 5 million U.S. dollars during the financial year 2018-19, mainly regarding one contract in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. For example in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble put pressure on Eutelsat's Russian customers with euro-denominated contracts. Eutelsat accepted to renegociate with its Russian clients with the aim of temporarily alleviating some contract terms. These fluctuations could reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in U.S. dollars.

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry out forward sales or synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date. The Group does not automatically hedge or may not be able to hedge all of its contracts denominated in U.S. dollars.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, because of currency controls, or may face a strong decrease of the euro-equivalent of revenues generated in local currencies. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

Finally, the Group owns Satélites Mexicanos, with accounts in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

In order to hedge the translation risk, the hedging policy of the Group consists in creating liabilities denominated in the currency of the cash flows generated by these assets. Hedging instruments include currency derivatives (cross-currency swaps) documented as hedges of net investments in foreign operations. The Group implemented foreign exchange swaps for a notional amount of 500 million euros to hedge its net investment in Satmex.

Please refer to the Note 27.1 of the notes to the consolidated financial accounts for more information.

The following table shows the situation (in millions of euros) for all existing foreign currency hedging instruments as of 30 June:

	Notional amounts		
	2016	2017	2018
Synthetic forward transaction with knock-in option	-	26.3	210.2
Forward	-	61.5	45.2
Non-deliverable forward	8.9	-	-
Cross-currency swap (Eutelsat S.A.)	500	500	500

4.5.2 Interest rate risk

The Group manages its exposure to interest rate volatility by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond issues) and when appropriate by a hedging or pre-hedging policy.

The following table shows the situation for all existing interest-rate hedging instruments as of 30 June 2018:

(in millions of euros)	Contractual/notional values at 30 June 2018	Fair value at 30 June 2018	Change in fair value over the period	Impact on income	Impact on equity
Pre-hedging swap (Eutelsat S.A.)	800	(36.5)	(20)	-	(20)
Pre-hedging swap (Eutelsat S.A.)	500	(7.7)	(9.2)	-	(9,2)
TOTAL	**1,300**	**(44.2)**	**(29.2)**	**-**	**(29.2)**

The net interest-rate position as of 30 June 2018 was as follows:

(in millions of euros)	Financial assets (a)		Liabilities (b)		Net position before hedging (c) = (a) - (b)		Off balance-sheet (fixed rate swaps, caps, collars) (d)		Net position after hedging (e) = (c) + (d)	
Maturity	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year		750.4	935.5	23.7	(935.5)	726.7	0.0	800.0	(935.5)	1,526.7
From 1 to 5 years	0.0	17.5	2,706.6	94.9	(2,706.6)	(77.4)	0.0	500.0	(2,706.6)	422.6
More than 5 years	0.0	0.0	334.5	23.7	(334.5)	(23.7)	0.0	0.0	(334.5)	(23.7)
TOTAL	**-**	**767.9**	**3,976.6**	**142.3**	**(3,976.6)**	**625.6**	**0.0**	**1,300.0**	**(3,976.6)**	**1,925.6**

Please refer to the Note 27.2 of the notes to the consolidated financial accounts for more information.

Although the Group has a pro-active interest-rate risk management policy, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

4.5.3 Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.

The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from A-rated financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. Exposure to these risks is closely monitored and maintained within predetermined limits.

As of 30 June 2018, the Eutelsat Communications banking syndicate comprised 9 lenders with Eutelsat S.A.'s banking syndicate comprising 8 banks.

If any of the lenders default on the term loan portion of the credit facilities, the Group retains the amounts initially allocated in full. If any counterparty defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not expect any losses resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded. As of 30 June 2018, the counterparty risk is not significant.

Risks linked to the Group's clients and suppliers are outlined, respectively, in Sections 4.1.3 "The Group's satellite deployment plan is dependent on a few major suppliers" and 4.2.5 "The Group is dependent on several major customers" of this Reference Document. The analysis of accounts receivable (matured and unmatured) can be found in Note 11 to the consolidated financial statements under Section 6.2 of this Reference Document.

4.6 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT POLICY

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- that there is compliance with legislation and regulations;
- that instructions and guidelines laid down by General Management are applied;
- that the Company's internal procedures function properly, particularly those that help to safeguard its assets;
- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the *Autorité des marchés financiers* (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the entire Group, is part of the internal control system. A number of specific targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire. The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat S.A. and its subsidiaries.

Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Internal Control and Audit Department, which continually acts in coordination with each department, is required:

- to undertake to identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group's Senior Management as well as the Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks.

4.6.1 Procedures relating to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat S.A. or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing training.

Any incident affecting a satellite or one of the transmitted signals (*e.g.* a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Senior Management;
- reviewed internally by Eutelsat S.A.'s Technical Department;
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents;
- communicated to customers; and
- where appropriate, reported in a press release.

Back-up capacity and redundancy

As part of the Group's risk management strategy, it has developed a back-up and redundancy policy designed to reduce the risk of service interruptions, outages or failure to meet its contractual commitments.

The Group's satellites are designed with adequate redundancy to contend with potential equipment failures and to meet or exceed their theoretical operational life in-orbit. Significant on-board redundancy of equipment allows the Group to quickly replace any equipment damaged during the operational life of the satellite with minimal or no interruption of service, depending on the nature of the incident. Some of the satellites in the fleet are currently using this redundancy equipment.

Furthermore, the Group offers significant back-up capacity in certain key orbital locations. Back-up capacity is used to replace leased capacity in the event of an on-board fault or equipment failure on a satellite. It is often obtained by pooling capacity on several satellites located at nearby orbital positions and offering similar coverage and technical specifications. This enables the Group to provide continuity of service to customers, depending on the fill factors of the satellites concerned.

The Group has also signed leases guaranteeing continuity of service to some of its customers, by offering them capacity with guaranteed restoration of service using pre-defined capacity (generally on a neighbouring satellite). These leases generally attract a higher price. In the absence of an emergency or malfunction that requires back-up capacity, the Group is able to market this capacity subject to a clawback clause.

IT security and certification of satellite control systems and related services

The introduction of measures designed to improve the security of the satellite control information systems and associated services continued during the past year.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014 and in June 2017.

The certification covers:

- satellite control and operations, Launch and Early Orbit Phase Operations (LEOP);
- human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems; and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. The certification covers the activities and systems related to:

- the communication control centre;
- the management of the Rambouillet teleport;
- the implementation and supervision of managed services operations; and
- the security of all sites for monitoring the payload, the points of presence and the teleports.

In addition to the ISO 27001 certification, in June 2016, the Rambouillet teleport teams obtained Tier 4 certification – the highest – for a period of three years, in the context of the programme of certification delivered by the World Teleport Association (WTA). This teleport certification programme is aimed at both teleport operators and their customers. It is intended to be an objective, transparent and internationally-recognised methodology enabling an assessment to be made of the security and the quality of our teleport facilities, as well as the technology used and the operating procedures in place, *via* a rigorous evaluation of the elements relating to business continuity, transmission chains, satellite and terrestrial connectivity, security of persons and IT systems (cyber security) and the network operations centre.

The operational teams of Eutelsat Americas obtained ISO 27001 certification in August 2016 for a period of three years.

The certification covers the activities and systems related to:

- satellite control operations;
- the operation of the payload;
- monitoring of communications and of the ground segment.

The Skylogic Mediterraneo teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services, and to the management of the Cagliari teleport.

The Skylogic teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services on behalf of the Eutelsat Group.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed four times: in June 2008, April 2011, May 2014 and May 2017. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was also obtained in 2011 for the activities of the Rambouillet teleport, and this was renewed in May 2014 and May 2017.

For the Rambouillet teleport, this certification covers activities relating to:

- the communication control centre;
- commercial services (management of data and television signals through teleport ground equipment); and
- radio frequency systems and Rambouillet teleport's technical infrastructures.

For the teleport activities of the subsidiary Skylogic (Turin, Italy) the ISO 9001 certification obtained in May 2014 and renewed in May 2017 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In June 2017, the teleport of the subsidiary Skylogic Mediterraneo (Cagliari, Italy) obtained ISO 9001 certification. The certification covers design, installation, supply and technical assistance activities for video and data connectivity services.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities in November 2007 (satellite control and monitoring the quality of signals received and relayed by satellites). This certification has been renewed in 2010, 2013 and 2016.

Insurance

Launch-plus-one-year and In-Orbit Life Insurance

The Group has an insurance programme covering the phases of a satellite's lifespan, *i.e.* launch (the launch insurance policy also covers in-orbit acceptance testing and In-Orbit Life of the satellite until the anniversary date of the launch) and in-orbit (In-Orbit Life Insurance policy).

The Group's Launch-plus-one-year and In-Orbit Life Insurance policies include exclusions that are customary in space insurance.

4.6.2 Procedures for preventing and managing the Group's other operating risks

The Company's Business Continuity Plan

The continuity plan includes the following items:

- mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis scenarios;
- crisis management procedures (logistics, external and internal communication, decision-making processes);
- business procedures describing the tasks to be performed at the backup site;
- the backup IT system (applications, systems and network infrastructure, telecoms);
- procedures describing urgent action to be taken in the event of an incident; and
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

Eutelsat S.A. regularly carries out tests to check that its business continuity plan ("BCP") is operating effectively. The BCP aims to define the conditions for continuity of the commercial, financial, administrative and legal activities, as well as corporate communications, management of the IT systems and Human Resources.

Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group's information systems and this is reflected in the following activities:

- mapping risks relating to the security of IT systems and assessing their impact on the Group's operations;
- introducing a policy and a set of standards to meet the Group's security requirements;
- drawing up and monitoring an action plan;
- assessing the protective measures that are in place in organisational and technical areas; and
- reacting in the event of suspicious events or security incidents.

Processing accounting and financial information

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department *etc.*) after reconciliation with appropriate accounting and legal documents.

Closing, consolidation and reporting procedures have not been specifically amended during this financial year. Eutelsat S.A.'s financial departments and those of its subsidiaries have duly complied with these procedures.

Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the Consolidation Manager to verify, in particular, that the accounting principles and methods currently in force within the Group are being correctly applied. These accounting principles and methods are set out in the consolidation manual drawn up and distributed within the Group during the year. This manual is updated when necessary. In addition, the Consolidation Manager issues specific instructions to the subsidiaries before the end of each closure of the accounts, including a detailed timetable and a list of the various actions to be taken. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- a single source for information used in the legal consolidation and reporting process, managed in a shared database; and
- that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.

Insurance

In-orbit third-party liability insurance – Spacecraft third-party liability policy

The Group subscribes to an insurance policy covering civil responsibility for spacecraft, renewed on an annual basis, and which covers potential damaged caused to third parties by the Company in its capacity as a satellite operator.

Credit insurance

The Group has a credit insurance policy aiming to be better protected against customer default risks.

Other insurance policies

The Group has taken out several third-party liability insurances including one covering its Corporate Officers (*mandataires sociaux*), Directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties.

In addition, the Group has notably a standard insurance against all risks of damage or loss for on-ground telecommunications equipment, various assistance policies for its employees and visitors and an insurance covering employees' travels.

Delegation of signing authority and delegation of powers

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or by one of the two Deputy Chief Executive Officers. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and both Deputy CEOs are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

Managing and monitoring the Group's supplier contracts

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, one of the two Deputy Chief Executive Officers or the Managers to whom the Chief Executive Officer has delegated signing authority.

Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.

The following authorisation procedure must precede all purchases:

- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors; and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or one of the two Deputy Chief Executive Officers is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group's business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or one of the two Deputy Chief Executive Officers of Eutelsat S.A.

Adressing the Group's main financial risks

Via its subsidiary Eutelsat S.A., the Group has put in place centralised cash flow management. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the accounts department at Eutelsat S.A. manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group's entities.

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective. The main financial risks are described in the Section 4.5 of this document.

Adressing the risk of corruption

After approval from the Board of Directors and in accordance with the new French Law No. 2016-1691 of 9 December 2016 called "*Sapin II*" Senior Management has strengthened the programme set up in 2014 to prevent and detect acts of corruption within the Group. In this framework, several actions have been conducted, steered by the Company Secretary and by the Compliance Department: the development of a Group-wide corruption risk map, the update of the Code of Conduct dedicated to the fight against corruption in accordance with the requirements of new French Law No. 2016-1691 of 9 December 2016 called "*Sapin II*", the implementation of an internal alert mechanism and the continuation of training sessions to raise staff awareness of the risk of corruption.

Senior Management has put in place a programme which aims to improve the fight against corruption within the Group. As part of this programme, a compliance committee has also been formed and a professional reporting mechanism has been put in place. The committee is asked to vote on the choice of intermediary agents.

Under this programme, a compliance Committee was also formed in 2014, in particular to assess the situation of business intermediaries with respect to the risk of corruption.

In 2017, a "Compliance & Privacy Director" position within the Group was created, marking the strengthening of the internal policy to combat corruption. This Director is the contact person on these matters for all Group subsidiaries and entities.

05

REGULATION

The provision of satellite capacity and services is highly regulated. As a satellite operator providing satellite capacity and services in a number of countries, the Group must comply with national regulations in countries in which it provides or seeks to provide capacity and services, and its operations are also governed indirectly by international regulations with which these countries themselves must comply. These various regulations fall into six categories:

- national regulations governing access to the radio frequency spectrum and their coordination at international level;
- national regulations governing the deployment and operation of telecommunications networks, the supply of telecommunications services and the operation of RF facilities on the ground ("earth stations");
- regulations governing content;
- French regulations governing space operations for which France could potentially bear international liability;
- control requirements relating to exports (regulations governing the activities of the Group's suppliers); and
- other requirements applicable to the Group, such as relations with Eutelsat IGO.

5.1 REGULATIONS GOVERNING FREQUENCY ASSIGNMENTS AND INTERNATIONAL COORDINATION

Frequency assignments are currently distributed between several different radiocommunications services.

In any radiocommunication, radio waves are transmitted, which are primarily characterized by their frequencies. Transmissions on identical frequencies or on frequencies that are insufficiently differentiated run the risk of creating a disturbance between these transmissions, which can result in "radio interference". This type of interference affects the quality of the communications to some degree and, depending on the level of severity, is deemed "permissible" or "acceptable" or, if it affects the communications to the point of making them unusable, "harmful".

It is because of the need for an efficient use of frequencies and to mitigate the risks of interference and the effect on the quality of radiocommunications services as much as possible that the International Telecommunication Union (ITU), which is a specialised United Nations agency, has a body of rules regarding "frequency assignments" and their coordination at international level to limit the risks of interference. These rules are contained in the ITU's "Radio Regulations".

The World Radiocommunication Conference (WRC) is held every three or four years to agree on amendments to the Radio Regulations and their Appendices. The last WRC took place from 2 to 27 November 2015 and the next one will take place between 28 October and 22 November 2019.

5.1.1 International coordination of frequency assignments under the Radio Regulations

The coordination of frequency assignments at international level aims to define the technical and regulatory conditions required to ensure the co-existence of satellite operations authorised by countries in the exercise of their sovereign rights (or groups of countries in their capacity as Parties to an intergovernmental organisation, which is the case of the assignments the Group inherited from the IGO when the Transformation to privatise the Company took place in 2001).

The rules governing coordination make it possible to determine whether satellite operations that have not yet commenced can begin as defined by the corresponding assignments or, if not, whether they have to be adjusted due to the risks of interference with other satellite operations. Similarly, when satellite operations have already started, and are proven to cause harmful interference to other operations, the rules define to what extent such operations can continue, with or without adjustments, or whether they must be terminated to avoid interference.

The Radio Regulations define three separate systems for frequency assignments to be used for space radiocommunications using geostationary satellites. The applicable system is determined by the frequency bands in which the frequencies to be assigned are located:

- a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the two special systems described below;
- the first special system (referred to below as the "BSS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources to be used for the uplinks to the broadcasting satellites; and
- the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C- and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these three systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration" which, for France, is the ANFR) certain items of information about the assignments to the ITU Radiocommunication Bureau (RB). The RB then publishes this information in circulars sent out periodically to the administrations of all ITU Member States.

General system

Under the general system, an initial submission ("Advance Publication") giving only limited general information about the assignments (orbital position, frequency bands) determines the start of the regulatory 7-year period during which operation of the assignments has to begin.

A second submission, known as the "Request for Coordination", which provides very detailed information on the assignments, marks the beginning of the actual coordination process. From the date it is received by the Radiocommunication Bureau, this Request for Coordination takes priority over all assignments covered by a subsequent Request for Coordination. By virtue of this priority, when coordination between assignments covered by a subsequent Request for Coordination proves problematic or impossible, the Administration that submitted its Request for Coordination first is not required to make adjustments to its frequency assignments in order to facilitate coordination with assignments covered by a subsequent Request or Requests for Coordination.

The general system does not prohibit the implementation or operation of frequency assignments for which the coordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the 7-year period during which assignments can be brought into operation. If the assignments have not been brought into operation when this time limit expires, the Advance Publication and Request for Coordination are both deemed to have never existed and the Administration responsible must then restart the process and re-submit the two submissions. The new Request for Coordination then gives these assignments a lower priority than the first, placing them behind all assignments for which a Request for Coordination has been submitted in the meantime.

Assignments that are brought into use before the deadline expires continue to enjoy the priority conferred by the Request for Coordination during the full term of validity of the assignments as declared by the relevant Administration in its Request for Coordination (30-40 years for the Group's frequency assignments). There are, however, provisions in the Radio Regulations enabling an extension in the period of validity for the assignments in operation.

The special BSS and FSS systems

With these two special systems, the international community adopted a priori plans at the ITU's World Radiocommunication Conferences (WRCs). These plans guarantee all ITU Member States identical rights, irrespective of the size of their populations and territories, to make predefined use of specified amounts of radio spectrum resources in the frequency bands governed by these two systems. These predefined uses have priority over any other use of these resources. Furthermore, in contrast to the general method of coordination in which participating administrations can freely agree on the measures and technical conditions to be used for coordination, these special systems define highly detailed rules and technical conditions to be used for coordination.

Apart from these predefined frequency assignments for national coverage, public authorities may submit requests for additional frequency assignments as in the case of the general system. In this case, these two systems do not involve an initial submission (whose date, in the case of the general coordination system, determines the deadline for bringing the assignments into use), but instead call for a single detailed submission (request for registration of "additional assignments"), which, as in the general method of coordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the date of receipt by the ITU is the start of an 8-year period during which the assignments have to be brought into use, otherwise the entire process must be restarted with a new submission and a lower priority. Once operation has begun, it can continue for 15 years and is renewable, without loss of rights, as long as the technical specifications of these rights remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with predefined uses having the highest priority.

Under the FSS system, it is also the date of receipt by the ITU which starts the 8-year period. Following a review by the RB, a submission is accepted if:

- the assignments do not affect the rights of any Member State, as predetermined by the plan, or the rights acquired by a Member State for assignments covered by a submission on which the RB has previously reached a favourable finding; or, if the opposite is the case;
- the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

If the RB reaches a negative conclusion, the submission is deemed null and void. In that case, the administration concerned has to make a new submission, which will be examined by the RB after all the other submissions that have been received by the RB in the meantime.

Most of the frequency assignments the Group uses for its activities, present and future, have been granted under the general system and have either been successfully co-ordinated or benefit from a high priority.

Nevertheless, at a number of orbital positions, the Group operates under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful coordination procedure. In a very small number of cases, however, the Group began operation under such assignments without having fully completed the coordination process.

Settlement of disputes

The legal certainty obtained by satellite operators from the application of the Radio Regulations governing international coordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

As a general rule, verified situations of harmful interference are handled through informal contacts at an operational level (control centres) between the operators concerned. In the majority of cases, the operators resolve the problem. Rare cases that cannot be resolved by such means are handled through exchanges between the relevant administrations ("interference claims"). The administrations can also request the assistance of the RB to establish contacts or, in very rare cases, conduct an investigation into the failure by an ITU Member State to comply with its obligations under the Radio Regulations.

However, the Radio Regulations do not contain any mechanism for mandatory resolution of disputes or compulsory enforcement. The ITU's arbitration procedure assumes the consent of the parties. Similarly, no provision of the Radio Regulations or of international law in general offers a solution in cases when this spontaneous and voluntary arbitration process does not succeed in resolving the dispute.

5.1.2 Frequency assignments under joint responsibility and/or granted by France

Frequency assignments used by the Group in its business activities, both present and future, involve joint responsibility, and were, for the most part, issued to the IGO by the Member States collectively (the "Parties") prior to the Transformation. For all these frequency assignments, the Parties collectively discharged their joint obligations under the Radio Regulations through the Party of France, which was designated by them to act in their name and on their behalf.

The *Agence nationale des fréquences* (ANFR) is the French authority responsible for ensuring that France complies with its obligations under the Radio Regulations. Prior to the Transformation, the ANFR was the entity responsible for applying the international rules governing the coordination of frequency assignments on behalf of all the Parties.

Following the Transformation, all frequency assignments remained under the joint responsibility of the Parties.

France is the main authority required by the Group for all new French frequency assignments (see the description of applicable French regulations under "Access to frequencies" as below). Eutelsat S.A. has already requested and obtained new frequency assignments, both to supplement the collective frequency assignments that were transferred to it on 2 July 2001 and to plan for the future development of its activities.

5.1.3 French regulations relating to satellite frequency assignments and their operation

Prior to the adoption of French Law No. 2004-575 of 21 June 2004, satellite frequency assignments were under the sole control of the ANFR. They depended on the ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international coordination of frequency assignments. Relations between the operators and the ANFR for the operation of frequency assignments were not legally formalised.

Law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des postes et des communications électroniques* (Postal and Electronic Communications Code, hereinafter "CPCE") in Articles L. 97.2 and subsequent Articles. This law, together with decree No. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R. 52-3-1 and subsequent Articles, establishes a new two-stage process:

- the assignment request is sent to the ANFR, which, after verifying that it complies with the national Table of Frequency Band Allocations, declares it to the ITU on behalf of France. A fee, equal to the amount invoiced by ITU to ANFR for processing the request submitted to ITU, is payable by the operator (Article R. 52-3-1 of the CPCE);
- operation of the assignment is subject to authorisation by the Minister responsible for electronic communications, after obtaining the opinion of the authorities involved in assigning the frequencies concerned (*Conseil supérieur de l'audiovisuel* (CSA), the *Autorité de régulation des communications électroniques et des postes* (ARCEP), the French Ministry of Defence, *etc*.). This authorisation is granted on condition that the entity requesting the capacity provides proof of its ability to control the emissions of all RF stations, including earth stations, using the frequency assignment, and pays a fee to the ANFR for services rendered corresponding to the cost to the government of processing the request. The amount of this fee is established jointly by the Minister in charge of the budget and the Minister in charge of electronic communications. The Decree of 11 August 2006 set this amount at 20,000 euros. Authorisation can be refused, for example "for the protection of public order, defence or public safety".

Currently, Eutelsat S.A. is authorised to operate frequency assignments at the orbital positions 12.5°West, 8°West, 7°West, 5°West, 3°East, 4°East, 7°East, 9°East, 10°East, 13°East, 14.5°East, 16°East, 21.5°East, 25,5°East, 28.5°East, 33°East, 36°East, 48°East and 70.5°East. In addition, fourteen filings are currently under examination and should be authorised in the near future.

5.1.4 Frequency assignments granted by Mexico

Providers of satellite services to or within Mexico and the use of orbital slots licensed by the Mexican government are subject to the requirements of the Federal Telecommunications and Broadcasting Law. Under the Telecommunications Law, a provider of satellite services must operate under a concession granted by the SCT. Such a concession may only be granted to a Mexican corporation and may not be transferred or assigned without the approval of the SCT. Pursuant to a recent amendment to the Mexican Constitution, foreign investors are permitted by law to hold up to 100% of the full-voting stock of such a corporation.

In addition, Satmex's operations are subject to the regulations of the Mexican (a) *Ley General de Bienes Nacionales* (the "General Law on National Assets"), which regulates all assets that fall within the public domain, as well as the safeguarding clauses contained in our Concession; (b) *Ley General del Equilibrio Ecológico y Protección al Ambiente* (the "General Law on Ecology and Protection of the Environment") together with other Mexican environmental laws; (c) *Ley Federal de Competencia Económica* (the "Federal Economic Competition Law"); (d) *Ley de Vías Generales de Comunicación* (the "Law of General Means of Communication") and (e) other international treaties, laws, rules, regulations and decrees.

Under the Federal Telecommunications and Broadcasting Law, the SCT is, among other things, responsible for issuing concessions and permits related to telecommunications and for formulating policies in the telecommunications area and otherwise taking all other actions on behalf of the Mexican government in connection with telecommunications. The *Instituto Federal de Telecomunicaciones* ("IFT") is the telecommunications regulator responsible for, among other things, most day-to-day regulation of satellite communications services in Mexico.

The rules promulgated pursuant to the Federal Telecommunications and Broadcasting Law require licensees of satellites intending to provide telecommunications services through one or more transmitting earth stations of their own to obtain a separate license to construct and operate a public telecommunications network. Where the satellite operator intends to provide telecommunication services to any person not holding a public telecommunications network concession or permit, it must provide such services only through an affiliate or subsidiary that holds a separate concession or permit.

Mexican laws currently allow competition in the provision of (a) any Mexican satellite operators holding a concession and (b) any foreign satellite operators holding an authorisation to provide international FSS, DTH FSS and broadcast satellite services. The Mexican government has liberalised its regulatory environment to allow non-Mexican satellite companies to provide satellite services in Mexico.

The Orbital Concessions awarded by the Mexican government to Eutelsat Americas currently include the right to use the 113.0°W.L. , 114.9°W.L. and 116.8°W.L. orbital slots and associated C- and Ku-radio-frequency bands, and the right to use a Ka-band at 113.0°W.L. and 114.9°W.L. upon fulfilment of certain requirements before the SCT and the IFT.

As part of the three Orbital Concessions, Eutelsat Americas is required by the SCT to allocate 362.88 MHz (171.84 MHz in C-band and 191.04 MHz in Ku-band) of capacity to the Mexican government, free of charge, for national security and certain social services (State Reserve). In the case of future satellites, the capacity reserved to the Mexican government will be defined by the SCT according to applicable law and regulations.

5.1.5 Frequency assignments granted by authorities other than France or Mexico

On an increasing number of orbital positions, the Group operates satellites with frequency assignments granted by authorities other than France or Mexico.

The Group may directly hold the corresponding rights, or these frequency assignments may be operated by the Group under agreements entered into with entities having the right to use these assignments.

The EUTELSAT 36A satellite is operated at 36°East under Russian frequency assignments granted by the Russian Authority and held directly by RSCC.

In the case of the EUTELSAT 172B satellite operated at 172°East, the Group is directly entitled to a combination of frequency assignments granted by the U.S. and the French authorities. Furthermore, the satellite operates its assignments under the U.S. regulations and authority.

In the case of the EUTELSAT 174A satellite operated at the 174°East orbital position, the Group directly holds frequency assignments notified under the Cyprus administration and the satellite operates these assignments under the authority and regulations of Cyprus.

For the EUTELSAT 65 West A satellite operated at 65°West, frequency assignments have been granted by the Brazilian Authority. They were obtained, together with associated authorisations, in an auction process in Brazil and they were directly granted to the Group. The satellite operates these assignments under the Brazilian authority and regulations as well as under other authorities, in particular to protect services provided outside the Brazilian territory from the 65°West orbital position. In this regard, the Group also intends to obtain rights on further assignments for additional frequencies and/or coverage.

Following a new round of public auctions in Brazil, the Group was also granted frequency assignments at the 69.45°West orbital position, which it intends to use for the development of new projects.

The EUTELSAT 117 West B is operated at the 117°West orbital position under frequency assignments granted by the authority of Papua New Guinea and held by Eutelsat.

5.2 REGULATIONS GOVERNING THE OPERATION OF EARTH STATIONS, THE DEPLOYMENT OF NETWORKS, THE OPERATION OF ELECTRONIC COMMUNICATIONS NETWORKS AND THE PROVISION OF ELECTRONIC COMMUNICATIONS SERVICES

As a satellite operator offering its services in approximately 150 countries, the Group is subject to national laws and regulations on communications and broadcasting in a large number of different countries.

Most of these countries do not require satellite operators to obtain a licence or other authorisation if their role is limited to providing satellite capacity to other entities that are themselves authorised to operate networks and/or communications services. In these countries, the Group only needs a licence or other authorisation if it intends to deploy and operate its own communications networks or install and operate earth stations. Most European countries and many of the Member States of the World Trade Organisation (WTO) have been included in this category of countries since the liberalisation of their regulations, by virtue of the commitments made under the WTO Agreement on basic telecommunications services, which came into force in February 1998.

5.2.1 Regulations in France

The *Autorité de régulation des communications électroniques et des postes* (ARCEP) is the French authority responsible for ensuring that operators comply with the obligations contained in the applicable legislation and regulation.

Under a declaration registered by the ARCEP on 21 December 2012, Eutelsat has amended the previous declaration to add the supply of electronic communications services to the operating electronic telecommunications networks opened to the public.

Operation of telecommunications networks

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services used to require prior authorisation from the Minister of Telecommunications while independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by ARCEP. Under French Law No. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services, the installation and operation of networks open to the general public are now unrestricted, provided a prior declaration is made to ARCEP. This formality does not apply to independent networks.

On 16 July 2001, the Minister of Telecommunications granted authorisation, under the previous system, for Eutelsat S.A. to establish and operate a telecommunications satellite network open to the general public in France for services other than public telephony for a period of 15 years. This authorisation also allows Eutelsat S.A. to operate and provide VSAT satellite networks and services in France. Eutelsat S.A. has deployed a certain number of bi-directional VSAT terminals on French territory. However, until 2015, these activities still require payment of an administrative tax of 20,000 euros under Article L. 33-1 of the CPCE. French Finance Law No. 2015-1785 of 29 December 2015 for 2016 removed this tax due by communication operators (Article 27).

Access to frequencies

Moreover, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). Under the terms of Article L. 42-1 of the CPCE, these authorisations cannot exceed 20 years. ARCEP also imposes a certain number of technical requirements that must be respected by the operators to which the frequencies have been assigned. In addition, operators are required to pay an annual fee to the government for the provision of frequencies and an annual fee for their management, under decree No. 2007-1532 and the order of 24 October 2007, as amended by decree No. 2008-656 and the order of 2 July 2008 as well as the decree No°2016-409 and the order of 5 April 2016. They also have to take the necessary measures to protect the secrecy of private communications as well as the confidentiality of their customers' personal data. ARCEP has assigned to Eutelsat S.A. a certain number of frequencies for the operation of earth stations, notably earth stations located at its Paris-Rambouillet teleport.

Non-compliance with the applicable telecommunication laws and regulations could result in administrative or criminal fines, as well as sanctions imposed by ARCEP or other public authorities, including the suspension or withdrawal of the frequency assignment.

5.2.2 Regulations in other countries

Many countries, including most European states, have liberalised their regulatory frameworks relating to the provision of voice, data and video services. They have also increased the scope for granting authorisations to own and operate earth station equipment and to select a provider of satellite capacity. Most countries allow authorised providers of communications services to have their own transmission equipment and to purchase satellite capacity without restriction. This facilitates end-user access to the Group's services.

The Group filed licensing applications to act as a network and earth station operator in Italy, Germany, Austria, the United Kingdom, Switzerland and Spain. The Group notably obtained a network operator licence and two general authorisations to provide interactive satellite services in Italy.

For the operation of the EUTELSAT KA-SAT 9A satellite, the Group has obtained licences for the ten gateways installed in France, Italy, Germany, Ireland, Spain, Finland, Cyprus and Greece. The Group has also obtained authorisations to operate fixed terminal networks using the KA-SAT system in all European Union Member States, as well as in other countries covered by the satellite. In addition, the Group has obtained licences required for mobile applications in the Ka-band, when necessary. The licences obtained by the Group for the EUTELSAT KA-SAT 9A satellite have been transferred to Euro Broadband Infrastructure, a Swiss joint venture between Eutelsat and ViaSat, and its subsidiaries.

Some countries, mainly in emerging markets, have maintained strict or *de facto* monopolies. In these countries, a single State entity (generally the public postal, telephone and telegraph authority) often has a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to/from that country, including *via* satellite. To offer services in these countries, the Group may have to negotiate an operating agreement with the State entity, which defines the services to be offered by each party, the contractual terms of the service and tariffs. Depending on national regulatory requirements, operating agreements between the Group and the service provider may require end-user clients to obtain the Group's services through the State entity, with all associated ground services provided by that entity. These operating agreements also allow customers to possess and use their own equipment, while requiring them to purchase the Group's services through the State entity.

Landing rights

Despite the liberalisation of national regulations following adoption of the WTO Agreement on Basic Telecommunications Services, some countries require authorisations to operate satellites in-orbit. In these countries, the Group has to obtain authorisation to provide (i) downlink services from the satellite to the earth station terminals located in these countries ("landing rights") or (ii) uplink services from the earth station terminals to the satellite ("take-off rights").

Prior to becoming a part of the Group, Satmex (which now operates under the commercial name Eutelsat Americas) secured landing rights to provide satellite services to more than 45 nations and territories in the Western hemisphere.

Eutelsat Americas maintains an authorisation by the FCC to access the U.S. market with respect to Satmex 5 (renamed EUTELSAT 115 West A), Satmex 6 (renamed EUTELSAT 113 West A), Satmex 7 (renamed EUTELSAT 115 West B), Satmex 8 (renamed EUTELSAT 117 West A) and Satmex 9 (renamed EUTELSAT 117 West B). Except for EUTELSAT 117 West B, all of these satellites have been added to the list of foreign satellites approved to provide FSS in Canada. The landing rights granted by Brazil have been updated to enable the delivery of services by EUTELSAT 113 West A.

For Argentina, landing rights are granted for the provision of services on EUTELSAT 115 West A, whereas for EUTELSAT 113 West A and EUTELSAT 115 West B, a request for landing rights has been issued, but the landing rights have not yet been granted.

The Group has also obtained these authorisations for some of its satellites in Brazil, Pakistan and a number of other South American countries. The Brazilian regulatory authority granted Eutelsat S.A. landing rights in April 2002 for EUTELSAT 8 West A (at 8°West), EUTELSAT 10A (at 10°East) and EUTELSAT 12 West A (12.5°West) and, in June 2003, for EUTELSAT 5 West A (at 5°West).

As part of the acquisition of orbital rights at the 65°West orbital position under the auction process in Brazil, the Group has automatically obtained the Brazilian landing rights for this orbital position, and landing rights are being secured for other countries in the region covered by the EUTELSAT 65 West A satellite launched in March 2016.

Access to the Group's satellites from the U.S.A.

The Federal Communications Commission, or FCC, is the governmental agency in the U.S.A. responsible for regulating satellite communications. In 1997, the FCC enacted regulations permitting non-U.S. satellite operators to request access to the U.S. market using non-U.S. satellites, for the provision of both international and domestic services. In 1999, the FCC streamlined the process by creating the "Permitted Space Station List".

Where a non-U.S. satellite is added to the FCC's Permitted Space Station List, earth station operators in the U.S.A. licensed to operate with U.S. satellites are able to access that non-U.S. satellite without additional authorisation from the FCC. These streamlined procedures are applicable only to frequency bands that the FCC considers as being "conventional". These do not include the full spectrum of Ku-band or C-band frequencies used for transmissions to and from the Group's satellites. Earth station operators in the U.S.A. must therefore still apply for FCC authorisations to transmit to or receive from the Group's satellites in certain frequency bands even though these satellites are on the FCC's "Permitted Space Station List".

Currently six of the Group's satellites are included on the "Permitted Space Station List".

