

FULL YEAR 2015-16 RESULTS

July 29, 2016

Key data

REVENUES

- ▶ Revenues of €1,529m, up 3.6%
- ▶ + 0.2% at constant currency

EBITDA

- ▶ EBITDA of €1,165m
- ▶ EBITDA margin of 76.2%

NET INCOME

- ▶ Group share of net income at €348m
- ▶ Net margin of 23%

FINANCIAL POSITION

- ▶ Discretionary Free-cash-flow¹: €247m
- ▶ Net Debt / EBITDA ratio of 3.4x

DIVIDEND

- ▶ Proposed dividend of €1.10; cash-only
- ▶ Payout Ratio of 73%

FY 2015-16 highlights

- ▶ **Successful launch of five new satellites: EUTELSAT 8 West B , EUTELSAT 36C, EUTELSAT 9B, EUTELSAT 65 West A and EUTELSAT 117 West B**

- ▶ **Video: Channel line-up exceeding 6,000, HD channels up 26%, launch of first commercial UHD channels on our fleet**

- ▶ **Implementation of initiatives to address the African Broadband market**

- ▶ **Successful €500m bond issue at 1.125% coupon to refinance March 2017 bond**

- ▶ **Portfolio optimization with notably the exercise of put option to cede 34% of Hispasat, and the disposal of Alterna'TV**

Agenda

1

Recent highlights

2

Operational performance

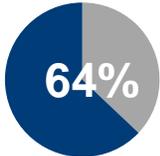
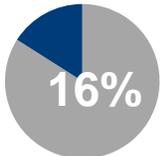
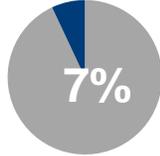
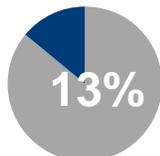
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Financial performance

4

Outlook

FY 16 Revenues: €1,529m, +3.6% reported, +0.2% like-for-like¹

	REVENUE CONTRIBUTION ²	REVENUES ³ (€m)	CHANGE (%)	
			LIKE-FOR-LIKE	REPORTED
Video		944	+2.3%	+3.4%
Data Services		230	-6.1%	+1.5%
Value-Added Services		108	+4.8%	+5.2%
Government Services		200	-7.5%	+1.7%

¹ At constant currency and perimeter and excluding non-recurring revenues.

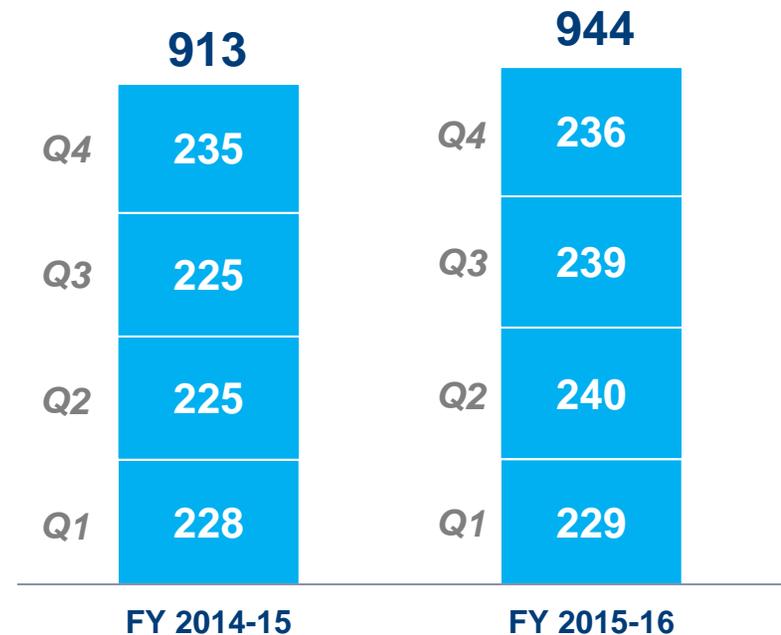
² The share of each application as a percentage of total revenues is calculated excluding "Other revenues" and "Non-recurring revenues".

³ Total revenues of €1,529m also include Other revenues of €48m.

Video

- ▶ **FY 16 Revenues of €944m, up 2.3% like-for-like¹**
- ▶ **Sustained growth in MENA and SSA**
 - Entry into service of EUTELSAT 8 West B in October and EUTELSAT 36C mid-February
 - Growth at 7° East (Middle East and Africa) and 16° East (SSA and Central Europe)
- ▶ **Higher revenues at Fransat**
- ▶ **Lower revenues at HOT BIRD and for Professional Video**
- ▶ **6,342 channels at end-June 2016**
 - +9.5% y-o-y
 - Increased HD penetration at 13.6%

