Eutelsat Communications Group

“Société anonyme” with a capital of 230,544,995 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	30 June 2019	30 June 2020
Revenues from operations	6.1	**1,321.1**	**1,278.3**
Operating costs	6.2	(90.6)	(89.7)
Selling, general and administrative expenses	6.2	(198.0)	(206.7)
Depreciation expense	7.1.1, 7.1.2, 7.1.3	(518.8)	(530.9)
Other operating income and expenses	6.3	12.5	36.1
Operating income		**526.1**	**487.2**
Cost of net debt		(86.5)	(71.8)
Other financial items		(4.9)	(8.7)
Financial result	**6.4**	**(91.5)**	**(80.5)**
Income from associates	6.5	(1.3)	-
Net income before tax		**433.4**	**406.7**
Income tax	6.6	(76.3)	(94.4)
Net income		**357.0**	**312.2**
Attributable to the Group		340.4	297.6
Attributable to non-controlling interests		16.6	14.6
Basic and diluted earnings per share attributable to Eutelsat Communications shareholders (1)	**6.7**	1.463	1.283

(1) There were no dilutive instruments as of 30 June 2019 and 30 June 2020.

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2019	30 June 2020
Net income		**357.0**	**312.2**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	7.5.4	6.5	(41.4)
Tax effect		11.2	11.9
Changes in fair value of hedging instruments (1)	7.5.3	(14.4)	9.9
Tax effect		(17.8)	(0.4)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		(22.4)	14.4
Tax effect		5.8	(3.8)
Total of other items of gain or loss on comprehensive income		**(31.2)**	**(9.3)**
Total comprehensive income		**325.9**	**302.9**
Attributable to the Group		310.4	288.6
Attributable to non-controlling interests (2)		15.5	14.3

(1) The changes in the fair value of hedging instruments concern only cash-flow hedges. Net foreign investment hedges are recorded as translation adjustments.

(2) The portion attributable to non-controlling interests breaks down as follows:
- *A net result of 16.6 million euros as of 30 June 2019 and 14.6 million euros as of 30 June 2020*
- *Other recyclable items of gain or loss on comprehensive income of (0.5) million euros as of 30 June 2019 and (0.7) million euros as of 30 June 2020; and*
- *Other non-recyclable items of gain or loss on comprehensive income of (0.6) million euros as of 30 June 2018 and 0.4 million euros as of 30 June 2020.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2019	30 June 2020
Assets			
Goodwill	7.1.1	1,206.1	1,209.2
Intangible assets	7.1.1	575.5	514.8
Tangible assets and construction in progress	7.1.2	3,881.4	3,856.7
Right of use in respect of leases	7.1.3	657.9	556.3
Non-current financial assets	7.3.3	13.6	32.8
Non-current assets associated with customer contracts and costs to obtain and fulfill contracts	7.2	59.1	74.9
Deferred tax assets	7.7	2.7	36.3
Total non-current assets		**6,396.3**	**6,280.9**
Inventories		3.9	6.7
Accounts receivable	7.2.1	284.7	334.8
Current assets associated with customer contracts and costs to obtain and fulfill contracts	7.2	20.0	17.1
Other current assets		25.5	43.5
Current tax receivable		22.4	42.5
Current financial assets	7.3.3	83.4	23.6
Cash and cash equivalents	7.3.1	1,455.4	832.0
Total current assets		**1,895.3**	**1,300.2**
Total assets		**8,291.6**	**7,581.1**

(in millions of euros)	Note	30 June 2019	30 June 2020
Liabilities			
Share capital	7.5.1	232.8	230.5
Additional paid-in capital		738.1	718.1
Reserves and retained earnings		1,710.1	1,711.1
Non-controlling interests		186.4	144.8
Total shareholders' equity		**2,867.4**	**2,804.6**
Non-current financial debt	7.3.2	2,873.1	2,505.8
Non-current lease liabilities	7.3.3	507.2	418.7
Other non-current financial liabilities	7.3.3	60.8	85.6
Non-current payables to fixed asset suppliers		7.7	5.9
Non-current liabilities associated with customer contracts	7.2.3	129.0	120.6
Non-current provisions	7.6	130.8	106.6
Deferred tax liabilities	7.7	229.1	264.2
Total non-current liabilities		**3,937.7**	**3,507.5**
Current financial debt	7.3.2	986.0	858.1
Current lease liabilities	7.3.3	75.1	74.7
Other current payables and financial liabilities	7.3.3	230.8	111.9
Accounts payable		61.7	73.3
Current payables to fixed asset suppliers		55.0	45.0
Tax payable		2.5	22.8
Current liabilities associated with customer contracts	7.2.3	59.5	66.9
Current provisions	7.6	16.0	16.5
Total current liabilities		**1,486.6**	**1,269.0**
Total liabilities and shareholders' equity		**8,291.6**	**7,581.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2019	30 June 2020
Cash flow from operating activities			
Net income		357.0	312.2
Income from equity investments	6.5	1.3	-
Tax and interest expenses, other operating items		145.9	63.3
Depreciation, amortisation and provisions		552.3	573.4
Deferred taxes	7.7	(36.6)	8.0
Changes in accounts receivable		(1.1)	(72.4)
Changes in assets held under customer contracts and other assets		(9.9)	(17.5)
Changes in accounts payable		3.3	10.7
Changes in liabilities associated with customer contracts and other liabilities		(27.9)	(12.8)
Taxes paid		(136.2)	(85.9)
Net cash flows from operating activities		**848.2**	**779.0**
Cash flow from investing activities			
Acquisitions of satellites, other property and equipment, and intangible assets	7.1.1, 7.1.2	(210.8)	(220.3)
Insurance repayments	2.1	-	85.6
Sales (1)		67.8	67.5
Acquisition of equity investments and other movements (2)		(0.3)	(12.5)
Net cash flows from investing activities		**(143.3)**	**(79.7)**
Cash flow from financing activities			
Distributions		(310.5)	(315.7)
Increase in borrowings	7.3.2	1,400.0	300.0
Repayment of borrowings	7.3.2	(823.7)	(953.7)
Repayment of lease liabilities	7.3.3	(88.7)	(63.0)
Loan set-up fees		(12.6)	(1.2)
Interest and other fees paid		(117.2)	(83.2)
Purchase of own shares		-	(20.0)
Transactions relating to non-controlling interests (2)	2.4	-	(35.0)
Premiums and termination indemnities on derivatives settled		(32.9)	(151.3)
Other changes		(0.4)	-
Net cash flow from financing activities		**14.0**	**(1,323.1)**
Impact of exchange rate on cash and cash equivalents		3.0	0.6
Increase/(Decrease) in cash and cash equivalents		**721.9**	**(623.4)**
Cash and cash equivalents, beginning of period		**733.5**	**1,455.4**
Cash and cash equivalents, end of period		**1,455.4**	**832.0**
Including Cash and cash equivalents, end of period	*7.3.1*	*1,455.4*	*832.0*
Including Overdrafts included under debt, end of period		-	-

(1) Sales included the two payments of 67.5 million euros made in August 2018 and August 2019 following the divestment of the E25B satellite to its co-owner Es'Hailsat for 135 million euros.

(2) As of 30 June 2020, the acquisitions of equity investments include the 10 million euros payment linked to the acquisition of an equity interest in Broadpeak. See Note 2.5 "Acquisition of an equity interest in Broadpeak".

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros, except share data)	Share capital			Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid in capital				
As of 30 June 2018	**232,774,635**	**232.8**	**738.1**	**1,695.1**	**2,665.9**	**181.4**	**2,847.5**
Net income for the period	-	-	-	340.4	340.4	16.6	357.0
Other items of gain or loss In comprehensive income	-	-	-	(30.0)	(30.0)	(1.1)	(31.2)
Total comprehensive income	-	-	-	**310.4**	**310.4**	**15.5**	**325.8**
Treasury stocks	-	-	-	(0.1)	(0,1)	-	(0.1)
Dividend distributions	-	-	-	(295.3)	(295.3)	(15.3)	(310.6)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.4	0.4	-	0.4
Transactions with non-controlling interests and others	-	-	-	(0.6)	(0.6)	5.1	4.4
As of 30 June 2019	**232,774,635**	**232.8**	**738.1**	**1,709.9**	**2,680.7**	**186.7**	**2,867.4**
Net income for the period	-	-	-	297.6	297.6	14.6	312.2
Other items of gain or loss In comprehensive income (1)	-	-	-	(9.0)	(9.0)	(0.3)	(9.3)
Total comprehensive income	-	-	-	**288.6**	**288.6**	**14.3**	**302.9**
Transactions impacting the share capital	(2,229,640)	(2.2)	(20.1)	0.6	(21.7)	-	(21.7)
Dividend distributions	-	-	-	(295.2)	(295.2)	(20.6)	(315.8)
Transactions with non-controlling interests and others (2)	-	-	-	7.0	7.1	(35.4)	(28.2)
As of 30 June 2020	**230,544,995**	**230.5**	**718.0**	**1,711.1**	**2,659.8**	**144.8**	**2,804.6**

(1) The changes in other items of gain or loss on comprehensive income are detailed in Note 7.5.3 "Change in the revaluation surplus of derivative instruments",and Note 7.5.4 "Translation reserve".
(2) The transactions relating to non-controlling interests as of 30 June 2020 mainly relate to the purchase of minority equity interests in the companies Eutelsat International and Eutelsat Networks. See Note 2.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. GENERAL OVERVIEW

1.1 BUSINESS

With capacity operated on 39 satellites, the Group is an industry leader in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services, and capacity in Connectivity applications (Fixed Broadband and Mobile Connectivity), which have strong growth potential. Through its satellite fleet, the Group is able to serve the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa, a significant proportion of the Asian continents and the Americas.

1.2 FINANCIAL YEAR

The financial year runs for a period of 12 months from 1 July to 30 June.

1.3 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements as of 30 June 2020 have been established under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2020. They will be submitted for approval to the Ordinary General Meeting of Shareholders taking place on 5 November 2020.

Note 2. KEY EVENTS DURING THE FINANCIAL PERIOD

2.1 MALFUNCTION ON THE EUTELSAT 5 WEST B SATELLITE

The EUTELSAT 5 West B satellite was successfully launched on 10 October 2019. On 24 October 2019, the Group announced that a malfunction had taken place on one of the satellite's two solar arrays, confirming the loss of the south solar array on 17 January 2020. The attendant power loss means that c.45% of the satellite's capacity can be operated. The satellite entered commercial service on 21 January 2020. EUTELSAT 5 West B is fully insured against the eventuality of a partial or total loss under a "launch-plus-one-year" insurance policy. An insurance payment of 92.2 million euros corresponding to the total loss was thus recognised in other operating income during the financial year ended 30 June 2020, of which 85.6 million euros recognised in investing flows was paid in June 2020 with the balance having been received in July 2020. All of the costs incurred in this malfunction have been recorded in other operating expenses in the financial statements for the financial year ended 30 June 2020.

2.2 LAUNCH OF THE KONNECT SATELLITE

The KONNECT EUTELSAT satellite was successfully launched on 16 January 2020. EUTELSAT KONNECT will assure the full or partial coverage of 40 countries across Africa and 15 in Europe, enabling the delivery of fixed broadband services. It will operate at full capacity as of early 2021.

2.3 C-BAND

On 3 March 2020, the Federal Communications Commission (FCC - US communications regulator) issued a federal decision confirming the release of spectrum in the 3.7-4 GHz range across the US territory (CONUS continental US) currently used by satellite operators. By way of an auction procedure, this spectrum will then be reallocated for use by 5G telephony services. The FCC also proposed an incentive payment to satellite operators currently occupying this spectrum if they vacate it according to an accelerated calendar. If the entire relevant spectrum is vacated by 5 December 2023, this decision would enable the group to receive a maximum of 507 million US dollars. Nearly all the transition costs linked to the reallocation of this spectrum will be reimbursed. The annual consolidated financial statements ended 30 June 2020 are not affected by this decision.

