



**Company:** Eutelsat Communications  
**Conference Title:** Full Year 2010-2011 Results Presentation  
**Presenters:** Michel de Rosen, Jean-Paul Brillaud, Catherine Guillouard  
**Date:** Friday 29<sup>th</sup> July 2011 – 15h00 CET

**Operator:** Good day and welcome to the Eutelsat Communications 2010-2011 Results Presentation Conference Call. This conference is being recorded. At this time I would like to turn the conference over to Lisa Finas, Head of Investor Relations. Please go ahead.

**Lisa Finas:** Thank you for joining us today for the Full Year 2010-2011 Results for Eutelsat Communications. Before we begin I'd like to remind everyone that this presentation is a summary of information related to the accounts activities for the Full Year 2010-2011 of Eutelsat Communications Group as well as its strategy. This should not be considered comprehensive or complete. For further details please refer to the consolidated accounts of Eutelsat Communications for the full year ended June 30<sup>th</sup> 2011 prepared under IFRS, reviewed by the audit committee of the Board of Directors on July 27<sup>th</sup> 2011 and adopted by the Board of Directors on July 28<sup>th</sup> 2011 which are available on the Eutelsat website [www.eutelsat.com](http://www.eutelsat.com).

All statements other than historical facts included in this presentation including those regarding Eutelsat Communications' position, business strategy, plans and objectives are forward-looking statements. Presenting on this call today are Michel de Rosen, Eutelsat's CEO; Jean-Paul Brillaud, Deputy CEO; and Catherine Guillouard, CFO.

I will now pass the call over to Michel de Rosen.

**Michel de Rosen:** Thank you Lisa. I am delighted to present the results of another excellent year for Eutelsat and to renew our promise to deliver growth and profitability. We are particularly pleased to show a second consecutive year of double digit growth in revenues and EBITDA, thus helping to create more value for our shareholders. Furthermore our board has recommended a healthy increase of 18% in the distribution to shareholders.



Page 4. These excellent results once again underscore the quality of Eutelsat's business model. Our top line reached €1.17 billion growing 11.5% which surpassed the guidance we provided last July of €1.12 billion not withstanding the loss of a satellite in the first half of the year. The EBITDA margin grew to 79.3% and remains the highest among global FSS operators despite some additional operating expenses related to several projects targeting consumer services including two-way consumer broadband in Europe and the Mediterranean Basin. This performance and our positive three year outlook highlights Eutelsat's resilience in adverse market conditions. In sharp contrast to other companies, Eutelsat's business has no significant exposure to macroeconomic factors such as fluctuations in raw materials costs and inflation thus offering investors defensive characteristics with an added bonus of growth.

The Eutelsat fleet performed exceptionally well throughout the year as the fill rate remained high above 90% for most of the year. The W7 satellite covering Russia and Sub-Saharan Africa was a stable performer and provided the needed Ku-band capacity to meet strong underlying demand. Our three business activities all showed growth. Significant portions of contracts in the backlog turned into revenues while at the same time our commercial teams forged relationships with new customers resulting in a growth in the backlog. Our multiusage business serving governments and administrations was robust with demand higher than expected. The successful launch and entry into service of KA-SAT has reinforced our consumer broadband and professional internet services offer and will serve as one of our growth vectors in the future.

Page 5. Jean-Paul and Catherine will go into more detail about this but I did want to highlight a few metrics of this year's performance. Revenues are up 11.5% to €1.168 billion. EBITDA is up by 11.9% to €926 million with a margin of 79.3% up from 79% last year. Group share of net income up almost 26% delivering a net margin of close to 30%. The business generated net cash flows from operating activities of €817 million at 70% of revenues of course before capex. The board in this bright environment recommends a distribution of €0.90 per share marking an increase of 18% compared to last year and representing a payout ratio of 58%.



So Jean-Paul will now give you an update on the operational performance and revenue growth for the year. Jean-Paul?

Jean-Paul Brillaud: Thank you Michel. So turning to page 7, just a small flashback over the last two years. Looking at the performance over these last two years we see that these have grown by 24% and this growth was made possible because of investments in in-orbit resources that we made two years ago, allowing us to capture growth in dynamic markets like Russia, Africa and the Middle East and you will see that what we have done three years ago, we intend to continue to do it for the future and we are planning future developments in these regions where the growth potential is the greatest.

So moving to the different I would say operational indicators on page 8. On the fill rate, throughout most of the year the Eutelsat fleet was operating with a very high fill rate, above 90% dropping to 79.2% only on the fourth quarter following the entry into the fleet of KA-SAT on May 31<sup>st</sup> and also due to the lease of capacity on Eutelsat 3A from a third party. As of June 30<sup>th</sup> 2011 we operated 742 transponders compared to 652 year on year and the increase is due to KA-SAT and the leased capacity primarily in Ku band grew by 3%. This capacity in Ku band will remain restrained until the entry into services of the AB7 (ATLANTIC BIRD 7) and W3C that both are scheduled for launch between September and October this year. We highlight this because you will see when we will talk about the guidance that, in fact, this guidance for the next year is completely linked to the available capacity that we will have during the year.