Name of satellite	Orbital position	Date of inclusion on the Permitted Space Station List
EUTELSAT 8 West A (previously EUTELSAT ATLANTIC BIRD™ 1)	8°West	30 August 2001
EUTELSAT 12 West A (previously EUTELSAT ATLANTIC BIRD™ 2)	12.5°West	30 August 2001
EUTELSAT 113 West A (previously Satmex 6)	113.0°West	4 August 2006
EUTELSAT 115 West B (previously Satmex 7)	114.9°West	11 June 2015
EUTELSAT 117 West A (previously Satmex 8)	116.8°West	7 December 2012
EUTELSAT 172B	172°East	7 December 2017

On top of the framework of the "Permitted Space Station List", the Group also obtained from FCC licences authorising access to the North-American market for EUTELSAT 117 West B (previously Satmex 9):

Name of satellite	Orbital position	Date of licence agreement	FCC "call sign"
EUTELSAT 117 West B (previously Satmex 9)	117.0°West	20 August 2015	S2926

5.2.3 European Union regulations

Current regulatory framework

The current regulatory framework, adopted on 24 November 2009 and known as the "Telecom Package", includes:

- a Directive (2009/140/EC) which amends three existing Directives:
  - the "Access" Directive (2002/19/EC),
  - the "Authorisation" Directive (2002/20/EC),
  - the "Framework" Directive (2002/21/EC);
- a Directive (2009/136/EC) which amends two existing Directives:
  - the "Universal Service" Directive (2002/22/EC),
  - the "Privacy and Electronic Communications" Directive (2002/58/EC);
- a Regulation (EC) No. 1211/2009 establishing the Body of European Regulators for Electronic Communications (BEREC).

In France, this framework was transposed by the adoption of the Order on Electronic Communications dated 24 August 2011, which amended the CPCE.

Regulatory reform

In 2015, the Commission launched a consultation process on the assessment and the revision of this regulatory framework of electronic communications (Telecom package) which ended on 7 December 2015. Eutelsat contributed to this consultation.

On 14 September 2016, the European Commission published its legislative proposals to overhaul the Telecom Package, an action plan for 5G and a communication in which it set out its ambitions for the "Gigabit Society". The draft Electronic Communications Code which covers issues relating to spectrum, access, consumer rights, universal service, alert mechanism and intra-EU calls, is reaching the final stages of approval at Council and European Parliament level.

5.3 REGULATIONS GOVERNING CONTENT

5.3.1 "Audiovisual Media Services" Directive

TV broadcasting in the European Union was first regulated by Directive 89/552/EEC of 3 October 1989, also known as the "Television without Frontiers" Directive. This Directive has been substantially changed through two amendments:

- European Directive 97/36/EEC of 30 June 1997, on the coordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities; and
- European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" (AVMS) Directive. This Directive (i) extends the scope of the "Television Without Frontiers" Directive to on-demand audiovisual media services, (ii) promotes the production of and access to European works and (iii) relaxes the rules governing audiovisual advertising. The Directive was required to be transposed into the national laws of Member States by 19 December 2009; it has direct and simultaneous application throughout the European Union since this date, hence preventing any dispute over jurisdiction liable to arise from any gap in transposition between Members States and was transposed into French law by the Act of 5 March 2009 relating to audiovisual communication and the new public television service.

Following these different modifications, the Directive was codified by means of the 2010/13/EU Directive of 10 March 2010.

In accordance with this regulation, each EU Member State has to ensure that programmes transmitted by TV broadcasters under its jurisdiction comply with laws applicable to broadcasts intended for the general public.

Channels established in an EU Member State

If the television channel is established in an EU Member State, that Member State is automatically the competent regulatory authority. Under the regulations of most EU Member States, producers of television programmes that can be viewed by the general public must be authorised by the regulatory body. After being approved by the regulator in its home country, a channel can then broadcast its content freely in other EU States, provided that it continues to comply with its home country's laws. These laws include the provisions of Directives in force, including those covering the protection of minors and banning the promotion of hatred and racial discrimination.

Channels not established in an EU Member State

In the case of channels outside the EU that are broadcast *via* satellite to all or part of the EU and, by definition, are established in a country that is not an EU Member, the "Audiovisual Media Services" Directive provides for the determination of an EU Member State to regulate these channels on behalf of the other Member States.

Since the "Audiovisual Media Services" directive came into force on 19 December 2009, the responsible EU Member State has been the one from which the uplink is made towards the satellite (criterion No. 1) or, failing this, the one with authority over the satellite capacity used (criterion No. 2).

The AVMS Directive has established a Contact Committee under the aegis of the European Commission. The Committee brings together representatives of the regulatory authorities of EU Member States. Its objective is (i) to facilitate effective implementation of the Directive through regular consultation on any practical problems arising from its application (particularly from application of Article 2), (ii) to deliver opinions, and (iii) (c) to be a forum for an exchange of views.

At its 26th meeting held on 19 February 2008, during the transposition period of the AVMS Directive, the Commission established an anteriority rule to ensure that channels are subject only to a single jurisdiction: *"The Member State where the uplink is used first keeps jurisdiction, even if the same signal is also uplinked later – for other bouquets – from another Member State"*. Accordingly, the uplink prevails to identify the Member State having jurisdiction.

On 3 November 2009, during its 31st meeting, the Commission proposed to improve the anteriority criterion of the uplink: *"If the oldest uplink concerns a satellite whose footprint is not focussed on Europe, while the more recent one concerns a satellite whose footprint is focussed on Europe, the more recent uplink should be taken into consideration for determining the jurisdiction. The focus of a footprint is the region where the signal strength is the highest."*

In practice, these principles are implemented by the CSA as follows:

- when two or more uplinks concern satellites with non-equivalent coverages of Europe (EU), the Member State having jurisdiction is the one where the uplink targets the satellite offering the best coverage of Europe (footprint criterion);
- when two or more uplinks concern satellites with equivalent coverages of Europe (or the same satellite), the Member State having jurisdiction is the one with the oldest uplink (anteriority criterion).

The directive was transposed in France by the law of 5 March 2009. Since 2009, most of the non-European channels broadcast by the Group in Europe use an uplink coming from an EU country which is now covered by other European regulators. The French CSA is no longer systematically the competent regulatory authority.

With the proposal submitted by the Commission to the Council and the European Parliament on 25 May 2016, a process to review the AVMS Directive was initiated. The amended version was agreed in the Trilogue on 6 June 2018, and should be formally adopted by the Council and the European Parliament next autumn. The amended Directive does not provide for any amendment to Article 2.4. on non-European satellite channels. However, the implementation of the latter should be clarified in guidelines that the Contact Committee could issue in the coming months

5.3.2 France's Freedom of Communication Act 1986

In accordance with Law No. 86-1067 of 30 September 1986 on the freedom of communication, as amended, French TV channels broadcast by the Group were subject to a convention with the CSA until the Antiterrorism Act No. 2006-64 of 23 January 2006, introducing various provisions concerning security and border controls, which terminated all prior formalities (*i.e.* all authorisation procedures) regarding the broadcasting of non-EU channels for which France has authority, and those that come under the authority of other European Member States or parties to the European Economic Area Agreement. Nevertheless, like French channels, they remain subject to French law and all restrictions on content imposed by the 1986 Act, particularly regarding human dignity, protection of minors and the safeguarding of public order, as defined in Article 1, and non-incitement to hatred and violence for reasons of race, sex, culture, religion or nationality, as established in Article 15.

As a satellite operator, the Group is not a provider of television programmes and does not therefore have to obtain authorisation from the CSA.

However, it is subject to certain obligations under the Act of 30 September 1986:

- it is required under Article 19 to provide the CSA with all information needed to identify the producers of the channels it broadcasts; and
- it is required under Article 33-1-III to inform channel producers of the regime applicable to them, including the aforementioned restrictions on the freedom of communication. Since Eutelsat S.A. has no direct contractual link with most of the channels it broadcasts, it fulfils its obligation by including in its contracts a clause stating that content broadcast on leased capacity must comply with the law in force in the country of reception.

The CSA's powers of sanction are defined in Article 42: it can serve a notice directly on Eutelsat to comply with its legal obligations. The CSA can serve a notice on Eutelsat not only to fulfil its obligations as defined in Articles 19 and 33-1, but also to cease broadcasting any non-EU TV channel that does not comply with the principles set out in the law. In practice, this provision has so far been used only to address threats against public order, incitement to racial hatred as well as offence to human dignity.

If Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to sanction the Company by imposing a fine of up to 3% of its annual revenues and 5% in the event of a further violation of the same obligation (Articles 42-1 and 42-2).

The CSA has another legal method of ensuring compliance with a notice, *i.e.* a summary application (*référé*) to the *Conseil d'État* for an interim order requiring Eutelsat to fulfil its legal obligations. However, since this method is more cumbersome than the service of a notice and direct penalties, it has rarely been used.

These specific powers, which enable the CSA to bring pressure to bear on the satellite operator, are not expressly provided for in the Directive. The Directive does accept, however, that Member States can take this type of action.

Finally, with the framework of sanctions imposed on some states by the European Union and/or the Security Council of United Nations, Eutelsat might have to request the termination of a service if a channel broadcast by its satellites were to figure amongst the sanctioned organisations.

In technical terms, it could prove difficult to comply with any CSA injunctions and to cease transmission of an uplinked signal on a given transponder, in the event of the broadcaster client or the channel itself not stopping the broadcasting of the programme concerned. This would imply that the Group would have to switch off the corresponding transponder on-board the satellite even if this transponder is carrying other, authorised television channels (a 36 MHz transponder can broadcast around ten television channels in digital mode) (see Section 4.4.5 "The Group is subject to strict regulations on the content of the programmes broadcast *via* its satellites").

5.4 REGULATIONS GOVERNING SPACE OPERATIONS

The French Space Operations Act governing space operations was published in France's *Journal officiel* on 4 June 2008. This legislation is the direct result of France's international obligations, imposed by various UN treaties including:

- the 1967 Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies;
- the 1972 Convention on international liability for damage caused by space objects.

Two application decrees were published on 10 June 2009. Of the two, the Group is mainly affected by Decree No. 2009-643 relating to authorisations. This decree stipulates that the system will come into force one year after the publication of the relevant technical regulations and, at the latest, 18 months after publication of the decrees. The technical regulations were published by decree on 31 May 2011 and the system has thus been in force since 10 December 2010.

5.4.1 Principles set out in the Act

The Act creates an authorisation regime for space operations that may incur France's international liability, namely the launch of a space object from France and, for a French operator, the launch of a space object from France or abroad, the control of a space object in outer space or the transfer of control of a space object that has already been authorised. These authorisations are granted by the Minister for Space within a period of four months, which may be extended by two months if there is a valid reason.

The Act also creates a licensing regime for operators involving certain guarantees. There are three levels of licence: licences attesting only the respect of moral, financial and professional guarantees; licences that, in addition, require that systems and procedures comply with the technical regulations, and licences that grant authorisation for certain operations, in which case there is only a case-by-case reporting requirement. In the first and second levels, case-by-case authorisation remains necessary for each operation, but will take less time to obtain than with the old procedure. The third level of licences only exists for in-orbit control operations, and will not cover launch operations, which remain subject to a system of case-by-case authorisations.

The Act also requires insurance (or equivalent financial guarantee) throughout the space operation. Nevertheless, the decree relating to authorisations states that the Minister for Space may waive this obligation for an operator during the station-keeping phase of a geostationary satellite if it can produce a document confirming its solvency.

If, as a result of an operation authorised under this Act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may benefit from a state guarantee for amounts exceeding the ceiling set out in the authorisation and enshrined by the applicable finance law. As things currently stand, the ceiling is between 50 million euros and 70 million euros as laid down by Article 119 of Law No. 2008-1443 of 30 December 2008 rectifying finances for 2008. However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA (European economic area) country or using resources or facilities under the jurisdiction of any such country. Furthermore, during the orbital control phase, the guarantee will only apply if the damage is caused on the ground or in the airspace.

5.4.2 The authorisation process

Decree No. 2009-643 stipulates the authorisation process, providing for delivery of authorisations by the Minister for Space no later than four months following the filing of a completed application, which can be extended by two months if the decision is justified. The process and timeframe are the same for licence applications. If the applicant already has a level 1 or 2 licence, the authorisations are delivered within one month, which may be extended by two months.

Authorisation or licence applications include two elements:

- an administrative element, which attests to the existence of sufficient moral, professional and financial guarantees;
- a technical element, which demonstrates that the systems and procedures the applicant intends to use comply with the technical regulations.

These technical regulations were published by decree on 31 May 2011. Within the framework of the authorisation process, they require the availability of various studies on orbital control (studies on danger and environmental impact), risk control measures (plan for limitation of debris in space, plan for preventing collision risk, *etc.*), documents on quality and proof of the implementation of an organisation to deal with all the technical and organisational facts, as the case may be, potentially affecting space operations as authorised. The regulations also require the CNES (*Centre national d'études spatiales*) to be informed of the co-contractors' and subcontractors' undertaking to comply with the technical regulations.

They also establish a number of requirements linked to the limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of useful life, the probability of being able to dispose of the energy resources needed for end of operational life manoeuvres, *etc.*

The regulations provide for temporary measures and progressive entry into force (best efforts) for the various requirements, to take the current design of satellites into account and to give manufacturers the time needed to apply the new requirements to future satellites. All the legal provisions will be applicable as of 1 January 2021.

The technical part of the applications is dealt with by the CNES, which transmits its decision to the Ministry responsible for space. Before handing down a decision, the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

5.4.3 Licences and authorisations obtained by the Group

Within the framework of this process, on 24 December 2010, the Group obtained by decree a licence equivalent to authorisation for the control of space devices for its entire fleet. This licence was granted for a 1-year period from the effective date of the decree insofar as the technical regulations associated with the Act had not yet been published. On 11 October 2011, the Group obtained a new licence serving as authorisation and valid until 31 December 2020.

The licence provides for requirements in addition to those in the technical regulations. In particular, the Group will have to provide, for any new satellite to be launched within the framework of this licence, specific information such as the mission analysis and danger study, the revision dates prior to launch and the launch date, and propellant emissions before and after the launch. The Group will also have to send regular declarations to the CNES proving the ability of satellites covered by the licence to perform service withdrawal manoeuvres. The Group is also required to notify the Minister and the CNES of any changes in orbital position other than an avoidance manoeuvre one month before the start of its implementation, except in the event of an emergency.

The Group also obtained authorisations to operate satellites which were not covered by the licence obtained on 11 October 2011:

- on 29 July 2013, the authorisation to operate EUTELSAT 25B;
- on 29 February 2016, authorisation to operate EUTELSAT 65 West A;
- on 15 March 2017, the authorisation to operate EUTELSAT 172B;
- on 8 June 2017, the authorisation to operate EUTELSAT 117 West B (authorisation limited to some exceptional operations).

Any satellite launches undertaken by the Group from France or abroad remain subject to a case-by-case authorisation regime. However, on 23 December 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such subsequent requests and reducing the authorisation timeframe from four months to one month.

To date, the Group has obtained authorisations to launch EUTELSAT KA-SAT 9A, EUTELSAT 7 West A, EUTELSAT 16A, EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B, EUTELSAT 3B, EUTELSAT 9B and EUTELSAT 8 West B.

Within the framework of its authorisations to proceed with satellite launches, one month before launch the Group has to provide the launch authorisation obtained by Arianespace in the case of a launch by Ariane 5, or, in the case of a launch by other launchers, the launch authorisation granted by the relevant government to its launch operator or, failing this, a "certificate" for authorisation to launch from the relevant government or its launch operator.

5.5 U.S. EXPORT CONTROL REQUIREMENTS (REGULATIONS GOVERNING THE ACTIVITIES OF THE GROUP'S SUPPLIERS)

U.S. companies and companies located in the U.S.A. must comply with U.S. export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the trade sanction laws and regulations administered by the U.S. Treasury's Office of Foreign Asset Control in connection with any information, products and equipment that is regulated by U.S. law and supplied to non-U.S. companies. The export of satellites, satellite hardware, defence services and technical information relating to satellites to non-U.S. satellite manufacturers, launch services providers, insurers, customers, non-U.S. employees and other persons who do not have U.S. nationality is regulated by the Office of Defence Trade Controls under the International Traffic in Arms Regulations of the U.S. Department of State and/or by the U.S. Department of Commerce. Since the Group and its service providers, distributors, suppliers and sub-contractors using U.S. technologies (including for communications) export U.S. components for the construction of the Group's satellites and provide launch services outside the U.S.A., they are required to obtain permits for the export of technical data and material (under technical assistance agreements) for any material they purchase for the construction of satellites or for satellite launches outside the U.S.A.

5.6 OTHER PROVISIONS APPLICABLE TO THE GROUP

Eutelsat S.A.'s activities were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by certain countries in Western Europe (the "Signatories") on 1 September 1985 (under the "Convention") to develop and operate a telecommunications satellite system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation"). As a result of the Transformation, the Convention was amended to adjust the IGO's missions (the "Amended Convention").

EUTELSAT IGO has been maintained as an intergovernmental organisation and currently covers 49 European countries.

5.6.1 Role of EUTELSAT IGO

The main purpose of EUTELSAT IGO is to ensure that Eutelsat S.A. complies with the following principles ("Basic Principles"):

- public service/universal service obligations: these obligations apply to the space segment and to its use to provide services connected to the public switched telephone network. Audiovisual services and future services will be provided in compliance with the relevant national regulations and international agreements, in particular the provisions of the European Convention on Transfrontier Television, taking account of those applying to the universal service concept and the information society;
- pan-European coverage by the satellite system: Eutelsat S.A. shall, on an economic basis, seek through the pan-European coverage of its satellite system to serve all areas where there is a need for communications services in Member States;
- non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations; and
- fair competition: Eutelsat S.A. must comply with all applicable laws and regulations relating to competition.

5.6.2 Current relationship between Eutelsat S.A. and EUTELSAT IGO

The relationship between Eutelsat S.A. and EUTELSAT IGO is governed by an agreement that came into force on 2 July 2001 and was amended on 10 December 2004 (the "Arrangement"). The Arrangement states that, on the understanding that the management of Eutelsat S.A. is carried out on a sound economic and financial basis, Eutelsat S.A.'s principal obligation under the Arrangement shall be to observe the "Basic Principles". The main provisions of the Arrangement are as follows:

Eutelsat S.A.'s obligations

- EUTELSAT IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall inform EUTELSAT IGO, and take into account any recommendation made by EUTELSAT IGO, in the event of any major changes to its operating, technical, marketing or financial policies that might materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall obtain written prior approval from EUTELSAT IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.
- EUTELSAT IGO's Executive Secretary shall be named as an Observer on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance EUTELSAT IGO's annual operating costs.

EUTELSAT IGO's obligations

- EUTELSAT IGO shall make every effort to ensure that Eutelsat S.A. can make use of all frequency assignments acquired or filed with the ITU Radiocommunication Bureau as of 2 July 2001.
- Any proposed amendment to the Amended Convention that is liable to affect EUTELSAT IGO's performance of its activities shall be submitted to Eutelsat S.A., which shall have six weeks in which to communicate its observations to EUTELSAT IGO.

Liaison and information

- A joint committee made up of representatives of EUTELSAT IGO and Eutelsat S.A. shall meet at least once per quarter to ensure that Eutelsat S.A. is observing the "Basic Principles". In this regard, Eutelsat S.A. shall send EUTELSAT IGO extracts from its Five-Year Strategic Plan and its certified annual accounts and shall examine with EUTELSAT IGO the impact on its activity or on its observance of the "Basic Principles" caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as Observer, the Executive Secretary of EUTELSAT IGO shall have access to information under the same conditions as those which apply to a Board Member and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

The Arrangement also provides for a mechanism for settling disputes, including by arbitration.

5.6.3 Relationship between Eutelsat Communications and EUTELSAT IGO

At the time of Eutelsat Communications' IPO, Eutelsat Communications and EUTELSAT IGO signed a Letter-Agreement on 2 September 2005, which came into force on 6 December 2005 (the "Letter-Agreement"). Under the Letter-Agreement, Eutelsat Communications undertook:

- to give EUTELSAT IGO's Executive Secretary a seat as Observer on the Board of Directors of Eutelsat Communications from the date of the latter's IPO;
- to ensure that Eutelsat S.A. is at all times able to honour its undertakings made pursuant to the Arrangement and not to take any decision which might entail any breach of the said undertakings by Eutelsat S.A.;
- in any event, and without constituting an exception to or a reduction of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as Observer, of any decision taken by Eutelsat Communications which might affect Eutelsat S.A.'s compliance with the "Basic Principles" and to communicate to him all useful information on such matters;
- to inform EUTELSAT IGO, through its Executive Secretary, of any crossing of a legal threshold or of a threshold contained in the By-laws, which has been notified to it by a shareholder;
- not to propose or vote for any proposal that Eutelsat S.A. distributes dividends in excess of the amount of Eutelsat S.A.'s annual net income and/or annual net income plus retained earnings and/or which would result in Eutelsat S.A.'s net debt/EBITDA ratio rising above 3.75/1, given that this ratio will not be considered as having been exceeded where any excess comes as a result of any external growth operation and that the notion of dividends is that defined under Article L. 232-12 of the French *Code de commerce*;
- to take all steps necessary so that the undertakings given by Eutelsat Communications, or those that Eutelsat Communications may give, in particular in relation to its financial needs, present or future, cannot in any way result in cross default by Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in Eutelsat S.A.'s direct interest;

- to maintain a level of consolidated Group debt that is not contrary to market practice and sound management of the Eutelsat Group; and
- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with sound financial management of Eutelsat S.A. and allowing it to continue complying with the "Basic Principles".

The role, position, remuneration and right to information of the Observer, as well as the right to supply information to the Parties and the settlement of any disputes relating to such supply of information, are specified in the Letter-Agreement (see Section 7.1.3.2 "Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)" for further information on the clause in Eutelsat Communications' By-laws concerning the Observer).

The Letter-Agreement also provides for the creation of a Coordination Committee, whose main tasks are (i) to exchange useful information and views for the proper implementation of the Letter-Agreement, (ii) to examine any request for the removal of confidentiality restrictions on information received by the Observer, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the Observer to the Parties to the Convention.

The Letter-Agreement will become null and void upon the expiry of the Arrangement pursuant to its terms and conditions (it should be noted that the Arrangement may only be terminated by mutual agreement). EUTELSAT IGO and Eutelsat Communications may, however, terminate or amend the Letter-Agreement at any time upon mutual agreement, in particular in the event where such termination or amendment proves to be helpful in facilitating the development of the Group.

In the event of assignment of Eutelsat S.A. shares by Eutelsat Communications, the latter shall inform the proposed transferee of the content of the Letter-Agreement, it being understood that Eutelsat Communications shall remain bound, in any event, by its undertakings until the expiry of the Letter-Agreement in accordance with the paragraph above.

The Letter-Agreement also contains a mechanism for settling disputes by arbitration.

06

FINANCIAL INFORMATION

6.1 REVIEW OF EUTELSAT COMMUNICATIONS' FINANCIAL POSITION

6.1.1 Preliminary note

The Company is a holding company with no business activities of its own other than its indirect equity interest in Eutelsat S.A. As of 30 June 2018, the Company held directly 96.37% of the share capital of Eutelsat S.A.

The following paragraphs are mainly dedicated to the presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2018.

Readers are invited to read the following presentation together with the Reference Document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2018 prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in Section 6.2 "Eutelsat Communications 30 June 2018 consolidated accounts" of this Reference Document.

The review of the Company's financial position and results for the financial years ended 30 June 2017 and 2016 are incorporated for reference purposes in this Reference Document and may be found, respectively, in Section 6.1 of the Company's 2016-17 Reference Document and in Section 6.1 of the 2015-16 Reference Document.

Alternative Performance Indicators

In addition to the data published in its accounts, the Group communicates on three alternative performance indicators which it deems relevant for measuring its financial performance: EBITDA, Cash Capex and Discretionary free cash flow (DFCF). These indicators are the object of reconciliation with the consolidated accounts.

EBITDA, EBITDA margin and Net debt/EBITDA ratio

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortisation. It is a key indicator in the Fixed Satellite Services Sector. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2016-17 and FY 2017-18:

Twelve months ended 30 June *(in millions of euros)*	2017	2018
Operating result	614.8	552.5
+ Depreciation and Amortisation	532.9	506.0
- Other operating income and expenses	(14.1)	18.5
EBITDA	**1,133.6**	**1,076.9**

The EBITDA margin is the ratio of EBITDA to revenues. It is computed as follows:

Twelve months ended 30 June *(in millions of euros)*	2017	2018
EBITDA	1,133.6	1,076.9
Revenues	1,477.9	1,407.9
EBITDA MARGIN *(as a % of revenues)*	**76.7%**	**76.5%**

At constant currency, the EBITDA margin would have stood at 76.9% as of 30 June 2018.

The Net debt/EBITDA ratio is the ratio of net debt to last-twelve months EBITDA. It is computed as follows:

Twelve months ended 30 June *(in millions of euros)*	2017	2018
Last twelve months EBITDA	1,133.6	1,076.9
Closing net debt(1)	3,640.7	3,241.6
NET DEBT/EBITDA	**3.2**	**3.0**

(1) Net debt includes all bank debt, bonds and all liabilities from long-term lease agreements and Export Credit Agencies as well as Forex portion of the cross-currency swap, less cash and cash equivalents (net of bank overdraft). Net Debt calculation is available in the Note 24.2 of the appendices to the financial accounts.

Cash Capex

The Group on occasion operates capacity within the framework of financial leases, or finances all or part of certain satellite programs under export credit agreements, leading to outflows which are not reflected in the item "acquisition of satellites and other tangible or intangible assets". Cash Capex including these two elements is published in order to reflect the totality of Capital Expenditures undertaken in any financial year.

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets as well as payments in respect of export credit facilities and long-term financial leases on third party capacity.

Cash Capex for FY 2016-17 was restated from the value of the payment owed in 2015-16 to RSCC in respect of lease of EUTELSAT 36C but paid effectively in FY 2016-17[1] (95.2 million euros) which was already accounted for in 2015-16 Cash Capex.

The table below shows the calculation of Cash Capex for FY 2016-17 and FY 2017-18:

Twelve months ended 30 June *(in millions of euros)*	2017	2018
Acquisitions of satellites, other property and equipment and intangible assets	(393.0)	(298.8)
Repayments of ECA loans and long-term capital leases[1]	(153.9)[2]	(59.4)
Payment received from ViaSat[3]	132.5	-
CAPEX PER FINANCIAL OUTLOOK DEFINITION	**(414.4)**	**(358.2)**

(1) Included in lines "Repayment of borrowings" and of "Repayment of finance lease liabilities" of cash flow statement.

(2) Excluding payment to RSCC mentioned above (95.2 million euros).

(3) Included in the line "Transactions relating to non-controlling interests" of cash flow statement.

Discretionary free cash flow (DFCF)

The Group communicates on Discretionary free cash flow which reflects its ability to generate cash after the payment of interest and taxes. DFCF generally and principally serves the dividend payment and debt reduction.

Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest income.

The table below shows the calculation of Discretionary free cash flow for FY 2016-17 and FY 2017-18 and its reconciliation with the cash flow statement:

Twelve months ended June 30 *(in millions of euros)*	2017	2018
Net cash flows from operating activities	982.9	880.8
Acquisitions of satellites, other property and equipment and intangible assets	(393.0)	(298.8)
Repayment of Export credit facilities[1]	(62.9)	(23.7)
Repayment in respect of long-term leases[2]	(186.2)	(35.7)
Interest and other fees paid net of interest received	(160.7)	(107.9)
Payment received from ViaSat[3]	132.5	-
Payment to RSCC in respect of lease of EUTELSAT 36C included in FY 2015-16 Discretionary free cash flow	95.2	-
DISCRETIONARY FREE CASH FLOW	**407.8**	**414.7**

(1) Included in the line "Repayment of borrowings" of cash flow statement.

(2) Included in the line "Repayment in respect of finance lease liabilities" of cash flow statement.

(3) Included in the line "Transactions relating to non-controlling interests" of cash flow statement.

At constant currency, the Discretionary free cash flow would have amounted to 456.2 million euros as of 30 June 2018.

Restatement of comparative financial statements

Total shareholder's equity stood at 2,844 million euros at 30 June 2018 *versus* 2,911 million euros at 30 June 2017.

FY 2016-17 opening shareholder equity has been restated to adjust the Satelites Mexicanos' deferred tax positions, leading to a negative net impact of 56.3 million euros (*i.e. circa* 2% of total shareholder equity), with no impact on the income statement as of 30 June 2017.

Please refer to Note 3.6 of the Appendix to the consolidated financial statements.

Impact of adoption of IFRS 15 and IFRS 16

IFRS 15 and IFRS 16 will be adopted in the Group's consolidated financial statements for the financial year beginning 1 July 2018. The main impacts of IFRS 15 are related to the timing of revenue and cost recognition or reclassifications between revenues and costs for items such as marketing and technical contributions and for subscriber acquisition costs and terminals in the Fixed Broadband application.

The adoption of IFRS 16 will lead to the capitalization of short-term operating leases which were previously accounted as opex.

(1) In FY 2015-16 the payment was frozen in the context of the legal action brought against the Russian State by former Yukos shareholders.

The Group will apply IFRS 15 retrospectively by restating the comparable period. IFRS 16 will be applied under the simplified retrospective method with no restatement of comparative periods.

Overall, the broad impact of IFRS 15 is estimated between (15) and (20) million euros on 2017-18 revenues (of which (15) to (20) million euros on Operating Verticals). IFRS 16 has no impact on revenues.

The combined impact of IFRS 15 and IFRS 16 is estimated at *circa* +1 point on the EBITDA margin and *circa* 30 million euros on Net Debt. It is estimated at between +5 million euros and +10 million euros on Cash Capex. There is no net impact on Discretionary free cash flow.

6.1.2 Analysis of the income statement

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's customer base includes both distributors who resell satellite capacity to end-users and end-user customers who use the Group's satellite capacity for their own needs. The Group's ability to generate revenues largely depends on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition.

In addition, a modest portion of the Group's revenues ("Other revenues") mainly derives from: (i) compensation paid on the settlement of business-related litigation; (ii) the impact of EUR/USD currency hedging, (iii) the provision of various services or consulting/engineering fees; and iv) termination fees.

Operating costs

Operating costs mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **staff costs:** these comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites (including French mandatory profit-sharing for Group employees);
- **costs for operating and controlling the satellites:** these correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in-orbit. In addition, Eutelsat S.A. has signed service agreements related to control of the satellite communications systems;
- **in-orbit insurance premia:** in-orbit insurance premia for satellite lives: Satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group agrees launch insurance covering a satellite's In-Orbit Life, the premia for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Depending on the selected risk management policy and prevailing market conditions for space insurance the costs for these insurance premia can vary from one year to the next.

Selling, general and administrative expenses

Selling, general and administrative expenses include notably:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with distributors and end-users;
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs concerning the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites, ground facilities and intangible assets. Satellite costs include all expenses incurred in bringing individual satellites into operational use, in particular manufacturing, launch and launch insurance costs, capitalised interest, satellite performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Satellites are depreciated on a straight-line basis over their estimated useful lives, which is between 12 to 22 years.

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When the useful life is reduced significantly, a depreciation test is performed and depreciation is calculated for the remaining years by taking into account the asset's new remaining useful life.

Agreements whereby the Group uses specific capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability, when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially to the Group all risks and rewards incidental to ownership for most of the lifetime of the asset. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

Intangible assets consist of certain licences, the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis. The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life. This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates.

Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

Financial result

The financial result mainly reflects (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs offset against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

Consolidated net income

Consolidated net income reflects the sum of operating income, the financial result and income from equity investments, less income tax.

Net income attributable to the Group

Net income attributable to the Group represents the Group's consolidated net income less the income from subsidiaries attributable to non-controlling interests in these subsidiaries.

6.1.2.1 Comparative analysis of the income statements for the financial years ended 30 June 2017 and 2018

▸ Condensed consolidated income statement for the financial years ended 30 June 2017 and 2018

IFRS	12-month financial year ended	
(in millions of euros)	30 June 2017	30 June 2018
REVENUES	**1,477.9**	**1,407.9**
Operating costs	(99.0)	(97.4)
Selling, general and administrative expenses	(245.4)	(233.6)
EBITDA	**1,133.6**	**1,076.9**
Depreciation and amortisation	(532.9)	(506.0)
Other operating income (charges)	14.1	(18.5)
OPERATING INCOME	**614.8**	**552.5**
Financial result	(130.9)	(105.2)
Income tax expense	(120.1)	(142.9)
Income from associates	(0.4)	(2.2)
CONSOLIDATED NET INCOME	**363.4**	**302.1**
Portion of net income attributable to non-controlling interests	(11.6)	(12.0)
GROUP SHARE OF NET INCOME	**351.8**	**290.1**

6.1.2.2 Revenues

Change in revenues

Revenues for FY 2017-18 stood at 1,407.9 million euros, down 1.9% like-for-like. On a reported basis, they were down 4.7%, reflecting a negative currency effect of 3.2 points and a positive perimeter effect of 0.4 points (impact of the acquisition of Noorsat partly offset by the disposal of Wins/DHI and DSAT Cinema). Overall revenues for the five operating verticals (*i.e.* excluding 'Other Revenues') were down 1.3% at constant currency and perimeter.

Unless otherwise stated, all variations indicated below are on a like-for-like basis (at constant currency and perimeter).

Revenues by application

(in millions of euros)	FY 2016-17	FY 2017-18	Change *vs.* reported revenues	Like-for-like change(1)
Video Applications	908.0	897.3	-1.2%	-0.7%
Government Services	176.1	158.9	-9.8%	-0.1%
Fixed Data	168.1	142.5	-15.2%	-10.1%
Fixed Broadband	96.2	86.7	-9.8%	-7.8%
Mobile Connectivity	74.6	74.4	-0.2%	+18.2%
TOTAL OPERATING VERTICALS	**1,422.9**	**1.359.8**	**-4.4%**	**-1.3%**
Other revenues(2)	55.0	48.1	-12.7%	-12.2%
TOTAL REVENUES	**1,477.9**	**1,407.9**	**-4.7%**	**-1.9%**
EUR/USD exchange rate	1.09	1.19		

(1) At constant currency and perimeter. The variation is calculated as follows: i) FY 2017-18 U.S. dollars revenues are converted at FY 2016-17 rates; ii) FY 2016-17 revenues are restated from Wins/DHI and DSAT. FY 2017-18 revenues are restated from the net contribution of Noorsat.

(2) Other revenues include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees and termination fees.

Core businesses

Video Applications (66% of revenues)

In FY 2017-18, **Video Applications** revenues were down 0.7% like-for-like to 897.3 million euros.

Revenues from Broadcast were slightly up excluding the impact of the end of the TV d'Orange contract at the HOTBIRD position, with a solid performance in key emerging markets, notably MENA at the 7/8°West orbital position and Russia at the 36°East and 56°East orbital positions.

Professional Video continued to decline reflecting ongoing pressure on point-to-point services.

At 30 June 2018 the total number of channels broadcast by Eutelsat satellites stood at 6,929 (+299 year-on-year). High Definition penetration continued to increase, representing 21.0% of channels compared to 17.2% a year earlier, for a total of 1,455 channels, *versus* 1,142 a year earlier (+313).

Government Services (12% of revenues)

In FY 2017-18 Government Services revenues were stable like-for-like to 158.9 million euros reflecting predominantly the level of the previous two renewal campaigns with the U.S. Department of Defense.

Commercial activity was favourable throughout the year with a high level of renewals with the U.S. Department of Defense both in Fall 2017 (*circa* 95%) and Spring 2018 (above 95%) as well as the commercialization of the vast majority of the operational transponders at the 174°East position.

Fixed Data (10% of revenues)

In FY 2017-18, Fixed Data revenues were down 10.1% like-for-like to 142.5 million euros. They continued to reflect ongoing pricing pressure in all geographies and the absence of significant incremental volumes.

Connectivity

Fixed Broadband (6% of revenues)

In FY 2017-18 Fixed Broadband revenues stood at 86.7 million euros, down 7.8% year-on-year.

This performance reflected lower revenues for European Broadband in a context of scarcity of available capacity in Western Europe and slower than hoped-for progress by the retail joint-venture with ViaSat.

Mobile Connectivity (6% of revenues)

In FY 2017-18 Mobile Connectivity revenues stood at 74.4 million euros, up 18.2% year-on-year, reflecting the effect of the Taqnia contract signed last year, the contribution of EUTELSAT 172B – with capacity pre-sold to Panasonic – which entered service at end-November 2017, as well as continued growth on wide-beam capacity notably over the Americas.

Other revenues

In FY 2017-18, **'Other revenues'** amounted to 48.1 million euros compared with 55.0 million euros a year earlier. They included notably fees in respect of a small number of material technical and engineering contracts which materialized in the fourth quarter.

Geographical breakdown of revenues

The following table gives a breakdown of the Group's revenue by geographical area for the financial years ended 30 June 2017 and 2018. This table which was previously is based on downlink region, thus giving an overview of final usage of capacity.

