Société anonyme with a Board of Directors
and a share capital of 232,774,635 euros
Registered office: 70 rue Balard,
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481 043 040 R.C.S. PARIS

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note: The English version of this Management Report is a free translation of the French version and is provided solely for the benefit of English-speaking users.

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Dear Shareholder(s),

We submit to you a management report on the activity of Eutelsat Communications (the Company) and the Eutelsat Group[1] for the year ended 30 June 2017.

We also present to you the company and consolidated financial statements for the year ended 30 June 2017. The consolidated statements show the intra-group relations with our subsidiaries and affiliated companies.

This report was adopted by the Board of Directors at its meeting on 27 July 2017.

INTRODUCTION

Operating capacity on 39 satellites in-orbit between 117° West and 172° East, broadcasting more than 6,000 television channels, the Group is one of the leaders in EMEA area[2] for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for Video Applications, Fixed Data, Government Services and Connectivity applications.

Via its fleet, the Group covers the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa and a large section of the Asian and American continents, potentially giving it access to almost 100% of the world's population.

[1] Eutelsat Group" or "the Group" means Eutelsat Communications and all the companies controlled directly or indirectly by Eutelsat Communications

[2] EMEA includes western and central Europe, Russia and central Asia, the Middle-East, North Africa and Sub-Saharan Africa.

1 KEY HIGHLIGHTS IN THE FINANCIAL YEAR

1.1 MAIN HIGHLIGHTS OF FY 2016-17

Delivery or over-delivery on all financial objectives:

- Revenues in line with expectations at -2.2% like-for-like
- EBITDA margin target raised and exceeded
- Discretionary Free Cash Flow growth significantly ahead of expectations at +65%
- Net Debt / EBITDA below 3.3x
- Dividend proposed at 1.21 euro, up 10%

Solid commercial performance:

- In Video
    - HD take-up accelerating on HOTBIRD;
    - Significant contract renewals in Europe and in MENA with Arqiva at 28° East, and Digitürk at 7° East;
    - Multi-year, multi-transponder contract with NTV-Plus on Express-AT2 to reach homes in Far Eastern Russia and incremental capacity on Express-AT1 to consolidate coverage of Siberia;
- In Government Services, a satisfactory outcome of renewal campaigns with the US Department of Defense;
- In in-flight Connectivity, contracts with ViaSat on KA-SAT to provide capacity for SAS, Finnair and Icelandair, with Taqnia for the HTS payload of EUTELSAT 3B and with Panasonic on EUTELSAT 115 West B;
- Selection of EUTELSAT 5 West B by the European Global Navigation Satellite Systems Agency (GSA) for the next-generation EGNOS payload, a contract valued at c.100 million euro over 15 years from 2019-20.

Strengthened financial profile:

- Successful launch of the 'LEAP' cost-savings plan, to generate 30 million euro in annual savings in 2018-19;
- Repayment of the March 2017 €850 million bond, generating 30 million euro in savings from fiscal year 2017-18;
- Refinancing of several credit lines, and pre-hedge of the January 2020 930 million euro bond for an outstanding amount of €500 million;
- Agreement with Abertis to sell Hispasat stake for a 302 million euro consideration and other non-core asset disposals.

Laying the foundations for profitable growth:

Securing durable cash-flow generation through capex efficiencies:

- EUTELSAT 5 West B satellite procurement with 'design-to-cost' policy enabling Capex savings of more than 30%;
- Increased choice in the launcher market through a contract with Blue Origin for a launch on the New Glenn rocket, and multi-launch agreement with Arianespace for the launches of EUTELSAT 7C, Eutelsat Quantum and the African Broadband Satellite.

Preparing the ground for future revenue growth:

- Launch of EUTELSAT 172B in June 2017 with a coverage of Asia-Pacific;
- Launch of Russian Broadband programme;
- Ka-band capacity secured from Yahsat enabling the launch of Konnect Africa in June 2017;

- Joint-venture with ViaSat paving the way for a step-up in Connectivity top-line from the early 2020s.

Furthermore:

- The main changes in the fleet are detailed in the Section 4 of this document
- The main evolutions regarding corporate governance are detailed in the Section 9 of this document

1.2 REVENUES BY BUSINESS APPLICATION

For a review of the performance for each application, please refer to section 3.2.1 “Revenue evolution” of this document.

1.3 FINANCIAL PERFORMANCE

The chart below shows the main financial indicators for fiscal year 2016-17

	FY 2015-16	**FY 2016-17**	**Actual change**	**Like-for-like change**
Revenues - €m	1,529.0	**1,477.9**	**-3.3%**	**-2.2%**[3]
Profitability				
EBITDA[4] €m	1,164.6	**1,133.6**	**-2.7%**	**-**
EBITDA margin - %	76.2	**76.7**[5]	**+0.5 pt**	**-**
Group share of net income - €m	348.5	**351.8**	**+0.9%**	**-**
Financial structure				
Cash Capex[4]	514.4	**414.4**	**-€100.0m**	**-**
Discretionary free-cash-flow[4]	247.3	**407.8**	**+€160.5m**	**-**
Net debt - €m	4,006.8	**3,640.7**	**-€366.1m**	
Net debt/EBITDA - x	3.4	**3.2**	**-0.2 pt**	**-**
Backlog – €bn	5.6	**5.2**	**-7,6%**	**-**

For a more detail, please refer to section 3.2 and 6” of this document.

1.4 ALTERNATIVE PERFORMANCE INDICATORS

In addition to the data published in its accounts, the Group communicates on three Alternative Performance Indicators which it deems relevant for measuring its financial performance: EBITDA, cash capex and Discretionary free cash flow (DFCF). These indicators are the object of reconciliation with the consolidated accounts.

EBITDA, EBITDA margin and Net debt / EBITDA ratio

EBITDA reflects the profitability of the Group before Interest, Tax, Depreciation and Amortization. It is a key indicator in the Fixed

[3]At constant currency and perimeter
[4] Alternative performance indicators. Please refer to the appendix 1.4 for more detail.
[5]76.6% at constant currency.

Satellite Services Sector. The table below shows the calculation of EBITDA based on the consolidated P&L accounts for FY 2015-16 and 2016-17:

Twelve months ended June 30 (€ millions)	2016	2017
Operating result	662.0	614.8
+Depreciation and Amortization	500.6	532.9
- Other operating income and expenses	2.0	(14.1)
EBITDA	**1,164.6**	**1,133.6**

EBITDA margin is the ratio of EBITDA to revenues. It is computed as follows

Twelve months ended June 30 (€ millions)	2016	2017
EBITDA	1,164.6	1,133.6
Revenues	1,529.0	1,477.9
EBITDA margin (as a % of revenues)	**76.2%**	**76.7%**

Net debt / EBITDA ratio is computed as follows:

Twelve months ended June 30 (€ millions)	2016	2017
EBITDA	1,164.6	1,133.6
Closing net debt[6]	4,006.8	3,640.7
Net debt / EBITDA	**3.4**	**3.2**

Cash Capex

The Group on occasion operates capacity within the framework of financial leases, or finances all or part of certain satellite programs under export credit agreements, leading to outflows which are not reflected in the item "acquisition of satellites and other tangible or intangible assets". Cash Capex including these two elements is published in order to reflect the totality of Capital Expenditures undertaken in any financial year.

Cash Capex therefore covers the acquisition of satellites and other tangible or intangible assets as well as payments in respect of export credit facilities and long term financial leases on third party capacity.

[6]Net debt includes all bank debt, bonds and all liabilities from long-term lease agreements and Export Credit Agencies as well as Forex portion of the cross-currency swap, less cash and cash equivalents (net of bank overdraft).

Cash Capex for 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 2016-17[7] (payment of €95.2m) which was already accounted for in FY 2015-16 cash capex. Cash Capex for 2016-17 is also net of the €132.5m received from ViaSat.

The table below shows the calculation of Cash Capex for FY 2015-16 and 2016-17:

Twelve months ended June 30 (€ millions)	**2016**	**2017**
Acquisitions of satellites, other property and equipment and intangible assets	(390.2)	(393.0)
Repayments of ECA loans and long-term capital leases[8]	(29.0)	(153.9)[9]
Payment owed to RSCC in respect of lease of EUTELSAT 36C blocked in fiscal year 2015-16 due to Yukos legal proceeding	(95.2)	-
Payment received from ViaSat[10]	-	132.5
Capex per financial outlook definition	**(514.4)**	**(414.4)**

Discretionary free cash flow (DFCF)

The Group communicates on Discretionary free cash flow which reflects its ability to generate cash after the payment of interest and taxes. DFCF generally and principally serves the dividend payment and debt reduction.

Discretionary free cash flow is defined as Net cash flow from operating activities less Cash Capex as well as interest and other financial costs, net of interest income.

The table below shows the calculation of Discretionary free cash flow for FY 2015-16 and 2016-17 and its reconciliation with the cash flow statement:

Twelve months ended June 30 (€ millions)	**2016**	**2017**
Net cash flows from operating activities	895.7	982.9
Acquisitions of satellites, other property and equipment and intangible assets	(390.2)	(393.0)
Repayment of Export credit facilities[11]	(18.8)	(62.9)
Repayment in respect of long-term leases[12]	(10.2)	(186.2)
Interest and other fees paid net of interest received	(134.0)	(160.7)
Payment received from ViaSat[13]		132.5
Payment to RSCC in respect of lease of EUTELSAT 36C included in FY 2015-16 Discretionary Free-Cash Flow	(95.2)	95.2
Discretionary Free-Cash Flow	**247.3**	**407.8**

1.5 PROFORMA REVENUES

Proforma revenues

[7] In FY 2015-16 the payment was frozen in the context of the legal action brought against the Russian State by former Yukos shareholders.
[8] Included in lines "Repayment of borrowings" and of "Repayment of finance lease liabilities" of cash-flow statement
[9] Excluding payment to RSCC mentioned above (€95.2 million)
[10] Included in the line "Transactions relating to non-controlling interests" of cash-flow statement
[11] Included in the line "Repayment of borrowings"of cash-flow statement
[12] Included in the line " Repayment in respect of finance lease liabilities"of cash-flow statement
[13] Included in the line " Transactions relating to non-controlling interests " of cash-flow statement

Proforma revenues for FY 2015-16 were published with the H1 revenues release on 9 February 2017. They reflect:

- The disposal of some businesses: Alterna TV (Video) deconsolidated from April 2016, Wins/DHI (Mobile Connectivity) deconsolidated from end-August 2016 and DSAT Cinema (Video) from end-October 2016;
- A 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).

The table below shows quarterly revenues for FY 2015-16 (proforma) and FY 2016-17 under the new classifications:

In € millions	Three months ended				Fiscal year 2015-16	Three months ended				Fiscal year 2016-17
	Sep 2015	**Dec 2015**	**Mar 2016**	**Jun 2016**		**Sep 2016**	**Dec 2016**	**Mar 2017**	**Jun 2017**	
Video	227.6	237.1	236.7	235.7	937.0	226.5	228.9	228.1	224.3	908.0
Fixed Data	51.8	49.2	47.0	45.1	193.0	43.4	41.4	42.1	41.1	168.1
Government Services	47.6	47.3	45.3	40.7	180.8	42.3	43.8	45.2	44.8	176.1
Fixed Broadband	21.3	19.8	17.8	22.2	81.1	24.9	23.7	24.2	23.4	96.2
Mobile Connectivity	17.2	15.1	13.8	13.9	60.0	20.6	17.9	*17.2*	*18.9*	*74.6*
Other revenues	17.8	10.6	15.2	7.2	50.8	27.1	14.5	*7.5*	*6.0*	*55.0*
Total	**383.2**	**379.0**	**375.7**	**364.7**	**1,502.6**	**384.8**	**370.2**	**364.3**	**358.5**	**1,477.9**

Reported Revenues

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

In € millions	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	239.1	235.6	943.6	224.3
Data Services	58.8	59.3	54.4	57.6	230.0	56.8
Value-Added Services	29.7	25.4	25.3	27.4	107.8	29.4
Government Services	53.0	53.2	49.7	43.9	199.9	47.1
Other revenues	16.7	9.4	14.5	7.2	47.7	27.1
Sub-total	**387.7**	**386.7**	**383.0**	**371.6**	**1,529.0**	**384.8**
Non-recurring revenues	-	-	-	-	-	--
Total	**387.7**	**386.7**	**383.0**	**371.6**	**1,529.0**	**384.8**

2 MAIN MARKETS AND STRATEGY

The Group's activities are described in the Section 3 of this document.

2.1 THE FIXED SATELLITE SERVICES INDUSTRY

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (e.g. private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The rapid growth of television worldwide, expanding volumes of communication, particularly via the Internet, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector generated global revenues of 11.5 billion dollars US at 31 December 2015.

2.1.1 A market with visibility

Eutelsat: a core player in the most resilient segments

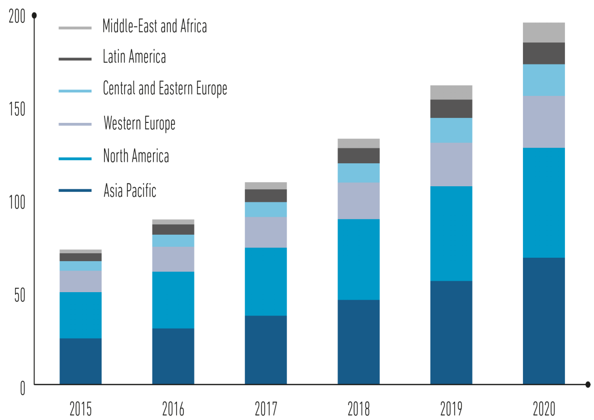
Visibility on the FSS market is underpinned by several factors:

- satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;
- customers, especially those in the Video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

Video Applications, Eutelsat's core business, is highly resilient and its significant backlog provides visibility on future revenues.

Furthermore, as an infrastructure used to distribute content, satellite benefis from the trend of secular growth in usages and global data traffic.

▸ Global Internet traffic evolution *(in EB per month)*



Source: Cisco, VNI 2016.

2.1.2 An increase in usages driven by the digital revolution

Eutelsat: a key player in the distribution of Video content

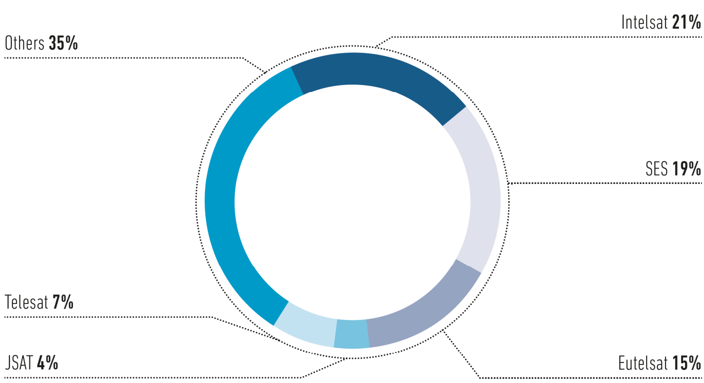
The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD) which require additional bandwidth. Moreover, despite a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services, linear television remains the primary means to view video content.

Furthermore, for homes without access to fibre optic networks, hybrid solutions combining satellite and broadband terrestrial networks enable end users to receive video signals of high image quality via satellite while the bandwidth available on the broadband infrastructure is enables to offer a range of services and content. These hybrid solutions are already available and are becoming the preferred solutions in the many areas of the world, both developed and emerging, where fibre optic is not available.

2.1.3 A fast-changing and competitive environment

The three largest operators – Intelsat, SES and Eutelsat – together have 56% market share in the FSS sector.

▸ Operators global market share
(based on revenues)



Source: Euroconsult, 2016 edition.

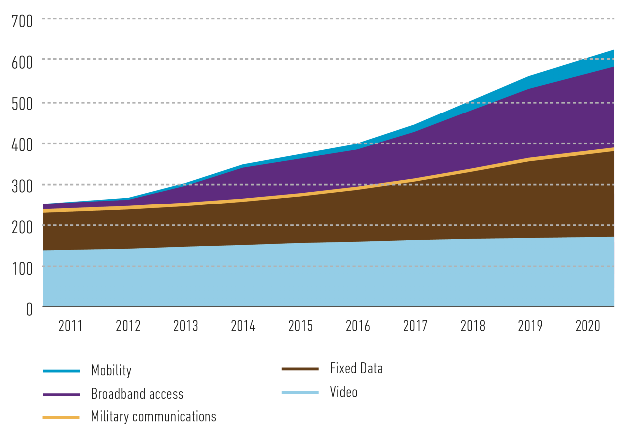
At regional level, some operators have also implemented investment programmes with a view to expanding on their markets and competing with global operators. These programmes may encounter obstacles such as the high level of investment, expertise and commercial effort required and the complexity of the international regulatory environment.

Nevertheless, the emergence of regional operators, together with the expansion of established operators, is reflected in an increase in the amount of satellite capacity on the market. Regular capacity is forecast to grow by 4% between 2015 and 2020 while HTS capacity supply is expected to be multiplied by five over the same timeframe.

2.2 A DUAL MARKET DYNAMIC

In the Fixed Satellite Services sector, the traditional businesses are Video, Fixed Data and Government Services. In the markets covered by the Group, and despite continued growth for Video in emerging markets, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe) and an increase in supply which is weighing on pricing in Data Services. At the same time, new high-growth segments have emerged in recent years, notably the "Connectivity" businesses of Fixed Broadband and Mobile Connectivity, which present significant new opportunities for satellite operators.

▸ Breakdown by application of global demand in GHZ (consolidated demand for regular and HTS capacity)



Source: Euroconsult, 2016 edition.

2.2.1 Core businesses – market prospects

2.2.1.1 Video

In 2016, Video was the largest segment of the FSS market, accounting for circa 4,000 transponders worldwide, equivalent to 58% of the volume of regular capacity available on the market (source: Euroconsult, 2016 edition). Overall the Video market is growing driven by demand in emerging countries.

- The number of homes equipped with a satellite terminal should increase globally by 50 million between 2016 and 2021 with the penetration of satellite-based television services rising from 24 to 26% of the global population (source: Digital TV Research).
- The number of channels broadcast by satellite worldwide has increased from over 30,000 to over 40,000 over the last five years and should exceed 47,000 by 2025 (source: Euroconsult, 2016 edition).

Market dynamics differ between developed and emerging countries.

In developed countries:

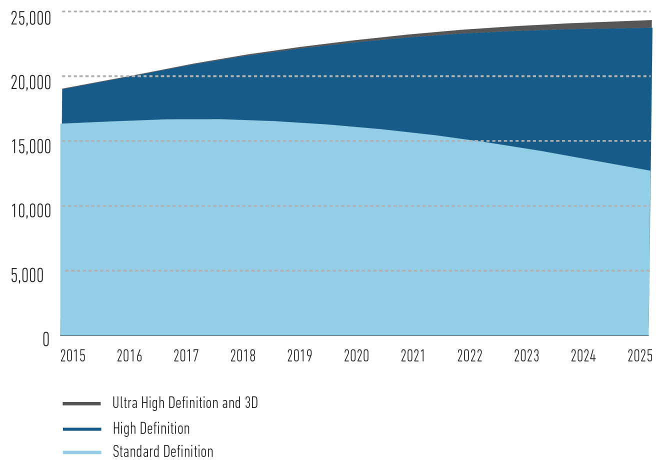
- The market is mature. In Europe in particular, trends should be broadly stable with HD and UHD ramp up offsetting improvement of compression and encoding format. The number of channels should be broadly stable in the next five years.
- Requiring almost twice as much satellite capacity as standard definition (a 36 Mhz transponder can broadcast around 12 Standard Definition channels in MPEG-2 format or six to eight HD channels in MPEG-4 format), the HD penetration rate on Eutelsat satellites has risen in one year from 13.6% to 17.2% in the past year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 13% in EMEA and Latin America over the 2015-2025 period to more than 10,000 channels by 2025.
- Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently twice as bandwidth-hungry than HD, even factoring in the efficiencity gains brought by the new HEVC compression format.
- Conversely, technological advances in the compression of television signals together with the discontinuation of simulcast channels have a negative impact on capacity requirements. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thereby optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market. However, Eutelsat is more advanced on compression (with MPEG-4 channels representing 52% of the channels broadcast by the Group) than on HD penetration (with an HD penetration of 27%). Therefore future HD ramp-up should largely offset generaliszation of MPEG-4.
- The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design a new generation of “hybrid” terminals that combine access to both television and the Internet. Eutelsat’s teams are involved in this process and are continuously working to enhance pay television services and supply connected television services.

In emerging countries demand is growing. According to Euroconsult, between 2015 and 2020 demand for capacity for Video Applications will grow by 3.6% a year in Latin America, sub-Saharan Africa, the Middle East and North Africa, Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast which has more than doubled over the past five years. The potential for further growth is robust since, for example, there are currently only two channels per million inhabitants in sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

Moreover HD penetration is weaker than in mature countries. For example, in sub-Saharan Africa, HD penetration stands at just 4% compared with 24% in Western Europe (source: Euroconsult, 2016 edition). HD penetration is forecast to in these regions which will have an additional positive effect on demand.

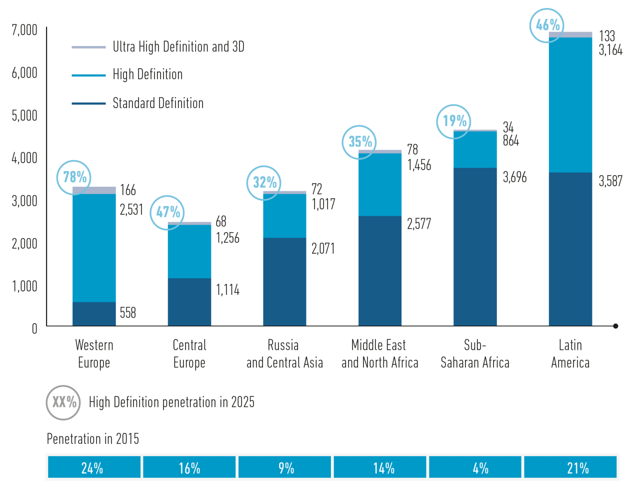
Finally the rise of Digital Terrestrial Television (“DTT”) in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

▸ Evolution of the number of SD, HD and UHD channels in extended Europe and Latin America



Source: Euroconsult, 2016 edition.

▸ HD Penetration by subregion in 2025



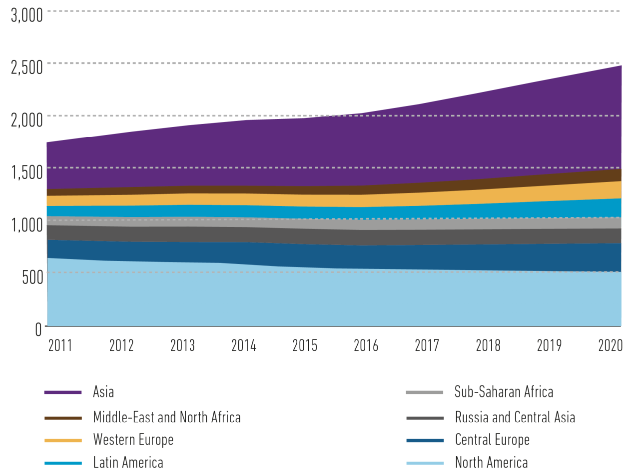
Source: Euroconsult, 2016 edition.

2.2.1.2 Fixed Data

The Fixed Data market is composed of several segments: business networks, the interconnection of mobile networks and trunking.

- VSAT business networks: although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas, in particular in emerging countries, satellite technology is therefore the optimal solution. Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms; and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. More than two million VSAT terminals for business networks are in operation globally and this is expected to continue to continue to grow as illustrated by the chart below.

▸ Development in number of V-SATS per region *(in thousands)*



Source: Euroconsult, 2016 edition.

- **Interconnecting mobile networks and "trunking":** The market for **interconnecting mobile networks** is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) for transmitting information between these points. It is concentrated in emerging countries, in particular Latin America and Southern Asia. In the medium term the development and the extension of data-greedy 3G/4G mobile networks should generate an additional demand for satellite capacity. However in the longer term satellite will come up against growing competition linked to the extension of terrestrial networks in this vertical.

  The market for **interconnecting mobile networks** should gradually migrate towards new HTS capacities, which enables satellite operators to offer 3G/4G Data Services, (significantly increasing the volume of data transmitted). In the longer term, it too will also encountercome up against growing competition linked to the extension of terrestrial networks.

- The "trunking" market is defined as the transmission of information (voice or data, also known as "IP trunking") between one national backbone network and another. This market is in decline in both volume and value in large part due to competition from fibre optic. Nevertheless, satellite technology still plays an important role in areas that are not connected to the terrestrial network (e.g. certain Pacific islands) or that have a poor connection to the network (such as the west African coast). There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable.

Overall demand is growing in volume notably thanks to increased Data trafic but is accompanied by a significant decline in prices caused by several factors:

- The amount of satellite capacity dedicated to fixed data has increased significantly and continues to grow;
- Terrestrial networks are competing with satellite technology on this market segment;
- The arrival of HTS satellites has led to a reduction in the production cost of capacity which in turn impacts prices.

As a result revenues for Fixed Data are expected to decline in the coming years albeit certain segments, particularly point-to-multipoint applications (which account for more than half of Eutelsat's Fixed Data revenues), should be more resilient in the short and medium term.

2.2.1.3 Government services

After several years of decline demand in volume in the military Government Services market is currently stabilising. In the medium-term the expected return to growth of the military market on the back of developments in security, safety and IT systems and the increasing use of commercial capacities by governments seeking to rationalise the spending represent key drivers.

Demand from the US Government, a key customer in this segment, is stabilising, albeit at much lower prices than before. Like Data Services, this segment will be impacted by the arrival of HTS capacity, although it is expected to migrate more slowly. On the other hand there are growth opportunities in other regions such as Europe, Asia and the Middle East, where governments are increasingly turning to commercial operators for their satellite capacities.

The civil government services market also opens up opportunities, for example in offering additional services to connect public infrastructure (such as schools and hospitals) in remote regions.

2.2.2 Connectivity Applications – market prospects

The market for Connectivity Applications represents one of the greatest potential medium and long-term growth opportunities in the satellite segment.

2.2.2.1 Fixed Broadband

The number of homes equipped with a satellite terminal connected to the Internet has risen by 65% in five years to over 2.6 million worldwide (source: Euroconsult, 2016 edition). Mainly confined to the European and North-American markets at this stage, Satellite Broadband is expected to grow in the years ahead, notably expanding to new regions (Latin America, Africa, Russia…).

The development of the market for Fixed Broadband is driven by the following factors:

- In all geographical areas millions of homes will long remain out of reach of terrestrial infrastructures. Therefore, the satellite is the only way for them to have access to Internet, representing a highly significant addressable market for the FSS industry. In Europe for instance five million homes will still be deprived of fixed terrestrial Internet connection exceeding 10 Mbps and 4G indoor Connectivity in 2030 in spite of the investment programmes announced by governments and telecom operators. In most emerging countries the deployment of terrestrial networks is lagging behind mature countries, which means the addressable market in those countries is even more significant.
- The emergence of HTS satellites (“High Throughput Satellites”) in the Ka frequency band significantly reduces the cost of access to satellite resources for connectivity services while offering a customer experience comparable to that of terrestrial technologies. The deployment early in the next decade of VHTS satellites ("Very High Throughput satellites") with dramatically increased capacity compared to the HTS satellites, will enable a far larger number of users to be provided with competitive offers in terms of price and quality of service, leading to a change in scale in these markets.

2.2.2.2 Mobile Connectivity

Broadband mobile communication is a market with strong growth potential.

In particular the provision of capacity for the in-flight Connectivity market is currently worth around 200 million euros and should exceed one billion euros by 2025. Demand in terms of volume is indeed expected to increase sharply on the back of the following factors:

- The continuous rise in air traffic with commercial aviation set to grow by 4.6% per year on average between now and 2034 (source: Airbus Global Market Forecast 2015-2034);

- Passengers' growing demand for Connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- The desire of airlines to offer this new service as a way of differentiating themselves from competitors;
- The arrival of HTS satellite capacity (and subsequently VHTS capacity), giving access to larger capacities at a lower cost and enabling a very-high speed experience to be offered to passengers;
- The proliferation of rotating flat dishes, reducing indirect costs (weight and maintenance).

The market for maritime satellite Connectivity is also expected to increase on the back of growth in usages and worldwide growth in the shipping trade. However, the exposure of Eutelsat to this market is relatively limited.

Finally, mobile usages, thus far largely confined to the maritime and aviation sectors, will expand to encompass connected cars and land-based transport in the longer term. There are therefore many opportunities for the satellite mobility market to diversify, and hence transition from niche to mass.

2.3 GROUP STRATEGY

In the face of the market environment, Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximize the revenue generation of its businesses by adapting its operational and financial objectives. The second step will see the Group preparing to return to growth by building on Video and capturing the longer-term potential in Connectivity.

To this end, Eutelsat has realigned its organisation along the following five business lines: Video Applications, Fixed Data, Government Services, Fixed Broadband and Mobile Connectivity. This organisation will facilitate the maximization of the cash flow of each application and strengthen Eutelsat's focus on its customers' needs.

2.3.1 Maximising free cash flow generation

The maximisation of Discretionary free cash flow generation will be achieved through two sets of measures, financial and operational, aimed at optimizing the revenue generation of Eutelsat's core businesses (Video, Fixed Data and Government Services).

2.3.1.1 Financial Measures

Financial measures are structured around three areas:

- **Reducing capex:** capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will notably be driven by the implementation of a "design-to-cost" approach which started to bear fruit in 2016-17 with the order to EUTELSAT 5 WEST B (in fall 2016) which led to savings in excess of 30% compared to the theoretical replacement cost of EUTELSAT 5 WEST A. Several other elements will also contribute to capex reduction, in particular a focus on hosted payload and partnership or "condosats" opportunities when appropriate, the capitalisation on industry-wide efficiency improvements and the strict monitoring of Ground capex. As a result, average annual capex for the period July 2017 to June 2020 will be reduced to 420 million euros (compared with an annual average of 500 million euros for the period July 2015 to June 2018).
- **Optimising the cost of debt** as described in section 6.4.2 of this document, which will allow for cumulative savings of around 50 million euros per year before tax from January 2019.
- **Controlling operating costs** with the implementation of "LEAP" cost-savings plan aimed at generating 30 million euros in annualised savings by 2018-19.

All these measures will help to grow the Group's free cash flow in the medium term.

Furthermore, Eutelsat has been streamlining its portfolio of assets with, in 2016-17, the disposal of Wins/DHI and the exercise of the put option for the disposal of its stake in Hispasat. On the later, Eutelsat and Abertis have reached agreement on a consideration of 302 million euros.

2.3.1.2 Adaptation of strategy in core business

Video Applications

The Group's strategy for mature countries will consist in optimising the value of its assets by:

- increasing direct access to its customers when and where appropriate;
- integrating or reorganizing indirect distribution;
- stimulating HD and Ultra HD take-up by means of tailored pricing;
- implementing more segmented pricing strategies.

There will be a particular focus on optimising the value of the HOTBIRD position and on taking back unsold capacity from certain distributors, thereby optimising distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat's value proposition by attracting premium channels in different language pools, increasing sales of services and prioritising HD and UHD ramp-up through appropriate incentives.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- Benefiting from its recent investments in the 7/8° West (the entry into service of EUTELSAT 8 West B covering the Middle East and North Africa in October 2015) and 36° East positions (the entry into service of EUTELSAT 36C in February 2016, which provides, amongst others, additional coverage in sub-Saharan Africa;
- Continuing to invest selectively, notably at the 7° East position. The launch of EUTELSAT 7C in 2018 will significantly improve coverage in sub-Saharan Africa where the Video market is expanding rapidly.

In emerging regions the flexibility to increase prices will be prioritised over contract length to maximise the value of the customer portfolio.

Eutelsat will support the digital revolution in all geographical regions by offering customers a range of innovative services including Smart LNB, a multi-screen delivery solution, and the Fransat portal.

Fixed Data

In the context of the price pressure and growing volumes described above, Eutelsat's priority will be to fill existing capacity by adapting its pricing policy.

There will also be a focus on the following areas:

- Less competitive geographies such as Alaska and Mexico;
- complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;
- Opportunities in verticals where satellite has untapped potential, such as agriculture and the Internet of Things;
- Services to governments to enable them to expand their programmes aimed at reducing the digital divide (e.g. connecting schools and hospitals and public-private partnerships).

Contract length and volumes will be prioritised over price to secure orders. Furthermore given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for Fixed Data Services.

Government Services

Eutelsat will continue to work with the US Department of Defense with a view to growing sales in new sub-segments. The arrival of EUTELSAT QUANTUM, the new software-based reconfigurable satellite, in 2019 will help to differentiate its value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The applications enabled by this new concept in satellite technology are particularly suited to customers in the Government Services sector who are seeking operational flexibility. Eutelsat will also seek to expand its operations to other governments in particular in Europe, the Middle-East and Asia.

2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return is based on the development of the core Video business and the seizure of long-term opportunities in Fixed Broadband and Mobile Connectivity.

2.3.2.1 Pursuing growth in Video

Video via satellite will continue to grow and Eutelsat expects that in the longer term Video distribution globally will mostly be split between satellite and IPTV. Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

- improving the end-user experience through, for example, Connected Television, multi-screen delivery solutions and digital Connected Television programme guides;
- managing meta-data in order to target advertising;
- compression, encryption and security.

These services will help to strengthen relations with customers while at the same time creating opportunities to generate additional revenues by capturing a share of the value created.

To this end the Group will continue to implement an innovation policy. Recent innovations include the "Smart LNB" antenna for Direct-to-Home, designed mainly for emerging markets which allow broadcasters to operate linear television and connected TV services directly by satellite.

The Group has also developed a solution for broadcasting native IP Video content to mobile terminals in homes and public places (e.g. hotels, shopping malls and airports) via satellite. Thanks to this solution, video platform operators can broadcast channels live in IP format via satellite by creating a network dedicated to all IP-native terminals, such as tablets and smartphones.

2.3.2.2 Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

Fixed Broadband

Eutelsat's initial aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

- The KA-SAT satellite in Europe, in service since 2011;
- The HTS payload in Ka-band on EUTELSAT 36C covering Russia: broadband services kicked off in fall 2016

and a partnership has been implemented with Russian Pay-TV operator, Tricolor TV;

- A project to develop Broadband in Africa (KonnectAFrica), first with capacity leased from Yahsat, and subsequently with the launch of a dedicated African Broadband satellite. Broadband services were launched in June 2017;
- The payload in Ka-band on EUTELSAT 65 West A covering Latin America which is fully leased.

Eutelsat will prepare for the mass-market adoption of this application. An important milestone was reached in 2016-17 with the agreement with the US operator, ViaSat. Eutelsat and ViaSat closed a 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 is composed of two entities: infrastructure (51% owned by Eutelsat and 49% by ViaSat) and retail (51% owned by ViaSat and 49% by Eutelsat). 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 after concluding final contractual terms.

This paves the way for a step-up in Connectivity from the early 2020s, with no change to the capex outlook while teaming with a strong partner in terms of technology and distribution.

In the meantime, Eutelsat continues to work with industrial partners to reduce the cost of terminals.

Mobile Connectivity

To capture the growth in Mobility the Group will adopt a step-by-step approach leveraging its existing assets, in particular its strong orbital positions:

- Further development of in-flight Connectivity on KA-SAT in partnership with ViaSat. In 2016-17, agreements to provide capacity to the SAS and Finnair fleets were reached;
- At 172° East where capacity was expanded with the launch of EUTELSAT 172B which includes a payload dedicated to in-flight Connectivity and has been selected by Panasonic;
- At 3° East, where the Group 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 medium-/long-haul aircrafts of Saudi Arabian Airlines, covering flight paths from the Middle East to Europe;
- At 10° East and 70° East.

Furthermore, Eutelsat will focus on securing the prerequisites ready for the transition to a mass market. From this perspective, the abovementionned agreement with ViaSat and notably the project to jointly invest in VHTS capacity is a significant milestone to ensure the appropriate capacity over EMEA, allowing the delivery of a very-high speed experience in flight at competive costs, thus adressing market needs.

In the meantime, Eutelsat is working with all stakeholders involved in Mobility markets, notably antenna manufacturers with a view to position itself on future markets such as connected cars.

3 PRESENTATION OF THE SERVICES OFFERED BY THE GROUP AND REVIEW OF 2015-16 ACTIVITY

3.1 GROUP'S ACTIVITIES

Operating capacity on 39 satellites in-orbit between 117° West and 172° East providing coverage of EMEA[14], the Americas and a large part of the Asian continent, the Group delivers its services to broadcasters and network operators directly or via distributors.

As of 30 June 2017, Eutelsat's revenues were 1,477.9 million euros, of which 64% came from Video Applications. The backlog stood at 5.2 billion euros, of which 85% for Video Applications.

3.1.1 Core business

3.1.1.1 Video Applications

Accounting for 64%[15] of Eutelsat's revenues, revenues for Video Applications stood at 908.0 million euros for the 2016-17 financial year.

Video Distribution ("Direct to Home")

Eutelsat provides its customers with broadcasting capacity and associated services to enable them to transmit TV programmes mainly to households that are either equipped to receive them direct via satellite, or - to a much lesser extent - connected to cable or IP networks. The Group occupies a key place in the audiovisual chain which extends from the reporting site to the TV viewer's screen.

With 6,630 TV channels (including 1,142 in High Definition) broadcast via the Group's in-orbit resources as at 30 June 2017, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle East, North Africa and sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of new broadcasting formats (High Definition, 3D, Ultra High Definition).

Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: for example, the Group launched the HOTBIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra-HD channel in this new standard. At 30 June 2017, Eutelsat carried 13 UHD channels on its fleet at the following orbital positions: HOTBIRD (Europe), 36° East (Russia) and 7° East (MENA).

Eutelsat's business model is based on long-term relationships with its its broadcasting customers, the opening of new in-orbit resources, the increase in programme offerings and in the numbers of antennae pointed at the Group's satellites.

The Group's customers for video distribution include leading broadcasters such as Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, M7 in Germany, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal + Overseas and ZAP in Africa and Milicom in Latin America.

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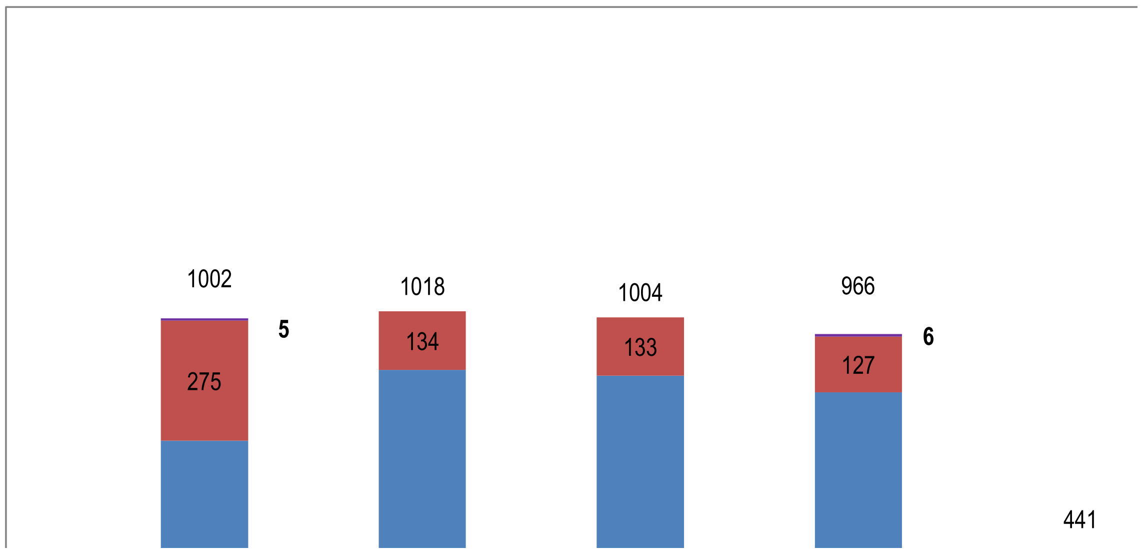
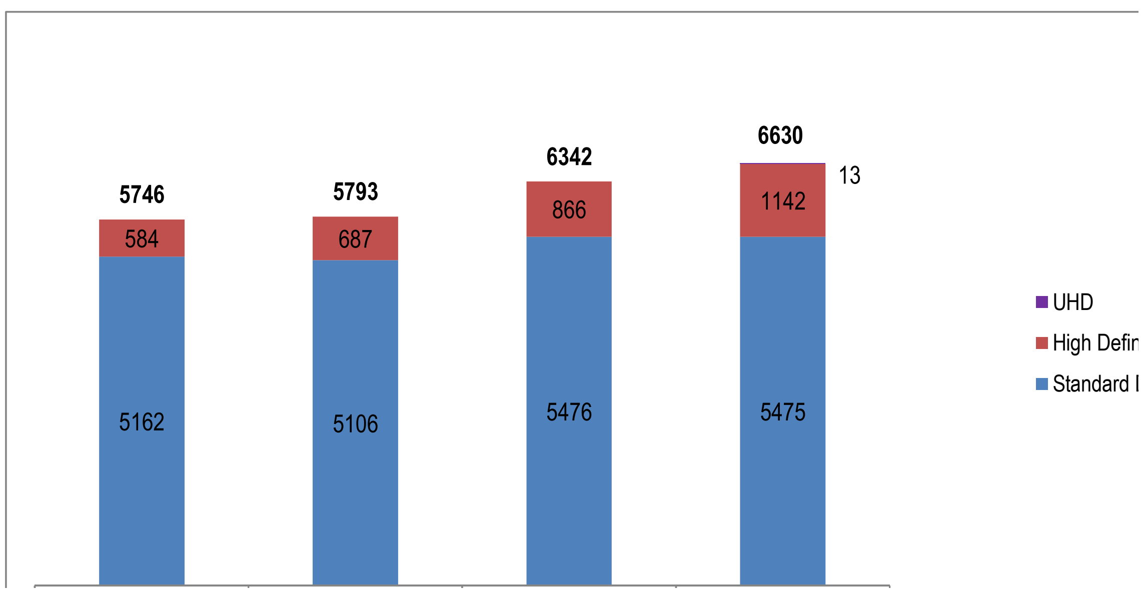
[14] Extended Europe consists of Western Europe, Central Europe, Russia &Central Asia, North Africa, the Middle-East and Central Asia

[15] The share of each application as a percentage of total revenues is calculated excluding "other revenues"

Channels broadcast on the Group's satellites at Eutelsat's main Video neighbourhoods



Number of channels on Eutelsat's fleet



Source: Eutelsat Communications.

Research published in January 2015 by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle-East stands at 274 million, up by 32% since 2010, of which 138 million receive channels from the HOTBIRD neighbourhood, up from 122 million in 2010. All eight neighbourhoods continue to experience audience growth.

Direct-to-Home remains the leading reception mode across the combined Europe, Russia, North Africa and Middle-East footprint. The number of Direct-to-Home households is growing, up by 44% to 160 million homes between 2010 and 2014.

Regarding general trends in DTH, cable, IPTV and DTT reception in the more mature Western European markets, 15 countries were surveyed, accounting for 179 million TV homes. DTH was confirmed as the main mode for TV reception in Western Europe, up 7% to 58 million homes from 54 million in 2010 and accounting for one in three homes.

In France, the Fransat service, which transmits free DTT channels via the EUTELSAT 5 West A satellite, is received by more than 2 million households.

Professional Video services

The Group provides television channels or broadcasting platforms with point-to-point links, enabling them to route their programmes to dedicated teleports so they can be picked up on satellites offering broadcasting services for television channels. These professional video links also enable the establishment meshed networks which are used for the exchange of TV station programmes.

Elsewhere, the Group provides links for the transmission by broadcasters of current affairs programmes ("Satellites News Gathering" or SNG) in standard digital or in High Definition. For example, the NewSpotter service, available on the KA-SAT satellite, extends the perimeter of the Group's offers with a low-cost solution based on cheap and easy-to-use terminals.

The Group's customers for this type of service include the European Broadcasting Union (EBU), Sky, Globecast, Arqiva, as well as video reporting professionals and sports federations.

3.1.1.2 Fixed Data

Fixed Data revenues stood at 168.1 million euros for fiscal year 2016-17 and represented 12% of Eutelsat's revenues. On this segment Eutelsat's business is split between Corporate Networks, Mobile backhauling and Trunking.

Satellite corporate networks enable corporates to connect their network via satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly via service providers but the main users include for example the oil and gas industry, banking or distribution. Corporate networks represent more than half of Eutelsat's Fixed Data Services revenues. Revenues related to non-military applications for governments or NGOs such as programs to reduce the digital divide (e-Education, e-health) are also classified in Fixed Data.

Within the mobile network (backhaul) and Internet backbone connection (trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms via satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. Demand in strong in emerging markets (Africa, the Middle East, Latin America and Asia-Pacific) where the Group has a longstanding presence.

3.1.1.3 Government Services

Government Services revenues amounted to 176.1 million euros in fiscal year 2016-17 and represented 12% of Group revenues.

Government missions require reliable global communications that can be rapidly deployed throughout the world. The Group's satellites provide direct links between Europe, the Middle East, Africa, Western Asia and the Americas.

The Group addresses the needs in terms of satellite capacity required by intelligence, surveillance, safety, security and reconnaissance systems, particularly for the US administration. . In order to better respond to satellite needs of government and institutional markets in EMEA region, Eutelsat has created Eutelsat Government EMEA, early 2015.

3.1.2 CONNECTIVITY

3.1.2.1 Fixed Broadband

Fixed Broadband revenues amounted to 96.2 million euros in fiscal year 2016-17 and represented 7% of Group revenues.

The Group offers Internet access solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks. More than 150,000 users, mainly in France, UK, Italy, Spain and Germany utilize Internet Access services on KA-SAT.

The range of services for private individuals (Tooway) offers download speeds of 22 Mbps and upload speeds of 6 Mbps, as well as the benefit of highly significant download volumes. These offers are mostly marketed by retailers who supplement the Internet access offer with additional services, such as voice on IP or access to a television package via satellite. In the framework of the partnership with ViaSat, this indirect approach will be completed by a retail joint-venture (51% owned by ViaSat and 49% by Eutelsat) which is in charge of the direct commercialization of the Broadband Service to end-users in selected areas. Furthermore, a joint-investment in VHTS capacity which will provide increased throughput at a better cost will further strenghthen available resources in EMEA at the beginning of the next decade.

A wide range of services for professionals are also commercialized on KA-SAT. The main markets targeted include Internet access markets for businesses and local authorities, the interconnection of private virtual networks, the security and safety of terrestrial networks by means of back-up satellite links and the deployment of remote surveillance solutions (SCADA). For example, KA-SAT is used at off-shore sites on the North, Baltic and Mediterranean Seas and can provide broadband access where there is a lack of terrestrial infrastructure for construction companies, event organisers, hotels and public safety organisations.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Brazil on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat also provide Broadband Internet access services in Russia on the EUTELAT 36C satellite since fall 2016. Furthermore, since June 2017, the Group offers Broadband Internet access services in Sub-Saharan Africa via capacity leased on the fleet of Yahsat.

3.1.2.2 Mobile Connectivity

Mobile Connectivity revenues amounted to 74.6 million euros in fiscal year 2016-17 and represented 5% of Group revenues. The capacity is used to provide Connectivity services on planes and to a lesser extent ships.

The Group has a portfolio of assets with capacity dedicated to Mobile Connectivity (in-flight or maritime) at 3° East, 10° East, 172° East and 117° West orbital positions as well as on the KA-SAT satellite. In the value chain, the Group is a raw capacity provider and its main customers are distributors /integrators such as Panasonic, GoGo, ViaSat or Taqnia, which resell turnkey services to airlines or shipping companies.

Eutelsat's on-board solution for aircraft, "Internet Air Access", offers passengers top-quality Internet access, a video streaming service, and mobile telephony services accessible on tablets, smartphones and laptop computers throughout European airspace. For example, Eutelsat is providing capacity on KA-SAT for the fleets of Finnair and SAS.

Furthermore, 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.

In June 2017 the Group launched the EUTELSAT 172B satellite which includes a Ku-band HTS payload specifically designed for in-flight Connectivity over the Pacific region. This capacity which will enter into service in fiscal year 2017-18, has been selected by Panasonic Avionics Corporation as a platform for in-flight Connectivity and entertainment for airlines serving the Asia-Pacific area.

3.2 ANALYSIS OF THE ACTIVITY DURING THE YEAR

3.2.1 Revenue[16]

Total revenues for FY 2016-17 stood at €1,477.9 million, down 2.2% at constant currency and perimeter. On a reported basis revenues were down 3.3%, reflecting a 1.7 point negative perimeter effect (disposal[5] of Alterna'TV, Wins/DHI and DSAT Cinema) and a 0.6 point positive currency effect.

Revenues for the Fourth Quarter stood at €358.5 million, with a like-for-like change of -3.1% year-on-year and -0.9% quarter-on-quarter.

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

Revenues by business application

Previous reported applications		Proforma: New applications			Variation	
In € millions	FY 2015-16	In € millions	FY 2015-16[17]	**FY 2016-17**	**Vs. reported revenues**	**Like-for-like change[18]**
Video Applications	943.6	Video Applications	937.0	**908.0**	*N/A*	-3.3%
Data Services	230.0	Fixed Data	193.0	**168.1**		-14.0%
Value-Added Services	107.8	Government Services	180.8	**176.1**		-4.1%
Government Services	199.9	Fixed Broadband	81.1	**96.2**		+18.4%
Other revenues	47.7	Mobile Connectivity	60.0	***74.6***		+22.5%
Sub-total	**1,529.0**	Other revenues[19]	50.8	***55.0***		+7.5%
Non-recurring revenues	-	-	**-**	**-**		**-**
Total	**1,529.0**	**Total**	**1,502.6**	***1,477.9***	***-3.3%***	***-2.2%***
		EUR/USD exchange rate	*1.108*	***1.089***		

Core businesses

Video Applications (64% of revenues)

In FY 2016-17 revenues from **Video Applications** were down 3.3% like-for-like to €908.0 million.

Revenues from Broadcast were down 2.2%, reflecting the negative impact of the rationalisation of capacity and the end of Orange contract at the HOTBIRD position as well as lower revenues from FRANSAT off an exceptionally high base in FY 2015-16. Excluding these two factors, Broadcast revenues would have risen 2.7%, notably on the back of the contribution of incremental capacity launched during the course of FY 2015-16 (EUTELSAT 8 West B and EUTELSAT 36C).

Professional Video revenues were down 12.4% year-on-year reflecting the on-going tough competitive environment in this application.

Fourth Quarter revenues stood at €224.3 million, down 5.4% year-on-year and 1.4% quarter-on-quarter.

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16 i) All revenue growth rates are at constant currency and perimeter; ii) the share of each application as a percentage of total revenues is calculated excluding "other revenues"

17 Proforma revenues reflecting disposals of Alterna'TV, Wins/DHI and DSAT Cinema. For more details, please refer to appendix 2.

18 At constant currency and perimeter.

19 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.

At 30 June 2017 the total number of channels broadcast by Eutelsat satellites stood at 6,630 (+280 year-on-year). High Definition penetration continued to increase, representing 17.2% of channels compared to 13.6% a year earlier, or a total of 1,142 channels, versus 863 a year earlier (+279).

Fixed Data (12% of revenues)

In FY 2016-17 revenues from **Fixed Data** were down 14.0% like-for-like to €168.1 million.

They continued to reflect ongoing pricing pressure as a result of highly competitive environment in all geographies which is not offset by additional volumes.

Fourth Quarter revenues stood at €41.1 million, down by 11.5% on a year-on-year basis and by 0.8% quarter-on-quarter. This confirms a sequential quarterly improvement since the beginning of the year, which does not, however alter Eutelsat's cautious view on this vertical in coming years.

Government Services (12% of revenues)

In FY 2016-17 revenues from **Government Services** were down 4.1% like-for-like to €176.1 million reflecting the carry-over effect of lower renewals in the US Department of Defense Spring 2016 campaign. In fiscal year 2016-17 commercial activity was much more favourable with renewal rates of circa 90% in Fall 2016 and 85% in Spring 2017, together with new contracts representing an additional seven 36-MHz equivalent transponders.

Fourth Quarter revenues amounted to €44.8 million, up 6.1% year-on-year and 0.9% quarter-on-quarter.

Connectivity

Fixed Broadband (7% of revenues)

In FY 2016-17 **Fixed Broadband** revenues stood at €96.2 million, up 18.4% year-on-year. This reflected, on one hand the positive effect of the entry into service in May 2016 of EUTELSAT 65 West A - on which the Ka-band payload is fully leased - and a solid European broadband performance driven by positive ARPU trends, and on the other, the negative effect of the early termination of the contract for Ka-band capacity on EUTELSAT 3B in December 2015 (since mostly resold to Taqnia and classified under Mobile Connectivity).

Fourth Quarter revenues amounted to €23.4 million, up 5.0% year-on-year and down 2.2% quarter-on-quarter.

The launch of Konnect Africa in June 2017, and to a lesser extent, the ramp-up of the Russian broadband programme are expected to support revenue growth next fiscal year.

Mobile Connectivity (5% of revenues)

In FY 2016-17 **Mobile Connectivity** revenues stood at €74.6 million, up 22.5% year-on-year, reflecting notably the effect of the agreement with Taqnia for the sale of four spotbeams on the High Throughput payload of the EUTELSAT 3B satellite as well as widebeam capacity sales at several orbital slots, notably 172° East and 21° East and over the Americas. EUTELSAT 172B, successfully launched in June, will bring additional capacity dedicated to this application in FY 2017-18.

Fourth Quarter revenues amounted to €18.9m million, up 30.8% year-on-year, and 12.1% quarter-on-quarter.

Other revenues

In FY 2016-17 **Other Revenues** amounted to 55.0million compared with €50.8 million a year earlier. They included fees in respect of technical and engineering services as well as, in the first quarter, termination fees related to the rationalisation of distribution at HOTBIRD. Since 1 January 2017 'Other Revenues' no longer include revenues related to the agreements with SES at 28.5° East.

3.2.2 Main customers

Preliminary remark: given the nature of the activity which is made predominantly through several distributors, the US Administration is not considered as a unique customer anymore. Comparable information is provided for fiscal year 2015-16.

As of 30 June 2017, the Group's top 10 customers accounted for 35.9% of its revenues with the breakdown as follows:

	Revenue per customer	
	€m	**%**
SKY ITALIA	88.6	6.0%
ORANGE / GLOBECAST	78.8	5.3%
NOORSAT W.L.L.	61.2	4.1%
NILESAT	59.0	4.0%
MULTICHOICE AFRICA LIMITED	50.5	3.4%
TELESPAZIO	47.2	3.2%
ARQIVA / BRITISH TELECOM	45.4	3.1%
ARTEL	37.1	2.5%
ITI NEOVISION/TVN	35.7	2.4%
SPEEDCAST LIMITED	27.1	1.8%
Sub Total Top 10 Customers	**530.7**	**35.9%**
Others	947.2	64.1%
TOTAL	**1 477.9**	**100.0%**

As of 30 June 2016, the Group's top 10 customers represented 37.6% of revenues with the breakdown as follows:

	Revenue per customer	
	€m	**€m**
ORANGE / GLOBECAST	112.9	7.4%
SKY ITALIA	89.2	5.8%
TELESPAZIO	59.5	3.9%
NOORSAT W.L.L.	59.5	3.9%
NILESAT	54.5	3.6%
ARTEL	54.2	3.5%
ARQIVA / BRITISH TELECOM	46.8	3.1%
MULTICHOICE AFRICA LIMITED	39.2	2.6%
SPEEDCAST LIMITED	31.7	2.1%
DIGITAL PLATFORM TEKNOLOJI HIZMETLERI A.S.	26.8	1.8%
Sub Total Top 10 Customers	**574.2**	**37.6%**
Others	954.8	62.4%
TOTAL	**1 529.0**	**100.0%**

3.2.3 Operational and leased transponders

The number of operational 36 MHz-equivalent transponders stood at 1,372 at 30 June 2017, up 44 over 12 months, mainly reflecting the entry into service of EUTELSAT 117 West B in January 2017.

The fill rate stood at 67.9%, compared to 70.9% a year ago, mostly reflecting the entry into service of the new capacity mentioned above.

	30 June 2016	**30 June 2017**
Number of operational 36 MHz-equivalent transponders[20]	1,328	**1,372**
Number of leased 36 MHz-equivalent transponders[21]	942	**931**
Fill rate	70.9%	**67.9%**

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

3.2.4 Backlog

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

At 30 June 2017, the backlog stood at €5.2 billion, down 8% compared to 30 June 2016.

Contracts during the year included notably the agreement with Taqnia for high throughput capacity on EUTELSAT 3B and agreements with NTV Plus at 56° East and 140° East as well as renewal of capacity with Digitürk at 7° East and Arqiva at 28° East.

The backlog was equivalent to 3.5 times 2016-17 revenues with 85% represented by Video, the same level as at 30 June 2016.

