

THIRD QUARTER 2018-19 REVENUES

14 May 2019

Agenda

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Highlights

2

Q3 2018-19 Performance

3

Outlook

Highlights

 **Positive impact of change in tax treatment of circa €70m¹ in FY 19**

 **Total Video stable q-o-q with slight growth in pure Broadcast**

 **Commercial wins in Maritime Mobility**

 **Konnect Africa: confirmation of strong demand; ramp-up delayed by temporary operational issues**

 **FY19 revenue objective adjusted to reflect Fixed Broadband delay, softer conditions in Fixed Data and Professional Video and slower materialization of Video pipeline**

 **All other financial objectives confirmed**

Agenda

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Highlights

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Q3 2018-19 performance

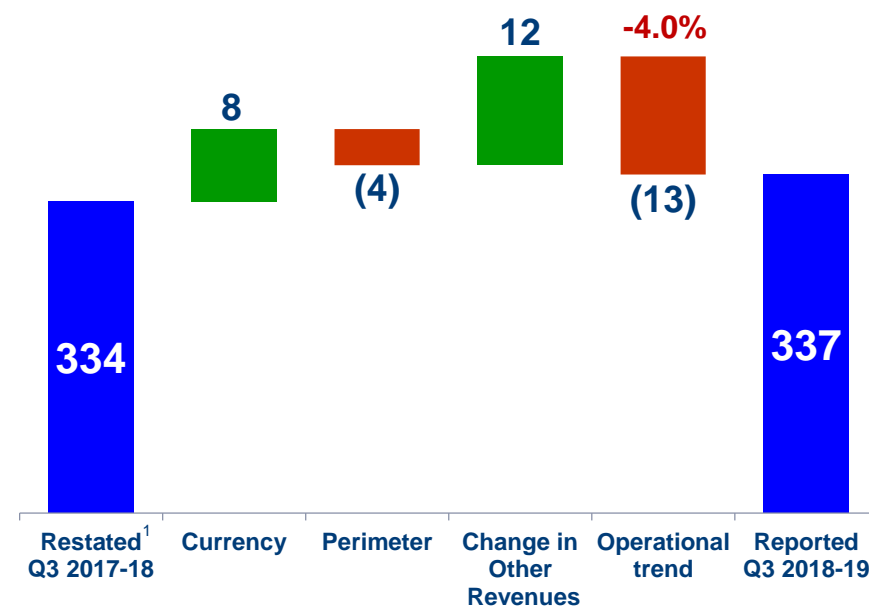
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Outlook

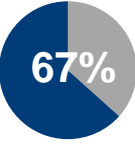
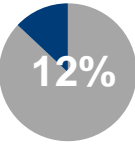
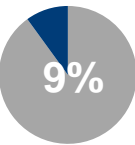
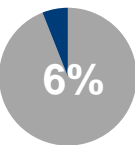
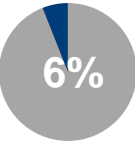
Q3 Revenues

- ▶ **Third Quarter revenues of €337m, up 0.7%**
- ▶ **Negative perimeter effect**
 - Deconsolidation of Eutelsat 25B
- ▶ **Positive currency effect**
 - €/\$ rate of 1.14 versus 1.21 last year
- ▶ **Positive swing of €12m in 'Other Revenues'**
 - Net of negative hedging effect of -€6m
- ▶ **Revenues for the five Operating Verticals down 4.0%**

Q3 REVENUE BRIDGE (€M)



