

## EUTELSAT THIRD QUARTER AND NINE MONTH 2014-2015 REVENUES

### In line with objectives

- Third quarter revenues of €368 million up 4.5% like-for-like<sup>1</sup>
- Nine month revenues of €1,090 million up 4.4% like-for-like<sup>1</sup>
- Growing backlog of €6.4 billion, 4.6 years of revenues
- Full-year and three-year financial targets confirmed

Paris, 12 May 2015 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) today reported revenues for the third quarter and nine months ended 31 March 2015.

Reminder: Third quarter and nine month 2013-14 revenues have been restated. Please refer to table in the appendix.

#### Three months to 31 March 2015

In € millions	Q3 2013-14 reported	Q3 2013-14 Restated	Q3 2014-15	Actual change	Change at constant currency
Video Applications	219.7	214.7	<b>225.3</b>	+4.9%	<b>+3.3%</b>
Data Services	54.1	50.6	<b>58.1</b>	+14.7%	<b>+4.8%</b>
Value-Added Services	20.5	20.5	<b>23.4</b>	+14.0%	<b>+13.4%</b>
Government Services	40.2	44.0	<b>49.5</b>	+12.5%	<b>-0.5%</b>
Other revenues	7.8	7.8	<b>11.4</b>	ns	<b>ns</b>
<b>Sub-total</b>	<b>342.3</b>	<b>337.7</b>	<b>367.7</b>	<b>+8.9%</b>	<b>+4.5%</b>
Non-recurring revenues	-	-	-	-	-
<b>Total</b>	<b>342.3</b>	<b>337.7</b>	<b>367.7</b>	<b>+8.9%</b>	<b>+4.5%</b>
EUR/USD exchange rate	1.368		1.197		

#### Nine months to 31 March 2015

In € millions	9m 2013-14 reported	9m 2013-14 restated	9m 2014-15	Actual change	Change at constant currency
Video Applications	650.2	650.6	<b>677.7</b>	+4.2%	<b>+3.4%</b>
Data Services	137.9	156.7	<b>165.5</b>	+5.6%	<b>+1.3%</b>
Value-Added Services	63.7	63.7	<b>74.8</b>	+17.4%	<b>+17.0%</b>
Government Services	113.8	131.4	<b>141.7</b>	+7.8%	<b>+1.8%</b>
Other revenues	23.6	22.4	<b>30.8</b>	ns	<b>ns</b>
<b>Sub-total</b>	<b>989.3</b>	<b>1 024.8</b>	<b>1 090.5</b>	<b>+6.4%</b>	<b>+4.4%</b>
Non-recurring revenues	0.5	0.5	-	ns	<b>ns</b>
<b>Total</b>	<b>989.8</b>	<b>1 025.3</b>	<b>1 090.5</b>	<b>+6.4%</b>	<b>+4.4%</b>
EUR/USD exchange rate	1.355		1.272		

Commenting on the Third Quarter, Michel de Rosen, Chairman and CEO, said: “Eutelsat’s third quarter revenues were in line with objectives, with like-for-like growth of 4.5%. With growth of 4.4% for the first nine months, we are on track to deliver on our full-year objective. This quarter saw the refinancing of part of our debt, which will lead to lower interest charges. It was also marked by the successful launch of EUTELSAT 115 West B, the first commercial fully-electric satellite, which will bring new capacity to our Americas footprint.”

<sup>1</sup> At constant currency and perimeter, excluding non-recurring revenues.

Total revenues for the **nine-month** period ending 31 March 2015 stood at €1,090.5 million, up 4.4% on a pro-forma basis at constant currency and excluding non-recurring revenues. The appreciation of the dollar relative to the euro added two points to top-line growth, particularly represented in Government Services and to a lesser extent in Data Services.

**Third quarter revenues** stood at €367.7 million, up 4.5% on a pro-forma basis at constant currency and excluding non-recurring revenues. The impact of the appreciation of the dollar was even more marked during the period, adding 4.4 points to top-line growth.

The quarter saw the successful launch of **EUTELSAT 115 West B**, the first commercial all-electric satellite. The Group also concluded the early refinancing of an €800 million bank **term loan** which will extend its debt maturity and reduce financial charges by circa €15 million<sup>2</sup> before tax on an annualised basis.

