

This is a 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.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Eutelsat S.A.

Year ended June 30, 2018

Statutory Auditors' report on the consolidated financial statements

MAZARS
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. à directoire et conseil de surveillance
au capital de € 8.320.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNS & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Eutelsat S.A.

Year ended June 30, 2018

Statutory Auditors' report on the consolidated financial statements

To the Annual General Meeting of Eutelsat S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Eutelsat S.A. for the financial year ended June 30, 2018.

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 June 30, 2018 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.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from July 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

1. Valuation of fixed assets and useful lives of satellites

Risk identified

As at June 30, 2018, the Group's fixed assets amounted to € 5.5 billion, compared to a total balance sheet of € 6.6 billion. These fixed assets consist mainly of goodwill and customer contracts and associated relationships accounted for in the context of business combinations, satellites in orbit or under construction, as well as ground equipment.

We considered that the valuation of these assets and the determination of the depreciation period of satellites in orbit are key audit matters due to (i) their significant contribution in the Group's financial statements, (ii) the estimates necessary to determine the expected useful life of the satellites and the operating cash flow horizon based on technical assessments, (iii) the judgment required to determine the cash-generating units, and (iv) the estimates and assumptions used to determine their recoverable value, most often based on discounted cash flow forecasts whose achievement is inherently uncertain.

Our response

Notes 4.4, 4.5, 4.6, 4.7 and 5 of the Notes to the consolidated financial statements describe the depreciation methods for customer contracts and associated relationships and in-orbit satellites, as well as the methodology applied to perform impairment tests.

We considered the work performed by the Group to determine the useful life of the satellites and the consistency of the useful lives used with the available technical data.

We also examined the procedures for implementing these impairment tests, in particular the determination of the cash-generating units and the methods of estimating recoverable values. Particular attention was paid to cash-generating units for which the carrying value is close to the estimated recoverable amount, to those with a limited performance history given the recent nature of satellite launches, and to those impacted by volatile economic environments.

We also assessed the main estimates used by Management to prepare cash flow forecasts based on available information, including market prospects, order books and past performances. Finally, we assessed the relevance of the discount rates used, with the assistance of our financial valuation experts, and carried out sensitivity tests.

2. Revenue recognition and allowance for bad debt

Risk identified

As at June 30, 2018, the Group revenues amounted to € 1.4 billion and trade receivables recorded in the Group's balance sheet amounted to € 0.3 billion. The Group deals with multiple customers in France and abroad. Revenues consists mainly of contractual income linked to the allocation of satellite capacity on the basis of contractual conditions. The contracts generally cover periods ranging from several months to several years. Revenues for contracts are recognized according to the methods described in Note 4.12 to the consolidated financial statements. The customers are mainly international telecommunication operators, broadcasters and other users of commercial satellite communications.

We considered that revenue recognition and the determination of allowance for bad debt are key audit matters due to their significant contribution in the Group's financial statements, the diversity and volume of contracts between the Group and its clients, and the judgment required to assess the recoverability of trade receivables throughout the duration of the contracts.

Our response

Our audit approach related to revenue recognition and allowance for trade receivables includes both internal control and substantive procedures on the accounts themselves.

Our work on internal control focused mainly on the contracting, billing, collection and accounting of revenue. We examined the procedures implemented by the Group and tested the identified key controls. Our work also included the assessment by our IT specialists of certain application controls on the data integrated in the system and used to recognize revenues.

Our substantive procedures, related to revenue and to allowance for bad debt, notably consisted in:

- analyzing the contractual clauses on a sample of contracts, in particular the most significant new contracts of the period and the specific transactions, in order to analyze the accounting treatment applicable;
- assessing the assumptions used for the revenue recognition and the estimation of the recoverability of receivables;
- examining with Management the reasons for late payment of certain clients and the appropriateness of the associated provisions by considering, among other things, factors such as security deposits, negotiated payment plans, payment history and business relationships between these customers and the Group;
- checking the calculation of the allowance for bad debt and its compliance with the Group's methodology.

3. Provisions for risks and contingent liabilities

Risk identified

The Group's activities are carried out in a complex and constantly changing international regulatory framework, which varies from one country to another and over time, and which applies to areas as diverse as satellite positioning, provision of satellite capacity, taxes or relationships with the Group's stakeholders (customers, suppliers, employees, shareholders, etc.). In this context, the Group's activities may involve risks, or commercial, employee or tax litigation, but also contentious situations.

As set out in Notes 3.5, 4.18 and 29 to the consolidated financial statements, the Group has exercised its judgment on a case-by-case basis in assessing the risks incurred and recorded provisions when it considered probable that an outflow of resources would occur, whose amount could be reliably estimated.

We considered this matter to be a key audit matter due to the amounts involved and the level of judgment required to determine these provisions in multiple and evolving regulatory environments.

Our response

As part of our audit of the consolidated financial statements, our work consisted in:

- assessing the procedures implemented by the Group to identify all risks;
- reading the risk analysis carried out by the Group, the relevant documentation and, if any, the written consultations of the external advisors;
- assessing with the help of our experts, especially tax experts, the main risks identified and examining the assumptions used by Management to estimate the amount of these provisions;
- verifying the information relating to these risks, presented in the notes to the consolidated financial statements.

Verification of the Information pertaining to the Group Presented in the Management Report

As required by the law we have also verified in accordance with professional standards applicable in France, the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Eutelsat S.A. by the Annual General Meetings held on March 22, 2001 for ERNST & YOUNG Audit and on November 9, 2007 for Mazars.

As at June 30, 2018, ERNST & YOUNG et Autres and Mazars were in the eighteenth year and eleventh year of engagement, of which nine years since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control ;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Courbevoie and Paris-La Défense, August 2, 2018

The Statutory Auditors

French original signed by

MAZARS

ERNST & YOUNG Audit

Achour Messas

Pierre-Henri Pagnon