



FIRST HALF  
2020-21 REVENUES  
12 February 2021

# AGENDA

## 1. Key Events

2. Operational performance

3. Financial performance

4. Outlook

# HIGHLIGHTS



H1 performance allowing to absorb negative perimeter effect and to raise the low end of current year **revenue objective**

---



Ongoing resilience against **Covid-19** context

---



Robust **EBITDA margin** of 76.7% despite revenue decline and ramp-up of Broadband costs including BBB

---



High level of **Free Cash-Flow** generation already comfortably covering full year dividend

---



Award of second **EGNOS payload** representing total contract value of €100m over 15 years

---



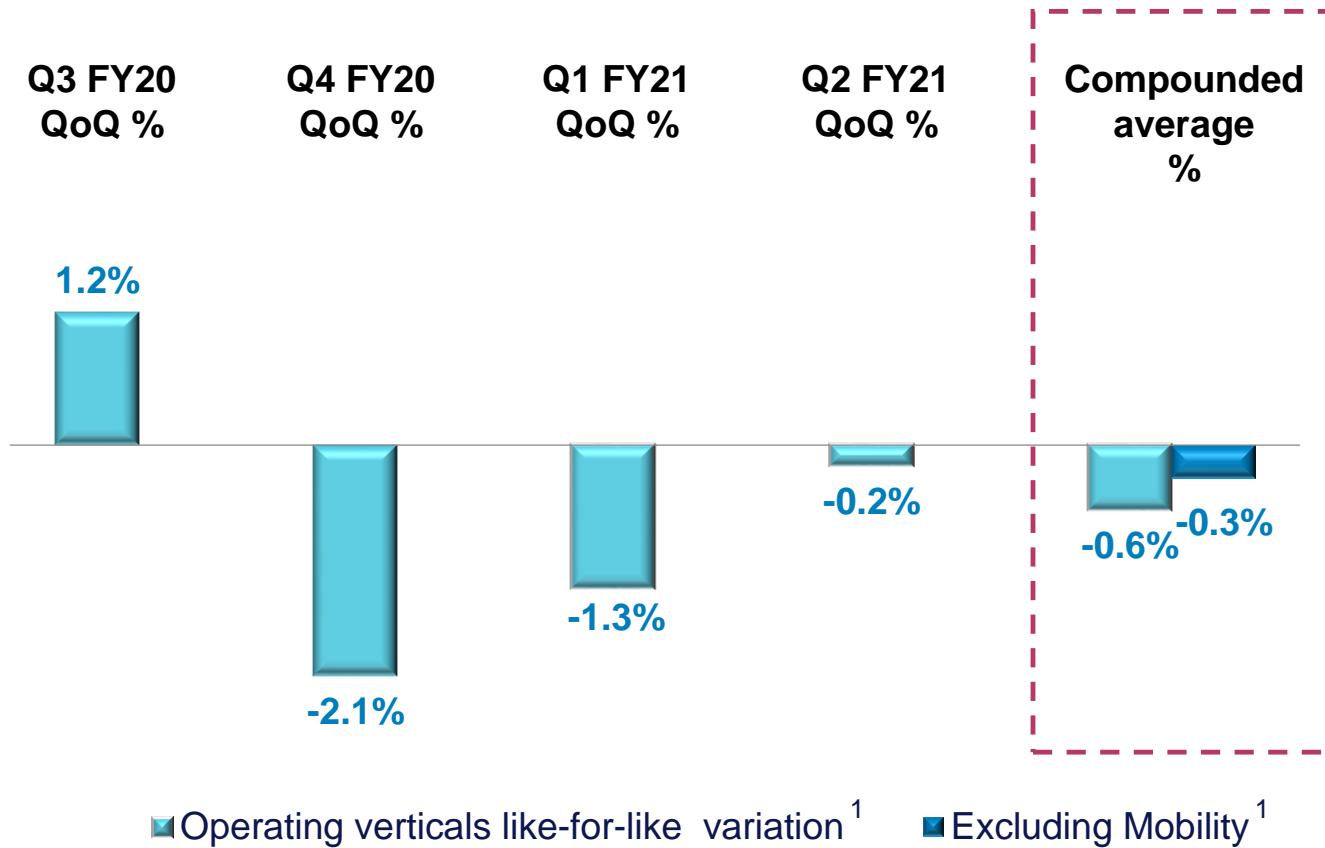
Substantial progress in **Fixed Broadband** strategy paving the way for future return to growth

# KEY FINANCIAL DATA

	First Half 2020-21	YoY Change	
		Reported	Like-for-like
Total Revenues	€629m	-1.3%	-1.6% <sup>1</sup>
Operating Verticals Revenues	€613m	-3.6%	-2.1% <sup>1</sup>
EBITDA margin <sup>2</sup>	76.7%	-1.1 pts	
Cash Capex <sup>2</sup>	(€117)m	+€72m	
Reported Discretionary Free Cash-Flow <sup>2</sup>	€257m	+€149m	
Adjusted Discretionary Free Cash-Flow <sup>2</sup>	€275m	+€158m	
Net Debt / EBITDA <sup>2</sup>	3.09x	-0.11x	

<sup>1</sup> Change at constant currency and perimeter. <sup>2</sup> Alternative performance metrics. Please refer to Appendix 3 to the press release for more details.

# ONGOING RESILIENCE IN COVID-19 CONTEXT



- ▶ Quarterly revenues down at just -0.6% average since onset of Covid-19 crisis
  - Decline of just -0.3% excluding Mobility
- ▶ Recovery in Occasional Use
- ▶ Slower pace of new business to impact upcoming quarters

# LARGE COMMERCIAL WINS SUPPORTING LONG-TERM OUTLOOK

## Broadcast

- ▶ In Africa incremental capacity for Multichoice and extension with ZAP



## Fixed Data

- ▶ Renewal and expansion of contract with Liquid Telecom at 7°E for VSAT



## Government

- ▶ New EGNOS payload on HB 13G representing €100m over 15 years



## Fixed Broadband

- ▶ Wholesale agreement with TIM for Italian capacity on KONNECT and KONNECT VHTS



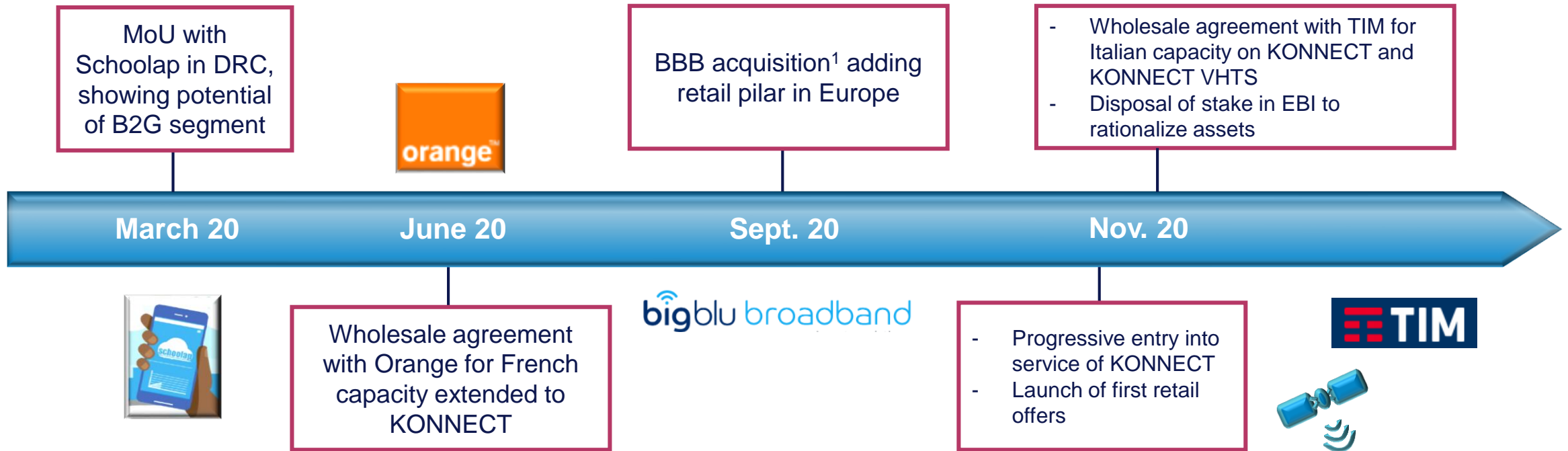
- ▶ Contract for connectivity services to the Post Office in Ivory Coast



