

## THIRD QUARTER AND NINE MONTH 2017-18 REVENUES

- **Third Quarter revenues of €337 million, down 3.3% like-for-like (-7.4% reported)**
  - **Improving overall trend for the operating verticals, down 1.1%<sup>1</sup>**
- **Nine month revenues of €1,034 million, down 5.0% like-for-like (-7.6% reported)**
- **Procurement of KONNECT VHTS, a major step in the Connectivity growth strategy**
- **Full Year revenues outturn subject to materialisation of ‘Other Revenues’ (ie non-recurring and non-capacity) during Q4; all other current year and medium-term objectives fully confirmed**

**Paris, 14 May 2018** – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) today reported revenues for the Third Quarter and Nine Months ended 31 March 2018.

### Revenues for the three months to 31 March 2018

In € millions	Q3 2016-17	Q3 2017-18	Actual change	Like-for-like change <sup>2</sup>
Video Applications	228.1	<b>225.0</b>	-1.4%	-0.2%
Government Services	45.2	<b>38.0</b>	-15.9%	-2.3%
Fixed Data	42.1	<b>34.9</b>	-17.1%	-9.0%
Fixed Broadband	24.2	<b>21.5</b>	-11.2%	-7.7%
Mobile Connectivity	17.2	<b>17.9</b>	+4.1%	+17.9%
<b>Total operating verticals</b>	<b>356.8</b>	<b>337.3</b>	<b>-5.5%</b>	<b>-1.1%</b>
Other Revenues <sup>3</sup>	7.5	<b>0.1</b>	Nm	Nm
<b>Total Revenues</b>	<b>364.3</b>	<b>337.4</b>	<b>-7.4%</b>	<b>-3.3%</b>
EUR/USD exchange rate	1.06	<b>1.21</b>		

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

Rodolphe Belmer, Chief Executive Officer, commented: *“In the third quarter, the overall revenue trend of our five operating verticals improved further at -1.1% after -1.8% at the half-year stage. Video continued to progress, notably with improving trends at our HOTBIRD video position, while in Government Services the outcome of the latest US Department of Defense renewals was positive once again, at above 95%. On the other hand, ‘Other Revenues’ are running behind expectations following the outturn of the Third Quarter.*

*We are working on a handful of active “Other Revenues” opportunities in the pipeline which would enable us to land at the low end of our Full Year total revenues objective of -1 to -2%. However, in the event that none of these “Other Revenues” materialize in the fourth quarter, the decline in revenues could be up to c. -3.5%. This has no impact on our other objectives for the current and following two years which are fully confirmed.*

*The year to date has seen significant headway on our strategic roadmap. In particular the procurement of KONNECT VHTS, represents a major milestone in our growth strategy in Connectivity and comes with major multi-year distribution commitments with Orange and Thales. Elsewhere, the disposal of our stake in Hispasat will contribute to accelerating our deleveraging in line with our commitment to financial optimisation.”*

<sup>1</sup> Evolution of Revenues at constant currency and perimeter, excluding Other revenues.

<sup>2</sup> At constant currency and perimeter. The variation is calculated as follows: i) Q3 2017-18 USD revenues are converted at Q3 2016-17 rates; ii) Q3 2017-18 revenues are restated from the net contribution of Noorsat.

<sup>3</sup> Other revenues include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees and termination fees.

## RECENT HIGHLIGHTS

Since the start of 2018, Eutelsat has made further headway on its strategic roadmap with:

- The procurement of KONNECT VHTS, a major milestone in the Group's growth strategy in Connectivity with significant multi-year distribution commitments with Orange and Thales and representing the optimum solution from a commercial, technical, financial and operational perspective;
- Closing of the sale of the Hispasat stake for €302m, an important step in the rationalization of the Group's portfolio, maximizing cash and accelerating deleveraging;
- Landmark MoU with China Unicom to address the satellite communications market in the framework of the "Belt and Road" initiative, followed up by the commercialization of the remaining HTS capacity on EUTELSAT 172B to UnicomAirNet, representing a backlog of over \$100 million;
- Several other commercial highlights including:
  - In Government Services, the favourable outcome of the Spring 2018 renewal campaign with the US Department of Defense with a renewal rate above 95%;
  - Further contracts secured in Government Services at the 174° East orbital position following the relocation of EUTELSAT 172A;
  - The reservation of a significant portion of the capacity on EUTELSAT QUANTUM by Peraton, meaning the satellite is now largely reserved;
  - On HOTBIRD, a multi-year capacity agreement with Mediaset to accelerate its transition to High Definition as well as a multi-year, multi-transponder renewal with TVN, one of Poland's leading broadcasters.

