



FIRST HALF 2017-18 RESULTS

February 16, 2018

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Outlook

H1 2017-18 Key data

	Financial outlook	First Half 2017-18	Underlying performance
Revenues	-2 to -1% (at constant currency and perimeter)	€697m	-5.7% ¹ (vs. H1 16-17)
EBITDA margin	Above 76% (at constant currency)	78.4% ²	+0.5 pts ² (vs. H1 16-17)
Discretionary Free Cash-Flow	Mid-single digit 3-year CAGR ³ (at constant currency)	€339m	+8% ² (vs. H1 16-17)
Net Debt / EBITDA	Below 3.0x	3.3x	-0.1x (vs. Dec. 16)

¹ At constant currency and perimeter. Revenues down 7.7% on a reported basis.

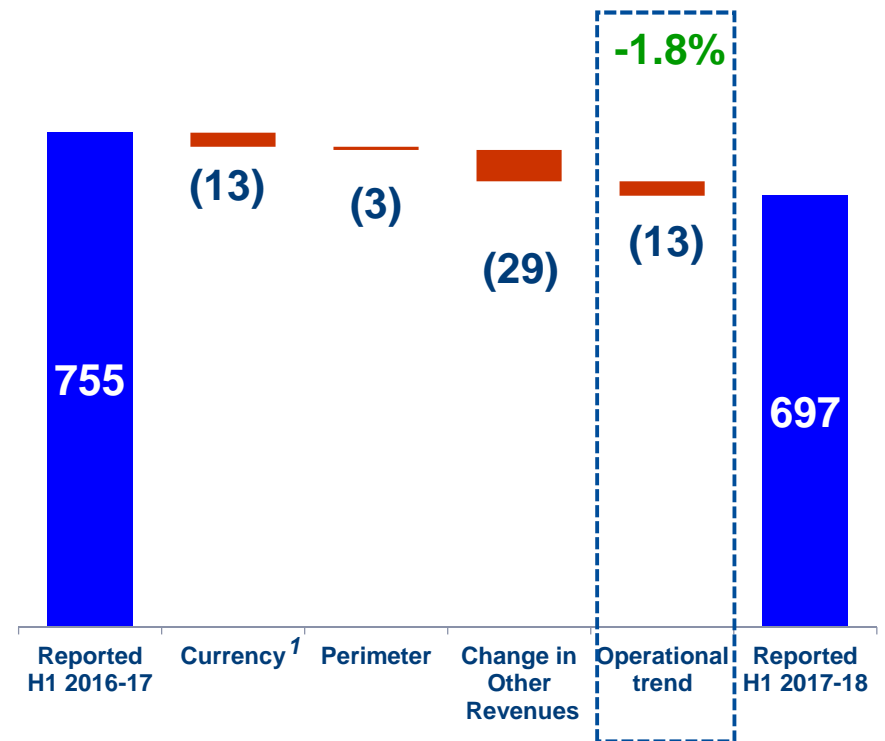
² At constant currency. EBITDA margin up 0.3 pts on a reported basis. Discretionary Free Cash-Flow up 4% on a reported basis.

³ 3-Year CAGR between FY 16 and FY 19. Discretionary Free Cash-Flow defined as Net cash-flow from operating activities less Cash Capex less Interest and Other fees paid net of interest received.

H1 revenues analysis

- ▶ **H1 revenues of €697m**
 - -7.7% reported
 - -5.7% at constant perimeter and currency
- ▶ **Underlying businesses down 1.8% excluding 'Other' revenues**

H1 YOY REVENUE BRIDGE (€M)



H1 operating Highlights



Entry into service and ramp-up of EUTELSAT 172B with incremental capacity contracted



Solid commercial performance to support revenues in the second half



MoU with China Unicom to address satellite communications market in the framework of the “Belt and Road” initiative



Acquisition and smooth integration of Noorsat to optimise Video distribution in the MENA region



Efficient capex containment underpinning 8%¹ rise in DFCF



LEAP cost-savings program ahead of plan



Solid commercial performance

IN VIDEO

▶ **HOTBIRD**

- Positive outcome of contract renewal with Cyfrowy Polsat
- New contract with Mediaset for HD channels



▶ **Contract at 5° West with Altice-SFR**



▶ **Multi-year agreements for new DTH platforms in emerging broadcast markets**

- Fiji on ETL 172B
- Caribbean region on ETL 117 WB

IN OTHER VERTICALS

- ▶ **Favourable outcome of US Government Autumn renewals**
- ▶ **Incremental business in Government Services at 174° East**
- ▶ **Multi-transponder agreement with Colombian Ministry of Defence for capacity on ETL 115WB**
- ▶ **Incremental capacity for in-flight Mobility at 172° East**

Stepping up cooperation with China Unicom

- ▶ **Historic and strong partner in the region**
- ▶ **New MoU addressing satellite communications market in the framework of the 'Belt and Road' initiative**
- ▶ **Remaining HTS capacity on ETL 172B contracted for in-flight Connectivity**
- ▶ **Considering further joint-development of satellite communication services**



