

FIRST QUARTER 2017-18 REVENUES

26 October 2017

Agenda

1

Key events

2

Q1 2017-18 performance

3

Outlook

Key events



First Quarter revenues of €349m



Well-oriented operational metrics: stable Backlog rising Fill Rate and increased HD penetration quarter on quarter



Positive outcome of Video renewals, notably with Polsat at HOTBIRD



Streamlining of Video distribution in MENA with integration of Noorsat



Favourable USG Fall campaign with almost 95% renewal rate



Al Yah 3 delay impacting African broadband roll-out



eutelsat

Q1 Revenues

- ▶ **Q1 revenues of €349m**
 - -9.3% reported
 - -6.7% at constant perimeter and currency
- ▶ **Underlying businesses down 1% excluding 'Other' revenues**

Q1 YOY REVENUE BRIDGE (€M)



Agenda

1

Key Events

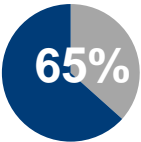
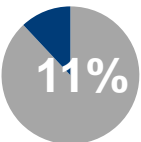
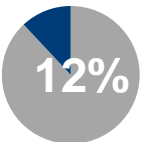
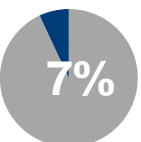
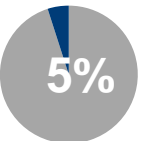
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Q1 2017-18 performance

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Outlook

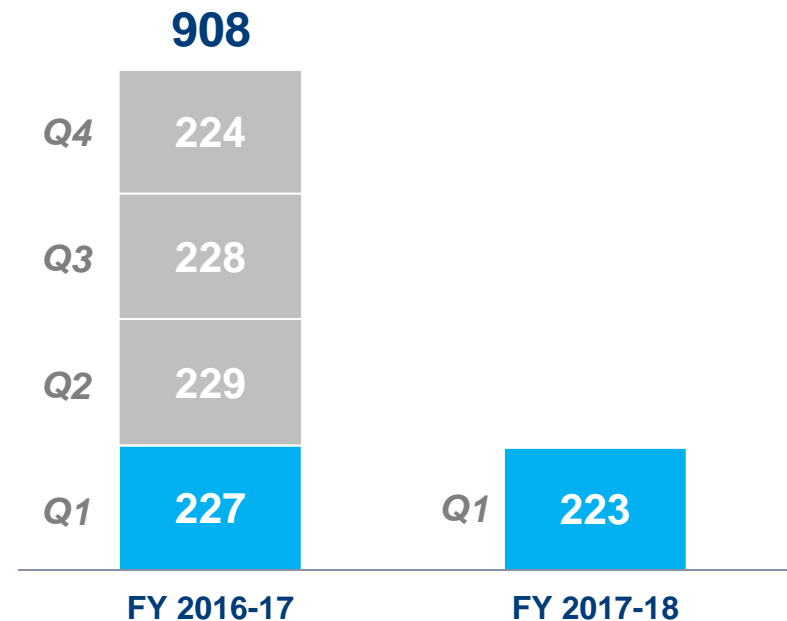
Q1 Revenues like-for-like by application

		REVENUE CONTRIBUTION ¹	REVENUES (€m)	LIKE-FOR-LIKE ² CHANGE	
				YoY	QoQ
CORE BUSINESSES	Video		223	-0.8%	+0.7%
	Fixed Data		37	-11.7%	-4.7%
	Government Services		41	+1.1%	-2.0%
CONNECTIVITY	Fixed Broadband		22	-9.7%	-3.5%
	Mobile Connectivity		19	+33.3%	+5.1%
	Other revenues		7	-74.8%	+14.7%

Video

- ▶ Revenues of €223m, down 0.8% y-o-y like-for-like¹
- ▶ Broadcast up [0.5]% excluding carry-forward impact of termination of tV d'Orange contract:
 - Growth in Russia at 36° and 56° East
 - And MENA at 7/8° West and 7° East
- ▶ Renewal with Polsat at the HOTBIRD position
- ▶ Ongoing tough conditions in Professional Video
- ▶ 6,755 channels at end-Sept. 2017
 - +6.6% y-o-y
 - HD up from 14.8% to 17.9%

