

## EDITORIAL

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Dear Shareholder,

Your Group's half-year results have once again confirmed **the pertinence of Eutelsat's business model**, delivering **strong growth** and outperforming the market, while at the same time achieving **the highest profit margins** in our industry. All our financial indicators are positive and our balance sheet continues to improve.

Eutelsat has built its success on the **reliability** of its in-orbit resources, the **expertise** of its teams, and its **ongoing commitment** to innovation while expanding the market for satellite communications. With 27 satellites operating in 21 orbital positions, Eutelsat covers two-thirds of the world's surface. This means our signal can reach Europe, the Middle East, Africa, large parts of central Asia and the eastern seaboard of North America.

All our activities have **solid growth prospects**, driven by steady demand for satellite capacity in our three business lines (Video Applications, Data and Value-Added Services and Multi-usage). Over the next few years this growth will be driven by the expansion in digital TV and business-to-business data exchange, particularly for internet access in regions covered by our fleet of satellites. On page three of this letter we focus on the latest in what's happening in TV around the world.

The 25% increase in capacity that our fleet will provide by mid-2013 demonstrates our ability to deliver long-term growth, profitability and dependability of service to our customers and shareholders. **Our extraordinarily long back log**, representing 4.7 years of 2009-2010 revenues, demonstrates this perfectly.

Thank you for your support and trust. I hope that this letter is informative and brings new insights along with recent news on our Group. So, until September for the next issue which will be dedicated to our annual results.

Michel de Rosen  
CEO

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[www.eutelsat.com](http://www.eutelsat.com)



# SIX-MONTH RESULTS

## Steady improvement in revenue and profit

### All our business sectors contributed to this excellent performance

Eutelsat has **built its growth on two pillars of the digital economy: Images** (transmitting TV channels directly to homes or via cable operators), and **data** transmission for businesses and consumers. Our latest results show a boom in every region covered by our fleet confirming the importance of our geographic market positioning.

### Robust segments

**Video Applications** (about 70% of Group revenue) showed 8.5% growth, at €392.1 million, driven mainly by:

- New contracts on the W7 satellite, operational since January 2010;
- The renewal of "premium" capacity contracts for broadcasting with major pay-TV platforms in Europe;
- New video contracts on the ATLANTIC BIRD™ 4A satellite;
- New contracts on the EUROBIRD™ 9A satellite from pay-TV operators and radio broadcasters in Europe and western Russia.

**Data and Value-Added Services** (about 20% of Group revenue) showed 21.2% growth to €116.9 million.

**Data Services** benefited fully from the strong demand for telecoms services on the W7 satellite as this business grew 25.4% to €93.1 million.

While, **Value-Added Services** revenues were up 7.3% to reach €23.8 million, driven mainly by the demand for internet access via satellite from companies and households beyond the reach of land-based broadband networks.

Comprising leases from governments and administrations, **Multi-usage activity** (about 10% of revenue) showed a 29.1% increase in revenue to €57.3 million.

### Strong profitability - amongst the highest in the sector

We continue to post the highest EBITDA<sup>1</sup> margin among the major players in the sector: at 80.4%. This illustrates the Group's excellent business performance and strict cost control. At €463 million, the Group's EBITDA allows it to self-finance major investments to renew and expand its fleet, thereby reinforcing future growth.

Net Group share of revenue rose by 25.1% to €174.4 million.

### Solid backlog, a guarantee of excellent visibility: up 16.7% to €4.9 billion.

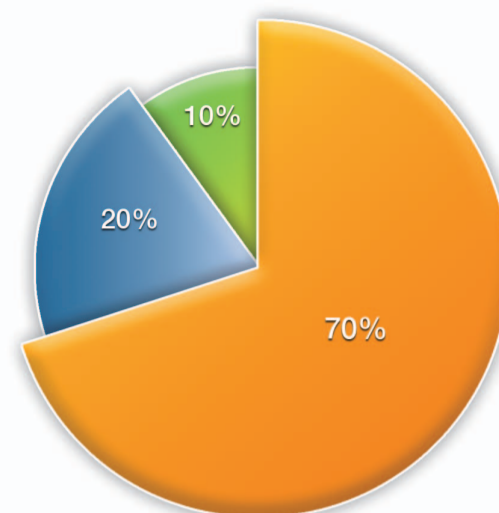
Our backlog, one of the Group's key performance indicators, grew by 16.7% to reach €4.9 billion and is largely made up of contracts for our Video Applications. This performance increases the Group's long-term visibility in terms of future revenue and cash flow generation. The backlog at the end of the first half represented 4.7 years of 2009-2010 revenues and had an average weighted residual lifetime of contracts of 7.9 years.

