

THIRD QUARTER 2015-16 REVENUES

May 12, 2016

Agenda

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Recent highlights

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Q3 2015-16

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Outlook

Recent highlights

- ▶ Q3 revenues up 4.2% reported and 1.1% at constant currency

- ▶ Launch of EUTELSAT 9B (Europe) in January and EUTELSAT 65 West A (LATAM) in March

- ▶ Entry into service of EUTELSAT 36C (Russia and SSA) in February, EUTELSAT 9B in March and EUTELSAT 65 West A in May

- ▶ Procurement of all-electric EUTELSAT 7C satellite covering MENA, Turkey and strengthening resources over Africa

- ▶ Procurement of Ground network infrastructure for Russian and African broadband projects

- ▶ Current and next year objectives adjusted to reflect tougher industry conditions

- ▶ Adaptation of strategy to face lower growth environment

Agenda

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Recent highlights

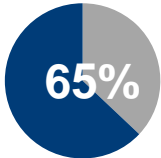
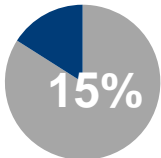
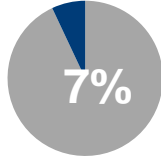
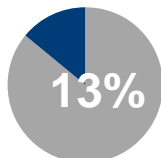
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Q3 2015-16

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Outlook

Q3 Revenues: €383m, +4.2% reported, +1.1% like-for-like¹

| | REVENUE CONTRIBUTION ² | REVENUES ³ (€m) | CHANGE (%) | |
|----------------------|--|----------------------------|----------------------|----------|
| | | | AT CONSTANT CURRENCY | REPORTED |
| Video |  | 239 | +4.9% | +6.1% |
| Data Services |  | 54 | -12.6% | -6.3% |
| Value-Added Services |  | 25 | +7.7% | +8.0% |
| Government Services |  | 50 | -7.4% | +0.5% |

¹ At constant currency and excluding non-recurring revenues.

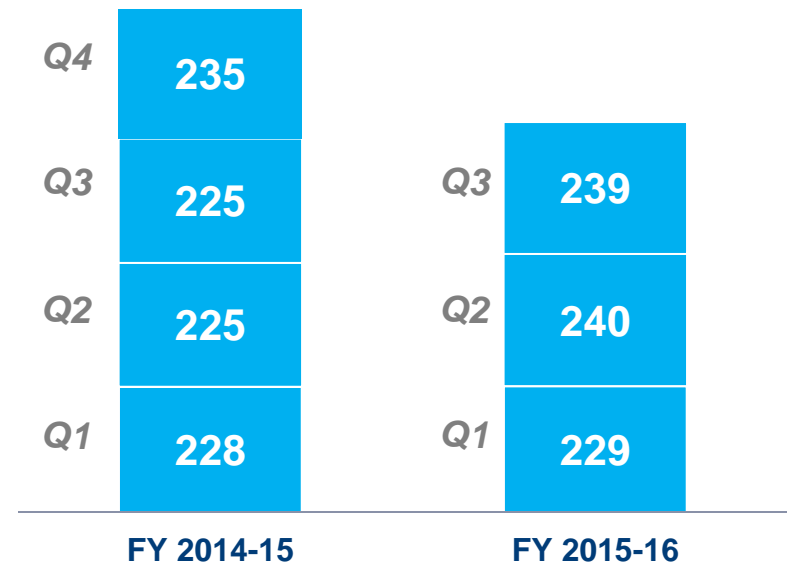
² The share of each application as a percentage of total revenues is calculated excluding "Other revenues" and "Non-recurring revenues".

³ Total revenues of €383m also include Other revenues of €14m.

Video

- ▶ **Q3 Revenues of €239m, up 4.9% at constant currency¹**
- ▶ **Entry into service of:**
 - EUTELSAT 8 West B in October
 - EUTELSAT 36C mid-February
- ▶ **Higher revenues at Fransat**
- ▶ **Lower revenues at HOT BIRD and for Professional Video**
- ▶ **6,156 channels at end-March 2016**
 - +7.1% y-o-y
 - Increased HD penetration at 13.1%