REVENUES² (€M)

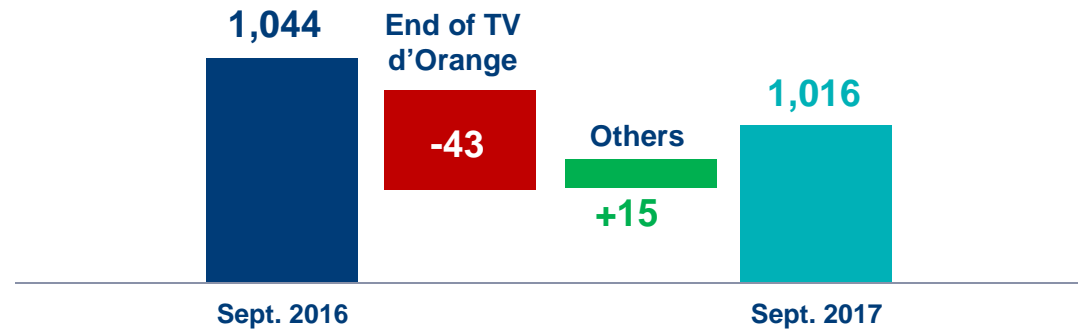


¹ At constant currency and perimeter

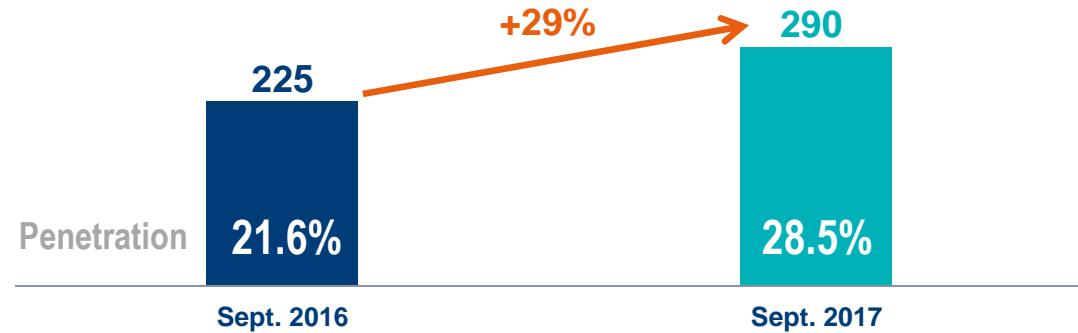
² Proforma revenues reflecting new applications at actual rates as well as the disposal of DSAT Cinema for FY 2016-17

Focus on HOTBIRD KPIs

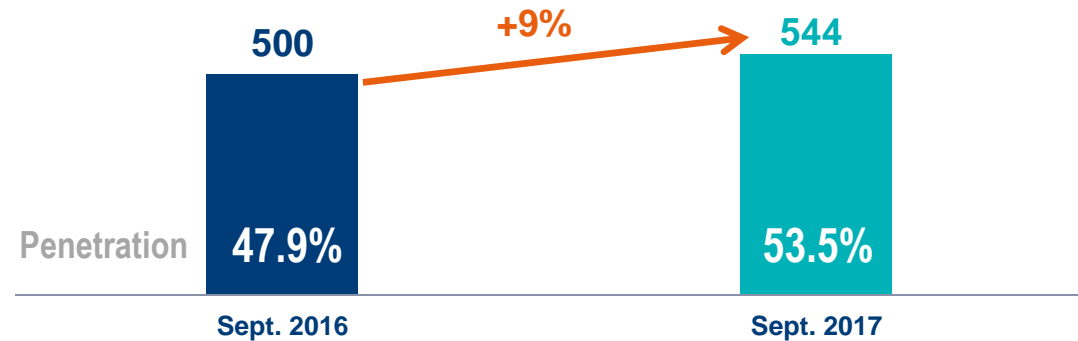
Resilient
channel count



Sustained HD ramp-up



MPEG-4 more advanced
than HD



Acquisition of Noorsat: Streamlining Video distribution

INCREASE DIRECT CUSTOMER ACCESS BY INTEGRATING DISTRIBUTION

- ▶ Increase our control over the commercial development of MENA Hotspots
- ▶ Increase our direct access to the end clients:
 - Boost HD adoption
 - Upsell incremental Video Services
- ▶ Leverage on salesforces for cross-selling
- ▶ Internalize the distribution margin