(in millions of euros and as a percentage)	30 June 2017		30 June 2018	
Regions	Amount	%	Amount	%
Western Europe	456.4	30.9%	418.5	29.7%
Central Europe	120.4	8.1%	119.4	8.5%
MENA	337.2	22.8%	332.6	23.6%
Russia and Central Asia	81.5	5.5%	85.4	6.1%
Sub-Saharan Africa	143.5	9.7%	143.6	10.2%
Americas	163.7	11.1%	154.9	11.0%
Asia-Pacific	103.9	7.0%	83.7	5.9%
Others and unallocated	71.4	4.8%	69.8	5.0%
TOTAL	**1,477.9**	**100.0%**	**1,407.9**	**100.0%**

Main customers

As of 30 June 2018, the Group's top 10 customers accounted for 31% of its revenues (36% as of 30 June 2017). The top five customers represented *circa* 20% (23% as of 30 June 2017) and the top three 15% (unchanged). The evolution of the percentage represented by the top ten (and tops five) customers reflect mainly the integration of Noorsat and to a lesser extent the fact that revenues for certain distributors do not have to be aggregated any more.

6.1.2.3 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses represented 24% of 2017-18 revenues (23% for previous financial year). The 3.9% decrease over the previous year reflects notably the benefits of the "LEAP" cost savings plan which is ahead of track, generating 24 million euros of savings *versus* an objective of 15 million euros in FY 2017-18.

6.1.2.4 EBITDA

As a result, EBITDA stood at 1,076.9 million euros (1,133.6 million euros at 30 June 2017), down 5.0%.

Henceforth, despite lower 'Other' revenues with lower associated costs and the slightly dilutive impact of the integration of Noorsat, the EBITDA margin stood at 76.9% at constant rate (76.5% on a reported basis), compared to 76.7% last year.

6.1.2.5 Depreciation and amortisation, other operating charges and other operating income

Depreciation and amortisation chiefly correspond to the depreciation of satellites and on-ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships", the latter amounted to an expense of 58.0 million euros for fiscal year 2017-18.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2017-18 depreciation and amortisation expenses amounted to 506.0 million euros. The decrease of 26.9 million euros on last year. This reflects mainly thanks to lower depreciation of satellites having ended their operational life or already fully depreciated which is not offset by the impact of satellites which entered service in the past 18 months (EUTELSAT 172B and EUTELSAT 117 West B).

"Other operating income (charges)" stood at (18.5) million euros as of 30 June 2018, *versus* +14.1 million euros as of 30 June 2017 and reflects mainly the capital gain on the disposal of Wins/DHI.

It included notably the one-off accounting impact of the integration of Noorsat in FY 2017-18, and the capital gain on Wins/DHI in FY 2016-17.

6.1.2.6 Operating income

As of 30 June 2018, operating income stood at 552.5 million euros down 10.1% on last year.

6.1.2.7 Financial result

The financial result posted a 105.2 million euros expense as of 30 June 2018, compared with a 130.9 million euros expense in the previous financial year.

It reflected:

- on one hand lower net cost of debt ((95.2) million euros *versus* (125.7) million euros a year earlier) thanks mainly to the reimbursement of the 850 million euros bond in March 2017; and
- on the other, the evolution of "Other financial income" ((10.1) million euros *versus* (5.2) million euros a year earlier) linked to a negative variation in foreign exchange gains and losses and in the fair value of financial instruments.

6.1.2.8 Income tax

The tax rate stood at 32.0% reflecting notably the recognition of a positive non-cash one-off related to deferred tax liabilities to take into account the future evolution of the French corporate tax rate. As a reminder last year's tax rate (24.8%) also reflected the partial tax-exemption of the capital gain in respect of the disposal of Wins/DHI.

6.1.2.9 Income from associates

Income from associates stood at (2.2) million euros compared to (0.4) million euros for fiscal year 2016-17.

6.1.2.10 Consolidated net income

As of 30 June 2018, consolidated net income totalled 302.2 million euros, compared to 363.4 million euros as of 30 June 2017.

6.1.2.11 Net income attributable to the Group

Group share of net income stood at 290.1 million euros in 2017-18 *versus* 351.8 million euros in 2016-17, a decrease of 17.5%. The net margin stood at 21%.

6.1.3 Liquidity and capital resources

6.1.3.1 Eutelsat Communications' equity

Investors are advised to refer to Note 16 on the consolidated financial statements for the year ended 30 June 2018 shown in Section 6.2 of this Reference Document, which contains information on the issuer's equity.

6.1.3.2 Evolution of discretionary free cash flow

Cash Capex and discretionary free cash flow are defined at the beginning of this Section (see "Alternative Performance Indicators"). Their evolution is shown in the chart below:

Twelve months ended 30 June	2017	2018
Net cash flows from operating activities	982.9	880.8
Cash Capex	(414.4)	(358.2)
Interest and Other fees paid net of interests received	(160.7)	(107.9)
DISCRETIONARY FREE CASH FLOW	**407.8**	**414.7**

Net cash flow from operating activities stood at 880.8 million euros compared to 982.9 million euros in 2016-17, down 102.1 million euros. This reflected mostly the decrease in EBITDA, slightly higher tax paid, relating to the timing of tax payments, as well as an unfavorable evolution in working capital compared to a demanding comparison base last year.

Cash Capex amounted to 358.2 million euros compared to 414.4 million euros a year earlier, below the target of 420 million euros per annum on average over three years, reflecting the phasing of various satellite programmes as well as effective Capex containment. It included initial payments in respect of the KONNECT VHTS satellites and the HOTBIRD constellation replacement.

Interest and other fees paid net of interest received stood at 107.9 million euros (160.7 million euros in 2016-17); the 52.8 million euros decrease reflected mainly the repayment of the 850 million euros bond in March 2017.

As a result, **Discretionary Free Cash Flow** stood at 414.7 million euros at 30 June 2018, up by 6.9 million euros (or 1.7%) year-on-year. At constant currency it was up by 11.9%.

6.1.3.3 Changes in Eutelsat Communications' cash flow

The following table shows changes in cash flow for the financial years ended 30 June 2017 and 2018.

(in millions of euros)	30 June 2017	30 June 2018
Cash flow from operating activities	982.9	880.8
Cash flow from investing activities	(351.8)	(63.3)
Cash flow from financing activities	(1,377.0)	(491.4)
Impact of exchange rate on cash and cash equivalents	-	(0.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(745.9)**	**325.5**
Cash and cash equivalents at beginning of year	1,153.8	408.0
Cash and cash equivalents at end of year	408.0	733.4

Cash flow from operating activities

Net cash flow from operating activities stood at 880.8 million euros compared to 982.9 million euros in 2016-17, down 102.1 million euros. This reflected mostly the decrease in EBITDA, slightly higher tax paid, relating to the timing of tax payments, as well as an unfavorable evolution in working capital compared to a demanding comparison base last year.

Cash flow from investing activities

Investing activities mainly concern satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

"Acquisitions of satellites" covers the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs and Launch-plus-one-year insurance premiums.

"Acquisitions of satellites" is the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the 2-or 3-year period prior to the satellite launch.

"Other property and equipment" essentially comprises satellite control and monitoring equipment. A large portion of these expenses concerns the three control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

Cash flow from investing activities might also include operations related to changes in perimeter, if any.

The level of investment depends on the satellite launch programme and may fluctuate substantially from one year to the next.

During the financial year ended 30 June 2017, cash flows from investing activities stood at (63.3) million euros compared to (351.8) million euros one year before, reflecting mainly: i) the phasing of various satellite programmes; ii) the disposal of the stake held in Hispasat for 302 million euros; the acquisition of Noorsat which generated an outflow of 61.4 million euros.

The following table shows cash flows from investing activities during the financial years ended 30 June 2017 and 2018.

Financial year ended 30 June *(in millions of euros)*	12-month period 2017	12-month period 2018
Acquisitions of satellites, other property and equipment and intangible assets	(393.0)	(298.8)
Acquisitions of equity investments and subsidiaries (net of cash acquired)	-	(61.4)
Sale of entities	36.7	302.0
Dividend received from associates	4.5	(5.2)
Cash flows from investing activities	(351.8)	(63.3)

Cash flow from financing activities

During the financial year ended 30 June 2018, cash flow from financing activities moved from (1,377) million euros to (491.4) million euros. This evolution reflected principally:

- the repayment of a 850 million-euro bond in March 2017;
- lower interest paid ((107.9) million euros compared to (160.7) million euros in 2016-17) reflecting the repayment of the abovementionned bond;
- the evolution of dividends paid in cash (266.2 million euros in 2016-17 and 295.4 million euros in 2017-18) given the 10% increase of the dividend paid by Eutelsat Communications;
- the variation of inflows and outflows resulting from transactions relating to non-controlling interests ((28.0) million euros in 2017-18 and +151 million euros in 2016-17) reflecting the payment received from ViaSat for 132.5 million euros in 2016-17 and the cash contributed in 2016-17 by Inframed for a stake in Broadband4Africa, a stake which was subsenquently repurchased by the Group in 2017-18;
- the repayment of finance leases for (35.7) million euros in 2017-18 compared to an amount of (186.2) million euros for 2016-17 which included a payment owed to RSCC in respect of the lease of EUTELSAT 36C which had been frozen in 2015-16 in the context of the legal action related to Yukos.

6.1.3.4 Changes in debt and Group financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. See also the Company's historical consolidated financial statements for the financial years ended 30 June 2017 and 2018 prepared under IFRS standards and also the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt; and
- financing of working capital.

Financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group has additional financial resources through the credit facilities obtained and the bonded debt issued by Eutelsat S.A.

Change in net debt

The Group's net debt includes all bank and bonded debt, as well as debt related to satellite financing leases and export credit agencies and change portion of cross-currency swap, less cash, cash equivalents and marketable securities net of bank credit balances (see Note 17 "Financial debt" to the consolidated Financial statements for the year ended 30 June 2018 in Section 6.2 of this Reference Document).

The following table shows a breakdown of the Group's net debt as of 30 June 2017 and 2018:

(in millions of euros)	30 June 2017	30 June 2018
Term loan	600.0	600.0
Bonds	2,530.0	2,530.0
Export credit	166.0	142.3
"Change" portion of the cross-currency swap	102.0	85.9
Finance leases	650.5	616.8
Cash and cash equivalents	(408.0)	(733.5)
Other loans	-	-
TOTAL	**3,640.7**	**3,241.6**

At 30 June 2018, **net debt** stood at 3,241.6 million euros *versus* 3,640.7 million euros a year earlier, a 399.1 million euros reduction. Discretionary free cash flow more than covered the dividend payment (295.4 million euros including dividends paid to minority interests).

Equity divestments/investments (disposal of the stake in Hispasat and acquisition of Noorsat and minority interest in Broadband for Africa) generated a net cash inflow of 206.2 million euros, while the foreign exchange portion of the cross-currency swap – included in Net Debt – decreased by 16.1 million euros. Lower amount of export credit financing and financial leases contributed to the reduction in net debt for 57.4 million euros.

As a result, the **net debt to EBITDA ratio** stood at 3.0 times, a 0.2 point improvement on 30 June 2017.

Net debt as of 30 June 2018

At 30 June 2018, the Group's total net debt amounted to 3,242 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 2,530 million euros of bonds issued by Eutelsat S.A., (iii) 617 million euros of debt related finance leases; (iv) 142 million euros for Export Credit Agencies; (v) 86 million euros for the Foreign exchange portion of the cross-currency swap and; vi) 734 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 650 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2018.

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	600	600	31 March 2022
Eutelsat Communications renewable credit facility	200	-	31 March 2022
2019 Eutelsat S.A. Bond	800	800	14 January 2019
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	28 April 2023
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
ONDD export credit facilities 1	121	85	17 May 2024
ONDD export credit facilities 2	87	58	20 February 2024
Long-term leases	-	617	-
Foreign exchange portion of the cross-currency swap	-	86	13 January 2020
TOTAL	**3,988**	**3,976**	

There was no drawdown on the revolving lines of credit during the year ending 30 June 2018. The effective interest rate for the Eutelsat Communications bullet loan is 0.98%. The effective interest rate on bonds issued by Eutelsat S.A. is 5.17% for those maturing in January 2019, 2.87% for those maturing in January 2020, 1.24% for those maturing in June 2021 and 3.34% for those maturing in October 2022.

As of 30 June 2018, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan bore interest at a fixed rate.

At 30 June 2018 the weighted average maturity of the Group's debt stood at 2.2 years, compared to 3.0 years at 30 June 2017. The average cost of debt was 2.9% (after hedging), down from 3.1% in FY 2016-17.

The Group's financing structure as of 30 June 2018

Main changes during financial year ended 30 June 2018

Eutelsat S.A obtained lenders' agreement for a 1-year extension of the 450 million euros revolving credit facility which now matures in April 2023.

Eutelsat Communications S.A. Credit Facilities

Eutelsat Communications S.A. financing structure is the following:

- a 600 million euro Term Loan initially maturing in March 2020 which has been extended to March 2022 (after the exercise of two extension facilities of one year) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months;
- a 200 million euro revolving credit facility (undrawn at 30 June 2017), concluded in March 2015 with – initially – a 5-year maturity which was then extended by two years. Interest periods are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in U.S. dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements (see Note 17 to the attached consolidated financial statements for more information on the restrictive conditions and the limitations applying to this loan agreement). The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of Eutelsat Communications and Eutelsat S.A. or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2018, they represent a balance of 1.7 million euros.

Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- 800 million euro of 7-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange, maturing on 14 January 2019. The bonds bear a coupon of 5.000%, were issued at 99.186% and are repayable in full at maturity at 100%. These bonds have completed the refinancing of Eutelsat Communications S.A. indebtedness;

- 300 million euro of 10-year bonds issued on 1 October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- 930 million euro of 6-year bonds issued on 9 December 2013 on the Luxembourg Stock Exchange regulated market and maturing on 13 January 2020 ("the Bond Loan 2020"). The 2020 bonds carry an annual coupon of 2.625%, were issued at 99.289%, and are redeemable at maturity at 100% of their principal amount;
- 500 million euro of 6-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- two export credit facilities covered by Office National du Ducroire (ONDD) for a total amount of 209 million euros of which 142.3 million euros were drawn at 30 June 2018. These credit facilities have an 11.5-year maturity and will mature respectively on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February 2016 and May 2016. The first one, for an amount of 87 million euros (of which 57.7 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) was used to finance a launcher. The second one, for an amount of 121 million euros (of which 84.6 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was used to finance the construction of a satellite;
- 450 million euros revolving credit facility signed on 28 April 2017 with a 5-year term intially and two 1-year extension options subject to lenders agreement, of which one has been exercised and approved. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.23% to 0.95% margin depending on Eutelsat S.A.'s long-term rating assigned by Standard & Poor's. The initial margin stands at 0.35%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. furthermore, under this credit agreement, Eutelsat S.A is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 4 to 1 (this ratio is tested on 30 June and 31 December each year).

The credit agreements and the bond issues include neither a guarantee by the Group, nor the pledging of assets to the lenders, but they include restrictive clauses, subject to the usual exceptions contained in loan agreements, limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities allow each lender to request early repayment of all sums due in case of unregulated downgrading, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Issue costs incurred on issuing the bonds and export credits are amortised over the duration of the loans. As of 30 June 2018, they represent a balance of 12.1 million euros.

6.1.3.5 Other Group commitments

The following table summarises the Group's contractual obligations (excluding long-term debt) and commercial commitments as of 30 June 2018 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2018 in Section 6.2 of this Reference Document).

		Payments by period			
(in millions of euros)	Total	<1 year	1-3 years	3-5 years	>5 years
Amounts due in respect of long-term finance lease contracts	748.0	88.2	150.0	139.0	370.8
In-orbit incentive payments	-	-	-	-	-
Operating lease commitments	35.0	6.2	11.4	11.0	6.3
Satellite construction and launch contracts, operating agreements and customer contracts(1)	539.0	239.0	212.0	88.0	-
Retirement indemnities and other post-employment benefits(2)	22.5	-	-	-	22.5
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**1,344.5**	**333.4**	**373.4**	**238.0**	**399.6**

(1) Primarily includes costs of controlling satellites in-orbit.

(2) Mainly includes long-term obligations (more than five years).

- Long-life lease obligations are described in the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2018 in Section 6.2 of this Reference Document (Note 20.2). They mostly related to five satellites for which capacity is leased (Express-AM6, Express-AM6, Express-AT2, EUTELSAT 36C and ASTRA 2G).
- Operating lease commitments are described in the Notes to Eutelsat Communications S.A.'s consolidated financial statements (Note 20.1).
- Commitments with certain suppliers for the acquisition of assets (satellites and other assets) are described in the Notes to Eutelsat Communications S.A.'s consolidated financial statements (Note 28).
- Retirement indemnities and other post-employment benefits are described in in the Notes to Eutelsat Communications S.A.'s consolidated financial statements (Note 23.2).
- The financial guarantee granted to the IGO's Closed Pension Fund is in in the Notes to Eutelsat Communications S.A.'s consolidated financial statements (Note 23.1) as well as in the Section 4.3.5 of this document.
- The Group gave an undertaking to put in place a liquidity mechanism which is described below.

Liquidity offers

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provides a semi-annual liquidity "window" after publication of the half-year and annual results.

Eutelsat Communications made a proposal to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 20 November 2017 and closed on 1 December 2017. Final settlement of the transaction took place on 13 December 2017. In respect of this transaction, 15,748 shares were repurchased at a unit price of 5.52 euros per Eutelsat S.A. share.

Furthermore, the Company made a second liquidity offer and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares. This liquidity offer opened on 25 May 2018 and the subscription period closed on 6 June 2018. Final settlement of the transaction (by Eutelsat Communications) took place on 20 June 2018. In respect of this transaction, 2,531 shares had been repurchased at a unit price of 4.50 euros per Eutelsat S.A. share.

6.1.3.6 Financing sources expected for future investments

The Group believes that cash flows generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to carry out its investment programme. However, the Group's financial performance depends on the general economic climate, the competitive, legislative and regulatory environment and other factors that are not necessarily under the Group's control. The Group cannot guarantee that its expected investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

6.1.4 Dividend policy

The dividend policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

Starting in the financial year ended 30 June 2015, Eutelsat Communications undertook the distribution of:

- an amount of 1.09 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2015. The dividend could be paid, for the entire part of the dividend, either in cash or in new shares of the Company ("scrip dividend"), at the option of each shareholder. 61% of the rights were exercised in favour of the scrip dividend; and
- an amount of 1.10 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2016;
- an amount of 1.21 euros per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2017.

On 31 July 2018, the Board of Directors agreed to submit for approval at the 8 November 2018 Annual Meeting of Shareholders a dividend of 1.27 euros per share compared to 1.21 euros last year, a 5% increase.

The dividend will be taken away from profit available for distribution.

The Group is committed to serving a stable to progressive dividend to shareholders.

6.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

Consolidated balance sheet

(in millions of euros)	Note	30 June 2017[1]	30 June 2018
ASSETS			
Non-current assets			
Goodwill	5	1,150.8	1,197.5
Intangible assets	5	702.5	653.6
Satellites and other property and equipment	6	4,134.0	3,942.3
Construction in progress	6	759.9	819.4
Investments in associates	7	(0.4)	4.3
Non-current financial assets	9, 15	22.0	17.5
Deferred tax assets	22	4.7	4.5
TOTAL NON-CURRENT ASSETS		**6,773.4**	**6,639.0**
Current assets			
Inventories	10	3.0	2.1
Accounts receivable	11	345.4	330.3
Other current assets	12	46.4	35.7
Current tax receivable		4.5	4.5
Current financial assets	13, 15	29.2	16.9
Cash and cash equivalents	14	408.0	733.5
TOTAL CURRENT ASSETS		**836.3**	**1,123.0**
Assets held for sale	8	300.7	-
TOTAL ASSETS		**7,910.4**	**7,762.0**

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

(in millions of euros)	Note	30 June 2017[1]	30 June 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	16	232.8	232.8
Additional paid-in capital		738.1	738.1
Reserves and retained earnings		1,739.4	1,692.9
Non-controlling interests		201.0	180.0
TOTAL SHAREHOLDERS' EQUITY		**2,911.3**	**2,843.7**
Non-current liabilities			
Non-current financial debt	17, 19	3,252.9	2,434.8
Other non-current financial liabilities	18, 19	798.1	695.8
Non-current payables to fixed assets' suppliers		27.3	17.9
Non-current deferred revenues	21.1	119.3	101.3
Non-current provisions	23	97.3	107.1
Deferred tax liabilities	22	306.9	264.8
TOTAL NON-CURRENT LIABILITIES		**4,601.7**	**3,621.7**
Current liabilities			
Current financial debt	17, 19	60.9	860.9
Other current financial liabilities	18, 19	67.6	150.8
Accounts payable	19	54.6	56.3
Current payables to fixed assets' suppliers		40.1	44.7
Taxes payable		2.2	10.6
Other current payables and deferred revenues	21.2	136.6	142.6
Current provisions	23	35.6	30.6
TOTAL CURRENT LIABILITIES		**397.5**	**1,296.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,910.4**	**7,762.0**

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

Consolidated income statement

(in millions of euros, except per share data)	Note	30 June 2017	30 June 2018
Revenues from operations	**24.2**	**1,477.9**	**1,407.9**
Operating costs		(99.0)	(97.4)
Selling, general and administrative expenses		(245.4)	(233.6)
Depreciation and amortisation	5, 6	(532.9)	(506.0)
Other operating income(1)		31.1	-
Other operating expenses(2)		(17.0)	(18.5)
Operating income		**614.8**	**552.5**
Cost of debt		(127.2)	(96.3)
Financial income		1.5	1.2
Other financial items		(5.2)	(10.1)
Financial result	**25**	**(130.9)**	**(105.2)**
Income from associates	7	(0.4)	(2.2)
Net income before tax		**483.5**	**445.1**
Income tax expense	22	(120.1)	(142.9)
Net income		**363.4**	**302.1**
Attributable to the Group		351.8	290.1
Attributable to non-controlling interests		11.6	12.0
Basic and diluted earnings per share attributable to Eutelsat Communications' shareholders(3)	**26**	**1.512**	**1.248**

(1) The other operating income is mainly related to proceeds from the disposal of the entities Wins and DHI during the year ended 30 June 2017 (see Note 3.7. "Changes in scope of consolidation").

(2) Other operating expenses mainly include scrapped assets and provisions as of 30 June 2017 and 30 June 2018, as well as a 7.7 million euros expense for pre-existing relationships with Noorsat as of 30 June 2018.

(3) There are no dilutive instruments as of 30 June 2017 and 30 June 2018.

Comprehensive income statement

(in millions of euros)	Note	30 June 2017(1)	30 June 2018
Net income		**363.4**	**302,1**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	16.5	(35.9)	(26,5)
Tax effect	16.5	(4.9)	(4,9)
Changes in fair value of hedging instruments(2)	16.4	46.9	(33,6)
Tax effect	22.2	(16.1)	11,4
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		23.4	(2,0)
Tax effect	22.2	(11.5)	(1,2)
TOTAL OF OTHER ITEMS OF GAIN OR LOSS ON COMPREHENSIVE INCOME		**1.7**	**(56,8)**
TOTAL COMPREHENSIVE INCOME		**365.1**	**245,4**
Attributable to the Group		353.4	235,4
Attributable to non-controlling interests(3)		11.7	10,0

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

(2) Covers only cash flow hedges. Net foreign investment hegdes are recorded as translation adjustments.

(3) The portion attributable to non-controlling interests breaks down as follows:

- *net result for 11.6 million euros as of 30 June 2017 and 12.1 million euros as of 30 June 2018;*
- *other recyclable items of gain or loss on comprehensive income for (0.4) million euros as of 30 June 2017 and (1.9) million euros as of 30 June 2018;*
- *other non-recyclable items of gain or loss on comprehensive income for 0.4 million euros as of 30 June 2017 and (0.1) million euros as of 30 June 2018.*

Consolidated statement of cash flows

(in millions of euros)	Note	30 June 2017	30 June 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		363.4	302.1
Income from associates	7	0.4	2.2
Tax and interest expense, other operating items		270.0	282.2
Depreciation, amortisation and provisions		548.4	529.3
Deferred taxes	22.1	(47.2)	(36.3)
Changes in accounts receivable		52.8	(35.0)
Changes in other assets		(3.7)	5.1
Changes in accounts payable		(3.0)	5.5
Changes in other debt		(42.1)	(12.8)
Taxes paid		(156.1)	(161.6)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**982.9**	**880.8**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	5, 6	(393.0)	(298.8)
Acquisition of subsidiaries	3.7	-	(61.4)
Sale of entities	8	36.7	302.0
Dividends received from associates and other items	7	4.5	(5.2)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(351.8)**	**(63.3)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(266.2)	(295.4)
Increase in borrowings	17	-	-
Repayment of borrowings	17	(912.9)	(23.7)
Repayment of finance lease liabilities(1)		(186.2)	(35.7)
Loan set-up fees		(1.2)	-
Interest and other fees paid		(160.7)	(107.9)
Transactions relating to non-controlling interests(2)	3.7	151.0	(28.0)
Other changes		(0.8)	(0.7)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(1,377.0)**	**(491.4)**
Impact of exchange rates on cash and cash equivalents		-	(0.6)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(745.9)**	**325.5**
Cash and cash equivalents, beginning of period		**1,153.8**	**408.0**
Cash and cash equivalents, end of period		**408.0**	**733.4**
Cash and cash equivalents	14	408.0	733.4
Overdraft included under debt	17.1	-	-
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**408.0**	**733.4**

(1) Payments during FY 2016-17 of sums due to RSCC with respect to the EUTELSAT 36C satellite, blocked during FY 2015-16 as a result of the procedure related to Yukos (95.2 million euros).

(2) Transactions related to non-controlling interests are explained by:

- *132.5 million in cash contributed by Viasat Inc in Eurobroadband Infrastructure and 18.5 million euros in cash contributed by Inframed in Broadband4Africa as of 30 June 2017;*
- *the acquisition of minority stake in Broadband4Africa for 28 million euros as of 30 June 2018.*

Consolidated statement of changes in shareholders' equity

(in millions of euros, except share data)	Common stock		Additional paid in capital	Reserves and retained earnings	Shareholders' equity Groupshare	Non-controlling interests	Total
	Number	Amount					
AS OF 30 JUNE 2016[1]	**232,774,635**	**232.8**	**738.0**	**1,628.5**	**2,599.3**	**79.1**	**2,678.5**
Net income for the period	-	-	-	351.8	351.8	11.6	363.4
Other items of gain or loss on comprehensive income	-	-	-	1.6	1.6	0.1	1.7
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**353.4**	**353.4**	**11.7**	**365.1**
Treasury stock	-	-	-	(0.1)	(0.1)	-	(0.1)
Distributions	-	-	-	(255.8)	(255.8)	(10.5)	(266.3)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.2	0.2	-	0.2
Transactions with non-controlling interests and others	-	-	-	13.3	13.3	120.7	134.0
AS OF 30 JUNE 2017[1]	**232,774,635**	**232.8**	**738.0**	**1,739.5**	**2,710.3**	**201.0**	**2,911.3**
Net income for the period	-	-	-	290.1	290.1	12.0	302.1
Other items of gain or loss on comprehensive income[2]	-	-	-	(54.8)	(54.8)	(2.1)	(56.8)
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-**	**235.4**	**235.4**	**10.0**	**245.4**
Treasury stock	-	-	-	1.2	1.2	-	1.2
Distributions	-	-	-	(281.4)	(281.4)	(14.1)	(295.4)
Benefits for employees upon exercising options and free shares granted[3]	-	-	-	0.1	0.1	0.1	0.2
Transactions with non-controlling interests and others	-	-	-	(1.9)	(1.9)	(17.0)	(18.9)
AS OF 30 JUNE 2018	**232,774,635**	**232.8**	**738.0**	**1,692.9**	**2,663.7**	**180.0**	**2,843.8**

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

(2) Changes in other items of gain and loss on comprehensive income are detailed in Note 16.4. "Change in the revaluation surplus of financial instruments", and Note 16.5. "Translation reserve".

(3) Transactions with non-controlling interests are mainly related to the acquisition of InfraMed's minority stake in Broadband4Africa.

Notes to the consolidated financial statements

Note 1. Key events during the financial period

1.1. Acquisition of Noorsat

On 12 October 2017, the Group acquired Noorsat, one of the leading satellite service providers in the Middle-East, from Bahrain's Orbit Holding Group for a consideration of 75 million U.S. dollars.

Established in 2004, Noorsat is the main distributor of Eutelsat capacity in the Middle-East. The acquisition of Noorsat fits with the Group's strategy of streamlining distribution within selected core video neighbourhoods where it can create value. It allows Eutelsat to strengthen the long-term commercial development of its market-leading video positions in the Arabic world and increase its direct access to end-customers, facilitating stimulation of High Definition TV take-up and the upselling of incremental video services.

The impacts of this acquisition are detailed in Note 3.7. "Changes in scope of consolidation").

1.2. Completion of the sale of the equity interest in Hispasat

On 17 April 2018, the Group completed the sale of its stake in the Spanish satellite operator Hispasat for a consideration of 302 million euros. The transaction concluded an agreement reached in May 2017 between Eutelsat and Abertis on the sale of Eutelsat's 33.69% stake in Hispasat. The transaction was approved by the Spanish Council of Ministers, thereby lifting the last condition precedent to its completion. The divestment of Eutelsat's stake in Hispasat is in line with the Group's strategy of rationalising its portfolio of assets in order to maximise cash generation.

Note 2. General overview

2.1. Business

- The Eutelsat Communications Group (Eutelsat S.A. and its direct and indirect subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems.
- As of 30 June 2018, the Group operates *via* Eutelsat S.A. and its direct and indirect subsidiaries 38 satellites in geostationary orbit (including five satellites belonging to third parties or to related parties (see Note 30 "Related party transactions") on which the Group uses additional capacity) to provide capacity (assignment and grant) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services.

2.2. Approval of the financial statements

The consolidated financial statements at 30 June 2018 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 31 July 2018.

They will be submitted for approval to the Ordinary General Meeting of Shareholders to be held on 8 November 2018.

Note 3. Basis of preparation of financial information

3.1. Compliance with IFRSs

The financial statements at 30 June 2018 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following website:

http://ec.europa.eu/commission/index_fr

3.2. Accounting principles

Since 1 July 2017, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- amendment to IAS 7 "Disclosure Initiative": The Group provides a reconciliation between the opening and closing balances of its debt in Note 24.1. to the consolidated financial statements;
- amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses";
- improvements to IFRSs (2012-14 cycle) with only the improvement to IFRS 12 "Disclosure of Interests in Other Entities".

Applying these standards, amendments and interpretations had no impact on the Group's financial statements.

Furthermore, no standard, interpretation or amendment has been early adopted by the Group.

IFRS 9 "Financial instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" have been adopted in the Group's consolidated financial statements for financial periods beginning on or after 1 July 2018. The Group has decided to apply IFRS 15 retrospectively by restating the disclosed comparative period to 30 June 2018 as published, and IFRS 16 using the simplified retrospective method, without restatement of comparative periods.

The main expected impacts of IFRS 15 relate to the timing of revenues and expense recognition or reclassifications between revenue and expenses for items such as marketing and technical contributions and, in the Fixed Broadband business, terminal sales and customer acquisition costs. The impact of IFRS 15 is estimated at between (15) and (20) million euros on 2017-18 revenues. The estimated impact on operating income is not material.

Under IFRS 16, operating leases, which were previously recognized as operating expenses, will be capitalized. The expected effects of the adoption of this standard on the Group's consolidated financial statements are non-material.

The Group does not anticipate any significant impact from the adoption of IFRS 9.

3.3. Accounting procedures applied by the Group in the absence of specific accounting standards

The "*Cotisation sur la Valeur Ajoutée des Entreprises*" or CVAE (Business contribution on the added value) was considered by the Group as an operating expense that does not meet the criteria laid down in IAS 12 "Income Taxes" and therefore does not give rise to deferred taxes.

3.4. Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.5. Significant accounting judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

Judgements

In preparing the financial statements for the period ended 30 June 2018, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, contingent liabilities, provisions, customer risk assessment and the functional currency used by the consolidated entities.

3.6. Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference currency and the presentation currency used to prepare the financial statements are the euro.

The comparative financial statements have been restated in order to adjust the Satelites Mexicanos subsidiary's deferred tax positions to take into account the exchange differences between the Mexican peso (income tax currency) and the U.S. dollar (the subsidiary's functional currency). The restatements resulted in an increase in deferred tax liabilities of 55.4 million euros and a decrease in deferred tax assets of 0.9 million euros, representing a negative net impact on shareholders' equity of 56.3 million euros as of 1 July 2016. They had no impact on the income statement as of 30 June 2017.

3.7. Changes in scope of consolidation

As of 30 June 2018

On 12 October 2017, the Group acquired 100% of Noorsat, one of the leading satellite service providers in the Middle-East, from Bahrain's Orbit Holding Group for a cash consideration of 75 million U.S. dollars (see Note 1 "Key events during the financial period").

The provisional allocation of the acquisition price at 30 June 2018 is as follows:

	(in millions of U.S. dollars)	*(in millions of euros)*
Intangible assets	31.1	26.1
Tangible fixed assets	3.0	2.5
Other non-current assets	0.2	0.2
Accounts receivable	15.4	12.9
Other current assets	1.5	1.3
Cash and cash equivalents	1.5	1.3
TOTAL ASSETS	**52.7**	**44.2**
Non-current debt	0.3	0.3
Current debt	3.7	3.1
Other current liabilities(1)	34.1	28.6
Deferred revenues	8.5	7.1
TOTAL LIABILITIES	**46.6**	**39.1**
Residual goodwill (provisional)	61.7	51.7
CONSIDERATION TRANSFERRED	**67.8**	**56.8**
Pre-existing relationships	9.2	7.7
ACQUISITION PRICE	**77.0**	**64.6**

(1) Figures converted at exchange rate at acquisition date.

Intangible assets comprise Customer contracts and relationships recorded in connection with the acquisition of Noorsat (amortisation period of 13 years).

The Group recorded a 9.2 million U.S. dollars (7.7 million euros) charge for pre-existing relationships with Noorsat shown under "Other operating expenses".

After recognition of a debt of 2 million U.S. dollars (1.7 million euros) in respect of the contingent consideration payable, the consideration transferred for the acquisition of Noorsat amounts to 67.8 million U.S. dollars (56.8 million euros).

As of 30 June 2017

Eurobroadband Infrastructure and Eurobroadband Retail

In March 2017, Eutelsat Communications and ViaSat Inc. closed a partnership arrangement combining Eutelsat's established European fixed broadband business with ViaSat's broadband technology and Internet Service Provider (ISP) expertise.

Eutelsat contributed its European broadband activity, including the KA-SAT satellite to a newly established entity owned 49% by ViaSat for a total amount of 132.5 million euros contributed in cash.

The transaction resulted in a 121.0 million euro increase in non-controlling interests within the Group's shareholders' equity.

Eutelsat acquired a 49% stake in Eurobroadband Retail, a newly established entity, accounted for under the equity method in the Group's financial statements.

Wins/DHI

The Group sold Wins Ltd and its subsidiaries in August 2016. These entities were excluded from the Group's scope of consolidation at the date of loss of control. The corresponding gain or loss is recognised within "Other operating income".

Note 4. Significant accounting policies

4.1. Consolidation method

As required under IFRS 10, companies in which the Group holds directly or indirectly more than 50% of voting rights at General Meetings of Shareholders, at meetings of Boards of Directors or in any equivalent governing bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and consolidated under the full consolidation method. To determine control, Eutelsat Communications carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders. Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties that, if exercised, could alter the type of influence exerted by each party.

An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, (*e.g.* change in an entity's ownership structure or governance, exercise of a dilutive financial instrument, *etc.*).

A subsidiary's income and expenses are included in the Group's consolidated financial statements from the date the Group gains control until the date the Group loses control of the subsidiary. The portion of equity ownership that is not directly or indirectly attributable to the Group is recorded as non-controlling interests.

Changes in the proportion of equity held in subsidiaries that do not result in change of control are accounted for as equity transactions, as they represent transactions entered into with shareholders in their capacity as such.