- ▶ Distribution agreement with TelOne in Zimbabwe



# PAVING THE WAY FOR RETURN TO GROWTH IN FIXED BROADBAND



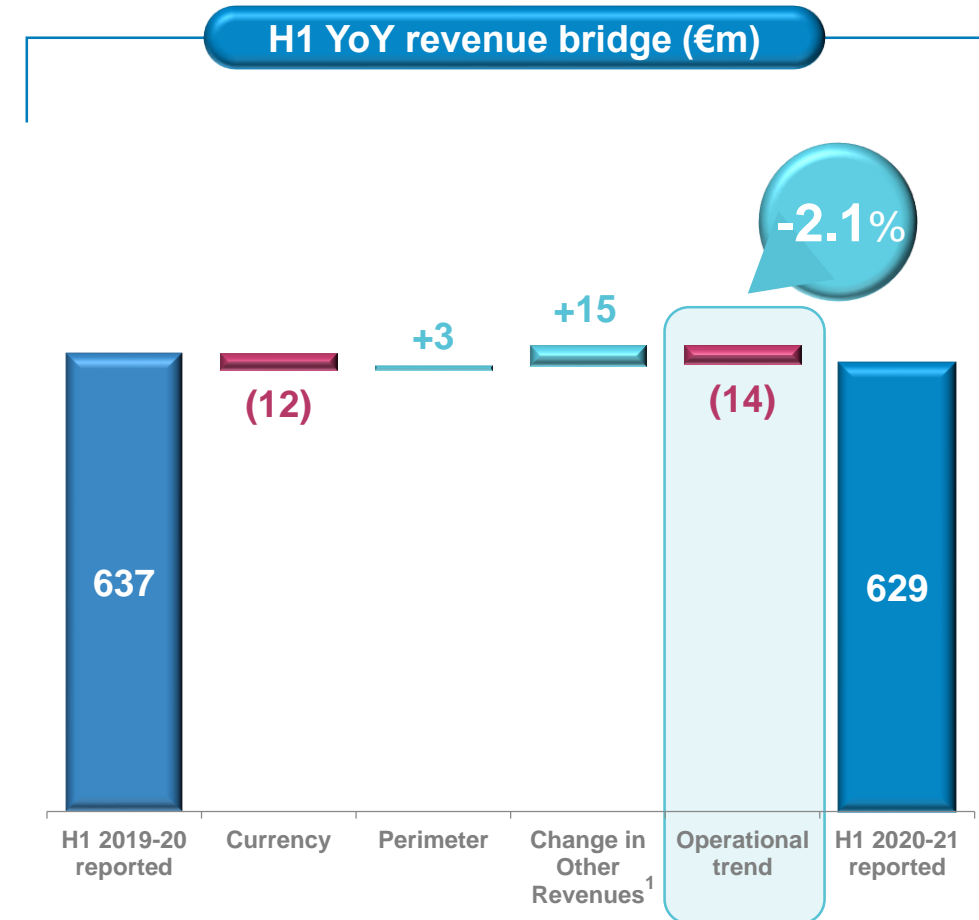
# AGENDA

1. Key Events
- 2. Operational performance**
3. Financial performance
4. Outlook













# H1 2020-21 REVENUES

- ▶ Total revenues of €629m, down 1.3%
- ▶ Negative currency effect
  - €/ \$ rate of 1.17 vs 1.11 last year
- ▶ Slightly positive perimeter effect
  - Contribution of BBB Europe in Q2
- ▶ Positive swing of €15m in 'Other Revenues'
  - O/w +€11m related to hedging
- ▶ Revenues of the Operating Verticals down 2.1% like-for-like YoY



<sup>1</sup> Including Hedging revenues representing a +€11m impact

# H1 FY 2020-21 REVENUES BY APPLICATION

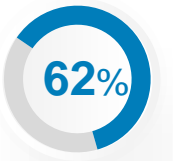
		REVENUE CONTRIBUTION <sup>1</sup>	REVENUES (€m)	LIKE-FOR-LIKE <sup>2</sup> YOY CHANGE
	<b>BROADCAST</b>		<b>379</b>	<b>-1.8%</b>
	<b>DATA &amp; PROFESSIONAL VIDEO</b>		<b>81</b>	<b>-4.5%</b>
	<b>GOVERNMENT SERVICES</b>		<b>77</b>	<b>+2.5%</b>
	<b>FIXED BROADBAND</b>		<b>42</b>	<b>+2.3%</b>
	<b>MOBILE CONNECTIVITY</b>		<b>34</b>	<b>-13.9%</b>
<b>TOTAL OPERATING VERTICALS</b>			<b>613</b>	<b>-2.1%</b>
<b>OTHER REVENUES</b>			<b>15</b>	<b>+€15m<sup>3</sup></b>

<sup>1</sup> Share of each application as a percentage of total revenues excluding “Other Revenues”.

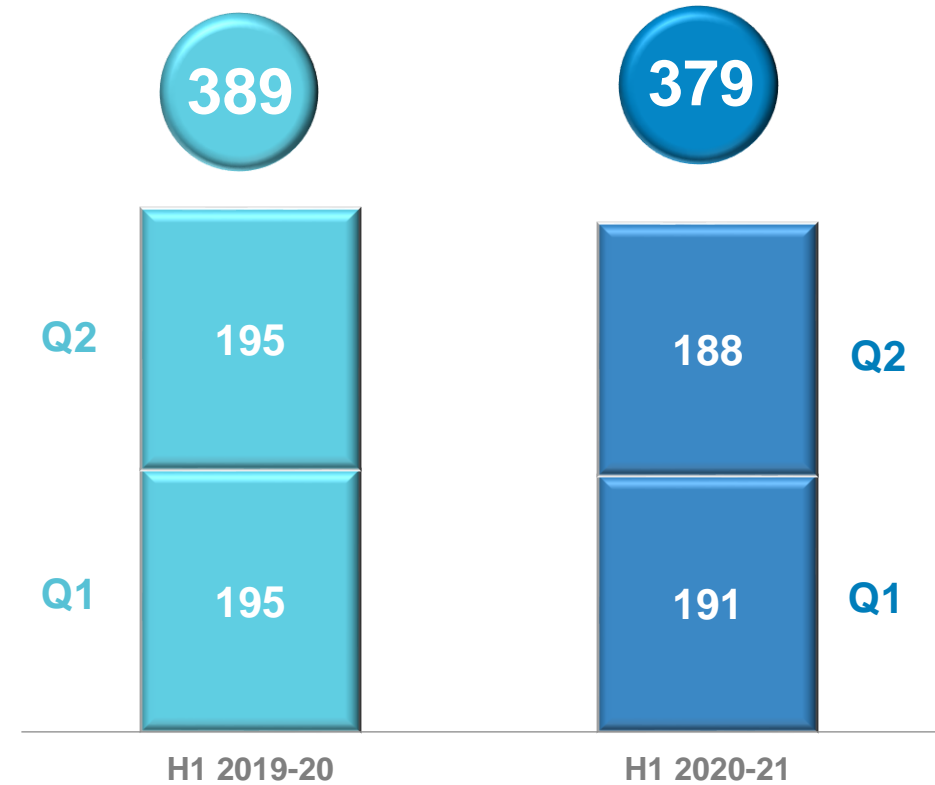
<sup>2</sup> Change at constant currency and perimeter. The variation is calculated as follows: i) H1 2020-21 USD revenues are converted at H1 2019-20 rates; ii) H1 2020-21 revenues are restated from the contribution of BBB to revenues. iii) Hedging revenues are excluded from Other Revenues.