Noorsat in a snapshot

- ▶ One of the largest distributors of video in MENA
- ▶ c. 300 channels
- ▶ Blue chip customers

Financial impacts

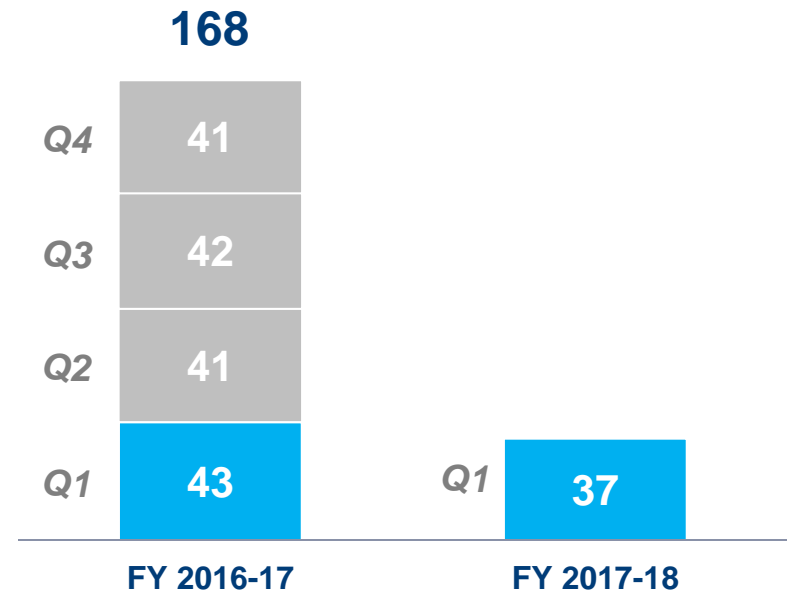
- ▶ Acquisition price of c. 75 M\$
- ▶ > \$15m on revenues¹
- ▶ Slightly dilutive margin impact absorbed within objectives
- ▶ -€0.4bn on backlog

¹ annualized basis net of capacity purchased by Noorsat from Eutelsat

Fixed Data

- ▶ Revenues of €37m, down 11.7% y-o-y like-for-like¹
- ▶ Ongoing tough environment in all geographies
- ▶ Continued price pressure

REVENUES² (€M)



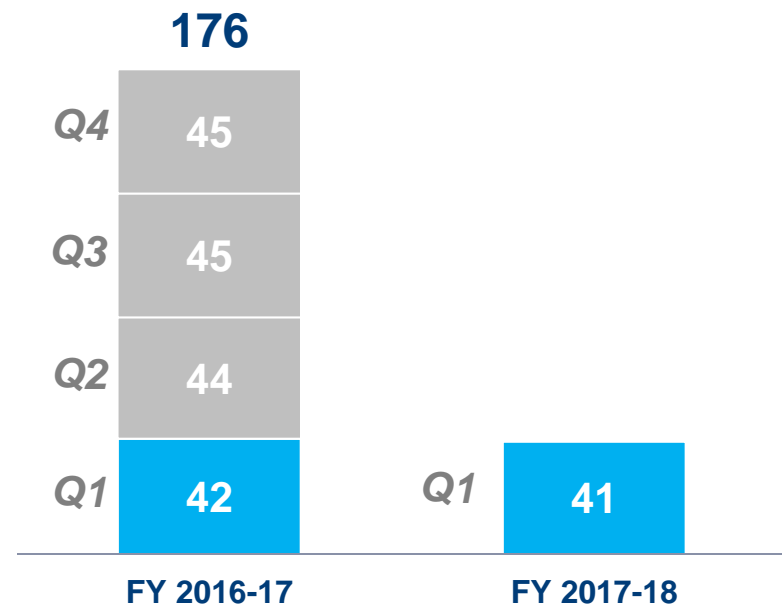
1 At constant currency and perimeter

2 Proforma revenues reflecting new applications at actual rates

Government Services

- ▶ Revenues of €41m, up 1.1% y-o-y like-for-like¹
- ▶ Stabilization of revenues reflecting solid commercial performance in FY 2016-17
- ▶ USG Renewal rate at almost 95% in Fall round
 - Volumes almost stable
 - Slight decline in price

