SES beyond frontiers

Press release

Full Year and Fourth Quarter 2017 Results

LUXEMBOURG, 23 February 2018 -- SES S.A. announced financial results for the year and three months ended 31 December 2017.

Key financial highlights

- Reported revenue EUR 2,035.0 million, down 1.6% (-5.2% like-for-like(1)); SES Video -3.6%(1) and SES Networks -1.9%(1)
- EBITDA margin 65.1% (2016: 70.2% as reported and 66.7% like-for-like(1))
- Net profit of EUR 596.1 million (2016: EUR 962.7 million including EUR 495.2 million gain related to O3b consolidation)
- Board is proposing 2017 dividend per A share of EUR 0.80 (2016: EUR 1.34)

			Change (%)				Change (%)	
EUR million	**FY 2017**	**FY 2016**	**Reported**	**Like-for-like(1)**	**Q4 2017**	**Q4 2016**	**Reported**	**Like-for-like(1)**
Revenue	**2,035.0**	2,068.8	-1.6%	-5.2%	**507.8**	578.7	-12.2%	-8.7%
EBITDA	**1,324.2**	1,451.5	-8.8%	-7.6%	**329.6**	390.6	-15.6%	-12.2%
EBITDA margin	**65.1%**	66.7%(1)			**64.9%**	67.6%(1)		
Operating profit(2)	**610.6**	820.3	-25.6%	-14.4%	**162.2**	209.9	-22.8%	-20.2%
Deemed gain on disposal of equity interest	**--**	495.2	n/m	n/a	**--**	--	--	--
Net profit attributable to SES shareholders	**596.1**	962.7	-38.1%	n/a	**201.6**	138.6	+45.4%	n/a
Earnings per share	**EUR 1.21**	EUR 2.18	-44.5%	n/a	**EUR 0.41**	EUR 0.27	+51.9%	n/a
Dividend per A share	**EUR 0.80**	EUR 1.34	-40.3%	n/a	**n/a**	n/a	n/a	n/a

1) Comparative figures are restated at constant FX to neutralise currency variations and assuming (on a pro forma basis) that RR Media and O3b had been consolidated from 1 January 2016. FY 2016 EBITDA margin as reported was 70.2%
2) Before deemed gain on disposal of equity interest (relating to consolidation of O3b) of EUR 495.2 million in 2016

Financial outlook

	FY 2017 as reported	FY 2017	FY 2018	FY 2020
Average EUR/USD FX rate	1.1249	1.15	1.15	1.15
SES Video revenue	EUR 1,383.0 million	EUR 1,373.7 million	EUR 1,300 - 1,320 million	Over EUR 1,350 million
SES Networks revenue	EUR 646.1 million	EUR 632.0 million	EUR 660 - 690 million	Over EUR 875 million
Group EBITDA margin	65.1%	65.1%	64.0% to 64.5%	Over 65.0%

Financial outlook for FY 2018 and FY 2020 assumes a EUR/USD exchange rate of 1.15, nominal launch schedule and satellite health status and includes the impact of IFRS accounting changes

Karim Michel Sabbagh, President and CEO, commented: “2017 has been an important year of transformation for SES. We have established two market-focused business units, SES Video and SES Networks, and are now well positioned to deliver growth in the future. Business performance was below our expectations as the market remained challenging throughout 2017, compounded by some fleet health issues.”

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"We are starting to see the benefits of our investment programme with three new satellites successfully launched in 2017 and another two already launched in 2018. These, along with other planned launches for 2018 and 2019, will bring much needed capacity and customer-specific capabilities to our fleet, particularly in the rapidly growing aeronautical market, that will underpin our future growth. As part of our strategic transformation, we have launched our 'Fit-for-Growth' programme that will optimise and focus the allocation of our world-class resources and increase internal efficiencies. As we continue to adapt to the new operating and financial model, and invest in our future growth, we have decided to rebase our dividend, allowing for growth in future years as our business develops."

"SES Video delivers more channels to more viewers from more premium neighbourhoods than any other operator and, with a backlog of EUR 5.3 billion, our video business is large, profitable and resilient. SES Networks is the only business capable of combining Geostationary, Medium Earth Orbit and innovative ground solutions into compelling solutions for our data-centric customers. We are committed to reinvesting cash generated by our businesses to generate long-term growth, principally focused on SES Networks. Whilst 2018 will still be a year of completing our business transformation, SES expects to deliver growth at attractive margins, as evidenced by the 2020 guidance given today."

"As has already been announced, Padraig McCarthy and I will be stepping down as CFO and CEO of SES on 5 April 2018. Steve Collar and Andrew Browne (as President & CEO and CFO respectively) have been appointed as our successors and we wish them every success in taking SES forward."

Key business highlights

SES Video revenue of EUR 1,383.0 million in FY 2017 was down 3.6% (like-for-like), including Q4 2017 revenue of EUR 351.5 million (-3.0% like-for-like). While Video remains a competitive market environment, the business also had an unusually high impact from satellite health and launch delays, as well as some specific short-term factors at MX1 relating to the non-renewal of certain legacy contracts. In 2018, the implementation of IFRS 15 is expected to lead to a revenue reduction of around EUR 15-20 million related to HD+, with no cash impact.

SES Networks revenue was down 1.9% (like-for-like) at EUR 646.1 million, including EUR 156.1 million of revenue in Q4 2017 (-12.9% like-for-like). The Q4 2017 year-on-year (YOY) decline was primarily related to a significant transponder sale in Mobility in Q4 2016. Mobility was flat year-on-year excluding this transponder sale, with Fixed Data showing a decline of 8.4% and Government up 5.5%. SES Networks grew by 7.4% from Q3 2017 to Q4 2017 at constant FX.

SES Networks is building, resourcing and implementing unique and differentiated data solutions services which are gaining traction with customers around the world. In Q4 2017, SES Networks experienced its strongest quarter of sales, more than doubling its annualised sales volume from Q2 2017. A number of important customer services were also commissioned during Q4, generating new revenue early in 2018.

Overall, SES's backlog of committed contracts stands at EUR 7.5 billion (2016: EUR 8.1 billion as reported and EUR 7.6 billion at constant FX), flat year-on-year demonstrating that the business is successfully replacing revenue that was delivered over the course of the year. More than 80% of expected 2018 revenue is already committed.

SES's future growth is enabled by the successful launches of SES-10, SES-11 and SES-15 in 2017, and now SES-14 and SES-16 already in 2018. In the remainder of this year, SES expects to launch SES-12 and an additional four satellites for the O3b constellation which are specifically designed to maximise the MEO advantages for the target customers.

As part of its business transformation, SES is increasingly focused on managing costs to optimise efficiency and growth. In 2017, SES reduced operating expenses by EUR 4.0 million to EUR 710.8 million on a like-for-like basis. This helped support the EBITDA margin, which was 64.9% in Q4 2017 and 65.1% in full year 2017. SES is intensifying its focus on operational efficiency with the roll-out of a company-wide ‘Fit-for-Growth’ programme and anticipates taking a EUR 10-12 million restructuring provision in Q1 2018 to fund planned measures.

In Q4 2017, the tax line included the recognition of several non-recurring gains, the main one being the positive impact of changes in U.S. tax legislation which led to the recognition of a one-off accounting gain of EUR 94 million. Excluding this item and other one-off elements during 2017, the group’s effective tax rate was 20.4% for FY 2017 (2016: 17.7% excluding the gain on deemed disposal of equity interest).

