

Eutelsat Communications

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Tues, 31st July 2012

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Chaired by Lisa Finas

Lisa Finas

...And here in the room we do have booklets for you, and then we'll follow that with Q&A from both the people here in Paris who are with us in our headquarters office; we will also be taking calls from people who are participating via the telephone, so presenting on the call today and in the room, in the presentation today are our CEO, Michel de Rosen, and we have also with us our Deputy CEO, Michel Azibert; and Catherine Guillouard, who is our Chief Financial Officer, so I'd like to go ahead and pass the call over to Michel de Rosen, CEO for Eutelsat Communications. Michel de Rosen

Michel de Rosen

Thank you Lisa. Good morning. I am pleased to present Eutelsat's Full Year Results and to renew our commitment to growth and profitability.

Let me start by highlighting the full year performance. Revenues increased by 4.6% to €1,222.2 million. Growth at constant currencies was 5.4%. EBITDA is slightly above our target, achieving €957.2 million, which implies an industry-leading margin of 78.3%. The Group's share of net income was €326 million, giving a net margin of 27%. Net debt to EBITDA stood at 2.48 times, up slightly from June 30th 2011. We will propose a €1 per share dividend at our next AGM, which represents an increase of 11.1% and a payout above 67%.

Achievements of the year, let me highlight a few. We launched EUTELSAT 7 West A to 7° West, EUTELSAT 16A to 16° East. These two new satellites have strengthened our market position in the Middle East, North Africa, Central Europe, and the Indian Ocean islands. In June, we announced the acquisition of the satellite GE-23 and its related assets, and expect the deal to close in the coming months. The impact of the GE-23 acquisition is not included in the three-year outlook we are presenting to you today – it's not. Our order backlog now exceeds €5.2 billion, confirming our excellent long-term visibility. In addition to these operational achievements, we successfully refinanced a significant part of our debt in the first half, extending its average maturity and further diversifying funding sources.

A word about our shareholder basis. Since we last spoke to you there has been a change in our ownership, as Abertis Telecom has reduced its position. In the second half of this last year, between January and June, Abertis Telecom sold 23% of Eutelsat shares. The FSI is now the largest shareholder of Eutelsat with 25.6% of the share capital, while Abertis Telecom retains approximately 8.4% and CIC 7.1%. Our free float is now up to nearly 60% from 37%. Many investors had been complaining for years that our liquidity was insufficient; our liquidity has increased. On June 25th the last two representatives of Abertis resigned from our Board of Directors. The Board now counts eight members, of which four are independent.

Let me now hand over to Michael Azibert to run through the operating performance of the year.

Michael Azibert

Thank you Michel. I would like to start by coming back to the order backlog, which exceeded, as you see, €5.2 billion at June 30th 2012 and this is thanks mainly due to the integration of EUTELSAT 7 West A and EUTELSAT 16A into the operating fleet; our mid-term visibility on revenues and on operating cash flows remains, therefore, extremely high as a result of this growing backlog of fixed, firm-up orders with 92% representing our Video business. The weighted average residual life of contracts in the backlog is nearly seven years and, based on 2011/2012 revenues, the backlog is equivalent to over four years.

With the entry into service of new capacity in the past 12 months, the Eutelsat fleet operated 801 transponders at the end of Full Year 2011/2012, up from 742 per year earlier. As a reminder, this fill rate includes KA-SAT, which represents approximately 10% of operational transponders. Two new satellites came online and one was deployed. EUTELSAT 7 West A and EUTELSAT 16A successfully entered into orbit both with a combination of renewal and expansion capacity, and EUTELSAT 3C, which brought most of the additional capacity, was redeployed from 7° West to the recently opened orbital position at 3° East. This newly launched and redeployed capacity brought the fill rate to 75.6% from 79.2%. With the development of the fleet, Eutelsat has increased operational flexibility to pursue its growth objectives, notably in fast growing markets.

As Michel said, full year revenues for the Group grew at 4.6% and 5.4% at constant currency. Video continues to account for the bulk of our revenues at around 69% of total, while Data represents around 19% of revenues, and Multi-Usage 12%. Overall, pricing trends are good with an average revenue per transponder, which has increased 2.6% from last year.

Turning first to Video Applications, revenue growth in 2011/12 was 5.8% to €832 million. Growth was stronger in the second half, as revenues benefited from the additional capacity provided by the two new satellites located at key video neighbourhoods. 7° West is now the reference video neighbourhood in the Middle East and North Africa, and it has been strengthened by the arrival of EUTELSAT 7 West A, expansion capacity on this satellite was rapidly filled. 16° East was bolstered by EUTELSAT 16A, which has consolidated DTH penetration in Central Europe and in the Indian Ocean islands, although there was a degree of pricing pressure in the Balkans. 36° East, serving Russia and Sub-Saharan Africa, benefited from the renewal of contracts, mainly for the Russian DTH markets. 7° East, with coverage of the near Middle East, also contributed to full year growth. Our fleet now broadcasts 4,261 channels, up 10% from the year before; almost all TV channel growth came from fast growing markets. HD (high definition) now represents over 8% of all channels, compared to less than 6% last year.

