

THIRD QUARTER 2017-18 REVENUES

14 May 2018

Agenda

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Key events

2

Q3 2017-18 performance

3

Outlook

Key events since the beginning of 2018

-  **Third Quarter revenues of €337m, down 1.1% like-for-like, excluding Other Revenues**
-  **Procurement of KONNECT VHTS, a major milestone in the Connectivity growth strategy**
-  **Finalisation of Hispasat stake disposal for €302m, accelerating deleveraging**
-  **MoU with China Unicom, addressing the fast-growing satellite communications market in Asia-Pacific**
-  **Solid commercial performance, notably with DoD Spring renewals above 95%**

Q3 revenues analysis

► Q3 revenues of €337m

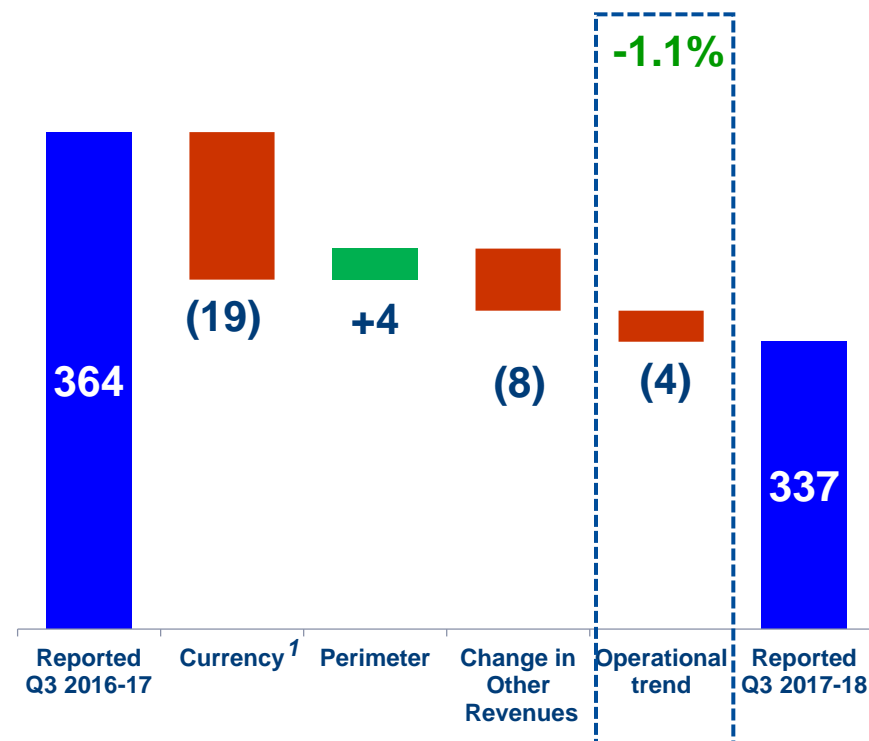
- -7.4% reported
- -3.3% at constant perimeter and currency

► Underlying businesses down 1.1% excluding “Other” revenues”

- Improving trend vs H1 (-1.8%)

► Q3 revenues broadly stable vs Q2, excluding Other Revenues

Q3 YOY REVENUE BRIDGE (€M)



Solid Commercial performance since the beginning of 2018

 Favourable outcome of the Spring DoD renewal campaign with renewal rate above 95% in value

 Further contracts secured at 174° East in Government Services

 Reservation of a significant portion of the capacity on EUTELSAT QUANTUM by Peraton



 HOTBIRD: Multi-year capacity agreement with Mediaset (Italy) to accelerate HD transition and renewal with TVN (Poland)



 Remaining HTS capacity on EUTELSAT 172B sold to to UnicomAirNet



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Key Events

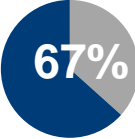
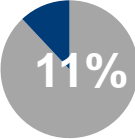

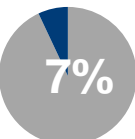
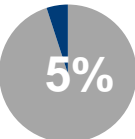
2

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Outlook

Q3 Revenues like-for-like by application

		REVENUE CONTRIBUTION ¹	REVENUES (€m)	LIKE-FOR-LIKE ² CHANGE	
				YoY	QoQ
CORE BUSINESSES	Video		225	-0.2%	+0.2%
	Government Services		38	-2.3%	-1.5%
	Fixed Data		35	-9.0%	-1.6%
CONNECTIVITY	Fixed Broadband		22	-7.7%	-0.7%
	Mobile Connectivity		18	+17.9%	-0.8%
Other revenues			0	<i>nm</i>	<i>nm</i>