A higher cash conversion ratio of 94.5% and EUR 129.1 million reduction in investing activities (of EUR 490.4 million) led to Free Cash Flow before financing activities and acquisitions increasing by 16.2% (YOY) to EUR 760.8 million. Net debt to EBITDA ratio at year end 2017 was 3.27 times, including 50% of SES’s hybrid bonds, within SES’s threshold level of 3.3 times.

Looking ahead, as the businesses continue to scale up their capabilities and identify additional growth opportunities, the revenue mix and margin structure will evolve. SES has updated the guidance and provided enhanced disclosures to improve understanding of the current performance and future prospects. The outlook combines caution for 2018 as SES completes the business transformation with strengthened confidence for meaningful growth in the following two years and beyond. Given the investments that have been made, the future capital expenditure commitments, and the evolving nature of the business model, SES intends to strengthen the balance sheet.

Accordingly, the Board of Directors has proposed to rebase the dividend to a lower level of EUR 0.80 per A class share for 2017, a reduction of 40% from 2016. This rebasing is appropriate for SES and will allow a strengthening of the balance sheet whilst supporting growth opportunities and enabling a progressive dividend in the future.

SES beyond frontiers

OPERATIONAL REVIEW

EUR million	FY 2017	FY 2016	Change (%) Reported	Change (%) Like-for-like[1]	Q4 2017	Q4 2016	Change (%) Reported	Change (%) Like-for-like[1]
SES Video	**1,383.0**	1,391.6[3]	-0.6%	-3.6%	**351.5**	371.6	-5.4%	-3.0%
- *Underlying*	**1,373.2**	1,366.5	+0.5%	-2.4%	**348.6**	370.1	-5.8%	-3.4%
- *Periodic*	**9.8**	25.1	n/m	n/m	**2.9**	1.5	n/m	n/m
SES Networks	**646.1**	627.3	+3.0%	-1.9%	**156.1**	192.3	-18.8%	-12.9%
- *Underlying*	**606.6**	588.6	+3.1%	-2.6%	**154.7**	166.5	-7.1%	-0.8%
- *Periodic*	**39.5**	38.7	n/m	n/m	**1.4**	25.8	n/m	n/m
Sub-total	**2,029.1**	2,018.9	+0.5%	-3.1%	**507.6**	563.9	-10.0%	-6.3%
- *Underlying*	**1,979.8**	1,955.1	+1.3%	-2.4%	**503.3**	536.6	-6.2%	-2.6%
- *Periodic*	**49.3**	63.8	n/m	n/m	**4.3**	27.3	n/m	n/m
Other[2]	**5.9**	49.9[3]	n/m	n/m	**0.2**	14.8	n/m	n/m
Group Total	**2,035.0**	2,068.8	-1.6%	-5.2%	**507.8**	578.7	-12.2%	-8.7%

1) At constant FX and assuming (on a pro forma basis) that RR Media and O3b had been consolidated from 1 January 2016
2) Other includes revenue not directly applicable to a particular vertical
3) During 2017, EUR 7.2 million of 2016 reported revenue was reclassified from Video to Other

Reported revenue, which included the full year of 2017 contribution from RR Media (acquired in July 2016) and O3b (consolidated in August 2016), was 1.6% lower than the prior year.

On a like-for-like basis (at constant FX and assuming RR Media and O3b were consolidated from 1 January 2016), group revenue decreased by EUR 112.6 million (or 5.2%) mainly due to higher periodic and “Other” revenue in 2016, the impact from the loss of AMC-9 in June 2017 and lower revenue in MX1 as a number of legacy services were not renewed.

“Underlying” revenue represents the core business of capacity sales, as well as associated services and equipment. This is 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. This 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.

At 31 December 2017, SES’s fully protected contract backlog was EUR 7.5 billion (31 December 2016: EUR 8.1 billion). Excluding the impact of the change in the EUR/USD FX rate, the contract backlog was in line with the prior year (of EUR 7.6 billion) as new long-term contracts replaced the roll-off from revenue recognised in the period.

This was supported by a strong increase in commercial activity across SES Networks, where the annualised value of new business wins and customer renewals signed in Q4 2017 was double the amount in any of the preceding quarters.

SES beyond frontiers

SES Video: 68% of group revenue (2016: 67%)

- Reported revenue down -0.6% to EUR 1,383.0 million (-3.6% like-for-like)
- Underlying revenue -2.4% (like-for-like) including the impact of satellite health and MX1 non-renewals
- 2% growth (YOY) in total TV channels, driven by expansion of HD/UHD and International market growth
- Contract backlog of EUR 5.3 billion (2016: EUR 5.9 billion as reported and EUR 5.6 billion at constant FX)
- Over 85% of 2018 expected revenue already committed

Going forward, SES Video's revenue will be disclosed for two principal activities – Video Distribution and Video Services. Video Distribution refers to revenue generated from satellite capacity for the distribution of video content via Direct-to-Home (DTH), Direct-to-Cable (DTC) and Internet Protocol TV (IPTV) platforms. Video Services represents the combined contribution of MX1, including revenue from "pull through" capacity directly generated by the business, and HD+ platform revenue.

			Change (%)				Change (%)	
EUR million	FY 2017	FY 2016	Reported	Like-for-like[1]	Q4 2017	Q4 2016	Reported	Like-for-like[1]
Video Distribution[2]	**1,053.8**	1,107.8	-4.9%	-4.2%	**261.9**	277.6	-5.7%	-3.1%
- *Underlying*	**1,044.0**	1,088.7	-4.1%	-3.1%	**259.0**	276.1	-6.2%	-3.6%
- *Periodic*	**9.8**	19.1	n/m	n/m	**2.9**	1.5	n/m	n/m
Video Services[3]	**329.2**	283.8	+16.0%	-1.9%	**89.6**	94.0	-4.6%	-2.6%
- *Underlying*	**329.2**	277.8	+18.5%	-0.1%	**89.6**	94.0	-4.6%	-2.6%
- *Periodic*	**--**	6.0	n/m	n/m	**--**	--	n/m	n/m
SES Video	**1,383.0**	1,391.6[4]	-0.6%	-3.6%	**351.5**	371.6	-5.4%	-3.0%
- *Underlying*	**1,373.2**	1,366.5	+0.5%	-2.4%	**348.6**	370.1	-5.8%	-3.4%
- *Periodic*	**9.8**	25.1	n/m	n/m	**2.9**	1.5	n/m	n/m

1) At constant FX and assuming (on a pro forma basis) that RR Media had been consolidated from 1 January 2016
2) Satellite capacity revenue, excluding "pull through" capacity provided to support MX1
3) Comprising MX1, including associated satellite capacity, and HD+ subscription revenue
4) During 2017, EUR 7.2 million of 2016 reported revenue was reclassified from Video to Other

Full Year 2017 Highlights: SES Video

The 3.6% like-for-like revenue reduction is predominantly related to higher periodic revenue in the prior year, the impact of changes in satellite health and lower revenue in MX1 as a number of legacy services were not renewed.

Fourth Quarter 2017 Highlights and Business Trends: SES Video

SES Video's revenue was 3.0% lower than Q4 2016 which included the impact of the loss of AMC-9 and lower revenue in MX1 following the non-renewal of a number of legacy services in Q3 2017. The underlying revenue, including satellite health, was down 3.4%.

