

2015-2016 Reference Document



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EUTELSAT COMMUNICATIONS: CREATING SPACE FOR YOUR COMMUNICATIONS

Every day, Eutelsat demonstrates its expertise as a satellite company that contributes essential resources supporting the growth of digital communications.

As a player at the heart of the video and broadband markets, the greatest advances are yet to come. Ongoing progress brings with it the prospect of an increased role for satellites in order to optimise the use of spectrum, a valuable and finite resource, and to transform the digital society into an environment of economic and social benefit for all.

With these goals in mind, our Group is pursuing a development strategy based on investment and innovation, operational excellence and the creation of lasting value.

30 years

of satellite
communications

€1,529 M

revenues
for 2015-2016

1,000

employees from
37 different countries

39

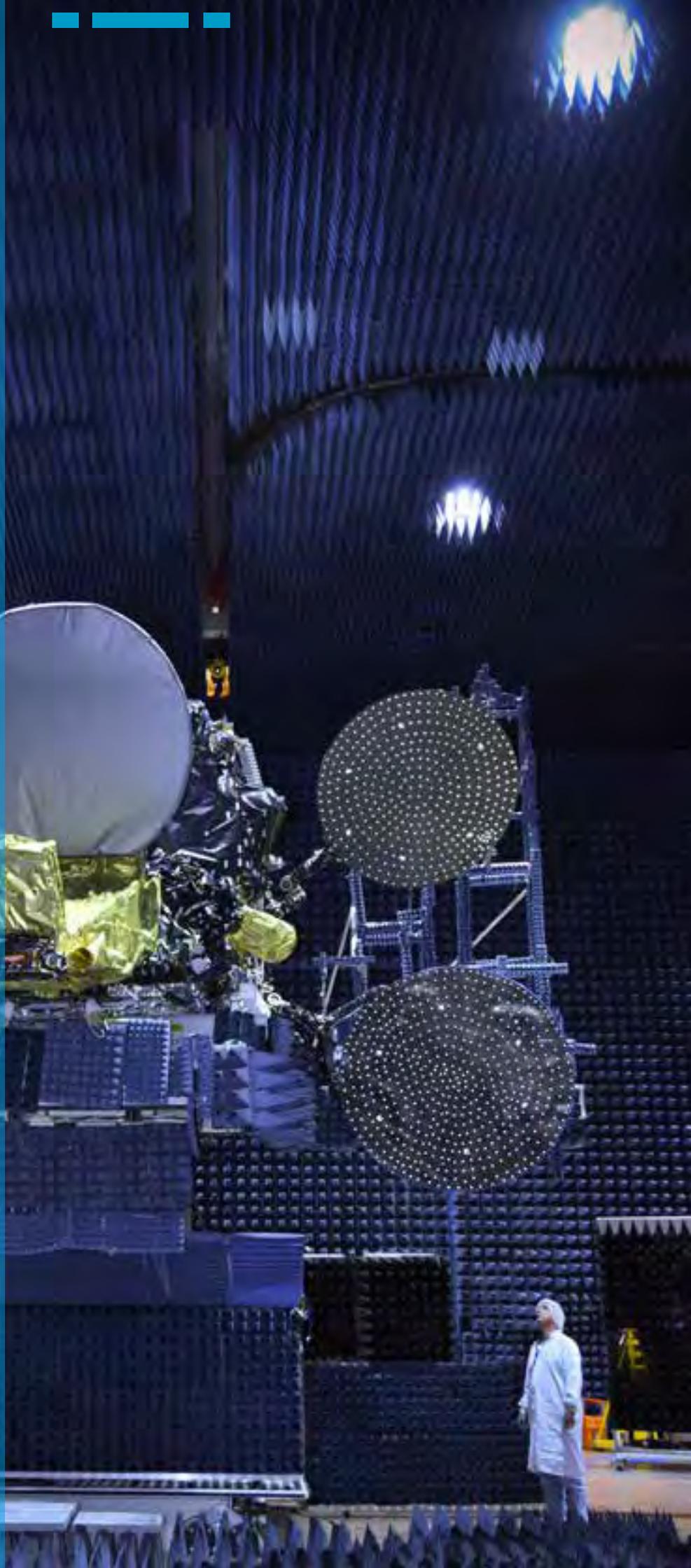
satellites
operated ⁽¹⁾

274 M

television
households ⁽²⁾

(1) At 30 June 2016.

(2) In direct and indirect audience.



LETTER FROM RODOLPHE BELMER, Chief Executive Officer

Adapting strategy to face industry headwinds, building on the core video business and preparing for the potential in connectivity.

► FOCUS ON CASH FLOW GENERATION TO DELIVER A STABLE TO PROGRESSIVE DIVIDEND TO SHAREHOLDERS

Eutelsat's revenues for the Financial Year 2015-2016 stood at c.1.5 billion euros, up by 3.6% and by 0.2% at constant currency year-on-year. EBITDA came out at 1.16 billion euros and implies a margin of 76.2%. During the year, Eutelsat generated discretionary free cash flow of around 250 million euros. The net debt to EBITDA ratio stood at 3.4. A dividend of 1.10 euros will be submitted for approval at the AGM, up from 1.09 euros last year, and is recommended to be paid fully in cash.

This year saw the successful launch of five satellites: EUTELSAT 8 West B, boosting coverage of the Middle East and North Africa region; EUTELSAT 36C, strengthening resources for video in Sub-Saharan Africa and Russia, and also for broadband in Russia; EUTELSAT 9B, mainly a replacement satellite for video in Europe; EUTELSAT 65 West A, operating a new orbital position in Latin America; finally in June of EUTELSAT 117 West B, bringing incremental capacity to the Americas. We made further advances in our core video activities with the number of channels exceeding the 6,000 milestone during this year, with a 26% rise in HD channels, giving a penetration of 14%, and the launch of the first commercial UHD channels on our fleet. On the financial front, we took measures to optimise our financial situation with

the successful issuance in June 2016 of a 500 million euro 5-year bond at favourable terms (coupon of 1.125%).

As we look ahead, it has become clear our industry is seeing headwinds in certain regions and applications. Among our core verticals, Video is experiencing sustained growth in emerging markets and broad stability in Europe, which should lead to low single-digit growth in the future years. In Data services on the other hand, global demand continues to grow in volume but existing overcapacity is being exacerbated by the arrival of large HTS systems leading to ongoing pricing pressure; we expect a low single-digit decline in revenues over the next five years. In Government services, we expect demand from the U.S. Department of Defence to stabilize at lower prices in the coming years and we anticipate new opportunities with Governments in Europe, Asia and the Middle East as well as in non-military applications. Overall we believe this vertical will show broad stability in the medium-term.

At the same time our sector offers selected long-term growth opportunities: in Video, our core business, we see scope to enhance the satellite value-proposition by offering an IP-like viewer experience and we are focusing our technical and innovation resources on this theme. Elsewhere, we expect the outsourcing of

technological operations by broadcasters to create additional sources of demand. These developments will enable us to extract more value from our capacity. Among our newer verticals we see a massive opportunity in connectivity: both in consumer broadband and mobility – first in aircraft and in the longer term in cars and other forms of transport.

On this basis, we have adapted our strategy along two main axes:

First, optimizing existing assets, in order to maximize free cash flow generation and thereby shareholder value. To this end we have committed to a substantial reduction in capital expenditure as of fiscal year 2016-2017, coming on top of the savings in financial costs already secured through our refinancing operations. In addition, we are reviewing measures to generate improvements in the areas of operating costs and working capital.

Second, paving the way for a return to growth by building on the core Video business and preparing for the significant potential in connectivity. In Video we are pursuing actions to enhance the value of our key orbital positions, notably by stimulating HD and ultra-HD take-up and streamlining our distribution. Elsewhere, in the past months we have launched our satellite broadband service in Russia, and we remain confident that we will be able



to launch a service in Africa ahead of the launch of our own satellite in 2019.

Revenues for financial year 2016-2017 at constant currency and perimeter are expected in the range of minus 3% to minus 1%. Next year we are aiming at a

return to top line stability and our objective is to return to growth in financial year 2018-2019. During this period, our EBITDA margin is expected to remain above 75%, while discretionary free cash flow is targeted at a compound annual growth

rate of at least 10%. We are committed to maintaining a sound financial structure to support our investment credit rating and aim at a net debt to EBITDA ratio below 3.3. We also commit to serving a stable to progressive dividend to equity holders.

LETTER FROM MICHEL DE ROSEN,
Chairman of the Board of Directors

Building on Eutelsat's achievements to take the company forward in the evolving satellite communications landscape.

► INNOVATION AT THE HEART OF OUR SERVICE TO CUSTOMERS

Eutelsat's Board of Directors elected Rodolphe Belmer to succeed me as Chief Executive Officer, effective from 1 March 2016, and he will be proposed as a member of Eutelsat's Board at the Annual Shareholders' Meeting of November 2016.

Our industry is undergoing a period of transition, characterised with slowing growth in some of our verticals and exciting growth opportunities in developing ones. I decided this was the right time to hand over the executive reins. I have full confidence in Rodolphe Belmer, with his extensive leadership skills, experience in broadcasting and understanding of the trends

shaping digital markets, to build on the achievements of Eutelsat and to take the Company forward in the evolving satellite communications landscape.

It has been my great privilege since 2009 to serve as Eutelsat's CEO and latterly as Chairman and CEO. During this period, we have consistently put innovation at the heart of our service to customers, expanding our geographic reach and cementing our reputation as leaders in technical excellence. We are proud to have launched Europe's first full High Throughput Satellite, the first commercial all-electric satellite, and to have procured Eutelsat Quantum, the first software-defined satellite, and to have initiated other promising innovative projects.

I take this opportunity to salute all our employees for their tremendous dedication and talent which have made possible these accomplishments. Their continued energy, expertise and passion will be central in taking Eutelsat to the next level, and I look forward to accompanying the company on this journey as Chairman of the Board of Directors.

Finally, I would like to express my gratitude to the Board of Directors, and especially Elisabeth Oliveri, who will leave the Board this year, for her contribution to the work of the Board and extend a warm welcome to Dominique D'Hinnin who will represent FSP as of November 2016; subject to the vote of the AGM.



01

Presentation of Eutelsat Communications

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1.1

HIGHLIGHTS OF THE FINANCIAL YEAR, OUTLOOK
AND KEY FIGURES

► Highlights

FY 2015-2016⁽¹⁾

The main highlights of financial year 2015-2016 were the following:

- Rodolphe Belmer joined Eutelsat on 1 December 2015 as Deputy CEO and succeeded Michel de Rosen in the role of CEO on 1 March 2016.
- The launch of five new satellites:
- in August 2015, EUTELSAT 8 West B boosting coverage of the MENA region;
- in December 2015, EUTELSAT 36C strengthening resources for Video in Sub-Saharan Africa and in Russia;
- in January 2016, EUTELSAT 9B which is mainly a replacement satellite for Video in Europe;
- in March 2016, EUTELSAT 65 West A opening a new orbital position dedicated to Video and Broadband in Latin America;
- in June 2016, EUTELSAT 117 West B bringing incremental capacity in Americas.

With the entry into service of EUTELSAT 115 West B (launched in March 2015) in October 2015, five satellites started operations during financial year 2015-2016 (EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A).

- The procurement of a standalone high throughput satellite to address the African Broadband market, with a launch expected in 2019. With a throughput of at least 75 Gbps, this satellite will offer increased performance and flexibility.
- The Group made further advances in the core Video activity with the number of channels exceeding the 6,000 mark during the year, a further rise in HD penetration to 13.6% and the launch of the first UHD channels on the fleet.
- The successful issuance of a 500 million euro 5-year bond in June 2016 bearing a 1.125% coupon:
- together with other sources of cash on its balance sheet the Bonds will enable Eutelsat to redeem at maturity the outstanding Bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125 percent;

- as a result of this operation Eutelsat will extend its debt maturity profile and will reduce its financial charges by *circa* 30 million euros before tax on an annualised basis from March 2017 onwards.
- To face a lower growth environment, Eutelsat is implementing an adaptation of its strategic priorities and financial objectives. The immediate priority will be to maximize the free cash flow generation of its core businesses. The Group will continue to invest selectively to prepare for a return to growth by building on its core Video business and capturing the longer term opportunities in Connectivity.

Since 30 June 2016

- On 12 July 2016, Eutelsat initiated the process of divesting its stake in Hispasat by exercising the put option granted in 2008 by Hispasat's majority shareholder, the Abertis Group. Eutelsat holds a 33.69% stake in Hispasat through its subsidiary Eutelsat Services und Beteiligungen GmbH. Under the terms of the put option agreement, the value of the Hispasat stake will be determined by an independent expert. The transaction will proceed subject to Spanish government consent.
- On 8 August 2016, Eutelsat and SpeedCast announced the conclusion of an agreement whereby SpeedCast will acquire Eutelsat's 70% stake in WINS Limited for a consideration based on a total enterprise value of approximately 60 million euros. The transaction was closed on 31 August 2016.
- On 1 September 2016, the Spacecom's AMOS-6 satellite was lost following the launch pad explosion of the SpaceX Falcon 9 rocket in Cape Canaveral. In collaboration with Facebook, Eutelsat had previously contracted a multi-year agreement to lease the satellite's Ka-band payload covering Sub-Saharan Africa, with a view to launching broadband services from early 2017. The impact on revenues is estimated at around 5 million euros in FY 2016-2017, 15 million euros in FY 2017-2018 and 25-30 million euros in FY 2018-2019. Attendant savings in operating costs will partially mitigate the impact on the EBITDA margin.

(1) Alternative performance indicators used by the Group, notably EBITDA and Discretionary free cash flow, are defined in the section 6.1.1 of the present document.

► Financial outlook

On 12 May 2016, the Group revised downwards its Revenues and EBITDA outlook. Revenue objective (at constant currency and perimeter, excluding non-recurring revenues) was revised to "broadly flat" for fiscal year 2015-2016 (*versus* "at the bottom end of the 2-3% range" previously) and to -3% to -1% for fiscal year 2016-2017 (*versus* "+4% to +6%" previously). EBITDA margin objective was revised to "around 76%" for fiscal year 2015-2016 and "around 75%" in fiscal year 2016-2017 (*versus* "above 76.5%" previously for the two fiscal years). These changes reflect the development of several headwinds which include the slowdown of growth on KA-SAT, a deteriorated economic context in several emerging markets, notably Latin America where much of the recently launched capacity has been targeted, intensifying competitive pressure for Data Applications in all geographies, lower renewals in Government Services and, at the HOT BIRD position, the return of some capacity partly due to further portfolio re-grooming by distributors as well as the acceleration by Eutelsat of the rationalization of contractual arrangements with distributors in order to strengthen the commercial model in the longer term.

The financial outlook as of the date of this document is therefore the following:

Revenues for FY 2016-2017 (at constant currency and perimeter, excluding non-recurring revenues) are expected in the range of -3% to -1%. In FY 2017-2018 they are expected broadly flat with a return to modest growth in FY 2018-2019. For each of FY 2016-2017, FY 2017-2018 and FY 2018-2019 the EBITDA margin is expected to remain above 75%.

Capital expenditure will stand at an average of 420 million euros ⁽²⁾ *per annum* for the period July 2016 to June 2019. Discretionary free cash flow ⁽³⁾ is expected to see three-year CAGR in excess of 10%, with FY 2015-2016 as the base year ⁽⁴⁾. The Group is committed to maintaining a sound financial structure to support its investment grade credit rating and aims at a net debt/EBITDA ratio below 3.3x.

It also commits to serving a stable to progressive dividend to shareholders.

These objectives are based *inter alia* on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group. The loss on 1 September 2016 of Spacecom's AMOS-6 satellite – on which Eutelsat had contracted a multi-year agreement to lease the satellite's Ka-band payload covering Sub-Saharan Africa with a view to launching broadband services – does not change the financial objectives mentioned above (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.

The forward-looking objectives, statements and information summarised above are based *inter alia* on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.

The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future. Furthermore, the materialisation of certain risks described in the chapter "Principal Risks" below could have a negative impact on the Group's business and on the achievement of the forward-looking objectives, statements and information cited above.

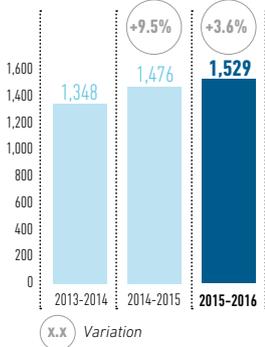
(2) This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity. To avoid double counting, this amount excludes the 95.2 million euros payment to RSCC which has been accounted in Cash Capex in FY 2015-2016.

(3) Net cash flow from operating activities - Cash Capex - Interest and Other fees paid net of interests received.

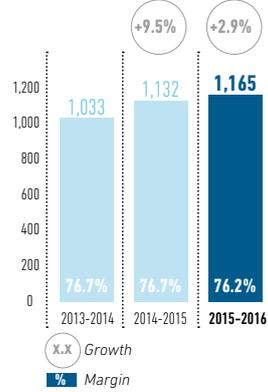
(4) Discretionary free cash flow of 247 million euros in FY 2015-2016.

KEY FIGURES

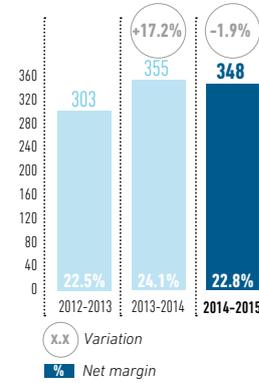
REVENUE GROWTH (M€)



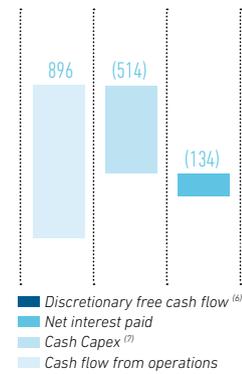
EBITDA (M€) (5)



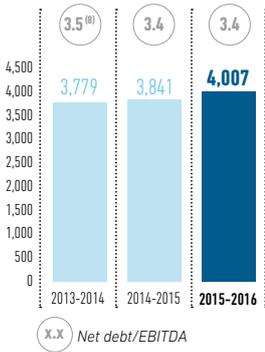
GROUP SHARE OF NET INCOME (M€)



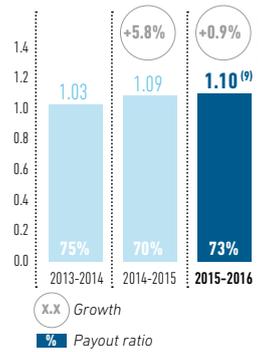
DISCRETIONARY FREE CASH FLOW (M€)



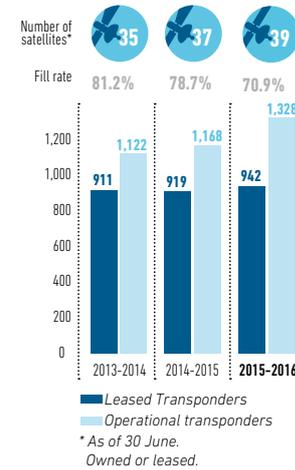
NET DEBT (M€) AND LEVERAGE



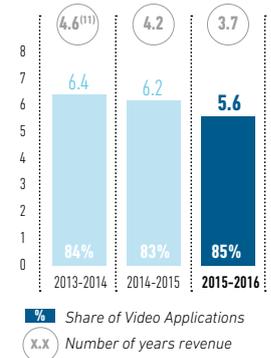
DIVIDEND PER SHARE (€) AND PAYOUT RATIO



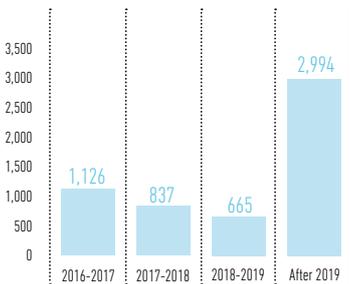
FILL RATE (10)



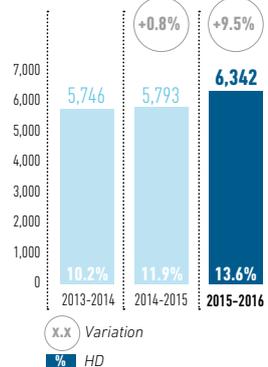
BACKLOG (BN€)



BREAKDOWN OF BACKLOG AS OF 30 JUNE 2016 BY YEAR (M€)



CHANNELS BROADCAST AND HD PENETRATION



2015/2016 REVENUES BY APPLICATION (%) (12)



(5) Operating income before depreciation and amortisation, impairments and other operating income/(expenses).

(6) Net cash flow from operating activities – Cash Capex – Interest and Other fees paid net of interests received.

(7) As defined in financial outlook: including capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

(8) Pro-forma EBITDA including July to December 2013 Satmex EBITDA of 51.0 million U.S. dollars.

(9) Proposed to the Annual General Meeting on 4 November 2016.

(10) On the basis of 36 Mhz-equivalent transponders, excluding HTS capacity.

(11) Including Satmex revenues from July to December 2013 for 69.0 million U.S. dollars.

(12) Excluding "other" and "non-recurring revenues".

1.2 GROUP ACTIVITIES, MAIN MARKETS AND COMPETITION

► 1.2.1 Group activities

Eutelsat operates a fleet of 39 satellites located between 117° West and 172° East, providing coverage of EMEA⁽¹³⁾, the Americas and a large part of the Asian continent. The Group delivers its services to broadcasters and network operators either directly or *via* distributors.

At 30 June 2016, Eutelsat's revenues were 1,529 million euros, of which 64%⁽¹⁴⁾ came from Video Applications. Order backlog at 30 June 2016 was 5.6 billion euros, of which 85% from Video Applications.

1.2.1.1 Video Applications

Accounting for 64% of Eutelsat's revenues, Revenues for Video Applications were 943.6 million euros in the 2015-2016 financial year (up 2.3% on 2014-2015 on a like-for-like basis⁽¹⁵⁾).

Video Distribution ("Direct To Home")

Eutelsat provides its customers with broadcasting capacity and associated services to enable them to transmit TV programmes to households that are either equipped to receive them direct *via* satellite, or connected to cable or IP networks. The Group occupies a key place in the audiovisual chain, which extends from the reporting site to the TV viewer's screen.

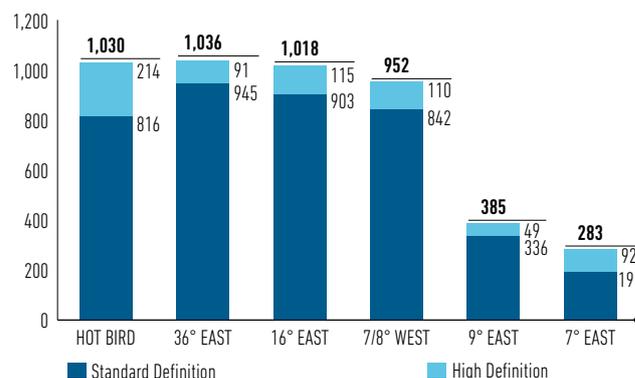
With 6,342 TV channels (including 863 in High Definition) broadcast *via* the Group's in-orbit resources as of 30 June 2016, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle East, North Africa and sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of new broadcasting formats (High Definition, 3D, Ultra High Definition). In addition, Eutelsat is developing its Video distribution activities in Latin America, particularly at the 117° West orbital position, which will be complemented by EUTELSAT 117 West B satellite, launched on 15 June 2016.

Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: the Group launched the HOT BIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra HD channel in this new standard. Eutelsat also broadcasts Funbox 4k UHD channel at the HOT BIRD orbital position, FRANSAT UHD Demo channel at 5° West serving the French Market and 4k Africa at 7° East. In addition, Tricolor TV is broadcasting two UHD (Insight UHD and Tricolor Ultra HD) channels on EUTELSAT 36C satellite. Finally Eutelsat also carried seven Euro UHD matches, available for Italian viewers receiving the Tivùsat platform from the HOT BIRD neighbourhood.

Eutelsat's business model rests on the establishment of long-term relations between the Group and its broadcasting customers based on the opening of new in-orbit resources, an increase in programme offerings and farms of antennae pointed at the Group's satellites.

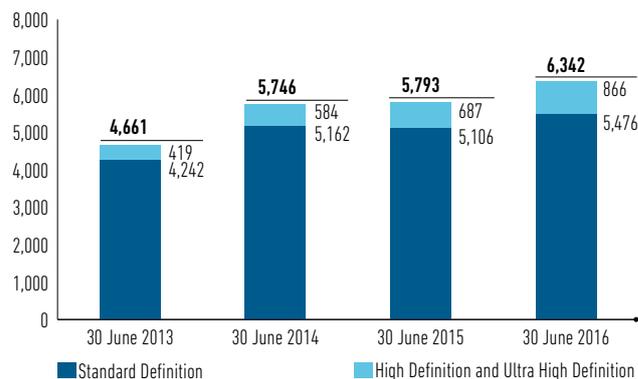
The Group's customers for satellite capacity for video distribution include for example: Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, M7 in Germany, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, MBC and OSN in the Middle East, TricolorTV and NTV+ in Russia, Multichoice Canal+ Overseas and ZAP in Africa and Milicom in Latin America.

► TV channels broadcast on the Group's satellites at Eutelsat's main Video neighbourhoods



Source: Eutelsat Communications.

► Number of channels on Eutelsat's fleet



Source: Eutelsat Communications.

Research published in January 2015 by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle-East stands at 274 million, up by 32% since 2010, of which 138 million receive channels from the HOT BIRD neighbourhood, up from 122 million in 2010. All eight neighbourhoods continue to experience audience growth.

Direct-to-Home remains the leading reception mode across the combined Europe, Russia, North Africa and Middle-East footprint. The number of Direct-to-Home households is growing, up by 44% to 160 million homes between 2010 and 2014.

(13) EMEA consists of Western Europe, Central Europe, Russia and Central Asia, North Africa, the Middle-East and Sub-Saharan Africa.

(14) The share of each application as a percentage of total revenues is calculated excluding "other revenues" and "one-off revenues".

(15) At constant currency and perimeter.

Regarding general trends in DTH, cable, IPTV and DTT reception in the more mature Western European markets, 15 countries were surveyed, accounting for 179 million TV homes. DTH was confirmed as the main mode for TV reception in Western Europe, up 7% to 58 million homes from 54 million in 2010 and accounting for one in three homes.

In France, the FRANSAT service, which transmits free DTT channels *via* the EUTELSAT 5 West A satellite, is received by more than 2 million households. During the last fiscal year, FRANSAT transitioned its channels to high definition and upgraded the installed basis of set-top boxes which is now fully compatible with this format.

Professional video services

The Group provides television channels or broadcasting platforms with point-to-point links, enabling them to route their programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also make it possible to establish meshed networks which are used for the exchange of TV station programmes.

Furthermore, the Group provides links for the transmission by broadcasters of current affairs programmes ("Satellites News Gathering" or SNG) in standard digital or in High Definition. In particular, the NewSpotter service, available on the KA-SAT satellite, extends the perimeter of the Group's offers with a low-cost solution based on cheap and easy-to-use terminals.

The Group's customers for this type of service include the European Broadcasting Union (EBU), France Television Group, several television channels (BBC, i-TELE, CBS, Mediaset, NBC, NHK, HTR Croatia, SVT, Polske Radio, TF1) as well as video reporting professionals and sports federations.

1.2.1.2 Data and Value-Added Services

Data Services and Value-Added Services revenues stood at 338 million euros for fiscal year 2015-2016 and represented 23% of Eutelsat's revenues, of which 16% for Data Services and 7% for Value-Added Services.

On this segment Eutelsat's business is split between Fixed Data Services which includes Corporate Networks, Mobile backhauling and Trunking on one hand, and on the other hand Connectivity which includes Fixed Broadband and Mobile Connectivity.

Fixed Data Services

Satellite corporate networks allow corporates to connect their network *via* satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly *via* service providers or distributors but the main users include for example the oil and gas industry or mass distribution. Corporate networks represent more than half of Eutelsat's Fixed Data Services revenues.

Within the mobile network (Backhaul) and Internet backbone connection (Trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms *via* satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. Demand is strong in emerging markets (Africa, the Middle East, Latin America and Asia-Pacific) where the Group has a historical presence.

Connectivity

Fixed Broadband

The Group offers Broadband Connectivity solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the HTS KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks.

The range of services for private individuals (the commercial offer Tooway) offers download speeds of 22 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes. These offers are marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package *via* satellite. The range of services on KA-SAT available to professionals offers download speeds of up to 40 Mbps and upload speeds of 10 Mbps. The main markets targeted are the Internet access markets for businesses and local authorities, the interconnection of private virtual networks, the security of terrestrial networks by means of back-up satellite links and the deployment of remote surveillance solutions (SCADA).

A total of 181,000 end-users, mainly individuals, were using Internet access services on KA-SAT as of 30 June 2016, in particular in France, the UK, Germany, Italy and Spain.

In order to continue expanding its Fixed Broadband business in Europe, Eutelsat announced an agreement with ViaSat Inc. to create a joint-venture combining Eutelsat's existing European broadband business with ViaSat's industry-leading broadband technologies and consumer Internet Service Provider (ISP) business expertise. Building on a decade-long relationship, the two companies are joining forces to create a partnership that will expand Eutelsat's current wholesale broadband business and launch a new consumer retail service in Europe. The joint venture will initially leverage KA-SAT, Eutelsat's high capacity broadband satellite.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Brazil on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat provides Broadband Internet access services in Russia on the EUTELSAT 36C satellite since summer 2016. Furthermore, the Group will offer Broadband Internet access services in Sub-Saharan Africa with the launch of a fully-dedicated satellite in 2019.

Mobile Connectivity

The Group has a portfolio of assets which provides capacity dedicated to Mobile Connectivity (in-flight or maritime), notably at 10° East, 172° East, 117° West orbital positions and on KA-SAT satellite, with customers such as Panasonic and Gogo.

Eutelsat's on-board solution for aircraft, "Internet Air Access", offers passengers top-quality Internet access, a video streaming service, and mobile telephony services accessible on tablets, smartphones and laptop computers throughout European air space. Eutelsat was notably selected by Telefonica to provide capacity allowing the low-cost carrier, Vueling to equip its fleet with an in-flight Internet connection with capacity provided by the KA-SAT satellite.

In 2014, Group announced the procurement of the EUTELSAT 172B satellite which includes notably a Ku-band HTS payload specifically designed for in-flight connectivity over the Pacific region. This capacity has been selected by Panasonic Avionics Corporation as a platform for in-flight connectivity and entertainment for airlines serving the Asia-Pacific area.

Government Services

Government Services revenues amounted to 200 million euros in fiscal year 2015-2016 and represented 13% of Group revenues.

Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group's satellites provide direct links between Europe, the Middle East, Africa, Western Asia and the Americas.

▶ 1.2.2 Main markets and competition

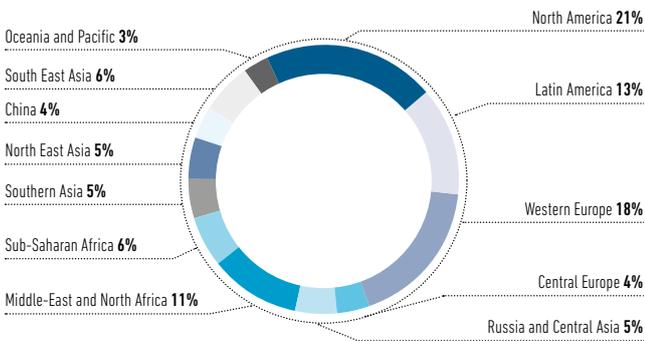
1.2.2.1 The Fixed Satellite Services (FSS) industry

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (e.g. private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The rapid growth of television worldwide, expanding volumes of communication, particularly via the Internet, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions, are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector generated global revenues of 11.5 billion U.S. dollars as of 31 December 2015.

▶ Breakdown by region of revenue for the FSS sector



Source: Euroconsult, 2016 edition, based on total FSS operators wholesale revenues.

A market with high visibility

Eutelsat is a core player with strong resilience

Visibility on the FSS market is driven by several factors:

- ▶ satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- ▶ barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;

Eutelsat provides directly or through partners services to governments in the framework of programmes to reduce the digital divide in the field of education or health (e-Éducation, e-Santé...). The Group also addresses the needs in terms of satellite capacity required by intelligence, surveillance and reconnaissance systems, particularly for the U.S. administration. In order to better respond to satellite needs of government and institutional markets in the EMEA region, Eutelsat created Eutelsat Government EMEA in early 2015.

- ▶ customers, especially those in the video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- ▶ long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

Video Applications, Eutelsat's core business, is highly resilient and its significant backlog provides strong visibility on future revenues.

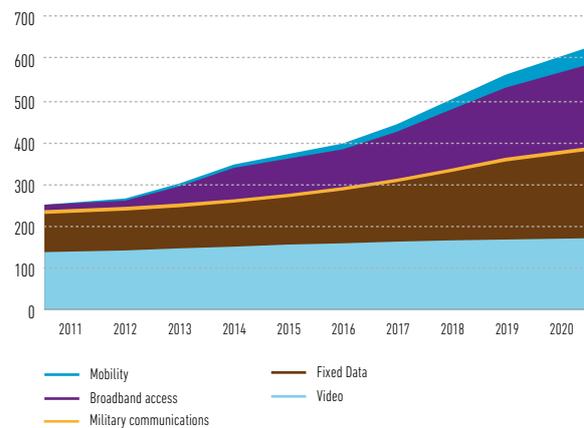
Demand is supported by the digital revolution

Eutelsat plays a key role in the media and Internet convergence

The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD). Moreover, the rise in the number of television channels requires increased bandwidth capacity and while linear television remains the primary means to view video content, there is a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services.

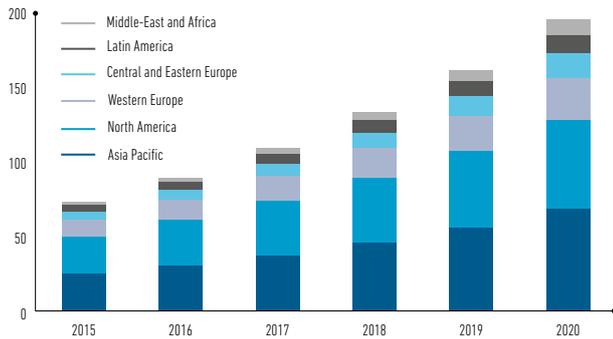
Furthermore, for homes without access to fibre optic networks, hybrid solutions combining satellite and broadband terrestrial networks enable end users to receive video signals of high image quality via satellite while the bandwidth available on the broadband infrastructure is enables to offer a range of services and content. These hybrid solutions are already available and will become the preferred solutions in the many areas of the world, both developed and emerging, where fibre optic is not available.

▶ Breakdown by application of global demand in GHZ (consolidated demand for regular and HTS capacity)



Source: Euroconsult, 2016 edition.

► Global Internet traffic evolution (in EB per month)

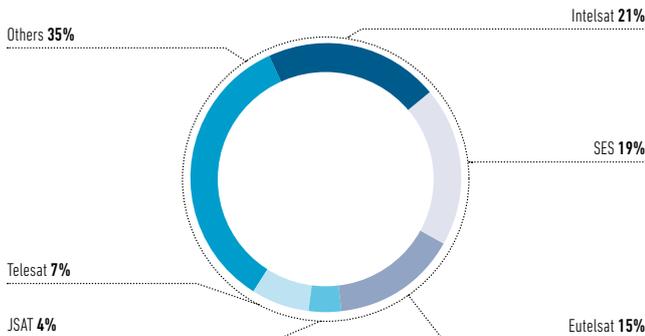


Source: Cisco, VNI 2016.

A fast-changing and competitive environment

The three largest operators – Intelsat, SES and Eutelsat – together have 56% market share in the FSS sector.

► Operators global market share (based on revenues)



Source: Euroconsult, 2016 edition.

At regional level, some operators have implemented investment programmes with a view to expanding on their markets and competing with global operators. However, these programmes frequently encounter obstacles, such as the high level of investment, expertise and commercial effort required, and the complexity of the international regulatory environment, thereby giving rise to partnership opportunities.

The emergence of regional operators, together with the expansion of established operators, is reflected in an increase in the amount of satellite capacity on the market. Regular capacity is forecast to grow by 10% in the next five years from circa 7,100 transponders in 2015 to circa 7,800 in 2020. HTS capacity is expected to triple over the next five years.

A dual market dynamic

In the Fixed Satellite Services sector, the traditional businesses are Video, Fixed Data and Government services. In the markets covered by the Group, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe), a deteriorating economic climate in regions such as Russia and Latin America and an increase in capacity, which is weighing on pricing in Data Services. These factors are partly offset by robust demand in sub-Saharan Africa, the Middle East and North Africa and Asia. At the same time, new high-growth segments have emerged in recent years, notably the “connectivity” businesses of Fixed Broadband and Mobile Connectivity, which present significant opportunities for satellite operators.

1.2.2.2 Core businesses – market prospects

Video

In 2015, Video was the largest segment of the FSS market, accounting for circa 4,000 transponders worldwide, equivalent to 58% of the volume of demand for regular capacity (source: Euroconsult, 2016 edition). Overall, **the video market is expected to grow at low single-digit CAGR** in the next five years driven by sustained demand in emerging markets.

- The number of homes equipped with a satellite terminal should increase globally by 135 million between 2013 and 2018, with the penetration of satellite-based television services rising from 28 to 31% of the global population (source: IHS).
- The number of channels broadcast by satellite worldwide has increased from more than 30,000 to more than 40,000 over the last five years and should reach more than 47,000 by 2025 (source: Euroconsult, 2016 edition).

Market dynamics differ between developed and emerging countries.

In developed countries, the market is mature. In Europe in particular, the number of channels should be broadly stable between 2015 and 2020. The transition to **High Definition** and **Ultra-High Definition**, is expected to offset the impact of improvements in compression and encoding formats on satellite capacity demand, leading to a broadly stable market. Looking ahead, the advent of new services, focused on improving users’ digital experience, should offer opportunities.

- Requiring almost twice as much satellite capacity as standard television (a 36 Mhz transponder can broadcast around 12 Standard Definition channels in MPEG-2 format or six to eight HD channels in MPEG-4 format), the HD penetration rate on Eutelsat satellites has risen from 11.9% to 13.6% in the past one year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 13% in EMEA and Latin America over the 2015-2025 period to reach more than 10,000 channels in 2025.
- Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently two to four times more resource-hungry than HD, which creates opportunities in terms of growth in demand.
- Conversely, technological advances in the compression of television signals, as well as the discontinuation of simulcast channels, have a negative impact on capacity demand. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thus optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market.

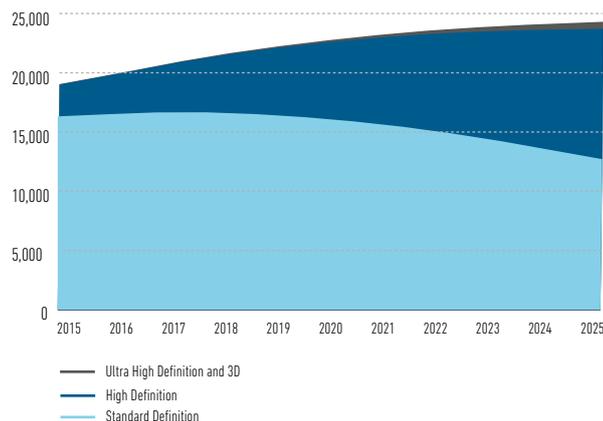
The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design a new generation of “hybrid” terminals that combine access to television and the Internet. Eutelsat’s teams are involved in this process and are constantly working to enhance the pay television services on offer and supply connected television services.

In emerging countries, demand is growing quickly. According to Euroconsult, between 2015 and 2020, demand for capacity for Video Applications will grow by 3.6% a year in Latin America, sub-Saharan Africa, the Middle East and North Africa, as well as in Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast, which has more than doubled over the past five years. The potential for further growth is strong as there are currently only two channels per million inhabitants in sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

HD penetration is weaker than in developed countries. For example, in Sub-Saharan Africa, the HD penetration rate is 4%, compared with 24% in Western Europe (source: Euroconsult, 2016 edition). HD penetration is expected to improve in these regions, which will have an additional positive effect on demand.

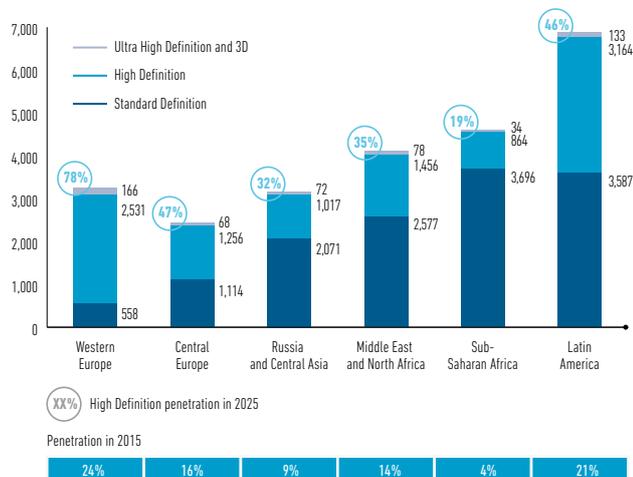
Finally, the rise of Digital Terrestrial Television (“DTT”) in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

► Evolution of the number of SD, HD and UHD channels in extended Europe and Latin America



Source: Euroconsult, 2016 edition.

► HD Penetration by subregion in 2025



Source: Euroconsult, 2016 edition.

Fixed Data Services

The Fixed Data market is composed of several different types of services: business networks, the interconnection of mobile networks and Trunking. Demand for business networks and interconnecting mobile networks is growing, while Trunking is in decline. Overall demand is growing in volume, but is accompanied by a significant decline in prices caused by several factors:

- the amount of satellite capacity dedicated to fixed data has increased significantly and continues to grow;
- terrestrial networks are competing with satellite technology on this market segment;
- the arrival of HTS satellites has led to a reduction in the production cost of capacity, which in turn impacts prices.

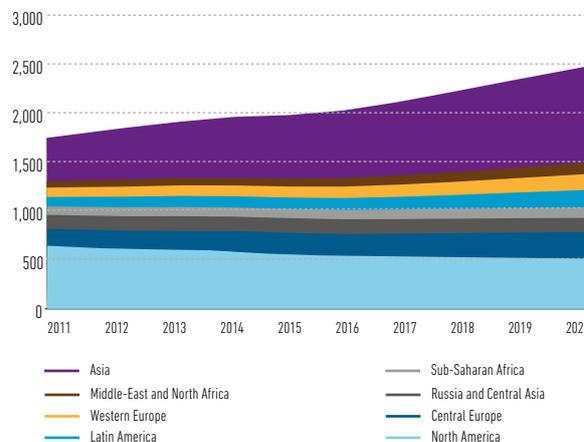
Overall this should result in a low-single digit CAGR decline in value for this segment.

Within fixed Data Services, certain segments, particularly point-to-multipoint applications (which account for more than half of Eutelsat’s Data Services revenue), should be more resilient in the short and medium term.

More specifically, VSAT business networks accounted for around 10% of the total demand for regular capacity on the FSS market in 2015 (source: Euroconsult, 2016 edition). Although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas in both developed and even more in emerging countries, satellite technology is an optimal solution.

Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms, and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. More than two million VSAT terminals for business networks are installed globally (source: Euroconsult, 2016 edition).

► Development in number of V-SATS per region (in thousands)



Source: Euroconsult, 2016 edition.

In 2015, demand for interconnecting mobile networks and “Trunking” accounted for 24% of demand for regular capacity on the FSS market (source: Euroconsult, 2016 edition).

The market for **interconnecting mobile networks** is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) of transmitting information between these points. It is almost exclusively concentrated in emerging countries, in particular Latin America and South Asia. In the medium term, the market for interconnecting mobile networks should gradually migrate towards new HTS capacities, which enables satellite operators to offer 3G/4G data services (significantly increasing the volume of data transmitted). In the long term, it will also come up against growing competition linked to the extension of terrestrial networks.

The “Trunking” market is defined as the transmission of information (voice or data, also known as “IP Trunking”) between one national backbone network and another. This market is in decline, in terms of both volume and value, in large part due to competition from fibre optic. Nevertheless, satellite technology still plays an important role in areas that are not connected to the terrestrial network (e.g. certain Pacific islands) or that have a poor connection to the network (such as the west African coast). There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable (e.g. India).

Government Services

The **military government services** market accounted for 3% of demand for regular capacity on the FSS market in 2015 (source: Euroconsult 2016). After several years of decline, demand is now expected to broadly stabilize. In the medium-term, the expected return to growth of the military market on the back of developments in IT systems and the increasing use of commercial capacities by governments seeking to rationalise spending represents a favourable driver.

Demand from the U.S. Government, a key customer in this segment, is stabilising, albeit at much lower prices than before. Like Data Services. This segment will also be impacted by the arrival of HTS capacity, although it is expected to migrate more slowly. On the other hand, there are growth opportunities in other regions such as Europe, Asia and the Middle East, where governments are increasingly turning to commercial operators for their satellite capacities.

The **civil government services** market also opens up a host of opportunities, for example, in offering additional services to connect public infrastructure (such as schools and hospitals) in remote regions.

1.2.2.3 Connectivity applications – market prospects

The market for connectivity applications represents one of the greatest potential, medium and long-term growth opportunities for the satellite segment.

Fixed Broadband

2.6 million households receive Internet via satellite globally in 2016, a figure which has increased 65% in five years (source Euroconsult 2016). Satellite Broadband is now a substantial market in Europe and North America and will grow rapidly in the years ahead. It is boosted by low levels of deployment of Broadband infrastructure in emerging markets and some developed countries, as well as by the cost-competitiveness of satellite technology in low-density areas over terrestrial infrastructure. In Europe, the European Commission has indicated that it is working to improve access to the Internet *via* satellite in areas where this could serve to reduce the digital divide.

In addition, the arrival of High Throughput Satellites (HTS) that use the Ka frequency band makes it possible to significantly improve the cost of satellite resources for connectivity services. The use of solutions based on HTS technology will intensify in future years, meaning that it will account for a major proportion of the capacity dedicated to connectivity services.

► 1.2.3 The Group's strategy

Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximize the cash flow generation of these businesses by adapting its operational and financial objectives. The second step will see the Group preparing to return to growth by building on its core Video business and capturing the longer-term potential in Connectivity.

With the development of VHTS (Very High Throughput Satellite) technology, solutions for accessing the Internet *via* satellite will continue to evolve in the years ahead, making it possible to offer services that are competitive in terms of both quality and price with terrestrial Superfast Broadband, particularly in low-density areas, thereby opening up the possibility of a mass market.

Mobile Connectivity

Broadband mobile communication is a market with strong growth potential.

The in-flight connectivity market is currently worth around 200 million euros (source: TMF Associates) and demand in terms of volume is expected to increase sharply due to the following factors:

- the continuous rise in air traffic with commercial aviation set to grow by 4.6% per year on average between now and 2034 (source: Airbus Global Market Forecast 2015-2034);
- passengers' growing need for connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- the desire of airlines to offer this new service as a way of differentiating themselves from their competitors;
- the arrival of HTS satellite capacity, many beams of which are dedicated to mobility, providing access to larger capacities at a lower cost;
- the proliferation of rotating flat dishes, which reduces indirect costs (weight and maintenance).

As a result, in-flight connectivity services look set to become more widespread, with an exponential growth in usages. Overall, this market will grow significantly in value.

The market for maritime satellite connectivity is valued at *circa* 800 million euros (source: TMF Associates), a third of which is accounted for by the FSS sector. There are currently around 14,000 boats fitted with FSS technology and this number is expected to rise at an average annual rate of around 13% between 2015 and 2020 (source: TMF Associates), a trend that has been supported by worldwide growth in the shipping trade. In addition to this and given the increase in usages, the value of this market should increase significantly.

In the medium to long-term, mobility therefore has the potential to develop from a niche into a mass market. Mobile usages, which until now have largely been confined to the maritime and aviation sectors, will also expand to encompass connected cars and land-based transport in the longer term.

There are therefore many opportunities open to the satellite mobility market to diversify.

To this end, Eutelsat has realigned its organisation along the following five business lines: Video, Data Services, Government Services, Fixed Broadband and Mobile Connectivity. This organisation will make it possible not only to maximise the cash flow of each application, but also to strengthen Eutelsat's focus on its customers' specific needs.

1.2.3.1 Maximising the free cash flow generation of core businesses

Video

The Group's strategy for mature countries will consist in optimising the value of its assets by:

- ▶ increasing direct access to its customers;
- ▶ integrating or reorganizing indirect distribution;
- ▶ stimulating HD and Ultra HD take-up by means of tailored pricing;
- ▶ implementing more segmented pricing strategies.

There will be a strong focus on optimising the value of the HOT BIRD position notably by taking back unsold capacity from certain distributors, thus making it possible to optimise distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat's value proposition by attracting new premium channels in different language pools, increasing sales of services and prioritising improvements in image quality.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- ▶ benefiting from its recent investments in the 7/8° West (the launch of EUTELSAT 8 West B covering the Middle East and North Africa in October 2015) and 36° East positions (the launch of EUTELSAT 36C in February 2016, which provides, among other things, additional coverage in sub-Saharan Africa, the main client there being Multichoice);
- ▶ continuing to invest selectively, notably at the 7° East position. The launch of EUTELSAT 7C in 2018 will help to significantly improve coverage in sub-Saharan Africa, where the Video market is expanding rapidly.

Eutelsat will support the digital revolution in all geographical regions by offering customers a range of innovative services including Smart LNB, a multi-screen delivery solution and the FRANSAT portal (HBB-TV technology).

Data Services

Eutelsat will aim to partly offset the impact of lower prices described in the previous section with a series of measures:

- ▶ Its priority will be to ramp up existing capacity by adapting its pricing strategies where appropriate.
- ▶ There will also be a focus on the following areas:
 - ▶ less competitive geographies such as Alaska and Mexico;
 - ▶ complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;
 - ▶ opportunities in verticals where satellite has untapped potential, such as agriculture and the Internet of Things.
- ▶ Eutelsat will leverage its range of differentiated solutions (e.g. EUTELSAT Quantum) as soon as possible.

- ▶ Contract length and volumes will be prioritised over price to secure a high number of orders.

Furthermore, given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for Fixed Data Services.

Government Services

Eutelsat will continue to work with the U.S. Department of Defense with a view to growing sales in new sub-segments. The arrival in 2019 of EUTELSAT Quantum, the new software-based reconfigurable satellite, will help to differentiate its value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The applications made possible by this new concept in satellite technology are particularly suited to customers in the Government Services sector.

Eutelsat will also seek to expand its operations to other governments (in Europe, the Middle East and Asia) and develop opportunities to provide services to governments in civil areas to enable them to expand their programmes aimed at reducing the digital divide (e.g. connecting schools and hospitals and public-private partnerships).

All the measures described above will form part of a wider drive to optimise the deployment of the Group's fleet.

In addition to the strategies to maximise revenue generation for each application, a series of measures will also be deployed to optimise cash flow generation.

- ▶ **Reducing capex:** capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will be driven by the implementation of a "design-to-cost" approach and a focus on hosted payload and partnership or "condosats" opportunities when appropriate, as well as by capitalising on industry-wide efficiency improvements. Ground capex will be strictly controlled. As a result, average annual capex for the period July 2016 to June 2019 will be reduced to 420 million euros (compared with an annual average of 500 million euros for the period July 2015 to June 2018).
- ▶ **Optimising the cost of debt** as described in Section 6.4.2 of this document, which will allow for cumulative savings of around 50 million euros per year from January 2019.
- ▶ **Controlling operating costs**, with the aim of maintaining the EBITDA margin above 75%.
- ▶ **Optimising the asset portfolio:** Eutelsat will continue to consider opportunities to streamline its portfolio of assets, following on from the divestment of Alterna TV in April 2016 and the exercise in July 2016 of the put option to divest its stake in Hispasat. Thus, the subsidiary WINS (Maritime Mobility) has been sold the 31 August 2016. It will also seek partnerships for some of its broadband projects, such as ViaSat in Europe and Inframed in Africa.

All of these measures will help to grow the Group's free cash flow in the medium term.

1.2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return to growth is divided into two phases: in the medium term (from FY 2018-2019 onwards), the development of the core Video business and, in the longer term (from FY 2020-2021 onwards), the seizure of opportunities arising in Fixed Broadband and Mobile Connectivity.

Pursuing medium-term growth in Video

Video by satellite will continue to grow and Eutelsat's expectation is that, in the longer term, Video distribution globally will mostly be split between satellite and IPTV. Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

- ▶ improving the end-user experience through, for example, connected television, multi-screen delivery solutions and digital connected television programme guides;
- ▶ managing metadata in order to target advertising;
- ▶ compression, encryption and security.

These services will help to strengthen relations with customers, while at the same time creating opportunities to generate additional revenue.

To this end, the Group will continue to implement an innovation policy, as it has done for over thirty years. Recent innovations include the "Smart LNB" antenna for Direct-to-Home, designed mainly for emerging markets which allow broadcasters to operate linear television and connected TV services directly by satellite.

The Group has also developed a solution for broadcasting native IP video content to mobile terminals in homes and public places (e.g. hotels, shopping malls and airports) by satellite. Thanks to this solution, video platform operators can broadcast their channels live in IP format via satellite by creating a network dedicated to all IP-native terminals, such as tablets and smartphones.

Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

Fixed Broadband

Eutelsat's aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

- ▶ the KA-SAT satellite in Europe;
- ▶ the HTS payload in Ka-band on EUTELSAT 36C covering Russia;
- ▶ project to develop Broadband in Africa with the launch of a dedicated African Broadband satellite;
- ▶ the payload in Ka band on EUTELSAT 65 West A, covering Latin America.

Eutelsat will prepare for the mass-market adoption of this application by working on all the prerequisites:

- ▶ rolling-out and validating different business models on this existing capacity: indirect distribution; direct distribution to individuals through the future joint venture with Viasat in Europe; partnerships with telecoms and pay television operators; services targeting businesses and SMEs in Africa, etc.;
- ▶ working in partnership with the various stakeholders to define needs relating to the next generation of HTS satellites (VHTS);
- ▶ working with industrial partners to reduce the cost of terminals.

At the same time, the Group will continue to refine its assessment of the market to determine a suitable level of investment from 2018.

Mobile Connectivity

To capture the growth in Mobility, the Group will adopt a step-by-step approach, leveraging in particular its strong positions at 172° East (where capacity will be expanded in 2017 with the launch of EUTELSAT 172B, which includes a payload dedicated to in-flight connectivity selected by Panasonic) and 10° East, as well as developing aero mobility on KA-SAT.

Eutelsat will focus on securing the prerequisites ready for the transition to a mass market by:

- ▶ expanding the coverage of its services, particularly through selective investments to ensure that it has the appropriate capacity;
- ▶ putting in place partnership agreements with all stakeholders involved, particularly antenna manufacturers;
- ▶ positioning itself on future markets (e.g. connected cars), an area in which its Innovation Department has already started developing solutions.

1.3 IN-ORBIT OPERATIONS

► Operational review for financial year 2015-2016

Main changes since 30 June 2015

- In July 2015, EUTELSAT 28A was relocated to 33° East where it now operates as EUTELSAT 33C.
- In August 2015, EUTELSAT 8 West B was launched and entered full commercial service at 7/8° West in early October.
- Subsequent to this, EUTELSAT 8 West C was relocated to 70.5° East and operates in inclined orbit as EUTELSAT 70D.
- EUTELSAT 8 West A was relocated to 12.5° West where it operates as EUTELSAT 12 West B.
- EUTELSAT 12 West A has been relocated to 36° West and renamed EUTELSAT 36 West A.
- In October 2015, EUTELSAT 115 West B started operations. At the time of this report, EUTELSAT 115 West A terminated its operational life.
- In October 2015, the operational life of EUTELSAT 33B was terminated.
- In December 2015, EUTELSAT 36C – which is operated in the framework of a long-term lease agreement with RSCC – was launched and entered into service in mid-February 2016. EUTELSAT 36A was relocated at 70.5° East where it operates in inclined orbit at under the name EUTELSAT 70C.
- In January 2016, EUTELSAT 9B was launched. It started operations in early March 2016. EUTELSAT 9A has been relocated to 13° East where it operates under the name EUTELSAT HOT BIRD 13E; EUTELSAT HOT BIRD 13D has been relocated to 33° East where it does operate under the name EUTELSAT 33E.
- In March 2016, EUTELSAT 65 West A was launched. It started operations early May 2016.
- In June 2016, EUTELSAT 117 West B was launched. It will enter into service during fiscal year 2016-2017 and operate 48 36-MHz-equivalent transponders covering the Americas.
- In June 2016, the long term lease agreement with Telesat by which Eutelsat operated capacity on Telstar 12 satellite (four physical transponders or six 36 Mhz-equivalent transponders) was terminated. In this context, negotiations are underway.

Main investments

During the financial year, the Group continued its investment programme.

The Group will continue to focus on selected investments. Capital expenditure will represent an average of 420 million euros ⁽¹⁶⁾ per annum for the period July 2016 to June 2019.

New orders

During financial year 2015-2016:

- In July 2015, the first satellite EUTELSAT Quantum satellite was ordered from Airbus Defence and Space, for a launch expected in 2019. An innovative software-driven satellite, EUTELSAT Quantum will set a new standard in terms of coverage, bandwidth, power and frequency flexibility.
- In October 2015, Eutelsat signed a contract to lease the Ka-band capacity on the AMOS-6 satellite for broadband services in Sub-Saharan Africa from end-2016 in collaboration with Facebook. The satellite was lost following the launch pad explosion of the SpaceX Falcon 9 rocket in September 2016.
- In October 2015, Eutelsat ordered a new-generation High Throughput Satellite from Thales Alenia Space (TAS) with exceptional operational flexibility. To be launched in 2019, this all-electric satellite will bring significant additional broadband resources in Ka-band to Sub-Saharan Africa.
- In March 2016, Eutelsat selected all-electric satellite from Space Systems Loral to expand broadcasting in Africa, Middle East and Turkey. To be launched in the second half of 2018, and equipped with 44 operational Ku-band transponders, the new satellite will operate at the 7° East orbital position under the name EUTELSAT 7C. It will notably serve anchor clients including Digiturk, Turkey's leading pay-TV platform and will increase Video capacity over Sub-Saharan Africa.

Other Satellites under procurement

The Group has proceeded with the procurement of EUTELSAT 172B satellite ordered during 2014-2015 financial year.

Expected for launch in the first half of 2017, it will accelerate development in Asia-Pacific. An early follow-on programme to EUTELSAT 172A, it will provide continuity and expansion capacity at the 172° East orbital position. EUTELSAT 172B will include a High Throughput payload customised for in-flight broadband over trans-Pacific and Asian flight paths selected by Panasonic Avionics Corporation.

Launch services associated with satellites under procurement

Generally speaking, under its security policy and resource deployment plan, the Group aims to diversify its launch service providers as much as possible to ensure a degree of operational flexibility in the event of a failed launch. For example, its satellites are technically adaptable to a launch using several different types of launch vehicles. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch services contracts.

(16) This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

► **Satellite fleet**

As of 30 June 2016, the Group operated capacity on 39 satellites ⁽¹⁷⁾ of which four were leased from third parties and five were satellites in inclined orbit.



EUTELSAT FLEET

SEPTEMBER 2016

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

FUTURE SATELLITES:

- EUTELSAT 1
- EUTELSAT 1
- Eutelsat Qu
- EUTELSAT 7
- African Bro

(17) The capacity on EUTELSAT 117 West B satellite which is currently being raised to its orbital position at 117°West is not included.



17 West B undergoing in-orbit raising

○ EUTELSAT 70C currently under redeployment

72B

Quantum

7C

radband Satellite

Fully owned capacity as at 30 June 2016

Name of satellite	Orbital position	Geographic coverage	Nominal capacity (number of physical transponders)	Nominal ⁽¹⁾ capacity (36 MHz-equivalent transponders / Spotbeams)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 ⁽²⁾ (calendar year)
EUTELSAT 117 West A	116.8° West	Americas	40 Ku / 24 C	42 Ku / 24 C	March 2013	Q4 2035
EUTELSAT 115 West B	114.9° West	Americas	32 Ku / 12 C	40 Ku / 24 C	March 2015	Q3 2042
EUTELSAT 113 West A	113° West	Americas	24 Ku / 36 C	24 Ku / 36 C	May 2006	Q3 2023
EUTELSAT 65 West A	65° West	Latin America	24 Ku / 10 C / 24 Ka	24 Ku / 15 C / 24 Ka	March 2016	Q1 2036
EUTELSAT 36 West A ⁽³⁾	36° West	Americas, Europe	Leased to Third Party	Leased to Third Party	August 2002	Q4 2018
EUTELSAT 12 West B	12.5° West	Europe, Middle-East, Americas	26 Ku	31 Ku	September 2001	Q1 2019
EUTELSAT 8 West B	8° West	Middle-East, Africa; Latin America	40 Ku / 10 C	42 Ku / 20 C	August 2015	Q4 2033
EUTELSAT 7 West A	7° West	Middle-East, North Africa	50 Ku	52 Ku	September 2011	Q4 2032
EUTELSAT 5 West A	5° West	Europe, Americas, Africa	35 Ku / 10 C	35 Ku / 14 C	July 2002	Q4 2019
EUTELSAT 3B	3° East	Europe, Middle-East, Africa	30 Ku / 12 C / 5 Ka	54 Ku / 23 C / 5 Ka	May 2014	Q4 2032
EUTELSAT 7A	7° East	Europe, Middle-East, Africa	42 Ku / 2 Ka	57 Ku / 6 Ka	March 2004	Q1 2021
EUTELSAT 7B	7° East	Europe, Middle-East, Africa	53 Ku / 3 Ka	70 Ku / 8 Ka	May 2013	Q2 2039
EUTELSAT 9B	9° East	Europe	50 Ku	47 Ku	January 2016	Q2 2038
EUTELSAT KA-SAT 9A	9° East	Europe, Mediterranean Basin	82 Ka	82 spots Ka	December 2010	Q2 2028
EUTELSAT 10A	10° East	Europe, Middle-East, Africa	42 Ku / 10 C	59 Ku / 20 C	April 2009	Q1 2023
EUTELSAT HOT BIRD 13B	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025
EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024
EUTELSAT HOT BIRD 13E	9° East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q4 2024
EUTELSAT 16A	16° East	Europe, Middle-East, Africa, Indian Ocean	53 Ku / 3 Ka	70 Ku / 8 Ka	October 2011	Q3 2027
EUTELSAT 21B	21.5° East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 25B	25.5° East	Europe, North Africa, Middle-East	8 Ku / 7 Ka	8 Ku / 7 Ka	August 2013	Q1 2034
EUTELSAT 28E ⁽⁴⁾	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2013	Q1 2029
EUTELSAT 28F ⁽⁴⁾	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G ⁽⁴⁾	28.2/28.5° East	Europe	4 Ku	4 Ku	December 2014	Lifetime in excess of 15 years
EUTELSAT 33C	33° East	Europe, North Africa, Middle-East, Central Asia	24 Ku	42 Ku	March 2001	Q3 2018
EUTELSAT 33E	33° East	Europe, North Africa, Middle-East, Central Asia	64 Ku	60 Ku	February 2009	Q1 2024
EUTELSAT 36B	36° East	Europe, Middle-East, Africa	70 Ku	87 Ku	November 2009	Q4 2026
EUTELSAT 48D	48° East	Afghanistan, Central Asia	8 Ku	12 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5° East	Europe, Middle-East, Asia	48 Ku	92 Ku	December 2012	Q1 2032
EUTELSAT 172A	172° East	Asia-Pacific, Australia, New Zealand	20 Ku / 18 C	23 Ku / 24 C	December 2005	Q2 2022
EUTELSAT 16C	16° East	Europe, Middle-East, Africa, Asia	-	-	April 2000	Inclined orbit
EUTELSAT 31A	31° East	Europe	-	-	September 2003	Inclined orbit
EUTELSAT 48A	48° East	Central Europe, Middle-East, Central Asia	-	-	November 1996	Inclined orbit
EUTELSAT 70C	70.5° East	Europe, Middle-East, Asia	-	-	May 2000	Inclined orbit
EUTELSAT 70D	70.5° East	Europe, Middle-East, Asia	-	-	August 2002	Inclined orbit

(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.

(2) Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2016).

(3) This satellite is leased to a third party.

(4) In January 2014, in the framework of the settlement of a dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders fully owned by Eutelsat on SES fleet.

Capacity leased from third parties as of 30 June 2016

Name of satellite	Orbital position	Geographic coverage	Nominal capacity (number of physical transponders)	Nominal capacity (36 MHz-equivalent transponders / Spotbeams)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 (calendar year)
EUTELSAT 53A ⁽¹⁾	53° East	Europe, North Africa, Middle-East, Asia	4 Ku	6 Ku	October 2014	Q1 2030
Express-AT1 ⁽¹⁾	56° East	Siberia	18 Ku	17 Ku	March 2014	Q2 2029
Express-AT2 ⁽¹⁾	140° East	Far East Russia	8 Ku	7 Ku	March 2014	Q2 2029
EUTELSAT 36C ⁽¹⁾	36° East	Africa, Russia	52 Ku / 18 Ka	48 Ku / 18 Ka	December 2015	Q2 2033
EUTELSAT 28G ⁽²⁾	28.2/28.5° East	Europe	8 Ku	6 Ku	September 2014	Lifetime in excess of 15 years

(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.

(2) In January 2014, in the framework of a settlement of the dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders leased by Eutelsat on SES fleet.

Satellite programmes under procurement as of 30 June 2016 ⁽¹⁾

Satellite ⁽¹⁾	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical transponders	36 MHz-equivalent transponders / Spotbeams	Of which expansion 36 MHz-equivalent transponders
EUTELSAT 172B	172° East	H1 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS spotbeams (1.8 Gbps)	42 Ku (regular), 24 C, 11 Ku-band HTS spotbeams (1.8 Gbps)	19 Ku (regular), 11 Ku-band HTS spotbeams (1.8 Gbps)
EUTELSAT 7C	7° East	H2 2018	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT Quantum	To be defined	2019	Data, Government Services, Mobility	Flexible	12 "Quantum channels"	Not applicable	Not applicable
African Broadband satellite	To be defined	2019	Broadband	Africa	65 spotbeams	75 Gbps ⁽²⁾	75 Gbps ⁽²⁾

(1) Chemical propulsion satellites generally enter into service one to two months after launch. Of the electric propulsion satellites, EUTELSAT 117 West B will take circa seven months after launch to enter into service, EUTELSAT 172B, EUTELSAT 7C and African Broadband satellite between four and six months.

(2) Total capacity for the baseline mission. Option to double the capacity.

Main changes since 30 June 2016

- ▶ In August 2016, Eutelsat 70C was relocated to 88° East.
- ▶ In August 2016, EUTELSAT 70D reached the end of its operational life and was deorbited.

1.4 MANAGEMENT

► Executive Committee

The eight members of the Executive Committee of Eutelsat Communications implement the Group's strategy whose major directions are established by the Board of Directors.



Rodolphe Belmer
Chief Executive Officer
Committee Chairman



Michel Azibert
Deputy CEO and Chief Commercial and
Development Officer
Committee Deputy Chairman



Antoine Castarède
Chief Financial Officer



Jacques Dutronc
Chief Development
and Innovation Officer



Jean Hubert Lenotte
Chief Strategy
and Strategic Marketing Officer



Yohann Leroy
Chief Technical Officer
and Secretary of the Committee



Jean-Louis Robin
Director of Human Resources
and Information Systems



Édouard Silverio
Group General Counsel
and Company Secretary

1.5

SOCIAL
AND SOCIETAL
RESPONSIBILITY

Eutelsat's employees represent a broad range of expertise and cultures and sit at the heart of the Group's success. Their work is carried out on a wide international scale, to meet customer needs and to build lasting relationships with partners and stakeholders. Technological excellence as well as ethical and responsible values underpin the Group's culture. The main objectives of Eutelsat's human resources policy are to pursue a long tradition of success and innovation, to increase market knowledge in order to improve responses to new business opportunities, to constantly improve skill sets in anticipation of changing markets and to recruit and build employee loyalty through a stimulating work environment.

Eutelsat bases its human resources management policy on a long-term vision designed to reinforce a sense of belonging and employee loyalty as well as to attract highly-qualified talent. A number of principles underline this objective: ongoing training for almost two out of three employees during the year, a priority towards internal mobility during recruitment processes, fair remuneration packages through annual evaluation procedures, a high level of social security cover and an employee company savings scheme with a match funding policy.

Sharing the fruits of the Company's success is also provided for through long-term incentive plans and, as a consequence, by employees' shareholding in the Company.

As of 31 December 2015, women represented 31% of Eutelsat S.A.'s workforce. The Group is keen to attract a larger proportion of women to scientific and technical careers, and as such works closely with educational establishments to achieve a better gender balance with the recruitment of engineers and executives. Internal training and promotion also contributes to this objective.

Another key principle of the human resources policy is prevention of all forms of discrimination, along with diversity in terms of age, ethnic origin and professional experience. Eutelsat is a signatory of the Charter of Workplace Diversity and was the first company in the telecommunications sector to sign a Senior Agreement on work-time flexibility. It was also the first French firm to offer employees Solidarity Rounding, an initiative in favour of local employment and small-loan matching by the Company.

Section 3 of this Reference Document describes the Group's environmental, social and societal policy.

**"EUTELSAT'S PEOPLE SIT
AT THE HEART
OF THE GROUP'S SUCCESS"**



02

Corporate Governance

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2.1

COMPOSITION OF THE BOARD OF DIRECTORS

The Company was incorporated on 15 February 2005, as a *société par actions simplifiée* (joint-stock company) and was transformed into a *société anonyme* (limited company) with a Board of Directors on 31 August 2005.

As of the filing date of this Reference Document, the Company is managed by a Board of Directors comprising ten Members (six of whom are independent). Each Board Member has a four-year renewable term of office.

The composition of the Board of Directors as of the filing date of this Reference Document is shown in the table below:

MICHEL DE ROSEN

Board Member, Chairman of the Board of Directors (since 16 September 2013) and Chief Executive Officer (until 29 February 2016)

DoB: 18 February 1951 –

65 years old

A French national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

10 November 2009 (as Board Member and Chief Executive Officer)

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

BIOGRAPHY

Michel de Rosen graduated from the French HEC and ENA. He began his career in the French *Inspection générale des finances*. He was a member of the Minister of Defence's office from 1980 to 1981 and then Chief of Staff for the Minister for Industry and Telecommunications from 1986 to 1988. In the Rhône-Poulenc Group, Mr. de Rosen was CEO of Pharmuka (1983-1986), CEO of Rhône-Poulenc Fibres and Polymères (1988-1993), then Chairman and CEO of Rhône Poulenc Rorer (United States, 1993-1999). From 2000 to 2008, Mr. de Rosen was CEO of the American company Viro-Pharma before returning to France in 2008 as Chairman and CEO of the company SGD. He joined Eutelsat Communications on 1 July 2009 as Deputy Chief Executive Officer, before being appointed as Chief Executive Officer and Board Member of the Company on 9 November 2009. In parallel, Mr. de Rosen was appointed CEO and Board Member of Eutelsat S.A. on 10 November 2009. On 16 September 2013, he was appointed Chairman and CEO of the Company and of Eutelsat S.A. Since 1 March 2016, he resigned as CEO of the Company and of Eutelsat S.A. but is still Chairman of the Board of the Company and of Eutelsat S.A. Since April 2016, he is Chairman of the Board of Directors of Pharnext and is also Member of the Board of Faurecia since 27 May 2016.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

— Board Member (Chairman of the Board of Directors since 16 September 2013) of Eutelsat S.A.

