



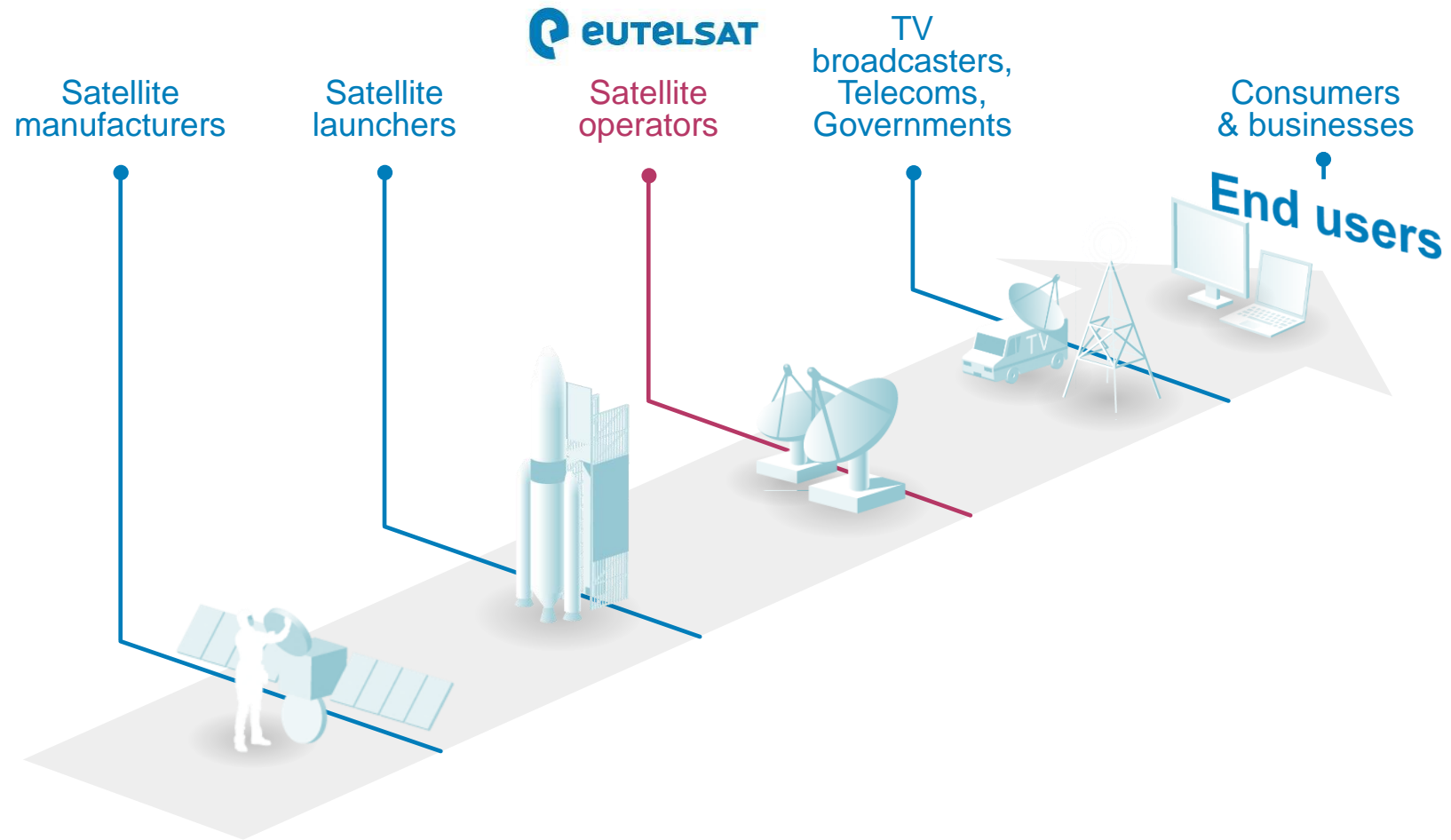
# EUTELSAT COMMUNICATIONS Investor Presentation

May 2023

# AGENDA

- 1. Eutelsat in a snapshot**
2. Key market trends
3. Combination with OneWeb
4. Q3 FY 23 performance\*
5. Strategy and Outlook
6. Appendix

# THE SATELLITE VALUE CHAIN





# BUSINESS CHARACTERISTICS

## High barriers to entry

- ▶ Finite resource of orbital positions and frequencies, heavily regulated at international level with key commercial orbital positions already into use
- ▶ High upfront CAPEX before operations
- ▶ High technology and technical expertise through satellite lifecycle

## Profitable business model

- ▶ Significant backlog with long-term contracts
- ▶ Economies of scale
- ▶ High operating margins
- ▶ Predictable operating cash flow

# EUTELSAT IN A SNAPSHOT

## KEY DATA

FY 22 revenues of **€1.15bn**

FY 22 DFCF<sup>1</sup> of **€460m**

Fleet of **34<sup>2</sup>** satellites; global coverage

Operating around **1,360** transponders

Broadcasting **>7,000** channels

Backlog representing **3.4 years** of revenues

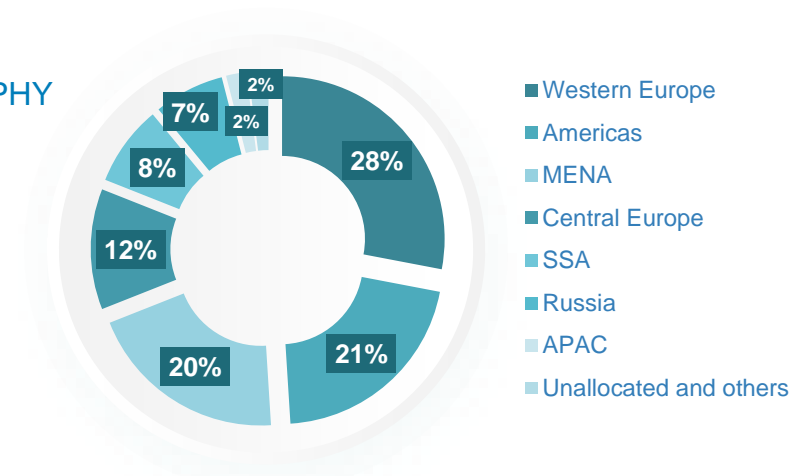
<sup>1</sup> Adjusted Discretionary Free Cash Flow

<sup>2</sup> As of May 2023

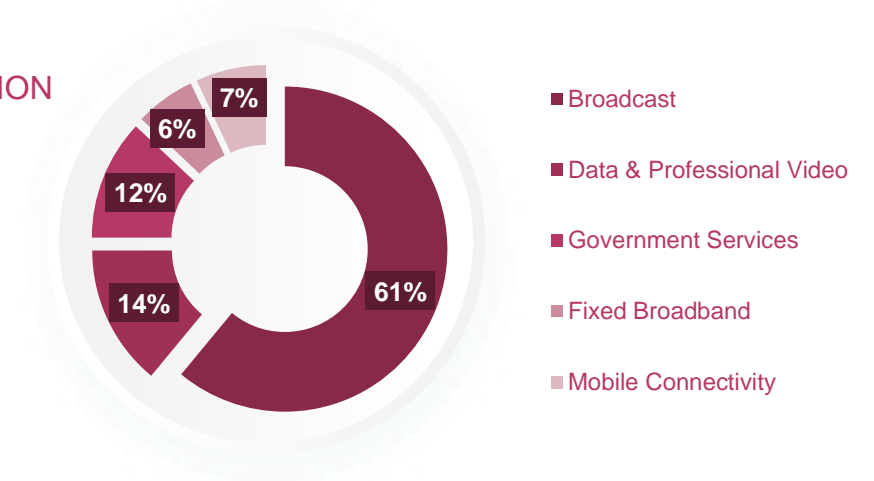
## REVENUE BREAKDOWN

### BY APPLICATION

#### BY GEOGRAPHY



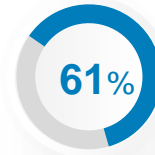
#### BY APPLICATION



# BREAKDOWN OF REVENUES BY APPLICATION (FY 2021-22)



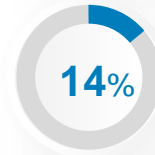
## BROADCAST



- Direct-to-Home (DTH)
- Cable headends



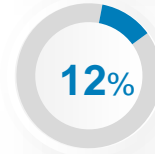
## DATA & PROFESSIONAL VIDEO



- Mobile backhaul
- Corporate networks
- Professional Video



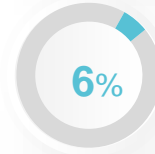
## GOVERNMENT SERVICES



- Military
- Security



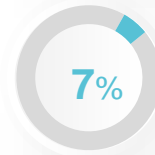
## FIXED BROADBAND



- Internet access for households & corporates



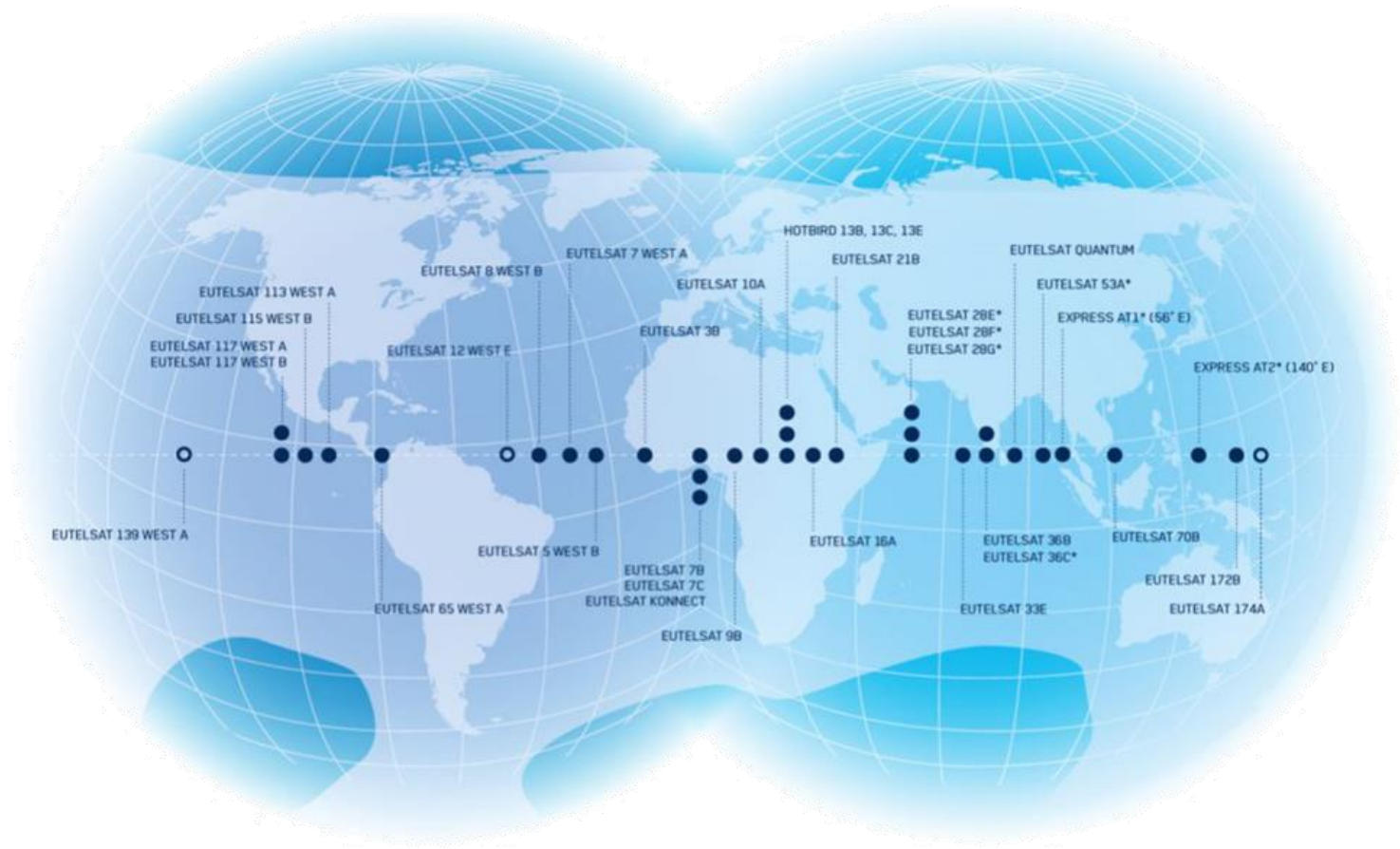
## MOBILE CONNECTIVITY



- In-flight Connectivity
- Maritime Connectivity



# EUTELSAT'S GLOBAL NETWORK TODAY



**THE EUTELSAT FLEET**  
JANUARY 2023

- stable orbit
- inclined orbit
- \* capacity on third-party satellites

**IN ORBIT RAISING:**  
EUTELSAT KONNECT VHTS  
EUTELSAT HOTBIRD 13F  
EUTELSAT HOTBIRD 13G  
EUTELSAT 10B

**FUTURE SATELLITES:**  
EUTELSAT 36D

# >€2.2BN AGGREGATED DFCF GENERATED OVER 5 YEARS

Reported  
DFCF /  
revenue  
ratio

29%

31%

37%

38%

38%

1,408

415

1,321

408

1,278

474

1,234

467

Incl. €86m  
of E5WB  
insurance  
proceeds

1,152

443

For FY23 and FY24:

Adj. DFCF  
expected at an  
average of €420m  
per year<sup>3</sup>

FY 2017-18

FY 2018-19

FY 2019-20

FY 2020-21

FY 2021-22

■ Total revenues

■ Reported Discretionary Free Cash Flow

Adjusted DFCF  
growth<sup>1</sup>

+10%

+6%

+0%

-2%

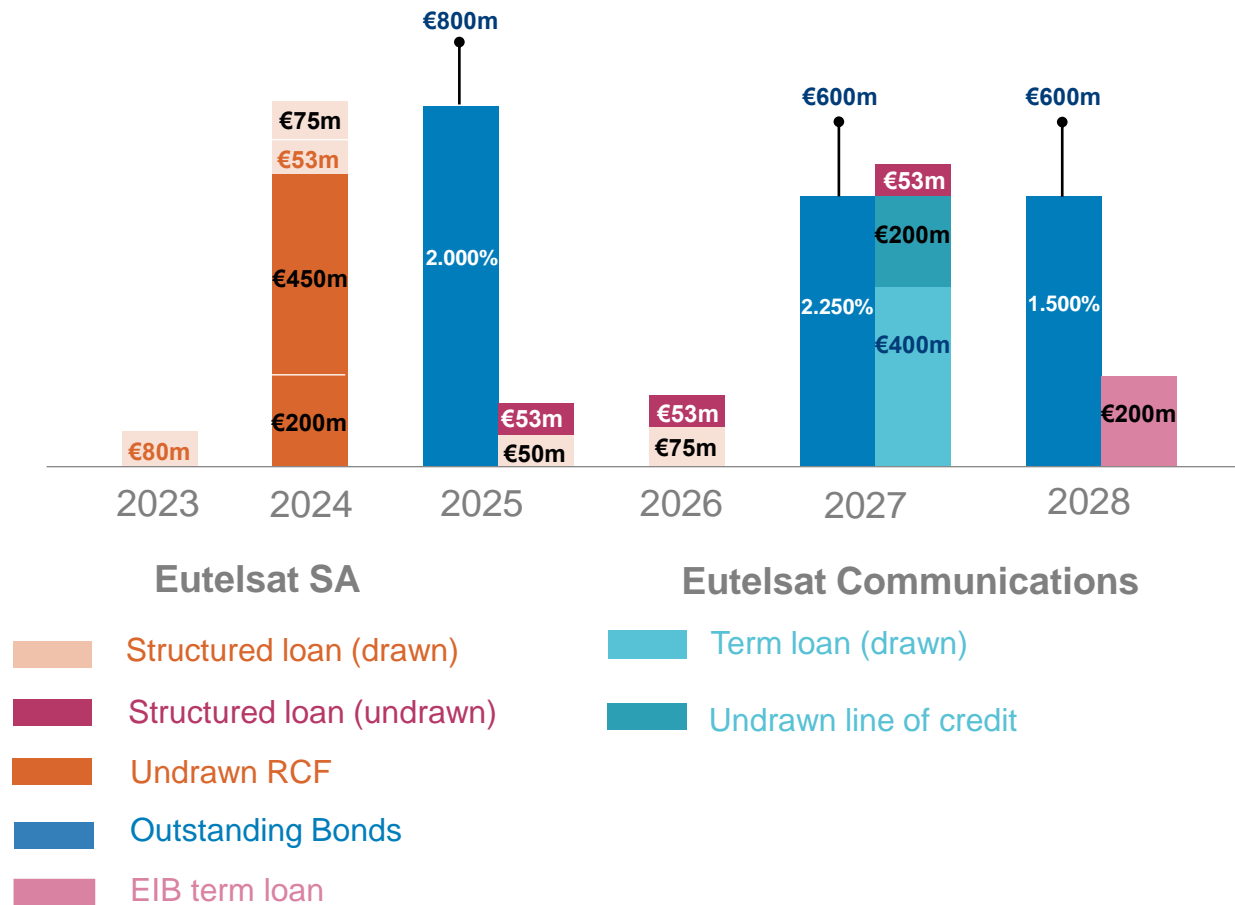
+12%

Excl. Insurance  
proceeds<sup>2</sup>



# BOND & BANK DEBT MATURITY SCHEDULE

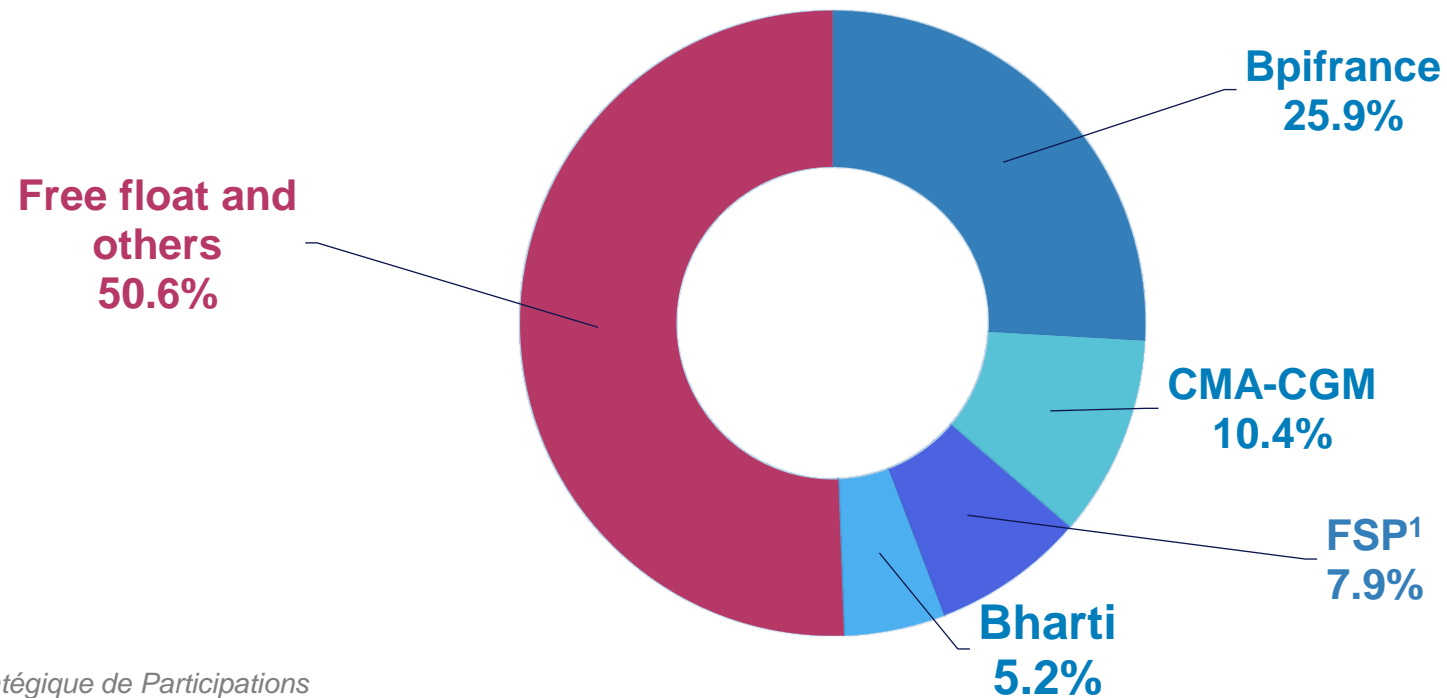
## BOND & BANK DEBT MATURITY SCHEDULE <sup>1</sup>



- Average cost of debt after hedging of 2.67%
- Average weighted maturity of 4.1 years

# SHAREHOLDER STRUCTURE

## EUTELSAT SHAREHOLDING STRUCTURE AS OF 31 MARCH 2023



# CSR APPROACH

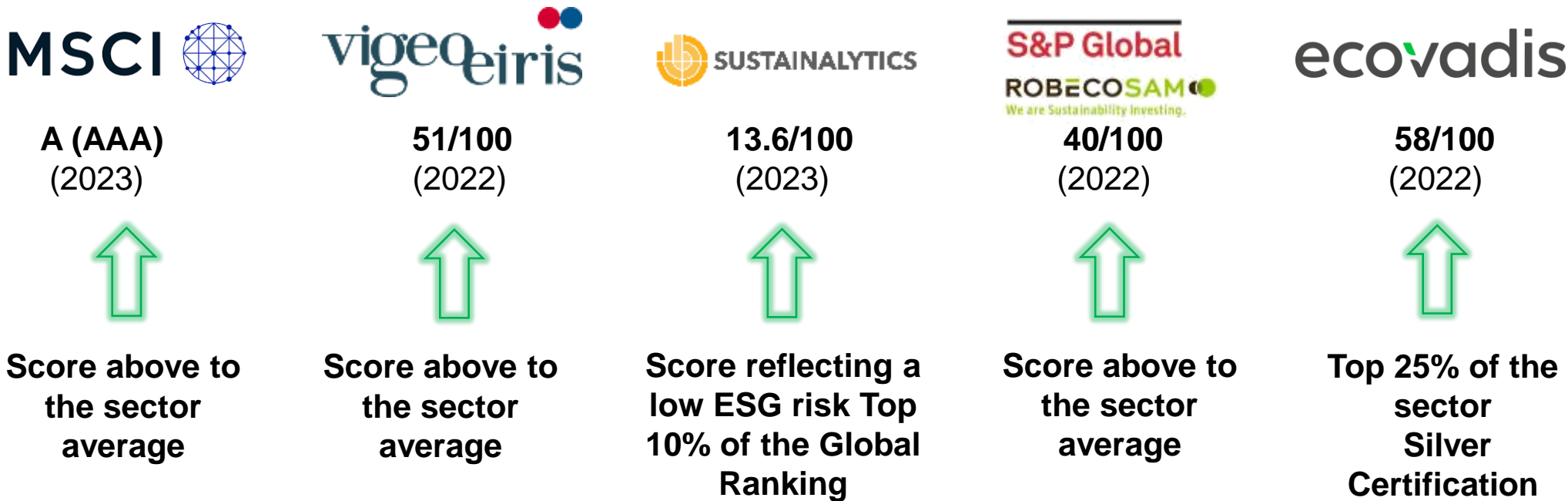
## Four major areas of focus:



- ▶ Clear **governance** and stakeholder involvement
- ▶ CSR division now reports to the Strategy Department, as it is a **critical part of the transformation** of Eutelsat and is an **integral part of our strategy**
- ▶ Initiatives conducted in each of these areas leading to **tangible progress** based on selected indicators
- ▶ Increasing weight of CSR criteria in **compensation** of corporate officers
- ▶ Sound and improving scores from **extra-financial rating agencies**

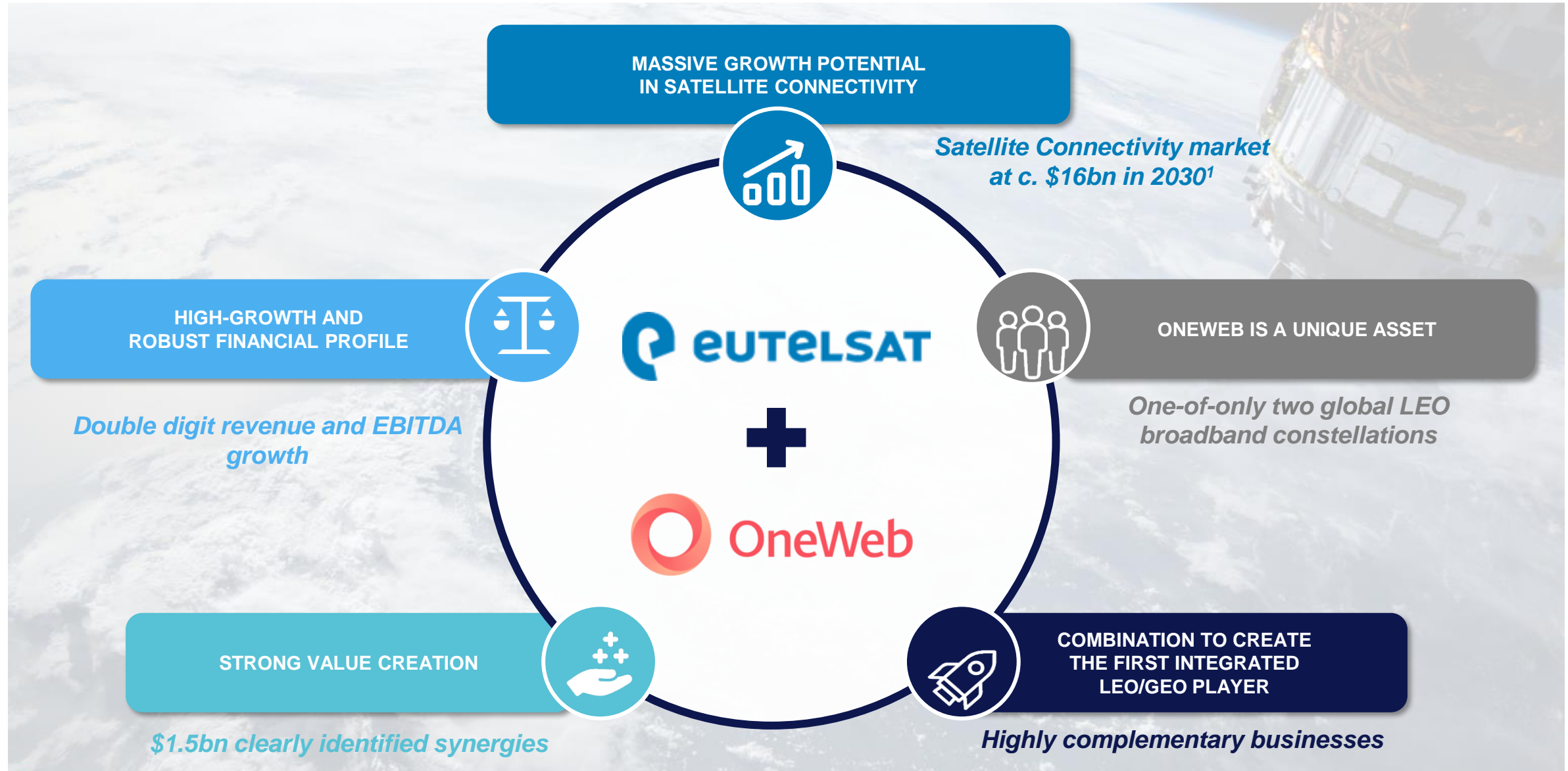
# CONTINUOUSLY IMPROVING ESG RATING

## CSR POLICY RECOGNISED BY ESG RATING AGENCIES



*Given the nature of its activities, the Group has a limited impact on greenhouse gases emissions*

# COMBINATION BETWEEN EUTELSAT AND ONE WEB, SOURCE OF GROWTH AND VALUE CREATION



# AGENDA

1. Eutelsat in a snapshot
- 2. Key market trends**
3. Combination with OneWeb
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# TRENDS IN OUR HERITAGE BUSINESSES

## BROADCAST



- ▶ Underlying trend in the last few years has been a mid single digit decline
  - Changing video consumption habits
  - Resilient channel line-up
  - HD growth, improved compression
  - Europe / EM facing different trends for the industry

## DATA & PROFESSIONAL VIDEO



- ▶ Global demand increase driven by rising connectivity needs
- ▶ Ongoing decline of GEO business albeit at a modest pace
  - Improved volume trends in Fixed Data largely offsetting price pressure
  - Professional Video in structural decline
- ▶ NGSO (Non-geostationary orbit) satellites to capture much of future growth in the long-term

## GOVERNMENT SERVICES

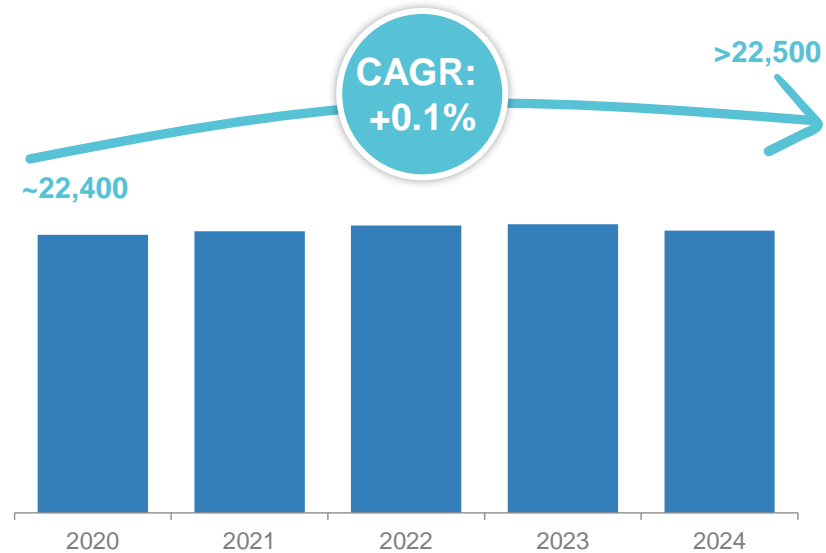


- ▶ Bandwidth-hungry usages, increasing defence budgets and remote connectivity needs to drive demand growth
- ▶ NGSO (Non-geostationary orbit) satellites to further broaden the market in the long-term

# VIDEO DRIVERS: CHANNEL GROWTH IN EM AND IMAGE QUALITY

## CHANNEL GROWTH

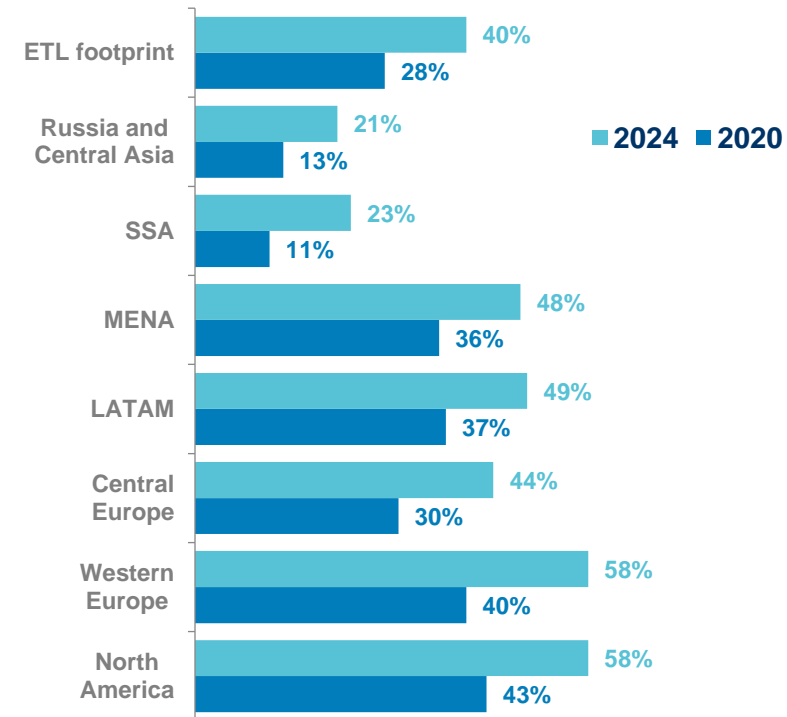
TV CHANNELS IN EMEA AND LATAM



Resilient TV channels line-up mainly driven by Emerging markets, a significant part of Eutelsat footprint

## INCREASED IMAGE QUALITY

HD PENETRATION RATE BY MAJOR REGION

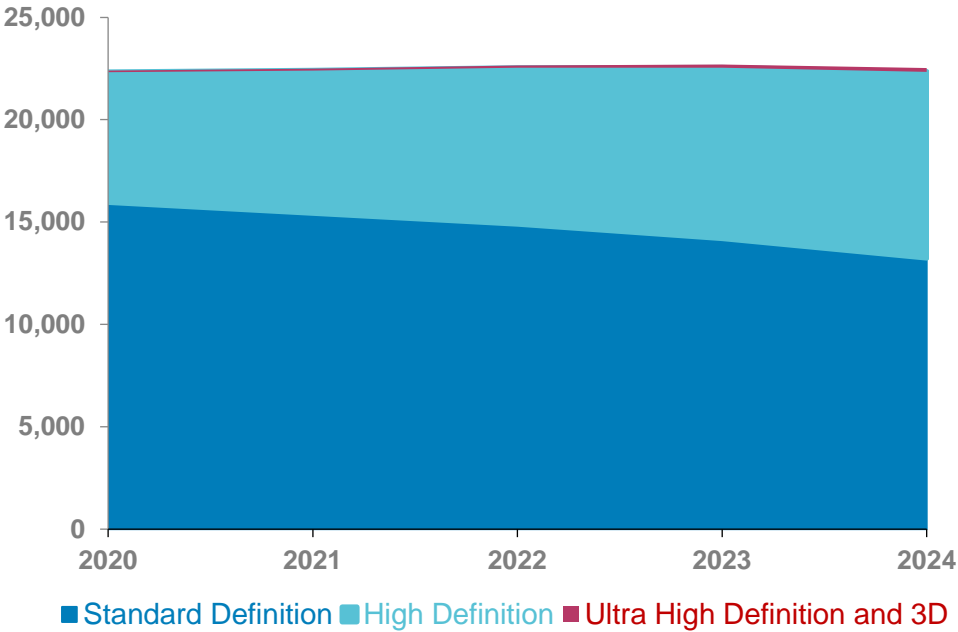


HD penetration on Eutelsat footprint has room to grow compared to current overall market levels

# VIDEO DRIVERS: CAPACITY REQUIREMENTS VERSUS COMPRESSION TECHNOLOGY

## EVOLUTION OF IMAGE QUALITY

(NUMBER OF CHANNELS)



