



**eutelsat**  
COMMUNICATIONS

Société anonyme with a Board of Directors  
and a share capital of 232,774,635 euros  
Registered office: 70 rue Balard,  
F-75015 Paris

481 043 040 R.C.S. PARIS

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS  
ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**



**Note: The English version of this Management Report is a free translation of the French version and is provided solely for the benefit of English-speaking users.**

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Dear Shareholder(s),

We submit to you a management report on the activity of Eutelsat Communications (the Company) and the Eutelsat Group<sup>1</sup> for the year ended 30 June 2018.

We also present to you the company and consolidated financial statements for the year ended 30 June 2018. The consolidated statements show the intra-group relations with our subsidiaries and affiliated companies.

This report was adopted by the Board of Directors at its meeting on 31 July 2018.

## INTRODUCTION

Operating capacity on 38 satellites in-orbit between 117° West and 174° East, broadcasting more than 6,800 television channels, the Group is one of the leaders in EMEA area<sup>2</sup> for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for Video Applications, Fixed Data, Government Services and Connectivity applications as well in Connectivity applications (Fixed Broadband and Mobile Connectivity) which have strong growth potential.

Via its fleet, the Group covers the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa and a large section of the Asian and American continents, potentially giving it access to almost 100% of the world's population.

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<sup>1</sup> Eutelsat Group" or "the Group" means Eutelsat Communications and all the companies controlled directly or indirectly by Eutelsat Communications

<sup>2</sup> EMEA includes western and central Europe, Russia and central Asia, the Middle-East, North Africa and Sub-Saharan Africa.

# 1 KEY HIGHLIGHTS IN THE FINANCIAL YEAR

## 1.1 MAIN HIGHLIGHTS OF FY 2017-18

### Fully delivering on all financial objectives:

- Revenues down 1.9% like-for-like, within our guidance range of -1% to -2%;
- LEAP cost-saving program ahead of track;
- EBITDA margin of 76.9% at constant currency, well above 76% target;
- Effective capex containment at €358 million, below the €420m average objective;
- Discretionary Free Cash Flow up 11.9% at constant currency despite tough comparison basis (+65% in FY 2016-17);
- Net Debt / EBITDA now in line with 3.0x target level; deleveraging accelerated by disposal of Hispasat stake for €302m;
- Recommended dividend of €1.27 per share, up 5%; 1.4 times covered by Discretionary Free Cash Flow;

### Progressive improvement in trend in the operating verticals

- Operating verticals down 1.3% at constant currency and perimeter, with a progressively improving trend (-2.2% year-on-year in the second quarter, -1.1% year-on-year in the third quarter, -0.7% year-on-year in the fourth quarter);

### Effective design-to-cost policy underpinning tangible reduction in Capex spend

- Replacement of the HOTBIRD constellation a strong illustration of effectiveness of design-to-cost policy;
- Capex outlook further lowered to €400 million average thanks to above-expectation delivery on design-to-cost;

### Robust commercial performance underpinning return to slight growth in FY 2018-19

- In Video:
  - Well-oriented channel count, up 4.5% with HD penetration of 21.0%, up 3.8 points;
  - Positive outcome of contract renewals, notably Cyfrowy Polsat and TVN at the HOTBIRD position;
  - New business in Europe with SFR-Altice at 5°West, Mediaset at HOTBIRD and XtraTV at the 9°East orbital position as well as in several emerging broadcast markets, including Fiji on EUTELSAT 172B and the Caribbean region on EUTELSAT 117 WEST B;
  - Absorption of Noorsat to optimise Video distribution in the MENA region.
- In Government Services:
  - Favourable outcomes of Fall 2017 and Spring 2018 renewal campaigns with the US Department of Defense;
  - Significant incremental business at the new 174° East orbital position;
  - Much of capacity on EUTELSAT QUANTUM reserved.
- In Mobile Connectivity:
  - Landmark MoU with China Unicom followed by the commercialization of the remaining HTS capacity on EUTELSAT 172B to UnicomAirNet;
  - Agreement with Taqnia for incremental capacity on EUTELSAT 3B and EUTELSAT 70B satellites;
  - These agreements and the double-digit revenue growth confirm the buoyancy of the Mobile Connectivity market.

### Procurement of KONNECT VHTS to shape our Connectivity strategy

- Konnect Africa project on track for a commercial launch in August 2018;

- Procurement of KONNECT VHTS with significant multi-year distribution commitments with Orange and Thales.

## 1.2 REVENUES BY BUSINESS APPLICATION

For a review of the performance for each application, please refer to section 3.2.1 “Revenue evolution” of this document.

## 1.3 FINANCIAL PERFORMANCE

The chart below shows the main financial indicators for fiscal year 2017-18

<b>Key Financial Data</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>Change</b>
Revenues - €m	1,477.9	<b>1,407.9</b>	<b>-4.7%</b>
<b>Revenues at constant currency and perimeter</b>	1,471.3	<b>1,443.0</b>	<b>-1.9%</b>
EBITDA - €m	1,133.6	<b>1,076.9</b>	<b>-5.0%</b>
EBITDA margin - %	76.7	<b>76.5</b>	<b>-0.2 pts</b>
<b>EBITDA margin at constant currency - %</b>	76.7	<b>76.9</b>	<b>+0.2 pts</b>
Group share of net income - €m	351.8	<b>290.1</b>	<b>-17.5%</b>
Financial structure			
Discretionary Free-Cash-Flow	407.8	<b>414.7</b>	<b>+1.7%</b>
<b>Discretionary Free-Cash-Flow at constant currency</b>	407.8	<b>456.2</b>	<b>+11.9%</b>
Net debt - €m	3,640.7	<b>3,241.6</b>	<b>-€399.1m</b>
Net debt/EBITDA - X	3.2	<b>3.0</b>	<b>-0.2 pts</b>
Backlog – €bn	5.2	<b>4.6</b>	<b>-11.9%</b>

EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex and Discretionary Free-Cash-Flow are considered as Alternative Performance Indicators. Their definition and calculation can be found in the section below.

IFRS 15 and IFRS 16 will be adopted in the Group's consolidated financial statements for the financial year beginning 1 July 2018.

For more detail, please refer to section 3.2 and 6 of this document.

## 1.4 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 key indicator in the Fixed Satellite Services Sector. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2016-17 and FY 2017-18:

Twelve months ended June 30 (€ millions)	2017	2018
Operating result	614.8	552.5
+Depreciation and Amortization	532.9	506.0
- Other operating income and expenses	(14.1)	18.5
<b>EBITDA</b>	<b>1,133.6</b>	<b>1,076.9</b>

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

Twelve months ended June 30 (€ millions)	2017	2018
EBITDA	1,133.6	1,076.9
Revenues	1,477.9	1,407.9
<b>EBITDA margin (as a % of revenues)</b>	<b>76.7%</b>	<b>76.5%</b>

At constant currency, the EBITDA margin would have stood at 76.9% as of 30 June 2018.

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

Twelve months ended June 30 (€ millions)	2017	2018
Last twelve months EBITDA	1,133.6	1,076.9
Closing net debt <sup>3</sup>	3,640.7	3,241.6
<b>Net debt / EBITDA</b>	<b>3.2</b>	<b>3.0</b>

### Cash Capex

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

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets as well as payments in respect of export credit facilities and long term financial leases on third party capacity.

Cash Capex for FY 2016-17 was restated from the value of the payment owed in 2015-16 to RSCC in respect of lease of EUTELSAT 36C but paid effectively in FY 2016-17<sup>4</sup> (€95.2m) which was already accounted for in 2015-16 cash capex.

<sup>3</sup> Net debt includes all bank debt, bonds and all liabilities from long-term lease agreements and Export Credit Agencies 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 24.1 of the appendices to the financial accounts.



The table below shows the calculation of Cash Capex for FY 2016-17 and FY 2017-18:

Twelve months ended June 30 (€ millions)	2017	2018
Acquisitions of satellites, other property and equipment and intangible assets	(393.0)	(298.8)
Repayments of ECA loans and long-term capital leases <sup>5</sup>	(153.9) <sup>6</sup>	(59.4)
Payment received from ViaSat <sup>7</sup>	132.5	-
<b>Capex per financial outlook definition</b>	<b>(414.4)</b>	<b>(358.2)</b>

### 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 dividend payment and debt reduction.

Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest income.

The table below shows the calculation of Discretionary free cash flow for FY 2016-17 and FY 2017-18 and its reconciliation with the cash flow statement:

Twelve months ended June 30 (€ millions)	2017	2018
Net cash flows from operating activities	982.9	880.8
Acquisitions of satellites, other property and equipment and intangible assets	(393.0)	(298.8)
Repayment of Export credit facilities <sup>8</sup>	(62.9)	(23.7)
Repayment in respect of long-term leases <sup>9</sup>	(186.2)	(35.7)
Interest and other fees paid net of interest received	(160.7)	(107.9)
Payment received from ViaSat <sup>10</sup>	132.5	-
Payment to RSCC in respect of lease of EUTELSAT 36C included in FY 2015-16 Discretionary Free-Cash Flow	95.2	-
<b>Discretionary Free-Cash Flow</b>	<b>407.8</b>	<b>414.7</b>

At constant currency, the Discretionary Free-Cash Flow would have amounted to €456.2 million as of 30 June 2018.

## 1.5 IMPACT OF IFRS 15 AND IFRS 16 STANDARDS

<sup>4</sup> In FY 2015-16 the payment was frozen in the context of the legal action brought against the Russian State by former Yukos shareholders.

<sup>5</sup> Included in lines "Repayment of borrowings" and of "Repayment of finance lease liabilities" of cash-flow statement

<sup>6</sup> Excluding payment to RSCC mentioned above (€95.2 million)

<sup>7</sup> Included in the line "Transactions relating to non-controlling interests" of cash-flow statement

<sup>8</sup> Included in the line "Repayment of borrowings" of cash-flow statement

<sup>9</sup> Included in the line "Repayment in respect of finance lease liabilities" of cash-flow statement

<sup>10</sup> Included in the line "Transactions relating to non-controlling interests" of cash-flow statement

IFRS 15 and IFRS 16 will be adopted in the Group's consolidated financial statements for the financial year beginning 1 July 2018. The main impacts of IFRS 15 are related to the timing of revenue and cost recognition or reclassifications between revenues and costs for items such as marketing and technical contributions and for subscriber acquisition costs and terminals in the Fixed Broadband application.

The adoption of IFRS 16 will lead to the capitalization of short-term operating leases which were previously accounted as opex.

The Group will apply IFRS 15 retrospectively by restating the comparable period. IFRS 16 will be applied under the simplified retrospective method with no restatement of comparative periods.

Overall, the broad impact of IFRS 15 is estimated between -€15 and -€20 million on 2017-18 revenues (of which -€15 to -€20 million on Operating Verticals). As a reminder IFRS 16 has no impact on revenues.

The combined impact of IFRS 15 and IFRS 16 is estimated at circa +1 point on the EBITDA margin and circa +€30m on Net Debt. It is estimated at between +€5m and +€10m on Cash Capex. There is no net impact on Discretionary Free Cash Flow.

## 2 MAIN MARKETS AND STRATEGY

The Group's activities are described in the Section 3 of this document.

### 2.1 THE FIXED SATELLITE SERVICES INDUSTRY

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (e.g. private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The growth of television in emerging markets, growing needs in terms of internet access, whether fixed or on the move, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector generated global revenues of 11.3 billion dollars US at 31 December 2016.

#### 2.1.1 A market with visibility

##### Eutelsat: a core player in the most resilient segments

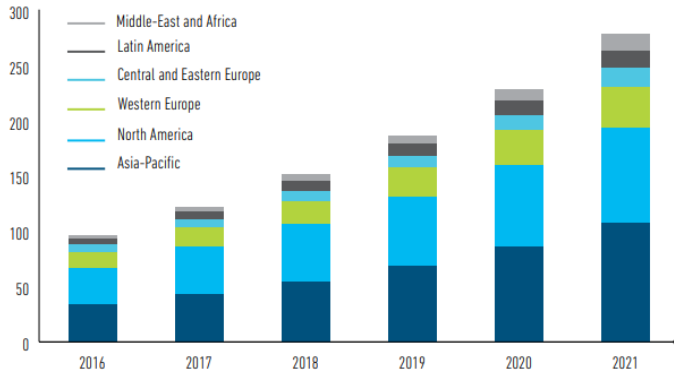
Visibility on the FSS market is underpinned by several factors:

- satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;
- customers, especially those in the Video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

Video Applications, Eutelsat's core business, is highly resilient and its significant backlog provides visibility on future revenues.

Furthermore, as an infrastructure used to distribute content, satellite benefits from the trend of secular growth in usages and global data traffic.

► GLOBAL INTERNET TRAFFIC EVOLUTION (IN EB PER MONTH)



Source : Cisco /VNI

## 2.1.2 An increase in usages driven by the digital revolution

### Eutelsat: a key player in the distribution of Video content

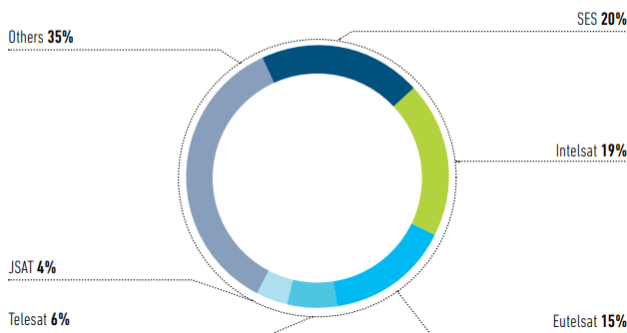
The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD) which require additional bandwidth. Moreover, despite a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services, linear television remains the primary means to view video content.

In this context, satellite remains the distribution infrastructure enabling Free-to-Air or Pay-TV platforms to reach the largest audience at a competitive cost with best-in-class image quality.

## 2.1.3 A fast-changing and competitive environment

The three largest operators – Intelsat, SES and Eutelsat – together have 54% market share in the FSS sector.

### ► OPERATORS GLOBAL MARKET SHARE (BASED ON REVENUES)



Source: Euroconsult 2017

At regional level, some operators have also implemented investment programmes with a view to expanding on their markets and competing with global operators. These programmes may encounter obstacles such as the high level of investment, expertise and commercial effort required and the complexity of the international regulatory environment. Finally, the arrival of HTS and subsequently VHTS satellites driven by technical innovation provides increased throughput at competitive costs for certain applications.

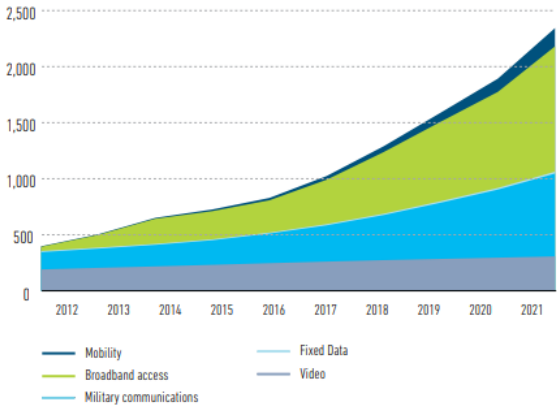
The emergence of regional operators, together with the expansion of established operators and technical innovation is reflected in an increase in the amount of satellite capacity on the market which differs depending on the applications.

Whereas regular capacity supply – dedicated mostly to Video applications is progressing modestly and is forecast to grow by 1% between 2016 and 2021 according to Euroconsult, HTS capacity supply dedicated mostly to Fixed Data and Connectivity is expected to be multiplied by four over the same timeframe.

## 2.2 A DUAL MARKET DYNAMIC

In the Fixed Satellite Services sector, the traditional businesses are Video, Fixed Data and Government Services. In the markets covered by the Group, and despite continued growth for Video in emerging markets, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe) and an increase in supply which is weighing on pricing in Data Services. At the same time, new high-growth segments have emerged in recent years, the “Connectivity” businesses of Fixed Broadband and Mobile Connectivity, which present significant new opportunities for satellite operators.

► BREAKDOWN BY APPLICATION OF GLOBAL DEMAND IN GBPS (CONSOLIDATED DEMAND FOR REGULAR AND HTS CAPACITY)



Source : Euroconsult 2017

### 2.2.1 Core businesses – market prospects

#### 2.2.1.1 Video

In 2016, Video was the largest segment of the FSS market, accounting for circa 4,000 transponders worldwide, equivalent to 59% of the volume of regular capacity available on the market (source: Euroconsult, 2017 edition). Overall the Video market is slightly growing driven by demand in emerging countries.

- The number of homes equipped with a satellite terminal should increase globally by some 50 million between 2017 and 2022 with the penetration of satellite-based television services rising from 26 to 28% of the global population (source: Digital TV Research).
- The number of channels broadcast by satellite worldwide has increased from over 30,000 to over 40,000 over the last five years and should exceed 46,000 by 2026 (source: Euroconsult, 2017 edition).

Market dynamics differ between developed and emerging countries.

In developed countries:

- The market is mature. In Europe in particular, trends should be broadly stable with HD and UHD ramp up offsetting improvement of compression and encoding format as well as end of certain simulcast channels.
- Requiring more satellite capacity as standard definition (a 36 Mhz transponder can broadcast more than 20 Standard Definition channels or around 9 HD channels in MPEG-4 format), the HD penetration rate on Eutelsat

satellites has risen in one year from 17.2% to 21.0% in the past year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 10% in EMEA and Latin America over the 2016-2026 period to more than 10,000 channels by 2026.

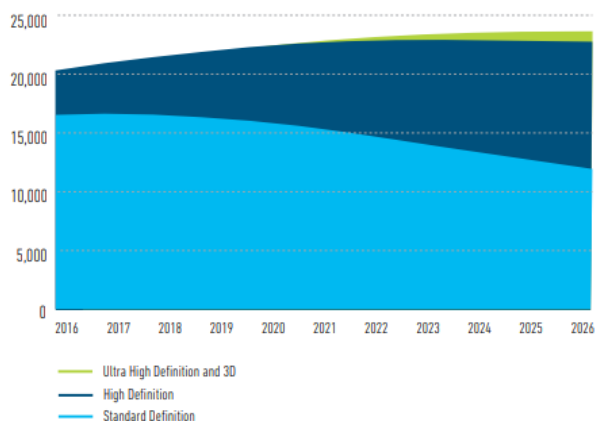
- Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently almost three times as bandwidth-hungry than HD, even factoring in the efficiency gains brought by the new HEVC compression format.
- Conversely, technological advances in the compression of television signals together with the discontinuation of simulcast channels have a negative impact on capacity requirements. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thereby optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market. However, Eutelsat is more advanced on compression (with MPEG-4 channels representing 67% of the channels broadcast by the Group) than on HD penetration (with an HD penetration of 21.0%). Therefore future HD ramp-up should largely offset generalization of MPEG-4.
- The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design a new generation of “hybrid” terminals that combine access to both television and the Internet. Eutelsat’s teams are involved in this process and are continuously working to enhance television services and supply of connected television services.

In emerging countries demand is growing. According to Euroconsult, between 2016 and 2021 demand for capacity for Video Applications will grow by 6% per year in Latin America, sub-Saharan Africa, the Middle East and North Africa, Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast which has more than doubled over the past five years. The potential for further growth is robust since, for example, there are currently only two channels per million inhabitants in sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

Moreover HD penetration is weaker than in mature countries. For example, in sub-Saharan Africa, HD penetration stands at just 4% compared with 29% in Western Europe (source: Euroconsult, 2017 edition). HD penetration is forecast to in these regions which will have an additional positive effect on demand.

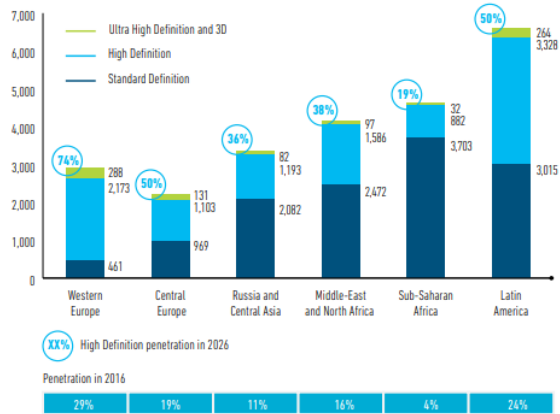
Finally the rise of Digital Terrestrial Television (“DTT”) in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

► EVOLUTION OF THE NUMBER OF SD, HD AND UHD CHANNELS IN EXTENDED EUROPE AND LATIN AMERICA



Source: Euroconsult, 2017 edition.

► HD PENETRATION BY SUBREGION IN 2026



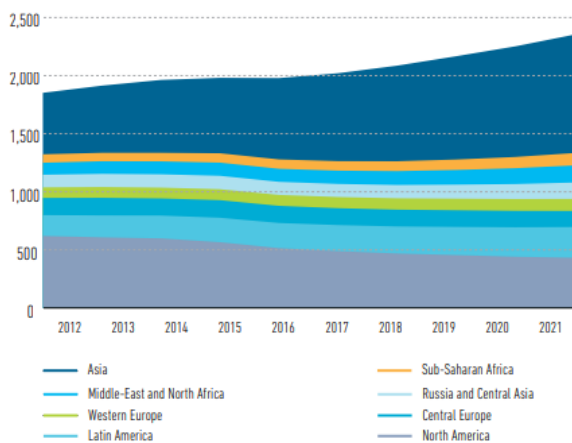
Source: Euroconsult, 2017 edition.

2.2.1.2 Fixed Data

The Fixed Data market is composed of several segments: business networks, the interconnection of mobile networks and trunking.

- VSAT business networks: although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas, in particular in emerging countries, satellite technology is therefore the optimal solution. Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms; and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. More than two million VSAT terminals for business networks are in operation globally and this is expected to continue to grow as illustrated by the chart below.

► DEVELOPMENT IN NUMBER OF V-SATS PER REGION (IN THOUSANDS)



Source : Euroconsult 2017

- **Interconnecting mobile networks and “trunking”:** The market for **interconnecting mobile networks** is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) for transmitting information between these points. It is concentrated in emerging countries, in particular Latin America and Southern Asia. In the medium

term the development and the extension of data-greedy 3G/4G mobile networks should generate an additional demand for satellite capacity. However in the longer term satellite will come up against growing competition linked to the extension of terrestrial networks in this vertical.

The market for **interconnecting mobile networks** should gradually migrate towards new HTS capacities, which enables satellite operators to offer 3G/4G Data Services, (significantly increasing the volume of data transmitted). In the longer term, it too will also encounter come up against growing competition linked to the extension of terrestrial networks.

- The “trunking” market is defined as the transmission of information (voice or data, also known as “IP trunking”) between one national backbone network and another. This market is in decline in both volume and value in large part due to competition from fibre optic. Nevertheless, satellite technology still plays an important role in areas that are not connected to the terrestrial network or that have a poor connection to the network. There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable.

Overall demand is growing in volume notably thanks to increased Data traffic but is accompanied by a significant decline in prices caused by several factors:

- The amount of satellite capacity dedicated to fixed data has increased significantly and continues to grow;
- Terrestrial networks are competing with satellite technology on this market segment;
- The arrival of HTS satellites has led to a reduction in the production cost of capacity which in turn impacts prices.

As a result revenues for Fixed Data are expected to decline in the coming years albeit certain segments, particularly point-to-multipoint applications (which account for more than half of Eutelsat’s Fixed Data revenues), should be more resilient in the short and medium term.

### 2.2.1.3 Government services

After several years of decline demand in volume in the military Government Services market has stabilised. In the medium-term demand will benefit from developments in security, surveillance, safety and IT systems in a context of increasing volumes of data exchanged and from the increasing use of commercial capacities by governments seeking to rationalise the spending.

Demand from the US Government, a key customer in this segment, has stabilized, albeit at much lower prices than before. There are growth opportunities in other regions such as Asia-Pacific or with other governments which may increasingly turn to commercial operators for their satellite capacities. Like Fixed Data, this segment will be impacted by the arrival of HTS capacity, although it is expected to migrate at a much slower pace. The quality of coverage as well as the flexibility allowed by operators to meet operational needs of governments will remain key differentiators.

The civil government services market also opens up opportunities, for example in offering additional services to connect public infrastructure (such as schools and hospitals) in remote regions.

## 2.2.2 Connectivity Applications – market prospects

The market for Connectivity Applications represents one of the greatest potential medium and long-term growth opportunities in the satellite segment.

### 2.2.2.1 Fixed Broadband

The number of homes equipped with a satellite terminal connected to the Internet has risen by 50% in five years to over 2.7 million worldwide (source: Euroconsult, 2017 edition). Mainly confined to the European and North-American markets at this stage, Satellite Broadband is expected to grow in the years ahead, notably expanding to new regions (Latin America, Africa, Russia...).

The development of the market for Fixed Broadband is driven by the following factors:



- In all geographical areas millions of homes will long remain out of reach of terrestrial infrastructures. Therefore, the satellite is the only way for them to have access to Internet, representing a highly significant addressable market for the FSS industry. In Europe for instance five million homes will still be deprived of fixed terrestrial Internet connection exceeding 10 Mbps and 4G indoor Connectivity in 2030 in spite of the investment programmes announced by governments and telecom operators. In most emerging countries the deployment of terrestrial networks is lagging behind mature countries, which means the addressable market in those countries is even more significant.
- The emergence of HTS satellites ("High Throughput Satellites") in the Ka frequency band significantly reduces the cost of access to satellite resources for connectivity services while offering a customer experience comparable to that of terrestrial technologies. The deployment early in the next decade of VHTS satellites ("Very High Throughput satellites") with dramatically increased capacity compared to the HTS satellites, will enable a far larger number of users to be provided with offers in terms of price and quality of service which will be comparable to very-high-speed via terrestrial networks, leading to a change in scale in these markets.

### 2.2.2.2 Mobile Connectivity

Broadband mobile communication is a market with strong growth potential.

In particular the provision of capacity for the in-flight Connectivity market is currently worth around 300 million euros and should exceed one billion euros by 2025. Demand in terms of volume is indeed expected to increase sharply on the back of the following factors:

- The continuous rise in air traffic with commercial aviation set to grow by 4.6% per year on average between now and 2034 (source: Airbus Global Market Forecast 2015-2034);
- Passengers' growing demand for Connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- The desire of airlines to offer this new service as a way of differentiating themselves from competitors leading to an increased penetration of aircrafts equipped for in-flight connectivity services;
- The arrival of HTS satellite capacity (and subsequently VHTS capacity), giving access to larger capacities at a lower cost and enabling a very-high speed experience to be offered to passengers;
- The proliferation of rotating flat dishes, reducing indirect costs (weight and maintenance).

The market for maritime satellite Connectivity is also expected to increase notably on the back of more bandwidth-hungry usages. However, the exposure of Eutelsat to this vertical is relatively limited.

Finally, mobile usages, thus far largely confined to the maritime and aviation sectors, will expand to encompass connected cars and land-based transport in the longer term as well as connected objects. There are therefore many opportunities for the satellite mobility market to diversify, and hence transition from niche to mass.

## 2.3 GROUP STRATEGY

In the face of the market environment, Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximize the revenue generation of its businesses by adapting its operational and financial objectives. The second step consists in preparing to return to growth by building on Video and capturing the longer-term potential in Connectivity.

To this end, Eutelsat has realigned its organisation along the following five business lines: Video Applications, Fixed Data, Government Services, Fixed Broadband and Mobile Connectivity. This organisation facilitates the maximization of the cash flow of each application and strengthen Eutelsat's focus on its customers' needs.

## 2.3.1 Maximising free cash flow generation

The maximisation of Discretionary free cash flow generation will be achieved through two sets of measures, financial and operational, aimed at optimizing the revenue generation of Eutelsat's core businesses (Video, Fixed Data and Government Services).

### 2.3.1.1 Financial Measures

Financial measures are structured around three areas:

- **Reducing capex:** capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will notably be driven by the implementation of a "design-to-cost" approach which has started to bear fruit from 2016-17 with the order to EUTELSAT 5 WEST B (in fall 2016) leading to savings in excess of 30% compared to the theoretical replacement cost of EUTELSAT 5 WEST A. Several other elements will also contribute to capex reduction, in particular a focus on hosted payload and partnership or "condosats" opportunities when appropriate, the capitalisation on industry-wide efficiency improvements and the strict monitoring of Ground capex. As a result, average annual capex for the period July 2018 to June 2021 will stand at 400 million euros (20% lower compared to the Capex envelope in place prior to the implementation of this new approach).
- **Optimising the cost of debt** as described in section 6.4.2 of this document, which will allow for cumulative savings of around 50 million euros per year before tax from January 2019.
- **Controlling operating costs** with the implementation of "LEAP" cost-savings plan aimed at generating 30 million euros in annualised savings by 2018-19.

All these measures will help to grow the Group's free cash flow in the medium term.

Furthermore, in order to maximise cash and accelerate deleveraging, Eutelsat has been streamlining its portfolio of assets with, in 2017-18, the closing of the disposal of its stake in Hispasat for a consideration of 302 million euros. In 2016-17, the Group also sold its subsidiary Wins/DHI.

### 2.3.1.2 Adaptation of strategy in core business

#### Video Applications

The Group's strategy for mature countries will consist in optimising the value of its assets by:

- increasing direct access to its customers when and where appropriate;
- integrating or reorganizing indirect distribution;
- stimulating HD and Ultra HD take-up by means of tailored pricing;
- implementing more segmented pricing strategies.

There will be a particular focus on optimising the value of the HOTBIRD position and on taking back unsold capacity from certain distributors, thereby optimising distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat's value proposition by attracting premium channels in different language pools, increasing sales of services and prioritising HD and UHD ramp-up through appropriate incentives. Finally, the implementation of a new pricing policy based on pricing per Mbps instead of pricing per Mhz aims at capturing part of the efficiency gains enabled by improved modulation formats.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- leveraging on its existing in-orbit resources mainly in MENA, Russia and Africa and to a lesser extent in the Americas. For example the Group integrated Noorsat, its main distributor in MENA to rationalise Video distribution and favour HD ramp-up.
- Continuing to invest selectively, notably at the 7° East position. The launch of EUTELSAT 7C in 2018 will

significantly improve coverage in sub-Saharan Africa where the Video market is expanding rapidly.

In emerging regions the flexibility to increase prices will be prioritised over contract length to maximise the value of the customer portfolio.

Furthermore, in order to maximise return on capital and extract more value from Video assets, a design-to-cost approach (see above) allowing Capex optimization has been implemented in particular when replacement of in-orbit resources is required.

Eutelsat will support the digital revolution in all geographical regions by offering customers a range of innovative services including for example Smart LNB and a multi-screen delivery solution..

### **Fixed Data**

In the context of the price pressure and growing volumes described above, Eutelsat's priority will be to fill existing capacity by adapting its pricing policy.

The Group will also focus notably on the following opportunities

- Less competitive geographies ;
- complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;
- Opportunities in verticals where satellite has untapped potential, such as agriculture and the Internet of Things;
- Services to governments to enable them to expand their programmes aimed at reducing the digital divide (e.g. connecting schools and hospitals and public-private partnerships).

Contract length and volumes will be prioritised over price to secure orders. Furthermore given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for Fixed Data Services.

### **Government Services**

Eutelsat will continue to work with the US Department of Defense with a view to growing sales in new sub-segments.

Eutelsat will also seek to expand its operations to other governments notably in Europe, the Middle-East and Asia as well as at new orbital positions when possible: for example, following the entry into service of EUTELSAT 172B in November 2017, EUTELSAT 172A was relocated at 174°East securing incremental business in coverage of Asia-Pacific.

To provide these services, the Group will use the following in-orbit resources

- Regular capacity satellite, notably at 3°East, 21°East, 33°East, 36°East, 70°East, 172°East, 174°East et 117°West orbital positions, which offer extended and quality coverage particularly adapted to these applications;
- EUTELSAT QUANTUM, the new software-based reconfigurable satellite, expected to be launched in 2019 will help to differentiate the value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The applications enabled by this new concept in satellite technology are particularly suited to customers in the Government Services sector who are seeking operational flexibility;
- Longer term KONNECT VHTS, the first VHTS satellite of the Group, expected to be launched in 2021, notably through a distribution agreement with Thales.

## 2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return is based on the development of the core Video business and the seizure of long-term opportunities in Fixed Broadband and Mobile Connectivity.

### 2.3.2.1 Pursuing growth in Video

Video via satellite will continue to grow and Eutelsat expects that in the longer term Video distribution globally will mostly be split between satellite and IPTV. Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

- improving the end-user experience through, for example, Connected Television, multi-screen delivery solutions and digital Connected Television programme guides;
- managing meta-data in order to target advertising;
- compression, encryption and security.

These services will help to strengthen relations with customers while at the same time creating opportunities to generate additional revenues by capturing a share of the value created.

To this end the Group will continue to implement an innovation policy. Recent innovations include the "Smart LNB" antenna for Direct-to-Home, designed mainly for emerging markets which allow broadcasters to operate linear television and connected TV services directly by satellite.

The Group has also developed SmartBeam, a solution for broadcasting native IP Video content to mobile terminals in homes and public places (e.g. hotels, shopping malls and airports) via satellite. Thanks to this solution, video platform operators can broadcast channels live in IP format via satellite by creating a network dedicated to all IP-native terminals, such as tablets and smartphones.

Russia's Tricolor TV, is the first to use SmartBeam allowing delivery of channels to mobile devices in public venues.

### 2.3.2.2 Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

#### **Fixed Broadband**

Eutelsat's initial aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

- The KA-SAT satellite in Europe, in service since 2011;
- The HTS payload in Ka-band on EUTELSAT 36C covering Russia: broadband services kicked off in fall 2016 and a partnership has been implemented with Russian Pay-TV operator, Tricolor TV;
- A project to develop Broadband in Africa (KonnnectAFrica), first with capacity leased from Yahsat, and subsequently with the launch of a dedicated satellite named KONNECT (previously named African Broadband Satellite). Commercial Service on Al-Yah-3 satellite is expected to be launched in August 2018;
- The payload in Ka-band on EUTELSAT 65 West A covering Latin America which is fully leased.

Eutelsat will prepare for the mass-market adoption of this application by working on all the prerequisites : availability of an adapted capacity, both sufficient in terms of throughput and competitive in terms of industrial cost, low-cost terminals, distribution strategy, detailed analysis of each national market. A major step forward was achieved in 2017-18 in the Group's growth strategy with the procurement of KONNECT VHTS, a VHTS satellite which will support the development of its European fixed broadband and in-flight connectivity businesses. With a Ka-band capacity of 500 Gbps, KONNECT VHTS which is expected to be launched in 2021, will embark the most powerful on-board digital processor ever put in orbit, offering capacity allocation flexibility, optimal spectrum use, and progressive ground network deployment. The project will be launched with firm multi-year distribution commitments from Orange and Thales, two key European players and leaders in their businesses. A retail partnership was signed with Orange to address the fixed broadband market in European countries where the Group has a retail presence, and a distribution partnership was inked with Thales to serve notably the government connectivity services market.

In the meantime, Eutelsat continues to work with industrial partners to reduce the cost of terminals.

### **Mobile Connectivity**

To capture the growth in Mobility the Group will adopt a step-by-step approach leveraging its existing assets, in particular its strong orbital positions:

- Further development of in-flight Connectivity on KA-SAT. Several agreements to provide capacity to the SAS, Finnair, El Al and Icelandair fleets were signed with ViaSat;
- At 172° East where capacity was expanded with the entry into service in 2017-18 of EUTELSAT 172B which includes a payload dedicated to in-flight Connectivity over Asia-Pacific selected by Panasonic and China Unicom;
- At 3° East, where the Group signed a multi-year agreement with Taqnia for the lease of four steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity medium-/long-haul aircrafts of Saudi Arabian Airlines, covering flight paths from the Middle East to Europe;
- At 10° East and 70° East and over the Americas.

Furthermore, Eutelsat will focus on securing the prerequisites ready for the transition to a mass market. From this perspective, the abovementioned procurement of KONNECT VHTS is a significant milestone to ensure the appropriate capacity over Europe, allowing the delivery of a very-high speed experience in flight at competitive costs, thus addressing market needs.

The group is positioned as a supplier of satellite capacity on this segment, and does not seek, unlike some other players, to play the role of service provider.

In the meantime, Eutelsat is working with all stakeholders involved in Mobility markets, notably antenna manufacturers with a view to position itself on future markets such as connected cars.

## 3 PRESENTATION OF THE SERVICES OFFERED BY THE GROUP AND REVIEW OF 2017-18 ACTIVITY

### 3.1 GROUP'S ACTIVITIES

Operating capacity on 38 satellites in-orbit between 117° West and 174° East providing coverage of EMEA<sup>11</sup>, the Americas and a large part of the Asian continent, the Group delivers its services to broadcasters and network operators directly or via distributors.

As of 30 June 2018, Eutelsat's revenues were 1,408 million euros, of which 66%<sup>12</sup> came from Video Applications. The backlog stood at 4.6 billion euros, of which 83% for Video Applications.

#### 3.1.1 Core business

##### 3.1.1.1 Video Applications

Accounting for 66% of Eutelsat's revenues, revenues for Video Applications stood at 897 million euros for the 2017-18 financial year.

##### **Video Distribution ("Direct to Home")**

Eutelsat provides its customers with broadcasting capacity and associated services to enable them to transmit TV programmes mainly to households that are either equipped to receive them direct via satellite, or - to a much lesser extent - connected to cable or IP networks. The Group occupies a key place in the audiovisual chain which extends from the reporting site to the TV viewer's screen.

With 6,929 TV channels (including 1,455 in High Definition) broadcast via the Group's in-orbit resources as at 30 June 2018, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle East, North Africa and sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of new broadcasting formats (High Definition, Ultra High Definition).

Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: for example, the Group launched the HOTBIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra-HD channel in this new standard. At 30 June 2018, Eutelsat carried 14 unique UHD channels on its fleet in Europe, Russia and Turkey.

Eutelsat's business model is based on long-term relationships with its broadcasting customers, the opening of new in-orbit resources, the increase in programme offerings and in the numbers of antennae pointed at the Group's satellites.

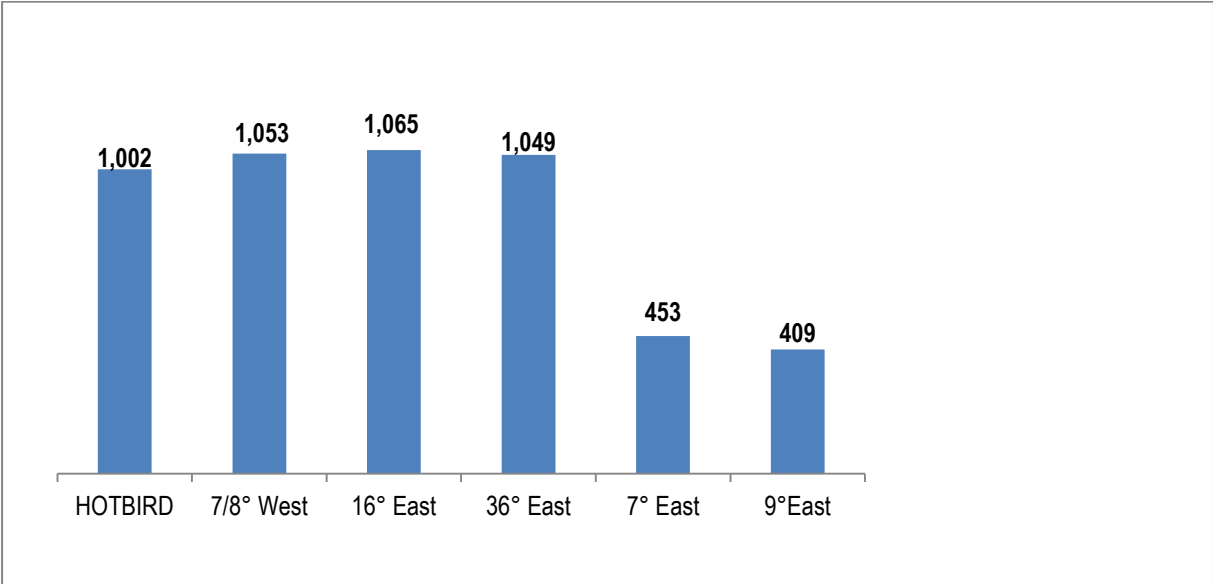
The Group's customers for video distribution include leading broadcasters such as Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal + Overseas and ZAP in Africa and Milicom in Latin America.

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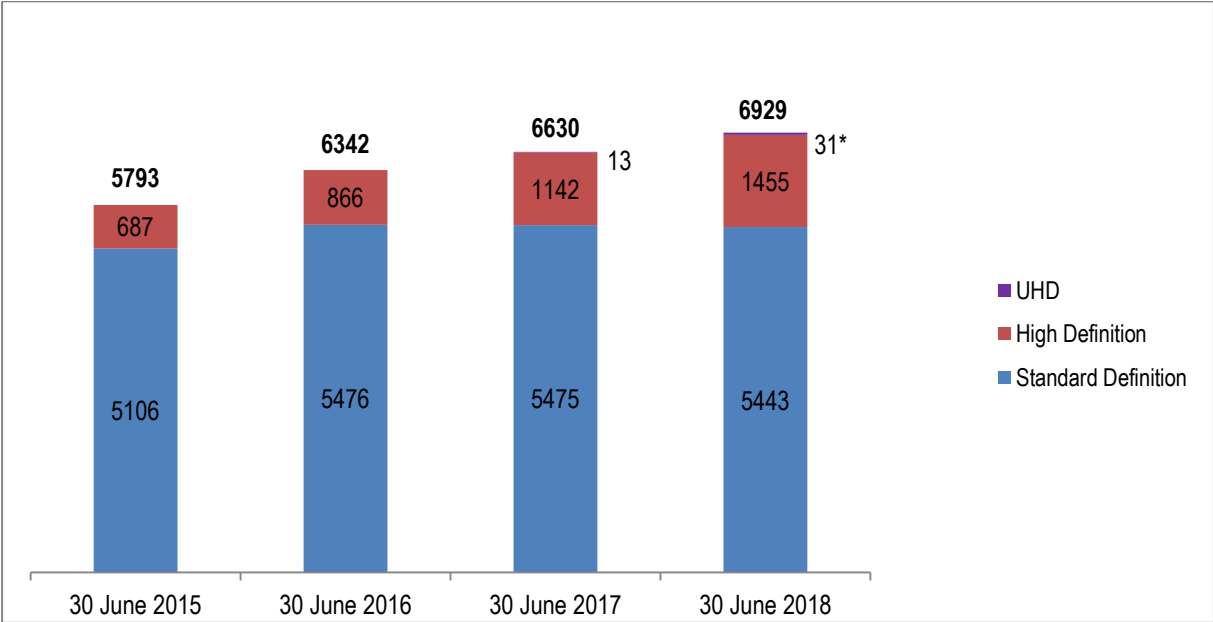
<sup>11</sup> Extended Europe consists of Western Europe, Central Europe, Russia & Central Asia, North Africa, the Middle-East and Central Asia

<sup>12</sup> The share of each application as a percentage of total revenues is calculated excluding "other revenues"

**Channels broadcast on the Group's satellites at Eutelsat's main Video neighbourhoods**



*Number of channels on Eutelsat's fleet*



Source: Eutelsat Communications.

\* Of which 14 Unique UHD channels

Research published in 2015 by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle-East stood at 274 million, of which 138 million receive channels from the HOTBIRD neighbourhood, up from 122 million in 2010. All eight neighbourhoods continue to experience audience growth.

Direct-to-Home is the leading reception mode across the combined Europe, Russia, North Africa and Middle-East footprint. The number of Direct-to-Home households stood at 160 million.

Regarding DTH, cable, IPTV and DTT reception in the more mature Western European markets, 15 countries were surveyed, accounting for 179 million TV homes. DTH was confirmed as the main mode for TV reception in Western Europe, with 58 million, accounting for one in three homes.

In France, the Fransat service, which transmits free DTT channels via the EUTELSAT 5 West A satellite, is received by more

than 2 million households.

### **Professional Video services**

The Group provides television channels or broadcasting platforms with point-to-point links, enabling them to route their programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also enable the establishment meshed networks which are used for the exchange of TV station programmes.

Elsewhere, the Group provides links for the transmission by broadcasters of current affairs programmes (“Satellites News Gathering” or SNG) in standard digital or in High Definition.

The Group’s customers for this type of service include the European Broadcasting Union (EBU), Sky, Globecast, Arqiva, as well as video reporting professionals and sports federations.

In these applications, capacity can be allocated for occasional use or on a more permanent basis.

The group is therefore in a position to support professionals at each stage of the transmission of content, from the transfer of images captured on the spot right through to the reception of programs by the end-viewer, on a regional, national and global level.

#### **3.1.1.2 Government Services**

Government Services revenues amounted to 159 million euros in fiscal year 2017-18 and represented 12% of Group revenues.

Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group’s satellites enable a wide coverage with a strong quality of service and provide direct links between Europe, the Middle East, Africa, Asia and the Americas.

Whether operations are land-based, maritime, field, or air, demand for satellite services is generally driven by three key needs: interconnection of sites that are dispersed or located some distance from high-speed terrestrial routes, : guaranteed immediate availability of capacity as well as security and reliability.

The Group addresses notably the needs in terms of satellite capacity required by intelligence, surveillance, safety, security and reconnaissance systems for the US administration. . In order to better respond to satellite needs of government and institutional markets in EMEA region, Eutelsat has created Eutelsat Government EMEA, early 2015.

#### **3.1.1.3 Fixed Data**

Fixed Data revenues stood at 143 million euros for fiscal year 2017-18 and represented 10% of Eutelsat’s revenues. On this segment Eutelsat’s business is split between Corporate Networks, Mobile backhauling and Trunking.

Satellite corporate networks enable corporates to connect their network via satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly via service providers but the main users include for example the oil and gas industry, banking or distribution. Corporate networks represent more than half of Eutelsat’s Fixed Data Services revenues. Revenues related to non-military applications for governments or NGOs such as programs to reduce the digital divide (e-Education, e-health) are also classified in Fixed Data.

Within the mobile network (backhaul) and Internet backbone connection (trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms via satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. Demand is strong in emerging markets (Africa, the Middle East, Latin America and Asia-Pacific) where the Group has a longstanding presence.



## 3.1.2 CONNECTIVITY

### 3.1.2.1 Fixed Broadband

Fixed Broadband revenues amounted to 87 million euros in fiscal year 2017-18 and represented 6% of Group revenues.

The Group offers Internet access solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks.

The range of services for private individuals (Tooway) offers download speeds of 22 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes. These offers are mostly marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package via satellite. In the framework of the partnership with ViaSat, this indirect approach is completed by a retail joint-venture (51% owned by ViaSat and 49% by Eutelsat) which is in charge of the direct commercialization of the Broadband Service to end-users in selected areas. In 2017-18, the first offers of this retail Joint-Venture have been launched in Scandinavian countries and in Poland.

A wide range of services for professionals are also commercialized on KA-SAT. The main markets targeted include Internet access markets for businesses and local authorities, the interconnection of private virtual networks, the security and safety of terrestrial networks by means of back-up satellite links and the deployment of remote surveillance solutions (SCADA). For example, KA-SAT is used at off-shore sites on the North, Baltic and Mediterranean Seas and can provide broadband access where there is a lack of terrestrial infrastructure for construction companies, event organisers, hotels and public safety organisations.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Brazil on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat also provide Broadband Internet access services in Russia on the EUTELAT 36C satellite since fall 2016. Furthermore, capacity leased on the fleet of Yahsa will allow to ramp-up Broadband Internet access services in Sub-Saharan Africa in 2018-19 ahead of the availability of its own satellite which is expected to be launched in 2019 to serve this region.

### 3.1.2.2 Mobile Connectivity

Mobile Connectivity revenues amounted to 74 million euros in fiscal year 2017-18 and represented 6% of Group revenues. The capacity is used to provide Connectivity services on planes and to a lesser extent ships.

The Group has a portfolio of assets with capacity dedicated to Mobile Connectivity (in-flight or maritime) at 3° East, 10° East, 172° East and 117° West orbital positions as well as on the KA-SAT satellite. In the value chain, the Group is a raw capacity provider and its main customers are distributors /integrators such as Panasonic, GoGo, ViaSat, Taqnia or Speedcast which resell turnkey services to airlines or shipping companies.

Capacity on KA-SAT satellite, covering Europe and the Mediterranean basin will enable airlines to offers passengers top-quality Internet access throughout European airspace. For example, Eutelsat is providing capacity on KA-SAT for the fleets of Finnair, SAS, Icelandair and El Hal.

Furthermore, Eutelsat has signed a multi-year agreement with Taqnia for the lease of four steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight Connectivity on 130 medium-/long-haul aircraft of Saudi Arabian Airlines, covering flight paths from the Middle-East to Europe.

End-November 2017 the EUTELSAT 172B satellite entered into service including notably a Ku-band HTS payload specifically designed for in-flight Connectivity over the Pacific region. This capacity has been fully leased on one hand by Panasonic Avionics Corporation as a platform for in-flight Connectivity and entertainment for airlines serving the Asia-Pacific

area and on the Other by China Unicom to enhance inflight connectivity services across an area stretching from the West coast of North America to Asia, and down to Australia.

## 3.2 ANALYSIS OF THE ACTIVITY DURING THE YEAR

### 3.2.1 Revenue<sup>13</sup>

**Revenues for FY 2017-18** stood at €1,407.9 million, down 1.9% like-for-like. On a reported basis, they were down 4.7%, reflecting a negative currency effect of 3.2 points and a positive perimeter effect of 0.4 points (impact of the acquisition of Noorsat partly offset by the disposal of Wins/DHI and DSAT Cinema). Overall revenues for the five operating verticals (ie excluding 'Other Revenues') were down 1.3% at constant currency and perimeter.

Revenues for **the Fourth Quarter** stood at €373.9 million. Year-on-year they were up 4.3% on a reported basis, and up by 7.6% on a like-for-like basis. Revenues of the five operating verticals were down by 0.7% at constant currency and perimeter, a trend which has progressively improved throughout the year (-1.1% year on year in the third quarter, -2.2% year-on-year in the second quarter)

Quarter-on-quarter, revenues increased by 10.8% on a reported basis and by 11.0% on a like-for-like basis. Revenues of the five operating verticals were up by 0.3% at constant currency and perimeter.

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

#### Revenues by application

In € millions	FY 2016-17	FY 2017-18	Change vs. reported revenues	Like-for-like change <sup>14</sup>
Video Applications	908.0	<b>897.3</b>	-1.2%	-0.7%
Government Services	176.1	<b>158.9</b>	-9.8%	-0.1%
Fixed Data	168.1	<b>142.5</b>	-15.2%	-10.1%
Fixed Broadband	96.2	<b>86.7</b>	-9.8%	-7.8%
Mobile Connectivity	74.6	<b>74.4</b>	-0.2%	+18.2%
<b>Total Operating Verticals</b>	<b>1,422.9</b>	<b>1,359.8</b>	<b>-4.4%</b>	<b>-1.3%</b>
Other Revenues <sup>15</sup>	55.0	<b>48.1</b>	-12.7%	-12.2%
<b>Total revenues</b>	<b>1,477.9</b>	<b>1,407.9</b>	<b>-4.7%</b>	<b>-1.9%</b>
<i>EUR/USD exchange rate</i>	<i>1.09</i>	<i>1.19</i>		

### Core businesses

#### Video Applications (66% of revenues)

In FY 2017-18, **Video Applications** revenues were down 0.7% like-for-like to €897.3 million.

Revenues from Broadcast were slightly up excluding the impact of the end of the TV d'Orange contract at the HOTBIRD position, with a solid performance in key emerging markets, notably MENA at the 7/8° West orbital position and Russia at the 36°East and 56°East orbital positions.

<sup>13</sup> The share of each application as a percentage of total revenues is calculated excluding 'Other Revenues'.

<sup>14</sup> At constant currency and perimeter. The variation is calculated as follows: i) FY 2017-18 USD revenues are converted at FY 2016-17 rates; ii) FY 2016-17 revenues are restated from Wins/DHI and DSAT. FY 2017-18 revenues are restated from the net contribution of Noorsat.

<sup>15</sup> Other revenues include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees and termination fees.

Professional Video continued to decline reflecting ongoing pressure on point-to-point services.

Fourth Quarter revenues stood at €223.1 million, broadly flat year-on-year and down 0.8% quarter-on-quarter.

At 30 June 2018 the total number of channels broadcast by Eutelsat satellites stood at 6,929 (+299 year-on-year). High Definition penetration continued to increase, representing 21.0% of channels compared to 17.2% a year earlier, for a total of 1,455 channels, versus 1,142 a year earlier (+313).

### **Government Services (12% of revenues)**

In FY 2017-18 **Government Services** revenues were stable like-for-like to €158.9 million reflecting predominantly the level of the previous two renewal campaigns with the US Department of Defense.

Fourth Quarter revenues amounted to €40.2 million, up 2.3% year-on-year. The negative base effect of a positive one-off in the Fourth Quarter of the previous year was more than offset by the first effects of the ramp-up of incremental business secured at the 174°East orbital position. On a quarter-on-quarter basis, revenues were up 5.8%.

Commercial activity was favourable throughout the year with a high level of renewals with the US Department of Defense both in Fall 2017 (c.95%) and Spring 2018 (above 95%) as well as the commercialization of the vast majority of the operational transponders at the 174°East position, thereby paving the way for an improvement in trend for this application in FY 2018-19.

### **Fixed Data (10% of revenues)**

In FY 2017-18, **Fixed Data** revenues were down 10.1% like-for-like to €142.5 million. They continued to reflect ongoing pricing pressure in all geographies and the absence of significant incremental volumes.

Fourth Quarter revenues stood at €34.2 million, down by 10.6% on a year-on-year basis. On a quarter-on-quarter basis they were down 1.9%.

Eutelsat's cautious view on this vertical is unchanged and revenues are expected to continue to decline in FY 2018-19.

## **Connectivity**

### **Fixed Broadband (6% of revenues)**

In FY 2017-18 **Fixed Broadband** revenues stood at €86.7 million, down 7.8% year-on-year. Fourth Quarter revenues stood at €21.1 million, down by 7.5% on a year-on-year basis and by 1.9% quarter-on-quarter.

This performance reflected lower revenues for European Broadband in a context of scarcity of available capacity in Western Europe and slower than hoped-for progress by the retail joint-venture with ViaSat.

The launch of the commercial service in Africa on the Al-Yah-3 satellite in August and actions in Europe including yield management, differentiated offers and a strengthened focus on under-penetrated verticals should lead to a return to growth in FY 2018-19.

### **Mobile Connectivity (6% of revenues)**

In FY 2017-18 **Mobile Connectivity** revenues stood at €74.4 million, up 18.2% year-on-year, reflecting the effect of the Taqnia contract signed last year, the contribution of of EUTELSAT 172B - with capacity pre-sold to Panasonic - which entered service at end-November 2017, as well as continued growth on wide-beam capacity notably over the Americas.

Fourth Quarter revenues stood at €19.5 million, up 14.6% year-on-year and by 9.0% quarter-on-quarter.

Revenues in FY 2018-19 will benefit from start of the UnicomAirNet contract on EUTELSAT 172B in January 2019, the contribution of the new contract with Taqnia at several orbital positions, as well as the ongoing ramp up of capacity contracts on KA-SAT for the benefit of several European airlines.

## **Other revenues**

In FY 2017-18, 'Other Revenues' amounted to €48.1 million compared with €55.0 million a year earlier. They included notably fees in respect of a small number of material technical and engineering contracts which materialized in the fourth quarter.

### 3.2.2 Main customers

As of 30 June 2018, the Group's top 10 customers accounted for 31% of its revenues (36% as of 30 June 2017). The top five customers represented circa 20% (23% as of 30 June 2017) and the top three 15% (unchanged). The evolution of the percentage represented by the top ten (and top five) customers reflect mainly the integration of Noorsat and to a lesser extent the fact that revenues for certain distributors do not have to be aggregated anymore.

### 3.2.3 Operational and utilized transponders

The number of operational 36 MHz-equivalent transponders stood at 1,427 at 30 June 2018, up 55 over 12 months, mainly reflecting the entry into service of EUTELSAT 172B end-November 2017 and subsequent relocation of EUTELSAT 172A at 174°East. The number of transponder utilized is up by 40 units year-on-year. As a result the fill rate stood at 68.1% compared to 67.9% a year ago.

	30 June 2017	30 June 2018
Number of operational 36 MHz-equivalent transponders <sup>16</sup>	1,372	<b>1 427</b>
Number of utilized 36 MHz-equivalent transponders <sup>17</sup>	931	<b>971</b>
Fill rate	67.9%	<b>68.1%</b>

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

### 3.2.4 Backlog

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

At 30 June 2018, it stood at €4.6 billion, down 12% compared to 30 June 2017, reflecting mainly the impact of the integration of Noorsat (-€0.4 billion). Contracts added to the backlog during the year included notably renewals with Cyfrowy Polsat and TVN at Hotbird, the new contract with UnicomAirNet at 172°East as well as the new contract with Taqnia at several orbital slots.

The backlog was equivalent to 3.2 times 2017-18 revenues with 83% represented by Video.

	30 June 2017	30 June 2018
Value of contracts (in billions of euros)	5.2	<b>4.6</b>

<sup>16</sup> Number of transponders on satellites in stable orbit, back-up capacity excluded.

<sup>17</sup> Number of 36 MHz-equivalent transponders utilized on satellites in stable orbit.

*In years of annual revenues based on last fiscal year*  
Share of Video Applications

3.5  
85%

**3.2**  
**83%**



## 4 A YOUNG FLEET WITH COVERAGE OF MOST OF THE GLOBE

### 4.1 SATELLITE FLEET

As of 30 June 2018, the Group operated capacity on 38 satellites<sup>18</sup>; of which 2 in inclined orbit.

#### FULLY OWNED CAPACITY AS OF 30 JUNE 2018

Name of satellite	Orbital position	Geographic coverage	Nominal capacity (number of physical transponders)	Nominal <sup>(1)</sup> capacity (36 MHz-equivalent transponders / Spotbeams)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2018 <sup>(2)</sup> (calendar year)
EUTELSAT 117 West A	116.8° West	Americas	40 Ku / 24 C	42 Ku / 24 C	March 2013	Q4 2035
EUTELSAT 117 West B	116.8° West	Americas	40 Ku	48 Ku	June 2016	Q4 2044
EUTELSAT 115 West B	114.9° West	Americas	32 Ku / 12 C	40 Ku / 24 C	March 2015	Q3 2042
EUTELSAT 113 West A	113° West	Americas	24 Ku / 36 C	24 Ku / 36 C	May 2006	Q2 2023
EUTELSAT 65 West A	65° West	Latin America	24 Ku / 10 C / 24 Ka	24 Ku / 15 C / 24 Ka	March 2016	Q2 2037
EUTELSAT 12 West B	12.5° West	Europe, Middle-East, Americas	26 Ku	31 Ku	September 2001	Q1 2019
EUTELSAT 8 West B	8° West	Middle-East, Africa ; Latin America	40 Ku / 10 C	42 Ku / 20 C	August 2015	Q3 2033
EUTELSAT 7 West A	7° West	Middle-East, North Africa	50 Ku	52 Ku	September 2011	Q2 2033
EUTELSAT 5 West A	5° West	Europe, Americas, Africa	35 Ku / 10 C	35 Ku / 14 C	July 2002	Q4 2019
EUTELSAT 3B	3° East	Europe, Middle-East, Africa	30 Ku / 12 C / 5 Ka	54 Ku / 23 C / 5 Ka	May 2014	Q2 2032
EUTELSAT 7A	7° East	Europe, Middle-East, Africa	42 Ku / 2 Ka	57 Ku / 6 Ka	March 2004	Q1 2021
EUTELSAT 7B	7° East	Europe, Middle-East, Africa	53 Ku / 3 Ka	70 Ku / 8 Ka	May 2013	Q3 2039
EUTELSAT 9B	9° East	Europe	50 Ku	47 Ku	January 2016	Q3 2038
EUTELSAT KA-SAT 9A	9° East	Europe, Mediterranean Basin	82 Ka spotbeams	82 Ka spotbeams	December 2010	Q2 2028
EUTELSAT 10A	10° East	Europe, Middle-East, Africa	42 Ku / 10 C	59 Ku / 20 C	April 2009	Q2 2023
EUTELSAT HOT BIRD 13B	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025
EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024
EUTELSAT HOT BIRD 13E	13° East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q3 2024
EUTELSAT 16A	16° East	Europe, Middle-East, Africa,	53 Ku / 3 Ka	70 Ku / 8 Ka	October 2011	Q3 2027

		Indian Ocean				
EUTELSAT 21B	21.5° East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 25B	25.5° East	Europe, North Africa, Middle-East	8 Ku / 7 Ka	8 Ku / 7 Ka	August 2013	Q4 2034
EUTELSAT 28E <sup>(4)</sup>	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2013	Q3 2029
EUTELSAT 28F <sup>(4)</sup>	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G <sup>(4)</sup>	28.2/28.5° East	Europe	4 Ku	4 Ku	December 2014	Lifetime in excess of 15 years
EUTELSAT 33E	33° East	Europe, North Africa, Middle-East, Central Asia	64 Ku	60 Ku	February 2009	Q1 2024
EUTELSAT 36B	36° East	Europe, Middle-East, Africa	70 Ku	87 Ku	November 2009	Q4 2026
EUTELSAT 48D	48° East	Afghanistan, Central Asia	8 Ku	12 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5° East	Europe, Middle-East, Asia	48 Ku	92 Ku	December 2012	Q2 2032
EUTELSAT 172B	172° East	Asia-Pacific, Australia, New Zealand	40 Ku / 14 C / 11 spotbeams	48 Ku / 24 C	June 2017	Q3 2036
EUTELSAT 174A	174° East	Asia-Pacific, Australia, New Zealand	20 Ku / 18 C	23 Ku / 24 C	December 2005	Q2 2022
EUTELSAT 70C	Currently being relocated		-	-	May 2000	Inclined orbit
EUTELSAT 59A	Currently being relocated		-	-	August 2002	Inclined orbit
EUTELSAT 33C	Currently being relocated		-	-	March 2001	Inclined orbit

(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.

(2) Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2018).

(3) This satellite is leased to a third party

(4) In January 2014, in the framework of the settlement of a dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders fully owned by Eutelsat on SES fleet.

### Capacity leased From Third Parties as of 30 June 2018

Name of satellite	Orbital position	Geographic coverage	Nominal capacity (number of physical transponders)	Nominal capacity (36 MHz-equivalent transponders / Spotbeams)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 (calendar year)
EUTELSAT 53A <sup>(1)</sup>	53° East	Europe, North Africa, Middle-East, Asia	4 Ku	6 Ku	October 2014	Q4 2029
Express-AT1 <sup>(1)</sup>	56° East	Siberia	21 Ku	19 Ku	March 2014	Q2 2029
Express-AT2 <sup>(1)</sup>	140° East	Far East Russia	8 Ku	7 Ku	March 2014	Q2 2029
EUTELSAT 36C <sup>(1)</sup>	36° East	Africa, Russia	52 Ku / 18 Ka	48 Ku / 18 Ka	December 2015	Q2 2033
EUTELSAT 28G <sup>(2)</sup>	28.2/28.5° East	Europe	8 Ku	6 Ku	September 2014	Lifetime in excess of 15 years
YAHSAT 1B	47.6° East	Africa	16 Ka spotbeams	16 Ka spotbeams	April 2012	Lifetime in excess of 15 years

(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.

