Half Year 2017 Results

SES beyond frontiers

Six months ended 30 June 2017

Betzdorf, Luxembourg

28 July 2017

H1 2017 Highlights

- Reported revenue +9.6% (-1.5% like-for-like) and +21.2% growth in net profit
- Improving trend in SES Video and strong growth in SES Networks delivers stable verticals development
- Building future mainstream revenues in the fastest growing and most differentiated market segments

Growing Reported Revenue

	H1 2017 EUR million	Change		
		Reported	Like-for-like[1]	
SES Video (67%)	699.7	+5.4%	-3.1%	▲ Improving trend with Q2 '17 at -1.9% ▲ Enhancing viewing experience with HD/UHD ▲ Nearly doubling integrated solutions revenues
SES Networks (33%)	343.4	+24.9%	+7.5%	▲ Expanding global GEO-MEO solutions ▲ Double-digit growth in both aero and maritime ▲ Growing globally; U.S. Government stabilising
SES Verticals	**1,043.1**	**+11.1%**	**+0.2%**	
Other[2]	5.6	n/m	n/m	
Group Total	**1,048.7**	**+9.6%**	**-1.5%**	

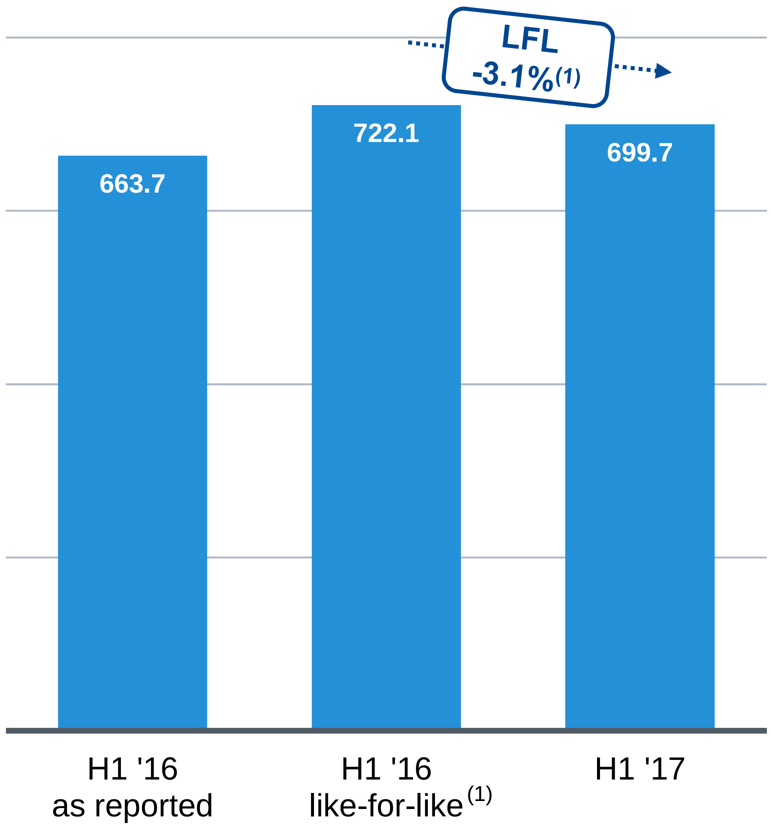
- Improving trend in SES Video and strong growth in SES Networks delivers stable verticals development

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Other includes revenue not directly applicable to a particular vertical

Improving Trend in Video

Revenue +5.4% as reported

EUR million



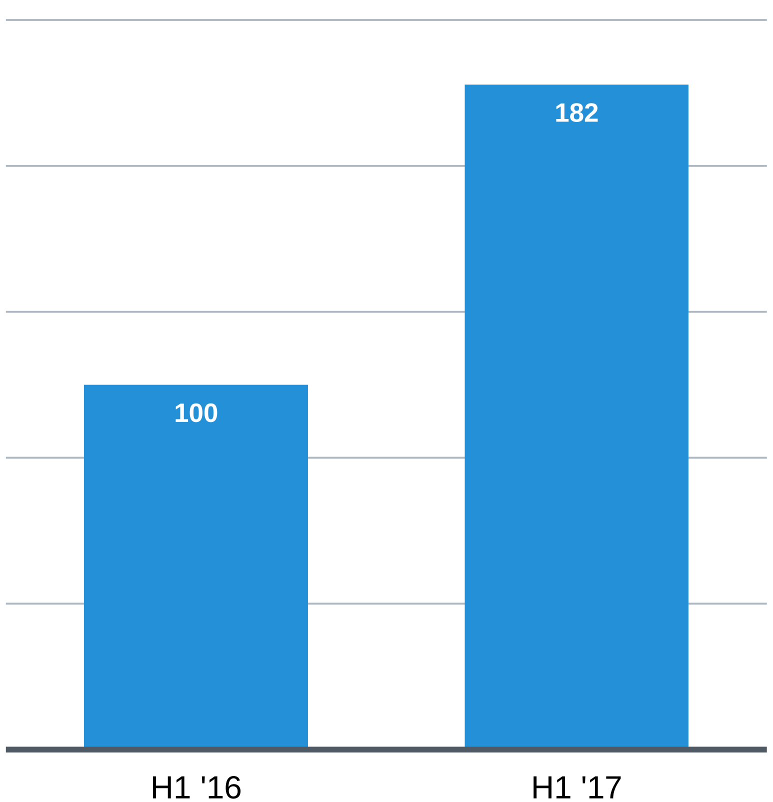
- Improving trend: Q2 ‘17 at -1.9% (Q1 ‘17: -4.2%)
  - Impact of Q1 ‘16 periodic revenue progressively normalising
  - Q2 ‘17 benefit from new agreements across existing fleet and recently launched capacity
- Enhancing viewing experiences
  - 6% (YOY) growth in HDTV to 2,587 channels
  - 25% (YOY) growth in commercial UHD channels
  - 63.5% of channels in MPEG-4 (H1 ‘16: 58.9%)
- Increasing revenues from integrated solutions(2)
  - Multi-year distribution agreement with VUBIQUITY
  - Long-term contract with Beta Ltd.
  - Supporting linear broadcasting requirements for a major global video on demand platform

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Solutions combining capacity and ancillary services

