

FULL YEAR 2019-20 RESULTS

- **Operating Verticals revenues of €1,276 million**
- **Record level of Discretionary Free-Cash-Flow at €474m, 37% of revenues**
- **Dividend per share for FY 2020 of €0.89¹, 2.3 times covered by DFCF**
- **Updated financial objectives providing renewed visibility**
- **Turning point for return to growth in Fixed Broadband**

Paris, 31 July 2020 – The Board of Directors of Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL), chaired by Dominique D'Hinnin, reviewed the financial results for the year ended 30 June 2020.

Key Financial Data	FY 2018-19	FY 2019-20	Change
P&L			
Revenues - €m	1,321.1	1,278.3	-3.2%
“Operating Verticals” revenues - €m	1,313.1	1,276.3	-2.8%
“Operating Verticals” revenues at constant currency and perimeter - €m	1,311.4	1,259.6	-3.9%
EBITDA ² - €m	1,032.4	982.0	-4.9%
EBITDA margin - %	78.1	76.8	-1.3 pts
EBITDA margin at constant currency - %	78.1	76.9	-1.2 pts
Group share of net income - €m	340.4	297.6	-12.6%
Financial structure			
Reported Discretionary Free-Cash-Flow ³ - €m	407.8	474.4	+16.3%
Adjusted Discretionary Free-Cash-Flow - €m⁴	456.4	482.6	+5.7%
Net debt - €m	3,072.8	2,999.4	-€73m
Net debt/EBITDA - X	2.98	3.05	+0.07x
Backlog – €bn	4.4	4.1	-6.0%

Rodolphe Belmer, Chief Executive Officer of Eutelsat Communications, said: *“Eutelsat has produced a robust set of results for Financial Year 2019-20 in the face of the Covid-19 headwinds, with a record level of Discretionary Free Cash Flow and an EBITDA margin that remains industry leading. Our core Broadcast business remains resilient, as demonstrated by the securing of a number of new contracts in Sub-Saharan Africa, notably with Canal+ Ethiopia.*

We have also made significant headway in our Fixed Broadband strategy ahead of entry into service of EUTELSAT KONNECT. In Europe, a major wholesale agreement has been signed with Orange for the entire French capacity of EUTELSAT KONNECT and we are adding a retail pillar to our distribution strategy with the acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe. In Africa the Schoolap project in DRC highlights the opportunities in the business-to-government vertical.

¹ Dividend to be proposed at AGM of 5 November 2020.

² Operating income before depreciation and amortisation, impairments and other operating income/(expenses).

³ Net cash-flow from operating activities - Cash Capex - Interest and Other fees paid net of interests received. More detail in Appendix 3.

⁴ As defined per financial objectives. More detail in Appendix 3.

As a result, the coming year is expected to mark a turning point for our Fixed Broadband vertical, with the ramp-up of EUTELSAT KONNECT, to be followed in subsequent years by further incremental Connectivity capacity, namely KONNECT VHTS and EUTELSAT 10B, adding traction to our return to growth strategy.

We continue to experience the effects of the global health crisis most notably in the Mobile Connectivity vertical and to a lesser extent in Professional Video. Nevertheless our confidence in the resilience of core Broadcast and improving trends in the other verticals enable us to reinstate financial objectives. As a measure of financial prudence, and as previously announced, we are recommending a 30% reduction in dividend for FY 2019-20. We are committing to a return to our policy of a stable to progressive dividend in respect of FY 2020-21, based on the rebased dividend."

EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex and Discretionary Free-Cash-Flow are considered Alternative Performance Indicators. Their definition and calculation is in appendix 3 of this document.

HIGHLIGHTS

Resilient results despite Covid-19 impact:

- Revenues for the five Operating Verticals of €1,276 million on a reported basis, and €1,261 million at 1.14 €/€ rate, exceeding Covid-revised objective of circa €1,250 million;
- Record level of cash-flow, with Discretionary Free Cash Flow of €474 million and a further rise in the cash conversion ratio;
- Net Debt / EBITDA ratio contained at 3.05x reflecting strong financial discipline;
- Dividend per share of €0.89, 2.3 times covered by Reported Discretionary Free-Cash-Flow.