(2) In January 2014, in the framework of a settlement of the dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital

## 4.2 FLEET PERFORMANCE

### 4.2.1 Main changes since 30 June 2017

- EUTELSAT 172B which was launched in June 2017 started to operate mid-November. Subsequently, EUTELSAT 172A was relocated at 174° East and renamed EUTELSAT 174A.
- The Al Yah 3 satellite, on which Eutelsat is leasing capacity for its Konnect Africa project, was launched on 25 January 2018. The mission experienced some challenges during the launch stages resulting in a revised flight plan. Commercial service is expected to start in August 2018.
- EUTELSAT 31A reached the end of its operational life and was de-orbited in January 2018.
- EUTELSAT 16C reached the end of its operational life and was de-orbited in February 2018.
- EUTELSAT 36 WEST A has been relocated at 59.7° East and renamed EUTELSAT 59A.
- EUTELSAT 33C and EUTELSAT 59A now operate in inclined orbit.

## 4.3 AN ACTIVE INVESTMENT POLICY

### 4.3.1 Main investments

During the financial year, the Group has continued its investment programme. Cash Capital expenditure amounted to 358 million euros<sup>19</sup> in 2017-18.

#### Recent satellite orders

During financial year 2017-18:

##### Procurement of KONNECT VHTS

Eutelsat ordered the KONNECT VHTS satellite from Thales Alenia Space. Expected to be launched in 2021, it will bring 500 Gbps of Ka-Band capacity over Europe to support the development of European Fixed Broadband and in-flight Connectivity businesses. Significant firm multi-year distribution commitments have been signed with Orange to address the Fixed Broadband market in European countries where the Group has a retail presence and Thales to serve notably the government market.

##### Procurement of HOTBIRD Constellation replacement

Eutelsat signed a MoU for the order of two larger new satellites from Airbus Defence and Space to replace the three existing satellites at its HOTBIRD flagship neighbourhood. These two new satellites are set to be launched in 2021.

During financial year 2016-17:

In October 2016, the EUTELSAT 5 West B satellite was procured from Airbus Defence and Space and Orbital ATK to replace EUTELSAT 5 West A at the 5° West orbital position. It is expected to be launched during calendar year 2018.

In October 2016, Eutelsat concluded an agreement with Yahsat to lease Ka-band capacity on its fleet. According to the

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<sup>19</sup> This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.



terms of the agreement, Broadband for Africa will use capacity on up to 16 Ka-band spotbeams on the Yahsat 1B satellite in order to roll out broadband services. Further expansion is supported using capacity on 18 spotbeams on Yahsat's Al Yah 3 satellite.

## Satellites under procurement

### Nominal launch programme as of 30 June 2018

The upcoming launch schedule is indicated below. Since the last quarterly update in May 2018, the launches of EUTELSAT 7C and EUTELSAT 5 WEST B have been postponed to Q1 2019 (versus Q4 2018 previously)

Satellite <sup>1</sup>	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion
EUTELSAT 7C	7° East	Q1 2019	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5° West	Q1 2019	Video	Europe, MENA	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	H2 2019	Government Services	Flexible	8 "QUANTUM" Beams	Not applicable	Not applicable
KONNECT	To be confirmed	H2 2019	Connectivity	Africa Europe	65 spot beams	75 Gbps	75 Gbps
KONNECT VHTS	To be confirmed	2021	Connectivity Government Services	Europe	~230 spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	2021	Video	Europe MENA	80 Ku <sup>2</sup>	73 Ku <sup>2</sup>	None
EUTELSAT HOTBIRD 13G	13° East	2021	Video	Europe MENA	80 Ku <sup>2</sup>	73 Ku <sup>2</sup>	None

<sup>1</sup> Chemical propulsion satellites (EUTELSAT QUANTUM, EUTELSAT 5 West B) generally enter into service 1 to 2 months after launch. Electric propulsion satellites (EUTELSAT 7C, the KONNECT and KONNECT VHTS satellites) between 4 and 6 months. <sup>2</sup> «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), once regulatory, technical and operational constraints are taken into account.»

## **5 ACTIVITIES OF SUBSIDIARIES AND EQUITY INTERESTS**

During the financial year ended 30 June 2018:

- The acquisition of Noorsat, a distributor in MENA area, was concluded on 13 October 2017;
- The disposal of the 33.69% stake held by Eutelsat in Hispasat was finalized on 18 April 2018.

At 30 June 2018, the Company owned directly or indirectly 56 subsidiaries or minority holdings.

The simplified organisation chart below shows the Group structure at 30 June 2018. The complete list of the companies consolidated within Eutelsat Communications at 30 June 2018 is in Note 32 of the Group's consolidated accounts in the appendices to this report.

Eutelsat Communications is a holding company with no operational role other than its direct interest in Eutelsat S.A.

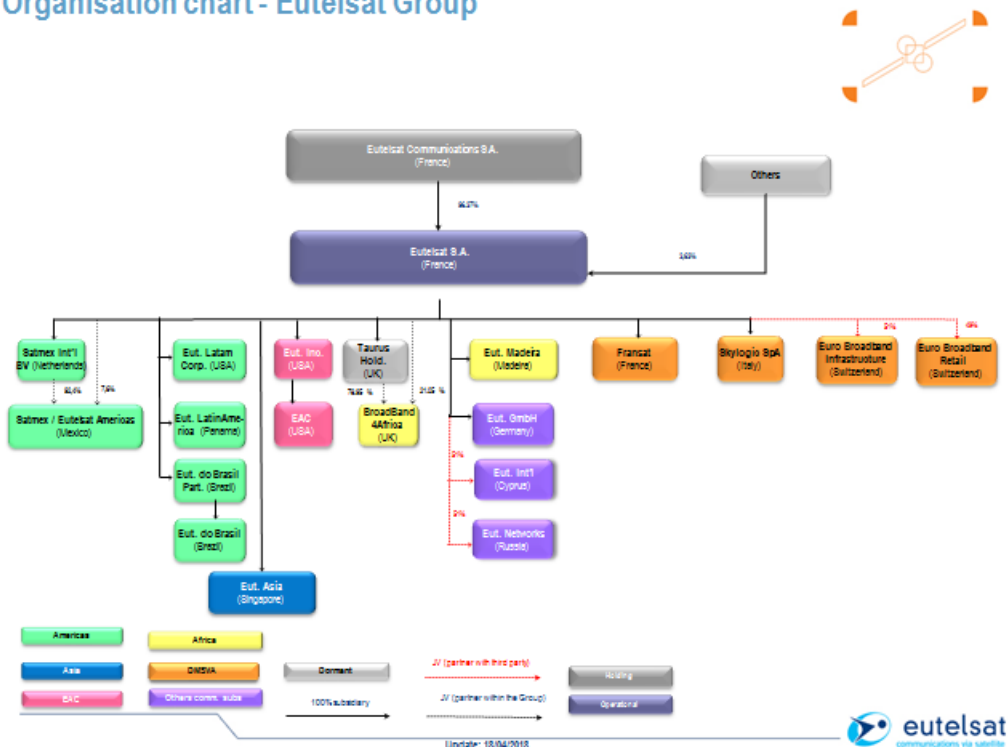
The revenues and results shown for the subsidiaries in section 5.2 are based on these companies' annual accounts.

## 5.1 GROUP SIMPLIFIED ORGANISATIONAL CHART

The organisational below chart depicts the Eutelsat Group as at 30 June 2018.

(less than 100%)

### Organisation chart - Eutelsat Group



## 5.2 MAIN SUBSIDIARIES AND EQUITY INTERESTS

At 30 June 2018, the Group's main operating companies were:

- Eutelsat S.A. (France), 96,37% directly-owned by the Company;
- Eutelsat Madeira Lda (Madeira), Eutelsat Asia Pte Ltd. (Singapor) and Fransat S.A. (France), direct subsidiaries which are 100% owned indirectly by Eutelsat S.A.;
- Eurobroadband Infrastructure (Switzerland) and Eurobroadband Retail (Switzerland), which are respectively 51% directly owned and 49% directly owned by Eutelsat S.A.;
- Eutelsat do Brasil Ltda (Brazil), Eutelsat America Corp. (United States of America) and Satélites Mexicanos, S.A. de C.V (Mexico), which are 100% owned indirectly by Eutelsat S.A.
- and Eutelsat International (Cyprus), a majority holding directly held at 51% by Eutelsat S.A.

Furthermore the Group owns a number of other operating subsidiaries for developing its activities that represent and promote its services. Revenues and net income of these subsidiaries are not significant.

### 5.2.1 Eutelsat S.A.

Eutelsat S.A. is the main operating company of the Group. It is a "société anonyme" and its head office is located at 70 rue Balard - 75015 Paris.

## Revenues and net result of Eutelsat S.A.

The table below presents the consolidated revenues and net income of Eutelsat S.A at 30 June 2018.

<i>(in millions euros)</i>	<b>Eutelsat S.A</b>
Revenues	1,410.6
Group share of net income	315.5

### 5.2.2 Main subsidiaries of Eutelsat S.A.

#### *Eutelsat America Corp. (United States of America)*

Incorporated in November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat satellite capacity in the North-American market. Eutelsat America Corp. is a 100% indirectly-owned subsidiary of Eutelsat S.A. It is held 100% via the subsidiary, Eutelsat Inc

#### *Eutelsat do Madeira Lda (Portugal)*

Incorporated in June 2008, Eutelsat Madeira Lda is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for marketing the fully-owned satellite capacity on EUTELSAT 10A in C- and Ku-band for Africa and the Portuguese-speaking regions, and on the EUTELSAT 16A satellite in Ku-band, for Africa and the Indian Ocean islands.

Since 1<sup>st</sup> July 2014, Eutelsat Madeira Lda also markets Eutelsat S.A.'s capacity on the satellite EUTELSAT 3B in C- and Ku-bands for the sub-Saharan Africa zone.

#### *Eutelsat Asia Pte Ltd (Singapore)*

Incorporated in 2012, Eutelsat Asia Pte Ltd. Is a wholly directly-owned subsidiary of Eutelsat S.A. This company owns the EUTELSAT 172B and EUTELSAT 174A satellites.

#### *Fransat S.A. (France)*

Incorporated in 2009, Fransat S.A. is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible (i) for developing and operating the FRANSAT offer on the EUTELSAT 5 West A satellite (this free-to-air offering includes all the French free-to-air DTT channels), (ii) for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and (iii) to provide the technical means to integrate new channels (free-to-air or not) as a complement to the FRANSAT offering.

#### *Satélites Mexicanos S.A. de C.V. (Mexico)*

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is held by Eutelsat S.A., both directly and indirectly via the company Satmex International BV.

The company has been operating since March 2014 under the commercial name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 WEST A, at 113° West EUTELSAT 115 WEST B at 114.9° West, and and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

#### *Eutelsat do Brasil Ltda.*

Eutelsat do Brasil is a wholly indirectly-owned subsidiary of Eutelsat S.A. It is fully owned via Eutelsat do Brasil Participatoes Ltda.

Eutelsat do Brasil Ltda was initially granted landing rights by the Brazilian authorities enabling it to offer capacity on satellites EUTELSAT 12 West A and EUTELSAT 8 West A in order to meet Brazilian market needs. In June 2013, the Brazilian telecommunications regulation authority granted Eutelsat do Brasil Ltda an additional licence for a set of C-, Ku- and Ka-band frequencies at 65° West. Eutelsat do Brasil Ltda also signed a 15-year contract with Hughes, subsidiary of EchoStar, for the rental of all Ka-band capacity covering Brazil on the EUTELSAT 65 West A satellite, operational since 1 May 2016. A part of the satellite is owned by Eutelsat do Brasil Ltda.

#### *Eutelsat Latin America (Panama)*

Eutelsat Latin America operates and commercializes a fraction of the EUTELSAT 65 West A satellite, jointly owned with Eutelsat do Brasil Ltda. Furthermore, Eutelsat Latin America operates the EUTELSAT 117 WEST B satellite which started operations in January 2017.

#### *Eutelsat International (Cyprus)*

Since May 2013, has been holding a 51% interest in Eutelsat International Ltd., the remaining capital being owned by a partner company incorporated under Cypriot law, Managekept Investments Ltd. Eutelsat International Ltd. is notably in charge of marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at orbital position 56° East.

Eutelsat Networks previously fully-owned by Eutelsat International Ltd is 51% directly owned by Eutelsat SA and 49% indirectly owned by his Cypriot partner. This company is in charge of commercializing the Ka-band capacity on the EUTELSAT 36C satellite.

#### *Euro Broadband Infrastructure (Switzerland)*

This joint-venture 51% owned by Eutelsat and 49% by ViaSat owns the KA-SAT satellite, Eurobroadband Services Srl as well as the subsidiaries previously owned by Skylogic SpA to operate a network of ground stations enabling the connection of the KA-SAT satellite with the global Internet Network. The activity of this joint-venture is to sell capacity to distributors located in Europe and subsequently in Africa.

#### *Euro Broadband Retail (Switzerland)*

This joint venture, 49% owned by Eutelsat and 51% by ViaSat, buys capacity from Euro Broadband Infrastructure and resells it to end users.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2018:

<i>(in million euros)</i>	Eutelsat America Corp.	Eutelsat Madeira Lda.	Fransat S.A.	Eutelsat Asia Pte. Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda	Eutelsat International	Euro Broadband Infrastructure	Eutelsat Latin America
Revenues	143.4	35.3	8.2	14.8	133.8	15.6	47.2	62.5	14.3
Group share of net income	2.1	3.1	0.0	9.1	24.1	(6.2)	3.5	1.7	1.4

## 6 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 – FINANCIAL INFORMATION

In this section references to Notes refer to the Notes on the Group's consolidated financial statement for the financial year ended 30 June 2018, which are annexed to this report.

### 6.1 FINANCIAL AND ACCOUNTING POLICY – IFRS STANDARDS

The financial year of Eutelsat Communications runs for 12 months ending on 30 June. The financial statements at 30 June 2018 have been prepared in accordance with IFRS rules, as adopted by the European Union and effective as of that date.

### 6.2 CONSOLIDATED SIMPLIFIED BALANCE SHEET OF EUTELSAT COMMUNICATIONS

Details of the Eutelsat Communications consolidated balance sheet at 30 June 2017 and 30 June 2018 are shown in the attached consolidated financial statements.

Total shareholder's equity stood at €2,844 million at 30 June 2018 versus €2,911 million at 30 June 2017. FY 2016-17 opening shareholder equity has been restated to adjust the Satelites Mexicanos' deferred tax positions, leading to a negative net impact of 56.3 million euros (ie circa 2% of total shareholder equity), with no impact on the income statement as of 30 June 2017. Please refer to note 3.6 of the Appendix to the consolidated financial statements.

Simplified consolidated balance sheet (in millions of euros)

ASSETS	30 June 2017	30 June 2018
<b>Non-current assets</b>		
Goodwill	1,150.8	1,197.5
Intangible assets	702.5	653.6
Satellites and other property and equipment, net	4,134.0	3,942.3
Assets under construction	759.9	819.4
Investments in associates	(0.4)	4.3
Other non-current assets	26.7	21.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,773.3</b>	<b>6,639.0</b>
<b>Current assets, including</b>		
Accounts receivable	345.4	330.3
Other current assets	83.1	59.2
Cash and cash equivalents	408.0	733.5
<b>TOTAL CURRENT ASSETS</b>	<b>836.3</b>	<b>1,123.0</b>
Assets held for sale	300.7	-
<b>TOTAL ASSETS</b>	<b>7,910.4</b>	<b>7,762.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30 June 2017</b>	<b>30 June 2018</b>
<b>Shareholders' equity including</b>		
Share capital	232.8	232.8
Additional paid-in capital	738.1	738.1
Reserves, retained earnings and non-controlling interests	1940.4	1,872.9
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,911.3</b>	<b>2,843.7</b>

<b>Non-current liabilities, including</b>		
Financial debt	3,252.9	2,434.8
Other non-current financial liabilities	798.1	695.8
Non current asset payable	27.3	17.9
Other non-current payables and deferred revenues	119.3	101.3
Deferred tax liabilities	306.9	264.8
Other non-current liabilities	97.3	107.1
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,601.7</b>	<b>3,621.7</b>
<b>Current liabilities, including</b>		
Current financial debt	60.9	860.9
Other current financial liabilities	67.6	150.8
Fixed assets payable	40.1	44.7
Accounts Payable	54.6	56.3
Other current payables	136.6	142.7
Other current liabilities	37.8	41.2
<b>TOTAL CURRENT LIABILITIES</b>	<b>397.5</b>	<b>1,296.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,910.4</b>	<b>7,762.0</b>

## 6.3 SIMPLIFIED CONSOLIDATED INCOME STATEMENT OF EUTELSAT COMMUNICATIONS

IFRS	12-month financial year ended	
	30 June 2017	30 June 2018
(in millions euros)		
<b>REVENUES</b>	<b>1,477.9</b>	<b>1,407.9</b>
Operating costs	(99.0)	(97.4)
Selling, general and administrative expenses	(245.4)	(233.6)
Depreciation and amortisation	(532.9)	(506.0)
Other operating charges	14.1	(18.5)
<b>Operating result</b>	<b>614.8</b>	<b>552.5</b>
Financial result	(130.9)	(105.2)
Income from associates	(0.4)	(2.2)
Income tax expense	(120.1)	(142.9)
<b>CONSOLIDATED NET INCOME</b>	<b>363.4</b>	<b>302.1</b>
Attributable to the Group	351.8	290.1
Non-controlling interests	11.6	12.1

### 6.3.1 Operating charges at 30 June 2018

**Operating costs** mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **Staff costs:** These comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites (including French mandatory profit-sharing for Group employees).

- **Costs for operating and controlling the satellites:** These correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in orbit. In addition, Eutelsat S.A. has signed service agreements related to control of the satellite communications systems.
- **In-orbit insurance premia:** In-orbit insurance premia for satellite lives: Satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group agrees launch insurance covering a satellite's in-orbit life, the premia for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Depending on the selected risk management policy and prevailing market conditions for space insurance the costs for these insurance premia can vary from one year to the next.

**Selling, general and administrative** expenses include:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with distributors and end-users;
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

The C.E.T. (*Contribution Economique Territoriale* – Territorial Economic Contribution) is divided between operating costs and selling, general and administrative expenses (based on corresponding staff numbers).

**Operating costs and selling, general and administrative expenses** represented 24% of 2017-2018 revenues (23% for previous financial year). The 3.9% decrease over the previous year reflects notably the benefits of the "LEAP" cost savings plan which is ahead of track, generating €24 m of savings versus an objective of €15 million in FY 2017-18

As a result, **EBITDA** stood at €1,076.9 million (€1,133.6 million at 30 June 2017), down 5.0%.

Henceforth, despite lower 'Other' revenues with lower associated costs and the slightly dilutive impact of the integration of Noorsat, the **EBITDA margin** stood at 76.9% at constant rate (76.5% on a reported basis), compared to 76.7% last year.

### 6.3.2 Depreciation and amortisation and other operating costs

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and on-ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships", the latter amounted to an expense of €58.0 million for fiscal year 2017-18.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2017-18 depreciation and amortisation expenses amounted to €506.0 million. The decrease of €26.9 million on last year. This reflects mainly thanks to lower depreciation of satellites having ended their operational life or already fully depreciated which is not offset by the impact of satellites which entered service in the past 18 months (EUTELSAT 172B and EUTELSAT 117 WEST B).

"Other operating income (charges)" stood at -€18.5 million as of 30 June 2018, versus +€14.1 million as of 30 June 2017 and reflects mainly the capital gain on the disposal of Wins/DHI.

It included notably the one-off accounting impact of the integration of Noorsat in FY 2017-18, and the capital gain on Wins/DHI in FY 2016-17.

### 6.3.3 Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and



amortisation, and other operating income and charges.

As of 30 June 2018, operating income stood at 552.5 million euros down 10.1% on last year.

### 6.3.4 Financial result

The financial result posted a €105.2 million expense as of 30 June 2018, compared with a €130.9 million expense in the previous financial year.

It reflected

- on one hand lower net cost of debt (-€95.2 million versus -€125.7 million a year earlier) thanks mainly to the reimbursement of the €850 million bond in March 2017, and
- on the other, the evolution of 'Other financial income' (-€10.1 million versus -€5.2 million a year earlier) linked to a negative variation in foreign exchange gains and losses and in the fair value of financial instruments.

### 6.3.5 Corporate tax

A tax rate of 32.0% which reflected notably the recognition of a positive non-cash one-off related to deferred tax liabilities to take into account the future evolution of the French corporate tax rate. As a reminder last year's tax rate (24.8%) also reflected the partial tax-exemption of the capital gain in respect of the disposal of Wins/DHI.

### 6.3.6 INCOME FROM ASSOCIATES

Income from associates stood at -€2.2 million compared to -€0.4 million for fiscal year 2016-17.

### 6.3.7 Consolidated net income

As of 30 June 2018, consolidated net income totalled 302.2 million euros, compared to 363.4 million euros as of 30 June 2017.

### 6.3.8 Net income attributable to the Group

Group share of net income stood at €290.1 million in 2017-18 versus €351.8 million in 2016-17, a decrease of 17.5%. The net margin stood at 21%.

## 6.4 GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity requirements mainly cover financing the construction and launch of satellites, servicing its debt and funding its working capital requirement.

The Group's main financial resources are composed of the cash flows generated by the operating activities of Eutelsat S.A. The Group has additional financial resources in the form of lines of credit (bank loans and bonds).

### 6.4.1 Status of the Group's net indebtedness<sup>20</sup>

At 30 June 2018, the Group's total net debt amounted to 3,242 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 2,530 million euros of bonds issued by Eutelsat S.A., (iii) 617 million euros of debt related finance leases; (iv) 142 million euros for Export Credit

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<sup>20</sup> The Group's net indebtedness includes all its bank debts and bonds as well as the debts associated with satellite finance leases, less its cash in hand and investment securities (see Notes 16 and 17 to the attached consolidated financial statements).

Agencies; (v) 86 million euros for the Foreign exchange portion of the cross-currency swap and; vi) 734 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 650 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2018

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	600	600	31 March 2022
Eutelsat Communications renewable credit facility	200	-	31 March 2022
2019 Eutelsat S.A. Bond	800	800	14 January 2019
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	28 April 2023
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
ONDD export credit facilities 1	122	85	17 May 2024
ONDD export credit facilities 2	87	58	20 February 2024
Long-term leases	-	617	-
Foreign exchange portion of the cross-currency swap	-	86	13 January 2020
<b>Total</b>	<b>3,988</b>	<b>3,976</b>	

There was no drawdown on the revolving lines of credit during the year ending 30 June 2018. The effective interest rate for the Eutelsat Communications bullet loan is 0.98%. The effective interest rate on bonds issued by Eutelsat S.A is 5.17% for those maturing in January 2019, 2.87% for those maturing in January 2020, 1.24% for those maturing in June 2021 and 3.34% for those maturing in October 2022.

As of 30 June 2018, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan bore interest at a fixed rate.

At 30 June 2018 the weighted average maturity of the Group's debt stood at 2.2 years, compared to 3.0 years at 30 June 2017. The average cost of debt was 2.9% (after hedging), down from 3.1% in FY 2016-17.

### Cash-flow generation

**Net cash flow** from operating activities stood at €880.8 million compared to €982.9 million in 2016-17, down €102.1 million. This reflected mostly the decrease in EBITDA, slightly higher tax paid, relating to the timing of tax payments, as well as an unfavorable evolution in working capital compared to a demanding comparison base last year.

**Cash Capex**<sup>21</sup> amounted to €358.2 million compared to €414.4 million a year earlier, below the target of €420 million per annum on average over three years, reflecting the phasing of various satellite programmes as well as effective Capex containment. It included initial payments in respect of the KONNECT VHTS satellites and the HOTBIRD constellation replacement.

**Interest and other fees** paid net of interest received stood at €107.9 million (€160.7 million in 2016-17); the €52.8 million decrease reflected mainly the repayment of the €850 million bond in March 2017.

As a result, **Discretionary Free-Cash-Flow**<sup>22</sup> stood at €414.7 million at 30 June 2018, up by €6.9 million (or 1.7%) year-on-year. At constant currency it was up by 11.9%.

### **Change in Consolidated net Debt in financial year 2017-18**

At 30 June 2018 **net debt** stood at €3,241.6 million versus €3,640.7 million a year earlier, a €399.1 million reduction. Discretionary free cash-flow more than covered the dividend payment (€295.4 million including dividends paid to minority interests).

Equity divestments / investments (disposal of the stake in Hispasat and acquisition of Noorsat and minority interest in Broadband for Africa) generated a net cash inflow of €206.2 million, while the foreign exchange portion of the cross-currency swap - included in Net Debt - decreased by €16.1 million. Lower amount of export credit financing and financial leases contributed to the reduction in net debt for €57.4 million.

As a result, the net debt to EBITDA ratio stood at 3.0 times, a 0.2 point improvement on 30 June 2017.

At 30 June 2018 the weighted average maturity of the Group's debt stood at 2.2 years, compared to 3.0 years at 30 June 2017. The average cost of debt was 2.9% (after hedging), down from 3.1% in FY 2016-17.

Liquidity remains strong, with undrawn credit lines of €650 million and cash of €734 million.

## **6.4.2 Description of the financial instruments in place during the financial year ended 30 June 2018**

### **Main changes during financial year ended 30 June 2018**

- Eutelsat S.A obtained lenders' agreement for a one-year extension of the 450 million euro revolving credit facility which now matures on April 2023

### **Eutelsat Communications S.A. Credit Facilities**

Eutelsat Communications S.A. financing structure is the following:

- a 600 million euro Term Loan initially maturing in March 2020 which has been extended to March 2022 (after the exercise of two extension facilities of one year) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months;
- a 200 million euro Revolving Credit Facility (undrawn at 30 June 2017), concluded in March 2015 with –initially - a

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<sup>21</sup> See Appendix 3 for the definition of this indicator

<sup>22</sup> See Appendix 3 for the definition of this indicator

5-years maturity which was then extended by two years. Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in US dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements (see Note 17 to the attached consolidated financial statements for more information on the restrictive conditions and the limitations applying to this loan agreement). The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of Eutelsat Communications and Eutelsat S.A. or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2018, they represent a balance of 1.7 million euros.

### **Eutelsat S.A.'s credit facilities**

Eutelsat S.A. financing structure is the following:

- 800 million euros 7-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange, maturing on 14 January 2019. The bonds bear a coupon of 5.000%, were issued at 99.186% and are repayable in full at maturity at 100%. These bonds have completed the refinancing of Eutelsat Communications S.A. indebtedness;
- 300 million euros 10-year bonds issued on 1st October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- 930 million euros of six-year bonds issued on 9 December 2013 on the Luxembourg Stock Exchange regulated market and maturing on 13 January 2020 ("the Bond Loan 2020"). The 2020 bonds carry an annual coupon of 2.625%, were issued at 99.289%, and are redeemable at maturity at 100% of their principal amount;
- 500 million euros of six-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- Two export credit facilities covered by Office National du Dcroire (ONDD) for a total amount of 209 million euros; of which 142.3 million euros were drawn at 30 June 2018. These credit facilities have a 11.5 year maturity and will mature respectively on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February 2016 and May 2016. The first one, for an amount of 87 million euros (of which 57.7 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) was used to finance a launcher. The second one, for an amount of 121 million euros (of which 84.6 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was used to finance the construction of a satellite.
- A 450 million euro revolving credit facility signed on 28 April 2017 with a five-year term initially and two 1-year extension options subject to lenders agreement, of which one has been exercised and approved. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.23% to 0.95% margin depending on Eutelsat S.A.'s long term rating assigned by Standard & Poor's. The initial margin stands at

0.35%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. Furthermore, under this credit agreement, Eutelsat S.A. is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 4 to 1 (this ratio is tested on 30 June and 31 December each year).

- The credit agreements and the bond issues include neither a guarantee by the Group, nor the pledging of assets to the lenders, but they include restrictive clauses, subject to the usual exceptions contained in loan agreements, limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:
  - o grant security interests or guarantees;
  - o enter into agreements resulting in additional liabilities;
  - o grant loans and carry out certain types of investments;
  - o enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
  - o modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities allow each lender to request early repayment of all sums due in case of unregulated downgrading, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Issue costs incurred on issuing the bonds and export credits are amortised over the duration of the loans. As of 30 June 2018, they represent a balance of 12.1 million euros.

## 6.5 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks is actively managed, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. 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 possess, or about which it is uncertain whether it will subsequently possess them.

These risks are described in the Risk Factors in section 12 of the current report.

## 6.6 LITIGATION

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

For more information on ongoing litigations, please refer to note 29 of the appendix to consolidated financial statements of Eutelsat Communications.

## 7 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 – FINANCIAL INFORMATION

### 7.1 ACCOUNTING AND FINANCIAL PRINCIPLES

The annual financial statements as of 30 June 2018 were drafted in compliance with the provisions of the Code of Commerce (Articles L.123-12 to L123-28) and regulation 2016-07, dated 4 November 2016, of France's national accounting standards body. The conventions below were applied in adherence to the principle of prudence, according to the basic rules: (i) continuity of operations (ii) keeping financial years independent of each other, (ii) consistency in accounting methods from one financial year to the next and (iv) in compliance with the general rules for drawing up and presenting annual financial statements.

### 7.2 COMPANY ACTIVITIES AND KEY HIGHLIGHTS DURING THE YEAR

The Company's status is that of a holding company. Its role is to direct the financial and strategic activities of the Eutelsat Group and the Company has no other operational activity.

### 7.3 EXTRACTS FROM THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT AT 30 JUNE 2018

Details of the Company's Balance Sheet and Income statement for the financial year ended 30 June 2018 are presented in the Company financial statements in appendix 2 attached to this report.

#### 7.3.1 Simplified balance sheet at 30 June 2018 – Company financial statements

ASSETS		
(In millions of euros)	30 June 2017	30 June 2018
Financial assets	2,942.8	2,942.8
Total long-term assets	2,949.0	2,948.5
Total current assets	229.0	268.8
Prepaid expenses	2.2	1.7
<b>TOTAL ASSETS</b>	<b>3,180.2</b>	<b>3,219.0</b>
LIABILITIES AND SHAREHOLDERS' EQUITY		
	30 June 2017	30 June 2018
Share capital (232,774,635 ordinary shares with a nominal value of 1 euro per share at 30 June 2018)	232.8	232.8
Additional paid-in capital	1,237.6	1,237.6
Legal reserve	23.3	23.3
Retained earnings	834.8	798.5
Result for the year	245.0	313.0
Regulated provisions	0.5	0.5
<b>Total shareholders' equity</b>	<b>2,574.0</b>	<b>2,605.6</b>
Provisions for liabilities and charges	0.1	0.1
Loans and financial debt	600.3	600.3
Other financial debt	-	-
Total bank debt	600.3	600.3

Total operating debt	5.8	13.0
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,180.2</b>	<b>3,219.0</b>

Changes in shareholders' equity over the year are described in detail in Note 7 to the Company financial statements in appendix 2.

For more information about the financing operations of the Company see Note 9 - Indebtedness - in the Company financial statements in appendix 2 to this report.

### 7.3.2 Simplified income statement at 30 June 2018 – Company financial statements

(In millions of euros)	30 June 2017	30 June 2018
Revenues .....	1.8	3.4
Release of provisions and reclassification of costs .....	0.2	0.0
<b>Total operating income .....</b>	<b>2.0</b>	<b>3.4</b>
Other purchases and external expenses .....	6.6	5.6
Taxes and assimilated .....	0.4	0.5
Wages .....	2.2	2.7
Social charges .....	0.8	0.9
Depreciation, amortisation and provisions .....	0.5	0.5
Other expenses .....	0.7	1.0
<b>Total operating charges .....</b>	<b>11.2</b>	<b>11.2</b>
<b>Operating result .....</b>	<b>(9.2)</b>	<b>(7.7)</b>
Financial income .....	258.6	306.1
Financial expenses .....	5.6	5.8
<b>Financial result .....</b>	<b>252.9</b>	<b>300.3</b>
<b>Exceptional result .....</b>	<b>1.6</b>	<b>(0.6)</b>
<b>Corporate tax .....</b>	<b>0.3</b>	<b>(21.0)</b>
<b>NET INCOME .....</b>	<b>245.0</b>	<b>313.0</b>

The Company's net result showed a profit of 313 million euros for financial year ended 30 June 2018 compared to 245.0 million euros for previous financial year.



## 8 FINANCIAL OUTLOOK

Note: The less predictable nature 'Other Revenues' (ie revenues which are non-recurring and not related to the commercialization of capacity) leads us to exclude them from our revenue objectives as of FY 2018-19.

All elements of the financial outlook are confirmed or upgraded.

- **Revenues for the five operating verticals**<sup>23</sup> (at constant currency, perimeter and IFRS 15 accounting standards) are expected to return to slight growth from FY 2018-19.
- The **EBITDA margin** (at constant currency) is expected above 78% from FY 2018-19, taking into account the impact of IFRS 15 and IFRS 16 accounting standards.
- Our estimated **Cash Capex**<sup>24</sup> spend is reduced to an average of €400 million<sup>25</sup> per annum for the period July 2017 to June 2020 (versus €420 million previously) reflecting positive impact of design-to-cost policy.
- **Discretionary Free Cash Flow**<sup>26</sup> is expected to grow at a mid-single digit CAGR in the period July 2017<sup>27</sup> to June 2020 (at constant currency).
- The Group is committed to maintaining a sound financial structure to support its investment grade credit rating with a **net debt / EBITDA** ratio below 3.0x.
- It also reiterates its commitment to serving a **stable to progressive dividend**.

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

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These objectives are based inter alia on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group, (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.

The forward-looking objectives, statements and information summarised above are based inter alia on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.

The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future.

<sup>23</sup> Excluding Other revenues. Reported revenues for the five operating verticals stood at €1,360 million in FY 2017-18. As a reminder, the impact of the adoption of IFRS 15 standard is estimated between -€15 and -€20 million on FY 2017-18 revenues for the five operating verticals. "

<sup>24</sup> Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

<sup>25</sup> Including impact of new IFRS 16 accounting standard.

<sup>26</sup> Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received.

<sup>27</sup> Discretionary Free-Cash-Flow of €407.8 million in FY 2016-17

Furthermore, the materialisation of certain risks described in the chapter “Principal Risks” below could have a negative impact on the Group’s business and on the achievement of the forward-looking objectives, statements and information cited above.

## 9 CORPORATE GOVERNANCE

### Preliminary comments:

Persuant to the order n°2017-1162 dated 12th July 2017 and persuant to the decree n°2017-1174 dated 18<sup>th</sup> July 2017 applicable to the fiscal year beginning January 1<sup>st</sup>, 2017, the President report related to the Internal control and risk management is suppressed. A corporate governance report prepared by the Board of Directors is now substituted to such internal control and risk management report. In the Société Anonyme with a Board of Directors, the information provided in the Corporate Governance report might be submitted in a specific section of the Management report. The present section presents all the informations required in the corporate governance report.

Main changes in terms of corporate governance during Financial Year 2017-18:

The Ordinary and Extraordinary Shareholders' Meeting of Eutelsat Communications of 8 November 2017 approved the appointment of four new directors: Dominique D'Hinnin, Paul-François Fournier, Esther Gaide and Didier Leroy. Dominique D'Hinnin was subsequently appointed as chairman succeeding Michel de Rosen. The Board is now made up of twelve members, 42% of whom are women (five out of twelve) and 67% of whom are independent directors (eight out of twelve<sup>28</sup>).

### 9.1 REFERENCE CODE USED TO ESTABLISH A CORPORATE GOVERNANCE POLICY

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of November 2016 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

Article of the Afep-MEDEF Code	Afep-MEDEF recommendations	Company practice	Explanations
9.2	Evaluation for the purposes of assessing the actual contribution of each director to the work of the Board	The evaluation of the contribution of each director is not incorporated into either the Board's self-assessment or into the formal assessment that takes place every 3 years.	The discussions involving the Chairman on one side, the Chairwoman of the Nomination and Governance Committee and the other directors on the other, and the discussions within the Nomination and Governance Committee enable the actual contribution of each of the directors to be discussed.
23.3	When the non-competition agreement is being concluded the Board should include a provision authorising it to waive this agreement upon the departure of the executive manager	The non-competition undertaking agreed with Mr. Rodolphe Belmer and Mr. Yohann Leroy does provide for the option for the Board of Directors to waive it at the time of the executive manager's departure	The Board of Directors, on the recommendation of the Governance, Selection and Remuneration Committee, took the view that, given the very competitive context for satellite operators, it was very important for the company to require a non-competition undertaking from Mr. Rodolphe Belmer and Mr; Yohann Leroy.  The non-competition undertaking was limited both in terms of its duration (18 months) and its amount (50% of fixed remuneration),

<sup>28</sup> Independent directors are Dominique D'Hinnin, FSP (represented by Agnès Audier), Esther Gaide, Didier Leroy, Lord Birt, Ana Garcia Fau, Ross Mc Innes and Carole Piwnica.

			which is significantly below the ceiling set by the Reference Code.
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Conditions for admission to and participation in the general shareholder's meetings

As of June 30, 2018, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's by-laws.

In accordance with the recommendations set forth in the Reference Code, Board members participate in General Shareholders' Meetings.

## 9.2 ABSENCE OF CONTROL OF THE COMPANY

To the Company's knowledge, as of 30 June 2018, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 et seq. of the French Commercial Code.

## 9.3 SEPARATING THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the legal and regulatory provisions (articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Commercial Code), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

## 9.4 EUTELSAT GROUP SENIOR MANAGEMENT

Since 8th November 2017 Dominique D'Hinnin has been Chairman of the Board, Rodolphe Belmer Chief Executive Officer, Michel Azibert and Yohann Leroy have acted as Deputy Chief Executive Officers in addition to their roles as Chief Commercial & Development Officer (Michel Azibert) and Chief Technical Officer (Yohann Leroy).

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer - Chief Commercial and Development Officer, the Deputy Chief Executive Officer - Chief Technical Officer, the Financial and IT Director, the Company Secretary and Director of Legal Affairs, the Human Resources Director, the Deployment and Innovation Director and the Chief Strategy and Strategic Marketing Officer.

With the support of the Remuneration Committee, the Board of Directors determines the remuneration of the Chairman of the Board and the Executive Directors in accordance with the recommendations of the Reference Code. The remuneration policy which sets out the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional elements constituting the total remuneration of the Chairman and the Executive Directors, is detailed sections 9.12 and 9.13 .of the management report.

## 9.5 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company by-laws impose no restrictions on voting rights and on share transfers. To the best of the Company's knowledge, there is no agreement between shareholders limiting share transfers and the exercise of voting rights.

At the date of this Report the Company has no knowledge of any agreement between the Company's shareholders or any convention providing for preferential conditions for the disposal or the acquisition of shares in the Company and involving at least 0.5% of the capital or voting rights in the Company.

Please also see paragraph 9.16 and 11.9.

## 9.6 ORGANISATION AND PREPARATION OF THE BOARD MEETING

### INTERNAL RULES

The Board of Directors has adopted Internal Rules which set out the principles and procedures for how the Board and its Committees will operate. The Internal Rules have been updated on several occasions; the most recent update dates from 8th November 2017 specifically to take into account the new provisions in order to ensure the payment of the fix share of the attendance token in proportion to the term of office of the board members and also to consent to pay an additional amount to the board member living outside of France, even if such board member is French.

The Internal Rules also set out the respective powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer while providing for the limits on the powers of the latter.

It also sets out the rules governing the composition, the responsibilities and the methods of operation of the Board and the Committees.

### BOARD MEETINGS AND INFORMATION COMMUNICATED TO THE BOARD OF DIRECTORS

The Board of Directors met nine times during the financial year (eight times in the previous financial year).

The average annual attendance rate of directors at meetings held during the fiscal year was 94.1 % (compared to 92.7% in the previous fiscal year). The attendance rate for each director is shown in the table below:

Directors	Attendance rate
John BIRT	100%
Michel de ROSEN (Chairman until 8 <sup>th</sup> November 2017)	100 %
Bpifrance Participations (represented by Stéphanie FRACHET)	100 %
Ross McINNES	88.9 %
FSP represented by Mr Dominique D'HINNIN (until 8 <sup>th</sup> November 2017) and represented by Mrs. Agnès AUDIER (as from 8 <sup>th</sup> November 2017)	100%
Carole PIWNICA	77.8 %
Jean d'ARTHUYS	100 %
Anna GARCIA FAU	100 %
Rodolphe BELMER	88.9 %
Dominique D'HINNIN (Chairman as from 8 <sup>th</sup> November 2017)	100%
Paul-François FOURNIER (Board member as from 8 <sup>th</sup> November 2017)	71.4 %
Esther GAIDE (Board member as from 8 <sup>th</sup> November 2017)	100%
Didier Leroy (Board member as from 8 <sup>th</sup> November 2017)	100%
Bertrand MABILLE (Board member until 8 <sup>th</sup> November 2017)	100%

### OBSERVER

Pursuant to the provisions of (i) the Letter of Agreement signed on September 2, 2005 between the Company and Eutelsat IGO and (ii) the Company's by-laws, the Executive Secretary of Eutelsat IGO sits as an observer on the Board of Directors.

### DIRECTORS' TERM OF OFFICE

The directors' term of office is four years as provided for by the by-laws.

### RULES APPLICABLE TO THE APPOINTMENT AND TO THE REPLACEMENT OF THE BOARD MEMBERS AND ALSO TO THE AMENDMENT OF THE COMPANY BY-LAWS

In accordance with the article 13 of the Company by-laws, the Board members are appointed by the ordinary Meeting of the Shareholders.

Directors may be reelected. They may be removed at any time by decision of the ordinary Meeting of Shareholders.

In accordance with the article 14 of the Company by-laws, if a director's seat becomes vacant between two Meetings of Shareholders, the Board of Directors may make temporary appointments. Appointments of directors made by the Board of Directors are subject to ratification by the next ordinary Meeting of Shareholders.

A director appointed in replacement of another director shall remain in office only for his/her predecessor's remaining term of office.

The Shareholders' collective decisions related to the amendment of the Company by-laws are made in Meetings of Shareholders, as provided by law.

## 9.7 CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

### COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors as of 30 June 2018 is shown in the table below:

Directors	Date of first appointment/co-optation	Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended
Lord BIRT	10 November 2006	June 30, 2019
Jean d'ARTHUYS	5 November 2015	June 30, 2019
Dominique D'HINNIN (Chairman)	8 November 2017	30 June 2020
Bpifrance Participations, represented by Stéphanie FRACHET	17 February 2011	30 June 2018
Ana GARCIA FAU	5 November 2015	June 30, 2019
Ross McINNES	06 February 2013	30 June 2018
Fond Stratégique de Participations (FSP) represented by Mrs Agnès AUDIER	04 November 2016	30 June 2020
Carole PIWNICA	09 November 2010	30 June 2020
Rodolphe BELMER	04 November 2016	30 June 2020
Didier LEROY	08 November 2017	30 June 2021
Esther GAIDE	08 November 2017	30 June 2021
Paul-François FOURNIER	08 November 2017	30 June 2021

Administrateurs	Date de première nomination/cooptation	Fin de mandat à l'issue de l'Assemblée générale statuant sur les comptes de l'exercice clos le
Lord BIRT	10 novembre 2006	30 juin 2019
Jean d'ARTHUYS	05 novembre 2015	30 juin 2019
Dominique D'HINNIN (Président)	08 novembre 2017	30 juin 2021
Bpifrance Participations représenté par Stéphanie FRACHET	17 février 2011	30 juin 2018
Ana GARCIA FAU	05 novembre 2015	30 juin 2019
Ross McINNES	06 février 2013	30 juin 2018
Fond Stratégique de Participations (FSP) représenté par Agnès AUDIER	04 novembre 2016	30 juin 2021

Carole PIWNICA	09 novembre 2010	30 juin 2020
Rodolphe BELMER	04 novembre 2016	30 juin 2020
Didier LEROY	08 novembre 2017	30 juin 2021
Esther GAIDE	08 novembre 2017	30 juin 2021
Paul-François FOURNIER	08 novembre 2017	30 juin 2021

## INDEPENDENT DIRECTORS

During one of its meetings, the Board of Directors assessed the independence of each of its members. At 30 June 2018, among its twelve members, 8 directors were qualified as independent according to the independence criteria of the Reference Code representing 66.66% of the Boards of Directors.

Directors	Independent
Lord BIRT	Yes
Jean d'ARTHUYS	No
Dominique D'HINNIN (Chairman)	Yes
Bpifrance Participations, represented by Stéphanie FRACHET	No
Ana GARCIA FAU	Yes
Ross McINNES	Yes
Fond Stratégique de Participations (FSP) represented by Mrs Agnès AUDIER	Yes
Carole PIWNICA	Yes
Rodolphe BELMER	No
Didier LEROY	Yes
Esther GAIDE	Yes
Paul-François FOURNIER	No

On the basis of the work of the Nomination and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each independent Director. The Board had to rule on the situation of Ross McInnes.

Ross McInnes is the non-executive Chairman of the Board of Safran who holds 50% of Arianegroup, a joint company with Airbus. He does not intervene in Safran's operational and commercial decisions or in Safran's participations such as Arianegroup, which launches satellites. However, in order to avoid any potential conflict of interest, Ross McInnes does not participate to discussions or to votes in relation to the choice of launchers or to the launcher policy and is submitted to the Board of Directors of Eutelsat Communications.

## 9.8 DIVERSITY POLICY AND REPRESENTATION TO THE BOARD

### GENDER REPRESENTATION

As of 30 June 2018 five women sit on the Board of Directors, which represents more than 40% of the total number of directors.

### EMPLOYEE REPRESENTATION ON THE BOARD OF DIRECTORS

As part of a policy aimed at improving communication between the Group's management and employees, the Company entered into an agreement with its operating subsidiary Eutelsat SA and the Eutelsat SA Works Council on 8 November 2007. This agreement is designed to give Eutelsat SA's Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the directors.

## 9.9 MISSION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- Medium term operations: the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts;  
The Group's five year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors;
- Investments and financial commitments: the Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year.

The annual budget for the 2018-2019 financial year was approved by the Board of Directors on 21<sup>st</sup> June 2018.

Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million Euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or 25 million Euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.

Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million Euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. Finally, prior Board approval is also required for any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million Euros that is not expressly included in the Group's Annual Budget. The Board thus had to decide on the refinancing of a portion of the Group's debt during the third quarter of the financial year.

- Interim and annual financial statements: the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.
- Group Senior Management: prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.
- Monitoring the Group's activity: Management submits to the Board a monthly report on the Group's operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to give the Board a clear understanding of how the business has evolved, particularly on a technical, commercial and financial level and on the monitoring of the budget.

## ASSESSMENT OF THE BOARD OF DIRECTORS

During the 2017-2018 financial year, the Chair of the Nomination and Governance Committee presented the results of the self-assessment that had been conducted during the previous year to the Board.



For Fiscal year 2017-18, the Board implemented the formal review by an external firm. The results were presented to Board Members on its 31 July 2018 meeting.

During the financial year ended 30 June 2018, the Board underwent a review by an external auditor. Each member was interviewed on the basis of a questionnaire validated by the Chairman and the Chairman of the Nominations and Governance Committee. In addition, each member or permanent representative was invited to complete an online questionnaire.

*After comparing with similar boards in general, Eutelsat's Board is among the best in terms of size, independence, commitment, and transparency and quality of information provided by Management as well as the quality of discussions.*

*This assessment was brought to the Board meeting held on 31 July 2018. The positive points that emerge from the evaluation are outlined as follows:*

- *An appropriate governance structure,*
- *Committed directors with genuine dialogue with one another and with Management,*
- *Quality and transparency of information from Management,*
- *A well-structured and meaningful strategic seminar,*
- *Effective coordination between the Chairman of the Board, the Chief Executive Officer and Committee chairs.*

*The comparison with the same boards highlights areas for improvement, which can be summarized as follows:*

- *The composition of the Board does not yet fully reflect the changes in the business model, and may in particular be more international than it is at present,*
- *Senior executives other than Top Management members may be asked to make more frequent presentations to the Board,*
- *The succession plan must be finalized,*
- *Training of directors in the Group's businesses must be intensified.*

*Based on this assessment, the NGC and the Board will work on the recommendations to enhance the Board's effectiveness.*

## 9.10 COMMITTEES OF THE BOARD OF DIRECTORS

At June 30, 2018, the Board is assisted in its work by three committees: the Audit Committee, the Appointments Committee and the Compensation Committee.

## Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of 30 June 2018, the Audit Committee consisted of Jean d'Arthuys and four independent directors: Esther Gaide, FSP (represented by Agnès Audier), Lord Birt and Ross McInnes, who acts as Chair, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of financial director of several industrial groups, including the Safran Group.

The Group's Financial Director has attended all meetings of the Audit Committee.

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 100%.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Ross McINNES (Chairman)	100%
FSP (represented by Dominique D'Hinnin until 8 <sup>th</sup> November 2017 and represented by Agnès Audier as from 8 <sup>th</sup> November 2017)	100%
Lord BIRT	100%
Bertrand MABILLE (until 8 <sup>th</sup> November 2017)	100%
Jean d'ARTHUYS (as from 8 <sup>th</sup> November 2017)	100%
Esther GAIDE (as from 8 <sup>th</sup> November 2017)	100%

As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Group's Financial Director. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee has been up dated on ongoing litigations and especially ont the dispute with Canal + Group, but also with the internal measures implemented further to last year's fraud case.

During the financial year, the Audit Committee has also been up dated on the status of the the 3 year audit plan where 84% of the recommendations of the internal audit have been implemented. The Audit Committee has also examined the results of the audit related to corporate information system that has been conducted and the areas for improvement; the Audit Committee also examined the status of the implementation of the anticorruption compliance process requested by the Sapin II bill.

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

## The Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of directors vis-à-vis the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

The Nomination and Governance Committee has met two times, with a 100% attendance rate.

As of June 30, 2018, the Committee was composed of a majority of independent members in accordance with the Reference Code. As of June 30, 2018 the members of the Committee are: Stéphanie Frchet (representative of Bpifrance Participations), Dominique D'Hinnin, Ross McInnes, and Carole Piwnica who chairs the Committee.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole PIWNICA (Chairperson)	100%
Dominique D'Hinnin (as from 08 November 2017)	100%
Ross McINNES	100%
Bpifrance Participations represented by Stéphanie FRACHET	100%
Michel de ROSEN (until 08 November 2017)	100%

The committee had to consider:

- the renewal of the mandate of Bpifrance Participation represented by Stéphanie FRACHET as director and the renewal of the madate of Ross McINNES as director;
- Appointment of Esther GAIDE as Chairman of the Nomination and Governance Committee;
- Succession plan for the Executive Committee according to three time horizons: emergency, short term succession and long term succession;
- The feminisation of the Executive Committee.

### Remuneration Committee

The Remuneration Committee is responsible for matters relating to (i) the long-term remuneration policy, (ii) the remuneration of the CEO and the Deputy CEOs, (iii) the introduction of performance-based stock option plans within the Group, and (iv) the allocation of attendance fees.

The Committee, mainly consisting of independent directors, met six times. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Anna GARCIA FAU (Chairperson since 08 November 2016)	100%
Lord BIRT	83.3 %
Jean d'ARTHUYS (until 8 November 2017)	100%
Paul-François FOURNIER (since 8 November 2017)	50%

During the year, the main activities of the Committee were:

- review of the remuneration policy for Executive Directors and proposal to the Board;
- analysis of the performance of the Executive Officers in the previous financial year and recommendation to the Board on the variable component;
- analysis of the structure of the total (annual and long term) variable remuneration for Executive Directors and

objectives for the following financial year.

### Ad hoc committee

The Ad hoc committee is responsible for matters relating to acquisition, disposal and long-term investment policy.

The Committee, mainly consisting of independent directors, met four times. The attendance rate for each Committee member is shown in the table below

Name	Attendance rate
Dominique d'HINNIN	75 %
Ross Mc INNES	100 %
FSP	75 %
Carole PIWINCA	100 %
Bpifrance Participations	100 %
Rodolphe BELMER	100 %

All board members can attend to Ad hoc committee meetings when they wish to.

During the year, the main activities of the Committee consisted in bringing its insight on the Group acquisition policy.

## 9.11 ATTENDANCE FEES PAID TO THE BOARD MEMBERS

In accordance with legal provisions, information is reported on the total compensation (including benefits in-kind) paid to the members of the Company's corporate bodies during the financial year ended 30 June 2018 (See the Notes to the consolidated financial statements for more information).

The amount of attendance fees which stands now at 985,000 euros has been modified by a resolution approved by the General Meeting of Shareholders of 8 November 2017.

The draft resolutions adopted by the Board of Directors which will be submitted for approval by the General Meeting of Shareholders to be held on 8 November 2018 to not include provisions aiming to modify this amount.

### Regarding the method of allocation of attendance fees to Board members

At the date of the current report, the method of allocation of attendance fees, as set out in the Board's Internal Rules, take priority account of Board members' effective participation at meetings and committees, in accordance with the article 20.1 of the AFEP-MEDEF code:

- Board:
  - o Annual fixed part of 15,000 euros per Board member (increased to 30,000 euros for the Vice Chairman and 175,000 euros for the Chairman);
  - o Annual additional 10,000 euros per Board member with foreign nationality or living outside of France;
  - o Variable part of 4,000 euros per Board member for each Board meeting attended.
- Audit Committee:
  - o Annual fixed part of 4,000 euros per Committee member (increased to 14,000 euros for the Committee Chairman);
  - o Variable part of 3,000 euros per Committee member for each Audit Committee attended.
- Governance and Selection Committee:
  - o Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee

- Chairman);
- Variable part of 2,000 euros per member for each Committee attended.
- Remuneration Committee:
  - Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
  - Variable part of 2,000 euros per member for each Committee attended.

Attendance fees due for a given fiscal year are paid once a year at the beginning of the following fiscal year.

The total amount of attendance fees due by the company and the companies it controls to non-executive Directors and Corporate Officers of the Company for the financial year ended 30 June 2018 stood at 951,169 euros.

The method of allocation of attendance fees described above remains unchanged.

The gross amounts received by the Directors serving on the Board at the closing of this financial year, during the two latest financial years, are detailed below.

#### Attendance fees and other forms of compensation received by non-Executive Directors and Corporate Officers (Table 3 – AMF Recommendation)

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to non-Executive Directors and Corporate Officers during the financial years ended 30 June 2017 and 30 June 2018 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2017-18 and paid from 1st July 2018 are provided in the column “Financial Year 2017-18”.

Non-Executive Directors and Corporate Officers (in euros)	FY 2016-17	FY 2017-18
<b>J. d'Arthuys</b>		
<b>Board Member</b>		
Attendance fees	66,000	68,600
Other	0	0
<b>R. Belmer</b>		
<b>Board Member</b>		
Attendance fees	35,250	51,000
Other	See section 9.14	See section 9.14
<b>Lord J. Birt</b>		
<b>Vice-President, Board of Directors</b>		
Attendance fees	106,500	108,000
Other	0	0
<b>Bpifrance Participations</b>		
<b>Board Member, represented by Stéphanie Frachet</b>		
Attendance fees	62,000	62,000

Other	0	0
<b>A. Garcia Fau</b>		
<b>Board Member</b>		
Attendance fees	87,000	79,125
Other	0	0
<b>P-F. Fournier</b>		
<b>Board Member (since 8 November 2017)</b>		
Attendance fees	-	34,667
Other	0	0
<b>E. Gaide</b>		
<b>Board Member (since 8 November 2017)</b>		
Attendance fees	-	47,267
Other	0	0
<b>D. D'Hinnin</b>		
<b>Board Member (since 8 November 2017)</b>		
Attendance fees	-	167,111
Other	0	0
<b>FSP</b>		
<b>Board Member represented by Dominique D'Hinnin (from 1st July 2017 to 8 November 2017), then by Agnès Audier</b>		
Attendance fees	46,650	80,000
Other	0	0
<b>D. Leroy</b>		
<b>Board Member (since 8 November 2017)</b>		
Attendance fees	-	49,667
Other	0	0
<b>B. Mabilie</b>		
<b>Board Member (until 8 November 2017)</b>		
Attendance fees	66,000	22,733
Other	0	0
<b>R. McInnes</b>		
<b>Board Member</b>		

Attendance fees	80,500	87,000
Other	0	0
<b>C. Piwnica</b>		
<b>Board Member</b>		
Attendance fees	75,500	69,000
Other	0	0
<b>M. de Rosen</b>		
<b>Chairman of the Board and Board Member (until 8 November 2017)</b>		
Attendance fees	92,000	25,000
Other	See. section 9.14	See. section 9.14
<b>Total of attendance fees</b>	<b>780,518</b>	<b>951,169</b>

## 9.12 LIST OF FUNCTIONS OR OFFICES HELD IN ANY FRENCH AND FOREIGN COMPANY BY THE MEMBERS OF THE BOARD OF DIRECTORS AS OF 30 JUNE 2018

DOMINIQUE D'HINNIN Board Member, Chairman of the Board of Directors	
<p><b>DoB:</b> 4 August 1959 – 59 years old a <b>French national</b></p> <p><b>Business address:</b> Eutelsat Communications 70, rue Balard 75015 Paris</p> <p><b>First appointment/Co-opting:</b> 4 November 2016</p> <p><b>Expiry date of office:</b> General Meeting to be held to approve the accounts for the financial year ending 30 June 2021</p>	<p><b>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b></p> <p><b>In France:</b></p> <ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Eutelsat SA (as of 8 November 2017).</li> </ul> <p><b>Outside France:</b></p> <ul style="list-style-type: none"> <li>- NA</li> </ul> <p><b>Having expired:</b></p> <p><b>In France:</b></p> <ul style="list-style-type: none"> <li>- Permanent representative of FSP</li> </ul> <p><b>Outside France:</b></p> <ul style="list-style-type: none"> <li>- NA</li> </ul> <p><b>OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b></p> <p><b>In France:</b></p> <ul style="list-style-type: none"> <li>- Edenred: Board member since 8 June 2017 (listed company)</li> </ul> <p><b>Outside France:</b></p> <ul style="list-style-type: none"> <li>- Louis Delhaize SA (Belgium): Board Member since 6 June 2017</li> <li>- Prisa (Spain): Board Member since 6 May 2016 (listed company)</li> </ul> <p><b>Having expired:</b></p> <p><b>In France:</b></p> <ul style="list-style-type: none"> <li>- Marie-Claire Album and Holding Evelyne Prouvost: Board Member between 2014 and 2016.</li> <li>- Editions Amaury SA: Board Member between 2011 and 2013.</li> <li>- Canal+ France: Board Member between 2007 and 2013.</li> <li>- Price Waterhouse Coopers France: Advisory Board Member between 2009 and 2013.</li> </ul> <p><b>Outside France:</b></p> <ul style="list-style-type: none"> <li>- EADS: Board Member between 2007 and 2013.</li> </ul>
<p><b>Biography</b></p> <p>Dominique D'Hinnin was Lagardère Co-managing Partner from 2010 to 2016. He is a former student of the École normale supérieure and is Inspecteur des finances. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed as the Internal Audit Manager, Hachette Livre Finance Manager in 1993, and, in 1994 Executive Vice-President of Grolier Inc (Connecticut, USA). He was Lagardère Chief Financial Officer from 1998 to 2009, and Lagardère SCA co-managing partnere between 2009 and 2016. He currently is a Board Member of the Spanish media company PRISA, a Board Member of the French Company Edenred and a Board Member of the Belgium distribution company Louis Delhaize SA. On 8<sup>th</sup> November 2017, Domminique D'Hinnin was appointed as Chairman of the Board of Directors of Entelsat Communications SA.</p>	

RODOLPHE BELMER Board Member and CEO of Eutelsat Communications	
<p><b>DoB:</b> 21 August 1969 – 48 years old a <b>French national</b></p> <p><b>Business address:</b> Eutelsat Communications 70, rue Balard 75015 Paris</p> <p><b>First appointment/Co-opting:</b></p>	<p><b>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b></p> <p><b>In France:</b></p> <p>CEO of Eutelsat S.A. (since 1 March 2016) Board Member of Eutelsat S.A. (since 4 october 2016)</p>



**RODOLPHE BELMER**  
Board Member and CEO of Eutelsat Communications

**1<sup>st</sup> March 2016 as CEO of Eutelsat S.A**

4 November 2016

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

**Biography**

Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. He is a graduate of France's HEC business school.

He joined the Canal+ Group in 2001 and was appointed Head of Marketing and Strategy in 2002. From 2003 he oversaw the editorial division of the group, initially as CEO of Canal+, and from 2006 onwards, as Head of all pay-TV channels. He led the Group's diversification into free-to-air television in 2011, notably through the acquisition and relaunch of D8 and D17. In 2012 he was appointed CEO of the Canal+ Group.

Rodolphe Belmer joined Eutelsat on 1 December 2015 and was appointed CEO on 1 March 2016.

**Outside France:**

- Board Member and Chairman of Eutelsat Inc. (USA) (since 1 March 2016)
- Chariman of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016)
- Board Member of Eutelsat Inc. (USA) (since 1 March 2016)
- Board Member of Eutelsat Networks (Russian Federation) (since 30<sup>th</sup> September 2016)
- Chairman of the Board of Eutelsat Networks LLC (since 9 november 2016) (Russian Federation)
- Board Member of Broadband for Africa (U.K) (since 1<sup>st</sup> march 2016)
- Manager and Chairman of Euro Broadband Infrastructure (Switzerland) 'since 3<sup>rd</sup> march 2017)
- Manager of Euro Broadband Retail ( Switzerland) ( since 3<sup>rd</sup> march 2017)

**Having expired:**

**In France:**

- Deputy CEO of Eutelsat S.A. (as of 29 February 2016)
- Deputy CEO of Eutelsat Communications (as of 29 February 2016)

**Outside France:**

None

**OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS**

**Current:**

**In France:**

- Member of the Supervisory Board of Mediawan (listed company)
- Chairman of Auteurs Solidaires (as of January 2017)
- Chairman of RBC (since July 2015)
- Chairman and Vice-chairman of Séries Mania (as of September 2017)
- Director of Brut (as of February 15th, 2018)

**Outside France:**

- Non executive director of Netflix (California) (as of February 2018)

**Having expired:**

**In France:**

- Member of Directory Board of Groupe Canal+ (as of 3 July 2015)
- CEO of Groupe Canal+ (as of 3 July 2015)
- Chairman of Cine Info (as of 6 July 2015)
- Board Member of Cine Info (as of 6 July 2015)
- Board Member of Sport+ (as of 6 July 2015)
- Chairman of the Board of Sport+ (as of 6 July 2015)
- Chairman of Vivendi Contents (as of 6 July 2015)
- Chairman of Flab Prod (as of 6 July 2015)
- Management Director of Flab Press (as of 6 July 2015)
- Board Member of Société d'Édition de Canal Plus (as of 7 July 2015)
- CEO of Société d'Édition de Canal Plus (as of 7 July 2015)

**Outside France:**

- Member of the Supervisory Board of TVN S.A. (Poland) (as of 24 June 2015)
- Board Member of Hispasat (Spain, as of 18 april 2018)

## LORD JOHN BIRT

Board Member and Vice President, Board of Directors

**DoB: 10 December 1944 – 73 years old**  
**a British national**

**Business address:**

Eutelsat Communications  
70, rue Balard  
75015 Paris

**First appointment/Co-opting:**

10 November 2006 (as Board Member)

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

### Biography

**Lord Birt** is a graduate of Oxford University. Lord Birt is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) Maltby Capital Ltd (2007-2010), Paypal Europe (2010-2014), HEG (2013-2017) and CPA Global (2015-2017) He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently an adviser to Terra Firma.