Increasing Revenues from Integrated Media Services

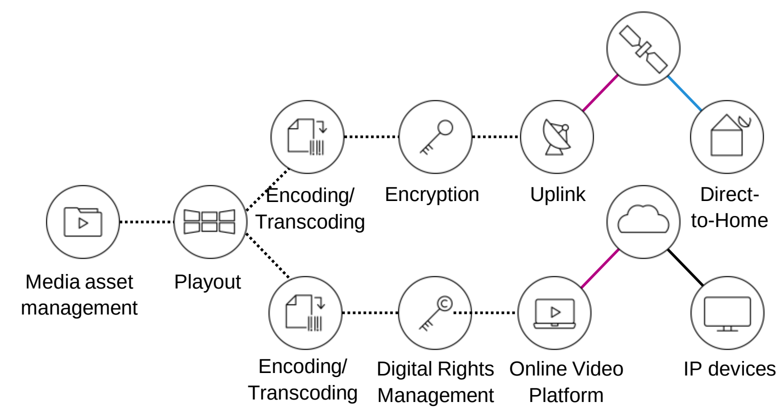
Integrated services revenue evolution

Indexed with H1 ‘16 = 100 (as reported at constant FX)



Backend Provider | Infrastructure Provider | Experience Provider

- Integrated media services (DTH and OTT)

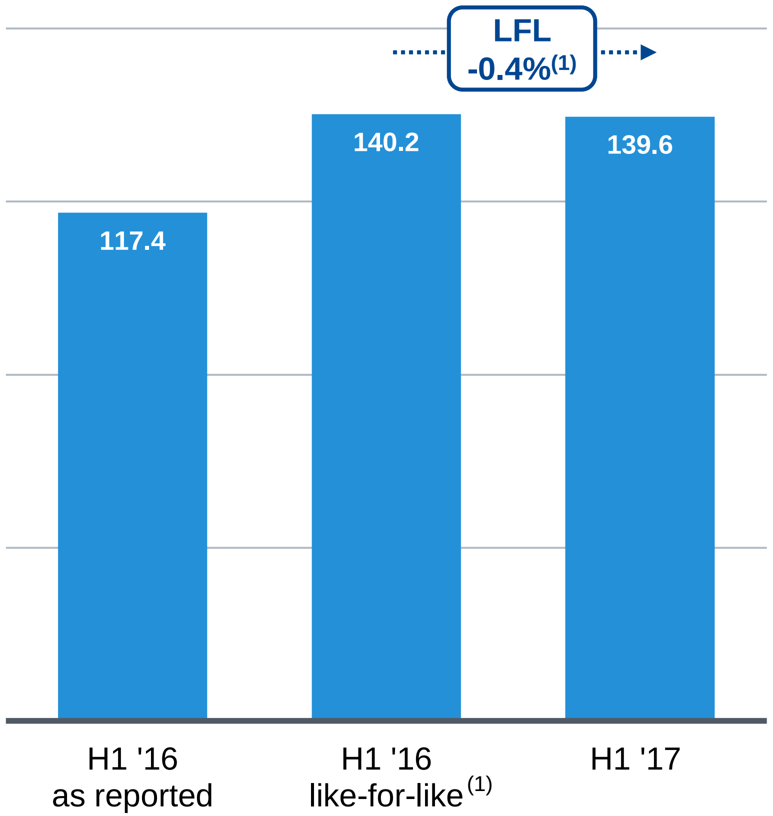


- Delivering the best experience anytime, anywhere and on any device

Improved Positioning for Return to Growth in Fixed Data

Revenue +18.9% as reported

EUR million



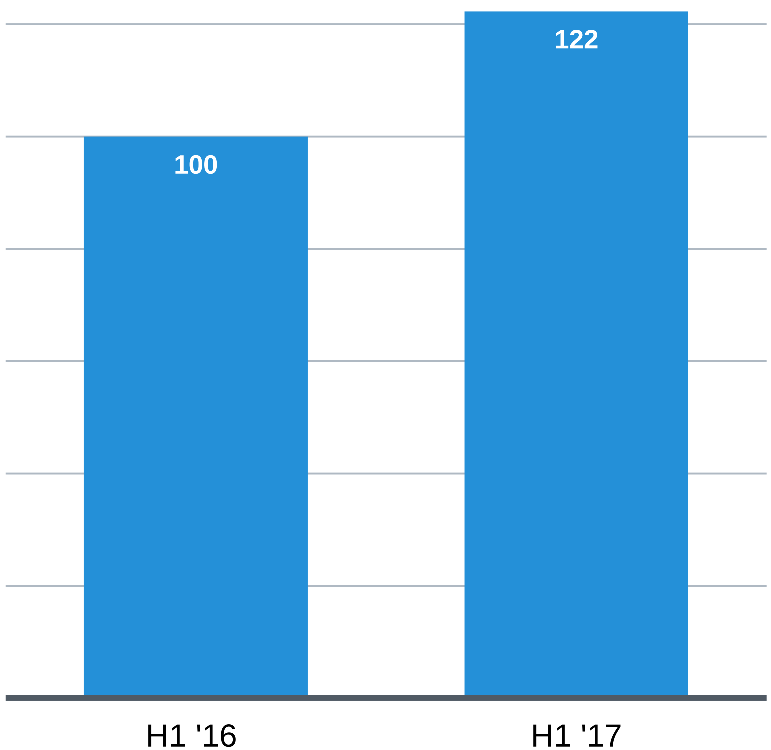
- Expanding global GEO-MEO services
  - End-to-end solution in Burkina Faso
  - Multi-year, multi-frequency agreement with Intersat
  - Palau Telecom and Timor Telecom further increasing MEO capacity
  - Delivering faster 3G service for Orange Central African Republic
  - Contracting additional MEO capacity to Presta Bist Telecoms in the Republic of Chad
- Expanding market in managed solutions for global Tier 1 clients and applications
  - Representing around 85% of new customers over the last 12 months

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016

Expanding Services and Managed Solutions in Fixed Data

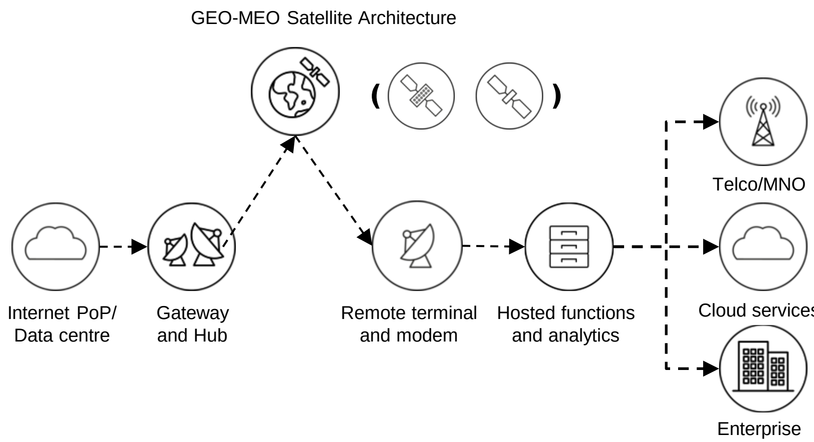
Managed solutions revenue evolution

Indexed with H1 ‘16 = 100 (as reported at constant FX)



