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**Presenters:** Michel de Rosen, Michel Azibert, Catherine Guillouard  
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Lisa Finas: Good morning and welcome to the First Half 2011-2012 Results for Eutelsat Communications. My name is Lisa Finas, I am the Head of Investor Relations. We have people here in the room at our offices in Paris. We also have people listening in from the conference call and they are welcome to participate as well when we get to the Q&A session. I would like to state that the accounts that we are reviewing today were approved by the audit committee on 9<sup>th</sup> February and then by the Board of Directors yesterday. The accounts that we are presenting should not be considered necessarily complete. If you'd like more details you should go to our website, [www.eutelsat.com](http://www.eutelsat.com) where you will find our condensed consolidated accounts.

I would like to make just one remark about forward-looking statements. Any comments that we make regarding targets, objectives, strategic plans and so forth should be considered forward-looking statements. Presenting on this call today are Chief Executive Officer in the middle Mr. Michel de Rosen; our Deputy Chief Executive Officer Michel Azibert on my right; and Catherine Guillouard, our Chief Financial Officer. As I said as soon as we've finished the formal presentation we will be taking questions both from the floor and from the people who are calling in. I expect we will wrap up in just about an hour.

So I'd now like to pass the floor over to Michel de Rosen, Chief Executive Officer, Eutelsat Communications.

Michel de Rosen: Thank you Lisa. Good morning ladies and gentlemen. Thank you for being here, it's a pleasure to present to you a solid first half for Eutelsat and to renew our commitment to deliver growth and profitability. This presentation will be in four parts. I will start by highlighting the first half achievements; Michel Azibert will then present the operational



performance; Catherine Guillaouard will give a financial overview; and I will conclude with the outlook.

So let me start by highlighting a few metrics of this first half performance. Revenues were up by 4.6% to €602.4 million, 6% growth at constant currency. EBITDA at €478.5 million implies an industry leading margin at 79.4%. Net margin at 26%, net debt to EBITDA at 2.53 times within our target of below 3.5 times. Following the Annual General Meeting as you know we distributed a dividend of €0.90 per share on November 22<sup>nd</sup> 2011.

The first half of this year was marked by several operating achievements which are key to our future business success. We launched ATLANTIC BIRD 7 at 7° West and W3C at 16° East and successfully redeployed ATLANTIC BIRD 4A to 3° East and W2M to 48° East, so two launches and two redeployments. The two new satellites AB7 and W3C have strengthened our market position in the Middle East, North Africa, Central Europe and the Indian Ocean Islands. Our order backlog increased by almost 10% to a record €5.3 billion confirming obviously excellent long term visibility and in addition to these operational achievements the group also successfully refinanced a significant part of its debt extending its average maturity and further diversifying funding sources. For those of you – which is in fact most of you – that follow us know that we are renaming our satellites as of March 1<sup>st</sup> 2012 to simplify their identification. You will find at the end of this presentation document a table with the new names, so it may be a little confusing because we are going from one language to the new language and we are in the middle of that, we are not quite in March obviously.

Another major change since we last spoke to you is in our ownership. On January 13 2012, about a month ago, Abertis sold 16.1% of our share capital through an accelerated book building. This has increased our free float to nearly 60% which will likely result in an improved stock liquidity. The Fonds Stratégique d'Investissement, the FSI is now the largest shareholder of Eutelsat with 25.6% of the share capital while Abertis Telecom retains 15.4%. On February 16<sup>th</sup> which was yesterday Tradia Telecom S.A. represented by Tobias Martínez Gimeno and Retevision I, represented by Andrea Luminari resigned from Eutelsat Communications' Board of Directors. In other words we had until yesterday four representatives of Abertis Group at our



board and following the evolution of share capital two of the four have resigned from the board, remaining on the board of Eutelsat, Francisco Reynés, the CEO of Abertis and Marta Casas Caba who is a senior executive of Abertis.

I would like to thank – as I have done it yesterday – but I would like to thank publicly Tobias and Andrea for their contribution. They have been board members of Eutelsat for years and have followed and contributed to our continued efforts and progress. The board now counts ten members of which four are independent. So Michel, I think it's your turn now. Those of you who have not met Michel Azibert – by the way we are not all called Michel at Eutelsat, Catherine is still called Catherine, Michel joined us as Deputy CEO from TDF where he was also Deputy CEO and replaces Jean-Paul Brillaud who you may know is now a board member of Eutelsat, so Michel?