	30 June 2016	**30 June 2017**
Value of contracts (in billions of euros)	5.6	**5.2**
In years of annual revenues based on last fiscal year	3.7	**3.5**
Share of Video Applications	85%	**85%**

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

4 A YOUNG FLEET WITH COVERAGE OF MOST OF THE GLOBE

4.1 SATELLITE FLEET

As of 30 June 2017, the Group operated capacity on 39 satellites[22]; of which three in inclined orbit.

FULLY OWNED CAPACITY AS OF 30 JUNE 2017

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(number of physical transponders)*	Nominal (1) capacity *(36 MHz-equivalent transponders / Spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 (2) *(calendar year)*
EUTELSAT 117 West A	116.8° West	Americas	40 Ku / 24 C	42 Ku / 24 C	March 2013	Q4 2035
EUTELSAT 117 West B	116.8° West	Americas	40 Ku	48 Ku	June 2016	Q4 2043
EUTELSAT 115 West B	114.9° West	Americas	32 Ku / 12 C	40 Ku / 24 C	March 2015	Q3 2042
EUTELSAT 113 West A	113° West	Americas	24 Ku / 36 C	24 Ku / 36 C	May 2006	Q3 2023
EUTELSAT 65 West A	65°West	Latin America	24 Ku / 10 C / 24 Ka	24 Ku / 15 C / 24 Ka	March 2016	Q4 2035
EUTELSAT 36 West A(3)	36° West	Americas, Europe	Leased to Third Party	Leased to Third Party	August 2002	Q4 2018
EUTELSAT 12 West B	12.5° West	Europe, Middle-East, Americas	26 Ku	31 Ku	September 2001	Q1 2019
EUTELSAT 8 West B	8° West	Middle-East, Africa ; Latin America	40 Ku / 10 C	42 Ku / 20 C	August 2015	T3 2033
EUTELSAT 7 West A	7° West	Middle-East, North Africa	50 Ku	52 Ku	September 2011	Q4 2032
EUTELSAT 5 West A	5° West	Europe, Americas, Africa	35 Ku / 10 C	35 Ku / 14 C	July 2002	Q4 2019
EUTELSAT 3B	3° East	Europe, Middle-East, Africa	30 Ku / 12 C / 5 Ka	54 Ku / 23 C / 5 Ka	May 2014	Q2 2032
EUTELSAT 7A	7° East	Europe, Middle-East, Africa	42 Ku / 2 Ka	57 Ku / 6 Ka	March 2004	Q1 2021
EUTELSAT 7B	7° East	Europe, Middle-East, Africa	53 Ku / 3 Ka	70 Ku / 8 Ka	May 2013	Q2 2039
EUTELSAT 9B	9° East	Europe	50 Ku	47 Ku	January 2016	T3 2038
EUTELSAT KA-SAT 9A	9° East	Europe, Mediterranean Basin	82 Ka spotbeams	82 Ka spotbeams	December 2010	Q3 2028
EUTELSAT 10A	10° East	Europe, Middle-East, Africa	42 Ku / 10 C	59 Ku / 20 C	April 2009	Q2 2023
EUTELSAT HOT BIRD 13B	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025

[22] *IThe capacity on Eutelsat 172 B satellite which is currently being raised to its orbital positon at 172°East is not included*

EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024
EUTELSAT HOT BIRD 13E	13° East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q3 2024
EUTELSAT 16A	16° East	Europe, Middle-East, Africa, Indian Ocean	53 Ku / 3 Ka	70 Ku / 8 Ka	October 2011	Q3 2027
EUTELSAT 21B	21.5° East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 25B	25.5° East	Europe, North Africa, Middle-East	8 Ku / 7 Ka	8 Ku / 7 Ka	August 2013	Q1 2034
EUTELSAT 28E (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2013	Q1 2029
EUTELSAT 28F (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	December 2014	Lifetime in excess of 15 years
EUTELSAT 33C	33° East	Europe, North Africa, Middle-East, Central Asia	24 Ku	42 Ku	March 2001	Q3 2018
EUTELSAT 33E	33° East	Europe, North Africa, Middle-East, Central Asia	64 Ku	60 Ku	February 2009	Q1 2024
EUTELSAT 36B	36° East	Europe, Middle-East, Africa	70 Ku	87 Ku	November 2009	Q4 2026
EUTELSAT 48D	48° East	Afghanistan, Central Asia	8 Ku	12 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5° East	Europe, Middle-East, Asia	48 Ku	92 Ku	December 2012	Q1 2032
EUTELSAT 172A	172° East	Asia-Pacific, Australia, New Zealand	20 Ku / 18 C	23 Ku / 24 C	December 2005	Q3 2022
EUTELSAT 16C	16° East	Europe, Middle-East, Africa, Asia	-	-	April 2000	Inclined orbit
EUTELSAT 31A	31° East	Europe	-	-	September 2003	Inclined orbit
EUTELSAT 70C	Currently being relocated		-	-	May 2000	Inclined orbit

(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.

(2) Every year, the Group reviews the estimated operational life of the satellites in-orbit (for further information, see Notes 4.7 and 6 to the consolidated financial statements for the financial year ended 30 June 2017).

(3) This satellite is leased to a third party

(4) In January 2014, in the framework of the settlement of a dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders fully owned by Eutelsat on SES fleet.

capacity LEased From Third Parties AS OF 30 JUNE 2017

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(number of physical transponders)*	Nominal capacity *(36 MHz-equivalent transponders / Spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 *(calendar year)*
EUTELSAT 53A (1)	53° East	Europe, North Africa, Middle-East, Asia	4 Ku	6 Ku	October 2014	Q4 2029
Express-AT1 (1)	56° East	Siberia	21 Ku	19 Ku	March 2014	Q2 2029
Express-AT2 (1)	140° East	Far East Russia	8 Ku	7 Ku	March 2014	Q2 2029
EUTELSAT 36C(1)	36°East	Africa, Russia	52 Ku / 18 Ka	48 Ku / 18 Ka	December 2015	Q2 2033
EUTELSAT 28G (2)	28.2/28.5° East	Europe	8 Ku	6 Ku	September 2014	Lifetime in excess of 15 years

YAHSAT 1B	47.6° East	Africa	16 Ka spotbeams	16 Ka spotbeams	April 2012	Lifetime in excess of 15 years

(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.

(2) In January 2014, in the framework of a settlement of the dispute with SES concerning the 28.5° East orbital position the Group contracted long-term satellite capacity on the SES satellite fleet at this orbital position. The number of transponders indicated is the number of transponders leased by Eutelsat on SES fleet.

4.2 FLEET PERFORMANCE

4.2.1 Main changes since 30 June 2016

- In August 2016, the operational life of EUTELSAT 70D was terminated and the satellite was de-orbited;
- In October 2016, Eutelsat concluded a deal to lease ka-band capacity on Yahsat's fleet for African broadband.

  These resources allows replacing the capacity which was supposed to be leased on Spacecom's AMOS-6 satellite which was lost following a launch pad explosion on 1st September 2017.
- EUTELSAT 70C is currently being relocated;
- In January 2017, EUTELSAT 117 WEST B started operations over the Americas;
- In June 2017, EUTELSAT 172 B was launched. It is expected to start operations over Asia-Pacific in the fourth quarter of calendar year 2017;
- In April 2017, EUTELSAT 48 A, which was operating in inclined orbit, was de-orbited.

4.3 AN ACTIVE INVESTMENT POLICY

4.3.1 Main investments

During the financial year, the Group has continued its investment programme.

Cash Capital expenditure will represent an average of 420 million euros[23] per annum for the period July 2017 to June 2020.

Recent satellite orders

During financial year 2015-16:

- In July 2015, the first satellite Eutelsat Quantum satellite was ordered from Airbus Defence and Space, for a launch expected in 2019. An innovative software-driven satellite, Eutelsat Quantum will set a new standard in terms of coverage, bandwidth, power and frequency flexibility.
- In October 2015, Eutelsat ordered a new-generation High Throughput Satellite from Thales Alenia Space (TAS) with exceptional operational flexibility. To be launched in 2019, this all-electric satellite will bring significant additional broadband resources in Ka-band to Sub-Saharan Africa.
- In March 2016, Eutelsat selected all-electric satellite from Space Systems Loral to expand broadcasting in Africa, Middle East and Turkey. To be launched in the second half of 2018, and equipped with 44 operational Ku-band transponders, the new satellite will operate at the 7° East orbital position under the name EUTELSAT 7C. It will notably serve anchor clients including Digiturk, Turkey's leading pay-TV platform and will increase

[23] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

Video capacity over Sub-Saharan Africa.

During financial year 2016-17:

- In October 2016, the EUTELSAT 5 West B satellite was procured from Airbus Defence and Space and Orbital ATK 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 its fleet. According to the terms of the agreement, Broadband for Africa will use capacity on up to 16 Ka-band spotbeams on the Yahsat 1B satellite in order to roll out broadband services. Further expansion will be supported at a later stage using capacity on 18 spotbeams on Yahsat's Al Yah 3 satellite.
- In the framework of their partnership, 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.

Other satellites under procurement

Satellite programmes under procurement as of 30 June 2017

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, North Africa	35 Ku	35 Ku	None
EUTELSAT QUANTUM	To be confirmed	2019	Government Services	Flexible	8 "Quantum" beams	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. Regarding electric propulsion satellites (EUTELSAT 7C and the African Broadband satellite) 4 to 6 months are required.

4.3.2 Others

None.

4.4 LAUNCH SERVICES ASSOCIATED WITH SATELLITES UNDER PROCUREMENT

Under its security policy and resource deployment plan, the Group aims to diversify its launch service providers as much as possible to ensure a degree of operational flexibility in the event of a failed launch. For example, its satellites are technically adaptable to a launch using several different types of launch vehicles. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch services contracts.

5 ACTIVITIES OF SUBSIDIARIES AND EQUITY INTERESTS

During the financial year ended 30 June 2017:

- In August 2016, the shareholders of WINS Ltd, a subsidiary held at 70% by Eutelsat sold their stake to Speedcast;
- As of 31 August 2016, Eutelsat definitively sold its majority stake in DSAT Cinéma SA (Luxemburg);
- As of 21 February 2017, Eutelsat S.A. (i) transferred to its wholly owned subsidiary Euro Broadband Infrastructure (Suisse) all the shares forming the share capital of Euro Broadband Services Srl (Italian subsidiary resulting from the spin-off of Skylogic Spa owning nine subsidiaries), its customer portfolio, its marketing and commercial activities as well as the KA-SAT satellite, and then; (ii) consistently with the agreements signed during signed previously, sold 49% of its shares in Euro Broadband Infrastructure to ViaSat;
- In May 2017, an agreement was signed with Abertis for the sale by Eutelsat of its 33.69% stake in Hispasat. The closing of the transaction is subject to Spanish government approval and other customary conditions precedent;
- In June 2017, Eutelsat Communications Finances (France), which did not perform any other activity than holding the shares in Eutelsat SA share capital, was dissolved following the transfer of all its assets to Eutelsat Communications.

At 30 June 2017, the Company owned directly or indirectly 50 subsidiaries and one minority holding.

The simplified organisation chart below shows the Group structure at 30 June 2017. The complete list of the companies consolidated within Eutelsat Communications at 30 June 2017 is in Note 32 of the Group's consolidated accounts in the appendices to this report.

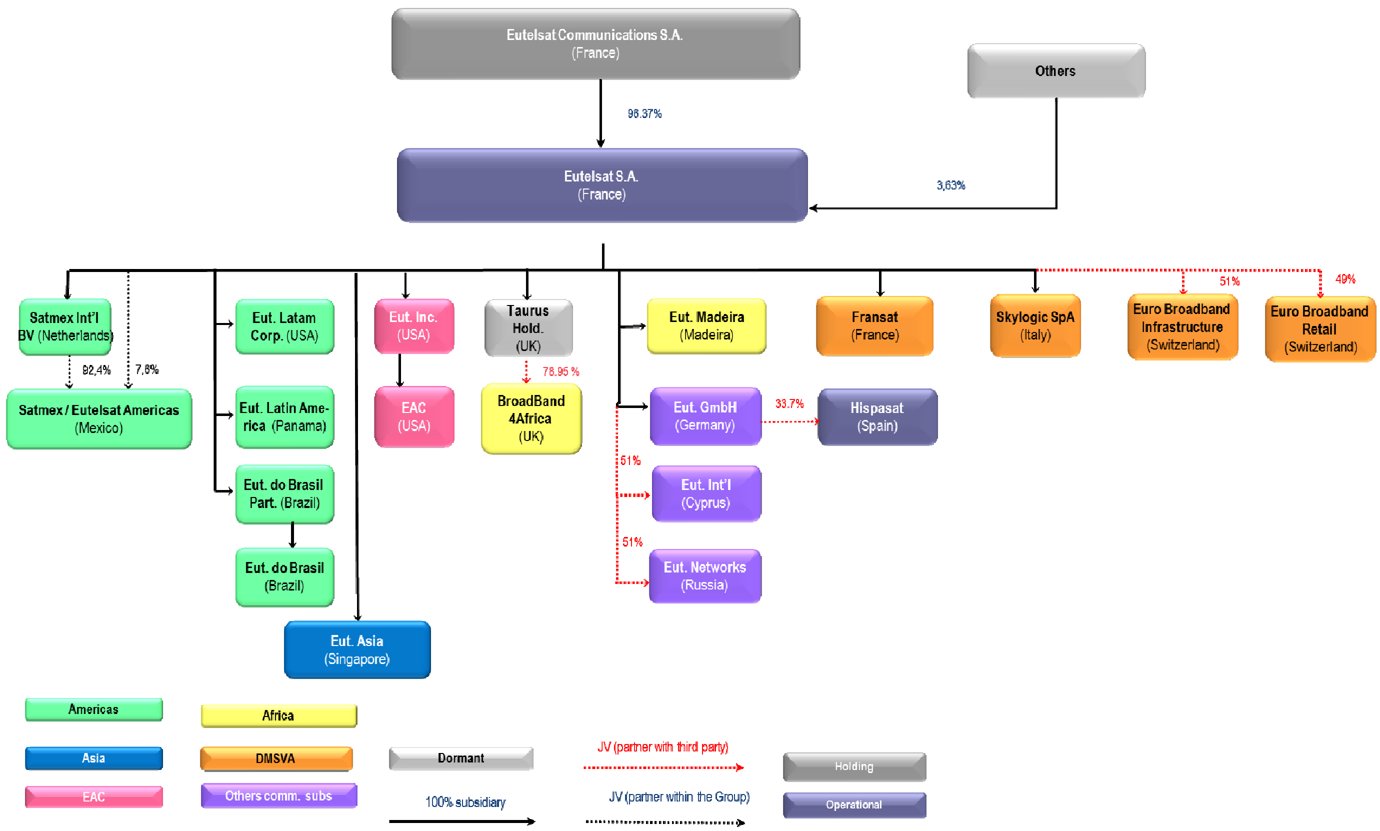
Eutelsat Communications is a holding company with no operational role other than its direct interest in Eutelsat S.A.

The revenues and results shown for the subsidiaries in section 5.2 are based on these companies' annual accounts.

5.1 GROUP SIMPLIFIED ORGANISATIONAL CHART

The organisational below chart depicts the Eutelsat Group as at 30 June 2017.

(less than 100%)



5.2 MAIN SUBSIDIARIES AND EQUITY INTERESTS

At 30 June 2017, the Group's main operating companies were:

- Eutelsat S.A. (France), 96,37% directly-owned by the Company;
- Eutelsat Madeira Lda (Madeira), Eutelsat Asia Pte Ltd. (Singapor) and Fransat S.A. (France), direct subsidiaries which are 100% owned indirectly by Eutelsat S.A;
- Eurobroadband Infrastructure (Switzerland) and Eurobroadband Retail (Switzerland), which are respectively 51% directly owned and 49% directly owned by Eutelsat S.A.;
- Eutelsat do Brasil Ltda (Brazil), Eutelsat America Corp. (United States of America) and Satélites Mexicanos, S.A. de C.V (Mexico), which are 100% owned indirectly by Eutelsat S.A.
- and Eutelsat International (Cyprus), majority holidngs directly held by Eutelsat S.A.

As mentioned above, an agreement was signed in May 2017 with Abertis for sale by Eutelsat of its 33.69% stake in Hispasat.

Furthermore the Group owns a number of other operating subsidiaries for developing its activities that represent and promote its services. Revenues and net income of these subsidiaries are not significant.

5.2.1 Eutelsat S.A.

Eutelsat S.A. is the main operating company of the Group. It is a "*société anonyme*" and its head office is located at 70 rue Balard - 75015 Paris.

Revenues and net result of Eutelsat S.A.

The table below presents the consolidated revenues and net income of Eutelsat S.A at 30 June 2017.

(in millions euros)	Eutelsat S.A
Revenues	1,481
Group share of net income	401

5.2.2 Main subsidiaries of Eutelsat S.A.

Eutelsat America Corp. (United States of America)

Incorporated in November 2006, Eutelsat America Corp.'s role is to distribute Eutelsat satellite capacity in the North-American market. Eutelsat America Corp. is a 100% indirectly-owned subsidiary of Eutelsat S.A. It is held 100% via the subsidiary, Eutelsat Inc

Eutelsat do Madeira Lda (Portugal)

Incorporated in June 2008, Eutelsat Madeira Lda is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible for marketing the fully-owned satellite capacity on EUTELSAT 10A in C- and Ku-band for Africa and the Portuguese-speaking regions, and on the EUTELSAT 16A satellite in Ku-band, for Africa and the Indian Ocean islands.

Since 1st July 2014, Eutelsat Madeira Lda also markets Eutelsat S.A.'s capacity on the satellite EUTELSAT 3B in C- and Ku-bands for the sub-Saharan Africa zone.

Eutelsat Asia Pte Ltd (Singapore)

Incorporated in 2012, Eutelsat Asia Pte Ltd. Is a wholly directly-owned subsidiary of Eutelsat S.A. This company holds and controls the EUTELSAT 172A satellite and owns the EUTELSAT 172B satellite, launched in June 2017.

Fransat S.A. (France)

Incorporated in 2009, Fransat S.A. is a 100% directly-owned subsidiary of Eutelsat S.A. It is responsible (i) for developing and operating the FRANSAT offer on the EUTELSAT 5 West A satellite (this free-to-air offering includes all the French free-to-air DTT channels), (ii) for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and (iii) to provide the technical means to integrate new channels (free-to-air or not) as a complement to the FRANSAT offering.

Satélites Mexicanos S.A. de C.V. (Mexico)

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is held by Eutelsat S.A., both directly and indirectly via the company Satmex International BV.

The company has been operating since March 2014 under the commercial name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 WEST A, at 113° West EUTELSAT 115 WEST B at 114.9° West, and and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

Eutelsat do Brasil Ltda.

Eutelsat do Brasil is a wholly indirectly-owned subsidiary of Eutelsat S.A. It is fully owned via Eutelsat do Brasil Participatoes Ltda.

Eutelsat do Brasil Ltda was initially granted landing rights by the Brazilian authorities enabling it to offer capacity on satellites

EUTELSAT 12 West A and EUTELSAT 8 West A in order to meet Brazilian market needs. In June 2013, the Brazilian telecommunications regulation authority granted Eutelsat do Brasil Ltda an additional licence for a set of C-, Ku- and Ka-band frequencies at 65° West. Eutelsat do Brasil Ltda also signed a 15-year contract with Hughes, subsidiary of EchoStar, for the rental of all Ka-band capacity covering Brazil on the EUTELSAT 65 West A satellite, operationnal since 1 May 2016. A part of the satellite is owned by Eutelsat do Brasil Ltda.

Eutelsat Latin America (Panama)

Eutelsat Latin America operates and commercializes a fraction of the EUTELSAT 65 West A satellite, jointly owned with Eutelsat do Brasil Ltda. Furthermore, Eutelsat Latin America operates the EUTELSAT 117 WEST B satellite which started operations in Jannuary 2017.

Eutelsat International (Cyprus)

Since May 2013, has been holding a 51% interest in Eutelsat International Ltd., the remaining capital being owned by a partner company incorporated under Cypriot law, Managekept Investments Ltd. Eutelsat International Ltd. is notably in charge of marketing Ku-band capacity on the Express AT1 satellite launched in March 2014 at orbital position 56° East.

Following the reorganisation, Eutelsat Networks previously fully-owned by Eutelsat International Ltd is 51% directly owned by Eutelsat SA and 49% indirectly owned, since July 2016 by his Cypriot partner. This company is in charge of commercializing the Ka-band capacity on the EUTELSAT 36C satellite.

Euro Broadband Infrastructure (Switzerland)

This joint-venture 51% owned by Eutelsat and 49% by ViaSat owns the KA-SAT satellite, Eurobroadband Services Srl as well as the subsidiaries previously owned by Skylogic SpA to operate a network of ground stations enabling the connection of the KA-SAT satellite with the global Internet Network. The activity of this joint-venture is to sell capacity to distributors located in Europe and subsequently in Africa.

Euro Broadband Retail (Switzerland)

This joint venture, 49% owned by Eutelsat and 51% by ViaSat, buys capacity from Euro Broadband Infrastructure and resells it to end users.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2017:

(in million euros)	Eutelsat America Corp.	Eutelsat Madeira Lda.	Fransat S.A.	Eutelsat Asia Pte. Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda.	Eutelsat International	Euro Broadband Infrastructure	Euro Broadband Services	Eutelsat Latin America
Revenues	170.5	37.9	8.5	19.2	134,6	16,5	44.2	27.0	-	10,9
Group share of net income	1.5	2.6	(0.1)	17.7	55,4	6,4	2.7	2.2	(0.4)	6,0

6 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 – FINANCIAL INFORMATION

In this section references to Notes refer to the Notes on the Group's consolidated financial statement for the financial year ended 30 June 2017, which are annexed to this report.

6.1 FINANCIAL AND ACCOUNTING POLICY – IFRS STANDARDS

The financial year of Eutelsat Communications runs for 12 months ending on 30 June. The financial statements at 30 June 2017 have been prepared in accordance with IFRS rules, as adopted by the European Union and effective as of that date.

6.2 CONSOLIDATED SIMPLIFIED BALANCE SHEET OF EUTELSAT COMMUNICATIONS

Details of the Eutelsat Communications consolidated balance sheet at 30 June 2016 and 30 June 2017 are shown in the attached consolidated financial statements.

Simplified consolidated balance sheet (in millions of euros)

ASSETS	30 June 2016	30 June 2017
Non-current assets		
Goodwill	1,166.3	1,150.8
Intangible assets	751.9	702.5
Satellites and other property and equipment, net	4,305.4	4,134.0
Assets under construction	694.2	759.9
Investments in associates	-	(0.4)
Other non-current assets	18.6	27.6
TOTAL NON-CURRENT ASSETS	**6,936.3**	**6,774.4**
Current assets, including		
Accounts receivable	406.4	345.4
Other current assets	83.7	83.1
Cash and cash equivalents	1,153.8	408.0
TOTAL CURRENT ASSETS	**1,643.9**	**836.3**
Assets held for sale	301.9	300.7
TOTAL ASSETS	**8,882.1**	**7,911.3**

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2016	30 June 2017
Shareholders' equity including		
Share capital	232.8	232.8
Additional paid-in capital	738.1	738.1
Reserves, retained earnings and non-controlling interests	1,763.9	1,995.1
TOTAL SHAREHOLDERS' EQUITY	**2,734.8**	**2,966.0**
Non-current liabilities, including		

Financial debt	3,302.4	3,252.9
Other non-current financial liabilities	1,053.9	798.1
Non current asset payable	15.5	27.3
Other non-current payables and deferred revenues	140.6	119.3
Deferred tax liabilities	270.6	253.1
Other non-current liabilities	128.4	97.3
TOTAL NON-CURRENT LIABILITIES	**4,911.3**	**4,547.9**
Current liabilities, including		
Current financial debt	927.3	60.9
Other current financial liabilities	49.0	67.6
Fixed assets payable	35.8	40.1
Accounts Payable	66.7	54.6
Other current payables	135.7	136.6
Other current liabilities	21.5	37.8
TOTAL CURRENT LIABILITIES	1,236.0	**397.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,882.1**	**7,911.3**

6.3 SIMPLIFIED CONSOLIDATED INCOME STATEMENT OF EUTELSAT COMMUNICATIONS

IFRS	12-month financial year ended	
(in millions euros)	30 June 2016	30 June 2017
REVENUES	**1,529.0**	**1,477.9**
Operating costs	(106.3)	(99.0)
Selling, general and administrative expenses	(258.1)	(245.4)
Depreciation and amortisation	(500.6)	(532.9)
Other operating charges	(2.0)	14.1
Operating result	**662.0**	**614.8**
Financial result	(123.0	(130.9)
Income from associates	23.5	(0.4)
Net income before tax	**562.6**	**483.5**
Income tax expense	(199.8)	(120.1)
CONSOLIDATED NET INCOME	**362.8**	**363,4**
Attributable to the Group	348.5	351.8
Non-controlling interests	14.3	11.6

6.3.1 Operating charges at 30 June 2017

Operating costs mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **Staff costs**: These comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites (including French mandatory profit-sharing for Group employees).

- **Costs for operating and controlling the satellites**: These correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in orbit. In addition, Eutelsat S.A. has signed service agreements related to control of the satellite communications systems.
- **In-orbit insurance premia**: In-orbit insurance premia for satellite lives: Satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group agrees launch insurance covering a satellite's in-orbit life, the premia for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Depending on the selected risk management policy and prevailing market conditions for space insurance the costs for these insurance premia can vary from one year to the next.

Selling, general and administrative expenses include:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with distributors and end-users;
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

The C.E.T. (*Contribution Economique Territoriale* – Territorial Economic Contribution) is divided between operating costs and selling, general and administrative expenses (based on corresponding staff numbers).

Operating costs and selling, general and administrative expenses represented 23.3% of 2015-2016 revenues (23.8% for previous financial year). The 5.5% decrease over the previous year despite the decrease in revenues reflects

- the early benefits of cost-savings measures,
- a lower level of bad debt and;
- the positive impact on margin of the disposal of Wins/DHI.

As a result, EBITDA amounted to €1,133.6 million (€1,164.6 million at 30 June 2016), down 2.7% and the EBITDA margin stood at 76.7%, compared to 76.2% last year.

6.3.2 Depreciation and amortisation and other operating costs

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and on-ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships", the latter amounted to an expense of 57.0 million euros for fiscal year 2016-17.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2016-17 depreciation and amortisation expenses amounted to 532.9 million euros. The increase of 32.3. million euros on last year was principally due to the entry into service of new capacity in the past 18 months (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 and EUTELSAT 117 West B in January 2017);

"Other operating income (charges)" stood at 14.1million euros as of 30 June 2017, versus (2.0) million euros as of 30 June 2016 and reflects mainly the capital gain on the disposal of Wins/DHI

6.3.3 Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

As of 30 June 2017, operating income stood at 614.8 million euros down 7.1% on last year.

6.3.4 Financial result

The financial result posted a 130.9 million euros expense as of 30 June 2017, compared with a 123.0 million euros expense in the previous financial year.

This evolution reflects mainly:

- lower capitalised interest and;
- the full-year impact of the financial lease of the EUTELSAT 36C satellite;
- These two elements more than offset a less unfavourable impact of foreign exchange

6.3.5 Corporate tax

As of 30 June 2017, income tax expense was 120.1 million euros (compared with 199.8 million euros as of 30 June 2016).

The effective tax rate stood at 24.8% compared to 37.1% in 2015-16, reflecting mainly:

- the recognition of a positive non-cash one-off element related to deferred tax liabilities reflecting the upcoming reduction in 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.

6.3.6 Income from associates

Income from associates stood at (0.4) million euros compared to 23.5 million euros for fiscal year 2015-16, reflecting the classification of the stake in Hispasat as an asset held for sale.

6.3.7 Consolidated net income

As of 30 June 2017, consolidated net income totalled 363.4 million euros, compared to 362.8 million euros as of 30 June 2016.

6.3.8 Net income attributable to the Group

After taking non-controlling interests of 11.6 million euros into account, Net income attributable to the Group stood at 351.8 million euros at 30 June 2017, a slight increase of 0.9% year-on-year (348.5 million euros at 30 June 2016).

6.4 GROUP LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity requirements mainly cover financing the construction and launch of satellites, servicing its debt and funding its working capital requirement.

The Group's main financial resources are composed of the cash flows generated by the operating activities of Eutelsat S.A. The Group has additional financial resources in the form of lines of credit (bank loans and bonds).

6.4.1 Status of the Group's net indebtedness[24]

At 30 June 2017, the Group's total net debt amounted to 3,641 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 2,530 million euros of bonds issued by Eutelsat S.A., (iii) 651 million euros of debt related finance leases; (iv) 166 million euros for Export Credit Agencies; (v) 102 million euros for the Foreign exchange portion of the cross-currency swap and; vi) 408 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 650 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2017

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan 2020	600	600	31 March 2022
Eutelsat Communications renewable credit facility	200	-	31 March 2022
2019 Eutelsat S.A. Bond	800	800	14 January 2019
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	28 April 2022
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
ONDD export credit facilities 1	122	99	17 May 2024
ONDD export credit facilities 2	87	67	20 February 2024
Long-term leases	-	651	-
Foreign exchange portion of the cross-currency swap	-	102	13 January 2020
Total	**-**	4,049	

There was no drawdown on the revolving lines of credit during the year ending 30 June 2017. The effective interest rate for the Eutelsat Communications bullet loan is 0.98%. The effective interest rate on bonds issued by Eutelsat S.A is 5.17% for those maturing in January 2019, 2.87% for those maturing in January 2020, 1.24% for those maturing in June 2021 and 3.34% for those maturing in October 2022.

In June 2017, the Group repaid ahead of maturity the US Ex-Im export credit facility for a residual amount of 35.3 million dollars.

As of 30 June 2017, part of the Group's debt bore interest at a variable rate (generally EURIBOR plus a margin) and the bond loan bore interest at a fixed rate.

24 The Group's net indebtedness includes all its bank debts and bonds as well as the debts associated with satellite finance leases, less its cash in hand and investment securities (see Notes 16 and 17 to the attached consolidated financial statements).

At 30 June 2017 the weighted average maturity of the Group's debt stood at 3.0 years, compared to 3.4 years at 30 June 2016. The average cost of debt was 3.1% (after hedging), down from 3.5% in FY 2015-16.

Cash-flow generation

Net cash flow from operating activities stood at €982.9 million compared to €895.7 million in 2015-16, up €87.2 million. The decrease in EBITDA was more than offset by lower tax paid, relating to the timing of tax payments and the reduction of the tax rate in France as well as a more favourable evolution in working capital than last year notably on the back of actions taken to optimise days sales outstanding (DSO).

Cash Capex[25] amounted to €414.4 million in FY 2016-17 compared to €514.4 million a year earlier, showing the first results of the 'design-to-cost' approach and a strong reduction in on-ground capex. The amount is net of the 132.5 million received from ViaSat, following the agreement reached in February.

Interest and other fees paid net of interest received stood at €160.7 million (€134.0 million in 2015-16); The €26.7 million increase reflected notably the full-year impact of interest related to the financial lease of EUTELSAT 36C (which entered into service in February 2016) and the payment of the coupon on the bond issued in June 2016.

As a result, Discretionary Free-Cash-Flow[26] stood at €407.8 million at 30 June 2017, up €160.5 million versus a year earlier, or 65%.

Change in Consolidated net Debt in financial year 2016-17

At 30 June 2017 **net debt** stood at €3,640.7 million versus €4,006.8 million a year earlier. Discretionary free cash-flow more than covered dividend payments (€266.2 million) while equity asset disposals (predominantly Wins/DHI) generated a cash inflow of €54.7 million; export credit financings and financial leases - which are progressively repaid - decreased by €140.0[27] million.

As a result, the **net debt to EBITDA ratio** stood at 3.2 times, a 0.2 point improvement on 30 June 2016.

6.4.2 Description of the financial instruments in place during the financial year ended 30 June 2017

Main changes during financial year ended 30 June 2017

- Eutelsat S.A. redeemed the 7-year bonds which were issued on 26 March 2010 for an amount of €850 million;
- Eutelsat Communications obtained lenders'agreement for a one-year extension of the 800 million euro bank term loan of the holding company and for the 200 million euros revolving credit facility of 200 million euros which now mature on 31 March 2022.
- Ahead of the refinancing of the €930 million bond maturing in January 2020, the 7 year-mid-swap rate for an outstanding amount of €500 million has been pre-hedged at 112 basis points;
- The 450 million euro revolving credit facility maturing in September 2018 was renewed at favourable terms The new facility matures in April 2022 with two 1-year extension options, subject to lenders agreement.

Eutelsat Communications S.A. Credit Facilities

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[25] See section 1.4 for the definition of this indicator

[26] See section 1.4 for the definition of this indicator

[27]Excluding amount due to RSCC described above (€95.2 million)

Eutelsat Communications S.A. financing structure is the following:

- a 600 million euro Term Loan initially maturing in March 2020 which has been extended to March 2022 (after the exercise of two extension facilities of one year) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months;
- a 200 million euro Revolving Credit Facility (undrawn at 30 June 2017), concluded in March 2015 with –initially - a 5-years maturity which was then extended by two years. Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in US dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% if the revolving credit facility is used more than 66.67%.

The loan agreements do not involve any guarantee by Eutelsat Communications' subsidiaries or any pledge of assets as collateral for the loan. This loan agreement includes some restrictive clauses, subject to the usual exceptions in loan agreements (see Note 17 to the attached consolidated financial statements for more information on the restrictive conditions and the limitations applying to this loan agreement). The agreement provides for each lender party to the agreement to ask for early repayment of all monies owed if there is a change in control of Eutelsat Communications and Eutelsat S.A. or in the event of concerted action.

In addition, Eutelsat Communications has agreed to directly or indirectly retain 95% of the capital and voting rights in Eutelsat S.A. for the duration of the loan.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Eutelsat Communications S.A. is required to maintain a total net debt to annualised EBITDA ratio (as these terms are defined contractually and based on the Group's IFRS consolidated accounts) less than or equal to 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2017, they represent a balance of 2.2 million euros.

Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- 800 million euros 7-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange, maturing on 14 January 2019. The bonds bear a coupon of 5.000%, were issued at 99.186% and are repayable in full at maturity at 100%. These bonds have completed the refinancing of Eutelsat Communications S.A. indebtedness;
- 300 million euros 10-year bonds issued on 1st October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- 930 million euros of six-year bonds issued on 9 December 2013 on the Luxembourg Stock Exchange regulated market and maturing on 13 January 2020 ("the Bond Loan 2020"). The 2020 bonds carry an annual coupon of 2.625%, were issued at 99.289%, and are redeemable at maturity at 100% of their principal amount;
- 500 million euros of six-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- Two export credit facilities covered by Office National du Ducroire (ONDD) for a total amount of 209 million euros; of which 166.1 million euros were drawn at 30 June 2017. These credit facilities have a 11.5 year maturity and will mature respectively on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February

2016 and May 2016. The first one, for an amount of 87 million euros (of which 67.4 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) was used to finance the construction of a satellite. The second one, for an amount of 121 million euros (of which 98.7 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was used to finance a launcher.

- A 450 million euro revolving credit facility signed on 28 April 2017 with a five-year term and two 1-year extension options subject to lenders agreement. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a 0.23% to 0.95% margin depending on Eutelsat S.A.'s long term rating assigned by Standard & Poor's. The initial margin stands at 0.35%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.10% utilisation commission if less than 33.33% of the revolving credit facility is drawn, 0.20% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.35% commission for any portion exceeding 66.67%. furthermore, under this credit agreement, Eutelsat S.A is required to maintain a total net debt to annualised EBITDA ratio (as contractually defined and based on the consolidated financial statements of the Eutelsat S.A. sub-group prepared in accordance with IFRSs) below or equal to 4 to 1 (this ratio is tested on 30 June and 31 December each year).
- The credit agreements and the bond issues include neither a guarantee by the Group, nor the pledging of assets to the lenders, but they include restrictive clauses, subject to the usual exceptions contained in loan agreements, limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:
    - grant security interests or guarantees;
    - enter into agreements resulting in additional liabilities;
    - grant loans and carry out certain types of investments;
    - enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
    - modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities allow each lender to request early repayment of all sums due in case of unregulated downgrading, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

Issue costs incurred on issuing the bonds are amortised over the duration of the loans. As of 30 June 2017, they represent a balance of 19.5 million euros.

6.5 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest rates. Exposure to such risks is actively managed, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates.

The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

These risks are described in the Risk Factors in section 12 of the current report.

6.6 LITIGATION

In the course of its activities the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised.

For more information on ongoing litigations, please refer to note 29 of the appendix to consolidated financial statements of Eutelsat Communications.

7 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 – FINANCIAL INFORMATION

7.1 ACCOUNTING AND FINANCIAL PRINCIPLES

The annual financial statements as of 30 June 2017 were drafted in compliance with the provisions of the Code of Commerce (Articles L.123-12 to L123-28) and regulation 2016-07, dated 4 November 2016, of France's national accounting standards body. The conventions below were applied in adherence to the principle of prudence, according to the basic rules: (i) continuity of operations (ii) keeping financial years independent of each other, (ii) consistency in accounting methods from one financial year to the next and (iv) in compliance with the general rules for drawing up and presenting annual financial statements.

7.2 COMPANY ACTIVITIES AND KEY HIGHLIGHTS DURING THE YEAR

The Company's status is that of a holding company. Its role is to direct the financial and strategic activities of the Eutelsat Group and the Company has no other operational activity.

7.3 EXTRACTS FROM THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT AT 30 JUNE 2017

Details of the Company's Balance Sheet and Income statement for the financial year ended 30 June 2017 are presented in the Company financial statements in appendix 2 attached to this report.

7.3.1 Simplified balance sheet at 30 June 2017 – Company financial statements

ASSETS		
(In millions of euros)	**30 June 2016**	**30 June 2017**
Financial assets	2,445.3	2,942.8
Total long-term assets	2,445.3	2,949.0
Total current assets	247.6	229.0
Prepaid expenses	2.7	2.2
TOTAL ASSETS	**2,695.6**	**3,180.2**
LIABILITIES AND SHAREHOLDERS' EQUITY		
	30 June 2016	**30 June 2017**
Share capital (232,774,635 ordinary shares with a nominal value of 1 euro per share at 30 June 2016)	232.8	232.8
Additional paid-in capital	738.1	1,237.6
Legal reserve	23.3	23.3
Retained earnings	828.5	834.8
Result for the year	262.1	245.0
Regulated provisions	0.5	0.5
Total shareholders' equity	**2,085.3**	**2,574.0**
Provisions for liabilities and charges	0.2	0.1
Loans and financial debt	600.3	600.3

Other financial debt	-	-
Total bank debt	600.3	600.3
Total operating debt	9.8	5.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,695.6**	**3,180.2**

As of 30 June 2017 financial assets were composed mainly of the following:

- Equity interests, namely 976,365,626 shares in Eutelsat S.A. for a total amount of 2,518.8 million euros;
- A merger loss on Eutelsat S.A. shares following the transmission of the assets and liabilities of Eutelsat Communications Finances for a total amount of 384.9 million euros.

Changes in shareholders' equity over the year are described in detail in Note 7 to the Company financial statements in appendix 2.

For more information about the financing operations of the Company see Note 9 - Indebtedness - in the Company financial statements in appendix 2 to this report.

7.3.2 Simplified income statement at 30 June 2017 – Company financial statements

(In millions of euros)	**30 June 2016**	**30 June 2017**
Revenues	3.7	1.8
Release of provisions and reclassification of costs	0.4	0.2
Total operating income	**4.1**	**2.0**
Other purchases and external expenses	6.6	6.6
Taxes and assimilated	0.9	0.4
Wages	1.8	2.2
Social charges	0.6	0.8
Depreciation, amortisation and provisions	0.5	0.5
Other expenses	0.6	0.7
Total operating charges	**11.0**	**11.2**
Operating result	**(7.0)**	(9.2)
Financial income	273.2	258.6
Financial expenses	9.1	5.6
Financial result	**264.1**	**252.9**
Exceptional result	**(1.0)**	**1.6**
Corporate tax	6.1	0.3
NET INCOME	**262.1**	**245.0**

The Company's net result showed a profit of 245;0 million euros for financial year ended 30 June 2017 compared to 262.1 million euros for previous financial year.

8 FINANCIAL OUTLOOK

All elements of the financial outlook are confirmed and extended:

- **Revenues** for FY 2017-18 (at constant currency and perimeter[28]) are expected to be broadly flat with a return to modest growth from FY 2018-19.
- **The EBITDA margin** (at constant currency) is now expected above 76.5% for FY 2017-18 (versus 'above 76%' previously). From FY 2018-19 onwards it is expected at above 77% (versus 'heading towards 77% in FY 2018-19' previously).
- **Cash Capex** will be maintained at an average of €420 million[29] per annum for the period July 2017 to June 2020 (versus July 2016 to June 2019 previously).
- After a rise of 65% in FY 2016-17, **Discretionary Free Cash Flow**[30] is expected to grow further, with an objective of a mid-single digit CAGR for the period July 2017 to June 2020 (at constant currency)[31].
- The Group is committed to maintaining a sound financial structure to support its **investment grade credit rating** and now aims at a net debt / EBITDA ratio below 3.0x (vs. 3.3x times previously).
- It also retains its commitment to serving a stable to progressive **dividend**.

* * *

These objectives are based inter alia on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group, (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.

The forward-looking objectives, statements and information summarised above are based inter alia on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.

The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future. Furthermore, the materialisation of certain risks described in the chapter "Principal Risks" below could have a negative impact on the Group's business and on the achievement of the forward-looking objectives, statements and information cited above.

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[28] 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)

[29] Including capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

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

[31] Discretionary Free-Cash-Flow of €407.8 million in FY 2016-17.

9 CORPORATE GOVERNANCE

Preliminary comment: main changes in terms of corporate governance during Financial Year 2016-17

The main changes in terms of corporate governance during financial year 2016-17 are as follows:

- The Annual General Meeting of Shareholders held on 4 November 2016 appointed Rodolphe Belmer and the 'Fonds Stratégique de Participations16' (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. The office of Elisabetta Oliveri ended following this Annual General Meeting.
- In January 2017, Sandrine Téran was appointed Group Chief Financial Officer and member of the Executive Committee of the Group, replacing Antoine Castarède.
- In April 2017, Yohann Leroy was appointed Deputy CEO in addition to his function as Chief Technical Officer, alongside Michel Azibert, Deputy CEO and Chief Commercial and Development Officer.
- In April 2017, The Board of Directors of Eutelsat Communications decided to submit to the General Meeting of Shareholders which will be held on 8 November 2017 the 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.
- In June 2017, Miriem Bensalah Chaqroun stepped down from the Board of Directors of Eutelsat Communications.

9.1 ABSENCE OF CONTROL OF THE COMPANY

Please refer to Report of the Chairman in appendix 5 to this report.

9.2 SEPARATING THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Please refer to Report of the Chairman in appendix 5 to this report.

9.3 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

The Company by-laws impose no restrictions on voting rights and on share transfers. To the best of the Company's knowledge, there is no agreement between shareholders limiting share transfers and the exercise of voting rights.

At the date of this Report the Company has no knowledge of any agreement between the Company's shareholders or any convention providing for preferential conditions for the disposal or the acquisition of shares in the Company and involving at least 0.5% of the capital or voting rights in the Company.

Please also see paragraph 9.10, 11.9 and Appendix 5.

9.4 CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

Please refer to Report of the Chairman in appendix 5 to this report.

9.5 MISSION OF THE BOARD OF DIRECTORS

Please refer to Report of the Chairman in appendix 5 to this report.

9.6 COMMITTEES OF THE BOARD OF DIRECTORS

Please refer to Report of the Chairman in appendix 5 to this report.

9.7 ATTENDANCE FEES PAID TO THE BOARD MEMBERS

In accordance with legal provisions, information is reported on the total compensation (including benefits in-kind) paid to the members of the Company's corporate bodies during the financial year ended 30 June 2017 (See the Notes to the consolidated financial statements for more information).

The amount of attendance fees has been unchanged, at 855,000 euros since the General Meeting of Shareholders of 8 November 2011.

The draft resolutions adopted by the Board of Directors will be submitted for approval by the General Meeting of Shareholders to be held on 8 November 2017 include provisions raising this amount to 985 000 euros in order to reflect and the evolution of the remuneration of the Chairman described in section 9.10.1 as well as the increase of the number of Board members.

Regarding the method of allocation of attendance fees to Board members

At the date of the current report, the method of allocation of attendance fees, as set out in the Board's Internal Rules, take priority account of Board members' effective participation at meetings and committees, in accordance with the article 21.1 of the AFEP-MEDEF code:

- Board:
    - Annual fixed part of 15,000 euros per Board member (increased to 30,000 euros for the Vice Chairman and 45,000 euros for the Chairman);
    - Annual additional 10,000 euros per Board member with foreign nationality and living outside of France;
    - Variable part of 4,000 euros per Board member for each Board meeting attended.
- Audit Committee:
    - Annual fixed part of 4,000 euros per Committee member (increased to 14,000 euros for the Committee Chairman);
    - Variable part of 3,000 euros per Committee member for each Audit Committee attended.
- Governance and Selection Committee:
    - Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
    - Variable part of 2,000 euros per member for each Committee attended.
- Remuneration Committee:
    - Annual fixed part of 3,000 euros per Committee member (increased to 8,000 euros for the Committee Chairman);
    - Variable part of 2,000 euros per member for each Committee attended.

As a Chairman and Chief Executive Officer, Michel de Rosen had previously waived the right to receive attendance fees. Since 1st March 2016, he now receives attendance fees as Chairman of the Board.

Attendance fees due for a given fiscal year are paid once a year at the beginning of the following fiscal year.

The total amount of attendance fees due by the company and the companies it controls to non-executive Directors and Corporate Officers of the Company for the financial year ended 30 June 2017 stood at 749,150 euros.

Apart from the annual fixed part for the Chairman which would be raised to 175,000 euros (versus 45,000 euros currently) the method of allocation of attendance fees described above remains unchanged.

The gross amounts received by the Directors serving on the Board at the closing of this financial year, during the two latest financial years, are detailed below.

Attendance fees and other forms of compensation received by non-Executive Directors and Corporate Officers (Table 3 – AMF Recommendation)

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to non-Executive Directors and Corporate Officers during the financial years ended 30 June 2016 and 30 June 2017 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2016-17 and paid from 1st July 2017 are provided in the column "Financial Year 2016-17".

Non-Executive Directors and Corporate Officers (in euros)	FY 2015-16	FY 2016-17
M. Jean d'Arthuys (since 5 November 2015) **Board Member**		
Attendance fees	**34,385**	**66,000**
Other	0	0
R. Belmer **Board Member (since 4 November 2016)**		
Attendance fees	**-**	**35,250**
Other	See section 9.10	See section 9.10
M. Bensalah Chaqroun **Board Member (until 9 June 2017)**		
Attendance fees	**62,000**	**48,768**
Other	0	0
Lord J. Birt **Vice-Président du Conseil d'administration**		
Attendance fees	**98,000**	**106,500**
Other	0	0
Bpifrance Participations **Board Member, represented by Stéphanie Frachet**		
Attendance fees	**60,000**	**62,000**
Other	0	0
J.-P. Brillaud **Board Member (until 5 November 2015)**		
Attendance fees	**15,615**	N/A

Other	0	N/A
Ana Garcia Fau (since 5 November 2015) **Board Member**		
Attendance fees	**40,915**	**87,000**
Other	0	0
FSP (since 4 November 2016) **Board Member represented by Dominique D'Hinnin**		
Attendance fees	**NA**	**46,650**
Other	NA	0
B. Mabille **Board Member**		
Attendance fees	**58,000**	**66,000**
Other	0	0
R. McInnes **Board Member**		
Attendance fees	**68,000**	**80,500**
Other	0	0
E. Oliveri (until 4 November 2016) **Board Member**		
Attendance fees	**68,000**	**14,350**
Other	0	0
C. Piwnica **Board Member**		
Attendance fees	**74,000**	**75,500**
Other	0	0
Michel de Rosen **Chairman of the Board**		
Attendance fees	**31,998***	**92,000**
Other	See section 9.10	See section 9.10
TOTAL OF ATTENDANCE FEES	**610,913**	**780,518**

* Excluding Other remuneration listed in section 9.9 of the present document.

9.8 LIST OF FUNCTIONS OR OFFICES HELD IN ANY FRENCH AND FOREIGN COMPANY BY THE MEMBERS OF THE BOARD OF DIRECTORS AS OF 30 JUNE 2017

MICHEL DE ROSEN

Board Member, Chairman of the Board of Directors *(since 16 September 2013)*

DoB: 18 February 1951 – 66 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 November 2009 (as Board Member and Chief Executive Officer)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

Biography

Michel de Rosen graduated from the French HEC and ENA. He began his career in the French *Inspection générale des finances.* He was a member of the Minister of Defence's office from 1980 to 1981 and then Chief of Staff for the Minister for Industry and Telecommunications from 1986 to 1988. In the Rhône-Poulenc Group, Mr. de Rosen was CEO of Pharmuka (1983-1986), CEO of Rhône-Poulenc Fibres and Polymères (1988-1993), then Chairman and CEO of Rhône Poulenc Rorer (United States, 1993-1999). From 2000 to 2008, Mr. de Rosen was CEO of the American company Viro-Pharma before returning to France in 2008 as Chairman and CEO of the company SGD. He joined Eutelsat Communications on 1 July 2009 as Deputy Chief Executive Officer, before being appointed as Chief Executive Officer and Board Member of the Company on 10 November 2009. In parallel, Mr. de Rosen was appointed CEO and Board Member of Eutelsat S.A. on 10 November 2009. On 16 September 2013, he was appointed Chairman and CEO of the Company and of Eutelsat S.A. Since 1st March 2016, he resigned as CEO of the Company and of Eutelsat SA but is still Chairman of the Board of the Company and of Eutelsat SA. Since April 2016, he is Chairman of the Board of Directors of Pharnext and is also Member of the Board and Chairman of Faurecia since 27 May 2016.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member (Chairman of the Board of Directors since 16 September 2013) of Eutelsat S.A.

Outside France:

NA

Having expired:

In France:
- Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. (until 28 July 2015)
- Chief Executive Officer of Eutelsat S.A. (until 29 February 2016)

Outside of France:
- Board Member of Skylogic S.p.A. (Italy)
- Board Member of Holdsat Mexico SAPI de C.V. (Mexico) absorbed by Satélites Mexicanos S.A. de C.V. (Mexico)
- Board Member and Chairman of Eutelsat Inc. (USA) (until 29 February 2016)
- Board Member of Eutelsat International Ltd (Cyprus) (until 29 February 2016)
- Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (until 29 February 2016)

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Pharnext and Chairman of the Board of Directors (since 19 April 2016)
- Board Member of Faurecia (since 27 May 2016) and Chariman (since May 2017)

Outside France:

NA

Having expired:

In France:

NA

Outside France:
- Board Member of ABB Ltd (Switzerland) (until April 2017)
- Board Member of Solaris Mobile Ltd (Ireland)
- Board Member of Hispasat S.A. (Spain) (until 29 February 2016)

RODOLPHE BELMER

Board Member and CEO of Eutelsat Communications

DoB: 21 August 1969 – 47 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
4 November 2016

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

Biography

Rodolphe Belmer began his career in the marketing department of Procter & Gamble France before joining McKinsey in 1998. He is a graduate of France's HEC business school.

He joined the Canal+ Group in 2001 and was appointed Head of Marketing and Strategy in 2002. From 2003 he oversaw the editorial division of the group, initially as CEO of Canal+, and from 2006 onwards, as Head of all pay-TV channels. He led the Group's diversification into free-to-air television in 2011, notably through the acquisition and relaunch of D8 and D17. In 2012 he was appointed CEO of the Canal+ Group.

Rodolphe Belmer joined Eutelsat on 1 December 2015 and was appointed CEO on 1 March 2016.

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OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

CEO of Eutelsat S.A. (since 1 March 2016)

Outside France:

- Board Member and Chairman of Eutelsat Inc. (USA) (since 1 March 2016)
  Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) (since 1 March 2016)
  Board Member of Eutelsat Inc. (USA) (since 1 March 2016)

Having expired:

In France:

- Deputy CEO of Eutelsat S.A. (until 29 February 2016)
  Deputy CEO of Eutelsat Communications (until 29 February 2016)

Outside France:

NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Member of the Supervisory Board of Mediawan (listed company)
- Chairman of Auteurs Solidaires
- Chairman of RBC

Outside France:

- Board Member of Hispasat S.A. (Spain) (since 1 March 2016)

Having expired:

In France:

- Board Member of Planète Juniors (as of 30 June 2010)
- CEO of Planète Juniors (as of 30 June 2010)
- CEO of Planète Thalassa (as of 20 December 2010)
- Chairman of MultiThématiques S.A.S.(as of 21 June 2013)
- Member of the Supervisory Board of Canalwin (as of 30 June 2011)
- Representative of MultiThématiques S.A.S., Chairman of Cuisine TV (as of 30 September 2012)
- Manager of TPS Star (as of 1 October 2012)
- Board Member of Planète Thalassa (as of 6 June 2013)
- Member of Directory Board of Canal+ France (as of 31 December 2013)
- Chairman of D8 Production (as of 21 June 2013)
- Member of Directory Board of Groupe Canal+ (as of 3 July 2015)
- CEO of Groupe Canal+ (as of 3 July 2015)
- Chairman of Cine Info (as of 6 July 2015)
- Board Member of Cine Info (as of 6 July 2015)
- Board Member of Sport+ (as of 6 July 2015)
- Chairman of the Board of Sport+ (as of 6 July 2015)
- Chairman of Vivendi Contents (as of 6 July 2015)
- Chairman of Flab Prod (as of 6 July 2015)
- Management Director of Flab Press (as of 6 July 2015)
- Board Member of Société d'Édition de Canal Plus (as of 7 July 2015)
- CEO of Société d'Édition de Canal Plus (as of 7 July 2015)

RODOLPHE BELMER
Board Member and CEO of Eutelsat Communications

Outside France:
- Member of the Supervisory Board of TVN S.A. (Poland) (as of 24 June 2015)

LORD JOHN BIRT
Vice President, Board of Directors

DoB: 10 December 1944 – 72 years old
a British national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 November 2006 (as Board Member)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

Biography

Lord Birt is a graduate of Oxford University. Lord Birt is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) Maltby Capital Ltd (2007-2010) and Paypal Europe (2010-2014). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently Chairman of CPA Global.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
- Chairman of CPA Global
- Member of the House of Lords

Having expired:

In France:
NA

Outside France:
- Non-executive Director of Infinis Ltd (United Kingdom)
- Chairman of Paypal Europe (Luxemburg)
- Chairman of Terra Firma Investor Advisory Board (United Kingdom)
- Non-executive Director of Shopvolution (United Kingdom)
- Chairman of HEG (United Kingdom)

BPI FRANCE PARTICIPATIONS REPRESENTED BY STEPHANIE FRACHET
Board Member

DoB: 17 May 1977– 40 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

BPI FRANCE PARTICIPATIONS REPRESENTED BY STEPHANIE FRACHET

Board Member

First appointment/Co-opting:
17 February 2011 (Fonds Stratégique d'Investissement)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

Biography

Bpifrance Participations (Since 12 July 2013, Formerly Fonds Stratégique D'investissement - FSI) is currently represented on the Company's Board of Directors by Ms Stéphanie Frachet. Graduate of the ESSEC business school, S. Frachet has fifteen years of experience in finance and private equity. She was in charge of transaction services for six years at Ernst & Young and then Pricewaterhouse Coopers, then worked in auditing and financial consulting on mergers/acquisitions and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO operation financing and led a number of restructuring operations. In 2009, she joined the Fonds Stratégique d'Investissement (renamed Bpifrance Participations, as part of the creation of the Bpifrance Group under a process of contributions through which the Caisse des Dépôts et Consignations and the French State became joint shareholders of the BPI Group, the sole shareholder of Bpifrance Participations) where she is Investment Director. She is also, as Permanent Representative of Bpifrance, Board Member of Sarenza and Cylande and Censor of Paprec. She is an independent director of Eurosic.

- Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:
NA

Having expired:

In France :
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Permanent representative of Bpifrance Participations, Board Member of:
  - Sarenza
  - Cylande
- Permanent representative of Bpifrance Participations, censor of:
  - Paprec
- Board Member of Eurosic (listed company)

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

JEAN D'ARTHUYS

Board Member

DoB: 20 November 1966 – 50 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard

First appointment/Co-opting:
5 novembre 2015

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

Biography

A graduate of HEC, Jean Arthuys pursued his career in the media and digital sector, primarily in the M6 Group, and in investment. Appointed head of development and strategy of the M6 Group in 1996, he became member of the Management Board in 1999. He headed the digital television activity, before becoming the CEO of Paris Première and W9. Recognized for his experience and digital media, Jean Arthuys served a director of TPS, Sportfive and Newsweb. He was also Chairman and CEO of the football club 'Girondins de Bordeaux'. Between 2007 and 2010 he was a partner of the fund PAI Partners, responsible for media, Internet

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Eutelsat SA (since 16 October 2015)

Outside France:
NA

Having Expired:

In France:
- Permanent representative of BpiFrance Participations, Board Member of Eutelsat Communications (until 5 November 2015)
- Permanent representative of BpiFrance Participations, Board Member of Eutelsat S.A. (until 5 November 2015)

Outside France :
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

JEAN D'ARTHUYS
Board Member

and telecommunications. In 2010, he joined the Executive Committee of the Strategic Investment Fund (*Renamed Bpifrance Participations, as part of the creation of the group Bpifrance after an intake process under which the Caisse des Dépôts et Consignations and French State became joint shareholders of BPI Group, sole shareholder of Bpifrance Participations.)* in charge of investment. Currently he is CEO of Triana, a company dedicated to luxury brand distribution and e-commerce.