## NUMBER OF CHANNELS

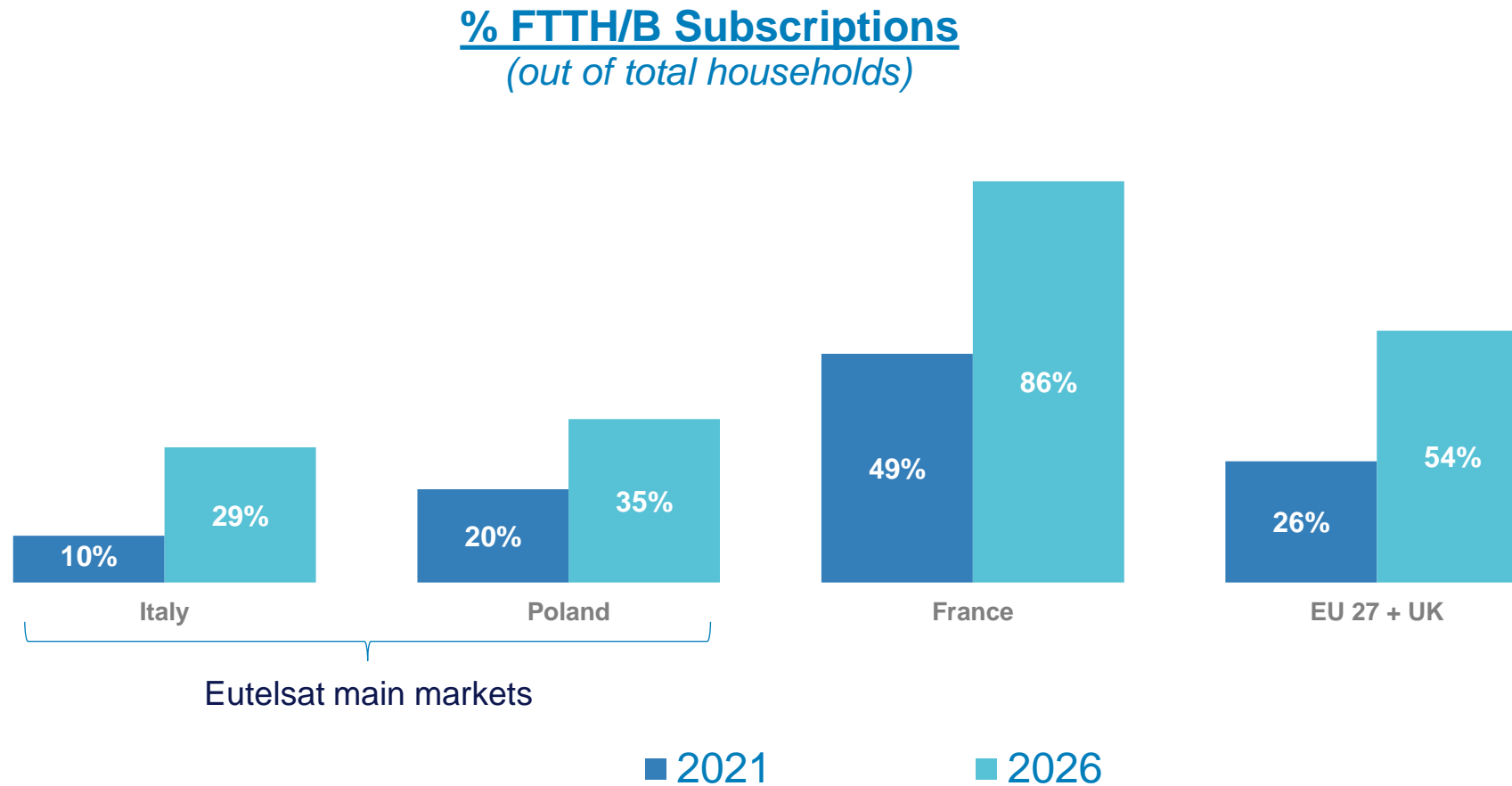
PER 36 Mhz TRANSPONDER

FORMAT	MODULATION	MPEG-2	MPEG-4	HEVC
SD	DVB-S	~15	-	-
	DVB-S2	-	~26	-
HD	DVB-S	-	-	-
	DVB-S2	-	~9	~15
UHD	DVB-S2	-	-	~3

HD requiring higher bandwidth than SD, with a line-up expected to keep gaining share

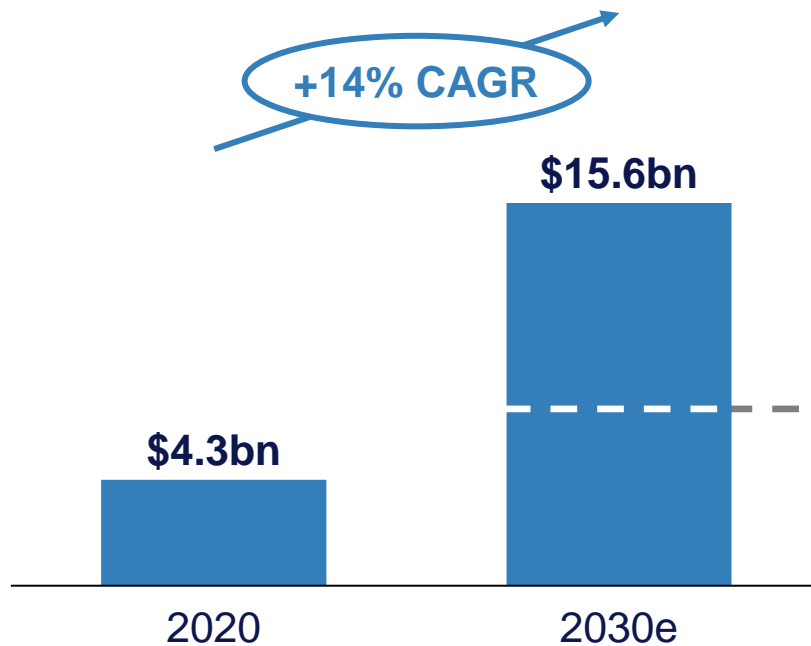
# FIBER PENETRATION IS PROGRESSING...

... but is far from reaching all households, even in Europe and even in 2026



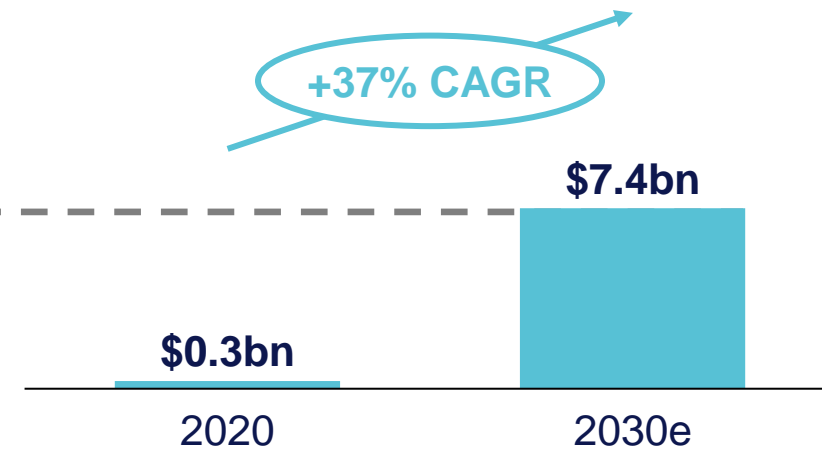
# LEADING TO A \$16BN CONNECTIVITY MARKET OPPORTUNITY FOR SATELLITES

Satellite connectivity market expected to more than triple by 2030 ...







... mainly driven by NGSO growth

- ▶ NGSO expected to grow c. 2.5x faster than overall market
- ▶ NGSO to represent c. 50% of the market by 2030, mostly captured by LEO constellations



# \$16BN OPPORTUNITY – FOUR KEY VERTICALS

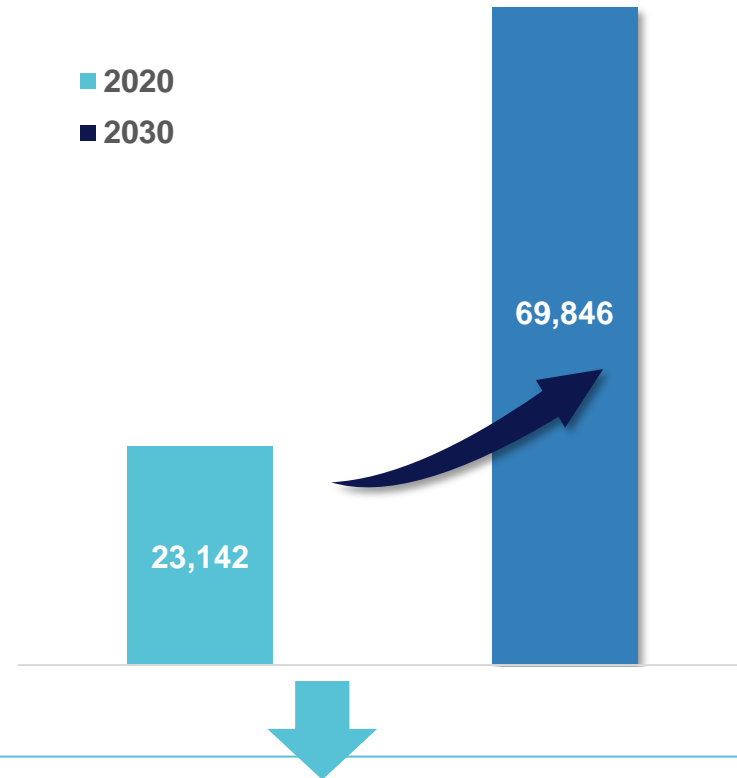
	VERTICAL	KEY APPLICATIONS	DRIVERS	2030 MARKET	10-Y CAGR
B2B	 <b>FIXED DATA</b>	<ul style="list-style-type: none"> <li>▶ Mobile backhaul</li> <li>▶ Corporate networks</li> </ul>	<ul style="list-style-type: none"> <li>▶ Network extension</li> <li>▶ Seamless integration in enterprise networks</li> <li>▶ Growing data usages</li> <li>▶ Ubiquitous coverage need</li> </ul>	<b>\$3.9bn</b>	<b>+10%</b>
	 <b>GOVERNMENT</b>	<ul style="list-style-type: none"> <li>▶ Military / Security</li> <li>▶ Civil government</li> </ul>	<ul style="list-style-type: none"> <li>▶ Defense budget increases</li> <li>▶ Significant bandwidth demand</li> <li>▶ Remote sites connection</li> </ul>	<b>\$3.9bn</b>	<b>+13%</b>
	 <b>MOBILITY</b>	<ul style="list-style-type: none"> <li>▶ In-Flight Connectivity</li> <li>▶ Maritime Connectivity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Growing number of aircraft / ships</li> <li>▶ Improved equipment / take-up rates</li> <li>▶ Enhanced service leading to higher usages</li> </ul>	<b>\$3.4bn</b>	<b>+17%</b>
B2C	 <b>CONSUMER BROADBAND</b>	<ul style="list-style-type: none"> <li>▶ Internet access for individuals</li> <li>▶ Community Wi-Fi hotspots</li> </ul>	<ul style="list-style-type: none"> <li>▶ Internet access a fundamental need</li> <li>▶ Universal Service Obligation pressure</li> <li>▶ High cost of terrestrial rollout</li> <li>▶ Long-term growth in individual data usage</li> </ul>	<b>\$4.4bn</b>	<b>+17%</b>
				<b>Σ=\$15.6bn</b>	<b>+14%</b>



# MOBILITY USAGES ARE SET TO INCREASE MORE THAN TENFOLD

## MARITIME CONNECTIVITY DEMAND

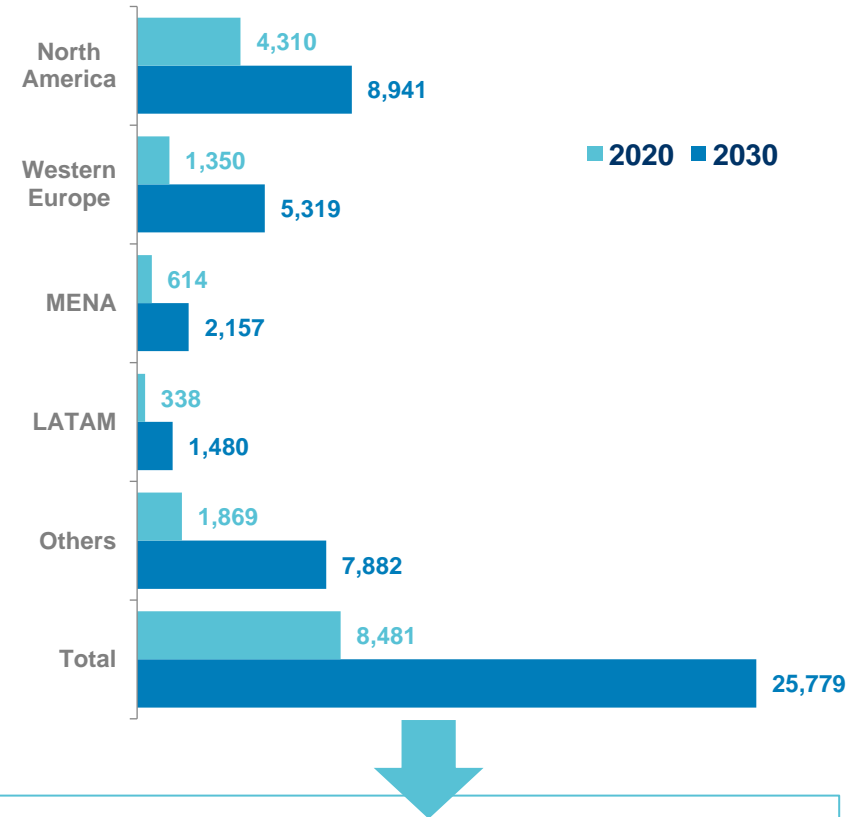
Projected number of connected ships by 2030



**x10 Increased Usage Capacity by 2030**  
from 40 Gbps in 2020 to 406 Gbps<sup>1</sup>

## IN-FLIGHT CONNECTIVITY DEMAND

Projected number of connected planes by 2030



**x23 Increased Usage Capacity by 2030**  
from 40 Gbps in 2020 to 959 Gbps<sup>1</sup>

# SIGNIFICANT BROADBAND MARKET FOR SATELLITE

- ▶ Substantial long-term (2030+) core **addressable market** of premises durably beyond the reach of terrestrial infrastructure (4G, 5G, Fiber)
  - ~4M premises in Europe
  - ~5M premises in Africa
- ▶ Medium-term addressable market even larger ahead of planned terrestrial rollouts
- ▶ Addressing Telecom Operators' requirement for universal coverage
- ▶ Market able to accommodate several players
- ▶ **Demand** for ubiquitous connectivity boosted by Covid-19 induced lock-downs
- ▶ Positive consumer feedback for satellite BB
  - >90% of Satellite BB customers are satisfied with their connectivity<sup>1</sup>
  - 60 to 70% of HH in areas with poor terrestrial coverage show high interest in satellite BB offers<sup>2</sup>



# AGENDA

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# ONEWEB AT A GLANCE

## Overview

- ▶ One-of-only two global broadband LEO
- ▶ 636 satellites at 1,200 kms<sup>1</sup>
- ▶ 1.3 Tbps sellable capacity<sup>1</sup>
- ▶ 84% capacity over land
- ▶ Target fast growth markets

## Assets

- ▶ Global stakeholders
- ▶ c. \$5bn deployed on Capex
- ▶ Highly skilled organization
- ▶ Priority spectrum rights
- ▶ 636 satellites deployed

## Velocity


- ▶ Revenue generating
- ▶ 5x usage growth on Network
- ▶ c. 50 distribution partners
- ▶ Deal pipeline of c. \$3.4bn
- ▶ 150+ Customer Trials underway

**Unique asset, speed to market and a strong track record of execution**

# ONEWEB HAS SECURED PRIORITY RIGHTS OVER PREMIUM SPECTRUM BANDS

- ▶ **OneWeb has secured about 6 GHz of bandwidth**
  - Ku-band (User links)
  - Ka-band (Gateway links)
- ▶ **Highest priority in Ku-band (2.5 GHz)**
- ▶ **Strong Priority in Ka-band (3.3 GHz)**
- ▶ **Other LEOs need to coordinate with or work around OneWeb to avoid interference**

## Strong Spectrum Positioning in Ku- and Ka-bands

	 Ku-Band	Ka-Band
Bandwidth	2.5 GHz	3.3 GHz
Priority Position	1 <sup>st</sup>	High
Usage	User links	Gateway links

**Burden of coordination in Ku-band is on other operators not to interfere with OneWeb**

# ALASKA – CONNECTING COMMUNITIES: ONE OF MANY APPLICATIONS

## Regional Need

*Connectivity is not equally available in rural Alaska*

**c. 48% of the Arctic Circle  
and c. 40% of Alaskans  
have slow or no connectivity**

*Despite being the biggest state in the US, Alaska is one of the lowest ranked states in terms of Internet*

Covid-19 placed unprecedented demand on existing systems like emergency response

*OneWeb office and customer demonstration centre in Anchorage*



*Local partners to serve entire Alaskan community*



*One of the largest ground station sites serving the Arctic circle*






*74 active sites connecting native communities, local services, mining companies*





# GEN-1 ON TRACK FOR GLOBAL COVERAGE BY YEAR END

		November 2020	May 2023	Q4 2023e	
	Cumulative Number of Launches	3	19	19	<ul style="list-style-type: none"> <li>100% of launches completed for operations</li> </ul>
	Cumulative Number of Satellites Launched	74	636	636 <sup>1</sup>	<ul style="list-style-type: none"> <li>100% of satellites launched for global coverage and supporting growing revenues in 50-degrees North, before roll-out below 50°</li> </ul>
	Satellite Network Portals	5	22	40	<ul style="list-style-type: none"> <li>22 completed by March 2023</li> </ul>