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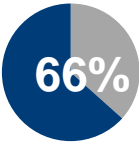
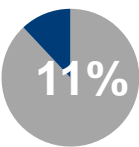
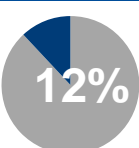
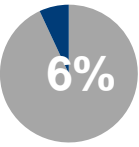
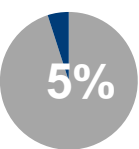
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Financial performance

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Outlook

H1 2017-18 Revenues by application

		REVENUE CONTRIBUTION ¹	REVENUES ² (€m)	LIKE-FOR-LIKE ³ CHANGE
CORE BUSINESSES	Video		449	-1.2%
	Fixed Data		73	-10.6%
	Government Services		81	-0.1%
CONNECTIVITY	Fixed Broadband		44	-8.1%
	Mobile Connectivity		37	+20.6%

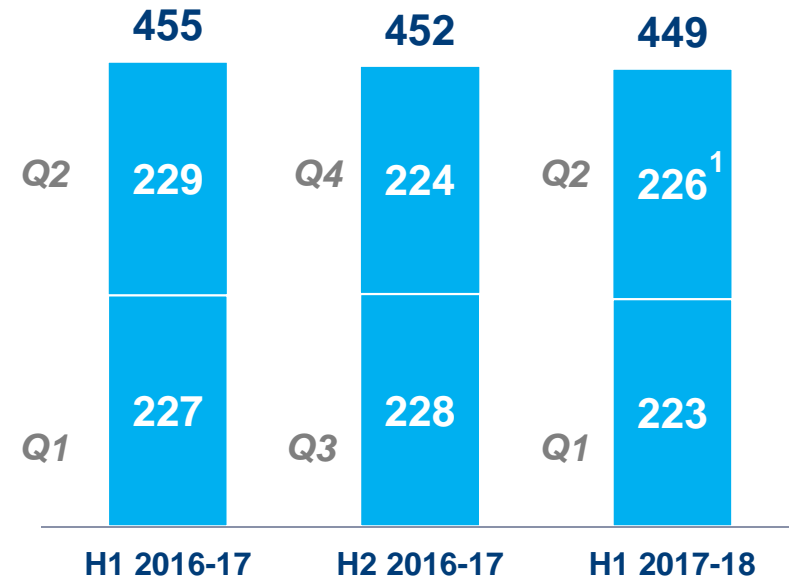
¹ The share of each application as a percentage of total revenues is calculated excluding "Other revenues".

² Total revenues of €697m also include Other revenues of €12m.

³ At constant currency and perimeter.

- ▶ H1 revenues of €449m, down 1.2% like-for-like
- ▶ Broadcast revenues up 0.3% excluding end of TV d'Orange at HOTBIRD at end-Dec 2016
- ▶ Mid-single digit decline in Professional Video
- ▶ **6,810 channels at end-Dec 2017**
 - +7.4% y-o-y
 - HD channels up 28%
 - 18.7% HD penetration (vs 15.7% a year earlier)

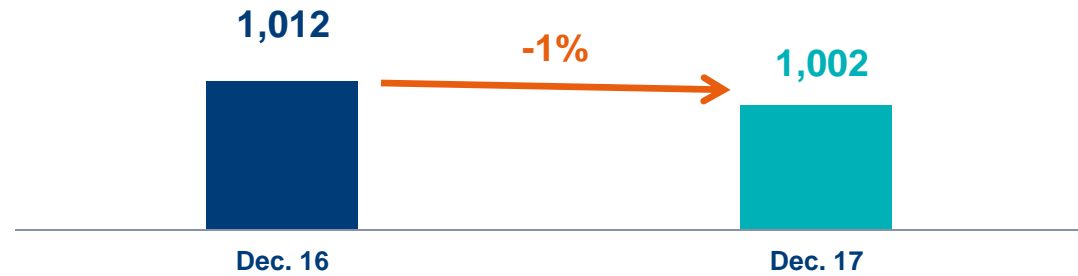
REPORTED REVENUES¹ (€M)



