

## THIRD QUARTER AND NINE-MONTH 2022-23 REVENUES

- **Third Quarter Operating Verticals revenues of €272m**
  - **-7.0%<sup>1</sup> year-on-year**
  - **-3.7%<sup>1</sup> quarter-on-quarter**
- **Improving trend in Government**
- **Sustained growth in Fixed Broadband and Mobile Connectivity**
- **Nine Month Operating Verticals revenues -5.1%<sup>1</sup> year-on-year, in line with expectations; all financial objectives confirmed**

**Paris, 11 May 2023** – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL) reports revenues for the Third Quarter and Nine Months ended 31 March 2023.

In € millions	Q3 2021-22	Q3 2022-23	Change	
			Reported	Like-for-like <sup>2</sup>
Broadcast	172.5	<b>156.5</b>	-9.3%	-10.6%
Data & Professional Video	40.0	<b>38.4</b>	-3.9%	-7.3%
Government Services	34.6	<b>31.4</b>	-9.3%	-13.4%
Fixed Broadband	16.9	<b>18.5</b>	9.4%	7.3%
Mobile Connectivity	20.7	<b>26.9</b>	30.0%	23.0%
<b>Total Operating Verticals</b>	<b>284.7</b>	<b>271.6</b>	<b>-4.6%</b>	<b>-7.0%</b>
Other Revenues <sup>3</sup>	2.1	<b>0.4</b>	-82.9%	-83.7%
<b>Total</b>	<b>286.8</b>	<b>272.0</b>	<b>-5.2%</b>	<b>-7.5%</b>
<i>EUR/USD exchange rate</i>	<i>1.13</i>	<i>1.07</i>		

### HIGHLIGHTS

- **Third Quarter** and **Nine-month revenues** performance **in line with expectations**.
- **Q3 improving trend in Government**, +3.1% like-for-like on a quarter-on-quarter basis, on the back of Airbus deal and ahead of entry into service of incremental capacity in FY 2023-24.
- **Fixed Broadband** (+7.3%) and **Mobile Connectivity** (+23.0%) **sustaining positive momentum** ahead of entry into service of K-VHTS and E10B next Fiscal Year.
- All standalone Full Year 2022-23 and longer-term **financial objectives confirmed**.
- Eutelsat has joined forces with fellow European companies to form a consortium to bid on the European Commission's tender for the **IRIS<sup>2</sup> satellite constellation**. This partnership will aim to create a state-of-the-art satellite constellation based on a multi-orbit architecture and interoperable with the terrestrial ecosystem, to address the growing connectivity needs of European governments, businesses and citizens.

<sup>1</sup> Like-for-like change.

<sup>2</sup> Change at constant currency. The variation is calculated as follows: i) Q3 2022-23 USD revenues are converted at Q3 2021-22 rates; ii) Hedging impact is excluded

<sup>3</sup> Other revenues include mainly the impact of EUR/USD revenue currency hedging, the provision of various services or consulting/engineering fees and termination fees.

- **OneWeb** Gen-1 constellation **on track for Global Coverage**, supporting positive commercial ramp-up. Merger transaction on track to close by Q3 2023.

## THIRD QUARTER REVENUES<sup>4</sup>

Total revenues for the Third Quarter stood at €272 million down 5.2% on a reported basis and by 7.5% like-for-like.

Revenues of the five Operating Verticals (ie, excluding 'Other Revenues') stood at €272 million. They were down by 7.0% on a like-for-like basis.

Quarter-on-quarter, revenues of the five Operating Verticals were down by 3.7% like-for-like.

*Unless otherwise stated, all variations indicated hereunder are on a like-for-like basis, ie, at constant currency and perimeter.*

### **Broadcast (58% of revenues)**

Third Quarter Broadcast revenues amounted to €157 million, down 10.6% year-on-year. The slight deterioration compared to Q2 reflected the full effect of the non-renewal of the Digitürk contract, as well as lower revenues in Europe. It was also underpinned by the effect of sanctions against certain Russian and Iranian channels which mainly impact the Second Half of FY 2022-23.