Outside France:

N/A

Offices and functions having expired:**In France:**

— Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. which became Eutelsat Broadband Services (as of 28 July 2015)
— Chief Executive Officer of Eutelsat S.A. (as of 29 February 2016)

Outside of France:

— Board Member of Skylogic S.p.A. (Italy)
— Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico)
— Board Member and Chairman of Eutelsat Inc. (USA) (as of 29 February 2016)
— Board Member of Eutelsat International Ltd (Cyprus) (as of 29 February 2016)
— Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (as of 29 February 2016)

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

— Board Member of Pharnext (Chairman of the Board of Directors since 19 April 2016)
— Board Member of Faurecia (since 27 May 2016)

Outside France:

— Board Member of ABB Ltd (Switzerland)

Offices and functions having expired:**In France:**

N/A

Outside France:

— Board Member of Solaris Mobile Ltd (Ireland)
— Board Member of Hispasat S.A. (Spain) (as of 29 February 2016)

At the Ordinary and Extraordinary General Meeting of Shareholders held on 5 November 2015, the following resolutions were notably approved:

- ▶ renewal of the mandate of Lord John Birt;
- ▶ appointment of Mr. Jean d'Arthuys, permanent representative of Bpifrance Participations, as a Board Member. Bpifrance Participations will henceforth be represented by Mrs. Stéphanie Frachet;
- ▶ appointment of Mrs Ana Garcia Fau as a Board Member.

LORD JOHN BIRT

Vice President, Board of Directors

DoB: 10 December 1944 –**71 years old****A British national****Business address:**Eutelsat Communications
70, rue Balard
75015 Paris**First appointment/Co-opting:**

10 November 2006 (as Board Member)

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

BIOGRAPHY

Lord John Birt is a graduate of Oxford University. Lord John Birt is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) Maltby Capital Ltd (2007-2010) and Paypal Europe (2010-2014). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently Chairman of HEG and of CPA Global.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

N/A

Outside France:

N/A

Offices and functions having expired:**In France:**

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

N/A

Outside France:

- Non-executive Director of Shopvolution (United Kingdom)
- Chairman of HEG (United Kingdom)
- Chairman of CPA Global
- Member of the House of Lords

Offices and functions having expired:**In France:**

N/A

Outside France:

- Non-executive Director of Infinis Ltd (United Kingdom)
- Chairman of Paypal Europe (Luxemburg)
- Chairman of Terra Firma Investor Advisory Board (United Kingdom)

MIRIEM BENSALAH CHAQROUN

Board Member

DoB: 14 November 1962 –**53 years old****A Moroccan national****Business address:**Eutelsat Communications
70, rue Balard
75015 Paris**First appointment/Co-opting:**

8 November 2012

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

BIOGRAPHY

Miriam Bensalah Chaqroun graduated from ESC Paris and is the holder of an MBA in International Trade and Finance from the University of Dallas (USA). She began her career at Société Marocaine de Dépôt et Crédit (SMDC) in the Securities Department. In 1990, she joined Holmarcom Group, where she currently sits at the Board, and she is the CEO of the subsidiary Eaux Minérales d'Oulmès. She is also Director and Chairwoman of the Audit Committee of Bank Al Maghrib and Director of the Morocco Central Bank. M. Bensalah Chaqroun is also Director of the Mohammed VI Foundation, Chairwoman of the Euro-Mediterranean Board for Mediation and Arbitration, member of the Arab Business Council (ABC), member of the Management Board of the Moroccan British Business Leader Forum (MBBLF), member of the Young Presidents' Organization (YPO), member of the Al Akhawayn University Board and Director of CARE International Maroc. Since May 2012, the President of the Confédération Générale des Entreprises du Maroc (CGEM), the Moroccan employers' federation, and she is the first woman ever performing this function in the MENA region. Furthermore, M. Bensalah Chaqroun is a member of the ONG-US "Initiative for Global Development" (IGD-USA) Board.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

N/A

Outside France:

N/A

Offices and functions having expired:**In France:**

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

- Board Member of Suez Environnement

Outside France:

- Director of the Holmarcom Group (Morocco)
- CEO of Eaux minérales d'Oulmès (Holmarcom Group) (Morocco)
- Director and Chairwoman of the Audit Committee of the Morocco Central Bank (Bank Al Maghrib) (Morocco)
- Director of the Mohammed VI Foundation for Environmental Protection (Morocco)
- Chairwoman of the Euro-Mediterranean Board for Mediation and Arbitration (Morocco)
- Member of the Arab Business Council (ABC)
- Member of the Management Board of the Moroccan British Business Leader Forum (MBBLF)
- Member of the Al Akhawayn University Board
- Member of the Young Presidents' Organization (YPO)
- President of the Confédération Générale des Entreprises du Maroc (CGEM)
- Member of Planet Finance Association Board in Morocco
- Director of CARE International Maroc
- Member of the ONG-US "Initiative for Global Development" (IGD-USA) Board

Offices and functions having expired:**In France:**

N/A

Outside France:

- Member of the Board of the Social Development Agency (ADS) (Morocco)

BPIFRANCE PARTICIPATIONS REPRESENTED BY STÉPHANIE FRACHET

Board Member

DoB: 17 May 1977 –

39 years old

A French national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

17 February 2011 (Fonds Stratégique d'Investissement)

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

BIOGRAPHY

Bpifrance Participations (Since 12 July 2013, formerly Fonds Stratégique d'Investissement – FS) is currently represented on the Company's Board of Directors by Ms Stéphanie Frachet. Graduate of the ESSEC business school, S. Frachet has fifteen years of experience in finance and private equity. She was in charge of transaction services for six years at Ernst & Young and then PricewaterhouseCoopers, then worked in auditing and financial consulting on mergers/acquisitions and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO operation financing and led a number of restructuring operations. In 2009, she joined the Fonds Stratégique d'Investissement (renamed Bpifrance Participations, as part of the creation of the Bpifrance Group under a process of contributions through which the Caisse des Dépôts et Consignations and the French State became joint shareholders of the BPI Group, the sole shareholder of Bpifrance Participations) where she is Investment Director. She is also, as Permanent Representative of Bpifrance, Board Member of Sarenza and Cylande and Censor of Paprec and Carso. She is an independent Director of Eurosic.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current offices and functions:

In France:

- Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:

N/A

Offices and functions having expired:

In France:

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current offices and functions:

In France:

- Permanent representative of Bpifrance Participations, Board Member of:
 - Sarenza
 - Cylande
- Permanent representative of Bpifrance Participations, censor of:
 - Paprec
 - Carso
- Board Member of Eurosic

Outside France:

N/A

Offices and functions having expired:

In France:

N/A

Outside France:

N/A

JEAN D'ARTHUYS

Board Member

DoB: 20 November 1966 –

49 years old

A French national

Business address:

Eutelsat Communications
70, rue Balard

First appointment/Co-opting:

5 November 2015

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

BIOGRAPHY

A graduate of HEC, Jean d'Arthuys pursued his career in the media and digital sector, primarily in the M6 Group, and in investment. Appointed head of development and strategy of the M6 Group in 1996, he became member of the Management Board in 1999. He headed the digital television activity, before becoming the CEO of Paris TV first and W9. Recognized for his experience and digital media, Jean d'Arthuys served a Director of TPS, Sportive and Newsweb. He was also Chairman and CEO of the football club "Girondins de Bordeaux". Between 2007 and 2010 he was a partner of the fund PAI Partners, responsible for media, Internet and telecommunications. In 2010, he joined the Executive Committee of the Strategic Investment Fund (Renamed Bpifrance Participations, as part of the creation of the group Bpifrance after an intake process under which the Caisse des Dépôts et Consignations and French State became joint shareholders of BPI Group, sole shareholder of Bpifrance Participations.) in charge of investment. Currently he is CEO of Triana, a company dedicated to luxury brand distribution and e-commerce.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current offices and functions:

In France:

- Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:

N/A

Offices and functions having expired:

In France:

- Permanent representative of Bpifrance Participations, Board Member of Eutelsat Communications (as of 5 November 2015)
- Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (as of 5 November 2015)

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current offices and functions:

In France:

- CEO of Triana
- Managing Director of Cyrano, Chairman of Triana S.A.S.
- Board Member of Maison Lejaby S.A.
- Board Member of L'Exception
- Board Member of Indéfifilms

Outside France:

N/A

Offices and functions having expired:

In France:

- Chairman of HEC Alumni
- Board Member of Indéfifilms (Sofica)
- Member of the Supervisory Board of ST Microelectronics
- Board Member of Talend
- Board Member of Viadeo
- Permanent representative of Bpifrance Participations
- Board Member of Soprol
- Board Member and Member of the Executive Committee of Bpifrance Participations

Outside France:

N/A

ANA GARCIA FAU

Board Member

DoB: 3 November 1968 –
47 years old

A Spanish national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
5 November 2015

Expiry date of office:

General Meeting to be held to
approve the accounts for the
financial year ending 30 June 2019

BIOGRAPHY

Ana García Fau, a Spanish national. Graduated in Economics, Business Administration (Finance) and Law from *Universidad Pontificia Comillas* (ICADE-E3) in Madrid, Ana holds an MBA from Sloan, Massachusetts Institute of Technology (MIT) in Boston, USA. She began her career in management consulting at McKinsey & Co. in Madrid, and at the M&A department of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas, listed directory business, from 1997 until 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel Board positions at Telfisa in Spain, Publiguías in Chile, TPI Brasil, Telinver in Argentina and TPI Peru, amongst others. In 2006 she was appointed CEO of Yell for the Spanish and Latin American businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013 she was appointed Chief Global Strategy Officer of Hibu (former Yell Group) responsible for partnerships and the digital strategy. Since its IPO in June 2014 she serves as Non-executive Director at Merlin Properties Socimi, the leading real state company in Spain (REIT), and is a member of its Audit & Control Committee. She also serves since April 2016 as Non-executive Director at Technicolor in Paris, leading technology company for the media and entertainment industry. She is member of the Audit, and Nominations & Governance Committees. From June 2016 she is serving at the Board of Renovalia Energy, company owned by Cerberus Capital, that operates in the renewable energy sector, and Chair of its Audit Committee. She is currently member of the International Women Forum and the Women Corporate Directors associations, the Spanish Institute of Directors (ICA), and of the Executive Committee of the MIT Club of Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), and of the Board of Trustees of several Foundations in Spain (2010-2016). During 2011 and 2012 she was President of the European Professional Women Network in Spain.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:

N/A

Outside France:

N/A

Offices and functions having expired:

In France:

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:

— Board Member of Technicolor, S.A. (France) (as of April 2016)

Outside France:

- Board Member of Merlin Properties Socimi, S.A. (Spain)
- Board Member of Renaleto Servicios y Gestiones SL (Spain)
- Board Member of Cape Harbour Advisors, SL (Spain)

Offices and functions having expired:

In France:

N/A

Outside France:

- CEO Hibu connect, S.A. (ex-Yell Publicidad, S.A.), (Spain) (as of January 2014)

BERTRAND MABILLE

Board Member

DoB: 18 March 1964 –
52 years old

A French national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 May 2007

Expiry date of office:

General Meeting to be held to
approve the accounts for the
financial year ending 30 June 2017

BIOGRAPHY

Bertrand Mabile has been Chief Executive Officer of Carlson Wagonlit France since October 2008 and, since March 2012, Executive Vice President France and Mediterranean for CWT. He was Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having been successively Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, B. Mabile worked for the French Prime Minister's office. B. Mabile is a graduate of the *École normale supérieure* and the *École nationale supérieure des télécommunications*.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:

- Board Member of Eutelsat S.A.

Outside France:

N/A

Offices and functions having expired:

In France:

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:

- CEO of CWT France
- Executive Vice President of CWT France-Mediterranean
- Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution
- Chairman of Carlson Wagonlit Meetings & Events
- Chairman of SETA (Forum Voyages)
- Board Member of Videodesk
- Board Member of KLEE DATA SYSTEM S.A.

Outside France:

- Chairman of the Board of Carlson Wagonlit Italia S.r.l. (Italy)
- Chairman of the Board of Acentro Turismo S.p.A. (Italy)
- Managing Director of Carlson Wagonlit España S.L.U. (Spain)
- Managing partner of Viajes Lepanto, S.L.U. (Spain)
- Permanent Representative of Carlson Wagonlit Spain Holdings II BV (Spain)
- Director of Carlson Wagonlit Maroc S.A. (Morocco)
- Permanent Representative of CWT Beheer- maatschappij B.V. of the Board of Carlson Wagonlit Maroc S.A. (Morocco)

Offices and functions having expired:

In France:

- Member of the Supervisory Board of Cofitel
- Chairman of the Supervisory Board of Adeuzza
- Board Member of So Quat

Outside France:

N/A

ROSS MCINNES**Board Member**

DoB: 8 March 1954 –
62 years old
Both French and
Australian citizenship

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
7 February 2013

Expiry date of office:
General Meeting to be held to
approve the accounts for the
financial year ending 30 June 2018

BIOGRAPHY

After graduating from Oxford, Ross started his career with Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the corporate finance arm of Continental Bank (which became part of Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector, notably Eridania Beghin-Say, where he became Chief Financial Officer in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Senior Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Executive Vice President of Finance for the PPR Group (Pinault-Printemps-La Redoute) before joining the Supervisory Board of Générale de Santé in 2006. He served as interim Chairman of the Management Board from March to June 2007. He then served as Vice Chairman of Macquarie Capital Europe, a company specialised in infrastructure investments. In March 2009, Ross McInnes joined the Safran Group as Adviser to the Chairman of the Management Board, before becoming Executive Vice President of Economics and Finance in June 2009. He served as a member of the Management Board between July 2009 and April 2011. From 21 April 2011 to 23 April 2015, he was Deputy Chief Executive Officer in charge of Finance at Safran. On 1 October 2014, he was appointed as member of the Board of IMI, Plc and as Chairman of the Audit Committee with an effective date on 1 January 2015. Since 23 April 2015, he is Chairman of the Board of Safran.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:
N/A

Outside France:
N/A

Offices and functions having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

- Chairman of the Board of Safran
- Board Member and Chairman of the Audit Committee of Faurecia

Outside France:

- Board Member and Chairman of the Audit Committee of IMI, Plc

Offices and functions having expired:**In France:**

- Deputy CEO of Safran
- Board Member of Aircelle
- Board Member of Turbomeca
- Board Member of Messier-Bugatti-Dowty
- Board Member of Morpho
- Board Member of Snecma
- Board Member of Sagem Défense Sécurité
- Board Member of Vallaroché Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroché
- Board Member of SME
- Board Member of Financière du Planier
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board and Member of the Audit Committee of Générale de Santé

Outside France:

- Board Member of Safran USA, Inc. (USA)
- Permanent Representative of Établissements Vallaroché at the Board of Directors of Soreval (Luxembourg)
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board of Directors of Santé S.A. (Luxembourg)
- Board Member of Limoni S.p.A. (Italy)
- Board Member of Globe Motors Inc. (USA)

ELISABETTA OLIVERI**Board Member**

DoB: 25 October 1963 –
52 years old
An Italian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
8 November 2012

Expiry date of office:
General Meeting to be held to
approve the accounts for the
financial year ending 30 June 2016

BIOGRAPHY

Elisabetta Oliveri holds a Master degree in Electronics Engineering from the University of Genova (Italy). She started her career as Project Manager successively at Digital Equipment and Automa. From 1991 to 2002, she worked for Marconi S.p.A., the Italian company of Marconi Group Plc, specialized in telecommunications for military and civil markets in Italy and abroad, as Project and Test Manager, and then as Business Development Manager. She then moved to the SIRT group, which is the Italian leader in network engineering, of which she became the General Manager in 2003 and the CEO in 2008. Since September 2011, E. Oliveri has been working with the Italian Group Fabbri Vignola, leader in the food stretch packaging sector; she was appointed as CEO in September 2012. E. Oliveri also holds directorships in Gruppo Editoriale L'Espresso (2012) and SNAM (2010).

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:**

In France:
N/A

Outside France:
N/A

Offices and functions having expired:

In France:
N/A

Outside France:
N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

N/A

Outside France:

- CEO of Gruppo Fabbri Vignola (Italy)
- Board Member, Chairwoman of the Audit Committee and Lead Independent Director of Gruppo Editoriale L'Espresso (Italy)
- Board Member, Chairwoman of the Compensation Committee and Member of the Nomination Committee of SNAM (Italy)
- Board Member and Chairwoman of the Nomination Committee of Banca Farmafactoring Spa (Italy)
- Board Member of Sagat Spa (Italy)
- Founder and Board Member of the Furio Solinas Onlus Foundation (Italy)

Offices and functions having expired:**In France:**

N/A

Outside France:

- CEO and Board Member of Sirti S.p.A. (Italy)
- CEO and Board Member of SEIRT S.A. (Italy)
- Board Member of Azienda Trasporti Milanesi (Italy)
- Board Member of Gruppo Monzino 1750 (Italy)

CAROLE PIWNICA**Board Member**

DoB: 12 February 1958 –
58 years old
A Belgian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
9 November 2010

Expiry date of office:
General Meeting to be held to
approve the accounts for the
financial year ending 30 June 2016

BIOGRAPHY

Carole Piwnica a graduate in law from the *Université libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University. After a career with several international law firms, C. Piwnica is currently a Board Member of Naxos UK (private equity firm) and a member of the Boards of the listed companies: Sanofi (healthcare), Rothschild & Co (financial services) and Amyris Inc. (industrial biotechnology). Prior to that, C. Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle Plc (food ingredients) and Board Member of Dairy Crest Group Plc (food). She also served as a member of the Board of Directors and the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

N/A

Outside France:

N/A

Offices and functions having expired:**In France:**

N/A

Outside France:

N/A

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**Current offices and functions:****In France:**

- Board Member of Sanofi
- Board Member of Rothschild & Co

Outside France:

- Board Member of Naxos UK (United Kingdom)
- Board Member of Amyris (USA)
- Board Member of Big Red (USA)
- Board Member of Elevance (USA)
- Board Member of I20 (United Kingdom)

Offices and functions having expired:**In France:**

N/A

Outside France:

- Board Member of Dairy Crest Group Plc (United Kingdom)
- Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (United Kingdom)
- Board Member of Louis Delhaize (Belgium)
- Board Member of Recycoal (United Kingdom)

► Board Members at 30 June 2016 whose terms of office expire at the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2016

The terms of office of Michel de Rosen, Carole Piwnica, Miriem Bensalah Chaqroun and Elisabetta Oliveri will expire at the General Meeting held to approve the accounts for the financial year ending 30 June 2016. The draft resolutions adopted by the Board of Directors of the Company on 28 July

2016, and to be submitted for approval on 4 November 2016, provide notably the renewal of the mandates of Michel de Rosen, Carole Piwnica and Miriem Bensalah Chaqroun.

► Appointment of new Board Members at 30 June 2016 whose terms of office expire at the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2016

The Board of 28 July 2016 called on the shareholders present at the Annual General Meeting of 4 November 2016 to vote notably on the following resolutions:

- appointment of the *"Fonds Stratégique de Participations"* ⁽¹⁾ as a Board Member. Subject to the vote of the Ordinary General Meeting, FSP will be represented by Dominique d'Hinnin;
- appointment of Rodolphe Belmer as a Board Member.

The biography of Rodolphe Belmer and Dominique d'Hinnin are shown below:

RODOLPHE BELMER

(born 21 August 1969 – 47 years old)

Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. He is a graduate of France's HEC business school.

He joined the Canal+ Group in 2001 and was appointed Head of Marketing and Strategy in 2002. From 2003 he oversaw the editorial division of the

group, initially as CEO of Canal+, and from 2006 onwards, as Head of all pay-TV channels. He led the Group's diversification into free-to-air television in 2011, notably through the acquisition and relaunch of D8 and D17. In 2012 he was appointed CEO of the Canal+ Group.

Rodolphe Belmer joined Eutelsat on 1 December 2015 and was appointed CEO on 1 March 2016.

DOMINIQUE D'HINNIN

(born 4 August 1959 – 57 years old)

Dominique d'Hinnin was Lagardère Co-managing Partner from 2010 to 2016. He holds advanced degrees from *École normale supérieure* and is *Inspecteur des finances*. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed as the Internal Audit Manager, Hachette Livre Finance Manager in 1993, and, in 1994 Executive Vice-President of Grolier Inc (Connecticut, USA). He was Lagardère Chief Financial Officer from 1998 to 2010. He currently is a Board Member of the Spanish media company PRISA.

(1) FSP is a long term equity investor in French companies, backed by six major French insurance companies (BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Sogecap (Société Générale Group), Groupama and Natixis Assurances).

► Board Members resigning during the financial year ended 30 June 2016

No Director has resigned during the financial year ended 30 June 2016.

► “Censeur” and Observer within the Board of Directors

Pursuant to the Letter-Agreement between the Company and Eutelsat IGO and the Company's By-laws, Mr. Christian Roisse, Executive Secretary of Eutelsat IGO, sits on the Board of Directors as an observer (*censeur*).

Finally, pursuant to its policy aimed at improving labour relations within the Group, the Company entered into an agreement with the Work council of its operating subsidiary, Eutelsat S.A., under which the two representatives of the Work council are invited to attend the meetings of the Board of Directors and are provided with the same information as the Board Members of the Company.

2.2 KEY MANAGEMENT PERSONNEL

As of the filing date of this Reference Document, the Company's key management personnel were as follows:

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
MICHEL DE ROSEN Eutelsat Communications 70, rue Balard 75015 Paris	Board Member, Chairman of the Board of Directors (since 16 September 2013) Chief Executive Officer of Eutelsat Communications (until 29 February 2016)	First appointment/Co-opting: 10 November 2009 (as Board Member and Chief Executive Officer) Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2016	Current offices and functions: In France: — Board Member (Chairman of the Board of Directors since 16 September 2013) of Eutelsat S.A. Outside France: N/A Offices and functions having expired: In France: — Deputy CEO of the Company and of Eutelsat S.A. — Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. – which became Eutelsat Broadband Services- (as of 28 July 2015) — Chief Executive Officer of Eutelsat S.A. (until 29 February 2016) Outside France: — Board Member of Skylogic S.p.A. (Italy) — Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) as of 31 July 2014 — Board Member and Chairman of Eutelsat Inc. (USA) (until 29 February 2016) — Board Member of Eutelsat International Ltd (Cyprus) (until 29 February 2016) — Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (until 29 February 2016)	Current offices and functions: In France: — Board Member of Pharnext (Chairman of the Board of Directors (since 19 April 2016) — Board Member of Faurecia (since 27 May 2016) Outside France: — Board Member of ABB Ltd (Switzerland) Offices and functions having expired: In France: N/A Outside France: — Board Member of Solaris Mobile Ltd (Ireland) — Board Member of Hispasat S.A. (Spain) (until 29 February 2016)

Full name, business address	Office	Date of first appointment/ co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
RODOLPHE BELMER Eutelsat Communications 70, rue Balard 75015 Paris	Board Member, Chief Executive Officer since 1 March 2016	First appointment/Co-opting: 1 December 2015	<p>Current offices and functions:</p> <p>In France:</p> <ul style="list-style-type: none"> — CEO of Eutelsat S.A. (since 1 March 2016) <p>Outside France:</p> <ul style="list-style-type: none"> — Board Member and Chairman of Eutelsat Inc. (USA) (since 1 March 2016) — Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016) — Board Member of Eutelsat Inc. (USA) (since 1 March 2016) <p>Offices and functions having expired:</p> <p>In France:</p> <ul style="list-style-type: none"> — Deputy CEO of Eutelsat S.A. (until 29 February 2016) — Deputy CEO of Eutelsat Communications (until 29 February 2016) <p>Outside France:</p> <p>N/A</p>	<p>Current offices and functions:</p> <p>In France:</p> <ul style="list-style-type: none"> — Member of the Supervisory Board of Mediawan — Chairman of RBC <p>Outside France:</p> <ul style="list-style-type: none"> — Board Member of Hispasat S.A. (Spain) (since 1 March 2016) <p>Offices and functions having expired:</p> <p>In France:</p> <ul style="list-style-type: none"> — Board Member of Planète Juniors (as of 30 June 2010) — CEO of Planète Juniors (as of 30 June 2010) — CEO of Planète Thalassa (as of 20 December 2010) — Chairman of MultiThématiques S.A.S. (as of 21 June 2013) — Member of the Supervisory Board of Canalwin (as of 30 June 2011) — Representative of MultiThématiques S.A.S., Chairman of Cuisine TV (as of 30 September 2012) — Manager of TPS Star (as of 1 October 2012) — Board Member of Planète Thalassa (as of 6 June 2013) — Member of Directory Board of Canal+ France (as of 31 December 2013) — Chairman of D8 Production (as of 21 June 2013) — Member of Directory Board of Groupe Canal+ (as of 3 July 2015) — CEO of Groupe Canal+ (as of 3 July 2015) — Chairman of Cine Info (as of 6 July 2015) — Board Member of Cine Info (as of 6 July 2015) — Board Member of Sport+ (as of 6 July 2015) — Chairman of the Board of Sport+ (as of 6 July 2015) — Chairman of Vivendi Contents (as of 6 July 2015) — Chairman of Flab Prod (as of 6 July 2015) — Management Director of Flab Press (as of 6 July 2015) — Board Member of Société d'Édition de Canal Plus (as of 7 July 2015) — CEO of Société d'Édition de Canal Plus (as of 7 July 2015) <p>Outside France:</p> <ul style="list-style-type: none"> — Member of the Supervisory Board of TVN S.A. (Poland) (as of 24 June 2015)
MICHEL AZIBERT Eutelsat Communications 70, rue Balard 75015 Paris	Deputy CEO	First appointment: 28 July 2011 (effective 1 September 2011)	<p>Current offices and functions:</p> <p>In France:</p> <ul style="list-style-type: none"> — Deputy CEO of Eutelsat S.A. <p>Outside France:</p> <ul style="list-style-type: none"> — Board Member of Eutelsat Inc. (USA) — Board Member of Eutelsat Americas (ex-Satélites Mexicanos S.A. de C.V.) (Mexico) since 1 January 2014 — Board Member and President of Eutelsat Madeira (Portugal) — Board Member of Eutelsat America Corp (USA) <p>Offices and functions having expired:</p> <p>In France:</p> <p>N/A</p> <p>Outside France:</p> <ul style="list-style-type: none"> — Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico) as of 31 July 2014 — Member of the Advisory Board of Eutelsat Services & Beteiligungen GmbH (Germany) — Board Member of Eutelsat International Ltd (Cyprus) — Board Member and President of Eutelsat UK Ltd (UK) (as of 30 March 2015) 	<p>Current offices and functions:</p> <p>In France:</p> <p>N/A</p> <p>Outside France:</p> <ul style="list-style-type: none"> — Board Member of Hispasat (Spain) <p>Offices and functions having expired:</p> <p>In France:</p> <p>N/A</p> <p>Outside France:</p> <p>N/A</p>

2.3 COMPENSATION AND BENEFITS

▶ 2.3.1 Compensation and other benefits paid to the Company's Corporate Officers (*mandataires sociaux*) and senior management

All standardised information as laid down in the Afep-Medef recommendations is presented in Chapter 2 of this Reference Document.

Pursuant to the Afep-Medef Code, the compensation package awarded to Corporate Officers shall be submitted to an advisory opinion by shareholders at the Annual General Meeting of Shareholders to be held on 4 November 2016.

Compensation philosophy

The Board of Directors, supported by the Company's Governance, Selection and Remuneration Committee (the Remuneration Committee since the 16 February 2016), has defined the global philosophy governing the

compensations of Executive Directors and Corporate Officers and assessed the level of achievement of the criteria previously set out.

The global philosophy of the compensation policy is to attract, retain and motivate top-ranking executives and to align their interests with value creation for the Group, taking into account the capital intensiveness of the Company, its high-technology environment, the long-term investment horizon and growth challenges in a very competitive environment and the international dimension of our industry and vision.

On the basis of these objectives, Eutelsat has implemented a global compensation policy structured around three key elements described in the table below:

	Purpose	Key Features
Basic salary	Recognise level of responsibility in a competitive talent market.	
Annual Bonus	Incentivise managers to maximise the performance in order to exceed the corporate objectives (qualitative and quantitative) of the year.	<ul style="list-style-type: none"> ▶ Two sets of objectives: <ul style="list-style-type: none"> ▶ Quantitative objectives: revenues; EBITDA⁽¹⁾; net income; ▶ Qualitative objectives: specific objectives related to the strategic roadmap.
Long Term Incentive Plan	<ul style="list-style-type: none"> ▶ Incentivise managers and staff to maximise mid-term value creation; ▶ Align with shareholders, including fostering share-ownership; ▶ Retain key senior executives 	<ul style="list-style-type: none"> ▶ Award of free shares linked to three-year value creation objectives: EBITDA; ROCE⁽²⁾; relative TSR⁽³⁾; ▶ Requirement to hold Eutelsat Communications shares for an amount which varies according to each executive's base salary.

(1) EBITDA is defined as operating income before depreciation and amortisation, impairments and other operating income/(expenses).

(2) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt - goodwill).

(3) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

Market positioning policy

Competitiveness of the compensation policy is measured primarily against comparable French companies. However, considering Eutelsat's global footprint, compensation received by its executives is also benchmarked against key European companies in the technology, media and telecommunications businesses.

Pay comparator selection

A set of specific criteria has been defined to select companies consistent with Eutelsat's key features: size (market capitalisation and revenues) and capital intensity. 35 companies were included in the pay comparator.

Market positioning policy

A set of guidelines to assess the competitiveness of the global compensation policy against the market is proposed, consistent with Eutelsat's specific features:

- ▶ The long-term component of compensation is strengthened compared to peers, in order to emphasise long-term objectives and to improve alignment to shareholders' interests.
- ▶ Relative positioning targeted for cash compensation: base salary between around median, total cash compensation around median.

Amount and rules governing compensation paid to Rodolphe Belmer

Eutelsat's Board of Directors elected Rodolphe Belmer to succeed to Michel de Rosen as Chief Executive Officer, effective as of 1 March 2016. Rodolphe Belmer joined Eutelsat on 1 December 2015 as Deputy Chief Executive Officer.

Based on a recommendation by the Governance, Selection and Remuneration Committee, the Board of Directors meeting on 16 October 2015 approved the principles governing compensation paid to Rodolphe Belmer.

The components of compensation paid to Mr. Belmer have been selected in accordance with the Group's compensation policy. The fixed component has been brought into line with market practices, and the variable long-term component has been strengthened.

- ▶ In his capacity as Eutelsat Communications Chief Executive Officer, Rodolphe Belmer's annual fixed compensation stands at 650,000 euros.
- ▶ The gross annual variable compensation may reach 100% of the gross annual fixed compensation on the basis of performance-related criteria to be defined each year by the Board of Directors on the recommendation of the Compensation Committee.
- ▶ Each year, a number of free shares will be granted to Rodolphe Belmer for an amount representing 125% of his gross annual fixed compensation. Granting of shares is subject to a three-year vesting period and the

achievement of performance-related conditions to be defined each year by the Board of Directors on the recommendation of the Compensation Committee.

- ▶ In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period. Under this commitment, Mr. Belmer refrains from working directly or indirectly for any satellite operator.
- ▶ In respect of the financial year 2015-2016, compensation is calculated on a pro-rata basis, in proportion to the number of days in office.

Evolution of the components of compensation of Mr. Azibert for FY 2015-2016 compared to FY 2014-2015

During its meeting of 30 July 2014, on the recommendation of the Governance, Selection and Remuneration Committee, the Board of Directors decided to: (i) raise the fixed salary of Mr. Azibert for financial year 2014-2015 by 5% compared to financial year 2013-2014, subsequently by 5% for financial year 2015-2016 compared to financial year 2014-2015; (ii) to bring the variable compensation paid to Mr. Azibert in respect of the financial year 2014-2015 to between 0 and 105% of the fixed salary (previously between 0 and 70% of the fixed salary); (iii) to change the performance criteria used to determine the variable remuneration. These criteria now also include specific quantitative targets related to Mr. Azibert's position as the Group's Chief Commercial and Development Officer on top of qualitative targets and Group's quantitative targets.

This is aimed at reflecting:

- (i) the enlargement of Mr. Azibert's duties, Mr. Azibert having taken direct responsibility for the Group's commercial and development activities as from 23 June 2014, in addition to his office as Deputy CEO;

- (ii) the results of an external benchmark study of executive pay compared to the French market and the satellite sector.

Criteria used for defining the variable portion of compensation

In accordance with the Afep-Medef recommendation, the variable part of the Corporate Officers remuneration is based on predetermined qualitative and quantitative targets.

The annual variable portion of compensation paid to Corporate Officers for the financial year 2015-2016 could vary from 0 to 105% of the fixed portion for Mr. de Rosen and Mr. Azibert and from 0 to 100% of the fixed portion for Mr. Belmer. It is entirely determined on the basis of performance criteria that include:

- ▶ for Michel de Rosen:
 - ▶ quantitative targets at Group level (52%), linked to revenues (for 30%), to EBITDA (for 40%) and consolidated net income (for 30%),
 - ▶ qualitative targets (for 48%);
- ▶ for Rodolphe Belmer:
 - ▶ quantitative targets at Group level (50%), linked to revenue (for 30%), to EBITDA (for 40%) and to consolidated net income (for 30%),
 - ▶ qualitative targets (for 50%);
- ▶ for Michel Azibert:
 - ▶ quantitative targets at Group level (33.33%), linked to revenues (for 30%), to EBITDA (for 40%) and consolidated net income (for 30%),
 - ▶ specific quantitative targets related to position of Group Chief Commercial and Development Officer (for 42.86%),
 - ▶ qualitative targets (for 23.81%).

The weight of each criterion is summarised in the summary table below:

<i>(as a percentage of the fixed compensation, rounded to one decimal place)</i>	Michel de Rosen	Rodolphe Belmer	Michel Azibert
QUANTITATIVE TARGETS AT GROUP LEVEL	54.6%	50%	35%
Revenue	16.4%	15%	10.5%
EBITDA	21.8%	20%	14%
Consolidated net income	16.4%	15%	10.5%
QUALITATIVE TARGETS AT GROUP LEVEL	50.4%	50%	25%
SPECIFIC QUANTITATIVE SALES TARGETS	-	-	45%
TOTAL (MAXIMUM EXPRESSED AS A PERCENTAGE OF THE FIXED PORTION)	105%	100%	105%

Quantitative targets at Group level

Regarding quantitative targets at Group level, the amount allocated for each criterion is:

- ▶ 112% in case of overperformance by 1.5% compared to budget;
- ▶ 100% if the budget is met;
- ▶ 60% if the disclosed financial targets are met;
- ▶ 50% in case of under-performance by 1.5% compared to financial targets;
- ▶ 0% in case of target achievement at lower levels.

The calculation is performed at constant exchange rates and on a linear basis between each threshold.

Qualitative targets

Qualitative targets relate to priority projects at strategic or operational level for the fiscal year. The criteria used to determine compensation in respect of the financial year 2016-2017 are not publicly disclosed for reasons of confidentiality.

For Michel de Rosen

The qualitative targets that were set to determine the variable compensation to be paid to Mr. de Rosen in respect of the financial year 2015-2016 were as follows:

- ▶ improve efficiency in order to optimise sales in terms both of volume and price, with special focus on the HOT BIRD neighbourhood and on unleased capacity (for 10.08% of the fixed portion, i.e. 20% of the qualitative portion);

- ▶ move forward in implementing the satellite broadband strategy, in particular by promoting strategic projects in Europe (discussions with ViaSat), Africa (Facebook and Spacecom project and dedicated satellite programme) and Russia (for 10.08% of the fixed portion, *i.e.* 20% of the qualitative portion);
- ▶ promote innovation for both the space and the ground segments in order to expand the satellite ecosystem while at the same time ensuring development of new opportunities for innovative programmes that are already in place such as the SmartLNB (for 10.08% of the fixed portion, *i.e.* 20% of the qualitative portion);
- ▶ optimise the Group's satellite resources, for example by reducing the cost per transponder for new programmes (for 5.04% of the fixed salary, *i.e.* 10% of the qualitative portion);
- ▶ foster development of the Group's human capital, in particular through the pursuance of an appropriate training policy and the implementation of a succession plan (for 5.04% of the fixed portion, *i.e.* 10% of qualitative portion);
- ▶ promote progress on a number of strategic projects and consolidate existing partnerships (for 10.08% of the fixed salary, *i.e.* 20% of the qualitative part).

For Rodolphe Belmer

Mr. Belmer having taken office as Chief Executive Officer as of 1 March 2016, the Board of Directors meeting on 16 October 2015 has decided that during the financial year 2015-2016 which represents a transitional period, the targets set for Mr. Belmer are identical to those set for Mr. de Rosen (listed above) by the Board of Directors of 29 July 2015.

For Michel Azibert

Qualitative objectives that were set to determine variable compensation to be paid to Mr. Azibert in respect of the financial year 2015-2016 included:

- ▶ carrying on initiatives aimed at developing broadband internet, particularly in Africa, Russia and Europe (for 5% of the fixed salary);
- ▶ bringing about a change in strategy at the HOT BIRD orbital position (*e.g.* pricing policy) (for 3% of the fixed salary);
- ▶ fine-tuning the strategy for data services *via* the adequate combination of various types of orbital resources (regular capacity, HTS capacity, EUTELSAT Quantum) (for 3% of the fixed salary);
- ▶ developing sales and business relations with the strategic customer base, such as major telecommunications operators or broadcasting platforms in emerging markets (for 3% of the fixed salary);
- ▶ continuously reinforcing the teams, specially sales forces, for instance by setting up teams in charge of broadband projects in Africa (for 3% of the fixed salary);
- ▶ carrying out some strategic projects (for 8% of the fixed salary).

Mr. Azibert's specific **quantitative targets** related to the position of Group Chief Commercial and Development Officer include the following:

- ▶ the level of revenue generated by Value-Added Services (for 5% of the fixed salary);
- ▶ the level of revenue generated by Eutelsat Americas (for 5% of the fixed salary);
- ▶ the level of revenue generated in some specific geographical area: Sub-Saharan Africa, Middle East and Russia (for 5% of the fixed salary);
- ▶ the level of revenue generated by the HOT BIRD position (for 5% of the fixed salary);
- ▶ the level of revenues for sales of raw capacity (excluding services) (for 15% of the fixed salary).

Evolution of compensation of Corporate Officers for FY 2016-2017

The Board of Directors of 28 July 2016 approved the following amendments in the definition of the annual variable remuneration for CEO and Deputy CEO from FY 2016-2017:

- ▶ an increase in the weight of quantitative criteria (compared to the weight of qualitative criteria) for the determination of the annual variable remuneration;
- ▶ within the quantitative criteria, the introduction of a new indicator, Discretionary free cash flow, in line with the strategy of the Group communicated on 26 June 2016 which gives priority to cash generation. The three quantitative indicators are henceforth: revenue, EBITDA and Discretionary free cash flow (*versus* revenue, EBITDA and consolidated net income previously).

Summary of compensation and benefits paid to Executive Directors and Corporate Officers (Table 1 – AMF Recommendation)

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 2016:

<i>(in euros)</i>	Financial year 2014-2015	Financial year 2015-2016
MR. DE ROSEN		
Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)		
Compensation (see Table 2 for details)	750,000	365,331
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	96,413
Valuation of phantom shares granted during the financial year	520,019	N/A
TOTAL	1,270,019	461,744
MR. BELMER		
Chief Executive Officer (since 1 March 2016), Deputy CEO (1 December 2015 to 1 March 2016)		
Compensation (see Table 2 for details)	N/A	614,565
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	587,071
Valuation of phantom shares granted during the financial year	N/A	N/A
TOTAL	N/A	1,201,636
MR. AZIBERT		
Deputy CEO (since 5 September 2011)		
Compensation (see Table 2 for details)	611,058	573,962
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	262,571
Valuation of phantom shares granted during the financial year	346,104	N/A
TOTAL	957,162	836,533

Note: performance shares are valued on the basis of their book value at grant date, calculated in accordance with IFRS standards and under the assumption that a maximum number of theoretical shares are fully vested.

Summary of compensation paid to Executive Directors and Corporate Officers (Table 2 – AMF Recommendation) (Table 2 – AMF Recommendation)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 2016 respectively:

(in euros)	Financial year 2014-2015		Financial year 2015-2016	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
MR. DE ROSEN				
Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (between 10 November 2009 and 29 February 2016)				
Fixed salary	400,000	400,000	333,333	333,333 ⁽¹⁾
Variable compensation	350,000	347,596	0	350,000
Attendance fees	N/A	N/A	31,998	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	750,000	747,596	365,331	683,333
MR. BELMER				
Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)				
Fixed compensation	N/A	N/A	379,167	379,167
Variable compensation	N/A	N/A	235,398	N/A
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	614,565	379,167
MR. AZIBERT				
Deputy CEO (since 5 September 2011)				
Fixed compensation	346,080	346,080	363,384	363,384
Variable compensation	259,560	185,937	205,160	259,560
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	5,418	5,418	5,418	5,418
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	611,058	537,435	573,962	628,362

(1) Of which 266,667 as Chairman and CEO until 29 February 2016 and 66,667 as Chairman of the Board of Directors since 1 March 2016.

Elements used to determine fixed and variable compensation for Full Year 2015-2016

Mr. de Rosen's compensation

Fixed compensation

Fixed compensation as Chief Executive Officer of Eutelsat Communications

In his capacity as Eutelsat Communications' Chief Executive Officer, Michel de Rosen's annual fixed compensation stays unchanged at 400,000 euros. Mr. de Rosen's duties as Chief Executive Officer having ended 29 February 2016, his fixed compensation was calculated on a pro-rata basis, in proportion to the number of days in office. Accordingly, Mr. de Rosen's fixed compensation as Chairman and CEO of Eutelsat Communications for the financial year 2015-2016 stands at 266,666.72 euros.

Fixed compensation as Non-executive Chairman of the Board of Directors of Eutelsat Communications

Based on a recommendation by the Governance, Selection and Remuneration Committee, the Board of Directors has redefined and approved the components of compensation paid to Mr. Michel de Rosen.

As of 1 March 2016, the annual fixed compensation of Mr. de Rosen in his capacity as Board Chairman stands at 200,000 euros, in line with market practice. This amount is calculated on a pro-rata basis, in proportion to the number of days in office. Accordingly, fixed compensation to be paid to Mr. de Rosen as Chairman of the Board of Directors of Eutelsat Communications in respect of the financial year 2015-2016 comes out at 66,666.68 euros.

The amount of Mr. de Rosen's fixed salary as determined for the financial year ended 30 June 2016 was paid to him by Eutelsat Communications.

Attendance fees

In his capacity as Chairman and CEO of Eutelsat Communications, Mr. de Rosen had waived payment of attendance fees that would have been paid to him as a Director.

The amount of attendance fees due to Mr. de Rosen in his capacity as Non-executive Chairman of the Board of Eutelsat Communications as of 1 March 2016 stands at 31,998 euros.

Variable portion of compensation

The amount of the variable compensation paid to Mr. de Rosen came out at 350,000 euros for the financial year ended 30 June 2015 and was paid during the first quarter of the financial year ended 30 June 2016.

Based on Mr. de Rosen's proposal, it has been decided not to allocate him the variable compensation as Chairman of the Board and CEO from the 1 July 2015 to until 29 February 2016.

Others

Mr. Michel de Rosen was not eligible to any post-employment benefit, non-compete clause or supplementary pension scheme in his capacity as CEO and Chairman. This will continue to be the case during his office as Non-executive Chairman of the Board of Directors.

Mr. Belmer's compensation

In respect of the financial year 2015-2016, and on the recommendation of the Governance, Selection and Remuneration Committee, the Board of Directors meeting on 16 October 2015 decided that:

- ▶ The components of compensation paid to Mr. Belmer as Deputy Chief Executive Officer (1 December 2015 to 29 February 2016) are identical to his compensation as CEO (as of 1 March 2016).

- ▶ Mr. Belmer having taken office as Deputy CEO on 1 December 2015, the fixed and variable components of his compensation were calculated on a pro-rata basis in proportion to the number of days in office as of this date.

Fixed compensation

In his capacity as Eutelsat Communications Chief Executive Officer, Rodolphe Belmer's full-year fixed compensation stands at 650,000 euros.

Calculated on a pro-rata basis as of 1 December 2015, Mr. Belmer's fixed compensation in respect of the financial year 2015-2016 comes out at 379,166.69 euros.

Variable compensation

The objectives set for Mr. Belmer in respect of the financial year 2015-2016 were identical to those set for Mr. de Rosen by the Board of Directors meeting on 29 July 2015.

Having reviewed the achievement of his targets, the variable component of Mr. Belmer's compensation as Deputy CEO and later as Chief Executive Officer in respect of the financial year 2015-2016 stood at 62% of his gross annual fixed compensation. The quantitative targets were achieved for 54.16% and the qualitative targets for 70%.

Mr. Belmer's variable compensation in respect of the financial year 2015-2016 was calculated on a pro-rata basis as of 1 December 2015 when Mr. Belmer took office as Deputy CEO.

Accordingly, the variable portion to be paid to Mr. Belmer in respect of the financial year 2015-2016 amounts to 235,398 euros.

The detailed calculation is presented in the table below: This variable part will be paid during the first half of the financial year ending on 30 June 2017.

<i>(as a percentage of the fixed compensation)</i>	Weight	% of achievement	% of weighted achievement	% on a prorata temporis basis	Achievement (in euros)
QUANTITATIVE TARGETS AT GROUP LEVEL	50%	54.16%	27.08%	58.33 %	102,690
Revenue	15%	54.34%	8.15%	58.33 %	30,906
EBITDA	20%	51.40%	10.28%	58.33 %	38,978
Consolidated net income	15%	57.68%	8.65%	58.33 %	32,805
QUALITATIVE TARGETS	50%	70.00%	35.00%	58.33 %	132,708
TOTAL	100%	62.08%	62.08%	58.33%	235,398

Regarding the qualitative targets, the level of achievement for each target has been precisely determined specifically, but is only made public at an aggregate level for reasons of confidentiality. The main achievements of the previous financial year include:

- ▶ the successful launches of EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B, EUTELSAT 65 West A, and EUTELSAT 117 West B satellites;
- ▶ the procurement of a standalone High Throughput Satellite aimed at serving the African broadband market;
- ▶ a large number of innovation-focused initiatives such as: (i) the launch, along with SES, of the "Future Video Initiative" to develop and promote next-generation video technologies, standards and formats; (ii) the

adoption by SIGFOX of "SmartLNB", Eutelsat's innovative satellite technology to complete its Internet of Things network infrastructure; (iii) the partnership signed with Starburst Accelerator, a start-up accelerator that stimulates innovation in the aerospace industry; (iv) development of a satellite solution for distributing native IP video content to mobile terminals at home and in public places; (v) Eutelsat's joining of the SAT>IP Alliance, a technology enabling satellite signals to be distributed over in-home IP networks;

- ▶ procurement of the EUTELSAT 7C and the African Broadband satellites, both using electric propulsion for in-orbit raising which helped to optimise the investment;
- ▶ review of strategic priorities presented to the markets as of 26 June 2016.

Mr. Azibert's compensation

Fixed compensation

The total fixed compensation disclosed for Mr. Azibert during the financial year ended 30 June 2016 was paid to him by Eutelsat Communications in respect of his office as Deputy Chief Executive Officer of Eutelsat Communications and Group Chief Commercial and Development Officer. The fixed remuneration payable to Mr. Azibert for financial year 2015-2016 is 363,384 euros.

Having reviewed the achievement of his targets, the variable component of Mr. Azibert's remuneration in respect of the financial year 2015-2016 stands at 56.46% of his gross annual fixed compensation (as compared to 75.0% for financial year 2014-2015), i.e. 205,160 euros. The quantitative targets were achieved at 54.16% at the Group level, at 44.44% for specific sales targets and the qualitative targets at 70.0%. The variable portion will be paid during the first half of the financial year ending 30 June 2017.

<i>(as a percentage of the fixed compensation)</i>	Weight	% of achievement	% weighted achievement	Achievement <i>(in euros)</i>
QUANTITATIVE TARGETS AT GROUP LEVEL	35%	54.16%	18.96%	68,891
Revenue	10.5%	54.34%	5.71%	20,734
EBITDA	14%	51.40%	7.20%	26,149
Consolidated net income	10.5%	57.68%	6.06%	22,008
QUALITATIVE TARGETS	25%	70.00%	17.50%	63,592
SPECIFIC QUANTITATIVE SALES TARGETS	45%	44.44%	20.00%	72,677
TOTAL	105%	53.77%	56.46%	205,160

Regarding the qualitative targets and specific quantitative sales targets, the level of achievement for each target has been precisely determined, but is only made public at an aggregate level for reasons of confidentiality. The main achievements of the past year include – in addition to most of the items already mentioned for Mr. Belmer:

- ▶ setting up of the top management of Broadband for Africa, the company in charge of providing broadband services in Africa: appointment of a CEO, a Commercial Director, a Director of Operations, a Finance Director and a Marketing Director;

Variable compensation

The amount of the variable compensation allocated to Mr. Azibert stood at 259,560 euros for the financial year ended 30 June 2015 and was paid in the first half of the financial year ended 30 June 2016.

- ▶ signing or ramp-up of agreements with major satellite telecommunications operators such as Singtel and Telekom Austria and new satellite TV platforms in emerging countries such as Star TV in Mexico and several broadcasting platforms in Sub-Saharan Africa;
- ▶ revenue growth in Latin America, Sub-Saharan Africa and the Middle East.

Benefits in kind

The amount of the benefits in kind for Mr. Azibert in respect to the financial year ended 30 June 2016 corresponds to the provision of a Company car.

Attendance fees and other forms of compensation received by Non-executive Directors and Corporate Officers (Table 3 – AMF Recommendation)

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to Non-executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 30 June 2016 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2015-2016 and paid on 1 July 2016 are provided in the column "Financial Year 2015-2016".

Members of the Board of Directors (Non-executive Directors) (in euros)	Financial year 2014-2015	Financial year 2015-2016
JEAN D'ARTHUYS (SINCE 5 NOVEMBER 2015)		
BOARD MEMBER	-	34,385
Attendance fees	-	34,385
Other	-	0
MIRIEM BENSALAH CHAQROUN		
BOARD MEMBER	49,000	62,000
Attendance fees	49,000	62,000
Other	0	0
LORD JOHN BIRT		
VICE PRESIDENT OF THE BOARD OF DIRECTORS	91,000	98,000
Attendance fees	91,000	98,000
Other	0	0
BPIFRANCE PARTICIPATIONS		
BOARD MEMBER, REPRESENTED BY STÉPHANIE FRACHET	51,000	60,000
Attendance fees	51,000	60,000
Other	0	0
JEAN-PAUL BRILLAUD		
BOARD MEMBER (UNTIL 5 NOVEMBER 2015)	43,000	15,615
Attendance fees	43,000	15,615
Other	0	0
ANA GARCIA FAU (SINCE 5 NOVEMBER 2015)		
BOARD MEMBER	-	40,915
Attendance fees	-	40,915
Other	-	0
BERTRAND MABILLE		
BOARD MEMBER	58,000	58,000
Attendance fees	58,000	58,000
Other	0	0
ROSS MCINNES		
BOARD MEMBER	68,000	68,000
Attendance fees	68,000	68,000
Other	0	0
ELISABETTA OLIVERI		
BOARD MEMBER	63,000	68,000
Attendance fees	63,000	68,000
Other	0	0
CAROLE PIWNICA		
BOARD MEMBER	68,000	74,000
Attendance fees	68,000	74,000
Other	0	0
MICHEL DE ROSEN		
CHAIRMAN OF THE BOARD	-	31,998⁽¹⁾
Attendance fees	0	31,998
Other	See chart 1 and 2	See chart 1 and 2
TOTAL OF ATTENDANCE FEES	491,000	610,913

(1) Excluding elements listed in the charts 1 and 2 of the current section.

Regarding the total annual amount of attendance fees

The level of attendance fees has been unchanged at 855,000 euros since the General Meeting of Shareholders of 8 November 2011.

The draft resolutions adopted by the Board of Directors on 28 July 2016 and which will be submitted for approval by the General Meeting of Shareholders to be held on 4 November 2016 do not provide for any change in this amount.

Regarding the method of allocation of attendance fees to Directors

The method of allocation of attendance fees, as set out in the Board's Internal Rules, take priority account of Board Members' effective participation at meetings and committees, in accordance with the Article 21.1 of the Afep-Medef Code:

- ▶ Board:
 - ▶ Annual fixed part of 15,000 euros per Board Member (increased to 30,000 euros for the Vice Chairman and 45,000 euros for the Chairman);
 - ▶ Annual additional 10,000 euros per Board Member with foreign nationality and living outside of France;
 - ▶ Variable part of 4,000 euros per Board Member for each Board meeting attended, with a maximum of 30,000 euros per year.
- ▶ Audit Committee:
 - ▶ Annual fixed part of 4,000 euros per Committee member (increased to 14,000 euros for the Committee Chairman);
 - ▶ Variable part of 3,000 euros per Committee member for each Audit Committee attended, with a maximum of 9,000 euros per year.
- ▶ Governance and Selection Committee:
 - ▶ Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
 - ▶ Variable part of 2,000 euros per member for each Committee attended, with a maximum of 5,000 euros per year.
- ▶ Remuneration Committee:
 - ▶ Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
 - ▶ Variable part of 2,000 euros per member for each Committee attended, with a maximum of 5,000 euros per year.

As a Chairman and Chief Executive Officer, Michel de Rosen had previously waived the right to perceive attendance fees. Since 1 March 2016, he now perceives attendance fees as Chairman of the Board.

Attendance fees due for a given fiscal year are paid once a year at the beginning of the following fiscal year.

The total amount of attendance fees due by the Company and the companies it controls to Non-executive Directors and Corporate Officers of the Company for the financial year ended 30 June 2016 stood at 610,913 euros.

Free shares and phantom shares

Stock options or stock purchase options (Tables 4 and 5 – AMF Recommendation)

The Company did not offer any stock option or stock purchase plans during the financial years ended 30 June 2015 and 2016.

Note however that, during earlier financial years, the operating subsidiary Eutelsat S.A. had put in place stock options and stock purchase plans. As of the filing date of this Reference Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

Free Share Allocation

Free Share Allocation Plan of 8 November 2012

On 8 November 2012, the Board of Directors approved a plan for the allocation of free shares to all employees of Eutelsat Communications Group, including the Directors and Corporate Officers (*mandataires sociaux*), representing a maximum of 347,530 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

The definitive allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above-mentioned date for the beneficiaries from French subsidiaries and four years as from the above-mentioned date for the beneficiaries of foreign subsidiaries, and that (for the French subsidiaries) they hold the shares for a further two-year period starting on the shares' vesting date.

The characteristics of this plan are as follows:

- ▶ on the one hand, the grant of 200 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2015, with 50% linked to a target cumulative EBITDA and the another 50% objective linked to a target average ROCE;
- ▶ on the other hand, the grant of 205,530 shares to Directors and Corporate Officers (*mandataires sociaux*), conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS and one 25% TSR-linked objective.

The performance objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA, EPS and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the criterion of TSR, the percentage of effective acquisition varies as follows:

- ▶ 0% in case of a performance lower than 10%;
- ▶ 33% in case of a performance equal to 10%;
- ▶ 67% in case of performance equal to 55%;
- ▶ 100% in case of performance equal to 75%.

Under this plan and subject to the achievement of the performance objectives set by the Board of Directors, Mr. de Rosen, CEO, may have been entitled to a maximum of 20,900 free shares and Mr. Azibert may have been entitled to a maximum of 12,900 free shares.

On 29 July 2015, the Board of Directors decided on the definitive granting of 27,562 shares to 87 employees and executives (including Corporate Officers) of the Group, at the end of the vesting period of three years, *i.e.* 9 November 2015. Under this plan, 3,283 shares will be allocated to Mr. de Rosen and 2,027 shares will be allocated to Mr. Azibert, *i.e.* an acquisition rate of 15.71%. The definitive granting of these shares will take place as of 9 November 2015 subject to compliance with the condition of presence.

The table below shows the calculation of the acquisition rate used for each of the criteria for Mr. de Rosen and Mr. Azibert:

Criteria	Weight	% of achievement	% weighted achievement
EBITDA	25%	0%	0%
EPS	25%	0%	0%
ROCE	25%	0%	0%
TSR	25%	63%	15.71%
TOTAL ACQUISITION RATE			15.71%

In application of the Afep-Medef recommendation with respect to the disposal of shares by Directors and Corporate Officers, the latter will have to keep 50% of the vested shares until the end of their term of office.

Free Share Allocation Plan of 16 February 2016

Considering recent developments in French law which is more favourable to free share allocation plans, the Board of Directors has decided to change the nature of the long term incentive strategy by resuming free share allocation plans which were replaced in the last two years by phantom share plans. In terms of performance-related criteria, the free share allocation programme dated 16 February 2016 follows on from the preceding phantom share plan (plan dated 11 February 2015).

Accordingly, on 16 February 2016, the Board of Directors of the Company approved a new plan for the allocation of a maximum of 292,081 free shares to Directors and Corporate Officers, managers and other employees of the Group (together with a reserve of 20,000 shares for possible new recruitments) and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

Vesting of free shares was subject to the achievement of performance-related conditions and to the condition that the beneficiaries be still employed within the Group during a three year period (the three financial years concerned are fiscal years 2015-2016, 2016-2017 and 2017-2018) – as from grant date for beneficiaries from French subsidiaries, and four years as from the same date for beneficiaries of foreign subsidiaries. Furthermore, beneficiaries from French companies are required to hold their shares for a further two-year period following the vesting date.

The number of shares theoretically acquired is equal to 125% for Mr. Belmer (100% for Mr. Azibert) of the gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, and provided the performance objectives set out by the Board of Directors are achieved and the beneficiaries are still with the Group.

- ▶ Mr. de Rosen could be entitled to a total of 4,700 shares corresponding, on a pro rata basis (between 1 July 2015 and 29 February 2016) to 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.
- ▶ Mr. Belmer could be entitled to a total of 28,619 shares corresponding to 125% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan. The variable long-term incentive component of compensation has been strengthened in accordance with the Group's general rules governing compensation.
- ▶ Mr. Azibert could be entitled to a total of 12,800 shares corresponding to 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The performance-related objectives are as follows:

- ▶ an objective based on EBITDA for one third;
- ▶ an objective based on ROCE for one third;
- ▶ for one third an objective based on relative TSR over the defined period (1 July 2015 to 30 June 2018). The relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the criterion of relative TSR, the percentage of effective acquisition varies as follows:

- ▶ 0% in case of a performance lower than that of the composite index defined above;
- ▶ 59.52% in case of a performance equal to that of the composite index defined above;
- ▶ 89.29% in case of over-performance by 10% as compared to the composite index defined above;
- ▶ 100% in case of over-performance by 15% as compared to the composite index defined above.

Vesting of these shares will take place as from 17 February 2019, subject to the achievement of the performance objectives.

Within three years from the date of vesting of shares and provided that the performance objectives allow for the granting of at least 50% of the shares, members of the Executive Committee have to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Rodolphe Belmer and 100% of the gross annual base salary for Michel Azibert.

A summary table (Table 9) shows the history of performance shares granted.

At the date of this report, no other allocation plan was carried out by the Board.

Phantom share allocation

Phantom share allocation plan of 13 February 2014

On 13 February 2014, the Board of Directors approved a plan for the allocation of phantom shares to Directors and Corporate Officers, managers and other employees of the Group.

Cash bonus payment is based on the number of phantom shares vested, which is subject to both the achievement of performance conditions and to the condition that the beneficiaries be employed within the Group over the three relevant financial years (financial years 2013-2014, 2014-2015 and 2015-2016).

Under this plan and subject to the achievement of performance objectives (one 25% objective based on EBITDA, one 25% objective based on ROCE, one 25% objective linked to EPS and one 25% TSR-linked objective) set by the Board of Directors, Mr. de Rosen could potentially be entitled to a total of 22,999 phantom shares (figure reduced to 20,444 phantom shares after proratisation to take into account the end of Mr. de Rosen office as a CEO from 29 February 2016) and Mr. Azibert to a total of 14,578 phantom shares. The number of phantom shares theoretically acquired is equal to 130% for Mr. de Rosen (100% for Mr. Azibert) of the gross annual base salary divided by the average prices of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The EBITDA, EPS and ROCE-related objectives are confidential. Concerning the criterion of TSR, the percentage of effective acquisition varies as follows:

- ▶ 0% in case of a performance lower than 30%;
- ▶ 67% in case of over-performance equal to 30%;
- ▶ 100% in case of a performance equal to 35%;
- ▶ 112% in case of a performance equal to 37%.

The Board of Directors meeting on 28 July 2016 decided to vest 5,724 phantom shares to Mr. de Rosen and 4,082 such shares to Mr. Azibert, representing an acquisition rate of 28%, subject to the recipients being employed with the Group as of 1 September 2016.

Cash payments related to these phantom shares will occur on 1 September 2016.

The table below shows the acquisition rate obtained for each criterion for Mr. de Rosen and Mr. Azibert:

Criteria	Weight	% of achievement	% of weighted achievement
EBITDA	25%	0%	0%
EPS	25%	112%	28%
ROCE	25%	0%	0%
TSR	25%	0%	0%
TOTAL ACQUISITION RATE			28%

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Within three years from the date of vesting of phantom shares and provided that the performance objectives reached after the three years following the granting of shares allow for the granting of at least 50% of phantom shares, members of the Executive Committee are required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Michel de Rosen and 100% of the gross annual base salary for Michel Azibert.

Phantom share allocation plan of 11 February 2015

On 11 February 2015, the Board of Directors approved a plan for the allocation of phantom shares to Corporate Officers, executives and to certain employees of the Group.

Cash bonus payment is based on the number of phantom shares definitively granted which is subject to both a performance conditions and a condition of presence in the Company over the three relevant financial years (financial years 2014-2015, 2014-2016 and 2016-2017).

The number of phantom shares theoretically acquired is equal, for Mr. de Rosen to 130% (100% for Mr. Azibert) of the gross annual base salary divided by the average prices of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan and subject to the achievement of the performance objectives (for one third an objective based on EBITDA, for one third an objective based on ROCE, and for one third a relative TSR objective over the defined period) set by the Board of Directors, Mr. de Rosen could benefit from a total of 20,775 phantom shares (number reduced to 11,542 after taking into account a *prorata temporis* given the termination of the office of Mr. de Rosen as CEO on 29 February 2016) and Mr. Azibert from 13,827 phantom shares. Compared with the previous plan, it has been decided:

- ▶ to exclude the EPS target, whose evolution is strongly related to EBITDA;

- ▶ to now take into account a relative TSR (and no longer an absolute TSR) which measures relative performance and indices and competitors thereby enabling to dissociate the assessment of performance from the effects of macro-economic or market events exogenous to the Company. The relative TSR is calculated in relation to a composite index which corresponds to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the sector satellite (SES, Intelsat, Inmarsat).

The performance objectives are based on the Group's consolidated financial statements.

The EBITDA and ROCE objectives are confidential. Concerning the criterion of relative TSR, the percentage of actual acquisition varies as follows:

- ▶ 0% in case of a performance lower than that of the composite index defined above;
- ▶ 67% in case of a performance equal to that of the composite index defined above;
- ▶ 100% in case of over-performance by 10% as compared to the composite index defined above;
- ▶ 112% in case of over-performance by 15% as compared to the composite index defined above.

The definitive granting of these phantom shares will take place as of 1 September 2017 subject to fulfilment of the performance conditions mentioned above.

Within three years from the date of the definitive granting of the phantom shares and provided that the performances after the three years following the grant of the shares allow the vesting of at least 50% of the phantom shares granted, members of the Executive Committee have to own Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Michel de Rosen and 100% of the gross annual base salary for Michel Azibert.

Performance shares granted to Executive Directors and Corporate Officers (Table 6 – AMF Recommendation)

Performance shares granted during the financial year 2015-2016

Performance shares granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date of plan and vesting	Number of shares granted on the financial year 2015-2016	Valuation of shares based on method used for the consolidated financial statements (in euros)	Date of payment	Definitive vesting date	Conservation period	Performance-related conditions under the plan
Michel de Rosen Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018: Plan No.4	4,700	96,413	2019	17/02/2019		33.3% of grant based on EBITDA-related target
Rodolphe Belmer Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018: Plan No.4	28,619	587,071	2019	17/02/2019	Until 17/02/2021	33.3% of grant based on return on capital employed
Michel Azibert Deputy CEO	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018: Plan No.4	12,800	262,571	2019	17/02/2019		33.3% of grant based on relative TSR objective
TOTAL	-	46,119	946,055				

Performance shares available to Corporate Officers (Table 7 – AMF Recommendation)

None for financial year 2015-2016.

History of performance shares granted to Corporate Officers (Table 9 – Afep-Medef Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Board of Directors meeting	1 February 2010	28 July 2011	8 November 2012	16 February 2016
Total number of theoretical shares granted including	700,000 ⁽¹⁾	700,000 ⁽²⁾	347,530 ⁽³⁾	292,081
► to Directors and Corporate Officers	66,952 ⁽¹⁾	84,000 ⁽²⁾	33,800	46,119
Michel de Rosen	66,952 ⁽¹⁾	52,000 ⁽²⁾	20,900	4,700
Rodolphe Belmer	N/A	N/A	N/A	28,619
Michel Azibert	N/A	32,000	12,900	12,800
Date of vesting	02 February 2013	29 July 2014	09 November 2015	17 February 2019
End of holding period	02 February 2015	29 July 2016	09 November 2017	17 February 2021
Performance-related conditions (for Directors and Corporate Officers)	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	33.3% of grant based on EBITDA-related target 33.3% of grant based on return on capital employed (ROCE) 33.3% of grant based on relative TSR objective
Number of shares acquired at 30 June 2016	536,091	132,230	27,562	-
Cumulated number of cancelled or outdated shares	163,909	567,770	319,968	-
Performance shares remaining at financial year-end	-	-	-	295,866

(1) On 30 July 2012, at the end of the three-year acquisition period, the Board of Directors decided to vest 536,091 shares to 486 employees and key managers (including Directors and Corporate Officers) of Eutelsat Group. Under this plan, 55,617 shares were vested to Mr. de Rosen on 2 February 2013.

(2) On 30 July 2014, at the end of the three-year acquisition period, the Board of Directors decided to vest 133,484 shares to 559 employees and key managers (including Directors and Corporate Officers) of Eutelsat Group. Under this plan, 5,431 shares were vested to Mr. de Rosen, and 3,287 to Mr. Azibert.

(3) On 29 July 2015, at the end of the three-year acquisition period, the Board of Directors decided to vest 27,562 shares to 87 employees and key managers (including Directors and Corporate Officers) of Eutelsat Group. Under this plan, 3,283 shares were vested to Mr. de Rosen, and 2,027 to Mr. Azibert.

► 2.3.2 Compensation and other benefits payable or likely to be payable as a result of or following the termination of office of the Group's senior executives

Directors and Corporate Officers do not receive any supplementary pension or termination benefit from the Company.

Employment contract and pensions (Table 10 – AMF Recommendation)

Corporate Officers and Executive Directors	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable as a result of termination or change in office		Payments pursuant to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr. de Rosen Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016) Appointed on: 10 November 2009 End of office: General Meeting adopting the 2015-2016 accounts		X ⁽¹⁾		X		X		X
Mr. Azibert Deputy CEO Appointed on: 5 September 2011		X ⁽²⁾		X		X		X
Mr. Belmer Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)		X ⁽³⁾		X		X	X ⁽⁴⁾	

(1) Mr. de Rosen has no employment contract with any affiliate of Eutelsat Group.

(2) Mr. Azibert has no employment contract with any affiliate of Eutelsat Group.

(3) Mr. Belmer has no employment contract with any affiliate of Eutelsat Group.

(4) In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period.

► 2.3.3 Shareholding in the Company capital BY administrative and Management members

Number of Eutelsat Communications S.A. shares held	30 June 2015	30 June 2016
Rodolphe Belmer Chief Executive Officer (since 1 March 2016)	-	0
Michel de Rosen Board Member; Chairman of the Board of Directors	112,059	116,464
Bertrand Mabile Board Member	2,000	2,200
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	61,564,251
Ross McInnes Board Member	2,000	2,000
Lord John Birt Board Member	2,101	2,101
Ana García Fau Board Member	-	2,000
Carole Piwnica Board Member	2,000	2,000
Miriem Bensalah Chaqroun Board Member	2,000	2,000
Elisabetta Oliveri Board Member	2,000	2,000
Michel Azibert Deputy Chief Executive Officer	25,036	28,115
Jean d'Arthuys Board Member (since 5 November 2015)	-	0

2.4

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN APPLICATION OF ARTICLE L. 225-37 OF THE FRENCH CODE DE COMMERCE

Preliminary remark: This report has been approved by the Board of Directors of 28 July 2016. Consequently, it does not include any events which have occurred since that date.

In accordance with Article L. 225-37 of the French Commercial Code, this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the fiscal year ended 30 June 2016, and on the internal control and risk management procedures implemented by the Eutelsat Group.

For the purposes of this report, "Company" refers to Eutelsat Communications and "Group" or "Eutelsat Group" refers to Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French Commercial Code.

► 2.4.1 Governance of the Company

2.4.1.1 Reference Code

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of November 2015 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

Article of the Afep-Medef Code	Afep-Medef recommendations	Company practice	Explanations
16.2.1	Deadline for review of the accounts by the Audit Committee (at least two days before the Board meeting is held)	Meeting of the Audit Committee the day before the Board to review the accounts	Given that some members of the Audit Committee live abroad, Committee meetings are held the day before Board meetings; documents and files are nevertheless sent to members in good time for them to acquaint themselves with said documents in advance.
23.2.4	When the non-competition agreement is being concluded, the Board must incorporate a provision that authorises it to waive the application of this agreement when the Executive Director leaves. The Board must announce whether or not the non-competition agreement will be upheld at the time that the Director leaves, in particular when the Director leaves the Company to claim or after having claimed his pension rights.	The non-competition agreement signed with Rodolphe Belmer does not incorporate the right for the Board to waive the application of this agreement when he will leave	Based on recommendation of the Governance, Selection and Remuneration Committee and taking in consideration the highly competitive environment between satellites operators, the Board decided that it was very important for the benefit of the Company to impose to R. Belmer a non-competition agreement. The said non-competition agreement being limited to a 18-month period and to an amount equals to 50% of his fix remuneration, it is significantly below the maximum defined by the Reference Code.

2.4.1.2 Lack of control or concerted action

To the Company's knowledge, as of 30 June 2016, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 *et seq.* of the French of Commercial Code.

2.4.1.3 Duties of the Board of Directors

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders' Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

► **Medium term operations:** the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts.

The Group's 5-year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors.

► **Investments and financial commitments:** the Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year.

The annual budget for the 2016-2017 financial year was approved by the Board of Directors on 16 June 2016.

Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million euros, if the relevant operation is included in the Group's Annual Budget or in the strategic plan, or 25 million euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.

Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. The Board thus had to decide on the refinancing of a portion of the Group's debt during the last quarter of the financial year. Finally, prior Board approval is also required for any loan or disposal of Company assets, or for any other form of transfer of assets in excess of 50 million euros that is not expressly

included in the Group's Annual Budget. The Board had then reviewed during the last quarter of the fiscal year the refinancing of part of the debt Group.

- ▶ **Interim and annual financial statements:** the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.
- ▶ **Group Senior Management:** prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.
- ▶ **Monitoring the Group's activity:** Management submits to the Board a monthly report on the Group's operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to enable the Board to be informed of the evolution of the activity, in particular technical or commercial, and monitoring of the budget.