Michel Azibert: Thank you Michel, good morning everybody. So I would like to start by highlighting the group's order backlog which amounted to a record €5.3 billion as of December 31<sup>st</sup> 2011 thanks mainly to the integration of ATLANTIC BIRD 7 and W3C into the operating fleet. The group's long term visibility on revenues and operating cash flow remains extremely high as a result of this growing backlog of fixed, firm orders. The weighted average residual life of contracts in the backlog is 7.3 years and based on 2010-2011 revenues the backlog is now equivalent to 4.6 years of annual revenues.

We have new capacity. With the entry into service of new capacity in the past 12 months the Eutelsat fleet operated 801 transponders at the end of 2011 which is up from 653 a year earlier. As a result of this the fill rate dropped from 90.4% to 76.1%. This new capacity consists of first KA-SAT with its all expansion 82 spot beams in KA-band to ATLANTIC BIRD 7 and W3C with a combination of renewal and extension capacity; EUTELSAT 3A at 3° East opening a new orbital position; and then the redeployment of EUTELSAT 3C and EUTELSAT 48B. So most of the additional capacity is in fact related to the new KA-SAT project or it is allocated to two recently opened orbital positions, 3° East and 48° East. Also this additional capacity in KU-band only became operational at the end of the period in November and December which explains why the increase in lease capacity was limited to 3.4%. Thanks to the development of the fleet



Eutelsat has increased its operational flexibility to pursue its growth objectives notably in fast growing markets.

Now let's see how the growth of this half year is shared between all the applications. H1 revenues for the Eutelsat Group as Michel said grew at 4.6% and 6% at constant currency. Video continues to account for the bulk of our revenues as you can see at around 68% of total. This business grew 2.9% from H1 last year. This application did not benefit fully in the half year from the expansion capacity provided by AB7 and W3C which came in only at the end of the semester. Growth as you can see was particularly strong in multi-usage at nearly 30%. This activity now represents 12.5% of the group's turnover. Bandwidth demand continues to grow strongly in Eutelsat's footprint and the group's fleet of 29 geostationary satellites is very well positioned to capture future growth. This will be driven by take-up of video broadcasting, broadband, data exchange and government services that represent the most dynamic applications in the fixed satellite services sector.

Video. Turning to video applications growth was 2.9% to €403 million. Growth was stronger in the second quarter as revenues benefited from additional capacity provided by the two new satellites located at key video neighbourhoods, 7° West serving the Middle East and North Africa; and 16° East serving Central Europe and Indian Ocean Islands. Other dynamic video neighbourhoods notably 36° East and 7° East further consolidated their positions. To be specific the 7° West neighbourhood is now the reference video neighbourhood in the Middle East and North Africa and it was strengthened by the arrival of ATLANTIC BIRD 7. It took over the existing video traffic that had been developed by ATLANTIC BIRD 4A. Expansion capacity was then very rapidly filled. W3C at 16° East strengthened Eutelsat's DTH penetration in both Central Europe and the Indian Ocean Islands. 36° East serving Russia and Sub-Saharan Africa benefited from the renewals of contracts mainly for the Russian DTH market. Then 7° East with coverage of the near Middle East also contributed to H1 growth. This dynamic as you can see was underscored by the increase in TV channels, particularly addressing faster growing markets. At the end of 2011 our fleet was transmitting a total of 4,173 channels, up 391 from the year before. Over 90% of the TV channel growth came from those fast growing markets. HD, High Definition continues to be a growth driver with the number of HD channels broadcast by Eutelsat satellites



at 283 at the end of 2011 which is up 45% from last year representing nearly 7% penetration up from 5% last year.

