



**eUTeLSAT**

# **FULL YEAR 2022-23 RESULTS**

28 July 2023

# AGENDA

## 1. Key Events

2. Operational performance

3. Financial performance

4. Outlook

5. Q&A

# HIGHLIGHTS



- ✓ FY 2022-23 Operating Vertical revenues of €1,136 million, or €1,157m (€/\$ rate of 1.00), at the upper end of expected range, with sustained positive momentum in Mobile Connectivity
- ✓ Robust financial performance including industry-leading profitability with an Adjusted EBITDA margin of 73%<sup>1</sup>
- ✓ Adjusted Discretionary Free Cash-Flow of €518m, comfortably within our expected range
- ✓ \$382m proceeds related to Phase II of the C-Band transition recognized in late June 2023. Cash expected in Q1 FY 2023-24
- ✓ Operational successes, with recent entry into service of 3 satellites incl. E10B, paving the way for return to growth and ensuring seamless service for existing customers
- ✓ Updated financial objectives: confirmed return to growth from FY 2023-24 onwards and strong cashflow generation
- ✓ Strong foundations to ensure the success of the proposed Eutelsat-OneWeb combination. EGM to approve the transaction expected in late September 2023

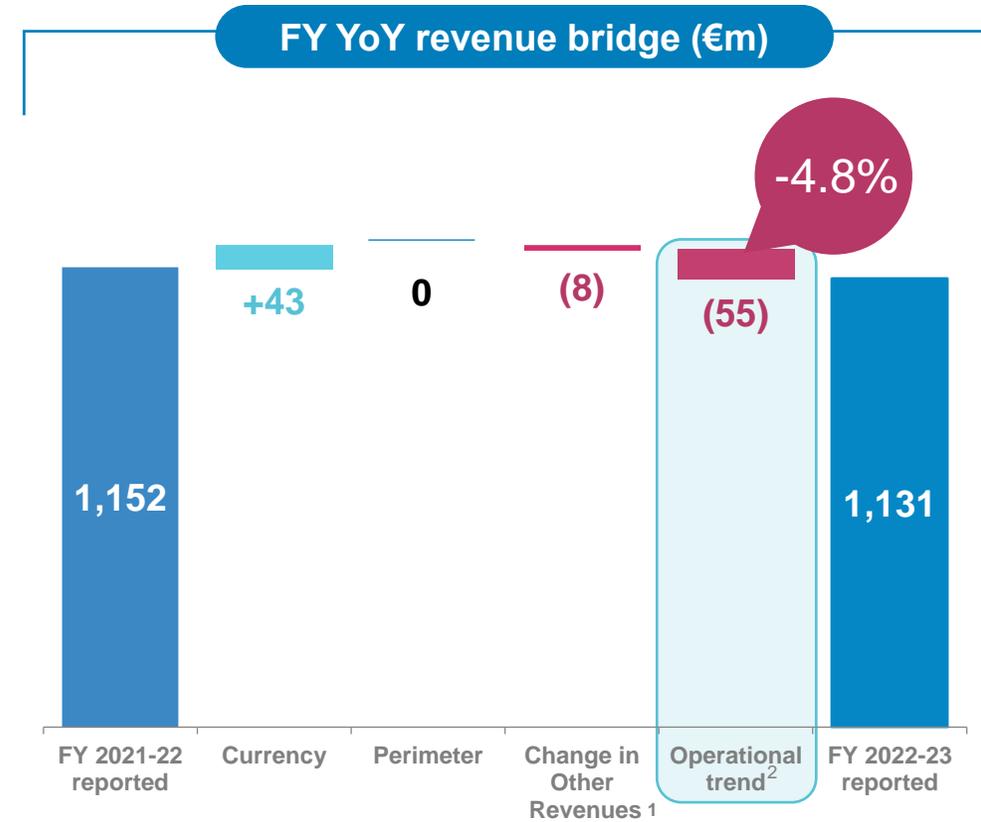
# KEY FINANCIAL DATA

	FY 2022-23	YoY Change	
		Reported	Like-for-like
Total Revenues	€1,131m	-1.8%	-5.5% <sup>1</sup>
Operating Verticals Revenues <sup>2</sup>	€1,136m	-1.1%	-4.8% <sup>1</sup>
Adjusted EBITDA margin at constant currency <sup>3</sup>	73.0%	-1.8 pt	
Cash Capex <sup>3</sup>	-€271m	+€9m	
Reported Discretionary Free Cash-Flow <sup>3</sup>	€462m	+€19m	
Adjusted Discretionary Free Cash-Flow <sup>3</sup>	€518m	-€3m	
Net Debt / EBITDA <sup>3</sup>	3.35x	+0.08 pt	

<sup>1</sup> Change at constant currency. <sup>2</sup> At the guidance €/€ rate of 1.00, Operating vertical revenues stand at €1,157m <sup>3</sup> Alternative performance metrics. Please refer to Appendix 3 to the press release for more details.

# FY REVENUES

- ▶ Total revenues of €1,131m, down 5.5% like-for-like
- ▶ Positive currency effect
  - €/\$ rate of 1.04 vs 1.14 last year
- ▶ Negative swing of €5m in 'Other Revenues'
  - Of which -€15m related to hedging
- ▶ Revenues of the Operating Verticals down 4.8% like-for-like YoY



<sup>1</sup> Including Hedging revenues representing a -€15m impact versus -€12m at end-June 2022.

