Société anonyme with a Board of Directors
and a share capital of 232,774,635 euros
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F-75015 sParis

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MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note: The English version of this Management Report is a free translation of the French version and is provided solely for the benefit of English-speaking users.

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Dear Shareholder(s),

We submit to you a management report on the activity of Eutelsat Communications (the Company) and the Eutelsat Group[1] for the year ended 30 June 2019.

We also present to you the company and consolidated financial statements for the year ended 30 June 2019. The consolidated statements show the intra-group relations with our subsidiaries and affiliated companies.

This report was adopted by the Board of Directors at its meeting on 31 July 2019.

INTRODUCTION

Operating capacity on 37 satellites in-orbit between 133° West and 174° East, broadcasting more than 7,000 television channels, the Group is one of the leaders in EMEA area[2] for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for Video Applications, Fixed Data, Government Services and Connectivity applications as well in Connectivity applications (Fixed Broadband and Mobile Connectivity) which have strong growth potential.

Via its fleet, the Group covers the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa and a large section of the Asian and American continents, potentially giving it access to almost 100% of the world's population.

[1] Eutelsat Group" or "the Group" means Eutelsat Communications and all the companies controlled directly or indirectly by Eutelsat Communications

[2] EMEA includes western and central Europe, Russia and central Asia, the Middle-East, North Africa and Sub-Saharan Africa.

1 KEY HIGHLIGHTS IN THE FINANCIAL YEAR

1.1 MAIN HIGHLIGHTS OF FY 2018-19

- With the exception of topline, all financial objectives set at the beginning of the year achieved or exceeded:
  - EBITDA margin of 78.4% at constant currency;
  - Cash Capex of €323 million, well within our €400 million envelope;
  - Discretionary Free-Cash-Flow up 10% at constant currency and excluding the EUTELSAT 25B disposal, coming on top of a 12% rise last year. Three-year objective of mid-single digit CAGR exceeded a year ahead of schedule;
  - Net debt / EBITDA target reached at 2.98x versus 3.01x a year ago.

- Return to slight sequential progression for the Operating Vertical revenues in the Fourth Quarter.

- Several operational achievements to underpin future performance:
  - Resilience of core Broadcast, supported by progression in channel count and HD penetration;
  - Several new DTH platforms added during the year;
  - Successful launch of EUTELSAT 7C, bringing incremental capacity to video markets in Africa;
  - Launch of Eutelsat CIRRUS hybrid satellite-OTT turnkey delivery solution;
  - Inflexion in European Broadband, with Preferred Partnership Programme starting to bear fruit;
  - Konnect Africa operations up and running with direct distribution in place in the Democratic Republic of Congo and extension to other countries planned in the near term;
  - Multi-year, multi-transponder commercial wins in maritime Mobility with Speedcast and Marlink.

- Ongoing measures to maximise cash generation:
  - Two successful bond issuances reducing pre-tax cash interest by some €34 million per annum at run-rate and extending debt maturity;
  - Disposal of the interest in a non-core asset, EUTELSAT 25B for a consideration of €135 million;
  - Ongoing Capex optimization, with anticipated replacement of HOTBIRD constellation at significant cost reduction.
- Reduction of €74 million in FY 2018-19 tax burden following the change in French tax territoriality treatment.
- Completion of LEAP 1 cost-savings program with €32 million in opex savings against €30 million target; follow-on 'LEAP 2' program targeting further savings of €20 to 25 million by FY 2021-22.
- New Discretionary free cash flow target of around €500 million[4] in FY 2021-22.
- Enhanced shareholder remuneration policy with a dividend maintained at 1.27 euros per share and the launch of a share buyback program of at least €100 million by end-June 22.

1.2 REVENUES BY BUSINESS APPLICATION

For a review of the performance for each application, please refer to section 3.2.1 "Revenue evolution" of this document.

1.3 FINANCIAL PERFORMANCE

Key Financial Data	FY 2017-18 restated	**FY 2018-19**	**Change**
P&L			
Revenues - €m	1,390.5	**1,321.1**	**-5.0%**
"Operating Verticals" revenues - €m	1,343.9	**1,313.1**	**-2.3%**

[4] Based on a €/$ rate assumption of 1.14, excluding hedging impact and based on current perimeter and nominal deployment plan.

"Operating Verticals" revenues at constant currency and perimeter - €m	**1,330.0**	**1,288.7**	**-3.1%**
EBITDA[7] - €m	1,078.5	**1,032.4**	**-4.3%**
EBITDA margin - %	77.6	**78.1**	**+0.5pts**
EBITDA margin at constant currency - %	**77.6**	**78.4**	**+0.8pts**
Group share of net income - €m	291.6	**340.4**	**+16.7%**
Financial structure			
Discretionary Free-Cash-Flow[8] - €m	414.7	**407.8**	**-1.7%**
Discretionary Free-Cash-Flow as per financial objectives - €m	**400.7**	**439.3**	**+9.6%**
Net debt - €m	3,241.6	**3,072.8**	**-€169m**
Net debt/EBITDA - X	3.01	**2.98**	**-0.03pts**
Backlog – €bn	4.6	**4.4**	**-4.9%**

EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex and Discretionary Free-Cash-Flow are considered as Alternative Performance Indicators. Their definition and calculation can be found in the section below.

IFRS 15 and IFRS 16 will be adopted in the Group's consolidated financial statements for the financial year beginning 1 July 2018.

For more detail, please refer to section 3.2 and 6 of this document.

1.4 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 Amortization. It is a frequently used indicator in the Fixed Satellite Services Sector. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2017-18 and FY 2018-19:

Twelve months ended June 30 (€ millions)	**2018**	**2019**
Operating result	554.0	526.1
+ Depreciation and Amortization	506.0	518.8
- Other operating income and expenses	18.5	(12.5)
EBITDA	**1,078.5**	**1,032.4**

The EBITDA margin is the ratio of EBITDA to revenues. It is calculated as follows:

Twelve months ended June 30 (€ millions)	**2018**	**2019**

[7] Operating income before depreciation and amortisation, impairments and other operating income/(expenses).

[8] Net cash-flow from operating activities - Cash Capex - Interest and Other fees paid net of interests received.

EBITDA	1,078.5	1,032.4
Revenues	1,390.5	1,321.1
EBITDA margin (as a % of revenues)	**77.6%**	**78.1%**

At constant currency, the EBITDA margin stood at 78.4% as of 30 June 2019.

The Net debt / EBITDA ratio is the ratio of net debt to last-twelve months EBITDA. It is calculated as follows:

Twelve months ended June 30 (€ millions)	2019
Last twelve months EBITDA	1,032.4
Closing net debt[9]	3,072.8
Net debt / EBITDA	**2.98x**

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 lease liabilities.

The table below shows the calculation of Cash Capex for FY 2017-18 and 2018-19:

Twelve months ended June 30 (€ millions)	2018	2019
Acquisitions of satellites, other property and equipment and intangible assets	(298.8)	(210.8)
Repayments of ECA loans and lease liabilities[10]	(59.4)	(112.4)
Cash Capex	**(358.2)**	**(323.2)**

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 shareholder remuneration 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 received.

The table below shows the calculation of Discretionary free cash flow for FY 2017-18 and 2018-19 and its reconciliation with the cash flow statement:

[9] Net debt includes all bank debt, bonds and all liabilities from 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 7.3.4 of the appendices to the financial accounts.

[10] Included in lines "Repayment of borrowings" and of "Repayment of lease liabilities" of cash-flow statement

Twelve months ended June 30 (€ millions)	2018	2019
Net cash flows from operating activities	880.8	848.2
Acquisitions of satellites, other property and equipment and intangible assets	(298.8)	(210.8)
Repayment of Export credit facilities[11]	(23.7)	(23.7)
Repayment in respect of lease liabilities	(35.7)	(88.7)
Interest and other fees paid net of interest received	(107.9)	(117.2)
Discretionary Free-Cash Flow	**414.7**	**407.8**
Impact of the disposal of EUTELSAT 25B[12]	(14.0)	30.7
Currency impact[13]	-	0.8
Discretionary Free-Cash Flow at constant currency and excluding the impact of the disposal of EUTELSAT 25B	**400.7**	**439.3**

2 MAIN MARKETS AND STRATEGY

The Group's activities are described in the Section 3 of this document.

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

[11] Included in the line "Repayment of borrowings" of cash-flow statement

[12] Impact of the disposal of EUTELSAT 25B satellite. For comparability purposes: i) FY 2017-18 is restated from the contribution of the EUTELSAT 25B to Discretionary Free-Cash-Flow from August 2017; ii) FY 2018-19 is restated from the advanced payment made by Es'hailSat for capacity on EUTELSAT 25B (€5.5 million) which had to be reimbursed by Eutelsat to Es'hailSat when the asset was sold in August 2018 and from the tax paid (€25.2m) on the capital gain related to this transaction.

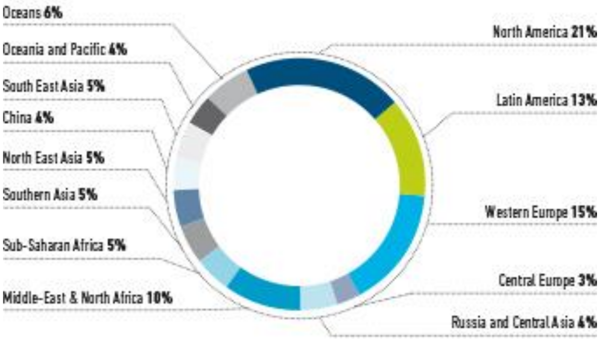
[13] FY 2018-19 discretionary Free-Cash Flow has been converted at FY 2017-18 €/$ rate and hedging revenue have been excluded.

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.

2.1.1 A market with visibility

Eutelsat: a core player in the most resilient segments

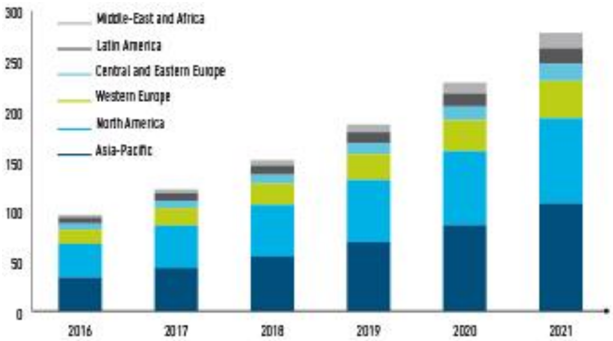
Visibility on the FSS market is underpinned by several factors:

- 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 resilient and is reflected by a backlog that repreents more than 3 years of Group revenues.

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

GLOBAL INTERNET TRAFFIC EVOLUTION (IN EB PER MONTH)



Source: Cisco/VNI.

2.1.2 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.

2.1.3 A fast-changing and competitive environment

OPERATORS GLOBAL MARKET SHARE (BASED ON REVENUES)

Source: Euroconsult, 2018 edition.

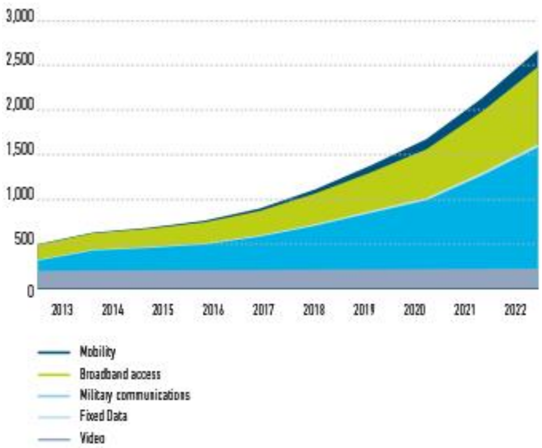
The three largest operators – Intelsat, SES and Eutelsat – together have 50% market share in the FSS sector.At regional level, some operators have also implemented investment programmes with a view to expanding on their markets and competing with global operators. These programmes may encounter obstacles such as the high level of investment, expertise and commercial effort required and the complexity of the international regulatory environment. Finally, for certain non-Video applications, the arrival of HTS and subsequently VHTS satellites driven by technical innovatoin provides increased througput at competitive costs and several low-earth orbit constellation projects are at various stages of progress, although none of them are in commercial service at this stage.

These investments, 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 applicatoins. Whereas regular capacity global supply should, according to Eutoconsult, decline by 4% between 2017 and 2022, HTS capacity supply dedicated mostly to Fixed Data and Connectivity is expected to be multiplied by seven over the same timeframe.

2.2 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 high-growth segments have emerged in recent years, the "Connectivity" businesses of Fixed Broadband and Mobile Connectivity, which present significant new medium-term opportunities for satellite operators.

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



Source: Euroconsult, 2018 edition.

2.2.1 Core businesses – market prospects

2.2.1.1 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 30,000 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:

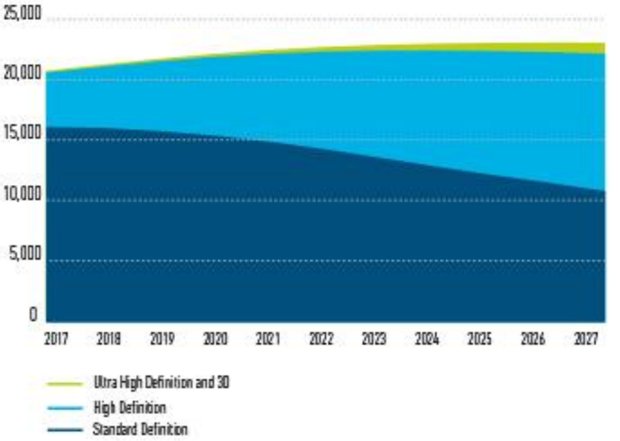
- The market is mature. In Europe in particular, trends should be broadly stable with HD and UHD ramp up offsetting improvement of compression and encoding format as well as end of certain simulcast channels.
- Requiring more satellite capacity as standard definition (a 36 Mhz transponder can broadcast 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 2017-2027 period to more than 11,000 channels by 2027.
- 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 69% of the channels broadcast by the Group) than on HD penetration (with an HD penetration of 21.9%). Therefore future HD ramp-up should offset generaliszation of MPEG-4. However, it should ne noted that the generalization of a new compression format is a very long-term phenomenon insofar as it requires compatible equipment (television or box) at the end user's premises;
- Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently almost three times as bandwidth-hungry than HD, even factoring in the efficiencity gains brought by the new HEVC compression format.
- The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design new services that combine access to both linear television and a catalogue of on-demand services. 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 (Gbps) 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 significant 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.

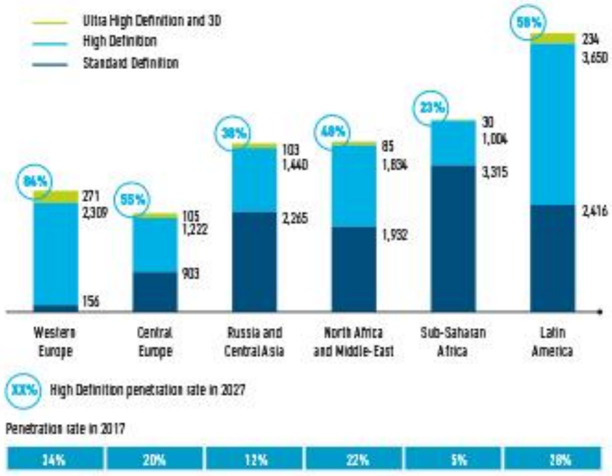
Finally the rise of Digital Terrestrial Television ("DTT") in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

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



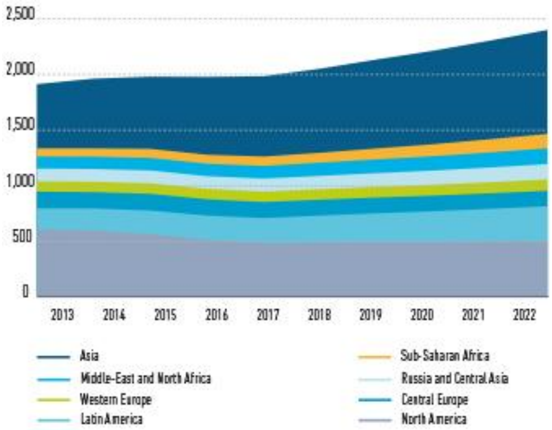
Source: Euroconsult, 2018 edition.

2.2.1.2 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: 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. For satellite operators, this segment should benefit from the development and the extension of data-greedy 3G/4G/5G mobile networks, therefore generating additional demand for satellite capacity that will enable to complement the coverage of terrestrial networks.
- 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 large part due to competition from terrestrial infrastructures, fibre or submarine cables. 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.
- Finally, the development of the Internet of Things (IoT) in various applications (transport, logistics, agriculture, intelligent environments, etc.) represents a new market for satellite operators as a complement to other infrastructures, whether to connect objects directly or because the networks of IoT actors themselves need to be interconnected.

Overall demand is growing in volume notably thanks to increased Data trafic 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 migration of part of the services towards HTS, whose production cost is lower, has led to a reduction in prices.

As a result revenues for Fixed Data are expected to decline in the coming years albeit certain segments, particularly point-to-multipoint applications, should be more resilient in the short and medium term.

2.2.1.3 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, miniaturization of equipment and deployment of remote-controlled systems, and from the increasing use of commercial capacities by governments seeking to rationalise the spending.

Demand from the US 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, offering more flexibility than owning their own infrastructure. 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 in a segment where the geopolitical context remains an important factor in the evolution of demand.

2.2.2 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.

2.2.2.1 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 has enabled to significantly reduce the cost of access to satellite resources for connectivity services when compared to traditional satellites. 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.

2.2.2.2 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 500 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 is set to grow by 4.4% per year on average between now and 2037 (source: Airbus Global Market Forecast 2018-2037);
– 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 should result in increased use of the service by the users;
– 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 and go from 500 million euros today to one billion euros by 2025.

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.

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.

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).

2.3.1.1 Financial Measures

Financial measures are structured around four 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 from 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 illustration 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.

- Optimising the cost of debt: the refinancing of bond issues maturing in March 2017, January 2019 and January 2020 will generate savings at run rate of respectively c. 30 million euros, c. 24 million euros and c. 10 million euros per year before tax.
- Controlling operating costs with the implementation of "LEAP 1" cost-savings plan generated 32 million euros in annualised savings in 2018-19.
- A reduction of the order of 70 million euros in the annual tax burden.

All these measures helped to grow the Group's free cash flow.

Furthermore, in oder 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 and sold its stake in EUTELSAT 25B for 135 million euros. In 2016-17, the Group also sold its subsidiary Wins/DHI.

2.3.1.2 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 in 2018 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.

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 notably on the following opportunties

- Opportunities in verticals where satellite has untapped potential, such as the Internet of Things;
- The needs of Telecom operators for interconnection of mobile networks beyond the coverage provided by other infrastructures;
- 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;
- Services to governments to enable them to expand their programmes aimed at reducing the digital divide (e.g. connecting schools and hospitals).

Contract length and volumes will be prioritised over price to maximize visibilty. 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 US 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, 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.

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

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

2.3.2.1 Extracting value from the Video business

Video via satellite will continue to represent a growth opportunity 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.

To this end the Group is implementing an innovation policy, with recent innovations including 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.

An important step in the implementation of this strategy was taken in September 2018, with the launch of Eutelsat CIRRUS, a hybrid satellite-OTT turnkey solution that will enable satellite TV channels and operators to offer a flexible and seamless multi-screen consumer experience, further integrating the satellite into the IP ecosystem. These services will strengthen customer relationships while generating additional revenue opportunities by seeking to capture a portion of value generated.

In addition, in the medium term, Eutelsat seeks to extract more value from its core Video business through the implementation of a design to cost approach to optimize investments, particularly when replacing in-orbit resources, thereby maximizing return on capital employed.

2.3.2.2 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;
- The development of 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. Partnerships, including firm commitments, were signed with Orange to address the fixed broadband market in European countries where the Group has a retail presence, and 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 developments of in-flight Connectivity on KA-SAT. Several agreements to provide capacity to the SAS, Finnair, El Al, Icelandair, La Compagnie and Neos 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, 33° 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.

Although the main objective is the in-flight connectivity market, the Group's global orbital resources also enable it to be well positioned to seize opportunities in the maritime connectivity market.

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.

2.4 EXTRA-FINANCIAL GROUP STRATEGY

Given the nature of its activities, the Group has a limited impact on the production of greenhouse gases. The Group's strategy with respect to CSR, without neglecting other aspects, seeks to focus on those areas where it can maximise its influence.

In this context and considering these challenges, the Group's CSR policy identifies four major areas of focus, as described below, and coupled with KPIs (key indicators):

- 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
- Promoting corporate values and ethics, and preventing corruption risks

KPIs specific to each of these three areas have been defined and action plans put in place. These elements are described in more detail in Chapter 10 of this document. In addition, the compensation of corporate officers now includes objectives linked to the company's non-financial performance (see Chapter 9 of this document).

3 PRESENTATION OF THE SERVICES OFFERED BY THE GROUP AND REVIEW OF 2018-19 ACTIVITY

3.1 GROUP'S ACTIVITIES

Operating capacity on 37 satellites in-orbit between 133° West and 174° East providing coverage of EMEA[19], 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 2019, Eutelsat's revenues were 864 million euros, of which 66%[20] came from Video Applications. The backlog stood at 4.4 billion euros, of which 75% for Video Applications.

3.1.1 Core business

3.1.1.1 Video Applications

Accounting for 66% of Eutelsat's revenues, revenues for Video Applications stood at 864 million euros for the 2018-19 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 7,092 TV channels (including 1,551 in High Definition) broadcast via the Group's in-orbit resources as at 30 June 2019, 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. At 30 June 2019, Eutelsat carried 15 unique UHD channels on its fleet in Europe, Russia and Turkey.

Eutelsat's business model is based on long-term relationships with its 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, BeinMedia, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal + Overseas and ZAP in Africa and Milicom in Latin America.

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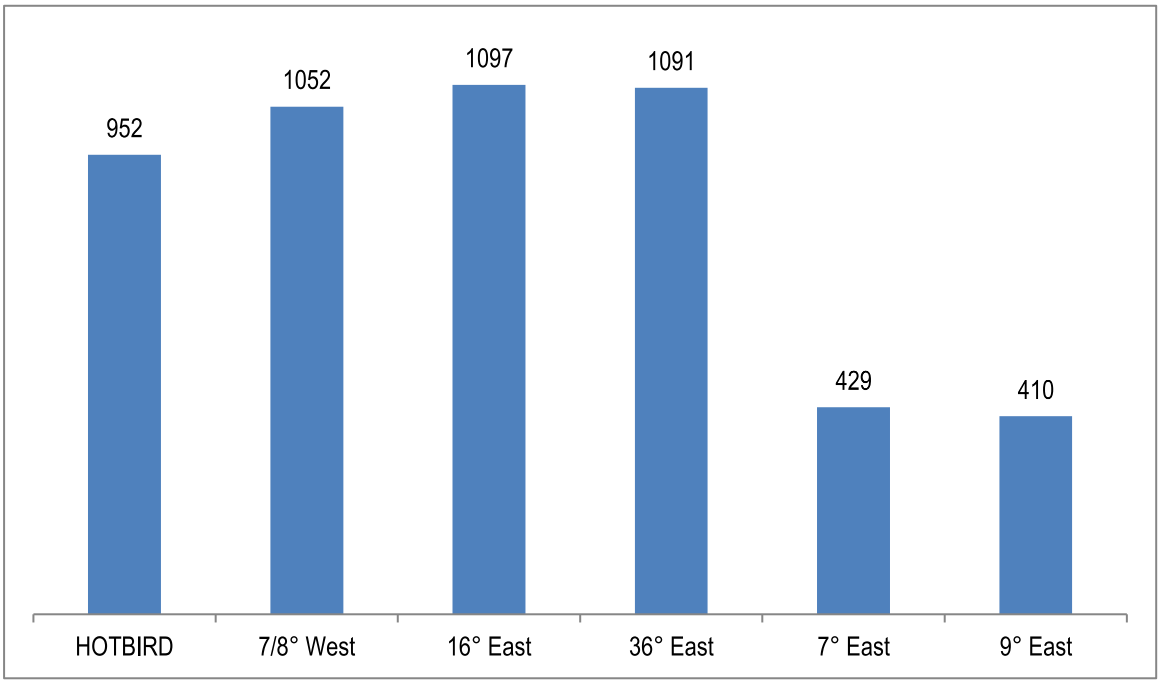
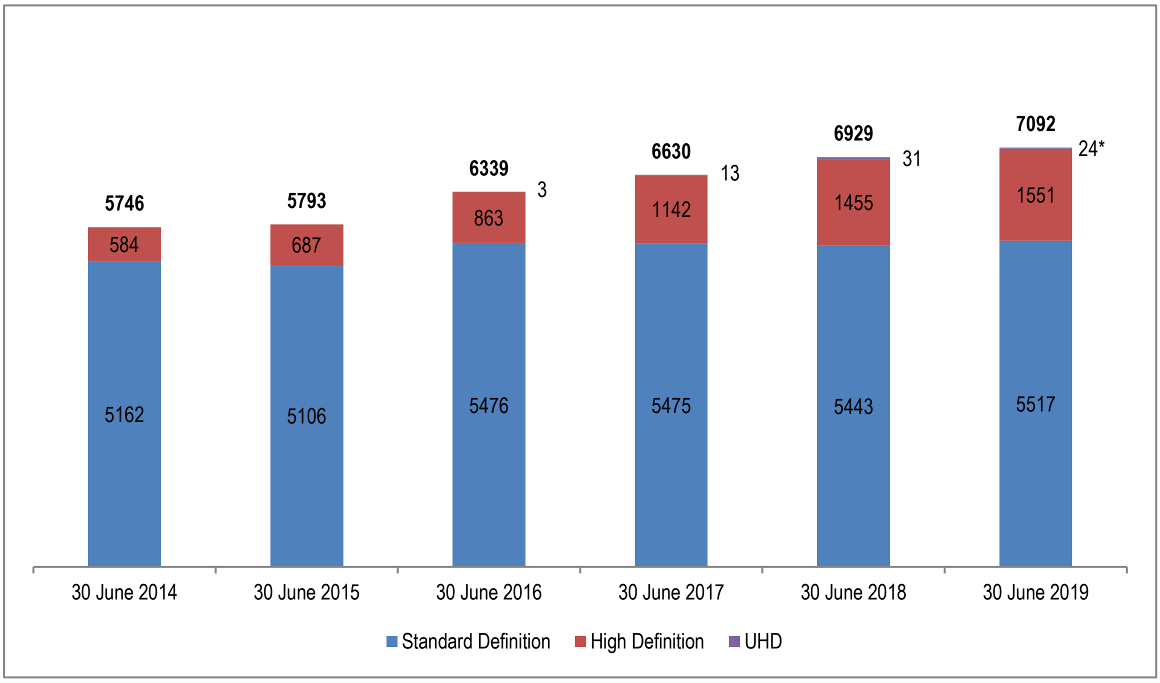
[19] Extended Europe consists of Western Europe, Central Europe, Russia & Central Asia, North Africa, the Middle-East and Subsaharan Africa
[20] The share of each application as a percentage of total revenues is calculated excluding "other revenues"

Channels broadcast on the Group's satellites at Eutelsat's main Video neighbourhoods



Number of channels on Eutelsat's fleet



Source: Eutelsat Communications.
** Of which 15 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.

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.

3.1.1.2 Government Services

Government Services revenues amounted to 162 million euros in fiscal year 2018-19 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.

The Group addresses notably the needs in terms of satellite capacity required by intelligence, surveillance, safety, security and reconnaissance systems for the US administration. . In order to better respond to satellite needs of government and institutional markets in EMEA region, Eutelsat has created Eutelsat Government EMEA.

3.1.1.3 Fixed Data

Fixed Data revenues stood at 127 million euros for fiscal year 2018-19 and represented 10% of Eutelsat's revenues. On this segment Eutelsat's business is split between Corporate Networks, Mobile backhauling and Trunking. Latin America, Africa and the Middle-East represent the majority of revenues in this application.

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, mining, 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.

3.1.2 CONNECTIVITY

3.1.2.1 Fixed Broadband

Fixed Broadband revenues amounted to 80 million euros in fiscal year 2018-19 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.

A wide range of services for professionals are also commercialized on KA-SAT. 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 provide Broadband Internet access services in Russia on the EUTELAT 36C satellite since fall 2016. Furthermore, capacity leased on the fleet of Yahsa has enabled 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.

3.1.2.2 Mobile Connectivity

Mobile Connectivity revenues amounted to 80 million euros in fiscal year 2018-19 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, 70° 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, or telecom operators such as China Unicom, 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, El Hal, La Compagnie and Neos.

Furthermore, Eutelsat has signed a multi-year agreement with Taqnia for the lease of a steerable HTS Ka-band payload 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.

End-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 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.

3.2 ANALYSIS OF THE ACTIVITY DURING THE YEAR

3.2.1 Revenue[21]

[21] The share of each application as a percentage of total revenues is calculated excluding 'Other Revenues'.

In € millions	FY 2017-18 restated	FY 2017-18 proforma[22]	FY 2018-19 reported	Actual change	Like-for-like change[23]
Video Applications	884.4	870.5	**864.2**	-2.3%	-1.9%
Government Services	157.8	157.8	**161.5**	+2.3%	-1.5%
Fixed Data	143.0	143.0	**126.7**	-11.4%	-14.6%
Fixed Broadband	84.3	84.3	**80.4**	-4.6%	-5.6%
Mobile Connectivity	74.4	74.4	**80.3**	+7.9%	+4.0%
Total Operating Verticals	1,343.9	**1,330.0**	**1,313.1**	**-2.3%**	**-3.1%**
Other Revenues[24]	46.7	46.7	**8.0**	n/a	n/a
Total revenues	1,390.5	**1,376.6**	**1,321.1**	**-5.0%**	**-5.8%**
EUR/USD exchange rate	*1.19*	*1.19*	*1.14*		

Total revenues for FY 2018-19 stood at €1,321 million down by 5.0%.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') were down by 3.1% on a like-for-like basis excluding a negative perimeter effect of c.0.8 points (net effect of the disposal of the stake in EUTELSAT 25B and the acquisition of Noorsat) and a positive currency effect of c. 1.6 points.

Fourth Quarter revenues stood at €326 million, down 11.4%. Revenues of the five Operating Verticals stood at €328 million, down 3.5% year-on-year and up by 0.6% quarter-on-quarter on a like-for-like basis.

Unless otherwise stated, all variations indicated hereunder are on a like-for-like basis, ie, at constant currency and perimeter.

Core businesses

Video Applications (66% of revenues)

FY 2018-19 Video Applications revenues were down 1.9% like-for-like to €864 million. Core Broadcast revenues were broadly unchanged excluding the impact of the lower contribution of Fransat.

Professional Video, now accounting for 8% of total Video revenues, saw a double-digit decline in a context of sustained competitive pressure.

As of FY 2019-20, Professional Video revenues will be reported under the Fixed Data application and Broadcast will be reported on a standalone basis.

Fourth Quarter revenues stood at €217 million, down by 1.1% year-on-year but slightly up (+0.3%) on a quarter-on-quarter basis.

At 30 June 2019, the total number of channels broadcast by Eutelsat satellites stood at 7,092 up 2.4% year-on-year (+3.9% excluding the disposal of EUTELSAT 25B). HD penetration continued to increase, standing at 1,551 channels versus 1,455 a year earlier (+6.6%), implying a penetration rate of 21.9% compared to 21.0% a year earlier.

The EUTELSAT 7C satellite was successfully launched on 20 June 2019 and is expected to enter into service at the end of calendar year 2019, bringing incremental capacity to the Video market in Africa.

Government Services (12% of revenues)

22 Pro-forma revenues reflecting the disposal of EUTELSAT 25B. Please refer to the appendix for more detail.

23 At constant currency, perimeter and accounting standards. The variation is calculated as follows: i) FY 2018-19 USD revenues are converted at H1 2017-18 rates; ii) FY 2017-18 revenues are restated from the disposal of Eutelsat's interest in EUTELSAT 25B and from the impact of IFRS 15 standards; iii) FY 2018-19 revenues are restated from the net contribution of Noorsat.

24 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. Hedging effect amounted to (€19.6) million in FY 2018-19 and +€2.8m a year earlier.

FY 2018-19 Government Services revenues stood at €162 million, down 1.5% on a like-for-like basis. This reflected on one hand incremental business secured last year over Asia-Pacific at the 174°East orbital position, and on the other a low level of renewals with the US Government during the fiscal year, in particular in the Fall 2018 campaign.

Fourth Quarter revenues stood at €40 million, down 7.9% on a year-on-year basis, and by 1.5% quarter-on-quarter.

In FY 2019-20, Government Services revenues will benefit from the contribution of the EGNOS payload on the EUTELSAT 5 WEST B satellite. On the other hand, a delay in the launch of EUTELSAT QUANTUM means it will not contribute to revenues in the coming year.

Fixed Data (10% of revenues)

FY 2018-19 Fixed Data revenues stood at €127 million, down 14.6% like-for-like. This reflected ongoing pricing pressure in a highly competitive environment as well as softer volumes in Latin America.

Fourth Quarter revenues amounted to €30 million, down 16.4% on a year-on-year basis, and by 1.4% quarter-on-quarter.

From FY 2019-20 Fixed Data will be known as 'Data and Professional Video'. This vertical is expected to continue to decline in the coming year.

Connectivity

Fixed Broadband (6% of revenues)

FY 2018-19 Fixed Broadband revenues stood at €80 million, down 5.6% like-for-like. Excluding the expiry of a contract for a spotbeam on EUTELSAT 3B (re-contracted to Taqnia in the Mobile Connectivity vertical), the underlying performance was -3.5%. It reflected a decline in European Broadband, albeit with signs of an improving trend in the Fourth quarter with a positive inflexion in net subscriber adds following the implementation of the Preferred Partnership Programme (PPP).

Revenues for Konnect Africa were modest following temporary and unconnected roll-out issues in several countries.

Fourth quarter revenues stood at €21 million, down 1.3% on a year-on-year basis, and up by 8.8% quarter-on-quarter.

With the direct distribution model now in place in DRC and the strong market potential confirmed, conditions are met for a progressive revenue ramp-up in FY 2019-20 for Konnect Africa, while European Broadband should also see an improved trend with the continued roll-out of the PPP.

Mobile Connectivity (6% of revenues)

FY 2018-19 Mobile Connectivity revenues stood at €80 million, up 4.0% like-for-like. They reflected the start of the UnicomAirNet contract on EUTELSAT 172B, the carry-forward effect of the contract with Taqnia at 3°East and 70°East and the ongoing ramp-up of contracts on KA-SAT, more than offsetting the end of a temporary wide-beam contract on EUTELSAT 172B.

Fourth quarter revenues stood at €21 million, down 1.7% on a year-on-year basis (with the contract with Taqnia now included in the comparison basis), and up by 2.2% quarter-on-quarter.

In FY 2019-20, Mobile Connectivity will benefit from the full-year contribution of the UnicomAirNet contract as well as the contracts signed this year with Speedcast and Marlink in maritime Mobility.

Other Revenues

Other Revenues for **FY 2018-19** amounted to €8 million versus €47 million a year earlier. They included a negative (€20) million impact from hedging operations.

3.2.2 Main customers

As of 30 June 2019, the Group's top 10 customers accounted for 34% of its revenues (31% as of 30 June 2018). The top five customers represented circa 23% (20% as of 30 June 2018) and the top three 16% (15% as of 30 June 2018).

3.2.3 Operational and utilized transponders

The number of operational transponders at 30 June 2019 stood at 1,387 down by 40 units year-on-year, principally reflecting the disposal of EUTELSAT 25B and the end of life in stable orbit of Eutelsat 12 West B (satellites in inclined orbit are not included in the transponder count).

The number of utilized transponders stood at 960, down 11 units year-on-year on a reported basis and down three units excluding the disposal of EUTELSAT 25B, with the end of life in stable orbit of EUTELSAT 12 WEST B being almost offset by the ramp-up of maritime business.

As a result the fill rate stood at 69.2% compared to 68.1% a year ago.

	30 June 2018	**30 June 2019**
Operational transponders[25]	1 427	**1 387**
Utilized transponders[26]	971	**960**
Fill rate	68.1%	**69.2%**

Note: *Based on 36 MHz-equivalent transponders excluding high throughput capacity*

3.2.4 Backlog

At 30 June 2019, the backlog stood at €4.4 billion, down 4.9% compared to 30 June 2018. This reflected notably the negative impact of the disposal of EUTELSAT 25B and the adoption of IFRS 15 as well as natural backlog consumption in the absence of material Video renewals, which more than offset the inclusion of future revenues related to commitments from Orange and Thales on KONNECT VHTS as well as the new maritime contracts.

The backlog was equivalent to 3.3 times 2018-19 revenues, with Video representing 75%.

	30 June 2018	**30 June 2019**
Value of contracts (in billions of euros)	4.6	4.4
In years of annual revenues based on last fiscal year	*3.2*	*3.3*
Share of Video	83%	75%

Note: *The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.*

[25] Number of transponders on satellites in stable orbit, back-up capacity excluded.
[26] Number of transponders utilized on satellites in stable orbit.

4 A YOUNG FLEET WITH COVERAGE OF MOST OF THE GLOBE

4.1 SATELLITE FLEET

As of 30 June 2019, the Group operated capacity on 37[27] satellites; of which 3 in inclined orbit.

FULLY OWNED CAPACITY AS OF 30 JUNE 2019

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(number of physical transponders)*	Nominal (1) capacity *(36 MHz-equivalent transponders / Spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2019 (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 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	Q3 2032
EUTELSAT 7A	7° East	Europe, Middle-East, Africa	42 Ku / 2 Ka	57 Ku / 6 Ka	March 2004	Q2 2021
EUTELSAT 7B	7° East	Europe, Middle-East, Africa	53 Ku / 3 Ka	70 Ku / 8 Ka	May 2013	Q4 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 HOT BIRD 13B	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025
EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024
EUTELSAT HOT BIRD 13E	13° East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q4 2024
EUTELSAT 16A	16° East	Europe, Middle-East, Africa, Indian Ocean	53 Ku / 3 Ka	70 Ku / 8 Ka	October 2011	Q3 2027

[27] Does not include EUTELSAT 7C which has been launched but is not yet in service.

EUTELSAT 21B	21.5° East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 28E (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2013	Q3 2029
EUTELSAT 28F (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G (4)	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 12 West B	12.5° West	Europe, Middle-East, Americas	-	-	September 2001	Inclined orbit
EUTELSAT 48 E	48.1° East	Europe, Middle-East, Asia	-	-	May 2000	Inclined orbit
EUTELSAT 133 WEST A	133° West	Americas	-	-	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 7.1.4 to the consolidated financial statements for the financial year ended 30 June 2019).

(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 2019

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(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 2019 *(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	9 Ku	8 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
Al Yah 3	20° West	Africa	18 Ka spotbeams	18 Ka spotbeams	January 2018	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.

4.2 FLEET PERFORMANCE

4.2.1 Main changes since 30 June 2018

- Eutelsat sol dits interest in the EUTELSAT 25B satellite to the co-owner of the satellite, Es'hailSat.
- The Al Yah 3 satellite has started operations.
- EUTELSAT 33C was relocated to 133°West and renamed EUTELSAT 133 WEST A.
- EUTELSAT 59A reached the end of its operational life and was de-orbited.
- EUTELSAT 12 WEST B now operates in inclined orbit.
- EUTELSAT 70C was relocated to 48°East and renamed EUTELSAT 48 E.
- EUTELSAT 7C was launched on 20 June 2019. It is due to enter into commercial service at the end of calendar year 2019.

4.3 AN ACTIVE INVESTMENT POLICY

4.3.1 Main investments

During the financial year, the Group has continued its investment programme. Cash Capital expenditure amounted to 323 million euros[28] in 2018-19.

During financial year 2018-19:

Procurement of replacement satellites for the flagship HOTBIRD neighbourhood

Eutelsat has ordered two new satellites from Airbus Defence and Space to replace the three existing HOTBIRD satellites at its 13°East flagship neighbourhood. These all-electric high-power satellites are set to enter into service in 2022, serving Europe, the Middle East and North Africa. he new satellites will reinforce and enhance the high quality of broadcasting services provided to Eutelsat customers on HOTBIRD, providing improved performances over Western Europe and Poland. Moreover, the satellites will offer advanced features in terms of uplink signal protection and resilience, as well as exceptional in-orbit redundancy. The replacement of the three existing satellites with two satellites further enhances capex optimization achieved through the application of the design-to-cost policy.

Long-term multiple-launch service agreement with Arianespace

Eutelsat Communications and Arianespace have concluded a long-term multiple-launch service agreement. The agreement covers five launches until 2027 and will provide Eutelsat with assured access to space with schedule flexibility at cost effective prices

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.

Satellites under procurement

Nominal launch programme as of 30 June 2019

Satellite[1]	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion

[28] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

EUTELSAT 5 WEST B	5° West	Q4 2019	Video	Europe, MENA	35 Ku	35 Ku	None
KONNECT	To be confirmed	Q4 2019	Connectivity	Africa Europe	65 spot beams	75 Gbps	75 Gbps
EUTELSAT QUANTUM	To be confirmed	Q3 2020	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
KONNECT VHTS	To be confirmed	H2 2021	Connectivity Government Services	Europe	~230 spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	H2 2021	Video	Europe MENA	80 Ku[2]	73 Ku[2]	None
EUTELSAT HOTBIRD 13G	13° East	H2 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 (KONNECT, KONNECT VHTS, EUTELSAT HOTBIRD 13F and EUTELSAT HOTBIRD 13G) 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) operated, once regulatory, technical and operational constraints are taken into account.