On the commercial front, Eutelsat was selected by certain Latin American customers for broadcast services in Mexico and Brazil, leveraging the unparalleled coverage of the EUTELSAT 65A, 117WA and 117WB satellites over the region.

Revenues in the Fourth Quarter are expected to slightly decrease compared to the Third Quarter on the back of lower volumes in Europe.

### **Data & Professional Video (14% of revenues)**

Third Quarter Data & Professional Video revenues stood at €38 million, down by 7.3% year-on-year.

In Fixed Data, two thirds of this application, improved volume trends partly offset the negative impact of ongoing competitive pressure.

Professional Video revenues saw a slight deterioration, reflecting the phasing of a specific contract, as well as seasonality in occasional use.

Quarter-on-quarter revenues decreased by 4.7%, notably reflecting the above-mentioned Professional Video headwinds.

On the commercial front, a partnership was signed with POULSAT to help provide schools in North Africa with high-speed internet connectivity thanks to Eutelsat ADVANCE solutions. POULSAT's digital classroom project, supported by The World Bank Group, will connect over a hundred schools in the next three years.

We expect this application to decline at a mid-single digit pace over the full fiscal year, consistent with previous indications.

### **Government Services (11% of revenues)**

Third Quarter Government Services revenues stood at €31 million, down 13.4% year-on-year. This reflected the full negative carry-forward effect of recent US Department of Defence renewals, with in particular a renewal rate of 65% in Fall 2022. This decrease was partially offset by a take-or-pay contract

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<sup>4</sup> The share of each application as a percentage of total revenues is calculated excluding "Other Revenues".

with Airbus, which also expands Eutelsat's European customers portfolio, thereby diversifying its geographic exposure.

Quarter-on-quarter, revenues were up by 3.1% reflecting the above-mentioned contract which was booked with retroactive effect at 1 July 2022.

The latest renewal campaign with the US Department of Defence (Spring 2023) resulted in a slightly improved renewal rate of above 70%.

In the Fourth Quarter, the trend should improve on the back of the above-mentioned tailwinds.

### Fixed Broadband (7% of revenues)

Third Quarter Fixed Broadband revenues stood at €19 million, up 7.3% year-on-year on a like-for-like basis. They reflected the contribution from the wholesale agreements with Orange, TIM and more recently Hispasat and Swisscom as well as, to a lesser extent, the growth of the African operations.

Quarter-on-quarter, revenues were up by 3.5%.

Over the Full Year, Fixed Broadband should be broadly stable, as the comparison basis includes the above-mentioned contracts, namely in Europe and Africa. Growth is expected to accelerate in FY 2023-24 on the back of the entry into service of KONNECT VHTS.

### Mobile Connectivity (10% of revenues)

Third Quarter Mobile Connectivity revenues stood at €27 million, up 23.0% year-on-year. They reflected the ongoing positive momentum, notably the strong growth in Maritime.

Quarter-on-quarter, revenues were down by 4.1%. They reflected the timing of the commercialization of the third beam on EUTELSAT QUANTUM booked in Q2 with retroactive effect since August 2022.

This positive dynamic is expected to translate into double-digit growth for the Full Year, albeit at a slower pace compared to the First Nine Months as the comparison basis will gradually reflect some of the above-mentioned as well as other incremental contracts.

### Other Revenues

'Other Revenues' amounted to €0.4 million in the Third Quarter versus €2.1 million a year earlier and -€5 million in the Second Quarter. They included a negative (€1.8) million impact from hedging operations compared to a negative impact of (€2.8) million last year and a negative impact of (€7) million in the Second Quarter.

## BACKLOG

The backlog stood at €3.5 billion as of 31 March 2023 versus €4.0 billion a year ago, and €3.7 billion at end-December 2022, reflecting its natural erosion in the absence of major broadcast renewals this quarter.

