

EUTELSAT COMMUNICATIONS FIRST QUARTER 2017-18 REVENUES

- Q1 revenues of €349 million, down 9.3% reported and by 6.7% like-for-like
- Well-oriented Backlog, Fill Rate and HD penetration metrics
- US Government renewals at c.95% in value
- Al Yah 3 delay impacting Fixed Broadband: FY 2017-18 revenues therefore adjusted -1 to -2% (versus 'broadly stable')
- All other objectives confirmed for FY 2017-18 and coming years

Paris, 26 October 2017 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) today reported revenues for the First Quarter ended 30 September 2017.

Note: Since its First Half 2016-17 results on 9 February 2017, Eutelsat publishes revenues on the basis of five applications: Video, Fixed Data and Government Services (Core Businesses), Fixed Broadband and Mobile Connectivity (Connectivity).

Previous reported applications		Proforma: New applications			Variation	
In € millions	Q1 2016-17	In € millions	Q1 2016-17 ¹	Q1 2017-18	Vs. reported revenues	Like-for-like change ²
Video Applications	224.3	Video Applications	226.5	223.3	N/A	-0.8%
Data Services	56.8	Fixed Data	43.4	37.1		-11.7%
Value-Added Services	29.4	Government Services	42.3	41.1		+1.1%
Government Services	47.1	Fixed Broadband	24.9	22.3		-9.7%
Other revenues	27.1	Mobile Connectivity	14.5	18.6		+33.3%
		Other revenues ³	27.1	6.8		-74.8%
Total	384.8	Total	378.7	349.1	-9.3%	-6.7%
		<i>EUR/USD exchange rate</i>	1.11	1.16		

Rodolphe Belmer, Chief Executive Officer, commented: "First Quarter revenues were in line with our expectations. Our key operational metrics were well oriented with a further rise in HD penetration, a stabilisation of the Backlog and an improved Fill Rate on a quarter-on-quarter basis. The Fall renewal campaign with the US Government yielded a favourable outcome, at some 95% in value while the outcomes of Video renewals during the quarter were positive, notably with Polsat on HOTBIRD. Elsewhere we took further measures to optimise Video distribution with the absorption of Noorsat in the MENA region.

For the remainder of the year, revenues in our Core Businesses are on track, and Mobility will further benefit from the entry into service of EUTELSAT 172B in November. However, the late availability of the payload leased on the Al Yah 3 satellite, representing the majority of the capacity dedicated to Konnect Africa, will push out revenues in Fixed Broadband. In recognition of this delay, revenue expectations for FY 2017-18 are mechanically adjusted from 'broadly stable' to between -1 and -2%. This adjustment will not affect our ability to attain our other objectives, in particular EBITDA margin and discretionary free cashflow, which are all re-affirmed for the current and future years."

¹ Proforma revenues reflecting disposals of Wins/DHI and DSAT Cinema. For more details, please refer to the appendices.

² At constant currency and perimeter.

³ Other revenues include mainly compensation paid on the settlement of business-related litigation, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.

KEY EVENTS

The key events of the First Quarter were as follows:

- Q1 revenues down 1.0% at constant currency and perimeter and excluding 'Other' revenues;
- Well-oriented operational metrics, with a further rise in HD penetration as well as a stabilisation of the Backlog and an improved Fill Rate on a quarter-on-quarter basis;
- Favourable outcome of the US Government Fall renewals with a rate of almost 95% in value;
- Positive outcome of Video contract renewals, notably with Cyfrowy Polsat on HOTBIRD;
- Absorption of Noorsat to optimise Video distribution in the MENA region;
- Delayed availability of Al Yah 3 capacity impacting Konnect Africa ramp-up. All other verticals on track.

FIRST QUARTER REVENUES⁴

First Quarter revenues stood at €349.1 million, down 6.7% at constant currency and perimeter. On a reported basis, revenues were down 9.3% reflecting a €6 million negative perimeter effect (disposal⁵ of Wins/DHI and DSAT Cinema) and a €5 million negative currency effect.

