

# Half Year 2016 Results

Six months ended 30 June 2016

29 July 2016



# H1 2016 Highlights

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**Expanding through  
Globalisation**



**Augmenting through  
Verticalisation**



**Enhancing through  
Shaping the future**



**Synergising through  
Acquisition**

- ▲ Strong business foundations excluding non-comparables in H1 2015
- ▲ Executing on SES's differentiated strategy to deliver return to top line growth in H2 2016
- ▲ Expanding SES's global capabilities with O3b and MX1 growth accelerators
- ▲ GEO and MEO investment programs to generate up to EUR 750 million of annualised revenue by 2021

## Robust revenue performance excluding non-comparables in H1 2015

H1 2016	Revenue EUR million	Growth (YOY)		Key dynamics
		As reported	At constant FX	
Video (70%)	<b>665.7</b>	+0.8%	+0.3% <sup>(2)</sup>	<ul style="list-style-type: none"> <li>▲ Accelerating SD to HD transition</li> <li>▲ Growing commercial Ultra HD</li> <li>▲ Globalising SES's Video business</li> </ul>
Enterprise (12%)	<b>117.5</b>	-19.0%	-20.0% <sup>(3)</sup>	<ul style="list-style-type: none"> <li>▲ Focusing on 'Tier One'/managed services</li> <li>▲ Reshaping Enterprise business</li> <li>▲ O3b as growth accelerator</li> </ul>
Mobility (5%)	<b>44.5</b>	+52.4%	+49.8%	<ul style="list-style-type: none"> <li>▲ Growing significantly in aero</li> <li>▲ Developing maritime products/solutions</li> <li>▲ Enhancing mobility with O3b capabilities</li> </ul>
Government (12%)	<b>112.9</b>	-14.6%	-15.2% <sup>(4)</sup>	<ul style="list-style-type: none"> <li>▲ Gaining share in U.S. government</li> <li>▲ Developing SES GS/O3b opportunities</li> <li>▲ Expanding in global government</li> </ul>
Other <sup>(1)</sup>	<b>16.2</b>	n/m	n/m	<ul style="list-style-type: none"> <li>▲ Sale of European txps (H1 2015)</li> </ul>
<b>Group total</b>	<b>956.8</b>	<b>-4.2%</b>	<b>-4.8%</b>	

1) "Other" includes European transponder sales, development and other periodic revenue

2) +1.1% (at constant FX), excluding contribution of periodic revenue in Q2 2015

3) -16.3% (at constant FX), excluding impact of ARSAT migration and AMC-15/AMC-16 renewals

4) -8.9% (at constant FX), excluding accelerated revenue contribution from WAAS and GOLD hosted payloads in H1 2015



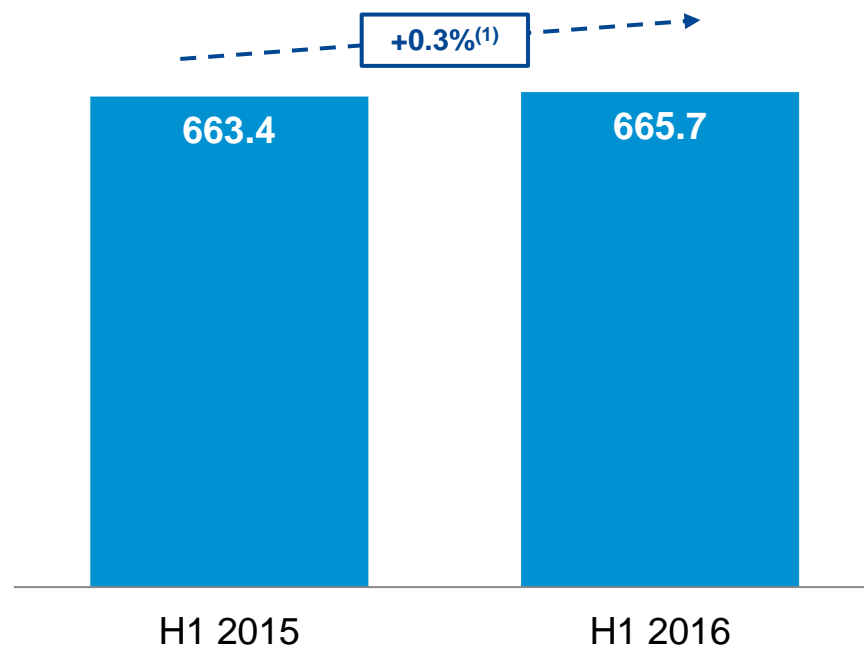
# Video (70% of revenue): EUR 665.7 million

## Growing in video and scaling up capabilities globally



### Video revenue

EUR million (at constant FX)



- ▲ Accelerating SD to HD transition
  - Growing HDTV channels to 2,442 (+12.1% YOY)
  - HD penetration from 30.4% to 32.7% (YOY)
- ▲ Growing commercial Ultra HD
  - 16 commercial UHD channels (Q2 2015: none)
  - Major Pay-TV operators expanding UHD offering
- ▲ Globalising SES's Video business
  - Growing International channels by 11.1% (YOY)
  - SES-9 (+53 incremental txps) now in service
  - Establishing MX1 as a world-leading media services and end-to-end solutions provider
- ▲ SAT>IP successful field trial results
  - Viewing time increased for 37% of users and 82% use mobile devices more often
  - 75% of installers had customers interested in solutions for multi-device/multi-room TV reception