4.3.1 Other

N/A

4.4 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 contract.

5 ACTIVITIES OF SUBSIDIARIES AND EQUITY INTERESTS

During the financial year ended 30 June 2019:

- The Konnect Africa DRC subsidiary was created on 27 September 2018;
- The BB4A Côte d'Ivoire company was renamed Konnect Africa Côte d'Ivoire on 21 November 2018. On 20 May 2019, the sale of a minority stake of 16% of the share capital and voting rights of Konnect Africa Côte d'Ivoire was completed;
- The disposal of the 49% stake in Euro Broadband Sàrl was finalized on 23 November 2018;
- The BB4A South Africa company was renamed Konect South Africa on 30 November 2018.

At 30 June 2019, the Company owned directly or indirectly 55 subsidiaries or minority holdings.

The simplified organisation chart below shows the Group structure at 30 June 2019. The complete list of the companies consolidated within Eutelsat Communications at 30 June 2019 is in Note 3 of the Group's consolidated accounts in the appendices to this report.

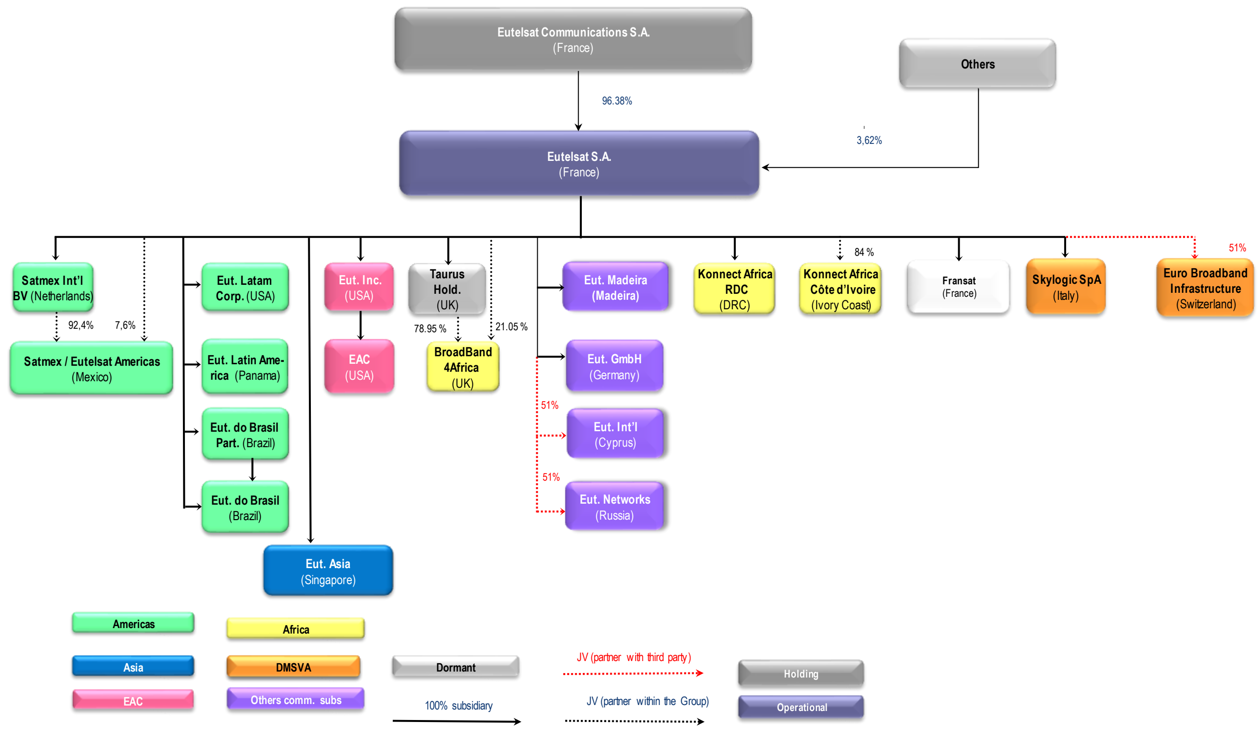
Eutelsat Communications is a holding company with no operational role other than its direct interest in Eutelsat S.A.

The revenues and results shown for the subsidiaries in section 5.2 are based on these companies' annual accounts.

5.1 GROUP SIMPLIFIED ORGANISATIONAL CHART

The organisational below chart depicts the Eutelsat Group as at 30 June 2019.

Organisation chart - Eutelsat Group



5.2 MAIN SUBSIDIARIES AND EQUITY INTERESTS

At 30 June 2019, the Group's main operating companies were:

- Eutelsat S.A. (France), 96,38% directly-owned by the Company;
- Eutelsat Madeira Lda (Madeira), Eutelsat Asia Pte Ltd. (Singapor) and Fransat S.A. (France), direct subsidiaries which are 100% owned indirectly by Eutelsat S.A;
- Eurobroadband Infrastructure (Switzerland), 51% 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.

5.2.1 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 2019.

(in millions euros)	**Eutelsat S.A**
Revenues	1,324.3
Group share of net income	391.3

5.2.2 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 1st 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 Madeira Lda is also the owner of a portion of the E8WB satellite.

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 and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

Eutelsat do Brasil Ltda. (Brazil)

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, 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 notably in charge of marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at orbital position 56° East.

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 in Africa.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2019:

(in million 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	144.9	36.1	4.8	16.4	128.1	16.3	48.4	57.1	9.6
Group share of net income	(0.4)	9.7	0.0	12.1	24.6	(15.5)	4.2	2.3	(6.2)

6 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 – FINANCIAL INFORMATION

In this section references to Notes refer to the Notes on the Group's consolidated financial statement for the financial year ended 30 June 2019, which are annexed to this report.

6.1 FINANCIAL AND ACCOUNTING POLICY – IFRS STANDARDS

The financial year of Eutelsat Communications runs for 12 months ending on 30 June.

The financial statements at 30 June 2019 have been prepared in accordance with IFRS rules, as adopted by the European Union and effective as of that date.

6.2 CONSOLIDATED SIMPLIFIED BALANCE SHEET OF EUTELSAT COMMUNICATIONS

Details of the Eutelsat Communications consolidated balance sheet at 30 June 2018 and 30 June 2019 are shown in the attached consolidated financial statements.

Total shareholder's equity stood at €2,867 million at 30 June 2019 versus €2,847 million at 30 June 2018.

Simplified consolidated balance sheet (in millions of euros)

(in millions of euros)	Note	30 June 2018 (1)	30 June 2019
Assets			
Goodwill	7.1.1	1,197.5	1,206.1
Intangible assets	7.1.1	653.6	575.5
Tangible assets and construction in progress	7.1.2	4,761.7	3,881.4
Right of use in respect of leases	7.1.3	-	657.9
Investments in associates	6.5	4.3	-
Non-current financial assets	7.3.3	17.4	13.6
Non-current assets associated with customer contracts		24.7	30.2
Deferred tax assets	7.7	4.6	2.7
Total non-current assets		**6,663.8**	**6,367.4**
Inventories		2.1	3.9
Accounts receivable	7.2.1	300.5	284.7
Current assets associated with customer contracts		43.2	49.0
Other current assets		29.9	25.5
Current tax receivable		4.5	22.4
Current financial assets	7.3.3	16.9	83.4
Cash and cash equivalents	7.3.1	733.5	1,455.4
Total current assets		**1,130.6**	**1,924.2**
Total assets		**7,794.4**	**8,291.6**

(in millions of euros)	Note	30 June 2018 (1)	30 June 2019
Liabilities			
Share capital	7.5.1	232.8	232.8
Additional paid-in capital		738.1	738.1
Reserves and retained earnings		1,695.5	1,710.1
Non-controlling interests		181.2	186.4
Total shareholders' equity		**2,847.4**	**2,867.4**
Non-current financial debt	7.3.2	2,434.8	2,873.1
Non-current lease liabilities	7.2.3	-	507.2
Other non-current financial liabilities	7.3.2	695.8	60.8
Non-current payables to fixed asset suppliers		17.9	7.7
Non-current liabilities associated with customer contracts	7.2.2	125.0	129.0
Non-current provisions	7.5	107.1	130.8
Deferred tax liabilities	7.6	264.8	229.1
Total non-current liabilities		**3,645.4**	**3,937.7**
Current financial debt	7.3.2	860.9	986.0
Current lease liabilities	7.2.3	-	75.1
Other current payables and financial liabilities	7.3.3	216.9	230.8
Accounts payable		56.3	61.7
Current payables to fixed asset suppliers		44.7	55.0
Tax payable		10.6	2.5
Current liabilities associated with customer contracts	7.2.2	81.6	59.5
Current provisions	7.6	30.6	16.0
Total current liabilities		**1,301.7**	**1,486.6**
Total liabilities and shareholders' equity		**7,794.4**	**8,291.6**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application.

6.3 SIMPLIFIED CONSOLIDATED INCOME STATEMENT OF EUTELSAT COMMUNICATIONS

(in millions of euros, except per-share data)	Note	30 June 2018 (1)	30 June 2019
Revenues from operations	6.1	**1,390.5**	**1,321.1**
Operating costs	6.2	(97.4)	(90.6)
Selling, general and administrative expenses	6.2	(214.8)	(198.0)
Depreciation expense	7.1.1, 7.1.2, 7.1.3	(506.0)	(518.8)
Other operating income and expenses	6.3	(18.5)	12.5
Operating income		**554.0**	**526.1**
Cost of net debt		(95.2)	(86.5)
Other financial items		(10.1)	(4.9)
Financial result	**6.4**	**(105.2)**	**(91.5)**
Income from associates	6.5	(2.2)	(1.3)
Net income before tax		**446.6**	**433.4**
Income tax	6.6	(142.9)	(76.3)
Net income		**303.7**	**357.0**
Attributable to the Group		291.6	340.4
Attributable to non-controlling interests		12.1	16.6
Basic and diluted earnings per share attributable to Eutelsat Communications shareholders (2)	**6.7**	1.254	1.463

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group had opted for a modified retrospective application.

(2) There are no dilutive instruments as of 30 June 2018 and 2019.

6.3.1 Operating charges at 30 June 2019

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 include:

- administrative and commercial staff costs (including mandatory employee profit-sharing);

- 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.

The C.E.T. (Contribution Economique Territoriale – Territorial Economic Contribution) is divided between operating costs and selling, general and administrative expenses (based on corresponding staff numbers).

Operating costs and selling, general and administrative expenses represented 22% of 2018-2019 revenues (22% for previous financial year). The 7.6% decrease over the previous year reflects notably the benefits of the "LEAP 1" cost savings plan which generated an aggregate saving of €32 million.

As a result, EBITDA stood at €1,032.4 million (€1,078.5 million at 30 June 2018), down 4.3%.

As a result, despite lower reported revenues and the costs related to the Konnect Africa project, the EBITDA margin showed further improvement, reaching 78.4% at constant rate (78.1% on a reported basis), compared to 77.6% last year.

6.3.2 Depreciation and amortisation and other operating costs

Depreciation and amortisation chiefly corresponds 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 €62.0 million for fiscal year 2018-19.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2018-19 depreciation and amortisation expenses amounted to €518.8 million. The increase of €12.8 million on last year. This reflects mainly the impact of IFRS 16 and a negative currency impact

"Other operating income (charges)" stood at €12.5 million as of 30 June 2019 and reflects principally the capital gain on the disposal of the interest in EUTELSAT 25B, compared with -€18.5 million a year ago which included the one-off accounting impact of the integration of Noorsat.

6.3.3 Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

As of 30 June 2019, operating income stood at 526.1 million euros down 5.0% on last year.

6.3.4 Financial result

The financial result posted a €91.5 million expense as of 30 June 2019, compared with a €105.2 million expense in the previous financial year.

It reflected:

- the evolution of foreign exchange gains and losses
- higher capitalized interest
- the positive impact of the refinancing of the bond redeemed in January 2019.

6.3.5 Corporate tax

A tax rate of 18% (versus 32% last year) which reflects the full impact of the change in rules relating to the territoriality treatment of corporate tax applicable to satellite telecommunications operators.

6.3.6 Income from associates

Income from associates stood at -€1.3 million compared to -€2.2 million for fiscal year 2017-18.

6.3.7 Consolidated net income

As of 30 June 2019, consolidated net income totalled 357.0 million euros, compared to 303.7 million euros as of 30 June 2018.

6.3.8 Net income attributable to the Group

Group share of net income stood at €340.4 million in 2018-19 versus €291.6 million in 2017-18, an increase of 16.7%. The net margin stood at 26%.

6.4 GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity requirements mainly cover financing the construction and launch of satellites, servicing its debt and funding its working capital requirement.

The Group's main financial resources are composed of the cash flows generated by the operating activities of Eutelsat S.A. The Group has additional financial resources in the form of lines of credit (bank loans and bonds).

6.4.1 Status of the Group's net indebtedness[29]

At 30 June 2019, the Group's total net debt amounted to 3,073 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 3,130 million euros of bonds issued by Eutelsat S.A., (iii) 580 million euros of debt related finance leases; (iv) 119 million euros for Export Credit Agencies; (v) 100 million euros for the Foreign exchange portion of the cross-currency swap and; vi) 1,455 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 850 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2019

(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
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	28 April 2024
Eutelsat S.A. credit facility	200	-	Three tranches: 30 June 2022: €67m 30 June 2023: €80m 30 June 2024: €53m
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
2025 Eutelsat S.A. Bond	800	800	2 October 2025
2027 Eutelsat S.A. Bond	600	600	13 July 2027
ONDD export credit facilities 1	121	71	17 May 2024
ONDD export credit facilities 2	87	48	20 February 2024

29 The Group's net indebtedness includes all its bank debts and bonds as well as the debts associated with satellite finance leases, less its cash in hand and investment securities (see Notes 7.3.4 to the attached consolidated financial statements).

Long-term leases	-	580	-
Foreign exchange portion of the cross-currency swap	-	100	13 January 2020
Total	**4,788**	**4,529**	

There was no drawdown on the revolving lines of credit during the year ending 30 June 2019. 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 2.87% for those maturing in January 2020, 1.24% for those maturing in June 2021, 3.34% for those maturing in October 2022, 2.17% for those maturing in October 2025 and 2.31% for those maturing in July 2027.

As of 30 June 2019, 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 3.6 years, compared to 2.2 years at 30 June 2018. The average cost of debt was 2.6% (after hedging), down from 2.9% in FY 2017-18.

Cash-flow generation

Net cash flow from operating activities amounted to €848 million, €33 million lower than last year. This reflected principally the decrease in EBITDA, the negative impact of the disposal of EUTELSAT 25B and the positive effect of the above-mentioned change in tax regime, although the latter was not fully captured in cash-tax.

Cash Capex amounted to €323 million (€35 million less than last year), well within the announced Capex envelope.

Interest and other fees paid net of interest received amounted to €117 million versus €108 million last year.

As a result, Discretionary Free Cash-Flow amounted to €408 million on a reported basis. At constant currency and excluding the impact of the disposal of EUTELSAT 25B, it stood at €439 million, up €39 million or 9.6%.

This rise comes on top of an increase of 12% (at constant currency) last year, implying that our three-year objective of mid-single digit CAGR has been overachieved a year ahead of schedule.

Change in Consolidated net Debt in financial year 2018-19

At 30 June 2019 net debt stood at €3,073 million, down €169 million versus end-June 2018. Discretionary free cash-flow more than covered the dividend payment (€310 million including dividends paid to minority interests). Other variations included, on one hand, the first half of the consideration for EUTELSAT 25B (€68 million) and the reduction of debt related to repayments of finance leases and export credit financing (€112 million), and on the other, the impact of IFRS 16 for €44 million, changes in the foreign exchange portion of the cross-currency swap (which inflated net debt by €14 million) as well as other items for €51 million mostly related to financial instruments.

The net debt to EBITDA ratio stood at 2.98 times (3.01 times as of end June 2018).

The average cost of debt after hedging stood at 2.6% (2.9% in FY 2017-18). The weighted average maturity of the Group's debt stood at 3.6 years (4.7 years excluding the January 2020 €930 million Bond), compared to 2.2 years at end-June 2018.

Liquidity remained strong, with undrawn credit lines of €850 million and cash of €525 million on top of the €930 million earmarked for the redemption of the upcoming Bond maturity.

During the financial year, the group undertook two successful bond issues:

- An €800 million 2.0 percent Eurobond issue with a 7-year maturity, enabling the full redemption of the €800 million outstanding bonds bearing a 5.0 percent coupon maturing in January 2019. This transaction will reduce pre-tax cash interest by some €24 million on an annualized basis from FY 2019-20;
- A €600 million 2.25 percent Eurobond issue with an 8-year maturity, enabling the full redemption of the €930 million outstanding bonds bearing a 2.625 percent coupon maturing in January 2020. This transaction will reduce pre-tax cash interest by some €10 million on an annualized basis from FY 2020-21.

6.4.2 Description of the financial instruments in place during the financial year ended 30 June 2019

Main changes during financial year ended 30 June 2019

- Eutelsat S.A obtained lenders'agreement for a one-year extension of the 450 million euro revolving credit facility which now matures on April 2024

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 2019), concluded in March 2015 with - initially - a 5-years maturity which was then extended by two years. Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in US 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 7.3.2 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 2019, they represent a balance of 1.3 million euros.

Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- 300 million euros 10-year bonds issued on 1st 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 euros of six-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 euros of five-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;
- 800 million euros of seven-year bonds issued on 25 September 2018 on the Luxembourg Stock Exchange regulated market and maturing on 2 October 2025 ("the Bond Loan 2025"). The 2025 bonds carry an annual coupon of 2.000%, were issued at 99.400%, and are redeemable at maturity at 100% of their principal amount;
- 600 million euros of eight-year bonds issued on 6 June 2019 on the Luxembourg Stock Exchange regulated market and maturing on 13 July 2027 ("the Bond Loan 2027"). The 2027 bonds carry an annual coupon of 2.250%, were issued at 99.822%, 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 118.6 million euros were drawn at 30 June 2019. These credit facilities have a 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 48.1 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 70.1 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.
- A 450 million euro revolving credit facility signed on 28 April 2017 with a five-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).
- A credit facility of up to €200 million signed on 17 April 2019. This facility is composed of three tranches payable in June 2022, June 2023 and June 2024 respectively, bearing interest at a fixed rate plus a predefined margin. 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 referred to in paragraph 6.4.2 provide for the possibility:

- For each lender party to the credit agreements to request early repayments of all credit agreements in the event 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;
- For each lender party to the bond issues to request early redemption of all issued bonds in the event of a change of control of Eutelsat S.A. or change of control of Eutelsat Commuications accompanied by a downgrade in its bond ratings.

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 2019, they represent a balance of 20.5 million euros.

6.5 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks is actively managed, 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.

These risks are described in the Risk Factors in section 12 of the current report.

6.6 LITIGATION

In the course of its activities the Group has been involved in legal actions and commercial 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.

For more information on ongoing litigations, please refer to note 7.6.3 of the appendix to consolidated financial statements of Eutelsat Communications.

7 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 – FINANCIAL INFORMATION

7.1 ACCOUNTING AND FINANCIAL PRINCIPLES

The annual financial statements as of 30 June 2019 were drafted in compliance with the provisions of the Code of Commerce (Articles L.123-12 to L123-28) and regulation 2016-07, dated 4 November 2016, of France's national accounting standards body. The conventions below were applied in adherence to the principle of prudence, according to the basic rules: (i) continuity of operations (ii) keeping financial years independent of each other, (ii) consistency in accounting methods from one financial year to the next and (iv) in compliance with the general rules for drawing up and presenting annual financial statements.

7.2 COMPANY ACTIVITIES AND KEY HIGHLIGHTS DURING THE YEAR

The Company's status is that of a holding company. Its role is to direct the financial and strategic activities of the Eutelsat Group and the Company has no other operational activity.

7.3 EXTRACTS FROM THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT AT 30 JUNE 2019

Details of the Company's Balance Sheet and Income statement for the financial year ended 30 June 2019 are presented in the Company financial statements in appendix 2 attached to this report.

7.3.1 Simplified balance sheet at 30 June 2019 – Company financial statements

(in millions of euros)	Note	30/06/2018 Net Amounts	30/06/2019 Net Amounts
Assets			
Financial assets	**4.1.**	**2 948.5**	**2 949.1**
Equity investments		2 942.9	2 943.4
Other financial assets		5.6	5.7
Fixed assets		**268.8**	**280.2**
Other receivables	4.2.	0.4	12.6
Group current accounts	4.2.	237.1	264.4
Marketable securities	4.3.	3.3	2.7
Cash	4.3.	27.9	0.4
Prepaid expenses		0.1	0.1
Current assets		**1.7**	**1.3**
Debt issuance costs	4.4.	1.7	1.3
TOTAL ASSETS		**3 219.0**	**3 230.6**

(in millions of euros)	Note	30/06/2018	30/06/2019
Liabilities			
Share capital		232.8	232.8
Issue, merger and acquisition premiums		1 237.6	1 237.6
Statutory reserves		23.3	23.3
Retained earnings		798.5	816.2
Income for the year		313.0	303.8
Tax related provisions		0.5	0.5
Equity Capital	**4.5.**	**2 605.6**	**2 614.2**
Provisions	**4.6.**	**0.1**	**0.1**
Bond issue	4.6.	600.3	601.1
Other Liabilities	4.7.	13.0	15.2
Financial, operating and other liabilities		**613.3**	**616.3**
TOTAL LIABILITIES		**3 219.0**	**3 230.6**

Changes in shareholders' equity over the year are described in detail in Note 7.4 to the Company financial statements in appendix 2.

For more information about the financing operations of the Company see Note 7.3.2 in the Company financial statements in appendix 2 to this report.

7.3.2 Simplified income statement at 30 June 2019 – Company financial statements

(in millions of euros)	Note	30/06/2018	30/06/2019
Revenue		3.4	4.1
Total operating income	**3.1.**	**3.4**	**4.1**
Staff costs		(3.6)	(3.4)
Other operating expenses		(7.6)	(8.2)
Total operating expenses	**3.2.**	**(11.2)**	**(11.6)**
Operating income		**(7.74)**	**(7.5)**
Financial income		306.1	313.1
Financial expenses		(5.8)	(7.2)
Financial income	**3.3.**	**300.3**	**305.9**
Current income before taxes		**292.6**	**298.4**
Exceptional income	**3.4.**	**(0.6)**	**(0.2)**
Company tax	3.5.	21.0	5.6
INCOME FOR THE YEAR	**3.5.2.**	**313.0**	**303.8**

The Company's net result showed a profit of 303.8 million euros for financial year ended 30 June 2019 compared to 313.0 million euros for previous financial year.

8 FINANCIAL OUTLOOK

Going into 2019-20, revenues will benefit from several tailwinds, notably:

- In Video, the entry into service of EUTELSAT 7C, bringing incremental capacity in Africa and the resilience of the core Broadcast Direct-to-Home business;
- In Fixed Broadband, the ramp-up of the Konnect Africa operations and the benefits of the PPP in Europe;
- In Mobile connectivity, the benefit of contract wins in Maritime and the full-year impact of the UnicomAirNet contract on EUTELSAT 172B;
- In Government Services, the entry into service of the EGNOS payload on Eutelsat 5 WEST B.

On the other hand, a delay in the launch of EUTELSAT QUANTUM (now expected in the third quarter of calendar year 2020) means this satellite will not contribute to revenues in the coming year, while the topline of Professional Video and Fixed Data will remain under pressure.

In this context, we expect **revenues for the Operating Verticals** of between €1,280 million and €1,320 million in FY 2019-20[30]. Given the elements listed above, the revenue profile will be back-end loaded.
Future revenues will benefit from the entry into service of Eutelsat Quantum, KONNECT and KONNECT VHTS, with an improving trend in the outer years.

Cash Capex[31] will continue to be contained at an average of €400 million per annum for the period July 2019 to June 2022.

The Group continues to leverage all measures at its disposal to maximise cash generation, which will benefit from the full impact of the achievements of the past year, notably in terms of debt refinancing and reduction of the tax expense. The LEAP 1 programme which was completed in June 2019 with opex savings of €32 million will be followed with a new plan, LEAP 2, aimed at generating a further €20 to 25 million in savings by June 2022.

In this context we are setting a new objective of delivering **discretionary free cash flow** of circa €500 million[32] in FY 2021-22.

The Group remains committed to maintaining a sound financial structure to support its **investment grade credit rating** with a **net debt / EBITDA** ratio below 3.0x. At the same time we will continue to serve a **stable to progressive dividend**, and we will also **repurchase at least €100 million of our shares** by end-June 2022 commencing in the second half of FY 2019-20[33].

Financial targets are based on the nominal deployment plan outlined on section 4.3.

* * *

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

[30] Based on €/$ rate of 1.14 and current perimeter
[31] Including capital expenditure and payments under existing export credit facilities and from lease liabilities.
[32] Based on a €/$ rate assumption of 1.14, excluding hedging impact and based on current perimeter.
[33] Subject to the renewal of the resolution relating to share buybacks at the Annual General Meetings.

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.

9 CORPORATE GOVERNANCE

Preliminary comments:

The corporate governance report, prepared by the Board of Directors, is now presented in a specific section of the Management report. The present section presents all the informations required in the corporate governance report.

Main changes in terms of corporate governance during financial year 2018-2019:

The Ordinary and Extraordinary Shareholders' Meeting of Eutelsat Communications of 8 November 2018 renewed the terms of Mr Ross McInness and of Bpifrance Participations for another 4 years, expiring at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending June 30, 2022.

Following the renewals decided during the 8 November 2018 Shareholders' Meeting, the Board is made up of twelve members, 42% of whom are women (five out of twelve) and 58% of whom are independent Directors (seven out of twelve[34]).

9.1 REFERENCE CODE USED TO ESTABLISH A CORPORATE GOVERNANCE POLICY

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of June 2018 (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
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 not provide 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 Compensation 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.

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

As of June 30, 2019, there are no preferred shares or shares with double voting rights in the Group; during the 7 November 2014 Meeting, the shareholders decided not to amend the Articles of Association to introduce the double voting right provided for in Article L. 225-123 of the French Code de Commerce. 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 Articles of Association.

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

9.2 ABSENCE OF CONTROL OF THE COMPANY

To the Company's knowledge, as of 30 June 2019, 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 Code de Commerce.

[34] The independent directors are Dominique D'Hinnin, FSP (represented by Agnès Audier), Esther Gaide, Didier Leroy, Ana Garcia Fau, Ross McInnes and Carole Piwnica.

9.3 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 Code de Commerce), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

9.4 EUTELSAT GROUP 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[35]) and Chief Technical Officer (Yohann Leroy).

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer, the Deputy Chief Executive Officer - Chief Technical Officer, the Chief Commercial Officer, the Chief Financial and IT Officer, the Company Secretary and General Counsel, the Chief Human Resources Officer, the Director of Development and the Chief Strategy and Resources Officer[36].

With the support of the Compensation 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 determining, allocating and granting of the fixed, variable and exceptional elements constituting the total remuneration of the Chairman and the Executive Directors, is detailed sections 9.13 and 9.14 of the Management Report.

Limitations of the powers of the Chief Executive Officer by the Board of Directors

The Internal Rules of the Board of Directors set out the respective powers 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 (see section 9.9 below and Annex A of the Board of Directors Internal Rules[37] for more detail).

9.5 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company's Articles of Association 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 9.16 and 11.9.

9.6 ORGANISATION AND PREPARATION OF THE BOARD MEETING

INTERNAL RULES

The Board of Directors adopted Internal Rules which set out the principles, the composition, the responsibilities and the procedures governing the functioning of the Board and its Committees. The Internal Rules have been updated on several occasions; the most recent update occurred on 25 June 2019.

BOARD MEETINGS AND INFORMATION COMMUNICATED TO THE BOARD OF DIRECTORS

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

The average annual attendance rate of Directors was 96.4% (compared to 94.1% in the previous fiscal year). The attendance rate for each director is shown in the table below:

Directors	Attendance rate
Dominique D'HINNIN (Chairman)	100%
Rodolphe BELMER	100%
John BIRT	100%
Jean d'ARTHUYS	100%

[35] As from 1 July 2019, Philippe Oliva succeeds Michel Azibert as Chief Commercial Officer. Michel Azibert will continue to serve as Deputy Chief Executive Officer.
[36] Reflects organisational changes effective as from July 1, 2019.
[37] Available on the Company website.

Bpifrance Participations (represented by Stéphanie FRACHET)	100%
Paul-François FOURNIER	71.4%
FSP represented by Mrs Agnès AUDIER	100%
Esther GAIDE	100%
Anna GARCIA FAU	100%
Didier Leroy	100%
Ross McINNES	100%
Carole PIWNICA	85.7%

CENSEUR

Pursuant to the provisions of (i) the Letter of Agreement signed on September 2, 2005 between the Company and Eutelsat IGO and (ii) the Company's Articles of Association, the Executive Secretary of Eutelsat IGO sits as a *Censeur* on the Board of Directors.

The *Censeur* does not receive any remuneration or indemnities from the Company.

DIRECTORS' TERM OF OFFICE

Pursuant to Article 14 of the Company's Articles of Association, the Directors' term of office is four years.

RULES APPLICABLE TO THE APPOINTMENT AND TO THE REPLACEMENT OF THE BOARD MEMBERS AND ALSO TO THE AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

In accordance with the Article 13 of the Company's Articles of Association, the Board members are appointed by the ordinary Shareholders' Meeting.

Directors may be reelected. They may be removed at any time by decision of the ordinary Shareholder's Meeting.

In accordance with the Article 14 of the Company's Articles of Association, if a director's seat becomes vacant between two Shareholders' Meetings, the Board of Directors may make temporary appointments. Such appointments are subject to ratification by the next ordinary Shareholders' Meeting.

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's Articles of Association are made at Shareholders'Meetings, as provided by law.

9.7 CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS

During one of its meetings, the Board of Directors assessed the independence of each of its members. As at 30 June 2019, among its twelve members, 7 directors were qualified as independent according to the independence criteria of the Reference Code representing 58% of the Boards of Directors.

The composition of the Board of Directors as of 30 June 2019 is shown in the table below:

Directors	Independence	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
Dominique D'HINNIN (Chairman)	Yes	8 November 2017	30 June 2021
Rodolphe BELMER	No	04 November 2016	30 June 2020
Lord BIRT	No	10 November 2006	June 30, 2019
Jean d'ARTHUYS	No	05 November 2015	June 30, 2019
Bpifrance Participations, represented by Stéphanie FRACHET	No	17 February 2011	30 June 2022

Paul-François FOURNIER	No	08 November 2017	30 June 2021
Fond Stratégique de Participations (FSP) represented by Mrs Agnès AUDIER	Yes	04 November 2016	30 June 2020
Esther GAIDE	Yes	08 November 2017	30 June 2021
Ana GARCIA FAU	Yes	05 November 2015	June 30, 2019
Didier LEROY	Yes	08 November 2017	30 June 2021
Ross McINNES	Yes	06 February 2013	30 June 2022
Carole PIWNICA	Yes	09 November 2010	30 June 2020

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 Director. The Board had to rule on the situation of Ross McInnes.

Ross McInnes is the non-executive Chairman of the Board of Safran which holds 50% of Arianegroup, a joint company with Airbus. He does not intervene in Safran's operational and commercial decisions nor 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 in discussions nor votes in relation to the choice of launchers or to the launcher policy that may be submitted to the Board of Directors of Eutelsat Communications.

9.8 DIVERSITY POLICY AND REPRESENTATION TO THE BOARD

GENDER REPRESENTATION

As of 30 June 2019, five women sit on the Board of Directors, which represents more than 40% of the total number of directors.

DIVERSITY

The company seeks a balanced representation of men and women within the Group. The Board of Directors regularly reviews the Company's diversity policy applicable to all employees.

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 on 8 November 2007, modified on 9 July 2018, with its operating subsidiary Eutelsat SA and the Eutelsat SA Social and Economic Committee (Comité social et économique – "CSE"). This agreement is designed to give Eutelsat SA's Social and Economic Committee 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. Social and Economic Committee 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. Social and Economic Committee 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 for the preparation of Board meetings.

9.9 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 French Code de Commerce, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for Shareholders' Meetings, the Board of Directors can address any matter that affects the Company or the functioning of the Eutelsat Group.

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 plan: 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 five-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;

- Budget: 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 2019-2020 financial year was approved by the Board of Directors on 25 June 2019;

- Investments: Any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount (i) exceeding 50 million Euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or (ii) exceeding 25 million Euros, if not included in the Group's Annual Budget;
- Financial commitments: (i) 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 financial year and for up to two transactions and/or groups of transactions in any given fiscal year and (ii) 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;
- 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

For the 2018-2019 financial year, the Board conducted its annual self-assessment in the form of a questionnaire validated by the Chairman of the Board and the Chair of the Nomination and Governance Committee.

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

The results of the assessment were discussed by the Nomination and Governance Committee as well as by the Board on 25 June 2019. The positive points that emerge from the evaluation are outlined as follows:

- An appropriate governance structure,
- 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 comparison with the same boards highlights areas for improvement, which can be summarized as follows:

- The composition of the Board should continue to evolve to reflect the changes in the business model and to become more international,
- The succession plan should continue to be reinforced,
- Training of Directors in the Group's businesses should be reinforced.

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

9.10 COMMITTEES OF THE BOARD OF DIRECTORS

As at June 30, 2019, the Board is assisted in its work by three committees: the Audit, Risk and Compliance Committee, the Nomination and Governance Committee and the Compensation Committee.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance 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 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, financial and extra-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, (vi) oversee the appointment/reappointment of statutory auditors auditors, and (vii) to supervise the implementation of all compliance control and risk prevention procedures.

As of 30 June 2019, the Audit, Risk and Compliance Committee consisted of Jean d'Arthuys, Lord John Birt and four independent directors: Dominique d'Hinnin, FSP (represented by Agnès Audier), Ross McInnes, and Esther Gaide, who acts as Chair, the latter meeting the criteria of financial competence laid down by the Commercial Code, having held the position of Financial Director at several industrial groups, including Elior Group.

The Group's Financial Director attended all meetings of the Audit, Risk and Compliance Committee.

The Committee met seven times (five times 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**
Esther GAIDE (Chair since 14 February 2019)	100%
Lord BIRT	100%
FSP (represented by Agnès Audier)	100%
Jean d'ARTHUYS	100%
Dominique D'Hinnin (member since 9 novembre 2018)	100%
Ross McINNES (Chair until 13 February 2019)	100%

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

Exposure to risks and off-balance sheet commitments are presented 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, Risk and Compliance Committee discussed and reviewed the measures put in place to implement the provisions of the Sapin II law relating to transparency and the fight against corruption (including the risk mapping, identification of primary risks, measures to identify and prevent corruption among others). The Committee also reviewed the refinancing structure of the two bonds during the financial year.

Finally, the Audit, Risk and Compliance Committee reviewed the Internal Audit plan and objectives during the financial year.

The Nomination and Governance Committee

The work of this Committee is to study and make 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 pursuant to the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the functioning of the Board.

The Nomination and Governance Committee met four times, with a 93.8% attendance rate.

As of June 30, 2019, the Committee was composed of a majority of independent members in accordance with the Reference Code made up of the following members: Bpifrance Participations (represented by Stéphanie Frachet), Dominique D'Hinnin, Carole Piwnica and Ross McInnes who chairs the Committee.

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

Name	Attendance rate
Ross McINNES (Chair since 14 February 2019)	100%
Bpifrance Participations (represented by Stéphanie FRACHET)	100%
Dominique D'Hinnin	100%
Carole PIWNICA (Chair until 13 February 2019)	75%

The committee discussed and reviewed:

- annual independence analysis of each Director;
- the composition of each committee;
- the appointment of Esther GAIDE as Chair of the Audit, Risk and Compliance Committee;

- the replacement of Lord John BIRT by Cynthia GORDON as director of Eutelsat Communications;
- the renewal of the mandate of Anna GARCIA FAU as director;
- the appointment of Ross McINNES as Chair of the Nomination and Governance Committee.

Compensation Committee

The Compensation 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 Board attendance fees.

The Committee, consisting of a majority of independent directors, met seven times with an 88.1% attendance rate. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Anna GARCIA FAU (Chair)	100%
Paul-François FOURNIER	57.1%
FSP (represented by Agnès Audier) (member since 9 November 2018)	100%
Didier LEROY (member since 9 novembre 2018)	100%
Lord BIRT (member until 8 novembre 2018)	100%

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, consisting of a majority of independent directors, did not meet during the financial year 2018-2019. The members of the Committee are shown in the table below

Name
Dominique d'HINNIN
Bpifrance Participations (represented by Stéphanie FRACHET)
FSP (represented by Agnès Audier)
Ross McINNES
Carole PIWINCA

All board members can attend to Ad hoc committee meetings when they wish to.

9.11 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 2019 (See the Notes to the consolidated financial statements for more information).

The amount of attendance fees which stands now at 985,000 euros was approved by the Shareholders' Meeting of 8 November 2017.

The draft resolutions adopted by the Board of Directors to be submitted for shareholder approval at the Meeting to be held on 7 November 2019 does not include any amendments to 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, given a preponderance to Board members' effective participation at meetings and committees, in accordance with Article 20.1 of the Reference 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 or living outside of France;
  - Variable part of 4,000 euros per Board member for each Board meeting attended.
- Audit, Risk and Compliance 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 Nomination 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.
- Compensation 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 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 2018 and 30 June 2019 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2018-19 are paid from 1 July 2019 are provided in the column "FY 2018-19".