Data and VAS. Total revenue for data and value-added services were €118 million, up 0.8%. Taking each business individually, data services first, the revenues of data services rose 2.2% to €95 million. We consolidated our customer base with clients primarily signing new contracts on three satellites: W2A at 10° East for connectivity between Europe, Middle East and Africa; ATLANTIC BIRD 3 at 5° West covering North Africa; and W7 at 36° East with the wide-beam coverage adapted for data applications over Europe, MENA and Central Asia. Revenues for value-added service stood at €23 million, down 4.7%. However this performance reflects an unfavourable comparison with the first half of 2010-2011 which was boosted by a contract with the SNCF, the French railway and by lower sales of D-STAR terminals pending the arrival of new generation equipment in the second half of this year. This masked the beginning of the growth of the new “Tooway” services addressing households in Europe and the Mediterranean Basin which are un-served or under-served by terrestrial networks. The first half of 2011-2012 marked seven months since the entry into service of the KA-SAT satellite and the commercial launch of the new generation “Tooway” broadband service. Revenues to date have been built mainly through a network of expert distributors and resellers mainly in Western Europe and are starting to benefit from contracts with larger distributors with national reach. The first half has proven “Tooway’s” performance on the consumer offering as demonstrated by the very positive user feedback received from distributors. Finally, marketing of professional services on KA-SAT which notably includes enterprise networks began a slow roll out in the seven months following entry into service of the satellite mainly due to the fact that these offers did not benefit from the pre-KA-SAT development phase like the consumer offering.

Multi-usage. Multi-usage addresses, as you know, the satellite capacity needs of governments and administrations. Revenues for the first half stood at €74 million, up nearly 30% boosted by the strong commercial performance of the previous fiscal year. Contracts in this activity are short term, they are one year with a renewal cycle in February for the bulk of the contracts and in September. The September renewals went well notably on W5, W6 and ATLANTIC BIRD 2.



Now Catherine, I will give you the floor to present Eutelsat's financial performance.

Catherine Guillouard: Good morning to everybody, thank you Michel. So I will present to you now some key highlights about our financial performance. I will not come back on the top line which has been described in detail by Michel a few minutes ago. Our EBITDA stood at €479 million, it's up +3.4% and our operating profitability remained very strong with an EBITDA margin at 79.4% which remains the highest amongst fixed satellite operators. At the operating income level we saw an increase in depreciation, +7.4% at €153 million, within the fleet for KA-SAT, AB7 and W3C. This was not offset by the end of life of several satellites, i.e. AB2, W1 and W6.

The second half will take full effect of the last two satellites launched. The financial result at €67 million was impacted by a non-recurring item linked to the partial de-qualification of the existing interest swap that we have on Eutelsat Communications term loan since 2006 following the financing of Eutelsat Communication for an amount of €23.4 million. A non-recurring tax credits in 2011 on Hispasat explains the decrease in income from associates. Income tax was up to €99 million mainly due to a 5% increase in the French corporate tax rate. To conclude on this financial performance, despite the one-off item on the financial results, the net margin for the company was strong at 26% for the first half with the group share net income at €157 million.

Now let's go to the industry-leading EBITDA margin which was maintained, i.e. 79.4% and this allows me to say that operating expenses amount to €124 million up 9.8% and this is mainly reflecting the increase in resources that we have dedicated to reinforce the group's overall commercial activity including the development of services such as "Tooway" and "KabelKiosk". In terms of cash flow from operating activities it is still strong – I will explain why. Because the group saw a decline of €38 million, -10.2% and cash flow from operating activities at €333 million which represents 55.3% of H1 revenues but this was mainly due to higher tax payments, nearly €50 million compared to the previous year. This result for the increase in net profit before tax between the year 2010-2011 and compared to 2009-2010. Profit before tax increased at that time between these two periods by 30%. Operating free cash flow amounted to €91 million. This is a decline on the previous year but I would remind you that last year's figures include exceptional items and especially €102 million linked to the first insurance



received from the loss of the W3B satellite and the reduction in the equity holding in Solaris for €60 million which was positively impacting operating free cash flow. Without this one-off of last year, operating free cash flow would have been an increase of 8.6%.