So moving to page 10, we will go through the different markets in which we are operating. Full year revenue for the Eutelsat Group grew at double digit rates for the second consecutive year. All three business activities contributed to this performance. We in fact benefited from the expanded in-orbit resources that we launched over the last past two years especially as we had the full effect of the W7 satellite serving Russia and Africa that we launched in the course of the last fiscal year. This resource allowed the group to respond to the significant demand for satellite capacity in both developed markets and in Western Europe; and also of the high growth markets in Central Europe, Middle East, Central Asia and Africa.



So, moving now to the first segment, in terms of size, on page 11 is the video market. The revenue coming from video which represents 68% of our total revenues rose by 6% to €786.5 million. Eutelsat's long term strategy of establishing video neighbourhoods continues to drive the growth in the video business, as we focus on attracting more TV platforms to our satellites which are dedicated to specific regions and to build a strong installed base of antennas which grow in fact with new channels on these positions. So at June 30<sup>th</sup> 2011 we are broadcasting 3,880 channels up from 3,662 adding 218 new channels which corresponds to an increase of 6% over the 12 months, exactly in line with the growth of revenue. What is important to note is that in fact these additional channels are mainly coming from the high growth markets which are Central Europe, Russia, Africa, Middle East and Central Asia which account today for almost or more than half of the business with 1,970 channels for these regions of which we also broadcast 114 HD channels.

So moving to page 12 we show here some key customers with which we have either extended the business by renewals or having established new contracts and we highlighted here four orbital slots which are dedicated to the TV business. We see of course in this list of orbital slots the Hot Bird position which is really a leading video neighbourhood in Europe where we broadcast more than 1,000 channels and 92 HD on which we have renewed significant contracts in Italy, Poland and Slovenia. We also indicated that 36° East on which we have deployed the W7 satellite participated significantly to the growth of this year from the Russian and Sub-Saharan African market where we have registered a growth of 26% in terms of the number of channels that we broadcast; and also the 7° West which is a hotspot in Middle East and North Africa where we report continued strong demand for capacity. We have registered this year a growth of 15% and it is also the slot on which we will deploy the satellite AB7 in autumn this year adding additional capacity, taking into account the continuing demand which is today unsatisfied at this orbital slot.

So moving to the second market segment on page 13 which is data and value-added services which is in fact presently 20% of our revenue. The growth that we registered on this market segment was about 15% which is €234 million which is consisting of two sub-segments, first the data services, data networks which grew significantly increasing by almost 20% compared to the



previous year to €188 million and this once again is something that we have been able to really satisfy the demand from Middle East and Africa for these types of applications which includes corporate networks, GSM backhubs, internet backbone connectivity in those regions where the landline infrastructure is sparse or non-existing. We also benefit from the in-orbit resources which are particularly well-suited for these types of applications, the W2A satellite that we launched two years ago and the W7 satellite which in fact also was launched in previous years where we have the full year effect of this additional capacity.

We have also in this area, other satellites which have to some extent contributed to the performance which are the W3A satellite and also the W6 satellite at 21.5° East which will be renewed and expanded next year and which will add additional capacity for these types of services during the next calendar year.

Moving to page 14 this market sub-segment includes data networks. We illustrate the strong commercial success that we have registered in the year by the name of some of the clients which have contributed to this growth like Arqiva, Telespazia, Hughes Networks, Horizon and so on as well as new contracts with SpeedCast, Vizada and RSCC.

The second sub-segment of this data and value-added services is really this second part, the value-added services for which KA-SAT will really give a new stage of development. Recall that the KA-SAT, it's not only value-added services, it's an infrastructure satellite which will serve any type of B2B applications but which has the benefits of also being able to develop new services for consumers for internet broadband and it has been launched in fact in December and entered into services on 1<sup>st</sup> June this year and so we have been able to start to see how successful these new services. Tooway for consumers has had good feedback from the market and will permit us to develop these new applications. Today the value-added services delivered revenue of €46 million. It's mainly professional applications which are services based and to some extent Tooway with some kind of pre KA-SAT developments but it's clear that the KA-SAT which is now operational will help develop this sub-segment next year.



So the last market segment, is multi-usage for governmental applications and you will see that we have registered very, very strong demand of 28% over the years reaching €126 million of revenue. I think that this, is of course due to the strong demand in volume that has been registered, also the capability of our fleet to serve these demands and to some extent taking into account the price effect in it and the scarcity of companies that are able to satisfy these strong requests from governments.

So I think that concludes the review of the operational performance of the year and I will pass the floor to Catherine to give you an overview of the Eutelsat financial performance.

Catherine Guillouard: Thank you Jean-Paul and good afternoon or morning depending if you are US listeners to everybody. On page 18 we saw growth of 11.9% of EBITDA this year reaching €926 million compared to €828 million last year. The strong performance is due to a large part to robust revenue growth and the group's tight cost control. Operating expenses rose as resources were added to reinforce the group's overall commercial activity, notably two-way and cable kiosk. Globally speaking operational expenses now represent 20.7% of revenue and once again Eutelsat performed best in class among satellite operators with an impressive 79.3% EBITDA margin.