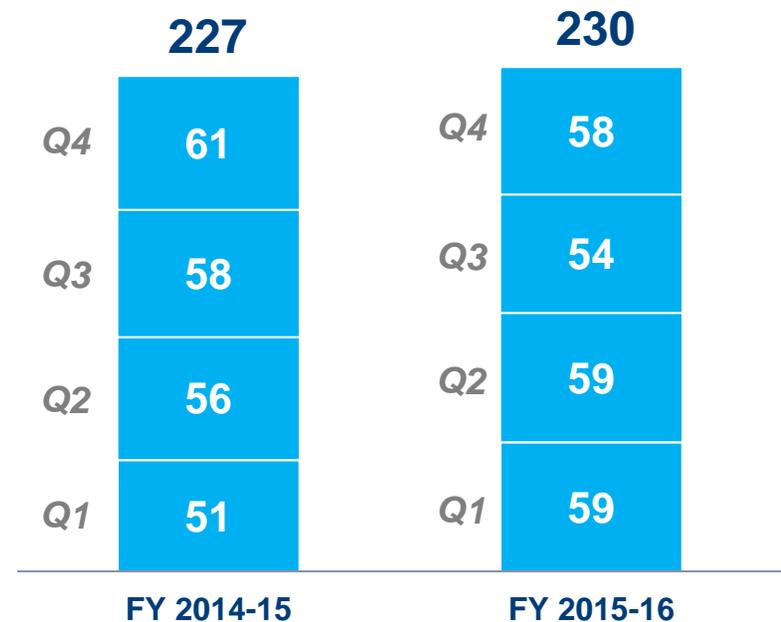
REVENUES (€M)



Data Services

- ▶ **FY 16 Revenues of €230m, down 6.1% y-o-y at like-for-like¹**
- ▶ **Broadly stable revenues excluding**
 - End of contract for Ka-band on EUTELSAT 3B in December
 - Reclassification of revenues to Government Services
- ▶ **Higher volumes in the Americas**
 - Ramp-up of EUTELSAT 115 West B
 - Entry into service of the fully sold Ka-band payload on EUTELSAT 65 West A in May
- ▶ **Highly competitive environment in all geographies**

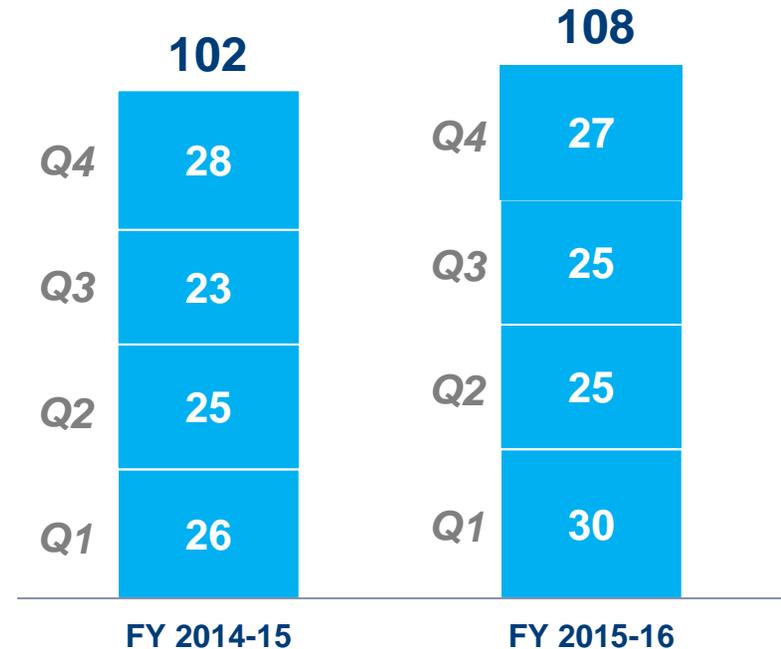
REVENUES (€M)



Value-Added Services

- ▶ **FY 16 Revenues of €108m, up 4.8% y-o-y like-for-like¹**
- ▶ **181,000 terminals activated on KA-SAT at 30 June 2016**
 - Continued high loading of some beams in France and the UK
 - Rationalization of customer base by certain distributors
- ▶ **ARPU and revenue trends on KA-SAT remain well oriented**
 - Proactive yield management
 - Solid performance of B2B
- ▶ **Positive seasonal effect of the maritime activity in Q4**

