

FIRST QUARTER 2018-19 REVENUES

30 October 2018

Agenda

1

Key Events

2

Q1 2018-19 Performance

3

Outlook

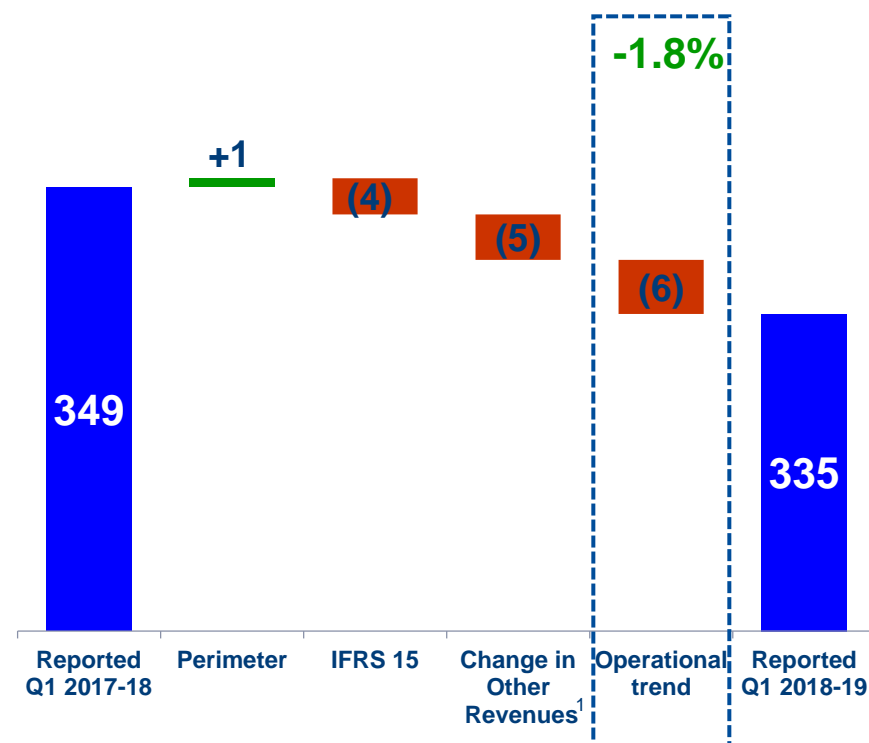
Key Events

- ✓ Disposal of non-core interest in ETL 25B satellite for €135m
- ✓ Refinancing of Jan 2019 Bond, extending debt maturity and reducing cash interest by €24m
- ✓ Launch of EUTELSAT CIRRUS hybrid satellite-OTT turnkey solution
- ✓ Progressive roll out of Konnect Africa broadband service
- ✓ Member of C-Band Alliance to facilitate clearing of U.S. mid-band spectrum for 5G
- ✓ Below-expectations outcome of Government Services Fall renewals leading to slight adjustment of total FY 19 revenue objective
- ✓ No impact on other financial objectives, including EBITDA margin and DFCF, which are fully confirmed

Q1 Revenues

- ▶ **First Quarter revenues of €335m**
- ▶ **Revenues down 2.7% at constant perimeter, currency and accounting standards**
 - Consolidation of Noorsat
 - Deconsolidation of Eutelsat 25B
 - Adoption of IFRS 15
- ▶ **Operating verticals down 1.8% excluding 'Other' revenues**
- ▶ **Revenues profile in FY 19 back-end loaded**

Q1 YOY REVENUE BRIDGE (€M)



Agenda

1

Key Events

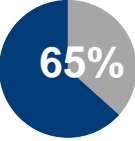
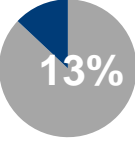

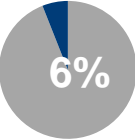
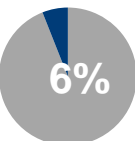
2

Q1 2018-19 performance

3

Outlook

Q1 Revenues like-for-like by application

		REVENUE CONTRIBUTION ¹	REVENUES (€m)	LIKE-FOR-LIKE ² CHANGE	
				YoY	QoQ
CORE BUSINESSES	Video		217	-1.7%	-0.7%
	Government Services		42	+4.2%	+1.4%
	Fixed Data		33	-12.1%	-5.7%
CONNECTIVITY	Fixed Broadband		20	-7.3%	-2.7%
	Mobile Connectivity		21	+10.9%	+1.9%
	Other revenues		1	-€5m	-€33m

▶ Revenues of €217m, down 1.7% y-o-y like-for-like¹

- High-single digit decline in Professional Video
- Lower revenues from FRANSAT

▶ Core Broadcast excluding FRANSAT stable...

