EUTELSAT Communications

2015-2016 HALF YEAR FINANCIAL REPORT

(July-December 2015)

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SUMMARY

THIS INTERIM FINANCIAL REPORT INCLUDES A STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THIS DOCUMENT, AN INTERIM MANAGEMENT REPORT, INTERIM CONSOLIDATED ACCOUNTS AND THEIR APPENDIX FOR THE PAST SIX MONTHS AND THE REPORT OF THE AUDITORS ON THE REVIEW OF THE ABOVE.

PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that, to my knowledge,the consolidated financial statements for the half year are prepared in accordance with applicable accounting standards and present fairly the assets, financial condition and results of the company and the entities included in consolidation, and that the interim management report includes a fair review of significant events occurring during the first six months of the year, their impact on the accounts, the main transactions between related parties and a description of major risks and uncertainties for the remaining six months of the year.

Mr. Michel de Rosen

Chairman and Chief Executive Officer

1 KEY EVENTS AND BUSINESS OVERVIEW

1.1. KEY FIGURES

Key financial highlights	6 months to Dec 2014	**6 months to Dec 2015**	**Actual Change**	**Like-for-like Change**
Revenues - €m	722.8	**774.4**	**+ 7.1%**	**+ 1.5%**[1]
Profitability				
EBITDA[2]- €m	559.6	**600 .3**	**+ 7.3%**	**-**
EBITDA margin - %	77.4	**77.5**	**+ 0.1 pt**	**-**
Group share of net income - €m	160.7	**188.0**	**+ 17.0%**	**-**
Financial structure				
Net debt - €m	3,807.0	**3,723.3**	**- €83.7m**	**-**
Net debt/EBITDA - X	3.5	**3.2**	**-**	**-**
Backlog – €bn	6.1	**5.8**	**- 5%**	**-**

1.2. Revenues[3]

In € millions	**Six months to December 2014**	**Six months to December 2015**	**Reported change**	**At constant currency**
Video Applications	452.4	**468.9**	*+3.7%*	**+1.5%**
Data Services	107.4	**118.0**	*+9.9%*	**-3.1%**
Value-Added Services	51.4	**55.1**	*+7.3%*	**+6.7%**
Government Services	92.2	**106.2**	*+15.2%*	**-1.5%**
Other revenues	19.4	**26.1**	*+34.5%*	**+30.7%**
Sub-total	**722.8**	**774.4**	***+7.1%***	**+1.5%**
Non-recurring revenues	-	-	-	-
Total	722.8	**774.4**	**+7.1%**	**+1.5%**
EUR/USD exchange rate	*1.31*	***1.11***	**-**	**-**

Group First Half revenues stood at €774.4 million, up 1.5% at constant currency and by 7.1% on a reported basis. The appreciation of the dollar added 5.6 points to top-line growth, particularly represented in Government Services and to a lesser extent Data.

Second quarter revenues stood at €386.7 million, up 1.0% at constant currency and by 5.9% on a reported basis.

[1] *At constant currency and excluding non-recurring revenues*

[2] *Operating income before depreciation and amortisation, impairments and other operating income/(expenses)*

[3] *i) All growth rates are expressed in comparison with figures for the corresponding period of the previous fiscal year ii) the share of each application as a percentage of total revenues is calculated excluding "other revenues" and non-recurring revenues.*

Video Applications (63% of revenues)

Video Applications revenues in the **First Half** were up 1.5% at constant currency to €468.9 million. This rise reflected the entry into service of EUTELSAT 8 West B at the beginning of the second quarter, bringing incremental capacity to the MENA region. Growth was also driven by positive trends at Fransat, Eutelsat's Direct-to-Home platform serving TV homes in France, and at the 7° East (Turkey, East Africa) and 16° East (Central Europe, Sub-Saharan Africa) orbital positions. This performance offset the negative impact of contract renegotiations with Russian customers and lower revenues at the HOT BIRD position following the non-renewal of contracts with some service providers last year.

Second quarter revenues stood at €239.5 million, up 4.7% at constant currency.

At 31 December 2015, the total number of channels broadcast by Eutelsat satellites had crossed the threshold of 6,000, up 4.6% (or 263 channels) year-on-year. HD penetration continued to increase, standing at 757 channels versus 657 a year earlier, and representing a penetration rate of 12.6% compared to 11.4% a year earlier. Three Ultra HD channels are now broadcasting on the fleet, one at the HOT BIRD position (FunBox 4K) and two at 36° East (Insight UHD and Tricolor UHD).

Data Services (16% of revenues)

In the First Half, Data Services revenues stood at €118.0 million, down 3.1% year-on-year at constant currency, reflecting the reclassification of some revenues to Government Services. Excluding this, revenues were broadly flat.

This performance reflects on one hand the entry into service of EUTELSAT 115 West B in mid-October, bringing incremental capacity in the Americas, and on the other, continued unfavourable trends in the EMEA region as well as the decline in revenues at 53° East following the rationalisation of capacity at this position in May 2015.

Second quarter revenues, which reflected the bulk of the reclassifications stood at €59.3 million, down 5.2% at constant currency.

At the beginning of December, Eutelsat terminated a contract for Ka-band capacity on EUTELSAT 3B following non-payment, with a revenue impact of circa 7 million dollars in the current fiscal year. Options to re-sell this steerable capacity are under consideration.

Value-Added Services (7% of revenues)

First Half revenues for **Value-Added Services** amounted to €55.1 million, up 6.7% at constant currency. The number of terminals activated on KA-SAT stood at 190,000 (175,000 a year earlier and 190,000 at end-September). This continues to reflect high loading of some beams in markets previously contributing strongly to growth, notably France and the UK, as well as a higher level of churn.

Second quarter revenues stood at €25.4 million, up 0.7%. The slowdown in growth notably reflects lower terminal sales. As in prior years, the second quarter reflected the seasonality of the maritime market.

The joint venture with Viasat will support the distribution of broadband services in countries where sales have been less dynamic.

Government Services (14% of revenues)

First Half revenues from **Government Services** stood at €106.2 million, down 1.5% at constant currency including the reclassifications from Data Services mentioned above. Excluding this, revenues declined by circa 5%.

On a reported basis they rose 15.2%.

This reflects the early termination of a contract with a distributor in the first quarter as well as the ongoing impact of lower renewals with the US Department of Defence in the last 12 months. These factors were partially offset by increased volumes at the 3° East, 21° East, 36° East and 172° East positions..