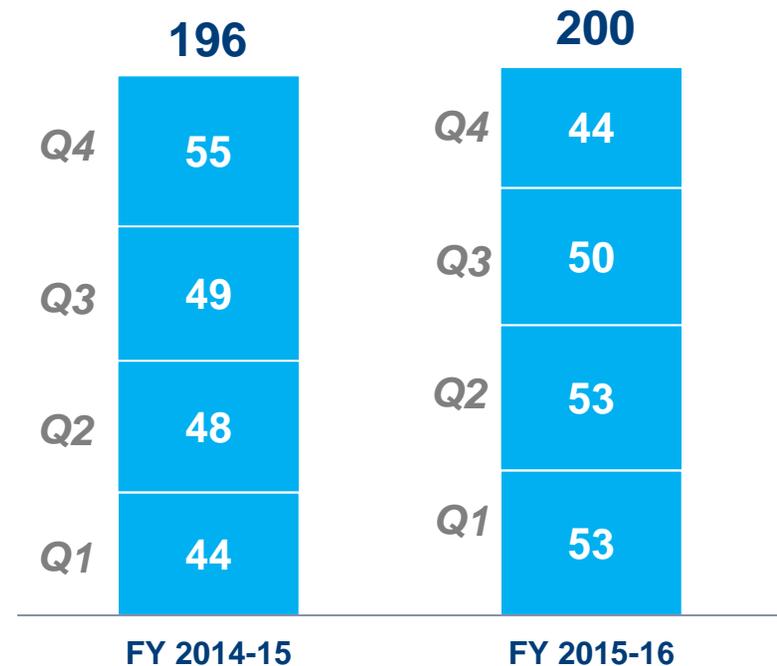
REVENUES (€M)



Government Services

- ▶ **FY 16 Revenues of €200m, down 7.5% y-o-y like-for-like¹**
 - Down c. 12% excluding impact of reclassifications from Data Services
- ▶ **Early termination of a contract with a distributor in Q1**
- ▶ **Impact of lower renewals with US DoD**
 - Renewal rate of around 65%, for February-March 2016 round
 - Significant downward pricing reset
- ▶ **Re-compete of task orders placed five years ago now mostly completed**

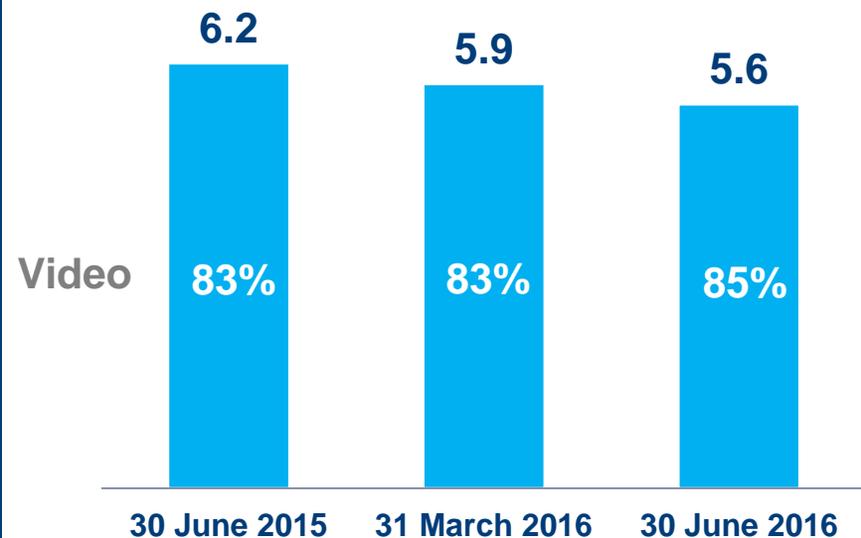
REVENUES (€M)



Backlog

- ▶ **Backlog of €5.6bn, down 9.5% y-o-y**
 - 3.7 years of revenues
- ▶ **Main contracts signed this year ...**
 - Multi-year renewal of capacity at 36° East with Russian customers
 - New contracts including notably EAS fleet and 7/8° West position
 - EBU contract at several orbital positions
- ▶ **...were offset by backlog consumption...**
- ▶ **... and two early terminations in H1**
- ▶ **Video accounting for 85%**

BACKLOG (€BN)



Fill rate

▶ Operational transponders up by 43 Q-o-Q

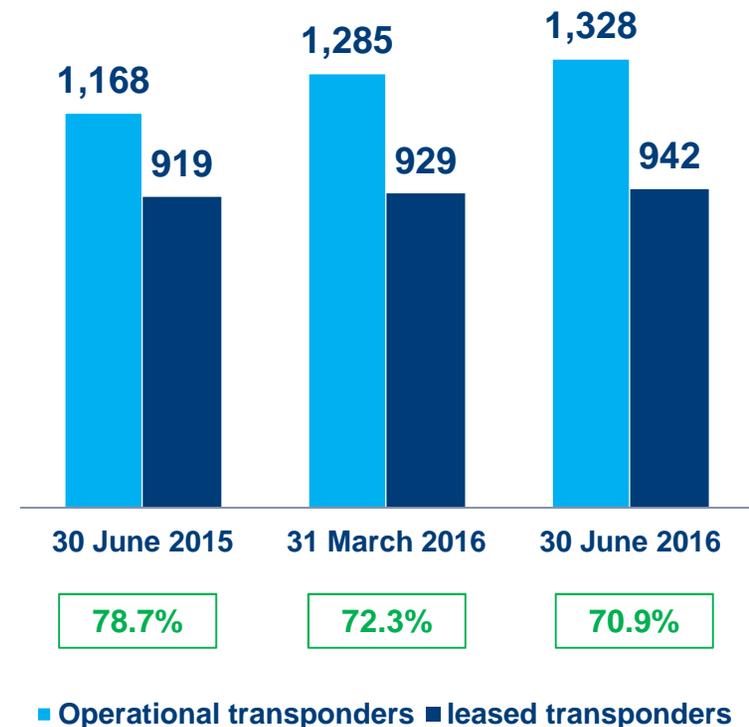
- Entry into service of EUTELSAT 65 West A in May