In terms of capital structure over the past 12 months Eutelsat has continued to reinforce its capital structure. I would remind you that in October 2011, Moody's upgraded Eutelsat S.A.'s issuer rating to Baa2 stable; and both Moody's and Standard & Poor's ratings are now fully aligned. On the back of this positive momentum we decided to refinance in December 2011 the two credits of Eutelsat Communications: first the term loan, the amount was €1,465 million and the €300 million revolving credit facility. We in fact issued two things, the first one was a new seven year bond of €800 million at Eutelsat S.A. level, so in fact we did a debt push-down and after we have issued €1 billion of bank debt, €800 million new five year term loan for Eutelsat Communications associated with a five year revolving credit facility of €200 million still at Eutelsat Communications. The average cost of debt after hedging finishing in December is 4.48%. It was previously in December 2010, 4.42%, so pretty stable, but this does not reflect the refinancing as the bond was settled mid-December and the new credit facilities were drawn at the beginning of January 2012. With a net debt at €2,380 million at December 31, we have a leverage which came down in fact at 2.53 times versus 2.70 times at the end of December 2010. We have a strong liquidity position. We have still €680 million of undrawn lines of credit and we have finished December 2011 with €154 million of cash in hand.

Finally it is interesting to see that in two years we have achieved a strong diversification of our source of funding and we have a dramatically improved maturity profile. For the €1.8 billion refinancing two major objectives have been achieved. First per the diversification, as you can see two years ago we were a 100% bank debt financed company. Today the situation is the following, we have 65% in bonds, 34% in bank debt and 1% in others – others are leased operations. We have smoothed out our maturity profile at very attractive conditions. The average debt maturity increased from 3.8 years in June to 5.1 years at the end of December. This is based on the new credit facility being drawn beginning in January; the new bonds have a 5% coupon, and the new bank facilities have an opening margin at 2.25% which is obviously an achievement in today's market.



I will now hand back to Michel for our outlook. Thank you.

Michel de Rosen: Thank you Catherine. So outlook, I would like to speak to you about the coming years. As you know since 2008 we have implemented one of the largest investment programmes of in-orbit resources in our industry. Our deployment and expansion plan is designed to address the demand of the fastest growing markets we have discussed earlier. We currently have six satellites under construction to be launched by the end of 2014. These new satellites will enable us to increase our transponder capacity by 20%.

Compared to our two larger competitors, the concentration of our fleet allows us to act with greater operational efficiency as our satellites can be quickly redeployed to supplement capacity where needed thus allowing us to expand our coverage in geographies where the demand is highest. We have the fullest admiration for our two larger competitors, I'm only saying that because we don't cover the world. We are let's say a "supra-regional" company so it's easier for us to take a satellite from here to here than to take it from here to here, that's what I am saying in our jargon. So we continue to balance our efforts between reinforcing our presence where we already are, and where we are developing new territories, while at the same time maximising our revenue per transponder.

Turning now to the remainder of the current year, the successful launch of the new satellites, our new satellites, AB7 and W3C in the first half of this fiscal year have provided us with additional capacity to support future growth. However in the second half we face some specific headwinds which will weigh on revenue growth, specifically an increasingly competitive environment putting pressure on pricing for new and renewal contracts in certain regions, video in the Balkans and data in Africa for example. Also, you all read the same papers we read, the current context of troops withdrawals from Iraq and eventually from Afghanistan gives rise to a slowdown of growth and to some volatility around the short term demand for transponder capacity in the multi-usage activity.

Finally the partial delay in the rollout of KA-SAT professional services specifically including VSAT networks, professional news gathering and regional broadcasting which have all experienced





marketing delays. Only the internet access for small and medium sized businesses was available at the time of KA-SAT's entry into service, I'm speaking of course of the professional part of KA-SAT. The other parts of the professional business have begun to develop only recently.

We remain on track to achieve annual revenues of over €1,235 million for the current fiscal year although the factors I have just mentioned make it more challenging. Profitability however remains strong and we confirm our EBITDA target of more than €955 million for the current year. Looking further ahead the fundamentals of our business remain strong and we confirm our targets for the 2011-2014 outlook period.

Ladies and gentlemen, thank you for your attention and we now open the floor for your questions and there will be questions I presume from some of you. There will also be questions on the phone and so I will try to alternative, Lisa, someone is connected with the outside world I presume, yes?

Lisa Finas: Yes.

Michel de Rosen: Let's start with the room.

Vincent Maulay: Vincent Maulay from Oddo. Two quick questions, the first one on Africa and if you give us more colour on the pre-sales on W5A, W6A, highlighting premium Africa in a context of a so-called more challenging pricing environment? The second question on multi-usage, I have not talked about the renegotiation in February but more on the fact that USM is more vocal on the fact that they will use its proper (own) satellite capacity with MUS and could you give us more insight on the potential decline of multi-usage in 2013, 2014, the rate on this business?