Chairman of the Board of Directors (in euros)	**FY 2017-18**	**FY 2018-19**
D. D'Hinnin **Chairman of the Board of Directors**		
Attendance fees	167 111	228 286
Other	0	0
Total paid to the Chairman of the Board of Directors	**167 111**	**228 286**

Members of the Board of Directors (in euros)	FY 2017-18	FY 2018-19
J. d'Arthuys **Board Member**		
Attendance fees	68 600	68 000
Other	0	0
R. Belmer **Board Member**		
Attendance fees	47 000[38]	43 000
Other	Cf. section 9.14	Cf. section 9.14
Lord J. Birt **Vice-Chairman of the Board**		
Attendance fees	108 000	105 143
Other	0	0
Bpifrance Participations **Board Member, represented by Stéphanie Frachet**		
Attendance fees	62 000	54 000
Other	0	0
A. Garcia Fau **Board Member**		
Attendance fees	81 000[39]	75 000
Other	0	0
P-F. Fournier **Board Member (since November 2017)**		
Attendance fees	34 667	46 000
Other	0	0
E. Gaide **Board Member (since November 2017)**		

[38] Amount amended compared to that published last year (€51,000) following a calculation adjustment

[39] Amount amended compared to that published last year (€79,125) as a result of a typo

Attendance fees	47 267	70 857
Other	0	0
FSP **Board Member, represented by Agnès Audier since 8 November 2017 (represented by Dominique D'Hinnin from 1 July 2017 until 8 November 2017)**		
Attendance fees	81 000[40]	72 857
Other	0	0
D. Leroy **Board Member (since November 2017)**		
Attendance fees	49 667	57 857
Other	0	0
R. McInnes **Board Member**		
Attendance fees	87 000	87 393
Other	0	0
C. Piwnica **Board Member**		
Attendance fees	69 000	61 750
Other	0	0
M. de Rosen **Chairman of the Board of Directors (until 8 November 2017)**		
Attendance fees	25 000	NA
Other	Cf. section 9.14	Cf. section 9.14
B. Mabille **Board Member (until 8 November 2017)**		
Attendance fees	22 733	NA
Other	0	0
Total paid (excluding to the Chairman of the Board of Directors)	**782 933**	**741 857**

Total paid (including to the Chairman of the Board of Directors)	**950 044**[41]	**970 143**

40 Amount amended compared to that published last year (€80,000) as a result of a typo

41 Amount amended compared to that published last year (€951,169) following a calculation adjustment

9.12 LIST OF FUNCTIONS OR OFFICES HELD IN ANY FRENCH AND FOREIGN COMPANY BY THE MEMBERS OF THE BOARD OF DIRECTORS AS OF 30 JUNE 2019

DOMINIQUE D'HINNIN

Board Member, Chairman of the Board of Directors

DoB: 4 August 1959
59 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 2021

Biography

Dominique D'Hinnin was Lagardère Co-managing Partner from 2010 to 2016. He is a a graduate of the *École normale supérieure* and a former *Inspecteur des finances*. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed Internal Audit Manager, CFO of Hachette Livre in 1993, and in 1994, Executive Vice-President of Grolier, Inc. (Connecticut, USA). He was Lagardère CFO from 1998 to 2009, and Lagardère SCA Co-managing Partner between 2009 and 2016. He is former Board Member of Canal+ and former Advisory Board Member of Price Waterhouse Coopers France. 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. (since 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)
Technicolor: Board Member since 14 June 2019 (listed company)

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

Having expired:

In France:
Marie-Claire Album and Holding Evelyne Prouvost: Board Member between 2014 and 2016

Outside France:
NA

RODOLPHE BELMER

Board Member and CEO

DoB: 21 August 1969
49 years old
French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
1 March 2016 as CEO
4 November 2016 as Board Member

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

Biography

Graduate of France's HEC business school, Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. 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)
Board Member of Eutelsat S.A. (since 4 October 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 Networks (Russian Federation) (since 30 September 2016)

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* (since January 2017)
Chairman of RBC (since July 2015)
Chairman of Séries Mania (since September 2017)
Director of Brut (since 15 February 2018)

Outside France:
Non-executive Director of Netflix (listed company, USA) (since January 2018)

Having expired:

In France:
CEO and Member of the Management Board of the Canal+ Group (until 3 July 2015)

	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	CEO & Chairman of Cine Info (until 6 July 2015) Chairman of the Board of Sport+ (until 6 July 2015) Chairman of Vivendi Contents (until 6 July 2015) Chairman of Flab Prod (until 6 July 2015) Managing Director of Flab Press (until 6 July 2015) CEO and Board Member of Société d'Édition de Canal Plus (until 7 July 2015) **Outside France**: Member of the Supervisory Board of TVN S.A. (Poland) (until 24 June 2015) Board Member of Hispasat S.A (Spain) (until 18 April 2018)

LORD JOHN BIRT

Board Member, Vice President, Board of Directors

DoB: 10 December 1944 74 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, graduate of Oxford University, is 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 Capital Partners. 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 (UK) Chairman of Paypal Europe (Luxemburg) Advisor, Terra Firma Capital Partners (United Kingdom) Non-executive Director of Shopvolution (UK) Chairman of HEG (UK) Chairman of CPA Global (UK) President of JLA (UK)

JEAN D'ARTHUYS

Board Member

DoB: 20 November 1966 52 years old French national Business address: Eutelsat Communications 70, rue Balard 75015 Paris First appointment/Co-opting: 5 November 2015 Expiry date of office:	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	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:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019	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	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

BPIFRANCE PARTICIPATIONS REPRESENTED BY STÉPHANIE FRACHET

Board Member

DoB: 17 May 1977 42 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 2022	Biography Bpifrance Participations (since 12 July 2013, formerly Fonds Stratégique d'Investissement – FSI) is currently represented on the Company's Board of Directors by Stéphanie Frachet. Graduate of the ESSEC business school, Stéphanie Frachet has 18 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 audit and then in financial consulting on M&A and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO financing and led a number of restructuring transactions. 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 Managing Director, member of the Capital Development Executive Committee. She is also a Board Member at Constellium (listed company on the NYSE) and at Sulo (ex-Plastic Omnium Environment) and *Censeur* at Paprec. 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: Board Member at Sulo (ex-Plastic Omnium Environment) *Censeur* at Paprec Outside France: Board Member of Constellium (listed company, USA) Having expired: Permanent representative of Bpifrance Participations, Board Member of: Sarenza Cylande Board Member of Eurosic (listed company) Outside France: N/A

PAUL FRANCOIS FOURNIER

Board Member

DoB:15 March 1968 51 years old French national Business address:	Biography	OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

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	Paul-François Fournier, graduate of Telecom ParisTech, began his career at France Télécom Orange Group in 1994 as a business engineer in the France Business 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 more than 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 Executive Committee Member 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	Current: **In France:** Head of Innovation, Executive Committee Member and Board Member of Bpifrance Supervisory Board Member of Cornovum Board Member of Parrot Board Member Prodways Group Board Member of Sigfox **Outside France:** N/A Having expired: **In France:** Board Member of the Wanadoo Group Supervisory Board Member of Younited (until 2019) **Outside France:** N/A

FONDS STRATEGIQUE D'INVESTISSEMENT (FSP) REPRESENTED BY AGNES AUDIER

Board Member

DoB: 3 November 1964 54 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 The FSP has been a Director of Eutelsat Communications since 4 November 2016, its permanent representative is Mrs Agnès Audier. Agnès Audier is a former student of *Ecole Normale Supérieure*, an Engineer ("Ingénieur en chef des Mines) and scientist by training (with a post-graduate diploma in Material Sciences) and a graduate of *SciencesPo*. From 1993 to 1995 Agnès Audier was technical advisor to the Minister of Social Affairs of Health and the Urban Policy, 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. From 1997 to 2001, Agnès Audier was Senior Vice President for Strategy and Business Development, Secretary of the Executive Committee of Vivendi Group. She was then appointed Chief Operating Officer of VivendiNet, Vivendi Universal's Internet and Technology Division. From 2003 to 2006, Agnès Audier was Executive Vice President and Chief Performance Officer for Havas Group, the world's fifth largest advertising and communications group. In 2007, she joined BCG (Boston Consulting Group) and was elected Partner and Managing Director in 2008. She was member of the Western Europe and Latin America Management Committee. Since October 2019, she is Senior Advisor and independent consultant on issues of digital transformation and data. 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:	OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS Current: **In France:** Chair of the Board of "SOS Seniors", a French NGO dedicated to elderly care **Outside France:** N/A Having expired: **In France:** Partner and Managing Director of Boston Consulting Group (from 2008 to 2018) **Outside France:** N/A

	In France: N/A **Outside France:** N/A	

ESTHER GAIDE

Board Member

DoB: 6 September 1961
57 years old
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, where she set up the Internal Audit Department participating 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 Director of Controlling, in charge of the accounting, consolidation and control. In 2006, she joined Havas to then become Deputy CFO and HR Director. In 2011, she joined Technicolor (ex-Thomson) as Group Director of Controlling supervising accounting, consolidation and control. In 2012, she was appointed Deputy CFO before becoming CFO and member of the Executive Committee in 2015. In addition, Esther Gaide was appointed CFO of Elior Group on 15 March 2018.

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:
CFO of Elior Group
Permanent representative of ELIOR GROUP on the Board of Directors of:
- ELIOR RESTAURATION ET SERVICES, SA
- AREAS WORLDWIDE, SA

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 as:
- Chairman of ELIOR FA3C SAS,
- Chairman of ELIOR TRÉSORERIE SAS,
- Chairman of ELIOR GESTION SAS,
- Chairman of SACORES SAS,
- Chairman of ÉGÉE VENTURE SAS,
- Chairman of L'ACADEMIE BY ELIOR SAS,
- Chairman of SC2R SAS,
- Chairman of BERCY SERVICES I – BSI SAS,
- Chairman of BERCY SERVICES XXV – BSXXV SAS,
- Chairman of BERCY SERVICES XXIX – BSXXIX SAS,
- Chairman of ELEAT SOLUTIONS SAS,
- Chairman of ELIOR DATA RC FRANCE SAS,

Permanent representative of EGEE VENTURE, as Chairman of BERCY SERVICES XXVII – BSXXVII SAS,
Manager of BERCY SERVICES II – BSII SAS,
Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of:
- ELRES, SAS,
- 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
50 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) holds an MBA from MIT. She began her career at McKinsey&Co., and at the M&A division 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 (yellow pages and online content) from 1997 to 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel board positions at several subsidiaries in Spain and Latin America. In 2006, she was appointed CEO of Yell for Spain and Latin America (2006-2014), later expanding her role to the U.S. Hispanic market and based in Houston, Texas. In 2013, she was appointed Chief Global Strategy Officer of Hibu (former Yell Group) responsible for partnerships and digital strategy. Since its IPO in June 2014, she is non-executive Director at Merlin Properties, the leading REIT in Spain and member of its Audit Committee. Since April 2016, she is non-executive Director at Paris-based Technicolor, a technology provider to the media industry. She is member of its Audit Committee and Chairs its Nominations & Governance Committee. Since June 2016, she is Board member of Renovalia Energy Group, a private renewable energy company owned by Cerberus Capital, where she chairs its Audit Committee. Since April 2017, she is non-executive Director and member of the Audit Committee at Gestamp, a listed Spanish car component manufacturer. In April of 2017, Ana joined the global and international Boards of DLA Piper, a global law firm, chairing its Audit Committee. In November 2017, Ana joined the Board of Globalvia, an infrastructure company where she is member of its Audit & Risk Committee. Ana currently serves on the Advisory Boards of Salesforce in the Iberia region and Mutualidad de la Abogacía in 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).

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) (since April 2016), Member of the Audit Committee, Chair of the Nominations & Governance Committee

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

Having expired:

In France:
N/A

Outside France:

Board Member of Cape Harbour Advisors, SL (Spain) (until April 2016)

DIDIER LEROY

Board Member

DoB:26 December 1957
61 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 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

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

Current:

In France:
N/A

Outside France:
Executive Vice President, Chief Competitive Officer and Board Member of Toyota Motor Corporation (listed company, Japan)
Non-executive Board Member of Toyota Tsusho Corporation (listed company, Japan)
Non-executive Board Member of ALIAXIS (Belgium)

	Current: In France: N/A Outside France: N/A Having expired: In France: N/A Outside France: N/A	Having expired: In France: N/A Outside France: N/A

ROSS MCINNES

Board Member

DoB: 8 March 1954 65 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 2022	Biography Graduate of Oxford University, Ross McInnes began his career at Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the Corporate Finance arm of Continental Bank (now 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 CFO 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, now Kering) 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 and became Executive Vice-President of Economics and Finance in June 2009. He served as a member of the Management Board from July 2009 to April 2011. In April 2011 he became Deputy CEO in charge of Economic and Financial Affairs at Safran. Since 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 as part of French economic diplomacy. In November 2016, upon the recommendation of the AFEP and MEDEF, he was appointed to 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". In October 2017, the French Prime Minister appointed Ross McInnes as Co-Chairman of the "Action Publique 2022" Committee on public policy reforms, mission concluded. In January 2018 he joined the IFRS Foundation, which oversees the work of the International Accounting Standards Board (IASB), as Trustee and Director. In October 2018, the French Prime Minister entrusted him with the mission to promote France to non-financial companies doing business in the United Kingdom. Since January 2018, he is Director and member of the Audit Committee, Compensation Committee and Strategic Committee at Lectra (listed company). Since May 2018, he is Director and member of Audit Committee at Engie (listed company) and Chairman of its Committee on Ethics, the Environment and Sustainable Development and member of its Strategy, Investments and Technology Committee since May 2019. 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) Chair of the Committee on Ethics, the Environment and Sustainable Development and member of the Audit Committee and the Strategy, Investments and Technology Committee Board Member of Lectra (listed company) member of the Audit Committee, the Compensation Committee and the Strategy Committee Outside France: Trustee and Director of the IFRS Foundation (USA, UK) 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 and Chairman of the Audit Committee of IMI, Plc (listed company, U.K)

CAROLE PIWNICA

Board Member

DoB: 12 February 1958 61 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), with a Masters degree in Law from New York University. After a career with several international law firms, Carole Piwnica is currently Board Member of Naxos SARL (private equity firm) and a member of the Board of 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. 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 SARL (Switzerland) Board Member of Amyris (USA) (listed company) Board Member of Elevance (USA) Having expired: **In France:** N/A **Outside France:** Board Member of Dairy Crest Group Plc (UK) Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (UK) Board Member of Louis Delhaize (Belgium) Board Member of Recycoal (UK) Board Member of Big Red (USA) Board Member of I20 (United Kingdom) Board Member of Naxos (UK)

9.13 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 Code de Commerce. 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 2018-19 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2018-19 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.

9.13.1 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 § 9.7 of the present report concerning rules of allocation of attendance fees to the directors).

9.13.2 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: Organic change in "Operating Verticals" Revenues; discretionary free cash flow; cost savings plan - Qualitative objectives: specific objectives related to the strategic roadmap. See "Variable compensation policy" section
Pluri-annual variable compensation	N/A	N/A
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 three-year value creation objectives: revenue linked to the new verticals; discretionary free cash flow; relative TSR [2], criterion linked to Corporate Social

		Responsibility. 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 9.11 of this document.
Non-compete undertakings	Take account of the satellite operators' 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) These indicators are described in the "Variable Compensation Policy" section of this chapter.

(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 circumsntances, and to respresent it in its relationships with third parties;
- The track record, skills, experience, expertise, seniority 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 is as follows:

- For the Chief Executive Officer: 650 000 euros
- For the Deputy Chief Executive Officers:
    - 363 384 euros for Michel Azibert (Deputy Chief Executive Officer and Chief Commercial Officer until 30 June 2019, then Deputy Chief Executive Officer, his duties as Chief Commercial Officer having ended on 1 July 2019);
    - 291,000 euros for the Deputy Chief Executive Officer and Chief Technical Officer for FY 2019-20 compared to 253 000 euros for FY 2018-19. This 15% increase is based on the desire of the Board to: i) align the compensation of the Deputy Chief Executive Officer and Chief Technical Officer with the market median for this type of position, insofar as it is an internal promotion; ii) to acknowledge the importance of this position for the implementation of the Group's strategy.

      It should be noted that the reference panel was established by Tower Watson and includes 25 companies from the SBF 80 index whose median income and market capitalization are in line with those of Eutelsat. The median fixed remuneration within the sample for similar functions is around 300,000 euros.

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%***	***70%***	***25%***
"Operating Verticals" Revenues growth[40]	*24.5%*	*24.5%*	*8.75%*
Discretionary free cash-flow	*28%*	*28%*	*10%*
Cost-saving plan (LEAP 2)	*17.5%*	*17.5%*	*6.25%*
Qualitative objectives at Group level	***30%***	***35%***	***25%***
TOTAL	***100%***	***105%***	***50%***

Compared to the policy approved by the General Assembly of 8 November 2018, the chages are as follows:

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[40] *Operating Verticals Revenues is equal to Total Group revenues minus "Other Revenues" as disclosed in the section 3.2 of this document. The variation is computed at constant currency and perimeter.*

- Elimination of the EBITDA margin target. Profitability is already captured by the discretionary free cash flow indicator. This change is in line with the evolution of the Group's financial objectives (elimination of the EBITDA margin from the Group's financial objectives);
- Removal of Michel Azibert's specific quantitative objectives related to his duties as Chief Commercial Officer, which ended on 1 July 2019 (Michel Azibert remains Deputy Chief Executive Officer);
- A new cost-saving plan 'LEAP 2' replaced 'LEAP 1' which has now been achieved.

Method for calculating the quantitative objectives (minimum and maximum levels):

- 125% in case of out-performance compared to budget. It should be noted that the percentage in the event of outperformance, which was previously 115%, has been raised to 125% in order to be more in line with market practice. The overall ceiling for annual variable compensation remains unchanged at 115%. It should be noted that for the reference panel mentioned above and established by Wilis Tower Watson, the median ceiling in the event of outperformance is around 150%;
- 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 at constant exchange rates, perimeter and nominal launch plan 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. The Chief Executive Officer's qualitative objectives include at least one criteria linked to CSR (Corporate Social Responsibility).

Payment conditions:

As required by law, the payment of the annual variable compensation due in respect of fiscal year 2018-19 and payable during fiscal year 2019-20 (the month following the approval), is conditional on approval by the ordinary General Shareholders' Meeting of 7 November 2019.

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 Communications 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 Communications 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 80% and relate to:

- A revenue objective linked to the new verticals for 40%. Revenues linked to the new verticals notably includes 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.
- Discretionary free cashflow (DFCF) for 20%.
- A criterion linked to CSR (Corporate Social Responsibility) based on quantitfied objectives. The introduction of a CSR criterion for the first time aims to take into account the interests of a wider base of the company's stakeholders and is part of a responsible development approach. This CSR criterion accounts for 20%.

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

The external condition accounts for 20% and is based on a relative TSR objective over the defined period (three years from the establishement 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;
- 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 to 125% of annual fixed salary with a potiential 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 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 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,
- 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.

9.14 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 chariman 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 Code de Commerce. 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 Code de Commerce, 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 2018-19 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2018-19 financial year.

9.14.1 Main changes to the compensation of the directors and corporate officers in respect of the 2018-19 financial year

As a reminder the General compensation policy for FY 2018-19 has been approved by the General Meeting of 8 November 2018. In this section, the main changes compared to FY 2017-18 are reminded for information purposes.

Increase in Yohann Leroy's fixed compensation

Yohan Leroy's fixed compensation as Deputy Chief Executive Officer and Chief Technical Officer increased to 253,000 euros for FY 2018-19 compared to 230,000 for FY 2017-18. This 10% increase was 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.

Evolution in the quantitative criteria used to determine the annual variable compensation

It should be noted that the quantitative criteria used to determine the annual variable compensation for FY 2018-19 have evolved as follows compared to FY 2017-18, in accordance with the policy approved by the General Meeting of 8 November 2018, and in order to strengthen the consistency between the financial objectives communicated to the market and these criteria:

- The EBITDA margin objective replaced in FY 2018-19 the absolute EBITDA objective previously used for annual variable compensation
- The objective of 'Operating Verticals Revenues growth" replaced the "Revenues" objective. Operating Verticals Revenues is equal to Total Group revenues minus "Other Revenues" as disclosed in the section 3.2 of this document. The less predictable nature of 'Other Revenues' (ie revenues which are non-recurring and not related to the commercialization of capacity) indeed led the Group to exclude them from its revenue objectives in July 2018. The variation is computed at constant currency, perimeter and IFRS 15 accounting standards.

Evolution in the criteria used to determine the long-term incentive plan in the phantom share allocation plan of November 2018 (compared to the phantom share allocation plan of November 2017)

It should be noted that, compared to the November 2017 long-term incentive plan, the criteria used for the November 2018 long-term incentive plan have changed as follows, in accordance with the policy approved by the General Meeting of 8 November 2018:

- The criterion relative to the LEAP 1 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 was 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.

9.14.2 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 2018-19 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 1 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 1 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 1 plan (accounting for 5%)
  - qualitative objectives (accounting for 25%).

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

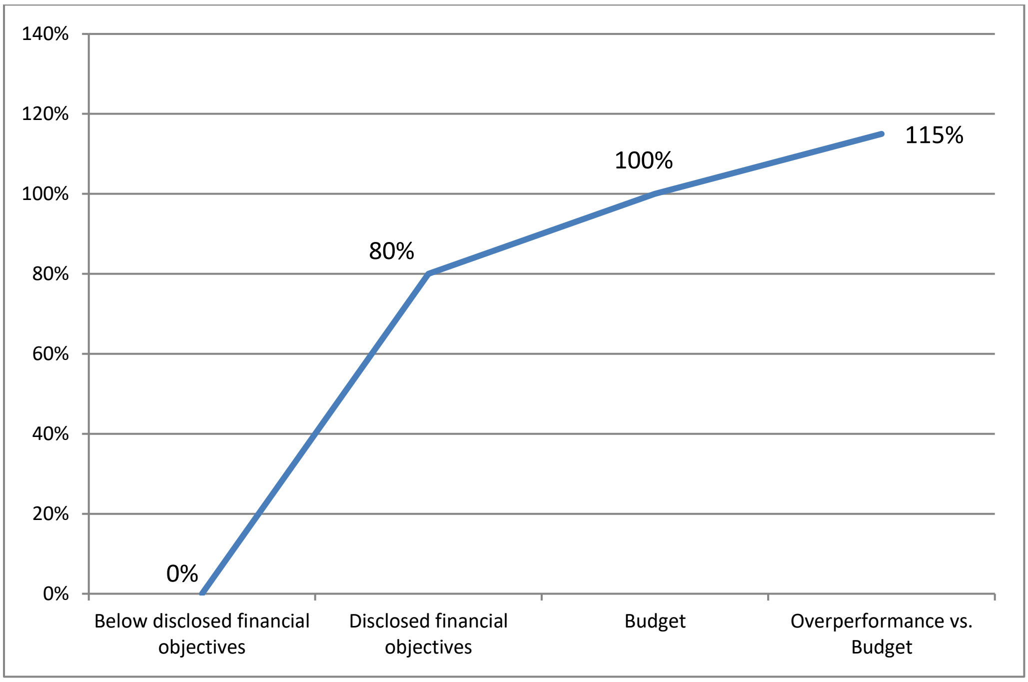
(as a percentage of the fixed compensation, rounded to one decimal place)	**Rodolphe Belmer**	**Michel Azibert**	**Yohann Leroy**
Quantitative objectives at Group level	***70%***	***35%***	***25%***
Operating Verticals Revenues growth	*28%*	*14%*	*10%*
EBITDA margin (EBITDA/Revenues)	*14%*	*7%*	*5%*
Discretionary free cash-flow	*14%*	*7%*	*5%*
The transformation plan (LEAP 1)	*14%*	*7%*	*5%*
Qualitative objectives at Group level	***30%***	***25%***	***25%***
Specific commercial quantitative 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 constant perimeter 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 2019-20 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 2018-19 were as follows:

- Continue efforts to optimize organizations and disseminate performance-based values throughout the Group, ensure the succession of the Chief Commercial Officer position and set up a new organization in regards to innovation (for 30%);
- Prepare the Group for a change of scale in Fixed Broadband, for example by signing an agreement with a major partner in Europe and setting up an appropriate organization for the launch of operations in Africa (for 30%);
- Maximize the value extracted from Video Applications by continuing to implement a policy aimed at optimizing prices at key orbital positions and encouraging the development of new services (for 10%);
- Improve the social and societal footprint by acting in particular on two levers: on the one hand, reducing the digital divide by promoting, for example, Internet access in areas not covered by terrestrial networks and, on the other hand, diversity, particularly in favour of women (for 10%);
- Favor the progress of other strategic projects for the Group (for 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 2018-19 were as follows:

- For Video Applications (24%), the launch and signature of first contracts for Eutelsat CIRRUS as well asof contracts for new DTH platforms in emerging markets;
- For Fixed Broadband (24%), the commercial launch and deployment of a WiFi Hotspot solution in Africa;
- Facilitate the transition for the future Chief Commercial Officer (for 40%), particularly in terms of knowledge of resources, services and customers;
- Improve sales efficiency and more generally the monitoring and achievement of key indicators (for 12%).

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

- Revenue growth in specific regions (for 22%)
- Average fill rate of the fleet (for 11%)
- Evolution of Video revenues (for 22%)
- Evolution of Government services revenues (for 9%)
- Evolution of Fixed Broadband revenues (for 9%)
- Evolution of Mobile Connectivity revenues (for 9%)
- Reduce Opex for the commercial department in the framework of the LEAP 1 plan (for 9%);
- Increased HD penetration on the HOTBIRD orbital position (for 9%).

For Yohann Leroy

The **qualitative objectives** that were set to determine variable compensation to be paid to Yohann Leroy in respect of fiscal year 2018-19 were as follows:

- The amount of Cash Capex (15%);
- Contributing to LEAP 1 cost-savings plan for the technical activities (10%);
- Definition of the Group's long term technological roadmap on different themes such as the Inernet of Things (15%);
- The management and organization of the Technical department with the objectives of technical excellence and innovation (15%);
- Ensure from a technical point of view the entry into service of the new Eutelsat CIRRUS platform (10%);
- The finalization of contracts related to the order of new satellites (for 20%);
- The extension of the scope of responsibility to new subjects, particularly in the strategic, commercial and financial fields (for 15%).

9.14.3 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 2018 and 2019:

(in €)	Financial year 2017-18	Financial year 2018-19
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	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	**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	228,286
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**	**228,286**
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	1,312,181	1,139,945
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	**2,124,681**	**1,952,445**
Michel Azibert Deputy CEO (since 5 September 2011)		
Compensation (see Table 2 for details)	710,124	650,868
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)	508,738	581,414
TOTAL	**1,218,862**	**1,232,282**
Yohann Leroy Deputy CEO (since 25 April 2017)		
Compensation (see Table 2 for details)	341,538	348,612
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)	115,000	126,500
TOTAL	**456,538**	**475,112**

Note: In the table above, phantom shares are valued on the basis that all objectives are fully achieved.

9.14.4 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 2018 and 2019 respectively.

	Financial year 2017-18		Financial year 2018-19	
(in €)	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	71,212	71,212	-	-
Variable compensation	-	-	-	-
Attendance fees	25,000	92,000	-	-

Benefits in kind	-	-	-	-
Exceptional compensation	-	-	-	-
TOTAL	**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	-	228,286	167,111
Benefits in kind	-	-	-	-
Exceptional compensation	-	-		
TOTAL	**167,111**	-	**228,286**	**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	610,103	588,283	441,870	610,103
Attendance fees	47,000[41]	35,250	43,000	47,000
Benefits in kind	5,078	5,078	5,075	5,075
Exceptional compensation	-	-	-	-
TOTAL	**1,312,181**	**1,278,611**	**1,139,945**	**1,312,178**
Michel Azibert Deputy CEO (since 5 September 2011)				
Fixed compensation	363,384	363,384	363,384	363,384
Variable compensation	342,239	345,987	283,047	342,239
Attendance fees	-	-	-	-

[41] Amount modified compared to the amount published last year (51,000 euros) following an adjustment to the calculation

Benefits in kind	4,501	4,501	4,437	4,437
Exceptional compensation	-	-	-	-
TOTAL	**710,124**	**713,872**	**650,868**	**710,060**
Yohann Leroy* Deputy CEO (since 25 April 2017)				
Fixed compensation	230,000	230,000	244,811	244,811
Variable compensation	109,630	19,940	100,504	109,630
Attendance fees	-	-	-	-
Benefits in kind	1,908	1,908	3,297	3,297
Exceptional compensation	-	-	-	-
TOTAL	**341,538**	**251,848**	**348,612**	**357,738**

*Yohann Leroy's annual variable compensation payable for 2016-17 (paid in 2017-18) is stated on a *prorata temporis* basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.

9.14.5 DETAILS OF THE FIXED AND VARIABLE COMPENSATION ITEMS DUE OR ALLOCATED FOR THE 2018-19 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 8 November 2019

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 2018-19 financial year	**Amount or book value in €**
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	228,286
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 2018-19 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stood at €228,286.

Variable compensation

None

Other

None

Rodolphe Belmer's compensation

Compensation due or allocated during fiscal year 2018-2019	Amount or book value (in €)
Fixed compensation	650,000
Annual variable compensation	441,870
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	5,075
Attendance fees	43,000
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 2019 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 2019 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 2018 stands at 610,103 euros and was paid during the first half of the financial year ended on 30 June 2019.

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 2018-19 stands at 68.0% of his gross annual fixed compensation (93.9% in respect of fiscal year 2017-18). The level of achievement of his quantitative objectives stood at 65.4% and of his qualitative objectives at 74.0%. Accordingly, the variable portion due to Rodolphe Belmer in respect of fiscal year 2018-19 amounts to 441,870 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 2020, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to one decimal place)	Weight	achievement %	weighted achievement %	Achievement (in €)
Quantitative objectives at group level	**70%**	**65.4%**	**45.8%**	**297,570**
Operating Verticals Revenues growth	28%	0.0%	0.0%	-
EBITDA margin (EBITDA/Revenues)	14%	110.0%	15.4%	100,161
Discretionary free cash-flow	14%	115.0%	16.1%	104,714
The transformation plan (LEAP 1)	14%	101.8%	14.3%	92,695
Qualitative objectives	**30%**	**74.0%**	**22.2%**	**144,300**
TOTAL	**100%**	**68.0%**	**68.0%**	**441,870**

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:

- The implementation of a new innovation strategy, including the recruitment of a Chief Innovation Officer and the implementation of an approach that combines participatory innovation (initiatives have been put in place to enable all employees who so wish to be involved in the innovation process) and the strengthening of links between Eutelsat and the external innovation environment (Eutelsat has for example become a partner of the Seraphim Space Camp start-up accelerator);
- The recruitment of Philippe Oliva as Executive Vice President of Sales and Products to replace Michel Azibert as Chief Commercial Officer;
- Continued strengthening of a performance-based corporate culture with the continued deployment of the "One Eutelsat Culture" program;
- Several initiatives to strengthen the distribution strategy in Fixed Broadband in Europe: Signature of an agreement with Masmovil in Spain for the distribution of broadband services via the KA-SAT satellite, implementation of a Preferred Partner Programme (PPP) to revitalize the distribution network, finalization of the agreement with Orange announced during the previous financial year;
- The commercial launch of the Konnect Africa broadband service, which will gradually address the business opportunity represented by broadband in Africa while helping to reduce the digital divide;
- The launch of Eutelsat CIRRUS, a turnkey satellite-OTT hybrid solution that will enable satellite TV operators to offer a flexible and seamless multi-screen consumer experience, representing an important step in integrating the satellite into the IP ecosystem;
- The completion of "LEAP 1" cost savings plan generating 32 million euros of savings in FY 2018-19;
- The implementation of a diversity policy approved by the Group's Executive Committee aimed at strengthening the Group's attractiveness for women and increasing their representation among the workforce, particularly among managers.

Attendance fees

The amount of attendance fees due to Rodolphe Belmer for fiscal year 2018-19 in his capacity as Board Member of Eutelsat Communications stands at 43,000 euros.

Benefits in kind

The amount of Rodolphe Belmer benefits in kind in respect to the financial year ended on 30 June 2019 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 2018-2019	**Amount or book value in €**
Fixed compensation	363,384
Annual variable compensation	283,047
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	581,414
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	4,437
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Michel Azibert's fixed compensation for fiscal year 2018-19 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 342,239 euro for the financial year ended 30 June 2018 and was paid in the first half of the financial year ended 30 June 2019.

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 2018-19 stands at 77.88% of his gross annual fixed compensation (94.2% in respect of the 2017-18 financial year), or 283,047 euros. The level of achievement of his quantitative objectives at Group level stood at 65.4%, of his specific sales objectives at 75.6% and of his qualitative objectives at 84.0%.

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 2020, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to one decimal place)	Weight	Achievement %	Weighted achievement %	Achievement (in €)
Quantitative objectives at group level	**35%**	**65.4%**	**22.9%**	**83,179**
Operating Verticals Revenues growth	14%	0.0%	0.0%	-
EBITDA margin (EBITDA/Revenues)	7%	110.0%	7.7%	27,998
Discretionary free cash-flow	7%	115.0%	8.1%	29,270
The transformation plan (LEAP 1)	7%	101.8%	7.1%	25,911
Qualitative objectives	**25%**	**84.0%**	**21.0%**	**76,311**
Specific quantitative sales objectives	**45%**	**75.6%**	**34.0%**	**123,558**
TOTAL	**105%**	**74.2%**	**77.9%**	**283,047**

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 signing of the first contracts for Eutelsat CIRRUS (including one with Mondo Globo);
- The signing of several contracts for new broadcasting platforms: For example, contracts with Orange Slovensko on the EUTELSAT 16A satellite, with the Ethiopian Broadcasting Corporation and the Association of Ehtiopian Broadcasters for capacity on the EUTELSAT 8 West B satellite and a contract with Afghanistan Broadcasting System for capacity on the EUTELSAT 53A satellite;
- A successful transition to the position of Chief Commercial Officer with the appointment, as planned, on 1 July 2019 of Philippe Oliva as Chief Commercial Officer;
- The launch of a WiFi hotspot service in Africa, called Konnect Wifi, to provide high-speed internet access at traffic points such as hospitals, schools, universities and shops;
- The signature of a multi-year, multi-transponder contract with Marlink for capacity dedicated to maritime connectivity;
- The growth of HD channels at HOTBIRD with a HD penetration rate of 38% as of 30 June 2019, compared to 33% the previous year, representing a 11% increase in the number of HD channels;
- A fill rate of 69.2% at end June 2019 versus 68.1% one year earlier;
- The contribution of the commercial department to the reduction of external costs in the framework of the LEAP 1 cost savings plan.

Benefits in kind

The amount of Michel Azibert's benefits in kind in respect to the financial year ended on 30 June 2019 corresponds to the provision of a company car.

Yohann Leroy's compensation

Compensation items due or allocated during fiscal year 2018-19	Amount or book value in €
Fixed compensation	244,811
Annual variable compensation	100,504
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	126,500

Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	3,297
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Yohann Leroy's fixed compensation for the financial year ended on 30 June 2019 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer stood at 253,000 euros on a full year basis. This remuneration has been in effect since 8 November 2018, the date of the Annual General Meeting, i.e. a fixed remuneration of 244,811 on a pro rata basis for fiscal year 2018-19.

Variable compensation

The amount of variable compensation allocated to Y. Leroy was 109,630 for the financial year ended 30 June 2018 and was paid during the first half of the financial yea rended 31 June 2019.

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 2018-19 stands at 39.72% of his gross annual fixed compensation (47.7% in respect of the 2017-18 financial year). The level of achievement of his quantitative objectives stood at 65.4% and of his qualitative objectives at 93.5%. The variable compensation due to Yohann Leroy in respect of fiscal year 2018-19 in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer accordingly stood at 100,504 euro.

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 one decimal place)	Weight	Achievement %	Weighted achievement %	Achievement (in €)
Quantitative objectives at group level	**25%**	**65.4%**	**16.3%**	**41,366**
Operating Verticals Revenues growth	10%	0.0%	0.0%	-
EBITDA margin (EBITDA/Revenues)	5%	110.0%	5.5%	13,924
Discretionary free cash-flow	5%	115.0%	5.8%	14,556
The transformation plan (LEAP 1)	5%	101.8%	5.1%	12,886
Qualitative objectives	**25%**	**93.5%**	**23.4%**	**59,139**
TOTAL	**50%**	**79.4%**	**39.7%**	**100,504**

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:

- Maintaining the level of investments well below the total amount of 400 million euros for the second consecutive financial year (323 million euros for 2018-19 and 358 million euros for 2017-18);
- The launch of the Eutelsat CIRRUS hybrid platform, entirely developed by the Group's Technical Department;
- Continued implementation of design-to-cost approach to further optimize investments notably with the completion of the replacement of the HOTBIRD constellation;
- The continuation of tests concerning ELO, a nano-satellite dedicated to the Internet of Things;
- The signature of a long-term agreement with Arianespace for five launches by 2027, guaranteeing competitive access to space with schedule flexibility;
- The contribution of the technical department to the "LEAP 1" cost savings plan;
- Participation in the Group's strategic decisions.

9.14.6 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 2018 and 2019.

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 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 (2015-2016, 2016-2017 and 2017-2018) from the grant date for beneficiaries from French subsidiaries, and a four-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 two-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 %**

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 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.

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[42] objective, accounting for 25%;
- revenue objective, accounting for 25%;
- objective linked to the LEAP 1 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[43] objective accounting for one third, a ROCE-related[44], 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 1 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.

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[42] *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.[43] EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.*

[43] *EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.*

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

The Board of Directors at its meeting of 30 July 2019 decided to grant 19,190 shares to Rodolphe Belmer, 10,300 shares to Michel Azibert and 2,173 shares to Yohann Leroy, representing a vesting rate of 50%. The payment of the sums in cash corresponding to the shares granted in the phantom share allocation plan will take place at the latest on 1 December 2019.

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

Criteria	Weight	Achievement %	Weighted achievement %
Revenue	25%	**0%**	**0%**
LEAP 1 cost-savings plan	25%	**84%**	**21%**
Relative TSR	25%	**0%**	**0%**
Discretionary Free Cash Flow	25%	**115%**	**29%**
TOTAL VESTING RATE			**50%**

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[45];
- 25% for revenues;
- 25% for the LEAP 1[46] cost-savings plan announced in February 2017;
- 25% for discretionary free cash flow[47] as defined by the Group.

For each of the three internal measures (Revenues, 'LEAP 1' and discretionary free cash flow), in the case of underperformance relative to communicated financial objectives, the rate of realization would be 0%.

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.

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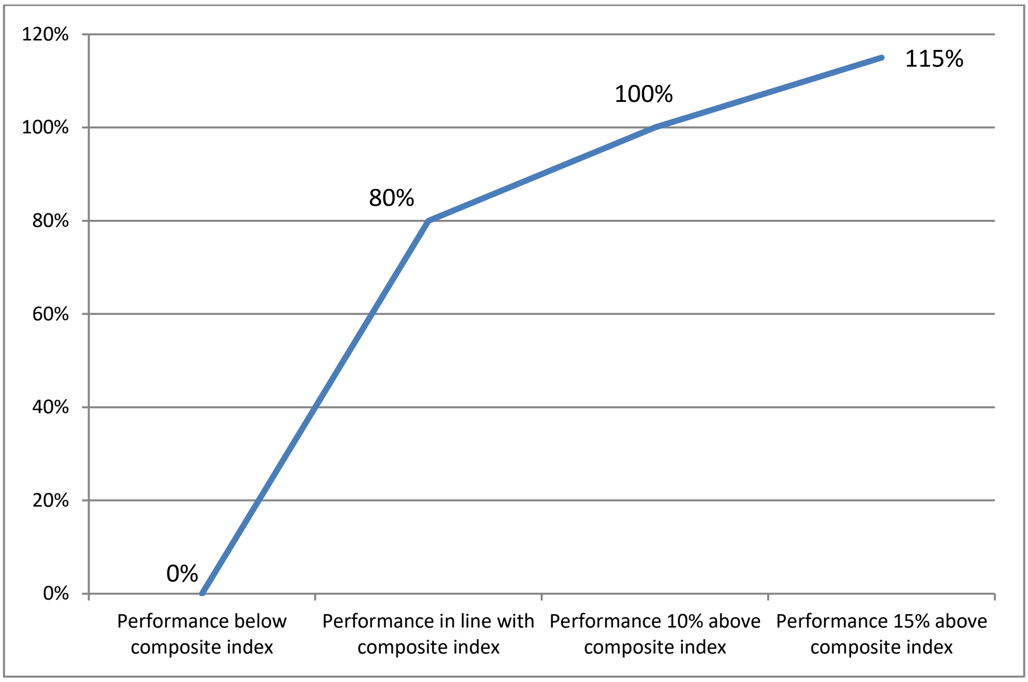
[45] *Total Shareholder Return: Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four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

[46] *In the event the LEAP 1 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;*

[47] *Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received. For more information please refer to Chapter 1.4 of this document*

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



The cash payment related to these phantom shares will occur no later than 1 December 2020, subject to the attainment of the abovementioned performance conditions.

Phantom share allocation plan of 8 November 2018

Upon the recommendation of the Remuneration Committee, the Board of Directors, on 8 November 2018, 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 (2018-19, 2019-20 and 2020-21).

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

- For Rodolphe Belmer: 125% (unchanged from previous plan) 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 39,270 phantom shares;
- For Michel Azibert: 160% (140% for the previous plan) 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 28,101 phantom shares;
- For Yohann Leroy: 50% (unchanged from previous plan) 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 6,114 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[48];
- 50% for revenues 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.
- 25% for discretionary free cash flow as defined by the Group.

For each of the two internal measures (Revenues linked to new verticals and discretionary free cash flow), the objectives are confidential and are based on the Group's strategic plan. For reasons of confidentiality, details of the rate of achievement of these objectives may only be made public after the event and after having been assessed by the Board of Directors. Below a certain performance for these two criteria, the rate of realization would be 0%.

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;

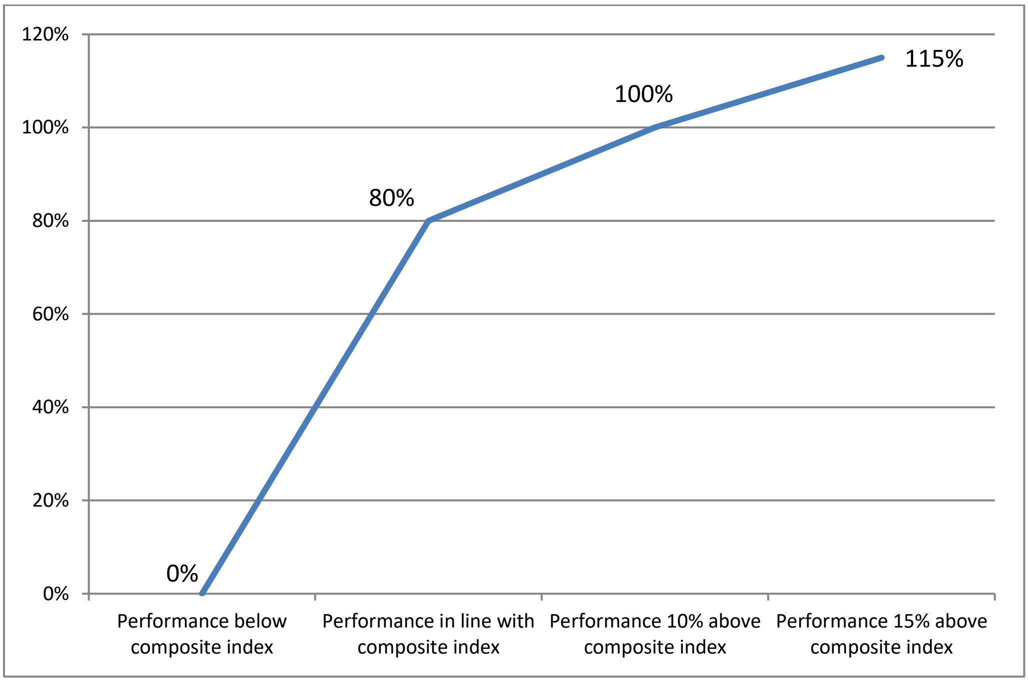
[48] *The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Inmarsat, and ViaSat).*

– 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 cash payment of these phantom shares will occur at the latest on 1 December 2021, 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 2019 (Table 6 – AMF Recommendation)

None

Phantom shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2019 (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 2019	Valuation (in €)	Final vesting date	Holding period	Performance-related conditions under the plan
Rodolphe Belmer Chief Executive Officer	8 November 2018 for financial years 2018-19, 2019-20 and 2020-21	39,270	812,500	at the latest on 1 December 2021		50% of grant based on revenue linked to new verticals 25% of grant based on Discretionary free-cash-flow 25% of grant based on relative TSR*
Michel Azibert Deputy CEO	8 November 2018 for financial years 2018-19, 2019-20 and 2020-21	28,101	581,414	at the latest on 1 December 2021		
Yohann Leroy	8 November 2018 for	6,114	126,500	at the latest		

Deputy CEO	financial years 2018-19, 2019-20 and 2020-21			on 1 December 2021		
TOTAL	**-**	**73,485**	**1,520,414**			

Note: In the table above, the long-term incentive plan is valued on the basis that all objectives are fully achieved.

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

None

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 (4)
– to Directors and Corporate Officers	66,952 (1)	84,000 (2)	33,800	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	02 February 2013	29 July 2014	09 November 2015	17 February 2019
End of holding period	02 February 2015	29 July 2016	09 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	-	-	-	-

(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 three-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 three-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 three-year vesting period. Under this plan, 3,283 shares were granted to Michel de Rosen, and 2,027 to Michel Azibert.

