



# 2006-2007 Results

July 26, 2007

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## 1 CONTINUOUS GROWTH

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## 2 REVIEW OF OPERATIONS

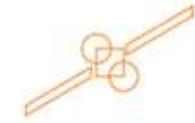
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## 3 FINANCIAL ANALYSIS

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## 4 OUTLOOK

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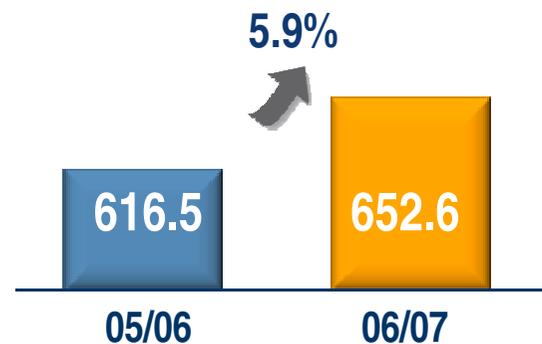


# 2006-2007: continuing growth



## Further increase in revenues<sup>(1)</sup>

- ▶ + 4.8% in 2006-2007
- ▶ + 6.8% excluding non-recurring revenues and at constant exchange rate



## Progress in profitability

- ▶ EBITDA growth of **5.9%**
- ▶ Increase of EBITDA margin at **78.7%** (+0.8 pt)
- ▶ N°1 in terms of profitability among leading Fixed Satellite Service operators



## Sharp rise in consolidated net income

- ▶ Revenue growth and improvement of profitability
- ▶ Significantly lower financial expenses

# Achievements in line with strategy



Strategic goal: maximise revenue per transponder

## Video orbital positions strengthened

- > TV channels: + 23%
- > HOT BIRD™ orbital position further secured
- > HOT BIRD™ dual-feed with EUROBIRD™ 9
- > Opening of orbital position 7° West with ATLANTIC BIRD™ 4
- > Emergence of HD TV

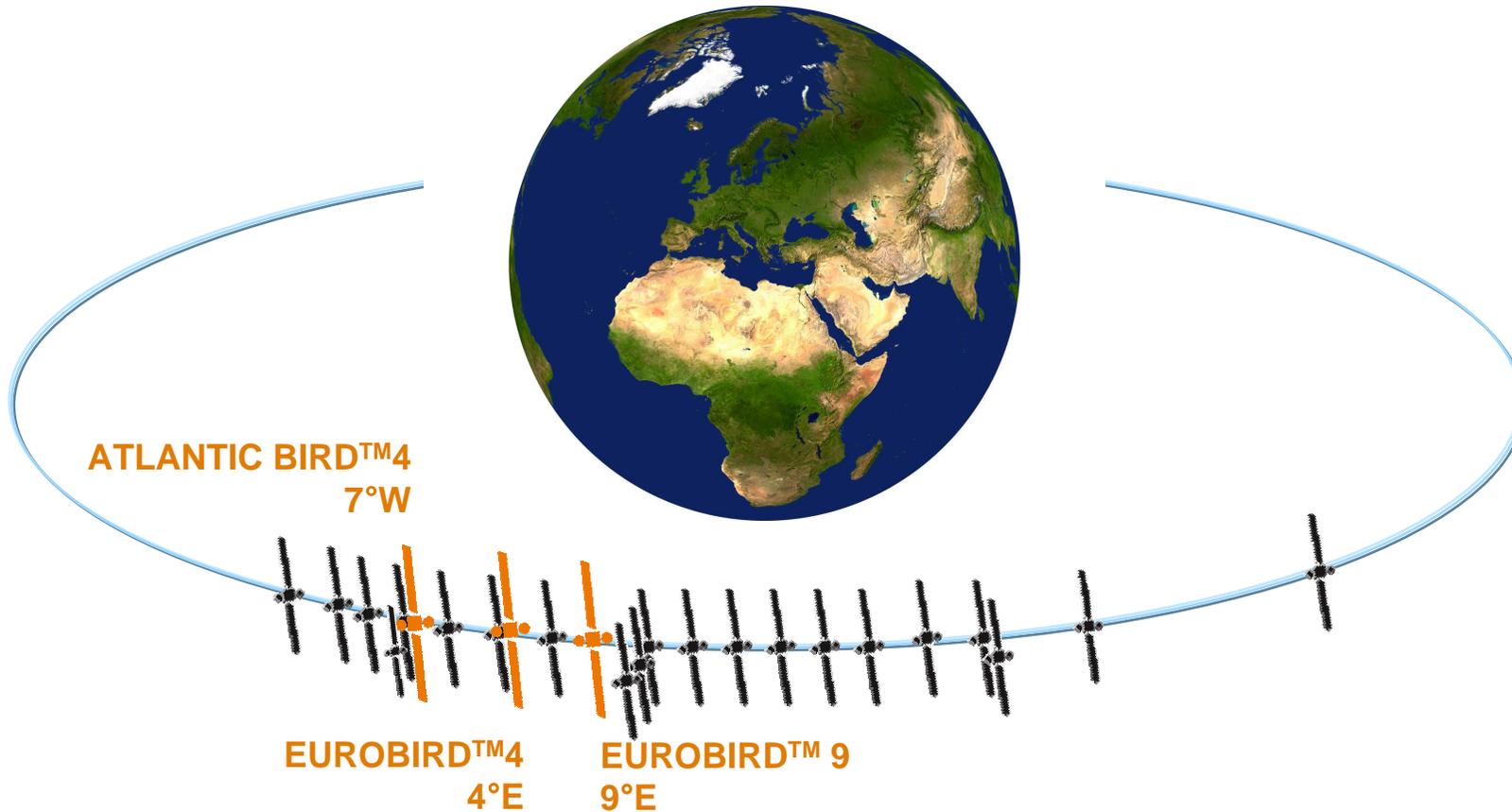
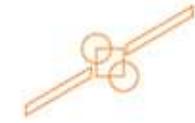
## Growth of Value Added Services