REVENUES² (€M)



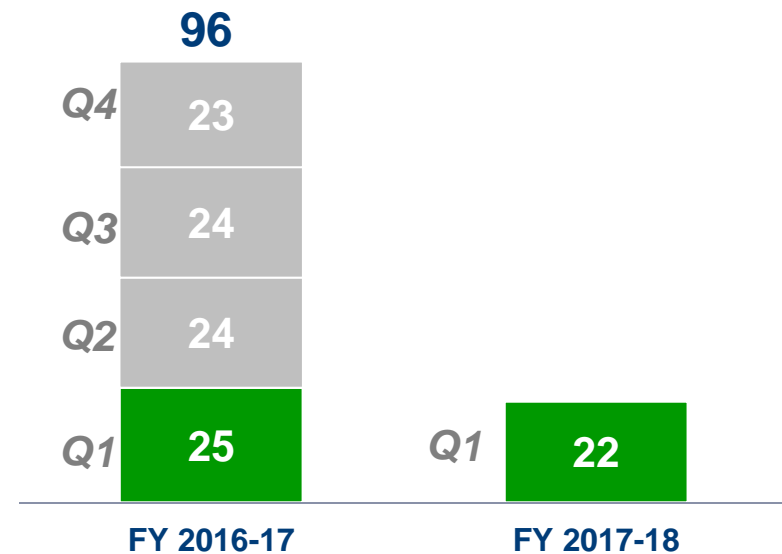
¹ At constant currency and perimeter

² Proforma revenues reflecting new applications at actual rates

Fixed Broadband

- ▶ Revenues of €22m, down 9.7% y-o-y like-for-like¹
- ▶ Y-o-Y variation reflecting mainly the absence of a one-off recognized last year:
 - Related to the phasing of payments by a specific customer
- ▶ **Definite delay to launch and entry into service of Al-Yah 3:**
 - Commercial service now expected in June 2018 at the earliest;
 - Marketing partly suspended, affecting Al Yah 2 operations;
 - Majority of revenue expectations for Konnect Africa pushed out to 2018-19

REVENUES² (€M)



¹ At constant currency and perimeter

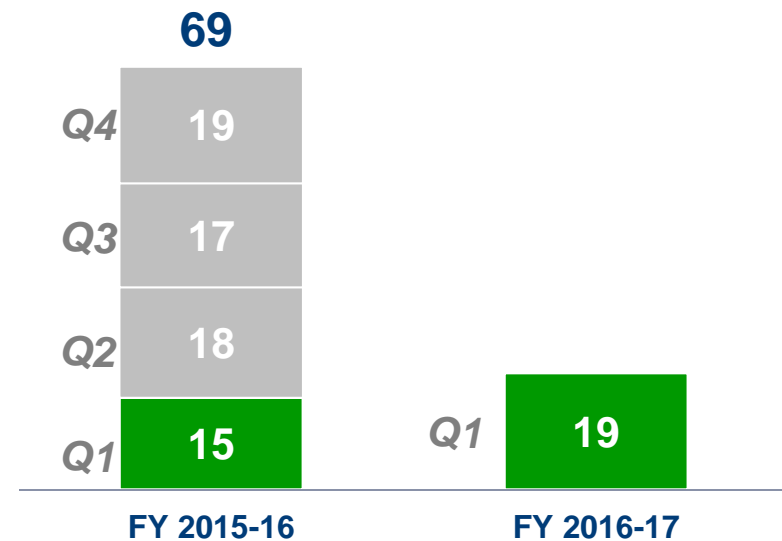
² Proforma revenues reflecting new applications at actual rates