In the context of the current economic environment in Russia, Eutelsat entered into discussions with its Russian clients with the aim of alleviating some contract terms. These discussions have been partially completed. The impact on third quarter revenues was of around 1 million euros. For fiscal year 2014-2015, the impact is estimated at less than five million euros. For FY 2015-16, the additional impact is estimated in the region of 12 to 15 million euros.

### THIRD QUARTER REVENUE ANALYSIS<sup>3</sup> BY APPLICATION

#### VIDEO APPLICATIONS (63% of revenues)

Third quarter revenues from **Video Applications** were up 3.3% like-for-like to €225.3 million. This mainly reflected the entry into service of the Express-AT1 satellite in May 2014, the good performance of Eutelsat Americas and higher revenues at 28° East in Europe, 7/8° West in the Middle East and North Africa and 16° East in Sub-Saharan Africa and Central Europe. These more than offset lower revenues at the HOT BIRD position following the non-renewal of contracts with some service providers in the first half.

Recent contracts include the long-term extension of capacity agreements on EUTELSAT 16A with United Group, the leading TV and broadband service provider in South Eastern Europe, additional capacity booked by Azam TV at 7° East for its pay-TV operations in East Africa, and a new contract with Strong Media for broadcasting in West Africa from 16° East. Televisa Networks also renewed and increased capacity on satellites commercialised by Eutelsat Americas.

At 31 March 2015, the total number of channels broadcast by Eutelsat satellites stood at 5,747, up 10.3% year-on-year. HDTV penetration continued to increase, representing 11.7% of channels compared to 10.0% a year earlier. A total of 672 channels were broadcast in high definition across Eutelsat's fleet at the end of the third quarter, up from 522 a year earlier.

#### DATA SERVICES (16% of revenues)

**Data Services** third quarter revenues stood at €58.1 million, up 4.8% year-on-year on a like-for-like basis. Growth was driven by Latin America thanks to both regular capacity and the HTS payload on EUTELSAT 3B used to provide broadband services in Brazil, and by the ramp-up of regular capacity on EUTELSAT 3B in other regions. As in previous quarters, the data environment remains challenging in EMEA.

On a quarterly sequential basis, the underlying trend continues to show signs of stability.

#### VALUE-ADDED SERVICES (7% of revenues)

**Value-Added Services** third quarter revenues amounted to €23.4 million, up 13.4% year-on-year. Uptake on KA-SAT continued, with 180,000 broadband terminals activated at 31 March 2015, up from 140,000 a year earlier. The slower quarter-on-quarter growth of the customer base mainly reflects the loading of certain beams covering France, Ireland and the UK.

The sequential decline in third quarter revenues reflected a negative one-off in the maritime mobility business.

<sup>2</sup> Excluding arrangement fees and hedging instruments

<sup>3</sup> i) Unless otherwise stated, all revenue growth rates are expressed in comparison with restated figures for the third quarter of the previous fiscal year ended 31 March 2014, are at constant currency and exclude non-recurring revenues. Please refer to the appendix for more detail; ii) the share of each application as a percentage of total revenues is calculated excluding "other revenues" and "non-recurring revenues".

## GOVERNMENT SERVICES (14% of revenues)

Third quarter revenues from **Government Services** stood at €49.5 million, down 0.5% on a like-for-like basis. They benefited from the full-quarter effect of the contract signed last year with the Afghan ministry of Telecommunications for capacity on EUTELSAT 48D as well as the good performance of Eutelsat Americas. However, new contracts failed to offset the impact of non-renewals in the last 12 months.

The outcome of third quarter 2014-2015 contract renewals with the US administration was comparable to that of the first half at circa 90%. However, competitive pressure resulting from the impact of troop withdrawals and ongoing budgetary constraints is strong, and visibility is limited. The outcomes of recent contract renewals should therefore not be extrapolated for future renewals.

## OTHER AND NON-RECURRING REVENUES

**Other revenues**<sup>4</sup> amounted to €11.4 million in the third quarter compared with €7.8 million last year and notably included revenues related to the agreements with SES at 28.5° East.

There were no **non-recurring revenues** in the third quarter.

## OPERATIONAL AND LEASED TRANSPONDERS

The number of operational transponders at 31 March 2015 was up by 58 year-on-year to 1,035, reflecting mainly the entry into service of Express-AT1, Express-AT2 and EUTELSAT 3B. The fill rate stood at 76.6% compared to 77.0% a year earlier. The slight increase of fill rate compared to the end of December 2014 reflected mainly the ramp-up of new capacity on EUTELSAT 3B.