<sup>2</sup> Excluding the impact of sanctions, I-f-I rate would have been -4.1%

# NEW VERTICAL BREAKDOWN

Effective from June 2023

Broadcast

Data & Professional Video

Government Services

Fixed Broadband

Mobile Connectivity

**Total Operating Verticals**

*(excluding other revenues)*

Video (incl. Broadcast and Professional video)

Government Services

Fixed Connectivity (incl. Fixed Broadband and Data)

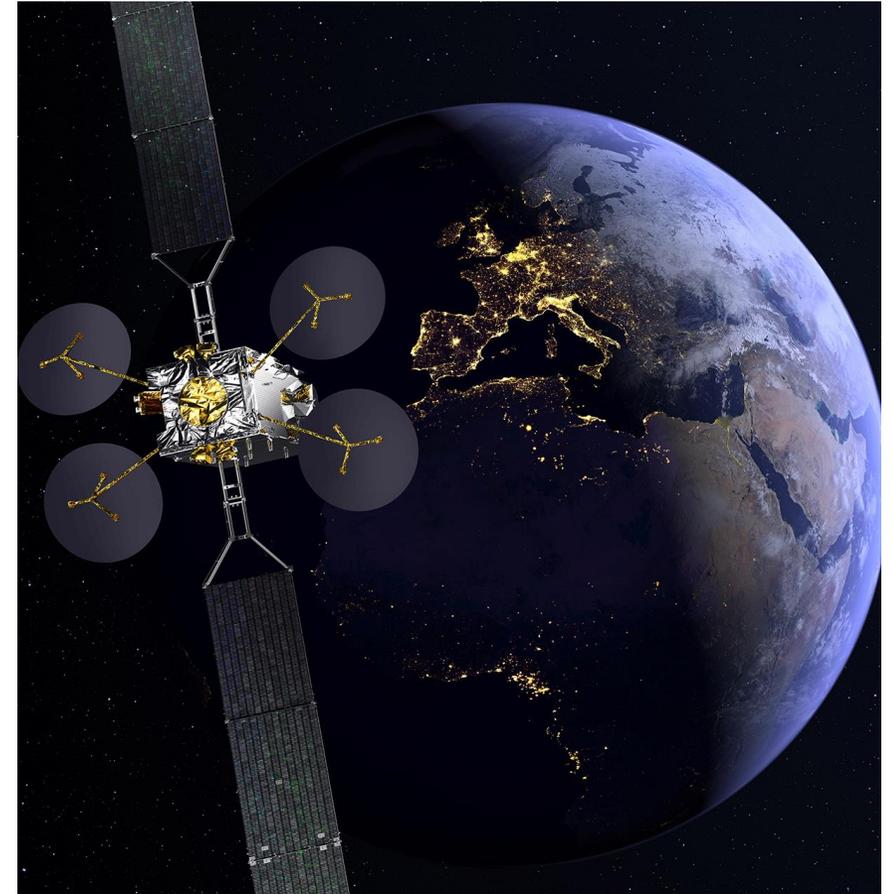
Mobile Connectivity

**Total Operating Verticals**

*(excluding other revenues)*

# FY 2022-23 REVENUES BY APPLICATION

	REVENUE CONTRIBUTION <sup>1</sup>	REVENUES (€m)	LIKE-FOR-LIKE <sup>2</sup> YOY CHANGE
 VIDEO	 62%	705	-8.3%
 GOVERNMENT SERVICES	 12%	143	-7.2%
 MOBILE CONNECTIVITY	 10%	110	+26.8%
 FIXED CONNECTIVITY	 16%	178	-2.3%
<b>TOTAL OPERATING VERTICALS</b>		<b>1,136</b>	<b>-4.8%</b>
OTHER REVENUES		-5	-€8m <sup>3</sup>



<sup>1</sup> Share of each application as a percentage of total revenues excluding "Other Revenues".

<sup>2</sup> Change at constant currency. The variation is calculated as follows: i) FY 2022-23 USD revenues are converted at FY 2021-22 rates; ii) Hedging impact is excluded.

<sup>3</sup> Of which -€3m related to hedging revenues.

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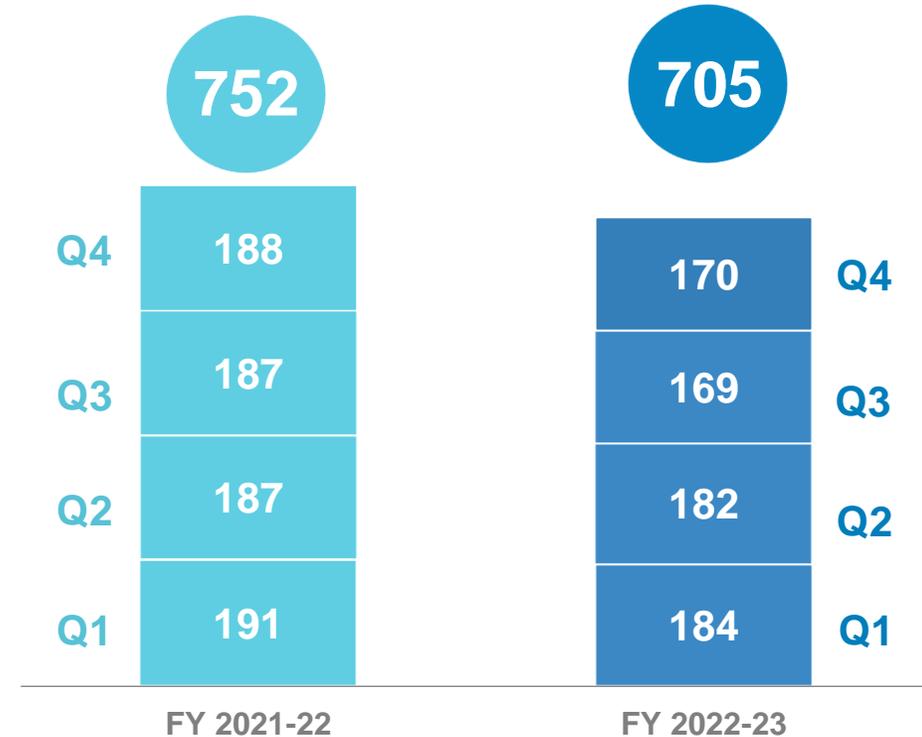
► **FY revenues of €705m, down 8.3% YoY like-for-like<sup>1</sup>**

- Full effect of the non-renewal of the Digitürk contract
- Lower revenues in Europe
- Effect of sanctions mainly impacting the Second Half of FY 2022-23
- Seasonality in Professional video

