EUTELSAT Communications

2014-2015 HALF YEAR FINANCIAL REPORT

(July-December 2014)

2014-2015 HALF-YEAR FINANCIAL REPORT

(July-December 2014)

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.

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. Michel de Rosen

Chairman and Chief Executive Officer

1 KEY EVENTS AND BUSINESS OVERVIEW

Reminder: *first-half 2013-2014 revenues have been restated. Please refer to the appendix.*

Key financial highlights	6 months to Dec 2013	**6 months to Dec 2014**	*Change*
Revenues			
Reported - €m	647.4	**722.8**	*+11.6%*
Restated - €m	687.6	**722.8**	*+4.3%[1]*
Profitability			
EBITDA[2] - €m	501.3	**559.6**	*+11.6%*
EBITDA margin -	77.4%	**77.4%**	*n.c.*
Group share of net income - €m	147.3	**160.7**	*+9.1%*
Diluted earnings per share - €	0.670	**0.729**	*+ 8.8%*
Financial structure			
Net debt - €m	2,793.9[3]	**3,807.0**	*+36.3%*
Net debt / EBITDA	2.8[4]	**3.5**	-
Backlog - €bn	5.3	**6.1**	*+14.4%*

[1] At constant currency and perimeter and excluding non-recurring revenues; [2] Operating income before depreciation and amortisation, impairments and other operating income/(expenses); [3] Excluding €537.3 million still in escrow at 31 December 2013 relating to Satmex acquisition which was treated as cash in the net debt calculation; [4] On a proforma basis, taking into account the acquisition of Satmex, the ratio would have been 3.3x.

1.1. Revenues

In € millions	Reminder: reported H1 2013-14	Restated H1 2013-14	**Reported H1 2014-15**	***Actual change vs. reported***	***Actual change vs. restated***	**Like-for-like change[1] vs. restated**
Video Applications	430.5	435.8	**452.4**	***+5.1%***	***+3.8%***	**+3.5%**
Data Services	83.8	106.1	**107.4**	***+28.1%***	***+1.2%***	**-0.7%**
Value-Added Services	43.2	43.2	**51.4**	***+19.0%***	***+19.0%***	**+18.8%**
Government Services	73.6	87.5	**92.2**	***+25.4%***	***+5.5%***	**+2.7%**
Other revenues	15.8	14.5	**19.4**	***ns***	***ns***	**ns**
Sub-total	646.9	687.1	**722.8**	***+11.7%***	***+5.2%***	**+4.3%**
Non-recurring revenues	0.5	0.5	**-**	**-**	**-**	**-**
Total	647.4	687.6	**722.8**	***+11.6%***	***+5.1%***	**+4.2%**

[1] At constant currency and perimeter

Total first half revenues for the Group stood at €722.8 million, up 4.3% on a pro-forma basis at constant currency and excluding non-recurring revenues. The appreciation of the dollar relative to the euro added 0.9 points to top-line growth, particularly represented in Government Services and to a lesser extent Data.

VIDEO APPLICATIONS (65% of revenues)

Revenues from **Video Applications** were up 3.5% in the first half to €452.4 million. This reflected the entry into service of the Express-AT1 satellite, which was operational for the full semester, resources added at the 7°/8° West position in September 2013 and the good performance of Satmex.

Significant contracts included the multi-year renewal of seven transponders at Eutelsat's HOT BIRD video neighbourhood by nc+, the Polish Pay-TV operator.

At 31 December 2014, the total number of channels broadcast by Eutelsat satellites stood at 5,741. Excluding Satmex (307 channels broadcasting at 31 December 2014), the channel count was up 13% year-on-year. HDTV penetration continued to increase, representing 11.4% of channels at 31 December 2014 compared to 10.6% a year before. A total of 657 channels were broadcasting in High Definition across Eutelsat's fleet at the end of the first half, up from 508 a year earlier.

Research published at the beginning of January by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle East now stands at 274 million, up by 32% since 2010, of which 138 million receive channels from the HOT BIRD neighbourhood. Direct-to-Home remains the leading reception mode across the combined Europe, Russia, North Africa and Middle East footprint. The number of Direct-to-Home households is growing, up by 44% to 160 million homes between 2010 and 2014.

DATA SERVICES (15% of revenues)

Data Services first half revenues stood at €107.4 million, down 0.7% year-on-year. The take-up of capacity on EUTELSAT 3B with clients including some telecom operators in the Middle-East, and the ongoing solid performance of Satmex offset less favourable trends in general in the EMEA region.

On a sequential quarterly basis, the underlying trend showed an improvement, with a slight uptick in growth in the second quarter, following three quarters of stability on a like-for-like basis.

VALUE-ADDED SERVICES (7% of revenues)

Value-Added Services first half revenues amounted to €51.4 million, up 18.8%. Uptake on KA-SAT continued albeit at a slower pace, with 175,000 broadband terminals activated at 31 December 2014, up from 124,000 a year earlier, and 166,000 at 30 September 2014. The distribution network for the Tooway consumer broadband service was further expanded with agreements signed with OTE in Greece and Telekom Austria Group in Central and Eastern Europe.

As in previous years the second quarter reflected the seasonality of the maritime market.

GOVERNMENT SERVICES (13% of revenues)

First half revenues from **Government Services** stood at €92.2 million, up 2.7%. This growth reflected new contracts on EUTELSAT 33B, EUTELSAT 36B and EUTELSAT 48D, the good performance of Satmex and the impact of the lower level of contract renewals in the last twelve months.

OTHER[1] AND NON-RECURRING REVENUES

Other revenues amounted to €19.4 million compared with €14.5 million at 31 December 2013, reflecting notably revenues related to the agreements with SES at 28°5 East.

There were no **non-recurring revenues** at 31 December 2014.

[1] Other revenues mainly include compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, and the recognition of EUR/USD foreign exchange gains/losses.

1.2. Backlog

The order backlog[2] stood at €6.1 billion at 31 December 2014, up by 14% year-on-year including Satmex and by 8% excluding Satmex. It was equivalent to 4.4 times 2013-14 revenues. Video Applications represented 84% of the backlog.

The slight decline in backlog compared with end-September reflects, on one hand, new contracts at 3° East, 7° East and 16° East, and on the other, backlog consumption. However, the renewal at HOT BIRD capacity with nc+ was not integrated into the backlog at end-December. Including the latter, the level of backlog would have been stable versus end-September.

