

FIRST QUARTER 2018-19 REVENUES

- **First Quarter revenues of the Operating Verticals of €334 million, down 1.8% like-for-like**
- **Backlog of €4.7 billion, up 3% versus end-June**
- **Successful bond refinancing and non-core asset disposal underpinning cash generation**
- **Full Year revenue objective slightly adjusted to 'broadly stable' following below-expectation outturn of Fall renewal campaign with the U.S. Government**
- **All other objectives confirmed for FY 2018-19 and subsequent years**

Paris, 30 October 2018 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) reports revenues for the First Quarter ended 30 September 2018.

In € millions	Q1 2017-18 reported	Q1 2017-18 proforma ¹	Q1 2018-19	Like-for-like change ²
Video Applications	223.3	217.9	217.2	-1.7%
Government Services	41.1	41.1	42.4	+4.2%
Fixed Data	37.1	37.2	33.3	-12.1%
Fixed Broadband	22.3	22.0	20.4	-7.3%
Mobile Connectivity	18.6	18.6	20.6	+10.9%
Total Operating Verticals	342.3	336.8	334.0	-1.8%
Other Revenues ³	6.8	6.6	1.2	n.a
Total revenues	349.1	343.5	335.1	-2.7%
EUR/USD exchange rate	1.16	1.16	1.16	

NOTE: IFRS 15 and IFRS 16 have been adopted in the Group's consolidated financial statements for the financial year beginning 1 July 2018.

Rodolphe Belmer, Chief Executive Officer, commented: *"The underlying performance of the five operating verticals is globally in line with our expectations at this stage of the year, where the revenue profile is back-end loaded due to the ramp of African Broadband and the China Unicom contract in the Second Half. Core Broadcast revenues were stable, while Mobile Connectivity saw further double-digit growth. Recent months have seen the successful refinancing of our January 2019 bond, securing significant future savings in financial costs, and the disposal of our non-core interest in EUTELSAT 25B. On the commercial front, we are rolling out the Konnect Africa broadband service in several countries. In video, the launch of the hybrid satellite-OTT turnkey delivery solution, Eutelsat CIRRUS, is an important step in the integration of satellite into the IP ecosystem, generating long-term additional revenue opportunities. Elsewhere, we are participating with the other major satellite operators in the C-Band Alliance consortium, designed to facilitate the clearing of U.S. mid-band spectrum for 5G.*

The unexpectedly low outturn of the Fall Renewal campaign in Government Services, due predominantly to a one-off contract loss, while not representative of the underlying trend in this vertical, is a meaningful headwind for revenue development in the current year. In consequence, we are adjusting our Full Year revenue objective for the operating verticals to 'broadly stable' versus 'slight growth' previously, with growth to resume in the Second Half. This slight topline revision has no impact on the fundamentals of our business and our ability to attain our other financial objectives, notably EBITDA margin and discretionary free cashflow, which are all confirmed. We remain focused on successfully delivering on our commitments on cashflow maximisation, deleveraging and shareholder remuneration, while preparing for the return to growth driven by connectivity."

¹ Proforma revenues reflecting the disposal of EUTELSAT 25B and the impact of IFRS 15. Please refer to the appendix for more detail.

² At constant currency, perimeter and accounting standards. The variation is calculated as follows: i) Q1 2018-19 USD revenues are converted at Q1 2017-18 rates; ii) Q1 2017-18 revenues are restated from the disposal of Eutelsat's interest in Eutelsat 25B and from the impact of IFRS 15 standards; iii) Q1 2018-19 revenues are restated from the net contribution of Noorsat.

³ 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.

KEY EVENTS

Since the start of FY 2018-19, Eutelsat has taken further measures to maximise cash generation, continuing the strong progress of the past couple of years:

- The successful issue of an €800 million 2.0 percent Eurobond with a 7-year maturity enabling the full redemption of the outstanding bonds bearing a 5.0 per cent coupon maturing in January 2019. This transaction will further reduce pre-tax cash interest by some €24 million on an annualized basis from FY 2019-20, while also extending the debt maturity profile.
- The disposal of its interest in a non-core asset, EUTELSAT 25B, to its co-owner, Es'hailSat, for a cash consideration of €135 million.
- Further progress on the implementation of our capex optimization strategy with:
 - The replacement of the HOTBIRD constellation negotiated at highly compelling terms;
 - And the signature of a long-term service agreement with Arianespace covering five launches until 2027, providing cost-effective, assured access to space with schedule flexibility.

At the same time it laid further foundations for its return to growth with:

- The launch of Eutelsat CIRRUS, a hybrid satellite-OTT turnkey delivery solution which will enable broadcasters to offer a flexible, seamless content experience across multiple screens, and representing a further step in the integration of satellite into the IP ecosystems. Eutelsat CIRRUS will allow enhancing end-viewer experience and generating additional revenue opportunities.
- The entry into service of the capacity leased on the Al-Yah 3 satellite enabling the progressive commercial launch of the Konnect Africa broadband service in several countries.