Page 19. This year once again the strength of our business model allowed us to generate very high cash flows from operating activities at €817 million. It's +17% versus last year and this represents close to 70% of top line. This is due to first the strong operational performance, EBITDA grew by nearly €99 million; and had a positive working cap effect of nearly €48 million. Capex has reached €486 million representing 41.6% of sales versus 47.2% last year and I would remind you that these figures include an impact which is positive of €60 million linked to the capital reduction in Solaris.

Page 20. The high level of cash flow generation and two positive non-recurring items, the €60 million from Solaris and also the €235 million of cash that we have received from our insurers for the W3B loss allowed us to reduce our net debt EBITDA leverage to 2.37 times this year. I remind you that it was 2.93 times last year and that despite an increase in shareholder



distribution and an increase in satellite capex. Our average debt maturity is now 3.8 years and our average cost of debt after hedging has increased to 4.42%. Last year it was 3.61% mainly because we had a full year effect this year of the floating to fixed interest rate swap on Eutelsat Communications term loan. I would remind you that this swap was set up in 2006 but came into force only in April 2010. This year we have also decided to optimise our cash and financing costs by repaying in June €150 million on Eutelsat Communications' term loan. Finally the group liquidity is still very good, we still had a €750 million undrawn available credit line at the end of June and obviously – and as Michel will describe – we will maintain our objective to keep our investment grade rating in the following years.

Strong overall performance on all the P&L of Eutelsat this year. Just to point out some of these line, revenues grew by 11.5% to reach €1,168 million. I would remind you that at constant euro-dollar exchange rates it's +10%. Although operating expenses grew in absolute terms they were strongly controlled at 20.7% of revenues and our operating income level, we saw a decrease in depreciation, -10.5% at €280 million due to satellites coming to the end of their accounting life only partly compensated by the full year effect of the W7 satellite depreciation. Note that the depreciation of KA-SAT started only at the end of May when its commercial activity was launched, so the full effect in amortisation will be next year.

I will remind you that we had to impair the W3B satellite and this was fully compensated by insurance proceeds, so no impact in the P&L. The increase in the financial result is primarily due to the full year effect of the interest rate swap on Eutelsat Communications as I've mentioned before. Income from associates were stable at €18 million. Income tax was up to €199 million mainly due to our strong performance; and finally the net margin for the company was strong, 29%, it is the best margin that we have ever reached since the IPO with the group share net income up from 25.6% at €338 million.

Consequently on page 22, our Board of Directors recommended yesterday a dividend of €0.90 per share which represents in fact an 18.4% increase over last year. This payout ratio of 58% is bang in the middle of our guidance namely between 50-75% payout ratio. I would remind you



that this dividend will be voted by the shareholders of the Annual Shareholder Meeting on November 8<sup>th</sup> 2011 and I would like now to turn the call back over to Michel.

Michel de Rosen: Thank you Catherine. Page 23, I will now discuss our outlook which is favourable both in terms of growth and profitability. Page 24, our ambitions are clear, to meet the growing needs of the digital economy. We operate a business infrastructure that is at the heart of the digital revolution and satellites are an indispensable resource in meeting these needs. They are truly a complement to terrestrial operators helping them extend their reach by feeding the networks. This close relationships between satellite operators and telecom operators is reflected by the duration of the contracts that we sign with the majority of our customers for periods extending over 10 years and frequently run as long as the life of our satellites. Enriching our model we provide operational excellence to serve our customers and innovate by using new frequencies to deliver both images and data. Our future is promising and we expect growth in all our applications.

Allow me to be a bit more specific, page 25. Video growth should be driven by both more TV channels including high definition and the high definition penetration. The increase in the number of channels will be primarily fuelled by the increase in HD channels, indeed Euroconsult figures of July 2011 estimate that the total number of channels in the geographies covered by our fleet will grow from nearly 10,000 in 2010 to more than 15,000 in 2020 while high definition channels would grow from around 500 to nearly 3,500 over the same period implying an average growth rate of 20%. During the same period the number of standard definition channels will continue to grow but at a slower pace. Euroconsult also expects high definition penetration to increase significantly in the same period, for example this penetration rate will increase from 8% in 2010 to 36% in 2020 in Western Europe and from 5% to 21% in Central Europe.

Page 26. Data and value-added services will be fuelled by the ever-growing need for interconnection both on the consumer and enterprise fronts. Everyone wants broadband access everywhere and at any time. According to Euroconsult July 2011 estimates, the transponder demand in Ku band for corporate networks and broadband access should grow by 5.8% per year





in fast growing markets over the 2010-2020 period – this is Ku. Euroconsult also estimates that the demand for Ka-band capacity, which is currently almost non-existent, should reach 268 gigabits in 2020 which should prove to be a strong growth driver for us.

