

THIRD QUARTER AND NINE MONTH 2019-20 REVENUES

- **Third Quarter Operating Verticals revenues down 1.6% year-on-year; up 1.2% quarter-on-quarter**
- **Broadcast showing resilience, with return to slight growth quarter-on-quarter**
- **Backlog of €4.2bn representing 3.2 years of revenues**
- **Updated financial objectives confirmed**

Paris, 14 May 2020 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) today reported revenues for the Third Quarter and Nine Months ended 31 March 2020.

Revenues for the three months to 31 March 2020

In € millions	Q3 2018-19	Q3 2019-20	Change	
			Reported	Like-for-like ¹
Broadcast	198.1	198.8	+0.4%	-0.2%
Data & Professional Video	47.7	44.8	-6.1%	-7.6%
Government Services	39.9	40.0	+0.3%	-2.4%
Fixed Broadband	19.1	18.8	-1.6%	-2.6%
Mobile Connectivity	19.8	20.8	+5.1%	+2.0%
Total Operating Verticals	324.6	323.1	-0.5%	-1.6%
Other Revenues ²	12.1	(1.1)	Nm	Nm
Total	336.7	322.0	-4.4%	-6.0%
EUR/USD exchange rate	1.14	1.10		

Rodolphe Belmer, Chief Executive Officer, commented: “Third Quarter revenues were in line with our expectations, and confirmed the underlying improvement in Operating Verticals trends. In particular, Broadcast was highly resilient with stable revenues year-on-year and return to quarter-on-quarter growth with ongoing signs of commercial dynamism in emerging markets with a new DTH platform in Sub-Saharan Africa and the extension of a contract in the Balkans. Other commercial highlights include a solid Spring Renewal campaign with the US Government, a multi-year contract with Telenor Maritime in Mobile Connectivity, and for Konnect Africa, a MoU to connect several thousand schools across the Democratic Republic of Congo.

“Faced with the unprecedented constraints of the Covid-19 crisis, our focus is on the health and well-being of our employees and ensuring business continuity for our customers at a time when demand for reliable connectivity has never been higher. Our business is resilient compared with many industries, in particular our core Broadcast vertical. As a result, we expect the impact on Full Year revenues to be limited, reflecting mainly the effects of confinement on Mobility, Professional Video and to a lesser extent Fixed Broadband. As we continue to assess the effects on future years, we do so with the confidence that our strong financial position and cash-flow generation capacity, together with our combination of resilient heritage activities and connectivity-related growth opportunities will ensure we are well positioned to withstand challenges of the current environment.”

¹ Change at constant currency and perimeter. The variation is calculated as follows: Q3 2019-20 USD revenues are converted at Q3 2018-19 rates.

² Other revenues include mainly compensation paid on the settlement of business-related litigations, the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

HIGHLIGHTS

- Circa €20 million risk related to Covid-19 crisis on FY 2019-20 revenues;
- Continued underlying improvement in Operating Verticals revenues trends, with Third Quarter decline of -1.6% after -3.7% in the Second Quarter and -6.2% in the First. Revenues were up 1.2% quarter-on-quarter;
- Resilient Broadcast with stable revenues year-on-year and return to quarter-on-quarter growth; ongoing signs of commercial dynamism in emerging markets with a new DTH platform in Sub-Saharan Africa and the extension of a contract in the Balkans;
- Commercial win in Maritime Mobility with a multi-year contract with Telenor Maritime highlighting the unparalleled coverage of Eutelsat's fleet;
- Konnect Africa MoU with Schoolap and Flash Services to connect several thousand schools across the Democratic Republic of Congo (DRC);
- Solid outcome of Spring Renewal campaign with the US Government with a renewal rate above 85%
- Operating Vertical revenues for the first Nine Months down -3.8%, in line with expectations and permitting the confirmation of updated financial objectives;
- Well-positioned to face Covid-19 crisis thanks to relative resilience of businesses, substantial backlog, strong financial position and high level of cash-generation.

THIRD QUARTER REVENUES³

Total revenues for the Third Quarter 2019-20 stood at €322.0 million, down 4.4% year-on-year.

