



## **EUTELSAT Communications**

### **2020-2021 HALF-YEAR FINANCIAL REPORT**

(July-December 2020)

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## SUMMARY

THIS INTERIM FINANCIAL REPORT INCLUDES A STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THIS DOCUMENT, AN INTERIM MANAGEMENT REPORT, INTERIM CONSOLIDATED ACCOUNTS AND THEIR APPENDIX FOR THE PAST SIX MONTHS AND THE REPORT OF THE AUDITORS ON THE REVIEW OF THE ABOVE.

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## PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that, to my knowledge, the consolidated financial statements for the half year are prepared in accordance with applicable accounting standards and present fairly the assets, financial condition and results of the company and the entities included in consolidation, and that the interim management report includes a fair review of significant events occurring during the first six months of the year, their impact on the accounts, the main transactions between related parties and a description of major risks and uncertainties for the remaining six months of the year.

**Mr. Rodolphe Belmer**

Chief Executive Officer

# 1 KEY EVENTS AND BUSINESS OVERVIEW

## 1.1. HIGHLIGHTS

- First Half like-for-like revenues of the Operating Verticals were down -2.1% year-on-year. This solid start of the year enables us to raise the low end of our Full Year revenue objective to between €1,190 million and €1,220 million (versus between €1,180 million and €1,220 million previously). We are also in a position to absorb the net negative perimeter effect linked to Broadband transactions which will affect the second half.
- Continued relative resilience in the Covid-19 context with stable Operating Vertical revenues<sup>1</sup> in the Second Quarter compared to the First.
- Sustained profitability, with EBITDA margin at 76.7%, despite revenue decline, and costs associated with Broadband ramp-up including the integration of Biglu Broadband Europe.
- High level of Free-Cash-Flow generation with First Half Adjusted Discretionary Free-Cash-Flow of €275 million, amply covering the Full Year dividend paid in November. FY 2021-22 Adjusted Discretionary Free Cash-Flow objective mechanically adjusted to take into account changes in perimeter.
- Award of a further EGNOS payload on the EUTELSAT HOTBIRD 13G satellite representing a total contract value of €100m over 15 years.
- Significant headway in our Fixed Broadband strategy paving the way for return to growth:
  - Reorganization of distribution completed with disposal of our stake in Euro Broadband Infrastructure and closing of the acquisition of Biglu Broadband Europe, with integration well on track<sup>2</sup>;
  - Entry into service of EUTELSAT KONNECT satellite and launch of the first retail offers in several European countries;
  - Major wholesale agreement with Telecom Italia for the Italian capacity on KONNECT and KONNECT VHTS following a similar agreement with Orange in France securing the ramp-up of capacity.

<sup>1</sup> On a like-for-like basis.

<sup>2</sup> Please refer to the section "changes in perimeter".

## 1.2. KEY FIGURES

Key Financial Data	6M to Dec. 2019	6M to Dec. 2020	Change
<b>P&amp;L</b>			
Revenues - €m	636.6	628.5	-1.3%
"Operating Verticals" revenues - €m	635.8	613.1	-3.6%
<b>"Operating Verticals" revenues at constant currency and perimeter - €m</b>	635.8	622.2	-2.1%
EBITDA <sup>3</sup> - €m	495.5	482.1	-2.7%
EBITDA margin - % <sup>1</sup>	77.8	76.7	-1.1 pts
EBITDA margin at constant currency - %	77.8	76.7	-1.1 pts
Group share of net income - €m	140.7	137.4	-2.3%
<b>Financial structure</b>			
Reported Discretionary Free Cash-Flow - €m <sup>1</sup>	107.9	256.9	+138.1%
<b>Adjusted Discretionary Free Cash-Flow - €m<sup>1</sup></b>	117.6	275.3	+134.2%
Net debt - €m	3,234.8	2,994.4	-€240.4m
Net debt/EBITDA - X <sup>1</sup>	3.20	3.09	-0.11 pts
<b>Backlog - €bn</b>	4.3	4.4	+1.9%

<sup>3</sup> Please refer to Appendix 3 for definition and calculation.

## 1.3. Revenues<sup>4</sup>

In € millions	6 months to Dec. 2019	6 months to Dec. 2020	Change	
			Reported	Like-for-like <sup>5</sup>
Broadcast	389.4	<b>378.9</b>	-2.7%	-1.8%
Data & Professional Video	87.8	<b>81.4</b>	-7.3%	-4.5%
Government Services	78.3	<b>76.9</b>	-1.8%	+2.5%
Fixed Broadband	39.1	<b>42.1</b>	+7.6%	+2.3%
Mobile Connectivity	41.2	<b>33.9</b>	-17.9%	-13.9%
<b>Total Operating Verticals</b>	<b>635.8</b>	<b>613.1</b>	<b>-3.6%</b>	<b>-2.1%</b>
Other Revenues <sup>6</sup>	0.9	<b>15.4</b>	NR	NR
<b>Total</b>	<b>636.6</b>	<b>628.5</b>	<b>-1.3%</b>	<b>-1.6%</b>
<i>EUR/USD exchange rate</i>	<i>1.11</i>	<i>1.17</i>		

Total revenues in the **First Half** stood at €629 million, down 1.3% on a reported basis and by 1.6% like-for-like.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') stood at €613 million. They were down by 2.1% on a like-for-like basis excluding a positive perimeter effect of c.0.4 points (consolidation of Bigblu Broadband Europe since 1<sup>st</sup> October 2020) and a negative currency effect of c. -1.8 points.

**Second Quarter** revenues stood at €313 million down 1.8% on a reported basis and by 2.4% like-for-like. Revenues of the five Operating Verticals stood at €306 million, down 2.4% year-on-year and by 0.2% quarter-on-quarter on a like-for-like basis.

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

### Broadcast (62% of revenues)

**First Half** Broadcast revenues were down 1.8% to €379 million, reflecting predominantly the impact from 1st July of the renegotiation of contract terms with Greece's Forthnet.

**Second Quarter** revenues stood at €188 million down by 2.1% year-on-year. On a sequential basis, they were down 0.9% and were stable excluding a positive one-off of circa €2m booked in the first quarter.

At 31 December 2020, the total number of channels broadcast by Eutelsat satellites stood at 6,608, down 3.9% year-on-year. HD penetration continued to increase, standing at 1,767 channels versus 1,605 a year earlier (+10%), implying a penetration rate of 26.7% up from 23.3% a year earlier.

On the commercial front, the African market remained dynamic with notably the expansion of the contract with Multichoice and the extension of the contract with ZAP, both operating at the 36°East orbital position. On the other hand, we continue to face a broad slowdown in the pace of new business against the current operating backdrop, notably in Europe, which will be reflected in the Second Half. As a reminder, in the first quarter a multi-year agreement was reached with Sky Italia, Eutelsat's largest broadcast customer for the renewal and consolidation of its capacity agreements at the HOTBIRD position, securing broadly stable revenues for Eutelsat in the medium term.

### Data & Professional Video (13% of revenues)

**First Half** revenues stood at €81 million, down by 4.5% year-on-year.

Fixed Data continued to reflect ongoing pricing pressure and highly competitive environment in particular in Latin America, although it is now partially offset by improving volumes reflecting notably the carry-forward effect of new business secured in MENA last year.

<sup>4</sup> The share of each application as a percentage of total revenues is calculated excluding "other revenues".

<sup>5</sup> Change at constant currency and perimeter. The variation is calculated as follows: i) H1 2020-21 USD revenues are converted at H1 2019-20 rates; ii) H1 2020-21 revenues are restated from the contribution of Bigblu Broadband Europe to revenues. iii) Hedging revenues are excluded from Other Revenues.

<sup>6</sup> Other Revenues include mainly the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

Professional Video remained in decline on a year-on-year basis although Occasional Use, which was initially strongly impacted by the Covid-related lockdowns, confirmed its recovery in the past few months following the reinstatement of live sports events

**Second Quarter** revenues stood at €42 million down 2.7% year-on-year but up by 7.2% quarter-on-quarter notably on the back of the rebound of Occasional Use.

On the commercial front, a capacity contract with Liquid Telecom for the provision of VSAT services on the EUTELSAT 7B satellite was also renewed and expanded.

### **Government Services (13% of revenues)**

**First Half** Government Services revenues stood at €77 million, up by 2.5%, with the negative carry-forward impact of the US Government renewal campaigns of the past 18 months more than offset by the contribution of the EGNOS payload and by new business.

**Second Quarter** revenues stood at €39 million, up by 4.5% year-on-year and by 2.1% quarter-on-quarter.

As a reminder Second Half revenues will reflect a tougher comparison basis, as the same period last year included the first-time contribution of EGNOS from mid-February as well as a positive one-off related to the temporary relocation of EUTELSAT 7A in the Fourth Quarter.

On the commercial front, an agreement was signed with the European Global Navigation Satellite Systems Agency (GSA) for a further EGNOS payload to be carried by the EUTELSAT HOTBIRD 13G satellite for a total contract value of €100m over 15 years.

### **Fixed Broadband (7% of revenues)**

**First Half** revenues stood at €42 million, up 2.3% reflecting notably higher sales of terminals in Europe in a context of increased demand for internet connectivity leading to a positive momentum of the European customer base in the last twelve months.

**Second Quarter** revenues stood at €22 million. On a like-for-like basis, they were up 0.8% year-on-year, and down by 6.5% compared to the First Quarter which included a high level of terminals sales.

In Europe, all the elements are now in place for a progressive return to growth: the KONNECT satellite gradually entered into service from mid-November and is now close to full-speed operations. The integration of Bigblu Broadband is progressing smoothly, and the first retail offers were launched in several countries. In parallel, two wholesale agreements have been inked with Orange and TIM, covering France and Italy respectively, and are starting to generate revenues from the current semester. In Africa, while revenues remain modest, progress has been made notably with a contract to provide connectivity services to the Post Office in Ivory Coast, highlighting the potential of government backed digital inclusion programs, and an agreement with the internet service provider, TelOne, covering Zimbabwe.