	31 March 2014	31 December 2014	31 March 2015
Number of operational transponders <sup>5</sup>	977	1,033	<b>1,035</b>
Number of leased transponders <sup>6</sup>	752	788	<b>793</b>
Fill rate	77.0%	76.3%	<b>76.6%</b>

**Note:** KA-SAT's 82 spot beams as well as EUTELSAT 3B's 5 Ka-band spot beams are considered transponder equivalents. KA-SAT's fill rate is considered to be at 100% when 70% of the capacity is taken up.

## ORDER BACKLOG

The order backlog<sup>7</sup> stood at €6.4 billion at 31 March 2015, up by 11% year-on-year. It was equivalent to 4.6 times 2013-2014 revenues. Video Applications represented 84% of the backlog.

The backlog increased by 5% compared with end-December. The integration of the renewal for capacity by nc+ at the HOT BIRD position and the extension of agreements with United Group at 16° East more than offset backlog consumption.

	31 March 2014	31 December 2014	31 March 2015
Value of contracts (in billions of euros)	5.8	6.1	<b>6.4</b>
<i>In years of annual revenues based on last fiscal year</i>	4.2	4.4 <sup>8</sup>	<b>4.6<sup>8</sup></b>
Share of Video Applications	87%	84%	<b>84%</b>

<sup>4</sup> 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 recognition of EUR/USD foreign exchange gains/losses, the provision of various services or consulting/engineering fees as well as termination fees.

<sup>5</sup> Number of transponders on satellites in stable orbit, back-up capacity excluded.

<sup>6</sup> Number of transponders leased on satellites in stable orbit.

<sup>7</sup> The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.

<sup>8</sup> Based on proforma revenues for fiscal year 2013-2014.

## OUTLOOK

Based on the performance of the first nine months, Eutelsat remains on track to meet its full year objective of growth of around 4% at constant currency, excluding non-recurring revenues and on a pro-forma basis<sup>9</sup>. The EBITDA margin remains targeted at above 76.5%.

Our objective of average revenue growth of above 5% for the two year period from July 2015 to June 2017 is also confirmed, subject to the final outcome of Russian contract renegotiations, no significant deterioration in government services and adherence to our nominal deployment plan. Growth over this period will however be back-end loaded, as fiscal year 2015-2016 will reflect the launch delay of EUTELSAT 9B as well as the impact of Russian renegotiations.

All other targets published in July 2014 are also confirmed.

## FLEET DEPLOYMENT PROGRAMME

EUTELSAT 16B was de-orbited in February 2015.

On 1 March 2015, EUTELSAT 115 West B was launched by a Falcon 9 rocket operated by SpaceX. Currently in the in-orbit raising phase, it is expected to enter into service in the fourth quarter of calendar year 2015 and will extend reach of the Americas to markets in Alaska and Canada. Several transponders have already been pre-commercialised, notably to Hunter Communications Canada.

In May 2015, Eutelsat concluded a lease at 53° East for five transponders on RSCC's Express-AM6 satellite to replace the existing lease for 12 transponders on SESAT 2 covering Europe, MENA and Central Asia. This capacity is operated under the name EUTELSAT 53A.

The upcoming launch schedule is indicated below. Compared to the update given on 12 February 2015, the launch of EUTELSAT 9B is now expected in the third quarter of calendar year 2015 (versus second or third quarter previously).

### Estimated launch schedule

Satellite <sup>1</sup>	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Transponders
EUTELSAT 9B	9° East	Q3 2015	Video	Europe	50 Ku
EUTELSAT 8 West B	7°/8° West	Q3 2015	Video, Data	Middle East, Africa, South America	40 Ku / 10 C
EUTELSAT 36C <sup>(2)</sup>	36° East	Q4 2015	Video, Data, Broadband	Russia, Sub-Saharan Africa	Up to 52 Ku / 18 Ka-band spotbeams
EUTELSAT 117 West B	116.8 ° West	Q4 2015	Video, Data, Government Services	Latin America	40 Ku
EUTELSAT 65 West A	65° West	Q2 2016	Video, Data, Broadband	Latin America	24 Ku, 10 C, up to 24 Ka-band spotbeams
EUTELSAT 172B	172° East	H1 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS spotbeams

<sup>1</sup> Chemical propulsion satellites generally enter into service 1 to 2 months after launch. Of the electric propulsion satellites, EUTELSAT 117 West B will take 7-9 months after launch to enter into service, and EUTELSAT 172B circa 4 months.  
<sup>2</sup> Partnership with RSCC

<sup>9</sup> Based on pro-forma revenues of €1,377 million excluding non-recurring revenues for FY 2013-2014 (see note in the appendix for more details).