1) +1.1% (at constant FX), excluding contribution of periodic revenue in Q2 2015



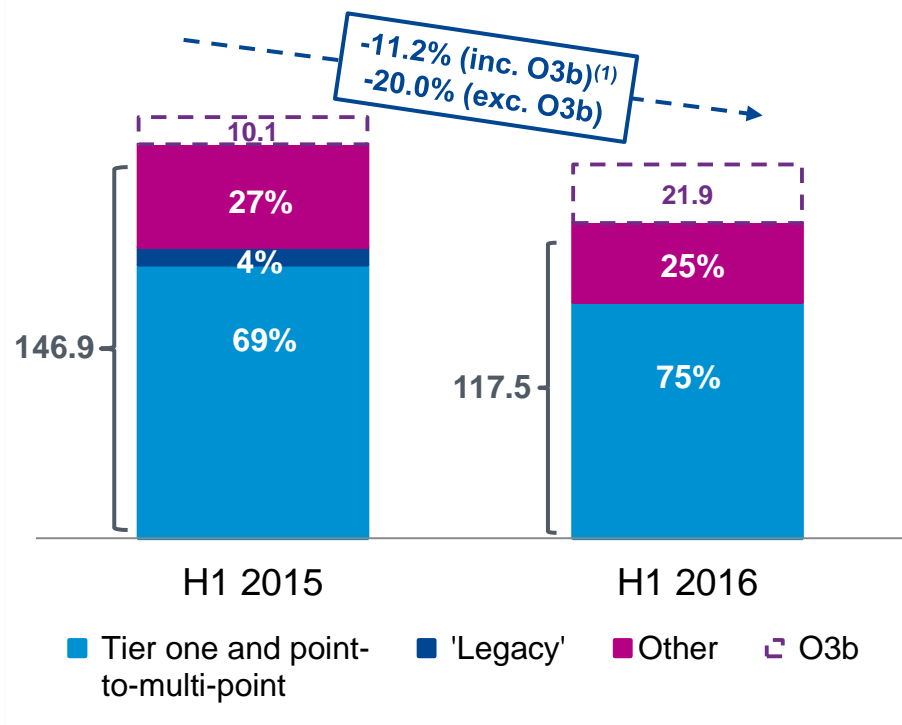
# Enterprise (12% of revenue): EUR 117.5 million

## Reshaping SES's global offering and solutions



### Enterprise revenue (pro forma)

EUR million (at constant FX)



- ▲ Focusing on 'Tier One' clients with differentiated end-to-end solutions
  - Turnkey solution for **facebook** in Africa
  - Enterprise+ Hybrid Broadband in Asia
  - Tier one and point-to-multi-point now 75%
- ▲ Changing market dynamics creating short-term headwinds for balance of Enterprise
  - 'Legacy' ARSAT and AMC-15/AMC-16 renewals impact now fully reflected
  - Wholesale capacity and point-to-point represents ~3% of group revenue
- ▲ Accelerating SES's global network and capabilities with consolidation of O3b
  - O3b Enterprise revenue +116% (YOY)
  - Network platform and service provider with unmatched differentiation

1) Pro forma revenue assuming O3b had been fully consolidated from 1 January 2015

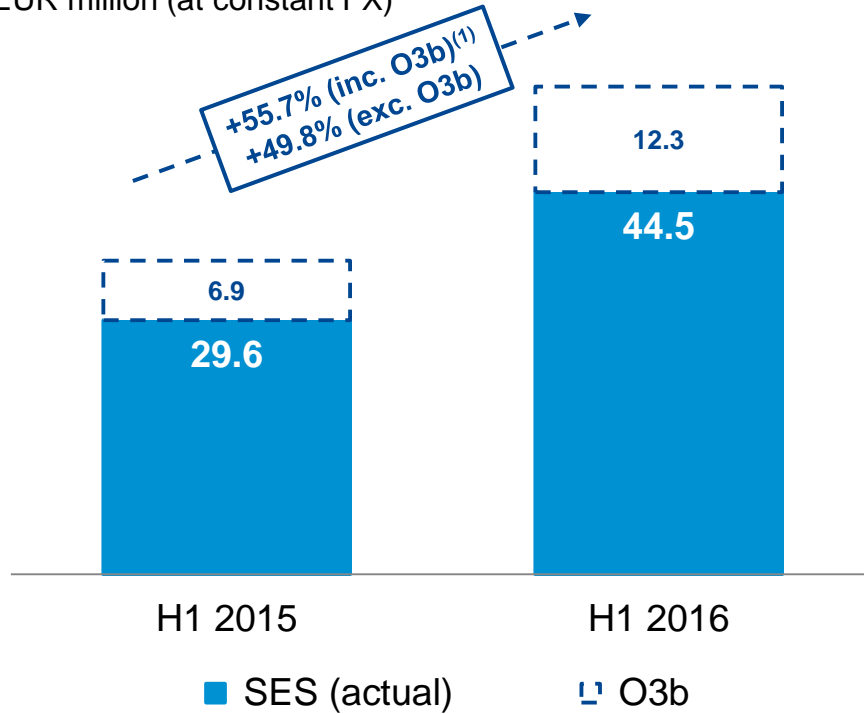


# Mobility (5% of revenue): EUR 44.5 million

## Developing market-leading positioning



*Mobility revenue (pro forma)*  
EUR million (at constant FX)



- ▲ Establishing a market-leading position in aero
  - One of market's largest capacity agreements gogo
  - **Panasonic** highest bandwidth commitment to date
  - GLOBAL EAGLE ENTERTAINMENT took further capacity on existing fleet
- ▲ Enhancing Maritime
  - Secured large multi-year agreement with first Maritime+ partner
  - SeaVsat to use SES capacity and SES Enterprise+ solution to connect hundreds of merchant ships
- ▲ O3b expanding relationship with Royal Caribbean Cruises
  - Now serving 11 RCCL cruise ships, including the largest in the fleet
  - O3b Maritime revenue +78% (YOY)

1) Pro forma revenue assuming O3b had been fully consolidated from 1 January 2015