### Solid outlook

All these elements reaffirm our solid outlook and our desire to offer our shareholders growth and profitability levels that are among the highest in our industry:

- **Solid prospects for medium-term revenue growth;**
- **High profitability targets;**
- **Active targeted investment policy;**
- **Healthy financial structure;**
- **Attractive shareholder earnings.**

## REVENUE BREAKDOWN



(as a percentage at December 31, 2010)

- Video Applications: 70%
- Data and Added Value Services: 20%
- Multi-usage: 10%

## KEY FIGURES

**+13.3%**

Revenue: €575.9 M

**+12.5%**

EBITDA<sup>1</sup>: €463.0 M

**80.4%**

EBITDA<sup>1</sup> Margin

**+25.1%**

Group share of revenue: €174.4 M

**+16.7%**

Backlog: €4.9 Bn

## OUTLOOK

### The Group has reiterated its financial targets

- **Revenues above €1,120 M in 2010-2011 and CAGR > 7% for the fiscal years from July 2010 to June 2013;**
- **EBITDA margin above 77% for each of the 3 fiscal years to June 2013 and EBITDA more than €875 M for the year 2010-2011;**
- **Attractive distribution policy, for the period 2010-2013 between 50% and 75% of net Group share of income.**
- **Steady targeted Capex investment policy: €450 M on average per year for the next three years**

<sup>1</sup>EBITDA is defined as operating income before amortization, depreciation, and other proceeds and operating expenses (profit/loss on dilution, insurance compensation, etc.)



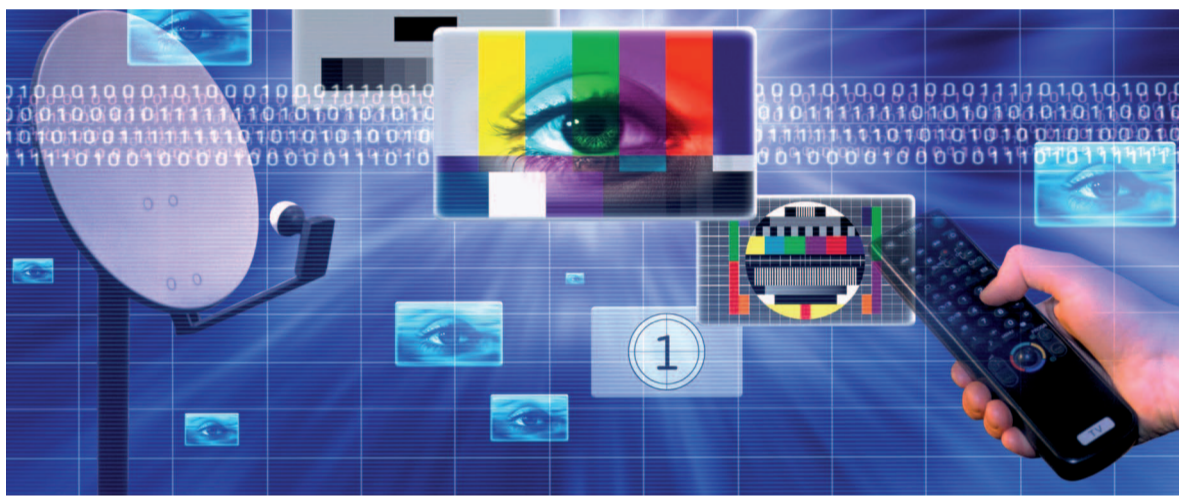
# HIGHLIGHTS: TELEVISION

## Eutelsat is at the very core of video: Focus on Television

The leading operator in Europe in satellite videotransmission, Eutelsat is also a major world player in the business-to-business, video broadcasting value chain -- from routing remote reporting back to studios, to feeding land-based television networks.

### Some highlights:

- Video applications represent about 70% of Group revenue;
- In 10 years, the number of TV channels transmitted by our satellites has increased from 500 to around 3,800;
- With nearly 200 HD (High Definition) channels transmitting every day, Eutelsat is the N° 1 supplier of HD in Europe;
- In 2010, Eutelsat's video satellites at key orbital positions serviced 204 million homes (*satellite and cable*);
- 90% of homes equipped with direct cable or satellite reception in Europe, the Middle East and North Africa, receive channels broadcast over a Eutelsat satellite.