Combined revenues from Data and Value Added Services stood at €235 million. Data Services were down 1.6% at €185 million. This performance relates to 1) the tough comparisons with all four quarters following the rapid ramp-up of lease capacity in the previous year on EUTELSAT 10A and on EUTELSAT 36B in fast growing regions. Second, we have limited capacity available allocated to Data Services at established orbital position and 3) the African service area of EUTELSAT 16A was opened late in the second quarter and it has been slow to ramp up, as it faces a competitive pricing environment in Africa. The activity will benefit from EUTELSAT 21B and EUTELSAT 70B to be launched by the end of 2012, both with replacement and expansion capacity at established neighbourhoods. Value

Added Services increased 8.5% to €50 million, mainly with the take up of Tooway consumer services, which more than offset the decline in D-Star. At June 30th, more than 52,000 Tooway terminals were activated for consumers, with an acceleration in the second half of the year. I will come back to KA-SAT shortly.

Revenues from Multi-Usage Services rose 16.7% to €47 million, benefiting from the strong commercial performance from contracts signed in 2011. This nevertheless represents a slowdown in growth compared to exceptional levels of close to 30% each year over the past three years. It mainly reflects the more challenging February/March 2012 renewal campaign, which was impacted by our limitations in available capacity for coverage in regions of highest demand, specifically Central Asia. This situation will be progressively addressed with the launches of EUTELSAT 21B and EUTELSAT 70B at the end of 2012.

Turning now to KA-SAT, KA-SAT, as you know, is an eco-system, which comprises an 82 spot beam satellite and a ground network of 10 gateways, interconnected by fibre. Commercially operational for just over a year, the main prerequisites for long-term success have been demonstrated and they are the following. First, the satellite has proven its technological credentials and throughput has been increased from 70 to 90 Gbit/s. Second, strong underlying demand is confirmed. 30 million households are either underserved or not served by terrestrial broadband networks in the KA-SAT footprint of 55 countries, in the EU, 27; there are 10 million households with no access to broadband according to figures released last month. Moreover, the launch of the first DTH platform in Ireland shows the market potential for broadcasting in Ka-band, a trend already taking hold in America. Third, based on the first feedbacks, customer satisfaction is high, so the market is large, the technology is excellent, and the customers are satisfied. However, the go-to-market is taking longer than expected, because of the diversities and the diversity of the geographies covered, the broad range of products, and the time needed to build an appropriate distribution network.

On the consumer side, Tooway counted over 52,000 subscribers at June 30th 2012, with an acceleration in H2. Approximately one quarter of these are pre KA-SAT subscribers who are progressively migrating to the new platform. The strongest dynamic is in France, Italy, Germany, the UK, and Spain, benefiting from the pre KA-SAT phase. The focus is now on expanding to other countries across the footprint. A strong distribution network is in place with 14 distributors with more than 1,000 active terminals.

On the B2B side, we already have in place solutions and revenues within two sub-segments. First, the enterprise broadband access services mainly for small and medium sized companies and, second, the broadcasting and professional news gathering, and for the future we are also working on tailoring the product offering to address large corporates, and mobility solutions, which will roll out over time.

As I said earlier, we have experienced some delays in go-to-market, particularly in the rollout of the professional business, so what are we doing to address this situation? First, we have revamped our consumer product offering and the new professional offer will be in place shortly. The new Tooway consumer offer is faster and provides higher volumes. The objective is to improve the value proposition, while maintaining the premium positioning. The new offer was announced for Western Europe earlier this month and it will be rolled out in H1 of the current fiscal year for Eastern Europe and beyond. For the B2B professional offers, our objective is to better address new markets and customer needs by adding enterprise focused features like VPN access. Revised offers for enterprise access will be launched in H1 this year and we are currently working on offers for carrier and mobility services. Second, we are adapting our approach to distribution by expanding our network to larger and more

diversified players, including DTH operators and large telcos for both consumer and B2B services. Third, we have strengthened the Management Team and we are building up our sales force. All in all, having identified the main issues, we have taken now decisive steps. We are confident that revenues will accelerate this year and we are also confident on the longer-term prospects of our investment.

Catherine will now give you an overview of Eutelsat's financial performance.

Catherine Guillouard

Thank you Michel. Now, that both Michels have spoken in detail about the revenues, let me focus on some key highlights on overall financial performance. Our EBITDA stood at €957 million. At the operating income level, we saw an increase in depreciation of 10% to €309 million with two elements: the full year effect of KA-SAT and the entry into the fleet of EUTELSAT 7 West A and EUTELSAT 16A. This was not offset by the end of accounting life of certain satellites. At the financial result level, we have €130 million, which was impacted by €28 million non-recurring items, linked to the partial dequalification and unwind of the existing interest rate swap that we have on Eutelsat Communication debt.

