SES
beyond frontiers

Press release

Half Year 2018 Results

LUXEMBOURG, 27 July 2018 -- SES S.A. announced solid financial results for the six months ended 30 June 2018, in line with the company's expectations, with double-digit underlying growth in SES Networks driving an increase in overall underlying group revenue.

Key financial highlights

- Reported revenue of EUR 981.4 million (H1 2017: EUR 1,048.7 million), down 0.5% at constant FX(1)
- Underlying revenue(2) of EUR 961.4 million; up 1.5%(1) (SES Video: -2.3%(1,2) and SES Networks +10.6%(1,2))
- H1 2018 EBITDA margin of 63.3% (H1 2017: 65.5%); 64.1% excluding restructuring charge of EUR 8.4 million
- Net profit attributable to SES shareholders of EUR 227.7 million (H1 2017: EUR 275.5 million)
- Free Cash Flow before financing of EUR 438.7 million, up 16.9% compared with H1 2017
- Reaffirming revenue and EBITDA outlook for 2018 with revenue expected within the top half of the range and supporting the previously implied group EBITDA of over EUR 1,270 million, albeit at modestly lower EBITDA margin
- Reaffirming 2020 revenue outlook for SES Networks with a more prudent forecast for SES Video. Updated 2020 EBITDA margin better reflects business mix going forward, with growing contribution of Networks and lower expectation for Video

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX(1)**
Revenue	**981.4**	1,048.7	-6.4%	-0.5%
EBITDA	**621.1**	687.1	-9.6%	-4.4%
Operating profit	**277.7**	306.0	-9.3%	-5.6%
Net profit attributable to SES shareholders	**227.7**	275.5	-17.3%	n/a
Earnings per share	**EUR 0.45**	EUR 0.56	-19.6%	n/a

1) Comparative figures are restated at constant FX to neutralise currency variations
2) Excluding periodic and other revenue (disclosed separately) that are not directly related to or would distort the underlying business trends

Steve Collar, President and CEO, commented: "We have delivered a strong first half of 2018, fully in line with our expectations and continuing our momentum from the first quarter. It is pleasing to see that our underlying revenues are growing again, fuelled by sustained performance from our Networks business and in particular from our aeronautical and government customer segments.

Our strong focus on execution in the core of our business delivered important renewals at our video neighbourhoods in Western Europe and the U.S., while we also secured new agreements to expand video platforms in Latin America and Eastern Europe.

Strong sales execution in SES Networks delivered important new contracts across all verticals, including in our Fixed Data business, as well as Mobility which continues to grow strongly. We also secured important new agreements in both our U.S. and Global government businesses and the strong growth in the first half of 2018 was underscored with the recent signature of an important 'Blanket Purchase Agreement' with the U.S. Government for services on our O3b fleet.

We have completed the review of the outlook, as described during our Q1 2018 results, and we are pleased to reaffirm our revenue and EBITDA outlook for 2018. Our expectation is that we will be able to deliver revenue within the top half of the range and deliver on our implied EBITDA, albeit with a modestly lower EBITDA margin. 2020 also looks solid. We have trimmed our expectations of our video business and adjusted our forecast EBITDA margin, reflecting the growing importance of SES Networks in our business mix and the end-to-end managed service nature of that business. Overall the picture for SES is a healthy one with a large and profitable video business, coupled with a dynamic and differentiated Networks business delivering double-digit year-on-year growth for the foreseeable future.

On the topic of U.S. C-band, I am pleased with the FCC's emphasis on the protection of incumbent users from harmful interference and the positioning of our market-based solution as a lead proposal in its recent meeting. Our solution will be able to deliver a landmark win-win, freeing up important spectrum quickly to support mid-band 5G roll-out across the U.S. while protecting and enhancing our video distribution neighbourhoods for the tens of millions of households that they serve."

