



**eUTELSAT**

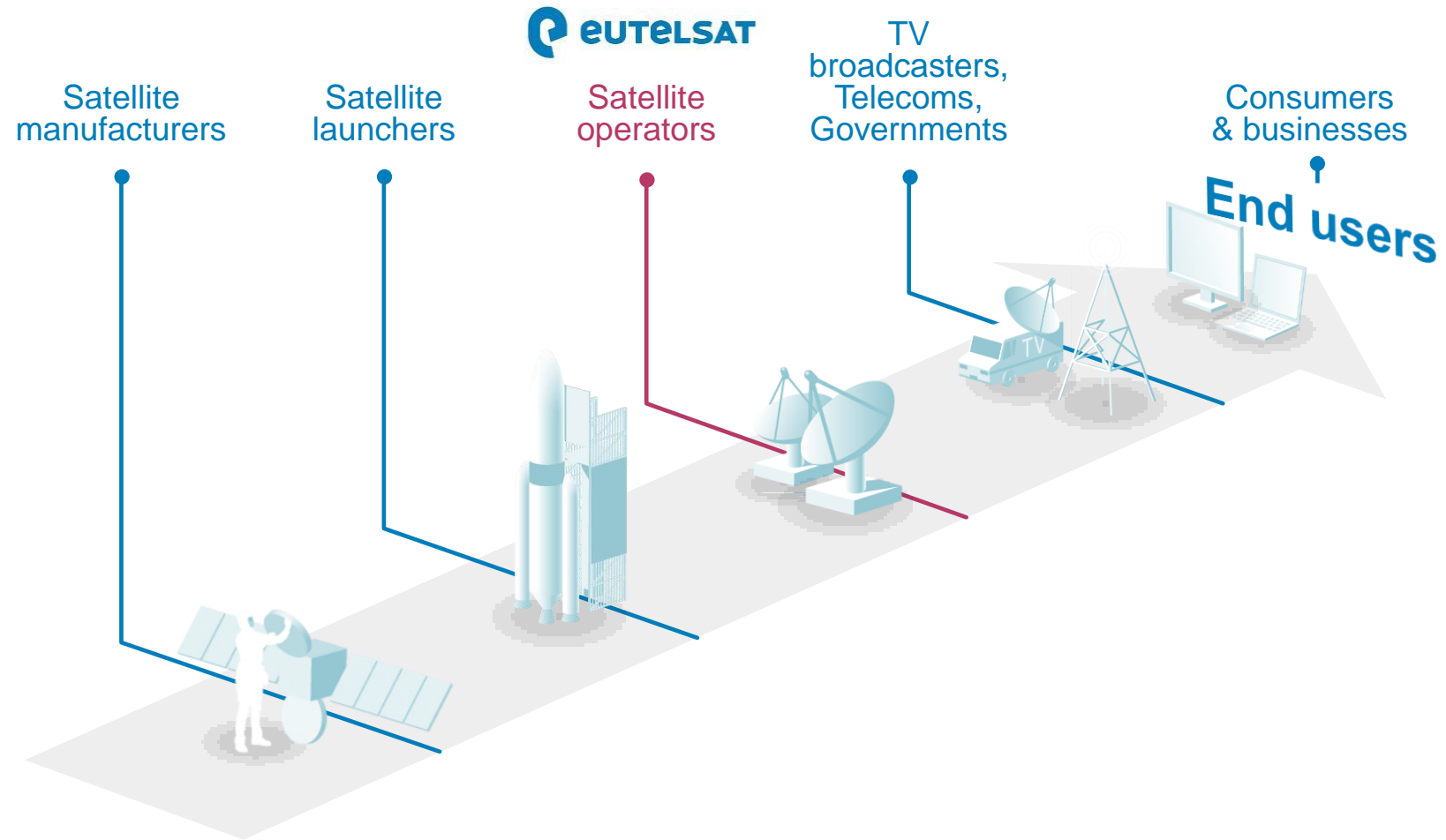
**EUTELSAT  
COMMUNICATIONS  
Investor Presentation**

November 2020

# AGENDA

1. FSS Industry
2. Eutelsat in a snapshot
3. Q1 FY 21 performance
4. Outlook
5. Appendix

# THE SATELLITE VALUE CHAIN



# BUSINESS CHARACTERISTICS

## High barriers to entry

- ▶ Finite resource of orbital positions and frequencies, heavily regulated at international level with key commercial orbital positions have already been developed
- ▶ High upfront CAPEX before operations
- ▶ High technology and technical expertise through satellite lifecycle

## Profitable business model

- ▶ Significant backlog with long term contracts
- ▶ Economies of scale
- ▶ High operating margins
- ▶ Predictable operating cash flow



# TRENDS IN OUR HERITAGE BUSINESSES

## BROADCAST UNDERLYING RESILIENCE

Slight growth in emerging markets

- ▶ Channel and HD growth
- ▶ SSA leading growth
- ▶ Prices well-oriented

Slight decline in Europe

- ▶ Slight decline in channel count
- ▶ HD and UHD ramp-up
- ▶ Improving encoding and compression

Slowdown in the pace of new business against the current operating backdrop



## DATA & PROFESSIONAL VIDEO STRUCTURALLY CHALLENGED

Global demand driven by increasing connectivity needs

Large HTS systems adding to existing overcapacity

Ongoing severe pricing pressure

Occasional use temporarily halted by Covid-19



## GOVERNMENT SERVICES POCKETS OF OPPORTUNITY

US DoD demand stabilizing, albeit at lower prices

Slower migration to HTS than Data Services

Opportunities in APAC and MENA

ETL Quantum to bring new flexible capacity



# LONG-TERM POTENTIAL IN CONNECTIVITY

## FIXED BROADBAND

Demand for high quality, ubiquitous and reliable internet connectivity higher than ever in a post-covid context

C. 2-3% of households to remain durably out of reach of terrestrial networks in Europe

High-speed terrestrial infrastructure to remain predominantly urban and sub-urban in several emerging markets

VHTS a game-changer allowing to provide fiber-like connectivity to end-users at affordable pricing

## MOBILE CONNECTIVITY

Impact of Covid-19 on airline & cruise traffic on short/medium term ...

... but leaving long-term potential unchanged for both aero and maritime

HTS and VHTS to improve the economics

Volumes to grow sharply on the back of

- ▶ Increasing traffic on the long term
- ▶ Rising penetration among fleets
- ▶ Higher take up rates as service improves
- ▶ Massive growth in bandwidth usage per consumer

## INTERNET OF THINGS

Connected objects to represent 10s of billions of units by 2030

Diverse applications in Agriculture, Oil & Gas, Industry, logistics ...

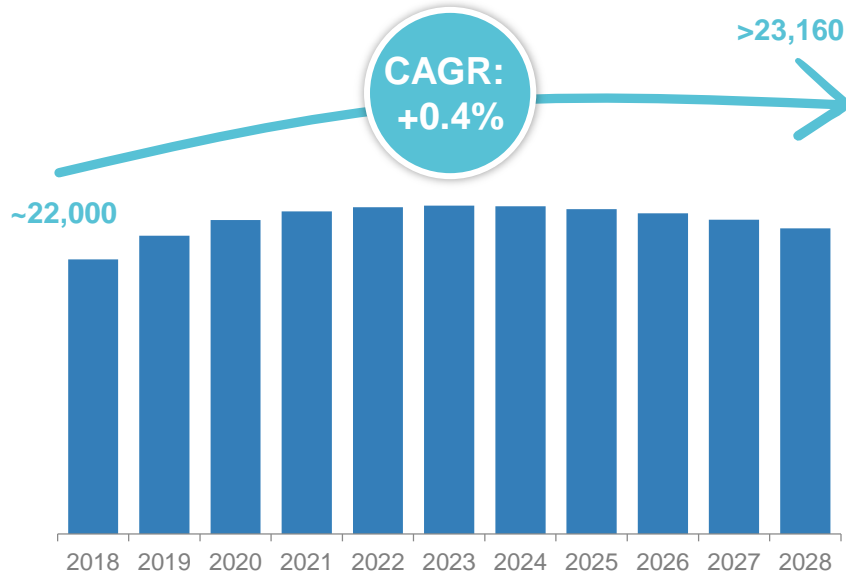
Insufficiency of terrestrial networks covering a mere 15% of the Earth and 50% of the land

Satellite an ideal complement providing ubiquitous coverage

# VIDEO DRIVERS: CHANNEL GROWTH AND IMAGE QUALITY

## CHANNEL GROWTH

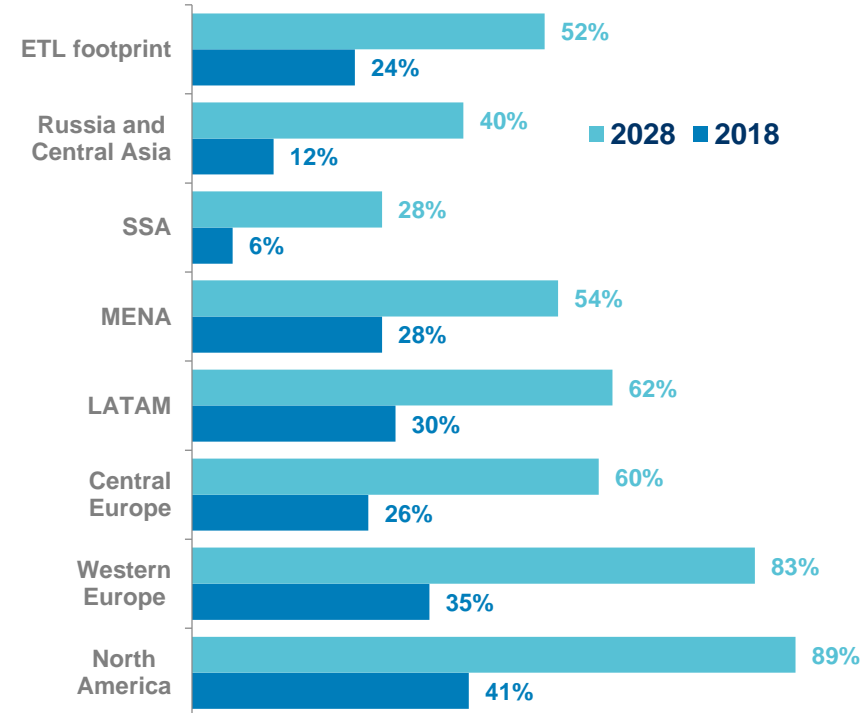
TV CHANNELS IN EMEA AND LATAM



Predominantly driven  
by emerging Video markets

## INCREASED IMAGE QUALITY

HD PENETRATION RATE BY MAJOR REGION



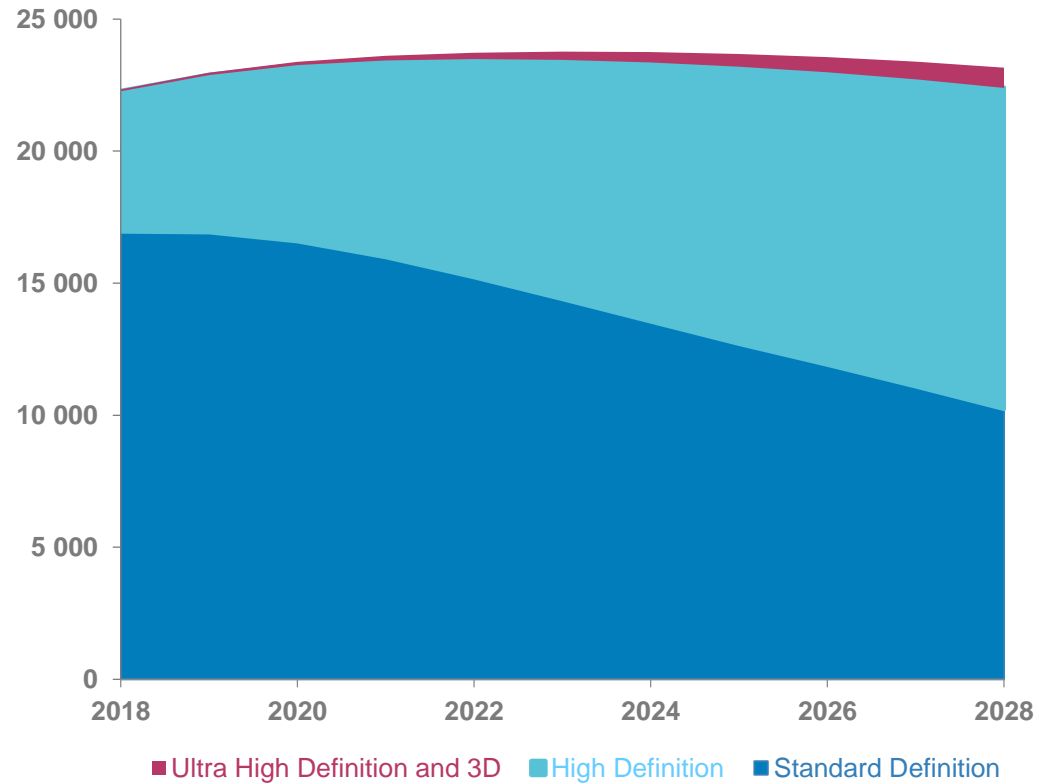
Everywhere,  
including mature Video markets



# VIDEO DRIVERS: CAPACITY REQUIREMENTS VERSUS COMPRESSION TECHNOLOGY

## EVOLUTION OF IMAGE QUALITY

(NUMBER OF CHANNELS)