Second quarter revenues stood at €53.2 million, up 11.4% on a reported basis and down 2.2% at constant currency.

Other[4] and non-recurring revenues

Other revenues amounted to €26.1 million compared with €19.4 million at 31 December 2014. They include those generated by the agreements with SES at the 28.5° East position in the first quarter. In the first quarter, they also included a fee related to the early termination mentioned above.

There were no **non-recurring revenues** at 31 December 2015.

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[4] Other revenues include mainly compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.

1.3. Backlog

The order backlog[5] stood at €5.8 billion at 31 December 2015, down by 5% year-on-year. It was equivalent to 3.9 times 2014-15 revenues. Video Applications represented 83% of the backlog.

Compared to 30 September 2015 the backlog was down by 3%. This slight decline reflects on one hand backlog consumption as well as the termination of the contract for the Ka-band capacity on EUTELSAT 3B, and on the other, new contracts signed notably at 7/8° West and by Eutelsat Americas.

	31 December 2014	30 September 2015	**31 December 2015**
Value of contracts (in billions of euros)	6.1	6.0	**5.8**
In years of annual revenues based on last fiscal year	*4.4*	*4.1*	***3.9***
Share of Video Applications	84%	83%	**83%**

1.4. Operational and leased transponders

The number of operational transponders at 31 December 2015 increased by 91 to 1,268 year-on-year, mainly due to the entry into service of EUTELSAT 8 West B and EUTELSAT 115 West B.

The fill rate stood at 73.9% compared to 77.3% a year earlier, reflecting the impact of this new capacity. The rise in the number of leased transponders (from 912 at 30 September to 938 at 31 December 2015) resulted mainly from the sale of incremental capacity on these recently launched satellites.

	31 December 2014	**30 September 2015**	**31 December 2015**
Number of operational transponders[6]	1,177	1,175	**1,268**
Number of leased transponders[7]	910	912	**938**
Fill rate	77.3%	77.6%	**73.9%**

Note: *Based on 36 MHz-equivalent transponders excluding high throughput capacity (KA-SAT 82 spotbeams and EUTELSAT 3B 5 Ka-band spotbeams).*

[5] The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.
[6] Number of transponders on satellites in stable orbit, back-up capacity excluded.
[7] Number of transponders leased on satellites in stable orbit.

2 HIGH OPERATING PROFITABILITY MAINTAINED

2.1. Profitability

EBITDA amounted to €600 million compared to €560 million at 31 December, 2014, up 7.3%. The EBITDA margin stood at 77.5%, almost unchanged compared to last year (77.4%). As in previous years, the phasing of operating costs was marginally favourable to the First Half.

Group share of **net income** stood at €188 million versus €161 million a year earlier, a 17% increase, and represented a margin of 24.3%. This reflected a higher EBITDA, an increase in Depreciation and amortisation, up €6 million year-on-year, principally due to the entry into service of EUTELSAT 8 West B and EUTELSAT 115 West B in October 2015; a **net financial result** of -€63 million versus -€56 million a year earlier, reflecting the positive impact of the refinancing of the term loan in April 2015, an increase in capitalised interest and the variation in foreign exchange gains and losses. The tax rate stood at 37.7%.

Extract from the consolidated income statement (in € millions)

Six months ended December 31	2014	**2015**	**Change**
Revenues	722.8	**774.4**	**+7.1%**
Operating expenses	(163.2)	**(174.1)**	**+6.7%**
EBITDA	559.6	**600.3**	**+7.3%**
Depreciation and amortisation	(232.3)	**(238.0)**	**+2.4%**
Other operating income (expenses)	(2.1)	**(1.2)**	**-39.3%**
Operating income	325.2	**361.0**	**+11.0%**
Financial result	(56.2)	**(63.4)**	**+12.8%**
Income tax expense	(108.6)	**(112.3)**	**+3.3%**
Income from associates	7.7	**10.0**	**+30.2%**
Portion of net income attributable to non-controlling interests	(7.2)	**(7.3)**	**+0.8%**
Group share of net income	160.7	**188.0**	**+17.0%**

2.2. Cash flow generation

Net cash flow from operating activities amounted to €447 million, representing 58% of revenues, versus €504 million in First Half 2014-15. This reflected mainly the increase in Net Income of €27 million, as well as a rise in tax paid (negative variation for €52 million) relating to the evolution of the pre-tax profit and the timing of tax payments and a slight negative impact from working capital requirement (€18 million).

Cash Capex amounted to €171 million reflecting the phasing of various satellite programmes.

2.3. Financial structure

At 31 December 2015, net debt was slightly down at €3,723 million, versus €3,841 million at 30 June 2015. Free cash-flow generation largely covered the dividend payment (€109 million), interest and other fees (€20 million) and the impact of the mark-to-market of the foreign exchange portion of the cross-currency swap (€19 million). The net debt to EBITDA ratio stood at 3.2 times, a slight improvement on end-June 2015 (3.4 times).

The weighted average maturity of the Group's debt stood at 3.6 years, compared to 4.1 years at June 30, 2015. The average cost of debt after hedging was 3.6% (3.8% in First Half 2014-15).

Liquidity remained strong, with cash of €563 million and undrawn credit lines of €650 million.

Net debt to EBITDA ratio

		31 Dec. 2014	**31 Dec. 2015**
Net debt at the beginning of the period	€m	3,779	**3,841**
Net debt at the end of the period	€m	3,807	**3,723**
Net debt / EBITDA (Last twelve months)	**X**	3.5	**3.2**

Change in net debt (in € millions)

Period ending	**Half-year ending 31/12/2015**
Net cash flows from operating activities	**446.7**
Capital expenditure	170,8
Operating free cash flows	**275.9**
Interest and other fees paid, net	(20.5)
Distributions to shareholders (incl. non-controlling interests)	(109.0)
Change in foreign exchange portion of the cross-currency swap	(18.7)
Other	(9.9)
Decrease (increase) in net debt	**(117.8)**

3 RISK FACTORS

Information contained in this report expresses the objectives set on the basis of the Group's current estimates or assessments. However, the said information is subject to risks and uncertainties as set out below.

The main risks which the Group is likely to face during the second half of the financial year are similar by nature to those described in Chapter 4 – Risk Factors – of the Company's Reference Document as registered with the “Autorité des marchés financiers” (French securities regulator) and filed on 14 October 2015 under number D. 15-096.