► **Eutelsat selected by Orby Elevate**

- Leveraging the unparalleled coverage of the EUTELSAT 117WA over US territory

► **Q4 revenues of €170m, down 9.7% YoY and broadly stable QoQ**

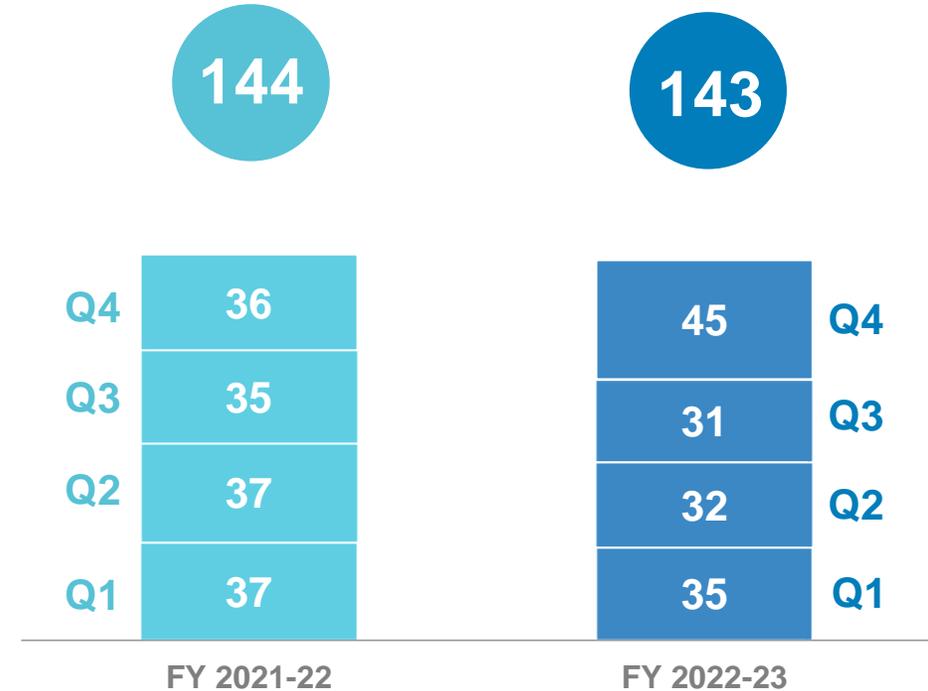


<sup>1</sup> At constant currency and perimeter

# GOVERNMENT SERVICES



- ▶ **FY revenues of €143m, down 7.2% YoY like-for-like<sup>1</sup>**
- ▶ **Q4 revenues of €45m up 25.8% YoY like-for-like and up 45.0% QoQ<sup>1</sup>**
  - One-off contract of €14m with the German space agency, DLR
- ▶ **Excluding this impact, -14.2% YoY like-for-like**
  - Slightly improved trend versus First Half, thanks to a superior renewal rate in the Spring 2023 US DoD campaign of above 70%



<sup>1</sup> At constant currency and perimeter

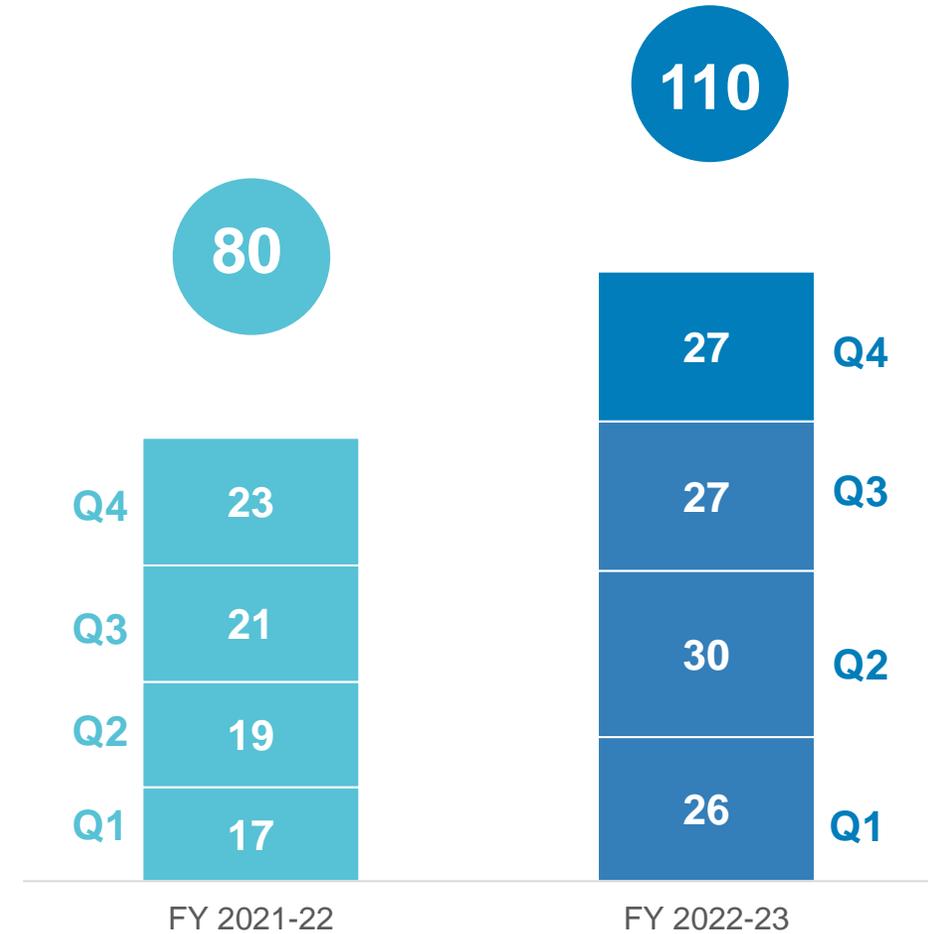
# MOBILE CONNECTIVITY

► **FY revenues of €110m, up 26.8% YoY like-for-like<sup>1</sup>**

- Ongoing positive momentum
- Strong growth in Maritime

► **Q4 revenues of €27.3m up 20.7% YoY like-for-like and 2.9% QoQ<sup>1</sup>**

- Reflecting positive impact of the commercialization in the First Half of the third beam on EUTELSAT QUANTUM for a maritime mobility customer