In France:
- CEO of Triana
- Managing Director of Cyrano, Chairman of Triana SAS
- Board Member and CEO of Maison Lejaby SA
- Board Member of L'Exception
- Board Member of Indefilms

Outside France:
NA

Having Expired:

In France:
- Chairman of HEC Alumni
- Member of the Supervisory Board of ST Microelectronics
- Board Member of Talend
- Board Member of Viadeo
- Permanent representative of Bpifrance Participations
- Board Member of Soprol
- Board Member and Member of the Executive Committee of Bpifrance Participations

Outside France:
NA

ANA GARCIA FAU
Board Member

DoB: 3 November 1968 – 48 years old
a Spanish national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
5 November 2015

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

Biography

Ana García Fau a Spanish national. Graduated in Economics, Business Administration (Finance) and Law from Universidad Pontificia Comillas (ICADE-E3) in Madrid, Ana holds an MBA from Sloan, Massachusetts Institute of Technology (MIT). She began her career in consulting at McKinsey&Co. in Madrid, and at the M&A department of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas, the listed directory business, from 1997 to 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel board positions at Telfisa in Spain, Publiguías in Chile, TPI Brasil, Telinver in Argentina and TPI Peru, amongst others. In 2006 she was appointed CEO of Yell for the Spanish and LatinAmerican businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013 she was appointed Chief Global Strategy Officer of hibu (former Yell Group) responsible for partnerships and the digital strategy. Since its IPO in June 2014 she serves as non-executive director at Merlin Properties, the leading REIT in Spain, and is a member of its Audit Committee. Since April 2016 she has also serve as a non-executive director at Paris-based Technicolor, a technology provider to the media industry. She is a member of the Audit, Committee and Chair of its Nominations & Governance Committee. Since June 2016 she has served on the board of Renovalia Energy Group, a private renewable energy company owned by Cerberus Capital, and where she chairs the Audit Committee. Since April 2017 she has been a non-

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA.

Outside France:
NA

Having Expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Technicolor, SA (listed company, Paris, France) (as of April 2016), Member of the Audit Committee, Chairman of the Nominations & Governance Committee

Outside France:
- Board Member of Merlin Properties Socimi, SA (listed company, Madrid, Spain) (as of June 2014), Member of the Audit Committee
- Board Member of Renovalia Energy Group, SL (Madrid, Spain) (as of June 2016)
- Board Member of Gestamp Automocion, SA (listed company, Madrid, Spain) (as of April 2017), Member of the Audit Committee

executive director at Gestamp, a publicly-listed Spanish car component manufacturer, where she is a member of the Audit Committee. Also in April of 2017, Ana joined the global and International boards of DLA Piper, a leading global law firm, chairing its Audit Committee. Ana is currently a member of International Women's Forum, Women Corporate Directors, the Spanish Institute of Directors (ICA), and of the executive committee of the MIT Club of Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), and of the Board of Trustees of several Foundations in Spain (2010-2016). During 2011 and 2012 she was President of the Professional Women Network in Spain.

Having expired:

In France:

NA

Outside France:

- CEO Hibu connect, SA (exYell Publicidad, SA), (Madrid, Spain) (as of January 2014)
- Board Member of Cape Harbour Advisors, SL (Madrid, Spain) (as of April 2016)

FSP REPRESENTED BY DOMINIQUE D'HINNIN

Board Member

DoB: 4 August 1959 – 58 years old

a French national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

4 November 2016

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

Biography

FSP (Since 4 November 2016), is currently represented on the Company's Board of Directors by Mr Dominique D'Hinnin. Dominique d'Hinnin was Lagardère Co-managing Partner from 2010 to 2016. He holds advanced degrees from École normale supérieure and is Inspecteur des finances. He joined the Lagardère Group in 1990 as an advisor to Philippe Camus. He was then appointed as the Internal Audit Manager, Hachette Livre Finance Manager in 1993, and, in 1994 Executive Vice-President of Grolier Inc (Connecticut, USA). He was Lagardère Chief Financial Officer from 1998 to 2009, and Lagardère SCA co-managing partnere between 2009 and 2016. He currently is a Board Member of the Spanish media company PRISA, a Board Member of the French Company Edenred and a Board Member of the Belgium distribution company Louis Delhaize SA.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Permanent representative of FSP, Board Member of Eutelsat Communications (since 4 November 2016)

Outside France:

- NA

Having expired:

In France:

- NA

Outside France:

- NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Edenred: Board member since 8 June 2017 (listed company)

Outside France:

- Louis Delhaize SA (Belgium): Board Member since 6 June 2017
- Prisa (Spain): Board Member since 6 May 2016 (listed company)

Having expired:

In France:

- Marie-Claire Album and Holding Evelyne Prouvost: Board Member between 2014 and 2016.
- Editions Amaury SA: Board Member between 2011 and 2013.
- Canal+ France: Board Member between 2007 and 2013.
- Price Waterhouse Coopers France: Advisory Board Member between 2009 and 2013.

Outside France:

- EADS: Board Member between 2007 and 2013.

BERTRAND MABILLE
Board Member

DoB: 18 March 1964 – 53 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 May 2007

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2017

Biography

Bertrand Mabille has been Chief Executive Officer of Carlson Wagonlit France since October 2008 and, since March 2012, Executive Vice President France and Mediterranean for CWT. He was Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having been successively Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, B. Mabille worked for the French Prime Minister's office. B. Mabille is a graduate of the *École normale supérieure* and the *École nationale supérieure des télécommunications.*

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Eutelsat S.A.

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Videodesk
- Chairman Forty-Nine Consulting

Outside France:
- Chairman of the Board of Carlson Wagonlit Italia S.r.l. (Italy)
- Chairman of the Board of Acentro Turismo S.p.A. (Italy)
- Managing Director of Carlson Wagonlit España S.L.U (Spain)
- Managing partner of Viajes Lepanto, S.L.U. (Spain)
- Permanent Representative of Carlson Wagonlit Spain Holdings II BV (Spain)
- Director of Carlson Wagonlit Maroc S.A. (Morocco)
- Permanent Representative of CWT Beheermaatschappij B.V. of the Board of Carlson Wagonlit Maroc S.A. (Morocco)

Having expired:

In France:
- Chairman and CEO of CWT France
- Executive Vice President of CWT France-Mediterranean
- Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution
- Chairman of Carlson Wagonlit Meetings & Events
- Chairman of SETA (Forum Voyages)
  Board Member of KDS
- Member of the Supervisory Board of Cofitel
- Chairman of the Supervisory Board of Adeuza
- Board Member of So Ouat

Outside France:
NA

ROSS MCINNES

Board Member

DoB: 8 March 1954 –63 years old
both French and Australian citizenship

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
7 February 2013

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

Biography

After graduating from Oxford, Ross started his career with Kleinwort Benson Bank in London, then in Rio de Janeiro. In 1980, he joined the corporate finance arm of Continental Bank (which became part of Bank of America), where he held several positions as Vice-President, working in Chicago and Paris. In 1989, Ross McInnes moved to the industrial sector, notably Eridania Beghin-Say, where he became Chief Financial Officer in 1991 and later a member of the Board of Directors in 1999. The following year, he moved to Thomson-CSF (now Thales) as Executive Vice President and CFO, playing a major role in the Company's transformation. In 2005, he was appointed Senior Vice President of Finance and Strategy for the PPR Group (Pinault-Printemps-La Redoute) before joining the Supervisory Board of Générale de Santé in 2006. He served as interim Chairman of the Management Board from March to June 2007. He then served as Vice Chairman of Macquarie Capital Europe, a company specialised in infrastructure investments. In March 2009, Ross McInnes joined the Safran Group as Adviser to the Chairman of the Management Board, before becoming Executive Vice President of Economics and Finance in June 2009. He served as a member of the Management Board between July 2009 and April 2011. From 21 April 2011 to 23 April 2015, he was Deputy Chief Executive Officer in charge of Finance at Safran. On 1 October 2014, he was appointed as member of the Board of IMI, Plc and as Chairman of the Audit Committee with an effective date on 1 January 2015.Since 23 April 2015, he is Chairman of the Board of Safran. In February 2015, the French Minister of Foreign Affairs and International Development appointed Ross McInnes as Special Representative for economic relations with Australia. In November 2016, he was appointed by the French Prime Minister as the Ambassador of the "Choose Paris Region" program created to attract foreign business to the Greater Paris Area and France in general. In November 2016, based on the recommendation of the AFEP and MEDEF associations, he was appointed a member of the High Committee for Corporate Governance set up by the AFEP and MEDEF to monitor the application of the AFEP-MEDEF Corporate Governance Code for Listed Companies in France.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Chairman of the Board of Safran (listed company)

Outside France:
- Board Member and Chairman of the Audit Committee of IMI, Plc (listed company, U.K)

Having expired:

In France:
- Board Member and Chairman of the Audit Committee of Faurecia (listed company)
- Deputy CEO of Safran
- Board Member of Aircelle
- Board Member of Turbomeca
- Board Member of Messier-Bugatti-Dowty
- Board Member of Morpho
- Board Member of Snecma
- Board Member of Sagem Défense Sécurité
- Board Member of Vallaroche Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroche
- Board Member of Financière du Planier
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board and Member of the Audit Committee of Générale de Santé

Outside France:
- Board Member of Safran USA, Inc. (USA)
- Permanent Representative of Établissements Vallaroche at the Board of Directors of Soreval (Luxemburg)
- Permanent Representative of Santé Europe Investissements S.A.R.L. at the Board of Directors of Santé S.A. (Luxemburg)
- Board Member of Limoni S.p.A. (Italy)
- Board Member of Globe Motors Inc. (USA)

CAROLE PIWNICA
Board Member

DoB: 12 February 1958 – 59 years old
a Belgian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
9 November 2010

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2020

Biography

Carole Piwnica a graduate in law from the *Université libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University. After a career with several international law firms, C. Piwnica is currently a Board Member of Naxos UK (private equity firm) and a member of the Boards of the listed companies: Sanofi (healthcare), Rothschild & Co (financial services) and Amyris Inc (industrial biotechnology). Prior to that, C. Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle Plc (food ingredients) and Board Member of Dairy Crest Group Plc (food). She also served as a member of the The Board of Directors and the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Sanofi (listed company)
- Board Member of Rothschild & Co (listed company)

Outside France:
- Board Member of Naxos UK (United Kingdom)
- Board Member of Amyris (USA) (listed company)
- Board Member of Big Red (USA)
- Board Member of Elevance (USA)
- Board Member of I20 (United Kingdom)

Having expired:

In France:

NA

Outside France:
- Board Member of Dairy Crest Group Plc (United Kingdom)
- Board Member, Member of the Compensation Committee, and Chairman of the Social Responsibility Committee of the Board of Aviva Plc (United Kingdom)
- Board Member of Louis Delhaize (Belgium)
- Board Member of Recycoal (United Kingdom)

Furthermore, the Board of 27 July 2017 called on the shareholders present at the Annual General Meeting of 8 November 2017 to vote notably on the following resolutions:

- Appointment of Dominique D'Hinnin (currently permanent representative of FSP) as a Board Member. Following the Annual General Meeting 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;

- Appointment of Esther Gaide, Paul-François Fournier and Didier Leroy as Board Members;

9.9 INFORMATION ON COMPENSATION PAID TO COMPANY DIRECTORS AND CORPORATE OFFICERS

This section comprises the report on the principles and criteria used to determine, allocate and grant the total fixed, variable and exceptional compensation items and benefits of the executive corporate officers ('dirigeants mandataires sociaux') in respect of their functions, as provided under article L.225-37-2 of the French Commercial Code. The General Meeting of Shareholders shall be called upon to approve the compensation principles on the basis of this report.

It is specified that the payment of the annual variable compensation items and of the long-term variable compensation items of the executive corporate officers (Chief Executive Officer and Deputy Chief Executive Officers) in respect of the 2017-18 financial year is conditional on the approval of said items by the General Meeting of Shareholders called to approve the accounts for the 2017-18 financial year.

Compensation general principles

The Board of Directors, upon recommendation of the Remuneration Committee, has defined the global principles governing the compensation of the Chairman of the Board of Directors the Executive Directors and Corporate Officers and assessed the level of achievement of these general principles.

The global principle behind the compensation policy is to attract, retain and motivate top-ranking executives and to align their interests with the value-creation for the Group, taking into account the Group's capital intensity, its high-technology environment, long-term investment horizon and growth challenges in a very competitive environment as well as the international dimension of the Group and its sector.

9.9.1 General compensation policy in force on the date of this report for the non-executive corporate officer: chairman of the board of directors

Compensation structure:

The compensation structure for the non-executive Chairman of the Board of Director comprises exclusively attendance fees.

In line with his non-executive functions and consistent with market practices in France, the Chairman of the Board of Directors does not receive any variable annual, pluri-annual or short-term cash compensation, nor the benefit of any long-term incentive scheme.

Attendance fees:

The attendance fees paid to the Chairman of the Board of Directors are allocated in accordance with the rules defined by the Board of Directors and set out in the Board's Internal Rules. Such allocation rules, which apply to all the directors, include variable fees for each meeting of the Board of Directors, as well as a specific fixed annual portion for the Chairman of the Board (see § 9.7 of the present report concerning rules of allocation of attendance fees to the directors).

9.9.2 GENERAL COMPENSATION POLICY IN FORCE ON THE DATE OF THIS REPORT FOR EXECUTIVE DIRECTORS AND CORPORATE OFFICERS: CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICERS

On the basis of these objectives, the Group has implemented a global compensation policy for the Executive Directors and Corporate Officers, structured as follows (see also the Market Positioning Policy section):

	Purpose	Key Features
Fixed annual salary	Recognise the level of responsibility in a	See " Market Positioning Policy" section

	competitive talent market.	
Annual Variable Compensation	Ensure published financial outlook is met and stimulate overdelivery on internal corporate objectives for the year	Two sets of objectives: - Quantitative objectives: revenue; EBITDA(1); discretionary free cash flow; LEAP savings plan - Qualitative objectives: specific objectives related to the strategic roadmap. See "Variable compensation policy" section
Pluri-annual variable compensation	N/A	N/A
Long Term Incentive Plan	Maximise mid-term value creation; Align the interest of Corporate Officers with shareholders Retain key senior executives	Allocation of phantom shares (or free shares) linked to three-year value creation objectives: revenue; discretionary free cash flow; LEAP savings plan, relative TSR (2); See "Variable compensation policy" section
Compensation, indemnities or benefits due or likely to be due on termination or change of functions	-	None
Exceptional compensation	-	See "Exceptional compensation policy" section
Benefits in kind	-	- Car with chauffeur for the CEO - Company car for Deputy CEO
Attendance fees	Compensation for board members	Not applicable to Deputy Chief Executive Officers.
Non-compete undertakings	Take account of the satellite operators' highly competitive environment	Non-compete clause: lump sum allowance equivalent to 50% of the base salary during the 18-month period following the termination of duties in consideration for the commitment to refrain from working for any satellite operator, directly or indirectly.
Supplementary pension scheme		None
Group benefit and supplementary health plan		The executive directors and corporate officers benefit from supplementary health plans currently in force within the Group, on the same terms as those applying to the employee group to which they are assimilated for the calculation of their employee benefits.

(1) EBITDA is defined as operating income before depreciation and amortisation, impairments and other operating income/(expenses).
(2) TSR is Total Shareholder Return over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

Note:

i) The criteria used to determine the compensation of the executive directors and corporate officers include, inter alia: market positioning (see dedicated section), track record, function and seniority;

ii) The precise weight of the various objectives to determine the annual variable compensation is determined by the Board of Directors on a case by case basis, depending on the respective functions of the executive directors and corporate officers.

Market positioning policy

The competitiveness of the compensation policy is measured primarily by reference to comparable French companies (in terms of market capitalisation and revenue), and, when relevant, by reference to comparable European companies.

Market positioning policy

A set of guidelines framing the assessment of the global compensation market competitiveness has been proposed, consistent with Eutelsat's specific features:

- The long-term component of compensation is greater than that of Eutelsat's peers, in order to emphasise long-term objectives and enhance alignment with the interests of shareholders;
- Relative positioning objective for cash compensation: base salary and total cash compensation around the median.

Annual fixed compensation:

The annual fixed compensation of the executive directors and corporate officers is awarded in consideration of their corporate functions taking account of their individual merits in combination with market benchmarks.

Accordingly, it is determined on the basis of the following:

- The level and complexity of the missions and responsibilities attached to the corporate function, each executive director and corporate officer being vested with the broadest powers to act in the name of the Company, in all circumsntances, and to respresent it in its relationships with third parties;
- The track record, skills, experience, expertise and past functions of each executive director and corporate officer,
- The compensation analyses and market benchmarks for comparable functions and companies.

In accordance with the Company's reference Code of Governance, the Board of Directors has deemed that this annual fixed compensation of the Chief Executive Officer would be reviewed solely upon expiry of the corporate mandate.

Notwithstanding, it may be reviewed during the course of the corporate mandate and prior to its renewal in the event of a significant change in the scope of responsibility attached to such function, which may occur as a result of changes affecting the Company itself, or of the emergence of a significant discrepancy compared to the market benchmark. In these specific circumstances, the adjustment of the fixed compensation, as well as the reasons for the adjustment, shall be disclosed publicly

For other executive corporate officers, the opportunity for a revision of their fixed remuneration will be considered on an annual basis by the Board of Directors.

The annual fixed compensation is used as the basis for the calculation of the maximum percentage of annual variable compensation and the valuation of long-term incentives.

As a reminder, the basic fixed annual salary for each executive corporate officer for fiscal year 2017-18 is as follows:

- 650 000 euros for the Chief Executive Officer
- 363 384 euros for the Deputy Chief Executive Officer and Chief Commercial Officer
- 230 000 euros for the Deputy Chief Executive Officer and Chief Technical Officer

Variable compensation policy

Annual variable compensation:

Determination method

The potential amount of variable compensation is determined on the basis of, inter alia, noted market practices, and the achievement of performance levels in relation to key parameters and certain economic and personal, quantitative and qualitative performance objectives, in line with the implementation of the company's strategy.

During the first quarter of each fiscal year, the Board of Directors, on the basis of recommendations from the Remuneration Committee, confirms or determines such objectives, as well as their weight and the associated performance levels:

- Threshold below which no compensation is paid,
- Target level when the objective is met, and
- Maximum level evidencing outperformance compared to the target level for the set objective.

The economic, quantitative performance objectives linked to financial indicators are precisely determined on the basis of the budget approved by the Board of Directors, and are subject to the performance thresholds described above.

The level of achievement of the objectives is disclosed once performance has been assessed by the Board of Directors.

Detailed presentation of the characteristics for each executive director and corporate officer:

The parameters are determined by the Board of Directors during the first quarter of the relevant year. They are subject to change from one year to the next. The weight of each criterion for the Chief Executive Officer and the Deputy Chief Executive Officers is set forth in the following summary table:

(as a percentage of the fixed compensation, rounded to one decimal place)	**Rodolphe Belmer**	**Michel Azibert**	**Yohann Leroy**
Quantitative objectives at Group level	***70%***	***35%***	***25%***
Revenues	*28%*	*14%*	*10%*
Discretionary free cash-flow	*14%*	*7%*	*5%*
EBITDA	*14%*	*7%*	*5%*
The transformation plan (LEAP)	*14%*	*7%*	*5%*
Qualitative objectives at Group level	***30%***	***25%***	***25%***
Specific commercial quantitative objectives	**-**	***45%***	**-**
TOTAL	***100%***	***105%***	***50%***

Method for calculating the quantitative objectives (minimum and maximum levels):

- 115% in case out-performance by 1% compared to budget;
- 100% if the budget is met;
- 80% if the disclosed financial objectives are met; and
- 0% in case of objective achievement below this minimum level.

The relevant amounts are calculated using constant exchange rates and on a linear basis from one threshold to the next.

Qualitative objectives:

These parameters are determined by the Board of Directors during the first quarter of the relevant fiscal year and are subject to change from one year to the next to reflect the strategic, business and managerial issues for the upcoming financial year, for each relevant function. They may relate to, inter alia, the implementation of strategic guidelines approved by the Board of Directors, important industrial and commercial developments and programmes and the organisation and management actions. They do not relate to day-to-day tasks, but rather to specific actions in respect of which the Board of Directors expects specific performance further to the determination of objectives that are as measurable as possible, and assessed globally.

Payment conditions:

As required by law, the payment of the annual variable compensation, effective from that due in respect of fiscal year 2017-18 and payable during fiscal year 2018-19 (the month following the approval), is conditional on approval by an ordinary General Shareholders' Meeting.

Appointment or expiry of functions:

In the event of appointments or expiry of functions occurring in the course of the year, the foregoing principles apply for the period of time during which the functions were discharged (prorata temporis). However, in respect of any appointments made during the second half of the relevant financial year, performance is assessed on a discretionary basis by the Board of Directors on the basis of a proposal by the Remuneration Committee.

Long-term incentives

Objective:

The Board of Directors considers that this mechanism, which also applies to certain other key functions within the company, is well-suited to the functions of the executive directors and corporate officers given the expected level of their direct contribution to the long-term performance of the company. This mechanism, which is based on the achievement of certain performance conditions over several years and on the evolution of the value of the Eutelsat share price, strengthens the motivation and loyalty of these key functions while fostering the alignment of their interests with the interests of the company and of its shareholders.

Detailed presentation of the characteristics of the long-term incentive plan:

Vehicle

The long-term incentive plan is based on the allocation of Eutelsat phantom shares. After a period of at least three years, the level of achievement of the performance conditions described below determines the number of vested phantom shares, resulting in a cash payment based on the value of the Eutelsat share on such date.

Performance conditions

The phantom share vesting percentage varies depending on the achievement of internal and external performance conditions measured over a period of three years.

The three internal conditions, which are appreciated over a period of three consecutive financial years, account for three-quarters and relate to:

- Cumulated revenues for one-quarter;
- Discretionary Free Cash Flow (DFCF) for one-quarter;
- The "LEAP" cost-savings plan for one-quarter.

The Revenues, DFCF and LEAP savings objectives (based on the Group's consolidated financial statements) are confidential and based on the Group's strategic plan. For confidentiality reasons, the details of these objectives may only be disclosed ex-post, further to their review by the Board of Directors.

The external condition accounts for one-quarter and is based on a relative TSR objective over the defined period (three years from the establishement of the plan). Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat) and Eutelsat.

For the purpose of this condition, the actual phantom share vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 80% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% as compared to the composite index defined above;
- 115% in case of out-performance by 15% as compared to the composite index defined above.

Beyond the aforementioned performance conditions, the rules governing the long term incentive plan include the principle of a presence condition with the exception of exceptional cases determined by the Board of Directors.

Allocation maximum cap

On the grant date, the book value[32] of the phantom shares granted to the executive directors and corporate officers may not exceed a certain percentage of their annual fixed salary. This percentage stands at 200% for the Chief Executive Officer and the Deputy Chief Executive Officers.

Exceptional compensation

The Board of Directors adopted the principle according to which the executive directors and corporate officers may receive exceptional compensation in very specific circumtances only, such as for example a significant transaction for the Group. In any event, should any such decision be made by the Board of Directors:

- The amount of any such exceptional compensation may not exceed 100% of the acting executive director or corporate officer's target bonus;
- Its payment may not be made prior to its approval by an ordinary General Shareholders' Meeting;
- Such decision shall be made public immediately after the Board of Directors' meeting during which the decision was taken,
- The decision must be justified, and must contain details of the event leading to it.

Any such exceptional compensation may also be justified in the event and context of the arrival of a new director or corporate officer in order to indemnify the new executive director or corporate officer for the loss of variable annual compensation as a result of leaving the previous employer.

9.10 INFORMATION CONCERING THE ELEMENTS OF REMUNERATION OWED OR ATTRIBUTED TO CORPORATE OFFICERS

In conformity with the AFEP-MEDEF code, to which Eutelsat refers in conformity with the dispositions of article L-225-37 of the Commercial Code (‘Code du Commerce’), the Annual General Meeting, called to approve the accounts for fiscal year

[32] Under IFRS 2

2016-17 will also be called upon to emit a binding opinion on the elements of compensation owed or attributed in relation to fiscal year 2016-17 to the Chairman of the Board of Directors and the executive corporate officers.

9.10.1 Compensation of the directors and corporate officers in respect of the 2016-17 financial year

Principal changes during the financial year

Changes in the calculation of the compensation of Rodolphe Belmer and Michel Azibert during fiscal year 2016-2017

Based on a recommendation by the Remuneration Committee, the Board of Directors' meeting of 28 July 2016 approved the principles governing compensation paid to Rodolphe Belmer and Michel Azibert in the 2016-17 financial year. Compared to the principles governing compensation paid to Rodolphe Belmer and Michel Azibert in the 2016-17 financial year, the two following items have changed:

- The quantitative criteria used to determine the variable portion of Rodolphe Belmer's compensation now have greater weight than the qualitative criteria. The quantitative objectives now represent 70% of the variable portion of Rodolphe Belmer's compensation (compared to 50% previously).
- The quantitative objectives have been adjusted in order to reflect the Group's new strategy with the introduction of a discretionary free cash flow criterion[33] (replacing the net income criterion), in line with the Group's financial objectives and the cash flow maximisation strategy presented in June 2016. The quantitative objectives are now linked to the following:
    - For Rodolphe Belmer: revenue accounting for 30% (unchanged), EBITDA accounting for 30% (previously 40%) and discretionary free cash flow accounting for 40% (previously linked to net consolidated results, accounting for 30%);
    - For Michel Azibert: revenue accounting for 50% (previously 30%), EBITDA accounting for 25% (previously 40%) and discretionary free cash flow accounting for 25% (previously linked to net consolidated results, accounting for 30%).

In addition, as concerns Michel Azibert, the number of theoretically-vested and granted phantom shares under the phantom share allocation plan of 25 April 2017 stands at 120% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the date of opening of the plan, as compared to 100% of his base salary under the bonus share plan of 16 February 2016. The decision was also made to increase Michel Azibert's allocation percentage as follows: 140% under the next long term incentive plan and 160% under the subsequent plan.

Compensation of Yohann Leroy

Yohann Leroy's compensation, effective from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017, was determined in keeping with Eutelsat's compensation policy and the median for SBF 80 comparable companies. It comprises the following items:

Fixed compensation

Yohann Leroy's fixed gross annual compensation stands at 230 000 euros.

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[33] Cash flow from operations – "Cash" investments – Paid interest and other financial costs net of paid interest revenue.

Annual variable compensation:

Yohann Leroy's gross annual variable compensation may reach 50% of his gross annual fixed compensation on the basis of performance-related criteria defined each year by the Board of Directors for each plan, on the recommendation of the Remuneration Committee.

Long-term incentive plan:

A long-term incentive plan in the form of phantom shares has been granted to Yohann Leroy for an amount representing 40% of his gross annual fixed compensation. The grant is subject to a three-year vesting period and the achievement of performance-related conditions to be defined each year by the Board of Directors on the recommendation of the Remuneration Committee.

Furthermore, in order to take into account its appointment as Deputy CEO in fiscal year 2016-17, it was decided to raise the percentage to 50% of Mr Leroy’s annual gross salary for the next long term incentives plans.

Benefits in kind:

A company car has been provided to Yohann Leroy, a benefit that is estimated at an annual amount of 4 085 euros.

Non-compete commitment:

Yohann Leroy agrees, during the 18-month period following the date of termination of his duties, to refrain from working for any other satellite operator, directly or indirectly. In consideration for this commitment, he may, during this 18-month period, receive a monthly indemnity in an amount equivalent to 50% of his monthly base salary as at the date of his departure. The rationale for this non-compete commitment is the satellite operators' highly competitive environment. Eutelsat's Board of Directors has the option of waiving this non-compete provision.

2016-17 fiscal year:

For the 2016-17 fiscal year, Yohann Leroy's fixed and variable compensation as a Corporate Officer shall be calculated on a *prorata temporis* basis, in proportion to the number of days in office.

Evolution of the remuneration of the Chairman of the Board of Directors

Subject to the approval by the next Shareholders Meeting (8 November 2017) and in order to simplify the remuneration, the Board of Directors decided to adapt the remuneration of the Chairman as of the entry into office of Dominique D’Hinnin.

The Chairman of the Board of Directors whose remuneration hitherto comprised a fixed annual cash compensation of 200,000 euros and attendance fees attributed consistently with the rules described in the section 9.7 of this document (i.e a fixed part of 45,000 euros and a variable part of 4,000 euros per Board meeting for the Chairman) will now comprise exclusively attendance fees (with a fixed portion raised to 175,000 euros and a variable part of 4,000 euros per Board meeting). Subject to next Shareholders Meeting approval, the amount of attendance fees will be adjusted accordingly as described in the section 9.7.

9.10.2 Criteria to define the variable portion of compensation

In accordance with the AFEP-MEDEF recommendation, the variable part of the Corporate Officers' compensation is based on predetermined qualitative and quantitative objectives.

In respect of the 2016-17 financial year, the variable portion of compensation paid to executive Corporate Officers ranged from 0 to 100% of the fixed portion for Rodolphe Belmer, 0 to 105% of the fixed portion for Michel Azibert and from 0 to 50% of the fixed portion for Yohann Leroy. It is determined entirely on the basis of performance criteria that include:

– for Rodolphe Belmer:

- quantitative objectives at Group level (accounting for 70% of fixed salary), linked to revenue (accounting for 30%), EBITDA (accounting for 30%) and discretionary free cash flow (accounting for 40%),
- qualitative objectives (accounting for 30%).

– for Michel Azibert:

- quantitative objectives at Group level (accounting for 35% of fixed salary), linked to revenue (accounting for 50%), EBITDA (accounting for 25%) and discretionary free cash flow (accounting for 25%),
- specific quantitative objectives related to the position of Group Chief Commercial and Development Officer (accounting for 45%),
- qualitative objectives (accounting for 25%).

– For Yohann Leroy:

- quantitative objectives at Group level (accounting for 25% of fixed salary), linked to revenue (accounting for 30%), EBITDA (accounting for 30%) and discretionary free cash flow (accounting for 40%),
- qualitative objectives (accounting for 25%).

The weight of each criterion is summarised in the table below:

(as a percentage of the fixed compensation, rounded to one decimal place)	Rodolphe Belmer	Michel Azibert	Yohann Leroy
Quantitative objectives at Group level	70%	35%	25%
Revenue	21%	17.5%	7,5%
EBITDA	21%	8.75%	7,5%
Discretionary Free Cash Flow	28%	8.75%	10%
Qualitative objectives at Group level	30%	25%	25%
Specific quantitative sales objectives	-	45%	-
TOTAL (maximum expressed as a percentage of the fixed portion)	**100%**	**105%**	**50%**

No variable portion was attributed to Michel de Rosen for fiscal year 201617.

Quantitative objectives at Group level

With regard to quantitative objectives at Group level, the amount allocated for each criterion stands as follows:

– 112% in case of over-performance by 1% compared to budget;

– 100% if the budget is met;

– 50% in case if the financial objectives communicated are met; and

– 0% in case of objective achievement at lower levels.

The relevant amounts are calculated using constant exchange rates and on a linear basis from one threshold to the next.

Qualitative objectives

Qualitative objectives relate to priority projects at strategic or operational level for the financial year. The criteria used to determine compensation in respect of the 2017-18 financial year are not publicly disclosed for confidentiality reasons.

For Rodolphe Belmer

The **qualitative objectives** that were set to determine the variable compensation to be paid to Rodolphe Belmer in respect of fiscal year 2016-17 were as follows:

Improve the efficiency of core business (25%):

- Head the CAPEX optimization program
- Review the efficiency of the organization and initiate steps to improve cost efficiency
- Secure lower cost of cost of debt
- Improve customer payment terms

Optimize value of video Hotspots (25%):

- Develop and start implementing a differentiated pricing strategy
- Develop and start implementing a more direct distribution approach where applicable
- Monetize innovation

Prepare the Company for a change in scale in Broadband (25%):

Improve the Group's perception by the financial markets (25%).

For Michel Azibert

The **qualitative objectives** that were set to determine variable compensation to be paid to Michel Azibert in respect of fiscal year 2016-17 were as follows:

- Continue to enhance the commercial performance, notably through the implementation of a new organization and new processes;
- Implement an action plan at the HOTBIRD orbital position, notably in terms of distribution and pricing strategy with a view to improving HD and UHD penetration ;
- Support the sale of available capacity across the Americas ;
- Implement a detailed commercial plan for Fixed Data capacity ;
- Contribute to the development of Fixed Broadband projects for example by achieving new partnerships with blue chip operators.

Michel Azibert's specific **quantitative objectives** related to the position of Group Chief Commercial and Development Officer included the following:

- HOTBIRD revenues (for 16%);
- Reduce Opex for the commercial department (for 10%);
- Improve customer collection (for 10%);
- Increase Mobile Connectivity revenues (for 9%).

For Yohann Leroy

The **qualitative objectives** that were set to determine variable compensation to be paid to Yohann Leroy in respect of fiscal year 2016-17 were as follows:

- Improve management and technical ability of Eutelsat teams (10%);
- Implement a 'design-to-cost' approach for current and future procurement programmes (10%);
- Successful launch and entry into service of satellites planned for current year (notably EUTELSAT 117 West B and EUTELSAT 172B) as well as smooth progress on programmes currently underway (40%);
- Diversification of options for satellite construction and access to space (10%);
- Securing of access to space for future launches (10%);
- Contribution to LEAP cost-savings plan for the technical activities (10%);

- Finalisation of opportunities for hosted payloads (5%);
- Contribution to various group strategy projects as well as to the innovation strategy (5%).

9.10.3 SUMMARY OF COMPENSATION AND BENEFITS PAID TO EXECUTIVE DIRECTORS AND CORPORATE OFFICERS (TABLE 1 – AMF RECOMMENDATION)

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended on 30 June 2016 and 2017:

(in €)	Financial year 2015-16	Financial year 2016-17
Michel de Rosen Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)		
Compensation (see Table 2 for details)	365,331	292,000
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	96,413	-
Valuation of phantom shares granted during the financial year	-	-
TOTAL	**461,744**	**292,000**
Rodolphe Belmer Chief Executive Officer (since 1 March 2016), Deputy CEO (1 December 2015 to 1 March 2016)		
Compensation (see Table 2 for details)	614,565	1,276,907
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	587,071	-
Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)	-	812,500
TOTAL	**1,201,636**	**2,089,407**
Michel Azibert Deputy CEO (since 5 September 2011)		
Compensation (see Table 2 for details)	573,962	714,046
Valuation of options granted during the financial year	N/A	
Valuation of performance shares granted during the financial year	262,571	

(NB: theoretical amount assuming full vesting of long term incentive plans)		
Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)		436,061
TOTAL	**836,533**	**1,150,107**
Yohann Leroy* Deputy CEO (since 25 April 2017)		
Compensation (see Table 2 for details)		62,425
Valuation of options granted during the financial year		
Valuation of performance shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)		
Valuation of phantom shares granted during the financial year (NB: theoretical amount assuming full vesting of long term incentive plans)		92,000
TOTAL		154,425

*Yohann Leroy's compensation is stated on a prorata temporis basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.

Note: performance shares are valued on the basis of their book value at grant date, calculated in accordance with IFRS standards and assuming a maximum number of granted phantom shares.

9.10.4 SUMMARY OF COMPENSATION PAID TO EXECUTIVE DIRECTORS AND CORPORATE OFFICERS (TABLE 2 – AMF RECOMMENDATION) (TABLE 2 – AMF RECOMMENDATION)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended on 30 June 2016 and 2017 respectively.

Preliminary comment: the compensation amounts for the 2015-16 financial year for Michel de Rosen and Rodolphe Belmer were calculated on a *prorata temporis* basis, Michel de Rosen having acted as Chief Executive Officer until 1 March 2016 and Rodolphe Belmer having joined the Group on 1 December 2015.

	Financial year 2015-16		Financial year 2016-17	
(in €)	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Michel de Rosen Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (between 10 November 2009 and 29 February 2016)				
Fixed salary	333,333	333,333[34]	200,000	200,000

[34] Of which 266,667 as Chairman and CEO until 29 February 2016 and 66,667 as Chairman of the Board of Directors since 1 March 2016.

Variable compensation	0	350,000		
Attendance fees	31,998	NA	92,000	31,998
Benefits in kind	NA	NA		
Exceptional compensation	NA	NA		
TOTAL	**365,331**	**683,333**	**292,000**	**231,998**
Rodolphe Belmer Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)				
Fixed compensation	379,167	379,167	650,000	650,000
Variable compensation	235,398	N/A	588,283	235,398
Attendance fees	N/A	N/A	35,250	
Benefits in kind	N/A	N/A	3,374	3,374
Exceptional compensation	N/A	N/A		
TOTAL	**614,565**	**379,167**	**1,276,907**	**888,772**
Michel Azibert Deputy CEO (since 5 September 2011)				
Fixed compensation	363,384	363,384	363,384	363,384
Variable compensation	205,160	259,560	345,987	205,160
Attendance fees	N/A	N/A		
Benefits in kind	5,418	5,418	4,675	4,675
Exceptional compensation	N/A	N/A		
TOTAL	**573,962**	**628,362**	**714,046**	**573,218**
Yohann Leroy* Deputy CEO (since 25 April 2017)				
Fixed compensation			42,167	42,167
Variable compensation			19,940	
Attendance fees				
Benefits in kind			318	318

Exceptional compensation				
TOTAL			**62,425**	**42,485**

*Yohann Leroy's compensation is stated on a prorata temporis basis from his appointment as Deputy Chief Executive Officer and Chief Technical Officer on 25 April 2017.

9.10.5 DETAILS OF THE FIXED AND VARIABLE COMPENSATION ITEMS DUE OR ALLOCATED FOR THE 2016-17 FINANCIAL YEAR AND SUBMITTED TO A BINDING VOTE OF THE SHAREHOLDERS PURSUANT TO THE AFEP/MEDEF CODE

Michel de Rosen's compensation

Compensation items due or allocated during the 2016-17 financial year	Amount orbook value in €
Fixed compensation	200,000
Annual variable compensation	
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	
Attendance fees	92,000
Supplementary pension scheme	

Fixed compensation as non-executive Chairman of the Board of Directors of Eutelsat Communications

Michel de Rosen's annual fixed compensation in his capacity as Chairman of the Board of Directors stands at €200,000, which is in line with market practice.

Michel de Rosen's fixed compensation as determined for the financial year ended 30 June 2017 was paid to him by Eutelsat Communications.

Attendance fees

The amount of attendance fees due to Michel de Rosen for fiscal year 2016-17 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stands at 92 000 euros.

Variable compensation

None

Other

Michel de Rosen was not eligible for any post-employment benefit, non-compete indemnity or supplementary pension scheme in his capacity as CEO and Chairman, and is currently not eligible to receive any such items in his capacity as non-executive Chairman of the Board of Directors.

Rodolphe Belmer's compensation

Compensation due or allocated during	Amount or book value (in €)

fiscal year 2016-2017	
Fixed compensation	650,000
Annual variable compensation	588,283
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	812,500
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	3,374
Attendance fees	35,250
Supplementary pension scheme	

Fixed compensation

The fixed compensation of Rodolphe Belmer in his capacity as Chief Executive Officer of Eutelsat Communications for the financial year ended on 30 June 2017 stands at 650 000 euros. This remuneration is consistent with the previously defined market positioning policy.

Rodolphe Belmer‘s fixed compensation as determined for the financial year ended 30 June 2017 was paid to him by Eutelsat Communications.

Variable compensation

The amount of variable compensation paid to Rodolphe Belmer for the financial year ended on 30 June 2016 stands at 235 398 euros and was paid during the first half of the financial year ended on 30 June 2017. As a reminder, the annual variable compensation amount due in respect of fiscal year 2015-2016 was calculated on a *prorata temporis* basis starting on 1 December 2015, when Rodolphe Belmer took office as Deputy Chief Executive Officer.

A review of Rodolphe Belmer's objectives achievement was performed and found that the variable component of Rodolphe Belmer’s compensation as Chief Executive Officer in respect of fiscal year 2016-17 stands at 90.51% of his gross annual fixed compensation (62% in respect of fiscal year 2015-16). The level of achievement of his quantitative objectives stood at 94.16% and of his qualitative objectives at 82%. Accordingly, the variable portion due to Rodolphe Belmer in respect of fiscal year 2016-17 amounts to 588,283 euros.

The calculation details are set our in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2018:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	achievement %	weighted achievement %	Achievement (in €)
Quantitative objectives at group level	**70%**	**94.16%**	**65.91%**	**428,383**
Revenue	21%	74.50%	15.65%	101,693
EBITDA	21%	90.00%	18.90%	122,850
Discretionary free-cash-flow	28%	112.00%	31.36%	203,840
Qualitative objectives	**30%**	**82.00%**	**24.60%**	**159,900**
TOTAL	**100%**	**90.51%**	**90.51%**	**588,283**

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include:

- A €100 million reduction in Cash Capex in FY 2016-17 compared to fiscal year 2015-16 without affecting deployment plan;
- The procurement of satellite EUTELSAT 5 West B applying a design-to-cost approach allowing for savings in excess of 30%;
- The launch of "LEAP", a savings plan aimed at generating annual savings of 30 million euros by fiscal year 2018-19;
- The reinforcement of the management team with, inter alia, the hiring of a new Chief Financial Officer and a new Chief Human Resources Officer;
- Proactive management of the group’s debt, enabling the extension of the average debt maturity (via the refinancing of several credit lines), the securing of future financing needs (via the pre-hedging of a future bond) and the reduction of the group’s financial charges (Reimbursement of a bond maturing in March 2017 generating 30 million euros in savings);
- An agreement for Ka-band capacity with Yahsat, which will allow for the broadband Internet project in Africa (Konnect Africa) to be launched during the second half of 2016-17;
- The finalisation of the joint-venture with ViaSat which will serve as a springboard to seize growth opportunities in the Connectivity business as early as the 2020 decade;
- The pursuit of numerous innovation initiatives such as: i) the launch from the HOTBIRD video neighbourhood of an Ultra HD channel showing HDR (High Dynamic Range) content using HLG (Hybrid Log-Gamma) technology, which proposes richer images, increasing the contrast ratio between the lightest and darkest areas of the screen and increasing the volume of colours, ii) the reinforcement of its video expertise through the investment in V-Nova, the compression technology expert, iii) the adoption by Tricolor TV of SmartBeam, Eutelsat's new multi-screen video delivery solution enabling viewers in public venues to watch Tricolor TV channels on mobile devices;
- An improved perception of the company by financial markets.

Attendance fees

The amount of attendance fees due to Rodolphe Belmer for fiscal year 2016-17 in his capacity as non-executive Chairman of the Board of Directors of Eutelsat Communications stands at 35 250 euros.

Other

A non-compete clause applies in the event of termination of Rodolphe Belmer's functions, in consideration for the payment of an amount equal to 50% of Rodolphe Belmer's fixed compensation for a period of 18 months. This commitment requires Rodolphe Belmer to refrain from working for any satellite operator during such period, whether directly or indirectly.

Benefits in kind

The amount of Rodolphe Belmer benefits in kind in respect to the financial year ended on 30 June 2017 corresponds to the provision of a company car.

Michel Azibert’s compensation

Compensation items due or allocated during fiscal year 2016-2017	**Amount or book value in €**
Fixed compensation	363,384

Annual variable compensation	345,987
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	436,061
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	4,675
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Michel Azibert's fixed compensation for fiscal year 2016-17 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Group Chief Commercial and Development Officer stands at 363 384 euros.

Variable compensation

Michel Azibert's variable compensation stood at 205,160 euro for the financial year ended 30 June 2016 and was paid in the first half of the financial year ended 30 June 2017.

A review of Michel Azibert's objectives achievement was performed and found that the variable component of Michel Azibert's compensation in respect of fiscal year 2016-17 stands at 95.21% of his gross annual fixed compensation (53.77% in respect of the 2015-16 financial year), or 345,987 euros. The level of achievement of his quantitative objectives at Group level stood at 87.76%, of his specific sales objectives at 100% and of his qualitative objectives at 78%.

The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2018:

(as a percentage of the fixed compensation, rounded off to two decimal places)	Weight	achievement %	weighted achievement %	Achievement (in €)
Quantitative objectives at group level	**35%**	**87.76%**	**30.71%**	**111,604**
Revenue	17.5%	74.50%	13.04%	47,376
EBITDA	8.8%	90.00%	7.88%	28,616
Discretionary free-cash-flow	8.8%	112.00%	9.80%	35,612
Qualitative objectives	**25%**	**78.00%**	**19.50%**	**70,860**
Specific quantitative sales objectives	**45%**	**100.00%**	**45.00%**	**163,523**
TOTAL	**105%**	**90.68%**	**95.21%**	**345,987**

With regard to the qualitative objectives and specific quantitative sales objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include – in addition to certain items already mentioned for Rodolphe Belmer:

- The rising importance of the HD and UHD channels at the HOTBIRD orbital position (HD penetration rate of 27% compared to 21% the previous year);
- The reinforcement of the commercial teams with for example the hiring of a Group Chief Internet Business Line Officer;

- A partnership with Tricolor TV, a leading DTH operator in Russia for the distribution of Fixed Broadband Services;
- The launch of Konnect Africa for Fixed Broadband in Africa;
- The signing of contracts for in-flight Connectivity to provide capacity to SAS and Finnair on KA-SAT and to Saudi Arabian Airlines on the EUTELSAT 3B HTS payload, now entirely re-leased;
- Revenue growth for Mobile Connectivity in FY 2016-17.
- Improvement in DSO and in working capital related to receivables as well as lower bad debt.

Benefits in kind

The amount of Michel Azibert's benefits in kind in respect to the financial year ended on 30 June 2017 corresponds to the provision of a company car.

Yohann Leroy's compensation

Compensation items due or allocated during fiscal year 2016-17	**Amount or book value in €**
Fixed compensation	42,167
Annual variable compensation	19,940
Exceptional compensation	
Stock options	
Performance shares	
Pluri-annual variable compensation plan	92,000
Indemnities linked to the assumption of duties	
Non-competition indemnity	
Benefits in kind	318
Attendance fees	
Supplementary pension scheme	

Fixed compensation

Yohann Leroy's fixed compensation for the financial year ended on 30 June 2017 in respect of his functions as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer was paid to him by Eutelsat Communications. Yohann Leroy's fixed compensation in respect of fiscal year 2016-17 stands at 42 167 euros *prorata temporis* since he was appointed Deputy Chief Executive Officer (on 25 April 2017) based on an annual fixed compensation of 230 000 euros.

Variable compensation

A review of Yohann Leroy's objectives achievement was performed and found that the variable component of Yohann Leroy's compensation in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer in respect of fiscal year 2016-17 stands at 47,29% of his gross annual fixed compensation. The level of achievement of his quantitative objectives stood at 94,16% and of his qualitative objectives at 95%. The variable compensation due to Yohann Leroy in respect of fiscal year 2016-17 in his capacity as Deputy Chief Executive Officer of Eutelsat Communications and Chief Technical Officer accordingly stands at 19,940 euro prorata temporis.

The calculation details are set forth in the table below: payment of the variable portion shall be made during the first half of the financial year ending on 30 June 2018:

(as a percentage of the fixed compensation)	Weight	achievement %	weighted achievement %	Achievement (in €)

Quantitative objectives at group level	**25%**	**94.16%**	**23.54%**	**9,925**
Revenue	7.5%	74.50%	5.59%	2,356
EBITDA	7.5%	90.00%	6.75%	2,846
Discretionary free-cash-flow	10%	112.00%	11.20%	4 723
Qualitative objectives	**25%**	**95.00%**	**23.75%**	**10,015**
TOTAL	**50%**	**47.29%**	**47.29%**	**19,940**

With regard to the qualitative objectives, while the level of achievement for each objective has been precisely determined, for confidentiality reasons disclosure is limited to the aggregate achievement level. The main achievements in the past financial year include:

- The successful launch of EUTELSAT 172B and the entry into service of EUTELSAT 117 WEST B during the financial period;
- The reduction in total cash Capex and of Ground Capex;
- The procurement of satellite EUTELSAT 5 West B applying a design-to-cost approach allowing for savings in excess of 30%;
- The contribution of the technical department to the “LEAP” cost savings plan, for example in terms of optimization of teleports;
- Greater choice in the launcher market through a contract with Blue Origin for a launch on the New Glenn rocket in the 2021-22 timeframe, further diversifying options for access to space;
- The signing of a new launch contract with Arianespace for three future launches;
- The selection of the EUTELSAT 5 WEST B satellite by the European Global Navigation Satellite Systems Agency (GSA) to ensure the development, integration and operation of the latest generation EGNOS payload;
- The hire of a Head of Terminals and Systems Division in the company’s Technical Department will drive the development and industrialisation of new products and services including competitively-priced user terminals.

9.10.6 FREE SHARES AND PHANTOM SHARE PLANS

Stock options or stock purchase options

The Company did not set up any stock option or stock purchase plans during the financial years ended on 30 June 2016 and 2017.

During earlier financial years however, stock options and stock purchase plans were set up by the operating subsidiary Eutelsat S.A. As of the filing date of this Reference Document, none of the Corporate Officers or their related parties held any Eutelsat S.A. stock options or stock purchase plans.

Free Share Allocation

Free Share Allocation Plan of 16 February 2016

Considering recent developments in French law that are more favourable to free share allocation plans, the Board of Directors decided to change the nature of the long term compensation by reverting to free share allocation plans which, in the last two years, had been replaced by phantom share plans. In terms of performance-related criteria, the free share allocation plan dated 16 February 2016 follows on from the preceding phantom share plan (plan dated 11 February 2015).

Accordingly, on 16 February 2016, the Board of Directors of the Company approved a new free share allocation plan providing for the allocation of a maximum number of 292,081 free shares to Directors and Corporate Officers, managers and other employees of the Group (with an additional reserve of 20,000 shares for potential new recruitments) and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

Vesting of the free shares is subject to the achievement of performance-related conditions and to the condition that the beneficiaries remain employed within the Group during a period of three financial years (2015-2016, 2016-2017 and 2017-2018) from the grant date for beneficiaries from French subsidiaries, and a four-year period from such grant date for beneficiaries from foreign subsidiaries. Furthermore, beneficiaries from French companies are required to hold their shares for a further two-year period following the vesting date.

The number of free shares granted stands at 125% of the gross annual base salary for Rodolphe Belmer (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, subject to the satisfaction of the performance objectives and presence condition set out by the Board of Directors:

- Michel de Rosen is potentially entitled to a total of 4,700 shares representing, on a pro rata basis (between 1 July 2015 and 29 February 2016) 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.
- Rodolphe Belmer is potentially entitled to a total of 28,619 shares representing 125% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan. The variable long-term incentive component of compensation has been given greater weight in accordance with the Group's general rules governing compensation.
- Michel Azibert is potentially entitled to a total of 12,800 shares representing 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The performance-related objectives are as follows:

- an objective based on EBITDA, accounting for one third;
- an objective based on ROCE, accounting for one third;
- an objective based on relative TSR over the defined period (1 July 2015 to 30 June 2018), accounting for one third. Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of under-performance compared to the composite index defined above;
- 59.52% in case of performance equal to that of the composite index defined above;
- 89.29% in case of over-performance by 10% as compared to the composite index defined above;
- 100% in case of over-performance by 15% as compared to the composite index defined above.

The shares shall vest effective from 17 February 2019, subject to the achievement of the performance objectives.

A summary table (Table 9) shows the history of performance shares grants.

As at the date of this report, no other allocation plan was undertaken by the Board.

Phantom share allocation

Phantom share allocation plan of 13 February 2014

On 13 February 2014, the Board of Directors approved a plan for the allocation of phantom shares to Directors and Corporate Officers, managers and other employees of the Group.

The cash bonus payment is based on the number of phantom shares vested, which is itself subject to both the achievement of certain performance conditions and to the condition that the beneficiaries remain employed within the Group during a period of three fiscal years (2013-14, 2014-15 and 2015-16).

Under this plan and subject to the achievement of certain performance objectives (an EBITDA-based objective accounting for 25%, a ROCE-based objective accounting for 25%, an EPS-based objective accounting for 25% and a TSR-related objective accounting for 25%) set by the Board of Directors, Michel de Rosen could have received a total of 22,999 phantom shares (reduced to 20,444 phantom shares after prorationalization in order to take account of the termination of Michel de Rosen's duties as Chief Executive Officer effective 29 February 2016) and Michel Azibert a total of 14,578 phantom shares, i.e. 130% of the gross annual base salary for Michel de Rosen (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The defined performance-related criteria are based on the Group's consolidated financial statements. The EBITDA, EPS and ROCE-related objectives are confidential. Concerning the TSR criterion, the actual vesting percentage varies as follows:

- 0% in case of performance lower than 30%;
- 67% in case of over-performance equal to 30%;
- 100% in case of performance equal to 35%;
- 112% in case of performance equal to 37%.

The Board of Directors at its meeting of 28 July 2016 decided to grant 5,724 phantom shares to Michel de Rosen and 4,082 phantom shares to Michel Azibert, representing a vesting rate of 28%, with effect as at 1 September 2016.

The cash payments related to these phantom shares were made on 1 September 2016.

The table below shows the vesting rate for each of Michel de Rosen and Michel Azibert in respect of each criterion:

Criteria	Weight	achievement %	weighted achievement %
EBITDA	25%	0%	0%
EPS	25%	112%	28%
ROCE	25%	0%	0%
TSR	25%	0%	0%
TOTAL VESTING RATE			**28%**

The performance objectives are defined on the basis of the Group's consolidated financial statements.

The members of the Executive Committee are required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary for a period of three years following the phantom share grant date (i.e., 1 September 2016) and provided that the performance objective achievement levels at the end of the three-year period following the granting of the shares allow for payment in respect of at least 50% of the phantom shares granted. For Michel de Rosen, this amount stands at 200% of his gross annual base salary and for Michel Azibert, at 100% of his gross annual base salary.

Phantom share allocation plan of 11 February 2015

On 11 February 2015, the Board of Directors approved a plan for the allocation of phantom shares to Corporate Officers, executives and to certain employees of the Group.

The cash bonus payment is based on the number of phantom shares vested, which is subject to both the achievement of certain performance conditions and to a condition of presence within the Company during a period of three financial years (2014-15, 2015-16 and 2016-17).

The number of phantom shares granted stands at 130% of the gross annual base salary for Michel de Rosen (100% for Michel Azibert) divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, subject to the achievement of certain performance objectives (an EBITDA-based objective accounting for one third, a ROCE-based objective accounting for one third and a TSR-related objective accounting for one third, over the defined period) set by the Board of Directors, Michel de Rosen is potentially entitled to a total of 20,775 phantom shares (reduced to 11,542 after proratization to take account of the termination of Michel de Rosen's duties as Chief Executive Officer effective 29 February 2016) and Michel Azibert to a total of 13,827 phantom shares. By comparison to the previous plan, the decision was made:

- to exclude the EPS-related objective, whose evolution is strongly related to EBITDA;
- to now take into account a relative TSR (rather than an absolute TSR as previously) measuring relative performance, indices and competitors, thereby allowing for a dissociation of the assessment of performance from the effects of macro-economic or market events exogenous to the company. Relative TSR is calculated by reference to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the sector satellite (SES, Intelsat, Inmarsat) and Eutelsat.

The performance-related objectives are based on the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential. Concerning the relative TSR criterion, the vesting percentage varies as follows:

- 0% in case of performance lower than that of the composite index defined above;
- 67% in case of performance equal to that of the composite index defined above;
- 100% in case of over-performance by 10% compared to the composite index defined above;
- 112% in case of over-performance by 15% compared to the composite index defined above.

The Board of Directors, at its meeting of 27 July 2017, decided to grant 2,253 shares to Michel de Rosen and 2,699 shares to Michel Azibert, i.e. a vesting rate of 19.52%. The cash payments corresponding to the granted phantom shares shall be made on 1 September 2017.

The table below shows the vesting rate for each of Michel de Rosen and Michel Azibert in respect of each criterion:

Criteria	Weight	achievement %	weighted achievement %
EBITDA	1/3	58.55%	19.52%
ROCE	1/3	0%	0%
Relative TSR	1/3	0%	0%
TOTAL VESTING RATE		-	**19,52%**

The members of the Executive Committee are required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary for a period of three years following the phantom share grant date and provided that the performance objective achievement levels at the end of the three-year period following the granting of the shares allow for payment in respect of at least 50% of the phantom shares granted. For Michel de Rosen, this amount stands at 200% of his gross annual base salary and for Michel Azibert, at 100% of his gross annual base salary.

Phantom share allocation plan of 25 April 2017

On 25 April 2017, the Company's Board of Directors approved a phantom share allocation plan for the Group corporate officers. The decision to revert to a phantom share grant instead of the free share grant decided in 2016 is linked to developments in the French tax legislation.