### **Mobile Connectivity (5% of revenues)**

**First Half** revenues stood at 34 million, down 13.9% like-for-like, reflecting the impact of the Covid-19 crisis on Aero Mobility, leading to both a low level of airtime-related revenues on KA-SAT and to the renegotiation of contracts with certain service providers. On the other hand, maritime revenues remained well-oriented thanks to the ramp-up of contracts secured in the last couple of years.

**Second Quarter** revenues stood at €16 million, down 20.1% year-on-year and by 6.9% quarter-on-quarter. As a reminder, the Second Quarter of FY 2019-20 included the catch-up of a negative one-off booked in the First Quarter for circa €1m.

### **Other Revenues**

In the **First Half**, Other Revenues amounted to €15 million versus €1 million a year earlier. They included a €6 million positive impact from hedging operations versus a negative impact of (€5) million a year earlier.

## 1.4. Order Backlog

The order backlog<sup>7</sup> stood at €4.4 billion at 31 December 2020 versus 4.3 billion a year earlier and 4.1 billion at end June 2020. It now includes the capacity commitments secured with TIM on EUTELSAT KONNECT and KONNECT VHTS but not yet the recent contract for the additional EGNOS payload.

The backlog was equivalent to 3.4 times 2019-20 revenues, and Broadcast represented 67% of the total.

	31 Dec. 2019	30 June 2020	31 Dec. 2020
Value of contracts (in billions of euros)	4.3	4.1	<b>4.4</b>
<i>In years of annual revenues based on previous fiscal year</i>	3.3	3.2	<b>3.4</b>
Share of Broadcast application	68%	68%	<b>67%</b>

## 1.5. Operational and utilized transponders

The number of operational transponders at 31 December 2020 stood at 1,380, down by seven units year-on-year, mainly reflecting on one hand lower operational capacity at 5° West following the transfer of services from EUTELSAT 5 West A to EUTELSAT 5 West B in January 2020, and on the other, incremental capacity brought by EUTELSAT 7C in January 2020. Relative to end-June 2020 they were up by four units.

The number of utilized transponders stood at 967, almost unchanged year-on-year and up by seven units compared to end June.

As a result, the fill rate progressed to 70.1% compared to 69.7% a year earlier and at end-June.

	31 Dec. 2019	30 June 2020	31 Dec. 2020
Operational transponders <sup>8</sup>	1,387	1,376	<b>1,380</b>
Utilized transponders <sup>9</sup>	966	960	<b>967</b>
Fill rate	69.7%	69.7%	<b>70.1%</b>

**Note:** Based on 36 MHz-equivalent transponders excluding high throughput capacity and satellites in inclined orbit

<sup>7</sup> The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.

<sup>8</sup> Number of transponders on satellites in stable orbit, back-up capacity excluded.

<sup>9</sup> Number of transponders utilised on satellites in stable orbit.



## 2 PROFITABILITY

### 2.1. Profitability

**EBITDA** stood at €482 million at 31 December 2020 compared with €496 million a year earlier, down by 2.7%. The **EBITDA margin** stood at 76.7% (76.7% at constant currency) versus 77.8% a year earlier, reflecting lower revenues and higher costs to prepare the change in scale in Fixed Broadband including the slightly dilutive impact from the consolidation of Bigblu Broadband Europe. These effects were partially offset by a strong cost discipline on the Core business. The LEAP 2 cost-saving program is well on track to deliver its objective of €20-25 million in annual savings by 2021-22 with around half of this amount to be delivered by the end of the current fiscal year.

**Group share of net income** stood at €137 million versus €141 million a year earlier, down by 2.3% and representing a margin of 22%. This reflected:

- Broadly stable **depreciation and amortisation** ((€260) million at 31 December 2020 compared with (€263) million a year earlier);
- A **net financial result** of (€47) million (versus (€41) million a year earlier), reflecting on one hand the benefit of previous debt refinancing and on the other an unfavourable impact related to the evolution of foreign exchange gains and losses;
- A **tax rate** of 14% (versus 18% last year) reflecting notably the favourable effect of currency and inflation on deferred tax assets and liabilities as well as the decrease of two points of the corporate tax rate in France.

### 2.2. Cash flow

In H1 2020-21, **net cash flow from operating activities** amounted to €435 million, €82 million higher than a year earlier. It reflected notably lower tax paid as well as a favourable comparison basis for change in working capital, since June 2020 reflected the most acute stage of the Covid-19 crisis.

**Cash Capex** amounted to €117 million (versus €189 million last year); this level reflects the phasing of satellite program milestones and is not representative of the expected Full Year figure.

**Interest and other fees paid net of interest received** amounted to €61 million versus €57 million last year, the slight increase reflecting a phasing effect. As a reminder the bulk of the coupon payments related to our Bonds fall due in the First Half (three maturities representing a nominal amount of €1.7bn) with only one maturity in the Second Half (€500m nominal amount).

**Discretionary Free Cash-Flow** amounted to €257 million on a reported basis, up €149 million. Adjusted Discretionary Free Cash-Flow as per the financial outlook definition<sup>10</sup> stood at €275 million, up €158 million or 134%.

### 2.3. Financial structure

In the First Half, the Group raised **€800 million of financing** highlighting its ease of access to diversified sources of funding and leading to the extension of the average debt maturity on compelling terms. A €600 million Eurobond was issued in October with an 8-year maturity and a 1.5% coupon to refinance the June 2021 €500 million maturity. Elsewhere, an agreement was secured with the European Investment Bank for a €200 million 8-year term loan to finance the KONNECT VHTS program at an interest rate of 0.49%. The Group's strong liquidity position enabled it to make an early repayment of €200 million out of the €600 million term loan maturing in March 2022.

At 31 December 2020, **net debt** stood at €2,994 million, down €5 million versus end-June. It mainly reflected on one hand the €257 million in Discretionary Free Cash-Flow generated in H1, and on the other, the dividend payment of €205 million and an outflow €56 million<sup>11</sup> related to changes in perimeter. Other items (mostly variations related to leases, structured debt and the foreign exchange portion of the cross-currency swap) contributed to the decrease in net debt for a net impact of €9 million. Compared to 31 December 2019, net debt was reduced by €240m. As a reminder, the month of December represents a peak in the annual net debt profile reflecting the timing of the dividend payment.

The **net debt to EBITDA ratio** stood at 3.09 times, compared to 3.20 times at end-December 2019 and 3.05 times at end-June 2020.

The average cost of debt after hedging stood at 2.3% (2.4% in H1 2019-20). The weighted average maturity of the Group's debt stood at 4.3 years, or 4.9 years excluding the Bond maturing in June 2021, which is already refinanced, compared to 4.2 years at end-December 2019.

Liquidity remained strong, with undrawn credit lines and cash in excess of €1.7 billion.

<sup>10</sup> Please refer to Appendix 3

<sup>11</sup> Acquisition of Bigblu Broadband Europe and earn-out related to the acquisition of minority interests in Russian operations in FY 2019-20.

### 3 RISK FACTORS

Information contained in this report expresses the objectives set on the basis of the Group's current estimates or assessments. However, the said information is subject to risks and uncertainties as set out below.

The main risks which the Group is likely to face during the second half of the financial year are similar by nature to those described in Chapter 4 – Risk Factors – of the Company's Universal Registration Document as registered with the "Autorité des marchés financiers" (French securities regulator) and filed on 12 October 2020 under number D.20-0861.

The nature of these risks has not changed substantially during the First Half of the financial year.

However, it is worth noting that the Group's activity, in particular its development and ability to meet the objectives described in this half-year report, is likely to be impacted by a number of identified or unknown risks. A significant example of the risks pertaining to the Group's activity is the technical risk associated with the total or partial loss of all or part of an operational satellite or with a launch or launch-related operations.

## 4 CHANGES WITHIN THE GROUP

### 4.1. Governance

#### Annual General Meeting

The Ordinary and Extraordinary Shareholders' Meeting of 5 November 2020 renewed the mandates of Rodolphe Belmer and Fonds Stratégique de Participations.

The Board is composed of 10 members, 50% of whom are women and 70% of whom are independent.

The Combined General Meeting also approved all the other resolutions, including the accounts, the dividend in respect of FY 2019-20, compensation of corporate officers and compensation policy.

#### Appointment of Pascal Homsy as Chief Technical Officer

Pascal Homsy joined Eutelsat as Chief Technical Officer and as a member of the Executive Committee. He replaces Yohann Leroy.

#### Appointment of Anne Carron as Chief Human Resources Officer

Anne Carron joined Eutelsat in the role of Chief Human Resources Officer and as a member of the Executive Committee. She replaces Marie-Sophie Rouzaud.

### 4.2. Dividend

The Annual General Meeting of Shareholders of 5 November 2020 approved the payment of a dividend of €0.89 per share in respect of the financial year ended 30 June 2020. The dividend was paid on November 24, 2020.

### 4.3. Change in the scope of Group consolidation

On 1 October 2020, the transaction with Bigblu Broadband for the acquisition of its European satellite broadband activities was closed for a consideration of approximately £38 million.

On 18 November 2020, an agreement was signed with Viasat Inc. for the disposal of Eutelsat's 51% stake in Euro Broadband Infrastructure (EBI), the company operating the KA SAT satellite and related European broadband business, for an initial consideration of €140 million. Completion is expected by the end of the current quarter, subject to customary conditions precedent.

The net impact of the combined operations is estimated at around (€20) million on Operating Vertical Revenues and (€30) million on Discretionary Free Cash-Flow for the first full fiscal year following completion of the transactions.

As stated above, our Full Year 2020-21 revenues target is raised, despite the net negative perimeter effect linked to these transactions which will affect the second half, while the FY 2021-22 Adjusted Discretionary Free Cash-Flow objective is mechanically adjusted.