Elsewhere, Eutelsat participated, together with other major satellite operators, in the creation of the C-Band Alliance, a consortium designed to facilitate the clearing of U.S. mid-band spectrum for 5G, while protecting content distribution and data networks.

The outcome of the Fall renewal round with the US Department of Defence was unexpectedly low, at 70%. It stems mainly the loss of a single large contract with a specific distributor, and is not reflective of the underlying trend in this vertical. However it represents a meaningful headwind to our overall revenue profile for the current year, and in consequence we are adjusting our objective from 'slight growth' to 'broadly stable'.

All other elements of the outlook, including EBITDA margin and discretionary free-cash-flow, for the current and subsequent years are confirmed.

FIRST QUARTER REVENUES⁴

Revenues for **the First Quarter** stood at €335.1 million. Year-on-year they were down by 2.7% on a like-for-like basis, at constant accounting standards and excluding a positive perimeter effect (impact of the acquisition of Noorsat largely offset by the disposal of Eutelsat's interest in EUTELSAT 25B).

Revenues of the five Operating Verticals were down by 1.8% on a like-for-like basis.

Quarter-on-quarter, revenues of the five Operating Verticals were down by 1.0% like-for-like. Total revenues were down by 9.4%, reflecting the differential in 'Other Revenues'.

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

Core businesses

Video Applications (65% of revenues)

First Quarter revenues amounted to €217.2 million, down 1.7% year-on-year. This reflected in particular a high-single-digit decline in Professional Video. Excluding the impact of a lower contribution from FRANSAT, Broadcast revenues were stable.

On a quarter-on-quarter basis, revenues were down by 0.7%.

⁴ The share of each application as a percentage of total revenues is calculated excluding "other revenues".

At 30 September 2018, the total number of channels broadcast by Eutelsat satellites stood at 6,999, up 3.6% year-on-year. The number of HD channels stood at 1,419 versus 1,210 a year earlier, up by 17% and represented 20.3% of channels compared to 17.9% a year earlier.

On the commercial front, a multiyear contract was signed with Orange Slovensko for capacity on EUTELSAT 16A. This contract illustrates the pertinence of satellite solutions for telecom operators to seeking to extend the reach of their offers beyond the reach of terrestrial networks.

Thanks to this contract and other business opportunities in the pipeline close to materialization, trends in Broadcast are expected to improve in the coming quarters.

Government Services (13% of revenues)

First Quarter revenues stood at €42.4 million, up 4.2% year-on-year, reflecting the carry-forward effect of the renewal campaigns of FY 2017-18 with the US Department of Defense and the incremental business secured at the 174°East orbital position.

Revenues were up by 1.4% quarter-on-quarter.

The latest round of contract renewals with the US Government (Fall 2018) resulted in an estimated renewal rate of circa 70% in value. This low outcome does not reflect current market trends but is principally due to the non-renewal of a single sizeable contract with a specific service provider.

Fixed Data (10% of revenues)

First Quarter revenues stood at €33.3 million, down 12.1% year-on-year. They continued to reflect the ongoing pricing pressure and highly competitive environment in this application, in particular in Latin America.

Quarter-on-quarter revenues were down by 5.7%.

Connectivity

Fixed Broadband (6% of revenues)

First Quarter revenues stood at €20.4 million, down 7.3% year-on-year. This performance reflected lower revenues for European Broadband in a context of scarcity of available capacity in Western Europe and the expiry of a contract with a Middle-Eastern customer for one spotbeam on EUTELSAT 3B which has been re-contracted to Taqnia in the Mobile Connectivity vertical.

Quarter-on-quarter, revenues were down by 2.7%.

Yahsat's Al Yah 3 capacity began operations at the end of the first quarter and commercial service of the Konnect Africa broadband service is being progressively rolled out, with eight countries active at the end of October. Revenues are expected to ramp in the second half of the year on the back of strong unmet demand.

Mobile Connectivity (6% of revenues)

First Quarter revenues stood at €20.6 million, up 10.9% year-on-year, reflecting the positive impact of the new contract with Taqnia at 3°East and 70°East, the carry-over effect of the entry into service of EUTELSAT 172B at end-November 2017 with the contract with Panasonic for a portion of the HTS payload, and the ongoing ramp up of capacity contracts on KA-SAT.

Revenues were up by 1.9% quarter-on-quarter.

This application will further benefit from the start of the UnicomAirNet contract on EUTELSAT 172B in January 2019.

Other Revenues

Other Revenues amounted to €1.2 million in the First Quarter versus €6.6 million a year earlier and €33.9 million in the Fourth Quarter last year. The lumpiness of this line means the quarterly performance cannot be extrapolated as representative of the full year.

OPERATIONAL AND UTILISED TRANSPONDERS

The number of operational 36 MHz-equivalent transponders stood at 1,416 at 30 September 2018, up by 42 units compared with end-September 2017, reflecting principally the entry into service of EUTELSAT 172B at end-November 2017 and the subsequent relocation of EUTELSAT 172A to 174°East. It is down by 11 units versus end-June 2018 reflecting the disposal of EUTELSAT 25B.

