

THIRD QUARTER AND NINE MONTH 2018-19 REVENUES

- Third Quarter revenues of €337 million, up 0.7% year-on-year
- Strong resilience of Broadcast, with return to slight growth quarter-on-quarter supporting stable Video revenues
- Operating Verticals revenues down 3.0% like-for-like at the 9-month stage; full-year outturn now expected in a similar range
- All other objectives confirmed with ongoing focus on free-cash-flow generation

Paris, 14 May 2019 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) today reported revenues for the Third Quarter and Nine Months ended 31 March 2019.

Revenues for the three months to 31 March 2019

In € millions	Q3 2017-18		Q3 2018-19	Year-on-Year Change		Quarter-on Quarter Change
	IFRS 15 restated	Proforma ¹	Reported	Actual ²	Like-for-like ³	Like-for-like ⁴
Video Applications	221.8	217.9	215.4	-2.9%	-2.5%	+0.0%
Government Services	38.0	38.0	39.9	+5.0%	-1.0%	+0.2%
Fixed Data	35.3	35.3	30.4	-13.9%	-17.8%	-7.3%
Fixed Broadband	20.8	20.8	19.1	-8.2%	-9.7%	-5.3%
Mobile Connectivity	17.9	17.9	19.8	+10.6%	+4.7%	+1.3%
Total Operating Verticals	333.8	329.9	324.6	-2.8%	-4.0%	-1.0%
Other Revenues ⁵	0.6	0.6	12.1	nm	nm	nm
Total revenues	334.4	330.4	336.7	+0.7%	+1.4%	+3.7%
EUR/USD exchange rate	1.21	1.21	1.14			

Rodolphe Belmer, Chief Executive Officer, commented: “The Third Quarter of 2018-19 saw the return to growth in Broadcast on a quarter-on-quarter basis, an improvement in the US Government renewal rate and commercial wins in Maritime Mobility. The Konnect Africa broadband service is showing positive indications of demand but its ramp-up has been significantly hindered by some short-term operational issues. Moreover, we are experiencing softer conditions in Fixed Data and Professional Video. In consequence, revenues for the Operating Verticals at the nine month stage stood at -3%, and we now expect the outturn for FY 2018-19 to be in a similar range, versus our previous objective of ‘broadly stable’.

We are encouraged by the resilience of our core Broadcast business, and we continue to target a return to slight revenue growth in FY 2019-20 on the back of the materialization of delayed business, traction in broadband and the availability of incremental capacity with EUTELSAT 7C and EUTELSAT Quantum. All other financial objectives for the current and following years are also confirmed.

Market conditions continue to support the pertinence of the focus on Discretionary Free Cash Flow generation implemented three years ago, and on which we continue to draw on all levers. In this context, our strengthened group is well placed to benefit from the next growth cycle in our industry driven notably by Fixed Broadband and Mobility. Finally, the outcome of discussions on tax territoriality treatment will lead to significant reduction in our annual tax burden.”

¹ Pro-forma revenues reflecting the disposal of EUTELSAT 25B. Please refer to the appendix for more detail.

² Q3 2018-19 reported revenues versus Q3 2017-18 revenues restated from IFRS 15.

³ At constant currency, perimeter and accounting standards. The variation is calculated as follows: i) Q3 2018-19 USD revenues are converted at Q3 2017-18 rates; ii) Q3 2017-18 revenues are restated from the disposal of Eutelsat’s interest in EUTELSAT 25B and from the impact of IFRS 15 standards.

⁴ Q3 2018-19 revenue variation versus Q2 2018-19 at constant currency and perimeter. Q3 2018-19 USD revenues are converted at Q2 2018-19 rates.

⁵ Other revenues include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees and termination fees.