(4) On 31 July 2018, the Board of Directors noted that the performance criteria had not been met at the end of the three-year vesting period. Under this plan, no shares have therefore been definitively allocated to Michel de Rosen, Rodolphe Belmer or Michel Azibert.

9.14.7 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 2020-2021 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.

9.15 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

Number of Eutelsat Communications S.A. shares held	30 June 2018	30 June 2019
Rodolphe Belmer Board Member; Chief Executive Officer	2,000	2,000
Dominique D'Hinnin Board Member; Chairman of the Board of Directors	2,000	2,000
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	46,062,251
FSP Board Member (since 4 November 2016), represented by Mrs Agnès Audier	17,464,145	17,464,145
Ross McInnes Board Member	2,000	2,000
Lord John Birt	2,169	2,169

Board Member		
Ana García Fau Board Member	2,000	2,000
Paul-François Fournier Board Member	0	2,000
Esther Gaide Board Member	2,000	2,000
Didier Leroy Board Member	2,000	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	4,124	4,124
Jean d'Arthuys Board Member	500	2,000

9.16 INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

9.16.1 Information on the composition of the share capital

	At 30 June 2019		At 30 June 2018		At 30 June 2017	
Shareholder	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage
Bpifrance Participations (since 12 July 2013), ex *Fonds Stratégique d'Investissement: FSI*)	46,062,251	19.79%	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)	15,520,501	6.67%	15,526,530	6.67%	15,526,530	6.67%
Entreprise des Postes et Telecoms (Luxembourg)	0	0.00%	0	0.00%	2,581,760	1.11%
Ministry of sea, transport and infrastructure (Croatie)	0	0.00%	0	0.00%	1,038,242	0.45%
Radio Televizija Slovenia	735,000	0.32%	735,000	0.32%	735,000	0.32%
Other minority shareholders (1)	2,006,296	0.86%	2,006,296	0.86%	2,132,183	0.92%
Employees, senior managers and others	1,395,390	0.60%	1,214,821	0.52%	1,590,504	0.68%
Free float(2)	149,591,052	64.26%	134,263,592	57.68%	130,142,020	55.91%
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 223,296 treasury shares as of 30 June 2019 via the liquidity contract and 105,068 held directly.

9.16.2 Information concerning thresholds crossed or changes in the control of the Company

Notification Date	Shareholder	Crossing		After threshold crossing			
		Type	Date	Number of shares	% of share capital	Number of voting rights	% of voting rights
23 July 2018	Allianz Global Investors GmbH	Increase	20 July 2018	2,360,745	1.01%	2,360,745	1.01%
31 July 2018	T. Rowe Price	Increase	25 July 2018	8,805,312	3.78%	8,718,012	3.74%
31 August 2018	Amundi	Decrease	31 August 2018	2,321,864	0.99%	2,321,864	0.99%
12 September 2018	Norges Bank Investment Management	Decrease	11 September 2018	4,639,965	1.99%	4,639,965	1.99%
16 October 2018	T. Rowe Price	Decrease	11 October 2018	7,051,389	3.02%	6,977,677	2.99%
1st November 2018	Allianz Global Investors GmbH	Increase	31 October 2018	4,089,563	1.,76%	4,089,563	1.76%
21 November 2018	BNP Paribas Asset Management	Decrease	14 November 2018	4,617,385	1.98%	4,609,932	1.98%
28 November 2018	Allianz Global Investors GmbH	Increase	27 November 2018	4,664,462	2.00%	4,664,462	2.00%
29 November 2018	Allianz Global Investors GmbH	Decrease	28 November 2018	4,317,096	1.85%	4,317,096	1.85%
18 December 2018	T. Rowe Price	Increase	14 December 2018	7,319,095	3.14%	7,239,266	3.11%
19 December 2018	Allianz Global Investors GmbH	Increase	18 December 2018	4,737,683	2.04%	4,737,683	2.04%
25 February 2019	Norges Bank Investment Management	Increase	22 February 2019	5,033,228	2.16%	5,033,228	2.16%
25 February 2019	Citigroup	Increase	22 February 2019	1,845,783	0.7929%	1,845,783	0.7929%
26 February 2019	Bpifrance	Decrease	22 February 2019	46,064,251	19.78%	46,064,251	19.78%
26 February 2019	T. Rowe Price	Increase	22 February 2019	9,666,093	4.15%	9,569,667	4.11%
28 February 2019	Credit Suisse Group	Increase	28 February 2019	4,006,791	1.72%	4,0064,791	1.72%
28 February 2019	Citigroup	Decrease	26 February 2019	1,138,917	0.4893%	1,138,917	0.4893%
4 March 2019	BNP Paribas Asset Management	Decrease	21 February 2019	2,651,687	1.14%	2,309,216	0.99%
26 April 2019	Amundi	Increase	26 April 2019	2,811,756	1.2%	2,811,756	1.2%
16 May 2019	Citigroup	Decrease	16 May 2019	185,017	0.0795%	185,017	0.0795%
17 May 2019	Norges Bank Investment Management	Decrease	16 May 2019	4,315,100	1.85%	4,315,100	1.85%
25 June 2019	BlackRock	Decrease	24 June 2019	9,264,707	3.98%	9,264,707	3.98%
27 June 2019	BlackRock	Increase	26 June 2019	9,504,285	4.08%	9,504,285	4.08%
2 July 2019	BlackRock	Decrease	28 June 2019	9,206,844	3.96%	9,206,844	3.96%
2 July 2019	BlackRock	Increase	1 July 2019	9,353,527	4.02%	9,353,527	4.02%
5 July 2019	BlackRock	Decrease	4 July 2019	9,286,660	3.99%	9,286,660	3.99%
10 July 2019	BlackRock	Increase	9 July 2019	9,458,207	4.06%	9,458,207	4.06%
11 July 2019	BlackRock	Decrease	10 July 2019	9,107,540	3.91%	9,107,540	3.91%
22 July 2019	Allianz Global Inbestors GmbH	Decrease	19 July 2019	4,638,064	1.99%	4,638,064	1.99%

FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

The loans referred to in paragraph 6.4.2 provide for the possibility:

- For each lender party to credit agreements to request, in the event of a downgrade in the ratings of Eutelsat S.A. or a change in control of Eutelsat Communications (excluding the takeover by the Group's reference shareholders) the early redemption of all credit agreements. This provision does not apply to reorganizations within the Group;
- For each lender party to bonds issued to request, in the event of a change in control of Eutelsat S.A. or a change in control of Eutelsat Communications followed by a downgrade in the ratings of the bonds the early redemption of all bonds issued by Eutelsat S.A..

9.16.3 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2019, there is no restriction on the transfer of shares or securities giving access to the Company's capital.

However, a Share Dealing Code relating to insider information 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. The Share Dealing Code 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.

9.16.4 Operations affecting the share capital during the year

Capital increase as a result of the free allocation of shares

No capital increases following the granting of free shares took place during the financial year.

Concerning stock options or stock-purchase plans

The Company did not offer any stock option or stock purchase plans during the financial year ended 30 June 2019.

Concerning other securities granting access to the share capital

Free share plans are described in section 9.14 of the present report.

There are no other securities granting access to the share capital at the date of this report.

Concerning the additional acquisition of Eutelsat S.A. shares

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".

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 19 November 2018 and closed on 30 November 2018. Final settlement of the transaction took place on 12 December 2018. In respect of this transaction, 84,839 shares were repurchased at a unit price of 5 euros per Eutelsat S.A. share.

10 CORPORATE ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSABILITY

Preamble, Rodolphe Belmer, Chief Executive Officer

As one of the largest satellite operators in the world, Eutelsat regards Corporate Social Responsibility (CSR) as a crucial element for the success of its activities over the long term.

Every day, we work towards deploying connectivity infrastructures across the world, particularly for underserved communities located in remote regions, and who are among the most vulnerable and the most exposed to the consequences of the digital divide. This principle, which is at the heart of our business model, is a source of great pride for everyone in the company.

In recent years, we have implemented several initiatives in order to bring CSR to the fore within our Group, by enforcing a policy based on three main pillars which reflect the nature of our business:

- Participating in efforts to bridge the 'digital divide';
- Protecting the environment and ensuring that the space around Earth remains clean and uncluttered;
- Enforcing a Human Resources policy which is adapted to the challenges faced by the Group and by society.

Our CSR commitment brings together the Legal, Technical, HR and Corporate Communications Departments. This year, we have initiated a dialogue with stakeholders, in particular with our first-tier suppliers. We have also formalised our adherence to the United Nations Global Compact, which aims at encouraging businesses to commit to integrating and promoting various principles pertaining to human rights, international labour standards, and the fight against corruption.

Sustainable development will potentially be a part of every sector in our business. We must place social equality and environmental responsibility at the heart of everything we do. Therefore, the work-related choices that we make on a daily basis will potentially contribute to transitioning our company into a more responsible organisation. So, our ambition is to develop a business culture which is based on CSR, something which is also necessary for continuing to attract the best talents of today and tomorrow.

Strengthened by these objectives, Eutelsat is committed to pursuing its efforts to improve and also to raise social, environmental and societal awareness within the Group and with third parties. We hope to be able to soon share news of advancements in this sector with you, and we trust we can rely on your participation and support in order to reach these objectives.

Rodolphe Belmer,

CEO

10.1 BUSINESS MODEL, RISKS AND CSR (CORPORATE SOCIAL RESPONSIBILITY) POLICY

During the financial year 2018-2019, Eutelsat's management pursued its efforts to promote awareness of social, environmental and societal issues within the Group and to an external audience.

The financial year was marked by several developments: creation of the CSR Committee, implementation of a Diversity Committee, initiation of a dialogue with the stakeholders, in particular the suppliers and the non-financial rating agencies with a significant increase in ratings by Vigéo Eiris and the EthiFinance Gaia Index, the Group's adherence to the principles of the United Nations Global Compact, inclusion of Environmental, Social and Governance (ESG) criteria in quality targets for determining the Chief Executive Officer's compensation, formalising the process for identifying non-financial risks.

In compliance with Article L. 225-102-1 of the French Commercial Code and Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the disclosure of non-financial information by some major companies and some corporate groups, Eutelsat is disclosing its non-financial performance statement, and to this end has collected information for the items pertaining to its business, and in response to the non-financial risks classified under the following fields:

- Social
- Environmental
- Societal

The details of the collated data (indicators) are given in § 10.7 Indicators.

10.1.1 CSR Governance

The CSR Committee is coordinated by the Corporate Communications Department, and includes three members of the Executive Committee (Chief Human Resources Officer, Chief Technical Officer, General Counsel), and meets twice a year.

A CSR officer within the Technical Department monitors environmental issues, a CSR project manager reporting to the Corporate Communications Department is tasked with coordinating CSR projects, reporting and communications, in collaboration with the Group's main departments and subsidiaries: Human Resources, Investor Relations, Institutional Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management, and Teleports.

A new code of ethics was issued in 2018 to reassert the company's values. These values underpin the principles that govern management and business conduct. Moreover, Eutelsat upholds the principles of the United Nations Global Compact by issuing its first Communication on Progress in 2019 under this initiative.

A Diversity Committee was set up to reinforce the human resources management policy, particularly with respect to gender equality in the company.

10.1.2 A sustainable business model

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

With a fleet of nearly 40 satellites, Eutelsat is one of the world's leading operators of telecommunication satellites. The Group operates satellites located in geostationary orbit from 133° West to 174° East, with a footprint covering Europe, Africa, the Middle East, Asia-Pacific, and the Americas. By relying on these premium orbital positions and extensive ground infrastructure, Eutelsat has built a solid client base of broadcasters, telecommunications operators, government agencies, and ISPs, served either directly or through distributors. The main suppliers are satellite manufacturers and launch service providers.

With their ubiquitous coverage and high bandwidth availability, satellites are well positioned to offer high-performance solutions for carrying content directly to end users, including populations located in the most isolated regions. With its partners, Eutelsat has built a sustainable business model that responds to the growing needs for communications and connectivity throughout the globe. The business model is outlined below:

Major trends

Resilient video core business. Strong increase in data usage, rapid technological evolution opening up development opportunities in some applications (Fixed and Mobile Connectivity, Internet of Things, Video Services ...) and generating competitive pressure in other applications (Fixed Data)

Resources

Human capital and organisation

1000 employees

46 nationalities

Global network of subsidiaries and commercial

Industrial capital

Around 40 satellites

Infrastructure including teleports in France, Italy, Madeira and Mexico, as well as a fibre network

Financial capital

Strong cash generation with a significant free discretionary cash-flow and annual investments of several hundred million euros

Value creation

Clients (direct or indirect)

Broadcasters
Telecom operators
Companies
Government administrations

Services offered by Eutelsat

Video applications (for example: broadcasting of television channels

Fixed data

Government services

Broadband, fixed and mobile connectivity

Suppliers and business partners

Satellite manufacturers

Satellite launch operators

Partner satellite operators

Impacts

Society and communities

Reduction of the digital divide

Contribution to a resilient infrastructure

Access to education

Support of humanitarian emergencies

Environment

Clean space policy

Low environmental footprint on ground

Economic

Competitive solutions for digital communications, including hard-to-access areas

Company values

These values are disclosed in the company's code of ethics :

One team, pioneering spirit, trust an courage, recognition, respect, empowerment and accountability, outward focus

Eutelsat must anticipate and adapt to the trends underlying these usages and the rapidly changing technologies, as well as to increasing competitive pressure in some applications, notably in Fixed Data Services. There are opportunities for development in certain applications, particularly in connectivity. To this end, the company is relying on its leading position among the world's top three satellite operators, with top-tier human and industrial resources, strong customer relationships, and business partnerships with suppliers focusing on innovation in service development.

10.1.3 Main non-financial challenges

Eutelsat's market positioning in activities with a high technological component and subject to rapid technological change, as well as the distribution of content to the consumer, may involve risks. In addition to the Risk Factors Section of this document, we will discuss below the main non-financial challenges, which may be risks but also opportunities for Eutelsat to develop its business in a socially responsible manner

10.1.3.1 Organisation and method for identifying and managing risks

The company has set up an organisation and a process for identifying and managing the risks related to its business activities.

The audit committee is tasked with making recommendations to the Board of Directors and the Company's Top Management on the appropriate management of risks of any kind that may affect the Group's operations.

The Internal Control and Audit Department includes two divisions: Internal Control and Internal Audit, which coordinate the risk management implemented in each business line.

Under the Sapin 2 Law, the Director of compliance and personal data protection, reporting to the Legal Affairs Department, oversees the provisions governing ethics and the anti-corruption policy, as well as the implementation of the General Data Protection Regulation (GDPR).

Risk analysis is carried out as follows:

- A detailed inventory of the risks, called the risk logbook, is drawn up by Internal Audit: classified by business theme, the risks are evaluated by probability of occurrence and severity; impacts are reported, as well as the department or internal service in charge of controlling the risk. The main specific risks that are likely to have a significant negative impact on the Group, its business activity, its financial situation and / or its results are outlined in the "Risk Factors" Section of this document: these include operational risks, risks associated with developments in the satellite telecommunications market, risks associated with customers, with regulations, and financial risks.
- A specific analysis is carried out for non-financial risks taking into account these internal logbooks and the criteria analysed by the non-financial rating agencies which request information from Eutelsat on these subjects. The main non-financial risks are described in the following paragraph.

10.1.3.2 Non-financial challenges; risks and opportunities

Certain non-financial risks, particularly those related to corruption, have a likelihood/occurrence ratio that identifies them as specific risk factors that are likely to have a significant impact on the Group's financial situation: they are therefore described and discussed in detail in the Risk Factors Section of this document.

Other non-financial risks are risks whose occurrence does not have any significant direct impact on the Group's financial situation, even if the efficiency and performance of certain operations could be affected.

Taking these risks into account also presents opportunities for both performance and socially responsible business conduct. We refer to this risk/opportunity combination as challenges and describe them below.

Challenges associated with human resources:

- As a company with a strong technological component, Eutelsat is particularly focused on retaining the most talented people to further develop its activities;
- Special attention is paid to the labour relations, to employees' satisfaction in their work, to the prevention of psycho-social risks, and the involvement of employees in the innovation process.

Environmental challenges:

- Collisions between satellites and space objects and the inability to de-orbit them in accordance with the established provisions can involve the risk of polluting space through congestion related to unused satellites remaining in orbit.
- The risks of pollution during launch operations exist; they are mainly under the supervision of launch operators.

Challenges in relations with stakeholders:

- Eutelsat is committed to preventing the risks of corruption in commercial activities.
- Content broadcast by the Group's satellites may be subject to deliberate jamming operations which are likely to impede the right of the concerned audiences to access information.

Social challenges:

- Eutelsat is a key player in the effort to bridge the "digital divide", which refers to discrepancies in access to information and communication technologies (ICTs), specifically to Internet and TV broadcasting.

10.1.3.3 Reference to Sustainable Development Goals (SDG)

These challenges are in line with the SDGs (Sustainable Development Goals) defined by the UN and with certain targets, which are topics that define the SDGs and have also been defined by the UN:

- No. 1: Eradication of poverty in all its forms, and in particular the following targets:
  - Access to resources: in the case of Eutelsat, this refers to technological resources through the effort to bridge the digital divide, see below)
  - Vulnerability: reducing the vulnerability of disadvantaged populations in cases of natural disaster, see § 10.2.2.2 Engaging in humanitarian relief
- No. 4: Quality education, and in particular the following target:
  - Equal opportunities, with access to education for vulnerable people, see § 10.2.3.2 Promoting access to knowledge, a major challenge for development
- No. 9: Industry, innovation, infrastructure, and in particular the following target:
  - Sustainable, resilient, and accessible infrastructure, through efforts to bridge the digital divide, see below
- No. 17: Partnerships to achieve goals, and in particular the following target:
  - Scientific and technological cooperation, see § 10.2.2.1 Technological partnerships that contribute to protecting civilian populations and endangered animal species

Eutelsat adheres to the UN Global Compact initiative.

10.1.4 Guidelines and key indicators of the CSR policy

The Group's strategy with respect to CSR, without neglecting other aspects, seeks to focus on those areas where it can maximise its influence.
In this context and considering these challenges, the Group's CSR policy identifies four major areas of focus, as described below, and coupled with KPIs (key indicators):

- 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
- Promoting corporate values and ethics, and preventing corruption risks

10.1.4.1 Engaging in efforts to bridge the "digital divide"

Satellite technology is an easy and reliable solution for access to broadband, and tomorrow, to very high-speed broadband, for homes or businesses located beyond reach of terrestrial telecommunications networks. 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 at 30 June 2019: 96.2 million euros in FY 2018-19
- HTS capacity dedicated to broadband services as of 30 June 2019: around 150 Gbps
- Number of free-to-air channels broadcast on the Group's fleet at 31 December 2018: 2,375

10.1.4.2 Protecting the environment and maintaining the 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 satellites nearing end-of-life. 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 at the end-of-life that have been deorbited and passivated on 15 June 2019: 21, reflecting a 95% success rate;
- Number of satellites repositioned in geostationary orbit as of 15 May 2019: 105, reflecting a 100% success rate;

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

Promotion of cultural and gender diversity, as well employee loyalty and engagement with our values in a highly competitive environment, are the foundations of the third pillar 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 aimed at strengthening corporate culture and by harmonising its management and employee involvement tools. During FY 2017-2018, the integration of Noorsat in Jordan contributed to strengthening the Group's multi-cultural identity and outreach to its priority markets. This year, the Group has set up an employee engagement platform to regularly monitor employees' adherence to the Group's values and collect their feedback on the implementation of these common values by management.

Key performance indicators for this objective:

- Percentage of response to the engagement questionnaire: 72% (average of the first two surveys)
- Fulfilment rate reported on the platform: 8.4/10 (average of the first two surveys)
- Number of nationalities represented within the Group: 46
- Proportion of Eutelsat S.A. employees of a nationality other than French hired during the year: 15%;
- Number of nationalities represented on the Group Board of Directors: 5 (out of a total of 12)
- Number of nationalities represented on the Leadership Committee: 19 (out of a total of 76)

10.1.4.4 Promoting corporate values and ethics, preventing corruption risks

Integrity and ethics are top priorities for the Group. The Code of Ethics sets out Eutelsat's missions, values and commitments towards its partners and employees and is made available to all employees and partners. The management of compliance issues has also evolved to take into account issues related to corruption and influence peddling, and more generally to corporate ethics. Procedures have been strengthened, in particular pre-contractual due diligence procedures with third parties.

Key indicators for this objective:

Compliance Committee meetings: 7

Number of internal investigations: 6

Number of reports by the outsourced whistle-blowing line: 0

10.2 SOCIETAL INFORMATION

10.2.1 Engaging in efforts to bridge the “digital divide”

Satellite technology is an easy and reliable solution for access to broadband, and tomorrow, to very high-speed broadband, for homes or businesses located beyond reach of terrestrial telecommunications networks.

According to the European Commission’s last Digital Economy and Society Index, 80% of the population in the European Union is covered by so-called NGA (Next Generation Access) technologies capable of providing the user with at least 30 Mbps. In rural zones, this figure drops to 47% and 8% of homes are not covered by any fixed Internet access network. However, the Commission’s goal is to provide all Europeans with 30 Mbps Internet access by 2020.

From this perspective and to meet this goal, satellites are an essential complement to terrestrial telecommunications networks. Eutelsat has fully endorsed this objective by confirming 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 beams and a Ka-band capacity of 500 Gbps.

The entry into service of KONNECT VHTS in 2022 will consolidate high-speed broadband resources on the KA-SAT satellite, which have been available since 2011, and on the KONNECT satellite which will provide coverage particularly of Europe in 2020. KONNECT VHTS will deliver increasingly high-performance connections to individuals, professionals, and administrations over an extended Europe-wide region. As a reminder, KA-SAT was the first HTS (High Throughput Satellite) to provide the consumer market with a broadband Internet service. Since its launch, bitrates 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-delivered services, with expected bitrates of up to 100 Mbps by 2022.

Over the last 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. Initially relying on a capacity lease agreement on operator Yahsat’s Al-Yah 2 satellite, the services have been expanded since 2018 with the entry into service of the Al Yah 3 satellite to include other countries in the region, particularly Côte d’Ivoire, the Democratic Republic of Congo, and Nigeria, before covering the entire region with the KONNECT satellite by 2020.

The Eutelsat’s C-band satellite resources are also used to reduce the digital divide in areas with discrepancies in Internet access.

10.2.1.1 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, as part of the “Plan France Très Haut Débit” (France high-speed broadband plan), the Government officially launched the “Digital cohesion” scheme in March 2019. This is an on-demand service available to all French homes which will not be served by at least 8 Mbps by 2020. It will provide financial backing of up to €150 per household for the installation of the equipment necessary for satellite or terrestrial Internet reception, for an overall package of €100 million.

At 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[51], paving 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.

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.

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[51] https://ec.europa.eu/digital-single-market/en/news/results-satellite-broadband-schools-study

10.2.1.2 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.

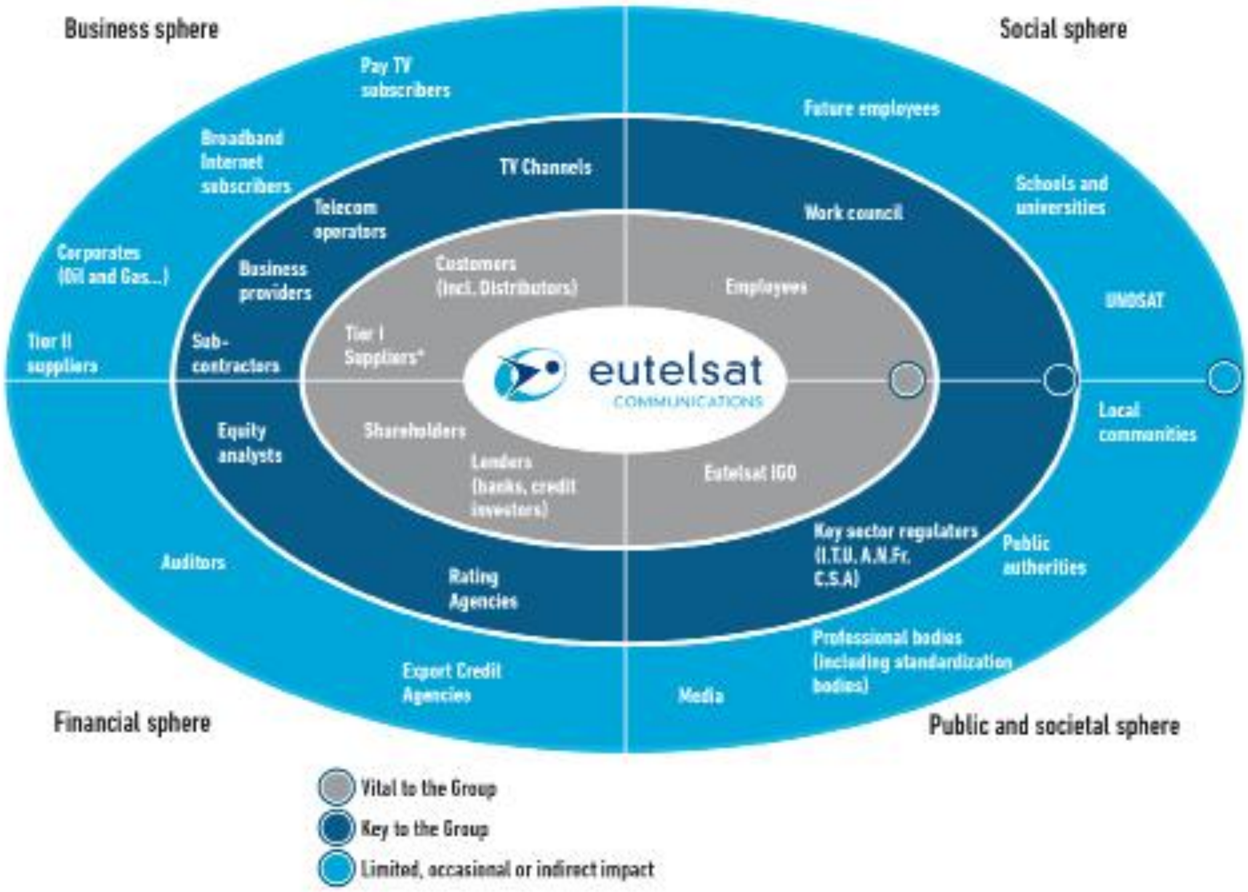
As of 31 December 2018, the Group broadcasts more than 2000 free-to-air channels across its fleet of satellites (i.e. one third of the total number of channels broadcast on this same date), to an audience of more than one billion viewers, mainly in Europe, Russia, the Middle East, and Africa.

In France, the FRANSAT platform broadcasts 27 free DTT channels on the EUTELSAT 5 West A satellite (as well as the 25 regional France 3 channels in HD, local and thematic channels, radio stations, and connected TV services) 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 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: HDTV, Ultra HD, the "FRANSAT Connect" portal for browsing the programme guide, interactive online services, etc. The platform is at the forefront in terms of Ultra HD broadcasting, with the arrival of several 24/7 channels in this format, 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 135 million households in Europe, the Mediterranean Basin and the Middle East, providing them with free access to a rich offering of more than 1000 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.

10.2.2 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 to the "Collective for Space Care" Charter[52] which brings together the world of space operators and partners who share the same commitment to international treaties and principles on space, in accordance with space legislation and its ensuing 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 the risks associated with launch and in-orbit operations.

The Group's international presence and the global footprint of its fleet of satellites provide many opportunities to engage in 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.

[52] https://presse.cnes.fr/sites/default/files/drupal/201506/default/cp110-2015 collective for space care.pdf

10.2.2.1 Technological partnerships that contribute to protecting civilian populations and endangered animal species

Eutelsat engages in technological partnerships with key actors from the space and the Internet of Things sectors 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.

10.2.2.2 Engaging in humanitarian relief

Eutelsat is a founding signatory of the United Nations' Crisis Connectivity Charter, 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. The Charter was first activated in early 2019 for Cyclone Idai in Mozambique, for which Eutelsat was thanked by the World Food Program.

Eutelsat has also been supporting Télécoms Sans Frontières (TSF) since 2007. The assistance provided by Eutelsat under this partnership allows the international NGO to equip a community or crisis unit with high-speed connectivity within a few hours to send data, images or voice communications.

In the same way, Eutelsat's partnership with TSF has been deployed for several years in large-scale conflict areas, helping to ensure nearly continuous coordination of the various humanitarian relief operations carried out 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, Eutelsat donates each year 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.

10.2.2.3 Eutelsat IGO, in constant dialogue with the Space community

Eutelsat maintains a relationship 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 Subcommittee.

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 (International Telecommunications Union) 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[53].

10.2.2.4 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 local employment and microcredit charities such as "ADIE" and "Positive Planet".

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

10.2.3.1 Supporting digital development in rural areas

Please see below § 10.2.3.2 and also refer to Section "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion", § 10.2.1.1.

[53] http://www.broadbandcommission.org/Pages/default.aspx

10.2.3.2 Promoting access to knowledge, 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 Paolo Nespoli chaired the continental jury for the fourth time, meeting in Accra, Ghana in February 2019 to select the winners. Tanaka Chonyera (Botswana) received the best essay prize and won a trip to Paris and French Guiana where he will attend the launch of a satellite. Priscilla Mareale (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. 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.

Eutelsat supports the Ghana Code Club.

For its New Year's gift, Eutelsat chose to support the Ghana Code Club, a non-profit association committed to introducing all primary school children, and girls in particular, to IT professions available in Ghana. The NGO trains Ghanaian children aged 8 to 16 in basic computer skills while teaching them to design their own games, videos and websites

By offering students the opportunity to learn about coding, the Ghana Code Club helps them develop the skills they need to succeed in an increasingly digital world

10.2.3.3 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 Paris-Rambouillet teleport 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, small repairs, restoration;
- 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 supplies. 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 at 70%.

10.2.3.4 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 site including schools, local elected representatives, local authorities, and journalists. In 2018, more than 1,500 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.

10.2.4 Outsourcing and relationships with suppliers

Given the highly technical nature of Eutelsat's business, it works with a limited number of major suppliers or subcontractors that manufacture and launch the Group's satellites. As well as supplying Eutelsat with satellites compliant with French space law, these main suppliers, principally located in Europe and the U.S., are held to high social responsibility standards.

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.

Calls for tenders contain a commitment to respect the ethical charter. Procurement contracts always contain clauses requiring compliance with regulations, prohibition of employment of non-registered personnel, etc. For product suppliers, the product description sheet is usually attached or provided on request.

In addition, in accordance with the Sapin 2 law, a preliminary check is carried out in Worldcheck before a new supplier is selected.

10.3 ENVIRONMENTAL INFORMATION

10.3.1 Global Environmental Policy

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

- Satellite fleet management: space congestion and the environmental impact of a satellite's life cycle, a key component of the environmental policy. 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 related to energy consumption and air, land or sea transport remains limited. This secondary focus is nevertheless important as it enables the Group's employees to become involved in environmental policy.

10.3.1.1 Means used for preventing environmental risks and pollution

The means used to reduce space pollution are set out below in § 10.3.2. As regards reducing pollution and releases related to terrestrial operations, please refer to Section 10.3.5 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/fs304/en/index.html).

10.3.1.2 Provisions and 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.

10.3.2 Maintaining space around the Earth uncongested and clean

10.3.2.1 Space debris management policy

Eutelsat's fleet of telecommunications satellites operates 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 200 kilometres beyond the geostationary orbit. The satellites never return to Earth, nor do they ever re-enter into the Earth's atmosphere.

Since the early 2000s, Eutelsat has addressed the issue of space debris 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 passivations, 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 is aligned with the processes required by the French Act on space operations.

To date Eutelsat had undertaken the reorbiting and passivation of 21 satellites[54] that had reached their end of life, with a 95% success rate, far above the industry rate. All 20 satellites 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 placed 105 satellites[55] 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.

10.3.2.2 Compliance with the French Space 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 French Space Act since its implementation and the Group continues to be a responsible operator and involved player in the efforts against space debris.

[54] Figures as of 15 June 2019
[55] Figures as of 15 May 2019

10.3.2.3 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, 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.

10.3.3 Responsible fleet management policy

10.3.3.1 Satellite manufacturing

Eutelsat has signed agreements, either directly or via its subsidiaries, with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus Group), Northrop Grumman Innovation Systems (Northrop Grumman Group), Space/Systems Loral (Maxar Technologies Group) and Thales Alenia Space (Thales & Leonardo Group). Each of these manufacturers has adopted policies to minimize their environmental impact and promote sustainable development, and comply with international regulations on space debris.

Airbus Defence and Space considers the environment at all stages of its operations, striving to minimize its ecofootprint, and aims to develop eco-efficient products throughout its lifecycle. The company complies with all applicable environmental regulations. In addition to 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, France (Toulouse) and Germany. The company is focused on achieving the Airbus Vision 2030 Sustainable Manufacturing targets and is thereby taking action to reduce carbon dioxide emissions and improve energy performance in facilities and operations, as well as raise employee awareness.

Northrop Grumman Innovation Systems is committed to conducting its operations in an environmentally responsible manner and complying with all applicable environmental laws and regulations. Northrop Grumman embraces environmental sustainability and is committed to minimizing its environmental footprint through its company-wide goals to reduce greenhouse gas emissions, conserve potable water, and increase solid waste diversion from landfills.

Maxar Technologies 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.

Thales Alenia Space is part of the Thales Group which has conducted an environmental protection policy since 2007. A new set of objectives for 2019-2023 continues to address reduction of energy consumption, CO_2 emissions, waste production and recycling. This new set of objectives also reinforces the eco-design approach to limit environmental impact of their products. In addition to the ISO 14001 Environmental certification for their sites and products, their main energy consuming sites are ISO 50001 certified for energy management. 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 respect.

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.

10.3.3.2 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_2 equivalent emissions from an Ariane 5 ECA launch are estimated at 200 metric tons. 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 metric tons. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO2 emission from the propulsion system could be up to seven metric tons.

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 CO2 emissions generated by the launch of a Falcon 9 rocket will be limited to 387 metric tons.

The transport of a satellite to the launch site by a heavy lift transportation aircraft generates similar amounts of CO2 to a transatlantic return flight.

10.3.3.3 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 at 56,000 metric tons CO2 equivalent.

10.3.4 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.

10.3.4.1 Measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment

Eutelsat's satellite fleet has no direct impact and does not contaminate the Earth's atmosphere. Furthermore, activities carried out at teleports and offices do not represent any material risk of causing serious damage to the environment.

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

10.3.4.2 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 2018) 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 electromagnetic radiation 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 Cagliari (Sardinia), the teleport is in an industrial area that is intrinsically noisy. Periodic noise checks at the teleport are less frequent, the last one being performed in 2010. Electromagnetic checks are carried out (the last one in 2016), and new checks will be carried out in 2019 after the installation of two new antennas.

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 reduce the visual impact of antennas.

10.3.5 Circular economy

10.3.5.1 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, cardboard, glass, industrial waste via dedicated collection vehicles;
- installation of bins for collection of paper in offices and corridors (photocopiers);
- 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 corporate catering service to its Paris employees through a service provider.

10.3.5.2 Sustainable use of resources

10.3.5.2.1 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 largest quantity of water are the headquarters (Paris) and the teleports. The office air conditioning systems in Paris account for the highest consumption of water, with high levels during the summer months. The water supply system at the Rambouillet teleport has been refurbished in 2018, with a separate supply for teleport operations and fire-fighting networks.

In Madeira, 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. Consumption has been reduced to a minimum. 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.

10.3.5.2.2 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.

10.3.5.2.3 Energy consumption and, where appropriate, 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, so, an air conditioning system is used. During the winter months when exterior temperatures can go 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.

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;
- the prototype of a passive de-icing system for antennas of up to 3.8 metres has been installed on about 20 antennas. The system enables to avoid using energy (electricity or other) for heating antennas in the winter.

In Italy, an energy audit of the Centallo and Cebrosa sites in the Turin region was conducted, resulting in the following actions:

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

At the Madeira teleport in 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 re-lamping 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 taken or pursued since 2016:

- 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 3 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.

10.3.6 Climate change

10.3.6.1 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 65,283 metric tons CO2 equivalent, broken down as follows:

Significant items of greenhouse gas emissions	Emissions in metric tons equivalent CO2	Comment
Satellite life cycle Launch of Eutelsat 7C in June 2019	56,000	ESA (European Space Agency) study: 56,000 metric tons CO2 eq. per satellite
Energy consumption on Eutelsat's main sites	5,297	Mainly electricity, for the teleports and Group headquarters
Facilities (emissions upon production with depreciation)	1,180	Buildings, electronic and IT equipment
Employee air travel	2,806	Eutelsat employees*
TOTAL	**65,283**	

** Data covering 90% of staff: Eutelsat S.A., Eutelsat Americas, Skylogic and Eurobroadband Services who have reported the information*

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 CO2 equivalent.

The largest portion of emissions results from the Eutelsat 7C mission launched in June 2019. The main emission items for terrestrial operations are energy consumption and air travel. For these items, projects are underway.

- energy: see § 10.3.5.2.
- 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.

Furthermore, as a reminder, Eutelsat S.A. (French subsidiary) conducted a Greenhouse Gas Emission Assessment in 2018, for the scope of direct and indirect emissions related to energy consumption (Scopes 1 and 2 of the official method). These emissions totalled 956 metric tons CO2 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 CO2 eq., of which 1,514 tons CO2 eq. Scopes 1 and 2.

10.3.6.2 Taking into account the impacts of climate change

Eutelsat's activities have limited exposure to the impacts of climate change.

10.3.7 Protection of biodiversity

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

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.

A garden was created at the company headquarters in Paris.

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

In Madeira, indigenous plants and grasses have been planted in green areas, together with the use of more environmentally-friendly products.

10.4 SOCIAL INFORMATION

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

As a state-of-the-art technology company operating in a global market, Eutelsat is committed to encouraging an international corporate culture, bringing employees together around a system of values and shared practices, attracting and retaining talent, and arranging favourable working conditions. The role of women in the company and the change of perspective with regard to the disabled are some of the priorities of human resources' management policy. The first Diversity Committee met on 3 June 2019 to promote a new approach on these subjects.

At the end of 2018, employees represented 46 nationalities from five continents. Five nationalities are represented on the Board of Directors and 19 on the Leadership Committee. As of 31 December 2018, 42 % of the Group's total staff (i.e. 421 employees) were employed outside of France.

To reinforce cohesion and secure its international identity, the Group is implementing a policy in the following areas:

- Quality of life at work and employee commitment, measured through the Bloom at work platform
- Talent retention, in particular with the Rising Star programme
- Common training courses for several countries, such as One Eutelsat
- Sales seminars organised on the Group's various sites, in France and abroad;
- Mobility of French employees across the Group's international subsidiaries.

10.4.1.1 Quality of life at work and employee commitment

For Eutelsat S.A., an action plan in favour of equal rights and quality of life at work was issued in 2019, addressing several topics regarding quality of life at work:

- Reconciliation between work and family life, with particular emphasis on working hours and part-time work, parental leave or sick leave with maintained compensation, the introduction of an occasional nursery service, etc.
- Digital disconnection, with the publication in 2017 of a charter for the use of digital tools;
- Comfort on the workplace and ergonomic equipment;
- Implementation of a working time account after the signature of an agreement in June 2018;
- Implementation of telework in France, after Mexico and Italy, before its roll-out in other regions, particularly South-East Asia. Teleworking can be carried out in two ways, at the employee's discretion. The usual mode allows employees to have one day of telework. The "flexwork" mode allows employees who are eligible due to the peculiarities of their mission to have a drawing right over a number of days of telework. This is a popular feature.

For the purposes of preventing psychosocial risks, an external hotline (Psya service) enables Eutelsat employees to speak to expert psychologists.

Eutelsat strives to encourage employee commitment. The code of ethics issued in 2018 underlines the company's mission and key values as well as its commitments with regard to its partners and employees. The One Eutelsat programme has been rolled out over the previous financial year, encompassing 200 Group employees across all subsidiaries and involving all managers, including the Executive Committee. It brought together the employees concerned around Eutelsat's values, strengthened their management skills by putting emphasis on behaviours, emotional intelligence, kindness, and the human factor. Values were shared with all employees during training workshops.

Employees' commitment and satisfaction at work are regularly measured. They have been monitored as of this year through a digital platform (Bloom at work) which collects employees' feedback about Eutelsat's values and their implementation. For the first rounds of surveys in 2019, the participation rate was 72% and the commitment rate stood at 8.4/10. Results broken down by team enable managers to define and put in place actions to deal with areas flagged for possible improvement.

10.4.1.2 Talent retention

Over the 2017-2018 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 projects of strategic importance for the company, under the supervision of internal mentors. This programme was temporarily suspended in 2018-2019 as a result of the launch of the One Eutelsat programme. Consideration is currently being given to the evolution of the training programme that the company wishes to offer to a selection of talented people. This reflection seeks in particular to better adapt the conditions of the programme to the Group's international profile.

Other actions in favour of all employees have been further developed over the years, such as a long-term employee loyalty plan based on a 3-year profit-sharing scheme which applies to 250 Group employees.

Furthermore, Eutelsat has expanded its presence on social networks, to create and reinforce other links with employees and more generally with people who are interested in its business.

10.4.2 Training and career management

10.4.2.1 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 2018[56] and a wide range of disciplines and themes were addressed in response to the challenges facing the Group.

Training sessions focused on:

- Management (see the One Eutelsat Programme): 200 managers during three training days on key skills and values;
- Cyber security;
- Fight against corruption: all employees are invited to an e-learning module on this subject;
- Regulatory and technical aspects of satellite communications or data processing systems;
- Commercial performance, the use of new sales tools;
- 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: Human Resources, Finance, Legal;
- Health and safety, prevention in relation to fires, accidents, electrical hazards, geo-political risks for travelers.