2.4 ACQUISITION OF MINORITY EQUITY INTERESTS IN EUTELSAT NETWORKS AND EUTELSAT INTERNATIONAL

On 30 January 2020, Eutelsat S.A. purchased the 49% minority equity interests in its Eutelsat International and Eutelsat Networks subsidiaries for a consideration of 35 million euros. This transaction includes an earn-out clause payable between September 2020 and September 2023.

2.5 ACQUISITION OF AN EQUITY INTEREST IN BROADPEAK

On 2 July 2019, Eutelsat acquired a near-20% equity interest in Broadpeak, an industry leader in video content delivery solutions. This transaction will enable the two companies to pool their technological resources to expand their respective portfolios of services for telecom operators, media groups and content suppliers, and to develop new solutions enabling the integration of satellite technology into the new 5G generation of mobile networks. Eutelsat's investment, in the form of shares and convertible bonds, represents a consideration of around 10 million euros, booked under non-current financial assets.

2.6 REPERCUSSIONS OF COVID

Group revenues have been adversely affected by the Covid-19 crisis since mid-March, most notably:

- Professional Video, in particular Occasional Use (circa 1% of Group revenues) which is impacted by the postponement or cancellation of sports and other events;

- Mobile Connectivity (6% of Group revenues) which is affected by the Covid-related shrinkage in airline and maritime traffic.

More generally, there has been a more global slowdown in the pace of new business.

In addition, the crisis has had a two-fold impact on the Group's cash generation:

- On the one hand, delays in the collection of trade receivables resulting in a deterioration in the working capital requirement related to these receivables.

- On the other hand, the postponement of certain payments caused by the delays of satellite programmes, the Covid-19 crisis having affected the operations of satellite manufacturers and launchers and the deployment of ground gateways. The launch of EUTELSAT QUANTUM, initially scheduled for the third quarter of calendar year 2020, has been delayed by one quarter and the deployment of the ground gateways supporting the operations of EUTELSAT KONNECT has been partially delayed.

These two effects are more than offset by the Group' s net cash flow level.

The assumptions used for the impairment tests performed on long-term assets, whose results are described in Note 7.1.4, as well as for the valuation of provisions for trade receivables (see Note 7.2.1) have been updated on the basis of the information available to date.

As of 30 June 2020, the Group had cash and cash equivalents and undrawn credit lines for a total amount of over 1.2 billion euros

Finally, the net debt to EBITDA ratio as of 30 June 2020 - as defined in the covenants of the term loan and the structured debt agreements - has been respected as of 30 June 2020 (see Note 7.3.2).

Note 3. SCOPE OF CONSOLIDATION

The consolidated financial statements cover Eutelsat Communications S.A., its subsidiaries and entities over which it directly or indirectly exercises joint control or a significant influence (considered together as the "Group").

ACCOUNTING PRINCIPLES

Subsidiaries are entities over which the Group has direct or indirect control. Control is defined by the power to direct the financial and operational policies generally, but not systematically, combined with a shareholding of more than 50% of the voting rights. The existence and effects of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated under the full consolidation method from the date the Group gains control. They are de-consolidated as of the date on which the Group loses control. The portion of equity ownership that is not directly or indirectly attributable to the Group is booked under non-controlling interests.

The financial statements of entities under joint control are consolidated on an equity basis where these are considered to be joint ventures, and based on the equity percentage of each item on the balance sheet and income statement where they are considered to be joint activities.

The financial statements of associates over which the Group exerts significant influence are consolidated using the equity method. Significant influence is presumed where more than 20% of the shares are held by the Group.

3.1 SCOPE OF CONSOLIDATION

As of 30 June 2020, the list of companies in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control as of 30 June 2020	% interest as of 30 June 2020
Eutelsat Communications S.A (parent company).	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.38%
Eutelsat S.A. Sub-Group				
Eutelsat Broadband Services	France	FC	100.00%	96.38%
Fransat SAS	France	FC	100.00%	96.38%
Eutelsat do Brasil SA (1)	Brazil	FC	100.00%	96.38%
Eutelsat Participatoes (1)	Brazil	FC	100.00%	96.38%
Satmex Holding BV (1)	Netherlands	FC	100.00%	96.38%
Satelites Mexicanos SMVS (1)	Mexico	FC	100.00%	96.38%
EAS Delaware Corp.	USA	FC	100.00%	96.38%
Satelites Mexicanos Administracion SMVS (1)	Mexico	FC	100.00%	96.38%
Satelites Mexicanos Tecnicos SMVS (1)	Mexico	FC	100.00%	96.38%
Satmex US LLC (1)	USA	FC	100.00%	96.38%
Eutelsat Servicos de Telecom. do Brasil Ltd (1)	Brazil	FC	100.00%	96.38%
Eutelsat Latam Corp.	Italy	FC	100.00%	96.38%
Skylogic S.p.A	Italy	FC	100.00%	96.38%
Eutelsat Latin America (1)	Panama	FC	100.00%	96.38%
Eutelsat Russia (1)	Russia	FC	100.00%	96.38%
Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.38%
Eutelsat America Corp.	USA	FC	100.00%	96.38%
Eutelsat Inc.	USA	FC	100.00%	96.38%

Company	Country	Consolidation method	% control as of 30 June 2020	% interest as of 30 June 2020
Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.38%
Eutelsat Polska spZoo	Poland	FC	100.00%	96.38%
Skylogic Finland Oy	Finland	FC	51.00%	49.15%
Skylogic France SAS	France	FC	51.00%	49.15%
Skylogic Germany GmbH	Germany	FC	51.00%	49.15%
Skylogic Mediterraneo S.r.l.	Italy	FC	100.00%	96.38%
Irish Space Gateways	Ireland	FC	51.00%	49.15%
CSG Cyprus Space Gateways	Cyprus	FC	51.00%	49.15%
Skylogic Eurasia	Turkey	FC	51.00%	49.15%
Skylogic Greece	Greece	FC	51.00%	49.15%
Skylogic España S.A.U.	Spain	FC	51.00%	49.15%
Skylogic Croatia d.o.o.	Croatia	FC	51.00%	49.15%
Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.38%
Eutelsat Asia	Singapore	FC	100.00%	96.38%
ES172 LLC	USA	FC	100.00%	96.38%
EA172 UK	United Kingdom	FC	100.00%	96.38%
ES 174E LTD (1)	Cyprus	FC	100.00%	96.38%
Eutelsat Australia PTY Ltd	Australia	FC	100.00%	96.38%
Eutelsat Middle East	Dubai	FC	100.00%	96.38%
Eutelsat International	Cyprus	FC	51.00%	49.15%
Eutelsat Network (1)	Russia	FC	51.00%	49.15%
Taurus Satellite Holding	United Kingdom	FC	100.00%	96.38%
Broadband4Africa Limited	United Kingdom	FC	100.00%	96.38%
Broadband4Africa France SAS	France	FC	100.00%	96.38%
Broadband4Africa Italy S.r.l.	Italy	FC	100.00%	96.38%
Broadband4Africa Israel Ltd	Israel	FC	100.00%	96.38%
Konnect Africa Côte d'Ivoire	Ivory Coast	FC	100.00%	96.38%
Konnect South Africa Ltd	South Africa	FC	100.00%	96.38%
Konnect Africa RDC (1)	Democratic Republic of Congo	FC	100.00%	96.38%
Konnect Broadband Tanzania Limited	Tanzania	FC	100.00%	96.38%
Eurobroadband Infrastructure SARL	Switzerland	FC	51.00%	49.15%
Eurobroadband Services	Italy	FC	51.00%	49.15%
Eutelsat BH D.O.O. SARAJEVO (1)	Bosnia	FC	100.00%	96.38%
Eutelsat Bulgaria (1)	Bulgaria	FC	100.00%	96.38%
Eutelsat MENA FZ-LLC	Dubai	FC	100.0%	96.38%
Noorsat Media City	Cyprus	FC	100.00%	96.38%
Noor Al Sharq	Jordan	FC	100.00%	96.38%
Eutelsat Cyprus Ltd (1)	Cyprus	FC	100.00%	96.38%

FC: Full consolidation method

(1) Companies with financial years ending on 31 December for legal or historical reasons. For the other companies, the financial year ends on 30 June.

3.2 KEY CHANGES IN THE SCOPE OF CONSOLIDATION

3.2.1 Financial year ended 30 June 2020

There were no significant changes to the Group's scope of consolidation during the financial year.

3.2.2 Financial year ended 30 June 2019

On 23 November 2018, Eutelsat S.A. transferred its 49% stake in Eurobroadband Retail to an entity of the Viasat Group, an existing shareholder with a 51% interest (see. Note 6.5 "Investments in Associates"). This divestment had no material impact on the Group's financial statements.

Note 4. ACCOUNTING PRINCIPLES AND VALUATION METHODS

4.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION

The consolidated financial statements as of 30 June 2020 have been established in accordance with IFRS as adopted by the European Union and in force as of that date. The relevant texts are available for consultation on the following website: *http://ec.europa.eu/commission/index_fr*

Since 1 July 2019, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- IFRIC 23 Uncertainty over Income Tax Treatments, which clarifies the determination of taxable profit, tax bases, tax loss carry-forwards, unused tax credits and tax rates when there is uncertainty about a tax treatment,

- The Annual Improvements to IFRS Standards 2015–2017 Cycle

- Amendments to IAS 28 Investments in Associates

- Amendments to IFRS 9 Financial Instruments

- Amendments to IAS 19 Employee Benefits

These new texts had no significant impact on the Group's financial statements.

In addition, the Group early adopted IFRS 16 Leases as of 1 July 2018.

4.2 FINANCIAL REPORTING RULES

4.2.1 Conversion of financial statements and transactions in foreign currencies

The reference currency and the presentation currency used to prepare the financial statements are the euro.

Each subsidiary located outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Balance sheet items are translated into euros using the closing-rate method. Income statement items are converted at the average exchange rate for the period. Balance sheet and income statement translation adjustments arising from exchange rate fluctuations are recorded as translation adjustments under shareholders' equity. The Group does not consolidate any entities whose functional currency is that of a hyperinflationary economy.

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from these transactions and from the translation of monetary assets and liabilities at the closing date exchange rate are shown under the foreign exchange result.

Foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as a translation adjustment within shareholders' equity.

The main foreign currency used is the US dollar. The closing exchange rate used is 1.128 US dollars for 1 euro and the average exchange rate for the period is 1.105 US dollars for 1 euro.

4.2.2 Reporting of current and non-current assets and liabilities

Current assets and liabilities are those that the Group is looking to realise, use or settle during its normal operating cycle, which is less than 12 months. All the others are non-current assets and liabilities.

4.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The establishment of the Group's consolidated financial statements requires the use of estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. The Group's management constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period owing to the attendant uncertainty.

In preparing the financial statements for the period ended 30 June 2020, the management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues, the estimation of provisions and contingent liabilities assessment, the recognition of tax assets and liabilities and the assessment of customer risk.