## 5 RECENT EVENTS AND SATELLITE FLEET EVOLUTION

### 5.1. Satellite fleet evolution

#### Nominal deployment programme

The Covid-19 crisis continued to affect the operations of satellite manufacturers and launchers. In this context, since the last quarterly update in October 2020:

- the launch of EUTELSAT QUANTUM is now expected in Q2 2021, versus Q1 2021 previously;
- the launch of EUTELSAT HOTBIRD 13G is now expected in H1 2022, versus H2 2021 previously.
- the launch of KONNECT VHVS 13G is now expected in H1 2022, versus the very end of H2 2021 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 QUANTUM	48° East	Q2 2021	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
EUTELSAT HOTBIRD 13F	13° East	H2 2021	Video	Europe MENA	80 Ku <sup>2</sup>	73 Ku <sup>2</sup>	None
EUTELSAT HOTBIRD 13G	13° East	H1 2022	Video	Europe MENA	80 Ku <sup>2</sup>	73 Ku <sup>2</sup>	None
KONNECT VHVS	To be confirmed	H1 2022	Connectivity	Europe	~230 Ka spot beams	500 Gbps	500 Gbps
EUTELSAT 10B	10° East	H2 2022	Mobile Connectivity	EMEA Atlantic & Indian Ocean	12 Ku 10 C >100 Ku spot beams	12 Ku 20 C c. 35 Gbps	-48 Ku transponders c. 35 Gbps

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

<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) operated, once regulatory, technical and operational constraints are taken into account.

#### Changes in the fleet since 30 June 2020

- EUTELSAT 12 West B which was operating in inclined orbit has been de-orbited.
- EUTELSAT 48D now operates in inclined orbit.

## **6 CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2020**

# **Eutelsat Communications Group**

“Société anonyme” with a capital of 230,544,995 euros

Registered office: 32, boulevard Gallieni, 92130 Issy Les Moulineaux

481,043,040 R.C.S. Nanterre

## **CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2020**

# CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per-share data)	Note	31 December 2019	31 December 2020
<b>Revenues from operations</b>	<b>5.1</b>	<b>636.6</b>	<b>628.5</b>
Operating costs		(44.2)	(44.6)
Selling, general and administrative expenses		(96.9)	(101.8)
Depreciation expense	6.1	(262.5)	(260.2)
Other operating income and expenses	5.3	(7.8)	(7.7)
<b>Operating income</b>		<b>225.3</b>	<b>214.2</b>
Cost of net debt		(39.1)	(35.3)
Other financial items		(2.3)	(12.1)
<b>Financial result</b>	<b>5.4</b>	<b>(41.4)</b>	<b>(47.4)</b>
<b>Net income before tax</b>		<b>183.9</b>	<b>166.8</b>
Income tax	5.5	(33.7)	(22.8)
<b>Net income</b>		<b>150.2</b>	<b>144.0</b>
Attributable to the Group		140.7	137.4
Attributable to non-controlling interests		9.5	6.6
<b>Basic and diluted earnings per share attributable to Eutelsat Communications shareholders</b>	<b>5.6</b>	<b>0.605</b>	0.597

# COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2019	31 December 2020
<b>Net income</b>		<b>150.2</b>	<b>144.0</b>
<b>Other recyclable items of gain or loss on comprehensive income</b>			
Translation adjustment	6.5.4	10.0	(44.8)
Tax effect		8.3	(14.5)
Changes in fair value of hedging instruments <sup>(1)</sup>	6.5.3	4.4	8.8
Tax effect		-	12.7
<b>Other non-recyclable items of gain or loss on comprehensive income</b>			
Changes in post-employment benefits	6.5.5	-	(17.3)
Tax effect		-	4.5
<b>Total of other items of gain or loss on comprehensive income</b>		<b>22.7</b>	<b>(50.6)</b>
<b>Total comprehensive income</b>		<b>172.9</b>	<b>93.4</b>
Attributable to the Group		162.5	88.6
Attributable to non-controlling interests <sup>(2)</sup>		10.3	4.8

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

<sup>(2)</sup> The portion attributable to non-controlling interests breaks down as follows:

- Net result for 6.6 million euros as of 31 December 2020 and 9.5 million euros as of 31 December 2019
- Other recyclable items of gain or loss on comprehensive income for (1.8) million euros as of 31 December 2020 and 0.8 million euros as of 31 December 2019
- No other non-recyclable items of gain or loss on comprehensive income as of both 31 December 2020 and 31 December 2019.



# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of euros)	Note	30 June 2020	31 December 2020
<b>Assets</b>			
Goodwill	6.1.1	1,209.2	1,235.7
Intangible assets	6.1.1	514.8	464.9
Tangible assets and construction in progress	6.1.2	3,856.7	3,606.1
Rights of use in respect of leases	6.1.3	556.3	560.7
Non-current financial assets	6.3.4	32.8	84.2
Non-current assets associated with customer contracts and costs to obtain or fulfil a contract	6.2	74.9	46.5
Deferred tax assets		36.3	30.4
<b>Total non-current assets</b>		<b>6,280.9</b>	<b>6,028.4</b>
Inventories		6.7	7.5
Accounts receivable	6.2	334.8	276.9
Current assets associated with customer contracts and costs to obtain or fulfil a contract	6.2	17.1	14.3
Other current assets		43.5	43.3
Current tax receivable		42.5	18.9
Current financial assets	6.3.4	23.6	32.5
Cash and cash equivalents	6.3.1	832.0	1,087.6
<b>Total current assets</b>		<b>1,300.2</b>	<b>1,481.0</b>
Assets held for sale	6.7	-	196.9
<b>Total assets</b>		<b>7,581.1</b>	<b>7,706.3</b>

(in millions of euros)	Note	30 June 2020	31 December 2020
<b>Liabilities</b>			
Share capital	6.5.1	230.5	230.5
Additional paid-in capital		718.1	718.0
Reserves and retained earnings		1,711.1	1,562.2
Non-controlling interests		144.8	173.9
<b>Total shareholders' equity</b>		<b>2,804.6</b>	<b>2,684.6</b>
Non-current financial debt	6.3.2	2,505.8	3,131.2
Non-current lease liabilities	6.3.4	418.7	439.1
Other non-current financial liabilities	6.3.4	85.6	76.1
Non-current payables to fixed asset suppliers		5.9	5.9
Non-current liabilities associated with customer contracts		120.6	103.3
Non-current provisions	6.6	106.6	122.1
Deferred tax liabilities		264.2	246.7
<b>Total non-current liabilities</b>		<b>3,507.5</b>	<b>4,124.6</b>
Current financial debt	6.3.2	858.1	541.6
Current lease liabilities	6.3.4	74.7	48.7
Other current payables and financial liabilities	6.3.4	111.9	86.2
Accounts payable		73.3	67.4
Current payables to fixed asset suppliers		45.0	42.7
Tax payable		22.8	17.3
Current liabilities associated with customer contracts	6.2	66.9	58.3
Current provisions	6.6	16.5	12.1
<b>Total current liabilities</b>		<b>1,269.0</b>	<b>874.3</b>
Liabilities held for sale	6.7	-	22.9
<b>Total liabilities and shareholders' equity</b>		<b>7,581.1</b>	<b>7,706.3</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	31 December 2019	31 December 2020
<b>Cash flow from operating activities</b>			
Net income		150.2	144.0
Tax and interest expenses, other operating items		81.1	64.1
Depreciation, amortisation and provisions		265.6	235.5
Deferred taxes		(11.9)	(1.9)
Changes in accounts receivable		(42.1)	47.1
Changes in assets held under customer contracts and other assets		(12.5)	0.2
Changes in accounts payable		(4.5)	(22.4)
Changes in liabilities associated with customer contracts and other liabilities		(30.3)	(16.8)
Taxes paid		(42.3)	(14.6)
<b>Net cash flows from operating activities</b>		<b>353.4</b>	<b>435.1</b>
<b>Cash flow from investing activities</b>			
Acquisitions of satellites, other property and equipment, and intangible assets	6.1.1, 6.1.2	(151.1)	(67.5)
Insurance repayments		-	6.6
Sales <sup>(1)</sup>		67.5	-
Acquisition of equity investments and other movements <sup>(2)</sup>		(12.7)	(47.3)
<b>Net cash flows from investing activities</b>		<b>(96.4)</b>	<b>(108.2)</b>
<b>Cash flow from financing activities</b>			
Distributions		(315.7)	(204.9)
Increase in borrowings	6.3.2	-	800.0
Repayment of borrowings	6.3.2	(941.9)	(511.9)
Repayment of lease liabilities		(26.1)	(44.1)
Loan set-up fees		(0.7)	(4.5)
Interest and other fees paid		(56.5)	(61.4)
Transactions with non-controlling interests <sup>(3)</sup>		-	(8.8)
Premiums and termination indemnities on derivatives settled		-	(6.0)
<b>Net cash flow from financing activities</b>		<b>(1,340.9)</b>	<b>(41.6)</b>
Impact of exchange rate on cash and cash equivalents		1.9	(9.4)
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>(1,082.0)</b>	<b>276.0</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>1,455.3</b>	<b>832.0</b>
Assets held for sale		-	20.4
<b>Cash and cash equivalents, end of period</b>		<b>373.3</b>	<b>1,087.6</b>
<i>Including Cash and cash equivalents, end of period</i>	6.3.1	373.3	1,087.6
<i>Including Overdrafts included under debt, end of period</i>		-	-

<sup>(1)</sup> Sales include the payment of 67.5 million euros in August 2019 pursuant to the sale of the EUTELSAT 25B satellite to its co-owner, Es'Hailsat, for a consideration of 135 million euros.

<sup>(2)</sup> As of 31 December 2019, acquisitions of equity investments include the payment of 10 million euros related to the acquisition of an equity interest in Broadpeak. As of 31 December 2020, they include the payment of €48.2 million in respect of the acquisition of Big Blu Europe, of which €6.8 million in an escrow account (see Note 3.4 "Main changes in the scope of consolidation").