Infrastructure Provider → Network Platform → Experience Provider

- Global services and managed solutions

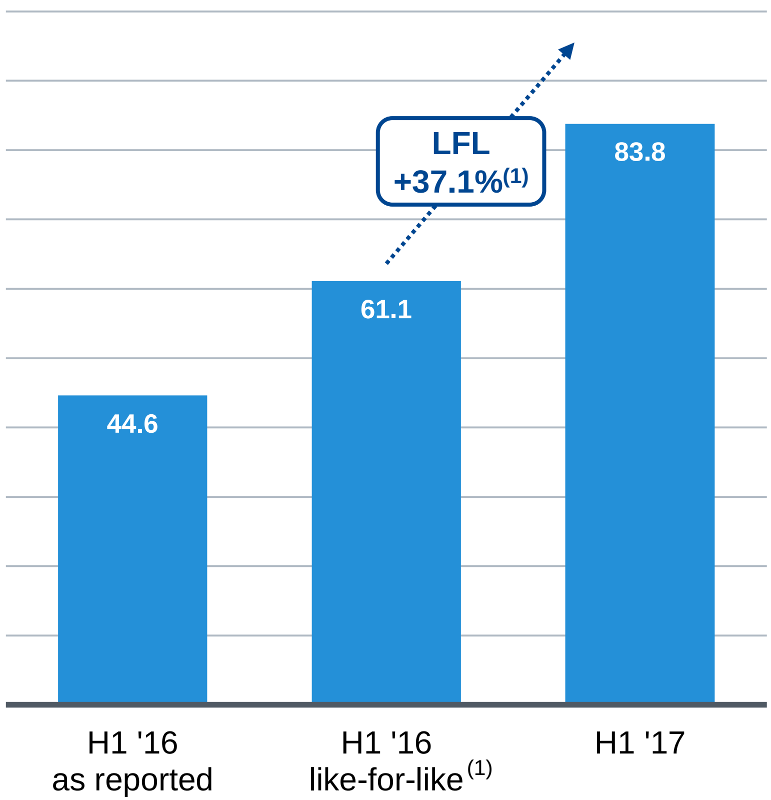


- Delivering flexible and scalable network solutions

Generating Strong Growth in Aero and Maritime Mobility

Revenue +88.1% as reported

EUR million



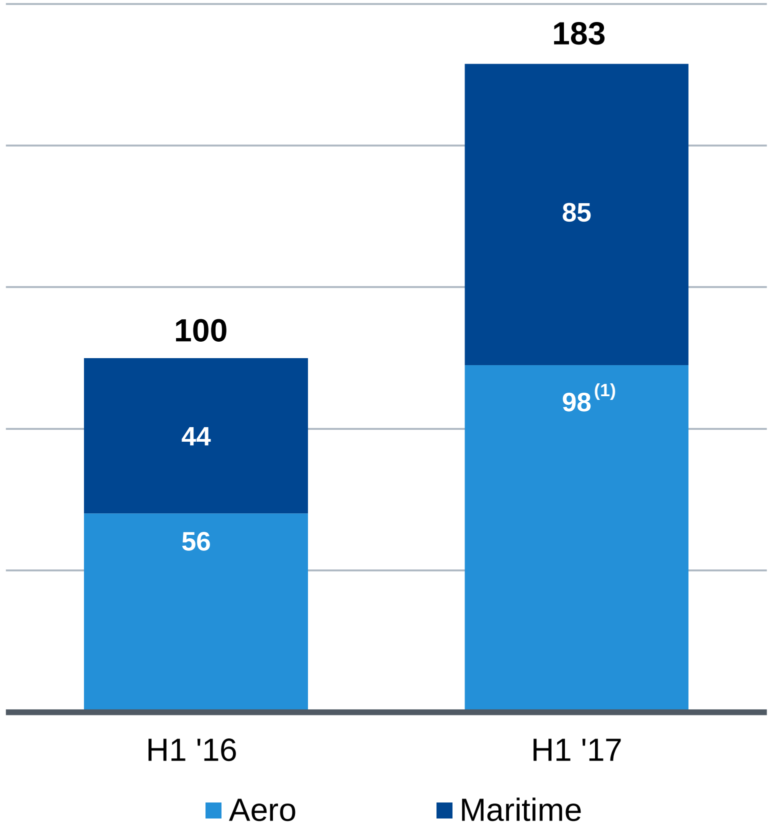
- **Double-digit growth in Aero**
  - Global Eagle Entertainment acquired payload on AMC-3 to boost capacity for customers
  - Two important additional contracts with Gogo covering existing fleet capacity
  - Successful launch of SES-15 to drive future growth with strong anchor customers
- **Double-digit growth in Maritime**
  - Contracting with major regional players in South East Asia (e.g. Patrakom and Primacom on SES-9)
  - Leveraging "Maritime+" solutions for shipping and cruise industry (e.g. GTMaritime and Silversea Cruise)

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016

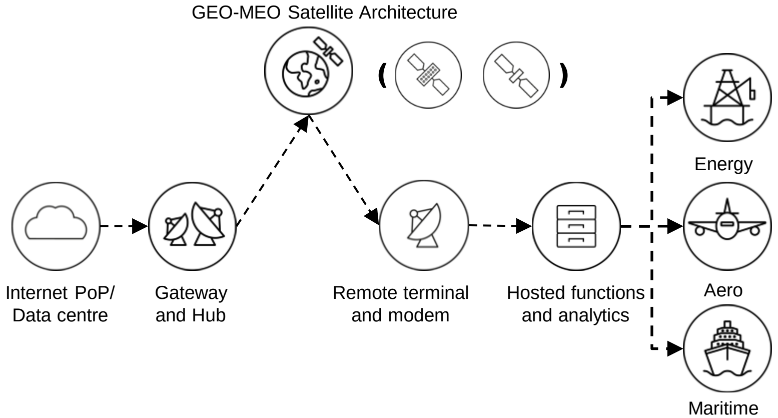
Double-Digit Growth in Mobility

Aero and Maritime revenue evolution

Indexed with H1 ‘16 = 100 (as reported at constant FX)