Regarding income from associates, I would like to note that last year a total of €18 million was boosted by tax credits on certain investments at Hispasat. Income tax was down by 8.5% to €182 million, resulting in an effective tax rate of 35.6 compared to 37.1 last year, despite the 5% increase in the French corporate tax rate. This is mainly due to the partial recognition of a deferred tax asset on tax losses of foreign subsidiaries. The net margin for the Company was a strong 27% for Group share net income at €326 million. This positive financial performance was delivered despite the one-off item on the financial results related to our refinancing in the first half of the year.

Now, coming to the Group EBITDA, the amount is €957 million, up 3.3% from last year. The EBITDA margin, 78.3, remains industry leading amongst the largest SSS operators. It reflects Eutelsat's strong commercial performance, coupled with effective cost control. Operating expenses amount to €265 million, as we have increased the resources dedicated to overall commercial activity and especially this year the development of Tooway.

Now, moving onto cash flows, the Group saw a decline of around €120 million in net cash flows from operating activities at €697 million, representing 57% of full year revenues. This was mainly due to a higher tax payment, nearly €70 million, compared to previous year, resulting from the increase in net profit before tax in full year 2010/11 compared to full year 2009/10. Cash flow from operating activities were also impacted by an increase in working cap related to some late payments from two large telecom operators, which was settled in early July 2012. Operating free cash flow amounts to €210 million. This is a decline on the previous year, but bear in mind that the last year figures included exceptional items for €295 million. Capex for the year stood at €488 million, below the €550 million Capex guidance that we gave last year. We are strongly focused on generating higher future free cash flows.

Over the past 12 months, Eutelsat has continued to reinforce its capital structure. In October 2011, Moody's upgraded Eutelsat SA level ratings to Baa2 stable. Now, Moody's and Standard & Poor's ratings are fully in line. On the back of this momentum, Eutelsat refinanced €1.8 billion facilities for the issuance of €800 million round and the new €1 billion credit facility in December 2011. The average cost of the debt for the year was 3.70% before aging and, after aging, 4.87%. At the end of June 2012, we have a strong liquidity with €650

million of undrawn available credit facilities and €88 million of cash. We are slightly releveraging this year; net debt to EBITDA was up 2.48 times from 2.37 times last year.

Finally, in terms of distribution policy, our Board of Directors has recommended a dividend of €1 per share, i.e. 11.1% increase over last year. This represents a payout ratio of about 67% versus 58 last year. This dividend will be voted by the AGM that will be 8th November 2012.

I now hand back to Michel de Rosen for the strategy.

Michel de Rosen

Thank you Catherine. As many of you know, from a strong and resilient revenue-generating base in Western Europe, we have been and will continue to proactively increase our market presence in the regions and applications with the highest growth potential, specifically Video, Data, and Government Services in Central and Eastern Europe, the Middle East, Africa, and Central Asia. With this in mind, our fleet deployment plan is designed to reach the fastest growing applications in our footprint. Video is expected to grow by 5% per year from 2012 to 2015, and Data, the Data market, is expected to grow by 6% over the same period. We are well positioned to take advantage of these trends since these regions already generate the majority of our revenues.

Let me now focus a bit on Video. Video growth is driven by continued expansion of linear TV, both in standard definition and increasingly in high definition. It is expected that the total number of channels in our footprint will grow from nearly 11,000 in 2011 to more than 17,000 in 2021, for an average growth of 4.7%. More importantly, almost 4,600 of these channels will be bandwidth hungry high definition channels, growing from a base of 800 in 2011, implying an average annual growth of 20%. The next generation of video formats is already emerging; I mean emerging – it's on the horizon, specifically 4K ultra high definition. It is expected to require two to three times more capacity than high definition channels. This takes into consideration compression evolution. Even with improved compression technologies, demand for satellite capacity is increasing. We believe that we are well positioned with our current fleet and deployment plans going forward to take advantage of these trends at our eight established video neighbourhoods.

Taking a closer look at Eutelsat's position in DTH markets, at 7 West, the leading orbital position for the Middle East and North Africa, the number of TV channels continues to grow at a rapid pace, plus 45%, last year. In fact, when we saw 7 West, we're also talking about the combined 7 and 8 West as users receive channels from both positions with a single off-the-shelf dish. We plan to continue to increase resources in this neighbourhood and I am pleased to announce – you saw this in the press release – that we will launch a new satellite in 2015 called EUTELSAT 8 West B to capture broadcast demand. An existing high-powered satellite will be deployed to 8° West over a year before its launch. I will come back on the overall deployment plan in a few moments.

Ladies and gentlemen, the TV market is transitioning into an environment, which will be occupied by both linear and non-linear services. We see this trend leading to bandwidth constraints that will result in an increasing hybridisation of networks; satellites providing the most efficient platform for linear broadcasting and terrestrial networks providing the non-linear component. For locations served or underserved by terrestrial networks, all satellite triple-play solutions are coming into play. We are beginning to provide this already in certain markets, bundling KU broadcast services with KA for interactivity, via KA-SAT.