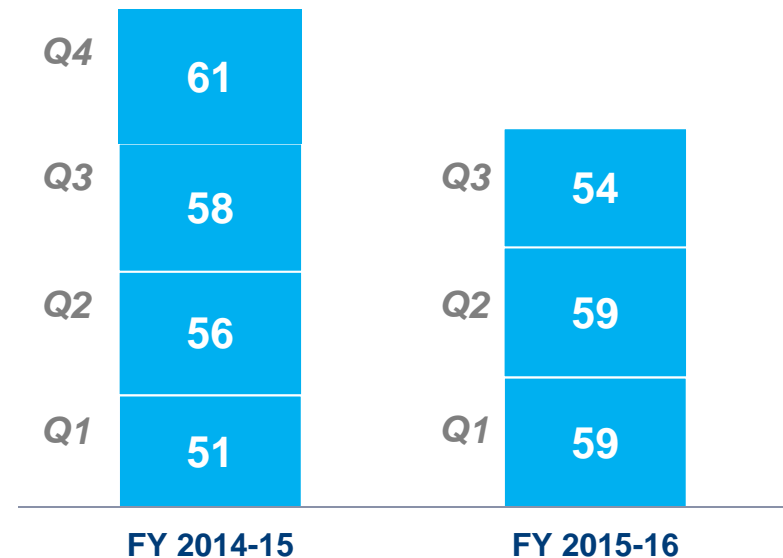
REVENUES (€M)



Data Services

- ▶ **Q3 Revenues of €54m, down 12.6% y-o-y at constant currency¹**
 - -8% excluding reclassification of revenues to Government Services
- ▶ **End of contract for Ka-band on EUTELSAT 3B in December**
- ▶ **Lower revenues at 53° East post rationalisation of capacity in May 2015**
- ▶ **Ramp-up of capacity on EUTELSAT 115 West B**
- ▶ **Negative pricing trends impacting all geographies**

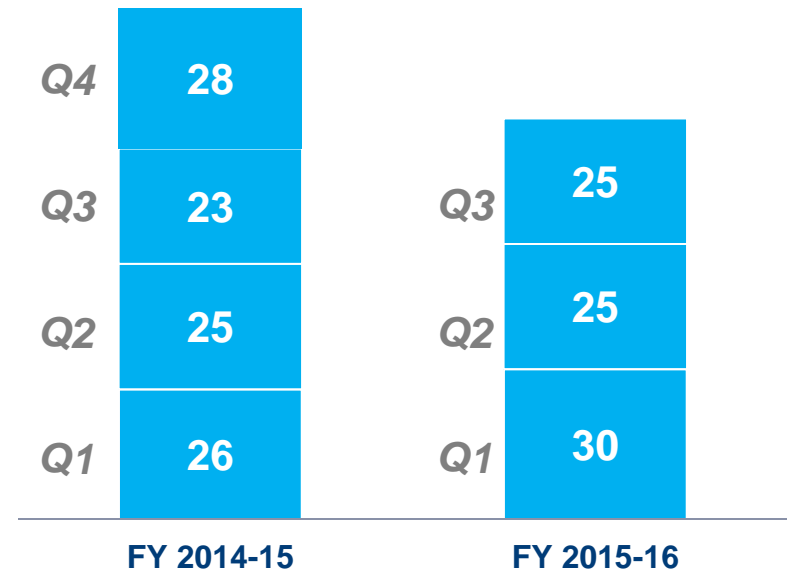
REVENUES (€M)



Value-Added Services

- ▶ Q3 Revenues of €25m, up 7.7% y-o-y at constant currency¹
- ▶ Positive contribution from KA-SAT
- ▶ 185,000 terminals activated on KA-SAT at 31 March 2016
 - Continued high loading of some beams.
 - Proactive yield management
 - Rationalization of customer base by certain distributors
- ▶ B2B remains well oriented
- ▶ ARPU trends positive

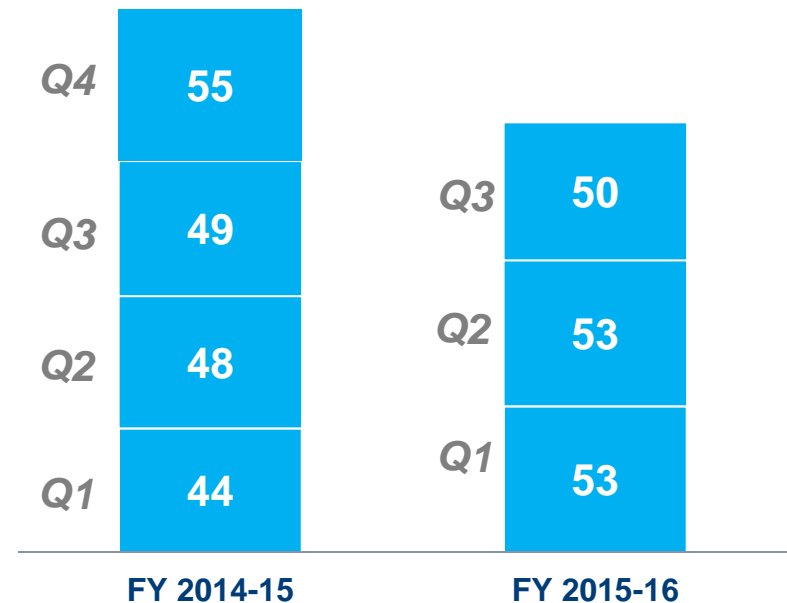
REVENUES (€M)