Ongoing robustness of **Core Broadcast**:

- Underlying sequential top-line broad stability in the fourth quarter;
- Multi-year multi-transponder contract with Canal+ Ethiopia on EUTELSAT 7C, highlighting the dynamism of the African DTH market and Eutelsat's unique combination of assets;

Tangible steps towards return to growth in **Fixed Broadband**:

- EUTELSAT KONNECT satellite to operate at full capacity from early 2021;
- Significant headway in our European Broadband strategy;
 - Major wholesale agreement with Orange for the entire French capacity on EUTELSAT KONNECT
 - Acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe adding a retail pillar
- MOU with Schoolap for high speed connectivity to schools in Democratic Republic of Congo, highlighting the opportunity of government-backed digital inclusion programmes;
- Boost in demand for high quality, ubiquitous and reliable connectivity in post-Covid context.

Updated **financial objectives** providing renewed visibility:

- Operating vertical revenues expected between €1,180 million and €1,220 million in FY 2020-21⁵, in line with market expectations;
- Adjusted Discretionary Free-Cash-Flow target of between €420 million and €450 million⁶ in FY 2021-22.

Stable to progressive **dividend policy** reinstated.

⁵ At 1.14 €/€ rate.

⁶ Please refer to the Outlook section for the definition.

ANALYSIS OF REVENUES⁷

In € millions	FY 2018-19	FY 2019-20	Change	
			Reported	Like-for-like ⁸
Broadcast	790.9	784.6	-0.8%	-1.2%
Data & Professional Video	199.9	175.3	-12.3%	-14.1%
Government Services	161.5	161.1	-0.2%	-3.3%
Fixed Broadband	80.4	76.7	-4.6%	-5.6%
Mobile Connectivity	80.3	78.7	-2.0%	-5.1%
Total Operating Verticals	1,313.1	1,276.3	-2.8%	-3.9%
Other Revenues ⁹	8.0	2.0	-76.3%	-75.5%
Total	1,321.1	1,278.3	-3.2%	-5.0%
EUR/USD exchange rate	1.144	1.105		

Total revenues for **FY 2019-20** stood at €1,278 million, down 3.2% on a reported basis and by 5.0% like-for-like.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') stood at €1,276 million. They were down by 3.9% on a like-for-like basis excluding a negative perimeter effect of circa 0.1 point (disposal of the stake in EUTELSAT 25B in August 2018) and a positive currency effect of c. 1.3 points.

Fourth Quarter revenues stood at €320 million down 2.1% on a reported basis and by 4.4% like-for-like. Revenues of the five Operating Verticals stood at €317 million, down 4.3% year-on-year and 2.1% quarter-on-quarter on a like-for-like basis.

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

Broadcast (61% of revenues)

FY 2019-20 Broadcast revenues were down 1.2% like-for-like to €785 million. They reflected notably lower revenues at 36°East (return of a couple of transponders in Russia) and 7°East (termination of a contract in Sub-Saharan Africa).

Fourth Quarter revenues stood at €196 million, down by 1.5% year-on-year and by 1.4% quarter-on-quarter with net one-off items representing most of the sequential decline.

At 30 June 2020, the total number of channels broadcast by Eutelsat satellites stood at 6,788 down 4.3% year-on-year. HD penetration continued to increase, standing at 1,679 channels versus 1,551 a year earlier (+8.3%), implying a penetration rate of 24.7% compared to 21.9% a year earlier.

On the commercial front, the past year saw dynamic commercial activity in Sub-Saharan Africa with the addition of new platforms such as Ghana RCS, Africa XP and Strong Roots as well as the signature of an anchor deal with Canal+ in Ethiopia at 7°East, preparing the ground for future growth across this region. A contract with the Greek operator, Forthnet, has been renegotiated on lower terms in the context of the change of control of the company allowing securing business on the long term.

⁷ The share of each application as a percentage of total revenues is calculated excluding "Other Revenues".

⁸ Change at constant currency and perimeter. The variation is calculated as follows: i) FY 2019-20 USD revenues are converted at FY 2018-19 rates; ii) FY 2018-19 revenues are restated from the disposal of Eutelsat's interest in EUTELSAT 25B which occurred in August 2018.