Gains or losses arising from these transactions are recognised, net of tax, within equity. Consequently, they have no impact on the Group's consolidated income statement.

The Group's joint arrangements fall into two categories:

- joint ventures: these are joint arrangements whereby the parties (called "joint venturers") that have joint control of the entity have rights to the net assets of this entity. Each joint venturer is required to recognise its right to the net asset of the entity using the equity method;
- joint operations (if any): these are joint arrangements in which the parties (called "joint operators") that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement. Each joint operator records 100% of the assets/liabilities, expenses/revenues relating to its interest in the joint operation, as well as the portion of assets held jointly.

Associates are defined as entities over which the Group exerts significant influence. They are consolidated using the equity method. Significant influence is presumed where more than 20% of the shares are held by the Group.

The equity method is a method of accounting by which an investment in an associate or a joint venture is initially recorded at acquisition cost and subsequently adjusted to reflect the Group's share of income and other items of comprehensive income of the associate or the joint venturer. Net income from equity investments is included in the Group's consolidated income statement.

4.2. Accounting treatment for business combinations

Business combinations are recognised using the purchase accounting method. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions. Accordingly:

- the consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity on the basis of their definition, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;
- costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- in the event of partial disposal, non-controlling interests are measured on the option determined for each combination, either at fair value, or as their proportionate share of the assets acquired and liabilities assumed;
- in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

The identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell, tax items and employee benefits which are recognised under IAS 12 and IAS 19 respectively.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities. Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted after the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill.

4.3. Operations in foreign currencies

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Translation adjustment" within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.166 U.S. dollar for 1 euro and the average exchange rate for the period is 1.192 U.S. dollar for 1 euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using an average exchange rate for the period, unless the use of such rate becomes inappropriate due to major erratic changes over the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

4.4. Intangible fixed assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value on the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Intangible assets consist of certain licences, the Eutelsat brand and customer contracts and relationships. Because their lifetimes are indefinite, the Eutelsat brand and the licences are not amortised but are systematically tested for impairment on a yearly basis.

The customer contracts and relationships assets are amortised on a straight-line basis over their economic life.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates.

Research and development costs

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as an item of expenditure.

The Group spent 4.8 million euros on research and development during the financial period ended 30 June 2018, including development costs amounting to 3.0 million euros recorded as intangible assets.

Research costs are recorded in the income statement under "Selling, general and administrative expenses".

4.5. Goodwill

Goodwill is valued in the functional currency of the acquired entity at the date of the business combination as the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill". Goodwill arising on the acquisition of an associated company is included within the book value of the investment within the line item "Investments in associates".

After initial recognition at cost, goodwill is measured at cost, less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of goodwill.

4.6. Satellite and other property and equipment

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred in bringing individual satellites into operational use, in particular manufacturing, launch and launch insurance costs, capitalised interest, satellite performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Ground equipment – This item comprises the monitoring and control equipment at various locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation – Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation takes into account, as appropriate, the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	12 – 22 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold arrangements and improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When the useful life is reduced significantly, a depreciation test is performed and depreciation is calculated for the remaining years by taking into account the asset's new remaining useful life.

Construction in progress – "Construction in progress" primarily consists of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases – Agreements whereby the Group uses specific capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability, when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially to the Group all risks and rewards incidental to ownership for most of the lifetime of the asset. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.7. Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are tested annually for impairment or more frequently when an event occurs indicating a potential loss in value.

For tangible fixed assets and intangible assets with finite useful lives such as customer contracts and relationships, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

CGUs correspond to orbital positions, carrying one or more satellites, as well as customer contracts and relationships (after taking into account the technical or economic interdependence of their cash flows).

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is higher than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of estimated future cash flows. These are generated by the asset or the CGU during its useful life and are discounted using the Group's WACC defined for the impairment testing, based on the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs, technical and commercial costs directly attributable to the satellites tested, as well as tax expenses. Beyond a maximum 5-year period, cash flows are estimated on the basis of constant rates of growth or decline.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement under "Other operating income" and "Other operating expenses". An impairment of goodwill cannot be reversed.

4.8. Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. Cost corresponds to the purchase price, calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.9. Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is their fair value plus costs directly attributable to the transaction.

The Group has adopted the following classification for financial assets and liabilities, which is based on the objectives determined by Management at acquisition date. The designation and classification of these instruments are determined at initial recognition.

4.9.1. Financial Assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Loans and receivables

Loans and receivables are mainly composed of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are recorded initially at their nominal value, on account of the insignificant impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest rate method.

Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash flows, under the heading "Selling, General and Administrative Expenses".

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

Assets held for sale

Held-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified in the "Financial assets measured at fair value through the income statement", "Assets held to maturity" or "Loans and receivables" categories. Held-for-sale financial assets include investments other than investments in companies recognised and consolidated as equity investments, which Management intends to hold for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets".

They are subsequently revalued at fair value, with gains and losses resulting from changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment is recognised, the cumulative gains and losses previously entered under shareholders' equity are recorded in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at their acquisition cost.

4.9.2. Financial Liabilities

Financial liabilities comprise bank loan and other debt instruments. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest rate method.

4.9.3. Derivative Instruments

Derivative instruments that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are posted to the financial result.

Where a derivative instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules (see Note 4.9.4. "Hedging transactions").

4.9.4. Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivatives designated as cash flow hedging instruments.

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Hedging of a net investment in a foreign operation involves a hedge of the foreign currency risk arising from nets assets held in a foreign operation which might affect Group net position.

For these two types of hedges, changes in the fair value of a hedging instrument relating to the effective portion of the hedge are recognised in shareholders' equity, whereas changes in the fair value relating to the ineffective portion of the hedge are recognised in the income statement under financial result.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under profit and loss, at the level of the hedged item.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.9.5. Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or a liability extinguished, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities, that are not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at balance sheet date.

The fair value of derivative instruments includes counterpart risk.

4.9.6. Firm or conditional commitments to purchase non-controlling interests

The Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is treated as an adjustment affecting the income statement.

4.10. Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short-term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

4.11. Shareholders' equity

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

Costs for capital increases

External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options

Rewards granted to employees under stock-option plans, free share and phantom share allocation plans are measured on the date the plan is granted and represent additional employee compensation. They are recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and is offset by increases in equity (equity settled plans) or by recognition of a debt (for cahs-settled plans).

Awards granted to employees in the form of public issues or other capital transactions are measured at grant date. They constitute additional compensation, which is recorded during the financial year as an expense recognised over the vesting period.

4.12. Revenue recognition

The Group revenues are mainly attributable to the allotment of space segment capacity on the basis of contractual terms and conditions.

These contracts usually cover periods ranging from several months to several years. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Some contracts also provide for early termination.

Revenues are recognized over the contractual term of the use of the service, provided a contract exists and the price is set or determinable, and provided that on the date of entry, it is likely that the receivable will be recovered.

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue over the corresponding period of grant of satellite capacity or of the services provided.

4.13. Other operating income and expenses

The other operating income and expenses include:

- significant and infrequent factors such as impairment of tangible and intangible assets, launch failures and their related insurance reimbursements, national and international non-commercial litigations, less the legal costs incurred, as well as restructuring costs;
- the impacts of changes in scope (acquisition costs, divestments) and sales of tangible assets; see Note 3.7. "Changes in scope of consolidation".

4.14. Deferred income tax

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures and the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.15. Earnings per share

EPS (earnings per share) are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

4.16. Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement. The rate used to discount estimated cash flows is determined by reference to an underlying pool of AA-rated corporate bonds with maturities in line with those of the schemes being valued.

A complete assessment of the discounted present value of the benefit is outsourced each year and reviewed at interim periods to identify any significant changes.

The pension cost for the period consisting of service cost is posted to operating income. Discounting and return on assets are recognized in financial result, whereas actuarial gains and losses are recognised in equity.

Management of the defined contribution plans is performed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised in operating costs for the period.

4.17. Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.16. "Post-employment benefits", despite the fact that the Group has not directly assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.18. Provisions

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation.

The discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

Note 5. Goodwill and other intangibles

"Goodwill and Other Intangibles" breaks down as follows:

▸ Changes in gross assets and amortisation

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
Gross value as of 30 June 2016	**1,166.3**	**1,107.0**	**40.8**	**242.1**	**2,556.2**
Acquisitions	-	-	-	33.4	33.4
Transfers	-	-	-	11.9	11.9
Foreign-exchange variation	(9.0)	(6.0)	-	(2.0)	(16.9)
Disposals and scrapping of assets	(6.5)	(6.0)	-	(1.9)	(14.6)
Gross value as of 30 June 2017	**1,150.8**	**1,095.0**	**40.8**	**283.5**	**2,570.0**
Acquisitions	-	-		10.5	10.5
Transfers	-	-	-	6.9	6.9
Change in scope of consolidation	51.7	26.1	-	-	77.8
Foreign-exchange variation	(5.1)	(3.9)	-	(1.5)	(10.5)
Disposals and scrapping of assets	-	-	-	(1.0)	(1.0)
GROSS VALUE AS OF 30 JUNE 2018	**1,197.5**	**1,117.2**	**40.8**	**298.5**	**2,654.0**
AMORTISATION AND IMPAIRMENT					
Accumulated amortisation as of 30 June 2016	**-**	**(534.7)**	**-**	**(103.3)**	**(638.0)**
Amortisation expense	-	(57.0)	-	(27.8)	(84.8)
Reversals (disposals)	-	2.4	-	1.9	4.3
Foreign-exchange variation	-	-	-	-	-
Transfers		1.5	-	0.2	1.7
Accumulated amortisation as of 30 June 2017	**-**	**(588.1)**	**-**	**(128.7)**	**(716.8)**
Amortisation expense	-	(58.0)	-	(29.5)	(87.5)
Reversals (disposals and change in scope of consolidation)	-	-	-	0.7	0.7
Impairment	-	-	-	-	-
Foreign-exchange variation	-	0.6	-	0.1	0.7
ACCUMULATED AMORTISATION AS OF 30 JUNE 2018		**(645.5)**	**-**	**(157.4)**	**(802.9)**
Net value as of 30 June 2016	1,166.3	572.0	40.8	139.1	1,918.2
Net value as of 30 June 2017	1,150.8	506.8	40.8	154.8	1,853.2
NET VALUE AS OF 30 JUNE 2018	**1,197.5**	**471.7**	**40.8**	**141.1**	**1,851.1**

As of 30 June 2018, goodwill, which was monitored only at Eutelsat's operating segment level, was tested annually for impairment. The test did not challenge the amount shown on the balance sheet: the recoverable amount was calculated using the market value (fair value) measured on the basis of the stock market valuation of Eutelsat Communications S.A. (and taking into account the Company's indebtedness). A drop in the share price on the stock-exchange of at least 33% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, the value in use would be tested.

Note 6. Satellites, other property and equipment and construction in progress

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

▸ Changes in gross values, depreciations and impairment

(in millions of euros)	Satellites[1]	Other tangibles	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2016	**6,358.1**	**399.0**	**694.2**	**7,451.3**
Acquisitions	15.0	11.0	407.3	433.3
Disposals and change in scope of consolidation	-	(14.8)	(0.2)	(15.0)
Scrapping of assets	(327.6)	(7.2)	-	(334.8)
Foreign-exchange variation	(47.4)	(0.8)	1.4	(46.8)
Transfers	278.4	18.4	(342.9)	(46.0)
Gross value as of 30 June 2017	**6,276.5**	**405.5**	**759.9**	**7,441.9**
Acquisitions	3.4	10.2	312.2	325.8
Disposals	-	(3.4)	(0.4)	(3.8)
Change in scope of consolidation	-	2.6	-	2.6
Scrapping of assets	(236.3)	(5.2)	-	(241.5)
Foreign-exchange variation	(25.1)	-	(7.1)	(32.2)
Transfers	223.3	13.6	(245.3)	(8.4)
GROSS VALUE AS OF 30 JUNE 2017	**6,241.8**	**423.4**	**819.4**	**7,484.6**
DEPRECIATION AND IMPAIRMENT				
Accumulated depreciation as of 30 June 2016	**(2,175.1)**	**(276.6)**	**-**	**(2,451.7)**
Depreciation expense	(414.6)	(33.1)	-	(447.7)
Reversals (disposals and change in scope of consolidation)	-	10.2	-	10.2
Reversals (scrapping of assets)	327.6	3.1	-	330.7
Reclassification	-	1.0	-	1.0
Foreign-exchange variation	9.1	0.3	-	9.4
Accumulated depreciation as of 30 June 2017	**(2,253.0)**	**(295.1)**	**-**	**(2,548.0)**
Depreciation expense	(387.8)	(32.1)	-	(419.9)
Reversals (disposals and change in scope of consolidation)	-	4.9	-	4.9
Reversals (scrapping of assets)	236.3	3.8	-	240.1
Reclassification	(0.4)	(2.3)	-	(2.7)
Foreign-exchange variation	3.0	(0.4)	-	2.6
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2018	**(2,401.8)**	**(321.1)**	**-**	**(2,722.9)**
Net value as of 30 June 2016	4,183.0	122.4	694.2	4,999.6
Net value as of 30 June 2017	4,023.5	110.4	759.9	4,893.9
NET VALUE AS OF 30 JUNE 2018	**3,840.0**	**102.3**	**819.4**	**4,761.7**

(1) Including satellites under finance leases

(in millions of euros)	
Gross value	871.3
Net value as of 30 June 2018	692.7

This item refers to five satellites for which capacity is leased, with the relevant agreements being considered as finance leases and recognised accordingly as assets:

(in millions of euros)	Gross value		
Express AT1	211.3	18 transponders	Agreement covering the satellite's remaining useful life, starting May 2014 and amended in 2015
Express AT2	94.5	9 transponders	Agreement covering the satellite's remaining useful life, starting July 2014 and amended in October 2017
Express AM6	57.7	5 transponders	Agreement dated April 2015 covering the satellite's remaining useful life
EUTELSAT 36C	411.5	53 Ku transponders/18 Ka transponders	Agreement covering the satellite's remaining useful life, starting February 2016
Astra 2G	96.3	8 transponders	Agreement dated January 2014 covering the satellite's remaining useful life

Satellite-related transfers during the year ended 30 June 2017 correspond to the entry into operational service of the EUTELSAT 117WB satellite and the Ka spotbeams onboard the EUTELSAT 36C satellite which were launched during the financial year ended 30 June 2016.

During the financial year ended 30 June 2017, the Group deorbited the EUTELSAT 70D and the EUTELSAT 48A satellites.

Satellite-related transfers during the financial year ended 30 June 2018 correspond to the entry into operational service of the EUTELSAT 172B satellite which was launched during the financial year ended 30 June 2017.

During the financial year ended 30 June 2018, the Group deorbited the EUTELSAT 31A and the EUTELSAT 16C satellites.

Satellites under construction

The satellites listed as below are under construction at balance sheet date and should be launched during the financial years as indicated:

Projects	Years
EUTELSAT 7C and EUTELSAT 5WB	2018-19
QUANTUM and KONNECT	2019-20
KONNECT VHTS	Calendar year 2021

Note 7. Investments in associates

Investments in associates consist in equity investments in Eurobroadband Retail, and income from equity investments in the consolidated income statement corresponds to the Group's share of income from Eurobroadband Retail.

Note 8. Assets held for sale

As of 30 June 2017, as a result of the sale process of Eutelsat's interest in Hispasat initiated by the Company in July 2016, the amount of the Hispasat portion was shown as assets held for sale.

On 17 April 2018, the Group completed the sale of its stake in the Spanish satellite operator Hispasat for a consideration of 302 million euros (settled in cash) (see Note 1 "Key events during the financial period"). The divestment had no impact on the income statement for the period.

Note 9. Non-current financial assets

Non-current financial assets are primarily made up of long-term loans, investments and advances.

Note 10. Inventories

Gross and net inventories amounted to 4.4 million euros and 3.0 million euros as of 30 June 2017, and 3.9 million euros and 2.1 million euros as of 30 June 2018. They mainly comprise receive antennas and modems.

Note 11. Accounts receivable

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

Credit risk is the risk that a debtor of the Group will not pay when the debt matures. This is a risk that mainly affects the "accounts receivable" category and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of a number of debtors. Depending on the assessment conducted by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the evaluation of the risk.

Not-yet-due accounts receivable as of 30 June 2017 and 30 June 2018 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2018 and the fact that no legal entity billed accounts individually for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, deposits and credit insurance.

11.1. analysis of accounts receivable (matured and non-matured)

(in millions of euros)	30 June 2017	30 June 2018
Non-matured receivables	196.6	209.7
Matured receivables between 0 and 90 days	80.9	71.8
Matured receivables for more than 90 days	128.3	132.3
Provision for bad debt	(60.4)	(83.4)
TOTAL	**345.4**	**330.3**

11.2. Change in provision for bad debt

(in millions of euros)	Total
Value as of 30 June 2016	**71.3**
Net Allowance (reversal)	(2.5)
Reversals (used)	(8.4)
Value at 30 June 2017	**60.4**
Net Allowance (reversal)	24.0
Reversals (used)	(0.9)
Foreign-exchange variation	(0.2)
VALUE AS OF 30 JUNE 2018	**83.4**

11.3. Guarantees and commitments received, which mitigate credit risk

Guarantee deposits are posted to "Other liabilities" (see Note 18 "Other Financial Liabilities"). Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

	30 June 2017		30 June 2018	
(in millions of euros)	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	73.1	26.8	93.0	26.1
Bank guarantees	67.4	55.7	16.0	17.4
Guarantees from the parent company	17.6	17.6	5.7	5.7
TOTAL	**158.2**	**100.1**	**114.8**	**49.3**

Note 12. Other current assets

Other current assets are as follows:

(in millions of euros)	30 June 2017	30 June 2018
Prepaid expenses	20.4	18.1
Tax and employee-related receivable	26.1	17.6
TOTAL	**46.4**	**35.7**

Note 13. Current financial assets

(in millions of euros)	30 June 2017	30 June 2018
Hedging instruments(1)	2.0	1.2
Other debtors	27.1	15.7
TOTAL	**29.2**	**16.9**

(1) See Note 27 "Derivative financial instruments".

Note 14. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2017	30 June 2018
Cash at bank and in hand	323.1	307.3
Cash equivalents	84.9	426.2
TOTAL	**408.0**	**733.5**

Cash equivalents are mainly composed of mutual fund investments qualifying as "cash equivalents" (409.8 million euros as of 30 June 2018) and deposit certificates, which mature less than three months from the date of acquisition.

The Group's cash and cash equivalents are mainly held by subsidiaries located in France, in the rest of Europe and in America.

Note 15. Financial assets

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicate its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2017 Total	Instruments measured at amortised cost	Derivative instruments qualified as cash flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2017
ASSETS						
Non-current financial assets						
Long-term loans and advances	Receivables	21.5	21.5	-	-	21.5
Current financial assets						
Accounts receivable	Receivables	345.3	345.3	-	-	345.3
Other debtors	Receivables	27.1	27.1	-	-	27.1
Derivatives financial instruments[1]	N/A					
Qualified as hedges	N/A	2.5	-	2.5	-	2.5
Cash and cash equivalents						
Cash	N/A	323.1	323.1	-	-	323.1
Cash equivalent[2]	Fair value	84.9	-	-	84.9	84.9

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2018 Total	Instruments measured at amortised cost	Derivative instruments qualified as cash flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2018
ASSETS						
Non-current financial assets						
Long-term loans and advances	Receivables	17.5	17.5	-	-	17.5
Current financial assets						
Accounts receivable	Receivables	331.2	331.2	-	-	331.2
Other receivables	Receivables	15.7	15.7	-	-	15.7
Derivative financial instruments[1]						
Qualified as hedges	N/A	1.2	-	1.2	-	1.2
Cash and cash equivalents						
Cash	N/A	307.2	307.2	-	-	307.2
Cash equivalent[2]	Fair value	426.2	-	-	426.2	426.2

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

With the exception of financial instruments, the book value of financial assets represents a reasonable approximation of their fair value.

Note 16. Shareholders' equity

16.1. Shareholders' equity

As of 30 June 2018, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share. As of the same date, in terms of treasury stock, the Group holds 201,000 treasury shares amounting to 3.4 million euros under a liquidity agreement. (As of 30 June 2017, the Group was holding 232,500 such shares for an aggregate amount of 5.2 million euros). Furthermore, under the free share allocation plans (see below), the Group holds 105,068 equity shares amounting to 2.2 million euros. (As of 30 June 2017, the Group was holding 106,022 such shares for an aggregate amount of 2.3 million euros). The aggregate amount of treasury stock is deducted from shareholders' equity.

16.2. Dividends

On 8 November 2017, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.21 euros per share, *i.e.* a total of 281.4 million euros, taken from the Group reserves.

The amount of the distribution for the financial year ended 30 June 2018, which is being proposed to the General Meeting of 8 November 2018, is 295.5 million euros, *i.e.* 1.27 euros per share.

16.3. Share-based compensation

During the financial year ending 30 June 2018, the Group has managed three plans set up in February 2016, April 2017 and November 2017 respectively.

Under these three plans, the expense (excluding employer's contributions) recognised for the financial period ended 30 June 2018 was 2.5 million euros, compared to 3.6 million euros for the financial period ended 30 June 2017 (four plans).

These plans concern employees, managers and Corporate Officers with different performance-related objectives as presented in the table below:

Conditions	2016 Plan	2017 Plan	2018 Plan
Vesting Period	February 2016-February 2019[1]	July 2016-June 2019	July 2017-June 2020
Settled in	Shares and cash	Cash	Cash
Lock-up period	February 2019-February 2021[2]	Not applicable	Not applicable
Total number of attributable shares at inception	482,211	323,454	319,444
Number of recipients	805	259	287
Features of "Employees Plan":			
▸ Number of shares per recipient	300	Not applicable	Not applicable
▸ Performance-related targets observed during the vesting period	Cumulative EBITDA for 50%		
	Average ROCE for 50%	Not applicable	Not applicable
Features of "Managers" Plan			
▸ Total number of shares	198,542	260,129	255,268
▸ Performance-related targets observed during the vesting period	Cumulative EBITDA for 1/3	Revenues for 1/3	Revenues for 30%
	Average ROCE for 1/3	Discretionary Free Cash Flow for 1/3	Discretionary Free Cash Flow for 50%
	Relative[4] TSR for 1/3	Cost savings plan for 1/3	Cost savings plan for 20%
Features of "Corporate Officers" Plan at inception:			
▸ Total number of shares	43,039	63,325	64,176
▸ Performance-related targets observed during the vesting period		Revenues for 1/4	Revenues for 1/4
	Cumulative EBITDA for 1/3	Discretionary Free Cash Flow for 1/4	Discretionary Free Cash Flow for 1/4
	Average ROCE for 1/3	Cost savings plan for 1/4	Cost savings plan for 1/4
	Relative[4] TSR for 1/3	Relative[4] TSR for 1/4	Relative[4] TSR for 1/4
Share price used as basis for calculating social contributions and employer's charges:			
▸ "Employees" and "Managers" Plan (excluding TSR[4])	€20.01 – €22.13	€16.70	€15.78
▸ Managers Plan (TSR[4])	€17.28 – €19.02	€6.89	€5.19
Expense/(income) over the period ***(in millions of euros)***[3]	0.3	0.7	1.5
Aggregate valuation of plan as of 30/06/2018 ***(in millions of euros)***[3]	1.1	4.5	4.5

(1) For foreign subsidiaries, the grant period covers February 2016 to February 2020.

(2) There is no lock-up period for foreign subsidiaries.

(3) Excluding employer's contributions.

(4) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).

16.4. Change in the revaluation surplus of financial instruments

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2017[1]	**(7.4)**
Changes in fair value within equity that can be reclassified to income	(22.2)
BALANCE AT 30 JUNE 2018	**(29.6)**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 25 "Financial result").

16.5 Translation reserve

(in millions of euros)	Total
Balance at 30 June 2017[(1)]	**171.6**
Net change over the period	(31.4)
BALANCE AT 30 JUNE 2018	**140.2**

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

The revaluation reserve includes the value of the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 27.1. "Foreign exchange risk").

The main currency generating translation differences is the U.S. dollar.

Note 17. Financial debt

At 30 June 2017 and 2018, all debt was denominated in euros.

17.1. Financial information as of 30 June 2017 and 2018

(in millions of euros)	Rate	30 June 2017	30 June 2018	Maturity
Term loan 2022	Variable	600.0	600.0	31 March 2022
Bond 2019[(1)]	5.000%	800.0	-	14 January 2019
Bond 2020[(1)]	2.625%	930.0	930.0	13 January 2020
Bond 2021[(1)]	1.125%	500.0	500.0	23 June 2021
Bond 2022[(1)]	3.125%	300.0	300.0	10 October 2022
ONDD-guaranteed export credit	Variable	142.3	118.6	17 May 2024
SUB-TOTAL OF DEBT (NON-CURRENT PORTION)		**3,272.3**	**2,448.6**	
Loan set-up fees and premiums		(19.5)	(13.8)	
TOTAL OF DEBT (NON-CURRENT PORTION)		**3,252.9**	**2,434.8**	
Bond 2019[(1)]	5.000%	-	800.0	14 January 2019
ONDD-guaranteed export credit		23.7	23.7	
Bank overdrafts		-	-	
Accrued interest not yet due		37.2	37.1	
TOTAL DEBT (CURRENT PORTION)		**60.9**	**860.9**	

(1) Fair values (level 1) are detailed below:

(in millions of euros)	30 June 2017	30 June 2018
Bond 2019	859.2	821.1
Bond 2020	979.5	959.6
Bond 2021	508.9	508.8
Bond 2022	333.7	330.8

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

Furthermore, the Group has 650 million euros available under its various active lines of undrawn revolving credit as of 30 June 2018.

17.2. Debt maturity analysis

As of 30 June 2018, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	600.0	-	600.0	-
ONDD-guaranteed export credit	142.3	23.7	94.9	23.7
Bond 2019	800.0	800.0		-
Bond 2020	930.0	-	930.0	-
Bond 2021	500.0	-	500.0	-
Bond 2022	300.0	-	300.0	-
TOTAL	**3,272.3**	**823.7**	**2,424.9**	**23.7**

17.3. Compliance with banking covenants

The term loan is linked to the same type of financial covenant as those existing on other agreements (revolvers and export credits), *i.e.* the total net debt to EBITDA ratio must remain less than or equal to 4.0 to 1.

Under the term loan covenants, each lender may request early repayment of all sums due in case of unregulated downgrading of Eutelsat or bonds issued by Eutelsat respectively, as a result of a change of control of Eutelsat or a change of control of Eutelsat Communications.

The covenants on other financing facilities (ONDD export credit) in place as of 30 June 2018, which require a total net debt to EBITDA ratio below or equal to 3.75 to 1, have not changed since their inception.

As of 30 June 2018, the Group was in compliance with all banking covenants under its credit facilities.

17.4. Risk management

Information on interest rate risk and liquidity risk is available in Note 18 "Other Financial Liabilities" and Note 27 "Derivative financial Instruments".

Note 18. Other financial liabilities

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2017	30 June 2018
Derivative financial instruments[1]	105.1	125.6
Finance leases	652.6	620.1
Other liabilities	107.9	101.0
TOTAL	**865.6**	**846.7**
Incl. current portion	*67.6*	*150.8*
Incl. non current portion	*798.1*	*695.8*

(1) See Note 27 "Derivative financial instruments".

Derivative financial instruments are measured at fair value (level 2), and the other financial liabilities at amortised cost. For information, the amortised cost of financial liabilities represents a reasonable approximation of fair value. The fair value of derivative instruments is provided by the banks.

Amounts shown for finance leases include accrued interest totalling 2.0 million euros as of 30 June 2017 and 3.2 million euros as of 30 June 2018.

"Other liabilities" mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

Note 19. Financial liabilities

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2017				Fair value as of 30 June 2017
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	758.1	758.1	-	-	758.1
Bond	At amortised cost	2,518.4	2,518.4	-	-	2,681.3
Fixed rate loans	At amortised cost	-	-	-	-	-
Bank overdrafts	N/A	-	-	-	-	-
Other financial liabilities						
Non-current	At amortised cost	650.1	650.1	-	-	650.1
Current	At amortised cost	110.4	110.4	-	-	110.4
Derivative financial instruments[(1)]						
Qualified as hedges		105.1	-	105.1	-	105.1
Accounts payable	At amortised cost	54.6	54.6	-	-	54.6
Fixed assets payable	At amortised cost	67.4	67.4	-	-	67.4

(1) *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2018				Fair value as of 30 June 2018
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	735.8	735.8	-	-	735.8
Bond	At amortised cost	2,522.7	2,522.7	-	-	2,620.3
Fixed rate loans	At amortised cost	-	-	-	-	-
Bank overdrafts	N/A	-	-	-	-	-
Other financial liabilities						
Non-current	At amortised cost	615.9	615.9	-	-	615.9
Current	At amortised cost	105.1	105.1	-	-	105.1
Derivative financial instruments[(1)]						
Qualified as hedges		125.6	-	125.6	-	125.6
Accounts payable	At amortised cost	56.3	56.3	-	-	56.3
Fixed assets payable	At amortised cost	62.7	62.7	-	-	62.7

(1) *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

With the exception of financial instruments and bonds, the book value of financial liabilities represents a reasonable approximation of their fair value.

Note 20. Operating and finance leases

20.1. Operating leases

Future payments with respect to the lease agreement are detailed in the following table:

(in millions of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	35.0	6.2	22.4	6.3

Eutelsat S.A. mainly pays rent for use of its registered office located in Paris. The operating lease was renewed in advance in June 2014 for a fixed-term 9-year period starting 1 July 2014. The rent expense amounted to 4.0 million euros for the financial years ended 30 June 2017 and 30 June 2018 respectively.

20.2. Finance leases

The Group operates five satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term. The last finance lease contract will expire in 2031.

Financial expenses for satellites operated under finance leases amounted to 17.5 million euros at 30 June 2017 and 16.3 million euros at 30 June 2017.

Finance lease contracts mature as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Finance leases	748.0	88.2	289.0	370.8
TOTAL	**748.0**	**88.2**	**289.0**	**370.8**

Note 21. Other payables and deferred revenues

21.1. Non-current portion

Other non-current debts only include deferred revenue.

21.2. Current portion

Other current payables and deferred revenues were as follows as of 30 June 2017 and 2018:

(in millions of euros)	30 June 2017	30 June 2018
Deferred revenues	67.4	76.5
Tax liabilities	19.0	10.9
Liabilities for social contributions	50.1	55.2
TOTAL	**136.6**	**142.6**

Deferred revenues mainly include prepayments made by clients for the provision of telecommunication and frequency coordination services.

Liabilities for social contributions include the liability related to the liquidity offer amounting to 3.1 million as of 30 June 2017 and 2.2 million euros as of 30 June 2018.

Note 22. Income tax

22.1. Income-statement tax balances

The Group's income tax expense breaks down as follows:

(in millions of euros)	30 June 2017	30 June 2018
Current tax expense	(167.3)	(179.3)
Deferred tax income (expense)	47.2	36.3
TOTAL INCOME TAX EXPENSE	**(120.1)**	**(142.9)**

The theoretical income tax expense, based on application to the pre-tax result (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

(in millions of euros)	30 June 2017	30 June 2018
Income before tax and income from equity investments	483.9	447.3
Standard French corporate tax rate	*34.4%*	*34.4%*
Theoretical income-tax expense	(166.7)	(154.0)
Differences in corporate tax rates	56.1	10.6
Use of tax losses	-	0.6
Deferred tax generated during the previous period and recognised for the period	13.5	1.9
Other permanent differences	(23.0)	(2.0)
CORPORATE TAX EXPENSE IN THE INCOME STATEMENT	**(120.1)**	**(142.9)**
Actual corporate tax rate	*24.8%*	*32.0%*

Differences in income tax rates as of 30 June 2017 include the effects (amounting to 38.8 million euros) of the French 2017 Finance Act (*Loi de finances 2017*), which provided for a decrease to 28.92% of the standard corporate income tax for financial years beginning on or after 1 January 2020. As of 30 June 2018, they include the effects of the 2018 French Finance Act for 2018, which provides for an additional progressive decrease in corporate income tax until 1 January 2022 for 20.2 million euros, as well as an exceptional contribution of 14.3 million euros on corporate income tax in France.

Other permanent differences as of 30 June 2017 are mainly composed of a 3% additional contribution on dividends, and the effects of the French 2013 Finance Act (*Loi de finances 2013*) which caps the deductibility of financial expenses at 75%. As of 30 June, 2018, other permanent differences mainly include the repayment of the additional dividend contribution amounting to 20.8 million euros, the effect of capping the deduction of financial expenses for 8.4 million euros, the impacts of exchange rate differences and inflation effects on the deferred tax positions of the Satellites Mexicanios subsidiary of (5.8) million euros.

22.2. Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2017 and 30 June 2018 were as follows:

(in millions of euros)	30 June 2017[(1)]	Foreign exchange impact and reclassification	Net income for the period	Recognised in equity	30 June 2018
DEFERRED TAX ASSETS					
Derivative financial Instruments	33.7	-	(0.7)	6.6	39.7
Loss carry-forwards	28.8	-	1.9	-	30.7
Bad debt provisions	19.4	-	5.8	-	25.2
Financial guarantee granted to the pension fund	13.5	-	0.6	(1.1)	13.0
Provisions for risks and expenses	8.0	-	(1.1)	-	6.9
Other	11.6	-	(4.1)	-	7.4
SUB-TOTAL (A)	**115.1**	**-**	**2.4**	**5.4**	**122.9**
DEFERRED TAX LIABILITIES					
Intangible assets	(102.8)	-	14.9	-	(87.9)
Tangible assets	(310.7)	0.4	14.8	-	(295.5)
Other	(3.7)	(0.2)	4.2	(0.1)	0.2
SUB-TOTAL (B)	**(417.2)**	**0.2**	**33.9**	**(0.1)**	**(383.2)**
TOTAL = (A) + (B)	**(302.1)**	**0.2**	**36.3**	**5.3**	**(260.3)**
REFLECTED AS FOLLOWS IN THE FINANCIAL STATEMENTS:					
Deferred tax assets	4.7				4.5
Deferred tax liabilities	306.9				264.8
TOTAL	**(302.1)**				**(260.3)**

(1) Comparative financial statements have been restated for the items shown in Note 3.6. "Periods presented and comparatives".

Deferred tax liabilities relate mainly to the taxable temporary differences generated by:

- the accounting treatment at fair value of "Customer contracts and relationships" and other intangible assets in the context of the acquisition of Eutelsat S.A., Satmex and Noorsat;
- the accelerated depreciation of satellites for tax purposes.

22.3. Tax losses

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carryforwards	152.5	-	-	-	152.5
TOTAL	**152.5**	**-**	**-**	**-**	**152.5**

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 81.8 million euros as of 30 June 2018, with the following maturity dates:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carryforwards	81.8	-	-	-	81.8
TOTAL	**81.8**	**-**	**-**	**-**	**81.8**

Note 23. Provisions

(in millions of euros)	30 June 2017	Allowance	Reversal – Used	Reversal – Unused	Recognised in equity	30 June 2018
Financial guarantee granted to a pension fund	71.6	1.4	-	-	2.4	75.5
Retirement indemnities	14.8	1.2	(0.4)	-	(0.4)	15.3
Post-employment benefits(1)	14.3	0.3	(5.9)	(1.5)	-	7.2
TOTAL POST-EMPLOYMENT BENEFITS	**100.7**	**3.0**	**(6.2)**	**(1.5)**	**2.0**	**98.0**
Commercial, employee-related and tax litigation	25.7	14.0	(7.0)	(3.1)	0.1	29.8
Other	6.5	5.0	(1.7)	-	-	9.9
TOTAL PROVISIONS	**132.9**	**22.0**	**(14.9)**	**(4.6)**	**2.1**	**137.6**
Incl. non current portion	*97.3*					*107.1*
Incl. current portion	*35.6*					*30.6*

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

23.1. Financial guarantee granted to a pension fund

As a result of the transfer by the IGO of its operational business as of 2 July 2001, Eutelsat S.A. granted its financial guarantee to the Trust managing the pension plan established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

During the period ended 30 June 2017, the financial guarantee was called on for 35.9 million euros. This amount was measured on the basis of the Trust's projections of future market developments. In March 2017, an agreement was reached with the Trust over nine annual instalments of 4.0 million euros to be paid between 30 June 2017 and 30 June 2025. These payments may be adjusted according to possible changes in the future financial position which will be assessed on an annual basis.