Moving now to Data and Value Added Services, overall demand for connectivity for both individuals and businesses continues to grow strongly, notably in emerging markets. Look at the right side of this slide, satellite demand for corporate networks and broadband access is expected to increase high single-digit rates in our regions of fastest growth. However, with the emergence of regional players and the rollout of terrestrial networks, the data market is not without its challenges. We believe that Eutelsat is well equipped to face these challenges, and let me explain why.

As said earlier, we will be launching two new satellites later this year specifically designed to address fast growing data markets (EUTELSAT 21B and EUTELSAT 70B). In 2014, we will launch the tri-band EUTELSAT 3B. With those satellites we are specifically addressing the strongest segments of the data markets in the fastest growing regions. On the broadband side, EUTELSAT has a first mover advantage with KA-SAT, as this market transitions to a KA HDS environment. We are convinced that this is the right strategic move and our plan to boost this business should accelerate revenues this year.

Finally, the recent acquisition, even if it's not closed yet, but soon, of the GE-23 satellite opens up to a new set of opportunities in the Asia Pacific markets.

A word on Multi-Usage, trends in this market are positive. The demand fundamentals are solid, with an emphasis on network-centric communications. On the supply side, due to budgetary constraints, Government satellite supply is not keeping pace with needs, so commercial satellite capacity has, and will continue to play, an important role in serving this market. Overall, we expect this market to continue to grow, but at a slower pace than in recent years.

Our fleet, Eutelsat continues to pursue a deployment plan centred on the rising maximum value from current in-orbit resources and upcoming satellites. Many of you are familiar with our fleet deployment plan; therefore, I would like to focus on three new elements. One, we are in the market to procure the EUTELSAT 8 West B satellite to address the prime 7 and 8° West DTH neighbourhood covering Middle East and North Africa.

Two, we believe we can further leverage our fleet and so EUTELSAT 3D – listen carefully to this part, because I am now going to take you through the movements of the fleet, okay – formally known as EUTELSAT 7B will be initially launched to 3 East. This will release EUTELSAT 3C and enable us to deploy in the dynamic video market a high-power satellite to 7/8 West more than one year in advance of EUTELSAT 8 West B. Our clients at 7 East will be served approximately one year later than in the previous deployment plan. I said one year later; I think I meant one year earlier. I'm sorry. My script was wrong. It's one year earlier. Those of you who got that, congratulations; those of you who didn't, we welcome questions after this session.

Thirdly, the seven satellites in line to launch between the end of the year and mid-2015 comprised replacement and expansion capacity, expansion representing 28% more capacity – 28%.

Before wrapping up, let me give you an update on our expectations for the next three years. These expectations, I will say it again, do not include the impact of GE-23 acquisition. Based on a successful implementation of our deployment plan, we target 5 to 6% revenue average growth until 2015 – 5 to 6% – with 3 to 4% growth for the current year. The acceleration over the period is related to the entry into the fleet of new capacity only towards the end of the first half. The EBITDA margin is targeted at around 77% for each year until 2015. We will

continue to pursue a targeted investment policy. Average organic capital expenditure will be at €500 million a year over the three fiscal years to June 2015. Previously it was €550 million. We will do this by optimising the deployment plan without pushing back or cancelling any programmes. Capex today is growth for tomorrow, as Helmut Schmidt said. In addition to the change in the Capex target, we are showing our confidence in the Company's future and a willingness to serve shareholders by resetting the floor of our payout ratio to 65% from a floor of 50% for a ratio of 65 to 75% of Group share of net income for the next three years. To repeat this, the outlook used to be 50 to 75%; it is now 65 to 75%. Finally, we will keep a sound financial structure and target a net debt to EBITDA ratio of below 3.3, formally 3.5, to keep a solid investment-grade credit rating.

Thank you for your attention. I hope this was not too long and we will now be happy to answer your questions.

Questions and Answers

Eric Beaudet – Natixis

Two questions if I may, the first one is regarding the CIC investment. I was wondering if you had any discussions with them, if they want any more Board members, and whether for you that investment can give you easier access whether to the Chinese long-term market or to the Chinese end market, whether video and data? My second question regards your KA-SAT. You've mentioned that you boosted capacity from 70 to 90 Gbit/s and have always targeted 1.5 to 2 million subscribers long-term on that satellite. My question is, is that boost in capacity just higher bandwidth for each subscriber or are you targeting more subscribers long-term on that satellite? Thanks.