On maturity of the plan, the theoretical grant of shares shall take the form of a cash bonus payment based on the number of vested phantom shares, which itself is conditional on the satisfaction of performance conditions and on a condition of presence within the Company during three financial years (2016-17, 2017-18 and 2018-19).

The number of phantom shares granted stands at:

For Rodolphe Belmer: 125% (unchanged compared to the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 38,380 "theoretical" shares;

For Michel Azibert : 120% (100% under the bonus share plan of 16 February 2016) of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 20,599 "theoretical" shares. In addition, the decision was made to increase Michel Azibert's allocation percentage as follows: 140% under the next long term incentive plan and 160% under the following plan.

For Yohann Leroy: 40% of the gross annual salary divided by the average price of the Eutelsat Communications share over the 20 trading days prior to the opening date of the plan, i.e. a total of 4,346 "theoretical" shares.

The performance objectives set by the Board of Directors for the three financial years are the following:

- relative TSR[35] objective, accounting for 25%;

- revenue objective, accounting for 25%;

- objective linked to the LEAP cost savings plan announced in February 2017, accounting for 25%;

- discretionary free cash flow objective, as defined by the Group, accounting for 25%.

The changes in the objectives compared to the objectives under the bonus share plan of February 2016 (which included an EBITDA-related[36] objective accounting for one third, a ROCE-related[37], objective accounting for one third and a relative TSR-related objective accounting for one third) reflects the new Group strategy announced in June 2016, which aims, inter alia, at maximising the generation of cash flow.

The revenue-related objectives, those linked to the LEAP cost savings plan and those linked to discretionary free cash flow are confidential. Concerning the relative TSR criterion, the actual vesting percentage varies as follows:

– 0% in case of performance lower than that of the composite index defined above;

– 80% in case of performance equal to that of the composite index defined above;

– 100% in case of over-performance by 10% compared to the composite index defined above;

– 115% in case of over-performance by 15% compared to the composite index defined above.

The final grant of these "theoretical" shares shall occur from September 2019, subject to the satisfaction of the foregoing

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[35] *TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price). The Relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite industry (SES, Intelsat, and Inmarsat) and Eutelsat.*

[36] *EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.*

[37] *ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).*

performance conditions.

Performance shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2017 (Table 6 – AMF Recommendation)

None

Phantom shares granted to Executive Directors and Corporate Officers during the financial year ended on 30 June 2017 (Table 6 bis)

Performance shares granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date and duration of plan	Number of phantom shares granted in the financial year ended 30 June 2017	Valuation of shares based on method used for the consolidated financial statements (in €)	Final vesting date	Holding period	Performance-related conditions under the plan
Michel de Rosen Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)		N/A	-	-	Not applicable	25% of grant based on revenue 25% of grant based on LEAP cost savings plan 25% of grant based on Discretionary free-cash-flow 25% of grant based on relative TSR
Rodolphe Belmer Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)	25 April 2017 for financial years 2016-17, 2017-18 and 2018-19:	38,380	812,500	01/09/2019		
Michel Azibert Deputy CEO	25 April 2017 for financial years 2015-16, 2016-17 and 2017-18:	20,599	436,061	01/09/2019		
Yohann Leroy Deputy CEO	25 April 2017 for financial years 2015-16, 2016-17 and 2017-18:	4,346	92,000	01/09/2019		
TOTAL	-	**63,325**	**1,340,561**			

Performance shares available to corporate officers during fiscal year 2016-17 (Table 7 – AMF Recommendation)

Performance shares declared available during the financial	Date and duration of plan	Number of shares	Performance-related conditions under the plan

year by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group		vested in the financial year	
Michel de Rosen Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)	28 July 2011 for financial years 2011-12, 2012-13 and 2013-14	5,431	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
Michel Azibert Deputy CEO	28 July 2011 for financial years 2011-12, 2012-13 and 2013-14	3,287	25% of grant based on EBITDA objective for each financial year 25% of grant based on return on capital employed 25% of grant based on the Company's net profit per share 25% of grant based on relative TSR objective
TOTAL	-	**8,718**	

History of performance shares granted to Corporate Officers (Table 9 – AFEP-MEDEF Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Board of Directors meeting	1 February 2010	28 July 2011	8 November 2012	16 February 2016
Total number of theoretical shares granted including	700,000 (1)	700,000 (2)	347,530 (3)	292,081
– to Directors and Corporate Officers	66,952 (1)	84,000 (2)	33,800	46,119
Michel de Rosen	66,952 (1)	52,000 (2)	20,900	4,700
Rodolphe Belmer	N/A	N/A	N/A	28,619
Michel Azibert	N/A	32,000	12,900	12,800
Date of vesting	02 February 2013	29 July 2014	09 November 2015	17 February 2019
End of holding period	02 February 2015	29 July 2016	09 November 2017	17 February 2021
Performance-related conditions (for Directors and Corporate Officers)	25% of grant based on EBITDA-related objective 25% of grant based on return on capital	25% of grant based on EBITDA-related objective 25% of grant based on return on capital	25% of grant based on EBITDA-related objective 25% of grant based on return on capital	33.3% of grant based on EBITDA-related objective 33.3% of grant based on return on capital

	employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	employed (ROCE) 33.3% of grant based on relative TSR objective
Number of shares acquired at 30 June 2016	536,091	132,230	27,562	-
Cumulated number of cancelled or outdated shares	163,909	567,770	319,968	-
Performance shares remaining at financial year-end	-	-	-	295,866

(1) On 30 July 2012, the Board of Directors decided to grant 536,091 shares to 486 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 55,617 shares were granted to Michel de Rosen on 2 February 2013.

(2) On 30 July 2014, the Board of Directors decided to grant 133,484 shares to 559 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 5,431 shares were granted to Michel de Rosen, and 3,287 to Michel Azibert.

(3) On 29 July 2015, the Board of Directors decided to grant 27,562 shares to 87 employees and key managers (including Directors and Corporate Officers) of the Group at the end of the three-year vesting period. Under this plan, 3,283 shares were granted to Michel de Rosen, and 2,027 to Michel Azibert.

9.10.7 COMPENSATION AND OTHER BENEFITS PAYABLE OR LIKELY TO BE PAYABLE AS A RESULT OF OR FOLLOWING THE TERMINATION OF OFFICE OF THE GROUP'S SENIOR EXECUTIVES

Directors and Corporate Officers do not receive any supplementary pension or termination benefit from the Company.

Employment contract and pensions (Table 10 – AMF Recommendation)

	Employment contract		Supplementary pension scheme		Payments of benefits due or likely to be payable as a result of termination or change in office		Payments pursuant to a non-competition clause	
Corporate Officers and Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No
Michel de Rosen **Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)** Appointed on: 10 November 2009 End of office: General Meeting adopting the 2015-2016 accounts		X [1]		X		X		X

Michel Azibert **Deputy CEO and Chief Commercial and Development Officer** Appointed on: 5 September 2011		X (2)		X		X		X
Rodolphe Belmer **Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)**		X (3)		X		X	X (4)	
Yohann Leroy **Deputy CEO and Chief Technical Officer** Appointed on: 25 April 2017		X (5)		X		X	X (4)	

(1)Michel de Rosen has no employment contract with any affiliate of Eutelsat Group.

(2)Michel Azibert has no employment contract with any affiliate of Eutelsat Group.

(3)Rodolphe Belmer has no employment contract with any affiliate of Eutelsat Group.

(4)In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period.

(5)Yohann Leroy has no employment contract with any affiliate of Eutelsat Group.

9.11 SHAREHOLDING IN THE COMPANY CAPITAL BY ADMINISTRATIVE AND MANAGEMENT MEMBERS

Number of Eutelsat Communications S.A. shares held	30 June 2016	30 June 2017
Rodolphe Belmer Board Member; Chief Executive Officer (since 1 March 2016)	0	2,000
Michel de Rosen Board Member; Chairman of the Board of Directors	116,464	116,464
Bertrand Mabille Board Member	2,200	2,000
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	61,564,251
FSP Board Member (since 4 November 2016), represented by Mr; Dominique D'Hinnin	N/A	17,464,145
Ross McInnes Board Member	2,000	2,000
Lord John Birt Board Member	2,101	2,101
Ana García Fau Administrateur	2,000	2,000
Carole Piwnica	2,000	2,000

Board Member		
Michel Azibert Deputy Chief Executive Officer	28,115	28,115
Yohann Leroy Deputy Chief Executive Officer	N/A	4,277
Jean d'Arthuys Board Member (since 6 November 2015)	0	0

9.12 INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

9.12.1 Information on the composition of the share capital

	At 30 June 2017		At 30 June 2016		At 30 June 2015	
Shareholder	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage
(Bpifrance Participations since (12 July 2013, ex *Fonds Stratégique d'Investissement* : *FSI*)	61,564,251	26.45%	61,564,251	26.45%	59,081,638	26.03%
Fonds Stratégique de Participations (FSP)	17,464,145	7.50%	17,464,145	7.50%		
China Investment Corporation (CIC)	15,526,530	6.67%	15,526,530	6.67%	15,526,530	6.84%
Entreprise des Postes et Telecoms (Luxembourg)	2,581,760	1.11%	2,581,760	1.11%	2,492,728	1.10%
Ministry of sea, transport and infrastructure (Croatie)	1,038,242	0.45%	1,038,242	0.45%	1 038 242	0,46%
Radio Televizijia Slovenia	735,000	0.32%	810,000	0.35%	1,022,000	0.45%
Other minority shareholders (1)	2,132,183	0.92%	2,132,183	0.92%	2,047,358	0.90%
Employees, senior managers and others	1,590,504	0.68%	1,623,997	0.70%	1,711,898	0.75%
Free float(2)	130,142,020	55.91%	130,033,527	55.85%	144,051,944	63.47%
TOTAL	**232,774,635**	**100%**	**232,774,635**	**100%**	**226,972,338**	**100%**

(1) *This category includes a number of Eutelsat Communications minority shareholders including the Croatian Restructuring and Sale Center (ex Ministry for the Sea, Transportation and Infrastructure), Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania*

(2) *Of which 106,022 treasury shares as of 30 June 2017*

9.12.2 Information concerning thresholds crossed or changes in the control of the Company

Crossing of disclosure thresholds

5 July 2017	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by BNP PARIBAS Asset Management which owns 2,411,330 shares representing 1.03% of the Company's share capital.
31 October 2016	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Covéa Finance which owns 2,193,560 643 shares representing 0.94% of the Company's share capital.
31 October 2016	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Legal and General Investment Management which owns 2,320,643 shares representing 0.99% of the Company's share capital.
20 October 2016	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi Asset Management which owns 2,294,078 shares representing 0.98% of the Company's share capital.
13 October 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi Asset Management which owns 2,332,567 shares representing 1% of the Company's share capital.
27 September 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Magellan Asset Management which owns 2,768,248 shares representing 1.18% of the Company's share capital.
14 June 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Covéa Finance, which owns 2,344,225 shares representing 1.01% of the Company's share capital

9.12.3 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2017, there is no restriction on the transfer of shares or securities giving access to the Company's capital, with the exception of the restrictions or bans on acquiring/transferring our securities, as specified in the Share Dealing Code relating to insider information.

This Share Dealing Code is applicable to members of the management bodies or committees of companies within the Group and to certain employees of divisions and departments deemed to be "sensitive" and liable to obtain or have access to confidential information during the exercise of their functions or responsibilities whether on a permanent or ad hoc basis. It can therefore be applicable to all employees.

The Share Dealing Code also defines closed periods, during which transactions in the Company's shares are prohibited (except in a limited number of specific cases) even in the absence of confidential information. The duration of closed periods is 30 days before the publication of annual and half-year results and 15 days before the quarterly releases in line with the AMF recommendation no.2010-07 relating to the prevention of insider trading.

On 22 June 2011, the Board of Directors also decided to establish a Compliance Committee with three members: the Chief Financial Officers, the Legal Counsel and the Director of Human Resources in line with the aforementioned AMF guideline. The Board expressly provided that the consultation of this Committee would be discretionary, reiterating that the decision whether or not to trade in the Company's shares would remain in any event the responsibility of the relevant individual.

9.12.4 Operations affecting the share capital during the year

Capital increase as a result of the free allocation of shares

No capital increases following the granting of free shares took place during the financial year.

Concerning stock options or stock-purchase plans

The Company did not offer any stock option or stock purchase plans during the financial year ended 30 June 2017.

Concerning other securities granting access to the share capital

Free share plans are described in section 9.9 of the present report.
There are no other securities granting access to the share capital at the date of this report.

Concerning the additional acquisition of Eutelsat S.A. shares

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provides a semi-annual liquidity “window” after publication of the half-year and annual results.

Eutelsat Communications made a proposal, via its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 9 December 2016 and closed on 22 December 2016. Final settlement of the transaction took place on 29 December 2016. In respect of this transaction, no shares were repurchased.

Furthermore, the Company made a second liquidity offer, via its Eutelsat Communications Finances S.A.S. subsidiary, and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares. This liquidity offer opened on 22 May 2017 and the subscription period closed on 14 June 2017. Final settlement of the transaction (by Eutelsat Communications) took place on 14 June 2017. In respect of this transaction, 1,865 shares had been repurchased at a unit price of 5.58 euros per Eutelsat S.A. share.

10 CORPORATE ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSABILITY

During the 2016-17 Financial Year, Eutelsat's management pursued its efforts to promote awareness of social, environmental and societal issues within the Group. In compliance with Decree No. 2012-557 of 24 April 2012 on transparency requirements for companies in relation to social, environmental and societal information, associated with the application of Article 225 of Law No. 2010-788 dated 12 July 2010 and Article 12 of Law No. 2012-387 dated 22 March 2012 which amended Article L. 225-102-1 of the French Commercial Code, and with the Decree No. 2016-1138 dated 19 August 2016 associated with the application of Article 173 of Law No. 2015-992 dated 17 August 2015 on energy transition and green growth, the Group collected information in the areas listed below to address the items that are relevant for its activity among the 42 sections defined by the law:

- social;
- environmental;
- societal.

This work was coordinated by the Corporate Communications Department and involves other group departments: Human Resources, Investor Relations, Corporate Affairs, Legal Affairs, Technical, General Services, Finance, Internal Audit, Risk Management, as well as principal subsidiaries.

The sustainability report provides a response to all 42 sections defined by the French "Grenelle II" Act, which are dealt with in three sections: social, environmental and societal, thereby offering a balanced view of the critical sustainability issues facing the Group.

The Group is a signatory of the "Collective for Space Care" charter which brings together the space industry and partners who share the spirit of responsibility as derived from international treaties and principles on space, in keeping with space legislation and in accordance with best practices. The aim is to promote the safety of persons and goods, ensure the health of populations in all space operations, protect the earth and space environments and strengthen the prevention of risks associated with launch and in-orbit operations.

Group Management has identified three specific areas where the application of sustainability indicators will have the greatest positive impact on the Company's performance, and more generally for responsible long-term development. The three areas are as follows:

- Engaging in efforts to bridge the "digital divide" ;
- Protecting the environment and maintaining the space around the earth uncongested and clean;
- Implementing a Human Resources policy suited to the challenges facing the Group, specifically encouraging employee involvement and loyalty and promoting a diversity of cultures and nationalities, which reflects our activities.

To illustrate these three areas, Group Management has defined for each the following key performance indicators of its Corporate and Social Responsibility (CSR) policy:

Engaging in efforts to bridge the "digital divide"

- Revenues from Fixed broadband Connectivity at 30 June 2017: 96,2 million euros
- Amount of HTS capacity dedicated to broadband services at 30 June 2017: more than 140 Gbps
- Number of Broadband customers on KA-SAT at 30 June 2017: more than 150,000
- Number of free-to-air channels broadcast on the Group's fleet at 31 December 2016: 2,332.

Protecting the environment and maintaining space around the earth uncongested and clean

- Number of electric propulsion satellites launched during a calendar year: one in 2015 (of three launches), one in 2016 (of two launches), one in 2017 (of one launch), three by 2019 (of four launches);
- Number of satellites reaching end of life that have been re-orbited and passivated: 18 at 30 June 2017 reflecting a 94.4% success rate;
- Number of repositionings of satellites in geostationary orbit: 105 at 30 June 2017 reflecting a 100% success rate.

Implementing a Human Resources policy suited to the challenges facing the Group, specifically encouraging employee involvement and loyalty and promoting a diversity of cultures and nationalities, which reflects our activities:

- Number of employees included in the Rising Star programme for high-potential managers: 14;
- Number of employees benefiting from the loyalty programme as a proportion of total workforce: 20% (excluding Eutelsat Americas);
- Proportion of Eutelsat S.A. employees of a nationality other than French hired during the year: 26%;
- Number of nationalities represented on the Group Board of Directors: 6;
- Number of nationalities represented on the Leadership Committee: 14.

The main axes of the CSR policy are outlined below:

Engaging in efforts to bridge the "digital divide"

One of the main focuses of the Group's socially responsible development policy is the commitment to reducing the digital divide. The digital divide refers to discrepancies in access to information and communication technologies (ICTs), more specifically to the Internet and television broadcasting. In this respect, the Group is faced with three major challenges:

Delivering Internet services to consumers, professionals and government agencies in areas with limited or no access to terrestrial networks

Satellites offer easy and secure broadband access to homes located beyond reach of terrestrial telecommunication networks.

In the majority of regions, the long-term addressable market for satellite broadband equates to at least 2 to 3% of households. In Europe, it is estimated that by 2030, around five million households will still have no fixed terrestrial internet connection with a speed of at least 10 Mbps and no indoor LTE reception.

In 2010, the KA-SAT satellite was the first in the HTS (High Throughput Satellite) class to enable consumers and businesses in Europe and around the Mediterranean Basin to benefit from broadband access. Tooway-branded services offered through KA-SAT provide users with an accessible and immediate solution, enabling them to benefit from high speed itrrespective of their location – subject to available capacity. As at 30 June 2017, a total of more than 150,000 terminals (primarily using a Tooway package) were activated on KA-SAT.

Since the launch of the service, bit-rates offered by Tooway have increased for entry-level services: from download speeds of 6 Mbps and upload speeds of 4 Mbps when KA-SAT first came into operational service in 2011 to download speeds of 22 Mbps and upload speeds of 6 Mbps currently. As a result, this infrastructure has become an effective way of enabling public authorities to achieve their aim of narrowing the digital divide.

During the course of the last two financial years, Eutelsat has significantly strengthened its HTS resources in Ka-band for broadband access, notably with:

- the launch and entry into service of EUTELSAT 65 West A in May 2016, bringing new capacity over Brazil and other Latin American countries;

- the entry into service of EUTELSAT 36C in December 2015, to cover Russia. Broadband packages for this market were launched during the course of 2016-17 Financial Year and several partnerships were established, including with the Russian operator Tricolor TV;

- the lease of capacity providing coverage of Africa on the satellites operated by Yahsat. This agreement enabled the launch in June 2017 of Konnect Africa, which enables next generation high-speed services to be marketed in Africa, beginning in Benin, Cameroon, Kenya, Lesotho, Nigeria, South Africa, Swaziland, Tanzania and Uganda. This initial scope will be extended once the Al Yah 3 satellite comes into service, with the aim of providing coverage for the whole of Sub-Saharan Africa;

- In addition, during the course of 2016-17 Financial Year, Eutelsat and the American operator ViaSat concluded an agreement for the creation of a joint venture, which will leverage their respective resources and assets to operate and expand the commercial footprint of KA-SAT for fixed broadband and in-flight Connectivity services. Between now and the end of the calendar year 2017, Eutelsat and ViaSat are also planning to add a ViaSat-3 satellite, which is currently under construction, to the joint venture, for Europe, the Middle East and Africa, once the final terms of the contract have been concluded. ViaSat-3 will provide capacity in the order of Tbps, i.e. more than 10 times the capacity of the KA-SAT satellite at a significantly lower manufacturing cost, enabling services with improved speeds to be delivered to a greater number of users.

Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion

By enabling priority Internet access to some public interest sites, satellites meet the objectives of digital inclusion, an over-arching theme in several fields of public policy. Satellite technology is a particularly well-adapted response to their requirements as it is capable of delivering extremely cost-effective Internet Connectivity in unequalled deployment timeframes across territories and without geographical constraints associated with mountainous areas.

In this context, the "*Plan France Très Haut Débit*" provides for financing by the French State and Local Collectivities of satellite Internet equipment. A particular effort is concentrated on equipping schools in order to give them digital access both in France and internationally. As such, the government's "Connected Schools" initiative aims at facilitating Internet access for a potential 8,000 establishments, in which Eutelsat's partner suppliers and service providers are heavily involved.

In the same spirit, Eutelsat Americas supplies capacity for several social connectivity programmes, notably in Mexico and Colombia, and is one of the sector leaders in this type of initiative, whose aim is to connect rural communities and give them access to a broader range of services (schools, hospitals, libraries, etc.).

Elsewhere, Eutelsat plays an active role in a consortium recently charged by the European Commission to study the potential as well as the requisite conditions for a programme to support the deployment of satellite broadband to rural schools (project "BROSS").

In another domain, the pilot scheme "Connected Agriculture" undertaken alongside FNSEA, Orange and NordNet was successfully completed at the end of 2015. It enabled 18 farms, the majority not eligible for ADSL, to test and benefit from the functionalities of satellite broadband Connectivity for one year. The results of the scheme confirmed the suitability of this solution to the digital requirements of farmers.

In 2017, the inauguration in Corsica of a first satellite broadband connection for a *Maison de Services Aux Publics* (MSAP) located in the post office, highlighted efforts to place reducing the digital divide at the heart of Eutelsat's activities. Situated in a mountainous area cut off from terrestrial networks, the MSAP relies on satellite technology to offer users digital and video conferencing services within a digital hub. Under the same roof, users receive help with day-to-day administration issues, enabling them to obtain information and complete administrative formalities, particularly on line, with France's employment, family allowance, health insurance, pension and agricultural agencies as well as with local operators.)

The effectiveness of satellite is also evident in the area of healthcare, where it enables remote consultation, linking isolated treatment centres with university hospitals. It is one of the options in the fight against medical isolation adopted at the beginning of 2015 by a consortium of social services in the Champagne-Ardenne region.

Since the launch of KA-SAT in 2010, Eutelsat has been training antenna installers, drawing on both professionals and job-seekers (400 in total in France, with training also provided in other countries). In certain regions, this policy is conducted in partnership with local chambers of commerce or within the framework of a national convention with the industrial federations of public initiative networks (eg. Drôme and Cantal). Elsewhere, Eutelsat is developing a didactic tool-box aimed at facilitating antenna installation by professionals and individuals.

Eutelsat also participates in programmes demonstrating the resilience of satellites in crisis communications. In France, Eutelsat participates in exercises undertaken by the "*Haut Comité français pour la défense civile*" (HCFDC). The most recent operation took place in May 2016, as part of the annual training exercise of HCFDC, organised in Calvi (Corsica) and involving security managers of large groups in partnership with the SDIS 2B, the Civil Security (UIISC 5), RAID, GIGN and the second foreign regiment of the Foreign Legion paratroopers. Elsewhere, in the framework of the Global Humanity Summit organised by the UN at the end of 2015, Eutelsat and other satellite operators signed a Crisis Connectivity Charter covering the supply of emergency telecommunications in the event of humanitarian crises, natural disasters and conflicts. Eutelsat has committed to providing satellite capacity, equipment and the know-how of its teams.

Finally, EUTELAT remains active in the field of humanitarian emergencies, alongside NGOs that include Télécoms Sans Frontières and NetHope, via initiatives described in section 10.3.2.1 of the present document.

Promoting access to free-to-air television for all

In Video Applications, its core business, Eutelsat promotes access to free-to-air television for homes in France and abroad.

At 31 December 2016, the Group was broadcasting 2,332 free-to-air channels across its fleet of satellites (out of a total of 6,000 channels), a rise of 83 channels (+4%) over 12 months, to more than one billion viewers mainly in Europe, Africa and the Middle East.

In France, the FRANSAT platform broadcasts 27 free DTT channels on the EUTELSAT 5 West A satellite (together with local and thematic channels and radio stations) on a subscription-free and unlimited-time basis. FRANSAT is the only free satellite DTT multi-channel offer referenced by the French broadcasting authority (*Conseil supérieur de l'audiovisuel*). It is designed in particular for homes beyond reach of terrestrial reception. More than two million homes are equipped to receive FRANSAT. FRANSAT is also a preferred conduit for local channels for broadcasting to a wider public audience.For retirement homes and other collective buildings, small community networks in DTT white zones and small and remote terrestrial transmitters, FRANSAT provides "FRANSAT PRO", a satellite-delivered free-of-charge community DTT solution. FRANSAT service is regularly enhanced to improve the viewer experience: e.g. with HDTV content, the "FRANSAT Connect" portal for browsing the programme guide, interactive services accessible online, etc.

In 2016, FRANSAT was part of the nationwide effort to switch channels to High Definition as part of the widespread transfer of subscription-free DTT channels to MPEG4-HD. The platform continues to be at the forefront in terms of Ultra HD broadcasting, with live broadcasts for the fifth consecutive year of the final rounds of the 2017 French Tennis Open, in collaboration with France Télévisions.

Against the backdrop of a worldwide switchover to digital television, the Group is developing free-to-air satellite TV offerings in several countries. It also contributing to the effort to phase out analogue TV in Africa. During the course of 2015, for example, the EUTELSAT 3B satellite was chosen by Zimbabwe's broadcasting authority to broadcast 12 free channels to 48 Digital Terrestrial Television transmitters, nationwide, in order for the local population to benefit from improved picture quality and a greater choice of programmes. In May 2017 the Société Burkinabè de Télédiffusion (SBT), Burkina Faso's public broadcaster also signed a multi-year lease agreement on EUTELSAT 3B to implement the switch from analogue to all-digital, with the aim of 98% nationwide coverage by the end of the year.

More generally, Eutelsat is firmly committed to the goal of digital deployment throughout the African continent and actively contributes to the dialogue with multiple stakeholders on current and future deployment. The "Infrastructures du numérique" (Digital infrastructures) workshop, which was held in October 2016 at the Group's headquarters, and which brought together companies and political representatives from many African countries illustrates this commitment.

Protecting the environment and maintaining space around the earth uncongested and clean

Eutelsat, together with its partner suppliers (Airbus, Boeing, Orbital, Thales Alenia Space), is involved in developing electric propulsion satellites that either have less mass than chemical satellites or are more powerful for an equivalent mass. This trend enables the performance of satellites to be improved without increasing the environmental impact of their launch.

With the proliferation of telecommunications satellites and growing space debris, responsible management of the end of their useful lives is an increasingly important issue, particularly in lower orbits.

Maintaining space around the earth uncongested and clean is one of the Group's priorities. The Group policy in this area is based on:

- responsible fleet management policy;
- compliance with the French Space Act;
- willingness to share Eutelsat's policies and best practices at industry level, notably as an executive member of the Space Data Association (SDA).

Each of these items is detailed in Section 10.2.1.1 of this cument entitled "Impact of satellites and launch services on the environment" of this document.

Encouraging employee involvement and loyalty, and promoting a diversity of cultures and nationalities, as a reflection of Eutelsat activities

The activities of Eutelsat S.A. (the main operating subsidiary of Eutelsat Communications) were originally carried out by the European Telecommunications Satellite Organisation, an intergovernmental organisation (IGO) founded by several countries in Western Europe. As a former IGO, Eutelsat's corporate culture is characterised by a strong international dimension. Today, the Group is evolving as a global, multinational company, harmonising its processes, management systems, identification and recognition standards, as well as promoting internal mobility through the engagement of employees and managers of different nationalities.

At the end of 2016, staff of Eutelsat S.A. included 30 nationalities from five continents. In total, 30% of Eutelsat S.A. employees held a nationality other than French in 2016 (unchanged compared to 2015). As of 31 December 2016, 452 employees (44% of its total staff) were employed outside France.

The same diversity exists in:

- in governance bodies, : six nationalities represented on the Board of Directors;
- in the executive management, with: 14 nationalities represented on the Leadership Committee, which brings together the group's key operational managers;
- recruitment, with:
    - 26% of employees recruited in 2016 by Eutelsat S.A. holding a nationality other than French (26% in 2015) internships, with 20% of interns hired in 2016 by Eutelsat S.A. were of a nationality other than French (20% in 2016), subsidiaries outside France where local recruitment is standard practice.

The Group is committed to maintaining and encouraging this multinational diversity through key initiatives that include:

- common training courses for several countries;
- commercial seminars organised on the Group's various sites, in France and abroad; mobility of French employees in the Group's international subsidiaries, Dubai, Singapore, Poland, Mexico and the U.S. and that of employees from different countries in France;
- specific initiatives fostering exchange are also designed to strengthen the multinational component of the Group.

Professions in the satellite telecommunications sector have a high technological component and are performed in a challenging competitive and global environment. The development and retention of talented individuals in a working environment that encourages group cohesion and personal fulfilment are key issues for the group's human resources. This is the aim of the Rising Star programme for high-potential managers (14 employees from three countries), the long-term employee loyalty plan offering profit-sharing to 20% of the workforce (excluding Eutelsat Americas), as well as quality of life at work initiatives such as the "right to disconnect" and e-mail best practice.

10.1 SOCIAL INFORMATION

10.1.1 Employment

All data for the year relates to the Group or Eutelsat S.A. and its subsidiaries.

The Group's subsidiaries in France, Italy and Mexico account for nearly 90% of the workforce.

Each year, Eutelsat S.A., the Group's main operating subsidiary in Paris, France, prepares a social audit report summarising key data in a single document, enabling an assessment of the Company's labour profile. The social audit report is prepared with reference to the calendar year. Each year, the Company's Work Council issues an opinion on the social audit report. The social audit report and the opinion of the Work Council are made available to the Company's employees and to shareholders upon request, in accordance with Articles L. 225-108 and L. 225-115 of the French Commercial Code.

10.1.1.1 Information and distribution of employees by gender, age and geographic area

For the 2016 calendar year, the Group employed 1,005 people (full-time equivalent), on average, within the companies in question, which represents an increase in personnel of 9.84% compared to the previous year. The proportion of female employees was 31%.

Breakdown of headcount by gender

	Average headcount in the calendar year	
	2015	2016
Male	638	700
Female	287	305
TOTAL	925	1,005

The average years of service for Group employees, a new group-wide indicator since 2015, is 9.64 years (9.57 in 2015).

The average years of service for Eutelsat S.A.'s salaried workforce, over the course of the 2016 calendar year, was 11.90 years (11.85 in 2015, 11.65 in 2014).

In view of the evolution of the Group's scope of activity and its development strategy in Latin America, the breakdown of employees by geographic area is now presented in the following categories: France, Americas and Other.

Breakdown of employees by region (Group)

	31 December 2015	%	31 December 2016	%
France	565	61	564	56
Americas	139	15	176	18
Others	221	24	265	26
TOTAL	**925**	**100%**	**1,005**	**100%**

Breakdown of other employees versus managers by gender (Group)

As a % of the total employees as of:	31 December 2015	31 December 2016
MALE:	69%	69%
Managers	49%	42%
Employees	20%	28%
FEMALE:	31%	31%
Managers	18%	15%
Employees	13%	15%

The feminisation rate was 31% at Group level.

Breakdown of employees by age (Group)

The breakdown of employees by age is the following:

	31 December 2015	31 December 2016
< 25	2%	2,5%
25-40	46%	41%
41-60	48%	52,5%
>60	4%	4%
TOTAL	**100%**	**100%**

10.1.1.2 Recruitments and departures (Group)

In 2016, at Group level, 118 people were hired and there were a total of 152 departures.

From 2015, the Group indicator has been consolidated to distinguish these movements by gender.

12 months ended	31 December 2015	31 December 2016
RECRUITMENTS	78	118
Of which % male	62%	58%
Of which % female	38%	42%
DEPARTURES	62	152
Of which % male	66%	51%
Of which % female	34%	49%
BALANCE	**16**	**(34)**

The balance of employees hired versus those departing is negative, despite a personnel increase of 9.84% compared to 2015. This can be explained by:

- the inclusion of new subsidiaries in the group's scope of consolidation and the reorganisation of existing structures, in particular in Italy with the creation of Euro Broadband Services, which has absorbed some of Skylogic SpA's employees;
- offset by an adjustment in recorded personnel for Eutelsat Americas.

Details of recruitments by type of contract

During the 2016 calendar year, Eutelsat S.A. recruited 60 people (51 during FY 2015 and 34 during FY 2014), of which 40% were women (45% in 2015, 35% in 2014) and 60% were men (55% in 2015, 65% in 2014). Details of recruitments by type of contract can be found in the table below:

Number of contracts for short-term and long-term assignments for Eutelsat S.A. for calendar year 2016		Women	Men	Total
Other employees	Fixed-term	10	5	15
	Permanent	1	0	1
Managers	Fixed-term	7	11	18
	Permanent	6	20	26
TOTAL		**24**	**36**	**60**
		40%	*60%*	

10.1.1.3 Compensation

Long-term incentive programme

As part of its social policy, the Group wants personnel to benefit from the fruits of its development by awarding each employee a bonus based on his/her performance.

Consequently, a profit -sharing and long-term loyalty programme for Group employees and managers (including corporate officers) is in place. In future, Eutelsat intends to pursue a policy that enables employees to benefit from its performance.

Incentives and employee profit-sharing (Eutelsat S.A.)

A corporate savings plan was set up at Eutelsat S.A. in July 2000:

- The savings plan is a collective savings system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested in a savings plan is blocked for five years, except in the cases of early release specified in the plan's rules;
- The corporate savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy;
- A company investment fund (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 et seq. of the French Labour Code;
- The corporate savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked-up for five years in the savings plan with no

possibility of taking advantage of an early release provision.

- A profit-sharing agreement, governed by the provisions of Articles L. 3311-1 et seq. of French employment code, was concluded within Eutelsat S.A. on 23 December 2011, enabling Eutelsat S.A.'s employees to be financially rewarded for the company's performance. The value of the profit-sharing bonus paid to employees benefiting from this scheme is determined on the basis of performance criteria set out in the profit-sharing agreement, which take account of improvements in the company's financial performance (financial ratio and operating costs).
- Employees benefiting from the scheme have the option of allocating all or part of their profit-sharing bonus to a savings plan, with the amounts allocated in this case being locked in for five years and benefiting from the tax treatment applicable to savings plans.

The following table shows the average level of incentive payment per employee beneficiary:

(in euros)	2014-15	2015-16	2016-17 (1)
Average amount of the incentive payment	2,426	4,260	N/C

For Financial Year 2016-17, the final amount is not available at the date of the document

An employee profit-sharing agreement, governed by Articles L. 3322-1 et seq. of the French Labour Code, was entered into on 13 November 2002, and amended on 16 July 2009 and 18 September 2012, within Eutelsat S.A. The statutory employee profit-sharing plan gives employees access to a portion of the profits generated by the Company. The Eutelsat S.A. profit-sharing agreement uses the legally prescribed method of calculating the profit-share reserve set out in Article L. 3324-1 of the French Labour Code.

The Eutelsat S.A. profit-sharing agreement provided that the amounts allocated to employees should be invested in corporate mutual funds. Amounts paid into the savings plan under the profit-sharing agreement previously remained locked up for five years unless early release of such sums became possible in accordance with the rules. The French law of 3 December 2008 on income from labour amended the legislative framework and Eutelsat S.A.'s labour partners signed an amendment to the profit-sharing agreement enabling employees who so desired to gain access immediately to all or part of their profit-sharing reserve. Furthermore, there are no plans to grant shares in the business in connection with the allocation of the profit-sharing reserve.

The following table shows the total amount of the special profit-sharing reserve determined in accordance with the profit-sharing agreement in force:

(in euros)	2014-15	2015-16	2016-17 (1)
Amount of the special profit-sharing reserve	6,143,155	6,275,136	N/C
(1) Provision for 2016-2017 not available.			

Eutelsat S.A. employees receive Profit and outcomes-related Participations. Employees can save up to 5,000 euros per year in the PEE to receive a maximum additional employer contribution of 2,170 euros.

Incentives and profit-sharing (Other subsidiaries)

The Group's subsidiaries outside France have established remuneration systems, which comply with local regulations and include bonuses and incentives. Incentive and profit-sharing schemes for subsidiaries converge towards the Group's long-term profit-sharing programme, coordinated by the Human Resources Department.

Wages

The average gross annual salary for Eutelsat S.A., Skylogic and Eutelsat Americas employees (who represent more than 82% of the Group's personnel in total) was 75,380 euros in 2016 (79,167 euros in 2015).

The indicator was consolidated by gender for 2016. The average gross annual salary for men was 84,388 euros in 2016 (88,290 euros in 2015) while it was 56,205 euros in 2016 (59,000 euros in 2015) for women.

The gross total payroll was almost 63 million euros in 2016 (66 million euros in 2015).

10.1.2 Work organisation

10.1.2.1 Work time organisation

Eutelsat complies with International Labour Office (ILO) rules. Moreover, Group management ensures that all of its subsidiaries, both in France and abroad, are in compliance with local labour laws, including those relating to working time.

In France, representing 56% of employees, management adheres to the statutory 35-hour week for non-management employees representing 14% of the workforce. For those employees whose working time is counted in hours, Eutelsat ensures compliance with the statutory 35 hours.

However, the vast majority (86%) of employees occupying a management position, have a package of 212 working days per year, allowing a more flexible organisation of schedules, depending on their responsibilities. Appropriate measures are taken to ensure that all employees have sufficient time to rest. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several agreements have been signed with employee representatives, addressing the theme of working time. Eutelsat is implementing salary continuation for a various types of absence (e.g.: illness, maternity leave, paternity leave).

Employees of other Group subsidiaries (excluding France), which represent 44% of the workforce, all adhere to a working week of 40 hours. These subsidiaries have implemented a policy of paid leave in accordance with labour laws and regulations in jurisdictions in which Eutelsat operates.

10.1.2.2 Absenteeism

The indicator described below has been calculated for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in aggregate account for more than 82% of the total workforce. The indicator is presented in numbers of days in the table below. The long-term absence indicator is no longer presented, as it is redundant with absences classified by pattern.

The consolidated level of absenteeism for the companies in question is 2.94% for the 2016 calendar year (3.87% for the 2015 calendar year). Including Euro Broadband Services, the value of the indicator is 3.45%.

Type of absenteeism	Calendar year 2015	Calendar year 2016
Maternity	3,657	1,622
Paternity	245	170
Work-related accidents	61	62
TOTAL	**3,963**	**1 ,854**

10.1.3 Labour relations

10.1.3.1 Organisation of social dialogue – in particular rules and procedures pertaining to staff communication on these topics

Eutelsat attaches importance to social dialogue and to maintaining a good social climate, by promoting an ongoing dialogue between management and staff representatives.

Through its principal subsidiary, Eutelsat S.A., the Group fully respects the freedom of association and promotes social dialogue through collective bargaining. Moreover, since 2001, Eutelsat S.A. has engaged with labour organisations supporting relations between the social partners. Meetings are organized on a regular basis with the employee representatives: Health and Safety Committee (CHSCT – Comité d'Hygiène, de sécurité et des conditions de travail), Works Council, staff or trade union representatives. The Company Intranet, where the Company-level agreement is available for review, is also a communications tool on these matters. In addition, meetings are organised in connection with the annual and half-year results in order to describe the highlights for the year or half-year and present the results to employees.

A dynamic of co-construction is implemented with all stakeholders, notably via joint working groups on key issues such as quality of work life.

Initiatives are also taken at the level of the other entities.

Skylogic S.p.A. and Skylogic Mediterraneo S.r.l. adhere to International Labour Organisation conventions in terms of freedom of association and recognition of the right to collective bargaining, freedom and trade union protection. These organisations also apply the Italian "Workers Statute" and the rules of the "Commerce and tertiary sector" collective agreement. As of 31 December 2016, seven Skylogic employees were registered with Filcams CGIL, the national Federation of Trade Unions for tertiary sector employees. One trade union representative is responsible for maintaining negotiations and creating a dialogue between trade unions, employees and the employer.

At Eutelsat Americas, meetings are organised on a quarterly basis to inform employees of business developments and objectives. In addition, each month, 15 employees are given the opportunity to meet and exchange views with the Chief Executive Officer of the entity. Quarterly meetings enable employees to be provided with information on activities and the achievement of goals. There is also an annual survey from "Top Companies" to gather information about employee conditions and satisfaction. The company also negotiates deals with shops, restaurants, health services, etc. in order to obtain more benefits for the employees.

At Eutelsat America Corp. Senior management supports an open door culture. Several policies in the Employee Handbook describe open door and escalation policies. The Chief Executive Officer holds regular "all-hands" team meetings throughout the year with open discussion. The Consulting Human Resources Director is available to all staff for consultation.

Eutelsat Eurasia: team meetings are scheduled when requested, and frequent team meetings are held.

Eutelsat Do Brasil and Eutelsat Latam Corp: annual dialogue with the Chief Executive Officer of the region.

Eutelsat GmbH: dialogue between management and employees takes place within the different business lines.

10.1.3.2 Assessment of collective agreements

The collective agreements of Eutelsat S.A. are published on the Intranet.

Eutelsat S.A.'s social partners have an attitude that focuses on corporate responsibility:

- "Second part of career" interviews are conducted annually with employees to take stock of their experiences and skills and fulfil their mobility aspirations.
- As part of the agreement on the "Generation Contract", the definition of "Senior" employee has been raised from 55 to 57 years. It replaces the agreements signed 2009 and 2012. A new generation contract was signed in November 2016.
- The opportunity of a part-time career is proposed at the end of employment while maintaining pension contributions at the full rate.
- Tutoring for young employees is proposed.

Regarding gender equality and the "Generation Contract", a review of measures is carried out each year and presented to staff representatives.

In Italy:

The national collective agreement for the tertiary sector, distribution and services, stipulates that:

- each employee has a right to 12 hours a year to attend union meetings within working hours;
- union representatives have one and a half hours per employee and per year to fulfil their obligations and to deal

with employees' problems or questions, insofar as this is necessary.

Objectives of continuous improvement

Management seeks to maintain a productive dialogue for the well-being of its employees in all countries, and especially to remain in compliance with local practices where there is concentration of employees. The Group Human Resources Department also makes every effort to harmonise practices from one country to another in order to ensure equal treatment of all employees, regardless of the country in which they work.

10.1.4 Health and safety

10.1.4.1 Health and safety conditions

Eutelsat S.A. guarantees health care and retirement to all employees, notably through the health insurance and pension schemes, as well as a supplementary pension.

Eutelsat S.A. employees undergo a medical examination at least every two years. Employees above 50 years of age are offered a complete medical check-up every three years. A medical centre specialising in medical prevention performs health checks with the aim of avoiding dysfunctions caused by occupational diseases. It also offers lifestyle advice aimed at minimising the negative impacts associated with factors such as inappropriate diet, sleep patterns and stress. Special monitoring measures are in place for controllers, with a medical examination every six months.

Teleports: Access to sites is regulated and related procedures are described in various documents available to staff.

- The Unique Risk Assessment Document (DUERP) is updated annually by security services at Group headquarters and at the Paris-Rambouillet Teleport.
- With respect to stress at work, Eutelsat S.A. complies with regulations and declares the number of employees exposed to stress according to legal criteria specified in the DUERP. The Company is below the level of employees triggering a compulsory agreement on stress.
- Rehalto's freephone number allows employees to alert Human Resources and obtain access toconsultations with psychologists.
- On the subject of hard working conditions, Eutelsat S.A. fulfils the legal declaration obligations as regards employees exposed and the obligation to set out exposure situations, appended to the Single Document. The company is below the threshold requiring a hard working conditions agreement or plan.

A survey on the occupational quality of life was performed in 2013. A joint working group with representatives of the employees, the Health and Security Committee (CHSCT), managers and Human Resources representatives is currently working on new procedures for ICT and teleworking.

The Group's headquarters, located in rue Balard in Paris and its Teleport at Paris-Rambouillet are compliant with the safeguard provisions of people and goods issued by the Labour Code. These two sites are equipped with uniform and redundant physical security systems, which help to ensure and maintain a level of safety and security, while also allowing all personnel and service providers to carry out their work. As a result, security patrols, access management, CCTV and the protection of security systems form an integral part of safety policy and are managed by a dedicated manager.

A special process exists regarding staff travel abroad, with graded levels of approval depending on country risk assessment, and membership of a foreign support service. Employees receive general training on travel risks with additional training as required for specific countries at risk.

Skylogic S.p.A. meets the requirements of Italian law on health and safety at work: this includes supporting occupational therapies, making available additional expertise for the management of occupational hazards, establishing a professional risk assessment document including third-party assessment of risk levels, regular meetings with social partners and staff representatives for safety and health and organizing regular medical checks for all personnel.

Eutelsat Do Brasil performs monitoring and monthly reporting on safety and health at work.

Employee safety at Eutelsat teleports

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes the following precautions:

- Periodic tests for radiation are conducted at the Paris-Rambouillet teleport.
- All antennas at the Paris-Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As a standard part of every ESVA activity, antenna radiation patterns are measured. This allows for taking corrective action in case of shortcomings (such as an excess to mechanical tolerance of required surface accuracy, etc.), which may occur during the installation process. A radiation diagramme is the base for the determination of the maximum permissible spectral EIRP (Equivalent Isotropically Radiated Power) density, which must not be exceeded by any transmission originating from the station under test. Norms are established by Eutelsat to be in-line with national and international (i.e. ITU) radio frequency regulations.
- All staff working with antennas are informed about potential exposure risks.
- Access to potential high-risk exposure installations (limited number of antennas close to the ground) is strictly controlled by fences or marked with signs on the ground.
- Training of new recruits on the three sites (Balard, Paris-Rambouillet and Le Ponant).
- A first aid course for all personnel on the three sites.
- Training of Local Safety Teams on the three sites.
- A fire drill on the three sites.

Employee safety is also a priority for Eutelsat Americas. Precautions are taken at the Iztapalapa and Hermosillo teleports in Mexico. Access to facilities forms the subject of strict control involving the use of access badges, 24-hour security personnel and CCTV systems. Personnel are located at the correct distance from antennas, which are placed behind fences as an added precaution. The three facilities are equipped with fire prevention and fire-fighting equipment to limit risks and the exposure of employees.

In Italy, pursuant to the law on workplace safety (Dlgs. 81/2008), all workplace related risks have been analysed. Procedures to reduce / contain all risks (including the microclimate, electromagnetism, the presence of radon, the impact of noise) have been established and form the subject of periodic assessment and verification.

10.1.4.2Health and safety agreements with unions and workplace representatives, and their implementation

Eutelsat S.A. has always maintained a responsible approach to working conditions for employees.

The powers and duties of the Health and Safety Committee (CHSCT) are accordingly complied with. In addition, the premises are fitted-out to ensure quality of everyday life and improve working conditions.

By way of illustration, two floors at the Ponant Building (Paris 15th district) have been occupied since November 2015 by Eutelsat employees. For medical matters, Eutelsat has engaged two inter-company medical service providers in charge of health at the workplace and which provide on-site services.

Some employees are approved to undertake antenna installation. To cover potential risks of accidents, Eutelsat S.A. contributes a higher rate to the URSSAF. With the exception of the teleports located in France, Italy, Mexico and Madeira, the Group's business is carried out in office buildings located in city centres. Potential work-related accidents are therefore limited.

Specific measures are also in place in other Group subsidiaries, in accordance with local regulations.

Eutelsat Americas: Health and Safety Commissioners within the Company are in contact with the Ministry of Labor and

Social Welfare, the Department of Civil Protection of the Federal District, which regulates safety issues on-site, the Federal or Local Boards of Conciliation and Arbitration (Relationship Work).

The workplace health & safety representative (HSWR) represents employees as regards all health and workplace matters. They must be appointed or elected for all companies or production units. The minimum number of representatives is one HSWR for companies or production units with up to 200 employees (which is the case for Skylogic S.p.A.), three HSWRs for companies or production units with 201-1,000 employees, six HSWRs for companies or production units with more than 1,000 employees. Skylogic S.p.A, Euro Broadband Services and Skylogic Mediterraneo S.r.l. each have an elected representative.

For Skylogic Spagna, a health and risk prevention agreement has been concluded with the company PREMAP, in order to conduct workplace safety related activities and occupational health activities.

In addition, in accordance with the law, Skylogic Hellas and Skylogic Eurasia appoint a Health and Safety Technician.

10.1.4.3 Frequency and seriousness of accidents at work and occupational diseases

This indicator is presented on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in aggregate account for more than 82% of the total workforce.

During calendar years 2015 and 2016, few accidents were reported.

For Eutelsat S.A. (which accounts for 56% of the Group workforce), work accidents were all related to commuting or professional trips. No cases of occupational diseases were reported.

Workplace accidents in days lost	2015	2016
Number of accidents without work stoppage authorisation	4	4
Number of accidents with work stoppage authorisation	5	3
TOTAL NUMBER OF ACCIDENTS	**9**	**8**

10.1.5 Training

10.1.5.1 Implementation of training policies

To remain competitive, the Group actively encourages employees to undertake formal training programmes that allow them to be more effective and productive in their daily work. To this end, Eutelsat SA made a significant investment in training its personnel in 2016 and the Group’s employees have undertaken training in various disciplines during the course of the past year.

Several types of training were provided at Eutelsat S.A.’s French offices in relation to the following topics:

- Technical aspects of satellite communications or data processing systems;
- Management, such as psycho-social risks or local management for new managers and tutors;
- Commercial performance;
- Project management, time management and priority management;
- Languages, English and French as a foreign language, as well as other languages within the framework of Personal Training Accounts (Russian, Spanish, Italian, Arabic);
- Personal development, self-confidence, constructive communication, public speaking;

- Support functions, back office: HR, Finance, Law, specifically with an e-learning programme on combating corruption, which was distributed to more than 300 people within the Group;
- Health and safety, prevention in relation to fires, accidents, electrical hazards, geo-political risks for travellers.

The Group continues to pursue and promote digital initiatives including on-line courses, MOOC, e-learning, blended learning, etc.

This training was delivered in 2016 as part of vocational training or individual training entitlements.

For employees of Skylogic S.p.A., training was offered in 2016 to enable them to increase their individual and team skills for their everyday activities:

- Individual and team management;
- General skills: languages, teamwork;
- Specific and technical skills: ITIL, PRINCE2, Health and Safety, employment law updates, Microsoft Office Excel, project management, accounts, etc.

For employees of Eutelsat Americas, training relates to combating corruption, corporate culture, shared values and living together, leadership, customer service, communication, as well as more technical training, including on satellite components or their management or supervision systems.

10.1.5.2 Total number of training hours

This indicator is presented on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A.), which in the aggregate account for more than 82% of the total headcount.

Details of training in the four most significant entities (82% of Group employees)

	2015			2016		
	Men	Women	Total	Men	Women	Total
Eutelsat S.A.	8,700	3,094	11,794	8,766	3,132	11,898
Skylogic S.P.A.	1,673	392	2,065	1,432	430	1,862
Eutelsat Americas (1)	588	420	1,008	588	420	1,008
Eutelsat America Corp.	252	54	306	293	52	345
TOTAL	**11,213**	**3,960**	**15 173**	**11,079**	**4,034**	**15,113**

(1) Training for the recently established Euro Broadband Services is not recorded.

NB: For Eutelsat Americas the data for 2015 are resumed for 2016 as the 2016 data could not be verified.At Eutelsat S.A., the amount dedicated to training as a percentage of total wages in 2016 was 3.71%, 3.7% in 2015, up from 3.4% in 2014.

10.1.6 Equal opportunities and non-discrimination

Skills development policy

In French entities, annual performance interviews take place in June via the Company's HRIS (Human Resources

Information System). A professional development interview also takes place once a year, either in parallel with the performance review or separately. These interviews are designed to support employees in their desire for mobility and skills development. Nevertheless, Eutelsat has retained the principle of a second stage of careers interview, specifically for seniors (45+ years), which was opened up to all employees in 2015. Staff reviews are also held every year in September to identify mobility opportunities or possible career developments and anticipate attendant supporting measures for teams.

Eutelsat Americas conducts annual performance appraisals.

Other subsidiaries have also put annual performance appraisals in place.

Eutelsat encourages internal mobility via the following actions:

In France:

- A job marketplace exists within the HRIS such that all available positions can be circulated upstream on the Intranet; any internal candidate who applies is interviewed.
- The annual performance evaluation process provides an opportunity for employees to discuss career aspirations with management. Evaluations are sent to human resources to review motivation and feasibility.
- Interviews for the Second Stage of Careers (age 45+ years) are conducted annually to envisage career development and support mobility.
- As part of the GPEC (Future Management of Jobs and Skills) business mapping, each employee can discover, via the Company Intranet, the different business areas within the Company and the skills needed to perform in them.
- In the event of employee mobility requiring relocation, the Company supports school fees. Mobility decisions are also made with a view to being compatible with the school calendar.

Due to its small size, Eutelsat America Corp has a fairly flat organisational structure. However, this does provide staff the opportunity to work cross functionally thereby expanding their knowledge and skill base; staff may also pursue upward opportunities at the parent company and its subsidiaries. Additionally, in the event a new position is created or established within the organization, Eutelsat America Corp would first look internally for a qualified candidate who has the skills to move into the position.

No specific measures are applied at Skylogic, Euro Broadband Services and Skylogic Mediterraneo S.r.l. By signing the employment contract, the employee gives his availability to be transferred, if necessary, to one of the sites of the Eutelsat/Skylogic Group (in Italy or abroad).

10.1.6.1 Gender equality

In 2014, Management established an action plan in favour of professional equality and relating to access to employment, career development, compensation and the reconciliation of work and family responsibilities. Objectives were determined for each of these items. This action plan was presented to the Work Council in December 2014 and took effect on 1 January 2015. The professional equality commission will meet at least once a year to monitor this action plan.

Over the past five years Eutelsat S.A. has conducted two studies on equal treatment in cooperation with the equal opportunities commission, the first in 2010-2011 and the second in 2013-2014. A specific budget has been allocated to recommended salary adjustments. Paternity leave is also favoured and since 2009 Eutelsat has been topping-up the indemnities paid by Social Security to fathers, in order to maintain remuneration levels.

Eut'Elles'Sat, a network for female employees within the Eutelsat Group, was created in 2014 with the support of management. Its primary objective is to facilitate networking between the women of Eutelsat and to propose events and exchanges on the promotion of awareness-raising on the situation of women in the workplace.

Eutelsat America Corp has a well-established Equal Employment Opportunity (EEO) policy and as an Equal Opportunity Employer, bases pay, hiring and promotion decisions on skills, knowledge and performance.

Eutelsat Americas provides equal opportunity in employment for all persons, and prohibits unlawful discrimination and harassment in all aspects of employment because of age, colour, disability, family responsibilities, gender identity or expression, marital status, national origin, personal appearance, political affiliation, race, religion, sex, sexual orientation, status or any factor prohibited by law.

At Skylogic S.p.A. no clear obligations for gender equal opportunity and non-discrimination are applied, as per the National Collective Bargaining Agreement "*Terziario Confcommercio*" and the "*Statuto dei Lavoratori*". However, upon express request and according to Italian Labour Legislation, Skylogic S.p.A. grants a reduction in working hours to female employees with children under the age of three (within the 3% of the total number of the employees). During the course of 2016, two women at Skylogic S.p.A and one at Skylogic Mediterraneo S.r.l. benefitted from apost-maternity leave part-time contract.

10.1.6.2 Employment and integration of disabled people

Eutelsat S.A. employs four disabled people.

As far as possible, Eutelsat endeavours to subcontract a certain number of specific services to service providers employing disabled personnel and ESATs (vocational rehabilitation centres): supplying flowers and other decorations, digitisation and monitoring of expense accounts, etc.

Raising awareness of disability issues is undertaken by occupational health.

Eutelsat also seeks to reclassify Company employees who are deemed unfit for their existing positions. In addition, the Company works with recruitment agencies that are sensitive to issues relating to disabilities and, when possible, these agencies nominate candidates with disabilities for Eutelsat positions.

Eutelsat America Corp employs two disabled staff, and complies with all provisions of the Americans with Disabilities Act (ADA) and the subsequent amendments (ADAA). This also is directly tied to its EEO policy. As a GSA Schedule contractor, EAC is also subject to goals for hiring disabled veterans as contractors.

At Eutelsat Americas, facilities are adapted to disabled persons and include travelators, specially equipped bathrooms and an absence of stairs, enabling free movement. In the case of specific events, the company ensures that they are accessible to all its employees.

To comply with the current Italian law on "Employment and integration of disabled people", Skylogic S.p.A. employs one disabled person. Under law, companies with more than 50 employees must either hire 7% of disabled persons or, if they cannot reach this percentage, sign a Public-Local Agreement and pay a yearly fee. Skylogic has implemented the second option.

The Euro Broadband Services and Skylogic Mediterraneo S.r.l. subsidiaries are both subject to this Italian law and have one and three disabled employees respectively.

10.1.6.3 Fighting discrimination and encouraging diversity

There has consistently been high diversity of nationalities within Eutelsat S.A. A total of 30 nationalities were represented in 2016 with 30% of Eutelsat S.A. employees having a nationality other than French.

This diversity is considered an asset for the Company. To preserve and promote this multicultural culture, a number of actions are carried out including joint training in several countries and mobility of French employees in the Group internationally.

