

# EUTELSAT TO COMBINE WITH ONEWEB

A leap forward in Satellite Connectivity

July 26, 2022

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In connection with the proposed transaction, Eutelsat Communications intends to file with the AMF an information document in connection with the listing of its shares to be issued in exchange for the contribution by OneWeb key shareholders of part of the OneWeb shares. Investors are urged to carefully read all relevant documents filed with the AMF, including the information document when it becomes available, because they will contain important information about the proposed transaction. Investors may obtain free of charge a copy of the information document as well as other documents filed with the AMF (when they become available) on the AMF's website at [www.amf-france.org](http://www.amf-france.org). Those documents, when filed, may also be obtained free of charge on Eutelsat Communications' website at <https://eutelsat.com>.

# TODAY'S PRESENTERS



**Eva Berneke**  
*CEO of Eutelsat*



**Neil Masterson**  
*CEO of OneWeb*



**Michel Azibert**  
*Deputy CEO of  
Eutelsat*



**Sandrine Teran**  
*CFO of Eutelsat*

# Eutelsat FY 2021-22 results update



# FULL-YEAR 2022: KEY FIGURES

		YoY change	
		Reported	As per financial objectives definition
OPERATING VERTICALS REVENUES	<ul style="list-style-type: none"> <li>▶ €1,148m at reported €/\$ rate</li> <li>▶ €1,122m at 1.20 €/\$ rate</li> </ul>	(4.4%)	(3.8%) <sup>1</sup>
EBITDA MARGIN <sup>2</sup>	<ul style="list-style-type: none"> <li>▶ 74.8% reported</li> </ul>	+0.1 pt	-
CASH CAPEX <sup>2</sup>	<ul style="list-style-type: none"> <li>▶ €280m</li> </ul>	-	-
DISCRETIONARY FREE CASH FLOW <sup>2</sup>	<ul style="list-style-type: none"> <li>▶ €443m reported</li> <li>▶ €460m adjusted (as per financial objectives)<sup>2</sup></li> </ul>	(5.1%)	(2.1%)
NET DEBT / EBITDA <sup>2</sup>	<ul style="list-style-type: none"> <li>▶ 3.27x</li> </ul>	+0.39 pt	-
PROPOSED DIVIDEND	<ul style="list-style-type: none"> <li>▶ €0.93 per share with the option to receive dividend in shares</li> </ul>	Stable	-

(1) YoY variation at constant currency and perimeter

(2) Alternative performance metrics. Please refer to Appendix 3 to the press release for more details.

# FY23: REVENUE TRENDS BY APPLICATION



## BROADCAST

- Carry-forward effect of the partial renewal with Nilesat washing out from mid-October 2022
- Non-renewal of the agreement with Digitürk
- **Revenue trend to materially improve vs FY22 with FY23 expected in mid-single digit decline**



## DATA & PROFESSIONAL VIDEO

- Ongoing structural pressure in Professional Video
- Positive volume trends in the Fixed Data partially offsetting price pressure
- **Overall Revenue trend to remain largely in keeping with FY22 mid-single digit decline**



## GOVERNMENT SERVICES

- Ramp-up of EUTELSAT QUANTUM and carry-forward effect of FY22 below-average renewals
- Revenues continuing to be driven by the outcome of upcoming US DoD renewals



## FIXED BROADBAND

- Ongoing good momentum but no incremental capacity in FY23
- Carry-forward effect of Hispasat contract and positive dynamic in Africa and LATAM
- **Revenues to keep growing in FY23, although at a slower pace than in FY22**



## MOBILE CONNECTIVITY

- Ongoing good momentum in maritime but no incremental capacity in FY23
- Full benefit of the recent agreement with Telenor but downsizing of a contract in MENA
- **Revenues to keep growing in FY23, although at a slower pace than in FY22**

# FINANCIAL OUTLOOK

## OPERATING VERTICALS REVENUES<sup>1</sup>

- ▶ Between €1,150 to €1,180m in FY23<sup>1</sup>
- ▶ Growth from FY24

## CASH CAPEX

- ▶ Not exceeding €400m<sup>2</sup> per annum for each of the next two fiscal years (FY23 / FY24)

## ADJUSTED DISCRETIONARY FREE CASH FLOW<sup>3</sup>

- ▶ Average of €420m per year over the next two fiscal years (FY23 / FY24)<sup>3</sup>  
*Equivalent to cumulative Adjusted DFCF generation of €1,361m over three fiscal years (FY 22 / FY 23 / FY 24) at 1.00 €/€*

## LEVERAGE

- ▶ Medium-term net debt / EBITDA ratio of c. 3x

## DISTRIBUTION

- ▶ €0.93 per share proposed to the AGM for FY22
- ▶ Option to receive dividend in shares

(1) Based on a €/€ rate assumption of 1.00 and current perimeter and on the nominal deployment plan outlined below. It assumes no material deterioration of revenues generated from Russian customers.

(2) Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

(3) Based on a €/€ rate assumption of 1.00 and current perimeter. Adjusted DFCF objectives exclude future payments related to the take-or-pay agreement with OneWeb mentioned in the press release.

# **EUTELSAT TO COMBINE WITH ONEWEB**

## **A leap forward in Satellite Connectivity**



# TRANSACTION HIGHLIGHTS: SHIFTING TO GROWTH

Double-digit revenue and EBITDA growth over the medium to long term



**COMBINATION OF EUTELSAT AND ONEWEB TO CREATE THE FIRST INTEGRATED GEO / LEO PLAYER**

- ▶ Full-share combination of Eutelsat and OneWeb leading to 50 / 50 ownership of combined entity
- ▶ Natural next step following acquisition of a minority stake in OneWeb by Eutelsat in 2021, Global Distribution Partnership signed in March 2022, and a new extensive Commercial Agreement signed today



**MASSIVE GROWTH OPPORTUNITY IN CONNECTIVITY**

- ▶ Revolution in Connectivity from combination of GEO and LEO, paving the way for next generation offerings
- ▶ Combined entity will be uniquely positioned to address the booming \$16bn (2030) Satellite Connectivity market and seize public and private opportunities