The nature of these risks has not changed substantially during the First Half of the financial year.

However, it is worth noting that the Group's activity, in particular its development and ability to meet the objectives described in this half-year report, is likely to be impacted by a number of identified or unknown risks. A significant example of the risks pertaining to the Group's activity is the technical risk associated with the total or partial loss of all or part of an operational satellite or with a launch or launch-related operations.

Furthermore, it is important to point out that the global economic environment might fuel additional uncertainties regarding the Group's business activities and development, in spite of its limited impact on the Group's half-year consolidated accounts ended 31 December 2015 or on its activities during the First Half of the financial year ending 30 June 2015.

4 CHANGES WITHIN THE GROUP

4.1. Approval of the accounts for the financial year ended 30 June 2015 and allocation of result

The Annual General Meeting of Shareholders held on 5 November 2015 under the chairmanship of Michel de Rosen, Chairman and Chief Executive Officer approved the accounts for fiscal year 2014-2015, as well as all resolutions put to the vote.

The Annual General Meeting of Shareholders notably approved the payment of a dividend of €1.09 per share in respect of the financial year ended 30 June 2015, with the option for shareholders to receive the entire dividend in cash or shares (scrip dividend). 61% of the rights were exercised in favour of the scrip dividend, leading to the issuance of 5,802,297 new shares. Eutelsat Communications' share capital subsequently stood at 232,774,635 ordinary shares. The cash dividend totaling €97 million was paid on 10 December 2015.

4.2. Governance

In October 2015, Michel de Rosen informed the Board of Directors that he will step down from his position as Chief Executive Officer in March 2016. He will remain in the role of non-executive Chairman of the Board of Directors of Eutelsat until the end of his current mandate in November 2016, at which point his mandate will be submitted to the Annual Shareholders' Meeting for renewal. Eutelsat's Board of Directors elected Rodolphe Belmer as the successor to Michel de Rosen in the role of Chief executive Officer, effective from 1 March 2016. In order to create the conditions for a smooth transition process, he has joined Eutelsat on 1 December 2015 as Deputy CEO, alongside Michel Azibert, Deputy CEO and Chief Commercial and Development Officer. Rodolphe Belmer will be proposed as a member of Eutelsat's Board at the Annual Shareholders' Meeting of November 2016.

4.3. Renewals and appointments of board members

The Annual General Meeting of Shareholders held on November 5, 2015 appointed Jean d'Arthuys and Ana Garcia Fau as Directors for terms of four years and renewed the office as Director of Lord Birt. Bpifrance Participations is now represented by Stéphanie Frachet.

Following the General meeting, the Board of Directors is now composed of ten members, of which five women.

4.4. Change in the scope of Group consolidation

Eutelsat established a new company based in London, BROADBAND4AFRICA Ltd, that will steer its African broadband vision and business. The company will focus on serving premium consumer and professional segments.

5 RECENT EVENTS AND SATELLITE FLEET EVOLUTION

5.1. Joint-Venture with ViaSat

On 9 February, Eutelsat and ViaSat entered into a Joint Venture that leverages their respective resources and strengths to operate and expand the commercial reach of the KA-SAT satellite. The two companies are also jointly considering longer-term plans for additional satellite broadband capacity in Europe.

As part of the agreement Viasat will pay a consideration of € 132.5 million in exchange for 49% of existing European broadband business. These funds are earmarked to future Broadband satellite projects on top of Cash Capex as defined in the financial outlook.

5.2. New capacity procurement

In July 2015, the first Eutelsat Quantum satellite was ordered from Airbus Defence and Space, to be launched in 2019.

In October 2015 Eutelsat signed a contract with Spacecom to lease the Ka-band capacity on the AMOS-6 satellite for broadband services in Sub-Saharan Africa from end-2016 in collaboration with Facebook.

In October 2015, Eutelsat ordered a new-generation all-electric High Throughput Satellite from Thales Alenia Space (TAS) to be launched in 2019. The satellite will bring additional broadband resources to Sub-Saharan Africa.

5.3. Satellite fleet evolution

The following operations took place during the First Half:

- In July 2015, EUTELSAT 28A was relocated to 33° East where it now operates as EUTELSAT 33C.
- On 20 August2015, EUTELSAT 8 West B was launched. It entered full commercial service at 7/8° West in early October. Subsequent to this, EUTELSAT 8 West C was relocated to 33° East and now operates as EUTELSAT 33D and EUTELSAT 8 West A was relocated to 12.5° West where it operates as EUTELSAT 12 West B. EUTELSAT 12 West A has been relocated to 36° West and renamed EUTELSAT 36 West A.
- In October 2015, the all electric EUTELSAT 115 West B started operations.
- In October 2015, the operational life of EUTELSAT 33B was terminated.
- On 25 December 2015, EUTELSAT 36C was launched and entered into service in mid-February.
- On 29 January 2016, EUTELSAT 9B was launched.

Upcoming launch schedule

Satellite[1]	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders	36 MHz-equivalent transponders / Spotbeams	Of which expansion 36 MHz-equivalent transponders
EUTELSAT 65 West A	65° West	March 2016	Video, Data, Broadband	Latin America	24 Ku, 10 C, up to 24 Ka HTS	24 Ku; 15 C 24 Ka HTS (37.5 Gbps)	24 Ku; 15 C; 24 Ka HTS (37.5 Gbps)
EUTELSAT 117 West B	116.8° West	Q2 2016	Video, Data, Government	Latin America	40 Ku	48 Ku	48 Ku

			Services				
EUTELSAT 172B	172° East	H1 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS	42 Ku (regular), 24 C, 11 Ku-band HTS (1.8 Gbps)	19 Ku (regular); 11 Ku-band HTS (1.8 Gbps)
EUTELSAT Quantum	To be defined	2019	Data, Government Services, Mobility	Flexible	12 channels "Quantum"	Not applicable	Not applicable
African Broadband satellite	To be defined	2019	Broadband	Africa	65 HTS spotbeams	75 Gbps[2]	75 Gbps[2]

[1] Chemical propulsion satellites generally enter into service 1 to 2 months after launch. Of the electric propulsion satellites, EUTELSAT 117 West B will take 7-9 months after launch to enter into service, and EUTELSAT 172B c4 months.