2.4.1.4 Composition of the Board of Directors

The composition of the Board of Directors as of 30 June 2016 is shown in the table below:

Name	Date of first appointment/ co-optation	Term of office expires at the close of the General Meeting called to examine the financial statements for the fiscal year ended
Miriem Bensalah Chaqroun	8 November 2012	30 June 2016
Lord John Birt	10 November 2006	30 June 2019
Jean d'Arthuys	5 November 2015	30 June 2019
Michel de Rosen (Chairman)	10 November 2009	30 June 2016
Bpifrance Participations, represented by Stéphanie Frachet	17 February 2011	30 June 2018
Anna Garcia Fau	5 November 2015	30 June 2019
Bertrand Mabille	10 May 2007	30 June 2017
Ross McInnes	6 February 2013	30 June 2018
Elisabetta Oliveri	8 November 2012	30 June 2016
Carole Piwnica	9 November 2010	30 June 2016

2.4.1.5 Independent Directors

During one of its meetings, the Board of Directors assessed the independence of each of its members. Among its ten members, six Directors were qualified as independent according to the independence criteria of the Reference Code.

On the basis of the work of the Appointments and Governance Committee, the Board assessed whether there was a significant business relationship

between the Company and each independent Director. The Board noted that there were business links between Eutelsat S.A. and one Director but considered these business links non-significant. The Director concerned is Ross McInnes. Ross McInnes, Chairman of the Board of Safran which supplies engines for satellites and which is a shareholder with Airbus Group of the joint venture bringing together the civil launcher activities of the two companies; the Board noted the absence of any dependent links and therefore considered that there was no significant business link.

Directors	Independent
Miriem Bensalah Chaqroun	Yes
Lord John Birt	Yes
Jean-Paul Brillaud (until 5 November 2015)	No
Jean d'Arthuys	No
Michel de Rosen (Chairman)	No
Bpifrance Participations, represented by Stéphanie Frachet	No
Anna Garcia Fau	Yes
Bertrand Mabille	No
Ross McInnes	Yes
Elisabetta Oliveri	Yes
Carole Piwnica	Yes

2.4.1.6 Gender representation

Five women are members of the Board of Directors, thus representing 50% of Directors, in line with the target set by law of 40% from 2017 and recommended by the Reference Code.

The share of women among independent Directors amounts to 83%.

2.4.1.7 Directors' term of office

The Directors' term of office is four years as provided for by the by-laws.

2.4.1.8 Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's management and employees, the Company entered into an agreement with its operating subsidiary Eutelsat S.A. and the Eutelsat S.A. Works Council on 8 November 2007. This agreement is designed to give Eutelsat S.A.'s Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the Directors.

2.4.1.9 Board meetings and information communicated to the Board of Directors

The Board of Directors met thirteen times during the financial year (nine times in the previous financial year). The increasing number of Board meetings is mainly due to issues related to the succession of Michel de Rosen and those linked to the operational activity of the Group.

The average annual attendance rate of Directors at meetings held during the financial year was 86.50% (compared to 89.90% in the previous financial year). The attendance rate for each Director is shown in the table below:

Directors	Attendance rate
Miriem Bensalah Chaqroun	46.15%
Lord John Birt	92.31%
Jean-Paul Brillaud (until 5 November 2015)	50.00%
Michel de Rosen (Chairman)	100.00%
Bpifrance Participations represented by Arthuys Jean until 5 November 2015 then by Stéphanie Frachet	100.00%
Bertrand Mabilie	92.31%
Ross McInnes	100.0%
Elisabetta Oliveri	76.92%
Carole Piwnica	84.62%
Jean d'Arthuys	88.89%

2.4.1.10 Conflicts of interest and related party agreements

The Internal Rules of the Board oblige each Director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A Director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the Director concerned resigns from office.

As of 30 June 2016, there is no employment or service contract between the Company's Directors and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the Commercial Code, the Statutory Auditors are informed for regulated agreements.

2.4.1.11 Assessment of the Board of Directors

During financial year 2015-2016, the Board conducted a self-assessment based on an internal questionnaire whose findings will be presented at a future meeting of the Board by the Chairman of the Governance and Selection Committee.

Following a previous assessment carried out using an outside firm, a new independent Director was appointed at the General Meeting of 5 November 2015 and the Board of Directors decided to split the Governance, Selection and Compensation Committee into two committees.

2.4.1.12 Committees of the Board of Directors

At 30 June 2016, the Board is assisted in its work by three committees: the Audit Committee, the Nomination, Governances Committee and the Compensation Committee.

Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of 30 June 2016, the Audit Committee consisted of Bertrand Mabilie and three independent Directors: Elisabetta Oliveri, Lord John Birt and Ross McInnes, who chairs the meeting, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of Financial Director of several industrial groups, including the Safran Group.

The Group's Chief Financial Officer has attended all meetings of the Audit Committee.

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 95.0%.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Ross McInnes (Chairman)	100.0%
Lord John Birt	100.0%
Elisabetta Oliveri	80.0%
Bertrand Mabilie	100.0%

As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

The Audit Committee has a regular dialogue with the Risk Management Department within the framework of its mission. Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Chief Financial Officer. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee decided on the renewal of Ernst & Young as co-Statutory Auditor of the Company and on the bond issue of June 2016 of Eutelsat S.A. In addition, the Audit Committee was informed of the 5-year plan and annual budget.

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new Directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of Directors vis-à-vis the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

In its configuration before the split into two committees, the Governance, Selection and Compensation Committee met six times and was particularly responsible for searching for the successor of Michel de Rosen and presenting the prospective candidate to the Board. The rate of attendance of Committee meetings was 100%. Since the split, the Nomination and Governance Committee has met twice, with a 100% attendance rate.

At 30 June 2016, the Committee was composed of Stéphanie Frachet, Michel de Rosen and three independent members: Lord John Birt, Miriem Bensalah Chaqroun and Carole Piwnica who chairs the Committee, *i.e.* a majority of independent members in accordance with the Reference Code.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole Piwnica (Chairwoman)	100.0%
Lord John Birt	100.0%
Stéphanie Frachet (since 5 November 2015)	100.0%
Michel de Rosen (since 1 March 2016)	100.0%
Miriam Bensalah Chaqroun	100.0%

At the request of the Board, the Committee made a recommendation on the choice of the permanent representative on the Board of Fonds Stratégique de Participations, whose appointment as Director will be submitted to the shareholders' vote at the next General Meeting.

Compensation Committee

This new Committee resulting from the split of the Governance, Selection and Compensation Committee is in charge of issues relating to (i) the long-term compensation policy, (ii) the remuneration of the CEO and Deputy CEO, (iii) the implementation of stock option plans or plans for the allocation of performance shares within the Group, (iv) the allocation of attendance fees between the members of the Board.

Since its creation during the financial year, the Committee has met once. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole Piwnica (Chairwoman)	100.0%
Anna Garcia Fau	100.0%
Jean d'Arthuys	100.0%

During its only meeting, the Committee examined the long-term remuneration policy and analysed the new long-term incentive plan.

2.4.1.13 Observer

Pursuant to the provisions of (i) the Letter of Agreement signed on 2 September 2005 between the Company and Eutelsat IGO and (ii) the Company's by-laws, the Executive Secretary of Eutelsat IGO sits as an observer on the Board of Directors.

2.4.1.14 Separating the roles of Chairman and Chief Executive Officer

As Michel de Rosen informed the members of the Board of his wish to resign as CEO for personal reasons, the Board wanted (in accordance with legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the Commercial Code), to separate the functions of Chairman of the Board and CEO to ensure a transition due to a change of management. The separation of functions had already been applied by the Company in the past, to facilitate the transition following the departure of Giuliano Beretta. The Board therefore appointed, from 1 March 2016, for the duration of his term as Director, Michel de Rosen as Chairman of the Board, with Rodolphe Belmer becoming CEO.

At its meeting of 16 February 2016, the Board adopted a new internal rule which details the responsibilities of the Chairman of the Board.

► 2.4.2 Eutelsat Group Senior Management

During the past year, three phases are to be distinguished as to the management of the Company.

From 1 July 2015 to 1 December 2015, Michel de Rosen, CEO, assisted by Michel Azibert, Deputy CEO, formed General Management.

From 1 December 2015 to 1 March 2016, to ensure an organised succession, Rodolphe Belmer was appointed as Deputy CEO with Michel Azibert.

On 1 March 2016, Michel de Rosen, while remaining Director, only kept the duties as Chairman of the Board, with Rodolphe Belmer becoming CEO and Michel Azibert being confirmed as Deputy CEO.

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer and Sales Director, the Chief Financial Officer, the Company Secretary and General Counsel, the Human Resources Director, the Technical Director, the Deployment and Innovation Director, the Strategic Projects Director, the Director responsible for Eutelsat Americas and Director in charge of EAC and (ii) a Management Committee consisting of the members of the Executive Committee and the managers of the following departments: Multimedia and Value-Added Services, Operations, Engineering, Strategy, Risk Management, Institutional and International Affairs, Technology Innovation, Institutional Communications and Resource Management.

2.4.2.1 Principles and rules for determining compensation and benefits granted to Corporate Officers

The fixed and variable compensation components and benefits in kind received by the Company's Chief Executive Officer and Deputy Chief

Executive Officer, are determined by the Board of Directors on the basis of recommendations made by the Compensation Committee.

The variable component of the Chief Executive Officer's compensation and the Deputy Chief Executive Officer's compensation is determined on the basis of objectives linked to the Company's performance by reference to predetermined financial indicators (namely turnover, EBITDA and consolidated net results) and qualitative objectives. This variable component is awarded at the beginning of the year with reference to the previous fiscal year. Details regarding compensation are set forth in the Reference Document, in the section on "Compensation and benefits for the Company's Corporate Officers and Directors".

2.4.2.2 Granting of stock options or performance based shares to Corporate Officers

No stock-option or share purchase plans were put in place by the Board during the financial year ended 30 June 2016.

Pursuant to the delegations granted by the General Shareholders' Meetings, in February 2010, July 2011, November 2012 and February 2016, the Company's Board of Directors authorized several Long Term Incentive Programmes (LTIP) to be established for staff and management, including the Group's Corporate Officers, involving the allocation of a maximum number of shares that varies from one programme to another. The vesting period for the shares was set at three years. The vesting of shares is subject to the fulfilment of performance conditions over the 3-year period and a condition of presence. The beneficiaries must continue to hold these shares for a period of two years, commencing from the effective date of acquisition.

At 30 June 2016, the following number of shares were definitively assigned to Executive Officers:

Name	February 2010 plan	July 2011 plan	November 2012 plan	February 2016 plan
Michel de Rosen	55,617	5,341	3,283	In progress
Michel Azibert	N/A	3,287	2,027	In progress
Rodolphe Belmer	N/A	N/A	N/A	In progress

In accordance with the recommendations of the Reference Code, Michel de Rosen, Rodolphe Belmer and Michel Azibert agreed to keep 50% of their definitively allocated performance-based shares until the end of their term of office.

Pursuant to the delegations granted by the General Shareholders' Meeting, in February 2014 and February 2015 the Company's Board of

Directors also authorised two new Long Term Incentive Programmes to be established in the form of deferred bonuses. The underlying instruments used to determine the size of the bonus to be paid, subject to attendance and performance conditions being met, are made up of Company shares fictitiously allocated.

► 2.4.3 Other information

2.4.3.1 Conditions for admission to and participation in the General Shareholders' Meetings

As of 30 June 2016, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's by-laws.

In accordance with the recommendations set forth in the Reference Code, Board Members participate in General Shareholders' Meetings.

► 2.4.4 Internal control procedures

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- that there is compliance with legislation and regulations;
- that instructions and guidelines laid down by General Management are applied;
- that the Company's internal procedures function properly, particularly those that help to safeguard its assets;
- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the *Autorité des marchés financiers* (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the entire Group, is part of the internal control system. A number of specific targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire. The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat S.A. and its subsidiaries.

2.4.3.2 Factors likely to have an impact in the event of a public offering

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses or agreements providing for preferential conditions for the sale or acquisition of shares.

To the Company's knowledge there is no shareholders' agreement.

2.4.4.1 Procedures related to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Operations Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat S.A. or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing training.

Any incident affecting a satellite or one of the transmitted signals (e.g. a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Senior Management;

- ▶ reviewed internally by Eutelsat S.A.'s Technical Department;
- ▶ where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents;
- ▶ communicated to customers, and
- ▶ where appropriate, reported in a press release.

2.4.4.2 Satellite control system IT security and certification

Measures designed to increase IT security for the information systems used for satellite control continued to be introduced during the year. This work is supervised and coordinated by the person in charge of the IT security of the Company.

In 2011, the satellite control team obtained information security certification (ISO 27001) for a period of three years, which was renewed in June 2014. Two monitoring audits were performed in June 2015 and June 2016. No non-compliance with ISO 27001:2013 was identified. The certification covers:

- ▶ the control and operation of satellites, launching and placing satellites into orbit (LEOP);
- ▶ the human resources, definition, development, supply, deployment, operation and maintenance of the software, systems and IT networks of ground satellite control systems; and
- ▶ the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet also obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. No non-compliance with the standard has been identified. The certification covers the activities and systems related to:

- ▶ the communications control centre;
- ▶ management of the Rambouillet teleport;
- ▶ implementation and supervision of the operation of managed services; and
- ▶ the security of all sites for monitoring the payload, points of presence and teleports.

At Skylogic S.p.A and Eutelsat Americas preparations are being made to obtain ISO 27001 certification for their operating activities. The aim is to obtain the certification during 2016 for Eutelsat Americas and in the first half of 2017 for Skylogic S.p.A.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed three times: in June 2008, April 2011 and May 2014. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was obtained in 2011 for the activities at the Rambouillet teleport and renewed in May 2014. It was also obtained in May 2014 for the teleport activities of the subsidiary Skylogic S.p.A.

For the Rambouillet teleport, certification covers activities relating to:

- ▶ the communications control centre;
- ▶ commercial services (television signal and data management using the teleport's ground equipment); and
- ▶ radio frequency systems and Rambouillet teleport's technical infrastructures.

In June 2014 this certification was extended to the teleport located in Sardinia.

For the Skylogic S.p.A. teleport (Turin, Italy) the certification ISO 9001 obtained in May 2014 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In addition the Eutelsat Americas subsidiary has ISO 9001 certification for all its operating activities (controlling the satellites and the quality of the signals the satellites receive and broadcast).

2.4.4.3 Procedures for preventing and managing the Group's other operating risks

Business Continuity Plan

The continuity plan includes the following items:

- ▶ mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis scenarios;
- ▶ crisis management procedures (logistics, external and internal communications, decision-making process);
- ▶ business procedures describing the necessary duties to be performed at the backup site;
- ▶ backup information system (applications, systems and network infrastructure, telephony);
- ▶ procedures describing emergency actions to be carried out in a crisis scenario; and
- ▶ necessary logistics for activating the plan (backup positions for users, rooms with technical facilities to accommodate the backup infrastructure).

Eutelsat S.A. regularly performs tests to check that the Business Continuity Plan (BCP) runs smoothly. Under the responsibility of the Information Systems Department, this project is designed to define the conditions for continuing commercial, financial and administrative, legal, corporate communications, information systems and human resources management activities.

During the 2014-2015 fiscal year, the business continuity plan was updated to take into account functional and technical changes resulting from installing the new ERP. A full scale test organised in November 2014 was used to check that the emergency procedures run smoothly in the event of the site hosting the ERP being unavailable.

During financial year 2015-2016, a complete review of business processes was carried out. A global PCA test was organised in March 2016, simulating the unavailability of Eutelsat's head office and the unavailability of the SAP hosting site. These tests were conducted with the participation of Eutelsat's business lines and validated the operation of business processes using the backup infrastructure.

Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group information systems and this is reflected in the following activities:

- ▶ mapping the risks related to information systems security and assessing their impacts on the Company's operation;
- ▶ introducing a policy and a set of standards to meet the Group's security requirements;
- ▶ drawing up and monitoring an action plan;
- ▶ assessing the protective measures that are in place in organisational and technical areas; and
- ▶ reacting in the event of suspicious events or security incidents.

An annual audit is underway to test the effectiveness of the security measures in place on the entire perimeter and develop a corrective plan for identified vulnerabilities.

Occasional audits were also commissioned during the year to check the safety of new critical projects before deployment.

The 2015-2016 financial year was also devoted to the following actions:

- ▶ creation of an internal technical audit activity to validate the measures in place and correct vulnerabilities escalated without waiting for an external audit; and
- ▶ reviewed and in depth update of the security policy.

2.4.4.4 Processing accounting and financial information

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.

Closing consolidation and reporting procedures have not been specifically amended during this fiscal year. Eutelsat S.A.'s financial departments and those of its subsidiaries have duly complied with these procedures.

2.4.4.5 Eutelsat Communications Finance

The Company directly and indirectly holds through Eutelsat Communications Finance S.A.S. (wholly-owned subsidiary of Eutelsat Communications) over 96% of the capital of Eutelsat S.A., main operating company and holding of the Group's interests.

Controlling the commitments and actions of Eutelsat Communications Finance is essentially based on the legal and statutory provisions applicable to it. Its legal form is that of a simplified Joint Stock Company (*société par actions simplifiée*) incorporated under French law. The sole Chairman of this subsidiary is the Group's Legal Counsel and Company Secretary.

There is no statutory limitation on the powers of the sole Chairman, with the exception of those matters reserved by law for the sole shareholder, namely the Senior Management of Eutelsat Communications. Any decision or proposal related to amending the by-laws, a capital increase, a merger and/or transformation is a matter that must be dealt with by the Senior Management of Eutelsat Communications.

2.4.4.6 Operating subsidiaries

To optimise the management of the activities of the subsidiaries of Eutelsat S.A., the Company's management has created a "Subsidiaries Committee". This Committee's task is to ensure that there is synergy between the activities of the subsidiaries and the Group's parent company. It makes recommendations on the appropriateness of creating or winding-up subsidiaries, intra-Group agreements and risk management within the subsidiaries. It oversees the introduction of performance indicators by the subsidiaries, the proper management of human resources at Group level, the proper coordination between Group entities, the tax policy options, creating procurement synergies and standardising IT systems.

2.4.4.7 Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the consolidation manager to verify, in particular, that the accounting policy and methods currently in force within the Group are being correctly applied. The methods for communicating the Group's accounting and financial principles include the consolidation manager preparing and communicating precise instructions to the subsidiaries before each account closing date, including a detailed timetable as well as a to-do list. In addition, the increased formalization of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- ▶ a single source for information used in the legal consolidation and reporting process, managed in a shared database; and
- ▶ that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.

The consolidation and reporting system was overhauled as a result of the ERP being changed at Eutelsat S.A. This new version has been used since financial year 2014-2015.

2.4.4.8 Delegation of signing authority

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or the Deputy Chief Executive Officer. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and Deputy CEO are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

2.4.4.9 Managing and monitoring supplier contracts

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, the Deputy Chief Executive Officer or the Managers to whom the Chief Executive Officer has delegated signing authority.

In addition, financing contracts except those which are below the maximum amount defined in Section 1.3 above, are approved by the Board of Directors in accordance with the Board's Internal Regulations.

2.4.4.10 Managing and monitoring customer contracts

The Group's customer contracts are concluded by Eutelsat S.A. or its subsidiaries on the basis of standard form contracts prepared by Eutelsat S.A.'s General Counsel and Sales Department.

Any change to the standard form is examined in advance by the office of the General Counsel before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions. During each fiscal year, the sales cycle, which the Group's Senior Management deems to be one of the key procedures, is thoroughly audited. The purpose of these recurrent annual audits is to assess whether the existing internal procedures are appropriate. Depending on the findings of these audits, the relevant changes are made to internal procedures to increase the reliability of the process that contributes to revenue recognition.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

2.4.4.11 Delegations of powers

Following an audit of the existing delegations of powers and signing authorities in the Company, Eutelsat's Management has drawn up new delegations of powers as part of a global and coherent system for organising power and decision-making centres in the Company, which takes into account the skills, authority and resources of each of the delegates in their area of competence.

2.4.4.12 Customer risk management

All new customers are assessed for customer risk by the "Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the General Counsel and, if necessary, followed by appropriate measures.

The Group has also taken out a credit-insurance policy to provide better protection against the risks of customer default.

2.4.4.13 Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.

The following authorization procedure must precede all purchases:

- ▶ approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors; and
- ▶ validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or the Deputy Chief Executive Officer is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group's business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or Deputy Chief Executive Officer of Eutelsat S.A.

2.4.4.14 Addressing main financial risks

The Group has introduced a centralized cash management system in its operating subsidiary Eutelsat S.A. Under service agreements between Eutelsat S.A. and the various entities within the Group (including the Company), the accounts department at Eutelsat S.A. manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group's entities.

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective.

Foreign exchange risk: through its sales transactions regarding satellite capacity the Group mainly receives foreign currency, predominantly U.S. dollars. The Group is therefore mainly exposed to the U.S. dollar/euro exchange risk and, to a far lesser extent, the USD/BRL exchange risk.

Through the geographical diversification of its business, the Group is exposed to translation risk. This means that its statement of financial position and its income statement are sensitive to exchange rate fluctuations when consolidating the accounts of its foreign subsidiaries outside the euro zone (translation risk). With regards to investment in currencies not belonging to the euro zone, the Group's hedging policy consists of creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, the Group also uses cross-currency swaps.

Interest rate risk: the Group manages its exposure to interest rate fluctuations keeping most of its debt at fixed rates (Eutelsat S.A. bonds) and possibly by a hedging policy on its credit lines *in fine* at variable rates.

Counterparty risk: counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.

The Group minimizes its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from first-ranking financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. Exposure to these risks is closely monitored and maintained within predetermined limits.

Liquidity risk: the Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between the continuity of its funding needs and their flexibility by using overdraft facilities, bank term loans and bond loans, revolving credit lines from banks, export financing and satellite leases.

2.4.4.15 Addressing the risk of corruption

After approval from the Board of Directors, Senior Management has put in place a programme which aims to improve the fight against corruption within the Group (mainly using an ethical charter and publishing a

procedures and training manual). As part of this programme, a committee has also been formed and a professional reporting mechanism has been put in place. The committee has been asked to vote on the choice of intermediary agents.

▶ 2.4.5 Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Risk Management Department's principal duties are as follows:

- ▶ to undertake to identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- ▶ to assist the Group's Senior Management and Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks, improve their control and organise contingency plans;
- ▶ to ensure that employees adhere to the risk management policy and that the appropriate communications with respect thereto are distributed;
- ▶ to ensure that the Group's interests are protected by making sure that risks likely to affect the Group are defined in a suitable manner and that

the Company's operations, activities and internal control procedures are carried out in such a way as to minimize the risks to the Group as much as possible; and

- ▶ to ensure that the risk management policies are implemented in an appropriate manner and that they are taken into account when conducting the Company's business.

The work carried out during the 2015-2016 financial year consisted of a comprehensive review of the Group's exposure to all its risks including, in particular, the risk of failures in orbit and consequently the adaptation of the in-orbit life insurance policy to take into account not only the net book value of satellites but also the revenue generated by the most contributing satellites.

During the financial year, new commercial projects and plans to invest in new satellites, the updated strategic plan, and the budget for the 2015-2016 financial year were also subject to in-depth risk analysis.

2.5

APPLICATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

The Company refers to the Afep-Medef Corporate Governance Code of November 2015 (hereinafter the "Reference Code").

Whenever the Company's practices differ from the recommendations in the Reference Code, this is mentioned in the chart included in the Section 1

"Governance of the Company", 1.1 "Reference Code" of the Report of the Chairman of the Board of Directors of Eutelsat Communications in application of Article L. 225-37 of the French *Code de commerce*.

03

Sustainable development

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During financial year 2015-2016, Eutelsat's management continued its efforts to promote awareness of social, environmental and societal issues within the Group. In compliance with Decree No. 2012-557 of 24 April 2012 on transparency requirements for companies in relation to social, environmental and societal information, associated with the application of Article 225 of Law No. 2010-788 dated 12 July 2010 and Article 12 of Law No. 2012-387 dated 22 March 2012 which amended Article L. 225-102-1 of the French Commercial Code, the Group collected information in the areas listed below to address the items that are relevant for its activity among the 42 sections defined by the law:

- ▶ social;
- ▶ environmental;
- ▶ societal.

The effort is spearheaded by a cross-sectional committee, known as the Sustainability Committee, which is supported by the Chief Financial Officer and the Director of Human Resources. The Committee is composed of Group representatives from the following departments: Finance, Human Resources, Legal Affairs, Technology, Operations, Purchasing, General Services, Internal Audit, Risk Management, Corporate Communications and Institutional Relations. The Sustainability Committee is coordinated by the Investor Relations Department.

The sustainability report provides a response to all 42 sections defined by the French "Grenelle II" Act, which are dealt with in three sections: social, environmental and societal, thereby offering a balanced view of the critical sustainability issues facing the Group.

Satmex (which now operates under the commercial name Eutelsat Americas), whose acquisition was finalized in early January 2014, was included in the scope of consolidation for the first time. For easier comparison, *pro forma* information reflecting Eutelsat Americas' contribution has been included for the previous financial year for certain indicators.

In addition, during financial year 2015-2016, the Group signed the "Collective for Space Care" charter which brings together the space industry and partners who share the spirit of responsibility as derived from international treaties and principles on space, in keeping with space legislation and in accordance with the best practices arising therefrom. The aim is to promote the safety of persons and goods, ensure the health of populations in all

The main axes of the CSR policy are outlined below:

▶ Maintaining the space around the earth uncongested and clean

With the proliferation of telecommunications satellites populating the space around the earth, the management of satellites having reached the end of their useful lives has become an increasingly important issue, especially as it relates to the substantially growing amount of space debris, particularly in lower orbits.

Maintaining the space around the earth uncongested and clean is one of the Group's priorities. The Group policy in this area is based on:

- ▶ a responsible fleet management policy;

▶ Engaging in efforts to bridge the "digital divide"

One of the main focuses of the Group's socially responsible development policy is the commitment to reducing the digital divide. The digital divide refers to the discrepancies in access to information and communication technologies (ICTs), more specifically to Internet and television. In this respect, the Group is faced with three major challenges:

space operations, protect the earth and space environments and strengthen the prevention of risks associated with launch and in-orbit operations.

Group Management has identified three specific areas where the application of sustainability indicators will have the greatest positive impact on both the Company's performance, and more generally for responsible long-term development. These three areas are:

- ▶ Maintaining the space around the earth uncongested and clean;
- ▶ Engaging in efforts to bridge the "digital divide";
- ▶ Building a multinational corporate environment that reflects a diversity of cultures and ideas.

To illustrate these three areas, Group Management has defined for each the following key performance indicators of CSR policy:

Maintaining the space around the earth uncongested and clean

- ▶ Number of satellites arrived at end of life re-orbited and passivated: 16 at 31 December 2015. 94% success rate;
- ▶ Number of repositionings of satellites in geostationary orbit: 95 at 31 December 2015. 100% success rate.

Engaging in efforts to bridge the "digital divide"

- ▶ Number of Internet Broadband customers on KA-SAT at 30 June 2016: 181,000;
- ▶ Amount of HTS capacity dedicated to high-speed Internet services at 30 June 2016: 127 Gbps;
- ▶ Number of free channels broadcast on the Group's fleet at 31 December 2015: 2249.

Building a multinational corporate environment that reflects a diversity of cultures and ideas

- ▶ Proportion of employees hired during the year for Eutelsat S.A. of a nationality other than French: 26%;
- ▶ Number of nationalities represented on the Group Board of Directors: 6;
- ▶ Number of nationalities represented on the Group Management Committee: 8;

- ▶ compliance with the French Space Act;
- ▶ willingness to share Eutelsat's policies and best practices at industry level.

Each of these items is detailed in Section 10.2.1.1 "Impact of satellites and launch services on the environment" of this document.

Delivering Internet services to consumers, professionals and governmental agencies in areas with limited or no access to terrestrial networks

Today, satellites offer easy and secure broadband access to homes located beyond the reach of terrestrial telecommunication networks.

Operated on the EUTELSAT KA-SAT 9A satellite covering Europe and Mediterranean Basin, the Tooway system is an accessible and cost-effective solution for users who want to take advantage of broadband internet

without additional delays and irrespective of their location. As of 30 June 2016, 181,000 Tooway terminals were activated.

Since the launch of the service, bit-rates offered by Tooway have increased for entry-level services: from download speeds of 6 Mbps and upload speeds of 4 Mbps when the EUTELSAT KA-SAT 9A first came into operational service in 2011 to download speeds of 22 Mbps and upload speeds of 6 Mbps currently.

IP Easy is another public service-oriented solution delivering Internet speeds of up to 10 Mbps with the help of a one-meter diameter antenna and a modem. Using capacity on the EUTELSAT 16A, EUTELSAT 10A and EUTELSAT 70B satellites across Africa and Asia, the IP Easy service has strengthened its coverage of Latin America with the entry into service of EUTELSAT 8 West B in October 2015. A wide variety of bundles, with monthly volumes ranging from one to 25 Gbps, are offered to customers such as Corporates, SMEs, NGOs, schools or public administrations. The service continues its expansion in new territories: for example in November 2015 Bluewave selected the IP Easy service for satellite broadband in Myanmar.

During financial year 2015–2016 Eutelsat significantly strengthened its HTS resources in Ka-band to provide Satellite Broadband access with:

- ▶ the launch and entry into service of EUTELSAT 36C in December 2015, to cover Russia;
- ▶ the launch and entry into service of EUTELSAT 65 West A in May 2016, bringing new capacity over Brazil and other Latin American countries.

Thanks to the entry into service of these additional 48 Gbps of HTS capacity (94 Gbps were operated until then), tens of thousands of end-users will have access to Broadband Internet in areas where there is no alternative infrastructure.

Finally during last fiscal year, a new-generation High Throughput Satellite was procured from Thales Alenia Space (TAS) to serve the African Broadband market with exceptional operational flexibility. To be launched in 2019, this all-electric satellite will offer capacity of at least 75 Gbps.

Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion

By enabling priority Internet access to some public interest sites, satellites meet the objectives of digital inclusion, an over-arching theme in several fields of public policy. Satellite technology is a particularly well-adapted response to their requirements as it is capable of delivering extremely cost-effective Internet connection within unequalled deployment timeframes across the territory and without the geographical constraints associated with mountainous areas.

In this context, the “*Plan France Très Haut Débit*” in France provides for the financing by the State and Local Collectivities of equipment permitting Internet access *via* satellite. A particular effort is concentrated on equipping schools in order to give them digital access both in France and internationally. As such the government’s “Connected Schools” initiative aims at facilitating internet access for a potential 8,000 establishments, in which Eutelsat’s partner suppliers and Internet service providers are heavily involved.

In the same spirit, Eutelsat Americas supplies capacity for several social connectivity programmes, notably in Mexico and Colombia, and is one of the sector leaders in this type of initiative, whose aim is to connect rural communities and give them access to a broader range of services (schools, hospitals, libraries, etc.).

Elsewhere, Eutelsat plays an active role at the heart of a consortium recently charged by the European Commission to study the potential as well as the requisite conditions for a programme to support the roll out of high-speed Internet *via* satellite to rural schools (project “BROSS”).

In another domain, the pilot scheme “Connected Agriculture” undertaken alongside FNSEA, Orange and NordNet was successfully completed at the end of 2015. It enabled 18 farms, the majority not eligible for ADSL, to test and benefit from the functionalities of a high-speed Internet connection *via* satellite for one year. The results of the scheme confirmed the suitability of this solution to the digital requirements of farmers.

The effectiveness of satellite is also evident in the area of Healthcare, where it enables teleconsultation, thereby linking isolated treatment centers with university hospitals *via* Internet. It is one of the options in the fight against medical isolation adopted at the beginning of 2015 by a consortium of social services in the Champagne-Ardenne region.

Since the launch of KA-SAT in 2011, Eutelsat has been training antennae installers, drawing on both professionals and job-seekers (1,000 in total in France). In certain regions, this policy is conducted in partnership with local chambers of commerce and industry or within the framework of a national convention with the industrial federations of public initiative networks (Drôme and Cantal, for instance). In 2016 the first edition of a photographic competition aimed at identifying “the most attractive installation” took place, with entries from over 200 accredited Tooway installers throughout Europe. Elsewhere Eutelsat is developing a didactic tool-box aimed at facilitating the installation of dishes by professionals as well individuals.

Eutelsat also participates in programmes aimed at the resilience of crisis communications. In France, Eutelsat participates in exercises undertaken by the “*Haut Comité français pour la défense civile*” (HCFDC).

The last such operation took place in May 2016, as part of the annual training exercise of the institution, organized in Calvi (Corsica) involving the security managers of large groups, in partnership with the SDIS 2B, the Civil Security (UIISC 5), RAID, GIGN and the second foreign regiment of the foreign Legion paratroopers. The HCFDC selected the Tooway connectivity solution to connect the Calvi PC to the main server managing all operations, as well as to transmit live video of the exercise based on three different situations: hostage-taking, earthquake and evacuation of nationals in hostile territories.

Elsewhere, in the framework of the Global Humanity Summit organised by the UN at the end of 2015, Eutelsat signed, along with other satellite operators, a crisis connectivity charter, enabling the supply of emergency telecommunications access in the case of humanitarian crises, natural disasters and wars. Eutelsat will provide satellite capacity, equipment and the know-how of its teams.

Finally, EUTELAT remains active in the field of humanitarian emergencies, alongside charities such as *Télécoms Sans Frontières* or NetHope, *via* several initiatives described in section three of the present document.

Promoting access to free-to-air television channels for all homes

In Video Applications, its core business, Eutelsat promotes access to free-to-air television for homes in France and abroad.

At 31 December 2015, the Group broadcast 2,249 free-to-air channels available without subscription on its fleet of satellites (out of a total of 6,000 channels), a rise of 128 units (+6%) over 12 months, to more than one billion viewers mainly in Europe, Africa and the Middle-East.

In France, the FRANSAT platform broadcasts 26 free DTT channels on the EUTELSAT 5 West A satellite (together with a selection of local and thematic TV channels and radio stations) on a subscription-free and unlimited-time basis. This is the only free satellite TNT multi-channel offer referenced by the French Audiovisual Council (*Conseil supérieur de l’audiovisuel*). It is especially suited to homes beyond the reach of terrestrial networks. More than two million homes are equipped to receive FRANSAT. FRANSAT is also the preferred conduit for local channels for broadcasting to a wider public audience.

For retirement homes and other communities, small communal cabled networks situated in DTT white zones and small and remote terrestrial transmitters, FRANSAT provides "FRANSAT PRO", a collective, satellite-delivered free-of-charge DTT solution. The FRANSAT service is regularly upgraded for an ever-enhanced viewer experience: e.g. high definition, the "FRANSAT Connect" portal for browsing the programme guide, interactive services accessible online, etc.

During 2015 FRANSAT accompanied the widespread transition in France of DTT channels to the MPEG4-HD standard. The bouquet also pioneered live retransmission in UHD, with, for example, the live streaming on its demo channel, FRANSAT UHD, of the ballet *Le Corsaire* in partnership with

Arte, and the live broadcast for the fourth consecutive year the finals of the Roland-Garros tennis tournament, in collaboration with France Télévisions.

Against the backdrop of a worldwide switchover to digital television, the Group is developing free-to-air satellite TV offerings in several countries. It also contributes to paving the way for the end of analogue TV in In Sub-Saharan Africa, where already half the channels broadcast *via* a satellite are transmitted *via* Eutelsat satellites. For example in 2015, the satellite EUTELSAT 3B was selected by the radio broadcasting authority of Zimbabwe to transmit 12 free channels to 48 transmitters of terrestrial digital television to enable the population to benefit from improved image quality and a broader choice of programs.

► Building a multinational corporate environment that reflects a diversity of cultures and ideas

The activities of Eutelsat S.A. (Eutelsat Communications' main operating subsidiary) were originally carried out by the European Telecommunications Satellite Organisation, an intergovernmental organisation (IGO) founded by several countries in Western Europe. As a former IGO, Eutelsat's corporate culture is characterized by a strong international dimension.

At the end of 2015, Eutelsat S.A. staff included 30 nationalities from all five continents. In total, 30% of Eutelsat S.A. employees held a nationality other than French in 2015 (unchanged compared to 2014). In addition, as of 31 December 2015, the Group had 360 employees in total (39% of its total staff) outside France.

The same diversity exists:

- within the executive management: eight nationalities are represented on the Group Management Committee;
- within governance bodies: six nationalities are represented on the Board of Directors;
- in recruitment:

- 26% of employees recruited in 2015 by Eutelsat S.A. held a nationality other than French (26% in 2014),
 - 20% of interns hired in 2015 by Eutelsat S.A. are of a nationality other than French (20% in 2014),
 - in subsidiaries outside France, local recruitment is the standard practice.
- The Group is committed to maintaining and encouraging this multinational diversity. Main initiatives include:
- common training courses for several countries;
 - trade seminars organised abroad;
 - mobility of French employees in the Group's international subsidiaries, Dubai, Singapore, Poland, Mexico and the U.S.;
 - use of English as a working language and for drafting internal documents to facilitate sharing of information;
 - specific initiatives designed to strengthen the multinational component of the Group, such as "Lunch & Learn" sessions organised in several sites to foster exchanges in English between Group employees in a relaxed atmosphere.

3.1 SOCIAL INFORMATION

► 3.1.1 Employment

All data for the year relates to the Group or Eutelsat S.A. and its subsidiaries.

The Group's subsidiaries in France, Italy and Mexico account for nearly 90% of the workforce.

Each year, Eutelsat S.A., the Group's main operating subsidiary in Paris, France, prepares a social audit report summarising key data in a single document, enabling an assessment of the Company's labour profile. The social audit report is prepared with reference to the calendar year. Each year, the Company's Work Council issues an opinion on the social audit report. The social report and the opinion of the Work Council are made available to the Company's employees and to shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French Commercial Code.

3.1.1.1 Information and distribution of employees by gender, age and geographic area

During calendar year 2015, the Group including Satmex had an average of 925 employees, representing a 4% decline relative to the previous year. The female headcount ratio stood at 31%.

Breakdown of headcount by gender

	Average headcount in the calendar year	
	2014	2015
Male	676	638
Female	287	287
TOTAL	964	925

The average seniority of Group employees is a new indicator; for 2015 it stood at 9.66 years.

For Eutelsat S.A. the average seniority was 11.85 years in 2015 (11.65 in 2014 and 10.8 in 2013).

Considering the changes in the Group's scope of activity and its development strategy in Latin America, the breakdown of employees by geographic area is now presented in the following categories: France, Americas and Other.

Breakdown of employees by region (Group)

	31 December 2014	%	31 December 2015	%
France	548	57	565	61
Americas	184	19	139	15
Others	232	24	221	24
TOTAL	964	100%	925	100%

Breakdown of other employees *versus* managers by gender (Group)

As a % of the total employees as of:	31 December 2014	31 December 2015
MALE:	70	69
Managers	43	49
Employees	27	20
FEMALE:	30	31
Managers	15	18
Employees	15	13

Feminization rate stood at 31% at Group level.

Breakdown of employees by age (Group)

The breakdown of employees by age is the following:

	31 December 2014	31 December 2015
< 25	2%	2%
25-40	44%	46%
41-60	51%	48%
>60	2%	4%
TOTAL	100%	100%

3.1.1.2 Recruitments and departures (Group)

In 2015, at Group level, 78 people were hired and there were a total of 62 departures.

From 2015, the Group indicator has been consolidated distinguishing these movements by gender.

As of 31 December 2015, at Group level:

12 months ended	31 December 2014	31 December 2015
RECRUITMENTS	79	78
Of which % male	nc	62%
Of which % female	nc	38%
DEPARTURES	92	62
Of which % male	nc	66%
Of which % female	nc	34%
BALANCE	(13)	16

Details of recruitments by type of contract

During calendar year 2015, Eutelsat S.A. recruited 51 people (34 during FY 2014), of which 45% were women (35% in 2014) and 55% were men (65% in 2014). Details of recruitments by type of contract can be found in the table below:

Number of contracts for short-term and long-term assignments for Eutelsat S.A. for calendar year 2015		Women	Men	Total
Other employees	Fixed-term	5	2	7
	Permanent	0	2	2
Managers	Fixed-term	7	7	14
	Permanent	11	17	28
TOTAL		23	28	51
		45%	55%	

Number of contracts for short-term and long-term assignments for Eutelsat S.A. for calendar year 2014		Women	Men	Total
Other employees	Fixed-term	2	1	3
	Permanent	0	3	3
Managers	Fixed-term	6	3	9
	Permanent	4	15	19
TOTAL		12	22	34
		35%	65%	

3.1.1.3 Compensation

Long-term Incentive Programme

Eutelsat Communications seeks to enable all employees to benefit from the Group's overall success by awarding bonuses to employees based on the Group's performance.

A Long Term Incentive Program ("LTIP") for employees and managers (including Corporate Officers) of the Group has been put in place.

Incentives and employee profit sharing (Eutelsat S.A.)

A corporate savings plan was set up at Eutelsat S.A. in July 2000:

- ▶ the savings plan is a collective savings system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested in a savings plan is blocked for five years, except in the cases of early release specified in the plan's rules;
- ▶ the corporate savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy;

- ▶ a company investment fund (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 *et seq.* of the French Labour Code;
- ▶ the corporate savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked-up for five years in the savings plan with no possibility of taking advantage of an early release provision.

A new employee incentive agreement governed by Articles L. 3311-1 *et seq.* of the French Labour Code was entered into by Eutelsat S.A. on 23 December 2011 to allow Eutelsat S.A. employees to share in the performance of the Company. The size of the incentive payments to employees is determined using the performance criteria set out in the agreement, which take into account the improvement in the Company's financial performance (financial ratio and operating costs).

- ▶ Employees can pay all or part of their incentive payment into their corporate savings plan; the amounts paid in are locked-up for five years and may then qualify for the preferential tax treatment applicable to savings plans.

The following table shows the average amount of incentive payment per employee beneficiary:

(in euros)	2013-2014	2014-2015	2015-2016*
Average amount of the incentive payment	1,461	2,426	N/A

* For the financial year 2015-2016, the final amount is not available at the date of the document.

An employee profit-sharing agreement, governed by Articles L. 3322-1 *et seq.* of the French Labour Code, was entered into on 13 November 2002, and amended on 16 July 2009 and 18 September 2012, within Eutelsat S.A. The statutory employee profit-sharing plan gives employees access to a portion of the profits generated by the Company. The Eutelsat S.A. profit-sharing agreement uses the legally prescribed method of calculating the profit-share reserve set out in Article L. 3324-1 of the French Labour Code.

The Eutelsat S.A. profit-sharing agreement provided that the amounts allocated to employees should be invested in corporate mutual funds.

Amounts paid into the savings plan under the profit-sharing agreement previously remained locked up for five years unless early release of such sums became possible in accordance with the rules. The French law of 3 December 2008 on income from labour amended the legislative framework and Eutelsat S.A.'s labour partners signed an amendment to the profit-sharing agreement enabling employees who so desired to gain access immediately to all or part of their profit-sharing reserve. Furthermore, there are no plans to grant shares in the business in connection with the allocation of the profit-sharing reserve.

The following table shows the total amount of the special profit-sharing reserve determined in accordance with the profit-sharing agreement in force:

(in euros)	2013-2014	2014-2015	2015-2016 ⁽¹⁾
Amount of the special profit-sharing reserve	6,312,431	6,100,000	N/A

(1) Provision for 2015-2016 not available.

Eutelsat S.A. employees receive Profit and outcomes-related Participations. Employees can save up to 5,000 euros per year in the PEE to receive a maximum additional employer contribution of 1,900 euros in 2015. The maximum employer contribution was raised to 2,170 euros in 2016.

Wages

The average gross annual salary for employees of Eutelsat S.A., Skylogic and Eutelsat Americas (which in total account for more than 90% of the Group's workforce) amounted to 79,167 euros in 2015.

This indicator was consolidated by gender for the year 2015. The average gross annual salary for male employees amounted to 88,290 euros, and to 59,000 euros for females.

Total gross wages amounted to almost 66 million euros in 2015 against 100 million euros in 2014, also reflecting a change in the method of calculation.

► 3.1.2 Work organisation

3.1.2.1 Work time organisation

Eutelsat complies with International Labour Office (ILO) rules. Moreover, Group management ensures that all of its subsidiaries, both in France and abroad, are in compliance with local labor laws, including those relating to working time.

In France, representing 61% of employees, management adheres to the statutory 35-hour week for non-management employees representing 14% of the workforce. For those employees whose working time is counted in hours, Eutelsat ensures compliance with the statutory 35 hours.

However, the vast majority (86%) of employees occupying a management position, have a package of 212 working days per year, allowing a more flexible organization of schedules, depending on their responsibilities. Appropriate measures are taken to ensure that all employees have sufficient time to rest. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several agreements have been signed with employee representatives, addressing the theme of working time. Eutelsat is implementing salary continuation for a various types of absence (e.g.: illness, maternity, paternity leave).

Employees of other Group subsidiaries (excluding France), which represent 39% of the workforce, all adhere to a working week of 40 hours, these subsidiaries have implemented a policy of paid leave in accordance with labor laws and regulations in jurisdictions in which Eutelsat operates.

3.1.2.2 Absenteeism

The indicator described below has been calculated for the first time for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in aggregate account for more than 90% of the total workforce. The indicator is presented in numbers of days.

Consolidated absenteeism stood at 3.87 days in 2015.

Type of absenteeism	Calendar year 2014	Calendar year 2015
Long-term absence ⁽¹⁾	2170	242
Maternity	1666	3657
Paternity	170	245
Work-related accidents	64	61
TOTAL	4,070	4,205

(1) Temporary absence exceeding 30 days.

► 3.1.3 Labour relations

3.1.3.1 Organisation of social dialogue – in particular rules and procedures pertaining to staff communication

Eutelsat attaches great importance to social dialogue and to maintaining a good social climate, by promoting an ongoing dialogue between management and staff representatives.

Through its principal subsidiary, Eutelsat S.A., the Group fully respects the freedom of association and promotes social dialogue through collective bargaining. Moreover, since 2001, Eutelsat S.A. has engaged with labour organisations supporting relations between the social partners. Meetings are organized on a regular basis with the employee representatives: Health and Safety Committee (CHSCT – *Comité d'Hygiène, de sécurité et des conditions de travail*), Works Council, staff or trade union representatives. The Company Intranet, where the Company-level agreement is available for review, is also a communications tool on these matters. In addition, meetings are organized in connection with the annual and half-year results in order to describe the highlights for the year or half-year and present the results to employees.

A dynamic of co-construction is implemented with all stakeholders, notably via joint working groups on key issues such as quality of work life.

Initiatives are also taken at the level of the other entities.

Skylogic respects the ILO conventions' measures of freedom of association and effective recognition of the right of collective bargaining, freedom and protection of trade unions. Skylogic also applies the Italian "Workers' Status" and the rules of the Italian collective bargaining agreement for the commercial and tertiary sectors.

As of 31 December 2015, 13 Skylogic employees were registered with Filcams CGIL, the national Federation of Trade Unions for tertiary sector employees. Two trade union representatives are responsible for maintaining negotiations and creating a dialogue between trade unions, employees and the employer. In particular, the Italian collective bargaining agreement for the commercial and the tertiary sectors specifies that each employee is entitled to a 10-hour annual leave to participate in trade union assemblies and that representatives are entitled to 12 hours per month and 1.5 hours per employee per year to fulfil their obligations and address issues affecting employees. There are no union representatives for Skylogic Méditerranée.

At Eutelsat Americas, meetings are organized on a quarterly basis to inform employees of business developments and objectives. In addition, each month, 15 employees are given the opportunity to meet and exchange views

► 3.1.4 Health and safety

3.1.4.1 Health and safety conditions

Eutelsat S.A. guarantees health care and retirement to all employees, notably through the health insurance and pension schemes, as well as a supplementary pension.

Eutelsat S.A. employees undergo a medical examination at least every two years. Employees above 50 years of age are offered a complete medical check-up every three years. Specializing in the field of medical prevention, the medical center performs health checks with the aim of avoiding dysfunctions caused by occupational diseases. It also offers lifestyle advice aimed at minimizing the negative impacts associated with factors such as

with the Managing Director of the entity. There is also an annual survey from "Top Companies" to gather information about employee conditions and satisfaction. The company also negotiates deals with shops, restaurants, health services, etc. in order to obtain more benefits for the employees.

At Eutelsat America Corp. Senior management supports an open door culture. Several policies in the Employee Handbook describe open door and escalation policies. The Chief Executive Officer holds regular "all-hands" team meetings throughout the year with open discussion. The Consulting Human Resources Director is available to all staff for consultation.

Eutelsat Eurasia: Team meetings are scheduled when requested, and frequent team lunches or dinners are held.

Eutelsat Do Brasil and Eutelsat Latam Corp: Annual dialogue with Chief Executive Officer of the region.

Eutelsat GmbH: Dialogue between management and employees takes place within the different business lines.

3.1.3.2 Assessment of collective agreements

The collective agreements of Eutelsat S.A. are published on the intranet. The Company's focus on corporate responsibility is evidenced through the following undertakings:

- "Second part of career" interviews are conducted annually with employees to take stock of their experiences and skills and fulfil their mobility aspirations.
- As part of the agreement on the "Generation Contract", the definition of "Senior" employee has been raised from 55 to 57 years. It replaces the agreements signed 2009 and 2012.
- Opportunity of a part-time career at the end of employment while maintaining pension contributions at the full rate.
- Tutoring for young employees.

Regarding gender equality and the "Generation Contract", a review of measures is carried out each year and presented to staff representatives.

Objective of continuous improvement

Management seeks to maintain a productive dialogue for the well-being of its employees in all countries, and especially remain in compliance with local practices where there are concentrations of employees. Furthermore, the Group Human Resources Department makes every effort to harmonise the practices from one country to another in order to ensure equal treatment of all its employees, regardless of the country in which they work.

inappropriate food, sleep, stress. Special monitoring measures are in place for controllers with a medical examination every six months.

- Teleports: Access to sites is regulated and related procedures are described in various documents available to staff.
- The Unique Risk Assessment Document (DUERP) is updated annually by the Headquarters security services and at the Rambouillet Teleport. It contains, amongst others, processes for dealing with psycho-social risks, which is also available on the intranet. The "Rehalto" helpline allows at-risk employees to alert the Human Resources and request a consultation with a psychologist.

- ▶ With respect to stress at work, Eutelsat S.A. complies with regulations and declares the number of employees exposed to stress according to the legal criteria specified in the DUER. The Company is below the level of employees triggering a compulsory agreement on strain.

A survey on the occupational quality of life was performed in 2013. A joint working group with representatives of the employees, the Health and Security Committee (CHSCT), managers and HR representatives is currently working on new procedures for ICT and teleworking.

The headquarters of the Company located rue Balard in Paris and its Teleport at Rambouillet are compliant with the safeguard provisions of people and goods issued by the Labor Code. In addition, these sites have homogeneous safety procedures that contribute to ensuring a level of safety and security while enabling the work of all staff and service providers. The management of the access to the building, security, video surveillance and the protection of security systems are an integral part of our security policy and are overseen by a dedicated manager.

A special process exists regarding staff travel abroad, with graded levels of approval depending on country risk assessment, and membership of a foreign support service. Employees receive general training on travel risks with additional training as required for specific countries at risk.

Skylogic meets the requirements of Italian law on health and safety at work: this includes supporting occupational therapies, making available additional expertise for the management of occupational hazards, establishing a professional risk assessment document including third-party assessment of risk levels, regular meetings with social partners and staff representatives for safety and health and organizing regular medical checks for all personnel.

Eutelsat Do Brasil performs monitoring and monthly reporting on safety and health at work.

Employee safety at Eutelsat teleports

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes the following precautions:

- ▶ Periodic tests for radiation are conducted at the teleport in Rambouillet.
- ▶ All antennae at the Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As a standard part of every ESVA activity, the antennae radiation patterns are measured. This allows for taking corrective action in case of shortcomings (such as an excess to mechanical tolerance of required surface accuracy, etc.), which may occur during the installation process. A radiation diagram is the base for the determination of the maximum permissible spectral EIRP (Equivalent Isotropically Radiated Power) density, which must not be exceeded by any transmission originating from the station under test. Norms are established by Eutelsat to be in-line with national and international (i.e. ITU) radio frequency regulations.
- ▶ All staff working with antennae are informed about potential exposure risks.
- ▶ Access to potential high-risk exposure installations (limited number of dishes close to the ground) is strictly controlled by fences or marked with signs on the ground.

At Eutelsat Americas access to the facilities in Iztapalapa and Hermosillo is strictly controlled through access cards, CCTV and 24-hour security personnel. Moreover, employees are located far from antennas, limiting their exposure to electromagnetic waves. Antennae are also placed behind fences for additional caution.

3.1.4.2 Health and safety agreements signed with unions or workplace representatives, and how they are implemented

Eutelsat has always maintained a responsible approach to working conditions for its employees.

The powers and duties of the Health and Safety Committee (CHSCT) are accordingly complied with. In addition, the premises are fitted-out to ensure quality of everyday life and improve working conditions.

By way of illustration, two floors at the Ponant Building (Paris XV) have been occupied since November 2015 by Eutelsat employees. For medical matters, Eutelsat has engaged two inter-company medical service providers in charge of health at the workplace and which provide on-site services.

Some employees are approved to undertake antennae installation. To cover potential risks of accidents, Eutelsat S.A. contributes a higher rate to the URSSAF.

With the exception of the teleports located in France, Italy, Mexico and Madeira, the Group's business is carried out in office buildings located in city centers. Potential work-related accidents are therefore limited.

Specific measures are also in place in other Group subsidiaries, in accordance with local regulations.

Eutelsat Americas: Health and Safety Commissioners within the Company are in contact with the Ministry of Labor and Social Welfare, the Department of Civil Protection of the Federal District, which regulates safety issues on-site, the Federal or Local Boards of Conciliation and Arbitration (Relationship Work).

Skylogic S.p.A.: The Health and Safety at Work Representative (HSWR) represents employees in the context of all health and work place issues. The minimum number of the representatives is one HSWR for companies or production units with up to 200 employees (Skylogic S.p.A.'s case). For the Skylogic premises, however, two HSWR have been elected.

Skylogic Hellas: As per local law, in order to guarantee appropriate health and safety conditions, a "Health and Safety Technician" has been appointed.

3.1.4.3 Frequency and seriousness of accidents at work and occupational diseases

This indicator is presented on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in aggregate account for more than 90% of the total workforce.

During calendar years 2014 and 2015, few accidents were reported.

For Eutelsat S.A. (which accounts for 61% of the Group workforce), work accidents were all related to commuting or professional trips. No cases of occupational diseases were reported.

Workplace accidents in days lost	2014	2015
Number of accidents without work stoppage authorisation	3	4
Number of accidents with work stoppage authorisation	6	5
TOTAL NUMBER OF ACCIDENTS	9	9

► 3.1.5 Training

3.1.5.1 Implementation of training policies

To remain competitive, the Group actively encourages its employees to undertake formal training programmes that allow them to be more effective and productive in their daily work. To this end, Group employees have been trained in various disciplines over the past year.

Several types of training were provided at Eutelsat S.A.'s French offices in relation to the following topics:

- technical aspects of satellite communications or data processing systems;
- management, such as in relation to psycho-social risks;
- commercial performance;
- project management;
- modern languages;

- personal development;
- support functions;
- health and safety.

In addition Eutelsat has made available an on-line MOOC on Telecommunications via Satellites.

For Skylogic employees, training sessions were organised on the following topics:

- management: management skills, team and task management;
- general skills: communication, languages, team work;
- specific and technical skills: ITIL, PRINCE2, Health and Safety, update on employment law, Microsoft Office Excel...

For Eutelsat Americas employees, in addition to technical sessions on satellites, training sessions were organised in the following areas: leadership, communication, customer service, corporate culture.

3.1.5.2 Total number of training hours

This indicator is presented on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in the aggregate account for more than 90% of the total headcount. Last year it was presented for Eutelsat S.A. and Skylogic S.p.A. only. For comparison purposes, *pro forma* data have been presented for financial year 2014.

Details of training in the four most significant entities (91% of the Group's employees)

	2014			2015		
	Men	Women	Total	Men	Women	Total
Eutelsat S.A.	9,977	3,396	13,373	8,700	3,094	11,794
Skylogic S.P.A.	1,760	743	2,503	1,673	392	2,065
Eutelsat Americas ⁽¹⁾	690	360	1,050	588	420	1,008
Eutelsat America Corp.	208	48	256	252	54	306
TOTAL	12,635	4,547	17,182	11,213	3,960	15,173

(1) The acquisition of Satmex, which now operates under the name Eutelsat Americas, was finalized in January 2014.

At Eutelsat S.A., the amount dedicated to training as a percentage of total wages was 3.7% in 2015 (up from 3.4% in 2014).

► 3.1.6 Equal opportunity and non-discrimination

Description of skills development policy

In the French entities, annual performance interviews take place in June via the Company's HRIS (Human Resources Information System). A professional development interview also takes place once a year, either in parallel with the performance review or separately. These interviews are designed support employees in their desire for mobility and skills development. Staff reviews are also held every year in September to identify mobility opportunities or possible career developments and anticipate attendant supporting measures for teams.

At Skylogic a new regular performance and career development review procedure was implemented in January 2015, aligned to the Eutelsat Group "Long-term Incentive Programme", always in compliance with the Italian Labour Law and the National Collective Bargaining Agreement applied.

The other subsidiaries have also implemented annual reviews of performance evaluation.

Eutelsat encourages internal mobility via the following actions:

In France:

- A job marketplace exists within the HRIS.
- The annual performance evaluation process provides an opportunity for employees to discuss career aspirations with management. Evaluations are sent to human resources to review motivation and feasibility.

- ▶ Interviews for the Second Stage of Careers (age 45+ years) are conducted annually to envisage career development and support mobility.
- ▶ As part of the GPEC (Future Management of Jobs and Skills) business mapping, each employee can discover, *via* the Company intranet, the different business areas within the Company and the skills needed to perform in them.
- ▶ In case of employee mobility requiring relocation, the Company supports school fees. Mobility decisions are made with a view to being compatible with the school calendar.

Due to its small size, Eutelsat America Corp has a fairly flat organizational structure. However, this does provide staff the opportunity to work cross functionally thereby expanding their knowledge and skill base; staff may also pursue upward opportunities at the parent company and its subsidiaries. Additionally, in the event a new position is created or established within the organization, Eutelsat America Corp would first look internally for a qualified candidate who has the skills to move into the position.

No specific measures are applied at Skylogic. By signing the employment contract, the employee gives his availability to be transferred, if necessary, to one of the sites of the Eutelsat/Skylogic Group (in Italy or abroad).

3.1.6.1 Gender equality

In 2014, Management established an action plan in favour of professional equality and relating to access to employment, career development, compensation and the reconciliation of work and family responsibilities. Objectives were determined for each of these items. This action plan was presented to the Work Council in December 2014 and took effect on 1 January 2015. The professional equality commission will meet at least once a year to monitor this action plan.

Over the past five years Eutelsat has conducted two studies on equal treatment in cooperation with the equal opportunities commission, the first in 2010-2011 and the second in 2013-2014. A specific budget has been allocated to recommended salary adjustments. Paternity leave is also favoured and since 2009 Eutelsat has been topping-up the indemnities paid by Social Security to fathers, in order to maintain remuneration levels.

Eut'Elles'Sat, a network designed to promote the career development of female employees within the Eutelsat Group, was created with the support of management. Its primary objective is to facilitate networking between the women of Eutelsat and to propose events and exchanges on the promotion of awareness-raising on the situation of women at the workplace.

Eutelsat America Corp has a well-established Equal Employment Opportunity (EEO) policy and as an Equal Opportunity Employer, bases pay, hiring and promotion decisions on skills, knowledge and performance.

Eutelsat Americas provides equal opportunity in employment for all persons, and prohibits unlawful discrimination and harassment in all aspects of employment because of age, color, disability, family responsibilities, gender identity or expression, marital status, national origin, personal appearance, political affiliation, race, religion, sex, sexual orientation, status or any factor prohibited by law.

At Skylogic no clear obligations for gender equal opportunity and non-discrimination are applied, as per the National Collective Bargaining Agreement "*Terziario Confcommercio*" and the "*Statuto dei Lavoratori*". However, upon express request and according to Italian Labour Legislation, Skylogic grants a reduction in working hours to female employees with children under the age of three (within the 3% of the total number of the employees). During 2015, two employees benefited from a part-time post-maternity leave agreement.

3.1.6.2 Employment and integration of disabled people

Eutelsat S.A. employs four disabled persons.

Eutelsat also seeks to reclassify Company employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are sensitive to the issues relating to disabilities and, when possible, these agencies nominate candidates with disabilities for Eutelsat positions.

Eutelsat S.A. cooperates with ESATs (French organisations promoting work rehabilitation of the disabled) for specific services such as flower-planting or assistance in office functions.

Eutelsat America Corp complies with all provisions of the Americans with Disabilities Act (ADA) and the subsequent amendments (ADAA). This also is directly tied to its EEO policy. As a GSA Schedule contractor, EAC is also subject to goals for hiring disabled veterans as contractors.

Eutelsat Americas has one disabled employee. Facilities are friendly for disabled persons and include travelators, specially equipped bathrooms and an absence of stairs, enabling free movement.

To comply with the current Italian law on "Employment and integration of disabled people", Skylogic employs four disabled persons, representing 2.94% of its workforce. Under law, companies with more than 50 employees must either hire 7% of disabled persons or, if they can't reach such percentage, sign a Public-Local Agreement and pay a yearly fee. Skylogic has implemented the second option.

3.1.6.3 Fighting discrimination and encouraging diversity

Because of its history, there is a great diversity of nationalities within Eutelsat S.A. A total of 30 nationalities were represented in 2015 with 30% of Eutelsat S.A. employees having a nationality other than French (cf. above "Building a multinational corporate environment that reflects a diversity of cultures and ideas" for more details)

The diversity of nationalities is considered an asset for the Company. To preserve and promote this multicultural culture, several actions are carried out such as joint training in several countries and mobility of French employees in the Group internationally.

Following on from the "Senior Agreement", the Company has negotiated and is now implementing an agreement on the "Generation Contract". The Company was also a signatory of the Diversity Charter in 2008.

In addition to its non-discriminatory hiring, promotion and pay practices, Eutelsat America Corp has a zero-tolerance policy regarding discrimination and harassment in any form. The Employee Handbook defines steps staff should take and the reporting/investigative methodology if any staff member believes they have been harassed or discriminated against.

Eutelsat Americas advertises vacancies in all universities, private and state. Gender is not taken into account when creating a profile for positions. There is no difference in salaries offered to men or women.

As of 31 December 2015 Skylogic had 10 foreign employees from seven different countries and representing 7% of the workforce.

► 3.1.7 Promotion and enforcement of the fundamental conventions of the International Labour Organisation (ILO)

As of 31 December 2015, all Eutelsat subsidiaries were in compliance with the ILO in countries where these conventions are applicable.

3.1.7.1 The respect for freedom of association and the right to collective bargaining

All Eutelsat subsidiaries reported as being in compliance with all local labour laws with regard to the right to collective bargaining.

Regarding the observation of strict political, religious and philosophical neutrality, the Group makes no financial contribution to political candidates, elected political representatives or political parties. Staff may participate in political activities in their own right, outside Company premises, and without using the Group's corporate image to support their personal convictions. These rules are applied with due regard for the individual freedom of expression for employees and their representatives.

3.1.7.2 The elimination of discrimination in the employment and job policy

The Group respects the principles outlined in the ILO Conventions.

The Group further complies with the principles of professional equality between women and men. Furthermore, Eutelsat S.A. has set up an action plan aimed at promoting professional equality.

Regarding older employees, an agreement was signed in 2013 for application of the "Generation Contract" (*contrat de génération*) for Eutelsat S.A. employees. The generation contract is a mechanism that combines the sustainable integration of young people with specific measures in favour of the employment of older workers and the passing-on of know-how and skills.

In addition, under the three-year profit-sharing agreement signed in December 2011, the Company's labour partners addressed the issue of parental leave for part-time employees and opted not to take into account the reduced work time for employees on parental leave.

3.1.7.3 The elimination of obligatory or forced labour

All subsidiaries are in conformity with the principles outlined in the ILO Conventions.

3.1.7.4 The effective abolition of child labour

All subsidiaries are in conformity with the principles outlined in the ILO Conventions.

3.2 ENVIRONMENTAL INFORMATION

The Company's services cover the transmission of radio signals from its fleet to earth for reception to antennae (dishes) for television, exchange of data services and inter-active services for access to broadband in areas unserved or under-served by terrestrial networks.

► 3.2.1 Global Environmental Policy

3.2.1.1 Impact of satellites and launch services on the environment

Eutelsat actively manages its fleet in partnership with manufacturers and launchers of satellites.

Satellite Manufacturers

Eutelsat, either directly or via its subsidiaries, has contracts with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus DS), Boeing Satellite Systems (BSS), Space Systems Loral (SSL) and Thales Alenia Space (TAS). Each of these manufacturers has policies on minimizing their environmental impact and ensuring sustainability.

Airbus Defence and Space is committed to minimising the environmental footprint of its activities as well as ensuring compliance with all applicable legal requirements. In addition to the ISO 14001 certification of its environmental management system it also has ISO 50001 certification

As an operator of telecommunications satellites in geostationary orbit (approximately 36,000 kilometres from Earth), the Company has no factories or warehouses and its terrestrial or sea transport footprint is limited, these means of transportation being rarely used to deliver Eutelsat services.

for its energy management systems for its sites in the United Kingdom, Toulouse (France) and Germany. Airbus DS is committed to the development of sustainable business through eco-efficiency. This includes the "Eco-Space" project, aimed at the development of "eco-designed" products by 2020 in order to minimise their environmental and health impacts.

BSS, a subsidiary of Boeing, shares the Group's objective of stabilizing greenhouse gas emissions, water consumption and waste production between 2012 and 2017. One of its objectives is also to see to it that hazardous waste production be stabilized at 2012 levels on a revenue adjusted basis.

SSL meets or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to reduce waste, conserve water and energy and implement recycling amongst other sustainability practices. SSL pays particular attention to reducing its hazardous waste production, and despite increased manufacturing activity the company has successfully eliminated approximately 12% more

of its hazardous waste than last year. As well as its stated commitment to protecting the environment on earth, it also ensures that its satellites comply with international regulations on space debris.

TAS is part of the Thales Group which has conducted an environmental protection policy since 2007 and is working on taking into account environmental aspects in all of its business activities. In addition to the ISO 14001 certification for most of the Group's facilities, in 2015 TAS obtained ISO 50001 certification for its sites in France. Its Environmental Management System has achieved reductions in the use of natural resources, greenhouse gas emissions and the production of hazardous waste. The Group is extending its approach to all its suppliers requiring them to align their policies and internal processes with all the principles that Thales is committed to respecting.

Launch Services

As an operator of satellites, Eutelsat does not launch satellites, but uses launch service providers such as Arianespace, International Launch Services (ILS) and Space Exploration Technologies (SpaceX).

Arianespace uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) first and second stages. The total CO/CO₂ emissions from an Ariane 5 ECA launch are estimated to be 200 tonnes. Environmental checks carried out after each launch show that the impact on the local environment is very limited. Arianespace continues its efforts to protect the environment in all aspects of the activities conducted in its launch site in Kourou, French Guiana. The launch facility's environmental management system and energy management system have ISO 14001 and ISO 50001 certification respectively.

ILS utilises the Russian heavy lift Proton M/Breeze M rocket from the Baikonur Cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the contamination of the environment by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during the Proton M and Breeze M flights. The amount of CO₂ generated by the pre-lift-off exhaust is approximately 0.5 tonne whilst that during the Proton M flight could be up to 350 tonnes. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO₂ emission from the propulsion system could be up to 7 tonnes.

SpaceX launches geostationary satellites using a Falcon 9 rocket from the Cape Canaveral air force base in the United States. A study of the environmental impact of the operations conducted from this launch facility has shown that the launch of the Falcon 9 rocket using kerosene/liquid oxygen had no material environmental impact. In addition, the environmental impact study conducted by the U.S. Federal Aviation Authority in respect of the new launch facility currently in the process of being developed by SpaceX in Texas shows that the CO₂ emissions generated by the launch of a Falcon 9 rocket are limited to 387 tonnes.

To put the above-mentioned emissions into perspective, a round trip transatlantic flight generates approximately 400 tonnes of CO₂, more than the launch on any of the rockets described as above.

Space debris

Today's telecommunications satellites have a useful life of approximately 15 years.

With the proliferation of telecommunications satellites populating space around the earth, the issue concerning the management of satellites when they have come to the end of their useful lives has become increasingly

important, especially as it relates to the substantially growing amount of space debris. This issue is particularly crucial in low orbit. Therefore, respecting a policy of responsible fleet management, one that, from the outset, addresses how to correctly manage the end of life of satellites constitutes an important aspect of the Group's environmental and societal obligations.

A responsible fleet management policy

Since the early 2000s, Eutelsat has addressed this issue by implementing a policy of responsible management of space debris, which combines both its extensive operational experience with recommendations from the international community in this field.

Since 08 July 2005, Eutelsat has been certified in satellite control and operations (ISO 9001).

Furthermore, Eutelsat set up the Space Debris Mitigation Plan in 2005 to cover station-keeping manoeuvres, the repositioning of satellites placed in geostationary orbit, colocation strategies, anomaly remedial measures, strategies for operations in inclined orbit and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan draws on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and on the criteria defined by the French Space Operations Act. The requirements laid down by the plan for improving end-of-life operations and passivation and minimising collision risks during operations are more challenging than those contained in the rules governing the Company's activities.

The Plan is regularly updated to include new standards. More particularly, it was reviewed in 2010 to ensure that the Company's internal organisation aligns with the processes imposed by the French Act on space operations.

At 31 December 2015 Eutelsat had undertaken the reorbiting and passivation of 16 satellites having reached their end of useful life, with a 94%⁽¹⁾ success rate. All 16 satellites were reorbited in compliance with international guidelines and the French Space Operations Act in order to prevent them from re-entering the protected zone (+/-200 km from the geostationary orbit) in the long term (over 100 years). In the sector, the overall success rate for GEO satellite reorbiting has stood at 53% since the implementation of the IADC guidelines in 1997, reaching 72% in 2013.

Furthermore, 95 GEO satellite repositioning manoeuvres were performed by Eutelsat at 31 December 2015. All were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/-40 km above from the geostationary orbit) during the repositioning stage and assesses collision risks with the help of USSTRATCOM data and information contained in the Space Data Association database.

Compliance with the French Space Act

The French Space Operations Act, in force since 10 December 2010, underscores the need for a responsible approach to fleet management. The Act establishes a regulatory framework within which Eutelsat works with the French Ministry of Research and CNES (*Centre national d'études spatiales*) to meet its obligations for controlling objects in space orbit.

Technical authorisations and licenses delivered by the Ministry of Research under this law are managed by CNES. Eutelsat cooperates with CNES during all stages of the life of a satellite. Prior to receiving authorisation for a satellite, CNES reviews all technical documentation along with Eutelsat. Subsequent to obtaining authorisation, Eutelsat invites CNES to its technical reviews, in order to ensure correct application of technical regulations.

(1) In October 2015, EUTELSAT 33B reached the end of his useful life, a month ahead of its planned de-orbiting following the loss of its second solar array.

Finally, Eutelsat informs CNES of any incidents occurring on the satellite and/or any change of orbital position.

In the context of exchanges with CNES for obtaining authorisations, Eutelsat details its strategies to deplete the resources of the satellite in a way that limits the increase in space debris, or allows for permanent deactivation of any means of producing energy on board the satellite. Eutelsat also justifies the resources needed to conduct de-orbiting operations and the probability calculation to successfully carry out these procedures. Finally, Eutelsat obtains from CNES a study which encompasses potential risks or dangers to people, the environment, public health, and, in particular the dangers of space debris generation (in the case of a collision with another space object, for example), as well as a plan to address the potential risk of accidental collisions.