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

NA

**Outside France:**

NA

**Having expired:**

**In France:**

NA

**Outside France:**

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

NA

**Outside France:**

- Member of the House of Lords

**Having expired:**

**In France:**

NA

**Outside France:**

- Non-executive Director of Infinis Ltd (United Kingdom)
- Chairman of Paypal Europe (Luxemburg)
- Chairman of Terra Firma Investor Advisory Board (United Kingdom)
- Non-executive Director of Shopvolution (United Kingdom)
- Chairman of HEG (United Kingdom)
- Chairman of CPA Global (United Kingdom)

## BPI FRANCE PARTICIPATIONS REPRESENTED BY STEPHANIE FRACHET

Board Member

**DoB: 17 May 1977– 41 years old**  
**a French national**

**Business address:**

Eutelsat Communications  
70, rue Balard  
75015 Paris

**First appointment/Co-opting:**

17 February 2011 (Fonds Stratégique d'Investissement)

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

**Outside France:**

NA

## BPI FRANCE PARTICIPATIONS REPRESENTED BY STEPHANIE FRACHET

Board Member

### Biography

Bpifrance Participations (Since 12 July 2013, Formerly Fonds Stratégique D'investissement - FSI) is currently represented on the Company's Board of Directors by Ms Stéphanie Frachet. Graduate of the ESSEC business school, S. Frachet has seventeen years of experience in finance and private equity. She was in charge of transaction services for six years at Ernst & Young and then Pricewaterhouse Coopers, then worked in auditing and financial consulting on mergers/acquisitions and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO operation financing and led a number of restructuring operations. In 2009, she joined the Fonds Stratégique d'Investissement (renamed Bpifrance Participations, as part of the creation of the Bpifrance Group under a process of contributions through which the Caisse des Dépôts et Consignations and the French State became joint shareholders of the BPI Group, the sole shareholder of Bpifrance Participations) where she is Investment Director. She is also a board member of Constellium (listed company) and Censor of Paprec and Verallia.

### Having expired:

#### In France :

NA

#### Outside France:

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

#### In France:

- Permanent representative of Bpifrance Participations, censor of:

- Paprec
- Verallia

#### Outside France:

-Board member of Constellium

### Having expired:

#### In France:

Permanent representative of Bpifrance Participations, Board Member of:

- Sarenza
- Cylande

- Board Member of Eurosic (listed company)

#### Outside France:

NA

## JEAN D'ARTHUYS

Board Member

**DoB:** 20 November 1966 – 51 years old  
a French national

### Business address:

Eutelsat Communications  
70, rue Balard

### First appointment/Co-opting:

5 novembre 2015

### Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

### Biography

A graduate of HEC, Jean Arthuys pursued his career in the media and digital sector, primarily in the M6 Group, and in investment. Appointed head of development and strategy of the M6 Group in 1996, he became member of the Management Board in 1999. He headed the digital television activity, before becoming the CEO of Paris Première and W9. Recognized for his experience and digital media, Jean Arthuys served a director of TPS, Sportfive and Newsweb. He was also Chairman and CEO of the football club 'Girondins de Bordeaux'. Between 2007 and 2010 he was a partner of the fund PAI Partners, responsible for media, Internet and telecommunications. In 2010, he joined the Executive Committee of the Strategic Investment Fund (*Renamed Bpifrance Participations, as part of the creation of the group Bpifrance after an*

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

#### In France:

- Board Member of Eutelsat SA (since 16 October 2015)

#### Outside France:

NA

### Having Expired:

#### In France:

- Permanent representative of BpiFrance Participations, Board Member of Eutelsat Communications (until 5 November 2015)
- Permanent representative of BpiFrance Participations, Board Member of Eutelsat S.A. (until 5 November 2015)

#### Outside France :

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

#### In France:

## JEAN D'ARTHUYS

Board Member

intake process under which the Caisse des Dépôts et Consignations and French State became joint shareholders of BPI Group, sole shareholder of Bpifrance Participations.) in charge of investment. Currently he is CEO of Triana, a company dedicated to luxury brand distribution and e-commerce.

- CEO of Triana
- Managing Director of Cyrano, Chairman of Triana SAS
- Board Member and CEO of Maison Lejaby SA
- Board Member of L'Exception
- Board Member of Indefilms

**Outside France:**

NA

**Having Expired:**

**In France:**

- Chairman of HEC Alumni
- Member of the Supervisory Board of ST Microelectronics
- Board Member of Talend
- Board Member of Viadeo
- Permanent representative of Bpifrance Participations
- Board Member of Soprol
- Board Member and Member of the Executive Committee of Bpifrance Participations

**Outside France:**

NA

## FSP REPRESENTED BY AGNES AUDIER

Board Member

**DoB: 03 November 1964**

a French national

**Business address:**

Eutelsat Communications  
70, rue Balard  
75015 Paris

**First appointment/Co-opting:**

4 November 2016

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

### Biography

FSP (Since 4 November 2016), is currently represented on the Company's Board of Directors by Mrs Agnes Audier.

From 1993 to 1995, Agnès Audier was a Technical Advisor to the private cabinet of France's minister of health and social affairs run by Ms. Simone Veil.

Then, from 1995 to 1997, she worked as Head of the Private Office of the French Minister for Small Business and Trade headed Mr. Jean-Pierre Raffarin who latter became French Prime Minister.

In 2001, she worked at Vivendi Universal an executive vice president of strategy and business development and then chief operating officer of the Internet technology division. She was also the Executive Committee Secretary.

From 2003 to 2006 she worked at the communication group Havas, which is the 5th largest global advertising & communication group in the world as chief performance officer and Executive Vice-President.

As of 2007 she is The Managing Partner of The Boston Consulting Group, and she is a member of the Industrial Goods, Public Sector, Consumer, and Strategy practices. She is also a member of the Western Europe Management Committee of The Boston Consulting Group.

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- Permanent representative of Fonds Stratégique de Participation (as of 8 November 2017)

**Outside France:**

- NA

**Having expired:**

**In France:**

- NA

**Outside France:**

- NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

Managing Partner of Boston Consulting Group (as of 2007)

-

**Having expired:**

**In France:**

- NA

**Outside France:**

- NA

## PAUL FRANCOIS FOURNIER

Board Member

**DoB:** 15 March 1968 – 50 years old  
a French national

**Business address:**

Eutelsat Communications  
70, rue Balard

**First appointment/Co-opting:**

8 novembre 2017

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

### Biography

Paul-François Fournier, a French national, ex-Télécom, joined the France Télécom Orange Group in 1994 as a business engineer in the Entreprises France sector. After seven years working in the development of corporate services, in 2001 he became Broadband Director of Wanadoo, where he ensured the take-off of ADSL offers in France, which rose from a few thousand customers in 2001 to 3 million by the end of 2004, then internationally as a member of the Executive Board of the Wanadoo Group. He then oversaw strategic projects like the launch of Livebox and Voice Over IP, in partnership with the French start-ups Inventel and Netcentrex.

In addition to his experience in the field of Internet services and partnerships (he was, for instance, the architect of Orange's acquisition of DailyMotion and Cityvox, as well as partnerships with Microsoft, Google and Facebook), Paul-François Fournier has excellent operational knowledge of marketing innovation. He was, from 2011, Executive Director of Orange's Technocentre, in charge of product innovation (Boxes, Cloud, etc.), where he radically transformed the organisation with a more regional and decentralised approach (Creation of the Amman and Abidjan Technocentres). Since April 2013 Paul-François Fournier has been Head of Innovation and a member of the Executive Board of the Banque Publique d'Investissement (Bpifrance).

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- N/A

**Outside France:**

NA

**Having Expired:**

**In France:**

N/A

**Outside France :**

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- Supervisory Board of Cornovum
- Board Member of Parrot
- Board Member Prodways Group
- Board Member of Sigfox
- Supervisory Board of Younited

**Outside France:**

NA

**Having Expired:**

**In France:**

- Board Member of the Wanadoo Group
- Board Member of Bpifrance
- Head of Innovation of Bpi france

**Outside France:**

NA

## ESTHER GAIDE

Board Member

**DoB:** 6 September 1961  
a French national

**Business address:**

Eutelsat Communications  
70, rue Balard

**First appointment/Co-opting:**

8 novembre 2017

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2021

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- Board Member of Eutelsat Communications SA

**Outside France:**

NA

**Having Expired:**

### Biography

Esther Gaide graduated from Essec (Paris) and is a chartered accountant. She began her career in 1983 working in the external audit departments of PricewaterhouseCoopers (PwC) in Paris and London, then with Deloitte in Paris and the USA. In 1994, she joined Bolloré Group where she was appointed Group Internal Audit Director, set up the Internal Audit Department and participated both in the reorganization of the maritime department and the takeover of the Rivaud Group. Between 1996 and 2006, she successively held the posts of CFO of the Logistics Division, CFO of the Bolloré Africa Logistics division and ultimately Group Controller, in charge of all Group accounting. In 2006, she moved to Havas to take up the position of Deputy Chief Financial Officer and Director of Human Resources. In 2011, Esther Gaide went on to join Technicolor (ex-Thomson) as Group Controller. In 2012, she was appointed Deputy Chief Financial Officer before becoming CFO and member of the Executive Committee in 2015. In addition, Esther is a member of the Board of Directors and the Audit Committee of the Eutelsat Group. Esther Gaide was appointed Chief Financial Officer of Elior Group on March 15th 2018.

#### In France:

N/A

#### Outside France :

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

##### In France:

- CFO of Elior Group
- Permanent representative of AREAS WORLDWIDE, member and Chairman of the Supervisory Board of ELIOR PARTICIPATIONS, SCA
- Chairman and CEO and Director of ELIOR FINANCEMENT, SA
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR FA3C SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR TRESORERIE SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR GESTION SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of SACORES SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of EGEE VENTURE SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of L'ACADEMIE BY ELIOR SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of SC2R SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES I – BSI SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES XXV – BSXXV SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of BERCY SERVICES XXIX – BSXXIX SAS,
- Permanent representative of EGEE VENTURE, herself Chairman of BERCY SERVICES XXVII – BSXXVII SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of 'ELEAT SOLUTIONS SAS,
- Permanent representative of ELIOR PARTICIPATIONS, herself Chairman of ELIOR DATA RC FRANCE SAS,
- Manager of BERCY SERVICES II – BSII SAS,
- Permanent representative of ELIOR GROUP on the Board of Directors of ELIOR RESTAURATION ET SERVICES, SA,
- Permanent representative of ELIOR GROUP on the Board of Directors of AREAS WORLDWIDE, SA,
- Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of ELRES, SAS,
- Permanent representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of ELIOR ENTREPRISES, SAS,
- Permanent representative of HOLDING DE RESTAURATION, herself Chairman of C2L,

##### Outside France:

- Director of ELIOR RISTORAZIONE,
- Director of GEMEAZ ELIOR SpA,
- Director of ELICHEF HOLDING SpA,
- Director of MY CHEF RISTORAZIONE COMMERCIALE,
- Representative of ELIOR RESTAURATION ET SERVICES on the Board of Directors of SERUNION SA,
- Director of Elior UK Holdings limited
- Director of Elior UK Plc
- Director of Waterfall Elior limited
- Director of Edwards and Blake limited

#### Having Expired:

##### In France:

- CFO of Technicolor

##### Outside France:

NA

## ANA GARCIA FAU

Board Member

**DoB:** 3 November 1968 – 49 years old  
a Spanish national

**Business address:**

Eutelsat Communications  
70, rue Balard  
75015 Paris

**First appointment/Co-opting:**

5 November 2015

**Expiry date of office:**

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

### Biography

**Ana García Fau** a Spanish national. Graduated in Economics, Business Administration (Finance) and Law from Universidad Pontificia Comillas (ICADE-E3) in Madrid, Ana holds an MBA from Sloan, Massachusetts Institute of Technology (MIT). She began her career in consulting at McKinsey&Co. in Madrid, and at the M&A department of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas, the listed directory business, from 1997 to 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel board positions at Telfisa in Spain, Publiguias in Chile, TPI Brasil, Telinver in Argentina and TPI Peru, amongst others. In 2006 she was appointed CEO of Yell for the Spanish and LatinAmerican businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013 she was appointed Chief Global Strategy Officer of hibu (former Yell Group) responsible for partnerships and the digital strategy. Since its IPO in June 2014 she serves as non-executive director at Merlin Properties, the leading REIT in Spain, and is a member of its Audit Committee. Since April 2016 she has also serve as a non-executive director at Paris-based Technicolor, a technology provider to the media industry. She is a member of the Audit, Committee and Chair of its Nominations & Governance Committee. Since June 2016 she has served on the board of Renovalia Energy Group, a private renewable energy company owned by Cerberus Capital, and where she chairs the Audit Committee. Since April 2017 she has been a non-executive director at Gestamp, a publicly-listed Spanish car component manufacturer, where she is a member of the Audit Committee. Also in April of 2017, Ana joined the global and International boards of DLA Piper, a leading global law firm, chairing its Audit Committee. In November 2017, Ana joined the board of Globalvia., an infrastructure company where she is also a member of its Audit Committee. Ana is currently Vice-President of International Women's Forum and member of Women Corporate Directors, the Spanish Institute of Directors (ICA), and of the executive committee of the MIT Club of Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), and of the Board of Trustees of several Foundations in Spain (2010-2016). During 2011 and 2012 she was President of the Professional Women Network in Spain.

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

NA.

**Outside France:**

NA

**Having Expired:**

**In France:**

NA

**Outside France:**

NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- Board Member of Technicolor, SA (listed company, Paris, France) (as of April 2016), Member of the Audit Committee, Chairman of the Nominations & Governance Committee

**Outside France:**

- Board Member of Merlin Properties Socimi, SA (listed company, Madrid, Spain) (as of June 2014), Member of the Audit Committee
- Board Member of Renovalia Energy Group, SL (Madrid, Spain ) (as of June 2016), Chair of the Audit Committee
- Board Member of Gestamp Automocion, SA (listed company, Madrid, Spain) (as of April 2017), Member of the Audit Committee
- Board Member of Globalvia, SA (private company, Madrid, Spain) (as of November 2017), Member of the Audit Committee

**Having expired:**

**In France:**

NA

**Outside France:**

- CEO Hibu connect, SA (exYell Publicidad, SA), (Madrid, Spain) (as of January 2014)
- Board Member of Cape Harbour Advisors, SL (Madrid, Spain) (as of April 2016)

## DIDIER LEROY

Board Member

**DoB:** 26 December 1957– 60 years old  
a French national

**Business address:**

Eutelsat Communications  
70, rue Balard  
75015 Paris

**First appointment/Co-opting:**

8 November 2017

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

**Current:**

**In France:**

- N/A

**Outside France:**

NA

<p><b>Expiry date of office:</b> General Meeting to be held to approve the accounts for the financial year ending 30 June 2021</p>	<p><b>Having expired:</b> <b>In France:</b> NA <b>Outside France:</b> NA</p>
<p><b>Biography</b></p> <p>Didier Leroy, 60, joined Renault S.A. in 1982, after obtaining an engineering degree.</p> <p>In 1992, he was appointed General Manager at the Douai plant and in 1996, Deputy Director of the Renault Le Mans plant before leading a cross-functional business reform project team, reporting directly to Carlos Ghosn.</p> <p>Mr. Leroy joined Toyota to start up the new French plant, Toyota Motor Manufacturing France in Valenciennes, as Vice President.</p> <p>He was appointed President of the plant in 2005 and started leading initiatives at European level in 2007.</p> <p>In 2010, he became President and CEO of Toyota Motor Europe, Toyota's regional headquarter for Sales, After-Sales, R&amp;D, Engineering and Manufacturing.</p> <p>In 2015, Mr. Leroy became the first non-Japanese Executive Vice President and Member of the Board of Directors of Toyota Motor Corporation, double-capping as President of one of the two operational units of the company at global level, covering all the operations in North America and Europe, but also the Japan sales operations.</p> <p>In 2016, Mr. Leroy also became the company's global Chief Competitive Officer.</p> <p>In 2017, his role expanded to cover the entire overseas operations, including emerging markets.</p>	<p><b>OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b> <b>In France:</b> - N/A - N/A</p> <p><b>Outside France:</b> - Board member of Toyota Motor Corporation - Executive Vice President of Toyota Motor Corporation - CCO of Toyota Motor Corporation - Non-executive Board member of ALIAXIS (Belgium)</p> <p><b>Having expired:</b> <b>In France:</b> N/A <b>Outside France:</b> NA</p>

<p><b>ROSS MCINNES</b> Board Member</p>	
<p><b>DoB: 8 March 1954 –64 years old</b> <b>both French and Australian citizenship</b></p> <p><b>Business address:</b> Eutelsat Communications 70, rue Balard 75015 Paris</p> <p><b>First appointment/Co-opting:</b> 7 February 2013</p> <p><b>Expiry date of office:</b> General Meeting to be held to approve the accounts for the financial year ending 30 June 2018</p>	<p><b>OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b> <b>In France:</b> NA <b>Outside France:</b> NA</p> <p><b>Having expired:</b> <b>In France:</b> NA <b>Outside France:</b> NA</p>
<p><b>Biography</b></p> <p>After graduating from Oxford, Ross started his career with Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the corporate finance arm of Continental Bank (which became part of Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector, notably Eridania Beghin-Say, where he became Chief Financial Officer in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Executive Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Senior Vice President of Finance and Strategy for the PPR Group (Pinault-Printemps-La Redoute) before joining the Supervisory Board of Générale de Santé in 2006. He served as interim Chairman of the Management Board from March to June 2007. He then served as Vice Chairman of Macquarie Capital Europe, a company specialised in</p>	<p><b>OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS</b></p> <p><b>Current:</b> <b>In France:</b> - Chairman of the Board of Safran (listed company) - Board Member of Engie (listed company) - Board Member of Lectra (listed company)</p> <p><b>Outside France:</b> - N/A</p>



infrastructure investments. In March 2009, Ross McInnes joined the Safran Group as Adviser to the Chairman of the Management Board, before becoming Executive Vice President of Economics and Finance in June 2009. He served as a member of the Management Board between July 2009 and April 2011. From 21 April 2011 to 23 April 2015, he was Deputy Chief Executive Officer in charge of Finance at Safran. As from 1 October 2014 to 30 September 2017, he was a member of the Board of IMI, Plc and the Chairman of the Audit Committee as from the 1 January 2015. Since 23 April 2015, he is Chairman of the Board of Safran. In February 2015, the French Minister of Foreign Affairs and International Development appointed Ross McInnes as Special Representative for economic relations with Australia. In November 2016, he was appointed by the French Prime Minister as the Ambassador of the "Choose Paris Region" program created to attract foreign business to the Greater Paris Area and France in general. In November 2016, based on the recommendation of the AFEP and MEDEF associations, he was appointed a member of the High Committee for Corporate Governance set up by the AFEP and MEDEF to monitor the application of the AFEP-MEDEF Corporate Governance Code for Listed Companies in France.

In February 2017, he joined SICOM, the general partner of Vivescia Industries, as a "qualified person".

On the 30 October 2017, Ross McInnes is appointed as a member of the board of directors of Lectra with an effective date on 1 January 2018. In October 2017, the French Prime Minister appointed Ross McInnes as Co-Chairman of the "Action Publique 2022" Committee on public policy reforms.

In January 2018 he joined the IFRS Foundation – the entity that oversees the work of the International Accounting Standards Board (IASB), as a Trustee and a Director.

On 18 May 2018, he is appointed as a member of the board of directors and a member of the Audit Committee of Engie

#### Having expired:

##### In France:

- Board Member and Chairman of the Audit Committee of Faurecia (listed company)
- Deputy CEO of Safran
- Board Member of Safran Nacelles
- Board Member of Safran Helicopter Engines
- Board Member of Safran Landing Systems
- Board Member of Safran Identity & Security
- Board Member of Safran Aircraft Engines
- Board Member of Safran Electronics & Defense
- Board Member of Vallaroché Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroché
- Board Member of Financière du Planier
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board and Member of the Audit Committee of Générale de Santé (listed company)

##### Outside France:

- Board Member of Safran USA, Inc. (USA)
- Permanent Representative of Établissements Vallaroché at the Board of Directors of Soreval (Luxembourg)
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board of Directors of Santé S.A. (Luxembourg)
- Board Member of Limoni S.p.A. (Italy)
- Board Member of Globe Motors Inc. (USA)
- Board Member and Chairman of the Audit Committee of IMI, Plc (listed company, U.K)

## CAROLE PIWNICA

### Board Member

**DoB: 12 February 1958 – 60 years old**  
a Belgian national

#### Business address:

Eutelsat Communications  
70, rue Balard  
75015 Paris

#### First appointment/Co-opting:

9 November 2010

#### Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

### Biography

Carole Piwnica a graduate in law from the *Université libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University. After a career with several international law firms, C. Piwnica is currently a Board Member of Naxos UK (private equity firm) and a member of the Boards of the listed companies: Sanofi (healthcare), Rothschild & Co (financial services) and Amyris Inc (industrial biotechnology). Prior to that, C. Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle Plc (food ingredients) and Board Member of Dairy Crest Group Plc (food). She also served as a member of the The Board of Directors and the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

### OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

**In France:**  
NA

**Outside France:**  
NA

#### Having expired:

**In France:**  
NA

**Outside France:**  
NA

### OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

#### Current:

**In France:**

- Board Member of Sanofi (listed company)
- Board Member of Rothschild & Co (listed company)

**Outside France:**

- Board Member of Naxos UK (United Kingdom)
- Board Member of Amyris (USA) (listed company)
- Board Member of Big Red (USA)
- Board Member of Elevance (USA)
- Board Member of I20 (United Kingdom)

**CAROLE PIWNICA**  
Board Member

**Having expired:**

**In France:**

NA

**Outside France:**

- Board Member of Dairy Crest Group Plc (United Kingdom)
- Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (United Kingdom)
- Board Member of Louis Delhaize (Belgium)
- Board Member of Recycoal (United Kingdom)

Furthermore, the Board of 31 July 2018 called on the shareholders present at the Annual General Meeting of 8 November 2018 to vote notably on the following resolutions:

- The renewal of the mandate of Ross McInnes and Bpifrance Participations represented by Stéphanie Frachet as Board Members;
- Approval of the accounts;
- Dividend relating to Financial Year 2017-2018;
- Compensation of corporate officers and compensation policy.

## 9.13 INFORMATION ON COMPENSATION PAID TO COMPANY DIRECTORS AND CORPORATE OFFICERS

*This section comprises the report on the principles and criteria used to determine, allocate and grant the total fixed, variable and exceptional compensation items and benefits of the executive corporate officers ('dirigeants mandataires sociaux') in respect of their functions, as provided under article L.225-37-2 of the French Commercial Code. The General Meeting of Shareholders shall be called upon to approve the compensation principles on the basis of this report..*

*It is specified that the payment of the annual variable compensation items and of the long-term variable compensation items of the executive corporate officers (Chief Executive Officer and Deputy Chief Executive Officers) in respect of the 2017-18 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2017-18 financial year.*

### Compensation general principles

The Board of Directors, upon recommendation of the Remuneration Committee, has defined the global principles governing the compensation of the Chairman of the Board of Directors the Executive Directors and Corporate Officers and assessed the level of achievement of these general principles.

The global principle behind the compensation policy is to attract, retain and motivate top-ranking executives and to align their interests with the value-creation for the Group, taking into account the Group's capital intensity, its high-technology environment, long-term investment horizon and growth challenges in a very competitive environment as well as the international dimension of the Group and its sector.

### 9.13.1 General compensation policy in force on the date of this report for the non-executive corporate officer: chairman of the board of directors

#### Compensation structure:

The compensation structure for the non-executive Chairman of the Board of Director comprises exclusively attendance fees.

In line with his non-executive functions and consistent with market practices in France, the Chairman of the Board of Directors does not receive any variable annual, pluri-annual or short-term cash compensation, nor the benefit of any long-term incentive scheme.

#### Attendance fees:

The attendance fees paid to the Chairman of the Board of Directors are allocated in accordance with the rules defined by the Board of Directors and set out in the Board's Internal Rules. Such allocation rules, which apply to all the directors, include variable fees for each meeting of the Board of Directors, as well as a specific fixed annual portion for the Chairman of the Board (see § 9.7 of the present report concerning rules of allocation of attendance fees to the directors).

### 9.13.2 GENERAL COMPENSATION POLICY IN FORCE ON THE DATE OF THIS REPORT FOR EXECUTIVE DIRECTORS AND CORPORATE OFFICERS: CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICERS

On the basis of these objectives, the Group has implemented a global compensation policy for the Executive Directors and Corporate Officers, structured as follows (see also the Market Positioning Policy section):

	Purpose	Key Features
Fixed annual salary	Recognise the level of responsibility in a competitive talent market.	See " Market Positioning Policy" section

Annual Variable Compensation	Ensure published financial outlook is met and stimulate overdelivery on internal corporate objectives for the year	Two sets of objectives: <ul style="list-style-type: none"> <li>- Quantitative objectives: Organic change in "Operating Verticals" Revenues; EBITDA margin <sup>(1)</sup>; discretionary free cash flow; LEAP savings plan</li> <li>- Qualitative objectives: specific objectives related to the strategic roadmap.</li> </ul> See "Variable compensation policy" section
Pluri-annual variable compensation	N/A	N/A
Long Term Incentive Plan	Maximise mid-term value creation; Align the interest of Corporate Officers with shareholders Retain key senior executives	Allocation of phantom shares (or free shares) linked to three-year value creation objectives: revenue linked to the new verticals; discretionary free cash flow; relative TSR <sup>(2)</sup> ; See "Variable compensation policy" section
Compensation, indemnities or benefits due or likely to be due on termination or change of functions	-	None
Exceptional compensation	-	See "Exceptional compensation policy" section
Benefits in kind	-	- Car with chauffeur for the CEO - Company car for Deputy CEO
Attendance fees	Compensation for board members	Not applicable to Deputy Chief Executive Officers. Regarding the method of allocation of attendance fees to Board members, please refer to section 9.11 of this document.
Non-compete undertakings	Take account of the satellite operators' highly competitive environment	Non-compete clause: lump sum allowance equivalent to 50% of the base salary during the 18-month period following the termination of duties in consideration for the commitment to refrain from working for any satellite operator, directly or indirectly.
Supplementary pension scheme		None
Group benefit and supplementary health plan		The executive directors and corporate officers benefit from supplementary health plans currently in force within the Group, on the same terms as those applying to the employee group to which they are assimilated for the calculation of their employee benefits.
<p>(1) EBITDA is defined as operating income before depreciation and amortisation, impairments and other operating income/(expenses). The EBITDA margin is the ratio of EBITDA to revenues.</p>		

(2) *TSR is Total Shareholder Return over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).*

Note:

- i) The criteria used to determine the compensation of the executive directors and corporate officers include, inter alia: market positioning (see dedicated section), track record, function and seniority;
- ii) The precise weight of the various objectives to determine the annual variable compensation is determined by the Board of Directors on a case by case basis, depending on the respective functions of the executive directors and corporate officers.

### **Market positioning policy**

The competitiveness of the compensation policy is measured primarily by reference to comparable French companies (in terms of market capitalisation and revenue), and, when relevant, by reference to comparable European companies.

#### **Market positioning policy**

A set of guidelines framing the assessment of the global compensation market competitiveness has been proposed, consistent with Eutelsat's specific features:

- The long-term component of compensation is greater than that of Eutelsat's peers, in order to emphasise long-term objectives and enhance alignment with the interests of shareholders;
- Relative positioning objective for cash compensation: base salary and total cash compensation around the median.

#### **Annual fixed compensation**

The annual fixed compensation of the executive directors and corporate officers is awarded in consideration of their corporate functions taking account of their individual merits in combination with market benchmarks.

Accordingly, it is determined on the basis of the following:

- The level and complexity of the missions and responsibilities attached to the corporate function, each executive director and corporate officer being vested with the broadest powers to act in the name of the Company, in all circumstances, and to represent it in its relationships with third parties;
- The track record, skills, experience, expertise, seniority and past functions of each executive director and corporate officer,
- The compensation analyses and market benchmarks for comparable functions and companies.

In accordance with the Company's reference Code of Governance, the Board of Directors has deemed that this annual fixed compensation of the Chief Executive Officer would be reviewed solely upon expiry of the corporate mandate.

Notwithstanding, it may be reviewed during the course of the corporate mandate and prior to its renewal in the event of a significant change in the scope of responsibility attached to such function, which may occur as a result of changes affecting the Company itself, or of the emergence of a significant discrepancy compared to the market benchmark. In these specific circumstances, the adjustment of the fixed compensation, as well as the reasons for the adjustment, shall be disclosed publicly

For other executive corporate officers, the opportunity for a revision of their fixed remuneration will be considered on an annual basis by the Board of Directors.

The annual fixed compensation is used as the basis for the calculation of the maximum percentage of annual variable compensation and the valuation of long-term incentives.

As a reminder, the basic fixed annual salary for each executive corporate officer for fiscal year 2018-19 is as follows:

- 650 000 euros for the Chief Executive Officer
- 363 384 euros for the Deputy Chief Executive Officer and Chief Commercial Officer

- For the Deputy Chief Executive Officer and Chief Technical Officer: 253 000 euros for FY 2018-19 compared to 230 000 euros for FY 2017-18. This 10% increase is based on the desire of the Board to: i) progressively align the compensation of the Deputy Chief Executive Officer and Chief Technical Officer on the median of the market benchmark; ii) recognize the scope of his perimeter of responsibility and his tasks as well as their impact on the strategy of the Group and its transformation.

## Variable compensation policy

### Annual variable compensation:

#### Determination method

The potential amount of variable compensation is determined on the basis of, inter alia, noted market practices, and the achievement of performance levels in relation to key parameters and certain economic and personal, quantitative and qualitative performance objectives, in line with the implementation of the company's strategy.

During the first quarter of each fiscal year, the Board of Directors, on the basis of recommendations from the Remuneration Committee, confirms or determines such objectives, as well as their weight and the associated performance levels:

- Threshold below which no compensation is paid,
- Target level when the objective is met, and
- Maximum level evidencing outperformance compared to the target level for the set objective.

The economic, quantitative performance objectives linked to financial indicators are precisely determined on the basis of the budget approved by the Board of Directors, and are subject to the performance thresholds described above.

The level of achievement of the objectives is disclosed once performance has been assessed by the Board of Directors.

#### Detailed presentation of the characteristics for each executive director and corporate officer:

The parameters are determined by the Board of Directors during the first quarter of the relevant year. They are subject to change from one year to the next. The weight of each criterion for the Chief Executive Officer and the Deputy Chief Executive Officers is set forth in the following summary table:

<i>(as a percentage of the fixed compensation, rounded to one decimal place)</i>	<b>Rodolphe Belmer</b>	<b>Michel Azibert</b>	<b>Yohann Leroy</b>
--	------------------------	-----------------------	---------------------

<b>Quantitative objectives at Group level</b>	<b>70%</b>	<b>35%</b>	<b>25%</b>
“Operating Verticals” Revenues growth <sup>29</sup>	28%	14%	10%
Discretionary free cash-flow	14%	7%	5%
EBITDA margin (EBITDA / revenues) <sup>30</sup>	14%	7%	5%
The transformation plan (LEAP)	14%	7%	5%
<b>Qualitative objectives at Group level</b>	<b>30%</b>	<b>25%</b>	<b>25%</b>
<b>Specific commercial quantitative objectives</b>	<b>-</b>	<b>45%</b>	<b>-</b>
<b>TOTAL</b>	<b>100%</b>	<b>105%</b>	<b>50%</b>

**Method for calculating the quantitative objectives (minimum and maximum levels):**

- 115% in case of out-performance compared to budget;
- 100% if the budget is met;
- 80% if the disclosed financial objectives are met; and
- 0% in case of objective achievement below this minimum level.

The relevant amounts are calculated using constant exchange rates and on a linear basis from one threshold to the next.

**Qualitative objectives:**

These parameters are determined by the Board of Directors during the first quarter of the relevant fiscal year and are subject to change from one year to the next to reflect the strategic, business and managerial issues for the upcoming financial year, for each relevant function. They may relate to, inter alia, the implementation of strategic guidelines approved by the Board of Directors, important industrial and commercial developments and programmes and the organisation and management actions. They do not relate to day-to-day tasks, but rather to specific actions in respect of which the Board of Directors expects specific performance further to the determination of objectives that are as measurable as possible, and assessed globally.

**Payment conditions:**

As required by law, the payment of the annual variable compensation, effective from that due in respect of fiscal year 2017-18 and payable during fiscal year 2018-19 (the month following the approval), is conditional on approval by the ordinary General Shareholders' Meeting of 8 November 2018.

**Appointment or expiry of functions:**

In the event of appointments or expiry of functions occurring in the course of the year, the foregoing principles apply for the period of time during which the functions were discharged (prorata temporis). However, in respect of any appointments made during the second half of the relevant financial year, performance is assessed on a discretionary basis by the Board of

<sup>29</sup> The objective of ‘Operating Verticals Revenues growth’ replaces the “Revenues” objective in order to strengthen the consistency between the financial objectives disclosed to the financial markets and the metrics used to assess the quantitative portion of annual variable compensation. Operating Verticals Revenues is equal to Total Group revenues minus “Other Revenues” as disclosed in the section 3.2 of this document. The less predictable nature of ‘Other Revenues’ (ie revenues which are non-recurring and not related to the commercialization of capacity) indeed led the Group to exclude them from its revenue objectives. The variation is computed at constant currency, perimeter and IFRS 15 accounting standards.

<sup>30</sup> The EBITDA margin objective replaces the EBITDA objective in order to strengthen the consistency between the financial objectives disclosed to the financial markets and the metrics use to assess the quantitative portion of annual variable compensation.

Directors on the basis of a proposal by the Remuneration Committee.

## Long-term incentives

### Objective:

The Board of Directors considers that this mechanism, which also applies to certain other key functions within the company, is well-suited to the functions of the executive directors and corporate officers given the expected level of their direct contribution to the long-term performance of the company. This mechanism, which is based on the achievement of certain performance conditions over several years and on the evolution of the value of the Eutelsat share price, strengthens the motivation and loyalty of these key functions while fostering the alignment of their interests with the interests of the company and of its shareholders.

### Detailed presentation of the characteristics of the long-term incentive plan:

#### Vehicle

The long-term incentive plan is based on the allocation of Eutelsat Communications phantom shares. After a period of at least three years, the level of achievement of the performance conditions described below determines the number of vested phantom shares, resulting in a cash payment based on the value of the Eutelsat Communications share on such date.

#### Performance conditions

The phantom share vesting percentage varies depending on the achievement of internal and external performance conditions measured over a period of three years.

The internal conditions, account for three-quarters and relate to:

- a revenue objective linked to the new verticals for 50%;
- discretionary free cashflow (DFCF) for one-quarter; and

To be noted that, compared with the Long term incentive plan of November 2017:

- The criterion relative to the LEAP cost-saving plan has been removed. On this subject it should be noted that: i) the objective of the plan was a saving of 30 million euros by 30 June 2019 ; ii) the plan is already one of the criterion taken into account for the assessment of the variable part of the remuneration for FY 2018-19.
- The criterion of total group revenues is replaced by a revenue objective linked to the new verticals, and notably revenues from the Connectivity business, in line with Step Two of the Group's strategic plan, whose timeline is drawing closer, and which calls for a return to growth on the back of building out services in Video and capturing opportunities including in the Mobility and Fixed Broadband segments.

The Revenues and DFCF objectives are confidential and based on the Group's strategic plan. For confidentiality reasons, the details of these objectives may only be disclosed ex-post, further to their review by the Board of Directors.

The external condition accounts for one-quarter and is based on a relative TSR objective over the defined period (three years from the establishment of the plan). Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of several relevant indices.

For the purpose of this condition, the actual phantom share vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% as compared to the composite index defined above;
- 115% in case of out-performance by 15% as compared to the composite index defined above.

The final vesting of phantom shares is also subject to a presence condition until the end of the vesting period. In the event of a departure before the end of this period, the basic principle would be the non allocation of phantom shares. Nevertheless,



the Board of Directors could decide to maintain all or part of the phantom shares allocation but would have to justify and explain the set of specific circumstances leading to such a decision. In this case, the Board of Directors would make sure that a prorata temporis is applied and that the vesting percentage is based on the achievement of performance conditions: the cash payment could therefore not occur before the end of the vesting period defined by the plan.

#### Allocation maximum cap

On the grant date, the value of the phantom shares granted to the executive directors and corporate officers may not exceed a certain percentage of their annual fixed salary. This percentage stands at

- 144% for the Chief Executive Officer (allocation equal to to 125% of annual fixed salary with a potential vesting percentage of 115% in case of out-performance)
- 58% and 184% for the Deputy Chief Executive Officers
  - 58% for Yohann Leroy (allocation equal to to 50% of annual fixed salary with a potential vesting percentage of 115% in case of out-performance)
  - 184% for Michel Azibert (allocation equal to to 160% of annual fixed salary with a potential vesting percentage of 115% in case of out-performance)

#### **Exceptional compensation**

The Board of Directors adopted the principle according to which the executive directors and corporate officers may receive exceptional compensation in very specific circumstances only, such as for example a significant transaction for the Group. In any event, should any such decision be made by the Board of Directors:

- The amount of any such exceptional compensation may not exceed 100% of the acting executive director or corporate officer's target bonus;
- Its payment may not be made prior to its approval by an ordinary General Shareholders' Meeting;
- Such decision shall be made public immediately after the Board of Directors' meeting during which the decision was taken,
- The decision must be justified, and must contain details of the event leading to it.

Any such exceptional compensation may also be justified in the event and context of the arrival of a new director or corporate officer in order to indemnify the new executive director or corporate officer for the loss of variable annual compensation as a result of leaving the previous employer.

## **9.14 INFORMATION CONCERNING THE ELEMENTS OF REMUNERATION OWED OR ATTRIBUTED TO CORPORATE OFFICERS**

*The previous section comprises the report on the principles and criteria used to determine, allocate and grant the total fixed, variable and exceptional compensation items and benefits of the chairman of the board and of the executive corporate officers ('dirigeants mandataires sociaux') in respect of their functions, as provided under article L.225-37-2 of the French Commercial Code. The General Meeting of Shareholders shall be called upon to approve the compensation principles on the basis of this report.*

*It is specified that under this article and in compliance with the article L.225-100-2 of the French Commercial Code, the payment of the annual variable compensation items and of the long-term variable compensation items of the executive corporate officers (Chief Executive Officer and Deputy Chief Executive Officers) in respect of the 2017-18 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2017-18 financial year.*

## 9.14.1 Main changes to the compensation of the directors and corporate officers in respect of the 2017-18 financial year

*As a reminder the General compensation policy for FY 2017-18 has been approved by the General Meeting of 8 November 2017. In this section, the main changes compared to FY 2016-17 are reminded for information purposes.*

Principal changes during the financial year

### Evolution of the remuneration of the Chairman of the Board of Directors

In order to simplify the remuneration, the Board of Directors decided to adapt the remuneration of the Chairman as of the entry into office of Dominique D'Hinnin, from 8 November 2017.

The Chairman of the Board of Directors whose remuneration hitherto comprised a fixed annual cash compensation of 200,000 euros and attendance fees now comprises exclusively attendance fees (with a fixed portion raised to 175,000 euros vs 45,000 euros previously and an unchanged variable part of 4,000 euros per Board meeting). This was approved by the Shareholders Meeting held on 8 November 2017. Hence the amount of attendance fees was adjusted accordingly, which was also approved by the Shareholders Meeting held on 8 November 2017 (the rules for the attribution of attendance fees are described in the section 9.11 of this document).

### Alignment of the award level for quantitative objectives used to determine annual variable compensation and long-term incentive plan

The board of directors decided to align the award level for the criteria used to determine annual variable compensation on the award level used for the long-term incentive plan.

Hence, the amount allocated for each criteria used to determine annual variable compensation for FY 2017-18 is as follows:

- 115% in case out-performance by 1% compared to budget;
- 100% if the budget is met (unchanged);
- 80% if the disclosed financial objectives are met; and
- 0% in case of objective achievement below this minimum level (unchanged).

The relevant amounts are calculated using constant exchange rates and perimeter and on a linear basis from one threshold to the next.

### Addition of an objective related to the « LEAP » Plan among the quantitative objectives used to define the variable portion of compensation

In February 2017, the Group announced the launch of 'LEAP' cost-savings plan aimed at generating €30 million in annualised savings by 2018-19 of which €15 million in 2017-18. In order to maximize the alignment between the implementation of the Strategy and the assessment of variable compensation, an objective related to "LEAP" has been added to the other quantitative criteria (revenues, EBITDA, Discretionary free cash flow) used to define the variable portion of compensation of corporate officers from 2017-18.

## 9.14.2 Criteria to define the variable portion of compensation

In accordance with the AFEP-MEDEF recommendation, the variable part of the Corporate Officers' compensation is based on predetermined qualitative and quantitative objectives.

In respect of the 2017-18 financial year, the variable portion of compensation paid to executive Corporate Officers ranged from 0 to 100% of the fixed portion for Rodolphe Belmer, 0 to 105% of the fixed portion for Michel Azibert and from 0 to 50% of the fixed portion for Yohann Leroy. It is determined entirely on the basis of performance criteria that include:

– for Rodolphe Belmer:

- quantitative objectives at Group level (accounting for 70% of fixed salary), linked to revenue (accounting for 28%), EBITDA (accounting for 14%), discretionary free cash flow (accounting for 14%), and the LEAP plan (accounting for 14%);
- qualitative objectives (accounting for 30%).

– for Michel Azibert:

- quantitative objectives at Group level (accounting for 35% of fixed salary), linked to revenue (accounting for 14%), EBITDA (accounting for 7%), discretionary free cash flow (accounting for 7%) and the LEAP plan (accounting for 7%);
- specific quantitative objectives related to the position of Group Chief Commercial and Development Officer (accounting for 45%);
- qualitative objectives (accounting for 25%).

– For Yohann Leroy:

- quantitative objectives at Group level (accounting for 25% of fixed salary), linked to revenue (accounting for 10%), EBITDA (accounting for 5%), discretionary free cash flow (accounting for 5%) and the LEAP plan (accounting for 5%)
- qualitative objectives (accounting for 25%).

The weight of each criterion is summarised in the table below:

<i>(as a percentage of the fixed compensation, rounded to one decimal place)</i>	<b>Rodolphe Belmer</b>	<b>Michel Azibert</b>	<b>Yohann Leroy</b>
<b>Quantitative objectives at Group level</b>	<b>70%</b>	<b>35%</b>	<b>25%</b>
<i>Revenues</i>	28%	14%	10%
<i>Discretionary free cash-flow</i>	14%	7%	5%
<i>EBITDA</i>	14%	7%	5%
<i>The transformation plan (LEAP)</i>	14%	7%	5%
<b>Qualitative objectives at Group level</b>	<b>30%</b>	<b>25%</b>	<b>25%</b>
<b>Specific commercial quantitative objectives</b>	-	<b>45%</b>	-
<b>TOTAL</b>	<b>100%</b>	<b>105%</b>	<b>50%</b>

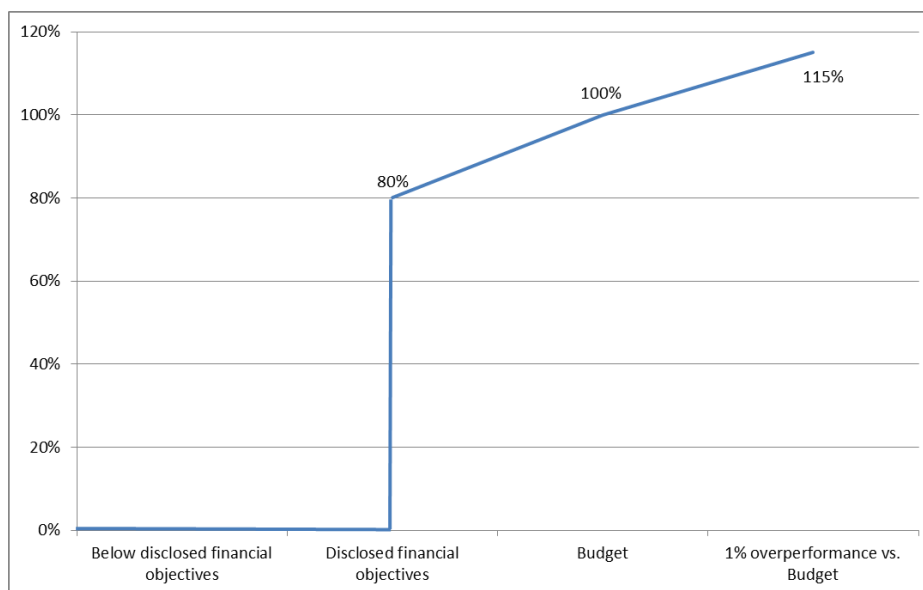
Quantitative objectives at Group level

With regard to quantitative objectives at Group level, the amount allocated for each criterion stands as follows:

- 115% in case of over-performance by 1% compared to budget;
- 100% if the budget is met;
- 80% if the financial objectives communicated are met; and

– 0% in case of objective achievement at lower levels.

The relevant amounts are calculated using constant exchange rates and constant perimeter and on a linear basis from one threshold to the next. The amounts allocated as a function of the level achieved can be represented as below:



#### Qualitative objectives

Qualitative objectives relate to priority projects at strategic or operational level for the financial year. The criteria used to determine compensation in respect of the 2018-19 financial year are not publicly disclosed for confidentiality reasons.

#### For Rodolphe Belmer

The **qualitative objectives** that were set to determine the variable compensation to be paid to Rodolphe Belmer in respect of fiscal year 2017-18 were as follows:

Improve the efficiency of core business in order to maximise Cash Flow Generation (30%):

- Pursue CAPEX optimization efforts in particular through the implementation of a design-to-cost approach;
- Reduce costs related to core businesses;
- Continue to strengthen the organization and the management teams as well as the roll-out of a performance-driven corporate culture

Prepare for return to growth (70%):

- Increase value extracted from Video Applications notably through the on-going implementation of a differentiated pricing strategy, the rationalisation of distribution at key Video neighbourhoods as well as the development of new services (15%);
- Strengthen Eutelsat's leadership in innovation for example via the initiation of a testing phase for a low-orbit constellation (15%);
- Prepare the Company for a change in scale in Broadband (20%);
- Fine-tune the 10-year strategy (20%).

#### For Michel Azibert

The **qualitative objectives** that were set to determine variable compensation to be paid to Michel Azibert in respect of fiscal year 2017-18 were as follows:

- For Video Applications ( 24%), the strengthening of the team in charge of the business line and the conclusion of new contracts with new DTH platforms;
- For Fixed Data ( 24%), the strengthening of the team in charge of the business line and the conclusion of new

contracts with Telecom operators;

- For Government Services (16%) the evolution of revenues in this business line;
- For Fixed Broadband ( 20%), the strengthening of the management team and creation of favourable conditions for the launch of Konnect Africa;
- For mobile Connectivity (16%) the development of specific offers for certain verticals and the conclusion of significant contracts in this application.

Michel Azibert's specific **quantitative objectives** related to the position of Group Chief Commercial and Development Officer included the following:

- HOTBIRD revenues (for 18%);
- Reduce Opex for the commercial department in the framework of the LEAP plan (for 11%);
- Customer collection (for 11%);
- Increased HD penetration on the fleet (for 15.5%);
- Revenues in specific regions, for specific subsidiaries or applications (for 44.5%). For example, revenues in MENA or in LATAM.

#### For Yohann Leroy

The **qualitative objectives** that were set to determine variable compensation to be paid to Yohann Leroy in respect of fiscal year 2016-17 were as follows:

- The amount of Cash Capex (14%);
- Contributing to LEAP cost-savings plan for the technical activities (11%);
- Managing technical teams and strengthening technical expertise (18%);
- Broadening the scope of responsibility to new topics such as the participation to the Group's financial communication (7%);
- Continuing the implementation of the 'design-to-cost' approach in order to reduce cost per transponder (14%);
- Definition of the Group's strategy for In-Orbit services and in-orbit maintenance (11%);
- Contribution to various Group strategy projects (25%).

### 9.14.3 SUMMARY OF COMPENSATION AND BENEFITS PAID TO EXECUTIVE DIRECTORS AND CORPORATE OFFICERS (TABLE 1 – AMF RECOMMENDATION)

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended on 30 June 2017 and 2018:

(in €)	Financial year 2016-17	Financial year 2017-18
<b>Michel de Rosen</b> Chairman of the Board of Directors (from 16 September 2013 to 8 November 2017 ), Chief Executive Officer (10 November 2009 to 29 February 2016)		

Compensation (see Table 2 for details) including Attendance fees	292,000	96,212
Valuation of options granted during the financial year	N/A	-
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	-	-
Valuation of phantom shares granted during the financial year	-	-
<b>TOTAL</b>	<b>292,000</b>	<b>96,212</b>
<b>Dominique D'Hinnin</b> Chairman of the Board of Directors (from 8 November 2017 )	-	
Compensation (see Table 2 for details) including Attendance fees	-	<b>167,111</b>
Valuation of options granted during the financial year	-	
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	-	
Valuation of phantom shares granted during the financial year	-	
<b>TOTAL</b>	<b>-</b>	<b>167,111</b>
<b>Rodolphe Belmer</b> Chief Executive Officer (since 1 March 2016), Deputy CEO (1 December 2015 to 1 March 2016)		
Compensation (see Table 2 for details) including Attendance fees	1,276,907	<b>1,311,103</b>
Valuation of options granted during the financial year	-	-
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	-	-
Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	812,500	812,500
<b>TOTAL</b>	<b>2,089,407</b>	<b>2,123,603</b>
<b>Michel Azibert</b> Deputy CEO (since 5 September 2011)		
Compensation (see Table 2 for details)	714,046	<b>710,124</b>
Valuation of options granted during the financial year		-
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)		-

Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	436,061	508,738
<b>TOTAL</b>	<b>1,150,107</b>	<b>1,218,862</b>
<b>Yohann Leroy*</b> Deputy CEO (since 25 April 2017)		
Compensation (see Table 2 for details)	62,425	<b>341,538</b>
Valuation of options granted during the financial year		-
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)		-
Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	92,000	115,000
<b>TOTAL</b>	<b>154,425</b>	<b>456,538</b>

\*Yohann Leroy's compensation for 2016-17 is stated on a *prorata temporis* basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.

Note: performance shares are valued on the basis of their book value at grant date, calculated in accordance with IFRS standards and assuming a maximum number of granted phantom shares.

#### 9.14.4 SUMMARY OF COMPENSATION PAID TO EXECUTIVE DIRECTORS AND CORPORATE OFFICERS (TABLE 2 – AMF RECOMMENDATION)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended on 30 June 2017 and 2018 respectively.

(in €)	Financial year 2016-17		Financial year 2017-18	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
<b>Michel de Rosen</b> Chairman of the Board of Directors (from 16 September 2013 to 8 November 2017 ), Chief Executive Officer (10 November 2009 to 29 February 2016)				
Fixed salary	200,000	200,000	71,212	71,212
Variable compensation	-	-	-	-
Attendance fees	92,000	31,998	25,000	92,000
Benefits in kind	-	-	-	-
Exceptional compensation	-	-	-	-

<b>TOTAL</b>	<b>292,000</b>	<b>231,998</b>	<b>96,212</b>	<b>163,212</b>
<b>Dominique D'Hinnin</b> Chairman of the Board of Directors (from 8 November 2017 )				
Fixed salary	-	-	-	-
Variable compensation	-	-	-	-
Attendance fees	-	-	167,111	-
Benefits in kind	-	-	-	-
Exceptional compensation	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>167,111</b>	<b>-</b>
<b>Rodolphe Belmer</b> Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)				
Fixed compensation	650,000	650,000	650,000	650,000
Variable compensation	588,283	235,398	610,103	588,283
Attendance fees	35,250	-	51,000	35,250
Benefits in kind	3,374	3,374	5,078	5,078
Exceptional compensation	-	-	-	-
<b>TOTAL</b>	<b>1,276,907</b>	<b>888,772</b>	<b>1,311,103</b>	<b>1,273,533</b>
<b>Michel Azibert</b> Deputy CEO (since 5 September 2011)				
Fixed compensation	363,384	363,384	363,384	363,384
Variable compensation	345,987	205,160	342,239	345,987
Attendance fees	-	-	-	-
Benefits in kind	4,675	4,675	4,501	4,501
Exceptional compensation	-	-	-	-
<b>TOTAL</b>	<b>714,046</b>	<b>573,218</b>	<b>710,124</b>	<b>713,872</b>



<b>Yohann Leroy*</b> Deputy CEO (since 25 April 2017)				
Fixed compensation	42,167	42,167	230,000	230,000
Variable compensation	19,940	-	<b>109,630</b>	<b>19,940</b>
Attendance fees	-	-	-	-
Benefits in kind	318	318	1,908	1,908
Exceptional compensation	-	-	-	-
<b>TOTAL</b>	<b>62,425</b>	<b>42,485</b>	<b>341,538</b>	<b>251,848</b>

\*Yohann Leroy's compensation for 2016-17 is stated on a *prorata temporis* basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.

#### 9.14.5 DETAILS OF THE FIXED AND VARIABLE COMPENSATION ITEMS DUE OR ALLOCATED FOR THE 2016-17 FINANCIAL YEAR AND SUBMITTED TO A BINDING VOTE OF THE SHAREHOLDERS PURSUANT TO THE ARTICLE L.225-37-2 OF THE 'CODE DE COMMERCE'

The payment of the Annual and Pluri-annual variable compensations is subject to the positive vote of the AGM to be held on 8 November 2018

##### Michel de Rosen's compensation

The remuneration below was established on a *prorata temporis* basis until 8 November 2017, when Michel de Rosen's office as Chairman of the Board of Directors ended.

<b>Compensation items due or allocated during the 2017-18 financial year</b>	<b>Amount or book value in €</b>
Fixed compensation	71,212
Annual variable compensation	
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	
Attendance fees	25,000
Supplementary pension scheme	

##### Fixed compensation as non-executive Chairman of the Board of Directors of Eutelsat Communications

Michel de Rosen's annual fixed compensation in his capacity as Chairman of the Board of Directors stood at €200,000.

Michel de Rosen's fixed compensation as determined for the financial year ended 30 June 2018 was established on a *prorata temporis* basis until 8 November 2017, when Michel de Rosen's office as Chairman of the Board of Directors ended.

##### Attendance fees

The amount of attendance fees due to Michel de Rosen for fiscal year 2017-18 in his capacity as non-executive Chairman of

the Board of Directors of Eutelsat Communications stood at €25,000.

#### Variable compensation

None

#### Other

Michel de Rosen was not eligible for any post-employment benefit, non-compete indemnity or supplementary pension scheme as non-executive Chairman of the Board of Directors.

#### Dominique D'Hinnin's compensation

The remuneration of Dominique D'Hinnin as non-executive Chairman of the Board of Directors of Eutelsat Communications comprises exclusively attendance fees.

<b>Compensation items due or allocated during the 2017-18 financial year</b>	<b>Amount or book value in €</b>
Fixed compensation	
Annual variable compensation	
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	
Attendance fees	167,111
Supplementary pension scheme	

#### Fixed compensation as non-executive Chairman of the Board of Directors of Eutelsat Communications

None

#### Attendance fees

The amount of attendance fees due to Dominique D'Hinnin for fiscal year 2017-18 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stood at €167,111.

#### Variable compensation

None

#### Other

None

#### Rodolphe Belmer's compensation

<b>Compensation due or allocated during fiscal year 2017-2018</b>	<b>Amount or book value (in €)</b>
Fixed compensation	650,000
Annual variable compensation	610,103
Exceptional compensation	
Stock options	

Performance shares	
Pluri-annual variable compensation plan	812,500
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	5,078
Attendance fees	51,000
Supplementary pension scheme	

### Fixed compensation

The fixed compensation of Rodolphe Belmer in his capacity as Chief Executive Officer of Eutelsat Communications for the financial year ended on 30 June 2018 stands at 650 000 euros. This remuneration is consistent with the previously defined market positioning policy.

Rodolphe Belmer's fixed compensation as determined for the financial year ended 30 June 2018 was paid to him by Eutelsat Communications.

### Variable compensation

The amount of variable compensation paid to Rodolphe Belmer for the financial year ended on 30 June 2017 stands at 588,283 euros and was paid during the first half of the financial year ended on 30 June 2018.

A review of Rodolphe Belmer's objectives achievement was performed and found that the variable component of Rodolphe Belmer's compensation as Chief Executive Officer in respect of fiscal year 2017-18 stands at 93.9% of his gross annual fixed compensation (90.51% in respect of fiscal year 2016-17). The level of achievement of his quantitative objectives stood at 97.66% and of his qualitative objectives at 85%. Accordingly, the variable portion due to Rodolphe Belmer in respect of fiscal year 2017-18 amounts to 610,103 euros.

The calculation details are set out in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	achievement %	weighted achievement %	Achievement (in €)
<b>Quantitative objectives at group level</b>	<b>70%</b>	<b>97.66%</b>	<b>68.36%</b>	<b>444,353</b>
Revenue	28%	81.2%	22.7%	147,841
EBITDA	14%	95.8%	13.4%	87,212
Discretionary free-cash-flow	14%	115.0%	16.1%	104,650
The transformation plan (LEAP)	14%	115.0%	16.1%	104,650
<b>Qualitative objectives</b>	<b>30%</b>	<b>85%</b>	<b>25.5%</b>	<b>165,750</b>
<b>TOTAL</b>	<b>100%</b>	<b>93.9%</b>	<b>93.9%</b>	<b>610,103</b>

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include for example:

- A €56m million reduction in Cash Capex in FY 2017-18 compared to fiscal year 2016-17 without affecting deployment plan;
- The replacement of the Hotbird constellation, a strong illustration of effectiveness of design-to-cost policy;

- The implementation of "LEAP" cost savings plan generating 24 million euros of savings in FY 2017-18;
- Continued strengthening of a performance-based corporate culture with notably the implementation of "One Eutelsat Culture" program geared towards 200 Managers;
- The acquisition and the integration of Noorsat to rationalize Video distribution in MENA;
- The pursuit of numerous innovation initiatives such as the commissioning of the nano-satellite ELO, Eutelsat's first low earth orbit satellite, a first step to test a project of constellation dedicated to the Internet of Things;
- The procurement of KONNECT VHTS satellite, a major milestone in the Group's growth strategy oin Connectivity.

#### Attendance fees

The amount of attendance fees due to Rodolphe Belmer for fiscal year 2017-18 in his capacity as Board Member of Eutelsat Communications stands at 51,000 euros.

#### Other

A non-compete clause applies in the event of termination of Rodolphe Belmer's functions, in consideration for the payment of an amount equal to 50% of Rodolphe Belmer's fixed compensation for a period of 18 months. This commitment requires Rodolphe Belmer to refrain from working for any satellite operator during such period, whether directly or indirectly.

#### Benefits in kind

The amount of Rodolphe Belmer benefits in kind in respect to the financial year ended on 30 June 2018 corresponds to the provision of a company car.

Michel Azibert's compensation

<b>Compensation items due or allocated during fiscal year 2017-2018</b>	<b>Amount or book value in €</b>
Fixed compensation	363,384
Annual variable compensation	342,239
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	508,738
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	4,501
Attendance fees	
Supplementary pension scheme	

#### Fixed compensation

Michel Azibert's fixed compensation for fiscal year 2017-18 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Group Chief Commercial and Development Officer stood at 363 384 euros.

#### Variable compensation

Michel Azibert's variable compensation stood at 345,987 euro for the financial year ended 30 June 2017 and was paid in the first half of the financial year ended 30 June 2018.

A review of Michel Azibert's objectives achievement was performed and found that the variable component of Michel Azibert's compensation in respect of fiscal year 2017-18 stands at 94.2% of his gross annual fixed compensation (95.21% in respect of the 2016-17 financial year), or 342,239 euros. The level of achievement of his quantitative objectives at Group

level stood at 97.66%, of his specific sales objectives at 85% and of his qualitative objectives at 88%.

The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	Achievement %	Weighted achievement %	Achievement (in €)
<b>Quantitative objectives at group level</b>	<b>35%</b>	<b>97.66%</b>	<b>34.2%</b>	<b>124,208</b>
Revenue	14%	81.2%	11.4%	41,325
EBITDA	7%	95.8%	6.7%	24,378
Discretionary free-cash-flow	7%	115.0%	8.1%	29,252
The transformation plan (LEAP)	7%	115.0%	8.1%	29,252
<b>Qualitative objectives</b>	<b>25%</b>	<b>88.00%</b>	<b>22.0%</b>	<b>79,944</b>
<b>Specific quantitative sales objectives</b>	<b>45%</b>	<b>84.44%</b>	<b>38.0%</b>	<b>138,086</b>
<b>TOTAL</b>	<b>105%</b>	<b>89.7%</b>	<b>94.2%</b>	<b>342,239</b>

With regard to the qualitative objectives and specific quantitative sales objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include – in addition to certain items already mentioned for Rodolphe Belmer:

- The growth of HD channels with a HD penetration rate of 21% as of 30 June 2018, compared to 17% the previous year, representing a 27% increase in the number of HD channels;
- The reinforcement of the commercial teams with for example the hiring of an Executive Vice President, in charge of the Global TV and Video business line and of a Global Executive Vice President for the Data Business Line;
- The contribution of the commercial department to the reduction of external costs in the framework of the LEAP cost savings plan;
- The signing of contracts with new DTH platforms for example in the Carribean region on EUTELSAT 117 WEST B and with SFR Altice in France;
- The commercialization of the totality of the remaining HTS capacity on EUTELSAT 172B to UnicomAirNet;
- The development of a new orbital position in government services at 174°east, covering APAC.

#### Benefits in kind

The amount of Michel Azibert's benefits in kind in respect to the financial year ended on 30 June 2018 corresponds to the provision of a company car.

Yohann Leroy's compensation

Compensation items due or allocated during fiscal year 2017-18	Amount or book value in €
Fixed compensation	230,000
Annual variable compensation	109,630
Exceptional compensation	
Stock options	
Performance shares	

Pluri-annual variable compensation plan	115,000
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	1,908
Attendance fees	
Supplementary pension scheme	

#### Fixed compensation

Yohann Leroy's fixed compensation for the financial year ended on 30 June 2018 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer stood at 230,000 euros. As a reminder for fiscal year 2016-17 Fixed compensation (42 167 euros) was computed on a *pro rata temporis* since Yohann Leroy was appointed Deputy Chief Executive Officer (on 25 April 2017).

#### Variable compensation

A review of Yohann Leroy's objectives achievement was performed and found that the variable component of Yohann Leroy's compensation in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer in respect of fiscal year 2017-18 stands at 47.7% of his gross annual fixed compensation. The level of achievement of his quantitative objectives stood at 97.66% and of his qualitative objectives at 93%. The variable compensation due to Yohann Leroy in respect of fiscal year 2017-18 in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer accordingly stood at 109,630 euro.

The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2019, subject to the vote of the General Meeting of Shareholders:

(as a percentage of the fixed compensation)	Weight	Achievement %	Weighted achievement %	Achievement (in €)
<b>Quantitative objectives at group level</b>	<b>25%</b>	<b>97.66%</b>	<b>24.4%</b>	<b>56,155</b>
Revenue	10%	81.2%	8.1%	18,683
EBITDA	5%	95.8%	4.8%	11,021
Discretionary free-cash-flow	5%	115.0%	5.8%	13,225
The transformation plan (LEAP)	5%	115.0%	5.8%	13,225
<b>Qualitative objectives</b>	<b>25%</b>	<b>93.0%</b>	<b>23.3%</b>	<b>53,475</b>
<b>TOTAL</b>	<b>50%</b>	<b>95.4%</b>	<b>47.7%</b>	<b>109,630</b>

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include:

- The reduction in total cash Capex (- 56 million euros compared to fiscal year 2016-17);
- The contribution of the technical department to the “LEAP” cost savings plan;
- The involvement in the Group’s financial communication and roadshows;
- Continued implementation of design-to-cost approach to further optimize investments: the replacement of the Hotbird constellation is a strong illustration of this approach;

- The commissioning of the nano-satellite ELO, Eutelsat's first low earth orbit satellite, a first step to test a project of constellation dedicated to the Internet of Things;
- The procurement of KONNECT VHTS (with attendant agreements with Orange and Thalès), the first VHTS satellite procured by the Group and the most competitive satellite and ground segment solution on the market, a major milestone in the growth strategy in Connectivity.

#### 9.14.6 FREE SHARES AND PHANTOM SHARE PLANS

Stock options or stock purchase options

The Company did not set up any stock option or stock purchase plans during the financial years ended on 30 June 2017 and 2018.