Thank you for these questions. I will take the first one and Michel will take the second one on KA-SAT. Your question on the CIC, we meet all our shareholders, all of the shareholders who want to meet us, and we met with CIC when they recently came to Paris. On the Board composition, we are currently working on...we want to add a new Board member, an independent lady we are currently searching for, and we, the Board and the shareholders, believe that with this decision the composition of the Board will be a good balance. Thirdly, we don't need any shareholder to impact our launcher policy. If you know us well, you know that we've been buying launchers from different sources in the past. Finally we are always happy to benefit from the wisdom of all our shareholders and the help of all our shareholders in our plans going forward. We will continue to benefit from that wisdom in the future. Michel on KA-SAT.

There are different technical changes but I would say the key one is due to the introduction of a new modulation called the 16 APSK that would increase basically the overall throughput of the satellite by something like 20%, from 70 gigabytes per second to 90, and this could of course in the end facilitate either having more subscribers with the same consumption, with the same throughput or allowing in the longer term the more consumption for each user. As you know currently before the introduction of 16 APSK, we had basically a potential for 2 million as you I think pointed out, meaning that each spot beam has capacity of about 25,000 subscribers per spot beam and we can increase the number of subscribers per spot beam or increase the capacity used per subscriber, it makes the satellite much more powerful and flexible.

Lisa I think the way we're going to do this is we're going to take one more question from the room and then on the phone and then back to the room correct.

Mathieu Robilliard – Exane BNP Paribas

A few questions, first with regards to the leverage. My question was – why did you feel the need to lower your leverage target given the fact that your strong fundamentals and that your credit rating is with a stable outlook. Second with regards to the guidance on revenue – can you maybe give us a little bit of colour or what explains the +5 or the +6. What would be the difference that it would put it at the higher end of the lower end? Thirdly on the margins – you are talking about margins around 77% which is a bit lower than what you had in the past. Is that a reflection of pricing pressure, a reduction of the gross margin or is that a reflection of higher costs, and is that something that you think is the new margin for Eutelsat for the long term. Thank you.

The first question was on leverage, why we have moved from 3.5 to 3.3, Catherine will answer your second question on the revenue guidance, and the third questions is on costs.

On the leverage – as you know we have been upgraded in October and we are now fully investment grade in BA2 at Eutelsat level. We really want to keep this rating. We think that in this environment, with the volatility we have seen in the credit markets that, re-financing the 1.8 billion was key for us to be at the two levels, so, having two layers of the debt at the Company with our current credit rating. We think simply that from discussions with the rating agencies and the levels set by the two rating agencies, and especially Moody's around 3.25, saying that we will keep a strong financial structure and ratings is key for us. We want to have access to the market any time we want and to be able to seize opportunities. You want me to go further?

Allow me Catherine to add, it is not exactly your question Mathieu but it is the background of the question. We have always been keen, as you know at Eutelsat to serve our shareholders well, and when we look at the cash of the Company, we always think, okay what is the best way to use this cash? One way is of course is distribution to shareholders, and as you have heard we are raising today the payout floor from 50 to 65%. The second way to use our cash is organic growth and there you have heard that we have taken the outlook from €550 million to €500 million The third way to use our cash is targeted non-transformational M&A. We have been saying this for years and some of you have become sceptical that this would ever happen. the GE-23 transaction is exactly the type of transaction that we had in mind when we did not know it would become available by the way, but when we were thinking of what to do in that sense we always said that organic growth was, is and will remain the priority of the Company, but that we wanted to be able to see very focused opportunities if they were good to create value for our shareholders. We saw GE-23 as one of those. As another example, I think it is not a secret that the owner of Hellas-Sat may soon put it for sale. We would be interested to acquire Hellas-Sat as an example.

Four, then comes the new debt EBITDA target which Catherine just commented. This is what we are managing and we are managing it in a way where we continue to deliver growth and profitability for our shareholders.

Catherine, before you comment on question number three, I would like to say a word on question number two, which is that the outlook we are providing when we say 5-6%, is we believe I would say a realistic outlook for what we target to deliver in terms of revenue

growth for the coming three years. I don't think it would be appropriate that we bring you Mathieu to the kitchen and give you all the detailed modelling because you model so well by yourself anyway. This is what we believe is realistic when we move forward, and as you can see we expect an acceleration during this three year period, we believe that there should be more growth in years two and three than in year one, this being mainly linked to the capacity that will become operation in the second part of the first part of the three years. Catherine on the third question.

Your question Mathieu was around 77% EBITDA margin, so what does it mean? I will say around means around, but we have not guided on a range for the EBITDA margin as we did on revenue because we did that on purpose. The around 77% EBITDA margin for the three years includes in fact three things.

The first thing is the full year effect of additional cost that we have this year, and let's say that many of the costs, 96% of the increase of the costs was linked to Tooway and KA-SAT. This has led to 1 percentage point EBITDA decrease between last year, 79.3 and this year, 78.3. This includes also the development of commercial, including KA-SAT, and technology costings to support the seven satellites deployment that we have, we have seven babies to come out in the future years, and obviously we will keep our focus on managing costs very effectively and tightly to preserve the margin at the overall 77%. Count on this.