<sup>3</sup> Of which +€11m related to hedging revenues

# BROADCAST

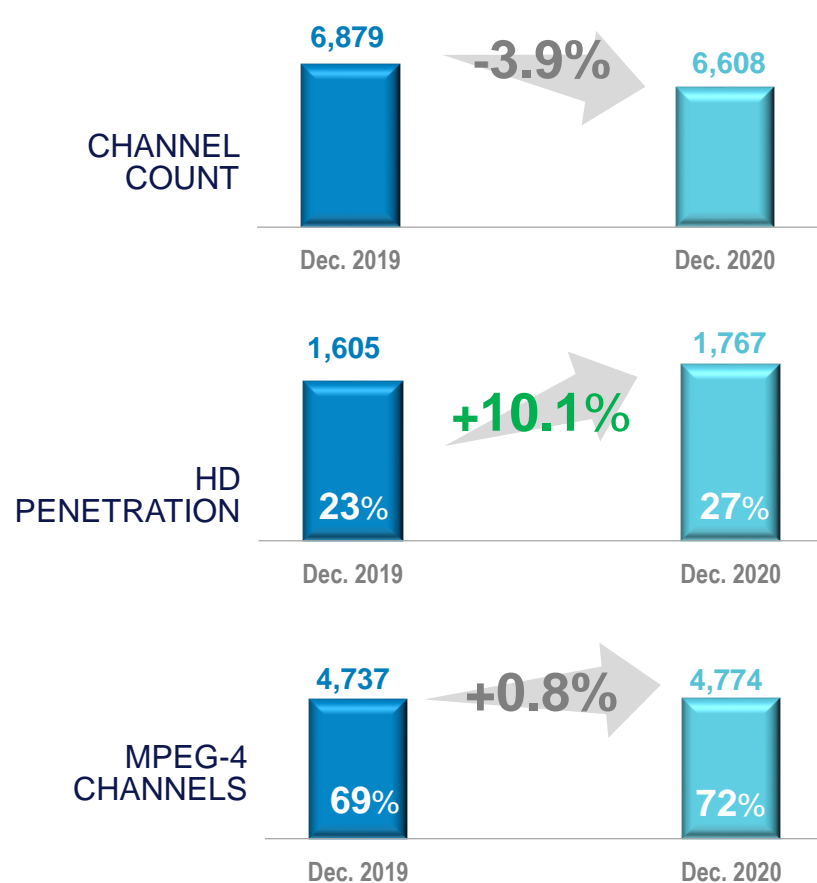


- ▶ H1 revenues of €379m, down 1.8% YoY like-for-like<sup>1</sup>
  - Reflecting mainly impact of the renegotiation of contract terms with Greece's Forthnet
- ▶ Q2 revenues
  - Down 2.1% YoY<sup>1</sup>
  - Stable QoQ excluding €2m one-off recorded in Q1
- ▶ Positive dynamic in African Market
  - Expansion of contract with Multichoice
  - Extension of the agreement with ZAP
- ▶ Ongoing broad slowdown in pace of new business due to Covid-19 crisis to be reflected in H2



<sup>1</sup> At constant currency and perimeter

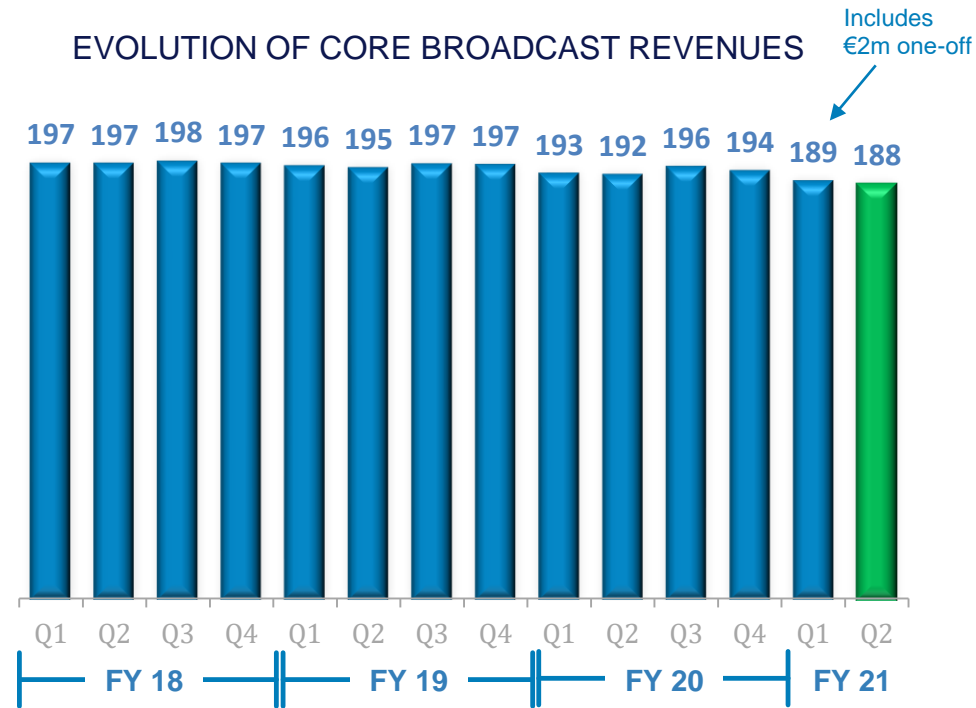
# CHANNEL COUNT



- Lower line up at 5°W following E5WA end of life in stable orbit
- Decrease in Sky Italia line-up
- Negative impact of “technical” events (dual illumination, contribution)
- Natural churn not offset by new business in Europe as expected
- Decrease of C-Band channels in North America
  
- Double-digit growth in HD
- HD line-ups progressing at all major orbital slots
- 27% penetration
  
- MPEG-4 penetration more advanced than HD

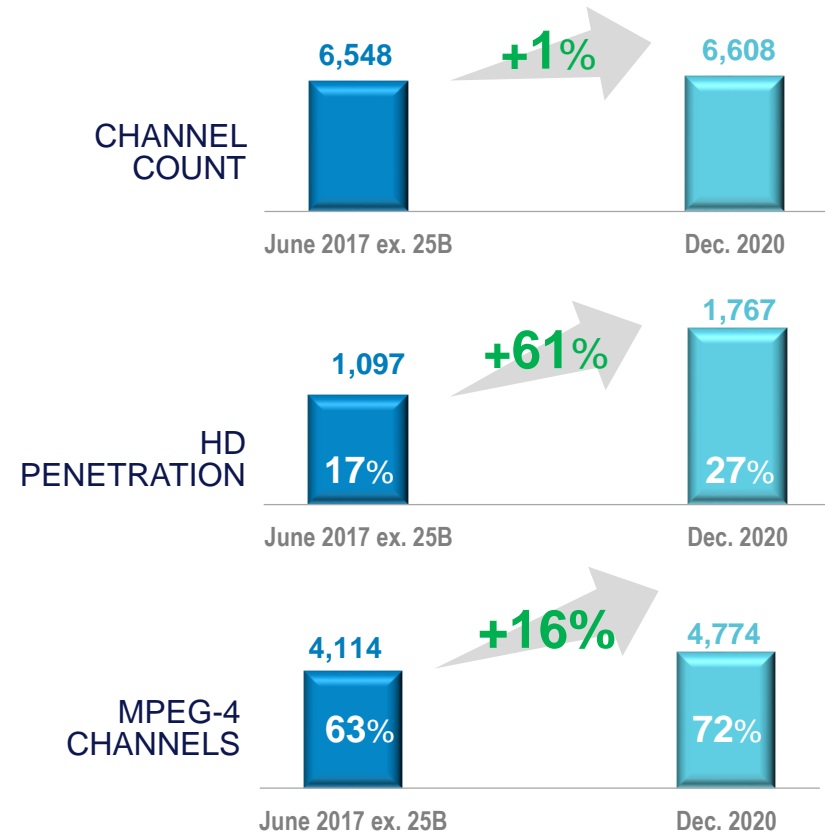
# RESILIENCE OF CORE BROADCAST

**BROAD STABILITY  
OF CORE BROADCAST  
(CAGR of c. -1.3%)**

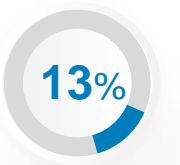


At constant currency and accounting standards  
 Excluding Fransat  
 Converted at €/€ rate of 1.14  
 Excluding ETL 25B and Q1 FY18 data proforma for Noorsat integration