### Third quarter 2014-2015 revenues conference call

A conference call will be held on **Tuesday, 12 May 2015 at 6:30pm CET / 5.30pm GMT / 12:30 EST**

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

- France: +33 (0)1 76 77 22 23
- UK: +44(0) 20 3427 1913
- United States: +1 212 444 0412

Access code: **1518696#**

Instant replay number will be available from 12 May, 08.30 to May 18, midnight CET:

- France: +33 (0)1 74 20 28 00
- UK: + 44 (0) 20 3427 0598
- United States: + 1 347 366 9565

Access code: **1518696#**

### Financial calendar

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

- 30 July 2015: Full year 2014-2015 earnings

#### About Eutelsat Communications:

Established in 1977, Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) is one of the world's leading and most experienced operators of communications satellites. The company provides capacity on 34 satellites to clients that include broadcasters and broadcasting associations, pay-TV operators, video, data and Internet service providers, enterprises and government agencies. Eutelsat's satellites provide ubiquitous coverage of Europe, the Middle East, Africa, Asia-Pacific and the Americas, enabling video, data, broadband and government communications to be established irrespective of a user's location. Headquartered in Paris, with offices and teleports around the globe, Eutelsat represents a workforce of 1,000 men and women from 32 countries who are experts in their fields and work with clients to deliver the highest quality of service. [www.eutelsat.com](http://www.eutelsat.com)

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## APPENDICES

### Quarterly reported revenues by business application

In millions of euros	3 months ended					
	31/12/2013 reported	31/03/2014 reported	30/06/2014 reported	30/09/2014 reported	31/12/2014 reported	31/03/2015 reported
Video Applications	213.5	220.3	226.4	227.6	224.8	225.3
Data Services	40.6	52.5	53.4	51.2	56.2	58.1
Value-Added Services	20.1	20.5	25.0	26.3	25.1	23.4
Government Services	36.7	41.1	43.1	44.5	47.7	49.5
Other revenues	12.8	7.8	10.3	8.0	11.4	11.4
<b>Sub-total</b>	<b>323.7</b>	<b>342.3</b>	<b>358.2</b>	<b>357.6</b>	<b>365.3</b>	<b>367.7</b>
Non-recurring revenues	0.2	-	-	-	-	-
<b>Total</b>	<b>323.9</b>	<b>342.3</b>	<b>358.2</b>	<b>357.6</b>	<b>365.3</b>	<b>367.7</b>

### Quarterly restated revenues by business application

As of first quarter 2014-2015, published revenues take account of changes in perimeter (acquisition of Satmex, disposal of KabelKiosk) as well as several reclassifications between the various applications in order to better reflect the final usage of the capacity.

The table below shows restated revenues using the same basis as financial year 2014-2015:

In millions of euros	3 months ended					
	31/12/2013 restated	31/03/2014 restated	30/06/2014 restated	30/09/2014 reported	31/12/2014 reported	31/03/2015 reported
Video Applications	215.2	214.7	221.7	227.6	224.8	225.3
Data Services	52.0	50.6	52.5	51.2	56.2	58.1
Value-Added Services	20.1	20.5	25.0	26.3	25.1	23.4
Government Services	43.8	44.0	43.2	44.5	47.7	49.5
Other revenues	11.9	7.8	10.0	8.0	11.4	11.4
<b>Sub-total</b>	<b>343.0</b>	<b>337.7</b>	<b>352.5</b>	<b>357.6</b>	<b>365.3</b>	<b>367.7</b>
Non-recurring revenues	0.2	-	-	-	-	-
<b>Total</b>	<b>343.2</b>	<b>337.7</b>	<b>352.5</b>	<b>357.6</b>	<b>365.3</b>	<b>367.7</b>

### 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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