Best practices adopted by Eutelsat have allowed the Company to be compliant with French space Act since its implementation and the Group continues to be a responsible operator and involved player in the fight against space debris.

Sharing Eutelsat's policy and practices

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the LEO, and sharing information with a view to mitigating RF interference.

In addition, Eutelsat is actively involved in many events and workshops organized throughout Europe on space debris management. More specifically, the Company plays an active part in two key events organized by the CNES on a regular basis: the Workshop on End of Life Operations (biannual) and the annual Working Panel on outer space debris. It also keeps up on the work of the ESA and other relevant international institutions.

In 2013, Eutelsat introduced its internal policy and provided feedback on the French Space Operations Act during a workshop organized by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee.

3.2.1.2 Employee information and training in regards to environmental protection

A formalised Group-wide Code of Business Practice and Ethics was finalised and issued during financial year 2013-2014 and a copy was made available to each Eutelsat employee. It is also accessible from the intranet.

The charter includes a definition of the Group's values and particularly addresses the subject of its commitments to the environment in orbit and

► 3.2.2 Pollution and waste management

3.2.2.1 Measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment

Eutelsat's fleet of telecommunications satellites operate in the geostationary orbit 35,786 kilometres (22,236 miles) above the earth along the equator, far beyond the earth's atmosphere. The satellites remain at this distance for their entire operational life. When they reach end of life, approximately 15 years after their entry into service, they are re-orbited using their

on Earth. It also addresses the Group's commitments towards its customers and partners, in particular concerning the fight against corruption and respect for free competition.

At the end of 2014, the Group distributed to all employees of Eutelsat S.A. a detailed information note on its policy against corruption (legal elements and warning system) by email and on the intranet.

In addition, a presentation was made by the legal department at the COMEX and to all business at the annual business seminar in July 2015. In mid-2015, to enhance the impact of this presentation, the legal team was made responsible for sensitizing all sales staff individually or in small groups.

Finally, a draft provision of e-learning on the same subject is under study.

3.2.1.3 Means used for preventing environmental risks and pollution

Reception via satellite dishes

The World Health Organization (WHO) issued the following statement on exposure to electromagnetic radio waves:

"WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years."

While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones."

There are no specific references to risks associated with satellite use (source: WHO website <http://www.who.int/mediacentre/factsheets/fs322/en/index.html>).

3.2.1.4 Provisions and/or guarantees for environmental risks provided that such information would not cause serious harm to the Company in an ongoing litigation

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

remaining on-board propellant into a graveyard orbit, approximately 300 kilometres beyond the geostationary orbit. As a consequence, the satellites never return to earth, nor do they ever re-enter into the earth's atmosphere and so Eutelsat's satellites have no direct impact or cause any pollution to the earth or its atmosphere.

Furthermore, the activity of teleports and offices does not represent a material risk that could cause serious prejudice to the environment.

See previous Section 3.2.1.1 for information from satellite manufacturers and launch service suppliers regarding their environmental policies.

3.2.2.2 Measures taken to prevent, recycle and eliminate waste

Waste management

The Group has committed to observe "best practices" in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous programme of reducing consumption and waste recycling at its Paris offices in 2015:

- ▶ the replacement of printers with multifunction copiers with badges, reducing paper consumption, now FSC or EU/Ecolabel certified;
- ▶ separation of waste: paper, glass, industrial waste via dedicated collection vehicles;

- ▶ installation of bins for the collection of paper in offices and corridors;
- ▶ removal of waste daily;
- ▶ Confidential Document Destruction;
- ▶ paper recycling.

Similarly, Eutelsat Americas recycles certain materials, such as paper, cardboard, cans and plastic bottles. The dematerialization of some internal processes has helped reduce paper consumption in 2015. In addition, organic and inorganic waste is also sorted, electric batteries and medicine are collected separately, and obsolete computer equipment is given to associations or destroyed by specialist companies. In 2015 it started to monitor all waste production for the three facilities. The proportion of waste recycled is measured against three types of waste: inorganic, organic and recycled.

Paper consumption

Consumption (in tonnes of paper)	2014	2015
Eutelsat S.A. head office	29.52	26.01
Eutelsat Americas	2,346	1,699

Waste production and recycling

Waste (in tonnes)	2014	% recycled	2015	% recycled
Eutelsat S.A. ⁽¹⁾	57	51	66	49
Teleport Rambouillet ⁽¹⁾	13	nd	18	nd
Eutelsat Americas	2.34	100	32.35	21

(1) For Eutelsat S.A. and Rambouillet, quantities extrapolated from Q1 2016 reporting.

3.2.2.3 Management of noise pollution and of any other kind of pollution specific to an activity

Eutelsat's teleport in Rambouillet (France) is equipped with noise prevention systems in order to reduce noise produced by antennae and air-conditioning systems. Periodical checks are carried out to verify noise status and to implement solutions to reduce it.

The Turin (Italy) teleport is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the impact of the teleport installation on the neighbourhood, some solutions and measures are implemented on an on-going basis, and include:

- ▶ noise prevention systems to reduce noise produced by antennae and air-conditioning systems. Periodical checks are performed once a year (the latest in June 2014) to verify noise status and implement solutions to reduce it;

- ▶ planting trees along the teleport perimeter to reduce the visual impact of antennae on the neighbourhood;
- ▶ special barriers are maintained to reduce the potential electromagnetic impact;
- ▶ the introduction of a system to identify non-operating antennae;
- ▶ periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and Politecnico di Torino. The latest check was performed in September 2012. The next check is scheduled for 2016;
- ▶ the continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In the Mexican teleports, noise nuisances are limited by isolating all noisy equipment on the site. In addition, trees have been planted to contribute to the insulation and to reduce the visual impact of the antennae.

▶ 3.2.3 Sustainable use of resources

3.2.3.1 Water consumption and supply in relation to local constraints

For calendar year 2015, the Company published its water consumption at its headquarters in Paris, its teleport in Rambouillet (France), in Turin (Italy) and at Eutelsat Americas. There are no local constraints in terms of water supply.

Water consumption (in cubic meters)	Calendar year 2014	Calendar year 2015
Headquarters Paris (France)	5,062	5,015
Teleport Rambouillet (France)	1,705	1,917
Teleport Turin (Italy)	1,261	1,829
Eutelsat Americas	1,869	1,914

The headquarters in Paris use water for the air conditioning systems, which results in higher levels of water consumption during the summer months. The increased consumption in Rambouillet is due to a leakage which is currently under analysis.

In Italy the increase in consumption was due to losses from a defective pipe, since repaired. Solutions are being considered for watering trees to reduce consumption and reduce the risk of leaks.

For Eutelsat Americas, the indicated consumption corresponds to the teleports Iztapalapa and Hermosillo; consumption at the headquarters is not subject to monitoring. Water consumption is minimized, with no watering of green spaces in Iztapalapa, and very few in Hermosillo (in the desert), where the local government applies restrictions.

3.2.3.2 Raw material consumption and measures adopted to improve their use efficiency

The Group operates no factories and therefore does not consume raw materials for conducting its business, with the exception of paper (which is addressed in the Section 3.2.2.2 of this document).

3.2.3.3 Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies

Much of the Group's energy consumption is the result of cooling and heating needs for the teleports used for establishing two-way connectivity between the earth and the fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, so, an air conditioning system is used. Furthermore, during the winter months when exterior

temperatures can go below freezing, the antennae used to uplink signals to the satellites must be heated in order to ensure their proper functioning.

Efforts to reduce electrical consumption at the Group's teleports

The Rambouillet teleport underwent an energy audit in 2012. Based on the recommendations, management implemented the following actions:

Concerning current energy consumption:

- ▶ focus on de-icing including anticipation of weather conditions and implementation underway of systems for free cooling, based on fresh air from outside the building;
- ▶ studies on the use of windmill power have continued. Neighbourhood consultations are under way to assess the potential impact of windmills;
- ▶ a prototype of a passive de-icing system for antennae up to 3.8 meters has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or others) for heating the antennas in winter.

In Italy in 2015, an energy audit of the Centallo and Cebrosa sites was conducted. The measures taken to reduce power consumption include UPS Retro-fitting (Uninterruptible Power Supply), an uninterruptible power supply using a modular approach, cables larger section, a monitoring of consumption.

For headquarters offices, as part of energy purchases, "green committees" are organized with energy suppliers, the owner of the premises and the service provider to find ways to reduce electricity consumption e.g. by using a Building Management System, and relamping with low consumption lamps.

Overall, at constant scope, the consumption of the Group's main facilities was virtually stable in 2015 compared to 2014 (18.5 million kilowatts/hour) mainly due to gains at headquarters.

Electrical and fuel consumption at some of Eutelsat's installations

Electricity Consumption (in kilowatts)	12 months to 31 December 2014	12 months to 31 December 2015
Headquarters (Paris, France)	3,737,446	3,271,124
Teleport Rambouillet (France)	8,042,725	8,325,057
Skylogic (all sites)	4,012,880	4,041,934
Eutelsat Americas (all sites)	2,786,745	2,855,526

Purchases of diesel fuel (in cubic metres)	12 months to 31 December 2014	12 months to 31 December 2015
Headquarters (Paris, France)	0.1	0.4
Teleport Rambouillet France	10	11
Eutelsat Americas all sites	7	9
Teleport Turin	0.3	1

The increase in diesel purchases in Turin is due to storage for an electrical generator and at Eutelsat Americas, to a new substation in Hermosillo.

3.2.3.4 Land use

Given the Group's profile, this indicator has been deemed not applicable.

► 3.2.4 Climate change

3.2.4.1 Greenhouse gas emissions

The Group published its greenhouse gas assessment for 2013, which was performed by SGS. Another one will be performed by the end of calendar year 2017.

The emissions taken into account are the direct emissions generated by stationary and mobile sources required for the Group's activities and the indirect emissions related to electricity, heat or steam consumption required for the Group's activities. The greenhouse gas assessment was performed for the three sites of the Group that are located in France (headquarters, "Cristal" tower and teleport in Rambouillet).

Greenhouse gas emissions amounted to 1,144 teqCO₂ (and 6 t CO₂ biomass) for direct and energy-related indirect emissions. More than 60% of the Group's emissions in France were generated by electricity consumption, the teleport being the main contributor.

Actions taken to reduce electricity consumption for the teleport are described in Section 3.2.3.3 "Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies" of this document.

3.2.4.2 Adaptation to the consequences of climate change

During 2012, the Group's Information Systems Department began a significant project to rationalize, on a Group-wide basis, its IT systems and processes. The main actions conducted or pursued in 2014 and 2015 include:

- the creation of a product catalogue for servers and individual workstations, which promotes "low consumption" and eco-friendly computer equipment ("green-IT" philosophy). The creation of "Blade"-type machines that consume less energy and use unit electric systems;

► 3.2.5 Protection of biodiversity

3.2.5.1 Measures taken to preserve or develop biodiversity

To avoid possible interference of the Rambouillet teleport operations in bird populations, the teleport occasionally uses falconers to prevent migratory bird populations near the teleport pass during certain periods of the year.

- personal computers are set to enter into standby after 20 minutes of inactivity;
- photocopiers have been changed, the new machines operate with a badge and reduce wastage of paper prints;
- a proposal has been made to replace the workstations by a hybrid station that consumes less energy than a standard station; and
- efforts to rationalize the engine rooms in order to reduce the volume of the servers and the number of machines.

In addition, at the Headquarters in Paris, actions were taken to improve the consumption of energy used for lighting the premises: several hundred light spots were replaced by lower energy-consumption led spots and Lighting control devices were installed in offices.

Efforts have also been made to limit the impact of the Company car fleet. The Company car policy provides that the rate of CO₂ must be limited to 135 g/km. The average emission rate for the holding's fleet is 131 g/km. In addition, for several years now Eutelsat Americas has also put in place energy savings measures. The headquarters offices have been designed to take advantage of the sunlight. Light bulbs have gradually been replaced by low energy light bulbs and motion detection sensors are also used to reduce energy consumption. Generally, all non-critical equipment is turned off or put into standby mode when not in use.

For the teleport in Rambouillet, actions taken to reduce electricity consumption for the teleport are described in the Section 3.2.3.3 "Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies" of this document. In addition, a fire extinguishing system that uses Argon and Nitrogen, instead of CO₂ and other gases used that have a more significant environmental footprint has been installed. Argon and Nitrogen are gases that are present in the atmosphere and not toxic either to humans or to the environment.

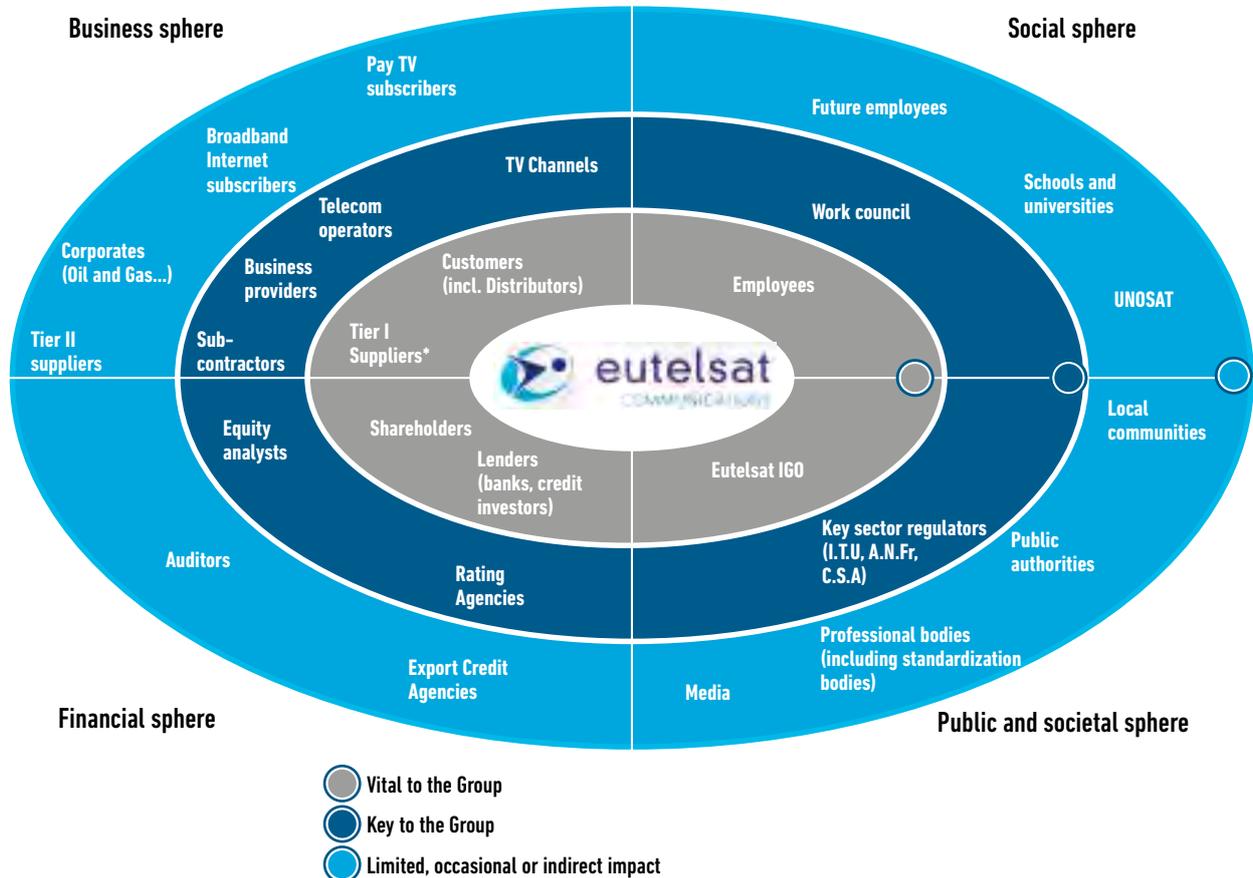
Moreover, the biggest part of the land owned by Eutelsat on the Rambouillet teleport site is not used by the Company and leased to farmers, with the project to shift production to organic crops.

At the Eutelsat Americas teleport sites, fumigation operations are undertaken for pest control purposes on a regular basis, using eco-friendly products.

3.3

INFORMATION RELATIVE TO SOCIETAL COMMITMENTS SUPPORTING SUSTAINABLE DEVELOPMENT

The main stakeholders of the Group are identified in the Matrix below:



* Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.

▶ 3.3.1 Impact of the Group's activities on employment and regional development

3.3.1.1 Impact on employment and regional development

The teleport in Rambouillet offers some benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of its activity and upkeep:

- ▶ a local firm is used for the upkeep and maintenance of the grounds surrounding the teleport;
- ▶ the Company uses the services of a regional company for installation of antennae;
- ▶ most technical products required for proper functioning of the teleport are purchased from a local company in Rambouillet.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers. Local businesses are called upon for gardening, maintenance, servicing or office supplied. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organizations.

3.3.1.2 Impact on neighbouring populations

To reduce the impact of increased traffic in the area due to the teleport's activity, the Company runs a shuttle bus between the teleport and the Rambouillet town centre. Car-pooling is also encouraged.

► 3.3.2 Relations with stakeholders, in particular social integration associations, educational institutions, environmental defence groups, consumer associations and local populations

3.3.2.1 Dialogue conditions with these stakeholders

Our satellites' global coverage gives the Group many opportunities to promote solidarity through development initiatives. Our community involvement focuses on three main areas:

- participation in research and development programmes using satellite technology for the protection of citizens;
- support for humanitarian emergency relief efforts or digital development in vulnerable areas;
- the promotion of science and technology in schools.

Eutelsat IGO, in constant dialogue with the Space community

Actions are taken by Eutelsat S.A. to encourage regular dialogue between the European Telecommunications Satellite Organization Eutelsat, an intergovernmental organization (Eutelsat IGO), and a range of stakeholders on environmental and social responsibility issues.

Eutelsat IGO maintains the status of permanent observer on the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS)⁽⁴⁾. In this capacity, the Executive Secretary participates in the Working Group on the Long-term Sustainability of Space Activities⁽⁵⁾, which is working on the production of guidelines on the long-term sustainability of outer space activities and reviewing the regulatory framework for appropriate application guidelines for the space sector. A consensus has been found on one third of the proposed guidelines and it is hoped that a further third will be agreed shortly, while the remaining third of the proposed guidelines are subject to much discussion. The problems of space debris and generally protecting the space environment are issues of importance to all players in the space industry. Eutelsat IGO regularly informs its Member States and the operating company, Eutelsat S.A., of progress made in this area. The Executive Secretary participated in the fifty-third meeting of the Scientific and Technical Sub-committee in February 2016 and in the fifty-fifth Legal Sub-committee in April 2016, in addition to the annual UNCOPUOS meeting in June 2016.

The Executive Secretary of Eutelsat IGO is also one of the founding members of the Broadband Commission for Digital Development. When it was created in 2010 by the Secretary General of the ITU (International Telecommunications Union) and the Director General of the UNESCO, it had as its objective the achievement of the UN Millennium Development Goals, and aimed to identify broadband as potentially one of the most effective ways to achieve universal access to information and safeguard everyone's right to communicate. It was agreed in 2015 that the Commission would continue its work in facilitating broadband access for the entire world and would be known as the Broadband Commission for Sustainable Development⁽⁶⁾. The Executive Secretary attended the twelfth meeting of the Broadband Commission in September 2015 in New York, prior to which a report to the UN Secretary General, entitled "The State of Broadband 2015"⁽⁷⁾ was released. This contains a contribution, in the form of a featured insight, from the Executive Secretary in conjunction with the Director General of the International Telecommunications Satellite Organization. Commissioners noted the importance of broadband technology for each country in enabling them to achieve the 17 Sustainable Development Goals as adopted by the UN in September 2015, which aim end poverty, protect the planet and ensure prosperity for all, with specific targets to be achieved over the next 15 years⁽⁸⁾.

Eutelsat IGO participates in the Advisory Board of the "Smart Sustainable Development Model" (SSDM) initiative of the ITU Development Director⁽⁹⁾. This aims to establish an innovative framework for the mobilization of key resources and actors (national, local governments, civil society, business and academia) to incorporate new and existing infrastructure to optimally prepare, mitigate, prevent and respond to unforeseen disasters. In his role as Chairman of the Task Force on Advocacy and Global Dialogue, the Executive Secretary, with the assistance of the External Relations Manager, compiled a detailed report for presentation to the meeting of the SSDM Advisory Board in October 2015 in Budapest, for inclusion into a consolidated report, which marks the end of the first cycle of the work of the Advisory Board. The Advisory Board met in January 2016 (and agreed to continue its activities in particular promoting the benefits of satellite technology for sustainable development).

The Executive Secretary also participated as a speaker in a session on the role of ICT in Smart Sustainable Development as part of the programme of ITU Telecom World 2015.

Working in the field of humanitarian emergency relief efforts

Eutelsat is a founding signatory of the Charter of the United Nations Crisis connectivity, integrated with actions carried out by the World Food Programme. This initiated charter which was signed late 2015 by ESOA (EMEA Satellite Operators' Association), the GVF (Global VSAT Forum) and several satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme (WFP) and the UN Office for the Coordination of Humanitarian Affairs aims to provide governments and NGOs immediate and resilient connectivity in case of major humanitarian crisis, within 24 hours, and on four continents. It defines the framework for coordination and response between stakeholders to maximize the terms and response times to the telecommunications needs in emergency situations. The principle commitments of the Charter include:

- pre-planned, predictable and scalable satellite-based solutions, deployable within 24 hours of a disaster and adaptable to the unique nature of each operation;
- satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot for deployment within 24 hours to disaster areas; transport within disaster areas; and importation and licensing;
- reserved bandwidth on inter-linking satellite coverages, ensuring prioritization of humanitarian internet traffic;
- in-country capacity-building by charter signatories for the response community, including humanitarian agencies, governments and national civil society.

All provided at no cost to the humanitarian operation.

As part of this Charter and together with other satellite operators and integrators, Eutelsat took part, in June 2016 in Dubai in the first technical training session of humanitarian personnel required to ensure the provision of communications to the staff deployed on emergency operations, and also to those affected.

Eutelsat has also had a partnership with *Télécoms Sans Frontières* since 2007. Through this partnership Eutelsat allows international NGOs to set up within a few hours a crisis center equipped with high speed data exchange, for images and voice communications. Greece, Macedonia, Serbia and Syria were part of *Télécoms Sans Frontières* intervention areas in 2015.

(4) <http://www.unoosa.org/oosa/en/ourwork/copuos/index.html>.

(5) <http://www.unoosa.org/oosa/en/ourwork/topics/long-term-sustainability-of-outer-space-activities.html>.

(6) <http://www.broadbandcommission.org/>.

(7) <http://www.broadbandcommission.org/Documents/reports/bb-annualreport2015.pdf>.

(8) <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

(9) <http://www.itu.int/en/ITU-D/Initiatives/SSDM/Pages/default.aspx>.

In Greece and the Balkans, the Tooway antennae installed in coordination with the United Nations High Commissioner for Refugees helped thousands of people arriving in reception centers in the region to access the Internet, and so stay in touch with loved ones. More than 323,000 terminals have so far been connected to Tooway equipment provided by Eutelsat.

Similarly, the Group has supported NetHope since 2004. Since 2015, fifteen Tooway terminals have been available in several refugee reception centers in Greece. In 2014, as part of the fight against the Ebola epidemic in West Africa, the partnership enabled humanitarian organizations to rely on dependable resources to communicate through the provision of satellite connectivity solutions essential for the transit of critical medical data.

Eutelsat is working with space partners on different programs aimed at putting innovative satellite technology at the disposal of civil defense organizations. The satellite EUTELSAT 9B, launched in January 2016, carried the first node of the European data relay system deployed by the European Space Agency (ESA) and Airbus Defence and Space: EDRS-A, an open spatial information highway. Thanks to the acceleration of the flow of information between low-orbit satellites and their ground stations, it will improve the reaction time necessary to manage a wide range of operations such as natural disasters monitoring, emergency operations, and coastal and maritime surveillance.

Supporting digital development in rural areas

Please refer to the Section 3 "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion" at the beginning of this report.

Support for teaching science, a major challenge for development

Eutelsat also actively supports the teaching of science at school. The Group has maintained relationships between schools and companies for many years, forging close ties with students in the telecom or space sectors. Eutelsat implements educational partnerships for younger students aimed at promoting interest in science and technology.

In Africa, Eutelsat has been holding a competition since 2011 with broadcaster, MultiChoice Africa, inviting young people aged between 14 and 19 to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year this competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, films and websites) and is supported by 1,000 MultiChoice resource centres equipped for recording distance learning programmes broadcast by satellite. The fifth DStv Eutelsat Star Awards received more than 2,000 essay and poster entries. Chaired by astronaut Paolo Nespoli from the European Space Agency, the international jury met in Nairobi (Kenya) to select this year's winners: Ayawen Asuinura from Ghana (Best Essay) won a trip to Paris and to French Guiana where he will watch a live satellite launch. Mallon Marume of Zimbabwe (Best Poster) was invited by Eutelsat to travel to France in 2016 to visit the satellite control centre. He also visited the premises of an international television channel and a satellite construction plant in Toulouse.

Elsewhere, in 2015, Eutelsat initiated a partnership with the charity, Renovatio, whose VerBem ("See Well") program targets the poorest regions in Brazil. The Group's support permitted the distribution of 700 pairs of reading glasses developed by the association. "One Dollar Glasses", opening up opportunities for vision-impaired children and adults in the school and professional environments.

L'Arrondi Solidaire – Solidarity in favour of local employment and micro-credit

All these operations serve as powerful motivators for our employees. They show a caring and responsible entrepreneurship that is a source of pride and loyalty for our teams. They are accompanied by other initiatives such as "*L'Arrondi Solidaire*", where Eutelsat was the first French company to offer this programme in 2010, enabling employees to donate the euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to charities working for local employment and microcredit such as "ADIE" and "Planet Finance".

► 3.3.3 Outsourcing and relationships with suppliers

3.3.3.1 How the Company's purchasing policy takes into account social and environmental issues

Given the highly technically nature of Eutelsat's business, it works with a limited number of major suppliers that manufacture and launch the Group's satellites. These main suppliers are principally located in Europe and the U.S. and therefore are held to high standards for social responsibility. The Section 3.2.1.1 of this report addresses Eutelsat's relationships with these main suppliers specifically as it relates to environmental implications.

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the headquarters in Paris ensures that key suppliers have implemented a policy that addresses the social and environmental issues: a purchasing charter is in force with the platform of IT purchases and other suppliers. Tenders request the commitment to respect a code of ethics. The purchase contracts always contain clauses stipulating the obligation of compliance with regulations, undeclared

personal employment ban, etc. The tender procedure concerns all amounts exceeding 100,000 euros.

For product suppliers, the description of the products is in principle attached or provided on request. Eutelsat promotes the use of environmentally-friendly products.

3.3.3.2 Importance of outsourcing and Company's social and environmental responsibility in its relationship with suppliers and subcontractors

Eutelsat currently has contracts with four of the world's major satellite manufacturers, and four leading satellite launchers. In addition to providing Eutelsat with satellites that are compliant with the French Government's Space Act, each of these manufacturers has policies on minimizing their environmental impact and ensuring sustainability. See Section 3.2.1.1 "Impact of satellites and launch services on the environment".

► 3.3.4 Fairness in practices

3.3.4.1 Measures taken to prevent corruption

The fight against corruption is part of the Group's commitments to customers and business partners. The Group's code of business practice and ethics states that "in conducting its business, Eutelsat does not allow any corrupt practices".

Over the past years, the Group has formalized anti-corruption procedures in the framework of a continuous improvement process. The main steps taken under the leadership of the Company Secretary and the Director of Internal Audit Control include:

- an "Ethics Code", affirming the Group's commitments against corruption, distributed to all employees and made available on the Group's corporate website www.eutelsat.com;
- an audit performed by an external body to assess risk;
- a Handbook of Procedures describing procedures implemented in order to avoid corruption;
- guidelines for the selection and monitoring of sales agents and consultants, in particular in countries that are considered higher-risk;
- a committee to ensure the adherence to existing anti-corruption rules, composed of the Group General Counsel, the Chief Commercial Officer,

the Director of Commercial Development and Marketing and the Director of Human Resources;

- training for greater awareness of risk of corruption for some employees, especially sales teams;
- a whistleblowing system under the responsibility of the Secretary General and General Counsel to encourage employees to report any behavior or fact likely to constitute acts of corruption and could, as such, seriously affect the activity or the image of the Group or liability. It complements other existing reporting channels (with the hierarchy or staff representatives);
- a due diligence process for the recruitment of intermediaries.

During the financial year, the progress achieved in the field of anti-corruption procedures as well as potential improvements were presented to Executive Committee, the Audit Committee and the Board of Directors of Eutelsat Communications

During financial year 2015-2016, the Group pursued its improvement efforts with including actions aiming at the establishment of a platform for e-learning for employees touched by this issue. The possibility of undertaking an ex-post audit of the policies and anti-corruption procedures is also being evaluated.

► 3.3.5 Other measures taken in favour of human rights

Since 2009, Eutelsat has seen a substantial increase in the number and duration of acts of intentional interference with satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and with the intention of disrupting or even preventing the clear reception of certain TV channels.

Intentional interference – an attack on the free flow of information

By definition, deliberate interference is a violation of freedom of information cited in Article 19 of the Universal Declaration of Human Rights (1948) and by the International Covenant on Civil and Political Rights of the United Nations (1966). The latter is binding on signatory states, and declares in Article 19.1 that "everyone has the right to freedom of expression; this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of borders, via either verbal, written, printed or artistic means, or through any other media of his choice." The European Convention to safeguard Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, covered by a European Treaty, adds that freedom of information should not be restricted by the interference of public authorities. Hence, the Charter of Fundamental Rights of the European Union provides in Article 11 that "everyone has the right to freedom of expression. This right includes freedom to hold opinions and freedom to receive and impart information and ideas without interference by public authority and regardless of borders".

Furthermore, we have found that the channels suffering the most interference are those of international news channels (such as BBC, Voice of America, Deutsche Welle, Al Jazeera, etc.). A number of incidents of intentional interference have also occurred during major sporting events and on sports channels.

Eutelsat activities to combat intentional interference

Eutelsat innovates to improve the ability of its fleet to adapt to intentional jamming. In July 2015, Eutelsat ordered the first "EUTELSAT Quantum" satellite, a software-defined class of satellites offering unprecedented flexibility. The new design will notably enable the complete electronic synthesis of "receive" and "transmit" coverages in the Ku-band, including on-board jamming detection and mitigation. In addition, Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when channel broadcast disruption can be identified.

Such initiatives enable Eutelsat to contribute to the analysis of these activities that penalise its business. In a series of seminars in which the Company participated: notably, a BBC-sponsored conference in London in November 2012; "Naming and shaming the jammers", a seminar hosted by Eutelsat in January 2013; a seminar on Satellite Interference Reduction organized by the GVF Group for Cabsat in Dubai in March 2013, Eutelsat has stressed that the fight against deliberate interference should focus on better geo-localisation of the originating signal and the establishment of a framework for collecting all relevant data on this issue. Eutelsat also supported the IFRI (*Institut Français des Relations Internationales*) research program on the issue of harmful interferences which resulted in a report published in January 2014 (see www.ifri.org/?page=detail-contribution&id=7980&id_provenance=97).

Changes in the regulatory framework under the auspices of the International Telecommunications Union (ITU) and the ANFr (National Frequencies Agency)

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFr systematically files complaints with ITU authorities against territories from which the intentional interference activity are pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures in order to strengthen the regulation on the issue of interference. Its key proposal was to be able to mobilize a network of independent stations to better monitor the phenomenon (ITU signature of a Memorandum of Cooperation), to increase and/or confirm efficiency in the geo-localisation of deliberate interference.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the help of several countries and the collective involvement of the satellite industry and its customer base, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted the Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

The resolution strengthens the resources used by ITU to avoid harmful interference, which include greater sharing of best practices, ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming including interference geolocation, and the setting up by ITU of a database for identifying such cases.

Lastly, Eutelsat has contributed and will continue to contribute to the development of regulations by supporting relevant international bodies including: ITU and COPUOS (United Nations Committee on the Peaceful Uses of Outer Space) and their national authority partners such as ANFR as well as international organizations like Eutelsat IGO.

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has joined an Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, etc.) in the Middle East and North African Region to monitor satellite TV piracy, ensure sharing of all data and information on pirate channels and raise awareness of the consequences of piracy.

3.4 METHODOLOGY AND SCOPE

In compliance with Decree No. 2012-557 of 24 April 2012 relative to transparency obligations for companies relating to social, environmental and societal information associated with the application of Article 225 of Law No. 2010-788 dated 12 July 2010 and Article 12 of Law No. 2012-387

dated 22 March 2012 that amended Article L. 225-102-1 of the French Code of Commerce, the Group gathered information to address the elements that are relevant for its activity among the 42 items defined by the law.

▶ 3.4.1 Methodology

Each of the Eutelsat Communications Group operating subsidiaries provided certain information necessary to draft this report. The section on "social aspects" has been consolidated by the Human Resources Department in the Group's largest subsidiary, Eutelsat S.A., located at the Group's Headquarters in Paris, France. Information regarding "environmental impacts" primarily reflects input from Eutelsat's suppliers (satellite manufacturers and satellite launch services). We have also included certain information from the Group's Italian and Mexican subsidiaries and teleports located in Rambouillet (France), Turin (Italy) and Mexico as they have a limited environmental impact. "Societal information" was gathered mainly from the operating Company, Eutelsat S.A. but reflect a Group-wide picture.

In addition, a cross-reference table with items of the GRI (Global Reporting Initiative) is attached as a schedule to this report. The indicators have also been defined, whenever possible, in a manner consistent with the GRI standard.

The Group's Sustainability Committee meets at least twice per year, and serves as the conduit for feeding information used to prepare this report. This Committee is made up of 15 members from several departments throughout the Group and includes members from subsidiaries situated outside of France. Two senior sponsors, the Group CFO and the Head of Human Resources, ensure that information on sustainability issues is communicated to the Group's Board of Directors.

▶ 3.4.2 Scope

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (circa 61%). Information from this subsidiary serves as an "internal benchmark" for the Group. Regarding the other subsidiaries taken into account in the perimeter, please refer to the Section 5.1 "The Group's simplified organizational chart" of this document. When information

reported comes exclusively from a specific subsidiary, this has been made clear. The timeframe of quantitative information in this report reflects the calendar year 2015 (1 January 2015 to 31 December 2015), unless otherwise stated.

► 3.4.3 Appendix: Location of GRI-G4 elements

Location of GRI-G4 elements		Section
1	Strategy and analysis	
1.1	Statement from the most senior decision-maker of the organization	Introduction
1.2	Description of key impacts, risks and opportunities	1.2, 4
2	Organizational profile	1.1, 1.2, 7.1
2.1	Name of organization	7.1.1
2.2	Primary brands, products and/or services	1.2
2.3	Operational structure of the organization	7.4
2.4	Location of the organization's headquarters	7.1.1.4
2.5	Number of countries where the organization operates	N/A
2.6	Nature of ownership and legal form	2.1, 7.1.1.4
2.7	Markets served	1.2, 1.3
2.8	Scale of the reporting organization	3.1.1
2.9	Significant changes during the reporting period [...]	1.1
2.10	Awards received during the reporting period	-
3	Report parameters	
3.1	Reporting period for the information provided	3.4.2
3.2	Date of the most recent previous report (if any)	-
3.3	Reporting cycle	3.4.2
3.4	Person to contact	7.14.2
3.5	Process for defining report content	3.4.1
3.6	Report scope and boundary	3.4.2
3.7	State any specific limitations on the scope [...]	3.4
3.8	Basis for reporting on joint ventures	N/A
3.9	Data measurement techniques and the bases of calculations [...]	3.4
3.10	Explanation of the effects of any re-statements [...]	3.4
3.11	Significant changes	1.2
3.12	Table identifying the location of the GRI Standard Disclosures	3.4.2
3.13	Policy and current practice with regard to seeking external assurance for the report	Appendix 2
4	Governance, commitments and engagement	Appendix 2
4.1	Governance structure of the organization	1.4, 2.1, 2.2
4.2	Indicate if the Chairman of the Board of Directors is also an Executive Officer	2.4.1.14
4.3	[...] indicate the number of independent and/or Non-executive Board Members	2.4.1.5
4.4	Mechanisms [...] recommendations or direction to the Board of Directors	2.4
4.5	Linkage between compensation [...] and the organization's performance	2.3
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided	2.4.1.10
4.7	Process for determining the [...] qualifications and expertise [...]	N/A
4.8	[...] statements of mission or values, Codes of Conduct and principles [...]	3.3.4
4.9	Procedures of the Board of Directors for overseeing [...]	2.4
4.10	Processes for evaluating the Board of Directors' own performance [...]	2.4.1.11
4.11	How the precautionary approach is addressed by the organization	N/A
4.12	Externally developed [...] charters, principles or other initiatives [...]	3
4.13	Memberships in associations [...]	3.3
4.14	List of stakeholder groups engaged by the organization	3.3
4.15	Basis for identification and selection of stakeholders with whom to engage	3.3
4.16	Approaches to stakeholder engagement, including frequency of engagement [...]	3.3
4.17	Key topics and concerns that have been raised through stakeholder engagement [...]	3.3

04

Risk factors

4.1	Operational risks	82
4.2	Risks relating to changes in the satellite telecommunications market	88
4.3	Liquidity risks	92
4.4	Regulatory risks	95
4.5	Market risks	97

Before making an investment decision, investors and shareholders are advised to read all the information contained in this Reference Document, including the risks described below.

At the filing date of this Reference Document, the risks described are those whose occurrence is likely to have a material adverse impact on the Group, its business, financial situation and/or results, and which are important when making an investment decision.

Group risks may be divided into five categories:

- ▶ operational risks;
- ▶ risk relating to changes in the satellite communications market;
- ▶ regulatory risks;
- ▶ liquidity risks;
- ▶ market risks.

This section briefly outlines the main risks that the Group might face in the course of its business. They are mentioned purely for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this Reference Document was filed, or those considered as without significance by the Group at the filing date of this Reference Document, might have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some risks, irrespective of whether or not they are mentioned in this Reference Document, may result or arise from external factors, such risks being beyond the Group's control.

The main legal proceedings and associated risks are described in Section 7.5 of the Reference Document as well as in Note 27.4 of the Notes to the Consolidated Financial Statements in Section 6.2.

4.1 OPERATIONAL RISKS

▶ 4.1.1 The Group might not be able to meet its launch or activation timeframes for new satellites

The Group plans to launch four new satellites (EUTELSAT 172B, EUTELSAT 7C, EUTELSAT QUANTUM and a Satellite dedicated to Broadband Internet in Sub-Saharan Africa) before the end of calendar year 2019. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions.

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, would impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers and end users, or meet its growth objectives. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

▶ 4.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

Given the small number of launch service providers with the technical ability to launch the satellites already ordered, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the timeframe set out by the Group.

Should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline due to operating (e.g. following a failed launch) or financial difficulties, the Group could re-allocate the relevant satellite to another launch service

provider or even, in some cases, sign new launch service contracts that could prove more costly than the current contracts. Such events could have a significant detrimental impact on the Group's business (e.g. delayed satellite activation) and financial position.

In order to keep as close as possible to the original timetable for its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. The Group thus currently intends to use different launch service providers: Arianespace, International Launch Services and Space X Exploration Technologies Corp...

▶ 4.1.3 The Group's satellite deployment plan is dependent on a few major suppliers

The number of satellite manufacturers capable of designing and building satellites in compliance with the technical specifications and quality required by the Group is limited, as is the number of suppliers capable of launching these satellites. The limited number of suppliers could reduce the Group's bargaining power and increase the cost of implementing its programme within the scheduled timeframe.

The satellites under procurement as of 30 June 2016 were procured from the following manufacturers: Airbus Defence and Space, Thales Alenia Space and Space Systems Loral Inc.

As of 30 June 2016, future payments on satellite construction launch and financing contracts amounted to 802 million euros. These future payments are spread over four years.

The Group has also made commitments with other suppliers for the provision of services and acquisitions of fixed assets relating to the monitoring and control of satellites.

The following table lists the payments for these services and acquisitions as of 30 June 2015 and 30 June 2016:

(in millions of euros)	As of 30 June	
	2015	2016
2016	75	-
2017	38	80
2018	27	46
2019	19	56
2020 and beyond ⁽¹⁾	80	32
2021 and beyond	-	64
TOTAL	239	278

(1) For the period presented as of the financial year closed on 30 June 2015

The Group considers that it is not dependent on suppliers other than satellite manufacturers and launch operators.

The limited number of suppliers could therefore have a significant negative impact on the Group's business, financial situation and results.

► 4.1.4 The Group is exposed to the risk that its suppliers may experience operational or financial difficulties

In the event of a Group supplier being unable to fulfil its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service

providers and, in some cases, enter into new launch service contracts which might prove more costly. Such events could have a significant negative impact on the Group's business, financial situation and results.

► 4.1.5 The satellites operated by the Group may experience failures or malfunctions in-orbit

Satellites are sensitive to the external environment. Once they are in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group may not be able to guarantee continuity of service for all customers at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite.

In the event of a satellite failure or in-orbit malfunction, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated by those with the highest contribution. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations, image losses or, to a certain extent, losses of revenues.

Finally, insurance companies could challenge the causes of the failure or malfunction or the amount of the indemnity. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites covered under insurance programmes insurers would compensate the Group within a reasonable timeframe or for the amount claimed by the Group. A lack of compensation, late compensation or partial compensation of losses sustained could have a significant adverse impact on the Group's business, financial situation and results.

► 4.1.6 In the future, insurance policy premiums for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew

Numerous factors, some of which are outside the Group's control, may affect the cost of insurance premiums; these mainly include statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its In-Orbit Life insurance plan on comparable terms. A deterioration in the In-Orbit Life insurance market or an increase in insurance premiums could prompt the Group to reduce its coverage of partial losses or losses deemed total, which itself could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in-orbit.

In addition, the Group covers the launch of its satellites through a launch-plus-one-year after entry into service insurance.

The Group might not be able to obtain this additional cover or launch insurance for the other satellites currently under construction, or for future satellites, on satisfactory terms. This situation could result from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premiums due, in particular, to launch failure statistics across the whole industry. This could have a significant negative impact on the Group's business, financial situation and results.

► 4.1.7 The Group is exposed to specific risks arising from the capacity it uses on satellites in stable orbit belonging to third parties

As of the date of this Reference Document, the Group uses capacity on five satellites (Express-AM6 ⁽¹⁾ Express-AT1, Express-AT2, Express-AMU-1 ⁽²⁾ and ASTRA 2G ⁽³⁾) belonging to third parties, and which recognised as assets in its consolidated balance sheet Express-AM6, Express-AMU-1, Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G by SES.

In the event of failure or malfunction affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity under the same conditions. The Group cannot

guarantee that a dispute resulting from such failures or malfunctions would be settled in its favour.

The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases.

Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and might adversely affect its business, financial situation and results.

► 4.1.8 The Group's operations are exposed to the risk of sabotage, including terrorist acts and piracy

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into its satellite control systems. If the Group's facilities and equipment were disabled, the Group might not be able to prevent a temporary or permanent interruption in service. Such disturbances in the satellite network could result in the loss of customers.

Furthermore, the Group's insurance policies, as is customary in the space industry, automatically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism.

Any act of terrorism, sabotage or piracy could thus have a significant negative impact on the Group's business, financial situation and results.

► 4.1.9 Risk management procedures regarding the satellite fleet and its operation

Protecting and ensuring the integrity of the satellite fleet

The Group has set up procedures aimed at ensuring continuity of telecommunications services provided to customers and end-users.

The Operations Department is responsible for the administration and control of the satellite system and for checking the quality of signals received or broadcast by satellites.

These activities are carried out from The Group's two control centres which have back-up systems and redundant equipment to guard against operational unavailability or interruptions. These centers are located in France and in Mexico, depending on the satellite and the legal entity (Eutelsat S.A. or Eutelsat Americas) in charge of monitoring and commercializing the satellite. A control center to monitor signal quality has been opened recently in Sao Paolo (Brazil) to support customers in this country. Operational availability of control centers is monitored regularly.

(1) Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A.

(2) Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.

(3) Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.

Control centres are in charge of satellite protection, and continuity of signal production to meet the needs of the Group's customers, in accordance with the technical recommendations and procedures for each satellite.

Operational procedures for the control centres, especially those responsible for the satellite fleet, exist in written form and cover the manoeuvres and configuration changes that are required in reference conditions, as well as in the event of a technical incident or crisis. These procedures are periodically reviewed and validated thanks to satellite simulator and staff is regularly trained.

An incident of any nature affecting one of the satellites or the signal transmitted (e.g. a technical failure or interruption of the signal) is dealt with internally by the Operations Department under "escalation" procedures. These procedures provide for internal expertise to be available immediately as well as the expertise of the satellite manufacturer where necessary. All incidents affecting either a satellite or the control system are properly logged and followed up under the authority of the person responsible for operating satellites, with the aim of identifying the causes of the incident and proposing and implementing the necessary corrective measures.

Any significant incident likely to affect the quality or continuity of telecoms services is:

- ▶ reported to the Group's Executive Management;
- ▶ reviewed internally, by Technical Department;
- ▶ as necessary, reviewed by an independent team of experts, depending on the type of incident;
- ▶ reported to customers; and
- ▶ as necessary, reported *via* a press release.

Back-up capacity and redundancy

As part of the Group's risk management strategy, it has developed a back-up and redundancy policy designed to reduce the risk of service interruptions, outages or failure to meet its contractual commitments.

The Group's satellites are designed with adequate redundancy to contend with potential equipment failures and to meet or exceed their theoretical operational life in-orbit. Significant on-board redundancy of equipment allows the Group to quickly replace any equipment damaged during the operational life of the satellite with minimal or no interruption of service, depending on the nature of the incident. Some of the satellites in the fleet are currently using this redundancy equipment.

Furthermore, the Group offers significant back-up capacity in certain key orbital locations. Back-up capacity is used to replace leased capacity in the event of an on-board fault or equipment failure on a satellite. It is often obtained by pooling capacity on several satellites located at nearby orbital positions and offering similar coverage and technical specifications. This enables the Group to provide continuity of service to customers, depending on the fill factors of the satellites concerned.

The Group has also signed leases guaranteeing continuity of service to some of its customers, by offering them capacity with guaranteed restoration of service using pre-defined capacity (generally on a neighbouring satellite). These leases generally attract a higher price. In the absence of an emergency or malfunction that requires back-up capacity, the Group is able to market this capacity subject to a claw back clause.

IT security and certification of satellite control systems

The introduction of measures designed to improve the security of the satellite control information systems continued during the year. This work is supervised and coordinated by the person responsible for IT security within the Company.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014.

Two surveillance audits were carried out in June 2015 and June 2016. No issues of non-compliance with ISO standard 27001:2013 were identified. The certification covers:

- ▶ satellite control and operations, Launch and Early Orbit Phase Operations (LEOP);
- ▶ human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems;
- ▶ the security of all ground stations used to operate geostationary satellites.

In June 2013, the teleport teams in Rambouillet obtained ISO 27001 certification for a three-year period, which was renewed in June 2016. No issues of non-compliance with this standard were identified. The certification covers activities and systems relating to:

- ▶ the communication control centre;
- ▶ Rambouillet teleport management;
- ▶ the implementation and supervision of managed services operations;
- ▶ the security of all payload monitoring sites, points of presence and teleports.

Preparations for obtaining ISO 27001 certification for operational activities are under way at Skylogic S.p.A. and Eutelsat Americas, with the aim of obtaining certification for Eutelsat Americas in 2016 and for Skylogic S.p.A. in the first half of 2017.

ISO 9001 certification for satellite control activities was obtained in 2005 and has been renewed three times (June 2008, April 2011 and May 2014). This certification covers satellite control and operations, LEOP and the satellite ground control system (definition, development, procurement, deployment, operations and maintenance).

ISO 9001 certification was also obtained for the Rambouillet teleport activities in 2011 and renewed in May 2014, as well as for the teleport activities carried out by our subsidiary Skylogic S.p.A. in Turin, Italy.

For the Rambouillet teleport, this certification covers activities relating to:

- ▶ the communication control centre;
- ▶ commercial services (management of data and television signals through teleport ground equipment);
- ▶ radio frequency systems and technical infrastructure at the Rambouillet teleport.

This certification was extended to cover the teleport in Sardinia in June 2014.

For the Skylogic S.p.A. teleport, this certification covers activities relating to the design, implementation and provision of, as well as technical support for, Video and Data Connectivity services on behalf of Eutelsat Group.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities (satellite control and monitoring the quality of signals received and relayed by satellites).

Insurance

Launch-plus-one-year and In-Orbit Life Insurance

The Group has an insurance programme covering the phases of a satellite's lifespan, *i.e.* launch (the launch insurance policy also covers in-orbit acceptance testing and In-Orbit Life of the satellite until the anniversary date of the launch) and in-orbit (In-Orbit Life Insurance policy).

The Group's Launch-plus-one-year and In-Orbit Life Insurance policies include exclusions that are customary in space insurance.

During the financial year ended 30 June 2016 Insurance premiums represented circa 11% of in orbit capital expenditures and circa 2% of operational expenditures.

As indicated in Section 4.1.6 of this Reference Document, insurance policy premiums for launches and for satellites in-orbit may increase in the future and it could become more difficult to obtain or renew insurance policies.

► 4.1.10 Prevention and management of other Group operating risks

Due to the highly complex nature of activities involved in operating its satellite fleet and developing its business, the Group created the position of risk management Officer, reflecting the emphasis placed on risk management. The risk management Officer reports directly to the Group's Executive Committee.

The Risk Management Department's major responsibilities are as follows:

- identify major risks likely to affect the Group's operations and activities and work with the departments concerned to define policies and processes to reduce these risks;
- assist Group Management and the Audit Committee in implementing a risk management policy that includes measures aimed at preventing and reducing risks, improving their control and organising contingency plans;
- monitor staff compliance with the risk management policy and carry out the appropriate communication initiatives in this area;
- promote the Group's interests by ensuring that risks which have a potential impact on the Group are properly defined and that the operations and activities, along with the Company's internal control procedures, are performed in such a way as to minimise risks to the Group; and
- ensure that risk management policies are effectively implemented and taken into account in the Company's activities.

Since its creation, the Risk Management Department has developed a methodological approach which is cross-disciplinary and is applied to the Group's various business activities.

During the financial year 2015-2016, the risk mapping for the Group was updated, the purpose being to identify and measure the magnitude of risks likely to affect the performance of the Group's operations and activities. More specifically, during the 2015-2016 financial year, the Risk Management Department continued to focus on a systematic evaluation of the risks of in-orbit failure or delay when launching satellites, in conjunction with the technical, commercial and finance departments, as well as on investment projects. One of the results of this work was a series of recommendations aimed at mitigating the impact such incidents could have on the Company's ordinary business. This analysis has also led to the adaptation of in-orbit insurance policy to take into account not only the net asset value of the satellites but also revenues generated by the satellites with the highest contribution.

The importance ascribed to risk management within the Group reflects the emphasis by Management and the Board of Directors on a pro-active risk management policy aimed at protecting the Company's assets, activities and interests to the maximum extent possible. To manage the risks arising from its business and operating environment to the maximum extent possible, the Group has set up internal control procedures. During the financial year, new commercial projects and investments in new satellites, together with the updated Strategic Plan and budget for the year 2015-2016, were thoroughly analysed in respect of the risks implied.

Supervised and conducted independently of the concept of risk management, an internal control procedure was implemented under the responsibility of the Internal Audit Department, with the purpose of ensuring:

- compliance with statutory and regulatory provisions;

- application of the Executive Management's instructions and guidelines;
- proper functioning of internal corporate processes, particularly those contributing to the protection of corporate assets;
- reliable financial information;
- more generally, ensuring that business activities are effectively controlled, that operations are efficient, and that resources are used effectively.

The Company has undertaken to align its internal control procedures with the AMF (French financial regulator) reference framework. This work is ongoing.

It should be noted that internal controls and procedures relating to the security of Group operations (*i.e.* procedures regarding the management of satellite risks and other Group risks) are to be distinguished from internal control procedures relating to the treatment of accounting and financial information on the business of the Company and its subsidiaries, in compliance with applicable regulations.

It should also be noted that, as Eutelsat Communications is charged with the financial and strategic management of the Eutelsat Group, the Group's operational activities, in particular its satellite-related activities are performed by Eutelsat S.A.

The business continuity plan for the Company's operations

The business continuity plan includes:

- the mapping of critical processes and recovery objectives, based on an analysis of the impacts of various incident scenarios on business lines;
- crisis management procedures (logistics, external and internal communication, decision-making processes);
- business procedures describing the tasks to be performed at the backup site;
- the backup IT system (applications, systems and network infrastructure, telecoms);
- procedures describing urgent action to be taken in the event of an incident;
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

Eutelsat S.A. regularly carries out tests to check that its business continuity plan ("BCP") is operating effectively. The plan is overseen by the IT Systems Department and is designed to ensure the continuity of business, financial, administrative and legal activities, as well as of corporate communications and IT and HR management.

The business continuity plan was updated in the 2014-2015 financial year to take account of the functional and technical changes resulting from the implementation of the new ERP system. A full-scale test was conducted in November 2014 to check the effectiveness of the procedures in place for backing up data in the event of the site hosting the ERP system becoming unavailable.

A comprehensive review of business processes was carried out in the 2015-2016 financial year. A general BCP test was conducted in March 2016, which simulated the conditions that would arise if both the Eutelsat head office and the site where the SAP system is hosted were to become unavailable. Eutelsat's various business lines took part in these tests, which were an opportunity to check the effectiveness of business processes involving backup infrastructure.

Activities directly linked to the management of the satellite fleet (particularly those carried out at satellite and communications control centres) currently lie outside the scope of the BCP as they are already covered by the specific security procedures described above in the Section entitled "Protecting and Ensuring the Integrity of the Satellite Fleet".

Security of IT Systems

Due to the nature of its business, the Group is exposed to certain operational risks and, more specifically, to risks likely to affect its activities.

The IT Systems Department is responsible for addressing operational risks relating to the security of the Company's IT systems. It does this in the following ways:

- ▶ mapping risks relating to the security of IT systems and assessing their impact on the Group's operations;
- ▶ implementing a policy and standards that meet the Group's security requirements;
- ▶ drawing up and monitoring an action plan;
- ▶ assessing the security measures in place in organisational and technical areas;
- ▶ responding to suspicious activities and security incidents.

An annual audit is under way to assess the effectiveness of the Group-wide security measures in place and to develop a plan for addressing any identified vulnerabilities.

Specific audits have also been commissioned over the course of the year to check the security of new critical projects prior to deployment.

The following action was also taken during the 2015-2016 financial year:

- ▶ the introduction of an internal technical audit procedure for checking the measures in place and addressing any vulnerabilities identified, without having to wait for external audits;
- ▶ an in-depth review and update of the security policy.

Insurance

In-orbit third-party liability insurance – Spacecraft third-party liability policy

The Group subscribes to an insurance policy covering civil responsibility for spacecraft, renewed on an annual basis, and which covers potential damaged caused to third parties by the Company in its capacity as a satellite operator.

Credit insurance

The Group has taken out an insurance policy covering the risk of non-payment by some of its customers. This policy has been renewed from 1 July 2016 for a period of 24 months.

Other insurance policies

The Group has taken out third-party liability insurance covering its Corporate Officers (*mandataires sociaux*), Directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties. The Group has also taken out standard third-party liability insurance covering its ground operations.

In addition, the Group has standard comprehensive insurance for its on-ground equipment and various assistance policies for its employees and visitors.

Management and monitoring of the Group's supplier contracts

As with other contracts signed by the Group, supplier contracts and those financing the Company are prepared, negotiated and monitored by Eutelsat S.A. pursuant to the service agreements between the Company and Eutelsat S.A. Thus, prior to their signature, supplier contracts receive endorsement from the Directors concerned and formal approval by the Chief Executive Officer, the Deputy Chief Executive Officer or the Directors to whom the Chief Executive Officer has delegated a proxy signature.

Furthermore, financial contracts are approved by the Board of Directors in accordance with the provisions of the Board's internal rules.

Purchasing procedures

Procedures have been established to guarantee that all commitments to order goods or services are preceded by a duly authorised purchase request.

The authorisation procedure that should precede all purchases is as follows:

- ▶ validation by Management of a budget per project/activity as part of the annual budget approved by the Board of Directors; and
- ▶ validation by the Director of the department from which the purchase request originates (and by the Chief Executive Officer beyond a certain threshold).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to submission of the relevant contract or order form.

Settlement of invoices is subject to the agreement of the departments involved in the purchasing process, in compliance with the internal control policy regarding the rules governing the separation of the positions involved.

All payments require two signatures. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or of the Deputy Chief Executive Officer is also required.

As for procurement contracts for satellites and launchers, these are subject to prior approval by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by Chief Executive Officer or the Deputy Chief Executive Officer of Eutelsat S.A.

4.2

RISKS RELATING TO CHANGES IN THE SATELLITE TELECOMMUNICATIONS MARKET

▶ 4.2.1 The Group might not be able to meet demand for satellite capacity at certain orbital positions

Available satellite capacity is currently lower than demand at certain orbital positions and/or in some frequency bands. This situation, which could persist, results from a mismatch between the long-term investment and operation cycles of satellites and cyclical variations in demand.

The Group might not be able to meet additional demand for satellite capacity from existing customers at certain orbital positions. These customers could then lease additional satellite capacity from other operators and/or decide to terminate their allotment agreements with the Group and to transfer a part of or all the capacity they lease from the Group to other satellite

operators that do have capacity available, which could have a significant negative impact on the Group's business, financial position and results.

Furthermore, due to occasionally high satellite capacity utilisation rates, and given the limited number of customers and/or end-users of satellite capacity, the Group might not be in a position to satisfy demand from new customers should a situation of limited capacity last, especially if the Group were to experience delays or failures with upcoming satellite launches. This could have a significant negative impact on the Group's business, financial situation and results.

▶ 4.2.2 The Group's development is closely tied to future demand for satellite services which might not materialise or which the Group might not be able to meet

The Group's development notably depends on future demand for Video Applications, which is partly linked to the expected development of DTH (Direct-to-Home) broadcasting in emerging countries, high-definition television (HDTV) and satellite-based Internet access. This growth in demand may not materialise. Moreover, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than is the case with the current satellite TV broadcasting standard, the Group might not be in a position to invest in additional satellites at the appropriate time or in proportions enabling it to meet market demand. If demand for video services does not increase or the Group is not in a position to meet this demand, this could have a significant negative impact on its business, financial position and results.

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, many television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

A consolidation among satellite TV broadcast platform operators and/or cable operators and could give TV broadcast platform operators or cable operators greater bargaining power with satellite operators or their distributors, thereby causing increased pressure on prices. Such consolidation could have a significant negative impact on the Group's business, financial position and results.

The adoption of new technical broadcasting standards, which has resulted in and could continue to result in a higher signal compression rate, has reduced and could further reduce the demand for transponders for a given number of television channels. If the decline is not offset by an increase in the number of channels transmitted or by improved image quality, the overall demand for transponders could decrease, which could have a significant negative impact on the Group's business, financial position and results.

Another key component of the Group's strategy is developing Value-Added Services (especially broadband Internet solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not guaranteed and is not easily predictable. Demand for broadband Internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity or distribution issues. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand or offer competitive prices, especially in the event of any failure of one of its satellite.

If the demand for satellite broadband Internet services does not develop as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial position and results.

Development of the Group's business also depends on its available capacity in the various frequency bands requested by customers. Availability could be insufficient in some frequency bands, and this could have a significant negative impact on the Group's ability to meet its customers' needs in these bands.

► 4.2.3 The Group is exposed to risks inherent in the international nature of its customer base and business

The Group provides satellite telecommunications services to customers in a very large number of countries and could develop its activities in other countries. Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. In particular, the Group has been impacted, in recent months, by a more difficult economic environment currently affecting certain Latin American countries as three expansion satellites covering these regions (EUTELSAT 117 West B, EUTELSAT 115 West B and EUTELSAT 65 West A) have entered or are expected to enter into service between October 2015 and the end of the first half of calendar year 2017.

Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, business practices in certain countries and their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results. Additionally, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite

capacity. In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

In fiscal year 2015-2016, the Group continued to be impacted by the tough economic environment in certain areas for certain applications. As a consequence, customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

As of 30 June 2016, the net book value of provisions for bad debt was 71.3 million euros (60.1 million euros as of 30 June 2015). Unrecoverable losses stood respectively at 16.4 million euros and 4.7 million euros as of 30 June 2016 and 30 June 2015.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic crisis.

► 4.2.4 A substantial percentage of the Group's revenue is generated by Government Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated some of its revenues (13% of the Group's revenues for the financial year ended 30 June 2016) in the Government Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, generally on the basis of one-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the international political and economic context. As a

result, the Group cannot be certain that it will be capable of continuing to generate a comparable level of revenues from the Government Services segment.

Any failure to obtain new contracts or any termination, non-renewal or renewal under less favourable terms of such contracts could have a significant negative impact on the Group's business, financial position and results.

► 4.2.5 The Group is dependent on a number limited of major customers

The Group generates a significant portion of its business from a limited number of customers including distributors, most of which are telecommunications operators. As of 30 June 2016, the Group's 10 largest customers represented 42.5% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms, particularly price terms, that are less favourable to the Group. This could have a significant negative impact on its business, financial position and results.

Moreover, some of the Group's major customers in terms of capacity and revenues, particularly those located in emerging markets, could encounter financial difficulties that are likely to result in late payments, unpaid debts, or bankruptcy, which could lead to termination of the relevant capacity agreements without the Group being able to replace the defaulting customers with new customers, which could also have a significant negative impact on the Group's business, financial position and results.

► 4.2.6 A growing portion of the Group's customers are end-users and demand for capacity is becoming increasingly fragmented

For several years now, end-users have made up a growing percentage of the Group's customers. Furthermore, some distributors could ask the Group to take over end-user contracts. These customers could have less extensive financial resources than traditional distributor-customers, which could increase the risk of outstanding debts and thereby have a significant adverse impact on the Group's business, financial situation and results.

Moreover, the satellite capacity needs of end-user customers may be lower than the capacity requested by distributor-customers. Thus, a larger proportion of the Group's new capacity allotment agreements may involve the use of only a fraction of a transponder and not an entire transponder. If an end-user customer using a fraction of a transponder were not to pay their invoices or were not to comply with any other contractual commitment *vis-à-vis* the Group, the Group might not be able to discontinue the services provided to that customer without interrupting service for all customers using that same transponder. This fragmented capacity demand could have a significant negative impact on the Group's business, financial situation and results.

Furthermore, distributors which resell resources to end-users might overestimate market demand and be unable to resell capacity they committed to. In this case they could either return capacity to the Group or resell this unused capacity to Group direct customers at lower prices. This could have a significant negative impact on the Group's business, financial situation and results.

In addition, the Group's consumer broadband activity includes building a base of individual subscribers to Internet services served *via* a network of distributors and re-sellers, thus using a business-to-business-to-consumer model. This business model, which is relatively new for the Group compared to heritage activities does not rely on a backlog as other applications do and the success of the distribution model, especially in certain areas, still has to be validated. As of 30 June 2016, around 181,000 terminals were activated on the KA-SAT satellite, including terminals for small and medium-size companies.

► 4.2.7 The Group is faced with considerable competition from satellite and terrestrial network operators

The Group is faced with significant competition from international, national and regional satellite operators. The Group's main competitors are other major international satellite operators, such as SES and Intelsat. These competitors offer greater satellite capacity and geographical coverage than the Group, and more financial resources might be available to them. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (*e.g.* tax or regulatory advantages) in their domestic markets. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

In addition, competition from High-Throughput Satellites or constellations targeting mostly Data applications (circa 16% of Group revenues) is expected to bring a significant amount of new capacity at a lower cost per Gigabit. This could lead to oversupply situation and higher than expected pricing

pressure for Data Applications and could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (cable, fibre optic, DSL, radio multiplex transmission and VHF/UHF transmission, especially digital) for many transmission services and Value-Added Services, particularly for broadband Internet access but also for TV broadcasting services (TV on IP, DTT). Heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any improvement or increase in the geographical reach of the terrestrial network operators could prompt the Group's customers to opt for the telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or develop its customer portfolio. Stiffer competition with terrestrial network operators could thus have a significant negative impact on the Group's business, financial position and results.

► 4.2.8 Technological changes could make the Group's satellite telecommunications system obsolete

Some technological innovations that could be developed in the future with alternatives to satellites could render satellite technology obsolete.

The telecommunications industry is subject to rapid technological change. Should the Group not be in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete.

As such, the Group's competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies into their own systems. If the Group's satellite telecommunications system were to become obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

► 4.2.9 The Group's development strategy depends partly on expanding into geographical areas in which it has little or no experience and where prices could come under pressure

The Group's future development depends, in part, on its ability to develop in geographical areas in which it has little or no experience and where there could be substantial competitive and price pressure. This could result in prices that are often lower than those seen in Europe. This competitive context could limit the Group's ability to penetrate these markets or be competitive within them.

The acquisition of Satmex and the integration of its employees allowed the Group to strengthen its competencies, notably in terms of experience and knowledge of American markets. These skills will be relevant for the future development projects of the Group in the area, particularly for the sale of capacity on the future satellites covering the Americas.

Furthermore, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements with other

companies, such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could involve a number of risks arising, for example, from a lack of control over projects, conflicts of interest between the partners, the possibility that any one of them might not meet one of its obligations (particularly those regarding its equity investments) and the difficulty faced by the Group in maintaining uniform standards, control procedures and policies.

If the Group is unable to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, this could prevent the Group from implementing its development strategy. This could have a significant adverse impact on its business, financial situation, results and growth objectives.

► 4.2.10 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed

The Group has made major investments in new infrastructure including KA-SAT, launched in December 2010 and a complex network of terrestrial stations used for marketing different types of services and, particularly, satellite broadband Internet access solutions to consumers across Europe. In FY 2014-2015, the Group developed the innovative software-defined "Eutelsat Quantum" class of satellites and ordered the first satellite in July 2015.

The development of these new activities depends greatly on the prospects for growth in demand for satellite services. This demand may not materialise, or the Group may be unable to respond to it.

Furthermore, the Group's failure to develop, operate or sell these innovative projects, especially the KA-SAT project, would have a detrimental effect on the Group's prospects and growth targets and, accordingly, a significant negative effect on its business, financial situation and results.

► 4.2.11 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group relies on a number of key employees who have very specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business,

characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a significant negative impact on its business, financial situation and results.

► 4.2.12 Prevention and management of the Group's commercial risks

Management and follow-up of contracts with customers

The Group's contracts with customers are entered into by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by the Legal and Commercial Departments of Eutelsat S.A.

Any change to the standard format is examined by Eutelsat S.A.'s Legal Department before the contracts are signed by those with the appropriate level of authority.

The signature of sales contracts is subject to a number of approvals which vary according to the annual value of each commitment.

The Group has implemented procedures for the drawing up of capacity allotment agreements aimed notably at ensuring that contracts have been duly signed and customers are billed in accordance with the terms of contracts. During each financial year, the sales cycle, which the Management of the Group deems to be one of the key processes, is the subject of an in-depth audit. The aim of these recurring annual audits is to evaluate the suitability of the internal procedures in place and, on the basis of the findings, ensure that appropriate modifications are made to increase the reliability of these internal procedures contributing to the recognition of revenue.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Commercial and Finance Departments.

Customer contract risk

All new customers are systematically assessed by the Finance Department's Credit Management team to determine the level of financial guarantees required. All late payments are the subject of in-depth analysis

with the relevant client-managers within the Sales and Legal Departments followed, as required, by appropriate measures.

The Group has also taken out a credit insurance policy to improve coverage of customers default risks (see Section 4.1.10, "Insurance").

4.3 LIQUIDITY RISKS

▶ 4.3.1 The Group has a high level of debt

As of 30 June 2016, the Group's consolidated net debt was 4,007 million euros. Its main components are described in Section 6.1.3.3 of this document.

The Group's high leverage could:

- ▶ make it difficult for the Group to meet commitments regarding its debt;
- ▶ limit the Group's ability to obtain loans or raise additional equity capital;
- ▶ increase the Group's vulnerability in an unfavourable economic or industry environment;
- ▶ limit the Group's ability to make certain types of investments.

All of the consequences relating to the Group's high debt level, including those mentioned above, could affect the Group's ability to meet its debt-related commitments, which could result in a significant negative impact on the Group's business, financial situation and results.

As of 30 June 2016, the breakdown of Group's financing sources was the following: 12% bank, 67% bond debt, 5% export-credit agencies and 16% financial leases.

The following table sets out the financial liability repayments:

Total flows <i>(in millions of euros)</i>	30 June 2016		30 June 2017		30 June 2018		30 June 2019		30 June 2020		30 June 2021		Beyond 5 years		Total	
	Balance Sheet value	Contractual flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bank loan Eutelsat Communications S.A.	(597.4)	(625.7)	0.0	(5.4)	0.0	(5.4)	0.0	(5.4)	0.0	(5.4)	(600.0)	(4.1)	0.0	0.0	(600.0)	(25.7)
Eutelsat S.A. bonds	(3,363.8)	(3,726.5)	(850.0)	(114.5)	0.0	(79.4)	(800.0)	(79.4)	(930.0)	(39.4)	(500.0)	(15.0)	(300.0)	(18.8)	(3,380.0)	(346.5)
US Ex-Im export credit financing	(37.6)	(40.9)	(7.1)	(0.6)	(7.1)	(0.5)	(7.1)	(0.4)	(7.1)	(0.2)	(7.1)	(0.1)	(3.5)	(0.1)	(38.9)	(2.0)
ONDD export credit financings	(183.3)	(201.2)	(23.7)	(2.6)	(23.7)	(2.2)	(23.7)	(1.9)	(23.7)	(1.6)	(23.7)	(1.2)	(71.2)	(1.7)	(189.8)	(11.3)
Finance leases	(823.0)	(944.7)	(145.5)	(16.5)	(63.2)	(16.5)	(65.9)	(15.5)	(66.7)	(14.1)	(54.7)	(12.7)	(426.4)	(46.9)	(822.5)	(122.2)
Qualified Interest-rate derivatives	(173.3)	(173.3)	0.0	0.0	0.0	0.0	(58.2)	0.0	(115.1)	0.0	0.0	0.0	0.0	0.0	(173.3)	0.0
Non-qualified Interest-rate derivatives	(1.0)	(1.0)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0
TOTAL FINANCIAL DEBT	(5,179.3)	(5,713.2)	(1,027.3)	(139.5)	(94.0)	(104.1)	(954.9)	(102.6)	(1,142.6)	(60.7)	(1,185.5)	(33.1)	(801.1)	(67.5)	(5,205.5)	(507.7)
Other financial liabilities	(105.6)	(105.6)	(83.4)	0.0	(22.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(105.6)	0.0
TOTAL FINANCIAL LIABILITIES	(5,284.9)	(5,818.8)	(1,110.7)	(139.5)	(116.1)	(104.1)	(954.9)	(102.6)	(1,142.6)	(60.7)	(1,185.5)	(33.1)	(801.1)	(67.5)	(5,311.1)	(507.7)

The following table presents credit line maturities:

<i>(in millions of euros)</i>	30 June 2016	June 2017	June 2018	June 2019	June 2020	June 2021
Maturity of available unused credit facilities	(650.0)	-	-	(450.0)	-	(200.0)

The following table presents the maturity schedule for financial assets:

<i>(in millions of euros)</i>	Total flows	June 2017	June 2018	June 2019	June 2020	June 2021	Beyond 5 years
	30 June 2016	Principal	Principal	Principal	Principal	Principal	Principal
Financial assets	41.4	31.3	1.2	-	-	-	8.9
Cash	316.4	316.4	-	-	-	-	-
Cash equivalents	837.3	837.3	-	-	-	-	-
TOTAL FINANCIAL ASSETS	1,195.1	1,185.0	1.2	0.0	0.0	0.0	8.9

▶ 4.3.2 In order to service its debt, the Group will require substantial capital resources which it might not be in a position to raise. The Group's ability to access the capital required depends on many factors, some of which are beyond its control

If the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt. The Group's ability to restructure or refinance its debt would depend on different factors, some of which are beyond its control. Any refinancing of its debt could be done under less favourable terms, which could restrict the Group's operational and financial flexibility. If the Group is unable to service its debt or refinance under financially-acceptable terms, this could have a significant adverse impact on its business, financial situation and results.