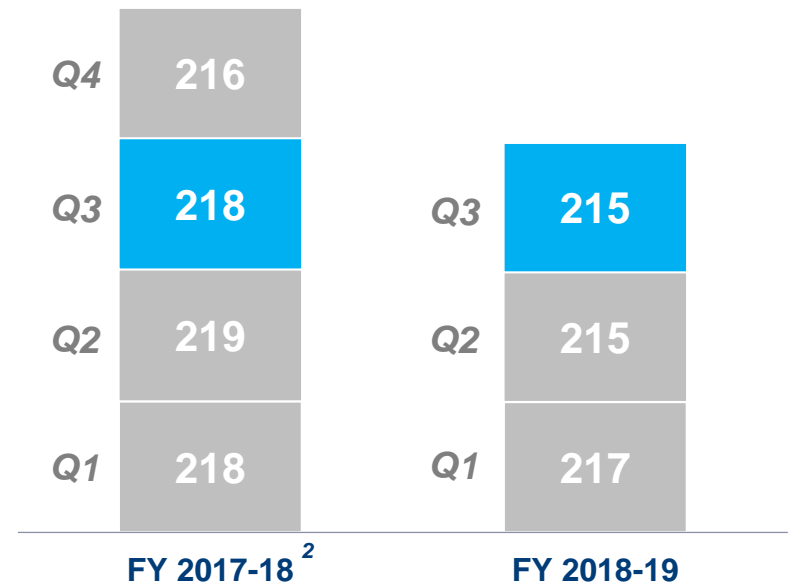
Q3 2018-19 revenues by application

		REVENUE CONTRIBUTION ¹	REVENUES (€m)	LIKE-FOR-LIKE ² CHANGE	
				YoY	QoQ
CORE BUSINESSES	Video		215	-2.5%	+0.0%
	Government Services		40	-1.0%	+0.2%
	Fixed Data		30	-17.8%	-7.3%
CONNECTIVITY	Fixed Broadband		19	-9.7%	-5.3%
	Mobile Connectivity		20	+4.7%	+1.3%
Total Operating Verticals			325	-4.0%	-1.0%
Other revenues			12	+€12m	+€16m

Video

- ▶ Revenues of €215m, down 2.5% like-for-like¹ on a y-o-y basis
- ▶ Accelerated decline in Professional Video
 - Double-digit decline
 - Intensifying competitive pressure
 - Now less than 8% of Video revenues
- ▶ Core broadcast stable
- ▶ Stable revenues Q-o-Q
 - Slight growth in Broadcast
- ▶ Multi-transponder contract for new DTH platform on E65WA in Latin America
- ▶ Delayed materialization of several other new projects in the pipeline

REVENUES (€M)

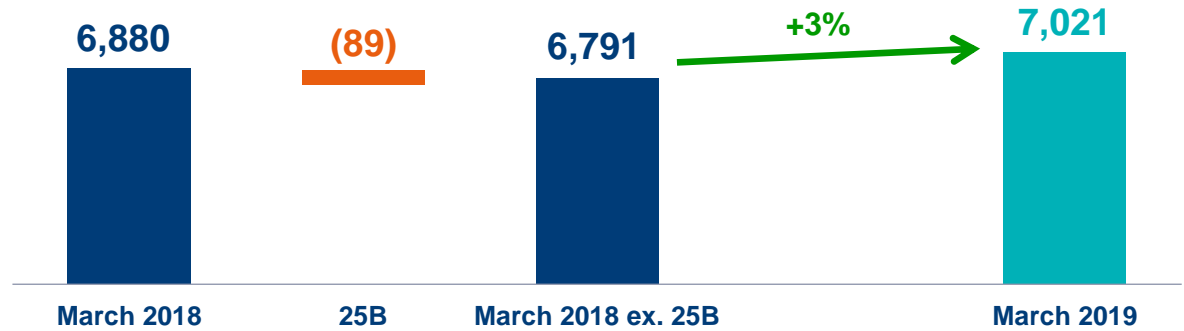


¹ At constant currency and perimeter

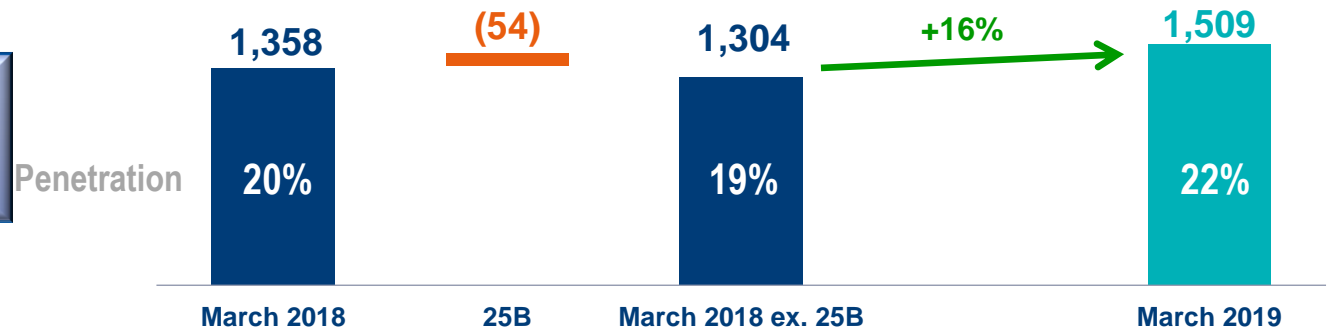
² Proforma revenues at actual rates, ie adjusted for IFRS 15 and excluding the contribution of Eutelsat 25B from August 2017