<sup>1</sup> At constant currency and perimeter

# FIXED CONNECTIVITY

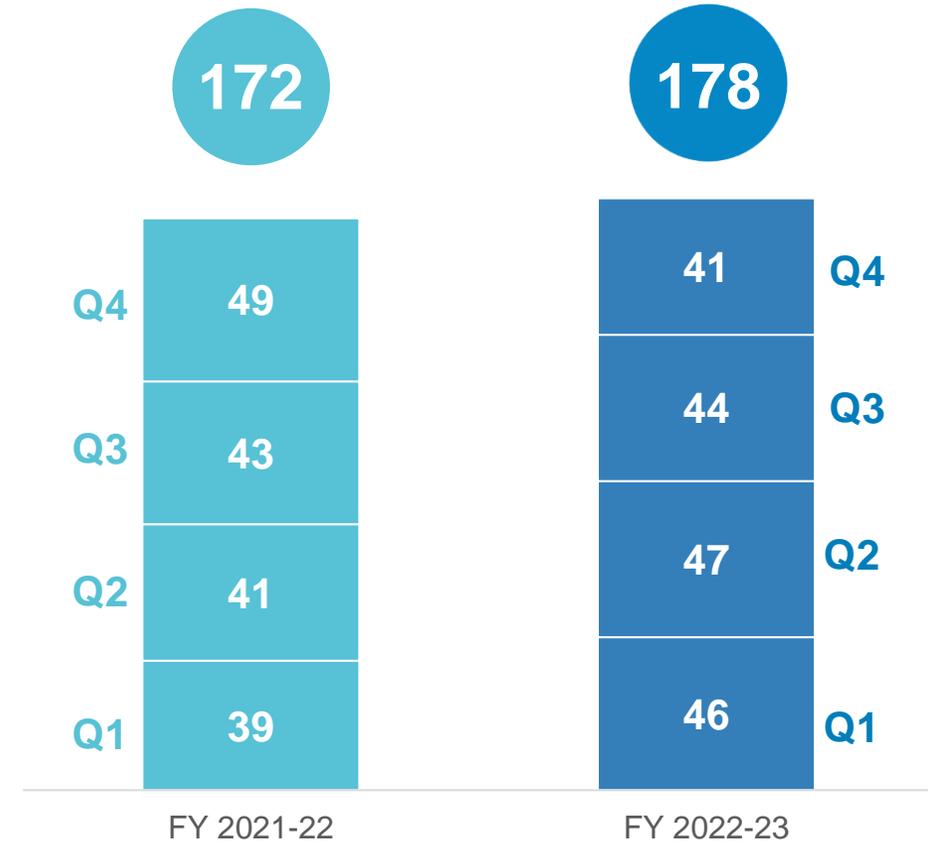


► **FY revenues of €178m, down 2.3% YoY like-for-like<sup>1</sup>**

- Wholesale agreements with Orange, TIM, Hispasat and Swisscom
- Ramp-up of the African operations
- In Fixed Data, improved volume trends partly offset negative impact of ongoing competitive pressure on prices.

► **Q4 revenues of €41m, down 16.0% YoY like-for-like and down 6.9% QoQ<sup>1</sup>**

- Tougher comparison basis with positive one-off of c. €2.5 million in the Fourth Quarter last year.

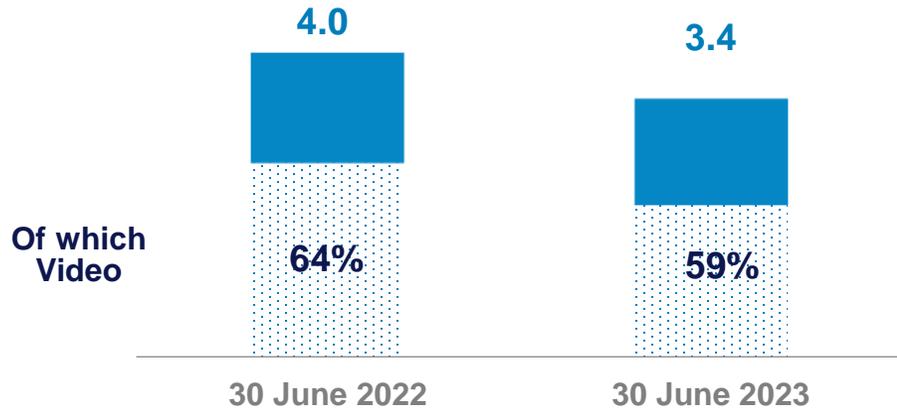


<sup>1</sup> At constant currency and perimeter

# BACKLOG & FILL RATE

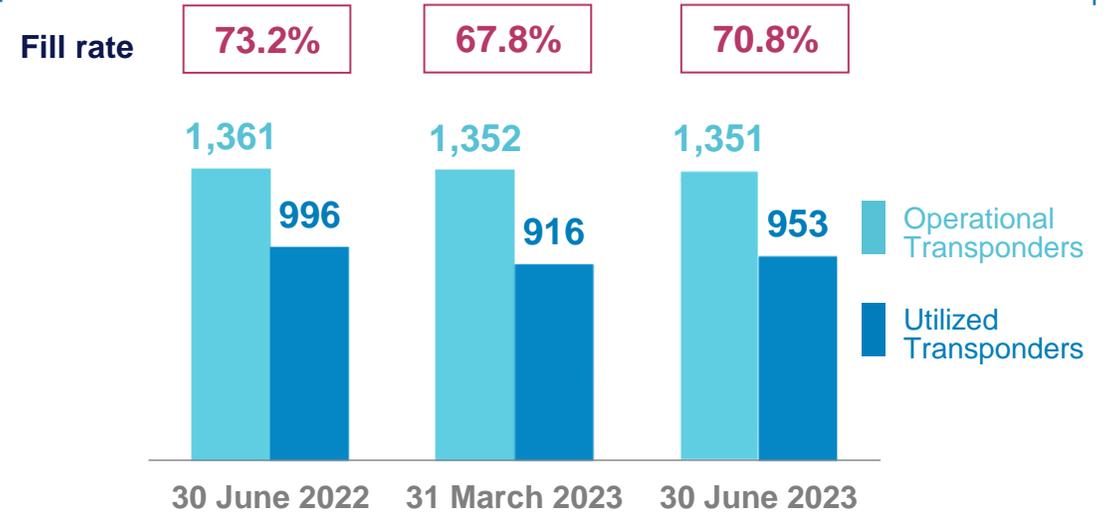
## BACKLOG (€BN)

Excluding Managed services



- Natural erosion due to Video consumption and FY23 terminations
- Partly offset by Mobility contracts
- Representing 3.0 years of revenues
- Video accounting for 59% versus 64% a year ago

## OPERATIONAL & UTILIZED TRANSPONDERS



- Broadly stable operational TPE
- Utilized TPE down 43 units YoY
- Fill rate at 70.8% slightly up QoQ, reflecting the seasonality of certain maritime contracts, notably in Europe