Note 5. SEGMENT INFORMATION

The Group considers that it only operates in a single operational segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their purpose. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The performance indicators monitored by the CEO, Deputy CEOs and the Chief Financial Officer, who together make up the Group's main operational decision-making body, are as follows:

- Revenues;
- EBITDA, defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense, and the EBITDA profit margin on turnover;
- Cash CAPEX, covering the acquisition of satellites and other tangible or intangible assets, as well as payments in respect of export credit facilities and related to lease liabilities, cash investments are understood to be net of the related insurance income, when applicable.
- Discretionary cash flow, defined as the cash flow from operating activities less cash CAPEX, as well as interest and other financial costs, net of interest income.
- Net debt to EBITDA ratio (see Note 7.3.4 “Net Debt”).

To highlight these performance indicators, for which the main aggregates are nonetheless identical to those included in the Group's consolidated financial statements, the internal reporting uses a presentation of the Group’s consolidated income statement which is based on a different breakdown of items than the one used in the consolidated financial statements The reporting is made in line with the IFRS principles applied by the Group to establish its consolidated financial statements.

Most of the Group’s assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Note 6. NOTES TO THE INCOME STATEMENT

6.1 REVENUES

ACCOUNTING PRINCIPLES

Most of the contracts involve satellite capacity services delivered to distributor-customers (who retail the capacity to end users) and end users (who use the capacity for their own needs). These contracts usually cover periods ranging from several months to several years. Some contracts concern the provision of short-term satellite capacity for occasional use. For all of these contracts, revenues are recognised as control is transferred over the contract period.

Some contracts include variable consideration, such as variable prices or free periods. For such contracts, the Group estimates the value of the consideration to which it will be entitled in return for providing the promised services to the customer, and recognises this under revenues once it is highly likely that the subsequent ascertainment of the variable consideration will not entail a substantial downward adjustment to recorded revenues.

At times, the Group bears marketing (promotion advertising, etc.) or technical expenses (especially antenna purchase and installation) on behalf of some customers. When these costs are not distinct from the service transferred to the customer, they represent the same performance obligation with the service and the consideration payable to the customer is recognized as a reduction in revenue over the duration of the contract. Where the consideration payable to the customer is paid in return for a separate service from the customer, it is recognised under operating expenses.

Some contracts provide for early termination. When these penalties are paid as part of an amendment to a contract that does not concern services not covered by the existing contract and which therefore forms a single performance obligation with the services partially performed at the date of amendment, these penalties are spread over the duration of the re-negotiated contract.

As part of its Fixed Broadband business, the Group sells terminals to its customers in addition to the provision of satellite capacity. If a terminal is specific and capacity can only be used via this equipment, the capacity service and the sale of the terminal form a single performance obligation that is being gradually fulfilled. Revenue from capacity service is recognised over the average duration of the customer relationship and revenue from terminal services over the average duration of equipment use. The costs of purchasing the terminal are spread over the same period as the sale, as part of the cost of fulfilling the contract. The assets and liabilities relating to the deferred purchase and sale of the terminal are presented separately under other assets and liabilities associated with customer contracts. If a terminal is not specific to satellite capacity provided by the Group, it forms a performance obligation that is distinct from the capacity service for which control is transferred to the customer at a given time. The revenue and purchase cost of the equipment are fully recognized at the time of the transfer of control.

6.1.1 Revenues by application

Revenues by application are as follows:

(in millions of euros)	30 June 2019	30 June 2020
Broadcast	790.9	784.6
Data & Professional Video	199.9	175.3
Government Services	161.5	161.1
Fixed Broadband	80.4	76.7
Mobile Connectivity	80.3	78.7
Total operating activities	**1,313.1**	**1,276.3**
Other Revenues	8.0	1.9
Total	**1,321.1**	**1,278.3**
EUR/USD exchange rate	*1.144*	*1.105*

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

6.1.2 Revenues by geographical region

Revenues by geographical region based on the customer billing address are as follows:

(in millions of euros and as a percentage)	30 June 2019		30 June 2020	
Region	Amount	%	Amount	%
France	89.7	6.8	77.9	6.1
Italy	146.9	11.1	141.6	11.1
United Kingdom	75.8	5.7	70.1	5.5
Europe (others)	377.5	28.6	337.0	26.4
Americas	295.3	22.4	273.1	21.4
Middle East	225.4	17.1	251.9	19.7
Africa	93.9	7.1	98.2	7.7
Asia	35.2	2.7	38.2	3.0
Others(1)	(18.6)	(1.4)	(9.7)	(0.8)
Total	**1,321.1**	**100.0**	**1,278.3**	**100.0**

(1) Other revenues include mainly the impact of EUR/USD currency hedging for (10.6) million euros for the financial year ended 30 June 2020 against (19.6) million euros for the financial year ended 30 June 2019.

6.1.3 Backlog

The backlog represents future revenues from capacity allocation or service delivery contracts (including contracts for satellites currently under construction). As of 30 June 2020, it stood at 4.1 billion euros. The secured backlog, excluding revenues subject to early termination clauses, stood at 3.6 billion euros.

6.2 OPERATING EXPENSES

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

6.2.1 Staff costs

The staff costs (including mandatory employee profit-sharing) are as follows:

(in millions of euros)	30 June 2019	30 June 2020
Operating costs	54.8	56.7
Selling, general and administrative expenses	89.5	91.1
Total	**144.3**	**147.9**

Eutelsat S.A. employees benefit from a Group Savings Plan (PEE) funded by voluntary contributions by employees, a Leave Bank (CET) and a three-year profit-sharing agreement based on targets revisable on a yearly basis.

6.2.2 Employee headcount

The Group has 1,014 full time equivalent employees at the balance sheet date of 30 June 2020 compared to 1,001 at the balance sheet date of 30 June 2019.

The average number of full-time equivalent employees during the reporting period is as follows:

	30 June 2019	30 June 2020
Operations	497	499
Selling, general and administrative	510	514
Total	**1,007**	**1,013**

6.2.3 Share-based and similar compensation

ACCOUNTING PRINCIPLES

Share-based payments are measured at fair value at the grant date and are recognised under staff costs over the vesting period of the rights representing the benefit granted, with a corresponding increase in shareholders' equity for equity-settled plans, or in company debts for cash-settled plans. They are revalued at each balance sheet date to take into account changes in vesting assumptions (employee turnover rate, likelihood of meeting performance criteria) and, for cash-settled plans, changes in market conditions (share price).

The Group granted phantom shares to some employees and directors in November 2017, November 2018 and November 2019. Generally, the allocation of these phantom shares is contingent on an attendance requirement and the achievement of performance conditions.

The recognised expense for these plans (excluding employer contributions) stood at 0.7 million euros for the year ended 30 June 2020 versus 1.4 million euros for the year ended 30 June 2019.

The key features of the plan are as follows:

Key features of the plans	November 2017 plan	November 2018 plan	November 2019 plan
Vesting period	July 2017 - June 2020	July 2018 - June 2021	July 2019 -June 2022
Payment method	Cash	Cash	Cash
Maximum number of attributable shares at inception	319,444	323,221	328,804
Number of beneficiaries	287	254	255
Number of shares and performance conditions for the phantom share plans			
Total number of outstanding shares	272,894	307,343	194,081
Performance targets	Revenue, Discretionary Free-Cash-Flow LEAP cost-savings plan and Relative TSR(1)	Revenue, Discretionary Free-Cash-Flow and Relative TSR[(1)]	Revenue, Discretionary Free Cash-Flow and Relative TSR[(1)] and CSR
Fair value of shares at 30 June 2020			
Fair value excluding TSR[(1)]	€9.52	€8.29	€7.20
Fair value after TSR[(1)]	€0.0	€1.42	€1.28
Aggregate valuation of plan as of 30 June 2020 (in millions of euros)[(2)]	1.9	2.1	1.2
Expense for the financial year			
Expense for the financial year ended 30 June 2020 (in million euros) [(2)]	**0.0**	**0.3**	**0.4**

(1) The relative TSR (Total Shareholder Return) measures the Eutelsat share rate of return compared with that of other benchmarks or indexes. This performance requirement only applies to company directors.
(2) Excluding social security charges.

6.3 OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING PRINCIPLES

Other operating income and expenses comprise unusual, abnormal and infrequent income and expense items. They mostly include asset impairment charges, launch failure costs and the related insurance repayments, non-commercial disputes net of costs incurred, restructuring costs, income from asset disposals and the implications of scope changes (acquisition costs and disposal gains/losses).

(in millions of euros)	30 June 2019	30 June 2020
Other operating income	53.6	100.3
Other operating expenses	(41.1)	(64.1)
Total	**12.5**	**36.1**

As of 30 June 2020, "Other operating income" mainly includes the 92.2 million euro insurance repayment in respect of the malfunction on the EUTELSAT 5 West B satellite (see Note 2.3).

The other operating expenses relate to the impairment of assets for 42.2 million euros (see Note 7.1) and the costs incurred on the malfunction of the EUTELSAT 5 West B satellite for 6.5 million euros (see Note 2.3)..

As at 30 June 2019, "Other operating income" mainly included the capital gain on the sale of the Group's share in the EUTELSAT 25B satellite. Other operating expenses mainly included asset impairment charges of 31.6 million euros (see Note 7.1 "Fixed assets") and the capital loss on the disposal of the Group's equity interest in Eurobroadband Retail (see Note 6.5 "Investments in associates)".

6.4 FINANCIAL RESULT

(in millions of euros)	30 June 2019	30 June 2020
Interest expense after hedging	(84.7)	(69.5)
Interest on lease liabilities	(16.4)	(15.8)
Loan set-up fees and commissions	(7.3)	(7.3)
Capitalised interest	19.8	19.9
Cost of gross debt	**(88.7)**	**(72.8)**
Financial income	1.2	0.9
Cost of net debt	**(87.5)**	**(71.8)**
Changes in derivative financial instruments	(1.6)	(0.3)
Foreign-exchange impact	3.3	(4.0)
Others	(5.7)	(4.4)
Financial result	**(91.5)**	**(80.5)**

The interest expense as of 30 June 2019 and 30 June 2020 includes, respectively, 4.8 million euros and 8.4 million euros of expenses related to the exercise and termination of pre-hedging instruments used to secure the interest rate on the October 2018 and June 2019 bond issues.

The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the relevant financial year. The interest rate used to determine the amount of interest expense eligible for capitalisation was 2.42% as of 30 June 2020 versus 2.57% as of 30 June 2019.

Changes in the fair value of derivatives as of 30 June 2020 and 2019 mainly include changes in the fair value of derivatives that are not qualified or no longer qualify for hedge accounting, as well as the ineffective portion of the time value of derivatives that are qualified in a hedging relationship.

6.5 INVESTMENTS IN ASSOCIATES

On 23 November 2018 (see Note 3.2 "Key changes in the scope of consolidation"), the Group sold its equity interest in the company Eurobroadband Retail, which had been equity accounted. Since that date, the Group has no longer owned any investments in associates. This disposal resulted in a 3 million euro loss recorded in the Group's income statement for the financial year ended 30 June 2019 under other operating expenses.

6.6 INCOME TAX

The Group’s income tax expense breaks down as follows:

(in millions of euros)	30 June 2019	30 June 2020
Current tax expense	(112.9)	(86.4)
Deferred tax income (expense)	36.6	(8.0)
Total income tax expense	**(76.3)**	**(94.4)**

The theoretical income tax expense, calculated by applying the standard French corporate tax rate to the pre-tax result (excluding the share of net income from equity investments), can be reconciled to the actual expense as follows:

(in millions of euros)	30 June 2019	30 June 2020
Net income before tax	434.6	406.7
Standard French corporate tax rate	**34.4%**	**34.4%**
Theoretical income-tax expense	**(149.6)**	**(140.0)**
Non-taxable profit	73.7	78.5
Differences in corporate tax rates	8.6	3.2
Use of tax losses	0.6	1.0
Deferred tax generated during the previous period and recognised for the period	-	-
Other permanent differences	(9.5)	(37.0)
Tax expense	**(76.3)**	**(94.4)**
Effective tax rate	**17.6%**	**23.2%**

As of 30 June 2020, the other permanent differences mainly include the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on the subsidiary's deferred tax positions for (18.2) million euros.