<sup>(3)</sup> As of 31 December 2020, transactions with non-controlling interests include an additional payment linked to the acquisition of the minority interests in Eutelsat International taking place during the financial year ended 30 June 2020.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros, except share data)	Share capital			Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid in capital				
<b>As of 30 June 2019</b>	<b>232,774,635</b>	<b>232.8</b>	<b>738.1</b>	<b>1,710.1</b>	<b>2,681.0</b>	<b>186.4</b>	<b>2,867.4</b>
Net income for the period	-	-	-	140.7	140.7	9.5	150.2
Other items of gain or loss in comprehensive income <sup>(1)</sup>	-	-	-	21.9	21.9	0.8	22.7
<b>Total comprehensive income</b>	-	-	-	<b>162.5</b>	<b>162.5</b>	<b>10.3</b>	<b>172.9</b>
Treasury stocks	-	-	-	0.2	0.2	-	0.2
Dividend distributions	-	-	-	(295.3)	(295.3)	(20.6)	(315.9)
Benefits for employees upon exercising options and free shares granted	-	-	-	-	-	-	-
Transactions with non-controlling interests and others	-	-	-	(11.1)	(11.1)	(16.3)	(27.3)
<b>As of 31 December 2019</b>	<b>232,774,635</b>	<b>232.8</b>	<b>738.1</b>	<b>1,566.6</b>	<b>2,537.4</b>	<b>159.9</b>	<b>2,697.4</b>
<b>As of 30 June 2020</b>	<b>230,544,995</b>	<b>230.5</b>	<b>718.0</b>	<b>1,711.1</b>	<b>2,659.8</b>	<b>144.8</b>	<b>2,804.6</b>
Net income for the period	-	-	-	137.4	137.4	6.6	144.0
Other items of gain or loss in comprehensive income <sup>(1)</sup>	-	-	-	(48.8)	(48.8)	(1.8)	(50.6)
<b>Total comprehensive income</b>	-	-	-	<b>88.6</b>	<b>88.6</b>	<b>4.8</b>	<b>93.4</b>
Treasury stocks	-	-	-	0.6	0.6	-	0.6
Dividend distributions	-	-	-	(204.9)	(204.9)	-	(204.9)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.3	0.3	-	0.3
Transactions with non-controlling interests and others	-	-	-	(33.6)	(33.6)	24.3	(9.4)
<b>As of 31 December 2020</b>	<b>230,544,995</b>	<b>230.5</b>	<b>718.0</b>	<b>1,562.1</b>	<b>2,510.7</b>	<b>173.9</b>	<b>2,684.6</b>

<sup>1)</sup> The changes in other items of gain or loss in comprehensive income include actuarial gains and losses recognised on post-employment benefits, and changes in the revaluation surplus of derivative instruments (see Note 6.5.3) and the translation reserve (see Note 6.5.4), net of the associated tax effects.

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## NOTE 1: GENERAL OVERVIEW

### 1.1 BUSINESS

Operating capacity on 39 satellites, the Eutelsat Group is one of the world leaders in fixed satellite services. It mainly operates and provides capacity for Video Services, Fixed Data and Government Services as well as capacity for Connectivity applications (Fixed Broadband and Mobile Connectivity), which offer strong potential for growth. Via its fleet, the Group covers the entire European continent, the Middle East, North Africa and Sub-Saharan Africa, and large parts of the Asian and American continents.

### 1.2 APPROVAL OF ACCOUNTS

The condensed consolidated half-year accounts as of 31 December 2020 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 11 February 2021.

## NOTE 2: KEY EVENTS DURING THE PERIOD

### 2.1 ACQUISITION OF BIGBLU EUROPE'S BROADBAND ACTIVITIES

On 1 October 2020, the Group acquired Bigblu Broadband's European satellite broadband activities for a consideration of 38 million pounds sterling. Bigblu Broadband is the largest distributor of satellite broadband packages in Europe, having developed a well-established satellite broadband platform based on a unique network of installers and resellers. The European activities of Bigblu Broadband currently number several tens of thousands of subscribers across Europe, notably in the UK, Ireland, France, Germany, Italy, Spain, Portugal, Poland, Hungary and Greece.

The impacts of this acquisition are outlined in Note 3.4 "Main changes in the scope of consolidation". This transaction includes a price adjustment clause.

### 2.2 AGREEMENT FOR THE DISPOSAL OF EURO BROADBAND INFRASTRUCTURE

On 18 November 2020, Eutelsat signed an agreement for the disposal of its 51% stake in Euro Broadband Infrastructure Sàrl (EBI), the company operating the KA SAT satellite, and its European broadband business to Viasat Inc, which already owns 49% of EBI. The stake will be sold for an initial consideration of 140 million euros, subject to net working capital and net debt adjustments on completion of the transaction. At the end of a two-year period following completion, the sale price may be adjusted up or down by a maximum of 20 million euros, depending on the level of certain revenues generated by EBI's activities over this period.

Under the agreement, Eutelsat and its subsidiaries will continue to provide transitional services to EBI, including the operation of the ground network for KA SAT, while EBI will provide service continuity to the KA SAT subscriber base of Bigblu Broadband Europe, acquired by Eutelsat in October 2020.

Completion of the transaction is expected in the first quarter of calendar year 2021, subject to the fulfilment of the customary conditions precedent. The corresponding assets and liabilities have been reclassified under assets held for sale as of the date of signature of the agreement (see Note 6.7 "Assets held for sale").

### 2.3 FINANCING TRANSACTIONS

In October 2020, on the regulated market of the Luxembourg Stock Exchange, the Group launched a successful issue of 8-year senior unsecured bonds maturing in 2028 for a total of 600 million euros. These bonds bear a coupon of 1.500% per annum. This bond issue enabled Eutelsat to redeem the 500 million euro principal amount on the bonds issued on 23 June 2016, bearing a coupon of 1.125% and maturing in June 2021.

On 27 November 2020, the Group secured a loan from the European Investment Bank in the amount of 200 million euros for a term of eight years maturing in December 2028, at a fixed rate of 0.488%.

These two transactions enable the Group to extend its debt maturities under excellent conditions.

### 2.4 LAUNCH OF THE KONNECT SERVICE

On 23 November 2020, following the entry into service of the Eutelsat Konnect satellite, the Group launched the Konnect retail distribution service. This next-generation of satellite broadband services across Europe and Africa is currently being rolled out across both continents, with broadband packages designed to address the needs of individuals, small businesses and institutions currently operating beyond the fiber footprint.

### 2.5 REPERCUSSIONS OF COVID

Since mid-March, although relatively resilient compared with other sectors, the Group's revenues have been negatively impacted by the Covid-19 crisis, and in particular:

- Mobile Connectivity (5% of Group revenues) which continues to be affected by the Covid-related impact on airline and maritime traffic.
- An overall slowdown in the pace of new business, particularly in Broadcast.

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

- On the one hand, a slowdown in the collection of trade receivables.
- On the other hand, the postponement of certain payments caused by the delays of satellite programmes, the Covid-19 crisis having affected the operations of satellite manufacturers and launchers and the deployment of ground gateways. Thus, during the first half, the deployment of the ground gateways linked to the Konnect satellite was partially delayed.

The assumptions used for the impairment tests performed on long-term assets, whose results are outlined in Note 6.1.1, as well as for the valuation

of provisions for trade receivables (see Note 6.2.1) have been updated on the basis of the information available to date.

As of 31 December 2020, the Group had cash and cash equivalents and undrawn credit lines totaling more than 1.7 billion euros. Finally, the net debt to EBITDA ratio as of 31 December 2020 - as defined in the covenants of the term loan and the structured debt agreements - is respected (see Note 6.3.3).

## **NOTE 3: ACCOUNTING PRINCIPLES AND VALUATION METHODS**

### **3.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION**

The condensed consolidated half-year financial statements as of 31 December 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting" in a condensed format. The accounts as presented do not contain all the information and Notes required under IFRS for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2020.

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the financial year ended 30 June 2020, with the exception of the application, as of 1 July 2020, of the new standards and interpretations adopted by the European Union.

- Amendments to references to the conceptual framework in IFRS standards;
- Amendments to IAS 1 and IAS 8 to clarify the meaning of the word material;
- Amendment to IFRS 3 covering the definition of a business.

Applying these standards had no significant impact on the Group's financial statements.

### **3.2 FINANCIAL REPORTING RULES**

#### **3.2.1 Translation of financial statements and foreign currency transactions**

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

The rules for translating items in financial statements and foreign currency transactions remain unchanged relative to 30 June 2020.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.228 U.S. dollar for 1 euro and the average exchange rate for the period is 1.168 U.S. dollar for 1 euro.

#### **3.2.2 Presentation of current and non-current assets and liabilities**

Current assets and liabilities are those that the Group expects to realise, consume or settle in its normal operating cycle, which is shorter than 12 months. All other assets and liabilities are classified as non-current.

### **3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

Preparation of the Group's consolidated financial statements requires the use of estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses reported in these financial statements and their accompanying Notes. Management constantly updates its estimates and assessments using past experience in addition to 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.

In preparing the condensed consolidated half-year financial statements for the period ended 31 December 2020, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, the recognition of revenues, the estimation of provisions, contingent assets and liabilities, the recognition of tax assets and liabilities and the assessment of customer risk.

### **3.4 MAJOR CHANGES IN THE SCOPE OF CONSOLIDATION**

#### **3.4.1 Half-year ended 31 December 2019**

No material changes to the Group's scope of consolidation took place during the period.

#### **3.4.2 Half-year ended 31 December 2020**

On 1 October 2020, the Group finalized the acquisition of 100% of Bigblu Operations Ltd for a consideration of 38 million pounds sterling (41.5 million euros), £6.2 million (€6.8 million) has been also paid into an escrow account. Pursuant to the contract, the final acquisition price will be determined after agreement between the parties on the price adjustment clauses. The company and its subsidiaries operated the Bigblu Broadband Group's European satellite broadband activities. This acquisition is in line with the Group's strategy consisting of developing its business in European satellite broadband.

The assessment of the goodwill (based on the £38 million payment made to the benefit of the seller) as of 31 December 2020 is provisional and, notably, includes the value of the customer relationships acquired with this transaction which will constitute a separate intangible asset currently in the assessment process.