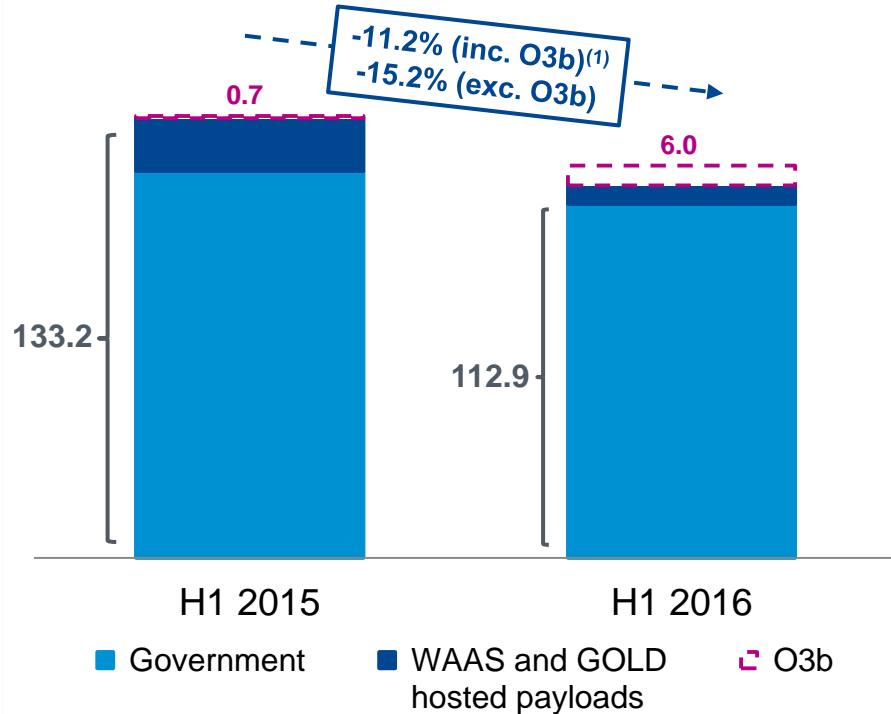


# Government (12% of revenue): EUR 112.9 million

## Expanding SES's global government business



Government revenue (pro forma)  
EUR million (at constant FX)



- ▲ Gaining share in U.S. government
  - Two U.S. TROJAN follow-on contracts
  - Providing critical communications services for U.S. Air Force Space Command
- ▲ Accelerating joint SES GS/O3b operations
  - First managed services installation for U.S. NOAA
  - Delivering uninterrupted, high-speed connectivity to enhance critical weather monitoring activities
  - O3b Government revenue was 9x higher (YOY)
- ▲ Expanding in global government
  - Significantly improving connectivity provision for Canadian regional government in Quebec
  - SES Techcom Services contracted to maintain two WGS stations for the Danish armed forces

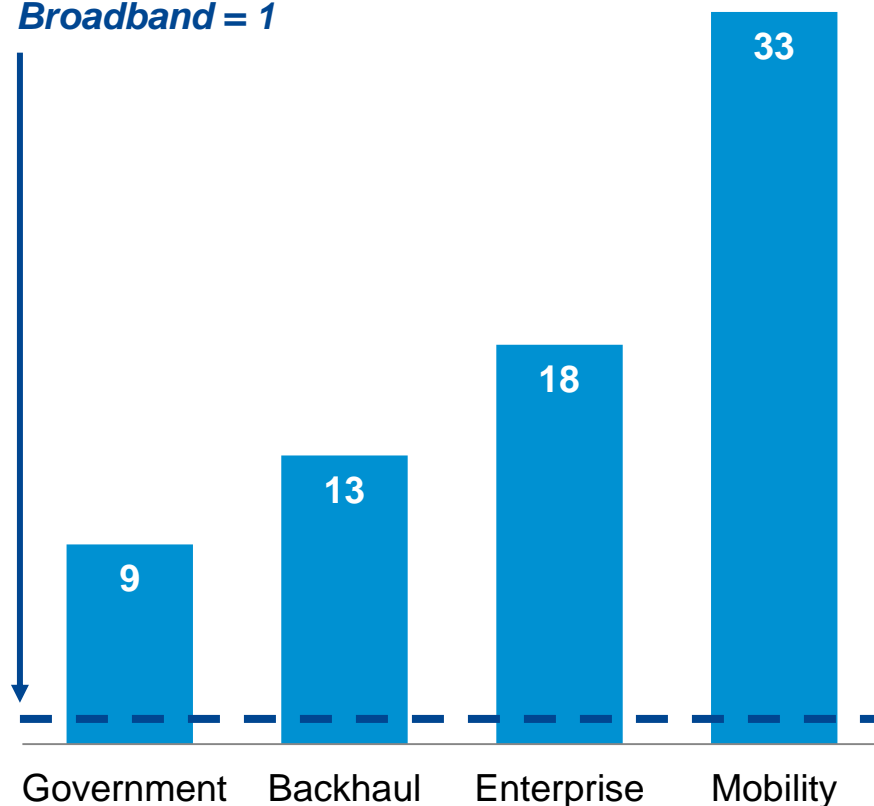
1) Pro forma revenue assuming O3b had been fully consolidated from 1 January 2015

# Building the strongest capabilities in the most accretive data verticals

Normalised wholesale capacity revenues per Gbps<sup>(1)</sup>

Index (Broadband = 1)

**Broadband = 1**



- ▲ Next gen space and ground enabling data-centric applications with higher bandwidth, lower latency and flexible service offering
- ▲ SES building capabilities across the value chain, and with strategic partners, to provide customised, end-to-end solutions
- ▲ SES's differentiated offering with focus on the verticals with the highest revenue generation potential
- ▲ Executing capability-driven strategy to provide global, scalable and flexible solutions that are enabling markets and customers

<sup>1)</sup> Source: NSR, SES estimates. Wholesale revenue derived from HTS



# Enabling clients by providing differentiated data-centric capabilities

	<ul style="list-style-type: none"> <li>▲ Optimising Digicel's network</li> <li>▲ O3b now providing nearly four Gbps of connectivity</li> <li>▲ Complemented with SES capacity on NSS-9</li> </ul>	<p><b>7x growth in capacity since start of 2015</b></p>
	<ul style="list-style-type: none"> <li>▲ Creating home-equivalent passenger experience</li> <li>▲ Combining HTS with wide beam overlay (for ICC/IFE)</li> <li>▲ Delivering flexibility and scalability via payload approach</li> </ul>	<p><b>5x growth in capacity<sup>(1)</sup> since start of 2015</b></p>
	<ul style="list-style-type: none"> <li>▲ Moving from bandwidth-only to fully managed solution</li> <li>▲ 'Fibre in the sky' connectivity to over 8,000 people/ship</li> <li>▲ From Caribbean to global network in less than two years</li> </ul>	<p><b>Grown from two ships to now serving 11 ships</b></p>
	<ul style="list-style-type: none"> <li>▲ Delivering a customised, global end-to-end network</li> <li>▲ Multi-band service for U.S. Army INSCOM</li> <li>▲ Significantly enhances combat readiness</li> </ul>	<p><b>From capacity to managed end-to-end solution</b></p>

1) Capacity contracted, including future HTS

## Expanding SES's global capabilities with key growth accelerators



Fastest growing satellite network

- ▲ Growing with 43 customers contracted globally
- ▲ Over 50% of customers upgraded capacity
- ▲ EBITDA positive in May 2016; doubling revenue in 2016
- ▲ SES increasing ownership from 49.1% to 100%
  - Expanding SES's global reach and solutions
  - Augmenting SES's differentiated capabilities in Data
  - Enhancing SES's foundations for sustainable growth
  - Accelerating EUR 106 million of transformational and combinational synergies by 2021