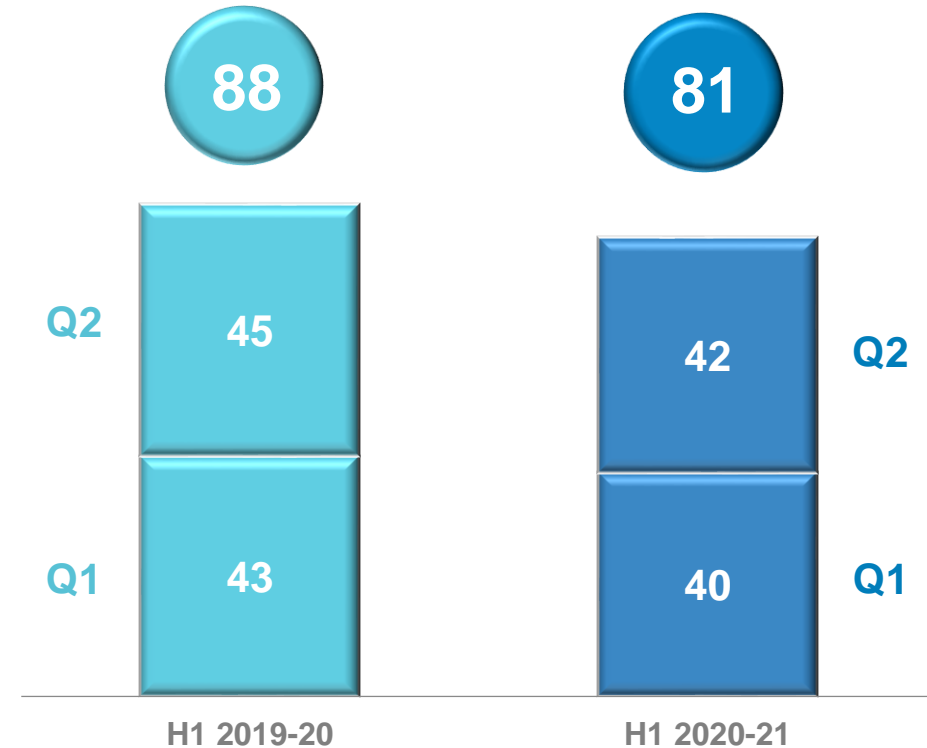
**CHANNEL KPIs LEADING TO  
SLIGHT GROWTH IN MBPS  
CONSUMPTION**



# DATA & PROFESSIONAL VIDEO



- ▶ H1 revenues of €81m, down 4.5% YoY like-for-like<sup>1</sup>
  - Q2 revenues down 2.7% YoY and up 7.2% QoQ
- ▶ Improved trends in Fixed Data:
  - Improving volumes notably in MENA
  - Partially offsetting ongoing pricing pressure and highly competitive environment
- ▶ Professional Video: OU recovery
  - YoY decline
  - Recovery of Occasional Use in Q2 with reinstatement of live sport
- ▶ Renewal and expansion of contract with Liquid Telecom at 7°East

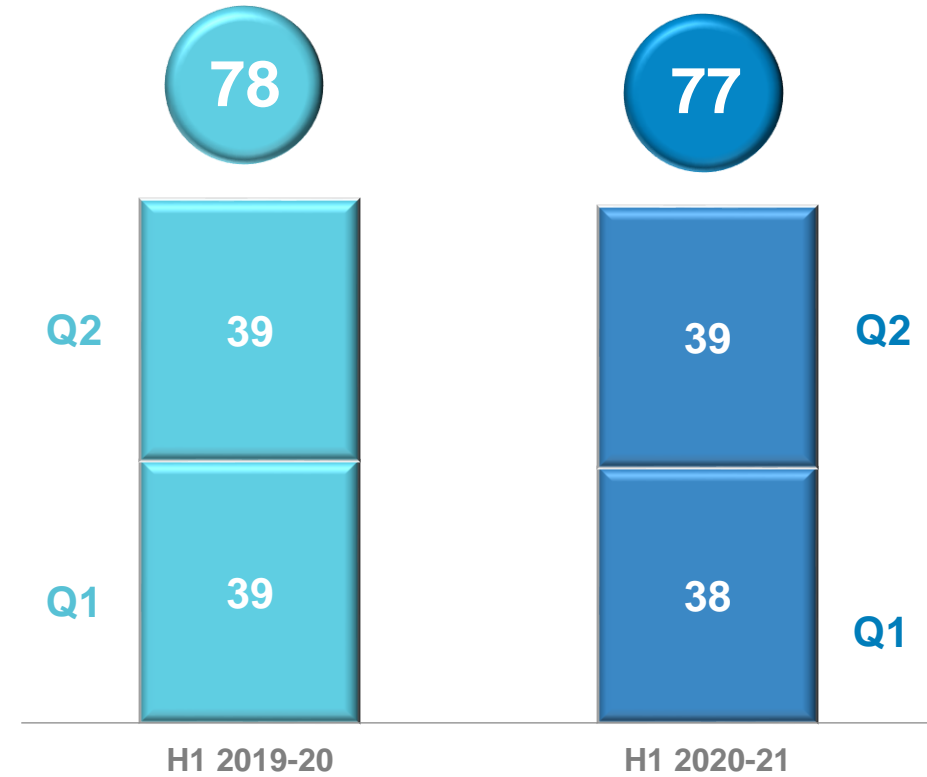


<sup>1</sup> At constant currency and perimeter

# GOVERNMENT SERVICES

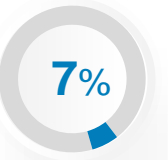


- ▶ H1 revenues of €77m, up 2.5% YoY like-for-like<sup>1</sup>
  - Negative carry-forward effect of the past 18 months' USG renewals
  - More than offset by contribution of EGNOS payload and new business
- ▶ Q2 revenues up 4.5% YoY and 2.1% QoQ<sup>1</sup>
- ▶ Second Half facing tougher comps vs H2 20
  - EGNOS contribution from mid-February
  - Positive one-off in Q4
- ▶ Agreement with GSA for a further EGNOS payload on EUTELSAT HOTBIRD 13G

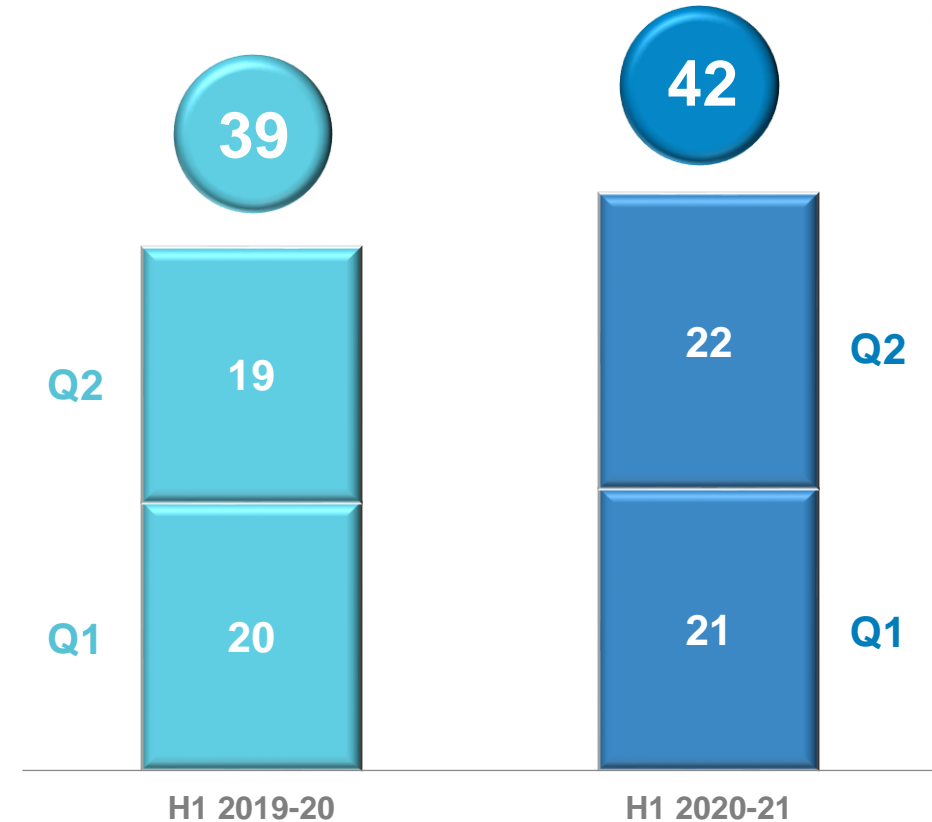


<sup>1</sup> At constant currency and perimeter

# FIXED BROADBAND



- ▶ H1 revenues of €42m, up 2.3% like-for-like<sup>1</sup>
  - Increased demand for consumer broadband
  - Positive trend for European customer base over LTM
  - Higher sales of terminals
- ▶ Q2 revenues up 0.8% YoY; down 6.5% QoQ<sup>1</sup>
  - High level of terminal sales in Q1
- ▶ Ongoing enhancement of African distribution
  - Contract with Post Office in Ivory Coast
  - Agreement with TelOne, in Zimbabwe
- ▶ All elements now in place for return to growth
  - EUTELSAT KONNECT operating close to full speed
  - First retail offers launched in several countries
  - Integration of BBB progressing smoothly
  - Wholesale agreements with Orange and TIM