As of 31 October 2020, the provisional allocation of the acquisition price is as follows:

	(in millions of pounds sterling)	(in millions of euros) <sup>(1)</sup>
Tangible assets	7.4	8.0
Rights of use	1.5	1.6
Inventories	1.2	1.3
Accounts receivable	6.5	7.1
Assets associated with customer contracts	9.9	10.8
Cash and cash equivalents	0.9	1.0
Other assets	2.8	3.0
<b>Total assets</b>	<b>30.2</b>	<b>32.9</b>
Lease liabilities	1.5	1.6
Accounts payable	23.2	25.3
Liabilities associated with customer contracts	11.8	12.9
Other debt	7.0	7.6
<b>Total liabilities</b>	<b>43.4</b>	<b>47.3</b>
Provisional residual goodwill	51.2	55.8
<b>Transferred counterparty</b>	<b>38.0</b>	<b>41.5</b>
<b>Acquisition consideration</b>	<b>38.0</b>	<b>41.5</b>

<sup>(1)</sup> Data converted at the exchange rate as of the acquisition date.

## NOTE 4: SEGMENT INFORMATION

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

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

- Revenues;
- EBITDA defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense, and the EBITDA profit margin on turnover;
- Cash Capex covering the acquisition of satellites and other tangible or intangible assets as well as payments in respect of export credit facilities and lease liabilities;
- Discretionary free cash flow defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest received;
- Net debt to EBITDA ratio (see Note 6.3.3 "Net Debt").

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts. Financial reporting is prepared in accordance with IFRS principles applied by the Group for its consolidated financial statements

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



## NOTE 5: NOTES TO THE INCOME STATEMENT

### 5.1 REVENUES

#### 5.1.1 Revenues by application

Revenues by application are as follows:

(in millions of euros)	31 December 2019	31 December 2020
Broadcast	389.4	378.9
Data and Professional Video	87.8	81.4
Government Services	78.3	76.9
Fixed Broadband	39.1	42.1
Mobile Connectivity	41.2	33.9
<b>Total Operating Verticals</b>	<b>635.8</b>	<b>613.1</b>
Other Revenues	0.9	15.4
<b>Total</b>	<b>636.6</b>	<b>628.5</b>
<i>EUR/USD exchange rate</i>	<i>1.11</i>	<i>1.17</i>

#### 5.1.2 Revenues by geographical region

Revenues by geographical region, based on customer billing addresses, are as follows:

(in millions of euros and as a percentage)	31 December 2019		31 December 2020	
Regions	Amount	%	Amount	%
France	42.9	6.7	37.1	5.9
Italy	72.3	11.4	77.3	12.3
United Kingdom	36.8	5.8	32.2	5.1
Europe (other)	169.0	26.5	172.0	27.4
Americas	139.7	21.9	117.1	18.6
Middle-East	112.7	17.7	121.4	19.3
Africa	48.9	7.7	47.9	7.6
Asia	19.5	3.1	17.2	2.7
Other	(5.1)	(0.8)	6.3	1.0
<b>Total</b>	<b>636.6</b>	<b>100.0</b>	<b>628.5</b>	<b>100.0</b>

Other revenues include the impact of EUR/USD currency hedging which stood at 6.1 million euros for the half-year ended 31 December 2020 versus (5.1) million euros for the half-year ended 31 December 2019.

### 5.2 SHARE-BASED COMPENSATION

In addition to the plans in force within the Group as of 30 June 2020, the Group granted two new phantom share plans, one settled in cash and the other settled in shares, on 5 November 2020. Vesting of these phantom shares is subject to the achievement of performance-related conditions and to the condition that the beneficiaries still be employed within the Group during a given period.

The expense relating to share-based compensation (excluding social contributions) amounted to 0.7 million euros for the half-year ended 31 December 2020 (1.0 million euros for the half-year ended 31 December 2019).

### 5.3 OTHER OPERATING INCOME AND EXPENSES

(in millions of euros)	31 December 2019	31 December 2020
Other operating income	-	0.7
Other operating expenses	(7.8)	(8.4)
<b>Total</b>	<b>(7.8)</b>	<b>(7.7)</b>

Other operating charges mainly include restructuring costs and costs related to changes in the scope of consolidation.

### 5.4 FINANCIAL RESULT

(in millions of euros)	31 December 2019	31 December 2020
Interest expense after hedging	(38.2)	(33.8)
Interest on lease liabilities	(7.6)	(7.3)
Loan set-up fees and commissions	(4.2)	(3.1)
Capitalised interest	10.2	8.8
<b>Cost of gross debt</b>	<b>(39.7)</b>	<b>(35.4)</b>
Financial income	0.6	0.1
<b>Cost of net debt</b>	<b>(39.1)</b>	<b>(35.3)</b>
Changes in derivative financial instruments	-	-
Foreign-exchange impact	0.5	(9.0)
Other	(2.7)	(3.1)
<b>Financial result</b>	<b>(41.4)</b>	<b>(47.4)</b>

The interest expense as of 31 December 2020 includes 4.6 million euros related to the execution and termination of pre-hedging instruments used to secure the interest rate on the October 2018, June 2019 and October 2020 bond issues. As of 31 December 2019, this amount stood at 4.4 million euros.

The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the relevant financial period. The interest rate used to determine the amount of interest expense eligible for capitalisation stood at 2.35% as of 31 December 2020 versus 2.42% as of 31 December 2019.

### 5.5 INCOME TAX

The "Income tax" expense comprises the current and deferred tax expenses of the consolidated entities. In accordance with IAS 34, the income tax expense for the interim period ended 31 December is calculated by applying the average annual effective income tax rate estimated for the financial year to pre-tax income of the interim period.

As of 31 December 2020, the effective income tax rate stood at 13.7% (versus 18.3% as of 31 December 2019). This rate includes the effect of the exemption of the portion of Eutelsat S.A.'s profit attributable to the company's satellites operated outside France (article 247 of the French General Tax Code introduced by the 2019 Finance Bill), the effect of taxation rates for foreign subsidiaries that are lower than in France, as well as exchange rate differences and inflation effects on the deferred tax positions of the Satellites Mexicanos subsidiary.

## 5.6 EARNINGS PER SHARE

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

(in millions of euros)	31 December 2019	31 December 2020
<b>Net income</b>	<b>150.2</b>	<b>144.0</b>
Income from subsidiaries attributable to non-controlling interests	(9.5)	(6.6)
<b>Net earnings used to compute earnings per share</b>	<b>140.7</b>	<b>137.4</b>
<b>Average number of basic and diluted shares</b>	<b>232,492, 821</b>	<b>230,198,468</b>

## NOTE 6: NOTES TO THE BALANCE SHEET

### 6.1 FIXED ASSETS

#### 6.1.1 Goodwill and other intangibles

Goodwill and intangible assets have evolved over the past two financial periods as follows:

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
<b>Gross assets</b>					
<b>Gross value as of 30 June 2020</b>	<b>1,209.2</b>	<b>1,124.7</b>	<b>40.8</b>	<b>333.0</b>	<b>2,707.6</b>
Acquisitions	-	-	-	4.4	4.4
Transfers	-	-	-	10.7	10.7
Foreign exchange variation	(29.4)	(18.9)	-	(5.4)	(53.7)
Disposals and scrapping of assets	-	-	-	(1.3)	(1.3)
Entry into the scope	55.8	-	-	-	55.8
Assets held for sale	-	-	-	(7.9)	(7.9)
<b>Gross value as of 31 December 2020</b>	<b>1,235.7</b>	<b>1,105.8</b>	<b>40.8</b>	<b>333.4</b>	<b>2,715.7</b>
<b>Amortisation and impairment</b>					
<b>Accumulated amortisation as of 30 June 2020</b>	<b>-</b>	<b>(774.2)</b>	<b>-</b>	<b>(209.4)</b>	<b>(983.6)</b>
Amortisation expense	-	(32.2)	-	(18.1)	(50.4)
Reversals (disposals and scrapping of assets)	-	-	-	1.3	1.3
Foreign exchange variation	-	8.2	-	1.9	10.1
Assets held for sale	-	-	-	7.5	7.5
<b>Accumulated amortisation as of 31 December 2020</b>	<b>-</b>	<b>(798.2)</b>	<b>-</b>	<b>(216.9)</b>	<b>(1,015.1)</b>
Net value as of 30 June 2020	<b>1,209.2</b>	<b>350.4</b>	<b>40.8</b>	<b>123.6</b>	<b>1,724.0</b>
<b>Net value as of 31 December 2020</b>	<b>1,235.7</b>	<b>307.5</b>	<b>40.8</b>	<b>116.6</b>	<b>1,700.6</b>

As of 31 December 2020, in that the stock market valuation of Eutelsat Communications was below the book value of the Group's shareholders' equity, the goodwill which is monitored only at Eutelsat's operational segment level has been tested for impairment.

The recoverable amount has been estimated on the basis of the value in use determined from a valuation of the Group based on future cash flows. This analysis has been carried out by the Group within an uncertain context linked to the Covid situation (see Note 2.5 "Repercussions of Covid") and incorporates a significant degree of judgment on the part of the Group's Management.

The cash flows used are based on the Group's 5-year business plan approved by the Board of Directors in July 2020, including the full impacts of the Covid crisis and the Group's strategic plan realised in October 2020 established over a period of more than ten years.

The Group's 5-year business plan approved by the Board of Directors on 16 January 2021 confirmed this analysis.

The value-in-use test described above did not call into question the amount of goodwill reported on the balance sheet as of 31 December 2020. This result is further corroborated by the external information available with respect to the estimates published by the financial analysts who cover the Group.

In terms of the financial parameters like the WACC (7.8% used in the scenarios) and the long-term growth rate used in the terminal value, the sensitivity analyses show that a 117bp increase in the WACC or a 400bp reduction in the long-term growth rate could derive a value in use of less than the Group's book value.