- ✓ On track for Europe and US coverage by May 2023 (>35° N)
- ✓ Full coverage by January 2024

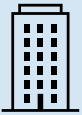
# ROBUST COMMERCIAL RAMP-UP

## Key enablers...

### Sellable Capacity

- ▶ 450 Gbps currently
- ▶ 1.3 tbps expected by Q4 2023
- ▶ Fill rate of 5%, and 21% in Alaska in March '23 vs. 6% May '22

### Terminal Availability (flat panels)



Government: now



Maritime: H2 23

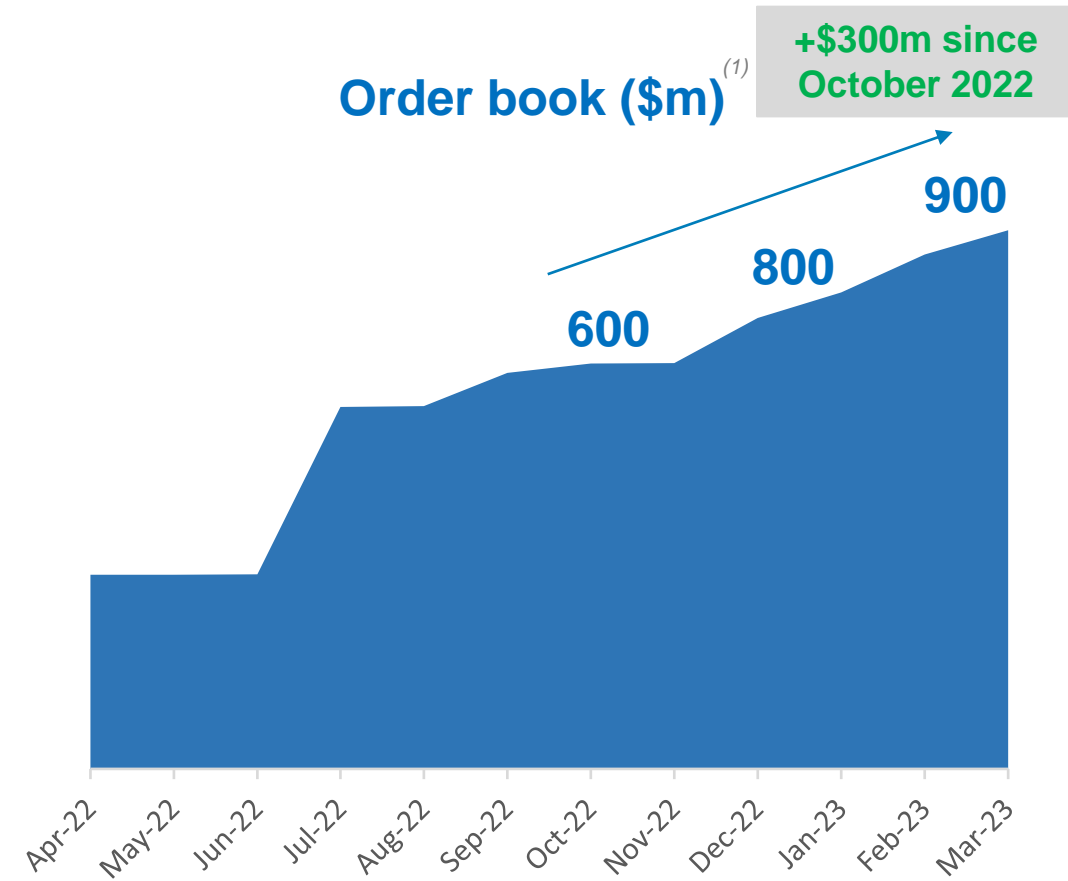


Aviation: early 24

### Ground Infrastructure

- ▶ 22 Satellites Network Portals
- ▶ Market access and authorizations: 170 countries covered as of April 2023

## ...supporting positive commercial dynamic



# STRONG DISTRIBUTION NETWORK ACROSS KEY VERTICALS



## Fixed Connectivity

- ▶ **Cellular Backhaul in Africa** with Airtel
- ▶ **Community Broadband**, in underserved regions of North America, with Galaxy and Bell Canada
- ▶ **Enterprise Connectivity** in Southeast Asia with mu Space Corp



## Mobile Connectivity

- ▶ **Maritime**: enabling coverage with densification in key areas
- ▶ **Aviation**: improved quality of experience through multi-orbit capacity, thanks to successful trials on GEO+LEO aviation antenna



## Government Services

- ▶ **\$200m joint venture** to bring high-speed satellite connectivity to Saudi Arabia and the wider Middle East and neighboring East African countries with **NEOM**
- ▶ Remote Community Broadband in Trials for **UK Government Connectivity Programme**



✓ 53 distribution partners at end-March 2023

✓ 75 expected by end-2023



# GEN-2 TO UNLOCK SIGNIFICANT VALUE AT OPTIMIZED COST

Development to begin as soon as 2024



- ✓ **Market-informed design process**  
Bottom-up market analysis for right-sizing  
Ancillary payload to enable fleet expansion at minimum marginal cost
- ✓ **From 3 to 5 times the capacity of Gen-1**  
Bulkier and fewer satellites (c. 300)  
Lower cost per Mbit
- ✓ **Leveraging on existing and future GEO infrastructure**  
Focus capacity on high-demand area  
Reduce costs
- ✓ **Inter-satellite link**  
Significant savings, namely in ground infrastructure  
Improved average latency across the Globe
- ✓ **Innovation on smaller terminals to unlock new uses**

✓ Estimated saving of \$1.5 to \$1.8bn for a total confirmed cost of around \$4.0 bn

✓ Positive discussions with Government ECAs on financial support

# TWO HIGHLY COMPLEMENTARY BUSINESSES



**GEO**



**LEO**



**Geographical advantage**

**Capacity density:** ability to focus capacity over high-demand regions

**Full global coverage** expected by Q4 2023



**Key value proposition**

**Low-cost sellable capacity:** higher fill-rates than NGSO systems and longer lifetime

**Low latency:** critical for some applications and improved quality of experience for many others



**Access to customers**

**Large installed base:** major legacy customer base with well established relationships

**Access to untapped market pockets**



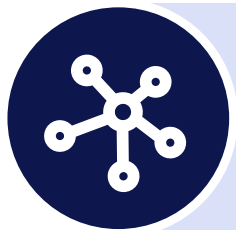
**Financial profile**

**High cash flow generation**

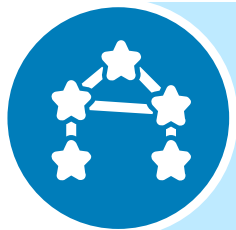
**Investment requirements in early years**

**Combining the best of both worlds, creating a solution that will deliver significant benefits to customer**

# THE RIGHT COMBINATION AT THE RIGHT TIME



**Satellite connectivity market at an inflexion point, expected to deliver high levels of sustained growth**



**OneWeb successful service launch, ramping up to full global deployment expected by Jan 24**



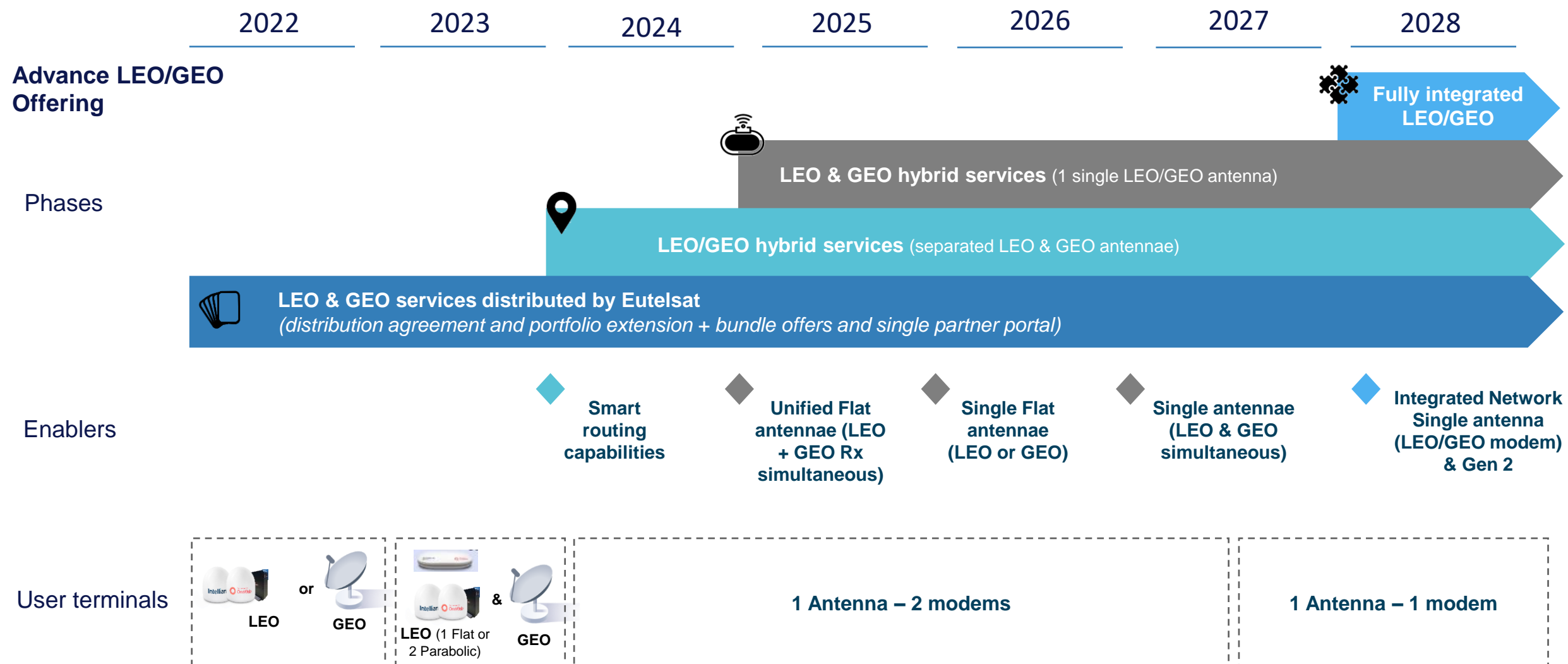
**Seizing early cost synergies: leveraging Eutelsat resources and experience to accelerate the ramp-up of OneWeb**



**Maximizing Capex synergies: designing OneWeb Gen 2 as part of an integrated LEO/GEO infrastructure, optimizing the fleets of both partners**



# CLEAR ROADMAP TO INTEGRATION



# GENERATING STRONG VALUE CREATION

## REVENUE SYNERGIES

Average annual expected  
Revenue synergies of  
**c. €150m**  
by Year 4

- ▶ Leverage Eutelsat sales forces, geographical reach and existing customer base to accelerate commercial ramp-up
- ▶ One-stop-shop for customers looking both for ubiquity and capacity density
- ▶ Single hybrid LEO/GEO terminal unlocking new use cases and revenue opportunities

## COSTS SYNERGIES

Annual expected run-rate  
Pre-tax cost synergies  
**Over €80m**  
by Year 5

- ▶ Optimized cost structure on commercial, G&A and joint technical resources
- ▶ Significant cost avoidance at OneWeb
- ▶ Strongly mitigating implementation costs and execution risks

## CAPEX SYNERGIES

Average expected annual  
Capex synergies of  
**c. €80m**  
From Year 1

- ▶ Leveraging hybrid LEO/GEO satellite infrastructure to right-size Gen 2
- ▶ Synergies in procurement and on ground segment and terminals deployment
- ▶ Mid-term GEO fleet rationalization

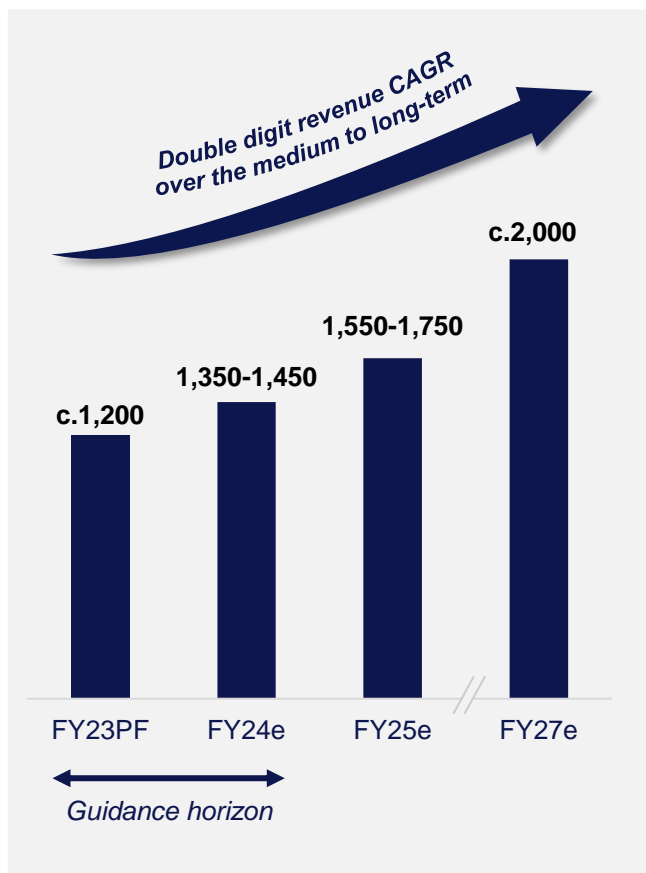
## NPV OF SYNERGIES

**Over €1.5bn**  
After tax  
Net of implementation costs

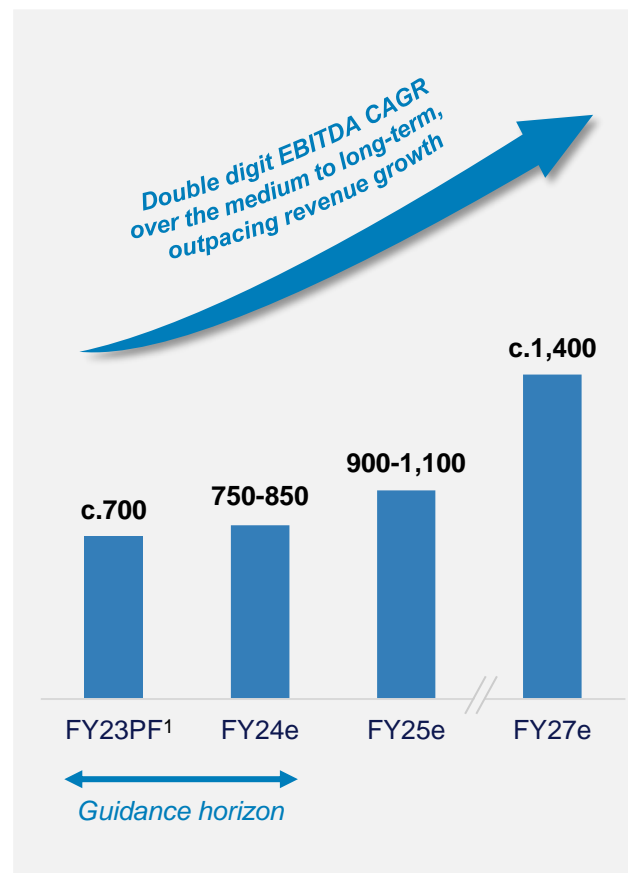
- ▶ Low execution risk
- ▶ Balanced between Revenue, Costs and Capex synergies

# GROWTH FOR THE COMBINED ENTITY

## Revenues (€m)



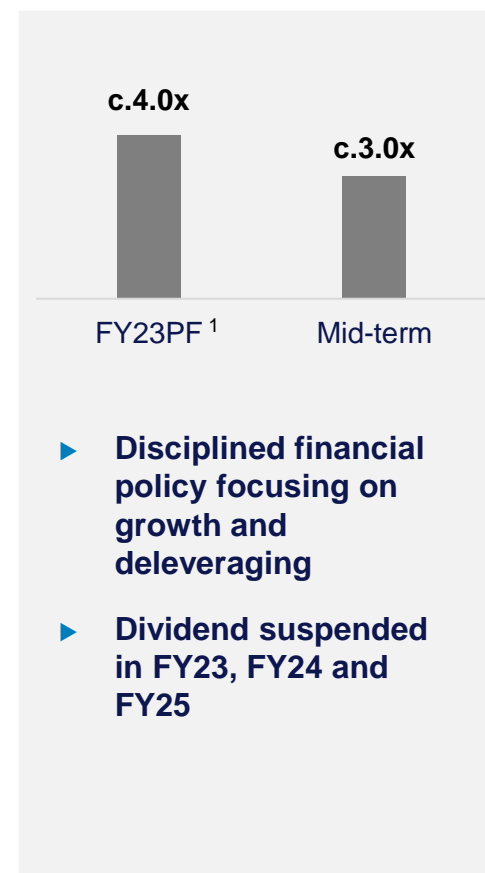
## EBITDA (€m)



## Capex

- ▶ Front-end loaded Capex with average of €725 – 875m p.a. over FY24 - FY30 including synergies
- ▶ EBITDA-Capex back in positive territory in FY25 - FY26 depending on Gen 2 Capex phasing
- ▶ Post Gen 2 deployment Capex will consist of upgrade, replacement and maintenance of existing fleet

