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EUTELSAT COMMUNICATIONS DELIVERS STRONG RESULTS IN 2005-2006 AND RAISES PROFITABILITY GUIDANCE FOR 2006-2007
Performance of world's third largest Fixed Satellite Services operator driven by the efficiency of its business model, by its continuing focus on strict cost control and by the quality of the implementation of its strategy

- 5.4% revenue growth, above objectives
- Backlog up 29% to 4 billion euros, representing more than five times 2005-2006 revenue
- EBITDA[1] margin at 77.9%, maintained at the highest level among leading Fixed Satellite Service operators[2]
- Substantial operating free cash flow of 269 million euros or 34.5% of 2005-2006 revenue
- Consolidated net result of 40.2 million euros, in spite of 61.7 million euros of debt restructuring costs and satellite impairment charges
- Proposed distribution of 0.54 euro per share, yielding an attractive 4.5% on the Initial Public Offering price
- 2006-2007 EBITDA margin target raised to 77%

Paris, September 4, 2006 – Eutelsat Communications (ISIN: FR0010221234 - Euronext Paris: ETL), one of the world's leading satellite operators, today reported results for the fiscal year ended June 30, 2006.

In millions of euros		Twelve months ended June 30 2005 (pro forma[3])	2006	% change
Key elements of the consolidated income statement				
Revenue	M€	750.4	791.1	+5.4%
EBITDA	M€	578.5	616.5	+6.5%
EBITDA margin	%	77.1	77.9	+0.8pt
Consolidated net result	M€	(44.9)	40.2	NA
Earnings per share		NA	0.14	NA
Key elements of the cash flow statement				
Net cash flow from operating activities	M€	NA	501	NA
Capital expenditure	M€	NA	231	NA
Operating free cash flow	M€	NA	269	NA
Key elements of the financial structure				
Net debt	M€	3,157	2,228	-29.4%
Net debt reduction	M€	NA	929	NA
Net debt/EBITDA	x	5.5	3.6	NA
Key operational metrics				
Backlog	€bn	3.1	4.0	+29%
Leased transponders	Units	343	373	+30

Commenting on the results, Giuliano Berretta, Chairman and CEO of Eutelsat Communications said: "In 2005/2006, Eutelsat outperformed objectives for growth while maintaining profitability at the highest level in the Fixed Satellite Services sector, achieving an EBITDA margin of 77.9 per cent. Our sales dynamic, notably for video and Value Added

[1] EBITDA is defined as operating income before depreciation and amortisation, excluding impairment charges
[2] SES Global, Eutelsat Communications and Intelsat Panamsat
[3] Pro forma figures for 12 months ending June 30, 2005 are non audited

Services, led to a 900 million euro increase in our backlog, which at four billion euros, exceeds the equivalent of more than five years of revenues.

Over 80 per cent of our Group's revenue is derived from digital video, data and broadband markets, which are today the most powerful growth engines in the global telecommunications and media industries. We are therefore in a privileged position to benefit from the emerging dynamic of High Definition Television in Europe, and the rapid deployment of digital video and broadband services in central and Eastern Europe, Africa and the Middle East.

To increase our competitive strengths, we have continued to expand our in-orbit resource with the launches of HOT BIRD™ 7A and HOT BIRD™ 8, which fortify our premium video neighbourhood at 13 degrees East and release satellites to provide capacity at other orbital positions. Contracts have also been awarded for HOT BIRD™ 9, W2M and W2A, while negotiations for the procurement of W7 are advancing. In parallel, the opening of the new teleport in Turin operated by our Skylogic subsidiary has supported growth of Value Added Services, which is driven by provision of broadband solutions in regions not served by terrestrial infrastructure and access to GSM networks, notably for maritime markets.