▶ Q3 Revenues of €225m, down 0.2% y-o-y like-for-like¹

- Broadcast revenue now stable with improving trends at HOTBIRD
- Ongoing pressure in Professional Video

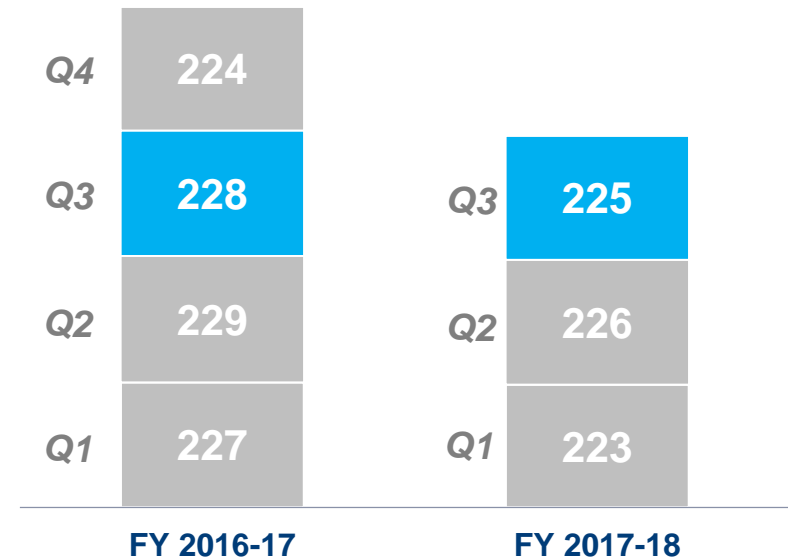
▶ Return to a slight growth (+0.2%) on a QoQ basis

- Broadcast revenues up 0.5%

▶ 6,880 channels at end-March 2018

- +8.2% y-o-y
- HD up from 16.6% to 19.7%

REVENUES² (€M)

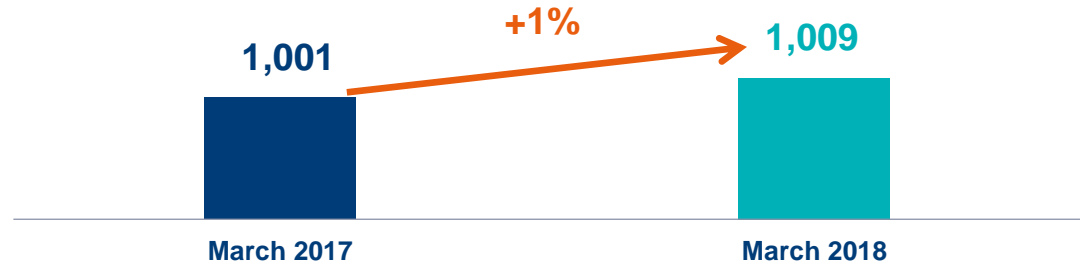


¹ At constant currency and perimeter

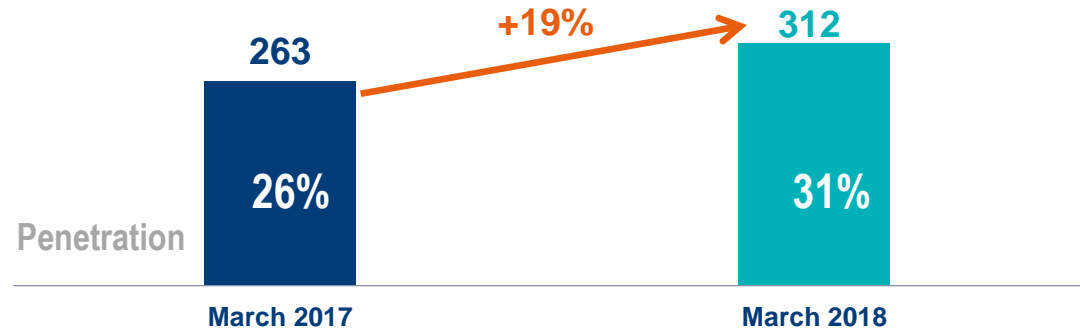
² Reported Revenues at actual rates. They include Noorsat's contribution from Q2 of FY 2017-18