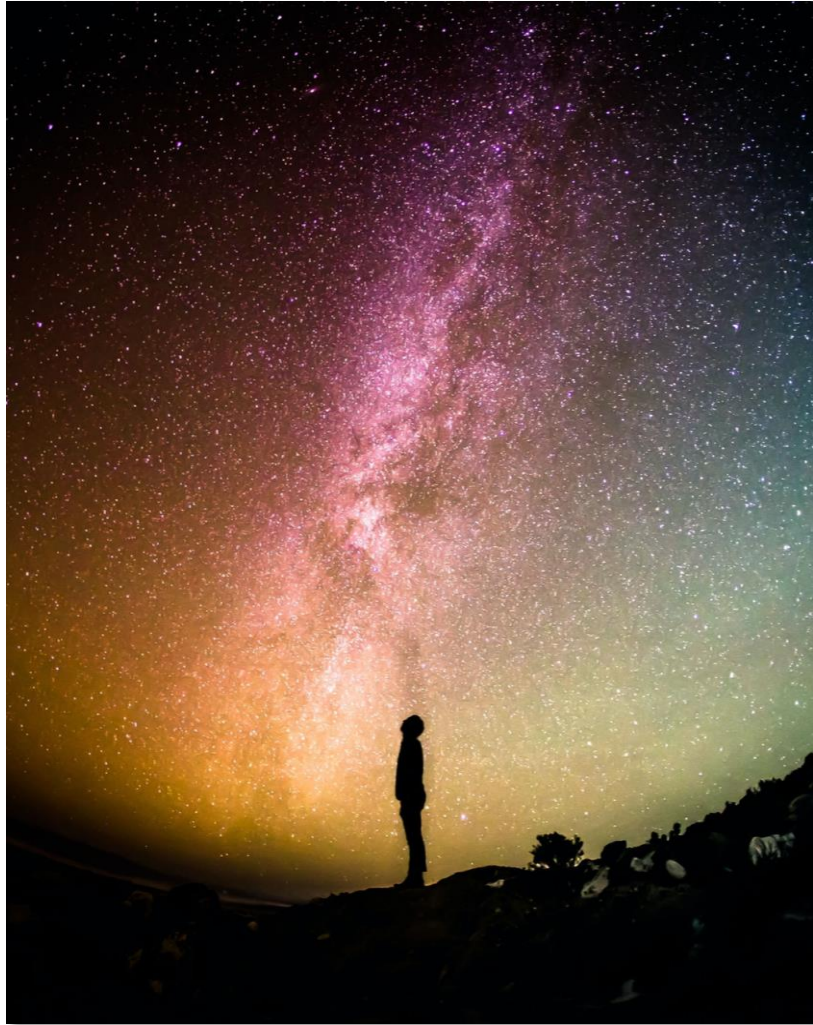
## Leverage



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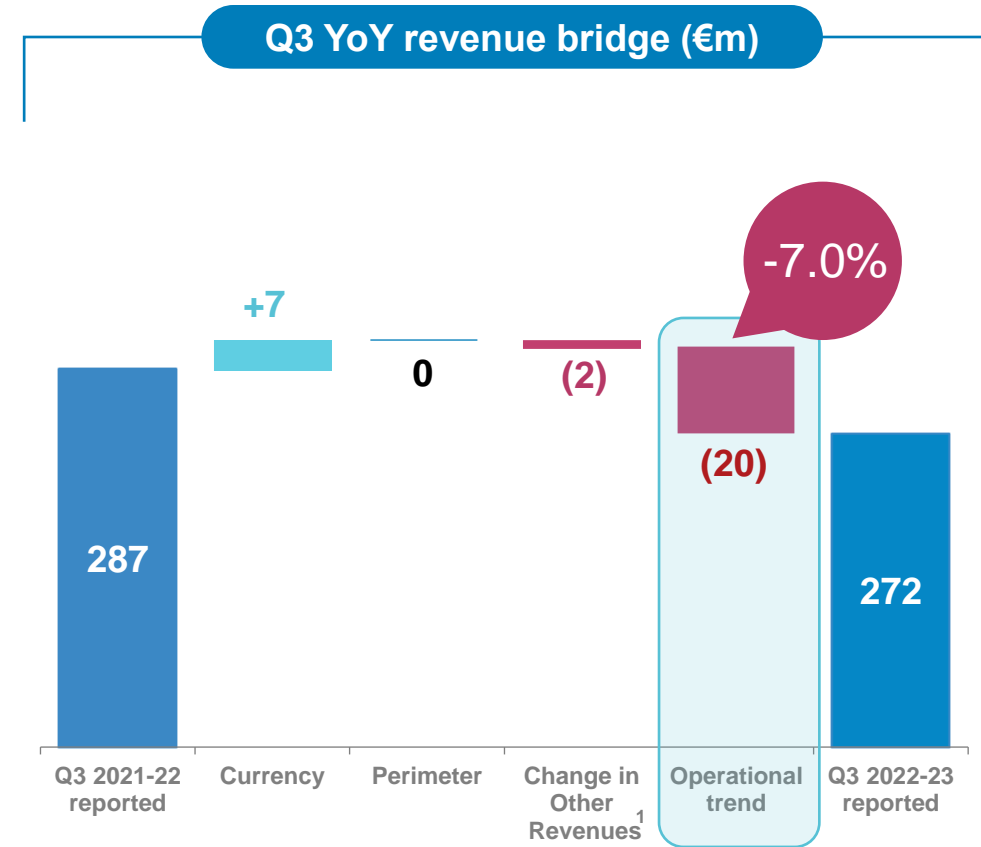
# HIGHLIGHTS



- ✓ Q3 operating vertical revenues of €272m, down slightly QoQ. Nine-month operating revenues down -5.1%, at the mid-point of our Full Year 2022-23 revenue objective
- ✓ Improved trend in Government on the back of Airbus deal and ahead of entry into service of incremental capacity in FY 2023-24
- ✓ Fixed Broadband and Mobile Connectivity sustaining positive momentum ahead of entry into service of K-VHTS and E10B in FY 2023-24
- ✓ All standalone FY 2022-23 and longer-term financial objectives confirmed
- ✓ Eutelsat joins leading consortium to bid for EU Commission's tender for the IRIS<sup>2</sup> satellite constellation
- ✓ OneWeb's Gen-1 constellation on track for Global Coverage, supporting positive commercial ramp-up. Combination transaction on track to close by Q3 2023

# Q3 REVENUES











- ▶ Total revenues of €272m, down 7.5% like-for-like
- ▶ Positive currency effect
  - €/\$ rate of 1.07 vs 1.13 last year
- ▶ Negative swing of €2m in 'Other Revenues'
  - Of which +€1m related to hedging
- ▶ Revenues of the Operating Verticals down 7.0% like-for-like YoY

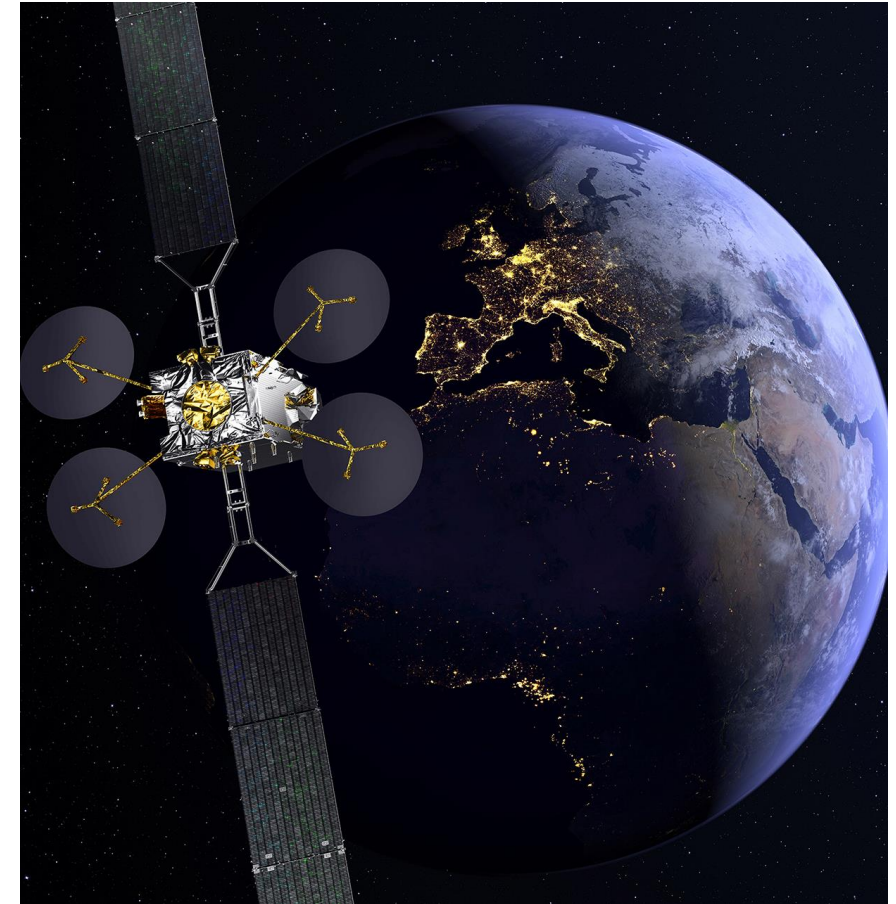


<sup>1</sup> Including Hedging revenues representing a +€1m impact



# Q3 FY 2022-23 REVENUES BY APPLICATION

		REVENUE CONTRIBUTION <sup>1</sup>	REVENUES (€m)	LIKE-FOR-LIKE <sup>2</sup> YOY CHANGE
	BROADCAST		157	-10.6%
	DATA & PROFESSIONAL VIDEO		38	-7.3%
	GOVERNMENT SERVICES		31	-13.4%
	FIXED BROADBAND		19	+7.3%
	MOBILE CONNECTIVITY		27	+23.0%
TOTAL OPERATING VERTICALS			272	-7.0%
OTHER REVENUES			0	-€2m <sup>3</sup>

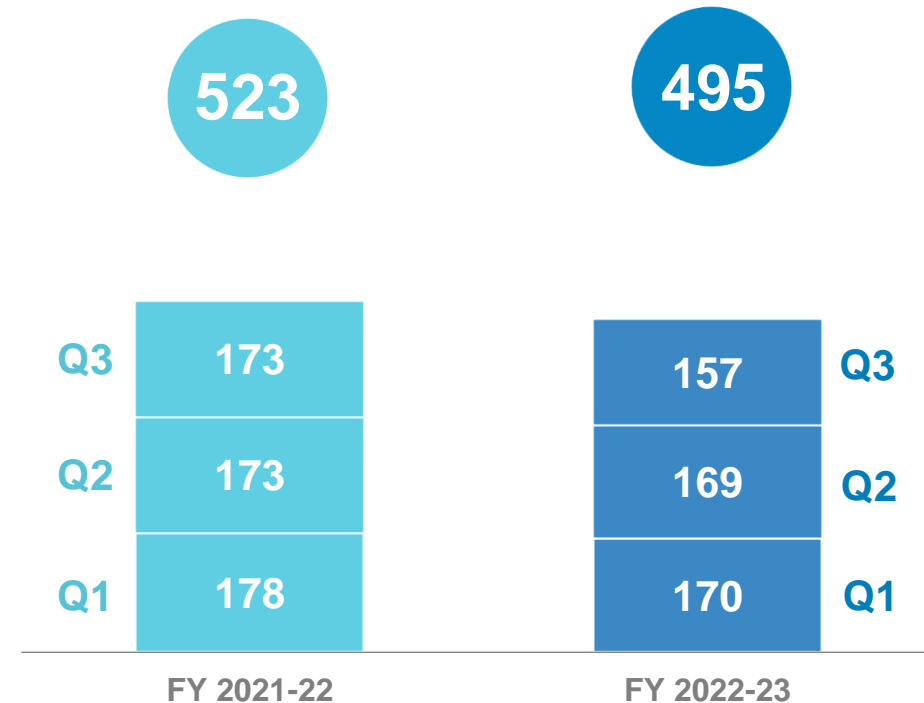


<sup>1</sup> Share of each application as a percentage of total revenues excluding "Other Revenues".

<sup>2</sup> Change at constant currency and perimeter. The variation is calculated as follows: i) Q3 2022-23 USD revenues are converted at Q3 2021-22 rates; ii) Hedging impact is excluded.

<sup>3</sup> Of which +€1m related to hedging revenues.

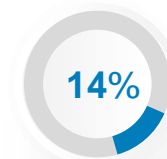
- ▶ **Q3 revenues of €157m, down 10.6% YoY like-for-like<sup>1</sup>**
  - Full effect of the non-renewal of the Digitürk contract
  - Lower revenues in Europe
  - Effect of sanctions against certain Russian and Iranian channels mainly impacting the Second Half of FY 2022-23
- ▶ **Eutelsat selected by Latin American broadcasters for services in Mexico and Brazil**
  - Leveraging the unparalleled coverage of the EUTELSAT 65A, 117WA and 117WB satellites over the region
- ▶ **Revenues expected to slightly decrease in Q4 vs. Q3**



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



# DATA & PROFESSIONAL VIDEO



► **Q3 revenues of €38m, down 7.3% YoY like-for-like<sup>1</sup>**

- Q3 revenues down 4.7% QoQ<sup>1</sup>

► **Improved volumes in Fixed Data**

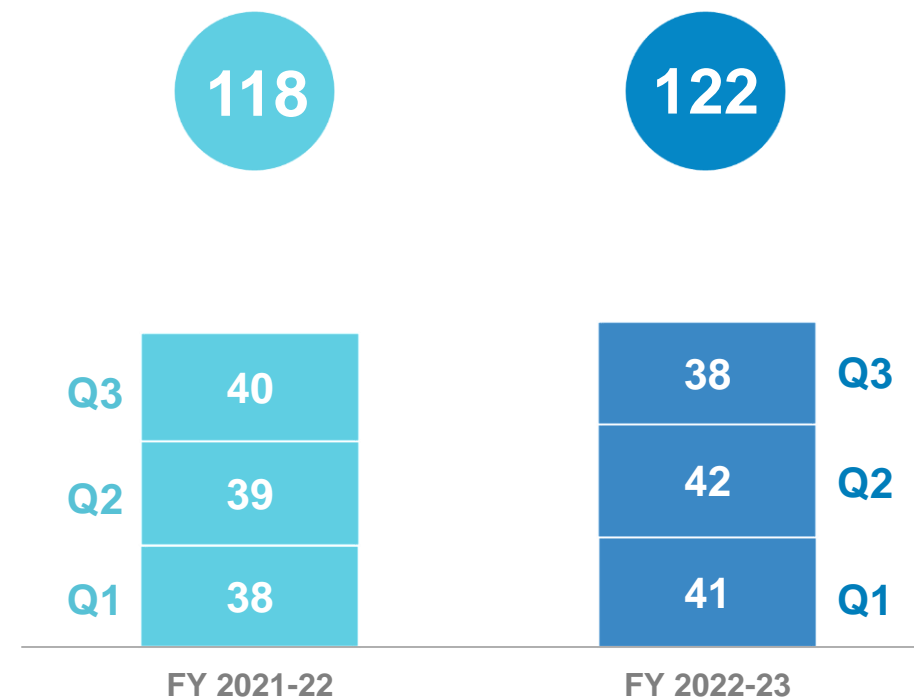
- Partly offsetting impact of ongoing pricing pressure

► **Slight deterioration in Professional Video**

- Phasing of a specific contract
- Seasonality in occasional use

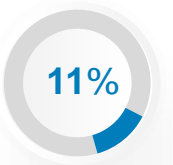
► **Partnership with POULSAT to provide schools in North Africa with high-speed internet connectivity**

► **Mid-single digit decline expected for FY 2022-23**



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

# GOVERNMENT SERVICES



► **Q3 revenues of €31m, down 13.4% YoY like-for-like<sup>1</sup>**

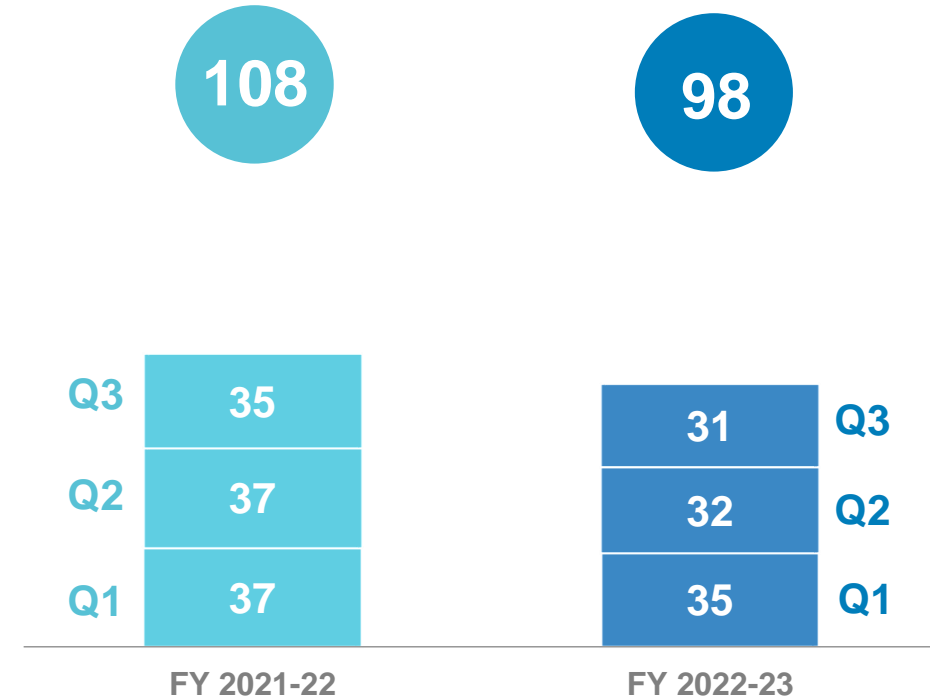
- Full negative carry-forward effect of recent US Department of Defence renewals, with in particular, a renewal rate of 65% in Fall 2022
- Partially offset by take-or-pay contract with Airbus