Backlog definition to evolve from FY2023-24

Based on 36 MHz-equivalent transponders (TPE), excluding HTS capacity

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# PROFITABILITY

▶ **FY 2022-23 Adjusted EBITDA margin of 72.9% at constant currency<sup>1</sup> down 1.9 point YoY**

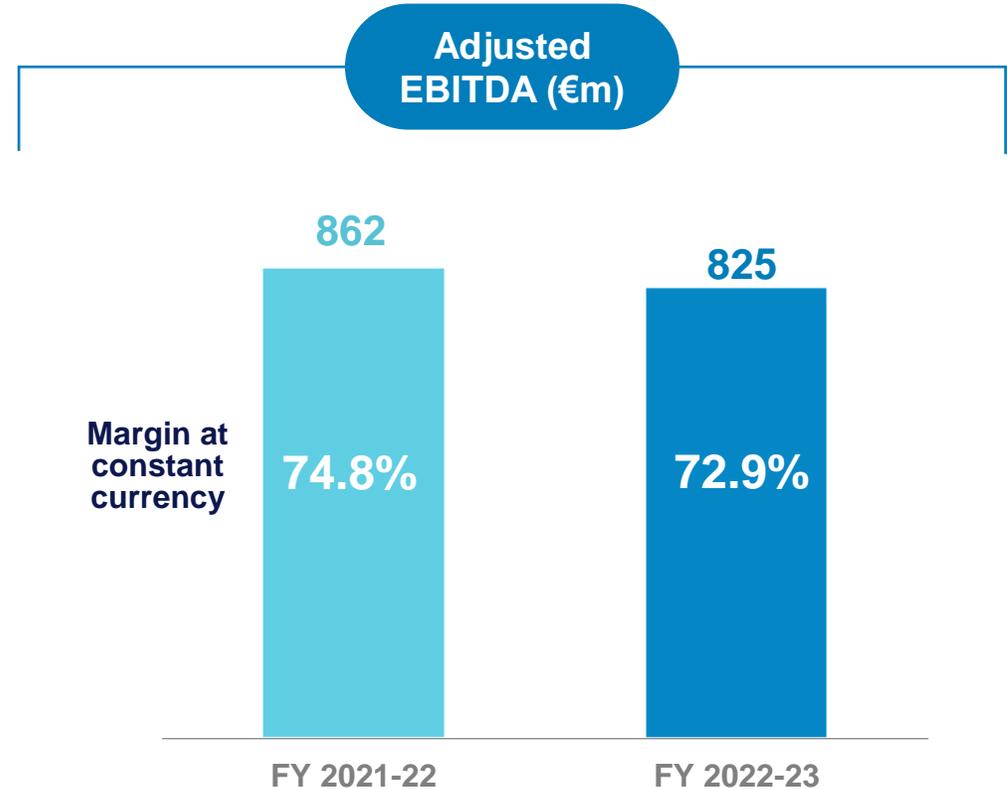
- Lower revenues, especially in the Video vertical

▶ **Higher operating costs**

- Increased staff and technical costs due changing revenue mix and, to a lower extent, inflation
- Transaction costs with Russia

▶ **Adjusted EBITDA margin reflecting progressive rebalancing of our business towards connectivity applications**

<sup>1</sup> 73.0% reported.



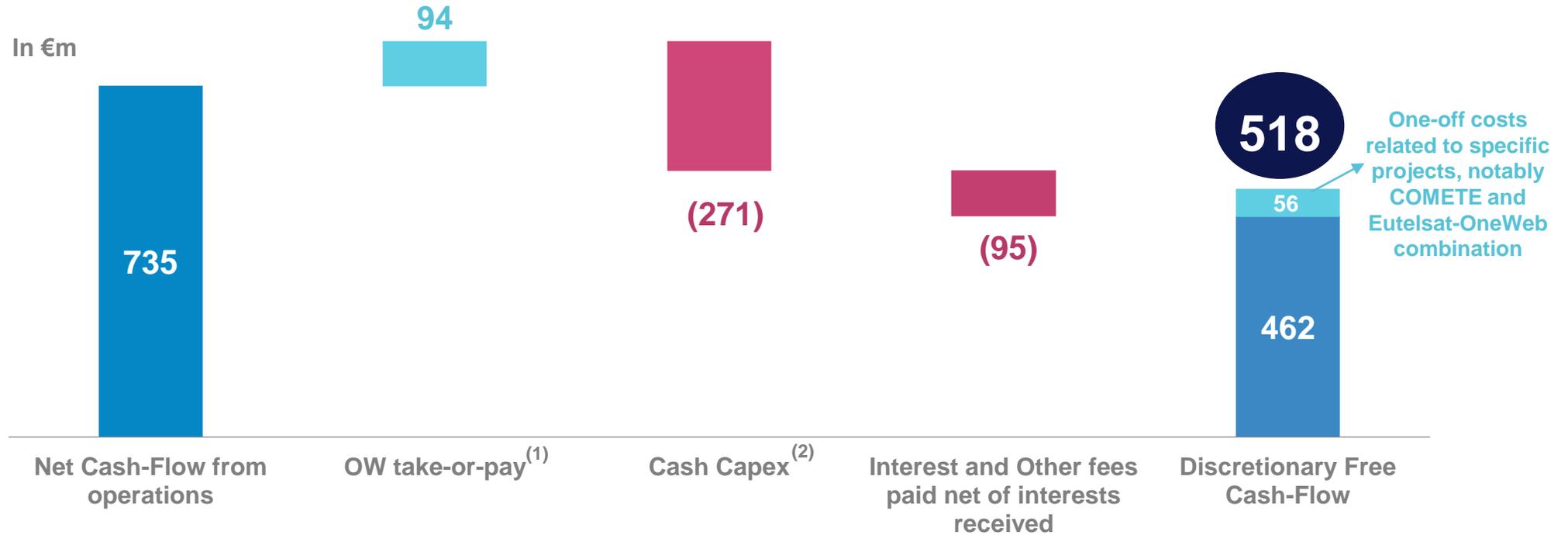
# NET INCOME

Extracts from the consolidated income statement in €m	FY 2021-22	FY 2022-23	CHANGE
Revenues	1,152	1,131	-1.8%
Adjusted EBITDA <sup>1</sup>	862	825	-4.2%
Operating income	425	573	+35.0%
Financial result	(65)	(91)	-40.7%
Income tax	(49)	(67)	-36.9%
Group share of net income	231	315	+36.4%