Revenues for the five Operating Verticals (ie, excluding 'Other Revenues') were down by 0.5% on a reported basis and by 1.6% on a like-for-like basis, excluding a positive currency effect of circa 1.1 points. There were no perimeter effects this quarter.

Quarter-on-quarter, total revenues were up by 0.9%. The revenues of the Operating Verticals were up 1.2% like-for-like.

Unless otherwise stated, all variations indicated below are on a like-for-like basis, ie, at constant currency and perimeter.

Broadcast (62% of revenues)

Third Quarter Broadcast revenues were stable at €198.8 million on a year-on-year basis. This reflected on one hand the carry-forward effect of the return of a couple of transponders in Russia in July and, on the other, higher revenues notably in MENA and at 28.5°East.

On a quarter-on-quarter basis, total Broadcast revenues rose by 2.1%, including a positive one-off for circa €1m.

At 31 March 2020 the total number of channels broadcast by Eutelsat satellites stood at 6,867, down 2% year-on-year and stable quarter-on-quarter. On a year-on-year basis, HD channels rose by 10% to 1,667, implying a penetration rate of 24.3% compared to 21.5% a year earlier.

On the commercial front, activity remained dynamic with the addition of a new platform in Sub-Saharan Africa - Ghana RCS at 7°East - as well as the renewal and expansion of business in the Western Balkans at the 16°East orbital position.

During the quarter, EUTELSAT 7C entered into service, bringing 19 incremental transponders to the African market which are expected to gradually ramp-up; elsewhere EUTELSAT 5 WEST B entered into service, replacing EUTELSAT 5 West A.

Data & Professional Video (14% of revenues)

Third Quarter Data & Professional Video revenues stood at €44.8 million, down 7.6% year-on-year. This reflected ongoing pricing pressure in a highly competitive environment. As expected, there was some improvement in trend relative to the First Half (-17.3%) on the back of improved volumes and an easing comparison basis. Occasional Use revenues, related mostly to the broadcast of live sports events, started to reflect the impact of the Covid-19 crisis during the course of March and will be more deeply affected in the Fourth Quarter.

On a quarter-on-quarter basis, revenues were stable.

³ The share of each application as a percentage of total revenues is calculated excluding "Other Revenues". Unless otherwise stated, all growth indicators are at constant perimeter and currency.

Government Services (12% of revenues)

Third Quarter Government Services revenues stood at €40.0 million, down 2.4% year-on-year. They reflected on one hand the negative carry-forward effect of 2019 renewal rates (85% in Spring and 90% in Fall) and on the other the initial contribution of the EGNOS payload which entered into service on 15 February on EUTELSAT 5 WEST B.

On a quarter-on-quarter basis, revenues were up 2.3%.

The latest round of contract renewals with the US Government (Spring 2020) resulted in an estimated renewal rate of above 85% in value.

Fourth quarter revenues will benefit from the full contribution of EGNOS and from the relocation of the EUTELSAT 7A satellite.

Fixed Broadband (6% of revenues)

Third Quarter Fixed Broadband revenues stood at €18.8 million, down 2.6% year-on-year and down 2.3% quarter-on-quarter. The decline reflected yet again the absence of new capacity and a lower contribution from traditional distributors in Europe which is yet not offset by the ramp-up of the Preferred Partnership Program.

In Africa, revenues remain modest at this stage as we remain focused on trialling distribution models on a limited scale. However, an MoU was signed with Schoolap and Flash Services to provide high speed connectivity to 3,600 schools in Democratic Republic of Congo, with scope to strongly expand in coming years, highlighting the opportunity represented by government-backed digital inclusion programmes.

Mobile Connectivity (6% of revenues)

Third Quarter revenues for Mobile Connectivity stood at €20.8 million, up 2.0% year-on-year reflecting the continued ramp-up of Maritime business. The effect of the Covid-19 crisis on this application was limited to a slowdown of capacity contracts on KA-SAT in March; however, the direct and indirect impact of the shrinkage in airline and maritime traffic will be more pronounced in the Fourth Quarter.