Page 27. Our development in the medium term will focus on markets where demand for transponder capacity is strong. As you can see on this slide growth rates can vary significantly from one region to another and Eutelsat's deployment plan is designed to address the fastest growing geographies. We have not put the figures here of North America because we are not in North America and as you know that is the region where the growth rates are the lowest in the world. We have a stronger presence in the regions where growth rates are strong. Russia and Central Asia expect a growth of 7.3% per year; Central Europe 6%, Middle East and Africa 4%, Sub-Saharan Africa 7.4%. In Western Europe the region continues to grow but it is expected to be at a slower pace. Demand for satellite capacity is therefore expected to be strong in all the regions our fleet covers.

Page 28. So demand is good but if you have good demand you must also have good capacity. Since 2008 we have implemented one of the largest investment programmes of in-orbit resources in our industry. I believe largest and also smartest, I say that because these were decisions made before I came. Our deployment and expansion plan is designed to address the demand of the fastest growing markets we have discussed earlier. We currently have seven satellites under construction to be launched by mid-2014. These new resources will enable us to increase by 20% our transponder capacity. This includes Eutelsat 3B announced today and to be launched in the first half of 2014. We are focused ladies and gentlemen on organic growth and strategic partnerships like the one we completed with ICT Qatar which is a good example of creative ways to grow the business. The concentration of our fleet allows us to act with greater operational efficiency as satellites can be quickly redeployed to supplement capacity where needed thus allowing us to expand our coverage in geographies where the demand is highest. Of course we continue to work towards maximising revenue per transponder and we expect to continue this strategy in the future.



This leads me to page 29, which is our outlook ladies and gentlemen. Our strategy allows us to combine growth and profitability while with some others you may have to choose between one or the other. We have communicated to the market the following objectives: revenues of more than €1.235 billion in 2011-2012 with growth accelerating to reach a weighted average annual growth above 7% for the three year period in the period after July 2011 to June 2014, that's revenues. Now EBITDA. We target our EBITDA margin to exceed 77% for each year for the same outlook period 2012-2014 and specifically an EBITDA of more than €955 million for the current fiscal year 2011-2012. We stepped up our capex guidance to €550 million per year on average for the period. This increase from our previous guidance is mainly due to the commissioning of the Eutelsat 3B satellite announced today to develop the 3<sup>o</sup> East orbital slot and other development programmes under consideration. We, as you would expect us to do, intend to continue to involve our shareholders for our growth by distributing between 50-75% of net income attributable to the group. I will add, it's not in the guidance, but clearly our intent is for the 100 years to come to increase the dividend year after year. Finally our financial structure remains solid so our net debt should remain below 3.5 times EBITDA.

So last year this is how we ended our presentation on the figures. This year I want to stop and make a special comment about Jean-Paul Brillaud who is here with us today. Michel Azibert will succeed Jean-Paul Brillaud following the general assembly of shareholders of Eutelsat Communications of November 8<sup>th</sup>, at which point Jean-Paul will relinquish his operational role of Deputy CEO of Eutelsat. Michel will join Eutelsat on September 5<sup>th</sup> from TDF where he's currently Deputy CEO to work closely with Jean-Paul during September and October in order to ensure a smooth transition. Michel Azibert is an engineer and a lawyer. He joined TDF in 1989 where his appointments have included International Director and Group Deputy CEO since October 2008. He will join Eutelsat's Executive Committee comprising myself, Catherine Guillouard; David Baird, Chief Technical Officer; Jacques Dutronc, Director of Satellite Missions & Programmes; and Andrew Wallace, Chief Commercial Officer. Jean-Paul will not really leave us. And for those of you who have been following us for a long time, Jean-Paul will never leave us in fact. He was a board member of Eutelsat for nine years representing France Telecom and then 12 years ago jumped in the swimming pool joined Eutelsat management to become Deputy CEO. In November he will relinquish his Deputy CEO role but will be proposed by the FSI to become a



board member representing FSI at the board of Eutelsat Comms. So we will continue to benefit from his presence and his wisdom and we hope he will not take advantage of everything he knows, all our little secrets. The time has not come, the time will come later for us to thank Jean-Paul for the enormous contribution he provided to Eutelsat's development expansion in those many years.

So page 31 is simple, at Eutelsat we want to be recognised as delivering for you ladies and gentlemen growth, profitability and reliability. We did it again this year, we want to do it for many more years to come and now we are available to answer your questions.

Operator: Thank you. If you would like to ask a question at this time please press the star or asterisk key followed by the digit 1 on your telephone. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. Again please press \*1 to ask a question. We will now take our first question from Tania Valiente from Citigroup. Please go ahead.

Tania Valiente: Hi, good afternoon everyone, Tania here from Citi. I have two questions if I may. The first one of course on guidance. You seem quite conservative on the incremental revenues you expect from KA-SAT in particular in the next fiscal year. I was wondering if there was a specific reason for that? Was the subscriber take-up, has it been disappointing in the early days? Is it slower than what you expected? Is that the reason for the lower guidance for next year? Second question on your capex guidance, you talk about Eutelsat 3B but also about other projects which are under consideration. Could you be a bit more specific on that? Should we think about a KA-SAT 2 potentially or what exactly do you have in mind? Thank you.