- > Ongoing development of D-STAR broadband Internet access services
- > New broadband Internet access solutions for business aviation and rail transport
- > Extension of teleports for video services

## Investment and innovation

- > 5 new satellites to renew and increase in-orbit resources
- > Investment in new mobile services with S-band payload on W2A
- > Introduction of new services in Ka-band (HOT BIRD™ 6) for households beyond range of broadband terrestrial networks

# 2006-2007: 24 satellites at 20 orbital positions



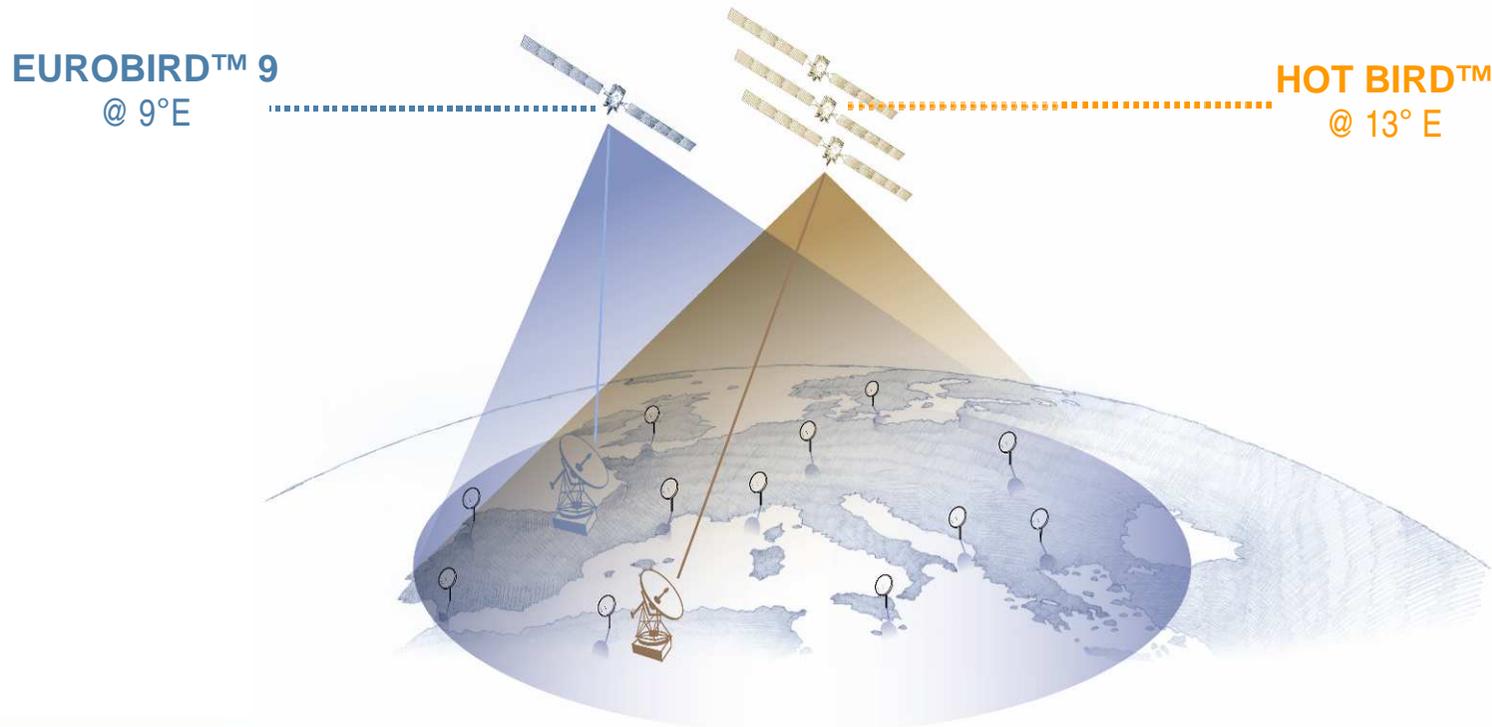
## Expansion and renewal of our in-orbit resources

- > Entry into service HOT BIRD™ 8: average age of HOT BIRD™ satellites is less than 2 years
- > 3 new orbital positions: 7°W, 4°E, 9°E
- > Procurement of HOT BIRD™ 10, W2A, W7