SES beyond frontiers

Video Distribution (Q4 2017)

Overall, Video Distribution revenue was 3.1% (like-for-like) lower in Q4 2017 compared with the prior year period. The decline was driven by lower revenue in North America and International markets, which were also impacted by the loss of AMC-9. The European business returned to stability in Q4 2017 supported by new capacity contracted for UHD.

At 31 December 2017, total TV channels had grown by 2% year-on-year to 7,709 TV channels. Continued expansion of High Definition (HD) TV led to a 4% year-on-year growth to 2,602 HD channels. HDTV channels represented 33.8% of total TV channels (Q4 2016: 33.1%), while the proportion of total TV channels broadcast in MPEG-4 increased from 61.4% at Q4 2016 to 65.0% as at Q4 2017. The number of commercial Ultra HD (UHD) TV channels increased from 21 UHD TV channels to 28 UHD TV channels including new channels announced by QVC and Canal+ during Q4 2017.

Revenue in Q4 2017 was stable year-on-year in Europe, where QVC contracted additional capacity to support the launch of a new UHD TV channel in Germany. The European business also benefited from additional long-term capacity renewals including ProSiebenSat.1 and ARD-ZDF in Germany, Orange (through SES's partnership with Globecast) in Romania and All Media Baltics over the Nordic and Baltic markets. Across Europe, total TV channels were stable compared with Q4 2016 at nearly 2,700 TV channels, as a net reduction in the number of Standard Definition (SD) channels was offset by additional HD and UHD channels.

In North America, there was a small decline in revenue in Q4 2017, compared with Q4 2016, due to modest volume reductions, as well as lower occasional use revenue following the loss of AMC-9. At Q4 2017, the SES fleet was broadcasting more than 2,000 total TV channels in North America which represented a small decrease year-on-year reflecting a lower number of SD channels, partly offset by growth in the number of HD channels. SES's UHD platform in North America is continuing to build market traction towards wider commercial adoption, with more than 30 U.S. cable and IPTV operators testing UHD using SES Video's 4K content delivery platform.

Underlying revenue across the International markets was lower (year-on-year) in Q4 2017 due to the combination of lower volume following the loss of AMC-9 and a gradual ramp-up of new capacity including SES-9 and SES-10 in 2017 reflecting the dynamics of these markets. The number of total TV channels (including HD and UHD) increased by 8% year-on-year to nearly 3,000 TV channels as new DTH platforms, notably in Africa and the Middle East, were rolled out using previously contracted capacity.

Video Services (Q4 2017)

Video Services decreased 2.6% (like-for-like) in Q4 2017, compared to the prior year period, as non-renewals of legacy services in MX1 more than offset revenue growth in the HD+ platform in Germany.

The impact of the MX1 non-renewals contributed to a net reduction of EUR 7.0 million for Q4 2017 compared with Q4 2016 for the business. This represented a slight improvement on the EUR 7.5 million (year-on-year) net reduction reported in Q3 2017 as new business wins - such as eoTV and fuboTV - for linear and over-the-top distribution services will support the on-going stabilisation of MX1 revenue under its new CEO. Compared with Q3 2017, MX1 benefited from revenue seasonality, notably for distribution of premium sports and entertainment content to customers' end-viewers.

This offset year-on-year growth for HD+ in Q4 2017 reflecting the combination of the increased annual subscription fee (from EUR 60 to EUR 70) and the introduction of a supplementary premium Eurosport package. At Q4 2017, the total number of paying subscribers was 2.1 million (Q4 2016: 2.1 million). Adoption of IFRS 15 accounting changes in 2018 is expected to lead to a year-on-year revenue reduction of EUR 15-20 million in HD+, although there is no cash impact. 2017 revenue will not be restated.

SES Networks: 32% of group revenue (2016: 30%)

- Reported revenue up 3.0% to EUR 646.1 million (-1.9% like-for-like)
- Underlying revenue down 2.6% (like-for-like) including the impact of changes in satellite health
- Contract backlog of EUR 2.3 billion (2016: EUR 2.2 billion as reported and EUR 2.0 billion at constant FX)
- Over 75% of 2018 expected revenue already committed with annualised value of contracts signed in Q4 2017 doubled
- Investing in new capabilities, such as O3b mPOWER, to enhance differentiation and expand addressable market

			Change (%)				Change (%)	
EUR million	FY 2017	FY 2016	Reported	Like-for-like[1]	Q4 2017	Q4 2016	Reported	Like-for-like[1]
Fixed Data	**254.8**	251.8	+1.2%	-6.0%	**60.3**	70.3	-14.3%	-8.4%
- *Underlying*	**245.8**	248.7	-1.2%	-8.3%	**60.3**	70.3	-14.3%	-8.4%
- *Periodic*	**9.0**	3.1	n/m	n/m	**--**	--	n/m	n/m
Mobility	**145.4**	133.7	+8.7%	-0.1%	**31.0**	56.9	-45.4%	-40.4%
- *Underlying*	**127.8**	108.2	+18.2%	+4.4%	**31.0**	33.5	-7.2%	+0.0%
- *Periodic*	**17.6**	25.5	n/m	n/m	**--**	23.4	n/m	n/m
Government	**245.9**	241.8	+1.7%	+1.6%	**64.8**	65.2	-0.6%	+5.5%
- *Underlying*	**233.0**	231.7	+0.5%	+0.4%	**63.4**	62.8	+1.0%	+7.1%
- *Periodic*	**12.9**	10.1	n/m	n/m	**1.4**	2.4	n/m	n/m
SES Networks	**646.1**	627.3	+3.0%	-1.9%	**156.1**	192.3	-18.8%	-12.9%
- *Underlying*	**606.6**	588.6	+3.1%	-2.6%	**154.7**	166.5	-7.1%	-0.8%
- *Periodic*	**39.5**	38.7	n/m	n/m	**1.4**	25.8	n/m	n/m

1) At constant FX and assuming (on a pro forma basis) that O3b had been consolidated from 1 January 2016

Full Year 2017 Highlights: SES Networks

The 1.9% like-for-like revenue reduction related to higher up-front revenue contribution from the transaction with Global Eagle Entertainment (GEE) for AMC-3, U.S. Government-funded hosted payloads and other periodic revenue in the prior year.

On an underlying basis, SES Networks' revenue for full year 2017 was 2.6% lower than the prior year as the impact of losing AMC-9 and lower Fixed Data revenue was not fully offset by growth in Mobility and Government. Nevertheless, the trend in Fixed Data is reversing as SES Networks' unique O3b fleet services continue to grow, albeit taking somewhat longer to implement than initially expected. Following the outright sale of assets to GEE in Q4 2016 and Q1 2017, Mobility is expected to grow in 2018 with the successful launches of SES-15 and SES-14 while the further adoption of MEO services by U.S. Department of Defense drove exciting growth in the Government business towards the end of the year.

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Fourth Quarter 2017 Highlights and Business Trends: SES Networks

Q4 2017 revenue was 12.9% lower than Q4 2016 which included the first of two up-front revenue contributions from the GEE transaction related to AMC-3, with the second tranche recognised in Q1 2017. Underlying revenue development in the quarter, including the impact from the loss of AMC-9, was -0.9% compared with Q4 2016. This reflected the expansion of managed service agreements across Fixed Data, Mobility and Government. SES Networks grew by 7.4% from Q3 2017 to Q4 2017 at constant FX, showing growth in all three market verticals, and while some of this growth reflects seasonal trends, this positive revenue development quarter-on-quarter reflects the underlying growth now evident in the business. This is also reflected in the fact that the annualised value of new business signed and customer recommitting to renewals in Q4 2017 was double that of Q2 2017.