During earlier financial years however, stock options and stock purchase plans were set up by the operating subsidiary Eutelsat S.A. As of the filing date of this Reference Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

Free Share Allocation

##### Free Share Allocation Plan of 16 February 2016

Considering recent developments in French law that are more favourable to free share allocation plans, the Board of Directors decided to change the nature of the long term compensation by reverting to free share allocation plans which, in the last two years, had been replaced by phantom share plans. In terms of performance-related criteria, the free share allocation plan dated 16 February 2016 follows on from the preceding phantom share plan (plan dated 11 February 2015).

Accordingly, on 16 February 2016, the Board of Directors of the Company approved a new free share allocation plan providing for the allocation of a maximum number of 292,081 free shares to Directors and Corporate Officers, managers and other employees of the Group (with an additional reserve of 20,000 shares for potential new recruitments) and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

Vesting of the free shares was subject to the achievement of performance-related conditions and to the condition that the beneficiaries remain employed within the Group during a period of three financial years (2015-2016, 2016-2017 and 2017-2018) from the grant date for beneficiaries from French subsidiaries, and a four-year period from such grant date for beneficiaries from foreign subsidiaries. Furthermore, beneficiaries from French companies are required to hold their shares for a further two-year period following the vesting date.

The number of free shares granted stood at 125% of the gross annual base salary for Rodolphe Belmer (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, subject to the satisfaction of the performance objectives and presence condition set out by the Board of Directors:

- Michel de Rosen was potentially entitled to a total of 4,700 shares representing, on a pro rata basis (between 1 July 2015 and 29 February 2016) 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan;
- Rodolphe Belmer was potentially entitled to a total of 28,619 shares representing 125% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan;
- Michel Azibert was potentially entitled to a total of 12,800 shares representing 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The performance-related objectives are as follows:

- an objective based on EBITDA, accounting for one third;
  - an objective based on ROCE, accounting for one third;
  - an objective based on relative TSR over the defined period (1 July 2015 to 30 June 2018), accounting for one third.
- Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 59.52% in case of performance equal to that of the composite index defined above;
- 89.29% in case of over-performance by 10% as compared to the composite index defined above;
- 100% in case of over-performance by 15% as compared to the composite index defined above.

The Board of Directors at its meeting of 31 July 2018 decided to grant 0 share to Michel de Rosen, 0 share to Rodolphe Belmer and 0 share to Michel Azibert, representing a vesting rate of 0%.

The table below shows the vesting rate in respect of each criterion:

Criteria	Weight	Achievement %	Weighted achievement %
EBITDA	33.3%	0%	0%
ROCE	33.3%	0%	0%
Relative TSR	33.3%	0%	0%
<b>TOTAL VESTING RATE</b>			<b>0 %</b>

The shares shall vest effective from 17 February 2019.

A summary table (Table 9) shows the history of performance shares grants.

As at the date of this report, no other allocation plan was undertaken by the Board.

#### Phantom share allocation

##### Phantom share allocation plan of 11 February 2015

On 11 February 2015, the Board of Directors approved a plan for the allocation of phantom shares to Corporate Officers, executives and to certain employees of the Group.

The cash bonus payment is based on the number of phantom shares vested, which is subject to both the achievement of certain performance conditions and to a condition of presence within the Company during a period of three financial years (2014-15, 2015-16 and 2016-17).

The number of phantom shares granted stands at 130% of the gross annual base salary for Michel de Rosen (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.



Under this plan, subject to the achievement of certain performance objectives (an EBITDA-based objective accounting for one third, a ROCE-based objective accounting for one third and a TSR-related objective accounting for one third, over the defined period) set by the Board of Directors, Michel de Rosen is potentially entitled to a total of 20,775 phantom shares (reduced to 11,542 after proratisation to take account of the termination of Michel de Rosen's duties as Chief Executive Officer effective 29 February 2016) and Michel Azibert to a total of 13,827 phantom shares. By comparison to the previous plan, the decision was made:

- to exclude the EPS-related objective, whose evolution is strongly related to EBITDA;
- to now take into account a relative TSR (rather than an absolute TSR as previously) measuring relative performance, indices and competitors, thereby allowing for a dissociation of the assessment of performance from the effects of macro-economic or market events exogenous to the company. Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the sector satellite (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are based on the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 67% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 112% in case of over-performance by 15% compared to the composite index defined above.

The Board of Directors, at its meeting of 27 July 2017, decided to grant 2,253 shares to Michel de Rosen and 2,699 shares to Michel Azibert, i.e. a vesting rate of 19.52%. The cash payments corresponding to the granted phantom shares shall be made on 1 September 2017.

The table below shows the vesting rate for each of Michel de Rosen and Michel Azibert in respect of each criterion:

Criteria	Weight	achievement %	weighted achievement %
EBITDA	1/3	58.55%	19.52%
ROCE	1/3	0%	0%
Relative TSR	1/3	0%	0%
<b>TOTAL VESTING RATE</b>		-	<b>19.52%</b>

The members of the Executive Committee were required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary for a period of three years following the phantom share grant date and provided that the performance objective achievement levels at the end of the three-year period following the granting of the shares allow for payment in respect of at least 50% of the phantom shares granted. For Michel de Rosen, this amount stood at 200% of his gross annual base salary and for Michel Azibert, at 100% of his gross annual base salary.

#### Phantom share allocation plan of 25 April 2017

On 25 April 2017, the Company's Board of Directors approved a phantom share allocation plan for the Group corporate officers. The decision to revert to a phantom share grant instead of the free share grant decided in 2016 is linked to developments in the French tax legislation.

On maturity of the plan, the theoretical grant of shares shall take the form of a cash bonus payment based on the number of

vested phantom shares, which itself is conditional on the satisfaction of performance conditions and on a condition of presence within the Company during three financial years (2016-17, 2017-18 and 2018-19).

The number of phantom shares granted stands at:

For Rodolphe Belmer: 125% (unchanged compared to the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 38,380 "theoretical" shares;

For Michel Azibert: 120% (100% under the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 20,599 "theoretical" shares. In addition, the decision was made to increase Michel Azibert's allocation percentage as follows: 140% under the next long term incentive plan and 160% under the following plan;

For Yohann Leroy: 40% of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 4,346 "theoretical" shares.

The performance objectives set by the Board of Directors for the three financial years are the following:

- relative TSR<sup>31</sup> objective, accounting for 25%;
- revenue objective, accounting for 25%;
- objective linked to the LEAP cost savings plan announced in February 2017, accounting for 25%;
- discretionary free cash flow objective, as defined by the Group, accounting for 25%.

The changes in the objectives compared to the objectives under the bonus share plan of February 2016 (which included an EBITDA-related<sup>32</sup> objective accounting for one third, a ROCE-related<sup>33</sup> objective accounting for one third and a relative TSR-related objective accounting for one third) reflects the new Group strategy announced in June 2016, which aims, inter alia, at maximising the generation of cash flow.

The revenue-related objectives, those linked to the LEAP cost savings plan and those linked to discretionary free cash flow are confidential. Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

The final grant of these "theoretical" shares shall occur from September 2019, subject to the satisfaction of the foregoing performance conditions.

#### Phantom share allocation plan of 8 November 2017

Upon the recommendation of the Remuneration Committee, the Board of Directors, on 8 November 2017, approved a phantom share program for the Corporate Officers of the Group.

This program is in conformity with the Group's remuneration policy and in continuity with the previous program. The attribution of phantom shares translates, at the end of the program, into the payment of a cash bonus determined by the

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<sup>31</sup> TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Intelsat, and Inmarsat) and Eutelsat.<sup>32</sup> EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.

<sup>32</sup> EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.

<sup>33</sup> ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).

number of phantom shares, itself subject to the attainment of performance conditions as well as a condition of presence during the three financial years concerned (2017-18, 2018-19 and 2019-20).

The number of phantom shares awarded to each Corporate Officer is equal to:

- For Rodolphe Belmer: 125% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 36,305 phantom shares;
- For Michel Azibert: 140% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 22,732 phantom shares;
- For Yohann Leroy: 50% of basic annual salary divided by the average Eutelsat Communications share price during the 20 working days preceding the date of the start of the program, is 5,139 phantom shares.

The performance objectives set by the Board of Directors over the period of the three defined financial years are split as follows:

- 25% for the relative TSR<sup>34</sup>;
- 25% for revenues;
- 25% for the LEAP<sup>35</sup> cost-savings plan announced in February 2017;
- 25% for discretionary free cash flow<sup>36</sup> as defined by the Group.

For each of the three internal measures (Revenues, 'Leap' and discretionary free cash flow), in the case of underperformance relative to communicated financial objectives, the rate of realization would be 0%.

Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 115% in case of over-performance by 15% compared to the composite index defined above.

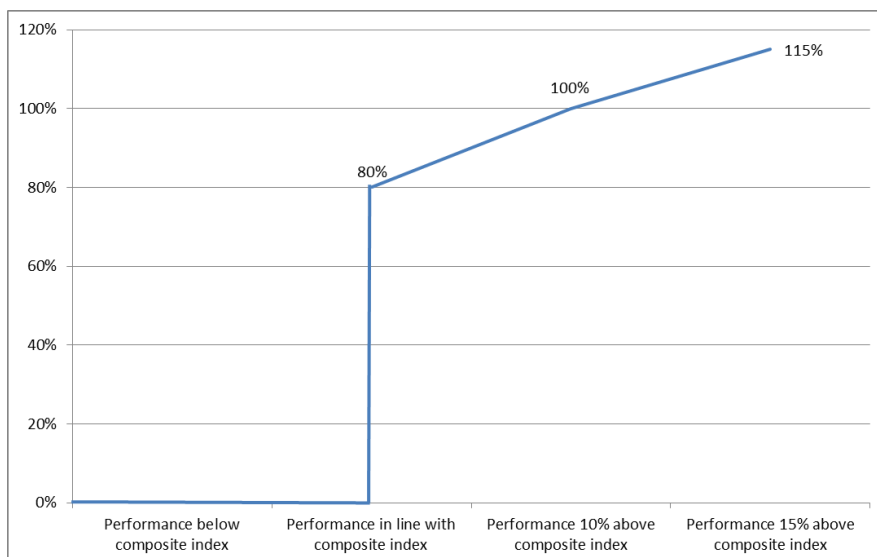
For the TSR criteria, the actual vesting as a function of the performance achieved can be represented as below:

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<sup>34</sup> Total Shareholder Return: Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Intelsat, and ViaSat). Compared to the previous long term incentive plan, given the strong volatility of Intelsat's share price which could distort the relative performance analysis, it has been replaced by ViaSat in the composition of the composite Index.

<sup>35</sup> In the event the LEAP cost-saving program is not extended to FY 2019-20, the objective would be removed, leaving three objectives: TSR, Revenues and Discretionary Free Cash Flow, which will each weigh for one-third;<sup>36</sup> Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received. For more information please refer to Chapter 1.4 of this document

<sup>36</sup> Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received. For more information please refer to Chapter 1.4 of this document



The definitive award of these phantom shares will occur as of November 2020, subject to the attainment of the abovementioned performance conditions.

Performance shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2018  
(Table 6 – AMF Recommendation)

None

Phantom shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2018  
(Table 6 bis)

Performance shares granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date and duration of plan	Number of phantom shares granted in the financial year ended 30 June 2018	Valuation (in €)	Final vesting date	Holding period	Performance-related conditions under the plan
<b>Rodolphe Belmer</b> Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)	8 November 2017 for financial years 2017-18, 2018-19 and 2019-20:	36,305	812,500	November 2020		25% of grant based on revenue 25% of grant based on LEAP cost savings plan
<b>Michel Azibert</b> Deputy CEO	8 November 2017 for financial years 2017-18, 2018-19 and 2019-20:	22,732	508,738	November 2020		25% of grant based on Discretionary free-cash-flow
<b>Yohann Leroy</b>	8 November 2017	5,139	115,000	November 2020		25% of grant based on relative TSR*

Deputy CEO	for financial years 2017-18, 2018-19 and 2019-20:			r 2020		
<b>TOTAL</b>	-	<b>64,176</b>	<b>1,436,238</b>			

\* In the event the LEAP cost-saving program is not extended to FY 2019-20, the objective would be removed, leaving three objectives: TSR, Revenues and Discretionary Free Cash Flow, which will each weigh for one-third;

Performance shares available to corporate officers during fiscal year 2017-18 (Table 7 – AMF Recommendation)

Performance shares declared available during the financial year by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date and duration of plan	Number of shares available in the financial year	Performance-related conditions under the plan
<b>Michel de Rosen</b> Chairman of Board of Directors from 16 September 2013 to 8 November 2017), Chief Executive Officer (10 November 2009 to 29 February 2016)	8 November 2012 for financial years 2012-13, 2013-14 and 2014-15	3,283	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
<b>Michel Azibert</b> Deputy CEO	8 November 2012 for financial years 2012-13, 2013-14 and 2014-15	2,027	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
<b>TOTAL</b>	-	<b>5,310</b>	

History of performance shares granted to Corporate Officers (Table 9 – AFEP-MEDEF Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Board of Directors meeting	1 February 2010	28 July 2011	8 November 2012	16 February 2016
Total number of theoretical shares granted including	700,000 <sup>(1)</sup>	700,000 <sup>(2)</sup>	347,530 <sup>(3)</sup>	292,081
– to Directors and Corporate Officers	66,952 <sup>(1)</sup>	84,000 <sup>(2)</sup>	33,800	46,119
Michel de Rosen	66,952 <sup>(1)</sup>	52,000 <sup>(2)</sup>	20,900	4,700

Rodolphe Belmer	N/A	N/A	N/A	28,619
Michel Azibert	N/A	32,000	12,900	12,800
Date of vesting	02 February 2013	29 July 2014	09 November 2015	17 February 2019
End of holding period	02 February 2015	29 July 2016	09 November 2017	17 February 2021
Performance-related conditions (for Directors and Corporate Officers)	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related objective 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	33.3% of grant based on EBITDA-related objective 33.3% of grant based on return on capital employed (ROCE) 33.3% of grant based on relative TSR objective
Number of shares acquired at 30 June 2018	536,091	132,230	27,562	-
Cumulated number of cancelled or outdated shares	163,909	567,770	319,968	-
Performance shares remaining at financial year-end	-	-	-	249,662

(1) On 30 July 2012, the Board of Directors decided to grant 536,091 shares to 486 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 55,617 shares were granted to Michel de Rosen on 2 February 2013.

(2) On 30 July 2014, the Board of Directors decided to grant 133,484 shares to 559 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 5,431 shares were granted to Michel de Rosen, and 3,287 to Michel Azibert.

(3) On 29 July 2015, the Board of Directors decided to grant 27,562 shares to 87 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 3,283 shares were granted to Michel de Rosen, and 2,027 to Michel Azibert.

### 9.14.7 Compensation and other benefits payable or likely to be payable as a result of or following the termination of office of the Group's senior executives

Directors and Corporate Officers do not receive any supplementary pension or termination benefit from the Company.

Employment contract and pensions (Table 10 – AMF Recommendation)

	Employment contract	Supplementary pension scheme	Payments of benefits due or likely to be payable as a result of termination or change in office	Payments pursuant to a non-competition clause

Corporate Officers and Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No
<b>Dominique D’Hinnin</b> <b>Chairman of Board of Directors (since 8 November 2017)</b> Appointed on: 8 November 2017 End of office: General Meeting adopting the 2020-2021 accounts		X <sup>(1)</sup>		X		X		X
<b>Michel Azibert</b> <b>Deputy CEO and Chief Commercial and Development Officer</b> Appointed on: 5 September 2011		X <sup>(2)</sup>		X		X		X
<b>Rodolphe Belmer</b> <b>Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)</b>		X <sup>(3)</sup>		X		X	X <sup>(4)</sup>	
<b>Yohann Leroy</b> <b>Deputy CEO and Chief Technical Officer</b> Appointed on: 25 April 2017		X <sup>(5)</sup>		X		X	X <sup>(4)</sup>	
<p>(1) Dominique D’Hinnin has no employment contract with any affiliate of Eutelsat Group.</p> <p>(2) Michel Azibert has no employment contract with any affiliate of Eutelsat Group.</p> <p>(3) Rodolphe Belmer has no employment contract with any affiliate of Eutelsat Group.</p> <p>(4) In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period.</p> <p>(5) Yohann Leroy has no employment contract with any affiliate of Eutelsat Group.</p>								

## 9.15 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

Number of Eutelsat Communications S.A. shares held	30 June 2017	30 June 2018
Rodolphe Belmer Board Member; Chief Executive Officer (since 1 March 2016)	2,000	2,000
Dominique D’Hinnin Board Member; Chairman of the Board of Directors (since 8 November 2017)	N/A	2,000
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	61,564,251
FSP Board Member (since 4 November 2016), represented by Mrs Agnès Audier	17,464,145	17,464,145
Ross McInnes Board Member	2,000	2,000

Lord John Birt Board Member	2,101	2,169
Ana García Fau Board Member	2,000	2,000
Paul-François Fournier Board Member (since 8 November 2017)	N/A	0
Esther Gaide Board Member (since 8 November 2017)	N/A	2,000
Didier Leroy Board Member (since 8 November 2017)	N/A	2,000
Carole Piwnica Board Member	2,000	2,000
Michel Azibert Deputy Chief Executive Officer	28,115	28,115
Yohann Leroy Deputy Chief Executive Officer	4,277	4,277
Jean d'Arthuys Board Member (since 6 November 2015)	0	500

## 9.16 INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

### 9.16.1 Information on the composition of the share capital

Shareholder	At 30 June 2018		At 30 June 2017		At 30 June 2016	
	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage
Bpifrance Participations (since 12 July 2013), ex <i>Fonds Stratégique d'Investissement: FSI</i> )	61,564,251	26.45%	61,564,251	26.45%	61,564,251	26.45%
Fonds Stratégique de Participations (FSP)	17,464,145	7.50%	17,464,145	7.50%	17,464,145	7.50%
China Investment Corporation (CIC)	15,526,530	6.67%	15,526,530	6.67%	15,526,530	6.67%
Entreprise des Postes et Telecoms (Luxembourg)	0	0.00%	2,581,760	1.11%	2,581,760	1.11%
Ministry of sea, transport and infrastructure (Croatie)	0	0.00%	1,038,242	0.45%	1,038,242	0.45%
Radio Televizija Slovenia	735,000	0.32%	735,000	0.32%	810,000	0.35%
Other minority shareholders <sup>(1)</sup>	2,006,296	0.86%	2,132,183	0.92%	2,132,183	0.92%



Employees, senior managers and others	1,214,821	0.52%	1,590,504	0.68%	1,623,997	0.70%
Free float <sup>(2)</sup>	134,263,592	57.68%	130,142,020	55.91%	130,033,527	55.85%
<b>TOTAL</b>	<b>232,774,635</b>	<b>100%</b>	<b>232,774,635</b>	<b>100%</b>	<b>232,774,635</b>	<b>100%</b>

(1) This category includes a number of Eutelsat Communications minority shareholders including the Croatian Restructuring and Sale Center (ex Ministry for the Sea, Transportation and Infrastructure), Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania

(2) Of which 201,000 treasury shares as of 30 June 2018 via the liquidity contract and 105,068 held directly.

## 9.16.2 Information concerning thresholds crossed or changes in the control of the Company

Crossing of disclosure thresholds	
3 July 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Legal & General Investment Management which owns 2,547,320 shares representing 1.09% of the Company's share capital.
11 July 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by BNP Paribas Asset Management which owns 2,411,330 shares representing 1.04% of the Company's share capital.
7 September 2017	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Legal & General Investment Management which owns 1,783,359 shares representing 0.77% of the Company's share capital.
2 October 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by AQR Capital Management which owns 2,381,387 shares representing 1.02% of the Company's share capital.
22 May 2018	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by AQR Capital Management which owns 2,252,355 shares representing 0.97% of the Company's share capital.
25 May 2018	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi which owns 2,422,440 shares representing 1.04% of the Company's share capital.
14 June 2018	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights, by BNP Paribas Asset Management which owns 4,791,762 shares representing 2.06% of the Company's share capital.
26 June 2018	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by BDL Capital Management which owns 2,413,868 shares representing 1.04% of the Company's share capital.

### FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses or agreements providing for preferential conditions for the sale or acquisition of shares.

To the Company's knowledge there is no shareholders' agreement.

### 9.16.3 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2018, there is no restriction on the transfer of shares or securities giving access to the Company's capital, with the exception of the restrictions or bans on acquiring/transferring our securities, as specified in the Share Dealing Code relating to insider information.

This Share Dealing Code is applicable to members of the management bodies or committees of companies within the Group and to certain employees of divisions and departments deemed to be "sensitive" and liable to obtain or have access to confidential information during the exercise of their functions or responsibilities whether on a permanent or ad hoc basis. It can therefore be applicable to all employees.

The Share Dealing Code also defines closed periods, during which transactions in the Company's shares are prohibited (except in a limited number of specific cases) even in the absence of confidential information. The duration of closed periods is 30 days before the publication of annual and half-year results and 15 days before the quarterly releases in line with the AMF recommendation no.2010-07 relating to the prevention of insider trading.

On 22 June 2011, the Board of Directors also decided to establish a Compliance Committee with three members: the Chief Financial Officers, the Legal Counsel and the Director of Human Resources in line with the aforementioned AMF guideline. The Board expressly provided that the consultation of this Committee would be discretionary, reiterating that the decision whether or not to trade in the Company's shares would remain in any event the responsibility of the relevant individual.

### 9.16.4 Operations affecting the share capital during the year

#### Capital increase as a result of the free allocation of shares

No capital increases following the granting of free shares took place during the financial year.

#### Concerning stock options or stock-purchase plans

The Company did not offer any stock option or stock purchase plans during the financial year ended 30 June 2018.

#### Concerning other securities granting access to the share capital

Free share plans are described in section 9.14 of the present report.

There are no other securities granting access to the share capital at the date of this report.

#### Concerning the additional acquisition of Eutelsat S.A. shares

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provides a semi-annual liquidity "window" after publication of the half-year and annual results.

Eutelsat Communications made a proposal to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 20 November 2017 and closed on 1 December 2017. Final settlement of the transaction took place on 13 December 2017. In respect of this transaction, 15,748 shares were repurchased at a unit price of 5.52 euros per Eutelsat S.A. share.

Furthermore, the Company made a second liquidity offer and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares. This liquidity offer opened on 25 May 2018 and the subscription period closed on 6 June 2018. Final settlement of the transaction (by Eutelsat Communications) took place on 20 June 2018. In respect of this transaction, 2,531 shares had been repurchased at a unit price of 4.50 euros per Eutelsat S.A. share.



## 10 CORPORATE ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSABILITY

### 10.1 BUSINESS MODEL, RISKS, CSR POLICY

During the financial year 2017-2018, Eutelsat's management pursued its efforts to promote awareness of social, environmental and societal issues within the Group and to an external audience. In compliance with article L. 225-102-1 of the French Commercial Code which was still applicable for the financial year beginning 1 July 2017, and taking into account French Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the publication of non-financial information by some major companies and some corporate groups, the Group has compiled a response for the items defined by the French Grenelle II Act which are relevant to its business in the following fields:

- social;
- environmental;
- societal.

And specifically relating to the following areas:

- Combatting corruption
- Respecting human rights

The details of the collated data (indicators) are given in § 3.7 Indicators.

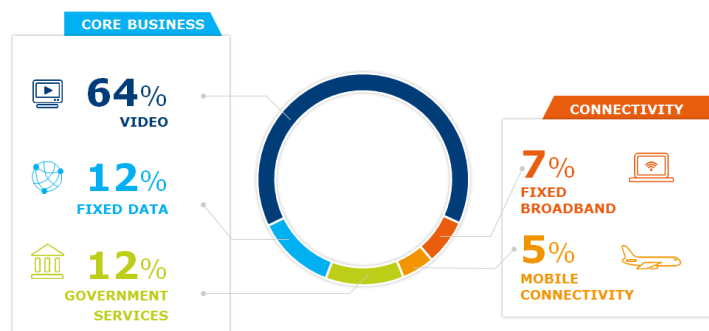
This work was coordinated by the Corporate Communications Department and involves the Group's main departments and subsidiaries: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management and Teleports.

#### 10.1.1 Business model

See the Market and Group Strategy overview, and Group activities sections of this document.

With a fleet of 38 satellites located in geostationary orbit from 117° West to 174° East, Eutelsat is a world-leading satellite operator with a footprint covering Europe, Africa, the Middle East, Asia-Pacific and the Americas. The Group's high-performance satellites located at premium orbital positions and extensive ground infrastructure serve a solid client base of broadcasters, telecom operators, government agencies and ISPs from across the globe.

Business portfolio



## 10.1.2 Main non-financial risks

Please refer in particular to the *Risk factors* section of this document, which sets out the operating risks, risks related to changes in the satellite telecommunications market, market risks and the risk management and internal control systems implemented by the Group.

The main non-financial risks are:

- in social terms: the departure of key employees and any difficulties in hiring the staff needed for the Group's operations;
- in environmental terms: the risk of polluting space through congestion related to unused satellites which remain in orbit, the risks of pollution during launch operations, mainly under the supervision of launch operators. Eutelsat's activities are not exposed to major risks related to climate change;
- in societal terms, mainly in the field of ethics: the risk of corruption, intentional jamming affecting the broadcasting of some television channels;

The policy and initiatives implemented to manage these risks are set out later in this document.

## 10.1.3 Non-financial challenges and key performance indicators

The Group has identified three main CSR (Corporate Social Responsibility) areas, which are relevant given its activities, either because they may have an impact on its own performance, or because in relation to these challenges, the Group's operations may have a material impact in terms of responsible and sustainable development. These challenges are as follows:

- Engaging in efforts to bridge the "digital divide";
- Protecting the environment and maintaining the space around the earth uncongested and clean;
- Implementing a Human Resources policy suited to the challenges facing the Group.

### 10.1.3.1 Engaging in efforts to bridge the "digital divide"

At the heart of the Group's business model, the commitment to reducing the digital divide is one of the main focuses of the Group's socially responsible development policy. The digital divide refers to discrepancies in access to information and communication technologies (ICTs), more specifically to the Internet and television broadcasting.

In this respect, the Group is faced with three major challenges:

- Delivering Internet services to consumers, professionals and governmental agencies in areas with limited or no access to terrestrial networks;
- Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion;
- Promoting access to free-to-air television for all.

Key performance indicators for this objective:

- Revenues from Fixed broadband connectivity at 30 June 2018: 87 million euros
- Amount of HTS capacity dedicated to broadband services at 30 June 2018: more than 140 Gbps;
- Number of free-to-air channels broadcast on the Group's fleet at 31 December 2017: 2,332.

### 10.1.3.2 Protecting the environment and maintaining space around the earth uncongested and clean

One of the cornerstones of our corporate social responsibility policy is to conduct a responsible fleet management policy which includes from the outset the procedure for end-of-life satellites. With the ever-growing number of telecommunications satellites in space, the question of satellites' end of life and the potential space debris generated at this stage is becoming increasingly important. Positioned in geostationary orbit for an average period of fifteen years, the satellites operated by Eutelsat are not in the category which generates the most debris, unlike satellites in low or medium orbit. Nevertheless, Eutelsat is committed to reducing the risk of space pollution.

Key performance indicators for this objective:

- Number of satellites reaching end of life that have been re-orbited and passivated: 20 on 15 May 2018, reflecting a 95% success rate;
- Number of repositionings of satellites in geostationary orbit: 102 at 15 May 2018 reflecting a 100% success rate;
- Number of electric propulsion satellites launched during previous financial years: one in 2015 (of three launches), one in 2016 (of two launches), one in 2017 (of one launch); upcoming: three by 2020 (of five launches).

### 10.1.3.3 Implementing a Human Resources policy suited to the challenges facing the Group

Promoting a diversity of cultures and encouraging employee loyalty in a highly competitive environment is the foundation of the third area of the Group's CSR policy. As a reminder, the activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by the European Telecommunications Satellite Organisation, an intergovernmental organisation (IGO). As a former IGO, the Group corporate culture is still characterised by a strong international identity. Today, the Group is a global and transnational company, and rolls out initiatives and procedures to foster endorsement and thereby promote employee loyalty, in particular through globally federating programmes (One Eutelsat, Rising Star) aimed at strengthening corporate culture and by harmonising its management and employee involvement tools. NB for the 2017-2018 fiscal year, the integration of Noorsat in Jordan, reinforcing the Group's multiculturalism and its proximity to its priority markets.

Key performance indicators for this objective:

- Number of nationalities represented within the Group: 46;
- Proportion of Eutelsat S.A. employees of a nationality other than French hired during the year: 19%;
- Number of nationalities represented on the Group Board of Directors: 4;
- Number of nationalities represented on the Leadership Committee: 12;
- Number of employees included in the Rising Star programme for high-potential managers: 15.

## 10.2 SOCIETAL INFORMATION

### 10.2.1 Engaging in efforts to bridge the “digital divide”

Satellites offer easy and secure way to access broadband, and tomorrow, at very high speed, to homes located beyond reach of terrestrial telecommunication networks.

In the majority of regions, the long-term addressable market for satellite broadband equates to at least 2 to 3% of households. For example, in Europe, it is estimated that in 2030, around 5 million households will still be deprived of a quality fixed Internet connection through the terrestrial network.

Within a European framework, in which the European Commission requires a 30 Mbps connection for all in 2020, Eutelsat stepped up its commitment to digital inclusion in April 2018 with the announcement of an order to Thales for KONNECT VHTS, a new-generation satellite dedicated to high-speed broadband, which will be equipped with hundreds of spotbeams and Ka-band capacity of 500 Gbps.

The launch of KONNECT VHTS in 2021 will strengthen high-speed broadband resources on the KA-SAT satellite, available since 2011, and will be used to offer increasingly high-performance connections to individuals, professionals and administrations over broaden extended Europe-wide region. As a reminder, KA-SAT was the first HTS (High Throughput Satellite) to offer a broadband Internet service to the general public. Since its launch, speeds have increased from 6 Mbps download and 4 Mbps upload to the current 22 Mbps download, even 50 Mbps for some services, and 6 Mbps upload (maximum level). KONNECT VHTS' very high-speed broadband services will be comparable to fibre optics.

Over the last three financial years, the Group has also considerably strengthened its Ka band HTS resources in regions in which the digital divide issue is particularly critical:

- **In Russia**, with the launch of the EUTELSAT 36C satellite in December 2015;
- **In Brazil** and in other Latin American countries, with the launch and entry into service of EUTELSAT 65 West A in 2016;
- **In Sub-Saharan Africa** with the marketing of the Konnect Africa new-generation broadband services. Based on capacity leased on the fleet of the operator Yahsat, the services were launched in Benin, Cameroon, Kenya, Lesotho, Nigeria, South Africa, Swaziland, Tanzania and Uganda in June 2017, and will be extended to other countries in the region with the entry into service of the Al Yah 3 satellite over the summer of 2018. Coverage will be extended to the entire region by 2020 with KONNECT satellite.

The Eutelsat's C-band satellite resources are also used to reduce the digital divide in areas with discrepancies in Internet access. This is evidenced by the broadband services distribution contract which was signed during the 2017-2018 financial year with Alaska Communications on the EUTELSAT 115 West B satellite. The agreement focuses on the provision of broadband Internet access to various types of organisations in areas beyond terrestrial networks, thereby promoting the use of services such as online job training, e-commerce, state government services, tourism promotion and videoconferencing.

#### 10.2.1.1 [Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion](#)

Satellite technology is a particularly well-adapted response to institutional requirements as it is capable of delivering high-quality Internet connectivity in unequalled deployment timeframes across all territories, without the geographical constraints associated with mountainous areas and with optimised cost-effectiveness.

In France, the programme called “Plan France Très Haut Débit”, which aims to provide very high-speed broadband access to all by 2022, was officially enacted with the “Digital Cohesion” scheme in December 2017 to provide financial backing of

€100 million for the installation of the equipment necessary for satellite or terrestrial Internet reception of up to €150 per household. The window will be officially opened at the end of 2018.

In the last few years, a particular effort has been concentrated on equipping schools in order to give them digital access. In France, the government's "Connected Schools" initiative aims to facilitate Internet access for a potential 8,000 schools, in which Eutelsat's partner suppliers and service providers are heavily involved.

At European level, Eutelsat is involved in a consortium committed by the European Commission to study the potential and conditions of a satellite broadband equipment support program that the European Union could trigger to target rural schools ("BROSS" project). The first report produced by this consortium was published in September 2017<sup>37</sup> and paves the way for a pilot project.

In the Americas, Eutelsat Americas supplies capacity for several social connectivity programmes, notably in Mexico and Colombia, and is one of the sector leaders in this type of initiative, whose aim is to connect rural communities and give them access to a broader range of services (schools, hospitals, libraries, etc.).

In Africa, administrations are also taking action on digital inclusion and are calling on Eutelsat's connectivity services to ensure service continuity and equality for all people. At the end of 2017, La Poste Sénégal, the public postal services company, leased Ku-band capacity on the EUTELSAT 7 West A satellite to interconnect the 200 post offices nationwide via a VSAT network. Millions of inhabitants can now access local, financial or IT services throughout the country.

The benefits of satellite services are also evident in the area of healthcare, where it enables remote consultation as well as linking isolated treatment centres with university hospitals via the Internet.

#### 10.2.1.2 Promoting access to free-to-air television for all

In Video Applications, its core business, Eutelsat promotes access to free-to-air television for homes in France and abroad.

At 31 December 2017, the Group was broadcasting 2,332 free-to-air channels across its fleet of satellites (i.e. one third of the total number of channels broadcast on this same date), to an audience of more than one billion viewers, mainly in Europe, the Middle East and Africa. In France, the FRANSAT platform broadcasts 27 free DTT channels on the EUTELSAT 5 West A satellite (together with local and thematic channels and radio stations) on a subscription-free and unlimited-time basis. FRANSAT is the only free satellite DTT multi-channel offer referenced by the French broadcasting authority (Conseil supérieur de l'audiovisuel). It is designed in particular for homes beyond reach of terrestrial reception. More than two million homes are equipped to receive FRANSAT. FRANSAT is also a preferred conduit for local channels for broadcasting to a wider public audience. For retirement homes and other collective buildings, small community networks in DTT white zones and small and remote terrestrial transmitters, FRANSAT provides "FRANSAT PRO", a satellite-delivered free-of-charge community DTT solution. FRANSAT service is regularly enhanced to improve the viewer experience: e.g. with HDTV and Ultra HD content, the "FRANSAT Connect" portal for browsing the programme guide, interactive services accessible online, etc.

The platform is at the forefront in terms of Ultra HD broadcasting, with the arrival over the 2017-2018 financial year of several 24/7 channels in this format (SFR 4K, NASA TV UHD), alongside the FRANSAT Ultra HD channel, which regularly broadcasts major sporting or cultural events such as Roland-Garros or the FIFA World Cup in partnership with broadcasting players.

Within a few years, the HOTBIRD constellation has become the benchmark hub for more than 274 million households in Europe, the Mediterranean Basin and the Middle East, providing them with free access to a rich offering of more than 400 channels broadcast in around 40 languages. The 13° East orbital position is therefore an opportunity for people living outside their country of origin to receive their national channels, and thereby maintain a cultural link. The most recent example of this is the addition of the Bulgarian public channel HRT-HTV5 on HOTBIRD, which has been reaching a national and international audience across the constellation's coverage area since the spring of 2018.

On the other side of the world, Walesia, the DTT operator in Fiji, signed an agreement with Eutelsat for C-band capacity on the EUTELSAT 172B satellite in November 2017, in order to provide digital access to six unencrypted channels to populations living beyond reach of terrestrial networks.

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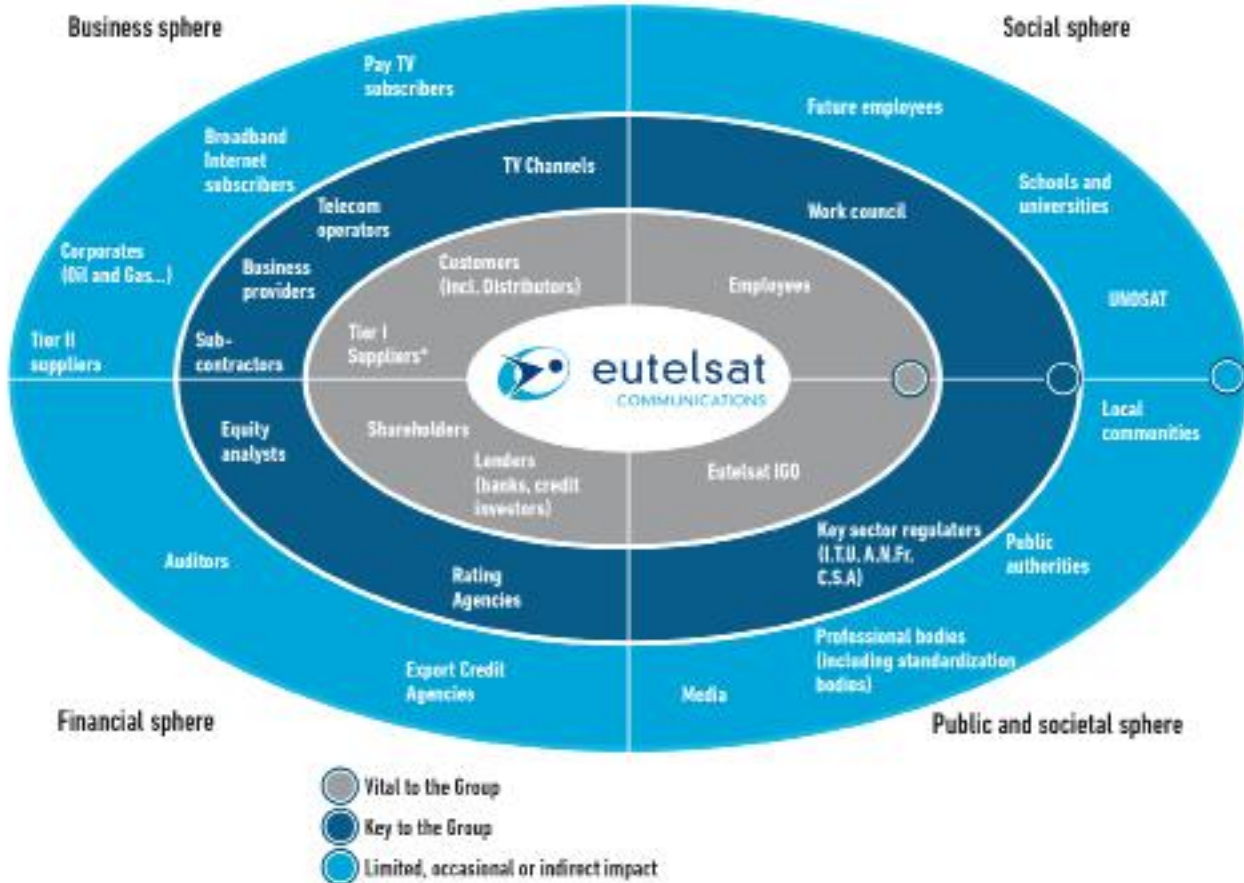
<sup>37</sup> <https://ec.europa.eu/digital-single-market/en/news/results-satellite-broadband-schools-study>



In Africa, the Group is supporting many public stakeholders in their digital transition. The agreement signed on the EUTELSAT 3B satellite with the Société Burkinabè de Télédiffusion (SBT), the public DTT broadcasting operator in Burkina Faso, resulted in the successful shift from analogue TV to all digital across the country at the end of 2017.

### 10.2.2 Relations with stakeholders

The main stakeholders of the Group are identified in the Matrix below:



\* Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.

The Group is a signatory of the “Collective for Space Care” Charter which brings together the space industry and partners who share the spirit of responsibility as derived from international treaties and principles on space, in keeping with space legislation and in accordance with best practices. The aim is to promote the safety of persons and goods, ensure the health of populations in all space operations, protect the earth and space environments and strengthen the prevention of risks associated with launch and in-orbit operations.

The Group’s international presence and the broad coverage of its satellites worldwide provide many opportunities to commit to development and solidarity initiatives. This societal commitment may take different forms: external support, participation in research and development programmes to use satellite technology for the benefit of the protection of citizens and endangered animal species, support for humanitarian relief associations or digital development in vulnerable areas, the promotion of science and technologies in schools, as well as support for the EUTELSAT IGO. Internally, the “arrondi solidaire” programme has been implemented.

### 10.2.2.1 Technological partnerships that contribute to civil defence and the protection of endangered animal species

Eutelsat engages in technological partnerships with space players and the Internet of Things in order to take part in developing innovative satellite resources to serve civil defence and endangered animal species. For example, the EUTELSAT 9B satellite, launched in January 2016, hosts the first payload of the European data relay system implemented by the European Space Agency (ESA) and Airbus Defence and Space. This payload, known as EDRS-A, has opened a spatial data highway, accelerating data flows between low-orbit satellites and their ground stations. The data flow system uses an on-board laser communication terminal, an inter-satellite link in Ka-band, and a Ka-band antenna, which transmits data from geostationary orbit to the EDRS ground stations. The response time required to conduct a wide range of operations such as the watch for natural disasters, emergency operations and coastal and maritime patrol operations has been significantly improved.

In terms of animal protection, Eutelsat joined forces in November 2017 with the Sigfox Foundation to step up the protection of the endangered rhinoceros population through the “Now Rhinos Speak” project. Prior to officialising this partnership, Eutelsat and the Sigfox Foundation had started to work together a year earlier on an initial operation in southern Africa. Three base stations of Sigfox’s low-speed IoT network are now connected to the secure rhino tracking platform using Eutelsat’s SmartLNB satellite service that extends terrestrial IoT networks anywhere, beyond urban areas. To date, this initiative has resulted in the tracking of around ten wild rhinoceroses.

### 10.2.2.2 Working in the field of humanitarian emergency relief efforts

Eutelsat is a founding signatory of the Charter of the United Nations Crisis connectivity, integrated with actions carried out by the World Food Programme (WFP). This initiated charter which was signed late 2015 by ESOA (EMEA Satellite Operators’ Association), the GVF (Global VSAT Forum) and several satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme and the UN Office for the Coordination of Humanitarian Affairs, aims to provide governments and NGOs immediate and resilient connectivity in case of major humanitarian crisis, within 24 hours, and on four continents. It defines the framework for coordination and response between stakeholders to maximise the terms and response times to telecommunications needs in emergency situations. The principle commitments of the Charter include:

- pre-planned, predictable and scalable satellite-based solutions, deployable within 24 hours of a disaster and adaptable to the unique nature of each operation;
- satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot for deployment within 24 hours to disaster areas; transport within disaster areas; and importation and licensing;
- reserved bandwidth on inter-linking satellite coverages, ensuring prioritization of humanitarian Internet traffic;

All provided at no cost to the humanitarian operation.

Technical training sessions for humanitarian staff, in addition to crisis intervention simulations, have been conducted since the signature of the Charter by Eutelsat and other satellite operators and integrators.

The Crisis Connectivity Charter entered into its operational phase in the spring of 2018, through the signature of a contribution agreement between the WFP and Eutelsat, including around forty ground reception kits, and pre-allocated bandwidth on four satellites of the Group’s fleet.

Eutelsat has also supported Télécoms Sans Frontières (TSF) since 2007. In the second half of 2016, the Group renewed its support to the NGO for a three-year period. The assistance provided by Eutelsat through this partnership allows the international NGO to equip a community or crisis unit with high-speed connectivity in the space of a few hours to send data, images or voice communications. Emergency connectivity implemented by TSF leveraging Eutelsat’s resources has been essential over the past year to restore telecommunications in the Caribbean Islands hit by Hurricanes Irma (Saint Martin, Saint Barthélémy) and Maria (Dominica) as swiftly as possible. Eutelsat’s contribution brought about the installation of public access points to a Wi-Fi network in critical centres on the disaster-stricken islands. Several hundred connections were made possible simultaneously and were used as a priority by individuals or families to communicate with their relatives.

Eutelsat’s partnership with TSF has also been focusing on major conflict zones for the last few years, ensuring an nearly-continuous coordination of the various humanitarian actions implemented in the field.

With a view to further improving the response speed of TSF's partner teams, and in addition to the resources already made available to the NGO, Eutelsat donates each year terminals ready for use on aircraft.

Similarly, the Group has supported NetHope since 2004. In the past year, Eutelsat has donated ten terminals and bandwidth to support the humanitarian efforts rolled out in refugee camps in Uganda.

Lastly, Eutelsat is directly committed to NGOs which are not specialised in telecommunications such as "Action contre la faim", by providing technical training for humanitarian staff. In July 2017, twenty team members were able to learn how to install broadband equipment quickly at Eutelsat's Paris-Rambouillet teleport.

Eutelsat Americas also works with Telmex each year during the storm season to roll out an emergency telecommunications system in Northern Mexico.

#### 10.2.2.3 [Eutelsat IGO, in constant dialogue with the Space community](#)

Eutelsat enjoys relations with EUTELSAT IGO, an intergovernmental organisation, and with a range of stakeholders, on environmental and social responsibility issues.

EUTELSAT IGO has the status of permanent observer on the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS). In this capacity, the Executive Secretary of EUTELSAT IGO participates in the Working Group on the Long-term Sustainability of Space Activities which is working on the drafting of guidelines and preparation of a regulatory framework for their implementation in the space sector. In February 2018, the group presented a draft preamble and 21 related guidelines, most of which have already been agreed, to the UNCOPUOS Scientific and Technical Subcommittee.

In June 2018, UNISPACE+50 celebrated the 50<sup>th</sup> anniversary of the first United Nations Conference on the Exploration and Peaceful Uses of Outer Space. The event brings together the international community to discuss the future avenues of space cooperation which may be beneficial for mankind as a whole. EUTELSAT IGO regularly informs its Member States and Eutelsat S.A. of progress made in this field.

In addition, in February 2018, the Executive Secretary of EUTELSAT IGO, Mr Piotr Dmochowski-Lipski, was appointed Commissioner of the United Nations' "Broadband Commission for Sustainable Development". Given the importance of the objectives set by this Commission, set up in 2010 by the ITU and UNESCO, including that of encouraging more inclusive and sustainable development by opening the opportunities related to the Internet to all individuals and civil society, EUTELSAT IGO has been fully committed within this Commission since its inception<sup>38</sup>. Through Mr Piotr Dmochowski-Lipski's representation, the IGO takes part in the upcoming meetings scheduled in May and September 2018, during which the importance of access to the Internet and Information and Communication Technologies (ICT) in the achievement of the UN's Sustainable Development Goals (SDG) will be discussed.

#### 10.2.2.4 [L'Arrondi Solidaire – Solidarity in favour of local employment and micro-credit](#)

These external initiatives and partnerships are accompanied by individual commitments within Eutelsat. They are accompanied by other initiatives such as "l'Arrondi Solidaire", where Eutelsat was the first French company to offer this programme in 2010, enabling employees to donate the euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to charities working for local employment and microcredit such as "ADIE" and "Positive Planet".

### 10.2.3 Territorial impact of the Group's activities on employment and regional development

#### 10.2.3.1 [Supporting digital development in rural areas](#)

Please see below 10.2.3.2 and also refer to the Section "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion", § 10.2.1.1.

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<sup>2</sup> <http://www.broadbandcommission.org/Pages/default.aspx>

### 10.2.3.2 Support for teaching science, a major challenge for development

Eutelsat actively supports the teaching of science at school and in a more general sense is proactive in education through its promotion of digital access.

The Group has forged close ties with students in the telecom and space sectors, in particular through employees teaching in university courses. Educational partnerships are also implemented with a view to promoting students' interest in science and technology.

In Africa, Eutelsat has been co-organising a competition since 2011 with pay-TV broadcaster, MultiChoice Africa, inviting students aged between 14 and 19 to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year the competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, videos and a dedicated website) and is supported by 1,000 MultiChoice resource centres equipped for satellite-delivered distance learning programmes. Since its creation, the competition has received around 7,000 entries of essays and posters. The competition's jury has always been chaired by an astronaut representing the European Space Agency (ESA). Italian astronaut Paolo Nespoli chaired the continental jury for the fourth time this year, meeting in Kampala, Uganda in April 2018 to select the winners. Amos Mumbere (Uganda) received the best essay prize and won a trip to Paris and French Guiana where he will attend the launch of a satellite. Rasheed Taher (Tanzania), winner of the best poster prize, will travel to South Africa to visit the facilities at the Hartebeesthoek Observatory.

The Group is also investing in educational projects in southern Italy and in Africa, as part of an innovative programme called "ONEClass! Open Network for Education", conducted by the Openet group and supported by the ARTES (Advanced Research in Telecommunications System) branch of the European Space Agency. The schedule of the pilot programme, initially set for an operational launch at the end of 2017, has been pushed back and should start in the spring of 2018, with the objective of connecting 32 sites in total. Aimed at multi-class schools and associations promoting access to education for migrant minors, the project will rely on satellite technology and more specifically on the resources of Eutelsat's KA-SAT satellite for its set-up and implementation. The "multi-class" segment includes the provision of live lessons to geographically isolated pupils in different locations via an on-line conference system, in addition to e-learning resources available on a dedicated cloud. The principle is similar for the segment concerning the NGOs who work in immigrant reception centres, who provide access to education to unaccompanied foreign minors. This network includes classes located in Africa. The bandwidth supplied by Eutelsat is a key factor in the programme's success, and supports a new inclusive teaching model, in particular for populations of migrant pupils.

In the Americas, the Group's subsidiary Eutelsat Americas makes its own contribution to the field of education through two programmes.

Since 2010, the company has taken part in the federal digital inclusion programme México Conectado, steered by the Ministry of Communications and Transportation. This programme, which aims to offer free Internet access in public spaces such as schools, hospitals, universities, parks and government institutions, currently connects approximately 100,000 sites. More than two thirds of connections are for schools and almost 30% of all public spaces connected via the programme use satellite technology. A partnership entered into between Eutelsat Americas and the company Elara Comunicaciones has enabled a large number of schools to enjoy the educational potential provided by satellite Internet access. Similar social connectivity initiatives are also conducted in Panama, Colombia and Ecuador.

Recently, Eutelsat decided to lend its support to Laboratoria, an organisation which trains young women from disadvantaged areas in web development, thereby creating new opportunities for them. The NGO was founded in 2014 in Peru and has since extended its scope to Mexico and Chile. Through this initiative, populations who would otherwise be excluded from quality educational paths can more easily join the professional new technologies sector, take control of their careers and assert themselves as the digital frontrunners in their countries, while embodying new female models for younger generations.

### 10.2.3.3 Impact on employment and regional development

Among the group's sites, teleports are those who participate most directly and actively in the local economic activity, because of their implantation in peri-urban or rural areas. The teleport in Paris-Rambouillet offers some benefits to the local

community in terms of employment and regional development, as the Company uses local service providers for some of its activity and upkeep, namely:

- local firms for the upkeep and maintenance of the grounds surrounding the teleport;
- a regional company for antenna installation;
- most technical products required for proper functioning of the teleport are purchased from a local company in Rambouillet.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers. Local businesses are called upon for gardening, maintenance, servicing or office supplied. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organisations.

The proportion of local suppliers is estimated to 70%.

#### 10.2.3.4 [Impact on neighbouring populations](#)

At the Paris-Rambouillet teleport, in order to reduce the impact of increased traffic in the region due to its business, the Company manages a shuttle-bus service between the teleport and Rambouillet town centre. Carpooling is also encouraged.

In a spirit of openness and with a view to promoting knowledge of the satellite industry, the Paris-Rambouillet teleport regularly receives visitors on its site including schools, local elected representatives and local authorities, and journalists. In 2017, 10,000 visitors came to the site.

In Madeira, company presentations at local schools are frequently organised and the teleport teams regularly receive visits from students in partnership with their schools.

In addition, Eutelsat supports digital development in rural areas (see Section 10.2.1.1 of this report).

### 10.2.4 Outsourcing and relationships with suppliers

Given the highly technically nature of Eutelsat's business, it works with a limited number of major suppliers that manufacture and launch the Group's satellites. These main suppliers are principally located in Europe and the U.S. and held to high standards for social responsibility

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the Group's headquarters in Paris ensures that key suppliers have implemented a policy that addresses the social and environmental issues: a purchasing charter is in force to reach this goal.

Group-wide streamlining of purchasing procedures with the "One Purchasing Group" project has resulted in the sharing of environmental and social clauses with subsidiaries, while adapting them to local regulations.

Tenders request the commitment to respect a code of ethics. The purchase contracts always contain clauses stipulating the obligation of compliance with regulations, undeclared personal employment ban, etc. For product suppliers, the description of the products is in principle attached or provided on request.

## 10.3 ENVIRONMENTAL INFORMATION

### 10.3.1 Global Environmental Policy

The Group's environmental policy is structured around two areas:

- Satellite fleet management: space congestion, the environmental impact of satellites' life cycle. The Group applies a responsible fleet management approach in close partnership with satellite manufacturers and launch service providers to mitigate satellites' environmental impacts, and conducts a proactive policy to reduce space debris;

- Optimising the environmental impact of Eutelsat's terrestrial operations: teleports and ground management activities. Due to the nature of its business, the Company does not have any factories or warehouses and its impact in terms of energy consumption and air, land or sea transport remains limited.

#### 10.3.1.1 Means used for preventing environmental risks and pollution

The means implemented to reduce space pollution are set out below (Section 10.3.2.). As regards reducing pollution and releases related to terrestrial operations, please refer to Section 10.3.5 on circular economy and pollution in the report.

The issue of exposure to electromagnetic waves is also an environmental risk. Here is the comment issued by the World Health Organisation (WHO) on this matter:

“WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years.

While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones.”

There are no specific references to risks associated with satellite use (source: WHO website <http://www.who.int/mediacentre/factsheets/fs322/en/index.html>)

#### 10.3.1.2 Provisions and/or guarantees for environmental risks

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

### 10.3.2 Maintaining space around the earth uncongested and clean

#### 10.3.2.1 Space debris management policy

Since the early 2000s, Eutelsat has addressed this issue by implementing a policy of responsible management of space debris, combining its extensive operational experience with recommendations from the international community.

Since 8 July 2005, Eutelsat has been certified in satellite control and operations (ISO 9001).

Furthermore, Eutelsat set up the Space Debris Mitigation Plan in 2005 to cover station-keeping manoeuvres, repositioning of satellites in geostationary orbit, colocation strategies, anomaly remedial measures, strategies for operations in inclined orbit and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan draws on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and on criteria defined by the French Space Operations Act. The requirements laid down in the Group's plan for improving end-of-life operations and passivation as well as minimising collision risks during operations are more challenging than those contained in the basic rules governing the Company's activities.

The Plan is regularly updated to include new standards. It was reviewed in 2010 to ensure that the Company's internal organisation aligns with the processes imposed by the French Act on space operations.

At 15 May 2018 Eutelsat had undertaken the reorbiting and passivation of 20 satellites that had reached the end of useful life, with a 95% success rate, far above the industry rate. All 20 satellites were reorbited in compliance with international guidelines and the French Space Operations Act in order to prevent them from re-entering the protected zone (+/-200 km from the geostationary orbit) in the long term (over 100 years). Lastly, Eutelsat has conducted 102 satellite repositionings in geostationary orbit. All were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/-40 km above

geostationary orbit) during the repositioning stage and assesses collision risks with the help of USSTRATCOM data and information contained in the Space Data Association database.

#### 10.3.2.2 [Compliance with the French Space Act](#)

The French Space Operations Act, in force since 10 December 2010, underscores the need for a responsible approach to fleet management. The Act establishes a regulatory framework within which Eutelsat works with the French Ministry of Research and the CNES (*Centre national d'études spatiales*) to meet its obligations for controlling objects in space orbit.

Technical authorisations and licenses delivered by the Ministry of Research under this law are managed by the CNES. Eutelsat cooperates with the CNES during all stages of the life of a satellite. Prior to receiving authorisation for a satellite, the CNES reviews all technical documentation with Eutelsat. Subsequent to obtaining authorisation, Eutelsat invites the CNES to its technical reviews, in order to ensure correct application of technical regulations. Finally, Eutelsat informs the CNES of any incidents occurring on a satellite and/or any change of orbital position.

In the context of exchanges with the CNES for obtaining authorisations, Eutelsat details its strategies to deplete the resources of a satellite in a way that limits any increase in space debris, or allows for permanent deactivation of any means of producing energy on board the satellite. Eutelsat also justifies the resources needed to conduct de-orbiting operations and the probability calculation to successfully carry out these procedures. Finally, Eutelsat obtains from the CNES a study which encompasses potential risks or dangers to people, the environment, public health, and, in particular the dangers of space debris generation (in the case of a collision with another space object, for example), as well as a plan to address the potential risk of accidental collisions.

Best practices adopted by Eutelsat have allowed the Company to be compliant with French space Act since its implementation and the Group continues to be a responsible operator and involved player in the efforts against space debris.

#### 10.3.2.3 [Sharing Eutelsat's policy and practices](#)

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the low earth orbit, and sharing information with a view to mitigating RF interference. In March 2017, under the chairmanship of Mark Rawlins of Eutelsat, the SDA announced a new version of the Space Traffic Management (STM) service and the Space Data Management System (SDC) which will be used to catalogue all objects larger than 20 cm in geostationary orbit, or crossing this orbit, to issue collision warnings and provide new functionalities to combat Radio Frequency interference.

Eutelsat is also involved in many events and workshops organised throughout Europe on space debris management. More specifically, the Group plays an active part in two key events organised by the CNES on a regular basis: the Workshop on End of Life Operations (biannual) and the annual Working Panel on outer space debris. It also monitors work by ESA and other relevant international institutions.

In 2013, Eutelsat introduced its internal policy and provided feedback on the French Space Operations Act during a workshop organized by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee. On 14 March 2017, Eutelsat also provided feedback during a dialogue workshop held by the CNES six years after French legislation came into effect.

### 10.3.3 A responsible fleet management policy

#### 10.3.3.1 [Satellite manufacturing](#)

Eutelsat, either directly or *via* its subsidiaries, has contracts with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus group), Orbital ATK Inc (Northrop Grumman group), Space/Systems Loral (MacDonald Dettwiler and Associates group) and Thales Alenia Space (Thales & Leonardo group). Each of these manufacturers has policies on minimising its environmental impact and ensuring sustainability.

**Airbus Defence and Space** is committed to minimising the environmental footprint of its activities as well as ensuring compliance with all applicable legal requirements. In addition to the ISO 14001 certification of its environmental management system it also has ISO 50001 certification for its energy management systems for its sites in the United Kingdom, Toulouse

(France) and Germany. Each site monitors energy use and security to track priorities and establish facility improvements and action plans to reduce CO<sub>2</sub> emissions, improve energy performance and raise awareness. Airbus DS considers the environment at all stages of its operations and aims at developing eco-efficient products, integrating environmental aspects throughout their life cycle.

**Orbital ATK** complies with the US Clean Air and Water Act and certifies its compliance each year. Orbital ATK is also committed to environmentally-minded production processes to protect natural resources. It also pursues the development of green technologies or environmentally-friendly technologies, in particular by supporting the development of a new high-performance ecological propulsion system.

**Space/Systems Loral** meets or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to reduce waste, conserve water and energy and implement recycling amongst other sustainability practices. As well as its stated commitment to protecting the environment on earth, it also ensures that its satellites comply with international regulations on space debris.

**Thales Alenia Space** is part of the Thales Group which has conducted an environmental protection policy since 2007. In 2016, TAS set objectives for 2018 to reduce energy consumption, CO<sub>2</sub> emissions and waste production across the Group. In addition to the ISO 14001 certification for most of the Group's facilities, in 2015 TAS obtained ISO 50001 certification for its sites in France. Its Environmental Management System has achieved reductions in the use of natural resources, greenhouse gas emissions and the production of hazardous waste. The Group is extending its approach to all its suppliers requiring them to align their policies and internal processes with all the principles that Thales is committed to respecting.

It should be noted that European manufacturers are subject to the European REACH regulation (Regulation (EC) No. 1907/2006) which entered into force in 2007 to secure the production and use of chemical substances in European industry.

#### 10.3.3.2 [Launch services](#)

As a satellite operator, Eutelsat does not itself launch satellites, but uses launch service providers such as Arianespace, International Launch Services (ILS) and Space Exploration Technologies (SpaceX).

**Arianespace** uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) first and second stages. The total CO/CO<sub>2</sub> emissions from an Ariane 5 ECA launch are estimated to be 200 tonnes. Environmental checks carried out after each launch show that the impact on the local environment is very limited. Arianespace continues its efforts to protect the environment in all aspects of the activities conducted in its launch site in Kourou, French Guiana. The launch facility's environmental management system and energy management system have ISO 14001 and ISO 50001 certification respectively.

**ILS** utilises the Russian heavy lift Proton M/Breeze M rocket from the Baikonur Cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the contamination of the environment by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during the Proton M and Breeze M flights. The amount of CO<sub>2</sub> generated by the pre-lift-off exhaust is approximately 0.5 tonne whilst that during the Proton M flight could be up to 350 tonnes. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO<sub>2</sub> emission from the propulsion system could be up to seven tonnes.

**SpaceX** launches geostationary satellites using a Falcon 9 rocket from the Cape Canaveral Air Force base in the United States. A study of the environmental impact of the operations conducted from this launch facility has shown that the launch of the Falcon 9 rocket using kerosene/liquid oxygen had no material environmental impact. In addition, the environmental impact study conducted by the U.S. Federal Aviation Authority in respect of the new launch facility currently in the process of being developed by SpaceX in Texas shows that the CO<sub>2</sub> emissions generated by the launch of a Falcon 9 rocket will be limited to 387 tonnes.

The transport of a satellite to the launch site by a heavy lift transportation aircraft generates similar amounts of CO<sub>2</sub> to a transatlantic return flight.



### [10.3.3.3 Life cycle assessment for a geostationary satellite](#)

The European Space Agency has conducted a life cycle assessment in 2016 showing that emissions related to the entire life cycle of the mission (design, production, testing, launch campaign, launch, use phase) are estimated at 56 metric tons CO<sub>2</sub> equivalent.

## 10.3.4 Pollution on Earth

Due to the nature of its business, the Company does not have any factories or warehouses and its impact related to energy consumption and air, land or sea transport remains limited. There are no employee training courses specifically focusing on environmental protection; however steps are taken to limit energy consumption and transport, which are the main contributors to our environmental footprint.

### [10.3.4.1 Measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment](#)

Eutelsat's fleet of telecommunications satellites operate in the geostationary orbit 35,786 kilometres (22,236 miles) above the earth along the equator, far beyond the earth's atmosphere. The satellites remain at this distance for their entire operational life. When they reach end of life, approximately 15 years after their entry into service, they are re-orbited using their remaining on-board propellant into a graveyard orbit, approximately 300 kilometres beyond the geostationary orbit. The satellites never return to earth, nor do they ever re-enter into the earth's atmosphere. As a consequence, Eutelsat's satellites have no direct impact or cause any pollution to the earth or its atmosphere.

Furthermore, the activity of teleports and offices does not represent a material risk that could cause serious prejudice to the environment.

It should be noted that on Earth, at the Paris–Rambouillet teleport, toxic waste (mainly beryllium oxide) is removed and recycled by accredited companies, and indicators are used to monitor the removal of collection vessels.

See Sections 10.3.3.1 and 10.3.3.2. for information on the environmental policies of satellite manufacturers and launch service providers.

### [10.3.4.2 Management of noise pollution and of any other kind of pollution specific to an activity](#)

At Eutelsat's Paris-Rambouillet teleport (France), noise pollution only concerns site employees as there are no neighbouring buildings. Noise prevention systems have been implemented to reduce noise generated by the antennas and air-conditioning system. Earplugs are provided for employees who work in air-conditioned plant rooms. Periodic inspections are conducted to check the facilities' noise levels and to deploy solutions with a view to their reduction.