As of 30 June 2019, the other permanent differences mainly include the impact of the limitation applied to the deduction of financial expenses for 7.6 million euros and the impact of exchange rate differences and inflation effects recorded by Satellites Mexicanos on the subsidiary's deferred tax positions for (8.6) million euros.

6.7 EARNINGS PER SHARE

ACCOUNTING PRINCIPLES

EPS (earnings per share) are calculated by dividing the net income for the period attributable to shareholders of Eutelsat Communications by the weighted average number of common shares outstanding during the period. Own shares are not considered in determining earnings per share. There are no dilutive instruments that are likely to affect the earnings per share.

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

(in millions of euros)	30 June 2019	30 June 2020
Net income	**357.0**	**312.2**
Income from subsidiaries attributable to non-controlling interests	(16.6)	(14.6)
Net earnings used to compute earnings per share	**340.4**	**297.6**
Average number of shares	**232,480,660**	**231,999,682**

Note 7. NOTES TO THE BALANCE SHEET

7.1 FIXED ASSETS

7.1.1 Goodwill and other intangibles

ACCOUNTING PRINCIPLES

Goodwill

Business combinations are recognised using the purchase accounting method. The consideration transferred in return for control of the acquired entity is measured at fair value and includes contingent consideration, taking into account probability of occurrence. The identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values The costs directly attributable to the acquisition are excluded from the transferred consideration and recognised under "Other operating income and expenses" once they are incurred.

At the acquisition date, non-controlling interests may be computed at their fair value or as a portion of identifiable assets and liabilities of the acquired entity. The option for applying either of these two methods can be exercised on a transaction-by-transaction basis.

At the first consolidation, all assets, liabilities and contingent liabilities of the acquired entity are measured at their fair value. In a takeover by successive acquisitions, the investment previously held is restated at its fair value at the acquisition date, while the ensuing gains or losses are recognised under income.

Goodwill is measured in the functional currency of the acquired entity at the date of the combination at an amount equal to the difference between the aggregate fair value of the consideration paid and the fair value of the identifiable assets acquired and the liabilities assumed. They are tested for impairment at least once a year solely for the Group's operating segment.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are recorded at fair value on the acquisition date. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value. These assets are amortised on a straight-line basis over their economic life, which is estimated on the basis of the average duration of the contractual relationships existing at the date of acquisition of Eutelsat and the expected contract renewal rates.

Other intangibles

Other intangibles are composed of development, licence and orbital rights costs.

Development costs are capitalized and amortized over a period of 3 to 7 years if the Group can demonstrate:

- It has the technical capacity to realise the intangible asset for use or sale;
- It has the intention and capacity to complete the software and use or sell it;
- It has the capacity to use or sell the intangible;
- There is likelihood that the intangible will yield future economic benefits for the Group;
- There are sufficient technical, financial or other resources to realise the intangible;
- It has the capacity to accurately assess the expenses attributable to the intangible during its development phase.

Expenses incurred for research (or during the research phase of an in-house project) are recognised as expenses in Selling, general and administrative expenses once they are incurred.

Orbital rights and licenses are amortized over their useful lives for periods of 13 to 23 years and between 1 to 7 years respectively.

The changes in goodwill and intangible assets over the past two financial years are as follows:

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
Gross value as of 30 June 2018	**1,197.5**	**1,117.2**	**40.8**	**298.5**	**2,654,0**
Acquisitions	-	-	-	13.5	13.5
Transfers	-	-	-	8.2	8.2
Foreign-exchange variation	8.7	5.5	-	1.6	15.8
Disposals and scrapping of assets	-	-	-	(9.9)	(9.9)
Gross value as of 30 June 2019	**1,206.1**	**1,122.7**	**40.8**	**311.9**	**2,681.6**
Acquisitions	-	-	-	20.6	20.6
Transfers	-	-	-	14.9	14.9
Foreign-exchange variation	3.1	2.0	-	0.6	5.6
Disposals and scrapping of assets	-	-	-	(15.0)	(15.0)
Gross value as of 30 June 2020	**1,209.2**	**1,124.7**	**40.8**	**333.0**	**2,707.6**
Depreciation and impairment					
Accumulated amortization as of 30 June 2018	**-**	**(645.5)**	**-**	**(157.4)**	**(802.9)**
Depreciation expense	-	(62.0)	-	(30.6)	(92.6)
Reversals (disposals)	-	-	-	9.7	9.7
Impairment	**-**	-	-	(12.4)	(12.4)
Foreign-exchange variation	**-**	(1.5)	-	(0.2)	(1.7)
Accumulated amortization as of 30 June 2019	**-**	**(708.9)**	**-**	**(191.0)**	**(899.9)**
Depreciation expense	-	(65.1)	-	(33.1)	(98.2)
Reversals (disposals)	-	-	-	14.8	14.8
Foreign-exchange variations	-	(0.2)	-	(0.1)	(0.3)
Accumulated amortization as of 30 June 2020	**-**	**(774.2)**	**-**	**(209.4)**	**(983.6)**
Net value as of 30 June 2018	1,197.5	471.8	40.8	141.1	1,851.1
Net value as of 30 June 2019	**1,206.1**	**413.8**	**40.8**	**120.8**	**1,781.7**
Net value as of 30 June 2020	**1,209.2**	**350.4**	**40.8**	**123.6**	**1,724.0**

The Eutelsat brand was recognised when Eutelsat S.A. was acquired by Eutelsat Communications in 2005.

During the financial year ended 30 June 2019, the Group recognised an impairment loss of 12.4 million euros, primarily on unused orbital rights.

7.1.2 Tangible assets and construction in progress

ACCOUNTING PRINCIPLES

Satellites and other tangible assets are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Satellite costs include all expenses incurred in bringing individual satellites into operational use, in particular manufacturing, launch and launch insurance costs, capitalised interest, satellite performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the Group's borrowing costs.

The useful lives adopted by the Group are as follows:

- 12 to 22 years for satellites;
- 5 to 10 years for traffic monitoring equipment;
- 2 to 5 years for computer equipment;
- 3 to 10 years for leasehold arrangements and improvements.

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. In case the useful life is reduced or extended, the amortisation schedule is revised prospectively.

Construction in progress” primarily consists of milestone completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs.

The changes in tangible assets over the past two financial years are as follows:

(in millions of euros)	Satellites	Other tangibles	Assets under construction	Total
Gross assets				
Gross value as of 30 June 2018	**6,710.4**	**423.4**	**819.4**	**7,953.2**
Acquisitions	-	9.2	231.2	240.4
Disposals	(120.3)	(11.7)	-	(132,0)
Scrapping of assets	(51.1)	(5.6)	(0.4)	(57.1)
Foreign-exchange variation	36.2	0.8	0.1	37.1
Transfers and others	(871.4)	10.6	(21.7)	(882.5)
Gross value as of 30 June 2019	**5,703.7**	**426.7**	**1,028.6**	**7,159.1**
Acquisitions	25.1	5.1	345.3	376.0
Disposals	-	(0.3)	-	(0.3)
Scrapping of assets	-	(7.7)	-	(7.7)
Foreign-exchange variation	12.9	0.4	-	13.3
Transfers and others	285.4	13.4	(312.7)	(13.8)
Gross value as of 30 June 2020	**6,027.1**	**437.7**	**1,061.2**	**7,526.0**
Depreciation and impairment				
Accumulated amortization as of 30 June 2018	**(2,870.4)**	**(321.1)**	**-**	**(3,191.5)**
Depreciation expense	(329.3)	(27.7)	-	(357.0)
Impairment	-	-	(1.2)	(1.2)
Reversals (disposals)	31.9	12.0	-	43.9
Reversals (scrapping of assets)	51.1	5.6	-	56.7
Foreign-exchange variation	(9.0)	(0.4)	-	(9.4)
Transfers and others	178.7	1.9	-	(180.6)
Accumulated amortization as of 30 June 2019	**(2,947.0)**	**(329.6)**	**(1.2)**	**(3,277.9)**
Depreciation expense	(337.4)	(26.6)	-	(364.0)
Impairment	(32.6)	-	-	(32.6)
Reversals (disposals)	-	0.1	-	0.1
Reversals (scrapping of assets)	-	7.4	-	7.4
Foreign-exchange variation	(0.5)	(0.1)	-	(0.6)
Transfers and others	-	(2.0)	-	(2.0)
Accumulated amortization as of 30 June 2020	**(3,317.5)**	**(350.7)**	**(1.2)**	**(3,669.4)**
Net value as of 30 June 2018	3,840.0	102.3	819.4	4,761.7
Net value as of 30 June 2019	2,756.7	95.3	1,029.3	3,881.4
Net value as of 30 June 2020	**2,709.7**	**87.0**	**1,060.0**	**3,856.7**

(1) Transfers mainly relate to finance leases recorded under "Lease rights" since the adoption of IFRS 16 on 1 July 2018.

Transfers relating to satellites arising during the financial year ended 30 June 2020 correspond to entry into commercial service of the EUTELSAT 5 WEST B satellite launched during the financial year ended 30 June 2020 and the EUTELSAT 5C satellite launched during the financial year ended 30 June 2019.

During the financial year ended 30 June 2020, the Group recognised an impairment loss of 32.6 million euros on a satellite.

The expected launch dates for satellites under construction at the balance sheet date are as follows:

Projects	Years
Quantum	Calendar year 2020
Konnect VHTS, Hotbird 13F and Hotbird 13G	Calendar year 2021
EUTELSAT 10B	Calendar year 2022

7.1.3 Rights of use in respect of leases

ACCOUNTING PRINCIPLES

Contracts under which the Group uses a specific asset are recognised as assets on the balance sheet in the form of a right of use, and a liability on the liabilities side, where the contractual terms are such that they qualify as leases, i.e. they transfer control of the asset over the entire lease term.

Rights of use are generally amortised over the term of the lease covering the non-cancellable period, supplemented, where applicable, by renewal options, which the Group is reasonably certain to exercise.

The discount rate used to calculate the value of the right of use and the lease liability is determined, for each contract, on the basis of the associated estimated marginal debt rate.

Assets with a low unit value and leases with a term of less than 12 months are recognised as expenses.

The changes in rights of use during the financial year ended 30 June 2020 were as follows:

(in millions of euros)	Satellites	Other tangible assets	Total
Gross assets			
Gross value as of 30 June 2018	**-**	**-**	**-**
IFRS 16 restatements	-	43.8	43.8
Gross value as of 1 July 2018		**43.8**	**43.8**
New contracts	9.3	1.4	10.7
Foreign-exchange variations	-	0.2	0.2
Transfers and others[1]	869.3	(1.2)	868.1
Gross value as of 30 June 2019	**878.6**	**44.2**	**922.8**
New contracts	-	4.7	4.7
Modification and early termination of contracts	(23.4)	(13.5)	(36.9)
Scrapping of assets	(4.4)	(0.5)	(4.9)
Gross value as of 30 June 2020	**850.9**	**34.8**	**885.7**
Depreciation and impairment			
Accumulated depreciation and impairment as of 30 June 2018	**-**	**-**	**-**
Depreciation expense	(60.0)	(9.1)	(69.1)
Impairment	(17.1)	-	(17.1)
Transfers and others [1]	(178.7)	-	(178.7)
Accumulated depreciation and impairment as of 30 June 2019	**(255.8)**	**(9.1)**	**(264.9)**
Depreciation expense	(59.6)	(9.4)	(68.9)
Impairment	(9.6)		(9.6)
Reversals (modification and early termination of contracts)	9.2	-	9.2
Reversals (scrapping of assets)	4.4	0.5	4.9
Accumulated depreciation and impairment as of 30 June 2020	**(311.4)**	**(18.0)**	**(329.4)**
Net value as of 30 June 2018	-	-	-
Net value as of 30 June 2019	622.8	35.1	657.9
Net value as of 30 June 2020	**539.5**	**16.8**	**556.3**

(1) The transfers mainly relate to finance leases posted to "Rights of use in respect of leases" since the adoption of IFRS 16 on 1 July 2018.