The actuarial valuations performed as of 30 June 2017 and 30 June 2018 were based on the following assumptions:

	30 June 2017	30 June 2018
Discount rate	1.85%	1.75%
Rate for pension increases	1.75%	1.75%
Inflation rate	1.25%	1.25%
Overall expenses	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	62 years	62 years

A 50 base point decrease in discount rates would result in an increase in commitments totalling 20.1 million euros.

A 50 base point decrease in prospective yield rates would result in a decline in assets and in the expected fund yield by 0.7 million euros.

As of 30 June 2017 and 2018, the position was as follows:

▸ Reconciliation between the present value of obligations at beginning and end of period

(in millions of euros)	30 June 2017	30 June 2018
Present value of the obligations at beginning of period	**241.2**	**216.5**
Financial cost	4.1	4.0
Actuarial differences related to financial assumptions: (gains)/losses	(21.7)	1.7
Benefits paid	(7.1)	(6.3)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**216.5**	**215.8**

Reconciliation between the fair value of plan assets at beginning and end of period

(in millions of euros)	30 June 2017	30 June 2018
Fair value of plan assets at beginning of period	**139.3**	**136.9**
Expected return on plan assets	2.4	2.5
Actuarial differences: gains/(losses)	(2.5)	(0.7)
Contributions paid	4.8	4.0
Benefits paid	(7.1)	(6.3)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**136.9**	**136.4**

The amounts included in the fair value of plan assets do not include any financial instruments issued by Eutelsat S.A. or any property or movable assets held or used by Eutelsat S.A.

The actual return on the plan's assets was (0.1) million euros and 1.8 million euros as of 30 June 2017 and 30 June 2018 respectively.

Net expense (net gains) recognised in the income statement

(in millions of euros)	30 June 2017	30 June 2018
Service cost for the period	-	-
Financial cost	4.1	4.0
Expected return on plan assets	(2.4)	(2.5)
NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT	**1.7**	**1.4**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

Reconciliation of assets and obligations recognised in the balance sheet

(in millions of euros)	30 June 2017	30 June 2018
Provision at beginning of period	**101.9**	**71.6**
Net expense/(net gains) recognised in the income statement	1.7	1.4
Actuarial differences: (gains)/losses	(19.2)	2.4
Contributions paid	(4.8)	(4.0)
Current and non-current debt	(8.0)	4.0
PROVISIONS AT END OF PERIOD	**71.6**	**75.5**

23.2. Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from Eutelsat. This scheme is not funded.

The actuarial valuations performed at 30 June 2016 and 30 June 2017 were based on the following assumptions:

	30 June 2017	30 June 2018
Discount rate	1.45%	1.45%
Salary growth rate	2.00%	2.0%
Mortality table	TH/TF00-02	TH/TF00-02
Retirement age	65 years	65 years
Type of retirement	Voluntary retirement	Voluntary retirement
Rate of employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. The last valuation was performed during the financial year 2015-16.

Age *(years)*	2017 Turnover	2018 Turnover
25	11.52	11.52
30	8.09	8.09
35	5.50	5.50
40	3.55	3.55
45	2.09	2.09
50	0.98	0.98
55	0.14	0.14
60	0.00	0.00

As of 30 June 2017 and 2018, the position was as follows:

Reconciliation between the present value of obligations at beginning and end of period

(in millions of euros)	30 June 2017	30 June 2018
Present value of the obligations at beginning of period	**17.9**	**14.8**
Service cost for the period	1.2	1.0
Financial cost	0.2	0.2
Actuarial differences related to financial assumptions: (gains)/losses	(1.0)	-
Actuarial differences related to demographic assumptions: (gains)/losses	(3.0)	(0.7)
Termination indemnities paid	(0.5)	(0.4)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**14.8**	**15.3**

Net expense recognised in the income statement

(in millions of euros)	30 June 2017	30 June 2018
Service cost for the period	1.2	1.0
Financial cost	0.2	0.2
NET EXPENSE RECOGNISED IN THE INCOME STATEMENT	**1.4**	**1.2**

History of experience and changes in assumptions

(in millions of euros)	30 June 2017	30 June 2018
History of experience regarding the value of obligations: (gains)/losses	(1.0)	-
Impact of changes in assumptions	(3.0)	(0.7)
HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS	**(4.0)**	**(0.7)**

b) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 8.4 million euros and 8.2 million euros at 30 June 2017 and 2018 respectively.

c) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees in France (excluding Directors and Corporate Officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 2.1 million euros and 2.3 million euros at 30 June 2017 and 30 June 2018 respectively.

Note 24. Segment information and performance indicators

24.1. Segment reporting

Having performed an analysis and with respect to IFRS 8, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their purpose. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Chief Executive Officer, the Deputy Chief Executive Officers and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term lease agreements, less cash and cash equivalents (net of bank credit balances).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, the share attributable to non-controlling interests and the share attributable to the Group.

24.2. Performance indicators

(in millions of euros)	30 June 2017	30 June 2018
Total revenues	**1,477.9**	**1,407.9**
Total operating costs	(344.4)	(331.0)
EBITDA	**1,133.6**	**1,076.9**
Depreciation and amortisation:	(532.9)	(506.0)
Other operating income (expenses), net	14.1	(18.5)
Operating income	**614.8**	**552.5**
Total interest	(127.2)	(96.4)
Income tax	(120.1)	(142.9)
Other financial income (expenses)	(3.7)	(9.0)
Net income before income from equity investments and non-controlling interests	**363.7**	**304.4**
Income from equity investments	(0.4)	(2.2)
Net income	**363.4**	**302.2**
Non-controlling interests	(11.6)	(12.1)
Net income attributable to the Group	**351.8**	**290.1**
Tangible investments (cash flow)	393.0	298.7
NET DEBT (INCLUDING FINANCE LEASES)	**3,640.7**	**3,241.5**

Net debt breaks down as follows:

(in millions of euros)	30 June 2017	30 June 2018
Term loan	600.0	600.0
Bonds	2,530.0	2,530.0
Other loans	-	-
Export credit	166.0	142.3
"Change" portion of the cross-currency swap	102.0	85.9
Finance leases	650.5	616.8
Cash and cash equivalents	(408.0)	(733.5)
TOTAL	**3,640.7**	**3,241.6**

Changes in the debt position between 30 June 2017 and 30 June 2018 are presented below:

			Non-cash flow			
(in millions of euros)	30 June 2017	Cash flow	Acquisition	Currency effect	Fair value change	30 June 2018
Term loan	600.0	-	-	-	-	600.0
Bonds	2,530.0	-	-	-	-	2,530.0
Export credit	166.0	(23.7)	-	-	-	142.3
"Change" portion of the cross-currency swap	102.0	-	-	-	(16.1)	85.9
Finance leases	650.5	(35.7)	2.0	-	-	616.8
TOTAL	**4,048.5**	**(59.4)**	**2.0**	**-**	**(16.1)**	**3,975.0**

24.3. Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2017 and 30 June 2018 were as follows:

(in millions of euros and as a percentage)	30 June 2017		30 June 2018	
Regions	Amount	%	Amount	%
France	111.8	7.6	102.7	7.3
Italy	163.6	11.1	154.2	10.9
United Kingdom	98.2	6.6	87.4	6.2
Europe (other)	398.6	27.0	371.8	26.4
Americas	330.1	22.3	298.2	21.2
Middle-East	233.1	15.8	258.3	18.3
Africa	106.0	7.2	98.0	7.0
Asia	36.4	2.5	34.2	2.4
Other	0.1	0.0	3.2	0.2
TOTAL	**1,477.9**	**100.0**	**1,407.9**	**100.0**

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Note 25. Financial result

The financial result is made up as follows:

(in millions of euros)	30 June 2017	30 June 2018
Interest expense after hedging(1)	(130.9)	(102.8)
Loan set-up fees and commissions(2)	(11.3)	(6.8)
Capitalised interest(3)	15.0	13.3
Cost of gross debt	**(127.2)**	**(96.4)**
Financial income	1.5	1.2
Cost of net debt	**(125.7)**	**(95.2)**
Changes in derivative financial instruments(4)	(0.3)	(6.1)
Foreign-exchange impact	(2.1)	(3.0)
Other	(2.7)	(1.0)
FINANCIAL RESULT	**(130.9)**	**(105.2)**

(1) The interest expense was not impacted by instruments qualified as interest-rate hedges during the financial years ended 30 June 2017 and 30 June 2018.

(2) Loan set-up fees include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned. The interest rates used to determine the amount of interest expense eligible for capitalisation were 3.09 % at 30 June 2017 and 2.89 % at 30 June 2018.

(4) Changes in fair value of derivative financial instruments mainly include:

- *changes in fair value of derivatives not qualified as hedges;*
- *the ineffective portion of qualifying derivatives in a hedging relationship;*
- *the de-qualifications/sales of hedging instruments (see Note 27 "Derivative financial Instruments").*

Note.26. Earnings per share

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted): There were no dilutive instruments as of 30 June 2017 and 2018.

(in millions of euros)	30 June 2017	30 June 2018
NET INCOME	**363.4**	**302.1**
Income from subsidiaries attributable to non-controlling interests	(11.6)	(12.0)
NET EARNINGS USED TO COMPUTE EARNINGS PER SHARE	**351.8**	**290.1**
Average number of shares	**232,609,232**	**232,452,446**

Note 27. Derivative financial instruments

The Group is exposed to market risks, principally in terms of currency and interest-rates. Exposure to such risks is actively managed by Management, and for this purpose, the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, *i.e.* the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

27.1. Foreign-exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the U.S. dollar.

Consequently, the Group is primarily exposed to the U.S. dollar/euro foreign exchange risk.

Due to the geographic diversification of its activities, the Group is exposed to conversion risk, which means that its balance sheet and income statement are impacted by fluctuations in exchange parities upon consolidation of the financial statements of its foreign subsidiaries outside the euro zone (translation risk). For investments in currencies not included in the euro zone, the Group's translational risk hedging policy consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Hedging instruments used by the Group include currency derivatives (cross-currency swaps) documented as net foreign investment hedges.

Given its exposure to foreign currency risk, the Group believes that a 15% increase in the U.S. dollar/euro exchange rate (excluding foreign exchange derivatives) would generate a decline in Group income of 70 million euros and a decrease in operational/commercial/administrative costs of 7 million euros, and would result in a negative change of 213 million euros in the Group translation reserve and a change of 76 million euros in the Group translation reserve in relation with the cross currency swap.

27.2. Interest rate risk

Interest rate risk management

During the financial year ended 30 June 2018 and in accordance with its hedging policy, the Group hedges its exposure to changes in interest rates by using two anticipatory hedging instruments (forward swap) of 800 million euros and 500 million euros.

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2018, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 11.3 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

27.3. Financial information as of 30 June 2017 and 2018

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2017 and 2018. The derivative financial instruments are valued by an independent expert and this valuation is verified/validated in valuations provided by the Group's banking counterparts.

	Notional		Fair value				
(in millions of euros)	30 June 2017	30 June 2018	30 June 2017	30 June 2018	Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	87.8	255.4	2.5	(8.0)	(10.5)	(6.1)	(4.4)
Cross currency swap	500.0	500.0	(90.1)	(72.1)	18.0	-	18.0
TOTAL FOREX DERIVATIVES	**587.8**	**755.4**	**(87.6)**	**(80.1)**	**7.5**	**(6.1)**	**13.6**
Pre-hedging swap	1,300.0	1,300.0	(15.0)	(44.2)	(29.2)	-	(29.2)
TOTAL INTEREST RATE DERIVATIVES	**1,300.0**	**1,300.0**	**(15.0)**	**(44.2)**	**(29.2)**	**-**	**(29.2)**
TOTAL DERIVATIVE INSTRUMENTS			**(102.6)**	**(124.3)**	**(21.7)**	**(6.1)**	**(15.6)**

At 30 June 2018, the cumulative fair value of the derivative financial instruments was positive at 1.2 million euros and negative at 125.5 million euros (see Note 9 "Non-current financial assets" and Note 18 "Other financial liabilities").

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualified as hedges is as follows:

- the coupons on interest derivatives qualify as cash flow hedges are directly recognised under income. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons ("clean fair value");
- the coupons on the cross currency swap that qualifies as net investment hedge, as well as its fair value excluding coupons ("clean fair value") are recognised directly in equity.

27.4. Financial counterparty risk

Financial counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2018, counterpart risk associated with these operations is not considered as significant.

27.5. Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolver lines of credit from banks, bond loans and satellite lease agreements.

The Group's debt maturity is reflected in the table below.

Breakdown of net financial liabilities by maturity (in millions of euros)

As of 30 June 2017	Balance-sheet value	Total contractual cash flows	06/2018	06/2019	06/2020	06/2021	06/2022	More than 5 years
Eutelsat Communications Term loan	(597.8)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(2,518.4)	(2,762.0)	(79.4)	(879.4)	(969.4)	(515.0)	(9.4)	(309.4)
ONDD-guaranteed export credit	(160.4)	(174.1)	(25.8)	(25.5)	(25.2)	(24.9)	(24.6)	(48.2)
Finance leases	(650.6)	(764.4)	(54.6)	(82.7)	(82.0)	(67.4)	(53.9)	(423.8)
Qualified interest rate derivatives(1)	(105.1)	(105.1)	-	(16.5)	(88.6)	-	-	-
TOTAL FINANCIAL DEBT	**(4,032.3)**	**(4,431.3)**	**(165.2)**	**(1,009.5)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**
Other financial liabilities	(109.9)	(109.9)	(28.5)	(81.4)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**(4,142.2)**	**(4,541.2)**	**(193.7)**	**(1,090.9)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**
Foreign exchange derivatives(1)	2.4	2.4	2.0	0.4	-	-	-	-
Financial Assets	48.8	48.8	26.8	22.0	-	-	-	-
Cash	323.1	323.1	323.1	-	-	-	-	-
Cash equivalents	84.9	84.9	84.9	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**459.2**	**459.2**	**436.8**	**22.4**	**-**	**-**	**-**	
NET POSITION	**(3,683.0)**	**(4,082.0)**	**243.1**	**(1,068.5)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

As of 30 June 2018	Balance-sheet value	Total contractual cash flows	06/2019	06/2020	06/2021	06/2022	06/2023	More than 5 years
Eutelsat Communications Term loan	(598.3)	(620.3)	(5.4)	(5.4)	(5.4)	(604.1)	-	-
Eutelsat S.A. bond	(2,522.7)	(2,682.6)	(879.4)	(969.4)	(515.0)	(9.4)	(309.4)	-
ONDD-guaranteed export credit	(137.5)	(148.7)	(25.9)	(25.2)	(24.9)	(24.6)	(24.3)	(24.0)
Finance leases	(616.8)	(748.0)	(88.2)	(82.6)	(67.4)	(85.2)	(53.8)	(370.8)
Qualified interest rate derivatives[1]	(125.5)	(125.5)	(45.7)	(79.8)	-	-	-	-
TOTAL FINANCIAL DEBT	**(4,000.8)**	**(4,325.1)**	**(1,044.6)**	**(1,162.4)**	**(612.7)**	**(723.3)**	**(387.4)**	**(394.8)**
Other financial liabilities	(104.3)	(104.3)	(16.9)	(87.4)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**(4,105.1)**	**(4,429.4)**	**(1,061.5)**	**(1,249.8)**	**(612.7)**	**(723.3)**	**(387.4)**	**(394.8)**
Foreign exchange derivatives[1]	1.2	1.2	1.2	-	-	-	-	-
Financial Assets	33.2	33.2	15.7	17.5	-	-	-	-
Cash	307.3	307.3	307.3	-	-	-	-	-
Cash equivalents	426.2	426.2	426.2	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**767.9**	**767.9**	**751.0**	**17.5**	**-**	**-**	**-**	**-**
NET POSITION	**(3,337.2)**	**(3,661.5)**	**(311.1)**	**(1,232.3)**	**(612.7)**	**(732.2)**	**(387.4)**	**(394.8)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

Cash flow hedges – Fair value recognised in equity, to be reclassified to income

(in millions of euros)	Fair value recognised in equity and to be reclassified to income						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(80.1)	(8.0)	(72.1)				
Interest rate risk hedges	(44.2)	(36.4)	(7.7)				
NET TOTAL AT 30 JUNE 2018	**(124.3)**	**(44.4)**	**(79.8)**				

Furthermore, the amendment to IFRS 7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for Eutelsat as of 30 June 2018 (neither on the balance sheet under IAS 32, nor on net exposure).

Note 28. Purchase commitments

As of 30 June 2018, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial standing with the exception of the following items:

28.2 Purchase commitments

The Company has entered into commitments with certain suppliers for the acquisition of assets (satellites and other assets) and the provision of services for 430 million euros as of 30 June 2017 and 539 million euros as of 30 June 2018.

The following table lists future payments for these services and acquisitions as of 30 June 2017 and 30 June 2018:

(in millions of euros)	As of 30 June 2017	As of 30 June 2018
2018	176	-
2019	151	239
2020	38	146
2021	18	66
2022 and beyond[1]	47	27
2023 and beyond	-	61
TOTAL	**430**	**539**

(1) For the period reported in respect of the financial year ended 30 June 2017

The Group may receive penalty payments related to incidents affecting the performance of its operational satellites.

Note 29. Litigation and contingent liabilities

In the course of its business activities, the Group is involved in legal actions and commercial disputes. The Group exercises its judgement to assess the risks incurred on a case-by-case basis and a provision is recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision is recognised.

Eutelsat S.A., a company belonging to the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, underwent a tax audit in respect of the financial years ended 30 June 2012, 2013 and 2014. In December 2016, the Company received a tax adjustment notification in respect of the financial periods ended 30 June 2013 and 30 June 2014. As a result of the pre-litigation appeals and subsequent discussions, the amounts claimed by the tax authorities were significantly reduced. There is still disagreement on certain tax enhancements, on which Eutelsat believes that it has solid defences. As a result, as of 30 June 2018, no provision had been recorded for these two tax reassessments.

Note 30. Related-party transactions

Related parties consist of:

- direct and indirect shareholders, and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- minority shareholders of entities which the Group consolidates under the full consolidation method;
- companies in which the Group has an equity interest that it consolidates under the equity method; and
- members of the key management personnel.

The Group considers that the concept of “key management personnel” as applied to Eutelsat’s governance includes members of the administrative and management bodies, namely the CEO, the Deputy CEOs and the other members of the Board of Directors.

Excluding key management personnel, Eutelsat Group considers as related parties only those relationships having an interest in associates as defined under IFRS 12 (non-controlling interests). The other relationships are not considered as significant.

Amounts concerning related party transactions are shown in the tables below:

30.1. Related parties that are not members of the “key management personnel”

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2017 and 30 June 2018 are as follows:

(in millions of euros)	30 June 2017	30 June 2018
Gross receivables (including unbilled revenues)[1]	1.0	0.6
Debt (including deferred payments)	569.6	540.6

As of 30 June 2017 and 30 June 2018, debt (exclusively to entities having non-controlling interests) included finance lease agreements entered into in respect of the EXPRESS AT1, EXPRESS AT2, EXPRESS AM6 and EUTELSAT 36C satellites.

Related party transactions included in the income statements for the periods ended 30 June 2017 and 30 June 2018 are as follows:

(in millions of euros)	30 June 2017	30 June 2018
Revenues	27.5	13.8
Financial result	15.5	14.5

For the financial periods ended 30 June 2017 and 30 June 2018, no related party transaction accounts individually for more than 10% of revenues.

Furthermore, the Group has entered into transactions with certain shareholders for the provision of services related to the monitoring and control of its satellites.

30.2. Compensation paid to members of the “key management personnel”

(in millions of euros)	30 June 2017	30 June 2018
Compensation excluding employer’s charges	1.9	2.3
Short-term benefits: employer’s charges	0.6	0.8
TOTAL SHORT-TERM BENEFITS	**2.5**	**3.1**
Post-employment benefits	See below	See below
Share-based payment	See below	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based payment

At its meetings of 16 February 2016, 25 April 2017 and 8 November 2017 (see Note 16.3. "Share-based compensation"), the Board of Directors approved free share allocation plans for the benefit of members of the Group's administrative and management bodies subject to the conditions set out in the plan and decided to set a 50% holding rate for all fully vested shares during the terms of office of the Company's Directors and Corporate Officers ("mandataires sociaux").

The value of the benefit granted is spread over a 3-year vesting period. The expense recognised for the periods ended 30 June 2017 and 30 June 2018 was 0.7 million euros and 0.3 million euros.

Compensation paid (including employer contributions) to Eutelsat Communications' Corporate Officers who are employees of the Group amounted to 3.1 million euros for the financial year ended 30 June 2018.

Board members received an aggregate amount of 0.8 million euros in attendance fees in respect of the financial year ended 30 June 2017.

Note 31. Staff costs

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(in millions of euros)	30 June 2017	30 June 2018
Operating costs	52.9	57.0
Selling, general and administrative expenses	100.6	86.2
TOTAL[1]	**153.5**	**143.2**

(1) Including (3.6) million euros and (2.5) million euros at 30 June 2017 and 30 June 2018 respectively for expenses related to share-based payments.

The average number of employees (in full time equivalents) is as follows:

	30 June 2017	30 June 2018
Operations	455	484
Selling, general and administrative	534	523
TOTAL	**990**	**1,007**

As of 30 June 2018, the Group has 998 employees in full time equivalents, against 985 as of 30 June 2017.

The Group has a corporate savings plan (*plan d'épargne d'entreprise* or PEE) reserved for Eutelsat S.A. employees with more than three months of service, funded through voluntary contributions by employees.

Via Eutelsat S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a 3-year period. The incentive scheme is based on objectives renewable each year.

Note 32. Scope of consolidation

As of 30 June 2018, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% interest as of 30 June 2018	% interest as of 30 June 2018
Eutelsat Communications S.A. (parent company).	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.37%
Eutelsat S.A. Sub-Group				
Eutelsat Broadband Services	France	FC	100.00%	96.37%
Fransat S.A.	France	FC	100.00%	96.37%
Eutelsat do Brasil S.A.[1]	Brazil	FC	100.00%	96.37%
Eutelsat Participaoes[1]	Brazil	FC	100.00%	96.37%
Satmex Holding BV	Netherlands	FC	100.00%	96.37%
Satelites Mexicanos SMVS[1]	Mexico	FC	100.00%	96.37%
EAS Delaware Corp.[1]	USA	FC	100.00%	96.37%
Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.37%
Satelites Mexicanos Tecnicios SMVS	Mexico	FC	100.00%	96.37%

Company	Country	Consolidation method	% interest as of 30 June 2018	% interest as of 30 June 2018
Satmex U.S. LLC[(1)]	USA	FC	100.00%	96.37%
Eutelsat Servicios de Telecom. do Brasil Ltd[(1)]	Brazil	FC	100.00%	96.37%
Eutelsat Latam Corp.[(1)]	USA	FC	100.00%	96.37%
Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.37%
Skylogic S.p.A	Italy	FC	100.00%	96.37%
Eutelsat Latin America	Panama	FC	100.00%	96.37%
Eutelsat Russia	Russia	FC	100.00%	96.37%
Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.37%
Eutelsat Inc.	USA	FC	100.00%	96.37%
Eutelsat America Corp.	USA	FC	100.00%	96.37%
Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.37%
Eutelsat Polska s.p.Z.o.o.	Poland	FC	100.00%	96.37%
Skylogic Finland Oy	Finland	FC	51.00%	49.15%
Skylogic France SAS	France	FC	51.00%	49.15%
Skylogic Germany GmbH	Germany	FC	51.00%	49.15%
Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.37%
Irish Space Gateways	Ireland	FC	51.00%	49.15%
CSG Cyprus Space Gateways	Cyprus	FC	51.00%	49.15%
Skylogic Eurasia	Turkey	FC	51.00%	49.15%
Skylogic Greece	Greece	FC	51.00%	49.15%
Skylogic Espana S.A.U.	Spain	FC	51.00%	49.15%
Skylogic Croatia d.o.o.	Croatia	FC	51.00%	49.15%
Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.37%
Eutelsat Asia	Singapore	FC	100.00%	96.37%
ES172 LLC	USA	FC	100.00%	96.37%
EA172 UK	United Kingdom	FC	100.00%	96.37%
ES 174E LTD	Cyprus	FC	100.00%	96.37%
Eutelsat UK Ltd	Australia	FC	100.00%	96.37%
Eutelsat Middle-East	Dubai	FC	100.00%	96.37%
Eutelsat International	Cyprus	FC	51.00%	49.15%
Eutelsat Network	Russia	FC	51.00%	49.15%
Taurus Satellite Holding	United Kingdom	FC	100.00%	96.37%
Broadband4Africa Limited	United Kingdom	FC	100.00%	96.37%
Broadband4Africa France SAS	France	FC	100.00%	96.37%
Broadband4Africa Italy Srl	Italy	FC	100.00%	96.37%
Broadband4Africa Israel Ltd	Israel	FC	100.00%	96.37%
Broadband4Africa Côte d'Ivoire SARL	Ivory Coast	FC	100.00%	96.37%
Broadband4Africa South Africa Ltd	South Africa	IG	100.00%	96.37%
Eurobroadband Infrastructure SARL	Switzerland	FC	51.00%	49.15%
Eurobroadband Services	Italy	FC	51.00%	49.15%
Eurobroadband Retail	Switzerland	EM	49.00%	47.22%
Eutelsat MENA FZ-LLC	Dubai	FC	100.0%	96.37%
Noorsat Media City	Cyprus	FC	100.00%	96.37%
Noor Al Sharq	Jordan	FC	100.00%	96.37%
Eutelsat UK Ltd	Cyprus	FC	100.00%	96.37%

FC: Full consolidation method.

EM: Equity method.

(1) Companies with financial years ending on 31 December for legal or historical reasons.

NB: The other companies' financial year ends on 30 June.

These subsidiaries were consolidated under the full consolidation method using financial statements prepared as of 30 June 2018.

Note 33. Subsequent events

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

Note 34. Statutory Auditors' fees

	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
(in thousands of euros)	N	%	"N-1"	%	N	%	"N-1"	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	163	25%	211	21%	168	28%	211	48%
Other subsidiaries	492	73%	699	68%	430	70%	230	52%
SUB-TOTAL	**655**	**98%**	**910**	**89%**	**598**	**98%**	**440**	**100%**
Services other than certification of financial statements								
Eutelsat Communications			-	-	-	-	-	-
Other subsidiaries	12	2%	111	11%	13	2%	-	-
SUB-TOTAL	**12**	**2%**	**111**	**11%**	**13**	**2%**	**-**	**-**
TOTAL	**667**	**100%**	**1,021**	**100%**	**610**	**100%**	**440**	**100%**

6.3 ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2018

Balance sheet

(in thousands of euros)	Note	Financial year 2017	Financial year 2018
ASSETS			
Uncalled subscribed capital			
Intangible assets			
Setup costs			
Development expenses			
Franchise, patents, trademarks and similar rights			
Goodwill			
Other intangibles			
Advances and prepayments on intangibles			
Tangible assets			
Land			
Buildings			
Technical equipment, plant and machinery			
Other tangibles			
Construction in progress			
Prepayments and advances			
Financial assets	**3**		
Equity investments			
Other equity interests		2,942,832	2,942,931
Receivables from equity interests			
Other investments in securities		6,177	5,573
Loans		0	0
Other financial assets		9	20
FIXED ASSETS		**2,949,018**	**2,948,524**
Stocks ans work in progress			
Raw materials, supplies			
Work-in-progress goods			
Work-in-progress services			
Intermediate and finished goods			
Trading goods			
Advances and payments on accounts	4	14	6
Receivables			
Trade debtors and related accounts		297	297
Other debtors	4	224,345	237,224
Subscribed capital called and unpaid			
Miscellaneous			
Marketable securities	5	3,279	3,262
Cash at bank and in hand	5	988	27,862
Prepaid expenses	**6**		
Prepaid expenses		32	111
CURRENT ASSETS		**228,955**	**268,763**
Deferred loan issuance costs	6	2,202	1,739
Bond redemption premiums			
Unrealised exchanged losses			0
GENERAL TOTAL		**3,180,175**	**3,219,026**

(in thousands of euros)	Notes	Financial year 2017	Financial year 2018
LIABILITIES			
Capital Stock – Shares		232,775	232,775
Share or merger premium		1,237,648	1,237,648
Revaluation reserve			
Legal reserve		23,277	23,277
Statutory and legal reserves			
Regulated reserves			
Other reserves			
Retained earnings		834,821	798,461
Result for the year (gain or loss)		**244,999**	**312,955**
Investment grants			
Tax related provisions		467	467
SHAREHOLDER'S EQUITY	**7**	**2,573,987**	**2,605,583**
Income from issues of equity interests			
Contingent advances			
OTHER SHAREHOLDER'S EQUITY			
Provisions for risks			0
Provisions for expenses		102	102
PROVISIONS	**8**	**102**	**102**
Financial debt			
Convertible debt			
Other bonds[(1)]			
Bank loans[(1)]	9	600,285	600,300
Borrowings and other financial liabilities			
Advances and payments received on accounts		1	1
Operating charges			
Trade creditors and related accounts		2,234	1,955
Tax and social security payable	10	2,904	11,078
Miscellaneous debt			
Amounts payable for fixed assets and related accounts			
Other creditors	15.1	650	
Prepaid expenses			
Deferred revenues			
DEBT		**606,074**	**613,335**
Unrealised exchange gains		12	6
GENERAL TOTAL		**3,180,175**	**3,219,026**
(1) Including portion maturing within 1 year.		*285*	*300*

Income statements

(in thousands of euros)	Notes	Financial year 2017	Financial year 2018
Sale of merchandise			
Sales of goods manufactured			
Sales of services rendered		1,790	3,394
Net sales	**12**	**1,790**	**3,394**
Stocks of finished goods			
Own work capitalised			
Operating subsidies			
Write back of provisions and depreciation, transfers of expenses	6	174	20
Other income		0	1
Operating income		**1,964**	**3,415**
Purchase of goods (including customs duties)			
Variation of inventories of bought-in goods			
Purchase of raw materials and other supplies			
Change in inventories (raw materials and supplies)			
Other purchases and external charges		6,576	5,611
Income tax, other taxes and assimilated		401	509
Wages	18.2	2,201	2,672
Social charges	18.2	758	909
Operating allowances	**6**		
▸ Fixed assets: amortisation		522	463
▸ Fixed assets: depreciation			
▸ Current assets: amortisation and depreciation			0
▸ Provisions			0
▸ Other expenses		730	990
Operating charges		**11,188**	**11,155**
OPERATING RESULT		(9,224)	(7,740)
Joint ventures			
Share of profit or loss			
Losses incurred or transferred profit			
Financial income		**258,572**	**306,083**
Income from investments		2,103	303,256
Income from other investments and loans		(1)	(4)
Other interest receivable and similar income		256,468	2,806
Write back of provisions and transfers of expenses			26
Realised exchange gains		1	
Net gains from sales of marketable securities			
Financial expenses		**5,633**	**5,779**
Depreciation, amortisation and provisions		26	0
Interest payable and similar charges		5,597	5,778
Realised exchange losses		9	
Net losses from sales of marketable securities			
FINANCIAL RESULT	13	252,939	300,305
NET RESULT BEFORE TAXES		243,715	292,565
Exceptional income		**1,937**	**890**
Exceptional income from operations			
Exceptional income from capital transactions		1,812	890
Write back of provisions and transfers of expenses		125	
Exceptional expenses		**347**	**1,525**
Exceptional expenses from operations		0	0
Exceptional expenses from capital transactions		347	1,525
Exceptional depreciation, amortisation and provisions			
EXCEPTIONAL RESULT	14	1,590	(635)
Employees' profit-sharing			
Income tax	15	306	(21,026)
Total income		**262,473**	**310,389**
Total expenses		**17,474**	**(2,566)**
NET INCOME OR LOSS		244,999	312,955

Notes to the annual financial statements

Note 1. General overview

1.1. Business description

The purpose of Eutelsat Communications S.A. ("the Company" or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2. Key events during the period

The purpose of the Company being the holding of equity interests, no particular key event occurred during the financial year.

Note 2. Significant accounting policies

2.1. Basis of presentation

The annual financial statements are prepared in accordance with the French Code of commerce (Articles L. 123-12 to L. 123-28) and Regulations 2016-07 and 2015-05 of the "*Autorité des Normes Comptables*" (ANC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;
- consistent accounting methods used from one financial year to the next, and in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

The application of ANC Regulation 2015-05 of 2 July 2015 on Forward Financial Instruments and Hedging transactions as from 1 July 2017 represents a change in method. As the Company did not have any financial instruments during the past two financial years, the only impact of applying this new regulation consists in the non-significant reclassification to operating income of foreign exchange gains and losses on commercial transactions previously recognized within financial income.

There have been no changes in accounting methods during the period apart from changes to the presentation of financial statements pursuant to the new regulation.

The currency used in the presentation of the Company's accounts is the euro.

2.2. Significant judgements and estimates

In preparing the financial statements, Management is required to make judgements and estimates that are likely to affect certain assets and liabilities, the amounts shown for the corresponding income and expenses in these annual financial statements and their accompanying Notes. Eutelsat S.A. constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

2.3. Financial assets

Investments are recorded in the balance sheet at acquisition cost, including any acquisition fees. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

2.4. Cash and marketable securities

Cash and marketable securities consist mainly of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

2.5. Receivables and debt

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6. Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

2.7. Shareholders' equity

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

2.8. Provisions

A provision is an item with a negative economic value for the Company, *i.e.* a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.9. Identity of the consolidating parent company

Eutelsat Communications consolidates its accounts and those of its subsidiaries at Eutelsat Communications Group level ("the Group") under the full consolidation method. Eutelsat Communications, whose registered office is located at 70, rue Balard, 75015 Paris, is registered with the Paris Register of Trade and Companies under number 481 043 040. The Group's consolidated financial statements can be found on its corporate website.

Note 3. Financial assets

Financial assets break down as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Equity investments	2,942,832	2,942,931
Other investments in securities	6,203	5,573
Loans and other financial assets	9	20
TOTAL GROSS BOOK VALUES	**2,949,044**	**2,948,525**
Provisions	(26)	0
TOTAL NET CARRYING AMOUNTS	**2,949,018**	**2,948,524**

The changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Equity investments	Other investments in securities (1)	Loans and other financial assets(1)	Total
Net carrying values as of 1 July 2017	2,942,832	6,177	9	2,949,018
Acquisitions	99	51,890	51,901	103,890
Transfers	0	0	0	0
Reimbursement of capital contribution and disposals	0	(52,520)	(51,890)	(104,410)
Reversals/Depreciation, amortisation and provisions	0	26	0	26
NET CARRYING VALUES AS OF 30 JUNE 2018	**2,942,931**	**5,573**	**20**	**2,948,524**

(1) Transactions relating to the liquidity agreement (see Note 3.2. "Other investments in securities").

3.1. Equity interests

As of 30 June 2017, "Equity investments" included:

- 976,365,626 Eutelsat S.A. shares representing 2,557,929 thousand euros (including 969,115,805 shares arising from the universal transfer of assets and liabilities of Eutelsat Communications Finance representing 2,518,761 thousand euros and 1,865 shares held under the liquidity offer of 12 June 2017 representing 10 thousand euros;
- a merger deficit in the amount of 384,903 thousand euros allocated to Eutelsat S.A. shares, resulting from the universal transfer of Eutelsat Communications Finance assets to Eutelsat Communications on 10 May 2017.

As of 30 June 2018, "Equity investments" includes:

- 976,384,527 Eutelsat S.A. shares representing 2,558,028 thousand euros (including 969,115,805 shares arising from the universal transfer of assets and liabilities of Eutelsat Communications Finance representing 2,518,761 thousand euros and 15,848 shares held under the liquidity offer of 11 December 2017 representing 87 thousand euros and 2,531 shares held under the liquidity offer of 12 June 2018 representing 11 thousand euros;
- a merger deficit in the amount of 384,903 thousand euros allocated to Eutelsat S.A. shares, resulting from the universal transfer of Eutelsat Communications Finance assets to Eutelsat Communications on 10 May 2017.