Michel de Rosen: I will answer your first question and Jean-Paul will answer the second one. On your first question what we have tried to be for many years and we will want to do the same for many more years is to be realistic in the guidance that we provided to the financial market. We want to be realistic and also of course we want to be able to continue to deliver. We have become public at the end of 2005 and since then we have always delivered and more than once over-delivered. This remains our ambition going forward. So you then asked a specific question



about KA-SAT. KA-SAT is doing very well. It was launched in December. It became operational seven weeks ago on May 31<sup>st</sup>. Things are on track. Technically things are fine. The quality of service is what customers wanted, that's what they tell us and we are signing contracts with distributors with very satisfactory pace. We have indicated already some time ago that our goal is with KA-SAT to reach €100 million of revenues for Eutelsat by 2014. We confirm this goal. This is going to be a progressive ramp-up and then from that level in 2014 you should expect further growth. I will add for those of you, most of you know that of course KA-SAT is a fantastic satellite. We call it a smart satellite and this satellite will be able to provide services not only to B2B type of business but also a B2B2C type of business, so it's pretty flexible and it will help Eutelsat grow in these two segments. Jean-Paul?

Jean-Paul Brillaud: On the capex guidance I think that there may be some surprises about the increase of capex that we are announcing but I think that those who express surprise may not see that our growth equals capex and so if there is no capex there is no growth, so those who don't intend to spend don't intend to grow. So having said that I think that I want to recall that in our capex of €450 million that we had up to now committed capex and the committed capex was concerning the six satellites that we will launch during this year, 2011, 2012 and 2013 and there are also in this €450 million that we expressed some non-committed capex which concerns in fact the further satellites that we will replace later in the period. We have this year in fact increased this capex guidance because first I think that we have grown much more than expected and I think that these six satellites that we have up to now, permit us to increase the capacity between now and 2013 by 20% which is exactly in line with our guidance of revenue which is on average 7%. 7% would be multiplied by 3, it's 21%. But I think that our increase in terms of capacity and resource is completely in line with our revenue capex. What we are doing now is that in fact preparing the growth as per 2014, so that means that it is of course after the guidance period. We need to prepare the growth and we see quite a lot of strong demand. The first example is Eutelsat 3B that we have just announced which is a pure expansion programme opening a new orbital slot, 51 transponders that we will deploy in 2014 over the area of Africa, Middle East and so on where we think that the growth, there is a significant demand and we will put machines which will be very, very powerful, will offer C-band, Ku band and Ka band because we see the demand for Ka materialising quite strongly also in these regions. Of course this



increase by €100 million of the capex guidance will cover these new programmes but it will cover also programmes which are not announced and I think that if you ask us we will not give you specific information, one which ones will use this additional capex. We have several projects and, we have in fact more projects that we will have to will have to choose among to develop our broadband strategy. It's one possibility that you in fact alluded to but there are other projects and we will announce exactly what we will do with this additional maybe €50 million, but I can assure to you that the additional investment which will be very well planned and very thoroughly thought out and will allow us to continue to grow beyond the period of 2013-2014.

Michel de Rosen: That was quite a comprehensive answer, thank you Jean-Paul.

Operator: We will now take our next question from Henrik Nyblom from Nomura. Please go ahead.

Henrik Nyblom: Hi there, three questions if I may. The first one is regarding 3° East and I obviously appreciate your new Eutelsat 3B satellite but also having known you for quite a while greenfield satellites into new slots is typically not your style and that leads me to sort of the intentions with Eutelsat 3A. How come that you only operate seven transponders when the satellite has been designed for 24 and also if Catherine perhaps can enlighten us of what the financial terms behind that lease are, what terms those are? The second question is regarding implicitly your guidance but I know I will go nowhere by telling you you are ultra-conservative so I will try a different way. If you look at your implied margin for next year it's obviously down significantly. Should we therefore assume that revenue minus cost for KA-SAT next year will lead to a negative EBITDA contribution for KA-SAT? Thirdly just on how we will track your utilisation going forward, given that you now have decided to include your 82 spot beams at transponders will you therefore start aggregating partly filled spot beams into one transponder equivalent and we should for some reason be able to track that and understand how your business progresses? Any thoughts behind that would be much appreciated.



Michel de Rosen: Thank you Henrik. Let me say a word about question two and then on your first question about 3° East Jean-Paul will answer about the satellite, Catherine will answer about the financial terms of the deal and Jean-Paul will also comment on the fill rate. On what you've said about KA-SAT for the first year, as always Henrik you are spot on. Indeed for KA-SAT this year is an investment year. We will be investing. We have invested of course for KA-SAT capex and this year we will be investing opex. The opex for KA-SAT will be this year in fact a bit higher than the revenues that we expect even if we do not give specific guidance per satellite year after year. So you are right. We believe this is the right thing to do to ensure the success of KA-SAT. Jean-Paul, on 3° East?