## THIRD QUARTER REVENUES<sup>4</sup>

**Third Quarter** revenues stood at €337.4 million, down 3.3% year-on-year at constant currency and perimeter. On a reported basis, they were down 7.4% reflecting a negative currency effect of five points and a positive perimeter effect of one point (acquisition of Noorsat<sup>5</sup>). Excluding 'Other Revenues', the topline declined by 1.1% at constant currency and perimeter, reflecting an improvement in trend since end-December (-1.8%).

Quarter-on-quarter, revenues were down by 1.8% on a like-for-like basis and by 2.9% on a reported basis and, the decline reflecting the evolution of 'Other Revenues'.

### Core businesses

#### Video Applications (67% of revenues)

Third Quarter revenues amounted to €225.0 million, down 0.2% year-on-year. Broadcast revenues are now stable, reflecting notably improving trends at HOTBIRD. Professional Video continued to decline due to ongoing pressure on contribution services.

On a quarter-on-quarter basis, Video returned to slight growth (+0.2%) with Broadcast revenues up 0.5%, partly offset by lower Professional Video.

At 31 March 2018, the total number of channels broadcast by Eutelsat satellites stood at 6,880, up 8.2% year-on-year. HD penetration rose once again, representing 19.7% of channels compared to 16.6% a year earlier, or 1,358 channels, up from 1,057 a year earlier (+28%).

#### Government Services (11% of revenues)

Third Quarter revenues stood at €38.0 million, down 2.3% year-on-year, reflecting the carry-over effect of previous renewals with the US Department of Defense.

Quarter-on-quarter, revenues were down by 1.5%.

The outturn of the latest round of contract renewals with the US Department of Defense (Spring 2018) was encouraging once again with a renewal rate of above 95% in value.

<sup>4</sup> The share of each application as a percentage of total revenues is calculated excluding "other revenues". Unless otherwise stated, all growth indicators are at constant perimeter and currency.

<sup>5</sup> Noorsat is consolidated from October 2017.

The fourth quarter will reflect the negative base effect of a positive one off recorded in the fourth quarter of last Fiscal Year. Beyond this, revenues will include the effect of these positive renewals as well as the ramp up of additional multi-transponder contracts at the 174° East position.

### Fixed Data (10% of revenues)

Third Quarter revenues at €34.9 million, down 9.0% year-on-year.

They continued to reflect ongoing pricing pressure in all geographies and the absence of significant incremental volumes at this stage.

Quarter-on-quarter, revenues were down by 1.6%.

## Connectivity

### Fixed Broadband (7% of revenues)

Third Quarter revenues stood at €21.5 million, down 7.7% year-on-year and by 0.7% Quarter-on-Quarter.

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

In this context we are refocusing our efforts on the wholesale strategy. In addition, the recently completed management line-up of experienced professionals are working to optimize conditions for the arrival of significant incremental capacity in the next couple of years, starting with the Al-Yah-3 capacity for the African Broadband service in August 2018, to be followed by the KONNECT<sup>6</sup>, and KONNECT VHTS satellites in 2020 and 2021 respectively.

### Mobile Connectivity (5% of revenues)

Third Quarter revenues stood at €17.9 million, up 17.9% year-on-year, reflecting the full-quarter effect of EUTELSAT 172B - with capacity pre-sold to Panasonic - which entered service at end-November 2017, as well as continued growth on wide-beam capacity notably over the Americas.

Quarter-on-quarter, revenues were down 0.8%.

## Other Revenues

**Other Revenues** amounted to €0.1 million in the Third Quarter, significantly lower than the €7.5 million recorded a year earlier and €5.4 million in the Second Quarter of 2017-18, and illustrating the lumpiness of this revenue line. Other Revenues in the pipeline are expected to materialize in the Fourth Quarter, although their level and timing cannot be ascertained at this stage.