Tania Valiente – Citigroup

Hi good morning everyone. I have two questions please. My first question is on KA-SAT, you previously targeted roughly around 100 million of revenues from this satellite by 2014. Now I understand that the ramp up is a bit lower, slower than expected and I was wondering if you had a new revenue target for us for 2014, or if the 100 million of revenues should come two or three years later, so '16 or '17 perhaps. My second question is longer term and more specifically on the usage of UAVs. I understand that in the US the regulatory framework is set up for more mass-market use, starting with local government. Do you see upside in satellite capacity demand from the civilian usage of UAVs lets say five years from now. Thanks.

Thank you so I will take the first question and the other Michel will take the second question. On KA-SAT, the 100 million figure that you have just referred to was never part of our guidance. It was indeed an information provided by the Company management in the past, but it was not part of the guidance, just for the record. Second comment – we believe that with the indications that Michel described to you earlier today, we believe that we can deliver good value going forward with KA-SAT, with the changes that have been described to you, we are counting on that. however, we also believe that it is going to take us more time to deliver the growth that we were initially expecting, so even if this is not an element of our guidance, it is not today, will not be tomorrow, the figure of 100 million we expect that around that kind of figure, around €100million is something that we can target for the year 2014/2015, so one year later than was initially targeted. I do want to add that in the future we are getting this answer to you and to the financial community today, in the future we will not provide any kind of bridge to where are we compared to that target. Michel on the second topic?

The demand coming from unmanned aerial vehicles (UAVs) drones, is in fact increasing at a very fast pace. The assumptions that we have is that this demand in terms of

transponder capacity will be multiplied by 6 in the ten next years. This is coming both from military and civilian drones, but mostly military and it comes from all countries. Of course, now the bulk of the military drones are in the US. The forecast is that this number is going to increase from a little bit more 400, to a little bit more than 444, 445, to 645 in the next ten years. More importantly the capacity used by each UAV is dramatically increasing. This is in particular related to the transition to full motion video with higher frame throughput. We believe that this represents a significant driver in the government services business, maybe extended partly to civilian, but mostly military and this and communications on the move are the two main drivers of this business going forward.

Mark Walker – Goldman Sachs

I have three questions please, they're pretty short. The first one, can you tell us what you are seeing in terms of the Launcher pricing trends that have potentially allowed you to reduce your Capex guidance. Secondly on the new KA-SAT speeds – can you talk a bit about the risk that you see that customers spin down onto the previous speed for a cheaper price. Then finally given the large gap between you financial leverage ceiling and the current capital structure, how do you think about addressing this within your current Capex envelope, and I guess specifically can you talk about the acceptability of paying dividends in excess of free cash flow to gear up the balance sheet, and can you add a bit more to what you were saying earlier on about Hellas-Sat and any other opportunities for non-transformational M&A that could also achieve the same outcome. Thanks very much.

Thank you Mark. Michel can you take the first two questions and Catherine will take the third one.

On the Launcher – as you know the cost of the Launcher accounts for approximately between 25 and 30% of the cost of satellite in orbit. The number of the competition in this market is healthy I would say, with a leading entity providing reliability, but a number of other competitors from different countries. We are using several of them as you know and we believe that the trends in the future will be hopefully positive, however the reasons why we have included a decrease in our Capex assessment is more linked to optimisation of our plan and optimisation of each contemplated procurement, rather than a sort of general trend of decrease of cost of... what was the second question?

The second question was on the KA-SAT speeds and the risk of a spin down from customers onto the previous speed at a cheaper price?

Basically what we have done are two things. One, we have simplified the offering by having a sort of entry offer at 2 megabytes per second. I would say mainstream offer which is now higher which is the offer at 12 megabytes per second, which is really a good DSL offer and we have now high speed in fact, very high speed internet offer at 18 megabytes per second. We give the choice, and we have structured the offer in such a way that hopefully we will have customers taking the higher offers more than the entry offer. We believe that in the end this change in offering would result in higher uptake of active customers and probably hopefully a positive impact on the price per consumer.

In fact Michel you already more or less answered this question, but maybe to wrap up. The use of cash in terms of priority has not really changed. What we do, it is that we have decided to push distribution for shareholders and decrease a little bit our Capex, but this

was in a sense to preserve free cash flow generation without obviously having backlash on revenue growth in the future. We will work with our technical team in order to optimise and we have incurred any Capex expenses, because as Michel explained obviously it is our growth for tomorrow, but we have slightly make a trade of a little bit more by the shareholders and paying this with optimising our Capex guidance for the next three years. Related to M&A, we need to have some margin of manoeuvre, not to increase things or transformational view but just have the ability to move if any good opportunities could be offered to us. Michel has already talked about for instance Hellas-Sat which will be pretty consistent with our strategy. Then in terms of new debt and EBITDA, I will not comment again, but we think that we need to have this solid credit rating in order to be able to move when we want, any time on the market, and as you know if you are not in this position the market could sometimes simply be shutoff. It is a question of also financial security for us. Thank you.