⁹ "Other Revenues" include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

Data & Professional Video (14% of revenues)

FY 2019-20 Data & Professional Video revenues stood at €175 million, down by 14.1% year-on-year. They continued to reflect the ongoing pricing pressure and highly competitive environment in this application, notably in Latin America, although volume trends improved throughout the year in Fixed Data notably with new business in MENA in the Second Half.

In the last four months of the year, occasional use (part of Professional Video) was strongly affected by the suspension of live sports events resulting from the Covid-related lockdown. This was reflected in **Fourth Quarter** revenues which stood at €43 million, down 13.6% year-on-year and by 5.2% quarter-on-quarter.

Government Services (13% of revenues)

FY 2019-20 Government Services revenues stood at €161 million, down 3.3% on a like-for-like basis. They reflected on one hand the negative carry-forward effect of renewals with the US Government during the last 18 months, and on the other, the contribution of the EGNOS payload on EUTELSAT 5 WEST B since mid-February and incremental revenues generated by the relocated EUTELSAT 7A satellite.

Fourth Quarter revenues stood at €43 million, up 5.1% year-on-year and 6.1% quarter-on-quarter.

The coming fiscal year stands to benefit from the entry into service of EUTELSAT QUANTUM in calendar 2021, bringing flexible and innovative capacity. In this context a multi-year agreement has been reached with Intelsat, securing its location at the 48°East orbital position thereby opening up extended access notably to the MENA region, and providing for joint-commercialization of the capacity.

Fixed Broadband (6% of revenues)

FY 2019-20 Fixed Broadband revenues stood at €77 million, down 5.6% like-for-like. The decline reflected yet again the scarcity of capacity and a lower contribution from traditional distributors in Europe which is yet not offset by the ramp-up of the Preferred Partnership Program although net additions returned to positive territory in the Fourth Quarter. In Africa, revenues remained modest pending the arrival of new capacity.

Fourth Quarter revenues stood at €19 million, down 10.6% on a year-on-year basis, but stable quarter-on-quarter.

In the post-Covid context the demand for high quality, ubiquitous and reliable internet connectivity is higher than ever and FY 2020-21 should mark a turning point for Fixed Broadband with the entry into service of EUTELSAT KONNECT bringing long-awaited incremental capacity to Europe and a change in scale in Africa. Ahead of the availability of this satellite, we made significant headway in our European Broadband strategy with a major wholesale agreement with Orange for the entire capacity covering France on EUTELSAT KONNECT and the acquisition of the European satellite broadband activities of Bigblu Broadband, the leading distributor of satellite Broadband in Europe, adding a retail pillar. In Africa, revenues will benefit from the ramp-up of the Schoolap contract.

Mobile Connectivity (6% of revenues)

FY 2019-20 Mobile Connectivity revenues stood at €79 million, down 5.1% like-for-like. Revenues were stable over the first nine months, but affected by the Covid-19 crisis in the Fourth Quarter which led to an absence of airtime-related revenues on KA-SAT and lower revenues from certain service providers. On a positive note, the year saw the extension of our maritime mobility activity, including a new multi-year contract with Telenor Maritime.

Fourth quarter revenues stood at €17 million, down 20.7% on a year-on-year basis and 20.5% quarter-on-quarter.

Other Revenues

Other Revenues amounted to €2 million versus €8 million a year earlier. They included a negative (€11) million impact from hedging operations compared to (€20) million last fiscal year.

OPERATIONAL AND UTILIZED TRANSPONDERS

The number of operational transponders at 30 June 2020 stood at 1,376 down by 11 units year-on-year. This reflected on one hand lower operational capacity at 5°West following the transfer of services from EUTELSAT 5 West A to EUTELSAT 5 West B in January 2020, and on the other, incremental capacity brought by EUTELSAT 7C in January 2020.

Despite the decrease in operational transponders, the number of utilized transponders stood at 960, unchanged year-on-year, reflecting notably the ramp-up of maritime contracts.

As a result, the fill rate stood at 69.7% compared to 69.2% a year ago.