Our performance in 2005-2006 demonstrates the continued efficiency of our business model and the quality of our strategic vision: to consolidate our leading positions in Europe, and to optimise use of in-orbit resources through major new video positions in emerging markets and through the expansion of Value Added Services. With the ongoing implementation of this strategy we expect revenue above 800 million euros in 2006-2007 and more than 4.5% compound annual growth rate for 2007-2008 and 2008-2009. We revise upwards to 77 per cent our guidance for an EBITDA margin for 2006-2007. For 2007-2008 and 2008-2009 the EBITDA margin objective is maintained above 76%.Together with a net debt to EBITDA ratio down to 3.6x, which is in line with our objective of 3x to 4x, our Group is fully equipped to pursue its development, while providing an attractive return to our shareholders".

BUSINESS HIGHLIGHTS

- Solid revenue growth supported by commercial expansion across all activities[4]

- Video Applications: +3.4% to 528.6 million euros, driven by consolidation of leading premium orbital positions in European Union countries and by the development of major orbital positions in emerging markets (Eastern and Central Europe, the Middle East, North Africa and Sub-Saharan Africa).

  In European Union countries served by the HOT BIRD™ (13°E) and EUROBIRD™ 1 (28.5°E) positions, the number of channels grew by 16.7% year-over-year, from 1,051 channels to 1,227. In addition, the entry into service of the HOT BIRD™ 7A broadcast satellite in April 2006 increased capacity at 13 degrees East and marked the last major phase in the switchover from analogue to digital at the HOT BIRD™ position, with only four analogue channels broadcast at this orbital position. Across its fleet Eutelsat has now almost completed this switch-over with only eleven analogue TV channels.

  Reflecting the dynamics of emerging markets, the number of channels broadcast from Eutelsat's video positions to serve these regions (Eastern and Central Europe, the Middle East, North Africa and Sub-Saharan Africa) grew by 37.9%, from 544 as of June 30, 2005 to 750.

  In the course of 2005-2006, ATLANTIC BIRD™ 3 also supported the deployment and expansion of Digital Terrestrial Television (DTT) networks in France and Italy. In France, the 28 DTT channels (of which ten are pay-TV) are now distributed through ATLANTIC BIRD™ 3 to digital terrestrial retransmitters, up from eight channels a year ago.

[4] For more details on 2005-2006 revenues, see the July 20, 2006 press release available on www.eutelsat-communications.com. A table in the appendices provides the breakdown of revenues by application.

2005-2006 also marked the launch on Eutelsat's fleet of the first commercial High Definition Television (HDTV) channels. As of June 30, 2006 Eutelsat's satellites were broadcasting 12 HDTV channels.

- Data and Value-Added Services: +4.6% to 169.1 million euros, fuelled by robust sales in Value Added Services. While Data was impacted by the conversion of certain high-yield short-term contracts to lower-priced long-term deals, which procure more visibility on revenues and by the technical incident that affected the W1 satellite on August 10, 2005, Value-Added Services benefited from the ongoing deployment of D-STAR terminals worldwide[5]: up 29% year-over-year, they totaled 5,300 by June 30, 2006. Maritime services providing Internet access and GSM extension also began ramping up during the business year.
- Multi-Usage applications: +14.5% to 69.7 million euros, primarily supported by high renewal rate of one-year contracts for government services.

- Successful launch in March 2006 of HOT BIRD™ 7A, which increased capacity at 13 degrees East from 100 to 102 Ku-band transponders. It enabled the Group to strengthen its premium video neighbourhood at 13 degrees East, and to release satellites to provide capacity at other orbital positions. Eutelsat has also leveraged its on-ground investments, notably its new teleport in Turin operated by its Skylogic subsidiary: these are aimed at expanding Value-Added Services and at developing video services, following the success of the video network provided during the XX Winter Olympic Games to the Olympic organising committee.

- 29% increase in backlog: at 4 billion euros, representing more than five times the year's revenue, of which 92% are related to Video Services. Furthermore, 85% of the backlog is made of satellite lifetime contracts, thus increasing the weighted average residual life of the contracts to 7.7 years as of June 30, 2006. This provides long term visibility on revenues and operating cash flows.