[2] Total capacity for the baseline mission. Option to double the capacity.

6 CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2015

Eutelsat Communications Group

“Société anonyme” with a capital of 232,774,635 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2015

consolidated balance sheet

(in millions of euros)	Note	30 June 2015	31 December 2015
ASSETS			
Non-current assets			
Goodwill	4	1,165.0	1,171.0
Intangible assets	4	809.5	785.0
Satellites and other property and equipment	5	3,458.7	3,724.7
Construction in progress	5	1,104.0	888.6
Investments in associates	6	282.2	290.0
Non-current financial assets		11.9	12.4
Deferred tax assets		23.8	33.2
Total non-current assets		**6,855.1**	**6,904.9**
Current assets			
Inventories		0.9	1.5
Accounts receivable		309.3	366.9
Other current assets		40.0	31.3
Current tax receivable		3.7	2.4
Current financial assets		29.5	18.3
Cash and cash equivalents	7	420.3	563.5
Total current assets		**803.8**	**983.9**
Total assets		**7,658.9**	**7,888.8**

(in millions of euros)	Note	30 June 2015	31 December 2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	8.1	227.0	232.8
Additional paid-in capital		594.1	738.1
Reserves and retained earnings		1,651.8	1,614.7
Non-controlling interests		61.1	57.2
Total shareholders' equity		**2,533.9**	**2,642.8**
Non-current liabilities			
Non-current financial debt	9	3,663.3	3,666.2
Other non-current financial liabilities	10	597.6	616.2
Non-current fixed asset payables		-	14.4
Non-current provisions		109.2	108.3
Deferred tax liabilities		297.4	283.5
Total non-current liabilities		**4,667.5**	**4,688.7**
Current liabilities			
Current financial debt		64.5	122.8
Other current financial liabilities	10	39.9	26.2
Accounts payable		69.0	61.6
Fixed assets payable		21.6	42.5
Taxes payable		11.9	51.4
Other current payables		228.6	232.2
Current provisions	16	22.0	20.5
Total current liabilities		**457.5**	**557.2**
Total liabilities and shareholders' equity		**7,658.9**	**7,888.8**

Consolidated income statement

(in millions of euros, except per share data)	Note	31 December 2014	31 December 2015
Revenues from operations		**722.8**	**774.4**
Operating costs		(49.7)	(52.9)
Selling, general and administrative expenses		(113.4)	(121.3)
Depreciation and amortisation	4, 5	(232.3)	(238.0)
Other operating income and expenses		(2.1)	(1.2)
Operating income		**325.2**	**361.0**
Cost of debt	13	(72.3)	(56.0)
Financial income	13	1.5	2.8
Other financial items	13	14.6	(10.2)
Financial result		**(56.2)**	**(63.4)**
Income from associates		7.7	10.0
Net income before tax		**276.6**	**307.6**
Income tax expense	11	(108.6)	(112.3)
Net income		**167.9**	**195.3**
Attributable to the Group		160.7	188.0
Attributable to non-controlling interests		7.2	7.3
Earnings per share attributable to Eutelsat Communications shareholders			
Basic and diluted earnings per share in euro (*)	14	0.729	0.828

(*) There are no dilutive instruments as of 31 December 2014 and 31 December 2015.

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2014	31 December 2015
Net income		**167.9**	**195.3**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	8.5	93.7	18.3
Tax effect		21.0	6.1
Changes in fair value of hedging instruments (1)	8.4	(6.8)	0.8
Tax effect		2.6	(0.2)
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits	8.6	(27.7)	4.5
Tax effect		9.5	(1.5)
Total of other items of gain or loss on comprehensive income		**92.3**	**27.9**
Total comprehensive income		**260.2**	**223.1**
Attributable to the Group		249.8	214.9
Attributable to non-controlling interests (2)		10.4	8.2

(1) Covers only cash-flow hedges. Net foreign investment hegdes are recorded as translation adjustments.
(2) The portion attributable to non-controlling interests breaks down as follows:
- Net result for 7.2 million euros as of 31 December 2014 and 7.3 million euros as of 31 December 2015;
- Other recyclable items of gain or loss on comprehensive income for 3.9 million euros as of 31 December 2014 and 0.9 million euros as of 31 December 2015;
- Other non-recyclable items of gain or loss on comprehensive income for (0.7) million euros as of 31 December 2014 and 0.1 million euros as of 31 December 2015.

Consolidated statement of cash flows

(in millions of euros)	Note	31 December 2014	31 December 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		167.9	195.3
Income from equity investments	6	(7.7)	(10.0)
Tax and interest expense, other operating items		170.2	194.6
Depreciation, amortisation and provisions		259.0	231.1
Deferred taxes		(10.0)	(19.3)
Changes in accounts receivable		(7.2)	(42.9)
Changes in other assets		(5.8)	(2.9)
Changes in accounts payable		(17.9)	(10.0)
Changes in other debt		(7.9)	(1.4)
Taxes paid		(36.3)	(87.8)
Net cash flows from operating activities		**504.4**	**446.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	4, 5	(204.8)	(161.2)
Acquisition of control and disposal of entities		1.9	-
Dividends received from associates and other items	6	-	2.5
Net cash flows from investing activities		**(202.7)**	**(158,7)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(87.4)	(109.0)
Movements in treasury shares		(0.2)	-
Increase in debt	9	0.3	0.6
Repayment of debt	9	(2.8)	(3.7)
Repayment in respect of performance incentives and long-term leases		(10.7)	(6.2)
Loan set-up fees		-	-
Interest and other fees paid		(32.2)	(24.4)
Interest received		2.2	3.9
Other changes		(0.1)	0.6
Net cash flows from financing activities		**(130.9)**	**(138.3)**
Impact of exchange rate on cash and cash equivalents		5.6	(6,6)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**176.2**	**143.3**
Cash and cash equivalents, beginning of period		**293.0**	**420.2**
Cash and cash equivalents, end of period	7	**469.1**	**563.5**
Cash reconciliation			
Cash		469.3	563.5
Overdraft included under debt (1)	9	(0.2)	-
Cash and cash equivalents per cash flow statement		**469.1**	**563.5**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "Current financial debt" under "Current liabilities" on the balance sheet.