The Group continues to pursue and promote digital initiatives including on-line courses, MOOC modules, e-learning, blended learning, etc.

The total number of training hours for the Eutelsat Group (excluding former employees of Noorsat) in 2018 was 25,507 hours.

10.4.2.2 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: it can be in parallel with the performance review, and must be carried out by managers every year. 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.

[56] Share of payroll devoted to training for Eutelsat S.A.: 4%.

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.

10.4.3 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.

10.4.3.1 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.

The actions carried out in various fields related to health and security are detailed below.

Health:

Eutelsat S.A. (France) 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 measuring radiation and its impact are carried out at the Paris-Rambouillet teleport; the last tests were conducted in 2019.
- 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.

10.4.3.2 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. To cover potential accident risks, Eutelsat S.A. contributes a higher rate to the URSSAF, which collects social security contributions. No new agreement on this theme has been signed with the trade union bodies or staff representatives in 2019.

10.4.3.3 Accidents at work and occupational diseases

In 2018, few accidents at work were recorded: in France (56% of the Group workforce), one accident with work stoppage for 30 days of absence, and three accidents without absence. No case of occupational disease was reported.

10.4.4 Employment

10.4.4.1 Workforce

The Group's workforce has declined slightly: 999 employees in 2018 (1011 in 2017).

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 § 10.7.1.

10.4.4.2 Compensation

Employee remuneration is made up of the salary and performance bonuses, as well as the Company's incentive and profit-sharing programmes. The performance criteria used for bonuses are correlated with the Group's performance and have been harmonised across the Group and its subsidiaries.

Eutelsat SA:

A corporate savings plan (PEE) was set up at Eutelsat S.A. in July 2000: the plan redistributes significant amounts in addition to remunerations.

Employees who wish to do so may save up to 5,000 euros per year in the corporate savings plan (PEE) and may 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 are consistent with the Group's long-term profit-sharing programme and are coordinated by the Human Resources Department.

10.4.5 Work organisation

10.4.5.1 Collaborative Innovation

In the company's six main sites in France, Italy, and Mexico, innovation meetings are organised with the Director of Innovation. More than 600 people (the majority of the workforce) have participated. These meetings are aimed at collecting ideas for innovation from employees, with the support of tools that encourage creative expression.

A jury made up of members from different company departments and coordinated by the Strategy Department examines the proposed ideas (more than 50 in various fields). The best ideas are rewarded, and everyone's participation is recognised.

Eutelsat is also active in the area of digital processing, which supports the harmonisation of the company's cultures, processes and tools, under the One Eutelsat programme.

The Group's new intranet portal was launched in May 2019, offering employees a single point of entry for their business tools which are now standardised, a company-wide social network, and all useful and practical information and documents.

10.4.5.2 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 58 % of employees, management adheres to the statutory 35-hour week for non-management employees representing 12% 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.

Telework (see § 10.4.1.1) extends far beyond the technical aspects of remote working, and is part of the corporate project to foster a performance-based culture and accountability among team members. Employees can contribute to defining new means of distributing work between the office and their homes.

10.4.6 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.

10.4.6.1 Organisation of social dialogue

Eutelsat plays importance on social dialogue and on maintaining a positive 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. It is now accessible through the Group's intranet portal which has been recently deployed.

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. A corporate works committee (French CSE) was set up following staff representative elections held in November 2018.

Eutelsat S.A. has implemented an agreement on trade union rights governing in particular relations between social partners. The Company Intranet, where company-level agreements are accessible, 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 the half-year and present the results to employees.

A co-construction initiative has been implemented with all stakeholders, notably via joint working groups on key issues such as quality of life at work.

The new intranet portal available to the whole Group is more than just a means of communication and dialogue; it is a vehicle for promoting change and new ways of working in the context of the digitalisation of the company.

10.4.6.2 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. This agreement replaces the seniors agreement signed in 2009 and in 2012. The last 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.
- The implementation of tutoring for young employees allows these agreements to be met.

Regarding gender equality and the "Generation Contract", a review of measures is carried out each year and presented to staff representatives.

10.4.7 Equal opportunities and non-discrimination

10.4.7.1 Gender equality

The proportion of women in the company and professional equality between women and men are a priority for the company. The Executive Committee has tackled the issue to push the company forward in this field. At Group level, a Diversity Committee has been set up and began its work on 3 June 2019, particularly on the place of women in the company.

In France, a new action plan for professional equality and quality of life at work under the authority of the Labour Relations Department has been introduced in early 2019. It follows on from the previous action plan set up in 2014 and covers access to employment, career development, actual compensation and the reconciliation of work and family responsibilities. Objectives and indicators have been set for each of these items. The professional equality commission meets at least once a year to monitor the action plan.

The proportion of female employees within the Group is 30.7%, which marks a slight increase year-on-year.

A specific budget is allocated to salary adjustment schemes. Paternity leave is also favoured. Eutelsat S.A. has been topping up the indemnities paid by social security to fathers since 2009, in order to secure remuneration levels.

Data on employment, training and remuneration by gender is presented in the social indicators table.

10.4.7.2 Employment and integration of disabled people

The Group employs twelve disabled people, six of them employed by Eutelsat S.A.

As far as possible, Eutelsat attempts to subcontract a certain number of specific services to providers employing disabled personnel and ESATs (vocational rehabilitation centres): supplying flowers and other decorations, digitisation and monitoring of expense accounts, reception service, and cafeteria.

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.

A project planned for 2019 aims at reinforcing these initiatives to change the perception of disability in the company.

10.4.7.3 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. Special attention is paid to these aspects during the recruitment process, with the support of an HR expert provider Mozaïc RH in France.

Its diversity and in particular the multicultural component are key success factors for Eutelsat. See § 10.1.3.3 for more details.

Social and economic diversity: pre-recruitment, diversified profiles at selection, with a specialised HR provider.

10.4.8 Promotion and enforcement of the International Labour Organisation (ILO) Core Conventions

As of 31 December 2018, all Eutelsat subsidiaries were in compliance with the ILO's conventions and principles in countries where these conventions are applicable.

10.4.8.1 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.

The Group observes 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.

10.4.8.2 Elimination of discrimination in the employment and job policies

The Group respects the principles outlined in ILO Conventions.

10.4.8.3 Elimination of forced labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

10.4.8.4 Effective abolition of child labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

10.5 INTEGRITY AND ETHICS

10.5.1 Commitment of the governing body

Integrity and ethics are a top priority for the Group. This is reflected in the commitment of the governing body to combat corruption and all forms of unethical practices in the conduct of business, and in the implementation of a comprehensive set of measures, not only to prevent and detect cases of corruption or influence peddling, but also to ensure compliance with the regulations on personal data protection and competition law.

10.5.2 Compliance Policy

10.5.2.1 Compliance regarding the fight against corruption and influence peddling

During the financial year and in compliance with the French Sapin 2 Law, the Group has strengthened its compliance policy which aims to prevent and detect cases of corruption or influence peddling and pursued its deployment by implementing the actions described below.

- **Development of a global action plan based on risk mapping and other specific action plans with regard to the main risk areas identified**

Following the presentation of the corruption risk mapping to the Audit Committee in November 2018, the Compliance Department, which reports to the Company Secretary, developed a global action plan as well as targeted action plans, which were presented to the Audit Committee, now known as the Audit, Risk and Compliance Committee, in January 2019. The development of these action plans and their dissemination to the employees involved in their implementation are intended to ensure better monitoring of progress in the implementation of the compliance program and to hold stakeholders accountable at all levels of the organization.

- **Development and regular update of internal policies regarding ethics and compliance**

The Group is committed to maintaining the highest ethical standards in all countries in which it operates. In order to formalise this commitment and ensure a consistent application across all of the Group's entities, internal policies regarding ethics and compliance have been developed and are updated regularly.

During the financial year, the Group's Code of Ethics was revised and circulated internally to all employees, including through posting on the Group's website. The Code reasserts the Group's application of a policy of zero tolerance in cases of corruption and influence peddling, insists on the necessary vigilance on the part of employees in their relations with third parties and urges them to refer to the Anti-Corruption Code of Conduct and/or to contact the Compliance Department if in doubt in a particular situation.

- **Extension and automation of pre-contractual due diligence procedures with third parties**

During the year, the Group extended the scope of its pre-contractual due diligence to third parties, which until then concerned only commercial agents, identified as being the third parties potentially most at risk, and joint venture partners, third parties of strategic importance owing to the nature of the relationship between themselves and the Group. These due diligence procedures are now carried out systematically and automatically with all third parties - customers, suppliers and intermediaries - before they enter into a contractual relationship with any Group entity, and in a differentiated manner according to the level of associated risk. Such procedures have been formally integrated into internal operational procedures, in particular those relating to procurement and sales.

The activity and performance indicators are outlined in § 10.7.3 Societal information

- **Optimisation of the internal whistle-blowing mechanism**

During the year, the Group outsourced its internal whistle-blowing mechanism and revised its whistle-blowing policy, with the dual objective of promoting the collection of reports and guaranteeing the whistle-blower's protection.

The whistle-blower hotline has been outsourced to an independent specialist service provider for strict confidentiality of notifications and 24/7 availability in all countries in which the Group operates. The whistleblowing policy has been revised in accordance with the provisions of Law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and the modernisation of economic life ("Sapin 2 Law"): the scope of notifications has been extended beyond the sole cases of possible corruption, in addition the protection of whistle-blowers acting in good faith is secured through a non-retaliation policy and measures based on strict confidentiality.

- **Training programme intensification**

The training program in the fight against corruption and influence peddling is aimed both (i) at new Group employees, in order to raise their awareness within a reasonable time of joining the Group, and (ii) on a regular basis at existing employees, in order to ensure that their knowledge is kept up to date.

Twice a year, in-class training sessions are organised for new Eutelsat S.A. employees.

Online training campaigns are organized every two years for all Group employees, ensuring a uniform basic level of awareness and regular updates. The last campaign, launched in June 2018, included a module on competition law, in addition to the module on anti-corruption.

During the financial year, the monitoring of online training was incorporated into the procedure for welcoming new employees in all Group entities, enabling them to receive training in a timely manner.

- **Monitoring and evaluating the measures put in place by Internal Audit**

During the financial year, the Internal Audit Department carried out two specific missions concerning the prevention and fight against corruption and influence peddling: a first mission to monitor and assess the measures implemented as part of the compliance programme, followed by a report in July 2018, a second mission to monitor the implementation of recommendations put forward following the first audit, with a report issued in October 2018. The latter noted that 32 per cent of the recommendations made in the initial report had been implemented and 49 per cent were in the process of being implemented, and that no deadlines had been missed.

The responses to the "Agence Française Anticorruption" (AFA, France's anticorruption agency) control questionnaire made it possible to calculate a maturity indicator of 1.81 for the initial report (July 2018) and 1.55 for the October report. This indicator varies from 1 to 3, with 1 being the highest score.

The internal audit plan adopted by the Audit Committee in November 2018 calls for a mission to test the efficiency of the measures implemented under the Sapin 2 Law during the next financial year.

10.5.2.2 Compliance regarding personal data protection

During the financial year, the Group pursued the implementation and deployment of its programme of compliance with the regulations on personal data protection, in particular Regulation (EU) 2016/679 dated 27 April 2016 ("GDPR") and French Law no. 78-17 dated 6 January 1978 as modified ("Loi informatique etlibertés").

As soon as the DGPS came into force in May 2018, the Group appointed a Personal Data Protection Officer, even though this appointment was not required by the regulations.

In carrying out its mission, the Personal Data Protection Officer has initiated the following actions in particular: (i) completing the mapping of processing operations and formalising it in the data register provided for by the regulations, (ii) developing and formalising internal policies on data protection from the design stage ("privacy by design"), management of the rights of data subjects, retention periods and data breaches, (iii) developing a contractual policy to regulate relations with data processors, (iv) conducting awareness-raising actions and staff training sessions, (v) conducting compliance reviews in the Group's European subsidiaries and developing individual action plans, (vi) leading an internal network of correspondents within the subsidiaries and operational departments, and (vii) making internal recommendations and assisting in the performance of impact analyses.

10.5.3 Governance

As regards governance, the Compliance Division has set up an internal network of correspondents to promote the deployment of the program in all Group entities, by implementing local compliance actions, monitoring their effectiveness and reporting on any vulnerabilities identified.

In addition, the Group Compliance Committee, formed in 2014, was given a broader membership and extended responsibilities. The Committee meets every two months and is requested to deliver its opinion on all matters relating to the prevention and detection of corruption and influence peddling within the Group, and more broadly on all matters relating to corporate ethics.

The Audit Committee - renamed the Audit, Risk and Compliance Committee in November 2018 - has also been extended to include legal and regulatory compliance issues. The mapping of the Group's corruption risks, as well as the associated action plan and targeted action plans, have been presented to the Committee during the financial year and will be the subject of a half-yearly or annual progress report based on the maturity level.

10.5.4 Measures in favour of the health and safety of consumers

Eutelsat has no direct link with consumers, who use Eutelsat's services through their Internet access or content providers. There are no specific measures concerning the health or safety of end users.

10.6 OTHER HUMAN RIGHTS ACTIONS

10.6.1 Intentional interference, a breach of freedom of information

Since 2009, Eutelsat has seen a substantial increase in the number and duration of jamming operations affecting its satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and is aimed at disrupting or even preventing the broadcasting of certain TV channels.

Following a peak in interference recorded in 2012-13, the frequency of jamming operations has decreased, showing relatively low yet persistent levels today.

By definition, deliberate interference is a violation of freedom of information, as enshrined in Article 19 of the Universal Declaration of Human Rights (1948) and subsequently in the UN Covenant on Civil and Political Rights (1966). The latter, which is binding on the Signatory States, provides in Article 19.1 that "everyone has the right to freedom of expression; this right includes the freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, in print or in the form of art, or by any other media of their choice". The European Convention for the Protection of Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, which is equivalent to a European treaty, add that freedom of information must not be restricted by interference by public authorities. Accordingly, the EU Charter of Fundamental Rights states in Article 11 that "everyone has the right to freedom of expression. This right includes freedom of opinion and the freedom to receive or impart information or ideas without interference from public authorities and regardless of frontiers.

Eutelsat has found that the channels that have been most heavily jammed are international news channels (including the BBC, Voice of America, Deutsche Welle, Al Jazeera, etc.). Many jamming operations also occurred during major sporting events and on sports channels.

10.6.2 Eutelsat activities to combat intentional interference

Eutelsat constantly monitors intentional interferences, identifying their origins (if possible) and the channels affected. The Group is a member of the Satellite Interference Group (SIG), whose mission is to maintain interference at its lowest level. In this context, 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. In conjunction with representatives of this organisation and of the GVF, Eutelsat is examining the measures to be adopted against deliberate interference, which must be based on a better geolocation of the signal's origin and on the creation of a repository containing all relevant data on this subject.

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 countries in which the jamming operations originate.

Moreover, following the initiatives to which Eutelsat has actively contributed, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures aimed at strengthening regulations governing intentional interference. In particular, it suggested that a network of independent stations be deployed to better track the issue (signature of a Memorandum of Cooperation at ITU), in order to increase and/or confirm the geolocation 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 support of several States and the collective involvement of the satellite industry and of its customers, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

This strengthens the Union's ability to avoid harmful interference by focusing on the sharing of best practices:

- ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming;
- interference geo-localisation;
- the setting up by ITU of a database for identifying such cases.

Finally, Eutelsat will further contribute to regulatory developments by supporting the work of the relevant international bodies (ITU, COPUOS) and their contacts, including national authorities (ANFR) and international organisations (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 an 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, to take all possible measures to stop piracy (systematic notification of breaches to the distributors involved), to ensure the sharing of all data and information relating to pirate channels and raise awareness of the consequences of piracy.

10.7 INDICATORS

The breakdown of indicators is as indicated in the French Commercial Code regarding non-financial reporting. The correspondence with the item of information listed by the GRI standard is indicated when available, as well as a list of the GRI items that appear in the DPEF.

NB: Other elements of the GRI standard (notably on governance and risks) are contained in this document, but are not listed here.

10.7.1 Social information

Social information (calendar year 2018 unless otherwise stated)			Value 2018	Value 2017	Unit	GRI ref.	Perimeter
a) Employment							
	Total workforce		999	1011	FTE	102-7	Group
	Workforce by gender	Male	692	709	FTE	102-8	
		Female	307	302	FTE	102-8	
	Workforce by age	Under 25	1.79%	1.97%	FTE	401-1	5 main entities*
		25-40	40.18%	42.53%	FTE	401-1	
		40-60	54.58%	51.73%	FTE	401-1	
		Over 60	3.46%	3.76%	FTE	401-1	
	Workforce by geographical area	France	578	567	FTE	102-8	
		Italy	135	136	FTE	102-8	
		Mexico	133	138	FTE	102-8	
		Middle East	50	50	FTE	102-8	
		Other	103	161	FTE	102-8	
	Recruitments and departures	Recruitments	99	90	Personnes	401-1	Group
		Departures	95	119	Personnes	401-1	
		Recruitments	75	53	Personnes	401-1	Eutelsat S.A.
		Departures	59	50	Personnes	401-1	Eutelsat S.A.
		of which dismissals	14	14	Personnes		Eutelsat S.A.
	Compensation and growth		see document § 10.4.4.2.			102-35	
b) Work organisation	Work time organisation		see document § 10.4.5.2.				
c) Labour relations	Organisation of social dialogue		see document § 10.4.6.1.				
	Assessment of collective agreements		see document § 10.4.6.2.				
d) Health and safety	Health and safety conditions at work		see document § 10.4.3.				
	Assessment of signed agreements: work health and safety		see document § 10.4.3.2.				
	Accidents at work		4	11	nb accident	403-2	Eutelsat S.A.
	Seriousness: nb of days of absence due to an accident		30	22	nb days	403-2	
	Occupational diseases		0	0		403-2	
e) Training	Implementation of training policies		see document § 10.4.2.			404-2	
	Training hours		25507	18813	hours	404-1	Group ex. Noorsat
f) Equal opportunities	Gender equality		**Men 2018**	**Women 2018**			
		Managers	419	172	Persons		Group
		Non managers	273	135	Persons		
		Recruitments	55	44	Persons		
		Departures	62	33	Persons		
		Training hours	18420	7087	hours	404-1	
		Average pay	68 300 €	55 687 €	Euros		4 main entities*
			2018	**2017**	Unit		
	Disabled people		12	12	FTE		Group
	Fighting discrimination		see document § 10.4.7.3				
g) Promotion and enforcement of ILO conventions	Respect for freedom of association		see document § 10.4.8				
	Elimination of discrimination						
	Elimination of obligatory forced labour						
	Effective abolition of child labour						

* : The 5 main entities are Eutelsat S.A. Eutelsat Americas Skylogic Eurobroadband Services and Noorsat
* : The 4 main entities are Eutelsat S.A. Eutelsat Americas Skylogic and Eurobroadband Services

10.7.2 Environmental information

Environmental information - calendar year 2018 unless otherwise stated			Value 2018	Value 2017	Unit	Ref GRI	Perimeter
a) Global environmental policy							
	Corporate organisation to take account of environmental issues		see document § 10.3.1.				Group
	Employee training and information initiatives in favour of environmental protection						
	Means used for preventing environmental risks and pollution						
	Provisions and guarantees for environmental risks		0	0	€		
b) Pollution and waste management							Group
	Measures taken to prevent, reduce or repair releases that adversely affect the environment		see document § 10.3.4.1.				
	Management of any kind of pollution specific to an activity, in particular noise and light pollution		see document § 10.3.4.2.				
c) Circular economy							
	Waste prevention and management		see document § 10.3.5.1.				
	Prevention, recycling and re-use measures		see document § 10.3.5.1.				
	Paper consumption						
		Headquarters + Sites with teleport	23	ND	tons	301-1	Headquarters + sites with teleport
	Quantity of waste						
		Headquarters + Sites with teleport	70	ND	tons		Headquarters + sites with teleport
		% recycled	45%	40%			
			N/A see document § 10.3.5.1.				
	Utlisation durable des ressources		see document § 10.3.5.2.				Group
	Water consumption and supply in relation to local constraints		see document § 10.3.5.2.				
		Eutelsat S.A. Headquarters	19807	13484	m3	303-1	Headquarters + sites with teleport
	Raw material consumption and measures adopted to improve their use efficiency		see document § 10.3.5.2.				
	Energy consumption, measures adopted to improve energy efficiency and the use of renewable energy		see document § 10.3.5.2.				
	Electricity	Eutelsat S.A. Headquarters	3555300	2910569	kWh	302-1	Headquarters
		teleport Rambouillet	8808208	8330323	kWh	302-1	Rambouillet teleport
		Eutelsat Americas (Mexique)	3376173	3285043	kWh	302-1	Eutelsat Americas
		Skylogic (Italie)	5808025	6542041	kWh	302-1	Skylogic
		teleport de Madère	883009	899611	kWh	302-1	Madeira teleport
	Fuel	Consommation consolidée	31840	17340	Litres	302-1	Group
	Land use		N/A see document § 10.3.5.3.				Group
d) Climate change							
	Greenhouse gas emiss	Group Scope 3 art. 173	65283	9800	T CO2e	305-1,2,3	Group Scope 3
	Adaptation to the consequences of climate change		see document § 10.3.6.2.				
e) Protection of biodiversity							
	Measures taken to preserve or develop biodiversity		see document § 10.3.7.				Rambouillet teleport

10.7.3 Societal information

Societal and ethical information					Ref document	Ref GRI	Perimeter
a) The territorial, economic and social impact of the Company's activity					§ 10.2.3.		Group
	in terms of employment and regional development				§ 10.2.3.3.		
	on neighbouring or local populations				§ 10.2.3.4.		
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					§ 10.2.2.		
	dialogue conditions with these stakeholders				§ 10.2.2.		
	partnership or sponsoring initiatives				§ 10.2.2.1 à 10.2.2.4.		
c) Outsourcing and suppliers					§ 10.2.4.		
	acknowledgement in the purchasing policy of social and environmental issues				§ 10.2.4.		
	the importance of outsourcing and the acknowledgement of suppliers' and subcontractors' social and environmental responsibility in our relations				§ 10.2.4.		
d) Integrity, ethics, fairness in practices					§ 10.5.		
	Mesures against corruption and bribery				§ 10.5.1.1.		
			2018	**2017**			
		Meeting of the Group Compliance Committee	7	4			
		New sales agents proposed	3	1			
		New sales agents designated after proposal	1	0			
		Sales agents proposed for renewal	6	7			
		Sales agents renewed after proposal	6	3			
		Worldcheck control feb. to end of June 2019	7071	N/A			
		Hits (entities or persons) same period	576	N/A			
		Negative resolution	1	N/A			
		Nb of internal inquiries	6	2			
		Number of reports receive by the whistleblowing line	0	N/A			
	Personal data privacy				§ 10.5.1.2.		
	Measures taken to promote consumer health and safety				N/A § 10.5.3.		

10.8 METHODOLOGY AND SCOPE

In accordance with Article L. 225-102-1 of the French Commercial Code and Decree No. 2017-1265 of 9 August 2017 implementing Order No. 2017-1180 of 19 July 2017 on the disclosure of non-financial information by certain large companies and groups of companies, the Group has prepared a response for items that are relevant to its business.

10.8.1 Methodology

Each Eutelsat Communications Group subsidiary has provided some information for drafting 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). Concerning actions against food waste, Group facilities in France do not offer any catering services, so this point has also been ignored. The "corporate" information was gathered mainly through the operating company, Eutelsat S.A., but reflects the picture of the Group as a whole.

With reference to Article L225-102-1 of the French Commercial Code, the following topics were excluded as they were not material to Eutelsat's business:

- The fight against food waste and food deprivation;
- A commitment to animal welfare and to responsible, fair and sustainable food

10.8.2 Scope

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

As the Group's main operating subsidiary, Eutelsat S.A. employs the majority of its workforce (57%). Information from this subsidiary is used as an "internal reference" for the Group. For the other subsidiaries included in the scope of consolidation, please refer to Section 5.1 "Simplified Group Organization Chart" of this document. Where the information being reported is provided exclusively by a specific subsidiary, this has been specified. Quantitative information in this report refers to the 2018 calendar year (1 January 2018 to 31 December 2018), unless otherwise indicated.

11 OTHER INFORMATION PRESENTED

11.1 RESEARCH AND DEVELOPMENT

The Group spent 3.0 million euros on research and development during the financial period ended 30 June 2019, including 3.0 million euros development costs recorded as intangible assets.

11.2 TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

As required by article R. 225-102 of the *Code de commerce*, a table showing the Company's results over each of the last five financial periods (see appendix 3) has been attached to this report.

11.3 NON-DEDUCTIBLE CHARGES AND EXPENDITURES LAID DOWN IN ARTICLE 39.4 OF THE GENERAL TAX CODE FOR THE YEAR ENDED 30 JUNE 2019

Non-deductible charges and expenditures of 30.5 thousand euros were reported by the Company for the year ended 30 June 2019 and the associated income tax expense (and additional contributions) was 10.5 thousand euros.

11.4 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 June 30, 2019, 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.

11.5 ACQUISITION OF SHARES BY THE COMPANY

The Company entered into a liquidity agreement with Exane BNP PARIBAS which, as of 30 June 2019, owned a total of 223,296 shares in the name of and on behalf of the Company, amounting to a total of 3.7 million euros.

The liquidity agreement set aside, the Company did not purchase any of its own shares during the fiscal year ended 30 June 2019. The Company owned 105,068 of its own shares at 30 June 2019 (excluding liquidity contract).

11.6 EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL OF THE COMPANY

Further information is given in section 9.15 and 11.4 drawn up in application of the provisions of Article L.225-177 and L.225-197-1 of the Code de Commerce.

Senior managers and employees held 0.6% of the Company's capital. The shares they hold result from i) the stock warrants subscribed for by certain managers and corporate officers (mandataires sociaux) during the financial years 2005-2006, ii) a capital increase reserved for employees at the time of the Company's IPO, iii) the offer to exchange shares in October 2007, iv) the Board's policy to allocate free shares; v) the acquisition of shares by Senior managers on the market.

11.7 SHARES OWNED BY COMPANY MANAGEMENT ("MANDATAIRES SOCIAUX")

Please refer to the section 9.15 of this document.

11.8 DIVIDEND POLICY AND ALLOCATION OF RESULTS

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

As for the last three financial years, Eutelsat Communications undertook the distribution of:

- an amount of 1.10 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2016.
- an amount of 1.21 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2017.
- an amount of 1.27 euro per share substracted from the the distributable profit in respect of the financial year ended 30 June 2018.

	Income eligible for tax reduction *(in euros)*		Income not eligible for the 40% tax reduction(1) *(in euros)*
	Dividend	Other distributable income	
2015-16	256,052,098.5 (i.e. 1.10 per share)	-	-
2016-17	281,657,308.35 (i.e. 1.21 per share)	-	-
2017-18	295,623,786.45 (i.e. 1.27 per share)		
1) Reduction provided by Article 158-3-2° of the French General Tax Code.			

On 30 July 2019, the Board of Directors will submit for approval at the 7 November 2019 Annual Meeting of Shareholders a dividend of €1.27 per share for the financial year ended 30 June 2019.

The Group is comitted to serve a stable to progressive dividend policy to shareholders.

11.9 DELEGATIONS OF AUTHORITY AND FINANCIAL AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS BY GENERAL MEETINGS OF SHAREHOLDERS

The table below summarises the delegations of authority and authorisations granted by the Shareholders' Meetings of November 8, 2017 and November 8, 2018 remaining in force at the date of this document:

	Operation concerned	Maximum nominal amount / Ceilings	Duration of delegation and expiry/Date of expiry of delegation
	I. Authorisations granted to the Board of Directors		
1.	**(i) Purchase by the Company of its own shares** (14th resolution of the General Meeting of 8 November 2018)	10% of the capital or 5% of the capital in the event of purchases of shares with a view to their retention and subsequent payment	Maximum duration of 18 months from the General Meeting of 8 November 2018 / **08 May 2020**
	(ii) Reduction of the share capital through the cancellation of shares acquired by the Company in connection with its share buyback programme (15th resolution of the General Meeting of 8 November 2018)	10% of the capital per 24-month period	
	(iii) Free allocation of ordinary shares to eligible employees and corporate officers of the Company or its subsidiaries, entailing the cancellation of preferential subscription rights ("PSR") (16th resolution of the General Meeting of 8 November 2018)	maximum of 0.5% of the Company's share capital	
2.	**(i) Determination of the issue price within the limit of 10% of the capital per year** (25th resolution of the General Meeting of 8 November 2017)	10% of the capital per 12-month period	Maximum duration of 26 months from the General Meeting of 8 November 2017 /**8 January 2020**
	(ii) Increase in the number of shares to be issued in the event of a capital increase with maintenance or cancellation of the PSR (26th resolution of the General Meeting of 8 November 2017)	Ceiling provided for in the resolution pursuant to which the initial issue was decided, up to a limit of 15% of the initial issue	

	Operation concerned	Maximum nominal amount / Ceilings	Duration of delegation and expiry/Date of expiry of delegation
II.	**Delegations of authority granted to the Board relating to the issue of ordinary shares**		
3.	**(i) Capital increase by the incorporation of reserves, profits, premiums or other** (21st resolution of the General Meeting of 8 November 2017)	44 Million € (independent ceiling)	
	(ii) Issue of ordinary shares of the Company:		
	a - **with maintenance of the PSR for the shareholders** (22nd resolution the General Meeting of 8 November 2017)		
	b - **with cancellation of the PSR within the framework of a public offer** (23rd resolution of the General Meeting of 8 November 2017)		
	c - **with cancellation of the PSR within the framework of a private placement offer (Article L. 411-2 of the Monetary and Financial Code)** (24th resolution of the General Meeting of 8 November 2017)	1 billion € (ceiling for securities)	
	d - **with cancellation of the PSR in the event of a public exchange offer initiated by the Company** (27th resolution of the General Meeting of 8 November 2017)	44 million € (common ceiling for shares (20%)) **b, c, d, e, f-** 22 million € (10%) (common sub-ceiling)	Maximum duration of 26 months from the General Meeting of 8 November 2017 / **8 January 2020**
	e - **with cancellation of the PSR, in remuneration of contributions in kind up to a maximum of 10% of the Company's share capital, except in the case of a public exchange offer initiated by the Company** (28th resolution of the General Meeting of 8 November 2017)	**e** - 10% of the capital (chargeable to the ceiling and the common sub-ceiling defined in 3 ii b, c, d, f)	
	f - **with cancellation of the PSR, as a result of the issue by the Company's subsidiaries of securities giving access to ordinary shares of the Company** (29th resolution of the General Meeting of 8 November 2017)		
	g **reserved for members of a company savings plan of the Company or its Group, with cancellation of the PSR** (17th resolution of the General Meeting of 8 November 2018)	2 million € (chargeable to the ceiling and the common sub-ceiling defined in 3 ii b c, d, f)	Maximum duration of 26 months from the General Meeting of 8 November 2018 / **8 January 2021**

During financial year ended 30 June 2019, the Board of Directors did not make use of the authorisations and delegations granted at the General Meeting of 8 November 2018.

11.10 PAYMENT SCHEDULE TO SUPPLIERS

As of 30 June 2019, the table below shows information on payment terms to suppliers and from customers in accordance with article L441.6-1 of French “Code de Commerce”.

Overdue Invoices Received and Issued, Unsettled at Balance Sheet Date												
	Art D441-I.-1°: Invoices **received** and overdue at balance sheet date						Art D441-I.-1°: Invoices **issued** and overdue at balance sheet date					
	0 days	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 days	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	17	2	1	1	11	15						
Aggregate amount of invoices concerned (incl. taxes)	-610 240.57	6 430.59	-2 948.09	-1 400.80	-51 919.79	-49 838.09						
Percentage of total amount of purchases during the financial period (incl. taxes)	-28.00%	0.30%	-0.14%	-0.06%	-2.38%	-2.29%						
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	0											
Aggregate amount of excluded invoices (incl. taxes)	0.00											
(C) Reference payment terms used (contractual or statutory payment term)												
Payment terms used to calculate payment delays	contractual						contractual					

11.11 FRENCH BRANCHES

Pursuant to article L.232-1 of French Code de Commerce, the existing French branches of Eutelsat S.A. are as follows

- Rambouillet : N° SIRET 422 551 176 00049
- Ponant : N° SIRET 422 551 176 00064

11.12 POST CLOSING EVENTS

None.

12 RISK FACTORS AND INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

Before making an investment decision, investors and shareholders are invited to read all the information contained in this Document, including the risks described below.

At the filing date of this 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, which are important when making an investment decision and which are specific to the Group's activities. This section summarizes the main risks that the Group may face in the course of its business. The risks mentioned are for illustrative purposes only and are not exhaustive. These or other risks not identified at the date of the filing of this report, or considered immaterial by the Group at the date of filings of this report, could have an adverse effect on the Group's business, financial position, results or development prospects. In addition, it should be recalled that some of the risks mentioned or not mentioned in this report may be triggered or arise due to external factors, such as risks beyond the Group's control.

Group risks may be divided into five categories:

- operational risks;
- risk relating to changes in the satellite communications market;
- risks relating to clients
- regulatory risks
- financial risks.

The materiality of risks is assessed according to their probability of occurrence and their negative impact in the event of occurrence. Within each of these categories, risks are classified in descending order of materiality.

Finally, non-financial risks are described in the Non-Financial Performance Statement.

12.1 OPERATIONAL RISKS

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 these circumstances, 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.

Furthermore, the Group uses capacity on five satellites belonging to third parties, and which are recognised as assets in its consolidated balance sheet: Express-AM6[57], Express-AMU-1[58], Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G[59] 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.

The Group might not be able to meet its launch or activation timeframes for new satellites

The Group plans to launch six new satellites (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. Access to space according to the schedule planned by the Group is a key element of the Group's deployment plan and strategy

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

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

[57] Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A.
[58] Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.
[59] Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.

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. Furthermore, 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.

Satellite construction is a complex process that could fall behind schedule, result in satellite errors or not meet the Group's desired specifications, especially since some of the satellites in the deployment plan (EUTELSAT QUANTUM, KONNECT VHTS) have an innovative architecture compared to satellites currently in service. In addition, the transport of satellites to launch sites could be delayed by the time required to obtain the export authorizations or licences required to transport certain satellite components.

In addition, satellite launch is also a complex process that could be delayed compared to the planned schedule, resulting in a non-optimal result such as insertion into a non-nominal orbit, or in the event of launch failure resulting in the permanent loss of the satellite. The launcher market is also characterized by a small number of launch service providers with the technical capabilities to launch satellites that are currently under construction or future satellites. The limited number of launchers reduces operational flexibility and access to space within the Group's planned timeframe and could increase the cost of the deployment program or result in a launch delay. If one of the launch service providers is unable to meet its contractual obligations to the Group within the expected timeframe, due to operational (e.g. following a launch failure) or financial difficulties, the Group could reassign the concerned satellite to another launch service provider or, in some cases, even sign new launch service contracts that may be more costly than those currently signed.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, could lead to a delay in revenue generation, impair the Group's ability to generate new sales opportunities, implement its development strategy and meet its growth objectives, or meet its contractual service continuity commitments to customers and end users. 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.

The Group's information systems and/or teleports could be disrupted or be victim of a cyber-attack

The Group operates a fleet of 37 geostationary satellites that are controlled and operated from its control centres or teleports. The Group's information systems used to control satellites and communications could experience malfunctions, loss of data integrity, cyber-attacks, or even terrorist acts or sabotage that could compromise the continuity of service, cause a temporary or permanent interruption of service or call into question the quality of the service provided. Such disruptions could result in the loss of customers and revenues and thus have a material adverse effect on the Group's business, financial position and results.

The Group's satellites could be exposed to interference affecting operations or quality of service

All radiocommunication requires the emission of radio waves characterized in particular by their frequencies. Emissions on identical or insufficiently differentiated frequencies give rise to a risk of interference between these emissions, which can result in "radio interference" that can affect communications to the point of making them unusable or degrading the quality of service. Although there is a set of international rules that are governed by the International Telecommunication Union (ITU), a specialized body of the United Nations, for the "frequency assignments" and their coordination, the Group cannot guarantee that these rules are respected by all third-party operators. Interference could therefore temporarily, or not, affect the quality of service provided to customers, which could even prevent the Group from being able to meet contractual commitments or could lead to the loss of revenue or customers and thus have a significant negative impact on the Group's business, financial position and results.

Insurance policy premia for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew

The Group takes out "Launch-plus-one-year after entry into service" insurance covering the launches of its satellites as well as an in-orbit life insurance programme. These insurance contracts represent significant amounts of investments or expenses for the Group.

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 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.

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. 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. The Group's insurance policies, as is customary in the space sector, systematically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism. 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.

12.2 RISKS RELATING TO CHANGES IN THE SATELLITE TELECOMMUNICATIONS MARKET

The Group is faced with considerable competition from satellite and terrestrial network operators, which could intensify

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.

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.

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 the Group's in-orbit infrastructure 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.

Thus, the rise of "HTS" or "VHTS" high capacity satellites or constellations targeting applications other than Video is bringing a significant amount of new capacity at a lower cost per Gigabit. This could lead to a situation of overcapacity and price pressure, particularly in Fixed Data (10% of Group revenues), which is greater than expected, and could have a significant negative impact on the Group's business, financial situation and results. In addition, several low-earth orbit constellation projects are currently underway and could represent new competitors for the Group in certain Fixed Data and Connectivity applications, particularly those with low latency.

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.

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.

Demand for satellite services may not evolve as expected

The Group's development notably depends on future demand for Video Applications (66% of Group revenue), linked to the evolution of the number of channels, improvement of the quality of image and the evolution of modulation and compression techniques.

The evolution of the number of channels notably depends on the expected development of broadcasting in emerging markets and if it is maintained in Europe. In this respect, it should be noted that 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 addition, competition from new online Video Distribution platforms could affect the Group's customers in certain geographies or lead them to reduce their bouquets. Finally, consolidation among satellite TV broadcast platform operators and/or cable operators and could lead to a rationalization of the number of channels broadcast on a national market.

The improvement of quality of image is linked to the rise of High Definition or Ultra High Definition. This rise may not materialize or may be slower than expected. 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.

The development of Connectivity applications (Fixed Broadband and Mobile Connectivity, which represent 12% of Group revenue) represents the main driver of the Group's growth strategy. This will depend, in part, on continued growth in demand for satellite broadband Internet services which is not guaranteed and is not easily predictable, particularly because of the cost access to satellite capacity, the deployment of alternative terrestrial solutions in certain areas, the cost of terminals or distribution issues. The growth in demand for Mobile Connectivity depends in part on the progressive equipping of aircraft fleets and the strategies of airlines that are not under the Group's control.

Lastly, the Group generates an important part of its revenues in the Government Services marke tsegment (12% of Group revenue). This segment includes the direct or indirect provision of Government Services, mainly to the US administration, through capacity allocation agreements with distributors, which are generally renewable on an annual basis. The obtaining and/or renewal of capacity allocation contracts for this segment depends to a large extent on the international geopolitical and economic context and the commercial success of the Group's capacity distributors. As a result, the Group cannot be certain that it will be able to continue to generate comparable revenues in Government Services, which may include the non-renewal or renewal of its contracts on less favourable terms.

If the demand for satellite services does not develop as predicted and given the Group's fixed cost structure, this could have a significant negative impact on its business, financial position and results.

The Group's growth depends in part on the development of new applications or innovative projects, the profitability of which is not guaranteed

The Group invests at different scales in innovative projects such as "EUTELSAT QUANTUM", a software-defined satellite, the first of which is expected to be launched in 2019, or CIRRUS, a hybrid satellite/OTT distribution platform. The development of these new concepts depends in particular on sufficient demand, the timely and successful execution of these projects and their adequacy to market needs. If these conditions are not met, the ramp-up of these innovative projects could be slower or less profitable than anticipated, which could have a significant negative impact on the Group's business, growth objectives, financial position and results.

In addition, the Group's growth depends in part on the development of the Fixed Broadband business, for which the Group has made significant investments for the European and African markets, on the ground, with a complex network of earth stations, and in orbit, initially with the KA-SAT satellite (launched in December 2010), and then in the KONNECT (expected launch in 2019) and KONNECT VHTS (expected launch in 2021) satellites. The full realisation of this applications' potential, which aims to provide broadband internet access for individuals through a network of distributors and resellers, with a business-to-business-to-consumer model, is subject, in addition to the proper functioning of the in-orbit and terrestrial infrastructure, to the success of the Group's distribution strategy and to the availability of competitively priced terminals. Unlike the Group's traditional satellite capacity lease business, this activity does not benefit from backlog and structurally involves higher customer acquisition costs and a higher level of churn. Slower than expected development or more difficult than expected execution in this application could have a significant negative impact on the Group's business, growth objectives, financial position and results

12.3 RISKS RELATING TO CLIENTS

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, with a significant proportion of its revenues generated in emerging countries, Africa, the Middle East, Latin America and Russia. The Group's future development also depends in part on its ability to develop in these areas.

Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. 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. Furthermore, 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.

The Group is exposed to a specific risk related to its distributors

A significant portion of the Group's capacity is marketed by specialized distributors. These distributors, who resell the Group's resources to end customers, may have overestimated demand or misunderstood customer needs and may not be able to resell the capacity for which they have committed. In this case, these distributors could seek to return the unsold capacity or seek to resell it to Group customers at lower prices. This could have a significant negative impact on the Group's business, financial situation and results.

