

Eutelsat Communications scales up in Latin America through acquisition of SATMEX

- **Satmex provides a quality platform for growth in Latin America**
- **Complemented by recently ordered EUTELSAT 65 West A satellite**
- **Consistent with Eutelsat's focus on fast-growing satellite markets**

Paris, 31 July 2013 - Eutelsat Communications (Euronext Paris: ETL) today announces it has reached an agreement to acquire 100% of Satélites Mexicanos, S.A. de C.V. ("Satmex") for an enterprise value of US\$1,142 million. This acquisition, together with the recently ordered EUTELSAT 65 West A satellite, will position the Group as a major satellite operator in Latin America, reflecting its strategy to expand in high growth markets.

Michel de Rosen, Eutelsat CEO, said: *"The acquisition of Satmex, together with the order announced yesterday of our satellite for 65° West will make Eutelsat a key operator in vibrant digital markets across Latin America. With Satmex's strategic orbital slots, state of the art fleet and upcoming satellites, Eutelsat is gaining a robust platform from which to access the significant opportunities in this region. Via these two strategic steps, we are significantly upscaling our presence in Latin America to complement our footprint in fast-growing markets, and securing future sources of growth and value creation."*

Patricio Northland, CEO of Satmex, added: *"This is a very positive outcome for the shareholders and other stakeholders of Satmex, and I am delighted at the prospect of Satmex joining the Eutelsat Group. Our fleet will provide Eutelsat with a unique strategic opportunity to enter the fast-growing Latin American market and obtain premier orbital locations across the continent. Our clients will benefit from the integration of our network into Eutelsat's world-class satellite fleet and operations. This transaction would not have been possible without the dedication and leadership of Satmex's management team, as well as its world-class employees."*

Satmex - a high quality satellite operator with strong growth and profitability

Based in Mexico, Satmex operates three satellites at contiguous positions, 113.0° West (Satmex 6), 114.9° West (Satmex 5) and 116.8° West (Satmex 8) that cover 90% of the population of the Americas. The company benefits from frequency rights in C and Ku-bands and was granted Ka-band rights in 2012. It has an 11% market share in Latin America where it enjoys a strong franchise in corporate data networks and cellular backhaul. Satmex is targeting an increased

contribution from video through its positions at 113.0° West and 116.8° West including through the recently launched Satmex 8 satellite which is well positioned to exploit video opportunities.

In 2012, Satmex's FSS business generated revenues of US\$111.8 million and US\$89.1 million in adjusted EBITDA. Satmex had a backlog of US\$242 million as of 31 March 2013. It has historically enjoyed high customer loyalty, as evidenced by customer retention rates in excess of 95% over the last three years. Satmex also owns and operates Alterna TV, a provider of Hispanic television programming to the US market (revenues of US\$14.5 million in 2012). Satmex's subsidiary, Enlaces, a VSAT service provider (revenues of US\$11.0 million in 2012) is in the process of being sold.

Satmex is investing to capitalise on key growth opportunities in Latin America. With the launch of Satmex 8 in March this year, it added 21 incremental 36 MHz-equivalent transponders to its fleet, of which 12 have already been contracted. The company has committed to acquire two electric propulsion satellites (Satmex 7 and Satmex 9) that will become operational in 2015 and 2016 to more than double its total in-orbit capacity. It has negotiated satellite procurement and launch contracts with Boeing and SpaceX enabling it to procure and launch these satellites at competitive terms. It has also negotiated options for the procurement of new satellites and launches at similarly favourable terms.

Acquisition terms

Eutelsat will acquire 100% of the share capital of Satmex for US\$831 million. Based on Satmex's reported net debt of US\$311 million¹ at 31 March 2013, this price corresponds to an enterprise value of US\$1,142 million. Based on the twelve months' EBITDA for the period ending 31 March 2013, pro forma for the incremental capacity already sold on Satmex 8², the transaction EBITDA multiple amounts to 9.7x, excluding the value of tax losses carried forward estimated at around US\$100 million.

The consolidation of Satmex will benefit Eutelsat's top-line growth. With Satmex's more diversified portfolio of businesses, it will be slightly dilutive to Eutelsat's EBITDA margin at the outset. The expected growth of Satmex as well as the benefits of its integration into Eutelsat are expected to lead to higher margins in the future. The acquisition is expected to be accretive to Eutelsat's EPS in the first full year of consolidation (i.e. in the financial year ending 30 June 2015) and to generate a double-digit IRR, consistent with Eutelsat's other investments.