- Group fill rate stood at 80.7% as of June 30, 2006. The number of leased transponders represents a total of 373 as of June 30, 2006, out of a total of 462[6] operational transponders across the fleet, compared to 343 leased transponders as of June 30, 2005, out of a total of 474 operational transponders. This increase reflects the development of Video Services and Value-Added Services in emerging markets, as well as the consolidation of the Group's premium orbital positions serving European Union countries.

[5] D- STAR services provide Internet access and Virtual Private Networks to enterprises and institutions in regions with inexistent or unreliable terrestrial broadband infrastructure

[6] The number of operational transponders decreased from 474 as of June 30, 2005, to 462 as of June 30, 2006, due to the technical incident on W1 (-14 transponders). The launch of HOT BIRD™ 7A added two transponders.

INCOME STATEMENT HIGHLIGHTS

SIGNIFICANT INCREASE OF ALL PERFORMANCE INDICATORS

- Above-target revenue growth of 5.4%, primarily driven by strong performance in European Union countries and in emerging markets
- Operating profitability maintained at the highest level of the Fixed Satellite Services industry: EBITDA[7] margin at 77.9%
- Consolidated net result of 40.2 million euros, showing year-over-year improvement of 85.1 million euros, in spite of 61.7 million euros of debt restructuring costs and satellite impairment charges

Extract from the consolidated Profit and Loss Statement[8]

Twelve months ended June 30	FY 2004/2005 (pro forma[9])		FY 2005/2006	
	In millions of euros	In % of revenue	In millions of euros	In % of revenue
Revenue	**750.4**		**791.1**	
Operating expenses[10]	(171.9)	*22.9%*	(174.6)	*22.1%*
EBITDA	**578.5**	***77.1%***	**616.5**	***77.9%***
Depreciation and Amortisation	(306.8)	*40.9%*	(285.8)	*36.1%*
Other operating expenses[11]	(84.0)	*11.3%*	(27.0)	*3.4%*
Operating income	**187.7**	***25.0%***	**303.7**	***38.4%***

Revenue for fiscal year 2005-2006 was up 5.4%[12] year-over-year, including late delivery penalties and service interruption penalties of 17.4 million euros related to the ATLANTIC BIRD™ 1 satellite. Excluding non-recurring revenue, growth was 4.6% compared with pro forma consolidated revenue for fiscal year 2004-2005, reflecting good execution of the Group's strategy. At constant exchange rates and excluding non-recurring revenue, revenue was up 3.9% year-over-year.

Operating expenses were up only 1.6%, as the Group continued to exert tight control over its cost structure. This limited increase also takes into account a net provision reversal of accounts receivable and reduction of the in-orbit insurance costs following implementation of a new in orbit insurance scheme as from November 2005, which offset the professional tax reversal booked in 2004-2005.

As a result, consolidated EBITDA increased 6.6% to 616.5 million euros, increasing the EBITDA margin at 77.9%.

Depreciation and Amortisation are down 6.9%, resulting from the accounting end of life of HOT BIRD™ 1 and from the extension of accounting lifetime of certain satellites. Amortisation expense of 44.5 million euros notably corresponds to the intangible asset "Customer Contracts and Associated Relationships" identified during the acquisition of Eutelsat S.A. by Eutelsat Communications.

Other operating expenses reflect impairment of 24.9 million euros in the value of the W1 satellite following the technical incident on August 10, 2005. This amount was reduced from the 31.4 million euros booked in the first half to take into account the pay-back of in orbit incentives from the manufacturer.

Consequently, operating income increased by 116 million euros to 303.7 million euros, taking the operating margin up to 38.4%.

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7 EBITDA is defined as operating income before depreciation and amortisation, excluding impairment charges

8 For further details, please refer to the consolidated accounts of the Group

9 Pro forma financial information includes the most significant adjustments in Eutelsat Communications' consolidated income statement and the consolidated balance sheet for the period ending June 30, 2005 (see note 29 of the consolidated financial statements for the three-month period ending June 30, 2005).