## NUMBER OF CHANNELS

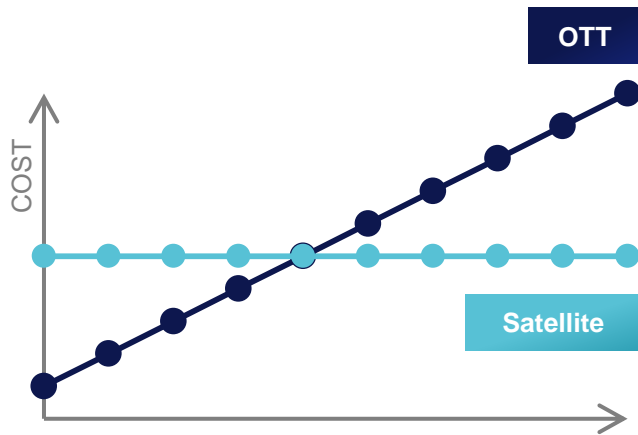
PER 36 Mhz TRANSPONDER

FORMAT	MODULATION	MPEG-2	MPEG-4	HEVC
SD	DVB-S	~15	-	-
	DVB-S2	-	~26	-
HD	DVB-S	-	-	-
	DVB-S2	-	~9	~15
UHD	DVB-S2	-	-	~3



# VIDEO: SATELLITE'S COMPETITIVE ADVANTAGE OVER OTT / IP

## COST-EFFICIENCY



Satellite a fraction of TV platforms operating costs

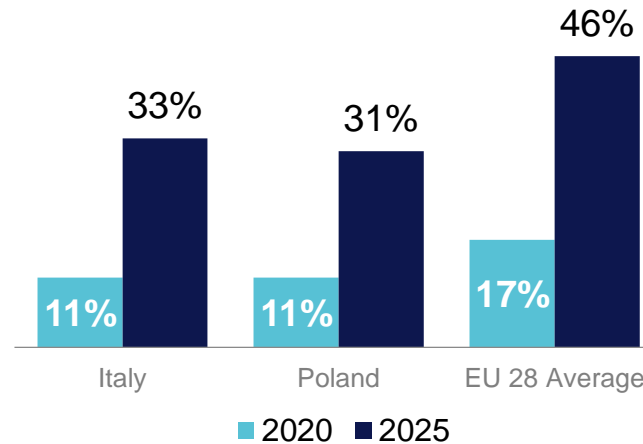
- ▶ CDN costs rise in line with audience growth

For a large Pay-TV platform, OTT distribution would be much more expensive than satellite

**Satellite more cost efficient >50k viewers in Western Europe**

## UNIVERSAL REACH

### FTTH/B HOUSEHOLDS PENETRATION<sup>1</sup>



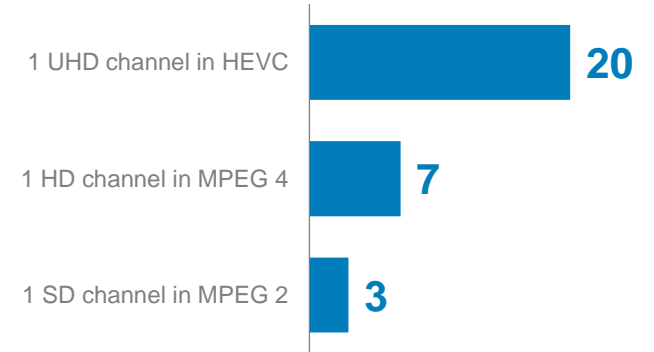
High cost of fibre roll-out

Terrestrial networks cannot reach entire population

**Satellite provides full coverage of a market**

## SERVICE QUALITY

### BANDWIDTH REQUIREMENT (Mbps)



Higher quality of image leading to increased bandwidth usage










Congestion of terrestrial networks

- ▶ Video will represent >80% of IP traffic in 2021

**Satellite and hybrid solutions give unimpaired viewing experience**

# SATELLITE CONTINUING TO GAIN SHARE IN OUR FOOTPRINT

Expansion of satellite households in most regions

Region	Satellite HH (m)	2015-2019 CAGR	Satellite penetration	Satellite Rank
WEU 	47m	-1.5%	27% 	#2
CEU <sup>1</sup> 	40m	+0.1%	31% 	#1
MENA 	58m	+2.4%	66% 	#1
AFRICA 	24m	+11.8%	29% 	#1
EUTELSAT FOOTPRINT	169m	+1.7%	36% 	#1

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# EUTELSAT IN A SNAPSHOT

## KEY DATA

FY 20 revenues of **€1.28bn**

FY 20 DFCF<sup>1</sup> of **€474m**

Dividend per share of **€0.89**

Fleet of **39** satellites; global coverage

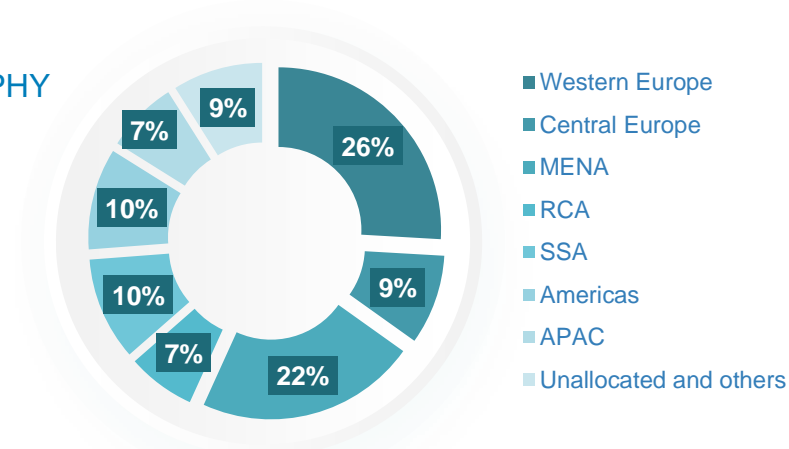
Operating **>1,380** transponders

Broadcasting **~6,700** channels

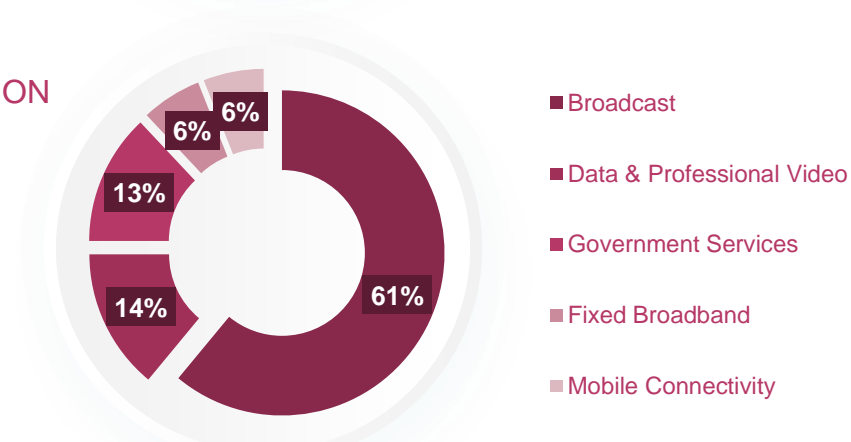
Backlog representing **3.4 years** of revenues

## REVENUE BREAKDOWN BY APPLICATION

### BY GEOGRAPHY



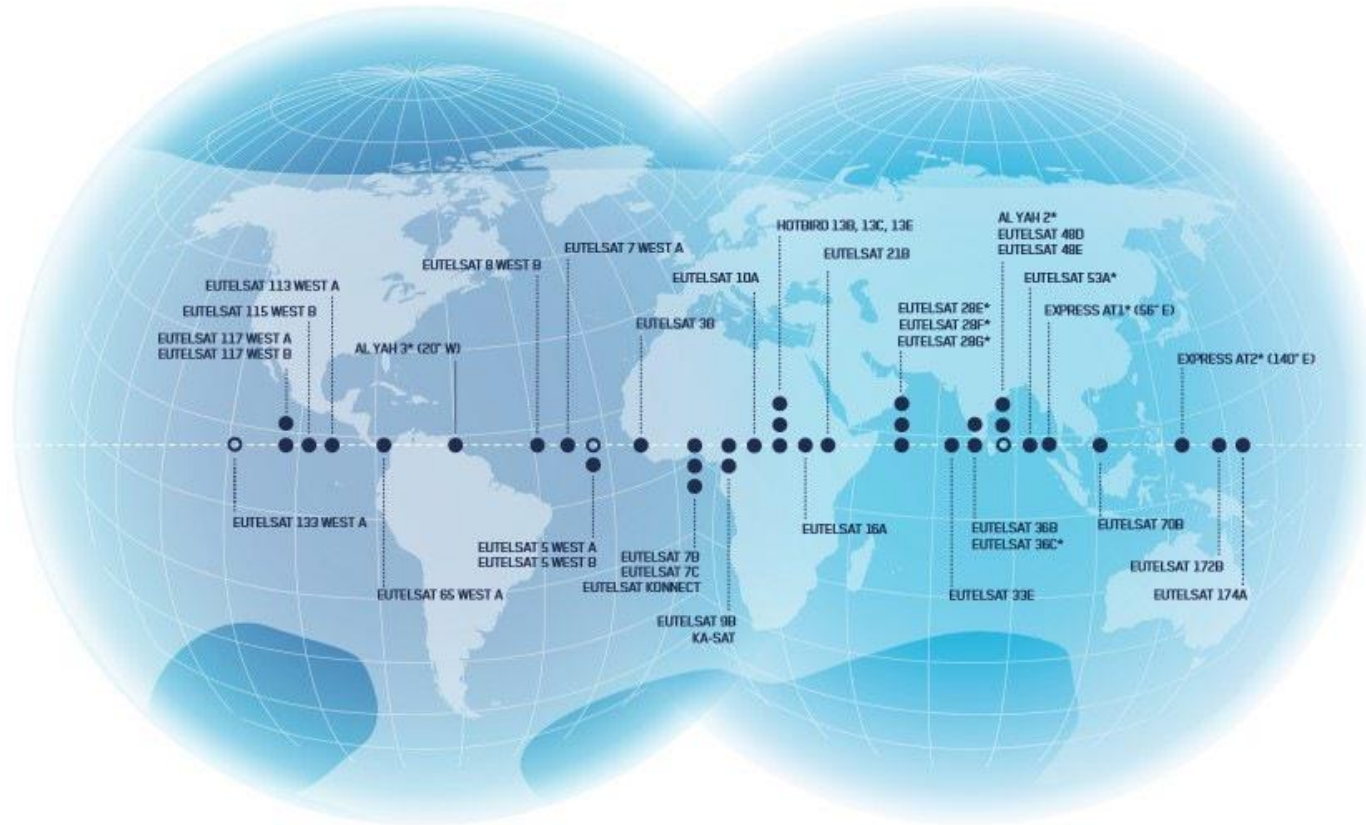
### BY APPLICATION



# BREAKDOWN OF REVENUES BY APPLICATION



# EUTELSAT'S GLOBAL NETWORK



## THE EUTELSAT FLEET

NOVEMBER 2020

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

**FUTURE SATELLITES:** EUTELSAT QUANTUM  
 EUTELSAT KONNECT VHVS  
 HOTBIRD 13F  
 HOTBIRD 13G  
 EUTELSAT 10B

○ EUTELSAT 7A under redeployment



# EQUITY STORY IN A NUTSHELL

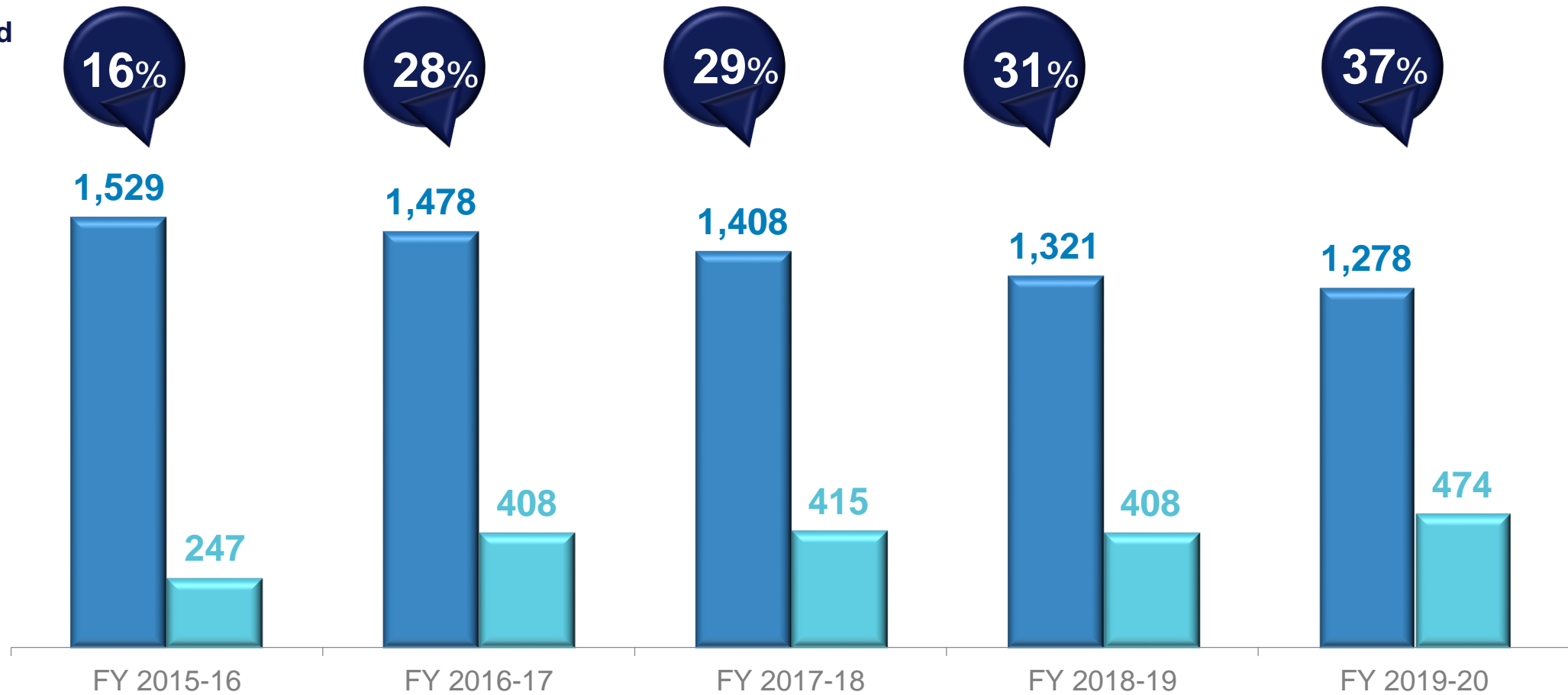
- ✓ Consistent delivery on below-topline objectives despite challenging environment for core businesses
- ✓ Successful execution of cash generation strategy with cash flow/revenue ratio more than doubled in four years
- ✓ Substantial medium term growth opportunities in Connectivity, with associated Capex and Opex already factored into financial objectives
- ✓ Leverage of all elements of cash generation with follow-on 'LEAP 2' cost-savings plan generating resources to invest in growth verticals
- ✓ Relative resilience to Covid-19 context of our overall activities which are expected to remain highly cash generative
- ✓ High level of shareholder remuneration maintained despite a 30% dividend cut: return to a stable to progressive Dividend Policy