### 6.1.2 Tangible assets and construction in progress

During the past two financial periods, the tangible assets have seen the following changes:

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
<b>Gross assets</b>				
<b>Gross value as of 30 June 2020</b>	<b>6,027.1</b>	<b>437.7</b>	<b>1 061.2</b>	<b>7,526.0</b>
Acquisitions	1.9	6.9	108.1	116.9
Disposals	-	(2.0)	-	(2.0)
Scrapping of assets	(119.8)	(5.7)	-	(125.5)
Foreign exchange variation	(101.1)	(3.1)	(0.5)	(104.7)
Entry into the scope	-	8.1	-	8.1
Transfers and others	182.5	20.2	(213.0)	(10.3)
Assets held for sale	(296.0)	(65.4)	-	(361.4)
<b>Gross value as of 31 December 2020</b>	<b>5,694.6</b>	<b>396.7</b>	<b>955.8</b>	<b>7,047.1</b>
<b>Depreciation and impairment</b>				
<b>Accumulated depreciation as of 30 June 2020</b>	<b>(3,317.5)</b>	<b>(350.7)</b>	<b>(1.2)</b>	<b>(3,669.4)</b>
Depreciation expense	(163.0)	(12.0)	-	(174.9)
Reversals (disposals)	-	2.0	-	2.0
Reversals (scrapping of assets)	119.8	5.2	-	124.9
Foreign exchange variation	45.6	1.7	-	47.3
Assets held for sale	175.3	53.8	-	229.0
<b>Accumulated depreciation as of 31 December 2020</b>	<b>(3,139.9)</b>	<b>(300.0)</b>	<b>(1.2)</b>	<b>(3,441.1)</b>
<b>Net value as of 30 June 2020</b>	<b>2,709.7</b>	<b>87.0</b>	<b>1 060.0</b>	<b>3,856.7</b>
<b>Net value as of 31 December 2020</b>	<b>2,554.7</b>	<b>96.7</b>	<b>954.6</b>	<b>3,606.1</b>

The satellites listed below are under construction at the balance sheet date and should be launched during the financial years as indicated.

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

The transfers relating to satellites under construction for the period ended 31 December 2020 correspond to the entry into service of the Konnect satellite launched during the financial year ended 30 June 2020.

### 6.1.3 Rights of use in respect of leases

During the financial period ended 31 December 2020, rights of use saw the following changes

(in millions of euros)	Satellites	Other tangible assets	Total
<b>Gross assets</b>			
<b>Gross value as of 30 June 2020</b>	<b>850.9</b>	<b>34.8</b>	<b>885.7</b>
Acquisitions	-	39.9	39.9
Foreign exchange variation	-	(0.7)	(0.7)
Lease amendments and terminations	-	(13.2)	(13.2)
Entry into the scope	-	1.6	1.6
Assets held for sale	-	(1.2)	(1.2)
<b>Gross value as of 31 December 2020</b>	<b>850.9</b>	<b>61.3</b>	<b>912.2</b>
<b>Depreciation and impairment</b>			
<b>Accumulated depreciation as of 30 June 2020</b>	<b>(311.4)</b>	<b>(18.0)</b>	<b>(329.4)</b>
Depreciation expense	(28.7)	(6.1)	(34.7)
Lease amendments and terminations	-	12.1	12.1
Foreign exchange variation	-	0.2	0.2
Assets held for sale	-	0.4	0.4
<b>Accumulated depreciation and impairment as of 31 December 2020</b>	<b>(340.0)</b>	<b>(11.4)</b>	<b>(351.4)</b>
Net value as of 30 June 2020	<b>539.5</b>	<b>16.8</b>	<b>556.3</b>
<b>Net value as of 31 December 2020</b>	<b>510.9</b>	<b>49.9</b>	<b>560.7</b>

Satellite rights of use mainly relate to the Express AT1, Express AT2, Express AM6, Express 36C and Astra 2G leases. None of these lease contracts contain purchase options on expiry of the lease.

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

### 6.1.4 Purchase commitments

In addition to the items posted to the balance sheet, the Group has commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for an aggregate amount of 620 million euros as of 31 December 2020 and 595 million euros as of 30 June 2020. As of 31 December 2020, future payments in respect of these commitments are scheduled as follows:

(in millions of euros)	At 31 December 2020
Maturity within 1 year	223.2
From 1 to 2 years	226.7
From 2 to 3 years	33.5
From 3 to 4 years	11.8
Maturity exceeding 4 years	125.1
<b>Total</b>	<b>620.5</b>

Furthermore, the Group has granted a guarantee of 2.8 million euros to a third party, together with a guarantee covering the payment of the sums due in respect of the granting of orbital rights. This guarantee is unlimited and applies to the entire term of the licence.

## 6.2 RECEIVABLES, ASSETS AND LIABILITIES FROM CUSTOMER CONTRACTS AND COSTS TO OBTAIN OR FULFIL A CONTRACT

Receivables, assets and liabilities from customer contracts are summed up as follows:

(in millions of euros)	30 June 2020	31 December 2020
<b>Assets</b>		
Accounts receivable	334.8	276.9
Assets associated with customer contracts	42.8	45.4
Costs to fulfil contracts	26.9	4.3
Costs to obtain contracts	22.3	11.0
<b>Total current and non-current assets</b>	<b>426.8</b>	<b>337.6</b>
<i>Incl. non current portion</i>	74.9	46.5
<i>Incl. current portion</i>	351.9	291.1
<b>Liabilities</b>		
Financial liabilities - Guarantees and commitments received	56.2	54.6
Current contract liabilities	187.5	161.7
<b>Total current and non-current liabilities</b>	<b>243.7</b>	<b>216.3</b>
<i>Incl. non current portion</i>	152.8	138.2
<i>Incl. current portion</i>	90.9	78.1

### 6.2.1 Accounts receivable

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

(in millions of euros)	30 June 2020	31 December 2020
Non-matured receivables	145.1	108.9
Matured receivables between 0 and 90 days	58.1	54.7
Matured receivables for more than 90 days	250.7	209.9
Provision for bad debt	(119.2)	(96.6)
<b>Total</b>	<b>334.8</b>	<b>276.9</b>

Changes in Impairment of trade receivables over the past two financial periods were as follows:

(in millions of euros)	Total
<b>Value as of 30 June 2020</b>	<b>119.2</b>
Net allowance (reversals)	14.3
Reversals (used)	(33.2)
Foreign exchange variation	(1.8)
Assets held for sale	(1.9)
<b>Value at 31 December 2020</b>	<b>96.6</b>

## 6.3 FINANCIAL ASSETS AND LIABILITIES

### 6.3.1 Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2020	31 December 2020
Cash at bank and in hand	485.4	725.6
Cash equivalents	346.6	362.0
<b>Total</b>	<b>832.0</b>	<b>1,087.6</b>

### 6.3.2 Financial debt

Financial debt breaks down as follows:

(in millions of euros)	Rate	30 June 2020	31 December 2020	Maturity
Term loan 2022	Variable	600.0	400.0	March 2022
EIB term loan	0.488 %	-	200.0	December 2028
Bond 2022	3.125%	300.0	300.0	October 2022
Bond 2025	2.000%	800.0	800.0	October 2025
Bond 2027	2.250%	600.0	600.0	July 2027
Bond 2028	1.5%	-	600.0	October 2028
Structured debt				
	Variable	71.2	59.3	May 2024
	0.65%	61.3	66.2	June 2022
	0.75%	77.8	79.0	June 2023
	0.90%	12.0	45.6	June 2024
<b>Sub-total of debt (non-current portion)</b>		<b>2,522.3</b>	<b>3,150.2</b>	
Loan set-up fees and premiums		(16.5)	(19.0)	
<b>Total of debt (non-current portion)</b>		<b>2,505.8</b>	<b>3,131.2</b>	
Bond 2021	1.125%	500.0	500.0	June 2021
Structured debt	Variable	23.7	23.7	
RCF drawdown	Variable	300.0	-	September 2020
Accrued interest not yet due		34.3	17.9	
<b>Total debt (current portion)</b>		<b>858.1</b>	<b>541.6</b>	
<b>Total</b>		<b>3,363.9</b>	<b>3,672.8</b>	

All the debt is denominated in euros.

The term loans and ONDD-guaranteed export credits are subject to a financial covenant that provides for a net total debt to EBITDA ratio equal to or less than 4.0/1. Under the term loan covenants, each lender may also request early repayment of all sums due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications. The bonds are also backed by a banking covenant which provides for each lender to request early repayment of all amounts due in the event of a change of control of Eutelsat S.A. or Eutelsat Communications, and a rating downgrade on Eutelsat S.A. As of 31 December 2020, the Group was in compliance with all the banking covenants.

The credit agreements do not include any guarantee by the Company or any pledge of assets to lenders, but do contain restrictive clauses (subject to the usual exceptions provided for in this type of loan agreement) which limit the ability of Eutelsat Communications and its subsidiaries, in particular to grant liens on a borrower's assets, incur additional debt, dispose of assets, enter into mergers or acquisitions, sales of assets and finance lease transactions (except those carried out within the Group and expressly provided for in the loan agreement) and modify the nature of the business of the Company and its subsidiaries.

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

As of 31 December 2020, the Group had active credit lines for an aggregate undrawn amount of 659.2 million euros (398.8 million as of 30 June 2020). These lines of credit are backed by the same type of bank covenants as those in place for the term loan and other structured debt.

The schedule of debt maturities, excluding issue costs and premiums and accrued interest not yet due as at 31 December 2020, is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	400.0	-	400.0	-
EIB term loan	200.0	-	-	200.0
Structured debt	273.9	23.7	250.1	-
Bond 2021	500.0	500.0	-	-
Bond 2022	300.0	-	300.0	-
Bond 2025	800.0	-	800.0	-
Bond 2027	600.0	-	-	600.0
Bond 2028	600.0	-	-	600.0
<b>Total</b>	<b>3,674.0</b>	<b>523.7</b>	<b>1,750.1</b>	<b>1,400.0</b>

### 6.3.3 Net debt

Net debt breaks down as follows:

(in millions of euros)	30 June 2020	31 December 2020
Term loan	600.0	400.0
EIB term loan	-	200.0
Bonds	2,200.0	2,800.0
RCF drawdown	300.0	-
Structured debt	246.1	273.9
Change portion of the cross-currency swap	(4.3)	(57.1)
Lease liabilities	489.6	485.5
<b>Gross debt</b>	<b>3,831.4</b>	<b>4,102.4</b>
Cash and cash equivalents <sup>(1)</sup>	(832.0)	(1,108.0)
<b>Net debt</b>	<b>2,999.4</b>	<b>2,994.4</b>

The balance of cash and cash equivalents reported as of 31 December 2020 includes 20.4 million euros of cash representing assets held for sale, along with the Group's current account debt to EBI, which Eutelsat S.A. has agreed to repay prior to the disposal of EBI in the amount of 74.1 million euros (see Note 6.7 "Assets held for sale").