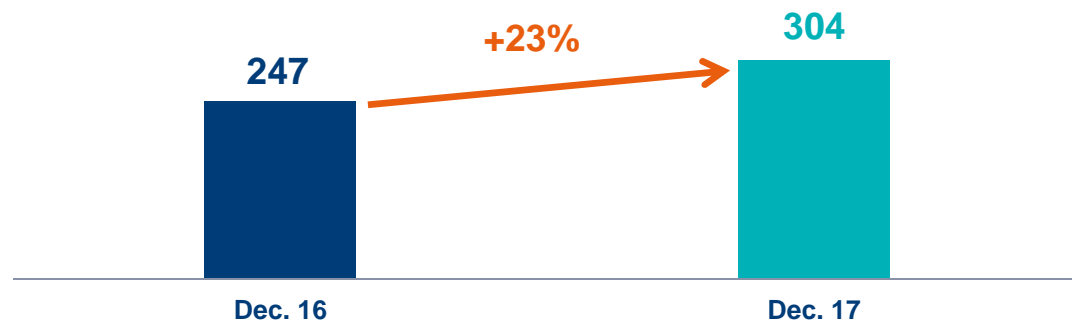
¹ Including the contribution of Noorsat

HOTBIRD: HD ramp-up continues to outpace MPEG 4 transition rate

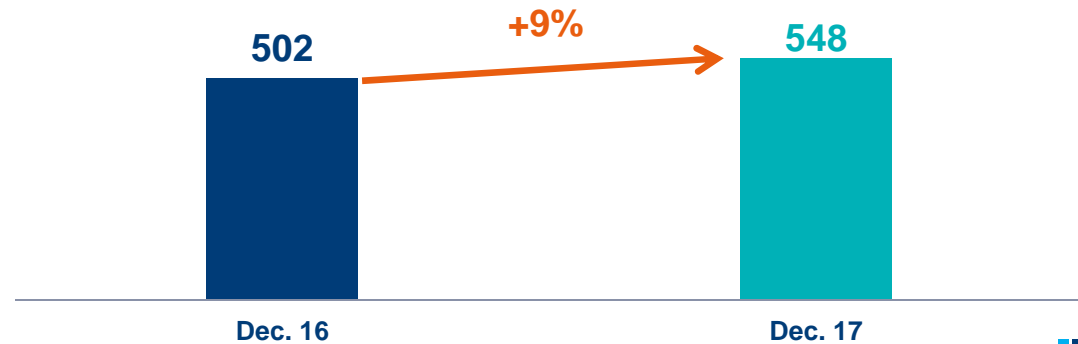
Resilient
channel count



Acceleration
in HD ramp-up

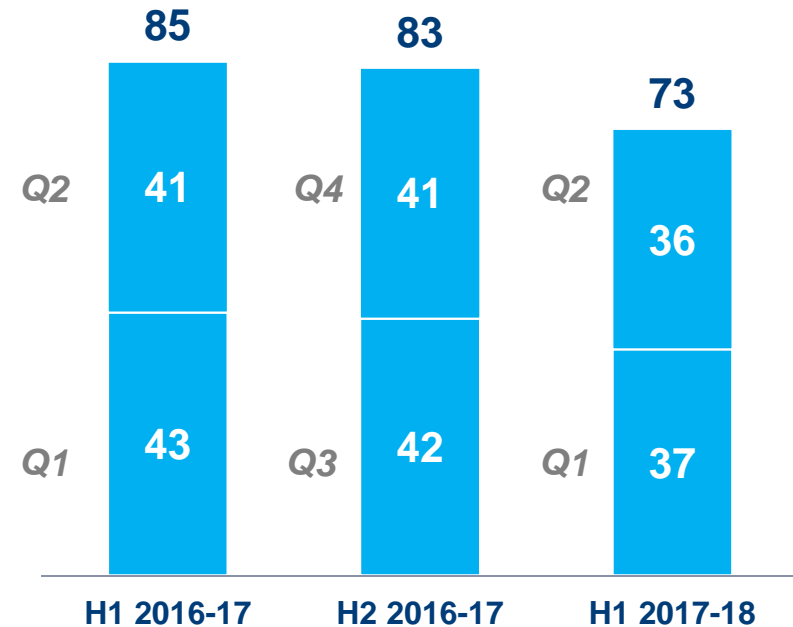


MPEG-4 still rising
but at a lesser
pace than HD



- ▶ H1 revenues of €73m, down 10.6% like-for-like
- ▶ Ongoing pricing pressure in all geographies
- ▶ Not offset by additional volumes

REPORTED REVENUES (€M)

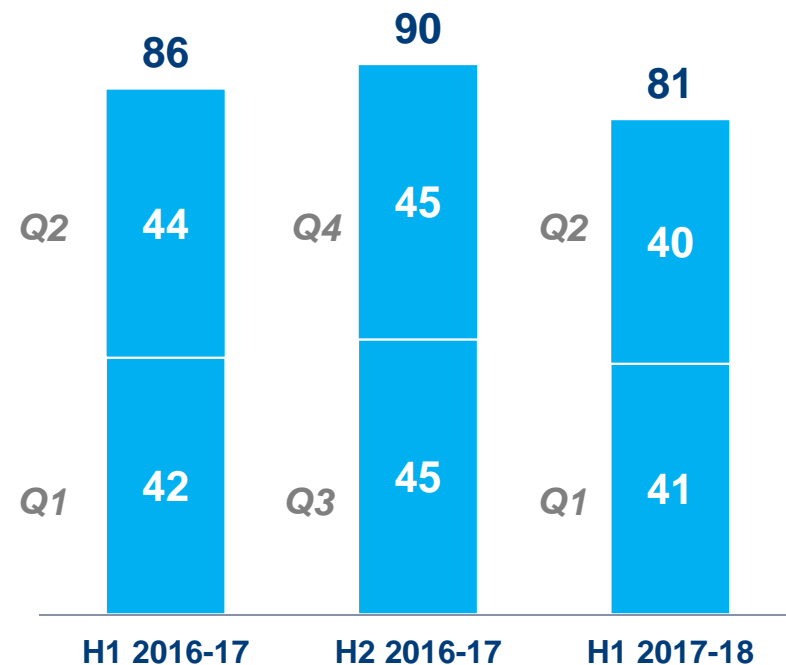


Government Services

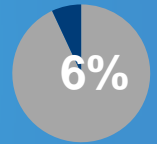
12%

- ▶ H1 17 revenues of €81 million, stable like-for-like
- ▶ Solid levels of renewals with the US DoD in the last 12 months
- ▶ Incremental business secured at 174° East covering APAC
 - Multi-transponder contracts
- ▶ Multi-transponder agreement with Colombian Ministry of Defence