	30 June 2019	30 June 2020
Operational transponders ¹⁰	1,387	1,376
Utilized transponders ¹¹	960	960
Fill rate	69.2%	69.7%

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

BACKLOG

At 30 June 2020, the backlog stood at €4.1 billion, down 6% compared to 30 June 2019, reflecting natural backlog consumption in the absence of material Broadcast renewals. It was equivalent to 3.2 times 2019-20 revenues. Broadcast represented 68% of the backlog.

	30 June 2019	30 June 2020
Value of contracts (in billions of euros)	4.4	4.1
<i>In years of revenues based on last fiscal year</i>	3.3	3.2
Share of Broadcast	72%	68%

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

PROFITABILITY

EBITDA stood at €982 million versus €1,032 million at 30 June 2019, down 4.9%. Following three consecutive years of improvement, the EBITDA margin stood at 76.9% at constant rate (76.8% on a reported basis) versus 78.1% a year earlier. This reflected the combination of lower revenues, higher costs associated with the Broadband activity in preparation of the arrival of the EUTELSAT KONNECT satellite, as well as a higher level of bad debt reflecting more challenging cash collection conditions in the Covid-19 context; these headwinds were partly offset by continued rigorous cost control.

Group share of net income stood at €298 million versus €340 million in FY 2018-19, down by 12.6%. The net margin stood at 23% versus 26% last year. This reflected mainly:

¹⁰ Number of transponders on satellites in stable orbit, back-up capacity excluded.

¹¹ Number of transponders utilized on satellites in stable orbit.

- Slightly higher **depreciation and amortisation costs of** (€531) million as of 30 June 2020 compared with (€519) million a year earlier due to a negative currency impact, the entry into service of EUTELSAT 5 West B and EUTELSAT 7C and higher on-ground and intangible depreciation;
- '**Other operating income**' of +€36 million versus +€13 million last year, reflecting principally insurance proceeds of €92m related to the partial loss of EUTELSAT 5 West B, partly offset by the impairment of assets, as well as other one-off items, notably costs incurred for the transfer of customers on Eutelsat 5 West A, the LEAP 2 plan and the Paris headquarters move.
- A **net financial result** of (€81) million (versus (€92) million a year earlier), mainly reflecting the positive impact of the refinancing of the bonds redeemed in January and October 2019;
- A **tax rate** of 23% (versus 18% last year), the slight increase reflecting principally the non-cash variation of Satmex's deferred tax assets and liabilities.

CASH FLOW

Net cash flow from operating activities amounted to €779 million, €69 million lower than last year. This reflected principally the decrease in EBITDA and the deterioration in the working capital requirement reflecting a more challenged cash collection environment in the Covid-19 context. These two elements were partly offset by a lower level of tax paid, reflecting the full effect of the change in tax territoriality treatment.

Cash Capex amounted to €222 million, €102 million lower than last year. This level is not representative of normalized capex since it reflects milestone delays due to Covid-19 and is net of the insurance proceeds in respect of Eutelsat 5 West B (€86m).

Interest and other fees paid net of interest received amounted to €83 million versus €117 million last year reflecting the refinancing of the two Bonds in 2019.

As a result **Discretionary Free Cash-Flow** amounted to €474 million on a reported basis. At constant currency and excluding the impact of hedging, one-off costs related to the LEAP 2 plan and the move to the new headquarters, it stood at €483m, up 5.7%. This increase comes after three consecutive years of double-digit organic growth.

The **cash conversion ratio** more than doubled over the past four years, from 16% in FY 2015-16 to 37% in FY 2019-20.

FINANCIAL STRUCTURE

At 30 June 2020 **net debt** stood at € 2,999 million, recording a further €73m decrease versus end-June 2019. Discretionary free cash-flow more than covered the dividend payment (€316 million including dividends paid to minority interests). Other variations included a €39 million one-off cash-out related to the maturity of an interest rate pre-hedge instrument, equity investments and divestments resulting in a net cash-in of €20 million, share buybacks of €20 million as well as other items contributing to the increase in net debt for a net amount of €46 million.

The **net debt to EBITDA ratio** stood at 3.05x times compared to 2.98x end-June 2019.