Focus on HOTBIRD KPIs

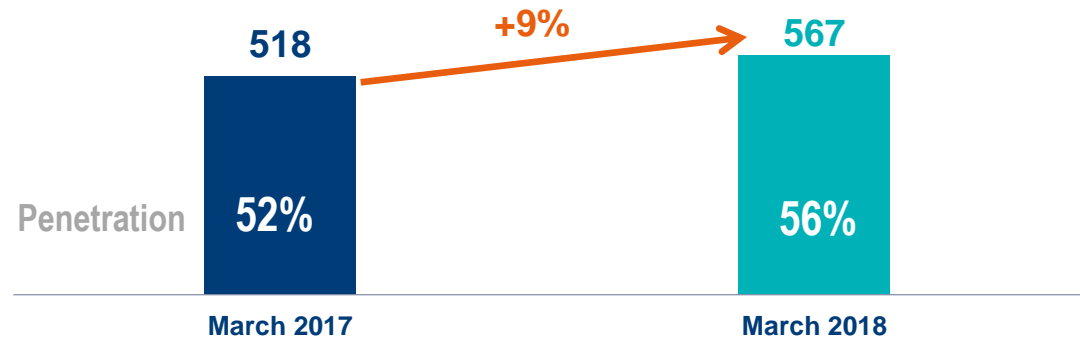
Resilient
channel count



Sustained
HD ramp-up



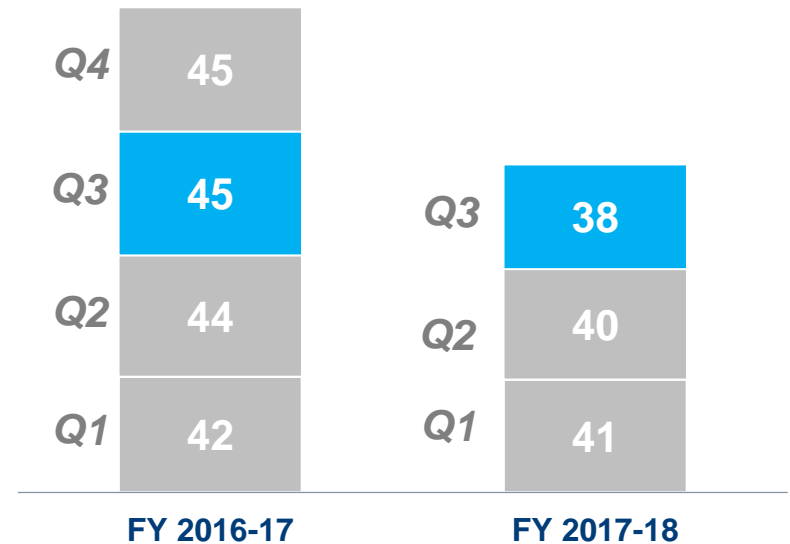
MPEG-4 growth
slower than HD



Government Services

- ▶ **Revenues of €38m, down 2.3% y-o-y like-for-like¹**
 - Carry-over effect of previous renewals with USG
- ▶ **Q-o-q revenues down 1.5% like-for-like**
- ▶ **USG Renewal rate at >95% in Spring round**
- ▶ **Further contracts secured at 174° East**
 - Further ramp-up of revenues towards the end of Q4

REVENUES² (€M)