Continued rise in channel count

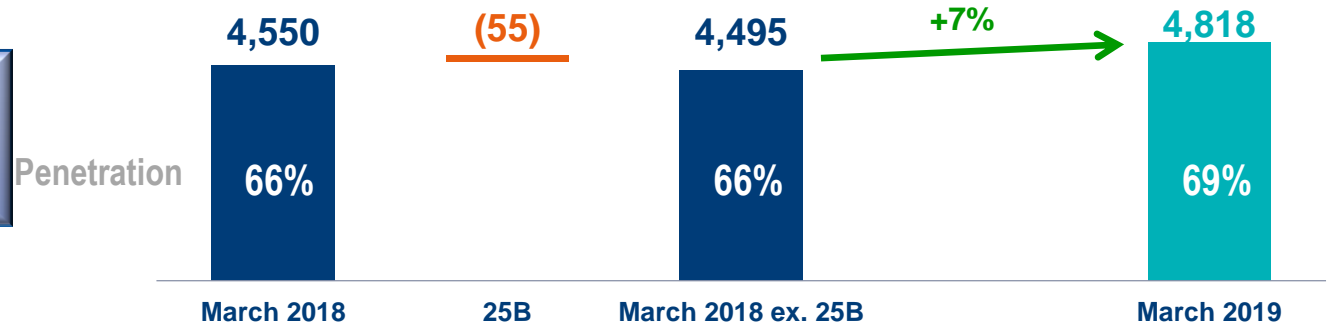
Progressing channel count



Sustained HD ramp-up

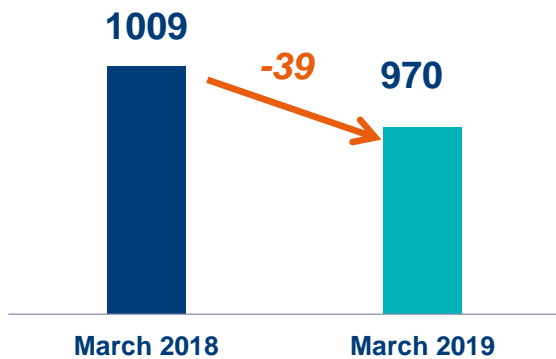


MPEG-4 more advanced than HD



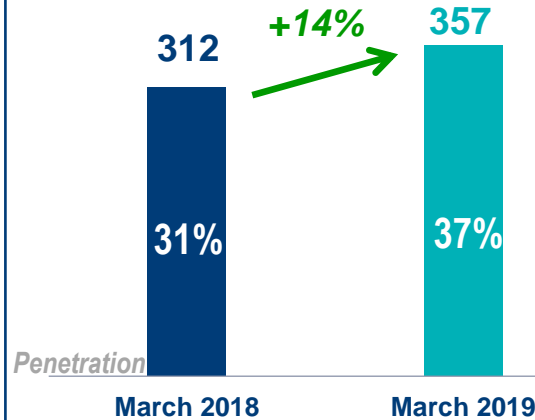
Focus on HOTBIRD KPIs

CHANNEL COUNT



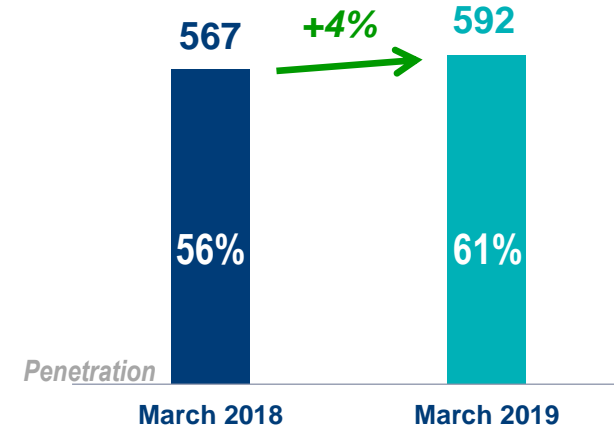
- ▶ Unique channels broadly stable
- ▶ Lower channel count reflecting end of simulcast and double illumination