3.2. Other investments in securities

"Other investments in securities" breaks down as follows:

- treasury stock held under a liquidity agreement for 5,225 thousand euros corresponding to 232,500 shares as of 30 June 2017 and for 3,367 thousand euros corresponding to 201,000 shares as of 30 June 2018. As of 30 June 2018, treasury shares were not impaired;
- the "*SICAV de trésorerie*" held under the liquidity agreement for 978 thousand euros corresponding to 42 SICAV BNP Paribas as of 30 June 2017 and for 2,207 thousand euros corresponding to 95 SICAV BNP Paribas as of 30 June 2018.

3.3. Loans and other financial assets

The "Loans and other financial assets" item includes the cash account related to the liquidity agreement on treasury stock for 9 thousand euros as of 30 June 2017 and 20 thousand euros as of 30 June 2018.

Note 4. Other debtors

Other debtors (including advances and payments on accounts) break down as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Income tax		
Deductible VAT	84	56
Inter-company accounts within the Group	224,253	237,118
Other debit balances	23	57
TOTAL	**224,360**	**237,231**

All other receivables mature within one year.

Note 5. Cash and marketable securities

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Treasury stock(1)	2,265	2,244
OPCVM		
Cash	987	27,861
Deposit warrants	1,014	1,018
TOTAL	**4,266**	**31,123**

(1) See Note 7.2. "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards".

Note 6. Prepaid expenses and others

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Prepaid expenses	32	111
Expenses to be accrued over several years	2,202	1,739
TOTAL	**2,234**	**1,850**

As of 30 June 2017 and 30 June 2018, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over a period corresponding to the lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounted to 522 thousand euros as of 30 June 2017 and 463 thousand euros as of 30 June 2018.

Note 7. Shareholders' equity

7.1. Statement of changes in shareholders' equity

As of 30 June 2018, the share capital comprised 232,774,635 ordinary shares with a nominal value of 1 euro per share.

On 8 November 2017, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called upon to approve the annual financial statements for the period ended 30 June 2017. Having recognised a 244,999 thousand euros profit, the AGM decided to distribute a 1.21 euro dividend per share for a total amount of 281,360 thousand euros taken from net income and allocate the remaining balance, *i.e.* 36,360 thousand euros to retained earnings.

(in thousands of euros)	1 July 2017	Movements affecting the capital – Increase	Movements affecting the capital – Reduction	Allocation of result	Distribution of dividends	Other movements	30 June 2018
Share capital	232,775						232,775
Additional paid-in capital	704,802						704,802
Merger premium	499,561						499,561
Share premium	33,285						33,285
Legal reserve	23,277						23,277
Retained earnings (+)	834,821				(36,360)		798,461
Result 30 June 2017	244,999				(244,999)		
Regulated provisions[1]	467						467
TOTAL	**2,573,987**				**(281,360)**		**2,292,628**
						Shareholders' equity before result	2,292,628
						Result for the year	312,955
						TOTAL SHAREHOLDERS' EQUITY	**2,605,583**

(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.

7.2. Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

The Board of Directors meeting on 8 November 2017 decided to implement a Long-Term Incentive Plan based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

As of 30 June 2018, the Group ran three plans for the allocation of free shares and Eutelsat Communications' share-based awards, started in February 2016, April 2017 and November 2017 respectively.

Conditions	2016 Plan	2017 Plan	2018 Plan
Vesting Period	February 2016-February 2019[(1)]	July 2016-June 2019	July 2017-June 2020
Settled in	Shares and cash	Cash	Cash
Lock-up period	February 2019-February 2021[(2)]	N/A	N/A
Maximum number of share-based awards at inception	482,211	323,454	319,444
Number of recipients	805	259	287
Features of "Employees Plan":			
▸ number of shares per recipient	300	N/A	N/A
▸ performance-related targets	Cumulative EBITDA[(3)] for 50%	N/A	N/A
	Average ROCE[(4)] for 50%	N/A	N/A
Features of "Managers Plan" at grant date:			
▸ total number of shares	195,462	260,129	255,268
▸ performance-related targets	Cumulative EBITDA[(3)] for 1/3	Revenues for 1/3	Revenues for 30%
	Average ROCE[(4)] for 1/3	Discretionary free cash flow for 1/3 [(6)]	Discretionary free cash flow for 50%[(6)]
	Relative TSR[(5)] for 1/3	Cost savings Plan for 1/3	Cost savings Plan for 20%
Features of "Corporate Officers" Plan at grant date:			
▸ total number of shares	46,119	63,325	64,176
▸ performance-related targets	Cumulative EBITDA[(3)] for 1/3	Revenues for 1/4	Revenues for 1/4
	Average ROCE[(4)] for 1/3	Discretionary free cash flow for 1/4 [(6)]	Discretionary free cash flow for 1/4[(6)]
	Relative TSR[(5)] for 1/3	Cost savings Plan for 1/4	Cost savings Plan for 1/4
		Relative TSR[(5)] for 1/4	Relative TSR[(5)] for 1/4
Share price used as taxation basis for calculating social contributions and employer's charges:			
▸ "Employees" Plan	-	-	-
▸ "Managers" Plan	-	€16,70	€15,78
▸ "Corporate Officers" Plan	-	€6,89	€5,19

(1) For foreign subsidiaries, the vesting period is 4 years.

(2) There is no lock-up period for foreign subsidiaries.

(3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.

(4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).

(5) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).

(6) Discretionary free cash flow is defined as net cash flow from operating activities less cash investments as well as interest and other financial costs, net of interest income.

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Treasury stock

As of 30 June 2017, the Company held 106,022 equity shares for 2,265 thousand euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

As of 30 June 2018, the Company held 105,068 equity shares for 2,244 thousand euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

Note 8. Provisions for liabilities and charges

“Provisions for risks and expenses” mainly includes provisions for litigation. The change in the provisions for risks and expenses is as follows:

			Reversals		
(in thousands of euros)	30 June 2017	Allowance	(used provisions)	(unused provisions)	30 June 2018
Operating result		0			
Financial result					
Exceptional result	102				102
TOTAL	**102**	**0**			**102**

Note 9. Financial debt

Financial information as of 30 June 2017 and 2018

Loans and bank debt were granted in 2015. They are denominated in euros with a 5-year maturity period and two 1-year extension options, subject to lenders' approval.

In March 2016 and March 2017, the Company received the approval of all lenders on both 1-year extensions until March 2022. They are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Loans and financial debt	600,000	600,000
Accrued interest	285	300
TOTAL	**600,285**	**600,300**

Maturities of debts are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
2,022	600,000	600,000
TOTAL	**600,000**	**600,000**

Eutelsat Communications has access to the following credit facilities:

- a term loan of 600 million euros expiring in March 2022 remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40%;
- a 200 million euros revolving credit line (undrawn as of 30 June 2018) entered into in March 2015 with a 7-year maturity.

The credit agreements include neither a guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- sell assets;
- enter into mergers, acquisitions, asset disposals, or lease transactions (excluding those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for a commitment to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any other satellite, a commitment not to have more than one satellite not covered by a launch insurance policy.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs, and defined as follows: Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually) which is less than or equal to 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

As of 30 June 2018, the Company complied with all banking covenants under its credit facilities.

Note 10. Tax and employee-related payable

Tax and employee-related payable is composed of the following:

(in thousands of euros)	30 June 2017	30 June 2018
State: accrued liabilities	181	191
Income tax	66	7,905
Output VAT	62	61
Staff: accrued liabilities	1,801	2,093
Social charges payable	795	828
TOTAL	**2,904**	**11,078**

Note 11. Personnel

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2. "Compensation paid to 'key management personnel'".

Note 12. Revenue

Company revenue is generated through reinvoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

(in thousands of euros)	30 June 2017	30 June 2018
France	1,790	3,394
Export	-	-
REVENUE RECOGNITION	**1,790**	**3,394**

Note 13. Financial result

The financial result is made up as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Interest expense	(5,475)	(5,475)
Interest income	291	582
Proceeds from equity investments	1,812	302,674
Merger premium	256,465	
Investment earnings	(1)	(4)
Proceeds from mutual fund investments		
Other	(153)	2,528
TOTAL	**252,939**	**300,305**

The interest expense corresponds to existing loans (see Note 9 "Financial debt"), after taking into account interest received or paid on hedging instruments.

As of 30 June 2017 and 2018, income from investments mainly consists of dividends from the subsidiary Eutelsat S.A. for 1,812 thousand euros and 302,674 thousand euros respectively.

During the financial year ended 30 June 2017, Eutelsat Communications decided to wind up its subsidiary Eutelsat Communications Finance through the universal transfer of its assets and liabilities. The dissolution was reflected in Eutelsat Communications' accounts by the recognition of a 756,025 thousand euros merger premium entered under financial result for 256,465 thousand euros.

Note 14. Exceptional result

The exceptional result comprises the following:

(in thousands of euros)	30 June 2017	30 June 2018
Gain on repurchase of treasury stock	1,812	890
Cost of free share grant invoiced to subsidiaries	57	0
Reversal of provisions for tax risks	68	0
Transfers of exceptional charges	0	0
Exceptional income	**1,937**	**890**
Fines and penalties	0	0
Donations	0	0
Loss on repurchase of treasury stock	289	1,505
Cost of purchase of free shares allocated	58	21
Allocation to provisions for tax risks	0	0
Exceptional charges	**347**	**1,525**
EXCEPTIONAL RESULT	**1,590**	**(635)**

Note 15. Income tax

15.1. Tax consolidation

On 28 June 2006, the Company decided to apply a tax consolidation system to a group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes Eutelsat S.A., Eutelsat Broadband Services S.A.S (formerly Eutelsat VAS S.A.S.) and Fransat S.A.

As of 30 June 2017 and 2018, the tax expense for the tax consolidation group was 152,495 thousand euros and 176,419 thousand euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement was 155,724 million euros and 177,398 thousand euros, which yielded a profit of 3,229 thousand euros and 979 thousand euros as of 30 June 2017 and 30 June 2018 respectively.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43,304 thousand euros.

15.2. Common law provisions

As of 30 June 2018, the Company's tax liability breaks down between current income and exceptional income as follows:

(in thousands of euros)	Income before tax	Tax due	Net income
Current	292,565	(21,071)	313,636
Exceptional	(635)	46	(681)
TOTAL	**291,930**	**(21,026)**	**312,955**

The corporate tax includes the income tax rate estimated at 34.43% pursuant to the general arrangements for business taxation, and results from the application of the 2013 Finance Act (*Loi de finances 2013*) which caps deductibility of financial expenses at 75%, and the 2017 Finance Act (*Loi de finances 2017*) which introduced an exceptional contribution of 15% on the corporate income tax for financial periods ended on or before 30 December 2018. It also includes a tax income of 20 million relating to the 3% tax rebate on dividends paid.

15.3. Increases and reductions in future tax liability

(in thousands of euros)	30 June 2017	30 June 2018
Reductions in future tax liability:		
Loss carry-forwards[(1)]	12,524	11,180
Impairment of assets		
Non-deductible provisions	0	0
TOTAL	**12,524**	**11,180**
Increases in future tax liability:		
Other		
TOTAL		

(1) Rates used: 28.92% as of 30 June 2017 and 25.82% as of 30 June 2018.

Note 16. Market risk

Financial counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

The Company has no exposure to interest rate risk.

Note 17. Other commitments and contingencies

Eutelsat S.A., a company belonging to the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, underwent an accounting audit in respect of the financial years ended 30 June 2012, 2013 and 2014. In December 2016, the Company received a tax adjustment notification in respect of the financial periods ended 30 June 2013 and 30 June 2014. As a result of the pre-litigation appeals and subsequent discussions, the amounts claimed by the tax authorities were significantly reduced. There is still disagreement on certain tax enhancements, on which Eutelsat believes that it has solid defences. As a result, as of 30 June 2018, no provision had been recorded for these two tax reassessments.

The Company's off-balance sheet purchase commitments stand at 621 million euros.

Note 18. Related party transactions

Related party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key management personnel".

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEOs and the other members of the Board of Directors.

Article 833-16 of the PCG (French chart of accounts) provides for information to be given on transactions with related parties of material importance which have not been conducted on an arm's length basis.

This information is not required for transactions entered into by the Company with wholly-owned subsidiaries or between wholly-owned subsidiaries.

18.1. Related parties that are not members of the "key management personnel"

During the 2018 financial year, Eutelsat S.A. and its related parties did not enter into any significant unusual transactions.

18.2. Compensation paid to members of the "key management personnel"

Gross compensation (including employer's contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2018 breaks down as follows:

(in millions of euros)	30 June 2018
Short-term benefits[1]	3.3
Post-employment benefits	See below
Share-based payments	See Note 7.2.

(1) Invoiced in full to Eutelsat S.A.

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based awards and free share allocation programmes in force as of 30 June 2018

During its meetings of 16 February 2016, 25 April 2017 and 8 November 2017, the Board of Directors approved new free share allocation plans (see Note 7.2. "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards") and decided to grant a maximum of 173,620 shares in Eutelsat Communications to members of the Company's administrative and management bodies subject to conditions set out in the plans.

The value of the benefit granted as of 30 June 2018 has been estimated at 1,720 thousand euros, spread over a 3-year vesting period.

Share-based awards having expired during the financial year ended 30 June 2017

Upon completion of the vesting period of the free share allocation plan of 11 February 2015, the members of the management and administrative bodies acquired an aggregate gross amount of 118 thousand euros paid in August 2017.

Expenses recorded under the free share and share-based awards programmes

The gross income recorded under staff expenses for the financial years ended 30 June 2017 was 510 thousand euros. The gross expense amounting to 256 thousand euros was recorded under staff expenses for the financial years ended 30 June 2018.

Note 19. Financial information related to subsidiaries and equity investments

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2018:

				Last financial period ended	
(in thousands of euros)	Capital	Other components of shareholders' equity as of 30 June (local accounts)	Percentage of ownership *(as a %)*	Revenues (local accounts)	Net income (local accounts)
Eutelsat SA RCS no. 422 551 176 Paris Headquarters in Paris (financial period ended 30/06/2018)	658,555		100%	1,073,096	323,888

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2018:

(in thousands of euros)	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,558,028	-	231,926	-	302,674

Note 20. Subsequent events

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.

07

OTHER INFORMATION

7.1 LEGAL INFORMATION REGARDING THE GROUP

7.1.1 Group history and development

7.1.1.1 Corporate and trading name

Eutelsat Communications.

7.1.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du Commerce et des Sociétés* in Paris (Paris Registry of Trade and Businesses) under number 481 043 040.

7.1.1.3 Incorporation date and duration

The Company was incorporated on 15 February 2005 as a French *société par actions simplifiée* (simplified joint-stock company) and subsequently transformed into a *société anonyme* (limited company) on 31 August 2005. It was registered on 25 February 2005 for a period of 99 years, expiring on 25 February 2104.

7.1.1.4 Registered office, legal form and applicable legislation

Registered office

70, rue Balard

75015 Paris

France

Telephone: +33 (0)1 53 98 47 47

Legal form and applicable legislation

A *société anonyme* (limited company) under French law with a Board of Directors, governed by the provisions of Book II of the French *Code de commerce*.

7.1.1.5 Key events

The activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by a number of countries in Western Europe in order to develop and operate a satellite telecommunications system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation").

The Transformation was motivated mainly by the liberalisation of the telecommunications industry in Europe, under the more specific framework set out by the European Commission in its 1990 Green Paper, which recommended that international satellite telecommunications organisations should be reformed in order to liberalise end-user access to satellite capacity and ensure it could be freely commercialised by operators. The main purpose of the Transformation, therefore, was to position the IGO's operating activity in a competitive environment with a view to an open satellite telecommunications market.

Eutelsat IGO has been maintained as an intergovernmental organisation and currently includes 49 European countries.

In February 2005, Eutelsat Communications was incorporated. In April 2005 it acquired Eutelsat S.A., and in June 2005, it bought out some of Eutelsat S.A.'s non-controlling interests.

On 2 December 2005, Eutelsat Communications was floated on the Paris stock exchange.

In January and February 2007, some of Eutelsat Communications' long-standing shareholders sold their shares to Abertis Telecom, a wholly-owned subsidiary of the Spanish Abertis Group, and to CDC Infrastructure, a wholly-owned subsidiary of the Caisse des Dépôts et Consignations ("CDC").

Furthermore, in 2007, the Group carried out restructuring activities aimed at streamlining its organisational chart, and Eutelsat Communications again repurchased non-controlling interests in Eutelsat S.A. during the financial year 2007-08.

In July 2009, CDC Infrastructure sold all its shareholding in Eutelsat Communications representing 25.66% of share capital and voting rights to CDC in an off-market transaction. Then, CDC transferred the entirety of its stake in the Company to the *Fonds Stratégique d'Investissement* ("FSI").

In January 2012, Abertis Telecom announced the disposal of 16.1% of Eutelsat Communications through an Accelerated Book Building ("ABB") with qualified investors. Then Abertis Telecom announced the disposal to China Investment Corporation (CIC) of a 7.00% shareholding in the Group in June 2012. The disposal of a further 1.08% shareholding was announced in February 2013, and in June 2014 5.01% of share capital was sold to qualified investors through an accelerated bookbuilding process. As of the filing date of this Reference Document, Albertis Telecom no longer holds any interest in Eutelsat Communication's capital.

In September 2012, the Group finalised the acquisition of the GE-23 satellite (renamed EUTELSAT 172A) and its associated assets for a total amount of 228 million U.S. dollars.

Since 12 July 2013, in the framework of the establishment of the *Banque Publique d'Investissement*, the share holding and voting rights of Eutelsat Communications previously held by the FSI are now held by BPIFrance Participations, which is wholly owned by BPI Groupe S.A. (50% owned by the CDC and 50% owned by the French government and EPIC BPI Groupe).

On 31 July 2013, the Group announced the acquisition of 100% of the share capital of Satmex, the Mexican satellite operator, for the amount of 831 million U.S. dollars. The transaction was closed on 1 January 2014.

On 8 March 2016, the *Fonds Stratégique de Participations* announced that it held a stake representing more than 7% of the Group share capital.

7.1.2 General information on the share capital

7.1.2.1 Share capital

At the filing date of this Reference Document, the share capital stood at 232,774,635 euros, divided into 232,774,635 ordinary shares, each with a par value of one euro.

The Company's shares are fully subscribed, fully paid-up and they are all in the same category.

The Company's shares have been admitted for trading since 2 December 2005 in compartment A of NYSE Euronext Paris under the ISIN code FR0010221234. In September 2015, a Level 1 Sponsored ADR (American Depositary Receipt) programme was put in place, enabling American investors to hold indirectly the shares of Eutelsat Communications and to trade them on the OTC (Over-the-Counter) market in the United States.

7.1.2.2 Securities not representing the share capital

None.

7.1.2.3 Shares held by the Company or for its own account

Shares buy-back programme

The Company's Annual General Meeting held on 8 November 2017 authorised the Board of Directors to proceed with purchases of its own shares by the Company pursuant to Articles L. 225-209 *et seq.* of the French *Code de commerce*, within a 10% limit of the share capital and for a maximum unit price of 40 euros. The Company's Board of Directors meeting held the same day decided to implement the authorised share buy-back programme that can be used exclusively for the liquidity contract.

The report on the implementation of the share buy-back programme and the use of the shares, as required under Articles L. 225-211 of the French *Code de commerce* is as follows (excluding the liquidity contract):

- number of shares purchased during the financial year ended 30 June 2018 pursuant to Articles L. 225-208, 209 and 209-1 of the French *Code de commerce*: none;
- number of shares held as treasury stock at 30 June 2018: 105,068 shares:
  - estimated value at acquisition price: 2.2 million euros,
  - number of shares used during the financial year ended 30 June 2018: 954,
  - possible reallocations: not applicable,
  - portion of capital represented: 10% maximum.

The Company publishes on its website the transactions realised in its own shares (excluding those realised under the liquidity agreement), in compliance with the applicable law.

Shares held under free share allocation plans

As of 30 June 2018, under the free share allocation plans, the Company held 105,068 of its own shares.

Shares held under liquidity agreement

In 2007, the Company entrusted Exane BNP Paribas with implementing a liquidity agreement in line with the AMAFI Code of Ethics. This agreement was amended by an addendum in 2011 in order to take into account the updated accepted market practice published by the AMF on 24 March 2011. It was modified again by an addendum on 12 June 2013.

As of 30 June 2018, the liquidity provider held 201,000 shares in the name of and on behalf of the Company, representing a total of 3.4 million euros.

7.1.2.4 Other securities giving access to the share capital

None.

7.1.2.5 Share capital authorised but not issued

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of Shareholders on 8 November 2017 remaining in force at the filing date of this Reference Document:

	Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1.	**Authorisation granted to the Board of Directors for the purchase by the Company of its own shares** (19th resolution – OGM of 8 November 2017)	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital	Maximum duration of 18 months as from the OGM of 8 November 2017
2.	**Delegation of power to the Board of Directors:**		
	(i) to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company: **a- with maintained preferential subscription rights for shareholders** (22nd resolution OGM of 8 November 2017) **b- without preferential subscription rights for shareholders in the case of a public offering** (23rd resolution OGM of 8 November 2017) **c- without preferential subscription rights for shareholders in the case of a private placement pursuant to chapter II of the Article L. 411-2 of the Financial and Monetary Code** (24th resolution OGM of 8 November 2017) **d- without preferential subscription rights for shareholders in the event of a public exchange offer initiated by the Company** (27th resolution OGM of 8 November 2017) **e- without preferential subscription rights for shareholders to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company** (28th resolution OGM of 8 November 2017)	**a-** 44 million euros (chargeable to the total common ceiling for the 22nd to 24th and 27th to 30th resolutions of the OGM of 8 November 2017) **b, c, d and e-** 22 million euros (chargeable to the total common sub-ceiling for the 23rd and 24th and 27th to 30th resolutions of the OGM of 8 November 2017) **e-** 10% of share capital	Maximum duration of 26 months as from the OGM of 8 November 2017
	(ii) to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted (21st resolution OGM of 8 November 2017)	44 million euros (separate ceiling)	Maximum duration of 26 months as from the OGM of 8 November 2017
	(iii) to issue: **a- ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares** (29th resolution OGM of 8 November 2017)	**a-** 22 million euros (chargeable to the total common sub-ceiling for the 23rd and 24th, and 27th to 30th resolutions of the OGM of 8 November 2017)	Maximum duration of 26 months as from the OGM of 8 November 2017
3.	**Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the resolutions 22nd to 24th** (26th resolution OGM of 8 November 2017)	Ceiling set forth in the resolution under which the initial issue has been decided +15% of initial offering size	Maximum duration of 26 months as from the OGM of 8 November 2017
4.	**Authorisation granted to the Board of Directors to:**		
	(i) increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (30th resolution OGM of 8 November 2017)	2 million euros (chargeable to the sub-ceiling common to the 23rd and 24th and 27th to 30th resolutions of the OGM of 8 November 2017)	Maximum duration of 26 months as from the OGM of 8 November 2017
	(ii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (20th resolution OGM of 8 November 2017)	10% of the share capital by periods of 24 months	A maximum of 18 months from the OGM of 8 November 2017
	(iii) in the event of an issue without preferential subscription rights, to set the issue price in accordance with the terms and conditions set by the General Meeting, up to a maximum of 10% of the share capital per year (25th resolution OGM of 8 November 2017)	10% of the share capital	Maximum duration of 26 months as from the OGM of 8 November 2017

During financial year ended 30 June 2017, the Board of Directors did not use the authorisation granted at the OGM of 8 November 2017.

The table below summarises the delegations of power and authorisations that will be proposed to the General Meetings of Shareholders on 8 November 2018:

	Transaction concerned	Maximum nominal amount	Duration of the delegation and expiry
1.	**Authorisation granted to the Board of Directors with a view to enabling the Company to purchase its own shares** (draft resolution No. 14)	10% of the share capital, with the exception of shares purchased with a view to being kept and later delivered as payment or exchange consideration in connection with potential external growth transactions, mergers, demergers or contributions: 5% of the share capital	Maximum 18 months following the Shareholders' Meeting
2.	**Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares purchased by the Company under its share buy-back programme** (draft resolution No. 15)	10% of the share capital in any 24-month period	Maximum 18 months following the Shareholders' Meeting
3.	**Authorisation granted to the Board of Directors to grant free ordinary shares of the Company to eligible employees and Corporate Officers of the Company or its Group** (draft resolution No. 16)	0.5% of the share capital	Maximum 38 months following the Shareholders' Meeting
4.	**Delegation of authority to be granted to the Board to increase the share capital through the issue of ordinary shares conferring access to the share capital of the Company with cancellation of the preferential subscription right of the shareholders reserved for the members of the Company or Group savings plan** (draft resolution No. 17)	Cap of 2 million euros of nominal amount The issue price of the common shares should not exceed 20% or 30%, of the latest average price quoted during the twenty (20) trading days preceding the date of the decision of the Board of Directors setting the date on which the issue becomes open for subscriptions	Maximum 26 months following the Shareholders' Meeting

7.1.2.6 Options or agreements concerning the share capital of the Company or of a member of the Group

Not applicable.

7.1.2.7 Changes in the share capital up to the filing date of this Reference Document

On 10 December 2015, following the issue of shares to shareholders opting for the payment of the dividend in shares (scrip option) the capital of the Company was increased by 5,802,297 euros *via* the issue of 5,802,297 new shares with a nominal value of 1 euro, each issued at a price of 25.94 euros There has been no change in share capital since then. The Company's capital henceforth stands at 232,774,635 euros.

7.1.2.8 Pledges, guarantees and securities

Pledges of Company shares

To the best of the Company's knowledge, at the filing date of this Reference Document, no Company share was pledged.

Pledges, guarantees and securities on the Company's assets

To the best of the Company's knowledge, at the filing date of this Reference Document, the Company's assets were neither pledged nor used as collateral or security deposits.

7.1.2.9 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2018, there is no restriction on the transfer of shares or securities giving access to the Company's capital, with the exception of the restrictions or bans on acquiring/transferring our securities, as specified in the Share Dealing Code relating to insider information.

This Share Dealing Code is applicable to members of the management bodies or committees of companies within the Group and to certain employees of divisions and departments deemed to be "sensitive" and liable to obtain or have access to confidential information during the exercise of their functions or responsibilities whether on a permanent or *ad hoc* basis. It can therefore be applicable to all employees.

The Share Dealing Code also defines closed periods, during which transactions in the Company's shares are prohibited (except in a limited number of specific cases) even in the absence of confidential information. The duration of closed periods is 30 days before the publication of annual and half-year results and 15 days before the quarterly releases in line with the AMF recommendation No. 2010-07 relating to the prevention of insider trading.

On 22 June 2011, the Board of Directors also decided to establish a Compliance Committee with three members: the Chief Financial Officers, the Legal Counsel and the Director of Human Resources in line with the aforementioned AMF guideline. The Board expressly provided that the consultation of this Committee would be discretionary, reiterating that the decision whether or not to trade in the Company's shares would remain in any event the responsibility of the relevant individual.

7.1.3 Organisational documents and by-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the date of filing of this Reference Document. There has been no change in the by-laws since 8 November 2017, when the General Meeting decided (i) that where the Statutory Auditor is a natural person or a sole proprietorship, an alternate Statutory Auditor shall be appointed at the same time, and (ii) that the registered office may be transferred to any place on French territory by simple decision of the Board of Directors subject to subsequent ratification by the General Meeting.

7.1.3.1 Corporate purpose (Article 3 of the By-laws)

The Company's corporate purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To this end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and
- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

7.1.3.2 Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)

The Company is administered by a Board of Directors composed of at least three and at most 12 Board Members, subject to the exceptions stipulated by law. Board Members are appointed for a period of four years by the Ordinary General Meeting of Shareholders.

Board Members may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a Board Member if he/she has passed the age of 70 and if, as a result of his/her appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his/her term of office as a Board Member. He/she may be re-elected.

The Board of Directors may revoke his/her appointment at any time.

No Board Member aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the General Meeting of Shareholders held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he/she shall report to the General Meeting of Shareholders. He/she shall see to it that the bodies of the Company function properly and, specifically, ensure that the Board Members are able to do their work.

Board Meetings

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than two months, Board Members who together constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda.

Notices of meetings and documents are sent to Board Members electronically.

Quorum – Majority – Minutes of meetings

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for transactions indicated specifically by the applicable law, the Internal rules may provide that the Board Members who participate in the meeting by means of video conference or any other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the registered office pursuant to regulatory provisions.

Representation

Any Board Member may, in writing, authorise another Board Member to represent him/her at a meeting of the Board.

During one and the same meeting, each Board Member may hold only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a Board Member.

Powers

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in General Meetings of Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact considering the circumstances. Mere publication of the By-laws shall not be sufficient to constitute such proof.

Committees

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall determine the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall furthermore determine the remuneration of the persons who are members of the committees.

Compensation

The General Meeting of Shareholders may allocate to Board Members, in consideration for their activities, by way of Board Members' attendance fees, an annual fixed sum that the Meeting determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Board Members in the form of attendance fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Board Members under the conditions provided by law.

Board Members who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided by law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the Board Members in the Company's interest.

Observer (*censeur*)

The position of Observer has been created.

This Observer position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by this individual.

No person may be an Observer if he/she has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French *Code de commerce*).

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Observer's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Observer shall be called to and may attend meetings of the Board of Directors and express his/her point of view on any item on the agenda, but he/she may not take part in the voting.

The Observer may not be represented at a meeting of the Board of Directors except, if it is impossible for him/her to attend a meeting, with the approval of the Chairman of the Board.

The Observer shall receive the same information and the same documentation as the Board Members, the aforementioned information and documentation being sent concurrently to the Board Members and Observer.

All the information brought to the attention of the Observer in connection with his/her duties shall be considered strictly confidential and he/she shall be bound by the same obligations as the Board Members (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Observer without first having been authorised by the Chairman of the Board of Directors, the CEO if the latter is not the Chairman, or the Deputy CEO.

7.1.3.3 Form of shares – Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depositary that keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

7.1.3.4 Rights and obligations attached to shares (Article 12 of the By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at General Meetings of Shareholders by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

In order to draw the consequences of Article L. 225-123 paragraph 3 of the French *Code de commerce*, as amended by Law No. 2014-384 of 29 March 2014 "which is aimed at regaining the real economy", pursuant to which "In companies whose shares are admitted to trading on a regulated market, double voting rights [laid down in the first paragraph] are automatic, unless otherwise provided for in the articles of association by a decision adopted after the enactment of [said law], for all fully paid-up shares that have been registered for two years in the name of the same owner (...)", the General Shareholders' Meeting of 7 November 2014 amended the Article 12 paragraph three of the articles of association designed to confirm that each share gives entitlement to one single vote within General Shareholder's Meetings.

The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Meetings and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings of Shareholders, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with acknowledgement of receipt sent to the head office. The Company shall be required to respect that agreement for any General Meetings held at least five days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in General Meetings of Shareholders.

Each share shall give the right to a stake in the Company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the required number of shares.

Each share is entitled, if applicable, to the dividend approved by the Annual General Meeting of Shareholders.

7.1.3.5 General Meetings of Shareholders (Article 21 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings of Shareholders under the conditions defined by law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by law and the regulations.

Meetings shall take place at the registered office or at any other location stated in the convening notice.

Shareholders will have to produce evidence of their right to take part in General Meetings of the Company in accordance with the applicable regulations.

If not attending the General Meetings in person, a shareholder may choose between one of the following three options: give a proxy to any person of his choice, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided in the law and regulations.

An intermediary who has satisfied the applicable statutory provisions may, under a general power of attorney for management of securities, convey for a General Meeting the vote or the proxy of an owner of shares who does not have his/her domicile in French territory.

The Company shall have the right to ask the intermediary indicated in the preceding paragraph to furnish a list of the non-resident owners of the shares to which those voting rights are attached and the number of shares held by each of them.

According to the version of the By-laws in force at the date of filing of this Reference Document:

- under the conditions set by law and regulations, shareholders may send their proxy and voting forms concerning any General Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the convening notice, by remote transmission;
- in the event of remote voting, only the forms received by the Company by 3:00 p.m. (Paris time), at the latest on the day before the General Meeting is held, shall be counted;
- the Board of Directors may shorten or eliminate the time period indicated in the preceding Section.

In order to streamline the procedures for voting by correspondence by shareholders at General Meetings and to thereby promote participation in corporate life, the General Shareholders' Meeting of 7 November 2014 amended the Article 21, paragraph 9 of the articles of association in order to allow shareholders, under conditions provided for by law and regulations, to send their proxy and correspondence voting form concerning any Shareholders' Meeting, either in paper form, or, upon decision by the Board of Directors, by electronic means of telecommunications until 3:00 p.m. (Paris time) the day before the General Meeting; the mailing procedures will be specified by the Board of Directors in the meeting notice and convening letter. The correspondence or proxy voting forms, along with the certificate of participation, may be established using electronic media duly signed under conditions set forth by the applicable legal and regulatory provisions. To this end, the form may be completed and electronically signed on the Internet site set up by the centralising agent of the Shareholders' Meeting.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the General Meetings, irrespective of whether or not they are themselves shareholders.

General Meetings of Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially delegated for that purpose by the Board. Otherwise, the General Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the two members of the General Meeting present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided by law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to the law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for by law.

Shareholders who participate in the Meeting by video conference or by telecommunications media making it possible to identify them under the conditions set by the regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided by law.

7.1.3.6 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The assignment of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided by law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 *et seq.* of the French *Code de commerce*, directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with acknowledgement of receipt sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within five stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, be recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any General Meeting of Shareholders that is held until the expiry of a period of two years following the date of rectification of the notice.

7.1.3.7 Changes in the share capital (Article 8 of the Company's By-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

7.2 OTHER OPERATIONAL INFORMATION

7.2.1 Satellite and communications control

The majority of the Group's fleet is operated from control centres at the Group's head office in Paris and at the Rambouillet teleport, which the Group acquired from France Telecom in September 2004. There is full back-up between the Paris and Rambouillet facilities. The first control centre handles satellite telemetry and remote control ("Satellite Control Centre") and the second is responsible for managing traffic on the space segment ("Communications Control Centre"). All software used to control the satellite platforms and communications payload was developed by companies in accordance with the Group's specifications.

The Group monitors its satellites and communications 24 hours a day, 365 days a year and, as for 30 June 2018, employed more than 100 expert technicians and engineers for this purpose.

Eutelsat S.A.'s satellite and communications control activities are certified ISO 9001 (quality management system) and ISO 27001 (management of information security system).

Satellites under the responsibility of Eutelsat Americas (EUTELSAT 113 West A, 115 West B, 117 West A and 117 West B) are operated from the Group's control centres located in Iztapalapa, Mexico City (Mexico) and in Hermosillo (Mexico). These centres are redundant and they have the same functions as the centres located in France. Their activities are also certified ISO 9001 and ISO 27001 from mid-2017. One additional satellite also under the responsibility of Eutelsat Americas (EUTELSAT 65 West A), is operated and monitored *via* specific facilities installed near Sao Paolo, Brazil, with the French facilities acting as backup for satellite control. The software and monitoring systems are equivalent to the systems existing at the other Eutelsat group centres.

Activities of the Satellite Control Centre

The Group managed the in-orbit satellites it owned at 30 June 2018 (including the four satellites falling under the responsibility of Eutelsat Americas), with support from a contractor for EUTELSAT 59A. Express-AT1, Express-AT2, Express-AM6 (on which the Group operates certain transponders under the name EUTELSAT 53A) and AMU-1 (on which the Group operates certain transponders under the name EUTELSAT 36C) are controlled by the RSCC, ASTRA 2E, ASTRA 2F and ASTRA 2G (on which certain transponders are operated by the Group respectively under the names EUTELSAT 28E, EUTELSAT 28F and EUTELSAT 28G) are controlled by SES.

The Group's engineers regularly make minor positioning adjustments on each of the satellites controlled by the Group and perform East-West and North-South station-keeping manoeuvres. In addition, it is also possible to change the orbital position of a satellite so that it is able to serve new markets or provide in-orbit back-up capacity to another satellite.

Daily operations on the satellites, including the configuration of payloads and management of electrical power and propulsion systems, are controlled (*via* the Telemetry, Command and Ranging (TCR) station network) from the Satellite Control Centre.