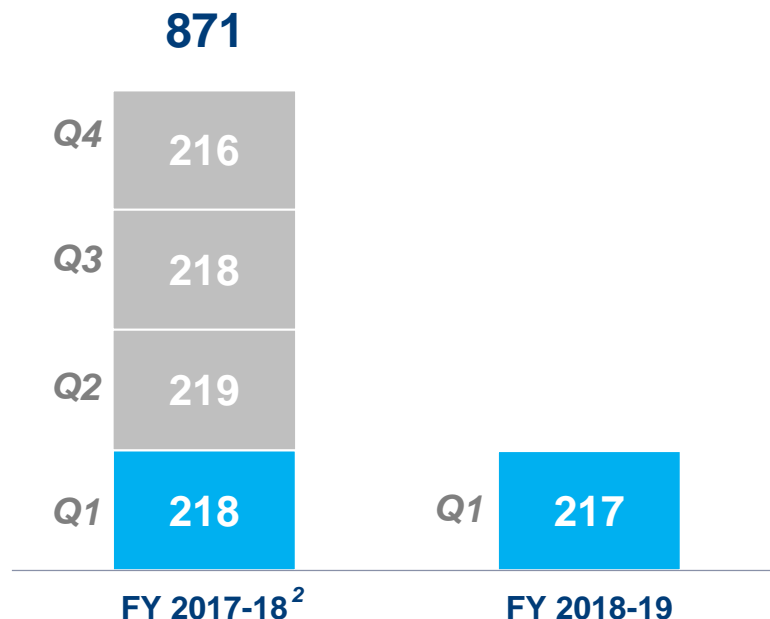
▶ ...and set to improve in coming quarters with

- Contract with Orange Slovensko
- New business in the pipeline notably in the Americas

▶ 6,999 channels at end-Sept. 2018

- +3.6% y-o-y
- HD up from 17.9% to 20.3%

REVENUES (€M)



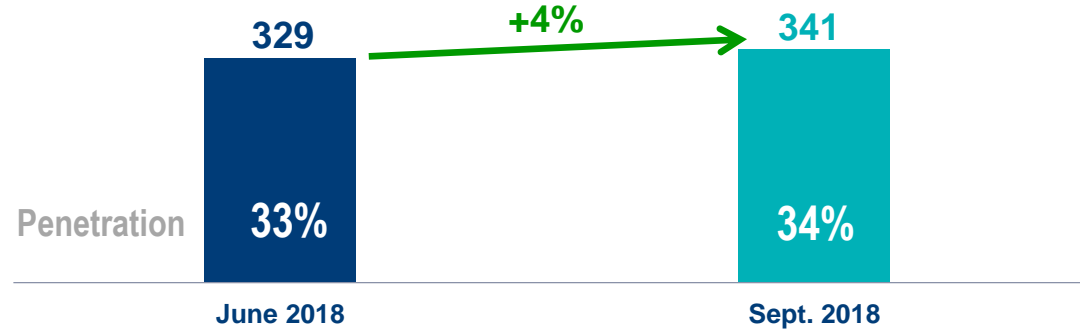
¹ At constant currency, perimeter and accounting standards
² Proforma revenues at actual rates, ie adjusted for IFRS 15 and excluding the contribution of Eutelsat 25B from August 2017