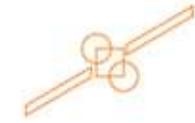
# Dual-feed reception EUROBIRD™ 9 and HOT BIRD™



- ▶ Entry into service of EUROBIRD™ 9 (9° East) in adjacent position to HOT BIRD™ 13° East), enabling reception of channels from both positions
- ▶ Target markets: thematic channels, linguistic communities, HDTV
- ▶ EUROBIRD™ 9: broadcast satellite technically similar to HOT BIRD™ satellites
- ▶ 20 high-power transponders; 38 with redeployment of HOT BIRD™ 7A (after HOT BIRD™ 9 launch)



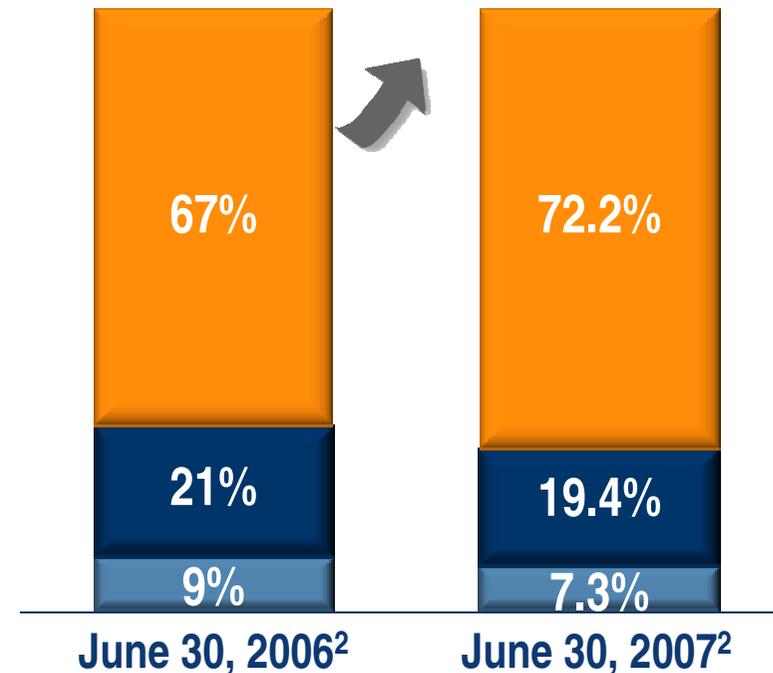
# Video Applications: engine for growth



Priority to Video Applications: +61.8 M€ (up 11.7%)

In M€

12 months ended June 30	2005-2006 <sup>1</sup>	2006-2007 <sup>1</sup>
Video Applications	528.6	590.4
Data and Value Added Services	169.1	159.0
Multi-usage	69.7	59.1



(1) Excluding other revenues and one-off revenues

- Video Applications
- Data and Value Added Services
- Multi-usage

(2) Based on revenues excluding one-off revenues

# Plan

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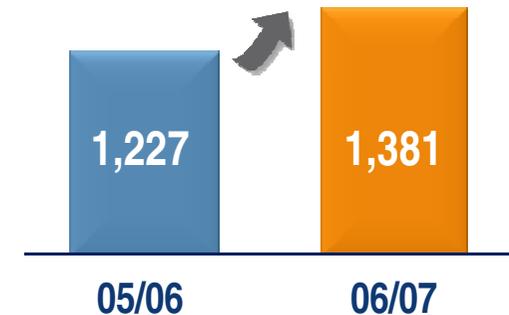
# Strong channel growth across our video neighbourhoods to 2,608 channels



- ▶ **HOT BIRD™, EUROBIRD™ 1**
  - > 1,381 channels\*
- ▶ **Continuing expansion in pay-TV and in launches of new channels**
  - > 'n', France 24, RBC-TV, HD Kino, HD Sport, HD Life, Al Jazeera English, Med1Sat ...
- ▶ **W2, W3A, ATLANTIC BIRD™ 3, ATLANTIC BIRD™ 4, W4/SESAT 1, EUROBIRD™ 2, EUROBIRD™ 4, EUROBIRD™ 9**
  - > 1,113 channels\*
- ▶ **Robust growth of pay-TV and users including:**
  - > Total TV (Serbia)
  - > NTV+ et Tricolor (Russia)
  - > Digiturk (Turkey)
  - > MultiChoice Africa et Gateway (Africa)
  - > NileSat (Middle East, North Africa)