CONSOLIDATED statement of changes in shareholders' EQUITY

(in millions of euros, except share data)	Common stock Number	Common stock Amount	Additional paid in capital	Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
As of 30 June 2014	**220,113,982**	**220.1**	**453.2**	**1,309.7**	**1,983.0**	**47.7**	**2,030.7**
Net income for the period				160.7	160.7	7.2	167.9
Other items of gain or loss on comprehensive income				89.1	89.1	3.2	92.3
Total comprehensive income				249.8	249.8	10.4	260.2
Treasury stock				1.7	1.7	-	1.7
Distributions	6,858,356	6.9	140.8	(226.7)	(79.0)	(9.3)	(88.3)
Benefits for employees upon exercising options and free shares granted				1.0	1.0	-	1.0
Liquidity offer and others				0.9	0.9	-	0.9
As of 31 December 2014	**226,972,338**	**227.0**	**594.0**	**1,336.3**	**2,157.3**	**48.8**	**2,206.2**
As of 30 June 2015	**226,972,338**	**227.0**	**594.0**	**1,651.8**	**2,472.8**	**61.1**	**2,533.9**
Net income for the period				188.0	188.0	7.3	195.2
Other items of gain or loss on comprehensive income				26.9	26.9	1.0	27.9
Total comprehensive income				214.9	214.9	8.2	223.1
Transaction affecting the capital				0.6	0.6	-	0.6
Treasury stock				(0.4)	(0.4)	-	(0.4)
Distributions	5,802,297	5.8	144.0	(247.2)	(97.4)	(12.3)	(109.7)
Benefits for employees upon exercising options and free shares granted				-	-	-	-
Liquidity offer and others				(5.0)	(5.0)	0.2	(4.8)
As of 31 December 2015	**232,774,635**	**232.8**	**738.0**	**1,614.7**	**2,585.5**	**57.2**	**2,642.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. KEY EVENTS DURING THE FINANCIAL PERIOD

- The EUTELSAT 8WB was launched on 20 August 2015 and entered operational service on 03 October 2015.
- Following its successful launch on 01 March 2015, the EUTELSAT 115WB satellite went into operational service on 15 October 2015.

NOTE 2. APPROVAL OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat Communications as of 31 December 2015 have been prepared by the Board of Directors on 16 February 2016.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

> 3.1. COMPLIANCE WITH IFRSs

The consolidated financial statements at 31 December 2015 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date.The relevant texts are available for consultation on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The consolidated financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 "*Interim Financial Reporting*" in a condensed format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2015.

> 3.2. PUBLISHED STANDARDS AND INTERPRETATIONS

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2015, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2015.

- Improvements to IFRSs (2010-2012 and 2011-2013 cycles);
- Amendment to IAS 19 "Defined Benefit Plans: Employee contributions".

Furthermore, none of the following standards, interpretations or amendmentsd has been applied in advance by the Group. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers".

> 3.3. PERIODS PRESENTED AND COMPARATIVES

The six-month period extends from 1 July to 31 December 2015.

The reference currency and the presentation currency used to issue financial statements are the euro.

> 3.4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment to amounts recognised in a subsequent financial period.

Judgements

In preparing the financial statements for the period ended 31 December 2015, Management has exercised its judgement, particularly with regard to contingent liabilities, provisions, customer risk assessment and the functional currency used by the consolidated entities.

> 3.5. TAXES

The interim income tax expense is calculated by applying the average effective rate estimated for the financial year to earnings before taxes for the period (see Note 11 - *Income tax*).

NOTE 4. GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
30 June 2015	1,165.0	1,109.4	40.8	220.1	2,535.3
31 December 2015	1,171.0	1,113.5	40.8	231.6	2,556.9
DEPRECIATION AND AMORTISATION					
Accumulated depreciation as of 30 June 2015	-	(480.6)	-	(80.2)	(560.8)
Accumulated depreciation as of 31 December 2015	-	(510.3)	-	(90.6)	(600.9)
Net value as of 30 June 2015	1,165.0	628.8	40.8	139.9	1,974.5
Net value as of 31 December 2015	**1,171.0**	**603.2**	**40.8**	**141.0**	**1,956.0**

The change over the period ended 31 December 2015 mainly relates to:

- the ripple effect of goodwill arising from the acquisition of Satmex (denominated in US dollars);
- the amortisation of customer contracts and relationships.

As of 31 December 2015, goodwill, which was monitored only at Eutelsat segment level, was tested annually for impairment. The test did not challenge the amount shown on the balance sheet. The recoverable amount was determined using the fair value measured on the basis of the stock market valuation of Eutelsat Communications S.A. A drop in the share price on the stock-exchange of at least 59% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

NOTE 5. SATELLITES, OTHER PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

Changes in gross values, depreciations and amortisation

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2015	**5,227.7**	**369.9**	**1,104.0**	**6,701.7**
Acquisition of control	-	-	-	-
Acquisitions	15.2	10.3	203.9	229.4
Disposals and scrapping of assets	(77.3)	(2.5)		(79.8)
Foreign-exchange variation	16.1	0.1	8.9	25.1
Reclassification	(2.3)	-	-	(2.3)
Transfers	415.9	9.5	(428.3)	(2.9)
Gross value as of 31 December 2015	**5,595.4**	**387.3**	**888.6**	**6,871.2**
DEPRECIATION AND AMORTISATION				
Accumulated depreciation as of 30 June 2015	**(1,902.1)**	**(236.8)**	**-**	**(2,138.9)**
Depreciation and amortisation	(178.1)	(19.6)	-	(197.7)
Reversals (disposals and scrapping of assets)	76.8	1.9	-	78.7
Reclassification	2.3	-	-	2.3
Foreign-exchange variation	(2.3)	-	-	(2.3)
Accumulated depreciation as of 31 December 2015	**(2,003.5)**	**(254.5)**	**-**	**(2,258.0)**
Net value as of 30 June 2015	3,325.6	133.1	1,104.0	4,562.7
Net value as of 31 December 2015	**3,591.9**	**132.8**	**888.6**	**4,613.2**

During the half-year ended 31 December 2015, the Eutelsat 8WB and EUTELSAT 115WB satellites were brought into service by the Group for 265.9 million euros and 165.5 million euros respectively and the fully depreciated Eutelsat 33B satellite was scrapped.

> SATELLITES UNDER CONSTRUCTION

The satellites listed as below are currently under construction and should be brought into service during the financial years as indicated.