Key business highlights

- Group revenue of EUR 981.4 million and EBITDA of EUR 621.1 million was in line with the company's expectations, with underlying revenue (excluding periodic and other) of EUR 961.4 million growing by 1.5% (at constant FX).
- The implementation of IFRS 15 accounting change is now expected to have no negative impact (previously EUR 15-20 million) as the standard makes an allowance for a transitional adjustment. The 2018 outlook has been restated accordingly, adding back the EUR 15-20 million, and an amount of EUR 10.4 million has been recorded in H1 2018 revenue.
- SES Video's underlying revenue of EUR 650.0 million in H1 2018 was 2.3% lower than H1 2017 at constant FX with growth in video services offsetting lower video distribution revenue. Q2 2018 underlying revenue of EUR 328.5 million included a EUR 10.4 million transitional adjustment, as noted above.
- Important renewals were signed across SES' core video neighbourhoods (including Viacom, M7 Group and Comcast). These complemented multi-year agreements in Latin America (PCTV) and Central and Eastern Europe (Telekom Srbija). MX1 signed additional business, notably to support the distribution of UHD broadcasting of the FIFA World Cup.
- SES Networks' underlying revenue of EUR 311.4 million was 10.6% higher than H1 2017 at constant FX. Mobility (+30.9%) and Government (+17.4%) delivered strong growth, while Fixed Data revenue (-5.6%) was lower than the prior period. SES Networks' underlying revenue in Q2 2018 was EUR 158.4 million (up 12.7% versus Q2 2017 at constant FX).
- The business continued to build momentum and secured important new agreements across all Networks' verticals with Fixed Data business (Wateen Telekom and Our Telekom); in Mobility (STECCOM and MSC) and in Government (Burkina Faso and the European Space Agency), as well as a Blanket Purchase Agreement with the U.S. Department of Defense.
- Periodic and other revenue in H1 2018 was EUR 20.0 million compared with EUR 39.6 million in H1 2017 at constant FX which included a significant up-front contribution from the sale of transponders to Global Eagle Entertainment.
- EBITDA margin of 63.3% included a restructuring charge of EUR 8.4 million associated with the group's on-going optimisation programme. Excluding this item, the EBITDA margin was 64.1%.
- Net profit attributable to SES shareholders of EUR 227.7 million in H1 2018 included a positive tax contribution related to the recognition of a deferred tax asset following the entry into service of SES-16/GovSat-1 in Q1 2018, as well as the transfer of the O3b Jersey business to Luxembourg in Q2 2018.
- Net debt to EBITDA ratio (as per the rating agency methodology) of 3.53 times increased from 3.27 times at Q4 2017 due mainly to the decrease in 12-month rolling EBITDA caused by FX and lower periodic and other revenue, as well as the higher proportion of capital expenditure, interest and dividend payments in the first half of 2018. The net debt to EBITDA ratio is expected to be below 3.30 times by the end of 2018.
- SES's fully protected contract backlog at 30 June 2018 stood at EUR 7.1 billion (30 June 2017: EUR 7.4 billion at constant FX). Over 90% of the 2018 expected group revenue is already contractually committed.

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OPERATIONAL REVIEW

Underlying revenue of EUR 961.4 million was EUR 14.4 million (or 1.5%) higher than H1 2017 at constant FX. Total group revenue included periodic and other revenue of EUR 20.0 million (H1 2017: EUR 43.6 million).

Second quarter 2018 underlying revenue of EUR 486.9 million was EUR 14.5 million (or 3.1%) higher at constant FX than the prior period. This included a transitional adjustment of EUR 10.4 million relating to the first year adoption of changes in IFRS 15, as noted above.

REVENUE BY BUSINESS UNIT

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX**
SES Video	**658.5**	699.7	-5.9%	-2.0%
- *Underlying*	**650.0**	693.2	-6.2%	-2.3%
- *Periodic*	**8.5**	6.5	n/m	n/m
SES Networks	**322.2**	343.5	-6.2%	+3.9%
- *Underlying*	**311.4**	311.9	-0.2%	+10.6%
- *Periodic*	**10.8**	31.6	n/m	n/m
Sub-total	**980.7**	1,043.2	-6.0%	-0.1%
- *Underlying*	**961.4**	1,005.1	-4.4%	+1.5%
- *Periodic*	**19.3**	38.1	n/m	n/m
Other[(1)]	**0.7**	5.5	n/m	n/m
Group Total	**981.4**	1,048.7	-6.4%	-0.5%

"Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material.

1) Other includes revenue not directly applicable to SES Video or SES Networks

SES Video: 67% of group revenue (H1 2017: 67%)

SES Video's underlying revenue of EUR 650.0 million was EUR 15.5 million (or 2.3%) lower than H1 2017 at constant FX. Total revenue for SES Video in H1 2018 included EUR 8.5 million of periodic revenue (H1 2017: EUR 6.5 million).

Second quarter 2018 underlying revenue of EUR 328.5 million was EUR 3.3 million (or 1.0%) lower at constant FX than the prior period and EUR 10.2 million (or 3.1%) lower at constant FX excluding the impact of IFRS 15 as noted above.

At H1 2018, SES distributed 7,941 total TV channels globally, up 3% compared with H1 2017 reflecting positive development across all major regions. 65.0% of total TV channels are now broadcast in MPEG-4 (H1 2017: 63.5%).