Government Services

- ▶ **Q3 Revenues of €50m, down 7.4% y-o-y at constant currency¹**
 - Down 13% excluding impact of reclassifications from Data Services
- ▶ **Early termination of a contract with a distributor in Q1**
- ▶ **Ongoing impact of lower renewals with US DoD**
- ▶ **Re-compete of task orders placed five years ago now mostly completed**
 - Attendant downward pricing reset
- ▶ **Estimated renewal rate of around 65%, for February-March round**

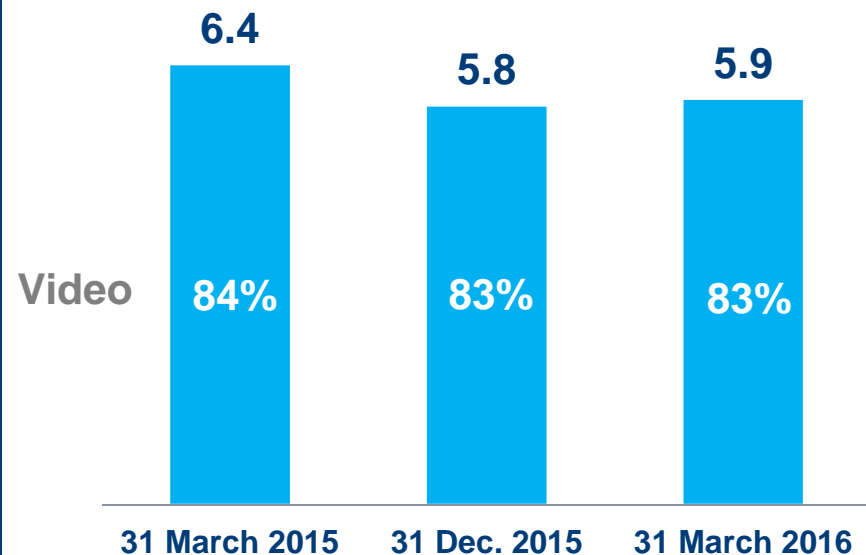
REVENUES (€M)



Backlog

- ▶ **Backlog of €5.9bn, slightly up on end-December**
- ▶ **New contracts more than offsetting backlog consumption**
 - Multi-year renewal of capacity at 36° East with Russian customers
- ▶ **4.0 years of revenues**
- ▶ **Video stable, accounting for 83%**

BACKLOG (€BN)



Fill rate

▶ Operational transponders up by 17 Q-o-Q

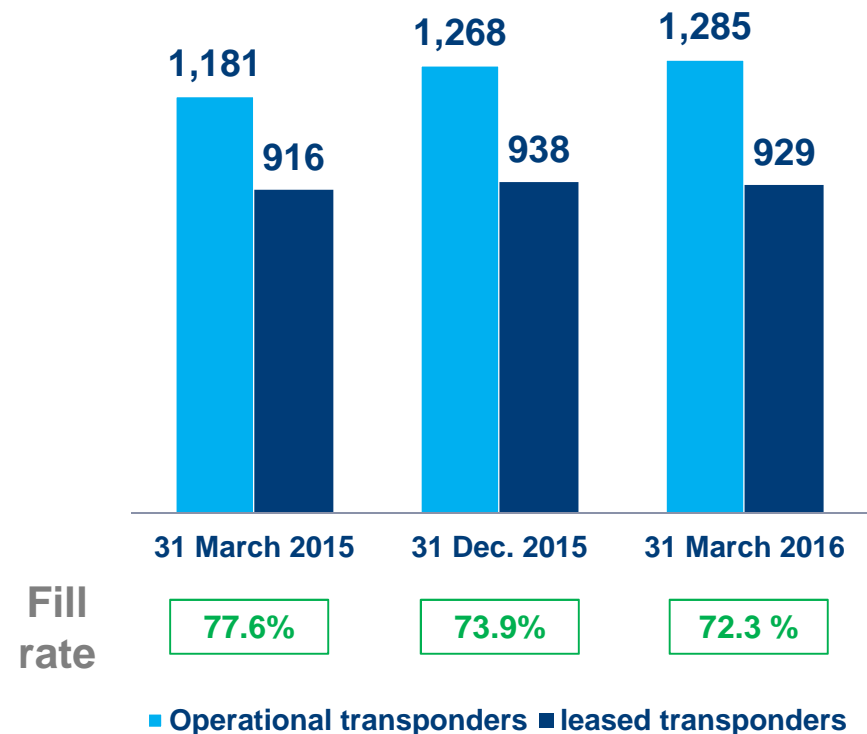
- Entry into service of EUTELSAT 9B and EUTELSAT 36C