# DFCF/ REVENUE RATIO DOUBLED IN FIVE YEARS

Reported DFCF / revenue ratio



Adjusted DFCF growth<sup>1</sup>



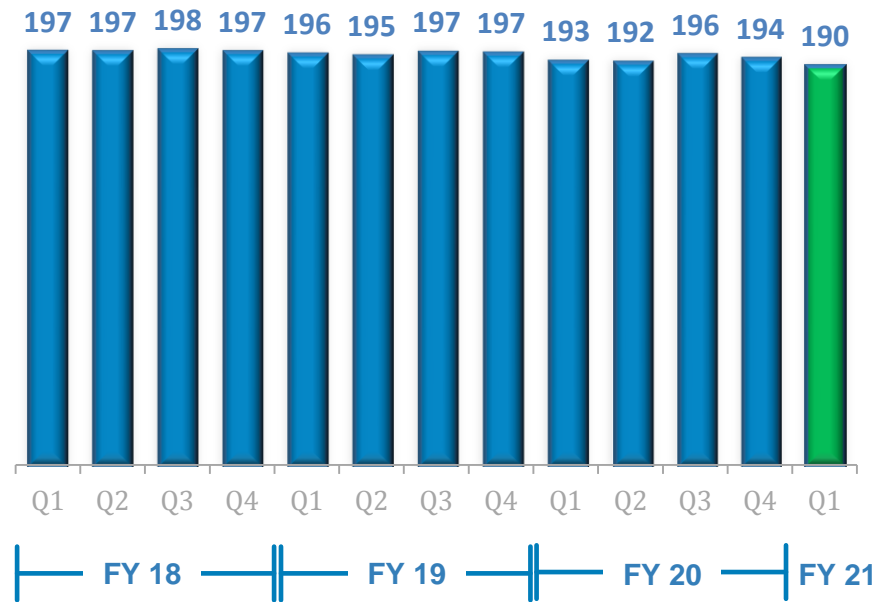
■ Total revenues

■ Reported Discretionary Free Cash Flow

# RESILIENCE OF CORE BROADCAST

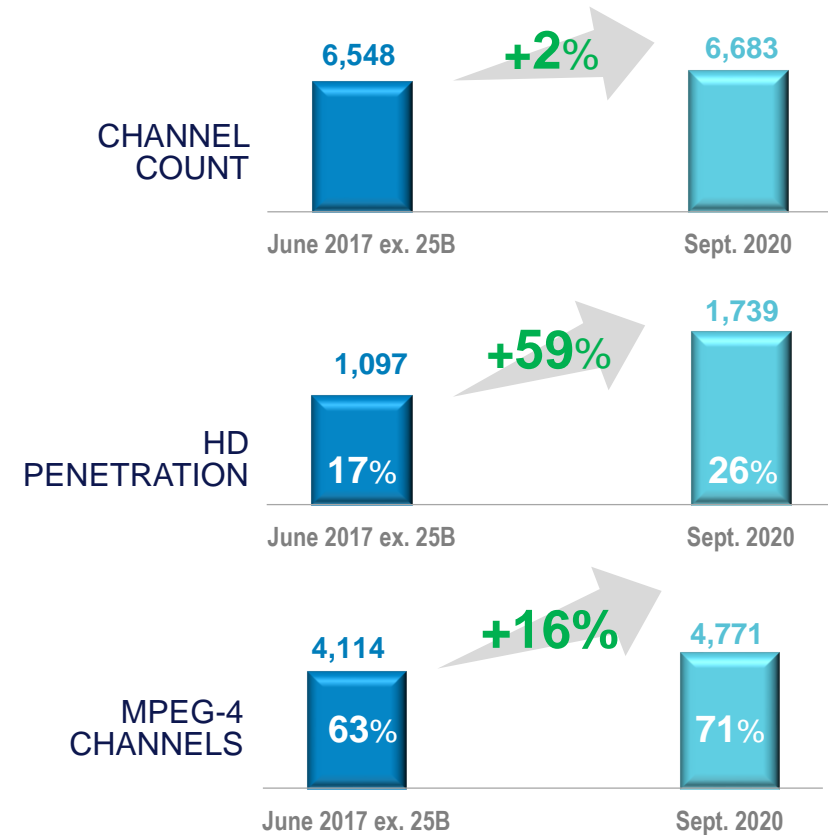
## BROAD STABILITY OF CORE BROADCAST (EXCLUDING FORTHNET)

EVOLUTION OF CORE BROADCAST REVENUES



At constant currency and accounting standards  
 Excluding Fransat  
 Converted at FY19 €/\$ rate of 1.14  
 Excluding ETL 25B and Q1 FY18 data proforma for Noorsat integration

## CHANNEL KPIS LEADING TO SLIGHT GROWTH IN MBPS CONSUMPTION



# BOND & BANK DEBT MATURITY SCHEDULE

## ONGOING DEBT OPTIMISATION

Net Debt/EBITDA ratio of 3.05x

- ▶ vs 30 June 2019 (2.98.x)

Average cost of debt after hedging reduced to 2.4%

- ▶ vs 2.6% in FY 2018-19

Average weighted maturity of 3.4 years

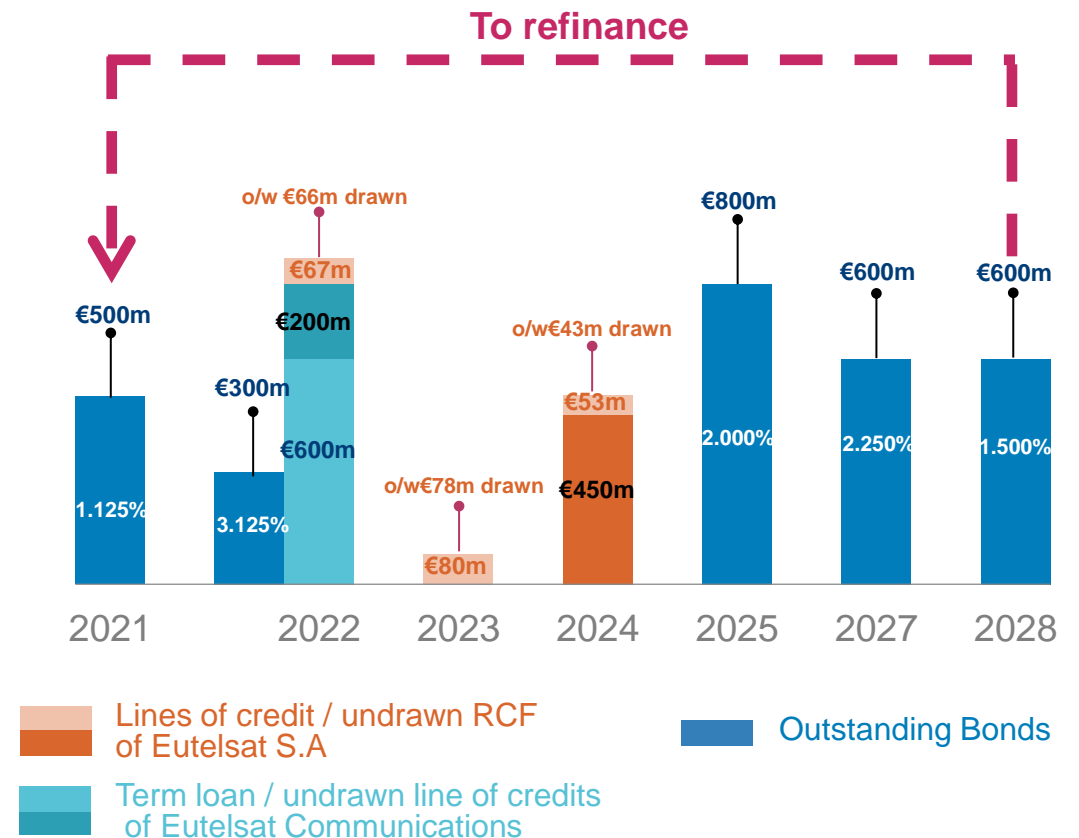
- ▶ vs 3.6 years at 30 June 2019 and 2.2 years at 30 June 2018

Strong liquidity as of 30 June 2020

- ▶ Cash and undrawn credit lines of > €1.2bn

Investment grade ratings confirmed post-Covid

## BOND & BANK DEBT MATURITY SCHEDULE

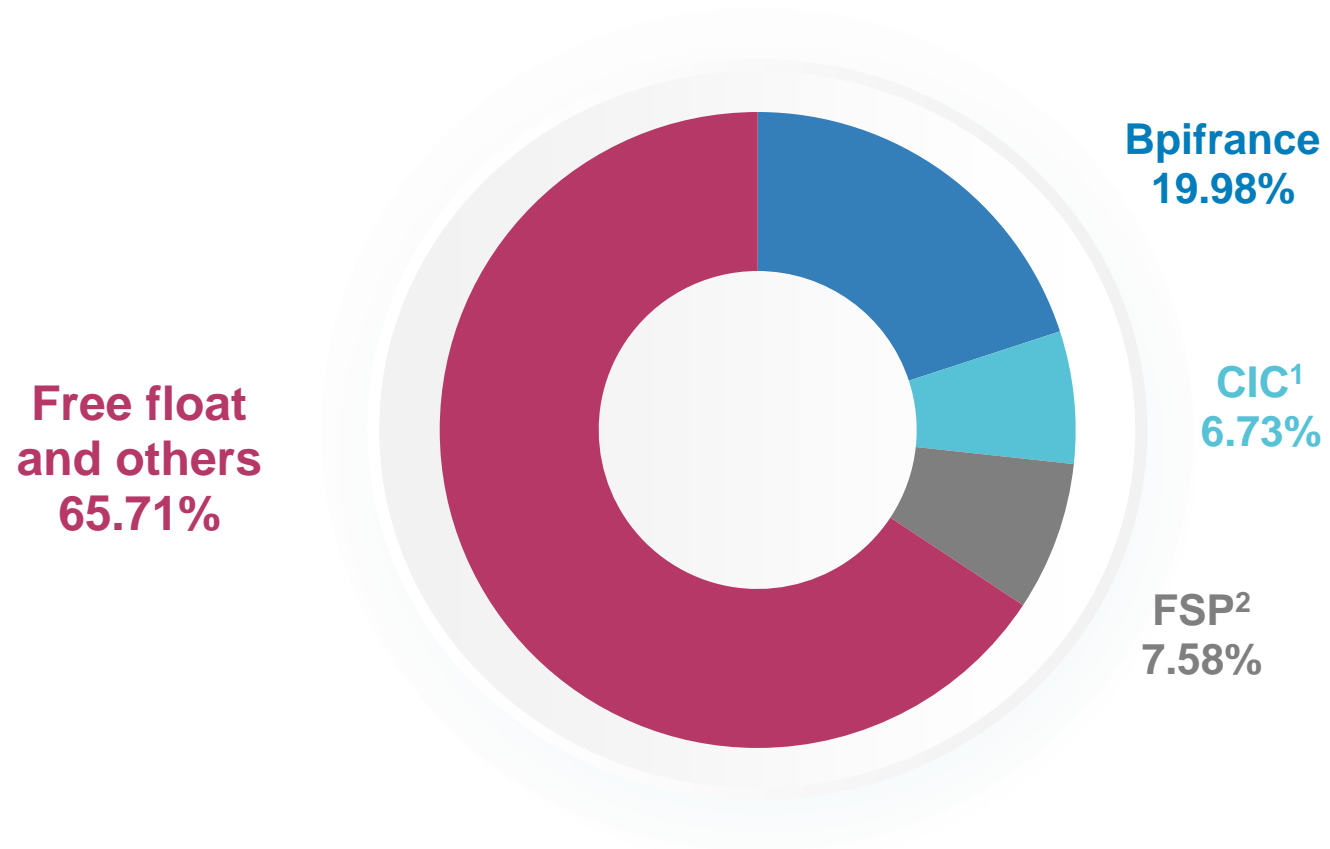


Note: Maturities are provided on a calendar year

<sup>1</sup> Bond and Bank debt maturity schedule as of 30 October 2020, excluding ECA loans and leases