Acceleration of High Definition (HD) in Europe, North America and International markets led to a year-on-year increase of 7% in the global number of HDTV channels, now totalling 2,765, while the total number of commercial UHD channels also increased from 20 to 38 compared with H1 2017, mainly driven by new Ultra HD (UHD) TV channels launched in Europe.

SES VIDEO REVENUE BY VERTICAL

			Change (%)	
EUR million	H1 2018	H1 2017	Reported	Constant FX
Video Distribution	**495.5**	537.5	-7.8%	-3.7%
- *Underlying*	**487.0**	531.0	-8.3%	-4.2%
- *Periodic*	**8.5**	6.5	n/m	n/m
Video Services	**163.0**	162.2	+0.5%	+3.7%
- *Underlying*	**163.0**	162.2	+0.5%	+3.7%
- *Periodic*	**--**	--	n/m	n/m
SES Video	**658.5**	699.7	-5.9%	-2.0%
- *Underlying*	**650.0**	693.2	-6.2%	-2.3%
- *Periodic*	**8.5**	6.5	n/m	n/m

Video Distribution

Underlying revenue in H1 2018 was 4.2% lower than H1 2017.

European distribution revenue remained stable compared with H1 2017.

North America decreased, as anticipated, due to the lower volume from the switch-off of SD TV channels that had already been replaced with HD, as well as lower revenue from the occasional use business.

In International, there is an encouraging commercial pipeline for SES-9 and SES-10 which will support the gradual ramp-up of these new assets. This will offset the impact of market conditions which remain challenging in the near term, contributing to lower (year-on-year) underlying revenue.

Second quarter 2018 underlying revenue of EUR 242.7 million was 4.2% lower (constant FX) than the prior period.

Video Services

Underlying revenue was 3.7% higher in H1 2018 compared with the prior period.

The HD+ business grew as a result of the increase in the annual subscription fee (from EUR 60 per annum to EUR 70 per annum) that was introduced at the start of Q2 2017.

This was complemented by stability in MX1 revenue as new business in Europe, bundling capacity and services, offset non-renewal of certain legacy contracts.

Second quarter 2018 underlying revenue of EUR 85.8 million was 9.5% higher (constant FX) including the EUR 10.4 million transitional adjustment relating to IFRS 15, as noted above.

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SES Networks: 33% of group revenue (H1 2017: 33%)

Underlying revenue of EUR 311.4 million was EUR 29.8 million (or 10.6%) higher than H1 2017 at constant FX reflecting new revenue in aeronautical mobility, as well as growth in both U.S. and Global Government revenue.

Total revenue for SES Networks in H1 2018 included EUR 10.8 million of periodic revenue. This compared with periodic revenue of EUR 31.6 million in H1 2017 which included the second of two significant up-front revenue contributions from the sale of transponders to Global Eagle Entertainment.

Second quarter 2018 underlying revenue of EUR 158.4 million was 12.7% higher (constant FX) than the prior period.

SES NETWORKS REVENUE BY VERTICAL

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX**
Government	**131.0**	120.1	+9.1%	+19.2%
- *Underlying*	**123.2**	115.1	+7.1%	+17.4%
- *Periodic*	**7.8**	5.0	n/m	n/m
Fixed Data	**114.0**	139.6	-18.4%	-9.4%
- *Underlying*	**111.0**	130.6	-15.0%	-5.6%
- *Periodic*	**3.0**	9.0	n/m	n/m
Mobility	**77.2**	83.8	-7.8%	+4.0%
- *Underlying*	**77.2**	66.2	+16.6%	+30.9%
- *Periodic*	**--**	17.6	n/m	n/m
SES Networks	**322.2**	343.5	-6.2%	+3.9%
- *Underlying*	**311.4**	311.9	-0.2%	+10.6%
- *Periodic*	**10.8**	31.6	n/m	n/m

Government

Underlying revenue grew by 17.4% in H1 2018, compared with H1 2017.

There was strong growth in U.S. Government business which was driven by the significant incremental adoption of SES Networks' O3b-based services by the U.S. Department of Defense.

Global Government revenue also saw strong growth as the extension and expansion of service commitments was complemented by the commencement of services on SES-16/GovSat-1 which entered into commercial operation at the end of Q1 2018.

Second quarter 2018 underlying revenue of EUR 63.8 million was 21.7% higher (constant FX) than the prior period.

Fixed Data

Underlying revenue in H1 2018 was down 5.6% year-on-year at constant FX.