¹ Including US\$12.8 million of accrued interest as of 31 March 2013.

² Last twelve months Pro Forma EBITDA equal to US\$107.0 million, based on actual last twelve months EBITDA as of 31 March 2013 of US\$91.1 million, adjusted for the value of the incremental capacity sold on Satmex 8 (US\$ 15.6 million) and for the assumed deconsolidation of Enlaces (EBITDA loss of US\$0.3 million).

The consideration will be 100% cash and will be financed through a dedicated bridge facility at attractive terms.

Eutelsat's net debt to EBITDA ratio will stand at 3.3x³ on a pro forma basis following the acquisition. With existing investment programmes and recently announced long-term capital leases, the ratio should temporarily rise above 3.3x. The Group is firmly committed to maintaining its investment grade status and targets in the long-term a net debt / EBITDA ratio below 3.3x.

The transaction is expected to close by the end of 2013, subject to government and regulatory approvals and other customary conditions.

Perella Weinberg Partners served as financial advisors to Eutelsat, while Debevoise & Plimpton LLP, Mijares, Angoitia, Cortes y Fuentes S.C. and Hamelink & Van den Tooren N.V. served as its legal advisors.

Latin America - an attractive growth market for satellite services

The market for satellite services in Latin America is already comparable in volume terms to Western Europe. According to satellite industry analyst Euroconsult, Latin America is one of the fastest growing satellite markets, with above 7% forecast average annual growth in demand over the 2011-2016 period. Moreover, pricing dynamics in the region are healthy thanks to high fill rates.

Video applications, data services and broadband will drive growth in demand:

- Demand for video services is forecast to grow at an average annual rate of almost 8% to 2016. The number of HDTV channels is expected to expand over the same period by 25% per year to account for nearly 20% of satellite channels in the region. Growth of broadcast services is expected to be fuelled by the increasing capacity needs of existing operators and the launch of new platforms.
- Data services volumes are forecast to grow by an average annual rate of 7% to 2016, driven by increasing demand for cellular backhaul traffic and significant and growing demand from VSAT networks: demand for corporate networks is expected to grow nearly 20% per year in the 2011-2016 period. The region is characterised by a number of sparsely populated areas that are beyond reach of terrestrial networks, playing to satellite's core strength of ubiquitous coverage. Key telecom operators in the region already use satellite capacity for backhaul and trunking, while growth in mobile phone usage for voice and data is expected to drive significantly increased demand.

³ Pro forma effect as if acquisition was consummated at 30 June 2013.

- There is also extensive scope for satellite broadband in Latin America. Broadband penetration is materially lower than in Europe, with fixed infrastructure expected to be complemented by satellite-based services to accelerate user access to the social and economic benefits of broadband. The total number of homes unserved and underserved by terrestrial networks in the region is estimated at 40 million.

Disclaimer

This release does not constitute or form part of and should not be construed as any offer for sale of or solicitation of any offer to buy any securities of Eutelsat Communications or Satélites Mexicanos, S.A. de C.V. (“Satmex”), nor should it, or any part of it, form the basis of or be relied on in connection with any contract or commitment whatsoever concerning the securities or activities of Eutelsat Communications or Satmex.

All statements other than historical facts included in this release, including without limitations, those regarding Eutelsat Communications’ position, business strategy, plans and objectives are forward-looking statements. Eutelsat Communications expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. In particular, the completion of the acquisition of Satmex by Eutelsat is subject to receipt of Mexican governmental approvals and other customary conditions. In addition, Eutelsat may bear expenses or be exposed to liabilities that were not discovered in its due diligence of Satmex. Moreover, integration costs could be higher than initially anticipated, expected synergies may not be fully achieved and the integration of Satmex may not take place within the expected timeframe.

About Eutelsat Communications

With capacity commercialised on 31 satellites delivering reach of Europe, the Middle East, Africa, Asia, significant parts of the Americas and the Asia-Pacific, Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) is one of the world's leading satellite operators. As of 30 June 2013, Eutelsat’s satellites were broadcasting more than 4,600 television channels to over 200 million cable and satellite homes in Europe, the Middle East and Africa. The Group’s satellites also provide a wide range of services for TV contribution, corporate networks and fixed and mobile broadband markets. Headquartered in Paris, Eutelsat and its subsidiaries employ over 780 commercial, technical and operational professionals from 30 countries. www.eutelsat.com

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