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EUTELSAT COMMUNICATIONS FULL YEAR 2016-17 RESULTS

- Revenues of €1,478m down 2.2% like-for-like^[1]
- EBITDA margin of 76.7%^[2], up from 76.2%
- Group share of Net Income of €351.8m, up 0.9%
- Discretionary Free-Cash-Flow significantly ahead, by 65%
- Proposed dividend of €1.21 per share, up 10%
- All financial objectives confirmed or raised

Key Financial Data	FY 2015-16	FY 2016-17	Actual change	Like-for-like change
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Revenues - €m	1,529.0	1,477.9	-3.3%	-2.2% ¹
Profitability				
EBITDA[3]€m	1,164.6	1,133.6	-2.7%	-
EBITDA margin - % ³	76.2	76.7 ²	+0.5 pts	-
Group share of net income - €m	348.5	351.8	+0.9%	-
Financial structure				
Cash Capex ³	514.4	414.4	-€100.0m	-
Discretionary free-cash-flow ³	247.3	407.8	+€160.5m	-
Net debt€m	4,006.8	3,640.7	-€366.1m	
Net debt/EBITDA – x ³	3.4	3.2	-0.2 pts	-
Backlog – €bn	5.6	5.2	-7.6%	-

Rodolphe Belmer, CEO of Eutelsat Communications, said: *“During the past year, we have delivered or over-delivered on all our financial commitments. In particular, our strong performance on free cash flow generation has enabled us to reduce net debt to below 3.3x EBITDA, and to recommend a strong, 10% rise in dividend. Our performance was supported by solid commercial momentum in our core video business and in other verticals – particularly mobile connectivity, as well as the strengthening of our financial profile. In consequence, we are on track to achieve top-line stability in FY 2017-18, with a return to slight growth thereafter. The successful execution of our LEAP cost-savings plan will help us deliver an EBITDA margin above 76% in FY 2017-18, and we are raising our target for FY 2018-19 and beyond to above 77%. We also maintain our commitment to free cash flow growth, where we target mid-single digit compound growth for the next three years off the extremely high base achieved in FY 2016-17, with growth back-end loaded in the outer two years. This will enable us to further deleverage, with net debt / EBITDA now forecast below 3.0x within the next couple of years, while continuing to serve a stable to progressive dividend to our shareholders.*

At the same time, we are laying the foundations for long term value-creation, with a strong focus on securing durable capex efficiencies while paving the way for step up in growth in the early 2020s, supported by our Connectivity verticals.”

HIGHLIGHTS OF THE YEAR

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 per share recommended at €1.21, 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 Digiturk 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 to provide resources for 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 over 15 years from 2019-20.

Strengthened financial profile:

- Successful launch of the 'LEAP' cost-savings plan, to generate €30 million in annual savings in 2018-19;

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

Laying the foundations for ongoing value creation:

- 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 commercial 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.

REVENUES^[4]

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 points negative perimeter effect (disposal of Alterna'TV, Wins/DHI and DSAT Cinema) and a 0.6 points 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

Video Applications (64% of revenues)Core businesses

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 the TV d'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 by 1.4% quarter-on-quarter.

At 30 June 2017 the total number of channels broadcast by Eutelsat satellites stood at 6,630 (+288 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 1,142channels, 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 a 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, but 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 FY 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 by 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 by 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 €18.9 million, up 30.8% year-on-year, and 12.1% quarter-on-quarter.

Other revenues

In FY 2016-17 **Other Revenues** amounted to €55.0 million 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.

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 ^[8]	1,328	1,372
Number of leased 36 MHz-equivalent transponders ^[9]	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-bandspotbeams, EUTELSAT 65 West A 24 Ka-band spotbeams, EUTELSAT 36C 18 Ka-band spotbeams and 16 spotbeams leased on Al-Yah 2 satellite).

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 Digiturk 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
<i>In years of annual revenues based on last fiscal year</i>	<i>3.7</i>	<i>3.5</i>
Share of Video Applications	85%	85%

PROFITABILITY

EBITDA amounted to €1,133.6 million (€1,164.6 million at 30 June 2016), down 2.7%.

Despite lower revenues, the **EBITDA margin** stood at 76.7% (76.6% at constant currency), compared to 76.2% last year, reflecting 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.

Group share of net income stood at €351.8 million versus €348.5 million in 2015-16, an increase of 0.9%. The net margin stood at 23.8%. This reflected mainly:

- Lower EBITDA;
- An increase in the **depreciation charge** of €32.3 million 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'** of €14.1 million reflecting mainly the capital gain on the disposal of Wins/DHI;
- A **financial result** of -€130.9 million, slightly less favourable than last year (-€123.0 million) on the back of lower capitalised interest and the full-year impact of the financial lease of the EUTELSAT 36C satellite;
- A **tax rate** of 24.8% versus 37.1% last year, mainly reflecting 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;
- The absence of significant **income from associates** (compared to €23.5 million in 2015-16), as the stake in Hispasat is classified as an asset held for sale.