Focus on HOTBIRD KPIs

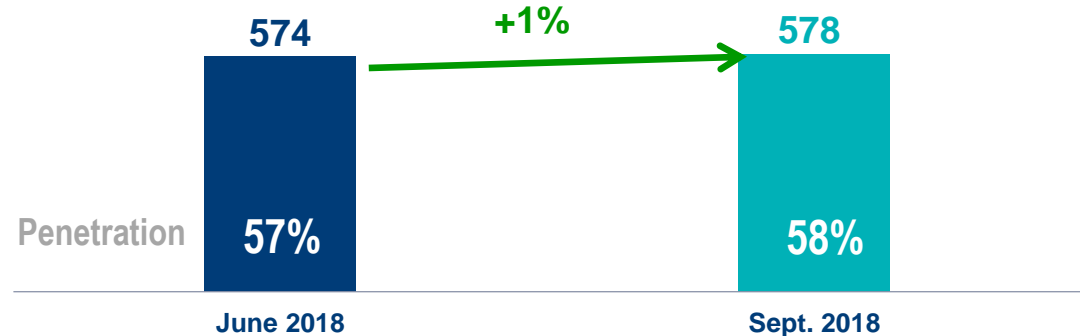
Stable
channel count



Sustained HD ramp-up,
outpacing MPEG4



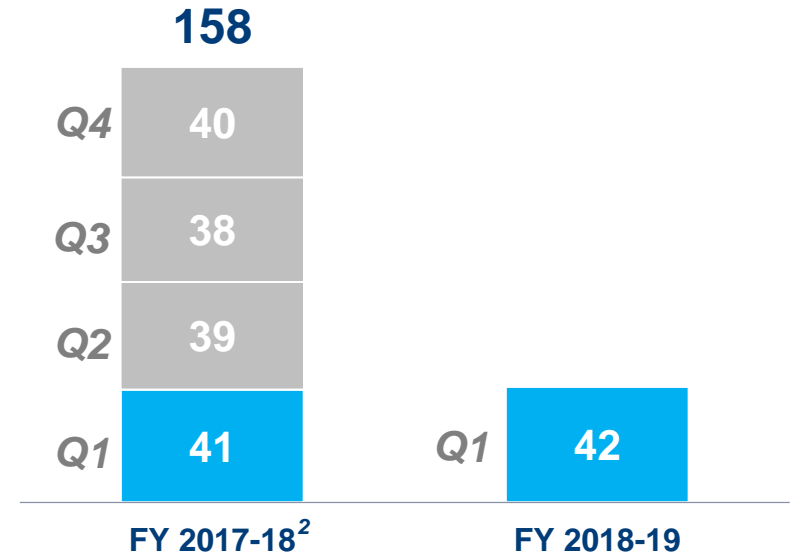
MPEG-4 more advanced
than HD



Government Services

- ▶ **Revenues of €42m, up 4.2% y-o-y like-for-like¹**
 - Incremental business at 174°East
- ▶ **USG renewal rate of c.70% in Fall round**
 - Non-renewal of a single sizeable contract with a specific service provider
 - Not reflective of underlying market trends

REVENUES (€M)

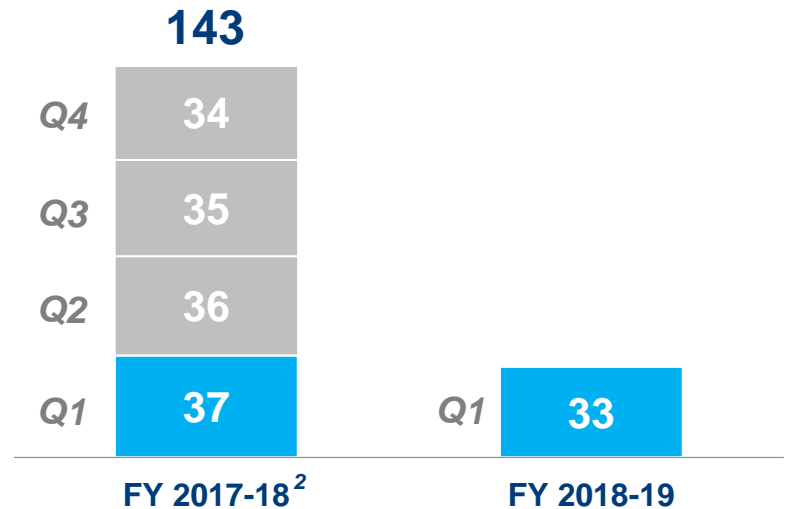


¹ At constant currency, perimeter and accounting standards
² Proforma revenues at actual rates, ie adjusted for IFRS 15

Fixed Data

- ▶ Revenues of €33m, down 12.1% y-o-y like-for-like¹
- ▶ Highly competitive environment
- ▶ Ongoing price pressure
- ▶ Latin America the main contributor to revenue decline

REVENUES (€M)