In November 2017, SES Networks achieved an important milestone as the only satellite-enabled services provider to achieve Metro Ethernet Forum Carrier Ethernet (MEF CE) 2.0 Services Certification. The certification recognises SES Networks' capability to deliver today's most advanced, high-performance and secure Ethernet services across its global footprint. Achieving MEF certification builds on SES Networks' initiatives to transform the role of satellite-enabled services as a pillar of mainstream global connectivity for the benefit of customers which also included the important investment in O3b mPOWER.

SES Networks also partnered with Alphabet's Project Loon to restore 3G and 4G services in Puerto Rico following one of the worst hurricane seasons for many years.

<u>Fixed Data</u>

Fixed Data revenue in Q4 2017 was 8.4% lower compared with Q4 2016 due to the impact of satellite health issues related to the loss of AMC-9 and lowering of legacy wholesale capacity revenue across most International markets during 2016 and 2017. These near-term headwinds offset growth from new managed service contracts signed with clients from the Telecommunications and Mobile Network Operator sectors, notably across the MEO fleet.

Fixed Data revenue in the Americas was stable year-on-year, while the start of a significant multi-year, multi-gigabit contract with ETECSA, the national postal, telegraph and telephone (PTT) operator in Cuba and a significant geostationary network for a major Mexican customer will both contribute to positive revenue development in 2018. Further positive developments include connectivity contracts signed with COMNET in Guatemala and the expansion of SES's partnership with SpeedCast in Peru for the roll-out of additional Enterprise+ Broadband services.

Lower GEO wholesale capacity revenue across Europe, Middle East and Africa (EMEA) following reduced pricing of bandwidth-only contracts when renewed, mostly during 2016 and early 2017, offset additional growth in new MEO managed services, such as the contract signed in October 2017 with CETel to provide a satellite-based network to expand connectivity to new areas across North and West Africa.

There were very similar trends in Asia-Pacific to those noted above, with revenue stable year-on-year. During Q4 2017, SES Networks secured new contracts, including supporting the roll-out of Our Telekom's first 4G/LTE network and high-speed broadband service in the Solomon Islands.

Mobility

Mobility revenue in Q4 2017 was -40.4% lower than Q4 2016 which included the first of two up-front revenue contributions from the GEE transaction related to AMC-3. Excluding this periodic item, underlying revenue in Mobility was stable.

Underlying revenue from aeronautical contracts grew in the fourth quarter, compared with the prior year period, with the benefit of new contracts signed during 2017, including the revenue contribution from the agreement with Gogo for the entire capacity on AMC-4. The entry into commercial service of SES-15 in January 2018 and subsequent agreement with GEE for significant additional capacity will support increased run-rate revenue in this segment, with SES-14 (launched in January 2018) and SES-12 (expected to be launched in early Q2 2018) delivering additional growth capability towards the end of 2018.

Higher revenue from services provided in cruise in Q4 2016 resulted in a slight year-on-year reduction in Maritime revenue for Q4 2017. This offset growth in 2017, which included the delivery of new services supporting Carnival Corporation's MedallionNet™ and Dream Cruises' enhanced on-board connectivity experience with additional demand underpinning a future growth trajectory.

Government

Government revenue in Q4 2017 (+5.5% year-on-year) was driven by a return to growth in underlying U.S. Government business, complemented by strong growth in Global Government. Q4 2017 revenue included EUR 1.4 million of periodic revenue, as compared with EUR 2.4 million in Q4 2016 relating to the accelerated revenue recognition associated with the two U.S. Government-funded hosted payloads which has now normalised.

Substantial incremental adoption of MEO fleet capabilities by the U.S. Department of Defense was a key driver of a return to underlying growth in Q4 2017 versus Q4 2016. As at December 2017, SES GS was contracted to deliver nearly five gigabits per second of managed MEO O3b services, supporting various U.S. Government customers across 18 sites globally. In December 2017, SES GS was also awarded the Pathfinder 3 contract by the U.S. Government. In total, SES GS is now serving 50 clients across 15 U.S. Government agencies (2016: 44 clients across 13 agencies).

Growth in U.S. Government revenue was complemented by strong year-on-year growth in Global Government, reflecting the positive contribution from new business in MEO, notably in Africa, as well as revenue recognised from GovSat's (a public-private partnership between SES and the Luxembourg Government) long-term agreement to support NATO's Allied Ground Surveillance (AGS) with an end-to-end service involving existing commercial satellite capacity and managed services. SES-16/GovSat-1 was successfully launched in January 2018. The Luxembourg Government has pre-committed an important amount of capacity on the satellite in support of its NATO commitments. The remaining capacity will be commercialised and made available to other governmental and institutional customers. At the end of 2017, SES Networks was supporting 58 global government clients, up from 49 clients a year ago.

Other Revenue

Other includes revenue not directly applicable to a particular vertical and returned to a normalised level of EUR 5.9 million in the full year 2017. This compared with EUR 54.0 million (like-for-like) in the prior year which included accelerated revenue related to a long-term contract amendment and other revenue not directly attributable to a vertical such as insurance proceeds and development revenue.

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Financial Outlook

	FY 2017 as reported	FY 2017	FY 2018	FY 2020
Average EUR/USD FX rate	1.1249	1.15	1.15	1.15
SES Video revenue	EUR 1,383.0 million	EUR 1,373.7 million	EUR 1,300 - 1,320 million	Over EUR 1,350 million
SES Networks revenue	EUR 646.1 million	EUR 632.0 million	EUR 660 - 690 million	Over EUR 875 million
Group EBITDA margin	65.1%	65.1%	64.0% to 64.5%	Over 65.0%

Financial outlook assumes a EUR/USD exchange rate of 1.15, nominal launch schedule and satellite health status and includes the impact of IFRS accounting changes.

Revenue development of SES Video in FY 2018 will continue to be impacted by the loss of AMC-9 (in June 2017) and non-renewals of legacy MX1 services. In addition, the implementation of IFRS 15 in 2018 is expected to lead to a revenue reduction of around EUR 15-20 million related to HD+, but without any cash impact. Thereafter, the business is expected to benefit from the ramp-up of capacity to support the acceleration of HD and UHD TV channels, growth of video distribution across International markets and the expansion of SES's unique, global video services business.

New business supported by the entry into service of new satellite capabilities across both SES's GEO and MEO fleets over the course of 2018 will be a key driver of revenue development for SES Networks in 2018. Thereafter, the further commercialisation of these assets, complemented by an additional four MEO satellites in H1 2019, is expected to support sustained and profitable growth.

Other revenue is expected to be around EUR 10 million per annum.

SES is intensifying its focus on operational efficiency with the roll-out of a company-wide Fit-for-Growth programme and anticipates taking a EUR 10-12 million restructuring provision in Q1 2018 to fund planned measures. At the same time, SES Networks is continuing to build, resource and implement its unique and differentiated data solutions services. This will mean the new business will have a lower margin profile, but this is expected to be offset by positive operational leverage from revenue growth and further efficiencies. These factors are expected to impact the 2018 EBITDA margin, while supporting revenue growth and profitability in the longer term.