- Tailored solutions for mobility providers



- Providing ‘home-equivalent’ passenger experiences and other services

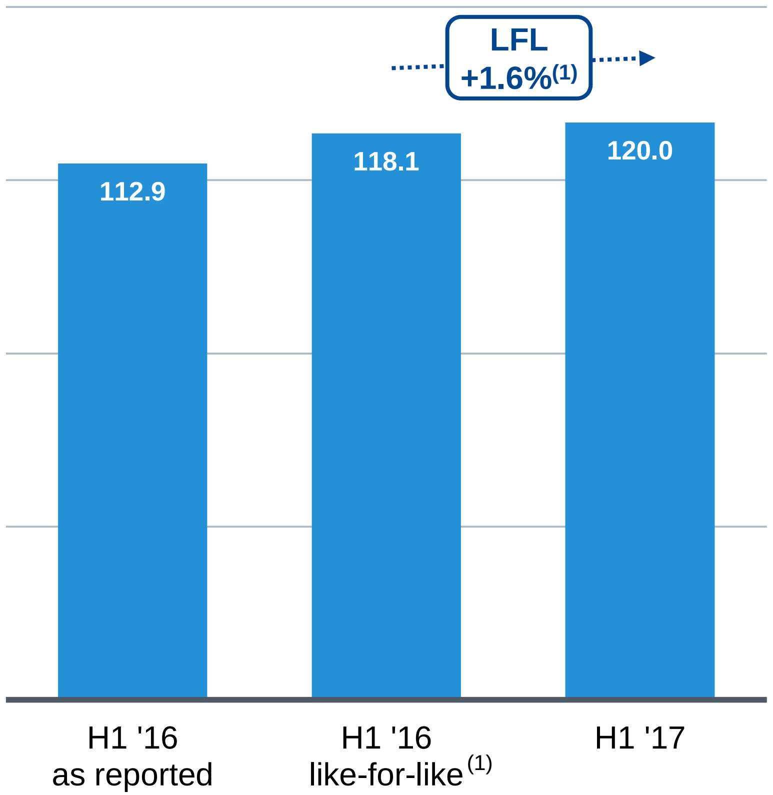
Global Eagle, gogo, Panasonic, THALES, Royal Caribbean International, SpeedCast, telenor maritime, MARLINK Connect smarter. Anywhere.

1) Includes second tranche of GEE deal EUR 17 million in Q1 ’17 (first tranche in H2 ’16)

Returning to Growth in Government

Revenue +6.3% as reported

EUR million



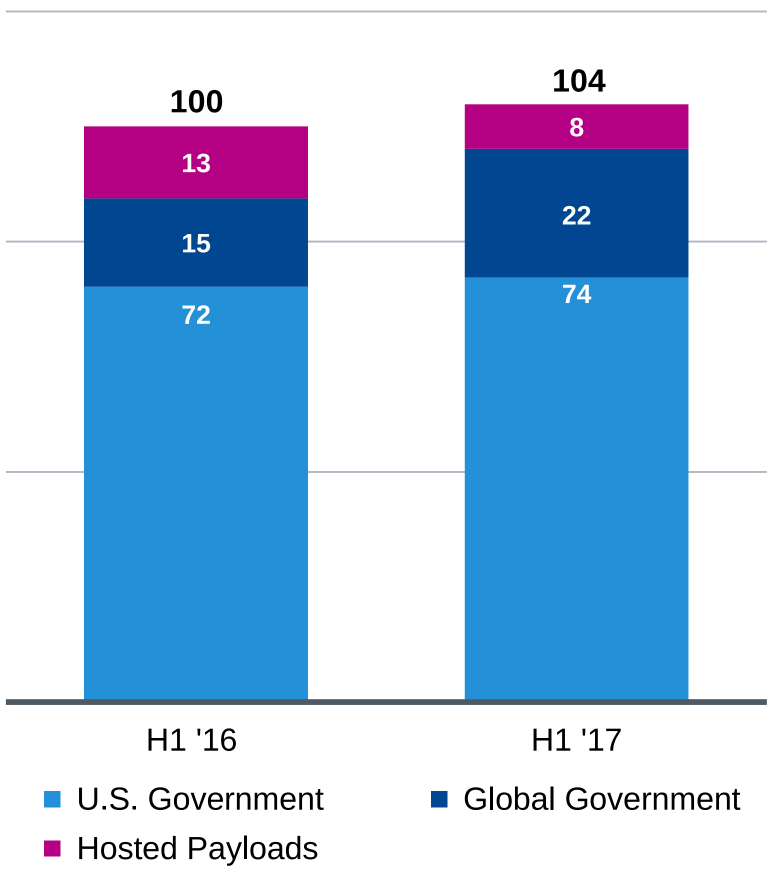
- Growing global government
  - Contribution from NATO AGS contract
  - MEO Government business continues to build traction
  - Extending SATMED until 2020
  - Launching Rapid Response Vehicle new “Government+” solutions for civilian applications
- U.S. Government stabilising
  - SES Government Solutions (SES GS) benefiting from GEO-MEO differentiation
  - SES GS contracted, on a multi-year basis, additional MEO services with U.S. Government client

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016

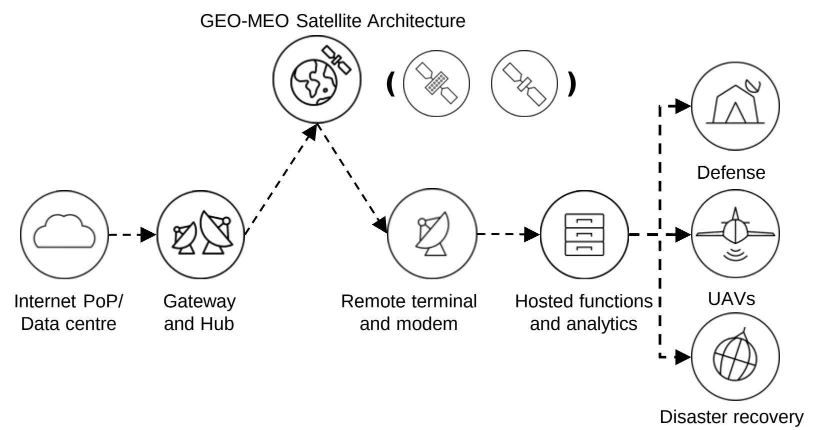
Growing Global Government; U.S. Government Stabilising

Government revenue evolution

Indexed with H1 '16 = 100 (as reported at constant FX)



- Secured solutions for military and civilian clients



- Delivering turnkey solutions for range of government applications

Delivering Profitable Growth and Returns

Returning to sustained and profitable growth in medium term

- 9.6% growth in reported revenue (down 1.5% like-for-like)[(1)]
- Improving trend in Video; strong growth in Networks
- Net profit increase of 21.2%

Deploying differentiated capabilities in each market vertical

- Nearly doubling reported revenue from integrated media solutions
- Expanding fixed data, mobility and government networks
- Development agreement with Boeing to deliver technology innovation

Applying a consistent financial framework

- Investing in future growth projects, underpinned with anchor clients
- Net debt to EBITDA 3.24 times
- Reducing recurring depreciation by 11.4% (like-for-like)[(1,2)]

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Excluding one-off impairment charge of EUR 38.4 million against AMC-9 in H1 2017