**STRONG VALUE CREATION**

- ▶ Creating strong strategic value and shifting to high-growth
- ▶ Over €1.5bn incremental value creation from a balanced combination of revenue, capex and cost synergies



**HIGH-GROWTH AND ROBUST FINANCIAL PROFILE**

- ▶ Double-digit revenue and EBITDA growth over the medium to long term
- ▶ Strong cash flow generation from Eutelsat supporting high-return investment into OneWeb's next generation of satellites and new GEO flexsats



**BALANCED OWNERSHIP AND GOVERNANCE**

- ▶ Strong support of strategic shareholders of both entities, and undertakings of Bpifrance and FSP to vote in favor of the Transaction at Eutelsat's EGM, subject to usual conditions. CMA CGM, a shareholder of Eutelsat, is also supporting the combination
- ▶ Balanced board and governance structure including representatives from Eutelsat and OneWeb

# AGENDA

1. **Compelling market opportunity**
2. Eutelsat and OneWeb: a powerful combination
3. Strong value creation and robust financial profile
4. Attractive transaction terms
5. Concluding remarks



# SATELLITE TECHNOLOGY FOR A MORE CONNECTED WORLD



## TECHNOLOGICAL REVOLUTION IN SATELLITE COMMUNICATIONS

### High-Throughput Satellites (HTS)

- ▶ Unprecedented throughput with more flexibility and lower costs

### Low Earth Orbit (LEO) satellites

- ▶ Truly global coverage and fiber-like connectivity (low latency)
- ▶ Revolution in terminals (form factor, self installation)



## BOOMING DEMAND FOR CONNECTIVITY ACROSS VERTICALS

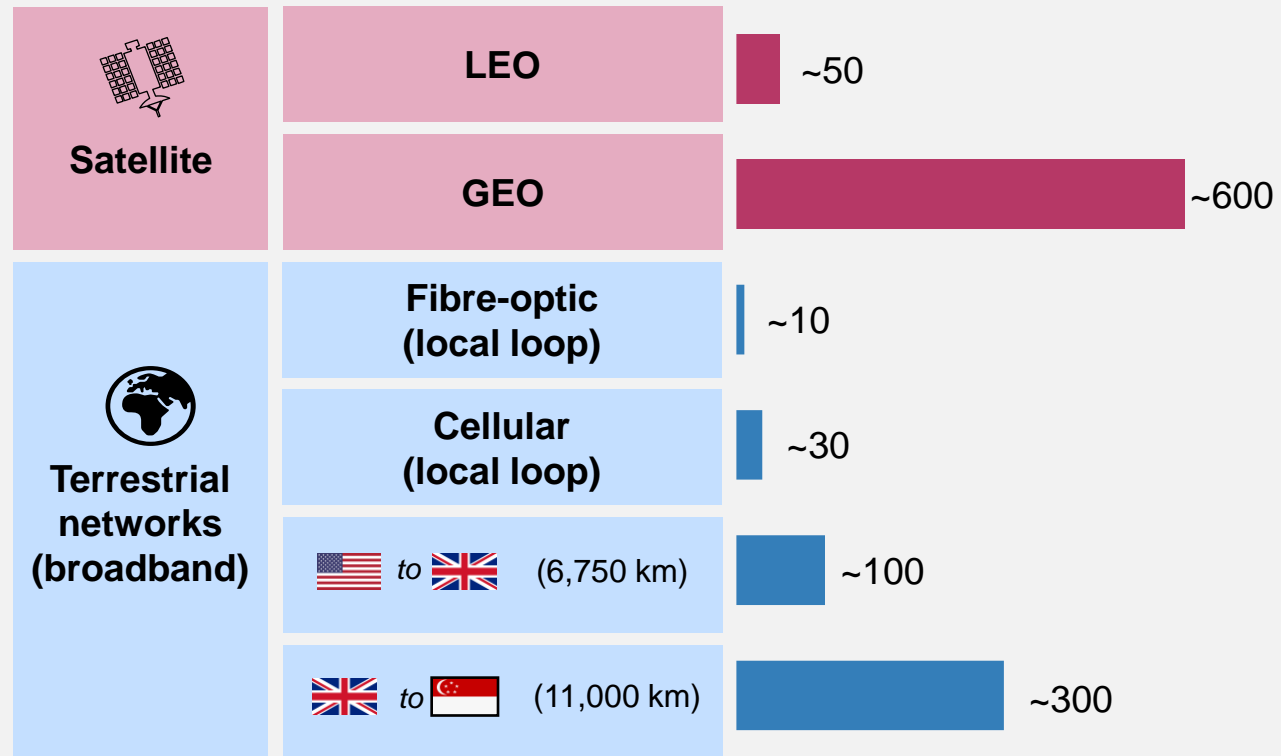
- ▶ Inflight and maritime connectivity
- ▶ Enterprise communication, collaboration and cloud
- ▶ Civil government and military
- ▶ Consumer broadband

# LEO CONSTELLATIONS: A NEW WORLD OF OPPORTUNITIES










Revolutionary global LEO network creates massive market opportunity with ubiquitous, low latency coverage

## LEO satellites combine low latency with high quality of service

Typical round-trip latency value (ms)