Moreover, the Group's ability to implement its strategy and generate cash flow depends on economic, financial, competitive, legal, regulatory, commercial and other factors, which are outside its control and which will determine its future performance. If the Group's operating cash flow is not sufficient to cover its investment expenditure and debt servicing, it could be forced to:

- ▶ postpone or reduce investments;
- ▶ sell assets;
- ▶ relinquish commercial opportunities or opportunities for external growth (including acquisitions);
- ▶ obtain loans or additional equity; or
- ▶ restructure or refinance all or part of its debt.

The Group might not be in a position to perform any of these transactions or succeed in performing them in the time required or on satisfactory economic terms, which could have a significant negative impact on its business, financial situation and results.

▶ 4.3.3 A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise financing

The Group's debt instruments are rated by independent rating agencies, namely (i) Moody's Investor Service (with the Eutelsat Communications S.A.'s debt rated Ba1/Stable Outlook and Eutelsat S.A.'s debt rated Baa3/Stable Outlook) and (ii) Standard & Poor's (with Eutelsat Communications S.A.'s debt rated BBB-/ Stable Outlook and Eutelsat S.A.'s debt rated BBB/Stable Outlook). These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing.

During financial year 2015-2016:

- ▶ after having first upgraded the outlook of its ratings from Stable to Positive in October 2015, Moody's then returned to a Stable outlook in June 2016;

- ▶ Standard & Poor's upgraded the outlook from Negative to Stable. Ratings are unchanged since the events mentioned above.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

► 4.3.4 The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints

The Company is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2016, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

► 4.3.5 Eutelsat S.A., the Group's main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO's Closed Pension Fund

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2016, the discounted value of the Trust's pension liabilities amounted to 241.2 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 139.3 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group's business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A.

may be activated under certain conditions so as to make up for any such future funding shortfall. During the year ended 30 June 2014, the amount of guarantee being called upon was 2.5 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments and was paid in three settlements during the financial year ending 30 June 2014, 2015 and 2016.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group's business, financial situation and results.

► 4.3.6 The Group manages liquidity risk

As of 30 June 2016, Liquidity remains strong, with undrawn credit lines of 650 million euros and cash of 304 million euros on top of the 850 million euros which will be used for the redemption at maturity of the March 2017 Bond.

The Group believes that it is not exposed to any significant liquidity risk.

As of 30 June 2016, the Group complied with all of the covenants on its various credit facilities as described in Section 6.1.3.3 "Changes in debt and the Group's financing structure" of this Reference Document. Net debt to EBITDA ratio stood at 3.4 as of 30 June 2016, stable year-on-year.

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of the maturity of financial investments, financial assets and estimated future cash flows arising from operations.

The Group's goal is to maintain a balance between continuous funding and flexibility by use of overdrafts, short-term bank loans, bond issues, revolving credit lines and satellite lease contracts.

The Group's main maturities are March 2017 (850 million euros), January 2019 (800 million euros), January 2020 (930 million euros), March 2021 (600 million euros), June 2021 (500 million euros) and October 2022 (300 million euros).

4.4 REGULATORY RISKS

▶ 4.4.1 Eutelsat S.A., the Group's main operating subsidiary, is subject to the Amended Convention of Eutelsat IGO, and Eutelsat Communications is subject to the Letter-Agreement

Eutelsat S.A. by-laws provide that the international treaty establishing the Eutelsat IGO, dated 15 July 1982 and amended on 20 May 1999 (hereinafter the "Amended Convention"), is a "Reference Document" for the conduct of Eutelsat S.A.'s business activities.

Furthermore, the reciprocal rights and obligations of Eutelsat S.A. and Eutelsat IGO are defined in an agreement pursuant to the Amended Convention (the "Arrangement") dated 2 July 2001.

The rights of Eutelsat IGO under the Arrangement allow Eutelsat IGO to ensure that Eutelsat S.A. abides by the "Basic Principles" defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in compliance with relevant international agreements, including the European Convention on transfrontier television and national regulations; the pan-European coverage of the satellite system and compliance with the principles of non-discrimination and fair competition in defining its strategy and conducting its business.

For a complete description of Eutelsat S.A.'s obligations under the Arrangement, see Section 5.6 "Other provisions applicable to the Group".

With a view to allowing the Company to carry out an initial public offering of its shares, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement dated 2 September 2005 (the "Letter-Agreement") by which the Company made certain commitments to Eutelsat IGO.

Moreover, to facilitate reporting to Eutelsat IGO on the Company's operations, the Executive Secretary of Eutelsat IGO attends meetings of the Eutelsat S.A. Board of Directors and, since the IPO of Eutelsat Communications, has attended meetings of the latter's Board of Directors as an Observer.

Eutelsat IGO's assessment of Eutelsat S.A.'s operations and strategy, in terms of the obligation to observe the "Basic Principles", and the Group's financial policy, could be different from that of the Group. As a result, taking into account Eutelsat IGO's recommendations or requests could reduce the Group's responsiveness and flexibility in conducting its business, managing its debt and equity and defining its distribution policy, and could have a significant negative impact on the Group's business, financial situation and results.

▶ 4.4.2 The application of international regulations on co-ordinating frequency assignments could make it more difficult for the Group to implement its deployment plan

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts (see Section 5.1 "Regulations governing frequency assignments and international coordination" for a description of the frequency assignment coordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations (see Section 5.1 "Regulations governing frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the coordination procedure is not yet complete, priorities for these assignments and for third parties involved in the coordination could mean that coordination restricts the Group's ability to fully operate some of these assignments. As regards assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the timeframes set by the Radio

Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of two special regulations (see Section 5.1.1 "International coordination of frequency assignments under the Radio Regulations"). If any State decides to exercise their rights under these systems, or if these special regimes are amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

Finally, the ITU's Radio Regulations provide only for voluntary resolution of disputes in the event of disagreements between the ITU's Member States over non-compliance with international regulations governing coordination of their frequency assignments. The Group could be forced to accept the result of an unfavourable agreement between ITU Member States relating to frequency assignments it uses. This could have a significant negative impact on the Group's business, financial situation and results.

► 4.4.3 The Group's provision of satellite telecommunications services is subject to certain specific statutory and regulatory provisions

The satellite telecommunications industry in which the Group operates is governed by extensive regulation (see Section 5 "Regulations"). Changes in policy or regulation on a global level within the framework of the ITU or within the European Union, France or other countries in which the Group does business could have a significant negative impact on the Group's activities, financial situation and results, particularly if such changes increase costs and regulatory restrictions relating to the Group's services.

The Group must be able to maintain its existing frequency assignments at the orbital positions at which it operates its satellites or where it might need to redeploy some of its satellites. It must also be able to obtain new frequency assignments, at the same or new orbital positions, for the future expansion of its business.

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the "Confidence in the Digital Economy Act" (No. 2004-575 of 21 June 2004) and the Decree of 11 August 2006 (see Section 5.1.3 "French regulations relating to satellite frequency assignments and their operation"). Being strictly applied, this regulation has already to some extent, and could in future, limit the Group's ability to obtain new assigned frequencies from the French authorities or to use them as it would like. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

Currently, the cost of requests for frequency assignments from the ITU and those of requests for frequency usage authorisations consists solely of the handling costs of the *Agence nationale des fréquences*. A change in the pricing policy could prompt the authorities to charge operators for part of the economic value of the orbital positions they operate. This could have a significant adverse effect on the Group's business, financial situation or results.

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments", see Section 5.2.1 "Regulations in France"). Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites could no longer be accessed through future authorisation requests in France. This is the case with the 3.4-3.8 GHz band, which cannot be used at present for Fixed Satellite Services. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

When developing new businesses, the Group could be subject to regulatory requirements including those relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investment of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

The amendment of applicable regulations could also limit or prevent the obtaining or retaining of the requisite authorisations regarding the Group's current business or its development strategy, which could have a significant negative impact on the Group's business, financial position and earnings.

Furthermore, some States could decide to impose a system of taxation on satellite operators for satellite broadcast reception in their territory. Such a development could have a significant negative impact on the Group's business, financial situation and results.

► 4.4.4 Since 10 December 2010, the Group has been subject to new regulations under the French Space Operations Act

The Space Operations Act was published in France's *Journal officiel* on 4 June 2008, and its application decrees were published on 10 June 2009. The Group is mainly affected by Decree No. 2009-643 on authorisations. The Act has been in force since 10 December 2010 and is described in Section 5.4 "Regulations governing Space Operations".

The application of the Space Operations Act could therefore have a significant negative impact on the Group's business, financial situation and results.

► 4.4.5 The Group is subject to strict regulation governing the content of programmes broadcast *via* its satellites

Regulations on the broadcasting of television programmes in the European Union provide that each Member State must ensure that the programmes transmitted comply with applicable laws on broadcasts to the general public, especially for the purpose of the protection of minors and the avoidance of incitement to hatred or violence on grounds of race, sex, religion, habits or nationality.

As a French satellite operator, the Group could be given formal notice to cease broadcasting of a television channel from outside the European Union if the channel's content does not comply with French laws and regulations or if it is likely to damage public order (see Section 5.3 "Regulations governing content"). However, the Group might not be technically able to cease the broadcast without being forced to interrupt the transmission of other television channels that are part of the same multiplex on the same transponder. These television channels might then terminate contracts for that capacity and apply for compensation, which could have a significant negative impact on the Group's business, financial situation and results.

Any competent regulatory authority in Europe (see Section 5.3.1 "Audiovisual media services directive") could issue an order to interrupt broadcasting of new non-European channels. As a result, if at any time, governmental or judicial decisions prevent the Group from delivering its transmission services, it could find it more and more difficult to pursue its policy of long-term contracts for the transmission of television channels with non-French customers, thereby encouraging some of its customers to use the services of competing operators, which would have a negative impact on the Group's business, financial situation and results.

This risk can vary from one member state to another, with certain legislations adopting more flexible policies within the limits authorised by the community framework, and each regulator adopting its own interpretation of adherence to the principles.

Certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps

may therefore have repercussions, regardless of the designated national regulator within the European Union. The position of one or another of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

Finally the "Audiovisual Media Services" directive is due to be revised in 2016. Any changes, subsequently implemented within national legislations, could relate to the subsidiary criteria of determination of competence for non-European channels broadcast *via* satellite, as well as revisiting the principle of the country of origin. Should these revisions lead to the adoption of non-operational criteria to determine the competent regulator, or to a more fragmented regulatory environment, they could have an adverse effect on the financial condition and the results of the Group. Nevertheless,

Eutelsat is consulted on such matters by the Group of European regulators (ERGA), and has already had the opportunity to formulate propositions aimed at clarifying and simplifying the application of subsidiary principles, while at the same time protecting its activities from a for adverse future regulatory environment.

Finally, the Audiovisual Media Services Directive is currently under revision. Eutelsat has been consulted on this matter by the European Regulators Group and was given the opportunity to formulate proposals in order to clarify and to simplify the application of subsidiary criteria, while protecting its activities from a future regulatory environment that could be detrimental. Maintaining the Article 2.4 in its current form primarily impacts the conditions for exercise of regulatory control.

► 4.4.6 The Group is subject to other regulations applying to the channels it broadcasts

Some channels broadcast by the Group could be explicitly addressed by United Nations resolutions transposed *via* European Union regulations, introducing restrictive measures against some entities, or citing them directly in European regulations. These European regulations are directly applicable to the Group, which must ensure that none of the listed channels are broadcast using its satellites (see Section 5.3.2. "1986 French law on freedom of communication").

Considering the number of channels broadcast by the Group, and the absence of direct contractual links with television channels, the risk of transmitting channels covered by such regulations is real, representing a potentially significant negative impact on the Group's business, financial situation, and results.

4.5 MARKET RISKS

The Group is exposed to market risks, principally in terms of currency and interest rates, and the Executive Board actively manages this risk exposure using various derivative instruments. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group's policy is to use financial derivative instruments to manage such exposure. These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

► 4.5.1 Foreign exchange risk

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the U.S. dollar, which represented 34% of revenues in the financial year ended 30 June 2016. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future. This geographical expansion could result in an increase in EUR/USD and EUR/BRL exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services are denominated in U.S. dollars. These contracts involve significant amounts, generally in excess of 50 million U.S. dollars, whose payment may be phased over time. As of 30 June 2016, the Group owed phased payments totalling 20 million U.S. dollars during the financial year 2016-2017, mainly regarding two contracts in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. For example; in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble has put pressure on Eutelsat's Russian customers with euro-denominated contracts. For these reasons, Eutelsat had to accept to renegotiate with its Russian clients with the aim of alleviating some contract term. These fluctuations could then reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in currencies other than the euro.

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry out synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date. The Group does not automatically hedge all of its contracts denominated in U.S. dollars.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, especially because of currency controls or may face a strong decrease of the euro-equivalent of revenues generated in local currency. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks. Finally, the Group owns Satélites Mexicanos, whose accounts are

held in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

In order to hedge the translation risk, the hedging policy of the Group consists in creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, The

Group also uses currency derivatives (cross-currency swaps), documented as hedges of net investments in foreign operations. The Group put in place foreign exchange swaps for a notional amount of 500 million euros to hedge its net investment in Satmex.

Please refer to the Note 26.1 of the notes to the consolidated financial accounts for more information.

The following table shows the situation (in millions of euros) for all existing foreign currency hedging instruments as of 30 June:

	Notional amounts		
	2014	2015	2016
Synthetic forward transaction with knock-in option	-	121.3	-
Non-deliverable forward	-	-	8.9
Cross-currency swap (Eutelsat S.A.)	500	500	500

► 4.5.2 Interest rate risk

The Group manages its exposure to interest rate volatility by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond issues).

The following table shows the situation for all existing interest-rate hedging instruments as of 30 June 2016:

(in millions of euros)	Contractual/ notional values at 30 June 2016	Fair value at 30 June 2016	Change in fair value over the period	Impact on income	Impact on equity
Pre-hedging swap (Eutelsat S.A.)	800	(58.1)	(58.1)	-	(58.1)

The net interest-rate position as of 30 June 2016 was as follows:

Maturity	Financial assets (a)		Liabilities (b)		Net position before hedging (c)=(a)-(b)		Off balance-sheet (fixed rate swaps, caps, collars) (d)		Net position after hedging (e)=(c)+(d)	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	0.0	1,185.0	1,086.9	23.7	(1,086.9)	1,161.3	0.0	0.0	(1,086.9)	1,161.3
From 1 to 5 years	0.0	1.2	3,304.2	94.9	(3,304.2)	(93.7)	0.0	800.0	(3,304.2)	706.3
More than 5 years	0.0	8.9	729.9	71.2	(729.9)	(62.3)	0.0	0.0	(729.9)	(62.3)
TOTAL	-	1,195.1	5,121.1	189.8	(5,121.0)	1,005.3	0.0	800.0	(5,121.0)	1,805.3

Please refer to the Note 26.5 of the notes to the consolidated financial accounts for more information.

Although the Group has a pro-active interest-rate risk management policy, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

► 4.5.3 Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk regarding liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. As of 30 June 2016, the Eutelsat Communications banking syndicate comprised eight lenders with Eutelsat S.A.'s banking syndicate comprising six banks.

If any of the lenders default on the term loan portion of the credit facilities, the Group retains the amounts initially allocated in full. If any counterparty defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other

counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not expect any losses resulting from a failure by its counterparties to respect their commitments under the agreements it has concluded. As of 30 June 2016, the counterparty risk is not significant.

Risks linked to the Group's clients and suppliers are outlined, respectively, in Sections 4.1.3 "The Group's satellite deployment plan is dependent on a few major suppliers" and 4.2.5 "The Group is dependent on several major customers" of this Reference Document. The analysis of accounts receivable (matured and unmatured) can be found in Note 10.2 to the consolidated financial statements under Section 6.2 of this Reference Document.

05

Regulation

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The provision of satellite capacity and services is highly regulated. As a satellite operator providing satellite capacity and services in a number of countries, the Group must comply with national regulations in countries in which it provides or seeks to provide capacity and services, and its operations are also governed indirectly by international regulations with which these countries themselves must comply. These various regulations fall into six categories:

- ▶ national regulations governing access to the radio frequency spectrum and their coordination at international level;
- ▶ national regulations governing the deployment and operation of telecommunications networks, the supply of telecommunications services and the operation of RF facilities on the ground ("earth stations");
- ▶ regulations governing content;
- ▶ French regulations governing space operations for which France could potentially bear international liability;
- ▶ control requirements relating to exports (regulations governing the activities of the Group's suppliers); and
- ▶ other requirements applicable to the Group, such as relations with Eutelsat IGO.

5.1

REGULATIONS GOVERNING FREQUENCY ASSIGNMENTS AND INTERNATIONAL COORDINATION

All radiocommunication involves the transmission of radio waves which are characterised, *inter alia*, by their frequencies. Transmissions on identical frequencies or on frequencies that are insufficiently differentiated run the risk of creating a disturbance between these transmissions, which can result in radio interference. This interference affects the quality of the communications to some degree and, depending on the level of severity, is deemed "permissible" or "acceptable" or, if it affects the communications to the point of making them unusable, "harmful". It is because of such risks of interference and the effect on the quality of radiocommunications

services that, the International Telecommunication Union (ITU), which is a specialised United Nations agency, has a body of rules regarding "frequency assignments" and their coordination at international level to limit the risks of interference. These rules are contained in the ITU's "Radio Regulations".

The World Radiocommunication Conference (WRC) is held in Geneva every three or four years to agree on amendments to the Radio Regulations and their Appendices. The last WRC took place from 2 to 27 November 2015 and the next one will take place in 2019.

▶ 5.1.1 International coordination of frequency assignments under the Radio Regulations

The co-ordination of frequency assignments at international level aims to ensure the co-existence of satellite operations authorised by countries in the exercise of their sovereign rights (or groups of countries in their capacity as Parties to an intergovernmental organisation, which is the case of the assignments the Group inherited from the IGO when the Transformation to privatise the Company took place in 2001).

The rules governing coordination make it possible to determine whether satellite operations that have not yet commenced can begin as defined by the corresponding assignments or, if not, whether they have to be adjusted due to the risks of interference with other satellite operations. Similarly, when satellite operations have already started, and are proven to cause harmful interference to other operations, the rules define to what extent such operations can continue, with or without adjustments, or whether they must be terminated to avoid interference.

The Radio Regulations define three separate systems for frequency assignments to be used for space radiocommunications using geostationary satellites. The applicable system is determined by the frequency bands in which the frequencies to be assigned are located:

- ▶ a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the two special systems described below;
- ▶ the first special system (referred to below as the "BSS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources to be used for the uplinks to the broadcasting satellites; and
- ▶ the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C- and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these three systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration" which, for France, is the ANFR) certain items of information about the assignments to the ITU Radiocommunication Bureau (RB). The RB then publishes this information in circulars sent out periodically to the administrations of all ITU Member States.

General system

Under the general system, an initial submission ("Advance Publication") giving only limited general information about the assignments (orbital position, frequency bands) determines the start of the regulatory 7-year period during which operation of the assignments has to begin.

A second submission, known as the "Request for Coordination", which provides very detailed information on the assignments, marks the beginning of the actual coordination process. From the date it is received by the Radiocommunication Bureau, this Request for Coordination takes priority

over all assignments covered by a subsequent Request for Coordination. By virtue of this priority, when coordination between assignments covered by a subsequent Request for Coordination proves problematic or impossible, the Administration that submitted its Request for Coordination first is not required to make adjustments to its frequency assignments in order to facilitate coordination with assignments covered by a subsequent Request or Requests for Coordination.

The general system does not prohibit the implementation or operation of frequency assignments for which the coordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the 7-year period during which assignments can be brought into operation. If the assignments have not been brought into operation when this time limit expires, the Advance Publication and Request for Coordination are both deemed to have never existed and the Administration responsible must then restart the process and re-submit the two submissions. The new Request for Coordination then gives these assignments a lower priority than the first, placing them behind all assignments for which a Request for Coordination has been submitted in the meantime.

Assignments that are brought into use before the deadline expires continue to enjoy the priority conferred by the Request for Coordination during the full term of validity of the assignments as declared by the relevant Administration in its Request for Coordination (30–40 years for the Group's frequency assignments). There are, however, provisions in the Radio Regulations enabling an extension in the period of validity for the assignments in operation.

The special BSS and FSS systems

With these two special systems, the international community adopted *a priori* plans at the ITU's World Radiocommunication Conferences (WRCs). These plans guarantee all ITU Member States identical rights, irrespective of the size of their populations and territories, to make predefined use of specified amounts of radio spectrum resources in the frequency bands governed by these two systems. These predefined uses have priority over any other use of these resources. Furthermore, in contrast to the general method of coordination in which administrations that are parties to coordination can freely agree on the measures and technical conditions to be used for coordination, these special systems define highly detailed rules and technical conditions to be used for coordination.

Apart from these pre-defined frequency assignments for national coverage, public authorities may submit requests for additional frequency assignments as in the case of the general system. In this case, these two systems do not involve an initial submission (whose date, in the case of the general coordination system, determines the deadline for bringing the assignments into use), but instead call for a single detailed submission (request for registration of "additional assignments"), which, as in the general method of coordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the submission date is the start of an 8-year period during which the assignments have to be brought into use, otherwise

the entire process must be restarted with a new submission and a lower priority. Once operation has begun, it can continue for 15 years and is renewable, without loss of rights, as long as the technical specifications of these rights remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with pre-defined uses having the highest priority.

Under the FSS system, a submission does not grant priority over assignments covered by subsequent submissions. This right is acquired only if the RB finds, after reviewing the submission, that:

- ▶ the assignments do not affect the rights of any Member State, as predetermined by the plan, or the rights acquired by a Member State for assignments covered by a submission on which the RB has previously reached a favourable finding; or, if the opposite is the case;
- ▶ the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

If the RB reaches a negative conclusion, the submission is deemed null and void. In that case, the administration concerned has to make a new submission, which will be examined by the RB after all the other submissions that have been received by the RB in the meantime.

Most of the frequency assignments the Group uses for its activities, present and future, have been granted under the general system and have either been successfully co-ordinated or benefit from a high priority.

Nevertheless, at a number of orbital positions, the Group operates under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful coordination procedure. In a small number of cases, however, the Group began operation under such assignments without having yet completed the coordination process.

Resolution of disputes

The legal certainty obtained by satellite operators from the application of the Radio Regulations governing international coordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

As a general rule, verified situations of harmful interference are handled through informal contacts at an operational level (control centres) between the operators concerned. In the majority of cases, the operators resolve the problem. Rare cases that cannot be resolved by such means are handled through exchanges between the relevant administrations ("interference claims"). The administrations can also request the assistance of the RB to establish contacts or, in very rare cases, conduct an investigation into the failure by an ITU Member State to comply with its obligations under the Radio Regulations.

However, the Radio Regulations do not contain any mechanism for mandatory resolution of disputes or compulsory enforcement. The ITU's arbitration procedure assumes the consent of the parties. Similarly, no provision of the Radio Regulations or of international law in general offers a solution in cases when this spontaneous and voluntary arbitration process does not succeed in resolving the dispute.

► 5.1.2 Frequency assignments under joint responsibility and/or granted by France

Frequency assignments used by the Group in its business activities, both present and future, involve joint responsibility, and were, for the most part, issued to the IGO by the Member States collectively (the "Parties") prior to the Transformation. For all these frequency assignments, the Parties collectively discharged their joint obligations under the Radio Regulations through the Party of France, which was designated by them to act in their name and on their behalf.

The *Agence nationale des fréquences* (ANFR) is the French authority responsible for ensuring that France complies with its obligations under the Radio Regulations. Prior to the Transformation, the ANFR was the entity

responsible for applying the international rules governing the coordination of frequency assignments on behalf of all the Parties.

Following the Transformation, all frequency assignments remained under the joint responsibility of the Parties.

France is the main authority required by the Group for all new French frequency assignments (see the description of applicable French regulations under "Access to frequencies" as below). Eutelsat S.A. has already requested and obtained new frequency assignments, both to supplement the collective frequency assignments that were transferred to it on 2 July 2001 and to plan for the future development of its activities.

► 5.1.3 French regulations relating to satellite frequency assignments and their operation

Prior to the adoption of French Law No. 2004-575 of 21 June 2004, satellite frequency assignments were under the sole control of the ANFR. They depended on the ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international coordination of frequency assignments. Relations between the operators and the ANFR for the operation of frequency assignments were not legally formalised.

Law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des postes et des communications électroniques* (Postal and Electronic Communications Code, hereinafter "CPCE") in Articles L. 97.2 and subsequent Articles. This law, together with decree No. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R. 52-3-1 and subsequent Articles, establishes a new two-stage process:

- the assignment request is sent to the ANFR, which, after verifying that it complies with the national Table of Frequency Band Allocations, declares it to the ITU on behalf of France. A fee, equal to the amount invoiced by ITU to ANFR for processing the request submitted to ITU, is payable by the operator (Article R. 52-3-1 of the CPCE);
- operation of the assignment is subject to authorisation by the minister responsible for electronic communications, after obtaining the opinion of the authorities involved in assigning the frequencies concerned (*Conseil supérieur de l'audiovisuel* (CSA), the *Autorité de régulation des*

communications électroniques et des postes (ARCEP), the French Ministry of Defence, etc.). This authorisation is granted on condition that the entity requesting the capacity provides proof of its ability to control the emissions of all RF stations, including earth stations, using the frequency assignment, and pays a fee to the ANFR for services rendered corresponding to the cost to the government of processing the request. The amount of this fee is established jointly by the minister in charge of the budget and the minister in charge of electronic communications. The decree of 11 August 2006 set this amount at 20,000 euros. Authorisation can be refused, for example "for the protection of public order, defence or public safety".

Entities applying to the French government or the ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN (*Loi pour la confiance dans l'économie numérique*) had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August 2006, which was the publication date of decree No. 2006-1015 of 11 August 2007 on frequency assignments to satellite systems, which amended the CPCE. This was done by the Group on 10 August 2006, and a summary of the requests submitted on that occasion was published by the ANFR.

Currently, Eutelsat S.A. is authorised to operate frequency assignments at the orbital positions 12.5° West, 8° West, 7° West, 5° West, 1° East, 3° East, 4° East, 7° East, 9° East, 10° East, 13° East, 14.5° East, 16° East, 21.5° East, 25.5° East, 28.5° East, 33° East, 36° East, 70.5° East and 76° East.

► 5.1.4 Frequency assignments granted by Mexico

Providers of satellite services to or within Mexico and the use of orbital slots licensed by the Mexican government are subject to the requirements of the Federal Telecommunications and Broadcasting Law. Under the Telecommunications Law, a provider of satellite services must operate under a concession granted by the SCT. Such a concession may only be granted to a Mexican corporation and may not be transferred or assigned without the approval of the SCT. Pursuant to a recent amendment to the Mexican Constitution, foreign investors are permitted by law to hold up to 100% of the full-voting stock of such a corporation.

In addition, Eutelsat America's (previously Satmex) operations are subject to the regulations of the Mexican (a) *Ley General de Bienes Nacionales* (the "General Law on National Assets"), which regulates all assets that fall within the public domain, as well as the safeguarding clauses contained in our Concession; (b) *Ley General del Equilibrio Ecológico y Protección al Ambiente* (the "General Law on Ecology and Protection of the Environment") together with other Mexican environmental laws; (c) *Ley Federal de Competencia Económica* (the "Federal Economic Competition Law"); (d) *Ley de Vías Generales de Comunicación* (the "Law of General Means of Communication") and (e) other international treaties, laws, rules, regulations and decrees.

Under the Federal Telecommunications and Broadcasting Law, the SCT is, among other things, responsible for issuing concessions and permits related to telecommunications and for formulating policies in the telecommunications area and otherwise taking all other actions on behalf of the Mexican government in connection with telecommunications. The *Instituto Federal de Telecomunicaciones* ("IFT") is the telecommunications regulator responsible for, among other things, most day-to-day regulation of satellite communications services in Mexico.

The rules promulgated pursuant to the Federal Telecommunications and Broadcasting Law require licensees of satellites intending to provide telecommunications services through one or more transmitting earth stations of their own to obtain a separate license to construct and operate a public telecommunications network. Where the satellite operator intends to provide telecommunication services to any person not holding a public telecommunications network concession or permit, it must provide such services only through an affiliate or subsidiary that holds a separate concession or permit.

Mexican laws currently allow competition in the provision of (a) any Mexican satellite operators holding a concession and (b) any foreign satellite operators holding an authorisation to provide international FSS, DTH FSS and broadcast satellite services. The Mexican government has liberalized its regulatory environment to allow non-Mexican satellite companies to provide satellite services in Mexico.

The Orbital Concessions awarded by the Mexican government to Eutelsat Americas currently include the right to use the 113.0° W.L., 114.9° W.L. and 116.8° W.L. orbital slots and associated C- and Ku-radio-frequency bands, and the right to use a Ka-band at 113.0° W.L. and 114.9° W.L. upon fulfilment of certain requirements before the SCT and the IFT.

As part of the three Orbital Concessions, Eutelsat Americas is required by the SCT to allocate 362.88 MHz (156.11 MHz in C-band and 206.77 MHz in Ku-band) of capacity to the Mexican government, free of charge, for national security and certain social services (State Reserve). In the case of future satellites, the capacity reserved to the Mexican government will be defined by the SCT according to applicable law and regulations.

► 5.1.5 Frequency assignments granted by authorities other than France or Mexico

On an increasing number of orbital positions, the Group operates satellites with frequency assignments granted by authorities other than France (or Mexico). The Group may be the direct beneficiary of the corresponding rights, or these frequency assignments may be operated by the Group under agreements entered into with entities having the right to use these assignments.

The EUTELSAT 36A satellite operated at 36° East under Russian frequency assignments, granted by the Russian Authority and held directly by RSCC.

In the case of the EUTELSAT 172A satellite, operated at 172° East, the Group is the direct beneficiary of the frequency assignments granted by the U.S. Authority. The satellite also operates its assignments under U.S. regulations and authority.

For the EUTELSAT 65 West A satellite – operated at orbital position 65° West – frequency assignments have been granted by the Brazilian

Authority. They were obtained, together with associated authorisations, in an auction process in Brazil and the Group became its direct beneficiary. The satellite will operate these assignments under the Brazilian Authority and regulations and under other administrations, namely for the protection of services outside of the Brazilian territory from the 65° West orbital position. In this regard, the Group also intends to obtain rights on further assignments for additional frequencies and/or coverage.

Following a further phase of public auctions in Brazil, the Group has also obtained frequencies at the 69.45° West orbital position, which it intends to use for the development of new projects.

The EUTELSAT 117 West B is operated at the orbital position 117° West under Papua New Guinea frequency assignments of which Eutelsat is the beneficiary.

5.2 REGULATIONS GOVERNING THE OPERATION OF EARTH STATIONS, THE DEPLOYMENT OF NETWORKS, THE OPERATION OF ELECTRONIC COMMUNICATIONS NETWORKS AND THE PROVISION OF ELECTRONIC COMMUNICATIONS SERVICES

As a satellite operator offering its services in approximately 150 countries, the Group is subject to national laws and regulations on communications and broadcasting in a large number of different countries.

Most of these countries do not require satellite operators to obtain a licence or other authorisation if their role is limited to providing satellite capacity to other entities that are themselves authorised to operate networks and/or communications services. In these countries, the Group only needs a

licence or other authorisation if it intends to deploy and operate its own communications networks or install and operate earth stations. Most European countries and many of the Member States of the World Trade Organisation (WTO) have been included in this category of countries since the liberalisation of their regulations, by virtue of the commitments made under the WTO Agreement on basic telecommunications services, which came into force in February 1998.

► 5.2.1 Regulations in France

The *Autorité de régulation des communications électroniques et des postes* (ARCEP) is the French authority responsible for ensuring that operators comply with the obligations contained in the applicable legislation and regulation.

Operation of telecommunications networks

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services used to require prior authorisation from the Minister of Telecommunications while independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by ARCEP. Under French Law No. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services, the installation and operation of networks open to the general public are now unrestricted, provided a prior declaration is made to ARCEP. This formality does not apply to independent networks.

On 16 July 2001, the Minister of Telecommunications granted authorisation, under the previous system, for Eutelsat S.A. to establish and operate a telecommunications satellite network open to the general public in France for services other than public telephony for a period of 15 years. This authorisation also allows Eutelsat S.A. to operate and provide VSAT satellite networks and services in France. Eutelsat S.A. has deployed a certain number of bi-directional VSAT terminals on French territory. However, until 2015, these activities still require payment of an administrative tax of 20,000 euros under Article L. 33-1 of the CPCE. French Finance Law No. 2015-1785 of 29 December 2015 for 2016 removed this tax due by communication operators (article 27).

Under a declaration registered by the ARCEP on 21 December 2012, Eutelsat has amended the previous declaration to add the supply of electronic communications services to the operating electronic telecommunications networks opened to the public.

Access to frequencies

Moreover, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). Under the terms of Article L. 42-1 of the CPCE, these authorisations cannot exceed 20 years. ARCEP also imposes a certain number of technical requirements that must be respected by the operators to which the frequencies have been assigned. In addition, operators are required to pay an annual fee to the government for the provision of frequencies and an annual fee for their management, under decree No. 2007-1532 and the order of 24 October 2007, as amended by decree No. 2008-656 and the order of 2 July 2008 as well as the decree No°2016-409 and the order of 5 April 2016. They also have to take the necessary measures to protect the secrecy of private communications as well as the confidentiality of their customers' personal data. ARCEP has assigned to Eutelsat S.A. a certain number of frequencies for the operation of earth stations.

Non-compliance with the applicable telecommunication laws and regulations could result in administrative or criminal fines, as well as sanctions imposed by ARCEP or other public authorities, including the suspension or withdrawal of the frequency assignment.

► 5.2.2 Regulations in other countries

Many countries, including most European states, have liberalised their regulatory frameworks relating to the provision of voice, data and video services. They have also increased the scope for granting authorisations to own and operate earth station equipment and to select a provider of satellite capacity. Most countries allow authorised providers of communications services to have their own transmission equipment and to purchase satellite capacity without restriction. This facilitates end-user access to the Group's services.

The Group filed licensing applications to act as a network and earth station operator in Italy, Germany, Austria, the United Kingdom, Switzerland and Spain. The Group notably obtained a network operator licence and two general authorisations to provide interactive satellite services in Italy.

For the operation of its satellite EUTELSAT KA-SAT 9A, the Group has obtained licences for the 10 gateways installed in France, Italy, Germany, Ireland, Spain, Finland, Cyprus and Greece. Furthermore the Group has obtained authorisations to operate fixed terminals using the system KA-SAT in all European Union Member States. Licences were also obtained in Turkey, Ukraine, Russia and Serbia. The applications for the required licences in all the other countries covered by the EUTELSAT KA-SAT 9A satellite are in progress. Recently, a licence was notably obtained in Qatar and proceedings are in progress in Egypt, Algeria and the United Arab Emirates. In addition, the Group has initiated the process to obtain licences required for mobile applications in Ka-band, when necessary. The process has been completed for France, Spain, Germany, Italy and Greece.

Some countries, generally in emerging markets, have maintained strict or *de facto* monopolies. In these countries, a single State entity (generally the public postal, telephone and telegraph authority) often has a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to/from that country, including *via* satellite. To offer services in these countries, the Group may have to negotiate an operating agreement with the State entity, which defines the services to be offered by each party, the contractual terms of the service and tariffs. Depending on national regulatory requirements, operating agreements between the Group and the service provider may require end-user clients to obtain the Group's services through the State entity, with all associated ground services provided by that entity. These operating agreements also allow customers to possess and use their own equipment, while requiring them to purchase the Group's services through the State entity.

Landing rights

Despite the liberalisation of national regulations following adoption of the WTO Agreement on Basic Telecommunications Services, some countries require authorisations to operate satellites in-orbit. In these countries, the Group has to obtain authorisation to provide (i) downlink services from the satellite to the earth station terminals located in these countries ("landing rights") or (ii) uplink services from the earth station terminals to the satellite ("take-off rights").

Prior to becoming a part of the Group, Satmex (which now operates under the name Eutelsat Americas) secured landing rights to provide satellite services to more than 45 nations and territories in the western hemisphere.

Eutelsat Americas maintains an authorization by the FCC to access the U.S. market with respect to Satmex 5 (renamed EUTELSAT 115 West A), Satmex 6 (renamed EUTELSAT 113 West A), Satmex 7 (renamed EUTELSAT 115 West B), Satmex 8 (renamed EUTELSAT 117 West A) and Satmex 9 (renamed EUTELSAT 117 West B). These satellites, excepting EUTELSAT 117 West B, have also been added to the list of foreign satellites approved to provide FSS in Canada. The update of the landing rights granted by Brazil to deliver services by EUTELSAT 113 West A is in process.

For Argentina, landing rights are granted for the provision of services on EUTELSAT 115 West A, whereas for EUTELSAT 113 West A and EUTELSAT 115 West B, a request for landing rights has been issued, but the landing rights have not yet been granted.

The Group has also obtained these authorisations for some of its satellites in Brazil, Pakistan and a number of other South American countries. The Brazilian regulatory authority granted Eutelsat S.A. landing rights in April 2002 for EUTELSAT 8 West A (at 8° West), EUTELSAT 10A (at 10° East) and EUTELSAT 12 West A (12.5° West) and, in June 2003, for EUTELSAT 5 West A (at 5° West).

Within the framework of the acquisition of orbital rights at the orbital position 65° West, via the auction process in Brazil, the Group has also

automatically obtained the Brazilian landing rights for this orbital position, and the obtention of landing rights for other countries in the region covered by the EUTELSAT 65 West A satellite (launched in March 2016) is under way.

Access to the Group's satellites from the USA

The Federal Communications Commission, or FCC, is the governmental agency in the USA responsible for regulating satellite communications. In 1997, the FCC enacted regulations permitting non-U.S. satellite operators to request access to the U.S. market using non-U.S. satellites, for the provision of both international and domestic services. In 1999, the FCC streamlined the process by creating the "Permitted Space Station List".

Where a non-U.S. satellite is added to the FCC's Permitted Space Station List, earth station operators in the USA licensed to operate with U.S. satellites are able to access that non-U.S. satellite without additional authorisation from the FCC. These streamlined procedures are applicable only to frequency bands that the FCC considers as being "conventional". These do not include the full spectrum of Ku-band or C-band frequencies used for transmissions to and from the Group's satellites. Earth station operators in the USA must therefore still apply for FCC authorisations to transmit to or receive from the Group's satellites in certain frequency bands even though these satellites are on the FCC's "Permitted Space Station List".

Currently five of the Group's satellites are included on the "Permitted Space Station List".

Name of satellite	Orbital position	Date of inclusion on the Permitted Space Station List
EUTELSAT 8 West A (previously EUTELSAT ATLANTIC BIRD™ 1)	8° West	30 August 2001
EUTELSAT 12 West A (previously EUTELSAT ATLANTIC BIRD™ 2)	12.5° West	30 August 2001
EUTELSAT 113 West A (previously Satmex 6)	113.0° West	4 August 2006
EUTELSAT 115 West B (previously Satmex 7)	114.9° West	11 June 2015
EUTELSAT 117 West A (previously Satmex 8)	116.8° West	7 December 2012

On top of the framework of the "Permitted Space Station List", the Group also obtained from FCC licences authorizing access to the North-American market for EUTELSAT 117 West B (previously Satmex 9):

Name of satellite	Orbital position	Date of licence agreement	FCC "call sign"
EUTELSAT 117 West B (previously Satmex 9)	117.0° West	20 August 2015	S2926

► 5.2.3 European Union regulations

Current regulatory framework

Over the last decade, the regulatory environment for satellite communications in the European Union (EU) has seen considerable change. Gradual liberalisation in this sector, as well as the Transformation of the IGO and the privatisation of international satellite organisations such as Intelsat and Inmarsat have created a more open and competitive market. This trend towards liberalisation has also occurred in a number of other European countries. In particular, countries seeking admission to the EU are adapting their national legislation so as to align it with EU regulations.

EU Member States were required to adapt their national regulations by July 2003 to incorporate the provisions of five new EU directives and one EU decision, all adopted in 2002, which make up the "Telecom Package":

- European Directive 2002/19/EC of 7 March 2002 concerning access to, and interconnection of, electronic communications networks and associated facilities (the "Access" Directive);
- European Directive 2002/20/EC of 7 March 2002 on the authorisation of electronic communications networks and services (the "Authorisation" Directive);
- European Directive 2002/21/EC of 7 March 2002 on a common regulatory framework for electronic communications networks and services (the "Framework" Directive);

- ▶ European Directive 2002/22/EC of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (the "Universal Service" Directive);
- ▶ European Directive 2002/58/EC of 12 July 2002 concerning the handling of personal data and protection of privacy in the electronic communications sector (the "Privacy and Electronic Communications" Directive);
- ▶ Decision No. 676/2002/EC of 7 March 2002 on a regulatory framework for radio spectrum policy in the European Union (the "Radio Spectrum" Decision).

These new regulations apply to electronic communications networks and services and generally reduce regulatory requirements in these areas. These directives were transposed into France's national law by the adoption of Act No. 2004-669 of 9 July 2004, which amended the CPCE.

Regulatory reform

Further reforms to the framework applicable to the telecoms sector were adopted by the European Parliament on 24 November 2009.

One of the principles of this reform provides for the rationalisation and harmonisation of frequency management in Europe.

Furthermore, authorisation to use frequencies should in theory be neutral in terms of technology and services. As a result, any administrative decision as to the choice of technologies and services will be exceptional.

Mechanisms guaranteeing free competition will be put into place. More specifically, operators identified as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct, they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses. This means that network operations and the provision of services could be separated into two autonomous entities.

To date, Eutelsat has not been identified as exercising significant influence in a given market. According to ARCEP, the European institutions (the Commission or the new European regulator where applicable) are responsible for determining whether the Group exercises a significant degree of influence, since the Group operates in a transnational market. To our knowledge, no consultation is currently pending at European level on this issue. In the future, the question of whether the Group exercises significant influence could be investigated, for example with respect to the satellite TV broadcasting market.

In 2015, the Commission launched a consultation process on the assessment and the revision of this regulatory framework of electronic communications (Telecom package) which ended on 7 December 2015. Eutelsat contributed to this consultation. The process of elaboration of a new Telecom package was initiated by the European Commission.

5.3

REGULATIONS GOVERNING CONTENT

▶ 5.3.1 "Audiovisual Media Services" Directive

TV broadcasting in the European Union was first regulated by Directive 89/552/EEC of 3 October 1989, also known as the "Television without Frontiers" Directive. This Directive has been substantially changed through two amendments:

- ▶ European Directive 97/36/EEC of 30 June 1997, on the coordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities; and
- ▶ European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" (AVMS) Directive. This Directive (i) extends the scope of the "Television Without Frontiers" Directive to on-demand audiovisual media services, (ii) promotes the production of and access to European works and (iii) relaxes the rules governing audiovisual advertising. The Directive was required to be transposed into the national laws of Member States by 19 December 2009; it has direct and simultaneous application throughout the European Union since this date, hence preventing any dispute over jurisdiction liable to arise from any gap in transposition between Member States and was transposed into French law by the Act of 5 March 2009 relating to audiovisual communication and the new public television service.

Following these different modifications, the Directive was codified by means of the 2010/13/EU Directive of 10 March 2010.

In accordance with this regulation, each EU Member State has to ensure that programmes transmitted by TV broadcasters under its jurisdiction comply with laws applicable to broadcasts intended for the general public.

Channels established in an EU Member State

If the television channel is established in an EU Member State, that Member State is automatically the competent regulatory authority. Under the regulations of most EU Member States, producers of television programmes that can be viewed by the general public must be authorised by the regulatory body. After being approved by the regulator in its home country, a channel can then broadcast its content freely in other EU States, provided that it continues to comply with its home country's laws. These laws include the provisions of Directives in force, including those covering the protection of minors and banning the promotion of hatred and racial discrimination.

Channels not established in an EU Member State

In the case of channels outside the EU that are broadcast *via* satellite to all or part of the EU and, by definition, are established in a country that is not an EU Member, the "Audiovisual Media Services" Directive provides for the determination of an EU Member State to regulate these channels on behalf of the other Member States.

Since the "Audiovisual Media Services" directive came into force on 19 December 2009, the responsible EU Member State has been the one from which the uplink is made towards the satellite (criterion No. 1) or, failing this, the one with authority over the satellite capacity used (criterion No. 2).

The AVMS Directive has established a Contact Committee under the aegis of the European Commission. The Committee brings together representatives of the regulatory authorities of EU Member States. Its objective is (i) to facilitate effective implementation of the Directive through regular consultation on any practical problems arising from its application (particularly from application of Article 2), (ii) to deliver opinions, and (iii) (c) to be a forum for an exchange of views.

At its 26th meeting held on 19 February 2008, during the transposition period of the AVMS Directive, the Commission established an anteriority rule to ensure that channels are subject only to a single jurisdiction: “*The Member State where the uplink is used first keeps jurisdiction, even if the same signal is also uplinked later – for other bouquets – from another Member State*”. Accordingly, the uplink prevails to identify the Member State having jurisdiction.

On 3 November 2009, during its 31st meeting, the Commission proposed to improve the anteriority criterion of the uplink: “*If the oldest uplink concerns a satellite whose footprint is not focussed on Europe, while the more recent one concerns a satellite whose footprint is focussed on Europe, the more recent uplink should be taken into consideration for determining the jurisdiction. The focus of a footprint is the region where the signal strength is the highest.*”

In practice, these principles are implemented by the CSA as follows:

- ▶ when two or more uplinks concern satellites with non-equivalent coverages of Europe (EU), the Member State having jurisdiction is the one

where the uplink targets the satellite offering the best coverage of Europe (footprint criterion);

- ▶ when two or more uplinks concern satellites with equivalent coverages of Europe (or the same satellite), the Member State having jurisdiction is the one with the oldest uplink (anteriority criterion).

The directive was transposed in France by the law of 5 March 2009. Since 2009, most of the non-European channels broadcast by the Group in Europe use an uplink coming from an EU country which is now covered by other European regulators. The French CSA is no longer systematically the competent regulatory authority.

The AMVS directive is currently under revision. Following a public consultation to which Eutelsat contributed, requesting notably to modify the criteria for determining the regulator for non-European channels, the commission submitted a text to the Parliament and to the Council on 25 May 2016. This proposal does not include any change of Article 2.4.

▶ 5.3.2 France’s Freedom of Communication Act 1986

In accordance with Law No. 86-1067 of 30 September 1986 on the freedom of communication, as amended, French TV channels broadcast by the Group were subject to a convention with the CSA until the Antiterrorism Act No. 2006-64 of 23 January 2006, introducing various provisions concerning security and border controls, which terminated all prior formalities (*i.e.* all authorisation procedures) regarding the broadcasting of non-EU channels for which France has authority, and those that come under the authority of other European Member States or parties to the European Economic Area Agreement. Nevertheless, like French channels, they remain subject to French law and all restrictions on content imposed by the 1986 Act, particularly regarding human dignity, protection of minors and the safeguarding of public order, as defined in Article 1, and non-incitement to hatred and violence for reasons of race, sex, culture, religion or nationality, as established in Article 15.

As a satellite operator, the Group is not a provider of television programmes and does not therefore have to obtain authorisation from the CSA.

However, it is subject to certain obligations under the Act of 30 September 1986:

- ▶ it is required under Article 19 to provide the CSA with all information needed to identify the producers of the channels it broadcasts; and
- ▶ it is required under Article 33-1-III to inform channel producers of the regime applicable to them, including the aforementioned restrictions on the freedom of communication. Since Eutelsat S.A. has no direct contractual link with most of the channels it broadcasts, it fulfils its obligation by including in its contracts a clause stating that content broadcast on leased capacity must comply with the law in force in the country of reception.

The CSA’s powers of sanction are defined in Article 42: it can serve a notice directly on Eutelsat to comply with its legal obligations. The CSA can serve a notice on Eutelsat not only to fulfil its obligations as defined in Articles 19 and 33-1, but also to cease broadcasting any non-EU TV channel that does

not comply with the principles set out in the law. In practice, this provision has so far been used only to address threats against public order, incitement to racial hatred as well as offence to human dignity.

If Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to sanction the Company by imposing a fine of up to 3% of its annual revenues and 5% in the event of a further violation of the same obligation (Articles 42-1 and 42-2).

The CSA has another legal method of ensuring compliance with a notice, *i.e.* a summary application (*référé*) to the *Conseil d’État* for an interim order requiring Eutelsat to fulfil its legal obligations. However, since this method is more cumbersome than the service of a notice and direct penalties, it has rarely been used.

These specific powers, which enable the CSA to bring pressure to bear on the satellite operator, are not expressly provided for in the Directive. The Directive does accept, however, that Member States can take this type of action.

Finally, with the framework of sanctions imposed on some States by the European Union and/or the Security Council of United Nations, Eutelsat might have to request the termination of a service if a channel broadcast by its satellites were to figure amongst the sanctioned organisations.

In technical terms, were the channel in question to refuse to stop broadcasting, to cease transmission of an uplinked signal on a given transponder, the Group has to switch off the corresponding transponder on-board the satellite even if this transponder is carrying other, authorised television channels (a 36 MHz transponder can broadcast up to ten television channels in digital mode). For this reason, it could prove difficult to comply with any CSA injunctions without being forced to terminate contracts with other distributors that lease capacity to duly-authorised channels in the event that the channel in question does not stop broadcasting on its own initiative (see Section 4.4.5 “The Group is subject to strict regulations on the content of the programmes broadcast *via* its satellites”).

5.4

REGULATIONS GOVERNING SPACE OPERATIONS

The French Space Operations Act governing space operations was published in France's *Journal officiel* on 4 June 2008. This legislation is the direct result of France's international obligations, imposed by various UN treaties including:

- ▶ the 1967 Treaty on principles governing the activities of States in the exploration and use of outer space, including the moon and other celestial bodies;
- ▶ the 1972 Convention on international liability for damage caused by space objects.

▶ 5.4.1 Principles set out in the Act

The Act creates an authorisation regime for space operations that may incur France's international liability, namely the launch of a space object from France and, for a French operator, the launch of a space object from France or abroad, the control of a space object in outer space or the transfer of control of a space object that has already been authorised. These authorisations are granted by the Minister for Space within a period of four months, which may be extended by two months if there is a valid reason.

The Act also creates a licensing regime for operators involving certain guarantees. There are three levels of licence: licences attesting only the respect of moral, financial and professional guarantees; licences that, in addition, require that systems and procedures comply with the technical regulations, and licences that grant authorisation for certain operations, in which case there is only a case-by-case reporting requirement. In the first and second levels, case-by-case authorisation remains necessary for each operation, but will take less time to obtain than with the old procedure. The third level of licences only exists for in-orbit control operations, and will not cover launch operations, which remain subject to a system of case-by-case authorisations.

▶ 5.4.2 The authorisation process

Decree No. 2009-643 stipulates the authorisation process, providing for delivery of authorisations by the Minister for Space no later than four months following the filing of a completed application, which can be extended by two months if the decision is justified. The process and timeframe are the same for licence applications. If the applicant already has a level 1 or 2 licence, the authorisations are delivered within one month, which may be extended by two months.

Authorisation or licence applications include two elements:

- ▶ an administrative element, which attests to the existence of sufficient moral, professional and financial guarantees;
- ▶ a technical element, which demonstrates that the systems and procedures the applicant intends to use comply with the technical regulations.

These technical regulations were published by decree on 31 May 2011. Within the framework of the authorisation process, they require the availability of various studies on orbital control (studies on danger and environmental impact), risk control measures (plan for limitation of debris in space, plan for preventing collision risk, etc.), documents on quality and proof of the implementation of an organisation to deal with all the technical

Two application decrees were published on 10 June 2009. Of the two, the Group is mainly affected by Decree No. 2009-643 relating to authorisations. This decree stipulates that the system will come into force one year after the publication of the relevant technical regulations and, at the latest, 18 months after publication of the decrees. The technical regulations were published by decree on 31 May 2011 and the system has thus been in force since 10 December 2010.

The Act also requires insurance (or equivalent financial guarantee) throughout the space operation. Nevertheless, the decree relating to authorisations states that the Minister for Space may waive this obligation for an operator during the station-keeping phase of a geostationary satellite if it can produce a document confirming its solvency.

If, as a result of an operation authorised under this Act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may benefit from a State guarantee for amounts exceeding the ceiling set out in the authorisation and enshrined by the applicable finance law. As things currently stand, the ceiling is between 50 million euros and 70 million euros as laid down by Article 119 of Law No. 2008-1443 of 30 December 2008 rectifying finances for 2008. However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA (European economic area) country or using resources or facilities under the jurisdiction of any such country. Furthermore, during the orbital control phase, the guarantee will only apply if the damage is caused on the ground or in the airspace.

and organisational facts, as the case may be, potentially affecting space operations as authorised. The regulations also require the CNES (*Centre national d'études spatiales*) to be informed of the co-contractors' and subcontractors' undertaking to comply with the technical regulations.

They also establish a number of requirements linked to the limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of useful life, the probability of being able to dispose of the energy resources needed for end of operational life manoeuvres, etc.

The regulations provide for temporary measures and progressive entry into force (best efforts) for the various requirements, to take the current design of satellites into account and to give manufacturers the time needed to apply the new requirements to future satellites. All the legal provisions will be applicable as of 1 January 2021.

The technical part of the applications is dealt with by the CNES, which transmits its decision to the Ministry responsible for space. Before handing down a decision, the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

► 5.4.3 Licences and authorisations obtained by the Group

Within the framework of this process, on 24 December 2010, the Group obtained by decree a licence equivalent to authorisation for the control of space devices for its entire fleet. This licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations associated with the Act had not yet been published. On 11 October 2011, the Group obtained a new licence serving as authorisation and valid until 31 December 2020.

The licence provides for requirements in addition to those in the technical regulations. In particular, the Group will have to provide, for any new satellite to be launched within the framework of this licence, specific information such as the mission analysis and danger study, the revision dates prior to launch and the launch date, and propellant emissions before and after the launch. The Group will also have to send regular declarations to the CNES proving the ability of satellites covered by the licence to perform service withdrawal manoeuvres. The Group is also required to notify the Minister and the CNES of any changes in orbital position other than an avoidance manoeuvre one month before the start of its implementation, except in the event of an emergency.

The Group also obtained authorizations to operate satellites which were not covered by the licence obtained on 11 October 2011:

- on 29 July 2013, the authorization to operate EUTELSAT 25B;
- on 29 February 2016, authorization to operate EUTELSAT 65 West A.

Any satellite launches undertaken by the Group from France or abroad remain subject to a case-by-case authorisation regime. However, on 23 December 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such subsequent requests and reducing the authorisation timeframe from four months to one month.

To date, the Group has obtained authorisations to launch EUTELSAT KA-SAT 9A, EUTELSAT 7 West A, EUTELSAT 16A, EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B, EUTELSAT 3B, EUTELSAT 9B and EUTELSAT 8 West B.

Within the framework of its authorisations to proceed with satellite launches, one month before launch the Group has to provide the launch authorisation obtained by Arianespace in the case of a launch by Ariane 5, or, in the case of a launch by other launchers, the launch authorisation granted by the relevant government to its launch operator or, failing this, a "certificate" for authorisation to launch from the relevant government or its launch operator.

5.5 U.S. EXPORT CONTROL REQUIREMENTS (REGULATIONS GOVERNING THE ACTIVITIES OF THE GROUP'S SUPPLIERS)

U.S. companies and companies located in the USA must comply with U.S. export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the trade sanction laws and regulations administered by the U.S. Treasury's Office of Foreign Asset Control in connection with any information, products and equipment that is regulated by U.S. law and supplied to non-U.S. companies. The export of satellites, satellite hardware, defence services and technical information relating to satellites to non-U.S. satellite manufacturers, launch services providers, insurers, customers, non-U.S. employees and other persons who do not have U.S. nationality is

regulated by the Office of Defence Trade Controls under the International Traffic in Arms Regulations of the U.S. Department of State and/or by the U.S. Department of Commerce. Since the Group and its service providers, distributors, suppliers and sub-contractors using U.S. technologies (including for communications) export U.S. components for the construction of the Group's satellites and provide launch services outside the USA, they are required to obtain permits for the export of technical data and material (under technical assistance agreements) for any material they purchase for the construction of satellites or for satellite launches outside the USA.

5.6 OTHER PROVISIONS APPLICABLE TO THE GROUP

Eutelsat S.A.'s activities were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by certain countries in Western Europe (the "Signatories") on 1 September 1985 (under the "Convention") to develop and operate a telecommunications satellite system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating

activities were transferred to Eutelsat S.A. (the "Transformation"). As a result of the Transformation, the Convention was amended to adjust the IGO's missions (the "Amended Convention").

Eutelsat IGO has been maintained as an intergovernmental organisation and currently covers 49 European countries.

► 5.6.1 Role of Eutelsat IGO

The main purpose of Eutelsat IGO is to ensure that Eutelsat S.A. complies with the following principles ("Basic Principles"):

- public service/universal service obligations: these obligations apply to the space segment and to its use to provide services connected to the public switched telephone network. Audiovisual services and future services will be provided in compliance with the relevant national regulations and international agreements, in particular the provisions of the European Convention on Transfrontier Television, taking account of those applying to the universal service concept and the information society;

- pan-European coverage by the satellite system: Eutelsat S.A. shall, on an economic basis, seek through the pan-European coverage of its satellite system to serve all areas where there is a need for communications services in Member States;
- non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations; and
- fair competition: Eutelsat S.A. must comply with all applicable laws and regulations relating to competition.

► 5.6.2 Current relationship between Eutelsat S.A. and Eutelsat IGO

The relationship between Eutelsat S.A. and Eutelsat IGO is governed by an agreement that came into force on 2 July 2001 and was amended on 10 December 2004 (the "Arrangement"). The Arrangement states that, on the understanding that the management of Eutelsat S.A. is carried out on a sound economic and financial basis, Eutelsat S.A.'s principal obligation under the Arrangement shall be to observe the "Basic Principles". The main provisions of the Arrangement are as follows:

Eutelsat S.A.'s obligations

- Eutelsat IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall inform Eutelsat IGO, and take into account any recommendation made by Eutelsat IGO, in the event of any major changes to its operating, technical, marketing or financial policies that might materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall obtain written prior approval from Eutelsat IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.
- Eutelsat IGO's Executive Secretary shall be named as an Observer on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs.

Eutelsat IGO's obligations

- Eutelsat IGO shall make every effort to ensure that Eutelsat S.A. can make use of all frequency assignments acquired or filed with the ITU Radiocommunication Bureau as of 2 July 2001.
- Any proposed amendment to the Amended Convention that is liable to affect Eutelsat IGO's performance of its activities shall be submitted to Eutelsat S.A., which shall have six weeks in which to communicate its observations to Eutelsat IGO.

Liaison and information

- A joint committee made up of representatives of Eutelsat IGO and Eutelsat S.A. shall meet at least once per quarter to ensure that Eutelsat S.A. is observing the "Basic Principles". In this regard, Eutelsat S.A. shall send Eutelsat IGO extracts from its Five-Year Strategic Plan and its certified annual accounts and shall examine with Eutelsat IGO the impact on its activity or on its observance of the "Basic Principles" caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as Observer, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a Board Member and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

The Arrangement also provides for a mechanism for settling disputes, including by arbitration.

► 5.6.3 Relationship between Eutelsat Communications and Eutelsat IGO

At the time of Eutelsat Communications' IPO, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement on 2 September 2005, which came into force on 6 December 2005 (the "Letter-Agreement"). Under the Letter-Agreement, Eutelsat Communications undertook:

- to give Eutelsat IGO's Executive Secretary a seat as Observer on the Board of Directors of Eutelsat Communications from the date of the latter's IPO;
- to ensure that Eutelsat S.A. is at all times able to honour its undertakings made pursuant to the Arrangement and not to take any decision which might entail any breach of the said undertakings by Eutelsat S.A.;
- in any event, and without constituting an exception to or a reduction of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as Observer, of any decision taken by Eutelsat Communications which might affect Eutelsat S.A.'s compliance with the "Basic Principles" and to communicate to him all useful information on such matters;
- to inform Eutelsat IGO, through its Executive Secretary, of any crossing of a legal threshold or of a threshold contained in the By-laws, which has been notified to it by a shareholder;
- not to propose or vote for any proposal that Eutelsat S.A. distributes dividends in excess of the amount of Eutelsat S.A.'s annual net income

and/or annual net income plus retained earnings and/or which would result in Eutelsat S.A.'s net debt/EBITDA ratio rising above 3.75/1, given that this ratio will not be considered as having been exceeded where any excess comes as a result of any external growth operation and that the notion of dividends is that defined under Article L. 232-12 of the French *Code de commerce*;

- to take all steps necessary so that the undertakings given by Eutelsat Communications, or those that Eutelsat Communications may give, in particular in relation to its financial needs, present or future, cannot in any way result in cross default by Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in Eutelsat S.A.'s direct interest;
- to maintain a level of consolidated Group debt that is not contrary to market practice and sound management of the Eutelsat Group; and
- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with sound financial management of Eutelsat S.A. and allowing it to continue complying with the "Basic Principles".

The role, position, remuneration and right to information of the Observer, as well as the right to supply information to the Parties and the settlement of any disputes relating to such supply of information, are specified in the

Letter-Agreement (see Section 7.1.3.2 "Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)" for further information on the clause in Eutelsat Communications' By-laws concerning the Observer).

The Letter-Agreement also provides for the creation of a Coordination Committee, whose main tasks are (i) to exchange useful information and views for the proper implementation of the Letter-Agreement, (ii) to examine any request for the removal of confidentiality restrictions on information received by the Observer, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the Observer to the Parties to the Convention.

The Letter-Agreement will become null and void upon the expiry of the Arrangement pursuant to its terms and conditions (it should be noted

that the Arrangement may only be terminated by mutual agreement). Eutelsat IGO and Eutelsat Communications may, however, terminate or amend the Letter-Agreement at any time upon mutual agreement, in particular in the event where such termination or amendment proves to be helpful in facilitating the development of the Group.

In the event of assignment of Eutelsat S.A. shares by Eutelsat Communications, the latter shall inform the proposed transferee of the content of the Letter-Agreement, it being understood that Eutelsat Communications shall remain bound, in any event, by its undertakings until the expiry of the Letter-Agreement in accordance with the paragraph above.

The Letter-Agreement also contains a mechanism for settling disputes by arbitration.

06

Financial Information

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6.1 REVIEW OF EUTELSAT COMMUNICATIONS' FINANCIAL POSITION

▶ 6.1.1 Preliminary note on the presentation of the financial statements

The Company is a holding company with no business activities of its own other than its indirect equity interest in Eutelsat S.A. As of 30 June 2016, the Company held directly and indirectly 96.35% of the share capital of Eutelsat S.A.

The following paragraphs are mainly dedicated to the presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2016.

Readers are invited to read the following presentation together with the Reference Document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2016 prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in Section 6.2 "Eutelsat Communications 30 June 2016 consolidated accounts" of this Reference Document.

The review of the Company's financial position and results for the financial years ended 30 June 2015 and 2014 are incorporated for reference

purposes in this Reference Document and may be found, respectively, in Section 6.1 of the Company's 2014-2015 Reference Document and in Section 6.1 of the 2013-2014 Reference Document.

Alternative Performance Indicators

In addition to the data published in its accounts, the Group communicates on three Alternative Performance Indicators which it deems relevant for measuring its financial performance, notably EBITDA, cash capex and discretionary free cash flow (DFCF). These indicators are the object of reconciliation with the consolidated accounts. Comparative data for FY 2014-2015 and FY 2015-2016 are presented below.

EBITDA

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortization. It is a key indication in the Fixed Satellite Services Sector.

The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2014-2015 and 2015-2016:

Year to 30 June (in millions of euros)	12 months	
	2015	2016
Operating result	661.5	662.0
+Depreciation and Amortization	466.5	500.6
+Other operating income and expenses	3.7	2.0
EBITDA	1,131.7	1,164.6

Cash Capex

The Group on occasion operates capacity within the framework of financial leases, or finances all or part of certain satellite programs under export credit agreements, leading to outflows which are not reflected in the item "acquisition of satellites and other tangible or intangible assets". Cash Capex including these two elements is published in order to reflect the totality of Capital Expenditures undertaken in any financial year.

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets as well as payments in respect of export credit facilities and long term financial leases on third party capacity.

Cash Capex in FY 2015-2016 includes monies owed to RSCC for the lease of the satellite EUTELSAT 36C (95.2 million euros) which are currently frozen in the context of the legal action brought against the Russian State by former Yukos shareholders.

The table below shows the calculation of Cash Capex for FY 2014-2015 and 2015-2016:

Year to 30 June (in millions of euros)	2015	2016
	Acquisition of satellites other property and equipment and intangible assets	456.7
Payments in respect of export credit facilities and long term financial leases on third party capacity ⁽¹⁾	36.2	29.0
Payment owed to RSCC in respect of lease of EUTELSAT 36C blocked due to ongoing Yukos legal proceeding	-	95.2
CASH CAPEX	492.9	514.4

(1) Included in the following lines from the consolidated cash flow statement: Repayment of debt and reimbursement of debt on performance incentives and long-term leases.

Discretionary free cash flow (DFCF)

The Group communicates on Discretionary free cash flow which reflects its ability to generate cash after the payment of interest and taxes. DFCF generally and principally serves the dividend payment and debt reduction.

Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest income.

The table below shows the calculation of Discretionary free cash flow for FY 2014-2015 and 2015-2016:

Year to 30 June (in millions of euros)	2015	2016
NET CASH FLOW FROM OPERATING ACTIVITIES	1,034.6	895.7
Cash Capex	(492.9)	(514.4)
Interest and Other fees paid net of interests received ⁽¹⁾	(155.8)	(134.0)
DISCRETIONARY FREE CASH FLOW	385.9	247.3

(1) In the consolidated cash flow statement corresponds to the sum of the lines "interest and other fees paid" and "interests received".

► 6.1.2 Analysis of the income statement

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's customer base includes both distributors who resell satellite capacity to end-users and end-user customers who use the Group's satellite capacity for their own needs. The Group's ability to generate revenues largely depends on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition.

In addition, a modest portion of the Group's revenues ("Other Revenues") mainly derives from: (i) compensation paid on the settlement of business-related litigation, (ii) the financing of certain research programmes by the European Union and other organisations, (iii) the impact of EUR/USD currency hedging, (iv) the provision of various services or consulting/engineering fees; and v) termination fees.

Furthermore, a modest portion of revenues ("non-recurring revenues") results exclusively from compensation paid by satellite manufacturers in the event of a significant delay.

Operating costs

Operating costs mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **staff costs:** these comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites including French mandatory profit-sharing for Group employees;
- **costs for operating and controlling the satellites:** these correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in orbit. In addition, Eutelsat S.A. has signed service agreements related to control of the satellite communications systems;

- **in-orbit insurance premiums:** satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group signs for launch insurance covering a satellite's in-orbit life, the premiums for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Satellites in-orbit owned by the Group are generally insured for amounts defined on the basis of an insurance scheme that is structured in tranches. Depending on the selected risk management policy, and general market conditions for space insurance, the costs for these insurance premiums can vary from one year to the next.

Selling, general and administrative expenses

Selling, general and administrative expenses include notably:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with distributors and end-users;
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs concerning the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites, ground facilities and intangible assets. Capitalised satellite costs include (i) satellite construction and launch costs, (ii) launch insurance premiums (which generally include in-orbit coverage until the first anniversary of the launch date), (iii) charges for associated capitalised interest, (iv) net present value (at launch) of the incentives payable to the manufacturer throughout the satellite's operation, depending on its compliance with technical and contractual specifications, as well as (v) costs associated directly with procurement programme monitoring (research costs, employee salaries and consultancy fees).

Satellites are depreciated on a straight-line basis over their period of operation in stable orbit, which is between 10 to 22 years.

At least once a year, the Group reviews the remaining service life of its satellites, according to forecast use and a technical assessment of their operational performance. If a change in operational life occurs, future depreciation charges are calculated on the basis of the satellite's new remaining operational life.

The Group's non-current assets also include transponders which are covered by contracts, under which the Group has capacity on all or some of the transponders of the third-party satellites, the risks and benefits of ownership having been transferred to it. As of 30 June 2016, these contracts concern Express-AT1, Express-AT2, Express-AM6, EUTELSAT 36C and ASTRA 2G satellites. The aggregate capitalised amount depends on the present value of the lease payments. Capitalised capacity costs are amortised over the duration of the contract.

Intangible assets consist of certain licences, the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis. The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life. This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates.

Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

Financial result

The financial result mainly reflects (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs offset against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

Consolidated net income

Consolidated net income reflects the sum of operating income, the financial result and income from equity investments, less income tax.

Net income attributable to the Group

Net income attributable to the Group represents the Group's consolidated net income less the income from subsidiaries attributable to non-controlling interests in these subsidiaries.

6.1.2.1 Comparative analysis of the income statements for the financial years ended 30 June 2015 and 2016

► Condensed consolidated income statement for the financial years ended 30 June 2015 and 2016

IFRS (in millions of euros)	12-month financial year ended	
	30 June 2015	30 June 2016
REVENUES	1,476.4	1,529.0
Operating costs	(104.7)	(106.3)
Selling, general and administrative expenses	(240.0)	(258.1)
Depreciation and amortisation	(466.5)	(500.6)
Other operating charges	(3.7)	(2.0)
OPERATING RESULT	661.5	662.0
Financial result	(116.0)	(123.0)
Income from associates	18.8	23.5
NET INCOME BEFORE TAX	564.3	562.6
Income tax expense	(194.1)	(199.8)
CONSOLIDATED NET INCOME	370.2	362.8
Attributable to the Group	355.2	348.5
Non-controlling interests	15.0	14.3

6.1.2.2 Revenues

Total revenues for FY 2015-2016 stood at 1,529 million euros, up 0.2% at constant currency and perimeter and excluding non-recurring revenues.

The appreciation of the U.S. dollar relative to the euro added 3.5 points to top-line growth, particularly in Government Services and to a lesser extent in Data Services. On a reported basis, revenues were up 3.6% including the impact of changes in perimeter (disposal of Alterna'TV).

► Revenues by business application

(in millions of euros)	FY 2014-2015	FY 2015-2016	Actual change	Like-for-like change
Video Applications	913.0	943.6	+3.4%	+2.3%
Data Services	226.6	230.0	+1.5%	-6.1%
Value-Added Services	102.4	107.8	+5.2%	+4.8%
Government Services	196.5	199.9	+1.7%	-7.5%
Other revenues ⁽¹⁾	37.9	47.7	+26.0%	+23.4%
SUB-TOTAL	1,476.4	1,529.0	+3.6%	+0.2%
Non-recurring revenues ⁽²⁾	-	-	-	-
TOTAL	1,476.4	1,529.0	+3.6%	+0.2%
Euro/U.S. dollar exchange rate	1.228	1.108	-	-

(1) Other revenues include mainly compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.