Projects	Expected year of commissioning
EUTELSAT 9B, EUTELSAT 65WA and EUTELSAT 36C	2015-2016
EUTELSAT 117WB	2016-2017
EUTELSAT 172B	2017-2018
QUANTUM	2018-2019
BROADBAND4AFRICA	2019-2020

NOTE 6. INVESTMENTS IN ASSOCIATES

As of 31 December 2015, investments in associates consist in equity investments in the Hispasat Group, and income from equity investments in the consolidated income statement corresponds to the Group's share of income from Hispasat.

NOTE 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2015	31 December 2015
Cash	204.9	237.2
Cash equivalents	215.4	326.3
Total	**420.3**	**563.5**

Cash equivalents are mainly composed of deposit warrants maturing within less than three months after the date of acquisition, and UCITS qualifying as "cash equivalents".

NOTE 8. SHAREHORDERS' EQUITY

> 8.1. SHAREHOLDERS' EQUITY

As of 31 December 2015, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share. As of the same date, the Group held 70,000 treasury shares amounting to 2.0 million euros under a liquidity agreement. Furthermore, under the free share allocation plans (see below), the Group holds 108,655 equity shares amounting to 2.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

> 8.2. DIVIDENDS

On 05 November 2015, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.09 euro per share, i.e. a total of 247.2 million euros, partly settled through the issuance of new shares.

The dividend distribution resulted in:

- The issuance of 5,802,297 new shares (increasing the number of shares from 226,972,338 to 232,774,635) with a par value of 1 euro per share, with the following impact on equity:
    - Increase in the share capital from 227.0 million euros to 232.8 million euros;
    - Increase in the legal reserve by 0.6 million euros, from 22.7 million euros to 23.3 million euros;
    - Increase in the share premium account from 704.8 million euros to 560.7 million euros.
- Cash settlements totalling 96.1 million euros.

> 8.3. SHARE-BASED COMPENSATION

There are currently four share-based plans implemented by the Group in July 2011, November 2012, February 2014 and February 2015 respectively.

The plan started in July 2011 matured on 11 July 2015. 131,644 vested shares were ultimately granted.

Under the four plans, the expense (excluding employer's contributions) recognised for the financial period ended 31 December 2015 was 2.6 million euros, compared to 1.7 million euros for the financial period ended 31 December 2014.

The expense was recognised within equity under the two first plans and as a liability under the third and fourth plans (settled in cash). The Board of Directors meeting on 13 February 2014 and 11 February 2015 decided to implement a Long-Term Incentive Plan, based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the levels reached by performance-related objectives, provided the recipient is still working with the Group at the end of the vesting period.

Conditions	July 2011 Plan	November 2012 Plan	February 2014 Plan	February 2015 Plan
Vesting period	July 2011 - July 2014 (1)	November 2012 - November 2015 (2)	February 2014 - June 2016	February 2015 - June 2018
Settled in	Shares	Shares	Cash	Cash
Lock-up period	July 2014-July 2016 (3)	November 2015- November 2017 (3)	Not applicable	Not applicable
Maximum number of attributable shares at inception	700,000	347,530	448,585	436,639
Number of recipients	619	712	781	759
Features of "Employees" plan:				
- number of shares per recipient	600	200	300	300
- performance-related targets observed during the vesting period	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%
Features of "Managers" Plan:				
- total number of shares	327,140	205,530	214,885	208,939
- performance-related targets observed during the vesting period	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR for 1/3
Share price used as taxation basis for calculating social contributions and employer's charges:				
- "Employees" and "Managers" Plan (excluding TSR)	€26.77	€19.73	€23.60	€28.37
- "Managers" Plan (TSR)	€7.48	€6.88	€13.08	€20.12
Expense/(income) over the period (in millions of euros) (4)	-	-	0.9	1.6
Aggregate valuation of plan as of 31/12/2015 (in millions of euros) (4)	4.1	0.3	7.9	9.1

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.
(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.
(3) There is no lock-up period for foreign subsidiaries.
(4) Excluding employer's contributions

In accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the two existing free share allocation plans will be recorded as a reduction to the Group's share of shareholders' equity.

> 8.4. CHANGE IN THE REVALUATION SURPLUS OF FINANCIAL INSTRUMENTS

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2015	**5.7**
Changes in fair value within equity that can be reclassified to income	(2.2)
Transfer to income statement [1]	2.7
Balance at 31 December 2015	**6.2**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 13 – Financial result).

> 8.5. TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2015	**227.4**
Change over the period	27.0
Balance at 31 December 2015	**254.4**

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (2.7) million euros.

The revaluation reserve includes the value of the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation.

> 8.6. ACTUARIAL GAINS AND LOSSES

These provisions were revised downwards as a result of the rise by approximately 0.10 base point recorded since 30 June 2015 in reference interest rates used to determine the discounted value of the guarantee granted to a pension fund.

The net impact on provisions represented a 4.5 million euro decline. After recognising a differed tax asset of 1.5 million euros, the net impact on actuarial gains and losses amounted to 2.9 million euros.

NOTE 9. FINANCIAL DEBT

As of 30 June and 31 December 2015, the aggregate amount of bank debt is denominated in euros, with the exception of the export credit facility which is denominated in US dollars.

> FINANCIAL INFORMATION AS OF 30 JUNE AND 31 DECEMBER 2015

(in millions of euros)	Rate	30 June 2015	31 December 2015	Maturity
Term loan 2020	Variable	600.0	600.0	31 March 2020
Bond 2017 (1)	4.125%	850.0	850.0	27 March 2017
Bond 2019 (1)	5.000%	800.0	800.0	14 January 2019
Bond 2020 (1)	2.625%	930.0	930.0	13 January 2020
Bond 2022 (1)	3.125%	300.0	300.0	10 October 2022
US EXIM export credit	1.710%	38.7	35.9	15 November 2021
ONDD-guaranteed export credit	Variable	176.0	177.9	30 June 2024
Other	Variable	0.1	0.5	30 June 2018
Sub-total of debt (non-current portion)		**3,694.9**	**3,694.2**	
Loan set-up fees and premiums		(31.6)	(28,0)	
Total of debt (non-current portion)		**3,663.3**	**3,666.2**	
US EXIM export credit & ONDD		18.0	30.9	
Bank overdrafts		-	-	
Accrued interest not yet due		46.4	91.9	
Total of debt (current portion)		**64.5**	**122.8**	

(1) Fair values are detailed below:

(in millions of euros)	30 June 2015	31 December 2015
Bond 2017	904.1	890.3
Bond 2019	916.0	901.0
Bond 2020	990.4	984.6
Bond 2022	330.9	331.2

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 31 December 2015.