Following on from the "Senior Agreement", the Company has negotiated and is now implementing an agreement on the "Generation Contract". The Company was also a signatory of the Diversity Charter in 2008.

In addition to its non-discriminatory hiring, promotion and pay practices, Eutelsat America Corp has a zero-tolerance policy regarding discrimination and harassment in any form. The Employee Handbook defines steps staff should take and the reporting/investigative methodology if any staff member believes they have been harassed or discriminated against.

Eutelsat Americas advertises vacancies in all universities, private and state. Gender is not taken into account when creating a profile for positions. There is no difference in salaries offered to men or women.

As of 31 December 2016, Skylogic S.p.A. had five foreign employees from five countries: France, Belgium, Senegal, Egypt and Mexico, and representing 6% of the workforce.

As at 31 December 2016, Euro Broadband Services S.r.l had 11 foreign employees from seven countries: France, Sweden, Poland, the United Kingdom, Morocco, Venezuela and Germany. They represent 19% of the workforce.

10.1.7 Promotion and enforcement of the fundamental conventions of the International Labour Organisation (ILO)

As of 31 December 2016, all Eutelsat subsidiaries were in compliance with the ILO in countries where these conventions are applicable.

10.1.7.1 Respect for freedom of association and right to collective bargaining

All Eutelsat subsidiaries reported as being in compliance with all local labour laws with regard to the right to collective bargaining.

Regarding the observation of strict political, religious and philosophical neutrality, the Group makes no financial contribution to political candidates, elected political representatives or political parties. Staff may participate in political activities in their own right, outside Company premises, and without using the Group's corporate image to support their personal convictions. These rules are applied with due regard for the individual freedom of expression for employees and their representatives.

10.1.7.2 Elimination of discrimination in the employment and job policies

The Group respects the principles outlined in ILO Conventions.

The Group further complies with the principles of professional equality between women and men. Furthermore, Eutelsat S.A. has set up an action plan aimed at promoting professional equality.

Regarding older employees, an agreement was signed in 2013 for application of the "Generation Contract" (*contrat de génération*) for Eutelsat S.A. employees. The generation contract is a mechanism that combines the sustainable integration of young people with specific measures in favour of the employment of older workers and the passing-on of know-how and skills.

In addition, under the three-year profit-sharing agreement signed in December 2011, the Company's labour partners addressed the issue of parental leave for part-time employees and opted not to take into account the reduced work time for employees on parental leave.

10.1.7.3 Elimination of forced labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

10.1.7.4 Effective abolition of child labour

All subsidiaries are in conformity with the principles outlined in ILO Conventions.

10.2 ENVIRONMENTAL INFORMATION

The Group 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.

Due to the profile of its business, the Company has no factories or warehouses and its terrestrial or sea transport footprint is limited.

10.2.1 Global Environmental Policy

10.2.1.1 Impact of satellites and launch services on the environment

Eutelsat actively manages its fleet in association with satellite manufacturers and launch agencies.

Satellite Manufacturers

Eutelsat, either directly or via its subsidiaries, has contracts with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus DS), Boeing Satellite Systems (BSSI), Space Systems Loral (SSL) and Thales Alenia Space (TAS). Each of these manufacturers has policies on minimising its environmental impact and ensuring sustainability.

Airbus DS is committed to minimising the environmental footprint of its activities as well as ensuring compliance with all applicable legal requirements. In addition to the ISO 14001 certification of its environmental management system it also has ISO 50001 certification for its energy management systems for its sites in the United Kingdom, Toulouse (France) and Germany. Each site monitors energy use and security to track priorities and establish facility improvements and action plans to reduce CO2 emissions, improve energy performance and raise awareness. Airbus DS considers the environment at all stages of its operations and aims at developing eco-efficient products, integrating environmental aspects throughout their life cycle.

BSSI, which is part of Boeing, shares Eutelsat's objective of stabilising greenhouse gas emissions, water consumption and waste production between 2012 and 2017. One of its objectives is also to see to it that hazardous waste production isstabilised at 2012 levels on a revenue adjusted basis.

SSL meets or exceeds the stringent U.S. Government and State of California environmental requirements and has on-going initiatives to reduce waste, conserve water and energy and implement recycling amongst other sustainability practices. SSL pays particular attention to reducing its hazardous waste production and has successfully eliminated approximately 80% more of its hazardous waste in its machine shop than last year. As well as its stated commitment to protecting the environment on earth, it also ensures that its satellites comply with international regulations on space debris.

TAS is part of the Thales Group which has conducted an environmental protection policy since 2007 and is working on taking into account environmental aspects in all of its business activities. In addition to the ISO 14001 certification for most of the Group's facilities, in 2015 TAS obtained ISO 50001 certification for its sites in France. Its Environmental Management System has achieved reductions in the use of natural resources, greenhouse gas emissions and the production of hazardous waste. The Group is extending its approach to all its suppliers requiring them to align their policies and internal processes with all the principles that Thales is committed to respecting.

Launch services

As a satellite operator, Eutelsat does not itself launch satellites, but uses launch service providers such as Arianespace, International Launch Services (ILS) and Space Exploration Technologies (SpaceX).

Arianespace uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher are hydrochloric acid and aluminium oxide from the launcher's solid rockets and water vapour from the cryogenic (liquid oxygen and hydrogen) first and second stages. The total CO/CO2 emissions from an Ariane 5 ECA launch are estimated to be 200 tonnes. Environmental checks carried out after each launch show that the impact on the local environment is very limited. Arianespace continues its efforts to protect the environment in all aspects of the activities conducted in its launch site in Kourou, French Guiana. The launch facility's environmental management system and energy management system have ISO 14001 and ISO 50001 certification respectively.

ILS utilises the Russian heavy lift Proton M/Breeze M rocket from the Baikonur Cosmodrome in Kazakhstan. The Russian Federal Meteorology and Environment Service, the Bauman Moscow Technical University and the Russian Academy of Science have performed a study of the contamination of the environment by the Proton M/Breeze M launcher both by the pre-lift off propellant emission and by the combustion product exhaust during the Proton M and Breeze M flights. The amount of CO2 generated by the pre-lift-off exhaust is approximately 0.5 tonne whilst that during the Proton M flight could be up to 350 tonnes. For the Breeze M (upper stage) flight which occurs at altitudes from 160 km up to 35,000 km, the CO2 emission from the propulsion system could be up to seven tonnes.

SpaceX launches geostationary satellites using a Falcon 9 rocket from the Cape Canaveral Air Force base in the United States. A study of the environmental impact of the operations conducted from this launch facility has shown that the launch of the Falcon 9 rocket using kerosene/liquid oxygen had no material environmental impact. In addition, the environmental impact study conducted by the U.S. Federal Aviation Authority in respect of the new launch facility currently in the process of being developed by SpaceX in Texas shows that the CO2 emissions generated by the launch of a Falcon 9 rocket will be limited to 387 tonnes.

To put the launch vehicle emissions into perspective, the transport of a satellite to the launch site by a heavy lift transportation aircraft generates similar amounts of CO2 to a transatlantic return flight.

Space debris

Today's telecommunications satellites have a useful life of approximately 15 years and provide applications in many fields.

With the proliferation of telecommunications satellites around the earth, managing the end of their useful lives has become increasingly important, especially as this activity takes place against a backdrop of substantially growing amounts of space debris. While satellites are not the category which generates the most debris, it should be noted that this issue is also more critical in low orbits. Respecting a policy of responsible fleet management, that from the outset addresses how to correctly manage the end of life of satellites manoeuvres constitutes an important aspect of the Group's environmental and societal obligations.

A responsible fleet management policy

Since the early 2000s, Eutelsat has addressed this issue by implementing a policy of responsible management of space debris, combining its extensive operational experience with recommendations from the international community.

Since 8 July 2005, Eutelsat has been certified in satellite control and operations (ISO 9001).

Furthermore, Eutelsat set up the Space Debris Mitigation Plan in 2005 to cover station-keeping manoeuvres, repositioning of satellites in geostationary orbit, colocation strategies, anomaly remedial measures, strategies for operations in inclined orbit and end-of-life operations.

Eutelsat's Space Debris Mitigation Plan draws on international and European guidelines (IADC Space Debris Mitigation Guidelines, European Code of Conduct for Space Debris Mitigation) and on criteria defined by the French Space Operations Act. The requirements laid down in the Group's plan for improving end-of-life operations and passivation as well as minimising collision risks during operations are more challenging than those contained in the basic rules governing the Company's activities.

The Plan is regularly updated to include new standards. It was reviewed in 2010 to ensure that the Company's internal organisation aligns with the processes imposed by the French Act on space operations.

At 30 June 2017 Eutelsat had undertaken the reorbiting and passivation of 18 satellites that had reached the end of useful life, with a 94.4%(1) success rate. All 18 satellites were reorbited in compliance with international guidelines and the French Space Operations Act in order to prevent them from re-entering the protected zone (+/-200 km from the geostationary orbit) in the long term (over 100 years). In the sector, the overall success rate for GEO satellite reorbiting has stood at 53% since the implementation of the IADC guidelines in 1997, reaching 72% in 2013.

The EUTELSAT 33B satellite, which had reached the end of its useful life and was about to be deorbited, suffered an anomaly in October 2015. As Eutelsat was unable to implement emergency deorbiting procedures, it adopted a strategy to avoid collision risks and thereby mitigate risks of damage as much as possible.

A total of 105 geostationary satellite repositioning manoeuvres were performed by Eutelsat at 30 June 2017. All were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/-40 km above geostationary orbit) during the repositioning stage and assesses collision risks with the help of USSTRATCOM data and information contained in the Space Data Association database.

Compliance with the French Space Act

The French Space Operations Act, in force since 10 December 2010, underscores the need for a responsible approach to fleet management. The Act establishes a regulatory framework within which Eutelsat works with the French Ministry of Research and the CNES (Centre national d'études spatiales) to meet its obligations for controlling objects in space orbit.

Technical authorisations and licenses delivered by the Ministry of Research under this law are managed by the CNES. Eutelsat cooperates with the CNES during all stages of the life of a satellite. Prior to receiving authorisation for a satellite, the CNES reviews all technical documentation with Eutelsat. Subsequent to obtaining authorisation, Eutelsat invites the CNES to its technical reviews, in order to ensure correct application of technical regulations. Finally, Eutelsat informs the CNES of any incidents occurring on a satellite and/or any change of orbital position.

In the context of exchanges with the CNES for obtaining authorisations, Eutelsat details its strategies to deplete the resources of a satellite in a way that limits any increase in space debris, or allows for permanent deactivation of any means of producing energy on board the satellite. Eutelsat also justifies the resources needed to conduct de-orbiting operations and the probability calculation to successfully carry out these procedures. Finally, Eutelsat obtains from the CNES a study which encompasses potential risks or dangers to people, the environment, public health, and, in particular the dangers of space debris generation (in the case of a collision with another space object, for example), as well as a plan to address the potential risk of accidental collisions.

Best practices adopted by Eutelsat have allowed the Company to be compliant with French space Act since its implementation and the Group continues to be a responsible operator and involved player in the efforts against space debris.

Sharing Eutelsat's policy and practices

In 2011, Eutelsat became an Executive Member of the Space Data Association (SDA). Bringing together satellite fleet operators, the SDA is tasked with assessing the risks of potential close approaches on the geostationary orbit and the low earth orbit, and sharing information with a view to mitigating RF interference. In March 2017, under the chairmanship of Mark Rawlins of Eutelsat, the SDA announced a new version of the Space Traffic Management (STM) service and the Space Data Management System (SDC) which will be used to catalogue all objects larger than 20 cm in geostationary orbit, or crossing this orbit, to issue collision warnings and provide new functionalities to combat Radio Frequency interference.

Eutelsat is also involved in many events and workshops organised throughout Europe on space debris management. More specifically, the Group plays an active part in two key events organised by the CNES on a regular basis: the Workshop on End of Life Operations (biannual) and the annual Working Panel on outer space debris. It also monitors work by ESA and other relevant international institutions.

In 2013, Eutelsat introduced its internal policy and provided feedback on the French Space Operations Act during a workshop organized by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee.

On 14 March 2017, Eutelsat also provided feedback during a dialogue workshop held by the CNES six years after French legislation came into effect.

10.2.1.2 Employee information and training in regard to environmental protection

A formalised Group-wide Code of Business Practice and Ethics was finalised and issued during financial year 2013-14 and a copy was made available to each Eutelsat employee. It is also accessible through the Intranet.

The charter includes a definition of the Group's values and particularly addresses the subject of its commitments to the environment in orbit and on Earth. It also addresses the Group's commitments towards its customers and partners, in particular concerning the fight against corruption and respect for free competition.

10.2.1.3 Means used for preventing environmental risks and pollution

Satellite reception antennas

The World Health Organization (WHO) issued the following statement on exposure to electromagnetic radio waves:

"*WHO, through the International EMF Project, has established a programme to monitor the EMF scientific literature, to evaluate the health effects from exposure to EMF in the range from 0 to 300 GHz, to provide advice about possible EMF hazards and to identify suitable mitigation measures. Following extensive international reviews, the International EMF Project has promoted research to fill gaps in knowledge. In response national governments and research institutes have funded over 250 million U.S. dollars on EMF research over the past 10 years.*

While no health effects are expected from exposure to RF fields from base stations and wireless networks, research is still being promoted by WHO to determine whether there are any health consequences from the higher RF exposures from mobile phones."

There are no specific references to risks associated with satellite use (source: WHO website http://www.who.int/mediacentre/factsheets/fs322/en/index.html).

10.2.1.4 Provisions and/or guarantees for environmental risks provided that such information would not cause serious harm to the Company in an ongoing litigation

There are no provisions or guarantees for environmental risks, nor is there any ongoing litigation or potential risks concerning environmental issues within the Eutelsat Group.

10.2.2 Pollution

10.2.2.1 Measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment

Eutelsat's fleet of telecommunications satellites operate in the geostationary orbit 35,786 kilometres (22,236 miles) above the earth along the equator, far beyond the earth's atmosphere. The satellites remain at this distance for their entire operational life. When they reach end of life, approximately 15 years after their entry into service, they are re-orbited using their remaining on-board propellant into a graveyard orbit, approximately 300 kilometres beyond the geostationary orbit. The satellites never return to earth, nor do they ever re-enter into the earth's atmosphere. As a consequence, Eutelsat's satellites have no direct impact or cause any pollution to the earth or its atmosphere.

Furthermore, the activity of teleports and offices does not represent a material risk that could cause serious prejudice to the environment.

See previous Section 10.2.1.1 for information from satellite manufacturers and launch service suppliers regarding their environmental policies.

It should be noted that on Earth, at the Paris–Rambouillet teleport, toxic waste (mainly beryllium oxide) is removed and recycled by accredited companies, and indicators are used to monitor the removal of collection vessels.

10.2.2.3 Management of noise pollution and of any other kind of pollution specific to an activity

At Eutelsat's Paris-Rambouillet teleport (France), noise pollution only concerns site employees as there are no neighbouring buildings. Noise prevention systems have been implemented to reduce noise generated by the antennas and air-conditioning system. Earplugs are provided for employees who work in air-conditioned plant rooms. Periodic inspections are conducted to check the facilities' noise levels and to deploy solutions with a view to their reductiont.

The Turin (Italy) teleport is located in a semi-industrial area in close proximity to residential buildings. In order to reduce the impact of the teleport installation on the neighbourhood, some solutions and measures are implemented on an on-going basis. They include:

- Noise prevention systems to reduce noise produced by antennas and air-conditioning systems. Periodical checks are performed once a year (the most recent in December 2016) to verify noise status and implement solutions to reduce it;
- Planting trees along the teleport perimeter to reduce the visual impact of antennae on the neighbourhood;

- Special barriers are maintained to reduce the potential electromagnetic impact;
- A system to identify non-operating antennas;
- Periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and Politecnico di Torino. The latest check was performed in March 2017;
- The continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In the Mexican teleports, noise nuisances are limited by isolating all noisy equipment on the site. In addition, trees have been planted to contribute to the insulation and to reduce the visual impact of antennas.

10.2.3 Circular economy

10.2.3.1 Waste prevention and management

10.2.3.1.1 Prevention, recycling and re-use measures and other forms of waste reclamation and disposal

The Group has committed to observe “best practices” in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous programme of reducing consumption and waste recycling at its Paris offices initiated in 2015: the reduction of printers and their replacement with multifunction copiers with badges, cutting paper consumption that isnow FSC or EU/Ecolabel certified.

The Group has implemented a series of waste management measures:

- separation of waste: paper, glass, industrial waste via dedicated collection vehicles;
- installation of bins for collection of paper in offices and corridors;
- removal of waste daily;
- confidential document destruction;
- paper recycling.

At the Paris-Rambouillet teleport, waste management area has been redesigned, with new waste sorting containers added.

Eutelsat Americas recycles certain materials, such as paper, cardboard, cans and plastic bottles. The dematerialisation of some internal processes helped reduce paper consumption in 2016. In addition, organic and inorganic waste is also sorted, electric batteries and medicine are collected separately, and obsolete computer equipment is given to associations or destroyed by specialist companies.

In Turin, papers, batteries, plastics, printer cartridges, organic waste, electronic components, wood and cardboard are collected via special containers and removed by specialist companies. “Technical” water used in air conditioners is collected and removed by a service provider to avoid it being released into the soil.

In Madeira, equipment and material is only disposed of when it no longer works, and can no longer be useful, even for another type of use. There are specific containers marked for each type of waste. Waste is measured, as is the consumption of printing paper and diesel fuel for the generators. An environmental management system has been put into place. Environmental certification under the standard ISO 14001 is sexpected to be granted in 2017. The environmental policy states that staff and suppliers must be trained and must take part in awareness-raising initiatives. Environmental insurance has been taken out for the teleport’s facilities.

Paper consumption

Consumption (in tonnes of paper)	2014	2015	2016
Eutelsat S.A. head office	29.52	26.01	11,92

Eutelsat Americas	2,346	1,699	1,975

Waste production and recycling

Waste (in tonnes)	2015	% recycled	2016	% recycled
Eutelsat S.A. head office	66	49%	60.5	50%
Teleport Paris-Rambouillet	18	nd	33	nd
Teleport Madeira	2,09	25%	2,22	27%
Eutelsat Americas	32.35	21%	15,98	13,2%

In Madeira, waste production has increased due to the commissioning of a new site and new antennas. Production remains for the most part focused on the old site.

Eutelsat Americas previously only monitored the quantity of recycled waste. Since 2015, all waste is now quantified on the three sites. The proportion of recycled waste is measured in terms of three types: inorganic, organic, and recycled.

10.2.3.2 Sustainable use of resources

10.2.3.2.1 Water consumption and supply in relation to local constraints

For calendar year 2016, the Group published its water consumption at its headquarters in Paris, its teleport in Paris-Rambouillet (France), in Turin (Italy), Madeira (Portugal) and at Eutelsat Americas. There are no local constraints in terms of water supply.

Water consumption (in cubic meters)	Calendar year 2015	Calendar year 2016
Headquarters Paris (France)	5,015	3,628
Teleport Paris-Rambouillet (France)	1,917	3,325
Teleport Turin (Italy)	1,829	801
Teleport Madeira (Portugal)	7,884	11,127
Eutelsat Americas	1,914	2,051

The headquarters in Paris use water for the air-conditioning systems, which results in higher levels of water consumption during the summer months. The increase in water consumption at the Paris-Rambouillet site is due to a leak which was repaired in January 2017.

In Turin, optimised irrigation, frequent periods of rainfall and repairs to pipeline leaks explain the drop observed this year.

In Madeira, consumption has increased due to the commissioning of the new site. Rainwater is stored for irrigation and a rain sensor is used to avoid wastage. Water consumption is measured monthly.

For Eutelsat Americas, the indicated consumption corresponds to the Iztapalapa and Hermosillo teleports; consumption at the headquarters is not subject to monitoring. Water consumption is minimised, with no watering of green spaces in Iztapalapa, and very few in Hermosillo (in the desert), where the local government applies restrictions.

10.2.3.2.2 Raw material consumption and measures adopted to improve their use efficiency

The Group operates no factories and therefore does not consume raw materials for conducting its business, with the exception of paper (which is addressed in the Section 10.2.3.1.1 of this document).

10.2.3.2.3 Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies

Much of the Group's energy consumption is the result of cooling and heating needs for the teleports used for establishing two-way Connectivity between the earth and its fleet of satellites. During the summer months, electronic equipment must remain at constant temperatures, so, an air conditioning system is used. During the winter months when exterior temperatures can go below freezing, antennas used to uplink signals to satellites must be heated in order to ensure their proper functioning.

Efforts to reduce electrical consumption at the Group's teleports

The Paris-Rambouillet teleport underwent an energy audit in 2012. Based on the recommendations, management implemented the following actions:

Concerning current energy consumption:

- Focus on de-icing including anticipation of weather conditions and implementation underway of systems for free cooling, based on fresh air from outside the building;
- Studies on the use of wind power have continued. Neighbourhood consultations are under way to assess the potential impact of wind turbines;
- A prototype of a passive de-icing system for antennas up to 3.8 meters has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or others) for heating antennas in the winter.

Italy: in 2015, an energy audit of the Centallo and Cebrosa sites in the Turin region was conducted. It confirmed in part the need for measures planned the previous year to reduce electricity consumption, namely:

- The replacement of the inverter with a UPS (uninterruptible power supply) retrofitting. A new UPS is set to be installed by the end of June 2017;
- The use of an energy management system has been implemented;
- The power supply monitoring system has been implemented. It is used to check the status of switches to reduce impacts related to faults and to measure electrical and climatic parameters such as voltage, current, power, temperature and humidity. The next step involves analysing the data collected by this system over the year with a view to identifying where and how consumption can be optimised.

Madeira, Portugal: the site is equipped with two diesel generators and redundant UPS batteries. There are also solar panels on the site.

Eutelsat Americas has been implementing energy-saving measures for several years. Office space has been designed to let in as much sunlight as possible. Lights are only switched on if necessary. Conventional light bulbs are being gradually changed to energy-saving bulbs. Motion sensors control lighting in common areas. Non-essential devices (air-conditioning, computers, telephones, photocopiers, etc.) are switched off or put on stand-by when not used.

For headquarters offices, as part of energy purchases, "green committees" are organised with energy suppliers, the owner of the premises and the service provider to find ways to reduce electricity consumption e.g. by using a Building Management System, and relamping with low consumption lamps. A future energy metering plan will be implemented in 2017 and 2018. As a result, more precise data will be available on consumption per type of use and per period in order to roll out other optimisation measures. Awareness-raising initiatives involving employees are conducted regularly.

In addition, the Group Information Systems Division is conducting a streamlining project on Group level concerning its information systems and processes. The main actions conducted or pursued in 2016 and 2017 are as follows:

- The implementation of a product catalogue for servers and workstations favouring the low consumption of computer equipment and respect for the environment ("Green IT" philosophy). The implementation of equipment such as "Blade", which consumes less energy, with electrical system units;

- Computers go into stand-by mode if not used for 20 minutes;
- Photocopiers have been replaced. The new machines work with a badge and cut printing waste. This measure comes together with the reduction in the number of individual printers;
- A project to replace workstations with a hybrid station, which consumes much less than a standard station (currently under study);
- Efforts to streamline machine rooms in order to reduce the volume of servers and the number of machines.

In addition, measures have been taken at the Group headquarters to cut energy consumption related to lighting: hundreds of downlights have been replaced with low-energy LED bulbs and lighting control systems have been installed in offices.

Overall, at constant scope, the consumption of the Group's main facilities was virtually stable in 2016 compared to 2015.

Electrical and fuel consumption at some of Eutelsat's installations

Electricity Consumption (in kilowatts)	12 months to 31 December 2015	12 months to 31 December 2016
Headquarters (Paris, France)	3,271,124	3,691,935
Teleport Paris-Rambouillet (France)	8,325,057	8,937,200
Teleport Madeira (Portugal)	674,080	831,822
Skylogic (all sites)	4,041,934	3,944,626
Eutelsat Americas (all sites)	2,855,526	3,018,450

Purchases of diesel fuel (in cubic metres)	12 months to 31 December 2015	12 months to 31 December 2016
Headquarters (Paris, France)	0.4	0.25
Teleport Paris-Rambouillet (France)	11	10.3
Teleport Madeira (Portugal)	1.6	3
Teleport Turin (Italy)	1	0.6
Eutelsat Americas (all sites)	9	9

10.2.3.4 Land use

Given the Group's profile, this indicator has been deemed not applicable.

10.2.4 Climate change

10.2.4.1 Significant items of greenhouse gas emissions generated by the Group's business, and in particular by the use of the goods and services it produces

Eutelsat S.A. conducted a Greenhouse Gas Emission Audit in 2013, with a scope of direct and indirect emissions related to energy consumption (Scope 1 and 2 of the official method). The total of these emissions represents 1144 TeqCO2, most of which is generated by electricity consumption at the Paris-Rambouillet teleport. This audit will be updated in 2018.

From 2017, the Group is expanding the scope of significant items of greenhouse gas emissions, in compliance with article 173 of the French energy transition law which modifies the contents of sustainable development reporting. This development has resulted in a total of 10,500 metric tons equivalent CO2, broken down as follows:

Significant items of greenhouse gas emissions	Emissions in metric tons equivalent CO2	Comment
Satellite launch operations (two launches)	1,430	Transportation and launch of satellites. Excludes the production of satellites and launchers.
Energy consumption on Eutelsat's main sites	4,670	Mainly electricity, for the teleports and Group headquarters
Employee air travel	4,455	Only for Eutelsat employees

Greenhouse gas emissions are generated mainly by energy consumption and air travel. There are projects underway for these items. Energy: see Section 10.2.3.3. Travel: a new procedure has been implemented in 2017 to standardise the rules related to business travel, reduce the number of trips and promote the use of video-conferencing to avoid certain types of travel.

As regards the production and launch of satellites, Eutelsat has no influence over the greenhouse gas emissions generated by these operations. Emission assessments related to launches are disclosed by operators (see Section 10.2.1.1), for information purposes only.

Emissions generated by the electricity consumption of devices receiving communications transmitted by Eutelsat's satellites have not been assessed, as data is unavailable.

Eutelsat Americas plans to conduct a greenhouse gas emission audit in 2017.

10.2.4.2 Adaptation to the consequences of climate change

Eutelsat S.A. plans to update its greenhouse gas emission audit in 2018, in order to clarify its emission control and reduction policy.

Efforts to reduce energy consumption, the main source of greenhouse gas emissions, are addressed in Section 10.2.3.3.

Apart from energy consumption, efforts are being made at the Group headquarters to limit the impact of the company car fleet. The company car policy states that the CO2 rate must be limited to 135 g/km. The average emission rate of the fleet of the holding company is 131 g/km.

In Paris-Rambouillet, fire-fighting equipment has been installed which uses argon and nitrogen instead of CO2 and other gases with a higher environmental footprint. Argon and nitrogen are present in the atmosphere and are not harmful to humans or to the environment.

10.2.5 Protection of biodiversity

10.2.5.1 Measures taken to preserve or develop biodiversity

Eutelsat's businesses have little impact on biodiversity. Several initiatives have, however, been conducted in this field.

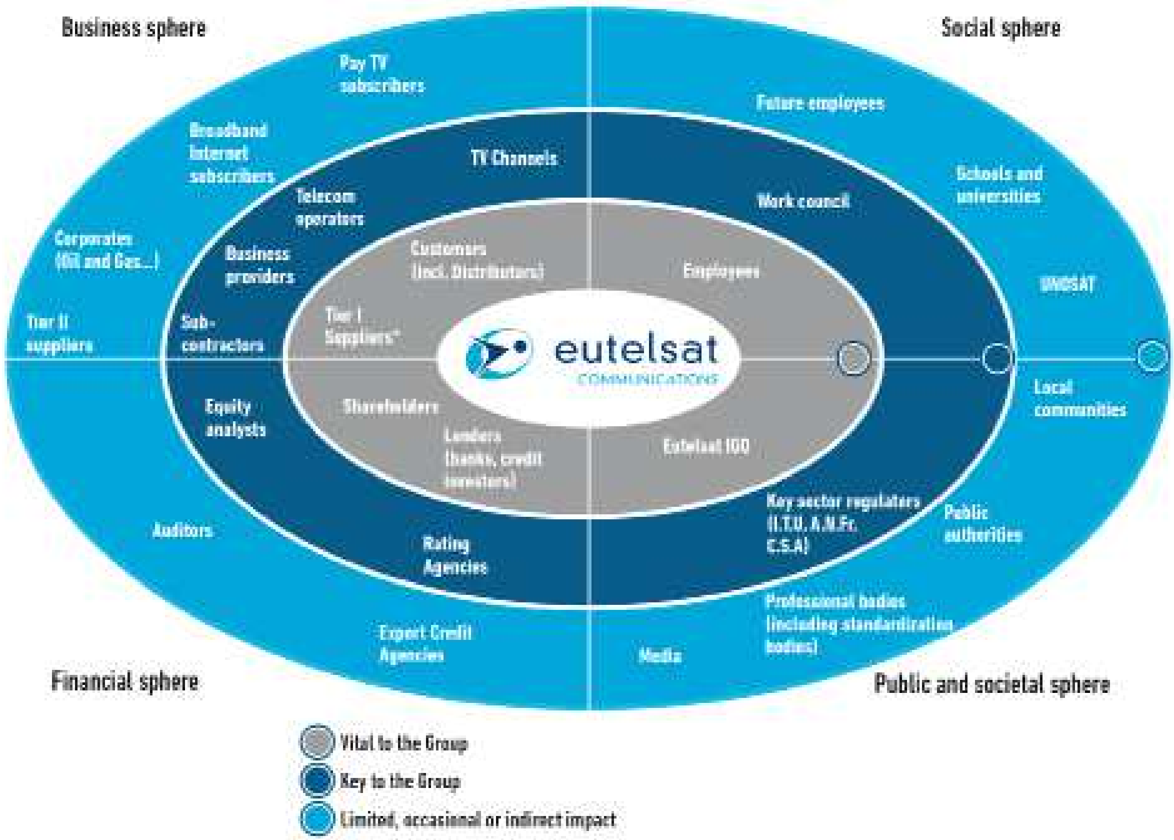
To avoid possible interference of the Paris-Rambouillet teleport operations in bird populations, the teleport occasionally uses falconers to prevent migratory bird populations near the teleport from passing during certain periods of the year. Moreover, the biggest part of the land owned by Eutelsat on the Paris-Rambouillet teleport site is leased to farmers, with the project to shift production to organic crops.

At the Eutelsat Americas teleport sites, fumigation operations are undertaken for pest control purposes on a regular basis, using eco-friendly products.

In Madeira, the installation of indigenous plants and grasses in green areas has been developed, as has the use of more environmentally-friendly products.

10.3 INFORMATION RELATIVE TO SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

The main stakeholders of the Group are identified in the Matrix below:



** Tier I suppliers mainly include satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment.*

10.3.1 Territorial impact of the Group's activities on employment and regional development

10.3.1.1 Impact on employment and regional development

The teleport in Paris-Rambouillet offers some benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of its activity and upkeep, namely:

- a local firm is used for the upkeep and maintenance of the grounds surrounding the teleport;
- the Company uses the services of a regional company for antenna installation;
- most technical products required for proper functioning of the teleport are purchased from a local company in Rambouillet.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers.

Local businesses are called upon for gardening, maintenance, servicing or office supplied. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organisations. The proportion of local suppliers is estimated to 70%.

10.3.1.2 Impact on neighbouring populations

At the Paris-Rambouillet teleport, in order to reduce the impact of increased traffic in the region due to its business, the Company manages a shuttle-bus service between the teleport and Rambouillet town centre. Carpooling is also encouraged. In a spirit of openness and with a view to promoting knowledge of the satellite industry, the Paris-Rambouillet teleport regularly receives visitors on its site including schools, local elected representatives and local authorities. In 2016, 8397 visitors came to the site.

Eutelsat Americas has conducted many initiatives in relation to local or resident populations: participation in programmes using satellite technology to protect citizens in disaster areas, support for humanitarian relief efforts, for digital development in vulnerable areas and for teaching of science and technology in schools. Eutelsat Americas is firmly committed to civil society and regularly works with humanitarian organisations to support emergency responses in the event of a disaster through donations. Eutelsat Americas also works with Telmex each year during the storm season to roll out an emergency telecommunications system in Northern Mexico.

In Madeira, company presentations at local schools are frequently organised and the teleport teams regularly receive visits from students in partnership with their schools.

In addition, Eutelsat supports digital development in rural areas (see Section 10.3.2.1 of this report).

10.3.2 Relations with stakeholders, in particular social integration associations, educational institutions, environmental defence groups, consumer associations and local populations

10.3.2.1 Dialogue conditions with these stakeholders

The global coverage of Eutelsat's satellites gives the Group many opportunities to promote solidarity through development initiatives. Our community involvement focuses on three main areas:

- participation in research and development programmes using satellite technology for the protection of citizens;
- support for humanitarian emergency relief efforts or digital development in vulnerable areas;
- promotion of science and technology in schools.

Eutelsat IGO, in constant dialogue with the Space community

Actions are taken by Eutelsat S.A. to encourage regular dialogue between the European Telecommunications Satellite Organization Eutelsat, an intergovernmental organization (Eutelsat IGO), and a range of stakeholders on environmental and social responsibility issues.

Eutelsat IGO maintains the status of permanent observer on the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS) (4). In this capacity, the Executive Secretary participates in the Working Group on the Long-term Sustainability of Space Activities (5), which is working on the production of guidelines on the long-term sustainability of outer space activities and reviewing the regulatory framework for appropriate application guidelines for the space sector. A consensus has been found on half of the thirty-two proposed guidelines and there are plans to present a full collection of guidelines at the United Nations General Assembly in 2018. The problems of space debris and generally protecting the space environment are issues of importance to all players in the space industry. Eutelsat IGO regularly informs its Member States and the operating company, Eutelsat S.A., of progress made in this area. The Executive Secretary attended the 54th session of the Scientific and Technical Subcommittee in February 2017, the 56th session of the Legal Subcommittee in April

2017 and the annual meeting of COPUOS in June 2017.

The Executive Secretary of EUTELSAT IGO is also one of the founding members of the Broadband Commission (6). In response to the call issued by the former UN Secretary General, Ban Ki-Moon, to step up efforts to implement the "Millennium Development Goals", the Commission was founded in 2010 by the Secretary General of the ITU (International Telecommunication Union) and the Director General of UNESCO. The Commission aimed to present broadband as potentially one of the most effective means of creating universal access to information and to guarantee the right to communication. It was agreed in 2015 that the Commission would pursue its work to promote broadband access worldwide and would be known as the Broadband Commission for Sustainable Development, to contribute to the 17 "Sustainable Development Goals" (SDG) and 169 targets of the United Nations 2030 Agenda for Sustainable Development. The Executive Secretary attended the Commission's 14th session in September 2016 in New York, during which it was decided to set up new specialist working groups. The Executive Secretary contributes to the activities of the working group on technologies in space and the upper-atmosphere. A new version of the "State of Broadband" report was published in September 2016, which included data provided by EUTELSAT IGO. On this occasion, EUTELSAT IGO, in cooperation with ITSO and Inmarsat, also prepared a contribution for the Commission on the subject "Satellite as an effective and compelling solution to overcome the digital divide".

Eutelsat IGO participates in the Advisory Board of the "Smart Sustainable Development Model" (SSDM) initiative of the ITU Development Director (7). This aims to establish an innovative framework for the mobilization of key resources and actors (national, local governments, civil society, business and academia) to incorporate new and existing infrastructure to optimally prepare, mitigate, prevent and respond to unforeseen disasters. The Advisory Board is currently in its second work cycle focused on three fields with a view to the implementation of concrete actions: volunteers for emergency telecommunications, a global fund for emergency relief operations and regulatory tools and guidelines. The Executive Secretary chairs the working group on drafting a "toolkit" for regulations and guidelines.

(4) http://www.unoosa.org/oosa/en/ourwork/copuos/index.html.

(5) http://www.unoosa.org/oosa/en/ourwork/topics/long-term-sustainability-of-outer-space-activities.html.

(6) http://www.broadbandcommission.org/.

(7) http://www.itu.int/en/ITU-D/Initiatives/SSDM/Pages/default.aspx.

Technological partnerships that contribute to civil defence

Eutelsat engages in technological partnerships with space players in order to take part in developing innovative satellite resources to serve civil defence. For example, the EUTELSAT 9B satellite, launched in January 2016, hosts the first payload of the European data relay system implemented by the European Space Agency (ESA) and Airbus Defence and Space. This payload, known as EDRS-A, has opened a spatial data highway, accelerating data flows between low-orbit satellites and their ground stations. The data flow system uses an on-board laser communication terminal, an inter-satellite link in Ka-band, and a Ka-band antenna, which transmits data from geostationary orbit to the EDRS ground stations. The response time required to conduct a wide range of operations such as the watch for natural disasters, emergency operations and coastal and maritime patrol operations has been significantly improved.

Working in the field of humanitarian emergency relief efforts

Eutelsat is a founding signatory of the Charter of the United Nations Crisis connectivity, integrated with actions carried out by the World Food Programme (WFP). This initiated charter which was signed late 2015 by ESOA (EMEA Satellite Operators' Association), the GVF (Global VSAT Forum) and several satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme and the UN Office for the Coordination of Humanitarian Affairs, aims to provide governments and NGOs immediate and resilient connectivity in case of major humanitarian crisis, within 24 hours, and on four continents. It defines the framework for coordination and response between stakeholders to maximise the terms and response times to telecommunications needs in emergency situations. The principle commitments of the Charter include:

- pre-planned, predictable and scalable satellite-based solutions, deployable within 24 hours of a disaster and adaptable to the unique nature of each operation;
- satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot for deployment within 24 hours to disaster areas; transport within disaster areas; and importation and licensing;
- reserved bandwidth on inter-linking satellite coverages, ensuring prioritization of humanitarian Internet traffic;

All provided at no cost to the humanitarian operation.

Technical training sessions for humanitarian staff, in addition to crisis intervention simulations, have been conducted since the signature of the Charter by Eutelsat and other satellite operators and integrators.

Eutelsat has also been present alongside Télécoms Sans Frontières (TSF) since 2007. In the second half of 2016, the Group renewed its support to the NGO for a three-year period. The assistance provided by Eutelsat through this partnership allows the international NGO to equip a community or crisis unit with high-speed Connectivity in the space of a few hours to send data, images or voice communications. The emergency Connectivity rolled out by TSF which uses Eutelsat's resources proved to be essential in the past year to coordinate and support a wide range of humanitarian field actions in countries hit by major conflicts. In addition, it was used by the Haiti Scouts Association between October 2016 and January 2017 to contribute to the efforts of international relief teams in the south of the country, following the damage caused by Hurricane Matthew. Many families were able to communicate through this emergency link.

With a view to further improving the response speed of TSF's partner teams, and in addition to the resources already made available to the NGO, Eutelsat has recently donated three terminals ready for use on aircraft.

Similarly, the Group has supported NetHope since 2004. Since June 2016, 20 Tooway terminals and bandwidth have been made available to refugee reception centres in Greece and in the Balkans.

Supporting digital development in rural areas

Please refer to the Section entitled "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion" at the beginning of this report.

Support for teaching science, a major challenge for development

Eutelsat also actively supports the teaching of science at school. The Group has forged ties with students in the telecom or space sectors andimplements educational partnerships for younger students aimed at promoting interest in science and technology.

In Africa, Eutelsat has been co-organising a competition since 2011 with pay-TV broadcaster, MultiChoice Africa, inviting students aged between 14 and 19 to demonstrate the connection between the science subjects taught at school and their applications for the development of their continent. Each year the competition revolves around a new theme and contestants are asked to write an essay or design a poster. The competition is accompanied by a set of resources made available to schools (educational booklets, videos and a dedicated website) and is supported by 1,000 MultiChoice resource centres equipped for satellite-delivered distance learning programmes.Since its creation, the DStv Eutelsat Star Awards competition has received around 6,000 applications of either essays or posters. Presided this year for the first time by the former French astronaut and government minister Claudie Haigneré, currently a special advisor to the Director-General of the European Space Agency, the international jury met in Lagos (Nigeria) to decide on the big winners of this year's competition: Leoul Mesfin (Ethiopia) received the prize for best essay and won a trip to Paris and French Guiana, where he will watch the live launch of a satellite. Emmanuel Ochenjele (Nigeria), who won best poster, will visit Eutelsat in France in 2017. During his trip, he will visit the satellite control centre, an international television channel and a factory which manufactures satellites in Toulouse.

The Group is also investing in educational projects in southern Italy and in Africa, as part of an innovative programme called "ONEClass! Open Network for Education", conducted by the Openet group and supported by the ARTES (Advanced Research in Telecommunications System) branch of the European Space Agency. Implemented technically at the end of 2016, this pilot programme aims to connect 32 pilot sites by the end of 2017. Aimed at multi-class schools and associations promoting access to education for migrant minors, the project will rely on satellite technology and more specifically on the resources of Eutelsat's KA-SAT satellite for its set-up and implementation. The "multi-class" segment includes the provision of live lessons to geographically isolated pupils in different locations via an on-line conference system, in addition to e-learning resources available on a dedicated cloud. The principle is similar for the segment concerning the NGOs who work in immigrant reception centres, who provide access to education to unaccompanied foreign minors. This network includes classes located in Africa.

The bandwidth supplied by Eutelsat is a key factor in the programme's success, and supports a new inclusive teaching model, in particular for populations of migrant pupils.

In the Americas, the Group's subsidiary Eutelsat Americas makes its own contribution to the field of education through two programmes.

Since 2010, the company has taken part in the federal digital inclusion programme México Conectado, steered by the Ministry of Communications and Transportation. This programme, which aims to offer free Internet access in public spaces such as schools, hospitals, universities, parks and government institutions, currently connects approximately 100,000 sites. More than two thirds of connections are for schools and almost 30% of all public spaces connected via the programme use satellite technology. A partnership entered into between Eutelsat Americas and the company Elara Communicaciones has enabled a large number of schools to enjoy the educational potential provided by satellite Internet access. Similar social connectivity initiatives are also conducted in Panama, Colombia and Ecuador.

Secondly, for the last two years, Eutelsat Americas has been supporting the "Good Vision Glasses" project (formerly "One Dollar Glasses"), which distributed 700 pairs of reading glasses to vision-impaired children and adults in Brazil over the first year of the partnership. In 2016, Eutelsat Americas worked with the company SBCF in Mexico, in charge of eye consultations and donations of glasses, which were made available to 400 people living in rural areas. These actions have a direct impact on the quality of life of these populations, and enhance their educational and professional development.

L'Arrondi Solidaire – Solidarity in favour of local employment and micro-credit

All these operations serve as powerful motivators for our employees. They show a caring and responsible entrepreneurship that is a source of pride and loyalty for our teams. They are accompanied by other initiatives such as "l'Arrondi Solidaire", where Eutelsat was the first French company to offer this programme in 2010, enabling employees to donate the euro cents from their salaries each month to charitable causes. The amount is matched by the Company and paid to charities working for local employment and microcredit such as "ADIE" and "Planet Finance".

10.3.3 Outsourcing and relationships with suppliers

10.3.3.1 How the Company's purchasing policy takes into account social and environmental issues

Given the highly technically nature of Eutelsat's business, it works with a limited number of major suppliers that manufacture and launch the Group's satellites. These main suppliers are principally located in Europe and the U.S. and held to high standards for social responsibility. The Section 10.2.1.1 of this report addresses Eutelsat's relationships with these main suppliers specifically as it relates to environmental implications.

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the Group's headquarters in Paris ensures that key suppliers have implemented a policy that addresses the social and environmental issues: a purchasing charter is in force with the platform of IT purchases and other suppliers. Tenders request the commitment to respect a code of ethics. The purchase contracts always contain clauses stipulating the obligation of compliance with regulations, undeclared personal employment ban, etc. The tender procedure concerns all amounts exceeding 100,000 euros.

For product suppliers, the description of the products is in principle attached or provided on request. Eutelsat promotes the use of environmentally-friendly products.

10.3.3.2 Importance of outsourcing and the Company's social and environmental responsibility in its relationship with suppliers and subcontractors

Eutelsat currently has contracts with four of the world's major satellite manufacturers, and four leading launcher companies. In addition to providing Eutelsat with satellites that are compliant with the French Government's Space Act, each of these manufacturers has policies on minimising its environmental impact and ensuring sustainability. See Section 10.2.1.1 “Impact of satellites and launch services on the environment”.

10.3.4 Fairness in practices

10.3.4.1 Measures taken to prevent corruption

The fight against corruption is part of the Group’s commitments to customers and business partners. The Group’s Code of business practice and ethics states that “in conducting its business, Eutelsat does not allow any corrupt practices”.

The Group has advanced in formalising anti-corruption procedures as part of a continuous improvement process. The main actions conducted, steered by the General Secretariat and by the Audit and Internal Control Division, concern:

- An “Ethics Code”, affirming the Group’s commitments against corruption, distributed to all employees and made available on the Group’s corporate website www.eutelsat.com;a Handbook of Procedures describing procedures implemented in order to avoid corruption;
- The drafting and implementation of policies to select and vet consultants and sales agents, particularly in countries deemed “at risk”;
- The implementation of a due diligence process for the recruitment of agents;
- The setting up of a committee tasked with ensuring compliance with existing anti-corruption rules, including the Company Secretary and Group General Counsel, the Financial Director, the Commercial Director and the Human Resources Director;
- In-house training to raise awareness of the risk of corruption among certain employees concerned within the Group, in particular sales teams;
- An e-learning platform for employees concerned within the Group;
- a professional alert system under the responsibility of the Company Secretary and General Counsel. This system, which is already accessible to all Eutelsat SA employees and is being rolled out for all Group employees, aims to encourage employees to submit a notification of any behaviour or action that is likely to constitute an act of corruption and which, as such, could seriously impact the Group’s business or image or for which the Group may be held liable. It is used in addition to other existing notification channels (via line management or employee representatives). Any staff member may submit a notification by sending an email. Information disclosed as part of this system is processed confidentially;
- Progress made in terms of anti-corruption procedures and improvement avenues was presented to the Executive Committee, the Audit Committee and the Board of Eutelsat Communications.
- An ex-post audit of anti-corruption policies and procedures in force is currently being assessed and will be conducted after the transposition of the French Sapin II Act.

In mid-2016, at the executive management’s initiative, an e-learning programme on anti-corruption was disseminated to approximately 300 Group employees with potential levers for action with external service providers.

Breakdown of the number of employees who have received training on fair practices:

- COMEX members: 7
- Group sales representatives: > 50
- Other employees: 187

In order to step up the Group’s initiatives in this area, a document on anti-corruption is being included in the welcome pack for each new employee.

10.3.5 Other measures taken in favour of human rights

Since 2009, Eutelsat has seen a substantial increase in the number and duration of acts of intentional interference with satellite signals. Jamming is defined as interference to the satellite networks which is obvious and deliberate and with the intention of disrupting or even preventing the clear reception of certain TV channels. Following a peak in interference recorded in 2012-13, the frequency of this type of act has decreased, and has now reached a relatively low yet persistent level.

Intentional interference – an attack on the free flow of information

By definition, deliberate interference is a violation of freedom of information cited in Article 19 of the Universal Declaration of Human Rights (1948) and by the International Covenant on Civil and Political Rights of the United Nations (1966). The latter is binding on signatory states, and declares in Article 19.1 that "*everyone has the right to freedom of expression; this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of boarders, via either verbal, written, printed or artistic means, or through any other media of his choice*." The European Convention to safeguard Human Rights (Article 10) and the Charter of Fundamental Rights of the European Union, covered by a European Treaty, adds that freedom of information should not be restricted by the interference of public authorities. Hence, the Charter of Fundamental Rights of the European Union provides in Article 11 that "*everyone has the right to freedom of expression. This right includes freedom to hold opinions and freedom to receive and impart information and ideas without interference by public authority and regardless of boarders*".

Eutelsat has established that the channels suffering most interference are international news channels (including BBC, Voice of America, Deutsche Welle, Al Jazeera, etc.). A number of incidents of intentional interference have also occurred during major sporting events and on sports channels.

Eutelsat activities to combat intentional interference

Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when the disruption can be identified.

The Group is a member of the Satellite Interference Group, whose mission is to maintain interference at its lowest level. As part of this role, Eutelsat uses the "Carrier ID" (CID) system, an embedded code containing information, which allows satellite operators to quickly and easily identify the source of the transmission causing interference. Together with the representatives of and the SIG and theGVF, Eutelsat strives to discuss the actions to be rolled out to combat deliberate interference, which must be backed up by improved geolocation of the signal's origin and the constitution of a baseline of all data relevant to this issue.

Changes in the regulatory framework under the auspices of the International Telecommunications Union (ITU) and the ANFR (National Frequencies Agency)

Intentional interference is also considered illegal under Article 45 of the Constitution of the International Telecommunications Union (ITU) and Article 15 of the Radio Regulations. This is why the ANFR systematically files complaints with ITU authorities against territories from which the intentional interference activity are pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures in order to strengthen the regulation on the issue of interference. Its key proposal was to be able to mobilize a network of independent stations to better monitor the phenomenon (ITU signature of a Memorandum of Cooperation), to increase and/or confirm efficiency in the geo-localisation of deliberate interference.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the help of several countries and the collective involvement of the satellite industry and its customer base, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted the Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

The resolution strengthens the resources used by the ITU to avoid harmful interference, which include greater sharing of best practices, ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming including interference geolocation, and the setting up by ITU of a database for identifying such cases.

Lastly, Eutelsat has contributed and will continue to contribute to the development of regulations by supporting relevant international bodies including: the ITU and COPUOS (United Nations Committee on the Peaceful Uses of Outer Space) and their national authority partners points of reference including the ANFR and Eutelsat IGO.

Furthermore, Eutelsat follows up on issues regarding the protection of intellectual property rights, in particular the broadcasting of content by "pirate" channels. Since March 2014, the Group has been a member of Anti-Piracy Coalition that brings together key players in the industry (satellite operators, content providers, distributors, advertisers, etc.) in the Middle East and North Africa to monitor satellite TV piracy, ensure sharing of all data and information on pirate channels and raise awareness of the consequences of piracy.

10.4 METHODOLOGY AND SCOPE

In compliance with Decree No. 2012-557 of 24 April 2012 relative to transparency obligations for companies relating to social, environmental and societal information associated with the application of Article 225 of Law No. 2010-788 dated 12 July 2010 and Article 12 of Law No. 2012-387 dated 22 March 2012 that amended Article L. 225-102-1 of the French Code of Commerce, the Group gathered information to address the elements that are relevant for its activity among the 42 items defined by the law.

10.4.1 Methodology

Each of the Eutelsat Communications Group operating subsidiaries provided certain information necessary to draft this report. The section on "social aspects" has been consolidated by the Human Resources Department in the Group's largest subsidiary, Eutelsat S.A., located at the Group's Headquarters in Paris, France. Information regarding "environmental impacts" primarily reflects input from Eutelsat's suppliers (satellite manufacturers and launch companies). We have also included certain information from the Group's Italian and Mexican subsidiaries and teleports located in Paris-Rambouillet (France), Turin (Italy), Madeira (Portugal) and Mexico as they have a limited environmental impact. In particular, there is no discharge of polluted water (no industrial activity). Regarding actions against food waste, French premises do not have a collective catering, this item has also been left out. "Societal information" was gathered mainly from the operating Company, Eutelsat S.A. but reflect a Group-wide picture.

The coordination of data collection has been conducted by the Corporate Communications Department, and involves the Group's other Divisions: Human Resources, Investor Relations, Institutional Affairs, Legal Affairs, Technical, General Services, Finance, Internal Audit, Risk Management, and the main subsidiaries.

10.4.2 Scope

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (circa 56%). Information from this subsidiary serves as an "internal benchmark" for the Group. Regarding the other subsidiaries taken into account in the perimeter, please refer to the Section 5.1 "The Group's simplified organisational chart" of this document. When information reported comes exclusively from a specific subsidiary, this has been made clear. The timeframe of quantitative information in this report reflects the calendar year 2016 (1 January 2016 to 31 December 2016), unless otherwise stated.

11 OTHER INFORMATION PRESENTED

11.1 RESEARCH AND DEVELOPMENT

The Group spent 12.2 million euros on research and development during the financial period ended 30 June 2017, including 7.4 million euros development costs recorded as intangible assets.

11.2 TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

As required by article R. 225-102 of the *Code de commerce*, a table showing the Company's results over each of the last five financial periods (see appendix 3) has been attached to this report.

11.3 NON-DEDUCTIBLE CHARGES AND EXPENDITURES LAID DOWN IN ARTICLE 39.4 OF THE GENERAL TAX CODE FOR THE YEAR ENDED 30 JUNE 2017

Non-deductible charges and expenditures of 5.3 thousand euros were reported by the Company for the year ended 30 June 2017 and the associated income tax expense (and additional contributions) was1.8 thousand euros.

11.4 AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE CODE DE COMMERCE

Pursuant to article 225-38 of the French *Code de commerce*, the following agreements authorised by the Board of Directors remained in force during the financial year:

- A re-invoicing agreement in the event of the acquisition of shares in the market by Eutelsat Communications, as part of the implementation of Free Share Grant plans of the company Eutelsat Communications for the benefit of the employees and management of the Eutelsat Group;
- A tax consolidation agreement dated 2 July 2007.

11.5 ACQUISITION OF SHARES BY THE COMPANY

The Company did not purchase any of its own shares during the fiscal year ended 30 June 2017. The Company owned 106,022 of its own shares at 30 June 2017 (excluding liquidity contract).

The Company also entered into a liquidity agreement with Exane BNP PARIBAS which, as of 30 June 2017, owned a total of 232,500 shares in the name of and on behalf of the Company, amounting to a total of 5.2 million euros.

11.6 EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL OF THE COMPANY

Further information is given in the special report by the Board of Directors drawn up in application of the provisions of Article L.225-177 and L.225-197-1 of the Code de Commerce.

Senior managers and employees held 0.68 of the Company's capital. The shares they hold result from i) the stock warrants subscribed for by certain managers and corporate officers (*mandataires sociaux*) during the financial years 2005-2006, ii) a capital increase reserved for employees at the time of the Company's IPO, iii) the offer to exchange shares in October 2007,

iv) the Board's policy to allocate free shares; v) the acquisition of shares by Senior managers on the market.

11.7 SHARES OWNED BY COMPANY MANAGEMENT (“MANDATAIRES SOCIAUX”)

At 30 June 2017, Michel de Rosen, Chairman of the Board, Rodolphe Belmer, Chief Executive Officer, and Michel Azibert Deputy Chief Executive Officer owned respectively 116 464, 2 000 and 28,115 shares of the Company.

11.8 DIVIDEND POLICY AND ALLOCATION OF RESULTS

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group’s results and financial position.

As for the last three financial years, Eutelsat Communications undertook the distribution of:

- an amount of 1.03 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2014, with the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 66% of the rights were exercised in favour of the scrip dividend. As a consequence 6,858,356 new shares will be issued and delivered on 11 December 2014.
- an amount of 1.09 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2015, with the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 61% of the rights were exercised in favour of the scrip dividend. As a consequence 5,802,297 new shares will be issued and delivered on 10 December 2015.
- an amount of 1.10 euro per share subtracted from the distributable profit in respect of the financial year ended 30 June 2016.

	Income eligible for tax reduction *(in euros)*		Income not eligible for the 40% tax reduction(1) *(in euros)*
	Dividend	Other distributable income	
2013 - 14	226,717,401.46 (i.e. 1.03 per share)	-	-
2014 - 15	247,399,848.42 (i.e. 1.09 per share)	-	-
2015-16	256,052,098.5 (i.e. 1.10 per share)	-	-

1) Reduction provided by Article 158-3-2° of the French General Tax Code.

On 27 July 2017, the Board of Directors will submit for approval at the 8 November 2017 Annual Meeting of Shareholders a dividend of €1.21per share for the financial year ended 30 June 2017.

This amount will be taken from profit available for distribution and carry forward account.

The Group is comitted to serve a stable to progressive dividend policy to shareholders.