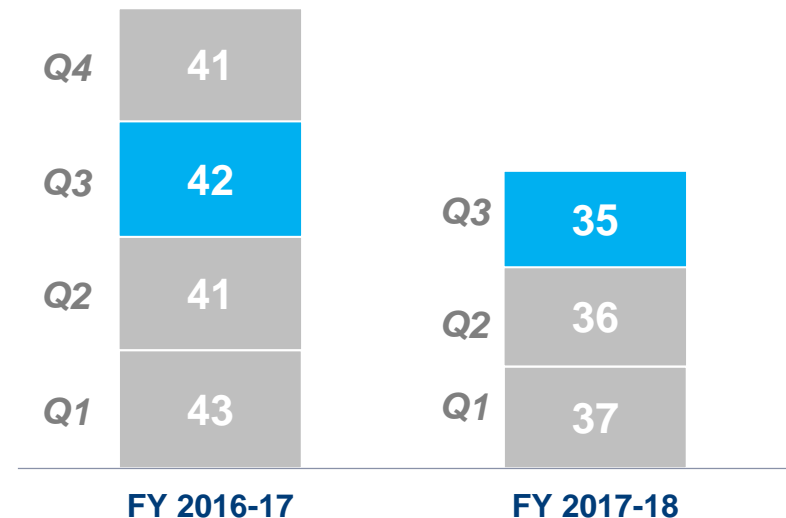
1 At constant currency and perimeter

2 Reported revenues at actual rates

Fixed Data

- ▶ Revenues of €35m, down 9.0% y-o-y like-for-like¹
- ▶ Ongoing tough environment in all geographies
- ▶ Continued price pressure
- ▶ Absence of significant incremental volumes at this stage
- ▶ Q-o-q revenues down 1.6% like-for-like

REVENUES² (€M)



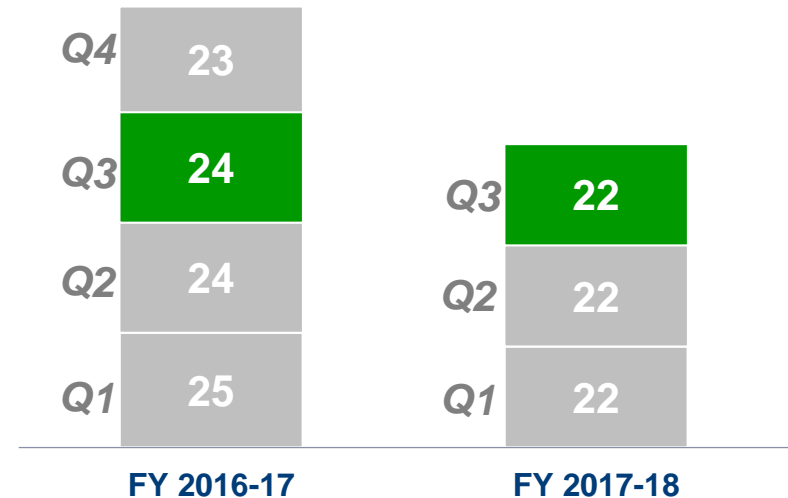
1 At constant currency and perimeter

2 Reported revenues at actual rates

Fixed Broadband

- ▶ Revenues of €22m, down 7.7% y-o-y like-for-like¹
- ▶ Broadly stable revenues q-o-q
- ▶ Lower revenues in Europe
 - Disappointing performance of Retail JV
 - Scarcity of available capacity in Western Europe
- ▶ Experienced management team now in place
- ▶ Progressive arrival of significant incremental capacity
 - AL-Yah 3 in 2018 for launch of Konnect Africa Broadband Service
 - KONNECT³ satellite in 2020
 - KONNECT VHTS in 2021

REVENUES² (€M)



¹ At constant currency and perimeter

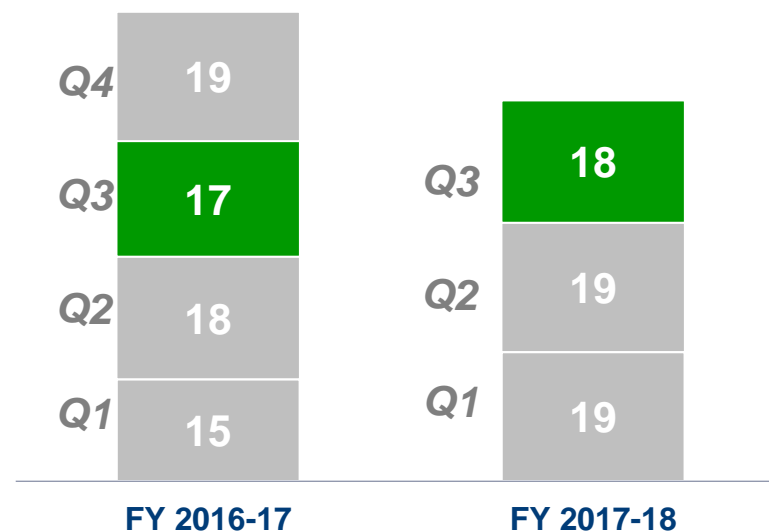
² Reported revenues at actual rates

³ Formerly called African Broadband satellite.

