EUTELSAT COMMUNICATIONS
FIRST HALF 2016-2017 RESULTS

- **Revenues of €755 million, down 0.9% like-for-like[1], in line with expectations**
- **High level of profitability: EBITDA margin of 77.9%**
- **Net Income: €192 million, up 2.2%**
- **Strong growth in Discretionary Free Cash Flow, up 27% to €325 million**
- **EBITDA margin target raised on the back of 'LEAP' cost-savings plan; all other financial objectives confirmed**
- **Upcoming joint-venture with ViaSat paving the way for future growth in Connectivity**

Paris, 9 February 2017 – The Board of Directors of Eutelsat Communications (ISIN: FR0010221234 – NYSE Euronext Paris: ETL), chaired by Michel de Rosen, reviewed the financial results for the half-year ended 31 December 2016.

Key Financial Data	6 months to Dec. 2015	**6 Months to Dec. 2016**	**Actual change**	**Like-for-like change**
Revenues - €m	774.4	**755.1**	**-2.5%**	**-0.9%**
EBITDA[2] - €m	600.3	**588.0**	**-2.0%**	
EBITDA margin - %	77.5	**77.9**	**+0.4 pt**	
Group share of net income - €m	188.0	**192.2**	**+2.2%**	
Financial structure				
Discretionary Free-Cash-Flow[3]	256.7	**324.8**	**+26.5%**	
Net debt - €m	3,723.3	**3,885.0**	**+€161.7m**	
Net debt/EBITDA - X	3.18x	**3.37x**		
Backlog – €bn	5.8	**5.3**	**-8.0%**	

Commenting on the First Half, Rodolphe Belmer Chief Executive Officer of Eutelsat Communications, said: *"First Half revenues were in line with expectations, and we are on track to reach our current and three year objectives thanks to a solid commercial performance. We are also on target to deliver on our commitment to reduce capital expenditure, notably thanks to the highly effective application of 'design-to-cost' for satellite procurement. This semester we have also launched the 'LEAP' cost-savings plan, aimed at generating €30 million in annualised savings by fiscal year 2018-19, contributing to the robustness of our Free Cash Flow generation targets and enabling us to raise our EBITDA margin outlook.*

We are making strong progress in our newly defined 'Connectivity' business line, with the lease of the HTS payload on EUTELSAT 3B for in-flight connectivity on Saudi Arabian Airlines, and contracts on KA-SAT for in-flight connectivity for SAS and Finnair. By securing Ka-band capacity from Yahsat we will also launch our African broadband initiative with only a slight delay relative to the original plan. Finally, we are about to close a joint-venture with ViaSat which paves the way for a step-up in broadband and mobile connectivity from the early 2020s, with no change to our Capex framework."

This press release contains figures from the consolidated half-year accounts, prepared under IFRS, and subject to a limited review by the Auditors. They were reviewed by the Audit Committee on 7 February 2017 and approved by the Board of Directors of Eutelsat Communications on 8 February 2017.

[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] Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interests received. Please refer to the appendix of this document for more detail. Alternative Performance Indicators have been defined in chapter 6 of 2015-16 Reference Document.

HIGHLIGHTS

Solid commercial performance supporting revenues:

- Fall campaign renewal rate with the US Department of Defense above expectations;
- Progress on HD and Ultra HD channel take-up on HOTBIRD;
- Contracts signed for in-flight Connectivity for SAS and Finnair on KA-SAT and for Saudi Arabian Airlines on the HTS payload of EUTELSAT 3B, which is now fully leased.

Delivering on Capex reduction and Discretionary Free Cash Flow generation:

- EUTELSAT 5 West B satellite procurement with 'design-to-cost' policy enabling Capex savings of more than 30%;
- Strong growth in Discretionary Free Cash Flow in the first half.

Robust profitability:

- Launch of 'LEAP' cost-savings plan aimed at generating €30 million in annualised savings by 2018-19;
- EBITDA margin outlook raised.