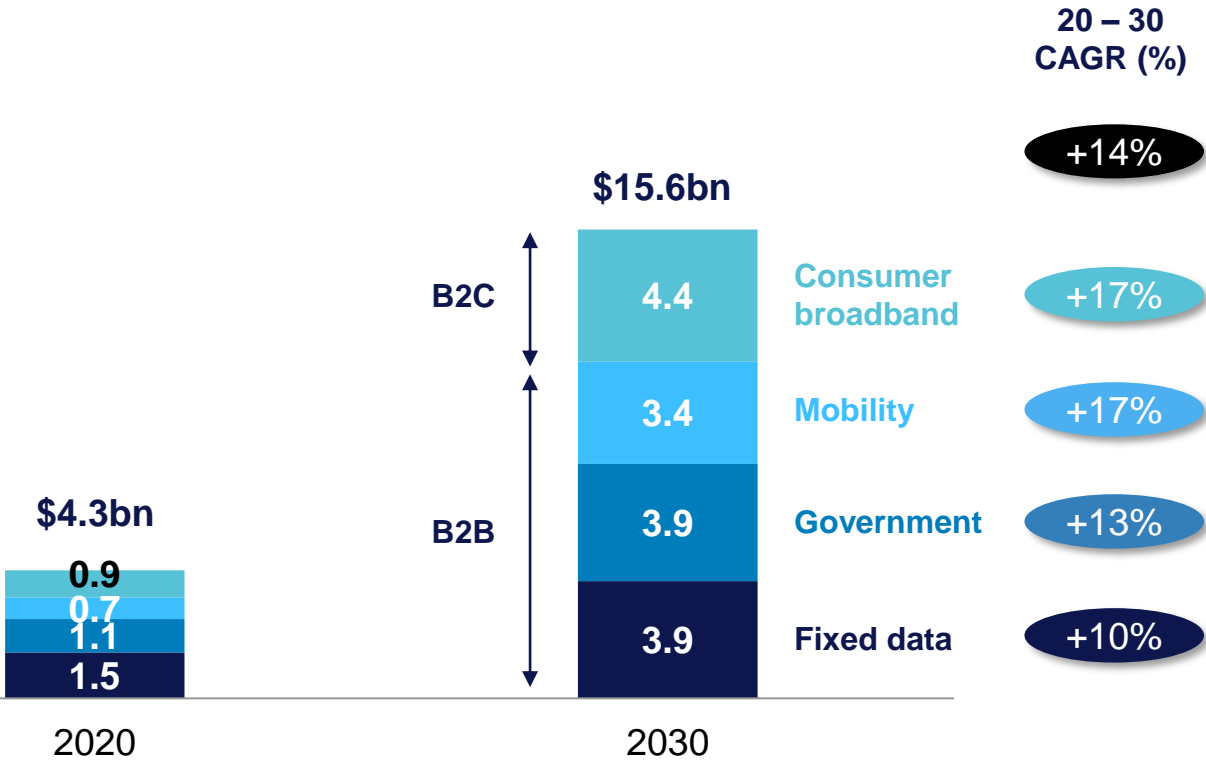
## Widening our addressable market

- ▶ **Enterprise collaboration**  
- ▶ **Cloud-based applications**  
- ▶ **Device remote controlling** 
- ▶ **Real time gaming**  
- ▶ **4G/5G**  

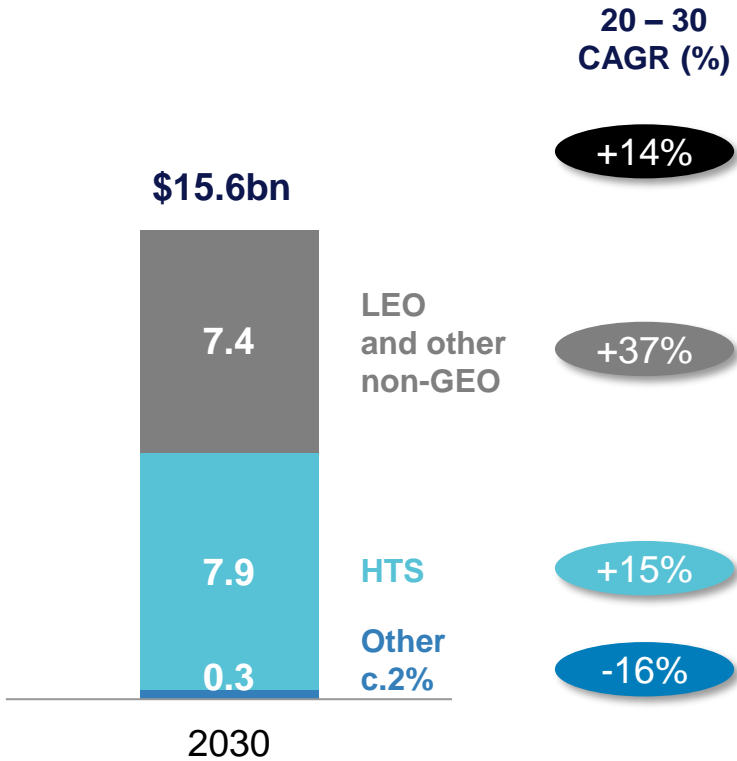
# \$16BN CONNECTIVITY MARKET OPPORTUNITY

## Evolution of Satellite Connectivity market

### Double-digit growth across verticals



### Balanced share between LEO and HTS



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# EUTELSAT: A LEADING GLOBAL GEO OPERATOR

## LEADING GEO OPERATOR WITH ROBUST FINANCIAL PROFILE AND STRONG EUROPEAN DNA

- ▶ **~€1.2bn** revenues
- ▶ **~75%** EBITDA margin
- ▶ **~€440m** DFCF
- ▶ **3.3x** net leverage
- ▶ **3.5y** revenue backlog

### STRONG PORTFOLIO OF ORBITAL RIGHTS

- ▶ Global portfolio of GEO orbital positions with strength over the crowded EMEA arc
- ▶ Encompassing Ku, Ka and C-Band

### GLOBAL FLEET

- ▶ 36 GEO satellites currently in orbit
- ▶ 5 new satellites in the pipeline providing enhanced HTS/VHTS capabilities

### WORLD CLASS TECHNICAL TEAM AND CAPABILITIES

- ▶ 500+ multinational technical engineers recognized as world experts in their field
- ▶ Wide-ranged expertise in satellite engineering, programme management and regulatory
- ▶ Robust ground network including access to > 60 teleports as well as 3 data centers

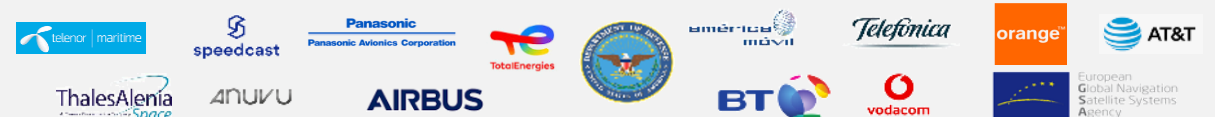
### DEEPLY ROOTED COMMERCIAL NETWORK

- ▶ 100+ multi-disciplinary sales executives and 150+ presales and sales support, with worldwide presence
- ▶ On-the-shelf integrated distribution platform for connectivity: Advance