Mobile Connectivity

- ▶ Revenues of €18m, up 18% y-o-y like-for-like¹
- ▶ Full-quarter effect of EUTELSAT 172B
 - Operations started end-Nov. 2017
 - Capacity pre-sold to Panasonic
- ▶ Continued wide-beam capacity growth
 - In particular over the Americas
- ▶ Q-o-q revenues broadly stable like-for-like

REVENUES² (€M)

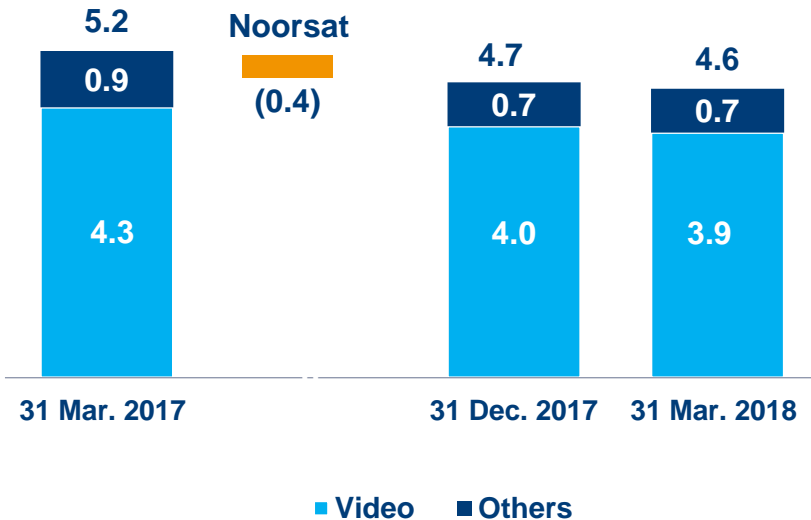


1 At constant currency and perimeter

2 Proforma revenues at actual rates reflecting the disposal of Wins/DHI for FY 2016-17

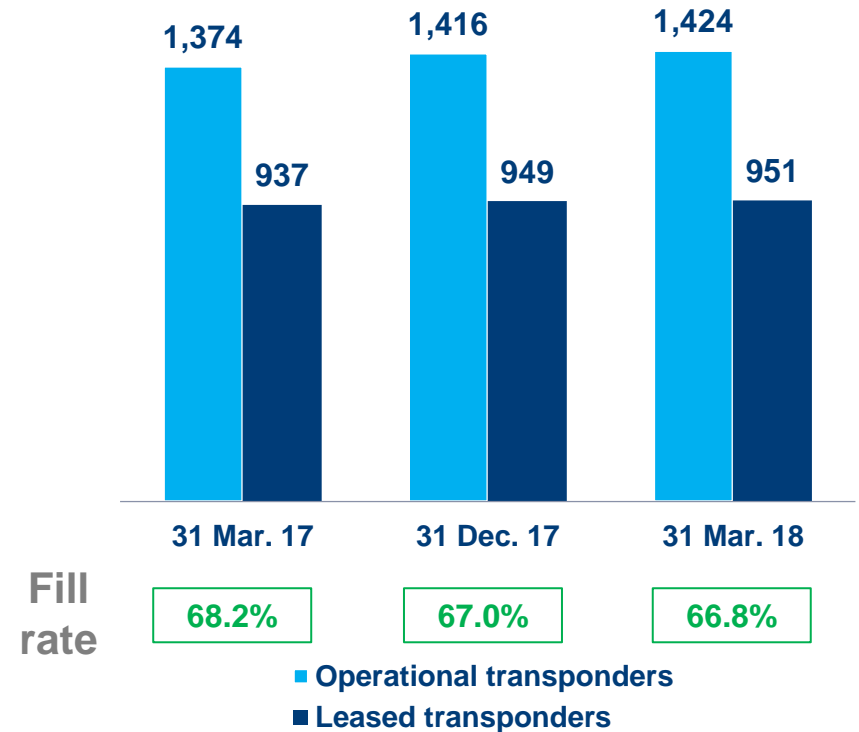
Backlog and Fill Rate

BACKLOG (€BN)



- ▶ Backlog reflecting the absence of significant renewals during Q3
- ▶ 3.1 years of revenues
- ▶ Video accounting for 83%

OPERATIONAL AND LEASED TRANSPONDERS



- ▶ OSD of EUTELSAT 172B end-Nov 17
- ▶ 2 incremental TPE leased during the quarter, 14 y-o-y

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Outlook

KONNECT VHTS: Optimal commercial, technical, financial and operational option...