CASH-FLOW

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[\[10\]](#) 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. This amount is net of the €132.5 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**[\[11\]](#) stood at €407.8 million at 30 June 2017, up by €160.5 million versus a year earlier or 65%.

FINANCIAL STRUCTURE

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 the 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[\[12\]](#) million.

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

Throughout the year, Eutelsat continued to optimise its debt:

- The option to extend by one year the maturity of the €600 million term loan and of the €200 million revolving credit facility

of Eutelsat Communications, was exercised. These facilities will now mature in 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 1.12%;
- The €450 million Eutelsat S.A. revolving credit facility maturing in September 2018 was refinanced at attractive terms. The new revolving credit facility will mature in April 2022 with two options for a one-year extension subject to lender consent for each extension.

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.

Liquidity remains strong, with undrawn credit lines of €650 million and cash of €408.0 million.

DIVIDEND

On 27 July 2017 the Board of Directors agreed to submit for approval at the 8 November 2017 Annual Meeting of Shareholders a dividend of €1.21 per share compared to €1.10 last year, up by 10%, in line with the Group's commitment to serving a stable to progressive dividend.

The dividend will be paid on 23 November 2017, subject to the vote of the Annual Meeting of Shareholders.

OUTLOOK

All elements of the financial outlook are confirmed or raised:

- **Revenues** for FY 2017-18 (at constant currency and perimeter^[13]) are expected to be broadly flat with a return to slight growth from FY 2018-19.

- **The EBITDA margin** (at constant currency) is expected above 76% for FY 2017-18. 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 [\[14\]](#) 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** [\[15\]](#) is expected to deliver mid-single digit CAGR in the period July 2017 [\[16\]](#) to June 2020 (at constant currency), with growth back-end loaded in the outer two years.
- 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**.

FLEET DEVELOPMENTS

Nominal launch programme

The upcoming launch schedule is indicated below. Since the last quarterly update in May 2017, EUTELSAT 172B has been launched.

Satellite ¹	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical transponders	36 MHz-equivalent transponders / Spotbeams	Of which expansion
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 beams "QUANTUM"	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. Electric propulsion satellites (EUTELSAT 7C and the African Broadband satellite) between 4 and 6 months. 2 Total capacity of the high throughput payload: 1.8 Gbps.

Procurement of new capacity

- In October 2016 EUTELSAT 5 West B was procured to replace EUTELSAT 5 West A at the 5° West orbital position;
- In October 2016 Eutelsat concluded an agreement with Yahsat to use Ka-band capacity on the fleet of Yahsat;
- Elsewhere, Eutelsat and ViaSat 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.

Changes in the fleet

- In August 2016 EUTELSAT 70D reached the end of its operational life and was deorbited;
- In January 2017 EUTELSAT 117 West B entered commercial service;
- In April 2017 EUTELSAT 48A reached the end of its operational life and was de-orbited.

CORPORATE GOVERNANCE

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 June 2017 Miriem Bensalah Chaqroun left the Board of Directors of Eutelsat Communications.

The Board of 27 July 2017 proposed, amongst others, the following resolutions to be submitted to the vote of shareholders present at the Annual General Meeting of 8 November 2017:

- Approval of the accounts;
- Dividend relating to Financial Year 2016-2017;
- 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;
- Appointment of Esther Gaide, Paul-François Fournier and Didier Leroy as Board Members;
- Compensation of corporate officers and compensation policy;
- Several financial resolutions.

RECENT EVENTS

In July 2017, Eutelsat repurchased the minority holding of Inframed in BroadBand4Africa.

Note: This press release contains audited consolidated financial statements

prepared under IFRS, reviewed by the Audit Committee on 25 July 2017 and adopted by the Board of Directors of Eutelsat Communications on 27 July 2017. These accounts will be subject to the approval of shareholders of Eutelsat Communications at the Annual General Shareholders Meeting of 8 November 2017.

Documentation

Consolidated accounts are available at www.eutelsat.com/investors/index.html

Results presentation

Eutelsat Communications will hold a results presentation on **Friday, 28 July 2017** by conference call and webcast at **9:00 CET**.

To join the call, please dial the following numbers:

- + 33 (0)1 76 77 22 74 (from France)
- + 44 (0)330 336 9105 (from Europe)
- +1 719 325 2213 (from USA)

Access code:9924963#

A live webcast will be available on:

<http://www.eutelsat.com/en/investors.html>

A replay will be available from 28 July, 14:00 CET to 4 August, midnight by dialling the following numbers:

- + 33 (0) 1 70 48 00 94(from France)
- + 44 (0) 207 984 7568 (from Europe)
- +1 719 457 0820 (from USA)

Access code: 9924963#

Financial calendar

Note: The financial calendar is provided for information purposes only. It is subject to change and will be regularly updated.