Preparing the ground for future growth in Connectivity:

- Securing of Ka-band capacity from Yahsat enabling the launch of the African broadband initiative (Konnect Africa) in H2 2016-17;
- Upcoming joint-venture with ViaSat paving the way for a step-up in Connectivity from the early 2020s, with no change to Capex outlook.

ANALYSIS OF REVENUES [4]

Note: In line with the strategy presented on June 27, Eutelsat will henceforth communicate its revenues on the basis of five applications: Video, Fixed Data and Government Services (Core Businesses), Fixed Broadband and Mobile Connectivity (Connectivity). Please refer to the note in the appendix to this document for more details.

Previous reported applications			New applications		Variation	
In € millions	**6 months to Dec 2015**	**In € millions**	**6 months to Dec 2015 Proforma[5]**	**6 months to Dec 2016**	**Vs. reported revenues**	**Like-for-like change[6]**
Video Applications	468.9	Video Applications	464.6	**455.4**	*N/A*	-2.0%
Data Services	118.0	Fixed Data	101.0	**84.9**		-15.9%
Value-Added Services	55.1	Government Services	94.9	**86.1**		-9.1%
Government Services	106.2	Fixed Broadband	*41.1*	***48.6***		*+18.3%*
Other revenues	26.1	Mobile Connectivity	*32.3*	***38.5***		*+19.3%*
Sub-total	774.4	Other revenues[7]	*28.4*	***41.6***		*+47.9%*
Non-recurring revenues	-					
Total	774.4	**Total**	***762.2***	***755.1***	***-2.5%***	***-0.9%***
		EUR/USD exchange rate	*1.11*	***1.11***		

[4] i) Unless otherwise stated, all growth rates are like-for-like, i.e are expressed in comparison with proforma figures for the corresponding period of the previous fiscal year and are at constant currency ii) the share of each application as a percentage of total revenues is calculated excluding "other revenues".
[5] Proforma revenues reflecting disposals of Aterna'TV, Wins/DHI and DSAT Cinema. For more details, please refer to the appendices.
[6] At constant currency and perimeter and excluding non-recurring revenues.
[7] Other revenues include mainly compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.

Group **First Half** revenues stood at €755.1 million, down 0.9% at constant currency and perimeter. On a reported basis, revenues were down 2.5% reflecting a 1.6 point negative perimeter effect (disposal of Alterna'TV, Wins/DHI[8] and DSAT Cinema). There was no significant currency effect in the first half.

Second quarter revenues stood at €370.2 million, down 2.4% like-for-like and by 4.3% on a reported basis.

Core businesses

Video Applications (64% of revenues)

Video Applications revenues in the **first half** were down 2.0% like-for-like to €455.4 million. The decline was fully attributable to lower revenues in Professional Video. Broadcast revenues were stable on the back of the contribution from incremental capacity launched during the course of last year (EUTELSAT 8 West B for MENA and EUTELSAT 36C for Sub-Saharan Africa), which more than offset the negative impact of rationalisation of capacity at the HOTBIRD position and lower revenues from FRANSAT following the completion of the transition to HD in France.

Second quarter revenues stood at €228.9 million, down 3.5% on a year-on-year basis, and up by 0.9% quarter-on-quarter. Professional Video also experienced a quarter-on-quarter improvement.

At 31 December 2016, the total number of channels broadcast by Eutelsat satellites stood at 6,339 up 5.6% year-on-year. HD penetration continued to increase, standing at 997 channels versus 757 a year earlier (+32%), and representing a penetration rate of 15.7% compared to 12.6% a year earlier. HD penetration at HOTBIRD stood at 24% up from 18% a year ago.

Fixed Data (12% of revenues)

In the **first half,** Fixed Data revenues stood at €84.9 million, down 15.9% like-for-like. This reflects, as anticipated, ongoing pricing pressure in all geographies. All fast-growing Broadband and Mobility revenues which were previously included in the former Data Services application have now been transferred to new Fixed Broadband and Mobile Connectivity applications.

Second quarter revenues stood at €41.4 million, down 16.0% on a year-on-year basis, and by 5.3% quarter-on-quarter.