Furthermore, for several years now, the Group has developed a Fixed Broadband Internet business based in part on a B-to-B-to-C model (business-to-business-to-consumer), which is based on a more direct distribution model when compared to the Group's other businesses, reaching end-users through specialized distributors. In some cases such customers could have less robust financial resources than distributor-customers, which could increase the risk of bad debts and/or result in shorter-term contracts or not be able to develop the business at the pace the Group expects. The Group may also not be able to find suitable distributors in certain markets.

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. As of 30 June 2019, the Group's 10 largest customers represented 34% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to partially or totally 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 an impairment of receivables and/or the termination of capacity agreements, which could have a negative impact on the Group's business, financial position and results.

The Group is exposed to the risk of unpaid or late payments

The Group's receivables amounted to 316.5 million euros at 30 June 2019. In the normal course of business, the Group occasionally encounters difficulties in obtaining payment of the price related to the use of satellite capacity by certain customers or payment of this capacity within the expected time limits, which may result in the impairment of receivables or a negative impact on the Group's working capital requirements. For the year ended June 30 2019, provisions for impairment of receivables (net of reversals) amounted to 19 million euros (25 million euros at June 30 2018) and the change in working capital related to trade receivables and related accounts generated a cash flow of 1 million euros (-36 million euros at June 30 2018). Late payments or increased non-payment volumes could have a significant negative impact on the Group's business, financial position and results.

12.4 REGULATORY RISKS

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.

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 is not yet complete and/or is not yet in operation with any of the Group's satellites. Concerning 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. Concerning 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. 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.

The Group could be exposed to the risk of non-compliance with the laws and regulations applicable to it, notably with regard to the fight against corruption and influence peddling, economic sanctions, the protection of personal data and competition law

In the course of conducting its business in France and internationally, the Group is exposed to the risk of non-compliance with the laws and regulations applicable to it, notably with regard to the fight against corruption and influence peddling, economic sanctions, the protection of personal data and competition law. In the event of unethical practices or violations of the laws and regulations applicable to the Group by any employee, the risk could take the form of financial, administrative or criminal penalties and damage to the Group's reputation or image.

In order to reduce its exposure to the risk of corruption in particular, the Group has set up a compliance program aimed at preventing and detecting acts of corruption or influence peddling, coupled with control system to ensure their effectiveness. These actions are in accordance with Act 2016-1691 of December 9 2016 on transparency, the fight against corruption and the modernisation of economic life (the "Sapin II Act") and the recommendations of the Agence Française Anticorruption ("AFA"). Nevertheless, the Group cannot guarantee that the procedures and controls in place will prevent or detect all violations of the laws and regulations applicable to the Group by an employee; if it were to occur, such a violation could have a material adverse effect on the Group's business, financial situation, results and growth prospects.

Such violations can result in civil penalties, including fines, the denial of export privileges, injunctions, asset seizures, debarment from government contracts, the termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact the Group's reputation and consequently its business. Moreover, any such violations by the Group's competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences the Group may suffer as a result of the foregoing could have a material adverse effect on the Group's business, financial condition and results.

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.

The application of the Space Operations Act could therefore have a significant negative impact on the Group's business, financial situation and results.

The Group may not obtain the landing rights or licences necessary for its activity in certain markets

As a satellite operator offering its services in approximately 150 countries, the Group is subject to the national laws and regulations of many countries regarding communication and broadcasting. Most of these countries do not require specific authorization or licensing to only provide satellite capacity to entities that are themselves authorized to operate communication networks and or/services. In these countries, the Group only needs an authorization license if it intends to deploy and operate its own communication networks or install and operate earth stations. Most European countries and many Member States of the World Trade Organization ("WTO") fall into this category. However, some countries require authorizations for the operation of satellites in orbit. In this case, the Group must therefore be authorized to provide downlink services from the satellite to the earth station terminals located in these countries – the "landing rights".

If the Group is unable to obtain or renew the necessary authorizations for its business in certain markets, or the authorization regime becomes more restrictive, this could have a significant negative impact on the Group's business, financial situation and results.

The Group's provision of satellite telecommunications services is subject to certain specific statutory and regulatory provisions, the evolution of which could have an adverse impact

The satellite telecommunications industry in which the Group operates is governed by extensive regulation. 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, 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. 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. 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.

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP. 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 in France 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 of WRC-19. In particular, during this global conference, discussions will be held with a view to identifying additional frequencies for future 5G mobile networks. Certain bands, which are potential candidates for 5G mobile networks, are currently used by satellite operators and are essential to the operation of future satellite systems, and in particular satellites such as KONNECT VHTS. Thus, 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. 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.

In addition, the Group is subject to strict regulations regarding the content of the programs broadcast by 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 European 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 the applicable European laws and regulations or if it is likely to damage public order. Any competent regulatory authority in Europe 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. Furthermore, 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. 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.

Finally, the Group is subject to other regulations applicable to the channels it broadcasts. 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. 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.

Thus, the evolution of certain specific legislative and regulatory provisions could have a significant negative impact on the Group's business, financial situation and results.

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. 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, notably in terms of financial policy.

EUTELSAT IGO's assessment of Eutelsat S.A.'s operations and strategy, in terms of the obligation to observe the "Basic Principles" 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.

12.5 FINANCIAL RISKS

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 the Intergovernmental Organization (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. 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.

As of 30 June 2019, the defined benefit obligation of the Trust's pension liabilities amounted to 230.1 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 134.6 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.

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.

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.

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 and costs are denominated U.S. dollar, which represented 39% of revenues in the financial year ended 30 June 2019 without it being offset by an equivalent level of foreign currency expenditure. 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 a result, fluctuations in exchange rates may have a negative impact on the Group's results despite the implementation of a hedging policy, as the Group is no certain that it will be able to hedge its entire net exposure under favourable conditions and/or beyond a one-year horizon.

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.

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 renegotiate 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.

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.

Given its level of indebtedness, the Group is exposed to liquidity risk

As of 30 June 2019, the Group's consolidated net debt was 3,073 million euros with gross debt of 4,529 million euros and cash of 1,455 million euros. The Group's main debt maturities are January 2020 (930 million euros), June 2021 (500 million euros), March 2022 (600 million euros), October 2022 (300 million euros), October 2025 (800 million euros) and July 2027 (600 million euros). As of 30 June 2019, the breakdown of Group's financing sources was the following: 14% bank, 71% bond debt, 3% export-credit agencies and 13% financial leases. The main components of the Group's debt are described in Section 6.4.1 of this document.

Although the Group's liquidity situation is strong (with cash of 1,455 million euros and undrawn credit lines of 850 million euros) the Group's ability to 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. Given its level of indebtedness, the Group's operating cash flow is not sufficient, it could be forced to postpone or reduce investments, sell assets, relinquish commercial opportunities or opportunities for external growth (including acquisitions), thereby limiting its operational flexibility. Moreover, if the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt under less favourable terms or may have difficulty refinancing itself. Such a situation could have a significant adverse impact on its business, financial situation and results.

Interest rate risk

Given the financial structure described above and despite the Group's active interest-rate risk management policy described below, the Group's bank debt and export credits remain at variable rates (for a total outstanding amount of 719 million euros as of 30 June 2019), so that a significant increase in interest rates could result in an immediate increase in the Group's financial expense. In addition, as the Group's main fixed-rate maturities are to be refinanced and taking into account an average maturity of the Group's debt of 3.6 years, an increase in interest rates would also result in a gradual increase in interest expense.

Thus, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

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, with the following ratings as of 30 June 2019:

(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 BB+/Stable Outlook and Eutelsat S.A.'s debt rated BBB-/Stable Outlook);

(iii) Fitch Ratings (with Eutelsat S.A.'s debt rated BBB/Stable Outlook).

During financial year 2018-19, Moody's and Fitch confirmed and maintained their ratings and outlooks. S&P downgraded the Group's debt rating by one notch.

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.

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 2019, 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.

12.6 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.

12.6.1 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 and to be renewed in June 2020.

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 and June 2019. 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 and renewed in June 2019, 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 and to be renewed in August 2019.

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, 2016 and 2019.

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.

12.6.2 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).

The business continuity plan (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. The business continuity plan was updated during the fiscal year 2018/19

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 risk of non-compliance

During the fiscal year the Group has strengthened the programme set up in 2014 to prevent and detect acts of corruption within the Group and continued to deploy it, notably by:

- the implementation of a dedicated governance within the Group, based on the organization and management of an internal network of correspondents in charge of implementing compliance actions locally, monitoring their effectiveness and reporting on any vulnerabilities detected;
- strengthening internal communication to reflect senior management's commitment to the fight against corruption and influence peddling and the application of a "zero tolerance" policy to promote a culture of integrity and ethics throughout the Group;
- the continuation of the actions undertaken as part of the implementation of the eight preventive measures prescribed by the Sapin II act, in accordance with the recommendations of the AFA, notably: (i) the development of a global action plan based on risk mapping and specific action plans with regard to the main risk areas identified, (ii) the development and regular updating of internal policies on ethics and compliance, (iii) the automation of pre-contractual due diligence on third parties and their integration into internal procedures, (iv) the optimization of the internal alert system, (v) the intensification of the training program, and (vi) the conduct of compliance reviews by the internal auditors to assess the implementation and effectiveness of the program.

For more information on non-compliance risk management, please refer to Section 10 of this document.

12.6.3 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.

Managing the Group's credit risk

In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

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.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. Customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

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. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

12.6.4 Management of 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.

Moreover, the Group is exposed to market risks, notably in terms of currency, interest rates and counterparty risk. The Executive Board actively manages this risk exposure using various derivative instruments.

These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions in a speculative perspective or in a transaction 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.

The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group manages liquidity risk

As of 30 June 2019, liquidity remains strong, with undrawn credit lines of 850 million euros and cash of 1,455 million euros.

As of 30 June 2019, the Group complied with all of the covenants on its various credit facilities as described in Section 6.4 of this Document. Net debt to EBITDA ratio stood at 2.98 as of 30 June 2019 (3.01 at 30 June 2018).

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.

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.

Please refer to the Note 7.3.6 of the notes to the consolidated financial accounts for more information.

Foreign exchange risk

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, in order to hedge the translation risk, the Group may also create 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 7.3.6 of the notes to the consolidated financial accounts for more information.

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. Exposure to these risks is closely monitored and maintained within predetermined limits. As of 30 June 2019, the Eutelsat Communications banking syndicate comprised 9 lenders with Eutelsat S.A.'s banking syndicate comprising 7 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 2019, the counterparty risk is not significant.

* * * *

APPENDIX 1

CONSOLIDATED FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2019

Eutelsat Communications Group

"Société anonyme" with a capital of 232,774,635 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2019

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	30 June 2018 (1)	30 June 2019
Revenues from operations	6.1	**1,390.5**	**1,321.1**
Operating costs	6.2	(97.4)	(90.6)
Selling, general and administrative expenses	6.2	(214.8)	(198.0)
Depreciation expense	7.1.1, 7.1.2, 7.1.3	(506.0)	(518.8)
Other operating income and expenses	6.3	(18.5)	12.5
Operating income		**554.0**	**526.1**
Cost of net debt		(95.2)	(86.5)
Other financial items		(10.1)	(4.9)
Financial result	**6.4**	**(105.2)**	**(91.5)**
Income from associates	6.5	(2.2)	(1.3)
Net income before tax		**446.6**	**433.4**
Income tax	6.6	(142.9)	(76.3)
Net income		**303.7**	**357.0**
Attributable to the Group		291.6	340.4
Attributable to non-controlling interests		12.1	16.6
Basic and diluted earnings per share attributable to Eutelsat Communications shareholders (2)	**6.7**	1.254	1.463

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group had opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1. "Basis of preparation of financial information".

(2) There are no dilutive instruments as of 30 June 2018 and 2019.

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2018 [1]	30 June 2019
Net income		**303.7**	**357.0**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	7.5.4	(26.5)	6.5
Tax effect		(4.9)	11.2
Changes in fair value of hedging instruments [2]	7.5.3	(33.6)	(14.4)
Tax effect		11.4	(17.8)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		(2.0)	(22.4)
Tax effect		(1.2)	5.8
Total of other items of gain or loss on comprehensive income		**(56.8)**	**(31.2)**
Total comprehensive income		**246.9**	**325.9**
Attributable to the Group		236.9	310.4
Attributable to non-controlling interests [3]		10.0	15.5

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1. "Basis of preparation of financial information".

(2) Changes in the fair value of hedging insturments concern only cash-flow hedges. Net foreign investment hedges are recorded as translation adjustments.

(3) The portion attributable to non-controlling interests breaks down as follows:
- Net result for 12.1 million euros ats of 30 June 2018 and 16.6 million euros as of 30 June 2019
- Other recyclable items of gain or loss on comprehensive income for (1.9) million euros as of 30 June 2018 and (0.5) million euros as of 30 June 2019; and
- Other non-recyclable items of gain or loss on comprehensive income for (0.1) million euros as of 30 June 2018 and (0.6) million euros as of 30 June 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2018 [(1)]	30 June 2019
Assets			
Goodwill	7.1.1	1,197.5	1,206.1
Intangible assets	7.1.1	653.6	575.5
Tangible assets and construction in progress	7.1.2	4,761.7	3,881.4
Right of use in respect of leases	7.1.3	-	657.9
Investments in associates	6.5	4.3	-
Non-current financial assets	7.3.3	17.4	13.6
Non-current assets associated with customer contracts	7.2	24.7	30.2
Deferred tax assets	7.7	4.6	2.7
Total non-current assets		**6,663.8**	**6,367.4**
Inventories		2.1	3.9
Accounts receivable	7.2.1	296.8	284.7
Current assets associated with customer contracts	7.2	46.9	49.0
Other current assets		29.9	25.5
Current tax receivable		4.5	22.4
Current financial assets	7.3.3	16.9	83.4
Cash and cash equivalents	7.3.1	733.5	1,455.4
Total current assets		**1,130.6**	**1,924.2**
Total assets		**7,794.4**	**8,291.6**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1. "Basis of preparation of financial information".

(in millions of euros)	Note	30 June 2018 (1)	30 June 2019
Liabilities			
Share capital	7.5.1	232.8	232.8
Additional paid-in capital		738.1	738.1
Reserves and retained earnings		1,695.5	1,710.1
Non-controlling interests		181.2	186.4
Total shareholders' equity		**2,847.4**	**2,867.4**
Non-current financial debt	7.3.2	2,434.8	2,873.1
Non-current lease liabilities	7.2.3	-	507.2
Other non-current financial liabilities	7.3.2	695.8	60.8
Non-current payables to fixed asset suppliers		17.9	7.7
Non-current liabilities associated with customer contracts	7.2.2	125.0	129.0
Non-current provisions	7.5	107.1	130.8
Deferred tax liabilities	7.6	264.8	229.1
Total non-current liabilities		**3,645.4**	**3,937.7**
Current financial debt	7.3.2	860.9	986.0
Current lease liabilities	7.2.3	-	75.1
Other current payables and financial liabilities	7.3.3	216.9	230.8
Accounts payable		56.3	61.7
Current payables to fixed asset suppliers		44.7	55.0
Tax payable		10.6	2.5
Current liabilities associated with customer contracts	7.2.2	81.6	59.5
Current provisions	7.6	30.6	16.0
Total current liabilities		**1,301.7**	**1,486.6**
Total liabilities and shareholders' equity		**7,794.4**	**8,291.6**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1 "Basis of preparation of financial information".

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2018 (1)	30 June 2019
Cash flow from operating activities			
Net income		303.7	357.0
Income from equity investments	6.5	2.2	1.3
Tax and interest expenses, other operating items		282.2	145.9
Depreciation, amortisation and provisions		530.3	552.3
Deferred taxes	7.7	(36.3)	(36.6)
Changes in accounts receivable		(36.0)	(1.1)
Changes in expenses on assets held under customer contracts and other assets		2.7	(9.9)
Changes in accounts payable		5.5	3.3
Changes in liabilities associated with customer contracts and other liabilities		(11.9)	(27.9)
Taxes paid		(161.6)	(136.2)
Net cash flows from operating activities		**880.8**	**848.2**
Cash flow from investing activities			
Acquisitions of satellites, other property and equipment, and intangible assets	7.1.1, 7.1.2	(298.8)	(210.8)
Acquisition of subsidiaries	3.2.2	(61.4)	-
Sales (2)		302.0	67.8
Dividends received from associates and other items	6.5	(5.2)	(0.3)
Net cash flows from investing activities		**(63.3)**	**(143.3)**
Cash flow from financing activities			
Distributions		(295.4)	(310.5)
Increase in borrowings	7.3.2	-	1,400.0
Repayment of borrowings	7.3.2	(23.7)	(823.7)
Repayment of lease liabilities		(35.7)	(88.7)
Loan set-up fees		-	(12.6)
Interest and other fees paid		(107.9)	(117.2)
Transactions relating to non-controlling interests (3)		(28.0)	-
Premiums and termination indemnities on derivatives settled		-	(32.9)
Other changes		(0.7)	(0.4)
Net cash flow from financing activities		**(491.4)**	**14.0**
Impact of exchange rate on cash and cash equivalents		**(0.6)**	3.0
Increase/(Decrease) in cash and cash equivalents		**325.5**	**721.9**
Cash and cash equivalents, beginning of period		**408.0**	**733.5**
Cash and cash equivalents, end of period		**733.5**	**1,455.4**
Including Cash and cash equivalents, end of period	*7.3.1*	*733.5*	*1,455.4*
Including Overdrafts included under debt, end of period		-	-

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1 "Basis of preparation of financial information".

(2) As of 30 June 2019, disposals included the disposal of the EUTELSAT 25B satellite; see Note 2.1 "Disposal of the stake in the EUTELSAT 25B satellite". As of 30 June 2018, disposals included the sale of the Group's stake in the Spanish satellite operator Hispasat for a consideration of 302 million euros (paid in cash). The divestment had no impact on the income statement for the financial period ended 30 June 2018.

(3) Les opérations relatives aux participations ne donnant pas le contrôle au 30 juin 2018 correspondent au rachat de la participation minoritaire détenue dans la société Broadband4Africa pour 28 millions d'euros.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros, except share data)	Share capital			Reserves and retained earnings	Shareholders' equity Groupshare	Non-controlling interests	Total
	Number	Amount	Additional paid in capital				
As of 30 June 2017 [2]	**232,774,635**	**232.8**	**738.1**	**1,740.3**	**2,711.1**	**202.4**	**2,913.5**
Net income for the period	-	-	-	291.6	291.6	12.1	303.7
Other items of gain or loss In comprehensive income	-	-	-	(54.8)	(54.8)	(2.1)	(56.8)
Total comprehensive income	-	-	-	**236.8**	**236.8**	**10.0**	**246.9**
Treasury stock	-	-	-	1.2	1.2	-	1.2
Dividend distributions	-	-	-	(281.4)	(281.4)	(14.1)	(295.4)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.1	0.1	0.1	0.2
Transactions with non-controlling interests and others[1]	-	-	-	(1.9)	(1.9)	(17.0)	(18.9)
As of 30 June 2018 [2]	**232,774,635**	**232.8**	**738.1**	**1,695.1**	**2,665.9**	**181.4**	**2,847.5**
Net income for the period	-	-	-	340.4	340.4	16.6	357.0
Other items of gain or loss In comprehensive income[3]	-	-	-	(30.0)	(30.0)	(1.1)	(31.2)
Total comprehensive income	-	-	-	**310.4**	**310.4**	**15.5**	**325.8**
Treasury stock	-	-	-	(0.1)	(0.1)	-	(0.1)
Dividend distributions	-	-	-	(295.3)	(295.3)	(15.3)	(310.6)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.4	0.4	-	0.4
Transactions with non-controlling interests and others	-	-	-	(0.6)	(0.6)	5.1	4.4
As of 30 June 2019	**232,774,635**	**232.8**	**738.1**	**1,709.9**	**2,680.7**	**186.7**	**2,867.4**

(1) Transactions with non-controlling interests are mainly related to the acquisition of InfraMed's minority stake in Broadband4Africa.

(2) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15. They have not been restated under IFRS 16, as the Group has opted for a modified retrospective application. The impact of the adoption of the two new standards on the Group's financial statements is presented in Note 4.1 "Basis of preparation of financial information".

(3) Changes in other items of gain or loss on comprehensive income are detailed in Note 7.5.3 "Change in the revaluation surplus of derivative instruments", and Note 7.5.4 "Translation reserve".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. GENERAL OVERVIEW

1.1 BUSINESS

With capacity operated on 37 satellites, the Group is one of the leaders in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services and as well as capacity in Connectivity applications (Fixed Broadband and Mobile Connectivity), which have strong growth potential. Through its satellite fleet, the Group is able to serve the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa, a significant part of the Asian continents as well as the American continent.

1.2 FINANCIAL YEAR

The financial year lasts for 12 months from 1 July to 30 June.

1.3 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements as of 30 June 2019 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2019. They will be submitted for approval to the Ordinary General Meeting of Shareholders to be held on 07 November 2019.

Note 2. KEY EVENTS DURING THE FINANCIAL PERIOD

2.1 DISPOSAL OF THE STAKE IN THE EUTELSAT 25B SATELLITE

In August 2018, the Group 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. The divestment of this non-core asset is in line with the strategy of optimising the Group's portfolio of businesses in the context of its overall policy of maximizing cash generation. The corresponding gain or loss recognised in the Group's accounts amounted to 46.6 million euros before tax. The transaction was settled for 67.5 million euros as of 30 June 2019, with the balance expected to be paid during the next financial year.

2.2 BOND ISSUANCES

In October 2018, the Group issued a seven-year 800-million-euro bond on the Luxembourg Stock Exchange regulated market, due 2025. The bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 2.0% per annum. It will enable Eutelsat to redeem at maturity the outstanding bonds issued on 14 December 2011 for a total principal amount of 800 million euros, bearing interest on its principal amount at a fixed rate of 5.0% per annum and due January 2019.

In June 2019, the Group issued an eight-year-600-million-euro bond on the Luxembourg Stock Exchange regulated market, due 2027. The bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 2.25% per annum. This bond issuance enables Eutelsat to refinance the bonds issued on 13 December 2013 for a face value of 930 million euros with a 2.625% coupon, due January 2020.

2.3 FRENCH FINANCE BILL 2019

Under the French Finance Bill for 2019 dated 30 December 2018, a new Article 247 of the French General Tax Code (FTC) was enacted to specify the methods for determining the taxable income in France of companies operating geostationary telecommunications satellites. For Eutelsat S.A., application of this new article results in an annual exemption from taxation on the share of profits attributable to Company-owned satellites operated in countries other than France. The impact on the corporate tax expense for the financial year ended 30 June 2019 was 73.7 million euros.

2.4 EUTELSAT 7C SATELLITE LAUNCH

The EUTELSAT 7C satellite was successfully launched on 20 June 2019. It shall be positioned 7° East with the EUTELSAT 7B satellite. Its entry into commercial service is scheduled for end of 2019.

Note 3. SCOPE OF CONSOLIDATION

The consolidated financial statements cover Eutelsat Communications SA, its subsidiaries and entities over which it directly or indirectly exercises joint control or a significant influence (considered together as the "Group").

ACCOUNTING PRINCIPLES

Subsidiaries are entities over which the Group has direct or indirect control. Control is defined by the power to direct the financial and operational policies generally, but not systematically, combined with a shareholding of more than 50% of voting rights. The existence and effects of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated under the full consolidation method from the date the Group gains control. They are de-consolidated until the date the Group loses control. The portion of equity ownership that is not directly or indirectly attributable to the Group is recorded as non-controlling interests.

Financial statements of entities under joint control are consolidated on an equity basis where these are considered as joint ventures, and based on the equity percentage of each item on the balance sheet and income statement where they are considered as joint activities.

Financial statements of associates over which the Group exerts significant influence are consolidated using the equity method. Significant influence is presumed where more than 20% of the shares are held by the Group.

3.1 SCOPE OF CONSOLIDATION

As of 30 June 2019, the list of companies in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control as of 30 June 2019	% interest as of 30 June 2019
Eutelsat Communications S.A (parent company).	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.38%
Eutelsat S.A. Sub-Group				
Eutelsat Broadband Services	France	FC	100.00%	96.38%
Fransat SAS	France	FC	100.00%	96.38%
Eutelsat do Brasil SA (1)	Brazil	FC	100.00%	96.38%
Eutelsat Participatoes (1)	Brazil	FC	100.00%	96.38%
Satmex Holding BV	Netherlands	FC	100.00%	96.38%
Satelites Mexicanos SMVS (1)	Mexico	FC	100.00%	96.38%
EAS Delaware Corp.	USA	FC	100.00%	96.38%
Satelites Mexicanos Administracion SMVS (1)	Mexico	FC	100.00%	96.38%
Satelites Mexicanos Tecnicos SMVS (1)	Mexico	FC	100.00%	96.38%
Satmex US LLC (1)	USA	FC	100.00%	96.38%
Eutelsat Servicos de Telecom. do Brasil Ltd (1)	Brazil	FC	100.00%	96.38%
Eutelsat Latam Corp.	Italy	FC	100.00%	96.38%
Skylogic S.p.A	Italy	FC	100.00%	96.38%
Eutelsat Latin America	Panama	FC	100.00%	96.38%
Eutelsat Russia (1)	Russia	FC	100.00%	96.38%
Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.38%
Eutelsat Inc.	USA	FC	100.00%	96.38%

Company	Country	Consolidation method	% control as of 30 June 2019	% interest as of 30 June 2019
Eutelsat America Corp.	USA	FC	100.00%	96.38%
Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.38%
Eutelsat Polska spZoo	Poland	FC	100.00%	96.38%
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%	96.38%
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 España 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%	96.38%
Eutelsat Asia	Singapore	FC	100.00%	96.38%
ES182 LLC	USA	FC	100.00%	96.38%
EA182 UK	United Kingdom	FC	100.00%	96.38%
ES 184E LTD(1)	Cyprus	FC	100.00%	96.38%
Eutelsat Australia PTY Ltd	Australia	FC	100.00%	96.38%
Eutelsat Middle East	Dubai	FC	100.00%	96.38%
Eutelsat International	Cyprus	FC	51.00%	49.15%
Eutelsat Network (1)	Russia	FC	51.00%	49.15%
Taurus Satellite Holding	United Kingdom	FC	100.00%	96.38%
Broadband4Africa Limited	United Kingdom	FC	100.00%	96.38%
Broadband4Africa France SAS	France	FC	100.00%	96.38%
Broadband4Africa Italy S.r.l.	Italy	FC	100.00%	96.38%
Broadband4Africa Israel Ltd	Israel	FC	100.00%	96.38%
Konnect Africa Côte d'Ivoire	Côte d'Ivoire	FC	100.00%	96.38%
Konnect South Africa Ltd	South Africa	FC	100.00%	96.38%
Eurobroadband Infrastructure SARL	Switzerland	FC	51.00%	49.15%
Eurobroadband Services	Italy	FC	51.00%	49.15%
Eutelsat MENA FZ-LLC	Dubai	FC	100.0%	96.38%
Noorsat Media City	Cyprus	FC	100.00%	96.38%
Noor Al Sharq	Jordan	FC	100.00%	96.38%
Eutelsat Cyprus Ltd(1)	Cyprus	FC	100.00%	96.38%

FC: Full consolidation method

(1) Companies with financial years ending on 31 December for legal or historical reasons. The other companies' financial year ends on 30 June.

3.2 KEY CHANGES IN THE SCOPE OF CONSOLIDATION

3.2.1 Financial year ended 30 June 2019

On 23 November 2018, Eutelsat transferred its 49% stake in Eurobroadband Retail to an entity of the Viasat Group, an existing shareholder with a 51% interest (see. Note 6.5 "Investments in Associates"). The divestment had no material impact on the Group's financial statements.

3.2.2 Financial year ended 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 75 million US dollars. As of 31 December 2018, the Group finalised the purchase price allocation, with no change from 30 June 2018. Final goodwill amounted to 61.7 million US dollars (51.7 million euros based on the exchange rate at the date of acquisition).

Note 4. ACCOUNTING PRINCIPLES AND VALUATION METHODS

4.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION

The consolidated financial statements as of 30 June 2019 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*

Since 01 July 2018, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 9 "Financial Instruments";
- Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- Improvements to IFRSs (2014–2016 cycle).

In addition, the Group has decided to early adopt IFRS 16 "Leases" as from 1 July 2018.

Applying these new standards, amendments and interpretations had no significant impact on the Group's financial statements, except for IFRS 15 and IFRS 16 whose impacts are presented below.

The Group has not elected to early apply:

- Uncertainty over Income Tax Treatments", whose impact on the Group's consolidated financial statements is currently being analyzed,

- The Annual Improvements to IFRS Standards 2015–2017 Cycle;

4.1.1 IFRS 15

IFRS 15 introduces a new five-step model for recognizing revenue from customer contracts.Revenue is recognized for the amount reflecting the consideration received in exchange for the transfer of control of goods and services to a customer.

The Group has elected to adopt this standard retrospectively by restating the disclosed comparative period.

The impacts on the consolidated financial statements for year ended 30 June 2018 (12 months) are as follows:

(in millions of euros, except per-share data)	Financial year ended 30 June 2018		
	Reported data	Restated	Restated data
Revenues from operations	**1,407.9**	**(17.3)**	**1,390.6**
Operating costs	(97.4)	-	(97.4)
Selling, general and administrative expenses	(233.6)	18.8	(214.8)
Depreciation expense	(506.0)	-	(506.0)
Other operating expenses	(18.5)	-	(18.5)
Operating income	**552.4**	**1.5**	**553.9**
Financial result	**(105.2)**	**-**	**(105.2)**
Income from associates	(2.2)	-	(2.2)
Net income before tax	**445.0**	**1.5**	**446.5**
Income tax	(142.9)	-	(142.9)
Net income	**302.1**	**1.5**	**303.6**
Attributable to the Group	290.1	1.5	291.6
Attributable to non-controlling interests	12.0	-	12.0
Basic and diluted earnings per share attributable to Eutelsat Communications' shareholders	**1.248**	**0.006**	**1.254**

The impacts on the statement of financial position as of 30 June 2018 are as follows:

(in millions of euros)	30 June 2018 as reported	Reclassifications	Restated	30 June 2018 restated
Deferred tax assets	4.5	-	0.1	4.6
Non-current assets on customer contracts	-	-	24.7	24.7
Other non-current assets	6,634.5	-	-	6,634.5
Total non-current assets	**6,639.0**	**-**	**24.8**	**6,663.8**
Accounts receivable	330.3	(34.1)	0.6	296.8
Current assets	35.7	(5.8)	-	29.9
Current assets on customer contracts	-	39.9	7.0	46.8
Other current assets	757.0	-	-	757.0
Total current assets	**1,123.0**	**-**	**7.6**	**1,130.6**
Total assets	**7,762.0**	**-**	**32.4**	**7,794.4**
Total shareholders' equity	**2,843.7**	**-**	**3.7**	**2,847.4**
Non-current deferred revenues	101.3	(101.3)	-	-
Non-current liabilities associated with customer contracts	-	101.3	23.7	125.0
Other non-current liabilities	3,520.4	-	-	3,520.4
Total non-current liabilities	**3,621.7**	**-**	**23.7**	**3,645.4**
Other current payables and financial liabilities	293.4	(76.5)	-	216.9
Current liabilities associated with customer contracts	-	76.5	5.1	81.6
Other current liabilities	1,003.1	-	-	1,003.1
Total current liabilities	**1,296.5**	**-**	**5.1**	**1,301.7**
Total liabilities and shareholders' equity	**7,762.0**	**-**	**32.4**	**7,794.4**

The main changes resulting from the adoption of IFRS 15 compared to the principles previously adopted by the Group are as follows:

- Considerations payable to customers: the Group sometimes bears marketing (promotion, advertising, etc.) or technical expenses (mainly in connection with the purchase and installation of antennas) on behalf of certain customers. When these costs are not separate from the service transferred to the customer, they represent the same performance obligation with the service and the consideration payable to the customer is recognized as a reduction in revenue over the term of the contract. When the consideration payable to the customer is granted in consideration for a separate service from the customer, it is recognized as an operating expense. Counterparties payable to customers were previously fully recognized as operating expenses.

- Early termination penalties: Some customer contracts provide for early termination penalties. When these penalties are paid as part of an amendment to a contract that does not concern services not covered by the existing contract and which therefore forms a single performance obligation with the services partially performed at the date of amendment, these penalties are spread over the term of the re-negotiated contract. These penalties were previously fully recognised as revenue at the date of amendment of the contract.

- Terminal sales and activation fees: the Group sells terminals to its customers in addition to the provision of satellite capacity as part of its Fixed Broadband business in Europe. As these terminals are specific and capacity can only be accessed through these terminals, capacity services and the sale of terminals form a single performance obligation. As control of the service is gradually transferred to the customer, revenue from capacity service is recognised over the average duration of the customer relationship and revenue from the sale of terminals is recognised over the average duration of use of these terminals. The costs of purchasing these terminals are spread over the same period, as part of the cost of executing a contract. Terminal sales and purchases were previously fully recognized when they were made available to the customer. Assets and liabilities relating to the deferred purchase and sale of terminals are presented separately in the statement of financial position under assets and liabilities associated with customer contracts.

Furthermore, the majority of the Group's contracts with customers cover the provision of capacity services for which revenue continues to be recognised as control is transferred over the contractual period.

4.1.2 IFRS 16

The Group early adopted IFRS 16 “Leases” with an initial application date of 1 July 2018. It applied the simplified retrospective method, without restatement of comparative periods.

The impacts of the adoption of this standard on the Group's consolidated financial statements as of 1 July 2018 are as follows:

(in millions of euros)	30 June 2018	Finance leases reclassified	Restated	1 July 2018 as restated
Tangible assets and construction in progress	4,761.7	(692.6)	-	4,069.1
Rights of use in respect of leases	-	692.6	43.8	736.4
Other non-current financial liabilities	695.8	(543.9)	-	151.9
Non-current lease liabilities	-	543.9	34.9	578.8
Other current payables and financial liabilities (1)	216.9	(72.9)	-	144
Current lease liabilities	-	72.9	8.9	81.8

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15.

IFRS 16 requires that leases be accounted for using a single accounting model, whereby a right of use asset representing the right to use the leased assets is recorded in the balance sheet in exchange for a liability representing the associated lease obligations.. Restatements resulting from the application of this new standard mainly concern the recognition of property leases at the Group’s headquarters in Paris and the offices of certain subsidiaries. Rights of use are generally amortized over the term of the lease during which the contract is non-cancellable, supplemented, where applicable, by renewal options, which the Group is reasonably certain to exercise. As this condition was not met for the contracts concerned, no renewal option was considered to determine the term of the contracts. The discount rate used to calculate the rent liability was determined for each individual contract by reference to the estimated marginal debt rate at the date of transition. The costs associated with these contracts were previously recorded under operating expenses.

In accordance with the standard’s transitional simplification provisions, leases with a residual term to maturity of less than 12 months at the date of transition have not been recognised in the balance sheet. Moreover, the Group has elected not to apply retroactively the new definition of a lease provided by IFRS 16.

Assets with a low unit value and leases with a term of up to 12 months continue to be recognised as an expense.

4.1.3 IFRS 9

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The main changes introduced by this new standard and the impacts on the Group's financial statements are as follows:

- - Classification of financial assets: IFRS 9 provides a new approach to the classification and measurement of financial assets. The standard identifies three classes of financial assets: those measured at amortised cost, those measured at fair value on the basis of Other Comprehensive Income and those measured at fair value on the basis of Net Income. These new classification provisions do not have a material impact on the accounting treatment of trade receivables, loans and cash and cash equivalents.

- Impairment of trade receivables: IFRS 9 introduces a new prospective impairment model based on expected credit losses that replaces the impairment model based on credit losses incurred under IAS 39. As expected credit losses are already factored into the Group's calculation of impairment of trade receivables, this new provision has no impact on the Group's financial statements.

- Hedge accounting: the Group has elected to apply the new provisions of IFRS 9. The Group uses derivative instruments to hedge transactions and investments in foreign currencies and changes in interest rates. The Group qualifies some of these instruments as cash flow hedges and net foreign investment hedges.The change in the "time" value was previously recognised directly in profit or loss. It is now shown under other comprehensive income, and accumulated in a separate component of shareholders' equity in the hedging cost reserve before being subsequently recognised in income when the hedged transaction affects the latter. This change in hedge accounting method has no material impact on the Group's financial statements.

4.2 FINANCIAL REPORTING RULES

4.2.1 Conversion of financial statements and transactions in foreign currencies

The reference currency and the presentation currency used to prepare the financial statements are the euro.

Each subsidiary located outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Balance sheet items are translated into euros using the closing-rate method. Income statement items are converted at the average exchange rate for the period. Balance sheet and income statement translation adjustments arising from exchange rate fluctuations are recorded as translation adjustments under shareholders' equity. The Group does not consolidate any entity engaged in business in a hyperinflationary economy.

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from these transactions and from the translation of monetary assets and liabilities at the closing date exchange rate are shown under foreign exchange result.

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 a translation adjustment within shareholders' equity.

The main foreign currency used is the US dollar. The closing exchange rate used is 1,138 US dollars for 1 euro and the average exchange rate for the period is 1,144 US dollars for 1 euro.

4.2.2 Reporting of current and non-current assets and liabilities

Current assets and liabilities are those that the Group is looking to realise, use or settle during its normal operating cycle, which is less than 12 months. All others are non-current assets and liabilities.

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the Group's consolidated financial statements requires the use of 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. The Group's management 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.

In preparing the financial statements for the period ended 30 June 2019, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues, the estimation of provisions and contingent liabilities, the recognition of tax assets and liabilities and the assessment of customer risk.

Note 5. SEGMENT INFORMATION

The Group considers that it only operates in a single operational 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 performance indicators monitored by the CEO, Deputy CEOs and the Chief Financial Officer who together make up the Group's main operational decision-making body are as follows:

- Revenues;

- EBITDA is defined as the the operating result before amortisation and depreciation, impairment of assets and other operating income and expense, and the EBITDA profit margin on turnover;

- 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 related to lease liabilities.

- Discretionary cash flow is defined as cash flow from operating activities less cash CAPEX, as well as interest and other financial costs, net of interest income.

- Net debt to EBITDA ratio (see Note 7.3.4 "Net Debt").

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 financial statements. The reporting is made in line with the IFRS principles applied by the Group to prepare its consolidated financial statements.

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Note 6. NOTES TO THE INCOME STATEMENT

6.1 REVENUES

ACCOUNTING PRINCIPLES

Most of the contracts involve satellite capacity services delivered to distributor-customers (who retail the capacity to end users) and end users (who use the capacity for their own needs). These contracts usually cover periods ranging from several months to several years. Some contracts concern the provision of short-term satellite capacity for occasional use. For all of these contracts, revenues are recognised as control is transferred over the contract period.

Some contracts include variable consideration, such as variable prices or free periods. For such contracts, the Group estimates the value of the consideration to which it shall be entitled in return for providing the promised services to the customer, and includes this in recognising the revenues as it is highly likely that the subsequent ascertainment of the variable consideration will not entail a substantial downward adjustment of recorded revenues.

At times, the Group bears marketing expenses (promotion advertising, etc.) or technical expenses (especially antenna purchase and installation) on behalf of some customers. When these costs are not distinct from the service transferred to the customer, they represent the same performance obligation with the service and the consideration payable to the customer is recognized as a reduction in revenue over the duration of the contract. Where the consideration payable to the customer is paid in return for a separate service from the customer, it is recognised as operating expenses.

Some contracts provide for early termination. When these penalties are paid as part of an amendment to a contract that does not concern services not covered by the existing contract and which therefore forms a single performance obligation with the services partially performed at the date of amendment, these penalties are spread over the duration of the re-negotiated contract.

As part of its Fixed Broadband business, the Group sells terminals to its customers in addition to the provision of satellite capacity. If a terminal is specific and capacity can only be used via this equipment, the capacity service and the sale of the terminal form a single performance obligation that is being gradually fulfilled. Revenue from capacity service is recognised over the average duration of the customer relationship and revenue from terminal services over the average duration of equipment use. The costs of purchasing the terminal are spread over the same period as the sale, as part of the cost of performing the contract. The assets and liabilities relating to the deferred purchase and sale of the terminal are presented separately under other assets and liabilities associated with customer contracts. If a terminal is not specific to satellite capacity provided by the Group, it forms a performance obligation that is distinct from the capacity service for which control is transferred to the customer at a given time. The revenue and purchase cost of the equipment are fully recognized at the time of the transfer of control.

6.1.1 Revenues by application

Revenues by application are as follows:

(in millions of euros)	30 June 2018[(1)]	30 June 2019
Video applications	884.4	864.2
Government Services	157.8	161.5
Fixed Data	143.0	126.7
Fixed Broadband	84.3	80.4
Mobile Connectivity	74.4	80.3
Total operating activities	**1,343.9**	**1,313.1**
Other Revenues	46.7	8.0
Total	**1,390.5**	**1,321.1**
EUR/USD exchange rate	*1.192*	*1.144*

(1) *Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1. "Basis of preparation of financial information".*

Other revenues include 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.

6.1.2 Revenues by geographical region

Revenues by geographical region based on customer billing address are as follows:

(in millions of euros and as a percentage)	30 June 2018[(1)]		30 June 2019	
Region	Amount	%	Amount	%
France	101.5	7.3	89.7	6.8
Italy	149.3	10.7	146.9	11.1
United Kingdom	86.2	6.2	75.8	5.7
Europe (others)	363.2	26.1	377.5	28.6
Americas	296.9	21.3	295.3	22.4
Middle East	257.9	18.5	225.4	17.1
Africa	98.4	7.1	93.9	7.1
Asia	34.2	2.5	35.2	2.7
Others[(2)]	2.9	0.2	(18.6)	(1.4)
Total	**1,390.5**	**100.0**	**1,321.1**	**100.0**

(1) *Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1. «Basis of preparation of financial information».*
(2) *Other revenues include mainly the impact of EUR/USD currency hedging for (19.6) million euros as of June 2019 and 2.8 million euros as of June 2018.*

6.1.3 Backlog

The backlog represents future revenues from capacity allocation or service delivery contracts (including contracts for satellites currently under construction). As of 30 June 2019, it stood at 4.4 billion euros. The secured backlog, excluding revenues subject to early termination clauses, stood at 3.9 billion euros.