Michel de Rosen: Michel, do you want to take the first question?

Michel Azibert: Regarding telecom and data in Africa in particular, there are different applications. I think we are very well positioned let's say to raise it and to take advantage of the growth of the



African market. The tension is more on the continental trunking services which is for us a service which is limited in size compared to the other services we provide in Africa. Regarding more specifically the two new satellites, in particular I would say that W5A which is going to bring intercontinental connectivity is a satellite on which we are very, very optimistic that we will sell it really well when it is launched by the end of this calendar year; and in fact the same for W6A which has a sort of different coverage including also MENA. We believe that mobile backhaul in particular is something which is clearly developing in Africa because of the rollout of the 2G and 3G networks and we also believe that in terms of corporate businesses there will be vertical applications for which we would develop new products which would go well in the next years.

Michel de Rosen: Let me comment on multi-usage, if you look back not so many years ago multi-usage did not even exist, so it's a business that has grown quite significantly emerging from nowhere in the past years. In most recent years the market has grown quite dramatically and revenues for Eutelsat in that segment have also grown quite impressively. So your question is about the outlook going forward. As you know we don't give specific guidance for one application versus another application but here's what we believe: we believe that this market will continue to grow in the coming years. We believe it will not grow as dramatically as it grew in recent years or in the first half of this current fiscal year and we believe that if we continue to do our work professionally and satisfy our customers that we can also in this growing market slow growth, continue to grow that business. So I think what you can expect is that we will continue to see growing revenues at Eutelsat but not at the pace that we experienced in the first half of this year or in the past two years.

Mathieu Robilliard: Good morning, Mathieu Robilliard, Exane. Two questions, first coming back on the multi-usage and what you just said but also what you said before, you had already mentioned that multi-usage growth would be a bit slower going forward but it was difficult to replicate what you did but now you are specifically talking about a slowdown in H2. Is that linked to recent contacts with your clients ahead of contract renegotiation? I understand you always have two periods of renegotiation, one is in September and another one in April, so are you basically saying that the renegotiation in April is probably not going to be as good as you



may have expected? The second question is with KA, I note that you haven't restated your guidance or maybe I missed it for €100 million of revenues in three years or rather by June 2014 and I wanted to know if you could give us colour on that? Thank you.

Michel de Rosen: So Mathieu, on multi-usage the comment we are making today is linked to what we are seeing. This is not specific about February. We are seeing that the Pentagon is clearly withdrawing troops. They still want to use more drones. They still want to use their formal satellite capacity. They are investing less, that's good news for us, they are investing less in their own satellites so they won't need more satellites like ours, but overall our analysis is that in the second half of this year we shall not see the kind of growth that we saw before and in the coming years we should see some growth but not the same that we experienced and it's too early for us to have the result of the renewals, the contracts of February, too early. On KA-SAT, we didn't say, it but we confirm our target of €100 million for fiscal year 2013-2014.

Analyst (Exane): Alright, thanks. Just to make absolutely clear on multi-usage, what you are saying now about H2, you didn't say it a quarter ago or six months ago, the fact that the US troops are exiting from Iraq and Afghanistan is not a surprise, I think it has been out there for a little while, so there has been a little shift there somehow or are you just making a clearer point that should be obvious?

Michel de Rosen: No. Mathieu, as you can imagine we have a team whose job is to observe, be close to the customer, customers and specifically also the largest customer and so our comments are derived from the observations of our team on what is likely to happen in terms of revenues going forward and what is likely to happen is partly clear, partly not so clear. The part that is clear is growth, but slower growth. The part that is not so clear is a certain level of volatility. Maybe Lisa is taking questions on the phone – how do we do that?

Lisa Finas: Can you give us a question from a caller?

Operator: We will take our first question over the phone from Eric Beaudet at Natixis. Please go ahead.



Eric Beaudet: Hello, this is Eric Beaudet from Natixis. Two quick questions if I may. The first one, you mentioned that you increased your operating expenses to reinforce the commercial activity in “Tooway”. That was clearly expected and you had flagged that earlier. My question is more in the sense that is today your spending in commercial activity sustainable or is the ramp-up linked to KA just only starting and should we expect another increase in operating expenses in the second half of this year and next year? My second question concerns your latest satellite, Eutelsat 9B which is supposed to be launched in the second half of calendar 2014. It is not included in your 20% capacity increase guidance over the next three years. I was wondering how much capacity will that satellite bring in? You say it will have up to 60 transponders but how much will actually be increased, not just replacement. Thank you.