### A strategy to prioritize resource allocation

For a number of years Eutelsat has been operating a strategy aimed at growing its "video neighbourhoods" which are important resources that support the expansion in digital TV services in all the regions covered by its fleet. It also plans for satellite capacity that will provide for the development of new formats such as HD, 3D and mobile TV.

This strategy rests upon the fact that digital television is the best way to increase the value of satellites by broadcasting a TV channel to large audiences at a cost of only a few cents per home per year. This economic efficiency has allowed Eutelsat to establish long-term relationships with its customers thus fostering the development of major antenna parks pointed at a geostationary position.

### TV retains its "super media" status with great opportunities in the cards

According to the latest Eutelsat survey of 46 countries in Europe, the Middle East and North Africa, the number of homes receiving satellite TV directly or via cable increased by 8.8% between 2008 and 2010. The figure is now 210.7 million (versus 193.7 million in 2008).

- The penetration rate of satellite and cable TV is 58.4% among the 360.5 million TV homes that make up the total population of the survey, versus 54.6% in 2008;
- Direct reception by satellite (free and pay combined) grew 16% in the two years to 129.3 million in 2010 versus 111.5 million in 2008;
- Pay-TV subscriptions via satellite grew by 23% between 2008 and 2010;
- Over 10 million new homes subscribed to pay TV packages between 2008 and 2010 in Europe, the Middle East and North Africa.

Innovation is extending satellite use. Among the most promising emerging applications are 3D TV, the distribution of films and retransmission of sporting events to movie theaters (Eutelsat already supplies about 500 movie theaters in Europe).

The "Technology, Media & Telecommunications Predictions – 2011" survey conducted by the Deloitte consultancy predicts that in 2011 television will continue to strengthen its "super media" status around the world. It currently leads all other media in terms of revenue generated (advertising, subscriptions, pay-per-view, licenses). In 2011, it should attract 40 million new viewers and more than 140 billion hours of programming will be watched.

## 2010 WINNERS OF THE PRESTIGIOUS HOT BIRD™ TV AWARDS

**Theme channels broadcast across Europe, the Middle East and Africa awarded for their creativity and top quality programming.**

Launched by Eutelsat in 1998, the HOT BIRD™ TV Awards are an exceptional international event that salutes theme channels broadcast by satellite for their excellence in terms of quality, creativity and originality. The 2010 winners were announced at a gala ceremony held on November 19, 2010 in Venice, Italy, in the presence of 250 representatives of the profession from around the world.

There were 11 award categories: Music, News, Sports, Cinema, Children's, Lifestyle, National Window, HDTV, Documentaries, Fiction/General Entertainment, Culture/Education.



SKY Italia's Giovanni Bruno, Marco Pistoni and José Altafini receiving the HOT BIRD™ TV Award in the sports category.

**Three French channels were winners: Mezzo HD in HDTV, Ma Chaîne Étudiante in Fiction/General Entertainment, and Special Mention to France 24 for the quality of its reporting.**



The highlights of the competition, video clips of winning programs, as well as the latest images from the gala ceremony are available at [www.hotbirdtvawards.com](http://www.hotbirdtvawards.com)



# SHAREHOLDER INFORMATION

## The Board and its Committees

At Eutelsat, governance is based on clear, precise rules and on relationships of trust between Company Management and its Board of Directors which is composed of recognized individuals. Chaired by Giuliano Berretta, the Board is supported by three Committees which are charged with advising it in their respective fields of expertise :

- **The Appointments and Compensation Committee.** Chaired by Carole Piwnica, the Committee consists of Thomas Devedjian, Tobias Martinez Gimeno and Lord Birt;
- **The Strategy and Investment Committee.** At its meeting of June 22, 2010 the Board of Directors decided to institutionalize the Strategy & Investment working group and create a Strategy & Investment Committee, which is chaired by Carlos Espinos Gómez and consists of Giuliano Berretta, Lord Birt, Bertrand Mabile and Michel de Rosen.
- **The Audit Committee.** Chaired by Olivier Rozenfeld, the Committee consists of Lord Birt, Carole Piwnica, Jean-Luc Archambault and Andrea Luminari.

## Focus on the Audit Committee

The Audit Committee intervenes mainly in the following matters:

- The preparation of interim and annual financial statements;
- The preparation of the Annual Budget;
- Principles and methods ensuring the preparation of fair and true financial and accounting information;
- Internal audit;
- Risk management.