11.9 DELEGATIONS OF AUTHORITY AND FINANCIAL AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS BY GENERAL MEETINGS OF SHAREHOLDERS

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of Shareholders on 5 November 2015 and 4 November 2016 remaining in force at the filing date of this Reference Document:

	Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
1.	**Authorisation granted to the Board of Directors for the purchase by the Company of its own shares** (13th resolution - OGM of 4 November 2016).	10% of the share capital except for shares acquired with a view to their retention or future delivery in connection with a merger, demerger or asset-for-share transfer or external growth operations: 5% of share capital.	Maximum duration of 18 months as from the OGM of 4 November 2016.
2.	**Delegation of power to the Board of Directors:**		
	(i) to issue ordinary shares in the Company and/or securities conferring rights to ordinary shares in the Company: **a - with maintained preferential subscription rights for shareholders** (16th resolution OGM of 5 November 2015), **b - without preferential subscription rights for shareholders in the case of a public offering** (17thd resolution OGM of 5 November 2015), **c - without preferential subscription rights for shareholders in the case of a private placement pursuant to chapter II of the Article L. 411-2 of the Financial and Monetary code** (18 th resolution OGM of 5 November 2015), **d - without preferential subscription rights for shareholders in the event of a public exchange offer initiated by the Company** (21st resolution OGM of 5 November 2015), **e - without preferential subscription rights for shareholders to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company** (22nd resolution OGM of 5 November 2015);	a.) 44 million euros (chargeable to the total common ceiling for the 16th to 18th and21th to 22nd resolutions of the OGM of 5 November 2015); b), c), d) and e) 22 million euros (chargeable to the total common sub-ceiling for the 17th and 18th and 21tst to 24th resolutions of the OGM of 5 November 2053); e) 10% of share capital	Maximum duration of 26 months as from the OGM of 5 November 2015.
	(ii) to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted (15th resolution OGM of 5 November 2015);	44 million euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 5 November 2015.
	(iii) to issue: **a - ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares** (23rd resolution OGM of 5 November 2015).	a) 22 million euros (chargeable to the total common sub-ceiling for the 17 th and 18 th, and 21st to 24th resolutions of the OGM of 5 November 2015);	Maximum duration of 26 months as from the OGM of 5 November 2015.
3.	**Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the resolutions 16th to 18th** (20th resolution OGM of 5 November 2015).	Ceiling set forth in the resolution under which the initial issue has been decided +15% of initial offering size.	Maximum duration of 26 months as from the OGM of 5 November 2015.
4.	**Authorisation granted to the Board of Directors to:**		
	(i) increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (24 th resolution OGM of 5 November 2015);	2 million euros (chargeable to the sub-ceiling common to the 17th and 18th and 21st to 24th resolutions of the OGM of 5 November 2015).	26 months as from the OGM of 5 November 2015.
	(ii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (14th resolution OGM of 4 November 2016).	10% of the share capital by periods of 24 months.	A maximum of 18 months as from the OGM of 4 November 2014.

During financial year ended 30 June 2017, the Board of Directors used the authorisation granted by the 13th resolution of the OGM of 4 November 2016 in the framework of the implementation of a liquidity contract for the secondary market.

11.10 PAYMENT SCHEDULE TO SUPPLIERS

As of 30 June 2017, the table below shows information on payment terms to suppliers and from customers in accordance with article L441.6-1 of French "Code de Commerce".

Overdue Invoices Received and Issued, Unsettled at Balance Sheet Date												
	Art D441-I.-1°: Invoices **received** and overdue at balance sheet date						Art D441-I.-1°: Invoices **issued** and overdue at balance sheet date					
	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)	0 day	1-30 days	31-60 days	61-90 days	91 days and over	Total (1 day and over)
(A) Payment Delay Ranges												
Number of invoices concerned	46	21	27	21	194	263	674	701	130	379	5108	6318
Aggregate amount of invoices concerned (incl. taxes)	-861 572	-2 188 042	-235 838	-188 524	-4 502 731	-7 115 135	82 384 138	34 605 992	1 984 696	22 860 030	99 928 560	159 379 277
Percentage of total amount of purchases during the financial period (incl. taxes)	1.11%	2.81%	0.30%	0.24%	5.79%	9.15%						
Percentage of revenue entered during the financial year (incl. taxes)							7.16%	3.01%	0.17%	1.99%	8.69%	13.86%
(B) invoices excluded from (A) relating to accounts payables and accounts receivables that are disputed or unrecognised												
Number of excluded invoices	238						0					
Aggregate amount of excluded invoices (incl. taxes)	12 496 541.95						0					
(C) Reference payment terms used (contractual or statutory payment term)												
Payment terms used to calculate payment delays	contractual						contractual					

11.11 FRENCH BRANCHES

En application de l'article L.232-1 du Code de Commerce, les succursales existantes d'Eutelsat S.A. sont les suivantes :

- Rambouillet : N° SIRET 422 551 176 00049
- Ponant : N° SIRET 422 551 176 00064

11.12 POST CLOSING EVENTS

In July 2017, Eutelsat repurchased the minority holding of Inframed in BroadBand4Africa

12 RISK FACTORS

Before making an investment decision, investors and shareholders are invited to read all the information contained in this reference document, including the risks described below.

At the filing date of this reference document, the risks described are those whose occurrence is likely to have a significant adverse impact on the Group, its business, financial situation and/or results, and which are important when making an investment decision.

Group risks may be divided into three categories:

– operational risks;

– risk relating to changes in the satellite communications market;

- financial and other risks.

This section briefly outlines the main risks that the Group might face in the course of its business. They are mentioned purely for illustrative purposes and are not exhaustive in nature. These risks, or any other non-identified risks at the date this reference document was filed, or those considered as without significance by the Group at the filing date of this reference document, might have an adverse effect on the Group's business, financial situation, results or future development. Furthermore, it should be borne in mind that some risks, irrespective of whether or not they are mentioned in this reference document, may result or arise from external factors, such risks being beyond the Group's control.

12.1 OPERATIONAL RISKS

12.1.1 The Group might not be able to meet its launch or activation timeframes for new satellites

The Group plans to launch four new satellites (EUTELSAT 7C, EUTELSAT 5 WEST B, EUTELSAT QUANTUM and a satellite dedicated to Broadband Internet in Subsaharan Africa) before the end of calendar year 2019. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions.

The Group may not be able to keep to the scheduled timetable for launching these new satellites.

A significant delay in satellite construction, or a delay or failure in the launch of one of these satellites, would impair the Group's ability to generate new sales opportunities, implement its development strategy, meet its contractual service continuity commitments to customers and end users, or meet its growth objectives. Any significant delay or failure in the launch of any of its satellites could thus have a significant negative impact on the Group's business, financial situation, results and objectives.

12.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

Given the small number of launch service providers with the technical ability to launch the satellites already ordered, as well as future satellites that have not yet been ordered, the Group considers that this small number constrains its operating flexibility and could increase the cost of its launch programme within the timeframe set out by the Group.

Should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline due to operating (e.g. following a failed launch) or financial difficulties, the Group could re-allocate the relevant satellite to another launch service provider or even, in some cases, sign new launch service contracts that could prove more costly than the current contracts. Such events could have a significant detrimental impact on the Group's business (e.g. delayed satellite activation) and financial position.

In order to keep as close as possible to the original timetable for its deployment plan and thereby reduce costs, the Group has diversified its launch service providers. The Group thus currently intends to use three different launch service providers: Arianespace, International Launch Services, Space X Exploration Technologies Corp and Blue Origin.

12.1.3 The Group's satellite deployment plan is dependent on a few major suppliers

The number of satellite manufacturers capable of designing and building satellites in compliance with the technical specifications and quality required by the Group is limited, as is the number of suppliers capable of launching these satellites. The limited number of suppliers could reduce the Group's bargaining power and increase the cost of implementing its programme within the scheduled timeframe.

The satellites under procurement as of 30 June 2017 were procured from the following manufacturers: Airbus Defense and Space, Orbital ATK, Thales Alenia Space and Space Systems Loral Inc.

The Group made commitments with satellite manufacturers and with other suppliers for the acquisition of satellites or for the provision of services and acquisitions of fixed assets relating to the monitoring and control of satellites. More detail on purchase commitments of the Group can be found in the note 28 of the appendix to the consolidated financial accounts as of 30 June 2017.

The Group considers that it is not dependent on suppliers other than satellite manufacturers and launch operators.

The limited number of suppliers could therefore have a significant negative impact on the Group's business, financial situation and results.

12.1.4 The Group is exposed to the risk that its suppliers may experience operational or financial difficulties

In the event of a Group supplier being unable to fulfil its contractual commitments towards the Group within the agreed timeframe, the Group would be forced to reallocate the satellites concerned to other service providers and, in some cases, enter into new launch service contracts which might prove more costly. Such events could have a significant negative impact on the Group's business, financial situation and results.

12.1.5 The satellites operated by the Group may experience failures or malfunctions in-orbit

Satellites are sensitive to the external environment. Once they are in orbit, malfunctions may occur for various reasons and reduce their remaining operating life and/or permanently or intermittently reduce their transmission capacity, which could have a considerable adverse impact on the Group's business, financial situation and results.

In the event of a satellite failure or in-orbit malfunction, the Group may not be able to guarantee continuity of service for all its clients by using redundant equipment or back-up capacity on another satellite, particularly if there is a lack of available satellite capacity suitable for the needs of the customers concerned. Similarly, the Group may not be able to guarantee continuity of service for all customers at that orbital position by successfully launching a replacement satellite or one capable of carrying out the tasks of the defective satellite.

In the event of a satellite failure or in-orbit malfunction, the Group may have difficulty in retaining its customers (who could terminate or renegotiate their capacity allotment agreements) and might not be able to enter into new capacity allotment agreements on satisfactory terms.

For the fully-owned satellites with the highest revenue contribution, In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

Furthermore, this insurance programme does not protect the Group against losses such as opportunity cost, interruption of business, delayed activations, image losses or, to a certain extent, losses of revenues and potential asset impairments lower than the retention level.

Finally, insurance companies could challenge the causes of the failure or malfunction or the amount of the indemnity. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites covered under insurance programmes insurers would compensate the Group within a reasonable timeframe or for the amount claimed by the Group. A lack of compensation, late compensation or partial compensation of losses sustained could have a significant adverse impact on the Group's business, financial situation and results.

12.1.6 Insurance policy premia for satellites in-orbit and satellite launches could increase and insurance cover could be more difficult to obtain or renew

Numerous factors, some of which are outside the Group's control, may affect the cost of insurance premia; these mainly include statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its In-Orbit Life insurance plan on comparable terms. A deterioration in the In-Orbit Life insurance market or an increase in insurance premia could prompt the Group to reduce its coverage of partial losses or losses deemed total, which itself could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in-orbit.

In addition, the Group covers the launch of its satellites through a launch-plus-one-year after entry into service insurance.

The Group might not be able to obtain this additional cover or launch insurance for the other satellites currently under construction, or for future satellites, on satisfactory terms. This situation could result from a reduction in the supply of insurance products and services or a substantial increase in launch insurance premia due, in particular, to launch failure statistics across the whole industry. This could have a significant negative impact on the Group's business, financial situation and results.

12.1.7 The Group is exposed to specific risks arising from the capacity it uses on satellites in stable orbit belonging to third parties

As of the date of the present report, the Group uses capacity on five satellites belonging to third parties, and which are recognised as assets in its consolidated balance sheet: Express-AM6[1], Express-AMU-1[2], Express-AT1 and Express-AT2 are owned by RSCC and ASTRA 2G[3] by SES.

In the event of failure or malfunction affecting these satellites, the Group cannot guarantee that it would be in a position to obtain compensation and equivalent available capacity under the same conditions. The Group cannot guarantee that a dispute resulting from such failures or malfunctions would be settled in its favour.

The Group may also be exposed to the risk of bankruptcy of the owners of such satellites, which could result in the termination or interruption of its capacity leases.

Such situations could lead to a write-down of these assets in the Group's consolidated financial statements and might adversely affect its business, financial situation and results.

12.1.8 The Group's operations are exposed to the risk of sabotage, including terrorist acts and piracy

The Group's operations are exposed to the risk of sabotage, including terrorist acts and intrusions into its satellite control systems. If the Group's facilities and equipment were disabled, the Group might not be able to prevent a temporary or permanent interruption in service. Such disturbances in the satellite network could result in the loss of customers.

Furthermore, the Group's insurance policies, as is customary in the space industry, automatically provide for exclusions in the event of damage caused by acts of sabotage, piracy or terrorism.

Any act of terrorism, sabotage or piracy could thus have a significant negative impact on the Group's business, financial situation and results.

12.2 RISKS RELATING TO THE CHANGE IN THE TELECOMMUNICATIONS MARKET

12.2.1 The Group's development is closely tied to future demand for satellite services which might not materialise

The Group's development notably depends on future demand for Video Applications, which is partly linked to the expected development of DTH (Direct-to-Home) broadcasting in emerging countries, high-definition television (HDTV) and satellite-based Internet access. This growth in demand may not materialise. Moreover, the Group might not be in a position to make the investments necessary at the appropriate time to meet this demand. In particular, with HDTV consuming more satellite capacity than is the case with the current satellite TV broadcasting standards, the Group might not be in a position to invest in additional satellites at the appropriate time or in proportions enabling it to meet market demand. If demand for video services does not increase or the Group is not in a position to meet this demand,

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[1] Capacity operated by Eutelsat on Express-AM6 is operated under the name EUTELSAT 53A
[2] Capacity operated by Eutelsat on Express-AMU1 is operated under the name EUTELSAT 36C.
[3] Capacity operated by Eutelsat on ASTRA 2G is operated under the name EUTELSAT 28G.

this could have a negative impact on its business, financial position and results.

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, many television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

A consolidation among satellite TV broadcast platform operators and/or cable operators and could give TV broadcast platform operators or cable operators greater bargaining power with satellite operators or their distributors, thereby causing increased pressure on prices. Such consolidation could have a significant negative impact on the Group's business, financial position and results.

The adoption of new technical broadcasting standards, which has resulted in and could continue to result in a higher signal compression rate, has reduced and could further reduce the demand for transponders for a given number of television channels. If the decline is not offset by an increase in the number of channels transmitted or by improved image quality, the overall demand for transponders could decrease, which could have a significant negative impact on the Group's business, financial position and results.

Another key component of the Group's strategy is developing Connectivity applications (especially broadband Internet solutions). This will depend, in part, on continued growth in demand for broadband Internet services which is not guaranteed and is not easily predictable. Demand for broadband Internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity or distribution issues. Furthermore, the Group might not be able to provide broadband Internet services that correspond to market demand or offer competitive prices, especially in the event of any failure of one of its satellite.

If the demand for satellite broadband Internet services does not develop as predicted or the Group is not able to meet it adequately, this could have a significant negative impact on its business, financial position and results.

Development of the Group's business also depends on its available capacity in the various frequency bands requested by customers. Availability could be insufficient in some frequency bands, and this could have a significant negative impact on the Group's ability to meet its customers' needs in these bands.

12.2.2 The Group is exposed to risks inherent in the international nature of its customer base

The Group provides satellite telecommunications services to customers in a very large number of countries and could develop its activities in other countries. Consequently, the Group is exposed to geopolitical, economic or other risks inherent in the international nature of its commercial activities. In particular, the Group has been impacted, in recent months, by a more difficult economic environment currently affecting certain Latin American countries as three expansion satellites covering these regions (EUTELSAT 117 West B, EUTELSAT 115 West B and EUTELSAT 65 West A) have entered into service recently.

Pricing, tax, regulatory and customs policies pertaining to the services provided by the Group, business practices in certain countries and their political or economic instability could prevent the Group from implementing its development strategy and thereby have a significant negative impact on its business, financial position and results. Additionally, if the Group had to bring legal action against its customers or commercial partners located outside the European Union, it could prove difficult to assert its rights, which could have a significant negative impact on its business, financial position and results.

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

The in-house Credit Management team of the Financial Department has exclusive responsibility for checking payments. In the event of a dispute, it contacts the Legal Department which handles any litigation with the support of specialised law firms.

During the past fiscal year, the Group continued to be impacted by the tough economic environment in certain areas for certain applications. As a consequence, customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

As of 30 June 2017, the net book value of provisions for bad debt was 60.4 million euros (71.3 million euros as of 30 June 2016). Unrecoverable losses stood respectively at 8.4 million euros and 16.4 million euro as of 30 June 2017 and 30 June 2016.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic crisis.

12.2.3 A substantial percentage of the Group's revenue is generated by Government Services, which depend on the global political and economic context

Over the last few years, the Group has generated revenues (12% of the Group's revenues for the financial year ended 30 June 2017) in the Government Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, generally on the basis of capacity allotment agreements renewalble every year. Obtaining and/or renewing capacity agreements in this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to generate a comparable level of revenues from this segment.

Any failure to obtain new contracts or any termination, non-renewal or renewal under less favourable terms of such contracts could have a negative impact on the Group's business, financial position and results.

12.2.4 The Group is dependent on a limited number of major customers

The Group generates a significant portion of its business from a limited number of customers including distributors, most of which are telecommunications operators. As of 30 June 2017, the Group's 10 largest customers represented 36% of its revenues. Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms that are less favourable to the Group. This could have a negative impact on its business, financial position and results.

Moreover, some of the Group's major customers, particularly those located in emerging markets, could encounter financial difficulties that could result in late payments, unpaid debts or bankruptcy, which could lead to termination of capacity agreements, which could have a negative impact on the Group's business, financial position and results.

12.2.5 A growing portion of the Group's customers are end-users and demand for capacity is becoming more fragmented

For several years now, end-users have made up a growing percentage of the Group's customers. Furthermore the Group could take over end-user contracts from distributors. In some cases such customers could have less robust financial resources than distributor-customers, which could increase the risk of bad debts and thereby have an adverse impact on the Group's business, financial situation and results.

Moreover, the satellite capacity needs of end-user customers may be lower than the capacity leased by distributor-customers. Thus, a larger proportion of the Group's new capacity agreements may involve only a fraction of a transponder rather than an entire transponder. If such a customer using a fraction of a transponder defaulted on payments or failed to comply with other contractual commitments, the Group might not be able to discontinue services provided to that customer without interrupting service for all customers using the same transponder. This could have a negative impact on the Group's business, financial situation and results.

Distributors which resell resources to end-users might overestimate market demand and be unable to resell capacity they have committed to. In this case they could either return capacity to the Group or resell it to direct customers at lower prices. This could have a negative impact on the Group's business, financial situation and results.

Fixed Broadband services rely on building a base of individual subscribers to Internet services served via a network of distributors and re-sellers, ie a business-to-business-to-consumer model. Unlike the other applications this business model does not generate a backlog and moreover the efficiency of this distribution model still has to be proven in certain areas.

12.2.6 The Group faces competition from other satellite and terrestrial network operators

The Group is faced with significant competition from international, national and regional satellite operators. The Group's main competitors are other major international satellite operators, such as SES and Intelsat. These competitors offer greater capacity and geographical coverage than the Group, and more financial resources might be available to them.

The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (e.g. tax or regulatory advantages) in their domestic markets. Several projects for low-orbit constellations are also underway and could represent additional competition for the Group in certain Fixed Data or Connecitivty applications. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

Competition from High-Throughput Satellites or constellations targeting mostly Fixed Data applications (circa 12% of Group revenues) is expected to bring a significant amount of new capacity at a lower cost per Gigabit. This could lead to oversupply situation and higher than expected pricing pressure in particular for Fixed Data applications and could have a significant negative impact on the Group's business, financial position and results.

The Group is also in competition with terrestrial network operators (fiber optic, 4G) for most of its services, particularly broadband Internet access but also TV broadcasting services (TV on IP, DTT). Heightened competition could result in greater pressure on prices for satellite broadcasting and telecommunications services. Furthermore, any increase in the geographical reach of the terrestrial network operators could prompt the Group's customers to opt for the telecommunications solutions offered by these operators, thereby making it more difficult for the Group to keep or develop its customer portfolio. Stiffer competition with terrestrial network operators could have a significant negative impact on the Group's business, financial position and results.

12.2.8 Technological changes could make the Group's satellites telecommunications system obsolete

Technological innovations that could be developed in the future with alternatives to satellites could render satellite technology obsolete.

The telecommunications industry is subject to rapid technological change. Should the Group not be in a position to adapt to these changes quickly and efficiently, its satellite telecommunications system could become obsolete. As such, the Group's competitive position could be weakened, especially if its competitors were capable of incorporating these new technologies into their own systems. If the Group's satellite telecommunications system were to become obsolete, demand for its services could decrease, which would have a significant negative impact on its business, financial situation and results.

12.2.8 The Group's development strategy depends partly on expanding into geographical areas in which it has little or no experience and where prices could come under pressure

The Group's development depends, in part, on its ability to develop in geographical areas in which it has little or no experience and where there could be substantial competitive and price pressure. This could result in prices that are lower than those in Europe. This could limit the Group's ability to penetrate these markets or be competitive within them.

Furthermore, in order to facilitate distribution and marketing of its services in those areas, the Group could seek to enter into agreements such as joint ventures or partnerships. However, it might not be able to identify or enter into agreements with appropriate partners. Furthermore, these agreements could involve a number of risks, arising for example from a lack of control over projects, conflicts of interest between the partners, the possibility that one of them might not meet its obligations (particularly those regarding its equity investments) and the difficulty of maintaining uniform standards, control procedures and policies.

If the Group is unable to penetrate these markets in satisfactory economic conditions or, as the case may be, with appropriate partners, this could prevent the Group from implementing its development strategy. This could have a significant adverse impact on its business, financial situation, results and growth objectives.

12.2.9 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed

The Group has made major investments in new infrastructure including KA-SAT, launched in December 2010 and a complex network of terrestrial stations used for marketing different types of services and, particularly, satellite broadband Internet access solutions to consumers across Europe. In FY 2014-2015, the Group developed the innovative software-defined "Eutelsat Quantum" class of satellite and ordered the first one in July 2015.

The development of these new assets depends greatly on the prospects for growth in demand for satellite services. This demand may not materialise, or the Group may be unable to respond to it.

Furthermore, the Group's failure to develop, operate or sell these innovative projects would have a detrimental effect on the Group's prospects and growth targets and, accordingly, a significant negative effect on its business, financial situation and results.

12.2. 11 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group relies on a number of key employees who have specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a negative impact on its business, financial situation and results.

12.3 FINANCIAL RISKS AND OTHER RISKS

12.3.1 The Group has a high level of debt

As of 30 June 2017, the Group's consolidated net debt was 3,641 million euros. Its main components are described in section 6.4.1 of this document.

The Group's high leverage could:

- make it difficult for it to meet commitments regarding its debt;
- limit its ability to obtain loans or raise additional equity capital;
- increase its vulnerability in an unfavourable economic or industry environment;
- limit its ability to make certain types of investments.

All of the consequences relating to the Group's high debt level, including those mentioned above, could affect the Group's ability to meet its debt-related commitments, which could result in a significant negative impact on the Group's business, financial situation and results.

As of 30 June 2017, the breakdown of Group's financing sources was the following: 15% bank, 64% bond debt, 4% export-credit agencies and 17% financial leases.

12.3.2 A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise financing

The Group's debt instruments are rated by independent rating agencies:

(i) Moody's Investor Service (with the Eutelsat Communications S.A.'s debt rated Ba1/Stable Outlook and Eutelsat S.A.'s debt rated Baa3/Stable Outlook);

(ii) Standard & Poor's (with Eutelsat Communications S.A.'s debt rated BBB-/ Stable Outlook and Eutelsat S.A.'s debt rated BBB/Stable Outlook);

(iii) Fitch Ratings (with Eutelsat S.A.'s debt rated BBB/Stable Outlook).

These ratings affect the cost and terms of the Group's credit facilities. Any future rating downgrades, should they occur, could affect the Group's ability to obtain financing and the terms associated with that financing.

During financial year 2016-17:

- In December 2016 a third rating was obtained with Fitch Ratings which rated Eutelsat S.A.'s debt with BBB/Stable Outlook;
- Moody's maintained a Stable outlook on its ratings;
- Standard & Poor's maintained a Stable outlook on its ratings.

Ratings are unchanged since the events described above.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

12.3.3 The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints

The Company is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2017, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by its costs, whether or not they result in any disbursement and, in particular, by any impairment of assets recorded in Eutelsat S.A.'s financial statements. In the past, Eutelsat S.A. recorded substantial asset write-downs and may record such write-downs in the future, thereby reducing its distributable net income. Any decline in its subsidiaries' distribution capacity could have a significant negative impact on the Company's financial situation and results.

12.3.4 Eutelsat S.A, the Group's main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO's Closed Pension Fund

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities, the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of the Closed Pension Fund's beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2017, the discounted value of the Trust's pension liabilities amounted to 216.5 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 136.9 million euros. The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group's business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions so as to make up for any such future funding shortfall.

During fiscal year ended on 30th June 2017, the financial guarantee was called for an amount of 35.9 million euros. This amount was evaluated on the basis of the projections of the Trust, taking into account the future market evolutions. In March 2017 an agreement was reached with the Trust for nine annual payments of 4.0 million Euros, spread between 30 June 2017 and 30 June 2025. These sums could vary dependent on the future financial positions established annually.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be managed effectively. In the event that administrators of the Trust liquidate the Closed Pension Fund, they would appoint an actuary to determine any shortfall between the value of the Closed Pension Fund's assets compared to its liabilities, and the Group would be compelled to pay the difference, which could be substantial.

The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group's business, financial situation and results.

12.3.5 Foreign exchange risk

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the U.S. dollar, which represented 36% of revenues in the financial year ended 30 June 2017. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, considering that development of the Group's business outside the eurozone is a key component of its business strategy, its exposure to exchange rate fluctuations could increase in the future. This geographical expansion could result in an increase in EUR/USD exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services are denominated in U.S. dollars. These contracts involve significant amounts, generally in excess of US$50 million, whose payment may be phased over time. As of 30 June 2017, the Group owed phased payments totalling 9.3 million U.S. dollars during the financial year 2017-18, mainly regarding three contracts in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. For example in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble put pressure on Eutelsat's Russian customers with euro-denominated contracts. Eutelsat accepted to renegociate with its Russian clients with the aim of temporarily alleviating some contract terms.These fluctuations could reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in U.S. dollars.

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry out forward sales or synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date. The Group does not automatically hedge all of its contracts denominated in U.S. dollars.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, because of currency controls, or may face a strong decrease of the euro-equivalent of revenues generated in local currencies. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

Finally, the Group owns Satélites Mexicanos, with accounts in U.S. dollars. EUR/USD exchange-rate variations could therefore generate a translation risk when the Group consolidates the accounts of this subsidiary.

In order to hedge the translation risk, the hedging policy of the Group consists in creating liabilities denominated in the currency of the cash-flows generated by these assets. Hedging instruments include currency derivatives (cross-currency swaps) documented as hedges of net investments in foreign operations. The Group implemented foreign exchange swaps for a notional amount of 500 million euros to hedge its net investment in Satmex.

Please refer to the note 26.1 of the notes to the consolidated financial accounts for more information.

* * * *

APPENDIX 1

CONSOLIDATED FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2017

Eutelsat Communications Group

"Société anonyme" with a capital of 232,774,635 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 June 2017

consolidated balance sheet

(in millions of euros)	Note	30 June 2016	30 June 2017
ASSETS			
Non-current assets			
Goodwill	5	1,166.3	1,150.8
Intangible assets	5	751.9	702.5
Satellites and other property and equipment	6	4,305.4	4,134.0
Construction in progress	6	694.2	759.9
Investments in associates	7	-	(0.4)
Non-current financial assets	9, 15	10.1	22.0
Deferred tax assets	22	8.5	5.6
Total non-current assets		**6,936.3**	**6,774.4**
Current assets			
Inventories	10	2.8	3.0
Accounts receivable	11	406.4	345.4
Other current assets	12	37.8	46.4
Current tax receivable		11.8	4.5
Current financial assets	13, 15	31.3	29.2
Cash and cash equivalents	14	1,153.8	408.0
Total current assets		**1,643.9**	**836.3**
Assets held for sale	8	301.9	300.7
Total assets		**8,882.1**	**7,911.3**

(in millions of euros)	Note	30 June 2016	30 June 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	16	232.8	232.8
Additional paid-in capital		738.1	738.1
Reserves and retained earnings		1,682.7	1,792.1
Non-controlling interests		81.2	202.9
Total shareholders' equity		**2,734.8**	**2,966.0**
Non-current liabilities			
Non-current financial debt	17, 19	3,302.4	3,252.9
Other non-current financial liabilities	18, 19	1,053.9	798.1
Non-current asset payables		15.5	27.3
Other non-current payables and deferred revenues	21.1	140.6	119.3
Non-current provisions	23	128.4	97.3
Deferred tax liabilities	22	270.6	253.1
Total non-current liabilities		**4,911.3**	**4,547.9**
Current liabilities			
Current financial debt	17, 19	927.3	60.9
Other current financial liabilities	18, 19	49.0	67.6
Accounts payable	19	66.7	54.6
Current fixed assets payable		35.8	40.1
Taxes payable		3.5	2.2
Other current payables and deferred revenues	21.2	135.7	136.6
Current provisions	23	18.0	35.6
Total current liabilities		**1,236.0**	**397.5**
Total liabilities and shareholders' equity		**8,882.1**	**7,911.3**

Consolidated income statement

(in millions of euros, except per share data)	Note	30 June 2016	30 June 2017
Revenues from operations	24.2	**1,529.0**	**1,477.9**
Operating costs		(106.3)	(99.0)
Selling, general and administrative expenses'		(258.1)	(245.4)
Depreciation and amortisation	5, 6	(500.6)	(532.9)
Other operating income (1)		-	31.1
Other operating expenses (2)		(2.0)	(17.0)
Operating income		**662.0**	**614.8**
Cost of debt		(115.1)	(127.2)
Financial income		3.2	1.5
Other financial items		(11.2)	(5.2)
Financial result	**25**	**(123.0)**	**(130.9)**
Income from associates	7	23.5	(0.4)
Net income before tax		**562.6**	**483.5**
Income tax expense	22	(199.8)	(120.1)
Net income		**362.8**	**363.4**
Attributable to the Group		348.5	351.8
Attributable to non-controlling interests		14.3	11.6
Earnings per share attributable to Eutelsat Communications' shareholders	**26**		
Basic and diluted earnings per share in euros (3)		1.516	1.512

(1) *The other operating income is mainly related to proceeds from the disposal of assets, as detailed in Note 3.7 – Changes in scope of consolidation.*

(2) *Other operating expenses are mainly composed of scrapping of assets and provisions.*

(3) *There are no dilutive instruments as of 30 June 2016 and 30 June 2017.*

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2016	30 June 2017
Net income		**362.8**	**363.4**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	16.5	(22.4)	(37.5)
Tax effect	16.5	7.1	(4.9)
Changes in fair value of hedging instruments (1)	16.4	(57.1)	46.9
Tax effect	22.2	19.7	(16.1)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		(20.7)	23.4
Tax effect	22.2	7.1	(11.5)
Total of other items of gain or loss on comprehensive income		**(66.2)**	**0.1**
Total comprehensive income		**296.5**	**363.5**
Attributable to the Group		284.7	351.9
Attributable to non-controlling interests (2)		11.8	11.6

(1) Covers only cash-flow hedges. Net foreign investment hegdes are recorded as translation adjustments.

(2) The portion attributable to non-controlling interests breaks down as follows:

- *Net result for 14.3 million euros as of 30 June 2016 and 11.6 million euros as of 30 June 2017;*
- *Other recyclable items of gain or loss on comprehensive income for (2.0) million euros as of 30 June 2016 and (0.4) million euros as of 30 June 2017;*
- *Other non-recyclable items of gain or loss on comprehensive income for (0.5) million euros as of 30 June 2016 and 0.4 million euros as of 30 June 2017.*

Consolidated statement of cash flows

(in millions of euros)	Note	30 June 2016	30 June 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		362.8	363.4
Income from equity investments	7	(23.5)	0.4
Tax and interest expense, other operating items		283.0	270.0
Depreciation, amortisation and provisions		513.5	548.4
Deferred taxes	22.1	20.0	(47.2)
Changes in accounts receivable		(115.5)	52.8
Changes in other assets		(2.1)	(3.7)
Changes in accounts payable		(2.2)	(3.0)
Changes in other debt		52.1	(42.1)
Taxes paid		(192.4)	(156.1)
Net cash flows from operating activities		**895.7**	**982.9**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	5, 6	(390.2)	(393.0)
Acquisition of control		-	-
Sale of entities		4.6	36.7
Dividends received from associates and other items	7	1.5	4.5
Net cash flows from investing activities		**(384.1)**	**(351.8)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(109.6)	(266.2)
Increase in borrowings	17	501.3	-
Repayment of borrowings	17	(19.4)	(912.9)
Repayment of finance lease liabilities *(1)*		(10.2)	(186.2)
Loan set-up fees		(2.1)	(1.2)
Interest and other fees paid		(139.3)	(160.7)
Interest received		5.3	-
Transactions relating to non-controlling interests *(2)*	3.7	-	151.0
Other changes		(1.4)	(0.8)
Net cash flows from financing activities		**224.6**	**(1,377.0)**
Impact of exchange rate on cash and cash equivalents		(2.6)	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**733.6**	**(745.9)**
Cash and cash equivalents, beginning of period		**420.3**	**1,153.8**
Cash and cash equivalents, end of period		**1,153.8**	**408.0**
Cash reconciliation			
Cash	14	1.153.8	408.0
Overdraft included under debt	17.1	-	-
Cash and cash equivalents per cash flow statement		**1,153.8**	**408.0**

(1) Payments during FY 2016-2017 of sums due to RSCC with respect to the EUTELSAT 36C satellite, blocked during FY 2015-16 as a result of the procedure related to Yukos.

(2) Transactions related to non-controlling interests as of 30 June 2017are explained by "equity contributions in cash":
- investment by Viasat Inc in Eurobroadband Infrastructure for 132.5 million euros;
- investment by Inframed in Broadband4Africa for 18.5 million euros.

CONSOLIDATED statement of changes in shareholders' EQUITY

(in millions of euros, except share data)	Common stock			Reserves and retained earnings	Shareholders' equity Groupshare	Non-controlling interests	Total
	Number	Amount	Additional paid in capital				
As of 30 June 2015	**226,972,338**	**227.0**	**594.0**	**1,651.8**	**2,472.8**	**61.1**	**2,533.9**
Net income for the period	-	-	-	348.5	348.5	14.3	362.8
Other items of gain or loss on comprehensive income	-	-	-	(63.8)	(63.8)	(2.5)	(66.2)
Total comprehensive income	-	-	-	284.7	284.7	11.8	296.5
Treasury stock	-	-	-	(3.6)	(3.6)	-	(3.6)
Distributions	5,802,297	5.8	144.0	(247.2)	(97.4)	(12.5)	(109.9)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.1	0.1	-	0.1
Transactions with non-controlling interests and others	-	-	-	(3.2)	(3.2)	20.8	17.6
As of 30 June 2016	**232,774,635**	**232.8**	**738.0**	**1,682.7**	**2,653.5**	**81.2**	**2,734.8**
Net income for the period	-	-	-	351.8	351.8	11.6	363.4
Other items of gain or loss on comprehensive income (1)	-	-	-	0.1	0.1	-	0.1
Total comprehensive income	-	-	-	351.9	351.9	11.6	363.5
Treasury stock	-	-	-	(0.1)	(0.1)	-	(0,1)
Distributions	-	-	-	(255.8)	(255.8)	(10.5)	(266.3)
Benefits for employees upon exercising options and free shares granted (2)	-	-	-	0.2	0.2	-	0.2
Transactions with non-controlling interests and others	-	-	-	13.3	13.3	120.7	134.0
As of 30 June 2017	**232,774,635**	**232.8**	**738.0**	**1,792.1**	**2,763.0**	**202.9**	**2,966.0**

(1) Changes in other items of gain and loss on comprehensive income are detailed in Note 16.4 - Change in the revaluation surplus of financial instruments, and Note 16.5 - Translation reserve.
(2) Transactions with non-controlling interests are mainly related to a 49% equity investment by Viasat Inc in Eurobroadband Infrastructure (see Note 3.7 - Changes in scope of consolidation).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE.1 KEY EVENTS DURING THE FINANCIAL PERIOD

- On 12 July 2016, Eutelsat initiated the process of selling its equity interest in Hispasat by exercising the put option granted in 2008 by Abertis Group, Hispasat's majority shareholder. An agreement was reached on 18 May 2017. The closing of the transaction is expected during the financial period ending 30 June 2018 and is subject to approval by the Spanish Government and to certain usual prerequisites.
- The Ka spot beams embarked on the E36C satellite have entered commercial service on 07 September 2016.
- Following its successful launch on 15 June 2016, the EUTELSAT 117WB satellite went into operational service in January 2017.
- The EUTELSAT 172B satellite was successfully launched on 02 June 2017 by an Ariane 5 rocket. It is due to enter service during the financial year 2017-2018.

NOTE.2 GENERAL OVERVIEW

2.1 BUSINESS

- The Eutelsat Communications Group (Eutelsat S.A. and its direct and indirect subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems.
- As of 30 June 2017, the Group operates via Eutelsat S.A. and its direct and indirect subsidiaries 39 satellites in geostationary orbit (including 5 satellites belonging to third parties or to related parties (see Note 30 – *Related-party transactions*) on which the Group uses additional capacity) to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services.

2.2 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements at 30 June 2017 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 27 July 2017.

They will be submitted for approval to the Ordinary General Meeting of Shareholders to be held on 08 November 2017.

NOTE.3 BASIS OF PREPARATION OF FINANCIAL INFORMATION

3.1 COMPLIANCE WITH IFRSs

The financial statements at 30 June 2017 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date.The relevant texts are available for consultation on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

3.2 ACCOUNTING PRINCIPLES

Since 01 July 2016, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
- Amendment to IAS 1: Disclosure Initiative;

- Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation;

- Improvements to IFRSs (2012-2014 cycle).

Applying these standards, amendments and interpretations had no significant impact on the Group's financial statements.

Furthermore, no standard, interpretation or amendment has been applied in advance by the Group. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 9 “Financial instruments”. The date of first-time adoption by the Group is 1st July 2018.

- IFRS 15 "Revenue from Contracts with Customers". The date of first-time adoption by the Group is 1st July 2018.

- IFRS 16 "Leases" (see Note 20 – *Operating and finance leases*). The date of first-time adoption by the Group is 1st July 2019.

Eutelsat is currently assessing the potential impact on the income statement, the balance sheet, the comprehensive income statement, the statement of cash flows and on the notes to the consolidated financial statements resulting from the application of these standards.

3.3 ACCOUNTING PROCEDURES APPLIED BY THE GROUP IN THE ABSENCE OF SPECIFIC ACCOUNTING STANDARDS

The "*Cotisation sur la Valeur Ajoutée des Entreprises*" or CVAE (Business contribution on the added value) was considered by the Group as an operating expense that does not meet the criteria laid down in IAS 12 "Income taxes" and therefore does not give rise to deferred taxes.

3.4 PRESENTATION OF THE INCOME STATEMENT

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the Group’s consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

Judgements

In preparing the financial statements for the period ended 30 June 2017, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, contingent liabilities, provisions, customer risk assessment and the functional currency used by the consolidated entities.

3.6 PERIODS PRESENTED AND COMPARATIVES

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference currency and the presentation currency used to issue financial statements is the euro.

3.7 CHANGES IN SCOPE OF CONSOLIDATION

Eurobroadband Infrastructure and Eurobroadband Retail

In March 2017, Eutelsat Communications and ViaSat Inc. closed a partnership arrangement combining Eutelsat's established European fixed broadband business with ViaSat's broadband technology and Internet Service Provider (ISP) expertise.

Eutelsat contributed its European broadband activity, including the KA-SAT satellite, to a newly established entity owned 49% by ViaSat for a total amount of 132.5 million euros contributed in cash.

The transaction resulted in a 121.0 million euro increase in non-controlling interests within the Group's shareholders' equity.

Eutelsat has acquired a 49% interest in Eurobroadband Retail, a newly established entity (see Note 7 - *Investments in associates*). The impact on the Group's financial statements as of 30 June 2017 is not significant.

Wins/ DHI

The Group sold Wins Ltd and its subsidiaries in August 2016. These entities were excluded from the Group's scope of consolidation at the date of loss of control. The corresponding gain or loss is recognised within "Other operating income".

NOTE.4 SIGNIFICANT ACCOUNTING POLICIES

4.1 CONSOLIDATION METHOD

As required under IFRS 10, companies in which the Group holds directly or indirectly more than 50% of voting rights at general meetings of shareholders, at meetings of boards of directors or in any equivalent governing bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and consolidated under the full consolidation method. To determine control, Eutelsat Communications carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders. Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties that, if exercised, could alter the type of influence exerted by each party.

An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, (e.g. change in an entity's ownership structure or governance, exercise of a dilutive financial instrument, etc.).

A subsidiary's income and expenses are included in the Group s consolidated financial statements from the date the Group gains control until the date the Group loses control of the subsidiary. The portion of equity ownership that is directly or indirectly attributable to the Group is recorded as non-controlling interests.

Changes in the proportion of equity held in subsidiaries that do not result in change of control are accounted for as equity transactions, or transactions entered into with shareholders in their capacity as such.

Gains or losses arising from these transactions are recognised, net of tax, within equity. Consequently, they have no impact on the Group's consolidated income statement.

In accordance with IFRS 11, the Group's joint arrangements fall into two categories:

- joint ventures: these are joint arrangements whereby the parties (called "joint venturers") that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer is required to recognise its right to the net asset of the arrangement using the equity method in accordance with IAS 28;

- joint operations (if any): these are joint arrangements in which the parties (called "joint operators") that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement. Each joint operator records 100% of the assets/liabilities, expenses/revenues relating to its interest in the joint operation, as well as the portion of assets held jointly.

Associates are defined as entities over which the Group exerts significant influence. They are consolidated using the equity method, in accordance with IAS 28. Significant influence is presumed where more than 20% of the shares are held by the Group.

The equity method is a method of accounting by which an investment in an associate or a joint venture is initially recorded at acquisition cost and subsequently adjusted to reflect the Group's share of income and other items of comprehensive income of the associate or the joint venturer. Net income from equity investments is included in the Group's consolidated income statement.

4.2 ACCOUNTING TREATMENT FOR BUSINESS COMBINATIONS

Business combinations are recognised using the purchase accounting method, in accordance with the revised IFRS 3. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions. Accordingly,

- the consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity on the basis of their definition, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;

- costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- in the event of partial disposal, minority interests (known henceforth as "non-controlling interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the assets acquired and liabilities assumed;
- in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period;
- the identifiable assets, liabilities and contingent liabilities of the entity are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell, tax items and employee benefits which are recognised under IAS 12 and IAS 19 respectively.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted after the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where these adjustments correspond to corrections of errors.

4.3 OPERATIONS IN FOREIGN CURRENCIES

• Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Translation adjustment" within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.141 U.S. dollar for 1 euro and the average exchange rate for the period is 1.089 U.S. dollar for 1 euro.

• Translation of foreign subsidiaries' financial statements

Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using an-average exchange rate for the period, unless the use of such rate becomes inappropriate due to major erratic changes over the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

4.4 INTANGIBLE FIXED ASSETS

• Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value on the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Intangible assets consist of certain licences, the "Eutelsat" brand and the "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates (see Note 4.7 - *Impairment of non-current assets*).

- **Research and development costs**

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 “Intangible Assets” are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as an item of expenditure.

The Group spent 12.2 million euros on research and development during the financial period ended 30 June 2017, including development costs amounting to 7.4 million euros recorded as intangible assets.

Research costs are recorded in the income statement under “Selling, general and administrative expenses”.

4.5 GOODWILL

Goodwill is valued in the functional currency of the acquired entity at the date of the business combination as the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under “Goodwill.” Goodwill arising on the acquisition of an associated company is included within the book value of the investment within the line item “Investments in associates.”

After initial recognition at cost, goodwill is measured at cost, less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of goodwill.

4.6 SATELLITE AND OTHER PROPERTY AND EQUIPMENT

Satellites and other property and equipment acquired separately (“Tangible fixed assets”) are recognised at their acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred in bringing individual satellites into operational use, in particular manufacturing, launch and launch insurance costs, capitalised interest, satellite performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Ground equipment – This item comprises the monitoring and control equipment at various European locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation and amortisation – Amortisation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation takes into account, as appropriate, the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	12 – 22 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold arrangements and improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When the useful life is reduced significantly, a depreciation test is performed and depreciation is calculated for the remaining years by taking into account the asset’s new remaining useful life.

Construction in progress – “Construction in progress” primarily consists of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases – Agreements whereby the Group uses specific capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability in accordance with IAS 17 "Leases", when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially to the Group all risks and rewards incidental to ownership for most of the lifetime of the asset. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.7 IMPAIRMENT OF NON-CURRENT ASSETS

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential loss in value.

For tangible fixed assets and intangible assets with finite useful lives, such as the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is higher than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of estimated future cash flows. These are generated by the asset or the CGU during its useful life and are discounted using the Group's WACC defined for the impairment testing, based on the medium-term plan approved by Management and reviewed by the Board of Directors. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs, satellite operation and control costs directly attributable to the satellites tested, as well as tax expenses. Beyond a maximum five-year period, cash flows are estimated on the basis of constant rates of growth or decline.

The fair value net of selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement under "Other operating income" and "Other operating expenses" respectively. An impairment of goodwill cannot be reversed.

As of 30 June 2017, each satellite and "Customer Contracts and Relationships", grouped by orbital position (after taking into account the technical and economic interdependencies of their cash flows), were identified as CGUs.

4.8 INVENTORIES

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.9 FINANCIAL INSTRUMENTS

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is their fair value plus costs directly attributable to the transaction.

In accordance with IAS 39 "*Financial Instruments: Recognition and Measurement*", IAS 32 "*Financial Instruments: Presentation*", and IFRS 7 "*Financial Instruments: Disclosures*", the Group has adopted the following classification for financial assets and liabilities, which is based on the objectives determined by Management at acquisition date. The designation and classification of these instruments are determined at initial recognition.

4.9.1. Financial Assets

Financial assets are classified, reported and measured as follows:

- Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

- Loans and receivables

Loans and receivables are mainly composed of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are recorded initially at their nominal value, on account of the insignificant impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest rate method.

- Assets held for sale

Held-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified in the “Financial assets measured at fair value through the income statement”, “Assets held to maturity” or “Loans and receivables” categories. Held-for-sale financial assets include investments other than investments in companies recognised and consolidated as equity investments, which Management intends to hold for an indefinite period of time. These investments are classified as financial assets under “Non-current financial assets.”

They are subsequently revalued at fair value, with gains and losses resulting from changes in fair value being recognised under shareholders’ equity. When they are sold or when an impairment loss is recognised, the cumulative gains and losses previously entered under shareholders’ equity are recorded in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at their acquisition cost.

4.9.2. Financial Liabilities

Financial liabilities comprise bank loan and other debt instruments. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest rate method.

4.9.3. Derivatives

Derivatives that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are posted to the financial result.

Where a derivative instrument can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "*Financial Instruments: Recognition and Measurement*" (see Note 4.10.5 - *Hedging transactions*).

4.9.4. Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired.. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group’s customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, under the heading "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied to determine a recoverable percentage based on how long the receivables have been on our books.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.9.5. Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivatives designated as cash flow hedging instruments.

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Hedging of a net investment in a foreign operation involves a hedge of the foreign currency risk arising from nets assets held in a foreign operation which might affect Group net position.

For these two types of hedges, changes in the fair value of a hedging instrument relating to the effective portion of the hedge are recognised in shareholders' equity, whereas changes in the fair value relating to the ineffective portion of the hedge are recognised in the income statement under financial result.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under profit and loss, at the level of the hedged item.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders' equity are incorporated into the initial measurement of the asset or liability concerned.

4.9.6 Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or a liability extinguished, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities that are not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at balance sheet date.

The fair value of derivative instruments includes counterparty risk.

4.9.7 Firm or conditional commitments to purchase non-controlling interests

Under the IFRS 10 "Consolidated Financial Statements", and IAS 32 "Financial Instruments: Presentation", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is treated as an adjustment affecting the income statement.

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

4.11 SHAREHOLDERS' EQUITY

- **Treasury stock**

Treasury stock is recognised by reducing shareholders' equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

- **Costs for capital increases**

External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

o Grant of stock options

Rewards granted to employees under stock-option plans are measured on the date the options are granted and represent additional employee compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and is offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 “Share-based Payment”, awards granted to employees in the form of public issues or other capital transactions are measured at grant date. They constitute additional compensation, which is recorded during the financial year as an expense recognised over the vesting period.

4.12 REVENUE RECOGNITION

The Group’s revenues are mainly attributable to the allotment of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts usually cover periods ranging from several months to several years. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Some contracts also provide for early termination.

Revenues are recognised over the contractual period during which services are performed, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is reported in the accounts, it is probable that the debt will be recovered.

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue over the corresponding duration of the relevant transponder contracts or of the services provided.

4.13 OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses include:

- Significant and infrequent factors such as impairment of tangible and intangible assets, launch failures and their related insurance reimbursements, national and international non-commercial litigations, less the legal costs incurred, as well as restructuring costs;

- The impacts of changes in scope (such as business combination costs and sales of tangible assets); see Note 3.7 - *Changes in scope of consolidation.*

4.14 DEFERRED INCOME TAX

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and

- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.15 EARNINGS PER SHARE

EPS (earnings per share) are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

4.16 POST-EMPLOYMENT BENEFITS

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement. The rate used to discount estimated cash flows is determined by reference to an underlying pool of AA-rated corporate bonds with maturities in line with those of the schemes being valued.

A complete assessment of the discounted present value of the benefit is outsourced each year and reviewed at interim periods to identify any significant changes.

The pension cost for the period, consisting of service cost, is posted to operating income, whereas actuarial gains and losses are recognised in equity.

Management of the defined contribution plans is performed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised in operating costs for the period.

4.17 FINANCIAL GUARANTEE GRANTED TO A PENSION FUND

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme was closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.17 - *Post-employment benefits*, despite the fact that the Group has not directly assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.18 PROVISIONS

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation.

The discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

NOTE.5 GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
Gross value as of 30 June 2015	**1,165.0**	**1,109.4**	**40.8**	**220.1**	**2,535.3**
Acquisitions	-	-	-	11.0	11.0
Transfers	-	-	-	6.8	6.8
Foreign-exchange variation	1.2	0.8	-	4.0	6.5
Disposals and scrapping of assets	-	(3.3)	-	-	(3.3)
Gross value as of 30 June 2016	**1,166.3**	**1,107.0**	**40.8**	**242.1**	**2,556.2**
Acquisitions	-	-	-	33.4	33.4
Transfers	-	-	-	11.9	11.9
Foreign-exchange variation	(9.0)	(6.0)	-	(2.0)	(16.9)
Disposals and change in scope of consolidation	(6.5)	(6.0)	-	(1.9)	(14.6)
Gross value as of 30 June 2017	**1,150.8**	**1,095.0**	**40.8**	**283.5**	**2,570.0**
Depreciation and amortisation					
Accumulated depreciation as of 30 June 2015	**-**	**(480.6)**	**-**	**(80.2)**	**(560.8)**
Depreciation and amortisation	-	(57.4)	-	(23.1)	(80.5)
Reversals (disposals)	-	3.3	-	-	3.3
Foreign-exchange variation	-	-	-	-	-
Transfers					
Accumulated depreciation as of 30 June 2016	**-**	**(534.7)**	**-**	**(103.3)**	**(638.0)**
Depreciation and amortisation	-	(57.0)	-	(27.8)	(84.8)
Reversals (disposals and change in scope of consolidation)	-	2.4	-	1.9	4.3
Impairment	-	-	-	-	-
Foreign-exchange variation	-	1.5	-	0.2	1.7
Accumulated depreciation as of 30 June 2017		**(588.1)**	**-**	**(128.7)**	**(716.8)**
Net value as of 30 June 2015	1,165.0	628.8	40.8	139.9	1,974.5
Net value as of 30 June 2016	1,166.3	572.0	40.8	139.1	1,918.2
Net value as of 30 June 2017	**1,150.8**	**506.8**	**40.8**	**154.8**	**1,853.2**

The economic conditions prevailing as of 30 June 2017 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2016.

At that date, the recoverable value as measured by analysing the market value (fair value) based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this company s debt) did not lead to reconsider the amount shown on the balance sheet.

A drop in the share price on the stock-exchange of at least 43% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

NOTE.6 SATELLITES, OTHER PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

“Satellites and other property and equipment” is broken down as follows (including assets acquired under finance leases):

Changes in gross values, depreciations and amortisation

(in millions of euros)	Satellites [1]	Other tangibles	Construction in progress	Total
Gross assets				
Gross value as of 30 June 2015	**5,227.7**	**369.9**	**1,104.0**	**6,701.7**
Acquisitions	460.0	25.9	380.7	866.6
Disposals	-	(3.0)	(0.2)	(3.2)
Scrapping of assets	(100.7)	(3.9)	-	(104.6)
Foreign-exchange variation	12.1	-	(11.3)	0.8
Transfers	759.0	10.1	(779.1)	-10
Gross value as of 30 June 2016	**6,358.1**	**399.0**	**694.2**	**7,451.3**
Acquisitions	15.0	11.0	407.3	433.3
Disposals and change in scope of consolidation	-	(14.8)	(0.2)	(15.0)
Scrapping of assets	(327.6)	(7.2)	-	(334.8)
Foreign-exchange variation	(47.4)	(0.8)	1.4	(46.8)
Transfers	278.4	18.4	(342.9)	(46.0)
Gross value as of 30 June 2017	**6,276.5**	**405.5**	**759.9**	**7,441.9**
Depreciation and amortisation				
Accumulated depreciation as of 30 June 2015	**(1,902.1)**	**(236.8)**	**-**	**(2,138.9)**
Depreciation and amortisation	(375.1)	(45.3)	-	(420.4)
Reversals (disposals)	-	0.2	-	0.2
Reversals (scrapping of assets)	100.2	3.9	-	104.1
Reclassification	2.3	1.1	-	3.4
Foreign-exchange variation	(0.4)	-	-	(0.4)
Accumulated depreciation as of 30 June 2016	**(2,175.1)**	**(276.6)**	**-**	**(2,451.7)**
Depreciation and amortisation	(414.6)	(33.1)	-	(447.7)
Reversals (disposals and change in scope of consolidation)	-	10.2	-	10.2
Reversals (scrapping of assets)	327.6	3.1	-	330.7
Reclassification	-	1.0	-	1.0
Foreign-exchange variation	9.1	0.3	-	9.4
Accumulated depreciation as of 30 June 2017	**(2,253.0)**	**(295.1)**	**-**	**(2,548.0)**
Net value as of 30 June 2015	3,325.6	133.1	1,104.0	4,562.7
Net value as of 30 June 2016	4,183.0	122.4	694.2	4,999.6
Net value as of 30 June 2017	**4,023.5**	**110.4**	**759.9**	**4,893.9**

[1] Including satellites under finance leases:

(in millions of euros)	
Gross value	870.3
Net value as of 30 June 2017	751.2

This item refers to five satellites for which capacity is leased, with the relevant agreements being considered as finance leases and recognised accordingly as assets:

(in millions of euros)	Gross value		
Express AT1	211.3	18 transponders	Agreement covering the satellite's remaining useful life, starting May 2014 and amended in 2015
Express AT2	93.5	8 transponders	Agreement covering the satellite's remaining useful life, starting July 2014
Express AM6	57.7	5 transponders	Agreement dated April 2015 covering the satellite's remaining useful life
EUTELSAT 36C	411.5	53 Ku transponders / 18 Ka transponders	Agreement covering the satellite's remaining useful life, starting February 2016
Astra 2G	96.3	8 transponders	Agreement dated January 2014 covering the satellite's remaining useful life

Satellite-related transfers at 30 June 2016 correspond to the entry into operational service of the EUTELSAT 8WB, EUTELSAT 9B and EUTELSAT 65WA satellites launched during the financial year and the EUTELSAT 115WB launched during the year 2014-2015.

The EUTELSAT 33B and EUTELSAT 115WA satellites were fully depreciated and de-orbited during the financial year ended 30 June 2016. The Telstar 12 satellite leased under a finance lease agreement left the Group's fleet.

Satellite-related transfers as of 30 June 2017 correspond to the entry into operational service of the EUTELSAT 117WB satellite and the Ka spotbeams onboard the EUTELSAT 36C satellite which were launched during the financial year ended 30 June 2016.

During the financial year ended 30 June 2017, the Group deorbited the EUTELSAT 70D and the EUTELSAT 48A satellites.

SATELLITES UNDER CONSTRUCTION

The satellites listed as below are under construction at balance sheet date and should be brought into service during the financial years as indicated:

Projects	Year
EUTELSAT 172B	2017-2018
EUTELSAT 7C and EUTELSAT 5WB	2018-2019
BROADBAND4AFRICA and QUANTUM	Calendar year 2019

NOTE.7 INVESTMENTS IN ASSOCIATES

As of 30 June 2017, investments in associates consist in equity investments in Eurobroadband Retail, and income from equity investments in the consolidated income statement corresponds to the Group's share of income from Eurobroadband Retail.

NOTE.8 ASSETS HELD FOR SALE

As of 30 June 2017, as a result of the sale of Eutelsat's interest in Hispasat initiated by Eutelsat in July 2016, the amount of the Hispasat portion was shown as assets held for sale.

NOTE.9 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are primarily made up of long-term loans, investments and advances.

NOTE.10 INVENTORIES

Gross and net inventories amounted to 3.6 million euros and 2.8 million euros as of 30 June 2016, and 4.4 million euros and 3.0 million euros as of 30 June 2017. They mainly comprise receive antennas and modems.

NOTE.11 ACCOUNTS RECEIVABLE

Credit risk is the risk that a debtor of the Group will not pay when the debt matures. This is a risk that mainly affects the "accounts receivable" category and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of a number of debtors. Depending on the assessment conducted by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the evaluation of the risk.

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

As of 30 June 2016, the net value of these receivables was 406.4 million euros. The corresponding impairment charge stood at 71.3 million euros.