(2) Non-recurring revenues result from compensation paid by satellite manufacturers in the event of a significant delay.

Video Applications (64% of revenues)

In FY 2015-2016, revenues from **Video Applications** were up 2.3% like-for-like to 943.6 million euros. This reflected sustained growth in MENA and Sub-Saharan Africa with the entry into service of new capacity on EUTELSAT 8 West B in October 2015 and EUTELSAT 36C in February 2016, as well as growth at 16° East (Sub-Saharan Africa and Central Europe), and 7° East (Middle East and East Africa). FRANSAT also recorded higher revenues on the back of the transition to High Definition in France.

These positive elements more than offset lower revenues at the HOTBIRD position following the non-renewal in recent months of some contracts with service providers, a decline in revenues from Professional Video and lower revenues in Russia following the renegotiation of certain contracts last year.

At 30 June 2016, the total number of channels broadcast by Eutelsat satellites stood at 6,342 (+549 channels year-on-year). HDTV penetration continued to increase, representing 13.6% of channels compared to 11.9% a year earlier. A total of 863 channels were broadcast in High Definition across Eutelsat's fleet, up from 687 a year earlier.

Data Services (16% of revenues)

In FY 2015-2016, revenues from **Data Services** were down 6.1% like-for-like to 230.0 million euros.

Excluding the impact of reclassifications to Government Services and the early termination of the contract for the Ka-band capacity on EUTELSAT 3B in December 2015, revenues were broadly stable, with higher volumes, mainly in the Americas on EUTELSAT 65 West A and EUTELSAT 115 West B, offsetting the effect of the highly competitive environment for this application in all geographies.

Value-Added Services (7% of revenues)

In FY 2015-2016, **Value-Added Services** revenues grew 4.8% on a like-for-like basis to 107.8 million euros.

181,000 terminals were activated at 30 June 2016, compared with 185,000 at end March 2016 and end-June 2015, continuing to reflect high loading of KA-SAT beams in markets like France and the UK, as well as the rationalization of their customer base by some distributors. ARPU trends remained well-oriented, notably thanks to proactive yield management underpinning revenues.

Government Services (13% of revenues)

For FY 2015-2016, revenues from **Government Services** were down 7.5% like-for-like to 199.9 million euros. This represented a decline of circa 12% at constant currency excluding the reclassifications from Data Services mentioned above. It reflected the early termination of a contract with a distributor in the first quarter as well as the impact of lower renewals with the US Department of Defense in the last 12 months, which were not fully offset by new business.

Other and non-recurring revenues

For FY 2015-2016, **Other Revenues** amounted to 47.7 million euros compared with 37.9 million euros a year earlier. They included the revenues related to the agreements concluded with SES at 28.5° East. The change compared to last fiscal year reflects mainly a fee related to the early termination of a contract in Government Services in the first quarter.

As in FY 2014-2015, there were no **Non-Recurring Revenues** in FY 2015-2016.

Geographical breakdown of revenues

The following table gives a breakdown of the Group's revenue by geographical area for the financial years ended 30 June 2015 and 2016. This table which was previously based on billing addresses is now based on downlink region, thus giving a better overview of final usage of capacity.

Regions	30 June 2015		30 June 2016	
	Amount	%	Amount	%
Western Europe	539.5	36.5%	518.2	33.9%
Central Europe	121.4	8.2%	120.3	7.9%
MENA	287.7	19.5%	323.8	21.2%
Russia and Central Asia	88.7	6.0%	81.5	5.3%
Sub-Saharan Africa	120.1	8.1%	137.1	9.0%
Americas	140.8	9.5%	154.3	10.1%
Asia-Pacific	128.0	8.7%	117.4	7.7%
Others and unallocated	50.3	3.4%	76.4	5.0%
TOTAL	1,476.4	100.0%	1,529.0	100.0%

Main customers

As of 30 June 2016, the Group's top 10 customers accounted for 42.5% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer	
	(in millions of euros)	(as a percentage)
Public sector entities (United States)	142.2	9.3%
Orange/Globecast	112.9	7.4%
Sky Italia S.r.l.	89.2	5.8%
Telespazio	59.5	3.9%
Noorsat WLL	59.5	3.9%
Nilesat	54.5	3.6%
British Telecom/Arqiva	43.1	2.8%
Multichoice Africa	39.2	2.6%
Digital Platform Teknoloji Hizmetleri	26.8	1.8%
Iti Neovision	22.9	1.5%
TOTAL OF TOP 10 CUSTOMERS	649.8	42.5%
Others	879.2	57.5%
TOTAL	1,529.0	100.0%

As of 30 June 2015, the Group's top 10 customers accounted for 42.8% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer	
	(in millions of euros)	(as a percentage)
Public sector entities (United States)	131.7	8.9%
Orange/Globecast	117.8	8.0%
Sky Italia S.r.l.	89.2	6.0%
Telespazio/Telecom Italia	65.7	4.4%
Nilesat	52.8	3.6%
Noorsat WLL	49.5	3.4%
British Telecom/Arqiva	45.2	3.1%
Multichoice Africa	30.4	2.1%
Digital Platform Teknoloji Hizmetleri	26.1	1.8%
Intersputnik International Organization of Space Communication	23.4	1.6%
TOTAL OF TOP 10 CUSTOMERS	631.8	42.8%
Others	844.6	57.2%
TOTAL	1,476.4	100.0%

6.1.2.3 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses represented 23.8% of 2015-2016 revenues (23.3% for previous financial year). The 5.7% increase over the previous year notably reflects notably a higher level of Bad Debt related in particular to the contract on the Ka-band payload of EUTELSAT 3B terminated in December 2015.

6.1.2.4 EBITDA

Group EBITDA amounted to 1,164.6 million euros (1,131.7 million euros at 30 June 2015), up 2.9%.

The EBITDA margin stood at 76.2%, compared to 76.7% last year reflecting a higher level of Bad Debt related notably to the contract on the Ka-band payload of EUTELSAT 3B terminated in December 2015.

6.1.2.5 Depreciation and amortisation, other operating charges and other operating income

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships", the latter amounted to 57.4 million euros for fiscal year 2015-2016.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2015-2016 depreciation and amortisation expenses amounted to 500.6 million euros. The increase of 34.0 million euros on last year was due principally to the impact of new capacity (EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A).

"Other operating income (charges)" stood at (2.0) million euros as of 30 June 2016, versus (3.7) million euros as of 30 June 2015.

6.1.2.6 Operating income

As of 30 June 2016, operating income 662.0 million euros, almost unchanged compared to the previous year.

6.1.2.7 Financial result

The financial result posted a 123.0 million euros expense as of 30 June 2016, compared with a 116.0 million euros expense in the previous financial year.

This evolution reflects mainly:

- ▶ on the one hand, the positive impact of the refinancing of the term loan as of 31 March 2015;
- ▶ on the other, the variation in foreign exchange gains and losses.

6.1.2.8 Income tax

As of 30 June 2016, income tax expense was 199.8 million euros (compared with 194.1 million euros as of 30 June 2015). The effective tax rate stood at 37.1% compared to 35.6% in 2014-2015, reflecting mainly a lower level of tax loss carry-forwards in Latin America than last year.

6.1.2.9 Income from associates

Income from associates stood at 23.5 million euros compared to 18.8 million euros for fiscal year 2014-2015, reflecting a higher contribution from Hispasat.

6.1.2.8 Consolidated net income

As of 30 June 2016, consolidated net income totalled 362.8 million euros, compared to 370.2 million euros as of 30 June 2015.

6.1.2.9 Net income attributable to the Group

After taking non-controlling interests of 14.3 million euros into account, Net income attributable to the Group stood at 348.5 million euros at 30 June 2016, a slight decrease of 1.9% year-on-year (355.2 million euros at 30 June 2015).

▶ 6.1.3 Liquidity and capital resources

6.1.3.1 Eutelsat Communications' equity

Investors are advised to refer to Note 15 on the consolidated financial statements for the year ended 30 June 2016 shown in Section 6.2 of this Reference Document, which contains information on the issuer's equity.

6.1.3.2 Changes in Eutelsat Communications' cash flow

The following table shows changes in cash flow for the financial years ended 30 June 2015 and 2016.

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Cash flow from operating activities	1,034.6	895.7
Cash flow from investing activities	(452.2)	(384.1)
Cash flow from financing activities	(474.7)	(224.1)
Impact of exchange rate on cash and cash equivalents	19.5	(2.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	127.2	733.6
Cash and cash equivalents at beginning of year	293.0	420.3
Cash and cash equivalents at end of year	420.3	1,153.8

Cash flow from operating activities

Net cash flows from operating activities stood at 896 million euros compared to 1,035 million euros in 2014-2015. The decline reflected a 33 million euros increase in EBITDA as well as an increase in tax paid (60 million euros) relating to the evolution of the pretax profit in previous years and the timing of tax payments as well as a less favourable change in working capital than last year.

Cash flow from investing activities

Investing activities mainly concern satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

"Acquisitions of satellites" covers the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs and Launch-plus-one-year insurance premiums. Some of the Group's procurement and launch contracts state that the Group has to pay incentives according to whether or not the satellite launch is successful and on the basis of certain technical specifications. The Group recognises the present

value of these payments as a liability, and capitalises them under satellite costs. Payment of satellite performance incentives are subject to reductions or to reimbursements if the satellite does not meet the predetermined criteria.

"Acquisitions of satellites" is the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the two-or three-year period prior to the satellite launch.

"Other property and equipment" essentially comprises satellite control and monitoring equipment. A large portion of these expenses concerns the three control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

The level of investment depends on the satellite launch programme and may fluctuate substantially from one year to the next.

During the financial year ended 30 June 2016, cash flows from investing activities stood at 384.1 million euros compared to 452.2 million euros one year before, reflecting mainly the phasing of various satellite programmes.

The following table shows cash flows from investing activities during the financial years ended 30 June 2015 and 2016.

Financial year ended 30 June (in millions of euros)	12-month period	
	2015	2016
Acquisitions of satellites, other property and equipment and intangible assets	(456.7)	(390.2)
Acquisitions of equity investments and subsidiaries (net of cash acquired)	-	-
Sale of entities	-	4.6
Dividend received from associates	4.5	1.5
Cash flows from investing activities	(452.2)	(384.1)

Evolution of Cash Capex and Discretionary free cash flow

Cash Capex and Discretionary free cash flow are defined at the beginning of this section (see "Alternative Performance Indicators").

Net cash flows from operating activities stood at 896 million euros compared to 1,035 million euros in 2014-2015.

Cash Capex amounted to 514 million euros in FY 2015-2016 compared to 493 million euros a year earlier, reflecting the phasing of various satellite programmes.

Interest and other fees paid net of interest received stood at 134 million euros, the 22 million euros improvement reflecting mainly the positive impact of the refinancing of the term loan last year.

As a result, Discretionary free cash flow stood at 247 million euros as of 30 June 2016.

Cash flow from financing activities

During the financial year ended 30 June 2016, cash flow from financing activities moved from (474.7) million euros to 224.6 million euros. On top of the evolution of dividends paid in cash (for 87.4 million euros in 2014-2015 and 109.6 million euros in 2015-2016) as well as interests and other fees paid (for 159.7 million euros in 2014-2015 and 139.3 million euros in 2015-2016), this mainly reflects:

- ▶ for FY 2014-2015, the reduced nominal of the term loan of Eutelsat Communications (from 800 million euros to 600 million euros);
- ▶ for FY 2015-2016, the Issuance of a 500 million euro bond in June 2016.

6.1.3.3 Changes in debt and Group financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. See also the Company's historical consolidated financial statements for the financial years ended 30 June 2015 and 2016 prepared under IFRS standards and also the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- ▶ financing for satellite construction and launches;
- ▶ servicing of the Group's debt;
- ▶ financing of working capital.

The following table shows a breakdown of the Group's net debt as of 30 June 2015 and 2016.

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Term loan	600.0	600.0
Bonds	2,880.0	3,380.0
Export credit	232.8	228.7
"Change" portion of the cross-currency swap	114.6	128.0
Finance leases	433.9	823.0
Cash and cash equivalents	(420.2)	(1,153.8)
Other loans	-	0.9
TOTAL	3,841.1	4,006.8

The Group's net debt includes all bank and bonded debt, as well as debt related to satellite financing leases and export credit agencies and change portion of cross-currency swap, less cash, cash equivalents and marketable securities net of bank credit balances (see Note 16 "Financial debt" to the consolidated financial statements for the year ended 30 June 2016 in Section 6.2 of this Reference Document).

Financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group has additional financial resources through the credit facilities obtained and the bonded debt issued by Eutelsat S.A.

Trend in net debt

At 30 June 2016, **net debt** stood at 4,007 million euros *versus* 3,841 million euros at 30 June 2015. Discretionary free cash flow more than covered the dividend payment of 110 million euros. However, financial leases increased 294 ⁽¹⁾ million euros, reflecting mainly the entry into service of EUTELSAT 36C in February 2016.

Net debt as of 30 June 2016

At 30 June 2016, the Group's total net debt amounted to 4,007 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 3,380 million euros of bonds issued by Eutelsat S.A., (iii) 823 million euros of debt related to satellite financing agreement; (iv) 229 million euros for Export Credit Agencies; (v) 128 million euros for the Foreign exchange portion of the cross-currency swap and; (vi) 1,154 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 650 million euros available under its various lines of undrawn credit.

(1) Excluding amount due to RSCC described above (95.2 million euros).

The table below describes the Group's main credit facilities as of 30 June 2016:

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan 2020	600	600	31 March 2021
Eutelsat Communications renewable credit facility	200	-	31 March 2021
2017 Eutelsat S.A. Bond	850	850	27 March 2017
2019 Eutelsat S.A. Bond	800	800	14 January 2019
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	13 September 2018
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
US Exim export credit facility – Eutelsat S.A.	51	39	15 November 2021
ONDD export credit facilities 1	122	113	17 May 2024
ONDD export credit facilities 2	87	77	20 February 2024
Long-term leases	-	823	-
Foreign exchange portion of the cross-currency swap	-	128	13 January 2020
TOTAL	-	5,161	

There has been no drawdown on the revolving lines of credit during the year ending 30 June 2016. The effective interest rate for the Eutelsat Communications bullet loan is 0.98%. The effective interest rate on bonds issued by Eutelsat S.A. is 4.35% for those maturing in March 2017, 5.17% for those maturing in January 2019, 2.87% for those maturing in January 2020, 1.24% for those maturing in June 2021 and 3.34% for those maturing in October 2022.

As of 30 June 2016, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan and the US Ex-Im export credit facility bore interest at a fixed rate.

The net debt to EBITDA ratio stood at 3.4 times, stable on 30 June 2015.

At 30 June 2016, the weighted average maturity of the Group's debt stood at 3.4 years, down from 4.1 years at 30 June 2015. The average cost of debt was 3.5% (after hedging), down from 3.8% in FY 2014-2015.

Liquidity remains strong, with undrawn credit lines of 650 million euros and cash of 304 million euros on top of the 850 million euros which will be used for the redemption at maturity of the March 2017 bond.

Financing structure

Main changes during financial year ended 30 June 2016

In March 2016, Eutelsat Communications obtained lenders' agreement for a one-year extension of the 800 million euro bank term loan of the holding company and for the 200 million euros revolving credit facility of 200 million euros which now mature on 31 March 2021.

In June 2016, Eutelsat S.A. issued a 500 million euro 5-year bond bearing a 1.125% coupon. Together with other sources of cash on its balance sheet it will enable Eutelsat to redeem at maturity the outstanding bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125%. As a result of this operation Eutelsat will extend its debt maturity profile and will reduce its financial charges by *circa* 30 million euros before tax on an annualised basis from March 2017 onwards. Elsewhere, a swap-lock has been negotiated in anticipation of the January 2019 800 million euro bond maturity. Cumulated annual savings from January 2019 are anticipated in the region of 50 million euros.

Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- ▶ 850 million euro 7-year bonds issued on 26 March 2010 on the Luxembourg Stock Exchange, maturing on 27 March 2017. The bonds bear a coupon of 4.125%, were issued at 99.232% and are repayable in full at maturity at 100%;
- ▶ 800 million euro 7-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange, maturing on 14 January 2019. The bonds bear a coupon of 5.000%, were issued at 99.186% and are repayable in full at maturity at 100%. These bonds have completed the refinancing of Eutelsat Communications S.A. indebtedness;
- ▶ 300 million euros 10-year bonds issued on 1 October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- ▶ 930 million euros of six-year bonds issued on 9 December 2013 on the Luxembourg Stock Exchange regulated market and maturing on 13 January 2020 ("the Bond Loan 2020"). The 2020 bonds carry an annual coupon of 2.625%, were issued at 99.289%, and are redeemable at maturity at 100% of their principal amount;
- ▶ 500 million euros of six-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- ▶ A 66 million U.S. dollar US Ex-Im export credit facility, of which 38.9 million U.S. dollars were drawn at 30 June 2016. This credit facility will mature on 15 November 2021. It is repayable in 17 semi-annual instalments since November 2013 and bears interest at a fixed rate of 1.71%.
- ▶ Two export credit facilities covered by Office National du Dueroire (ONDD) for a total amount of 209 million euros; of which 190 million euros were drawn at 30 June 2015. These credit facilities have a 11.5 year maturity and will mature on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February 2016 and May 2016. The first one, for an amount of 121 million euros (of which 113 million euros were drawn), bears interest at a variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date),

and was used to finance the construction of a satellite. The second one, for an amount of 87 million euros (of which 77 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was used to finance a launcher.

- ▶ A 450 million euro revolving credit facility signed on 13 September 2013 with a 5-year term. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.40% to 1.70% margin depending on Eutelsat S.A.'s long term rating assigned by Standard & Poor's. The initial margin stands at 0.70%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. Furthermore, under this credit agreement, Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 3.75 to 1 (this ratio is tested on 30 June and 31 December each year).

The credit agreements and the bond issues include neither a guarantee by the Group, nor the pledging of assets to the lenders, but they include restrictive clauses, subject to the usual exceptions contained in loan agreements, limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- ▶ grant security interests or guarantees;
- ▶ enter into agreements resulting in additional liabilities;
- ▶ grant loans and carry out certain types of investments;
- ▶ enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- ▶ modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities allow each lender to request early repayment of all sums due in case of unregulated downgrading, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit agreement entails an obligation to maintain Launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Issue costs incurred on issuing the bonds are amortised over the duration of the loans. As of 30 June 2016, they represent a balance of 26.6 million euros.

Eutelsat Communications S.A. Credit Facilities

Eutelsat Communications S.A. financing structure is the following:

- ▶ A 600 million euro Term Loan maturing in March 2021 (with a second possible extension facility of one year subject to lender agreement) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months.
- ▶ A 200 million euro Revolving Credit Facility (undrawn at 30 June 2016), concluded in March 2015 with – initially – a 5-years maturity (with two possible extension facilities of one year each subject to lender agreement, the first one having been obtained in March 2016). Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in U.S. dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements (see Note 16 to the attached consolidated financial statements for more information on the restrictive conditions and the limitations applying to this loan agreement). The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of Eutelsat Communications and Eutelsat S.A. or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2016, they represent a balance of 2.6 million euros.

6.1.3.4 Other Group commitments

The following table summarises the Group's contractual obligations (excluding long-term debt) and commercial commitments as of 30 June 2016 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2016 in Section 6.2 of this Reference Document).

(in millions of euros)	Total	Payments by period			
		<1 year	1-3 years	3-5 years	>5 years
Amounts due in respect of long-term finance lease contracts	944.7	162.0	161.1	148.3	473.3
In-orbit incentive payments	0.7	0.7	-	-	-
Operating lease commitments	28.2	4.0	8.0	8.1	8.1
Satellite construction and launch contracts	802.4	224.5	545.4	32.5	-
Operating agreements and customer contracts ⁽¹⁾	278.0	79.7	102.6	82.8	12.9
Retirement indemnities and other post-employment benefits ⁽²⁾	26.5	-	-	-	26.5
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	2,080.5	470.9	817.1	271.7	520.8

(1) Primarily includes costs of controlling satellites in-orbit.

(2) Mainly includes long-term obligations (more than five years).

As of 30 June 2016, Eutelsat S.A.'s contractual and commercial commitments comprised the following:

Long-life lease obligations

Express-AM6 satellite

In April 2015, the Group entered into a lease agreement with RSCC on the Express-AM6 ⁽²⁾ satellite for its entire operating life (with a contractual minimum of 15 years). These transponders were recognised as assets of 57.7 million euros, based on the discounted value of future payments.

Express-AT1 satellite

In June 2013, the Group entered into a capacity lease agreement for 19 transponders (extended to 21 transponders in a second phase and to 18 transponders in a third phase) on the Express-AT1 satellite for its entire operating life.

Express-AT2 satellite

In November 2012, the Group entered into a capacity lease agreement for eight transponders on the Express-AT2 satellite for its entire operating life. These transponders were recognised as assets of 93.5 million euros, based on the discounted value of future payments.

EUTELSAT 36C satellite

In November 2012 and June 2013, the Group entered into capacity lease agreements on the EUTELSAT 36C satellite for its entire operating life. These transponders were recognised as assets of 401.5 million euros, based on the discounted value of future payments.

ASTRA 2G satellite

In January 2014, the Group entered into capacity lease agreements with SES-ASTRA for 8 transponders on the ASTRA 2G satellite for its entire operating life. These transponders were recognised as assets of 96.3 million euros, based on the discounted value of future payments.

Operating leases

During the year ended 30 June 2014, the Group renegotiated the lease on its registered office and concluded a new lease contract for a firm 9-year period, starting on 1 July 2014 for an annual rent of *circa* 4.4 million euros.

Furthermore, on 1 August 2012 Eutelsat entered into a lease agreement for an additional 923 m² in Paris, with an exit option as of 31 December 2015 subject to a termination penalty of 120,000 euros. This exit option has been exercised. Finally, as of 1 September 2015, Eutelsat entered into a lease agreement until 30 June 2023 for an additional 1,070 m² in Paris for an annual rental of 445,000 euros.

In addition, as of 30 June 2016, Satelites Mexicanos S.A. de C.V. was leasing offices located in Mexico City. The lease agreement was renewed in October 2013 for a period of five years. As of 30 June 2016, minimum aggregated future payments related amounted to around 1,730,000 U.S. dollars.

Financial guarantee granted to the IGO's Closed Pension Fund

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2016, the discounted value of the Trust's pension liabilities amounted to 241.2 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 139.3 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group's business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions so as to make up for any such future funding shortfall. During the year ended 30 June 2014, the amount of guarantee being called upon was 2.5 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments and was paid in three settlements during the financial year ending 30 June 2014, 2015 and 2016.

(2) Capacity operated under the name EUTELSAT 53A.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

Liquidity offers

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares, to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market. The Group consequently provides a semi-annual liquidity "window" after publication of the half-year and annual results. Eutelsat Communications made a proposal, *via* its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 23 November 2015 and closed on 4 December 2015. Final settlement of the transaction took place on 11 December 2015. In respect of this transaction, 36,899 shares had been repurchased at a unit price of 7.49

euros per Eutelsat S.A. share. Furthermore, the Company made a second liquidity offer, *via* its Eutelsat Communications Finances S.A.S. subsidiary, and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares. This liquidity offer opened on 20 May 2016 and the subscription period closed on 5 June 2016. Final settlement of the transaction took place on 9 June 2016. In respect of this transaction, 204,372 shares had been repurchased at a unit price of 6.26 euros per Eutelsat S.A. share.

6.1.3.5 Financing sources expected for future investments

The Group believes that cash flows generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to carry out its investment programme. However, the Group's financial performance depends on the general economic climate, the competitive, legislative and regulatory environment and other factors that are not necessarily under the Group's control. The Group cannot guarantee that its expected investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

► 6.1.4 Dividend policy

The dividend policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

Starting in the financial year ended 30 June 2013, Eutelsat Communications undertook the distribution of:

- an amount of 1.08 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2013;
- an amount of 1.03 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2014. The dividend could be paid, for the entire part of the dividend, either in cash or in new shares of the Company ("scrip dividend"), at the option of each shareholder. 66% of the rights were exercised in favour of the scrip dividend;
- an amount of 1.09 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2015. The dividend

could be paid, for the entire part of the dividend, either in cash or in new shares of the Company ("scrip dividend"), at the option of each shareholder. 61% of the rights were exercised in favour of the scrip dividend.

On 28 July 2016, the Board of Directors agreed to submit for approval at the 4 November 2016 Annual Meeting of Shareholders a dividend of 1.10 euro per share compared to 1.09 euro last year.

This represents a pay-out ratio of 73% of Group share of net income, reflecting its commitment to shareholder remuneration.

The dividend will be paid fully in cash.

The Group is committed to serving a stable to progressive dividend to shareholders.

6.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

► Consolidated balance sheet

<i>(in millions of euros)</i>	Note	30 June 2015	30 June 2016
ASSETS			
Non-current assets			
Goodwill	5	1,165.0	1,166.3
Intangible assets	5	809.5	751.9
Satellites and other property and equipment	6	3,458.7	4,305.4
Construction in progress	6	1,104.0	694.2
Investments in associates	7	282.2	-
Non-current financial assets	8,14	11.9	10.1
Deferred tax assets	21	23.8	8.5
TOTAL NON-CURRENT ASSETS		6,855.1	6,936.3
Current assets			
Inventories	9	0.9	2.8
Accounts receivable	10	309.3	406.4
Other current assets	11	40.0	37.8
Current tax receivable		3.7	11.8
Current financial assets	12,14	29.5	31.3
Cash and cash equivalents	13	420.3	1,153.8
Assets held for sale	7	-	301.9
TOTAL CURRENT ASSETS		803.8	1,945.8
TOTAL ASSETS		7,658.9	8,882.1

<i>(in millions of euros)</i>	Note	30 June 2015	30 June 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	227.0	232.8
Additional paid-in capital		594.1	738.1
Reserves and retained earnings		1,651.8	1,682.7
Non-controlling interests		61.1	81.2
TOTAL SHAREHOLDERS' EQUITY		2,533.9	2,734.8
Non-current liabilities			
Non-current financial debt	16,18	3,663.3	3,302.4
Other non-current financial liabilities	17,18	597.6	1,053.9
Non-current asset payables		-	15.5
Other non-current payables and deferred revenues ⁽¹⁾	20,1	87.6	140.6
Non-current provisions	22	109.2	128.4
Deferred tax liabilities	21	297.4	270.6
TOTAL NON-CURRENT LIABILITIES		4,755.1	4,911.3
Current liabilities			
Current financial debt	16,18	64.5	927.3
Other current financial liabilities	17,18	39.9	49.0
Accounts payable	18	69.0	66.7
Fixed assets payable		21.6	35.8
Taxes payable		11.9	3.5
Other current payables and deferred revenues ⁽¹⁾	20,2	141.0	135.7
Current provisions	22	22.0	18.0
TOTAL CURRENT LIABILITIES		369.9	1,236.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,658.9	8,882.1

(1) Some reclassifications have been made to the consolidated accounts for the financial year ended 30 June 2015 with a view to aligning them in the presentation of the consolidated accounts for the financial year ended 30 June 2016.

► Consolidated income statement

<i>(in millions of euros, except per share data)</i>	Note	30 June 2015	30 June 2016
Revenues from operations	23.2	1,476.4	1,529.0
Operating costs		(104.7)	(106.3)
Selling, general and administrative expenses		(240.0)	(258.1)
Depreciation and amortisation	5,6	(466.5)	(500.6)
Other operating income and expenses		(3.7)	(2.0)
Operating income		661.5	662.0
Cost of debt		(137.9)	(115.1)
Financial income		3.3	3.2
Other financial items		18.6	(11.2)
Financial result	24	(116.0)	(123.0)
Income from associates	7	18.8	23.5
Net income before tax		564.3	562.6
Income tax expense	21	(194.1)	(199.8)
Net income		370.2	362.8
Attributable to the Group		355.2	348.5
Attributable to non-controlling interests		15.0	14.3
Earnings per share attributable to Eutelsat Communications' shareholders	25		
Basic and diluted earnings per share in euro ⁽¹⁾		1.590	1.516

(1) There are no dilutive instruments as of 30 June 2015 and 30 June 2016.

► Comprehensive income statement

<i>(in millions of euros)</i>	Note	30 June 2015	30 June 2016
Net income		370.2	362.8
<i>Other recyclable items of gain or loss on comprehensive income</i>			
Translation adjustment	15.5	179.1	(22.4)
Tax effect	15.5	41.2	7.1
Changes in fair value of hedging instruments ⁽¹⁾	15.4	9.1	(57.1)
Tax effect	21.2	(3.4)	19.7
<i>Other non-recyclable items of gain or loss on comprehensive income</i>			
Changes in post-employment benefits		(16.7)	(20.7)
Tax effect	21.2	7.6	7.1
TOTAL OF OTHER ITEMS OF GAIN OR LOSS ON COMPREHENSIVE INCOME		216.7	(66.2)
TOTAL COMPREHENSIVE INCOME		587.0	296.5
Attributable to the Group		564.2	284.7
Attributable to non-controlling interests ⁽²⁾		22.8	11.8

(1) Covers only cash flow hedges. Net foreign investment hedges are recorded as translation adjustments.

(2) The portion attributable to non-controlling interests breaks down as follows:

- net result for 15 million euros as of 30 June 2015 and 14.3 million euros as of 30 June 2016;
- other recyclable items of gain or loss on comprehensive income for 8.1 million euros as of 30 June 2015 and (2.0) million euros as of 30 June 2016;
- other non-recyclable items of gain or loss on comprehensive income for (0.3) million euros as of 30 June 2015 and (0.5) million euros as of 30 June 2016.

► Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	30 June 2015	30 June 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		370.2	362.8
Income from equity investments	7	(18.8)	(23.5)
Tax and interest expense, other operating items		297.3	283.0
Depreciation, amortisation and provisions		496.9	513.5
Deferred taxes	21.1	13.6	20.0
Changes in accounts receivable		14.6	(115.5)
Changes in other assets		(2.4)	(2.1)
Changes in accounts payable		(6.4)	(2.2)
Changes in other debt		2.3	52.1
Taxes paid		(132.7)	(192.4)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,034.6	895.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	5,6	(456.7)	(390.2)
Acquisition of control		-	-
Sale of entities		-	4.6
Dividends received from associates and other items	7	4.5	1.5
NET CASH FLOWS FROM INVESTING ACTIVITIES		(452.2)	(384.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(87.4)	(109.6)
Movements in treasury shares		-	-
Increase in debt	16	600.1	501.3
Repayment of debt	16	(806.5)	(19.4)
Repayment in respect of performance incentives and long-term leases		(21.1)	(10.2)
Loan set-up fees		(3.6)	(2.1)
Interest and other fees paid		(159.7)	(139.3)
Interest received		3.9	5.3
Other changes		(0.4)	(1.4)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(474.7)	224.6
Impact of exchange rate on cash and cash equivalents		19.5	(2.6)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		127.2	733.6
Cash and cash equivalents, beginning of period		293.0	420.3
Cash and cash equivalents, end of period		420.3	1,153.8
Cash reconciliation			
Cash	13	420.3	1,153.8
Overdraft included under debt	16.1	-	-
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		420.3	1,153.8

► Consolidated statement of changes in shareholders' equity

<i>(in millions of euros, except share data)</i>	Common stock			Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additio-nal paid in capital				
AS OF 30 JUNE 2014	220,113,982	220.1	453.2	1,309.7	1,983.0	47.7	2,030.7
Net income for the period	-	-	-	355.2	355.2	15.0	370.2
Other items of gain or loss on comprehensive income	-	-	-	209.0	209.0	7.8	216.7
TOTAL COMPREHENSIVE INCOME	-	-	-	564.2	564.2	22.8	587.0
Treasury stock	-	-	-	2.4	2.4	-	2.4
Distributions	6,858,356	6.9	140.8	(225.7)	(78.0)	(9.5)	(87.5)
Benefits for employees upon exercising options and free shares granted	-	-	-	1.1	1.1	0.1	1.2
Liquidity offer and others	-	-	-	0.1	0.1	0.1	0.2
AS OF 30 JUNE 2015	226,972,338	227.0	594.0	1,651.8	2,472.8	61.1	2,533.9
Net income for the period	-	-	-	348.5	348.5	14.3	362.8
Other items of gain or loss on comprehensive income	-	-	-	(63.8)	(63.8)	(2.5)	(66.2)
TOTAL COMPREHENSIVE INCOME	-	-	-	284.7	284.7	11.8	296.5
Treasury stock	-	-	-	(3.6)	(3.6)	-	(3.6)
Distributions	5,802,297	5.8	144.0	(247.2)	(97.4)	(12.5)	(109.9)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.1	0.1	-	0.1
Transactions with non-controlling interests and others	-	-	-	(3.2)	(3.2)	20.8	17.6
AS OF 30 JUNE 2016	232,774,635	232.8	738.0	1,682.7	2,653.5	81.2	2,734.8

► Notes to the consolidated financial statements



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Note 1. Key events during the financial period

- ▶ Following their successful launches on 1 March 2015, 20 August 2015, 24 December 2015, 29 January 2016 and 9 March 2016 respectively, the EUTELSAT 115WB, EUTELSAT 8WB, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65WA satellites entered operational service.
- ▶ The EUTELSAT 117WB satellite was successfully launched on 15 June 2016 by a Falcon 9 rocket. It is due to enter service during the financial year 2016-2017.
- ▶ Alterna'TV was sold by the Group in April 2016.
- ▶ In June 2016, the Group raised 500 million euros through the issuance of a new 5-year bond (see Note 16 "Financial debt").

Note 2. General overview

2.1. Business

- ▶ The Eutelsat Communications Group (Eutelsat S.A. and its subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems.
- ▶ As of 30 June 2016, the Group operates via Eutelsat S.A. and its subsidiaries 39 satellites in geostationary orbit (including five satellites belonging to third parties or to related parties on which the Group uses additional capacity) to provide capacity (assignment and availability) to major international telecommunications operators and international

broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services.

2.2. Approval of the financial statements

The consolidated financial statements at 30 June 2016 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 28 July 2016.

They will be submitted for approval to the Ordinary General Meeting of Shareholders to be held on 4 November 2016.

Note 3. Basis of preparation of financial information

3.1. Compliance with IFRSs

The financial statements at 30 June 2016 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

3.2. Accounting principles

Since 1 July 2015, the Group has applied the following standards and interpretations which have been adopted by the European Union.

- ▶ 2010 amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint-Ventures";
- ▶ IFRS annual improvements:
 - ▶ (2010-2012 cycle): IFRS 2 "Definition of Vesting Conditions", IFRS 13 "Short-term Receivables and Payables", IAS 24 "Key Management Personnel",
 - ▶ (2011-2013 cycle): IFRS 13 "Scope of paragraph 52 (portfolio exception)".

Applying these standards, amendments and interpretations had no significant impact on the Group's financial statements.

Furthermore, no standard, interpretation or amendment has been applied in advance by the Group. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- ▶ IFRS 9 "Financial Instruments";

- ▶ IFRS 15 "Revenue from Contracts with Customers";
- ▶ IFRS 16 "Leases";
- ▶ Improvements to IFRSs (2012-2014 cycle).

3.3. Accounting procedures applied by the group in the absence of specific accounting standards

The "Cotisation sur la Valeur Ajoutée des Entreprises" or CVAE (Business contribution on the added value) was considered by the Group as an operating expense that does not meet the criteria laid down in IAS 12 "Income taxes" and therefore does not give rise to deferred taxes.

3.4. Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.5. Significant accounting judgements and estimates

In preparing the Group's consolidated financial statements, Management is required to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat

Note 4. Significant accounting policies

Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

Judgements

In preparing the financial statements for the period ended 30 June 2016, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, contingent liabilities, provisions, customer risk assessment and the functional currency used by the consolidated entities.

Note 4. Significant accounting policies**4.1. Consolidation method**

As required under IFRS 10, companies in which the Group holds directly or indirectly more than 50% of voting rights at general meetings of shareholders, at meetings of boards of directors or in any equivalent governing bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and consolidated under the full consolidation method. To determine control, Eutelsat Communications carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders. Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties that, if exercised, could alter the type of influence exerted by each party.

An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, (e.g. change in an entity's ownership structure or governance, exercise of a dilutive financial instrument, etc.).

A subsidiary's income and expenses are included in the Group's consolidated financial statements from the date the Group gains control until the date when the Group loses control of the subsidiary. The portion of equity ownership that is directly or indirectly attributable to the Group is recorded as non-controlling interests.

Changes in the proportion of equity held in subsidiaries that do not result in change of control are accounted for as equity transactions, or transactions entered into with shareholders in their capacity as such.

Gains or losses arising from these transactions are recognised, net of tax, within equity. Consequently, they have no impact on the Group's consolidated income statement.

In accordance with IFRS 11, the Group's joint arrangements fall into two categories:

- ▶ joint ventures: these are joint arrangements whereby the parties (called "joint venturers") that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer is required to recognise its right to the net asset of the arrangement using the equity method in accordance with IAS 28;
- ▶ joint operations: these are joint arrangements in which the parties (called "joint operators") that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement. Each joint operator records 100% of the assets/liabilities, expenses/revenues relating to its interest in the joint operation, as well as the portion of assets held jointly.

3.6. Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference currency and the presentation currency used to issue financial statements is the euro.

3.7. Change in group structure**Alterna TV**

On 7 April 2016, the Group announced the sale of Alterna TV, a Eutelsat Americas subsidiary based in Miami and specialised in content distribution. The terms of the transaction are confidential.

Associates are defined as entities over which the Group exerts significant influence. They are consolidated using the equity method, in accordance with IAS 28. Significant influence is presumed where more than 20% of the shares are held by the Group.

The equity method is a method of accounting by which an investment in an associate or a joint venture is initially recorded at acquisition cost and subsequently adjusted to reflect the Group's share of income and other items of comprehensive income of the associate or the joint venturer. Net income from equity investments is included in the Group's consolidated income statement.

4.2. Accounting treatment for business combinations

Business combinations are recognised using the purchase accounting method, in accordance with the revised IFRS 3. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions. Accordingly,

- ▶ the consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity on the basis of their definition, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;
- ▶ costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- ▶ in the event of partial disposal, minority interests (known henceforth as "non-controlling interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the assets acquired and liabilities assumed;
- ▶ in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period;
- ▶ the identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell, tax items and employee benefits which are recognised under IAS 12 and IAS 19 respectively.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities. Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a 12-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted after the end of the 12-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where these adjustments correspond to corrections of errors.

4.3. Acquisition/disposal of non-controlling interests

Changes in ownership interests in subsidiaries without loss of control are accounted for as equity transactions and recognised directly within equity.

4.4. Operations in foreign currencies

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the reporting currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Translation adjustment" within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.109 U.S. dollar for 1 euro and the average exchange rate for the period is 1.108 U.S. dollar for 1 euro.

Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using an average exchange rate for the period, unless the use of such rate becomes inappropriate due to major erratic changes over the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

4.5. Intangible fixed assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value on

the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Intangible assets consist of certain licences, the "Eutelsat" brand and the "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates (see Note 4.8 "Impairment of non-current assets").

Research and development costs

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as an item of expenditure.

The Group spent 13.3 million euros on research and development during the financial period ended 30 June 2016, including development costs amounting to 7.4 million euros recorded as intangible assets.

Research expenses were mainly incurred for multimedia activities. They are recorded in the income statement under "Selling, general and administrative expenses".

4.6. Goodwill

Goodwill is valued in the functional currency of the acquired entity at the date of the business combination as the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill." Goodwill arising on the acquisition of an associated company is included within the book value of the investment within the line item "Investments in associates."

After initial recognition at cost, goodwill is measured at cost, less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of goodwill.

4.7. Satellite and other property and equipment

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Note 4. Significant accounting policies

Satellites – Satellite costs include all expenses incurred for commissioning individual satellites and comprise manufacturing, launch and attributable launch insurance costs, capitalised interest, performance incentives and costs directly attributable to monitoring the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has a number of contracts with its satellite manufacturers that require the Group to make certain performance incentive payments upon the initial entry into operational service of the satellites and with respect to future periods of successful satellite operation in orbit. These expenses are directly attributable to the satellite as the Group assesses the likelihood of their payment. Satellite performance incentives are settled at the same time as the price of the satellite, *i.e.* prior to its entry into operational service.

However, for payments made after the satellite's entry into service, future outflows of resources are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Accordingly, the future expenditure is included in the cost of the satellite.

Any subsequent change in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment to the cost of a satellite.

The new value of the satellite is amortised on a prospective basis over the remaining useful life.

Ground equipment – This item comprises the monitoring and control equipment at various European locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation and amortisation – Amortisation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation includes, where appropriate, the residual value of each asset or group of assets, starting from the date when the asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	10 – 22 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold arrangements and improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, a depreciation test is performed and depreciation is charged for the remaining years by taking into account the asset's new remaining useful life.

Construction in progress – The "Construction in progress" primarily consist of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch-insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases – Agreements whereby the Group uses capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability in accordance with IAS 17 "Leases" when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially all risks and rewards incidental to ownership to the Group. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8. Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential loss in value.

For tangible fixed assets and intangible assets with finite useful lives, such as the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is higher than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of the estimated future cash flows (discounted using the Group's WACC if no market price is available), to be generated by an asset or a CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Using a WACC per segment would have no impact on the results of this test. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs and also satellite operation and control costs directly attributable to the satellites tested. Beyond a maximum 5-year period, cash flows are estimated on the basis of stable rates of growth or decline.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement under the item "Other operating costs and income". An impairment of goodwill cannot be reversed.

As of 30 June 2016, each satellite and "Customer Contracts and Relationships", grouped by orbital position (after taking into account the technical and economic interdependencies of their cash flows), were identified as CGUs. The Group's investment in Hispasat was also considered as an independent CGU.

4.9. Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.10. Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is their fair value plus costs directly attributable to the transaction.

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", IAS 32 "Financial Instruments: Presentation", and IFRS 7 "Financial Instruments: Disclosures", the Group has adopted the following classification for financial assets and liabilities, which is based on the objectives determined by Management at acquisition date. The designation and classification of these instruments are determined at initial recognition.

4.10.1 Financial Assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Assets held for sale

Held-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified in the "Financial assets measured at fair value through the income statement", "Assets held to maturity" or "Loans and receivables" categories. Held-for-sale financial assets include investments other than investments in companies recognised and consolidated as equity investments, which Management intends to hold for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at fair value, with gains and losses resulting from changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment is recognised, the cumulative gains and losses previously entered under shareholders' equity are recorded in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at their acquisition cost.

Loans and receivables

Loans and receivables are mainly composed of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are recorded initially at their nominal value, on account of the insignificant impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest rate method.

4.10.2 Financial Liabilities

Financial liabilities comprise bank loan and other debt instruments. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest rate method.

4.10.3 Derivatives

Derivatives that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are posted to the financial result.

Where a derivative instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "Financial Instruments: Recognition and Measurement" (see Note 4.10.5 "Hedging transactions").

4.10.4 Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash flows, under the heading "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied to determine a recoverable percentage based on how long the receivables have been on our books.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5 Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

Note 4. Significant accounting policies

These criteria are applied where the Group uses derivatives designated as cash flow hedging instruments.

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Hedging of a net investment in a foreign operation involves a hedge of the foreign currency risk arising from nets assets held in a foreign operation which might affect Group net position.

For these two types of hedges, changes in the fair value of a hedging instrument relating to the effective portion of the hedge are recognised in shareholders' equity, whereas changes in the fair value relating to the ineffective portion of the hedge are recognised in the income statement under financial result.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under profit and loss, at the level of the hedged item.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.10.6 Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or a liability extinguished, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities that are not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at balance sheet date.

The fair values of derivative instruments include counterparty risk.

4.10.7 Firm or conditional commitments to purchase non-controlling interests

Under the IFRS 10 "Consolidated Financial Statements", and IAS 32 "Financial Instruments: Presentation", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is treated as an adjustment affecting the income statement.

4.11. Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

4.12. Shareholders' equity

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

Costs for capital increases

External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options

Rewards granted to employees under stock-option plans are measured on the date the options are granted and represent additional employee compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and is offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 "Share-based Payment", awards granted to employees in the form of public issues or other capital transactions are measured at grant date. They constitute additional compensation, which is recorded during the financial year as an expense recognised over the vesting period.

4.13. Revenue recognition

The Group's revenues are mainly attributable to the allotment of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts usually cover periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a 1-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are performed, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is reported in the accounts, it is probable that the debt will be recovered.

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder contracts or of the services provided.

4.14. Other operating income and expenses

The other operating income and expenses include:

- ▶ significant and infrequent factors such as impairment of intangible assets, launch failures and their related insurance reimbursements, as well as national and international non-commercial litigations, less the legal costs incurred;
- ▶ the impacts of changes in scope (including business combination costs and sales of tangible assets).

4.15. Deferred income tax

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- ▶ where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- ▶ when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.16. Earnings per share

EPS (earnings per share) are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

4.17. Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations

to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement. The rate used to discount estimated cash flows is determined by reference to an underlying pool of AA-rated corporate bonds with maturities in line with those of the schemes being valued.

A complete assessment of the discounted present value of the benefit is outsourced each year and reviewed at interim periods to identify any significant changes.

The pension cost for the period, consisting of service cost, is posted to operating income, whereas actuarial gains and losses are recognised in equity.

Management of the defined contribution plans is performed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised in operating costs for the period.

4.18. Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.17 "Post-employment benefits", despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.19. Provisions

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation.

The discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

Note 5. Goodwill and other intangibles

Note 5. Goodwill and other intangibles

"Goodwill and Other Intangibles" breaks down as follows:

► Changes in gross assets, depreciation and amortisation

<i>(in millions of euros)</i>	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
Gross value as of 30 June 2014	1,103.9	1,070.3	40.8	170.3	2,385.3
Acquisition of control	3.8	-	-	-	3.8
Acquisitions	-	-	-	24.3	24.3
Transfers	-	-	-	21.0	21.0
Foreign-exchange variation	57.3	39.1	-	6.8	103.2
Disposals and scrapping of assets	-	-	-	(2.3)	(2.3)
Gross value as of 30 June 2015	1,165.0	1,109.4	40.8	220.1	2,535.3
Acquisitions	-	-	-	11.0	11.0
Transfers	-	-	-	6.8	6.8
Foreign-exchange variation	1.2	0.8	-	4.0	6.5
Disposals	-	(3.3)	-	-	(3.3)
GROSS VALUE AS OF 30 JUNE 2016	1,166.3	1,107.0	40.8	242.1	2,556.2
DEPRECIATION AND AMORTISATION					
Accumulated depreciation as of 30 June 2014	-	(421.2)	-	(61.4)	(482.6)
Depreciation and amortisation	-	(56.2)	-	(20.3)	(76.5)
Reversals (disposals)	-	-	-	1.6	1.6
Foreign-exchange variation	-	(3.2)	-	(0.3)	(3.5)
Transfers	-	-	-	0.2	0.2
Accumulated depreciation as of 30 June 2015	-	(480.6)	-	(80.2)	(560.8)
Depreciation and amortisation	-	(57.4)	-	(23.1)	(80.5)
Reversals (disposals)	-	3.3	-	-	3.3
Impairment	-	-	-	-	-
Foreign-exchange variation	-	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2016	-	(534.7)	-	(103.3)	(638.0)
Net value as of 30 June 2014	1,103.9	649.1	40.8	108.9	1,902.7
Net value as of 30 June 2015	1,165.0	628.8	40.8	139.9	1,974.5
NET VALUE AS OF 30 JUNE 2016	1,166.3	572.0	40.8	139.1	1,918.2

The decline in Eutelsat Communications S.A.'s share price observed during the second half of the financial year 2015-2016 lead Management to review the annual impairment test of goodwill carried out at 31 December 2015 and monitored only at Eutelsat's operating segment level.

As of 30 June 2016, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock price of Eutelsat Communications S.A. (and taking into account this company's debt) did not lead to reconsider the amount shown on the balance sheet.

The share price would have to drop by at least 31% for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

Note 6. Satellites, other property and equipment and construction in progress

Note 6. Satellites, other property and equipment and construction in progress

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

► Changes in gross values, depreciations and amortisation

<i>(in millions of euros)</i>	Satellites ⁽¹⁾	Other tangibles	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2014	4,968.4	339.8	847.8	6,156.0
Acquisitions	300.3	31.3	408.2	739.8
Disposals and scrapping of assets	(371.5)	(6.3)	-	(377.8)
Foreign-exchange variation	111.0	1.8	92.1	204.9
Transfers	219.5	3.3	(244.0)	(21.2)
Gross value as of 30 June 2015	5,227.7	369.9	1,104.0	6,701.7
Acquisitions	460.0	25.9	380.7	866.6
Disposals	-	(3.0)	(0.2)	(3.2)
Scrapping of assets	(100.7)	(3.9)	-	(104.6)
Foreign-exchange variation	12.1	-	(11.3)	0.8
Transfers	759.0	10.1	(779.1)	(10.0)
GROSS VALUE AS OF 30 JUNE 2016	6,358.1	399.0	694.2	7,451.3
DEPRECIATION AND AMORTISATION				
Accumulated depreciation as of 30 June 2014	(1,868.7)	(207.5)	-	(2,076.1)
Depreciation and amortisation	(349.0)	(40.2)	-	(389.2)
Reversals (disposals and scrapping of assets)	336.9	5.1	-	342.0
Impairment	(0.8)	-	-	(0.8)
Foreign-exchange variation	(14.1)	(0.5)	-	(14.6)
Transfers	(6.4)	6.3	-	(0.1)
Accumulated depreciation as of 30 June 2015	(1,902.1)	(236.8)	-	(2,138.9)
Depreciation and amortisation	(375.1)	(45.3)	-	(420.4)
Reversals (disposals)	-	0.2	-	0.2
Reversals (scrapping of assets)	100.2	3.9	-	104.1
Reclassification	2.3	1.1	-	3.4
Foreign-exchange variation	(0.4)	-	-	(0.4)
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2016	(2,175.1)	(276.6)	-	(2,451.7)
Net value as of 30 June 2014	3,099.8	132.3	847.8	4,079.9
Net value as of 30 June 2015	3,325.6	133.1	1,104.0	4,562.7
Net value as of 30 June 2016	4,183.0	122.4	694.2	4,999.6

(1) Including satellites under finance leases:

<i>(in millions of euros)</i>	
Gross value	856.2
Net value as of 30 June 2016	794.3

Note 7. Investments in associates

This item refers to five satellites for which capacity is leased, with the relevant agreements being considered as finance leases and recognised accordingly as assets:

(in millions of euros)	Gross value		
Express AT1	206.9	18 transponders	Agreement covering the satellite's remaining useful life, starting May 2014 and amended in 2015
Express AT2	93.5	8 transponders	Agreement covering the satellite's remaining useful life, starting July 2014
Express AM6	57.7	5 transponders	Agreement dated April 2015 covering the satellite's remaining useful life
EUTELSAT 36C ⁽¹⁾	401.8	53 Ku transponders/ 18 Ka beams	Agreement covering the satellite's remaining useful life, starting February 2016
Astra 2G	96.3	8 transponders	Agreement dated January 2014 covering the satellite's remaining useful life

(1) A portion of the satellite is classified as assets under construction for 76.5 million euros as of 30 June 2016.

The satellite-related transfer as of 30 June 2015 corresponds to the entry into operational service of the EUTELSAT 3B satellite launched during the financial year.

The EUTELSAT 48C and EUTELSAT 16B satellites were fully depreciated and de-orbited during the financial year ended 30 June 2015. The EUTELSAT 3A and SESAT 2 satellites leased under finance lease agreements have left the Group's fleet.

Satellite-related transfers at 30 June 2016 correspond to the entry into operational service of the EUTELSAT 8WB, EUTELSAT 9B and EUTELSAT 65WA satellites launched during the financial year and the EUTELSAT 115WB launched during the year 2014-2015.

The EUTELSAT 33B and EUTELSAT 115WA satellites were fully depreciated and de-orbited during the financial year ended 30 June 2016. The Telstar 12 satellite leased under a finance lease agreement left the Group's fleet.

Satellites under construction

The satellites listed as below are currently under construction and should be brought into service during the financial years as indicated.

Projects	Expected year of launch
EUTELSAT 172B	2017-2018
QUANTUM and EUTELSAT 7C	2018-2019
BROADBAND4AFRICA	2019-2020

Note 7. Investments in associates

As of 30 June 2015 and 30 June 2016, the "Investments in associates" item breaks down as follows:

(in millions of euros)	30 June 2015	30 June 2016
Hispasat	282.2	-
TOTAL	282.2	-

As of 30 June 2015 and 30 June 2016, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 33.69% of the Hispasat Group, a private unlisted Spanish satellite operator, in which the Abertis Group is the majority shareholder.

As of 30 June 2016, following the announcement made by Eutelsat Communications Group (see Note 31 "Subsequent Events"), the value of the Group's interest in Hispasat was reclassified as assets held for sale.

► Change in the carrying amount of Hispasat in the Group's financial statements

(in millions of euros)	30 June 2015	30 June 2016
Value of the equity investment at beginning of period	271.9	282.2
Share of income	18.8	23.5
Impact of income and expenses directly recognised under equity and dividends ⁽¹⁾	(8.5)	(3.8)
VALUE OF THE EQUITY INVESTMENT AT END OF PERIOD	282.2	301.9

(1) Distribution of Hispasat dividends totalled 9.1 million euros (Group share representing 3.1 million euros) and 12.5 million euros (Group share representing 4.2 million) during the financial years ended 31 December 2014 and 31 December 2015 respectively.

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Goodwill	15.2	15.2
Intangible rights ⁽¹⁾	33.7	33.7
Service agreement ⁽²⁾	0.1	0.1
Investment in Hisdesat	6.1	6.1
SUB-TOTAL	55.1	55.1
Hispasat net assets	227.1	246.8
TOTAL	282.2	301.9

(1) These relate to rights to the use of frequencies at the 30°West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.

(2) The useful lives of the other identified intangible assets have been estimated at 15 years.

The following table summarises the annual financial statements released by Hispasat Group:

<i>(in millions of euros)</i>	31 December 2014	31 December 2015
Non-current assets	951.5	1,105.3
Current assets	284.0	131.5
Non-current liabilities	395.7	365.6
Current liabilities	179.0	163.0
TOTAL NET ASSETS	660.8	708.3
Operating income	199.7	218.5
Net income	46.9	63.4
Other items of comprehensive income	(4.2)	(6.6)
Total comprehensive income	42.7	56.8

At 30 June 2015 and 30 June 2016, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from Hispasat, after amortisation of the intangible assets identified for the financial periods 2014-2015 and 2015-2016.

Note 8. Non-current financial assets

Non-current financial assets are primarily made up of long-term loans, investments and advances.

These mainly consist of loans to social welfare bodies and guarantee deposits paid for renting Eutelsat S.A. premises in Paris.

Note 9. Inventories

Gross and net inventories amount to 1.8 million euros and 0.9 million euros as of 30 June 2015, and 3.6 million euros and 2.8 million euros as of 30 June 2016. They mainly comprise receive antennas and modems.

Note 10. Accounts receivable

Credit risk is the risk that a debtor of the Group will not pay when the debt matures. This is a risk that mainly affects the "accounts receivable" category and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied

by a more detailed study of the creditworthiness of a number of debtors. Depending on the assessment conducted by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the evaluation of the risk.

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

Note 10. Accounts receivable

As of 30 June 2015, the net value of these receivables was 309.3 million euros. The corresponding impairment charge stood at 60.1 million euros.

As of 30 June 2016, the net value of these receivables was 406.4 million euros. The corresponding impairment charge stood at 71.3 million euros.

Accounts receivable as of 30 June 2015 and 30 June 2016 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2016 and the fact that no legal entity billed by the Group accounts individually for more than 10% of its

revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, by deposits and credit insurance.

During the financial year 2015-2016, the Group further experienced the effects of the current economic crisis in some of the areas in which it operates. Consequently, particular vigilance is called for with regard to clients in geographical areas with the potentially highest exposure to the financial crisis.

The amount of bad debt represents 4.7 million euros and 16.4 million euros as of 30 June 2015 and 30 June 2016 respectively.

10.1. Change in impairment of receivable

<i>(in millions of euros)</i>		Total
Value at 30 June 2014		46.1
Allowance		37.7
Reversals (used)		(4.7)
Reversals (unused)		(19.0)
Value at 30 June 2015		60.1
Allowance		54.3
Reversals (used)		(16.4)
Reversals (unused)		(26.7)
VALUE AT 30 JUNE 2016		71.3

10.2. Analysis of accounts receivable (matured and unmatured)

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Non-matured receivables	177.4	179.6
Matured and impaired receivables	191.9	298.0
Between 0 and 30 days	106.8	146.7
Between 30 and 90 days	26.3	30.0
More than 90 days	58.8	121.3
Impairment	(60.1)	(71.3)
TOTAL	309.3	406.4

10.3. Guarantees and commitments received, which mitigate credit risk

<i>(in millions of euros)</i>	30 June 2015		30 June 2016	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	66.8	26.3	80.1	31.9
Bank guarantees	65.6	60.5	86.7	61.4
Guarantees from the parent company	14.4	14.4	15.9	15.9
TOTAL	146.9	101.2	182.8	109.2

Guarantee deposits are posted to "Other liabilities" (see Note 17 "Other Financial Liabilities"). Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

Note 11. Other current assets

Other current assets are as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Prepaid expenses	17.5	23.0
Tax and employee-related receivable	22.5	14.8
TOTAL	40.0	37.8

Note 12. Current financial assets

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Hedging instruments ⁽¹⁾	2.4	-
Other receivables	27.1	31.3
TOTAL	29.5	31.3

(1) See Note 26 "Financial instruments".

Note 13. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Cash	204.9	316.4
Cash equivalents	215.4	837.3
TOTAL	420.3	1,153.8

Cash equivalents are mainly made up of deposit certificates, which mature less than three months from the date of acquisition, and mutual fund investments qualifying as "cash equivalents" (see Note 4.11 "Cash and cash equivalents").

Note 14. Financial assets

Note 14. Financial assets

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicate its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared:

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2015				Fair value as of 30 June 2015
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash flow hedges	Instruments measured at fair value through income statement	
ASSETS						
Non-current financial assets						
Long-term loans and advances	Receivables	11.9	11.9	-	-	11.9
Current financial assets						
Accounts receivable	Receivables	309.3	309.3	-	-	309.3
Other receivables	Receivables	27.1	27.1	-	-	27.1
Financial instruments⁽¹⁾						
Qualified as cash flow hedges	N/A	2.4	-	2.4	-	2.4
No hedging	Held for trading purposes	-	-	-	-	-
Cash and cash equivalents						
Cash	N/A	204.9	204.9	-	-	204.9
Cash equivalent ⁽²⁾	Fair value	215.4	-	-	215.4	215.4
Other cash equivalents	Receivables	-	-	-	-	-

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2016				Fair value as of 30 June 2016
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash flow hedges	Instruments measured at fair value through income statement	
ASSETS						
Non-current financial assets						
Long-term loans and advances	Receivables	10.1	10.1	-	-	10.1
Current financial assets						
Accounts receivable	Receivables	406.4	406.4	-	-	406.4
Other receivables	Receivables	31.3	31.3	-	-	31.3
Financial instruments⁽¹⁾						
Qualified as cash flow hedges	N/A	-	-	-	-	-
No hedging	Held for trading purposes	-	-	-	-	-
Cash and cash equivalents						
Cash	N/A	316.4	316.4	-	-	316.4
Cash equivalent ⁽²⁾	Fair value	837.4	-	-	837.4	837.4
Other cash equivalents	Receivables	-	-	-	-	-

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(2) Fair value hierarchy: level 1 (reflecting quoted prices).

With the exception of financial instruments, the book value of financial assets represents a reasonable approximation of their fair values.

Note 15. Shareholders' equity

15.1. Shareholders' equity

As of 30 June 2016, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share. As of the same date, the Group held 211,560 treasury shares amounting to 3.6 million euros under a liquidity agreement. As of 30 June 2015, the Group was holding 53,000 such shares for an aggregate amount of 1.6 million euros. Furthermore, under the free share allocation plans (see below), the Group holds 108,655 equity shares amounting to 2.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

15.2. Dividends

On 5 November 2015, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.09 euro per share, *i.e.* a total of 247.2 million euros, partly settled through the issuance of new shares.

The dividend distribution resulted in:

- ▶ the issuance of 5,802,297 new shares (increasing the number of shares from 226,972,338 to 232,774,635) with a par value of 1 euro per share, with the following impact on equity:
- ▶ an increase in the share capital from 227.0 million euros to 232.8 million euros,
- ▶ an increase in the legal reserve by 0.6 million euros, from 22.7 million euros to 23.3 million euros,

- ▶ an increase in the share premium account from 560.7 million euros to 704.8 million euros;
- ▶ cash settlements totalling 96.1 million euros.

The amount of the distribution for the financial year ended 30 June 2016, which is being proposed to the General Meeting of 4 November 2016, is 256.2 million euros, *i.e.* 1.10 euro per share.

15.3. Share-based compensation

There are currently five share-based plans implemented by the Group, in July 2011, November 2012, February 2014, February 2015 and February 2016 respectively.

Under the five plans, the expense (excluding employer's contributions) recognised for the financial period ended 30 June 2016 was (1.5) million euros, compared to 6.7 million euros for the financial period ended 30 June 2015 (four plans).

Under the two first plans and for a portion of the plan initiated in February 2016, the expense was recognised within equity. However, under the 2014 and 2015 plans and for a portion of the plan initiated in February 2016, the expense was recorded as a liability (as it was settled in cash). The Board of Directors meeting on 13 February 2014 and 11 February 2015 decided to implement a Long-Term Incentive Plan, based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the levels reached by performance-related objectives, provided the recipient is still working with the Group at the end of the vesting period.

Note 15. Shareholders' equity

These plans concern employees and managers with different performance-related objectives as presented in the table below:

Conditions	July 2011 Plan	Nov 2012 Plan	February 2014 Plan	February 2015 Plan	February 2016 Plan
Vesting period	July 2011-July 2014 ⁽¹⁾	November 2012-November 2015 ⁽²⁾	February 2014-June 2016	February 2015-June 2017	February 2016-February 2019 ⁽³⁾
Settled in	Shares	Shares	Cash	Cash	Shares and cash
Lock-up period	July 2014-July 2016 ⁽⁴⁾	November 2015-November 2017 ⁽⁴⁾	Not applicable	Not applicable	February 2019-February 2021 ⁽⁴⁾
Maximum number of attributable shares at inception	700,000	347,530	448,585	436,639	482,211
Number of recipients	619	712	781	759	805
Features of "Employees" plan					
▶ Number of shares per recipient	600	200	300	300	300
▶ Performance-related targets observed during the vesting period	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%
	Average ROCE for 50%	Average ROCE for 50%	Average ROCE for 50%	Average ROCE for 50%	Average ROCE for 50%
Features of "Managers" Plan					
▶ Total number of shares	327,140	205,530	214,885	208,939	241,581
▶ Performance-related targets observed during the vesting period	Cumulative EBITDA for 25%	Cumulative EBITDA for 25%	Cumulative EBITDA for 25%	Cumulative EBITDA for 1/3	Cumulative EBITDA for 1/3
	Average ROCE for 25%	Average ROCE for 25%	Average ROCE for 25%	Average ROCE for 1/3	Average ROCE for 1/3
	Cumulative EPS for 25%	Cumulative EPS for 25%	Cumulative EPS for 25%	Relative TSR for 1/3	Relative TSR for 1/3
	TSR for 25%	TSR for 25%	TSR for 25%		
Share price used as taxation basis for calculating social contributions and employer's charges					
▶ "Employees" and "Managers" Plan (excluding TSR)	€26.77	€19.73	€17.39	€21.14	€20.01-€22.13
▶ "Managers" Plan (TSR)	€7.48	€6.88	€0.0	€7.82	€17.28-€19.02
Expense/(income) over the period (in millions of euros) ⁽⁴⁾	0.2	0.1	(1.3)	(0.6)	0.1
Aggregate valuation of plan as of 30/06/2016 (in millions of euros) ⁽⁵⁾	4.1	0.3	4.0	2.0	1.2

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.

(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.

(3) For foreign subsidiaries, the grant period covers February 2016 to February 2020.

(4) There is no lock-up period for foreign subsidiaries.

(5) Excluding employer's contribution.

In accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the free share allocation plan will be recorded as a reduction to the Group's share of shareholders' equity.

Liquidity offer for employees of the Group who are shareholders in Eutelsat S.A.

During the financial year 2015-2016, the Group acquired 241,171 Eutelsat S.A. shares from Eutelsat S.A. employees under a liquidity agreement implemented in December 2015 and June 2016. The cost of acquiring such shares amounted to 1.6 million euros.

15.4. Change in the revaluation surplus of financial instruments

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2015	5.7
Changes in fair value within equity that can be reclassified to income	(40.7)
Transfer to income statement ⁽¹⁾	2.7
BALANCE AT 30 JUNE 2016	(32.3)

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 24 "Financial result").

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to 0.7 million euros.

15.5. Translation reserve

<i>(in millions of euros)</i>	Total
Balance at 30 June 2015	227.4
Change over the period	(15.0)
BALANCE AT 30 JUNE 2016	212.4

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (0.3) million euros.

The revaluation reserve includes the value of the cross currency swap used to hedge currency exposure of a net investment in a foreign operation (see Note 26.1 "Foreign-exchange risk").

The main currency generating translation differences is the U.S. dollar.

Note 16. Financial debt

As of 30 June 2015 and 30 June 2016, the aggregate amount of bank debt is denominated in euros, with the exception of the export credit facility which is denominated in U.S. dollars.

16.1. Financial information as of 30 June 2015 and 30 June 2016

<i>(in millions of euros)</i>	Rate	30 June 2015	30 June 2016	Maturity
Term loan 2021	Variable	600.0	600.0	31 March 2021
Bond 2017 ⁽¹⁾	4.125%	850.0	-	27 March 2017
Bond 2019 ⁽¹⁾	5.000%	800.0	800.0	14 January 2019
Bond 2020 ⁽¹⁾	2.625%	930.0	930.0	13 January 2020
Bond 2021 ⁽¹⁾	1.125%	-	500.0	23 June 2021
Bond 2022 ⁽¹⁾	3.125%	300.0	300.0	10 October 2022
US EXIM export credit	1.710%	38.7	31.8	15 November 2021
ONDD-guaranteed export credit	Variable	176.0	166.0	17 May 2024
Other	Variable	0.1	0.9	30 June 2018
SUB-TOTAL OF DEBT (NON-CURRENT PORTION)		3,694.9	3,328.7	
Loan set-up fees and premiums		(31.6)	(26.5)	
TOTAL OF DEBT (NON-CURRENT PORTION)		3,663.3	3,302.4	
Bond 2017 ⁽¹⁾	4.125%	-	850.0	27 March 2017
US EXIM export credit & ONDD		18.0	30.8	
Bank overdrafts		-	-	
Accrued interest not yet due		46.4	46.7	
TOTAL DEBT (CURRENT PORTION)		64.5	927.5	

(1) Fair values are detailed below:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Bond 2017	904.1	875.1
Bond 2019	916.0	891.7
Bond 2020	990.4	989.0
Bond 2021	-	499.5
Bond 2022	330.9	337.8

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 30 June 2016.

The Group also has 650 million euros available under its various active lines of undrawn revolving credit as of 30 June 2016.

Note 17. Other financial liabilities

16.2. Change in structure

In June 2016, the Group issued a 5-year Eurobond amounting to 500 million euros on the Luxembourg Stock Exchange regulated market, with maturity date of 23 June 2021. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 1.125% per annum, issued at 99.894%, and redeemable at maturity at 100% of its principal amount.

16.3. Debt maturity analysis

At 30 June 2016, the debt maturity analysis is as follows:

<i>(in millions of euros)</i>	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	600.0	-	600.0	-
US EXIM export credit	38.9	7.1	28.3	3.5
ONDD-guaranteed export credit	189.8	23.7	94.9	71.2
Bond 2017	850.0	850.0	-	-
Bond 2019	800.0	-	800.0	-
Bond 2020	930.0	-	930.0	-
Bond 2021	500.0	-	500.0	-
Bond 2022	300.0	-	-	300.0
Other	0.9	-	0.9	-
TOTAL	4,209.6	880.8	2,954.1	374.7

16.4. Compliance with banking covenants

The new bond is linked to the same type of financial covenant as those existing on other agreements (the total net debt to EBITDA ratio must remain less than or equal to 4.0 to 1). The banking covenants on other financing facilities in place as of 30 June 2016, which require that the total net debt to EBITDA ratio remains less than or equal to 3.75 to 1, have not changed since their inception. As of 30 June 2016, the Group was in compliance with all banking covenants under its credit facilities.

Together with other sources of cash on its balance sheet, the bonds will enable Eutelsat to redeem at maturity the outstanding bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125%.

As provided for under the agreement, the maturity of the term loan was extended for one year, i.e. from March 2020 to March 2021.

16.5. Risk management

Information on interest rate risk and liquidity risk is available in Note 18 "Other Financial Liabilities" and Note 26 "Financial Instruments".

Note 17. Other financial liabilities

Other financial liabilities break down as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Derivative instruments ⁽¹⁾	108.4	174.3
Performance incentives	1.2	0.7
Finance leases	434.6	831.1
Other liabilities	93.3	96.8
TOTAL	637.5	1,102.9
<i>incl. current portion</i>	39.9	49.0
<i>incl. non-current portion</i>	597.6	1,053.9

(1) See Note 26 "Financial Instruments".

The financial instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of financial liabilities represents a reasonable approximation of fair value.

Finance lease agreements are mainly impacted by the entry into commercial service of the EUTELSAT 36C satellite (see Note 6 "Satellites, other property and equipment and construction in progress").

Amounts shown for finance leases include accrued interest totalling 0.7 million euros as of 30 June 2015 and 8.1 million euros as of 30 June 2016.

"Other liabilities" mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

Note 18. Financial liabilities**18.1.** Breakdown by category

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2015			Fair value as of 30 June 2015
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash flow hedges	
LIABILITIES					
Financial debt					
Floating rate loans	At amortised cost	776.9	776.9		776.9
Bond	At amortised cost	2,860.1	2,860.1		3,141.4
Fixed rate loans	At amortised cost	44.2	44.2		44.2
Bank overdrafts	N/A	-	-		-
Other financial liabilities					
Non-current	At amortised cost	493.1	493.1		493.1
Current	At amortised cost	35.9	35.9		35.9
Derivative instruments⁽¹⁾					
Qualified as hedges		108.4		108.4	108.4
No hedging		-		-	-
Accounts payable	At amortised cost	69.0	69.0		69.0
Fixed assets payable	At amortised cost	21.6	21.6		21.6

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2016			Fair value as of 30 June 2016
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	
LIABILITIES					
Financial debt					
Floating rate loans	At amortised cost	781.6	781.6		781.6
Bond	At amortised cost	3,363.8	3,363.8		3,593.1
Fixed rate loans	At amortised cost	37.6	37.6		37.6
Bank overdrafts	N/A	-	-		-
Other financial liabilities					
Non-current	At amortised cost	880.5	880.5		880.5
Current	At amortised cost	48.0	48.0		48.0
Derivative instruments⁽¹⁾					
Qualified as hedges		173.3		173.3	173.3
No hedging		1.0			1.0
Accounts payable	At amortised cost	66.7	66.7		66.7
Fixed assets payable	At amortised cost	51.3	51.3		51.3

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

With the exception of financial instruments and bonds, the book value of financial assets represents a reasonable approximation of their fair value.