HIGHLIGHTS

- Outcome of discussions on tax territoriality treatment to secure a reduction of the order of €70m in our annual tax burden, subject to final formal approval by French Tax administration.
- Resilience of core Broadcast with return to quarter-on-quarter growth, supporting stable Video revenues;
- Multi-year, multi-transponder commercial wins in Maritime Mobility including an agreement with Speedcast on EUTELSAT 133 West A and a multiple-satellite deal with Marlink;
- Recovery in renewal rate with the US Government to circa 85% in Spring;
- Positive indications of demand for Konnect Africa confirmed, but ramp-up hindered by temporary operational issues;
- Revenues for the Operating Verticals now expected at circa -3% like-for-like for FY 2018-19 reflecting Fixed Broadband delays, deterioration in Professional Video and Fixed Data trends and slower than expected materialization of Video pipeline;
- All other financial objectives confirmed for the current and following year.

THIRD QUARTER REVENUES⁶

Total revenues for the **Third Quarter 2018-19** stood at €336.7 million, up 0.7% year-on-year.

Revenues for the five Operating Verticals (ie, excluding 'Other Revenues') were down by 4.0% on a like-for-like basis, ie, excluding a negative perimeter effect of c.1.2 points (disposal of the stake in EUTELSAT 25B) and a positive currency effect of c.2.4 points.

Quarter-on-quarter, total revenues were up by 4.3%. The revenues of the Operating Verticals were down 1.0% like-for-like.

Unless otherwise stated, all variations indicated below are on a like-for-like basis, ie, at constant currency and perimeter.

Core businesses

Video Applications (67% of revenues)

Third Quarter Video Applications revenues were down by 2.5% to €215.4 million, on a year-on-year basis. This reflected mostly an accelerated, double-digit decline in Professional Video in a context of intensifying competitive pressure. Professional Video now accounts for less than 8% of Video revenues. Pure Broadcast revenues were stable.

On a quarter-on-quarter basis, total Video revenues were stable while Broadcast revenues recorded a slight rise.

On the commercial front, a multi-transponder contract was secured for a new DTH platform on EUTELSAT 65 West A. On the other hand, other projects in the pipeline were delayed for non-structural reasons and should materialize in the near future.

At 31 March 2019 the total number of channels broadcast by Eutelsat satellites stood at 7,021, up 2.0% year-on-year and by 3.0% stripping out the effect of the disposal of EUTELSAT 25B. HD penetration rose by 11% to 1,509 channels, implying a penetration of 21.5% of channels compared to 19.7% a year earlier.

Government Services (12% of revenues)

Third Quarter Government Services revenues stood at €39.9 million, down 1.0% year-on-year. This reflected on one hand the incremental business secured last year at the 174°East orbital position covering Asia-Pacific, and on the other, the low outturn of the Fall 2018 renewal campaign with the US Government (70%).

On a quarter-on-quarter basis, revenues were stable (+0.2%).

The outturn of the Spring 2019 renewals with the US Government showed an improvement at 85% in value.

Fixed Data (9% of revenues)

Third Quarter Fixed Data revenues stood at €30.4 million, down 17.8% year-on-year. This reflected ongoing pricing pressure in a highly competitive environment as well as softer volumes in Latin America.

On a quarter-on-quarter basis, revenues were down 7.3%.

⁶ The share of each application as a percentage of total revenues is calculated excluding "Other Revenues". Unless otherwise stated, all growth indicators are at constant perimeter and currency.

Connectivity

Fixed Broadband (6% of revenues)

Third Quarter Fixed Broadband revenues stood at €19.1 million, down 9.7% year-on-year. Excluding the expiry of a contract with a Middle-East customer for a spotbeam on EUTELSAT 3B, re-contracted to Taqnia in the Mobile Connectivity vertical, the underlying performance was -7.7%. This reflected a further decline in European Broadband with scarcity of capacity in certain countries and the transition to a new distribution model (Preferred Partnership Programme) which is leading to a decline in activity with legacy distributors, not yet fully compensated by the new model.

Revenues for Konnect Africa are running behind expectations reflecting temporary operational issues (political situation in DRC, regulatory delays in Ivory Coast and more generally logistical issues). As a result, no material revenues are expected in the current financial year. This reflects mostly rollout issues and does not, however, alter our view of the strong potential of this market where we expect a ramp-up next fiscal year.

Fixed Broadband Revenues declined by 5.3% on a quarter-on-quarter basis.