## OPERATIONAL AND UTILIZED TRANSPONDERS

The number of operational 36 MHz-equivalent transponders stood at 1,424 at 31 March 2018, up by 50 units compared with end-March 2017 reflecting mainly the entry into service of EUTELSAT 172B and the subsequent relocation of EUTELSAT 172A at 174° East. As a result, the fill rate stood at 66.8% at end-March 2018 versus 68.2% one year ago.

Net, two incremental transponders were utilized during the Third Quarter, reflecting notably new business in Government Services at 174° East and incremental volumes utilized at HOTBIRD.

	31 March 2017	31 December 2017	31 March 2018
Number of operational 36 MHz-equivalent transponders <sup>7</sup>	1,374	1,416	1,424
Number of utilised 36 MHz-equivalent transponders <sup>8</sup>	937	949	951
Fill rate	68.2%	67.0%	66.8%

Note: Based on 36 MHz-equivalent transponders excluding high throughput capacity (KA-SAT satellite, Ka-band HTS payloads on EUTELSAT 3B, EUTELSAT 65 West A, EUTELSAT 36C and leased on Al-Yah 2, Ku-band HTS payload on EUTELSAT 172B).

<sup>6</sup> Formerly called African Broadband Satellite.

<sup>7</sup> Number of 36 MHz-equivalent transponders on satellites in stable orbit, back-up capacity excluded.

<sup>8</sup> Number of 36 MHz-equivalent transponders utilized on satellites in stable orbit.

## BACKLOG

The order backlog<sup>9</sup> stood at €4.6 billion at 31 March 2018 versus, €4.7 billion at end-December 2017, reflecting natural backlog consumption and in the absence of significant renewals during the Third Quarter. Year-on-year it reflects mainly the impact of the integration of Noorsat (-€0.4 billion).<sup>10</sup>

The backlog was equivalent to 3.1 times 2016-17 revenues. Video Applications represented 83% of the backlog.

	31 March 2017	31 December 2017	<b>31 March 2018</b>
Value of contracts (in billions of euros)	5.2	4.7	<b>4.6</b>
<i>In years of annual revenues based on last fiscal year</i>	3.4	3.2	<b>3.1</b>
Share of Video Applications	84%	85%	<b>83%</b>

## NINE MONTH REVENUES

Revenues for the first nine months of FY 2017-18 stood at €1,034 million, down 5.0% like-for-like. On a reported basis, they were down 7.6% reflecting mainly a negative currency as the perimeter effect is close to zero (the impact of the acquisition of Noorsat<sup>11</sup> being broadly offset by the disposals of Wins/DHI/DSAT Cinema). Excluding 'Other Revenues', revenues were down 1.5% like-for-like.

### Nine months to 31 March 2018

In € millions	9m 2016-17	9m 2017-18	Change vs. reported revenues	Like-for-like change <sup>12</sup>
Video Applications	683.6	<b>674.1</b>	-1.4%	-0.9%
Government Services	131.3	<b>118.7</b>	-9.6%	-0.9%
Fixed Data	127.0	<b>108.3</b>	-14.7%	-10.0%
Fixed Broadband	72.8	<b>65.6</b>	-9.9%	-7.9%
Mobile Connectivity	55.6	<b>55.0</b>	-1.1%	+19.6%
<b>Total Operating Verticals</b>	<b>1,070.3</b>	<b>1,021.7</b>	<b>-4.5%</b>	<b>-1.5%</b>
Other Revenues	49.0	<b>12.3</b>	nm	nm
<b>Total revenues</b>	1,119.4	<b>1,034.0</b>	<b>-7.6%</b>	<b>-5.0%</b>
<i>EUR/USD exchange rate</i>	1.09	<b>1.19</b>		

## OUTLOOK<sup>13</sup>

During the First Nine Months the revenue performance of the Group's operating verticals continued to improve, with a run-rate of -1% in the Third Quarter. On the other hand, 'Other Revenues', (non-recurring and not related to the commercialization of capacity and hence less predictable by nature), are running behind expectations following the outturn of the Third Quarter.

We are working on a handful of active "Other Revenues" opportunities in the pipeline which would enable us to land at the low end of our Full Year total revenues objective of -1 to -2%. However, in the event that none of these "Other Revenues" materialize in the fourth quarter, the decline in revenues could be up to c. -3.5%.