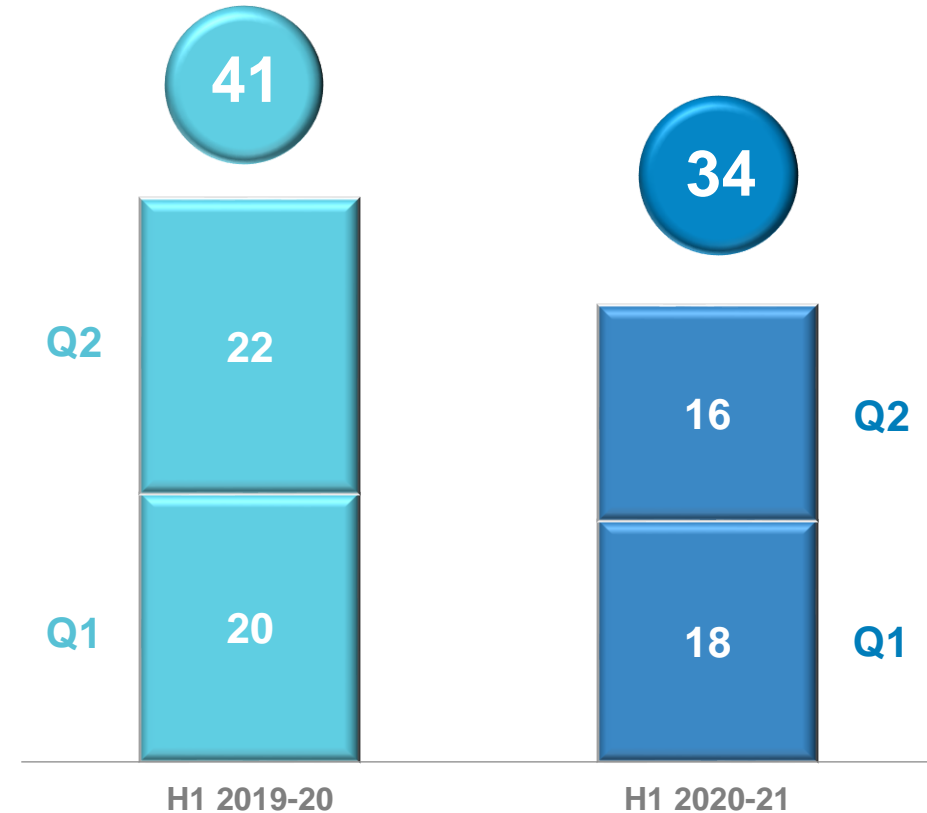
<sup>1</sup> At constant currency and perimeter



# MOBILE CONNECTIVITY



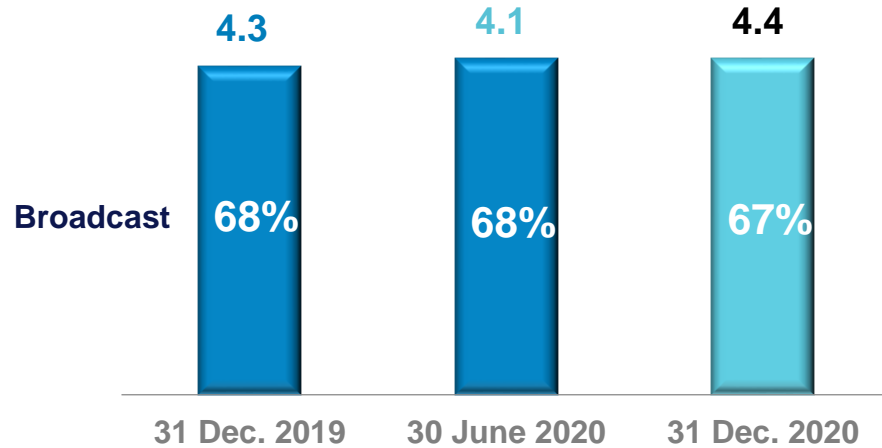
- ▶ H1 revenues of €34m, down 13.9% YoY like-for-like<sup>1</sup>
- ▶ Impact of Covid-19 crisis on aero mobility
  - Low level of airtime-related revenues on KA-SAT
  - Renegotiation of contract terms with affected service providers
- ▶ Maritime revenues remain well-oriented
  - Ramp-up of contracts secured in previous years
- ▶ Q2 revenues down 20.1% YoY and 6.9% QoQ<sup>1</sup>
  - FY 20 Q2 included positive one-off of c.€1m



<sup>1</sup> At constant currency and perimeter

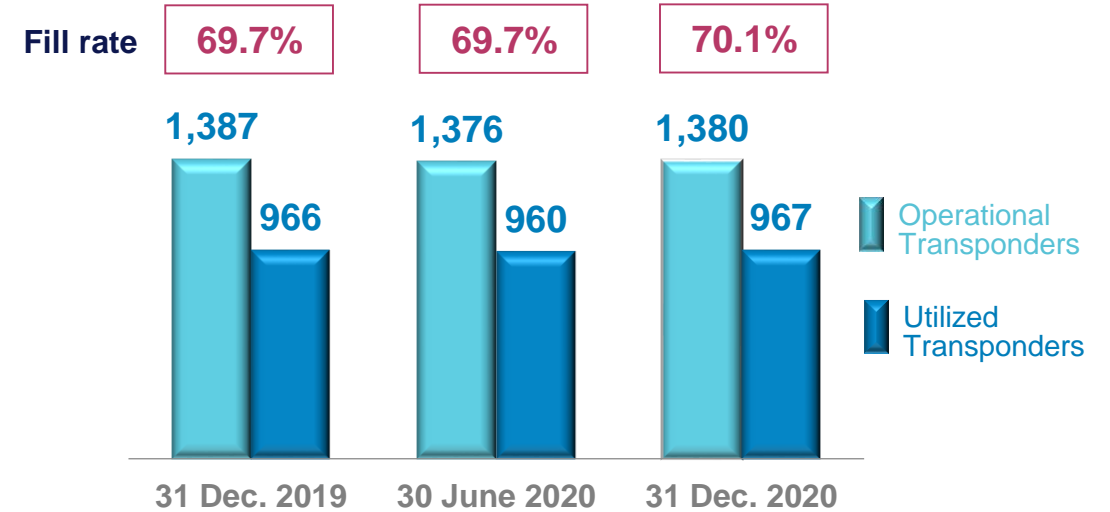
# BACKLOG & FILL RATE

## BACKLOG (€BN)



- Backlog up 2% YoY
- Now including TIM contract but not yet EGNOS contract
- 3.4 years of revenues
- Broadcast accounting for 67%