- ▶ Lower D&A due to lower in-orbit and on-ground depreciation. H13F and H13G in service end of period
- ▶ Other operating income of €203m, compared to income of €45 million last year, principally \$382m payment of Phase II of C-Band proceeds.
- ▶ Unfavorable evolution of FX gains and losses as well as higher interest rates.
- ▶ Higher tax, at -€67 million versus -€49 million a year earlier, reflecting notably the 30% tax rate applied to the above-mentioned C-Band proceeds.
- ▶ -€87m income from associates (mainly OneWeb)
- ▶ Net margin of 28% versus 20% last year

<sup>1</sup> Adjusted EBITDA defined as operating income before depreciation, amortization, impairments and other operating income/(expenses)

# ADJUSTED DISCRETIONARY FREE CASH-FLOW



Change as per financial objectives

(3)

Reported change

(66)

9

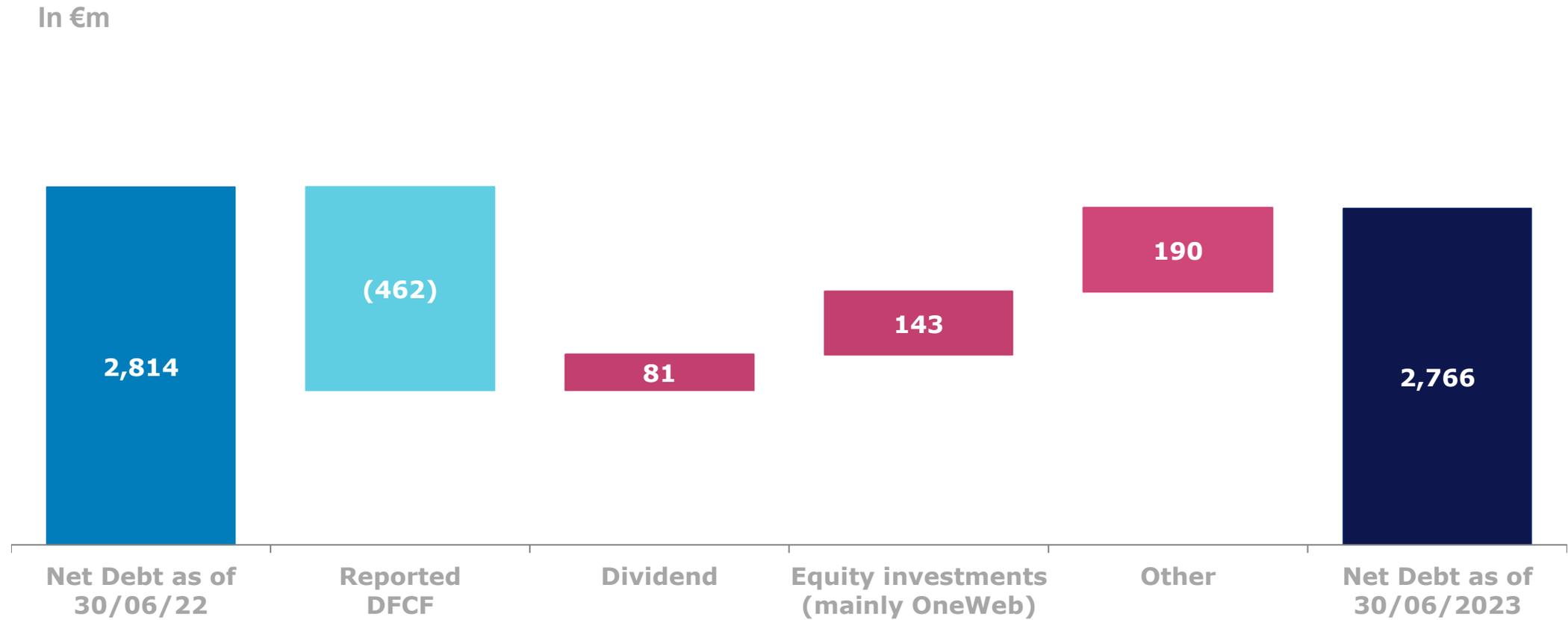
(17)

19

<sup>1</sup> DFCF excludes payments related to the exclusive commercial partnership with OneWeb.

<sup>2</sup> Cash Capex covers the acquisition of satellites and other tangible or intangible assets, payments in respect of export credit facilities or other bank facilities financing investments as well as payments related to lease liabilities. If applicable it is netted from the amount of insurance proceeds.