The French satellite control centre is connected to a TCR station network to communicate with the satellites. The Rambouillet teleport contains the largest number of TCR stations, just followed by the Caniçal site of Eutelsat Madeira. Furthermore, the Group has entered into long-term service agreements with a number of operators who provide capacity at their transmission/reception earth stations. These contracts also cover the operation and maintenance of any of the Group's equipment installed at their sites. Under these contracts, the Group has extended control and supervision rights. These services are currently provided from TCR stations located in Caniçal in Madeira, Makarios in Cyprus, Fucino in Italy, near Sao Paolo in Brazil, Perth and Adelaide in Australia and Aukland in New Zealand. The different stations and control centres are all linked by a network of protected and redundant data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were to become unavailable. For satellites controlled from Mexico, TCR stations are located on the same sites as the main control centres in Iztapalapa and Hermosillo.

The Rambouillet teleport may also be used for in-orbit positioning of new satellites joining the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations on a geostationary satellite were successfully performed for the first time from Rambouillet for the EUTELSAT 7A satellite in March and April 2004. Since then, some LEOP operations have been carried out from the Rambouillet site and in some cases the operations were performed directly by the satellite manufacturers depending on complexity and duration of the LEOP. For satellites controlled from Mexico, positioning operations were performed by the satellite manufacturer (Boeing and Loral). The most recently launch satellite of the Group, EUTELSAT 172 B launched on 1 June 2017, successfully underwent its in-orbit positioning, performed by the satellite manufacturer, Airbus Defence and Space, and entered into its commercial operations phase by late 2017.

Activities of the Communications Control Centres (CSC, EAS NOC)

Payload and capacity control is carried out for all satellites and transponders whose capacity is marketed by the Group, including satellites owned by other companies. The Managed Services and terrestrial delivery network that Eutelsat operates is also controlled from the same centres. For this purpose, the Group has a set of facilities at its Paris, Rambouillet, Iztapalapa and Hermosillo sites. In addition to these facilities, the Group has service contracts with operators of 15 sites worldwide, selected according to the geographical coverage of the satellites. These sites are in São Paulo (Brazil) and Benavidez (Argentina) for South America, Miami (U.S.A.) for North America, Berlin (Germany) for North Eastern Europe, Makarios (Cyprus) for the Eastern Mediterranean and Middle-East regions, Dubna (Russia), Hartebeesthoek (South Africa) for Sub-Saharan Africa, Singapore for the Far East, Yaoundé (Cameroon) for Western Africa, Dubai (United Arab Emirates) for beams covering North Africa and the Arabian peninsula, Mauritius for the Indian Ocean, Cagliari (Sardinia) – owned and operated by the Group's subsidiary Skylogic Mediterraneo S.r.l – for the Western Mediterranean and North Africa, Yamaguchi in Japan for the North of the Pacific Ocean and the West of Asia, Hawaii for Pacific Coverage and Noumea in New Caledonia for the South of the Pacific Ocean. At each site, the Group has installed the equipment needed to monitor the quality of services provided to its customers. Service contracts cover the hosting of this equipment and first-level work performed by site operators.

In addition to this infrastructure, Eutelsat also operates nine other sites dedicated to the control of KA-SAT.

All equipment is managed automatically and centrally by the Communications Control Centres (CSC and EAS NOC), based at the Rambouillet teleport since December 2007, with a back-up centre in Paris (CSC) except for the satellites managed by the EAS NOC in Mexico, Iztapalapa and Hermosillo. The centres are connected to each other and to each monitoring site *via* a network of protected and redundant data communication lines.

7.2.2 Technical failures and loss of equipment

The theoretical length of operation in stable orbit of the Group's satellites is generally between 12 and 15 years. However, because of the launch configuration and the remaining estimated propellant on-board after positioning the satellite, the operational lives of the Group's most recently launched satellites were estimated between approximately 14 years and more than 20 years once they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

- defects in the quality of the satellite's on-board components or equipment;
- defects concerning construction or operability;
- excessive fuel consumption in reaching the desired orbital position and maintaining the satellite on station or relocating it to a new orbital position;
- damage caused by electrostatic or solar storms, or by collision with micro-meteorites or space debris.

The Group believes that on the whole, its fleet of satellites is in good operating condition. Some of the Group's satellites, however, have experienced equipment failure and are currently operating with some of their back-up equipment.

Technical failures and loss of equipment in-orbit for Group-owned satellites

The EUTELSAT 59A satellite has suffered a number of failures since it began operational service in October 2002. All necessary measures have been taken to solve the problems encountered.

Additionally, the EUTELSAT 5 West A satellite experienced a minor reduction in battery power (the reduction in battery power of EUTELSAT 5 West A was caused by the loss of six cells out of 108 during the eclipse period in March-April 2004). These batteries provide satellites with energy during the two annual eclipse periods. A loss of cells leads to a reduction in the electrical power of satellites and may result in reduced transmission capabilities during such periods. To date, these failures have only had a very limited impact on the overall performance of satellites during eclipses.

On 18 October 2015, EUTELSAT 33B suffered a loss of power *via* a power transfer assembly, loss of power from the other on-board power transfer assembly having already occurred on 16 June 2008. The satellite's communications mission was effectively immediately terminated. Continuity of service was provided to customers thanks to other resources on the Group's fleet. A similar situation occurred on EUTELSAT 70 D (first loss during January 2014 and second loss during August 2016). Technical investigation carried out jointly with the manufacturer, Thales Alenia Space, has been aimed to mitigate the risk of similar events on other satellites of similar design.

The performance of the EUTELSAT 48D satellite, which was launched on 20 December 2008, does not comply with the specifications established with its manufacturer EADS Astrium/ISRO Antrix because of a major anomaly affecting its electrical power sub-system. This default came to light on 22 January 2009 while the satellite was being transferred from its test position to its planned operational position. A claim for total loss was filed with the insurance company, which refunded the total claim during the financial year 2008-09.

In-orbit testing of EUTELSAT 10A's S-band payload belonging to Solaris Mobile Ltd. (which was a joint venture with SES Astra and which has since been sold) revealed an anomaly with this payload's coverage and power. This required further testing to be carried out with Thales Alenia Space manufacturer. Since the satellite's S-band payload does not comply with its contractual specifications, Solaris Mobile Ltd filed a claim for constructive total loss with its insurers, who refunded the full claim during the financial year 2009. This incident does not affect the non-S-band operations and performance of the satellite.

On 18 April 2012, the EUTELSAT 31A satellite lost one of two telemetry transmitters that also function as beacons transmitted by this satellite. The loss of this equipment has no impact on the quality of service provided by the satellite. Would the remaining transmitter have been lost, EUTELSAT 31A's mission would have been terminated, but in fact the satellite end-of-mission was reached during late 2017.

On 4 September 2012, a 42-minute transmission cut occurred on EUTELSAT 16A. The cut was due to the excessively sensitive on-board system used for detecting pointing loss. The on-board software has been modified to avoid such excessive sensitivity on the satellite as well as on other satellites of the fleet equipped with the same on-board software.

On 28 November 2012, EUTELSAT 33E suffered an anomaly on one of the sensors used to detect earth. The on-board software automatically replaced the sensor with the redundant equipment. Eutelsat is developing methods for stabilising the satellite in order to be protected in case of possible problems with the active sensor. EUTELSAT 70B experienced the same type of anomaly on 1 March 2014 and was followed by Eutelsat 7WA mid-2017.

Launch failures

Since it began its activities (including the period prior to the Transformation), the Group has lost three satellites as a result of launch failures (Eutelsat I-F3 in September 1985, Eutelsat II-F5 in January 1994 and HOTBIRD 7 in December 2002).

In October 2010, the Group reported the loss of the W3B satellite following an operating malfunction on the satellite's propulsion sub-system after its launch.

Furthermore, Spacecom's AMOS-6 satellite on which the Group was supposed to lease capacity was lost following a launch pad explosion on 1 September 2017.

Technical failures and loss of equipment affecting satellites leased by the Group

The Group has no knowledge of technical defaults or loss of equipment affecting satellites leased from third parties.

Under its capacity lease agreements, the Group can request compensation if there is any interruption in the availability of capacity or deterioration in the transponders. The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of the frequency and duration of the interruptions affecting the transponders leased. Moreover, certain agreements provide that the Group may, in the event of specific malfunctions and if no other capacity is provided, terminate the entire allotment agreement or the lease covering the affected transponder without penalties being incurred. In such cases, the Group can request reimbursement of that part of the lease cost corresponding to the period in which it was unable to make use of the capacity.

7.2.3 Satellite end-of-life

After remaining fuel has been used up, satellites at the end of their operational lives are de-orbited and placed in a graveyard orbit situated above the geostationary satellite orbit.

The Group complies with the principles discussed at an international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space as well as the new French Space Operations Act, which came into force in December 2010.

7.2.4 Timing of payments to suppliers and from customers

Payments to suppliers and from customers pursuant to the Law on Modernising the Economy were as follows (based on corporate accounts):

Overdue Invoices Received and Issued, Unsettled at Balance Sheet Date

	Article D441-I.-1: Invoices **received** and overdue at balance sheet date						Article D441-I.-1: Invoices **issued** and overdue at balance sheet date					
	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)
(A) PAYMENT DELAY RANGES												
Number of invoices concerned	172	24	29	22	194	269	1,105	735	149	345	4,501	5,730
Aggregate amount of invoices concerned (incl. taxes)	(29,908,712.14)	(933,685.79)	(468,635.73)	(203,101.61)	(2,858,747.29)	(4,464,170.42)	107,216,906	19,873,366	6,069,253	8,447,948	85,073,457	119,464,025
Percentage of total amount of purchases during the financial period (incl. taxes)	20.92%	0.65%	0.33%	0.14%	2.00%	3.12%						
Percentage of revenue entered during the financial year (incl. taxes)												
(B) INVOICES EXCLUDED FROM (A) RELATING TO ACCOUNTS PAYABLES AND ACCOUNTS RECEIVABLES THAT ARE DISPUTED OR UNRECOGNISED												
Number of excluded invoices						390						0
Aggregate amount of excluded invoices (incl. taxes)						10,989,551.23						0
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY PAYMENT TERM)												
Payment terms used to calculate payment delays						contractual						contractual

7.3 PRINCIPAL SHAREHOLDERS

7.3.1 Breakdown of ownership and structure and voting rights

The following table shows the changes to Eutelsat Communications' ownership structure reported to the Company over the past three financial years:

Shareholder	At 30 June 2018 Number of shares and voting rights held	At 30 June 2018 Percentage	At 30 June 2017 Number of shares and voting rights held	At 30 June 2017 Percentage	At 30 June 2016 Number of shares and voting rights held	At 30 June 2016 Percentage
(BPIFrance Participations since (12 July 2013, ex-*Fonds Stratégique d'Investissement*: FSI)	61,564,251	26.45%	61,564,251	26.45%	61,564,251	26.45%
Fonds Stratégique de Participations (FSP)	17,464,145	7.50%	17,464,145	7.50%	17,464,145	7.50%
China Investment Corporation (CIC)	15,526,530	6.67%	15,526,530	6.67%	15,526,530	6.67%
Entreprise des Postes et Telecoms (Luxembourg)	0	0.00%	2,581,760	1.11%	2,581,760	1.11%
Ministry of sea, transport and infrastructure (Croatie)	0	0.00%	1,038,242	0.45%	1,038,242	0.45%
Radio Televizija Slovenia	735,000	0.32%	735,000	0.32%	810,000	0.35%
Other minority shareholders(1)	2,006,296	0.86%	2,132,183	0.92%	2,132,183	0.92%
Employees, senior managers and others	1,214,821	0.52%	1,590,504	0.68%	1,623,997	0.70%
Free float(2)	134,263,592	57.68%	130,142,020	55.91%	130,033,527	55.85%
TOTAL	**232,774,635**	**100%**	**232,774,635**	**100%**	**232,774,635**	**100%**

(1) This category includes a number of Eutelsat Communications minority shareholders including the Croatian Restructuring and Sale Center (ex-Ministry for the Sea, Transportation and Infrastructure), Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania.

(2) Of which 201,000 treasury shares as of 30 June 2018 via the liquidity contract and 105,068 held directly.

At the filing date of this Reference Document, the share capital is made up of ordinary shares, all of the same class, entitling the bearer to one vote per share. For this reason, the main shareholders in the Company do not enjoy preferential voting rights.

In addition, on 14 June 2016, Lazard Asset Management LLC notified the upward crossing of the 5% threshold in terms of Company capital with 16,981,858 shares held representing 7.30% of share capital.

To the best of the Company's knowledge, no other shareholders own, directly or indirectly, more than 5% of its share capital or voting rights at the date of this Reference Document. To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this Reference Document. However, other bearer shareholders have reported to the Company that they have crossed thresholds exceeding 1% of the share capital and may therefore hold at least 1% of the Company's capital.

7.3.2 Crossing of disclosure thresholds

To the best of the Company's knowledge, no shareholder, acting alone or in concert, holds more than 50% of the shares bearing voting rights in the Company, and no shareholder, alone or in concert, controls the Company within the meaning of Article L. 233 *et seq.* of the French *Code de commerce*.

Pursuant to Article 12 of the By-laws, the Company has been notified of the following crossings of threshold:

Crossing of disclosure thresholds	
3 July 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Legal & General Investment Management which owns 2,547,320 shares representing 1.09% of the Company's share capital.
11 July 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by BNP Paribas Asset Management which owns 2,411,330 shares representing 1.04% of the Company's share capital.
7 September 2017	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Legal & General Investment Management which owns 1,783,359 shares representing 0.77% of the Company's share capital.
2 October 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by AQR Capital Management which owns 2,381,387 shares representing 1.02% of the Company's share capital.
22 May 2018	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by AQR Capital Management which owns 2,252,355 shares representing 0.97% of the Company's share capital.
25 May 2018	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi which owns 2,422,440 shares representing 1.04% of the Company's share capital.
14 June 2018	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights, by BNP Paribas Asset Management which owns 4,791,762 shares representing 2.06% of the Company's share capital.
26 June 2018	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by BDL Capital Management which owns 2,413,868 shares representing 1.04% of the Company's share capital.
23 July 2018	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Allianz Global Investors GmbH which owns 2,360,745 shares representing 1.01% of the Company's share capital.
31 July 2018	Notification of the upward crossing of the 3% threshold in terms of Company capital and voting rights, by T. Rowe Price which owns 8,805,312 shares representing 3.78% of the Company's share capital.
31 August 2018	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by T. Rowe Price which owns 2,321,864 shares representing 0.99% of the Company's share capital.

At the filing date of this document, the Company had not been notified of any other crossings, whether upwards or downwards, of legal or statutory disclosure thresholds in the Company's capital.

7.3.3 Securities transactions by senior management

At 30 June 2018, Dominique D'Hinnin, Chairman of the Board, Rodolphe Belmer, Chief Executive Officer, and Michel Azibert Deputy Chief Executive Officer owned respectively 2,000, 2,000 and 28,115 shares of the Company.

The following transactions occurred during the financial year ended 30 June 2018:

On 10 November 2017, Dominique D'Hinnin, Chairman of the Board purchased 2,000 shares at a unit price of 21.2827 euros.

Since 30 June 2017, Edouard Silverio, Group General Counsel, made the following transactions:

Date	Transaction	Number of shares	Unit price *(in euros)*
3 July 2017	Purchase of shares	88	22.5200
1 August 2017	Purchase of shares	87	22.9350
1 September	Purchase of shares	81	24.5604
2 October 2017	Purchase of shares	80	25.0400
1 November 2017	Purchase of shares	92	21.5900
1 December 2017	Purchase of shares	103	19.0700
2 January 2018	Purchase of shares	103	19.2900
1 March 2018	Purchase of shares	103	19.1750
3 April 2018	Purchase of shares	122	16.0850
1 June 2018	Purchase of shares	120	16.5600
2 July 2018	Purchase of shares	111	17.6550

7.3.4 Shareholders' agreements

To the best of the Company's knowledge, there are no shareholders' agreements.

7.3.5 Agreements likely to lead to a change in control of the Company

At the filing date of this Reference Document, the Company has no knowledge of any agreement, shareholders' agreement, or clause of any convention providing for preferential conditions for disposing of or acquiring shares in the Company involving at least 5% of the capital or voting rights in the Company, the implementation of which could lead, at a later date, to the Company being taken over.

7.4 ORGANISATIONAL CHART

During the financial year ended 30 June 2018:

- the acquisition of Noorsat, a distributor in MENA area, was concluded on 13 October 2017;
- the disposal of the 33.69% stake held by Eutelsat in Hispasat was finalized on 18 April 2018.

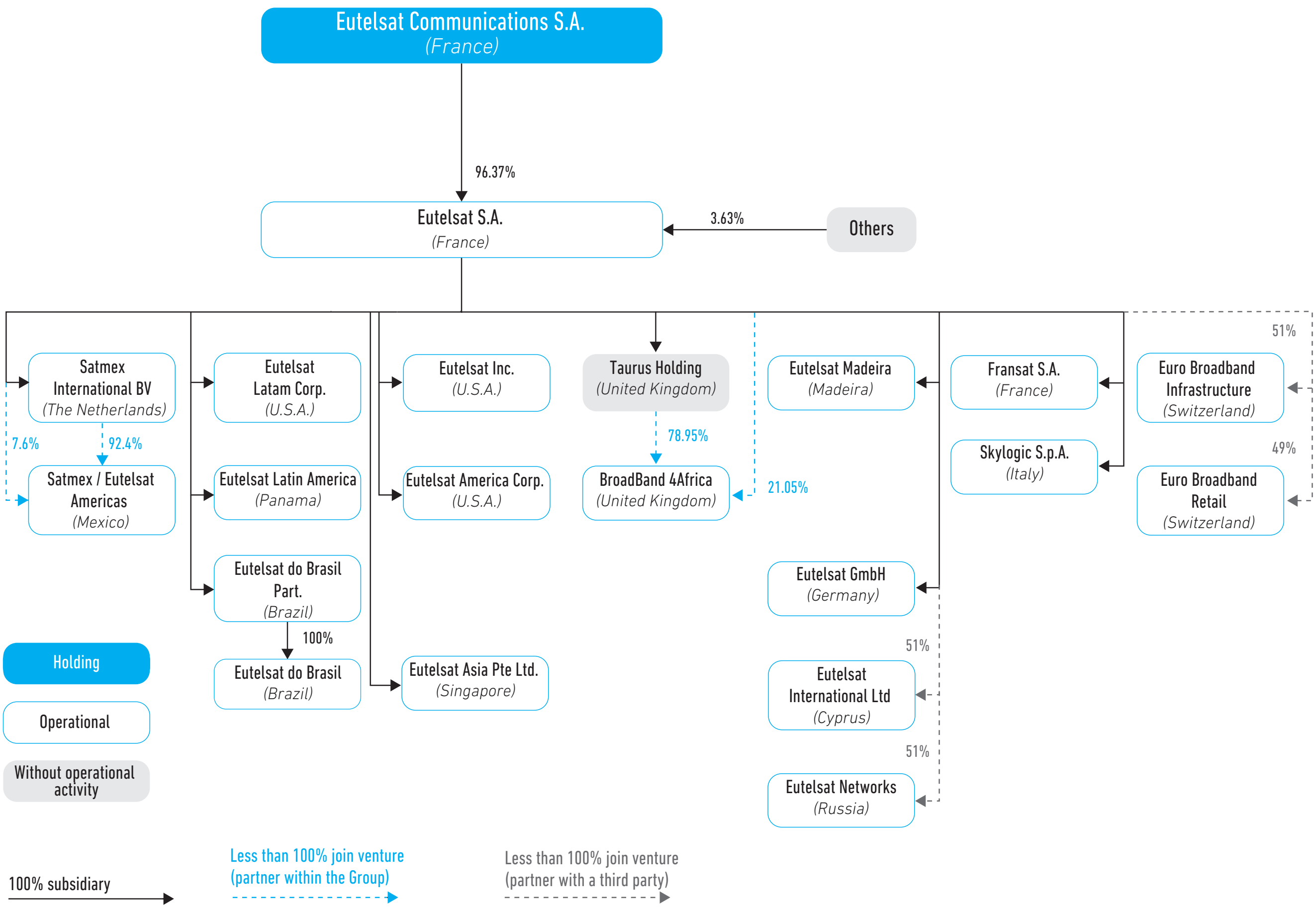
At 30 June 2018, the Company owned directly or indirectly 56 subsidiaries or minority holdings.

The simplified organisation chart below shows the Group structure at 30 June 2018. The complete list of the companies consolidated within Eutelsat Communications at 30 June 2018 is in Note 32 of the Group's consolidated accounts in the appendices to this report.

Eutelsat Communications is a holding company with no operational role other than its direct interest in Eutelsat S.A.

The revenues and results shown for the subsidiaries in Section 5.2 are based on these companies' annual accounts.

7.4.1 Group simplified organisational chart as of 30 June 2018



Information on the agreements between the Company and its subsidiaries is provided in Section 7.9 "Related party transactions" of the present document.

7.4.2 Main subsidiaries and equity interests

At 30 June 2018, the Group's main operating companies were:

- Eutelsat S.A. (France), 96,37% directly-owned by the Company;
- Eutelsat Madeira Lda (Madeira), Eutelsat Asia Pte Ltd. (Singapore) and Fransat S.A. (France), direct subsidiaries which are 100% owned indirectly by Eutelsat S.A.;
- Eurobroadband Infrastructure (Switzerland) and Eurobroadband Retail (Switzerland), which are respectively 51% directly owned and 49% directly owned by Eutelsat S.A.;
- Eutelsat do Brasil Ltda (Brazil), Eutelsat America Corp. (United States of America) and Satélites Mexicanos, S.A. de C.V (Mexico), which are 100% owned indirectly by Eutelsat S.A.;
- and Eutelsat International (Cyprus), a majority holidng directly held at 51% by Eutelsat S.A.

Furthermore the Group owns a number of other operating subsidiaries for developing its activities that represent and promote its services. Revenues and net income of these subsidiaries are not significant.

7.4.2.1 Eutelsat S.A.

Eutelsat S.A. is the main operating company of the Group. It is a "*société anonyme*" and its head office is located at 70, rue Balard – 75015 Paris.

Revenues and net result of Eutelsat S.A.

The table below presents the consolidated revenues and net income of Eutelsat S.A. at 30 June 2018.

(in millions of euros)	Eutelsat S.A.
Revenues	1,410.6
Group share of net income	315.5

7.4.2.2 Main subsidiaries of Eutelsat S.A.

Eutelsat America Corp. (United States of America)

Incorporated in November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat satellite capacity in the North-American market. Eutelsat America Corp. is a 100% indirectly-owned subsidiary of Eutelsat S.A. It is held 100% *via* the subsidiary, Eutelsat Inc.

Eutelsat do Madeira Lda (Portugal)

Incorporated in June 2008, Eutelsat Madeira Lda is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for marketing the fully-owned satellite capacity on EUTELSAT 10A in C- and Ku-band for Africa and the Portuguese-speaking regions, and on the EUTELSAT 16A satellite in Ku-band, for Africa and the Indian Ocean islands.

Since 1 July 2014, Eutelsat Madeira Lda also markets Eutelsat S.A.'s capacity on the satellite EUTELSAT 3B in C- and Ku- bands for the Sub-Saharan Africa zone.

Eutelsat Asia Pte Ltd (Singapore)

Incorporated in 2012, Eutelsat Asia Pte Ltd. Is a wholly directly-owned subsidiary of Eutelsat S.A. This company owns the EUTELSAT 172B and EUTELSAT 174A satellites.

Fransat S.A. (France)

Incorporated in 2009, Fransat S.A. is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible (i) for developing and operating the FRANSAT offer on the EUTELSAT 5 West A satellite (this free-to-air offering includes all the French free-to-air DTT channels), (ii) for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and (iii) to provide the technical means to integrate new channels (free-to-air or not) as a complement to the FRANSAT offering.

Satélites Mexicanos S.A. de C.V. (Mexico)

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is held by Eutelsat S.A., both directly and indirectly *via* the company Satmex International BV.

The company has been operating since March 2014 under the commercial name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 West A, at 113°West EUTELSAT 115 West B at 114.9°West, and EUTELSAT 117 West A at 116.8°West. These satellites cover 90% of the population of the American continent.

Eutelsat do Brasil Ltda.

Eutelsat do Brasil is a wholly indirectly-owned subsidiary of Eutelsat S.A. It is fully owned *via* Eutelsat do Brasil Participatoes Ltda.

Eutelsat do Brasil Ltda was initially granted landing rights by the Brazilian authorities enabling it to offer capacity on satellites EUTELSAT 12 West A and EUTELSAT 8 West A in order to meet Brazilian market needs. In June 2013, the Brazilian telecommunications regulation authority granted Eutelsat do Brasil Ltda an additional licence for a set of C-, Ku- and Ka-band frequencies at 65°West. Eutelsat do Brasil Ltda also signed a 15-year contract with Hughes, subsidiary of EchoStar, for the rental of all Ka-band capacity covering Brazil on the EUTELSAT 65 West A satellite, operationnal since 1 May 2016. A part of the satellite is owned by Eutelsat do Brasil Ltda.

Eutelsat Latin America (Panama)

Eutelsat Latin America operates and commercializes a fraction of the EUTELSAT 65 West A satellite, jointly owned with Eutelsat do Brasil Ltda. Furthermore, Eutelsat Latin America operates the EUTELSAT 117 West B satellite which started operations in Jannuary 2017.

Eutelsat International (Cyprus)

Since May 2013, the Group has been holding a 51% interest in Eutelsat International Ltd., the remaining capital being owned by a partner company incorporated under Cypriot law, Managekept Investments Ltd. Eutelsat International Ltd. is primarily in charge of marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at orbital position 56°East.

Eutelsat Networks, previously fully-owned by Eutelsat International Ltd., is 51% directly owned by Eutelsat S.A. and 49% indirectly owned by its Cypriot partner. This company is in charge of commercializing the Ka-band capacity on the EUTELSAT 36C satellite.

Euro Broadband Infrastructure (Switzerland)

This joint-venture, 51% owned by Eutelsat and 49% by ViaSat, owns the KA-SAT satellite, Eurobroadband Services Srl as well as the subsidiaries previously owned by Skylogic SpA to operate a network of ground stations enabling the connection of the KA-SAT satellite with the global Internet Network. The activity of this joint-venture is to sell capacity to distributors located in Europe and subsequently in Africa.

Euro Broadband Retail (Switzerland)

This joint venture, 49% owned by Eutelsat and 51% by ViaSat, buys capacity from Euro Broadband Infrastructure and resells it to end users.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2018:

(in millions of euros)	Eutelsat America Corp.	Eutelsat Madeira Lda.	Fransat S.A.	Eutelsat Asia Pte. Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda	Eutelsat International	Euro Broadband Infrastructure	Eutelsat Latin America
Revenues	143.4	35.3	8.2	14.8	133.8	15.6	47.2	62.5	14.3
Group share of net income	2.1	3.1	0.0	9.1	24.1	(6.2)	3.5	1.7	1.4

7.4.3 Group cash flow

At the filing date of this Reference Document, there are no contractual relationships generating significant cash flow aside from the cash flows generated under the service agreements and centralised cash management agreements signed within the Group. Cash flows having been the subject of regulated agreements and commitments are presented in the Statutory Auditors' report figuring in Appendix 5 of this Reference Document.

The following table summarises relations between the Company and its subsidiaries as of 30 June 2018:

Consolidated items (except dividends) *(in millions of euros)*	Eutelsat S.A. (sub-group)	Eutelsat Communications	Consolidated total
Non-current assets (incl. goodwill)	6,636.8	2.2	6,639.0
Debt (owed to non-Group entities)	2,672.3	600.0	3,272.3
Cash assets on balance sheet	704.6	28.9	733.5
Cash flow from operating activities	865.9	14.9	880.8
Dividends paid to the Company	302.7	-	302.7

7.5 LEGAL AND ARBITRATION PROCEEDINGS

In the course of its business activities, the Group has been involved in legal actions and commercial as well as labour relations disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. Legal actions and business disputes underway are described in the Note 27.4 of the notes to the consolidated financial statements.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened against the Company that are likely to have a material impact on the financial position or profitability of the Company and/or the Group, or that effectively had such a material impact over the past 12 months.

7.6 GROUP PROPERTY AND EQUIPMENT

The registered office of the Company and of Eutelsat S.A. is located at 70, rue Balard, 75015 Paris. Eutelsat S.A. is leasing the building for a 9-year period, starting on 1 July 2014.

Furthermore, Eutelsat signed a lease commencing on 1 September 2015 for duration of seven years and 10 months. These premises, over two floors, are located in Paris (15th district).

Satmex rents two floors (*circa* 1,500 m^2) located at Avenida Paseo de la Reforma 222, Pisos 20 and 21, Colonia Juárez, Mexico City, Federal District of Mexico, C.P. 06600. The lease is for a firm term of five years starting from 1 October 2013. Satmex rents from Mexican government two control centres: one in Iztapalapa, Mexico City (Mexico) and another one in Hermosillo, Sonora (Mexico). The concession granted by the Mexican government is valid for a period of 40 years, from the 15 October 1997.

The Rambouillet teleport is owned by Eutelsat since 2004.

Skylogic S.p.A. has owned a teleport in Turin (Italy) since 2005. Skylogic Mediterraneo S.r.l., a company based in Cagliari (Italy) and wholly owned by Skylogic S.p.A. also owns a teleport.

Finally, the Group also owns a teleport in Madeira.

As of 30 June 2018, the Group also operates 38 geostationary satellites in stable orbit, which are described in Section 1.3 "In-orbit operations".

7.7 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

When the IGO was operating as an intergovernmental organisation, its strategy was to secure for itself and for its signatories, on conditions that varied in accordance with the use of intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner thereof.

As regards trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this Reference Document, the Group owned 47 patent families, one of which is held on a co-ownership basis with the company Calearo Antenne S.p.A. (Italy), and one of which is in co-ownership with the *Commissariat à l'énergie et aux énergies alternatives* (France) and one is in co-ownership with M.B.I (Italy).

At the date of this Reference Document, the Group owns 28 trademarks.

The Group spent 4.8 million euros on research and development during the financial period ended 30 June 2018, including 3.0 million euros on development costs recorded as intangible assets.

As of 30 June 2018, patents, licenses and brands were accounted for as intangible assets for a total amount of 653.6 million euros.

7.8 IMPORTANT CONTRACTS

7.8.1 Contracts concerning satellites

Main provisions of satellite procurement and launch contracts

The satellites ordered during the last two exercices are described in the Section 1.3 "In-orbit operations" in the paragraph "New orders".

Main provisions of satellite procurement and launch contracts

The Group is entitled to closely monitor all the tasks carried out as part of these manufacturing contracts, including the design, assembly and testing phases as well as construction. To this end, some engineers of the Group are assigned to the production site. Such supervision allows the Group to ensure that its high standards concerning quality and its technical specifications are met at all stages of the satellite's construction. Furthermore, by virtue of these procurement contracts, the constructors provide a number of in-orbit support services.

In-orbit incentive payments

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of the satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction.

Satellite procurement contracts also contain penalty clauses which become applicable in the event of late delivery.

Launch service contracts

The Group has entrusted the launch services for satellites under construction, future satellites or satellites which were launched during the last financial year to Arianespace, International Launch Services, Space Exploration Technologies Corp. and Blue Origin.

Under the terms of these launch service contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full reimbursement of any sums paid to the launch service provider.

There were no launches of satellites owned by the Group during FY 2017-18. During FY 2016-17, EUTELSAT 172B was launched (Arianespace).

7.8.2 Allotment agreement with third parties

These agreements are described in Section 1.3 "In-orbit operations" of this Reference Document.

7.8.3 Financing agreements

The Group has entered into a number of financing agreements it considers significant. These financing agreements, together with the bonds issued by Eutelsat S.A., are described in Section 6.1.3.4 "Changes in debt and the Group's financing structure".

7.9 RELATED PARTY TRANSACTIONS

Agreements covered by Article L. 225-38 of the *Code de commerce*

Pursuant to Article 225-38 of the French *Code de commerce*, the following agreements authorised by the Board of Directors remained in force during the financial year:

- a re-invoicing agreement in the event of the acquisition of shares in the market by Eutelsat Communications, as part of the implementation of Free Share Grant plans of the company Eutelsat Communications for the benefit of the employees and management of the Eutelsat Group;
- a tax consolidation agreement dated 2 July 2007.

Furthermore the Internal Rules of the Board oblige each Director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A Director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the Director concerned resigns from office.

As of 30 June 2018, there is no employment or service contract between the Company's Directors and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the Commercial Code, the Statutory Auditors are informed for regulated agreements. The disclosures with regard to related party agreements cited in Article L. 225-38 of the French *Code de commerce* may be found in the special Statutory Auditors' report on regulated agreements and commitments in the Appendices of this Reference Document.

Service agreements within the Group and other conventions

The Company and its subsidiaries maintain contractual relationships linked to the organisation and operations of the Group. These operations mainly relate to the division of common administrative expenses, centralised cash management, the existence of a tax group and the chargeback agreement in the event of share purchases as part of the implementation of the free share allocation plans.

7.10 SIGNIFICANT CHANGES IN FINANCIAL AND COMMERCIAL POSITION

None.

7.11 RELATIONS AND CONFLICTS OF INTEREST WITHIN THE ADMINISTRATIVE AND MANAGEMENT BODIES

7.11.1 Relations with the administrative and management bodies

To the best of the Company's knowledge, there are no family ties between the Company's Corporate Officers.

Furthermore, to the Company's knowledge, no Corporate Officer has been the subject of:

- a conviction for fraud within at least the last five years;
- bankruptcy, sequestration or liquidation within at least the last five years; and
- official public charges and/or sanctions handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the best of the Company's knowledge, no Corporate Officer has been barred by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the management or running of the affairs of an issuer within at least the last five years.

7.11.2 Conflicts of interest within the administrative and management bodies

To the best of the Company's knowledge, at the filing date of this Reference Document, there are no potential conflicts of interest between the duties carried out on behalf of the Company by Corporate Officers and their private interests.

7.12 STATUTORY AUDITORS

7.12.1 Statutory Auditors

Ernst & Young et Autres

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles).

1/2, place des Saisons

92400 Courbevoie

Paris-La Défense 1

France

The Combined Ordinary and Extraordinary General Meeting of 5 November 2015, having duly noted the expiry of the term of office of Ernst & Young et Autres as first Statutory Auditor, renewed this office for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2021.

Mazars

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

61, rue Henri-Regnault

92400 Courbevoie

France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2017, having duly noted the expiry of the term of office of Mazars as Statutory Auditor, appointed the firm of Mazars as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2023.

7.12.2 Alternate Statutory Auditors

Auditex

1/2, place des Saisons

92400 Courbevoie

Paris-La Défense 1

France

The Combined Ordinary and Extraordinary General Meeting of 5 November 2015, having duly noted the expiry of the term of office of AuditexAlternate Statutory Auditor, appointed Auditex as alternate Statutory Auditor renewed this office for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2021.

7.12.3 Auditor fees

See Section 6.2 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2018", Note 34 "Statutory Auditors' fees", in the Notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2018.

7.13 DOCUMENTS AVAILABLE TO THE PUBLIC

For the life of this document, the following documents (or copies), may be inspected at the registered office of the Company:

- the By-laws of the Company;
- the minutes of the meetings of the shareholders and other corporate documents of the Company, which are required to be made available to shareholders pursuant to applicable regulation, as well as, where applicable, all audits or statements provided by experts at the request of the Company of which an extract is inserted or mentioned in this document;
- the historical financial information of the Company and its group for each of the three financial years preceding the publication of this document.

Regulated information within the meaning of the provisions of the General Regulations of the French *Autorité des marchés financiers* is available on the Company website (www.eutelsat.com).

7.14 RESPONSIBLE PERSON

7.14.1 Responsible person for the Reference Document

Rodolphe Belmer, Chief Executive Officer of Eutelsat Communications.

7.14.2 Certification by the responsible person for the Reference Document

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the accounts have been drafted in accordance with the applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and the consolidated Group of companies, and that the management report contained in this document presents an accurate picture of developments in the business, results and financial position of the Company and the consolidated group of companies as well as a description of the main risks and uncertainties that these companies face.