This has no impact on other objectives which are all confirmed for the current and next two years:

<sup>9</sup>The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.

<sup>10</sup>Long-term capacity contracts with Noorsat replaced by shorter-term contracts with end-customers

<sup>11</sup> Wins/DHI (Mobile Connectivity) deconsolidated from end-August 2016 and DSAT Cinema (Video) from end-October 2016 and Noorsat (Video) consolidated from October 2017.

<sup>12</sup> At constant currency and perimeter. The variation is calculated as follows: i) 9-months 2017-18 USD revenues are converted at 9-months 2016-17 rates; ii) 9-months 2016-17 revenues are restated from Wins/DHI and DSAT. 9-months 2017-18 revenues are restated from the net contribution of Noorsat.

<sup>13</sup> EBITDA, EBITDA margin, Net debt / EBITDA ratio, Cash Capex and Discretionary Free-Cash-Flow are considered as Alternative Performance Indicators. Their definition and calculation can be found in Chapter 6 of 2016-17 Reference Document.

- **Revenues** (at constant currency and perimeter) are expected to return to slight growth from FY 2018-19 onwards;
- **The EBITDA margin** (at constant currency) is expected above 76% for FY 2017-18. From FY 2018-19 onwards it is expected at above 77%;
- **Cash Capex** will be maintained at an average of €420 million<sup>14</sup> per annum for the period July 2017 to June 2020. For the current year it is expected below this level;
- **Discretionary Free Cash Flow**<sup>15</sup> is expected to deliver mid-single digit CAGR in the period July 2017<sup>16</sup> to June 2020 (at constant currency);
- The Group is committed to maintaining a sound financial structure to support its **investment grade credit rating** and aims at a **net debt / EBITDA ratio** below 3.0x;
- It also retains its commitment to serving a stable to progressive **dividend**.

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

## FLEET DEVELOPMENTS

### Nominal deployment programme

Satellite <sup>1</sup>	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion
EUTELSAT 7C	7° East	Q4 2018	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5° West	Q4 2018	Video	Europe, MENA	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	H2 2019	Government Services	Flexible	8 "QUANTUM" Beams	Not applicable	Not applicable
KONNECT	To be confirmed	H2 2019	Broadband	Africa Europe	65 spot beams	75 Gbps	75 Gbps
KONNECT VHTS	To be confirmed	2021	Broadband Mobile Connectivity Government Services	Europe	~230 spot beams	500 Gbps	500 Gbps

<sup>1</sup> Chemical propulsion satellites (EUTELSAT QUANTUM, EUTELSAT 5 West B) generally enter into service 1 to 2 months after launch. Electric propulsion satellites (EUTELSAT 7C, the KONNECT and KONNECT VHTS satellites) between 4 and 6 months.

The Al Yah 3 satellite, on which Eutelsat is leasing capacity for its Konnect Africa project, was launched on 25 January 2018. The mission experienced some challenges during the launch stages resulting in a revised flight plan. Commercial service is expected to start in August 2018.

### Procurement of KONNECT VHTS

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

### Changes in the fleet

- EUTELSAT 31A reached the end of its operational life and was de-orbited in January 2018.
- EUTELSAT 16C reached the end of its operational life and was de-orbited in February 2018.
- EUTELSAT 36 WEST A has been relocated at 59.7° East and renamed EUTELSAT 59A.
- EUTELSAT 33C now operates in inclined orbit.

<sup>14</sup> Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

<sup>15</sup> Net cash-flow from operating activities - Cash Capex - Interest and Other fees paid net of interest received.

<sup>16</sup> Discretionary Free-Cash-Flow of €407.8 million in FY 2016-17.

## RECENT EVENTS

### Disposal of the stake in Hispasat

On 18<sup>th</sup> April 2018, Eutelsat's 33.69% stake in the Spanish satellite operator Hispasat was sold for a consideration of 302 million euros. This operation is in line with the Group's strategy of rationalising its portfolio of assets in order to maximise cash generation.

## APPENDICES: QUARTERLY REVENUES BY APPLICATION

### Reported revenues

The table below shows quarterly reported revenues. Q1 2016-17 revenues are restated under the new classifications used since H1 2016-17 results.