Revenue in the Americas and Asia grew benefiting from the on-going expansion of managed service agreements supporting telecommunications companies and mobile network operators to extend their 3G and 4G network reach.

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Fixed Data revenue in Europe, the Middle East and Africa were lower (year-on-year) reflecting the impact of lower wholesale capacity revenue which offset positive momentum on the O3b Medium Earth Orbit (MEO) fleet.

Second quarter 2018 underlying revenue of EUR 54.8 million was 5.3% lower (constant FX) than the prior period.

Mobility

Underlying revenue grew by 30.9%, versus H1 2017, driven by strong demand from aeronautical service providers in North America following the entry into service of SES-15 in January 2018.

Maritime revenue was marginally negative (year-on-year) as lower equipment-related revenue offset a positive contribution from services contracted by new customers recently secured in cruise.

Second quarter 2018 underlying revenue of EUR 39.8 million was 31.3% higher (constant FX) than the prior period.

Other Revenue

Other revenue includes transactions not directly applicable to SES Video or SES Networks and was EUR 0.7 million in H1 2018, compared with EUR 5.5 million in H1 2017. This included EUR 0.5 million in the second quarter 2018 (Q2 2017: nil).

Future satellite capacity and fleet update

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
SES-12(1)	Asia-Pacific	Video, Fixed Data, Mobility	Launched (June 2018)
SES-14(1)	Latin America	Video, Fixed Data, Mobility	Launched (January 2018)
SES-16/GovSat-1(2)	Europe/MENA	Government	Launched (January 2018)
O3b (satellites 13-16)	Global	Fixed Data, Mobility, Government	Launched (March 2018)
O3b (satellites 17-20)	Global	Fixed Data, Mobility, Government	H1 2019
SES-17	Americas	Fixed Data, Mobility, Government	H1 2021
O3b mPOWER (satellites 1-7)	Global	Fixed Data, Mobility, Government	H1 2021

1) To be positioned using electric orbit raising (entry into service typically around six months after launch)
2) Procured by GovSat

The first six months of 2018 was an important and successful period, as SES-14, SES-16/GovSat-1, four additional O3b satellites (satellites 13 to 16) and SES-12 were launched, adding important future growth capabilities.

SES-16/GovSat-1 entered into service in March 2018, while O3b satellites 13 to 16 are now augmenting the existing constellation of 12 MEO satellites. SES-14 and SES-12 are expected to enter into service by Q4 2018 and Q1 2019, respectively.

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Financial Outlook

Following the review by the incoming CEO and CFO, the 2018 revenue outlook is unchanged and expected to be within the top half of the range, driven by strong growth in SES Networks' revenue. This performance supports the previously implied Group EBITDA for 2018 of over EUR 1,270 million (as shown below), notwithstanding the updated EBITDA margin which reflects the increasing contribution of SES Networks to the overall business.

Group revenue is expected to grow between 2018 and 2020, fuelled by the strong growth outlook for SES Networks which is re-affirmed. The outlook for SES Video revenue in 2020 is updated to reflect a more prudent expectation for the business.

Over the same period, Group EBITDA is also expected to grow as the additional revenue from SES Networks more than offsets the lower expected EBITDA margin profile; in line with SES' strategy of delivering best-in-class managed services and changing business mix.

Establishing SES as an integrated provider of media and connectivity solutions will allow the business to maximise customer retention and satisfaction; develop and capture new growth opportunities; increase scale and operational leverage; enhance competitive advantage and enable SES to deliver sustained and profitable growth over the medium-to-long term.

	FY 2018[(1)]	FY 2020
SES Video revenue	EUR 1,320 - 1,335 million	EUR 1,250 - 1,300 million *(from over EUR 1,350 million)*
SES Networks revenue	EUR 660 - 690 million	EUR 850 - 900 million *(from over EUR 875 million)*
Other revenue	Approximately EUR 10 million	Approximately EUR 10 million
Total revenue	EUR 1,990 - 2,035 million *(within the top half of the range)*	EUR 2,110 - 2,210 million *(from over EUR 2,235 million)*
EBITDA margin	Approximately 63% *(from 64% - 64.5%)*	62% - 64% *(from over 65%)*
Implied Group EBITDA	Over EUR 1,270 million[(2)]	EUR 1,340 - 1,410 million *(from over EUR 1,450 million)*