Government Services (12% of revenues)

In the **first half**, Government Services revenues stood at €86.1 million, down 9.1% like-for-like, reflecting the carry-over effect of lower renewals in the US Department of Defense Spring 2016 campaign.

Second quarter revenues stood at €43.8 million, down 7.7% on a year-on-year basis, but up by 2.7% quarter-on-quarter, reflecting the positive outcome of the Fall 2016 campaign with a renewal rate for existing contracts of above 90% and new contracts representing an additional four 36-MHz equivalent transponders.

Connectivity

Fixed Broadband (7% of revenues)

In the **first half**, Fixed Broadband revenues stood at €48.6 million, up 18.3% like-for-like. The negative impact of the termination of the contract for the Ka payload on EUTELSAT 3B in the previous fiscal year (subsequently leased to Taqnia and classified under Mobile Connectivity) was more than offset by the positive effect of the entry into service in May 2016 of EUTELSAT 65 West A, on which the Ka payload is fully leased. European revenues on KA-SAT were resilient. Elsewhere, the Russian consumer broadband service launched on EUTELSAT 36C in the first quarter is contributing modestly to revenues and is expected to ramp up progressively.

Second quarter revenues stood at €23.7 million, up 20.0% year-on-year and down by 4.9% quarter-on-quarter. Excluding a positive one-off in the first quarter relating to the phasing of payments by a specific customer, revenues would have been flat quarter-on-quarter.

Mobile Connectivity (5% of revenues)

In the **first half**, Mobile Connectivity revenues stood at €38.5 million, up 19.3% like-for-like, reflecting mainly new capacity leases or volume increases at several orbital positions (10° East, 21° East, 70° East and 172° East).

Second quarter revenues stood at €17.9 million, up 17.9% on a year-on-year basis, and up 21.5% quarter-on-quarter.

[8] Alterna TV (Video) deconsolidated from April 2016, Wins/DHI (Mobile Connectivity) deconsolidated from end-August 2016 and DSAT Cinema (Video) from end-October 2016.

Other Revenues[9]

Other revenues amounted to €41.6 million in the **first half**. In addition to the revenues related to the agreements with SES at 28.5° East (which will cease as of the third quarter), they included termination fees related to the rationalisation of the distribution at HOTBIRD as well as fees in respect of technical and engineering services.

OPERATIONAL AND LEASED TRANSPONDERS

The number of operational transponders at 31 December 2016 rose by 58 to 1,326 year-on-year, mainly due to the entry into service of EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A. The fill rate stood at 70.9% compared to 73.9% a year earlier, reflecting mainly the impact of this new capacity.

	31 Dec 2015	30 Jun 2016	**31 Dec 2016**
Operational transponders[10]	1,268	1,328	**1,326**
Leased transponders[11]	938	942	**940**
Fill rate	73.9%	70.9%	**70.9%**

Note: *Based on 36 MHz-equivalent transponders excluding high throughput capacity (KA-SAT 82 spotbeams, EUTELSAT 3B 5 Ka-band spotbeams, EUTELSAT 65 West A 24 Ka-band spotbeams and EUTELSAT 36C 18 Ka-band spotbeams).*

ORDER BACKLOG

The order backlog[12] stood at €5.3 billion at 31 December 2016, down by 8.0% year-on-year and 5.3% on end June. It was equivalent to 3.5 times 2015-16 revenues. Video Applications represented 84% of the backlog.

The evolution of Backlog over the last six months reflected on the one hand its natural consumption and on the other, contracts signed including the agreement with Taqnia for HTS capacity on EUTELSAT 3B.

	31 Dec 2015	30 Jun 2016	**31 Dec 2016**
Value of contracts (in billions of euros)	5.8	5.6	**5.3**
In years of annual revenues based on previous fiscal year	*3.9*	*3.7*	***3.5***
Share of Video Applications	83%	85%	**84%**

PROFITABILITY

EBITDA amounted to €588 million as of 31 December 2016 compared to €600 million a year earlier, down 2%. The EBITDA margin stood at 77.9%, an improvement compared to last year (77.5%). On top of the usual favourable phasing of operating costs, the first half margin also reflected the high level of 'Other Revenues' mostly with no associated costs.