REPORTED REVENUES (€M)

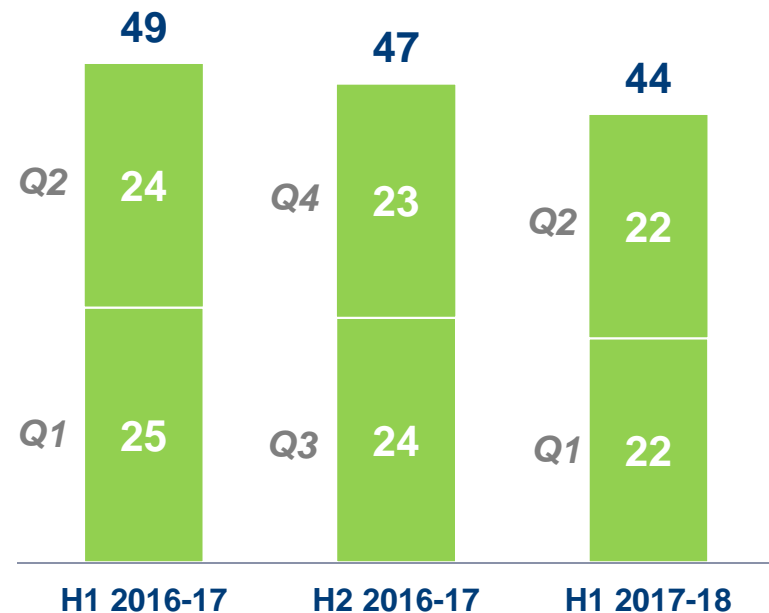


Fixed Broadband



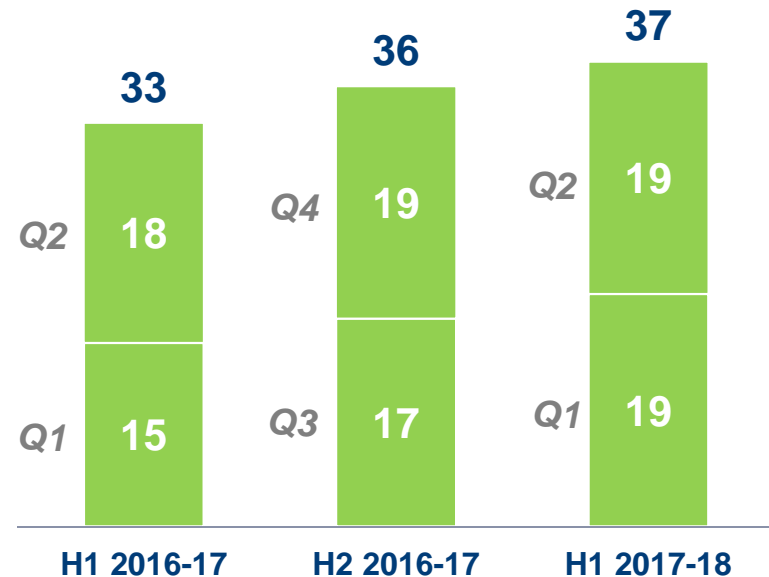
- ▶ **H1 revenues of €44m, down 8.1% like-for-like**
- ▶ **Down 5% excluding positive one-off in Q1 last year**
- ▶ **Underlying decline in Europe**
- ▶ **Revenue trend set to improve in H2 with Retail JV up and running**
 - Pricing, products and marketing strategy defined
 - Offers launched in Norway, Poland (Dec), Sweden and Finland (Jan); Other markets to follow
- ▶ **Initiatives in wholesale**
 - Plan to address low-fill beams
 - Ongoing yield management in high-fill areas

REPORTED REVENUES (€M)



- ▶ **H1 revenues of €37m, up 20.6% like-for-like**
- ▶ **Agreement with Taqnia on the HTS payload of EUTELSAT 3B**
- ▶ **Growing wide-beam capacity sales at several orbital positions:**
 - 172° East
 - 115° West
 - 117° West
- ▶ **EUTELSAT 172B bringing additional dedicated capacity in FY 2017-18**
 - HTS Payload fully contracted
 - Incremental wide-beam capacity contracted for in-flight Mobility.