## OPERATIONAL & UTILIZED TRANSPONDERS



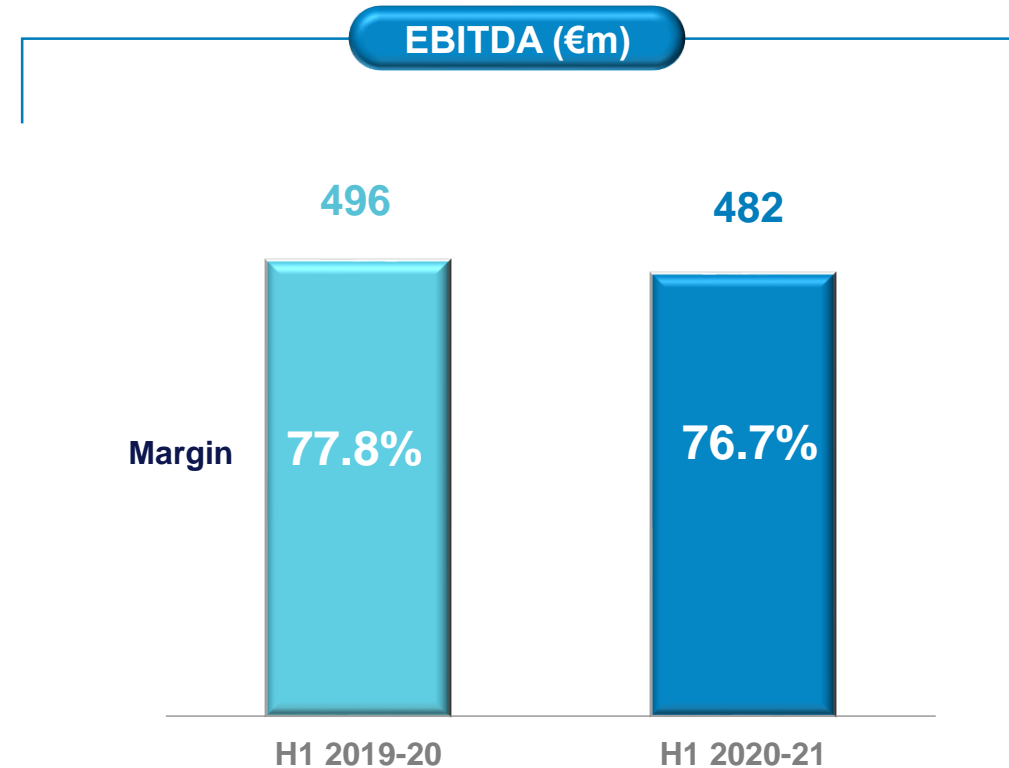
- Operating TPE down 7 units / utilized TPE stable YoY
  - Lower capacity at 5°West
  - Entry into service of E7C
- Fill rate continuing its slight progression at 70.1%

# AGENDA

1. Key Events
2. Operational performance
- 3. Financial performance**
4. Outlook

# PROFITABILITY

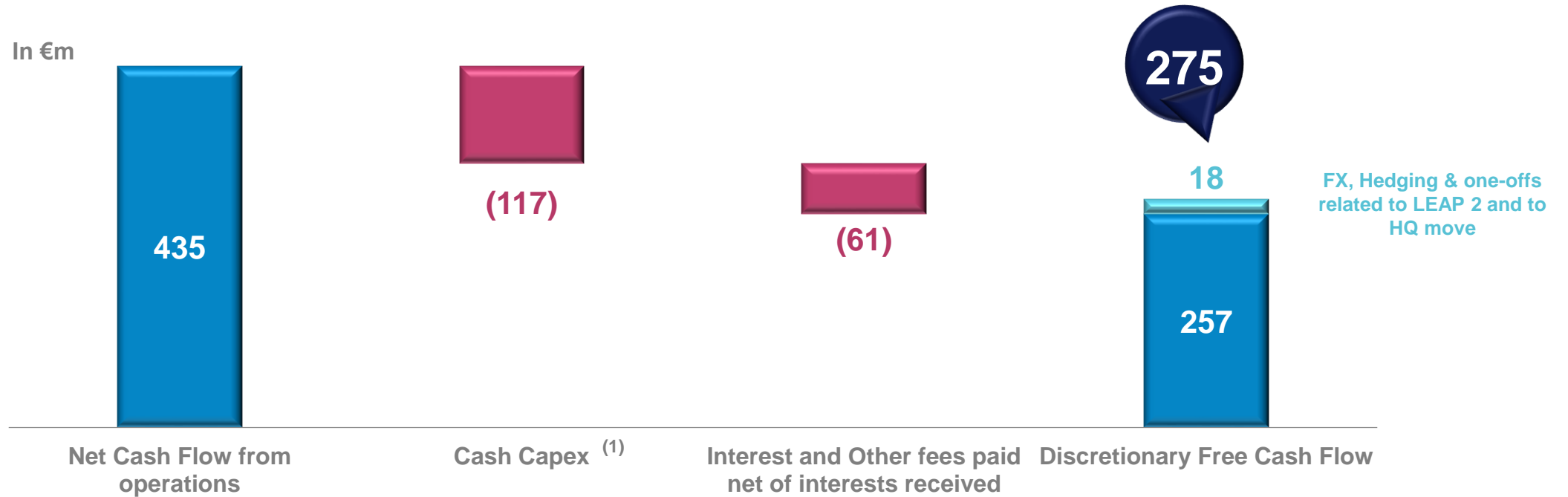
- ▶ H1 EBITDA margin of 76.7%<sup>1</sup> down 1.1 points YoY
  - Lower revenues
  - Higher costs for Broadband activity including slightly dilutive impact from the consolidation of BBB Europe
- ▶ Strong cost discipline in the core business
  - LEAP 2 programme well on track to deliver on objective with around half of €20-25 million in annual savings expected to be reached in FY21



# NET INCOME

Extracts from the consolidated income statement in €m <sup>1</sup>	H1 2019-20	H1 2020-21	CHANGE	
Revenues	637	629	-1.3%	
EBITDA <sup>2</sup>	496	482	-2.7%	
Operating income	225	214	-4.9%	▶ Broadly stable D&A
Financial result	(41)	(47)	+14.5%	▶ Positive impact of previous refinancing ▶ Negative non-cash impact related to FX losses
Income tax	(34)	(23)	-32.2%	▶ Tax Rate of 14% vs 18% last year ▶ Positive variation of deferred taxes ▶ 2 points decrease of French corporate tax rate
Group share of net income	141	137	-2.3%	▶ Net margin of 22% unchanged versus last year