Channel growth at premium video neighbourhoods

+ 13 %



Channel growth at major video neighbourhoods

+ 47 %



# Value Added Services: continued growth



## ▶ Data Services

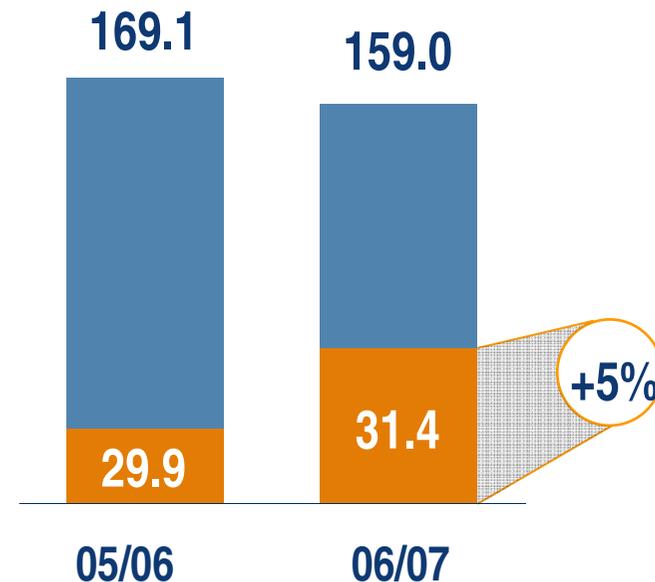
- > Reallocation of certain capacities to Video Applications
- > Transformation of certain short-term contracts into long-term contracts offering greater visibility

## ▶ Ongoing development of D-STAR broadband services

- > Take-up by enterprises and local administrations
- > 7,424 terminals (+ 40%) driven by Africa (+1,326) and Europe (+402)
- > Services launched for business aviation and rail transport
- > Agreement with Viasat for launch of consumer broadband service via Ka-band on HOT BIRD™ 6

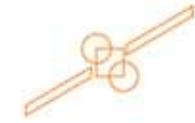
Value Added Services:  
5% growth

in M€

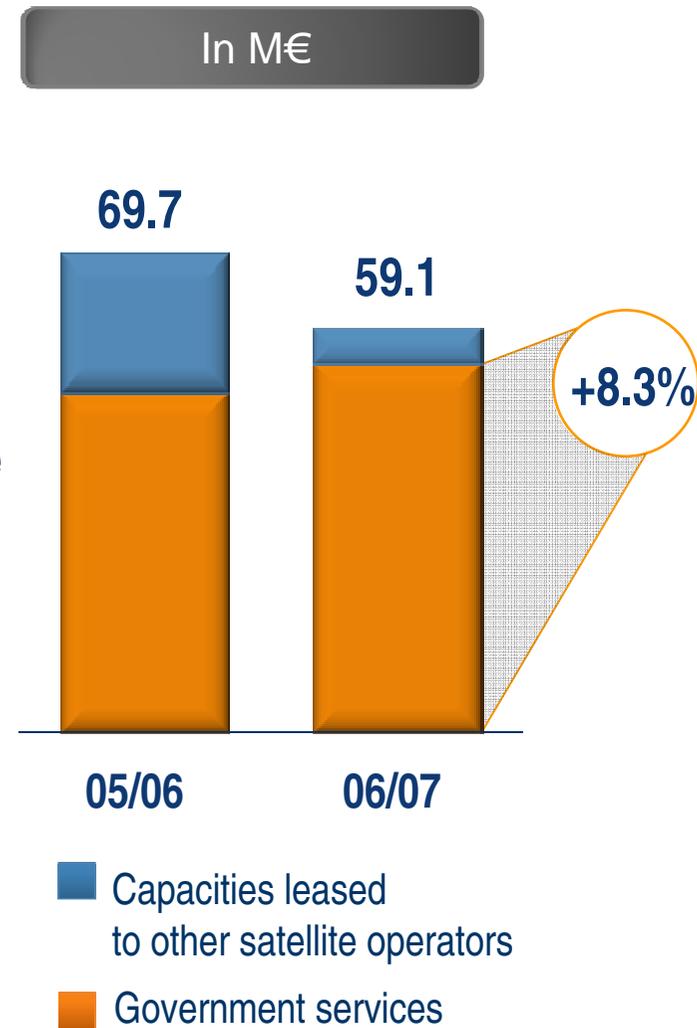


■ Data Services  
■ Value Added Services

# Multi-usage



- ▶ **Reallocation of capacities to Video Applications**
- ▶ **Growth in government services**
  - > Renewal of all contracts which expired during the period under review
  - > New contracts activated following entry into service of EUROBIRD™ 4