The Turin (Italy) teleport is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the impact of the teleport installation on the neighbourhood, some solutions and measures are implemented on an on-going basis. They include:

- noise prevention systems to reduce noise produced by antennas and air-conditioning systems. Periodical checks are performed once a year (the most recent in December 2016) to verify noise status and implement solutions to reduce it;
- planting trees along the teleport perimeter to reduce the visual impact of antennae on the neighbourhood;
- special barriers are maintained to reduce the potential electromagnetic impact;
- a system to identify non-operating antennas;
- periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and Politecnico di Torino. The latest check was performed in March 2017;
- the continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In the Mexican teleports, noise nuisances are limited by isolating all noisy equipment on the site. In addition, trees have been planted to contribute to the insulation and to reduce the visual impact of antennas.

## 10.3.5 Circular economy

### 10.3.5.1 [Waste prevention and management](#)

The Group has committed to observe “best practices” in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous programme of reducing consumption and waste recycling at its Paris offices initiated in 2015, including the reduction of printers and their replacement with multifunction copiers with badges, cutting paper consumption that is now FSC or EU/Ecolabel certified.

The Group has implemented a series of waste management measures:

- separation of waste: paper, glass, industrial waste *via* dedicated collection vehicles;
- installation of bins for collection of paper in offices and corridors;
- removal of waste daily;
- confidential document destruction by shredding truck;
- recycling of paper, cans, PET (plastic bottles) *via* Paprec/La Corbeille Bleue;
- electric and electronic equipment which is no longer in use is either donated to associations when it still works or removed by accredited companies.

The Group’s international subsidiaries have also implemented consumption reduction and waste sorting procedures. In 2017, the Madeira teleport was granted ISO 14001 certification for environmental management.

The indicators for this section are paper consumption, and the quantities of waste produced with the percentage of waste recycled (see the table of indicators at the end of this document).

Eutelsat S.A. offers a catering service to its employees in Paris through a provider that is not directly managed by the Group.

### 10.3.5.2 [Sustainable use of resources](#)

#### 10.3.5.2.1 Water consumption and supply in relation to local constraints

Water is used to maintain green areas and for cooling systems.

The sites which consume the most water are the headquarters (Paris) and the teleports. The office air conditioning systems in Paris account for the greatest consumption of water, with high levels during the summer months.

In Madeira, consumption has increased due to the commissioning of the new site. Rainwater is stored for irrigation and a rain sensor is used to avoid wastage. Water consumption is measured monthly.

For Eutelsat Americas, the indicated consumption corresponds to the Iztapalapa and Hermosillo teleports; consumption at the headquarters is not subject to monitoring. Water consumption is minimised, with no watering of green spaces in Iztapalapa, and very few in Hermosillo (in the desert), where the local government applies restrictions.

The quantities of water consumed are listed in the table of indicators in the section 10.7.2 of this document.

#### 10.3.5.2.2 Raw material consumption and measures adopted to improve their use efficiency

The Group operates no factories and therefore does not consume raw materials for conducting its business, with the exception of paper.

#### 10.3.5.2.3 Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies

Much of the Group’s energy consumption is the result of cooling and heating needs for the teleports used for establishing two-way connectivity between the earth and its fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, so, an air conditioning system is used. During the winter months when exterior

temperatures can go below freezing, antennas used to uplink signals to satellites must be heated in order to ensure their proper functioning.

The Group has gone to great lengths to reduce the teleports' electricity consumption and this has yielded promising results.

Paris-Rambouillet, France: consumption in 2017 dropped by 3% whereas the satellite operation activity at the teleport increased by 8%.

Various actions have been rolled out:

- focus on de-icing including anticipation of weather conditions and implementation underway of systems for free cooling, based on fresh air from outside the building;
- studies are underway to build a car park which generates electricity with solar panels and for an innovative solution using rainwater;
- a prototype of a passive de-icing system for antennas up to 3.8 meters has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or others) for heating antennas in the winter.

Italy: an energy audit of the Centallo and Cebrosa sites in the Turin region was conducted. It confirmed the need for measures planned the previous year to reduce electricity consumption, namely:

- the implementation of new uninterrupted power supplies;
- the implementation of an energy management system.

Madeira, Portugal: the site is equipped with solar panels.

Eutelsat Americas has been implementing energy-saving measures for several years: natural lighting favoured, energy-saving lightbulbs, motion sensors to control lighting in communal areas. For the offices in the headquarters, as part of energy purchases, "green committees" are organised with energy suppliers, the owner of the premises and the maintenance service provider to find ways to reduce electricity consumption: using a Building Management System and relamping with low consumption lamps. Awareness-raising initiatives involving employees are conducted regularly.

In addition, the Group Information Systems Division is conducting a streamlining project on Group level concerning its information systems and processes. The main actions conducted or pursued in 2016 and 2017 are as follows:

- the implementation of a product catalogue for servers and workstations favouring the low consumption of computer equipment and respect for the environment;
- the implementation of equipment such as "Blade" for servers, which consumes less energy, with electrical system units;
- computers go into stand-by mode if not used for 20 minutes;
- the replacement of work stations now tends to be conducted upon request when the station is no longer functional, and no longer systematically every 3 years.

Efforts to streamline machine rooms in order to reduce the volume of servers and the number of machines through virtualisation and clustering techniques round off these initiatives. At the same time, the option of outsourcing some activities of the Datacenter (with the exception of sensitive data) to service providers able to conduct these streamlining operations on a large scale is being considered.

### 10.3.5.3 [Land use](#)

Given the Group's profile, this indicator has been deemed not applicable.

## 10.3.6 Climate change

### 10.3.6.1 [Significant items of greenhouse gas emissions generated by the Group's business, and in particular by the use of the goods and services it produces](#)

The Group assesses the significant items of greenhouse gas emissions over a broader scope, in compliance with article 173 of France's Energy transition act ("loi de transition énergétique"). This assessment has resulted in a total of 9,805 metric tons CO<sub>2</sub> equivalent, which has been broken down as follows:

Significant items of greenhouse gas emissions	Emissions in metric tons equivalent CO <sub>2</sub>	Comment
Satellites' life cycle (no launch in the 2017-2018 FY)	-	ESA (European Space Agency) study: 56,000 metric tons CO <sub>2</sub> eq. per satellite.
Energy consumption on Eutelsat's main sites	5,900	Mainly electricity, for the teleports and Group headquarters
Facilities (emissions upon production with depreciation)	1,100	Buildings, electronic and IT equipment
Employee air travel	2,805	Only for Eutelsat employees*

\* With the exception of Mexico, Brazil and Jordan (data unavailable).

As a reminder, the European Space Agency assessed the emissions generated by a geostationary satellite over its life cycle (production, launch, operation, end of life) to be 56,000 metric tons CO<sub>2</sub> equivalent. This is taken into account for years in which there were one or more launches. This year, five satellites are under construction for future launches.

As there were no launches this year, the emissions come from an internal scope. The main emission items are energy consumption and air travel. For these items, projects are underway.

- energy: see § 10.3.4.2.
- travel: the new travel purchasing procedure, implemented in 2017 to standardise travel rules, aims to reduce the number of trips and promote the use of video-conferencing resources.

Eutelsat S.A. conducted a Greenhouse Gas Emission Assessment in 2018, for the scope of direct and indirect emissions related to energy consumption (Scope 1 and 2 of the official method). These emissions totalled 932 metric tons CO<sub>2</sub> eq., mainly from electricity consumption on the Paris-Rambouillet teleport and air conditioning systems.

Eutelsat Americas conducted a Greenhouse Gas Emission Assessment in 2017 with a global scope, with an evaluation of 2,522 metric tons CO<sub>2</sub> eq., of which 1,514 tons CO<sub>2</sub> eq. Scope 1 and 2.

### 10.3.6.2 [Adaptation to the consequences of climate change](#)

Eutelsat's activity has little exposure to the impacts of climate change.

### 10.3.7 Protection of biodiversity

Eutelsat's businesses have little impact on biodiversity. Several initiatives have, however, been conducted in this field.

To avoid possible interference of the Paris-Rambouillet teleport operations in bird populations, the teleport occasionally uses falconers to prevent migratory bird populations near the teleport from passing during certain periods of the year. In addition, the majority of land owned by Eutelsat on the Paris-Rambouillet teleport site and which is not used by the Company is leased to a farmer, who has undertaken by contract to convert the production to organic crops and has started to rest the land for this purpose. Part of the teleport's land is currently being used as a wildflower meadow.

At the Eutelsat Americas teleport sites, fumigation operations are undertaken for pest control purposes on a regular basis, using eco-friendly products.

In Madeira, the installation of indigenous plants and grasses in green areas has been developed, as has the use of more environmentally-friendly products.

## 10.4 SOCIAL INFORMATION

### 10.4.1 Implementing a Human Resources policy suited to the challenges facing the Group

Foster an international corporate culture, federate employees around a system of values and shared practices, attract and retain talent. Cultural diversity is significant within the Group. At the end of 2017, employees were of 46 nationalities from five continents. In total, 30 % of employees in the main operating subsidiary Eutelsat S.A. held a nationality other than French (unchanged compared to 2016). In addition, as of 31 December 2017, 44% of the Group's total staff (i.e. 444 employees) were employed outside France.

The Group is committed to maintaining and encouraging this multinational diversity through key initiatives that include:

- common training courses for several countries, such as One Eutelsat;
- commercial seminars organised on the Group's various sites, in France and abroad;
- mobility of French employees in the Group's international subsidiaries, Singapore, Switzerland, Mexico and the U.S. and that of employees from different countries in France;

#### Focus on Rising Star programme

Over the 2017-2018 financial year, the second edition of the Rising Star programme aimed at high-potential managers (15 employees from four countries) was organised. Through this programme, created and conducted in partnership with HEC Executive Education, the participants worked as a team on three projects of strategic importance for the company, under the supervision of internal mentors.

Other initiatives aimed at all employees are becoming a permanent feature over the years. One such initiative is the long-term employee loyalty plan offering profit-sharing to 20% of the workforce (excluding Eutelsat Americas), in addition to other quality of life at work initiatives such as the right to disconnect and sharing best practices on e-mails. At the Group headquarters, a free psychological support and counselling service (Psy) has been offered starting this year, as well as occasional nursery care (FlexiCrèche).

### 10.4.2 Training and career management

#### 10.4.2.1 [The One Eutelsat programme for managers](#)

Rolled out over the second half of the financial year and encompassing 200 Group employees across all subsidiaries, the One Eutelsat programme has involved all managers, including the Executive Committee. It brought employees together to focus on Eutelsat's values, which were redefined at this opportunity, strengthened their management skills, placing emphasis on behaviours, emotional intelligence, kindness and the human factor. Following training workshops, the values were shared with all employees.

#### 10.4.2.2 [Skills enhancement](#)

To remain competitive, the Group actively encourages employees to undertake formal training programmes that allow them to be more effective and productive in their daily work, or to acquire new skills that will enable them to follow developments in the Group's professions. To this end, Eutelsat S.A. made a significant investment in training its personnel in 2017<sup>39</sup> and a wide range of

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<sup>39</sup> Share of payroll devoted to training for Eutelsat S.A. : 3.3%

disciplines and themes were addressed in response to the challenges facing the Group.

Training sessions focused on:

- Technical aspects of satellite communications or data processing systems;
- Commercial performance, the use of new sales tools (sales force);
- Project management, time management and priority management;
- Languages, English and French as a foreign language, as well as other languages within the framework of Personal Training Accounts (Russian, Spanish, Italian, Arabic);
- Personal development, self-confidence, constructive communication, public speaking;
- Support functions, back office: HR, Finance, Legal, specifically with a new anti-corruption programme;
- Health and safety, prevention in relation to fires, accidents, electrical hazards, geo-political risks for travellers;

The Group continues to pursue and promote digital initiatives including on-line courses, MOOC, e-learning, blended learning, etc.

The total number of training hours for the Eutelsat Group (excluding former employees of Noorsat) in 2017 is 18,813 hours, for a total workforce of 1011 employees.

#### 10.4.2.3 [Careers and mobility](#)

In France and in every country in which Eutelsat operates, annual performance interviews are conducted by managers. In France, interviews are assisted by the company's HRIS (Human Resources Information System). A professional development interview also takes place once a year, either in parallel with the performance review or separately). These interviews are designed to support employees in their desire for mobility and skills development.

Eutelsat S.A. has retained the principle of a second stage of careers interview, specifically for seniors (45+ years), which was opened up to all employees in 2015. A job marketplace was created within the HRIS so that all available positions can be circulated upstream on the Intranet; any internal candidate who applies is interviewed. Similarly, a mapping of professions is available on the Intranet so each employee can find out about the different business areas within the Company and the skills needed to perform in them.

As part of the GPEC (Future Management of Jobs and Skills), staff reviews with Human Resources officers and managers are held every year in September to identify mobility opportunities or possible career developments and anticipate attendant supporting measures for teams, such as the coverage of tuition fees or the adjustment of the job start date in line with the academic calendar.

### 10.4.3 Health, safety and well-being in the workplace

With the exception of the teleports, the Group's activities are carried out in office buildings, mainly located in city centres. As a result, a vast majority of employees are not exposed to specific safety or health risks.

#### 10.4.3.1 [Health and safety conditions](#)

In France, the Unique Risk Assessment Document (DUERP) lists risks and is updated annually by the security department in the Paris sites and the Paris-Rambouillet teleport. It involves a specific procedure for dealing with work-related stress risks, available on

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the Company's Intranet. An external free hotline (Psy) can be used by employees to alert Human Resources and access consultations with psychologists.

Sont détaillées ci-après les actions menées dans différents champs liés à la santé et à la sécurité.

**Health:**

Eutelsat S.A. guarantees health care and retirement to all employees, notably through the health insurance and pension schemes, as well as a supplementary pension. Employees above 50 years of age are offered a complete medical check-up every three years. A medical centre specialising in medical prevention performs health checks with the aim of avoiding dysfunctions caused by occupational diseases by offering very high-quality medical services. It also offers lifestyle advice aimed at minimising the negative impacts associated with factors such as inappropriate diet, sleep patterns and stress. Special monitoring measures are in place for controllers, with a medical examination every six months.

**Travel:**

A special process exists regarding staff travel abroad, with graded levels of approval depending on country risk assessment, and membership of a foreign support service. Employees receive general training on travel risks with additional training as required for specific countries at risk.

**Electromagnetic waves:**

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes the following precautions, listed hereafter for France:

**Tests and access to facilities:**

- Periodic tests for radiation are conducted at the Paris-Rambouillet teleport.
- All antennas at the Paris-Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As a standard part of every ESVA activity, antenna radiation patterns are measured. This allows for taking corrective action in case of shortcomings (such as an excess to mechanical tolerance of required surface accuracy, etc.), which may occur during the installation process. A radiation diagramme is the base for the determination of the maximum permissible spectral EIRP (Equivalent Isotropically Radiated Power) density, which must not be exceeded by any transmission originating from the station under test. Norms are established by Eutelsat to be in-line with national and international (i.e. ITU) radio frequency regulations.
- Access to potential high-risk exposure installations (limited number of antennas close to the ground) is strictly controlled by fences or marked with signs on the ground.

**Tests and access to facilities:**

- All staff working with antennas are informed about potential exposure risks.
- Training of new recruits on the three sites (Balard, Paris-Rambouillet and Le Ponant).
- A first aid course for all personnel on the three sites.
- Training of Local Safety Teams on the three sites.
- A fire drill on the three sites.

The other teleports in Italy, Mexico and Madeira have implemented similar procedures.



#### 10.4.3.2 [Well-being in the workplace](#)

A joint working group on occupational quality of life brings together employee representatives, the Health and Safety Committee (CHSCT), managers and the HR Department to focus on two areas: new information and communication technologies (NICT) and teleworking.

Each subsidiary rolls out initiatives to promote a better quality of work life. In France, an occasional nursery care service was set up over the financial year in order to assist employees in an improved management of their personal commitments.

Eutelsat implements salary continuation for various types of absences: illness, maternity leave, paternity leave, etc.

#### 10.4.3.3 [Health and safety agreements signed with trade union bodies or employee representatives and their enforcement](#)

Eutelsat S.A. has always maintained a responsible approach to employees' working conditions and complies with the regulations and prerogatives vested in social partners in this area, in France, the CHSCT. To cover potential risks of accidents, Eutelsat S.A. contributes a higher rate to the URSSAF, which collects social security contributions.

#### 10.4.3.4 [Accidents at work and occupational diseases](#)

In 2017, few accidents at work were recorded: in France (56% of the Group workforce), six accidents with work stoppage for 22 days of absence, six accidents without absence. These accidents were solely related to professional commutes. No cases of occupational disease were reported.

### 10.4.4 Employment

#### 10.4.4.1 [Workforce](#)

The Group workforce is stable: 1011 employees in 2017 (1016 in 2016).

The Group's subsidiaries in France, Italy and Mexico and since 2017 in the Middle-East (ex-Noorsat) account for nearly 90% of the workforce.

Each year, Eutelsat S.A. prepares a social audit report summarising key data in a single document, enabling an assessment of the Company's labour profile. The social audit report is prepared with reference to the calendar year.

Breakdowns of the workforce by gender, age and geographical area are presented in the social indicators tables in § 3.7.1.

#### 10.4.4.2 [Recruitments and departures](#)

In 2017, at Group level, 90 people were hired and there were a total of 119 departures.

For Eutelsat S.A., 53 people were recruited, against 50 departures, of which 14 were dismissals.

The absorption of Noorsat at the end of 2017 led to workforce stability.

The average years of service for Group employees is 9.57 years, the proportion of female employees is 30%.

#### 10.4.4.3 [Compensation](#)

Employee remuneration is made up of the salary and performance bonuses, as well as the Company's incentive and profit-sharing programmes.

#### 10.4.4.3.1 Wages

The average gross annual salary for Eutelsat S.A., Skylogic, Euro Broadband and Eutelsat Americas employees (who represent 79% of the Group's personnel in total) is 60,575€.

#### 10.4.4.3.2 Incentives and employee profit-sharing

A profit-sharing and long-term loyalty programme for Group employees and managers (including corporate officers) is in place. In future, Eutelsat intends to pursue a policy that enables employees to benefit from its performance.

Eutelsat S.A.:

A corporate savings plan was set up at Eutelsat S.A. in July 2000: the plan redistributes considerable amounts in addition to remunerations.

The following table shows the average level of incentive payment per employee beneficiary:

(in euros)	2016-17	2017-18 (1)
Average amount of the incentive payment	3,518	N/C
(1) For the 2017-2018 financial year, the final amount is not available at the date of the document		

An employee profit-sharing agreement also entered into force within Eutelsat S.A.

The average amount of profit-sharing for the financial year 2016-2017 is 11,187 euros.

Employees who wish to do so may save up to 5,000 euros per year in the corporate savings plan (PEE) to receive a maximum additional employer contribution of 2,170 euros.

#### Other subsidiaries

The Group's subsidiaries outside France have established remuneration systems, which comply with local regulations and include bonuses and incentives. Incentive and profit-sharing schemes for subsidiaries converge towards the Group's long-term profit-sharing programme, coordinated by the Human Resources Department.

## 10.4.5 Work organisation

### 10.4.5.1 [Work time organisation](#)

Eutelsat complies with International Labour Office (ILO) rules. Moreover, Group management ensures that all of its subsidiaries, both in France and abroad, are in compliance with local labour laws, including those relating to working time.

In France, representing 56% of employees, management adheres to the statutory 35-hour week for non-management employees representing 14% of the workforce. The vast majority (86%) of employees occupy a management position and have a package of

212 working days per year, allowing a more flexible organisation of schedules. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several agreements have been signed with employee representatives, addressing the theme of working time.

The subsidiaries have implemented a policy of paid leave in accordance with the labour laws and regulations in jurisdictions in which Eutelsat operates, and for some jurisdictions additional provisions and advantages concerning leave.

In order to assist employees to manage their work and travel time more effectively and to afford them greater flexibility in their organisation methods, a teleworking project has been launched, based on an initial pilot project in Italy. This initiative extends far beyond the technical aspects of remote working, and is part of the corporate project to foster a performance-based culture and trust among team members. Employees can contribute to defining new means of distributing work between the office and the home.

#### [10.4.5.2 Absenteeism](#)

The absenteeism indicators are listed in the social indicators table in § 10.7.1

The absenteeism rate is around 2% for the four main entities of the group, representing 79% of the workforce.

### 10.4.6 Labour relations

The Group's management strives to further productive social dialogue for the well-being of its employees worldwide and above all to maintain constant compliance with local practices in the countries in which it operates. The Group's Human Resources Department endeavours to standardise practices between countries in order to ensure the proper treatment of all employees, regardless of the country in which they work.

#### [10.4.6.1 Organisation of social dialogue](#)

Eutelsat attaches importance to social dialogue and to maintaining a good social climate, as is demonstrated by the ongoing dialogue between management and employee representatives. At Group level, the roll-out of My HR Planet, Eutelsat's HR social network, is an integration and social dialogue tool.

Through its principal subsidiary, Eutelsat S.A., the Group fully respects the freedom of association and promotes social dialogue through collective bargaining. Following the rulings dated September 2017, Eutelsat's social partners opted to extend the existing mandates by mutual agreement for one year. Staff representative elections to create a Corporate Works Committee will be held in November 2018.

Eutelsat S.A. has implemented an agreement on trade union rights governing in particular relations between social partners. Meetings are organized on a regular basis with the employee representatives: Health and Safety Committee (CHSCT – Comité d'Hygiène, de sécurité et des conditions de travail), Works Council, staff or trade union representatives. The Company Intranet, where the Company-level agreement is available for review, is also a communications tool on these matters. In addition, meetings are organised in connection with the annual and half-year results in order to describe the highlights for the year or half-year and present the results to employees.

A dynamic of co-construction is implemented with all stakeholders, notably via joint working groups on key issues such as quality of work life.

#### [10.4.6.2 Assessment of collective agreements](#)

This item mainly concerns Eutelsat S.A., for which collective agreements are published on the Company's Intranet.

Eutelsat S.A.'s social partners have an attitude that focuses on corporate responsibility:

- "Second part of career" interviews are conducted annually with employees to take stock of their experiences and skills and fulfil their mobility aspirations.
- As part of the agreement on the "Generation Contract", the definition of "Senior" employee has been raised from 55 to 57 years. It replaces the agreements signed 2009 and 2012. A new generation contract was signed in November 2016.
- The opportunity of a part-time career is proposed at the end of employment while maintaining pension contributions at the full rate.
- Tutoring for young employees is proposed.

Regarding gender equality and the "Generation Contract", a review of measures is carried out each year and presented to staff representatives.

## 10.4.7 Equal opportunities and non-discrimination

### 10.4.7.1 [Gender equality](#)

The proportion of female employees within the Group is 30%, which is stable over the last financial years.

In 2014, Management established an action plan in favour of professional equality and relating to access to employment, career development, actual compensation and the reconciliation of work and family responsibilities. Objectives and indicators were set for each of these items. The action plan was presented to the Work Council in December 2014 and entered into force on 1 January 2015. The professional equality commission meets at least once a year to monitor the action plan.

A specific budget is allocated to salary adjustment schemes. Paternity leave is also favoured. Eutelsat has been topping up the indemnities paid by social security to fathers since 2009, in order to maintain remuneration levels.

Data on employment, training and remuneration by gender is presented in the social indicators table.

### 10.4.7.2 [Employment and integration of disabled people](#)

The Group employs twelve disabled people, four of whom are employed by Eutelsat S.A.

As far as possible, Eutelsat endeavours to subcontract a certain number of specific services to service providers employing disabled personnel and ESATs (vocational rehabilitation centres): supplying flowers and other decorations, digitisation and monitoring of expense accounts, etc.

Eutelsat also seeks to reclassify Company employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are sensitive to issues relating to disabilities and, when possible, these agencies nominate candidates with disabilities for Eutelsat positions.

Eutelsat S.A. uses the apprenticeship tax to redistribute part of its funds to institutions which focus on promoting education for persons in need of a second chance or on integrating disabled persons.

### 10.4.7.3 [Fighting discrimination and encouraging diversity](#)

The international and multicultural context and compliance with local regulations have led Eutelsat to place emphasis on skills and diversity, excluding any form of discrimination in its human resources management processes.

Diversity and in particular the multicultural dimension are key success factors for Eutelsat. See § 10.1.3.3 for more on this aspect.

## 10.4.8 Promotion and enforcement of the fundamental conventions of the International Labour Organisation (ILO)

As of 31 December 2017, all Eutelsat subsidiaries were in compliance with the ILO in countries where these conventions are applicable.

### 10.4.8.1 [Respect for freedom of association and right to collective bargaining](#)

All Eutelsat subsidiaries reported as being in compliance with all local labour laws with regard to the right to collective bargaining.

Regarding the observation of strict political, religious and philosophical neutrality, the Group makes no financial contribution to political candidates, elected political representatives or political parties. Staff may participate in political activities in their own right, outside Company premises, and without using the Group's corporate image to support their personal convictions. These rules are applied with due regard for the individual freedom of expression for employees and their representatives.

### 10.4.8.2 [Elimination of discrimination in the employment and job policies](#)

The Group respects the principles outlined in ILO Conventions.

### 10.4.8.3 [Elimination of forced labour](#)

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

### 10.4.8.4 [Effective abolition of child labour](#)

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

## 10.5 MEASURES TAKEN TO PREVENT ALL FORMS OF CORRUPTION

### 10.5.1 Addressing the risk of corruption

After approval from the Board of Directors, senior management has strengthened the programme set up in 2014 to prevent and detect acts of corruption within the Group (in particular through the development of a Group-wide corruption risk map, the update of the Code of Conduct dedicated to the fight against corruption in accordance with the requirements of new French Law No. 2016-1691 of December 9, 2016 called "Sapin 2", the implementation of an internal alert mechanism and the continuation of training sessions to raise staff awareness of the risk of corruption).

Under this programme, a compliance Committee was also formed in 2014, in particular to assess the situation of business intermediaries with respect to the risk of corruption.

In 2017, a "Compliance & Privacy Director" position within the Group was created, marking the strengthening of the internal policy to combat corruption. This Director is the contact person on these matters for all Group subsidiaries and entities.

### 10.5.2 Action taken to prevent corruption

The fight against corruption is part of the Group's commitments to customers and business partners appearing in Eutelsat's Code of Ethics since 2014 in the following terms: the Group has advanced in formalising internal anti-corruption policies and procedures as part of a continuous improvement process.

The main actions conducted, steered by the Company Secretary and by the Compliance Department, concern:

- the development of a corruption risk map covering all functions and geographical areas in which the Group operates;
- the update of the Code of Conduct identifying the main areas of risk, the behaviours to be prohibited and describing the internal policies and procedures implemented to prevent and detect any act of corruption; this Code is included in the documents given to every new employee in the welcome package;
- the implementation in 2014 of a global evaluation procedure for third parties, in particular commercial agents, whose final decision lies with the Compliance Committee, composed of the Group General Counsel and Company Secretary, the Chief Financial Officer, the Deputy CEO and Chief Commercial and Development Officer, the Chief Human Resources Officer and the Compliance Director;
- the organisation of classroom training sessions aimed at improving the awareness of the risk of corruption of the most exposed employees within the Group, in particular the sales teams;
- the setting up of e-learning campaigns for all Group employees;
- a professional internal alert system to encourage employees to submit a notification of any behaviour or action that is likely to constitute an act of corruption, in addition to other existing notification channels (via line management or employee representatives). Any staff member may submit a notification by sending an email. Information disclosed as part of this system is processed confidentially;
- an internal audit of anti-corruption policies and procedures in force was conducted during the year and finalised in July 2018.

The progress made in the fight against corruption as well as the areas for improvement were presented to the Executive Committee, the Audit Committee and the Board of Directors of Eutelsat Communications;

### 10.5.3 Measures taken to promote the health and safety of consumers

Eutelsat has no direct link to consumers who use Eutelsat's services through their access or content providers. There is no specific measure regarding the health or safety of end consumers.

## 10.6 OTHER MEASURES TAKEN IN FAVOUR OF HUMAN RIGHTS

### 10.6.1 Intentional interference – an attack on the free flow of information

Since 2009, Eutelsat has seen a substantial increase in the number and duration of acts of intentional interference with satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and with the intention of disrupting or even preventing the clear reception of certain TV channels. Following a peak in interference recorded in 2012-13, the frequency of this type of act has decreased, and has now reached a relatively low yet persistent level.

By definition, deliberate interference is a violation of freedom of information cited in Article 19 of the Universal Declaration of Human Rights (1948) and by the International Covenant on Civil and Political Rights of the United Nations (1966). The latter is binding on signatory states, and declares in Article 19.1 that *“everyone has the right to freedom of expression; this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of borders, via either verbal, written, printed or artistic means, or through any other media of his choice.”* The European Convention to safeguard Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, covered by a European Treaty, adds that freedom of information should not be restricted by the interference of public authorities. Hence, the Charter of Fundamental Rights of the European Union provides in Article 11 that *“everyone has the right to freedom of expression. This right includes freedom to hold opinions and freedom to receive and impart information and ideas without interference by public authority and regardless of borders”*.

Eutelsat has established that the channels suffering most interference are international news channels (including BBC, Voice of America, Deutsche Welle, Al Jazeera, etc.). A number of incidents of intentional interference have also occurred during major sporting events and on sports channels.

### 10.6.2 Eutelsat activities to combat intentional interference

Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when the disruption can be identified.

The Group is a member of the *Satellite Interference Group*, whose mission is to maintain interference at its lowest level. As part of this role, Eutelsat uses the *“Carrier ID”* (CID) system, an embedded code containing information, which allows satellite operators to quickly and easily identify the source of the transmission causing interference. Together with the representatives of and the SIG and the GVF, Eutelsat strives to discuss the actions to be rolled out to combat deliberate interference, which must be backed up by improved geolocation of the signal's origin and the constitution of a baseline of all data relevant to this issue.

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFR systematically files complaints with ITU authorities against territories from which the intentional interference activity is pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures in order to strengthen the regulation on the issue of interference. Its key proposal was to be able to mobilize a network of independent stations to better monitor the phenomenon (ITU signature of a Memorandum of Cooperation), to increase and/or confirm efficiency in the geo-localisation of deliberate interference.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the help of several countries and the collective involvement of the satellite industry and its customer base, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted the Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

The resolution strengthens the resources used by the ITU to avoid harmful interference, which include greater sharing of best practices, ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming including interference geolocation, and the setting up by ITU of a database for identifying such cases.

Lastly, Eutelsat has contributed and will continue to contribute to the development of regulations by supporting relevant international bodies including: the ITU and COPUOS (United Nations Committee on the Peaceful Uses of Outer Space) and their national authority partners points of reference including the ANFR and Eutelsat IGO.

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has been a member of Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, etc.) in the Middle East and North Africa to monitor satellite TV piracy, ensure sharing of all data and information on pirate channels and raise awareness of the consequences of piracy.



## 10.7 INDICATORS

### 10.7.1 Social information

Social information (calendar year 2017 unless otherwise stated)			Value	Unit	Doc Ref	Data collection scope
<b>a) Employment</b>						
	Total workforce		1.011	FTE		
	Workforce by gender		709	FTE		
		Male	302	FTE		
		Female	407	FTE		
	Workforce by age		20	FTE		
		Under 25	430	FTE		
		25-40	523	FTE		
		40-60	38	FTE		
		Over 60	567	FTE		
	Workforce by geographical area		136	FTE		
		France	97	FTE		
		Italy	50	FTE		
		Mexico	161	FTE		
		Middle East	50	FTE		
		Other	14	FTE		
	Recruitments and departures		90	Persons		Group
		Recruitments	119	Persons		Group
		Departures	53	Persons		Eutelsat S.A.
		of which dismissals	50	Persons		Eutelsat S.A.
			14	Persons		Eutelsat S.A.
	Compensation and growth		see document		§ 3.4.4.3.	
<b>b) Work organisation</b>	Work time organisation		see document		§ 3.4.5.1.	
	Absenteeism		2.2	%		4 main entities*
		Rate	1640	nb days	§ 3.4.5.2.	Group excl. Noorsat
		Long term	117	nb days		
		Work stoppage				
<b>c) Labour relations</b>	Organisation of social dialogue		see document		§ 3.4.6.1.	
	Assessment of collective agreements		see document		§ 3.4.6.2.	
<b>d) Health and safety</b>	Health and safety conditions at work		see document		§ 3.4.3.	
	Assessment of signed agreements: work health and safety		see document		§ 3.4.3.3.	
	Accidents at work		11	nb accidents		Eutelsat S.A.
	Seriousness: nb of days of absence due to an accident		22	nb days		
	Occupational diseases		0			
<b>e) Training</b>	Implementation of training policies		see document		§ 3.4.2.	
	Training hours		18.813	hours		Group excl. Noorsat
<b>f) Equal opportunities</b>	Gender equality		M	F		
		Recruitments	62	28		Group excl. Noorsat
		Departures	73	43		Group excl. Noorsat
		Training hours	11.970	6.843		Group excl. Noorsat
		Average pay	65.306 €	51.423 €		4 main entities*
			Value	Unit		
	Disabled people		12	FTE		Group
	Fighting discrimination		see document		§ 3.4.7.3.	
<b>g) Promotion and enforcement of ILO conventions</b>	Respect for freedom of association		see document		§ 3.4.8.	
	Elimination of discrimination					
	Elimination of obligatory or forced labour					
	Effective abolition of child labour					

\*: The 4 main entities are Eutelsat S.A., Eutelsat Americas, Skylogic and Euro Broadband Services

## 10.7.2 Environmental information

Environmental information - calendar gear 2017 unless otherwise stated			Values	Units	Doc Ref	Scope
<b>a) Global environmental policy</b>						
	Corporate organisation to take account of environmental issues				§ 3.3.1.	Group
	Employee training and information initiatives in favour of environmental protection		see document		§ 3.3.1.	
	Means used for preventing environmental risks and pollution				§ 3.3.1.1.	
	Provisions and guarantees for environmental risks		0		§ 3.3.1.2.	
<b>b) Pollution and waste management</b>						
	Measures taken to prevent, reduce or repair releases that adversely affect the environment		see document		§ 3.3.2. and 3.3.4.	Group
	Management of any kind of pollution specific to an activity, in particular noise and light pollution		see document		§ 3.3.4.1.	
					§ 3.3.4.2.	
					§ 3.3.5.	
<b>c) Circular economy</b>						
	Waste prevention and management		see document		§ 3.3.5.1.	
	Prevention, recycling and re-use measures		see document		§ 3.3.5.1.	
	Paper consumption					
		Eutelsat S.A. (France)	11.91	metric tons		Eutelsat S.A.
		Eutelsat Americas (Mexico)	1.39	metric tons		Eutelsat Americas
	Quantity of waste					
		Eutelsat S.A. (France)	62.68	metric tons		Eutelsat S.A.
		% recycled	40%			Eutelsat S.A.
		Eutelsat Americas (Mexico)	14.1	metric tons		Eutelsat Americas
		% recycled	17%			Eutelsat Americas
	Actions against food waste		N/A see document		§ 3.3.5.1.	
	Sustainable use of resources		see document		§ 3.3.5.2.	Group
	Water consumption and supply in relation to local constraints		see document		§ 3.3.5.2.	
		Eutelsat S.A. head office	5.884	m3		Eutelsat S.A. head office
		Rambouillet teleport	1.648	m3		Rambouillet teleport
		Eutelsat Americas (Mexico)	2.137	m3		Eutelsat Americas teleports
		Skylogic (Italy)	461	m3		Skylogic (Italy)
		Madeira teleport	3.354	m3		Madeira teleport
	Raw material consumption and measures adopted to improve their use efficiency		see document		§ 3.3.5.2.	
	Energy consumption, measures adopted to improve energy efficiency and the use of renewable energy		see document		§ 3.3.5.2.	
	Electricity	Eutelsat S.A. head office	2,910,569	kWh	§ 3.3.5.2.	Eutelsat S.A. head office
		Rambouillet teleport	8,330,323	kWh		Rambouillet teleport
		Eutelsat Americas (Mexico)	3,285,043	kWh		Eutelsat Americas
		Skylogic (Italy)	6,542,041	kWh		Skylogic (Italy)
		Madeira teleport	899,611	kWh		Madeira teleport
	Fuel	Consolidated consumption	17.340	litres		Group
	Land use		N/A see document		§ 3.3.5.3.	Group
<b>d) Climate change</b>						
	Greenhouse gas emissions	Group Scope 3 art. 173	9.800	Metric tons CO2	§ 3.3.6.1.	Group Scope 3
	Adaptation to the consequences of climate change		see document		§ 3.3.6.2.	
<b>e) Protection of biodiversity</b>						
	Measures taken to preserve or develop biodiversity		see document		§ 3.3.7.	Rambouillet teleport

## 10.7.3 Societal information

Societal and ethical information		Doc Ref	Scope
<b>a) The territorial, economic and social impact of the Company's activity</b>		§ 3.2.3.	Group
	in terms of employment and regional development	§3.2.3.1.	
	on neighbouring or local populations	§ 3.2.3.3.	
<b>b) Relations with persons or organisations interested in the Company's activity, in particular social integration associations, educational institutions, environmental defence groups, consumer associations and local populations</b>		§ 3.2.2.	
	dialogue conditions with these stakeholders	§ 3.2.2.	
	partnership or sponsoring initiatives	§ 3.2.2.1. et seq.	
<b>c) Outsourcing and suppliers</b>		§3.2.4.4.	
	acknowledgement in the purchasing policy of social and environmental issues	§3.2.4.	
	the importance of outsourcing and the acknowledgement of suppliers' and subcontractors' social and environmental responsibility in our relations	§ 3.2.4.	
<b>d) Fairness in practices</b>		§ 3.5.	
	measures taken to prevent corruption	§ 3.5.1 and 3.5.2.	
	measures taken to promote consumer health and safety	N/A § 3.5.3.	

## 10.8 METHODOLOGY AND SCOPE

In compliance with Article L. 225-102-1 of the French Commercial Code which was still applicable for the financial year beginning 1 July 2017, and to take into account French Decree No. 2017-1265 dated 9 August 2017 enacted for the application of Order No. 2017-1180 dated 19 July 2017 on the publication of non-financial information by some major companies and some corporate groups, the Group has compiled a response for the items defined by the French Grenelle II Act which are relevant to its business.

### 10.8.1 Methodology

Each of the Eutelsat Communications Group operating subsidiaries provided certain information necessary to draft this report. The section on “social aspects” has been consolidated by the Human Resources Department in the Group’s largest subsidiary, Eutelsat S.A., located at the Group’s Headquarters in Paris, France. Information regarding “environmental impacts” primarily reflects input from Eutelsat’s suppliers (satellite manufacturers and launch companies). We have also included certain information from the Group’s Italian and Mexican subsidiaries and teleports located in Paris-Rambouillet (France), Turin (Italy), Madeira (Portugal) and Mexico as they have a limited environmental impact. In particular, there is no discharge of polluted water (no industrial activity). Regarding actions against food waste, French premises do not have a collective catering, this item has also been left out. “Societal information” was gathered mainly from the operating Company, Eutelsat S.A. but reflect a Group-wide picture.

As regards actions to combat food waste, French premises do not have collective catering facilities; therefore this item was also disregarded. “Societal information” was gathered mainly from the operating company, Eutelsat S.A., but reflects a Group-wide picture.

Information and indicators regarding the previous year are available in the Reference Document published on [www.eutelsat.com](http://www.eutelsat.com).

### 10.8.2 Scope

This work was coordinated by the Corporate Communications Department and involves the Group's main departments and subsidiaries: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Technical Department, General Services, Finance, Internal Audit, Risk Management and Teleports.

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (circa 56%). Information from this subsidiary serves as an "internal benchmark" for the Group. Regarding the other subsidiaries taken into account in the perimeter, please refer to the Section 5.1 "The Group's simplified organisational chart" of this document. When information reported comes exclusively from a specific subsidiary, this has been made clear. The timeframe of quantitative information in this report reflects the calendar year 2017 (1 January 2017 to 31 December 2017), unless otherwise stated.

## 11 OTHER INFORMATION PRESENTED

### 11.1 RESEARCH AND DEVELOPMENT

The Group spent 4.8 million euros on research and development during the financial period ended 30 June 2018, including 3.0 million euros development costs recorded as intangible assets.

### 11.2 TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

As required by article R. 225-102 of the *Code de commerce*, a table showing the Company's results over each of the last five financial periods (see appendix 3) has been attached to this report.

### 11.3 NON-DEDUCTIBLE CHARGES AND EXPENDITURES LAID DOWN IN ARTICLE 39.4 OF THE GENERAL TAX CODE FOR THE YEAR ENDED 30 JUNE 2018

Non-deductible charges and expenditures of 24 thousand euros were reported by the Company for the year ended 30 June 2018 and the associated income tax expense (and additional contributions) was 9.3 thousand euros.

### 11.4 AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE CODE DE COMMERCE

Pursuant to article 225-38 of the French *Code de commerce*, the following agreements authorised by the Board of Directors remained in force during the financial year:

- A re-invoicing agreement in the event of the acquisition of shares in the market by Eutelsat Communications, as part of the implementation of Free Share Grant plans of the company Eutelsat Communications for the benefit of the employees and management of the Eutelsat Group;
- A tax consolidation agreement dated 2 July 2007.

Furthermore the Internal Rules of the Board oblige each director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the director concerned resigns from office.

As of June 30, 2018, there is no employment or service contract between the Company's directors and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the Commercial Code, the Statutory Auditors are informed for regulated agreements.

### 11.5 ACQUISITION OF SHARES BY THE COMPANY

The Company entered into a liquidity agreement with Exane BNP PARIBAS which, as of 30 June 2018, owned a total of 201,000 shares in the name of and on behalf of the Company, amounting to a total of 3.6 million euros.

The liquidity agreement set aside, the Company did not purchase any of its own shares during the fiscal year ended 30 June 2018. The Company owned 105,068 of its own shares at 30 June 2018 (excluding liquidity contract).

## 11.6 EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL OF THE COMPANY

Further information is given in section 9.15 and 11.4 drawn up in application of the provisions of Article L.225-177 and L.225-197-1 of the Code de Commerce.

Senior managers and employees held 0.5% of the Company's capital. The shares they hold result from i) the stock warrants subscribed for by certain managers and corporate officers (*mandataires sociaux*) during the financial years 2005-2006, ii) a capital increase reserved for employees at the time of the Company's IPO, iii) the offer to exchange shares in October 2007, iv) the Board's policy to allocate free shares; v) the acquisition of shares by Senior managers on the market.

## 11.7 SHARES OWNED BY COMPANY MANAGEMENT ("MANDATAIRES SOCIAUX")

Please refer to the section 9.11 of this document.

## 11.8 DIVIDEND POLICY AND ALLOCATION OF RESULTS

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

As for the last three financial years, Eutelsat Communications undertook the distribution of:

- an amount of 1.09 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2015, with the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 61% of the rights were exercised in favour of the scrip dividend. As a consequence 5,802,297 new shares will be issued and delivered on 10 December 2015.
- an amount of 1.10 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2016.
- an amount of 1.21 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2017.

	Income eligible for tax reduction ( <i>in euros</i> )		Income not eligible for the 40% tax reduction <sup>(1)</sup> ( <i>in euros</i> )
	Dividend	Other distributable income	
2014 - 15	247,399,848.42 (i.e. 1.09 per share)	-	-
2015-16	256,052,098.5 (i.e. 1.10 per share)	-	-
2016-17	281,657,308.35 (i.e. 1.21 per share)	-	-

1) Reduction provided by Article 158-3-2° of the French General Tax Code.

On 31 July 2018, the Board of Directors will submit for approval at the 8 November 2018 Annual Meeting of Shareholders a dividend of €1.27 per share for the financial year ended 30 June 2018.

The Group is committed to serve a stable to progressive dividend policy to shareholders.

## 11.9 DELEGATIONS OF AUTHORITY AND FINANCIAL AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS BY GENERAL MEETINGS OF SHAREHOLDERS

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of

Shareholders on 4 November 2016 and 8 November 2017 remaining in force at the date of this document

	Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1.	<b>Authorisation granted to the Board of Directors for the purchase by the Company of its own shares</b> (19 <sup>th</sup> resolution - OGM of 4 November 2017).	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital.	Maximum duration of 18 months as from the OGM of 8 November 2017.
2.	<b>Delegation of power to the Board of Directors:</b>		
	<p>(i) <b>to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company:</b></p> <p>a - <b>with maintained preferential subscription rights for shareholders</b> (22<sup>th</sup> resolution OGM of 8 November 2017),</p> <p>b - <b>without preferential subscription rights for shareholders in the case of a public offering</b> (23<sup>rd</sup> resolution OGM of 8 November 2017),</p> <p>c - <b>without preferential subscription rights for shareholders in the case of a private placement pursuant to chapter II of the Article L. 411-2 of the Financial and Monetary code</b> (24<sup>th</sup> resolution OGM of 8 November 2017),</p> <p>d - <b>without preferential subscription rights for shareholders in the event of a public exchange offer initiated by the Company</b> (27<sup>th</sup> resolution OGM of 8 November 2017),</p> <p>e - <b>without preferential subscription rights for shareholders to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company</b> (28<sup>th</sup> resolution OGM of 8 November 2017);</p>	<p>a. ) 44 million euros (chargeable to the total common ceiling for the 22<sup>nd</sup> to 24<sup>th</sup> and 27<sup>th</sup> to 30<sup>th</sup> resolutions of the OGM of 8 November 2017);</p> <p>b), c), d) and e) 22 million euros (chargeable to the total common sub-ceiling for the 23<sup>rd</sup> and 24<sup>th</sup> and 27<sup>th</sup> to 30<sup>th</sup> resolutions of the OGM of 8 November 2017);</p> <p>e) 10% of share capital</p>	Maximum duration of 26 months as from the OGM of 8 November 2017.
	(ii) <b>to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted</b> (21 <sup>st</sup> resolution OGM of 8 November 2017);	44 million euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 8 November 2017.
	(iii) <b>to issue:</b>		
	a - <b>ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares</b> (29 <sup>th</sup> resolution OGM of 8 November 2017).	a) 22 million euros (chargeable to the total common sub-ceiling for the 23 <sup>rd</sup> and 24 <sup>th</sup> , and 27 <sup>th</sup> to 30 <sup>th</sup> resolutions of the OGM of 8 November 2017);	Maximum duration of 26 months as from the OGM of 8 November 2017.
3.	<b>Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the resolutions 22<sup>nd</sup> to 24<sup>th</sup></b> (26 <sup>th</sup> resolution OGM of 8 November 2017).	Ceiling set forth in the resolution under which the initial issue has been decided within the limit of 15% of initial offering size.	Maximum duration of 26 months as from the OGM of 8 November 2017.
4.	<b>Authorisation granted to the Board of Directors:</b>		
	(i) <b>to increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan</b> (30 <sup>th</sup> resolution OGM of 5 November 2015);	2 million euros (chargeable to the sub-ceiling common to the 17 <sup>th</sup> and 18 <sup>th</sup> and 21 <sup>st</sup> to 24 <sup>th</sup> resolutions of the OGM of 8 November 2017).	26 months as from the OGM of 8 November 2017.
	(ii) <b>to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme</b> (20 <sup>th</sup> resolution OGM of 8 November 2017).	10% of the share capital by periods of 24 months.	A maximum of 18 months as from the OGM of 8 November 2017.
	(iii) <b>set the issue price in accordance with the terms and conditions of the Annual Shareholders' Meeting, up to 10% of the share capital per year</b> (25 <sup>th</sup> resolution OGM of 8 November 2017)	<b>10% of the share capital for each 12-month period (period during which issues are carried out under the 23<sup>rd</sup>, 24<sup>th</sup> and 29<sup>th</sup> resolutions OGM 8 November 2017)</b>	Maximum period of 26 months as from the date of the OGM of 8 November 2017

During financial year ended 30 June 2018, the Board of Directors did not use the authorisations and delegations granted by the OGM of 8 November 2017.

## 11.10 PAYMENT SCHEDULE TO SUPPLIERS

As of 30 June 2018, the table below shows information on payment terms to suppliers and from customers in accordance with article L441.6-1 of French "Code de Commerce".

Overdue Invoices Received and Issued, Unsettled at Balance Sheet Date												
	Art D441-1-1: Invoices received and overdue at balance sheet date						Art D441-1-1: Invoices issued and overdue at balance sheet date					
	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)
<b>(A) Payment Delay Ranges</b>												
Number of invoices concerned	172	24	29	22	194	269	1 105	735	149	345	4 501	5 730
Aggregate amount of invoices concerned (incl. taxes)	-29 908 712.14	-933 685.79	-468 635.73	-203 101.61	-2 858 747.29	-4 464 170.42	107 216 906	19 873 366	6 069 253	8 447 948	85 073 457	119 464 025
Percentage of total amount of purchases during the financial period (incl. taxes)	20.92%	0.65%	0.33%	0.14%	2.00%	3.12%						
Percentage of revenue entered during the financial year (incl. taxes)												
<b>(B) invoices excluded from (A) relating to accounts payables and accounts receivables that are disputed or unrecognised</b>												
Number of excluded invoices	390						0					
Aggregate amount of excluded invoices (incl. taxes)	10 989 551.23						0					
<b>(C) Reference payment terms used (contractual or statutory payment term)</b>												
Payment terms used to calculate payment delays	contractual						contractual					

## 11.11 FRENCH BRANCHES

Pursuant to article L.232-1 of French Code de Commerce, the existing French branches of Eutelsat S.A. are as follows

- Rambouillet : N° SIRET 422 551 176 00049
- Ponant : N° SIRET 422 551 176 00064

## 11.12 POST CLOSING EVENTS

None.

# 12 RISK FACTORS AND INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

Before making an investment decision, investors and shareholders are invited to read all the information contained in this reference document, including the risks described below.



At the filing date of this reference document, the risks described are those whose occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or results, and which are important when making an investment decision.

Group risks may be divided into three categories:

- operational risks;
- risk relating to changes in the satellite communications market;
- financial and other risks.

This section briefly outlines the main risks that the Group might face in the course of its business. They are mentioned purely for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this reference document was filed, or those considered as without significance by the Group at the filing date of this reference document, might have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some risks, irrespective of whether or not they are mentioned in this reference document, may result or arise from external factors, such risks being beyond the Group's control.

## 12.1 OPERATIONAL RISKS

### 12.1.1 The Group might not be able to meet its launch or activation timeframes for new satellites

The Group plans to launch five new satellites (EUTELSAT 7C, EUTELSAT 5 WEST B, EUTELSAT QUANTUM, KONNECT and KONNECT VHTS ) before the end of calendar year 2021. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions.

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, would impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers and end users, or meet its growth objectives. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

### 12.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

Given the small number of launch service providers with the technical ability to launch the satellites already ordered, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the timeframe set out by the Group.

Should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline due to operating (e.g. following a failed launch) or financial difficulties, the Group could re-allocate the relevant satellite to another launch service provider or even, in some cases, sign new launch service contracts that could prove more costly than the current contracts. Such events could have a significant detrimental impact on the Group's business (e.g. delayed satellite activation) and financial position.

In order to keep as close as possible to the original timetable for its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. The Group thus currently intends to use three different launch service providers: Arianespace, International Launch Services, Space X Exploration Technologies Corp and Blue Origin.

### 12.1.3 The Group's satellite deployment plan is dependent on a few major suppliers

The number of satellite manufacturers capable of designing and building satellites in compliance with the technical specifications and quality required by the Group is limited, as is the number of suppliers capable of launching these satellites. The limited number of suppliers could reduce the Group's bargaining power and increase the cost of implementing its programme within the scheduled timeframe.

The satellites under procurement as of 30 June 2018 were procured from the following manufacturers: Airbus Defense and Space, Orbital ATK, Thales Alenia Space and Space Systems Loral Inc.

The Group made commitments with satellite manufacturers and with other suppliers for the acquisition of satellites or for the provision of services and acquisitions of fixed assets relating to the monitoring and control of satellites. More detail on purchase commitments of the Group can be found in the note 28 of the appendix to the consolidated financial accounts as of 30 June 2018.

The Group considers that it is not dependent on suppliers other than satellite manufacturers and launch operators.

The limited number of suppliers could therefore have a significant negative impact on the Group's business, financial situation and results.

#### **12.1.4 The Group is exposed to the risk that its suppliers may experience operational or financial difficulties**

In the event of a Group supplier being unable to fulfil its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service providers and, in some cases, enter into new launch service contracts which might prove more costly. Such events could have a significant negative impact on the Group's business, financial situation and results.

#### **12.1.5 The satellites operated by the Group may experience failures or malfunctions in-orbit**

Satellites are sensitive to the external environment. Once they are in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group may not be able to guarantee continuity of service for all customers at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite.

In the event of a satellite failure or in-orbit malfunction, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

For the fully-owned satellites with the highest revenue contribution, In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations, image losses or, to a certain extent, losses of revenues and potential asset impairments lower than the retention level.

Finally, insurance companies could challenge the causes of the failure or malfunction or the amount of the indemnity. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites covered under insurance programmes insurers would compensate the Group within a reasonable timeframe or for the amount claimed by the Group. A lack of compensation, late compensation or partial compensation of losses sustained could have a significant adverse impact on the Group's business, financial situation and results.

#### **12.1.6 Insurance policy premia for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew**

Numerous factors, some of which are outside the Group's control, may affect the cost of insurance premia; these mainly include statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its In-Orbit Life insurance plan on comparable terms. A deterioration in the In-Orbit Life insurance market or an increase in insurance premia could prompt the Group to reduce its coverage of partial losses or losses deemed total, which

itself could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in-orbit.

In addition, the Group covers the launch of its satellites through a launch-plus-one-year after entry into service insurance.

The Group might not be able to obtain this additional cover or launch insurance for the other satellites currently under construction, or for future satellites, on satisfactory terms. This situation could result from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premia due, in particular, to launch failure statistics across the whole industry. This could have a significant negative impact on the Group's business, financial situation and results.

### 12.1.7 The Group is exposed to specific risks arising from the capacity it uses on satellites in stable orbit belonging to third parties

As of the date of the present report, the Group uses capacity on five satellites belonging to third parties, and which are recognised as assets in its consolidated balance sheet: Express-AM6<sup>1</sup>, Express-AMU-1<sup>2</sup>, Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G<sup>3</sup> by SES.

Furthermore, the Group also leases capacity to Yahsat (on the Al-Yah 2 satellite).

In the event of failure or malfunction affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity under the same conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be settled in its favour.

The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases.

Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and might adversely affect its business, financial situation and results.

### 12.1.8 The Group's operations are exposed to the risk of sabotage, including terrorist acts and piracy

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into its satellite control systems. If the Group's facilities and equipment were disabled, the Group might not be able to prevent a temporary or permanent interruption in service. Such disturbances in the satellite network could result in the loss of customers.

Furthermore, the Group's insurance policies, as is customary in the space industry, automatically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism.

Any act of terrorism, sabotage or piracy could thus have a significant negative impact on the Group's business, financial situation and results.

## 12.2 RISKS RELATING TO THE CHANGE IN THE TELECOMMUNICATIONS MARKET

### 12.2.1 The Group's development is closely tied to future demand for satellite services which might not materialise

The Group's development notably depends on future demand for Video Applications, which is partly linked to the expected development of DTH (Direct-to-Home) broadcasting in emerging countries, high-definition television (HDTV) and satellite-based Internet access. This growth in demand may not materialise. Moreover, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than is the case with the current satellite TV broadcasting standards, the Group might not be in a position to invest in additional satellites at the appropriate time or in proportions enabling it to meet market demand. If demand for video services does not increase or the Group is not in a position to meet

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<sup>1</sup> Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A

<sup>2</sup> Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.

<sup>3</sup> Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.

this demand, this could have a negative impact on its business, financial position and results.

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, certain television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. Finally, the competition from new online Video Distribution platform could affect the Group's customers in certain geographies. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy or increased competition, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

A consolidation among satellite TV broadcast platform operators and/or cable operators and could give TV broadcast platform operators or cable operators greater bargaining power with satellite operators or their distributors, thereby causing increased pressure on prices. Such consolidation could have a significant negative impact on the Group's business, financial position and results.

The adoption of new technical broadcasting standards, which has resulted in and could continue to result in a higher signal compression rate, has reduced and could further reduce the demand for transponders for a given number of television channels. If the decline is not offset by an increase in the number of channels transmitted or by improved image quality, the overall demand for transponders could decrease, which could have a significant negative impact on the Group's business, financial position and results.

Another key component of the Group's strategy is developing Connectivity applications (especially broadband Internet solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not guaranteed and is not easily predictable. Demand for broadband Internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity, to cost of terminals or to distribution issues. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand or offer competitive prices, especially in the event of any failure of one of its satellite.

If the demand for satellite broadband Internet services does not develop as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial position and results.

Development of the Group's business also depends on its available capacity in the various frequency bands requested by customers. Availability could be insufficient in some frequency bands, and this could have a significant negative impact on the Group's ability to meet its customers' needs in these bands.

## 12.2.2 The Group is exposed to risks inherent in the international nature of its customer base

The Group provides satellite telecommunications services to customers in a very large number of countries and could develop its activities in other countries. Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. In particular, the Group has been impacted, in recent months, by a more difficult economic environment currently affecting certain Latin American countries as three expansion satellites covering these regions (EUTELSAT 117 West B, EUTELSAT 115 West B and EUTELSAT 65 West A) have entered into service recently.

Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, business practices in certain countries and their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results. Additionally, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

During the past fiscal year, the Group continued to be impacted by the tough economic environment in certain areas for certain applications. As a consequence, customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

The analysis of matured and unmatured receivables is provided in the note 11 of the appendix to the financial statements.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic crisis.

### **12.2.3 A substantial percentage of the Group's revenue is generated by Government Services, which depend on the global political and economic context**

Over the last few years, the Group has generated revenues (12% of the Group's revenues for the financial year ended 30 June 2018) in the Government Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, generally on the basis of capacity allotment agreements renewable every year. Obtaining and/or renewing capacity agreements in this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to generate a comparable level of revenues from this segment.

Any failure to obtain new contracts or any termination, non-renewal or renewal under less favourable terms of such contracts could have a negative impact on the Group's business, financial position and results.

### **12.2.4 The Group is dependent on a limited number of major customers**

The Group generates a significant portion of its business from a limited number of customers including distributors, most of which are telecommunications operators. As of 30 June 2018, the Group's 10 largest customers represented 31% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms that are less favourable to the Group. This could have a negative impact on its business, financial position and results.

Moreover, some of the Group's major customers, particularly those located in emerging markets, could encounter financial difficulties that could result in late payments, unpaid debts or bankruptcy, which could lead to termination of capacity agreements, which could have a negative impact on the Group's business, financial position and results.

### **12.2.5 A growing portion of the Group's customers are end-users and demand for capacity is becoming more fragmented**

For several years now, end-users have made up a growing percentage of the Group's customers. Furthermore the Group could take over end-user contracts from distributors. In some cases such customers could have less robust financial resources than distributor-customers, which could increase the risk of bad debts and thereby have an adverse impact on the Group's business, financial situation and results.

Moreover, the satellite capacity needs of end-user customers may be lower than the capacity leased by distributor-customers. Thus, a larger proportion of the Group's new capacity agreements may involve only a fraction of a transponder rather than an entire transponder. If such a customer using a fraction of a transponder defaulted on payments or failed to comply with other contractual commitments, the Group might not be able to discontinue services provided to that customer without interrupting service for all customers using the same transponder. This could have a negative impact on the Group's business, financial situation and results.

Distributors which resell resources to end-users might overestimate market demand and be unable to resell capacity they have committed to. In this case they could either return capacity to the Group or resell it to direct customers at lower prices. This could have a negative impact on the Group's business, financial situation and results.

Fixed Broadband services rely on building a base of individual subscribers to Internet services served via a network of distributors and resellers, ie a business-to-business-to-consumer model. Unlike the other applications this business model does not generate a backlog.

### **12.2.6 The Group faces competition from other satellite and terrestrial network operators**

The Group is faced with significant competition from international, national and regional satellite operators. The Group's main competitors are other major international satellite operators, such as SES and Intelsat as well as Inmarsat for certain verticals. These competitors

offer greater capacity and geographical coverage than the Group, and more financial resources might be available to them.

The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (e.g. tax or regulatory advantages) in their domestic markets. Several projects for low-orbit constellations are also underway and could represent additional competition for the Group in certain Fixed Data or Connectivity applications. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

Competition from High-Throughput Satellites or constellations targeting mostly Fixed Data applications (circa 10% of Group revenues) is bringing a significant amount of new capacity at a lower cost per Gigabit. This could lead to oversupply situation and higher than expected pricing pressure in particular for Fixed Data applications and could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (fiber optic, 4G) for most of its services, particularly broadband Internet access but also TV broadcasting services (TV on IP, DTT). Heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any increase in the geographical reach of the terrestrial network operators could prompt the Group's customers to opt for the telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or develop its customer portfolio. Stiffer competition with terrestrial network operators could have a significant negative impact on the Group's business, financial position and results.

### **12.2.7 Technological changes could make the Group's satellites telecommunications system obsolete**

Technological innovations that could be developed in the future with alternatives to satellites could render satellite technology obsolete.

The telecommunications industry is subject to rapid technological change. Should the Group not be in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete. As such, the Group's competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies into their own systems. If the Group's satellite telecommunications system were to become obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

### **12.2.8 The Group's development strategy depends partly on expanding into geographical areas in which it has little or no experience and where prices could come under pressure**

The Group's development depends, in part, on its ability to develop in geographical areas in which it has little or no experience and where there could be substantial competitive and price pressure. This could result in prices that are lower than those in Europe. This could limit the Group's ability to penetrate these markets or be competitive within them.

Furthermore, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could involve a number of risks, arising for example from a lack of control over projects, conflicts of interest between the partners, the possibility that one of them might not meet its obligations (particularly those regarding its equity investments) and the difficulty of maintaining uniform standards, control procedures and policies.

If the Group is unable to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, this could prevent the Group from implementing its development strategy. This could have a significant adverse impact on its business, financial situation, results and growth objectives.

### **12.2.9 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed**

The Group has made major investments in new infrastructure including KA-SAT, launched in December 2010 and a complex network of terrestrial stations used for marketing different types of services and, particularly, satellite broadband Internet access solutions to consumers across Europe. With the procurement of the KONNECT VHTS satellite, the Group also invested in the next generation of HTS satellites (VHTS sateltes) for Fixed or Mobile Connectivity which will bring an increased capacity. Finally, the Group developed the innovative software-defined “Eutelsat Quantum” class of satellite and subsequently ordered the first one which is expected to be launched in 2019.

The development of these new assets depends greatly on the demand prospects for satellite services. This demand may not materialise, or the Group may be unable to respond to it.

Furthermore, the Group’s failure to develop, operate or sell these innovative projects would have a detrimental effect on the Group’s prospects and growth targets and, accordingly, a significant negative effect on its business, financial situation and results.

## 12.2.11 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group relies on a number of key employees who have specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group’s business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a negative impact on its business, financial situation and results.

## 12.3 FINANCIAL RISKS AND OTHER RISKS

### 12.3.1 The Group has a high level of debt

As of 30 June 2018, the Group’s consolidated net debt was 3,242 million euros. Its main components are described in section 6.4.1 of this document.

The Group’s high leverage could:

- make it difficult for it to meet commitments regarding its debt;
- limit its ability to obtain loans or raise additional equity capital;
- increase its vulnerability in an unfavourable economic or industry environment;
- limit its ability to make certain types of investments.

All of the consequences relating to the Group’s high debt level, including those mentioned above, could affect the Group’s ability to meet its debt-related commitments, which could result in a significant negative impact on the Group’s business, financial situation and results.

As of 30 June 2018, the breakdown of Group’s financing sources was the following: 15% bank, 65% bond debt, 4% export-credit agencies and 16% financial leases.