Jean-Paul Brillaud: On 3° East I think that in fact you know us very well Henrik and I think that it's clear that if there is any way that we can prepare the arrival of Eutelsat 3B to create a ramp-up before 2014 we will do. What we are seeing today is that on the Eutelsat 3 satellite, 3A satellite we intend to commercialise seven transponders. If there is any way to add additional capacity either through Eutelsat 3A or through other satellites in between we will do it but that's really what today we are able to tell to the market. On the question of the fill rate I think that what you said is correct. I just want to draw your attention that we do consider one spot is equivalent to one transponder and we do consider that it is filled when it has more or less using 70% of its capacity. That's an average and I think that it's due to the fact that there is an unequal distribution, so all the coverage of KA-SAT means the objective will be a filling factor of 70% of the theoretical capacity of all the spot I think that it's what we think is reachable.

Michel de Rosen: Catherine, on the other satellites?

Catherine Guillouard: On Eutelsat 3A it's a financial lease. If you look at the page 20 of the presentation you can see that we have €15 million of others. This is what we have to pay for Eutelsat 3A. It's a pure finance lease, that is to say no impact on EBITDA, some amortisation costs in the next three or four years considering its life and very small, very marginal financial charges, less than €1 million.

Henrik Nyblom: Ok, thank you.



Michel de Rosen: Thank you Henrik.

Operator: We will now take our next question from Morten Singleton from Investec. Please go ahead.

Morten Singleton: Good afternoon gentlemen. A couple of questions if I may. Firstly on KA-SAT, I'm sensing a general shift in the rhetoric from various of the satellite providers towards the opportunity in KA-SAT being more in the B2B enterprise mobile backhaul space and a lot less from the rural residential broadband opportunity. Can you give me any indication of how much of the KA-SAT satellite you expect to fill by the various different opportunities or confirm whether or not I've hit upon something here in terms of this shift to rhetoric? The second question was really with regards to slide 27 where I guess you're trying to focus people's attention on the fact that you have a lot of satellites in the areas where you're going to experience or we're expecting to experience greater demand for satellite capacity going forward. Can you give us any indication of the corresponding transponder rates in these various territories because I'm just wondering whether the demand growth rates actually map directly onto the potential revenue growth rates or whether for example Western Europe transponder rates being much higher if you had more focus in that region you might still be able to get a better revenue growth rate off the back of greater exposure in that territory? Thank you.

Michel de Rosen: I will take your first question, Jean-Paul will answer the second one. We cannot speak for other people but we can speak of course for Eutelsat. Those of you who have been following us closely know that we have explained persistently that this great satellite provides the potential to serve both businesses B2B and B2B2C so our vision there has always been clear...again I don't know what other people have said and we're not here to comment on other people's comments. I sometimes sense from other people who are not at Eutelsat, other operators a little envy that they did not make that kind of decision and I do hope they will be envious when we deliver great results of KA-SAT. Having said this to come back to your question we don't give specific guidance but we believe that all in all mid-term the B2B contribution and the B2B2C contribution should be of I would say similar weights. I think the estimate we gave is



that by 2014 it's likely to be more 60% on the B2B2C and 40% B2B but my point is it's not 90-10 or 80-20 and then going forward you should expect that again that there will be a good momentum in both of these businesses. Of course as you know we can do that because it's such a productive satellite that we can operate it even if there are opexes as we said earlier that we can generate a lot of business in these two fields. Jean-Paul will now answer your second question.

Jean-Paul Brillaud: Yes, on the question of the pricing, so average revenue per transponder, I wish first to highlight that it's depending on the type of applications or what we say in terms of average. Generally it's a weighted average taking into account the different types of applications, but you rightly spotted in fact that in Western Europe the average revenue per transponder, it's significantly higher than in the emerging markets but on the contrary the growth, is smaller which is a tendency for certain maturity in the market. I would say that in Western Europe all applications mixed, we are above €2 million which could be between €2-€2.5 million on average, after that it depends quite a bit on the type of spot, if we take for example the 13° East which is mainly targeting Western Europe, we have very high pricing which is above €3 million and much above €3 million but I think that on average outside of On emerging markets I think that the difference between I would say DTH for orbital slots and other types of application, the difference is smaller and I would say on average, the average revenue per transponder is between €1.5 million and €1.8 million.

Morten Singleton: Could I just have one quick follow-up on the KA band side? The new satellite that you've launched, I think it's got nine KA band steerable beams on it. Can you tell me what particular market are you focusing on with the steerable beams or is it just to make sure that you can steer the beams in the areas where you are anticipating the demand and that demand you're not necessarily sure is going to pop up in various places so you'd like to have that flexibility on the satellite?

Jean-Paul Brillaud: I would say it's some kind of insurance that we have taken by putting steerable beams. It's clear that we see a demand quite significantly. We are sure that we will not be able to serve all the demand that we see over Africa or other regions and you know that Africa, it's a





very, very large continent and we want to have the capability to steer the beam to the customers which have the highest demand, the quickest demand, the more profitable demand. I think that we are very confident but I think that we want to have the flexibility in order to maximise really the revenue coming from these satellites.