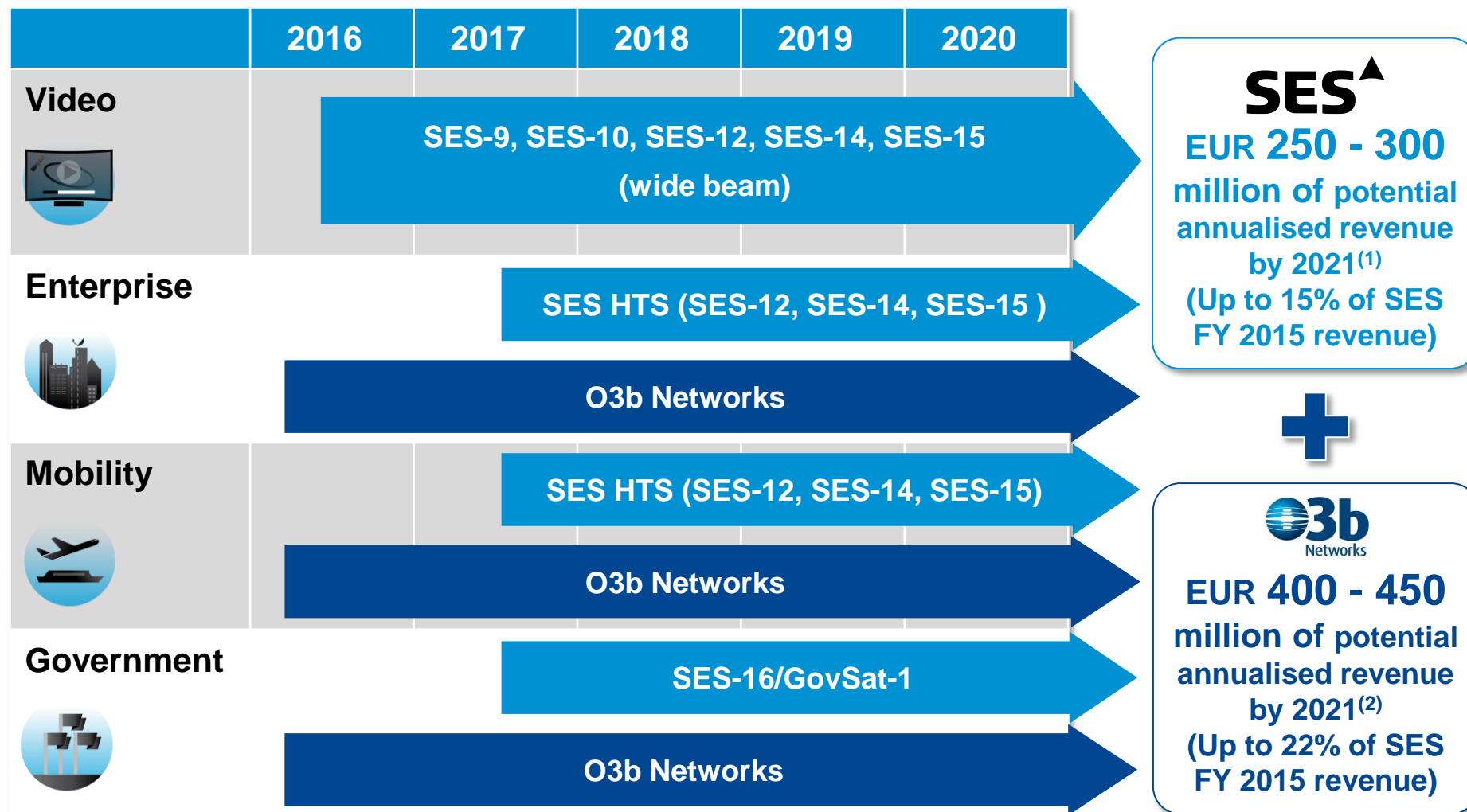
RR Media  
Rethink.Reinvent



- ▲ RR Media a leading digital services provider
- ▲ Merged RR Media with SES Platform Services
- ▲ Creating a world-leading media solutions provider
  - Globalising and expanding SES's media capabilities
  - Providing scalable and flexible end-to-end services
  - Delivering premium content to all devices
  - Combining satellite, fibre and the Internet
  - Supporting over 900 global customers, over 1,000 TV channels and over 120 Video on Demand platforms

- ▲ Accelerating top line growth from H2 2016 onwards

# Significantly improving SES's long-term growth profile



1) Annualised incremental revenue at average "steady-state" utilisation of around 75% (based on FX rate of EUR 1: U.S. Dollar 1.10)

2) With 17 satellites in operation and at 'steady-state' utilisation (based on FX rate of EUR 1: U.S. Dollar 1.10)

# FINANCIAL RESULTS

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Padraig McCarthy, CFO

## Financial Highlights

EUR million	H1 2016 Actual	H1 2015 As reported	Growth as reported	Growth at constant FX
Revenue	956.8	999.1	-4.2%	-4.8%
Operating expense	257.0	259.0	+0.8%	+0.8%
EBITDA	699.8	740.0	-5.4%	-5.8% <sup>(1)</sup>
EBITDA margin	73.1%	74.1%	-100 bps	-70 bps <sup>(1)</sup>
Operating profit	417.6	449.9	-7.2%	-7.9%
Profit of the group	227.3	275.3	-17.5%	n/a
Net operating cash flow	566.8	784.4	-27.7%	n/a
Net Debt / EBITDA ratio <sup>(2)</sup>	2.03 times	2.69 times		
Contract backlog	EUR 7.3 billion	EUR 7.4 billion		