### 12.3.2 A change in the Group’s debt rating could affect the cost and terms of its debt as well as its ability to raise financing

The Group’s debt instruments are rated by independent rating agencies:

- (i) Moody’s Investor Service (with the Eutelsat Communications S.A.’s debt rated Ba1/Stable Outlook and Eutelsat S.A.’s debt rated Baa3/Stable Outlook);
- (ii) Standard & Poor’s (with Eutelsat Communications S.A.’s debt rated BBB-/ Stable Outlook and Eutelsat S.A.’s debt rated BBB/Stable Outlook);
- (iii) Fitch Ratings (with Eutelsat S.A.’s debt rated BBB/Stable Outlook).

During financial year 2017-18, the three rating agencies confirmed and maintained their ratings and outlooks.

These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

### **12.3.3 The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints**

The Company is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2018, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

### **12.3.4 Eutelsat S.A, the Group's main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO's Closed Pension Fund**

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2018, the defined benefit obligation of the Trust's pension liabilities amounted to 215.8 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 136.4 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated net defined obligation may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund.

During fiscal year ended on 30th June 2017, the financial guarantee was called for an amount of 35.9 million euros. This amount was evaluated on the basis of the projections of the Trust, taking into account the future market evolutions. In March 2017 an agreement was reached with the Trust for nine annual payments of 4.0 million Euros, spread between 30 June 2017 and 30 June 2025. These sums could vary dependent on the future financial positions established annually.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.



The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group's, financial situation and results.

### 12.3.5 Foreign exchange risk

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the U.S. dollar, which represented 38% of revenues in the financial year ended 30 June 2018. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future. This geographical expansion could result in an increase in EUR/USD exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services may be denominated in U.S. dollars. These contracts may involve significant amounts, generally in excess of US\$50 million, whose payment may be phased over time. As of 30 June 2018, the Group owed phased payments totalling 5 million U.S. dollars during the financial year 2018-19, mainly regarding one contract in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. For example in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble put pressure on Eutelsat's Russian customers with euro-denominated contracts. Eutelsat accepted to renegotiate with its Russian clients with the aim of temporarily alleviating some contract terms. These fluctuations could reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in U.S. dollars.

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry out forward sales or synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date. The Group does not automatically hedge or may not be able to hedge all of its contracts denominated in U.S. dollars.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, because of currency controls, or may face a strong decrease of the euro-equivalent of revenues generated in local currencies. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

Finally, the Group owns Satélites Mexicanos, with accounts in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

In order to hedge the translation risk, the hedging policy of the Group consists in creating liabilities denominated in the currency of the cash-flows generated by these assets. Hedging instruments include currency derivatives (cross-currency swaps) documented as hedges of net investments in foreign operations. The Group implemented foreign exchange swaps for a notional amount of 500 million euros to hedge its net investment in Satmex.

Please refer to the note 27.1 of the notes to the consolidated financial accounts for more information.

## 12.4 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT POLICY

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- that there is compliance with legislation and regulations,
- that instructions and guidelines laid down by General Management are applied,
- that the company's internal procedures function properly, particularly those that help to safeguard its assets,

- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the Autorité des Marchés Financiers (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the entire Group, is part of the internal control system. A number of specific targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire. The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat SA and its subsidiaries.

### Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Internal Control and Audit Department, which continually acts in coordination with each department, is required:

- to undertake to identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group's Senior Management as well as the Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks.

## 12.4.1 Procedures relating to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat SA or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing training.

Any incident affecting a satellite or one of the transmitted signals (e.g. a technical failure or signal interruption) is dealt with internally by

the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Senior Management,
- reviewed internally by Eutelsat SA's Technical Department,
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents,
- communicated to customers, and
- where appropriate, reported in a press release.

## 12.4.2 IT security and certification of satellite control systems and related services

The introduction of measures designed to improve the security of the satellite control information systems and associated services continued during the past year.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014 and in June 2017.

The certification covers:

- satellite control and operations, Launch and Early Orbit Phase Operations (LEOP);
- human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems, and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. The certification covers the activities and systems related to:

- the communication control centre,
- the management of the Rambouillet teleport,
- the implementation and supervision of managed services operations, and
- the security of all sites for monitoring the payload, the points of presence and the teleports.

In addition to the ISO 27001 certification, in June 2016, the Rambouillet teleport teams obtained Tier 4 certification - the highest - for a period of three years, in the context of the programme of certification delivered by the World Teleport Association (WTA). This teleport certification programme is aimed at both teleport operators and their customers. It is intended to be an objective, transparent and internationally-recognised methodology enabling an assessment to be made of the security and the quality of our teleport facilities, as well as the technology used and the operating procedures in place, via a rigorous evaluation of the elements relating to business continuity, transmission chains, satellite and terrestrial connectivity, security of persons and IT systems (cyber security) and the network operations centre.

The operational teams of Eutelsat Americas obtained ISO 27001 certification in August 2016 for a period of three years.

The certification covers the activities and systems related to:

- satellite control operations,
- the operation of the payload,
- monitoring of communications and of the ground segment.

The Skylogic Mediterraneo teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services, and to the management of the Cagliari teleport.

The Skylogic teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services on behalf of the Eutelsat Group.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed four times: in June 2008, April 2011, May 2014 and May 2017. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was also obtained in 2011 for the activities of the Rambouillet teleport, and this was renewed in May 2014 and May 2017.

For the Rambouillet teleport, this certification covers activities relating to:

- the communication control centre,
- commercial services (management of data and television signals through teleport ground equipment), and
- radio frequency systems and Rambouillet teleport's technical infrastructures.

For the teleport activities of the subsidiary Skylogic (Turin, Italy) the ISO 9001 certification obtained in May 2014 and renewed in May 2017 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In June 2017, the teleport of the subsidiary Skylogic Mediterraneo (Cagliari, Italy) obtained ISO 9001 certification. The certification covers design, installation, supply and technical assistance activities for video and data connectivity services.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities in November 2007 (satellite control and monitoring the quality of signals received and relayed by satellites). This certification has been renewed in 2010, 2013 and 2016.

### 12.4.3 Procédures for preventing and managing the Group's other operating risks

#### The Company's Business Continuity Plan

The continuity plan includes the following items:

- mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis scenarios;
- crisis management procedures (logistics, external and internal communication, decision-making processes),
- business procedures describing the tasks to be performed at the backup site,
- the backup IT system (applications, systems and network infrastructure, telecoms),
- procedures describing urgent action to be taken in the event of an incident, and
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

Eutelsat S.A. regularly carries out tests to check that its business continuity plan ("BCP") is operating effectively. The BCP aims to define the conditions for continuity of the commercial, financial, administrative and legal activities, as well as corporate communications, management of the IT systems and Human Resources.

Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

#### Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group's information systems and this is reflected in the following activities:

- mapping risks relating to the security of IT systems and assessing their impact on the Group's operations,
- introducing a policy and a set of standards to meet the Group's security requirements;
- drawing up and monitoring an action plan,
- assessing the protective measures that are in place in organisational and technical areas, and

- reacting in the event of suspicious events or security incidents.

### Processing accounting and financial information

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.

Closing, consolidation and reporting procedures have not been specifically amended during this financial year. Eutelsat S.A.'s financial departments and those of its subsidiaries have duly complied with these procedures.

### Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the Consolidation Manager to verify, in particular, that the accounting principles and methods currently in force within the Group are being correctly applied. These accounting principles and methods are set out in the consolidation manual drawn up and distributed within the Group during the year. This manual is updated when necessary. In addition, the Consolidation Manager issues specific instructions to the subsidiaries before the end of each closure of the accounts, including a detailed timetable and a list of the various actions to be taken. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- a single source for information used in the legal consolidation and reporting process, managed in a shared database, and
- that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.

## 12.4.4 Delegation of signing authority and delegation of powers

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or by one of the two Deputy Chief Executive Officers. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 Euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and both Deputy CEOs are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

## 12.4.5 Managing and monitoring the group's supplier contracts

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, one of the two Deputy Chief Executive Officers or the Managers to whom the Chief Executive Officer has delegated signing authority.

## 12.4.6 Managing and monitoring the Group's customer contracts

The Group's customer contracts are concluded by Eutelsat SA or its subsidiaries on the basis of standard contracts prepared by Eutelsat SA's Legal Affairs Department and Sales Department.

Any change to the standard form is examined in advance by the Legal Affairs Department before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

### Customer risk management

All new customers undergo a customer risk assessment by the "Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. An annual reassessment is systematically carried out on the entire customer portfolio. Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the Legal Affairs Department and, if necessary, followed by appropriate measures.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

### Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.

The following authorisation procedure must precede all purchases:

- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors, and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or one of the two Deputy Chief Executive Officers is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group's business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or one of the two Deputy Chief Executive Officers of Eutelsat S.A.

## 12.4.7 Addressing the Group's main financial risks

Via its subsidiary Eutelsat S.A., the Group has put in place centralised cash-flow management. Under service agreements between Eutelsat SA and the various entities within the Group (including the Company), the accounts department at Eutelsat SA manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group's entities.

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective.

### Foreign exchange risk:

Through its sales transactions regarding satellite capacity, the Group is exposed to exchange rate risk through contracts denominated in foreign currencies. The Group is mainly exposed to the US Dollar / Euro exchange risk and, to a far lesser extent, the USD / BRL

exchange risk, as well as the USD / Mexican Pesos exchange risk..

Through the geographical diversification of its business, the Group is exposed to translation risk. This means that its statement of financial position and its income statement are sensitive to exchange rate fluctuations when consolidating the accounts of its foreign subsidiaries outside the Euro zone (translation risk). With regards to investment in currencies not belonging to the Euro zone, the Group's hedging policy consists of creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, the Group also uses cross-currency swaps.

#### Interest rate risk

The Group manages its exposure to interest rate fluctuations keeping most of its debt at fixed rates (Eutelsat S.A. bonds) and possibly by a hedging policy on its credit lines in fine at variable rates, as well as on its export financing credits.

#### Counterparty risk

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 risk and its exposure to execution and credit risk by acquiring financial products mainly from A-rated financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. Exposure to these risks is closely monitored and maintained within predetermined limits.

#### Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between the continuity of its funding needs and their flexibility by using overdraft facilities, bank term loans and bond loans, revolving credit lines from banks, export financing and satellite leases.

## 12.4.8 Addressing the risk of corruption

After approval from the Board of Directors and in accordance with the new French Law No. 2016-1691 of December 9, 2016 called "Sapin 2" Senior Management has strengthened the programme set up in 2014 to prevent and detect acts of corruption within the Group. In this framework, several actions have been conducted, steered by the Company Secretary and by the Compliance Department: the development of a Group-wide corruption risk map, the update of the Code of Conduct dedicated to the fight against corruption in accordance with the requirements of new French Law No. 2016-1691 of December 9, 2016 called "Sapin 2", the implementation of an internal alert mechanism and the continuation of training sessions to raise staff awareness of the risk of corruption

Senior Management has put in place a programme which aims to improve the fight against corruption within the Group. As part of this programme, a compliance committee has also been formed and a professional reporting mechanism has been put in place. The committee is asked to vote on the choice of intermediary agents.

Under this programme, a compliance Committee was also formed in 2014, in particular to assess the situation of business intermediaries with respect to the risk of corruption.

In 2017, a "Compliance & Privacy Director" position within the Group was created, marking the strengthening of the internal policy to combat corruption. This Director is the contact person on these matters for all Group subsidiaries and entities.

\* \* \* \*

## **APPENDIX 1**

### **CONSOLIDATED FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2018**

## **GROUPE Eutelsat Communications**

Société anonyme au capital de 232 774 635 euros

Siège social : 70, rue Balard 75 015 Paris

481 043 040 R.C.S. Paris

## **ETATS FINANCIERS CONSOLIDES AU 30 JUIN 2018**



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## BILAN CONSOLIDE

(en millions d'euros)	Note	30 juin 2017 <sup>(1)</sup>	30 juin 2018
<b>Actif</b>			
<b>Actifs non courants</b>			
Écarts d'acquisition	5	1 150,8	1 197,5
Immobilisations incorporelles	5	702,5	653,6
Satellites et autres immobilisations corporelles	6	4 134,0	3 942,3
Immobilisations en cours	6	759,9	819,4
Titres des sociétés mises en équivalence	7	(0,4)	4,3
Actifs financiers non courants	9,15	22,0	17,5
Actifs d'impôts différés	22	4,7	4,5
<b>Total des actifs non courants</b>		<b>6 773,4</b>	<b>6 639,0</b>
<b>Actifs courants</b>			
Stocks	10	3,0	2,1
Créances clients et comptes rattachés	11	345,4	330,3
Autres actifs courants	12	46,4	35,7
Actif d'impôt exigible		4,5	4,5
Actifs financiers courants	13,15	29,2	16,9
Trésorerie et équivalents de trésorerie	14	408,0	733,5
<b>Total des actifs courants</b>		<b>836,3</b>	<b>1 123,0</b>
Actifs destinés à être cédés	8	300,7	-
<b>Total actif</b>		<b>7 910,4</b>	<b>7 762,0</b>

<sup>(1)</sup> Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

(en millions d'euros)

Note

30 juin 2017 <sup>(1)</sup>

30 juin 2018

<b>Capitaux propres et passif</b>			
<b>Capitaux propres</b>			
Capital social	16	232,8	232,8
Primes liées au capital		738,1	738,1
Réserves et résultat consolidés		1 739,4	1 692,9
Participations ne donnant pas le contrôle		201,0	180,0
<b>Total capitaux propres</b>		<b>2 911,3</b>	<b>2 843,7</b>
<b>Passifs non courants</b>			
Dettes financières non courantes	17, 19	3 252,9	2 434,8
Autres passifs financiers non courants	18, 19	798,1	695,8
Dettes sur immobilisations non courantes		27,3	17,9
Produits constatés d'avance non courants	21.1	119,3	101,3
Provisions non courantes	23	97,3	107,1
Passifs d'impôts différés	22	306,9	264,8
<b>Total des passifs non courants</b>		<b>4 601,7</b>	<b>3 621,7</b>
<b>Passifs courants</b>			
Dettes financières courantes	17, 19	60,9	860,9
Autres passifs financiers courants	18, 19	67,6	150,8
Fournisseurs et comptes rattachés	19	54,6	56,3
Dettes sur immobilisations courantes		40,1	44,7
Impôt à payer		2,2	10,6
Autres dettes et produits constatés d'avance courants	21.2	136,6	142,6
Provisions courantes	23	35,6	30,6
<b>Total des passifs courants</b>		<b>397,5</b>	<b>1 296,5</b>
<b>Total passif et capitaux propres</b>		<b>7 910,4</b>	<b>7 762,0</b>

(1) Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

## COMPTE DE RESULTAT CONSOLIDE

(en millions d'euros, sauf données par action)	Note	30 juin 2017	30 juin 2018
<b>Produits des activités ordinaires</b>	24.2	<b>1 477,9</b>	<b>1 407,9</b>
Coûts des opérations		(99,0)	(97,4)
Frais commerciaux et administratifs		(245,4)	(233,6)
Dotations aux amortissements	5,6	(532,9)	(506,0)
Autres produits opérationnels <sup>(1)</sup>		31,1	-
Autres charges opérationnelles <sup>(2)</sup>		(17,0)	(18,5)
<b>Résultat opérationnel</b>		<b>614,8</b>	<b>552,5</b>
Coût de la dette		(127,2)	(96,3)
Produits financiers		1,5	1,2
Autres éléments financiers		(5,2)	(10,1)
<b>Résultat financier</b>	<b>25</b>	<b>(130,9)</b>	<b>(105,2)</b>
Quote-part de résultat des sociétés mises en équivalence	7	(0,4)	(2,2)
<b>Résultat net avant impôt</b>		<b>483,5</b>	<b>445,1</b>
Impôts sur les sociétés	22	(120,1)	(142,9)
<b>Résultat net</b>		<b>363,4</b>	<b>302,1</b>
Part attribuable au Groupe		351,8	290,1
Part attribuable aux participations ne donnant pas le contrôle		11,6	12,0
<b>Résultat de base et dilué par action revenant aux actionnaires d'Eutelsat Communications</b> <sup>(3)</sup>	<b>26</b>	<b>1,512</b>	<b>1,248</b>

<sup>(1)</sup> Les autres produits opérationnels sont principalement composés des produits de cession des entités Wins et DHI au cours de l'exercice clos au 30 juin 2017 (note 3.7 « Evolutions de périmètre »).

<sup>(2)</sup> Les autres charges opérationnelles sont principalement composées de mises au rebut et de provisions aux 30 juin 2017 et 30 juin 2018, ainsi que d'une charge de 7,7 millions d'euros au titre des relations pré existantes avec Noorsat au 30 juin 2018.

<sup>(3)</sup> Il n'existe pas d'instrument dilutif aux 30 juin 2017 et 2018.

## ÉTAT DU RESULTAT GLOBAL

(en millions d'euros)	Note	30 juin 2017 <sup>(1)</sup>	30 juin 2018
<b>Résultat net</b>		<b>363,4</b>	<b>302,1</b>
<b>Autres éléments recyclables de gains et pertes du résultat global</b>			
Écart de conversion	16.5	(35,9)	(26,5)
Effet d'impôt	16.5	(4,9)	(4,9)
Variations de juste valeur des instruments de couverture <sup>(2)</sup>	16.4	46,9	(33,6)
Effet d'impôt	22.2	(16,1)	11,4
<b>Autres éléments non recyclables de gains et pertes du résultat global</b>			
Variations des engagements de retraite		23,4	(2,0)
Effet d'impôt	22.2	(11,5)	(1,2)
<b>Total autres éléments de gains et pertes du résultat global</b>		<b>1,7</b>	<b>(56,8)</b>
<b>Total état du résultat global</b>		<b>365,1</b>	<b>245,4</b>
Part attribuable au Groupe		353,4	235,4
Part attribuable aux participations ne donnant pas le contrôle <sup>(3)</sup>		11,7	10,0

<sup>(1)</sup> Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

<sup>(2)</sup> Ne concerne que les couvertures de flux de trésorerie, les couvertures d'investissement net à l'étranger sont présentées en écarts de conversion.

<sup>(3)</sup> La part attribuable aux participations ne donnant pas le contrôle se décompose comme suit :

- 11,6 millions d'euros de résultat net au 30 juin 2017 et 12,1 millions d'euros au 30 juin 2018

- (0,4) million d'euros d'autres éléments recyclables de gains et pertes du résultat global au 30 juin 2017 et (1,9) millions d'euros au 30 juin 2018 et

- 0,4 million d'euros d'autres éléments non recyclables de gains et pertes du résultat global au 30 juin 2017 et (0,1) million d'euros au 30 juin 2018.

## TABLEAU DES FLUX DE TRESORERIE CONSOLIDE

(en millions d'euros)	Note	30 juin 2017	30 juin 2018
<b>Flux d'exploitation</b>			
Résultat net		363,4	302,1
Résultat des sociétés mises en équivalence	7	0,4	2,2
Charges d'impôts et d'intérêts, autres éléments d'exploitation		270,0	282,2
Dotations aux amortissements et aux provisions		548,4	529,3
Impôts différés	22.1	(47,2)	(36,3)
Variations des clients et comptes rattachés		52,8	(35,0)
Variations des autres actifs		(3,7)	5,1
Variations des fournisseurs et comptes rattachés		(3,0)	5,5
Variations des autres dettes		(42,1)	(12,8)
Impôts payés		(156,1)	(161,6)
<b>Trésorerie provenant des opérations d'exploitation</b>		<b>982,9</b>	<b>880,8</b>
<b>Flux d'investissements</b>			
Acquisitions de satellites et autres immobilisations corporelles et incorporelles	5, 6	(393,0)	(298,8)
Prises de contrôle	3.7	-	(61,4)
Cessions d'entités	8.0	36,7	302,0
Dividendes reçus des sociétés mises en équivalence et autres mouvements	7	4,5	(5,2)
<b>Trésorerie utilisée par les opérations d'investissement</b>		<b>(351,8)</b>	<b>(63,3)</b>
<b>Flux de financement</b>			
Distributions		(266,2)	(295,4)
Augmentation des emprunts	17	-	-
Remboursement des emprunts	17	(912,9)	(23,7)
Remboursement des dettes sur contrats de location financement <sup>(1)</sup>		(186,2)	(35,7)
Frais d'émission d'emprunt		(1,2)	-
Intérêts et autres frais financiers payés		(160,7)	(107,9)
Opérations relatives aux participations ne donnant pas le contrôle <sup>(2)</sup>	3.7	151,0	(28,0)
Autres variations		(0,8)	(0,7)
<b>Trésorerie utilisée par les opérations de financement</b>		<b>(1 377,0)</b>	<b>(491,4)</b>
Incidence des variations de change sur la trésorerie		-	(0,6)
<b>Augmentation/(Diminution) de la trésorerie</b>		<b>(745,9)</b>	<b>325,5</b>
<b>Trésorerie et équivalents de trésorerie à l'ouverture de l'exercice</b>		<b>1 153,8</b>	<b>408,0</b>
<b>Trésorerie et équivalents de trésorerie à la clôture de l'exercice</b>		<b>408,0</b>	<b>733,4</b>
Trésorerie et équivalents de trésorerie	14	408,0	733,4
Découvert compris dans les dettes	17.1	-	-
<b>Trésorerie selon le tableau de flux de trésorerie</b>		<b>408,0</b>	<b>733,4</b>

(1) Paiements au cours de l'exercice 2016-2017 des montants dus à RSCC pour le satellite EUTELSAT 36C bloqués en 2015-16 compte tenu de la procédure liée à Yukos (95,2 millions d'euros).

(2) Les opérations relatives aux participations ne donnant pas le contrôle sont expliquées :

- par les prises de participation apportées en numéraire de Viasat Inc dans Eurobroadband Infrastructure pour un montant de 132,5 millions d'euros et d'Inframed dans Broadband4Africa pour un montant de 18,5 millions d'euros au 30 juin 2017
- par le rachat de la participation minoritaire détenue dans la société Broadband4Africa pour 28 millions d'euros au 30 juin 2018

## TABLEAU DE VARIATION DES CAPITAUX PROPRES CONSOLIDÉS

(en millions d'euros sauf données par actions)	Capital social			Réserves et résultat	Capitaux propres part du Groupe	Participations ne donnant pas le contrôle	Total
	Nombre	Montant	Primes				
<b>Au 30 juin 2016 <sup>(1)</sup></b>	<b>232 774 635</b>	<b>232,8</b>	<b>738,0</b>	<b>1 628,5</b>	<b>2 599,3</b>	<b>79,1</b>	<b>2 678,5</b>
Résultat net de la période	-	-	-	351,8	351,8	11,6	363,4
Autres éléments de gains et pertes du résultat global	-	-	-	1,6	1,6	0,1	1,7
<b>Total du résultat global</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353,4</b>	<b>353,4</b>	<b>11,7</b>	<b>365,1</b>
Actions propres	-	-	-	(0,1)	(0,1)	-	(0,1)
Distributions	-	-	-	(255,8)	(255,8)	(10,5)	(266,3)
Avantages aux salariés sur souscription d'actions et actions gratuites	-	-	-	0,2	0,2	-	0,2
Transactions avec des participations ne donnant pas le contrôle et autres	-	-	-	13,3	13,3	120,7	134,0
<b>Au 30 juin 2017 <sup>(1)</sup></b>	<b>232 774 635</b>	<b>232,8</b>	<b>738,0</b>	<b>1 739,5</b>	<b>2 710,3</b>	<b>201,0</b>	<b>2 911,3</b>
Résultat net de la période	-	-	-	290,1	290,1	12,0	302,1
Autres éléments de gains et pertes du résultat global <sup>(2)</sup>	-	-	-	(54,8)	(54,8)	(2,1)	(56,8)
<b>Total du résultat global</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,4</b>	<b>235,4</b>	<b>10,0</b>	<b>245,4</b>
Actions propres	-	-	-	1,2	1,2	-	1,2
Distributions	-	-	-	(281,4)	(281,4)	(14,1)	(295,4)
Avantages aux salariés sur souscription d'actions et actions gratuites	-	-	-	0,1	0,1	0,1	0,2
Transactions avec des participations ne donnant pas le contrôle et autres <sup>(3)</sup>	-	-	-	(1,9)	(1,9)	(17,0)	(18,9)
<b>Au 30 juin 2018</b>	<b>232 774 635</b>	<b>232,8</b>	<b>738,0</b>	<b>1 692,9</b>	<b>2 663,7</b>	<b>180,0</b>	<b>2 843,8</b>

(1) Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

(2) Les variations des autres éléments de gains et pertes du résultat global sont détaillées dans les notes 16.4 « Variation de la réserve de réévaluation des instruments financiers » et 16.5 « Réserve de conversion ».

(3) Les transactions avec des participations ne donnant pas le contrôle sont principalement expliquées par le rachat de la participation minoritaire détenue par InfraMed dans la société Broadband4Africa.

## NOTES ANNEXES AUX COMPTES CONSOLIDES

### FAITS MARQUANTS DE L'EXERCICE

#### ACQUISITION DE NOORSAT

Le 12 octobre 2017, le Groupe a acquis pour 75 millions de dollars US 100% de Noorsat, l'un des principaux prestataires de services par satellite au Moyen-Orient, auprès du groupe bahreïnien Orbit Holding Group.

Créé en 2004, Noorsat est le principal distributeur de capacité d'Eutelsat au Moyen-Orient. L'acquisition de Noorsat s'inscrit dans la stratégie du Groupe consistant à rationaliser la distribution à des positions orbitales phares choisies où une telle approche est susceptible de créer de la valeur. Eutelsat renforce ainsi son contrôle sur le développement commercial à long-terme de ses pôles vidéo clés dans le monde arabe et accroît son accès direct aux utilisateurs finaux, permettant ainsi de stimuler l'adoption de la télévision en Haute Définition (HD) et de proposer des services vidéo additionnels.

Les impacts de cette acquisition sont présentés dans la note 3.7 « Evolutions de périmètre ».

#### FINALISATION DE LA CESSION DE LA PARTICIPATION DANS HISPASAT

Le 17 avril 2018, le Groupe a finalisé le transfert de la participation qu'il détenait dans l'opérateur Hispasat pour un montant de 302 millions d'euros. La réalisation de cette transaction faisait suite à un accord signé en mai 2017 entre Eutelsat et le groupe Abertis concernant la cession à Abertis de la participation de 33,69% détenue par Eutelsat dans Hispasat. Ce transfert a recueilli l'accord du Conseil des ministres espagnol, levant la dernière condition suspensive à son exécution. La cession des parts d'Eutelsat dans Hispasat s'inscrit dans la stratégie de rationalisation de portefeuille d'actifs voulue par le Groupe en vue maximiser la génération de trésorerie.

### PRESENTATION GENERALE

#### ACTIVITE

- Le groupe Eutelsat Communications (Eutelsat S.A. et ses filiales directes et indirectes) est un opérateur privé de satellites de télécommunications impliqué dans la conception, la mise en place, l'exploitation et la maintenance de systèmes de télécommunications par satellite.
- Au 30 juin 2018, le Groupe exploite *via* Eutelsat S.A. et ses filiales directes et indirectes 38 satellites en orbite géostationnaire (dont 5 satellites appartenant à des tiers ou à des parties liées (voir Note 30 « Parties liées ».) sur lesquels le Groupe dispose de capacité additionnelle) pour la fourniture (attribution, mise à disposition) de capacité aux principaux opérateurs de télécommunications et diffuseurs internationaux, pour des services de télévision et de radio (analogiques et numériques), pour des services aux entreprises, des applications multimédias et des applications de messagerie et de localisation.

#### APPROBATION DES COMPTES

Les états financiers consolidés au 30 juin 2018 ont été établis sous la responsabilité du Conseil d'Administration qui les a arrêtés par une délibération en date du 31 juillet 2018.

Ils seront soumis à l'approbation de l'Assemblée Générale ordinaire des actionnaires qui aura lieu le 8 novembre 2018.

### BASE DE PREPARATION DE L'INFORMATION FINANCIERE

#### CONFORMITE AU REFERENTIEL IFRS

Les états financiers consolidés au 30 juin 2018 sont établis selon le référentiel IFRS tel qu'approuvé par l'Union Européenne en vigueur à cette date et dont les textes sont disponibles à l'adresse Internet suivante :

[http://ec.europa.eu/commission/index\\_fr](http://ec.europa.eu/commission/index_fr)

#### PRINCIPES COMPTABLES

Le Groupe applique depuis le 1er juillet 2017 les nouvelles normes et interprétations décrites ci-dessous et adoptées par l'Union Européenne :

- Amendement à IAS 7 : Initiative concernant les informations à fournir. Le Groupe fournit un rapprochement entre les soldes d'ouverture et de la clôture de sa dette en note 24.1 de l'annexe au comptes consolidés ;
- Amendements à IAS 12 : Comptabilisation d'actifs d'impôt différé au titre de pertes latentes ;
- Amélioration des IFRSs (cycle 2014 – 2016) avec uniquement l'amélioration IFRS 12 - Informations à fournir sur les intérêts détenus dans d'autres entités.

L'application de ces normes, amendements et interprétations n'a pas eu d'impact sur les états financiers du Groupe.

De plus, le Groupe n'a pas appliqué par anticipation de normes, interprétations ou amendements.

Les normes IFRS 9 « Instruments financiers », IFRS 15 « Produits des activités ordinaires tirés des contrats conclus avec des clients » et IFRS 16 « Contrats de location » sont adoptées dans les Etats financiers consolidés du Groupe à compter de l'exercice ouvert le 1<sup>er</sup> juillet 2018. Le Groupe a décidé d'appliquer la norme IFRS 15 de façon rétrospective, en retraçant la période comparative au 30 juin 2018 publiée, et la norme IFRS 16 selon la



méthode rétrospective simplifiée, sans retraitement de la période comparative.

Les principaux impacts attendus de la norme IFRS 15 sont liés au séquençage de la reconnaissance du chiffre d'affaires et des charges ou à des reclassements entre le chiffre d'affaires et les charges pour des éléments tels que les contributions marketing et techniques et, dans l'activité de Haut Débit Fixe, les ventes de terminaux et les coûts d'acquisition client. L'impact de la norme IFRS 15 est estimé entre -15 et -20 millions d'euros sur le chiffre d'affaires 2017-18. L'impact estimé sur le résultat opérationnel est non significatif.

La norme IFRS 16 impliquera la capitalisation des contrats de location simple, qui étaient auparavant reconnus en charges d'exploitation. Les effets attendus de l'adoption de cette norme sont non matériels sur les Etats financiers consolidés du Groupe.

Le Groupe n'anticipe pas d'impact significatif suite à l'adoption de la norme IFRS 9.

## POSITIONS COMPTABLES RETENUES PAR LE GROUPE EN L'ABSENCE DE DISPOSITIONS SPECIFIQUES PREVUES PAR LES NORMES

La Cotisation sur la Valeur Ajoutée des Entreprises (CVAE) est considérée par le Groupe comme une charge opérationnelle ne répondant pas aux critères d'IAS 12 « Impôt sur le résultat » et donc ne donnant pas lieu à impôts différés.

## PRINCIPES DE PRESENTATION DU COMPTE DE RESULTAT

Les coûts des opérations incluent principalement les coûts de personnel et les autres coûts liés au contrôle et à l'exploitation des satellites, ainsi que les primes d'assurance-vie en orbite des satellites.

Les frais commerciaux et administratifs comprennent essentiellement les coûts du personnel administratif et commercial, l'ensemble des dépenses de marketing et de publicité ainsi que les frais généraux rattachés.

## JUGEMENTS COMPTABLES ET ESTIMATIONS SIGNIFICATIVES

La préparation des états financiers consolidés du Groupe requiert le recours de la Direction, à des jugements et estimations susceptibles d'impacter certains éléments d'actif et de passif et les montants des produits et des charges qui figurent dans ces états financiers et les notes qui les accompagnent. Eutelsat Communications est amenée à revoir ses estimations et appréciations de manière constante sur la base de l'expérience passée et des autres facteurs jugés pertinents au regard des conditions économiques. Le dénouement des opérations sous-jacentes à ces estimations et hypothèses pourrait résulter, en raison de l'incertitude attachée à ces dernières, en un ajustement significatif des montants comptabilisés au cours d'une période subséquente.

### Jugements

Dans le cadre de l'établissement des états financiers au 30 juin 2018, la Direction a exercé son jugement, notamment au regard de la valeur recouvrable des actifs, des passifs éventuels, des provisions, de l'évaluation du risque client et de la monnaie fonctionnelle des entités consolidées.

## PERIODES PRESENTEES ET COMPARATIFS

L'exercice d'Eutelsat Communications a une durée de 12 mois clos au 30 juin.

La monnaie de référence et de présentation des états financiers est l'euro.

Les comptes comparatifs ont été retraités afin d'ajuster les positions d'impôts différés de la filiale Satelites Mexicanos pour tenir compte des différences de change entre le pesos mexicain (devise de taxation à l'impôt sur les résultats) et le dollar américain (devise fonctionnelle de la filiale). Les retraitements se sont traduits par une hausse des impôts différés passifs de 55,4 millions d'euros et une baisse des impôts différés actifs de 0,9 millions d'euros, soit un impact net négatif dans les capitaux propres de 56,3 millions d'euros au 1er juillet 2016. Ils n'ont pas eu d'impact sur le compte de résultat au 30 juin 2017.

## EVOLUTIONS DE PERIMETRE

### • Au 30 juin 2018

Le 12 octobre 2017, le Groupe a acquis pour 75 millions de dollars US 100% de Noorsat, l'un des principaux prestataires de services par satellite au Moyen-Orient, auprès du groupe bahreïnien Orbit Holding Group (voir Note 1 « Faits marquants de l'exercice »).

L'allocation provisoire du prix d'acquisition au 30 juin 2018 s'établit comme suit :

	(en millions de dollars)	(en millions d'euros) <sup>(1)</sup>
Immobilisations incorporelles	31,1	26,1

Immobilisations corporelles	3,0	2,5
Autres actifs non courants	0,2	0,2
Créances clients	15,4	12,9
Autres actifs courants	1,5	1,3
Trésorerie et équivalents de trésorerie	1,5	1,3
<b>Total Actif</b>	<b>52,7</b>	<b>44,2</b>
Dettes non courantes	0,3	0,3
Dettes courantes	3,7	3,1
Autres passifs courants	34,1	28,6
Produits constatés d'avance	8,5	7,1
<b>Total Passif</b>	<b>46,6</b>	<b>39,1</b>
Goodwill résiduel provisoire	61,7	51,7
<b>Contrepartie transférée</b>	<b>67,8</b>	<b>56,8</b>
Relations pré existantes	9,2	7,7
<b>Prix d'acquisition</b>	<b>77,0</b>	<b>64,6</b>

(1) Données converties au taux de change à la date d'acquisition.

Les immobilisations incorporelles sont composées des contrats clients et relations associées valorisés dans le cadre de l'acquisition de Noorsat (durée d'amortissement de 13 ans).

Le groupe a enregistré une charge de 9,2 millions de dollars US (7,7 millions d'euros) au titre des relations pré existantes avec Noorsat présentée en Autres charges opérationnelles.

Après prise en compte d'une dette de 2 millions de dollars US (1,7 million d'euros) au titre du complément de prix éventuel à payer, la contrepartie transférée pour la prise de contrôle de Noorsat s'élève à 67,8 millions de dollars US (56,8 millions d'euros).

- **Au 30 juin 2017**

- **Eurobroadband Infrastructure et Eurobroadband Retail**

En mars 2017, Eutelsat Communications et Viasat Inc ont finalisé l'accord de partenariat qui combine l'activité de Haut Débit Fixe existante d'Eutelsat en Europe avec le savoir-faire technologique de ViaSat et son expertise en tant que Fournisseur d'Accès à Internet.

Eutelsat a apporté à son activité de haut débit européenne, y compris le satellite KA-SAT à une entité nouvellement constituée dans laquelle Viasat a pris une participation à hauteur de 49% pour un montant de 132,5 millions d'euros apportés en numéraire. Cette opération s'est traduite par une augmentation des intérêts minoritaires pour 121,0 millions d'euros dans les capitaux propres du Groupe.

Eutelsat a pris une participation de 49% dans une entité nouvellement constituée, Eurobroadband Retail, mise en équivalence dans les comptes du Groupe.

- **Wins/ DHI**

Le Groupe a cédé la société Wins Ltd et ses filiales au mois d'août 2016. La sortie de ces entités des comptes consolidés du Groupe s'est faite à la date de perte de contrôle. Le résultat de cession correspondant est présenté en Autres produits opérationnels.

## PRINCIPES COMPTABLES SIGNIFICATIFS

### PRINCIPES DE CONSOLIDATION

Conformément aux dispositions de la norme IFRS 10, les sociétés dont le Groupe détient directement ou indirectement la majorité des droits de vote en assemblée générale, au Conseil d'administration ou au sein de l'organe de direction équivalent, lui conférant le pouvoir de diriger leurs politiques opérationnelles et financières, sont généralement réputées contrôlées et consolidées selon la méthode de l'intégration globale. Pour la détermination du contrôle, Eutelsat Communications réalise une analyse approfondie de la gouvernance établie et une analyse des droits détenus par les autres actionnaires. Lorsque nécessaire, une analyse des instruments détenus par le Groupe ou par des tiers qui, en cas d'exercice, pourraient modifier le type d'influence exercée par chacune des parties, est également effectuée.

Une analyse est menée en cas d'occurrence d'événement spécifique susceptible d'avoir un impact sur le niveau de contrôle exercé par le Groupe (modification de la répartition du capital d'une entité, de sa gouvernance, exercice d'un instrument financier dilutif...).

L'intégration d'une filiale dans les comptes consolidés du Groupe intervient à la date à laquelle le Groupe prend le contrôle et cesse le jour où le Groupe perd le contrôle de cette entité. La part d'intérêt qui n'est pas attribuable directement ou indirectement au Groupe est comptabilisée en participations ne donnant pas le contrôle.

Les modifications de pourcentage d'intérêt dans les filiales qui n'entraînent pas de changement de mode de contrôle sont appréhendées comme des transactions portant sur les capitaux propres, s'agissant de transactions effectuées avec des actionnaires agissant en cette qualité. Les effets de ces transactions sont comptabilisés en capitaux propres pour leur montant net d'impôt et n'ont donc pas d'impact sur le compte de résultat consolidé du Groupe.

Les partenariats du Groupe sont classés en deux catégories :

- Les coentreprises : il s'agit de partenariats dans lesquels les parties (appelées « coentrepreneurs ») qui exercent un contrôle conjoint sur l'entité ont des droits sur l'actif net de celle-ci. Chaque coentrepreneur comptabilise son droit dans l'actif net de l'entité selon la méthode de la mise en équivalence;
- Les activités conjointes (le cas échéant) : il s'agit de partenariats dans lesquels les parties (appelées « coparticipants ») qui exercent un contrôle conjoint sur l'entreprise ont directement des droits sur les actifs, et des obligations au titre des passifs liés, relatifs à celle-ci. Le coparticipant comptabilise 100% des actifs/passifs, charges/produits de l'entreprise commune détenue en propre, ainsi que la quote-part des éléments détenus conjointement.

Les entreprises associées sont des entités sur lesquelles le Groupe exerce une influence notable. Elles sont consolidées selon la méthode de la mise en équivalence. L'influence notable est présumée lorsque la participation du Groupe est supérieure ou égale à 20 %.

La méthode de la mise en équivalence prévoit que la participation dans une entreprise associée ou dans une co-entreprise soit initialement comptabilisée au coût d'acquisition, puis ajustée ultérieurement de la part du Groupe dans le résultat et les autres éléments du résultat global de l'entreprise associée ou de la co-entreprise. Les quotes-parts de résultat net des entités mises en équivalence sont intégrées dans le compte de résultat consolidé du Groupe.

### COMPTABILISATION DES REGROUPEMENTS D'ENTREPRISES

Les regroupements sont comptabilisés selon la méthode de l'acquisition. Selon cette méthode, les différentes composantes de l'acquisition sont comptabilisées à leur juste valeur sauf exception. Ainsi :

- la rémunération transférée est évaluée à sa juste valeur. Elle inclut les clauses de rémunération éventuelle également évaluées à la juste valeur à la date d'acquisition laquelle prend en compte les probabilités de survenance. Classées en dettes ou en capitaux propres en fonction de leur nature, les engagements classés en dettes sont par la suite réévalués à la juste valeur et leur variation comptabilisée en résultat ;
- les frais directement attribuables à l'acquisition sont comptabilisés en charges au cours de la période pendant laquelle ils sont encourus ;
- en cas d'acquisition partielle, les participations ne donnant pas le contrôle sont évaluées sur option déterminée pour chaque regroupement, soit pour leur quote-part dans la juste valeur des actifs acquis et des passifs repris, soit à leur juste valeur ;
- en cas d'acquisition par étapes, la participation antérieurement détenue fait l'objet d'une réévaluation à la juste valeur à la date de prise de contrôle. L'écart entre la juste valeur et la valeur nette comptable de cette participation est enregistré directement en résultat de l'exercice.
- Les actifs, passifs et passifs éventuels identifiables de l'entité sont comptabilisés à la juste valeur déterminée à la date d'acquisition, à l'exception des actifs non courants classés comme actifs détenus en vue de la vente, qui sont comptabilisés à la juste valeur nette des coûts de sortie et des éléments d'impôts et d'avantages au personnel qui sont comptabilisés respectivement selon IAS12 et IAS19.

L'écart d'acquisition représente tout excédent de la somme de la contrepartie transférée et le cas échéant de la valeur des « intérêts non contrôlés » sur la juste valeur nette des actifs et passifs identifiables de l'entreprise acquise. En fonction de l'option retenue pour la valorisation de ces intérêts lors de la prise de contrôle, l'écart d'acquisition reconnu représente soit la seule quote-part acquise par le Groupe (écart d'acquisition partiel) soit la part du Groupe et la part des intérêts non contrôlés (écart d'acquisition complet).

Les ajustements de valeurs des actifs et passifs relatifs à des acquisitions comptabilisées sur une base provisoire (en raison de travaux d'expertises en cours ou d'analyses complémentaires) sont comptabilisés comme des ajustements rétrospectifs de l'écart d'acquisition s'ils interviennent dans la période de douze mois à compter de la date d'acquisition. Au-delà de ce délai, les effets sont constatés directement en résultat.

## OPERATIONS EN DEVISES ETRANGERES

### • Transactions en devises étrangères

Les transactions libellées en devises sont converties dans la monnaie fonctionnelle de l'entité au cours du jour de la transaction.

Les actifs et passifs monétaires (dont les créances et les dettes) en monnaie étrangère sont convertis dans la monnaie fonctionnelle en fin d'exercice au taux de clôture. Les pertes et gains de change qui en résultent sont constatés en résultat au cours de la période.

En revanche, les pertes et gains de change résultant de la conversion des avances capitalisables consenties à des filiales étrangères et faisant partie de l'investissement net dans la filiale consolidée sont enregistrés directement en capitaux propres sous la rubrique « Écart de conversion ».

La principale devise étrangère utilisée est le dollar U.S. Le taux de clôture retenu est de 1,166 dollar U.S. pour 1 euro et le taux moyen de la période est de 1,192 dollar U.S. pour 1 euro.

### • Conversion des comptes des filiales étrangères

Les filiales situées dans des pays en dehors de la zone euro tiennent leurs comptabilités dans la devise la plus représentative de leurs environnements économiques respectifs. Leurs états financiers sont convertis en euros selon la méthode du cours de clôture. Les actifs et passifs, y compris les écarts d'acquisition, sont convertis en euro au cours de change de la date d'établissement du bilan. Les produits et charges sont convertis au cours moyen de la période sauf évolutions erratiques importantes sur la période rendant l'utilisation du cours moyen inappropriée. L'écart de conversion qui en résulte est porté sur une ligne distincte des capitaux propres en « écarts de conversion ».

## IMMOBILISATIONS INCORPORELLES

### • Immobilisations incorporelles acquises soit séparément soit dans le cadre d'un regroupement d'entreprises

Les immobilisations incorporelles acquises séparément sont comptabilisées à leur coût d'acquisition et les immobilisations incorporelles acquises dans le cadre d'un regroupement d'entreprises sont comptabilisées à leur juste valeur à la date d'acquisition lors de l'affectation du coût d'acquisition de l'entité. La juste valeur est déterminée par référence aux méthodes généralement admises en la matière, telles que celles fondées sur les revenus ou la valeur de marché.

Les immobilisations incorporelles sont composées de certaines licences, de la marque Eutelsat et des contrats clients et relations associées. La marque Eutelsat et les licences ne sont pas amorties, leurs durées de vie étant indéfinies, mais font l'objet d'un test de dépréciation annuel systématique.

Les actifs contrats clients et relations associées sont amortis linéairement sur leur durée de vie économique.

Cette durée de vie a été estimée sur la base de la durée moyenne des relations contractuelles existant à la date d'acquisition d'Eutelsat et compte tenu des taux de renouvellement anticipés.

### • Frais de recherche et développement

Les frais de développement sont enregistrés en immobilisations incorporelles si les critères de capitalisation tels qu'édictés par IAS 38 « Immobilisations incorporelles » sont remplis, sinon ils sont comptabilisés en charge dans l'exercice au cours duquel ils sont encourus. Les frais de recherche sont comptabilisés en charge.

Le Groupe a dépensé un montant de 4,8 millions d'euros au titre des frais de recherche et développement au cours de l'exercice clos le 30 juin 2018, dont 3,0 millions d'euros de frais de développement ont été inscrits en immobilisations incorporelles.

Les frais de recherche sont classés sous la rubrique « Frais commerciaux et administratifs » du compte de résultat.

## ÉCART D'ACQUISITION

L'écart d'acquisition est évalué dans la devise fonctionnelle de l'entité acquise, à la date du regroupement, pour un montant égal à la différence entre la somme de la juste valeur de la rémunération versée et la valeur des participations ne donnant pas le contrôle, et la juste valeur des actifs identifiables acquis et des passifs assumés.

L'écart d'acquisition résultant de l'acquisition d'une filiale est spécifiquement identifié dans le bilan consolidé, sous la rubrique « Écarts d'acquisition ». L'écart d'acquisition provenant de l'acquisition de sociétés mises en équivalence est inclus dans la valeur comptable de la participation dans la rubrique « Titres des sociétés mises en équivalence ».

L'écart d'acquisition est comptabilisé à son coût initial diminué, le cas échéant, du cumul des pertes de valeur.

Il fait l'objet d'un test de dépréciation réalisé au moins annuellement ou dès lors que des événements ou des circonstances indiquent qu'il existe une perte de valeur. De tels événements ou circonstances existent lorsque des modifications significatives interviennent, remettant en cause la valeur recouvrable de l'écart d'acquisition.

## SATELLITES ET AUTRES IMMOBILISATIONS CORPORELLES

Les satellites et autres immobilisations corporelles acquis séparément (« les immobilisations corporelles ») sont évalués à leur coût d'acquisition comprenant tous les coûts directement attribuables à la préparation de leur utilisation, après déduction des amortissements cumulés et des éventuelles pertes de valeurs.

Les coûts d'emprunts relatifs au financement d'immobilisations corporelles sont capitalisés pour la part encourue au cours de la période de construction. En l'absence d'emprunt spécifiquement adossé à l'immobilisation en cours de construction, les intérêts capitalisés sont calculés à partir d'un taux de capitalisation, égal à la moyenne pondérée des coûts d'emprunts de l'entreprise sur la période après prise en compte de la structure de financement du Groupe.

**Satellites** – Le coût des satellites comprend toutes les dépenses encourues pour la mise en service des satellites, et notamment les coûts de construction, de lancement, d'assurance au lancement, les intérêts capitalisés, les primes d'intéressement, et autres coûts directement attribuables à la supervision du programme (études, frais de personnel et prestations de conseil).

**Équipements au sol** – Les équipements au sol comprennent les équipements de surveillance et de contrôle implantés sur divers sites, ainsi que les équipements du siège social, y compris les installations techniques, le mobilier de bureau et le matériel informatique.

**Amortissements** – Les amortissements sont calculés linéairement sur les durées d'utilité lesquelles sont déterminées en fonction de l'utilisation attendue des actifs. Ils tiennent compte le cas échéant des valeurs résiduelles de chaque immobilisation ou groupe d'immobilisations à compter de la mise en service opérationnelle.

Les durées d'utilité des principales catégories d'immobilisations s'inscrivent dans les fourchettes suivantes :

Satellites	12 – 22 ans
Équipements de surveillance du trafic	5 – 10 ans
Équipements informatiques	2 – 5 ans
Aménagements et agencements des constructions	3 – 10 ans

Le Groupe revoit chaque année les durées d'utilité résiduelles de ses satellites en orbite, en se fondant à la fois sur leur utilisation prévue et sur l'évaluation technique de leur durée de vie. Lorsqu'une réduction significative de la durée d'utilité intervient, un test de dépréciation est réalisé puis l'amortissement est calculé pour les années restant à courir en prenant en compte la nouvelle durée de vie résiduelle.

**Immobilisations en cours de construction** – Les immobilisations en cours de construction comprennent principalement les paiements d'étapes, représentatifs de l'avancement de la construction des satellites en cours, ainsi que les avances versées au titre des lanceurs et des assurances au lancement. Les coûts de personnel, d'études et de prestations de conseil, les intérêts et les autres coûts directement encourus pour l'acquisition des satellites sont également capitalisés.

**Biens en location financement** – Les contrats au travers desquels le Groupe dispose de l'utilisation de la capacité spécifique de tout ou partie des répéteurs d'un satellite sont comptabilisés à l'actif du bilan, assortis d'une dette au passif, lorsque les conditions des contrats sont telles que ces derniers sont qualifiés de contrats de location financement, c'est-à-dire qu'ils transfèrent substantiellement au Groupe les risques et avantages attachés à la propriété du bien sur la majeure partie de la durée de vie de l'actif. Les actifs sont amortis sur la plus courte période entre la durée d'utilité et la durée des contrats.

## PERTE DE VALEUR DES ACTIFS NON COURANTS

Les écarts d'acquisition et les immobilisations incorporelles ayant une durée d'utilité indéfinie, telle que la marque, sont soumis à un test de dépréciation annuel, ou dès lors qu'un événement laisse à penser qu'ils pourraient avoir perdu de la valeur.

Pour les immobilisations corporelles et les immobilisations incorporelles ayant une durée de vie définie, tels que les contrats clients et relations associées, ce test n'est effectué que lorsqu'il est relevé un indice externe ou interne indiquant que leurs valeurs recouvrables pourraient être inférieures à leurs valeurs comptables (par exemple la perte d'un client important ou un incident technique sur un satellite).

Le test de dépréciation consiste à apprécier la valeur recouvrable d'un actif qui est la valeur la plus élevée entre sa juste valeur nette des frais de cession et sa valeur d'utilité. Lorsqu'il n'est pas possible d'estimer la valeur recouvrable d'un actif en particulier, le Groupe détermine la valeur recouvrable de l'unité génératrice de trésorerie (UGT) à laquelle l'actif appartient, c'est-à-dire le plus petit groupe identifiable d'actifs qui génère des entrées de trésorerie largement indépendantes des entrées de trésorerie générées par d'autres actifs ou groupes d'actifs. En déterminant ses UGT, le Groupe prend en compte les conditions d'utilisation de sa flotte, et notamment la capacité de certains satellites à servir de *back-up* pour d'autres satellites.

Les UGT correspondent aux positions orbitales, portant un ou plusieurs satellites, ainsi que les contrats clients et relations associées (après prise en compte de l'interdépendance technique ou économique de leurs flux de trésorerie).

Il n'est pas toujours nécessaire de déterminer à la fois la juste valeur d'un actif diminuée des coûts de la vente et sa valeur d'utilité. Si l'un ou l'autre de ces montants est supérieur à la valeur comptable de l'actif, celui-ci ne s'est pas déprécié et il n'est pas nécessaire d'estimer l'autre montant.

Afin de déterminer la valeur d'utilité, le Groupe s'appuie sur des estimations de flux de trésorerie futurs. Ces flux sont générés par l'actif ou par l'UGT sur sa durée d'utilité, actualisés en utilisant le WACC du Groupe défini pour le test de dépréciation, et construits à partir du plan moyen terme approuvé par la Direction générale et revu par le Conseil d'administration. Les revenus de ce plan sont établis à partir du carnet de commandes par satellite, des études de marché ainsi que du plan de déploiement des satellites existants et futurs. Les coûts du plan pris en compte dans le test de dépréciation comprennent essentiellement les coûts d'assurance en orbite, les coûts techniques et commerciaux directement attribuables aux satellites testés et les

charges d'impôts. Au-delà d'une durée maximum de cinq ans, les flux de trésorerie sont estimés en appliquant des taux d'évolution constants.

La juste valeur diminuée des frais de cession correspond au montant qui pourrait être obtenu de la vente de l'actif (ou d'une unité) lors d'une opération, dans des conditions de concurrence normale entre des parties bien informées et consentantes, diminué des coûts d'opération.

Les pertes de valeur et les reprises de perte de valeur sont comptabilisées sous les rubriques « Autres produits opérationnels » et « autres charges opérationnelles » dans le compte de résultat. La perte de valeur comptabilisée sur un écart d'acquisition ne peut être reprise.

## STOCKS

Les stocks sont évalués au plus bas du coût d'acquisition ou de leur valeur nette de réalisation. Le coût correspond au prix de revient. Celui-ci est calculé selon la méthode du prix moyen pondéré.

La valeur nette de réalisation est le prix de vente estimé dans le cours normal de l'activité, diminué des coûts estimés pour l'achèvement et des coûts estimés nécessaires pour réaliser la vente.

## INSTRUMENTS FINANCIERS

Les actifs financiers à la juste valeur *via* le résultat y compris les actifs financiers de transaction (*trading*) et les instruments dérivés sont comptabilisés initialement à la juste valeur. Les autres actifs et passifs financiers sont enregistrés à leur coût correspondant à la juste valeur plus les coûts directement imputables à la transaction.

Le Groupe a adopté la classification présentée ci-après pour les actifs et passifs financiers, sur la base des objectifs retenus par la Direction à leur date d'acquisition. La désignation et le classement de ces instruments sont réalisés lors de la comptabilisation initiale.

### 4.9.1. Actifs financiers

Le classement, la présentation et l'évaluation des actifs financiers s'analysent comme suit :

- **Actifs financiers à la juste valeur par le biais du compte de résultat**

Les actifs financiers à la juste valeur par le biais du compte de résultat comprennent les instruments financiers désignés comme étant évalués à la juste valeur par le biais du compte de résultat dès leur comptabilisation initiale. Cette catégorie inclut les instruments dérivés sauf s'ils sont désignés comme instruments de couverture et les parts d'OPCVM (gérées sur la base de leur juste valeur) sous option de juste valeur par le biais du compte de résultat.

Ils sont comptabilisés à leur juste valeur, les gains et pertes, réalisés ou latents, liés au changement de la juste valeur de ces actifs étant comptabilisés en produits ou charges financières.

- **Prêts et créances**

Les prêts et créances sont notamment composés de prêts au personnel, de dépôts versés et de créances clients, lesquels ont généralement une échéance de moins de 12 mois.

Les créances clients sont comptabilisées initialement à la valeur nominale compte tenu du caractère non significatif des effets de l'actualisation. Les créances clients sont, par la suite, comptabilisées à leur coût diminué le cas échéant des dépréciations résultant du caractère non recouvrable de leur montant.

Les autres prêts et créances sont évalués au coût amorti en utilisant la méthode du taux d'intérêt effectif.

- **Dépréciation**

Les indicateurs de pertes de valeur sont examinés pour l'ensemble des actifs financiers à chaque date de clôture. Une perte de valeur est constatée au compte de résultat lorsqu'il existe un indice objectif de dépréciation d'un actif. Ces indicateurs objectifs comprennent des éléments tels que des manquements aux paiements contractuels, des difficultés financières significatives de l'émetteur ou du débiteur, une probabilité de faillite ou une baisse prolongée ou significative du cours de bourse pour les actions cotées.

Les pertes de valeurs autres que celles afférentes aux créances clients et débiteurs divers d'exploitation sont constatées en charges financières.

Les clients du Groupe sont principalement composés d'opérateurs internationaux de télécommunications, de diffuseurs et autres utilisateurs de communications par satellite à usage commercial. La Direction revoit régulièrement son exposition au risque de crédit et comptabilise des dépréciations de ses créances sous la rubrique frais commerciaux et administratifs.

Les pertes de valeur sur les titres de sociétés qui n'ont pas de cotation sur un marché actif et valorisés au coût, et sur les instruments de capitaux propres classés en actifs financiers disponibles à la vente et évalués à la juste valeur, ne peuvent pas être reprises.

- **Actifs disponibles à la vente**

Les actifs financiers disponibles à la vente sont des actifs financiers, autres que des instruments dérivés, qui ont été désignés comme tels par la Direction ou qui ne sont pas classés dans les catégories « Actifs financiers à la juste valeur par le biais du compte de résultat », « Actifs détenus jusqu'à leur échéance » ou « Prêts et créances ». Cette catégorie inclut les participations autres que les participations dans les sociétés mises en équivalence que la Direction a l'intention de conserver à long terme. Ces participations sont classées en actifs financiers sous la rubrique « Actifs financiers non courants ».

Ils sont par la suite réévalués à leur juste valeur, les gains et pertes résultant des variations de juste valeur étant constatés en capitaux propres. Lorsqu'ils sont vendus ou lorsqu'une perte de valeur est constatée, les gains et pertes cumulés, précédemment constatés en capitaux propres, sont

comptabilisés dans le résultat financier.

Les actifs financiers disponibles à la vente représentant des participations dans des sociétés qui n'ont pas de cotation sur un marché actif, et dont la juste valeur ne peut être déterminée de façon fiable, sont évalués à leur coût d'acquisition.

#### 4.9.2. Passifs financiers

Les passifs financiers sont constitués d'emprunts bancaires et d'instruments de dette. Ils sont comptabilisés initialement à la juste valeur de la contrepartie reçue, diminuée des coûts de transaction directement attribuables à l'opération. Par la suite, ils sont évalués à leur coût amorti en utilisant la méthode du taux d'intérêt effectif. Toute différence entre les produits d'émission nets des coûts de transaction et la valeur de remboursement est constatée en résultat financier sur la durée de vie des emprunts selon la méthode du taux d'intérêt effectif.

#### 4.9.3. Instruments dérivés

Les instruments dérivés qui ne sont pas désignés comme des instruments de couverture sont comptabilisés à leur juste valeur, les variations ultérieures de juste valeur étant enregistrées en résultat financier.

Lorsque l'instrument financier peut être qualifié d'instrument de couverture, ces instruments sont évalués et comptabilisés conformément aux critères de la comptabilité de couverture (voir Note 4.9.4 « Opérations de couverture »).

#### 4.9.4. Opérations de couverture

Les opérations de couverture s'effectuent en ayant recours à des instruments financiers dérivés, dont les variations de juste valeur ont pour but de compenser l'exposition des éléments couverts à ces mêmes variations.

Des instruments financiers dérivés sont désignés comme instruments de couverture et sont comptabilisés selon les principes de la comptabilité de couverture dès lors que le Groupe démontre (a) qu'il existe une désignation et une documentation formalisées décrivant la relation de couverture ainsi que l'objectif de la Direction en matière de gestion des risques et de stratégie de couverture à l'initiation de l'opération ; (b) que la Direction s'attend à ce que la couverture soit hautement efficace dans la compensation des risques ; (c) que les transactions prévues faisant l'objet de la couverture sont hautement probables et comportent une exposition aux variations de flux de trésorerie qui pourrait *in fine* affecter le compte de résultat ; (d) que l'efficacité de la couverture peut être mesurée de façon fiable et (e) que l'efficacité de la couverture est évaluée de façon continue et que la couverture est déterminée comme hautement efficace durant toute la durée de la couverture.

Ces critères sont appliqués lorsque le Groupe a recours à des instruments dérivés désignés comme instruments de couverture de flux de trésorerie.

Une couverture de flux de trésorerie est une couverture de l'exposition aux variations des flux de trésorerie qui sont attribuables à un risque spécifique associé à un actif ou un passif comptabilisé ou à une transaction prévue hautement probable, et qui pourraient affecter le résultat.

Une couverture d'investissement net dans une activité à l'étranger est une couverture de l'exposition aux variations d'actifs nets détenus en devise qui pourraient affecter la situation nette du groupe.

Pour ces deux types de couverture, les variations de la juste valeur de l'instrument de couverture sont comptabilisées en capitaux propres pour ce qui concerne la partie efficace de la relation de couverture tandis que les variations de la juste valeur relatives à la partie inefficace de la couverture sont constatées au compte de résultat en résultat financier.

Les variations cumulées de la juste valeur de l'instrument de couverture précédemment comptabilisées en capitaux propres sont transférées dans le compte de résultat lorsque la transaction couverte affecte ce dernier. Les gains et pertes ainsi transférés sont comptabilisés dans le résultat au niveau de l'élément couvert.

Lorsque la transaction prévue se traduit par la comptabilisation d'un actif ou d'un passif non financier, les variations cumulées de la juste valeur de l'instrument de couverture précédemment enregistrées en capitaux propres sont intégrées dans l'évaluation initiale de l'actif ou du passif concerné.

#### 4.9.5. Juste valeur des instruments financiers

La juste valeur est le montant pour lequel un actif financier pourrait être échangé, ou un passif éteint, entre parties bien informées, consentantes et agissant dans des conditions de concurrence normale.

La juste valeur des actifs et passifs financiers négociés sur un marché actif (cas de certains titres de participations, de certaines valeurs de placement et de certains instruments dérivés) est déterminée par référence au cours de Bourse ou à la valeur de marché à la date de clôture.

L'évaluation de la juste valeur des autres instruments financiers, actifs ou passifs, qui ne sont pas cotés sur un marché actif, est fondée sur différentes méthodes d'évaluation et hypothèses déterminées par le Groupe en fonction des conditions de marché existant à la date de clôture.

La juste valeur des instruments dérivés inclut le risque de contrepartie.

#### 4.9.6. Engagements fermes ou conditionnels d'achat de participations ne donnant pas le contrôle

Les engagements fermes ou conditionnels d'achat des participations ne donnant pas le contrôle sont comptabilisés en dette financière pour la juste valeur de l'engagement, avec pour contrepartie une réduction des participations ne donnant pas le contrôle au sein des capitaux propres.

Tout changement de la juste valeur de l'obligation, postérieure à la comptabilisation initiale de celle-ci, est considéré comme un ajustement impactant le compte de résultat.

## TRESORERIE ET EQUIVALENTS DE TRESORERIE

La trésorerie et les équivalents de trésorerie comprennent essentiellement les comptes de caisse, les soldes bancaires disponibles, les dépôts à court terme ou certificats de dépôt à échéance de moins de trois mois à l'origine ainsi que des parts d'OPCVM facilement convertibles en un montant connu de trésorerie, la valeur liquidative étant établie et publiée quotidiennement et soumis à un risque négligeable de changement de valeur.

## CAPITAUX PROPRES

### ○ Actions propres

Les actions propres sont comptabilisées en diminution des capitaux propres sur la base de leur coût d'acquisition. Lors de leur cession, les gains et pertes sont inscrits directement dans les réserves consolidées pour leurs montants nets d'impôt et ne contribuent pas au résultat de l'exercice.

### ○ Frais d'augmentation de capital

Les frais externes directement liés aux augmentations de capital, réduction de capital, rachat d'actions propres sont imputés sur la prime d'émission et d'apport, nets d'impôt lorsqu'une économie d'impôt est générée.

### ○ Options de souscription d'actions

L'avantage accordé aux salariés au titre des plans d'options de souscription d'actions, d'attribution d'actions gratuites et d'actions fictives est évalué au moment de l'attribution du plan et constitue un complément de rémunération. Il est comptabilisé en charges de personnel sur la durée d'acquisition des droits représentatifs de l'avantage consenti, en contrepartie d'une augmentation des capitaux propres (pour les plans réglés en instruments de capitaux propres) et en contrepartie d'une dette (pour les plans réglés en trésorerie).

Les avantages accordés aux salariés au titre d'offres réservées dans le cadre d'appel public à l'épargne ou d'autres opérations sur le capital, sont évalués au moment de leur attribution. Ils constituent un complément de rémunération, qui est comptabilisé en charge de l'exercice au fur et à mesure de l'acquisition des droits par le salarié.