▶ Leased transponders up by 13 Q-o-Q

- Expansion of capacity contracted by EBU for Professional Video
- Ramp-up of capacity on EUTELSAT 8WB
- Ramp-up of EAS fleet

▶ Fill rate of 70.9% reflecting new capacity

OPERATIONAL AND LEASED TRANSPONDERS



Based on 36 MHz-equivalent transponders (TPE), excluding HTS capacity (KA-SAT 82 spot-beams, EUTELSAT 3B's 5 Ka-band spot beams and EUTELSAT 65 West A 24 spotbeams)

Agenda

1

Recent highlights

2

Operational performance

3

Financial performance

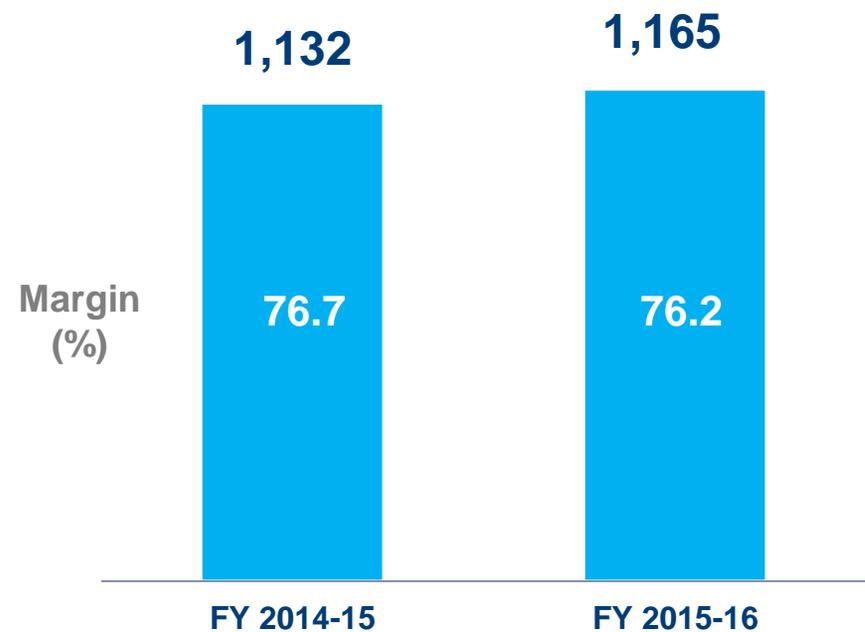
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Outlook

Profitability

- ▶ **EBITDA up 2.9%**
- ▶ **EBITDA margin of 76.2%**
 - Versus 76.7% last year
- ▶ **Higher level of bad debt**
 - Termination of contract for Ka-band payload of EUTELSAT 3B in December 2015

EBITDA (€M)