Excluding 'Other' revenues, the underlying applications were down 1.0% like-for-like.

Quarter-on-quarter, revenues were down 2.6% on a reported basis and by -0.2% on a like-for-like basis.

Unless otherwise stated, all variations indicated below are on a like-for-like basis.

Core businesses

Video Applications (65% of revenues)

First Quarter revenues for **Video Applications** amounted to €223.3 million, down 0.8% year-on-year. Revenues from Broadcast were up 0.5% year-on-year excluding the carry-forward impact of the termination of the TV d'Orange contract last year, with growth coming from Russia (at the 36° East and 56° East orbital positions) and MENA (at the 7/8° West and 7° East orbital positions).

Professional Video revenues continued to reflect ongoing tough conditions.

Revenues were up by 0.7% quarter-on-quarter.

At 30 September 2017, the total number of channels broadcast by Eutelsat satellites stood at 6,755, up 6.6% year-on-year. The number of HD channels stood at 1,210 versus 940 a year earlier, up by 28.7% and represented 17.9% of channels compared to 14.8% a year earlier.

On the commercial front a major contract was renewed with Cyfrowy Polsat at the HOTBIRD position as well as with the distributor, Globecast. Elsewhere, the Group took steps to streamline Video distribution in MENA with the absorption of Noorsat, its largest reseller in the region.

Fixed Data (11% of revenues)

First Quarter revenues for **Fixed Data** stood at €37.1 million, down 11.7% year-on-year. They continued to reflect ongoing pricing pressure in all geographies.

Quarter-on-quarter revenues were down by 4.7%.

Government Services (12% of revenues)

In the First Quarter, **Government Services** revenues stood at €41.1 million, up 1.1% year-on-year, reflecting the carry-over effect of the solid commercial performance in FY 2016-17.

Revenues were down by 2.0% quarter-on-quarter, reflecting the absence of the positive one-off recorded in the fourth quarter of 2016-17.

The latest round of contract renewals with the US Government (Fall 2017) resulted in an estimated renewal rate of almost 95% in value, with virtually stable volumes and a slight decline in price.

⁴ The share of each application as a percentage of total revenues is calculated excluding "other revenues". Unless otherwise stated, all growth indicators are made in comparison with First Quarter ended 30 September 2016.

⁵ Wins/DHI (Mobile Connectivity) deconsolidated from end-August 2016 and DSAT Cinema (Video) from end-October 2016.

Connectivity

Fixed Broadband (7% of revenues)

Fixed Broadband revenues stood at €22.3 million, down 9.7% year-on-year, reflecting the absence of a positive one-off booked last year related to the phasing of payments by a specific customer. Underlying trends in European Broadband remained resilient, with a decline in subscriber numbers broadly offset by a well-oriented ARPU.

Quarter-on-quarter, revenues were down by 3.5%.

The launch and entry into service of Yahsat's Al Yah 3 satellite, on which Eutelsat will lease the majority of the capacity dedicated to Konnect Africa, is now definitively delayed, with the start of commercial services on this satellite now expected in June 2018 at the earliest. The attendant postponement of related commercial initiatives, is also affecting revenue generation on the Al Yah 2 satellite. In consequence, the vast majority of revenue expectations from Konnect Africa are pushed out into FY 2018-19.

Mobile Connectivity (5% of revenues)

Mobile Connectivity revenues stood at €18.6 million, up 33.3% year-on-year, reflecting the effect of the Taqnia contract signed last year as well as continued growth on wide-beam capacity with customers including Gogo, Hunter and Panasonic.

Revenues were up by 5.1% quarter-on-quarter.

Revenues will benefit from the entry into service of EUTELSAT 172B in November, on which the incremental HTS payload for in-flight connectivity is partly pre-sold.

Other Revenues

Other revenues amounted to €6.8 million in the First Quarter versus €27.1 million a year earlier and €6.0 million in the Fourth Quarter last year.