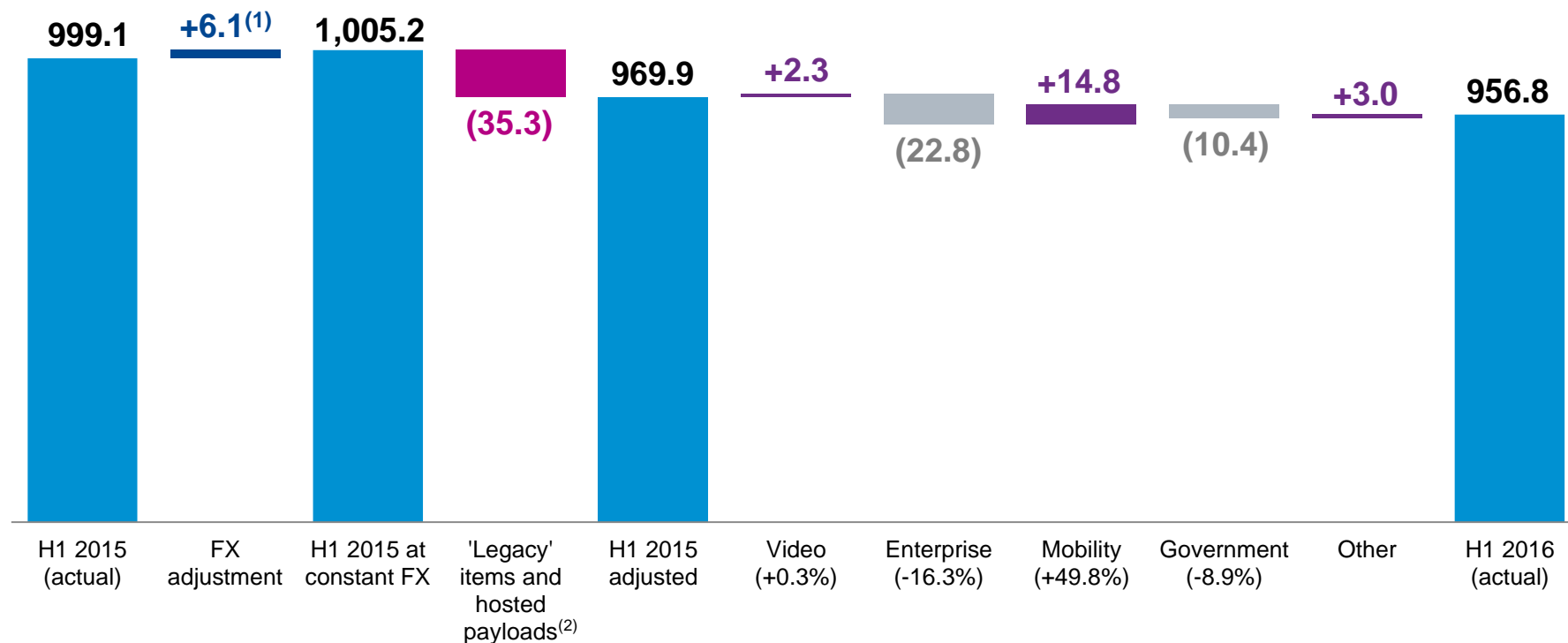
1) At same scope, excluding transaction-related costs associated with the acquisition of RR Media and the remaining shares of O3b Networks

2) Based on rating agency methodology (treats hybrid bond as 50% debt/50% equity). Under IFRS (treats hybrid bond as 100% equity) Net Debt/EBITDA ratio was 1.77 times at 30 June 2016

# Revenue impacted by non-comparables in H1 2015

## Revenue walk

EUR million



▲ Revenue -4.2% as reported and -4.8% at constant FX (-1.4% exc. non-comparables in H1 2016)

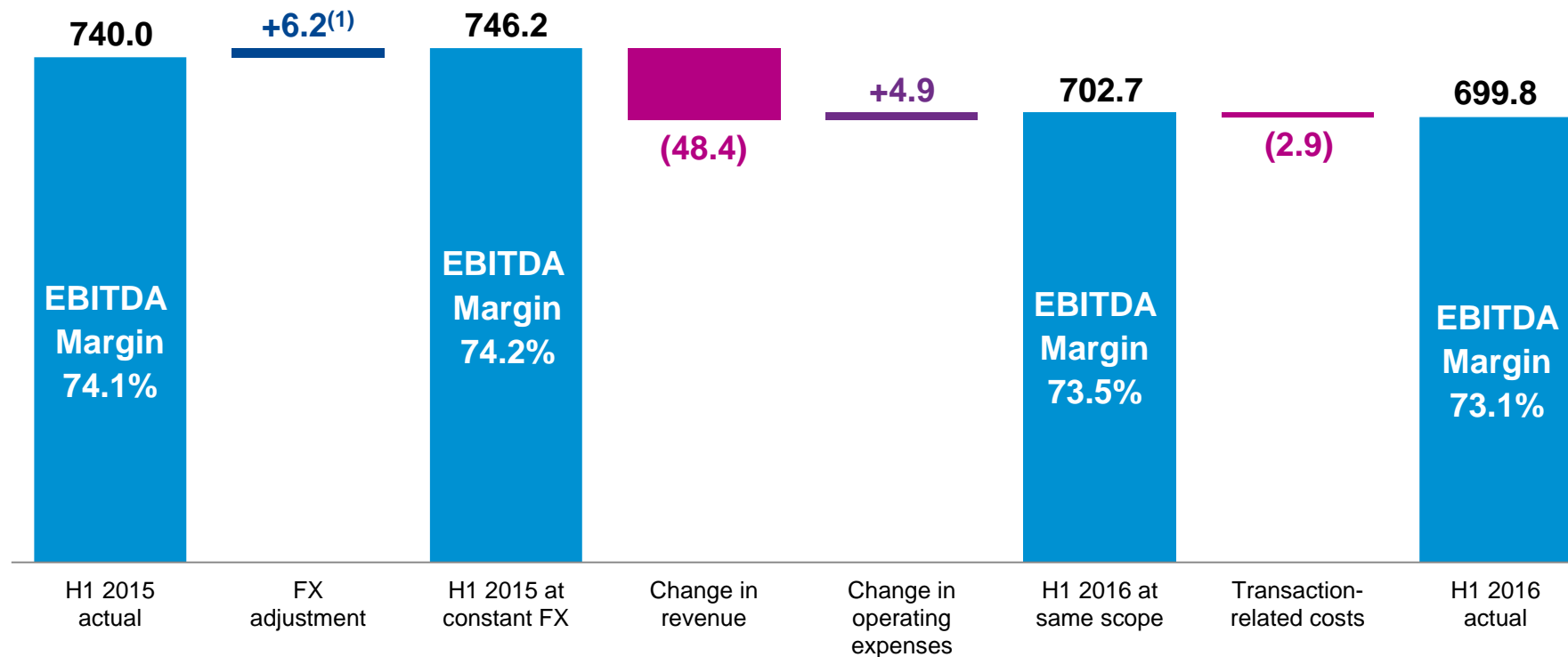
1) 0.6% translation uplift with U.S. Dollar strengthening by 1.5% compared to EUR