The number of utilized transponders was up by 36 units year-on-year and five units quarter-on-quarter, the main contributor to quarterly growth being the ramp-up of EUTELSAT 174A.

As a result, the fill rate stood at 69.0% at end-September 2018 up from 68.4% a year earlier and 68.1% at end June 2018.

	30 Sep 2017	30 Jun 2018	30 Sep2018
Number of operational 36 MHz-equivalent transponders ⁵	1,374	1,427	1,416
Number of utilized 36 MHz-equivalent transponders ⁶	940	971	976
Fill rate	68.4%	68.1%	69.0%

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

BACKLOG

The backlog⁷ stood at €4.7 billion at 30 September 2018, versus €5.2 billion at end September 2017, and €4.6 billion at end-June 2018. The year-on-year decrease is due to the impact of the integration of Noorsat (-€0.4 billion). The quarter-on-quarter increase reflects notably the inclusion in the backlog of future revenues related to firm commitments from Orange and Thales on KONNECT VHTS which more than offset the perimeter effect related to the disposal of EUTELSAT 25B and the slightly negative impact of change in accounting standards.

The backlog was equivalent to 3.4 times 2017-18 revenues, with Video representing 77%.

	30 Sep 2017	30 Jun 2018	30 Sep2018
Value of contracts (in billions of euros)	5.2	4.6	4.7
<i>In years of annual revenues based on last fiscal year</i>	3.5	3.2	3.4
Share of Video Applications	86%	83%	77%

OUTLOOK

The underlying trend of the five Operating Verticals is broadly in line with our expectations at this stage of the year. The second half of the current fiscal year will benefit from the ramp-up of Konnect Africa (fixed broadband) and the contract with China Unicom on EUTELSAT 172B (mobile connectivity).

However, the unexpectedly low outturn of the Fall Renewal campaign in Government Services, due principally to a one-off contract loss, makes the objective of a return to slight organic revenue growth in FY 2018-19 for the operating verticals challenging. We are therefore adjusting our revenues expectation⁸ to 'broadly stable' for the current year, with a return to slight growth from FY 2019-20.

All other elements of the financial outlook are confirmed:

- The **EBITDA margin** (at constant currency) is expected above 78% from FY 2018-19, taking into account the impact of IFRS 15 and IFRS 16 accounting standards.
- Our estimated **Cash Capex**⁹ spend is expected at an average of €400 million¹⁰ 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 2017¹¹ to June 2020 (at constant currency and excluding the impact of the disposal of interest in EUTELSAT 25B).
- 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**.

⁵ Number of 36 MHz-equivalent transponders on satellites in stable orbit, back-up capacity excluded.

⁶ Number of 36 MHz-equivalent transponders utilized on satellites in stable orbit.

⁷ The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.

⁸ Revenues for the Operating Verticals (excluding Other revenues) at constant currency, perimeter and accounting standards. Proforma revenues for the five operating verticals stood at €1,330 million in FY 2017-18, excluding the contribution of EUTELSAT 25B from August 2017 and restated from the impact of IFRS 15 standards.

⁹ Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

¹⁰ Including impact of new IFRS 16 accounting standard.

¹¹ Net cash-flow from operating activities – Cash Capex – Interest and Other fees paid net of interest received.

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

FLEET DEVELOPMENTS

Nominal launch 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	Q1 2019	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5° West	Q1 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	H2 2019	Connectivity	Africa Europe	65 spot beams	75 Gbps	75 Gbps
KONNECT VHTS	To be confirmed	2021	Connectivity Government Services	Europe	~230 spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT HOTBIRD 13G	13° East	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.»

Changes in the fleet in the first quarter

- Eutelsat sold its interest in the EUTELSAT 25B satellite to the co-owner of the satellite, Es'hailSat.
- The Al Yah 3 satellite started operations.
- EUTELSAT 33C was relocated at 133°West and renamed EUTELSAT 133 WEST A.

GOVERNANCE

The Board of 31 July 2018 proposed, amongst others, the following resolutions to be submitted to the vote of shareholders present at the Annual General Meeting of 8 November 2018:

- Approval of the accounts;
- Dividend relating to Financial Year 2017-2018;
- Renewal of the mandates of Ross McInnes and Bpifrance Participations;
- Compensation of corporate officers and compensation policy.

First Quarter 2018-19 revenues conference call

A conference call will be held on **Tuesday, 30 October 2018** at **18.30 CET / 17.30 GMT / 13:30 EST**

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

- France: +33 (0) 1 76 77 22 88
- UK: +44 (0) 330 336 9127
- United States: +1 646 828 8193

Access code: **3001588#**

Instant replay will be available from 30 October, 22.00 CET to 6 November, 23.00 CET 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: **3001588#**

APPENDICES

Quarterly revenues by application

Reported Revenues

The table below shows quarterly reported revenues.

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

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 new IFRS 15 standards.

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