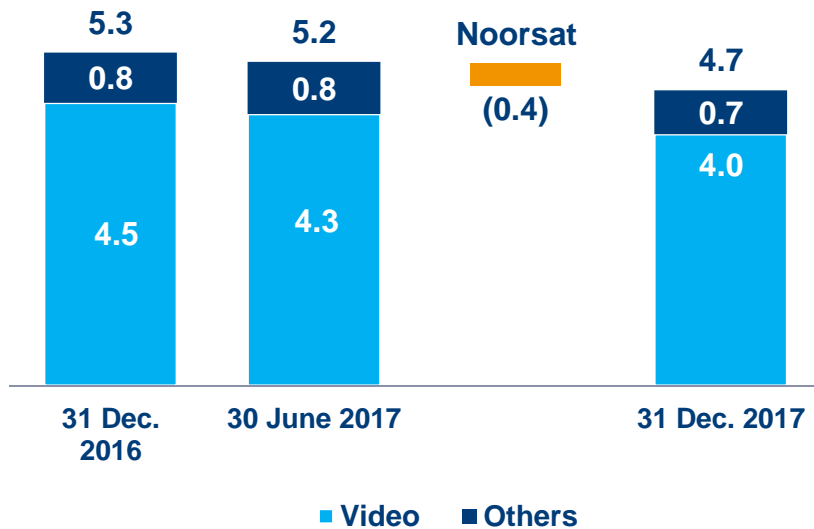
REVENUES¹ (€M)



¹ Proforma revenues reflecting new applications as well as the disposal of Wins for H1 2016-17

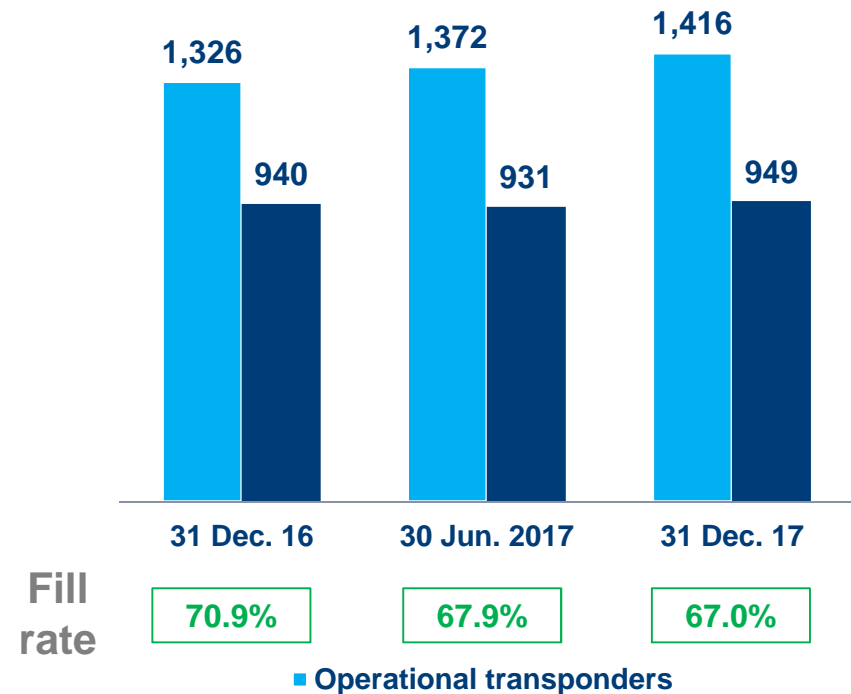
Backlog and Fill Rate

BACKLOG (€BN)



- ▶ Backlog evolution reflecting mainly the impact of the integration of Noorsat
- ▶ 3.2 years of revenues
- ▶ Video accounting for 85%

OPERATIONAL AND LEASED TRANSPONDERS



- ▶ OSD of ETL117 WB in January 17 and ETL 172B end-November 17
- ▶ 18 incremental TPE leased since June 17

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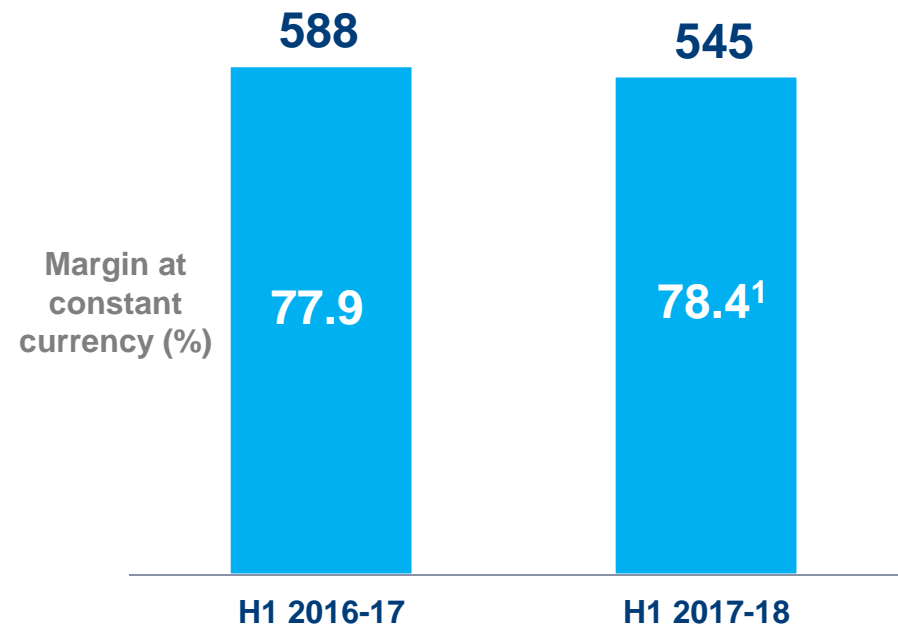
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Outlook