▶ Leased transponders down by 9 Q-o-Q

- Contract with Multichoice in SSA
- Reduction of capacity on Telstar 12
- Non-renewal of a contract in Professional Video at 10° East

▶ Fill rate diluted to 72.3% reflecting new capacity

OPERATIONAL AND LEASED TRANSPONDERS



Based on 36 MHz-equivalent transponders (TPE), excluding HTS capacity (KA-SAT 82 spot-beams and EUTELSAT 3B's 5 Ka-band spot beams)

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Q3 2015-16

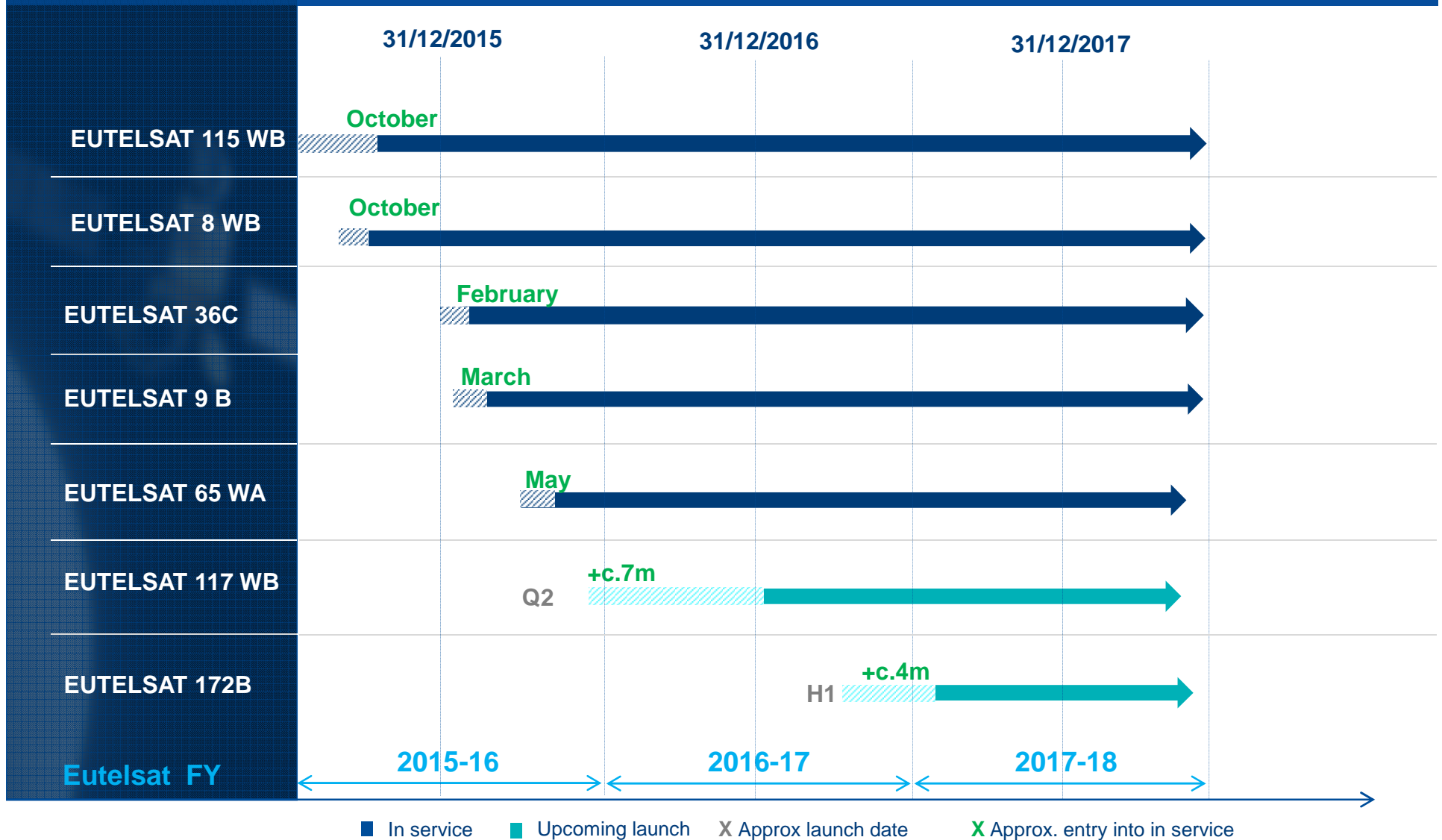
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Outlook