	31 December 2013	30 September 2014	**31 December 2014**
Value of contracts (in billions of euros)	5.3	6.3	**6.1**
In years of annual revenues based on last fiscal year	*4.1*	*4.5*[3]	***4.4***[6]
Share of Video Applications	94%	84%	**84%**

1.3. Operational and leased transponders

The number of operational transponders at 31 December 2014 was up by 178 year-on-year to 1,033, reflecting mainly the entry into service of Express-AT1 and EUTELSAT 3B as well as the integration of Satmex.

The fill rate stood at 76.3% compared to 74.8% a year earlier, reflecting mainly the entry into service of Express-AT1, which was fully leased, the integration of Satmex, whose fill is rate above Group average and further take-up on KA-SAT.

The slight increase of fill rate compared to the end of September 2014 reflected notably the ramp-up of new capacity at 3° East (EUTELSAT 3B) and 7° East (EUTELSAT 7B).

	31 December 2013	30 September 2014	**31 December 2014**
Number of operational transponders[4]	855	1,033	**1,033**
Number of leased transponders[5]	640	785	**788**
Fill rate	74.8%	76.0%	**76.3%**

Note: *KA-SAT's 82 spot beams as well as EUTELSAT 3B's 5 Ka-band spot beams are considered transponder equivalents. KA-SAT's fill rate is considered to be at 100% when 70% of the capacity is taken up.*

[2] The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.
[3] *Based on proforma revenues for fiscal year 2013-2014.*
[4] *Number of transponders on satellites in stable orbit, back-up capacity excluded*
[5] *Number of transponders leased on satellites in stable orbit*

2 HIGH OPERATING PROFITABILITY MAINTAINED

2.1. Profitability

EBITDA MARGIN: 77.4%

Group EBITDA amounted to €560 million compared to €501 million at 31 December 2013, reflecting the integration of Satmex and the slight beneficial effect of USD appreciation.

The EBITDA margin stood at 77.4%, unchanged compared to last year. As in previous years, the phasing of operating costs was marginally favourable to the first half.

GROUP SHARE OF NET INCOME: €161 MILLION

Group share of net income stood at €161 million versus €147 million a year earlier, a 9.1% increase and represented a margin of 22.2%.

This reflected mainly:

- The increase in EBITDA;
- Other operating expenses of -€2 million compared with income of €8 million last year;
- Depreciation and amortisation of €232 million (up €42 million year-on-year) principally reflecting the integration of Satmex and the entry into service of EUTELSAT 25B (October 2013), Express-AT1[6] (May 2014), Express-AT2[7] (July 2014) and EUTELSAT 3B (July 2014);
- A financial result of -€56 million versus -€65 million a year earlier, reflecting the full impact of the €930 million bond raised in December 2013, a positive variation in the foreign exchange result of €19 million (income of €15 million in first half 2014-15 versus negative result of -€4 million a year earlier) and higher capitalised interest;
- A tax rate of 40.4% versus 42.6% in first half 2013-14 which had included a €5.6 million settlement relating to a French tax audit.

Extract from the consolidated income statement (in millions of euros)

Six months ended December 31	2013	**2014**	**Change**
Revenues	647.4	**722.8**	+11.6%
Operating expenses	(146.1)	**(163.2)**	**+ 11.7%**
EBITDA	501.3	**559.6**	+11.6%
Depreciation and amortisation	(190.0)	**(232.3)**	**+ 22.3%**
Other operating income (expenses)	8.4	**(2.1)**	**n.a.**
Operating income	319.7	**325.2**	**+ 1.7%**
Financial result	(64.8)	**(56.2)**	**-13.2%**
Income tax expense	(108.6)	**(108.6)**	**n.c.**
Income from associates	7.3	**7.7**	**+4.6%**
Portion of net income attributable to non-controlling interests	(6.4)	**(7.2)**	**+12.5%**
Group share of net income	147.3	**160.7**	**+9.1%**

[6] Leased capacity leading to recognition of assets in the balance sheet calculated on the basis of the discounted Net Present Value of future payments over 15 years.

2.2. Strong cash flow generation

First half net cash flows from operating activities amounted to €504 million, representing 70% of revenues, versus €325 million in First Half 2013-14. This reflected mainly the increase in EBITDA (€58 million) and a reduction in tax paid (€85 million) relating to the evolution of the pretax profit and the timing of tax payments.

Capital expenditure amounted to €205 million in First Half 2014-15 compared to €148 million a year earlier, reflecting the consolidation of Satmex over the full period as well as the phasing of various satellite programmes.

2.3. Financial structure

At 31 December 2014, net debt was broadly stable at €3,807 million versus €3,779 million at 30 June 2014. Free cash-flow generation largely offset the dividend payment (€87 million), interest and other fees (€30 million) and an increase in financial leases (€111 million) linked notably to the entry into service of Express-AT2. The net debt to EBITDA ratio stood at 3.5 times, stable on end-June 2014.

The weighted average maturity of the Group's debt stood at 3.9 years, compared to 4.4 years at 30 June 2014. The average cost of debt after hedging was 3.8% in the first half.

Liquidity remains strong, with cash of €469 million and undrawn credit lines of €650 million.

Net debt to EBITDA ratio

		31 Dec. 2013	**31 Dec. 2014**
Net debt at end-June	€m	2,647	**3,779**
Net debt at end-December	€m	2,794[7]	**3,807**
Net debt / EBITDA (Last twelve months)	**X**	2.8[8]	**3.5**

[7] *€537.3 million transferred to an escrow account at 31 December 2013 for the acquisition of 90.1% of Satmex but treated as cash in the net debt calculation.*
[8] *On a proforma basis, taking into account the acquisition of Satmex, the ratio would have been 3.3x.*

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 Reference Document as registered with the "Autorité des marchés financiers" (French securities regulator) and filed on 15 October 2014 under number D. 14-0982.

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.

Furthermore, it is important to point out that the global economic environment might fuel additional uncertainties regarding the Group's business activities and development, in spite of its limited impact on the Group's half-year consolidated accounts ended 31 December 2014 or on its activities during the first half of the financial year ending 30 June 2015.

4 CHANGES WITHIN THE GROUP

4.1. Approval of the accounts for the financial year ended 30 June 2014 and allocation of result

The Annual General Meeting of Shareholders held on 7 November 2014 under the chairmanship of Michel de Rosen, Chairman and Chief Executive Officer approved the accounts for fiscal year 2013-2014, as well as all resolutions put to the vote.