# ADJUSTED DISCRETIONARY FREE CASH FLOW



Change as per financial objectives

**+158**

Reported change

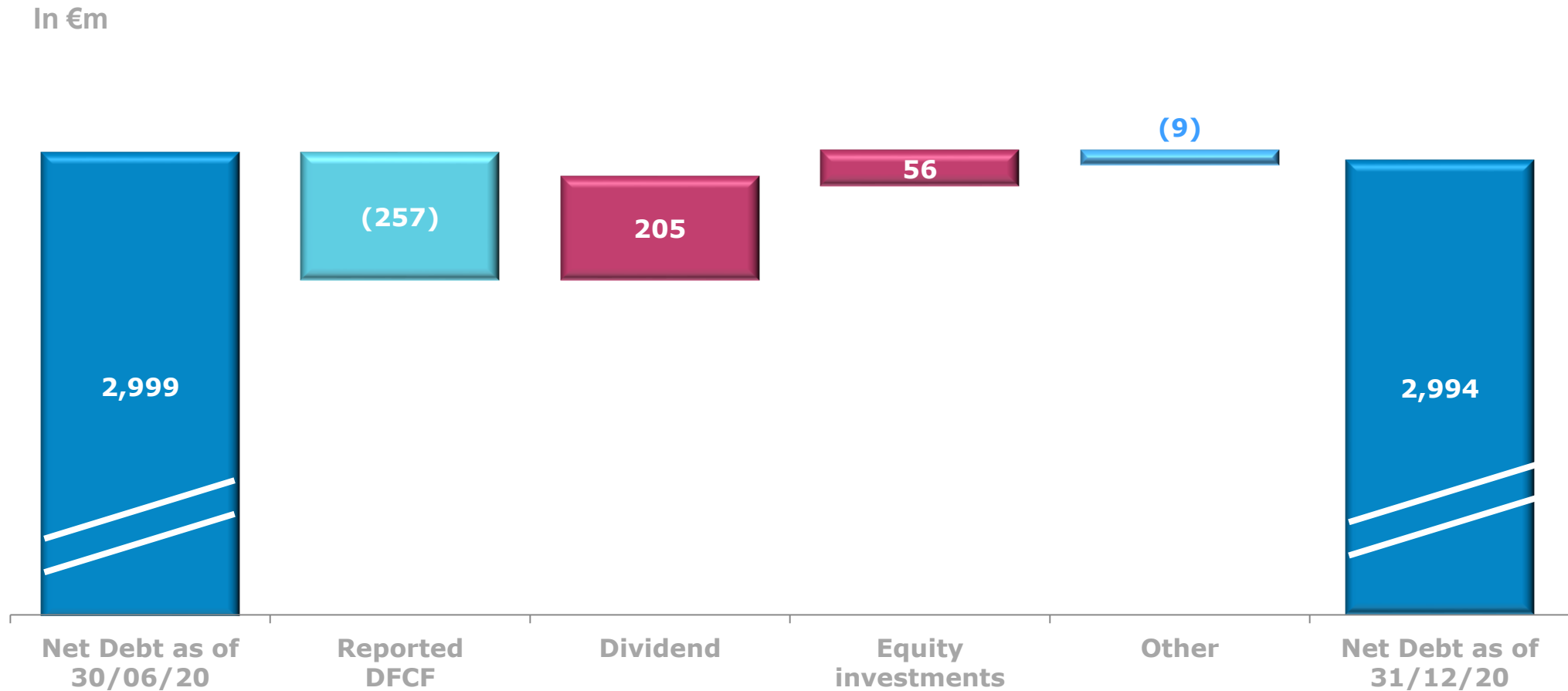
**+82**

**+72**

**(5)**

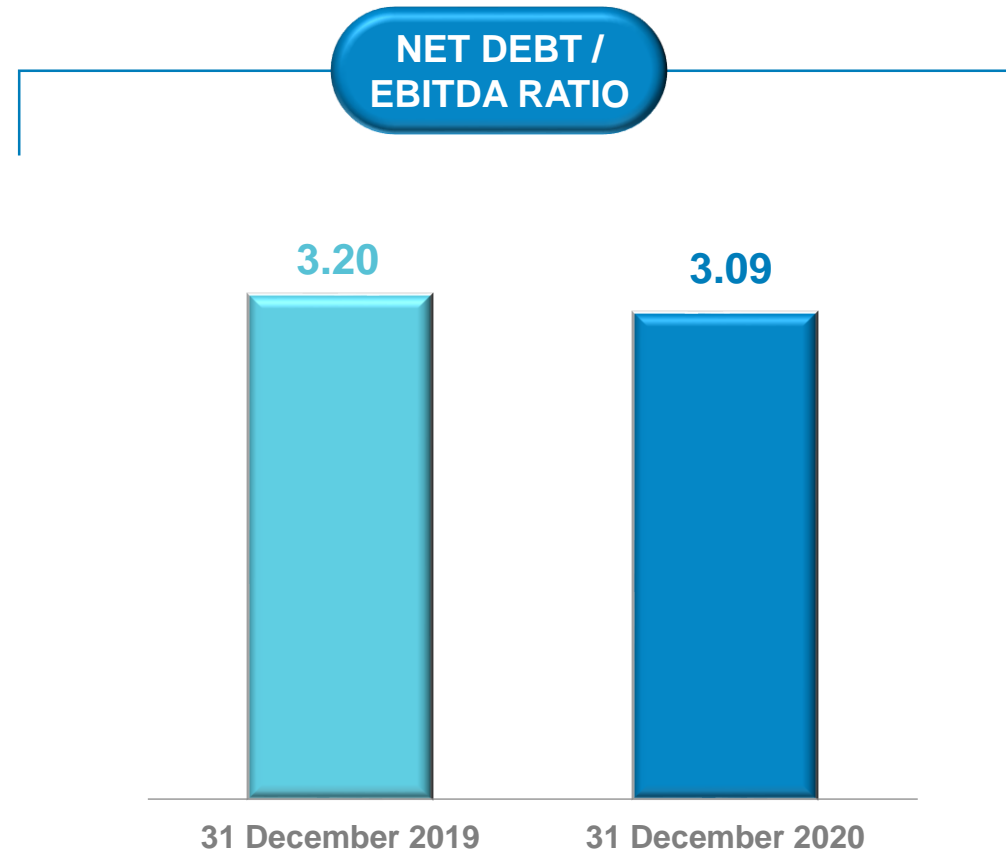
**+149**

# NET DEBT STABLE DESPITE DIVIDEND AND BBB ACQUISITION



# FINANCIAL STRUCTURE

- ▶ Net Debt/EBITDA ratio of 3.09x
  - Versus 3.20x as of 31 December 2019
- ▶ Ongoing optimization of debt structure
  - €600m Eurobond with 8-year maturity and 1.5% coupon
  - €200m 8-year EIB term loan to finance KONNECT VHTS at a rate of 0.49%
  - Early €200m repayment of Mar '22 €600m term loan (1.15% rate)
- ▶ Average cost of debt after hedging of 2.3%
  - Versus 2.4% in H1 FY 20
- ▶ Average weighted maturity of 4.3 years
  - 4.9 years excluding already refinanced June 21 Bond
  - Versus 4.2 y at 31 Dec 2019
- ▶ Strong liquidity
  - Cash and undrawn credit lines of > €1.7bn





# AGENDA

1. Key Events
2. Operational performance
3. Financial performance
- 4. Outlook**

# REMINDER: OUR STRATEGIC ROADMAP

## STEP 1



**MAXIMIZE  
FREE CASH-FLOW  
GENERATION**

## STEP 2: RETURN TO GROWTH



**EXTRACT VALUE  
FROM THE CORE  
VIDEO BUSINESS**



**CAPTURE  
THE CONNECTIVITY  
OPPORTUNITY**

# UPDATE ON KEY PRIORITIES FOR FY 2020-21



**MAXIMIZE FREE CASH-FLOW GENERATION**

- ▶ Execute on LEAP 2 cost savings plan and deliver the C-Band clearing
- ▶ Improve WCR
- ▶ Maintain all other levers of Free Cash-Flow generation under tension



**EXTRACT VALUE FROM THE CORE VIDEO BUSINESS**

- ▶ Maximize yield in heritage markets notably by securing renewals in the long-term
- ▶ Tap growth pockets



**CAPTURE THE CONNECTIVITY OPPORTUNITY**

- ▶ Assure ramp-up of EUTELSAT KONNECT and prepare the ground for future assets
- ▶ Further exploit the Business-to-Government opportunity and develop wholesale partnerships
- ▶ Pursue growth in maritime mobility



**Well on track**



**Positive variation in H1**



**H1 DFCF of €257m amply covering full year dividend**



**Sky Italia contract renewal securing broadly stable revenues in the medium term**



**Expansion of contract with Multichoice**



**BBB integration and launch of Broadband retail offers**



**Wholesale agreement with TIM Contract with Post Office in Ivory Coast**



**H1 Maritime revenue up double-digit**

# BROADBAND MARKET LARGE ENOUGH FOR MULTIPLE PLAYERS

- ▶ Substantial long-term (2030+) core **addressable market** of premises durably beyond the reach of terrestrial infrastructure (4G, 5G, Fiber)

- ~4M premises in Europe
- ~5M premises in Africa

- ▶ Medium-term addressable market even larger ahead of planned terrestrial rollouts

- ▶ Capacity production limiting the number of households each operator can serve

- ▶ LEO constellations likely to address a wider pocket than GEO

- ▶ **Demand** for ubiquitous connectivity boosted by Covid-19 induced lockdowns

- ▶ Positive consumer feedback for satellite BB

- >90% of Satellite BB customers are satisfied with their connectivity<sup>1</sup>
- 60 to 70% of HH in areas with poor terrestrial coverage show high interest in satellite BB offers<sup>2</sup>



**Market large enough for multiple players**

# WHOLESALE COMMITMENTS SECURING CAPACITY RAMP-UP

Customer	Application	Satellite	Coverage
----------	-------------	-----------	----------



Fixed  
Broadband

EUTELSAT KONNECT  
KONNECT VHTS

Mainly  
France



Total contract value: **>€450m**



Fixed  
Broadband

EUTELSAT KONNECT  
KONNECT VHTS

Italy



Average duration: **~12 years**



**Over 20%** of total capacity



Government  
/ Mobility

KONNECT VHTS






Europe

- ▶ Recent momentum highlighting increasing interest of Telcos for satellite Broadband
- ▶ Discussions with other operators progressing well

# RETAIL STRATEGY BEING ROLLED-OUT

- ▶ Integration of BBB Europe well on track
- ▶ Launch of initial retail offers across Europe offering a compelling value proposition
  - Retail prices including terminal lease
  - Accessible upfront fees including installation
- ▶ Initial results fully in line with expectations on limited initial capacity
- ▶ Net additions set to ramp-up with satellite at full speed
- ▶ Offers to be expanded to additional countries in the coming months