Fleet plan

| Name | EUTELSAT 36 C | EUTELSAT 9B | EUTELSAT 65 WA | EUTELSAT 117 WB | EUTELSAT 172 B | EUTELSAT 7C | eutelsat QUANTUM | AFRICAN BBAND. SATELLITE |
|---------------------------------|---|---|---|---|---|---|---|---|
| Position | 36° East | 9° East | 65° West | 116.8° West | 172° East | 7° East | TBD | TBD |
| Launch | Launched | Launched | Launched | Q2 2016 | H1 2017 | Q3 2018 | 2019 | 2019 |
| Manufacturer |  |  |  |  |  |  |  |  |
| Launcher | Federal Proton |  |  |  |  | TBD | TBD | TBD |
| Coverage | Russia SSA | Europe | LATAM | LATAM | Asia-Pacific | MENA SSA | Flexible | SSA |
| Applications | Video Data Broadband | Video | Video Data Broadband | Video Data GS | Data GS Mobility | Video | Data GS Mobility | Broadband |
| Total Capacity (TPE/Spotbeams) | 48 Ku 18 Ka / 11.6 Gbps | 47 Ku | 24 Ku 15 C 24 Ka / 37.5 Gbps | 48 Ku | 42 Ku 24 C 11 Ku / 1.8 Gbps | 49 Ku | N/A | 65 Ka / 75 Gbps ² |
| Expansion Capacity ¹ | 19 Ku 18 Ka / 11.6 Gbps | 12 Ku | 24 Ku 15 C 24 Ka / 37.5 Gbps | 48 Ku | 19 Ku 11 Ku / 1.8 Gbps | 19 Ku | N/A | 65 Ka / 75 Gbps ² |

Progressive deployment of capacity



Deteriorating market conditions

▶ H1 2015-16 affected by

- Loss of HTS contract on EUTELSAT 3B
- Slowdown of growth on KA-SAT

▶ H2 impacted by recent development of several headwinds

- Slower ramp-up of new capacity as a result of worse than expected environment in LATAM where much of recent capacity has been targeted
- Intensifying pricing pressure in Data Applications in all geographies, exacerbated by arrival of incremental HTS capacity
- Deteriorated economic context in several emerging markets, notably due to declining oil price, geopolitical unrest and currency volatility, leading to contract postponements and terminations
- Lower renewals in Government Services

▶ FY 2016-17 to reflect above elements as well as lower revenues at HOT BIRD

- Carry-forward effect of return of capacity by some distributors
- Termination of certain contracts by some end-users (Orange, SRG)
- Proactive rationalization of contracts with distributors to enhance the commercial model in the longer term

Financial outlook adjusted in consequence

REVENUES

(At constant currency and perimeter excl. non recurring revenues)

- ▶ **2015-16: Broadly flat** (versus +2%)
- ▶ **2016-17: between -3% and -1%** (versus +4-6%)

EBITDA MARGIN

- ▶ **2015-16: around 76%**
- ▶ **2016-17: around 75%**
(versus 'above 76.5%' for both years)

CAPEX

- ▶ **Under review**
(versus 'average of €500m¹ per year' to June 2018)

LEVERAGE

- ▶ **Investment grade rating**
- ▶ **Target net debt / EBITDA below 3.3x**
(Unchanged)

DISTRIBUTION

- ▶ **Payout ratio of 65-75% of net income**
(Unchanged)

QUESTIONS & ANSWERS

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