2) Relates to impact of European transponder sales, ARSAT planned migration of capacity to own satellite, AMC-15/AMC-16 renewal impact and accelerated contribution from hosted payloads

# EBITDA EUR 699.8 million, margin (at same scope) remains robust

## EBITDA walk

EUR million



▲ EBITDA -5.4% as reported and -6.2% at constant FX (-5.8% at same scope exc. transaction-related costs)

1) 0.8% translation uplift with U.S. Dollar strengthening by 1.5% compared to EUR

## Continuing to deliver robust margins and differentiated services

	Revenue (EUR million)			EBITDA margin	
	H1 2016 (actual)	Growth as reported	Growth at constant FX	H1 2016 actual <sup>(2)</sup>	H1 2015 at constant FX
Infrastructure	809.9	-5.1%	-5.4%	83.7%	84.6%
Services	262.3	+1.2%	+0.9%	16.2%	15.2%
Elimination/Unallocated <sup>(1)</sup>	(115.4)	+4.6%	+4.1%	-	-
<b>Group total</b>	<b>956.8</b>	<b>-4.2%</b>	<b>-4.8%</b>	<b>73.5%</b>	<b>74.2%</b>

- ▲ Services increased from 25.6% to 27.1% of group revenue
- ▲ “Pull through” revenue up 4.6% (+4.1% at constant FX), with increasing complementarity of services

1) Revenue elimination refers mainly to “pull through” capacity provided by Infrastructure to Services

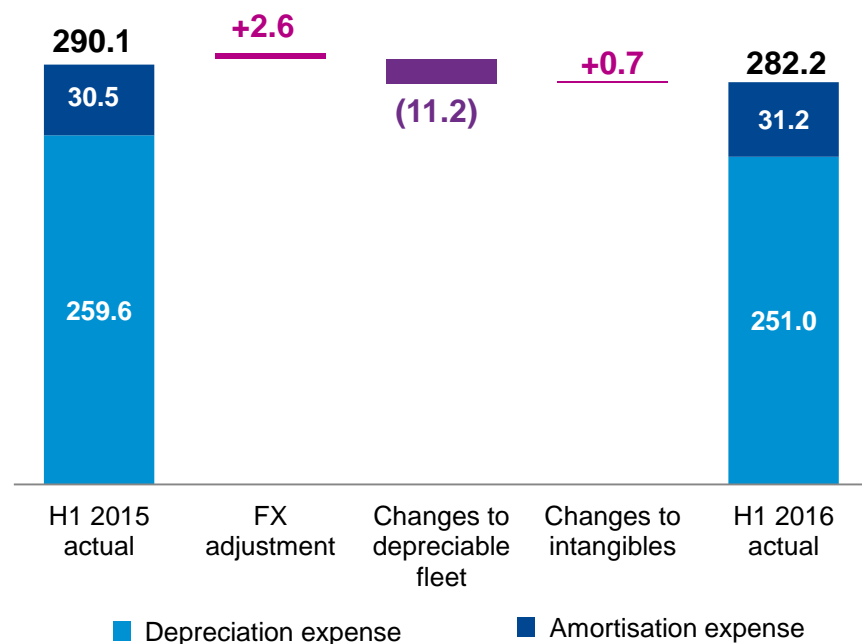
2) At same scope, excluding transaction-related costs associated with the acquisition of RR Media and the remaining shares of O3b Networks