Mobile Connectivity (6% of revenues)

Third Quarter revenues for Mobile Connectivity stood at €19.8 million, up 4.7% year-on-year. They reflected the entry into service of the UnicomAirNet contract on EUTELSAT 172B, the carry-forward impact of the contract with Taqnia at 3°East and 70°East and the ongoing ramp-up of capacity contracts on KA-SAT.

On the commercial front, a multi-year, multi-transponder agreement was signed with Speedcast for capacity dedicated to Maritime Connectivity on EUTELSAT 133 West A, representing another win in this vertical following the conclusion of a multi-satellite deal with Marlink.

Quarter-on-quarter revenues were up 1.3% with the benefit of UnicomAirNet partially offset by the end of a temporary wide-beam contract on EUTELSAT 172B.

Other Revenues

Other Revenues amounted to €12.1 million in the **Third Quarter** versus €0.6 million a year earlier and -€3.5 million in the previous quarter. They included a significant one-off engineering fee and a -€5.7 million impact from hedging.

OPERATIONAL AND UTILIZED TRANSPONDERS

The number of operational 36 MHz-equivalent transponders stood at 1,418 at 31 March 2019, broadly stable versus end-December and slightly down year-on-year, mainly reflecting the disposal of EUTELSAT 25B in August 2018.

The number of utilized transponders stood at 960, down 10 units versus end-December. Year-on-year they were up by nine units on a reported basis and up by 17 excluding the disposal of EUTELSAT 25B. The evolution versus end-December principally reflects lower Fixed Data volumes in Latin America. On a year-on-year basis this was more than offset by new contracts in Video as well as the ramp-up at 174°East.

As a result the fill rate stood at 67.7% at end-March 2019 compared to 66.8% one year ago and 68.3% at end-December 2018.

	31 March 2018	31 December 2018	31 March 2019
Operational transponders ⁷	1,424	1,419	1,418
Utilized transponders ⁸	951	970	960
Fill rate	66.8%	68.3%	67.7%

Note: Based on 36 MHz-equivalent transponders excluding high throughput capacity.

BACKLOG

The order backlog⁹ stood at €4.4 billion at 31 March 2019 versus, €4.6 billion at end-December 2018, reflecting natural backlog consumption in the absence of material Video renewals. It was equivalent to 3.1 times 2017-18 revenues. Video Applications represented 76% of the backlog.

⁷ Number of transponders on satellites in stable orbit, back-up capacity excluded.

⁸ Number of transponders utilised on satellites in stable orbit.

⁹ The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.

	31 March 2018	31 December 2018	31 March 2019
Value of contracts (in billions of euros)	4.6	4.6	4.4
<i>In years of annual revenues based on last fiscal year</i>	3.1	3.3	3.1
Share of Video Applications	83%	77%	76%

NINE MONTH REVENUES

Revenues for the **first Nine Months of FY 2018-19** stood at €994.8 million, down 2.7%.

Revenues of the five Operating Verticals (excluding 'Other Revenues') were down by 3.0% like-for-like, excluding a negative perimeter effect of c.0.5 points (net impact of the acquisition of Noorsat and of the disposal of EUTELSAT 25B) and a positive currency effect of c.1point.

Nine months to 31 March 2019

In € millions	9m 2017-18 IFRS 15 restated	9m 2017-18 proforma ¹⁰	9m 2018-19 reported	Actual change	Like-for-like change ¹¹
Video Applications	664.8	654.9	647.5	-2.6%	-2.1%
Government Services	117.6	117.6	121.7	+3.5%	+0.7%
Fixed Data	108.7	108.7	96.4	-11.4%	-13.9%
Fixed Broadband	63.6	63.6	59.6	-6.3%	-7.1%
Mobile Connectivity	54.9	54.9	59.8	+8.8%	+6.0%
Total Operating Verticals	1,009.7	999.7	985.0	-2.4%	-3.0%
Other Revenues	12.7	12.7	9.7	nm	nm
Total revenues	1,022.4	1,012.5	994.8	-2.7%	-1.7%
<i>EUR/USD exchange rate</i>	<i>1.19</i>	<i>1.19</i>	<i>1.15</i>		

FINANCIAL OUTLOOK

At the Nine Month stage, revenues of the Operating Verticals of -3.0% like-for-like are tracking behind our Full Year objective of 'Broadly Stable' reflecting temporary operational issues delaying the ramp-up of Konnect Africa, softer conditions in Fixed Data and Professional Video and the late materialization of some contracts in the Video pipeline. We now expect the outturn for FY 2018-19 to be in the same range of circa -3%¹².