On a quarter-on-quarter basis, revenues were down 3.5%. As a reminder, Second quarter revenues included the catch-up of a negative one-off of circa €1m which affected the First Quarter.

On the commercial front, a multi-year contract was signed with Telenor Maritime for maritime mobility services in selected sailing areas, highlighting the long-term potential of this vertical as well the quality of Eutelsat's in-orbit resources and tailor-made customer solutions.

Other Revenues

Other Revenues amounted to -€1.1million in the Third Quarter versus €12.1 million a year earlier which included a significant one-off engineering fee. They included a -€3.3 million impact from hedging (-€5.7 million last year).

OPERATIONAL AND UTILIZED TRANSPONDERS

The number of operational 36 MHz-equivalent transponders stood at 1,377 at 31 March 2020, down by 41 units on a year-on-year basis and by 10 units quarter-on-quarter. This reflected on one hand the end of life in stable orbit of EUTELSAT 12 West B in the Fourth Quarter of last fiscal year and lower operational capacity at 5°West following the transfer of services from EUTELSAT 5 West A to EUTELSAT 5 West B in January 2020, and on the other, incremental capacity brought by EUTELSAT 7C in January 2020.

The number of utilized transponders stood at 959, stable year-on-year and down by seven units quarter-on-quarter. As a result, the fill rate stood at 69.7% at end-March 2020 compared to 67.7% a year earlier and unchanged over the quarter.

	31 March 2019	31 December 2019	31 March 2020
Operational transponders ⁴	1,418	1,387	1,377
Utilized transponders ⁵	960	966	959
Fill rate	67.7%	69.7%	69.7%

Note: Based on 36 MHz-equivalent transponders excluding high throughput capacity and satellites in inclined orbit.

⁴ Number of transponders on satellites in stable orbit, back-up capacity excluded.

⁵ Number of transponders utilised on satellites in stable orbit.

BACKLOG

The order backlog⁶ stood at €4.2 billion at 31 March 2020 versus, €4.3 billion at end-December 2019 and €4.4 billion a year earlier reflecting natural backlog consumption in the absence of material Broadcast renewals. It was equivalent to 3.2 times 2018-19 revenues. Broadcast represented 67% of the backlog.

	31 March 2019	31 December 2019	31 March 2020
Value of contracts (in billions of euros)	4.4	4.3	4.2
<i>In years of annual revenues based on last fiscal year</i>	3.1	3.3	3.2
Share of Broadcast	73%	68%	67%

NINE MONTH REVENUES

Revenues for the first Nine Months of FY 2019-20 stood at €958.7 million, down by 3.6% on a reported basis.

Revenues of the five Operating Verticals (excluding 'Other Revenues') were down by 2.6% on a reported basis and by 3.8% like-for-like, excluding a negative perimeter effect of c.0.2 points (disposal of EUTELSAT 25B in August 2018) and a positive currency effect of c.1.4 points.

Nine months to 31 March 2020

In € millions	9m 2018-19	9m 2019-20	Change	
			Reported	Like-for-like ⁷
Broadcast	592.5	588.1	-0.7%	-1.2%
Data & Professional Video	151.4	132.6	-12.4%	-14.2%
Government Services	121.7	118.3	-2.8%	-6.0%
Fixed Broadband	59.6	57.9	-2.9%	-3.8%
Mobile Connectivity	59.8	62.0	+3.7%	+0.3%
Total Operating Verticals	985.0	958.9	-2.6%	-3.8%
Other Revenues	9.7	(0.2)	Nm	Nm
Total	994.8	958.7	-3.6%	-5.2%
<i>EUR/USD exchange rate</i>	<i>1.15</i>	<i>1.11</i>		

C-BAND UPDATE

In its order on the C-band, voted on February 28, the FCC confirmed its plan to clear the frequency band 3.7-4.0 GHz in the contiguous United States (CONUS) and make it available for flexible use, including 5G, via a public auction.