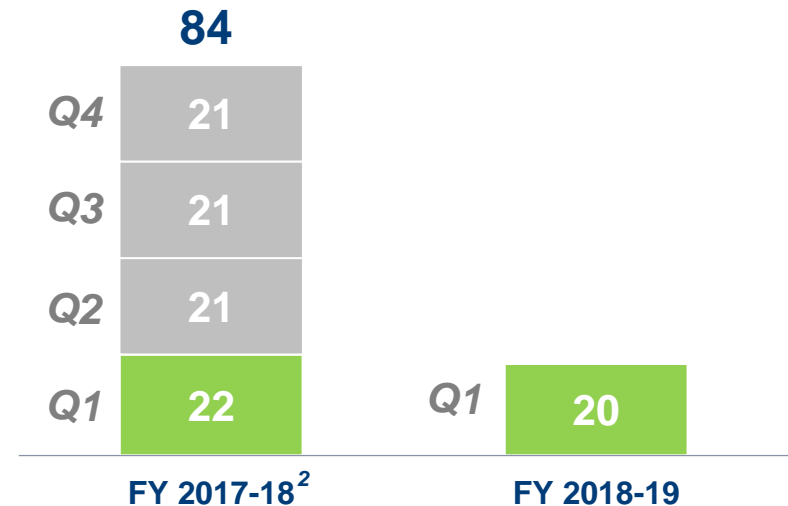


*1 At constant currency, perimeter and accounting standards
2 Proforma revenues at actual rates, ie adjusted for IFRS 15*

Fixed Broadband

- ▶ Revenues of €20m, down 7.3% y-o-y like-for-like¹
- ▶ Contract expiry for one spotbeam on ETL 3B
 - Re-contracted to Taqnia in Mobile Connectivity
- ▶ Lower revenues for European Broadband
 - Scarcity of available capacity in Western Europe
- ▶ Progressive roll-out of Konnect Africa commercial service

REVENUES (€M)

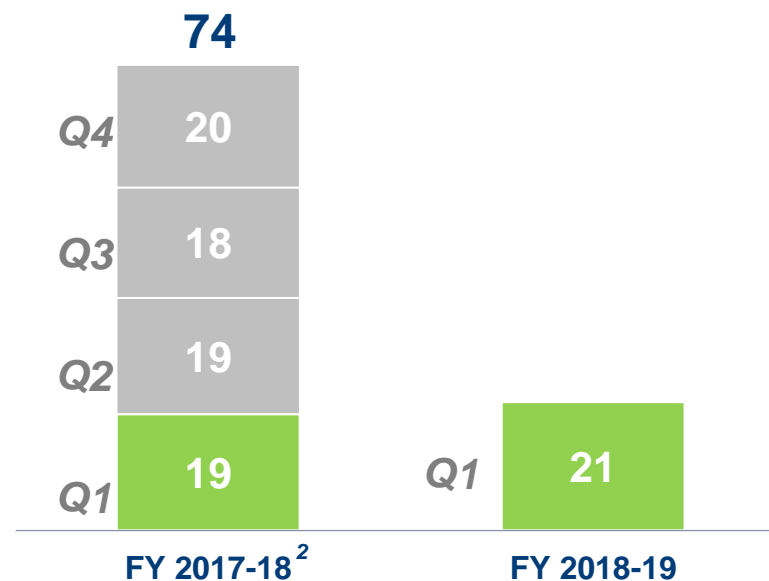


¹ At constant currency, perimeter and accounting standards
² Proforma revenues at actual rates, ie adjusted for IFRS 15

Mobile Connectivity

- ▶ Revenues of €21m, up 10.9% y-o-y like-for-like¹
- ▶ YoY variation reflecting:
 - New contract with Taqnia at 3°East and 70°East
 - Carry-over effect of entry into service of EUTELSAT 172B
 - Ongoing ramp up of capacity contracts on KA-SAT
- ▶ H2 revenues to benefit from start of UnicomAirNet on E172B in Jan 2019

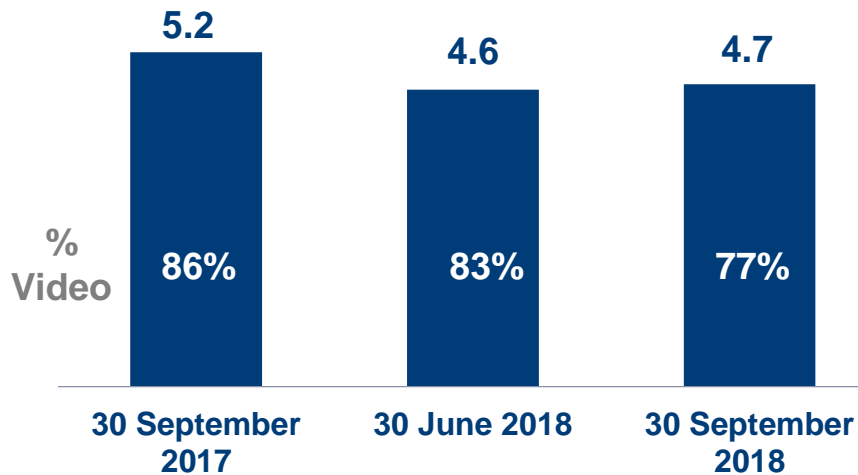
REVENUES (€M)