# NET DEBT EVOLUTION



# FINANCIAL STRUCTURE

## ▶ Net Debt/Adjusted EBITDA ratio of 3.35x

- Versus 3.27x as of 30 June 2022 and 3.55x at end December 2022

## ▶ Average cost of debt after hedging of 2.96%

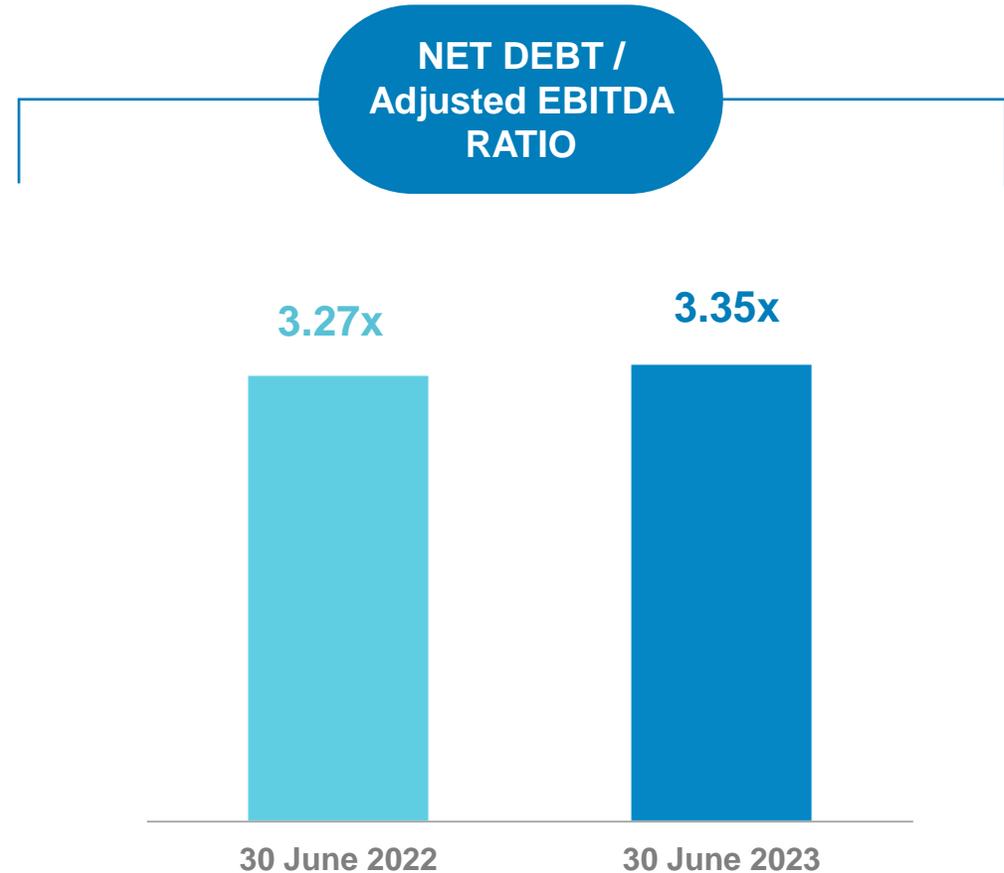
- Versus 2.55% in FY 22

## ▶ Average weighted maturity of 3.6 years

- Versus 4.3 y at 30 June 2022

## ▶ Strong liquidity

- Undrawn credit lines and cash around €1.5 billion



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# FY 2023-24: REVENUE TRENDS BY APPLICATION



## VIDEO

- Expected broadly in line with market trends, a mid-single digit decline
- Excluding the effect of sanctions which will be embarked for a full 12 months versus six months in FY 2022-23



## GOVERNMENT SERVICES

- Continuing to reflect the outcome of past and upcoming US DoD renewals
- Tougher comparison basis with FY 2022-23 reflecting the one-off DLR contract
- Positive impact from new EGNOS payload on EUTELSAT HOTBIRD 13G with a total contract value of c.€100m over 15 years



## MOBILE & FIXED CONNECTIVITY

- Expected to see double-digit growth in FY 2023-24 on the back of the entry into service of EUTELSAT 10B and KONNECT VHTS
- Firm pre-commitments and strong commercial traction



*This outlook is based on the revised nominal deployment plan outlined below.*

*It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.*

# FINANCIAL OUTLOOK CONFIRMED (STANDALONE)



## OPERATING VERTICALS REVENUES

- ▶ Growth from FY 2023-24 onwards

## CASH CAPEX

- ▶ Not exceeding €400m<sup>1</sup> per annum for each of the two fiscal years FY 2022-23 and FY 2023-24

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

- ▶ Average of €420m per annum over the next two fiscal years FY 2022-23 and FY 2023-24<sup>2</sup>

Equivalent to cumulative Adjusted DFCF generation of €1.4 bn over three fiscal years (FY 22 / FY 23 / FY 24) at 1.00 €/€

## LEVERAGE

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

## DISTRIBUTION

- ▶ Dividend suspended for three years in the context of combination with OneWeb<sup>3</sup>

*This outlook is based on the revised nominal deployment plan outlined below.*

*It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.*

<sup>1</sup> Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

<sup>2</sup> 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.

<sup>3</sup> Starting from FY 2022-23.

# UPCOMING LAUNCHES

NAME	EUTELSAT 36D		FLEXSAT AMERICAS	
Orbital Position	36° East			
Approx. Entry into service date <sup>1</sup>	H2 2024		2026 (delivery)	
Manufacturer				
Coverage	Africa, Russia, Europe, Middle East		Americas	
Applications	Video Government		Connectivity	
Total capacity (TPX <sup>2</sup> /Spotbeams)	70 transponders in Ku-band UHF payload		Over 100 Gbps	
o/w expansion <sup>2</sup>	UHF payload		-	

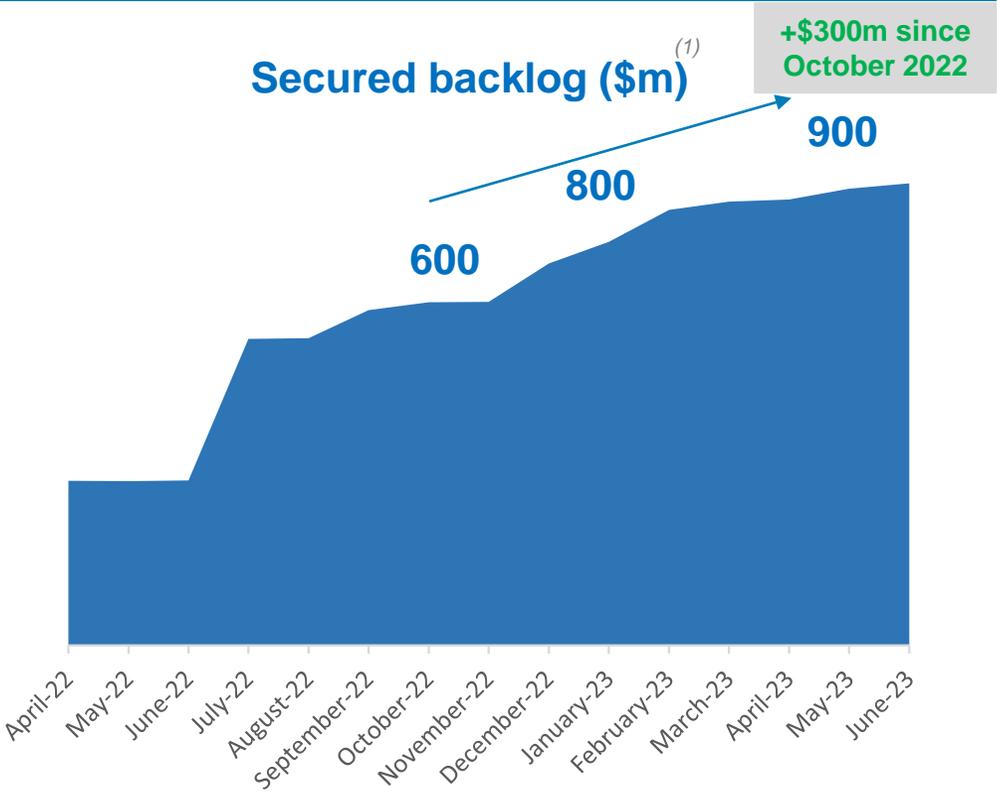
<sup>1</sup> Calendar year | <sup>2</sup> Excludes unannounced redeployments

<sup>3</sup> “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 TPE), once regulatory, technical and operational constraints are taken into account.”