The Group also has 650.0 million euros available under its various active lines of undrawn revolving credit as of 31 December 2015.

> DEBT MATURITY ANALYSIS

At 31 December 2015, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	600.0	-	600.0	-
US EXIM export credit	43.1	7.2	28.7	7.2
ONDD-guaranteed export credit	201.7	23.7	94.9	83.0
Bond 2017	850.0	-	850.0	-
Bond 2019	800.0	-	800.0	-
Bond 2020	930.0	-	930.0	-
Bond 2022	300.0	-	-	300.0
Other	0.5	-	0.5	-
Total	**3,725.2**	**30.9**	**3,304.1**	**390.2**

> COMPLIANCE WITH BANKING COVENANTS

The banking covenants on financing facilities in place as of 31 December 2015 have not changed since their inception. As of 31 December 2015, the Group was in compliance with all banking covenants under its credit facilities.

NOTE 10. OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2015	31 December 2015
Derivative instruments (1)	108.4	122.1
Performance incentives	1.2	0.7
Finance leases	434.6	430.0
Other liabilities	93.3	89.7
Total	**637.5**	**642.4**
- incl. current portion	*39.9*	*26.2*
- incl. non-current portion	*597.6*	*616.2*

(1) See Note 15 - Financial instruments.

Derivative instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of other financial liabilities represents a reasonable approximation of fair value.

Amounts shown for finance leases include accrued interest totalling 0.7 million euros as of 30 June 2015 and 1.7 million euros as of 31 December 2015.

“Other liabilities” mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

NOTE 11. INCOME TAX

The “Income tax" expense comprises current and deferred tax expenses of consolidated entities.

As of 31 December 2015, the Group's effective income tax rate stood at 37.7%. This rate includes (i) the effects in France of the 10.7% exceptional contribution to the corporate income tax, the standard income tax rate standing now at 38% for the financial year ended 30 June 2016, (ii) an additional 3% contribution on cash-settled dividends, and (iii) deductibility of financial expenses capped at 75%. These effects are offset by lower tax rates for foreign-based subsidiaries compared to France.

NOTE 12. SEGMENT INFORMATION

Over the period ended 31 December 2015, there was no change in the Group's organisation which could affect the nature of and method used for reporting financial information and business performance data to the Group's chief operating decision maker.

Therefore, as with the period ended 30 June 2015, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 31 December 2014 and 31 December 2015 are as follows:

(in millions of euros and as a percentage)	31 December 2014		31 December 2015	
Regions	**Amount**	**%**	**Amount**	**%**
France	72.1	10.0	73.4	9.5
Italy	97.7	13.5	104.4	13.5
United Kingdom	54.1	7.5	56.0	7.2
Europe (other)	213.5	29.5	200.8	25.9
Americas	143.1	19.8	174.5	22.5
Middle East	87.5	12.1	98.1	12.7
Africa	37.2	5.1	45.7	5.9
Asia	17.5	2.4	21.2	2.7
Other	0.1	-	0.3	0.0
Total	**722.8**	**100.0**	**774.4**	**100.0**

Group EBITDA (1) stood at 559.6 million euros and 600.3 million euros for the six-month periods ended 31 December 2014 and 31 December 2015 respectively.

Most of the Group’s assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Net debt [1] breaks down as follows:

(in millions of euros)	30 June 2015	31 December 2015
Term loan	600.0	600.0
Bonds	2,880.0	2,880.0
Other loans	-	0.5
Export credit	232.8	244.8
"Change" portion of the cross-currency swap	114.6	133.3
Finance leases	433.9	428.3
Cash and cash equivalents	(420.2)	(563.5)
Total	**3,841.1**	**3,723.3**

(1) The components of EBITDA and net debt have not changed since 30 June 2015.

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	Six-month period ended 31 December 2014	Six-month period ended 31 December 2015
Interest expense after hedging [1]	(76.1)	(67.3)
Loan set-up fees and commissions [2]	(6.1)	(4.4)
Capitalised interest [3]	9.9	15.7
Cost of gross debt	**(72.3)**	**(56.0)**
Financial income	1.5	2.8
Cost of net debt	**(70.8)**	**(53.2)**
Changes in financial instruments [4]	-	(0.3)
Foreign-exchange gains and losses	15.3	(9.8)
Other	(0.6)	(0.1)
Financial result	**(56.2)**	**(63.4)**

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 3.4 million euros and 2.7 million euros during the half-year periods ended 31 December 2014 and 31 December 2015 respectively.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned. The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 3.95% at 31 December 2014 and 3.58% at 31 December 2015.

(4) Changes in fair value of financial instruments mainly include:

- changes in fair value of derivatives not qualified as hedges;

- the ineffective portion of qualifying derivatives in a hedging relationship.

NOTE 14. EARNINGS PER SHARE

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted). There were no dilutive instruments as of 31 December 2014 and 31 December 2015.

(in millions of euros)	31 December 2014	31 December 2015
Net income	**167.9**	**195.3**
Income from subsidiaries attributable to non-controlling interests	(7.2)	(7.3)
Net earnings used to compute diluted earnings per share	**160.7**	**188.0**
Average number of shares	**220,416,291**	**227,172,136**

NOTE 15. FINANCIAL INSTRUMENTS

The following tables analyse the contractual or notional amounts and fair value of the Group's derivative instruments as of 30 June and 31 December 2015 by type of contract. The financial instruments are valued by an independent expert and this valuation is verified/validated by the Group's banking counterparts.

	Notional		Fair Value					
(en millions d'euros)	30 June 2015	31 December 2015	30 June 2015	31 December 2015	Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)	Termination indemnity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	121.3	45.0	2.4	0.0	(2.4)	(0.6)	(1.8)	-
Cross currency swap	500.0	500.0	(104.4)	(122.1)	(17.6)	-	(17.6)	-
Total forex derivatives	**621.3**	**545.0**	**(102.0)**	**(122.1)**	**(20.0)**	**(0.6)**	**(19.4)**	**-**
Future Swaps	350.0	-	(2.3)	-	2.3	0.4	0.5	1.4
Collars	350.0	-	(1.7)	-	1.7	0.2	1.5	-
Caps	100.0	-	-	-	-	-	-	-
Total interest rate derivatives	**800.0**	**-**	**(4.0)**	**-**	**4.0**	**0.6**	**2.0**	**1.4**
Total derivatives			**(106.0)**	**(122.1)**	**(16.0)**	**0.0**	**(17.4)**	**1.4**
Equity interests							0.6	
Total							**(16.8)**	

As of 31 December 2015, the cumulative fair value of derivative instruments was negative at 122.1 million euros.