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² Proforma revenues at actual rates, ie adjusted for IFRS 15

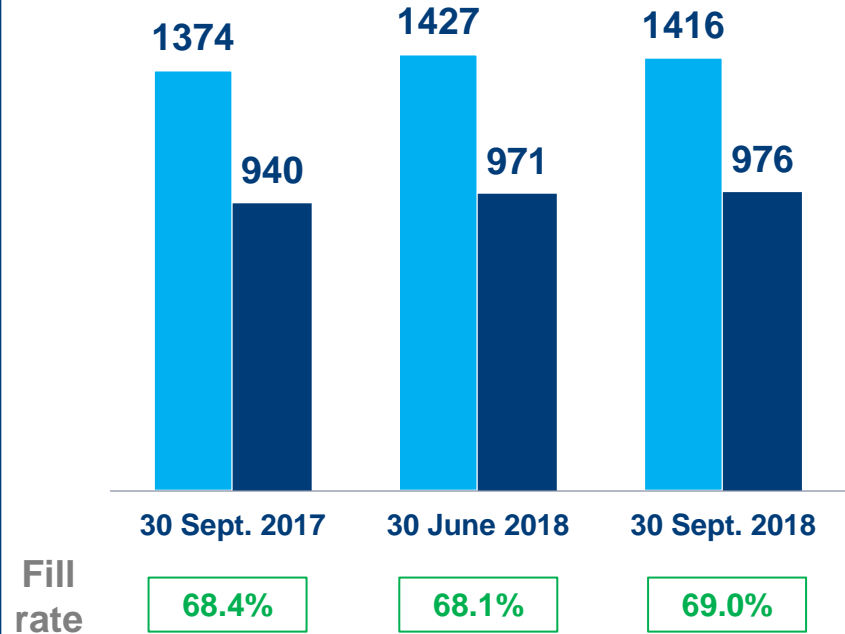
Backlog and Fill Rate

BACKLOG (€BN)



- ▶ 3.4 years of revenues
- ▶ Sequential increase in total backlog
- ▶ Video accounting for 77%

OPERATIONAL AND LEASED TRANSPONDERS



- Operational transponders ■ leased transponders
- ▶ Operational txp reflecting the disposal of ETL 25BQ-o-Q
- ▶ Leased txp up by 5 units Q-o-Q
- ▶ Fill rate of 69.0%

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Outlook

Update on our key priorities for FY 2018-19

Maximise cash generation	Deliver full benefits of LEAP		On track to deliver on €30m target
	Secure further interest cost savings		€24m savings in FY 20 secured thanks to successful Bond issue
	Achieve further capex efficiencies		HOTBIRD constellation replacement at compelling terms
			MLA with Arianespace
Rationalize asset portfolio		Disposal of ETL 25B at high-single digit EBITDA multiple	
Grow topline	Extract further value in Video		Mbps consumption up 4.5% at key Video Hotspots
			Launch of EUTELSAT CIRRUS
	Prepare for growth in Broadband		Progressive start of commercial service for KONNECT AFRICA
			Building up our VHTS strategy in Europe