Note 19. Operating and finance leases

Note 19. Operating and finance leases**19.1. Operating leases**

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance in June 2014 for a fixed-term 9-year period starting on 1 July 2014. The rent expense amounted to 4.0 million euros for the financial years ended 30 June 2015 and 30 June 2016 respectively. Future payments with respect to the lease agreement are detailed in the following table:

<i>(in millions of euros)</i>	Total	Less than 1 year	Between 1 and 5 years	Exceeding 5 years
Future payments for operating leases	28.2	4.0	16.1	8.1

19.2. Finance leases

The Group operates five satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term. The last finance lease contract expires in 2031.

Financial expenses for satellites operated under finance leases amounted to 9.9 million euros as of 30 June 2015 and 13.6 million euros as of 30 June 2016.

Finance lease contracts mature as follows:

<i>(in millions of euros)</i>	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Finance leases	944.7	162.0	309.2	473.3
TOTAL	944.7	162.0	309.2	473.3

Note 20. Other payables and deferred revenues**20.1. Non-current portion**

Other non-current debts only include deferred revenue.

20.2. Current portion

Other current payables and deferred revenues were as follows as of 30 June 2015 and 30 June 2016:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Deferred revenues	77.8	80.0
Tax liabilities	16.9	10.2
Liabilities for social contributions ⁽¹⁾	46.3	45.5
TOTAL	141.0	135.7

(1) Including the liability related to the liquidity offer of 5.7 million euros as of 30 June 2015 and 2.3 million euros as of 30 June 2016.

Deferred revenues mainly include prepayments made by clients for the provision of telecommunication and frequency coordination services.

Note 21. Income tax

The Company Eutelsat S.A. which is included in the tax consolidation group headed by Eutelsat Communications is subject to a tax audit for financial years ended 30 June 2012, 2013 and 2014. Eutelsat S.A. has received a tax adjustment notification amounting to 3.4 million euros at balance sheet date, for which a provision has been recorded.

21.1. Income-statement tax balances

The "Income tax" expense comprises current and deferred tax expenses of consolidated entities.

The Group's income tax expense is as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Current tax expense	(180.5)	(179.8)
Deferred tax income (expense)	(13.6)	(20.0)
TOTAL INCOME TAX EXPENSE	(194.1)	(199.8)

The theoretical income tax expense, based on application to the pre-tax result (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Income before tax and income from equity investments	545.5	539.1
Standard French corporate tax rate	38.0%	38.0%
Theoretical income-tax expense	(207.3)	(204.8)
Differences in corporate tax rates	13.8	22.1
Use of tax losses	18.7	6.4
Deferred tax recognised for the period	-	5.6
Other permanent differences	(19.3)	(29.1)
CORPORATE TAX EXPENSE IN THE INCOME STATEMENT	(194.1)	(199.8)
Actual corporate tax rate	35.6%	37.1%

21.2. Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2015 and 30 June 2016 were as follows:

<i>(in millions of euros)</i>	30 June 2015	Change in scope of consolidation	Net income for the period	Recognised in equity	30 June 2016
DEFERRED TAX ASSETS					
Financial Instruments	36.4	(0.1)	(5.3)	27.1	58.1
Loss carry-forwards	59.1	(2.4)	(36.1)	-	20.6
Bad debt provisions	23.1	-	1.3	-	24.4
Financial guarantee granted to the pension fund	26.7	-	0.7	7.5	34.8
Provisions for risks and expenses	7.4	(1.5)	(3.9)	1.9	3.9
Accrued liabilities	10.4	-	(1.6)	-	8.8
Pension provision	6.2	-	0.3	(0.3)	6.2
SUB-TOTAL (A)	169.3	(4.0)	(44.6)	36.2	156.8
DEFERRED TAX LIABILITIES					
Intangible assets	(165.4)	(1.4)	25.7	-	(141.1)
Tangible assets	(266.1)	-	(7.2)	-	(273.3)
Capitalised interest	(1.7)	-	(0.5)	-	(2.2)
Finance leases	(0.4)	-	0.7	-	0.3
Performance incentives and capitalised salaries	(7.6)	-	5.9	-	(1.6)
Other	(1.7)	0.7	-	-	(1.0)
SUB-TOTAL (B)	442.9	(0.7)	(24.6)	-	(418.9)
TOTAL = (A) + (B)	(273.6)	(4.7)	(20.0)	36.2	(262.1)
REFLECTED AS FOLLOWS IN THE FINANCIAL STATEMENTS:					
Deferred tax assets	23.8				8.5
Deferred tax liabilities	(297.4)				(270.6)
TOTAL	(273.6)				(262.1)

Note 22. Provisions

Deferred tax assets and liabilities break down as follows:

<i>(in millions of euros)</i>	Deferred tax assets	Deferred tax liabilities
Due within one year	-	(1.7)
Due after one year	8.5	(268.9)
TOTAL	8.5	(270.6)

Deferred tax liabilities relate mainly to the taxable temporary difference generated by:

- ▶ the accounting treatment at fair value of "Customer contracts and relationships" and of the Eutelsat brand, valued at 929.8 million euros (see Note 5 "Goodwill and other intangibles"), giving rise, on the occasion of the acquisition of Eutelsat S.A., to an initial deferred tax liability of

320.1 million euros. The 44.4 million euro amortisation of customer contracts over 20 years generates a deferred tax income;

- ▶ the accounting treatment at fair value of "Customer contracts and relationships" and other intangible assets in the context of the acquisition of Satmex.
- ▶ the accelerated depreciation of satellites.

21.3. Tax losses

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

<i>(in millions of euros)</i>	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carryforwards	81.3	-	50.6	-	30.7
TOTAL	81.3	-	50.6	-	30.7

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 52.1 million euros as of 30 June 2016, with the following maturity dates:

<i>(in millions of euros)</i>	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carryforwards	52.1	-	-	-	52.1
TOTAL	52.1	-	-	-	52.1

Note 22. Provisions

<i>(in millions of euros)</i>	30 June 2015	Allowance	Reversal		Recognised in equity	30 June 2016
			Used	Unused		
Financial guarantee granted to a pension fund	78.2	2.0	-	-	21.7	101.9
Retirement indemnities	18.0	1.5	(0.6)	-	(1.0)	17.9
Post-employment benefits ⁽¹⁾	13.0	0.5	(0.1)	(4.8)	-	8.6
TOTAL POST-EMPLOYMENT BENEFITS	109.2	4.0	(0.7)	(4.8)	20.7	128.4
Litigation ⁽²⁾	13.2	6.0	(4.5)	(3.6)	-	11.1
Other	8.8	6.2	(7.3)	(0.8)	-	6.9
TOTAL PROVISIONS	131.2	16.2	(12.5)	(9.2)	20.7	146.4
<i>incl. non-current portion</i>	<i>109.2</i>					<i>128.4</i>
<i>incl. current portion</i>	<i>22.0</i>					<i>18.0</i>

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

(2) Litigation recorded at end of period covers commercial, employee-related and tax litigation.

22.1. Financial guarantee granted to a pension fund

As a result of the transfer by the IGO of its operational business as of 2 July 2001, Eutelsat S.A. granted its financial guarantee to the Trust managing the pension plan established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

The actuarial valuation performed on 30 June 2015 and 30 June 2016 used the following assumptions:

	30 June 2015	30 June 2016
Discount rate	2.54%	1.75%
Expected rate of return on assets	2.54%	1.75%
Rate for pension increases	2.50%	2.25%
Inflation rate	2.00%	1.75%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	61 years	62 years

A 50 base point decrease in discount rates would result in an increase in commitments totalling 23.6 million euros.

A 50 base point decrease in prospective yield rates would result in a decline in assets and in the expected fund yield by 0.7 million euros.

As of 30 June 2015 and 30 June 2016, the position was as follows:

► Comparative summary

(in millions of euros)	30 June				
	2012	2013	2014	2015	2016
Present value of obligations wholly or partly funded	202.7	225.3	217.4	231.8	241.2
Fair values of plan assets	(155.0)	(159.9)	(154.1)	(153.6)	(139.3)
Net financing requirement	47.7	65.4	63.3	78.2	
Actuarial differences: gains/(losses) and other	(32.4)	-	-	-	-
NET (ASSET)/LIABILITY RECOGNISED IN THE BALANCE SHEET	15.3	65.4	63.3	78.2	101.9

► Reconciliation between the present value of obligations at beginning and end of period

(in millions of euros)	30 June 2015	30 June 2016
Present value of the obligations at beginning of period	217.4	231.8
Finance cost	5.9	5.8
Actuarial differences related to financial assumptions: (gains)/losses ⁽¹⁾	13.0	9.8
Benefits paid	(4.5)	(6.2)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	231.8	241.2

(1) Differences resulting mainly from changes in rates.

► Reconciliation between the fair value of plan assets at beginning and end of period

(in millions of euros)	30 June 2015	30 June 2016
Fair value of plan assets at beginning of period	154.1	153.6
Expected return on plan assets	4.2	3.8
Actuarial differences: gains/(losses)	(1.8)	(11.9)
Contributions paid	1.6	-
Benefits paid	(4.5)	(6.2)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	153.6	139.3

The fair value of plan assets includes no amount relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on the plan's assets was 2.4 million euros and (8.1) million euros as of 30 June 2015 and 30 June 2016 respectively.

Note 22. Provisions

► Net expense (net gains) recognised in the income statement

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Service cost for the period	-	-
Financial cost	5.9	5.8
Expected return on plan assets	(4.2)	(3.8)
NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT	1.7	2.0

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

► Reconciliation of assets and obligations recognised in the balance sheet

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Provision at beginning of period	63.3	78.2
Net expense (net gains) recognised in the income statement	1.7	2.0
Actuarial differences: (gains)/losses	14.8	21.7
Contributions paid	(1.6)	-
PROVISIONS AT END OF PERIOD	78.2	101.9

22.2. Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from Eutelsat. This scheme is not funded.

The actuarial valuations performed at 30 June 2015 and 30 June 2016 were based on the following assumptions:

	30 June 2015	30 June 2016
Discount rate	2.25%	1.45%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	1.75%
Mortality table	TH/TF00-02	TH/TF00-02
Retirement age	65 years	65 years
Type of retirement	Voluntary retirement	Voluntary retirement
Rate of employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. The last valuation was performed during the financial year 2015-2016.

<i>Age (years)</i>	2015 Turnover	2016 Turnover
25	7.72	11.52
30	5.42	8.09
35	3.69	5.50
40	2.38	3.55
45	1.40	2.09
50	0.66	0.98
55	0.10	0.14
60	0.00	0.00

As of 30 June 2015 and 2016, the position was as follows:

► Comparative summary

<i>(in millions of euros)</i>	30 June				
	2012	2013	2014	2015	2016
Present value of obligations not financed	9.3	12.4	15.1	18.0	18.0
Past-service cost (amortised)	1.0	-	-	-	(0.1)
Actuarial differences: gains/(losses)	(2.3)	-	-	-	-
LIABILITY RECOGNISED ON BALANCE SHEET	8.0	12.4	15.1	18.0	17.9

► Reconciliation between the present value of obligations at beginning and end of period

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Present value of the obligations at beginning of period	15.1	18.0
Service cost for the period	1.0	1.2
Finance cost	0.4	0.4
Actuarial differences related to financial assumptions: (gains)/losses	1.9	(0.6)
Actuarial differences related to demographic assumptions: (gains)/losses	-	(0.4)
Termination indemnities paid	(0.4)	(0.7)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	18.0	17.9

► Net expense recognised in the income statement

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Service cost for the period	1.0	1.2
Finance cost	0.4	0.4
NET EXPENSE RECOGNISED IN THE INCOME STATEMENT	1.4	1.6

► History of experience and changes in assumptions

<i>(in millions of euros)</i>	30 June 2016
History of experience regarding the value of obligations: (gains)/losses	1.7
Impact of changes in assumptions	(2.3)
HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS	(0.6)

b) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 7.1 million euros and 8.3 million euros at 30 June 2015 and 30 June 2016 respectively.

c) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees in France (excluding directors and corporate officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid under the plan stood at 1.9 million euros.

Note 23. Segment information

Note 23. Segment information

Having performed an analysis and with respect to IFRS 8, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their purpose. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Chief Executive Officer, the Deputy Chief Executive Officer and to the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision-making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term lease agreements, less cash and cash equivalents (net of bank credit balances)).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, the share attributable to non-controlling interests and the share attributable to the Group.

23.1. Segment reporting

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Total revenues	1,476.4	1,529.0
Total operating costs	(344.7)	(364.4)
EBITDA	1,131.7	1,164.6
Depreciation and amortisation:	(466.5)	(500.6)
Other operating income (expenses), net	(3.7)	(2.0)
Operating income	661.5	662.0
Total interest	(137.9)	(115.1)
Income tax	(194.1)	(199.8)
Other financial income (expenses)	21.9	(7.9)
Net income before revenue from equity investments and non-controlling interests	351.4	339.2
Income from equity investments	18.8	23.5
Net income	370.2	362.7
Non-controlling interests	(15.0)	(14.3)
Net income attributable to the Group	355.2	348.5
Tangible investments (cash flow)	456.7	390.2
NET DEBT (INCLUDING FINANCE LEASES)	3,841.1	4,006.8

Net debt breaks down as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Term loan	600.0	600.0
Bonds	2,880.0	3,380.0
Other loans	-	0.9
Export credit	232.8	228.7
"Change" portion of the cross-currency swap	114.6	128.0
Finance leases	433.9	823.0
Cash and cash equivalents	(420.2)	(1,153.8)
TOTAL	3,841.1	4,006.8

23.2. Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the 12-month periods ended 30 June 2015 and 30 June 2016 are as follows:

Regions	30 June 2015		30 June 2016	
	Amount	%	Amount	%
France	140.2	9.5	147.7	9.7
Italy	207.2	14.0	187.3	12.2
United Kingdom	109.0	7.4	108.7	7.1
Europe (other)	415.3	28.1	414.9	27.1
Americas	306.5	20.8	330.3	21.6
Middle-East	178.9	12.1	203.4	13.3
Africa	83.0	5.6	96.2	6.3
Asia	36.8	2.5	39.4	2.6
Other	(0.7)	0.0	1.1	0.1
TOTAL	1,476.4	100.0	1,529.0	100.0

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Note 24. Financial result

The financial result is made up as follows:

(in millions of euros)	30 June 2015	30 June 2016
Interest expense after hedging ⁽¹⁾	(146.6)	(134.0)
Loan set-up fees and commissions ⁽²⁾	(16.3)	(8.8)
Capitalised interest ⁽³⁾	25.0	27.7
Cost of gross debt	(137.9)	(115.1)
Financial income	3.3	3.2
Cost of net debt	(134.6)	(111.9)
Changes in financial instruments ⁽⁴⁾	(0.8)	(1.2)
Foreign-exchange impact	21.3	(9.5)
Other	(1.9)	(0.4)
FINANCIAL RESULT	(116.0)	(123.0)

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 7.1 million euros and 2.8 million euros during the financial periods ended 30 June 2015 and 30 June 2016 respectively.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned. The capitalisation rates used for determining the amount of interest expense eligible for capitalisation were 3.75% as of 30 June 2015 and 3.46% as of 30 June 2016.

(4) Changes in fair value of financial instruments mainly include:

- changes in fair value of derivatives not qualified as hedges;
- the ineffective portion of qualifying derivatives in a hedging relationship;
- the de-qualifications/sales of hedging instruments (see Note 26 "Financial Instruments").

Note 25. Earnings per share

Note 25. Earnings per share

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted): There were no dilutive instruments as of 30 June 2015 and 30 June 2016.

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
NET INCOME	370.2	362.8
Income from subsidiaries attributable to non-controlling interests	(15.0)	(14.3)
NET EARNINGS USED TO COMPUTE DILUTED EARNINGS PER SHARE	355.2	348.5
Average number of shares	223,368,210	229,856,366

Note 26. Financial instruments

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks are actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash flows due to variations in interest rates and foreign exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, *i.e.* the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

26.1. Foreign exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the U.S. dollar.

Consequently, the Group is primarily exposed to the U.S. dollar/euro foreign exchange risk.

Due to the geographic diversification of its activities, the Group is exposed to conversion risk, which means that its balance sheet and income statement are impacted by fluctuations in exchange parities upon consolidation of the financial statements of its foreign subsidiaries outside the euro zone (translation risk). For investments in currencies not included in the euro zone, the Group's translational risk hedging policy consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Hedging instruments used by the Group include currency derivatives (cross-currency swaps) documented as net foreign investment hedges.

Given its exposure to foreign currency risk, the Group believes that a 15% increase in the U.S. dollar/euro exchange rate would have a non-significant impact on Group income and would result in a negative change of 284.9 million euros in the Group translation reserve and a change in the Group translation reserve amounting to 81.8 million euros related to the cross currency swap.

26.2. Interest-rate risk**Interest rate risk management**

During the financial year ended 30 June 2016, the Group executed an anticipatory hedging transaction (forward swap) to hedge the market rate of a bond issuance planned between 14 July 2018 and 14 January 2019 with a view to refinancing the 800 million euro bond maturing on 19 January 2019. The transaction was designated as a future cash flow hedge.

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2016, an increase of ten base points (+0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. This would be reflected in a 8.4 million euro positive variation in equity related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

26.3. Financial information as of 30 June 2015 and 2016

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2015 and 30 June 2016. The instruments are valued by an independent expert and this valuation is verified/validated in valuations provided by the Group's banking counterparts.

(In millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. Coupons)	Termination indemnity
	30 June 2015	30 June 2016	30 June 2015	30 June 2016				
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	121.3	-	2.4	-	(2.4)	(0.6)	(1.8)	-
Cross currency swap	500.0	500.0	(104.4)	(115.2)	(10.7)	-	(10.7)	-
Non deliverable forward	-	8.9	-	(1.0)	(1.0)	(1.0)	-	-
TOTAL FOREIGN EXCHANGE DERIVATIVES	621.3	508.9	(102.0)	(116.2)	(14.1)	(1.6)	(12.5)	-
Future swaps	350.0	-	(2.3)	-	2.3	0.4	0.5	1.4
Collar	350.0	-	(1.7)	-	1.7	0.2	1.5	-
Pre-hedging swap	-	800.0	-	(58.1)	(58.1)	-	(58.1)	-
TOTAL INTEREST RATE DERIVATIVES	700.0	800.0	(4.0)	(58.1)	(54.1)	0.6	(56.1)	1.4
TOTAL DERIVATIVES			(106.0)	(174.3)	(68.3)	(0.4)	(66.9)	1.4
Equity interests							0.6	
TOTAL							(66.3)	

At 30 June 2016, the cumulative fair value of financial instruments was negative at 174.3 million euros (see Note 8 "Non-current financial assets" and Note 17 "Other financial liabilities").

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualified as hedges is as follows:

- ▶ the coupons on swaps that qualify as cash flow hedges are directly recognised under income. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons ("clean fair value");
- ▶ the coupons on the cross currency swap that qualifies as net investment hedge, as well as its fair value excluding coupons ("clean fair value") are recognised directly in equity.

26.4. Financial counterpart risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2016, counterparty risk associated with these operations is not considered as significant (see Note 10 on credit risk on accounts receivables).

26.5. Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolver lines of credit from banks, bond loans and satellite lease agreements.

Note 26. Financial instruments

The Group's debt maturity is reflected in the table below.

► Breakdown of net financial liabilities by maturity (in millions of euros)

As of 30 June 2015	Balance-sheet value	Total contractual cash flows	06/2016	06/2017	06/2018	06/2019	06/2020	More than 5 years
Eutelsat Com. Term loan	(597.1)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(2,860.1)	(3,307.2)	(108.9)	(958.9)	(73.8)	(873.8)	(963.8)	(328.1)
US EXIM's export credit	(44.2)	(48.5)	(7.8)	(7.7)	(7.6)	(7.4)	(7.3)	(10.7)
ONDD-guaranteed export credit	(179.8)	(202.5)	(14.1)	(24.8)	(24.5)	(24.1)	(23.7)	(91.3)
Finance leases	(433.9)	(553.8)	(23.1)	(30.9)	(36.2)	(37.7)	(37.8)	(388.1)
Qualified interest rate derivatives ⁽¹⁾	(108.4)	(108.4)	(4.0)	-	-	-	(104.4)	-
TOTAL FINANCIAL DEBT	(4,223.5)	(4,846.1)	(163.2)	(1,027.7)	(147.4)	(948.4)	(1,741.1)	(818.3)
Other financial liabilities	(86.8)	(86.8)	(56.5)	(8.1)	(22.2)	-	-	-
TOTAL FINANCIAL LIABILITIES	(4,310.3)	(4,932.9)	(219.7)	(1,035.7)	(169.6)	(948.4)	(1,741.1)	(818.3)
Foreign exchange derivatives ⁽¹⁾	2.4	2.4	2.4	-	-	-	-	-
Financial Assets	39.0	39.0	27.1	-	-	-	-	11.9
Cash	204.9	204.9	204.9	-	-	-	-	-
Cash equivalents	215.4	215.4	215.4	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	461.7	461.7	449.8	-	-	-	-	11.9
NET POSITION	(4,772.0)	(4,471.2)	230.1	(1,035.7)	(169.6)	(948.4)	(1,741.1)	(806.4)

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

As of 30 June 2016	Balance-sheet value	Total contractual cash flows	06/2017	06/2018	06/2019	06/2020	06/2021	More than 5 years
Eutelsat Com. Term loan	(597.4)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(3,363.8)	(3,726.5)	(964.5)	(79.4)	(879.4)	(969.4)	(515.0)	(318.8)
US EXIM export credit	(37.6)	(40.9)	(7.7)	(7.6)	(7.5)	(7.3)	(7.2)	(3.6)
ONDD-guaranteed export credit	(183.3)	(201.1)	(26.3)	(26.0)	(25.6)	(25.3)	(25.0)	(72.9)
Finance leases	(823.0)	(944.7)	(162.0)	(79.7)	(81.4)	(80.9)	(67.4)	(473.3)
Qualified interest rate derivatives ⁽¹⁾	(173.3)	(173.3)	-	-	(58.2)	(115.1)	-	-
Unqualified derivatives	(1.0)	(1.0)	(1.0)	-	-	-	-	-
TOTAL FINANCIAL DEBT	(5,179.3)	(5,713.2)	(1,166.9)	(198.1)	(1,057.5)	(1,203.5)	(1,218.7)	(868.5)
Other financial liabilities	(105.6)	(105.6)	(83.4)	(22.2)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	(5,284.9)	(5,818.8)	(1,250.3)	(220.3)	(1,057.5)	(1,203.5)	(1,218.7)	(868.5)
Foreign exchange derivatives ⁽¹⁾	-	-	-	-	-	-	-	-
Financial Assets	41.4	41.4	31.3	1.2	-	-	-	8.9
Cash	316.4	316.4	316.4	-	-	-	-	-
Cash equivalents	837.3	837.3	837.3	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	1,195.1	1,195.1	1,185.0	1.2	-	-	-	8.9
NET POSITION	(4,089.8)	(4,623.7)	(65.3)	(219.1)	(1,057.5)	(1,203.5)	(1,218.7)	(859.6)

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

► Cash flow hedges – Fair value recognised in equity and to be reclassified to income

(in millions of euros)	Fair value recognised in equity and to be reclassified to income						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(115.2)	-	-	-	(115.2)	-	-
Interest rate risk hedges	(58.2)	-	-	(58.2)	-	-	-
NET TOTAL AT 30 JUNE 2016	(173.4)	-	-	(58.2)	(115.2)	-	-

Furthermore, the amendment to IFRS 7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for Eutelsat as of 30 June 2016 (neither on the balance sheet under IAS 32, nor on net exposure).

Note 27. Other off-balance sheet commitments

As of 30 June 2016, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial standing with the exception of the following items:

27.1. Purchase commitments

As of 30 June 2015, future payments under satellite construction and launch and financing contracts amounted to 777 million euros.

As of 30 June 2016, future payments under satellite construction, launch and financing contracts amounted to 802 million euros. These future payments are spread over 4 years.

As of 30 June 2016, the Group has also made commitments with other suppliers for service provisions and for the acquisition of fixed assets relating to the monitoring and control of satellites amounting to 278 million euros.

The following table lists the payments for these services and acquisitions as of 30 June 2015 and 30 June 2016:

<i>(in millions of euros)</i>	As of 30 June 2015	As of 30 June 2016
2016	75	-
2017	38	80
2018	27	46
2019	19	56
2020 and beyond ⁽¹⁾	80	32
2021 and beyond	-	64
TOTAL	239	278

(1) For the period reported in respect of the financial year ended 30 June 2015.

As of 30 June 2016, the above total includes 1.6 million euros for purchase commitments entered into with related parties.

The Group may receive penalty payments related to incidents affecting the performance of its operational satellites.

27.2. Fleet insurance

As of 30 June 2015, the Group's existing Launch-plus-one year and in-orbit insurance policies have been taken out with insurance syndicates. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2015. The programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement.

The Group's fleet insurance policy takes into account not only the net book value of its satellites, but also revenues generated by its most revenue-generating satellites. Under its fleet insurance programmes, satellites are covered for partial and/or total (or constructive total) loss under certain conditions.

On 1 July 2016, this policy was renewed for a 12-month period.

27.3. Commitments received

The Group holds a put option by Abertis on its investment in Hispasat, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

27.4. Disputes

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources (see Note 22 "Provisions") of which it has a reliable estimate. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. The following legal actions and business disputes are underway:

Viasat Brasil

Following a significant violation by ViaSat Brasil of its legal obligations, the Group cancelled the agreement signed with this company for the use of the Ka-band payload on the EUTELSAT 3B satellite.

ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court. Eutelsat has strongly challenged the claim. As of 30 June 2016, the court has not issued any judgement.

Tax dispute in France

Eutelsat S.A. is subject to a tax audit procedure for financial years ended 30 June 2012, 2013 and 2014. In December 2015, Eutelsat S.A. received a tax adjustment notification amounting to 3.4 million euros in respect of the financial year ended 30 June 2012. No notification was received in respect of the financial years ended 30 June 2013 and 30 June 2014.

HorizonSat

During the financial year ended 30 June 2015, Eutelsat S.A. was summoned by HorizonSat before the Commercial Court of Paris for unilateral termination without compensation of a commercial bid. As of 30 June 2016, the court has not issued any judgement.

Frequency right

Discussions are underway between Eutelsat and the Italian Ministry of Telecommunications on the use of landing rights.

Note 28. Related-party transactions

Note 28. Related-party transactions

Related parties consist of:

- ▶ direct and indirect shareholders, and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- ▶ minority shareholders of entities which the Group consolidates under the full consolidation method;
- ▶ companies in which the Group has an equity interest that it consolidates under the equity method;
- ▶ members of the key management personnel.

The Group considers that the concept of "key management personnel" as applied to Eutelsat's governance includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

Excluding key management personnel, Eutelsat Group considers as related parties only those relationships having an interest in associates as defined under IFRS 12 (i.e. associates and non-controlling interests). The other relationships are not considered as significant.

Amounts concerning related party transactions are shown in the tables below:

28.1. Related parties that are not members of the "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2015 and 30 June 2016 are as follows:

(in millions of euros)	30 June 2015	30 June 2016
Gross receivables (including unbilled revenues) ⁽¹⁾	10.7	5.9
Debt (including deferred payments)	198.7	732.6

(1) Including 0.7 million euros for entities accounted for via the equity method as of 30 June 2016.

As of 30 June 2015 and 30 June 2016, debt included a finance lease agreement entered into in respect of the EXPRESS AT1, EXPRESS AT2 and EXPRESS AM6.

As of 30 June 2016, debt included a finance lease agreement entered into in respect of the EUTELSAT 36C satellite.

Related party transactions included in the income statements for the periods ended 30 June 2015 and 30 June 2016 are as follows:

(in millions of euros)	30 June 2015	30 June 2016
Revenues ⁽¹⁾	34.4	37.4
Operating costs, selling, general and administrative expenses	10.4	-
Financial result	7.0	11.6

(1) Including 0.1 million euros and 3.8 million euros for entities accounted for via the equity method as of 30 June 2015 and 30 June 2016 respectively.

For the year ended 30 June 2016, no related party transaction accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for the provision of services related to the monitoring and control of its satellites.

28.2. Compensation paid to members of the "key management personnel"

(in millions of euros)	30 June 2015	30 June 2016
Compensation excluding employer's charges	1.3	2.1
Short-term benefits: employer's charges	0.4	0.7
TOTAL SHORT-TERM BENEFITS	1.7	2.8
Post-employment benefits	Not applicable	Not applicable
Other long-term benefits (indemnity payment for unintended termination of activity)	Not applicable	Not applicable
Share-based payment	See below	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based payment

At its meetings of 08 November 2012, 13 February 2014, 11 February 2015 and 16 February 2016 (see Note 15.3 "Share based compensation"), the Board of Directors approved free share allocation plans for the benefit of members of the Group's administrative and management bodies subject to conditions set out in the plan and to set 50% holding rate for all fully vested shares during the terms of office of the Company's directors and corporate officers ("mandataires sociaux").

The value of the benefit granted is spread over a 3-year vesting period. The expense recognised for the periods ended 30 June 2015 and 30 June 2016, was 0.6 million euros and (0.2) million euros.

Note 29. Staff costs

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

<i>(in millions of euros)</i>	30 June 2015	30 June 2016
Operating costs	50.2	50.5
Selling, general and administrative expenses	90.1	81.3
TOTAL⁽¹⁾	140.3	131.8

(1) Including 6.7 million euros and (1.5) million euros at 30 June 2015 and 30 June 2016 respectively for expenses related to share-based payments.

The average number of employees (in full time equivalents) is as follows:

	30 June 2015	30 June 2016
Operations	429	426
Selling, general and administrative	545	573
TOTAL	974	999

As of 30 June 2016, the Group has 1,010 employees, compared to 990 on 30 June 2015.

Compensation paid to the Eutelsat Communications' directors and corporate officers ("mandataires sociaux") employed by the Group is 2.2 million euros for the year ended 30 June 2016. During the financial year 2014-2015, attendance fees paid to the members of the Board of Directors amounted to 0.5 million euros.

The Group has a corporate savings plan (*plan d'épargne d'entreprise* or PEE) reserved for Eutelsat S.A. employees with more than three months of service, funded through voluntary contributions by employees.

Via its subsidiary Eutelsat S.A., the Group has an employee incentive scheme ("accord d'intéressement"), which was set up for a 3-year period. The incentive scheme is based on objectives renewable each year.

Note 30. Scope of consolidation

Note 30. Scope of consolidation

As of 30 June 2016, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2016	% interest at 30 June 2016
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.37%
Eutelsat S.A. Sub-Group				
▶ Eutelsat Broadband Services	France	FC	100.00%	96.37%
▶ FRANSAT S.A.	France	FC	100.00%	96.37%
▶ Eutelsat do Brasil S.A. ⁽¹⁾	Brazil	FC	100.00%	96.37%
▶ Eutelsat Participacoes ⁽¹⁾	Brazil	FC	100.00%	96.37%
▶ Satmex Holding BV	Netherlands	FC	100.00%	96.37%
▶ Satelites Mexicanos SMVS	Mexico	FC	100.00%	96.37%
▶ EAS Delaware Corp.	United States	FC	100.00%	96.37%
▶ Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.37%
▶ Satelites Mexicanos Tecnicos SMVS	Mexico	FC	100.00%	96.37%
▶ - Eutelsat Latam Corp.	United States	FC	100.00%	96.37%
▶ Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.37%
▶ Skylogic S.p.A	Italy	FC	100.00%	96.37%
▶ Eutelsat Latin America	Panama	FC	100.00%	96.37%
▶ Eutelsat Russia	Russia	FC	100.00%	96.37%
▶ Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.37%
▶ Eutelsat Inc.	United States	FC	100.00%	96.37%
▶ - Eutelsat America Corp.	United States	FC	100.00%	96.37%
▶ Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.37%
▶ Eutelsat Polska spZoo	Poland	FC	100.00%	96.37%
▶ Skylogic Finland Oy	Finland	FC	100.00%	96.37%
▶ Skylogic France SAS	France	FC	100.00%	96.37%
▶ Skylogic Germany GmbH	Germany	FC	100.00%	96.37%
▶ Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.37%
▶ Irish Space Gateways	Ireland	FC	100.00%	96.37%
▶ CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.37%
▶ Skylogic Eurasia	Turkey	FC	100.00%	96.37%
▶ Skylogic Greece	Greece	FC	100.00%	96.37%
▶ Skylogic Espana S.A.U.	Spain	FC	100.00%	96.37%
▶ Skylogic Croatia d.o.o.	Croatia	FC	100.00%	96.37%
▶ Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.37%
▶ Wins Ltd ⁽¹⁾	Malta	FC	100.00%	67.45%
▶ Wins GmbH	Germany	FC	100.00%	67.45%
▶ DH Intercomm ⁽¹⁾	Germany	FC	100.00%	67.45%
▶ Eutelsat Asia	Singapore	FC	100.00%	96.37%
▶ DSat Cinéma	Luxembourg	FC	100.00%	48.34%
▶ Eutelsat Middle-East	Dubai	FC	100.00%	96.37%
▶ Eutelsat International	Cyprus	FC	100.00%	49.15%
▶ Eutelsat Network	Russia	FC	100.00%	49.15%
▶ Taurus Satellite Holding	United Kingdom	FC	100.00%	96.37%
▶ Broadband4Africa Limited	United Kingdom	FC	100.00%	76.08%
▶ Broadband4Africa France SAS	France	FC	100.00%	76.08%
▶ Broadband4Africa Italy Srl	Italy	FC	100.00%	76.08%
▶ Broadband4Africa Israel Ltd	Israel	FC	100.00%	76.08%
▶ Eurobroadband Holding	Switzerland	FC	100.00%	96.37%
▶ Eurobroadband Infrastructure SARL	Switzerland	FC	100.00%	96.37%
▶ Eurobroadband Services	Italy	FC	100.00%	96.37%
▶ Hispasat S.A. ⁽¹⁾	Spain	EM	33.69%	32.47%

FC: Full Consolidation method.

EM: Equity method.

(1) Companies with financial years ending on 31 December.

NB: The other companies' financial year ends on 30 June.

These subsidiaries were consolidated under the full consolidation method using financial statements prepared as of 30 June 2016.

Note 31. Subsequent events

On 12 July 2016, Eutelsat initiated the process of selling its equity interest in Hispasat by exercising the put option granted by Abertis Group, Hispasat's majority shareholder, in 2008.

Note 32. Statutory auditors' fees

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	"N-1"	%	N	%	"N-1"	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	154	14%	168	18%	133	27%	133	29%
Other subsidiaries	772	70%	724	78%	310	63%	322	69%
Other due care and services directly linked to the statutory audit task								
Eutelsat Communications	-	-	-	-	-	-	-	-
Other subsidiaries	100	9%	5	-	46	9%	11	2%
SUB-TOTAL	1,025	93%	897	97%	488	100%	466	100%
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	75	7%	29	3%	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-	-	-
SUB-TOTAL	75	7%	29	3%	-	-	-	-
TOTAL	1,100	100%	926	100%	488	100%	466	100%

6.3 ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2016

► Balance sheet

<i>(in thousands of euros)</i>	Notes	30 June 2015	30 June 2016
ASSETS			
Long-term assets			
Financial assets	3	2,446,899	2,445,334
TOTAL LONG-TERM ASSETS		2,446,899	2,445,334
Current assets			
Accounts receivable		127	818
Other receivables	4	79,272	242,635
Cash and marketable securities	5	7,200	4,143
TOTAL CURRENT ASSETS		86,599	247,596
Prepaid expenses	6	3,043	2,653
TOTAL ASSETS		2,536,541	2,695,583

<i>(in thousands of euros)</i>	Notes	30 June 2015	30 June 2016
LIABILITIES			
Common stock (232,774,635 ordinary shares as of 30 June 2016 with a nominal value of €1 per share)		226,972	232,775
Additional paid-in-capital		594,075	738,087
Legal reserve		22,697	23,277
Retained earnings		816,656	828,508
Result of the year		259,067	262,141
Regulated provisions		467	467
TOTAL SHAREHOLDER'S EQUITY	7	1,919,935	2,085,256
Provisions for risks		-	-
Provisions for expenses		945	170
TOTAL PROVISIONS FOR RISKS AND EXPENSES	8	945	170
Loans and bank debt ⁽¹⁾	9	600,775	600,315
Other financial debt		-	-
TOTAL FINANCIAL DEBT		600,775	600,315
Accounts payable		2,572	2,287
Tax and employee-related payable	10	10,811	2,202
Fixed assets payable		-	-
Other payables	15.1	1,501	5,341
TOTAL OPERATING DEBT		14,885	9,829
Deferred revenues		2	13
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,536,541	2,695,583
<i>(1) Including part maturing within one year</i>		775	315

► Income statements

<i>(in thousands of euros)</i>	Notes	30 June 2015	30 June 2016
Revenues	12	1,595	3,708
Release of provisions and reclassification of costs	6	3,326	370
Other income		-	-
Total operating income		4,921	4,078
Other purchases and external expenses		10,529	6,631
Taxes and assimilated		23	915
Wages	18.2	1,890	1,769
Social charges	18.2	679	630
Depreciation, amortisation and provisions	6	6,088	528
Other charges		561	564
Total operating charges		19,771	11,036
Operating result		(14,850)	(6,958)
Financial income		282,885	273,171
Financial expenses		24,278	9,108
Financial result	13	258,607	264,063
Exceptional income		3,349	2,414
Exceptional charges		3,343	3,462
Exceptional result	14	6	(1,048)
Mandatory employee profit-sharing		-	-
Income tax	15	(15,305)	(6,084)
NET INCOME		259,067	262,141

► Statements of cash flows

<i>(in thousands of euros)</i>	Notes	30 June 2015	30 June 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		259,067	262,141
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets		-	-
Depreciation, amortisation and provisions		6,192	(315)
Other non-operating items		(258,363)	(263,703)
Changes in operating assets and liabilities:			
Accounts receivable		76	(691)
Other current assets		22,521	1,095
Accounts payable		126	(142)
Other payables		(30,118)	(4,913)
Net cash flows provided by operating activities		(499)	(6,529)
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of satellites and other property and equipment		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(498)	1,626
Net cash flows used in investing activities		(498)	1,626
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital		-	-
Distribution	7.1	(77,931)	(96,704)
Dividends received	13	281,812	272,102
Additional long-term and short-term debt	9	600,000	-
Reimbursements of long-term and short-term debt	9	(800,000)	-
Changes in borrowing		16,000	(164,589)
Free share plans		2,569	549
Interest paid		(25,079)	(9,568)
Interest received		1,045	998
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		(1,583)	2,789
Impact of exchange rate		2	12
Increase (decrease) in cash and cash equivalents		(2,578)	(2,102)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		6,501	3,922
CASH AND CASH EQUIVALENTS, END OF PERIOD	6	3,922	1,820

► Notes to the annual financial statements



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Note 1. General overview

Note 1. General overview

1.1. Business description

The purpose of Eutelsat Communications S.A. ("the Company" or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2. Key events during the period

During the financial period, the Company distributed part of the dividend in shares, which resulted in a share capital increase through the issuance of 5,802,297 shares (see Note 7.1 "Statement of changes in shareholders' equity").

Note 2. Significant accounting policies

2.1. Basis of presentation

The annual financial statements are prepared in accordance with the French Code of commerce (Articles L. 123-12 to L. 123-28) and Rule 2014-03 of the "Autorité des Normes Comptables" (ANC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- ▶ going concern;
- ▶ separation of the financial periods;
- ▶ consistent accounting methods used from one financial year to the next and in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

There have been no changes in accounting methods during the period.

The currency used in the presentation of the Company's accounts is the euro.

2.2. Significant judgements and estimates

In preparing the financial statements, Management is required to make judgements and estimates that are likely to affect certain assets and liabilities, the amounts shown for the corresponding income and expenses in these annual financial statements and their accompanying Notes. Eutelsat constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

2.3. Financial assets

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

2.4. Cash and marketable securities

Cash and marketable securities consist mainly of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

2.5. Receivables and debt

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6. Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

2.7. Shareholders' equity

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is required by law to allocate 5% of its net annual result (after deduction of balances brought forward in the red, if any) to a legal reserve. This minimum contribution is no longer mandatory when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed when the company is being wound up.

2.8. Provisions

A provision is an item with a negative economic value for the Company, *i.e.* it is a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.9. Recognition of interest rate hedging instruments

The use of hedging instruments against the risk of variations in interest rates allows a fixed rate/variable rate distribution of the Company's debt. Where an instrument can be qualified as a hedging instrument, associated

exchange gains and losses are recognised in the financial result, and the premium is reported in the financial result on a prorata temporis basis.

Instruments not qualifying as hedges are valued at their market price. If there is a loss, an allowance is entered and the loss reported in the financial result. Premiums paid on these instruments are recognised in full in the financial result for the period.

Note 3. Financial assets

Financial assets break down as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Equity investments	2,440,645	2,440,645
Other investments in securities	6,314	4,553
Loans and other financial assets	2	136
TOTAL GROSS BOOK VALUES	2,446,960	2,445,334
Less provisions	(61)	-
TOTAL NET CARRYING AMOUNTS	2,446,899	2,445,334

Changes in net carrying amounts between beginning and end of period are as follows:

<i>(in thousands of euros)</i>	Equity investments	Other investments in securities ⁽¹⁾	Loans and other financial assets ⁽¹⁾	Total
Net carrying values as of 1 July 2015	2,440,645	6,253	2	2,446,899
Acquisitions	-	67,066	67,200	134,267
Transfers	-	-	-	-
Reimbursement of capital contribution and disposals	-	(68,826)	(67,066)	(135,893)
Reversals/Depreciation, amortisation and provisions	-	61	-	61
NET CARRYING VALUES AS OF 30 JUNE 2016	2,440,645	4,553	136	2,445,334

(1) Transactions relating to the liquidity agreement (see Note 3.2 "Other investments in securities").

3.1. Equity interests

As of 30 June 2015 and 30 June 2016, the "Equity investments" item includes:

- ▶ 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros,
- ▶ 7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros).

3.2. Other investments in securities

"Other investments in securities" breaks down as follows:

- ▶ treasury stock held under a liquidity agreement for 1,595 thousand euros corresponding to 53,000 shares as of 30 June 2015 and

for 3,557 thousand euros corresponding to 211,560 shares as of 30 June 2016. As of 30 June 2016, treasury shares were not impaired;

- ▶ "SICAV de trésorerie" (short-term marketable securities) held under the liquidity agreement for an amount of 4,718 thousand euros corresponding to 2,047 SICAV BNP Paribas as of 30 June 2015 and for an amount of 996 thousand euros corresponding to 43 SICAV BNP Paribas as of 30 June 2016.

3.3. Loans and other financial assets

"Loans and other financial assets" comprises the cash account related to the liquidity agreement on treasury stock for 1.7 thousand euros as of 30 June 2015 and 136 thousand euros as of 30 June 2016.

Note 4. Other receivables

Note 4. Other receivables

"Other receivables" break down as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Income tax	-	8,263
Deductible VAT	118	89
Inter-company accounts within the Group	79,140	234,257
Other debit balances	14	26
TOTAL	79,272	242,635

All other receivables mature within one year.

Note 5. Cash and marketable securities

Cash and marketable securities are as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Treasury stock ⁽¹⁾	3,278	2,323
Mutual fund investments	2,914	-
Cash	5	809
Deposit warrants	1,004	1,011
TOTAL	7,200	4,143

⁽¹⁾ See Note 7.2 "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards".**Note 6.** Prepaid expenses and others

"Prepaid expenses and others" is composed as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Prepaid expenses	98	79
Expenses to be accrued over several years	2,944	2,574
TOTAL	3,043	2,653

As of 30 June 2015 and 30 June 2016, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over a period corresponding to the lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounted to 6,059 thousand euros as of 30 June 2015 and 520 thousand euros as of 30 June 2016.

It should be noted that amortisation of expenses to be accrued during the financial period ended 30 June 2015 includes all set-up costs associated with the 2011 loan which were not amortised as of 30 June 2014, following reimbursement of the 800 million euro Term Loan which was due to mature in December 2016.

Note 7. Shareholders' equity**7.1.** Statement of changes in shareholders' equity

As of 30 June 2016, the share capital comprised 232,774,635 ordinary shares with a nominal value of 1 euro per share.

On 5 November 2015, the Ordinary and Extraordinary Annual General Meeting of Shareholders (AGM) was called upon to approve the annual financial statements for the period ended 30 June 2015. Having recognised a 259,067 thousand euro profit, the AGM decided to distribute a 1.09 euro dividend per share for a total amount of 247,215 thousand euros taken from

net income and allocate the remaining balance, i.e. 11,852 thousand euros to retained earnings.

Considering that each shareholder may choose to receive payment of the dividend in cash or in shares, the dividend was distributed as follows:

- ▶ share capital increase of 5,802,297 new shares with a par value of 1.00 euro per share;

- ▶ legal reserve increased by 580 thousand euros;
- ▶ additional paid-in capital increased by 144,012 thousand euros after deduction of the costs associated with the capital increase (188 thousand euros) less corporate income tax;
- ▶ cash settlements for 96,704 thousand euros.

(in thousands of euros)	01/07/2015	Movements affecting the capital		Allocation of result	Distribution of dividends	Other movements	30/06/2016
		Increase	Reduction				
Share capital	226,972	5,802	-	-	-	-	232,775
Additional paid-in capital	560,790	144,012	-	-	-	-	704,802
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	22,697	580	-	-	-	-	23,277
Retained earnings (+)	816,656	-	-	11,852	-	-	828,508
Result as of 30/06/2015	259,067	-	-	(11,852)	(247,215)	-	-
Regulated provisions ⁽¹⁾	467	-	-	-	-	-	467
TOTAL	1,919,935	150,395	-	-	(247,215)	-	1,823,114
					Shareholders' equity before result		1,823,114
					Result for the year		262,141
					TOTAL SHAREHOLDERS' EQUITY		2,085,255

(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.

7.2. Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

During the financial year ended 30 June 2016, a new free share plan based on Eutelsat Communications shares has been approved. On 16 February 2016, the Board of Directors subsequently decided to introduce:

- ▶ a free share allocation plan for some employees of the Group, including the "mandataires sociaux" (directors and corporate officers). The

allocation plan should be implemented through the distribution of previously repurchased shares;

- ▶ a Long-Term Incentive Plan, based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

Note 8. Provisions for risks and expenses

As of 30 June 2016, the Group runs four free share allocation plans started in November 2012, February 2014, February 2015 and February 2016 respectively, as broken down in the table below.

Conditions	Plan 11/2012	Plan 02/2014	Plan 02/2015	Plan 02/2016
Vesting period	November 2012–November 2015 ⁽¹⁾	February 2014–June 2016	February 2015–June 2017	February 2016–February 2019 ⁽¹⁾
Settled in	Shares	Cash	Cash	Shares and cash
Lock-up period	November 2015–November 2017 ⁽²⁾	N/A	N/A	February 2019–February 2021 ⁽²⁾
Maximum number of share-based awards	347,530	448,585	436,639	482,211
Number of recipients	712	781	759	805
Features of "Employees" Plan:				
▶ number of shares per recipient	200	300	300	300
▶ performance-related targets	Cumulative EBITDA ⁽³⁾ for 50%	Cumulative EBITDA ⁽³⁾ for 50%	Cumulative EBITDA ⁽³⁾ for 50%	Cumulative EBITDA ⁽³⁾ for 50%
	Average ROCE ⁽⁴⁾ for 50%	Average ROCE ⁽⁴⁾ for 50%	Average ROCE ⁽⁴⁾ for 50%	Average ROCE ⁽⁴⁾ for 50%
Features of "Managers" Plan:				
▶ total number of shares	205,530	214,885	208,939	241,581
▶ performance-related targets	Cumulative EBITDA ⁽³⁾ for 25%	Cumulative EBITDA ⁽³⁾ for 25%	Cumulative EBITDA ⁽³⁾ for 1/3	Cumulative EBITDA ⁽³⁾ for 1/3
	Average ROCE ⁽⁴⁾ for 25%	Average ROCE ⁽⁴⁾ for 25%	Average ROCE ⁽⁴⁾ for 1/3	Average ROCE ⁽⁴⁾ for 1/3
	Cumulative EPS ⁽⁵⁾ for 25%	Cumulative EPS ⁽⁵⁾ for 25%	Relative TSR ⁽⁶⁾ for 1/3	Relative TSR ⁽⁶⁾ for 1/3
	TSR ⁽⁶⁾ for 25%	TSR ⁽⁶⁾ for 25%		
Share price used as taxation basis for calculating social contributions and employer's charges:				
▶ "Employees" Plan	€19.73	€23.60	€28.37	-
▶ "Managers" Plan	€6.88	€13.08	€20.12	-

(1) For foreign subsidiaries, the vesting period is 4 years.

(2) There is no lock-up period for foreign subsidiaries.

(3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.

(4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).

(5) EPS is defined as the Group's net earnings per share.

(6) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Treasury stock

As of 30 June 2015, the Company holds 151,792 equity shares for 3.3 million euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

As of 30 June 2016, the Company holds 108,655 equity shares for 2.3 million euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

Note 8. Provisions for risks and expenses

"Provisions for risks and expenses" mainly includes the provision for allocating free shares (see Note 7.2 "Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards") and provisions for litigation.

The change in the provisions for risks and expenses is as follows:

(in thousands of euros)	30 June 2015	Allowance	Reversals		30 June 2016
			(used provisions)	(unused provisions)	
Operating result	79	7	86	-	0
Financial result	-	-	-	-	-
Exceptional result	866	170	866	-	170
TOTAL	945	177	952	-	170

Note 9. Financial debt

9.1. Financial information as of 30 June 2015 and 30 June 2016

Loans and bank debt were granted in 2015. They are denominated in euros with a five-year maturity period and two 1-year extension options, subject to lenders' approval. In March 2016, the Company obtained the approval of all lenders on an initial one-year extension until March 2021. They are as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Loans and financial debt	600,000	600,000
Accrued interest	775	315
TOTAL	600,775	600,315

Maturities of debts are as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
2020	600,000	-
2021	-	600,000
TOTAL	600,000	600,000

9.2. Position as of 30 June 2016

Eutelsat Communications has access to the following credit facilities:

- ▶ a term loan of 600 million euros expiring in March 2020 (with two possible extension facilities of one year each subject to lender's approval) remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40%. The first extension option was obtained in March 2016;
- ▶ a 200 million euro revolving credit line (undrawn as of 30 June 2016) entered into in March 2015 with a five-year maturity (with two possible extension facilities of one year each subject to lender's agreement). The first extension option was obtained in March 2016.

The credit agreements include neither a guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- ▶ grant security interests or guarantees;
- ▶ enter into agreements resulting in additional liabilities;
- ▶ sell assets;
- ▶ enter into mergers, acquisitions, asset disposals, or lease transactions (excluding those carried out within the Group and expressly provided for in the loan agreement);

- ▶ modify the nature of the business of the Company or its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for a commitment to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any other satellite, a commitment not to have more than one satellite not covered by a launch insurance policy.

These credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs:

- ▶ Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually), which is less than or equal to 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

9.3. Compliance with banking covenants

As of 30 June 2016, the Group was in compliance with all banking covenants under its credit facilities.

Note 10. Tax and employee-related payable

Tax and employee-related payable is composed of the following:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
State: accrued liabilities	85	39
Income tax	8,774	-
Output VAT	36	67
Staff: accrued liabilities	1,380	1,459
Social charges payable	536	637
TOTAL	10,811	2,202

All tax and employee related-payable mature within one year.

Note 11. Personnel

Note 11. Personnel

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2 "Compensation paid to members of the 'Key management personnel'".

Note 12. Revenue

Company revenue is generated through re invoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
France	1,595	3,708
Export	-	-
REVENUE RECOGNITION	1,595	3,708

Note 13. Financial result

The financial result is made up as follows:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Interest expense	(24,213)	(9,107)
Interest income	1,045	998
Proceeds from equity investments	281,812	272,102
Investment earnings	2	-
Proceeds from mutual fund investments	16	3
Other	(56)	68
TOTAL	258,607	264,063

The interest expense corresponds to existing loans (see Note 9 "Financial debt"), after taking into account interest received or paid on hedging instruments.

As of 30 June 2016, income from equity investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (270 million euros) and Eutelsat S.A. (2.1 million euros).

For the year ended 30 June 2015, income from investments mainly consisted of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (280 million euros) and Eutelsat S.A. (1.8 million euros).

Note 14. Exceptional result

The exceptional result comprises the following:

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Gain on repurchase of treasury stock	776	710
Cost of free share grant invoiced to subsidiaries	2,574	838
Reversal of provisions for tax risks	-	866
Exceptional income	3,349	2,414
Fines and penalties	-	-
Loss on repurchase of treasury stock	276	2,337
Cost of purchase of free shares allocated	2,788	955
Allocation to provisions for tax risks	279	170
Exceptional charges	3,343	3,462
EXCEPTIONAL RESULT	6	(1,048)

Note 15. Tax on profits

15.1. Tax consolidation

On 28 June 2006, the Company decided to apply a tax consolidation system to the Group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes the entities Eutelsat S.A., Eutelsat Communications Finance S.A.S., Eutelsat Broadband Services S.A.S. (formerly Eutelsat VAS S.A.S.), FRANSAT S.A. and Skylogic France S.A.S.

As of 30 June 2015 and 30 June 2016, the tax expense for the tax consolidation group is 165 million euros and 164 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement is 183 million euros and 175 million euros, which yields a profit of 18.6 million euros and 10.6 million euros respectively. As of 30 June 2016, the Company posted current accounts in respect of the tax consolidation system with debit balances for 1.5 million euros and credit balances for 5.3 million euros.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

15.2. Common law provisions

As of 30 June 2016, the Company's estimated tax liability breaks down into current income and exceptional income, as follows:

<i>(in thousands of euros)</i>	Income before tax	Tax due	Net income
Current	257,105	(6,109)	263,214
Exceptional	(1,048)	25	(1,073)
TOTAL	256,057	(6,084)	262,141

The corporate tax includes the income tax rate estimated at 38.0% pursuant to the general arrangements for business taxation, and results from the application of the Amended Finance Act for 2012 ("Loi de finances rectificative 2012") which introduced an additional 3% contribution on dividends, and the 2013 Finance Act ("Loi de finances 2013") which caps deductibility of financial expenses at 75%.

15.3. Increases and reductions in future tax liability

<i>(in thousands of euros)</i>	30 June 2015	30 June 2016
Reductions in future tax liability:		
Loss carry-forwards ⁽¹⁾	14,910	14,910
Impairment of assets	-	-
Non-deductible provisions ⁽¹⁾	329	-
TOTAL	14,519	14,910
Increases in future tax liability:		
Other	-	-
TOTAL	-	-

(1) Rate used: 34.43%.

Note 16. Market risk

The Company has exposure to market risks, particularly with regard to interest rates. Such risks are actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. Consequently, the Company does not engage in any speculative financial transactions.

Eutelsat Communications S.A.'s exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Company had implemented the following interest rate hedging instruments for hedging the Term Loan facility:

- ▶ 2 swaps for a notional amount of 350 million euros;
- ▶ 2 collars for a notional amount of 350 million euros; and
- ▶ 1 cap for a notional amount of 100 million euros.

During the financial year ending 30 June 2016, some instruments were terminated, resulting in the payment of a 1.4 million euro indemnity. The remaining instruments reached maturity without any early termination.

Note 17. Other commitments and contingencies

16.1. Financial-counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial

products from first-rate financial institutions or banks. Exposure to these risks is closely monitored. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

16.2. Financial information as of 30 June 2015 and 30 June 2016

The following table analyses the contractual or notional amounts and fair values of derivatives by type of contract:

(in thousands of euros)	30 June 2015		30 June 2016	
	Contractual or notional amounts	Fair values	Contractual or notional amounts	Fair values
INSTRUMENTS				
Repricing swap maturing in 2015	175,000	(1,147)	-	-
Repricing swap maturing in 2015	175,000	(1,147)	-	-
Collar maturing in 2015	175,000	(840)	-	-
Collar maturing in 2015	175,000	(838)	-	-
Cap maturing in 2015	100,000	-	-	-
TOTAL		(3,972)		-

Note 17. Other commitments and contingencies

In accordance with the loan agreements referred to in Note 9 "Financial debt", Eutelsat Communications has commitments to perform or not to perform certain actions.

This type of commitment cannot be quantified.

The company's off-balance sheet purchase commitments maturing within less than two years stand at 0.4 million euros.

Note 18. Related-party transactions

Related parties are defined as any third parties having a direct or indirect capital-based link (not exceeding 99%) with Eutelsat.

More specifically, related-party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key management personnel".

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

18.1. Related parties that are not members of the "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities are as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Gross receivables (including unbilled revenues)	5	626
Inter-company accounts: receivables (payables)	10,810	5,132
Debt (including deferred payments)	359	226

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Revenue	1,595	3,708
Transfer of expenses	2,576	839
Operating charges	2,340	2,614
Financial result	1,814	2,102

18.2. Compensation paid to members of the “key management personnel”

Gross compensation (including employer’s contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2016 breaks down as follows:

<i>(in millions of euros)</i>	30 June 2016
Short-term benefits	2.2
Post-employment benefits	See below
Share-based payment	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO’s fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based awards and free share allocation programmes in force as of 30 June 2016

During its meetings of 13 February 2014, 11 February 2015 and 16 February 2016, the Board of Directors approved new free share allocation plans (see Note 7.2 “Free allocation of Eutelsat Communications shares and Eutelsat

Communications’ share-based awards”) and decided to grant a maximum of 106,510 free shares in Eutelsat Communications to members of the Company’s administrative and management bodies subject to conditions set out in the plan. It also decided to determine a 50% holding rate for all fully vested shares during the terms of office of Eutelsat’s directors and corporate officers (“mandataires sociaux”).

The value of the benefit granted as of 30 June 2016 has been estimated at 458 thousand euros, spread over a three-year vesting period.

Free share allocation plan having expired during the financial year ended 30 June 2016

At the end of the vesting period of the 8 November 2012 free share allocation programme, members of the Company’s administrative and management bodies received 5,308 free shares.

Expenses recorded under the free share allocation programmes and share-based awards

The expense recorded under staff expenses for the financial year ended 30 June 2015 was 673 thousand euros. Gross income amounting to 392 thousand euros was recorded under staff expenses for the financial year ended 30 June 2016.

In July 2015, attendance fees paid to members of the Board of Directors amounted to 491 thousand euros in respect of the financial year 2014-2015.

No payment was made in respect of the financial year ended 30 June 2016.

Note 19. Financial information related to subsidiaries and equity investments

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2016:

<i>(in thousands of euros)</i>	Capital	Other components of shareholders’ equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Last financial period ended	
				Revenues (local accounts)	Net income (local accounts)
Eutelsat Communications Finance RCS no. 490416674 Paris Headquarters in Paris (period ended 30/06/2015)	5,000	2,914,367	100%	-	277,333

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2016:

<i>(in thousands of euros)</i>	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,401,488	-	-	-	270,000

Note 20. Subsequent events

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.

07

Other information

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7.1 LEGAL INFORMATION REGARDING THE GROUP

▶ 7.1.1 Group history and development

7.1.1.1 Corporate and trading name

Eutelsat Communications.

7.1.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du Commerce et des Sociétés* in Paris (Paris Registry of Trade and Businesses) under number 481 043 040.

7.1.1.3 Incorporation date and duration

The Company was incorporated on 15 February 2005 as a French *société par actions simplifiée* (simplified joint-stock company) and subsequently transformed into a *société anonyme* (limited company) on 31 August 2005. It was registered on 25 February 2005 for a period of 99 years, expiring on 25 February 2104.

7.1.1.4 Registered office, legal form and applicable legislation

Registered office

70, rue Balard
75015 Paris
France
Telephone: +33 (0)1 53 98 47 47

Legal form and applicable legislation

A *société anonyme* (limited company) under French law with a Board of Directors, governed by the provisions of Book II of the French *Code de commerce*.

7.1.1.5 Key events

The activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by a number of countries in Western Europe in order to develop and operate a satellite telecommunications system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation").

The Transformation was motivated mainly by the liberalisation of the telecommunications industry in Europe, under the more specific framework set out by the European Commission in its 1990 Green Paper, which recommended that international satellite telecommunications organisations should be reformed in order to liberalise end-user access to satellite capacity and ensure it could be freely commercialised by operators. The

main purpose of the Transformation, therefore, was to position the IGO's operating activity in a competitive environment with a view to an open satellite telecommunications market.

Eutelsat IGO has been maintained as an intergovernmental organisation and currently includes 49 European countries.

In February 2005, Eutelsat Communications was incorporated. In April 2005 it acquired Eutelsat S.A., and in June 2005, it bought out some of Eutelsat S.A.'s non-controlling interests.

On 2 December 2005, Eutelsat Communications was floated on the Paris stock exchange.

In January and February 2007, some of Eutelsat Communications' long-standing shareholders sold their shares to Abertis Telecom, a wholly-owned subsidiary of the Spanish Abertis Group, and to CDC Infrastructure, a wholly-owned subsidiary of the *Caisse des Dépôts et Consignations* ("CDC").

Furthermore, in 2007, the Group carried out restructuring activities aimed at streamlining its organisational chart, and Eutelsat Communications again repurchased non-controlling interests in Eutelsat S.A. during the financial year 2007-2008.

In July 2009, CDC Infrastructure sold all its shareholding in Eutelsat Communications representing 25.66% of share capital and voting rights to CDC in an off-market transaction. Then, CDC transferred the entirety of its stake in the Company to the *Fonds Stratégique d'Investissement* ("FSI").

In January 2012, Abertis Telecom announced the disposal of 16.1% of Eutelsat Communications through an Accelerated Book Building ("ABB") with qualified investors. Then Abertis Telecom announced the disposal to China Investment Corporation (CIC) of a 7.00% shareholding in the Group in June 2012. The disposal of a further 1.08% shareholding was announced in February 2013, and in June 2014 5.01% of share capital was sold to qualified investors through an accelerated bookbuilding process. As of the filing date of this Reference Document, Abertis Telecom no longer holds any interest in Eutelsat Communication's capital.

In September 2012, the Group finalised the acquisition of the GE-23 satellite (renamed EUTELSAT 172A) and its associated assets for a total amount of 228 million U.S. dollars.

Since 12 July 2013, in the framework of the establishment of the *Banque Publique d'Investissement*, the share holding and voting rights of Eutelsat Communications previously held by the FSI are now held by Bpifrance Participations, which is wholly owned by BPI Groupe S.A. (50% owned by the CDC and 50% owned by French government and EPIC BPI Groupe).

On 31 July 2013, the Group announced the acquisition of 100% of the share capital of Satmex, the Mexican satellite operator, for an amount of 831 million U.S. dollars. The transaction was closed on 1 January 2014.

On 8 March 2016, the *Fonds Stratégique de Participations* announced that it held a stake representing more than 7% of the Group share capital.

▶ 7.1.2 General information on the share capital

7.1.2.1 Share capital

At the filing date of this Reference Document, the share capital stood at 232,774,635 euros, divided into 232,774,635 ordinary shares, each with a par value of one euro.

The Company's shares are fully subscribed, fully paid-up and they are all in the same category.

The Company's shares have been admitted for trading since 2 December 2005 in compartment A of NYSE Euronext Paris under the ISIN code FR0010221234. In September 2015, a Level 1 Sponsored ADR (American Depositary Receipt) programme was put in place, enabling American investors to hold indirectly the shares of Eutelsat Communications and to trade them on the OTC (Over-the-Counter) market in the United States.

7.1.2.2 Securities not representing the share capital

None.

7.1.2.3 Shares held by the Company or for its own account

Share buy-back programme

The Company's Annual General Meeting held on 5 November 2015 authorised the Board of Directors to proceed with purchases of its own shares by the Company pursuant to Articles L. 225-209 *et seq.* of the French *Code de commerce*, within a 10% limit of the share capital (excluding external growth transactions) and for a maximum unit price of 50 euros. The Company's Board of Directors meeting held the same day decided to implement the authorised share buy-back programme, that can be used exclusively for the liquidity contract.

The report on the implementation of the share buy-back programme and the use of the shares, as required under Articles L. 225-211 of the French *Code de commerce* is as follows (excluding the liquidity contract):

- ▶ number of shares purchased during the financial year ended 30 June 2016 pursuant to Articles L. 225-208, 209 and 209-1 of the French *Code de commerce*: none;
- ▶ number of shares held as treasury stock at 30 June 2016: 108,655;
- ▶ estimated value at acquisition price: 2.3 million euros;
- ▶ number of shares used during the financial year ended 30 June 2016: none;
- ▶ possible reallocations: not applicable;
- ▶ portion of capital represented: 10% maximum.

The Company publishes on its website the transactions realised in its own shares (excluding those realised under the liquidity agreement), in compliance with the applicable law.

Shares held under 2011 and 2012 free share allocation plans

As of 30 June 2015, under the free share allocation plans of 28 July 2011 and 8 November 2012, the Company held 151,792 of its own shares.

Shares held under liquidity agreement

In 2007, the Company entrusted Exane BNP Paribas with implementing a liquidity agreement in line with the AMAFI Code of Ethics. This agreement was amended by an addendum in 2011 in order to take into account the updated accepted market practice published by the AMF on 24 March 2011. It was modified again by an addendum on 12 June 2013.

As of 30 June 2016, the liquidity provider held 211,560 shares in the name of and on behalf of the Company, representing a total of 3.6 million euros.

7.1.2.4 Other securities giving access to the share capital

None.

7.1.2.5 Share capital authorised but not issued

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of Shareholders on 5 November 2015 remaining in force at the filing date of this Reference Document:

Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1. Authorisation granted to the Board of Directors for the purchase by the Company of its own shares (13th resolution – OGM of 5 November 2015).	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital.	Maximum duration of 18 months as from the OGM of 5 November 2015.
2. Delegation of power to the Board of Directors:		
(i) to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company:		Maximum duration of 26 months as from the OGM of 5 November 2015.
a- with maintained preferential subscription rights for shareholders (16 th resolution OGM of 5 November 2015),	a) 44 million euros (chargeable to the total common ceiling for the 16 th to 18 th and 21 st to 22 nd resolutions of the OGM of 5 November 2015);	
b- without preferential subscription rights for shareholders in the case of a public offering (17 th resolution OGM of 5 November 2015),	b), c), d) and e) 22 million euros (chargeable to the total common sub-ceiling for the 17 th and 18 th and 21 st to 24 th resolutions of the OGM of 5 November 2015);	
c- without preferential subscription rights for shareholders in the case of a private placement pursuant to chapter II of the Article L. 411-2 of the Financial and Monetary code (18 th resolution OGM of 5 November 2015),	e) 10% of share capital	
d- without preferential subscription rights for shareholders in the event of a public exchange offer initiated by the Company (21 st resolution OGM of 5 November 2015),		
e- without preferential subscription rights for shareholders to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company (22 nd resolution OGM of 5 November 2015);		
(ii) to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted (15 th resolution OGM of 5 November 2015);	44 million euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 5 November 2015.
(iii) to issue:		Maximum duration of 26 months as from the OGM of 5 November 2015.
a- ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares (23 rd resolution OGM of 5 November 2015).	22 million euros (chargeable to the total common sub-ceiling for the 17 th and 18 th , and 21 st to 24 th resolutions of the OGM of 5 November 2015);	
3. Authorization granted to the Board of Directors in the event of an issue without preferential subscription rights, to set the issue price in accordance with the terms and conditions determined by the General Shareholders' Meeting, up to a maximum amount of 10% of the share capital per year (19 th resolution OGM of 5 November 2015).	10% of share capital per annum	Maximum duration of 26 months as from the OGM of 5 November 2015
4. Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the resolutions 16 th to 18 th (20 th resolution OGM of 5 November 2015).	Ceiling set forth in the resolution under which the initial issue has been decided +15% of initial offering size.	Maximum duration of 26 months as from the OGM of 5 November 2015.
5. Authorisation granted to the Board of Directors to:		
(i) increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (24 th resolution OGM of 5 November 2015);	2 million euros (chargeable to the sub-ceiling common to the 17 th and 18 th and 21 st to 24 th resolutions of the OGM of 5 November 2015).	26 months as from the OGM of 5 November 2015.
(ii) to grant free common shares of the Company to eligible employees and directors and corporate officers (mandataires sociaux) of the Company or of its Group (25 th resolution OGM of 5 November 2015);		
(iii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (14 th resolution OGM of 5 November 2015).	10% of the share capital by periods of 24 months.	A maximum of 18 months as from the OGM of 5 November 2015.

During financial year ended 30 June 2016, the Board of Directors used the authorisation granted by the 13th resolution of the OGM of 5 November 2015 in the framework of the implementation of a liquidity contract for the secondary market.

The table below summarises the delegations of power and authorisations that will be proposed to the General Meetings of Shareholders on 4 November 2016:

Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1. Authorisation granted to the Board of Directors for the purchase by the Company of its own shares (Draft resolution n°13).	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital.	Maximum of 18 months as from the Shareholders' meeting.
2. Authorisation granted to the Board of Directors to:		
reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (Draft resolution n°14).	10% of the share capital by periods of 24 months.	Maximum of 18 months as from the Shareholders' meeting.

7.1.2.6 Options or agreements concerning the share capital of the Company or of a member of the Group

Not applicable.

7.1.2.7 Changes in the share capital up to the filing date of this Reference Document

On 10 December 2015, following the issue of shares to shareholders opting for the payment of the dividend in shares (scrip option) the capital of the Company was increased by 5,802,297 euros via the issue of 5,802,297 new shares with a nominal value of 1 euro, each issued at a price of 25.94 euros. The Company's capital henceforth stands at 232,774,635 euros.

7.1.2.8 Pledges, guarantees and securities

Pledges of Company shares

To the best of the Company's knowledge, at the filing date of this Reference Document, no Company share was pledged.

Pledges, guarantees and securities on the Company's assets

To the best of the Company's knowledge, at the filing date of this Reference Document, the Company's assets were neither pledged nor used as collateral or security deposits.

► 7.1.3 Organisational documents and by-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the filing date of this Reference Document.

7.1.3.1 Corporate purpose (Article 3 of the by-laws)

The Company's corporate purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To this end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and
- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

7.1.3.2 Board of Directors, Committees and Observer (Articles 13 to 19 of the By laws)

The Company is administered by a Board of Directors composed of at least three and at most 12 Board Members, subject to the exceptions stipulated by law. Board Members are appointed for a period of four years by the Ordinary General Meeting of Shareholders.

Board Members may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a Board Member if he/she has passed the age of 70 and if, as a result of his/her appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his/her term of office as a Board Member. He/she may be re-elected.

The Board of Directors may revoke his/her appointment at any time.

No Board Member aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the General Meeting of Shareholders held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he/she shall report to the General Meeting of Shareholders. He/she shall see to it that the bodies of the Company function properly and, specifically, ensure that the Board Members are able to do their work.

Board Meetings

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than two months, Board Members who together constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda. The Chief Executive Officer may also ask the Chairman to convene the Board for a specific agenda.

Notices of meetings and documents are sent to Board Members electronically.

Quorum – Majority – Minutes of meetings

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for transactions indicated specifically by the applicable law, the Internal rules may provide that the Board Members who participate in the meeting by means of video conference or any other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the registered office pursuant to regulatory provisions.

Representation

Any Board Member may, in writing, authorise another Board Member to represent him/her at a meeting of the Board.

During one and the same meeting, each Board Member may hold only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a Board Member.

Powers

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in General Meetings of Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact considering the circumstances. Mere publication of the By-laws shall not be sufficient to constitute such proof.

Committees

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall determine the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall furthermore determine the remuneration of the persons who are members of the committees.