The Annual General Meeting of Shareholders also approved the payment of a dividend of €1.03 per share for the financial year ended 30 June 2014 and the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend).
66% of the rights were exercised in favour of the scrip dividend, leading to the issuance of 6,858,356 new shares on 11 December 2014, thereby increasing Eutelsat Communications' share capital to 226,972,338 ordinary shares. Cash dividends were paid on 11 December 2014 for a total of €78 million. Following these operations, Bpifrance Participations held 26.03% and China Investment Corporation 6.84% of the share capital.

4.2. Renewals and appointments of board members

The Annual General Meeting of Shareholders held on 7 November 2014 renewed the offices as Directors of both Bpifrance Participations SA and Ross McInnes for a term of four years.

The total number of directors now stands at nine, of which five are independent.

4.3. Change in the scope of Group consolidation

Sale of KabelKiosk platform to M7 Deutschland

On 30 July 2014, M7A Group S.A., acquired Eutelsat visAvision GmbH. that operates the KabelKiosk platform of digital

channels and interactive services for cable and IPTV networks in Germany. The transaction includes a long-term agreement with M7A Group S.A for the lease of multiple transponders at Eutelsat's 9° East orbital position.

KabelKiosk generated approximately €28.7 million of revenues in Eutelsat's 2013-2014 financial year. The terms of the sale agreement remain confidential.

5 RECENT EVENTS AND SATELLITE FLEET EVOLUTION

5.1. Deteriorating environment in Russia

The general economic environment in Russia and in particular the sharp fall in the value of the rouble has put pressure on Eutelsat's Russian customers with euro-denominated contracts. In consequence, Eutelsat is reviewing the terms of certain contracts while this situation persists. Russia represents some 5% of total revenues.

5.2. Via Sat BraSil

Following a material breach by ViaSat Brazil, Eutelsat terminated the contract signed with ViaSat Brazil for the Ka-band payload on EUTELSAT 3B. The capacity has been taken by another customer, with no impact on revenues.

ViaSat Brazil is seeking redress from Eutelsat before the commercial court of Rio de Janeiro, which Eutelsat is vigorously contesting.

5.3. Satellite fleet evolution

ENTRY INTO SERVICE OF EXPRESS-AT2

Express-AT2, launched on 16 March 2014 in the framework of the partnership with RSCC, went into operation in early July 2014.

ENTRY INTO SERVICE OF EUTELSAT 3B

EUTELSAT 3B, launched on 25 May 2014, entered into operational service in early July 2014 and replaced the EUTELSAT 3A and EUTELSAT 3D satellites.

In mid-July 2014, EUTELSAT 3D was relocated to 7° East where it is now co-positioned with EUTELSAT 7A and has been renamed EUTELSAT 7B. EUTELSAT 3A was first relocated to operate in inclined orbit at 8° West under the name EUTELSAT 8 West D and subsequently de-orbited end-October 2014.

OTHER EVOLUTIONS WITHIN THE FLEET

EUTELSAT 48C was de-orbited in November 2014 after reaching the end of its operational life.

EUTELSAT 16B was de-orbited in February 2015 after reaching the end of its operational life.

PROCUREMENT OF EUTELSAT 172B

EUTELSAT 172B, will be launched by an Ariane 5 rocket in the first half of 2017 to 172° East as an early follow-on programme to EUTELSAT 172A. It will provide continuity and expansion capacity at a position that is already a prime gateway for services in the Asia Pacific region. EUTELSAT 172B will pioneer a High Throughput payload customized for in-flight broadband over trans-Pacific and Asian flight paths, and has been selected by Panasonic Avionics Corporation as its prime platform for growth in the region. EUTELSAT 172B will be manufactured by Airbus Defence and Space and will use electric propulsion for in-orbit raising, a procedure expected to take approximately four months.

EUTELSAT QUANTUM

In December 2014, Eutelsat announced the development of the software-defined "Eutelsat Quantum" class of satellites setting new standards in terms of coverage, bandwidth, power and frequency configurability. This premium capacity will enable customers to specifically address regions where end-users in government, mobility and data markets are located and to adapt to their changing needs. The first satellite, to be launched in 2018, will be manufactured by Airbus Defense and Space.

6 CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2014

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	30 June 2014	31 December 2014
ASSETS			
Non-current assets			
Goodwill	4	1,103.9	1,138.4
Intangible assets	4	798.8	819.8
Satellites and other property and equipment	5	3,232.1	3,451.5
Construction in progress	5	847.8	836.2
Investments in associates	6	271.9	274.4
Non-current financial assets		14.9	7.1
Deferred tax assets		32.2	35.4
Total non-current assets		**6,301.6**	**6,562.8**
Current assets			
Inventories		1.4	0.9
Accounts receivable		323.3	324.7
Other current assets		15.9	27.2
Current tax receivable		37.8	1.0
Current financial assets		32.7	38.6
Cash and cash equivalents	7	293.2	469.2
Total current assets		**704.3**	**861.6**
Total assets		**7,005.9**	**7,424.4**

(in millions of euros)	Note	30 June 2014	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	8.1	220.1	227.0
Additional paid-in capital		453.2	594.0
Reserves and retained earnings		1,309.7	1,336.3
Non-controlling interests		47.7	48.8
Total shareholders' equity		**2,030.7**	**2,206.2**
Non-current liabilities			
Non-current financial debt	9	3,813.6	3,834.1
Other non-current financial liabilities	10	303.8	457.4
Non-current provisions		86.5	114.1
Deferred tax liabilities		338.0	296.7
Total non-current liabilities		**4,542.1**	**4,702.4**
Current liabilities			
Current financial debt		49.4	101.6
Other current financial liabilities	10	34.6	41.1
Accounts payable		75.9	57.2
Fixed assets payable		52.8	55.1
Taxes payable		1.7	45.5
Other current payables		202.5	199.8
Current provisions		16.2	15.6
Total current liabilities		**433.1**	**515.8**
Total liabilities and shareholders' equity		**7,005.9**	**7,424.4**

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per share data)	Note	31 December 2013	31 December 2014
Revenues from operations		**647.4**	**722.8**
Operating costs*		(43.6)	(49.7)
Selling, general and administrative expenses*		(102.6)	(113.4)
Depreciation and amortisation		(190.0)	(232.3)
Other operating income and expenses		8.4	(2.1)
Operating income		**319.7**	**325.2**
Cost of debt	13	(59.0)	(72.3)