# SHAREHOLDER STRUCTURE

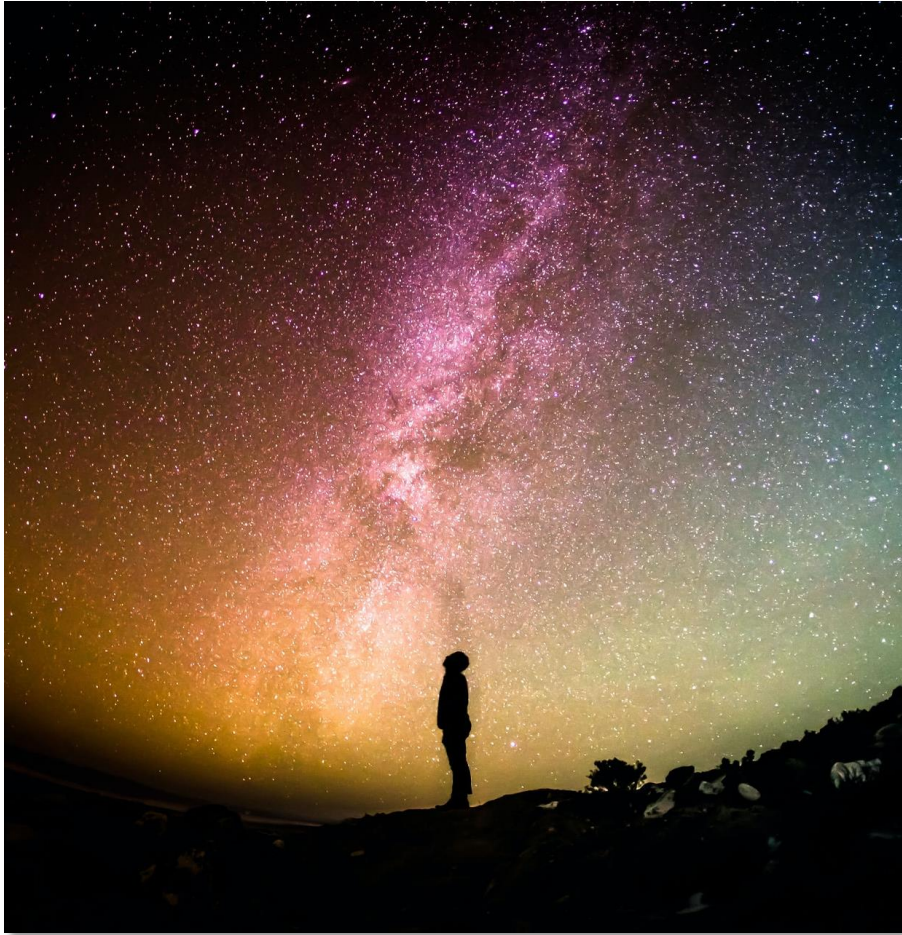
## EUTELSAT SHAREHOLDING STRUCTURE AS OF 30 JUNE 2020



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# HIGHLIGHTS



General **resilience** of our activity in the **Covid** context

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**Renewal of Sky Italia contract** at HOTBIRD securing broadly stable revenues in the medium term

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Significant steps in our **Fixed Broadband** strategy

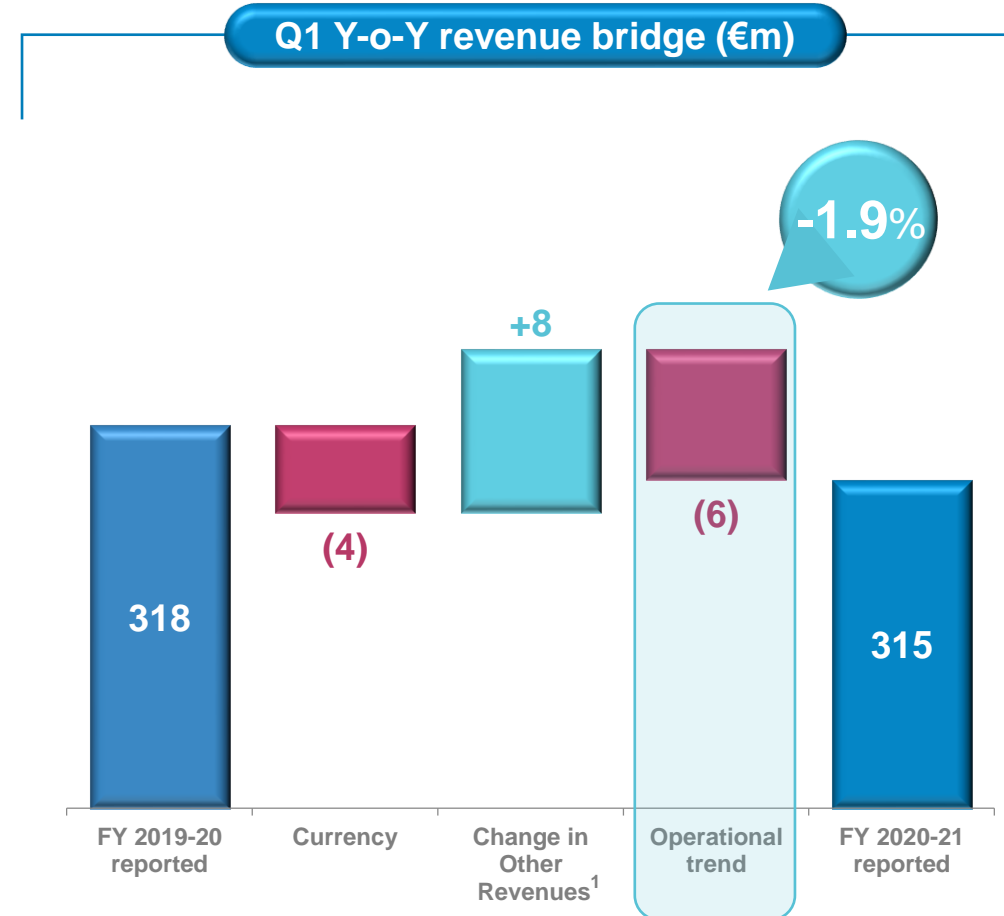
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All **financial objectives** confirmed

# Q1 REVENUES: CONFIRMED RESILIENCE IN COVID CONTEXT

- ▶ Total revenues of €315m, down 0.7%
- ▶ Negative currency effect
  - €/€ rate of 1.16 vs 1.12 last year
- ▶ Positive swing of €8m in 'Other Revenues'
  - o/w €4m related to hedging
- ▶ Revenues of the Operating Verticals down -1.9% like-for-like YoY



<sup>1</sup> Including Hedging revenues representing +€4.1m impact



# SKY ITALIA: STRATEGIC RENEWAL AT HOTBIRD

## ANCHOR CUSTOMER AT HOTBIRD

### Share of total Group Revenues



### Share of Broadcast revenues



### Share of Western Europe Broadcast revenues



## KEY TERMS

### Multi-year agreement

### Secured backlog of c.€450m

- ▶ Future extension options representing additional potential revenues

### Assuring broadly stable revenues over medium term

### Leveraging HOTBIRD replacement

- ▶ Enhanced service levels with substantial Capex savings

## TAKE-AWAYS

### Unmatched coverage of HOTBIRD

Confirming the ongoing relevance of satellite for linear distribution in Western Europe

Supporting general resilience of broadcast revenues



# COMMERCIAL ACTIVITY

## Broadcast

- ▶ Renewal with Sky Italia



- ▶ Extension of contract duration with Tricolor TV (Russia) and Azam TV (SSA)



- ▶ New contract wins in a context of general slowdown in new business



## Other applications

- ▶ **Government Services:** Fall 2020 renewal rate with USG at c.80%



- ▶ **Fixed Broadband:** Distribution Agreement with Paratus for South-Africa



- ▶ **Other:** long term agreement with Ovzon AB for satellite control services



# PREPARING FOR RETURN TO GROWTH IN FIXED BROADBAND













Ongoing testing of distribution models in Africa, PPP growth in Europe, optimization of CPE costs

<sup>1</sup> European satellite broadband Business only

<sup>2</sup> At full speed in early 2021

# Q1 FY 2020-21 REVENUES BY APPLICATION

		REVENUE CONTRIBUTION <sup>1</sup>	REVENUES (€m)	LIKE-FOR-LIKE <sup>2</sup> YOY CHANGE
	<b>BROADCAST</b>		<b>191</b>	<b>-1.5%</b>
	<b>DATA &amp; PROFESSIONAL VIDEO</b>		<b>40</b>	<b>-6.2%</b>
	<b>GOVERNMENT SERVICES</b>		<b>38</b>	<b>+0.7%</b>
	<b>FIXED BROADBAND</b>		<b>21</b>	<b>+3.8%</b>
	<b>MOBILE CONNECTIVITY</b>		<b>18</b>	<b>-7.2%</b>
<b>TOTAL OPERATING VERTICALS</b>			<b>307</b>	<b>-1.9%</b>
<b>OTHER REVENUES</b>			<b>9</b>	<b>+€8m<sup>3</sup></b>

<sup>1</sup> Share of each application as a percentage of total revenues excluding "Other Revenues".

<sup>2</sup> At constant currency

<sup>3</sup> Of which +€4.1m related to hedging revenues

## ► Q1 revenues of €191m, down 1.5% YoY like-for-like<sup>1</sup>

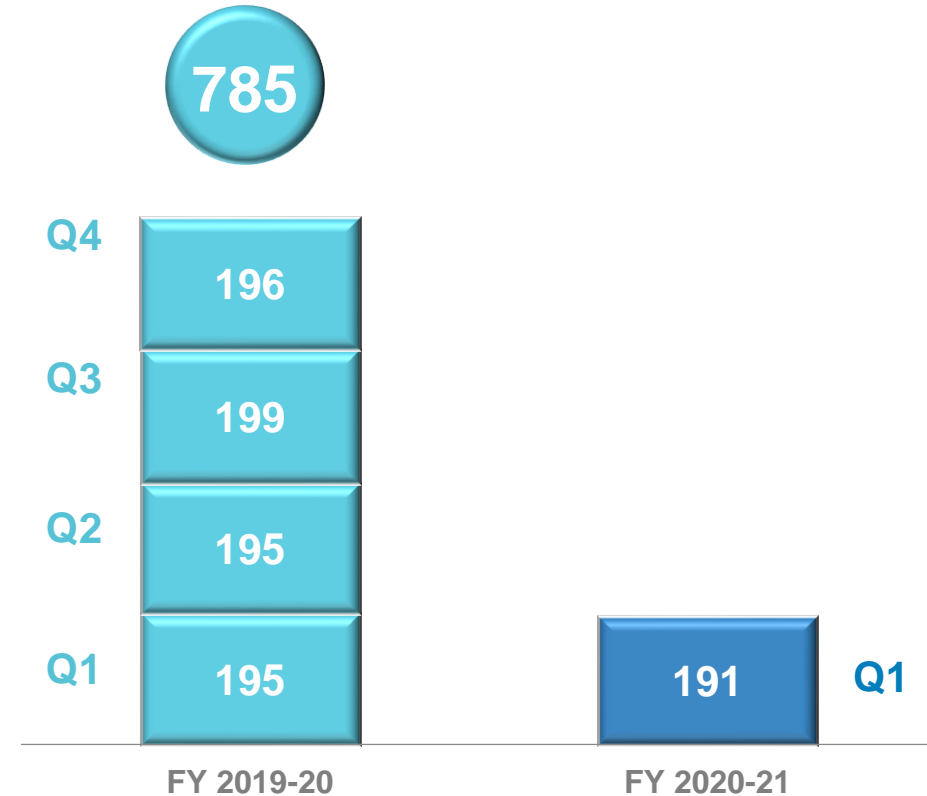
- Impact of the renegotiation of contract terms with Greece's Forthnet
- Positive one-off of circa €2m

## ► Channel count

- 6,683 channels at end Sept. 2020, down 4% YoY
- HD up from 22.7% to 26.0% implying a 10% YoY growth

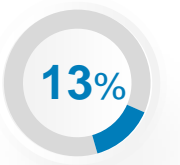
## ► Commercial activity

- Renewal with Sky Italia
- Extension of contracts with Tricolor TV and Azam TV
- Contract wins despite general context of slowdown in new business (Kabelio, BluTV)



<sup>1</sup> At constant currency and perimeter

# DATA & PROFESSIONAL VIDEO



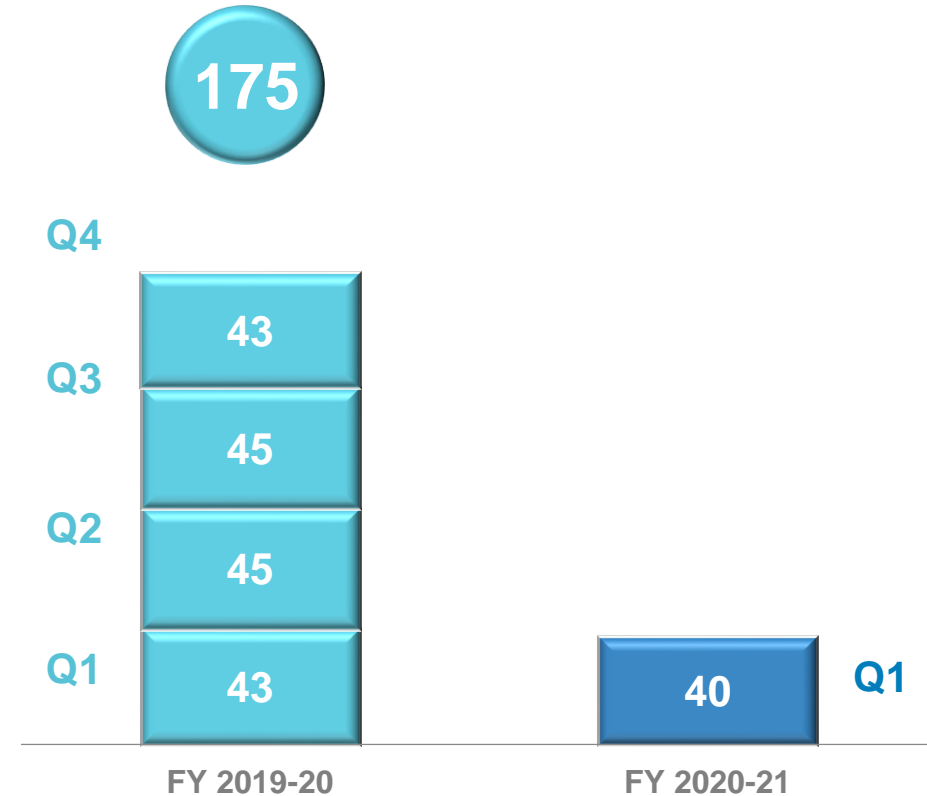
▶ **Q1 revenues of €40m, down 6.2% YoY like-for-like<sup>1</sup>**