Capital expenditure (CapEx) is expected to be EUR 460 million in 2018, before reducing to EUR 430 million in 2019 and EUR 380 million in 2020. In 2021, the launch of O3b mPOWER (the most flexible and scalable satellite-based network) and SES-17 (a Ka-band high-throughput satellite with significant commitment agreed with Thales to provide in-flight connectivity and entertainment over the Americas) contribute to CapEx of EUR 1,130 million, before returning to a more normalised level of EUR 550 million for 2022. For O3b mPOWER, SES has the right to acquire the satellites directly at the end of the construction period (assumed as the base case for SES's CapEx guidance), or enter into a leasing agreement that would result in a deferred payment plan.

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Future satellite capacity and fleet update

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
SES-10	Latin America	Video, Fixed Data	Launched (March 2017)
EchoStar 105/SES-11	North America	Video, Fixed Data	Launched (October 2017)
SES-12(1)	Asia-Pacific	Video, Fixed Data, Mobility	Q2 2018 (from Q1 2018)
SES-14(1)	Latin America	Video, Fixed Data, Mobility	Launched (January 2018)
SES-15	North America	Fixed Data, Mobility, Government	Launched (May 2017)
SES-16/GovSat-1(2)	Europe/MENA	Government	Launched (January 2018)
O3b (satellites 13-16)	Global	Fixed Data, Mobility, Government	Q1 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

SES successfully launched three new satellites in 2017, and another two already in 2018. These, along with other planned launches for 2018 and 2019 will bring additional, customer-specific capabilities that underpin SES's future growth.

On 30 March 2017, SES-10 was launched on board a SpaceX Falcon 9 rocket, becoming the first GEO satellite to launch on a flight-proven first-stage rocket booster, and entered into service in May 2017.

On 18 May 2017, SES-15 was launched on a Soyuz rocket. This spacecraft is SES's first hybrid satellite with wide-beam and high-throughput capacity serving in-flight connectivity and entertainment customers over North America. SES-15 also carries a Wide Area Augmentation System (WAAS) hosted payload for the U.S. Government. The satellite entered into service on 15 January 2018.

In June 2017, AMC-9 (48 total transponders) was affected by a significant anomaly, which resulted in an impairment charge of EUR 38.4 million against the spacecraft in the 2017 financial statements and a revenue reduction of EUR 18 million compared with the prior year. In July 2017, SES determined that the available capacity on NSS-806 was reduced by 12 transponders due to an anomaly.

In October 2017, EchoStar 105/SES-11 was launched using, for the second time, a flight-proven Falcon 9 rocket. EchoStar 105/SES-11 is a dual-mission satellite, providing SES with a C-band payload (SES-11) of 24 transponders owned and operated by SES to accelerate the development of HD and UHD channels in North America, and providing EchoStar with 24 Ku-band transponders (EchoStar 105). The satellite entered into service on 29 November 2017.

In January 2018, SES-14 was launched on an Ariane 5 rocket. The spacecraft will serve Latin America, the Caribbean, North America and the North Atlantic region with C- and Ku-band wide beam coverage and Ku-band high throughput spot beam coverage. SES-14 also carries the Global Scale Observations of the Limb and Disk (GOLD) as a hosted payload for NASA.

SES-16/GovSat-1 was successfully launched, in January 2018, on board a flight-proven SpaceX Falcon 9 rocket. GovSat-1 is the first satellite of GovSat, and is a multi-mission spacecraft to serve governmental and institutional customers over

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Europe, the Middle East and Africa, and provide extensive maritime coverage over the Mediterranean and Baltic seas, and the Atlantic and Indian oceans.

The next four O3b satellites (satellites 13 to 16) are expected to be launched before the end of Q1 2018, followed by the launch of satellites 17 to 20 during the first half of 2019. The launch of the new satellites will augment SES's current fleet of 12 O3b satellites which is already approaching peak capacity across a number of regions.

SES-17, a Ka-band high throughput satellite with significant commitment agreed with Thales to provide in-flight connectivity and entertainment over the Americas, is expected to be launched in 2021.

In 2021, SES also expects to launch seven super-powered, next generation MEO satellites as part of O3b mPOWER which will be the most powerful, flexible and scalable satellite-based system. The constellation will deliver unrivalled cloud-scale connectivity and managed services globally to meet the fast-growing needs of customers across dynamic fixed data, mobility and government markets, offering:

- Unique levels of flexibility with over 30,000 fully-shapeable and steerable beams that can be shifted and switched in real time, making O3b mPOWER the most bandwidth-efficient system;
- Unrivalled coverage of an area of nearly 400 million square kilometres, representing 80% of the Earth's surface;
- Highest performance with the combination of multiple terabits of throughput and low latency which will be seamlessly integrated with SES's existing GEO-MEO and terrestrial capabilities; and
- Improved economics with lower cost per bit and cheaper ground equipment, including small, fast and easy to install O3b mPOWER Customer Edge Terminals.

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FINANCIAL REVIEW

Income Statement

REVENUE, OPERATING EXPENSES AND EBITDA

EUR million	2017	2016	Change	Change (%)
Revenue	**2,035.0**	2,068.8	(33.8)	-1.6%
Revenue (like-for-like)[1]	**2,035.0**	2,147.6	(112.6)	-5.2%
Operating expenses	**(710.8)**	(617.3)	(93.5)	-15.2%
Operating expenses (like-for-like)[1]	**(710.8)**	(714.8)	+4.0	+0.6%
EBITDA	**1,324.2**	1,451.5	(127.3)	-8.8%
EBITDA (like-for-like)[1]	**1,324.2**	1,432.8	(108.6)	-7.6%

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

Reported **revenue**, which included the full year contribution from RR Media (acquired in July 2016) and O3b (consolidated in August 2016), was 1.6% lower than the prior year. On a like-for-like basis (at constant FX and assuming RR Media and O3b were consolidated from 1 January 2016), group revenue decreased by EUR 112.6 million (or 5.2%) mainly due to higher periodic and “Other” revenue in 2016, the impact from the loss of AMC-9 in June 2017 and lower revenue in MX1 as a number of legacy services were not renewed. Adoption of IFRS 15 accounting changes in 2018 is expected to lead to a year-on-year revenue reduction of EUR 15-20 million in HD+, although there is no cash impact. 2017 revenue will not be restated.

Operating expenses improved by 0.6% (like-for-like) compared with the prior year, as reductions in the group’s fixed cost base of EUR 6.0 million, or 1.4%, more than offset the additional cost of sales principally associated with the increase in managed services contracts. The increase in reported operating expenses reflects the full year impact from the consolidation of RR Media and O3b. Adoption of IFRS 16 accounting changes in 2018 is expected to lead to a small reduction in future operating expenses, with a corresponding increase in annual depreciation expense.

Group **EBITDA** of EUR 1,324.2 million (down 8.8% as reported and 7.6% like-for-like), represented an EBITDA margin of 65.1% (2016: 70.2% as reported and 66.7% like-for-like). The reduction in like-for-like margin reflected the lower revenue base with costs kept flat.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	2017	2016	Change	Change (%)
Depreciation and impairment expense	**(635.0)**	(560.5)	(74.5)	-13.3%
Amortisation expense	**(78.6)**	(70.7)	(7.9)	-11.1%
Depreciation, impairment and amortisation	**(713.6)**	(631.2)	(82.4)	-13.1%
Depreciation, impairment and amortisation (like-for-like)[1]	**(713.6)**	(719.3)	+5.7	+0.8%
Operating profit[2]	**610.6**	820.3	(209.7)	-25.6%
Operating profit (like-for-like)[1,2]	**610.6**	713.5	(102.9)	-14.4%

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016
2) Before gain on deemed disposal of equity interest of EUR 495.2 million in 2016

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Reported **depreciation, impairment and amortisation expense** in 2017 included a full year impact of RR Media and O3b, as well as an impairment charge of EUR 38.4 million related to the loss of AMC-9. Like-for-like depreciation and amortisation (excluding the impairment charge) was 6.1% lower than the prior year reflecting lower depreciation on the MEO fleet and a net reduction in depreciation for the GEO fleet, which offset the additional depreciation from new capacity recently added.