## RECONNAISSANCE DU CHIFFRE D'AFFAIRES

Le chiffre d'affaires du Groupe est principalement constitué de l'attribution de capacité du secteur spatial, sur la base des conditions contractuelles.

Ces contrats couvrent généralement des périodes allant de plusieurs mois à plusieurs années. Les contrats prévoient généralement un droit à un crédit temps à titre gracieux en cas d'interruption de service due aux sous-performances des répéteurs embarqués. Certains contrats prévoient également la possibilité d'une résiliation anticipée.

Le chiffre d'affaires est reconnu sur la durée contractuelle d'utilisation du service, dès lors qu'un contrat existe et que le prix est fixe ou déterminable et dès lors, qu'à sa date de comptabilisation, il est probable que la créance sera recouvrée.

Les produits constatés d'avance comprennent les montants prépayés par les clients. Ces montants sont constatés en chiffre d'affaires sur la durée correspondante de mise à disposition de capacités satellitaires ou de réalisation des prestations de services rendus.

## AUTRES PRODUITS ET CHARGES OPERATIONNELS

Les autres produits et charges opérationnels comprennent :

- les éléments significatifs et peu fréquents, comme les dépréciations d'actifs corporels et incorporels, le coût des échecs au lancement ainsi que les remboursements d'assurance y afférant, les litiges nationaux ou internationaux non commerciaux nets de leurs frais engagés et les frais de restructuration.
- les conséquences des évolutions de périmètre (frais d'acquisitions, cessions) et des cessions d'immobilisations ; voir note 3.7 « évolutions de périmètre ».

## IMPOTS DIFFERES

Les impôts différés résultent des différences temporelles entre la valeur comptable des actifs et passifs et leur valeur fiscale. Ils sont calculés par entité fiscale et comptabilisés sur toutes les différences temporelles, sauf exceptions en utilisant la méthode bilantielle du report variable.

Ainsi, tous les passifs d'impôt différé sont comptabilisés :

- pour toute différence temporelle imposable sauf quand le passif d'impôt différé résulte de la dépréciation non déductible fiscalement de l'écart d'acquisition ou de la comptabilisation initiale d'un actif ou d'un passif dans une opération qui n'est pas un regroupement d'entreprises et qui, à la date de l'opération, n'affecte ni le bénéfice comptable, ni le bénéfice imposable ou la perte fiscale ; et
- pour des différences temporelles taxables liées à des participations dans les filiales, entreprises associées et coentreprises, sauf lorsque le Groupe contrôle le renversement de la différence et qu'il est probable que la différence temporelle ne s'inversera pas dans un avenir prévisible.

Des actifs d'impôt différé sont comptabilisés pour toute différence temporelle déductible, reports en avant de pertes fiscales et crédit d'impôt non



utilisés, dans la mesure où il est probable qu'un bénéfice imposable sera disponible, sur lequel ces différences temporelles pourront être imputées. Toutefois, aucun actif d'impôt différé n'est constaté s'il résulte d'une différence temporelle déductible générée par la comptabilisation initiale d'un actif ou d'un passif dans une opération qui n'est pas un regroupement d'entreprises et qui, à la date de l'opération, n'affecte ni le bénéfice comptable, ni le bénéfice imposable ou la perte fiscale.

La valeur comptable des actifs d'impôt différé est revue à chaque date de clôture et réduite dans la mesure où il n'est plus probable qu'un bénéfice imposable suffisant sera disponible pour permettre l'utilisation de l'avantage de tout ou partie de ces actifs d'impôt différé.

Les actifs et passifs d'impôt différé sont évalués aux taux d'impôt dont l'application est attendue sur l'exercice au cours duquel l'actif sera réalisé ou le passif réglé, sur la base des taux d'impôt (et réglementations fiscales) qui ont été adoptés ou quasi adoptés à la date de clôture.

Les impôts différés ne sont pas actualisés et sont classés en actifs et passifs non courants.

## RESULTAT NET PAR ACTION

Le résultat net par action est calculé en divisant le résultat net de l'exercice attribuable aux actionnaires ordinaires de l'entité par le nombre moyen pondéré d'actions en circulation durant chaque période considérée.

## ENGAGEMENTS DE RETRAITE ET ASSIMILES

Les régimes de retraite et autres avantages postérieurs à l'emploi du Groupe sont constitués de plans à cotisations définies et de plans à prestations définies :

Les régimes à prestations définies concernent les plans dans lesquels le Groupe ou les entités du Groupe se sont engagés à garantir à terme un montant ou un niveau de prestations défini contractuellement. Le coût de ces prestations comprenant les indemnités de départ en retraite et autres avantages postérieurs à l'emploi est provisionné sur la base d'une évaluation actuarielle des obligations envers les salariés à la date de clôture selon la méthode dite des unités de crédit projetées. Selon cette méthode, les droits à prestation sont affectés aux périodes de service en fonction de la formule d'acquisition des droits du régime.

Les montants des paiements futurs correspondants sont évalués sur la base d'hypothèses démographiques et financières telles que la mortalité, la rotation des effectifs, l'évolution des salaires, l'âge de départ à la retraite, puis ramenés à leur valeur actuelle sur la base de taux d'actualisation déterminés sur la base d'un sous-jacent d'obligations privées notées AA et d'une durée cohérente avec celle des régimes valorisés.

La valeur actualisée de l'obligation est évaluée chaque année par un prestataire externe et revue pendant les périodes intermédiaires pour identifier les changements significatifs.

La charge de l'exercice correspondant au coût des services rendus est constatée en résultat opérationnel, l'actualisation et le rendement des actifs sont constatés dans le résultat financier, tandis que les écarts actuariels sont reconnus dans les capitaux propres.

Dans le cadre de régimes à cotisations définies, la gestion de ces plans est assurée par un organisme extérieur auquel le Groupe s'engage à verser des cotisations régulières. Les paiements effectués par le Groupe au titre de ces régimes sont comptabilisés en charges opérationnelles de l'exercice.

## GARANTIE FINANCIERE DONNEE A UN FONDS DE PENSION

À la suite de l'acquisition d'Eutelsat en avril 2005, le Groupe est devenu le garant du fonds de pension auprès duquel les engagements avaient été externalisés préalablement aux opérations d'apport pour la constitution d'Eutelsat. Ce fonds de pension qui relève des régimes à prestations définies a été fermé et les droits acquis gelés préalablement au transfert. Cette garantie financière a été analysée, évaluée et comptabilisée de manière similaire aux engagements relevant de régimes à prestations définies décrits au paragraphe 4.16 « Engagements de retraite et assimilés », bien que le Groupe n'ait pas repris directement les engagements souscrits auprès du fonds de pension par l'Organisation Inter Gouvernementale (« OIG ») au plan juridique.

## PROVISIONS

Une provision est constituée lorsque, à la date de clôture, le Groupe a une obligation juridique ou implicite résultant d'un événement passé et dont il est probable qu'elle engendrera une sortie de ressources représentatives d'avantages économiques dont le montant peut être estimé de façon fiable.

Le montant comptabilisé en provision représente la meilleure estimation de la dépense nécessaire à l'extinction de l'obligation actuelle à la date de clôture.

Si l'effet de la valeur temps de l'argent est significatif, le montant de la provision comptabilisée correspond à la valeur actualisée des dépenses attendues jugées nécessaires pour éteindre l'obligation correspondante. Cette valeur actualisée est déterminée à partir de taux d'actualisation avant impôts reflétant l'estimation de la valeur temps de l'argent et les risques spécifiques à ces engagements. L'augmentation des provisions enregistrées pour refléter l'écoulement du temps et relative à l'actualisation est comptabilisée en charges financières dans le compte de résultat.



## ÉCART D'ACQUISITION ET IMMOBILISATIONS INCORPORELLES

Le poste « Écart d'acquisition et immobilisations incorporelles » s'analyse comme suit :

### Variations des immobilisations brutes et amortissements

(en millions d'euros)	Écart d'acquisition	Contrats clients et relations associées	Marque Eutelsat	Autres immobilisations incorporelles	Total
<b>IMMOBILISATIONS BRUTES</b>					
<b>Valeur brute au 30 juin 2016</b>	<b>1 166,3</b>	<b>1 107,0</b>	<b>40,8</b>	<b>242,1</b>	<b>2 556,2</b>
Acquisitions	-	-	-	33,4	33,4
Transferts	-	-	-	11,9	11,9
Variation de change	(9,0)	(6,0)	-	(2,0)	(16,9)
Cessions et mises au rebut	(6,5)	(6,0)	-	(1,9)	(14,6)
<b>Valeur brute au 30 juin 2017</b>	<b>1 150,8</b>	<b>1 095,0</b>	<b>40,8</b>	<b>283,5</b>	<b>2 570,0</b>
Acquisitions	-	-	-	10,5	10,5
Transferts	-	-	-	6,9	6,9
Variation de périmètre	51,7	26,1	-	-	77,8
Variation de change	(5,1)	(3,9)	-	(1,5)	(10,5)
Cessions et mises au rebut	-	-	-	(1,0)	(1,0)
<b>Valeur brute au 30 juin 2018</b>	<b>1 197,5</b>	<b>1 117,2</b>	<b>40,8</b>	<b>298,5</b>	<b>2 654,0</b>
<b>AMORTISSEMENTS ET DEPRECIATIONS</b>					
<b>Amortissements cumulés au 30 juin 2016</b>	<b>-</b>	<b>(534,7)</b>	<b>-</b>	<b>(103,3)</b>	<b>(638,0)</b>
Dotations aux amortissements	-	(57,0)	-	(27,8)	(84,8)
Reprises (cessions)	-	2,4	-	1,9	4,3
Variation de change	-	-	-	-	-
Transferts	-	1,5	-	0,2	1,7
<b>Amortissements cumulés au 30 juin 2017</b>	<b>-</b>	<b>(588,1)</b>	<b>-</b>	<b>(128,7)</b>	<b>(716,8)</b>
Dotations aux amortissements	-	(58,0)	-	(29,5)	(87,5)
Reprises (cessions et variation de périmètre)	-	-	-	0,7	0,7
Dépréciation	-	-	-	-	-
Variation de change	-	0,6	-	0,1	0,7
<b>Amortissements cumulés au 30 juin 2018</b>	<b>-</b>	<b>(645,5)</b>	<b>-</b>	<b>(157,4)</b>	<b>(802,9)</b>
Valeur nette au 30 juin 2016	1 166,3	572,0	40,8	139,1	1 918,2
Valeur nette au 30 juin 2017	1 150,8	506,8	40,8	154,8	1 853,2
<b>Valeur nette au 30 juin 2018</b>	<b>1 197,5</b>	<b>471,7</b>	<b>40,8</b>	<b>141,1</b>	<b>1 851,1</b>

Au 30 juin 2018, l'écart d'acquisition, suivi au niveau du seul segment opérationnel d'Eutelsat, a été soumis à un test de dépréciation qui n'a pas remis en cause son montant figurant au bilan : la valeur recouvrable a été déterminée à partir de la valeur de marché (juste valeur) obtenue à partir de la valeur boursière d'Eutelsat Communication S.A. (et en tenant compte de la dette de cette société). Une baisse d'au moins 33 % du cours de bourse serait nécessaire pour que la juste valeur devienne inférieure à la valeur comptable. Si un tel événement se présentait, un test sur la valeur d'utilité serait effectué.

## SATELLITES ET AUTRES IMMOBILISATIONS CORPORELLES ET IMMOBILISATIONS EN COURS

Le poste « Satellites et autres immobilisations corporelles » s'analyse comme suit (y compris les immobilisations acquises sous forme de location financement) :

### Variations des immobilisations brutes, amortissements et dépréciations

(en millions d'euros)	Satellites <sup>(1)</sup>	Autres immobilisations corporelles	Immobilisations en cours	Total
<b>IMMOBILISATIONS BRUTES</b>				
<b>Valeur brute au 30 juin 2016</b>	<b>6 358,1</b>	<b>399,0</b>	<b>694,2</b>	<b>7 451,3</b>
Acquisitions	15,0	11,0	407,3	433,3
Cessions et variation de périmètre	-	(14,8)	(0,2)	(15,0)
Mises au rebut	(327,6)	(7,2)	-	(334,8)
Variation de change	(47,4)	(0,8)	1,4	(46,8)
Transferts	278,4	18,4	(342,9)	(46,0)
<b>Valeur brute au 30 juin 2017</b>	<b>6 276,5</b>	<b>405,5</b>	<b>759,9</b>	<b>7 441,9</b>
Acquisitions	3,4	10,2	312,2	325,8
Cessions	-	(3,4)	(0,4)	(3,8)
Variation de périmètre	-	2,6	-	2,6
Mises au rebut	(236,3)	(5,2)	-	(241,5)
Variation de change	(25,1)	-	(7,1)	(32,2)
Transferts	223,3	13,6	(245,3)	(8,4)
<b>Valeur brute au 30 juin 2017</b>	<b>6 241,8</b>	<b>423,4</b>	<b>819,4</b>	<b>7 484,6</b>
<b>AMORTISSEMENTS ET DEPRECIATIONS</b>				
<b>Amortissements cumulés au 30 juin 2016</b>	<b>(2 175,1)</b>	<b>(276,6)</b>	-	<b>(2 451,7)</b>
Dotations aux amortissements	(414,6)	(33,1)	-	(447,7)
Reprises (cessions et variation de périmètre)	-	10,2	-	10,2
Reprises (mises au rebut)	327,6	3,1	-	330,7
Reclassement	-	1,0	-	1,0
Variation de change	9,1	0,3	-	9,4
<b>Amortissements cumulés au 30 juin 2017</b>	<b>(2 253,0)</b>	<b>(295,1)</b>	-	<b>(2 548,0)</b>
Dotations aux amortissements	(387,8)	(32,1)	-	(419,9)
Reprises (cessions et variation de périmètre)	-	4,9	-	4,9
Reprises (mises au rebut)	236,3	3,8	-	240,1
Reclassement	(0,4)	(2,3)	-	(2,7)
Variation de change	3,0	(0,4)	-	2,6
<b>Amortissements cumulés au 30 juin 2018</b>	<b>(2 401,8)</b>	<b>(321,1)</b>	-	<b>(2 722,9)</b>
Valeur nette au 30 juin 2016	4 183,0	122,4	694,2	4 999,6
Valeur nette au 30 juin 2017	4 023,5	110,4	759,9	4 893,9
<b>Valeur nette au 30 juin 2018</b>	<b>3 840,0</b>	<b>102,3</b>	<b>819,4</b>	<b>4 761,7</b>

(1) Dont satellites en location financement :

(en millions d'euros)	
Valeur brute	871,3
Valeur nette au 30 juin 2018	692,7

Il s'agit de cinq satellites faisant l'objet d'accords d'utilisation de capacité, accords qualifiés de contrats de location financement et ayant donc conduit à la comptabilisation à l'actif :

(en millions d'euros)	Valeur brute		
EXPRESS AT1	211,3	18 répéteurs	Accord démarrant en mai 2014 et amendé en 2015 portant sur la durée de vie du satellite
EXPRESS AT2	94,5	9 répéteurs	Accord démarrant en juillet 2014 portant sur la durée de vie résiduelle du satellite et amendé en octobre 2017
EXPRESS AM6	57,7	5 répéteurs	Contrat d'avril 2015 portant sur la durée de vie résiduelle du satellite
EUTELSAT 36C	411,5	53 répéteurs Ku et 18 spots Ka	Accord démarrant en février 2016 portant sur la durée de vie résiduelle du satellite
ASTRA 2G	96,3	8 répéteurs	Contrat de janvier 2014 portant sur la durée de vie résiduelle du satellite

Les transferts portant sur les satellites au cours de l'exercice clos au 30 juin 2017 correspondent à la mise en service du satellite E117WB et des spots Ka du satellite EUTELSAT 36C lancés sur l'exercice 2015-2016.

Au cours de l'exercice clos au 30 juin 2017, le Groupe a désorbité les satellites EUTELSAT 70D et EUTELSAT 48A.

Les transferts portant sur les satellites au cours de l'exercice clos au 30 juin 2018 correspondent à la mise en service du satellite E172B lancé sur l'exercice 2016-2017.

Au cours de l'exercice clos au 30 juin 2018, le Groupe a désorbité les satellites EUTELSAT 31A et EUTELSAT 16C.

## SATELLITES EN CONSTRUCTION

Les satellites listés ci-dessous sont en cours de construction à la date d'arrêté des comptes et devraient être lancés au cours des exercices indiqués :

Projets	Années
EUTELSAT 7C et EUTELSAT 5WB	2018-2019
QUANTUM et KONNECT	2019-2020
KONNECT VHTS	Année calendaire 2021

## TITRES DE PARTICIPATION DES SOCIETES MISES EN EQUIVALENCE

Les titres des sociétés mises en équivalence représentent la valeur de mise en équivalence de la société Eurobroadband Retail, et le résultat des sociétés mises en équivalence correspond à la quote-part du Groupe dans le résultat d'Eurobroadband Retail.

## ACTIFS DESTINES A ETRE CEDES

Au 30 juin 2017, compte tenu du processus de cession de sa participation dans Hispasat initié par Eutelsat en juillet 2016, la valeur de sa participation dans Hispasat était présentée en actifs destinés à être cédés.

Le 17 avril 2018, le Groupe a finalisé le transfert de la participation qu'il détenait dans l'opérateur Hispasat pour un montant de 302 millions d'euros (paiement en numéraire) (voir Note 1 « Faits marquants de l'exercice »). Cette cession n'a pas eu d'impact sur le compte de résultat de la période.

## ACTIFS FINANCIERS NON COURANTS

Les actifs financiers non courants comprennent principalement des prêts, des placements et des avances à long terme.

## STOCKS

La valeur brute et la valeur nette des stocks s'élèvent respectivement à 4,4 millions d'euros et 3,0 millions d'euros au 30 juin 2017 et à 3,9 millions d'euros et 2,1 millions d'euros au 30 juin 2018. Les stocks sont principalement composés d'antennes de réception et de modems.

## CREANCES CLIENTS ET COMPTES RATTACHES

Les clients sont essentiellement des opérateurs internationaux de télécommunications, des diffuseurs et autres utilisateurs de communication par satellite à usage commercial.

Le risque de crédit est le risque qu'un débiteur du Groupe n'honore pas sa dette à l'échéance fixée. Ce risque, qui affecte principalement la catégorie des créances clients, est suivi au niveau de chaque entité sous la supervision des responsables financiers assistés pour les plus importantes d'entre elles par un « credit manager » et conformément aux instructions communiquées par le service recouvrement du Groupe. Ce suivi s'appuie principalement sur l'analyse des créances échues et peut être complété par une étude plus approfondie de la solvabilité de certains débiteurs. Selon l'appréciation des responsables financiers, les entités peuvent être conduites, après validation par le Groupe, à couvrir le risque de crédit par la souscription de contrats d'assurance crédit ou l'obtention de garanties compatibles avec l'évaluation du niveau de risque.

Les créances clients non échues aux 30 juin 2017 et 2018 étant à échéance court terme ne portent pas intérêts.

Le Groupe considère ne pas être soumis au risque de concentration compte tenu de la diversité de son portefeuille clients au 30 juin 2018 et du fait qu'aucune entité juridique facturée ne représente individuellement plus de 10 % de son chiffre d'affaires. Le risque de crédit est principalement géré au travers de garanties bancaires auprès d'établissements financiers de premier rang, de dépôts de garantie et d'une assurance crédit.

## ANALYSE DES CREANCES CLIENT ECHUES ET NON ECHUES

(en millions d'euros)	30 juin 2017	30 juin 2018
Créances non échues	196,6	209,7
Créances échues entre 0 et 90 jours	80,9	71,8
Créances échues depuis plus de 90 jours	128,3	132,3
Dépréciation	(60,4)	(83,4)
<b>Total</b>	<b>345,4</b>	<b>330,3</b>

## ÉVOLUTION DE LA DEPRECIATION DES CREANCES

(en millions d'euros)	Total
<b>Valeur au 30 juin 2016</b>	<b>71,3</b>
Dotations (reprises) nettes	(2,5)
Reprises utilisées	(8,4)
<b>Valeur au 30 juin 2017</b>	<b>60,4</b>
Dotations (reprises) nettes	24,0
Reprises utilisées	(0,9)
Variations de change	(0,2)
<b>Valeur au 30 juin 2018</b>	<b>83,4</b>

## GARANTIES ET ENGAGEMENTS REÇUS QUI VIENNENT REDUIRE LE RISQUE DE CREDIT

(en millions d'euros)	30 juin 2017		30 juin 2018	
	Valeur des créances	Valeur de la garantie	Valeur des créances	Valeur de la garantie
Dépôts de garantie	73,1	26,8	93,0	26,1
Garanties bancaires	67,4	55,7	16,0	17,4
Garanties maison-mère	17,6	17,6	5,7	5,7
<b>Total</b>	<b>158,2</b>	<b>100,1</b>	<b>114,8</b>	<b>49,3</b>

Les dépôts de garantie sont comptabilisés en « Autres créditeurs » (voir Note 18 « Autres passifs financiers »). Les garanties bancaires et garanties de maisons-mères n'apparaissent pas au bilan.

## AUTRES ACTIFS COURANTS

Les autres actifs courants s'analysent comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Charges constatées d'avance	20,4	18,1
Créances fiscales et sociales	26,1	17,6
<b>Total</b>	<b>46,4</b>	<b>35,7</b>

## ACTIFS FINANCIERS COURANTS

(en millions d'euros)	30 juin 2017	30 juin 2018
Instruments de couverture <sup>(1)</sup>	2,0	1,2
Autres créances	27,1	15,7
<b>Total</b>	<b>29,2</b>	<b>16,9</b>

(1) Voir Note 27 « Instruments financiers dérivés ».

## TRESORERIE ET EQUIVALENTS DE TRESORERIE

Le montant des disponibilités et équivalents de trésorerie se détaille comme ci-après :

(en millions d'euros)	30 juin 2017	30 juin 2018
Disponibilités	323,1	307,3
Équivalents de trésorerie	84,9	426,2
<b>Total</b>	<b>408,0</b>	<b>733,5</b>

Les équivalents de trésorerie sont composés principalement de parts d'OPCVM répondant à la qualification d'équivalents de trésorerie (409,8 millions d'euros au 30 juin 2018) et de certificats de dépôt ayant une maturité inférieure à trois mois au moment de leur acquisition.

La trésorerie et équivalents de trésorerie du Groupe sont principalement détenus par des filiales situées en France, dans le reste de l'Europe et en Amérique.



## ACTIFS FINANCIERS

Les tableaux suivants ventilent chaque poste du bilan composé d'instruments financiers selon sa catégorie et en indiquent la juste valeur, que l'instrument soit ou non comptabilisé au bilan à la juste valeur :

(en millions d'euros)	Catégorie d'instruments financiers	Valeur nette comptable au 30 juin 2017				
		Total	Instruments évalués au coût amorti	Instruments dérivés qualifiés de couverture de flux de trésorerie	Instruments évalués à la juste valeur par le biais du compte de résultat	Juste valeur au 30 juin 2017
<b>Actifs</b>						
<i>Actifs financiers non courants</i>						
Prêts et avance à long terme	Créances	21,5	21,5	-	-	21,5
<i>Actifs financiers courants</i>						
Créances clients	Créances	345,3	345,3	-	-	345,3
Autres créances	Créances	27,1	27,1	-	-	27,1
<i>Instruments financiers dérivés <sup>(1)</sup></i>						
Qualifiés de couverture	N/A	2,5	-	2,5	-	2,5
<i>Trésorerie et équivalents de trésorerie</i>						
Trésorerie	N/A	323,1	323,1	-	-	323,1
Equivalent de trésorerie <sup>(2)</sup>	Juste valeur	84,9	-	-	84,9	84,9

(1) Hiérarchie de la juste valeur : niveau 2 (données observables autres qu'un prix coté sur un marché).

(2) Hiérarchie de la juste valeur : niveau 1 (prix coté sur un marché).

(en millions d'euros)	Catégorie d'instruments financiers	Valeur nette comptable au 30 juin 2018				
		Total	Instruments évalués au coût amorti	Instruments dérivés qualifiés de couverture de flux de trésorerie	Instruments évalués à la juste valeur par le biais du compte de résultat	Juste valeur au 30 juin 2018
<b>Actifs</b>						
<b>Actifs financiers non courants</b>						
Prêts et avance à long terme	Créances	17,5	17,5	-	-	17,5
<b>Actifs financiers courants</b>						
Créances clients	Créances	331,2	331,2	-	-	331,2
Autres créances	Créances	15,7	15,7	-	-	15,7
<b>Instruments financiers dérivés <sup>(1)</sup></b>						
Qualifiés de couverture	N/A	1,2	-	1,2	-	1,2
<b>Trésorerie et équivalents de trésorerie</b>						
Trésorerie	N/A	307,2	307,2	-	-	307,2
Equivalent de trésorerie <sup>(2)</sup>	Juste valeur	426,2	-	-	426,2	426,2

(1) Hiérarchie de la juste valeur : niveau 2 (données observables autres qu'un prix coté sur un marché).

(2) Hiérarchie de la juste valeur : niveau 1 (prix coté sur un marché).

A l'exception des instruments financiers, la valeur comptable des actifs financiers constitue une approximation satisfaisante de leur juste valeur.

## CAPITAUX PROPRES

### CAPITAUX PROPRES

Au 30 juin 2018, le capital social d'Eutelsat Communications S.A. est composé de 232 774 635 actions, d'une valeur nominale de 1 euro. À cette même date, le Groupe détient 201 000 actions propres pour un montant de 3,4 millions d'euros dans le cadre d'un contrat de liquidité (Le Groupe en détenait 232 500 pour un montant de 5,2 millions d'euros au 30 juin 2017). D'autre part, au titre des plans d'attribution gratuite d'actions (cf. *infra*) le Groupe détient 105 068 de ses propres actions, acquises pour un montant de 2,2 millions d'euros (Le Groupe en détenait 106 022 pour un montant de 2,3 millions d'euros au 30 juin 2017). L'ensemble de ces actions est présenté en déduction des capitaux propres.

### DIVIDENDES

Le 8 novembre 2017, les actionnaires réunis en Assemblée Générale mixte ont décidé de distribuer un montant brut de 1,21 euros par action, soit un montant total de 281,4 millions d'euros totalement prélevé sur les réserves du Groupe.

Le montant de la distribution proposé à l'Assemblée Générale du 8 novembre 2018 au titre de l'exercice clos au 30 juin 2018 est de 295,2 millions d'euros, soit 1,27 euro par action.

### REMUNERATION EN ACTIONS ET ASSIMILEES

Le Groupe a géré au cours de l'exercice clos au 30 juin 2018 trois plans débutés respectivement en février 2016, en avril 2017 et en novembre 2017.

La charge constatée (hors charges sociales) pour l'exercice clos le 30 juin 2018 s'est élevée à 2,5 millions d'euros au titre de ces trois plans contre 3,6 millions d'euros pour l'exercice clos le 30 juin 2017 (quatre plans).

Ces plans s'adressent aux salariés, aux managers et aux mandataires sociaux avec des objectifs de performance différents, présentés dans le tableau ci-après :

Conditions	Plan 2016	Plan 2017	Plan 2018
Période d'attribution	Février 2016-Février 2019 <sup>(1)</sup>	Juillet 2016 – Juin 2019	Juillet 2017 – Juin 2020
Mode de règlement	Actions et Trésorerie	Trésorerie	Trésorerie
Période d'incessibilité	Février 2019-Février 2021 <sup>(2)</sup>	Non applicable	Non applicable
Nombre maximal d'actions attribuables à l'origine	482 211	323 454	319 444
Nombre de bénéficiaires	805	259	287
Caractéristiques du « plan salariés » :			
Nombre d'actions par bénéficiaire	300	Non applicable	Non applicable
Objectifs de performance observés sur la période d'attribution	EBITDA cumulé pour 50 %		
	ROCE moyen pour 50 %	Non applicable	Non applicable
Caractéristiques du « plan managers » à l'octroi :			
Nombre d'actions total	198 542	260 129	255 268
Objectifs de performance observés sur la période d'attribution	EBITDA cumulé pour 1/3	Chiffre d'affaires pour 1/3	Chiffre d'affaires pour 30%
	ROCE moyen pour 1/3	Cash flow libre discrétionnaire pour 1/3	Cash flow libre discrétionnaire pour 50%
	TSR relatif <sup>(5)</sup> pour 1/3	Plan d'économie des coûts pour 1/3	Plan d'économie des coûts pour 20%
Caractéristiques du « plan mandataires sociaux » à l'octroi :			
Nombre d'actions total	43 039	63 325	64 176
Objectifs de performance observés sur la période d'attribution	EBITDA cumulé pour 1/3	Chiffre d'affaires pour 1/4	Chiffre d'affaires pour 1/4
	ROCE moyen pour 1/3	Cash flow libre discrétionnaire pour 1/4	Cash flow libre discrétionnaire pour 1/4
	TSR relatif <sup>(4)</sup> pour 1/3	Plan d'économie des coûts pour 1/4	Plan d'économie des coûts pour 1/4
Valeur de l'action retenue comme assiette de la contribution sociale et des charges patronales :			
- Plan salariés et managers (hors TSR <sup>(4)</sup> )	20,01 € - 22,13 €	16,70€	15,78€
- Plan managers (TSR <sup>(4)</sup> )	17,28 € - 19,02 €	6,89€	5,19€
Charge/(produit) de l'exercice (en millions d'euros) <sup>(3)</sup>	0,3	0,7	1,5
Valorisation totale du plan au 30/06/2018 (en millions d'euros) <sup>(3)</sup>	1,1	4,5	4,5

<sup>(1)</sup> La période d'attribution est de février 2016 à février 2020 pour les filiales étrangères.

<sup>(2)</sup> Il n'existe pas de période d'incessibilité pour les filiales étrangères.

<sup>(3)</sup> Hors charges sociales.

<sup>(4)</sup> Le TSR relatif est le taux de rentabilité d'une action par rapport à une autre référence ou indice sur une période donnée qui intègre les dividendes reçus et la plus-value réalisée (donc l'évolution du cours de bourse).



## VARIATION DE LA RESERVE DE REEVALUATION DES INSTRUMENTS FINANCIERS

Tous les instruments financiers impactant la réserve de réévaluation sont des couvertures pour leur part efficace.

(en millions d'euros)	Total
<b>Solde au 30 juin 2017</b>	<b>(7,4)</b>
Variations de juste valeur en capitaux propres recyclables en résultat	(22,2)
<b>Solde au 30 juin 2018</b>	<b>(29,6)</b>

<sup>(1)</sup> Ce montant correspond aux coupons courus et échus sur les instruments de couverture de taux (voir Note 25 « Résultat financier »).

## RESERVE DE CONVERSION

(en millions d'euros)	Total
<b>Solde au 30 juin 2017 <sup>(1)</sup></b>	<b>171,6</b>
Variation nette sur la période	(31,4)
<b>Solde au 30 juin 2018</b>	<b>140,2</b>

<sup>(1)</sup> Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

La réserve de conversion inclut la valeur du Cross Currency Swap documenté en couverture d'investissement net à l'étranger (cf. Note 27.1 « risque de change »).

La principale devise générant des écarts de conversion est le dollar US.

## DETTES FINANCIERES

Aux 30 juin 2017 et 2018, la totalité de l'endettement est libellée en euros.

### DONNEES CHIFFREES AUX 30 JUIN 2017 ET 2018

(en millions d'euros)	Taux	30 juin 2017	30 juin 2018	Échéance
Crédit in fine 2022	Variable	600,0	600,0	31 mars 2022
Emprunt obligataire 2019 <sup>(1)</sup>	5,000 %	800,0	-	14 janvier 2019
Emprunt obligataire 2020 <sup>(1)</sup>	2,625 %	930,0	930,0	13 janvier 2020
Emprunt obligataire 2021 <sup>(1)</sup>	1,125 %	500,0	500,0	23 juin 2021
Emprunt obligataire 2022 <sup>(1)</sup>	3,125%	300,0	300,0	10 octobre 2022
Crédits Export ONDD	Variable	142,3	118,6	17 mai 2024
<b>Sous-total des dettes (part non courante)</b>		<b>3 272,3</b>	<b>2 448,6</b>	
Frais et primes d'émission		(19,5)	(13,8)	
<b>Total des dettes (part non courante)</b>		<b>3 252,9</b>	<b>2 434,8</b>	
Emprunt obligataire 2019 <sup>(1)</sup>	5,000 %	-	800,0	14 janvier 2019
Credit Export ONDD		23,7	23,7	
Découverts bancaires		-	-	
Intérêts courus non échus		37,2	37,1	
<b>Total des dettes (part courante)</b>		<b>60,9</b>	<b>860,9</b>	

(1) Les justes valeurs (niveau 1) sont présentées ci-dessous :

(en millions d'euros)	30 juin 2017	30 juin 2018
Emprunt obligataire 2019	859,2	821,1
Emprunt obligataire 2020	979,5	959,6
Emprunt obligataire 2021	508,9	508,8
Emprunt obligataire 2022	333,7	330,8

La valeur comptable des crédits exports et du crédit in fine constituent une approximation satisfaisante de leur juste valeur.

Par ailleurs, le Groupe dispose sur ses lignes de crédit *revolving* actives d'un montant total non tiré au 30 juin 2018 de 650 millions d'euros.

## ECHEANCIER DES DETTES

Au 30 juin 2018, l'échéancier des dettes s'établit comme suit :

(en millions d'euros)	Montant	Échéance à moins de 1 an	Échéance à plus de 1 an et à moins de 5 ans	Échéance à plus de 5 ans
Crédit <i>in fine</i>	600,0	-	600,0	-
Crédit Export ONDD	142,3	23,7	94,9	23,7
Emprunt obligataire 2019	800,0	800,0		-
Emprunt obligataire 2020	930,0	-	930,0	-
Emprunt obligataire 2021	500,0	-	500,0	-
Emprunt obligataire 2022	300,0	-	300,0	-
<b>Total</b>	<b>3 272,3</b>	<b>823,7</b>	<b>2 424,9</b>	<b>23,7</b>

## RESPECT DES COVENANTS BANCAIRES

Le crédit *in fine* est assorti d'un covenant financier de même type que ceux existants sur les autres contrats (crédits revolving et crédits export), à savoir le rapport entre l'endettement total net et EBITDA devant rester inférieur ou égal à 4,0 pour 1.

Les covenants des crédits *in fine* prévoient pour chaque prêteur la possibilité de demander le remboursement anticipé de l'intégralité des sommes dues en cas de dégradation de la notation respectivement d'Eutelsat ou des obligations émises par Eutelsat résultant d'un changement de contrôle d'Eutelsat ou d'un changement de contrôle d'Eutelsat Communications.

Les covenants sur les autres financements (Crédit Export ONDD) existants au 30 juin 2018, à savoir un rapport entre l'endettement total net et EBITDA devant rester inférieur ou égal à 3,75 pour 1, n'ont pas évolué depuis leur mise en place.

Au 30 juin 2018, le Groupe respecte l'ensemble des covenants bancaires.

## GESTION DES RISQUES

Les informations relatives aux risques de taux et de liquidité sont disponibles en Notes 18 « Autres Passifs financiers » et 27 « Instruments financiers dérivés ».

## AUTRES PASSIFS FINANCIERS

Les autres passifs financiers s'analysent comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Instruments financiers dérivés <sup>(1)</sup>	105,1	125,6
Contrats de location financement	652,6	620,1
Autres créditeurs	107,9	101,0
<b>Total</b>	<b>865,6</b>	<b>846,7</b>
<i>Dont part courante</i>	<i>67,6</i>	<i>150,8</i>
<i>Dont part non courante</i>	<i>798,1</i>	<i>695,8</i>

(1) Voir Note 27 « Instruments financiers dérivés ».

Les instruments financiers dérivés sont comptabilisés à la juste valeur (niveau 2) et les autres passifs financiers au coût amorti. Pour information, le coût amorti des passifs financiers constitue une approximation raisonnable de la juste valeur. La juste valeur des instruments dérivés est fournie par les banques.

Les montants présentés au titre des contrats de location financement comprennent les intérêts courus qui s'élèvent à 2,0 millions d'euros au 30 juin

2017 et à 3,2 millions d'euros au 30 juin 2018.

Les « Autres créiteurs » sont principalement composés d'acomptes et cautions reçus des clients et de dettes sur minoritaires.



## PASSIFS FINANCIERS

(en millions d'euros)	Catégorie d'instruments financiers	Valeur nette comptable au 30 juin 2017				Juste valeur au 30 juin 2017
		Total	Instruments évalués au coût amorti	Instruments dérivés qualifiés de couverture	Instruments évalués à la juste valeur par le biais du compte de résultat	
<b>PASSIFS</b>						
<b>Dettes financières</b>						
Emprunts à taux variable	Au coût amorti	758,1	758,1	-	-	758,1
Emprunt obligataire	Au coût amorti	2 518,4	2 518,4	-	--	2 681,3
Emprunts à taux fixe	Au coût amorti	-	-	-	-	-
Découverts bancaires	N/A	-	-	-	-	-
<b>Autres passifs financiers</b>						
Non courants	Au coût amorti	650,1	650,1	-	-	650,1
Courants	Au coût amorti	110,4	110,4	-	-	110,4
<b>Instruments financiers dérivés <sup>(1)</sup></b>						
Qualifiés de couverture		105,1	-	105,1	-	105,1
Fournisseurs et comptes rattachés	Au coût amorti	54,6	54,6	-	-	54,6
Dette sur immobilisations	Au coût amorti	67,4	67,4	-	-	67,4

(1) Hiérarchie de la juste valeur : niveau 2 (données observables autres qu'un prix coté sur un marché).

(en millions d'euros)	Catégorie d'instruments financiers	Valeur nette comptable au 30 juin 2018				Juste valeur au 30 juin 2018
		Total	Instruments évalués au coût amorti	Instruments dérivés qualifiés de couverture	Instruments évalués à la juste valeur par le biais du compte de résultat	
<b>PASSIFS</b>						
<b>Dettes financières</b>						
Emprunts à taux variable	Au coût amorti	735,8	735,8	-	-	735,8
Emprunt obligataire	Au coût amorti	2 522,7	2 522,7	-	-	2 620,3
Emprunts à taux fixe	Au coût amorti	-	-	-	-	-
Découverts bancaires	N/A	-	-	-	-	-
<b>Autres passifs financiers</b>						
Non courants	Au coût amorti	615,9	615,9	-	-	615,9
Courants	Au coût amorti	105,1	105,1	-	-	105,1
<b>Instruments financiers dérivés <sup>(1)</sup></b>						
Qualifiés de couverture		125,6	-	125,6	-	125,6
Fournisseurs et comptes rattachés	Au coût amorti	56,3	56,3	-	-	56,3
Dette sur immobilisations	Au coût amorti	62,7	62,7	-	-	62,7

(1) Hiérarchie de la juste valeur : niveau 2 (données observables autres qu'un prix coté sur un marché).

A l'exception des instruments financiers et des emprunts obligataires, la valeur comptable des passifs financiers constitue une approximation satisfaisante de leur juste valeur.

## LOCATION SIMPLE ET LOCATION FINANCEMENT

### LOCATION SIMPLE

Les paiements futurs au titre du contrat de location sont détaillés dans le tableau ci-après :

(en millions d'euros)	Total	Moins de 1 an		Plus de 5 ans
		Entre 1 et 5 ans	ans	
Paiements futurs au titre des contrats de location simple	35,0	6,2	22,4	6,3

Eutelsat S.A. paie principalement un loyer pour l'utilisation de son siège social situé à Paris. Ce contrat de location a été renouvelé par anticipation en juin 2014 pour une durée de neuf ans ferme à partir du 1<sup>er</sup> juillet 2014. La charge locative s'est élevée à 4,0 millions d'euros pour les exercices clos aux 30 juin 2017 et 2018.

### LOCATION FINANCEMENT

Dans le cadre de son activité, le Groupe dispose de cinq satellites en contrat de location financement. Aucun des contrats de location financement ne comporte d'option d'achat à l'issue du terme du contrat. Le dernier contrat de location financement vient à échéance en 2031.

Les charges financières attribuables aux satellites en contrat de location financement étaient de 17,5 millions d'euros au 30 juin 2017 et de 16,3 millions d'euros au 30 juin 2018.

Les contrats de location financement ont les échéances suivantes :

(en millions d'euros)	Montant	Échéance à moins de 1 an		Échéance à plus de 5 ans
		Échéance à plus de 1 an et à moins de 5 ans	Échéance à plus de 5 ans	
Contrats de location financement	748,0	88,2	289,0	370,8
<b>Total</b>	<b>748,0</b>	<b>88,2</b>	<b>289,0</b>	<b>370,8</b>

## AUTRES DETTES ET PRODUITS CONSTATES D'AVANCE

### PART NON COURANTE

Les autres dettes non courantes ne comprennent que des produits constatés d'avance.

### PART COURANTE

Les autres dettes et produits constatés d'avance courants s'analysent comme suit aux 30 juin 2017 et 2018 :

(en millions d'euros)	30 juin 2017	30 juin 2018
Produits constatés d'avance	67,4	76,5
Dettes fiscales	19,0	10,9
Dettes sociales	50,1	55,2
<b>Total</b>	<b>136,6</b>	<b>142,6</b>

Les produits constatés d'avance comprennent essentiellement la fourniture de services de télécommunications et de coordinations de fréquences prépayés par les clients.

Les dettes sociales incluent la dette relative à l'offre de liquidité pour un montant de 3,1 millions d'euros au 30 juin 2017 et 2,2 millions d'euros au 30 juin 2018.

## IMPOTS SUR LES SOCIETES

### IMPOTS DANS LE COMPTE DE RESULTAT

La charge d'impôt du Groupe se décompose comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Charge d'impôt courant	(167,3)	(179,3)
Produit (charge) d'impôt différé	47,2	36,3
<b>Total impôt sur les sociétés</b>	<b>(120,1)</b>	<b>(142,9)</b>

Le rapprochement de la charge d'impôt théorique, calculée selon le taux de droit commun en France appliqué au résultat avant impôt, résultat des sociétés mises en équivalence, avec la charge d'impôt réelle, s'établit comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Résultat avant IS et MEE	483,9	447,3
<i>Taux d'impôt de droit commun en France</i>	34,4%	34,4%
Charge d'impôt théorique	(166,7)	(154,0)
Différences de taux d'imposition	56,1	10,6
Utilisation de pertes fiscales	-	0,6
Impôts différés nés au cours de l'exercice antérieur et reconnus sur la période	13,5	1,9
Autres différences permanentes	(23,0)	(2,0)
<b>Charge d'impôt au compte de résultat</b>	<b>(120,1)</b>	<b>(142,9)</b>
<i>Taux d'impôt réel</i>	<i>24,8%</i>	<i>32,0%</i>

Les différences de taux d'imposition au 30 juin 2017 comprennent les effets de la loi de finances 2017 en France qui prévoyait la baisse du taux

normal de l'impôt sur les sociétés à 28,92% à compter des exercices ouverts au 1<sup>er</sup> janvier 2020 d'un montant de 38,8 millions d'euros. Au 30 juin 2018, elles comprennent les effets de la loi de finances 2018 en France qui prévoit une baisse complémentaire progressive de l'impôt jusqu'au 1<sup>er</sup> janvier 2022 pour un montant de 20,2 millions d'euros, ainsi qu'une contribution exceptionnelle sur l'impôt les sociétés en France pour un montant de 14,3 millions d'euros.

Les autres différences permanentes au 30 juin 2017 sont composées principalement de la taxation des dividendes à une contribution additionnelle de 3% ainsi que les effets de la loi de finances française de 2013 limitant à 75% la déductibilité des charges financières. Au 30 juin 2018, les autres différences permanentes comprennent principalement le remboursement de la contribution additionnelle des dividendes pour 20,8 millions d'euros, l'effet de la limitation à la déduction des charges financières pour 8,4 millions d'euros et les impacts des différences de change et des effets d'inflation sur les positions d'impôts différés de la filiale Satellites Mexicanos pour (5,8) millions d'euros.

## IMPOTS DANS LE BILAN

L'actif ou le passif d'impôt différé correspond à la somme des positions nettes des entités consolidées. Les impôts différés par nature ont évolué de la manière suivante entre le 30 juin 2017 et le 30 juin 2018 :

(en millions d'euros)	30 juin 2017 <sup>(1)</sup>	Variation de change et reclassements	Résultat de la période	Constat en capitaux propres	30 juin 2018
<b>Impôts différés actifs</b>					
Instruments financiers dérivés	33,7	-	(0,7)	6,6	39,7
Déficits reportables	28,8	-	1,9	-	30,7
Provisions client	19,4	-	5,8	-	25,2
Garantie financière donnée au fonds de pension	13,5	-	0,6	(1,1)	13,0
Provisions pour risques et charges	8,0	-	(1,1)	-	6,9
Autres	11,6	-	(4,1)	-	7,4
<b>Sous-total (a)</b>	<b>115,1</b>	<b>-</b>	<b>2,4</b>	<b>5,4</b>	<b>122,9</b>
<b>Impôts différés passifs</b>					
Actifs incorporels	(102,8)	-	14,9	-	(87,9)
Actifs corporels	(310,7)	0,4	14,8	-	(295,5)
Autres	(3,7)	(0,2)	4,2	(0,1)	0,2
<b>Sous-total (b)</b>	<b>(417,2)</b>	<b>0,2</b>	<b>33,9</b>	<b>(0,1)</b>	<b>(383,2)</b>
<b>Total = (a) + (b)</b>	<b>(302,1)</b>	<b>0,2</b>	<b>36,3</b>	<b>5,3</b>	<b>(260,3)</b>
<b>Reflété comme suit dans les comptes :</b>					
Impôts différés actifs	4,7				4,5
Impôts différés passifs	306,9				264,8
<b>Total</b>	<b>(302,1)</b>				<b>(260,3)</b>

<sup>(1)</sup> Les comptes comparatifs ont été retraités des éléments présentés dans la note 3.6 « Périodes présentées et comparatifs ».

Les impôts différés passifs portent essentiellement sur les différences temporelles taxables générées par :

- la comptabilisation à la juste valeur des « contrats clients et relations associées » et autres immobilisations incorporelles dans le cadre de l'acquisition d'Eutelsat SA, de Satmex et de Noorsat ;
- les amortissements accélérés pratiqués sur les satellites au niveau fiscal.

## PERTES FISCALES

L'échéancier de recouvrement des actifs d'impôts différés sur déficits reportables est présenté dans le tableau ci-après :

(en millions d'euros)	Montant	Échéance à moins de 1 an	Échéance à plus de 1 an et à moins de 5 ans	Échéance à plus de 5 ans	Indéfinie
Echéanciers des pertes fiscales reportables activées	152,5	-	-	-	152,5
<b>Total</b>	<b>152,5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,5</b>

Par ailleurs, le Groupe dispose d'un stock de pertes fiscales reportables non reconnues pour un montant de 81,8 millions d'euros au 30 juin 2018 dont les dates d'expiration sont les suivantes :

(en millions d'euros)	Montant	Échéance à moins de 1 an	Échéance à plus de 1 an et à moins de 5 ans	Échéance à plus de 5 ans	Indéfinie
Dates d'expiration des pertes fiscales reportables non reconnues	81,8	-	-	-	81,8
<b>Total</b>	<b>81,8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,8</b>

## PROVISIONS

(en millions d'euros)	30 juin 2017	Dotation	Reprise		Constat en capitaux propres	30 juin 2018
			Utilisée	Non utilisée		
Garantie financière donnée à un fonds de pension	71,6	1,4	-	-	2,4	75,5
Indemnités de départ en retraite	14,8	1,2	(0,4)	-	(0,4)	15,3
Autres avantages postérieurs à l'emploi <sup>(1)</sup>	14,3	0,3	(5,9)	(1,5)	-	7,2
<b>Total avantages postérieurs à l'emploi</b>	<b>100,7</b>	<b>3,0</b>	<b>(6,2)</b>	<b>(1,5)</b>	<b>2,0</b>	<b>98,0</b>
Litiges commerciaux, salariaux et fiscaux	25,7	14,0	(7,0)	(3,1)	0,1	29,8
Autres	6,5	5,0	(1,7)	-	-	9,9
<b>Total provisions</b>	<b>132,9</b>	<b>22,0</b>	<b>(14,9)</b>	<b>(4,6)</b>	<b>2,1</b>	<b>137,6</b>
<i>Dont part non courante</i>	97,3					107,1
<i>Dont part courante</i>	35,6					30,6

(1) Les autres avantages postérieurs à l'emploi concernent essentiellement des indemnités de fin de contrat dans diverses filiales ;

### GARANTIE FINANCIERE DONNEE A UN FONDS DE PENSION

Eutelsat S.A., en conséquence de l'apport par l'OIG de son activité opérationnelle réalisé le 2 juillet 2001, a donné sa garantie financière au Trust en charge du plan de pension mis en place par l'OIG. Avant cette date, ce plan de pension a été fermé et les droits acquis gelés.

Cette garantie peut jouer à certaines conditions en comblement de sous-financements futurs.

Au cours de l'exercice clos au 30 juin 2017, la garantie financière a été appelée pour un montant de 35,9 millions d'euros. Celui-ci a été évalué sur la base des projections du Trust prenant en compte les évolutions futures de marché. En mars 2017, un accord a été conclu avec le Trust pour neuf paiements annuels de 4,0 millions d'euros répartis entre le 30 juin 2017 et le 30 juin 2025. Ces paiements pourront varier en fonction des futures situations financières établies annuellement.

Les évaluations actuarielles effectuées aux 30 juin 2017 et 2018 a été réalisée sur la base des hypothèses suivantes :

	30 juin 2017	30 juin 2018
Taux d'actualisation	1,85%	1,75%
Taux d'augmentation des pensions	1,75%	1,75%
Taux d'inflation	1,25%	1,25%
Frais globaux (en % des actifs)	0,58%	0,58%
Table de mortalité	TGH2005-TGF2005	TGH2005-TGF2005
Âge de retraite	62 ans	62 ans

Une baisse de 50 points de base des taux d'actualisation entraînerait une augmentation des engagements de 20,1 millions d'euros.

Une baisse de 50 points de base des taux de rendement prospectif entraînerait une baisse des actifs ainsi que du rendement attendu des fonds de 0,7 million d'euros.

Aux 30 juin 2017 et 2018, la situation se présente comme suit :

### Réconciliation entre la valeur actualisée des obligations à l'ouverture et à la clôture de l'exercice

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Valeur actualisée des obligations à l'ouverture</b>	<b>241,2</b>	<b>216,5</b>
Coût financier	4,1	4,0
Écarts actuariels liés aux hypothèses financières : (gains)/pertes	(21,7)	1,7
Prestations versées	(7,1)	(6,3)
<b>Valeur actualisée des obligations à la clôture</b>	<b>216,5</b>	<b>215,8</b>

### Réconciliation entre la juste valeur des actifs du fonds à l'ouverture et à la clôture de l'exercice

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Juste valeur des actifs du fonds à l'ouverture</b>	<b>139,3</b>	<b>136,9</b>
Rendement attendu des actifs du régime	2,4	2,5
Écarts actuariels : gains/(pertes)	(2,5)	(0,7)
Contributions versées	4,8	4,0
Prestations versées	(7,1)	(6,3)
<b>Juste valeur des actifs du fonds à la clôture</b>	<b>136,9</b>	<b>136,4</b>

Les montants inclus dans la juste valeur des actifs du régime n'incluent aucun instrument financier émis par Eutelsat S.A. ni aucun bien immobilier ou mobilier détenu ou utilisé par Eutelsat S.A..

Le rendement effectif des actifs du régime s'élève à (0,1) million d'euros et 1,8 million d'euros aux 30 juin 2017 et 2018, respectivement.

### Charges nettes (gains nets) comptabilisé(e)s au compte de résultat

(en millions d'euros)	30 juin 2017	30 juin 2018
Coût des services rendus au cours de l'exercice	-	-
Coût financier	4,1	4,0
Rendement attendu des actifs du régime	(2,4)	(2,5)
<b>Charges nettes (gains nets) reconnu(e)s en résultat</b>	<b>1,7</b>	<b>1,4</b>

L'absence de coûts relatifs aux services rendus est liée au gel des droits acquis et à la fermeture du plan de l'OIG avant le transfert d'activité du 2 juillet 2001.

## Réconciliation des actifs et obligations reconnus au bilan

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Provision à l'ouverture de l'exercice</b>	<b>101,9</b>	<b>71,6</b>
(Gains nets)/charges nettes comptabilisé(e)s en résultat	1,7	1,4
Ecarts actuariels : (gains)/pertes	(19,2)	2,4
Contributions versées	(4,8)	(4,0)
Dettes courantes et non courantes	(8,0)	4,0
<b>Provision à la clôture de l'exercice</b>	<b>71,6</b>	<b>75,5</b>

## ENGAGEMENTS DE RETRAITE ET ASSIMILES

### a) Indemnités de départ en retraite

La loi française requiert, le cas échéant, le versement en une seule fois d'une indemnité de départ en retraite. Cette indemnité est déterminée en fonction de l'ancienneté et du niveau de rémunération au moment du départ. Les droits sont uniquement acquis aux salariés présents dans l'entreprise à l'âge de la retraite. Ce régime n'est pas financé.

L'évaluation actuarielle effectuée aux 30 juin 2016 et 2017 a été effectuée sur la base des hypothèses suivantes :

	30 juin 2017	30 juin 2018
Taux d'actualisation	1,45%	1,45%
Taux de croissance des salaires	2,00%	2,0%
Table de mortalité	TH/TF00-02	TH/TF00-02
Âge de départ à la retraite	65 ans	65 ans
Mode de départ à la retraite	Départ volontaire	Départ volontaire
Taux de charges sociales patronales	52%	52%



Le taux de rotation du personnel par tranche d'âge relève de l'analyse d'expérience dans Eutelsat S.A. Une nouvelle évaluation a été réalisée au cours de l'exercice 2015-2016.

Âge (ans)	Rotation 2017	Rotation 2018
25	11,52	11,52
30	8,09	8,09
35	5,50	5,50
40	3,55	3,55
45	2,09	2,09
50	0,98	0,98
55	0,14	0,14
60	0,00	0,00

Aux 30 juin 2017 et 2018, la situation se présente comme suit :

### Réconciliation entre la valeur actualisée des obligations à l'ouverture et à la clôture de l'exercice

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Valeur actualisée des obligations à l'ouverture</b>	<b>17,9</b>	<b>14,8</b>
Coût des services rendus au cours de l'exercice	1,2	1,0
Coût financier	0,2	0,2
Écarts actuariels liés aux hypothèses financières : (gains)/pertes	(1,0)	-
Écarts actuariels liés aux hypothèses démographiques : (gains)/pertes	(3,0)	(0,7)
Indemnités versées	(0,5)	(0,4)
<b>Valeur actualisée des obligations à la clôture</b>	<b>14,8</b>	<b>15,3</b>

## Charges nettes comptabilisées au compte de résultat

(en millions d'euros)	30 juin 2017	30 juin 2018
Coût des services rendus au cours de l'exercice	1,2	1,0
Coût financier	0,2	0,2
<b>Charges nettes reconnues en résultat</b>	<b>1,4</b>	<b>1,2</b>

## Écarts d'expérience et changements d'hypothèses

(en millions d'euros)	30 juin 2017	30 juin 2018
Écarts d'expérience sur la valeur des obligations : (gains)/pertes	(1,0)	-
Impact des changements d'hypothèses	(3,0)	(0,7)
<b>Écarts d'expérience et changements d'hypothèses</b>	<b>(4,0)</b>	<b>(0,7)</b>

### b) Régimes obligatoires

Conformément aux dispositions de la loi française, le Groupe s'affranchit de ses obligations de financement des retraites du personnel en France par le versement de cotisations, calculées sur la base des salaires, aux organismes gérant les régimes obligatoires de retraite. Il n'y a pas d'autres engagements liés à ces contributions. Les cotisations patronales versées au cours de l'exercice à ce titre s'élèvent à 8,4 millions d'euros et 8,2 millions d'euros aux 30 juin 2017 et 2018 respectivement.

### c) Régimes supplémentaires

Le Groupe possède pour ses salariés en France, à l'exception des mandataires sociaux salariés, une retraite sur-complémentaire par capitalisation, à contributions définies, qui est financée par des cotisations salariales et patronales égales à 6 % du salaire annuel brut dans la limite de huit fois le plafond de la Sécurité sociale française. Il n'y a pas d'autres engagements liés à ces contributions. Les cotisations patronales versées au cours de l'exercice à ce titre s'élèvent à 2,1 millions d'euros et 2,3 millions d'euros aux 30 juin 2017 et 2018 respectivement.

## INFORMATION SECTORIELLE ET INDICATEURS DE PERFORMANCE

### RESULTAT SECTORIEL

Après une analyse et au regard de l'IFRS 8, le Groupe considère qu'il n'opère que dans un seul secteur d'activité se fondant sur l'appréciation des services rendus et la nature des risques associés, plutôt que sur leur destination. Il s'agit de la fourniture de services de communications par satellite pour la vidéo, les réseaux d'entreprise et à haut débit, et les mobiles, principalement aux opérateurs de communications et diffuseurs internationaux, intégrateurs de réseaux d'entreprise et entreprises pour leurs besoins propres.

L'information présentée ci-après est destinée au Directeur général, aux Directeurs Généraux Délégués et au Directeur Financier qui forment le principal organe de décision opérationnel du Groupe.

Les données de gestion utilisées sont établies conformément aux principes IFRS appliqués par le Groupe pour ses états financiers consolidés tels que décrits dans les notes aux états financiers.

Les indicateurs de performance suivis par l'organe de décision opérationnel sont constitués du chiffre d'affaires, de l'EBITDA (l'EBITDA est défini comme le résultat opérationnel avant dotations aux amortissements, dépréciations d'actifs, autres produits et charges opérationnels), de la charge financière, du flux de trésorerie en matière d'investissements corporels et prises de participation et de la dette nette consolidée du Groupe (l'endettement net comprend l'ensemble des dettes financières ainsi que les dettes liées aux contrats de location longue durée, diminuées des disponibilités et des équivalents de trésorerie (nets des soldes créditeurs de banques)).

Le *reporting* interne est une présentation du compte de résultat consolidé du Groupe suivant une répartition de postes différente des états financiers consolidés afin de faire ressortir ces indicateurs de performance mais dont les principaux agrégats sont identiques à ceux figurant dans les comptes consolidés du Groupe tels le Résultat opérationnel, le Résultat net, la Part attribuable aux participations ne donnant pas le contrôle et la Part attribuable au Groupe.

## INDICATEURS DE PERFORMANCE

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Total chiffre d'affaires</b>	<b>1 477,9</b>	<b>1 407,9</b>
Total coûts opérationnels	(344,4)	(331,0)
<b>EBITDA</b>	<b>1 133,6</b>	<b>1 076,9</b>
Amortissements	(532,9)	(506,0)
Autres produits (charges) net(te)s opérationnel(le)s	14,1	(18,5)
<b>Résultat opérationnel</b>	<b>614,8</b>	<b>552,5</b>
Total intérêts	(127,2)	(96,4)
Impôts sur les sociétés	(120,1)	(142,9)
Autres produits (charges) financie(è)r(e)s	(3,7)	(9,0)
<b>Résultat net avant revenu des sociétés mises en équivalence et participations ne donnant pas le contrôle</b>	<b>363,7</b>	<b>304 ,4</b>
Revenus des sociétés mises en équivalence	(0,4)	(2,2)
<b>Résultat net</b>	<b>363,4</b>	<b>302,2</b>
Participations ne donnant pas le contrôle	(11,6)	(12,1)
<b>Résultat net part du Groupe</b>	<b>351,8</b>	<b>290,1</b>
Investissements corporels (flux de trésorerie)	393,0	298,7
<b>Dette nette (y compris contrats de financement)</b>	<b>3 640,7</b>	<b>3 241,5</b>

La dette nette est composée des éléments suivants :

(en millions d'euros)	30 juin 2017	30 juin 2018
Credit in fine	600,0	600,0
Emprunts obligataires	2 530,0	2 530,0
Autres emprunts	-	-
Crédits export	166,0	142,3
Part "change" du cross currency swap	102,0	85,9
Contrats de location financement	650,5	616,8
Trésorerie et équivalents de trésorerie	(408,0)	(733,5)
<b>Total</b>	<b>3 640,7</b>	<b>3 241,6</b>

L'évolution de la dette entre le 30 juin 2017 et le 30 juin 2018 se présente comme suit :

(en millions d'euros)	30 juin 2017	Flux de trésorerie	Flux non cash			30-juin-18
			Acquisition	Effets de change	var. de juste valeur	
Credit in fine	600,0	-	-	-	-	600,0
Emprunts obligataires	2 530,0	-	-	-	-	2 530,0
Crédits export	166,0	(23,7)	-	-	-	142,3
Part "change" du cross currency swap	102,0	-	-	-	(16,1)	85,9
Contrats de location financement	650,5	(35,7)	2,0	-	-	616,8
<b>Total</b>	<b>4 048,5</b>	<b>(59,4)</b>	<b>2,0</b>	<b>-</b>	<b>(16,1)</b>	<b>3 975,0</b>

## INFORMATION PAR ZONE GEOGRAPHIQUE

Le chiffre d'affaires du Groupe par zone géographique, déterminé à partir des adresses de facturation, pour les périodes closes aux 30 juin 2017 et 2018 s'analyse comme suit :

(en millions d'euros et pourcentage)	30 juin 2017		30 juin 2018	
	Montant	%	Montant	%
France	111,8	7,6	102,7	7,3
Italie	163,6	11,1	154,2	10,9
Royaume-Uni	98,2	6,6	87,4	6,2
Europe (autres)	398,6	27,0	371,8	26,4
Amériques	330,1	22,3	298,2	21,2
Moyen-Orient	233,1	15,8	258,3	18,3
Afrique	106,0	7,2	98,0	7,0
Asie	36,4	2,5	34,2	2,4
Autres	0,1	0,0	3,2	0,2
<b>Total</b>	<b>1 477,9</b>	<b>100,0</b>	<b>1 407,9</b>	<b>100,0</b>

La majeure partie des actifs du Groupe est constituée des satellites en orbite, le reste des actifs étant principalement localisé en France, en Italie et au Mexique.

## RESULTAT FINANCIER

Le résultat financier s'analyse comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Charges d'intérêts après couverture <sup>(1)</sup>	(130,9)	(102,8)
Frais d'émission d'emprunt & commissions <sup>(2)</sup>	(11,3)	(6,8)
Intérêts capitalisés <sup>(3)</sup>	15,0	13,3
<b>Coût de la dette brute</b>	<b>(127,2)</b>	<b>(96,4)</b>
Produits financiers	1,5	1,2
<b>Coût de la dette nette</b>	<b>(125,7)</b>	<b>(95,2)</b>
Variation des instruments financiers dérivés <sup>(4)</sup>	(0,3)	(6,1)
Résultat de change	(2,1)	(3,0)
Autres	(2,7)	(1,0)
<b>Résultat financier</b>	<b>(130,9)</b>	<b>(105,2)</b>

(1) La charge d'intérêt n'a pas été impactée par les instruments qualifiés de couvertures sur les exercices clos au 30 juin 2017 et au 30 juin 2018.

(2) Les frais d'émission comprennent l'amortissement des frais et primes d'émission des dettes.

(3) Le montant des intérêts capitalisés est fort dépendant de l'avancement et du nombre des programmes de constructions satellitaires constatés au cours de l'exercice concerné.

Les taux d'intérêts retenus pour la détermination des charges d'intérêts capitalisables sont de 3,09 % au 30 juin 2017 et de 2,89% au 30 juin 2018.