As of 30 June 2017, the net value of these receivables was 345.4 million euros. The corresponding impairment charge stood at 60.4 million euros.

Not-yet-due accounts receivable as of 30 June 2016 and 30 June 2017 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2017 and the fact that no legal entity billed by the Group accounts individually for more than 10 % of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, by deposits and credit insurance.

During the financial year 2016-2017, the Group further experienced the effects of the current economic crisis in some of the areas in which it operates. Consequently, particular vigilance is called for with regard to clients in geographical areas with the potentially highest exposure to the financial crisis.

The amount of bad debt represents 16.4 million euros and 8.4 million euros as of 30 June 2016 and 2017 respectively.

11.1 CHANGE IN IMPAIRMENT OF RECEIVABLE

(in millions of euros)	Total
Value as of 30 June 2015	**60.1**
Allowance	54.3
Reversals (used)	(16.4)
Reversals (unused)	(26.7)
Value at 30 June 2016	**71.3**
Allowance	26.5
Reversals (used)	(8.4)
Reversals (unused)	(29.0)
Value as of 30 June 2017	**60.4**

11.2 ANALYSIS OF ACCOUNTS RECEIVABLE (MATURED AND UNMATURED)

(in millions of euros)	30 June 2016	30 June 2017
Unmatured receivables	179.6	196.6
Matured receivables	298.0	209.1
Between 0 and 30 days	146.7	36.5
Between 30 and 90 days	30.0	44.4
More than 90 days	121.3	128.3
Impairment	(71.3)	(60.4)
Total	**406.4**	**345.4**

11.3 GUARANTEES AND COMMITMENTS RECEIVED, WHICH MITIGATE CREDIT RISK

(in millions of euros)	30 June 2016		30 June 2017	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	80.1	31.9	73.1	26.8
Bank guarantees	86.7	61.4	67.4	55.7
Guarantees from the parent company	15.9	15.9	17.6	17.6
Total	**182.8**	**109.2**	**158.2**	**100.1**

Guarantee deposits are posted to "Other liabilities" (see Note 18 - *Other Financial Liabilities*). Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

NOTE.12 OTHER CURRENT ASSETS

Other current assets are as follows:

(in millions of euros)	30 June 2016	30 June 2017
Prepaid expenses	23.0	20.4
Tax and employee-related receivable	14.8	26.1
Total	**37.8**	**46.4**

NOTE.13 CURRENT FINANCIAL ASSETS

(in millions of euros)	30 June 2016	30 June 2017
Hedging instruments (1)	-	2.0
Other receivables	31.3	27.1
Total	**31.3**	**29.2**

(1) *See Note 27 - Financial instruments.*

NOTE.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2016	30 June 2017
Cash	316.4	323.1
Cash equivalents	837.3	84.9
Total	**1,153.8**	**408.0**

Cash equivalents are mainly composed of mutual fund investments qualifying as "cash equivalents" (50.0 million euros as of 30 June 2017) and deposit certificates, which mature less than three months from the date of acquisition (see Note 4.11 - *Cash and cash equivalents*).

The Group's cash and cash equivalents are mainly held by subsidiaries located in France, in the rest of Europe and in America.

NOTE.15 FINANCIAL ASSETS

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicate its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2016				
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2016
Assets						
Non-current financial assets						
Long-term loans and advances	Receivables	10.1	10.1	-	-	10.1
Current financial assets						
Accounts receivable	Receivables	406.4	406.4	-	-	406.4
Other receivables	Receivables	31.3	31.3	-	-	31.3
Financial instruments [1]						
Qualified as cash-flow hedges	N/A	-	-	-	-	-
No hedging	Held for trading purposes	-	-	-	-	-
Cash and cash equivalents						
Cash	N/A	316.4	316.4	-	-	316.4
Cash equivalent [2]	Fair value	837.4	-	-	837.4	837.4
Other cash equivalents	Receivables	-	-	-	-	-

[1] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

[2] Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2017				
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2017
Assets						
Non-current financial assets						
Long-term loans and advances	Receivables	21.5	21.5	-	-	21.5
Current financial assets						
Accounts receivable	Receivables	345.3	345.3	-	-	345.3
Other receivables	Receivables	27.1	27.1	-	-	27.1
Financial instruments (1)						
Qualified as cash-flow hedges	N/A	2.5	2.5	-	-	2.5
No hedging	Held for trading purposes	-	-	-	-	-
Cash and cash equivalents						
Cash	N/A	323.1	323.1	-	-	323.1
Cash equivalent (2)	Fair value	84.9	84.9	-	-	84.9
Other cash equivalents	Receivables	-	-	-	-	-

(1) *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

(2) *Fair value hierarchy: level 1 (reflecting quoted prices).*

With the exception of financial instruments, the book value of financial assets represents a reasonable approximation of their fair value.

NOTE.16 SHAREHOLDERS' EQUITY

16.1 SHAREHOLDERS' EQUITY

As of 30 June 2017, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share. As of the same date, in terms of treasury stock, the Group holds 232,500 treasury shares amounting to 5.2 million euros under a liquidity agreement. As of 30 June 2016, the Group was holding 211,560 such shares for an aggregate amount of 3.6 million euros. Furthermore, under the free share allocation plans (see below), the Group holds 106,022 equity shares amounting to 2.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

16.2 DIVIDENDS

On 04 November 2016, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.10 euro per share, i.e. a total of 255.8 million euros, taken from net income for the financial year 2015-2016.

The amount of the distribution for the financial year ended 30 June 2017, which is being proposed to the General Meeting of 08 November 2017, is 281.7 million euros, i.e. 1.21 euro per share.

16.3 SHARE-BASED COMPENSATION

During the financial year ended 30 June 2017, the Group has managed four plans set up in November 2012, February 2015, February 2016 and April 2017 respectively.

Under these four plans, the expense (excluding employer's contributions) recognised for the financial period ended 30 June 2017 was 3.6 million euros, compared to 1.5 million euros for the financial period ended 30 June 2016 (five plans).

These plans concern employees, managers and corporate officers with different performance-related objectives as presented in the table below:

Conditions	2012 Plan	2015 Plan	2016 Plan	2017 Plan
Vesting Period	November 2012 – November 2015 (1)	February 2015- June 2017	February 2016 – February 2019 (2)	July 2016 – June 2019
Settled in	Shares	Cash	Shares and cash	Cash
Lock-up period	November 2015 - November 2017 (3)	Not applicable	February 2019 – February 2021 (3)	Not applicable
Total number of attributable shares at inception	347,530	436,639	482,211	323,454
Number of recipients	712	759	805	259
Features of "Employees" Plan:				
Number of shares per recipient	200	300	300	Not applicable
Performance-related targets observed during the vesting period	Cumulative EBITDA for 50 % Average ROCE for 50 %	Cumulative EBITDA for 50 % Average ROCE for 50 %	Cumulative EBITDA for 50 % Average ROCE for 50 %	Not applicable
Features of "Managers" Plan at inception:				
Total number of shares	171,730	174,337	198,542	260,129
Performance-related targets observed during the vesting period	Cumulative EBITDA for 25 % Average ROCE for 25 % Cumulative EPS for 25 % Relative TSR(5) for 25 %	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR(5) for 1/3	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR(5) for 1/3	Revenues for 1/3 Discretionary Free-Cash-Flow for 1/3 Cost savings plan for 1/3
Features of "Corporate Officers" Plan at inception:				
Total number of shares	33,800	34,602	43,039	63,325
Performance-related targets observed during the vesting period	Cumulative EBITDA for 25 % Average ROCE for 25 % Cumulative EPS for 25 % Relative TSR(5) for 1/3for 25 %	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR(5) for 1/3	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR(5) for 1/3	Revenues for 1/4 Discretionary Free-Cash-Flow for 1/4 Cost savings plan for 1/4 Relative TSR(5) for 1/4
Share price used as taxation basis for calculating social contributions and employer's charges				
- "Employees" and "Managers" Plan (excluding Relative TSR(5) for 1/3)	€19.73	€21.14	€20.01 - €22.13	€22.14
- "Managers" Plan (Relative TSR(5) for 1/3)	€6.88	€7.82	€17.28 - €19.02	€17.73
Expense/(income) over the period (in millions of euros) (4)	0.0	0.9	0.4	2.3
Aggregate valuation of plan as of 30/06/2017 (in millions of euros) (4)	0.0	2.1	1.2	6.9

(1) For foreign subsidiaries, the grant period covers November 2012 to November 2016.

(2) For foreign subsidiaries, the grant period covers February 2016 to February 2020.

(3) There is no lock-up period for foreign subsidiaries.

(4) Excluding employer's contribution

(5) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price)

In accordance with IAS 32 “Financial Instruments: Presentation”, the acquisition cost of shares bought back by the Group under the free share allocation plans will be recorded as a reduction to the Group’s share of shareholders’ equity.

16.4 CHANGE IN THE REVALUATION SURPLUS OF FINANCIAL INSTRUMENTS

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2016	**(32.3)**
Changes in fair value within equity that can be reclassified to income	47.1
Transfer to income statement (1)	-
Balance at 30 June 2017	**14.8**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 25 – Financial result).

16.5 TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2016	**212.4**
Net change over the period	(42.4)
Balance at 30 June 2017	**170.0**

The revaluation reserve includes the value of the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 27.1 – *Foreign-exchange risk*).

The main currency generating translation differences is the US dollar.

NOTE.17 FINANCIAL DEBT

As of 30 June 2016 and 30 June 2017, the aggregate amount of bank debt is denominated in euros, with the exception of the export credit facility which is denominated in US dollars.

17.1 FINANCIAL INFORMATION AS OF 30 JUNE 2016 AND 30 JUNE 2017

(in millions of euros)	Rate	30 June 2016	30 June 2017	Maturity
Term loan 2022	Variable	600.0	600.0	31 March 2022
Bond 2019 (1)	5.000 %	800.0	800.0	14 January 2019
Bond 2020 (1)	2.625 %	930.0	930.0	13 January 2020
Bond 2021 (1)	1.125 %	500.0	500.0	23 June 2021
Bond 2022 (1)	3.125%	300.0	300.0	10 October 2022
US EXIM export credit	1.710 %	31.8	-	
ONDD-guaranteed export credit	Variable	166.0	142.3	17 May 2024
Other	Variable	0.9	-	
Sub-total of debt (non-current portion)		3,328.7	3,272.3	
Loan set-up fees and premiums		(26.5)	(19.5)	
Total of debt (non-current portion)		**3,302.4**	**3,252.9**	
Bond 2017 (1)	4.125%	850.0	-	
US EXIM export credit & ONDD		30.8	23.7	
Bank overdrafts		-	-	
Accrued interest not yet due		46.7	37.2	
Total debt (current portion)		**927.5**	**60.9**	

(1) *Fair values (level 1) are detailed below:*

(in millions of euros)	30 June 2016	30 June 2017
Bond 2017	875.1	-
Bond 2019	891.7	859.2
Bond 2020	989.0	979.5
Bond 2021	499.5	508.9
Bond 2022	337.8	333.7

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

Furthermore, the Group has 650 million euros available under its various active lines of undrawn revolving credit as of 30 June 2017.

17.2 CHANGE IN STRUCTURE

In March 2017, Eutelsat S.A. reimbursed the bonds issued on 26 March 2010 with a coupon of 4.125% for a nominal amount of 850 million euros.

Furthermore, Eutelsat S.A. renegotiated a revolving credit facility of 450 million euros with a maturity of five years (with two possible extension facilities of one year each subject to lender agreement), replacing the previous facility of the same amount, expiring in September 2018.

17.3 DEBT MATURITY ANALYSIS

As of 30 June 2017, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	600.0	-	600.0	-
ONDD-guaranteed export credit	166.0	23.7	94.9	47.4
Bond 2019	800.0	-	800.0	-
Bond 2020	930.0	-	930.0	-
Bond 2021	500.0	-	500.0	-
Bond 2022	300.0	-	-	300.0
Total	**3,296.0**	**23.7**	**2,924.9**	**347.4**

17.4 COMPLIANCE WITH BANKING COVENANTS

The term loan is linked to the same type of financial covenant as those existing on other agreements (revolvers and export credits), i.e. the total net debt to EBITDA ratio must remain less than or equal to 4.0 to 1.

Under the term loan covenants, each lender may request early repayment of all sums due in case of unregulated downgrading of Eutelsat or bonds issued by Eutelsat respectively, as a result of a change of control of Eutelsat or a change of control of Eutelsat Communications.

The banking covenants on other financing facilities (ONDD export credit) in place as of 30 June 2017, which require a total net debt to EBITDA ratio below or equal to 3.75 to 1, have not changed since their inception.

As of 30 June 2017, the Group was in compliance with all banking covenants under its credit facilities.

17.5 RISK MANAGEMENT

Information on interest rate risk and liquidity risk is available in Note 18 - *Other Financial Liabilities* and Note 27 - *Financial Instruments*.

NOTE.18 OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2016	30 June 2017
Derivative instruments [(1)]	174.3	105.1
Finance leases	831.1	652.6
Other liabilities	97.5	107.9
Total	**1,102.9**	**865.6**
Incl. current portion	*49.0*	*67.6*
Incl. non-current portion	*1,053.9*	*798.1*

[(1)] *See Note 27 - Financial instruments.*

The financial instruments are measured at fair value (Level 2), and the other financial liabilities at amortised cost. For information, the amortised cost of financial liabilities represents a reasonable approximation of fair value. The fair value of derivative instruments is provided by the banks.

Amounts shown for finance leases include accrued interest totalling 8.1 million euros as of 30 June 2016 and 2.0 million euros as of 30 June 2017.

“Other liabilities” mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

NOTE.19 FINANCIAL LIABILITIES

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2016				Fair value as of 30 June 2016
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	781.6	781.6			781.6
Bond	At amortised cost	3,363.8	3,363.8			3,593.1
Fixed rate loans	At amortised cost	37.6	37.6			37.6
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	880.5	880.5			880.5
Current	At amortised cost	48.0	48.0			48.0
Derivative instruments [1]						
Qualified as hedges		173.3		173.3		173.3
No hedging		1.0			1.0	1.0
Accounts payable	At amortised cost	66.7	66.7			66.7
Fixed assets payable	At amortised cost	51.3	51.3			51.3

[1] *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2017 Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	Fair value as of 30 June 2017
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	758.1	758.1			758.1
Bond	At amortised cost	2,518.4	2,518.4			2,681.3
Fixed rate loans	At amortised cost	-	-			-
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	650.1	650.1			650.1
Current	At amortised cost	110.4	110.4			110.4
Derivative instruments [(1)]						
Qualified as hedges		105.1			105.1	105.1
No hedging		-	-		-	-
Accounts payable	At amortised cost	54.6	54.6			54.6
Fixed assets payable	At amortised cost	67.4	67.4			67.4

[(1)] *Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).*

With the exception of financial instruments and bonds, the book value of financial liabilities represents a reasonable approximation of their fair value.

NOTE.20 OPERATING AND FINANCE LEASES

20.1 OPERATING LEASES

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance in June 2014 for a fixed-term nine-year period starting 1 July 2014. The rent expense amounted to 4.0 million euros for the financial years ended 30 June 2016 and 30 June 2017. Future payments with respect to the lease agreement are detailed in the following table:

(in millions of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	24.1	4.0	16.4	3.7

20.2 FINANCE LEASES

The Group operates five satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term. The last finance lease contract will expire in 2031.

Financial expenses for satellites operated under finance leases amounted to 13.6 million euros at 30 June 2016 and 17.5 million euros at 30 June 2017.

Finance lease contracts mature as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Finance leases	764.4	54.6	286.0	423.8
Total	**764.4**	**54.6**	**286.0**	**423.8**

NOTE.21 OTHER PAYABLES AND DEFERRED REVENUES

21.1 NON-CURRENT PORTION

Other non-current debts only include deferred revenue.

21.2 CURRENT PORTION

Other current payables and deferred revenues were as follows as of 30 June 2016 and 30 June 2017:

(in millions of euros)	30 June 2016	30 June 2017
Deferred revenues	80.0	67.4
Tax liabilities	10.2	19.0
Liabilities for social contributions (1)	45.5	50.1
Total	**135.7**	**136.6**

(1) *Including the liability related to the liquidity offer of €2.3 million at 30 June 2016 and €3.1 million at 30 June 2017.*

Deferred revenues mainly include prepayments made by clients for the provision of telecommunication and frequency coordination services.

NOTE.22 INCOME TAX

22.1 INCOME-STATEMENT TAX BALANCES

The “Income tax" expense comprises current and deferred tax expenses of consolidated entities.

The Group’s income tax expense is as follows:

(in millions of euros)	30 June 2016	30 June 2017
Current tax expense	(179.8)	(167.3)
Deferred tax income (expense)	(20.0)	47.2
Total income tax expense	**(199.8)**	**(120.1)**

The theoretical income tax expense, based on application to the pre-tax result (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

(in millions of euros)	30 June 2016	30 June 2017
Income before tax and income from equity investments	539.1	483.5
Standard French corporate tax rate	38.0%	34.4%
Theoretical income-tax expense	(204.8)	(166.5)
Differences in corporate tax rates (1)	22.1	56.1
Use of tax losses	6.4	-
Deferred tax generated during the previous period and recognised for the period	5.6	13.5
Other permanent differences (2)	(29.1)	(23.2)
Corporate tax expense in the income statement	**(199.8)**	**(120.1)**
Actual corporate tax rate	*37.1%*	*24.8%*

(1) Differences in income tax rates include the effects (amounting to €38.8 million) of the French 2017 Finance Act (“Loi de finances 2017”), which provides for a decrease to 28.92% of the standard corporate income tax for financial years beginning on or after 1 January 2020.

(2) Other permanent differences are mainly composed of a 3% additional contribution on dividends, and the effects of the French 2013 Finance Act (“Loi de finances 2013”) which caps the deductibility of financial expenses at 75%.

22.2 BALANCE-SHEET TAX BALANCES

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2016 and 30 June 2017 were as follows:

(in millions of euros)	30 June 2016	Foreign exchange impact and reclassification	Net income for the period	Recognised in equity	30 June 2017
Deferred tax assets					
Financial Instruments	58.1	-	(3.4)	(21.0)	33.7
Loss carry-forwards	20.6	(2.4)	10.6	-	28.8
Bad-debt provisions	24.4	-	(5.5)	-	18.9
Financial guarantee granted to the pension fund	34.8	-	(11.3)	(10.0)	13.5
Provisions for risks and expenses	3.9	(0.5)	4.6	-	8.0
Accrued liabilities	8.8	-	(2.2)	-	6.6
Pension provision	6.2	-	(0.5)	(1.5)	4.2
Finance leases	0.3	-	0.4	-	0.7
Sub-total (a)	**157.1**	**(2.9)**	**(7.3)**	**(32.5)**	**114.4**
Deferred tax liabilities					
Intangible assets	(141.1)	0.5	37.8	-	(102.8)
Tangible assets	(273.5)	4.2	17.4	-	(251.9)
Capitalised interest	(2.2)	0.1	(0.6)	-	(2.7)
Performance incentives and capitalised salaries	(1.7)	-	0.8	-	(0.9)
Other	(0.7)	(2.0)	(0.9)	-	(3.6)
Sub-total (b)	**(419.2)**	**2.8**	**54.5**	**-**	**(361.9)**
Total = (a) + (b)	**(262.1)**	**(0.1)**	**47.2**	**(32.5)**	**(247.5)**
Reflected as follows in the financial statements:					
Deferred tax assets	8.5				5.6
Deferred tax liabilities	(270.6)				253.1
Total	**(262.1)**				**(247.5)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by:

- the accounting treatment at fair value of “Customer contracts and relationships” and other intangible assets in the context of the acquisition of Eutelsat S.A. and Satmex;
- the accelerated depreciation of satellites.

22.3 TAX LOSSES

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carryforwards	169.5	-	-	-	169.5
Total	**169.5**				**169.5**

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 83.7 million euros as of 30 June 2017, with the following maturity dates:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carryforwards	83.7	0.1	0.3	-	83.3
Total	**83.7**	**0.1**	**0.3**	**-**	**83.3**

NOTE.23 PROVISIONS

(in millions of euros)	30 June 2016	Allowance	Reversal		Recognised in equity	30 June 2017
			Used	Unused		
Financial guarantee granted to a pension fund	101.9	1.7	(12.8)	-	(19.2)	71.6
Retirement indemnities	17.9	1.4	(0.5)	-	(4.0)	14.8
Post-employment benefits (1)	8.6	6.0	(0.3)	-	-	14.3
Total post-employment benefits	**128.4**	**9.1**	**(13.6)**	**-**	**(23.2)**	**100.7**
Litigation (2)	11.1	16.8	(1.4)	(0.8)	-	25.7
Other	6.9	4.7	(5.1)	-	-	6.5
Total provisions	**146.4**	**30.6**	**(20.1)**	**(0.8)**	**(23.2)**	**132.9**
Incl. non-current portion	128.4					97.3
Incl. current portion	18.0					35.6

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

(2) Litigation recorded at end of period covers commercial, employee-related and tax litigation.

23.1 FINANCIAL GUARANTEE GRANTED TO A PENSION FUND

As a result of the transfer by the IGO of its operational business as of 2 July 2001, Eutelsat S.A. granted its financial guarantee to the Trust managing the pension plan established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

During the period ended 30 June 2017, the financial guarantee was called on for 35.9 million euros. This amount was measured on the basis of the Trust's projections of future market developments. In March 2017, an agreement was reached with the Trust over nine annual instalments of 4.0 million euros to be paid between 30 June 2017 and 30 June 2025. It should be noted that these payments may be adjusted according to possible changes in the future financial position which will be assessed on an annual basis.

As of 30 June 2017, the first 4.0 million-euro payment under the March 2017 agreements was made.

The actuarial valuation performed as of 30 June 2016 and 30 June 2017 was based on the following assumptions:

	30 June 2016	30 June 2017
Discount rate	1.75%	1.85%
Expected rate of return on assets	1.75%	1.85%
Rate for pension increases	2.25%	1.75%
Inflation rate	1.75%	1.25%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	62 years	62 years

A 50 base point decrease in discount rates would result in an increase in commitments totalling 20.6 million euros.

A 50 base point decrease in prospective yield rates would result in a decline in assets and in the expected fund yield by 0.7 million euros.

As of 30 June 2016 and 30 June 2017, the position was as follows:

Comparative summary

	30 June				
(in millions of euros)	**2013**	**2014**	**2015**	**2016**	**2017**
Present value of obligations wholly or partly funded	225.3	217.4	231.8	241.2	216.5
Fair values of plan assets	(159.9)	(154.1)	(153.6)	(139.3)	(136.9)
Net financing requirement	65.4	63.3	78.2	101.9	79.6
Net debt reported on balance sheet	-	-	-	-	(8.0)
Net (asset)/liability recognised in the balance sheet	**65.4**	**63.3**	**78.2**	**101.9**	**71.6**

Reconciliation between the present value of obligations at beginning and end of period:

(in millions of euros)	30 June 2016	30 June 2017
Present value of the obligations at beginning of period	**231.8**	**241.2**
Financial cost	5.8	4.1
Actuarial differences related to financial assumptions: (gains)/losses [1]	9.8	(21.7)
Benefits paid	(6.2)	(7.1)
Present value of the obligations at end of period	**241.2**	**216.5**

[1] *Differences resulting mainly from changes in the expected rates of return on assets, discount rates and inflation rates.*

Reconciliation between the fair value of plan assets at beginning and end of period:

(in millions of euros)	30 June 2016	30 June 2017
Fair value of plan assets at beginning of period	**153.6**	**139.3**
Expected return on plan assets	3.8	2.4
Actuarial differences: gains/(losses)	(11.9)	(2.5)
Contributions paid	-	4.8
Benefits paid	(6.2)	(7.1)
Fair value of plan assets at end of period	**139.3**	**136.9**

The fair value of plan assets includes no amount relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on the plan's assets was (8.1) million euros and (0.1) million euros as of 30 June 2016 and 30 June 2017 respectively.

Net expense (net gains) recognised in the income statement

(in millions of euros)	30 June 2016	30 June 2017
Service cost for the period	-	-
Financial cost	5.8	4.1
Expected return on plan assets	(3.8)	(2.4)
Net expense (net gains) recognised in the income statement	**2.0**	**1.7**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

Reconciliation of assets and obligations recognised in the balance sheet

(in millions of euros)	30 June 2016	30 June 2017
Provision at beginning of period	**78.2**	**101.9**
Net expense (net gains) recognised in the income statement	2.0	1.7
Actuarial differences: (gains)/losses	21.7	(19.2)
Contributions paid	-	(4.8)
Current and non-current debt	-	(8.0)
Provisions at end of period	**101.9**	**71.6**

23.2 POST-EMPLOYMENT BENEFITS

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from the Company. This scheme is not funded.

The actuarial valuations performed at 30 June 2016 and 30 June 2017 were based on the following assumptions:

	30 June 2016	30 June 2017
Discount rate	1.45%	1.45%
Salary growth rate	2.50%	2.00%
Mortality table	TH/TF00-02	TH/TF00-02
Retirement age	65 years	65 years
Type of retirement	Voluntary retirement	Voluntary retirement
Rate of employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. The last valuation was performed during the financial year 2015-2016.

Age (years)	2016 Turnover	2017 Turnover
25	11.52	11.52
30	8.09	8.09
35	5.50	5.50
40	3.55	3.55
45	2.09	2.09
50	0.98	0.98
55	0.14	0.14
60	0.00	0.00

As of 30 June 2016 and 30 June 2017, the position was as follows:

Comparative summary

(in millions of euros)	30 June				
	2013	2014	2015	2016	2017
Present value of obligations not financed	12.4	15.1	18.0	18.0	14.8
Past-service cost (amortised)	-	-	-	(0.1)	-
Actuarial differences: gains/(losses)	-	-	-	-	-
Liability recognised on balance sheet	**12.4**	**15.1**	**18.0**	**17.9**	**14.8**

Reconciliation between the present value of obligations at beginning and end of period:

(in millions of euros)	30 June 2016	30 June 2017
Present value of the obligations at beginning of period	**18.0**	**17.9**
Service cost for the period	1.2	1.2
Financial cost	0.4	0.2
Actuarial differences related to financial assumptions: (gains)/losses	(0.6)	(1.0)
Actuarial differences related to demographic assumptions: (gains)/losses	(0.4)	(3.0)
Termination indemnities paid	(0.7)	(0.5)
Present value of the obligations at end of period	**17.9**	**14.8**

Net expense recognised in the income statement

(in millions of euros)	30 June 2016	30 June 2017
Service cost for the period	1.2	1.2
Financial cost	0.4	0.2
Net expense recognised in the income statement	**1.6**	**1.4**

History of experience and changes in assumptions

(in millions of euros)	30 June 2017
History of experience regarding the value of obligations: (gains)/losses	(1.0)
Impact of changes in assumptions	(3.0)
History of experience and changes in assumptions	**(4.0)**

b) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 8.3 million euros and 8.4 million euros at 30 June 2016 and 30 June 2017 respectively.

c) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees working in France (excluding directors and corporate officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid under the plan stood at 1.9 million euros and 2.1 million euros at 30 June 2016 and 30 June 2017 respectively.

NOTE.24 SEGMENT INFORMATION

Having performed an analysis and with respect to IFRS 8, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their purpose. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Chief Executive Officer, the Deputy Chief Executive Officers and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term lease agreements, less cash and cash equivalents (net of bank credit balances).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, the share attributable to non-controlling interests and the share attributable to the Group.

24.1 SEGMENT REPORTING

(in millions of euros)	30 June 2016	30 June 2017
Total revenues	**1,529.0**	**1,477.9**
Total operating costs	(364.4)	(344.4)
EBITDA	**1,164.6**	**1,133.6**
Depreciation and amortisation:	(500.6)	(532.9)
Other operating income (expenses), net	(2.0)	14.1
Operating income	**662.0**	**614.8**
Total interest	(115.1)	(127,2)
Income tax	(199.8)	(120.1)
Other financial income (expenses)	(7.9)	(3.7)
Net income before revenue from equity investments and non-controlling interests	**339.2**	**363.7**
Income from equity investments	23.5	(0.4)
Net income	**362.7**	**363.4**
Non-controlling interests	(14.3)	(11.6)
Net income attributable to the Group	**348.5**	**351.8**
Tangible investments (cash flow)	390.2	393.0
Net debt (including finance leases)	**4,006.8**	**3,640.7**

Net debt breaks down as follows:

(in millions of euros)	30 June 2016	30 June 2017
Term loan	600.0	600.0
Bonds	3,380.0	2,530.0
Other loans	0.9	-
Export credit	228.7	166.0
"Change" portion of the cross-currency swap	128.0	102.0
Finance leases	823.0	650.5
Cash and cash equivalents	(1,153.8)	(408.0)
Total	**4,006.8**	**3,640.7**

24.2 INFORMATION PER GEOGRAPHICAL ZONE

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2016 and 30 June 2017 were as follows:

(in millions of euros and as a percentage)	30 June 2016		30 June 2017	
Regions	**Amount**	**%**	**Amount**	**%**
France	147.7	9.7	111.8	7.6
Italy	187.3	12.2	163.6	11.1
United Kingdom	108.7	7.1	98.2	6.6
Europe (other)	414.9	27.1	398.6	27.0
Americas	330.3	21.6	330.1	22.3
Middle-East	203.4	13.3	233.1	15.8
Africa	96.2	6.3	106.0	7.2
Asia	39.4	2.6	36.4	2.5
Other	1.1	0.1	0.1	0.0
Total	**1,529.0**	**100.0**	**1,477.9**	**100.0**

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

NOTE.25 FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	30 June 2016	30 June 2017
Interest expense after hedging [1]	(134.0)	(130.9)
Loan set-up fees and commissions [2]	(8.8)	(11.3)
Capitalised interest [3]	27.7	15.0
Cost of gross debt	**(115.1)**	**(127.2)**
Financial income	3.2	1.5
Cost of net debt	**(111.9)**	**(125.7)**
Changes in financial instruments [4]	(1.2)	(0.3)
Foreign-exchange impact	(9.5)	(2.1)
Other	(0.4)	(2.7)
Financial result	**(123.0)**	**(130.9)**

(1) The interest expense was not impacted by instruments qualified as interest-rate hedges during the financial period ended 30 June 2017. It was impacted by such instruments for 2.8 million euros during the financial period ended 30 June 2016.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned.

The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 3.46 % at 30 June 2016 and 3.09% at 30 June 2017.

(4) Changes in fair value of financial instruments mainly include:

- changes in fair value of derivatives not qualified as hedges;

- the ineffective portion of qualifying derivatives in a hedging relationship;

- de-qualifications/sales of hedging instruments (see Note 27 - Financial Instruments).

NOTE.26 EARNINGS PER SHARE

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted): There were no dilutive instruments as of 30 June 2016 and 30 June 2017.

(in millions of euros)	30 June 2016	30 June 2017
Net income	**362.8**	**363.4**
Income from subsidiaries attributable to non-controlling interests	(14.3)	(11.6)
Net earnings used to compute earnings per share	**348.5**	**351.8**
Average number of shares	**229,856,366**	**232,609,232**

NOTE.27 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest-rates. Exposure to such risks are actively managed by Management. and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

27.1 FOREIGN-EXCHANGE RISK

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the US dollar.

Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

Due to the geographic diversification of its activities, the Group is exposed to conversion risk, which means that its balance sheet and income statement are impacted by fluctuations in exchange parities upon consolidation of the financial statements of its foreign subsidiaries outside the euro zone (translation risk). For investments in currencies not included in the euro zone, the Group's translational risk hedging policy consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Hedging instruments used by the Group include currency derivatives (cross-currency swaps) documented as net foreign investment hedges.

Given its exposure to foreign currency risk, the Group believes that a 15% increase in the US dollar/euro exchange rate would generate (excluding foreign exchange derivatives) a decline in Group income of 70 million euros and a decrease in operational/commercial/administrative costs of 7 million euros, and would result in a negative change of 242 million euros in the Group translation reserve and a change of 80 million euros in the Group translation reserve in relation with the cross currency swap.

27.2 INTEREST-RATE RISK

Interest rate risk management

During the financial year ended 30 June 2017, the Group executed an anticipatory hedging transaction (forward swap) amounting to 500 million euros to hedge the market rate of a bond issuance planned between 14 April 2019 and 13 January 2020 with a view to refinancing the 930 million euro bond maturing on 13 January 2020. The transaction was designated as a future cash flow hedge

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2017, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 0.3 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

27.3 FINANCIAL INFORMATION AS OF 30 JUNE 2016 AND 30 JUNE 2017

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2016 and 30 June 2017. The instruments are valued by an independent expert and this valuation is verified/validated in valuations provided by the Group's banking counterparts.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)
	30 June 2016	30 June 2017	30 June 2016	30 June 2017			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	-	87.8	-	2,5	2.5	(1.3)	3.7
Cross currency swap	500.0	500.0	(115.2)	(90,1)	25.1	-	25.1
NDF	8.9	-	(1.0)	-	1.0	1.0	-
Total forex derivatives	**508.9**	**587.8**	**(116.2)**	**(87,6)**	**28.6**	**(0.3)**	**28.8**
Pre-hedging swap	800.0	1,300.0	(58.1)	(15,0)	43.1	-	43.1
Total interest rate derivatives	**800.0**	**1,300.0**	**(58.1)**	**(15,0)**	**43.1**	**-**	**43.1**
Total derivatives			**(174.3)**	**(102,6)**	**71.7**	**(0.3)**	**71.9**

At 30 June 2017, the cumulative fair value of financial instruments was positive at 2.5 million euros and negative at 105.1 million euros (see Note 9 - *Non-current financial assets* and Note 18 - *Other financial liabilities*).

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualified as hedges is as follows:

- The coupons on swaps that qualify as cash flow hedges are directly recognised under income. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons ("clean fair value").
- The coupons on the cross currency swap that qualifies as net investment hedge, as well as its fair value excluding coupons ("clean fair value") are recognised directly in equity.

27.4 FINANCIAL-COUNTERPARTY RISK

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2017, counterparty risk associated with these operations is not considered as significant (see Note 11 on credit risk on accounts receivables).

27.5 LIQUIDITY RISK

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolving lines of credit from banks, bond loans and satellite lease agreements.

The Group's debt maturity is reflected in the table below.

Breakdown of net financial liabilities by maturity (in millions of euros):

As of 30 June 2016	Balance-sheet value	Total contractual cash flows	06/2017	06/2018	06/2019	06/2020	06/2021	More than 5 years
Eutelsat Com. Term loan	(597.4)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(3,363.8)	(3,726.5)	(964.5)	(79.4)	(879.4)	(969.4)	(515.0)	(318.8)
US EXIM export credit	(37.6)	(40.9)	(7.7)	(7.6)	(7.5)	(7.3)	(7.2)	(3.6)
ONDD-guaranteed export credit	(183.3)	(201.1)	(26.3)	(26.0)	(25.6)	(25.3)	(25.0)	(72.9)
Finance leases	(823.0)	(944.7)	(162.0)	(79.7)	(81.4)	(80.9)	(67.4)	(473.3)
Qualified interest rate derivatives (1)	(173.3)	(173.3)	-	-	(58.2)	(115.1)	-	-
Unqualified derivatives	(1.0)	(1.0)	(1.0)	-	-	-	-	-
Total financial debt	**(5,179.3)**	**(5,713.2)**	**(1,166.9)**	**(198.1)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(868.5)**
Other financial liabilities	(105.6)	(105.6)	(83.4)	(22.2)	-	-	-	-
Total financial liabilities	**(5,284.9)**	**(5,818.8)**	**(1,250.3)**	**(220.3)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(868.5)**
Foreign exchange derivatives (1)	-	-	-	-	-	-	-	-
Financial Assets	41.4	41.4	31.3	1.2	-	-	-	8.9
Cash	316.4	316.4	316.4	-	-	-	-	-
Cash equivalents	837.3	837.3	837.3	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
Total financial assets	**1,195.1**	**1,195.1**	**1,185.0**	**1.2**	**-**	**-**	**-**	**8.9**
Net position	**(4,089.8)**	**(4,623.7)**	**(65.3)**	**(219.1)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(859.6)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

As of 30 June 2017	Balance-sheet value	Total contractual cash flows	06/2018	06/2019	06/2020	06/2021	06/2022	More than 5 years
Eutelsat Com. Term loan	(597.8)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(2,518.4)	(2,762.0)	(79.4)	(879.4)	(969.4)	(515.0)	(9.4)	(309.4)
ONDD-guaranteed export credit	(160.4)	(174.1)	(25.8)	(25.5)	(25.2)	(24.9)	(24.6)	(48.2)
Finance leases	(650.6)	(764.4)	(54.6)	(82.7)	(82.0)	(67.4)	(53.9)	(423.8)
Qualified interest rate derivatives (1)	(105.1)	(105.1)	-	(16.5)	(88.6)	-	-	-
Total financial debt	**(4,032.3)**	**(4,431.3)**	**(165.2)**	**(1,009.5)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**
Other financial liabilities	(109.9)	(109.9)	(28.5)	(81.4)	-	-	-	-
Total financial liabilities	**(4,142.2)**	**(4,541.2)**	**(193.7)**	**(1,090.9)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**
Foreign exchange derivatives (1)	2.4	2.4	2.0	0.4	-	-	-	-
Financial Assets	48.8	48.8	26.8	22.0	-	-	-	-
Cash	323.1	323.1	323.1	-	-	-	-	-
Cash equivalents	84.9	84.9	84.9	-	-	-	-	-
Total financial assets	**459.2**	**459.2**	**436.8**	**22.4**	**-**	**-**	**-**	**-**
Net position	**(3,683.0)**	**(4,082.0)**	**243.1**	**(1,068.5)**	**(1,170.6)**	**(612.7)**	**(691.9)**	**(781.4)**

(*) *The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).*

Cash-flow hedges – Fair value recognised in equity, to be reclassified to income

(in millions of euros)	Fair value recognised in equity and to be reclassified to income						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(87.6)	2.0	0.4	(90.1)	-	-	-
Interest rate risk hedges	(15.0)	-	(16.5)	1.5	-	-	-
Net total at 30 June 2017	**(102.6)**	**2.0**	**(16.1)**	**(88.6)**	**-**	**-**	**-**

Furthermore, the amendment to IFRS 7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for Eutelsat as of 30 June 2017 (neither on the balance sheet under IAS 32, nor on net exposure).

NOTE.28 PURCHASE COMMITMENTS

As of 30 June 2017, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial standing with the exception of the following items:

28.1 PURCHASE COMMITMENTS

The Group has entered into commitments with suppliers for the acquisition of assets (satellites and other assets) and the provision of services for 1,080 million euros as of 30 June 2016 and 751 million euros as of 30 June 2017.

The following table lists future payments for these services and acquisitions as of 30 June 2016 and 30 June 2017:

(in millions of euros)	As of 30 June 2016	As of 30 June 2017
2017	304	-
2018	344	196
2019	303	200
2020	64	87
2021 and beyond(1)	64	52
2022 and beyond	-	216
Total	**1,080**	**751**

(1) For the period reported in respect of the financial year ended 30 June 2016.

As of 30 June 2017, the above total includes 0.2 million euros for purchase commitments entered into with related parties.

The Group may receive penalty payments related to incidents affecting the performance of its operational satellites.

28.2 COMMITMENTS RECEIVED

The Group holds a put option by Abertis on its investment in Hispasat, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

The Group exercised the put option in July 2016 (see Note 8 – *Assets held for sale*).

NOTE.29 LITIGATION AND CONTINGENT LIABILITIES

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. The main ongoing legal actions and business disputes are described as follows:

Viasat Brasil:
Following a significant breach by ViaSat Brasil of its legal obligations, the Group cancelled the agreement signed with this company for the use of the Ka-band payload on the EUTELSAT 3B satellite.
ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court, which declined jurisdiction in August 2016. The claimant filed an appeal against the court's decision, but the court of appeal confirmed the judgement delivered by the court of first instance.

Tax dispute in France:
Eutelsat S.A. which is included in the tax consolidation group headed by Eutelsat Communications S.A. underwent an accounting audit in respect of the financial years ended 30 June 2012, 2013 and 2014.
In addition to the tax adjustment notified in December 2015, the French tax authorities issued new tax reassessments on 27 December 2016 in respect of the financial years ended 2013 and 2014. In its response to the tax authorities on 24 February 2017, Eutelsat S.A. rebutted all the adjustments contained in this last notification, believing that it has strong defences. At balance sheet date, Eutelsat had not booked any provision for risks in respect of the tax reassessment, considering it as a contingent liability.

HorizonSat:
During the financial year ended 30 June 2015, Eutelsat SA was summoned by HorizonSat before the Commercial Court of Paris for unilateral termination without compensation of a commercial bid. In April 2017, Eutelsat was convicted by the Court but the plaintiff appealed against the court's decision.

LC2 International:
Eutelsat S.A. was summoned by LC2 International before the Commercial Court of Paris for suspension of satellite broadcasting services. As of 30 June 2017, no judgement was delivered by the court.

Frequency right:
Discussions are underway between Eutelsat and the Italian Ministry of Telecommunications on the use of landing rights.

NOTE.30 RELATED-PARTY TRANSACTIONS

Related parties consist of:
- direct and indirect shareholders, and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- minority shareholders of entities which the Group consolidates under the full consolidation method;
- companies in which the Group has an equity interest that it consolidates under the equity method, and members of the key management personnel.

The Group considers that the concept of "key management personnel" as applied to Eutelsat's governance includes members of the administrative and management bodies, namely the CEO, the Deputy CEOs and the other members of the Board of Directors.

Excluding key management personnel, Eutelsat Group considers as related parties only those relationships having an interest in associates as defined under IFRS 12 (non-controlling interests). The other relationships are not considered as significant.

Amounts concerning related party transactions are shown in the tables below:

30.1 RELATED PARTIES THAT ARE NOT MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2016 and 30 June 2017 are as follows:

(in millions of euros)	30 June 2016	30 June 2017
Gross receivables (including unbilled revenues) (1)	5.9	1.0
Debt (including deferred payments)	732.6	569.6

As of 30 June 2016 and 30 June 2017, debt (exclusively to entities having non-controlling interests) included finance lease agreements entered into in respect of the EXPRESS AT1, EXPRESS AT2, EXPRESS AM6 and EUTELSAT 36C satellites.

Related-party transactions included in the income statements for the periods ended 30 June 2016 and 30 June 2017 are as follows:

(in millions of euros)	30 June 2016	30 June 2017
Revenues [1]	37.4	27.5
Operating costs, selling, general and administrative expenses	-	-
Financial result	11.6	15.5

For the year ended 30 June 2017, no related-party transaction accounts individually for more than 10 % of revenues.

Furthermore, the Group has entered into transactions with certain shareholders for the provision of services related to the monitoring and control of its satellites.

30.2 COMPENSATION PAID TO MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

(in millions of euros)	30 June 2016	30 June 2017
Compensation excluding employer's charges	2.1	1.9
Short-term benefits: employer's charges	0.7	0.6
Total short-term benefits	**2.8**	**2.5**
Post-employment benefits	See below	See below
Other long-term benefits (indemnity payment for unintended termination of activity)	Not applicable	Not applicable
Share-based payment	See below	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based payment

At its meetings of 08 November 2012, 11 February 2015, 16 February 2016 and 25 April 2017 (see Note 16.3 – *Share-based compensation*), the Board of Directors approved free share allocation plans for the benefit of members of the Group's administrative and management bodies subject to conditions set out in the plan and to set 50% holding rate for all fully vested shares during the terms of office of the Company's directors and corporate officers ("*mandataires sociaux*").

The value of the benefit granted is spread over a three-year vesting period. The expense recognised for the periods ended 30 June 2016 and 30 June 2017 was (0.2) million euros and (0.7) million euros.

NOTE.31 STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(in millions of euros)	30 June 2016	30 June 2017
Operating costs	50.5	52.9
Selling, general and administrative expenses	81.3	100.6
Total (1)	**131.8**	**153.5**

(1) *Including (1.5) million euros and (3.6) million euros at 30 June 2016 and 30 June 2017 respectively for expenses related to share-based payments.*

The average number of employees (in full time equivalents) is as follows:

	30 June 2016	30 June 2017
Operations	426	455
Selling, general and administrative	573	534
Total	**999**	**990**

As of 30 June 2017, the Group has 958 employees in full time equivalents, against 1,010 as of 30 June 2016.

Compensation (including employer's contributions) paid to Eutelsat Communications' directors and corporate officers ("*mandataires sociaux*") employed by the Group amounted to 2.5 million euros for the financial period ended 30 June 2017. During the financial year ended 30 June 2016, attendance fees paid to the members of the Board of Directors amounted to 0.6 million euros.

The Group has a corporate savings plan ("*plan d'épargne d'entreprise"* or "PEE") reserved for Eutelsat S.A. employees with more than three months of service, funded through voluntary contributions by employees.

Via its Eutelsat S.A subsidiary, the Group has an employee incentive scheme ("*accord d'intéressement*"), which was set up for a three-year period. The incentive scheme is based on objectives renewable each year.

NOTE.32 SCOPE OF CONSOLIDATION

As of 30 June 2017, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2017	% interest as of 30 June 2017
Eutelsat Communications S.A.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.37%
Eutelsat S.A. Sub-Group				
Eutelsat Broadband Services	France	FC	100.00%	96.37%
Fransat S.A.	France	FC	100.00%	96.37%
Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	96.37%
Eutelsat Participaoes (1)	Brazil	FC	100.00%	96.37%
Satmex Holding BV (1)	Netherlands	FC	100.00%	96.37%
Satelites Mexicanos SMVS (1)	Mexico	FC	100.00%	96.37%
EAS Delaware Corp. (1)	USA	FC	100.00%	96.37%
Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.37%
Satelites Mexicanos Tecnicios SMVS	Mexico	FC	100.00%	96.37%
Satmex US LLC (1)	USA	FC	100.00%	96.37%
Satmex do Brasil (1)	Brazil	FC	100.00%	96.37%
Eutelsat Serivicos de Telecom. do Brasil Ltd (1)	Brazil	FC	100.00%	96.37%
Eutelsat Latam Corp. (1)	USA	FC	100.00%	96.37%
Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.37%
Skylogic S.p.A	Italy	FC	100.00%	96.37%
Eutelsat Latin America (1)	Panama	FC	100.00%	96.37%
Eutelsat Russia(1)	Russia	FC	100.00%	96.37%
Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.37%
Eutelsat Inc.	USA	FC	100.00%	96.37%
Eutelsat America Corp.	USA	FC	100.00%	96.37%
Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.37%
Eutelsat Polska spZoo	Poland	FC	100.00%	96.37%
Skylogic Finland Oy	Finland	FC	51.00%	49.15%
Skylogic France SAS	France	FC	51.00%	49.15%
Skylogic Germany GmbH	Germany	FC	51.00%	49.15%
Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.37%
Irish Space Gateways	Ireland	FC	51.00%	49.15%
CSG Cyprus Space Gateways	Cyprus	FC	51.00%	49.15%
Skylogic Eurasia	Turkey	FC	51.00%	49.15%
Skylogic Greece	Greece	FC	51.00%	49.15%
Skylogic Espana S.A.U.	Spain	FC	51.00%	49.15%
Skylogic Croatia d.o.o.	Croatia	FC	51.00%	49.15%
Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.37%
Eutelsat Asia	Singapore	FC	100.00%	96.37%
ES172 LLC	USA	FC	100.00%	96.37%
EA172 UK	United Kingdom	FC	100.00%	96.37%
Eutelsat Australia PTY Ltd	Australia	FC	100.00%	96.37%

Eutelsat Middle-East	Dubai	FC	100.00%	96.37%
Eutelsat International	Cyprus	FC	51.00%	49.15%
Eutelsat Network	Russia	FC	51.00%	49.15%
Taurus Satellite Holding	United Kingdom	FC	100.00%	96.37%
Broadband4Africa Limited	United Kingdom	FC	78.95%	76.08%
Broadband4Africa France SAS	France	FC	78.95%	76.08%
Broadband4Africa Italy Srl	Italy	FC	78.95%	76.08%
Broadband4Africa Israel Ltd	Israel	FC	78.95%	76.08%
Broadband4Africa Côte d'Ivoire SARL[1]	Côte d'Ivoire	FC	78.95%	76.08%
Broadband4Africa South Africa Ltd	South Africa	FC	78.95%	76.08%
Eurobroadband Infrastructure SARL	Switzerland	FC	51.00%	49.15%
Eurobroadband Services	Italy	FC	51.00%	49.15%
Eurobroadband Retail [2]	Switzerland	EM	49.00%	47.22%
Hispasat S.A. [1]	Spain	Asset held for sale	33.69%	32.47%

FC: Full consolidation method.

EM: Equity method.

[1] Companies with financial years ending on 31 December.

[2] Companies with financial years ending on 31 March.

NB: The other companies' financial year ends on 30 June.

These subsidiaries were consolidated under the full consolidation method using financial statements prepared as of 30 June 2017.

NOTE.33 SUBSEQUENT EVENTS

On 14 July 2017, Eutelsat bought back the minority stake held by Inframed in BroadBand4Africa.

NOTE.34 STATUTORY AUDITORS' FEES

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	"N-1"	%	N	%	"N-1"	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	211	21%	154	14%	211	48%	133	27%
Other subsidiaries	699	68%	772	70%	230	52%	310	64%
Sub-total	**910**	**89%**	**926**	**84%**	**440**	**100%**	**443**	**91%**
Services other than certification of financial statements								
Eutelsat Communications	-	-	-	-	-	-	-	-
Other subsidiaries	111	11%	175	16%	-	-	46	9%
Sub-total	**111**	**11%**	**175**	**16%**	**-**	**-**	**46**	**9%**
Total	**1,011**	**100%**	**1,100**	**100%**	**440**	**100%**	**488**	**100%**

APPENDIX 2

COMPANY FINANCIAL STATEMENTS OF EUTELSAT COMMUNICATIONS AT 30 JUNE 2017

Eutelsat Communications

"Société anonyme" with a capital of 232,774,635 euros

Registered office: 70, rue Balard 75015 Paris

481 043 040 R.C.S. Paris

ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2017

BALANCE SHEET

(In thousands of euros)	Note	Financial year 2016	Financial year 2017
Called up share capital not paid			
INTANGIBLE ASSETS			
Setup costs			
Development expenses			
Franchise, patents, trademarks and similar rights			
Goodwill			
Other intangibles			
Advances and prepayments on intangibles			
TANGIBLE ASSETS			
Land			
Buildings			
Technical equipment, plant and machinery			
Other tangibles			
Construction in progress			
Prepayments and advances			
FINANCIAL ASSETS	3		
Equity investments			
Other equity interests		2,440,645	2,942,832
Receivables from equity interests			
Other investments in securities		4,553	6,177
Loans			0
Other financial assets		136	9
FIXED ASSETS		**2,445,334**	**2,949,018**
STOCKS ANS WORK IN PROGRESS			
Raw materials, supplies			
Work-in-progress goods			
Work-in-progress services			
Intermediate and finished goods			
Trading goods			
Advances and prepayments on orders		23	14
RECEIVABLES			
Trade debtors and related accounts		818	297
Other debtors	4	242,612	224,345
Called up share capital unpaid			

MISCELLANEOUS			
Marketable securities	5	3,334	3,279
Cash at bank and in hand	5	809	988
PREPAID EXPENSES	6		
Prepaid expenses		79	32
CURRENT ASSETS		**247,675**	**228,955**
Deferred loan issuance costs	6	2,574	2,202
Bond redemption premiums			
Unrealised exchanged losses			
GENERAL TOTAL		**2,695,583**	**3,180,175**

BALANCE SHEET

(In thousands of euros)	Notes	Financial year 2016	Financial year 2017
Capital Stock - Shares		232,775	232,775
Share or merger premium		738,087	1,237,648
Revaluation reserve			
Legal reserve		23,277	23,277
Statutory and legal reserves			
Regulated reserves			
Other reserves			
Retained earnings		828,508	834,821
RESULT FOR THE YEAR (gain or loss)		**262,141**	**244,999**
Investment grants			
Tax related provisions		467	467
SHAREHOLDER'S EQUITY	**7**	**2,085,256**	**2,573,987**
Income from issues of equity interests			
Contingent advances			
OTHER SHAREHOLDER'S EQUITY			
Provisions for risks			
Provisions for expenses		170	102
PROVISIONS	**8**	**170**	**102**
FINANCIAL DEBT			
Convertible debt			
Other bonds *			
Bank loans *	9	600,315	600,285
Borrowings and other financial liabilities			
Advances and deposits from customers		11	1
OPERATING CHARGES			
Trade creditors and related accounts		2,276	2,234
Tax and social security payable	10	2,202	2,904
MISCELLANEOUS DEBT			
Amounts payable for fixed assets and related accounts			
Other creditors	15.1	5,341	650
PREPAID EXPENSES			
Deferred revenues			
DEBT		**610,144**	**606,074**
Unrealised exchange gains		13	12
GENERAL TOTAL		**2,695,583**	**3,180,175**
* including portion maturing within 1 year		**315**	**285**

INCOME STATEMENTS

(In thousands of euros)	Notes	Financial year 2016	Financial year 2017
Sale of merchandise			
Sales of goods manufactured			
Sales of services rendered		3,708	1,790
NET SALES	**12**	**3,708**	**1,790**
Stocks of finished goods, and work in progress			
Own work capitalised			
Operating subsidies			
Write back of provisions and depreciation, transfers of expenses	6	370	174
Other income		0	0
OPERATING INCOME		**4,078**	**1,964**
Purchase of goods (including customs duties)			
Variation of inventories of bought-in goods			
Purchase of raw materials and other supplies			
Change in inventories (raw materials and supplies)			
Other purchases and external charges		6,631	6,576
Income tax, other taxes and assimilated		915	401
Wages	18.2	1,769	2,201
Social charges	18.2	630	758
Operating allowances	6		
• Fixed assets: amortisation		520	522
• Fixed assets: depreciation			
• Current assets: amortisation and depreciation			
• Provisions		7	
• Other expenses		564	730
OPERATING CHARGES		**11,036**	**11,188**
OPERATING RESULT		**-6,958**	**-9,224**
JOINT VENTURES			
Share of profit or loss			
Losses incurred or transferred profit			
FINANCIAL INCOME		**273,171**	**258,572**
Income from investments		273,100	2,103
Income from other investments and loans		0	-1
Other interest receivable and similar income		7	256,468
Write back of provisions and transfers of expenses		61	
Realised exchange gains		0	1
Gains from sales of marketable securities		3	
FINANCIAL EXPENSES		**9,108**	**5,633**
Depreciation, amortisation and provisions			26

Interest payable and similar charges		9,107	5,597
Realised exchange losses		0	9
Losses from sales of marketable securities			
FINANCIAL RESULT	13	**264,063**	**252,939**
NET RESULT BEFORE TAXES		**257,105**	**243,715**
EXCEPTIONAL INCOME		**2,414**	**1,937**
Exceptional income from operations			
Exceptional income from capital transactions		710	1,812
Write back of provisions and transfers of expenses		1,704	125
EXCEPTIONAL EXPENSES		**3,462**	**347**
Exceptional expenses from operations		0	0
Exceptional expenses from capital transactions		3,292	347
Exceptional depreciation, amortisation and provisions		170	
EXCEPTIONAL RESULT	14	**-1,048**	**1,590**
Employees' profit-sharing			
Income tax	15	-6,084	306
TOTAL INCOME		**279,663**	**262,473**
TOTAL EXPENSES		**17,521**	17,474
NET INCOME OR LOSS		**262,141**	**244,999**

STATEMENTS OF CASH FLOWS

(in thousands of euros)	Notes	30 June 2016	30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		262,141	244,999
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets			
Depreciation, amortisation and provisions		-315	480
Other non-operating items		-263,703	1,174
Changes in operating assets and liabilities:			
Accounts receivable		-691	521
Other current assets		1,095	-214,617
Accounts payable		-142	134
Other payables		-4,913	-4,174
Net cash flows provided by operating activities		**-6,529**	**28,518**
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of satellites and other property and equipment			
Changes in other long-term assets			
Equity investments and other movements in financial investments		1,626	-1,523
Net cash flows used in investing activities		**1,626**	**-1,523**
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital			
Distribution	7.1	-96,704	-255,828
Dividends received	13	272,102	1,812
Additional long-term and short-term debt	9	0	0
Reimbursements of long-term and short-term debt	9	0	0
Changes in borrowing		-164,589	232,789
Free share plans		549	-239
Interest paid		-9,568	-5,637
Interest received		998	291
Changes in other debt			
Net cash flows provided by (used in) financing activities		**2,789**	**-26,812**
Impact of exchange rate		12	-1
Increase (decrease) in cash and cash equivalents		-2,102	182
Cash and cash equivalents, beginning of period		**3,922**	**1,820**
Cash and cash equivalents, end of period	**5**	**1,820**	**2,002**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1. GENERAL OVERVIEW

1.1. Business description

The purpose of Eutelsat Communications S.A. (“the Company” or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group (“the Group”).

The Company’s fiscal year runs for twelve months and ends on 30 June.