FINANCIAL REVIEW

Padraig McCarthy, CFO

Financial Highlights

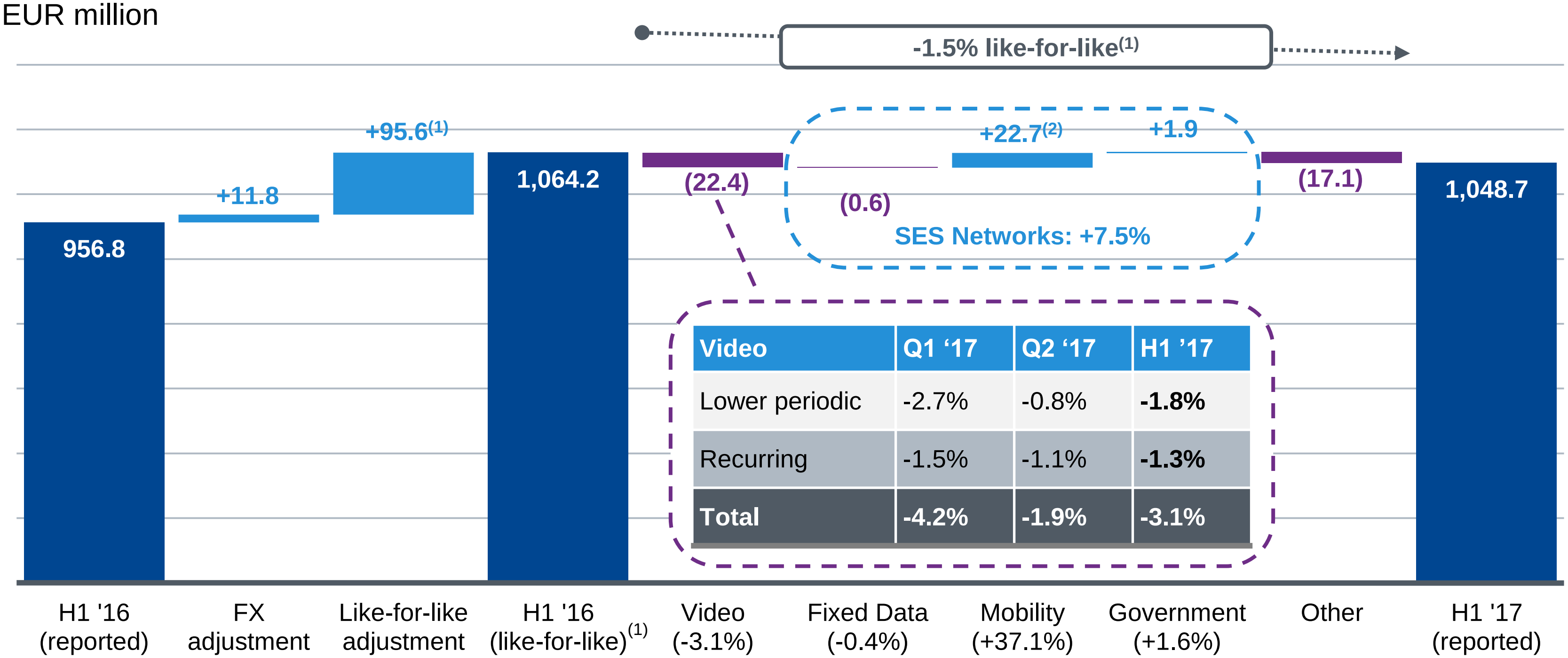
	H1 2017 EUR million	H1 2016 EUR million	Change	
			Reported	Like-for-like[1]
Revenue	1,048.7	956.8	+9.6%	-1.5%
EBITDA	687.1	699.8	-1.8%	-2.8%
EBITDA margin (like-for-like)[1]	*65.5%*	*66.4%*		
Operating profit	306.0	417.6	-26.7%	-8.1%
"Normalised" operating profit margin[1]	*32.8%[2]*	*31.3%*		
Profit attributable to SES shareholders	275.5	227.3	+21.2%	n/a
Net cash generated by operating activities	635.1	566.8	+12.1%	n/a
Free cash flow before financing activities	375.2	280.0	+34.0%	n/a
Net debt to EBITDA ratio[3]	3.24 times	2.03 times		
Contract backlog	EUR 7.5 billion	EUR 7.3 billion		

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016
2) Excluding one-off impairment charge of EUR 38.4 million against AMC-9 in H1 2017. H1 2017 reported operating profit margin was 29.2%
3) Based on rating agency methodology (hybrid bonds as 50% debt/50% equity). IFRS (hybrid bonds as 100% equity) net debt to EBITDA ratio was 2.79 times at 30 June 2017

Like-for-Like Revenue Down 1.5% (+9.6% as Reported)

Revenue walk

EUR million



Video	Q1 '17	Q2 '17	H1 '17
Lower periodic	-2.7%	-0.8%	**-1.8%**
Recurring	-1.5%	-1.1%	**-1.3%**
Total	**-4.2%**	**-1.9%**	**-3.1%**

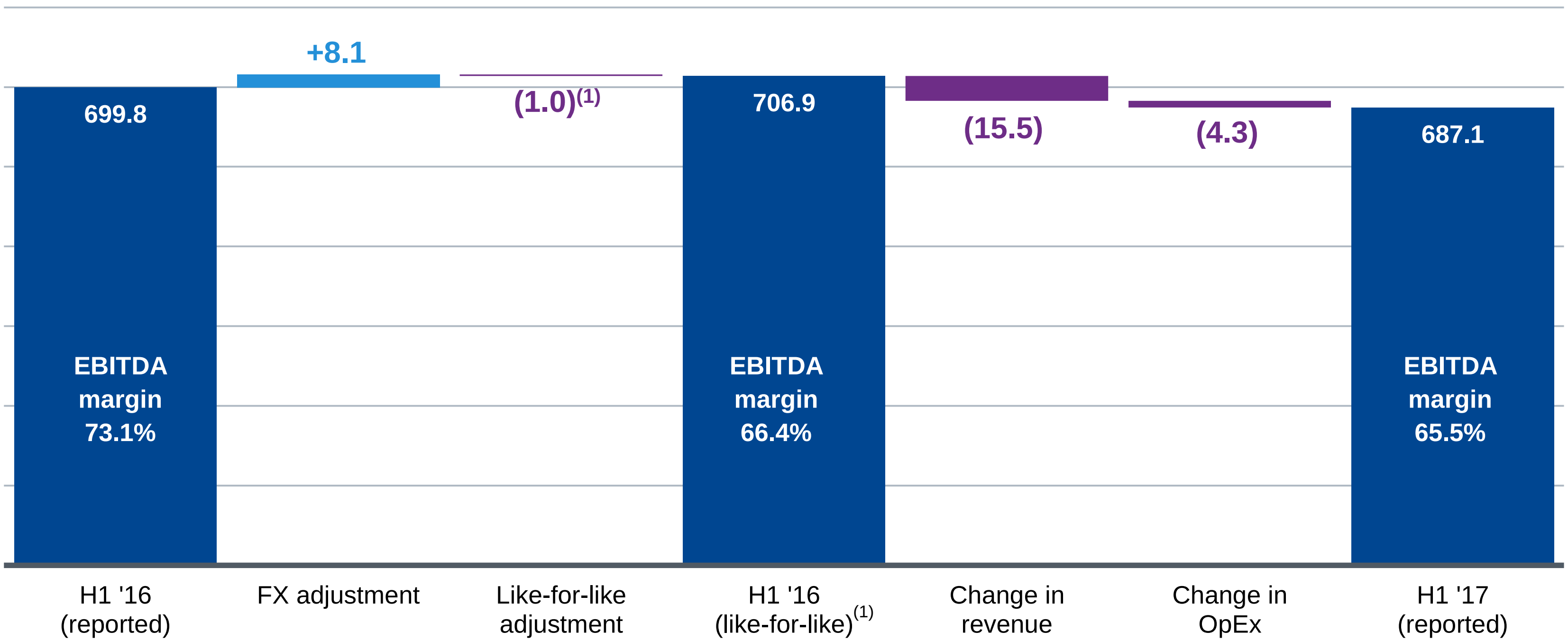
- Video sequential trend improved with normalisation of periodic revenue to continue over 2017
- Strong growth across Networks' verticals with GEO-MEO services differentiation
- 'Other' impact representing all of the overall 1.5% like-for-like revenue reduction