6.2 OPERATING EXPENSES

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.

6.2.1 Staff costs

Staff costs (including mandatory employee profit-sharing) are as follows:

(in millions of euros)	30 June 2018	30 June 2019
Operating costs	57.0	54.8
Selling, general and administrative expenses	86.2	85.2
Total	**143.2**	**140.0**

Eutelsat SA employees have a Group Savings Plan (PEE) funded by voluntary contributions by employees, a Leave Bank (CEP) and a three-year profit-sharing agreement based on targets revisable on a yearly basis.

6.2.2 Employee headcount

The Group has 1,001 full time equivalent employees at the balance sheet date of 30 June 2019 compared to 998 at the balance sheet date of 30 June 2018.

The average number of full time equivalent employees during the reporting period is as follows:

	30 June 2018	30 June 2019
Operations	484	497
Selling, general and administrative	523	510
Total	**1,007**	**1,007**

6.2.3 Share-based and similar compensation

ACCOUNTING PRINCIPLES

Share-based payments are measured at fair value at grant date and are recognised under staff costs over the vesting period of the rights representing the benefit granted, with a corresponding increase in shareholders' equity for equity settled plans, or in company debts for cash settled plans. They are revalued at each balance sheet date to take into account changes in vesting assumptions (employee turnover rate, likelihood of meeting performance criteria) and, for cash-settled plans, changes in market conditions (share price).

The Group granted free shares to its employees and directors in February 2016, as well as phantom shares to some employees and directors in April 2017, November 2017 and November 2018. Generally, the allocation of these free and phantom shares is contingent on an attendance requirement and the achievement of performance requirements.

The recognised expense for these plans (excluding employer's contributions) stood at 1.4 million euros during the year ended 30 June 2019 versus 2.5 million euros for the year ended 30 June 2018.

The key features of the plan are as follows:

Key features of the plans	February 2016 plan	April 2017 plan	November 2017 plan	November 2018 plan
Vesting period	February 2016 – February 2019 (1)	July 2016 - June 2019	July 2017 - June 2020	July 2018 - June 2021
Payment method	Shares and cash	Cash	Cash	Cash
Lock-up period	February 2019 - February 2021(1)	-	-	-
Total number of attributable shares at inception	482,211	323,454	319,444	323,221
Number of recipients	805	259	287	254
Number of shares and performance requirements for free share plan				
Number of shares per recipient	300	-	-	_
Performance requirements	EBITDA and ROCE			_
		-	-	_
Number of shares and performance requirements for phantom share plan				
Total number of outstanding shares	406,012	282,710	296,474	323,104
Performance targets	EBITDA, ROCE and Relative TSR(3)	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR(3)		Revenue, Discretionary Free-Cash-Flow Relative TSR(2)
Fair value of shares				
Fair value excluding TSR(2)	€20.01 - €22.13	€15.97	€14.62	€13.50
Fair value after TSR(2)	€17.28 - €19.02	€0.0	€2.53	€5.36
Aggregate valuation of plan as of 30 June 2019 (in millions of euros)(3)	1.1	2.8	2.9	3.1
Expenditure for financial year				
Expense for the financial year (in million euros) (3)	**0.2**	**(0.2)**	**0.4**	**1.0**

(1) For foreign subsidiaries, the grant period runs from February 2016 to February 2020 without any lock-up period.
(2) The relative TSR (Total Shareholder Return) measures the Eutelsat share rate of return compared with that of other benchmarks or indexes. This performance requirement only applies to company directors for plans granted in 2017 and 2018.
(3) Excluding employer's contributions

6.3 OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING PRINCIPLES

Other operating income and expenses comprise Unusual, abnormal and infrequent income and expense items. They mostly include asset depreciations, launch failures and the related insurance repayments, non-commercial disputes net of costs incurred, restructuring costs, income from asset disposals and the implications of scope changes (acquisition costs and disposal gains/losses).

(in millions of euros)	30 June 2018	30 June 2019
Other operating income	-	53.6
Other operating expenses	(18.5)	(41.1)
Total	**(18.5)**	**12.5**

As at 30 June 2019, "Other operating income" mainly includes the capital gain on the sale of the Group's share in the EUTELSAT 25B satellite (see

Note 2.1 "Key events during the year"). Other operating expenses mainly include asset impairment charges of 31.6 million euros (see Note 7.1 "Fixed assets") and the capital loss from the disposal of the Group's stake in Eurobroadband Retail (see Note 6.5 "Investments in associates)".

As of 30 June 2018, "Other operating expenses" mainly included a 7.7 million euro expense for pre-existing relationships with Noorsat and scrapped assets.

6.4 FINANCIAL RESULT

(in millions of euros)	30 June 2018	30 June 2019
Interest expense after hedging	(102.8)	(84.7)
Interest on lease liabilities	-	(16.4)
Loan set-up fees and commissions	(6.8)	(7.3)
Capitalised interest	13.3	19.8
Cost of gross debt	**(96.4)**	**(88.7)**
Financial income	1.2	1.2
Cost of net debt	**(95.2)**	**(87.5)**
Changes in derivative financial instruments	(6.1)	(1.6)
Foreign-exchange impact	(3.0)	3.3
Others	(1.0)	(5.7)
Financial result	**(105.2)**	**(91.5)**

(1) Comparative financial statements have not been restated for the purposes of IFRS 16.

The interest expense as of 30 June 2019 includes 4.8 million expenses related to the execution and termination of pre-hedging instruments used to secure the interest rate on the October 2018 and June 2019 bond issues.The interest expense as of 30 June 2018 was not affected by the instruments qualified as hedges.

The amount of capitalised interest 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 2.57% as of 30 June 2019 versus 2.89% as of 30 June 2018.

Changes in the fair value of derivatives as of 30 June 2018 and 2019 mainly include changes in the fair value of derivatives that are not qualified or are no longer qualified for hedge accounting, as well as the ineffective portion of the time value of derivatives that are qualified in a hedging relationship.

6.5 INVESTMENTS IN ASSOCIATES

As of 30 June 2018, investments in associates were composed of equity investments in Eurobroadband Retail, and income from equity investments in the consolidated income statement comprised the Group’s share of income from Eurobroadband Retail. Having disposed of this investment on 23 November 2018 (see Note 3.2 "Key changes in the scope of consolidation"), the Group no longer owns any investments in associates. This disposal resulted in a 3 million euros loss recorded in the Group's income statement under other operating expenses.

6.6 INCOME TAX

The Group’s income tax expense breaks down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Current tax expense	(179.3)	(112.9)
Deferred tax income (expense)	36.3	36.6
Total income tax expense	**(142.9)**	**(76.3)**

The change in income tax expense between the two financial years is mainly due to a 73.7 million euro decrease following the application of the new Article 247 of the French General Tax Code, partially offset by a 18.0 million euro increase related to the capital gain on the sale of the Group's share in the EUTELSAT 25B satellite (see Note 2.1 "Key events during the year").

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 2018	30 June 2019
Net income before tax	447.3	434.6
Standard French corporate tax rate	**34.4%**	**34.4%**
Theoretical income-tax expense	**(154.0)**	**(149.6)**
Non-taxable profit	-	73.7
Differences in corporate tax rates	10.6	8.6
Use of tax losses	0.6	0.6
Deferred tax generated during the previous period and recognised for the period	1.9	-
Other permanent differences	(2.0)	(9.5)
Tax expense	**(142.9)**	**(76.3)**
Effective tax rate	**32.0%**	**17.6%**

As of 30 June 2019, other permanent differences mainly include the impact of the limitation applied to the deduction of financial expenses for 7.6 million euros and the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on the subsidiary's deferred tax positions for (8.6) million euros.

As of 30 June 2018, other permanent differences primarily included the repayment of the additional dividend contribution for 20.8 million euros, the effect of capping the deduction of financial expenses for 8.4 million euros and the impact of exchange rate differences and inflation effects on the deferred tax positions of the Mexicanos Satellites subsidiary for 5.8 million euros.

6.7 EARNINGS PER SHARE

ACCOUNTING PRINCIPLES

EPS (earnings per share) are calculated by dividing the net income for the period attributable to shareholders of Eutelsat Communications by the weighted average number of common shares outstanding during the period. Own shares are not considered in determining earnings per share. There are no dilutive instruments that are likely to affect the 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):

(in millions of euros)	30 June 2018[1]	30 June 2019
Net income	**303.7**	**357.0**
Income from subsidiaries attributable to non-controlling interests	(12.1)	(16.6)
Net earnings used to compute earnings per share	**291.6**	**340.4**
Average number of shares	**232,452,446**	**232,480,660**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1. "Basis of preparation of financial information".

Note 7. NOTES TO THE BALANCE SHEET

7.1 FIXED ASSETS

7.1.1 Goodwill and other intangibles

ACCOUNTING PRINCIPLES

Goodwill

Business combinations are recognised using the purchase accounting method. The consideration transferred in return for control of the acquired entity is measured at fair value and includes contingent consideration, taking into account probability of occurrence. The identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values The costs directly attributable to the acquisition are excluded from the transferred consideration and recognised under "Other operating income and expenses" once they are incurred.

At the acquisition date, non-controlling interests may be computed at their fair value or as a portion of identifiable assets and liabilities of the acquired entity. The option for applying either of these two methods can be exercised on a transaction-by-transaction basis.

At the first consolidation, all assets, liabilities and contingent liabilities of the acquired entity are measured at their fair value. In a takeover by successive acquisitions, the investment previously held is restated at its fair value at the acquisition date, while the ensuing gains or losses are recognised under income.

Goodwill is measured in the functional currency of the acquired entity at the date of the combination at an amount equal to the difference between the aggregate fair value of the consideration paid and the fair value of the identifiable assets acquired and the liabilities assumed. They are tested for impairment at least once a year solely for the Group's operating segment.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are recorded at fair value on the acquisition date. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value. These assets are amortised on a straight-line basis over their economic life, which is estimated on the basis of the average duration of the contractual relationships existing at the date of acquisition of Eutelsat and the expected contract renewal rates.

Other intangibles

Other intangibles are composed of development, licence and orbital rights costs.

Development costs are capitalized and amortized over a period of 3 to 7 years if the Group can demonstrate:

- It has the technical capacity to realise the intangible asset for use or sale;
- It has the intention and capacity to complete the software and use or sell it;
- It has the capacity to use or sell the intangible;
- There is likelihood that the intangible will yield future economic benefits for the Group;
- There are sufficient technical, financial or other resources to realise the intangible;
- It has the capacity to accurately assess the expenses attributable to the intangible during its development phase.

Expenses incurred for research (or during the research phase of an in-house project) are recognised as expenses in Selling, general and administrative expenses once they are incurred.

Orbital rights and licenses are amortized over their useful lives for periods of 13 to 23 years and between 1 to 7 years respectively.

Goodwill and intangible assets have changed over the past two financial years as follows:

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
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
Changes 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**
Acquisitions	-	-	-	13.5	13.5
Transfers	-	-	-	8.2	8.2
Foreign-exchange variation	8.7	5.5	-	1.6	15.8
Disposals and scrapping of assets	-	-	-	(9.9)	(9.9)
Gross value as of 30 June 2019	**1,260.1**	**1,122.7**	**40.8**	**311.9**	**2,681.6**
Depreciation and impairment					
Accumulated amortization as of 30 June 2017	**-**	**(588.1)**	**-**	**(128.7)**	**(716.8)**
Depreciation expense	-	(58.0)	-	(29.5)	(87.5)
Reversals (disposals)	-	-	-	0.7	0.7
Foreign-exchange variation	-	-	-	-	-
Transfers	-	0.6	-	0.1	0.7
Accumulated amortization as of 30 June 2018	**-**	**(645.5)**	**-**	**(157.4)**	**(802.9)**
Depreciation expense	-	(62.0)	-	(30.6)	(92.6)
Reversals (disposals)	-	-	-	9.7	9.7
Depreciation	-	-	-	(12.4)	(12.4)
Foreign-exchange variation	-	(1.5)	-	(0.2)	(1.7)
Accumulated amortization as of 30 June 2019	**-**	**(708.9)**	**-**	**(191.0)**	**(899.9)**
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**
Net value as of 30 June 2019	**1,206.1**	**413.8**	**40.8**	**120.8**	**1,781.7**

The Eutelsat brand was recognised when Eutelsat S.A. was acquired by Eutelsat Communications in 2005.

During the second half of the financial year ended 30 June 2019, the Group revised the amortization period for customer contracts and the associated relationship from 19 to 14 years as reported at the time of the acquisition of the Satellites Mexicanos subsidiary in 2014. The annual depreciation charge increases from US$10.2 million to US$15.6 million (9.0 million to 13.8 million euros) as of 1 January 2019.

During the financial year ended 30 June 2019, the Group recognised an impairment loss of 12.4 million euros, primarily on unused orbital rights.

The Group spent 3.0 million euros on research and development during the financial year ended 30 June 2019 (4.8 million euros during the financial year ended 30 June 2018), of which 3.0 million euros of development costs were recorded as intangible assets (3.0 million euros during the financial year ended 30 June 2018).

7.1.2 Tangible assets and construction in progress

ACCOUNTING PRINCIPLES

Satellites and other tangible 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.

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).

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 Group's borrowing costs.

The useful lives adopted by the Group are as follows:

- 12 to 22 years for satellites;
- 5 to 10 years for traffic monitoring equipment;
- 2 to 5 years for computer equipment;
- 3 to 10 years for leasehold arrangements and improvements.

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. In case the useful life is reduced or extended, the amortisation schedule is revised prospectively.

Construction in progress" primarily consists of milestone completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs.

Tangible assets have changed over the past two financial years as follows:

(in millions of euros)	Satellites	Other tangibles	Constructions in progress	Total
Gross assets				
Gross value as of 30 June 2017	**6,682.5**	**405.5**	**759.9**	**7,847.9**
Acquisitions	3.4	10.2	312.2	325.8
Disposals	-	(3.4)	(0.4)	(3.8)
Changes in scope of consolidation	-	2.6	-	2.6
Scrapping of assets	(173.8)	(5.2)	-	(178.9)
Foreign-exchange variation	(25.1)	-	(7.1)	(32.2)
Transfers and others	223.3	13.6	(245.3)	(8.4)
Gross value as of 30 June 2018	**6,710.4**	**423.4**	**819.4**	**7,953.2**
Acquisitions	-	9.2	231.2	240.4
Disposals	(120.3)	(11.7)	-	(132.0)
Scrapping of assets	(51.1)	(5.6)	(0.4)	(57.1)
Foreign-exchange variation	36.2	0.8	0.1	37.1
Transfers and others(1)	(871.4)	10.6	(21.7)	(882.5)
Gross value as of 30 June 2019	**5,703.7**	**426.7**	**1,028.6**	**7,159.1**
Depreciation and impairment				
Accumulated amortization as of 30 June 2017	**(2,659.0)**	**(295.1)**	**-**	**(2,954.0)**
Depreciation expense	(387.8)	(32.1)	-	(419.9)
Reversals (disposals)	-	4.9	-	4.9
Reversals (scrapping of assets)	173.7	3.8	-	177.5
Foreign-exchange variation	3.0	(0.4)	-	2.6
Transfers and others	(0.4)	(2.3)	-	(2.7)
Accumulated amortization as of 30 June 2018	**(2,870.4)**	**(321.1)**	**-**	**(3,191.5)**
Depreciation expense	(329.3)	(27.7)	-	(357.0)
Depreciation	-	-	(1.2)	(1.2)
Reversals (disposals)	31.9	12.0	-	43.9
Reversals (scrapping of assets)	51.1	5.6	-	56.7
Foreign-exchange variation	(9.0)	(0.4)	-	(9.4)
Transfers and others	178.7	1.9	-	180.6
Accumulated amortization as of 30 June 2019	**(2,947.0)**	**(329.6)**	**(1.2)**	**(3,277.9)**
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**
Net value as of 30 June 2019	**2,756.7**	**95.3**	**1,029.3**	**3,881.4**

(1) Transfers mainly relate to finance leases recorded under "Lease rights" since the adoption of IFRS 16 on 1 July 2018 (see Note 4.1 "Basis of preparation of financial information").

The expected launch dates for satellites under construction at balance sheet date are as follows:

Projects	Years
Eutelsat 5WB and Konnect	2nd half of 2019
Quantum	Calendar year 2020
Konnect VHTS, Hotbird 13F and Hotbird 13G	Calendar year 2021

7.1.3 Rights of use in respect of leases

ACCOUNTING PRINCIPLES

Contracts under which the Group uses a specific asset are recognised as assets on the balance sheet in the form of a right of use, and a liability on the liabilities side, where the contractual terms are such that they qualify as leases, i.e. they transfer control of the asset over the entire lease term.

Rights of use are generally amortised over the term of the lease covering the non-cancellable period, supplemented, where applicable, by renewal options, which the Group is reasonably certain to exercise.

The discount rate used to calculate the value of the right of use and the lease liability is determined, for each contract, on the basis of the associated estimated marginal debt rate.

Assets with a low unit value and leases with a term of less than 12 months are recognised as expenses.

Changes in rights of use during the financial year ended 30 June 2019 were as follows:

(in millions of euros)	Satellites	Others tangible assets	Total
Gross assets			
Gross value as of 30 June 2018	**-**	**-**	**-**
IFRS 16 restatements	-	43.8	43.8
Gross value as of 1 July 2018		**43.8**	**43.8**
Acquisitions	9.3	1.4	10.7
Foreign-exchange variation	-	0.2	-
Transfers and others(1)	869.3	(1.2)	868.1
Gross value as of 30 June 2019	**878.6**	**44.2**	**922.8**
Depreciation and impairment			
Accumulated depreciation and impairment as of 30 June 2018	**-**	**-**	**-**
Depreciation expense	(60.0)	(9.1)	(69.1)
Impairment	(17.1)	-	(17.1)
Transfers and others(1)	(178.7)	-	(178.7)
Accumulated depreciation and impairment as of 30 June 2019	**(255.8)**	**(9.1)**	**(264.9)**
Net value as of 30 June 2018	-	-	-
Net value as of 30 June 2019	**622.8**	**35.1**	**657.9**

(1) Transfers mainly relate to finance leases posted to "Rights of use in respect of leases" since the adoption of IFRS 16 on 1 July 2018 (see Note 4.1 "Basis of preparation of financial information").

Satellite rights of use mainly relate to Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. None of these contracts includes any purchase options upon termination of the contract.

No renewal options have been considered to determine the term of the leases.

During the financial year ended 30 June 2019, the Group recognised an impairment loss of 17.1 million euros on its right to use the AM6 Express transponders operated under the name EUTELSAT 53 A.

7.1.4 Fixed asset value tests

ACCOUNTING PRINCIPLES

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, 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).

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 five-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 on other operating income expenses.

Goodwill, which was monitored only at Eutelsat’s operating segment level, was tested for impairment. The test did not challenge the amount shown on the balance sheet as of 30 June 2019. 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 25% would result in the fair value falling below the carrying amount. Should such an event occur, the value in use would be tested.

The impairment tests carried out in respect of the CGUs as of 30 June 2019 resulted in an impairment loss of 17.1 million euros (see Note 7.1.3 "Rights of use in respect of leases").

7.1.5 Purchase commitments

In addition to the items recognised on the balance sheet, the Company has entered into commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for 539 million euros as of 30 June 2018 and 689 million euros as of 30 June 2019. The following table lists future payments for these commitments as of 30 June 2018 and 30 June 2019:

(in millions of euros)	As of 30 June 2018	As of 30 June 2019
Maturity within 1 year	239	370
From 1 to 2 years	146	102
From 2 to 3 years	66	55
From 3 to 4 years	27	56
Maturity exceeding 4 years	61	106
Total	**539**	**689**

7.2 RECEIVABLES, ASSETS AND LIABILITIES FROM CUSTOMER CONTRACTS

ACCOUNTING PRINCIPLES

Accounts receivable are recorded at their nominal value. They are subject to impairment, recognised as Selling and Administrative Expenses, in order to cover the risk of expected future losses. These depreciations are determined on the basis of a statistical approach of expected credit losses by market and region, after taking into account deposits and guarantees received, and supplemented, where applicable, by a specific depreciation in the event of failure to make contractual payments or significant financial difficulties on the part of a customer.

Assets held under customer contracts include assets relating to revenue recognised in respect of variable prices or free periods not yet invoiced to the customer, the deferred costs of sales of terminals in the Broadband business and the consideration paid to the customer.

Liabilities related to customer contracts consist of prepayments received from customers prior to the delivery of services.

Receivables, assets and liabilities from customer contracts are summed up as follows:

(en millions d'euros)	30 June 2018(1)	30 June 2019
Actifs		
Accounts receivable	296.8	284.7
Assets associated with customer contracts	71.6	79.2
Total current and non-current assets	368.4	363.9
Including current portion	*24.7*	*30.2*
Including non-current portion	*343.7*	*333.7*
Liabilities		
Financial liabilities - Guarantees and commitments received	61.6	51.7
Liabilities associated with customer contracts	206.6	188.5
Total current and non-current liabilities	**268.2**	**240.2**
Including current portion	*163.4*	*159.4*
Including non-current portion	*104.8*	*80.8*

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 “Basis of preparation of financial information”.

7.2.1 Accounts receivable

Accounts receivable (matured and non-matured) break down as follows:

(in millions of euros)	30 June 2018(1)	30 June 2019
Non-matured receivables	175.5	149.1
Matured receivables between 0 and 90 days	71.8	61.8
Matured receivables for more than 90 days	135.9	178.2
Depreciation	(86.4)	(104.4)
Total	**296.8**	**284.7**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 "Basis of preparation of financial information".

The Group is not subject to concentration risk, owing to the diversity of its customer portfolio and the fact that no legal entity billed accounts individually for more than 10% of its revenues.

Due to their short-term maturity, non-matured accounts receivable do not bear interest.

Credit risk arising from a customer's failure to pay its debt at the due date 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. Based on the assessment of financial managers, entities may be required to hedge their credit risk by obtaining bank guarantees from first-tier financial institutions and insurance companies and guarantee deposits from customers. In addition, the Group has taken out a credit insurance policy.

Credit risk is mitigated by the following guarantees and commitments received:

(in millions of euros)	30 June 2018		30 June 2019	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	93.0	26.1	94.1	21.5
Bank or insurance guarantees	16.0	17.4	37.0	31.2
Guarantees from the parent company	5.7	5.7	4.8	4.8
Total	**114.8**	**49.3**	**135.8**	**57.5**

Guarantee deposits are recognised as financial liabilities. Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

Changes in impairment of trade receivables over the two financial years were as follows:

(in millions of euros	Total
Value as of 30 June 2017 (1)	**62.5**
Net Allowance (reversal)	25.0
Reversals (used)	(0.9)
Foreign-exchange variation	(0.2)
Value as of 30 June 2018 (1)	**86.4**
Net Allowance (reversal)	18.8
Reversals (used)	(0.7)
Foreign-exchange variation	(0.1)
Value as of 30 June 2019	**104.4**

(1) *Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 "Basis of preparation of financial information".*

7.2.2 Assets associated with customer contracts

(in millions of euros)	Total
Assets associated with customer contracts as of 30 June 2018(1)	**71.7**
Use of assets associated with customer contracts during the period	(12.1)
New assets associated with customer contracts recorded during the period	24.6
Depreciations	(5.4)
Translation adjustment	0.4
Assets associated with customer contracts as of 30 June 2019	**79.2**

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 "Basis of preparation of financial information".

7.2.3 Liabilities associated with customer contracts

Liabilities associated with customer contracts break down as follows:

(in millions of euros)	Total
Liabilities associated with customer contracts as of 30 June 2018	**206.6**
Use of liabilities associated with customer contracts during the period	(70.9)
New liabilities associated with customer contracts recorded during the period	50.5
Translation adjustment	2.2
Liabilities associated with customer contracts as of 30 June 2019	**188.5**

(1) *Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 "Basis of preparation of financial information".*

7.3 FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash mainly comprise cash on hand and demand deposits with banks. Cash equivalents mainly consist of short term deposits with original maturities of three months or less, term accounts, as well as 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. Mutual fund investments with fair value option through profit or loss are carried at fair value, with the resulting realised or unrealised gains or losses arising from the change in fair value recognised under the "Financial result".

Financial debt

Financial debts comprise bank loans, bond loans and export credits. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. These costs are recognised as "Loan set-up fees and premiums" and spread out over the period of the loan.

Financial assets

With the exception of derivative financial instruments and non-consolidated investments, financial assets are recorded at amortised cost. An impairment loss is recognised in the income statement when there is evidence of an impairment loss. Non-consolidated financial assets are measured at fair value.

Financial liabilities

Lease liabilities recognised in exchange for rights of use correspond to the aggregate of discounted future payments under the lease contracts. The discount rate used to measure these payables is determined by contract based on the estimated marginal debt rate of the entity that holds the contract.

When the Group grants firm or conditional purchase commitments to non-controlling shareholders, the corresponding amount of non-controlling interests is reclassified as a financial liability to reflect the fair value of the commitment. The financial liability is revalued at each balance sheet date with a corresponding entry in shareholders' equity, if no further details are provided by IFRS standards.

Derivative financial instruments

Derivatives that do not qualify as hedging instruments are recognised at fair value, with subsequent changes in fair value recognised in financial result. Derivatives qualifying as hedging instruments are measured and recognised on the basis of hedge accounting criteria.

Hedging transactions are carried out using derivative financial instruments, the fair value changes of which are intended to offset the exposure of the hedged items to these same changes. Changes in fair value are recognised in shareholders' equity, within other recyclable gains and losses in comprehensive income, for the effective portion of the hedging relationship, while changes in fair value for the ineffective portion are recognised in financial result. The Group uses derivative financial instruments to hedge cash flows (forwards and forwards KI) and the net investment of its Mexican subsidiary (cross currency swap). Forwards, forwards KI, and the interest rate component of the cross currency swap are recorded as financial assets or liabilities depending on the position and the exchange component is included in the Group's net debt.

Cumulative changes in the fair value of the hedging instrument previously recognised in equity are reclassified to the income statement when the hedged transaction affects the income statement. The gains and losses thus transferred are recognised in net income in respect of the hedged item.

7.3.1 Cash and cash equivalent

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2018	30 June 2019
Cash at bank and in hand	307.3	541.5
Cash equivalents	426.2	913.8
Total	**733.5**	**1,455.4**

7.3.2 Financial debt

Financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2018	30 June 2019	Maturity
Term loan 2022	Variable	600.0	600.0	31-Mar-22
Bond 2020	2.625 %	930.0	-	13-Jan-20
Bond 2021	1.125 %	500.0	500.0	23-Jun-21
Bond 2022	3.125 %	300.0	300.0	10-Oct-22
Bond 2025	2.000 %	-	800.0	02-Oct-25
Bond 2027	2.250 %	-	600.0	13-Jul-27
ONDD-guaranteed export credit	Variable	118.6	94.9	17-May-24
Sub-total of debt (non-current portion)		**2,448.6**	**2,894.9**	
Loan set-up fees and premiums		(13.8)	(21.8)	
Total of debt (non-current portion)		**2,434.8**	**2,873.1**	
Bond 2019	5.000 %	800.0	-	14 January 2019
Bond 2020	2.625 %		930.0	14 January 2020
ONDD-guaranteed export credit		23.7	23.7	
Accrued interest not yet due		37.1	32.3	
Total debt (current portion)		**860.9**	**986.0**	
Total		**3,295.7**	**3,859.1**	

All debts are denominated in euros.

Term loans and ONDD-guaranteed export credits are subject to a financial covenant that provides for a net total debt to EBITDA ratio equal to or less than 4.0/1. Under the term loan covenants, each lender may equally request early repayment of all sums due in case of a change of control of Eutelsat SA or Eutelsat Communications. The obligations are also backed by a banking covenants which provides for each lender to request early repayment of all amounts due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications and a rating downgrade on Eutelsat S.A. As of 30 June 2019, the Group was in compliance with all banking covenants under its credit facilities.

Credit agreements do not include any guarantee by the Company or any pledge of assets to lenders, but contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) which limit the ability of Eutelsat Communications and its subsidiaries, in particular to grant liens on a borrower's assets, incur additional debt, dispose of assets, enter into mergers or acquisitions, sales of assets and finance lease transactions (except those carried out within the Group and expressly provided for in the loan agreement) and modify the nature of the business of the Company and its subsidiaries.

Credit arrangements include 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 that is not covered by a launch insurance policy.

In addition, as of 30 June 2019, the Group had active credit lines for an aggregate undrawn amount of 850 million euros (650 million as of 30 June 2018). These lines are backed by banking covenants similar to those in place for the term loan and ONDD-guaranteed export facilities.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due, as at 30 June 2019 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	118.6	23.7	94.9	-
Bond 2020	930.0	930.0	-	-
Bond 2021	500.0	-	500.0	-
Bond 2022	300.0	-	300.0	-
Bond 2025	800.0	-	-	800.0
Bond 2027	600.0	-	-	600.0
Total	**3,848.6**	**953.7**	**1,494.9**	**1,400.0**

7.3.3 Financial assets and liabilities

Below is a detailed breakdown of financial assets:

(in millions of euros)	30 June 2018(1)	30 June 2019
Non-consolidated equity investments	2.2	2.2
Financial instruments	1.2	4.0
Other financial assets	30.9	90.8
Total	**34.3**	**97.0**
Including current portion	*16.9*	*83.4*
Including non-current portion	*17.4*	*13.6*

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1."Basis of preparation of financial information".

As of 30 June 2019, other financial assets include a receivable of 67.5 million euros in respect of the deferred payment of a portion of the Group' divestment of its interest in the EUTELSAT 25B satellite.

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2018(1)	30 June 2019
Finance leases	620.1	-
Lease liabilities	-	582.2
Other liabilities	101.0	89.6
Derivative financial instruments(2)	125.6	140.2
Liabilities for social contributions	55.2	56.0
Tax liabilities	10.9	5.7
Total	**912.8**	**873.7**
incl. current portion	*216.9*	*305.9*
Incl. non current portion	*695.8*	*567.9*

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1."Basis of preparation of financial information".

(2) See Note 7.3.5 "Derivative financial instruments".

Changes in lease liabilities during the period break down as follows:

(in millions of euros)	30 June 2018	IFRS 16 restatements	New contracts	Cash flow	Change in goodwill	Fair value change and others	30 June 2019
Satellites	-	620.1	9.3	(82.8)	-	(2.0)	544.6
Real estate	-	32.7	1.4	(6.0)	0.2	(1.1)	27.2
Others	-	11.1	-	(0.7)	-	-	10.4
Total	**-**	**663.9**	**10.7**	**(89.5)**	**0.2**	**(3.1)**	**582.2**

Amounts shown for lease liabilities include accrued interest totalling 3.2 million euros as of 30 June 2018 and 2.5 million euros as of 30 June 2019.

7.3.4 Net debt

Net debt breaks down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Term loan	600.0	600.0
Bonds	2,530.0	3,130.0
ONDD-guaranteed export credit	142.3	118.6
"Change" portion of cross-currency swap	85.9	99.8
Finance leases	616.8	-
Lease liabilities	-	579.8
Debt	**3,975.0**	**4,528.1**
Cash and cash equivalents	(733.5)	(1,455.4)
Net debt	**3,241.6**	**3,072.8**

Changes in the debt position between 30 June 2017 and 30 June 2018 are presented below:

(in millions of euros)	30 June 2017	Cash flow	Non-cash flow	Change in goodwill	Fair value change and others	30 June 2018
Term loan	600.0	-	-	-	-	600.0
Bonds	2,530.0	-	-	-	-	2,530.0
ONDD-guaranteed export credit	166.0	(23.7)	-	-	-	142.3
"Change" portion of 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**	**-**	**10.8**	**3,975.0**

Changes in the debt position between 30 June 2018 and 30 June 2019 are presented below:

(in millions of euros)	30 June 2018	Cash flow	Non-cash flow	Restated for IFRS16	Change in goodwill	Fair value change and others	30 June 2019
Term loan	600.0	-	-	-	-	-	600.0
Bonds	2,530.0	600.0	-	-	-	-	3,130.0
ONDD-guaranteed export credit	142.3	(23.7)	-	-	-	-	118.6
"Change" portion of cross-currency swap	85.9	-	-	-	-	13.9	99.8
Finance leases	616.8	-	-	(616.8)	-	-	-
Lease liabilities	-	(88.7)	10.7	660.6	0.2	(3.1)	579.8
Total	**3,975.0**	**487.6**	**10.7**	**43.8**	**0.2**	**10.8**	**4,528.1**

Net cash flows of 600 million euros from bond issues correspond to the two bond issues in October 2018 and June 2019 for a total amount of 1,400 million euros and the repayment of the bond issue maturing in 2019 for 800 million euros.

7.3.5 Derivative financial instruments

Derivative financial instruments are valued by an independent expert before being reconciled with the valuations provided by bank counterparties. The following table presents the contractual or notional amounts and fair values of derivative financial instruments by type of contract.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
	30 June 2018	30 June 2019	30 June 2018	30 June 2019			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	255.4	237.3	(8.0)	0.1	8.1	-	8.1
Cross currency swap	500.0	500.0	(72.1)	(97.6)	(25.4)	-	(25.4)
Total forex derivatives	**755.4**	**737.3**	**(80.1)**	**(97.5)**	**(17.4)**	**-**	**(17.4)**
Pre-hedging swap	1,300.0	500.0	(44.2)	(42.1)	2.1	(4.8)	6.9
Interest rate swaps	-	500.0	-	3.3	3.3	3.3	-
Total interest rate derivatives	**1,300.0**	**1,000.0**	**(44.2)**	**(38.7)**	**5.4**	**(1.5)**	**6.9**
Total derivative instruments			**(124.3)**	**(136.2)**	**(12.0)**	**(1.5)**	**(10.5)**

As of 30 June 2019, the cumulative fair value of the derivative financial instruments was positive at 4.0 million euros and negative at 140.2 million euros (see Note 7.3.3 "Financial assets and liabilities").

Coupons on interest rate instruments qualifying as future cash flow hedges are posted directly to income. The change recognised in equity in respect of these instruments corresponds to the change in fair value net of coupons. Coupons on the cross currency swap qualifying as a hedge of a net investment in a foreign operation, as well as changes in fair value net of coupons, are booked directly to shareholders' equity.

The fair value and maturities of derivatives qualifying as hedges are as follows

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2019						
	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	(97.5)	(97.5)	-	-	-	-	-
Interest rate risk hedges	-	-	-	-	-	-	-
Net total at 30 June 2019	**(97.5)**	**(97.5)**	**-**	**-**	**-**	**-**	**-**

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2018						
	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)**	-	-	-	-

7.3.6 Risk management

The Group is exposed to market risks, principally in terms of currency and interest rates. To address this, the Group uses a number of financial derivatives. 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 hold, or about which it is uncertain whether it will subsequently hold them. The objective is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

Foreign exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the US dollar. Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

In order to hedge foreign exchange risks, the Group may be compelled to use forward sales or synthetic forward transactions with knock-in option of US dollars against the euro, which can be exercised or not depending on the exchange rate at their expiry date. However, the Group cannot guarantee that it will be able to systematically hedge all of its US dollar-denominated contracts. Additionally, to hedge the translation risk, the Group may equally create liabilities denominated in the currency of the cash flows generated by these assets. Hedging instruments used by the Group may also include currency derivatives (cross-currency swaps) documented as net foreign investment hedges. The Group has thus developed a euro-US dollar currency swap for a notional amount of 500 million euros to hedge its net investment in its Mexican subsidiary.

Given its exposure to foreign currency risk, the Group believes that a 15% increase in the US dollar/euro exchange rate (excluding foreign exchange derivatives) would generate a 68 million euro decline in Group income and a decrease in operating expenses of 10 million euros. It would also result in a 215 million euro negative change in the Group's translation reserve and a 77 million euro increase in the foreign exchange portion of the cross currency swap recorded under financial liabilities.

Interest rate risk

The Group manages its interest rate fluctuation exposure by keeping part of its fixed rate debt (Eutelsat SA bonds) and, where necessary, by applying a hedging or pre-hedging policy.

Considering the full range of financial instruments available to the Group as of 30 June 2019, an increase of ten base points (+ 0.1%) over the EURIBOR interest rate would have an immaterial effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 0.1 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

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 2019, counterpart risk associated with these operations is not considered as significant.

Liquidity risk

The Group manages liquidity risk by taking 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, revolving lines of credit from banks, bond loans and satellite lease agreements.

The Group’s debt maturity is shown as below.

As of 30 June 2018 (in millions of euros)	Balance-sheet value	Total contractual cash flows	Timelines as of 30 June 2018					
			Jun-19	*Jun-20*	*Jun-21*	*Jun-22*	*Jun-23*	*More than 5 years*
Term loan	(598.3)	(620.3)	(5.4)	(5.4)	(5.4)	(604.1)	-	-
Bonds	(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 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(2)	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**	**750.4**	**17.5**	**-**	**-**	**-**	**-**
Net position	**(3,337.2)**	**(3,661.5)**	**(311.1)**	**(1,232.5)**	**(612.7)**	**(723.3)**	**(387.4)**	**(394.8)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).
(2) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1."Basis of preparation of financial information".

As of 30 June 2019 (in millions of euros)	Balance-sheet value	Total contractual cash flows	Timelines as of 30 June 2019					
			Jun-19	*Jun-20*	*Jun-21*	*Jun-22*	*Jun-23*	*More than 5 years*
Term loan	(598.3)	(620.7)	(6.9)	(6.9)	(606.9)	-	-	-
Bonds	(3,113.5)	(3,423.2)	(985.4)	(544.5)	(38.9)	(338.9)	(29.5)	(1,486.0)
ONDD-guaranteed export credit	(114.6)	(122.8)	(25.2)	(24.9)	(24.6)	(24.3)	(24.0)	-
Lease liabilities	(579.7)	(579.7)	(74.4)	(64.1)	(51.7)	(50.2)	(46.0)	(293.3)
Qualified derivatives(1)	(98.2)	(98.2)	(98.2)	-	-	-	-	-
Non-qualified derivatives(1)(2)	(42.1)	(42.1)	(42.1)	-	-	-	-	-
Total financial debt	**(4,546.4)**	**(4,886.7)**	**(1,232.2)**	**(640.4)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**
Other financial liabilities	(151.3)	(151.3)	(90.5)	(60.8)	-	-	-	-
Total financial liabilities	**(4,697.7)**	**(5,038.0)**	**(1,322.7)**	**(701.2)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**
Qualified derivatives(1)	0.7	0.7	0.7	-	-	-	-	-
Non-qualified derivatives(1)	3.3	3.3	3.3	-	-	-	-	-
Financial assets(2)	93.0	93.0	79.4	13.6	-	-	-	-
Cash	541.5	541.5	541.5	-	-	-	-	-
Cash equivalents	913.8	913.8	913.8	-	-	-	-	-
Total financial assets	**1,552.3**	**1,552.3**	**1,538.7**	**13.6**	-	-	-	-
Net position	**(3,145.4)**	**(3,485.7)**	**216.0**	**(687.6)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).
(2) Including 37.7 million euros spread over 8 years as interest expenses

7.4 FAIR VALUE OF FINANCIAL ASSETS

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

7.4.1 Fair value of financial assets

The following tables break down each asset comprising financial instruments and show its fair value, whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2018 (1)			
		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
Non-current financial assets					
Long-term loans and advances	42.1	42.1	-	-	42.1
Non-current assets on customer contracts	24.7	24.7	-	-	24.7
Current financial assets					
Accounts receivable	296.8	296.8	-	-	296.8
Current assets on customer contracts	46.9	46.9	-	-	46.9
Other receivables	29.9	29.9	-	-	29.9
Derivative financial instruments (2)					
Qualified as hedges	1.2	-	1.2	-	1.2
Cash and cash equivalents					
Cash	307.2	307.2	-	-	307.2
Cash equivalent (3)	426.2	-	-	426.2	426.2

(1) Comparative financial statements have been restated to take into account the effect of retrospective application of IFRS 15 as presented in Note 4.1 "Basis of preparation of financial information".
(2) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(3) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Total	Net carrying amount as of 30 June 2019			
		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 2019
Non-current financial assets					
Long-term loans and advances	43.8	43.8	-	-	43.8
Non-current assets on customer contracts	30.2	30.2	-	-	30.2
Current financial assets					
Accounts receivable	284.7	284.7	-	-	284.7
Current assets on customer contracts	49.0	49.0	-	-	49.0
Other receivables	25.5	25.5	-	-	25.5
Derivative financial instruments (1)					
Qualified as hedges	0.7	-	0.7	-	0.7
Not qualified as hedges	3.3	-	-	3.3	3.3
Cash and cash equivalents					
Cash	541.5	541.5	-	-	541.5
Cash equivalent (2)	913.8	-	-	913.8	913.8

(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.