HD PENETRATION



- ▶ HD ramp-up outpacing MPEG-4 adoption

MPEG 4



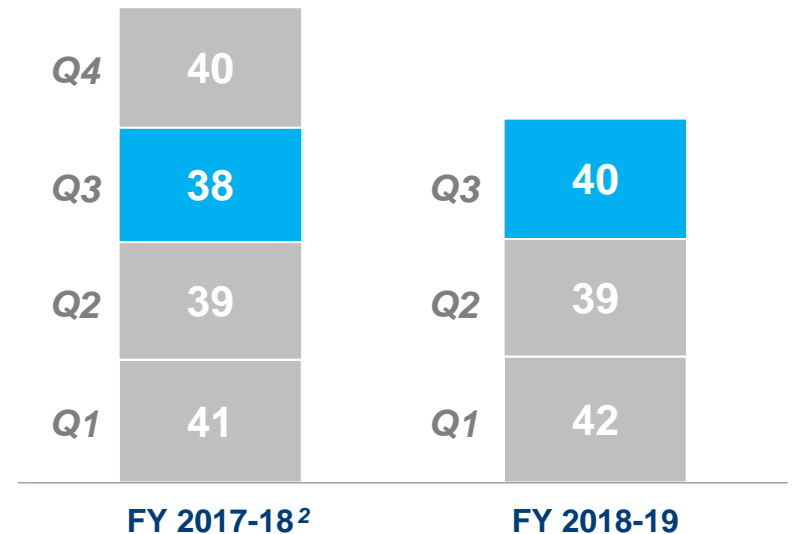
- ▶ MPEG-4 considerably more advanced than HD

Mbps Consumption up 2% year-on-year

Government Services

- ▶ **Revenues of €40m, down 1.0% y-o-y like-for-like¹**
 - Carry-forward effect of incremental business over APAC at 174°East
 - Low outturn of the Fall 2018 renewal campaign with USG
- ▶ **Revenues stable Q-o-Q**
- ▶ **USG renewal rate of c.85% in Spring campaign**

REVENUES (€M)



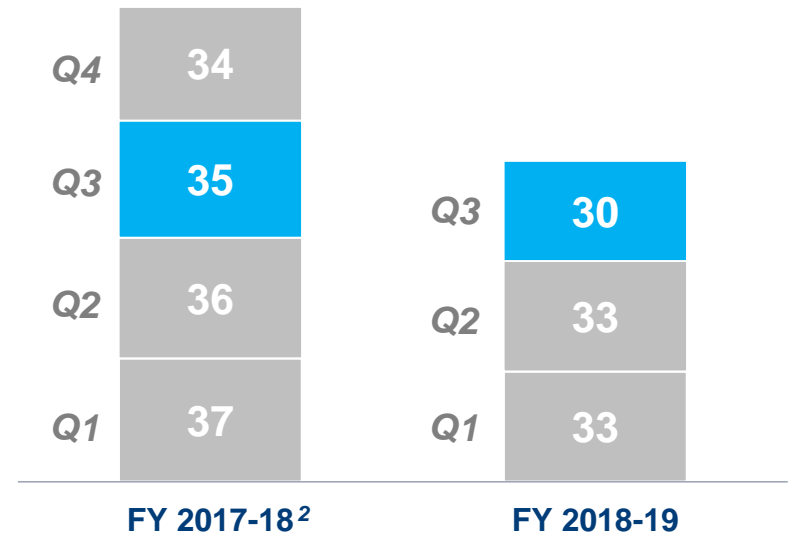
¹ At constant currency and perimeter

² Proforma revenues at actual rates, ie adjusted for IFRS 15

Fixed Data

- ▶ Revenues of €30m, down 17.8% y-o-y like-for-like¹
- ▶ Environment remains highly competitive
- ▶ Ongoing pricing pressure
- ▶ Softer volumes in Latin America in Q3

REVENUES (€M)