It was equivalent to 3.1 times 2021-22 revenues, with Broadcast representing 58%.

	<b>31 March 2022</b>	31 Dec. 2022	<b>31 March 2023</b>
Value of contracts (in billions of euros)	<b>4.0</b>	3.7	<b>3.5</b>
<i>In years of annual revenues based on previous fiscal year</i>	<b>3.3</b>	3.2	<b>3.1</b>
Share of Broadcast application	<b>63%</b>	59%	<b>58%</b>

**Note:** The backlog represents future revenues from capacity or service agreements and can include contracts for satellites under procurement. Managed services are not included in the backlog.

## NINE MONTH REVENUES

Revenues for the first Nine Months of FY 2022-23 stood at €846 million, down by 1.5% on a reported basis and by 6.6% at constant currency and perimeter.

Revenues of the five Operating Verticals (excluding 'Other Revenues') were stable on a reported basis. They were down by 5.1% on a like-for-like basis excluding a positive currency effect of €43m.

In € millions	9m 2021-22	9m 2022-23	Change	
			Reported	Like-for-like
Broadcast	523.0	495.0	-5.4%	-8.0%
Data & Professional Video	117.8	121.8	3.4%	-4.1%
Government Services	108.4	98.2	-9.4%	-18.1%
Fixed Broadband	47.0	55.7	18.6%	13.5%
Mobile Connectivity	57.2	82.8	44.8%	29.2%
<b>Total Operating Verticals</b>	<b>853.4</b>	<b>853.5</b>	<b>0.0%</b>	<b>-5.1%</b>
Other Revenues	5.6	-7.8	-238.3%	-240.2%
<b>Total</b>	<b>859.0</b>	<b>845.8</b>	<b>-1.5%</b>	<b>-6.6%</b>
<i>EUR/USD exchange rate</i>	<i>1.16</i>	<i>1.03</i>		

## FINANCIAL OUTLOOK

On the back of the performance of the first Nine Months, we confirm our objective for the Full Year of Operating Vertical Revenues of between 1,135-1,165 million euros (based on a EUR/USD rate of 1.00).

All other elements of the financial outlook are also confirmed:

- Cash Capex<sup>5</sup> not exceeding €400 million per annum for each of the next two fiscal years (FY 2022-23 / FY 2023-24).
- Adjusted Discretionary Free Cash Flow expected at an average of €420 million per year at a €/€ rate of 1.00 for FY 2022-23 and FY 2023-24. This is equivalent to a cumulative Adjusted DFCF generation of €1,361 million over three fiscal years at a 1.00 €/€ rate (FY 2021-22, FY 2022-23, and FY 2023-24). NB/ Adjusted DFCF objectives exclude future payments related to the exclusive commercial partnership with OneWeb.
- Commitment to a sound financial structure and continue to target a medium-term net debt / EBITDA ratio of around 3x.

This outlook is based on the revised nominal deployment plan outlined in the 2022-2023 Third Quarter revenue presentation. It assumes no further material deterioration of revenues generated from Russian customers. It excludes the impact of the contemplated combination with OneWeb.

The next step change in the revenue trend will be the entry into service in calendar H2 2023 of new in-orbit assets with secured pre-commitments, in the Mobility, Government and Broadband applications, underpinning our expected return to growth in FY 2023-24.

## ONEWEB UPDATE

OneWeb's Gen-1 constellation is on track to reach global coverage by the end of this year, supporting a robust commercial ramp-up across key verticals with a \$300m increase in the order backlog since October 2022. This positive operational and commercial momentum underpins our expectations for the growth and value creation potential of the combined entity, with an estimated NPV of combined synergies exceeding €1.5bn. The development of Gen-2 is set to begin in 2024, unlocking significant additional value at an optimized cost.

<sup>5</sup> Including capital expenditure and payments under existing export credit facilities and other bank facilities financing investments as well as payments related to lease liabilities.