## Other items contributing to net profit of EUR 227.3 million

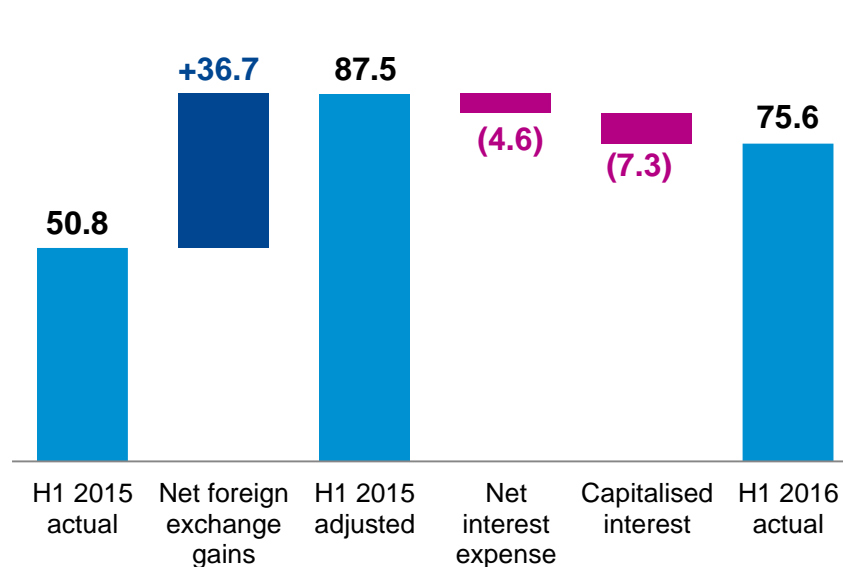
### Depreciation and amortisation walk

EUR million



### Net financing costs walk

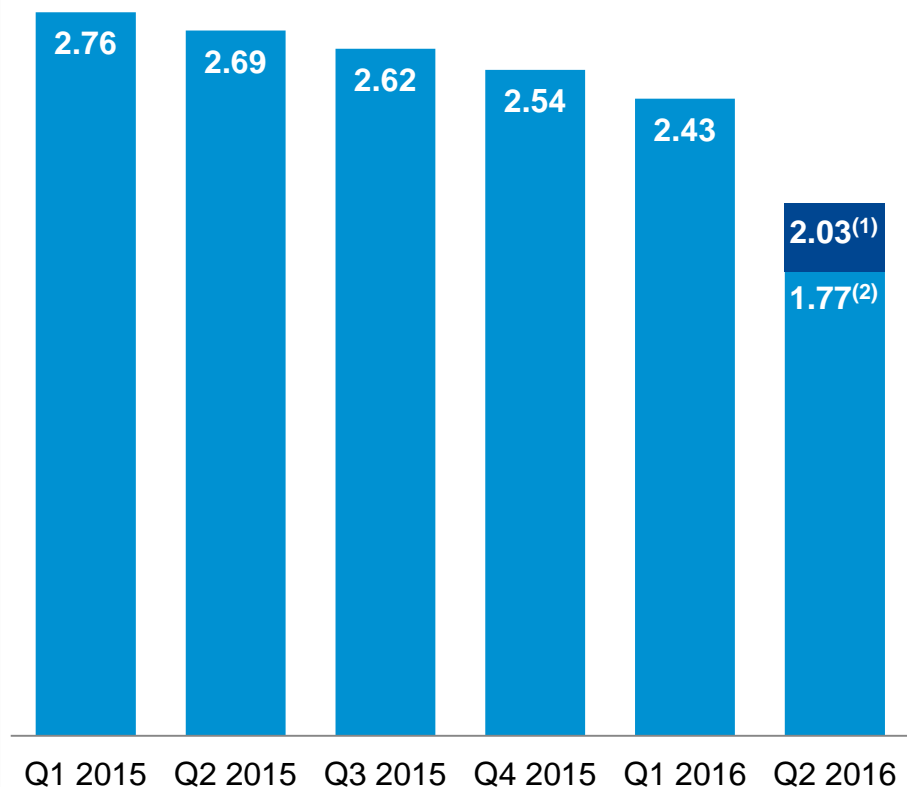
EUR million



- ▲ Effective tax rate was 17.4% (H1 2015: 14.8%)
- ▲ Share of associates' loss improving to EUR 54.1 million (H1 2015: EUR 63.0 million loss)

# Strong cash generation, supporting strong and flexible balance sheet

SES's Net Debt to EBITDA profile  
Times



- ▲ Net operating cash flow of EUR 566.8 million (H1 2015: EUR 784.4 million)
  - Impacted by timing in working capital and H1 2015 up-front payments related to hosted payloads
- ▲ Net Debt reduced to EUR 2.6 billion (30 June 2015: EUR 4.0 billion) including recent financing
  - Net Debt to EBITDA ratio lower at 2.03 times
- ▲ EUR 1.65 billion raised from equity issue and SES's inaugural hybrid bond (4.625% coupon)
  - Increasing share of O3b from 49.1% to 100%
  - Delivering EUR 53 million of total synergies by 2017, growing to EUR 106 million by 2021
- ▲ Funding in place to complete RR Media and O3b transactions
- ▲ SES's investment grade credit rating re-affirmed by Moody's and S&P

1) Rating agency methodology treats hybrid bond as 50% debt/50% equity

2) IFRS treats hybrid bond as 100% equity

## Pro forma Net Debt to EBITDA

EUR million	Reported as at 30 June 2016 <sup>(1)</sup>	Pro forma consolidated <sup>(2)</sup>	Reported as at 30 June 2015
Gross Debt	4,726	5,832	4,582
<b>Net Debt</b>	<b>2,948</b>	<b>4,857</b>	<b>3,972</b>
EBITDA	1,454	1,460	1.476
<b>Net Debt / EBITDA</b>	<b>2.0x</b>	<b>3.3x</b>	<b>2.7x</b>

- ▲ Execution of RR Media and O3b transactions fully compliant with SES's financial framework
- ▲ SES to refinance O3b's debt facilities
- ▲ Delivering EUR 40 million of financial synergies in 2017, growing to EUR 60 million in 2019

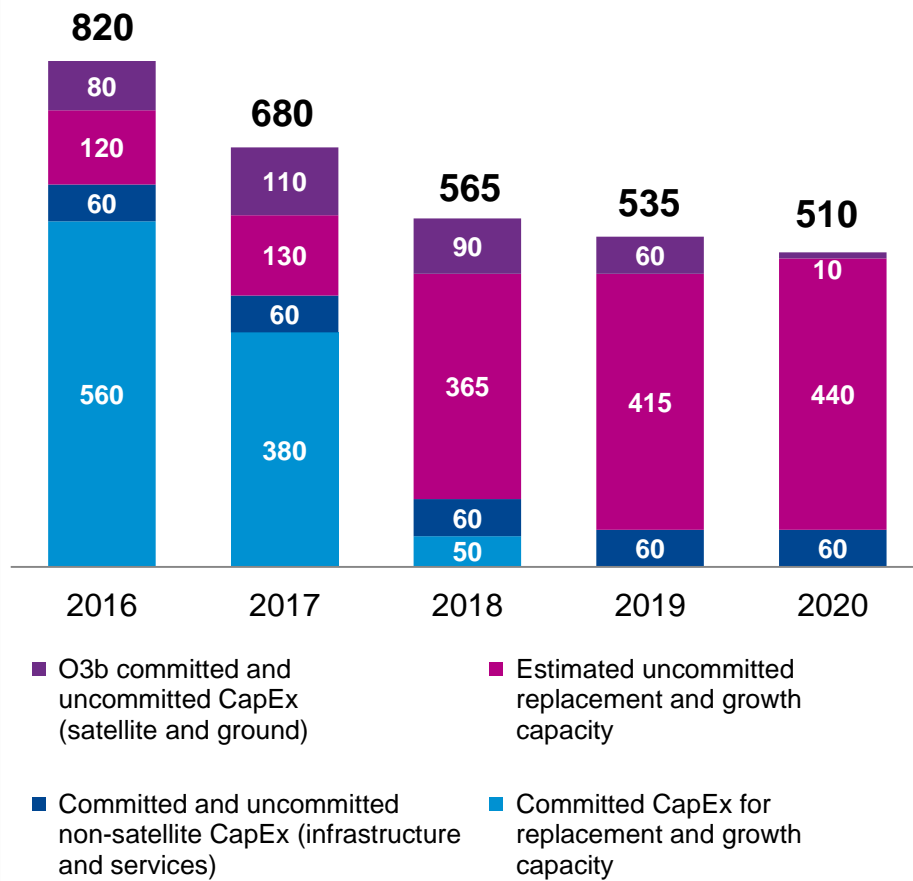
<sup>1)</sup> Based on rating agency methodology (treats hybrid bond as 50% debt/50% equity)

<sup>2)</sup> Pro forma consolidated is calculated assuming consolidation of RR Media and O3b on 30 June 2016, including respective Net Debt, last 12-months EBITDA and expected transaction costs