In Q1 2016-17, they included fees in respect of technical and engineering services provided to a third party operator, termination fees related to the rationalisation of the distribution at HOTBIRD as well as revenues related to the agreements with SES at 28.5° East, which ended on 31 December 2016.

OPERATIONAL AND UTILISED TRANSPONDERS

The number of operational 36 MHz-equivalent transponders stood at 1,374 at 30 September 2017, up by 47 units compared with end-September 2016, reflecting principally the entry into service of EUTELSAT 117 West B in January 2017. As a result, the fill rate stood at 68.4% at end-September 2017 versus 71.5% a year earlier, reflecting mainly the impact of this new capacity.

An incremental nine transponders have been sold since end-June 2017.

	30 September 2016	30 June 2017	30 September 2017
Number of operational 36 MHz-equivalent transponders ⁶	1,327	1,372	1,374
Number of utilised 36 MHz-equivalent transponders ⁷	948	931	940
Fill rate	71.5%	67.9%	68.4%

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, EUTELSAT 36C 18 Ka-band spotbeams and 16 spotbeams leased on Al Yah 2 satellite).

⁶ Number of 36 MHz-equivalent transponders on satellites in stable orbit, back-up capacity excluded.

⁷ Number of 36 MHz-equivalent transponders utilised on satellites in stable orbit.

BACKLOG

The backlog⁸ stood at €5.2 billion at 30 September 2017, versus €5.4 billion at end September 2016, and €5.2 billion at end-June 2017. The sequential stabilization in the Backlog reflects video renewals during the quarter which offset natural consumption.

The backlog was equivalent to 3.5 times 2016-17 revenues, with Video representing 86%.

	30 September 2016	30 June 2017	30 September 2017
Value of contracts (in billions of euros)	5.4	5.2	5.2
<i>In years of annual revenues based on last fiscal year</i>	3.6	3.5	3.5
Share of Video Applications	85%	85%	86%

OUTLOOK

Based on the performance of the First Quarter, revenues from the Core businesses and Mobile Connectivity are on track to meet full year targets. On the other hand, Fixed Broadband revenues will be below expectations mainly due to the delayed availability of the Al Yah 3 satellite.

In consequence, total revenues for FY 2017-18 are now expected at between -1 and -2% (at constant currency and perimeter⁹), versus 'broadly stable' previously.

This adjustment has no impact on the other elements of the financial outlook which are all confirmed for the current and coming years:

- **Revenues** (at constant currency and perimeter) are expected to return to slight growth from FY 2018-19;
- **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 million¹⁰ per annum for the period July 2017 to June 2020;
- **Discretionary Free Cash Flow**¹¹ is expected to deliver mid-single digit CAGR in the period July 2017¹² to June 2020 (at constant currency), with growth back-end loaded in the outer two years;
- 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 hereunder.

FLEET DEVELOPMENTS

Nominal launch programme

The upcoming launch schedule is indicated below.

⁸The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.

⁹ For fiscal year 2016-17, revenues on the basis of perimeter as of 30 June 2017 stood at €1,472 million (excluding revenues from Wins/DHI and DSAT Cinema which were sold during fiscal year 2016-17)

¹⁰ Including capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

¹¹ Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interest received

¹² Discretionary Free-Cash-Flow of €407.8 million in FY 2016-17.

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 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	Government Services	Flexible	8 beams "QUANTUM"	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 7C and the African Broadband satellite) between 4 and 6 months.

The launch of the Al Yah 3 satellite, on which Eutelsat will lease capacity for its Konnect Africa project, is now expected in the first quarter of 2018.

Changes in the fleet

There have been no changes in the fleet since 30 June 2017.