The Extraordinary General Meeting to approve the combination is expected to take place in the third quarter of calendar 2023.

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### Third Quarter 2022-23 revenues conference call & webcast

A conference call and webcast will be held on **Thursday, 11 May 2023 at 09:00am CET**

Click [here](#) to access the webcast presentation

*It is not necessary to dial into the audio conference, unless you are unable to join the webcast URL*

If needed, please dial:

**+33 (0)1 70 72 25 50** (from France)  
**+44 (0)330 165 3655** (from the U.K)  
**+1 720-452-9217** (from the United States)  
Access code: 4674528#

Replay will be available on same link

### Financial calendar

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

**28 July 2023: Full Year 2022-23 results**

### About Eutelsat Communications

Founded in 1977, Eutelsat Communications is one of the world's leading satellite operators. With a global fleet of satellites and associated ground infrastructure, Eutelsat enables clients across Video, Data, Government, Fixed and Mobile Broadband markets to communicate effectively to their customers, irrespective of their location. Around 7,000 television channels operated by leading media groups are broadcast by Eutelsat to one billion viewers equipped for DTH reception or connected to terrestrial networks. Committed to promoting all facets of sustainable development across its business activities, Eutelsat leverages its in-orbit resources to help bridge the digital divide while maintaining a safe and uncluttered space environment. As an attractive and socially responsible employer, Eutelsat assembles 1,200 men and women from 50 countries who are dedicated to delivering the highest quality of service. Eutelsat Communications is listed on the Euronext Paris Stock Exchange (ticker: ETL).

For more about Eutelsat go to [www.eutelsat.com](http://www.eutelsat.com)

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## Disclaimer

The forward-looking statements included herein are for illustrative purposes only and are based on management's views and assumptions as of the date of this document.

Such forward-looking statements involve known and unknown risks. For illustrative purposes only, such risks include but are not limited to: risks related to the health crisis; operational risks related to satellite failures or impaired satellite performance, or failure to roll out the deployment plan as planned and within the expected timeframe; risks related to the trend in the satellite telecommunications market resulting from increased competition or technological changes affecting the market; risks related to the international dimension of the Group's customers and activities; risks related to the adoption of international rules on frequency coordination and financial risks related, inter alia, to the financial guarantee granted to the Intergovernmental Organization's closed pension fund, and foreign exchange risk.

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The information contained in this document is not based on historical fact and should not be construed as a guarantee that the facts or data mentioned will occur. This information is based on data, assumptions and estimates that the Group considers as reasonable.

## APPENDIX

### Quarterly Reported revenues for FY 2021-22 and FY 2022-23

The table below shows quarterly reported revenues.

In € millions	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
	2021-22	2021-22	2021-22	2021-22	2021-22	2022-23	2022-23	2022-23
Broadcast	177.6	172.8	172.5	173.9	696.9	170.1	168.5	156.5
Data & Professional Video	38.4	39.4	40.0	40.7	158.5	41.1	42.2	38.4
Government Services	37.0	36.8	34.6	36.0	144.4	34.7	32.2	31.4
Fixed Broadband	14.6	15.5	16.9	21.7	68.7	18.7	18.6	18.5
Mobile Connectivity	17.1	19.4	20.7	22.7	79.9	25.9	30.0	26.9
<b>Total Operating Verticals</b>	<b>284.8</b>	<b>283.9</b>	<b>284.7</b>	<b>295.0</b>	<b>1,148.3</b>	<b>290.5</b>	<b>291.4</b>	<b>271.6</b>
Other Revenues	2.6	1.0	2.1	(2.3)	3.3	(3.1)	(5.0)	0.4
<b>Total</b>	<b>287.3</b>	<b>284.9</b>	<b>286.8</b>	<b>292.6</b>	<b>1,151.6</b>	<b>287.4</b>	<b>286.4</b>	<b>272.0</b>