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. None of these contracts include purchase options upon termination of the contract.

No renewal options have been considered to determine the term of the leases.

The Group recognised an impairment loss of 9.6 million euros and 17.1 million euros on its right to use some satellite transponders, during the financial years ended 30 June 2020 and 30 June 2019 respectively.

7.1.4 Fixed asset value tests

ACCOUNTING PRINCIPLES

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are tested annually for impairment or more frequently when an event occurs indicating a potential loss in value.

For tangible fixed assets and intangible assets with finite useful lives, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

CGUs correspond to orbital positions, carrying one or more satellites, as well as customer contracts and relationships (after taking into account the technical or economic interdependence of their cash flows).

The Group estimates value in use on the basis of estimated future cash flows. These are generated by the asset or the CGU during its useful life and are discounted using the Group's WACC defined for the impairment testing, based on the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs, technical and commercial costs directly attributable to the satellites tested, as well as tax expenses. Beyond a maximum five-year period, cash flows are estimated on the basis of constant rates of growth or decline.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm’s length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement on other operating income expenses.

Goodwill, which is monitored only at Eutelsat’s operating segment level, was tested for impairment.

The recoverable amount was estimated on the basis of the value in use determined from a valuation of the Group based on future cash flows. This analysis was carried out by the Group within an uncertain context linked to the Covid situation (see Note 2.6 "Repercussions of Covid") and incorporates a significant degree of judgment on the part of the Group’s Management.

The cash flows reported are based on the Group's 5-year business plan which was approved by the Board of Directors in January 2020 and the Group's strategic plan for a period exceeding ten years

These cash flows include the most recent information available, in particular the budget for the financial year ended 30 June 2021, approved by the Board of Directors in June 2020, including the estimated impact of the Covid crisis on this financial period.

A number of different scenarios were established enabling the testing of the sensitivity of the value in use to the following market and operating performance parameters:

- Impact of the Covid crisis on revenues,
- Capacity and time taken to return to pre-crisis revenue levels,
- Medium and long-term revenue growth rate.

In all the scenarios considered, the value in use obtained is higher than the Group's net present value.

With respect to financial metrics such as the WACC (7.5% used in above scenarios) and the long-term growth rate used to calculate the terminal value, sensitivity analyses show that, based on the worst-case operational assumptions used in the scenarios considered, an 80bp increase in the WACC or a 260bp decline in the long-term growth rate could lead to a lower value in use than the Group's net present value.

The value-in-use test described above did not call into question the amount of goodwill reported on the balance sheet as of 30 June 2020.

This result is further corroborated by the external information available with respect to the estimates published by the financial analysts who cover the Group.

7.1.5 Purchase commitments

In addition to the items recognised on the balance sheet, the Company has entered into commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for a total of 689 million euros as of 30 June 2019 and 595 million as of 30 June 2020.

The following table lists the future payments in respect of these commitments as of 30 June 2019 and 30 June 2020:

(in millions of euros)	As of 30 June 2019	As of 30 June 2020
Maturity within 1 year	370	307
From 1 to 2 years	102	177
From 2 to 3 years	55	52
From 3 to 4 years	56	40
Maturity exceeding 4 years	106	19
Total	**689**	**595**

7.2 RECEIVABLES, ASSETS AND LIABILITIES ON CUSTOMER CONTRACTS AND COSTS TO OBTAIN AND FULFILL CONTRACTS

ACCOUNTING PRINCIPLES

Accounts receivable are recorded at their nominal value. They are subject to impairment, recognised as Selling and Administrative Expenses, in order to cover the risk of expected future losses. These impairments are determined on the basis of a statistical approach of expected credit losses by market and region, after taking into account deposits and guarantees received, and supplemented, where applicable, by a specific impairment in the event of failure to make contractual payments or significant financial difficulties on the part of a customer.

Assets held under customer contracts include assets relating to revenue recognised in respect of variable prices or free periods not yet invoiced to the customer, the deferred costs of sales of terminals in the Broadband business and the consideration paid to the customer.

Liabilities related to customer contracts consist of prepayments received from customers prior to the delivery of services.

Receivables, assets and liabilities on customer contracts and the costs to obtain and fulfill contracts are summarised as follows:

(en millions d'euros)	30 June 2019	30 June 2020
Assets		
Accounts receivable	284.7	334.8
Assets associated with customer contracts	38.0	42.8
Costs to fulfill contracts	23.0	26.9
Costs to obtain contracts	18.1	22.3
Total current and non-current assets	**363.9**	**426.8**
Including non-current portion	*59.1*	*74.9*
Including current portion	*304.7*	*351.9*
Liabilities		
Financial liabilities - Guarantees and commitments received	51.7	56.2
Liabilities associated with customer contracts	188.5	187.5
Total current and non-current liabilities	**240.2**	**243.7**
Of which non-current portion	*159.4*	*152.8*
Of which current portion	*80.8*	*90.9*

7.2.1 Accounts receivable

Accounts receivable (matured and non-matured) break down as follows:

(in millions of euros)	30 June 2019	30 June 2020
Non-matured receivables	149.1	145.1
Matured receivables between 0 and 90 days	61.8	58.1
Matured receivables for more than 90 days	178.2	250.7
Depreciation	(104.4)	(119.2)
Total	**284.7**	**334.8**

The Group exposure to concentration risk is limited, owing to the diversity of its customer portfolio and the fact that none of the legal entities billed account individually for more than 10% of its revenues.

Due to their short-term maturity, non-matured accounts receivable do not bear interest.

Credit risk arising from a customer's failure to pay its debt at the due date is tracked at the level of each entity under the supervision of the financial managers. In the most important cases, the relevant financial managers are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This tracking is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of some debtors. Based on the assessment of the financial managers, entities may be required to hedge their credit risk by obtaining bank guarantees from first-tier financial institutions and insurance companies, and guarantee deposits from customers. In addition, the Group has taken out a credit insurance policy.

Credit risk is mitigated by the following guarantees and commitments received:

(in millions of euros)	30 June 2019		30 June 2020	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	94.1	21.5	120.0	18.1
Bank or insurance guarantees	37.0	31.2	49.1	31.9
Guarantees from the parent company	4.8	4.8	4.9	4.9
Total	**135.8**	**57.5**	**174.0**	**54.9**

Guarantee deposits are recognised as financial liabilities. Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

The changes in impairment of trade receivables over the two financial years are as follows:

(in millions of euros	Total
Value as of 30 June 2018	**86.4**
Net Allowance (reversal)	18.8
Reversals (used)	(0.7)
Foreign-exchange variations	(0.1)
Value as of 30 June 2019	**104.4**
Net Allowance (reversal)	22.1
Reversals (used)	(7.2)
Foreign-exchange variations	(0.1)
Value as of 30 June 2020	**119.2**

7.2.2 Assets associated with customer contracts, costs to obtain and fulfill non-current contracts

(in millions of euros)	Total
Assets associated with customer contracts as of 30 June 2018	**40.2**
Use of assets associated with customer contracts during the period	(3.0)
New assets associated with customer contracts recorded during the period	5.8
Net depreciations (reversals)	(5.4)
Translation adjustment	0.4
Assets associated with customer contracts as of 30 June 2019	**38.0**
Use of assets associated with customer contracts during the period	(10.0)
New assets associated with customer contracts recorded during the period	15.7
Net reversals (depreciations)	(0.6)
Translation adjustment	(0.3)
Assets associated with customer contracts as of 30 June 2020	**42.8**

The costs to obtain and fulfill contracts are shown below:

(in millions of euros)	Total
Costs to obtain and fulfill customer contracts as of 30 June 2018	**31.5**
Use of costs to obtain and fulfill customer contracts during the period	(9,4)
New costs to obtain and fulfill customer contracts during the period	19,1
Costs to obtain and fulfill customer contracts as of 30 June 2019	**41.1**
Use of costs to obtain and fulfill customer contracts during the period	(16.2)
New costs to obtain and fulfill customer contracts during the period	24.0
Costs to obtain and fulfill customer contracts as of 30 June 2020	**49.2**

7.2.3 Liabilities associated with customer contracts

The liabilities associated with customer contracts break down as follows:

(in millions of euros)	Total
Liabilities associated with customer contracts as of 30 June 2018	**206.6**
Revenue recognition during the period	(70.9)
New liabilities associated with customer contracts recorded during the period	50.5
Translation adjustment	2.2
Liabilities associated with customer contracts as of 30 June 2019	**188.5**
Revenue recognition during the period	(73.9)
New liabilities associated with customer contracts recorded during the period	72.7
Translation adjustment	1.1
Reclassification	(0.9)
Liabilities associated with customer contracts as of 30 June 2020	**187.5**

7.3 FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash mainly comprises cash in hand and demand deposits with banks. Cash equivalents mainly consist of short-term deposits with original maturities of three months or less, term accounts, as well as mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant. Mutual fund investments with fair value option through profit or loss are carried at fair value, with the resulting realised or unrealised gains or losses arising from the change in fair value recognised under the "Financial result".

Financial debt

Financial debts comprise bank loans, bond loans and structured debts. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. These costs are recognised as "Loan set-up fees and premiums" and are spread out over the period of the loan.

Financial assets

With the exception of derivative financial instruments and non-consolidated investments, financial assets are recorded at amortised cost. An impairment loss is recognised in the income statement when there is evidence of an impairment loss. Non-consolidated financial assets are measured at fair value.

Financial liabilities

Lease liabilities recognised in exchange for rights of use correspond to the aggregate of discounted future payments under the lease contracts. The discount rate used to measure these payables is determined by contract based on the estimated marginal debt rate of the entity that holds the contract.

When the Group grants firm or conditional purchase commitments to non-controlling shareholders, the corresponding amount of non-controlling interests is reclassified as a financial liability to reflect the fair value of the commitment. The financial liability is revalued at each balance sheet date with a corresponding entry in shareholders' equity, if no further details are provided by the IFRS standards.

Derivative financial instruments

Derivatives that do not qualify as hedging instruments are recognised at fair value, with subsequent changes in fair value recognised in the financial result. Derivatives qualifying as hedging instruments are measured and recognised on the basis of hedge accounting criteria.

Hedging transactions are carried out using derivative financial instruments, the fair value changes of which are intended to offset the exposure of the hedged items to these same changes. Changes in fair value are recognised in shareholders' equity, within other recyclable gains and losses in comprehensive income, for the effective portion of the hedging relationship, while changes in fair value for the ineffective portion are recognised in financial result. The Group uses derivative financial instruments to hedge cash flows (forwards and forwards KI) and the net investment of its subsidiaries in Mexico, Singapore and Dubai (cross currency swap). Forwards, forwards KI, and the interest rate component of the cross-currency swap are recorded as financial assets or liabilities depending on the position while the exchange component is included in the Group's net debt.

Cumulative changes in the fair value of the hedging instrument previously recognised in equity are reclassified to the income statement when the hedged transaction affects the income statement. The gains and losses thus transferred are recognised in net income in respect of the hedged item.