GOVERNANCE

The Board of 27 July 2017 proposed, amongst others, the following resolutions to be submitted to the vote of shareholders present at the Annual General Meeting of 8 November 2017:

- Approval of the accounts;
- Dividend relating to Financial Year 2016-2017;
- Appointment of Dominique D'Hinnin (currently permanent representative of FSP) as a Board Member. Following the AGM and subject to the approval of this appointment, Dominique D'Hinnin will replace Michel de Rosen who will step down from his functions as Chairman and Board Member of Eutelsat Communications; Agnès Audier will replace Dominique D'Hinnin as permanent representative of FSP.
- Appointment of Esther Gaide, Paul-François Fournier and Didier Leroy as Board Members;
- Compensation of corporate officers and compensation policy;
- Several financial resolutions.

Subject to the approval of the Annual General Meeting, the Board of Directors will comprise 12 members of which eight independent (Dominique D'Hinnin, FSP (which will be represented by Agnès Audier), Esther Gaide, Didier Leroy, Lord Birt, Ana Garcia Fau, Ross Mc Innes, Carole Piwnica).

RECENT EVENTS

Acquisition of Noorsat

Eutelsat acquired 100% of NOORSAT, one of the leading satellite service providers in the Middle East, from Bahrain's Orbit Holding Group for a consideration of US\$75 million, debt- and cash-free. The acquisition will add upwards of US\$15 million to Eutelsat's consolidated revenues on an annualised basis after the elimination of the capacity leased by NOORSAT from Eutelsat. Its slightly dilutive impact on Eutelsat's EBITDA margin will be absorbed within existing margin objectives.

First Quarter 2016-17 revenues conference call

A conference call will be held on **Thursday, 26 October 2017 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 74
- UK: +44 (0) 330 336 9105
- United States: +1 719 325 2202

Access code: **8203389#**

Instant replay will be available from 26 October, 22.00 CET to 2 November, 22.00 CET on the following numbers:

- France: +33 (0) 1 70 48 00 94
- UK: + 44 (0) 207 984 7568
- United States: + 1 719 457 0820

Access code: **8203389 #**

Financial calendar

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

- 8 November 2017: Annual General Shareholders' Meeting
- 16 February 2018: First Half 2017-18 results

APPENDICES

Quarterly revenues by application

Proforma revenues

As a reminder,

- Proforma revenues were published with the H1 2016-17 revenues release on 9 February 2017, reflecting notably new classification of revenues on the basis of five applications: Video, Fixed Data and Government Services (Core Businesses), and Fixed Broadband and Mobile Connectivity (Connectivity).
- Wins / DHI (Mobile Connectivity) was deconsolidated from end-August 2016 and DSAT Cinema (Video) from end-October 2016.

The table below shows quarterly proforma revenues for FY 2016-17 under the new classifications and 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	Q1 2017-18
Video	226.5	228.7	228.1	224.3	907.7	223.3
Fixed Data	43.4	41.4	42.1	41.1	168.1	37.1
Government Services	42.3	43.8	45.2	44.8	176.1	41.1
Fixed Broadband	24.9	23.7	24.2	23.4	96.2	22.3
Mobile Connectivity	14.5	17.9	17.2	18.9	68.5	18.6
Other revenues	27.1	14.5	7.5	6.0	55.0	6.8
Total	378.7	370.0	364.3	358.5	1,471.6	349.1

Reported Revenues for FY 2016-17

Under the previous classification (Q1 only):

In € millions	Q1 2016-17
Video Applications	224.3
Data Services	56.8
Value-Added Services	29.4
Government Services	47.1
Other revenues	27.1
Total	384.8

Under the new classifications:

In € millions	Q1 2016-17	Q2 2016-17	Q3 2016-17	Q4 2016-17	FY 2016-17
Video	226.5	228.9	228.1	224.3	908.0
Fixed Data	43.4	41.4	42.1	41.1	168.1
Government Services	42.3	43.8	45.2	44.8	176.1
Fixed Broadband	24.9	23.7	24.2	23.4	96.2
Mobile Connectivity	20.6	17.9	17.2	18.9	74.6
Other revenues	27.1	14.5	7.5	6.0	55.0
Total	384.8	370.2	364.3	358.5	1,477.9

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 6,600 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 32 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

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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 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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