► **Q3 revenues up 3.1% QoQ<sup>1</sup>**

- Airbus contract with retroactive effect from 1 July 2022

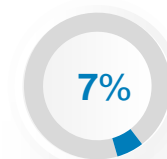
► **Slightly improved outcome of Spring US DoD renewals, at above 70%**

► **Improving trend expected in Q4**



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

# FIXED BROADBAND



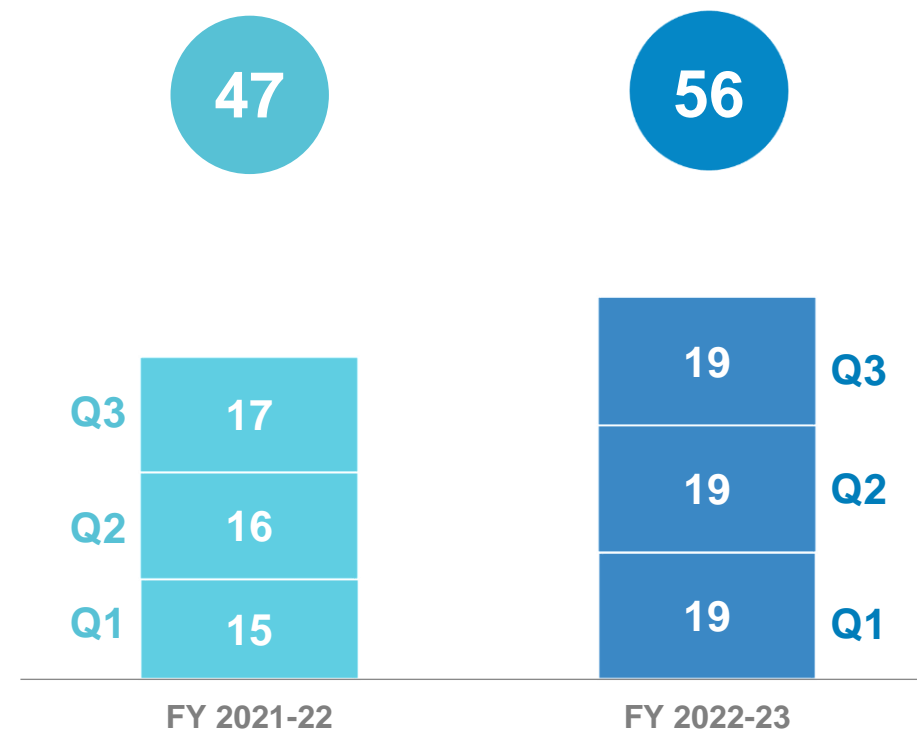
► **Q3 revenues of €19m, up 7.3% like-for-like<sup>1</sup>**

- Wholesale agreements with Orange, TIM, Hispasat and Swisscom
- Ramp-up of the African operations

► **Q3 revenues up 3.5% QoQ<sup>1</sup>**

► **Revenues expected broadly stable over Full Year**

- Growth to re-accelerate in FY 2023-24 on the back of entry into service of KONNECT VHTS



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

# MOBILE CONNECTIVITY

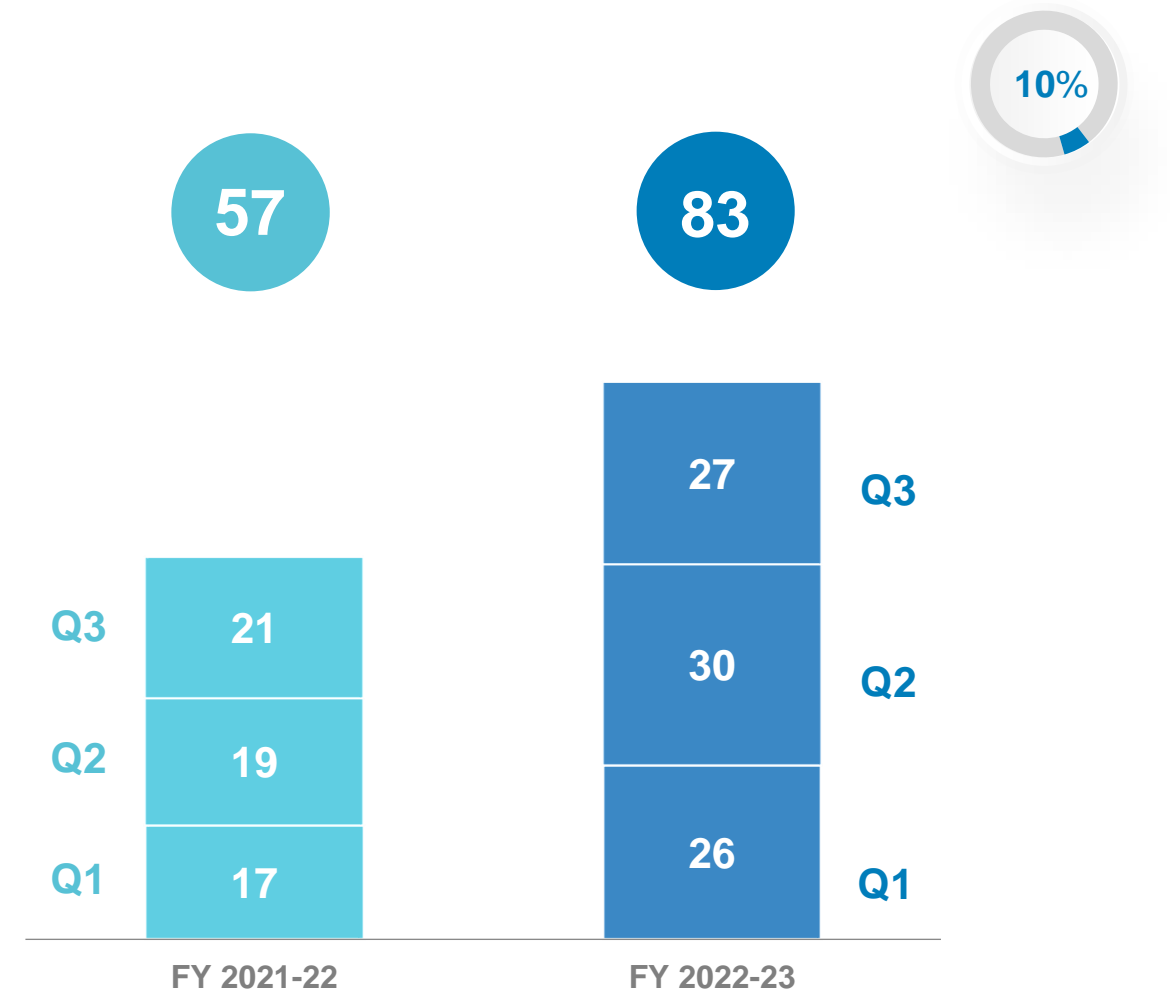
► **Q3 revenues of €27m, up 23.0% YoY like-for-like<sup>1</sup>**

- Ongoing positive momentum
- Strong growth in Maritime

► **Q3 revenues down 4.1% QoQ<sup>1</sup>**

- Reflecting timing of commercialization of the third beam on EUTELSAT QUANTUM booked in Q2 with retroactive effect from August 2022

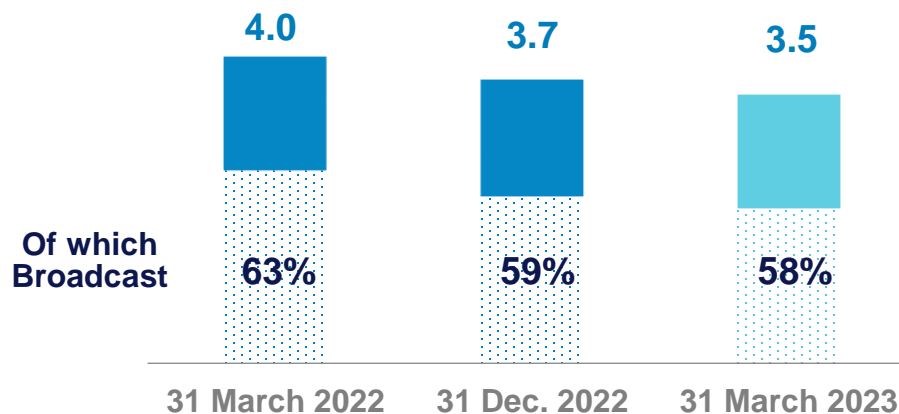
► **Positive dynamics to translate into double-digit growth for the Full Year, albeit at a lower level than First Nine Months**



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

# BACKLOG & FILL RATE

## BACKLOG (€BN)



- Natural erosion in the absence of major broadcast renewals this quarter
- Representing 3.1 years of revenues
- Broadcast accounting for 58% versus 63% a year ago

## OPERATIONAL & UTILIZED TRANSPONDERS

Fill rate

70.7%

70.2%

67.8%

1,358

1,359

1,352

961

955

916

Operational Transponders

Utilized Transponders

31 March 2022

31 Dec. 2022

31 March 2023

- Broadly stable operational TPE
- Utilized TPE down 45 units YoY
- Fill rate at 67.8% slightly down YoY, reflecting lower volumes in Broadcast and absence of major broadcast renewals this quarter

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

# AGENDA

1. Eutelsat in a snapshot
2. Key market trends
3. Combination with OneWeb
4. Q3 FY 23 performance\*
- 5. Strategy and Outlook**
6. Appendix

# STRONG PROGRESS ON THE TELECOM PIVOT

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











- ✓ **Reorganization along two business units** to enhance customer-centricity completed (project COMETE)
- ✓ Successful **ramp-up of Eutelsat Advance** managed services solutions
- ✓ **Substantial growth capacity** with high level of pre-commitments
- ✓ Access to **OneWeb** resources providing a unique GEO-LEO combination to expand addressable market
- ✓ Connectivity revenues now represent c. **30% of total Operating Verticals revenues**, versus c. 25% four years ago



Launch of HOTBIRD 13F, Cape Canaveral, Florida – 15 October 2023



# SUBSTANTIAL GROWTH CAPACITY TO PROGRESSIVELY SUPPORT TOPLINE

	INCREMENTAL CAPACITY	KEY MARKETS	ENTRY INTO SERVICE*	FIRM COMMITMENTS
 HOTBIRD 13G	EGNOS Payload	Government	Q2/Q3 2023	
 EUTELSAT 10B	~100 Ku spots c. 35 Gbps	Mobility EMEA/Atlantic & Indian Ocean	Q3 2023	 
 KONNECT VHTS	~230 Ka spots 500 Gbps	Connectivity Europe	H2 2023	  
EUTELSAT 36D	UHF Payload	Government	H2 2024	
FLEXSAT AMERICAS	More than 100 Gbps	Connectivity Americas	2026 (delivery)	



Successfully launched

# FINANCIAL OUTLOOK CONFIRMED



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

- ▶ Between €1,135 to €1,165m in FY 2022-23<sup>1</sup>
- ▶ Growth from FY 2023-24

## CASH CAPEX

- ▶ Not exceeding €400m<sup>2</sup> per annum for each of the next two fiscal years (FY 2022-23 / FY 2023-24)

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

- ▶ Average of €420m per year over the next two fiscal years (FY 23 / FY 24)<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

- ▶ Dividend suspended for next three years in the context of combination with OneWeb

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

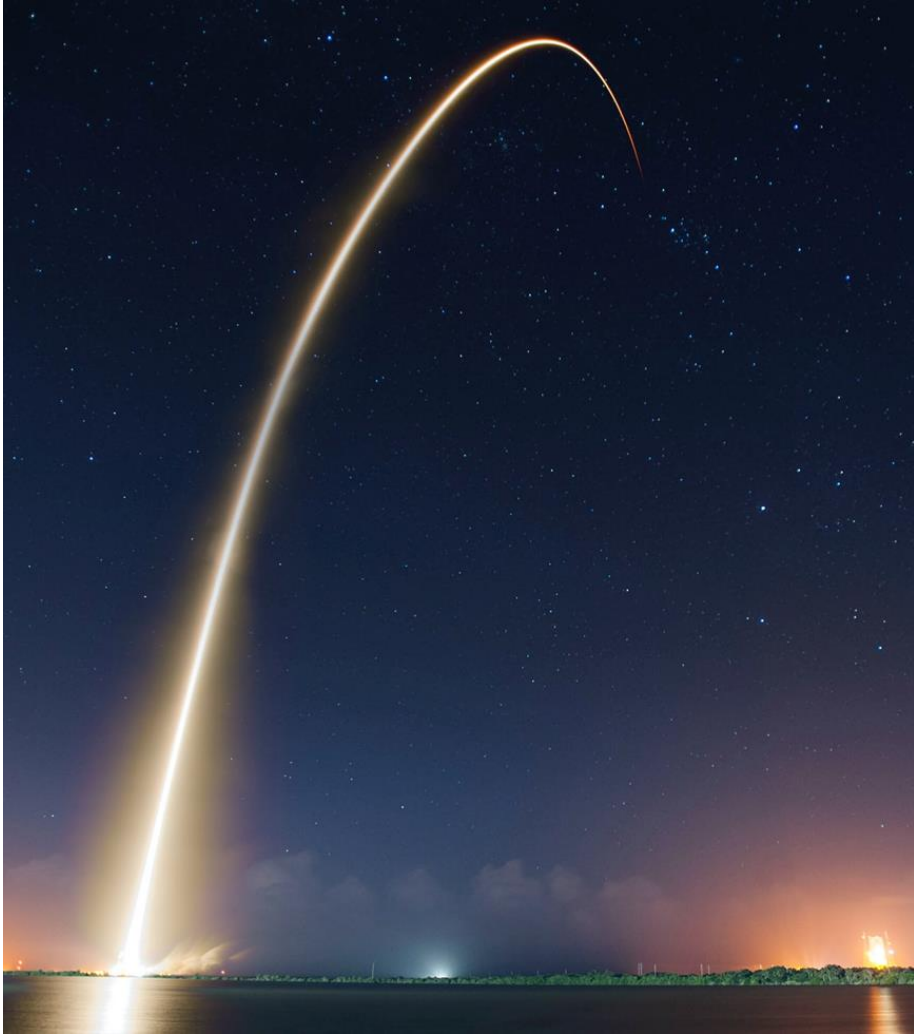
*It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.*

<sup>1</sup> Based on a €/€ rate assumption of 1.00 and current perimeter.

<sup>2</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>3</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.

# TO SUMMARIZE



- ✓ Successful execution of **cash generation** strategy with more than €2bn aggregated DFCF generated over 5 years, helping to fund Eutelsat's future
- ✓ \$125m related to Phase 1 of C-band received; \$382m remaining **C-Band proceeds** for Phase 2 to be received (before tax)
- ✓ **Industry-leading profitability** with continued financial discipline
- ✓ Tangible acceleration in **Fixed Broadband** and **Mobile Connectivity** ahead of future entry into service of significant incremental capacity with new satellites K-VHTS and E10B
- ✓ **Revenues set to grow** from FY 24 thanks to firm precommitments on upcoming capacity
- ✓ **Combination with OneWeb** to create the first combined **GEO/LEO** infrastructure, addressing a fast-growing global satellite **connectivity** market

# AGENDA

1. Eutelsat in a snapshot
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4. Q3 FY 23 performance\*
5. Strategy and Outlook
- 6. Appendix**

# 6. APPENDIX

## 6.1 H1 2022-23 Financials

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## 6.2 Telecom Pivot

---

## 6.3 OneWeb combination: Outlook & Financials

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## 6.4 Recent launches success