I have received a letter from the Statutory Auditors certifying that they have verified the financial and accounting information given in this Reference Document and that they have read the document in its entirety.

Paris, 16 October 2018

Rodolphe Belmer
Chief Executive Officer

RESPONSIBLE PERSON FOR INFORMATION

Cédric Pugni

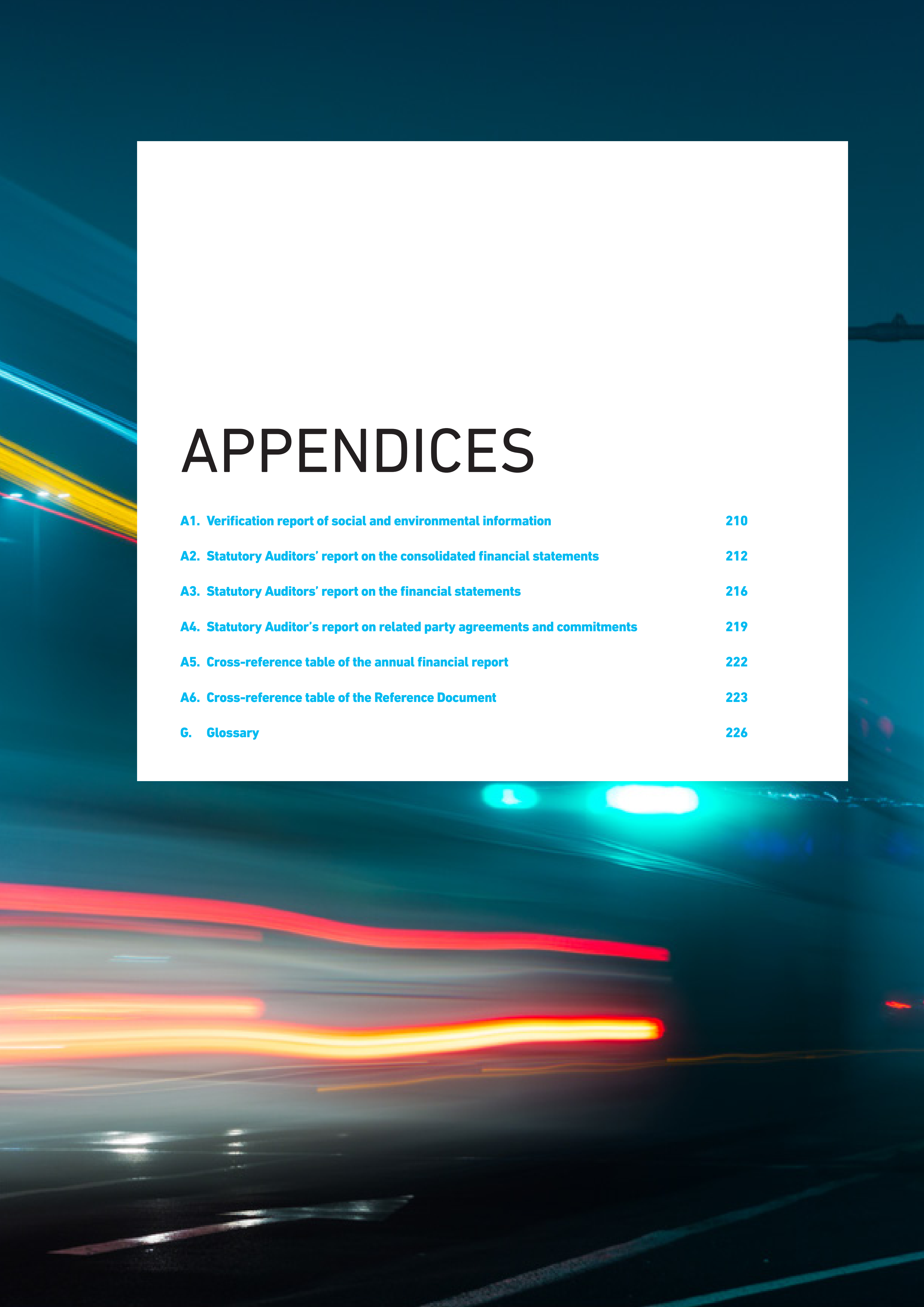
Head of Investor Relations

70, rue Balard – 75015 Paris – France

PROVISIONAL TIMETABLE FOR FINANCIAL REPORTING

The following dates are provided for information only and may be changed at any time by the Company:

- 8 November 2018: Combined Ordinary and Extraordinary General Meeting of Shareholders;
- 15 February 2019: publication of half-year results for the financial year 2018-19;
- 14 May 2019: publication of third-quarter revenues for the financial year 2018-19;
- 31 July 2019: publication of the full-year results for the financial year 2018-19.



APPENDICES

A1 VERIFICATION REPORT OF SOCIAL AND ENVIRONMENTAL INFORMATION

At the request of the Group, SGS ICS carried out an audit of the information included in the Corporate Social Responsibility (CSR) report drawn up for the year ended 30 June 2018 in accordance with decree no. 2012-557 dated 24 April 2012 relative to companies' social and environmental transparency obligations, with regard to the application of Article 225 of law no. 2010-788 dated 12 July 2010, of Article 12 of law no. 2012-387 dated 22 March 2012, of law no. 2015-992 dated 17 August 2015 concerning energy transition for green growth, of law no 2016-138 dated 11 February 2016 concerning the combat against food waste, of law no 2016-1088 dated 8 August 2016 about labour, social dialogue modernization and career security, of Decree no 2016-1138 dated 19 August 2016 pursuant to the application of Article L. 225-102-1 of the French Commercial Code concerning environment information which have to be present in company management report and which amended Article L. 225-102-1 of the French Commercial Code, and the order of 13 May 2013 determining the procedure to be used by the independent third-party organization when conducting its mission.

It is the responsibility of the Management Board of the Group to prepare a report concerning the management of the Company including social, environmental and societal information, to define the appropriate standards used for the collection of the quantitative or qualitative data, and to ensure their provision.

The responsibility of SGS ICS, as an independent body, accredited by COFRAC under the n.3-1086 (available at www.cofrac.fr) is to attest to the presence in the CSR Report of all information provided for in Article R. 225-105-1, express a reasoned opinion on, firstly, the sincerity of information, and, secondly, the explanations given by the company on the absence of certain information, and indicate the procedures implemented to accomplish our audit.

NATURE AND SCOPE OF THE AUDIT

SGS ICS' audit consists of:

- reviewing the statement on sustainable development policies, in relation to sustainable development as well as the social and environmental impacts of the Company's business activities, its cultural commitments and the actions that stem from these policies and commitments;
- comparing the list of information mentioned in 2017-18 management report against the list set forth under Article R. 225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of Article R. 225-105;
- verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent, and identifying any irregularities;
- expressing, at the request of the Group, a conclusion of reasonable assurance about whether the CSR information is presented truthfully.

DILIGENCE

SGS ICS conducted its audit of the Group on an international scale including its subsidiaries and controlled companies, which are included in the consolidated financial statements.

SGS ICS conducted its audit from 27 April 2018 to 2 July 2018 (10.5 days), by carrying out interviews with key individuals involved in the collection, validation and publication of quantitative and qualitative data from Group and two ground stations which have been audited on site in France and in Mexico, representing 65,7% of the total headcount.

- SGS ICS reviewed the reliability of the internal CSR Reporting Guidelines, the internal control procedures and the data and information aggregation systems at each of the sites.
- With regard to quantitative data, we audited each site by using sampling, verifying the calculation formulas and comparing data with supporting documents for 12 indicators selected according to their degree of relevance (legal compliance and taking into consideration the business sector/industry), as well as their reliability, neutrality and comprehensive nature:
  - Social indicators (56% to 100% of the sites): training hours (classroom-based or e-learning), training fees, absenteeism, number of employees having an accident, number of days of work stoppage due to an accident.
  - Environmental indicators (65,67% to 100% of the sites): energy consumption, fuel oil consumption, emissions due to Eutelsat services' impacts (satellites launch), quantity of hazardous and non-hazardous wastes (in particular WEEE quantity).
  - Societal indicators (100% of the sites): actions for the fight against corruption, responsible procurement policy.
- Random checks were performed on quantitative and qualitative data during the final phase of consolidation of the Group's consolidation scope – Eutelsat S.A, Eutelsat Americas, Skylogic and Eurobroadbrand Services (79%) as well as on other required information.
- Three auditors were assigned to this audit including a lead auditor.
- Ten interviews were conducted with the Group management and with the Engineering, Procurement, IT, Regulatory affairs, Legal, Human resources (2), General services departments and Téléport Rambouillet.

We believe that the chosen sampling method and sample sizes for the audit allow us to formulate a conclusion of reasonable assurance.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world leader in inspections, audits, assessments and certifications. Recognized as the global benchmark for quality and integrity, SGS employs more than 75,000 people and operates a network of more than 1,500 offices and laboratories around the world.

SGS ICS is a wholly-owned French subsidiary of the SGS Group. SGS ICS declares that its audit and findings were prepared in complete independence and impartiality with regard to the Group and that the tasks performed were completed in line with the SGS Group's code of ethics and in accordance with the professional best practices of an independent third party.

Auditors are authorized and appointed to each audit assignment based on their knowledge, experience and qualifications.

STATEMENT AND REASONED OPINION

Based on the Group's presentation regarding sustainable development policies, the social and environmental impacts of the Company's business activities, its social commitments and the diligence implemented:

- we certify that the information included in Groupe Eutelsat's 2017-18 management report and reference document is in compliance with the list set forth under Article R. 225-105-1 and that any exceptions have been duly justified;
- we declare that we found no significant irregularity that would call into question the fair presentation of the information included in the 2017-18 management report and reference document.

Signed in Arcueil, 18 July 2018
SGS ICS France
29, avenue Aristide-Briand
F- 94111 ARCUEIL Cedex
Telephone + 33 (0) 1 41 24 89 27
Fax + 33 (0) 1 41 24 71 29
www.sgs.com
Inspection Manager
Olivier AUDEBERT

Accreditation n° 3-1086
scope available
on www.cofrac.fr

A2
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Annual General Meeting of Eutelsat Communications,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 July 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

1. Valuation of fixed assets and useful lives of satellites

Risk identified

As at 30 June 2018, the Group's fixed assets amounted to 6.6 billion euros, compared to a total balance sheet of 7.8 billion euros. These fixed assets consist mainly of goodwill and customer contracts and associated relationships accounted for the context of business combinations, satellites in orbit or under construction, as well as ground equipment.

We considered that the valuation of these assets and the determination of the depreciation period of satellites in orbit are key audit matters due to (i) their significant contribution in the Group's financial statements, (ii) the estimates necessary to determine the expected useful life of the satellites and the operating cash flow horizon based on technical assessments, (iii) the judgment required to determine the cash-generating units, and (iv) the estimates and assumptions used to determine their recoverable value, most often based on discounted cash flow forecasts whose achievement is inherently uncertain.

Our response

Notes 4.4, 4.5, 4.6, 4.7 and 5 of the Notes to the consolidated financial statements describe the depreciation methods for these assets, in particular in-orbit satellites, as well as the methodology applied to perform impairment tests.

We considered the work performed by the Group to determine the useful life of the satellites and the consistency of the useful lives used with the available technical data.

We also examined the procedures for implementing these impairment tests, in particular the determination of the cash-generating units and the methods of estimating recoverable values. Particular attention was paid to cash-generating units for which the carrying value is close to the estimated recoverable amount, to those with a limited performance history given the recent nature of satellite launches, and to those impacted by volatile economic environments.

We also assessed the main estimates used by Management to prepare cash flow forecasts based on available information, including market prospects, order books and past performances. Finally, we assessed the relevance of the discount rates used, with the assistance of our financial valuation experts, and carried out sensitivity tests.

2. Revenue recognition and allowance for bad debt

Risk identified

As at 30 June 2018, the Group revenues amounted to 1.4 billion euros and trade receivables recorded in the Group's balance sheet amounted to 0.3 billion euros. The Group deals with multiple customers in France and abroad. Revenues consist of mainly of contractual income linked to the allocation of satellite capacity on the basis of contractual conditions. The contracts generally cover periods ranging from several months to several years. Revenues for contracts are recognized according to the methods described in Note 4.12 to the consolidated financial statements. The customers are mainly international telecommunication operators, broadcasters and other users of commercial satellite communications.

We considered that revenue recognition and the determination of allowance for bad debt are key audit matters due to their significant contribution in the Group's financial statements, the diversity and volume of contracts between the Group and its clients, and the judgment required to assess the recoverability of trade receivables throughout the duration of the contracts.

Our response

Our audit approach related to revenue recognition and allowance for trade receivables includes both internal control and substantive procedures on the accounts themselves.

Our work on internal control focused mainly on the contracting, billing, collection and accounting for revenue. We examined the procedures implemented by the Group and tested the identified key controls. Our work also included the assessment by our IT specialists of certain application controls on the data integrated in the system and used to recognize revenues.

Our substantive procedures, related to revenue and to allowance for bad debt, notably consisted in:

- analyzing the contractual clauses on a sample of contracts, in particular the most significant new contracts of the period and the specific transactions, in order to analyze the accounting treatment applicable;
- assessing the assumptions used for the revenue recognition and the estimation of the recoverability of receivables;
- examining with Management the reasons for late payment of certain clients and the appropriateness of the associated provisions by considering, among other things, factors such as security deposits, negotiated payment plans, payment history and business relationships between these customers and the Group;
- checking the calculation of the allowance for bad debt and its compliance with the Group's methodology.

3. Provisions for risks and contingent liabilities

Risk identified

The Group's activities are carried out in a complex and constantly changing international regulatory framework, which varies from one country to another and over time, and which applies to areas as diverse as satellite positioning, provision of satellite capacity, taxes or relationships with the Group's stakeholders (customers, suppliers, employees, shareholders, *etc.*). In this context, the Group's activities may involve risks, or commercial, employee or tax litigation, as well as contentious situations.

As set out in Notes 3.5, 4.18 and 29 to the consolidated financial statements, the Group has exercised its judgment on a case-by-case basis in assessing the risks incurred and recorded provisions when it considered probable that an outflow of resources would occur, whose amount could be reliably estimated.

We considered this matter to be a key audit matter due to the amounts involved and the level of judgment required to determine these provisions in multiple and evolving regulatory environments.

Our response

As part of our audit of the consolidated financial statements, our work consisted in:

- assessing the procedures implemented by the Group to identify all risks;
- reading the risk analysis carried out by the Group, the relevant documentation and, if any, the written consultations of the external advisors;
- assessing with the help of our experts, especially tax experts, the main risks identified and examining the assumptions used by Management to estimate the amount of these provisions;
- verifying the information relating to these risks, presented in the notes to the consolidated financial statements.

Verification of the Information pertaining to the Group Presented in the Management Report

As required by the law we have also verified in accordance with professional standards applicable in France, the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Eutelsat Communications by the Annual General Meetings held on 10 November 2009 for Ernst & Young et Autres and on 20 July 2005 for Mazars.

As at 30 June 2018, Ernst & Young et Autres and Mazars were in the ninth year and thirteenth year of engagement, respectively of which thirteen years since securities of the Company were admitted to trading on a regulated market.

Previously, Ernst & Young Audit was Statutory Auditor since 2005.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control ;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 2 August 2018

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Achour Messas	Pierre-Henri Pagnon

A3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Eutelsat Communications,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Eutelsat Communications for the year ended 30 June 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 July 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of Matter

We draw attention to the following matter described in Note 2.1 to the financial statements relating to the change in accounting policy as of 1 July 2017, in accordance with Standard No. 2015-05 issued by the ANC on 2 July 2015 about financial forward instruments and hedging transactions. Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments

Risk identified

As at 30 June 2018, the equity investments amount to 2.9 billion euros. This amount corresponds to the equity investment in Eutelsat S.A. As specified in Note 2.3, the value in use of investments in subsidiaries is assessed by the Company's management on the basis of various criteria.

We considered this matter to be a key audit matter due to the significant contribution of equity investments to the Company's accounts and the level of judgment required to determine the value in use.

Our response

As part of our audit of the financial statements, our work notably consisted in:

- assessing the valuation performed by the Company, the methods used and the underlying assumptions;
- assessing the value in use on the basis of the implied valuation of Eutelsat S.A. derived from the stock market value of Eutelsat Communications.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

Information relating to corporate governance

We attest that the corporate governance section of the management report sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Eutelsat Communications by the Annual General Meetings held on 10 November 2009 for Ernst & Young et Autres and on 20 July 2005 for Mazars.

As at 30 June 2018, Ernst & Young et Autres and Mazars were in the ninth year and thirteenth year of total uninterrupted engagement, respectively, of which thirteen years since securities of the Company were admitted to trading on a regulated market.

Previously, Ernst & Young et Autres was Statutory Auditor since 2005.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 2 August 2018

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Achour Messas	Pierre-Henri Pagnon

A4
STATUTORY AUDITOR'S REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Annual General Meeting held to approve the financial statements for the year ended 30 June 30 2018

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended 30 June 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

Agreements and commitments authorized during the year ended 30 June 2018

We hereby inform you that we have not been notified of any agreements or commitments authorized during the year ended 30 June 2018 to be submitted to the Annual General Meeting for approval in accordance with Article 225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments previously approved by the Annual General Meeting

Agreements and commitments approved in prior years

In accordance with Article 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 30 June 2018.

1. With Rodolphe Belmer (Executive Director of the Company)

Nature and purpose

Non-compete clause.

Terms and conditions

Over the 18 months following the termination of his service, the Executive Director agrees to refrain from working directly or indirectly for any satellite operator.

In return, the Director will receive during this period a monthly allowance equal to 50% of his monthly basis wage at his departure date.

2. With Yohann Leroy (Deputy CEO of the Company)

Nature and purpose

Non-compete clause.

Terms and conditions

Over the 18 months following the termination of his service, the Deputy CEO agrees to refrain from working directly or indirectly for any satellite operator.

In return, the Deputy CEO will receive during this period a monthly allowance equal to 50% of his monthly basis wage at his departure date.

3. With Eutelsat S.A., Eutelsat MENA FZ-LLC, Eutelsat America Corp, Eutelsat Madeira Lda, Skylogic S.p.A., Skylogic Mediterraneo S.r.l, Eutelsat Network LLC, Euro Broadband Infrastructure Sàrl, and Broadband4Africa Ltd

Persons concerned

Legal entities that have Directors in common with the Company:

- Eutelsat S.A. (France);
- Eutelsat MENA FZ-LLC (United Arab Emirates) ;
- Eutelsat America Corp. (United States of America);
- Eutelsat Madeira Lda (Madeira);
- Eutelsat SpA (Italy);
- Eutelsat Mediterraneo S.r.l. (Italy);
- Eutelsat Networks LLC (Russia);
- Eurobroadband Infrastructure Sàrl (Switzerland);
- Broadband4Africa LTD (United Kingdom).

Legal entities or private persons that are common Executives of the companies listed above:

- Mr Michel de Rosen (Eutelsat Communications and Eutelsat S.A. Chairman of the Board of Directors until 8 November 2017);
- Mr Dominique D'Hinnin (Eutelsat Communications and Eutelsat S.A. Chairman of the Board of Directors from 8 November 2017);
- Mr Jean d'Arthuys (Eutelsat Communications and Eutelsat S.A. Board member);
- Mr Paul-François Fournier (Eutelsat Communications and Eutelsat S.A. Board member);
- BPI France Participations (Eutelsat Communications and Eutelsat S.A. Board member, represented by Mrs Stéphanie Frachet);
- Mr Rodolphe Belmer ((i) Eutelsat Communications Chief Executive Officer and Board member since 4 November 2016, (ii) Eutelsat S.A. Chief Executive Officer and Board member since 4 October 2016, (iii) Eutelsat Network LLC Board member since 30 September 2016 and Chairman since 9 November 2016, (iv) Euro broadband Infrastructure Sàrl Manager since 3 March 2017 and (v) Broadband4Africa Ltd Board member since 1 March 2016);
- Mr Michel Azibert ((i) Eutelsat Communications Deputy CEO since 28 July 2011, (ii) Eutelsat S.A. Deputy CEO since 28 July 2011, (iii) Eutelsat America Corp Board member, (iv) Eutelsat Madeira Lda Board member and Chairman since 18 July 2014, (v) Eutelsat network LLC Board member since 30 September 2016, (vi) Euro broadband Infrastructure Sàrl Manager since 3 March 2017, (vii) Broadband4Africa Ltd Board member since 3 July 2015 and (viii) Eutelsat MENA-FZ LLC Board member since 22 December 2017);
- Mr Yohann Leroy ((i) Eutelsat Communications Deputy CEO since 25 April 2017, (ii) Eutelsat S.A. Deputy CEO since 25 April 2017, (iii) Skylogic SpA Chairman of the Board since 3 August 2016 and (iv) Skylogic Mediterraneo S.r.l. Chairman and Board member since 4 August 2016).

Nature and purpose

Re-invoicing agreement in case of shares acquisition in accordance with the Plan for the Allocation of Free Shares

Conditions

On 22 June 2010 an agreement was signed between Eutelsat Communications and several subsidiaries of the Group regarding the invoicing of the costs of any shares purchased on Euronext Paris by your Company in accordance with the Company free share allocations' plans to employees of Eutelsat group.

During the year ended 30 June 2018, your Company did not purchase any share on the market and did not invoice costs of shares purchased in connection with the Company free share allocations' plans dated 8 November 2012 and 16 February 2016.

4. With Eutelsat S.A., Eutelsat Broadband Services, Eutelsat Communications Finances S.A.S. (dissolved as of 12 June 2017) and Fransat S.A.

Persons concerned

Legal entity that has Executives in common with the Company:

- Eutelsat S.A.

Legal entities or private persons that are commons Executives of the companies listed above:

- Mr Michel de Rosen (Eutelsat Communications and Eutelsat S.A. Chairman of the Board of Directors until 8 November 2017);
- Mr Dominique D'Hinnin (Eutelsat Communications and Eutelsat S.A. Chairman of the Board of Directors from 8 November 2017);
- Mr Jean d'Arthuys (Eutelsat Communications and Eutelsat S.A. Board member);
- Mr Paul-François Fournier (Board member of Eutelsat Communications and Eutelsat S.A.);
- BPI France Participations (Eutelsat Communications and Eutelsat S.A. Board member, represented by Stéphanie Frachet);
- Mr Rodolphe Belmer ((i) Eutelsat Communications Chief Executive Officer and Board member since 4 November 2016, (ii) Eutelsat S.A. Chief Executive Officer and Board member since 4 October 2016);
- Mr Michel Azibert ((i) Eutelsat Communications Deputy CEO since 28 July 2011, (ii) Eutelsat S.A. Deputy CEO since 28 July 2011);
- Mr Yohann Leroy ((i) Eutelsat Communications Deputy CEO since 25 April 2017, (ii) Eutelsat S.A. Deputy CEO since 25 April 2017).

Nature and purpose

Tax Consolidation Agreement.

Conditions

The tax consolidation agreement approved by the Board of Directors on 28 June 2007 and dated 2 July 2007 continued over the year ended 30 June 2018. In accordance with this agreement, your Company recognized a tax income in the amount of 1 million euros during the year ended 30 June 2018.

Courbevoie and Paris-La Défense, 14 September 2018

The Statutory Auditors French original signed by

MAZARS	ERNST & YOUNG et Autres
Achour Messas	Pierre-Henri Pagnon

A5 CROSS-REFERENCE TABLE OF THE ANNUAL FINANCIAL REPORT

This Reference Document incorporates all information required for the annual financial report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the General Regulations of the *Autorité des marchés financiers* (French financial markets regulator, AMF).

The documents mentioned in Article 222-3 of the AMF General Regulations and the corresponding Sections in this Reference Document are as follows:

▸ AMF's General Regulations – Article 222-3

	Reference Document	
No. Section	Reference	Pages
1. Annual financial statements of Eutelsat Communications	Section 6.3	172-185
2. Consolidated financial statements of the Eutelsat Group	Section 6.2	133-171
3. Management report		
Review of business trends, financial position and earnings	Chapter 1	5-24
	Section 1.1	6-8
	Section 1.2	9-18
	Section 6.1	122-132
Indications concerning the use of financial instruments by the business	Section 4.6.2	104-105
	Section 4.3	94-97
	Section 4.5	100-102
	Section 6.1.3	127-132
Description of the main risks and uncertainties	Chapter 4	87-105
Factors likely to have an influence in the event of a public offer	Section 6.1.3.4	128-131
	Section 2.3	37-40
	Section 2.7.6	59
	Chapter 7	187-207
Purchase and sale of treasury shares	Section 7.1.2.3	189
Summary table of delegations of powers currently valid	Section 7.1.2.5	190, 191
4. Certification of the person responsible for the annual financial report	Section 7.14.2	206
5. Statutory Auditors' report on the annual financial statements	Appendix 3	216-218
6. Statutory Auditors' report on the consolidated financial statements	Appendix 2	212-215

A6 CROSS-REFERENCE TABLE OF THE REFERENCE DOCUMENT

		Page No. of the Reference Document
8.	**Real estate, plants and equipment**	
8.1.	Significant tangible fixed assets	18-23, 140, 141, 142, 146, 147, 148, 203
8.2.	Environmental issues	72-76, 84, 85
9.	**Examination of financial position and earnings**	**N/A**
9.1.	Financial position	122-132
9.2.	Operating income	125
9.2.1.	Significant factors materially affecting income from operations	N/A
9.2.2.	Reasons for material changes in revenues	6, 125-127
9.2.3.	Strategy or other factors that have materially affected, or could materially affect operations	6, 7, 15-18
10.	**Cash and capital**	
10.1.	Capital of the issuing Company	127, 189
10.2.	Cash flow	127-129
10.3.	Financing structure and conditions	129-131
10.4.	Restriction on the use of capital	129-131
10.5.	Financing sources required to honour commitments relating to investment decisions	127-132
11.	**Research and development, patents and licences**	**203**
12.	**Information on trends**	
12.1.	Major trends	6, 7, 11-15
12.2.	Events liable to influence trends	15-18
13.	**Profit forecasts or estimates**	**N/A**
14.	**Administrative, management, supervisory and executive bodies**	**24, 26-34**
14.1.	Information concerning the members of the administrative and management bodies	24, 26-34
14.2.	Conflicts of interests at the level of the administrative, management, supervisory or executive bodies	205
15.	**Remuneration and benefits**	
15.1.	Remuneration and benefits paid	37-56
15.2.	Sums provisioned	168, 169
16.	**Operation of the administrative and management bodies**	
16.1.	Mandate expiry date	26-34, 60
16.2.	Information on service contracts binding members	N/A
16.3.	Information on the Audit Committee and Remuneration Committee of the issuing Company	62, 63
16.4.	Compliance of the issuing Company with the method of corporate governance in effect	58
17.	**Employees**	
17.1.	Number at end of period, average number and distribution by function	67, 79
17.2.	Profit-sharing and stock options	79
17.3.	Employee profit-sharing in the capital of the issuing Company	79
18.	**Principal shareholders**	
18.1.	Threshold	194, 199
18.2.	Voting rights	198
18.3.	Control	199
18.4.	Agreements on change in control	200
19.	**Operations with related parties**	**204**

G GLOSSARY

Analogue
Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth
Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam
Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)
Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band
Frequency range assigned to satellite communication systems, approximately 4 GHz for the downlink and 6 GHz for the uplink. The associated transmit power is relatively low in comparison with Ku-band, for example. Large antennae are therefore required for C-band operations.

Capacity
Quantity of information transmitted. As an analogy, there is often reference to spectrum width and to the associated power needed to transmit such a quantity of information.

Digital
Format for recording, processing, transmitting and broadcasting data *via* a binary signal (and not by a continuously varying signal).

Direct broadcasting
Direct reception of satellite signals by the user, *via* DTH or community reception facilities (satellite dish).

Downlink
Path travelled by the signal in the direction space-earth.

DSL
Digital Subscriber Line. Technologies that make it possible to use the copper lines connecting customers of the switched telephone network for purposes of broadband transmission in packet mode (digital).

DVB
Digital Video Broadcasting. A set of European standards for the broadcasting and reception of digital TV signals by satellite (DVB-S), cable (DVB-C) or terrestrial means (DVB-T), developed within the framework of the Digital Video Broadcasting project and formalised by the European Telecommunications Standards Institute (ETSI). These European standards have been adopted by many countries throughout the world.

Earth segment
A series of earth stations operated in a given satellite system or network (synonym: ground segment).

Earth station
Installation required in order to receive a signal from a satellite and/or transmit a signal to a satellite. The facility consists essentially of an antenna and communication equipment on the ground (synonym: ground station).

Fixed Satellite Service (FSS)
Communications service between earth stations located at fixed points, such points being determined when one or more satellites are used. However, this expression frequently refers to "unplanned" frequency bands, that are not subject to international regulations governing the use of BSS frequencies. In Europe, the downlink FSS frequencies are 10.7-11.7 GHz and 12.5-12.75 GHz.

Frequency
Number of vibrations produced by unit of time during a given period. Frequency relates to the rate of variation per second of the carrier wave or modulating signal. Satellite transmissions are generally in GHz (see C-band, Ka-band and Ku-band).

High throughput satellite or payload (HTS)
Satellite or payload that provides more throughput than a classic satellite for the same amount of spectrum thanks to frequency reuse, thus with a lower cost per megabit.

Internet backbone
The communications networks on which the Internet is based.

IP
Internet Protocol.

Ka-band
Frequency range assigned to satellite communication systems, approximately 20 GHz for the downlink and 30 GHz for the uplink. These frequencies have the shortest wavelength of the three principal frequency bands used by geostationary satellites. Although small antennae can be used, Ka-band requires the use of beams that are tightly concentrated over fairly small geographical areas.

Ku-band
Frequency range assigned to satellite communications systems, approximately 14 GHz for the uplink and 11 GHz for the downlink. Used for radio and TV, this band is the most widespread in Europe, owing to the small size of the antennae needed for reception.

MPEG
Moving Pictures Experts Group. Working Group charged by the ISO with the task of developing international standards for the compression, decompression, processing and encoding of video, audio and any combination thereof, such as to ensure a wide range of applications. Name also given to the compression and digital broadcasting standard for TV, resulting from the deliberations of this group of experts.

MPEG 2 is the second-generation standard designed for TV broadcasting and MPEG 4 provides a smaller compression format compared with MPEG 2 that can carry all new Video Applications.

Operating period
Period during which a satellite is able to function. The operating period of a satellite in-orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband
Range of frequencies permitted for an RF transmission (see "Bandwidth").

Payload
Set of satellite equipment used for reception, frequency conversion, processing, and retransmission of the communications signals after they have been amplified, but excluding add-on equipment, for example the platform (physical structure and sub-systems such as electrical and thermal control, attitude control, *etc.*).

Radio frequency
Electromagnetic frequency generally higher than 20 kHz, used to transmit information.

Redundancy
Architecture based on the use of several identical components, each able to replace any of the others in the event of failure.

Regular capacity
Capacity which is not HTS capacity (see above).

RF relay
Professional terrestrial RF link generally used between the studios of a radio or TV station and the antennae transmitting the programmes to customers' homes.

S-band
Frequency range assigned to satellite communication systems, approximately 2 GHz for the uplink. Frequency adjacent to UMTS frequencies.

Signal
Variation of a physical value of any kind carrying information.

Simulcasting
Simultaneous transmission of a programme or service using two transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Space segment
Satellites in a satellite communications system belonging to an operator.

Steerable beam
Beam of a satellite antenna that can be directed onto a particular geographical region using ground-based controls.

Telemetry
Encoded communication sent by the satellite to the earth station to transmit the results of measurements related to the satellite's operation and configuration.

Transponder
Name given to the retransmitter on-board a satellite, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink
Path travelled by the signal in the direction earth-space.

VSAT Terminal
Microterminal connected to a fixed antenna and making satellite reception or transmission possible.

Unofficial translation of the French-language *"document de référence 2017-18"* of Eutelsat Communications, for information purposes only. This document is an unofficial translation of the French *document de référence* filed with the *Autorité des marchés financiers* ("AMF") on 16 October 2018 in accordance with Article 212-13 of the AMF General Regulations. The French *document de référence* may be used in connection with a financial transaction if supplemented with an offering memorandum (*note d'opération*) approved by the AMF.

In the event of any ambiguity or discrepancy between this unofficial translation and the French *document de référence*, the French version shall prevail. The French version was drafted by the issuer and holds the signatories thereof liable.

Pursuant to Article 28 of EC Regulation No. 809/2004, the following information is included for reference purposes in this Reference Document:

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2017 and the related Statutory Auditors' report figuring, respectively, in Sections 6.2 and in Appendix 3 of Eutelsat Communications' 2016-17 *document de référence* registered under No. D.17-1017 by the AMF on 2 November 2017 (the "2016-17 Reference Document");
- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2016 and the related Statutory Auditors' report figuring, respectively, in Sections 6.2 and in Appendix 3 of Eutelsat Communications' 2015-16 *document de référence* registered under No. D.16-0906 by the AMF on 14 October 2016 (the "2015-16 Reference Document");
- information on the Eutelsat Group's financial situation and results for the financial years ended 30 June 2017 and 2016 figuring, respectively, in Section 6.1 of the 2015-16 *document de référence* and 2016-17 *document de référence*.

Parts not included in this or these document(s) are either irrelevant to the investor or included elsewhere in this Reference Document.

As of the date of this Reference Document, no additional financial information (neither quarterly nor half yearly) has been published since the financial statements for the year ended 30 June 2018, provided in Sections 6.2 and 6.3 of this Reference Document.

Copies of this Reference Document are available free of charge at the registered office of Eutelsat Communications, 70, rue Balard, 75015 Paris, France or on the websites of Eutelsat Communications (www.eutelsat.com) or the *Autorité des marchés financiers* (www.amf-france.org).

Conception & production:

Ruban Blanc

www.rubanblanc.fr

Société anonyme (limited company) with
a share capital of 232,774,635 euros

Registered office
70, rue Balard – 75015 Paris
481 043 040 RCS Paris

T: + 33 1 53 98 47 47
F: + 33 1 53 98 37 00

eutelsat COMMUNICATIONS

SPACE FOR A DIGITAL WORLD

In this Reference Document, the terms "Eutelsat Communications" and the "Company" mean Eutelsat Communications S.A. "Eutelsat S.A." means the Company Eutelsat S.A., which is the Company's main operating subsidiary. "Group" or "Eutelsat Group" means the group of companies consisting of the Company and all its subsidiaries. "IGO" means the European Satellite Telecommunications Organisation before the Transformation (the "Transformation" – see Section 7.1.1.5 "Key events" and Section 5.6 "Other provisions applicable to the Group") and "Eutelsat IGO" means the same organisation after the Transformation.

This Reference Document contains the Group's consolidated financial statements and data for the year ended 30 June 2018 prepared in accordance with International Financial Reporting Standards (IFRS) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2016 and 30 June 2017.

This Reference Document also includes the Company's financial statements for the year ended 30 June 2018 as presented in Section 6.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2018".

Unless otherwise stated, the figures presented in this Reference Document are based on the consolidated financial statements for the year ended 30 June 2018 and the consolidated financial statements presented in Section 6.2 of this Reference Document for the year ended 30 June 2018.

Investors are invited to read carefully and take into account the risk factors described in Chapter 4 ("Risk factors") of the Reference Document before making any investment decision, since the occurrence of one or all of these risks may have a negative impact on the Group's activity, financial position, results or ability to achieve its objectives.

This Reference Document contains information on the Group's objectives and forward-looking statements. These statements are sometimes identified by the use of the future tense or conditional mood, as well as terms such as "estimate", "believe", "have the objective of", "intend to", "expect", "contemplate", "should" and other similar expressions. These forward-looking statements and information about objectives depend on circumstances or facts likely to occur in the future, and must not be interpreted as guarantees that the facts and data mentioned will occur or that objectives will be attained. These forward-looking statements and information about objectives are based on data and assumptions that may be affected by the realisation of known and unknown risks, uncertainties and other factors, including those relating to the economic, financial, competitive and regulatory environment.

A glossary defining the main technical terms used in this Reference Document is provided at the end of the document.

Photo credits:

Adrien Daste

Eutelsat

Romain Gaillard/REA

Shutterstock

Space Systems Loral (SSL)

Eutelsat
70 rue Balard
75015 Paris
France

T: +33 1 53 98 47 47

www.eutelsat.com