Financial outlook assumes EUR/USD exchange rate of 1.15, nominal launch schedule and satellite health status. EBITDA outlook for FY 2018 includes a restructuring charge of EUR 10-12 million (of which EUR 8.4 million was recognised in H1 2018)
1) FY 2018 financial outlook has been restated to reflect the group's updated expectation that there will be no impact from the changes to IFRS 15 on SES Video revenue, as compared with the previous outlook of a reduction of EUR 15 - 20 million
2) FY 2018 implied Group EBITDA is calculated based on total revenue of EUR 2,010 million (being the mid-point of the range), or above, and the updated EBITDA margin of around 63%. Previously implied Group EBITDA was calculated based on total restated revenue of EUR 1,990 million (being the low end of the range) and an EBITDA margin of 64% which is equal to EUR 1,270 million

FINANCIAL REVIEW

Income Statement

REVENUE, OPERATING EXPENSES AND EBITDA

EUR million	H1 2018	H1 2017	Change	Change (%)
Revenue	**981.4**	1,048.7	(67.3)	-6.4%
Revenue (constant FX)	**981.4**	986.7	(5.3)	-0.5%
Operating expenses	**(360.3)**	(361.6)	+1.3	+0.3%
Operating expenses (constant FX)	**(360.3)**	(337.2)	(23.1)	-6.9%
EBITDA	**621.1**	687.1	(66.0)	-9.6%
EBITDA (constant FX)	**621.1**	649.5	(28.4)	-4.4%

Reported **revenue** was EUR 67.3 million lower than the prior period, of which EUR 62.0 million (over 90%) was as a result of the weaker U.S. dollar since H1 2017. At constant FX, lower periodic and other revenue in H1 2018 offset growth in underlying revenue which increased by EUR 14.4 million (or 1.5%).

Operating expenses were EUR 1.3 million lower as reported and EUR 23.1 million higher at constant FX including a restructuring charge of EUR 8.4 million as part of the roll-out of a company-wide optimisation programme. The balance of the movement at constant FX reflects higher operating expenses, primarily to support the expansion of SES Networks, as this segment captures new business from fast-growing data-centric demand.

Group **EBITDA** of EUR 621.1 million in H1 2018 represented an EBITDA margin of 63.3% (H1 2017: 65.5%) and 64.1% excluding the restructuring charge.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	H1 2018	H1 2017	Change	Change (%)
Depreciation and impairment expense	**(303.5)**	(342.0)	+38.5	+11.3%
Amortisation expense	**(39.9)**	(39.1)	(0.8)	-2.0%
Depreciation, impairment and amortisation	**(343.4)**	(381.1)	+37.7	+9.9%
Depreciation, impairment and amortisation (constant FX)	**(343.4)**	(355.5)	+12.1	+3.4%
Operating profit	**277.7**	306.0	(28.3)	-9.3%
Operating profit (constant FX)	**277.7**	294.0	(16.3)	-5.6%

Reported **depreciation, impairment and amortisation expense** reduced by EUR 37.7 million to EUR 343.4 million. This reflected the impact of the weaker U.S. dollar and the impairment charge of EUR 38.4 million expensed in the prior period. These items offset an increase driven by the entry into service of new satellites since 30 June 2017.

Group **operating profit** represented an operating profit margin of 28.3% (H1 2017: 29.2%) including the restructuring charge of EUR 8.4 million.

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	H1 2018	H1 2017	Change	Change (%)
Net interest expense and other	**(94.1)**	(96.1)	+2.0	+2.1%
Capitalised interest	**17.8**	21.8	(4.0)	-18.1%
Net foreign exchange gains	**1.1**	5.7	(4.6)	-80.9%
Net financing costs	**(75.2)**	(68.6)	(6.6)	-9.5%
Profit before tax	**202.5**	237.4	(34.9)	-14.7%
Income tax benefit/(expense)	**40.9**	40.1	+0.8	+2.0%
Profit after tax	**243.4**	277.5	(34.1)	-12.3%
Non-controlling interests	**(15.7)**	(2.0)	(13.7)	n/m
Profit attributable to SES shareholders	**227.7**	275.5	(47.8)	-17.3%
Coupon on hybrid (perpetual) bond, net of tax	**(23.8)**	(23.5)	(0.3)	-1.3%
Adjusted profit attributable to SES shareholders	**203.9**	252.0	(48.1)	-19.1%
Earnings per A Class share	***EUR 0.45***	*EUR 0.56*	*EUR (0.11)*	*-19.6%*

Net financing costs were EUR 6.6 million higher than H1 2017 which included a net foreign exchange gain of EUR 5.7 million. Excluding this gain, net financing costs were slightly higher than the prior period as lower capitalised interest offset lower net interest expense.