10 Operating expenses are defined as cost of operations plus sales & administrative expenses.

11 In 2004-2005, this was primarily due to an 84 million euro impairment of the value of the ATLANTIC BIRD™ 1 satellite

12 See press release dated July 20, 2006, available on the Group's website.

In millions of euros	Twelve months ended June 30 2005 (pro forma[13])	2006
Operating income	**187.7**	**303.7**
Financial result	(198.4)	(179.6)
Income from equity investments	0.3	5.8
Income tax	(34.5)	(89.7)
Consolidated net result	**(44.9)**	**40.2**
Minority interests	7.4	9.8
Net result, Group share	**(52.3)**	**30.4**

Financial result reflects the Group's pre-IPO financial structure and includes one-off charges of 44.5 million euros, of which 30.3 million euros are non-cash. Interest expenses for the second half 2005-2006 were down 36.4% compared with the first half 2005-2006 as a result of the early repayment, on December 6, 2005, of the PIK loan and of the Second Lien Credit Facility[14]. Thus, interest expenses and others for the full year were 138.1 million euros, compared to 173.9 million euros for the 12 month pro forma period ended June 30, 2005. However, interest expenses reflect for less than two weeks the reduced cost of senior debt following refinancing of the senior debt implemented on June 19, 2006 (see table below)[15].

In millions of euros	H1 2005-2006	H2 2005-2006	FY 2005-2006
Interest expenses & other	(84.4)	(53.7)	(138.1)
Hedging instruments	10.0	0.7	10.7
Foreign exchange gains / (losses)	0.2	0.3	0.5
Amortisation of loan set-up fees	(4.6)	(3.6)	(8.2)
Sub-Total	**(78.8)**	**(56.3)**	**(135.1)**
Prepayment penalties and waiver fee (cash)	(14.2)	-	(14.2)
Write off of loan set up fees on PIK, Second Lien and Senior debt (non cash)	(25.0)	(35.4)	(60.4)
Gain on hedging instruments subsequent to Senior debt refinancing (non cash)	-	30.1	30.1
Post-IPO debt restructuring costs and net senior debt refinancing costs (sub-total)	**(39.2)**	**(5.3)**	**(44.5)**
Financial result	**(118.0)**	**(61.6)**	**(179.6)**

Income from equity investments shows the contribution of Hispasat, the leading satellite operator in the Spanish and Portuguese-language markets, of which Eutelsat holds a 27.7% ownership.

The effective income tax rate is negatively impacted by financial expenses borne by the holding companies. They include one-off financial expenses (44.5 million euros) and interest expenses related to the PIK loan, the Second Lien Credit Facility and the Senior debt.

13 Pro forma figures are non audited
14 See international offering memorandum dated November 29, 2005 for more details on the Group's debt structure.
15 See Eutelsat Communications press release dated June 8, 2006.

Consequently, consolidated net result was a positive 40.2 million euros, impacted by 61.7 million euros of debt restructuring costs and satellite impairment charges. Excluding these items, adjusted consolidated net result would have been a positive 101.9 million euros, as illustrated in the table below:

	Twelve months ended June 30	
In millions of euros	2005 (pro forma)	2006
Consolidated net result – as reported	**(44.9)**	**40.2**
Post-IPO debt restructuring costs (after tax)		+39.2
Senior debt refinancing costs, net (after tax)		+5.3
W1 related impairment charge after deferred tax		+17.2
ATLANTIC BIRD™1 related impairment charge after deferred tax	+55.1	
Total debt restructuring costs and satellite impairment charges	**+55.1**	**+61.7**
Adjusted consolidated net result	**10.2**	**101.9**

Minority interests rose 2.4 million euros, driven by improvement in the net result of Eutelsat S.A., although Eutelsat Communications held 95.2% of Eutelsat S.A. share capital at June 30, 2006, compared with 93.2% at June 30, 2005.