7.3.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2018	30 June 2019
Cash at bank and in hand	541.5	485.4
Cash equivalents	913.8	346.6
Total	**1,455.4**	**832.0**

7.3.2 Financial debt

The financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2019	30 June 2020	Maturity
Term loan 2022	Variable	600.0	600.0	March 2022
Bond 2021	1.125%	500.0	-	June 2021
Bond 2022	3.125%	300.0	300.0	October 2022
Bond 2025	2.000%	800.0	800.0	October 2025
Bond 2027	2.250%	600.0	600.0	July 2027
Structured debts				
	Variable	94.9	71.2	May 2024
	0.65%	-	61.3	June 2022
	0.75%	-	77.8	June 2023
	0.90%	-	12.0	June 2024
Sub-total of debt (non-current portion)		**2,894.9**	**2,522.3**	
Loan set-up fees and premiums		(21.8)	(16.5)	
Total of debt (non-current portion)		**2,873.1**	**2,505.8**	
Bond 2020	2.625%	930.0	-	January 2020
Bond 2021	1.125%	-	500.0	June 2021
Structured debts	Variable	23.7	23.7	
RCF drawdown	Variable	-	300.0	September 2020
Accrued interest not yet due		32.3	34.3	
Total debt (current portion)		**986.0**	**858.1**	
Total		**3,859.1**	**3,363.9**	

The totality of the debt is denominated in euros.

The term loans and structured debts are subject to a financial covenant that provides for a total net debt to EBITDA ratio equal to or less than 4.0/1. Under the term loan covenants, each lender may also request early repayment of all sums due in case of a change of control of Eutelsat S.A. or Eutelsat Communications. The obligations are also backed by a banking covenant which provides for each lender to request early repayment of all amounts due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications and a rating downgrade on Eutelsat S.A. As of 30 June 2020, the Group was in compliance with all the banking covenants under its credit facilities.

Credit agreements include neither a guarantee by the Company nor a pledge of assets to lenders, but do contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) which limit the ability of Eutelsat Communications and its subsidiaries, in particular to grant liens on a borrower's assets, incur additional debt, dispose of assets, enter into mergers or acquisitions, sales of assets and finance lease transactions (except those carried out within the Group and expressly provided for in the loan agreement) and modify the nature of the business of the Company and its subsidiaries.

Credit arrangements include a commitment to maintain "launch-plus-one-year" insurance policies for any satellite located at 13° East and, for any other satellite, a commitment not to have more than one satellite that is not covered by a launch insurance policy.

In addition, as of 30 June 2020, the Group had active credit lines for an aggregate undrawn amount of 398.8 million euros (850 euros as of 30 June 2019). These lines are backed by banking covenants similar to those in place for the term loans and the structured debts.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due, as at 30 June 2020 is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	600.0	-	600.0	-
Structured debts	246.1	23.7	222.4	-
RCF drawdown	300.0	300.0	-	-
Bond 2021	500.0	500.0	-	-
Bond 2022	300.0	-	300.0	-
Bond 2025	800.0	-	-	800.0
Bond 2027	600.0	-	-	600.0
Total	**3,346.1**	**823.7**	**1,122.4**	**1,400.0**

7.3.3 Financial assets and liabilities

The detailed breakdown of financial assets is as follows:

(in millions of euros)	30 June 2019	30 June 2020
Non-consolidated equity investments	2.2	14.7
Financial instruments	4.0	10.3
Other financial assets	90.8	31.4
Total	**97.0**	**56.4**
Of which current portion	*83.4*	*23.6*
Of which non-current portion	*13.6*	*32.8*

As of 30 June 2019, the other financial assets included a receivable of 67.5 million euros in respect of the deferred payment on a portion of the Group's divestment of its interest in the EUTELSAT 25B satellite. This receivable was paid in August 2019.

The other debts and financial liabilities break down as follows:

(in millions of euros)	30 June 2019	30 June 2020
Lease liabilities	582.2	493.4
Other liabilities	89.6	86.6
Derivative financial instruments(1)	140.2	43.0
Liabilities for social contributions	56.0	52.3
Tax liabilities	5.7	15.6
Total	**873.7**	**690.9**
Of which current portion	*305.9*	*186.6*
Of which non-current portion	*567.9*	*504.3*

(1) See Note 7.3.5 "Derivative financial instruments".

The changes in lease liabilities during the period break down as follows:

(in millions of euros)	30 June 2019	New contracts	Cash flow	Early termination	Currency effects	Change in accrued interests	30 June 2020
Satellites	544.6	-	(54.2)	(17.3)	-	1.3	474.4
Real estate	27.2	2.4	(6.0)	(11.7)	(0.6)	-	11.4
Others	10.4	-	(2.8)	-	-	-	7.6
Total	**582.2**	**2.4**	**(63.0)**	**(29.0)**	**(0.6)**	**1.3**	**493.4**

The amounts shown for lease liabilities include accrued interest totalling 2.5 million euros as of 30 June 2019 and 3.8 million euros as of 30 June 2020.

7.3.4 Net debt

The net debt breaks down as follows:

(in millions of euros)	30 June 2019	30 June 2020
Term loan	600.0	600.0
Bonds	3,130.0	2,200.0
RCF drawdown	-	300.0
Structured debts	118.6	246.1
"Change" portion of cross-currency swap	99.8	(4.3)
Lease liabilities	579.8	489.6
Debt	**4,528.1**	**3,831.4**
Cash and cash equivalents	(1,455.4)	(832.0)
Net debt	**3,072.8**	**2,999.4**

The changes in the debt position between 30 June 2018 and 30 June 2019 are presented below:

(in millions of euros)	30 June 2018	Cash flow	Non-cash flow	Restated for IFRS16	Currency effects	Fair value change and others	30 June 2019
Term loans	600.0	-	-	-	-	-	600.0
Bonds	2,530.0	600.0	-	-	-	-	3,130.0
Structured debts	142.3	(23.7)	-	-	-	-	118.6
"Change" portion of cross-currency swap	85.9	-	-	-	-	13.9	99.8
Finance leases	616.8	-	-	(616.8)	-	-	-
Lease debt	-	(88.7)	10.7	660.6	0.2	(3.1)	579.8
Total	**3,975.0**	**487.6**	**10.7**	**43.8**	**0.2**	**10.8**	**4,528.1**

The net cash flows of 600 million euros from bond issues correspond to the two bond issues in October 2018 and June 2019 for a total amount of 1,400 million euros and the repayment of the bond issue maturing in 2019 amounting to 800 million euros.

The changes in the debt position between 30 June 2019 and 30 June 2020 are presented below:

(in millions of euros)	30 June 2019	Cash flow	Non-cash flow	Currency effects	Fair value change and others	30 June 2020
Term loans	600.0	-	-	-	-	600.0
Bonds	3,130.0	(930.0)	-	-	-	2,200.0
RCF drawdown	-	300.0	-	-	-	300.0
Structured debts	118.6	(23.7)	151.2	-	-	246.1
"Change" portion of cross-currency swap	99.8	(112.2)	-	-	8.1	(4.3)
Lease debt	579.8	(63.0)	(26.6)	(0.6)	-	489.6
Total	**4,528.1**	**(828.9)**	**124.6**	**(0.6)**	**8.1**	**3,831.4**

The net cash flows of 930 million euros from the bond loans correspond to the repayment of the bond loan maturing during the 2020 financial year.

7.3.5 Derivative financial instruments

Derivative financial instruments are valued by an independent expert before being reconciled with the valuations provided by bank counterparties. The following table presents the contractual or notional amounts together with the fair values of the derivative financial instruments by type of contract.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
	30 June 2019	30 June 2020	30 June 2019	30 June 2020			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	237.3	244.7	0.1	5.8	5.8	-	5.8
Cross currency swap(1)	500.0	612.0	(97.6)	(33.9)	(48.6)	-	(48.6)
Total forex derivatives	**737.3**	**856.7**	**(97.5)**	**(28.1)**	**(42.8)**	**-**	**(42.8)**
Pre-hedging swap(2)	500.0	300.0	(42.1)	(4.7)	(3.6)	0.4	(3.2)
Interest rate swaps	500.0	-	3.3	-	(3.3)	(0.7)	(4.0)
Total interest rate derivatives	**1,000.0**	**300.0**	**(38.7)**	**(4.7)**	**(6.9)**	**(0.3)**	**(7.2)**
Total derivative instruments			**(136.2)**	**(32.8)**	**(49.7)**	**(0.3)**	**(50.0)**

(1) The Cross Currency Swap matured in January 2020 and its termination resulted in a cash payment of 112.2 million euros by Eutelsat S.A. A new instrument in the nominal amount of 680 million US dollars was subscribed on this same date.

(2) The pre-hedge Swap in a notional amount of 500 million euros was terminated in January 2020 and resulted in a cash payment of 41.7 million euros by Eutelsat S.A. A new instrument in the nominal amount of 300 million euros was subscribed during the financial year.

As of 30 June 2020, the cumulative fair value of the derivative financial instruments was positive at 10.3 million euros and negative at 43.0 million euros (see Note 7.3.3 "Financial assets and liabilities").

Coupons on interest rate instruments qualifying as future cash flow hedges are posted directly to income. The change recognised in equity in respect of these instruments corresponds to the change in fair value net of coupons. Coupons on the cross-currency swap qualifying as a hedge of a net investment in a foreign operation, as well as changes in fair value net of coupons, are booked directly to shareholders' equity.

The fair value and maturities of derivatives qualifying as hedges are as follows:

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2019						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(97.5)	(97.5)	-	-	-	-	-
Interest rate risk hedges	-	-	-	-	-	-	-
Net total at 30 June 2019	**(97.5)**	**(97.5)**	**-**	**-**	**-**	**-**	**-**

(in millions of euros)	Fair value recognised in equity and to be reclassified to income as of 30 June 2020						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(28.0)	5.9	-	-	-	(33.9)	-
Interest rate risk hedges	(4.7)	(4.7)	-	-	-	-	-
Net total at 30 June 2020	**(32.7)**	**1.2**	**-**	**-**	**-**	**(33.9)**	**-**

7.3.6 Risk management

The Group is exposed to market risks, principally in terms of currency and interest rates. To address this, the Group uses a number of financial derivatives. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not hold, or about which it is uncertain whether it will subsequently hold them. The objective is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

Foreign exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the US dollar. Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

In order to hedge foreign exchange risks, the Group may be compelled to use forward sales or synthetic forward transactions with knock-in option of US dollars against the euro, which can be exercised or not depending on the exchange rate at their expiry date. However, the Group cannot guarantee that it will be able to systematically hedge all of its US dollar-denominated contracts. Additionally, to hedge the translation risk, the Group may also create liabilities denominated in the currency of the cash flows generated by these assets. The hedging instruments used by the Group may include currency derivatives (cross-currency swaps) documented as net foreign investment hedges. The Group has thus developed a euro-US dollar currency swap for a notional amount of 500 million euros to hedge its net investment in two subsidiaries based in Mexico, Singapore and Dubai.

Given its exposure to foreign currency risk, the Group estimates that a 10% increase in the US dollar/euro exchange rate (excluding foreign exchange derivatives) would generate a 7 million euro decline in Group income and a decrease in operating expenses of 57 million euros. It would also result in a 138 million euro negative change in the Group's translation reserve and a 66 million euro increase in the foreign exchange portion of the cross-currency swap recorded under financial liabilities.

Interest rate risk

The Group manages its exposure to interest rate fluctuations by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bonds) and, where necessary, by applying a hedging or pre-hedging policy.