# FINANCIAL STRUCTURE

## ► Net Debt/EBITDA ratio of 3.55x

- Versus 3.53x as of 31 December 2021 and 3.27x at end June 2022

## ► Average cost of debt after hedging of 2.67%

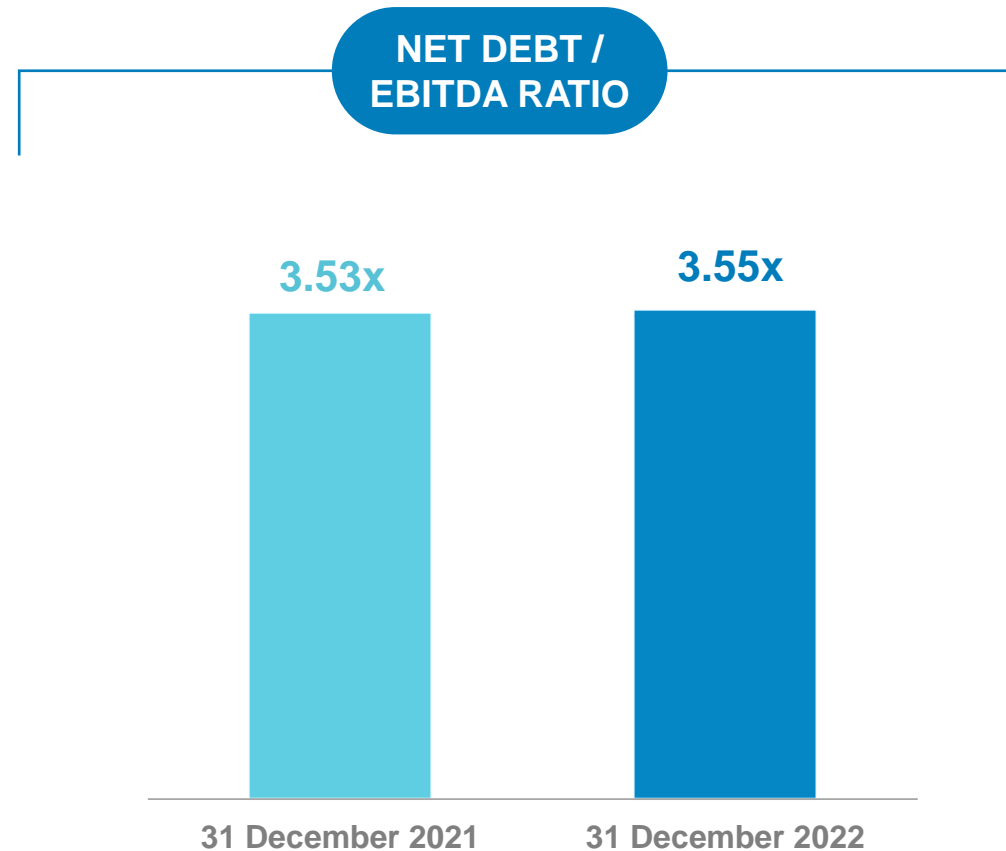
- Versus 2.5% in H1 FY 22

## ► Average weighted maturity of 4.1 years

- Versus 4.5 y at 31 Dec 2021

## ► Strong liquidity

- Cash and undrawn credit lines of c. €1.3bn



# NET INCOME

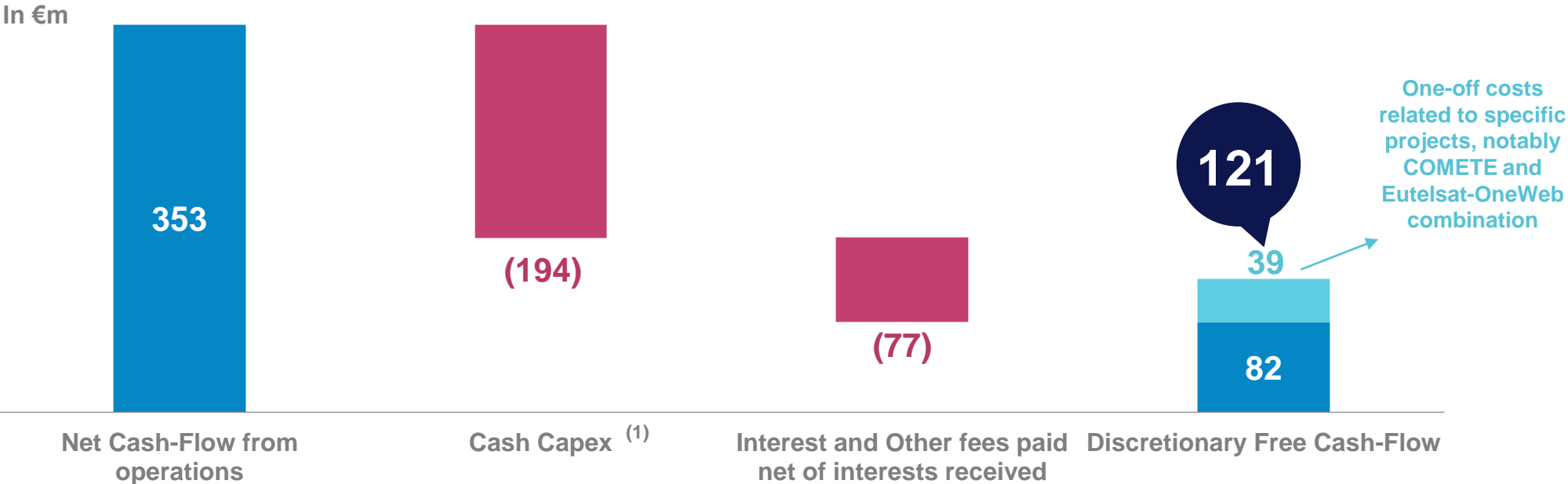
Extracts from the consolidated income statement in €m	H1 2021-22	H1 2022-23	CHANGE
Revenues	572	574	+0.3%
EBITDA <sup>1</sup>	436	419	-3.8%
Operating income	276	151	-45.3%
Financial result	(35)	(56)	-62.1%
Income tax	(57)	(1)	-98.6%
Group share of net income	166	52	-68.7%

- ▶ Lower D&A due to lower in-orbit and on-ground depreciation
- ▶ Other operating expenses vs. operating income last year, with the \$125m payment related to Phase I of C-Band proceeds received at end-December 2021
- ▶ Unfavorable evolution of FX gains and losses
- ▶ Tax rate of 1% vs 24% last year due to a lower French tax rate as well as the benefits of the specific French Satellite tax regime
- ▶ -€39m income from associates reflecting OneWeb
- ▶ Net margin of 9% versus 29% last year

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



# ADJUSTED DISCRETIONARY FREE CASH-FLOW



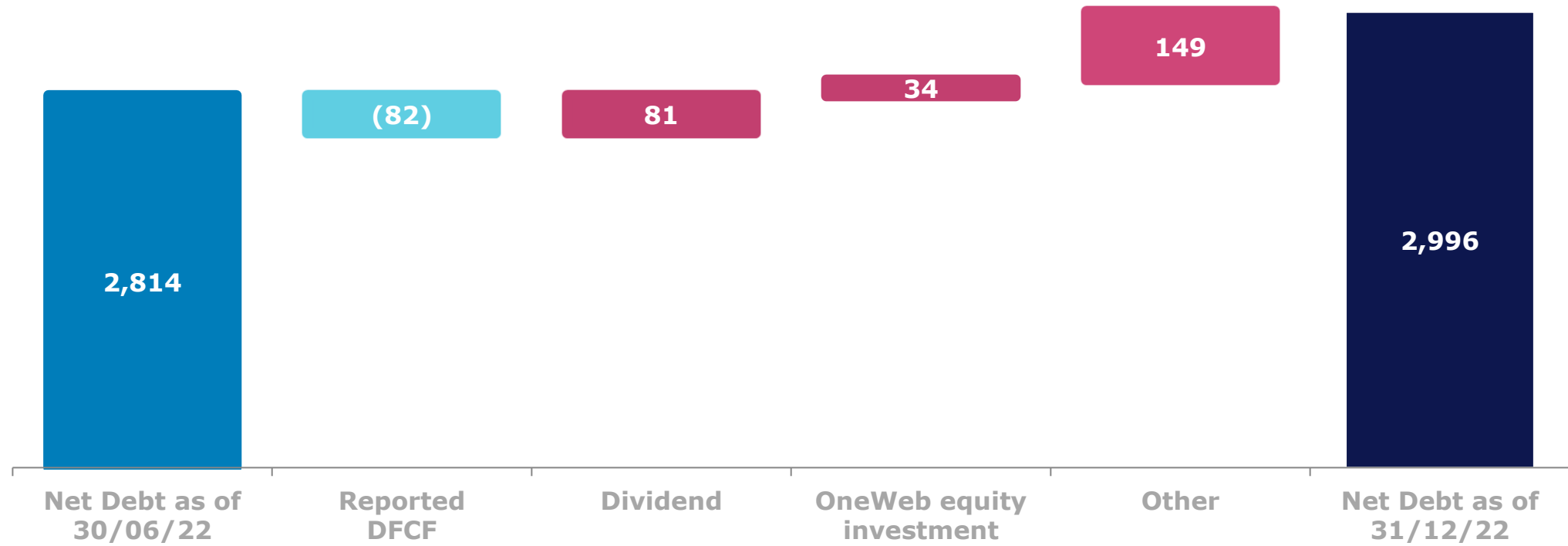
Change as per financial objectives (111)

Reported change (10) (96) (7) (113)

<sup>1</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

In €m



# FINANCIAL STRUCTURE

## ► Net Debt/EBITDA ratio of 3.55x

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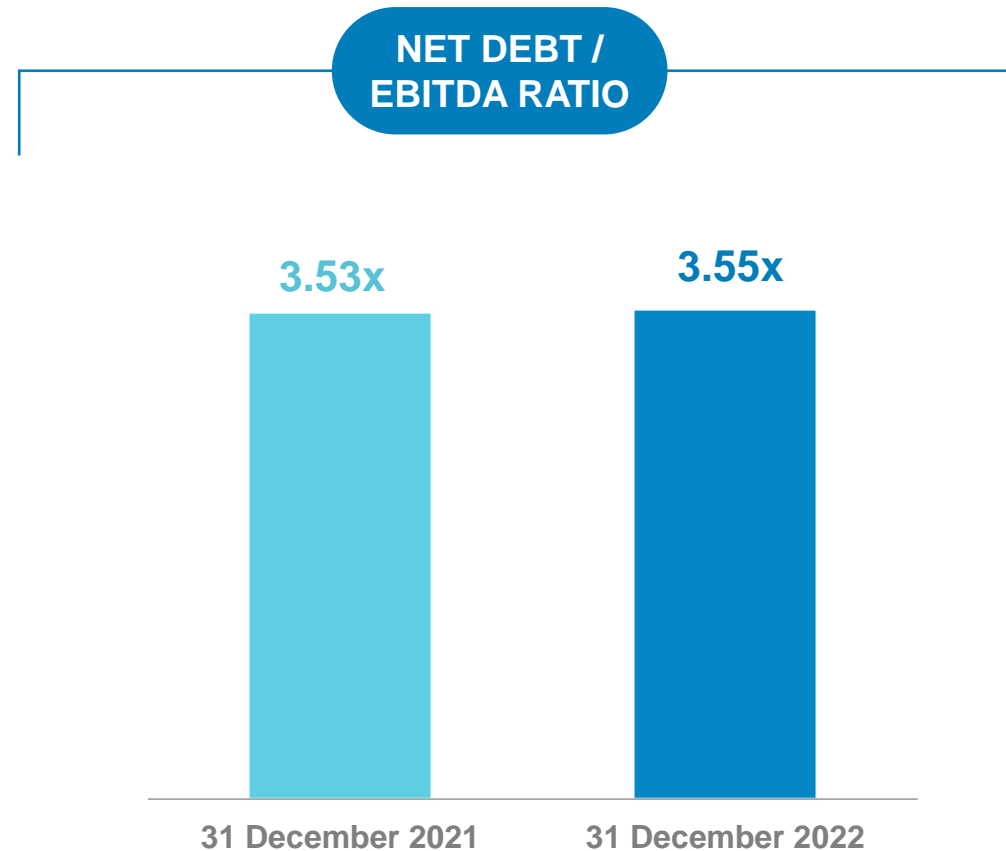
- Versus 2.5% in H1 FY 22

## ► Average weighted maturity of 4.1 years

- Versus 4.5 y at 31 Dec 2021

## ► Strong liquidity

- Cash and undrawn credit lines of c. €1.3bn



# 6. APPENDIX

6.1 H1 2022-23 Financials

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**6.2 Telecom Pivot**

---

6.3 OneWeb combination: Outlook & Financials

---

6.4 Recent launches success

# REORGANISATION ALONG TWO BUSINESS UNITS

Enhancing customer-centricity, gaining efficiency and fostering return to growth

## CONTEXT

- ▶ We are exposed to **2 different markets** with distinct customers
  - **Video** which is mature and highly cash-generative
  - **Connectivity** where enhanced technology unlocks considerable opportunities
- ▶ Customers in these 2 markets have **distinctive expectations**
- ▶ They need to be **addressed separately**

## NEW ORGANISATION AND TIMING

- ▶ Creation of **two Business Units** in charge of all customer-related aspects responsible for their own P&L
  - Video
  - Connectivity
  - Each BU to integrate sales and support for customer services
- ▶ New organisation expected to be in place **early in CY 23**

## EXPECTED BENEFITS

- ▶ Improved **customer-centricity** and focus on customer satisfaction
- ▶ **Differentiated** sales / marketing strategies per each sub-segment
- ▶ Increased **collaboration** between teams involved in the same processes
- ▶ Optimized **efficiency** in the use of the resources of the company

# 'EUTELSAT ADVANCE' TO ADDRESS CONNECTIVITY VERTICALS

## Innovative end-to-end managed services



### GLOBAL ECOSYSTEM OF SERVICES

- Global network that seamlessly integrates multiple Ku/Ka capacity
- Common ecosystem enabling asset mutualization and resources optimization
- Flexible service catalog tailored for each market



### ADVANCED TECHNOLOGIES & TOOLS

- Integrated state-of-the-art cloud-based platform
- Intelligent band allocation & analytics
- Network management & monitoring tools providing advanced customer experience



### SEAMLESS USER EXPERIENCE & SUPPORT

- Dynamic interfaces
- Self management of services
- 24 / 7 / 365 customer support
- Highly-reliable hosting & Teleport Services



### FLEXIBLE PARTNERSHIP WITH NO BARRIERS to ENTRY

- Dynamic allocation of supply & demand
- Scaling up & down of bandwidth
- Reducing time to market
- Open ecosystem of partners

**Leveraging existing capabilities at limited incremental cost to create a powerful platform enabling optimization of existing and future GEO/LEO resources**

# 6. APPENDIX

6.1 H1 2022-23 Financials

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6.2 Telecom Pivot

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**6.3 OneWeb combination: Outlook & Financials**

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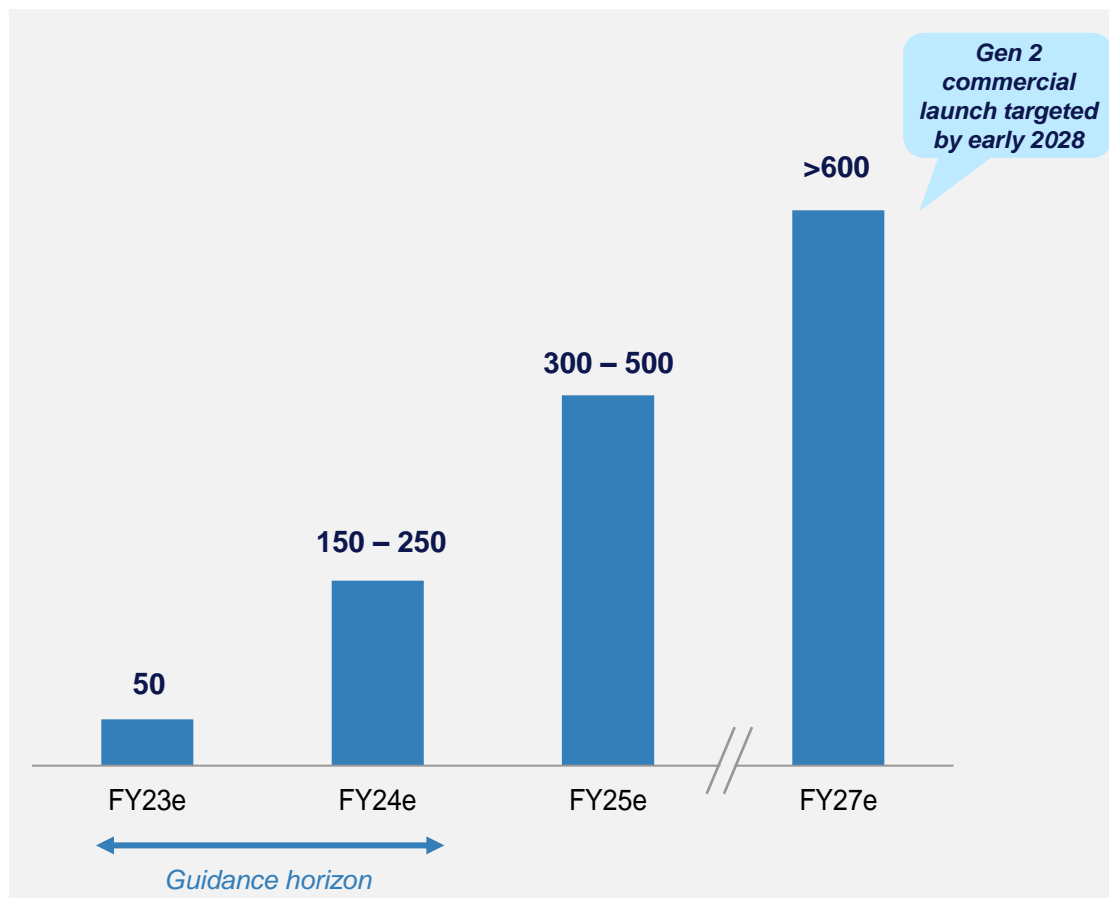
6.4 Recent launches success



# OVERVIEW OF ONEWEB REVENUE PROSPECTS



## OneWeb standalone revenue prospects before synergies (€m)



## Key enablers

### Coverage

50° N Latitude now  
Global during FY24  
On track for >35° N  
coverage by May 23