▶ **Fixed Data**

- Highly competitive environment notably in LATAM
- Improved volume trends with notably the carry-forward effect of new business secured in MENA last FY

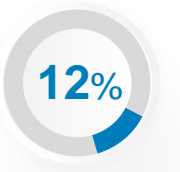
▶ **Professional Video still in decline**

- Occasional Use showing signs of recovery in September with the reinstatement of live sports events



<sup>1</sup> At constant currency and perimeter

# GOVERNMENT SERVICES



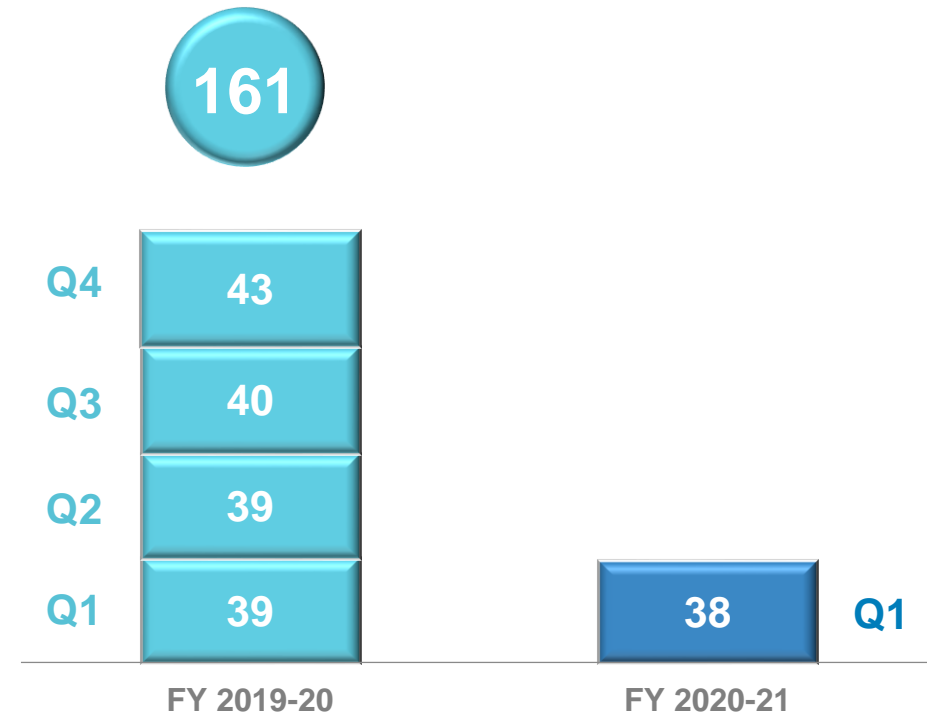
▶ **Q1 revenues of €38m, up 0.7% YoY like-for-like<sup>1</sup>**

- Negative carry-forward effect of last year USG renewals
- Incremental contribution from the EGNOS payload

▶ **Revenues down 5.8% QoQ**

- Temporary relocation of the EUTELSAT 7A at 59° E in Q4

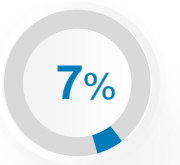
▶ **Fall 2020 USG renewal rate of c.80%**



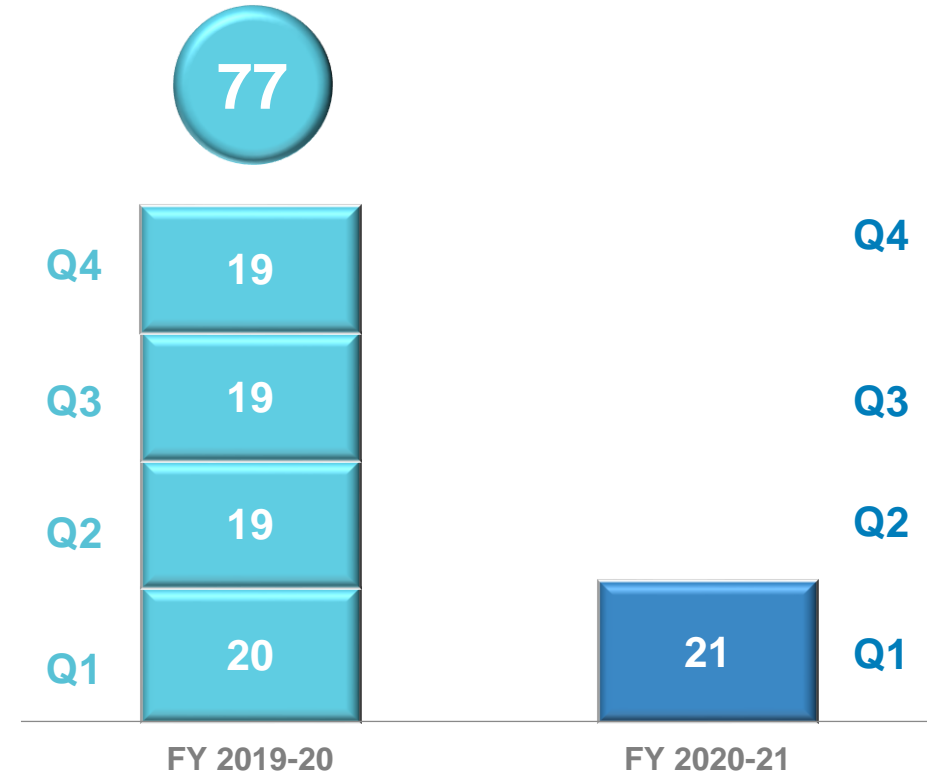
<sup>1</sup> At constant currency and perimeter



# FIXED BROADBAND

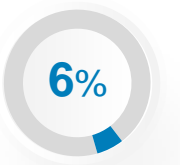


- ▶ Q1 revenues of €21m, up 3.8% YoY like-for-like<sup>1</sup>
- ▶ Covid context favourable to satellite broadband
- ▶ Growth in Europe
  - Positive net adds for the second quarter in a row
  - Higher terminal sales in the Summer
- ▶ Ramp-up of go-to-market capabilities in Africa
  - Distribution agreement with Paratus in SA
- ▶ FY 21 to mark a turning point
  - Imminent entry into service of EUTELSAT KONNECT
  - Wholesale agreement with Orange
  - Integration of BBB retail operations progressing well



<sup>1</sup> At constant currency and perimeter

# MOBILE CONNECTIVITY



▶ **Q1 revenues of €18m, down 7.2% YoY like-for-like<sup>1</sup>**

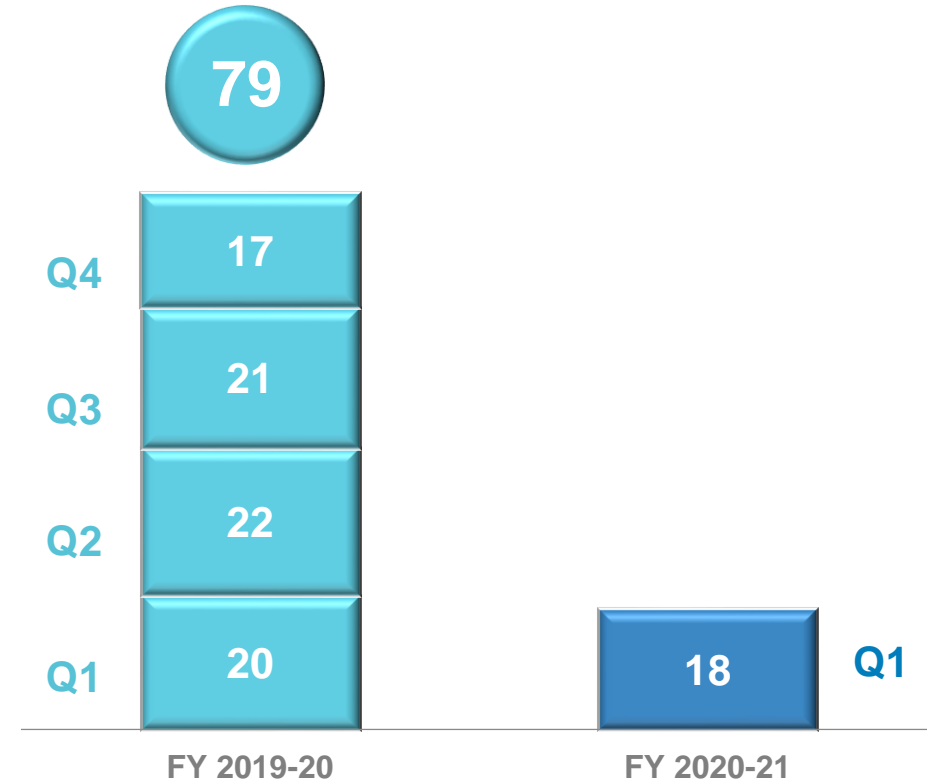
- Q1 of last fiscal year included a €1m negative one-off

▶ **Impact of Covid-19 crisis on aero mobility**

- Low level of airtime-related revenues on KA-SAT
- Lower revenues from certain service providers

▶ **Continued progression of Maritime**

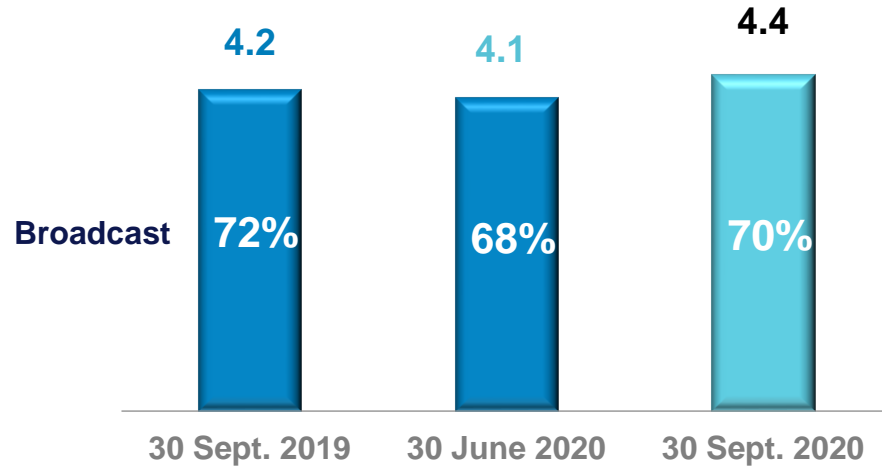
- Ramp-up of contracts signed in previous years



<sup>1</sup> At constant currency and perimeter

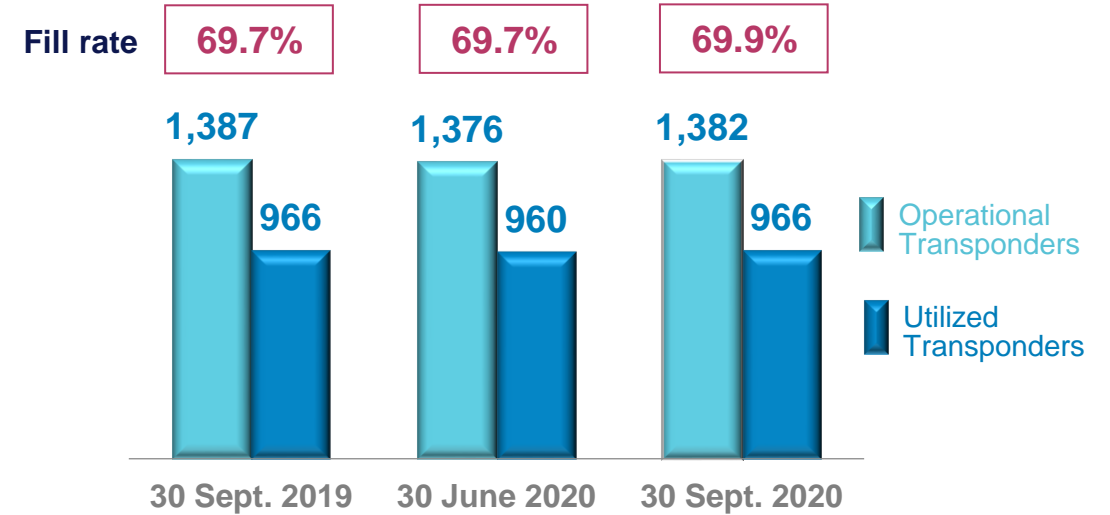
# BACKLOG & FILL RATE

## BACKLOG (€BN)



- Backlog up 3% YoY
- Now including Sky renewal
- 3.4 years of revenues
- Broadcast accounting for 70%

## OPERATIONAL & UTILIZED TRANSPONDERS



- Operating TPE down 5 units / utilized TPE stable YoY
  - Lower capacity at 5°West
  - Entry into service of E7C
- Fill rate continuing its slight progression at 69.9%

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# REMINDER: OUR STRATEGIC ROADMAP

## STEP 1



**MAXIMIZE  
FREE CASH-FLOW  
GENERATION**

## STEP 2: RETURN TO GROWTH



**EXTRACT VALUE  
FROM THE CORE  
VIDEO BUSINESS**



**CAPTURE  
THE CONNECTIVITY  
OPPORTUNITY**

# KEY PRIORITIES FOR FY 2020-21



## MAXIMIZE FREE CASH-FLOW GENERATION

- ▶ Execute on LEAP 2 cost savings plan
- ▶ Improve WCR
- ▶ Maintain all other levers of free cash flow generation under tension
- ▶ Deliver the C-Band clearing