The positive **income tax** contribution included the recognition of a one-time deferred tax asset relating to SES-16/GovSat-1 in Q1 2018, as well as the transfer of the O3b Jersey business to Luxembourg in Q2 2018. The group's normalised **effective tax rate** was 27.3% in H1 2018 (H1 2017: 13.1%).

The recognition of the deferred tax asset relating to SES-16/GovSat-1 is also the principal reason for the increase in **non-controlling interests** as the satellite is owned by GovSat, a 50/50 public private partnership between SES and the Government of Luxembourg.

Consequently, **net profit attributable to SES shareholders** of EUR 227.7 million (H1 2017: EUR 275.5 million) represented **earnings per share** of EUR 0.45 (H1 2017: EUR 0.56) after deducting the assumed coupon (net of tax) for the group's hybrid (perpetual) bonds.

Cash Flow and Financing

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

EUR million	H1 2018	H1 2017	Change	Change (%)
Net cash generated by operating activities	**688.0**	635.1	+52.9	+8.3%
Net cash absorbed by investing activities	**(249.3)**	(259.9)	+10.6	+4.1%
Free cash flow before financing activities	**438.7**	375.2	+63.5	+16.9%

Net cash generated by operating activities was EUR 52.9 million above the prior year including positive changes in working capital.

Higher cash generated by operating activities and lower **net cash absorbed by investing activities** resulted in an increase of EUR 63.5 million (or +16.9%) in **free cash flow before financing activities** compared with the prior year. Consequently, the ratio of free cash flow before financing activities to revenue increased from 35.8% in 2017 to 44.7% in 2018.

NET DEBT TO EBITDA RATIO

EUR million	30 June 2018	31 December 2017	Change	Change (%)
Borrowings[(1)]	**4,472.3**	3,947.9	+524.4	+13.3%
Cash and cash equivalents	**(685.1)**	(269.6)	(415.5)	-154.1%
Net debt	**3,787.2**	3,678.3	+108.9	+3.0%
Net debt / EBITDA (rating agency)[(2)]	**3.53 times**	3.27 times	0.26 times	+8.0%
Weighted average interest cost[(3)]	**3.56%**	3.79%		
Weighted average debt maturity	**6.7 years**	7.0 years		

1) As presented using IFRS recognition principles, where hybrid (perpetual) bonds are treated as 100% equity
2) Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity
3) Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

The group's Net debt to EBITDA ratio (as per the rating agency methodology which treats the hybrid bonds as 50% debt and 50% equity) at 30 June 2018 of 3.53 times (30 June 2017: 3.24 times) increased from 3.27 times at 31 December 2017 due mainly to the decrease in 12-month rolling EBITDA caused by FX, lower periodic and other revenue, as well as the higher proportion of capital expenditure, interest and dividend payments in the first half of 2018. The net debt to EBITDA ratio is expected to be below 3.30 times at the end of 2018.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE

EUR million	2018	2017
Average EUR/USD exchange rate	***1.2127***	*1.0789*
Revenue	**981.4**	1,048.7
Operating expenses	**(360.3)**	(361.6)
EBITDA[(1)]	**621.1**	687.1
EBITDA margin	***63.3%***	*65.5%*
Depreciation and impairment expense	**(303.5)**	(342.0)[(3)]
Amortisation expense	**(39.9)**	(39.1)
Operating profit	**277.7**	306.0
Operating profit margin	***28.3%***	*29.2%*
Net financing costs	**(75.2)**	(68.6)
Profit before tax	**202.5**	237.4
Income tax benefit/(expense)	**40.9**[(4)]	40.1
Profit after tax	**243.4**	277.5
Non-controlling interests	**(15.7)**[(4)]	(2.0)
Profit attributable to owners of the parent	**227.7**	275.5
Earnings per share (in EUR)[(2)]		
Class A shares	**0.45**	0.56
Class B shares	**0.18**	0.22

1) Earnings before interest, tax, depreciation, amortisation and share of associates' result (net of tax)
2) Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the assumed coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share
3) Includes impairment charge of EUR 38.4 million against AMC-9
4) Includes recognition of one-time deferred tax asset in Q1 2018, following the entry into service of SES-16/GovSat-1 (owned by GovSat, a 50/50 public private partnership between SES and the Government of Luxembourg), resulting in a corresponding increase in non-controlling interests