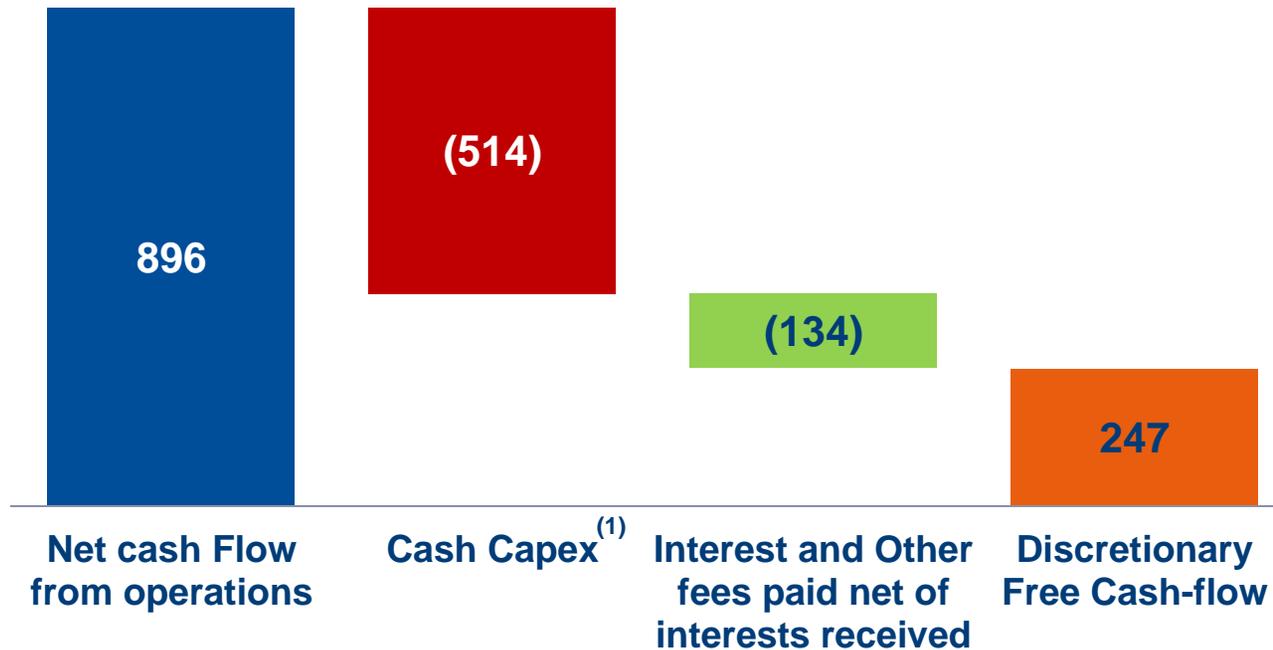


Net income of €348m, net margin of 23%

<i>Extracts from the consolidated income statement in €m¹</i>	FY 2014-15	FY 2015-16	Var.	
Revenues	1,476	1,529	+ 3.6%	▶ Positive currency impact of 3.5 points
EBITDA ²	1,132	1,165	+ 2.9%	▶ Higher expenses related to the kick-off of African Broadband project
Operating income	662	662	+0.1%	▶ Increase in D&A following OSD of ETL 8WB, ETL 115WB, ETL 36C, ETL 9B and ETL 65WA
Financial result	(116)	(123)	+6.1%	▶ Positive impact of term loan refinancing ▶ Unfavourable variation in Forex impact
Income tax	(194)	(200)	+2.9%	▶ Tax rate of 37.1% ▶ Lower tax loss carry-forwards than last year
Income from associates	19	24	+25.1%	▶ Higher contribution of Hispasat
Group share of net income	355	348	-1.9%	▶ Net margin of 22.8%