Changes in the debt position between 30 June 2020 and 31 December 2020 are presented below:

(in millions of euros)	30 June 2020	Cash flow	Non-cash flow	Currency effect	Fair value change and other	31 December 2020
Term loan	600.0	(200.0)	-	-	-	400.0
EIB term loan	-	200.0	-	-	-	200.0
Bonds	2,200.0	600.0	-	-	-	2,800.0
RCF drawdown	300.0	(300.0)	-	-	-	-
Structured debt	246.1	(11.9)	39.7	-	-	273.9
Change portion of the cross-currency swap	(4.3)	-	-	-	(52.7)	(57.1)
Lease liabilities	489.6	(44.1)	40.3	(0.1)	(0.2)	485.5
<b>Total</b>	<b>3,831.4</b>	<b>244.0</b>	<b>80.0</b>	<b>(0.1)</b>	<b>(52.9)</b>	<b>4,102.4</b>



### 6.3.4 Other financial assets and liabilities

Other financial assets break down as follows:

(in millions of euros)	30 June 2020	31 December 2020
Non-consolidated equity investments	14.7	14.7
Financial Instruments	10.3	68.5
Other financial assets	31.4	33.5
<b>Total</b>	<b>56.4</b>	<b>116.7</b>
<i>Incl. current portion</i>	23.6	32.5
<i>Incl. non current portion</i>	32.8	84.2

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2020	31 December 2020
Lease liabilities	493.4	487.8
Other liabilities	86.6	79.4
Derivative financial instruments	43.0	26.4
Social contributions and payroll liabilities	52.3	35.4
Tax liabilities	15.6	21.2
<b>Total</b>	<b>690.9</b>	<b>650.1</b>
<i>Incl. current portion</i>	186.6	134.8
<i>Incl. non current portion</i>	504.3	515.3

Lease liabilities include accrued interest of 3.1 million euros as of 31 December 2020 and 3.8 million euros as of 30 June 2020.

### 6.3.5 Derivative financial instruments

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

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
	30 June 2020	31 Dec 2020	30 June 2020	31 Dec 2020			
Synthetic forward sale with knock-in option	244.7	99.3	5.8	11.4	5.5	-	5.5
Cross currency swap	612.0	553.9	(33.9)	30.7	64.6	-	64.6
<b>Total forex derivatives</b>	<b>856.7</b>	<b>653.2</b>	<b>(28.1)</b>	<b>42.1</b>	<b>70.1</b>	<b>-</b>	<b>70.1</b>
Pre-hedging swap	300.0	-	(4.7)	-	4.7	-	4.7
<b>Total interest rate derivatives</b>	<b>300.0</b>	<b>-</b>	<b>(4.7)</b>	<b>-</b>	<b>4.7</b>	<b>-</b>	<b>4.7</b>
<b>Total derivatives</b>	<b>1,156.7</b>	<b>653.2</b>	<b>(32.8)</b>	<b>42.1</b>	<b>74.8</b>	<b>-</b>	<b>74.8</b>

As of 31 December 2020, the cumulative fair value of the derivative financial instruments was positive at 68.5 million euros and negative at 26.4 million euros (see Note 6.3.4 "Other financial assets and liabilities").

## 6.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

(in millions of euros)	30 June 2020	31 December 2020
Bond 2021	501.5	501.7
Bond 2022	314.1	316.4
Bond 2025	817.7	859.9
Bond 2027	609.1	649.5
Bond 2028	-	610.2
<b>Total</b>	<b>2,242.4</b>	<b>2,937.7</b>

## 6.5 SHAREHOLDERS' EQUITY

### 6.5.1 Share capital

As of 31 December 2020, the share capital of Eutelsat Communications S.A. comprised 230,544,995 ordinary shares with a par value of 1 euro per share.

As of the same date, the Group held 329,039 equity shares amounting to 3.1 million euros acquired under a liquidity contract (394,290 shares amounting to 3.8 million euros as of 30 June 2020) with no equity shares having been purchased within the framework of free share allocation plans (none also as of 30 June 2020). The aggregate amount of treasury stock is deducted from shareholders' equity.

### 6.5.2 Dividends

On 5 November 2020, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 0.89 euros per share, i.e. a total of 204.9 million euros, taken from net income for the financial year ended 30 June 2020. In 2019, the dividend payout amounted to 295.3 million euros, i.e. 1.27 euros per share.

### 6.5.3 Change in the revaluation surplus of financial instruments

Changes in the revaluation surplus for derivative instruments qualified as hedging instruments during the financial year break down as follows:

(in millions of euros)	Total
<b>Balance at 30 June 2020</b>	<b>(52.4)</b>
Changes in fair value within equity that can be reclassified to income	21.5
<b>Balance at 31 December 2020</b>	<b>(30.9)</b>

### 6.5.4 Translation reserve

Changes in the translation reserve during the financial period were as follows:

(in millions of euros)	Total
<b>Balance at 30 June 2020</b>	<b>128.4</b>
Net change over the period	(59.3)
<b>Balance at 31 December 2020</b>	<b>69.1</b>

The main currency generating translation differences is the US dollar.

As of 31 December 2020, the translation reserve includes 30.7 million euros for the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 6.3.5 "Derivative financial instruments") and (112.2) million euros relating to the Cross Currency Swap having matured during a previous financial year.

### 6.5.5 Actuarial gains and losses

The reference interest rates used to determine the discounted value of the guarantee given to a pension fund and retirement benefits were reduced from 1.25% as of 30 June 2020 to 0.80% as of 31 December 2020. This reduction in the discount rate led to a 17.3 million euro increase in the commitments over the period.

## 6.6 PROVISIONS

Changes in provisions between 30 June 2020 and 31 December 2020 are presented below:

(in millions of euros)	30 June 2020	Allowance	Reversal		Reclassification	Recognised in equity	Liabilities held for sale	31 December 2020
			Used	Unused				
Financial guarantee granted to a pension fund	83.7	0.6	-	-	-	16.5	-	100.8
Retirement indemnities	14.6	0.6	(1.8)	-	-	0.8	-	14.1
Other post-employment benefits	6.2		(0.7)	-	(0.3)	-	(0.5)	4.7
<b>Total post-employment benefits</b>	<b>104.4</b>	<b>1.2</b>	<b>(2.5)</b>	<b>-</b>	<b>(0.3)</b>	<b>17.3</b>	<b>(0.5)</b>	<b>119.5</b>
Commercial, employee-related and tax litigation	18.6	3.8	(1.0)	(6.3)	(0.5)		-	14.7
<b>Total provisions</b>	<b>123.1</b>	<b>5.0</b>	<b>(3.5)</b>	<b>(6.3)</b>	<b>(0.8)</b>	<b>17.3</b>	<b>(0.5)</b>	<b>134.2</b>
<i>Incl. non current portion</i>	106.6							122.1
<i>Incl. current portion</i>	16.5							12.1

### 6.5.6 Litigation and contingent liabilities

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

Eutelsat S.A. underwent a tax audit in respect of the financial years ended 30 June 2016 and 2017. In December 2019, the company received a tax adjustment notification in respect of these two financial periods. The company has responded to this proposed adjustment.

## 6.7 ASSETS HELD FOR SALE

As of 31 December 2020, the assets and liabilities shown in the financial situation statement under "Assets held for sale" and "Liabilities held for sale", relate to the activities of Euro Broadband International Sàrl (EBI) and its subsidiaries. On 18 November 2020, Eutelsat S.A. agreed to sell its 51% stake in Euro Broadband Infrastructure Sàrl (EBI), the company operating the KA SAT satellite, and its European broadband activities to Viasat Inc, its 49% shareholder.

The total amounts of "Assets held for sale" and "Liabilities held for sale" stand, respectively, at 196.9 and 22.9 million euros with the breakdown as follows:

(in millions of euros)	31 December 2020
<b>Assets</b>	
Intangible assets	0.3
Tangible assets and construction in progress	132.3
Rights of use	0.8
Non-current financial assets	0.3
Non-current assets associated with customer contracts and costs to obtain or fulfil a contract	16.5
Deferred tax assets	0.8
<b>Total non-current assets</b>	<b>151.1</b>
Inventories	2.7
Accounts receivable	9.1
Current assets associated with customer contracts and costs to obtain or fulfil a contract	7.3
Other current assets	5.4
Current tax receivable	0.2
Current financial assets	0.8
Cash and cash equivalents	20.4
<b>Total current assets</b>	<b>45.8</b>
<b>Total assets</b>	<b>196.9</b>

(in millions of euros)	31 December 2020
Non-current lease liabilities	0.6
Other non-current financial liabilities	0.7
Non-current liabilities associated with customer contracts	13.7
Non-current provisions	0.5
Deferred tax liabilities	2.8
<b>Total non-current liabilities</b>	<b>18.3</b>
Current lease liabilities	0.2
Other current payables and financial liabilities	0.9
Accounts payable	1.5
Tax payable	0.2
Current liabilities associated with customer contracts	1.8
<b>Total current liabilities</b>	<b>4.6</b>
<b>Total liabilities</b>	<b>22.9</b>

EBI constitutes a group of assets held for sale within the meaning of IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations:

- The asset group is available for immediate sale in its current state,
- Eutelsat considers this operation to be highly probable and expects its completion in the first quarter 2021. This judgement is based on the firm and irrevocable nature of the purchase offer received, and on the nature of the conditions precedent remaining to be fulfilled.
- The book value of the asset will mainly be recovered by its sale rather than by its continued use in view of the loss of control resulting from the full disposal of the Group's stake in EBI and its subsidiaries.

As result, as of 18 November 2020, Eutelsat reclassified EBI and its subsidiaries under "Assets held for sale". The impacts of this reclassification on the Group's consolidated financial statements are as follows:

- The assets held for sale and the corresponding liabilities are presented separately from the other assets and liabilities on specific lines of the financial position statement as of 31 December 2020, without reclassification in the financial position statement as of 30 June 2020.
- The depreciation relating to the assets within the scope being divested was suspended as of 18 November 2020.