I just would like to add a word on Catherine's answer to the third question and to Mark's question there. We again in the DNA of Eutelsat, organic growth is absolutely key, and it will remain key. Inorganic will only be a supplement. An example is some time ago Telesat was put for sale by its shareholders, we were approached and we did not present an offer for Telesat, because we were convinced that we have the appropriate critical mass and that our challenge is not to become a larger company, but our challenge is to every year serve our customers better and serve our shareholders better. We're not looking for size; we're looking for quality, for growth and for profitability, so we declined. The case of GE-23 is a different one; Hellas-Sat is a different one. When we look at inorganic, we look at targeted, focused and value creation opportunities. The next question is from the room.

Giles Thorne – Jefferies

Two questions please, firstly on KA-SAT, just to get a sense of what level of discounter promotions you're having to use, if at all, to build that commercial traction. It would be useful to know what kind of ARPU you're currently generating from those Tooway households. Secondly on the new guidance, just to play devil's advocate for a moment, are you at all worried that the market might interpret the new guidance as you are realising having had your finger burnt with multi-usage early in the year that the growth outlook is not as robust as it once used to be, and therefore to protect net cash flow you have gone about this process of optimising Capex. An opportunity to respond to that please.

Michel would you take the first question?

We have to be very careful in giving figures or even orders of magnitude regarding the ARPU in the first year because of course this is a little bit volatile, given the ramp up of subscribers. Currently the average ARPU is in the mid-20s, but again that is not a figure that can be taken for calculations as this, because one, we have introduced a new offer as we just discussed, and two; we are rolling out the network towards other countries. We indicated that we are currently making 90% of the revenue in top seven countries. We are moving east and we are moving south, to countries where by definition the ARPU would be lower, so this really to be taken with extreme care.

On your second question I will make two comments, a general one, and a more focused one. The general one is that when we say to you that we target, our outlook is 5-6% growth of revenues average, it is because we believe that this is something that we can deliver. We believe that this is realistic. Following last May where we surprised and disappointed the market, I can tell you we spent a lot of time working on this and we believe – I will repeat it again – that what we are telling you today is realistic. This is something that we plan and want to deliver.

My second comment is – you mentioned multi-usage, the fact is multi-usage we plan to resume growth with multi-usage. It is not a wish, it is not a prayer, it is not words, it is linked to the fact that our new satellite Eutelsat 70B will be operational beginning of 2013 calendar year, and therefore will allow us to resume growth in multi-usage as of Q4 of this fiscal year, Q2 of 2013. This is factual based on all the info we get from our main customer there in Washington.

Participant

I have a question on share buyback, can you elaborate a little bit on your policy regarding the share buyback. My second question is on KA-SAT, so you have a very ambitious objective. What are the new initiatives you could implement in the near future to reach this target of €100 million of revenue by 2015?

I will take the first question and Michel will take the second one. My answer is to the first question is simple; we're not planning any share buyback. Second question.

Well let's take the B2B2C market first and then the B2B. On the B2B2C market we know where we go more or less, we have Europe, Western Europe is there, we are happy with the feedback from the market, so we are more in a process of growing the number of distributors in particular to get more telcos and more DTH operators and currently we have discussions underway, and as you have seen we have adapted the offer, we believe that we have now a better offering, far better than the competition in satellite and to a certain extent better than DSL including in the areas which are, let's say, poorly served by DSL. We are confident, we have a team which has been strengthened, we will have a bigger, broader sales force and this is let's say ongoing and it has a mechanical effect especially when we would rollout additional countries.

On the B2B – we have explained during the year that it is a slower process because basically we need to customise offers, and some offers are more complex. To give two examples – the offers for big corporate include the integration in our technology, or in our terminals or certain add-ons like routers or different software to provide security, and this will be implemented over the next year, so it will take more time, and then we need to discuss with these big customers, again it takes a bit more time.

To give another example – mobility services to plans or services to ships is something that we contemplate. We believe that it will be there, it will maybe take a few semesters to be implemented, but again it might generate additional volume, so mobile backhaul is another example to serve Eastern Europe or southern countries in the south of the Mediterranean. We believe that we can provide mobile backhaul in Ka-band and of course the aggregation of all these streams of revenue makes us confident that we will definitely grow the business going forward.

Thank you Michel, so Lisa is reminding me that we have time for two more questions. I will take the question from Sarah Simon here in the back and then the next one we will take from the phone.

Sarah Simon – Berenberg

Just a couple of kind of industry questions -- firstly – can you give us an update on 25 Degrees East in your discussions with Iran and what happens to that satellite launch? Secondly – in Russia there has been a platform closed down and I just wondered in those emerging markets where you operate, are you seeing any sign that economic difficulties is accelerating the need to consolidate in markets where there is a fibre... platform. Thirdly just on the A West satellite, can you tell us how many transponders that adds to the 7 West satellite and do you need a separate, is it a dual head dish that you need for that.