The schedule for clearing the 300 MHz of C-band satellite spectrum will be concluded by December 5, 2025. Eligible satellite operators agreeing to accelerate the clearing will be required to clearing 120MHz in 46 of the top 50 Partial Economic Areas (PEAs) by December 5, 2021, and the total 300 MHz in the entire CONUS by December 5, 2023.

The total amount of above-cost 5G-related acceleration payments (in addition to the relocation costs) has been fixed to \$9.7 billion and will be paid by winning bidders to the satellite operators. Within this total, Eutelsat is eligible to receive a pre-tax amount of \$507m, of which \$125m in the first phase and \$382m in the second. Eutelsat is confident of being able to execute the clearance within the prescribed deadlines.

⁶ The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement.

⁷ Change at constant currency and perimeter. The variation is calculated as follows: i) 9-months 2019-20 USD revenues are converted at 9-months 2018-19 rates; ii) 9-months 2018-19 revenues are restated from the disposal of Eutelsat's interest in Eutelsat 25B which occurred in August 2018.

IMPACT OF COVID-19 ON REVENUES

Compared with many industries, our activity is resilient, characterized by long-term contracts, a substantial backlog and the criticality of our capacity for customers. This is especially true of our core Broadcast business which represents over 60% of revenues.

Nevertheless, certain verticals or sub-verticals are feeling the effects of the current crisis, particularly since mid-March. These include:

- Professional Video, in particular occasional use (circa 1% of Group revenues), which is impacted by the postponement or cancellation of sports and other events;
- Mobile Connectivity (6% of Group revenues) which is affected by the impact on airline and maritime traffic;
- And, to a lesser extent, Fixed Broadband (6% of Group revenues) which is experiencing a more challenging customer gathering in the initial lockdown phase.

These effects, still limited in the Third Quarter, will be more pronounced in the Fourth Quarter, representing a risk to Full Year 2019-20 revenues of the order of €20 million, which is reflected in our revised revenue target.

They are likely to persist at least into the early months of next fiscal year, together with a more generalised slowdown in the pace of new business.

FINANCIAL OUTLOOK

The updated financial outlook published on 9 April 2020 is confirmed:

- Revenues from the five operating verticals are expected to amount to around €1,250 million⁸;
- Cash Capex will remain at an average not exceeding €400⁹ million per annum for the period July 2019 to June 2022;
- We will continue to implement the LEAP 2 plan, aimed at generating €20 to 25 million in annual savings by Fiscal year 2021-22;
- We maintain our objective of a sound financial structure to support our investment grade credit rating and will continue to aim at a medium-term net debt / EBITDA ratio around 3x;

As a reminder:

- Our objective of Discretionary Free-Cash flow of circa €500 million in Fiscal year 2021-22 is suspended while we assess the effect of the Covid-19 crisis on the outer years, although we are confident our business will remain highly cash generative. An updated objective will be provided by the end of July;
- As a measure of prudence and in order to preserve maximum financial flexibility, the Board of Directors will recommend a dividend cut of 30% in respect of FY 2019-20 to the Annual General Shareholders' meeting in November 2020. Our policy of *'a stable to progressive dividend'* will be resumed as soon as circumstances permit;
- A first tranche of €20 million of our share buyback program of 'at least €100 million by June 2022' has been completed. The program is suspended until further notice.

This outlook is based on the nominal deployment plan outlined hereunder.

FLEET DEVELOPMENTS

The Covid-19 crisis is affecting the operations of satellite manufacturers, launchers. As a result, while the assessment of its impact on the entry into service of future satellites remains underway, the nominal deployment plan is under review. In particular, the launch of EUTELSAT QUANTUM, planned for the third quarter of calendar 2020 is likely to be delayed.

⁸ Based on a €/€ rate assumption of 1.14 and current perimeter. When converted at €/€ rate of 1.10, this would be equivalent to €1,268 million.