Considering the full range of financial instruments available to the Group as of 30 June 2020, an increase of ten basis points (+0.1%) over the EURIBOR interest rate would have an immaterial effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 2 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

Financial counterparty risk

Financial counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

The Group does not foresee any losses resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2020, the counterpart risk associated with these operations is not deemed to be significant.

Liquidity risk

The Group manages liquidity risk by taking into account the maturity of financial investments, financial assets and estimated future cash flows from the operating activities.

The Group's objective is to maintain a balance between the continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolving lines of credit from banks, bond loans and satellite lease agreements.

The Group's debt maturity profile is shown below.

			Timelines as of 30 June 2019					
As of 30 June 2019 (in millions of euros)	**Balance-sheet value**	**Total contractual cash flows**	***Jun-20***	***Jun-21***	***Jun-22***	***Jun-23***	***Jun-24***	***More than 5 years***
*T*erm loan	(598.3)	(620.7)	(6.9)	(6.9)	(606.9)	-	-	-
Bonds	(3,113.5)	(3,423.2)	(985.4)	(544.5)	(38.9)	(338.9)	(29.5)	(1,486.0)
Structured debts	(114.6)	(122.8)	(25.2)	(24.9)	(24.6)	(24.3)	(24.0)	-
Finance leases	(579.7)	(579.7)	(74.4)	(64.1)	(51.7)	(50.2)	(46.0)	(293.3)
Qualified derivatives(1)	(98.2)	(98.2)	(98.2)	-	-	-	-	-
Non-qualified derivatives (1) (2)	(42.1)	(42.1)	(42.1)	-	-	-	-	-
Total financial debt	**(4,546.4)**	**(4,886.7)**	**(1,232.2)**	**(640.4)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**
Other financial liabilities	(151.3)	(151.3)	(90.5)	(60.8	-	-	-	-
Total financial liabilities	**(4,697.1)**	**(5,038.1)**	**(1,322.7)**	**(701.2)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**
Qualified foreign exchange derivatives (1)	0.7	0.7	0.7	-	-	-	-	-
Non-qualified foreign exchange derivatives (1)	3.3	3.3	3.3					
Financial assets	93.0	93.0	79.4	13.6	-	-	-	-
Cash	541.5	541.5	541.5	-	-	-	-	-
Cash equivalents	913.8	913.8	913.8	-	-	-	-	-
Total financial assets	**1,552.3**	**1,552.3**	**1,538.7**	**13.6**	**-**	**-**	**-**	**-**
Net position	**(3,145.4)**	**(3,485.7)**	**216.0**	**(687.6)**	**(722.1)**	**(413.4)**	**(99.5)**	**(1,779.3)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).
(2) Including 37.7 million euros in interest expenses spread over 8 years.

As of 30 June 2020 (in millions of euros)	Balance-sheet value	Total contractual cash flows	Timelines as of 30 June 2020					
			Jun-21	*Jun-22*	*Jun-23*	*Jun-24*	*Jun-25*	*More than 5 years*
Term loan	(599.2)	(613.8)	(6.9)	(606.9)	-	-	-	-
Bonds	(2,194.4)	(2,438.9)	(545.6)	(38.9)	(338.9)	(29.5)	(29.5)	(1,456.5)
RCF drawdown	(300.0)	(300.7)	(300.7)	-	-	-	-	-
Structured debts	(242.7)	(253.7)	(26.4)	(87.5)	(103.3)	(36.5)	-	-
Lease debt	(493.4)	(493.4)	(73.8)	(47.2)	(44.6)	(44.6)	(45.9)	(237.3)
Qualified derivatives(1)	(43.0)	(43.0)	(4.7)	-	-	-	(38.3)	-
Total financial debt	**(3,872.7)**	**(4,143.5)**	**(958.1)**	**(780.5)**	**(486.8)**	**(110.6)**	**(113.7)**	**(1,693.8)**
Other financial liabilities	(154.5)	(154.5)	(107.1)	(47.4)	-	-	-	-
Total financial liabilities	**(4,027.2)**	**(4,298.0)**	**(1,065.2)**	**(827.9)**	**(486.8)**	**(110.6)**	**(113.7)**	**(1,693.8)**
Qualified derivatives(1)	10.3	10.3	5.9	-	-	-	4.3	-
Financial assets	46.2	46.2	17.7	28.5	-	-	-	-
Cash	485.4	485.4	485.4	-	-	-	-	-
Cash equivalents	346.6	346.6	346.6	-	-	-	-	-
Total financial assets	**888.4**	**888.4**	**855.6**	**28.5**	**-**	**-**	**4.3**	**-**
Net position	**(3,138.8)**	**(3,409.6)**	**(209.6)**	**(799.4)**	**(486.8)**	**(110.6)**	**(109.4)**	**(1,693.8)**

(1) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

7.4 FAIR VALUE OF FINANCIAL ASSETS

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

7.4.1 Fair value of financial assets

The following tables break down each asset comprising financial instruments and show its fair value, whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2019			
		Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2019
Non-current assets					
Long-term loans and advances	13.6	13.6	-	-	13.6
Non-current assets on customer contracts	29.0	29.0	-	-	29.0
Current assets					
Accounts receivable	284.7	284.7	-	-	284.7
Current assets on customer contracts	9.0	9.0	-	-	9.0
Other receivables	25.5	25.5	-	-	25.5
Derivative financial instruments (1)					
Qualified as hedges	0.7	-	0.7	-	0.7
Not qualified as hedges	3.3	-	-	3.3	3.3
Cash and cash equivalents					
Cash	541.5	-	-	541.5	541.5
Cash equivalent (2)	913.8	-	-	913.8	913.8

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Total	Net carrying amount as of 30 June 2020			
		Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2020
Non-current assets					
Long-term loans and advances	28.5	15.0	-	13.5	28.5
Non-current assets on customer contracts	35.6	35.6	-	-	35.6
Current assets					
Accounts receivable	334.8	334.8	-	-	334.8
Current assets on customer contracts	7.2	7.2	-	-	7.2
Other receivables	43.6	43.6	-	-	43.6
Derivative financial instruments (1)					
Qualified as hedges	10.3	-	10.3	-	10.3
Cash and cash equivalents					
Cash	485.4	-	-	485.4	485.4
Cash equivalent (2)	346.6	-	-	346.6	346.6

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

Except for the derivative financial instruments and the non consolidated shares, the book value of the financial assets represents a reasonable approximation of their fair value.

7.4.2 Fair value of financial liabilities

The following tables break down each liability comprising financial instruments and show its fair value, whether or not the instrument is recorded on the balance sheet at fair value:

(in millions of euros)	Total	Net carrying amount as of 30 June 2019			Fair value as of 30 June 2019
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	712.9	712.9	-	-	712.9
Bond [1]	3,113.5	3,113.5	-	-	3,213.7
Fixed rate loans	-	-	-	-	-
Bank overdrafts	-	-	-	-	-
Other financial liabilities					
Non-current	567.9	567.9	-	-	567.9
Current	103.9	103.9	-	-	103.9
Derivative financial instruments [2]					
Qualified as hedges	98.2	-	98.2	-	98.2
Not qualified as hedges	42.1	-	-	42.1	42.1
Accounts payable	61.7	61.7	-	-	61.7
Fixed assets payable	62.8	62.8	-	-	62.8

(1) Fair value hierarchy: level 1 (reflecting quoted prices).
(2) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(in millions of euros)	Total	Net carrying amount as of 30 June 2020			Fair value as of 30 June 2020
		Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
Financial debt					
Floating rate loans	1,169.5	1,169.5	-	-	1,169.5
Bond [1]	2,194.4	2,194.4	-	-	2,242.4
Fixed rate loans	-	-	-	-	-
Bank overdrafts	-	-	-	-	-
Other financial liabilities					
Non-current	466.0	466.0	-	-	466.0
Current	181.9	181.9	-	-	181.9
Derivative financial instruments [2]					
Qualified as hedges	43.0	43.0	-	-	43.0
Accounts payable	73.1	73.1	-	-	73.1
Fixed assets payable	50.9	50.9	-	-	50.9

(1) Fair value hierarchy: level 1 (reflecting quoted prices).
(2) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

Except for the bonds and derivative financial instruments, the carrying amount of financial liabilities represents a reasonable approximation of their fair value.

The fair values of the Level 1 bonds (quoted market price) are as follows:

(in millions of euros)	30 June 2019	30 June 2020
Bond 2020	937.0	-
Bond 2021	510.0	501.5
Bond 2022	329.6	314.1
Bond 2025	824.0	817.7
Bond 2027	613.1	609.1
Total	**3,213.7**	**2,242.4**

7.5 SHAREHOLDERS' EQUITY

ACCOUNTING PRINCIPLES

Costs for capital increases

External costs directly related to increases in capital and reduction of capital are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Treasury stock

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

7.5.1 Share capital

On 18 June 2020, the Board of Directors of Eutelsat Communications S.A. cancelled 2,229,640 shares, representing 0.96% of the company's share capital. Of these 2,229,640 cancelled shares, 2,124,572 had been acquired under the share buyback program implemented on 11 March 2020 and 105,068 had been held as treasury stock, having been acquired within the framework of free share allocation plans.

As of 30 June 2020, the share capital of Eutelsat Communications S.A. comprised 230,544,995 ordinary shares with a par value of 1 euro per share.

As of this date, the Group holds 394,290 equity shares amounting to 3.8 million euros acquired under a liquidity contract (223,296 equity shares amounting to 3.6 million euros as of 30 June 2019) and no equity shares acquired under free share allocation plans (105,068 equity shares amounting to 2.2 million euros as of 30 June 2019). The aggregate amount of treasury stock is deducted from shareholders' equity.

7.5.2 Dividends

On 7 November 2019, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.27 euros per share, i.e. a total of 295.3 million euros, taken from the income for the financial year ended 30 June 2019.

The amount of the distribution for the financial year ended 30 June 2020, which is being proposed to the General Meeting of 5 November 2020, is 204.8 million euros, i.e. 0.89 euro per share.

7.5.3 Change in the revaluation surplus for derivative instruments

The changes in the revaluation surplus for derivative instruments qualified as hedging instruments (tax effect included) during the financial year break down as follows:

(in millions of euros)	Total
Balance as of 30 June 2019	**(61.9)**
Changes in fair value within equity that can be reclassified to income	9.5
Balance as of 30 June 2020	**(52.4)**

7.5.4 Translation reserves

The translation reserve (tax effect included) has changed as follows over the year:

(in millions of euros)	Total
Balance as of 30 June 2019	**157.9**
Net change over the period	(29.5)
Balance as of 30 June 2020	**128.4**

The main currency generating translation differences is the US dollar.

As of 30 June 2020, the translation reserve includes (33.9) million euros in respect of the Cross Currency Swap used to hedge the currency exposure of net investments in foreign operations and (112.2) million euros relating to the Cross Currency Swap maturing during the financial year (see Note 7.3.5 "Derivative financial instruments").