Profitability

- ▶ **Rise in EBITDA margin to 78.4% at constant currency despite lower 'Other revenues'**
 - Favourable phasing of certain operating costs
- ▶ **Positive impact of "LEAP" cost saving plan**
 - Ahead of plan at the Half Year

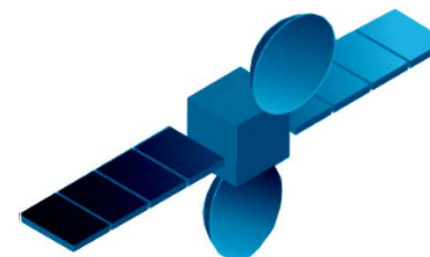
EBITDA (€M)



¹ Reported EBITDA margin stood at 78.2%

Net income

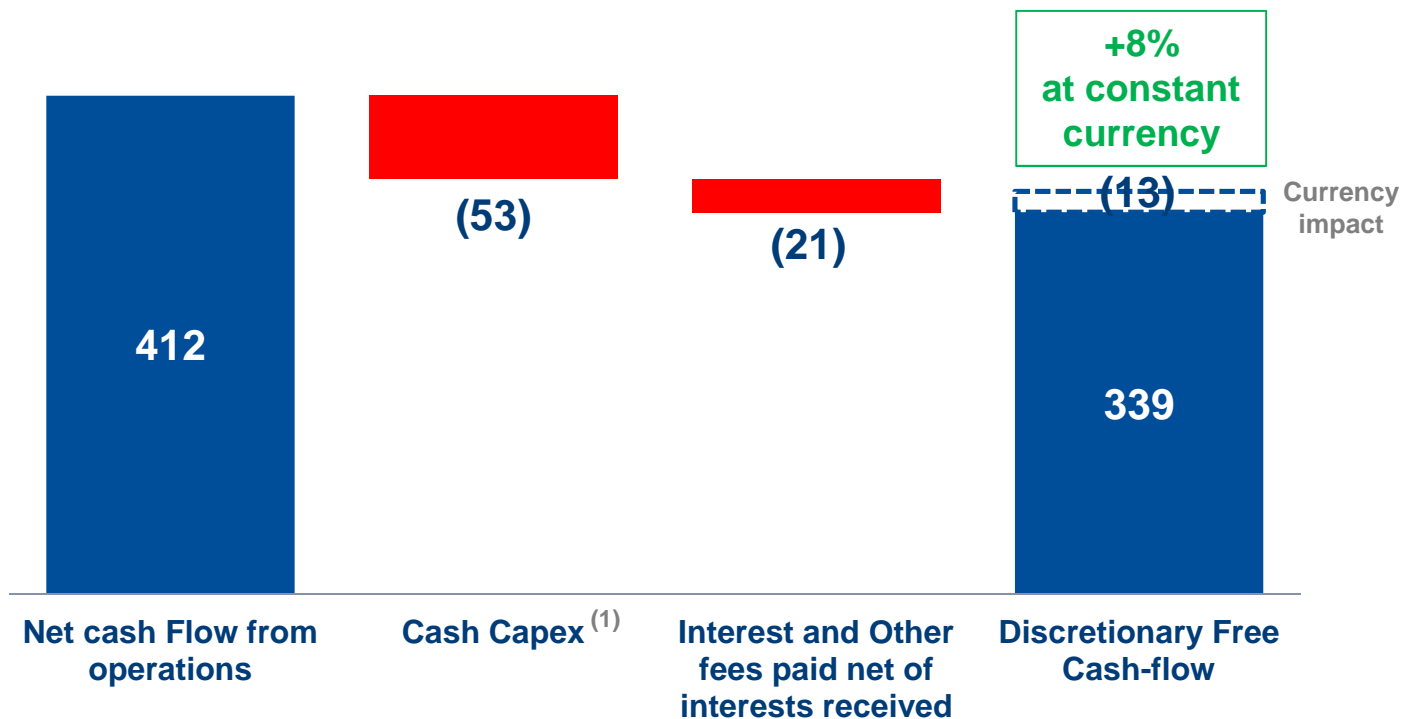
<i>Extracts from the consolidated income statement in €m¹</i>	H1 2016-17	H1 2017-18	Change	
Revenues	755	697	-7.7%	
EBITDA²	588	545	-7.4%	
Operating income	337	280	-16.9%	<ul style="list-style-type: none"> ▶ Lower D&A reflecting end of life / full depreciation of several satellites ▶ Capital gain on Wins/DHI last year ; negative accounting one-off this year related to Noorsat acquisition
Financial result	(60)	(56)	-6.4%	<ul style="list-style-type: none"> ▶ Lower cost of debt following reimbursement of Mar' 17 bond ▶ Negative variation in Forex gains and losses
Income tax	(78)	(61)	-22.5%	▶ Non-cash positive one-off related to future reduction in French tax rate
Group share of net income	192	157	-18.6%	▶ Net margin of 22.5%