In addition, Eutelsat has undertaken to reimburse the current account held with EBI before the sale. As of 31 December 2020, the amount of the current account stood at 74.1 million euros.

## **NOTE 7: RELATED-PARTY TRANSACTIONS**

No related-party transactions of a nature different to those entered into during the financial year ended 30 June 2020 were realised during the reporting period.

## **NOTE 8: SUBSEQUENT EVENTS**

None

## 7 OUTLOOK

On the back of our robust First Half revenue performance, we are in a position to raise the low end of our FY 2020-21 objective of revenues for the five Operating Verticals to between €1,190 million and €1,220 million<sup>12</sup> (versus between €1,180 million to €1,220 million previously). We are also absorbing the negative effect of changes in perimeter expected in the second half.

As highlighted by the First Half performance, we remain well on track on our Cash-Flow generation trajectory. The Adjusted Discretionary Free Cash-Flow objective for FY 2021-22, which was based on a constant perimeter assumption, is mechanically adjusted from the (€30) million net impact of the combined operations of the acquisition of Bigblu Broadband Europe and the disposal of EBI and now stands between €390 million and €420 million<sup>13</sup> in FY 2021-22 (€420 million to €450 million previously).

All other elements of the financial outlook are confirmed:

- Cash Capex<sup>14</sup> at an average not exceeding €400 million per annum for the period July 2020 to June 2022.
- LEAP 2 plan aimed at generating €20-25 million in annual savings by FY 2021-22.
- Commitment to a sound financial structure to support our investment grade credit ratings targeting a medium-term net debt / EBITDA ratio of around 3x.
- Stable to progressive dividend policy based on the dividend of 0.89 euros paid in November 2020.

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

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<sup>12</sup> Based on a €/€ rate assumption of 1.14 and including the combined impact of the acquisition of Bigblu Broadband Europe and the disposal of EBI but excluding the effect of other changes in perimeter if any.

<sup>13</sup> Based on a €/€ rate assumption of 1.14, excluding one-off impacts such as hedging, effects of changes in perimeter other than the acquisition of Bigblu Broadband Europe and the disposal of EBI, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

<sup>14</sup> Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

# APPENDIX

## Appendix 1: Additional financial data

### Extract from the consolidated income statement (€ millions)

Six months ended December 31	2019	2020	Change (%)
Revenues	636.6	628.5	-1.3%
Operating expenses	(141.1)	(146.4)	+3.8%
EBITDA	495.5	482.1	-2.7%
Depreciation and amortisation	(262.5)	(260.2)	-0.9%
Other operating income (expenses)	(7.8)	(7.7)	-1.3%
Operating income	225.3	214.2	-4.9%
Financial result	(41.4)	(47.4)	+14.5%
Income tax expense	(33.7)	(22.8)	-32.2%
Portion of net income attributable to non-controlling interests	(9.5)	(6.6)	-30.4%
Group share of net income	140.7	137.4	-2.3%

### Change in net debt (€ millions)

Half-year ending	31/12/2019	31/12/2020
<b>Net cash flows from operating activities</b>	<b>353.4</b>	<b>435.1</b>
Cash Capex	(189.1)	(116.9)
Interest and Other fees paid net of interests received	(56.5)	(61.4)
<b>Discretionary Free Cash-Flow</b>	<b>107.9</b>	<b>256.9</b>
(Acquisitions) / disposals	54.7	(56.1)
Distributions to shareholders	(315.7)	(204.9)
Other	(8.9)	9.1
<b>Decrease (increase) in net debt</b>	<b>(162.0)</b>	<b>5.0</b>

## Appendix 2: Quarterly revenues by application

In € millions	Q1 2019-20	Q2 2019-20	Q3 2019-20	Q4 2019-20	FY 2019-20	Q1 2020-21	Q2 2020-21
Broadcast	194.7	194.7	198.8	196.4	784.6	190.6	188.3
Data & Professional Video	43.0	44.8	44.8	42.7	175.3	39.5	41.9
Government Services	39.3	39.1	40.0	42.8	161.1	38.4	38.5
Fixed Broadband	19.9	19.2	18.8	18.8	76.7	20.5	21.6
Mobile Connectivity	19.7	21.5	20.8	16.7	78.7	17.7	16.2
<b>Total Operating Verticals</b>	<b>316.5</b>	<b>319.3</b>	<b>323.1</b>	<b>317.4</b>	<b>1,276.3</b>	<b>306.7</b>	<b>306.4</b>
Other Revenues	1.1	(0.2)	(1.1)	2.2	2.0	8.6	6.8
<b>Total</b>	<b>317.6</b>	<b>319.1</b>	<b>322.0</b>	<b>319.6</b>	<b>1,278.3</b>	<b>315.3</b>	<b>313.2</b>



### Appendix 3: Alternative performance indicators

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

#### EBITDA, EBITDA margin and Net debt / EBITDA ratio

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortization. It is a frequently used indicator in the Fixed Satellite Services Sector and more generally the Telecom industry. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for H1 2019-20 and H1 2020-21:

Six months ended December 31 (€ millions)	2019	2020
Operating result	225.3	214.2
+ Depreciation and Amortization	262.5	260.2
- Other operating income and expenses	7.8	7.7
<b>EBITDA</b>	<b>495.5</b>	<b>482.1</b>

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

Six months ended December 31 (€ millions)	2019	2020
EBITDA	495.5	482.1
Revenues	636.6	628.5
<b>EBITDA margin (as a % of revenues)</b>	<b>77.8</b>	<b>76.7</b>

At constant currency, the EBITDA margin stood at 76.7% as of 31 December 2020.

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

Six months ended December 31 (€ millions)	2019	2020
Last twelve months EBITDA	1,009.5	968.6
Closing net debt <sup>15</sup>	3,234.8	2,994.4
<b>Net debt / EBITDA</b>	<b>3.20x</b>	<b>3.09x</b>

#### Cash Capex

<sup>15</sup> Net debt includes all bank debt, bonds and all liabilities from lease agreements and structured debt as well as Forex portion of the cross-currency swap, less cash and cash equivalents (net of bank overdraft). Cash as of 30 December 2020 includes €20m related to assets held for sale (51% stake in EBI); it also includes the current account of the Group towards EBI of €74m that Eutelsat SA committed to reimburse before the disposal of EBI. Net Debt calculation is available in the Note 6.3.3 of the appendices to the financial accounts.

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

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

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

The table below shows the calculation of Cash Capex for H1 2019-20 and H1 2020-21:

Six months ended December 31 (€ millions)	2019	2020
Acquisitions of satellites, other property and equipment and intangible assets	(151.1)	(67.5)
Insurance proceeds	-	6.6
Repayments of ECA loans, lease liabilities and other bank facilities <sup>16</sup>	(38.0)	(56.0)
<b>Cash Capex</b>	<b>(189.1)</b>	<b>(116.9)</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 shareholder remuneration and debt reduction.

Reported Discretionary Free Cash-Flow is defined as Net Cash-Flow from operating activities less Cash Capex as well as Interest and other fees paid net of interest received.

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

The table below shows the calculation of Reported Discretionary Free Cash-Flow and Adjusted Discretionary Free Cash-Flow for H1 2019-20 and 2020-21 and its reconciliation with the Cash-Flow statement:

Six months ended December 31 (€ millions)	2019	2020
Net Cash-Flows from operating activities	353.4	435.1
Cash Capex (as defined above)	(189.1)	(116.9)
Interest and other fees paid net of interest received	(56.5)	(61.4)
<b>Reported Discretionary Free Cash-Flow</b>	<b>107.9</b>	<b>256.9</b>
Currency impact <sup>17</sup>	-	9.4
Hedging impact	5.1	(6.1)
One-off costs related to "LEAP 2" program and move to new headquarters	4.6	15.1
<b>Adjusted Discretionary Free Cash-Flow</b>	<b>117.6</b>	<b>275.3</b>

<sup>16</sup> Included in lines "Repayment of borrowings" and of "Repayment of lease liabilities" of cash-flow statement

<sup>17</sup> H1 2020-21 discretionary Free Cash-Flow has been converted at H1 2019-20 €/€ rate.

# STATUTORY AUDITOR'S REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION (FRENCH VERSION)

MAZARS

ERNST & YOUNG et Autres

## Eutelsat Communications

Période du 1<sup>er</sup> juillet au 31 décembre 2020

**Rapport des commissaires aux comptes sur  
l'information financière semestrielle**

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Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles et du Centre

**ERNST & YOUNG et Autres**  
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438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles et du Centre

## Eutelsat Communications

Période du 1<sup>er</sup> juillet au 31 décembre 2020

### **Rapport des commissaires aux comptes sur l'information financière semestrielle**

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par vos assemblées générales et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés condensés de la société Eutelsat Communications, relatifs à la période du 1<sup>er</sup> juillet au 31 décembre 2020, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

La crise mondiale liée à la pandémie de Covid-19 crée des conditions particulières pour la préparation et l'examen limité des comptes semestriels consolidés condensés. En effet, cette crise et les mesures exceptionnelles prises dans le cadre de l'état d'urgence sanitaire induisent de multiples conséquences pour les entreprises, particulièrement sur leur activité et leur financement, ainsi que des incertitudes accrues sur leurs perspectives d'avenir. Certaines de ces mesures, telles que les restrictions de déplacement et le travail à distance, ont également eu une incidence sur l'organisation interne des entreprises et sur les modalités de mise en œuvre de nos travaux.

C'est dans ce contexte complexe et évolutif que ces comptes semestriels consolidés condensés ont été établis sous la responsabilité de votre conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

## 1. Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés condensés avec la norme IAS 34 – norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

## 2. Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés condensés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés condensés.

Courbevoie et Paris-La Défense, le 12 février 2021

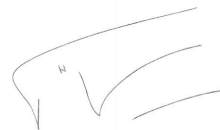
Les Commissaires aux Comptes

MAZARS



Achour Messas

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