7.6 PROVISIONS

ACCOUNTING PRINCIPLES

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made. The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation. Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

The changes in provisions between 30 June 2019 and 30 June 2020 are as follows:

(in millions of euros)	30 June 2019	Allowance	Reversal		Reclassified	Recognised in equity	30 June 2020
			Used	Unused			
Financial guarantee granted to a pension fund	100.1	1.2	(4.0)	-	-	(13.6)	83.7
Retirement benefits	15.3	1.2	(1.1)	-	-	(0.8)	14.6
Post-employment benefits [1]	6.6	0.7	(1.2)	-	-	-	6.2
Total post-employment benefits	**122.1**	3.1	(6.3)			(14.4)	**104.4**
Commercial, employee-related and tax litigation	17.0	5.1	(1.9)	(1.7)	-	-	18.6
Others	7.8	-	(0.3)	-	(7.5)	-	-
Total provisions	**146.9**	8.2	(8.4)	(1.7)	(7.5)	(14.4)	**123.1**
Of which non-current portion	*130.8*						*106.6*
Of which current portion	*16.1*						*16.5*

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

7.6.1 Financial guarantee granted to a pension fund

Eutelsat S.A. gave a financial guarantee to the pension fund administering the pension scheme established by the Inter-Governmental Organisation (IGO) when the latter transferred its operations to Eutelsat S.A. in 2001. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The financial guarantee provided by Eutelsat S.A. is valued and recorded in the same manner as a define-benefit pension commitment, although the Group did not directly take over the statutory commitments contracted with the IGO. This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

In 2017, the financial guarantee was called for the sum of 35.9 million euros based on the projected deficits of the scheme and an agreement was reached with the pension fund for nine payments of 4 million euros spread out from 30 June 2017 to 30 June 2025. These payments may be adjusted according to possible changes in the future financial position which will be assessed on an annual basis.

The changes in the plan's obligations and assets between 30 June 2019 and 30 June 2020 are as follows:

(in millions of euros)	30 June 2019	30 June 2020
Present value of the obligations at beginning of period	**215.8**	**238.7**
Service cost for the period	-	-
Financial cost	3.7	2.8
Actuarial differences related to financial assumptions: (gains)/losses	25.3	(26.9)
Benefits paid	(6.2)	(7.1)
Present value of the obligations at end of period	**238.7**	**207.5**

(in millions of euros)	30 June 2019	30 June 2020
Fair value of plan assets at beginning of period	**136.4**	**134.6**
Expected return on plan assets	2.4	1.6
Actuarial differences related to financial assumptions: gains/(losses)	2.1	(13.3)
Contributions paid	-	8.0
Benefits paid	(6.2)	(7.1)
Fair value of plan assets at end of period	**134.6**	**123.9**

The weighted average period of the obligation is 17 years.

The amounts included in the fair value of the plan assets do not include any financial instruments issued by Eutelsat S.A. or any property or movable assets owned or used by Eutelsat S.A. The actual return on the plan's assets amounts to 4.4 million euros and (11.6) million euros as of 30 June 2019 and 30 June 2020 respectively.

The actuarial valuations were realised based on the following assumptions:

	30 June 2019	30 June 2020
Discount rate	1.05%	1.50%
Rate for pension increases	1.75%	1.75%

A 50 basis point decrease in discount rates would result in an 18.3 million euro increase to the provision.

The changes in provisions over the two financial years were as follows:

(in millions of euros)	30 June 2019	30 June 2020
Provision at beginning of period	**75.5**	**100.1**
Net expense on income statement	1.4	1.2
Actuarial (Gains) / losses	23.2	(13.6)
Contributions paid	-	(4.0)
Provisions at end of period	**100.1**	**83.7**

As of 30 June 2019, an amount of 4 million euros had also been booked under Accrued expenses and was paid in full during the financial year ended 30 June 2020.

7.6.2 Retirement and related benefits

ACCOUNTING PRINCIPLES

The Group’s retirement schemes consist of defined contribution plans and defined benefit plans.

Expenses for defined-benefit pension schemes are recognised as "Staff costs" based on the contributions made or outstanding for the financial year for which services are delivered by recipients of the scheme.

The defined-benefit plans are plans for which the Group has contractually agreed to provide a specific amount or level of benefits. These benefits are assessed using the Projected Unit Credit actuarial method, which involves forecasting the amounts of the expected future payments on the basis of demographic (staff turnover, mortality and age at retirement) and financial assumptions (salary growth and discounting). The pension cost for the period consisting of the service cost is posted to "Staff costs" and the discounting effects are recognised in the financial result. The actuarial differences arising from changes in actuarial assumptions or experience differences are recognised as "Other items of comprehensive income".

Defined-benefit pension schemes

The Group's defined-benefit pension scheme commitments mainly include the retirement benefits plan for Eutelsat S.A. staff.

As of 30 June 2019 and 2020, the position was as follows:

(in millions of euros)	30 June 2019	30 June 2020
Present value of the obligations at beginning of period	**15.3**	**15.3**
Service cost for the period	1.0	1.1
Financial cost	0.2	0.2
Actuarial differences	(0.8)	(0.8)
Termination indemnities paid	(0.4)	(1.2)
Present value of the obligations at end of period	**15.3**	**14.6**

The weighted average period of the obligation is 12 years.

The actuarial valuations were realised based on the following assumptions:

	30 June 2019	30 June 2020
Discount rate	1.05%	1.25%
Rate for salary growth	2.0%	0% for 2 years then 2%

The discount rate used in the actuarial valuation is determined based on high-grade corporate bonds (AA and AAA) with maturities consistent with those of the relevant scheme.

Defined-contribution pension schemes

Employer contributions made under the mandatory pension scheme in France during the financial year amounted to a respective 8.0 million euros and 6.6 million euros as of 30 June 2019 and 30 June 2020.

The Group also has a supplementary defined-contribution funded plan for its employees (excluding directors and corporate officers who are employees), which is financed by employee and employer contributions representing 6% of gross annual salary, limited to eight times the French Social Security threshold. The employer contributions paid under these schemes amounted to a respective 1.9 million euros and 1.9 million euros as of 30 June 2019 and 30 June 2020.

7.6.3 Litigation and contingent liabilities

ACCOUNTING PRINCIPLES

In the course of its business activities, the Group is involved in legal actions and commercial disputes. The Group exercises its judgement to assess the risks incurred on a case-by-case basis and a provision is recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision is recognised.

7.7 TAX ASSETS AND LIABILITIES

7.7.1 Deferred tax assets and liabilities

ACCOUNTING PRINCIPLES

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes, or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and
- When the deferred tax liability arises from investments in subsidiaries, and the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of all or part of these deferred tax assets to be utilised.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

The changes in the deferred tax balances between 30 June 2019 and 30 June 2020 were as follows:

(in millions of euros)	30 June 2019	Foreign exchange impact and reclassification	Net income for the period	Recognised in equity	30 June 2020
Deferred tax assets					
Derivative instruments	29.9	-	(12.5)	11.5	28.9
Loss carry-forwards	18.1	0.3	(6.1)	-	12.4
Bad-debt provisions	26.0	(0.2)	(9.0)	-	16.7
Financial guarantee granted to the pension fund	19.5	-	0.3	(3.5)	16.3
Provisions for risks and expenses	4.4	0.8	(1.1)	-	4.0
Tangible and intangible assets	-	27.2	(3.9)	-	23.2
Others	13.1	6.0	6.6	(0.3)	25.5
Sub-total (a)	**111.1**	**33.9**	**(25.7)**	**7.7**	**127.0**
Deferred tax liabilities					
Intangible assets	(53.7)	(26.6)	12.0	-	(68.2)
Tangible assets	(238.6)	(5.7)	3.2	-	(241.0)
Others	(45.4)	(3.0)	2.5	-	(45.7)
Sub-total (b)	**(337.6)**	**(35.2)**	**17.7**	**-**	**(355.0)**
Total = (a) + (b)	**(226.5)**	**(1.3)**	**(8.0)**	**7.7**	**(228.0)**
Reflected as follows in the financial statements:					
Deferred tax assets	2.7				36.3
Deferred tax liabilities	(229.1)				(264.2)
Total	**(226.5)**				**(228.0)**

The deferred tax asset or liability corresponds to the aggregate of the consolidated entities' net positions.

Deferred tax liabilities relate mainly to the taxable temporary differences generated by:

- the accounting treatment at fair value of customer contracts and relationships and other intangible assets in the context of the acquisitions of Eutelsat S.A. and Satmex.
- the accelerated depreciation of satellites for tax purposes.

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carryforwards	69.5	-	-	1.8	67.7
Total	**69.5**	**-**	**-**	**1.8**	**67.7**

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 141,5 million euros as of 30 June 2020 (114 million euros as of 30 June 2019) with the following maturity dates:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carryforwards	141.5	-	0.8	11.8	128.8
Total	**141.5**	**-**	**0.8**	**11.8**	**128.8**

7.7.2 Tax audit procedure

Eutelsat S.A., a company belonging to the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, underwent a tax audit in respect of the financial years ended 30 June 2012, 2013 and 2014. In December 2016, the company received a tax adjustment notification in respect of the financial periods ended 30 June 2013 and 30 June 2014. As a result of the pre-litigation appeals and subsequent discussions, the amounts claimed by the tax authorities were significantly reduced. There is still disagreement regarding some tax adjustments, for which Eutelsat believes that it can make a strong defensive case.

The company Eutelsat S.A. has also been the subject of a tax audit in respect of the financial years ended 30 June 2016 and 30 June 2017. In December 2019, it received a tax adjustment notification relating to these two financial years. The company has responded to this proposal.

Note 8. RELATED-PARTY TRANSACTIONS

Related parties consist of:

- direct and indirect shareholders, and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- minority shareholders of entities which the Group consolidates under the full consolidation method;
- companies in which the Group has an equity interest that it consolidates under the equity method, and
- key management personnel.

8.1. Key management personnel

The Group considers that, in the context of Eutelsat's governance, the notion of "Key management personnel" includes the members of the Executive Committee chaired by the Chief Executive Officer, and the members of the Board of Directors.

The compensation allocated to the members of the Executive Committee breaks down as follows:

(in millions of euros)	30 June 2019	30 June 2020
Compensation [1]	8.1	9.2
Total short-term benefits	**8.1**	**9.2**
Post-employment benefits [2]	0.03	0.05
Share-based payments [3]	0.8	**0.9**
Total long-term benefits	**0.83**	**0.95**

(1) Including the gross salaries inclusive of the variable portion, bonuses, benefits in kind, incentive payments, profit sharing and social security contributions paid.

(2) Corresponding to the past service costs of defined benefit pension plans.

(3) Corresponding to the expense recorded in the income statement for share-based compensation.

In the event of termination of office for the CEO or one of the Deputy-CEOs, a non-compete clause provides for payment of 50% of their fixed compensation over an 18-month period. Under this clause, the CEO and the Deputy-CEO are required to refrain from working directly or indirectly for any satellite operator.

The fees paid to the members of the Board of Directors in respect of the financial year ended 30 June 2020 amounted to 1.0 million euros (1.0 million euros in respect of the financial year ended 30 June 2019).

8.2 Other related parties

The transactions with related parties other than key management personnel are summarised as follows:

(in millions of euros)	30 June 2019	30 June 2020
Revenues	27.2	22.1
Financial result	14.0	25.7
Gross receivables (including unbilled revenues)	11.0	9.9
Debt (including deferred payments)	585.9	509.1

Revenues relate to the provision of services related to satellite monitoring and control.

Debts include the leases for the Express AT1, Express AT2, Express AM6 and Eutelsat 36C satellites.

Note 9. SUBSEQUENT EVENTS

None.

Note 10. STATUTORY AUDITORS' FEES

(in thousands of euros)	EY				Mazars			
	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	219	31%	165	24%	219	30%	165	25%
Subsidiaries	463	66%	453	65%	464	65%	425	65%
Sub-total	**682**	**97%**	**618**	**89%**	**683**	**95%**	**590**	**91%**
Services other than certification of the financial statements								
Eutelsat Communications	10	1%	-	-	10	1%	-	-
Subsidiaries	13	2%	79	11%	24	3%	61	9%
Sub-total	**23**	**3%**	**79**	**11%**	**34**	**5%**	**61**	**9%**
Total	**705**	**100%**	**697**	**100%**	**717**	**100%**	**651**	**100%**