We continue to target a return to slight topline growth in FY 2019-20¹³, which will benefit from the materialization of the delayed business mentioned above, an improvement in the performance of European Broadband, the initial contribution from the EGNOS payload on EUTELSAT 5 West B and the availability of new capacity on EUTELSAT 7C and EUTELSAT QUANTUM.

All other financial objectives for the current and following years are also confirmed:

- The **EBITDA margin** (at constant currency) is expected above 78% from FY 2018-19.
- The estimated **Cash Capex**¹³ spend is expected at an average of €400 million per annum for the period July 2017 to June 2020.
- **Discretionary Free Cash Flow** is expected to grow at a mid-single digit CAGR in the period July 2017¹⁴ to June 2020 (at constant currency and excluding the impact of the disposal of the interest in EUTELSAT 25B).

¹⁰ Proforma revenues reflecting the disposal of EUTELSAT 25B. Please refer to the appendix for more detail.

¹¹ At constant currency, perimeter and accounting standards. The variation is calculated as follows: i) 9m 2018-19 USD revenues are converted at 9m 2017-18 rates; ii) 9m 2017-18 revenues are restated from the disposal of Eutelsat's interest in EUTELSAT 25B and from the impact of IFRS 15 standards; iii) 9m 2018-19 revenues are restated from the net contribution of Noorsat.

¹² Variation for the Operating Verticals (excluding Other Revenues) at constant currency, perimeter and accounting standards.

¹³ Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

¹⁴ Net cash-flow from operating activities - Cash Capex - Interest and Other fees paid net of interest received.

- The Group is committed to maintaining a sound financial structure to support its investment grade credit rating with a **net debt / EBITDA** ratio below 3.0x.
- It also reiterates its commitment to serving a **stable to progressive dividend**.

This outlook is based on the nominal deployment plan outlined hereunder.

FLEET DEVELOPMENTS

Nominal deployment programme

Satellite ¹	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion
EUTELSAT 7C	7° East	June 2019	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5° West	Q3 2019	Video	Europe, MENA	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	H2 2019	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
KONNECT	To be confirmed	Q4 2019	Connectivity	Africa Europe	65 spot beams	75 Gbps	75 Gbps
KONNECT VHTS	To be confirmed	H2 2021	Connectivity Government Services	Europe	~230 spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT HOTBIRD 13G	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None

¹ Chemical propulsion satellites (EUTELSAT QUANTUM, EUTELSAT 5 West B) generally enter into service 1 to 2 months after launch. Electric propulsion satellites (EUTELSAT 7C, KONNECT, KONNECT VHTS, EUTELSAT HOTBIRD 13F and EUTELSAT HOTBIRD 13G) between 4 and 6 months.
² 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 36 Mhz equivalent transponders) operated, once regulatory, technical and operational constraints are taken into account.

Since the last quarterly update in February 2019, the launch of EUTELSAT 5 WEST B is now expected in Q3 2019, versus Q2 2019 previously, with no impact on the revenue profile.

Changes in the fleet

- EUTELSAT 12 WEST B now operates in inclined orbit.
- EUTELSAT 70C is being relocated.

Third Quarter 2018-19 revenues conference call

A conference call will be held on **Tuesday, 14 May 2019 at 18.30 CET / 17.30 GMT / 12:30 EST**

To connect to the call, please use the following numbers:

- France: +33 (0) 1 76 77 22 57
- UK: +44 (0) 330 336 9411
- United States: +1 929 477 0324

Access code: **8262728#**

Replay will be available from 14 May 2019 to 21 May 2019 on the following numbers:

- France: +33 (0) 1 70 48 00 94
- UK: + 44 (0) 207 660 0134
- United States: + 1 719 457 0820

Access code: **8262728#**

APPENDICES: QUARTERLY REVENUES BY APPLICATION

Reported revenues

The table below shows quarterly reported revenues. Note: IFRS 15 was adopted from July 1st 2018.