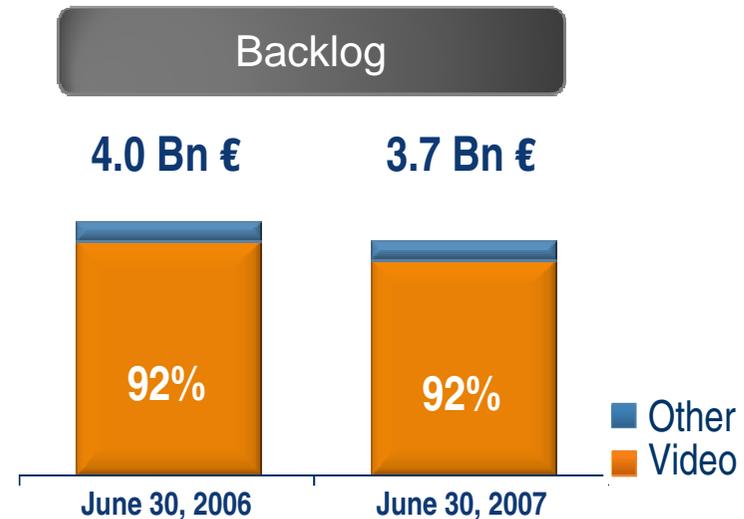
2006-2007

## Quality of operational performance indicators



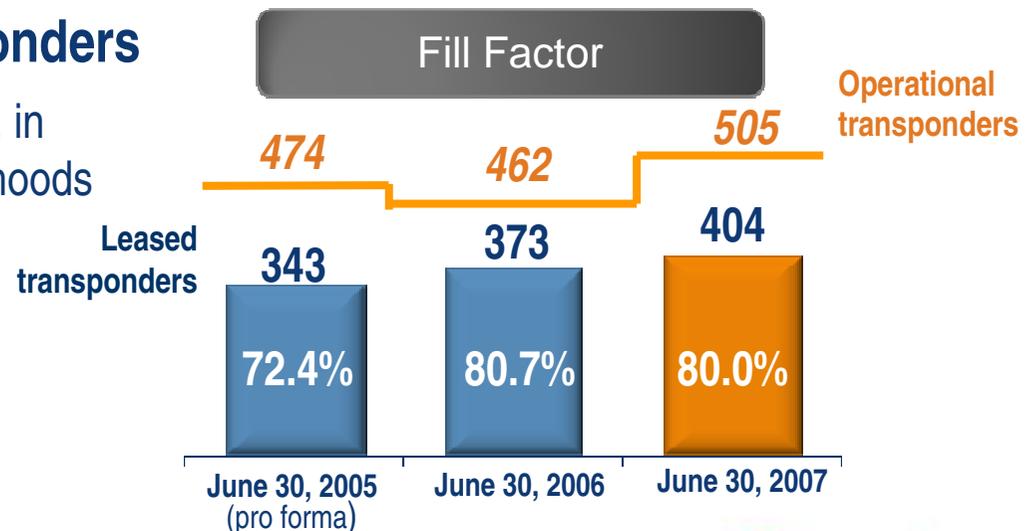
### ▶ Continuing excellent visibility secured by backlog

- > 4.5 times annual revenues
- > Weighted average residual life of contracts: 7.3 years at June 30, 2007
- > Video Applications: 92% of backlog



### ▶ 8.3% increase in leased transponders

- > Strong growth in emerging markets, in particular at major video neighbourhoods



# PLAN

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2006-2007

## Another year of substantial earnings improvement



Summary income statement IFRS – in M€	2005-2006	2006-2007	Change %	Highlights
<b>Revenues*</b>	791.1	829.1	+ 4.8%	▶ Excluding one-off revenues and at constant exchange rate: + 6.8 %
Operating expenses	(174.6)	(176.5)	+1.1%	▶ Strict cost control
<b>EBITDA</b>	616.5	652.6	+ 5.9 %	
Operating income	303.7	362.5	+19.4 %	
Financial expenses, net	(179.6)	(108.2)		▶ Lower cost of debt
Income tax	(89.7)	(92.2)		▶ Effective tax rate: 36.3%
<b>Consolidated net income</b>	40.2	170.0		▶ Reflects operational performance and debt restructuring

## 2006-2007 Financial result improved by 40%



IFRS – in M€	2005-2006	2006-2007
Interest expenses and others	(138.1)	(107.5)
Hedging instruments	10.7	2.0
Foreign exchange gains/losses	0.5	0.3
Amortisation of loan set-up fees	(8.2)	(3.0)
<b>Sub-Total</b>	<b>(135.1)</b>	<b>(108.2)</b>
Post IPO debt restructuring costs and senior debt refinancing net costs (sub-total)	(44.5)	-
<b>Financial result, Net</b>	<b>(179.6)</b>	<b>(108.2)</b>

- ▶ Simplification and restructuring of debt
- ▶ Debt cost reduction following refinancing in June 2006

# 2006-2007

## Strong financial structure



Summary cash flow statement	2005-2006	2006-2007	
<b>IFRS – in M€</b>			
Net cash flows from operating activities	501.1	527.7	← 64% of revenues
Capital expenditure	(230.9)	(350.1)	← +119 M€
Operating free cash flow	270.2	177.6	← 21% of revenues
Net debt at the beginning of the period	3,157	2,228	
Net debt at the end of the period	2,228	2,295	← 3.5x EBITDA

Net cash flow from operating activities: +5.3%

# Agenda

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## 2007-2008 Outlook

### Consolidate our leadership in Fixed Satellite Services

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**REVENUES**

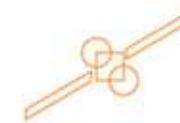
**840 - 850 M€**

**EBITDA MARGIN**

**> 77.5%**

**DISTRIBUTION**

**Fiscal 2007: 0.58 € / per share**  
**Distribution policy in future years: 50%**  
**to 75% of net income Group share**



## APPENDICES

# Group market dynamics



## Video Applications

- > Digital TV: growth perspective from 5,500 channels in 2006 to more than 9,000 channels by 2015 in Extended Europe (Source: Euroconsult)
- > HDTV: from 56 HDTV channels at June 30, 2007 to more than 400 channels by 2015 in Extended Europe\*
- > TV to mobiles: feeding and supplementing terrestrial networks
- > 2007-2012 CAGR (capacity demand\*): +5%