## EUTELSAT, IN BRIEF

- Capacity leased on 27 satellites of which 24 belong to Eutelsat;
- 21 orbital positions occupied in geostationary orbits from 15° West to 75° East, covering 150 countries in Europe, Africa, America and Asia;
- Nearly 3,800 TV channels and 1,100 radio stations broadcast on our fleet;
- Audience of over 200 million homes with satellite and cable TV;
- Teleports in France and Italy provide Internet access to all Eutelsat satellite coverage on land, sea and in the air.
- 683 staff comprising 28 nationalities;
- Consolidated revenue of €1,047 M for fiscal year 2009-2010.

## FINANCIAL CALENDAR

- May 10, 2011: publication of third quarter 2010-2011 revenue;
- July 28, 2011: publication of 2010-2011 annual results;
- November 3, 2011: publication of first quarter 2011-2012 revenue;
- November 8, 2011: Shareholders' General Meeting.

## Shareholder meetings:

- June 16 in Lyon;
- September 29 in Montpellier;
- October 11 in Lille.

Get the program of our shareholder information meetings: [www.eutelsat.com/fr/investors/index.html](http://www.eutelsat.com/fr/investors/index.html)

## CONTACT

### Shareholder Relations

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### Securities, shareholder register

BNP Paribas Securities Services  
GCT Emetteurs - Immeuble Tolbiac  
75450 PARIS CEDEX 09  
Toll free: 0826 109 119 (€0.15 / minute incl tax)  
Fax: +33 (0) 1 40 14 58 90

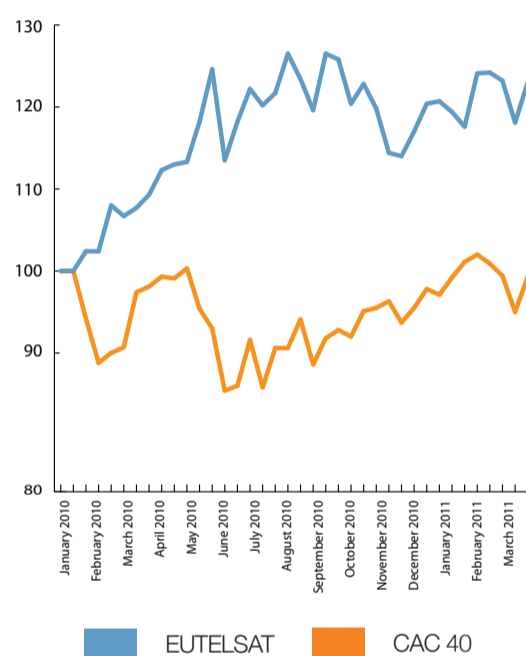
## SHARE FACTS

### Share factsheet

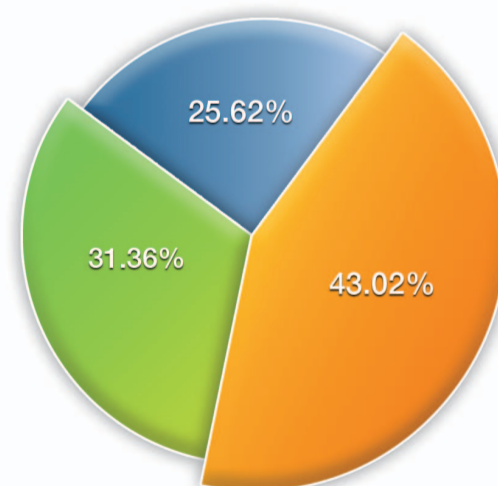
- Continuous trading on Euronext Paris (compartment A)
- ISIN code: FR0010221234 – Ticker: ETL
- Share capital: €220,113,982 (at Mar 15, 2011)
- Par value: €1
- Number of shares: 220,113,982 (at Mar 15, 2011)
- Closing price: €27,375 (on Mar 15, 2011)
- Market capitalization: €6.026 Bn (at Mar 15, 2011)
- Member of stock market indices: CAC<sup>®</sup>MD (CAC<sup>®</sup> Mid 60), SBF 120<sup>®</sup>, CAC<sup>®</sup>MS (CAC<sup>®</sup>Mid & Small), CAC<sup>®</sup>T (CAC<sup>®</sup>AKI-Tradeable), PAX CAC<sup>®</sup> All-Share

### Share price chart

January 4, 2010 to March 31, 2011



### Composition of Eutelsat Communications capital



- Abertis Telecom: 31.36%
- FSI (Fonds Stratégique d'Investissements / Strategic Investment Funds): 25.62%
- Public: 43.02%