7.4.2 Fair value of financial liabilities

The following tables break down each liability comprising financial instruments and show its fair value, whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2018			Fair value as of 30 June 2018
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	735.8	735.8	-	-	735.8
Bond (1)	2,522.7	2,522.7	-	-	2,620.3
Fixed rate loans	-	-	-	-	-
Bank overdrafts	-	-	-	-	-
Other financial liabilities					
Non-current	615.9	615.9	-	-	615.9
Current	105.1	105.1	-	-	105.1
Derivative financial instruments (2)					
Qualified as hedges	125.6	-	125.6	-	125.6
Accounts payable	56.3	56.3	-	-	56.3
Fixed assets payable	62.7	62.7	-	-	62.7

(1) Fair value hierarchy: level 1 (reflecting quoted prices).
(2) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(in millions of euros)	Total	Net carrying amount as of 30 June 2019			Fair value as of 30 June 2019
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	712.9	712.9	-	-	712.9
Bond [1]	3,113.5	3,113.5	-	-	3,213.7
Fixed rate loans	-	-	-	-	-
Bank overdrafts	-	-	-	-	-
Other financial liabilities					
Non-current	567.9	567.9	-	-	567.9
Current	103.9	103.9	-	-	103.9
Derivative financial instruments [2]					
Qualified as hedges	98.2	-	98.2	-	98.2
Not qualified as hedges	42.1	-	-	42.1	42.1
Current payables to fixed asset suppliers	61.7	61.7	-	-	61.7
Fixed assets payable	62.8	62.8	-	-	62.8

(1) Fair value hierarchy: level 1 (reflecting quoted prices).
(2) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

With the exception of bonds and derivative financial instruments, the carrying amount of financial liabilities represents a reasonable approximation of their fair value.

The fair values of Level 1 bonds (quoted price) are as follows:

(in millions of euros)	30 June 2018	30 June 2019
Bond 2019	821.1	-
Bond 2020	959.6	937.0
Bond 2021	508.8	510.0
Bond 2022	330.8	329.6
Bond 2025	-	824.0
Bond 2027	-	613.1
Total	**2,620.3**	**3,213.7**

7.5 SHAREHOLDERS' EQUITY

ACCOUNTING PRINCIPLES

Costs for capital increases

External costs directly related to increases in capital and reduction of capital are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

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.

7.5.1 Share capital

As of 30 June 2019, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share.

At this date, the Group holds 223,296 equity shares amounting to 3.6 million euros acquired under a liquidity contract (201,000 share amounting to 3.4 million euros as of 30 June 2018) and 105,068equity shares amounting to 1.7million euros acquired under a free share allocation plan (105,068 equity shares amounting to 2.2 million euros as of 30 June 2018). The aggregate amount of treasury stock is deducted from shareholders' equity.

7.5.2 Dividends

On 08 November 2018, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.27 euros per share, i.e. a total of 295.3 million euros, taken from income for the year ended 30 June 2018.

The amount of the distribution for the financial year ended 30 June 2019, which is being proposed to the General Meeting of 07 November 2019, is 295.3 million euros, i.e. 1.27 euro per share.

7.5.3 Change in the revaluation surplus of derivative instruments

Changes in the revaluation surplus for derivative instruments qualified as hedging instruments during the financial year break down as follows:

(in millions of euros)	Total
Balance as of 30 June 2018	**(29.6)**
Changes in fair value within equity that can be reclassified to income	(32.3)
Balance as of 30 June 2019	**(61.9)**

7.5.4 Translation reserves

The translation reserve has changed as follows over the year:

(in millions of euros)	Total
Balance as of 30 June 2018	**140.2**
Net change over the period	17.7
Balance as of 30 June 2019	**157.9**

The main currency generating translation differences is the US dollar.

As of 30 June 2019, the revaluation reserve includes (97.6) million euros for the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 7.3.5 "Derivative financial instruments").

7.6 PROVISIONS

ACCOUNTING PRINCIPLES

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. Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

Changes in provisions between 30 June 2018 and 30 June 2019 are as follows:

(in millions of euros)	30 June 2018	Allowance	Reversal		Reclassified	Recognised in equity	30 June 2019
			Used	Unused			
Financial guarantee granted to a pension fund	75.5	1.4	-	-	-	23.2	100.1
Retirement benefits	15.3	1.3	(0.4)	-	-	(0.8)	15.4
Post-employment benefits (1)	7.2	-	(0.2)	(0.5)	0.1	0.0	6.6
Total post-employment benefits	**98.0**	2.7	(0.7)	(0.5)	0.1	22.4	**122.1**
Commercial, employee-related and tax litigation	29.8	4.7	(5.2)	(12.6)	0.2	0.1	17.0
Others	9.9	-	0.0	(2.1)	0.0	0.0	7.8
Total provisions	**137.6**	7.4	(5.8)	(15.2)	0.3	22.5	**146.9**
Incl. non current portion	*107.1*						*130.8*
incl. current portion	*30.5*						*16.1*

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

7.6.1 Financial guarantee granted to a pension fund

Eutelsat SA provided a financial guarantee to the pension fund administering the pension scheme established by the Inter-Governmental Organisation (IGO) when the latter transferred its operations to Eutelsat SA in 2001. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The financial guarantee provided by Eutelsat SA is valued and recorded in the same manner as a define-benefit pension commitment, although the Group did not directly takeover the statutory commitments contracted with the IGO. This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

In 2017, the financial guarantee was called for the sum of 35.9 million euros based on projected deficits of the scheme and an agreement was reached with the pension fund for nine payments of 4 million euros spread out from 30 June 2017 to 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.

Changes in the plan's obligations and assets between 30 June 2018 and 30 June 2019 are as follows:

(in millions of euros)	30 June 2018	30 June 2019
Present value of the obligations at beginning of period	**216.5**	**215.8**
Service cost for the period	-	-
Financial cost	4.0	3.7
Actuarial differences related to financial assumptions: (gains)/losses	1.7	25.3
Benefits paid	(6.3)	(6.2)
Present value of the obligations at end of period	**215.8**	**238.7**

(in millions of euros)	30 June 2018	30 June 2019
Fair value of plan assets at beginning of period	**136.9**	**136.4**
Expected return on plan assets	2.5	2.4
Actuarial differences: gains/(losses)	(0.7)	2.1
Contributions paid	4.0	-
Benefits paid	(6.3)	(6.2)
Fair value of plan assets at end of period	**136.4**	**134.6**

The weighted average period of the obligation is 18 years.

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 1.8 million euros and xx million euros as of 30 June 2018 and 30 June 2019 respectively.

The actuarial valuations performed as of 30 June 2018 and 30 June 2019 were based on the following assumptions:

	30 June 2018	30 June 2019
Discount rate	1.75%	1.05%
Rate for pension increases	1.75%	1.75%

A 50 base point decrease in discount rates would result in an increase in the provision totalling 21.7 million euros.

Changes in provisions over the two financial years were as follows:

(in millions of euros)	30 June 2018	30 June 2019
Provision at beginning of period	**71.6**	**75.5**
Net expense on income statement	1.4	1.4
Actuarial (Gains) / losses	2.4	23.2
Contributions paid	(4.0)	-
Current and non-current debt	4.0	-
Provisions at end of period	**75.5**	**100.1**

7.6.2 Retirement benefits and related benefits

ACCOUNTING PRINCIPLES

The Group's retirement schemes consist of defined contribution plans and defined benefit plans.

Expenses for defined-benefit pension schemes are recognised as "Staff costs" based on the contributions made or outstanding for the financial year for which services are delivered by recipients of the scheme.

Defined-benefit plans are plans for which the Group has contractually agreed to provide a specific amount or level of benefits. These benefits are assessed using the Projected Unit Credit actuarial method, which involves forecasting amounts for future payments expected on the basis of demographic assumptions (staff turnover, mortality and age at retirement) and financial assumptions (salary growth and discounting). The pension cost for the period consisting of service cost is posted "Staff costs" and the discounted effects recognised in the financial result. The actuarial differences arising from changes in actuarial assumptions or experience differences are recognised as "Otheritems of comprehensive income".

Defined-benefit pension schemes

The Group's defined-benefit pension scheme commitments mainly include the retirement benefits plan for Eutelsat SA staff.

As of 30 June 2018 and 2019, the position was as follows:

(in millions of euros)	30 June 2018	30 June 2019
Present value of the obligations at beginning of period	**14.8**	**15.3**
Service cost for the period	1.0	1.0
Financial cost	0.2	0.2
Actuarial differences	(0.7)	(0.8)
Termination indemnities paid	(0.4)	(0.4)
Present value of the obligations at end of period	**14.9**	**15.3**

The weighted average period of the obligation is 12 years.

The actuarial valuations performed were based on the following assumptions:

	30 June 2018	30 June 2019
Discount rate	1.45%	1.05
Rate for salary growth	2.0%	2.0%

The discount rate is determined based on high-grade corporate bonds (AA and AAA) with a maturity that is consistent with that of the valued scheme.

Defined-contribution pension schemes

The employer's contributions paid under the mandatory pension scheme in France during the financial year amounted to 8.2 million euros and 8.0 million euros as of 30 June 2018 and 30 June 2019 respectively.

Furthermore, the Group also has a supplementary defined-contribution funded plan for its employees (excluding directors and corporate officers who are employees), which is financed by employees' and employer's contributions representing 6% of gross annual salary, limited to eight times the French Social Security threshold. The employer's contributions paid under these schemes came at 2.3 million euros and 1.9 million euros as of 30 June 2018 and 30 June 2019 respectively.

7.6.3 Litigation and contingent liabilities

ACCOUNTING PRINCIPLES

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 over certain tax enhancements, on which Eutelsat believes that it has solid defences. As a result, as of 30 June 2019, no provision had been recorded for these two tax reassessments.

An audit of Eutelsat SA accounts for the financial years ended 30 June 2016 and 30 June 2017 is currently ongoing.

7.7 DEFERRED TAX ASSETS AND LIABILITIES

ACCOUNTING PRINCIPLES

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, 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.

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.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of all or part of these deferred tax assets to be utilised.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

Changes in the deferred tax balances between 30 June 2018 and 30 June 2019 were as follows:

(in millions of euros)	30 June 2018 (1)	Foreign exchange impact and reclassification	Net income for the period	Recognised in equity	30 June 2019
Deferred tax assets					
Derivative instruments	39.7	(0.1)	(2.9)	(6.7)	29.9
Loss carry-forwards	30.7	(3.7)	(8.9)	-	18.1
Bad-debt provisions	25.2	(0.1)	0.9	-	26.0
Financial guarantee granted to the pension fund	13	-	0.5	6.0	19.5
Provisions for risks and expenses	6.9	-	(2.5)	-	4.4
Others	7.4	1.6	4.1	-	13.1
Sub-total (a)	**122.9**	**(2.3)**	**(8.8)**	**(0.7)**	**111.1**
Deferred tax liabilities					
Intangible assets	(87.9)	24.3	9.9	-	(53.7)
Tangible assets	(295.5)	25.4	31.5	-	(238.6)
Others	0.2	(49.5)	4.0	(0.1)	(45.4)
Sub-total (b)	**(383.2)**	**0.2**	**45.4**	**(0.1)**	**(337.6)**
Total = (a) + (b)	**(260.3)**	**(2.1)**	**36.6**	**(0.8)**	**(226.5)**
Reflected as follows in the financial statements:					
Deferred tax assets	4.5				2.7
Deferred tax liabilities	264.8				(229.1)
Total	**(260.3)**				**(226.4)**

(1) Comparative financial statements have been restated for the items shown in Note 4.1."Basis of preparation of financial statements".

The deferred tax asset or liability corresponds to the aggregate of the consolidated entities' net positions.

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 acquisitions of Eutelsat S.A. and Satmex.
- the accelerated depreciation of satellites for tax purposes.

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	104.8	33.9	-	63.2	7.7
Total	**104.8**	**33.9**	**-**	**63.2**	**7.7**

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 114.0 million euros as of 30 June 2019 (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	114.0	-	0.3	4.4	109.3
Total	**114.0**	**-**	**0.3**	**4.4**	**109.3**

Note 8. 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.

8.1. Key management personnel

The Group considers that, in the context of Eutelsat's governance, the notion of “Key management personnel” includes members of Executive Committee headed by the Chief Executive Officer, as well as members of the Board of Directors.

Compensation allocated to the members of the Executive Board breaks down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Compensation (1)	6.2	8.1
Total short-term benefits	**6.2**	**8.1**
Post-employment benefits (2)	0.03	0.03
Share-based payments (3)	0.7	0.8
Total long-term benefits	**0.73**	**0.83**

(1) They include gross salaries inclusive of the variable portion, bonuses, benefits in kind, incentive payments, profit sharing and social security contributions paid.

(2) They correspond to the past service costs of defined benefit pension plans.

(3) They correspond to the expense recorded in the income statement for share-based compensation.

In case of termination of office of the CEO and of one of the Deputy-CEOs, a non-compete clause provides for payment of 50% of the CEO’s fixed compensation over an 18-month period. Under this clause, the CEO and the Deputy-CEO are required to refrain from working directly or indirectly for any satellite operator.

Fees paid to members of the Board of Directors for the financial year ended 30 June 2019 amounted to 1.0 million euros (0.8 million euros for the financial year ended 30 June 2018).

8.1. Other related parties

Transactions with related parties othe than key management personnel are summed up as follows:

(in millions of euros)	30 June 2018	30 June 2019
Revenues	13.8	27.2
Financial result	14.5	14.0
Gross receivables (including unbilled revenues)	0.6	11.0
Debt (including deferred payments)	540.6	585.9

Revenues relate to the provision of services related to satellite monitoring and control.

Debts include the leases for the Express AT1, Express AT2, Express AM6 and Eutelsat 36C satellites.

Note 9. SUBSEQUENT EVENTS

On 2 July 2019, Eutelsat acquired a circa 20% stake in Broadpeak, a leading provider of video content distribution solutions. This transaction will enable the two groups to pool their technological resources to expand their respective service portfolios for telecom operators, media groups and content owners and to develop new solutions aimed at integrating satellite technology into the 5G generation of mobile networks. Eutelsat's investment, in the form of shares and convertible bonds, represents a consideration of circa 10 million euros.

Note 10. STATUTORY AUDITORS' FEES

(in thousands of euros)	EY				Mazars			
	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	165	24%	163	25%	165	25%	168	28%
Subsidiaries	453	65%	492	73%	425	65%	430	70%
Sub-total	**618**	**89%**	**655**	**98%**	**590**	**91%**	**598**	**98%**
Services other than certification of financial statements								
Eutelsat Communications	-	-	-	-	-	-	-	-
Subsidiaries	79	11%	12	2%	61	9%	13	2%
Sub-total	**79**	**11%**	**12**	**2%**	**61**	**9%**	**13**	**2%**
Total	**697**	**100%**	**667**	**100%**	**651**	**100%**	**610**	**100%**

The services other than certification of financial statements mainly relate to comfort letters in the context of the issuance of the bonds.

APPENDIX 2

COMPANY FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2019

Eutelsat Communications

A public limited company (French "société anonyme") with a capital of 232,774,635 euros

Registered office: 70, rue Balard 75 015 Paris

481 043 040 R.C.S. Paris

ANNUAL FINANCIAL STATEMENTS AS OF 30 June 2019

INCOME STATEMENT

(in millions of euros)	Note	30/06/2018	30/06/2019
Revenue		3.4	4.1
Total operating income	**3.1.**	**3.4**	**4.1**
Staff costs		(3.6)	(3.4)
Other operating expenses		(7.6)	(8.2)
Total operating expenses	**3.2.**	**(11.2)**	**(11.6)**
Operating income		**(7.74)**	**(7.5)**
Financial income		306.1	313.1
Financial expenses		(5.8)	(7.2)
Financial income	**3.3.**	**300.3**	**305.9**
Current income before taxes		**292.6**	**298.4**
Exceptional income	**3.4.**	**(0.6)**	**(0.2)**
Company tax	3.5.	21.0	5.6
INCOME FOR THE YEAR	**3.5.2.**	**313.0**	**303.8**

BALANCE SHEET

(in millions of euros)	Note	30/06/2018 Net Amounts	30/06/2019 Net Amounts
Assets			
Financial assets	**4.1.**	**2 948.5**	**2 949.1**
Equity investments		2 942.9	2 943.4
Other financial assets		5.6	5.7
Fixed assets		**268.8**	**280.2**
Other receivables	4.2.	0.4	12.6
Group current accounts	4.2.	237.1	264.4
Marketable securities	4.3.	3.3	2.7
Cash	4.3.	27.9	0.4
Prepaid expenses		0.1	0.1
Current assets		**1.7**	**1.3**
Debt issuance costs	4.4.	1.7	1.3
TOTAL ASSETS		**3 219.0**	**3 230.6**

(in millions of euros)	Note	30/06/2018	30/06/2019
Liabilities			
Share capital		232.8	232.8
Issue, merger and acquisition premiums		1 237.6	1 237.6
Statutory reserves		23.3	23.3
Retained earnings		798.5	816.2
Income for the year		313.0	303.8
Tax related provisions		0.5	0.5
Equity Capital	**4.5.**	**2 605.6**	**2 614.2**
Provisions	**4.6.**	**0.1**	**0.1**
Bond issue	4.6.	600.3	601.1
Other Liabilities	4.7.	13.0	15.2
Financial, operating and other liabilities		**613.3**	**616.3**
TOTAL LIABILITIES		**3 219.0**	**3 230.6**

NOTES TO THE FINANCIAL STATEMENTS

The information contained in these notes is an integral part of the annual financial statements. It is expressed in millions of euros, unless otherwise stated.

The Company's fiscal year runs for twelve months from 1st July to 30 June.

NOTE 1. COMPANY'S ACTIVITY AND KEY EVENTS OF THE FINANCIAL YEAR

1.1. COMPANY'S ACTIVITY

Eutelsat Communications S.A. ("the Company" or "Eutelsat") is the parent company of the Eutelsat Communications Group ("the Group"). Its purpose is to hold shares and provide services for its equity interests.

The company, 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.

1.2. KEY EVENTS OF THE FINANCIAL YEAR

Under the French Finance Bill for 2019 dated 30 December 2018, a new Article 247 of the French General Tax Code (FTC) was enacted to specify the methods for determining the taxable income in France of companies operating geostationary telecommunications satellites. For the subsidiary Eutelsat S.A., application of this new article results in an annual exemption from taxation on the share of profits attributable to Company-owned satellites operated by the subsidiary in countries other than France. The impact on the corporate tax expense of the tax consolidation group in France for the financial year ended 30 June 2019 was 73.7 million euros.

NOTE 2. ACCOUNTING PRINCIPLES

2.1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The annual financial statements are prepared in accordance with the provisions of Regulation 2018-01 of the French Accounting Standards Authority (ANC) as well as any subsequent opinions and recommendations of the French Accounting Standards Authority. The Company's reporting currency is the euro.

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 financial periods,
- consistent accounting methods from one financial year to the next,

and in accordance with the general guidelines for preparing and presenting the annual financial statements.

The basic method used for evaluating the items recorded in the accounts is the historical cost method.

No changes were made to the accounting methods during the financial period.

2.2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of annual financial statements requires the use of judgements and estimates likely to affect some of the items in the income statement, the balance sheet and the accompanying notes. The Management constantly updates these estimates and assessments by using past experience and other relevant factors related to the economic environment. The outcome of the transactions underlying 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.

In preparing the financial statements as of 30 June 2019, the Management made judgements, particularly with regard to the value of equity investments and share-based compensation.

2.3. FINANCIAL ASSETS

Financial assets consist of equity securities and other financial assets including treasury shares acquired under a liquidity contract.

Equity investments are recorded in the balance sheet at their acquisition value, including acquisition costs. They are subject to impairment when the acquisition value is greater than the value in use, assessed on the basis of various criteria such as the market value, expected growth and profitability and shareholders' equity.

Other financial assets are recorded in the balance sheet at their acquisition value excluding acquisition costs. They are subject to impairment when their acquisition cost is greater than their net asset value.

2.4. RECEIVABLES AND PAYABLES

Receivables and payables are evaluated at their face value.

2.5. CASH AND MARKETABLE SECURITIES

This item consists of treasury shares acquired under share buyback programmes, mutual fund investments, cash at bank and deposit warrants with original maturities of three months or less.

Treasury shares repurchased not allocated to share plans are impaired when the share price is lower than the purchase price.

Treasury shares repurchased for the purpose of serving share incentive plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. They are not subject to any impairment.

2.6. DEBT ISSUANCE COSTS

Debt issuance costs are amortised over the duration of the loan.

2.7. SHAREHOLDERS' EQUITY

External costs directly related to capital increases or reductions are charged against the issue and acquisition premium, net of tax when tax savings are generated.

2.8. PROVISIONS

A provision is recorded when there is 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.

NOTE 3. NOTE ON THE INCOME STATEMENT

3.1. REVENUE

The Company's revenue includes the re-invoicing of services provided, for its holdings, particularly with regard to strategy development, implementation of the industrial and commercial policy and financial and institutional communications.

Revenue, which is generated exclusively in France, amounts to 4.1 million euros as of 30 June 2019 and 3.4 million euros as of 30 June 2018.

3.2. OPERATING EXPENSES

Operating expenses are broken down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Staff costs	(3.6)	(3.4)
Other purchases and external expenses	(5.6)	(6.6)
Other operating expenses	(2.0)	(1.6)
Total	**(11.2)**	**(11.6)**

3.2.1. Staff costs

The Company has no employees.

Staff costs correspond to compensation for board members, including share based compensation, and amount to 3.4 million euros (3.6 million euros as of 30 June 2018).

Compensation and benefits granted to members of administrative and management bodies are presented in Note 5.1. "Executive management compensation".

3.2.2. Other purchases and external expenses

Other purchases and external expenses consist mainly of sub-contracting and consultancy costs for 2.6 million euros (2.4 million euros as of 30 June 2018), fees for 1.4 million euros (1.3 million euros as of 30 June 2018) and commissions and bank fees for 0.9 million euros (0.7 million euros as of 30 June 2018).

3.2.3. Other operating expenses

Other operating expenses consist mainly of attendance fees for 0.9 million euros (1 million euros as of 30 June 2018), taxes and duties for 0.2 million euros (0.5 million euros as of 30 June 2018) and commissions and amortised loan costs for 0.5 million euros (0.5 million euros as of 30 June 2018).

3.3. FINANCIAL INCOME

Financial income breaks down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Income from holdings	302.7	312.4
Interest expenses	(5.5)	(5.5)
Other	3.1	(1.0)
Total	**300.3**	**305.9**

Income from holdings comes exclusively from dividends received from the subsidiary Eutelsat S.A.

Interest charges correspond to interest on the loan set up in 2015.

3.4. EXCEPTIONAL INCOME

Exceptional income represents an expense of 0.2 million euros (a 0.6 million euro expense as of 30 June 2018). It consists mainly of treasury share buyback surpluses and losses related to the liquidity contract.

3.5. COMPANY TAX

3.5.1. Tax consolidation

The scope of the tax consolidation group includes the entities Eutelsat S.A., Eutelsat Broadband Services S.A.S, Fransat S.A and BB4A France.

The tax consolidation agreement provides that the subsidiaries bear a tax burden equal to the amount that they would have borne in the absence of the Group regime. Additional tax charges or savings resulting from the Group regime are borne by or granted to the Group's parent company in full.

As of 30 June 2019, the income tax expense payable by the tax consolidation group amounts to 105.5 million euros (176.4 million euros as of 30 June 2018) whereas the amount due by the subsidiaries under the tax consolidation agreement amounts to 111 million euros (177.4 million euros as of 30 June 2018), releasing a profit of 5.5 million euros (1 million euros as of 30 June 2018). The change in the tax burden between the two financial years is mainly explained by a decrease of 73.7 million euros related to the application of the new Article 247 of the General Tax Code by the subsidiary Eutelsat S.A. (see Note 1.2 "Key events of the financial year").

Eutelsat Communications' losses prior to tax consolidation amount to 43.3 million euros.

3.5.2. Common law provisions

As of 30 June 2019, the Company's tax liability breaks down between current income and exceptional income as follows:

(In millions of euros)	Income before tax	Tax due	Net income
Current	298.4	(5.60)	304.0
Exceptional	(0.2)	0	(0.2)
Total	**298.2**	(5.60)	**303.8**

The Company's tax is calculated on the basis of the corporate income tax rate estimated at 28.9% up to 0.5 million euros and 34.43% for amounts exceeding this amount, in accordance with the provisions of the French general tax law.

3.5.3. Increases and reductions in future tax liability

(in millions of euros)	30 June 2018	30 June 2019
Reductions in future tax liability:		
Losses carried forward	11.2	11.2
Total	**11.2**	**11.2**

NOTE 4. NOTES ON THE BALANCE SHEET

4.1. FINANCIAL ASSETS

Changes to financial assets over the year are as follows:

(in millions of euros)	30 June 2018	Acquisition / subscription	Assignment/ reduction	30 June 2019
Equity investments (including merger losses)	2 942.9	0.5	0.0	2 943.4
Other financial assets	5.6	129.3	129.2	5.7
Total net values	**2 948.5**	**129.7**	**129.2**	**2 949.1**

Equity investments consist of:

- shares in Eutelsat S.A. numbering 976,469,366 for an amount of 2 558.5 million euros as of 30 June 2019 and numbering 976,384,527 for an amount of 2,558 million euros as of 30 June 2018, an increase of 84,839 shares linked to the share buyback offers for the cashback offer of 30 November 2018;
- a merger loss allocated to Eutelsat S.A. shares for an amount of 384.9 million euros.

Other financial assets consist of items relating to the liquidity contract including:

- treasury shares for an amount of 3.6 million euros corresponding to 223,296 shares as of 30 June 2019 and for an amount of 3.4 million euros corresponding to 201,000 shares as of 30 June 2018.
- SICAV money market funds for an amount of 2.1 million euros as of 30 June 2019 and for an amount of 2.2 million euros as of 30 June 2018.

4.2. RECEIVABLES

Receivables amount to 277 million euros (237.5 million euros as of 30 June 2018). They mainly consist of loans granted by the Company to its subsidiary Eutelsat S.A. for 264.0 million euros (231.9 million euros as of 30 June 2018).

Other receivables include 11.8 million euros for corporate tax receivable as of 30 June 2019.

All receivables are due within one year.

4.3. CASH AND MARKETABLE SECURITIES

Cash and marketable securities break down as follows:

(in millions of euros)	30 June 2018	30 June 2019
Treasury shares	2.2	1.7
Cash	27.9	0.4
Deposit w arrants	1.0	1.0
Total	**31.1**	**3.1**

As of 30 June 2019 and 2018, the Company holds 105,068 of its own shares acquired for an amount of 2.2 million euros. These shares were impaired by 0.5 million euros as of 30 June 2019 owing to changes in the Company's stock price.

4.4. DEBT ISSUANCE COSTS

Debt issuance costs, relating to the loan taken out in March 2015, for an initial amount of 3.1 million euros, are spread over the income for 6 years for an amount of 0.5 million euros per year. Debt issuance costs remaining depreciable amount to 1.3 million euros as of 30 June 2019 (1.7 million euros as of 30 June 2018).

4.5. SHAREHOLDERS' EQUITY

As of 30 June 2019, share capital comprised 232,774,635 ordinary shares with a face value of 1 euro per share.

On 8 November 2018, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called upon to approve the annual financial statements for the period ended 30 June 2018. Having recognised a 313 million euro profit, the AGM decided to distribute a 1.27 euro dividend per share for a total amount of 295.3 million euros, taken from net income, the remaining balance of 17.7 million euros being allocated to retained earnings

(in millions of euros)	30 juin 2018	Profit allocation	Distribution of dividends	Other movements	30 juin 2019
Share capital	232.8				232.8
Issue, merger and acquisition premiums	1 237.6				1 237.6
Statutory reserve	23.3				23.3
Retained earnings (+)	798.5		17.7		816.2
Income as of 30/06/2018	313.0		(313.0)		0.0
Tax related provisions	0.5				0.5
Total	**2 605.5**		**(295.3)**		**2 310.3**
		Shareholders' equity before result			2 310.3
		Income for the year			303.8
		Total shareholders' equity			**2 614.1**

Tax related provisions correspond to the accelerated depreciation of share acquisition costs.

4.6. FINANCIAL DEBT

Bank loans, denominated in euros, were granted in 2015 with a five-year maturity period and two one-year extension options, subject to the lenders' approval. In March 2016 and March 2017, the Company received the approval of all lenders on both one-year extensions until March 2022.

Bank loans are as follows:

(in thousands of euros)	30 June 2018	30 June 2019
Bank borrowings	600.0	600
Accrued interest	0.3	1.1
Total	**600.3**	**601.1**

Eutelsat Communications also has a 200 million euro revolving credit line (undrawn as of 30 June 2018) entered into in March 2015 with a seven-year maturity.

Credit agreements do not carry any guarantee from the Company nor pledging of assets in favour of the lenders but contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) limiting the ability of Eutelsat Communications and its subsidiaries, in particular to grant security interests, incur additional indebtedness, dispose of assets, engage in mergers and acquisitions, sales of assets and leasing operations (with the exception of those carried out within the Group and expressly provided for in the loan agreement) and change the nature of the activity of the Company and 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 its subsidiary 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.

In addition, these credit agreements are backed by a financial covenant which provides for a total net debt to annualised EBITDA ratio less than or equal to 4.0 to 1, determined on the basis of the Group's consolidated financial statements. As of 30 June 2019, the Company complies with this banking covenant.

4.7. OTHER DEBTS

Operating debts break down as follows:

(in thousands of euros)	30 June 2018	30 June 2019
Accounts payable	2.0	3.2
State liabilities	8.2	0.0
Staff liabilities	2.9	3.1
Tax consolidation current accounts	0.0	8.8
Total	**13.0**	**15.2**

All debts are due within one year.

NOTE 5. OTHER INFORMATION

5.1. RELATED PARTY TRANSACTIONS

5.1.1. Executive Management compensation

Gross compensation (including employer's contributions) paid by the Company to members of administrative and management bodies is as follows;

(in millions of euros)	30 June 2018	30 June 2019
Short-term benefits	3.1	3.2
Attendance fees paid	0.8	0.9

91% of these expenses are charged back to Eutelsat S.A. for the activities described in Note 1.1 "Company's activity".

Share based compensation

The Company granted free shares to its directors and corporate officers in February 2016 as well as phantom shares in April 2017, November 2017 and November 2018. The allocation of these free and phantom shares is subject to attendance conditions and achieving performance conditions.

The free share allocation plan, awarded in February 2016, expired in February 2019. As the performance conditions were not met, no shares were granted.

The expense (excluding social security contributions) recorded for the three other plans whose features are presented below amounts to 0.2 million euros (0.3 million euros as of 30 June 2018):

Features of the plans	April 2017 plan	November 2017 plan	November 2018 plan
Vesting period	July 2016 - June 2019	July 2017 - June 2020	July 2018 - June 2021
Maximum number of shares attributable to directo	65 039	63 325	73 484
Number of recipients	3	3	3
Number of shares and performance requirements for phantom share plans			
Number of outstanding shares	46 924	47 554	60 247
Performance objectives	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR(1)	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR(1)	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan Relative TSR(1)
Expense for the financial year (in millions of euros)	**(0.2)**	**0.1**	**0.3**

(1) Relative TSR (total shareholder return) measures the shareholder return for Eutelsat shares compared to that of other benchmarks or indices. This performance condition is only applicable to directors and corporate officers for plans granted in 2017 and 2018.

Non-compete clauses

In the event of termination of office of the CEO and one of the Deputy CEOs, a non-compete clause provides for payment of 50% of the fixed compensation over an 18-month period. Under such a clause, the CEO and the Deputy CEO are required during this period to refrain from working directly or indirectly for any satellite operator.

5.1.2. Related parties other than executive managers

Related parties are those direct or indirect shareholders who exercise significant influence, which is presumed when the investor holds more than 20% or when the investor holds a position on the Board of Directors of a subsidiary of the Company, or of companies other than subsidiaries in which Eutelsat has an interest and "key managers".

During the 2019 financial year, Eutelsat S.A. and its related parties did not enter into any material transactions under unusual market conditions.

5.2. CONTINGENT LIABILITIES

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 years 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 adjustments, for which Eutelsat believes that it has solid defences. As a result, when the accounts were finalised as of 30 June 2019, no provision had been recorded for these two tax reassessments.

An accounting audit of Eutelsat S.A. in respect of the financial years ended 30 June 2016 and 2017 is currently being carried out.

5.2. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet purchase commitments amount to 0.5 million euros as of 30 June 2019.

5.3. INFORMATION ABOUT SUBSIDIARIES AND EQUITY INTERESTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2019:

(in millions of euros)	Capital	Shareholders' equity other than capital as of 30 June (local accounts)	Share of capital held (in %)	Last financial year revenue (local accounts)	Last financial year Net income (local accounts)	Gross book value of investments held	Provision for impairment of investments	Loans and advances granted	Pledges and guarantees granted	Dividends received
Eutelsat SA RCS no. 422 551 176 Paris Registered office located in Paris (financial year ended 30/06/2019)	658.6	-	100%	1 003.6	577.0	2 558.0	-	264.4	-	312.4

5.4. 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.

APPENDIX 3

TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

(ART. R225-102 OF CODE DE COMMERCE)

Balance sheet date Financial year duration (months)	30/06/2019 12	30/06/2018 12	30/06/2017 12	30/06/2016 12	30/06/2015 12
CAPITAL AT END OF YEAR					
Share capital	232 774 635	232 774 635	232 774 635	232 774 635	226 972 338
Number of shares					
- ordinary	232 774 635	232 774 635	232 774 635	232 774 635	226 972 338
- preferred dividend					
Maximum number of shares to be issued					
- by converting bonds					
- for each subscription right					
OPERATIONS AND RESULTS					
Revenues excl. taxes	4 084 367	3 393 669	1 790 031	3 707 643	1 594 957
Earnings before taxes, employees' profit-sharing, depreciation, and amortisation	299 183 868	292 367 455	245 785 618	255 742 002	250 015 385
Income tax	(5 608 343)	(21 025 626)	305 759	(6 084 129)	(15 304 880)
Mandatory employee profit-sharing scheme					
Depreciation and amortisation	996 923	437 657	480 400	(315 204)	6 252 827
Net income	303 795 288	312 955 424	244 999 460	262 141 334	259 067 437
Amount distributed	295 623 786	295 623 786	281 657 308	255 828 463	247 399 848
EARNINGS PER SHARE					
Earnings after taxes, employees' profit-sharing, before depreciation and amortisation	1.31	1.35	1.05	1.12	1.17
Earnings before taxes, employees' profit-sharing, depreciation, and amortisation	1.31	1.34	1.05	1.13	1.14
Dividend distributed	1.27	1.27	1.21	1.1	1.09
STAFF					
Average headcount	3	3	3	3	2
Total payroll	2 461 718	2 671 723	2 200 764	1 768 612	1 889 969
Amounts paid in employee benefits (Social Security, corporate social fund, etc.)	901 038	909 276	758 157	630 366	678 850

APPENDIX 4

TABLE OF STATUTORY AUDITORS' FEES

For the table of statutory auditor's fees, please refer to note 10 of Eutelsat Communications consolidated annual statements.

APPENDIX 5

VERIFICATION REPORT FOR SOCIAL AND ENVIRONMENTAL INFORMATION

SGS

VERIFICATION REPORT

Version 1

At the request of Eutelsat Group, SGS ICS carried out an audit of the information included in the Corporate Social Responsibility (CSR) report drawn up for the year ended June 30th, 2019, in accordance with:

- Decree no. 2012-557 dated April 24th, 2012 relative to companies' social and environmental transparency obligations, about the application of article 225 of law no. 2010-788 dated July 12th, 2010,
- Article 12 of law no. 2012-387 dated March 22nd, 2012,
- Law no 2015-992 dated August 17th, 2015 about energy transition for green growth,
- Law no 2016-138 dated February 11th, 2016 about the struggle against food waste,
- Law no 2016-1088 dated August 8th, 2016 about labor, social dialogue modernization and career security,
- Decree no 2016-1138 dated August 19th, 2016 pursuant to the application of article I.225-102-1 of the French commercial code concerning environment information which must be present in company management report,
- Order no 2017-1180 dated July 9th, 2017 and decree no 2017-1265 dated August 9th, 2017 as an implementation of European directive dated October 22th, 2014 about the publication of non-financial information which amended article I. 225-102-1 of the French commercial code,
- Order of September, 14th 2018, modifying that of May 13th, 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 Eutelsat 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.

SGS ICS's responsibility, as an independent third party organization, accredited by COFRAC under the number no 3-1086 (scope available on www.cofrac.fr), consists of:

- Express a motivated opinion on the conformity and sincerity of the Declaration according to the R.225-105 article,
- If applicable, point out the information which are missing and with a lack of explanations as indicated in the third paragraph of the same article,
- And finally, indicate the diligences achieved in order to complete the verification.

NATURE AND SCOPE OF THE VERIFICATION

The SGS ICS mission consisted of:

- Taking note of the activity of Eutelsat Group, the presentation of the main social, societal and environmental risks related to this activity, and, if applicable, their effects on the respect of human rights and the fight against corruption and tax evasion, as well associated policies and their results.
- Appreciating the appropriateness of the Standard1 in terms of its relevance, completeness, reliability, neutrality and comprehensibility, taking into account, where appropriate, the best practices of the sector,
- Verifying that the Declaration includes the information about the way the company takes into account social and environmental consequences of its activities, in accordance with paragraph III of article L. 225-102-12, and the information about actions taken for the respect of human rights and the fight against corruption and tax evasion.
- If applicable, verifying that the Declaration included an explanation of the reasons justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1,

[1] All reporting and risk identification procedures, the significant elements of which are presented in the Declaration. The Repository can be internal or external to the entity (ISAE 3000).

[2] For entities whose securities are admitted to trading on a regulated market and entities specifically covered by Order No. 2017-1180.

- Verifying that the Declaration presents the business model and the main risks related to the business of all the companies included in the scope of consolidation , including, where relevant and proportionate, the risks created by its business relationships, products or services and policies, actions and results, including indicators performance keys
- Verifying, when they were relevant to the main risks or the policies presented, that the Declaration presented the information provided for in Article R. 225-105 II,
- Appreciating the process of selecting and validating the main risks,
- Inquiring about the existence of internal control and risk management procedures put in place by the entity,
- If applicable, verifying that the Declaration covered the consolidated perimeter, that is, all the companies included in the scope of consolidation, in accordance with Article L233-16 [if applicable, with the limits specified in the Declaration],
- If applicable, verifying that the Declaration included a clear and motivated explanation of the reasons for the lack of policy about one or several of these risks in accordance with paragraph I of article R. 225-105.

SGS ICS has conducted its mission with Eutelsat Group, including its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the companies under its control within the meaning of Article L.233-3 of the commercial code, within an international geographic scope, the company (Corporate name) establishing consolidated accounts.

DILIGENCES

SGS ICS conducted its mission from May 7th, 2019 to July 15th, 2019 (approximately 2 weeks of service) by conducting interviews with those involved in the collection, validation and publication of quantitative data and qualitative information of the EUTELSAT group, and French and Italian subsidiaries, representing 74% of the workforce.

- SGS ICS reviewed the reliability of the internal framework, internal control procedures and data and information aggregation systems at each site.

- For the quantitative data, we proceeded for each of the audited subsidiaries by survey, verification of the calculation formulas and reconciliation of the data with the supporting documents on 17 selected indicators with regard to their relevance (compliance with the law and taking into account the sector activity), their reliability, neutrality and completeness.
    - Social indicators (58% to 100% of the workforce): total workforce / male / female / nationalities, hours of training, absenteeism, accidents with and without lost time and days off, social climate, turnover.
    - Environmental indicators (74% to 100% of the workforce): electricity consumption, fuel consumption, significant greenhouse gas emissions, quantity of hazardous and non-hazardous waste, including the quantity of WEEE generated.
    - Societal indicators (100% of the workforce): number of free channels, HTS capacity available for Broadband Internet, number of reports by the outsourced alert line

- Random checks were carried out on the quantitative and qualitative data in the final phase of consolidation on 4 entities that are Eutelsat S.A., Skylogic S.p.A. Eurobroadband Services and Skylogic Mediterraneo (88% coverage rate), as well as on the other required information.
- Two auditors were assigned to this audit engagement, including a lead auditor.
- Nine interviews were conducted with Internal Control, Engineering, Purchasing, IT, Institutional Relations, Investor Relations, Human Resources, General Services, Compliance, Communication and Teleport Rambouillet departments.

We believe that the sampling methods and sample sizes we have selected allow us to make a reasonable assurance conclusion.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company. We are recognized as the global benchmark for quality and integrity. With more than 97,000 employees, we operate a network of more than 2,600 offices and laboratories around the world.

SGS ICS is the French subsidiary wholly owned by the SGS Group. SGS ICS declares that its mission and opinion were developed independently and impartially vis-à-vis Eutelsat Group and that inspection work was carried out in accordance with the Code of Ethics of the SGS Group and in accordance with the good professional practices of an ITPB.

Auditors are empowered and mandated on each assignment based on their knowledge, experience and qualifications.

COFRAC accreditation of SGS (no 3-1086 ; scope available on www.cofrac.fr) is recognized through Europe by EA (European co-operation for Accreditation) and in the world by IAF (International Accreditation Forum). Furthermore, the Sustainability Report Assurance (SRA) third party verifications carried out by SGS in 15 countries are based on AA1000 principles.

CONCLUSION

Based on the business model, the description of the main risks related to the business of Eutelsat Group, its policies and reasonable diligence procedures implemented in order to prevent, identify and reduce these risks, the results of these policies, including performance key indicators :

Conformity opinion

- We declare that we found no significant irregularity that would call into question the conformity of the 2018-2019 Declaration, relative to applicable regulations.

Sincerity opinion

- We declare that we found no significant irregularity that would call into question the sincerity of the information mentioned in the 2018-2019 Declaration, relative to applicable regulations.

Signed in Arcueil, July 18th, 2019

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