Robust asset disposal program

H2 2016

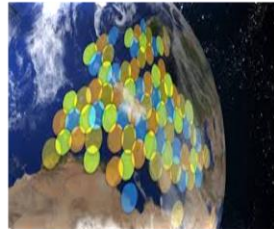
Wins/DHI



€60m

H1 2017

49% of European
Broadband



€132m

H1 2018

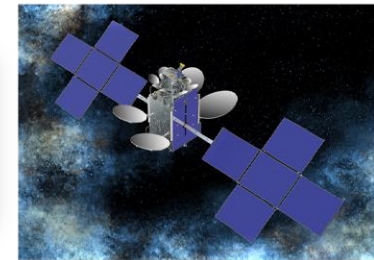
34% stake in
Hispasat

hispasat

€302m

H2 2018

Interest
in Eutelsat
25B

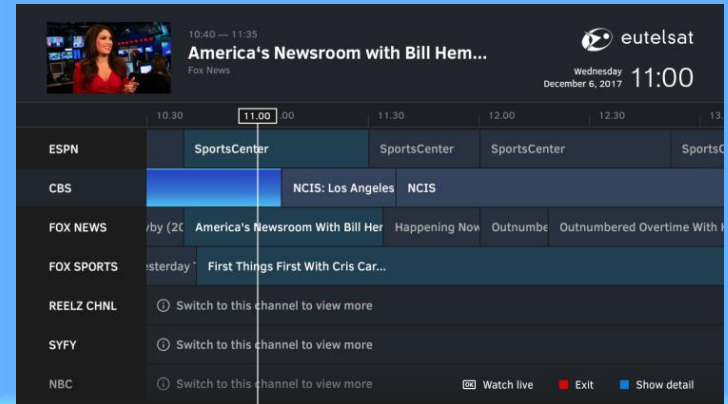


€135m

Over €600m of asset
disposals in two years

- ▶ **State-of-the art, cloud-based technology**
- ▶ **Turnkey end-to-end video distribution**
- ▶ **Seamless multi-screen end-user experience enabling combined DTH/OTT offers**
- ▶ **Modular, evolving feature-set**
 - Subscriber management and security solutions
 - EPG services and catch-up
 - Start-Over and 7-days
 - VOD, Recommendations, targeted advertising
- ▶ **Scalable capex / opex-light model**

Turnkey TV distribution service



Multi-screen via cloud OTT



MAIN BENEFITS TO OUR CUSTOMERS

- ▶ **Simplified delivery logistics**
- ▶ **Mutualized cost**
- ▶ **Off-the-shelf solutions**
- ▶ **Access to a portfolio of optional services to enhance viewer experience**



MAIN BENEFITS TO EUTELSAT

- ▶ **Improved customer knowledge**
- ▶ **Increased customer loyalty**
- ▶ **Seize new revenue opportunities**
 - New platforms or projects to launch a mobile app to complement DTH distribution
 - Upsell with existing clients



- ▶ **Entry into service of Al-Yah 3 capacity at the end of Q1**
- ▶ **Progressive launch of commercial service**
- ▶ **Konnect Africa now available in eight countries**
- ▶ **Strong interest both from traditional Telecom-related service providers and capillary local partners**
- ▶ **Gradual ramp-up throughout FY2018-19 on the back of strong unmet demand**



Financial outlook

OPERATING VERTICALS REVENUES

(At constant currency, perimeter and accounting standards)

- ▶ Broadly stable in FY 2018-19¹
- ▶ Return to slight growth from FY 2019-20

EBITDA MARGIN

(At constant currency)

- ▶ Above 78% from FY 2018-19
Taking into account impact of IFRS 15/16 standards

CAPEX

- ▶ FY 2017-18 to FY 2019-20: average of €400²m per year
Including IFRS 16 impact

DISCRETIONARY FREE CASH FLOW³

(At constant currency and excluding the impact of the disposal of ETL 25B)

- ▶ FY 2016-17 to FY 2019-20: mid-single digit CAGR







LEVERAGE

- ▶ Investment grade rating
- ▶ Net debt / EBITDA below 3.0x

DISTRIBUTION













- ▶ Stable to progressing dividend

To Sum Up

-  **Global performance of the operating verticals in line with expectations at this stage in the year**
-  **Core Broadcast revenues stable**
-  **Concrete measures to maximize cash generation**
-  **Connectivity strategy progressing**
-  **Current year topline objective adjusted to take account of one-off contract loss in Government Services**
-  **No change in fundamental outlook: on track to attain all other financial objectives and maintain dividend commitment**

APPENDIX

Future launches

Name	EUTELSAT 7C	EUTELSAT 5 WEST B	 eutelsat QUANTUM	KONNECT	KONNECT VHTS	EUTELSAT HOTBIRD 13F	EUTELSAT HOTBIRD 13G
Orbital Position	7° East	5° West	TBD	TBD	TBD	13° East	13° East
Launch date ¹	Q1 2019	Q1 2019	H2 2019	H2 2019	2021	2021	2021
Manufacturer							
Launcher					TBD	TBD	TBD
Coverage	MENA SSA	Europe North Africa	Flexible	SSA Europe	Europe	Europe	Europe
Applications	Video	Video	Government Services	Connectivity	Connectivity Government	Video	Video
Total Capacity (TPE/Spotbeams)	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps	73 Ku ³	73 Ku ³
o/w Expansion ²	19 Ku	-	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps	-	-

¹ Calendar year

² Excludes unannounced redeployments

³ «*nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 TPE), once regulatory, technical and operational constraints are taken into account.»

 Electrical propulsion

HTS Payload

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