(4) Les variations de juste valeur des instruments financiers dérivés incluent essentiellement :

- les variations de la juste valeur des instruments dérivés non qualifiés de couverture ;
- la part inefficace des instruments dérivés qualifiés dans une relation de couverture, ainsi que ;
- les déqualifications/cessions d'instruments de couverture (voir Note 27 « Instruments financiers dérivés »).

## RESULTAT PAR ACTION

Le tableau ci-dessous présente la réconciliation entre le résultat net et les résultats nets (de base et dilué) revenant aux actionnaires utilisés pour le calcul des résultats par action (de base et dilué). Il n'existe pas d'instrument dilutif au 30 juin 2017 et 2018.

(en millions d'euros)	30 juin 2017	30 juin 2018
<b>Résultat net</b>	<b>363,4</b>	<b>302,1</b>
Quote-part de résultat des filiales rétrocédée aux participations ne donnant pas le contrôle	(11,6)	(12,0)
<b>Résultat net utilisé pour le calcul du résultat par action</b>	<b>351,8</b>	<b>290,1</b>
<b>Nombre moyen d'actions</b>	<b>232 609 232</b>	<b>232 452 446</b>

## INSTRUMENTS FINANCIERS DERIVES

Le Groupe est exposé au risque de marché, notamment en ce qui concerne le risque de change et de taux d'intérêt. La Direction gère activement ces expositions aux risques. Pour y faire face le Groupe a recours à un certain nombre d'instruments financiers dérivés. L'objectif est de réduire, là où cela lui semble approprié, les fluctuations de revenus et des flux de trésorerie suite à des variations des taux d'intérêts et des cours de change. La politique du Groupe vise à recourir à des instruments financiers dérivés pour gérer ces expositions aux risques et respecter ses covenants financiers. Le Groupe n'effectue aucune transaction financière présentant un risque qui ne puisse être quantifié lors de sa conclusion, autrement dit il ne saurait vendre des actifs sans les posséder ou sans savoir s'il les possèdera à l'avenir.

## RISQUE DE CHANGE

Par ses opérations de vente de capacité satellitaire, le Groupe est principalement receveur de devises, et majoritairement de dollar U.S.. Le Groupe est donc majoritairement exposé au risque de change dollar U.S./euro.

Par la diversification géographique de ses activités, le Groupe est exposé au risque de conversion, c'est-à-dire que son état de situation financière et son compte de résultat sont sensibles aux variations des parités de change lors de la consolidation des comptes de ses filiales étrangères hors zone euro (risque translationnel). En matière d'investissement dans des devises n'appartenant pas à la zone euro, la politique de couverture du Groupe consiste à créer des passifs libellés dans la devise des cash-flows générés par ces actifs. Parmi les instruments de couverture utilisés, le Groupe utilise également des produits dérivés de change (cross currency swaps) documentés en couverture d'investissement net à l'étranger.

Compte tenu de son exposition au risque de change, le Groupe estime qu'une hausse de 15% de la valeur du taux dollar U.S./euro générerait (hors instruments de change) une baisse du chiffre d'affaires de 70 millions d'euros et une baisse des coûts des opérations/commerciaux/administratifs de 7 millions d'euros et entraînerait une variation négative de 213 millions d'euros sur la réserve de conversion du Groupe et une variation de 76 millions d'euros sur la réserve de conversion liée au Cross Currency Swap.

## RISQUE DE TAUX

### Gestion du risque de taux

Au cours de l'exercice clos au 30 juin 2018 et conformément à sa politique de couverture, le Groupe couvre ses expositions aux variations de taux par la mise en place de deux instruments de pré-couverture (swap à départ flexible) de 800 millions d'euros et 500 millions d'euros.

### Sensibilité au risque de taux

Compte tenu de l'ensemble des instruments financiers dont dispose le Groupe au 30 juin 2018, une augmentation de dix points de base (+ 0,10 %) du taux d'intérêt EURIBOR aurait un impact négligeable sur la charge d'intérêts et la réévaluation des instruments financiers entraînant un impact sur le compte de résultat. Elle se traduirait par une variation positive de 11,3 millions d'euros de capitaux propres, liée à la variation de juste valeur efficace des instruments de couverture qualifiés de couverture de flux de trésorerie futurs.

## DONNEES CHIFFREES AUX 30 JUIN 2017 ET 2018

Les tableaux ci-après présentent les montants contractuels ou notionnels ainsi que les justes valeurs des instruments financiers dérivés aux 30 juin 2017 et 2018 analysés par type de contrat. Les instruments financiers dérivés font l'objet d'une évaluation par un expert indépendant qui est vérifiée/validée avec les valorisations des contreparties bancaires.

(en millions d'euros)	Notionnels		Justes valeurs		Variation de juste valeur sur la période	Impact résultat (hors coupons)	Impact capitaux propres (hors coupons)
	30 juin 2017	30 juin 2018	30 juin 2017	30 juin 2018			
Vente à terme synthétique à barrière activante (Eutelsat S.A.)	87,8	255,4	2,5	(8,0)	(10,5)	(6,1)	(4,4)
Cross Currency Swap	500,0	500,0	(90,1)	(72,1)	18,0	-	18,0
<b>Total des instruments de change</b>	<b>587,8</b>	<b>755,4</b>	<b>(87,6)</b>	<b>(80,1)</b>	<b>7,5</b>	<b>(6,1)</b>	<b>13,6</b>
Swap pré-hedge	1 300,0	1 300,0	(15,0)	(44,2)	(29,2)	-	(29,2)
<b>Total des instruments de taux d'intérêt</b>	<b>1 300,0</b>	<b>1 300,0</b>	<b>(15,0)</b>	<b>(44,2)</b>	<b>(29,2)</b>	<b>-</b>	<b>(29,2)</b>
<b>Total instruments financiers dérivés</b>			<b>(102,6)</b>	<b>(124,3)</b>	<b>(21,7)</b>	<b>(6,1)</b>	<b>(15,6)</b>

Au 30 juin 2018, le montant cumulé des justes valeurs des instruments financiers dérivés ressort en positif pour 1,2 million d'euros et en négatif pour 125,5 millions d'euros (voir Note 9 « Actifs financiers non courants » et Note 18 « Autres passifs financiers »).

### Impact sur le compte de résultat et les capitaux propres

L'impact sur le compte de résultat et les capitaux propres des variations de juste valeur des instruments dérivés qualifiés de couverture s'explique comme suit :

- les coupons des instruments de taux qualifiés de couverture de flux de trésorerie futurs sont comptabilisés directement en résultat. La variation comptabilisée en capitaux propres au titre de ces instruments correspond à la variation de juste valeur hors coupon (« clean fair value »).

- les coupons du Cross Currency Swap qualifié de couverture d'investissement net à l'étranger, ainsi que la variation de juste valeur hors-coupon (« clean fair value ») sont comptabilisés directement en capitaux propres.

## RISQUE DE CONTREPARTIE

Le risque de contrepartie inclut le risque lié à l'émetteur de titres, le risque d'exécution sur produits financiers dérivés ou produits monétaires ainsi que le risque de crédit sur les liquidités et les placements à terme. Le Groupe minimise son exposition au risque lié à l'émetteur et son exposition au risque d'exécution et de crédit en acquérant des produits financiers auprès de banques et d'établissements financiers de premier rang. L'exposition à ces risques est étroitement surveillée.

Le Groupe n'anticipe aucune perte qui résulterait de la défaillance de ses contreparties quant à leurs obligations prévues au contrat.

Au 30 juin 2018, le risque de contrepartie n'est pas significatif sur ces opérations.

## RISQUE DE LIQUIDITE

Le Groupe gère le risque de liquidité en utilisant un outil lui permettant de suivre et de gérer ses besoins et liquidités récurrents. Cet outil tient compte de la maturité des investissements financiers, des actifs financiers et des estimations de flux de trésorerie futurs liés aux activités opérationnelles.

L'objectif du Groupe est de maintenir l'équilibre entre la continuité des financements et leur flexibilité grâce à l'utilisation de découverts, d'emprunts bancaires *in fine*, de lignes de crédit bancaire *Revolver*, d'emprunts obligataires et de contrats de location de satellites.

La maturité contractuelle de la dette du Groupe est présentée dans le tableau ci-après.

## Ventilation des passifs financiers nets par échéance (en millions d'euros)

Au 30 juin 2017	Valeur au bilan	Total des flux contractuels	06/2018	06/2019	06/2020	06/2021	06/2022	Au-delà de 5 ans
Term loan Eutelsat Com.	(597,8)	(625,7)	(5,4)	(5,4)	(5,4)	(5,4)	(604,1)	-
Emprunt obligataire Eutelsat S.A.	(2 518,4)	(2 762,0)	(79,4)	(879,4)	(969,4)	(515,0)	(9,4)	(309,4)
Crédit Export ONDD	(160,4)	(174,1)	(25,8)	(25,5)	(25,2)	(24,9)	(24,6)	(48,2)
Contrats de location financement	(650,6)	(764,4)	(54,6)	(82,7)	(82,0)	(67,4)	(53,9)	(423,8)
Instruments dérivés taux qualifiés <sup>(1)</sup>	(105,1)	(105,1)	-	(16,5)	(88,6)	-	-	-
<b>Total dettes financières</b>	<b>(4 032,3)</b>	<b>(4 431,3)</b>	<b>(165,2)</b>	<b>(1 009,5)</b>	<b>(1 170,6)</b>	<b>(612,7)</b>	<b>(691,9)</b>	<b>(781,4)</b>
Autres passifs financiers	(109,9)	(109,9)	(28,5)	(81,4)	-	-	-	-
<b>Total passifs financiers</b>	<b>(4 142,2)</b>	<b>(4 541,2)</b>	<b>(193,7)</b>	<b>(1 090,9)</b>	<b>(1 170,6)</b>	<b>(612,7)</b>	<b>(691,9)</b>	<b>(781,4)</b>
Instruments dérivés change <sup>(1)</sup>	2,4	2,4	2,0	0,4	-	-	-	-
Actifs financiers	48,8	48,8	26,8	22,0	-	-	-	-
Trésorerie	323,1	323,1	323,1	-	-	-	-	-
Equivalent de trésorerie	84,9	84,9	84,9	-	-	-	-	-
<b>Total actifs financiers</b>	<b>459,2</b>	<b>459,2</b>	<b>436,8</b>	<b>22,4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Position nette</b>	<b>(3 683,0)</b>	<b>(4 082,0)</b>	<b>243,1</b>	<b>(1 068,5)</b>	<b>(1 170,6)</b>	<b>(612,7)</b>	<b>(691,9)</b>	<b>(781,4)</b>

(1) Les montants « ventilés » au titre des instruments dérivés correspondent à des justes valeurs (et non à des flux contractuels).



Au 30 juin 2018	Valeur au bilan	Total des flux contractuels	06/2019	06/2020	06/2021	06/2022	06/2023	Au-delà de 5 ans
Term loan Eutelsat Com.	(598,3)	(620,3)	(5,4)	(5,4)	(5,4)	(604,1)	-	-
Emprunt obligataire Eutelsat S.A.	(2 522,7)	(2 682,6)	(879,4)	(969,4)	(515,0)	(9,4)	(309,4)	-
Crédit Export ONDD	(137,5)	(148,7)	(25,9)	(25,2)	(24,9)	(24,6)	(24,3)	(24,0)
Contrats de location financement	(616,8)	(748,0)	(88,2)	(82,6)	(67,4)	(85,2)	(53,8)	(370,8)
Instruments dérivés taux qualifiés <sup>(1)</sup>	(125,5)	(125,5)	(45,7)	(79,8)	-	-	-	-
<b>Total dettes financières</b>	<b>(4 000,8)</b>	<b>(4 325,1)</b>	<b>(1 044,6)</b>	<b>(1 162,4)</b>	<b>(612,7)</b>	<b>(723,3)</b>	<b>(387,4)</b>	<b>(394,8)</b>
Autres passifs financiers	(104,3)	(104,3)	(16,9)	(87,4)	-	-	-	-
<b>Total passifs financiers</b>	<b>(4 105,1)</b>	<b>(4 429,4)</b>	<b>(1 061,5)</b>	<b>(1 249,8)</b>	<b>(612,7)</b>	<b>(723,3)</b>	<b>(387,4)</b>	<b>(394,8)</b>
Instruments dérivés change <sup>(1)</sup>	1,2	1,2	1,2	-	-	-	-	-
Actifs financiers	33,2	33,2	15,7	17,5	-	-	-	-
Trésorerie	307,3	307,3	307,3	-	-	-	-	-
Equivalent de trésorerie	426,2	426,2	426,2	-	-	-	-	-
<b>Total actifs financiers</b>	<b>767,9</b>	<b>767,9</b>	<b>751,0</b>	<b>17,5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Position nette</b>	<b>(3 337,2)</b>	<b>(3 661,5)</b>	<b>(311,1)</b>	<b>(1 232,3)</b>	<b>(612,7)</b>	<b>(732,2)</b>	<b>(387,4)</b>	<b>(394,8)</b>

(1) Les montants « ventilés » au titre des instruments dérivés correspondent à des justes valeurs (et non à des flux contractuels).

### Couverture de flux de trésorerie – Juste valeur différée en capitaux propres et à reprendre en résultat

(en millions d'euros)	Juste valeur différée en capitaux propres et à reprendre en résultat						
	Total	À 1 an au plus	De 1 à 2 ans	De 2 à 3 ans	De 3 à 4 ans	De 4 à 5 ans	À plus de 5 ans
Couverture du risque de change	(80,1)	(8,0)	(72,1)				
Couverture du risque de taux	(44,2)	(36,4)	(7,7)				
<b>Total net au 30 juin 2018</b>	<b>(124,3)</b>	<b>(44,4)</b>	<b>(79,8)</b>				

Par ailleurs, l'amendement à IFRS7 sur la compensation des actifs et passifs financiers n'a pas d'impact; aucun accord de compensation n'ayant d'effet pour Eutelsat au 30 juin 2018 (ni au bilan selon les critères d'IAS 32, ni sur l'exposition nette).

## ENGAGEMENTS D'ACHATS

Au 30 juin 2018, la Direction estime, au mieux de sa connaissance actuelle, qu'il n'existe pas d'engagements susceptibles d'avoir un impact sur la situation financière actuelle ou future du Groupe, autres que ceux listés ci-dessous.

### ENGAGEMENTS D'ACHATS

Le Groupe s'est engagé auprès de certains fournisseurs pour l'acquisition d'immobilisations (satellites et autres immobilisations) et la réalisation de prestations de services pour 430 millions d'euros au 30 juin 2017 et pour 539 millions d'euros au 30 juin 2018.

L'échéancier aux 30 juin 2017 et 30 juin 2018 des paiements futurs au titre de ces prestations et acquisitions s'établit comme suit :

(en millions d'euros)	Au 30 juin 2017	Au 30 juin 2018
2018	176	-
2019	151	239
2020	38	146
2021	18	66
2022 et au-delà <sup>(1)</sup>	47	27
2023 et au-delà	-	61
<b>Total</b>	<b>430</b>	<b>539</b>

(1) Pour la période présentée au titre de l'exercice clos au 30 juin 2017.

D'autre part, le Groupe peut être amené à bénéficier de pénalités liées aux incidents de fonctionnement de satellites en exploitation.

## LITIGES ET PASSIFS EVENTUELS

Dans le cadre de ses activités, le Groupe est impliqué dans des actions judiciaires et des litiges commerciaux. Le Groupe exerce son jugement au cas par cas dans l'évaluation des risques encourus, et constitue une provision dès lors qu'il s'attend à une sortie probable de ressources. Dans les cas jugés sans fondement ou trop peu étayés, aucune provision n'a été comptabilisée.

La société Eutelsat S.A., appartenant au groupe d'intégration fiscale dont Eutelsat Communications S.A. est la société mère intégrante, a fait l'objet d'une procédure de vérification de comptabilité sur les exercices clos aux 30 juin 2012, 2013 et 2014. En décembre 2016, elle a reçu une proposition de rehaussement relative aux exercices clos aux 30 juin 2013 et 2014. Suite à l'exercice de recours précontentieux et aux discussions qui s'en sont suivies, les montants réclamés par l'administration fiscale ont été sensiblement réduits. Un désaccord persiste sur certains rehaussements, sur lesquels Eutelsat estime disposer d'arguments solides en défense. De ce fait, à la date d'arrêt des comptes au 30 juin 2018, aucune provision n'a été comptabilisée au regard de ces deux rehaussements.

## PARTIES LIEES

Les parties liées sont composées :

- des actionnaires directs ou indirects, et leurs filiales, qui exercent une influence notable, laquelle est présumée en cas de détention de plus de 20 % ou dès lors que l'investisseur bénéficie d'une présence au Conseil d'administration d'une entité du Groupe ;
- des actionnaires minoritaires des entités que le Groupe consolide selon la méthode de l'intégration globale ;
- des sociétés dans lesquelles le Groupe détient une participation qu'il comptabilise par la méthode de la mise en équivalence ; et
- des « principaux dirigeants ».

Le Groupe considère que la notion de « principaux dirigeants » regroupe dans le contexte de gouvernance d'Eutelsat les membres des organes de direction et d'administration, à savoir le Directeur général, les Directeurs Généraux Délégués et les autres membres du Conseil d'Administration.

En dehors des principaux dirigeants, le Groupe Eutelsat considère comme parties liées uniquement les relations avec intérêts dans les entreprises associées au titre d'IFRS 12 (les participations ne donnant pas le contrôle). Les autres relations ne sont pas jugées significatives.

Les montants relatifs aux parties liées sont présentés dans les tableaux ci-après :

### PARTIES LIEES HORS « PRINCIPAUX DIRIGEANTS »

Les créances et les dettes envers les parties liées comprises dans les actifs et passifs courants au bilan aux 30 juin 2017 et 2018 s'analysent comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Créances brutes (y compris factures à établir)	1,0	0,6
Dettes (y compris factures à recevoir)	569,6	540,6

Aux 30 juin 2017 et 30 juin 2018, les dettes (exclusivement envers des entités détenant des participations ne donnant pas le contrôle) comprennent les contrats de location financement au titre des satellites EXPRESS AT1, EXPRESS AT2, EXPRESS AM6 et EUTELSAT 36C.

Les transactions avec les parties liées comprises dans le compte de résultat pour les périodes closes aux 30 juin 2017 et 2018 s'analysent comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Chiffre d'affaires	27,5	13,8
Résultat financier	15,5	14,5

Pour les exercices clos au 30 juin 2017 et au 30 juin 2018, aucune partie liée ne représente individuellement plus de 10 % du chiffre d'affaires.

En outre, le Groupe a conclu des accords avec des actionnaires pour la fourniture de services liés au suivi et au contrôle des satellites.

### REMUNERATIONS ALLOUEES AUX « PRINCIPAUX DIRIGEANTS »

(en millions d'euros)	30 juin 2017	30 juin 2018
Rémunérations hors charges patronales	1,9	2,3
Avantages court terme : charges patronales	0,6	0,8
<b>Total avantages court terme</b>	<b>2,5</b>	<b>3,1</b>
Avantages postérieurs à l'emploi	cf. infra	cf. infra
Paiement fondé sur les actions	cf. infra	cf. infra

#### Avantages postérieurs à l'emploi

En cas de fin de mandat du Directeur général, il est prévu un engagement de non concurrence, rémunéré par le versement pendant 18 mois de 50% de la rémunération fixe. Cet engagement prévoit que le Directeur général s'abstienne pendant cette durée de travailler directement ou indirectement pour tout opérateur de satellites.

## Paiement fondé sur les actions

Les Conseils d'administration du 16 février 2016, du 25 avril 2017 et du 8 novembre 2017 (cf. Note 16.3 "Rémunération en actions et assimilées") ont décidé d'attribuer des plans fondés sur les actions au profit des membres des organes de direction et d'administration du Groupe subordonnées aux conditions précisées dans les plans et de fixer un taux de rétention de 50 % des actions définitivement acquises pour la durée de leur fonction de mandataires sociaux de la Société.

La valeur de l'avantage octroyé est étalée sur la période d'acquisition des droits d'une durée de trois ans. La charge brute constatée pour les périodes arrêtées aux 30 juin 2017 et 2018 s'est élevée à 0,7 million d'euros et 0,3 million d'euros.

La rémunération versée (y compris charges patronales) aux mandataires sociaux d'Eutelsat Communications salariés du Groupe est de 3,1 millions d'euros pour l'exercice clos au 30 juin 2018. Les membres du Conseil d'administration ont perçu 0,8 million d'euros de jetons de présence au titre de l'année 2016-2017.

## CHARGES DE PERSONNEL

Les charges de personnel (y compris la participation légale des salariés et les charges fiscales afférentes aux salariés) se ventilent comme suit :

(en millions d'euros)	30 juin 2017	30 juin 2018
Coûts des opérations	52,9	57,0
Charges commerciales et administratives	100,6	86,2
<b>Total <sup>(1)</sup></b>	<b>153,5</b>	<b>143,2</b>

(1) Dont au titre des charges liées au paiement fondé sur les actions respectivement (3,6) millions d'euros et (2,5) millions d'euros aux 30 juin 2017 et 2018.

Le nombre moyen d'employés, en équivalent temps plein, s'établit comme suit :

	30 juin 2017	30 juin 2018
Opérations	455	484
Fonctions commerciales et administratives	534	523
<b>Total</b>	<b>990</b>	<b>1 007</b>

Au 30 juin 2018, le Groupe compte 998 salariés équivalent temps plein, contre 985 au 30 juin 2017.

Le Groupe possède un Plan d'Épargne d'Entreprise (PEE) réservé au personnel salarié d'Eutelsat S.A. ayant au moins trois mois d'ancienneté, alimenté par les versements volontaires des salariés.

Par ailleurs, le Groupe possède un accord d'intéressement au niveau de sa filiale Eutelsat S.A. qui a été conclu pour une durée de trois ans assis sur des objectifs révisables annuellement.

## PERIMETRE DE CONSOLIDATION

Au 30 juin 2018, la liste des sociétés incluses dans le périmètre de consolidation est la suivante :

Sociétés	Pays	Méthode de consolidation	% de contrôle au 30 juin 2018	% d'intérêt au 30 juin 2018
Eutelsat Communications SA (société mère)	France	IG	100,00%	100,00%
Eutelsat S.A.	France	IG	100,00%	96,37%
Sous-groupe Eutelsat S.A.				
Eutelsat Broadband Services	France	IG	100,00%	96,37%
Fransat S.A.	France	IG	100,00%	96,37%
Eutelsat do Brasil S.A. <sup>(1)</sup>	Brésil	IG	100,00%	96,37%
Eutelsat Participatoes <sup>(1)</sup>	Brésil	IG	100,00%	96,37%
Satmex Holding BV	Pays-Bas	IG	100,00%	96,37%
Satelites Mexicanos SMVS <sup>(1)</sup>	Mexique	IG	100,00%	96,37%
EAS Delaware Corp. <sup>(1)</sup>	Etats-Unis	IG	100,00%	96,37%
Satelites Mexicanos Administracion SMVS <sup>(1)</sup>	Mexique	IG	100,00%	96,37%
Satelites Mexicanos Tecnicos SMVS <sup>(1)</sup>	Mexique	IG	100,00%	96,37%
Satmex US LLC <sup>(1)</sup>	Etats-Unis	IG	100,00%	96,37%
Eutelsat Serivicos de Telecom. do Brasil Ltd <sup>(1)</sup>	Brésil	IG	100,00%	96,37%
Eutelsat Latam Corp. <sup>(1)</sup>	Etats-Unis	IG	100,00%	96,37%
Eutelsat Italia S.r.l	Italie	IG	100,00%	96,37%
Skylogic S.p.A.	Italie	IG	100,00%	96,37%
Eutelsat Latin America	Panama	IG	100,00%	96,37%
Eutelsat Russia <sup>(1)</sup>	Russie	IG	100,00%	96,37%
Eutelsat Services und Beteiligungen GmbH	Allemagne	IG	100,00%	96,37%
Eutelsat Inc.	États-Unis	IG	100,00%	96,37%
Eutelsat America Corp.	États-Unis	IG	100,00%	96,37%
Eutelsat UK Ltd	Royaume-Uni	IG	100,00%	96,37%
Eutelsat Polska spZoo	Pologne	IG	100,00%	96,37%
Skylogic Finland Oy	Finlande	IG	51,00%	49,15%
Skylogic France SAS	France	IG	51,00%	49,15%
Skylogic Germany GmbH	Allemagne	IG	51,00%	49,15%
Skylogic Mediterraneo S.r.l	Italie	IG	100,00%	96,37%
Irish Space Gateways	Irlande	IG	51,00%	49,15%
CSG Cyprus Space Gateways	Chypre	IG	51,00%	49,15%
Skylogic Eurasia	Turquie	IG	51,00%	49,15%
Skylogic Greece	Grèce	IG	51,00%	49,15%
Skylogic España S.A.U.	Espagne	IG	51,00%	49,15%
Skylogic Croatia d.o.o.	Croatie	IG	51,00%	49,15%
Eutelsat do Madeira Unipessoal Lda	Madère	IG	100,00%	96,37%
Eutelsat Asia	Singapour	IG	100,00%	96,37%
ES172 LLC	États-Unis	IG	100,00%	96,37%
EA172 UK	Royaume-Uni	IG	100,00%	96,37%
ES 174E LTD	Chypre	IG	100,00%	96,37%
Eutelsat Australia PTY Ltd	Australie	IG	100,00%	96,37%
Eutelsat Middle East	Dubai	IG	100,00%	96,37%
Eutelsat International	Chypre	IG	51,00%	49,15%
Eutelsat Network <sup>(1)</sup>	Russie	IG	51,00%	49,15%
Taurus Satellite Holding	Royaume-Uni	IG	100,00%	96,37%

Broadband4Africa Limited	Royaume-Uni	IG	100,00%	96,37%
Broadband4Africa France SAS	France	IG	100,00%	96,37%
Broadband4Africa Italy Srl	Italie	IG	100,00%	96,37%
Broadband4Africa Israel Ltd	Israël	IG	100,00%	96,37%
Broadband4Africa Côte d'Ivoire SARL	Côte d'Ivoire	IG	100,00%	96,37%
Broadband4Africa South Africa Ltd	Afrique du Sud	IG	100,00%	96,37%
Eurobroadband Infrastructure SARL	Suisse	IG	51,00%	49,15%
Eurobroadband Services	Italie	IG	51,00%	49,15%
Eurobroadband Retail	Suisse	MEE	49,00%	47,22%
Eutelsat MENA FZ-LLC	Dubai	IG	100,0%	96,37%
Noorsat Media City	Chypre	IG	100,00%	96,37%
Noor Al Sharq	Jordanie	IG	100,00%	96,37%
Eutelsat Cyprus Ltd	Chypre	IG	100,00%	96,37%

IG : Intégration globale.

MEE : Mise en équivalence.

(1) Sociétés dont l'exercice fiscal est clos au 31 décembre pour des raisons légales ou historiques.

NB : Les autres sociétés ont un exercice fiscal clos au 30 juin.

L'intégration globale de ces filiales a été réalisée à partir de comptes arrêtés au 30 juin 2018.

## ÉVÉNEMENTS POSTÉRIEURS A LA CLOTURE

Aucun événement significatif n'est intervenu entre la date de clôture et la date d'arrêt des comptes consolidés par le Conseil d'administration.

## HONORAIRES DES COMMISSAIRES AUX COMPTES

(en milliers d'euros)	Ernst & Young				Mazars			
	Montant		Montant		Montant		Montant	
	N	%	N-1	%	N	%	N-1	%
<b>AUDIT</b>								
<b>Commissariat aux comptes, certification, examen des comptes individuels consolidés</b>								
Eutelsat Communications	163	25%	211	21%	168	28%	211	48%
Autres filiales	492	73%	699	68%	430	70%	230	52%
<b>Sous-total</b>	<b>655</b>	<b>98%</b>	<b>910</b>	<b>89%</b>	<b>598</b>	<b>98%</b>	<b>440</b>	<b>100%</b>
<b>Services autres que la certification des comptes</b>								
Eutelsat Communications			-	-	-	-	-	-
Autres filiales	12	2%	111	11%	13	2%	-	-
<b>Sous-total</b>	<b>12</b>	<b>2%</b>	<b>111</b>	<b>11%</b>	<b>13</b>	<b>2%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>667</b>	<b>100%</b>	<b>1 021</b>	<b>100%</b>	<b>610</b>	<b>100%</b>	<b>440</b>	<b>100%</b>

## APPENDIX 2

### COMPANY FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2018

Eutelsat Communications

“Société anonyme” with a capital of 232,774,635 euros

Registered office: 70, rue Balard 75015 Paris

481 043 040 R.C.S. Paris

#### ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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## BALANCE SHEET

(In thousands of euros)	Note	Financial year 2017	Financial year 2018
Uncalled subscribed capital			
<b>INTANGIBLE ASSETS</b>			
Setup costs			
Development expenses			
Franchise, patents, trademarks and similar rights			
Goodwill			
Other intangibles			
Advances and prepayments on intangibles			
<b>TANGIBLE ASSETS</b>			
Land			
Buildings			
Technical equipment, plant and machinery			
Other tangibles			
Construction in progress			
Prepayments and advances			
<b>FINANCIAL ASSETS</b>	3		
Equity investments			
Other equity interests		2,942,832	2,942,931
Receivables from equity interests			
Other investments in securities		6,177	5,573
Loans		0	0
Other financial assets		9	20
<b>FIXED ASSETS</b>		<b>2,949,018</b>	<b>2,948,524</b>
<b>STOCKS AND WORK IN PROGRESS</b>			
Raw materials, supplies			
Work-in-progress goods			
Work-in-progress services			
Intermediate and finished goods			
Trading goods			
Advances and payments on accounts		14	6
<b>RECEIVABLES</b>			
Trade debtors and related accounts		297	297
Other debtors	4	224,345	237,224
Subscribed capital called and unpaid			
<b>MISCELLANEOUS</b>			
Marketable securities	5	3,279	3,262
Cash at bank and in hand	5	988	27,862
<b>PREPAID EXPENSES</b>	6		
Prepaid expenses		32	111
<b>CURRENT ASSETS</b>		<b>228,955</b>	<b>268,763</b>
Deferred loan issuance costs	6	2,202	1,739
Bond redemption premiums			
Unrealised exchanged losses			0
<b>GENERAL TOTAL</b>		<b>3,180,175</b>	<b>3,219,026</b>



## BALANCE SHEET

(In thousands of euros)	Notes	Financial year 2017	Financial year 2018
Capital Stock - Shares		232,775	232,775
Share or merger premium		1,237,648	1,237,648
Revaluation reserve			
Legal reserve		23,277	23,277
Statutory and legal reserves			
Regulated reserves			
Other reserves			
Retained earnings		834,821	798,461
<b>RESULT FOR THE YEAR (gain or loss)</b>		<b>244,999</b>	<b>312,955</b>
Investment grants			
Tax related provisions		467	467
<b>SHAREHOLDER'S EQUITY</b>	<b>7</b>	<b>2,573,987</b>	<b>2,605,583</b>
Income from issues of equity interests			
Contingent advances			
<b>OTHER SHAREHOLDER'S EQUITY</b>			
Provisions for risks			0
Provisions for expenses		102	102
<b>PROVISIONS</b>	<b>8</b>	<b>102</b>	<b>102</b>
<b>FINANCIAL DEBT</b>			
Convertible debt			
Other bonds *			
Bank loans *	9	600,285	600,300
Borrowings and other financial liabilities			
Advances and payments received on accounts		1	1
<b>OPERATING CHARGES</b>			
Trade creditors and related accounts		2,234	1,955
Tax and social security payable	10	2,904	11,078
<b>MISCELLANEOUS DEBT</b>			
Amounts payable for fixed assets and related accounts			
Other creditors	15.1	650	
<b>PREPAID EXPENSES</b>			
Deferred revenues			
<b>DEBT</b>		<b>606,074</b>	<b>613,335</b>
Unrealised exchange gains		12	6
<b>GENERAL TOTAL</b>		<b>3,180,175</b>	<b>3,219,026</b>

\* including portion maturing within 1 year

285

300

## INCOME STATEMENTS

(In thousands of euros)	Notes	Financial year 2017	Financial year 2018
Sale of merchandise			
Sales of goods manufactured			
Sales of services rendered		1,790	3,394
<b>NET SALES</b>	<b>12</b>	<b>1,790</b>	<b>3,394</b>
Stocks of finished goods			
Own work capitalised			
Operating subsidies			
Write back of provisions and depreciation, transfers of expenses	6	174	20
Other income		0	1
<b>OPERATING INCOME</b>		<b>1,964</b>	<b>3,415</b>
Purchase of goods (including customs duties)			
Variation of inventories of bought-in goods			
Purchase of raw materials and other supplies			
Change in inventories (raw materials and supplies)			
Other purchases and external charges		6,576	5,611
Income tax, other taxes and assimilated		401	509
Wages	18.2	2,201	2,672
Social charges	18.2	758	909
Operating allowances	6		
• Fixed assets: amortisation		522	463
• Fixed assets: depreciation			
• Current assets: amortisation and depreciation			0
• Provisions			0
• Other expenses		730	990
<b>OPERATING CHARGES</b>		<b>11,188</b>	<b>11,155</b>
<b>OPERATING RESULT</b>		<b>-9,224</b>	<b>-7,740</b>
<b>JOINT VENTURES</b>			
Share of profit or loss			
Losses incurred or transferred profit			
<b>FINANCIAL INCOME</b>		<b>258,572</b>	<b>306,083</b>
Income from investments		2,103	303,256
Income from other investments and loans		-1	-4
Other interest receivable and similar income		256,468	2,806
Write back of provisions and transfers of expenses			26
Realised exchange gains		1	
Net gains from sales of marketable securities			
<b>FINANCIAL EXPENSES</b>		<b>5,633</b>	<b>5,779</b>
Depreciation, amortisation and provisions		26	0
Interest payable and similar charges		5,597	5,778
Realised exchange losses		9	
Net losses from sales of marketable securities			
<b>FINANCIAL RESULT</b>	<b>13</b>	<b>252,939</b>	<b>300,305</b>
<b>NET RESULT BEFORE TAXES</b>		<b>243,715</b>	<b>292,565</b>
<b>EXCEPTIONAL INCOME</b>		<b>1,937</b>	<b>890</b>
Exceptional income from operations			
Exceptional income from capital transactions		1,812	890
Write back of provisions and transfers of expenses		125	
<b>EXCEPTIONAL EXPENSES</b>		<b>347</b>	<b>1,525</b>
Exceptional expenses from operations		0	0
Exceptional expenses from capital transactions		347	1,525
Exceptional depreciation, amortisation and provisions			
<b>EXCEPTIONAL RESULT</b>	<b>14</b>	<b>1,590</b>	<b>-635</b>
Employees' profit-sharing			
Income tax	15	306	-21,026
<b>TOTAL INCOME</b>		<b>262,473</b>	<b>310,389</b>
<b>TOTAL EXPENSES</b>		<b>17,474</b>	<b>-2,566</b>
<b>NET INCOME OR LOSS</b>		<b>244,999</b>	<b>312,955</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### NOTE 1. GENERAL OVERVIEW

#### Business description

The purpose of Eutelsat Communications S.A. ("the Company" or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

#### Key events during the period

The purpose of the company being the holding of equity interests, no particular key event occurred during the financial year.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of presentation

The annual financial statements are prepared in accordance with the French Code of commerce (Articles L. 123-12 to L. 123-28) and Regulations 2016-07 and 2015-05 of the "*Autorité des Normes Comptables*" (ANC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;
- consistent accounting methods used from one financial year to the next, and in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

The application of ANC Regulation 2015-05 of 2 July 2015 on Forward Financial Instruments and Hedging transactions as from 1 July 2017 represents a change in method. As the Company did not have any financial instruments during the past two financial years, the only impact of applying this new regulation consists in the non-significant reclassification to operating income of foreign exchange gains and losses on commercial transactions previously recognized within financial income.

There have been no changes in accounting methods during the period apart from changes to the

presentation of financial statements pursuant to the new regulation.

The currency used in the presentation of the Company's accounts is the euro.

## **2.2 Significant judgements and estimates**

In preparing the financial statements, Management is required to make judgements and estimates that are likely to affect certain assets and liabilities, the amounts shown for the corresponding income and expenses in these annual financial statements and their accompanying Notes. Eutelsat S.A. constantly updates its estimates and assessments by using past experience and other relevant factors related 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 because of the uncertainty that surrounds them.

## **2.3 Financial assets**

Investments are recorded in the balance sheet at acquisition cost, including any acquisition fees. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

## **2.4 Cash and marketable securities**

Cash and marketable securities consist mainly of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

## **2.5 Receivables and debt**

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

## **2.6 Apportionment of loan set-up costs**

Loan set-up costs are amortised over the duration of the loan.

## **2.7 Shareholders' equity**

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

## **2.8 Provisions**

A provision is an item with a negative economic value for the Company, i.e. a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

## **2.9 Identity of the consolidating parent company**

Eutelsat Communications consolidates its accounts and those of its subsidiaries at Eutelsat Communications Group level ("the Group") under the full consolidation method. Eutelsat Communications, whose registered office is located at 70, rue Balard 75015 Paris, is registered with the Paris Register of Trade and Companies under number 481 043 040. The Group's consolidated financial statements can be found on its corporate website.

### NOTE 3. FINANCIAL ASSETS

Financial assets break down as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Equity investments	2,942,832	2,942,931
Other investments in securities	6,203	5,573
Loans and other financial assets	9	20
<b>Total gross book values</b>	<b>2,949,044</b>	<b>2,948,525</b>
Provisions	-26	0
<b>Total net carrying amounts</b>	<b>2,949,018</b>	<b>2,948,524</b>

The changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Equity investments	Other investments in securities <sup>(1)</sup>	Loans and other financial assets <sup>(1)</sup>	Total
<b>Net carrying values as of 1 July 2017</b>	<b>2,942,832</b>	<b>6,177</b>	<b>9</b>	<b>2,949,018</b>
Acquisitions	99	51,890	51,901	103,890
Transfers	0	0	0	0
Reimbursement of capital contribution and disposals	0	-52,520	-51,890	-104,410
Reversals/Depreciation, amortisation and provisions	0	26	0	26
<b>Net carrying values as of 30 June 2018</b>	<b>2,942,931</b>	<b>5 573</b>	<b>20</b>	<b>2,948,524</b>

<sup>(1)</sup> Transactions relating to the liquidity agreement (see Note 3.2 - Other investments in securities).

#### 3.1 Equity interests

As of 30 June 2017, "Equity investments" included:

- 976,365,626 Eutelsat S.A. shares representing 2,557,929 thousand euros (including 969,115,805 shares arising from the universal transfer of assets and liabilities of Eutelsat Communications Finance representing 2,518,761 thousand euros and 1,865 shares held under the liquidity offer of 12 June 2017 representing 10 thousand euros.
- A merger deficit in the amount of 384,903 thousand euros allocated to Eutelsat S.A. shares, resulting from the universal transfer of Eutelsat Communications Finance assets to Eutelsat Communications on 10 May 2017.

As of 30 June 2018, "Equity investments" includes:

- 976,384,527 Eutelsat S.A. shares representing 2,558,028 thousand euros (including 969,115,805 shares arising from the universal transfer of assets and liabilities of Eutelsat Communications Finance representing 2,518,761 thousand euros and 15,848 shares held under the liquidity offer of 11 December 2017 representing 87 thousand euros and 2,531 shares held under the liquidity offer of 12 June 2018 representing 11 thousand euros.
- A merger deficit in the amount of 384,903 thousand euros allocated to Eutelsat S.A. shares, resulting from the universal transfer of Eutelsat Communications Finance assets to Eutelsat Communications on 10 May 2017.

### 3.2 Other investments in securities

"Other investments in securities" breaks down as follows:

- Treasury stock held under a liquidity agreement for 5,225 thousand euros corresponding to 232,500 shares as of 30 June 2017 and for 3,367 thousand euros corresponding to 201,000 shares as of 30 June 2018. As of 30 June 2018, treasury shares were not impaired;
- The "SICAV de trésorerie" held under the liquidity agreement for 978 thousand euros corresponding to 42 SICAV BNP Paribas as of 30 June 2017 and for 2,207 thousand euros corresponding to 95 SICAV BNP Paribas as of 30 June 2018.

### 3.3 Loans and other financial assets

The "Loans and other financial assets" item includes the cash account related to the liquidity agreement on treasury stock for 9 thousand euros as of 30 June 2017 and 20 thousand euros as of 30 June 2018.

## NOTE 4. OTHER DEBTORS

Other debtors (including advances and payments on accounts) break down as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Income tax		
Deductible VAT	84	56
Inter-company accounts within the Group	224,253	237,118
Other debit balances	23	57
<b>Total</b>	<b>224,360</b>	<b>237,231</b>

All other receivables mature within one year.

## NOTE 5. CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Treasury stock <sup>(1)</sup>	2,265	2,244
OPCVM		
Cash	987	27,861
Deposit warrants	1,014	1,018
<b>Total</b>	<b>4,266</b>	<b>31,123</b>

(1) See Note 7.2 - Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards.

## NOTE 6. PREPAID EXPENSES AND OTHERS

“Prepaid expenses and others” is composed as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Prepaid expenses	32	111
Expenses to be accrued over several years	2,202	1,739
<b>Total</b>	<b>2,234</b>	<b>1,850</b>

As of 30 June 2017 and 30 June 2018, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over a period corresponding to the lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounted to 522 thousand euros as of 30 June 2017 and 463 thousand euros as of 30 June 2018.

## NOTE 7. SHAREHOLDERS' EQUITY

### 7.1 Statement of changes in shareholders' equity

As of 30 June 2018, the share capital comprised 232,774,635 ordinary shares with a nominal value of 1 euro per share.

On 08 November 2017, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called



upon to approve the annual financial statements for the period ended 30 June 2017. Having recognised a 244,999 thousand euro profit, the AGM decided to distribute a 1.21 euro dividend per share for a total amount of 281,360 thousand euros taken from net income and allocate the remaining balance ,i.e. 36,360 thousand euros to retained earnings.

(in thousands of euros)	01/07/2017	Movements affecting the capital		Allocation of result	Distribution of dividends	Other movements	30/06/2018
		Increase	Reduction				
Share capital	232,775						232,775
Additional paid-in capital	704,802						704,802
Merger premium	499,561						499,561
Share premium	33,285						33,285
Legal reserve	23,277						23,277
Retained earnings (+)	834,821				-36,360		798,461
Result 30/06/2017	244,999				-244,999		
Regulated provisions <sup>(1)</sup>	467						467
<b>Total</b>	<b>2,573,987</b>				<b>-281,360</b>		<b>2,292,628</b>
				Shareholders' equity before result		2,292,628	
				Result for the year		312,955	
				<b>Total shareholders' equity</b>		<b>2,605,583</b>	

*(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.*

## 7.2 Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

The Board of Directors meeting on 8 November 2017 decided to implement a Long-Term Incentive Plan based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

As of 30 June 2018, the Group ran three plans for the allocation of free shares and Eutelsat Communications' share-based awards, started in February 2016, April 2017 and November 2017 respectively.

Conditions	2016 Plan	2017 Plan	2018 Plan
Vesting Period	February 2016 - February 2019 <sup>(1)</sup>	July 2016 – June 2019	July 2017 - June 2020
Settled in	Shares and cash	Cash	Cash
Lock-up period	February 2019 - February 2021 <sup>(2)</sup>	N/A	N/A
Maximum number of share-based awards at inception	482,211	323,454	319,444
Number of recipients	805	259	287
<b>Features of "Employees Plan":</b>			
- number of shares per recipient	300	N/A	N/A
- performance-related targets	Cumulative EBITDA <sup>(3)</sup> for 50%	N/A	N/A
	Average ROCE <sup>(4)</sup> for 50%	N/A	N/A
<b>Features of "Managers Plan" at grant date:</b>			
- total number of shares	195,462	260,129	255,268
- performance-related targets	Cumulative EBITDA <sup>(3)</sup> for 1/3	Revenues for 1/3	Revenues for 30%
	Average ROCE <sup>(4)</sup> for 1/3	Discretionary Free-Cash-Flow for 1/3 <sup>(6)</sup>	Discretionary Free-Cash-Flow for 50% <sup>(6)</sup>
	Relative TSR <sup>(5)</sup> for 1/3	Cost savings Plan for 1/3	Cost savings Plan for 20%
<b>Features of "Corporate Officers" Plan at grant date:</b>			
- total number of shares	46,119	63,325	64,176
- performance-related targets	Cumulative EBITDA <sup>(3)</sup> for 1/3	Revenues for 1/4	Revenues for 1/4
	Average ROCE <sup>(4)</sup> for 1/3	Discretionary Free-Cash-Flow for 1/4 <sup>(6)</sup>	Discretionary Free-Cash-Flow for 1/4 <sup>(6)</sup>
	Relative TSR <sup>(5)</sup> for 1/3	Cost savings Plan for 1/4	Cost savings Plan for 1/4
		Relative TSR <sup>(5)</sup> for 1/4	Relative TSR <sup>(5)</sup> for 1/4
<b>Share price used as taxation basis for calculating social contributions and employer's charges:</b>			
- "Employees" Plan	-	-	-
- "Managers" Plan	-	€16,70	€15,78
- "Corporate Officers" Plan	-	€6,89	€5,19

- (1) For foreign subsidiaries, the vesting period is 4 years.*
- (2) There is no lock-up period for foreign subsidiaries.*
- (3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.*
- (4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).*
- (5) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).*
- (6) Discretionary free cash flow is defined as net cash flow from operating activities less cash investments as well as interest and other financial costs, net of interest income.*

The performance objectives are defined on the basis of the Group’s consolidated financial statements.

### Treasury stock

As of 30 June 2017, the Company held 106,022 equity shares for 2,265 thousand euros, recorded as “Cash and marketable securities” (see Note 5 - *Cash and marketable securities*).

As of 30 June 2018, the Company held 105,068 equity shares for 2,244 thousand euros, recorded as “Cash and marketable securities” (see Note 5 - *Cash and marketable securities*).

## NOTE 8. PROVISIONS FOR LIABILITIES AND CHARGES

“Provisions for risks and expenses” mainly includes provisions for litigation. The change in the provisions for risks and expenses is as follows:

(in thousands of euros)	30 June 2017	Allowance	Reversals		30 June 2018
			(used provisions)	(unused provisions)	
Operating result		0			102
Financial result					
Exceptional result	102				
<b>Total</b>	<b>102</b>	<b>0</b>			<b>102</b>

## NOTE 9. FINANCIAL DEBT

### ➤ Financial information as of 30 June 2017 and 2018:

Loans and bank debt were granted in 2015. They are denominated in euros with a five-year maturity period and two 1-year extension options, subject to lenders' approval.

In March 2016 and March 2017, the Company received the approval of all lenders on both one-year extensions until March 2022. They are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Loans and financial debt	600,000	600,000
Accrued interest	285	300
<b>Total</b>	<b>600,285</b>	<b>600,300</b>

Maturities of debts are as follows:

(in thousands of euros)	30 June 2017	30 June 2018
2,022	600,000	600,000
<b>Total</b>	<b>600,000</b>	<b>600,000</b>

Eutelsat Communications has access to the following credit facilities:

- > a term loan of 600 million euros expiring in March 2022 remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40% ;
- > a 200 million euro revolving credit line (undrawn as of 30 June 2018) entered into in March 2015 with a seven-year maturity.

The credit agreements include neither a guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- sell assets;
- enter into mergers, acquisitions, asset disposals, or lease transactions (excluding those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for 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 not covered by a launch insurance policy.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs, and defined as follows: Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually) which is less than or equal to 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

As of 30 June 2018, the Company complied with all banking covenants under its credit facilities.

## **NOTE 10. TAX AND EMPLOYEE-RELATED PAYABLE**

Tax and employee-related payable is composed of the following:

<b>(in thousands of euros)</b>	<b>30 June 2017</b>	<b>30 June 2018</b>
State: accrued liabilities	181	191
Income tax	66	7,905
Output VAT	62	61
Staff: accrued liabilities	1,801	2,093
Social charges payable	795	828
<b>Total</b>	<b>2,904</b>	<b>11,078</b>

## **NOTE 11. PERSONNEL**

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2 - *Compensation paid to "key management personnel"*.

## **NOTE 12. REVENUE**

Company revenue is generated through re invoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

(in thousands of euros)	30 June 2017	30 June 2018
France	1,790	3,394
Export	-	-
<b>Revenue recognition</b>	<b>1,790</b>	<b>3,394</b>

### NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	30 June 2017	30 June 2018
Interest expense	-5,475	-5,475
Interest income	291	582
Proceeds from equity investments	1,812	302,674
Merger premium	256,465	
Investment earnings	-1	-4
Proceeds from mutual fund investments		
Other	-153	2,528
<b>Total</b>	<b>252,939</b>	<b>300,305</b>

The interest expense corresponds to existing loans (see Note 9 – *Financial debt*), after taking into account interest received or paid on hedging instruments.

As of 30 June 2017 and 2018, income from investments mainly consists of dividends from the subsidiary Eutelsat S.A. for 1,812 thousand euros and 302,674 thousand euros respectively.

During the financial year ended 30 June 2017, Eutelsat Communications decided to wind up its subsidiary Eutelsat Communications Finance through the universal transfer of its assets and liabilities. The dissolution was reflected in Eutelsat Communications' accounts by the recognition of a 756,025 thousand euro merger premium entered under financial result for 256,465 thousand euros.

## NOTE 14. EXCEPTIONAL RESULT

The exceptional result comprises the following:

(in thousands of euros)	30 June 2017	30 June 2018
Gain on repurchase of treasury stock	1,812	890
Cost of free share grant invoiced to subsidiaries	57	0
Reversal of provisions for tax risks	68	0
Transfers of exceptional charges	0	0
<b>Exceptional income</b>	<b>1,937</b>	<b>890</b>
Fines and penalties	0	0
Donations	0	0
Loss on repurchase of treasury stock	289	1,505
Cost of purchase of free shares allocated	58	21
Allocation to provisions for tax risks	0	0
<b>Exceptional charges</b>	<b>347</b>	<b>1,525</b>
<b>Exceptional result</b>	<b>1,590</b>	<b>-635</b>

## NOTE 15. INCOME TAX

### 15.1 Tax consolidation

On 28 June 2006, the Company decided to apply a tax consolidation system to a group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes Eutelsat S.A., Eutelsat Broadband Services S.A.S (formerly Eutelsat VAS S.A.S.) and Fransat S.A.

As of 30 June 2017 and 2018, the tax expense for the tax consolidation group was 152,495 thousand euros and 176,419 thousand euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement was 155,724 million euros and 177,398 thousand euros, which yielded a profit of 3,229 thousand euros and 979 thousand euros as of



30 June 2017 and 30 June 2018 respectively.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43,304 thousand euros.

## 15.2 Common law provisions

As of 30 June 2018, the Company's tax liability breaks down between current income and exceptional income as follows:

<i>(in thousands of euros)</i>	Income before tax	Tax due	Net income
Current	292,565	-21,071	313,636
Exceptional	-635	46	-681
<b>Total</b>	<b>291,930</b>	<b>-21,026</b>	<b>312,955</b>

The corporate tax includes the income tax rate estimated at 34.43% pursuant to the general arrangements for business taxation, and results from the application of the 2013 Finance Act ("Loi de finances 2013") which caps deductibility of financial expenses at 75%, and the 2017 Finance Act ("Loi de finances 2017") which introduced an exceptional contribution of 15% on the corporate income tax for financial periods ended on or before 30 December 2018. It also includes a tax income of 20 million relating to the 3% tax rebate on dividends paid.

## 15.3 Increases and reductions in future tax liability

<i>(in thousands of euros)</i>	30 June 2017	30 June 2018
<b>Reductions in future tax liability:</b>		
Loss carry-forwards (1)	12,524	11,180
Impairment of assets	-	
Non-deductible provisions	0	0
<b>Total</b>	<b>12,524</b>	<b>11,180</b>
<b>Increases in future tax liability:</b>		
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>(1) Rates used: 28.92% as of 30 June 2017 and 25.82% as of 30 June 2018.</i>		

## **NOTE 16. MARKET 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 Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

The Company has no exposure to interest rate risk.

## **NOTE 17. OTHER COMMITMENTS AND CONTINGENCIES**

Eutelsat S.A., a company belonging to the tax consolidation group of which Eutelsat Communications S.A. is the integral parent company, underwent an accounting 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 on certain tax enhancements, on which Eutelsat believes that it has solid defences. As a result, as of 30 June 2018, no provision had been recorded for these two tax reassessments.

The company's off-balance sheet purchase commitments stand at 621 million euros.

## **NOTE 18. RELATED PARTY TRANSACTIONS**

Related party transactions consist of the direct and indirect shareholders who have 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 a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key management personnel").

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEOs and the other members of the Board of Directors.

Article 833-16 of the PCG (French chart of accounts) provides for information to be given on transactions with related parties of material importance which have not been conducted on an arm's length basis.

This information is not required for transactions entered into by the Company with wholly-

owned subsidiaries or between wholly-owned subsidiaries.

### 18.1 Related parties that are not members of the “key management personnel”

During the 2018 financial year, Eutelsat S.A. and its related parties did not enter into any significant unusual transactions.

### 18.2 Compensation paid to members of the “key management personnel”

Gross compensation (including employer’s contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2018 breaks down as follows:

(in millions of euros)	30 June 2018
Short-term benefits (*)	3.3
Post-employment benefits	See below
Share-based payments	See Note 7.2

(\*) Invoiced in full to Eutelsat S.A.

#### Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO’s fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

#### Share-based awards and free share allocation programmes in force as of 30 June 2018

During its meetings of 16 February 2016, 25 April 2017 and 08 November 2017, the Board of Directors approved new free share allocation plans (see Note 7.2 - *Free allocation of Eutelsat Communications shares and Eutelsat Communications’ share-based awards*) and decided to grant a maximum of 173,620 shares in Eutelsat Communications to members of the Company’s administrative and management bodies subject to conditions set out in the plans.

The value of the benefit granted as of 30 June 2018 has been estimated at 1,720 thousand euros, spread over a three-year vesting period.

### Share-based awards having expired during the financial year ended 30 June 2017

Upon completion of the vesting period of the free share allocation plan of 11 February 2015, the members of the management and administrative bodies acquired an aggregate gross amount of 118 thousand euros paid in August 2017.

### Expenses recorded under the free share and share-based awards programmes

The gross income recorded under staff expenses for the financial years ended 30 June 2017 was 510 thousand euros. The gross expense amounting to 256 thousand euros was recorded under staff expenses for the financial years ended 30 June 2018.

## NOTE 19. FINANCIAL INFORMATION RELATED TO SUBSIDIARIES AND EQUITY

### INVESTMENTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2018:

(in thousands of euros)	Capital	Other components of shareholders' equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Last financial period ended	
				Revenues (local accounts)	Net income (local accounts)
Eutelsat SA RCS no 422 551 176 Paris Headquarters in Paris (financial period ended 30/06/2018)	658,555		100%	1,073,096	323,888

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2018:

(in thousands of euros)	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,558,028	-	231,926	-	302,674

## NOTE 20. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.

## APPENDIX 3

### TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

(ART. R225-102 OF CODE DE COMMERCE)

Date d'arrêté	30/06/2018	30/06/2017	30/06/2016	30/06/2015	30/06/2014
Durée de l'exercice (mois)	12	12	12	12	12
<b>CAPITAL EN FIN D'EXERCICE</b>					
Capital social	232 774 635	232 774 635	232 774 635	226 972 338	220 113 982
Nombre d'actions					
- ordinaires	232 774 635	232 774 635	232 774 635	226 972 338	220 113 982
- à dividende prioritaire					
Nombre maximum d'actions à créer					
- par conversion d'obligations					
- par droit de souscription					
<b>OPERATIONS ET RESULTATS</b>					
Chiffre d'affaires hors taxes	3 393 669	1 790 031	3 707 643	1 594 957	1 456 080
Résultat avant impôt, participation, dot. amortissements et provisions	292 367 455	245 785 618	255 742 002	250 015 385	267 130 079
Impôts sur les bénéfices	-21 025 626	305 759	-6 084 129	-15 304 880	-13 000 207
Participation des salariés					
Dot. Amortissements et provisions	437 657	480 400	-315 204	6 252 827	537 058
Résultat net	312 955 424	244 999 460	262 141 334	259 067 438	279 593 228
Résultat distribué		281 657 308	255 828 463	247 399 848	226 483 289
<b>RESULTAT PAR ACTION</b>					
Résultat après impôt, participation, avant dot.amortissements, provisions	1,35	1,05	1,12	1,17	1,27
Résultat après impôt, participation dot. amortissements et provisions	1,34	1,05	1,13	1,14	1,27
Dividende attribué	0	1,21	1,1	1,09	1,03
<b>PERSONNEL</b>					
Effectif moyen des salariés		3	3	2	2
Masse salariale	2 671 723	2 200 764	1 768 612	1 889 969	1 351 725
Sommes versées en avantages sociaux (sécurité sociale, œuvres sociales...)	909 276	758 157	630 366	678 850	365 195

## APPENDIX 4

### TABLE OF STATUTORY AUDITORS' FEES

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	"N-1"	%	N	%	"N-1"	%
<b>AUDIT</b>								
<b>Statutory audit, certification, review of separate and consolidated financial statements</b>								
Eutelsat Communications	163	25%	211	21%	168	28%	211	48%
Other subsidiaries	492	73%	699	68%	430	70%	230	52%
<b>Sub-total</b>	<b>655</b>	<b>98%</b>	<b>910</b>	<b>89%</b>	<b>598</b>	<b>98%</b>	<b>440</b>	<b>100%</b>
<b>Services other than certification of financial statements</b>								
Eutelsat Communications			-	-	-	-	-	-
Other subsidiaries	12	2%	111	11%	13	2%	-	-
<b>Sub-total</b>	<b>12</b>	<b>2%</b>	<b>111</b>	<b>11%</b>	<b>13</b>	<b>2%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>667</b>	<b>100%</b>	<b>1 021</b>	<b>100%</b>	<b>610</b>	<b>100%</b>	<b>440</b>	<b>100%</b>

The services other than certification of financial statements realized by the auditors of the other subsidiaries of Eutelsat are certifications established at the request of the entity . They amounted to 25 thousand euros of which 13 thousand for Mazars and 12 thousand for Ernst & Young.

## APPENDIX 5

### VERIFICATION REPORT FOR SOCIAL AND ENVIRONMENTAL INFORMATION



## VERIFICATION REPORT

At the request of groupe EUTELSAT, SGS ICS carried out an audit of the information included in the Corporate Social Responsibility (CSR) report drawn up for the year ended June 30<sup>th</sup>, 2018 in accordance with decree no. 2012-557 dated April 24<sup>th</sup>, 2012 relative to companies' social and environmental transparency obligations, with regard to the application of article 225 of law no. 2010-788 dated July 12<sup>th</sup>, 2010, of article 12 of law no. 2012-387 dated March 22<sup>nd</sup>, 2012, of law no. 2015-992 dated August 17<sup>th</sup>, 2015 about energy transition for green growth, of law no 2016-138 dated February 11<sup>th</sup>, 2016 about the struggle against food waste, of law no 2016-1088 dated August 8<sup>th</sup>, 2016 about labour, social dialogue modernization and career security, of Decree no 2016-1138 dated August 19<sup>th</sup>, 2016 pursuant to the application of article L.225-102-1 of the French commercial code concerning environment information which have to be present in company management report and which amended article L. 225-102-1 of the French commercial code, and the order of May 13<sup>th</sup>, 2013 determining the procedure to be used by the independent third-party organization when conducting its mission.

It is the responsibility of the Management Board of groupe EUTELSAT to prepare a report concerning the management of the Company including social, environmental and societal information, to define the appropriate standards used for the collection of the quantitative or qualitative data, and to ensure their provision.

The responsibility of SGS ICS, as an independent body, accredited by COFRAC under the N°3-1086 (available to [www.cofrac.fr](http://www.cofrac.fr)) is to attest to the presence in the CSR Report of all information provided for in Article R. 225-105-1, express a reasoned opinion on, firstly, the sincerity of information, and, secondly, the explanations given by the company on the absence of certain information, and indicate the procedures implemented to accomplish our audit.

#### NATURE AND SCOPE OF THE AUDIT

SGS ICS' audit consists of :

- Reviewing the statement on sustainable development policies, in relation to sustainable development as well as the social and environmental impacts of the Company's business activities, its cultural commitments and the actions that stem from these policies and commitments;
- Comparing the list of information mentioned in 2017-2018 management report against the list set forth under article R.225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of article R.225-105;
- Verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent, and identifying any irregularities;
- Expressing, at the request of groupe EUTELSAT, a conclusion of reasonable assurance about whether the CSR information is presented truthfully.

#### DILIGENCE

SGS ICS conducted its audit of groupe EUTELSAT on an international scale including its subsidiaries and controlled companies, which are included in the consolidated financial statements.

SGS ICS conducted its audit from April 27<sup>th</sup>, 2018 to July 2<sup>nd</sup>, 2018 (10.5 days), by carrying out interviews with key individuals involved in the collection, validation and publication of quantitative and qualitative data from groupe EUTELSAT and 2 ground stations which have been audited on site in France and in Mexico, representing 65,7% of the total headcount.

- SGS ICS reviewed the reliability of the internal CSR Reporting Guidelines, the internal control procedures and the data and information aggregation systems at each of the sites.
- With regard to quantitative data, we audited each site by using sampling, verifying the calculation formulas and comparing data with supporting documents for 12 indicators selected according to their degree of relevance (legal compliance and taking into consideration the business sector/industry), as well as their reliability, neutrality and comprehensive nature :
  - Social indicators (56% to 100% of the sites) : training hours (classroom-based or e-learning), training fees, absenteeism, number of employees having an accident, number of days of work stoppage due to an accident ;



- Environmental indicators (65,67% to 100% of the sites) : energy consumption, fuel oil consumption, emissions due to EUTELSAT services' impacts (satellites launch), quantity of hazardous and non-hazardous wastes (in particular WEEE quantity);
  - Societal indicators (100% of the sites) : actions for the fight against corruption, responsible procurement policy.
- Random checks were performed on quantitative and qualitative data during the final phase of consolidation of the Group's consolidation scope - Eutelsat S.A, Eutelsat Americas, Skylogic and Eurobroadband Services (79%) as well as on other required information.
  - Three auditors were assigned to this audit including a lead auditor.
  - Ten interviews were conducted with the Group management and with the Engineering, Procurement, IT, Regulatory affairs, Legal, Human resources (2), General services departments and Téléport Rambouillet.

We believe that the chosen sampling method and sample sizes for the audit allow us to formulate a conclusion of reasonable assurance.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world leader in inspections, audits, assessments and certifications. Recognized as the global benchmark for quality and integrity, SGS employs more than 75,000 people and operates a network of more than 1,500 offices and laboratories around the world.

SGS ICS is a wholly-owned French subsidiary of the SGS Group. SGS ICS declares that its audit and findings were prepared in complete independence and impartiality with regard to groupe EUTELSAT and that the tasks performed were completed in line with the SGS Group's code of ethics and in accordance with the professional best practices of an independent third party.

Auditors are authorized and appointed to each audit assignment based on their knowledge, experience and qualifications.

#### STATEMENT AND REASONED OPINION

Based on groupe EUTELSAT's presentation regarding sustainable development policies, the social and environmental impacts of the Company's business activities, its social commitments and the diligence implemented :

- we certify that the information included in groupe EUTELSAT's 2017-2018 management report and reference document is in compliance with the list set forth under article R.225-105-1 and that any exceptions have been duly justified ;
- we declare that we found no significant irregularity that would call into question the fair presentation of the information included in the 2017-2018 management report and reference document.

Signed in Arcueil, July 18<sup>th</sup>, 2018

#### SGS ICS France

29 avenue Aristide Briand

F- 94111 ARCUEIL Cedex

Telephone + 33 (0) 1 41 24 89 27

Fax + 33 (0) 1 41 24 71 29

[www.sgs.com](http://www.sgs.com)

Inspection Manager

Olivier AUDEBERT