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016
2) Includes around EUR 17 million upfront revenue from agreement with Global Eagle Entertainment for AMC-3 in Q1 '17

Like-for-Like EBITDA 2.8% Lower (-1.8% as Reported)

EBITDA walk

EUR million



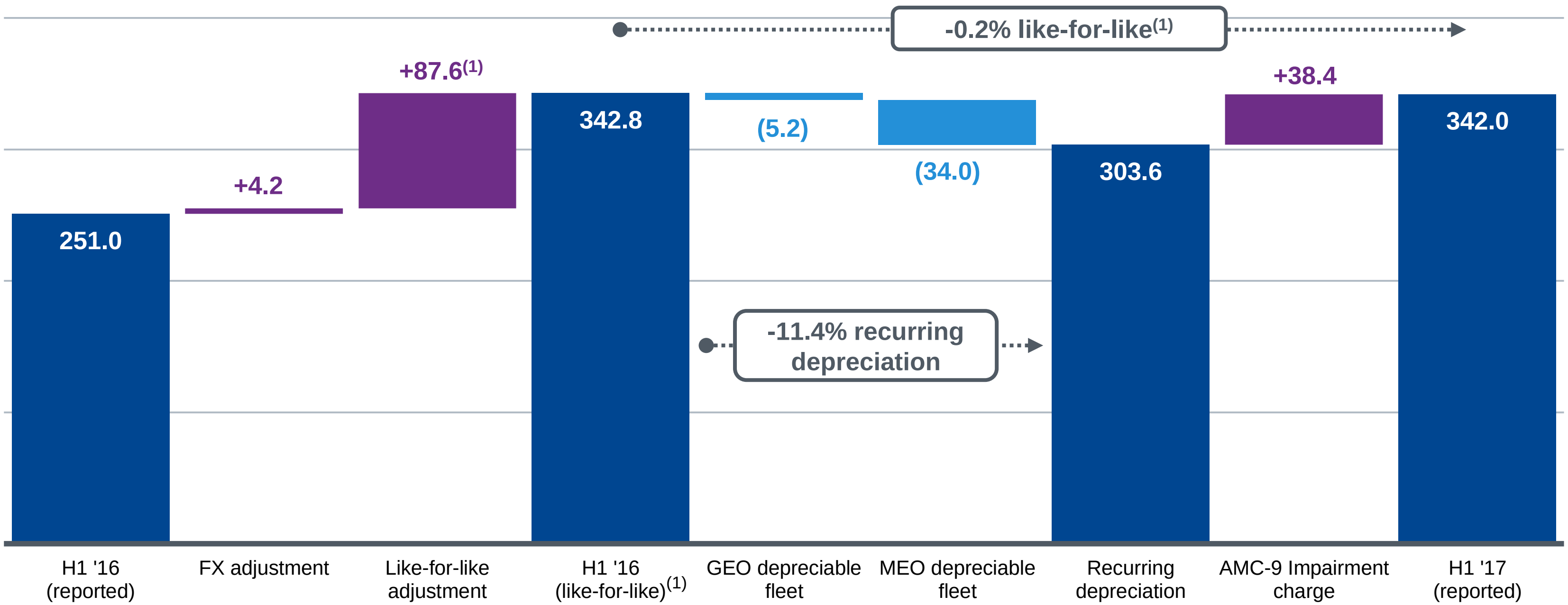
- OpEx increase due to higher variable cost of sales, associated with O3b and HD+ revenue growth

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016

Like-for-like Depreciation 0.2% Lower (+36.2% as Reported)