## EXTRACT VALUE FROM THE CORE VIDEO BUSINESS

- ▶ Maximize yield in heritage markets
  - Secure renewals in the long-term
  - Optimize pricing at key hotspots
- ▶ Tap growth pockets
  - Ramp-up capacity on E7C
  - Stimulate HD/UHD



## CAPTURE THE CONNECTIVITY OPPORTUNITY

- ▶ Assure ramp-up of EUTELSAT KONNECT in Europe and Africa
- ▶ Further exploit the Business-to-Government opportunity
- ▶ Further develop wholesale partnerships
- ▶ Pursue growth in maritime mobility
- ▶ Prepare the ground for Quantum, KONNECT VHTS and E10B

# STRUCTURING EUROPEAN BROADBAND STRATEGY

## Launch of KONNECT

- Gradually operating from Fall 2020
- Fully in service in early 2021
- Bringing capacity in high-demand areas
- Improved end-user experience
- Superior economics and flexibility

## Agreement with Orange on KONNECT

- Major wholesale agreement
- Firm commitment for distribution of the entire French capacity
- Anticipating the agreement on KONNECT VHTS
- Discussions with other European players underway

## Acquisition of BBB European business<sup>1</sup>

- Direct distribution essential to quickly grow the base
- Immediate access to an efficient and scalable retail platform with proven track record across Europe
- Enabling maximisation of customer value over time

**Preparing for the ramp-up of KONNECT and KONNECT VHTS**



# ACQUISITION OF EUROPEAN ACTIVITIES OF BIGBLU BROADBAND<sup>1</sup>

## BBB IN A SNAPSHOT

Largest distributor in Europe with proven track record

- ▶ Strong success of PPP since 2019

~50k subs across expanding pan-European footprint<sup>2</sup>

Unique network of installers and resellers

Scalable platform for direct sales

- ▶ Digital marketing platforms, Multi-lingual call centers, billing systems, CRM....

## STRATEGIC RATIONALE

Limitations of previous indirect model

- ▶ Fragmented base of subscale partners lacking means

Better access to end-user

- ▶ Strengthened ability to pilot retention and upsell initiatives optimizing yield and churn

Direct control of product definition and price

- ▶ Faster alignment with market needs

Control of distribution levers

- ▶ Salesforces incentives, communication and promotion

## TERMS & FINANCIAL IMPACT

Acquisition price of c£38m

Implied 10x EBITDA multiple

FY 19 revenues of c. £35m, rapidly growing

Low double-digit EBITDA margin

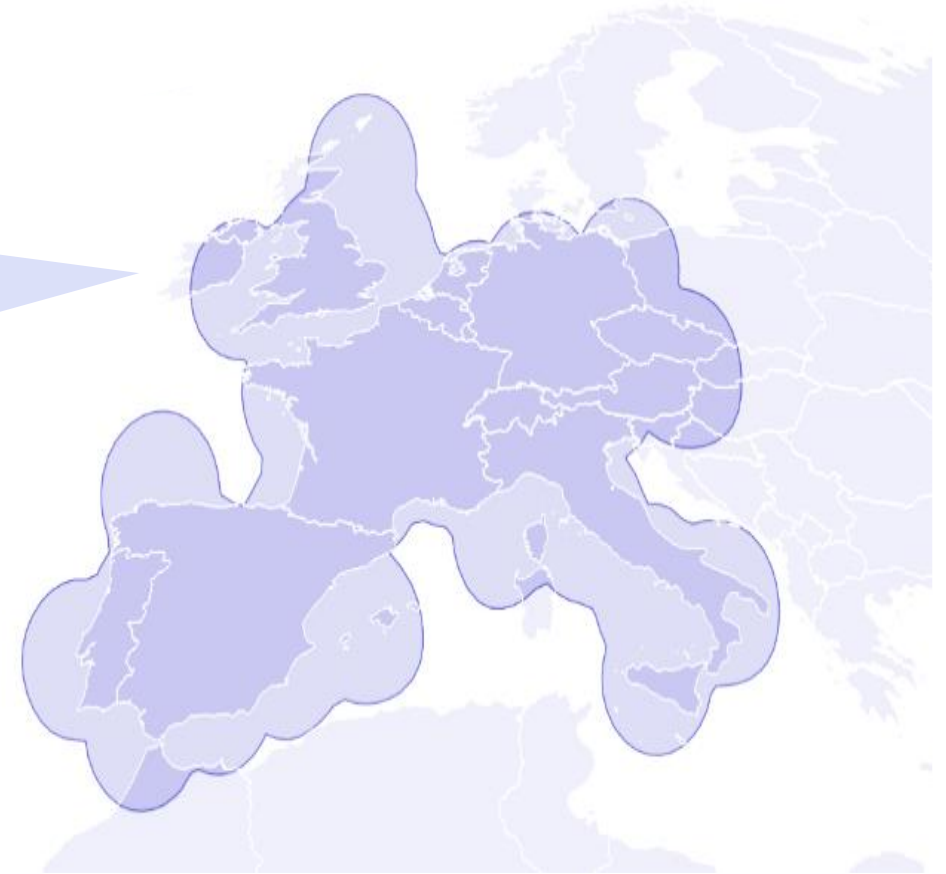
Limited contribution to revenues and EBITDA

Obviating the necessity to invest in our own retail channel

Closed on 30 September 2020

# IMMINENT ENTRY INTO SERVICE OF EUTELSAT KONNECT

- ▶ **Gradual entry into service from early November**
  - 80% of the capacity in service by year-end
- ▶ **Covering both Europe and Africa**
  - Circa 55% Europe
  - Circa 45% Africa
- ▶ **Superior economic performance vs existing assets**
  - 75 Gbps of capacity with lower cost per Gbps
  - Unprecedented flexibility to reallocate capacity between beams
- ▶ **Enhanced offers for end users**
  - Speeds up to 100 Mbps vs. 50 Mbps currently
- ▶ **Wholesale agreement with Orange for entire French capacity**



**European coverage focused on high demand markets**

# FY 2020-21: REVENUE TRENDS BY APPLICATION



## BROADCAST



Continued dynamism in SSA



Slowdown in the pace of new business against the current operating backdrop



Forthnet specific renegotiation in Greece



## DATA & PROFESSIONAL VIDEO



Continued double-digit price decline in Fixed Data



Improving volume trends in Fixed Data



Gradual recovery in Occasional Use



## GOVERNMENT SERVICES



Full-year contribution of EGNOS



Negative carry-forward of USG renewals and wash-out of E7A temporary relocation



## FIXED BROADBAND



KONNECT satellite fully in-service in early 2021



Wholesale agreement with Orange and addition of a retail pillar in Europe



Schoolap contract in Africa



## MOBILE CONNECTIVITY



Ongoing effect of Covid-19 crisis on In-flight mobility market



Ramp-up of maritime business



Timing of recovery uncertain

# FINANCIAL OUTLOOK



## OPERATING VERTICALS REVENUES<sup>1</sup>

- ▶ Between €1,180m and €1220m in FY 2020-21

## CASH CAPEX

- ▶ Not exceeding average of €400m<sup>2</sup> per year for the period July 2020 to June 2022

## ADJUSTED DISCRETIONARY FREE CASH FLOW<sup>3</sup>

- ▶ Between €420m and €450m in FY 2021-22

## LEVERAGE

- ▶ Maintain investment grade rating
- ▶ Medium-term net debt / EBITDA ratio of c. 3x

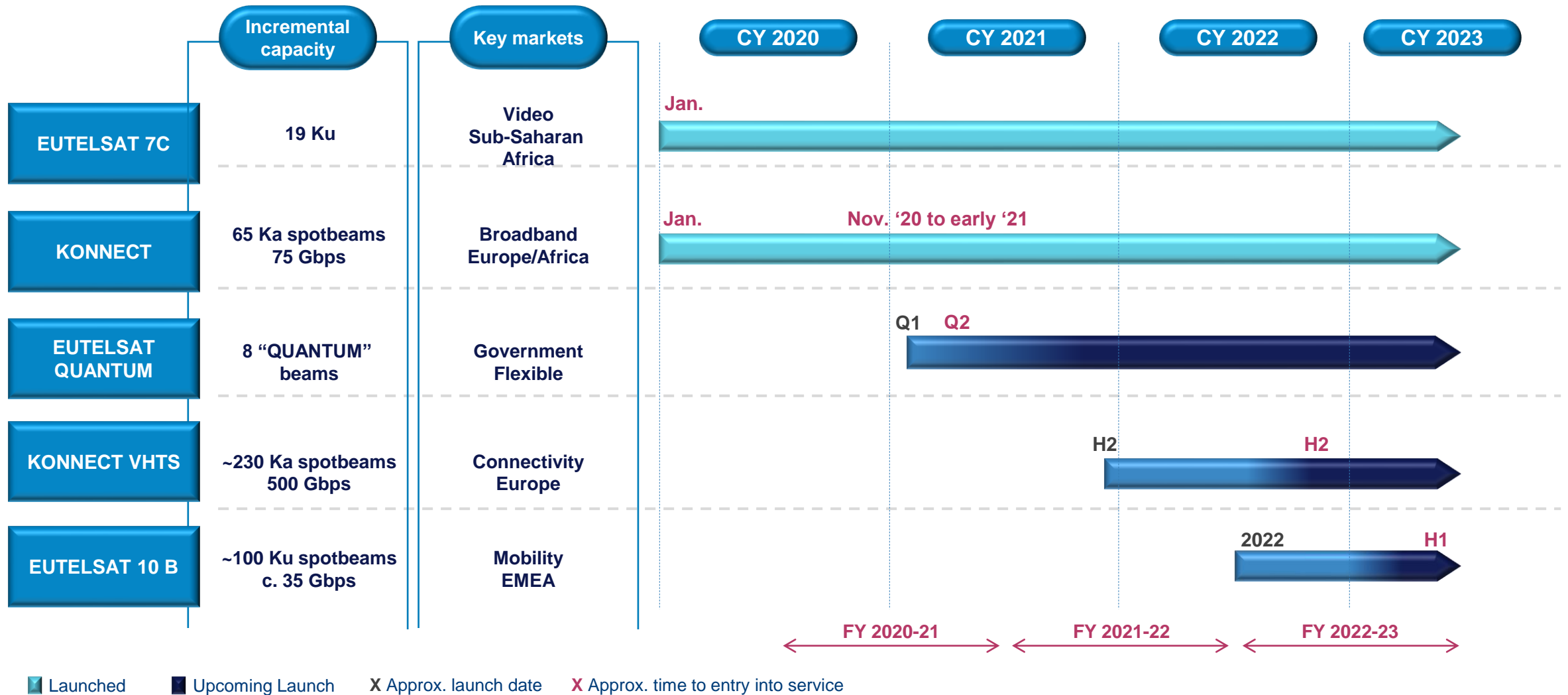
## DISTRIBUTION

- ▶ Proposed dividend of €0.89 per share for FY 2019-20
- ▶ Stable to progressive dividend policy reinstated from FY2020-21








<sup>1</sup> Based on a €/\$ rate of 1.14 and excluding the impact of BBB acquisition.

<sup>3</sup> Net cash flow from operating activities less Cash Capex less Interest and Other fees paid net of interest received. Based on a €/\$ rate assumption of 1.14, excluding one-off impacts such as Hedging, effects of changes in perimeter when relevant, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters

# TARGETED GROWTH CAPACITY TO PROGRESSIVELY SUPPORT TOPLINE



# FUTURE LAUNCHES

NAME		KONNECT VHTS	EUTELSAT HOTBIRD 13F	EUTELSAT HOTBIRD 13G	EUTELSAT 10B
Orbital Position	48° East	TBD	13° East	13° East	10° East
Launch date <sup>1</sup>	Q1 2021	H2 2021	H2 2021	H2 2021	2022
Manufacturer					
Launcher		TBD	TBD	TBD	TBD
Coverage	Flexible	Europe	Europe	Europe	EMEA, Atlantic & Indian Ocean
Applications	Government Services	Connectivity Government	Video	Video	Mobile Connectivity
Total Capacity (TPE/Spotbeams)	N/A	~230 Ka / 500 Gbps	73 Ku <sup>3</sup>	73 Ku <sup>3</sup>	12 Ku / 20C / c.35 Gbps
o/w Expansion <sup>2</sup>	N/A	~230 Ka / 500 Gbps	-	-	-48 Ku c.35 Gbps

 Electrical propulsion

 HTS Payload

<sup>1</sup> Calendar year | <sup>2</sup> Excludes unannounced redeployments

<sup>3</sup> "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."