Mobile Connectivity

- ▶ Revenues of €19m, up 33% y-o-y like-for-like¹
- ▶ YoY variation reflecting:
 - Full-quarter impact of Taqnia contract
 - Continued growth on Widebeam capacity with customers including Gogo, Hunter and Panasonic
- ▶ Revenues to benefit from entry into service of EUTELSAT 172B in November
 - Full impact from Q3 onwards



REVENUES² (€M)

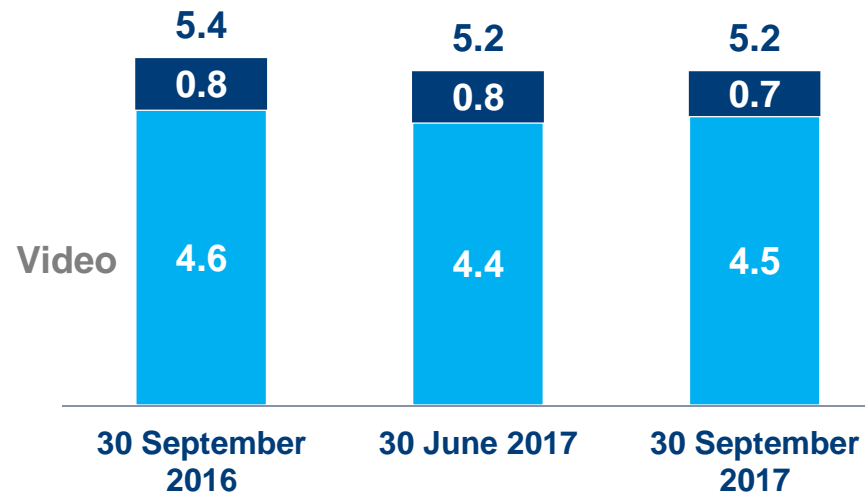


1 At constant currency and perimeter

2 Proforma revenues reflecting new applications as well as the disposal of Wins/DHI at actual rates

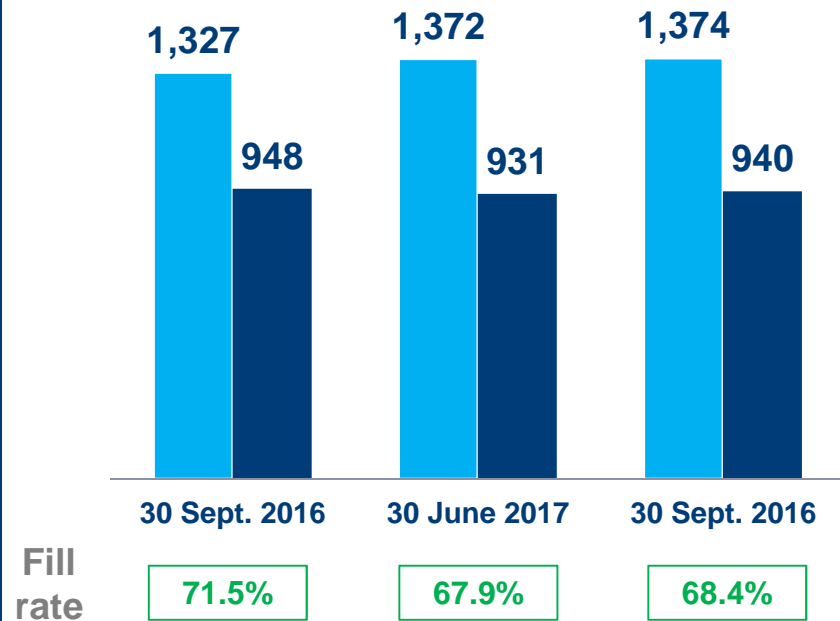
Backlog and Fill Rate

BACKLOG (€BN)



- ▶ 3.5 years of revenues
- ▶ Sequential increase in Video backlog
- ▶ Video accounting for 86%