Depreciation walk

EUR million



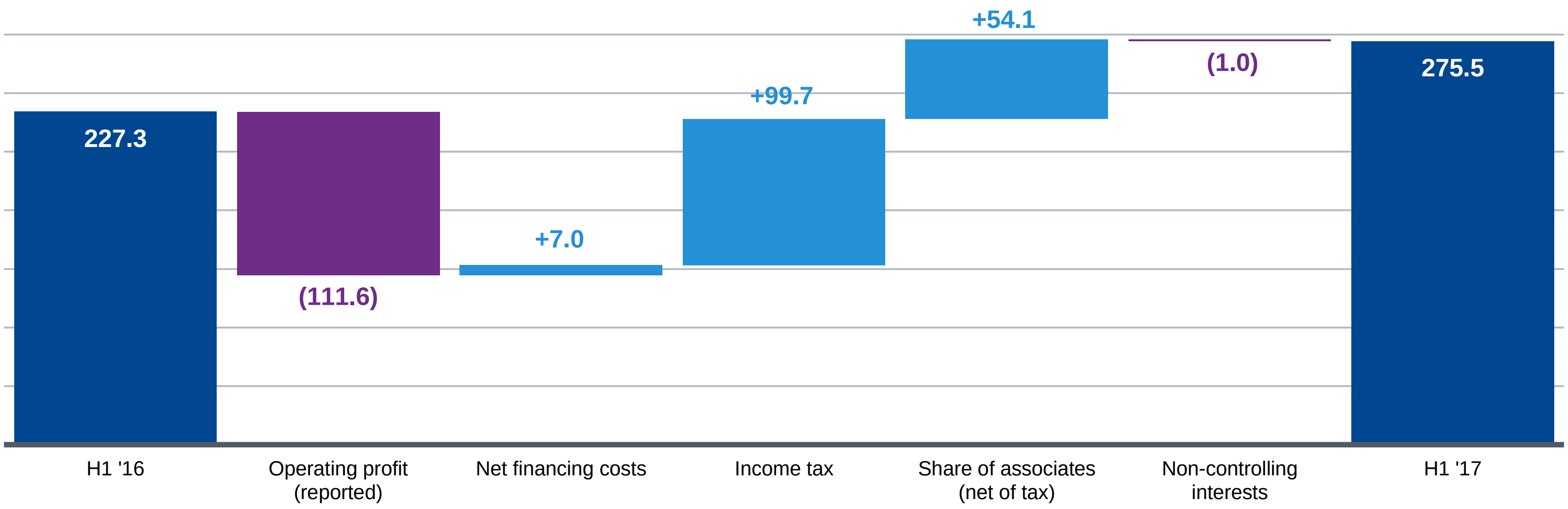
- Reducing recurring depreciation by 11.4% (like-for-like)[1,2]
- Amortisation expense of EUR 39.1 million (H1 2016: EUR 31.2 million)
- Operating profit margin at 32.8%, excluding AMC-9 impairment charge[2] (H1 2016 like-for-like: 31.3%)
- Reported operating profit of EUR 306.0 million (H1 2016: 417.6 million)

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Excluding one-off impairment charge of EUR 38.4 million against AMC-9 in H1 2017. H1 2017 reported operating profit margin was 29.2%

Net Profit up 21.2% to EUR 275.5 million

Net profit attributable to SES's shareholders walk

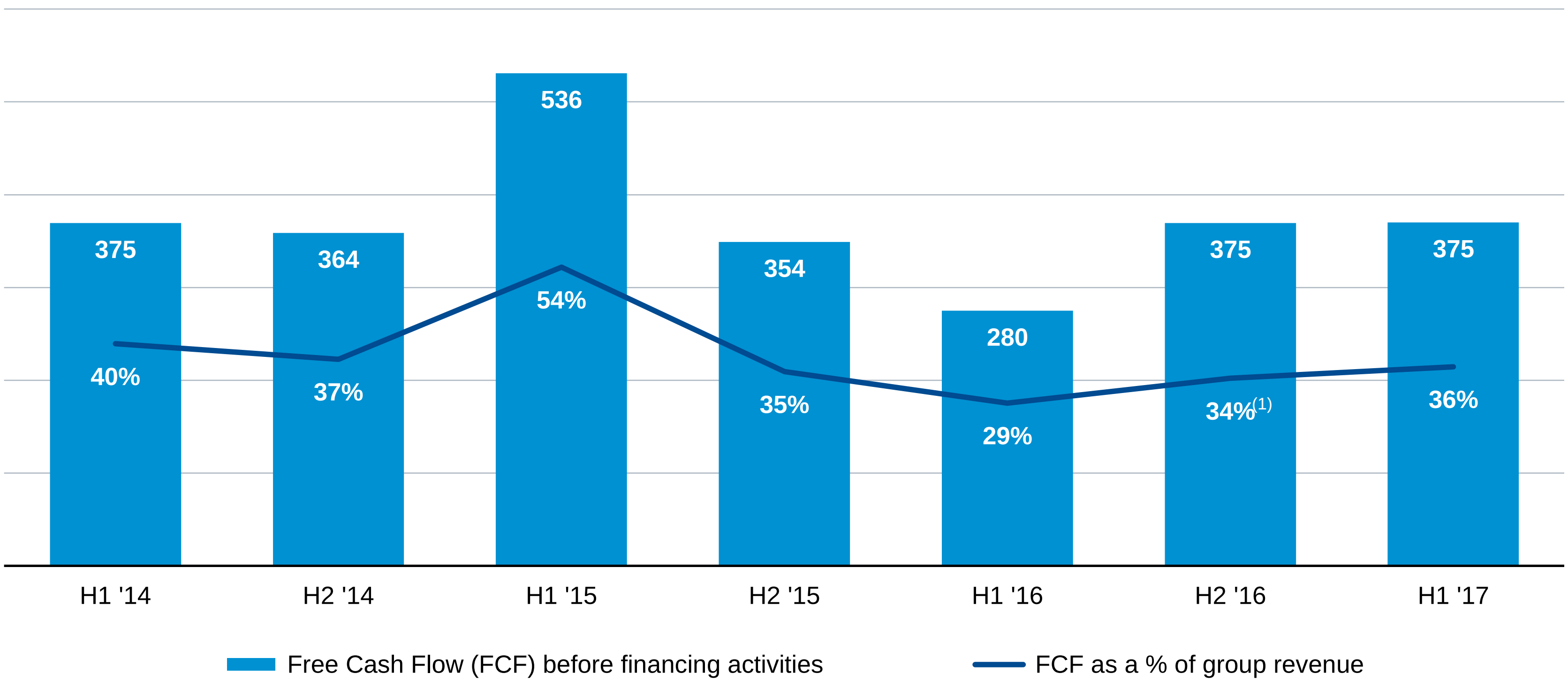
EUR million



- Finance costs included EUR 5.7 million net FX gain (H1 2016: EUR 1.8 million)
  - Additional costs from RR Media and O3b offset by lower same scope net interest and higher capitalised interest
- Positive contribution from income tax due to release of certain provisions and recognition of withholding tax asset
  - Effective tax rate of 13.1% excluding one-offs (H1 2016: 17.4%)
- Share of associates' result nil in H1 2017 following O3b consolidation in H2 2016

Strong Free Cash Flow Before Financing and Acquisitions

Free cash flow (FCF) before financing activities and acquisitions
EUR million



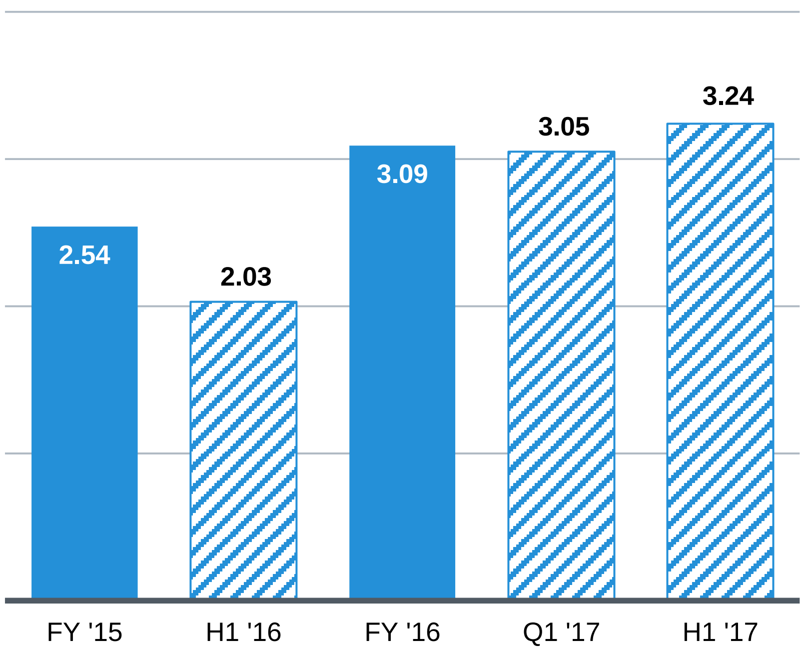
- Net operating cash flow +12.1% (YOY) increasing free cash flow versus prior year
- FCF before financing and acquisitions/revenue ratio in line with recent average