### Sellable Capacity

450 Gbps now  
1.3 Tbps during FY24

### Distribution Partners

c. 50 distribution partners

### Verticals

Fixed segment now  
Aviation, Maritime, and  
Government during FY24

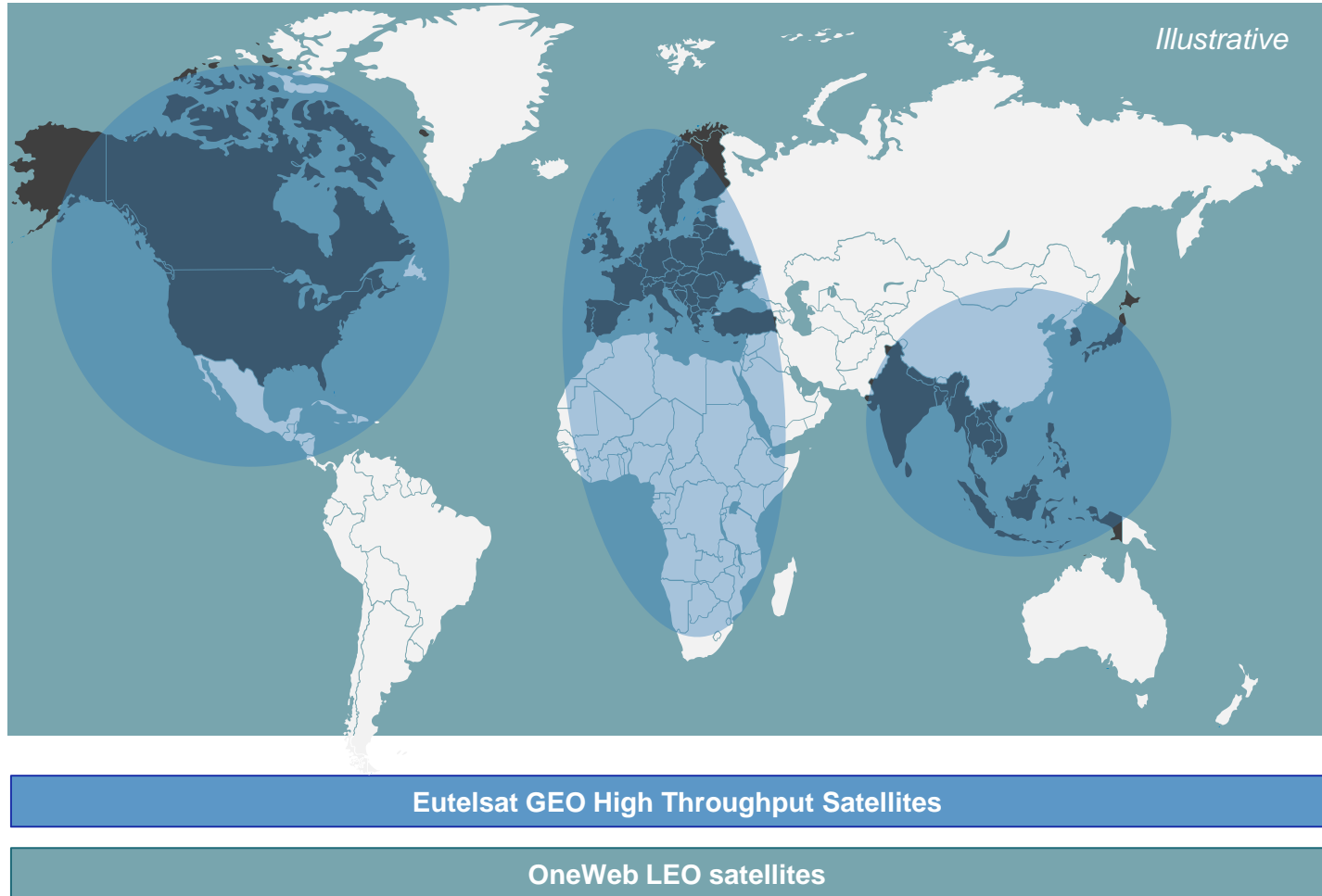
### User Terminals


2 models now  
more than 12 models  
during FY24

### Revenue Ramp-Up

Strong pipeline of \$3.4bn  
>\$900m<sup>1</sup> orders confirmed

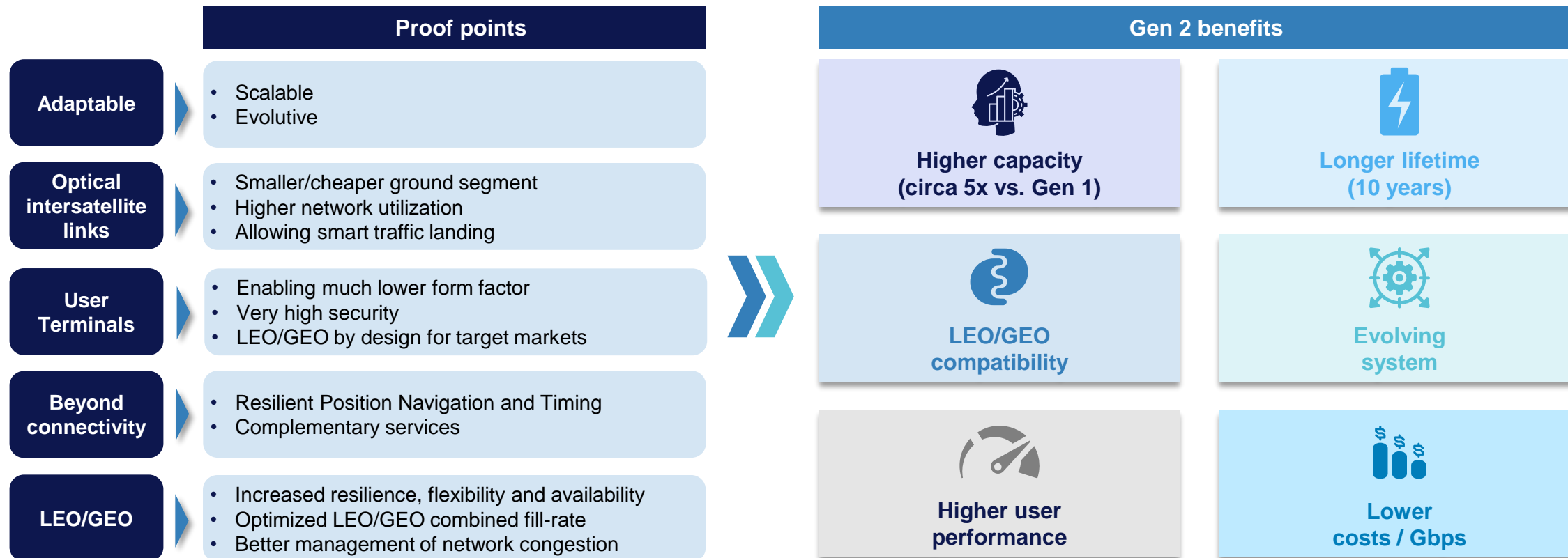
# CAPEX SAVINGS FROM RIGHT-SIZING OF GEN 2 CONSTELLATION









## CAPEX OPTIMIZATION POTENTIAL

- ▶ High volumes of connectivity demand concentrated in **specific geographical areas**
- ▶ On a stand-alone basis, LEO constellations able to accommodate such local demand peaks only at the **cost of deploying significant capacity on a global scale**
- ▶ **GEO satellites fit to complement LEO with targeted capacity over high-demand areas: ~70% of the internet traffic coming from video, well suited for GEO (mostly forward and not latency-sensitive)**
- ▶ Hybridization of networks enabling a downscaling of the LEO constellation: **optimized LEO/GEO combination enabling higher fill-rates**

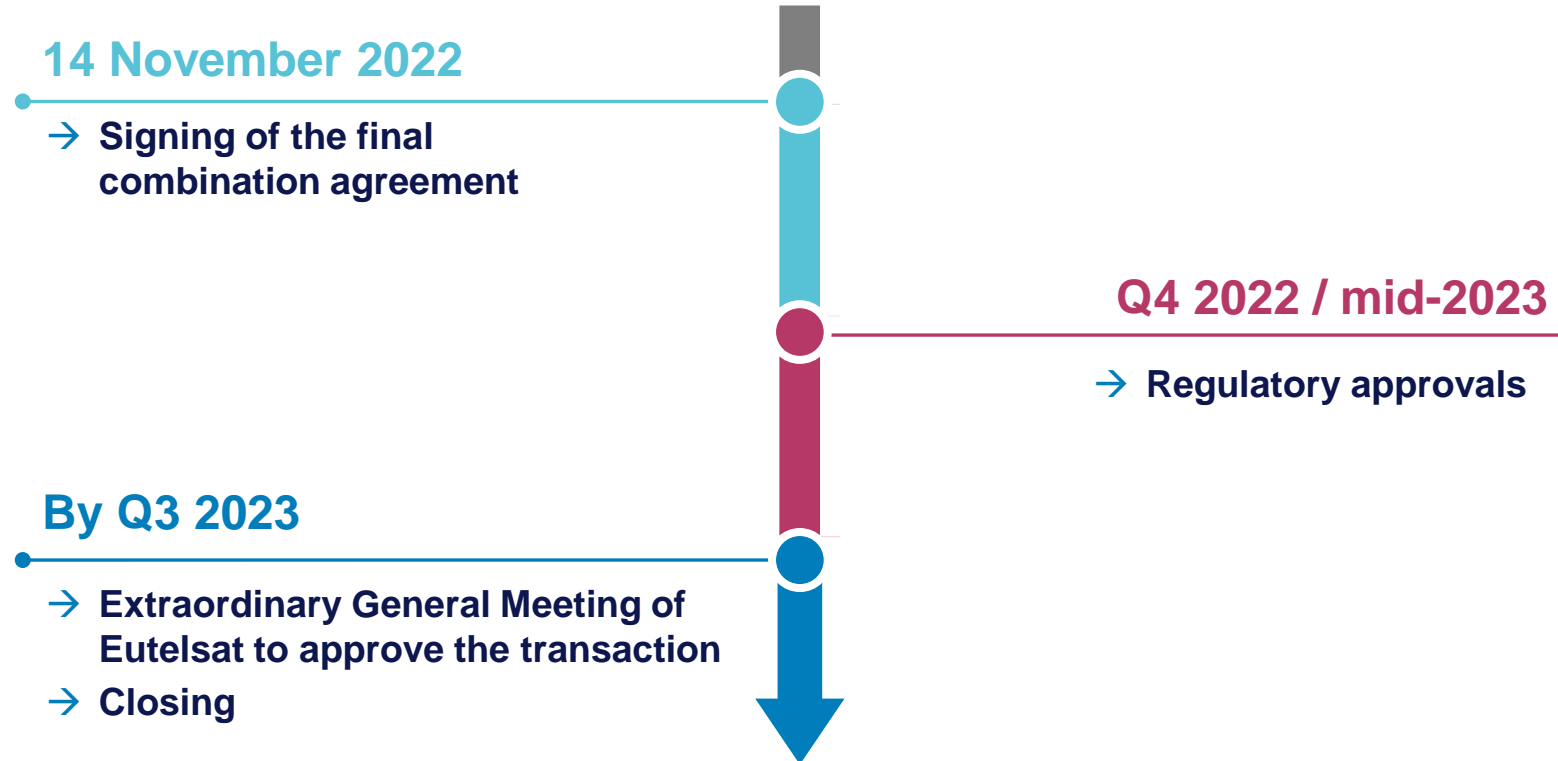


**Gen 2 will open new market opportunities following its targeted commercial launch by early 2028**

# DEMAND GROWTH CONTINUING BEYOND 2030

	VERTICAL	CURRENT USE CASES	EMERGING FUTURE APPLICATIONS
B2B	 <b>FIXED DATA</b>	<ul style="list-style-type: none"> <li>▶ <b>Mobile backhaul</b>: up to ~35% of sites still in 2G/3G in 2030, leaving potential x10 increase in capacity per site</li> <li>▶ <b>Corporate networks</b>: continued rise of <b>cloud connectivity</b>, increasing number of sites and consumption per site</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Digital Twin of remote industrial sites</b> (e.g., mining, O&amp;G) requiring large number of connected devices</li> </ul>
	 <b>GOVERNMENT</b>	<ul style="list-style-type: none"> <li>▶ <b>Governmental SATCOM</b>: demand increase driven by the introduction of <b>next-generation platforms</b> across air/land/sea and by the need of <b>resilience of critical infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Autonomous vehicles</b> to represent a growing share of military assets</li> <li>▶ <b>Full-spectrum global combat clouds</b> expected to deploy in French Army staff by ~2040</li> </ul>
	 <b>MOBILITY</b>	<ul style="list-style-type: none"> <li>▶ <b>In-Flight Connectivity</b>: up to ~40% of commercial aircraft not yet equipped with IFC in 2030</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Data-intensive innovations for aerial mobility</b> (e.g., TBO<sup>1</sup>, Single Pilot Operations) to gain traction after 2030<sup>i</sup></li> <li>▶ <b>Maritime Autonomous Surface Ships</b></li> </ul>
B2C	 <b>CONSUMER BROADBAND</b>	<ul style="list-style-type: none"> <li>▶ <b>Satellite internet penetration</b>: &lt;0.5% of global households equipped in 2030</li> </ul>	<ul style="list-style-type: none"> <li>▶ Bandwidth from <b>metaverses</b> such as Meta's Horizon Worlds to increase by 2030<sup>ii</sup></li> </ul>

# LOOKING AHEAD: UPDATE ON THE COMBINATION



- ▶ Regulatory approval workstream progressing according to plan (No EU referral considered, FR and US still ongoing)
- ▶ Closing of the transaction expected by Q3 2023, conditional upon:
  - Customary regulatory approvals
  - Eutelsat EGM approval

# 6. APPENDIX

6.1 H1 2022-23 financials

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6.2 Telecom Pivot

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6.3 OneWeb combination Outlook & Financials

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**6.4 Recent launches success**

# LAUNCH OF EUTELSAT KONNECT VHTS

Kourou, French Guiana, 7 September 2022





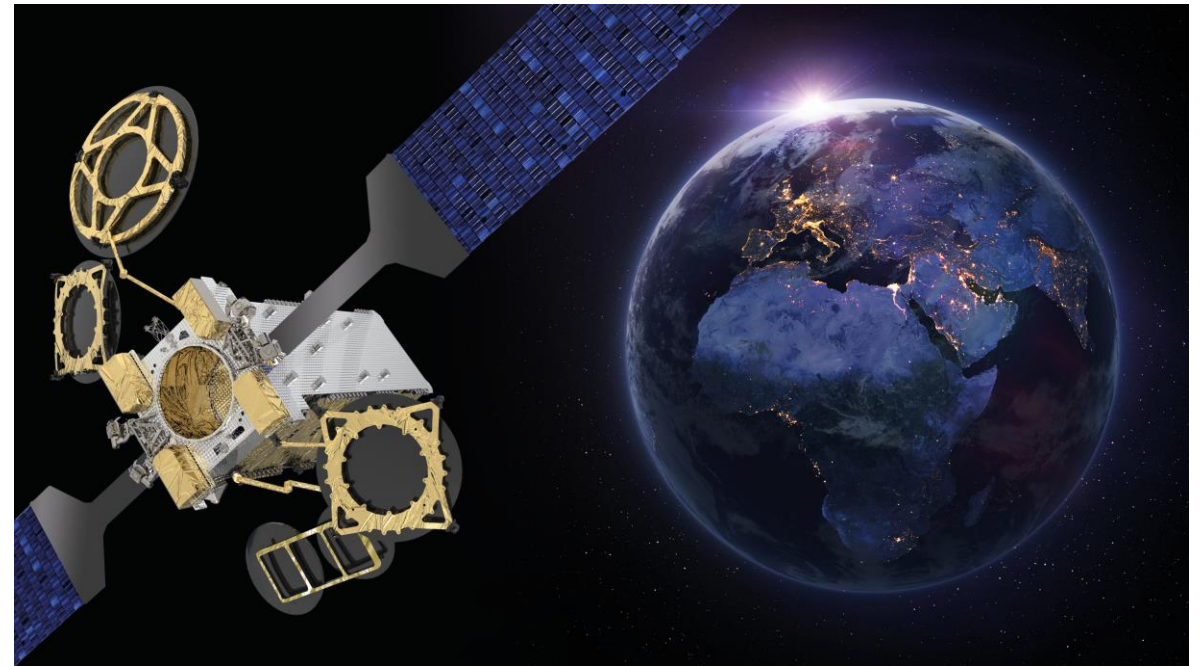
# LAUNCH OF EUTELSAT HOTBIRD 13F & HOTBIRD 13G

Cape Canaveral, Florida – 15 October (HOTBIRD 13F) & 3 November 2022 (HOTBIRD 13G)



# LAUNCH OF E10B

Cape Canaveral, Florida – 22 November 2022



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Such information is sometimes identified by the use of the future tense, the conditional mode and forward-looking terms such as "estimates," "targets," "projections" "forecasts," "intends," "should," "has the ambition to," "considers," "believes," "could", "aim", "may", "project", "will", "likely", "would" and other similar words or expressions or the negative thereof. Such forward looking statements (including synergies) are unaudited and for illustrative purposes only and are based on management's reasonable assumptions and adjustments, and current available information. Such projections and forward-looking statements involve risks, and uncertainties, many of which are not within Eutelsat Communications' or OneWeb's control, including but not limited to those described in the documents filed by Eutelsat Communications with the Autorité des marchés financiers. Actual future results may differ materially from those projected or forecast in the forward-looking statements, in particular due to the uncertainties as to whether the synergies and value creation from the proposed combination will be realized in the expected time frame, the risk that the businesses will not be successfully integrated, the possibility that the proposed combination will not receive the necessary approvals, that the anticipated timing of such approvals will be delayed or will require actions that will adversely affect the anticipated benefits of the proposed combination, and the possibility that the proposed combination will not be completed.

Unless otherwise stated, the financial information relating to OneWeb set out in pages 19, 23, 28 and 53 of this document is provided on an unaudited basis and based on OneWeb management's reasonable assumptions and adjustments. OneWeb's standalone EBITDA and revenue prospects on slides 53 and 54 reflect Eutelsat's expectations before synergies. Such financial information is presented as at the date of this document and does not purport to represent what OneWeb 's financial results will be on an audited basis or in any future periods."

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