# AGENDA

1. FSS Industry
2. Eutelsat in a snapshot
3. Q1 FY 21 performance
4. Outlook
- 5. Appendix**

# 5. APPENDIX

**5.1 2019-20 full-year financials**

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5.2 Miscellaneous



# PROFITABILITY

▶ **FY 20 EBITDA margin of 76.9% at constant currency<sup>1</sup> down 1.2 points YoY**

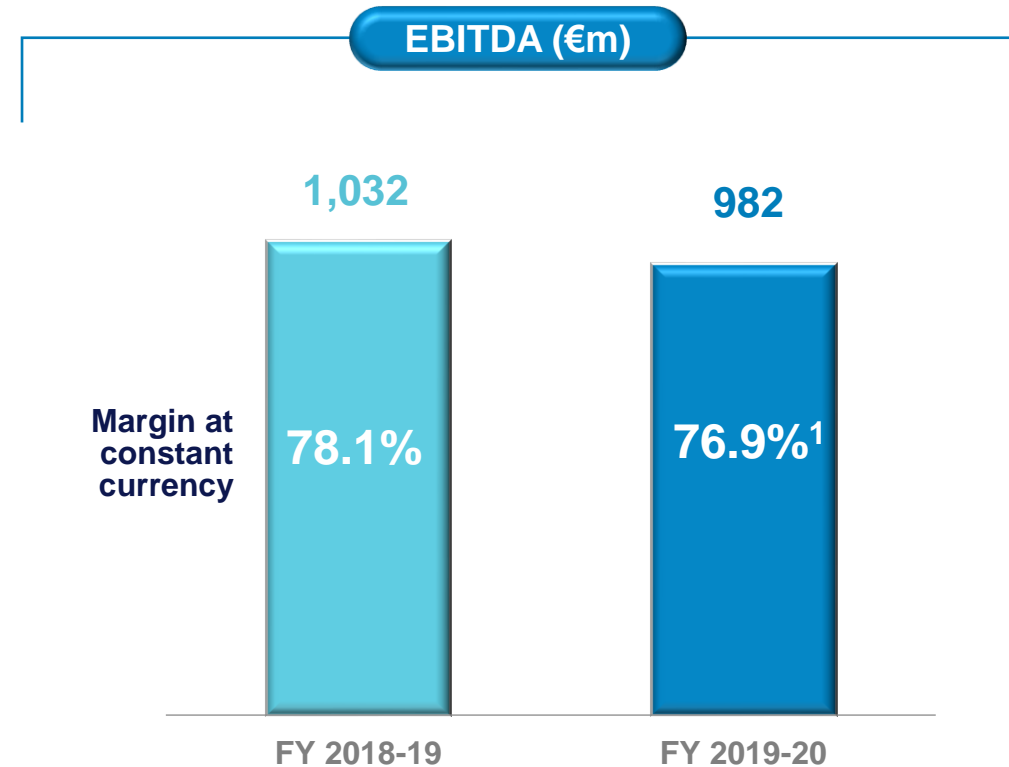
- Lower revenues
- Higher costs for Broadband activity
- Higher Bad Debt reflecting challenging cash collection

▶ **Remains high, albeit below record level achieved in FY 19**

- Ongoing rigorous cost control
- Start of LEAP 2 programme

▶ **Follows three consecutive years of increase**

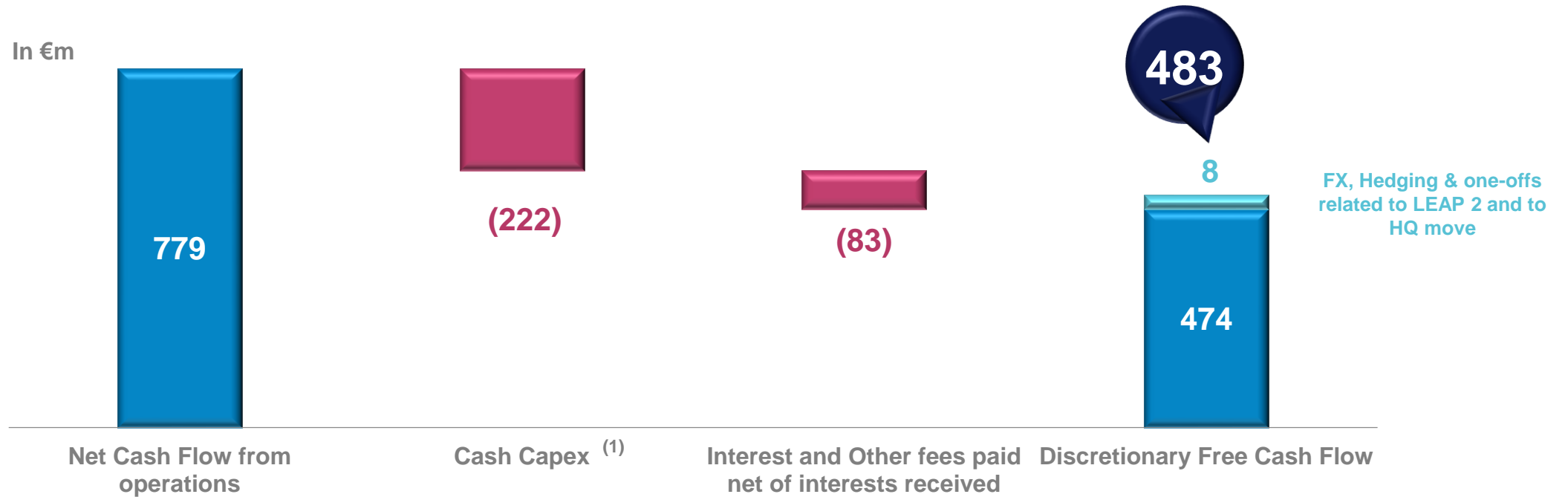
- EBITDA margin up from 76.2% in FY 16 to 78.1% in FY 19



# NET INCOME

Extracts from the consolidated income statement in €m <sup>1</sup>	FY 2018-19	FY 2019-20	CHANGE	
Revenues	1,321	1,278	-3.2%	
EBITDA <sup>2</sup>	1,032	982	-4.9%	
Operating income	526	487	-7.4%	<ul style="list-style-type: none"> <li>▶ Slightly higher D&amp;A on the back of new capacity</li> <li>▶ E5WB insurance indemnity</li> <li>▶ Impairment of assets</li> </ul>
Financial result	(92)	(81)	-12.0%	<ul style="list-style-type: none"> <li>▶ Positive impact of refinancing of Bonds redeemed in 2019</li> </ul>
Income tax	(76)	(94)	+23.7%	<ul style="list-style-type: none"> <li>▶ Tax Rate of 23% vs 18% last year</li> <li>▶ Negative impact of non-cash variation of Satmex deferred tax assets and liabilities</li> </ul>
Group share of net income	340	298	-12.6%	<ul style="list-style-type: none"> <li>▶ Net margin of 23% versus 26% last year</li> </ul>

# DISCRETIONARY FREE CASH FLOW



Change as per financial objectives

+26

Reported change

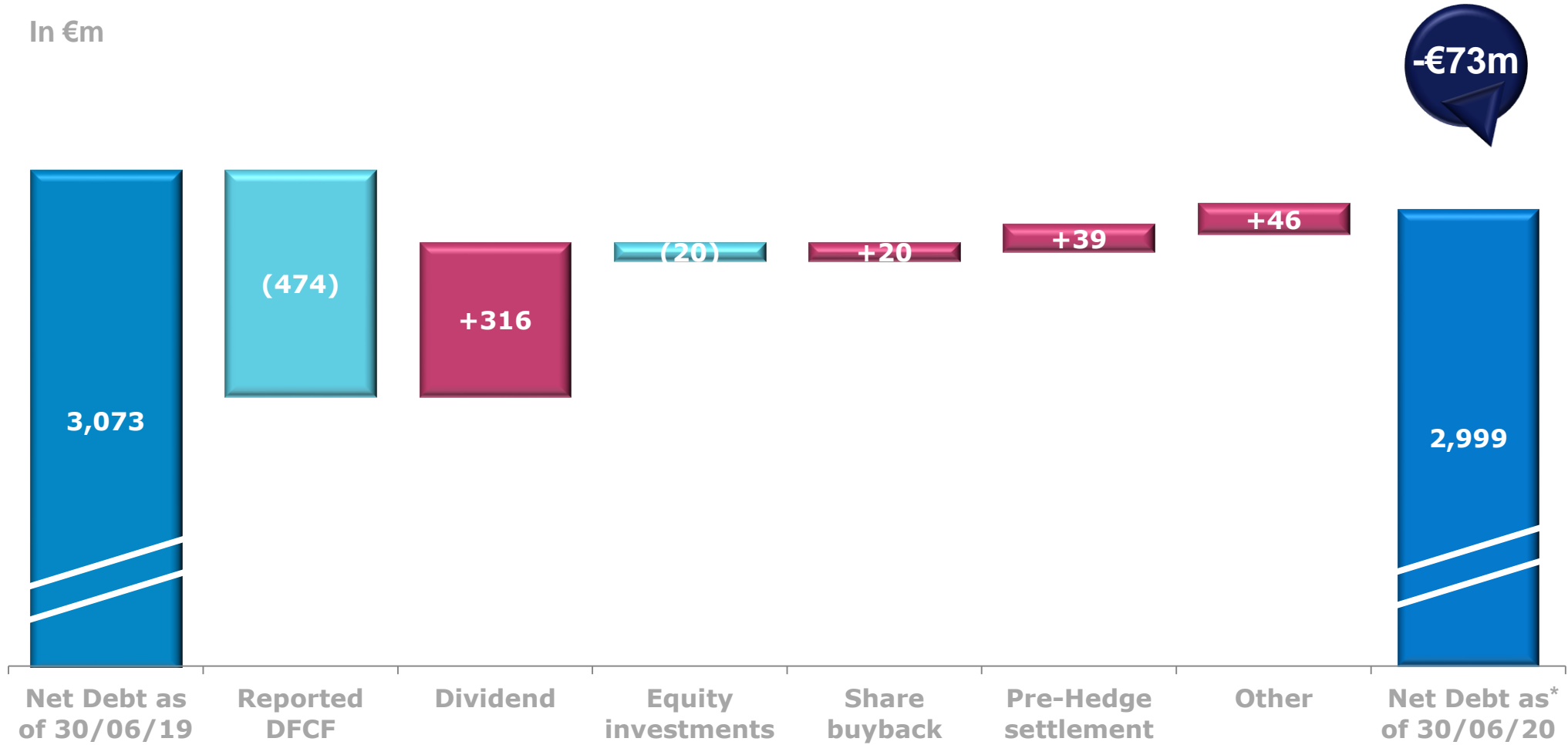
(69)

+102

+34

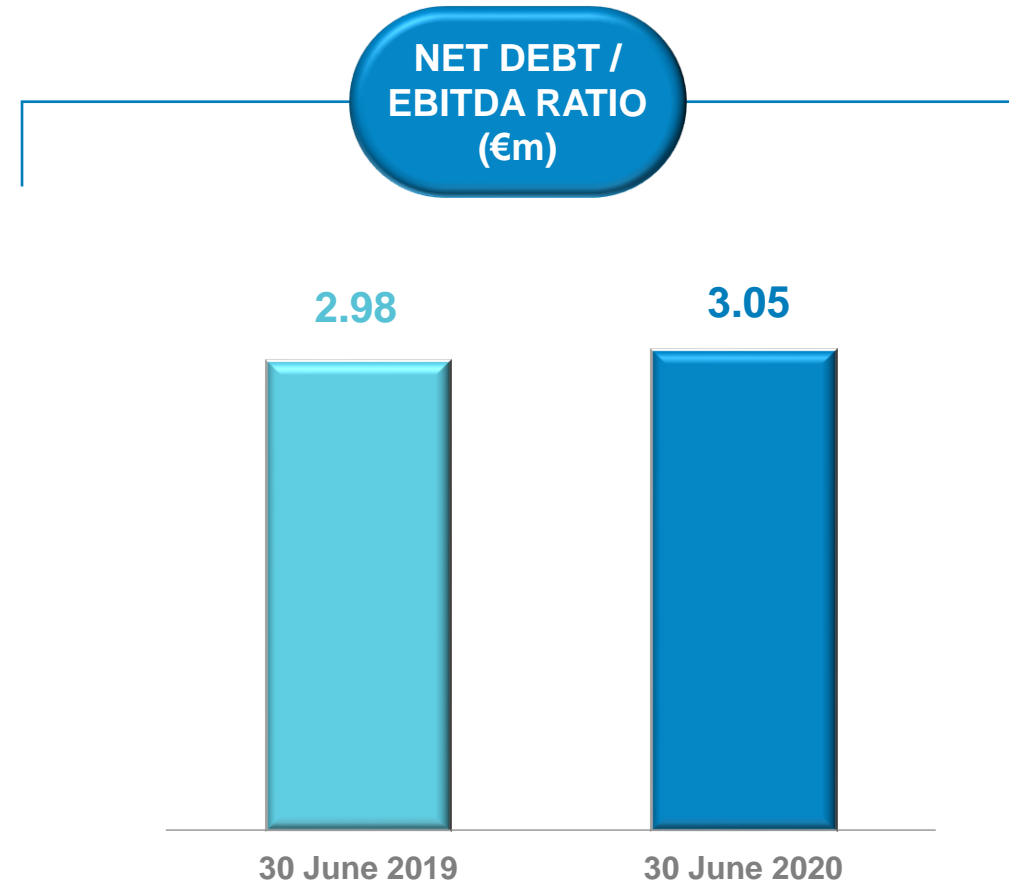
+67

# FURTHER DECREASE IN NET DEBT



# FINANCIAL STRUCTURE

- ▶ **Net Debt/EBITDA ratio of 3.05x**
  - vs. 2.98x as of 30 June 2019
- ▶ **Average cost of debt after hedging reduced to 2.4%**
  - Vs. 2.6% in FY 19 and 2.9% in FY 18
- ▶ **Average weighted maturity of 3.4 years**
  - vs 3.6 y at 30 Jun 2019 and 2.2 y at 30 June 2018
- ▶ **Strong liquidity**
  - Cash and undrawn credit lines of > €1.2bn
- ▶ **Investment grade ratings confirmed post-Covid**