In € millions	Q1 2017-18	Q2 2017-18	Q3 2017-18	Q4 2017-18	FY 2017-18	Q1 2018-19	Q2 2018-19	Q3 2018-19
Video	223.3	225.9	225.0	223.1	897.3	217.2	214.9	215.4
Government Services	41.1	39.6	38.0	40.2	158.9	42.4	39.4	39.9
Fixed Data	37.1	36.3	34.9	34.2	142.5	33.3	32.6	30.4
Fixed Broadband	22.3	21.8	21.5	21.1	86.7	20.4	20.1	19.1
Mobile Connectivity	18.6	18.5	17.9	19.5	74.4	20.6	19.4	19.8
Total operating verticals	342.4	342.1	337.3	338.1	1,359.8	334.0	326.4	324.6
Other Revenues	6.8	5.4	0.1	35.8	48.1	1.2	(3.5)	12.1
Total	349.1	347.4	337.4	373.9	1,407.9	335.1	322.9	336.7

Proforma revenues

The table below shows quarterly proforma revenues for FY 2017-18. For comparability purposes with FY 2018-19 figures, they are restated from the following items:

- The contribution of EUTELSAT 25B as of August 2017. As a reminder, Eutelsat sold its interest in the Eutelsat 25B satellite in August 2018.
- The impact of IFRS 15.

In € millions	Q1 2017-18	Q2 2017-18	Q3 2017-18	Q4 2017-18	FY 2017-18
Video	217.9	219.0	217.9	215.6	870.5
Government Services	41.1	38.5	38.0	40.2	157.8
Fixed Data	37.2	36.2	35.3	34.2	143.0
Fixed Broadband	22.0	20.9	20.8	20.7	84.3
Mobile Connectivity	18.6	18.5	17.9	19.5	74.4
Total operating verticals	336.8	333.0	329.9	330.2	1,330.0
Other Revenues	6.6	5.5	0.6	33.9	46.7
Total	343.5	338.6	330.4	364.1	1,376.6

Financial calendar

The financial calendar below is provided for information purposes only. It is subject to change and will be regularly updated.

- 31 July 2019: Full Year 2018-19 results

About Eutelsat Communications

Founded in 1977, Eutelsat Communications is one of the world's leading satellite operators. With a global fleet of satellites and associated ground infrastructure, Eutelsat enables clients across Video, Data, Government, Fixed and Mobile Broadband markets to communicate effectively to their customers, irrespective of their location. Over 7,000 television channels operated by leading media groups are broadcast by Eutelsat to one billion viewers equipped for DTH reception or connected to terrestrial networks. Headquartered in Paris, with offices and teleports around the globe, Eutelsat assembles 1,000 men and women from 46 countries who are dedicated to delivering the highest quality of service. Eutelsat Communications is listed on the Euronext Paris Stock Exchange (ticker: ETL).

For more about Eutelsat please visit: www.eutelsat.com

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Disclaimer

The forward-looking statements included herein are for illustrative purposes only and are based on management's current views and assumptions. Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: postponement of any ground or in-orbit investments and launches including but not limited to delays of future launches of satellites; impact of financial crisis on customers and suppliers; trends in Fixed Satellite Services markets; development of Digital Terrestrial Television and High Definition television; development of satellite broadband services; Eutelsat Communications' ability to develop and market Value-Added Services and meet market demand; the effects of competing technologies developed and expected intense competition generally in its main markets; profitability of its expansion strategy; partial or total loss of a satellite at launch or in-orbit; supply conditions of satellites and launch systems; satellite or third-party launch failures affecting launch schedules of future satellites; litigation; ability to establish and maintain strategic relationships in its major businesses; and the effect of future acquisitions and investments.

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