### WELL-ESTABLISHED EUROPEAN LEADER

- ▶ Strong institutional relationships in Europe and globally
- ▶ Longstanding partnership with European space industry

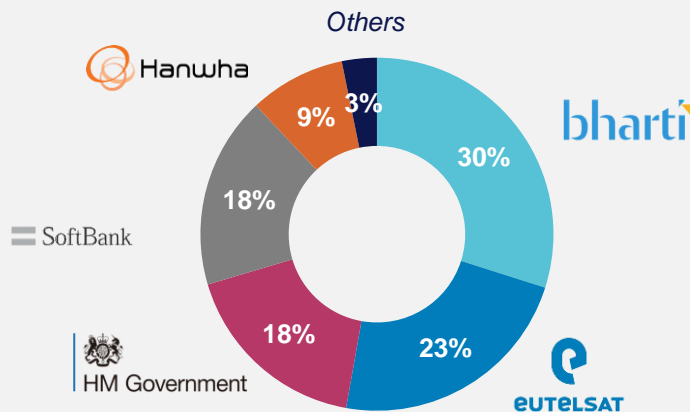
### UNPARALLELED PORTFOLIO OF CUSTOMERS



# ONEWEB: TRULY GLOBAL LEO CONSTELLATION

## LEO CONSTELLATION WITH GLOBAL COVERAGE

- ▶ **One of only two global LEO** networks in service, with significant time advantage to other potential competitors coming to market
- ▶ **648** satellites at c.1,200 kms
- ▶ **1.1 Tbps** of sellable capacity
- ▶ Strong spectrum priority rights
- ▶ Support from **high-profile institutional investors**



### PRIORITY SPECTRUM RIGHTS

- ▶ 6 GHz of globally harmonized bandwidth secured from ITU
- ▶ Highest priority in Ku-band ahead of any other player

### EARLY MOVER ADVANTAGE, TRULY GLOBAL COVERAGE

- ▶ One of only two LEO constellations to offer truly global coverage by end-2023
- ▶ 13 launches completed with 2/3 of the fleet now in orbit
- ▶ Uninterrupted service and access to untapped markets

### GEN-1 ALREADY FUNDED

- ▶ \$6.3bn already raised for Gen-1
- ▶ Already serving customers above 50° North. Expected to be fully operational by end 2023

### SCALABLE TECHNOLOGY

- ▶ Gen-2 to provide more capacity at a significantly reduced cost with enhanced operational flexibility

### COMMERCIAL

- ▶ Numerous distribution partnerships secured across multiple verticals



- ▶ First substantial firm precommitment with NEOM in MENA

# A SUCCESSFUL PARTNERSHIP STARTED IN APRIL 2021

Eutelsat's investment and partnership with OneWeb validated the business case for full integration



## INITIAL INVESTMENT IN APRIL 2021

- ▶ Initial \$550m investment announced in April 2021 followed by a \$165m call option exercised in October, both closed<sup>1</sup>
- ▶ **Eutelsat is the second-largest shareholder of OneWeb with a 22.9% stake**
- ▶ **Eutelsat well represented in the governance of OneWeb with 3 board seats**



## DISTRIBUTION AND COMMERCIAL PARTNERSHIPS SIGNED IN 2022

- ▶ **Distribution partnership** signed in March 2022 to address key connectivity verticals **deepening cooperation**
- ▶ **Exclusive commercial partnership signed today** addressing mainly European and global cruise vertical


















## JOINT TECHNICAL AND REGULATORY WORKSTREAMS ALREADY LIVE

- ▶ **Shaping the future of satellite network from hybrid GEO-LEO infra** and working jointly on Gen-2 design
- ▶ Considering **possible mutualization** of certain investments
- ▶ Leveraging Eutelsat **institutional relationships** and regulatory know-how **to accelerate OneWeb market access**
- ▶ **Eutelsat-OneWeb coordination agreement signed**

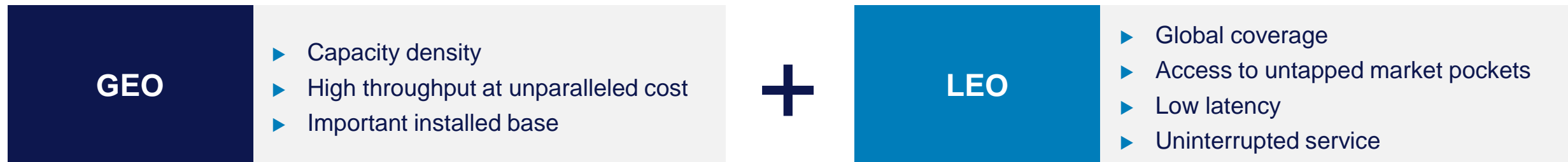
(1) \$165m call option exercised in October 2021 (\$150m call option and \$15m premium paid to Bharti), of which \$30m called as of Dec-21 and remaining \$135m to be called in upcoming quarters

# POWERFUL BUSINESS AND FINANCIAL COMPLEMENTARITY

	REVENUE CONTRIBUTION <sup>1</sup>	DESCRIPTION	REVENUE TREND	SHORT-TERM CASH GENERATION	LONG-TERM CASH GENERATION	ADRESSED BY
 VIDEO	 40%	→ DTH Broadcast → Professional Video	 <i>Low to mid single digit</i>			GEO
 B2B CONNECTIVITY	 50%	→ Fixed Data → Government Services → Mobile Connectivity	 <i>Double digit</i>			GEO + LEO
 B2C CONNECTIVITY	 10%	→ Fixed Broadband access for individuals and SMES	 <i>Double digit</i>			GEO + LEO

(1) Medium-term projection (~FY 2024-25)


# COMBINING GEO/LEO: DISRUPTIVE VALUE PROPOSITION FROM DAY 1




## LEO + GEO the best solution for multiple use cases

**AERO**

- ▶ Need for high throughput around hubs requiring GEO density
- ▶ Service continuity requiring LEO ubiquity