Financial income	13	1.7	1.5
Other financial items	13	(7.5)	14.6
Financial result		**(64.8)**	**(56.2)**
Income from associates		7.3	7.7
Net income before tax		**262.3**	**276.6**
Income tax expense	11	(108.6)	(108.6)
Net income		**153.7**	**167.9**
Attributable to the Group		147.3	160.7
Attributable to non-controlling interests		6.4	7.2
Earnings per share attributable to Eutelsat Communications' shareholders			
Basic and diluted earnings per share in euro	14	0.670	0,729

(*):Analytical reallocations have been undertaken by the Group and comparative figures have been reclassified

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2013	31 December 2014
Net income		**153.7**	**167.9**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	8.5	(11.9)	93.7
Tax effect			21.0
Changes in fair value of hedging instruments*	8.4	(8.1)	(6.8)
Tax effect		3.1	2.6
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits (IAS 19R)	8.6	-	(27.7)
Tax effect		-	9.5
Total of other items of gain or loss on comprehensive income		**(16.9)**	**92.3**
Total comprehensive income		**136.7**	**260.2**
Attributable to the Group		130.8	249.8
Attributable to non-controlling interests		5.9	10.4

** Covers only cash-flow hedges. Hegdes of net investments in foreign operations are recorded as translation adjustments.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	31 December 2013	31 December 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		153.7	167.9
Income from equity investments	6	(7.3)	(7.7)
Tax and interest expense, other operating items		131.7	170.2
Depreciation, amortisation and provisions		202.1	259.0
Deferred taxes		(0.2)	(10.0)
Changes in accounts receivable		(6.2)	(7.2)
Changes in other assets		(8.2)	(5.8)
Changes in accounts payable		(3.2)	(17.9)
Changes in other debt		(16.9)	(7.9)
Taxes paid		(121.2)	(36.3)
Net cash flows from operating activities		**325.1**	**504.4**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets		(148.2)	(204.8)
Acquisition / sale of entities (net of cash acquired or paid)		(580.5)	1.9
Sale of Solaris		16.0	-
Dividends received from associates and other items		2.6	-
Net cash flows from investing activities		**(710.1)**	**(202.7)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(249.5)	(87.4)
Movements in treasury shares		(0.7)	(0.2)
Increase in debt		930.0	0.3
Repayment of debt		(0.1)	(2.8)
Repayment in respect of performance incentives and long-term leases		(5.6)	(10.7)
Loan set-up fees		(9.6)	-
Interest and other fees paid		(24.0)	(32.2)
Interest received		2.2	2.2
Other changes		(0,4)	(0,1)
Net cash flows from financing activities		**642.3**	**(130.9)**
Impact of exchange rate on cash and cash equivalents		(0.2)	5.6
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**257.1**	**176.2**
Cash and cash equivalents, beginning of period		**247.9**	**293.0**
Cash and cash equivalents, end of period	7	**505.0**	**469.1**
Cash reconciliation			
Cash		505.0	469.3
Overdraft included under debt [1]		-	(0.2)
Cash and cash equivalents per cash flow statement		**505.0**	**469.1**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "Current financial debt" under "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common stock						
(in millions of euros, except per share data)	Number	Amount	Additional paid in capital	Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
As of 30 June 2013*	**220,113,982**	**220.1**	**453.2**	**1,231.0**	**1,904.3**	**46.5**	**1,950.8**
Net income for the period				147.3	147.3	6.4	153.7
Other items of gain or loss on comprehensive income				(16.5)	(16.5)	(0.4)	(16.9)
Total comprehensive income				130.8	130.8	5.9	136.7
Treasury stock				(0.7)	(0.7)	-	(0.7)
Distributions				(237.2)	(237.2)	(12.2)	(249.5)
Benefits for employees upon exercising options and free shares granted				(1.0)	(1.0)	-	(1.0)
Liquidity offer and others				(0.2)	(0.2)	-	(0.2)
As of 31 December 2013	**220,113,982**	**220.1**	**453.2**	**1,122.8**	**1,796.1**	**40.1**	**1,836.2**
As of 30 June 2014	**220,113,982**	**220.1**	**453.2**	**1,309.7**	**1,983.0**	**47.7**	**2,030.7**
Net income for the period				160.7	160.7	7.2	167.9
Other items of gain or loss on comprehensive income				89.1	89.1	3.2	92.3
Total comprehensive income				249.8	249.8	10.4	260.2
Treasury stock				1.7	1.7	-	1.7
Distributions	6,858,356	6.9	140.8	(226.7)	(79.0)	(9.3)	(88.3)
Benefits for employees upon exercising options and free shares granted				1.0	1.0	-	1.0
Liquidity offer and others				0.9	0.9	-	0.9
As of 31 December 2014	**226,972,338**	**227.0**	**594.0**	**1,336.3**	**2,157.3**	**48.8**	**2,206.2**

* Restated from impact of IAS19R

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. KEY EVENTS DURING THE FINANCIAL PERIOD

- Following its successful launch on 15 March 2014, the EXPRESS AT2 satellite went into operational service in early July 2014.
- Following its successful launch on 26 May 2014, the EUTELSAT 3B satellite went into operational service in early July 2014.
- Signed on 20 May 2014, the sale of the Eutelsat VisAvision GmbH Company was closed by the Group in July 2014. Provisions had already been made as of 30 June 2014 to cover all effects of the sale (see Note 3.8.3. of the consolidated financial statements for the year ended 30 June 2014).

NOTE 2. APPROVAL OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat Communications as of 31 December 2014 have been reviewed by the Board of Directors held on 11 February 2015.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Compliance with Ifrs

The financial statements at 31 December 2014 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 “Interim Financial Reporting” in a condensed format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs 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 2014.

3.2. Published standards and interpretations

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 year ended 30 June 2014, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2014.

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities": none of these texts has had any impact on the Group's consolidated accounts.
- 2010 amendments to IAS 27 “Separate Financial Statements” and IAS 28 "Investments in Associates and Joint-Ventures";
- IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting";
- IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets";
- Improvements to IFRSs (2011-2013 cycle);
- IFRIC 21 "Levies".

Furthermore, none of the following standards, interpretations or amendments has been applied in advance. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IAS 19R "Defined Benefit Plans: Employee contributions";
- Improvements to IFRSs (2010-2012 cycle).

3.3. Periods presented and comparatives

The six-month period extends from 1 July to 31 December 2014.