Compensation

The General Meeting of Shareholders may allocate to Board Members, in consideration for their activities, by way of Board Members' attendance fees, an annual fixed sum that the Meeting determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Board Members in the form of attendance fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Board Members under the conditions provided by law.

Board Members who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided by law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the Board Members in the Company's interest.

Observer (*censeur*)

The position of Observer has been created.

This Observer position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by this individual.

No person may be an Observer if he/she has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French *Code de commerce*).

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Observer's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Observer shall be called to and may attend meetings of the Board of Directors and express his/her point of view on any item on the agenda, but he/she may not take part in the voting.

The Observer may not be represented at a meeting of the Board of Directors except, if it is impossible for him/her to attend a meeting, with the approval of the Chairman of the Board.

The Observer shall receive the same information and the same documentation as the Board Members, the afore-mentioned information and documentation being sent concurrently to the Board Members and Observer.

All the information brought to the attention of the Observer in connection with his/her duties shall be considered strictly confidential and he/she shall be bound by the same obligations as the Board Members (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Observer without first having been authorised by the Chairman of the Board of Directors, the CEO if the latter is not the Chairman, or the Deputy CEO.

7.1.3.3 Form of shares – Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depository that keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

7.1.3.4 Rights and obligations attached to shares (Article 12 of the By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at General Meetings of Shareholders by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

In order to draw the consequences of Article L. 225-123 paragraph 3 of the French *Code de commerce*, as amended by Law No. 2014-384 of 29 March 2014 "which is aimed at regaining the real economy", pursuant to which "In companies whose shares are admitted to trading on a regulated market, double voting rights [laid down in the first paragraph] are automatic,

unless otherwise provided for in the articles of association by a decision adopted after the enactment of [said law], for all fully paid-up shares that have been registered for two years in the name of the same owner (...), the General Shareholders' Meeting of 7 November 2014 amended the Article 12 paragraph three of the articles of association designed to confirm that each share gives entitlement to one single vote within General Shareholder's Meetings.

The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Meetings and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings of Shareholders, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with acknowledgement of receipt sent to the head office. The Company shall be required to respect that agreement for any General Meetings held at least five days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in General Meetings of Shareholders.

Each share shall give the right to a stake in the Company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the required number of shares.

Each share is entitled, if applicable, to the dividend approved by the Annual General Meeting of Shareholders.

7.1.3.5 General Meetings of Shareholders (Article 21 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings of Shareholders under the conditions defined by law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by law and the regulations.

Meetings shall take place at the registered office or at any other location stated in the convening notice.

Shareholders will have to produce evidence of their right to take part in General Meetings of the Company in accordance with the applicable regulations.

If not attending the General Meetings in person, a shareholder may choose between one of the following three options: give a proxy to any person of his choice, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided in the law and regulations.

An intermediary who has satisfied the applicable statutory provisions may, under a general power of attorney for management of securities, convey for a General Meeting the vote or the proxy of an owner of shares who does not have his/her domicile in French territory.

The Company shall have the right to ask the intermediary indicated in the preceding paragraph to furnish a list of the non-resident owners of the shares to which those voting rights are attached and the number of shares held by each of them.

According to the version of the By-laws in force at the date of filing of this Reference Document:

- ▶ under the conditions set by law and regulations, shareholders may send their proxy and voting forms concerning any General Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the convening notice, by remote transmission;
- ▶ in the event of remote voting, only the forms received by the Company by 3:00 p.m. (Paris time), at the latest on the day before the General Meeting is held, shall be counted;
- ▶ the Board of Directors may shorten or eliminate the time period indicated in the preceding Section.

In order to streamline the procedures for voting by correspondence by shareholders at General Meetings and to thereby promote participation in corporate life, the General Shareholders' Meeting of 7 November 2014 amended the Article 21, paragraph 9 of the articles of association in order to allow shareholders, under conditions provided for by law and regulations, to send their proxy and correspondence voting form concerning any Shareholders' Meeting, either in paper form, or, upon decision by the Board of Directors, by electronic means of telecommunications until 3:00 p.m. (Paris time) the day before the General Meeting; the mailing procedures will be specified by the Board of Directors in the meeting notice and convening letter. The correspondence or proxy voting forms, along with the certificate of participation, may be established using electronic media duly signed under conditions set forth by the applicable legal and regulatory provisions. To this end, the form may be completed and electronically signed on the Internet site set up by the centralising agent of the Shareholders' Meeting.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the General Meetings, irrespective of whether or not they are themselves shareholders.

General Meetings of Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially delegated for that purpose by the Board. Otherwise, the General Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the two members of the General Meeting present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided by law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to the law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for by law.

Shareholders who participate in the Meeting by video conference or by telecommunications media making it possible to identify them under the conditions set by the regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided by law.

7.1.3.6 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The assignment of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided by law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 *et seq.* of the French *Code de commerce*, directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with acknowledgement of receipt sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within five stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting

rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, be recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any General Meeting of Shareholders that is held until the expiry of a period of two years following the date of rectification of the notice.

7.1.3.7 Changes in the share capital (Article 8 of the Company's By-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

7.2 OTHER OPERATIONAL INFORMATION

▶ 7.2.1 Satellite and communications control

The majority of the Group's fleet is operated from control centres at the Group's head office in Paris and at the Rambouillet teleport, which the Group acquired from France Telecom in September 2004. There is full back-up between the Paris and Rambouillet facilities. The first control centre handles satellite telemetry and remote control ("Satellite Control Centre") and the second is responsible for managing traffic on the space segment ("Communications Control Centre"). All software used to control the satellite platforms and communications payload was developed by companies in accordance with the Group's specifications.

The Group monitors its satellites and communications 24 hours a day, 365 days a year and, as at 30 June 2016, employed more than 100 expert technicians and engineers for this purpose.

Eutelsat S.A.'s satellite and communications control activities are certified ISO 9001 (quality management system) and ISO 27001 (management of information security system).

Satellites under the responsibility of Eutelsat Americas (EUTELSAT 113 West A, 115 West B, and 117 West A) are operated from the Group's control centres located in Iztapalapa, Mexico City (Mexico) and in Hermosillo (Mexico). These centres are redundant and they have the same functions as the centres located in France. Their activities are also certified ISO 9001. One additional satellite also under the responsibility of Eutelsat Americas (EUTELSAT 65 West A), is operated and monitored *via* specific facilities installed near Sao Paulo, Brazil, with the French facilities acting as backup for satellite control and the Mexican facilities acting as backup for managing and monitoring traffic. The software and monitoring systems are equivalent to the systems existing at the other Eutelsat group centres.

Activities of the Satellite Control Centre

The Group managed the in-orbit satellites it owned at 30 June 2016 (including the four satellites falling under the responsibility of Eutelsat Americas), with support from a contractor for EUTELSAT 12 West A. Express-AT1, Express-AT2, Express-AM6 (on which the Group operates

certain transponders under the name EUTELSAT 53A) and AMU-1 (on which the Group operates certain transponders under the name EUTELSAT 36C) are controlled by the RSCC, ASTRA 2E, ASTRA 2F and ASTRA 2G (on which certain transponders are operated by the Group respectively under the names EUTELSAT 28E, EUTELSAT 28F and EUTELSAT 28G) are controlled by SES.

The Group's engineers regularly make minor positioning adjustments on each of the satellites controlled by the Group and perform East-West and North-South station-keeping manoeuvres. In addition, it is also possible to change the orbital position of a satellite so that it is able to serve new markets or provide in-orbit back-up capacity to another satellite.

Daily operations on the satellites, including the configuration of payloads and management of electrical power and propulsion systems, are controlled (*via* the Telemetry, Command and Ranging (TCR) station network) from the Satellite Control Centre.

The French satellite control centre is connected to a TCR station network to communicate with the satellites. The Rambouillet teleport contains the largest number of TCR stations. Furthermore, the Group has entered into long-term service agreements with six operators who provide capacity at their transmission/reception earth stations and perform telemetry and in-orbit monitoring operations. These contracts also cover the operation and maintenance of any of the Group's equipment installed at their sites. Under these contracts, the Group has extended control and supervision rights. These services are currently provided from TCR stations located in Dubna in Russia, Caniçal in Madeira, Makarios in Cyprus, Fucino in Italy, near Sao Paulo in Brazil, Perth in Australia and Auckland in New Zealand. The different stations and control centres are all linked up with a network of protected and redundant voice/data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were to become unavailable. For satellites controlled from Mexico, TCR stations are located on the same sites as the main control centres in Iztapalapa and Hermosillo.

The Rambouillet teleport may also be used for in-orbit positioning of new satellites joining the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations on a geostationary satellite were successfully performed for the first time from Rambouillet for the EUTELSAT 7A satellite in March and April 2004. Since then, the majority of LEOP operations have been carried out from the Rambouillet site and in some cases the operations were performed directly by the satellite manufacturers (Thales Alenia Space for EUTELSAT 16A, Space Systems Loral for EUTELSAT 25B and EUTELSAT 65 West A, Airbus Defence and Space for EUTELSAT 9B). For satellites controlled from Mexico, positioning operations were performed by the satellite manufacturer (Boeing and Loral). The most recently launched satellite of the Group, EUTELSAT 117 West B falling under the responsibility of Eutelsat Americas and launched on 15 June 2016, is undergoing its in-orbit positioning, performed by the satellite manufacturer, Boeing. This is expected to be completed towards the end of 2016 with entry into service planned for early 2017.

Activities of the Communications Control Centre (CSC)

Payload control is carried out for all satellites and transponders whose capacity is marketed by the Group, including satellites owned by other companies. The Managed Services and terrestrial delivery network that Eutelsat operates is also controlled from the same centres. For this purpose, the Group has a set of facilities at its Paris and Rambouillet sites and at Iztapalapa and Hermosillo. In addition to these facilities, the Group has service contracts with operators of 18 sites worldwide, selected according to the geographical coverage of the satellites. These sites

are in São Paulo (Brazil) for South America, Hauppauge (New York, USA) and Miami (USA) for North America, Berlin (Germany) for North Eastern Europe, Makarios (Cyprus) for the Eastern Mediterranean and Middle-East regions, Dubna (Russia), Khabarovsk (Far East Russia), Hartbeesthoek (South Africa) for Sub-Saharan Africa, Singapore for the Far East, Yaoundé (Cameroon) for Western Africa, Dubai (United Arab Emirates) for beams covering North Africa and the Arabian peninsula, Mauritius for the Indian Ocean, Cagliari (Sardinia) – owned and operated by the Group's subsidiary Skylogic Mediterraneo S.r.l. – for the Western Mediterranean and North Africa, Yamaguchi in Japan for the North of the Pacific Ocean and the West of Asia, Noumea in New Caledonia for the South of the Pacific Ocean and Madagascar, Mayotte and La Réunion in order to provide multi-site redundant monitoring. The last three sites are heavily impacted by violent weather conditions. At each site, the Group has installed the equipment needed to monitor the quality of services provided to its customers. Service contracts cover the hosting of this equipment and first-level work performed by site operators.

In addition to this infrastructure, Eutelsat also operates nine other sites dedicated to the control of KA-SAT.

All equipment is managed automatically and centrally by the Communications Control Centre (CSC), which has been based at the Rambouillet teleport since December 2007, with a back-up centre in Paris (except for the satellites managed from Mexico). The two centres are connected to each other and to each monitoring site *via* a network of protected and redundant voice/data communication lines.

► 7.2.2 Technical failures and loss of equipment

The theoretical length of operation in stable orbit of the Group's satellites is generally between 12 and 15 years. However, because of the launch configuration and the remaining estimated propellant on-board after positioning the satellite, the operational lives of the Group's most recently launched satellites were estimated between approximately 14 years and more than 20 years once they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

- defects in the quality of the satellite's on-board components or equipment;
- defects concerning construction or operability;
- excessive fuel consumption in reaching the desired orbital position and maintaining the satellite on station or relocating it to a new orbital position;
- damage caused by electrostatic or solar storms, or by collision with micro-meteorites or space debris.

The Group believes that on the whole, its fleet of satellites is in good operating condition. Some of the Group's satellites, however, have experienced equipment failure and are currently operating with some of their back-up equipment.

Technical failures and loss of equipment in-orbit for Group-owned satellites

The EUTELSAT 36West A satellite has suffered a number of failures since it began operational service in October 2002. All necessary measures have been taken to solve the problems encountered.

Additionally, the EUTELSAT 5 West A and EUTELSAT 70 D satellites experienced a minor reduction in battery power (the reduction in battery power of EUTELSAT 5 West A was caused by the loss of six cells out of

108 during the eclipse period in March-April 2004). These batteries provide satellites with energy during the two annual eclipse periods. A loss of cells leads to a reduction in the electrical power of satellites and may result in reduced transmission capabilities during such periods. To date, these failures have only had a very limited impact on the overall performance of satellites during eclipses.

On 18 October 2015, EUTELSAT 33b suffered a loss of power *via* a power transfer assembly, loss of power from the other on-board power transfer assembly having already occurred on 16 June 2008. The satellite's communications mission was effectively immediately terminated. Technical investigation carried out jointly with the manufacturer, Thales Alenia Space, have been aimed to mitigate the risk of similar events on other satellites of similar design.

The performance of the EUTELSAT 48D satellite, which was launched on 20 December 2008, does not comply with the specifications established with its manufacturer EADS Astrium/ISRO Antrix because of a major anomaly affecting its electrical power sub-system. This default came to light on 22 January 2009 while the satellite was being transferred from its test position to its planned operational position. A claim for total loss was filed with the insurance company, which refunded the total claim during the financial year 2008-2009.

In-orbit testing of EUTELSAT 10A's S-band payload belonging to Solaris Mobile Ltd. (which was a joint venture with SES Astra and which has since been sold) revealed an anomaly with this payload's coverage and power. This required further testing to be carried out with Thales Alenia Space manufacturer. Since the satellite's S-band payload does not comply with its contractual specifications, Solaris Mobile Ltd filed a claim for constructive total loss with its insurers, who refunded the full claim during the financial year 2009. This incident does not affect the non-S-band operations and performance of the satellite.

On 18 April 2012, the EUTELSAT 31A satellite lost one of two telemetry transmitters that also function as beacons transmitted by this satellite. The loss of this equipment has no impact on the quality of service provided by the satellite. Should the remaining transmitter be lost, EUTELSAT 31A's mission would be terminated.

On 4 September 2012, a 42-minute transmission cut occurred on EUTELSAT 16A. The cut was due to the excessively sensitive on-board system used for detecting pointing loss. The on-board software has been modified to avoid such excessive sensitivity on the satellite as well as on other satellites of the fleet equipped with the same on-board software.

On 28 November 2012, EUTELSAT 3C suffered an anomaly on one of the sensors used to detect earth. The on-board software automatically replaced the sensor with the redundant equipment. Eutelsat is developing methods for stabilising the satellite in order to be protected in case of possible problems with the active sensor. EUTELSAT 70B experienced the same anomaly on 1 March 2014.

In January 2014, EUTELSAT 70 D experienced an anomaly to an onboard power transmission assembly. Subsequently, the Group evaluated the damage incurred and reassessed the value of future cash flows generated by this satellite. As a result, the Group recognised an impairment charge amounting to 6.4 million euros.

► 7.2.3 Satellite end-of-life

After remaining fuel has been used up, satellites at the end of their operational lives are de-orbited and placed in a graveyard orbit situated above the geostationary satellite orbit.

Launch failures

Since it began its activities (including the period prior to the Transformation), the Group has lost three satellites as a result of launch failures (Eutelsat I-F3 in September 1985, Eutelsat II-F5 in January 1994 and HOT BIRD™ 7 in December 2002).

In October 2010, the Group reported the loss of the W3B satellite following an operating malfunction on the satellite's propulsion sub-system after its launch.

Technical failures and loss of equipment affecting satellites leased by the Group

The Group has no knowledge of technical defaults or loss of equipment affecting satellites leased from third parties.

Under its capacity lease agreements, the Group can request compensation if there is any interruption in the availability of capacity or deterioration in the transponders. The amount of such compensation, which is limited to a certain amount per year, is calculated on the basis of the frequency and duration of the interruptions affecting the transponders leased. Moreover, certain agreements provide that the Group may, in the event of specific malfunctions and if no other capacity is provided, terminate the entire allotment agreement or the lease covering the affected transponder without penalties being incurred. In such cases, the Group can request reimbursement of that part of the lease cost corresponding to the period in which it was unable to make use of the capacity.

The Group complies with the principles discussed at an international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space as well as the new French Space Operations Act, which came into force in December 2010.

► 7.2.4 Timing of payments to suppliers

As of 30 June 2016, payments to suppliers pursuant to the Law on Modernising the Economy were as follows (based on corporate accounts):

<i>(in thousands of euros)</i>	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	6,205	-	124,546	130,750
Payables to come	273,400	-	-	273,400

7.3 PRINCIPAL SHAREHOLDERS

► 7.3.1 Breakdown of ownership and structure and voting rights

The following table shows the changes to Eutelsat Communications' ownership structure reported to the Company over the past three financial years:

Shareholder	At 30 June 2016		At 30 June 2015		At 30 June 2014	
	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage
Bpifrance Participations since (12 July 2013, ex-Fonds Stratégique d'Investissement: FSI)	61,564,251	26.45%	59,081,638	26.03%	56,399,660	25.62%
Fonds Stratégique de Participations (FSP)	17,464,145	7.50%	-	-	-	-
China Investment Corporation (CIC)	15,526,530	6.67%	15,526,530	6.84%	15,541,767	7.06%
Entreprise des Postes et Telecoms (Luxembourg)	2,581,760	1.11%	2,492,728	1.10%	2,395,886	1.09%
Ministry of sea, transport and infrastructure (Croatie)	1,038,242	0.45%	1,038,242	0.46%	1,038,242	0.47%
Radio Televizija Slovenia	810,000	0.35%	1,022,000	0.45%	1,212,000	0.55%
Other minority shareholders ⁽¹⁾	2,132,183	0.92%	2,047,358	0.90%	2,138,835	0.97%
Employees and senior managers	1,623,997	0.70%	1,711,898	0.75%	1,866,768	0.85%
Free float ⁽²⁾	130,033,527	56.85%	144,051,944	63.47%	139,520,824	63.39%
TOTAL	232,774,635	100%	226,972,338	100%	220,113,982	100%

(1) This category includes a number of Eutelsat Communications minority shareholders including Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania.

(2) Of which 108,655 treasury shares as of 30 June 2016.

At the filing date of this Reference Document, the share capital is made up of ordinary shares, all of the same class, entitling the bearer to one vote per share. For this reason, the main shareholders in the Company do not enjoy preferential voting rights.

In addition, on 14 June 2016, Lazard Asset Management LLC notified the upward crossing of the 5% threshold in terms of Company capital with 16,981,858 shares held representing 7.30% of share capital.

To the best of the Company's knowledge, no other shareholders own, directly or indirectly, more than 5% of its share capital or voting rights at the date of this Reference Document. To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this Reference Document. However, other bearer shareholders have reported to the Company that they have crossed thresholds exceeding 1% of the share capital and may therefore hold at least 1% of the Company's capital.

► 7.3.2 Crossing of disclosure thresholds

To the best of the Company's knowledge, no shareholder, acting alone or in concert, holds more than 50% of the shares bearing voting rights in the Company, and no shareholder, alone or in concert, controls the Company within the meaning of Article L. 233 *et seq.* of the French *Code de commerce*.

Pursuant to Article 12 of the By-laws, the Company has been notified of the following crossings of threshold:

Crossing of disclosure thresholds	
27 September 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Magellan Asset Management Ltd, which owns 2,768,248 shares representing 1;18% of the Company's share capital.
14 June 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Covéa Finance, which owns 2,344,225 shares representing 1.01% of the Company's share capital.
17 May 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 16,981,858 shares representing 7.30% of the Company's share capital.
20 May 2016	Notification of the downward crossing of the 1%, threshold in terms of Company capital and voting rights, by Crédit Suisse Group AG which owns 2,315,409 shares representing 0.99% of the Company's share capital.
7 April 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 10,780,714 shares representing 4.63% of the Company's share capital.
30 March 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 11,740,554 shares representing 5.04% of the Company's share capital.
29 March 2016	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights, by Norges Bank Investment Management, which owns 4,628,774 shares representing 1.98% of the Company's share capital.
8 March 2016	Notification of the upward crossing of the 7% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 16,374,145 shares representing 7.03% of the Company's share capital.
10 February 2016	Notification of the upward crossing of the 6% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 14,018,174 shares representing 6.02% of the Company's share capital.
29 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,459,266 shares representing 4.92% of the Company's share capital.
28 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,690,857 shares representing 5.02% of the Company's share capital.
27 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,608,793 shares representing 4.99% of the Company's share capital.
22 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,643,706 shares representing 5.00% of the Company's share capital.
21 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,628,900 shares representing 4.99% of the Company's share capital.
18 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 12,119,032 shares representing 5.21% of the Company's share capital.
18 December 2015	Notification of the upward crossing of the 4% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 9,528,257 shares representing 4.09% of the Company's share capital.
11 December 2015	Notification of the upward crossing of the 3% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 7,574,088 shares representing 3.25% of the Company's share capital.
30 November 2015	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi, which owns 1,552,081 shares representing 0.68% of the Company's share capital.
27 November 2015	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights, by FSP (<i>Fonds Stratégique de Participations</i>), which owns 4,913,088 shares representing 2.16% of the Company's share capital.
19 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,638,830 shares representing 5.13% of the Company's share capital.
18 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,334,545 shares representing 4.99% of the Company's share capital.
16 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,478,748 shares representing 5.06% of the Company's share capital.
4 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,332,128 shares representing 4.99% of the Company's share capital.
3 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,548,292 shares representing 5.09% of the Company's share capital.
2 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,330,260 shares representing 4.99% of the Company's share capital.
29 October 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,366,864 shares representing 5.01% of the Company's share capital.
28 October 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,250,413 shares representing 4.96% of the Company's share capital.
27 October 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,502,084 shares representing 5.07% of the Company's share capital.
31 July 2015	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Cohen & Steers Inc., which owns 2,489,258 shares (2,241,320 voting rights) representing 1.10% of the Company's share capital.

At the filing date of this document, the Company had not been notified of any other crossings, whether upwards or downwards, of legal or statutory disclosure thresholds in the Company's capital.

▶ 7.3.3 Securities transactions by senior management

At 30 June 2016, Michel de Rosen, Chairman of the Board, Rodolphe Belmer, Chief Executive Officer, and Michel Azibert Deputy Chief Executive Officer owned respectively 116,464, 0 and 28,115 shares of the Company.

The following transactions occurred during the financial year ended 30 June 2016:

- ▶ on 9 November 2015, in the framework of the Free Share allocation plan of 8 November 2012, Michel de Rosen was definitively allocated 3,283 free shares;
- ▶ in the framework of the exercise the scrip dividend option, Michel de Rosen received 1,123 shares on 10 December 2015;
- ▶ on 9 November 2015, in the framework of the Free Share allocation plan of 8 November 2012, Michel Azibert was definitively allocated 2,027 free shares;
- ▶ in the framework of the exercise the scrip dividend option, Michel Azibert received 1,130 shares on 10 December 2015.

▶ 7.3.4 Shareholders' agreements

To the best of the Company's knowledge, there are no shareholders' agreements.

▶ 7.3.5 Agreements likely to lead to a change in control of the Company

At the filing date of this Reference Document, the Company has no knowledge of any agreement, shareholders' agreement, or clause of any convention providing for preferential conditions for disposing of or acquiring

shares in the Company involving at least 5% of the capital or voting rights in the Company, the implementation of which could lead, at a later date, to the Company being taken over.

7.4 ORGANISATIONAL CHART

During the financial year ended 30 June 2016,

- ▶ the liquidation of Wins Italy was completed in December 2015;
- ▶ Eutelsat has set up an agreement, subject to suspensive conditions, with the American company ViaSat in order to develop satellite broadband access in Europe. Eutelsat will contribute its Ka-Sat business to a Swiss company owned 51% by Eutelsat and 49% by ViaSat. To secure this contribution, Skylogic Spa performed a split-up aimed at decoupling the activities to be contributed from activities remaining at Skylogic. This resulted in the setting up, on 1 June 2016, of Eurobroadband Services Srl, a 100%-owned subsidiary of Eutelsat S.A. The new company holds all seven subsidiaries previously owned by Skylogic Spa and established in each country (excluding Italy) where gateways had to be installed for operating EUTELSAT KA-SAT 9A satellite (namely France, Germany, Ireland, Cyprus, Finland, Greece and Spain). Eutelsat S.A. will contribute Eurobroadband Services, the customer portfolio, the commercial and marketing activities along with the EUTELSAT KA-SAT 9A satellite;
- ▶ in April 2016, Eutelsat Americas announced the sale of Alterna' TV, a Miami-based content distribution company to THEMA a subsidiary, of the CANAL+ Group. Alterna was deconsolidated from beginning of April;
- ▶ in June 2016, InfraMed Group acquired a ca. 21% interest in the English subsidiary BB4A established to develop satellite broadband connectivity in Africa. InfraMed is an investment fund dedicated to infrastructure projects in the Southern and Eastern Mediterranean.

At 30 June 2016, the Company owned directly or indirectly 39 subsidiaries and 12 participations.

The simplified organisational chart below reflects the Group at 30 June 2016. The complete list of the companies consolidated within Eutelsat Communications as at 30 June 2016 is in Note 30 of the Group's consolidated accounts in appendix to this report.

Eutelsat Communications is a holding company with no operational role other than its indirect interest in Eutelsat S.A.

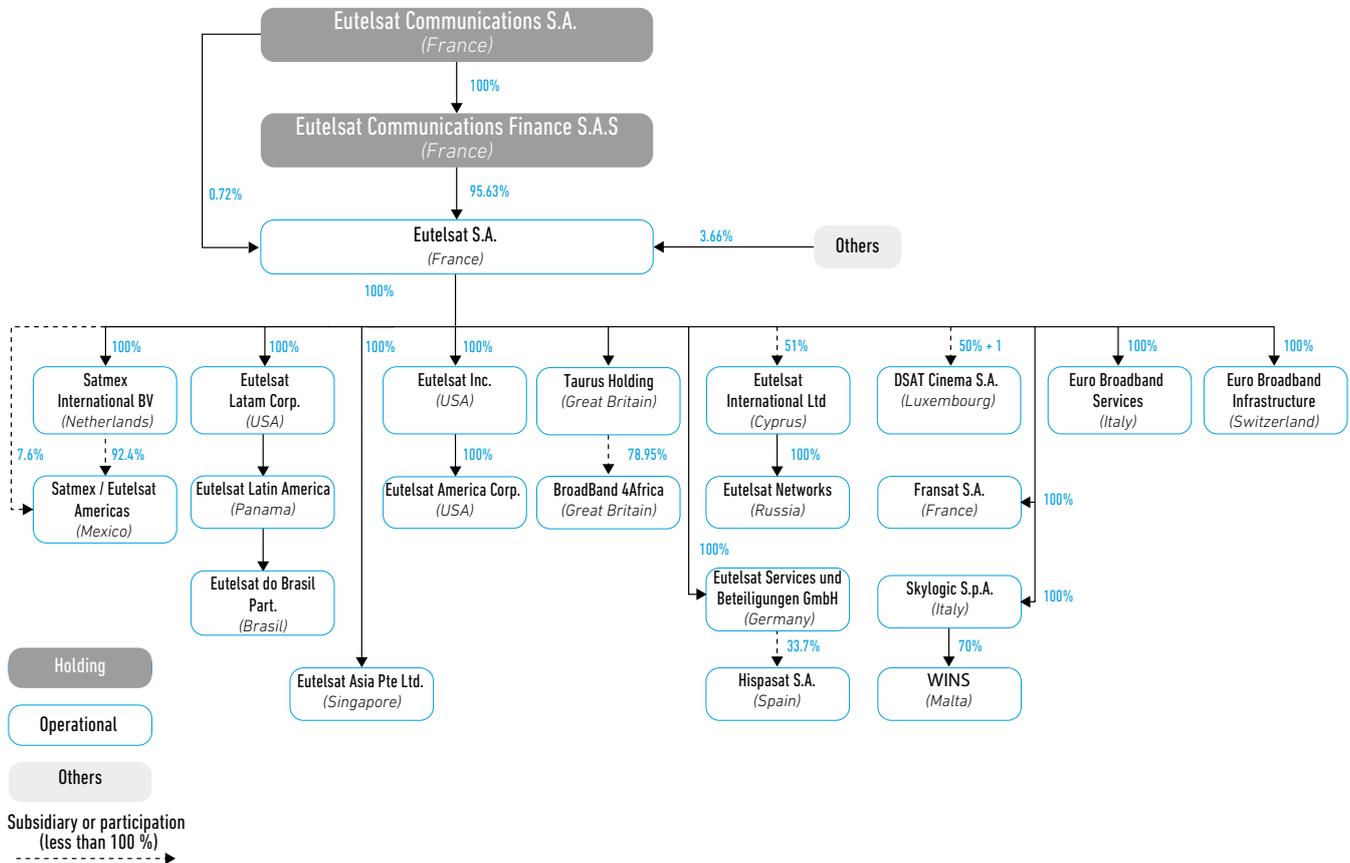
The revenues and results shown for the subsidiaries are based on the companies' annual accounts.

Since 30 June 2016,

- ▶ on 12 July 2016, Eutelsat initiated the process of divesting its stake in Hispasat by exercising the put option granted in 2008 by Hispasat's majority shareholder, the Abertis Group. Eutelsat holds a 33.69% stake in Hispasat through its subsidiary Eutelsat Services und Beteiligungen GmbH. Under the terms of the put option agreement, the value of the Hispasat stake will be determined by an independent expert. The transaction will proceed subject to Spanish government consent;
- ▶ on 8 August 2016, Eutelsat and SpeedCast announced the conclusion of an agreement whereby SpeedCast will acquire Eutelsat's 70% stake in WINS Limited for a consideration based on a total enterprise value of approximately 60 million euros. The transaction was closed on 31 August 2016.

► 7.4.1 The Group's simplified organisational chart

The simplified organisational chart below depicts the Eutelsat Group at 30 June 2016



Information on the agreements between the Company and its various subsidiaries is provided in Section 7.9 "Related Party Transactions" in this Reference Document.

► 7.4.2 Main subsidiaries and equity interests

The Group's main operating companies are:

- Eutelsat S.A. (France), Skylogic S.p.A. (Italy), Eutelsat Madeira Lda (Madeira), Eutelsat Services und Beteiligungen GmbH (Germany), Eutelsat Asia Pte (Singapore) and FRANSAT S.A. (France), which are all 100% directly-owned by Eutelsat S.A.;
- Eutelsat do Brasil Ltda, Eutelsat America Corp. (United States of America) and Satélites Mexicanos, S.A. de C.V (Mexico), which are 100% owned indirectly by Eutelsat;
- as well as DSAT Cinema S.A. (Luxemburg) and Eutelsat International (Cyprus), majority participations directly held by Eutelsat S.A.

Hispasat S.A. (Spain) is the main equity holding of the Group in terms of contribution to the net result. It is a minority holding of 33.7% held by the German subsidiary of Eutelsat S.A., Eutelsat Services und Beteiligungen GmbH.

Furthermore, the Group owns a number of other operating subsidiaries for developing its activities that represent and promote the services of Eutelsat S.A. Revenues and net income from these subsidiaries are not significant.

7.4.2.1 Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

Eutelsat Communications Finance S.A. (France)

Established in June 2006 and fully-owned (100%) by Eutelsat Communications, Eutelsat Communications Finance S.A.S is a simplified stock corporation domiciled at 70 rue Balard – 75015 Paris. Its purpose is to hold a stake of the capital of Eutelsat S.A, which amounts to 95.65% as of 30 June 2016.

Based on the projected results of Eutelsat Communications Finance S.A.S. for the financial year 2015-2016, an interim dividend of 270 million euros was paid to Eutelsat Communications during the financial year, under a decision dated 12 November 2015, based on interim financial statements at 31 October 2015 showing distributable income of 287.10 million euros.

Eutelsat S.A. (France)

Eutelsat S.A. is the main operating company of the Group. It is a "société anonyme" and its head office is located at 70 rue Balard – 75015 Paris.

As of 30 June 2016, Eutelsat Communications owned directly and indirectly 96.35% of the capital of Eutelsat S.A., through which it controls several subsidiaries and equity interests.

Revenues and net result of Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

The table below presents the revenues and net income contributions at 30 June 2016 of Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

(in millions of euros)	30 June 2016	
	Eutelsat Communications Finance	Eutelsat S.A.
Revenues	-	1,049.8
Group share of net income	(3.6)	235.8

7.4.2.2 Main subsidiaries of Eutelsat S.A.

Eutelsat America Corp. (United States of America)

Incorporated in November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat satellite capacity in the North-American market. Eutelsat America Corp. is a 100% indirectly-owned subsidiary of Eutelsat S.A. It is held 100% via the subsidiary, Eutelsat Inc.

Skylogic S.p.A. (Italy)

Initially, Skylogic S.p.A, a wholly-owned subsidiary of Eutelsat S.A. was responsible for operating Value-Added Services, in particular the D-STAR™ satellite Internet access system as well as Tooway.

As of 31 December 2012, Skylogic S.p.A. transferred its business related to D-STAR™ and Tooway to Eutelsat S.A.

As of 30 June 2016, following a spin-off operation, Skylogic S.p.A. is now only providing technical support to Group subsidiaries providing Satellite Internet access services. Skylogic owns four equity interests, among which:

- ▶ Skylogic Mediterraneo S.r.l. (Italy), a directly-owned 100% subsidiary of Skylogic SpA that operates a teleport in Sardinia;
- ▶ WINS Ltd (Malta), direct equity interest held 70% by Skylogic S.p.A. and 30% by Maltese operator MaltaSat, is responsible for marketing the D-STAR™ service to cruise ships and ferries in the Mediterranean Basin, providing them with telephony services (GSM) and broadband access.

Eutelsat do Madeira Lda (Portugal)

Incorporated in June 2008, Eutelsat Madeira Lda is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for marketing the fully-owned satellite capacity on EUTELSAT 10A in C- and Ku-band since April 2009 for Africa and the Portuguese-speaking regions, and in January 2012 on the EUTELSAT 16A satellite in Ku-band, for Africa and the Indian Ocean islands.

Since 1 July 2014, Eutelsat Madeira Lda also markets Eutelsat S.A.'s capacity on the satellite EUTELSAT 3B in C- and Ku-bands for the sub-Saharan Africa zone.

Eutelsat Services und Beteiligungen GmbH (Germany)

Since 2003, Eutelsat Services und Beteiligungen GmbH owns the Group's equity interest in the Spanish non-listed satellite operator Hispasat. This interest was initially acquired by Eutelsat S.A. in 2001. It was then increased in 2002 to 27.69% of the share capital and then transferred in full to Eutelsat Services und Beteiligungen GmbH in 2003. In April 2013, its interest in Hispasat's share capital was increased to 33.69%, through the exercise of its pre-emption right. On 12 July 2016, Eutelsat initiated the process of divesting its stake in Hispasat by exercising the put option granted in 2008 by Hispasat's majority shareholder, the Abertis Group.

Eutelsat Asia Pte Ltd. (Singapore)

Incorporated in 2012, Eutelsat Asia Pte Ltd. is a wholly directly-owned subsidiary of Eutelsat S.A. This company holds and controls the EUTELSAT 172A satellite.

FRANSAT S.A. (France)

Incorporated in 2009, FRANSAT S.A. is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible (i) for developing and operating the FRANSAT offer on the EUTELSAT 5 West A satellite (this free-to-air offering includes all the French free-to-air DTT channels), (ii) for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and (iii) to provide the technical means to integrate new channels (free-to-air or not) as a complement to the FRANSAT offering.

Satélites Mexicanos S.A. de C.V. (Mexico)

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is held by Eutelsat S.A., both directly and indirectly via a holding company: Satmex International BV.

The company has been operating since March 2014 under the commercial name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 WEST A, at 113° West, EUTELSAT 115 WEST B at 114.9° West, and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

Eutelsat Latin America (Panama)

The satellite EUTELSAT 117 West B was launched in June 2016 and will be collocated with EUTELSAT 117 West A at 116.8° West. It will start operations in the first quarter of calendar year 2017.

Eutelsat do Brasil Participatoes Ltda. and Eutelsat do Brasil Ltda. (Brasil)

Eutelsat do Brasil Participatoes Ltda is the holding company with a 100% interest in Eutelsat do Brasil.

Eutelsat do Brasil Ltda was initially granted landing rights by the Brazilian authorities enabling it to offer capacity on satellites EUTELSAT 12 West A and EUTELSAT 8 West A in order to meet Brazilian market needs. In June 2013, the Brazilian telecommunications regulation authority granted Eutelsat do Brasil Ltda an additional licence for a set of C-, Ku- and Ka-band frequencies at 65° West. Eutelsat do Brasil Ltda also signed a 15-year contract with Hughes, subsidiary of EchoStar, for the rental of all Ka-band capacity covering Brazil on satellite EUTELSAT 65 West A launched in March 2016 and operational since 1 May 2016. In order to ensure this contract with EchoStar, a part of the satellite will be owned by Eutelsat do Brasil Ltda.

Eutelsat International (Cyprus) and Eutelsat Networks (Russia)

Since May 2013, has been holding a 51% interest in Eutelsat International Ltd., the remaining capital being owned by a partner company incorporated under Cypriot law, Managekept Investments Ltd. Eutelsat International Ltd. is notably in charge of marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at orbital position 56° East.

Held at 100% by Eutelsat, International Ltd. Eutelsat Networks is a Russian company that will market Ka-band capacity on the EUTELSAT 36C satellite launched in December 2015 to operate at 36° East.

DSAT Cinema S.A. (Luxemburg)

In November 2012, the Group, alongside Belgian company belge dcinex, leader of the European digital cinema market, created a joint venture called DSAT Cinema, in order to develop the booming market for the live digital

distribution of films and events across Europe. From its constitution, the company's capital is broken down into 50% + 1 share for the Group, and 50% - 1 share for its partner. In March 2013, the company's capitalization operation was finalised through a contribution in kind of a business segment by Eutelsat S.A. and a cash contribution by dcinex. In June 2015, Eutelsat concluded an agreement with Ymagis according to the term of which

Ymagis subsidiary, Smartjog Ymagis Logistics, will operate the portfolio of activities of DSAT, under the control of DSAT's Board of Directors. Eutelsat S.A. and dcinex will maintain their existing shares in the capital of DSAT for a period of 15 months. At the end of this period, Ymagis will be able to acquire the shares held by Eutelsat S.A. in DSAT, at a price linked to the latter's financial performance.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2016:

<i>(in millions of euros)</i>	Eutelsat America Corp.	Skylogic S.p.A.	Eutelsat Madeira Lda.	Eutelsat Services und Beteiligungen GmbH	FRANSAT S.A.	Eutelsat Asia Pte Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda.
Revenues	176.2	5.4	39.5	-	16.1	22.3	138.1	11.1
Group share of net income	5.1	2.9	9.6	3.8	0.2	18.3	64.8	(23.0)

<i>(in millions of euros)</i>	DSAT Cinema S.A.	Eutelsat Networks
Revenues	3.9	-
Group share of net income	(1.3)	(0.2)

7.4.2.3 Main equity interests of Eutelsat S.A.

capital and voting rights. At 31 December 2015, Hispasat posted revenues of 218.5 million euros and net income of 63.4 million euros.

Hispasat S.A. (Spain)

As of 30 June 2016, Eutelsat S.A. indirectly owned through its subsidiary, Eutelsat Services und Beteiligungen GmbH, 33.69% of Hispasat's share

The following table shows a summary of Hispasat group's annual data for the year ended 31 December 2014 and 2015 (latest data published by Hispasat):

<i>(in millions of euros)</i>	31 December 2014	31 December 2015
Assets	1,235.5	1,236.8
Net assets	660.8	708.3
Operating revenues	199.7	218.5
Net income	46.9	63.4

► 7.4.3 Group cash flow

At the filing date of this Reference Document, there are no contractual relationships generating significant cash flow aside from the cash flows generated under the service agreements and centralised cash management

agreements signed within the Group. Cash flows having been the subject of regulated agreements and commitments are presented in the Statutory Auditors' report figuring in Appendix 5 of this Reference Document.

The following table summarises relations between the Company and its subsidiaries as of 30 June 2016:

<i>Consolidated items (except dividends)</i> <i>(in millions of euros)</i>	Eutelsat Communications			Consolidated total
	Eutelsat S.A. (sub-group)	Finance	Eutelsat Communications	
Non-current assets (incl. goodwill)	7,237.1	-	1.1	7,238.2
Debt (owed to non-Group entities)	3,609.6	-	600.0	4,209.6
Cash assets on balance sheet	1,151.2	0.8	1.8	1,153.8
Cash flow from operating activities	1,077.1	(10.9)	(170.5)	895.7
Dividends paid to the Company	2.1	270.0	-	272.1

7.5 LEGAL AND ARBITRATION PROCEEDINGS

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. Legal actions and business disputes underway are described in the Note 27.4 of the notes to the consolidated financial statements.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened against the Company that are likely to have a material impact on the financial position or profitability of the Company and/or the Group, or that effectively had such a material impact over the past 12 months.

7.6 GROUP PROPERTY AND EQUIPMENT

The registered office of the Company and of Eutelsat S.A. is located at 70, rue Balard, 75015 Paris. Eutelsat S.A. renegotiated the duration and the early renewal of the lease on the building for a 9-year period, starting on 1 July 2014.

Eutelsat entered on 1 August 2012 into a lease agreement for one floor at the Tour Cristal, a building situated at 21, quai André-Citroën, 75015 Paris, with an exit option as of 31 December 2015. Eutelsat exercised its exit right at 31 December 2015 and signed a new lease commencing on 1 September 2015 with La Foncière des Régions for a duration of seven years and 10 months. These new premises, over two floors, are located at Ponant 21/27, rue Leblanc, 75015 Paris.

The Rambouillet teleport, owned by Eutelsat since 2004, notably serves as a back-up control and satellite telecommunications centre, to be used in the event of a failure at the control centres located in Eutelsat S.A.'s technical control facility in Paris. This teleport also has the technical resources required to deliver Value-Added Services. It hosts, amongst other things, a D-STAR™ platform and the EutelTRACS platform. Furthermore, this teleport enables the Group to offer uplink/downlink services to its clients,

including for Video Applications or hosting operator platforms for satellite communications networks.

Skylogic S.p.A. has owned a teleport in Turin (Italy) since 2005. Skylogic Mediterraneo S.r.l., a company based in Cagliari (Italy) and wholly owned by Skylogic S.p.A. also owns a teleport which operates, notably, C-band, Ku-band, Ka-band and S-band services.

Since early 2009, Eutelsat do Madeira has occupied a 5,000 m² site in Eastern Madeira where it has built a satellite control centre whose first phase was completed in June 2010.

Satmex rents two floors (circa 1,500 m²) located at Avenida Paseo de la Reforma 222, Pisos 20 and 21, Colonia Juárez, Mexico City, Federal District of Mexico, C.P. 06600. The lease is for a firm term of five years starting from 1 October 2013. Satmex rents from Mexican government two control centres: one in Iztapalapa, Mexico City (Mexico) and another one in Hermosillo, Sonora (Mexico). The concession granted by the Mexican government is valid for a period of 40 years, from the 15 October 1997.

As of 30 June 2016, the Group also operates 39 geostationary satellites in stable orbit, which are described in Section 1.3 "In-orbit operations".

7.7 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

When the IGO was operating as an intergovernmental organisation, its strategy was to secure for itself and for its signatories, on conditions that varied in accordance with the use of intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner thereof.

As regards trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this Reference Document, the Group owned 51 patent families, one of which is held on a co-ownership basis with Invacom Ltd (UK), one of which in co-ownership with the company Calero Antenne S.p.A. (Italy), and one of which in co-ownership with the *Commissariat à l'énergie et aux énergies alternatives* (France).

At the date of this Reference Document, the Group owns 49 trademarks.

The Group spent 13.3 million euros on research and development during the financial period ended 30 June 2016, including 7.4 million euros on development costs recorded as intangible assets.

As of 30 June 2016, patents, licenses and brands were accounted for as intangible assets for a total amount of 137.0 million euros.

7.8 IMPORTANT CONTRACTS

▶ 7.8.1 Contracts concerning satellites

In FY 2015-2016:

- ▶ in July 2015, the first "Eutelsat Quantum" satellite was ordered from Airbus Defence and Space for a launch in 2019;
- ▶ in October 2015 Eutelsat signed a contract with Spacecom to lease the Ka-band capacity on the AMOS-6 satellite for broadband services in Sub-Saharan Africa in collaboration with Facebook. The satellite was lost following the launch pad explosion of the SpaceX Falcon 9 rocket in September 2016;
- ▶ in October 2015, Eutelsat ordered a new-generation all-electric High Throughput Satellite from Thales Alenia Space to be launched in 2019. The satellite will bring additional broadband resources to Sub-Saharan Africa;
- ▶ in March 2016, Eutelsat procured an all-electric satellite from Space Systems Loral to expand broadcasting in Africa, the Middle East and Turkey. To be launched in second half of 2018, the new satellite will operate at the 7° East orbital position under the name EUTELSAT 7C.

In FY 2014-2015, the Group ordered the EUTELSAT 172B satellite, which is described in the Section 1.3 "In-orbit operations" of this document.

Main provisions of satellite procurement and launch contracts

The Group is entitled to closely monitor all the tasks carried out as part of these manufacturing contracts, including the design, assembly and testing phases as well as construction. To this end, some engineers of the Group are assigned to the production site. Such supervision allows the Group to ensure that its high standards concerning quality and its technical specifications are met at all stages of the satellite's construction. Furthermore, by virtue of these procurement contracts, the constructors provide a number of in-orbit support services.

In-orbit incentive payments

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of the satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction.

Satellite procurement contracts also contain penalty clauses which become applicable in the event of late delivery.

Launch service contracts

The Group has entrusted the launch services for satellites under construction, future satellites or satellites which were launched during the last financial year to Arianespace, International Launch Services and Space Exploration Technologies Corp.

Under the terms of these launch service contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full reimbursement of any sums paid to the launch service provider.

During FY 2015-2016, the following satellites were launched: EUTELSAT 8 West B (by Arianespace), EUTELSAT 36C (Proton), EUTELSAT 9B (Proton), EUTELSAT 65 West A (Arianespace) and EUTELSAT 117 West B (SpaceX).

During FY 2014-2015, the satellite EUTELSAT 115 WEST B was launched by a Falcon 9 rocket operated by SpaceX.

▶ 7.8.2 Allotment agreement with third parties

These agreements are described in Section 1.3 "In-orbit operations" of this Reference Document.

▶ 7.8.3 Financing agreements

The Group has entered into a number of financing agreements it considers significant. These financing agreements, together with the bonds issued by Eutelsat S.A., are described in Section 6.1.3.3 "Changes in debt and the Group's financing structure".

7.9 RELATED PARTY TRANSACTIONS

The disclosures with regard to related party agreements cited in Article L. 225-38 of the French *Code de commerce* may be found in the special Statutory Auditors' report on regulated agreements and commitments in the Appendices of this Reference Document.

Service agreements within the Group and other conventions

The Company and its subsidiaries maintain contractual relationships linked to the organisation and operations of the Group. These operations mainly relate to the division of common administrative expenses, centralised cash management, the existence of a tax group and the chargeback agreement in the event of share purchases as part of the implementation of the free share allocation plans.

7.10 SIGNIFICANT CHANGES IN FINANCIAL AND COMMERCIAL POSITION

None.

7.11 RELATIONS AND CONFLICTS OF INTEREST WITHIN THE ADMINISTRATIVE AND MANAGEMENT BODIES

▶ 7.11.1 Relations with the administrative and management bodies

To the best of the Company's knowledge, there are no family ties between the Company's Corporate Officers.

Furthermore, to the Company's knowledge, no Corporate Officer has been the subject of:

- ▶ a conviction for fraud within at least the last five years;
- ▶ bankruptcy, sequestration or liquidation within at least the last five years;

- ▶ official public charges and/or sanctions handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the best of the Company's knowledge, no Corporate Officer has been barred by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the management or running of the affairs of an issuer within at least the last five years.

▶ 7.11.2 Conflicts of interest within the administrative and management bodies

To the best of the Company's knowledge, at the filing date of this Reference Document, there are no potential conflicts of interest between the duties carried out on behalf of the Company by Corporate Officers and their private interests.

7.12 STATUTORY AUDITORS

▶ 7.12.1 Statutory Auditors

Ernst & Young et Autres

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles).

1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1
France

The Combined Ordinary and Extraordinary General Meeting of 5 November 2015, having duly noted the expiry of the term of office of Ernst & Young et Autres as first Statutory Auditor, renewed this office for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2021.

Mazars

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

61, rue Henri-Regnault
92400 Courbevoie
France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mazars as Statutory Auditor, appointed the firm of Mazars as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

▶ 7.12.2 Alternate Statutory Auditors

Auditex

1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1
France

The Combined Ordinary and Extraordinary General Meeting of 5 November 2015, having duly noted the expiry of the term of office of Auditex Alternate Statutory Auditor, appointed Auditex as alternate Statutory Auditor renewed this office for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2021.

Mr Gilles Rainaut

39, rue de Wattignies
75012 Paris
France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mr Gilles Rainaut as Alternate Statutory Auditor, appointed Gilles Rainaut as Alternate Statutory Auditor for a term of six financial years.

This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

▶ 7.12.3 Auditor fees

See Section 6.2 "Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2015", Note 32 "Statutory Auditors' fees", in the Notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2015.

7.13 DOCUMENTS AVAILABLE TO THE PUBLIC

For the life of this document, the following documents (or copies), may be inspected at the registered office of the Company:

- ▶ the By-laws of the Company;
- ▶ the minutes of the meetings of the shareholders and other corporate documents of the Company, which are required to be made available to shareholders pursuant to applicable regulation, as well as, where applicable, all audits or statements provided by experts at the request

of the Company of which an extract is inserted or mentioned in this document;

- ▶ the historical financial information of the Company and its group for each of the three financial years preceding the publication of this document.

Regulated information within the meaning of the provisions of the General Regulations of the French *Autorité des marchés financiers* is available on the Company website (www.eutelsat.com).

7.14 RESPONSIBLE PERSON

▶ 7.14.1 responsible Person for the Reference Document

Rodolphe Belmer, Chief Executive Officer of Eutelsat Communications.

▶ 7.14.2 Certification by the responsible person for the Reference Document

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the accounts have been drafted in accordance with the applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and the consolidated Group of companies, and that the management report contained in this document presents an accurate picture of developments in the business, results and financial position of the Company and the consolidated group of companies as well as a description of the main risks and uncertainties that these companies face.

I have received a letter from the Statutory Auditors certifying that they have verified the financial and accounting information given in this Reference Document and that they have read the document in its entirety.

The financial information presented herein has been the subject of Statutory Auditors' reports figuring in appendices 3 and 4.

Paris, 14 October 2016

Rodolphe Belmer
Chief Executive Officer

RESPONSIBLE PERSON FOR INFORMATION

Joanna Darlington

Head of Investor Relations
70, rue Balard – 75015 Paris – France

PROVISIONAL TIMETABLE FOR FINANCIAL REPORTING

The following dates are provided for information only and may be changed at any time by the Company:

- ▶ 27 October 2016: publication of first-quarter revenues for the financial year 2016-2017;
- ▶ 4 November 2016: Combined Ordinary and Extraordinary General Meeting of Shareholders;
- ▶ 9 February 2017: publication of half-year results for the financial year 2016-2017;
- ▶ 11 May 2017: publication of third-quarter revenues for the financial year 2016-2017;
- ▶ 28 July 2017: publication of the full year results for the financial year 2016-2017.

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A1

Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Code de commerce, on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Year ended 30 June 2016

To the shareholders,

In our capacity as Statutory Auditors of Eutelsat Communications and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*) for the year ended 30 June 2016.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- ▶ report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- ▶ confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- ▶ obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- ▶ obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- ▶ determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code (*Code de commerce*).

Courbevoie and Paris-La Défense, 28 July 2016

The Statutory Auditors
French original signed by

MAZARS
Isabelle Sapet

ERNST & YOUNG et Autres
Pierre-Henri Pagnon

A2

Verification report of social and environmental information

At the request of Eutelsat Communications, SGS ICS conducted the verification of information contained in the management report established for the financial year which ended on 30 June 2016, in accordance with the provisions of Article L. 225-102-1 of the Commercial Code ("*Grenelle II*" of 12 July 2010) and Decree No. 2012-557 of 24 April 2012 on the transparency obligations of corporate social and environmental responsibility. With regards to the application of Article 225 of Law No. 2010-788 of 12 July 2010 and Article 12 of Law No 2012-387 of 22 March 2012 which amended Article L. 225-102-1 of the Commercial Code and with regards to the decree of 13 May 2013 which determines the manner in which the independent third party should lead its mission.

It is the responsibility of the Board of Directors to prepare a report on the management of the Company including social, environmental and societal information, to define the appropriate standard(s) used for the establishment of qualitative or quantitative data, and to ensure its provision.

SGS ICS's responsibility, as an independent third party, accredited by COFRAC (n° 3-1086, scope available on www.cofrac.fr) is to verify that the management report includes all of the information prescribed in Article R. 225-105-1, to give a reasoned opinion as to the accuracy of the information and to the explanations given by the Company regarding the absence of certain information, and to indicate the procedures implemented to accomplish our verification assignment.

NATURE AND SCOPE OF THE VERIFICATION

SGS ICS's verification process consists of:

- ▶ reviewing the statement on sustainable development policies in relation to the social and environmental impacts of the Company's business activities, its societal commitments and the actions that stem from these policies and commitments;
- ▶ comparing the list of information mentioned in Eutelsat Communications' 2015-2016 management report against the list set forth under Article R.

225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of Article R. 225-105;

- ▶ verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent and identifying any irregularities.

VERIFICATION PROCEDURES

SGS ICS carried out its assignment to Eutelsat Communications including its subsidiaries and companies in which it has a controlling interest, on an international scale, as Eutelsat Communications draws up consolidated accounts.

SGS ICS carried out its assignments from 13 June to 19 July 2016 (10.5 days worked) conducting interviews with individuals involved in the collection, validation and publication of quantitative and qualitative data from within the Holding Company and two (2) of its subsidiaries, Eutelsat S.A. and Eutelsat Americas, representing 76% of the staff.

- ▶ SGS ICS has reviewed the reliability of the internal standards, procedures and internal control systems for the aggregation of data and information on each site.

- ▶ Regarding the quantitative data a suitable sample was selected for evaluation at each site. These evaluations consisted of verifying formulas and data reconciliation with supporting documents. Eighteen (18) indicators were selected in terms of their relevance (conformity with the law and taking into account the sector activity), their reliability, neutrality and completeness,

- ▶ Social component (Coverage rate: 83%): policies implemented regarding training – number of training hours – the measures taken for gender equality – absenteeism – the conditions of health and safety at work – the measures taken for employment and integration of disabled people.

- ▶ Environmental component (Coverage rate: 96%): the organisation of society to take into account environmental issues – electricity consumption – diesel consumption – water consumption – waste products – prevention, recycling and waste disposal – greenhouse gas emissions – measures to improve energy efficiency and use of renewable energy.
- ▶ Societal component (Coverage rate: 67%): responsible purchasing policy – territorial, economic and social impact – prevention of corruption
 - relationships with people or interested in the Company's business organizations.
- ▶ Random checks were performed on the remaining quantitative and qualitative data in the final phase of consolidation.
- ▶ Two (2) assessors were assigned to this verification assignment.
- ▶ Seven (7) interviews were conducted with the Human Resources Department, the Purchasing Department, IT Department, the General Services Department, the Regulatory Affairs Department, the Engineering Department and the Legal Department.

DECLARATION OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company. We are recognized as the global benchmark for quality and integrity. With more than 80,000 employees, we operate a network of more than 1,500 offices and laboratories around the world.

SGS ICS is the French subsidiary 100% owned by the SGS Group. SGS ICS states that its assignment and its opinion has been developed in complete

independence and impartiality from Eutelsat Communications and that the accomplished work has been conducted in line with SGS Group's Code of Ethics and in accordance with good professional practice of an independent third party organisation.

Assessors are authorized and mandated on every assignment on the basis of their knowledge, experience and qualifications.

CERTIFICATION AND REASONED OPINION

Based on the statement of guidelines for sustainable development of Eutelsat Communications, the social and environmental impacts associated with its activities, and its societal commitments and procedures,

- ▶ we certify that information included in Eutelsat Communications' 2015-2016 management report are in compliance with the list set forth under Article R. 225-105-1 and that any exceptions have been duly justified;
- ▶ we declare that we have not identified any significant anomalies likely to call into question the fair representation of the information contained in the 2015-2016 management report.

Completed the 20 July 2016, in Arcueil

SGS ICS France

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Philippe Fusiller

Directeur SGS-ICS France

A3

Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended 30 June 2016

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended 30 June 2016, on:

- ▶ the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- ▶ the justification of our assessments;
- ▶ the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit consists in performing procedures, by audit sampling and other means of testing, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also consists in evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- ▶ As explained in Note 4.7 to the consolidated financial statements, your group performs an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecasted utilization and their technically assessed life time. We assessed the reasonableness of the assumptions underlying the forecasted utilization.
- ▶ As explained in Note 4.8 to the consolidated financial statements, the carrying values of long-lived assets including goodwill, property plant and equipment and satellites are subject to impairment tests. Your group compares the carrying value of these assets to their recoverable value, which is the highest of the fair value less disposal costs and the value in use. We assessed the methods used to perform these impairment tests, the assumptions and estimates used, as well as the resulting valuations.
- ▶ As explained in Notes 3.5 and 27.4 to the consolidated financial statements, your group has exercised its judgment to evaluate the risks related to legal actions and litigations in which it is involved. We assessed the data and assumptions underlying the provisions' estimates.

The assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 28 July 2016

The Statutory Auditors
French original signed by

MAZARS
Isabelle Sapet

ERNST & YOUNG et Autres
Pierre-Henri Pagnon



Statutory Auditors' report on the financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Year ended 30 June 2016

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended 30 June 2016, on:

- ▶ the audit of the accompanying financial statements of Eutelsat Communications;
- ▶ the justification of our assessments;
- ▶ the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Your company records impairments on financial investments according to the methods described in Note 2.3 to the financial statements. Based on available information, we have assessed the methods used by your company and tested on a sample basis the correct application of these methods. As part of the justification of our assessments, we have assessed the data and assumptions used to estimate the value in use of the financial investments.

These assessments were made as part of our audit of the financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or being controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Courbevoie and Paris-La Défense, 28 July 2016

The Statutory Auditors
French original signed by

MAZARS
Isabelle SAPET

ERNST & YOUNG et Autres
Pierre-Henri Pagnon

A5

Statutory Auditors' report on related party agreements and commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

General Meeting of Shareholders to approve the financial statements for the year ended 30 June 2016

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, the conditions and the reasons for the Company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the last year

In accordance with Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of the following agreements and commitments previously authorized by the Board of Directors.

Person concerned

Mr. Rodolphe Belmer (Executive Director of the Company since 1 March 2016).

Nature and purpose

Non-compete clause.

Terms and conditions

Over the 18 following months after the termination of his service, the Director agrees to refrain from working directly or indirectly for any satellite operator.

In return, the Director could receive during this period a monthly allowance equal to 50% of his monthly basis wage at his departure date.

Reasons for the interest of this agreement for the Company

In view of the very competitive environment for satellite operators, this agreement contains a non-compete clause by which Mr. Rodolphe Belmer agrees to refrain from working directly or indirectly for any satellite operator over the 18 following months after his departure date.

Agreements and commitments previously approved by the General Meeting of Shareholders

Agreements and commitments approved in previous years which have been pursued during the last year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years continued during the year.

1. With Eutelsat S.A., Eutelsat Inc, Eutelsat America Corp, Eutelsat do Brasil, Eutelsat Madeira Unipessoal Lda, Eutelsat Polska, Eutelsat Services und Beteiligung GmbH, Eutelsat visAvision GmbH, Eutelsat UK Ltd, Skylogic S.p.A., Skylogic Espana SAU and Skylogic Mediterraneo S.r.l, Eutelsat Italia

Persons concerned

Eutelsat S.A., Eutelsat America Corp., Eutelsat Madeira, Eutelsat UK Ltd, Mr. Michel de Rosen (Chairman and Chief Executive Officer of Eutelsat Communications and Eutelsat S.A. until 29 February 2016), Mr. Michel Azibert (Deputy CEO of Eutelsat Communications and Eutelsat S.A., Board Member of Eutelsat America Corp., Chairman of Eutelsat Madeira and Eutelsat UK Ltd), Messrs. Jean-Paul Brillaud and Bertrand Mabilie (Board Members of Eutelsat Communications and Eutelsat S.A.) and BPI France Participations (Board Member of Eutelsat Communications and Eutelsat S.A.).

Nature and purpose

Reinvoicing agreement in case of purchase of shares under free share plans.

Conditions

On 22 June 2010 an agreement was signed between Eutelsat S.A. and several subsidiaries of the Group to reinvoice the costs of any shares purchased on the market by your Company in the context of the implementation of plans for the free allotment of shares in your Company to employees of the Eutelsat Group.

During the year ended 30 June 2016, your Company did not purchase any shares on the market. Your Company has invoiced 19,527 shares to its subsidiaries for the free allotment of shares plan of 28 July 2011 and 18,302 shares to its subsidiaries for the free allotments of share plan, of 8 November 2012.

2. With Eutelsat S.A., Eutelsat VAS S.A.S., Eutelsat Communications Finances S.A.S., FRANSAT S.A., and Skylogic France S.A.S.

Persons concerned

Eutelsat S.A., Mr. Michel de Rosen (Chairman and Chief Executive Officer of Eutelsat Communications and Eutelsat S.A. until 29 February 2016), Mr. Michel Azibert (Deputy CEO of Eutelsat Communications and Eutelsat S.A.), Messrs. Jean-Paul Brillaud and Bertrand Mabilie (Board Members of Eutelsat Communications and Eutelsat S.A.) and BPI France Participations (Board Member of Eutelsat Communications and Eutelsat S.A.).

Nature and purpose

Tax Consolidation Agreement.

Conditions

A tax consolidation agreement approved by the Board of Directors on 28 June 2007 and dated 2 July 2007 continued during the period. In accordance with this agreement, your Company recognized tax income in the amount of 10.6 million euros during the period ended 30 June 2016.

Courbevoie and Paris-La Défense, 28 July 2016

The Statutory Auditors
French original signed by

MAZARS
Isabelle Sapet

ERNST & YOUNG et Autres
Pierre-Henri PAGNON



Cross-reference table of the annual financial report

This Reference Document incorporates all information required for the annual financial report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the General Regulations of the *Autorité des marchés financiers* (French financial markets regulator, AMF).

The documents mentioned in Article 222-3 of the AMF General Regulations and the corresponding sections in this Reference Document are as follows:

► AMF's General Regulations – Article 222-3

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G

Glossary

Analogue

Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth

Band of frequencies used for an RF transmission (e.g. 36 MHz).

Beam

Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)

Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band

Frequency range assigned to satellite communication systems, approximately 4 GHz for the downlink and 6 GHz for the uplink. The associated transmit power is relatively low in comparison with Ku-band, for example. Large antennae are therefore required for C-band operations.

Capacity

Quantity of information transmitted. As an analogy, there is often reference to spectrum width and to the associated power needed to transmit such a quantity of information.

Digital

Format for recording, processing, transmitting and broadcasting data *via* a binary signal (and not by a continuously varying signal).

Direct broadcasting

Direct reception of satellite signals by the user, *via* DTH or community reception facilities (satellite dish).

Downlink

Path travelled by the signal in the direction space-earth.

DSL

Digital Subscriber Line. Technologies that make it possible to use the copper lines connecting customers of the switched telephone network for purposes of broadband transmission in packet mode (digital).

DVB

Digital Video Broadcasting. A set of European standards for the broadcasting and reception of digital TV signals by satellite (DVB-S), cable (DVB-C) or terrestrial means (DVB-T), developed within the framework of the Digital Video Broadcasting project and formalised by the European Telecommunications Standards Institute (ETSI). These European standards have been adopted by many countries throughout the world.

Earth segment

A series of earth stations operated in a given satellite system or network (synonym: ground segment).

Earth station

Installation required in order to receive a signal from a satellite and/or transmit a signal to a satellite. The facility consists essentially of an antenna and communication equipment on the ground (synonym: ground station).

Fixed Satellite Service (FSS)

Communications service between earth stations located at fixed points, such points being determined when one or more satellites are used. However, this expression frequently refers to "unplanned" frequency bands, that are not subject to international regulations governing the use of BSS frequencies. In Europe, the downlink FSS frequencies are 10.7-11.7 GHz and 12.5-12.75 GHz.

Frequency

Number of vibrations produced by unit of time during a given period. Frequency relates to the rate of variation per second of the carrier wave or modulating signal. Satellite transmissions are generally in GHz (see C-band, Ka-band and Ku-band).

High throughput satellite or payload (HTS)

Satellite or payload that provides more throughput than a classic satellite for the same amount of spectrum thanks to frequency reuse, thus with a lower cost per megabit.

Internet backbone

The communications networks on which the Internet is based.

IP

Internet Protocol.

Ka-band

Frequency range assigned to satellite communication systems, approximately 20 GHz for the downlink and 30 GHz for the uplink. These frequencies have the shortest wavelength of the three principal frequency bands used by geostationary satellites. Although small antennae can be used, Ka-band requires the use of beams that are tightly concentrated over fairly small geographical areas.

Ku-band

Frequency range assigned to satellite communications systems, approximately 14 GHz for the uplink and 11 GHz for the downlink. Used for radio and TV, this band is the most widespread in Europe, owing to the small size of the antennae needed for reception.

MPEG

Moving Pictures Experts Group. Working Group charged by the ISO with the task of developing international standards for the compression, decompression, processing and encoding of video, audio and any combination thereof, such as to ensure a wide range of applications. Name also given to the compression and digital broadcasting standard for TV, resulting from the deliberations of this group of experts.

MPEG 2 is the second-generation standard designed for TV broadcasting and MPEG 4 provides a smaller compression format compared with MPEG 2 that can carry all new Video Applications.

Operating period

Period during which a satellite is able to function. The operating period of a satellite in-orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband

Range of frequencies permitted for an RF transmission (see "Bandwidth").

Payload

Set of satellite equipment used for reception, frequency conversion, processing, and retransmission of the communications signals after they have been amplified, but excluding add-on equipment, for example the platform (physical structure and sub-systems such as electrical and thermal control, attitude control, etc.).

Radio frequency

Electromagnetic frequency generally higher than 20 kHz, used to transmit information.

Redundancy

Architecture based on the use of several identical components, each able to replace any of the others in the event of failure.

Regular capacity

Capacity which is not HTS capacity (see above).

RF relay

Professional terrestrial RF link generally used between the studios of a radio or TV station and the antennae transmitting the programmes to customers' homes.

S-band

Frequency range assigned to satellite communication systems, approximately 2 GHz for the uplink. Frequency adjacent to UMTS frequencies.

Signal

Variation of a physical value of any kind carrying information.

Simulcasting

Simultaneous transmission of a programme or service using two transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Space segment

Satellites in a satellite communications system belonging to an operator.

Steerable beam

Beam of a satellite antenna that can be directed onto a particular geographical region using ground-based controls.

Telemetry

Encoded communication sent by the satellite to the earth station to transmit the results of measurements related to the satellite's operation and configuration.

Transponder

Name given to the retransmitter on-board a satellite, whose function is to retransmit the signals received from the earth uplink station to a specific part of the globe.

Uplink

Path travelled by the signal in the direction earth-space.

VSAT Terminal

Microterminal connected to a fixed antenna and making satellite reception or transmission possible.

SPACE FOR A DIGITAL WORLD

In this Reference Document, the terms "Eutelsat Communications" and the "Company" mean Eutelsat Communications S.A. "Eutelsat S.A." means the company Eutelsat S.A., which is the Company's main operating subsidiary. "Group" or "Eutelsat Group" means the group of companies consisting of the Company and all its subsidiaries. "IGO" means the European Satellite Telecommunications Organisation before the Transformation (the "Transformation" – see Section 7.1.1.5 "Key events" and Section 5.6 "Other provisions applicable to the Group") and "Eutelsat IGO" means the same organisation after the Transformation.

This Reference Document contains the Group's consolidated financial statements and data for the year ended 30 June 2016 prepared in accordance with International Financial Reporting Standards (IFRS) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2014 and 30 June 2015.

This Reference Document also includes the Company's financial statements for the year ended 30 June 2016 as presented in Section 6.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2016".

Unless otherwise stated, the figures presented in this Reference Document are based on the consolidated financial statements for the year ended 30 June 2015 and the consolidated financial statements presented in Section 6.2 of this Reference Document for the year ended 30 June 2015.

Investors are invited to read carefully and take into account the risk factors described in Chapter 4 ("Risk factors") of the Reference Document before making any investment decision, since the occurrence of one or all of these risks may have a negative impact on the Group's activity, financial position, results or ability to achieve its objectives.

This Reference Document contains information on the Group's objectives and forward-looking statements. These statements are sometimes identified by the use of the future tense or conditional mood, as well as terms such as "estimate", "believe", "have the objective of", "intend to", "expect", "contemplate", "should" and other similar expressions. These forward-looking statements and information about objectives depend on circumstances or facts likely to occur in the future, and must not be interpreted as guarantees that the facts and data mentioned will occur or that objectives will be attained. These forward-looking statements and information about objectives are based on data and assumptions that may be affected by the realisation of known and unknown risks, uncertainties and other factors, including those relating to the economic, financial, competitive and regulatory environment.

A glossary defining the main technical terms used in this Reference Document is provided at the end of the document.





Unofficial translation of the French-language “*document de référence 2015-2016*” of Eutelsat Communications, for information purposes only. This document is an unofficial translation of the French *document de référence* filed with the *Autorité des marchés financiers* (“AMF”) on 14 October 2016 in accordance with Article 212-13 of the AMF General Regulations. The French *document de référence* may be used in connection with a financial transaction if supplemented with an offering memorandum (*note d’opération*) approved by the AMF.

In the event of any ambiguity or discrepancy between this unofficial translation and the French *document de référence*, the French version shall prevail. The French version was drafted by the issuer and holds the signatories thereof liable.

Pursuant to Article 28 of EC Regulation No. 809/2004, the following information is included for reference purposes in this Reference Document:

- ▶ the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2015 and the related Statutory Auditors’ report figuring, respectively, in Sections 6.2 and in Appendix 3 of Eutelsat Communications’ 2014-2015 *document de référence* registered under No. D.15-0961 by the AMF on 14 October 2015 (the “2014-2015 Reference Document”);
- ▶ the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2014 and the related Statutory Auditors’ report figuring, respectively, in Sections 6.2 and in Appendix 3 of Eutelsat Communications’ 2013-2014 *document de référence* registered under No. D.14-0982 by the AMF on 16 October 2014 (the “2013-2014 Reference Document”);
- ▶ information on the Eutelsat Group’s financial situation and results for the financial years ended 30 June 2015 and 2014 figuring, respectively, in Section 6.1 of the 2013-2014 *document de référence* and 2014-2015 *document de référence*.

Parts not included in this or these document(s) are either irrelevant to the investor or included elsewhere in this Reference Document.

As of the date of this Reference Document, no additional financial information (neither quarterly nor half yearly) has been published since the financial statements for the year ended 30 June 2016, provided in Sections 6.2 and 6.3 of this Reference Document.

Copies of this Reference Document are available free of charge at the registered office of Eutelsat Communications, 70, rue Balard, 75015 Paris, France or on the websites of Eutelsat Communications (www.eutelsat.com) or the *Autorité des marchés financiers* (www.amf-france.org).

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