Morten Singleton: Thanks very much gentlemen.

Operator: We will now take our next question from Nick Dempsey from Barclays Capital. Please go ahead.

Nick Dempsey: Good afternoon guys, I've got two questions please. The first question, just a follow-up to Henrik's question earlier on KA-SAT's negative contribution to profit this year. I was wondering if you were able to give us a rough sense of how many basis points of margin that factor might eat up and that would help us kind of assess the apparent fall in margin from your guidance? That's question one. Question two is about Africa, so that's one area of coverage mentioned in relation to your new satellites. We hear from Intelsat, SES and others that pricing there is under pressure due to some oversupply certainly in the short term so I was wondering if you could explain your exposure to Africa and whether you are seeing those same sort of trends?

Michel de Rosen: Nick, on KA-SAT we don't want to over micro-manage the information we give. I have to say we are thrilled to see the kind of attention that our new satellites are getting from some analysts and investors but some also investors and analysts have told us that they are a bit surprised that we give so much information and so we think it is better that we remain at a sort of robust, balanced level of information. So suffice to say that this year we are investing to support that business, to help that business take a good start and that these expenses will be higher than the revenues generated by KA-SAT. On your second question, Jean-Paul, Africa?

Jean-Paul Brillaud: We also listen very carefully to what our competitors are saying, however I must confess that first we have not experienced this ourselves, in fact this pricing pressure that Eutelsat is referring to, we do see quite a significant and good demand and I think that the



performance of this year that we showed to you demonstrates that I think there was no real consequence or impact on our performance. Second, we also underline that in what Intelsat is saying, they are speaking about short term pressure and short term maybe overcapacity and that on the longer term sizing they see or they express relatively good confidence. Now if I could maybe speculate on why they are saying that is that maybe because they are addressing a very specific type of market in Africa which is I will say a point-to-point type of telephony or trunk-linked applications which maybe have a tendency to move to submarine cables or fibre because I think that there are some which lie in the coast but I think that we are not at all in this type of business. Our business in Africa, it's video, it's much more a data network for inland type of applications with multi-point serving areas which are relatively remote, backhaul also for mobile networks, to extend mobile networks to remote areas and so we don't think that we will be threatened by any terrestrial networks which are concentrated on coastal areas and also serving mainly the big area of the continent. It's not where we are really intending to apply capacity.

Nick Dempsey: Very helpful, thank you.

Michel de Rosen: Thank you Nick.

Operator: We will now take our next question from Nick Bell of Jefferies. Please go ahead sir.

Nick Bell: Yes, thank you for that, good afternoon everyone. Sorry about this, another question on KA-SAT, I just want to make sure I understand what's going on here. When you refer to the 70% maximum capacity utilisation, should I think about that that actually KA-SAT is adding or has added 57 additional transponder equivalents to the 90 increase in operational transponders you've seen over the past year up to 742 and in turn should I now think about the throughput on KA-SAT as being something in the order of 50 gigabits rather than the 70 gigabit headline number that has been put out there? Just a third question because I think a lot of this comes out of the guidance for the near term, in terms of the contracts that you're signing on KA-SAT, for example there was one in Germany you did for €3 million over five years, are they firm contracts for space segment only or do they include equipment and presumably there's some



sort of step-up clause as your distributor builds its subscriber base over time, so year one is significantly less than year two and then it builds up through year three. Is that the right way to think about it?

Jean-Paul Brillaud: On the question of the capacity of the satellites I think that I'd say 70%, it's average so that means that there could be some spot beams which will be 100% and some others which will be 50%. What we count is that it is 82 transponders and these 82 transponders will just be filled when they are 70% filled. You know that one spot beam, it's 500 megahertz so it's a very big, large frequency band and so we count that in fact as 82 transponders, but the way it will be filled I think that it's a different matter. In terms of gigabytes I think that it's clear that the 70 gigabytes, it's theoretical capacity when all the spot beams are filled and of course that I think that more or less I think that we will consider that the satellite will be 100% filled when we have achieved 50 gigabyte transponders. We are prepared to revise I think at least we will see how it develops but if you take 50 gigabytes of capacity you will see how huge the satellite is already there. If we achieve more it will be always an add-on but I think that it's already huge.

Michel de Rosen: Jean-Paul, the third question from Nick was on the contracts, how are the contracts built?

Jean-Paul Brillaud: Yes, the contracts, once again I think that KA-SAT, it's really two types of application, it's B2B like usual and for all these B2B contracts it's exactly the same kind of contract that we have today. We include any backlog that we generate by these type of contracts within the current backlog and in the backlog that we reported today for €5.960 billion. There are already some B2B contracts which have been contracted on the B2B on KA-SAT. For the consumer applications, I think that for the consumer applications we have a contract with distributors where they have some commitment about deploying and activating a certain number of subscribers. Here it's more difficult to speak about backlog because it's more or less like your telephone subscriptions so users could consolidate contracts and so I think that here I think we will come back to you with different metrics that the ones that we use for the



B2B and I think that we will report with a different type of metrics when we come to some significant business on it.