Michel de Rosen: Catherine will answer the first question and Michel will answer the second one.

Catherine Guillouard: Yes, on your first question, in terms of increase of operating expenses, we have €11 million more. 58% of this has been for “Tooway” and 20% has been for visAvision (KabelKiosk) in Germany. So most of the increase of the opex was linked to commercial development and I will remind you that visAvision in Germany, it’s mainly a variable cost activity where we are buying content and so then after obviously we have a more top line generated by this activity, so this is one part of the answer of your question. The second part is I would remind you also that we have now let’s say a linear profile in terms of opex in this company. We have still a discrepancy between what we spent during H1 and what we spent in H2. H2 is always superior to H1. If you take the last three or four years you will see that there is from 1-2 points of margin EBITDA discrepancy with an accelerating of the expenses during the second part of the year, so that was my two comments on your questions.

Michel de Rosen: Thank you Catherine. Michel?

Michel Azibert: On Eutelsat 9B, so the end of 2014 out of the capacity of 60 we have 38 which is replacement and 22 which is expansion in terms of number of transponders and this is mostly targeting of course Europe, especially Western Europe.



Eric Beaudet: Thank you.

Michel de Rosen: Lisa, maybe one more question on the phone before we go back to the room?

Operator: Thank you. We will take our next question from Henrik Nyblom at Nomura. Please go ahead.

Henrik Nyblom: Hi there, a couple of questions please. The first one on Eutelsat 3C, so the former AB4A. You positioned that at 3° East with a lot of pretty new capacity in a pretty large satellite whilst at the same time you have at least over the next 12-18 months you gave a slightly more cautious statement around multi-usage, so I am just wondering whether that capacity could not have been deployed better elsewhere, for example at 7° East? My second question is on the arbitration around 28.5° East, whether you have an update on that; and lastly just a clarification, I had a bad line so I didn't hear what Catherine said but is it fair to assume that you are still comfortable with seeing a drop in the second half margin by up to 200 basis points but not more? Thank you.

Michel de Rosen: So Henrik, thank you. Three questions. Catherine will comment on the third one, Michel on the first one. On the second one, no, we don't have any significant update on the arbitration. Michel, on the first question?

Michel Azibert: On Eutelsat 3C I think so, we are in fact opening this position in view of the future launch of Eutelsat 3B. It's doing well. We obviously are getting here the transfer of traffic especially from government services and we have a current fill rate which is moving up according to objectives, of course it feels a little bit slower than for instance AB7 which is a different market, a very captive market on MENA, but it's doing quite well.

Catherine Guillouard: On the EBITDA, yes Henrik, we strongly confirmed our guidance on the EBITDA for this year. I will remind you it's above €955 million and as I mentioned earlier because of the development of this commercial activity, in reality we are putting a lot of pressure on other



costs of the company and so we strongly confirm our EBITDA and level of profitability for the end of 2012.

Henrik Nyblom: Sorry, just a clarification. Catherine, on the EBITDA, do you expect a bigger half year over half year drop this year than what you typically do due to the seasonality?

Jean-Michel Köster: ...an increase in bad debt or have you seen customers having difficulties to pay?

Michel de Rosen: Catherine will take that one.

Catherine Guillouard: In bad debt +€4 million at the end of December, 22.7...we arrived at 26.7, so 4 million on an account receivable net of 262 in the balance sheet it is for the moment not so much. Effectively on the +4 we had some effects leading from the Middle East and North African countries, but it is small figures still.

Jean-Michel Köster: Beyond the bad debt do you have some customers for which you don't recognise the revenue because they have difficulties?

Catherine Guillouard: It is true, we have what we call IAS 18, i.e. we recognise the revenue only on a cash basis and on that front the variation figure is very low, -€1 million from December to December, so not real degradation there.

Michel de Rosen: Thank you Catherine. An additional question from the room? So let's go back to the phone, Lisa?

Operator: Thank you. Our next question comes from Torsten Achtmann at JP Morgan. Please go ahead.