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

3.4. Significant accounting judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment to amounts recognised in a subsequent financial period.

Judgements

In preparing the financial statements for the period ended 31 December 2014, Management has exercised its judgement especially with regard to contingent liabilities and provisions.

3.5. Taxes

The interim income tax expense is calculated by applying the average effective rate estimated for the financial year to earnings before taxes for the period (see Note 11 - *Income tax*).

NOTE 4. GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

CHANGES IN GROSS ASSETS, DEPRECIATION AND AMORTISATION

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
30 June 2014	1,103.9	1,070.3	40.8	170.3	2,385.3
31 December 2014	1,138.4	1,074.5	40.8	224.6	2,478.3
DEPRECIATION AND AMORTISATION					
Accumulated depreciation as of 30 June 2014	-	(421.2)	-	(61.4)	(482.6)
Accumulated depreciation as of 31 December 2014	-	(433.6)	-	(86.6)	(520.2)
Net value as of 30 June 2014	1,103.9	649.1	40.8	108.9	1,902.7
Net value as of 31 December 2014	**1,138.4**	**640.9**	**40.8**	**138.0**	**1,958.1**

The change over the period ended 31 December 2014 mainly relates to:

- The change in goodwill arising from the acquisition of Satmex (denominated in US dollars);

- The amortisation of customer contracts and relationships.

As of 31 December 2014, goodwill was tested annually for impairment, which did not challenge the amount shown on the balance sheet. The recoverable amount was approximated using the fair value, derived from the market value of Eutelsat Communications S.A. A minimum 64% decline in the stock-exchange value would be necessary for the fair value to fall below the book value. Should such an event occur, a test would be carried out based on the value in use.

NOTE 5. SATELLITES AND OTHER PROPERTY AND EQUIPMENT

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

CHANGES IN GROSS ASSETS, DEPRECIATION AND AMORTISATION

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2014	**4,968.4**	**339.8**	**847.8**	**6,156.0**
Change in scope of consolidation	-	-	-	-
Acquisitions	132.0	10.5	201.8	344.3
Disposals and scrapping of assets	(152.3)	(2.2)	(14.5)	(169.0)
Foreign-exchange variation	59.7	1.0	42.7	103.4
Transfers	219.6	1.1	(241.6)	(20.9)
Gross value as of 31 December 2014	**5,227.5**	**350.2**	**836.2**	**6,413.8**
DEPRECIATION AND AMORTISATION				
Accumulated depreciation as of 30 June 2014	**(1,868.7)**	**(207.5)**	**-**	**(2,076.1)**
Allowance	(175.2)	(19.8)	-	(195.0)
Reversals (disposals and scrapping of assets)	149.9	2.0	-	151.9
Reclassification	(6,4)	6,4	-	-
Foreign-exchange variation	(6.9)	(0.1)	-	(7.1)
Accumulated depreciation as of 31 December 2014	**(1,907.2)**	**(219.0)**	**-**	**(2,126.1)**
Net value as of 30 June 2014	3,099.8	132.3	847.8	4,079.9
Net value as of 31 December 2014	**3,320.3**	**131.3**	**836.2**	**4,287.7**

During the half-year ended 31 December 2014, the Eutelsat 3B and EXPRESS AT2 satellites were brought into service by the Group for 219.4 million euros and 93.5 million euros respectively and the Eutelsat 48C and Eutelsat 3A satellites were scrapped.

Satellites under construction

The satellites listed as below are currently under construction and are expected to be brought into service during the financial years as indicated:

Projects	Expected year of commissioning
EUTELSAT 9B, EUTELSAT 115WB, EUTELSAT 65WA, EUTELSAT 8WB and EUTELSAT 36C	2015-2016
EUTELSAT 117WB	2016-2017
EUTELSAT 172B	2017-2018

NOTE 6. INVESTMENTS IN ASSOCIATES

As of 31 December 2014, investments in associates consist in equity investments in the Hispasat Group, and income from equity investments in the consolidated income statement corresponds to the Group's share of income from Hispasat.

As a reminder, the Group transferred its stake in the Solaris Company on 12 December 2013.

NOTE 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2014	31 December 2014
Cash	225.5	245.0
Cash equivalents	67.7	224.2
Total	**293.2**	**469.2**

Cash equivalents are mainly composed of deposit warrants maturing within less than three months after the date of acquisition, and UCITS qualifying as "cash equivalents".

NOTE 8. SHAREHORDERS' EQUITY

8.1. Sharehorders' equity

As of 31 December 2014, the share capital of Eutelsat Communications S.A. comprised 226,972,338 ordinary shares with a par value of €1 per share. As of the same date, the Group held 76,500 treasury shares amounting to 2.0 million euros under a liquidity agreement. Furthermore, under the free share allocation plans (see below), the Group holds 151,792 equity shares amounting to 3.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

8.2. Dividends

On 07 November 2014, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.03 euro per share, i.e. a total of 226.5 million euros, partly settled through the issuance of new shares.

The dividend distribution resulted in:

- The issuance of 6,858,356 new shares (increasing the number of shares from 220,113,982 to 226,972,338) with a par value of 1 euro per share, with the following impact on equity:

- Increase in the share capital from 220.1 million euros to 227.0 million euros;

- Increase in the legal reserve by 0.7 million euros, from 22.0 million euros to 22.7 million euros;

- Increase in the share premium account from 560.7 million euros to 419.9 million euros.

- Cash settlements totalling 77.9 million euros.

As a reminder, during the previous financial period, the Group distributed an aggregate amount of 237.7 million euros, which represents a gross amount of 1.08 euro per share, entirely settled in cash.

8.3. Share-based compensation

There are currently three such plans implemented by the Group in July 2011, November 2012 and February 2014.

Under the three plans, the expense (excluding employer's contribution) recognised for the half-year period ended 31 December 2014 was 1.7 million euros.

Conditions	July 2011 Plan	November 2012 Plan	February 2014 Plan
Vesting period	July 2011-July 2014 (1)	Nov 2012- Nov 2015 (2)	Feb 2014-June 2016
Settled in	Shares	Shares	Cash
Lock-up period	July 2014-July 2016 (3)	Nov 2015- Nov 2017 (3)	Not applicable
Total number of attributable shares at inception	700,000	347,530	448,585
Expense/(income) over the period (in millions of euros) (4)	1.3	(0.3)	0.7
Aggregate valuation of plan as of 31/12/2014 (in millions of euros) (4)	4.1	0.3	4.2

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.
(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.
(3) There is no lock-up period for foreign subsidiaries.
(4) Excluding employer's contribution

In accordance with IAS 32 “Financial Instruments: Presentation”, the acquisition cost of shares bought back by the Group under the free share allocation plan will be recorded as a reduction to the Group’s share of shareholders’ equity.