Group share of **net income** stood at €192 million versus €188 million a year earlier, a 2.2% increase, and represented a margin of 25.5%. This reflected:

- Higher **depreciation and amortisation**, up €36 million year-on-year, principally due to the entry into service of new capacity during the previous fiscal year (EUTELSAT 8 West B and EUTELSAT 115 West B in October 2015, EUTELSAT 36C in February 2016, EUTELSAT 9B in March 2016 and EUTELSAT 65 West A in May 2016);
- **'Other operating income'** of €23 million (versus 'other operating costs' of €1 million last year) reflecting mainly the capital gain on the disposal of Wins/DHI;

[9] Other revenues include mainly compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.
[10] Number of transponders on satellites in stable orbit, back-up capacity excluded.
[11] Number of transponders leased on satellites in stable orbit.
[12]The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.

- A broadly stable **net financial result** (-€60 million versus -€63 million a year earlier);
- A **tax rate** of 28.2% versus 37.7% last year, reflecting the recognition of a positive non-cash one-off related to deferred tax liabilities following the vote to reduce French corporate tax rate to 28% in 2020 and the partial tax-exemption of the capital gain in respect of the disposal of Wins/DHI.
- The absence of **income from associates** (compared to €10 million in H1 2015-16), as the stake in Hispasat is henceforth classified as an asset held for sale.

CASH FLOW

Net cash flow from operating activities amounted to €482 million versus €447 million in H1 2015-16. This reflected mainly a more favourable impact from working capital requirement notably with an improvement in days' sales outstanding (DSO) and a lower tax bill thanks to the evolution of the pre-tax profit and the timing of tax payments.

Cash Capex amounted to €130 million, down from €171 million a year earlier, reflecting the success of measures to reduce investments through a 'design-to-cost' approach for capacity procurement and the rationalisation of ground capex as well as the phasing of various satellite programmes.

'Interest and other fees paid net of interest received' amounted to €27 million compared to €19 million last year, reflecting the interests related to the financial lease on the EUTELSAT 36C satellite which entered service in February 2016.

As a result, **Discretionary Cash-Flow** amounted to €325 million, up 27% on last year.

FINANCIAL STRUCTURE

At 31 December 2016, **net debt** was slightly down at €3,885 million, versus €4,007 million at 30 June 2016. Discretionary free cash-flow largely covered the dividend payment (€266 million including dividends paid to minority interests) while equity asset disposals (disposal of Wins/DHI and sale of a minority stake in Broadband for Africa) generated a cash inflow of €54 million.

The **net debt to EBITDA ratio** stood at 3.37 times, a slight improvement on end-June 2016 (3.44x times).

The weighted average maturity of the Group's debt stood at 2.9 years, compared to 3.6 years at end-December 2015. The average cost of debt after hedging was 3.1% (3.6% in H1 2015-16).
Liquidity remains strong, with undrawn credit lines of €650 million and cash of €338 million on top of the €850 million earmarked for the redemption at maturity of the March 2017 Bond.

DIVIDEND

The Annual General Meeting of Shareholders held on 4 November 2016 approved the payment of a dividend of €1.10 per share in respect of the financial year ended 30 June 2016, up from €1.09 the previous year. The dividend, totaling €256 million, was fully paid in cash on 18 November 2016.

'LEAP' COST-SAVINGS PLAN

Consistent with its objective of maximising cash-flow generation, Eutelsat is implementing 'LEAP', a wide-ranging cost-savings plan with a focus on external costs, both direct and indirect. LEAP's objective is to achieve annualised savings of €30 million by FY 2018-19, and with half of the savings (€15 million) captured in FY 2017-18.

FINANCIAL OUTLOOK

Based on the performance of the First Half, the group confirms revenue objectives published on 29 July 2016.

Revenues for FY 2016-17 (at constant currency and perimeter) are expected in the range of -3% to -1%. In FY 2017-18 they are expected broadly flat with a return to modest growth in FY 2018-19.