**CRUISE**

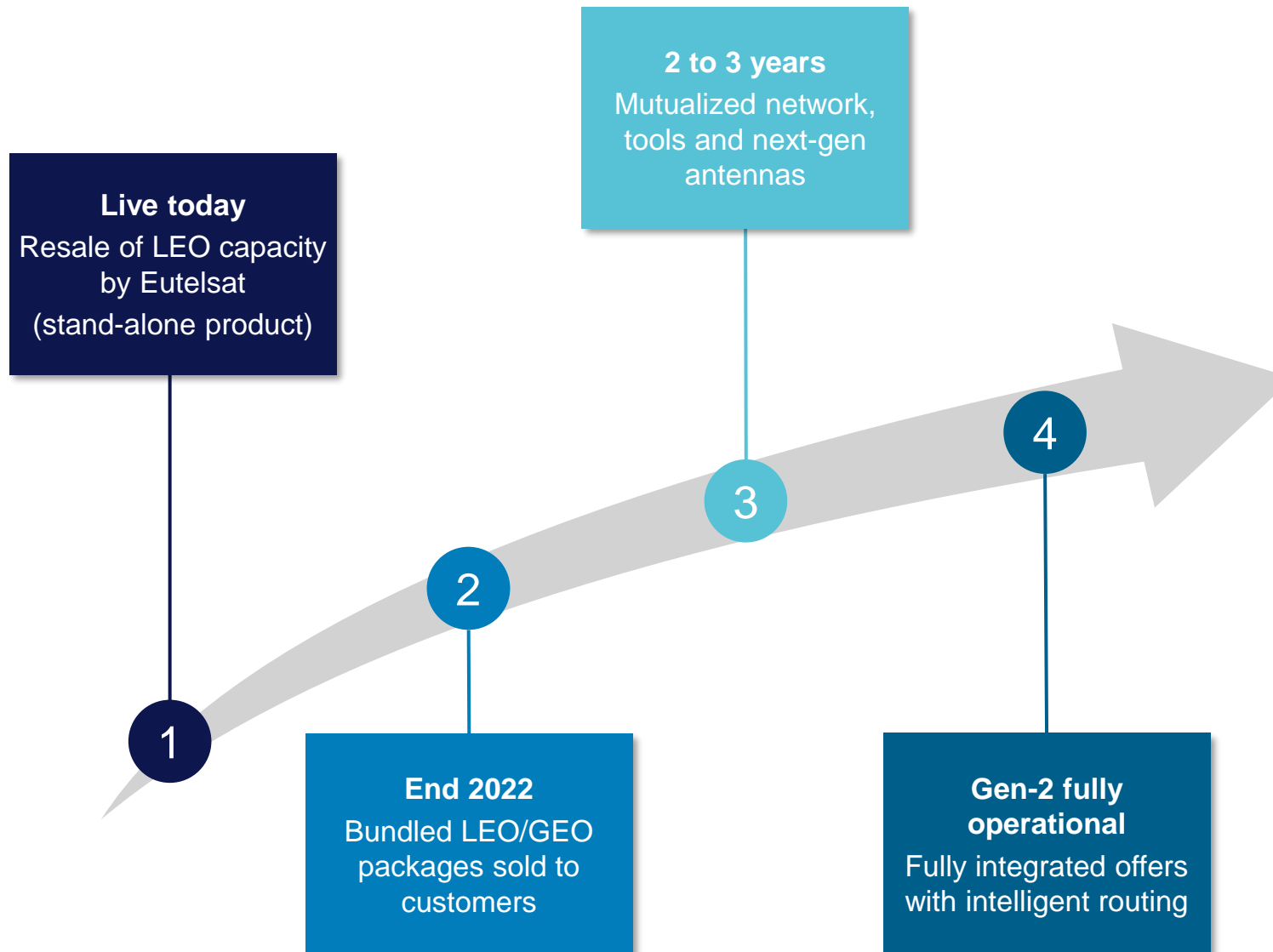
- ▶ Demand surge at peak times requiring GEO density
- ▶ Service continuity requiring LEO ubiquity

**O&G**

- ▶ Group of platforms creating peaks in demand better served by GEO
- ▶ LEO providing low latency for sensitive apps and ubiquity

Complementary capacities enhancing network resilience and improving quality of service

# INTEGRATION ROADMAP UNLOCKING NEW USE CASES



## ENTERPRISE



Construction, mining, agriculture...

- ▶ Transportable LEO/GEO terminals allowing to address high-capacity needs with low latency
- ▶ LEO/GEO backup for improved resilience

## LAND MOBILITY



Cars, trains, buses...

- ▶ Integrated terminal ensuring service continuity and improved signal availability with LEO
- ▶ High-throughput needs addressed with GEO solutions