Torsten Achtmann: Hello, just following up on the two regions, you said you have seen increasing competition in the Baltics and Africa. Are there any other markets where you are active where you fear competition could increase or where you could see similar trends emerging as what



you have seen there? Secondly again on multi-usage, I think we all expected it to come down. Is there anything specifically what has changed over the last quarter or so which makes you highlighting that issue now more strongly? Thank you.

Michel de Rosen: On your first question Torsten, as you probably know we don't have a crystal ball. What I will say is overall we highlighted the two regions where we see the most pressure and I would say where we see more pressure today than we saw six months ago. This is why we wanted to share that information with you, with the financial market. There are other considerations, other regions where we see the opposite, where we see in fact good toughness on if I can say it this way on prices including Michel spoke about AB7, 7<sup>o</sup> West or if we look at HOTBIRD, overall we believe that our average price should be in fact be stable. Catherine is in fact showing, Catherine has all the figures. Our estimate is that on average last year compared to this year the average price [revenue] per transponder should go from €1.99M to €1.97M, so that's pretty stable. So there is a mix effect there, the mix effect being that on average our prices are going up but because we have more growth in volume in emerging markets where prices are lower, it gives the impression that prices are either stable or slightly decreasing. Your second question Torsten was on multi-usage. If I remember well the question, why are we saying what we are saying? I think it's a bit of the same question that Mathieu asked earlier, compared to six months ago we just are sensing that the markets, the contracts with the Pentagon will be on a slope that is not as strong as the one that we recently had. One specific additional reason why we wanted to share this with you, it's not only that it is creating some level of caution on our part but it is also the fact that multi-usage has done so well at Eutelsat, in the recent two years and the recent six months that we did not want you to simply prolong the curve and think that there is now some magic and that this will continue again and again.

Torsten Achtmann: Ok, perfect. Thank you.

Lisa Finas: It looks like we are coming up closer to our hour. We have about four questions waiting on the phone, so maybe we should go ahead and take those questions on the phone.

Michel de Rosen: Then you want me to be brief in my answers, ok. Next question.



Operator: Thank you. Our next question comes from Tania Valiente at Citigroup. Please go ahead.

Tania Valiente: Hello everyone, just one question if I may. Your HD penetration is currently running at around 7% of the total channels distributed versus just above 20% for your closest competitor in Europe. Now do you see that gap closing and is there a catch-up effect there? If so where are the regions where you see the HD pickup as the strongest? Thank you.

Michel de Rosen: Michel.

Michel Azibert: Well, in fact there is of course a lot of geographical effect in this difference because the HD penetration is currently much higher in the US in terms of number of HD channels versus the total number of standard channels. If we keep this apart and if we look at our business mix, obviously HD is progressing in all markets, it's definitely progressing in Western Europe, in Central Europe, but also more interestingly in MENA and we currently have a very, very good momentum in penetration of HD channels in DTH bouquets in the Middle East in particular, so we believe that progressively we were at 5% last year, 7%, it's a very good thing to have this target, to get above the 20% in the next few years and I'm sure we will deliver that.

Michel de Rosen: I will add to what Michel said. What is great about High Definition is that as you know it does increase demand for satellite capacity, but also HD, if it was just one big boom we would not be able to face that kind of demand, but in fact we can expect that year after year it will grow and create a kind of engine for growth. Of course the additional excitement is we are already seeing in the not so distant future the appearance of ultra-high definition. Be aware that when you move from standard definition to high definition, you increase satellite capacity demand by a factor of 2.5. When you move from standard definition to ultra-high definition it is estimated that the factor is 20, so even if you have compression, of course you have compression, this will be an additional engine for growth for the coming 15 or 20 years. I wouldn't help but say that. Next question.





Operator: Thank you. Our next question comes from Richard Jones at Goldman Sachs. Please go ahead.

Richard Jones: Hi. I know you've touched on it but I just wondered, a little bit more colour on...you've done 3% video revenue growth but a 10% increase in channels including in doubling of HD, so I know there will be a pricing element in there, but just a bit more colour on the scale of the gap between those two growth rates? Then the second question, I just wonder if you could give us an actual number on the number of KA-SAT customers you have now got?