Following the implementation of the 'LEAP' cost-savings plan, the EBITDA margin (at constant currency) is now expected above 76% for both FY 2016-17 and FY 2017-18 and heading towards 77% in FY 2018-19 (versus 'above 75%' previously for each of the three financial years).

Cash Capex is maintained at an average of €420 million[13] per annum for the period July 2016 to June 2019 after taking account of future investments in VHTS capacity.

Discretionary Free Cash Flow[14] is expected to see three-year CAGR in excess of 10%, with FY 2015-16 as the base year[15].

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 3.3x.

It also commits to serving a stable to progressive dividend to shareholders.

FLEET DEPLOYMENT

PROCUREMENTS

In October 2016, the EUTELSAT 5 West B satellite was procured to replace EUTELSAT 5 West A at the 5° West orbital position. It is expected to be launched during calendar year 2018.

In October 2016, Eutelsat concluded an agreement with Yahsat to lease Ka-band capacity on Yahsat's fleet.

NOMINAL LAUNCH PROGRAMME

The upcoming launch schedule is indicated below. Aside from the new satellite mentioned above, there are no changes compared to October 2016.

Satellite[1]	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders	36 MHz-equivalent transponders / Spotbeams	Of which expansion 36 MHz-equivalent transponders
EUTELSAT 172B	172° East	Q2 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS spotbeams	42 Ku (regular), 24 C, 11 Ku-band HTS spotbeams[2]	19 Ku (regular); 11 Ku-band HTS spotbeams[2]
EUTELSAT 7C	7° East	H2 2018	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
EUTELSAT 5 WEST B	5° West	H2 2018	Video	Europe, MENA	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	2019	Data, Government Services, Mobility	Flexible	12 " Eutelsat Quantum channels"	Not applicable	Not applicable
African Broadband satellite	To be confirmed	2019	Broadband	Africa	65 spotbeams	75 Gbps	75 Gbps

[1] Chemical propulsion satellites (EUTELSAT QUANTUM, EUTELSAT 5 West B) generally enter into service 1 to 2 months after launch. Electric propulsion satellites (EUTELSAT 172B, EUTELSAT 7C and the African Broadband satellite) between 4 and 6 months.
[2] Total capacity of the high throughput payload: 1.8 Gbps.

CHANGES IN THE FLEET

- In August 2016, EUTELSAT 70D reached the end of its operational life and was deorbited;
- EUTELSAT 70C is currently under relocation;
- In January 2017, EUTELSAT 117 WEST B went into commercial service.

CORPORATE GOVERNANCE

The Annual General Meeting of Shareholders held on 4 November 2016 appointed Rodolphe Belmer and the 'Fonds Stratégique de Participations[16]' (represented by Dominique D'Hinnin) as Directors for terms of four years. It also renewed the offices as Directors of Michel de Rosen, Carole Piwnica, and Miriem Bensalah Chaqroun.

[13] Including capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.
i) To avoid double-counting, it excludes the €95.2 million payment to RSCC which was accounted in Cash Capex in FY 2015-16.
ii) net of the €132.5 million proceeds from the upcoming sale of 49% of the existing European Broadband business to ViaSat
[14] Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received
[15] Discretionary Free-Cash-Flow of €247 million in FY 2015-16.
[16] FSP is a long term equity investor in French companies, backed by six major French insurance companies (BNP PARIBAS CARDIF, CNP ASSURANCES, CREDIT AGRICOLE ASSURANCES, SOGECAP (SOCIETE GENERALE group), GROUPAMA and NATIXIS ASSURANCES).

Following the General meeting, the Board of Directors is now composed of eleven members, of which five independent Directors.

On 9 January 2017, Sandrine Téran was appointed Group Chief Financial Officer and member of the Executive Committee of the Group, replacing Antoine Castarède.

BUSINESS PORTFOLIO

Asset disposals were undertaken in the first half with the disposal of the 70% stake in Wins/DHI, a non-core business in maritime mobility, and the exercise of the put option on the 34% stake in Hispasat as a precursor to the divestment of the stake.