1) Excludes net investment cost of EUR 762.2 million (net of acquired cash)

Balance Sheet and Contract Backlog Remain Strong

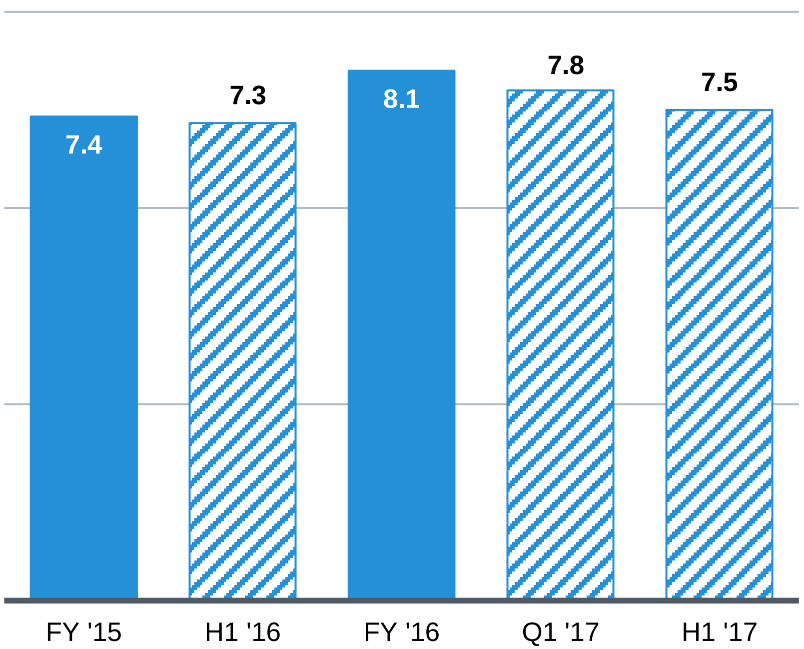
Net debt to EBITDA ratio

Times[1]



Fully protected contract backlog

EUR billion (as reported)



- Net debt to EBITDA in line with financial framework
- Substantial contract backlog underpins future growth acceleration

1) Based on rating agency methodology (hybrid bonds as 50% debt/50% equity) and includes last 12 months EBITDA from O3b and RR Media

Financial Outlook

FY 2017 Like-for-like[1]	Before impact of satellite health and launch changes	After impact of satellite health and launch changes
Video	Stable	Slight decline
Fixed Data	Returning to growth	Returning to growth
Mobility	Strong growth	Strong growth
Government	Stable to slight growth	Stable to slight growth
Other	EUR 5 - 10 million	EUR 5 - 10 million
EBITDA margin	Broadly stable	Broadly stable
Operating profit margin[2]	Improving	Improving

- Outlook unchanged, before satellite health and launch changes
- Impact of satellite health changes and updated launch schedule of EUR 37 - 47 million (FY 2017)

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Excluding one-off impairment charge against AMC-9 in H1 2017

Important Near-term Reduction in CapEx Expected

GEO-MEO Capital Expenditure (growth and replacement capacity)[1]

EUR million

- Expanding global network, with long-term anchor customers secured before procurement
- EUR 650-750 million of incremental revenue expected from GEO-MEO growth investments at 'steady-state'[2]
- Sustained revenue growth plus operational cost and CapEx efficiencies improving Return on Invested Capital to over 10% in the medium-term

1) Including payload, launch, capitalised interest and excluding financial or intangible investments (based on FX rate of EUR 1: USD 1.10)
2) Annualised revenue from recently added and forthcoming GEO-MEO investments which are expected to be launched by end-2019

APPENDIX

Future Satellite Capacity

	Launch date	Payload type	Incremental txps[3]	HTS capacity (GHz)	Launch provider
SES-10	Launched March 2017 (OSD by end May 2017)	Shaped	27	-	SpaceX
SES-15[1]	Launched May 2017 (OSD by end 2017)	Shaped/HTS	16	10	Soyuz
SES-11	Q4 2017 (from Q2 2017)	Shaped	-	-	SpaceX
SES-12[1]	Q1 2018 (from Q4 2017)	Shaped/HTS	8	14	SpaceX
SES-16/GovSat-1[2]	Q4 2017	Fully steerable	68	-	SpaceX
SES-14[1]	Q1 2018 (from Q4 2017)	Shaped/HTS	8	12	Ariane
O3b (satellites 13-16)	Q1 2018	HTS			
O3b (satellites 17-20)	H1 2019	HTS			
SES-17	H1 2021	HTS			

1) SES-12, SES-14 and SES-15 will be positioned using electric orbit raising, with entry into service some four to six months after launch date
2) Procured by LuxGovSat
3) 36 MHz equivalent
"OSD" refers to Operational Service Date

Operating Profit

EUR million	H1 2017	H1 2016	
		Reported	Like-for-like[1]
Revenue	1,048.7	956.8	1,064.2
Operating expenses	(361.6)	(257.0)	(357.3)
EBITDA	687.1	699.8	706.9
Depreciation *- Impairment charge against AMC-9* *- "Normalised" Depreciation*	(342.0) *(38.4)* *(303.6)*	(251.0) -- *(251.0)*	(342.8) -- *(342.8)*
Amortisation	(39.1)	(31.2)	(31.2)
Operating profit *- "Normalised" Operating profit[2]*	306.0 *344.4*	417.6 *417.6*	332.9 *332.9*
EBITDA margin	***65.5%***	***73.1%***	***66.4%***
Operating profit margin ***- "Normalised" Operating profit margin[2]***	***29.2%*** ***32.8%***	***43.7%*** ***43.7%***	***31.3%*** ***31.3%***

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016
2) Excluding one-off impairment charge of EUR 38.4 million against AMC-9 in H1 2017

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