## Retail packages indicative prices

	konnect Easy	konnect Zen	konnect Max	
	<b>Maximum speed<sup>1</sup></b>			
	<b>30 Mbps</b>	<b>50 Mbps</b>	<b>100 Mbps</b>	
	<b>Monthly fee<sup>2</sup> Rental of the kit included</b>			<b>Upfront fee</b>
	<b>29.99€</b>	<b>44.99€</b>	<b>69.99€</b>	<b>49€</b>
	<b>29.99€</b>	<b>44.99€</b>	<b>69.99€</b>	<b>148€</b>
	<b>29.99£</b>	<b>44.99£</b>	<b>69.99£</b>	<b>49£</b>
	<b>24.99€</b>	<b>39.99€</b>	<b>59.99€</b>	<b>49€</b>
	<b>22.99€</b>	<b>34.99€</b>	<b>49.99€</b>	<b>49€</b>

<sup>1</sup> On the Easy Starter, Zen, Max service plan, after 20GB, 60GB and 120GB of data usage, the data might be prioritized behind other customers during network congestion. The data traffic is not accounted during the night (from 1 to 6 am - local time);

<sup>2</sup> Indicative standard price for a 12 month commitment in Germany, Ireland and the UK. Promotional price for the first 24 months in Spain and Portugal then aligned with the German/Irish tariff after this period.

# LOW END OF REVENUE OBJECTIVE RAISED



## OPERATING VERTICALS REVENUES<sup>1</sup>

- ▶ Between €1,190m to €1,220m in FY 2020-21<sup>1</sup>  
Absorbing negative perimeter effect  
Vs. between €1,180m to €1,220m previously

## CASH CAPEX

- ▶ Not exceeding average of €400m<sup>2</sup> per year for the period July 2020 to June 2022

## ADJUSTED DISCRETIONARY FREE CASH-FLOW<sup>3</sup>

- ▶ Between €390m and €420m in FY 2021-22<sup>3</sup>  
Mechanically adjusted for changes in perimeter

## LEVERAGE

- ▶ Maintain investment grade rating
- ▶ Medium-term net debt / EBITDA ratio of c. 3x

## DISTRIBUTION

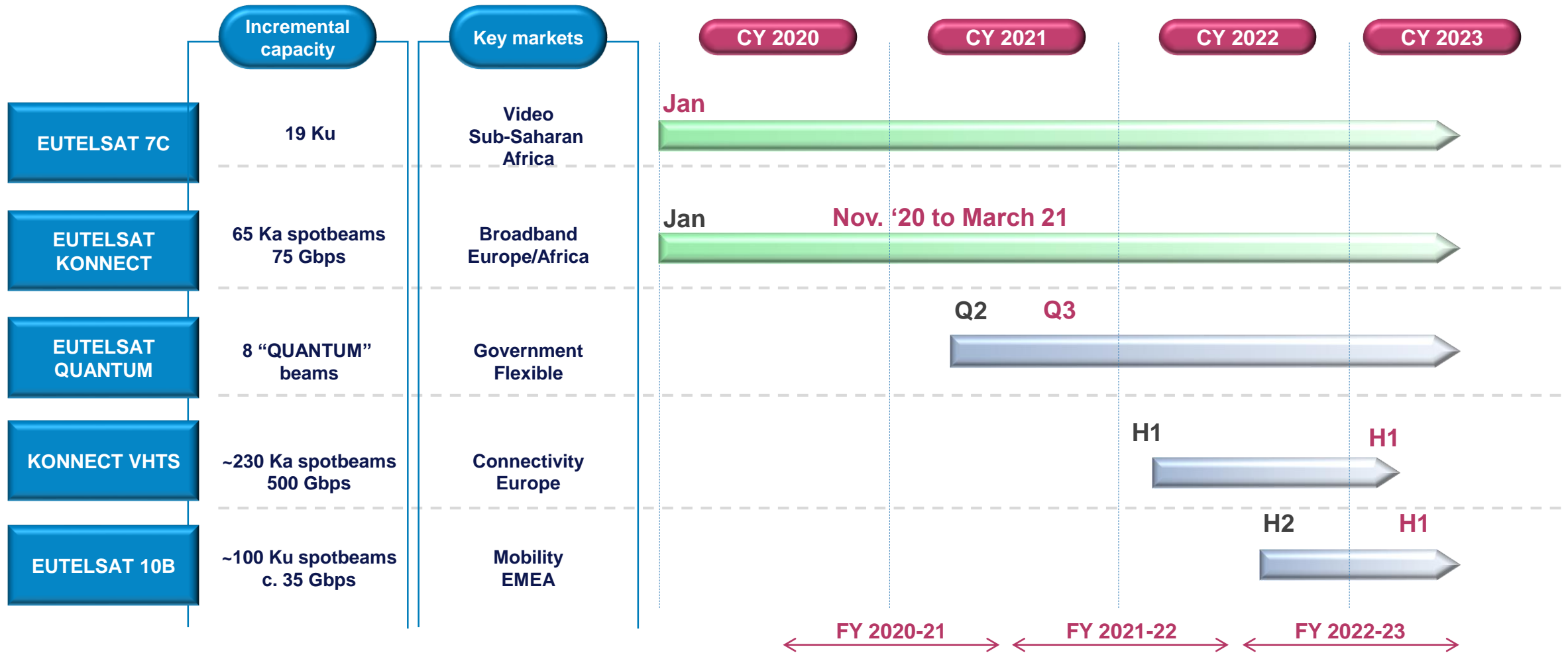
- ▶ Dividend of €0.89 per share paid in November 2020
- ▶ Stable to progressive dividend policy reinstated from FY 2020-21

<sup>1</sup> Based on a €/€ rate assumption of 1.14 and including the combined impact of the acquisition of Bigblu Broadband Europe and the disposal of EBI but excluding the effect of other changes in perimeter if any.

<sup>2</sup> Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

<sup>3</sup> Based on a €/€ rate assumption of 1.14, excluding one-off impacts such as hedging, effects of changes in perimeter (if any) other than the acquisition of Bigblu Broadband Europe and the disposal of EBI, and one-off costs related to specific projects in particular to the LEAP 2 program and to the move to new headquarters.

# TARGETED GROWTH CAPACITY TO PROGRESSIVELY SUPPORT TOPLINE



■ Launched   
 ■ Upcoming Launch   
 X Approx. launch date   
 X Indicative approx. time to entry into service



# DISCLAIMER

This presentation does not constitute or form part of and should not be construed as any offer for sale of or solicitation of any offer to buy any securities of Eutelsat Communications, nor should it, or any part of it, form the basis of or be relied on in connection with any contract or commitment whatsoever concerning Eutelsat Communications' assets, activities or shares.


This presentation includes only summary information related to the activities for the fiscal year 2020-21 and its strategy, and does not purport to be comprehensive or complete.

All statements other than historical facts included in this presentation, including without limitations, those regarding Eutelsat Communications' position, business strategy, plans and objectives are forward-looking statements.

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. These materials are supplied to you solely for your information and may not be copied or distributed to any other person (whether in or outside your organization) or published, in whole or in part, for any purpose.

# FUTURE LAUNCHES

NAME		Electrical propulsion		HTS Payload	
		EUTELSAT HOTBIRD 13F	KONNECT VHTS	EUTELSAT HOTBIRD 13G	EUTELSAT 10B
Orbital Position	48° East	13° East	TBD	13° East	10° East
Approx . Launch date <sup>1</sup>	Q2 2021	H2 2021	H1 2022	H1 2022	H2 2022
Manufacturer					
Launcher		TBD	TBD	TBD	
Coverage	Flexible	Europe	Europe	Europe	EMEA, Atlantic & Indian Ocean
Applications	Government Services	Video	Connectivity Government	Video	Mobile Connectivity
Total Capacity (TPE/Spotbeams)	N/A	73 Ku <sup>3</sup>	~230 Ka / 500 Gbps	73 Ku <sup>3</sup>	12 Ku / 20C / c.35 Gbps
o/w Expansion <sup>2</sup>	N/A	-	~230 Ka / 500 Gbps	-	-48 Ku c.35 Gbps

■ Electrical propulsion

■ HTS Payload

<sup>1</sup> Calendar year | <sup>2</sup> Excludes unannounced redeployments

<sup>3</sup> "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 TPE), once regulatory, technical and operational constraints are taken into account."