As a consequence, net result, Group share was 30.4 million euros and earnings per share was 0.14 euro.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS: FINANCIAL FLEXIBILITY IMPROVED

- High net cash flow from operating activities at 501 million euros resulting in **operating free cash flow[16] of 269 million euros**
- Capital expenditure below guidance at 231 million euros, reflecting the delayed launch of the HOT BIRD™ 8 satellite to FY 2006-2007 and later procurement of the W2M, W2A and W7 satellites
- Net debt reduced by 929 million euros down to 2,228 million euros
- Financial flexibility improved: leverage ratio down to 3.6x net debt to EBITDA, within objective of 3 to 4x

Compared to June 30, 2005, net debt is down 929 million euros, driven by net IPO proceeds (839 million euros), operating free cash flow (269 million euros**)** and settlement of the ATLANTIC BIRD™ 1 dispute (96 million euros). This was partly compensated by net financial cash outlay (187 million euros) and by further purchases of Eutelsat S.A. minority interests (67 million euros).

As a result, the Group's net debt to EBITDA ratio was down to 3.6 at June 30, 2006, compared with 5.5 at June 30, 2005.

At 231 million euros, capital expenditure was driven by the launch of HOT BIRD™ 7A and the procurement of the HOT BIRD™ 8, HOT BIRD™ 9 and W2M satellites. It is below the amount of 320 million euros initially estimated, due to the launch of HOT BIRD™ 8 and to the ongoing procurement of new satellites later than initially scheduled.

On June 19, 2006, the Group completed refinancing of its senior debt with the following benefits:

- To reduce the blended cost of senior debt by 75 basis points, taking down the senior debt margin to 100 basis points
- To extend maturity of the senior debt to June 2013
- To soften restrictive covenants thresholds.

The refinancing marks the first milestone in the Group's corporate structure simplification process which aims at resulting in direct ownership of Eutelsat SA by Eutelsat Communications by fiscal year 2007-2008.

[16] Operating free cash flow is defined as net cash flow from operating activities less acquisition of satellites and other property, plant and equipment, net of disposals.

Recent key events

Following the successful launch of HOT BIRD™ 7A in March 2006, HOT BIRD™ 4 was redeployed to the 7°W/8°W orbital position to serve Middle East markets as of July 1, 2006, under the name ATLANTIC BIRD™ 4. This brought the total number of operational transponders of the fleet to 477 as of September 1, 2006.

HOT BIRD™ 8 was launched on August 5, 2006. Equipped with a payload of 64 Ku-band transponders which spans the entire range of frequencies at the HOT BIRD™ 13 degrees East position, HOT BIRD™ 8 takes the inter-satellite back-up at Eutelsat's prime video neighbourhood to a new level of security. Scheduled to enter commercial service in October, HOT BIRD™ 8 will assume all broadcast traffic currently carried by the 20-transponder HOT BIRD™ 3, which will subsequently continue commercial service at an alternative location (9.8°degrees East).

The Group has signed a pre-contract with Alcatel Alenia Space for the procurement of the W2A satellite. Eutelsat has until October 15, 2006 to decide whether to exercise an option to add to this Ku and C-band satellite an S-band payload to broadcast TV content to mobiles.

Strategic directions, outlook and dividend

Eutelsat Communications conducts an annual review of its strategic plan which was completed in June 2006. The results achieved in 2005-2006 are validating its long-term strategy: the Group aims at consolidating its leading position in European Union countries, and at optimising use of capacity through the creation and development of major new video positions. It also targets the continued expansion of Value Added Services, notably in emerging countries.

The Group provides the following update to the financial objectives presented on February 17, 2006:

- Revenue objective for 2006-2007 is above 800 million euros. This objective is consistent with the Group's initial target of more than 4.5% Compound Annual Growth Rate (CAGR) for the next 3 fiscal years (2006-2007 to 2008-2009), which was based on the initial revenue target of 769 million euros for 2005-2006. The Group expects a CAGR above 4.5% for fiscal years 2007-2008 and 2008-2009.