Discretionary Free Cash-Flow up 8%

At constant currency

In €m

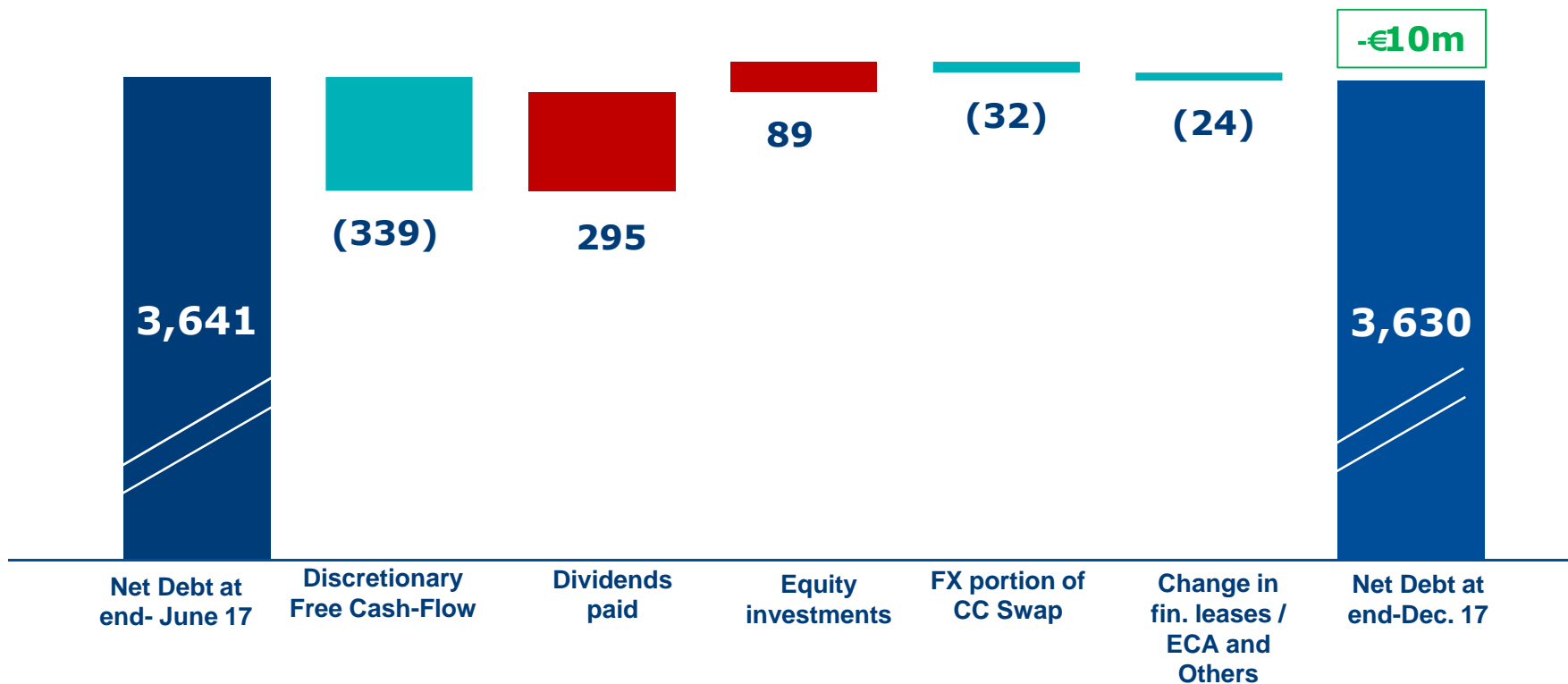


Change	-70	+77	+6	+14
H1 2016-17	482	(130)	(27)	325

(1) Cash Capex includes capital expenditure and payments under existing export credit facilities and long-term lease agreements on third party capacity.