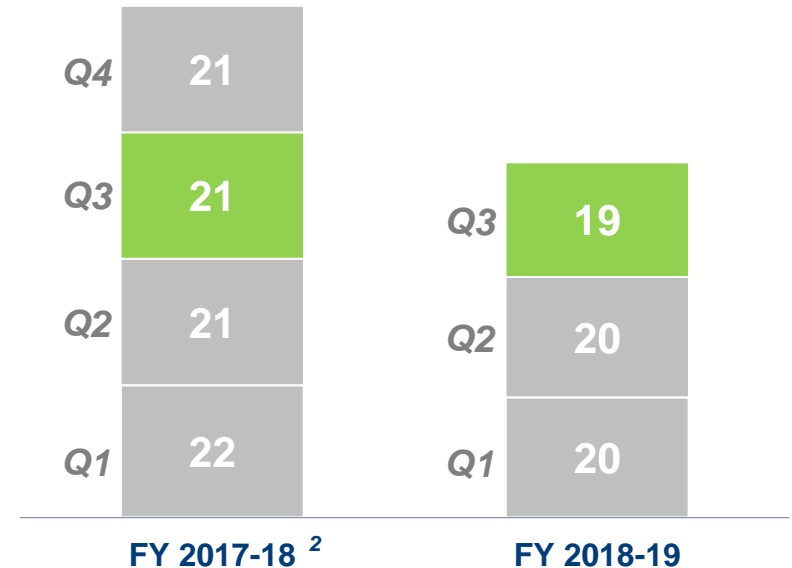
¹ At constant currency and perimeter

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Fixed Broadband

- ▶ Revenues of €19m, down 9.7% y-o-y like-for-like¹
- ▶ Contract expiry for a spotbeam on ETL3B, re-contracted in Mobility
 - Accounting for c.2 points of decline
- ▶ Lower European Broadband revenues
 - Scarcity of capacity in certain countries
 - Transition to new distribution model
- ▶ Konnect Africa behind expectations reflecting temporary operational issues; underlying demand is robust

REVENUES (€M)



¹ At constant currency and perimeter

² Proforma revenues at actual rates, ie adjusted for IFRS 15

European Broadband: transition to new distribution model

LIMITATIONS OF EXISTING WHOLESALE DISTRIBUTION MODEL

- ▶ Fragmented base
- ▶ Many small distributors lacking means to fund SACs
- ▶ Satellite not core for many distributors
- ▶ Dependent on third-parties policies



Eroding subscriber base

MULTIPLE ADVANTAGES OF NEW PPP SCHEME....

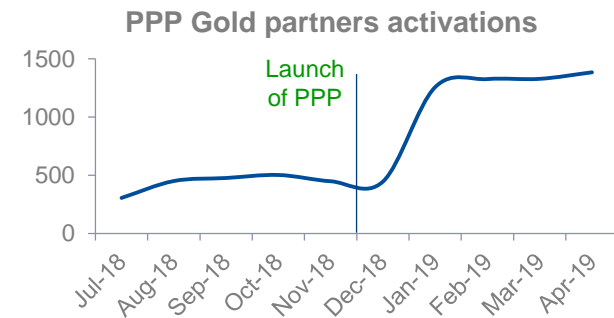
- ▶ Focus on few a selected partners where satellite is core
- ▶ Incentives to maximise market share
- ▶ Enhanced influence over distribution, pricing and subscriber base
- ▶ Exclusivity



Fully capturing market value

...DELIVERING PROMISING EARLY RESULTS

- ▶ Acceleration in gross adds for PPP distributors



- ▶ Set to offset decline in wholesale in FY 20



Paving the way for future capacity

Konnect Africa: Temporary operational issues not reflective of strong market demand

TEMPORARY OPERATIONAL ISSUES

- ▶ **Political**
 - Internet shut down in DRC
 - Elections in Nigeria
- ▶ **Regulatory**
 - Delay in obtaining licences in Ivory Coast
- ▶ **Logistical**
 - Delays to hardware delivery & production



EVIDENCE OF STRONG UNDERLYING DEMAND IN DRC

- ▶ **Rapid acceleration in kit orders once operations are up and running**
- ▶ **Confirmed appetite in all regions**