- Given the performance achieved to date, the ongoing efficiency of its strict cost control policy, the Group is raising its profitability objective to 77% for fiscal 2006-2007, as expressed by the consolidated EBITDA margin. For 2007-2008 and 2008-2009, the EBITDA margin objective is maintained above 76%.

- Annual capital expenditure should be 250 million euros on average over the fiscal years 2006-2009. In fiscal year 2005-2006, only 231 million euros were spent compared to the originally estimated 320 million euros.
- Beyond 2009, on an annualised basis, the Group considers that approximately 260 million euros per year should be invested in order to progressively renew its fleet, which is expected to comprise 572 transponders in operation by June 30, 2009.

A sum of 0.54 euro per share, taken from "Share Premium", representing a distribution yield of 4.5% based on the IPO price of 12 euros will be submitted to the approval of the shareholders. Eutelsat Communications will convene a General Shareholders' Meeting on November 10, 2006 in Paris.

In the coming years, the Group intends to maintain an attractive distribution policy.

Conference call

Eutelsat Communications will hold an analyst call to discuss its financial results for fiscal year 2005-2006 on September 4, 2006. The call will begin at 2:30 pm CET (New York: 8:30 am, London: 1:30 pm). The call-in numbers are 01 71 23 04 18 from France, and +44 20 7138 0835 from outside France.

The presentation will be available on the Group's website www.eutelsat.com from 7:30 am CET on September 4, 2006.

The conference call will be replayed at the same web address until September 23, 2006.

Financial calendar

- November 8, 2006 : revenues for the first quarter ended September 30, 2006
- November 10, 2006 : annual General Meeting of Shareholders
- February 15, 2007 : revenues and earnings for the first half ended December 31, 2006
- May 4, 2007 : revenues for the third quarter ended March 31, 2007
- July 2007 : revenues for the full year ended June 30, 2007
- September 2007 : earnings for the full year ended June 30, 2007

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

About Eutelsat Communications

Eutelsat Communications (Euronext Paris: ETL, ISIN code: FR0010221234) is the holding company of Eutelsat S.A. The Group is a leading satellite operator with capacity commercialised on 23 satellites providing coverage over the entire European continent, as well as the Middle East, Africa, India and significant parts of Asia and the Americas. The Group is one of the world's three leading satellite operators in terms of revenues. Its satellites are used for broadcasting more than 2,100 TV and 970 radio stations to more than 120 million cable and satellite homes. The Group also provides TV contribution services, corporate networks, mobile positioning and communications, Internet backbone connectivity and broadband access for terrestrial, maritime and inflight applications. Eutelsat Communications is headquartered in Paris, and the Group's workforce comprises over 490 employees from 27 countries.

www.eutelsat.com

For further information

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Appendices

Revenues by business application

In millions of euros	Twelve months ended June 30 2005 (pro forma)	2006	% change
Video Applications	511.3	528.6	+3.4%
Data & Value Added Services	161.7	169.1	+4.6%
Multi-usage	60.8	69.7	+14.5%
Other	5.9	6.3	-
Sub-total	739.7	773.7	+4.6%
One-off revenues	10.7	17.4	NM
Total	750.4	791.1	+5.4%

Revenues by quarter

In millions of euros	Three months ended September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006
Video Applications	129.0	126.5	132.1	141.0
Data & Value Added Services	42.2	44.4	42.4	40.2
Multi-usage	16.2	17.2	17.9	18.3
Other	0.9	1.2	2.7	1.6
Sub-total	188.3	189.3	195.1	201.1
One-off revenues	-	17.4	-	-
Total	188.3	206.6	195.1	201.1

As from July 1, 2006 and following a technical review of used capacity, Eutelsat has re allocated a total of 6.7 millions (equally split over the first nine months of activities), representing less than 1% of Group revenues, from Data to Video applications.