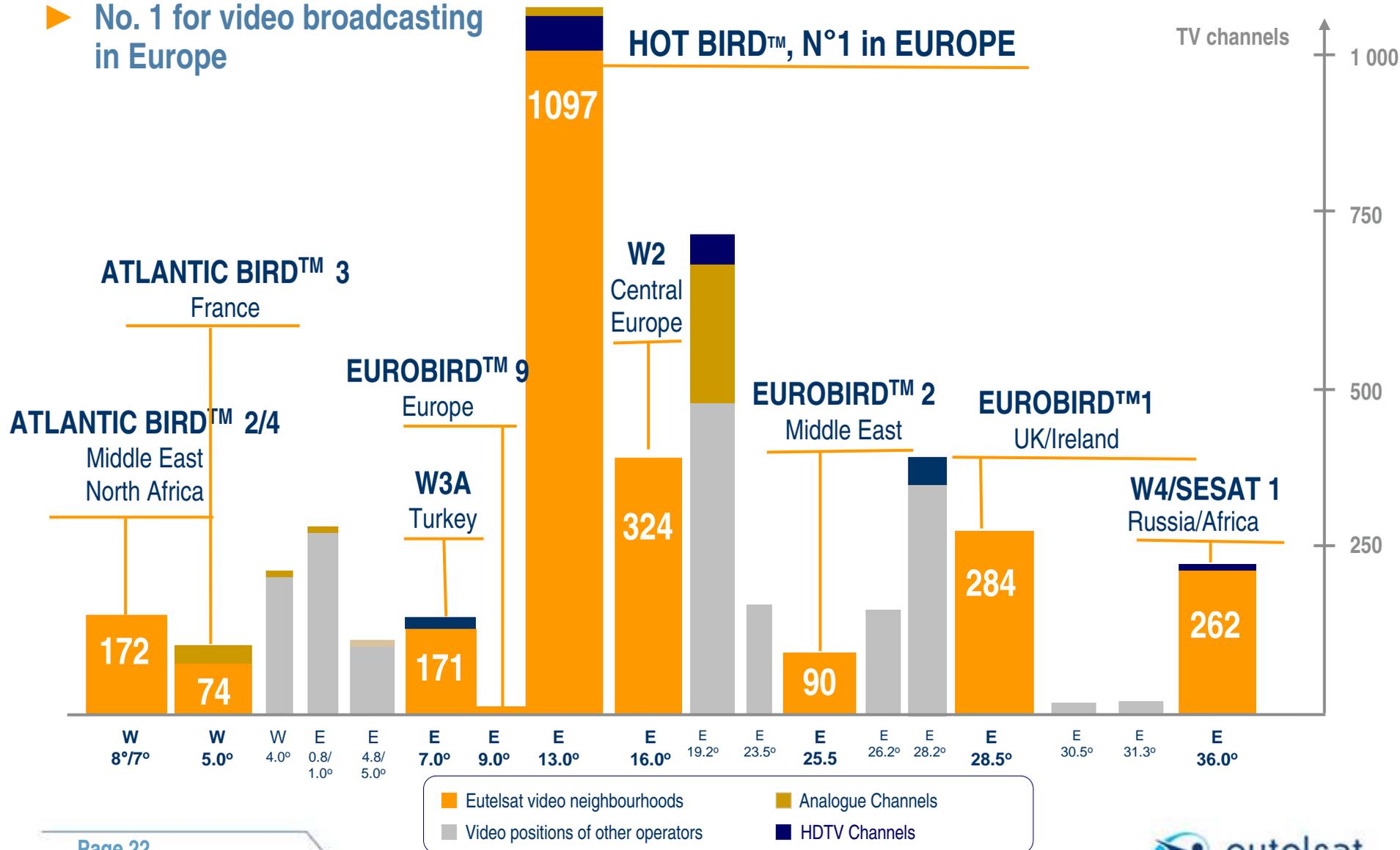
## Data and Value Added Services

- > Ongoing development of broadband access: local administrations, enterprises, transport markets
- > Take-up of services in Ka-band
- > Expansion of mobile services: data broadcasting, positioning, content delivery, Internet
- > 2007-2012 CAGR (capacity demand\*): +7%

# 2,608 channels broadcasting from our video neighbourhoods



▶ No. 1 for video broadcasting in Europe



# 2006-2007

## Another year of substantial earnings improvement



Condensed income statement IFRS – in M€	2005-2006	2006-2007	Variation %	Key highlights
Revenue*	791.1	829.1	+ 4.8%	▶ Growth rate excluding one-off revenues at constant exchange rate : + 6.8 %
Operating expenses	(174.6)	(176.5)	+1.1 %	▶ Strict cost control
EBITDA	616.5	652.6	+ 5.9 %	
Depreciation and amortisation	(285.8)	(300.8)		▶ Includes 44.5 M€ of amortisation of intangible assets
Other operating costs	(27.0)	(26.7)		▶ Mainly satellite impairment
Other operating income		37.5		▶ Insurance compensation for the W1 technical incident
Operating income	303.7	362.5	+19.4 %	
Financial expenses net	(179,6)	(108.2)		▶ Cost of debt reduction
Equity investments	5.8	7.9		
Income tax	(89.7)	(92.2)		▶ 36.3% effective tax rate
Consolidated net income	40,2	170.0	NM	▶ Reflects operating performance and debt refinancing
Net income, Group share	30.4	159.4	NM	▶ 10.6 M€ Eutelsat SA minority interests