- 26 October 2017: First Quarter 2017-18 revenues
- 8 November 2017: Annual General Shareholders' Meeting
- 16 February 2018: First Half 2017-18 results

About Eutelsat Communications: Established in 1977, Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) 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. Headquartered in Paris, with offices and teleports around the globe, Eutelsat represents a workforce of 1,000 men and women from 32 countries who are experts in their fields and work with clients to deliver the highest quality of service. For more about Eutelsat please visit www.eutelsat.com

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.

APPENDICES

Appendix 1: Additional financial data

Revenues by business application in the Fourth Quarter (€ millions)

Extract from the consolidated income statement (€ millions)

Twelve months ended June 30	2016	2017	Change
Revenues	1,529.0	1,477.9	-3.3%
Operating expenses[17]	(364.4)	(344.3)	-5.5%
EBITDA	1,164.6	1,133.6	-2.7%

Depreciation and amortisation[18]	(500.6)	(532.9)	+6.5%
Other operating income (charges)	(2.0)	14.1	n.a
Operating income	662.0	614.8	-7.1%
Financial result	(123.0)	(130.9)	+6.4%
Income tax expense	(199.8)	(120.1)	-39.9%
Income from associates	23.5	(0.4)	n.a
Portion of net income attributable to non-controlling interests	(14.3)	(11.6)	-18.9%
Group share of net income	348.5	351.8	+0.9%

Change in net debt (€ millions)

Twelve months ended June 30	2016	2017
Net cash flows from operating activities	895.7	982.9
Cash Capex [19]	(514.4)	(414.4)
Interest and Other fees paid net of interests received	(134.0)	(160.7)
Discretionary Free Cash Flow	247.3	407.8
Acquisition / disposal of equity investments and subsidiaries	4.6	54.7
Distributions to shareholders (including non-controlling interests)	(109.6)	(266.2)
Change in long-life leases and ECA debt[20]	(289.8)	140.0
Change in foreign exchange portion of the cross-currency swap	(13.4)	26.0
Other	(4.8)	3.8
Decrease (increase) in net debt	(165.7)	366.1

Appendix 2: Quarterly revenues by application

Pro-forma revenues

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

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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 (pro-forma) and FY 2016-17 under the new classifications:

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.

Appendix 3: 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 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

The 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%

The Net debt / EBITDA ratio is the ratio of net debt to EBITDA. It is computed as follows:

Twelve months ended June 30 (€ millions)	2016	2017
EBITDA	1,164.6	1,133.6
Closing net debt[21]	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.

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[22] (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[23]	(29.0)	(153.9)[24]
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[25]	-	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[26]	(18.8)	(62.9)
Repayment in respect of long-term leases[27]	(10.2)	(186.2)
Interest and other fees paid net of interest received	(134.0)	(160.7)

Payment received from ViaSat[28]		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] At constant currency and perimeter

[2] 76.6% at constant currency

[3] Alternative performance indicators. Please refer to the appendix 3 for more detail.

[4] 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”. IFRS 15 norm will be applied to revenues from FY 2018-19 onwards.

[5] Proforma revenues reflecting disposals of Alterna’TV, Wins/DHI and DSAT Cinema. For more details, please refer to appendix 2.

[6] At constant currency and perimeter.

[7] 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.

[8] Number of transponders on satellites in stable orbit, back-up capacity excluded.

[9] Number of 36 MHz-equivalent transponders leased on satellites in stable orbit.

[10] See Appendix 3 for the definition of this indicator

[11] See Appendix 3 for the definition of this indicator

[12] Excluding amount due to RSCC described in Appendix 3 (€95.2 million)

[13] 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)

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

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

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

[17] Operating expenses is defined as the sum of operating costs and of selling, general & administrative expenses.

[18] Comprises amortisation expense of €57.0 million corresponding to the intangible asset “Customer Contracts and Relationships”.

[19] See detailed calculation below

[20] Excluding amount to RSCC described in the Appendix 3 (€95.2 million).

[21] 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).

[22] In FY 2015-16 the payment was frozen in the context of the legal action brought against the Russian State by former Yukos shareholders.

[23] Included in lines “Repayment of borrowings” and of “Repayment of finance lease liabilities” of cash-flow statement

[24] Excluding payment to RSCC mentioned above (€95.2 million)

[25] Included in the line “Transactions relating to non-controlling interests” of cash-flow statement

[26] Included in the line “Repayment of borrowings” of cash-flow statement

[27] Included in the line “ Repayment in respect of finance lease liabilities” of cash-flow statement

[28] Included in the line “ Transactions relating to non-controlling interests ” of cash-flow statement

About Eutelsat Communications

Established in 1977, Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) 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.

Headquartered in Paris, with offices and teleports around the globe, Eutelsat represents a workforce of 1,000 men and women from 37 countries who are experts in their fields and work with clients to deliver the highest quality of service.

For more about Eutelsat please visit www.eutelsat.com

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