Discretionary Free-Cash Flow

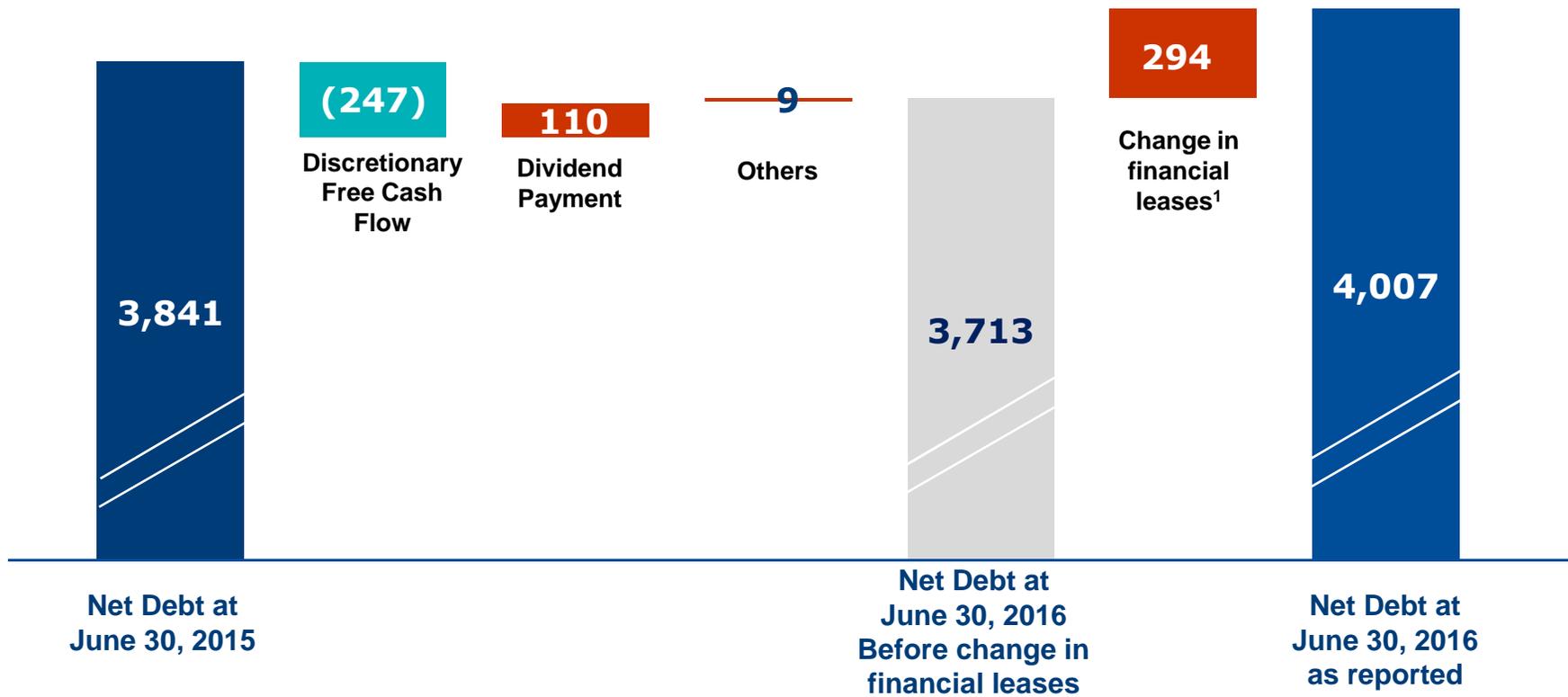
In €m



(1) Cash Capex includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity. Cash Capex for FY 2015-16 includes the value of the payment owed in FY 2015-16 to RSCC in respect of lease of EUTELSAT 36C (€95.2 million) which remains blocked due to the ongoing Yukos legal proceeding.

Net debt

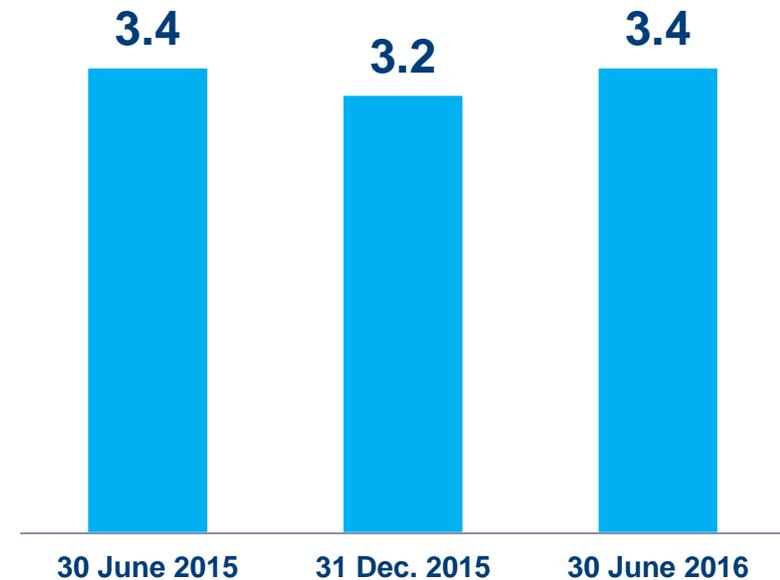
In €m



Financial structure

- ▶ **Successful €500m bond issue in June to refinance March 2017 bond**
- ▶ **Swap-lock in anticipation of the January 2019 bond maturity**
- ▶ **Average cost of debt after hedging reduced to 3.5%**
- ▶ **Average weighted maturity extended to 3.4 years**
- ▶ **Strong liquidity**
 - Cash of €304m on top of the €850m to redeem March 2017 Bond at maturity
 - €650m revolving lines of credit available

NET DEBT / EBITDA RATIO¹



¹Based on net debt at the end of the period and last twelve months' EBITDA

Agenda

1

Recent highlights

2

Operational performance

3

Financial performance

4

Outlook

Changing dynamics in our core businesses

VIDEO: MODEST DEMAND GROWTH	DATA SERVICES: STRUCTURALLY CHALLENGED	GOVERNMENT SERVICES: POCKETS OF OPPORTUNITY
<ul style="list-style-type: none"> ▶ Sustained growth in emerging markets <ul style="list-style-type: none"> • Robust channel growth • Increasing HD penetration • MENA and SSA leading growth • Prices well-oriented ▶ Broad stability in Europe <ul style="list-style-type: none"> • Broadly stable channel count • HD and UHD ramp-up • Improving encoding and compression 	<ul style="list-style-type: none"> ▶ Global demand driven by increasing connectivity needs ▶ Large HTS systems adding to existing overcapacity ▶ Ongoing severe pricing pressure ▶ More stickiness in certain segments 	<ul style="list-style-type: none"> ▶ US DoD demand stabilizing, albeit at lower prices ▶ Slower migration to HTS than Data Services ▶ Opportunities in Europe, Asia and MENA and in non-military
 <p>Low single digit growth</p>	 <p>Low single digit decline</p>	 <p>Broad stability</p>

Longer-term potential in Video and Connectivity

VIDEO

- ▶ **Satellite and IPTV set to dominate global video distribution in the longer term**
- ▶ **Opportunity to enhance satellite value proposition by offering IP-like viewer experience**
- ▶ **Outsourcing of services by broadcasters will create additional sources of demand**

FIXED AND MOBILE CONNECTIVITY

- ▶ **Nascent markets with huge potential**
- ▶ **Massive growth in bandwidth usage per consumer**
- ▶ **Medium-term potential in Aero**
- ▶ **Long-term potential in land mobility**
- ▶ **VHTS and VVHTS satellites are pre-requisites in terms of volume and pricing for mass-market adoption**