# 2006-2007

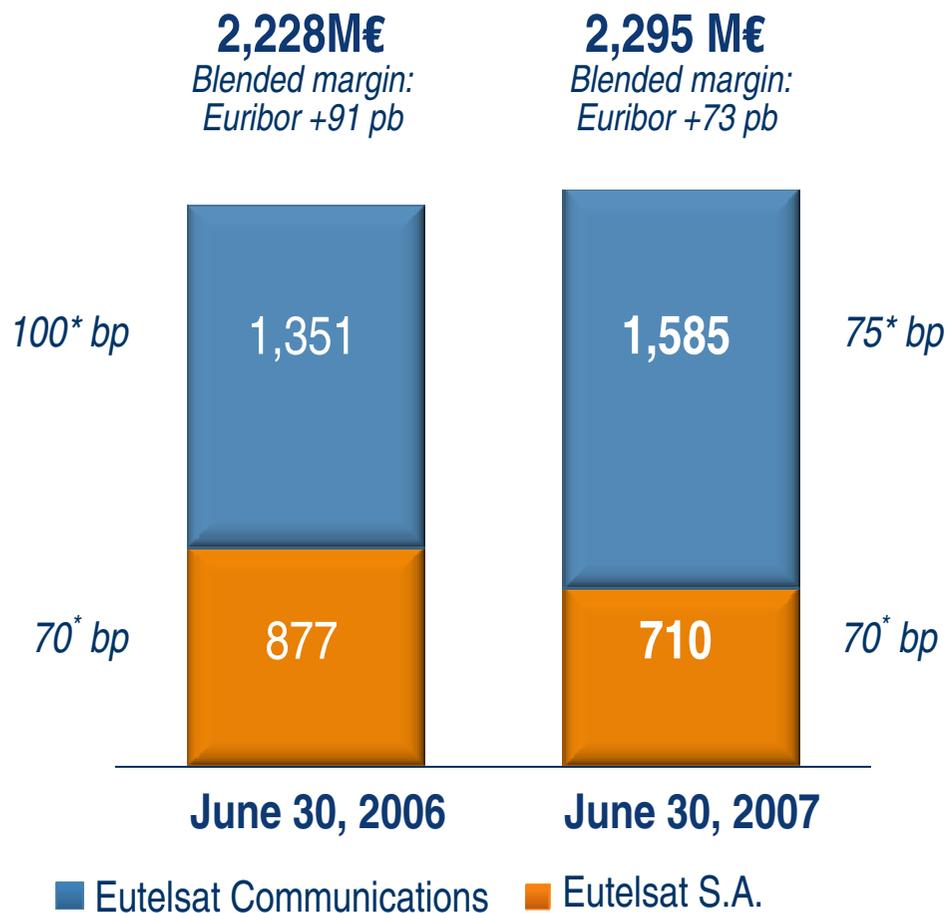
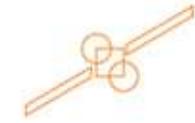
## Strong financial structure



Condensed cash flow statement IFRS – in M€	2005-2006	2006-2007	
Net cash flow from operating activities	501	528	← 64% of revenues
Capital expenditure	(231)	(350)	← +119 M€
Operating free cash flow	270	178	← 21% of revenues
Minority buy-outs	(67)	(20)	
Net IPO proceeds	839	3	
Dividends	(12)	(124)	
Financial expenses paid, net	(187)	(82)	
In-orbit performance incentives	(14)	(15)	
Others	4	(1)	
Telecom 2C leasing	-	(6)	
ATLANTIC BIRD™ 1 debt reduction	96	0	
<b>TOTAL</b>	929	(67)	
Net debt (1) at the beginning of the period	3,157	2,228	← 3.6x EBITDA
Net debt (1) at the end of the period	2,228	2,295	← 3.5x EBITDA

(1) Net debt as defined in appendix

# Net debt evolution: lower cost, simplified and hedged



## Eutelsat Communications: senior debt and Revolver for total amount of 1,915 M€

- ▶ 7-year in fine until June 2013
- ▶ Hedged with Euribor capped at 3.85%
- ▶ Undrawn amount at June 30, 2007: 300 M€