RECENT DEVELOPMENTS

Joint-Venture with ViaSat

Eutelsat and ViaSat agreed to close the joint venture agreement that leverages their respective resources and strengths to operate and expand the commercial reach of the KA-SAT satellite in both the fixed broadband and in-flight mobility markets. It will be composed of two entities: infrastructure (51% owned by Eutelsat and 49% by ViaSat) and retail (51% owned by ViaSat and 49% by Eutelsat). As part of the agreement ViaSat will pay a consideration of €132.5 million in exchange for 49% of the existing European broadband business. The closing of the joint venture agreement is expected shortly, upon completion of certain administrative procedures.

Eutelsat and ViaSat also expect to add the ViaSat-3 class satellite currently under construction for the Europe, the Middle East and Africa (EMEA) region to the joint venture later this calendar year after concluding final contractual terms.
Eutelsat will reinvest the funds received in respect of its European broadband business into this VHTS project, enabling it to remain within its existing capex framework.

Taqnia

Eutelsat has signed a multi-year agreement with Taqnia for the lease of four steerable HTS Ka-band spotbeams on the EUTELSAT 3B satellite. This capacity will be used for in-flight connectivity on 130 medium-/long-haul aircraft of Saudi Arabian Airlines, covering flight paths from the Middle East to Europe.

* * *

First Half 2016-17 results conference call

A conference call will be held on **Thursday, 9 February 2017** at **9:30am CET.**

To connect to the call, please use the following numbers:
- + 33 (0) 1 76 77 22 74 (France)
- + 44 (0) 330 336 9412 (UK)
- + 1 719 325 2213 (USA)

Access code: 1861159#

The presentation will also be available via webcast on our website at http://www.eutelsat.com/en/investors.html

Recording available from 9 February 2:00 pm to 16 February, 12.30pm CET.
- + 33 (0) 1 70 48 00 94 (France)
- + 44 (0) 207 984 7568 (UK)
- + 1 719 457 0820 (USA)

Access code: 1861159#

Documentation

Consolidated accounts are available at www.eutelsat.com/investors/index.html

Financial calendar

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

- 11 May 2017: Third quarter 2016-17 revenues
- 28 July 2017: Full year 2016-17 results

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About Eutelsat Communications:

Established in 1977, Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) is one of the world's leading and most experienced operators of communications satellites. The company provides capacity on 39 satellites to clients that include broadcasters and broadcasting associations, pay-TV operators, video, data and Internet service providers, enterprises and government agencies.

Eutelsat's satellites provide ubiquitous coverage of Europe, the Middle East, Africa, Asia-Pacific and the Americas, enabling video, data, broadband and government communications to be established irrespective of a user's location.

Headquartered in Paris, with offices and teleports around the globe, Eutelsat represents a workforce of 1,000 men and women from 37 countries who are experts in their fields and work with clients to deliver the highest quality of service. www.eutelsat.com

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.

Eutelsat Communications expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law.

APPENDICES

Extract from the consolidated income statement (in € millions)

Six months ended December 31	2015	**2016**	**Change (%)**
Revenues	774.4	**755.1**	**-2.5%**
Operating expenses	(174.1)	**(167.1)**	**-4.0%**
EBITDA	600.3	**588.0**	**-2.0%**
Depreciation and amortisation	(238.0)	**(274.3)**	**+15.3%**
Other operating income (expenses)	(1.2)	**23.3**	**NR**
Operating income	361.0	**336.9**	**-6.7%**
Financial result	(63.4)	**(59.6)**	**-6.0%**
Income tax expense	(112.3)	**(78.2)**	**-30.3%**
Income from associates	10.0	**-**	**-**
Portion of net income attributable to non-controlling interests	(7.3)	**(7.0)**	**-4.5%**
Group share of net income	188.0	**192.2**	**+2.2%**

Net debt to EBITDA ratio

		31 Dec. 2015	**30 Jun 2016**	**31 Dec. 2016**
Net debt at the beginning of the period	€m	3,841	**3,841**	**4,007**
Net debt at the end of the period	€m	3,723	**4,007**	**3,885**
Net debt / EBITDA (Last twelve months)	X	3.18	**3.44**	**3.37**