Adapting strategy to new market conditions

STEP 1

GROW CASH-FLOW

2017-19



**Maximize
free-cash-flow generation
of existing businesses**

Financial and
operational
measures

Optimizing
revenues in the
core businesses

STEP 2

GROW TOPLINE

2019-2025+



**Build on our core
video business
to accelerate growth**



**Capture longer
term potential
in Connectivity**

Maximize free-cash-flow : Financial and operational measures



CAPEX REDUCTION	OPTIMIZATION OF COST OF DEBT	OTHER MEASURES
<ul style="list-style-type: none"> ▶ Implement 'design to cost' approach ▶ Ground capex under strict control ▶ Capture hosted payload and "condosats" opportunities ▶ Capitalize on industry-wide efficiency improvements 	<ul style="list-style-type: none"> ▶ €500m bond issue at 1.125% coupon <ul style="list-style-type: none"> • Refinancing of €850m March 2017 Bond (4.125% coupon) ▶ Swap-lock ahead of 2019 €800m bond (5.0% coupon) <ul style="list-style-type: none"> • Locked at c. 145 bps, (-90 bps) 	<ul style="list-style-type: none"> ▶ OPEX under review to protect EBITDA ▶ Streamlining the organization ▶ Optimizing the asset portfolio <ul style="list-style-type: none"> • Entry of Inframed into African Broadband project • Disposal of Alterna'TV • Initiation of disposal of Hispasat stake
<p>Average annual cash Capex reduced by €80m</p>	<p>Annual savings of c.€30m from 2017, c.€50m from 2019</p>	

Maximize free-cash-flow: Optimizing revenues in each core business



Core businesses

Video

- ▶ Enhancing hotspot value generation
- ▶ Targeting growth in emerging markets
- ▶ Developing satellite value proposition versus IPTV

Data Services

- ▶ Mounting competitive pressure in coming years
- ▶ Managing the impact of lower pricing on revenues
- ▶ No further investment in regular data capacity

Government Services

- ▶ Stabilizing DoD
- ▶ Opportunities in other geographies and non-military
- ▶ Leverage EUTELSAT QUANTUM

Connectivity

Broadband

- ▶ Ramp-up of Broadband projects in Africa and Russia
- ▶ Options to further develop in Europe
- ▶ Leverage existing assets to prepare for scalability

Mobility

- ▶ From niche to potential mass-market in the next decade
- ▶ Market foothold with existing assets in Aero
- ▶ Preparing the ground for 'Big Mobility' verticals

Enhancing hotspot value generation: Update on HotBird action plan



- ▶ **Measure: Extend control over network by taking back empty capacity from distributors**
- ▶ **Renegotiation of re-take of empty HOTBIRD capacity from distributors fully completed at July 1st**
- ▶ **Equivalent to 5 transponders**
- ▶ **Enabling as of beginning FY 2017 to:**
 - Enhance the premium value of the HB hotspot
 - Stimulate HD and UHD take-up
 - Begin to streamline distribution by using fewer and more specialized distributors

Financial outlook

REVENUES

(At constant currency, and perimeter excl. non recurring revenues)

- ▶ **FY 2016-17: Between -3% and -1%**
- ▶ **FY 2017-18: Broadly stable**
- ▶ **FY 2018-19: Slight growth**

EBITDA MARGIN

- ▶ **FY 2016-17 to FY 2018-19: above 75%**

CAPEX

- ▶ **FY 2016-17 to FY 2018-19: Average of €420m¹ per year¹**

FREE CASH FLOW

- ▶ **FY 2015-16 to FY 2018-19: Discretionary free cash flow² CAGR >10%**

LEVERAGE

- ▶ **Investment grade rating**
- ▶ **Target net debt / EBITDA: below 3.3x**

DISTRIBUTION

- ▶ **Stable to progressing dividend**

To Sum Up:



Stabilization of revenues in FY2017-18, with return to growth in FY2018-19



EBITDA margin maintained above 75%



**Steadily growing cash flow thanks to Capex reduction,
Opex containment and balance sheet optimization**



**...to fund ongoing deleveraging in line with commitment to Investment
Grade rating and targeted investments in future growth...**