8.4. Change in the revaluation surplus of financial instruments

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2014	**0.1**
Changes in fair value within equity that can be reclassified to income	(10.3)
Transfer to income statement (1)	3.3
Balance as of 31 December 2014	**(6.9)**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments.

8.5. Translation reserve

(in millions of euros)	Total
Balance at 30 June 2014	**5.3**
Change over the period	95.2
Balance as of 31 December 2014	**100.5**

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (1.5) million euros.

8.6 – Actuarial gains and losses

These provisions were revised upwards as a result of two declines of approximately 60 and 90 base points recorded since 30 June 2014 in reference interest rates used to determine the discounted value of the guarantee granted to a pension fund and of our retirement obligations.

The net impact on provisions represented a 27.6 million euro increase. After recognising a differed tax asset of 9.5 million euros, the net impact on actuarial gains and losses stood at 18.1 million euros.

NOTE 9. FINANCIAL DEBT

As of 30 June 2014 and 31 December 2014, the aggregate amount of bank debt is denominated in euros and US dollars.

FINANCIAL INFORMATION AS OF 30 JUNE 2014 AND 31 DECEMBER 2014

(in millions of euros)	Rate	30 June 2014	31 December 2014	Maturity
Term loan 2016	Variable	800.0	800.0	06 December 2016
Bond 2017 (1)	4.125%	850.0	850.0	27 March 2017
Bond 2019 (1)	5.000%	800.0	800.0	14 January 2019
Bond 2022 (1)	3.125%	300.0	300.0	10 October 2022
Bond 2020 (1)	2.625%	930.0	930.0	13 January 2020
US EXIM export credit	1.710%	43.0	38.7	15 November 2021
ONDD-guaranteed export credit	Variable	131.7	151.7	31 August 2024
Other	Variable	-	0.3	30 June 2018
Sub-total of debt (non-current portion)		**3,854.7**	**3,870.7**	
Loan set-up fees and premiums		(41.1)	(36.6)	
Total of debt (non-current portion)		**3,813.6**	**3,834.1**	
US EXIM export credit			6.4	
Bank overdrafts		-	0.2	
Accrued interest not yet due		49.4	94.9	
Total of debt (current portion)		**49.4**	**101.5**	

(1) Fair values are detailed below:

(in millions of euros)	30 June 2014	31 December 2014
Bond 2017	915.4	917.7
Bond 2019	929.8	935.3
Bond 2022	323.1	342.9
Bond 2020	982.5	1,005.5

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 31 December 2014.

The Group also has 650.0 million euros available under its various active lines of undrawn revolving credit as of 31 December 2014.

Debt maturity analysis

At 31 December 2014, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	800.0	-	800.0	-
US EXIM export credit	45.1	6.4	25.8	12.9
ONDD-guaranteed export credit	151.7	-	67.5	84.2
Bond 2022	300.0	-	-	300.0
Bond 2017	850.0	-	850.0	-
Bond 2020	930.0	-	-	930.0
Bond 2019	800.0	-	800.0	-
Other	0.3	-	0.3	-
Total	**3,877.1**	**6.4**	**2,543.6**	**1,327.1**

Compliance with banking covenants

The banking covenants on financing facilities as of 31 December 2014 have not changed since their inception. As of 31 December 2014, the Group was in compliance with all banking covenants under its credit facilities.

NOTE 10. OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2014	31 December 2014
Financial instruments [1]	9.8	62.6
Performance incentives	4.2	2.3
Finance leases	221.2	331.6
Other liabilities	103.2	102.1
Total	**338.4**	**498.6**
Incl. current portion	*34.6*	*41.1*
Incl. non-current portion	*303.8*	*457.5*

(1) See Note 15 - Financial instruments.

The financial instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of other financial liabilities represents a reasonable approximation of fair value.

As of 31 December 2014, finance leases mainly include liabilities recognised under payload lease agreements on the EXPRESS AT1 and EXPRESS AT2 satellites, the latter having entered commercial service in July 2014.

Amounts shown for finance leases include accrued interest totalling 0.7 million euros as of 31 December 2014 (1.1 million euros as of 30 June 2014).

“Other liabilities” mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

NOTE 11. INCOME TAX

“Income tax” shows current tax and deferred tax expenses for consolidated entities.

As of 31 December 2014, the Group's effective income tax rate amounted to 40.4%. This rate is mainly explained by the 2014 Finance Act which provides for an increase to 10.7% of the 5% exceptional contribution to the corporate income tax, the standard income tax rate standing now at 38%. Previous Finance Acts which introduced an additional 3% contribution on cash-settled dividends and capped the deductibility of financial expenses at 75% resulted in a significant rise in the effective corporate tax.

NOTE 12. SEGMENT INFORMATION

Over the period ended 31 December 2014, there was no change in the Group's organisation which could affect the nature of and method used for reporting financial information and business performance data to the Group's chief operating decision maker.

Therefore, as with the period ended 30 June 2014, 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 finality. 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.

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 31 December 2013 and 2014 are as follows:

(in millions of euros and as a percentage)	31 December 2013		31 December 2014	
Regions	**Amount**	**%**	**Amount**	**%**
France	73.8	11.4	72.1	10.0
Italy	101.6	15.7	97.7	13.5
United Kingdom	52.7	8.1	54.1	7.5
Europe (other)	201.9	31.2	213.5	29.5
Americas	81.1	12.5	143.1	19.8
Middle East	84.3	13.0	87.5	12.1
Africa	36.2	5.6	37.2	5.1
Asia	13.4	2.1	17.5	2.4
Other [(1)]	2.5	0.4	0.1	-
Total	**647.4**	**100.0**	**722.8**	**100.0**

(*) Including 0.5 million euros in indemnity payments for late delivery of satellites during the period ended 31 December 2013.