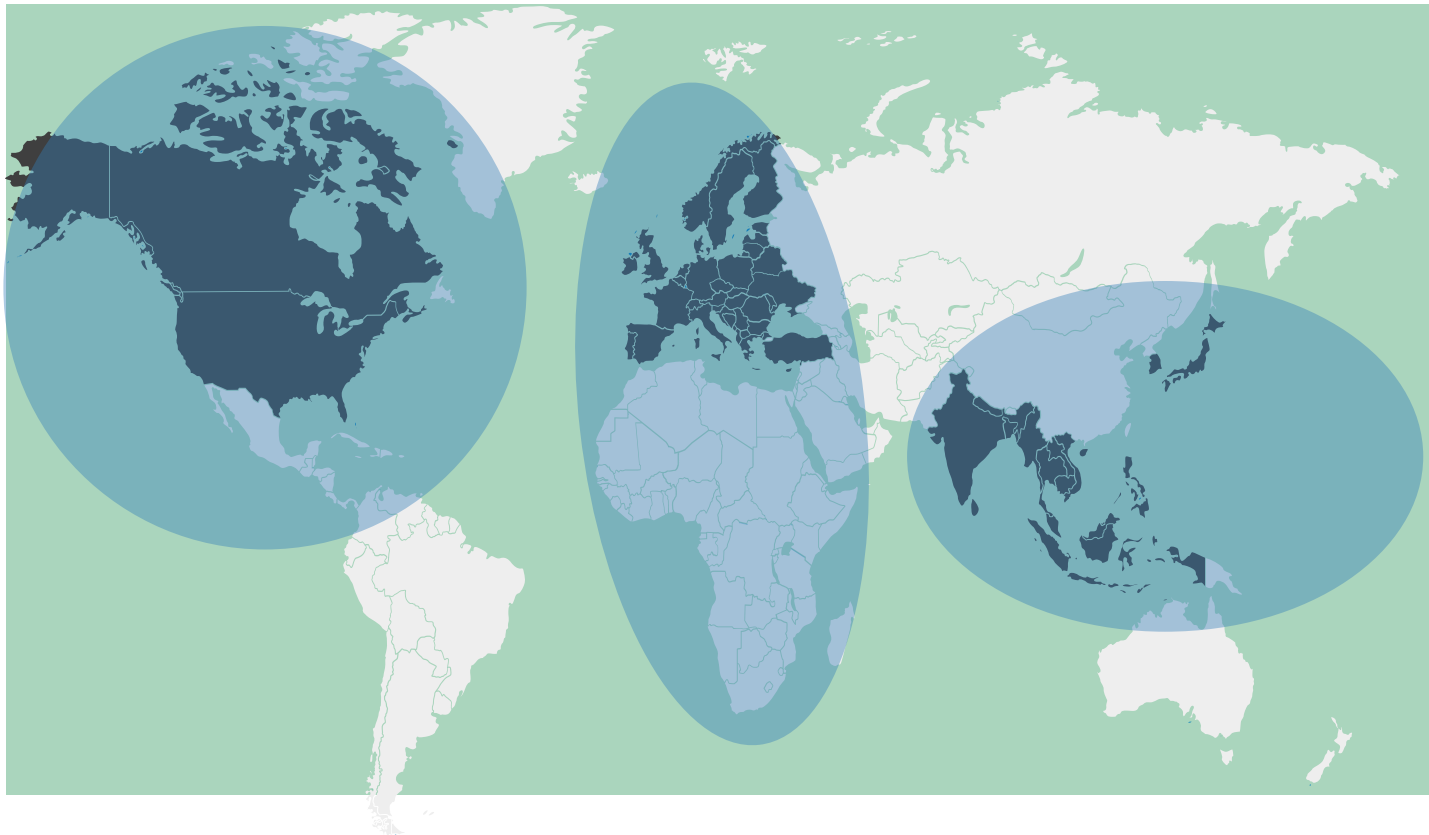
## CONSUMER BROADBAND



Consumers & Community WiFi

- ▶ Real plug & play terminals, for consumers and Community ISPs
- ▶ Optimization of QoS with intelligent traffic routing on hybrid LEO/GEO network

# HYBRID GEO/LEO INFRASTRUCTURE REDUCING CAPEX



GEO satellites Eutelsat

LEO satellites OneWeb

## CAPEX OPTIMIZATION POTENTIAL: Right-sizing of Gen-2

- ▶ High volumes of connectivity demand focused in specific geographical areas
- ▶ ~70% of the **internet traffic comes from video**, well suited for GEO (mostly forward and not latency-sensitive)
- ▶ GEO satellites can complement LEO with **targeted capacity over high demand areas**
- ▶ Optimized constellation requiring **fewer total satellites** in combined fleet with **higher fill rates**
- ▶ Interoperable terminals for reception for **seamless network use** and **improved user experience**

Hybridizing GEO and LEO systems holds the promise of an optimized infrastructure

# REINFORCING OUR KEY ESG OBJECTIVES



## Bridging the digital divide

### Enhancing our reach:

- ✓ Combining assets and know-how to extend our current reach
- ✓ LEO/GEO combination opening up new means to address the world's digital white zones

*"This combination fast-tracks our mission to deliver connectivity that will change lives at scale."* **(Neil Masterson, CEO OneWeb)**



## Protecting the environment and space

### Strong environmental benefit:

- ✓ Fleet optimization by both entities leading to efficiency in the number of satellites and launches
- ✓ Optimization of existing ground and other infrastructures
- ✓ Coordination on our efforts on regulatory aspects of space environment




# AGENDA

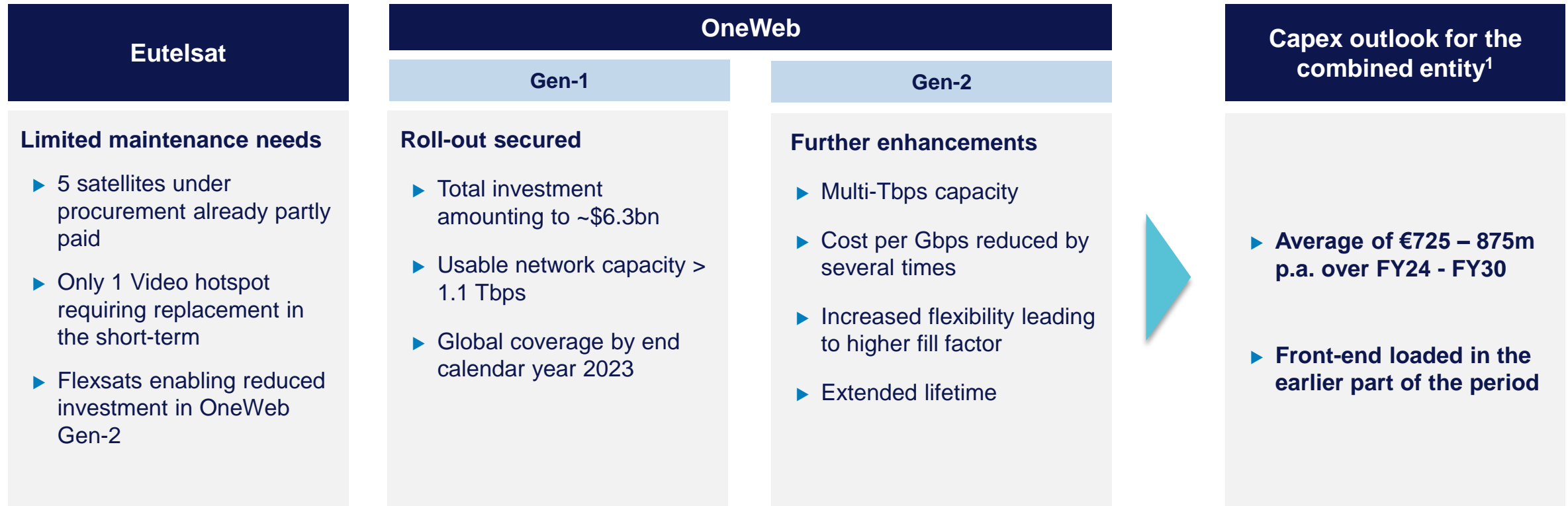
1. Compelling market opportunity
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# POSITIONING EUTELSAT FOR DOUBLE DIGIT REVENUE AND EBITDA GROWTH