Change in net debt (€ millions)

Half-year ending	**31/12/2015**	**31/12/2016**
Net cash flows from operating activities	**446.7**	**481.6**
Cash Capex[17]	(170.9)	(130.2)
Interest and Other fees paid net of interests received	(19.1)	(26.6)
Discretionary Free Cash Flow	**256.7**	**324.8**
Acquisition / disposal of equity investments and subsidiaries	-	54.0
Distributions to shareholders (including non-controlling interests)	(109.0)	(266.3)
Other	(29.9)	9.2
Decrease (increase) in net debt	**117.8**	**121.7**

Cash Capex as defined in the financial outlook (€ millions)

	Half-year ending 31/12/2015	**Half-year ending 31/12/2016**
Acquisition of satellites, other property and equipment and intangible assets	161.2	100.7
Repayment of ECA loans and long-term capital leases[18]	9.7	116.7
Payment to RSCC in respect of lease of EUTELSAT 36C already included in FY 2015-16 Cash Capex	-	(87.2)
Cash Capex per financial outlook definition	**170.9**	**130.2**

[17] Cash Capex includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity. Cash Capex for H1 2016-17 is restated from the value of the payment owed in FY 2015-16 to RSCC in respect of lease of EUTELSAT 36C but paid effectively in H1 2016-17 (payment of €87.2m in H1 2016-17 out of a total of €95.2m expected over the full year) which was already accounted for in FY 2015-16 cash capex.

[18] Excluding payment owed to RSCC in Fiscal year 2015-16 in respect of lease of EUTELSAT 36C which has already been accounted in Fiscal year 2015-16 Cash Capex (€87.2 million).

Reconciliation between Discretionary Free-Cash Flow and Accounting Free-Cash Flow (€ millions)

Half-year ending	31/12/2015	31/12/2016
Net cash flows from operating activities	**446.7**	**481.6**
Acquisitions of satellites, other property and equipment and intangible assets	(161.2)	(100.7)
Repayment of Export credit facilities[19]	(3.5)	(15.4)
Repayment in respect of long-term leases[20]	(6.2)	(101.2)
Interest and other fees paid net of interest received	(19.1)	(26.6)
Accounting Free-Cash Flow	**256.7**	**237.6**
Payment to RSCC in respect of lease of EUTELSAT 36C already included in FY 2015-16 Discretionary Free-Cash Flow	-	87.2
Discretionary Free-Cash Flow	**256.7**	**324.8**

PROFORMA REVENUES

Changes in perimeter

As a reminder, proforma revenues for fiscal year 2015-16 were published with the Q1 revenues release on 28 October to reflect the disposal of some businesses.

The table below shows the reconciliation between reported and pro-forma revenues for fiscal year 2015-16:

In € millions	FY 2015-16 reported	Business	Sale Date	Nb of months deconsolidated	Impact	**FY 2015-16 Restated**
Video Applications	943.6	Alterna DSAT	Apr. 2016 End Oct. 2016	9 8	(7.8)	935.8
Data Services	230.0	-	-	-	-	230.0
Value-Added Services	107.8	Wins	End Aug. 2016	10	(18.6)	89.2
Government Services	199.9	-	-	-	-	199.9
Other revenues	47.7	-	-	-		47.7
Sub-total	**1,529.0**	**-**	**-**	**-**	**(26.4)**	**1,502.6**
Non-recurring revenues	-	-	-	-	-	-
Total	**1,529.0**	**-**	**-**	**-**	**(26.4)**	**1,502.6**

New revenue reporting by application

In line with its revised strategy, Eutelsat will henceforth report its revenues on the basis of five applications: Video, Fixed Data and Government Services (Core Businesses), and Fixed Broadband and Mobile Connectivity (Connectivity).