REVENUES SET TO RAMP-UP FROM FY 20

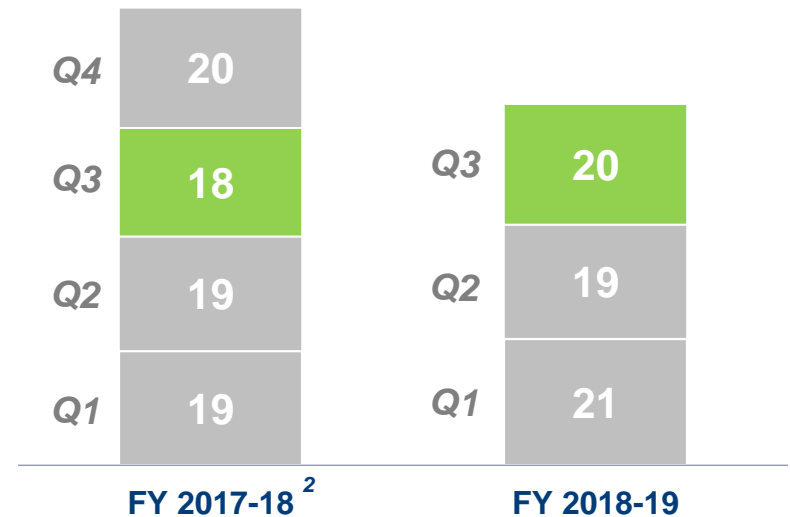
- ▶ **DRC: go-direct model validated**
- ▶ **Go-direct in Ivory Coast by FY 19 year-end**
- ▶ **Extension of go-direct / hybrid to new countries in FY 20**
- ▶ **Full potential to be realized from FY 2021 onwards following entry into service of KONNECT**

Mobile Connectivity

- ▶ Revenues of €20m, up 4.7% y-o-y like-for-like¹
- ▶ Start of UnicomAirNet contract on EUTELSAT 172B
- ▶ Carry-forward of contract with Taqnia at 3°East and 70°East
- ▶ Ongoing ramp up of capacity contracts on KA-SAT
- ▶ Two commercial wins in Maritime mobility



REVENUES (€M)

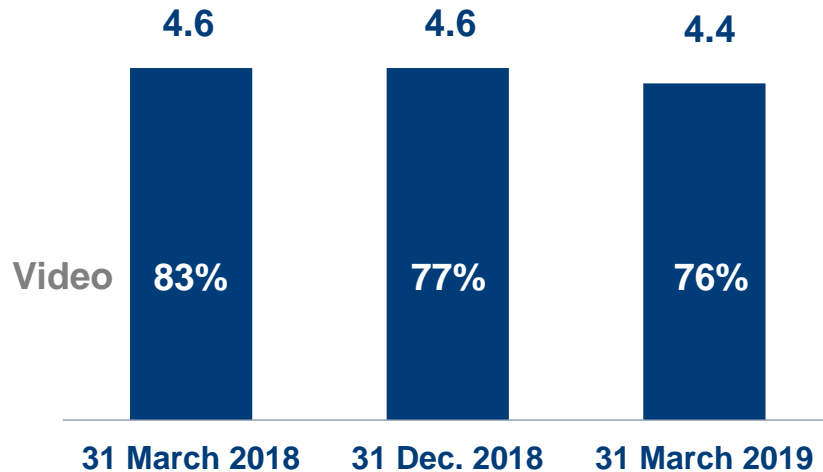


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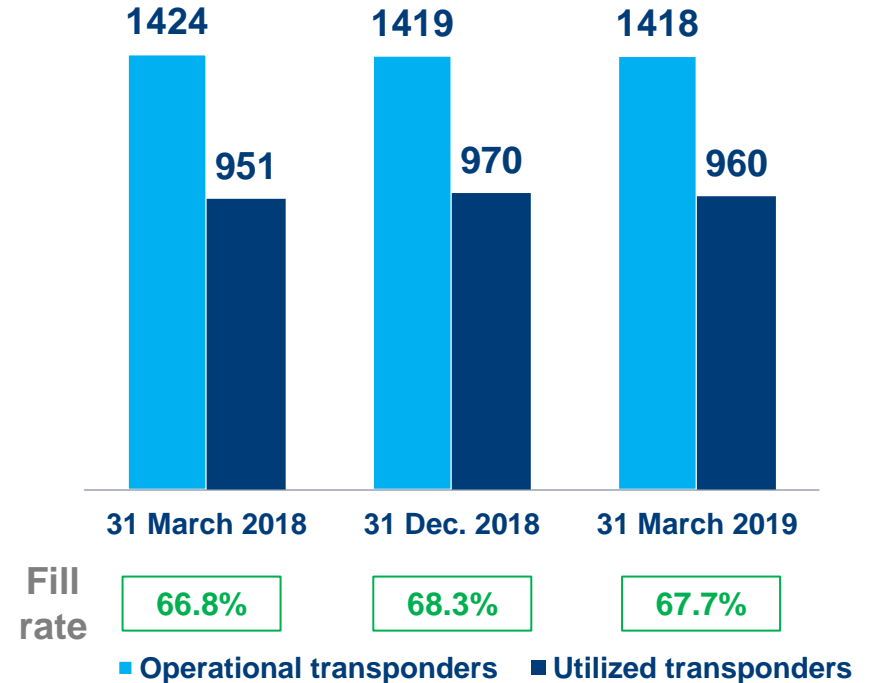
Backlog and Fill Rate