Group operating profit, excluding the reported gain on deemed disposal of equity interest of EUR 495.2 million which was recognised directly after the consolidation of O3b (August 2016) and consequently not repeated in 2017, represented an **operating profit margin** of 30.0%, or 31.9% excluding the impairment charge (2016: 39.7% as reported and 33.2% on a like-for-like basis).

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	2017	2016	Change	Change (%)
Gain on deemed disposal of equity interest	**--**	495.2	(495.2)	n/m
Net interest expense and other	**(189.2)**	(228.3)	+39.1	+17.1%
Capitalised interest	**47.0**	39.7	+7.3	+18.3%
Net foreign exchange gains	**(1.1)**	14.3	(15.4)	n/m
Net financing costs	**(143.3)**	(174.3)	+31.0	+17.7%
Profit before tax	**467.3**	1,141.2	(673.9)	-59.1%
Income tax benefit/(expense)	**130.6**	(114.1)	+244.7	n/m
Profit after tax	**597.9**	1,027.1	(429.2)	-41.8%
Share of associates' results (net of tax)	**--**	(62.4)	+62.4	n/m
Non-controlling interests	**(1.8)**	(2.0)	+0.2	+7.3%
Profit attributable to SES shareholders	**596.1**	962.7	(366.6)	-38.1%
Coupon on hybrid (perpetual) bond, net of tax	**(47.3)**	(15.0)	(32.4)	n/m
Adjusted profit attributable to SES shareholders	**548.8**	947.7	(399.0)	-42.1%
Earnings per A Class share	**EUR 1.21**	EUR 2.18		

As highlighted above, the 2016 results included a reported **gain on deemed disposal of equity interest** (EUR 495.2 million) which was not repeated in 2017.

Net financing costs were 17.7% lower than the prior year, as additional finance costs from the full year contribution of RR Media and O3b were more than offset by lower same scope net interest, higher capitalised interest and the effect of refinancing the entire O3b debt in the second half of 2016. As presented using IFRS recognition principles, net financing costs exclude interest payments for the EUR 1.3 billion of hybrid (perpetual) bonds issued during 2016 at an average coupon of 5.05%.

The positive contribution from **income tax** resulted from the release of certain tax provisions, the recognition of a tax asset in relation to withholding tax and certain U.S. tax credits during the first nine months of 2017. Q4 2017 included the positive impact of changes in U.S. tax legislation which led to the recognition of a one-off non-cash gain of EUR 94.4 million from the reduction in deferred tax liabilities. Excluding these items, the **group's effective tax rate** was 20.4% (2016: 10.0% as reported and 17.7% excluding the gain on deemed disposal of equity interest).

As a result of the consolidation of O3b, the group's **share of associates' results** (net of tax) was nil, compared with a loss of EUR 62.4 million in the prior year. **Non-controlling interests** of EUR 1.8 million were slightly lower than the prior year.

Consequently, **net profit attributable to SES shareholders** was EUR 596.1 million (2016: EUR 962.7 million) representing a decrease of 20.9% over the prior year, excluding the gain on deemed disposal of equity interest of EUR 495.2 million in 2016 and the non-recurring tax gains of EUR 226.0 million recognised in 2017 (2016: nil). **Earnings per share** was EUR 1.21 (2016: EUR 2.18) after deducting the coupon (net of tax) for the group's hybrid (perpetual) bonds issued during 2016.

Cash Flow and Financing

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

EUR million	2017	2016	Change	Change (%)
Net cash generated by operating activities	**1,251.2**	1,274.1	(22.9)	-1.8%
Net cash absorbed by investing activities	**(490.4)**	(619.5)	+129.1	-20.8%
Free cash flow before financing activities and acquisitions	**760.8**	654.6	+106.2	+16.2%
Acquisitions of RR Media and remaining O3b shares	**--**	(762.2)	+762.2	n/m
Free cash flow before financing activities	**760.8**	(107.6)	+868.4	n/m

Net cash generated by operating activities was in line with the prior year and represented a cash conversion ratio (measured as the ratio of net cash generated by operating activities to EBITDA) of 94.5% (2016: 87.8%).

Lower **net cash absorbed by investing activities** resulted in an increase of EUR 106.2 million (or 16.2%) in **free cash flow before financing activities and acquisitions** compared with the prior year. Consequently, the ratio of free cash flow before financing activities and acquisitions to revenue increased from 31.6% in 2016 to 37.4% in 2017.

NET DEBT TO EBITDA RATIO

EUR million	31 December 2017	31 December 2016	Change	Change (%)
Borrowings(1)	**3,947.9**	4,427.4	(479.5)	-10.8%
Cash and cash equivalents	**(269.6)**	(587.5)	+317.9	+54.1%
Net debt	**3,678.3**	3,839.9	(161.6)	-4.2%
Net debt / EBITDA (rating agency)(2)	**3.27 times**	3.09 times		
Weighted average interest cost(3)	**3.66%**	3.87%		
Weighted average debt maturity	**7.0 years**	7.8 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. Net debt / EBITDA ratio, using IFRS recognition principles (treats the hybrid bonds as 100% equity), was 2.78 times at 31 December 2017 (31 December 2016: 2.65 times)
3) Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

Total borrowings were reduced by EUR 479.5 million, or 10.8%, due to the repayment of borrowings with existing cash, as well as the effect of the weaker U.S. dollar. This led to a net debt reduction of EUR 161.6 million. Consequently, the group's net debt to EBITDA ratio was 3.27 times as at 31 December 2017, based on the treatment of SES's hybrid (perpetual) bonds as 50% debt and 50% equity.

In November 2017, S&P affirmed SES's BBB rating and stable outlook and, in January 2017, Moody's affirmed the group's Baa2 rating and stable outlook. The Moody's rating reflects a baseline credit assessment of Baa3 and the company's recent designation, in Moody's assessment, as a Government-Related Issuer.

Dividend

The Board of SES is proposing a dividend of EUR 0.80 for each Class A share and EUR 0.32 for each Class B share. This dividend, which is subject to approval at the company's annual general meeting on 5 April 2018, will be paid to shareholders on 25 April 2018.

This rebasing is appropriate for SES and will allow a strengthening of the balance sheet whilst supporting growth opportunities and enabling a progressive dividend in the future.