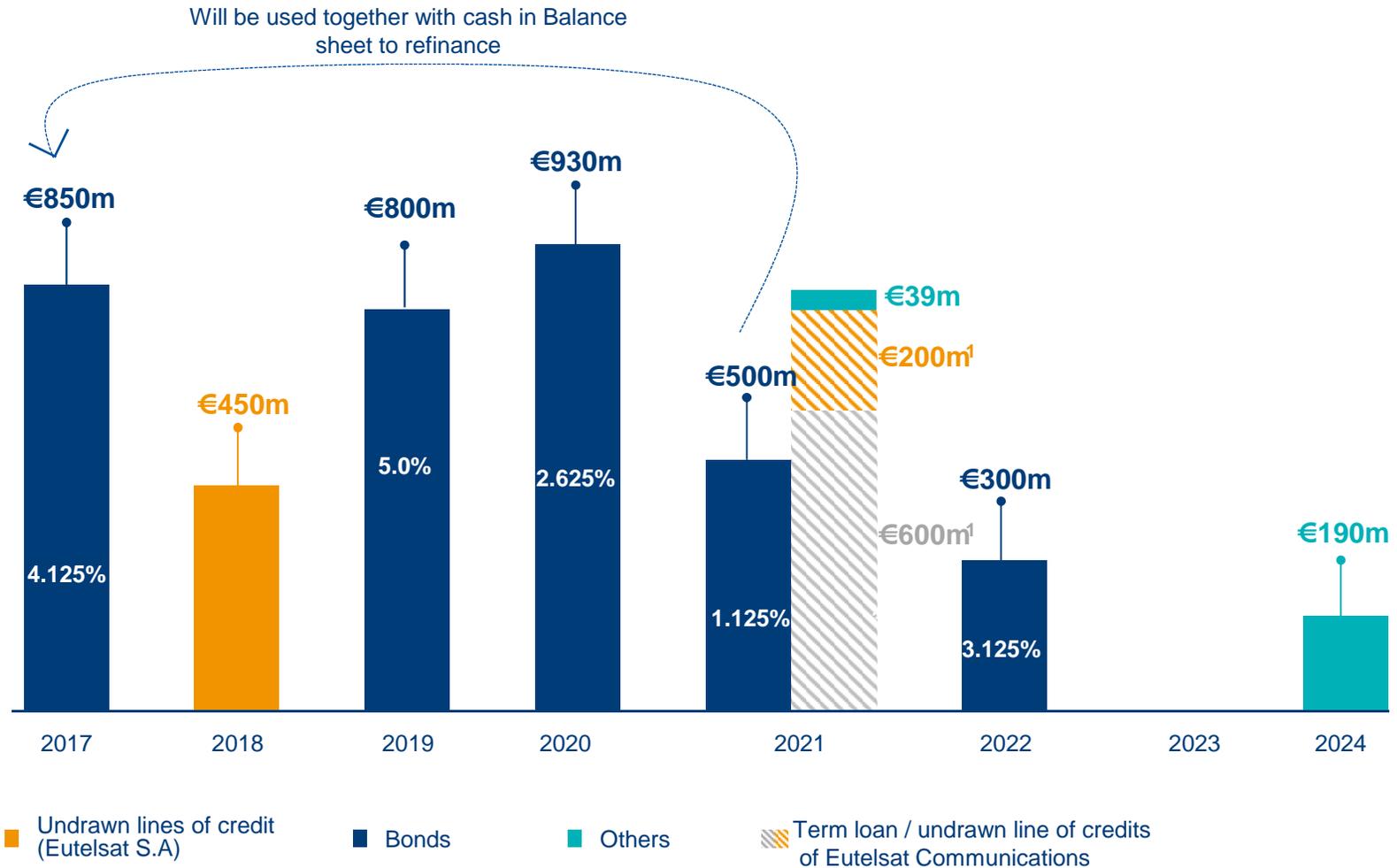
...and deliver stable to progressing dividend

APPENDICES

Fleet plan

Name	EUTELSAT 36 C	EUTELSAT 9B	EUTELSAT 65 WA	EUTELSAT 117 WB	EUTELSAT 172 B	EUTELSAT 7C		AFRICAN BBAND. SATELLITE
Position	36° East	9° East	65° West	116.8° West	172° East	7° East	TBD	TBD
Launch	Launched	Launched	Launched	Launched	H1 2017	H2 2018	2019	2019
Manufacturer								
Launcher	Federal Proton					TBD	TBD	TBD
Coverage	Russia SSA	Europe	LATAM	LATAM	Asia-Pacific	MENA SSA	Flexible	SSA
Applications	Video Data Broadband	Video	Video Data Broadband	Video Data GS	Data GS Mobility	Video	Data GS Mobility	Broadband
Total Capacity (TPE/Spotbeams)	48 Ku 18 Ka / 11.6 Gbps	47 Ku	24 Ku 15 C 24 Ka / 37.5 Gbps	48 Ku	42 Ku 24 C 11 Ku / 1.8 Gbps	49 Ku	N/A	65 Ka / 75 Gbps ²
Expansion Capacity ¹	19 Ku 18 Ka / 11.6 Gbps	12 Ku	24 Ku 15 C 24 Ka / 37.5 Gbps	48 Ku	19 Ku 11 Ku / 1.8 Gbps	19 Ku	N/A	65 Ka / 75 Gbps ²

Debt maturity schedule



Note: Maturities are provided on a calendar year basis – figures based on accounts as of 30 June 2016

¹With a possible extension facility of one year subject to lenders agreement

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