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30 June 2018	31 December 2017
EUR/USD exchange rate at closing	***1.1658***	*1.1993*
Property, plant and equipment	**5,036.5**	4,591.4
Assets in the course of construction	**1,041.8**	1,480.2
Intangible assets	**4,721.5**	4,630.9
Deferred tax assets	**148.4**	70.4
Trade and other receivables	**309.2**	317.8
Deferred customer contract costs	**13.7**	15.2
Other financial assets	**6.9**	5.0
Total non-current assets	**11,278.0**	11,110.9
Inventories	**33.4**	30.1
Trade and other receivables	**525.1**	648.2
Deferred customer contract costs	**16.1**	10.4
Prepayments	**52.9**	43.7
Derivatives	**7.7**	2.6
Income tax receivable	**3.3**	68.9
Cash and equivalents	**685.1**	269.6
Total current assets	**1,323.6**	1,073.5
Total assets	**12,601.6**	12,184.4
Equity attributable to the owners of the parent	**5,947.7**	5,987.9
Non-controlling interests	**139.2**	124.6
Total equity	**6,086.9**	6,112.5
Borrowings	**3,504.8**	3,413.8
Provisions	**46.3**	41.2
Deferred income	**420.7**	477.3
Deferred tax liabilities	**435.5**	438.5
Other long-term liabilities	**125.5**	76.1
Lease liabilities	**30.3**	-
Fixed assets suppliers	**92.4**	53.4
Total non-current liabilities	**4,655.5**	4,500.3
Borrowings	**967.5**	534.1
Provisions	**15.6**	12.7
Deferred income	**438.7**	443.2
Trade and other payables	**362.2**	385.6
Derivatives	**--**	0.6
Income tax liabilities	**37.1**	68.8
Lease liabilities	**10.4**	-
Fixed assets suppliers	**27.7**	126.6
Total current liabilities	**1,859.2**	1,571.6
Total liabilities	**6,514.7**	6,071.9
Total equity and liabilities	**12,601.6**	12,184.4

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE

EUR million	2018	2017
Profit before tax	**202.5**	237.4
Taxes received/ (paid) during the year (net)	**3.6**	(45.9)
Adjustment for non-cash items	**395.9**	395.3
Consolidated operating profit before working capital changes	**602.0**	586.8
Changes in working capital	**86.0**	48.3
Net operating cash flow	**688.0**	635.1
Payments for purchases of intangible assets	**(15.1)**	(10.9)
Payments for purchases of tangible assets	**(231.6)**	(239.7)
Other investing activities	**(2.6)**	(9.3)
Cash flow from investing activities	**(249.3)**	(259.9)
Free cash flow before financing activities	**438.7**	375.2
Proceeds from borrowings	**500.0**	34.5
Repayment of borrowings	**(26.9)**	(68.7)
Coupon paid on perpetual bond	**(65.6)**	(24.7)
Dividends paid on ordinary shares, net of dividends received on treasury shares	**(327.3)**	(547.3)
Dividends paid to non-controlling interests	**(3.1)**	(3.5)
Interest paid on borrowings	**(102.8)**	(110.1)
Payments for acquisition of treasury shares	**(0.6)**	(42.6)
Proceeds from treasury shares sold and exercise of stock options	**0.1**	40.8
Lease payments	**(5.2)**	--
Other financing activities	**(0.7)**	0.1
Cash flow from financing activities	**(32.1)**	(721.5)
Free cash flow after financing activities	**406.6**	(346.3)
Net foreign exchange movements	**8.9**	(6.4)
Net increase/(decrease) in cash and equivalents	**415.5**	(352.7)
Cash and equivalents at beginning of the period	**269.6**	587.5
Cash and equivalents at end of the period	**685.1**	234.8

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Supplementary information:

QUARTERLY REVENUE BY VERTICAL (REPORTED)