	SALES	EBITDA	EBITDA – CAPEX	LEVERAGE
FY23PF	c.€1.2bn (40% Connectivity)	c.€0.7bn (c.60% margin)	c.€(0.2)bn	c.4.0x
Outlook	<p>▶ Low double digit CAGR over the next decade driven by Connectivity</p> <p>Connectivity ~60%</p>  <p>Video ~40%</p>	<p>▶ Targeting mid teens CAGR over the medium to long term, outpacing sales growth</p> <p>▶ Margins gradually in line with best-in-class GEO standards</p>	<p>▶ Back in positive territory in FY25-FY26 depending on Gen-2 capex phasing</p>	<p>▶ c.3.0x in the mid-term</p> <p>▶ Disciplined financial policy focusing on growth and deleveraging in the short-term</p> <p>▶ Dividend suspended in FY23 &amp; FY24</p>

# INVESTMENT PLAN SUPPORTED BY STRONG CASH FLOW GENERATION



▶ Eutelsat and OneWeb cash flow generation supporting high-return network investments

(1) Including synergies

# MASSIVE VALUE CREATION FROM SYNERGIES

## REVENUE SYNERGIES

Average expected annual revenue synergies of  
**c. €150m**  
from Year 4

- ▶ Unique hybrid GEO/LEO offerings providing differentiating value to customers
- ▶ Integrated and hybridized GEO/LEO network leading to improved fill rate

## COSTS SYNERGIES

Annual expected run-rate pre-tax cost synergies  
**over €80m**  
from Year 5

- ▶ Optimized cost structure
- ▶ Mostly driven by cost avoidance at OneWeb: low implementation cost and execution risk

## CAPEX SYNERGIES

Average expected annual capex synergies of  
**c. €80m**  
from Year 1

- ▶ Leveraging Hybrid GEO/LEO satellite infrastructure
- ▶ Procurement synergies

## NPV OF SYNERGIES

**over €1.5bn**  
after tax  
net of implementation costs

- ▶ Low execution risk
- ▶ Balanced between Revenue, Costs and Capex synergies

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# KEY TERMS OF THE TRANSACTION

## ► Memorandum of Understanding signed for the contribution by OneWeb's shareholders of their stake in OneWeb to Eutelsat, in exchange for newly issued Eutelsat shares

- The transaction values OneWeb at \$3.4bn implying a value of €12 per Eutelsat share (including the dividend, before synergies)
- Current OneWeb shareholders would hold 50% of Eutelsat enlarged share capital at announcement<sup>1</sup>
- Prior to completion, Eutelsat will pay an ordinary dividend of €0.93 per share in Nov. 2022, with option for shareholders to receive their dividend in shares

## ► Full support from OneWeb shareholders and Eutelsat reference shareholders

- Transaction unanimously approved by the Boards of Directors of Eutelsat and OneWeb
- Undertakings from Bpifrance and FSP to vote in favor of the transaction at Eutelsat's EGM, subject to usual conditions
- CMA CGM, a shareholder of Eutelsat, is also supporting the combination

## ► Efficient structure for a smooth integration

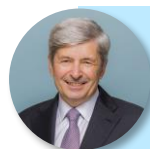
- Combined entity name: Eutelsat
- Eutelsat would continue to be headquartered and domiciled in France
- Eutelsat would continue to be listed on Euronext Paris and would apply for admission for a standard listing on the London Stock Exchange
- OneWeb to continue to operate its LEO business, trading under existing name with headquarters to remain in the UK
- Activities integration over 12 months post transaction to deliver synergies
- UK Government to retain "exclusive reserved rights" in respect of OneWeb by virtue of its special share