BACKLOG (€BN)



- ▶ 3.1 years of revenues
- ▶ Total backlog of €4.4m
- ▶ No significant Video renewals
- ▶ Video accounting for 76%

OPERATIONAL AND UTILIZED TRANSPONDERS



- ▶ Operational TPE broadly stable
- ▶ Utilized txp down 10 units Q-o-Q, mainly reflecting lower Fixed Data volumes in LATAM

Agenda

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Key Highlights

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Q3 2018-19 performance

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Outlook

Financial outlook

OPERATING VERTICALS REVENUES

(At constant currency, perimeter and accounting standards)

- ▶ **c. -3% in FY 2018-19¹**
VERSUS BROADLY STABLE PREVIOUSLY
- ▶ **Returning to slight growth in FY 2019-20**
CONFIRMED

EBITDA MARGIN

(At constant currency)

- ▶ **Above 78% from FY 2018-19**
CONFIRMED

CAPEX

- ▶ **FY 2017-18 to FY 2019-20: average of €400m per year²**
CONFIRMED

DISCRETIONARY FREE CASH FLOW³

(At constant currency and excluding the impact of the disposal of ETL 25B)

- ▶ **FY 2016-17 to FY 2019-20: mid-single digit CAGR**
CONFIRMED

LEVERAGE

- ▶ **Investment grade rating**
- ▶ **Net debt / EBITDA below 3.0x**
CONFIRMED

DISTRIBUTION

- ▶ **Stable to progressing dividend**
CONFIRMED



Several elements underpinning revenues in FY 20

VIDEO

- ▶ New capacity on EUTELSAT 7C addressing SSA
- ▶ Materialization of Video pipeline
- ▶ Initial revenues from Cirrus

GOVERNMENT

- ▶ Contribution from EGNOS
- ▶ Entry into service of EUTELSAT QUANTUM

FIXED BROADBAND

- ▶ Ramp-up of Konnect Africa
- ▶ Benefits of new distribution model in Europe

MOBILE CONNECTIVITY

- ▶ Carry-forward effect of contract with UnicomAirNet
- ▶ New contracts in maritime with Speedcast and Marlink

To Sum Up



Core Broadcast business showing strong resilience



Current year topline adjustment reflects delays in Fixed Broadband and Video and tougher conditions in Fixed Data and Professional Video



All our other objectives are confirmed with next year revenues supported by new capacity and other tailwinds















Significant savings on the Tax front



Focused on fundamental strategy based on free-cash-flow maximisation and shareholder returns

APPENDIX

Future launches

Name	EUTELSAT 7C	EUTELSAT 5 WEST B	 eutelsat QUANTUM	KONNECT	KONNECT VHTS	EUTELSAT HOTBIRD 13F	EUTELSAT HOTBIRD 13G
Orbital Position	7° East	5° West	TBD	TBD	TBD	13° East	13° East
Launch date ¹	June 2019	Q3 2019	H2 2019	Q4 2019	H2 2021	H2 2021	H2 2021
Manufacturer							
Launcher					TBD	TBD	TBD
Coverage	MENA SSA	Europe North Africa	Flexible	SSA Europe	Europe	Europe	Europe
Applications	Video	Video	Government Services	Connectivity	Connectivity Government	Video	Video
Total Capacity (TPE/Spotbeams)	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps	73 Ku ³	73 Ku ³
o/w Expansion ²	19 Ku	-	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps	-	-

¹ Calendar year

² Excludes unannounced redeployments

³ "Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 TPE), once regulatory, technical and operational constraints are taken into account."

 Electrical propulsion

 HTS Payload

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