The average cost of debt after hedging stood at 2.4% (2.6% in FY 2018-19). The weighted average maturity of the Group's debt stood at 3.4 years, compared to 3.6 years at end-June 2019.

The liquidity position at the end of June including cash and undrawn credit lines was comfortably above €1.2 billion.

DIVIDEND

As announced in April 2020, as a measure of prudence and in order to preserve maximum financial flexibility, the Board of Directors agreed to recommend to the Annual Meeting of Shareholders' of 5 November 2020 a dividend of €0.89 per share, representing a 30% reduction versus the previous year.

It will be paid on 24 November 2020, subject to the vote of the Annual Meeting of Shareholders.

OUTLOOK AND FINANCIAL TARGETS

Going into FY 2020-21, Eutelsat is well positioned to withstand the challenges of the current environment thanks to its combination of resilient and cash-generative activities, solid backlog and robust financial position.

Broadcast will be affected by the specific effect of the renegotiation with Forthnet in Greece. Conversely, Africa will continue to grow thanks to our unique portfolio of in-orbit assets. Overall, Broadcast revenues are expected to decline slightly.

Data & Professional Video will continue to decline albeit at a slower pace than in recent years thanks to improved volume trends. Government Services will reflect, on one hand, the full-year effect of the EGNOS payload and the initial contribution of EUTELSAT QUANTUM, and on the other, the negative carry-forward of last year's USG renewals and the wash-through of revenues generated by the temporary relocation of EUTELSAT 7A.

2020-21 will be a turning point for Fixed Broadband which is set to return to growth on the back of the entry into service of EUTELSAT KONNECT, the wholesale agreement with Orange in France, the addition of a retail pillar in Europe and the ramp-up of the Schoolap contract in Africa. Mobility will remain affected by the ongoing effect of the Covid-19 crisis on the aero mobility market but will benefit from the ramp-up of recently signed maritime business.

Taking these elements into account, we expect to generate revenues from the five Operating Verticals of between €1,180 million and €1,220 million in FY 2020-21¹². The subsequent years will reflect the progressive availability and ramp-up of new capacity, with EUTELSAT KONNECT, EUTELSAT QUANTUM, KONNECT VHTS and EUTELSAT 10B.

Cash Capex¹³ will remain at an average not exceeding €400 million per annum for the period July 2020 to June 2022.

The Group will continue to leverage all measures to maximise cash generation, notably the execution of the LEAP 2 plan, aimed at generating €20-25 million in annual savings by FY 2021-22, and improving working capital requirement trends.

In this context we aim to generate Adjusted discretionary free cash flow of between €420 million and €450 million¹⁴ in FY 2021-22.

We remain committed to a sound financial structure to support our investment grade credit ratings and continue to target a medium-term net debt / EBITDA ratio of around 3x.

¹² Based on a €/€ rate assumption of 1.14 and current perimeter.

¹³ Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

¹⁴ Based on a €/€ rate assumption of 1.14, excluding one-off impacts such as Hedging, effects of changes in perimeter when relevant, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

Our policy of a stable to progressive dividend, interrupted in FY 2019-20, is reinstated based on the dividend of 0.89 euros recommended at the upcoming Annual General Meeting, confirming our commitment to serve a high level of shareholder return.

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

FLEET DEPLOYMENT

Nominal deployment programme

The Covid-19 crisis has affected the operations of satellite manufacturers and launchers. Since the last quarterly update in February 2020, the launch of EUTELSAT QUANTUM is now expected in Q4 2020, versus Q3 2020 previously.

Satellite ¹	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion
EUTELSAT QUANTUM	48°East	Q4 2020	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
KONNECT VHVS	To be confirmed	H2 2021	Connectivity	Europe	~230 Ka spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT HOTBIRD 13G	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT 10B	10°East	2022	Mobile Connectivity	EMEA Atlantic & Indian Ocean	12 Ku 10C >100 Ku spot beams	12 Ku 20 C c. 35 Gbps	-48 Ku transponders c. 35 Gbps

¹ EUTELSAT QUANTUM is a chemical propulsion satellite. KONNECT VHVS, EUTELSAT HOTBIRD 13F, EUTELSAT HOTBIRD 13G and EUTELSAT 10B are electric propulsion satellites.

² Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 36 Mhz equivalent transponders) operated, once regulatory, technical and operational constraints are taken into account.

Changes in the fleet since 30 June 2019

- EUTELSAT KONNECT was launched on 16 January 2020 and is expected to enter into service at 7°East in the fourth quarter of current calendar year. Nevertheless, as a consequence of the Covid-19 crisis, the deployment of ground gateways supporting the operations of the satellite has been delayed so that it will operate at full capacity only in early 2021.
- EUTELSAT 5 West B started operations in January with c.45% of its capacity following the loss of its South solar array. The EGNOS payload entered into service in February. EUTELSAT 5 West A now operates in inclined orbit.
- EUTELSAT 7C started operations on 28 January 2020. EUTELSAT 7A, which is now in inclined orbit was relocated.

CORPORATE GOVERNANCE

The Board of 30 July 2020 proposed, amongst others, the following resolutions to be submitted to the vote of shareholders at the Annual General Meeting of 5 November 2020:

- Approval of the accounts;
- Dividend relating to Financial Year 2019-2020;
- Renewal of the mandates of FSP (Fonds Stratégique de Participations) and Rodolphe Belmer;

- Compensation of corporate officers and compensation policy.

Following the next Annual General Meeting and subject to the approval of the above-mentioned resolutions, the Board will be composed of 10 members, 50% of whom are women and 70% of whom are independent.

Note: This press release contains audited consolidated financial statements prepared under IFRS, reviewed by the Audit Committee on 29 July 2020 and adopted by the Board of Directors of Eutelsat Communications on 30 July 2020. These accounts will be subject to the approval of shareholders of Eutelsat Communications at the Annual General Shareholders Meeting of 5 November 2020.

Documentation

Consolidated accounts are available at <https://www.eutelsat.com/en/investors/financial-information.html>

Results presentation

Eutelsat Communications will present its results on **Friday, July 31st, 2020** by conference call and webcast at **9:00 CET**.

To join the call, please dial the following numbers:

- + 33 (0)1 76 77 22 57 (from France)
- + 44 (0)330 336 9411 (from Europe)
- +1 720 452 9217 (from USA)

Access code: 2523579#

A live webcast will be available [here](#).

A replay will be available from July 31, 13:00 CET to August 7, 13:00 CET by dialling the following numbers:

- + 33 (0) 1 70 48 00 94 (from France)
- + 44 (0) 207 660 0134 (from Europe)
- +1 719 457 0820 (from USA)

Access code: 2523579#

Financial calendar

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

- 29 October 2020: First quarter 2020-21 revenues
- 5 November 2020: Annual General Shareholders' Meeting
- 12 February 2021: First Half 2020-21 results

About Eutelsat Communications

Founded in 1977, Eutelsat Communications is one of the world's leading satellite operators. With a global fleet of satellites and associated ground infrastructure, Eutelsat enables clients across Video, Data, Government, Fixed and Mobile Broadband markets to communicate effectively to their customers, irrespective of their location. Around 7,000 television channels operated by leading media groups are broadcast by Eutelsat to one billion viewers equipped for DTH reception or connected to terrestrial networks. Headquartered in Paris, with offices and teleports around the globe, Eutelsat assembles 1,000 men and women from 46 countries who are dedicated to delivering the highest quality of service.

For more about Eutelsat go to www.eutelsat.com

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Disclaimer

The forward-looking statements included herein are for illustrative purposes only and are based on management's views and assumptions as of the date of this document.

Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: risks related to the health crisis; operational risks related to satellite failures or impaired satellite performance, or failure to roll out the deployment plan as planned and within the expected timeframe; risks related to the trend in the satellite telecommunications market resulting from increased competition or technological changes affecting the market; risks related to the international dimension of the Group's customers and activities; risks related to the adoption of international rules on frequency coordination and financial risks related, inter alia, to the financial guarantee granted to the Intergovernmental Organization's closed pension fund, and foreign exchange risk.

Eutelsat Communications expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this document to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law.