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

Net debt breaks downs as follows:

(in millions of euros)	30 June 2014	31 December 2014
Credits in fine	800.0	800.0
Bonds	2,880.0	2,880.0
Export credit	174.7	197.1
"Change" portion of the cross-currency swap	(2.9)	68.1
Finance leases	220.1	330.9
Cash and cash equivalents	(293.0)	(469.1)
Total	**3,779.0**	**3,807.0**

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	6-month period ended 31 June 2013	6-month period ended 31 December 2014
Interest expense after hedging (1)	(59.7)	(76.1)
Loan set-up fees and commissions (2)	(6.5)	(6.1)
Capitalised interest (3)	7.2	9.9
Cost of gross debt	**(59.0)**	**(72.3)**
Financial income	1.7	1.5
Cost of net debt	**(57.3)**	**(70.8)**
Changes in financial instruments (4)	(2.5)	-
Foreign-exchange gains and losses	(3.5)	15.3
Other	(1.6)	(0.6)
Financial result	**(64.8)**	**(56.2)**

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 3.3 million euros and 3.4 million euros during the financial periods ended 31 December 2013 and 2014 respectively.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned.
The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 3.7% as of 31 December 2013 and 3.95% as of 31 December 2014.

(4) Changes in fair value of financial instruments mainly include:
- changes in fair value of derivatives not qualified as hedges;
- the ineffective portion of qualifying derivatives in a hedging relationship.

NOTE 14. 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). There were no dilutive instruments as of 31 December 2013 and 2014.

(in millions of euros)	31 December 2013	31 December 2014
Net income	**153.7**	**167.9**
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(6.4)	(7.2)
Net earnings used to compute diluted earnings per share	**147.3**	**160.7**

NOTE 15. FINANCIAL INSTRUMENTS

15.1. Foreign-exchange risk

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly US dollars.

Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

Given its exposure to foreign-currency risk, the Group believes that a 10% increase in the US dollar/euro exchange rate would have a 7.8 millions euros impact on Group income and would result in a positive change of 142.2 million euros in the Group translation reserve and a negative change in the Group translation reserve amounting to 63.6 million euros related to the cross currency swap.

15.2. Interest-rate risk

Considering the full range of financial instruments available to the Group as of 31 December 2014, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. This would be reflected in a 3.6 million euro positive variation in equity related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

15.3. Financial information at 30 june and 31 december 2014

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2014 and 31 December 2014 by type of contract. The instruments are valued by an independent expert and this valuation is verified/validated by the banking counterparts.

	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity
(in millions of euros)	30 June 2014	31 Dec 2014	30 June 2014	31 Dec 2014			
Cross currency swap	500.0	500.0	9.3	(55.2)	(64.5)	-	(64.5)
Total forex derivatives	**500.0**	**500.0**	**9.3**	**(55.2)**	**(64.5)**	**-**	**(64.5)**
Future Swaps	350.0	350.0	(5.8)	(4.3)	1.5	-	1.5
Collars	350.0	350.0	(4.0)	(3.1)	0.9	-	0.9
Caps	100.0	100.0	-	-	-	-	-
Collar	-	-	-	-	-	-	-
Total interest rate derivatives	**800.0**	**800.0**	**(9.8)**	**(7.4)**	**2.4**	**-**	**2.4**
Total derivatives			**(0.5)**	**(62.6)**	**(62.1)**	**-**	**(62.1)**
Equity interests							-
Total							**(62.1)**

As of 31 December 2014, the cumulative fair value of financial instruments was negative at 62.6 million euros.

NOTE 16. OTHER COMMITMENTS AND CONTINGENCIES

As of 31 December 2014, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

16.1. Purchase commitments

As of 31 December 2014, future payments under satellite construction, launch and financing contracts amounted to 1,076 million euros (including 454 million euros with related parties). These future payments are spread over 17 years.

The Group has also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to the monitoring and control of satellites.

Future payments in respect of such acquisitions of assets and provisions of services as of 31 December 2014 are scheduled as follows:

(in millions of euros)	As of 31 December 2014
2015	76
2016	39
2017	33
2018	26
2019 and beyond	153
Total	**328**

16.2. Fleet insurance

As of 30 June 2014, the Group's existing "Launch + 1 year" and in-orbit insurance policies have been taken out with insurance syndicates generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2014. This programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement. Satellites covered under this policy are insured for their net book value.

16.3. Commitments received

The Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

16.4. Litigation

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

Following a significant violation by ViaSat Brasil, the Group cancelled the agreement signed with Viasat Brasil for the use of the Ka-band payload on the EUTELSAT 3B satellite. Capacity on this satellite was taken over by another client.

ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court. Eutelsat has strongly challenged the claim.

At this stage, the Group has not recorded any provision, as it is confident in the legitimacy of its position.

NOTE 17. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

7 OUTLOOK

Based on the performance of the First Half, Eutelsat remains on track to meet its full year objective of growth of around 4% at constant currency, excluding non-recurring revenues and on a pro-forma basis[9], in the context of a tougher comparison basis in the second half and the current environment in Russia. The EBITDA margin remains targeted at above 76.5%.

All other targets published in July 2014 are also confirmed on the basis of the nominal deployment plan published hereunder.

Reminder: outlook published in July 2014:

Revenues (at constant currency and excluding non-recurring revenues)

Based on a nominal satellite deployment plan, the Group targets organic revenue growth of around 4.0% for the current year on a proforma basis[10].

With the deployment of additional capacity, average revenue growth should be above 5% for the two subsequent years to 30 June 2017.

EBITDA

The EBITDA margin is targeted at above 76.5% for each fiscal year until 30 June 2017.

Active and targeted investment policy

The Group will continue to focus its investment policy on high growth markets in Latin America, Russia, the Middle East, Africa and Asia-Pacific. Average investments will stand at around €500 million a year over the three fiscal years to 30 June 2017. This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

Sound financial structure

The group will maintain a sound financial structure to support its investment grade rating. Over the long term, it aims at a net debt / EBITDA ratio below 3.3x.

Attractive shareholder remuneration

The Group remains committed to sharing its profits with its shareholders over the fiscal years until 30 June 2017, with a payout ratio of 65% to 75% of Group share of net income.

[9] Based on pro-forma revenues of €1,377 million excluding non-recurring revenues for FY 2013-2014 (see note in the appendix for more details).

[10] Adding to FY13-14 reported revenues USD69.0 million revenues for Satmex from July to December 2013 and adjusting for the net revenue impact of the KabelKiosk disposal, FY13-14 revenues would amount to c. €1,377 million on a proforma basis.