1.2. Key events during the period

On 10 May 2017, Eutelsat Communications S.A., which is Eutelsat Communications Finance’s sole shareholder, decided on the early dissolution of its subsidiary. The winding up resulted in the universal transfer of the assets and liabilities (French “TUP”) of Eutelsat Communications Finance to its sole shareholder. The transaction was effective at the expiry of the time limit for objection by creditors, namely 13 June 2017, without retroactive effect for accounting purposes, but with retroactive effect for tax purposes, as of 01 July 2016.

The dissolution is reflected in Eutelsat Communications’ accounts by the recognition of a 756,025 thousand euro merger premium entered under shareholders’ equity for 499,561 thousand euros and under financial income for 256,464 thousand euros.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The annual financial statements are prepared in accordance with the French Code of commerce (Articles L. 123-12 to L. 123-28) and Rule 2016-07 of the "*Autorité des Normes Comptables*" (ANC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;

- consistent accounting methods used from one financial year to the next, and in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

There have been no changes in accounting methods during the period apart from changes to the presentation of financial statements pursuant to the new regulation.

The currency used in the presentation of the Company’s accounts is the euro.

2.2 Significant judgements and estimates

In preparing the financial statements, Management is required to make judgements and estimates that are likely to affect certain assets and liabilities, the amounts shown for the corresponding income and expenses in these annual financial statements and their accompanying Notes. Eutelsat constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

2.3 Financial assets

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders’ equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

2.4 Cash and marketable securities

Cash and marketable securities consist of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

2.5 Receivables and debt

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6 Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

2.7 Shareholders' equity

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is required by law to allocate 5% of its net annual result (after deduction of balances brought forward in the red, if any) to a legal reserve. This minimum contribution is no longer mandatory if and when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed when the company is being wound up.

2.8 Provisions

A provision is an item with a negative economic value for the Company, i.e. a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.9 Recognition of interest rate hedging instruments

The use of hedging instruments against the risk of variations in interest rates allows a fixed rate/variable rate distribution of the Company's debt. Where an instrument can be qualified as a hedging instrument, associated exchange gains and losses are recognised in the financial result, and the premium is reported in the financial result on a *prorata temporis* basis.

Instruments not qualifying as hedges are valued at their market price. If there is a loss, an allowance is entered and the loss reported in the financial result. Premiums paid on these instruments are recognised in full in the financial result for the period.

2.10 Identity of the consolidating parent company

Eutelsat Communications consolidates its accounts and those of its subsidiaries at Eutelsat Communications Group level ("the Group") under the full consolidation method. Eutelsat Communications, whose registered office is located at 70, rue Balard 75015 Paris, is registered with the Paris Register of Trade and Companies under number 481 043 040. The Group's consolidated financial statements can be found on its corporate website.

NOTE 3. FINANCIAL ASSETS

Financial assets break down as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Equity investments	2,440,645	2,942,832

Other investments in securities	4,553	6,203
Loans and other financial assets	136	9
Total gross book values	**2,445,334**	**2,949,044**
Provisions		-26
Total net carrying amounts	**2,445,334**	**2,949,018**

The changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Equity investments	Other investments in securities [1]	Loans and other financial assets [1]	Total
Net carrying values as of 1 July 2016	**2,440,645**	**4,553**	**136**	**2,445,334**
Acquisitions	0	35,199	35,072	70,220
Transfers [2]	502,187	0	0	502,187
Reimbursement of capital contribution and disposals	0	-33,549	-35,199	-68,747
Reversals/Depreciation, amortisation and provisions	0	-26	0	-26
Net carrying values as of 30 June 2017	**2,942,832**	**6,177**	**9**	**2,949,018**

(1) *Transactions relating to the liquidity agreement (see Note 3.2 - Other investments in securities).*
(2) *Including the transfer of equity investments related to the TUP*

3.1 Equity interests

As of 30 June 2016, the “Equity investments" item included:

- 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros,
- 7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs for 467,000 euros).

As of 30 June 2017, the "Equity investments" item breaks down as follows:

- on 10 May 2017, Eutelsat Communications declared the dissolution of Eutelsat Communications Finance, its sole shareholder, resulting in the universal transfer of the assets and liabilities of the wound up company to Eutelsat Communications. The transaction which was effective on 13 June 2017 mainly resulted in the cancellation of Eutelsat Communications Finance shares and the transfer of Eutelsat S.A. shares held by the wound up company to Eutelsat Communications;
- 976,365,626 Eutelsat S.A. shares representing 2,557,929,143.43 euros (including acquisition costs amounting to 467,000 euros) including 969,115,805 shares arising from the universal transfer of assets and liabilities of Eutelsat Communications Finance representing 2,518,761,919.41 euros and 1,865 shares held under the liquidity offer of 12 June 2017 for 10,406.70 euros;

- a merger loss in relation to Eutelsat S.A. securities amounting to 384,903,118.08 euros, previously recorded in Eutelsat Communications Finance's accounts.

3.2 Other investments in securities

"Other investments in securities" breaks down as follows:

- treasury stock held under a liquidity agreement for 3,557 thousand euros corresponding to 211,560 shares as of 30 June 2016 and 5,225 thousand euros corresponding to 232,500 shares as of 30 June 2017. As of 30 June 2017, treasury shares are impaired for 26 thousand euros;
- the "*SICAV de trésorerie*" held under the liquidity agreement for 996 thousand euros corresponding to 43 SICAV BNP Paribas as of 30 June 2016 and for 978 thousand euros corresponding to 42 SICAV BNP Paribas as of 30 June 2017.

3.3 Loans and other financial assets

The "Loans and other financial assets" item includes the cash account related to the liquidity agreement on treasury stock for 136 thousand euros as of 30 June 2016 and 9 thousand euros as of 30 June 2017.

NOTE 4. OTHER RECEIVABLES

Other receivables (including advances and deposits from customers) break down as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Income tax	8,263	
Deductible VAT	89	84
Inter-company accounts within the Group	234,257	224,253
Other debit balances	26	23
Total	**242,635**	**224,360**

All other receivables mature within one year.

NOTE 5. CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Treasury stock [(1)]	2,323	2,265
OPCVM		
Cash	809	987
Deposit warrants	1,011	1,014

Total	4,143	4,266
[(1)] *See Note 7.2 - Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards.*		

NOTE 6. PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Prepaid expenses	79	32
Expenses to be accrued over several years	2,574	2,202
Total	**2,653**	**2,234**

As of 30 June 2016 and 30 June 2017, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over a period corresponding to the lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounts to 520 thousand euros as of 30 June 2016 and 522 thousand euros as of 30 June 2017.

NOTE 7. SHAREHOLDERS' EQUITY

7.1 Statement of changes in shareholders' equity

As of 30 June 2017, the share capital comprises 232,774,635 ordinary shares with a nominal value of 1 euro per share.

On 04 November 2016, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called upon to approve the annual financial statements for the period ended 30 June 2016. Having recognised a 262,141 thousand euro profit, the AGM decided to distribute a 1.10 euro dividend per share for a total amount of 255,828 thousand euros taken from net income and allocate the remaining balance, i.e. 6,313 thousand euros to retained earnings.

On 10 May 2017, Eutelsat Communications decided to wind up its subsidiary Eutelsat Communications Finance through the universal transfer of its assets and liabilities.

The dissolution is reflected in Eutelsat Communications' accounts by the recognition of a 756,025 thousand euro merger premium recorded under shareholders' equity for 499,561 thousand euros.

(in thousands of euros)	01/07/2016	Movements affecting the capital: Increase	Movements affecting the capital: Reduction	Allocation of result	Distribution of dividends	Other movements	30/06/2017
Share capital	232,775						232,775
Additional paid-in capital	704,802						704,802
Merger premium						499,561	499,561
Share premium	33,285						33,285
Legal reserve	23,277						23,277
Retained earnings (+)	828,508			6,313			834,821
Result 30/06/2016	262,141			-6,313	-255,828		
Regulated provisions [(1)]	467						467
Total	**2,085,256**				**-255,828**	**499,561**	**2,328,988**
				Shareholders' equity before result			2,328,988
				Net result			244,999
				Total shareholders' equity			**2,573,987**

(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.

7.2 Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

During the financial year 2016-2017, a new free share plan based on Eutelsat Communications shares has been approved. Accordingly, the Board of Directors meeting on 25 April 2017 decided to implement a Long-Term Incentive Plan based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

As of 30 June 2017, the Group runs three free share allocation plans and Eutelsat Communications share-based plans started in February 2015, February 2016 and April 2017 respectively, as follows:

Conditions	2015 Plan	2016 Plan	2017 Plan
Vesting Period	February 2015 - June 2017	February 2016 - February 2019 [(1)]	April 2017 - June 2019
Settled in	Cash	Shares and cash	Cash
Lock-up period	N/A	February 2019 - February 2021 [(2)]	N/A
Maximum number of share-based awards at inception	436,639	482,211	323,454
Number of recipients	759	805	259
Features of "Employees Plan":			
- number of shares per recipient	300	300	N/A
- performance-related targets	Cumulative EBITDA [(3)] for 50%	Cumulative EBITDA [(3)] for 50%	N/A
	Average ROCE [(4)] for 50%	Average ROCE [(4)] for 50%	N/A
Features of "Managers Plan" at grant date:			
- total number of shares	174,337	195,462	260,129
- performance-related targets	Cumulative EBITDA [(3)] for 1/3	Cumulative EBITDA [(3)] for 1/3	Revenues for 1/3
	Average ROCE [(4)] for 1/3	Average ROCE [(4)] for 1/3	Discretionary Free-Cash-Flow for 1/3
	Relative TSR [(5)] for 1/3	Relative TSR [(5)] for 1/3	Cost savings Plan for 1/3
Features of "Corporate Officers" Plan at inception:			
- total number of shares	34,602	46,119	63,325
- performance-related targets	Cumulative EBITDA [(3)] for 1/3	Cumulative EBITDA [(3)] for 1/3	Revenues for 1/4
	Average ROCE [(4)] for 1/3	Average ROCE [(4)] for 1/3	Discretionary Free-Cash-Flow for 1/4
	Relative TSR [(5)] for 1/3	Relative TSR [(5)] for 1/3	Cost savings Plan for 1/4
			Relative TSR [(5)] for 1/4
Share price used as taxation basis for calculating social contributions and employer's charges:			
- "Employees" Plan	€28.37	-	-
- "Managers" Plan	€20.12	-	€22.14
- "Corporate Officers" Plan	-	-	€17.73

(1) For foreign subsidiaries, the vesting period is 4 years.
(2) There is no lock-up period for foreign subsidiaries.
(3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.
(4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).
(5) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Treasury stock

As of 30 June 2016, the Company held 108,655 equity shares for 2.32 million euros, recorded a*s “Cash and marketable securities” (*see Note 5 - *Cash and marketable securities*).

As of 30 June 2017, the Company holds 106,022 equity shares for 2.26 million euros, recorded as “Cash and marketable securities” (see Note 5 - *Cash and marketable securities*).

NOTE 8. PROVISIONS FOR RISKS AND EXPENSES

“Provisions for risks and expenses” mainly includes provisions for litigation.

The change in the provisions for risks and expenses is as follows:

	30 June 2016	Allowance	Reversals		30 June 2017
(in thousands of euros)			(used provisions)	(unused provisions)	
Operating result					
Financial result					
Exceptional result	170		68		102
Total	**170**		**68**		**102**

NOTE 9. FINANCIAL DEBT

➢ Financial information as of 30 June 2016 and 30 June 2017:

Loans and bank debt were granted in 2015. They are denominated in euros with a five-year maturity period and two 1-year extension options, subject to lenders' approval. In March 2016 and March 2017, the Company obtained the approval of all lenders on both one-year extensions until March 2022.

They are as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Loans and financial debt	600,000	600,000
Accrued interest	315	285
Total	**600,315**	**600,285**

Maturities of debts are as follows:

(in thousands of euros)	30 June 2016	30 June 2017
2021	600,000	-
2022	-	600,000
Total	**600,000**	**600,000**

➢ <u>Position as of 30 June 2017</u>

Eutelsat Communications has access to the following credit facilities:

- ➢ a term loan of 600 million euros expiring in March 2022 remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40%;
- ➢ a 200 million euro revolving credit line (undrawn as of 30 June 2017) entered into in March 2015 with a seven-year maturity.

The credit agreements include neither any guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- ➢ grant security interests or guarantees;
- ➢ enter into agreements resulting in additional liabilities;
- ➢ sell assets;
- ➢ enter into mergers, acquisitions, asset disposals, or lease transactions (excluding those carried out within the Group and expressly provided for in the loan agreement);
- ➢ modify the nature of the business of the Company or its subsidiaries.

The credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The credit agreements provide for a commitment to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any other satellite, a commitment not to have more than one satellite not covered by a launch insurance policy.

Furthermore, the credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs:

- Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually), which is less than or equal to 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

9.1 Compliance with banking covenants

As of 30 June 2017, the Company complied with all banking covenants under its credit facilities.

NOTE 10. TAX AND SOCIAL SECURITY PAYABLE

Tax and employee-related payable is composed of the following:

(in thousands of euros)	30 June 2016	30 June 2017
State: accrued liabilities	39	181
Income tax		66
Output VAT	67	62
Staff: accrued liabilities	1,459	1,801
Social charges payable	637	795
Total	**2,202**	**2,904**

NOTE 11. PERSONNEL

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2 - *Compensation paid to members of the "key management personnel"*.

NOTE 12. REVENUE

Company revenue is generated through the reinvoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

(in thousands of euros)	30 June 2016	30 June 2017
France	3,708	1,790
Export	-	-
Revenue recognition	**3,708**	**1,790**

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Interest expense	-9,107	-5,475
Interest income	998	291
Proceeds from equity investments	272,102	1,812
Merger premium		256,465
Investment earnings	0	-1
Proceeds from mutual fund investments	3	
Other	68	-153
Total	**264,063**	**252,939**

The interest expense corresponds to existing loans (see Note 9 – *Financial debt)*, after taking into account interest received or paid on hedging instruments.

As of 30 June 2017, income from investments mainly consists in dividends from the subsidiary Eutelsat S.A. for 1.8 million euros.

As of 30 June 2016, income from equity investments mainly consists in interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (270 million euros) and Eutelsat S.A. (2.1 million euros).

On 10 May 2017, Eutelsat Communications decided to wind up its subsidiary Eutelsat Communications Finance through the universal transfer of its assets and liabilities.

The dissolution is reflected in Eutelsat Communications' accounts by the recognition of a 756,025 euro merger premium entered under financial result for 256,464 thousand euros.

NOTE 14. EXCEPTIONAL RESULT

The exceptional result comprises the following:

(in thousands of euros)	30 June 2016	30 June 2017
Gain on repurchase of treasury stock	710	1,812
Cost of free share grant invoiced to subsidiaries	838	57
Reversal of provisions for tax risks	866	68
Transfers of exceptional charges	0	0
Exceptional income	**2,414**	**1,937**
Fines and penalties	0	0
Donations	0	0
Loss on repurchase of treasury stock	2,337	289
Cost of purchase of free shares allocated	955	58
Allocation to provisions for tax risks	170	0
Exceptional charges	**3,462**	**347**
Exceptional result	**-1,048**	**1,590**

NOTE 15. INCOME TAX

15.1 Tax consolidation

On 28 June 2006, the Company decided to apply a tax consolidation system to the Group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes Eutelsat S.A., Eutelsat Broadband Services S.A.S (formerly Eutelsat VAS S.A.S.), Fransat S.A.

Eutelsat Communications Finance S.A.S and Skylogic France S.A.S. have ceased to be consolidated as of 1 July 2016.

As of 30 June 2016 and 30 June 2017, the tax expense for the tax consolidation group is 164 million euros and 152 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement is 175 million euros and 156 million euros, which yields a profit of 10.6 million euros and 3.2 million euros as of 30 June 2016 and 30 June 2017 respectively.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system stood at 43.3 million euros.

15.2 Common law provisions

As of 30 June 2017, the Company's tax liability breaks down between current income and exceptional income as follows:

(in thousands of euros)	Income before tax	Tax due	Net income
Current	243,715	304	243,411
Exceptional	1,590	2	1,588
Total	**245,305**	**306**	**244,999**

The corporate tax includes the income tax rate estimated at 34.43% pursuant to the general arrangements for business taxation, and results from the application of the Amended Finance Act for 2012 ("*Loi de finances rectificative 2012*") which introduced an additional 3% contribution on dividends, and the 2013 Finance Act ("*Loi de finances 2013*") which caps deductibility of financial expenses at 75%.

15.3 Increases and reductions in future tax liability

(in thousands of euros)	30 June 2016	30 June 2017
Reductions in future tax liability:		
Loss carry-forwards (1)	14,910	12,524
Impairment of assets	-	
Non-deductible provisions	0	0
Total	**14,910**	**12,524**
Increases in future tax liability:		
Other	-	-
Total	**-**	**-**
(1) Rates used: 34.43% as of 30 June 2016 and 28.92% as of 30 June 2017.		

NOTE 16. MARKET RISK

16.1. Interest rate risk

The Company has exposure to market risks, particularly with regard to interest rates. Such risks are actively managed by Management. To deal with this, the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. Consequently, the Company does not engage in any speculative financial transactions.

Eutelsat Communications S.A.'s exposure to interest rate risk is managed by hedging its floating rate debt.

During the financial year ended 30 June 2017, floating rates remained in negative territory. Consequently, the Company did not find it relevant to hedge the risk of an increase in floating rates.

16.2. Financial counterparty risk

Financial counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

NOTE 17. OTHER COMMITMENTS AND CONTINGENCIES

In accordance with the loan agreements referred to in Note 9 - *Financial debt*, Eutelsat Communications has commitments to perform or not to perform certain actions. This type of commitment cannot be quantified.

The company's off-balance sheet purchase commitments maturing within less than two years stand at 0.95 million euros.

NOTE 18. RELATED-PARTY TRANSACTIONS

Related parties are defined as any third parties having a direct or indirect capital-based link (not exceeding 99%) with Eutelsat.

More specifically, related-party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key management personnel".

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the CEO, the Deputy CEOs and the other members of the Board of Directors.

18.1 Related parties that are not members of the "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities are as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Gross receivables (including unbilled revenues)	626	305
Inter-company accounts: receivables (payables)	5,132	223,603
Debt (including deferred payments)	226	-27

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

(in thousands of euros)	30 June 2016	30 June 2017
Revenue	3,708	1,790
Transfer of expenses	839	57
Operating charges	-2,614	-2,904
Financial result	2,102	2,043

18.2 Compensation paid to members of the "key management personnel"

Gross compensation (including employer's contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2017 breaks down as follows:

(in millions of euros)	30 June 2017
Short-term benefits	2.5
Post-employment benefits	See below
Share-based payment	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based awards and free share allocation programmes in force as of 30 June 2017

During its meetings of 11 February 2015, 16 February 2016 and 25 April 2017, the Board of Directors approved new free share allocation plans (see Note 7.2 - *Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards*) and decided to grant a maximum of 118,571 shares in Eutelsat Communications to members of the Company's administrative and management bodies subject to conditions set out in the plans.

The value of the benefit granted as of 30 June 2017 has been estimated at 1,790 thousand euros, spread over a three-year vesting period.

Share-based awards having expired during the financial year ended 30 June 2017

At the end of the vesting period of the 13 February 2014 free share allocation programme, members of the Company's administrative and management bodies received 159 thousand euros in share premium.

Expenses recorded under the free share allocation programmes and share-based awards

The gross income recorded under staff expenses for the financial year ended 30 June 2016 was 392 thousand euros. The gross expense amounting to 510 thousand euros was recorded under staff expenses for the financial years ended 30 June 2017.

In July 2016, attendance fees paid to members of the Board of Directors amounted to 611 thousand euros in respect of the financial year 2015-2016.

No payment was made in respect of the financial year ended 30 June 2017.

NOTE 19. FINANCIAL INFORMATION RELATED TO SUBSIDIARIES AND EQUITY INVESTMENTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2017:

(in thousands of euros)	Capital	Other components of shareholders' equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Last financial period ended: Revenues (local accounts)	Last financial period ended: Net income (local accounts)
Eutelsat SA RCS no. 422 551 176 Paris Headquarters in Paris (financial period ended 30/06/2017)	658,555	1,069,651	100%	-	312,562

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2017:

(in thousands of euros)	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,557,929	-	-	-	1,812

NOTE 20. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.

APPENDIX 3

TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

(ART. R225-102 OF CODE DE COMMERCE)

End of financial year	30/06/2017	30/06/2016	30/06/2015	30/06/2014	30/06/2013
Length of financial year (months)	12	12	12	12	12
SHARE CAPITAL AT YEAR END					
Share Capital	232 774 635	232 774 635	226 972 338	220 113 982	220 113 982
Number of shares					
- ordinary shares	232 774 635	232 774 635	226 972 338	220 113 982	220 113 982
- with preferential dividend					
Number of shares that may be created in the future:					
- via the exercise of convertible bonds					
- via subscription rights					
TRANSACTIONS AND RESULTS					
Revenues excluding taxes	1 790 031	3 707 643	1 594 957	1 456 080	2 227 990
Net income / (loss) before employee profit sharing, amortisation and provisions	245 785 618	255 742 002	250 015 385	267 130 079	180 875 184
Income Tax	305 759	(6 084 129)	(15 304 880)	(13 000 207)	(16 266 338)
Employee profit sharing for the year					
Amortisation and provisions	480 400	(315 204)	6 252 827	537 058	3 672 857
Net Result	244 999 460	262 141 334	259 067 438	279 593 228	193 468 665
Distribution	281 657 308	255 828 463	247 399 848	226 483 289	237 234 920
PER SHARE DATA					
Net income / (loss) after employee profit sharing and amortisation and provisions	1.05	1.12	1.17	1.27	0.90
Net income / (loss) after employee profit sharing and amortisation and provisions	1.05	1.13	1.14	1.27	0.88
Dividend per share	1.21	1.10	1.09	1.03	1.08
EMPLOYEES					
Average number of employees	3	3	2	2	2
Total payroll costs	2 200 764	1 768 612	1 889 969	1 351 725	1 015 886
Employee welfare contributions and similar charges (social security, employee organisations, etc.)	758 157	630 366	678 850	365 195	1 540 545

APPENDIX 4

TABLE OF STATUTORY AUDITORS' FEES

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	"N-1"	%	N	%	"N-1"	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	211	21%	154	14%	211	48%	133	27%
Other subsidiaries	699	68%	772	70%	230	52%	310	64%
Sub-total	**910**	**89%**	**926**	**84%**	**440**	**100%**	**443**	**91%**
Services other than certification of financial statements								
Eutelsat Communications	-	-	-	-	-	-	-	-
Other subsidiaries	111	11%	175	16%	-	-	46	9%
Sub-total	**111**	**11%**	**175**	**16%**	**-**	**-**	**46**	**9%**
Total	**1,021**	**100%**	**1,100**	**100%**	**440**	**100%**	**488**	**100%**

APPENDIX 5

REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN ACCORDANCE WITH ARTICLE L.225-37 OF THE FRENCH *CODE DE COMMERCE*

EUTELSAT COMMUNICATIONS

A public limited company (société anonyme) with a board of directors

with capital of 232,774,635 Euros

Registered Office: 70 rue Balard 75015 Paris

481 043 040 R.C.S. PARIS

REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

OF EUTELSAT COMMUNICATIONS

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-37 OF THE COMMERCIAL CODE

2016 / 2017

REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS OF EUTELSAT COMMUNICATIONS IN ACCORDANCE WITH ARTICLE L.225-37 OF THE COMMERCIAL CODE

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the financial year ended 30 June 2017, and on the internal control and risk management procedures implemented by the Eutelsat Group.

This report was approved by the Board of Directors on 27 July 2017.

For the purposes of this report, “Company” refers to Eutelsat Communications and “Group” or “Eutelsat Group” refers to Eutelsat Communications and all companies controlled by it within the meaning of Article L. 233-3 of the French Commercial Code.

1. 1 Governance of the Company

> *1.1 Reference Code*

The Company complies with the guidelines in the Afep-Medef Corporate Governance Code of November 2016 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code are indicated in the table below:

Article of the Afep-MEDEF Code	Afep-MEDEF recommendations	Company practice	Explanations
9.2	Evaluation for the purposes of assessing the actual contribution of each director to the work of the Board	The evaluation of the contribution of each director is not incorporated into either the Board's self-assessment or into the formal assessment that takes place every 3 years.	The discussions involving the Chairman on one side, the Chairwoman of the Nomination and Governance Committee and the other directors on the other, and the discussions within the Nomination and Governance Committee enable the actual contribution of each of the directors to be discussed.
16.2.1	Deadline for review of the accounts by the Audit Committee (at least 2 days before the Board meeting is held)	Meeting of the Audit Committee the day before the Board to review the accounts	Given that some members of the Audit Committee live abroad, Committee meetings are held the day before Board meetings; documents and files are nevertheless sent to members in good time for them to acquaint themselves with said documents in advance.
23.2.4	When the non-competition agreement is being concluded the Board should include a provision authorising it to waive this agreement upon the departure of the executive manager The Board should decide whether or not to waive the non-competition agreement at the time of the executive manager's departure, including when the executive manager leaves the company to exercise or after having exercised	The non-competition undertaking agreed with Mr. Rodolphe Belmer does provide for the option for the Board of Directors to waive it at the time of the executive manager’s departure	The Board of Directors, on the recommendation of the Governance, Selection and Remuneration Committee, took the view that, given the very competitive context for satellite operators, it was very important for the company to require a non-competition undertaking from Mr. Belmer. The non-competition undertaking was limited both in terms of its duration (18 months) and its amount (50% of fixed remuneration), which is significantly

	his rights to retirement		below the ceiling set by the Reference Code.
At least 40% of directors to be female (L225-18-1 of the Commercial Code effective from the first Shareholders Meeting following the 1st January 2017	As at 30 June 2017 the Company does not comply with the November 2015 version of the Reference Code (requirement for 40% not included in the November 2016 version due to the law coming into effect).	Non-compliance with the 40% rate	However, subject to the adoption by the next Shareholders Meeting (08 November 2017) of the resolutions submitted to it, the Board should be composed of more than 40% women

> 1.2 Internal Rules

The Board of Directors has adopted Internal Rules which set out the principles and procedures for how the Board and its Committees will operate. The Internal Rules have been updated on several occasions; the most recent update dates from 23 March 2017 specifically to take into account the new provisions relating to the reform of the statutory audit in relation to the Audit Committee's tasks. The Internal Rules also set out the respective powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer while providing for the limits on the powers of the latter. It also sets out the rules governing the composition, the responsibilities and the methods of operation of the Board and the Committees.

> .1.2 Lack of control or concerted action

To the Company's knowledge, as of 30 June 2017, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 et seq. of the French of Commercial Code.

> 1.3 Duties of the Board of Directors

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- **Medium term operations :** the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts.
  The Group's five year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from the Board of Directors.

- **Investments and financial commitments:** the Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the medium term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year.
  The annual budget for the 2017-2018 financial year was approved by the Board of Directors on 22 June 2017.
  Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million Euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or 25 million Euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.

  Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group’s Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million Euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. Finally, prior Board approval is also required for any loan or disposal of company assets, or for any other form of transfer of assets in excess of 50 million Euros that is not expressly included in the Group’s Annual Budget. The Board thus had to decide on the refinancing of a portion of the Group's debt during the third quarter of the financial year.

- **Interim and annual financial statements:** the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.

- **Group Senior Management:** prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.

- **Monitoring the Group's activity:** Management submits to the Board a monthly report on the Group’s operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to give the Board a clear understanding of how the business has evolved, particularly on a technical, commercial and financial level and on the monitoring of the budget.

> 1.4 Composition of the Board of Directors

The composition of the Board of Directors as of 30 June 2017 is shown in the table below:

Directors	Date of first appointment/co-optation	Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended
Lord BIRT	November 10, 2006	June 30, 2019
Jean d’ARTHUYS	November 5, 2015	June 30, 2019
Michel de ROSEN (Chairman)	10 November 2009	30 June 2020
Bpifrance Participations, represented by Stéphanie FRACHET	17 February 2011	30 June 2018
Ana GARCIA FAU	5 November 2015	June 30, 2019
Bertrand MABILLE	10 May 2007	30 June 2017
Ross McINNES	06 February 2013	30 June 2018
Fond Stratégique de Participations (FSP) represented by Mr Dominique D’HINNIN	08 November 2016	30 June 2020
Carole PIWNICA	09 November 2010	30 June 2020
Rodolphe BELMER	08 November 2016	30 June 2020

Ms. Miriem Bensalah Chaqroun resigned as a director on 09 June 2017.

> 1.5 Independent Directors

During one of its meetings, the Board of Directors assessed the independence of each of its members. At 30 June 2017, among its ten members, 5 directors were qualified as independent according to the independence criteria of the Reference Code.

Directors	Independent
Lord BIRT	Yes
Jean d'ARTHUYS	No
Michel de ROSEN (Chairman)	No
Bpifrance Participations, represented by Stéphanie FRACHET	No
Ana GARCIA FAU	Yes
Bertrand MABILLE	No
Ross McINNES	Yes
Fond Stratégique de Participations (FSP) represented by Mr Dominique D'HINNIN	Yes
Carole PIWNICA	Yes
Rodolphe BELMER	No

On the basis of the work of the Nomination and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each independent Director. The Board had to rule on the situation of Ross McInnes. Ross McInnes is the Chairman of the Board of Safran which supplies engines for satellites and which is a shareholder with Airbus Group of the joint venture bringing together the civil launcher activities of the two companies; the Board assessed the relative importance of these links and found that there was an arm's length relationship.

> 1.6 Gender representation

As of 30 June 2017 three women sit on the Board of Directors, which represents less than 40% of the total number of directors.

Proposals for appointments put forward for a vote at the General Meeting on 08 November 2017 would enable your Board, subject to their approval, to comply with the applicable legal provisions in relation to gender equality on the Board.

The proportion of women among the independent directors stood at 60% at 30 June 2017.

> 1.7 Directors' term of office

The directors' term of office is four years as provided for by the by-laws.

> 1.8 Employee representation on the Board of Directors

As part of a policy aimed at improving communication between the Group's management and employees, the Company entered into an agreement with its operating subsidiary Eutelsat SA and the Eutelsat SA Works Council on 8 November 2007. This agreement is designed to give Eutelsat SA's Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the directors.

> 1.9 Board meetings and information communicated to the Board of Directors

The Board of Directors met eight times during the financial year (thirteen times in the previous financial year).

The average annual attendance rate of directors at meetings held during the fiscal year was 92.7% (compared to 86.0% in the previous fiscal year). The attendance rate for each director is shown in the table below:

Directors	Attendance rate
Miriem BENSALAH CHAQROUN (until 09 June 2017)	75%
John BIRT	100%
Michel de ROSEN (Chairman)	100%
Bpifrance Participations (represented by Stéphanie FRACHET)	100%
Bertrand MABILLE	100%
Ross McINNES	75%
Elisabetta OLIVERI (until 08 November 2016)	50%
FSP represented by Mr Dominique D'HINNIN (from 08 November 2016)	100%
Carole PIWNICA	100%
Jean d'ARTHUYS	87.5%
Anna GARCIA FAU	100%
Rodolphe BELMER (from 08 November 2016)	100%

On 23 March 2017 the Board held a part of its meeting without the presence of the Executive Directors (Chief Executive Officer and Deputy Chief Executive Officer).

> 1.10 Conflicts of interest and related party transactions

The Internal Rules of the Board oblige each director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the director concerned resigns from office.

As of June 30, 2017, there is no employment or service contract between the Company's directors and the Company or any of its subsidiaries that grants benefits of any kind.

In accordance with the provisions of Article L. 225-38 of the Commercial Code, the Statutory Auditors are informed for regulated agreements.

> 1.11 Assessment of the Board of Directors

During the 2016-2017 financial year, the Chair of the Nomination and Governance Committee presented the results of the self-assessment that had been conducted during the previous year to the Board. In summary, it indicated that most of the directors are satisfied with the role and the activity of the Board. However some Directors would like to be better informed about the risks to which Eutelsat is exposed; also that the Group's performance should be analysed more effectively and that the Board should spend more time on investment decisions and carry out more detailed analyses of these investments.

The Board discussed the term of office of its directors and decided to maintain it at four years.

For the financial year ended 30 June 2017, the Board accepted on the suggestion of its Chairman that the formal review by an external firm should be postponed by one year, enabling the new Chairman to take up his duties at the end of the next Meeting, and to define the modalities (timetable, scope or other aspects) of this new assessment.

> 1.12 Board of Directors and Committees

At June 30, 2017, the Board is assisted in its work by three committees: the Audit Committee, the Appointments Committee and the Compensation Committee.

1.1.1.1.1 Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of 30 June 2017, the Audit Committee consisted of Bertrand Mabille and three independent directors: FSP (represented by Dominique D'Hinnin), Lord Birt and Ross McInnes, who acts as Chair, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of financial director of several industrial groups, including the Safran Group.

The Group's Financial Director has attended all meetings of the Audit Committee.

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 87.0%.

The attendance rate for each Committee member is shown in the table below:

Name	**Attendance rate**
Ross McINNES (Chairman)	100%
FSP	100%
Lord BIRT	100%
Bertrand MABILLE	100%
Elisabetta OLIVERI (until 08 November 2016)	0%

As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Group's Financial Director. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee had to consider a case of fraud which led the company to initiate criminal proceedings against one of its former employees. The Committee also examined the impact of the reform of the statutory audit and its consequences for the Board's Internal Rules. The Committee was also informed of the discussions relating to the request for financing in connection with the financial guarantee provided to IGO's Closed Pension Fund; The Committee's work also focused on the early refinancing of the €450m credit facility due to mature in September 2018. Finally, members of the Committee considered the introduction of a flexible deferred start swap with a nominal value of €500 million for the refinancing of the bond issue due to mature in 2020. In addition, the 5-year plan and the annual budget were presented and discussed with the Audit Committee

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

1.1.1.1.2 The Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of directors vis-à-vis the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

The Nomination and Governance Committee has met six times, with a 90,6% attendance rate.

Until June 09, 2017, the Committee was composed of a majority of independent members in accordance with the Reference Code. Miriem Bensalah Chaqroun, attented until June 09, 2017 as as independent member. As of June 30, 2017 the members of the Committee are: Stéphanie Frachet (representative of Bpifrance Participations), Michel de Rosen, Ross McInnes, and Carole Piwnica who chairs the Committee.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole PIWNICA (Chair)	100%
Lord BIRT	50%
Bpifrance Participations represented by Stéphanie FRACHET	100%
Michel de ROSEN	100%
Miriem BENSALAH CHAQROUN (until 09 June 2017)	60%

The committee had to consider:

- the successor to the Chairman of the Board, who had indicated that he wished to end his term of office following the General Meeting of 8 November 2017,
- an increase in the number of female directors on the Board and the search for new directors,
- the appointment of a second Deputy CEO,
- a succession plan presented by Management at its meeting on 13 January 2017.

The CEO attended meetings in relation to the selection of a second Deputy CEO.

Remuneration Committee

The Remuneration Committee is responsible for matters relating to (i) the long-term remuneration policy, (ii) the remuneration of the CEO and the Deputy CEOs, (iii) the introduction of performance-based stock option plans within the Group, and (iv) the allocation of attendance fees.

The Committee, mainly consisting of independent directors, met six times. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Anna GARCIA FAU (Chairperson since 08 November 2016)	100%

Lord BIRT	100%
Jean d'ARTHUYS	80%

During the year, the principal activities of the Committee were:

- review of the remuneration policy for Executive Directors and proposal to the Board,
- analysis of the performance of the Executive Officers in the previous financial year and recommendation to the Board on the variable component,
- analysis of the structure of the annual variable remuneration for Executive Directors and objectives for the following financial year.

> 1.13 Observer

Pursuant to the provisions of (i) the Letter of Agreement signed on September 2, 2005 between the Company and Eutelsat IGO and (ii) the Company's by-laws, the Executive Secretary of Eutelsat IGO sits as an observer on the Board of Directors.

> 1.14 Separation of the roles of Chairman and Chief Executive Officer

In accordance with the legal and regulatory provisions (articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Commercial Code), the roles of Chairman of the Board and Chief Executive Officer are separate within the Company.

2. 2. Eutelsat Group Senior Management

Since 1st March 2016 Michel de Rosen has been Chairman of the Board, Rodolphe Belmer Chief Executive Officer, Michel Azibert and Yohann Leroy (since 25 April 2017) have acted as Deputy Chief Executive Officers in addition to their roles as Chief Commercial & Development Officer (Michel Azibert) and Chief Technical Officer (Yohann Leroy).

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer - Chief Commercial and Development Officer, the Deputy Chief Executive Officer - Chief Technical Officer, the Financial and IT Director, the Company Secretary and Director of Legal Affairs, the Human Resources Director, the Deployment and Innovation Director and the Chief Strategy and Strategic Marketing Officer.

With the support of the Remuneration Committee, the Board of Directors determines the remuneration of the Chairman of the Board and the Executive Directors in accordance with the recommendations of the Reference Code. The remuneration policy which sets out the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional elements constituting the total remuneration of the Chairman and the Executive Directors, is detailed sections 9.9 and 9.10 .of the management report.

3. Other information

> 3.1 Conditions for admission to and participation in the General Shareholders' Meetings

As of June 30, 2017, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

The conditions for taking part in General Shareholders' Meetings are set out in Article 21 of the Company's by-laws.

In accordance with the recommendations set forth in the Reference Code, Board members participate in General Shareholders' Meetings.

> 3.2 Factors likely to have an impact in the event of a public offering

To the Company's knowledge, there are no provisions aimed at delaying, deferring or preventing a change of control.

There are no clauses or agreements providing for preferential conditions for the sale or acquisition of shares.

To the Company's knowledge there is no shareholders' agreement.

4. 4 Internal control procedures

Internal control is a Company process defined and implemented under the responsibility of the Internal Control and Audit Department to ensure, at both the Company and the Group level:

- that there is compliance with legislation and regulations,
- that instructions and guidelines laid down by General Management are applied,
- that the company's internal procedures function properly, particularly those that help to safeguard its assets,
- that the financial information is reliable,

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

The Company ensures that its internal control system complies with the AMF's Reference Terms. This report on the internal control and risk management procedures implemented by the Company is based on the implementation guidelines in the Reference Terms, supplemented by the application guidelines established by the Autorité des Marchés Financiers (AMF – French financial market regulator) as published in its recommendation dated 22 July 2010.

The risks identified in the internal audit plan approved by the Audit Committee are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives have been reached is subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the entire Group, is part of the internal control system. A number of specific targeted internal audit actions and internal control review processes within the various subsidiaries are initiated based on the answers provided by each subsidiary in its questionnaire. The main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

In the description below, it is important to make a distinction between internal control procedures designed to ensure the security of the Group's operating activities, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating to the handling of accounting and financial information (in compliance with the applicable regulations) concerning the business activity of the Company and its subsidiaries on the other hand.

The Company's role is to provide financial and strategic management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat SA and its subsidiaries.

> 4.1 Procedures relating to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered to our customers and end users.

Administration and control of the satellite system is the responsibility of the Technical Department, which is in charge of controlling the satellites and the quality of the signals the satellites receive and broadcast.

These activities are carried out from the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat SA or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

These control centres are responsible for ensuring, in line with the recommendations and technical procedures applicable to the various satellites, that the satellites are protected and that the signal's operational continuity is maintained to meet the requirements of the Group's customers.

Written operational procedures for the control centres, and the control centre responsible for the satellite fleet in particular, cover the various manoeuvres and configuration changes required in a nominal situation as well as in a crisis situation, or when a technical incident occurs. These procedures are reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing training.

Any incident affecting a satellite or one of the transmitted signals (e.g. a technical failure or signal interruption) is dealt with internally by the Operations Department according to escalation procedures. These procedures enable internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and propose and implement the necessary corrective measures.

In addition, any material incident likely to affect the quality or continuity of the telecommunications service is:

- communicated to the Group's Senior Management,
- reviewed internally by Eutelsat SA's Technical Department,
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents,
- communicated to customers, and
- where appropriate, reported in a press release.

> 4.2 IT security and certification of satellite control systems and related services

The introduction of measures designed to improve the security of the satellite control information systems and associated services continued during the past year. This work is supervised and coordinated by the Group's Director of Security and Safety.

In 2011, the satellite control team obtained ISO 27001 certification for its information security management system for a period of three years, which was renewed in June 2014 and in June 2017.

The certification covers:

- satellite control and operations, Launch and Early Orbit Phase Operations (LEOP,;
- human resources and defining, developing, procuring, deploying, operating and maintaining the software, computer systems and networks that form part of the satellite ground control systems, and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. A monitoring audit was carried out in June 2017. The certification covers the activities and systems related to:

- the communication control centre,

- the management of the Rambouillet teleport,
- the implementation and supervision of managed services operations, and
- the security of all sites for monitoring the payload, the points of presence and the teleports.

In addition to the ISO 27001 certification, in June 2016, the Rambouillet teleport teams obtained Tier 4 certification - the highest - for a period of three years, in the context of the programme of certification delivered by the World Teleport Association (WTA). This teleport certification programme is aimed at both teleport operators and their customers. It is intended to be an objective, transparent and internationally-recognised methodology enabling an assessment to be made of the security and the quality of our teleport facilities, as well as the technology used and the operating procedures in place, via a rigorous evaluation of the elements relating to business continuity, transmission chains, satellite and terrestrial connectivity, security of persons and IT systems (cyber security) and the network operations centre.

The operational teams of Eutelsat Americas obtained ISO 27001 certification in August 2016 for a period of three years.

The certification covers the activities and systems related to:
- satellite control operations,
- the operation of the payload,
- monitoring of communications and of the ground segment.

The Skylogic Mediterraneo teams obtained the ISO 27001 certification in 2017 for a period of three years.

The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services, and to the management of the Cagliari teleport.

The Skylogic teams obtained the ISO 27001 certification in 2017 for a period of three years.
The certification covers activities and systems relating to design, installation, supply and technical assistance activities for video and data connectivity services on behalf of the Eutelsat Group, and to the management of the Turin teleport.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed four times: in June 2008, April 2011, May 2014 and May 2017. Certification covers control and operation of the satellites, satellite launch and orbit operations and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance).

ISO 9001 certification was also obtained in 2011 for the activities of the Rambouillet teleport, and this was renewed in May 2014 and May 2017.

For the Rambouillet teleport, this certification covers activities relating to:
- the communication control centre,
- commercial services (management of data and television signals through teleport ground equipment), and
- radio frequency systems and Rambouillet teleport’s technical infrastructures.

This certification was extended to cover the teleport in Sardinia in June 2014.

For the teleport activities of the subsidiary Skylogic (Turin, Italy) the ISO 9001 certification obtained in May 2014 and renewed in May 2017 covers design, installation, supply and technical assistance activities on behalf of the Eutelsat Group for video and data connectivity services.

In June 2017, the teleport of the subsidiary Skylogic Mediterraneo (Cagliari, Italy) obtained ISO 9001 certification. The certification covers design, installation, supply and technical assistance activities for video and data connectivity services.

Our subsidiary Eutelsat Americas also obtained ISO 9001 certification for all of its operational activities (satellite control and monitoring the quality of signals received and relayed by satellites).

> 4.3 Procedures for preventing and managing the Group's other operating risks

1.1.1.1.3

1.1.1.1.4 The Company's Business Continuity Plan

The continuity plan includes the following items:

- mapping of critical processes and their recovery objectives. This mapping is derived from an analysis of the impacts on business performance in various crisis *scenarios*;
- crisis management procedures (logistics, external and internal communication, decision-making processes),
- business procedures describing the tasks to be performed at the backup site,
- the backup IT system (applications, systems and network infrastructure, telecoms),
- procedures describing urgent action to be taken in the event of an incident, and
- the logistics required when the plan is triggered (backup user locations, plant rooms containing backup infrastructure).

Eutelsat S.A. regularly carries out tests to check that its business continuity plan ("BCP") is operating effectively. The project has been the responsibility of the Security and Safety Department since July 2016 and aims to define the conditions for continuity of the commercial, financial, administrative and legal activities, as well as corporate communications, management of the IT systems and Human Resources.

A comprehensive review of business processes was carried out in the 2015-2016 financial year. A general BCP test for Eutelsat S.A. was conducted in March 2016, which simulated the conditions that would arise if both the Eutelsat head office and the site where the SAP system is hosted were to become unavailable. Eutelsat's various business lines took part in these tests, which were an opportunity to check the effectiveness of business processes involving backup infrastructure.

During the 2016-2017 financial year, the business continuity plan of Eutelsat S.A. was updated to take into account applications recently brought into service. A new global BCP test which includes these is planned for December 2017.

Activities directly linked to managing the satellite fleet (particularly satellite and communications control centre activities) are not currently included as they are already covered by specific security procedures, as described in the previous paragraph devoted to this topic.

1.1.1.1.5

1.1.1.1.6 Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group's information systems and this is reflected in the following activities:

- mapping risks relating to the security of IT systems and assessing their impact on the Group's operations,
- introducing a policy and a set of standards to meet the Group's security requirements;
- drawing up and monitoring an action plan,
- assessing the protective measures that are in place in organisational and technical areas, and
- reacting in the event of suspicious events or security incidents.

> 4.4 Processing accounting and financial information

In addition to the internal control procedures inherent in its main business activity, the Group has developed significant control procedures for processing accounting and financial information, for both its operating subsidiaries and those that manage its equity interests.

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from

the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.
Closing, consolidation and reporting procedures have not been specifically amended during this financial year. Eutelsat S.A.'s financial departments and those of its subsidiaries have duly complied with these procedures.

> 4.5 Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the Consolidation Manager to verify, in particular, that the accounting principles and methods currently in force within the Group are being correctly applied. These accounting principles and methods are set out in the consolidation manual drawn up and distributed within the Group during the year. In addition, the Consolidation Manager issues specific instructions to the subsidiaries before the end of each closure of the accounts, including a detailed timetable and a list of the various actions to be taken. In addition, the increased formalisation of the process for drawing up consolidated accounts on the basis of information provided by the subsidiaries ensures that the entire corporate perimeter is covered.

In addition, each time the accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

Furthermore, as part of their audit at each closing date, the Statutory Auditors ensure that the accounting principles and procedures embedded in the consolidation tool data entry manual and applied by the Company are appropriate, and that the accounts approved by the Board of Directors give a reliable and accurate picture of the financial position and business activity of the Company and the Group.

In furtherance of Management responsibility and financial data control for all companies in the Group, the Company uses a consolidation and reporting system guaranteeing:

- a single source for information used in the legal consolidation and reporting process, managed in a shared database, and
- that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.
The consolidation and reporting system was overhauled as a result of the ERP being changed at Eutelsat S.A. This new version has been used since the beginning of the 2014-2015 financial year.

> 4.6 Delegation of signing authority

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or by a Deputy Chief Executive Officer. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 Euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and Deputy CEO are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

> 4.7 Managing and monitoring the Group's supplier contracts

As with the Group's other contracts, preparing, negotiating and monitoring the Company's supplier contracts and financing contracts is carried out by Eutelsat S.A. under the service agreement between the Company and Eutelsat S.A. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, the Deputy Chief Executive Officer or the Managers to whom the Chief Executive Officer has delegated signing authority.

In addition, financing contracts, except those for an amount lower than that indicated in Section 1.3 above, are approved by the Board of Directors in accordance with the provisions of the Internal Rules of the Board of Directors.

> 4.8 Managing and monitoring the Group's customer contracts

The Group's customer contracts are concluded by Eutelsat SA or its subsidiaries on the basis of standard contracts prepared by Eutelsat SA's Legal Affairs Department and Sales Department.

Any change to the standard form is examined in advance by the Legal Affairs Department before the contracts are signed by those with authority to do so.

The execution of sales agreements is subject to a number of approval stages, which vary depending on the annual value of each commitment.

The Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions. During each fiscal year, the sales cycle, which the Group's Senior Management deems to be one of the key procedures, is thoroughly audited. The purpose of these recurrent annual audits is to assess whether the existing internal procedures are appropriate. Depending on the findings of these audits, the relevant changes are made to internal procedures to increase the reliability of the process that contributes to revenue recognition.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

> 4.9 Delegation of powers

Following an audit of the existing delegations of powers and signing authorities in the Company, Eutelsat's Management has drawn up new delegations of powers as part of a global and coherent system for organising power and decision-making centres in the Company, which takes into account the skills, authority and resources of each of the delegatees in their area of competence.

> 4.10 Customer risk management

All new customers undergo a customer risk assessment by the "Credit Management" team in the Finance Department, which determines the amount of financial guarantee required. An annual reassessment is systematically carried out on the entire customer portfolio. Any delayed payment is thoroughly analysed with the appropriate customer relations managers in the Sales Department and the office of the Legal Affairs Department and, if necessary, followed by appropriate measures.

The Group also has in place a credit-insurance policy to provide better protection against the risks of customer default.

> 4.11 Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.
The following authorisation procedure must precede all purchases:

- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors, and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

Invoices received are compared with the appropriate items delivered and/or the appropriate services provided subsequent to the relevant contract or order being submitted.

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

All payments are predicated on the principle that two signatures are required. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or one of the two Deputy Chief Executive Officers is also required.

It should be noted that procurement contracts for satellites and launchers are approved beforehand by the Board of Directors as part of its review of the Group's business and investment decisions. Contracts for these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or one of the two Deputy Chief Executive Officers of Eutelsat S.A.

> 4.12 Addressing the Group's main financial risks

Via its subsidiary Eutelsat S.A., the Group has put in place centralised cash-flow management. Under service agreements between Eutelsat SA and the various entities within the Group (including the Company), the accounts department at Eutelsat SA manages foreign exchange, interest rate, counterparty and liquidity risks on behalf of all the Group's entities.

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective.

Foreign exchange risk:

Through its sales transactions regarding satellite capacity, the Group is exposed to exchange rate risk through contracts denominated in foreign currencies. The Group is mainly exposed to the US Dollar / Euro exchange risk and, to a far lesser extent, the USD / BRL exchange risk.

Through the geographical diversification of its business, the Group is exposed to translation risk. This means that its statement of financial position and its income statement are sensitive to exchange rate fluctuations when consolidating the accounts of its foreign subsidiaries outside the Euro zone (translation risk). With regards to investment in currencies not belonging to the Euro zone, the Group's hedging policy consists of creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, the Group also uses cross-currency swaps.

Interest rate risk: The Group manages its exposure to interest rate fluctuations keeping most of its debt at fixed rates (Eutelsat S.A. bonds) and possibly by a hedging policy on its credit lines *in fine* at variable rates.

Counterparty risk: counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments.
The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from A-rated financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. Exposure to these risks is closely monitored and maintained within predetermined limits.

Liquidity risk: the Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between the continuity of its funding needs and their flexibility by using overdraft facilities, bank term loans and bond loans, revolving credit lines from banks, export financing and satellite leases.

> 4.13 Addressing the risk of corruption

After approval from the Board of Directors, Senior Management has put in place a programme which aims to improve the fight against corruption within the Group (mainly using an ethical charter and publishing a procedures and training manual). As part of this programme, a compliance committee has also been formed and a professional reporting mechanism has been put in place. The committee has been asked to vote on the choice of intermediary agents.

5. Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Internal Control and Audit Department, which continually acts in coordination with each department, is required:

- to undertake to identify the major risks likely to affect the Group’s operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group’s Senior Management as well as the Audit Committee in applying a risk management policy consisting of all the envisaged measures to prevent and reduce risks.

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The Board and management of Eutelsat are mobilised and coordinated to ensure compliance with the governance rules and to improve the practices of the Group whenever possible.

APPENDIX 6

VERIFICATION REPORT FOR SOCIAL AND ENVIRONMENTAL INFORMATION

VERIFICATION REPORT

At the request of groupe EUTELSAT, SGS ICS carried out an audit of the information included in the Corporate Social Responsibility (CSR) report drawn up for the year ended June 30th, 2017 in accordance with decree no. 2012-557 dated April 24th, 2012 relative to companies' social and environmental transparency obligations, with regard to the application of article 225 of law no. 2010-788 dated July 12th, 2010, of article 12 of law no. 2012-387 dated March 22nd, 2012, of law no. 2015-992 dated August 17th, 2015 about energy transition for green growth, of law no 2016-138 dated February 11th, 2016 about the struggle against food waste, of law no 2016-1088 dated August 8th, 2016 about labour, social dialogue modernization and career security, of Decree no 2016-1138 dated August 19th, 2016 pursuant to the application of article L.225-102-1 of the French commercial code concerning environment information which have to be present in company management report and which amended article l. 225-102-1 of the French commercial code, and the order of May 13th, 2013 determining the procedure to be used by the independent third-party organization when conducting its mission.

It is the responsibility of the Management Board of groupe EUTELSAT to prepare a report concerning the management of the Company including social, environmental and societal information, to define the appropriate standards used for the collection of the quantitative or qualitative data, and to ensure their provision.

The responsibility of SGS ICS, as an independent body, accredited by COFRAC under the N°3-1086 (available to www.cofrac.fr) is to attest to the presence in the CSR Report of all information provided for in Article R. 225-105-1, express a reasoned opinion on, firstly, the sincerity of information, and, secondly, the explanations given by the company on the absence of certain information, and indicate the procedures implemented to accomplish our audit.

NATURE AND SCOPE OF THE AUDIT

SGS ICS' audit consists of:

- reviewing the statement on sustainable development policies, in relation to sustainable development as well as the social and environmental impacts of the Company's business activities, its cultural commitments and the actions that stem from these policies and commitments;
- comparing the list of information mentioned in 2016 management report against the list set forth under article R.225-105-1 and noting, where applicable, any missing information not accompanied by explanations as mentioned under the third paragraph of article R.225-105;
- verifying that the Company has a data collection process in place to ensure that the information mentioned in the management report is complete and consistent, and identifying any irregularities;
- expressing, at the request of groupe EUTELSAT, a conclusion of reasonable assurance with regard to whether the CSR information is presented truthfully.

DILIGENCE

SGS ICS conducted its audit of groupe EUTELSAT on an international scale including its subsidiaries and controlled companies, which are included in the consolidated financial statements.

SGS ICS conducted its audit from June 7th, 2017 to July 17th, 2017 (10.5 days), by carrying out interviews with key individuals involved in the collection, validation and publication of quantitative and qualitative data from groupe EUTELSAT and 2 ground stations which have been audited on site in France (Paris-Rambouillet and Balard) and in Mexico (Iztapalapa), representing 62% of the total headcount.

- SGS ICS reviewed the reliability of the internal CSR Reporting Guidelines, the internal control procedures and the data and information aggregation systems at each of the sites.
- With regard to quantitative data, we audited each site by using sampling, verifying the calculation formulas and comparing data with supporting documents for 12 indicators selected according to their degree of relevance (legal compliance and taking into consideration the business sector/industry), as well as their reliability, neutrality and comprehensive nature:
    - Social indicators (56% to 72% of the sites): training hours (classroom-based or e-learning), training fees, absenteeism, number of employees having an accident, number of days of work stoppage due to an accident ;
    - Environmental indicators (56% to 72% of the sites) : energy consumption, fuel oil consumption, emissions due to EUTELSAT services' impacts (satellites launch), quantity of hazardous and non-hazardous wastes (in particular WEEE quantity);
    - Societal indicators (98% to 100% of the sites): actions for the fight against corruption, responsible procurement policy.
- During on site audits, qualitative data have been checked about the following information: policy for the fight against discrimination, promotion and respect of ILO fundamental conventions, environmental policy, training and informational actions for employees about environmental protection.
- Random checks were performed on quantitative and qualitative data during the final phase of consolidation of the Group's consolidation scope (72%) as well as on other required information.
- Two auditors were assigned to this audit including a lead auditor.
- Seven interviews were conducted with the Group management and with the Engineering, Procurement, IT, Regulatory affairs, Legal, Human resources and General services departments.

We believe that the chosen sampling method and sample sizes for the audit allow us to formulate a conclusion of reasonable assurance.

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world leader in inspections, audits, assessments and certifications. Recognized as the global benchmark for quality and integrity, SGS employs more than 75,000 people and operates a network of more than 1,500 offices and laboratories around the world.

SGS ICS is a wholly-owned French subsidiary of the SGS Group. SGS ICS declares that its audit and findings were prepared in complete independence and impartiality with regard to groupe EUTELSAT and that the tasks performed were completed in line with the SGS Group's code of ethics and in accordance with the professional best practices of an independent third party.

Auditors are authorized and appointed to each audit assignment based on their knowledge, experience and qualifications.

STATEMENT AND REASONED OPINION

Based on groupe EUTELSAT's presentation regarding sustainable development policies, the social and environmental impacts of the Company's business activities, its social commitments and the diligence implemented:

- we certify that the information included in groupe EUTELSAT's 2016-17 management report and reference document is in compliance with the list set forth under article R.225-105-1 and that any exceptions have been duly justified ;

- we declare that we found no significant irregularity that would call into question the fair presentation of the information included in the 2016-17 management report and reference document.

OBSERVATIONS

- Some definitions of social and environmental indicators should be specified in order to improve their consistency and comparability. Are particularly concerned the following information: training hours (classroom-based or e-learning), workplace accidents, reasons for absence, energy consumption (in particular the calculation rules), emissions due to satellites launch as well as waste monitoring and treatment.

Signed in Arcueil, July 18th, 2017

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