(1) Based on the share capital of Eutelsat as of today

# BALANCED SHAREHOLDING STRUCTURE AND GOVERNANCE

## BOARD OF DIRECTORS<sup>1,4</sup>

### Chairman ("Président")



**Dominique D'Hinnin**  
Current Eutelsat Chairman

### Co-chairman ("Vice-président")



**Sunil Bharti Mittal**  
Current OneWeb Executive Chairman

### Non-Executive Directors

**10** independent members<sup>2</sup>  
(incl. Chairman)

**2** Bharti representatives  
(incl. Sunil Bharti Mittal)

**1** Bpifrance representative

**1** HMG representative

### Executive Director



**Eva Berneke**  
CEO of Eutelsat

### Board committees

**Strategy**

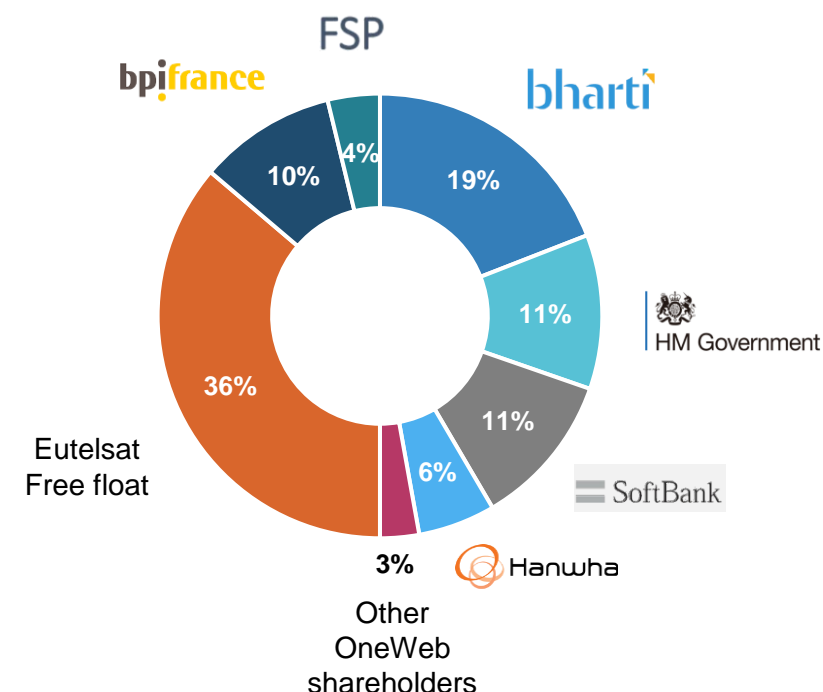
**Nomination & Governance**

**Compensation**

**Audit, Risk & Compliance**

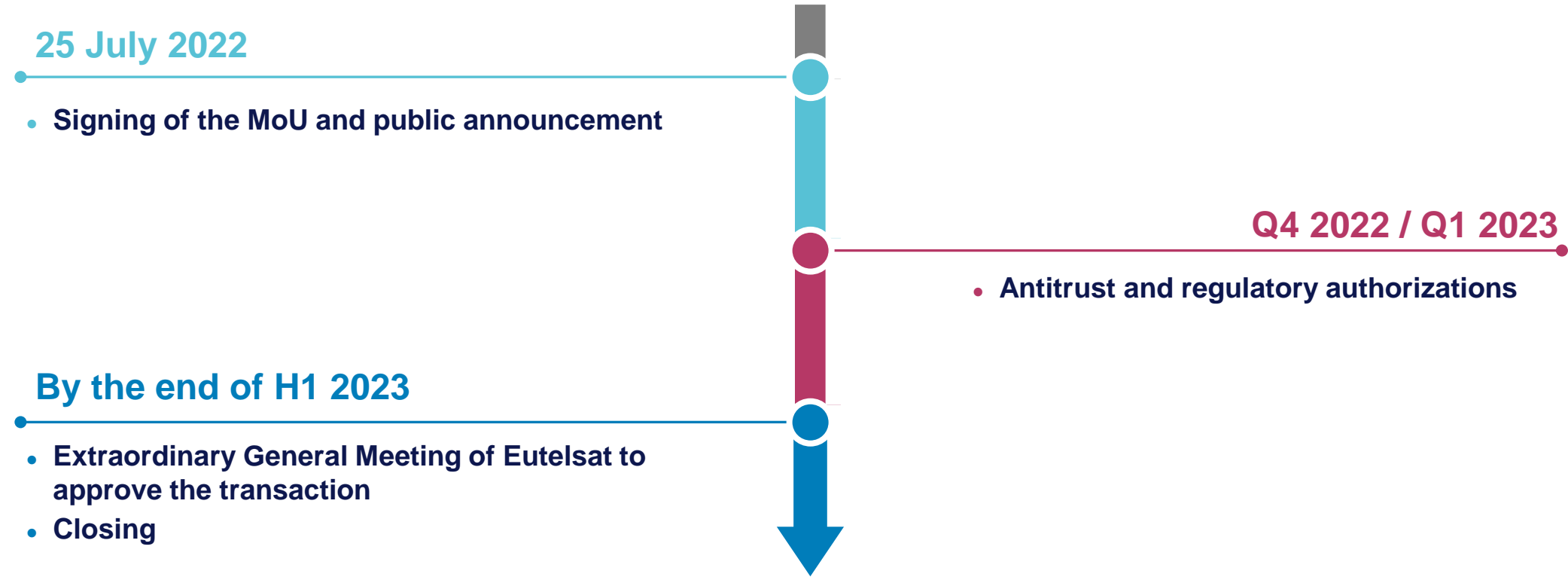
**Corporate & Social Responsibility**

## EUTELSAT PRO FORMA SHAREHOLDING<sup>3</sup>



- (1) Board of Directors to consist of 15 persons, including Chairman and Co-chairman: Two directors proposed by Bharti, including Sunil Bharti Mittal to be Co-chairman, One director proposed by Bpifrance, One director proposed by HMG, The current CEO of Eutelsat, One independent director proposed by SoftBank, One independent director proposed by Hanwha, Two independent directors proposed by OneWeb, One independent director proposed by FSP, Four independent directors proposed by the Eutelsat Board, three of them to be selected from among the existing Eutelsat directors, the current chairman of Eutelsat (independent)
- (2) Board of Directors to comprise 10 independent directors within the meaning of Afep-Medef Code
- (3) Before potential impact from scrip dividend to be distributed in November 2022. It is contemplated that, post-closing, a shareholder agreement between Eutelsat key shareholders and OneWeb key shareholders which does not qualify as a concerted action be in place. It would in substance provide for the right for each party to propose 1 director (if its shareholding is at least 7.5%) and 2 directors (if its shareholding is at least 15%), as well as a 6-month lock up period.
- (4) Other attendees: 1 censeur (Executive Secretary of Eutelsat IGO); CEO of OneWeb as permanent invitee; 2 employees' representatives. Women to represent 40% of Board Members as per French law, i.e. 6 members out of 15

# INDICATIVE TRANSACTION TIMELINE



## ► Closing of the transaction expected early 2023, conditional upon:

- Signing of definitive agreements, subject to consultation of Eutelsat's employee representatives and approval by Eutelsat's Board
- Customary regulatory and antitrust approvals
- Eutelsat EGM approval
- Approval from the French stock market authority on the prospectus

# AGENDA

1. Compelling market opportunity
2. Eutelsat and OneWeb: a powerful combination
3. Strong value creation and robust financial profile
4. Attractive transaction terms
5. **Concluding remarks**



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