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2017	2016
Revenue	**2,035.0**	2,068.8
Cost of sales	**(273.9)**	(231.0)
Staff costs	**(279.2)**	(233.1)
Other operating expenses	**(157.7)**	(153.2)
Operating expenses	**(710.8)**	(617.3)
EBITDA[1]	**1,324.2**	1,451.5
Depreciation and impairment expense	**(635.0)**	(560.5)
Amortisation expense	**(78.6)**	(70.7)
Operating profit before gain on deemed disposal of equity interest	**610.6**	820.3
Gain on deemed disposal of equity interest	**--**	495.2
Operating profit	**610.6**	1,315.5
Finance income	**1.1**	22.8
Finance costs	**(144.4)**	(197.1)
Net financing costs	**(143.3)**	(174.3)
Profit before tax	**467.3**	1,141.2
Income tax benefit/(expense)	**130.6**	(114.1)
Profit after tax	**597.9**	1,027.1
Share of associates' results (net of tax)	**--**	(62.4)
Profit for the year	**597.9**	964.7
Non-controlling interests	**(1.8)**	(2.0)
Profit attributable to owners of the parent	**596.1**	962.7
Earnings per share (in EUR)[2]		
Class A shares	**1.21**	2.18
Class B shares	**0.48**	0.87

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 coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

EUR million	2017	2016
Property, plant and equipment	**4,591.4**	5,156.3
Assets in the course of construction	**1,480.2**	1,389.6
Intangible assets	**4,630.9**	5,247.7
Other financial assets	**5.0**	6.5
Trade and other receivables	**317.8**	356.1
Deferred customer contract costs	**15.2**	29.3
Deferred tax assets	**70.4**	70.5
Total non-current assets	**11,110.9**	12,256.0
Inventories	**30.1**	30.2
Trade and other receivables	**648.2**	694.1
Deferred customer contract costs	**10.4**	--
Prepayments	**43.7**	49.8
Derivatives	**2.6**	--
Income tax receivable	**68.9**	28.3
Cash and equivalents	**269.6**	587.5
Total current assets	**1,073.5**	1,389.9
Total assets	**12,184.4**	13,645.9
Equity attributable to the owners of the parent	**5,987.9**	6,806.5
Non-controlling interests	**124.6**	138.6
Total equity	**6,112.5**	6,945.1
Borrowings	**3,413.8**	4,223.1
Provisions	**41.2**	44.7
Deferred income	**477.3**	411.8
Deferred tax liabilities	**438.5**	664.2
Other long-term liabilities	**76.1**	53.7
Fixed assets suppliers	**53.4**	15.4
Total non-current liabilities	**4,500.3**	5,412.9
Borrowings	**534.1**	204.3
Provisions	**12.7**	86.7
Deferred income	**443.2**	510.5
Trade and other payables	**385.6**	398.3
Fixed assets suppliers	**126.6**	60.8
Derivatives	**0.6**	1.0
Income tax liabilities	**68.8**	26.3
Total current liabilities	**1,571.6**	1,287.9
Total liabilities	**6,071.9**	6,700.8
Total equity and liabilities	**12,184.4**	13,645.9

An amount of EUR 277.6 million as at 31 December 2016 representing non-current portion of unbilled accrued revenue has been reclassified from 'trade and other receivables' current to 'trade and other receivables' non-current

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2017	2016
Profit before tax	**467.3**	1,141.2
Taxes paid during the year	**(58.4)**	(90.2)
Interest expense	**111.0**	142.3
Loan repayment fees	**--**	21.6
Depreciation, impairment and amortisation expense	**713.6**	631.2
Amortisation of client upfront payments	**(70.8)**	(71.4)
Gain on deemed disposal of equity interest	**--**	(495.2)
Other non-cash items in consolidated income statement	**34.3**	18.6
Consolidated operating profit before working capital changes	**1,197.0**	1,298.1
Changes in working capital	**54.2**	(24.0)
Net operating cash flow	**1,251.2**	1,274.1
Payments for purchases of intangible assets	**(35.1)**	(42.6)
Payments for purchases of tangible assets	**(446.1)**	(577.4)
Payments for acquisition of subsidiary, net of cash acquired	**--**	(725.5)
Proceeds from disposal of tangible assets	**1.1**	--
Net investment in equity-accounted investments	**(8.7)**	(36.7)
Other investing activities	**(1.6)**	0.5
Cash flow from investing activities	**(490.4)**	(1,381.7)
Free cash flow before financing activities	**760.8**	(107.6)
Proceeds from borrowings	**34.5**	275.5
Repayment of borrowings	**(287.5)**	(1,582.4)
Proceeds from perpetual bond, net of transaction costs	**(2.1)**	1,274.7
Coupon paid on perpetual bond	**(24.7)**	--
Interest paid	**(158.3)**	(188.5)
Dividends paid on ordinary shares, net of dividends received on treasury shares	**(608.3)**	(527.5)
Dividends paid to non-controlling interests	**(7.2)**	(7.2)
Equity contribution by non-controlling interests	**1.9**	12.5
Issue of shares, net of the contribution in kind	**--**	882.2
Payments for acquisition of treasury shares	**(51.3)**	(197.6)
Proceeds from treasury shares sold and exercise of stock options	**40.5**	100.8
Other financing activities	**--**	2.6
Cash flow from financing activities	**(1,062.5)**	45.1
Free cash flow after financing activities	**(301.7)**	(62.5)
Net foreign exchange movements	**(16.2)**	10.3
Cash and equivalents at beginning of the year	**587.5**	639.7
Net increase/(decrease) in cash and equivalents	**(317.9)**	(52.2)
Cash and equivalents at end of the year	**269.6**	587.5

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Supplementary information:

U.S. DOLLAR EXCHANGE RATE

	2017 average	2017 closing		2016 average	2016 closing
EUR 1 = U.S. dollars	**1.1249**	1.1993		1.1060	1.0541

QUARTERLY INCOME STATEMENT (AS REPORTED)

In EUR million	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Average U.S. dollar exchange rate	*1.0914*	*1.0631*	*1.0947*	*1.1655*	***1.1764***
Revenue	578.7	540.6	508.1	478.5	**507.8**
Operating expenses	(188.1)	(183.0)	(178.6)	(171.0)	**(178.2)**
EBITDA	390.6	357.6	329.5	307.5	**329.6**
EBITDA margin	*67.5%*	*66.2%*	*64.8%*	*64.3%*	***64.9%***
Depreciation and impairment	(159.3)	(151.5)	(190.5)[1]	(146.0)	**(147.0)**
Amortisation	(21.4)	(19.4)	(19.7)	(19.1)	**(20.4)**
Operating profit	209.9	186.7	119.3	142.4	**162.2**
Operating profit margin	*36.3%*	*34.5%*	*23.5%*	*29.8%*	***31.9%***
Net financing costs	(38.9)	(29.7)	(38.9)	(33.6)	**(41.1)**
Profit before tax	171.0	157.0	80.4	108.8	**121.1**
Income tax	(30.2)	(27.7)	67.8	9.4	**81.1**
Non-controlling interests	(2.2)	(0.9)	(1.1)	0.8	**(0.6)**
Profit attributable to owners of the parent	138.6	128.4	147.1	119.0	**201.6**
Earnings per share (in EUR)[2]					
Class A shares	0.27	0.26	0.30	0.23	**0.42**
Class B shares	0.10	0.10	0.12	0.09	**0.17**

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

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QUARTERLY OPERATING PROFIT (AT CONSTANT FX)

In EUR million	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Average U.S. dollar exchange rate	*1.1764*	*1.1764*	*1.1764*	*1.1764*	***1.1764***
Revenue	555.9	512.2	490.2	476.1	**507.8**
Operating expenses	(180.3)	(172.3)	(171.0)	(170.0)	**(178.2)**
EBITDA	375.6	339.9	319.2	306.1	**329.6**
EBITDA margin	*67.6%*	*66.4%*	*65.1%*	*64.3%*	***64.9%***
Depreciation and impairment	(151.3)	(141.5)	(180.6)(1)	(145.0)	**(147.0)**
Amortisation	(21.0)	(18.9)	(19.4)	(19.0)	**(20.4)**
Operating profit	203.3	179.5	119.2	142.1	**162.2**
Operating profit margin	*36.6%*	*35.0%*	*24.3%*	*29.8%*	***31.9%***