Nick Bell: Great, thank you.

Michel de Rosen: Thank you Nick, thank you Jean-Paul. We had planned to end at Paris time 16h30 but I believe there are still three questions. If they are quick we will take the three questions.

Operator: Than you. We will now take our next question from Peter Knox, Société Générale. Please go ahead.

Peter Knox: Thanks for taking the question. I think we've actually asked most of the issues about the growth and volume versus value. Just two quick points though, can you just explicitly tell us the utilisation rate of the Ku band as it stands at the moment, so excluding KA-SAT? Also in terms of your others division, revenues seem to be a big lumpy in the final quarter. Is there some change there or is that just a one-off?

Michel de Rosen: Jean-Paul maybe first question, Catherine second one.

Jean-Paul Brillaud: Yes, I think that we don't intend to report differently the fill factor of the different types of capacity but nevertheless I understand that for you and for the models and also for understanding the dynamics of our turnover next year I think that you need to have an idea. I think that as I said, I said during the presentation that we are for the pure Ku today above 90%, we should be around 92% or something like that so I think that I just want to remind those who follow us sometimes we have once achieved a fill factor of 97% for Ku at some point in time. It was a record at the time. I'm not sure we can pass world record each time, we try. We have some flexibility but relatively small ones above 85 and 90 and even more it starts to be difficult to sell capacity. You have always some capacity which are in pieces at some point, it's difficult to match the demand of the customers.



Catherine Guillouard: On the video revenue there is absolutely nothing structural. We have some transfer of contracts between professional video and data and in addition to that last year at Q4 we had some work-ups, income linked to these events.

Peter Knox: Ok, thank you.

Michel de Rosen: Thank you.

Operator: We will now take our next question from Sarah Simon from Berenberg Bank. Please go ahead.

Sarah Simon: Yes, I know you want to finish so I will make it quick. Just a quick question on first of all if you can comment on the Bloomberg story about Measat and your talks there? The other one was for Catherine, in terms of the cost growth in 2011 would you say that was kind of normal cost growth excluding KA-SAT or did that also include some ramping up for KA-SAT in there as well?

Michel de Rosen: I will answer the first question and Catherine will of course answer the second one. On the first question I will make three comments. One is that Eutelsat's focus has been and will remain going forward organic growth. This is something we do pretty well. Second we have said and I can confirm today that we are interested to grow our business in Asia and therefore are not indifferent to opportunities that might arise. Not indifferent, we have not become maniacs about it, we will never do anything that does not create good value for our shareholders. Then number three specifically about the company, the name you mentioned, we never comment on rumours. Catherine?

Catherine Guillouard: On the cost for 2011, let's say that half of it is due to commercial activity, not only Tooway but some others that we have like FRANSAT. One quarter is linked to good news in fact, the fact that we have increased top line obliges us to pay a little bit more of tax provisional employee mandatory profit sharing and 20% around is due to the fact that we have to give some indemnities to some customers which have been hurt by the W3B incident.



Sarah Simon: Would that be one-off?

Catherine Guillouard: Yes, the last one-off obviously.

Sarah Simon: Ok, thanks.

Michel de Rosen: Thank you. So I believe now our last question.

Operator: We will now take our last question from Henrik Herbst with Credit Suisse. Please go ahead.

Henrik Herbst: Yes, thank you. Sorry to go back to your cost base again, it looks like you have grown your opex base by about 20 million per year for the last two years and according to your guidance you have got about 40 million in this year. I was just wondering if all of it is basically due to KA-SAT. I guess looking at how you guided in the past, the EBIT I guess might be a bit conservative and you leave a bit of room for unexpected events but it seems like you assume the opex base to grow. Is that all KA-SAT? Thank you.

Catherine Guillouard: Maybe let's say that for the next year we have a new business model which is a B2B2C linked to KA-SAT. This new business model requires additional up-front opex and investment, so in the next couple of years we will have the additional costs but not yet what Michel has already explained the full ramp-up in revenues linked to web projects and effectively if we look for instance at next year, between 50-60% of the rise in the costs will be linked to the ramp-up of these new business models. However in the meantime we will obviously continue to closely control our other costs in order to ensure that our margin remains at a high level. Already what we are engaged to deliver, it's 77.3% margin because if you take the 955 and the 1,235 it's 77.3% at the time where effectively as Michel explained we have a contribution negative of KA-SAT. Obviously over the long term there is no reason to expect that margins shouldn't return to current levels. I hope this has emphasised what we have said during this call linked to the cost base and KA-SAT.



Henrik Herbst: Ok, thank you very much.

Michel de Rosen: Thank you Catherine, thank you Henrik. So I believe we have now come to the end of this call. We are grateful for your attention and of course thrilled with the momentum we have in our company. If some of you have some free time in August come and see us in August. It's a good time to chat about our plans and we look forward to our next interactions. Thank you to all.

Operator: That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.