Commercial:	Financial:
<ul style="list-style-type: none">Partnership with two blue chip anchor customers:<ul style="list-style-type: none">Orange for retail in EuropeThales for Government Services	<ul style="list-style-type: none">De-risking through multi-year capacity pre-commitmentsAggregate value of several hundred €m
Technical:	Operational:
<ul style="list-style-type: none">Highest usable capacity over Europe (500 Gbps)Powerful on-board digital processor providing maximum flexibilityUnmatched procurement terms for total cost of ownership	<ul style="list-style-type: none">OSD in 2021 / KONNECT capacity giving early-mover advantage from 2020Full ownership of the satelliteCompatible with multiple ground technologiesMaximization of synergies with other broadband operations



...paving the way for the Connectivity opportunity

Significant long-term potential

- ▶ Core market for Fixed Broadband via satellite estimated at c.5m households in Europe in 2030
- ▶ Global revenues for in-flight Connectivity capacity expected to exceed €1bn in 2025

Game-changing technology

- ▶ Production costs in line with our Capex/Gbps target
- ▶ Provision of “fibre-like” service at “fibre-like” price
- ▶ Paving the way for the transition from niche to mass market

Springboard for growth rebound from 2020

- ▶ KONNECT capabilities providing early mover advantage from 2020 onwards
- ▶ KONNECT VHTS available from 2021

Managed within current financial framework





- ▶ KONNECT VHTS investment included in current capex envelope
- ▶ Eutelsat retains an infrastructure business model to protect high EBITDA margins

Update on our priorities for FY 2017-18




STEP 1: GROW CASH-FLOW

STEP 2: RETURN TO GROWTH

Stabilise revenues

- ▶ Return to stability at HOTBIRD
Improvement in all trends 
- ▶ Proactive Video strategy
HD% up 3 points
Noorsat Integration 
- ▶ Fill Data capacity
Evolution in line with expectations 
- ▶ Leverage new resources to grow Connectivity
ETL 172B HTS payload fully sold 

Optimise other items

- ▶ Deliver on LEAP cost-savings plan
Well on track at H1 driving margin uplift next year 
- ▶ Contain Capex
Below three-year average in FY 18 
- ▶ Continue to de-lever
Accelerated with Hispasat sale 

- ▶ Successfully market EUTELSAT QUANTUM
Vast majority of capacity reserved 
- ▶ Deployment of Konnect Africa
Delayed by AY3 late availability 
- ▶ Prepare growth in Connectivity
Disappointing performance of Retail JV with ViaSat 
- ▶ Procurement of KONNECT VHTS 

Financial outlook

REVENUES

(At constant currency and perimeter)

- ▶ FY 2017-18¹: low end of -1% to -2% range, subject to materialization of “Other Revenues” in the pipeline
Up to c. -3.5% if none of these “Other Revenues” materialize
- ▶ From FY 2018-19: return to slight growth

EBITDA MARGIN

(At constant currency)

- ▶ Above 76% in FY 2017-18
- ▶ Above 77% from FY 2018-19

CAPEX

- ▶ FY 2017-18 to FY 2019-20: average of €420m² per year
FY 2017-18 expected below €420m average

DISCRETIONARY FREE CASH FLOW³

(At constant currency)

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

LEVERAGE











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

DISTRIBUTION

- ▶ Stable to progressing dividend

APPENDIX

Future launches

Name	EUTELSAT 7C	EUTELSAT 5 WEST B	 eutelsat QUANTUM	KONNECT	KONNECT VHTS
Orbital Position	7° East	5° West	TBD	TBD	TBD
Launch date ¹	Q4 2018	Q4 2018	H2 2019	H2 2019	2021
Manufacturer					
Launcher					TBD
Coverage	MENA SSA	Europe North Africa	Flexible	SSA Europe	Europe
Applications	Video	Video	Government Services	Broadband	Broadband Mobile Connectivity Government
Total Capacity (TPE/Spotbeams)	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps
o/w Expansion Capacity ²	19 Ku	-	N/A	65 Ka / 75 Gbps	~230 Ka / 500 Gbps

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