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

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QUARTERLY REVENUE BY VERTICAL (REPORTED)

In EUR million	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Average USD exchange rate	*1.1562*	*1.0981*	*1.1124*	*1.0933*	*1.0898*	*1.1314*	*1.1116*	*1.0914*	*1.0631*	*1.0947*	*1.1655*	***1.1764***
Video Distribution	275.0	287.1	279.0	284.6	285.0	269.6	275.6	277.6	271.7	265.8	254.4	**261.9**
- *Underlying*	270.1	276.9	274.8	280.0	275.9	268.6	268.1	276.1	268.2	262.8	254.0	**259.0**
- *Periodic*	4.9	10.2	4.2	4.6	9.1	1.0	7.5	1.5	3.5	3.0	0.4	**2.9**
Video Services	48.5	49.9	49.7	61.8	53.4	55.6	80.8	94.0	81.7	80.5	77.4	**89.6**
- *Underlying*	48.5	49.9	49.7	59.6	50.8	52.2	80.8	94.0	81.7	80.5	77.4	**89.6**
- *Periodic*	--	--	--	2.2	2.6	3.4	--	--	--	--	--	**--**
Total Video	323.5	337.0	328.7	346.4	338.4	325.2	356.4	371.6	353.4	346.3	331.8	**351.5**
- *Underlying*	318.6	326.8	324.5	339.6	326.7	320.8	348.9	370.1	349.9	343.3	331.4	**348.6**
- *Periodic*	4.9	10.2	4.2	6.8	11.7	4.4	7.5	1.5	3.5	3.0	0.4	**2.9**
Fixed Data	72.3	71.1	72.6	73.9	59.8	57.5	64.2	70.3	71.6	68.0	54.9	**60.3**
- *Underlying*	72.3	71.1	72.6	73.9	59.8	57.5	61.1	70.3	67.6	63.0	54.9	**60.3**
- *Periodic*	--	--	--	--	--	--	3.1	--	4.0	5.0	--	**--**
Mobility	14.2	15.6	21.3	17.3	22.3	22.2	32.4	56.8	50.6	33.2	30.6	**31.0**
- *Underlying*	14.2	15.6	16.2	17.3	22.3	22.2	30.3	33.4	33.0	33.2	30.6	**31.0**
- *Periodic*	--	--	5.1	--	--	--	2.1	23.4	17.6	--	--	**--**
Government	60.9	72.4	63.2	61.3	56.8	56.1	63.7	65.2	59.5	60.6	61.0	**64.8**
- *Underlying*	56.8	60.2	59.3	59.3	54.3	52.3	62.3	62.8	58.9	56.2	54.5	**63.4**
- *Periodic*	4.1	12.2	3.9	2.0	2.5	3.8	1.4	2.4	0.6	4.4	6.5	**1.4**
Total Networks	147.4	159.1	157.1	152.5	138.9	135.8	160.3	192.3	181.7	161.8	146.5	**156.1**
- *Underlying*	143.3	146.9	148.1	150.5	136.4	132.0	153.7	166.5	159.5	152.4	140.0	**154.7**
- *Periodic*	4.1	12.2	9.0	2.0	2.5	3.8	6.6	25.8	22.2	9.4	6.5	**1.4**
Sub-total	470.9	496.1	485.8	498.9	477.3	461.0	516.7	563.9	535.1	508.1	478.3	**507.6**
Other	6.9	25.2	7.7	23.0	4.3	14.2	16.6	14.8	5.5	0.0	0.2	**0.2**
Group total	477.8	521.3	493.5	521.9	481.6	475.2	533.3	578.7	540.6	508.1	478.5	**507.8**

SES beyond frontiers

QUARTERLY REVENUE BY VERTICAL (LIKE-FOR-LIKE AND AT CONSTANT FX)

In EUR million	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Video Distribution	282.7	286.9	274.1	276.5	286.8	271.4	271.1	270.2	271.7	265.8	254.4	**261.9**
- *Underlying*	277.6	276.6	270.2	272.1	275.7	268.9	263.8	268.7	268.2	262.8	254.0	**259.0**
- *Periodic*	5.1	10.3	3.9	4.4	11.1	2.5	7.3	1.5	3.5	3.0	0.4	**2.9**
Video Services	73.4	76.3	78.3	91.2	82.1	81.8	79.6	92.0	81.7	80.5	77.4	**89.6**
- *Underlying*	73.4	76.3	78.3	88.9	79.6	78.4	79.6	92.0	81.7	80.5	77.4	**89.6**
- *Periodic*	--	--	--	2.3	2.5	3.4	--	--	--	--	--	**--**
Total Video	356.1	363.2	352.4	367.7	368.9	353.2	350.7	362.2	353.4	346.3	331.8	**351.5**
- *Underlying*	351.0	352.9	348.5	361.0	355.3	347.3	343.4	360.7	349.9	343.3	331.4	**348.6**
- *Periodic*	5.1	10.3	3.9	6.7	13.6	5.9	7.3	1.5	3.5	3.0	0.4	**2.9**
Fixed Data	81.2	76.3	78.0	79.0	71.2	68.9	65.2	65.8	71.6	68.0	54.9	**60.3**
- *Underlying*	81.2	76.3	78.0	79.0	71.2	68.9	62.2	65.8	67.6	63.0	54.9	**60.3**
- *Periodic*	--	--	--	--	--	--	3.0	--	4.0	5.0	--	**--**
Mobility	21.1	22.6	28.0	24.4	30.9	30.2	32.4	52.1	50.6	33.2	30.6	**31.0**
- *Underlying*	21.1	22.6	23.0	24.4	30.9	30.2	30.3	31.1	33.0	33.2	30.6	**31.0**
- *Periodic*	--	--	5.0	--	--	--	2.1	21.0	17.6	--	--	**--**
Government	65.0	73.3	62.0	59.1	58.0	60.1	62.4	61.4	59.5	60.6	61.0	**64.8**
- *Underlying*	60.6	61.2	58.2	57.2	55.4	56.3	61.1	59.2	58.9	56.2	54.5	**63.4**
- *Periodic*	4.4	12.1	3.8	1.9	2.6	3.8	1.3	2.2	0.6	4.4	6.5	**1.4**
Total Networks	167.3	172.2	168.0	162.5	160.1	159.2	160.0	179.3	181.7	161.8	146.5	**156.1**
- *Underlying*	162.9	160.1	159.2	160.6	157.5	155.4	153.6	156.1	159.5	152.4	140.0	**154.7**
- *Periodic*	4.4	12.1	8.8	1.9	2.6	3.8	6.4	23.2	22.2	9.4	6.5	**1.4**
Sub-total	523.4	535.4	520.4	530.2	529.0	512.4	510.7	541.5	535.1	508.1	478.3	**507.6**
Other	6.9	25.1	7.5	22.0	6.1	16.7	16.8	14.4	5.5	0.0	0.2	**0.2**
Group total	530.3	560.5	527.9	552.2	535.1	529.1	527.5	555.9	540.6	508.1	478.5	**507.8**

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