The information contained in this document is not based on historical fact and should not be construed as a guarantee that the facts or data mentioned will occur. This information is based on data, assumptions and estimates that the Group considers as reasonable.



APPENDICES

Appendix 1: Additional financial data

Extract from the consolidated income statement (€ millions)

Twelve months ended June 30	2019	2020	Change
Revenues	1,321.1	1,278.3	-3.2%
Operating expenses ¹⁵	(288.6)	(296.4)	+2.7%
EBITDA	1,032.4	982.0	-4.9%
Depreciation and amortisation	(518.8)	(530.9)	+2.3%
Other operating income (expenses)	12.5	36.1	X2.9
Operating income	526.1	487.2	-7.4%
Financial result	(91.5)	(80.5)	-12.0%
Income tax expense	(76.3)	(94.4)	+23.7%
Income from associates	(1.3)	-	N/A
Portion of net income attributable to non-controlling interests	(16.6)	(14.6)	-12.0%
Group share of net income	340.4	297.6	-12.6%

Change in net debt (€ millions)

Twelve months ended June 30	2020
Net cash flows from operating activities	779.0
Cash Capex	(221.5)
Interest and Other fees paid net of interests received	(83.2)
Reported Discretionary Free Cash Flow	474.4
Acquisition / disposal of equity investments and subsidiaries	20.0
Distributions to shareholders (including non-controlling interests)	(315.7)
Share buy backs	(20.0)
Premium paid on pre-hedge instrument	(39.1)
Other	(46.2)
Decrease (increase) in net debt	73.4

¹⁵ Operating expenses is defined as the sum of operating costs and of selling, general & administrative expenses.

Appendix 2: Quarterly revenues by application

Analysis of revenues by business application in the Fourth Quarter (€ millions)

In € millions	Q4 2018-19 reported	Q4 2019-20 reported	Actual change	Like-for-like change ¹⁶
Broadcast	198.4	196.4	-1.0%	-1.5%
Data & Professional Video	48.6	42.7	-12.1%	-13.6%
Government Services	39.8	42.8	+7.5%	+5.1%
Fixed Broadband	20.9	18.8	-10.0%	-10.6%
Mobile Connectivity	20.5	16.7	-18.5%	-20.7%
Total Operating Verticals	328.1	317.4	-3.3%	-4.3%
Other Revenues	(1.7)	2.2	Na	Na
Total	326.3	319.6	-2.1%	-4.4%
<i>EUR/USD exchange rate</i>	<i>1.124</i>	<i>1.094</i>		

Quarterly Reported revenues FY 2019-20

The table below shows quarterly reported revenues.

In € millions	Q1 2019-20	Q2 2019-20	Q3 2019-20	Q4 2019-20	FY 2019-20
Broadcast	194.7	194.7	198.8	196.4	784.6
Data & Professional Video	43.0	44.8	44.8	42.7	175.3
Government Services	39.3	39.1	40.0	42.8	161.1
Fixed Broadband	19.9	19.2	18.8	18.8	76.7
Mobile Connectivity	19.7	21.5	20.8	16.7	78.7
Total Operating Verticals	316.5	319.3	323.1	317.4	1,276.3
Other Revenues	1.1	(0.2)	(1.1)	2.2	2.0
Total	317.6	319.1	322.0	319.6	1,278.3

¹⁶ At constant currency, perimeter. The variation is calculated as follows: i) Q4 2019-20 USD revenues are converted at Q4 2018-19 rates.

Appendix 3: Alternative performance indicators

In addition to the data published in its accounts, the Group communicates on three alternative performance indicators which it deems relevant for measuring its financial performance: EBITDA, cash capex and Discretionary free cash flow (DFCF). These indicators are the object of reconciliation with the consolidated accounts.