APPENDIX

Change in net debt (in € millions)

Period ending	Half-year ending 31/12/2013	Full-year ending 30/06/2014	Half-year ending 31/12/2014
Net cash flows from operating activities	**325.1**	**777.6**	**504.1**
Capital expenditure	(148.2)	(439.6)	(204.8)
Operating free cash flows	**176.9**	**338.0**	**299.3**
Interest and other fees paid, net	(21.8)	(127.2)	(30.0)
Acquisition / disposal of equity investments and subsidiaries (net of cash acquired)	(27.2)[11]	(550.1)	1.9
Distributions to shareholders (incl. non-controlling interests)	(249.5)	(249.5)	(87.4)
Gross debt of Satmex as of end-December 2013	-	(261.2)[12]	-
Change in long-life leases (including the short-term portion of these leases)	2.1	(212.9)	(110.8)
Other revenues	(28.0)	(69.6)	(101.0)
Decrease (increase) in net debt	**(147.5)**	**(1,132.5)**	**(28.0)**

Capex per financial outlook definition (in € millions)

	Half-year ending 31/12/2014
Acquisitions of satellites, other property and equipment and intangible assets	204.8
Repayments of ECA loans and long-term capital leases	12.1
Capex per financial outlook definition	**216.9**

Quarterly reported revenues by business application

In millions of euros	3 months ended 30/09/2013 reported	31/12/2013 reported	31/03/2014 reported	30/06/2014 reported	30/09/2014 reported	31/12/2014 reported
Video Applications	217.1	213.5	220.3	226.4	227.6	224.8
Data Services	43.2	40.6	52.5	53.4	51.2	56.2
Value-Added Services	23.0	20.1	20.5	25.0	26.3	25.1
Government Services	36.8	36.7	41.1	43.1	44.5	47.7
Other revenues	3.0	12.8	7.8	10.3	8.0	11.4
Sub-total	**323.2**	**323.7**	**342.3**	**358.2**	**357.6**	**365.3**
Non-recurring revenues	0.3	0.2	-	-	-	-
Total	**323.5**	**323.9**	**342.3**	**358.2**	**357.6**	**365.3**

[11] Includes mainly €16 million relating to the disposal of Solaris Mobile Ltd. and €43.8 million for the acquisition of 9.9% of Satmex equity.
Does not include €537.3 million transferred to an escrow account at 31 December 2013 for the acquisition of the remaining 90.1% of Satmex but treated as cash in the net debt calculation.
[12] Gross debt of Satmex as of 31 December 2013 of USD360.0 million at a 1.378 EUR/USD exchange rate

Quarterly restated revenues by business application

As of Q1 2014-2015, published revenues take account of changes in perimeter (acquisition of Satmex, disposal of KabelKiosk) as well as several reclassifications between the various applications in order to better reflect the final usage of the capacity.

The table below shows restated revenues using the same basis as financial year 2014-2015:

In millions of euros	3 months ended 30/09/2013 restated	31/12/2013 restated	31/03/2014 restated	30/06/2014 restated	30/09/2014 reported	31/12/2014 reported
Video Applications	220.7	215.2	214.7	221.7	227.6	224.8
Data Services	54.2	52.0	50.6	52.5	51.2	56.2
Value-Added Services	23.0	20.1	20.5	25.0	26.3	25.1
Government Services	43.6	43.8	44.0	43.2	44.5	47.7
Other revenues	2.6	11.9	7.8	10.0	8.0	11.4
Sub-total	**344.1**	**343.0**	**337.7**	**352.5**	**357.6**	**365.3**
Non-recurring revenues	0.3	0.2	-	-	-	-
Total	**344.4**	**343.2**	**337.7**	**352.5**	**357.6**	**365.3**

Satmex quarterly revenues by business application

In millions of euros	Three months ended 31/03/2014	30/06/2014	30/09/2014	31/12/2014
Video Applications	7.3	8.1	8.2	9.0
Data Services	13.7	14.2	14.4	15.9
Value-Added Services	-	-	-	-
Government Services	4.4	4.9	5.2	6.2
Other revenues	-	-	-	-
Sub-total	**25.4**	**27.2**	**27.9**	**31.2**
Non-recurring revenues	-	-	-	-
Total	**25.4**	**27.2**	**27.9**	**31.2**

Estimated launch schedule[1]

Satellite	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Transponders
EUTELSAT 115 West B	114.9° West	Q1 2015	Data, Government Services	Americas	34 Ku / 12 C
EUTELSAT 9B	9° East	Q2/Q3 2015	Video	Europe	50 Ku
EUTELSAT 8 West B	7°/8° West	Q3 2015	Video, Data	Middle East, Africa, South America	40 Ku / 10 C
EUTELSAT 36C[2]	36° East	Q4 2015	Video, Data, Broadband	Russia, Sub-Saharan Africa	Up to 52 Ku / 18 Ka-band spotbeams
EUTELSAT 117 West B	116.8° West	Q4 2015	Video, Data, Government Services	Latin America	40 Ku
EUTELSAT 65 West A	65° West	Q2 2016	Video, Data, Broadband	Latin America	24 Ku, 10 C, up to 24 Ka-band spotbeams
EUTELSAT 172B	172° East	H1 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS spotbeams

[1] Satellites generally enter into service one to two months after launch for chemical propulsion satellites. The case electric propulsion satellites, EUTELSAT 115 West B and EUTELSAT 117 West B will take 7-9 months after launch to enter into service, and EUTELSAT 172B circa 4 months.
[2] Partnership with RSCC

Mazars

Exaltis Tower
61, rue Henri-Regnault
92400 Courbevoie
S.A. au capital de 8,320,000 euros
Statutory auditor
Member of the *Compagnie régionale de Versailles*

Ernst & Young et Autres

1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S à capital variable
Statutory auditor
Member of the *Compagnie régionale de Versailles*

Eutelsat Communications

Period from 1 July to 31 December 2014

Statutory auditors' review report
on the first half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Eutelsat Communications, for the period from July 1 to December 31, 2014, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, February 11, 2015

The statutory auditors
French original signed by

MAZARS — Isabelle Sapet

ERNST & YOUNG et Autres — Jeremy Thurbin

]

How to contact us

- Website: www.eutelsat.com
- Email: investors@eutelsat-communications.com
- Phone: +33 1 53 98 35 30

Number of registered shareholding subscriptions: +33 (0)1 55 77 40 57

70 rue Balard
75502 Paris Cedex 15 - France
T : +33 1 53 98 47 47
F : +33 1 53 98 37 00