# Re-investing in important growth opportunities while reducing CapEx

## SES's future capital expenditure profile<sup>(1)</sup>

EUR million



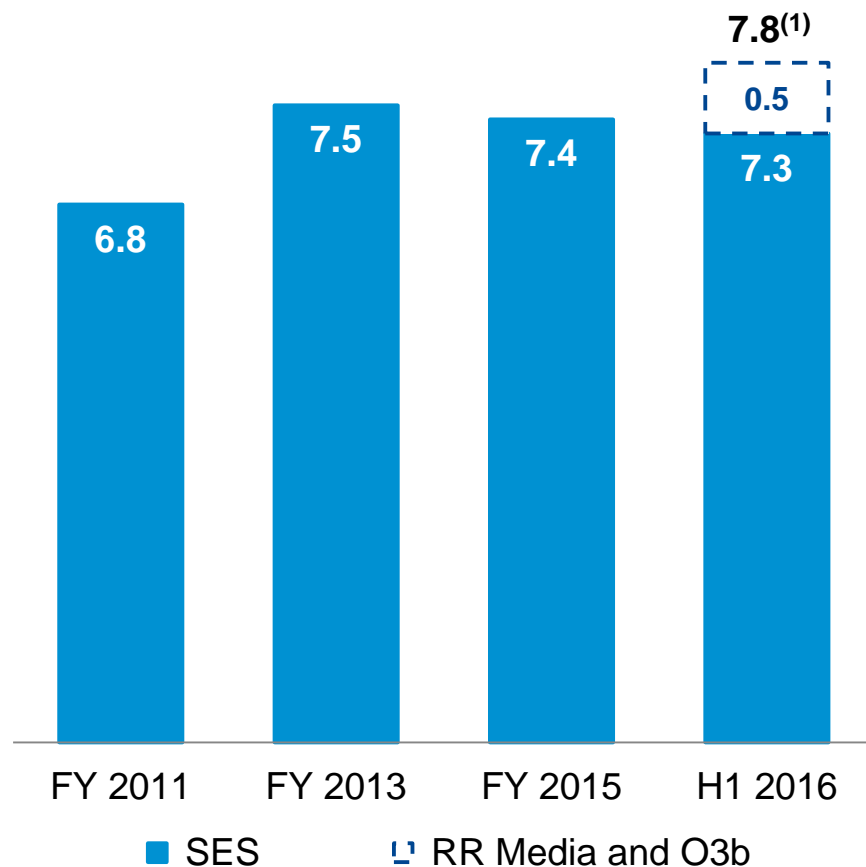
- ▲ Expanding SES's global network and capabilities with long-term anchor customer agreements
  - +127 incremental wide beam transponders
  - +36 GHz HTS capacity, customised for Mobility
  - O3b constellation growing from 12 to 20 satellites
- ▲ Uncommitted CapEx represents around 50%
- ▲ CapEx as proportion of FY 2015 revenue reduces from 40% in 2016 to 25% by 2020
- ▲ Delivering against 20% CapEx reduction target between 2014 and 2018
  - 16% reduction achieved to date
- ▲ Reducing consolidated normalised CapEx by 15%-20% between 2018 and 2022

<sup>1)</sup> Based on FX rate of EUR 1: U.S. Dollar 1.10. Including payload, launch, capitalised interest, and excluding financial or intangible investments

# Maintaining a substantial pipeline of long-term income

## SES's fully protected contract backlog



EUR billion



- ▲ Delivering income visibility with the benefit of SES's capability-driven strategy
  - Right capability system and approach to market
  - Deploying the right capabilities to each vertical
  - Providing the best products and solutions
- ▲ Over eight years average contract length remaining
- ▲ Pro forma contract backlog EUR 7.8 billion (inc. RR Media and O3b)

1) Pro forma assuming RR Media and O3b had been fully consolidated as at 30 June 2016

## Re-iterating SES's outlook for 2016

	Revenue	EBITDA margin
	EUR 2,010 - 2,050 million <sup>(1)</sup>	73.5% - 74.0% <sup>(3)</sup>
<b>RR Media</b> (from 6 July 2016) <small>Rethink.Reinvent</small>	Around EUR 70 million <sup>(2)</sup>	14% - 18%
 (from 1 August 2016)	Around EUR 45 million <sup>(2)</sup>	Positive for FY 2016

- ▲ H1 2016 results in line with management's expectations
- ▲ Up to EUR 750 million incremental annualised revenue from GEO/MEO investments by 2021
- ▲ SES remains committed to a progressive dividend per share policy

1) Assuming nominal satellite health and launch schedule (based on USD 1.10)

2) Revenue contribution from date of consolidation, before elimination of EUR 7-10 million of inter-company revenue (based on USD 1.10)

3) At same scope, excluding transaction-related costs. SES expects to expense EUR 6-8 million of transaction and integration-related costs in FY 2016

# Appendix

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## Future satellite capacity

	Launch date	Payload type	Incremental txps <sup>(3)</sup>	HTS capacity (GHz)	Launch provider
SES-10	Q4 2016	Shaped	27	-	SpaceX
SES-11	Q4 2016	Shaped	-	-	SpaceX
SES-12 <sup>(1)</sup>	H2 2017	Shaped/HTS	8	14	Ariane
SES-14 <sup>(1)</sup>	H2 2017	Shaped/HTS	8	12	SpaceX
SES-15 <sup>(1)</sup>	H1 2017	Shaped/HTS	16	10	Ariane
SES-16/GovSat-1 <sup>(2)</sup>	H1 2017	Fully steerable	68	-	SpaceX
<b>Total</b>			<b>127</b>	<b>36</b>	

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



## RR Media and O3b Networks quarterly revenue

EUR million (reported)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
RR Media	26.4	30.1	33.9	35.7	32.7	30.5
O3b	6.8	10.7	15.2	18.2	18.0	22.1
<b>Total</b>	<b>33.2</b>	<b>40.8</b>	<b>49.1</b>	<b>53.9</b>	<b>50.7</b>	<b>52.6</b>

EUR million (constant FX)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
RR Media	27.0	29.3	33.3	34.5	31.5	30.5
O3b	7.1	10.6	15.3	17.9	17.7	22.1
<b>Total</b>	<b>34.1</b>	<b>39.9</b>	<b>48.6</b>	<b>52.4</b>	<b>49.2</b>	<b>52.6</b>

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