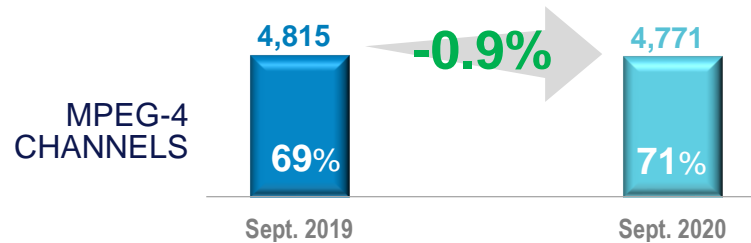
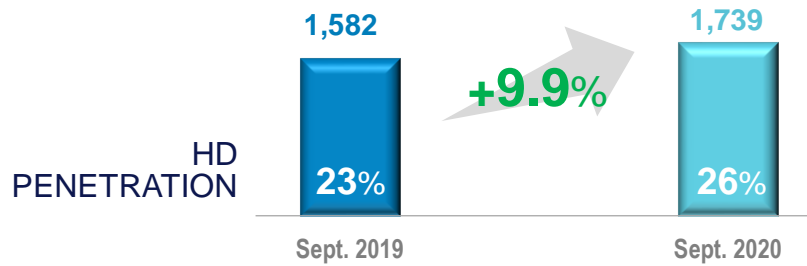
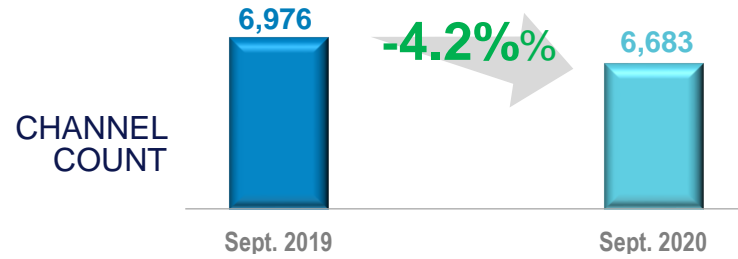
# 5. APPENDIX

5.1 2019-2020 full year financials

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**5.2 Miscellaneous**

# CHANNEL COUNT



- Lower line up at 5°W following E5WA end of life in stable orbit
- Decrease in Sky Italia line-up
- Negative impact of “technical” events (dual illumination, contribution)
- Double-digit growth in HD
- HD line-ups progressing at all major orbital slots
- 26% penetration
- MPEG-4 penetration more advanced than HD

**Mbps consumption stable**



## 'LEAP 2' COST SAVINGS PROGRAM

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Objective of €20 to 25m savings by FY 22 confirmed

Multiple measures addressing mainly staff costs

- ▶ Reduction of c.100 in headcount outside of France
- ▶ Global hiring freeze in the legacy businesses
- ▶ Austerity measures within France
  - Including a global compensation freeze over three years

Savings destined to support deployment in Connectivity while preserving the EBITDA margin

Project was presented to relevant staff representative bodies



# TESTING MARKET TRACTION IN IOT TO ADD A FUTURE GROWTH LEVER TO CONNECTIVITY

## SIGNIFICANT MARKET OPPORTUNITY

### Strong growth in demand

- ▶ Connected objects to represent 10s of billions of units by 2030

### Diverse applications

- ▶ Agriculture, Oil & Gas and Industry / logistics offering

### Insufficiency of terrestrial networks

- ▶ Coverage of just 15% of the Earth and 50% of the land

Satellite an ideal complement providing ubiquitous coverage

## ELO: AN UNMATCHED VALUE PROPOSITION

### Nano-satellite constellation offering global coverage

### Low latency at full-speed

- ▶ Less than 1h to receive emitted message

### Compelling commercial offer

- ▶ A few \$s per chipset; single-digit price per annum

### Strategic partnership with market leader, Sigfox

Seamless integration with terrestrial networks

## COMPELLING RISK / RETURN PROFILE

### Fully scalable






- ▶ First batch of four commercial satellites in FY 2020-21 with extension subject to test outcomes
- ▶ Up to 25 sats in service by end-22 to provide viable commercial proposition

### Limited cost

- ▶ Capex: <€1m / sat
- ▶ Opex: Mid-single digit €m per annum at full speed
- ▶ Already included in our capex envelope

Low risk given Opex/Capex flexibility

# SIGNIFICANT PROGRESS ON ALL COMPONENTS OF CASH GENERATION SINCE FY 16

Item	Achievement	Status	
<b>Cash Capex</b>	Guidance reduced from €500m to €400m	<b>Delivered</b>	
<b>Opex</b>	LEAP 1 program generated €32m savings in FY 19. LEAP 2 targeting a further €20-25m by FY 22	<b>In Progress</b>	
<b>Cash interest</b>	> €60m savings through bond refinancing	<b>Delivered</b>	
<b>Asset Disposals</b>	> €600m asset sold at a ~9x average EBITDA multiple	<b>Delivered</b>	
<b>Corporate tax</b>	Reduction of >€70m in tax burden after change in French Finance law	<b>Delivered</b>	

# ROBUST ASSET DISPOSAL PROGRAM

H2 2016

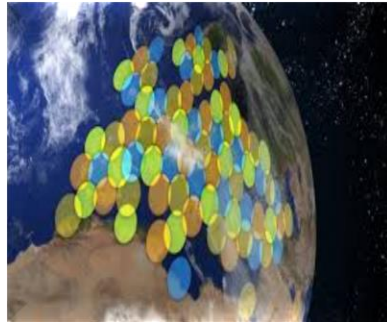
Wins/DHI



€60m

H2 2016

49% of European  
Broadband



€132m

H2 2016

34% stake in  
Hispasat

hispasat

€302m

H2 2016

Interest  
in EUTELSAT 25B



€135m

> €600m asset sold in two years at  
a ~9x average EBITDA multiple

# KONNECT AFRICA TO CONNECT THOUSANDS OF SCHOOLS IN DRC

MoU to provide high speed connectivity to 3,600 schools in DRC as part of Schoolap project

Access to a digital platform of high quality teaching materials provided by local partners

Scope to expand in the future

- ▶ > 20,000 rural schools in DRC
- ▶ Potential expansion to other countries

Highlights opportunity of government needs in e-education, e-agriculture, e-administration...



**WE** **konn**ect It's that simple.

Strong potential of government-backed digital inclusion programs in SSA

# MOBILE CONNECTIVITY: CURRENT & FUTURE RESOURCES

## CURRENT RESOURCES

### KA-SAT

- ▶ Several contracts signed using capacity on KA-SAT over Europe



### EUTELSAT 172B HTS payload

- ▶ Capacity fully sold to 2 major customers on a long-term basis



### WIDEBEAM CAPACITY

- ▶ Contracts with prominent service providers in Maritime and In-Flight connectivity



## FUTURE RESOURCES

### KONNECT VHTS

- ▶ Unrivalled Cost/Gbps to serve the fixed broadband and mobility applications
- ▶ Significant distribution commitments with Thales



Expected to be launched in H2 2021

### EUTELSAT 10B

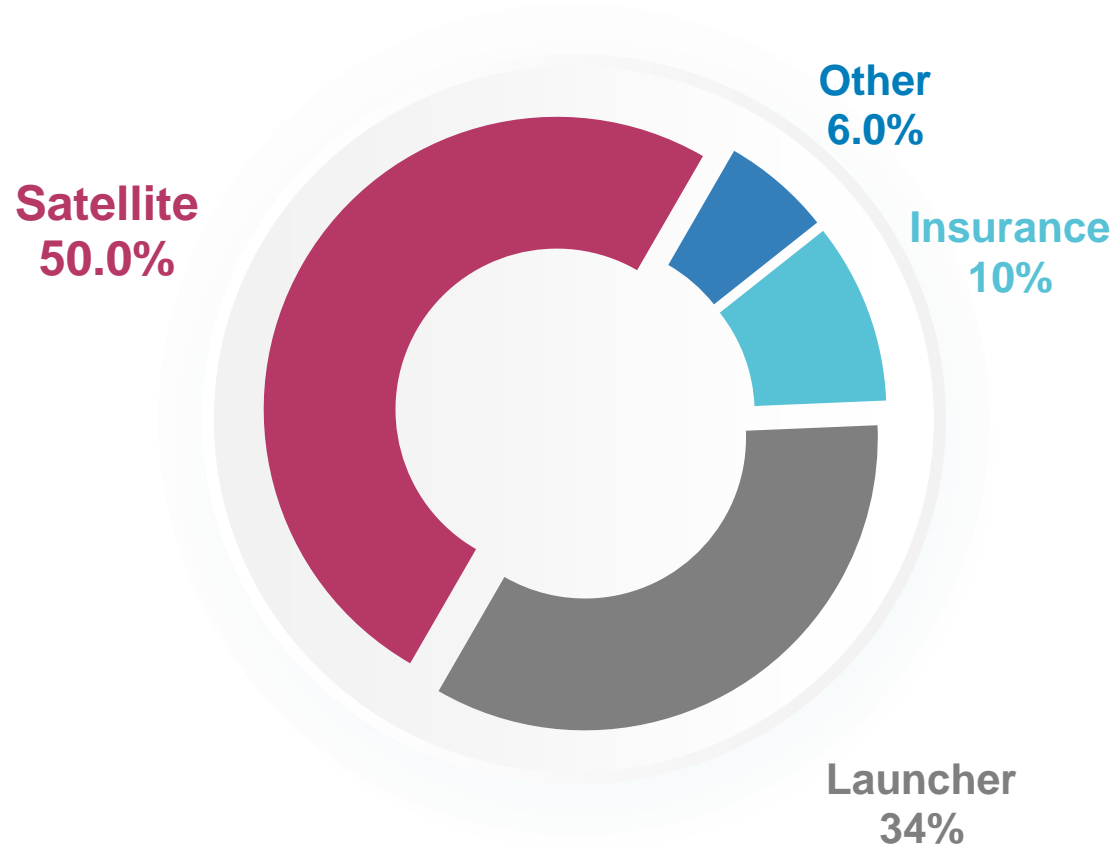
- ▶ HTS payloads providing optimal mix of throughput and coverage at competitive cost
- ▶ Firm multi-year pre-commitments with major providers



Expected to be launched in 2022

# SATELLITE PROGRAMME CAPEX PROFILE

## BREAKDOWN OF CAPEX



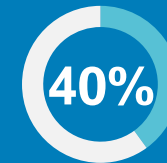
## TYPICAL TIMING OF CAPEX PAYMENTS



YEAR 1



YEAR 2



YEAR 3

Capex generally split equally over three years prior to launch

Insurance paid in year three



# HOTBIRD CONSTELLATION REPLACEMENT SHOWCASING EFFECTIVENESS OF OUR DESIGN-TO-COST POLICY

## COMPELLING PROCUREMENT TERMS

Two large satellites replace three for the same number of operational transponders

Improved match of coverage with customer requirements

Electrical propulsion enabling larger satellites for a given mass

Increased in-orbit life

**GREATER VALUE EXTRACTED  
FROM OUR CORE VIDEO BUSINESS**

## ENHANCED QUALITY OF SERVICE

Improved wide-beam performance

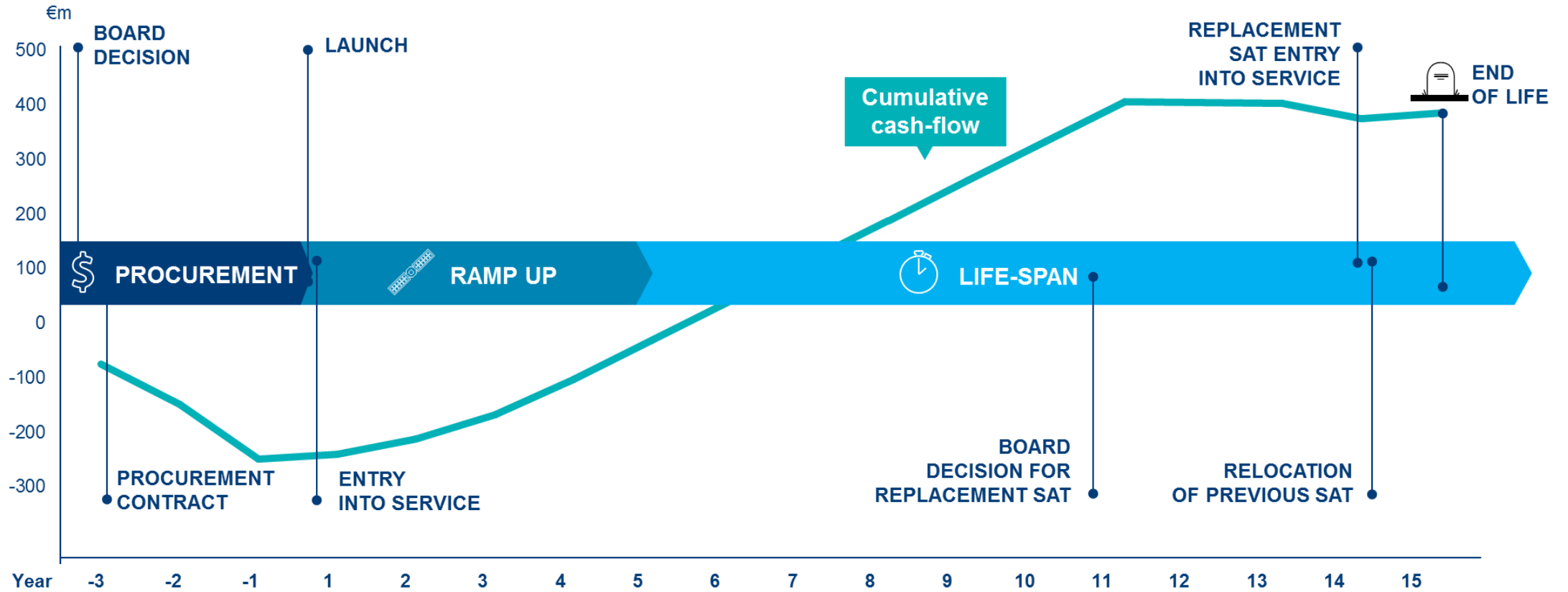
Additional high-power superbeam

Incremental anti-jamming features

High level of restorability

**ENHANCED SERVICE LEVELS  
DELIVERED WITH SIGNIFICANT CAPEX  
SAVINGS**

# SATELLITE ECONOMIC MODEL<sup>1</sup>: REGULAR CAPACITY





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