The main changes relative to the previous reporting basis around four business lines (Video, Data Services, Value-Added Services and Government Services) are as follows:

- **Video Applications:** Unchanged with the exception of the reclassification of some Professional Video revenues towards Fixed Data to better reflect the final usage of capacity (€4.7 million).
- **Data Services**: Renamed Fixed Data. Certain revenues have been reclassified under Fixed Broadband (€10.5 million) or Mobile Connectivity (€47.6 million).
- **Government Services:** Revenues relating to non-military and security applications are reclassified under Fixed Data (€21.2 million).

[19] Included in line "Repayment of debt" of cash-flow statement
[20] Included in line "Repayment in respect of performance incentives and long-term leases" of cash-flow statement

- **Value-Added Services**: Henceforth split between Fixed Broadband (€70.5 million) and Mobile Connectivity (€10.5 million).

The definition of 'Other Revenues' remains unchanged. 'Non-recurring Revenues' relating to compensation from satellite manufacturers for launch delays, are no longer reported since no revenues of this nature are expected over the guidance period.

The table below shows the reconciliation between the former and new application reporting basis (in € millions)

Former Applications	**FY 2015-16 (Restated)**	**Split into**	**New Applications – FY 2015-16 proforma**					
			Video	Fixed Data	Government Services	Fixed Broadband	Mobile Connectivity	Other revenues
Video	935.8	➲	931.1	4.7	-	-	-	-
Data Services	230.0	➲	2.2	158.8	10.9	10.5	47.6	-
Value-Added Services	89.2	➲	-	8.1	-	70.5	10.5	-
Government Services	199.9	➲	3.5	21.2	169.9	-	1.8	3.5
Other revenues	47.7	➲	0.3	0.1	-	0.1	-	47.2
Sub-total	**1,502.6**	➲	**937.0**	**193.0**	**180.8**	**81.1**	**60.0**	**50.8**
Non-recurring revenues	-	➲	-	-	-	-	-	-
Total	**1,502.6**	➲	**937.0**	**193.0**	**180.8**	**81.1**	**60.0**	**50.8**

The table below shows quarterly proforma revenues for fiscal years 2015-16 and 2016-17 under the new classifications:

In € millions	**Three months ended**				**Fiscal year 2015-16**	**Three months ended**	
	Sep 2015	**Dec 2015**	**Mar 2016**	**Jun 2016**		**Sep 2016**	**Dec 2016**
Video	227.6	237.1	236.7	235.7	937.0	226.5	228.9
Fixed Data	51.8	49.2	47.0	45.1	193.0	43.4	41.4
Government Services	47.6	47.3	45.3	40.7	180.8	42.3	43.8
Fixed Broadband	21.3	19.8	17.8	22.2	81.1	24.9	23.7
Mobile Connectivity	17.2	15.1	13.8	13.9	60.0	20.6	17.9
Other revenues	17.8	10.6	15.2	7.2	50.8	27.1	14.5
Total	**383.2**	**379.0**	**375.7**	**364.7**	**1 502.6**	**384.8**	**370.2**

Reported Revenues

For information purposes, the table below shows reported revenues for fiscal year 2015-16 and first quarter of fiscal year 2016-17 under the former classifications.

In € millions	**Three months ended**		**H1 2015-16**	**Three months ended**		**Fiscal year 2015-16**	**Three months ended**
	Sep 2015	**Dec 2015**		**Mar 2016**	**Jun 2016**		**Sep 2016**
Video Applications	229.4	239.5	468.9	239.1	235.6	943.6	224.3
Data Services	58.8	59.3	118.0	54.4	57.6	230.0	56.8
Value-Added Services	29.7	25.4	55.1	25.3	27.4	107.8	29.4
Government Services	53.0	53.2	106.2	49.7	43.9	199.9	47.1
Other revenues	16.7	9.4	26.1	14.5	7.2	47.7	27.1
Sub-total	**387.7**	**386.7**	**774.4**	**383.0**	**371.6**	**1,529.0**	**384.8**
Non-recurring revenues	-	-	-	-	-	-	--
Total	**387.7**	**386.7**	**774.4**	**383.0**	**371.6**	**1,529.0**	**384.8**