Michel de Rosen: Richard, I understand we are running a bit out of time so I will comment briefly on the second question, Michel will answer on the first one. On the second question we intend to give more colour, more figures in July when we present our full year results. Michel will now answer your first question.

Michel Azibert: Yes, you are right to point out this difference but the reality is that in the medium term both figures are converging, but from one year to another one, the way transponders repeaters are filled does not follow a sort of linear curve and we have been doing very well in selling transponders in 2010 which are progressively filled; and then when they are filled we will see the opposite movement where we would have probably a higher growth as it happened in certain of previous years, a higher growth in terms of numbers of transponders versus the number of channels. So there is no strong trend there. We have checked that. We have made an analysis on HD, increase of HD which means less channel per transponders, increase of compression and the resulting factor is more positive. So it's just an erratic movement in terms of our distributors for instance buying in advance capacity in transponders.

Richard Jones: Great, thank you.

Michel de Rosen: Thank you Michel. Next question on the phone?

Operator: Our next question comes from Chris Whitehouse at T Rowe Price. Please go ahead.



Chris Whitehouse: Hi guys, thanks for taking my question. I'm just trying to size if you like the amount of revenue that could come under pressure, so if you could give some comments as to how much of your existing revenue is in fact video revenue over the Balkans and how much of your existing revenue is data over Africa? Thanks.

Michel de Rosen: Catherine, you have all the answers to the most difficult questions. Do you have the answer to that question? The question from Chris is he is trying to understand what is the proportion of our revenues that are under pressure, so like the video, Balkans, data in Africa. He is trying to get a sense of how big of our revenues is that share?

Catherine Guillouard: We don't have this information and we don't comment on that type of info, that's it.

Michel de Rosen: So in fact we have it but we don't say anything. Sorry, I don't want to be facetious about something serious. Please understand that this is not a big chunk of our business, so don't get the impression that we are telling you today that a big chunk of our business is under price pressure. All those who follow us know where our biggest businesses are. They are in Italy, in Poland, in different parts of the world. We don't slice our revenues even when we give the full year figures. Michel is whispering to me that we are talking of a few percent of our total revenues, ok?

Chris Whitehouse: Very good, thank you very much. Then as a quick follow-up...

Michel de Rosen: Next question on the phone?

Operator: Our next question comes from Sharon Chan at MetLife.

Sharon Chan: A question on your leverage, do you expect it to continue trending even lower or do you expect it to move up closer to 3.5 times and if your expectation is for the latter, what could cause that? Thank you.



Catherine Guillouard: In terms of usage of cash what we have said already is first we need to fuel our organic growth, so we have as you know a guidance on the capex at a €550M average per year, so this is the absolute priority. After the second priority is dividend, I would remind you that we have increased our dividend during the last distribution by +18.4% and delivering a strong increase from year to year because it was 15% two years ago, 10% three years ago, so we want to have a path which allows each shareholder of the company to have some dividend back each year in front of the good results that we are issuing. After that we have also to keep some margin for manoeuvre if we want to do some additional boost of the growth by no transformational M&A but M&A which sits in the core activity obviously of the company, i.e. the three applications that we are delivering data, video and multi-usage. So these are the three main obsessions that we have and effectively we are considering very cautiously usage of cash and we are happy where we are today with our strong balance sheet which gives us flexibility if we need it.

Michel de Rosen: I will add before we take one last question I want to add a word to what Catherine just said in case there is any ambiguity there for some of you. We intend in the future to continue to focus our efforts on organic growth. We believe that we can deliver robust organic growth for many years to come and that this way we can create good value for our shareholders, however we do not want to be indifferent to possibilities of inorganic growth, therefore we are looking at what can be done in that respect. We are not working on initiatives that would be as Catherine said transformational, but if there are some opportunities that our balance sheet allows us to seize and if we believe that they would help us create additional value, we would then work on those. So in addition, one last question on the phone?

Operator: There are no further questions on the phone.

Michel de Rosen: No more questions? Ok, ladies and gentlemen then, thank you for being with us today and Lisa, we have drinks...

Lisa Finas: For those that are in the room, yes we do have some coffee and croissants in the lobby. If you didn't come down to visit us, come the next time.



Michel de Rosen: I want to thank especially the analysts and investors who are on the phone and who got up very early in America, thank you to them and thank you to you all. Bye bye.