Net debt stable after dividend payment and Noorsat acquisition

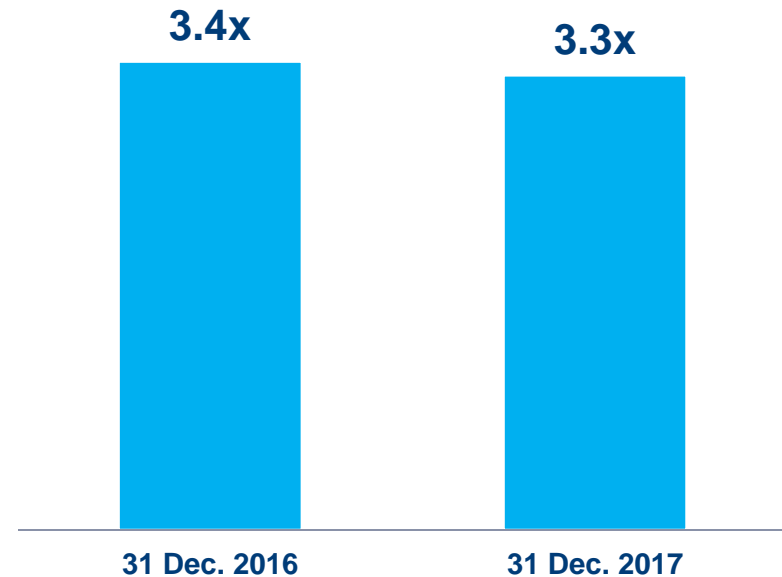
In €m



Financial structure

- ▶ **Net Debt/EBITDA ratio reduced to 3.3x**
 - versus 3.4x at 31 Dec. 2016
- ▶ **Average cost of debt after hedging reduced to 2.9%**
 - versus 3.1% in H1 2016-17
- ▶ **Average weighted maturity of 2.5 years**
 - versus 2.9 years at 31 Dec. 2016

NET DEBT / EBITDA RATIO¹



¹Based on net debt at the end of the period and last twelve months' EBITDA

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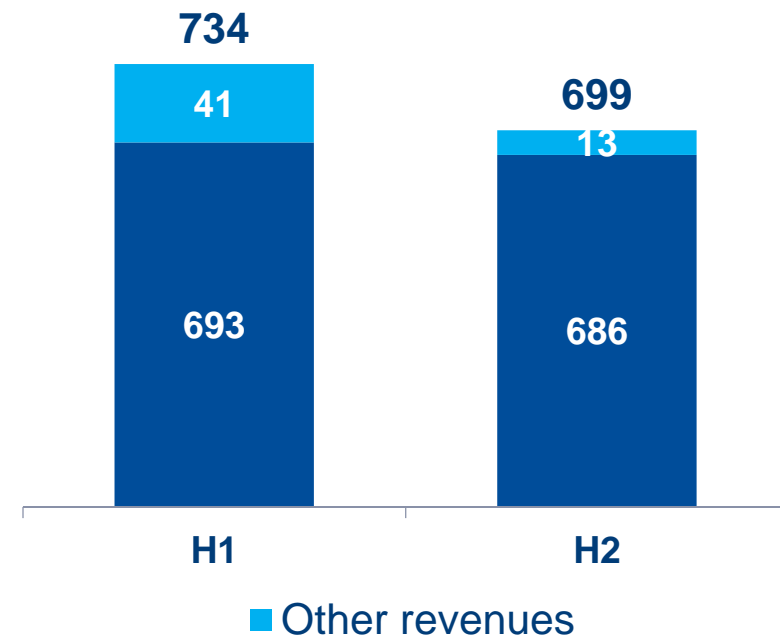
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Outlook

Y-o-Y revenue trend to improve in the Second Half

- ▶ **2017-18 revenue path back-end loaded**
- ▶ **Comparison base to ease in H2**
 - Lower 'Other' revenues
 - End of TV d'Orange on 31 Dec.
 - Easier comps for Fixed Data
- ▶ **H2 benefiting from:**
 - Entry into service of ETL 172B
 - New business secured at the end of calendar year 2017

HALF YEAR PROFORMA REVENUES IN FY 2016-17 AT H1 2017-18 EUR/USD RATE (1.17)



Revenues excluding Wins/DHI and DSAT Cinéma at 1.17 EUR/USD rate

Financial outlook

REVENUES

(At constant currency, and perimeter)

- ▶ -1% to -2% in FY 2017-18¹
- ▶ Return to slight growth from FY 2018-19

EBITDA MARGIN

(At constant currency)

- ▶ Above 76% in FY 2017-18
- ▶ Above 77% from FY 2018-19

CAPEX

- ▶ FY 2017-18 to FY 2019-20: average of €420m² per year
FY 2017-18 expected below €420m average

DISCRETIONARY FREE CASH-FLOW³

(At constant currency)

- ▶ FY 2016-17 to FY 2019-20: mid-single digit CAGR

LEVERAGE










- ▶ Investment grade rating
- ▶ Net debt / EBITDA below 3.0x

DISTRIBUTION

- ▶ Stable to progressing dividend

APPENDIX

Future launches

Name	EUTELSAT 7C	EUTELSAT 5 WEST B		AFRICAN BROADBAND SATELLITE
Orbital Position	7° East	5° West	TBD	TBD
Launch date ¹	H2 2018	H2 2018	2019	2019
Manufacturer				
Launcher				
Coverage	MENA SSA	Europe MENA	Flexible	SSA
Applications	Video	Video	Government Services	Broadband
Total Capacity (TPE/Spotbeams)	49 Ku	35 Ku	N/A	65 Ka / 75 Gbps
o/w Expansion Capacity ²	19 Ku	-	N/A	65 Ka / 75 Gbps

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