⁹ Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

Nominal deployment plan

Satellite ¹	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders/ Spot beams	36 MHz-equivalent transponders / Spot beams	Of which expansion
EUTELSAT QUANTUM	To be confirmed	Q3 2020	Government Services	Flexible	8 "QUANTUM" beams	Not applicable	Not applicable
KONNECT VHTS	To be confirmed	H2 2021	Connectivity	Europe	~230 Ka spot beams	500 Gbps	500 Gbps
EUTELSAT HOTBIRD 13F	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT HOTBIRD 13G	13° East	H2 2021	Video	Europe MENA	80 Ku ²	73 Ku ²	None
EUTELSAT 10B	10°East	2022	Mobile Connectivity	EMEA Atlantic & Indian Ocean	12 Ku 10C >100 Ku spot beams	12 Ku 20 C c. 35 Gbps	-48 Ku transponders c. 35 Gbps

¹ EUTELSAT QUANTUM is a chemical propulsion satellite. KONNECT VHTS, EUTELSAT HOTBIRD 13F, EUTELSAT HOTBIRD 13G, EUTELSAT 10B are electric propulsion satellites. ² Nominal capacity corresponding to the specifications of the satellites. Total operational capacity at the HOTBIRD orbital position will remain unchanged with 102 physical transponders (95 36 Mhz equivalent transponders) operated, once regulatory, technical and operational constraints are taken into account.

Changes in the fleet since 31 December 2019

- KONNECT was launched on 16 January 2020 and is expected to enter into service in the fourth quarter of current calendar year. Nevertheless, as a consequence of the Covid-19 crisis, the deployment of ground gateways supporting the operations of the satellite is likely to be partially delayed.
- EUTELSAT 5 West B started operations in January with c.45% of its capacity following the loss of its South solar array.
- EUTELSAT 7C started operations on 28 January 2020. EUTELSAT 7A, which is now in inclined orbit was relocated.
- The EGNOS payload entered into service in February. EUTELSAT 5 West A now operates in inclined orbit.

RECENT EVENTS

As a measure of additional security in the context of the Covid-19 crisis, the Group drew €300m out of the €450m Eutelsat S.A.'s revolving credit facility. Our liquidity position at the end of March, including cash and undrawn credit lines, is comfortably above € 1 billion.

Furthermore, in the context of our interest rate hedging policy, a pre-hedge instrument came to maturity resulting in a €39m one-off cash-out.

APPENDIX: QUARTERLY REVENUES BY APPLICATION

In € millions	Q1 2018-19	Q2 2018-19	Q3 2018-19	Q4 2018-19	FY 2018-19	Q1 2019-20	Q2 2019-20	Q3 2019-20
Broadcast	198.3	196.1	198.1	198.4	790.9	194.7	194.7	198.8
Data & Professional Video	52.3	51.4	47.7	48.6	199.9	43.0	44.8	44.8
Government Services	42.4	39.4	39.9	39.8	161.5	39.3	39.1	40.0
Fixed Broadband	20.4	20.1	19.1	20.9	80.4	19.9	19.2	18.8
Mobile Connectivity	20.6	19.4	19.8	20.5	80.3	19.7	21.5	20.8
Total Operating Verticals	334.0	326.4	324.6	328.1	1,313.1	316.5	319.3	323.1
Other Revenues	1.2	(3.5)	12.1	(1.7)	8.0	1.1	(0.2)	(1.1)
Total	335.1	322.9	336.7	326.3	1,321.1	317.6	319.1	322.0

Disclaimer

The forward-looking statements included herein are for illustrative purposes only and are based on management's current views and assumptions. Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: postponement of any ground or in-orbit investments and launches including but not limited to delays of future launches of satellites; impact of financial crisis on customers and suppliers; trends in Fixed Satellite Services markets; development of Digital Terrestrial Television and High Definition television; development of satellite broadband services; Eutelsat Communications' ability to develop and market Value-Added Services and meet market demand; the effects of competing technologies developed and expected intense competition generally in its main markets; profitability of its expansion strategy; partial or total loss of a satellite at launch or in-orbit; supply conditions of satellites and launch systems; satellite or third-party launch failures affecting launch schedules of future satellites; litigation; ability to establish and maintain strategic relationships in its major businesses; and the effect of future acquisitions and investments.

Eutelsat Communications expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law.