I will answer your first question, Michel I will ask you to take the two others. On the first question, I would simply say that discussions are continuing. I won't elaborate more because I think it is better this way. Michel?

Starting maybe with the 7 West, 8 West position, first of all I want to insist on the fact that this is really a fantastic asset that we have currently. We have an audience of about 40 million households on this position, next to that, the next largest, for instance on 36° East which is the second, it is at about 25 million households. We have more and more channels coming to our orbital slot. Orbit Showtime have made a decision to come to us and leave the other one. MBC (Middle East Broadcasting Company) is coming to us. We believe that this extension of capacity is very much needed and this is why also we have as you have understood accounted for a gap filler solution to provide a ramp up in capacity at 7 and 8. Currently of course we have 50 transponders on EUTELSAT 7 West A. The new satellite is a satellite also with 50 transponders of which 40 are Ku-band transponders, most of them being on the MENA region, not in fact not all of them, but most of them we have about 10 Ku transponders that can be set in other places. All in all if we aggregate our existing capacity on EUTELSAT 7 West A, the new capacity of the satellite to be launched in 2015 and the Nilesat capacity we will reach on this position more than 100 transponders, it will really be the hot bird of the Middle East.

Regarding the DTH operators and fluctuations of/ or impact of economic environment on our video business, especially in Europe, I think the example you took is the margin of Europe. It is true that we cannot say that we are completely immune of course to the change in the downturn in the economic environment, especially the Balkans. We have mentioned several times that the DTH platforms in these countries are in competition between themselves, and sometimes in countries like Greece they are facing more difficult times. There might be a certain level of consolidation in certain countries, but all in all we believe that in the countries where we are strongly established, especially in this region, Russia for instance is the main one, but also Greece, but also where there are two platforms, also Serbia or Albania we believe that our key clients will remain in good shape.

Henrik Nyblom – Nomura

Three quick ones please. The first one on KA-SAT – can you just clarify that the 5-6% fiscal year '12-15 () includes 100 million in fiscal '15 from KA-SAT. The second question is on at 7 Degrees East. Given the reshuffling and given that by now you should have had

another satellite at 7 East if it weren't for the mishaps at 16 East. Is this the Turks being very, very patient with you or is the prospect for 7 East completely changed for you guys. The third one is regarding the memorandum of understanding you have signed with RSCC I think in May last year regarding another bird at 36 East. Can you give us an update where you are on that and whether that has been included in your guidance, specifically if you expect that bird to be launched within that guidance period or after the guidance period. Thank you.

Starting with the last question regarding Russia. We are continuing discussions with our Russian partners to set the basis for let's say extension of our capacity for video in Russia. Right now as you know we have two satellites at the 36 Degrees East position, and they are in fact serving the key DTH operators in Russia, () and MTV Plus. We are confident that we will finalise these discussions let's say in the relatively near term and therefore we have the prospect of let's say finding extension capacity and renewal capacity on this position very soon.

Second regarding the KA-SAT and again we do not have a religion of this figure that we mentioned as a potential of our service for June 2015, so I think you should not maybe make sort of simple mathematics around that, due to peddle back and get you know the revenue growth with or without that. That is more a range of magnitude and it is a little bit more sophisticated than just talking the figures, taking it out and getting the revenue growth without this. Of course it gives some idea of where we are going to be with KA-SAT.

The third question was on 7 East. We have had discussions with our key clients there, in particular Digiturk and the new deployment plan that we have which as you well understood we will imply a certain delay in the extension of capacity at 7 East is well accepted by the clients and there is no particular problem with this.

Henrik Herbst – Credit Suisse

Thanks, two questions, firstly on your backlog. It seems like the value of the backlog is increasing but the weighted average residual life of contracts is falling a bit, despite kind of share of video applications staying the same. Is that a sign of contracts getting shorter and if that is the case, can you maybe explain why that is? The second question is on your 65-degrees-West, Brazilian orbital slot, if you have any update on what your plans are for that. Thanks very much.

On the backlog – there is nothing to hide or nothing negative behind that. it is simply because there are two let's say elephants in the backlog, HOT BIRD and 36-A and B, and because the capacity that we are launching this year, it is 16 A and EUTELSAT 7 West A, the weighted average of those two obviously limited and let's say smaller than what we have in the backlog with HOT BIRD and 36. There is no trick, there are no things behind that, it is only the fact that in the backlog, it is 92% of video and there is another wait of the two main positions and the satellite related to this position.

Henrick your second question is referring to the auction that several months ago we won in Brazil for an orbital position. We are still in discussion with Anatel; Anatel is the regulatory body in Brazil. We are still in discussions with them to reach a final decision on which orbital position will be allocated to us. These discussions continue as we speak.

Closing Comments

I think we are now coming to the end of the session. To those on the phone and to those in the room, thank you for your presence and your attention. We will be happy to shake your hand. Thank you to all we look forward to seeing you in Paris, in London or in New York in the coming days. Thank you very much, bye-bye.