# SUSTAINED POSITIVE COMMERCIAL RAMP-UP



## Sustained commercial dynamic



## Telstra Deal announced in June 2023

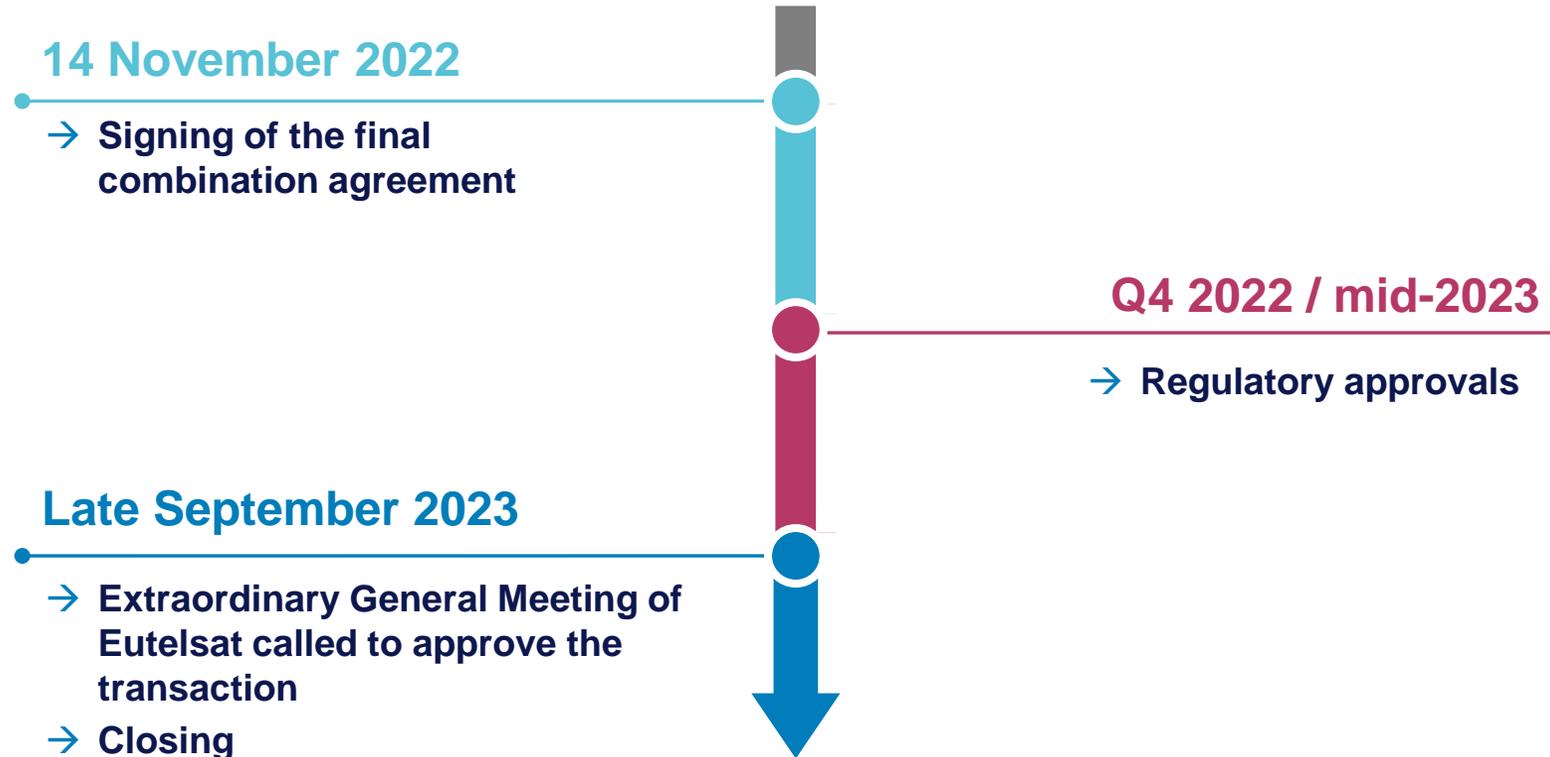
- ▶ One of the world’s largest rollouts of Low Earth Orbit (LEO) backhaul for a commercial mobile network in Australia.
- ▶ Telstra and OneWeb will begin moving hundreds of existing remote mobile base stations currently using satellite backhaul to OneWeb’s LEO solution from later in 2023.
- ▶ The strategic agreement has the potential to expand to up to 25 Gbit/s of LEO capacity.
- ▶ Enhancing the experience of Telstra’s remote customers when using real-time applications such as voice and video calling and allowing the expansion of mobile coverage through new remote site deployment.

✓ Revenue objective of \$50m by end-June 2023 achieved



(1) Includes the \$275m Take-or-Pay Agreement with Eutelsat.

# LOOKING AHEAD: UPDATE ON THE COMBINATION



- ▶ Closing of the transaction expected in late September 2023, conditional upon:
  - Eutelsat EGM approvals
  - Customary regulatory approvals
- ▶ Combination ready to go live from Day One if approved at the EGM

# LOOKING AHEAD: ALL IN PLACE FOR A SUCCESSFUL COMBINATION

## Rebalancing of our business towards **Connectivity**, where demand is booming

- ✓ **Reorganization along two business units** to enhance customer-centricity, is now live
- ✓ **Substantial growth capacity** with E10B already in service, with incremental 35 Gbps of HTS Ku-band capacity addressing surging demand in Mobile Connectivity
- ✓ **Sustained cashflow generation**, with over €2.3bn over 5 years
- ✓ Eutelsat joined leading consortium to bid for EU Commission's tender for the **IRIS<sup>2</sup> satellite constellation**
- ✓ Merger with **OneWeb** on track to close by Q3; combination ready to go live from Day One



EUTELSAT E10B. Entered into service in late July 2023

# Q & A

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