OPERATIONAL AND LEASED TRANSPONDERS



- ▶ Operational txp unchanged Q-o-Q
- ▶ Leased txp up by 9 units Q-o-Q
- ▶ Fill rate of 68.4%

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Outlook

Progress on our priorities for FY 2017-18

Grow Cash Flow	Stabilise revenues	Return to broad stability at HOTBIRD	▶	Polsat renewal with favourable outcome	✓
		Stimulate HD ramp-up and optimise Video distribution	▶	HD penetration up c. 3 pts in Q1 Integration of Noorsat	✓
		Fill Data capacity	▶	Some improvement in volume trends	✓
		Grow Connectivity	▶	Mobile Connectivity up 33% in Q1 OSD of E172B on track for Q2	✓
		Konnect Africa ramp-up	▶	Pushed out due to Al Yah 3 delay	✗
	Optimise other items	Deliver on LEAP cost-savings plan			
		Maintain tension on WCR	▶	All on track	
		Contain Capex			
		Continue to de-lever			

2017-18 revenue path back-end loaded

Y-o-Y revenue trend to improve in future quarters

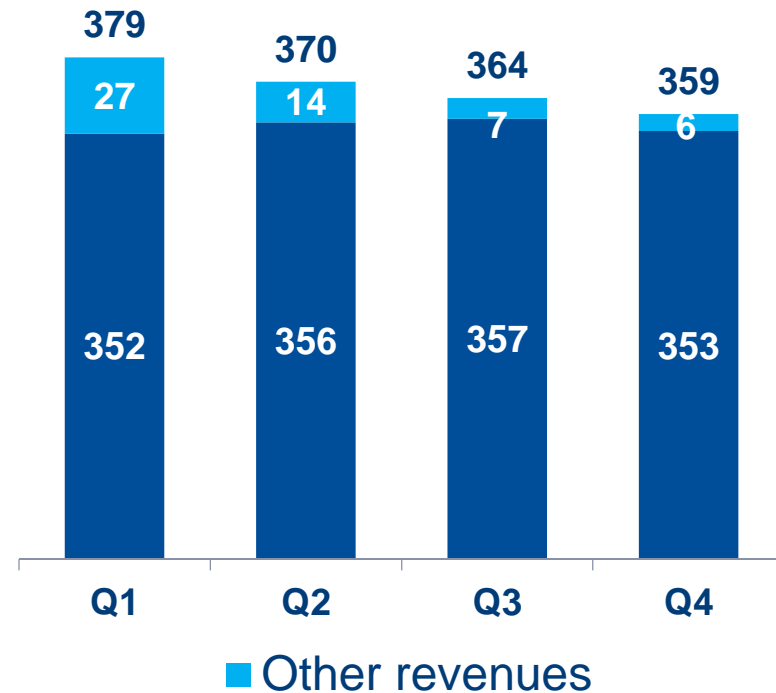
► Comparison base to become easier in coming quarters

- Lower 'Other' revenues
- End of TV d'Orange on 31 Dec
- Easier comps for Fixed Data

► Uplift from EUTELSAT 172B in Q2

- HTS payload partly presold to Panasonic
- Full-quarter impact from Q3

QUARTERLY PROFORMA REVENUES IN FY 2016-17



Financial outlook

REVENUES

(At constant currency, and perimeter)

- ▶ -1% to -2% in FY 2017-18¹
Versus 'broadly stable' previously
- ▶ Return to slight growth from FY 2018-19

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

DISCRETIONARY FREE CASH FLOW³

(At constant currency)

- ▶ FY 2016-17 to FY 2019-20:
mid-single digit CAGR, with growth
back-end loaded in the outer two years

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		AFRICAN BROADBAND SATELLITE
Orbital Position	7° East	5° West	TBD	TBD
Launch date ¹	H2 2018	H2 2018	2019	2019
Manufacturer				
Launcher				
Coverage	MENA SSA	Europe North Africa	Flexible	SSA
Applications	Video	Video	Government Services	Broadband
Total Capacity (TPE/Spotbeams)	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps
o/w Expansion Capacity ²	19 Ku	-	N/A	65 Ka / 75 Gbps

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