NOTE 16. OTHER OFF-BALANCE SHEET COMMITMENTS

As of 31 December 2015, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

> 16.1. PURCHASE COMMITMENTS

As of 31 December 2015, future payments under satellite construction, launch and financing contracts amounted to 1,365 million euros (including 454 million euros with related parties). These future payments are spread over 16 years.

The Group has also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to the monitoring and control of satellites.

Future payments in respect of such acquisitions of assets and provision of services as of 31 December 2015 are scheduled as follows:

(in millions of euros)	As of 31 December 2015
2016	87
2017	64
2018	49
2019	45
2020 and beyond	126
Total	**371**

> 16.2. FLEET INSURANCE

The Group's "Launch + 1 year" and in-orbit insurance policies in place as of 30 June 2015 have been taken out with insurance syndicates generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

As of 1 July 2015, the Group introduced adjustments to its fleet insurance policy in order to take into account not only the net book value of its satellites, but also revenues generated by its most revenue-generating satellites. Under its fleet insurance programmes, satellites are covered for partial and/or total (or constructive total) loss under certain conditions.

> 16.3. COMMITMENTS RECEIVED

The Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

NOTE 17. LITIGATION

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. The following legal actions and business disputes are underway:

Viasat Brasil:

Following a significant violation by ViaSat Brasil of its legal obligations, the Group cancelled the agreement signed with this company for the use of the Ka-band payload on the EUTELSAT 3B satellite. Capacity on this satellite was taken over by another client.

ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court. Eutelsat has strongly challenged the claim. As of 31 December 2015, the court has not issued any judgement.

Tax dispute in France:

Eutelsat S.A. is subject to a tax audit procedure for financial years ended 30 June 2012, 2013 and 2014. Eutelsat S.A. has received a tax adjustment notification amounting to 3.4 million euros in respect of the financial year ended 30 June 2012. A provision was recognised for this amount in the half-year accounts.

Horizonsat:

During the financial year ended 30 June 2015, Eutelsat S.A. was summoned by Horizonsat before the Commercial Court of Paris for unilateral termination without compensation of a commercial bid. As of 31 December 2015, the court has not issued any judgement.

Frequency right:

Discussions are underway between Eutelsat and the Italian Ministry of Telecommunications on the use of landing rights.

NOTE 18. RELATED PARTY TRANSACTIONS

Related party transactions consist of:

- The direct and indirect shareholders and their subsidiaries who have significant influence, which is presumed where more than 20% of the shares are held or where the investor sits at the Board of Directors of one of the Group's entities;
- The minority shareholders of entities which the Group consolidates using the full consolidation method;
- Companies in which the Group has an equity interest that it consolidates under the equity method, and
- "Key management personnel".

The Group considers that the concept of “key management personnel” as applied to Eutelsat’s governance includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

Apart from key management personnel, Eutelsat Group considers as related parties only those relations having interests in associates under IFRS 12. The other relations are not considered as material.

NOTE 19. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

7 OUTLOOK

Based on the performance of the First Half, Eutelsat expectsremains on track to meet its full year objective of revenue growth of 2 to 3% at constant currency and excluding non-recurring revenues, taking into account the ramp-up of satellites recently entered into service and the arrival of additional capacity in the second half. However, given the termination of a contract for HTS capacity on Eutelsat 3B and the slower growth of KA-SAT, the outturn is now expected at the lower end of this range.

The EBITDA margin remains targeted at above 76.5%.

All other targets published in July 2015 are also confirmed on the basis of the nominal deployment plan published above.

<u>Reminder: outlook published in July 2015:</u>

Revenues (at constant currency and excluding non-recurring revenues)

Based on the nominal satellite deployment plan, Eutelsat targets revenue growth of 2-3% for FY 2015-16.

In FY 2016-17 growth is set to accelerate, with an objective of 4-6%.

EBITDA

The EBITDA margin is targeted at above 76.5% for each of the next two fiscal years.

Investments

Average investments[8] will stand at around €500 million a year over the three fiscal years to 30 June 2018.

Financial structure

The group will maintain a sound financial structure to support its investment grade credit rating and aims at a net debt / EBITDA ratio below 3.3x.

Shareholder remuneration

The Group remains committed to sharing its profits with its shareholders, with a payout ratio of 65% to 75% of Group share of net income.

[8] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

APPENDIX

Capex per financial outlook definition (in € millions)

	Half-year ending 31/12/2015
Acquisitions of satellites, other property and equipment and intangible assets	161
Repayments of ECA loans and long-term capital leases	10
Capex per financial outlook definition	**171**

Quarterly reported revenues by business application

	Three months ended					
In millions of euros	**30/09/2014**	**31/12/2014**	**31/03/2015**	**30/06/2015**	**30/09/2015**	**31/12/2015**
Video Applications	227.6	224.8	225.3	235.3	229.4	239.5
Data Services	51.2	56.2	58.1	61.1	58.8	59.3
Value-Added Services	26.3	25.1	23.4	27.6	29.7	25.4
Government Services	44.5	47.7	49.5	54.7	53.0	53.2
Other revenues	8.0	11.4	11.4	7.1	16.7	9.4
Sub-total	**357.6**	**365.3**	**367.7**	**385.9**	**387.7**	**386.7**
Non-recurring revenues	-	-	-	-	-	-
Total	**357.6**	**365.3**	**367.7**	**385.9**	**387.7**	**386.7**

MAZARS ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Eutelsat Communications

Period from July 1 to December 31, 2015

Statutory auditors' review report on the half-yearly financial information

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S.A. au capital de € 8.320.000

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Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Eutelsat Communications

Period from July 1 to December 31, 2015

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Eutelsat Communications, for the period from July 1 to December 31, 2015, and
- the verification of the information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, February 16, 2016

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Pierre-Henri Pagnon

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