	Revenue (reported)			Change (YOY) at constant FX		
EUR million	**Q1 2018**	**Q2 2018**	**H1 2018**	**Q1 2018**	**Q2 2018**	**H1 2018**
Video Distribution	247.2	248.3	**495.5**	-4.3%	-3.1%	-3.7%
- *Underlying*	244.3	242.7	**487.0**	-4.2%	-4.2%	-4.2%
- *Periodic*	2.9	5.6	**8.5**	n/m	n/m	n/m
Video Services	77.2	85.8	**163.0**	-2.0%	+9.5%	+3.7%
- *Underlying*	77.2	85.8	**163.0**	-2.0%	+9.5%	+3.7%
- *Periodic*	--	--	**--**	n/m	n/m	n/m
SES Video	324.4	334.1	**658.5**	-3.8%	-0.2%	-2.0%
- *Underlying*	321.5	328.5	**650.0**	-3.6%	-1.0%	-2.3%
- *Periodic*	2.9	5.6	**8.5**	n/m	n/m	n/m
Government	59.4	71.6	**131.0**	+12.0%	+26.0%	+19.2%
- *Underlying*	59.4	63.8	**123.2**	+13.0%	+21.7%	+17.4%
- *Periodic*	--	7.8	**7.8**	n/m	n/m	n/m
Fixed Data	56.2	57.8	**114.0**	-11.1%	-7.7%	-9.4%
- *Underlying*	56.2	54.8	**111.0**	-6.0%	-5.3%	-5.6%
- *Periodic*	--	3.0	**3.0**	n/m	n/m	n/m
Mobility	37.4	39.8	**77.2**	-14.8%	+31.3%	+4.0%
- *Underlying*	37.4	39.8	**77.2**	+30.4%	+31.3%	+30.9%
- *Periodic*	--	--	**--**	n/m	n/m	n/m
SES Networks	153.0	169.2	**322.2**	-4.5%	+13.0%	+3.9%
- *Underlying*	153.0	158.4	**311.4**	+8.5%	+12.7%	+10.6%
- *Periodic*	--	10.8	**10.8**	n/m	n/m	n/m
Sub-total	477.4	503.3	**980.7**	-4.0%	+3.9%	-0.1%
- *Underlying*	474.5	486.9	**961.4**	0.0%	+3.1%	+1.5%
- *Periodic*	2.9	16.4	**19.3**	n/m	n/m	n/m
Other(1)	0.2	0.5	**0.7**	n/m	n/m	n/m
Group Total	**477.6**	**503.8**	**981.4**	**-4.9%**	**+4.0%**	**-0.5%**

"Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of capacity; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material.

1) Other includes revenue not directly applicable to SES Video or SES Networks

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QUARTERLY INCOME STATEMENT (AS REPORTED)

EUR million	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Average EUR/USD exchange rate	*1.0947*	*1.1655*	*1.1764*	*1.2221*	***1.2033***
Revenue	508.1	478.5	507.8	477.6	**503.8**
Operating expenses	(178.6)	(171.0)	(178.2)	(173.2)	**(187.1)**
EBITDA	329.5	307.5	329.6	304.4	**316.7**
EBITDA margin	*64.8%*	*64.3%*	*64.9%*	*63.7%*	***62.9%***
Depreciation and impairment	(190.5)[(1)]	(146.0)	(147.0)	(147.0)	**(156.5)**
Amortisation	(19.7)	(19.1)	(20.4)	(18.6)	**(21.3)**
Operating profit	119.3	142.4	162.2	138.8	**138.9**
Operating profit margin	*23.5%*	*29.8%*	*31.9%*	*29.1%*	***27.6%***
Net financing costs	(38.9)	(33.6)	(41.1)	(35.9)	**(39.3)**
Profit before tax	80.4	108.8	121.1	102.9	**99.6**
Income tax	67.8	9.4	81.1	10.1	**30.8**
Non-controlling interests	(1.1)	0.8	(0.6)	(14.8)	**(0.9)**
Profit attributable to owners of the parent	147.1	119.0	201.6	98.2	**129.5**
Earnings per share (in EUR)[(2)]					
Class A shares	0.30	0.23	0.42	0.19	**0.26**
Class B shares	0.12	0.09	0.17	0.08	**0.10**

1) Includes EUR 38.4 million of impairment charge related to the loss of AMC-9

2) Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share

QUARTERLY OPERATING PROFIT (AT CONSTANT FX)

EUR million	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Average U.S. dollar exchange rate	*1.2033*	*1.2033*	*1.2033*	*1.2033*	*1.2033*
Revenue	484.5	470.3	501.7	480.5	503.8
Operating expenses	(165.4)	(167.5)	(175.4)	(174.9)	(187.1)
EBITDA	319.1	302.8	326.3	305.6	316.7
EBITDA margin	65.9%	64.4%	65.0%	63.6%	62.9%
Depreciation	(179.5)	(142.7)	(144.7)	(148.2)	(156.5)
Amortisation	(19.3)	(18.9)	(20.3)	(18.7)	(21.3)
Operating profit	120.3	141.2	161.3	138.7	138.9
Operating profit margin	24.8%	30.0%	32.2%	28.9%	27.6%

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Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 27 July 2018, and will be broadcast via webcast and conference call. The details for the conference call and webcast are as follows:

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Confirmation code: 9386776

Webcast registration: https://edge.media-server.com/m6/go/SES_18HY

The presentation will be available for download from the Investors section of the SES website (www.ses.com), and a replay will be available for two weeks from the Investors section of the SES website.

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