In € millions	Q1 2016-17	Q2 2016-17	Q3 2016-17	Q4 2016-17	Q1 2017-18	Q2 2017-18	Q3 2017-18
Video	226.5	228.9	228.1	224.3	223.3	225.9	225.0
Government Services	42.3	43.8	45.2	44.8	41.1	39.6	38.0
Fixed Data	43.4	41.4	42.1	41.1	37.1	36.3	34.9
Fixed Broadband	24.9	23.7	24.2	23.4	22.3	21.8	21.5
Mobile Connectivity	20.6	17.9	17.2	18.9	18.6	18.5	17.9
Other Revenues	27.1	14.5	7.5	6.0	6.8	5.4	0.1
<b>Total</b>	<b>384.8</b>	<b>370.2</b>	<b>364.3</b>	<b>358.5</b>	<b>349.1</b>	<b>347.4</b>	<b>337.4</b>

### Proforma revenues

The table below shows quarterly proforma revenues for FY 2016-17 excluding revenues from Wins / DHI and DSAT Cinema.

In € millions	Q1 2016-17	Q2 2016-17	Q3 2016-17	Q4 2016-17	FY 2016-17
Video	226.5	228.7	228.1	224.3	907.7
Government Services	42.3	43.8	45.2	44.8	176.1
Fixed Data	43.4	41.4	42.1	41.1	168.1
Fixed Broadband	24.9	23.7	24.2	23.4	96.2
Mobile Connectivity	14.5	17.9	17.2	18.9	68.5
Other Revenues	27.1	14.5	7.5	6.0	55.0
<b>Total</b>	<b>378.7</b>	<b>370.0</b>	<b>364.3</b>	<b>358.5</b>	<b>1,471.6</b>

### Third Quarter 2017-18 revenues conference call

A conference call will be held on **Monday, 14 May 2018 at 18.30 CET / 17.30 GMT / 12:30 EST**

To connect to the call, please use the following numbers:

- France: +33 (0) 1 76 77 22 57
- UK: +44 (0) 330 336 9411
- United States: +1 323 701 0225

Access code: **6694686#**

Instant replay will be available from 14 May 2018 to 21 May 2018 on the following numbers:

- France: +33 (0) 1 70 48 00 94
- UK: + 44 (0) 207 660 0134
- United States: + 1 719 457 0820

Access code: **6694686#**

## Financial calendar

The financial calendar below is provided for information purposes only. It is subject to change and will be regularly updated.

- 1 August 2018: Full year 2017-18 results
- 30 October 2018: First quarter 2018-19 revenues

### About Eutelsat Communications:

Founded in 1977, Eutelsat Communications is one of the world's leading satellite operators. With a global fleet of satellites and associated ground infrastructure, Eutelsat enables clients across Video, Data, Government, Fixed and Mobile Broadband markets to communicate effectively to their customers, irrespective of their location. Over 6,800 television channels operated by leading media groups are broadcast by Eutelsat to one billion viewers equipped for DTH reception or connected to terrestrial networks. Headquartered in Paris, with offices and teleports around the globe, Eutelsat assembles 1,000 men and women from 44 countries who are dedicated to delivering the highest quality of service.

Eutelsat Communications is listed on the Euronext Paris Stock Exchange (ticker: ETL).

For more about Eutelsat go to [www.eutelsat.com](http://www.eutelsat.com)

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## Disclaimer

The forward-looking statements included herein are for illustrative purposes only and are based on management's current views and assumptions. Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: postponement of any ground or in-orbit investments and launches including but not limited to delays of future launches of satellites; impact of financial crisis on customers and suppliers; trends in Fixed Satellite Services markets; development of Digital Terrestrial Television and High Definition television; development of satellite broadband services; Eutelsat Communications' ability to develop and market Value-Added Services and meet market demand; the effects of competing technologies developed and expected intense competition generally in its main markets; profitability of its expansion strategy; partial or total loss of a satellite at launch or in-orbit; supply conditions of satellites and launch systems; satellite or third-party launch failures affecting launch schedules of future satellites; litigation; ability to establish and maintain strategic relationships in its major businesses; and the effect of future acquisitions and investments.

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