EBITDA, EBITDA margin and Net debt / EBITDA ratio

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortization. It is a frequently used indicator in the Fixed Satellite Services Sector and more generally the Telecom industry. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2018-19 and FY 2019-20:

Twelve months ended June 30 (€ millions)	2019	2020
Operating result	526.1	487.2
+ Depreciation and Amortization	518.8	530.9
- Other operating income and expenses	(12.5)	(36.1)
EBITDA	1,032.4	982.0

The EBITDA margin is the ratio of EBITDA to revenues. It is calculated as follows:

Twelve months ended June 30 (€ millions)	2019	2020
EBITDA	1,032.4	982.0
Revenues	1,321.1	1,278.3
EBITDA margin (as a % of revenues)	78.1%	76,8%

At constant currency, the EBITDA margin stood at 76.9% as of 30 June 2020.

The Net debt / EBITDA ratio is the ratio of net debt to last-twelve months EBITDA. It is calculated as follows:

Twelve months ended June 30 (€ millions)	2019	2020
Last twelve months EBITDA	1,032.4	982.0
Closing net debt ¹⁷	3,072.8	2,999.4
Net debt / EBITDA	2.98x	3.05x

Cash Capex

The Group on occasion operates capacity within the framework of leases, or finances all or part of certain satellite programs under export credit agreements or through other bank facilities, leading to outflows which are not reflected in the item "acquisition of satellites and other tangible or intangible assets". Cash Capex including the outflows related to these elements is published in order to reflect the totality of Capital Expenditures undertaken in any financial year.

¹⁷ Net debt includes all bank debt, bonds and all liabilities from lease agreements and structured debt as well as Forex portion of the cross-currency swap, less cash and cash equivalents (net of bank overdraft). Net Debt calculation is available in the Note 7.3.4 of the appendices to the financial accounts.

In addition, in the event of a partial or total loss of satellite, as previously reported cash Capex included investment in assets which are inoperable or partially inoperable, the amount of insurance proceeds is deducted from Cash Capex.

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets, payments in respect of export credit facilities or other bank facilities financing investments as well as payments related to lease liabilities. If applicable it is net from the amount of insurance proceeds.

The table below shows the calculation of Cash Capex for FY 2018-19 and FY 2019-20:

Twelve months ended June 30 (€ millions)	2019	2020
Acquisitions of satellites, other property and equipment and intangible assets	(210.8)	(220.3)
Insurance proceeds	-	85.6
Repayments of ECA loans, lease liabilities and other bank facilities ¹⁸	(112.4)	(86.7)
Cash Capex	(323.2)	(221.5)

Discretionary free cash flow (DFCF)

The Group communicates on Discretionary free cash flow which reflects its ability to generate cash after the payment of interest and taxes. DFCF generally and principally serves the shareholder remuneration and debt reduction.

Reported Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as Interest and other fees paid net of interest received.

Adjusted Discretionary free cash flow (as per financial objectives) is calculated at constant currency and excludes one-off impacts such as Hedging, effects of changes in perimeter when relevant, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

The table below shows the calculation of Reported Discretionary free cash flow and Adjusted Discretionary free cash flow for FY 2018-19 and 2019-20 and its reconciliation with the cash flow statement:

Twelve months ended June 30 (€ millions)	2019	2020
Net cash flows from operating activities	848.2	779.0
Cash Capex (as defined above)	(323.2)	(221.5)
Interest and other fees paid net of interest received	(117.2)	(83.2)
Reported Discretionary Free-Cash Flow	407.8	474.4
Impact of the disposal of EUTELSAT 25B ¹⁹	29.0	-
Currency impact ²⁰	-	(13.9)
Hedging Impact	19.6	10.6
One-off costs related to "LEAP 2" program and move to new headquarters	-	11.5
Adjusted Discretionary Free-Cash Flow	456.4	482.6

¹⁸ Included in lines "Repayment of borrowings" and of "Repayment of lease liabilities" of cash-flow statement

¹⁹ Impact of the disposal of EUTELSAT 25B satellite. For comparability purposes, FY 2018-19 is restated from the advanced payment made by Es'hailSat for capacity on EUTELSAT 25B (€5.5 million) which had to be reimbursed by Eutelsat to Es'hailSat when the asset was sold in August 2018 and from the tax paid (€25.2m) on the capital gain related to this transaction and revenue booked until the disposal of the asset in early August 2018 is cancelled (-€1.7m).

²⁰ FY 2019-20 discretionary Free-Cash Flow has been converted at FY 2018-19 €/€ rate.