## Eutelsat SA: syndicated loan and Revolver for a total amount of 1,300 M€

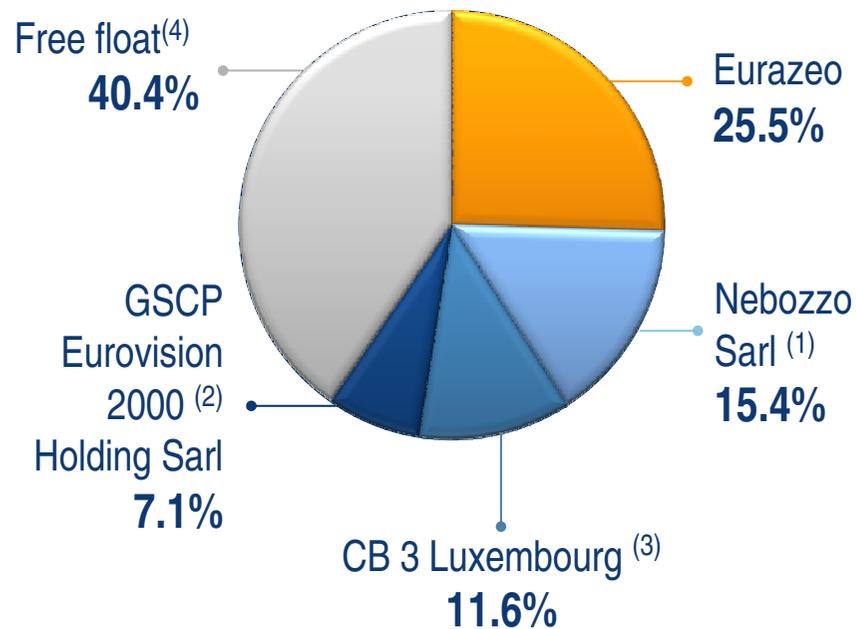
- ▶ 7-year in fine until November 2011
- ▶ Fixed hedging at 3.415% until november 2011 and hedging of revolver credit with Euribor capped at 4.10% until November 2011
- ▶ Undrawn amount at June 30, 2007: 590 M€

2006-2007

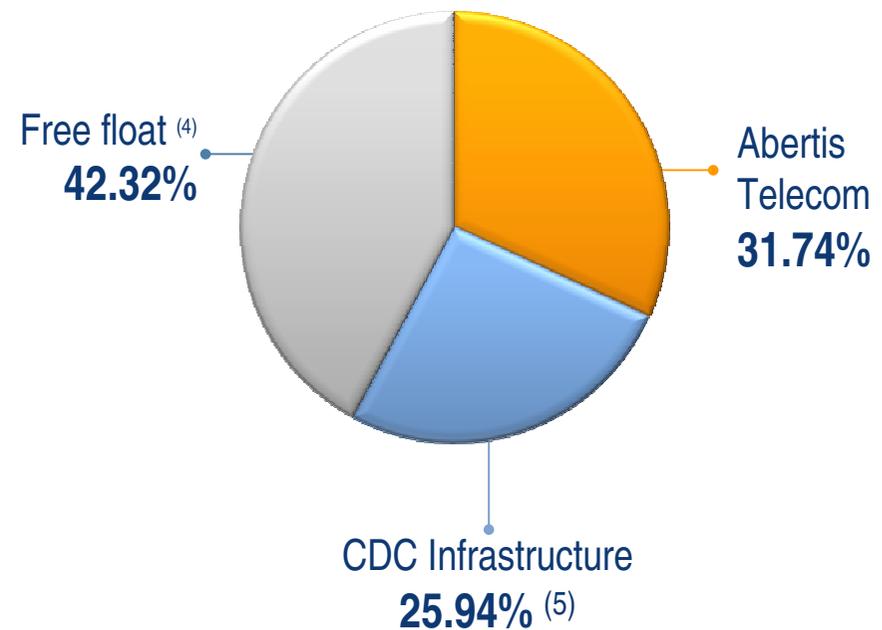
# EVOLUTION OF EUTELSAT COMMUNICATIONS SHARE STRUCTURE



As of December 1, 2006



As of June 30, 2007



- (1) Nebozzo Sarl is a joint company controlled by Spectrum Equity Investors and Texas Pacific Group
- (2) GSCP Eurovision 2000 Holding Sarl is owned by Goldman Sachs Capital Partners
- (3) CB 3 Luxembourg is owned by Cinven
- (4) Freefloat includes minority institutional shareholders and employees

- (5) Subsidiary of Caisse des Dépôts et Consignations. Includes 0.65 % owned by CDC Fonds Propres

# Definitions

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- ▶ EBITDA: operating income before depreciation, amortisation and other operating income/charges (impairment charges, dilution profits (losses), insurance compensation, etc.)
- ▶ Net debt: all bank debt and all liabilities from long term agreements, less cash and cash equivalents and marketable securities (net of bank credit balances).
- ▶ Backlog: future revenues from capacity lease agreements with a six month or above duration (including contracts for satellites yet to be delivered). These capacity lease agreements can be for the entire life of the satellites.
- ▶ Premium video neighbourhoods: HOT BIRD™ at 13° E (Europe, Mediterranean Basin), EURO BIRD™ 1 at 28.5° E (UK, Ireland)
- ▶ Major video neighbourhoods: 7° W (Middle East, North Africa), 36° E (Russia, Africa), 16° E (Central Europe), 7° E (Turkey), 5° W (France), 9° E (Europe), 25.5° E (Middle East)
- ▶ Extended Europe: Western Europe, Central and Eastern Europe, Russia, Central Asia, Middle East, North Africa, Sub-Saharan Africa