SES

Press release

Half Year 2019 Results

LUXEMBOURG, 26 July 2019 -- SES S.A. announced its financial results for the six months ended 30 June 2019 with performance in line with SES' expectations, continued growth in Networks' revenue and financial outlook unchanged.

Key financial highlights

- Reported revenue of EUR 961.4 million, (down 5.1% at constant FX[1])
- Underlying revenue[2] of EUR 950.6 million; down 4.2%[1] (Video: -8.8%[1,2] and Networks +5.0%[1,2])
- EBITDA of EUR 584.5 million representing a margin of 60.8% (H1 2018: 63.3%); 62.0% excluding restructuring charge
- Net profit attributable to SES shareholders of EUR 169.2 million
- Free Cash Flow before financing activities of EUR 379.8 million with investing activities 30.3% lower than H1 2018
- Financial outlook unchanged

			Change (%)	
EUR million	**H1 2019**	**H1 2018**	**Reported**	**Constant FX[1]**
Average EUR/USD exchange rate	***1.1326***	*1.2127*		
Revenue	**961.4**	981.4	-2.0%	-5.1%
EBITDA	**584.5**	621.1	-5.9%	-8.4%
Operating profit	**216.2**	277.7	-22.1%	-23.2%
Net profit attributable to SES shareholders	**169.2**	227.7	-25.7%	n/a
Basic earnings per A share	**EUR 0.32**	EUR 0.45	-28.9%	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've had a solid first six months with financial results in line with our expectations, with continued revenue growth in Networks, strong control over cost and discretionary spending and important progress towards reshaping SES with the objective of delivering exceptional services and driving customer success.

Our Networks business continued to expand on the back of another strong performance in Mobility and Government while we've built further commercial traction that can support our Fixed Data business. Of note in H1, we've added again to our market-leading position in cruise – with more ships for Genting and the announcement of premium brand Ritz-Carlton; we've secured Teleglobal as an anchor customer for SES-12 in Indonesia; expanded connectivity services in Colombia and Brazil; while also restoring connectivity to citizens in Papua New Guinea following a major earthquake. With encouraging levels of demand across our Networks segments, I'm looking forward to the contribution from the additional O3b satellites, which very recently came into operation, as well as being that much closer to the launch of O3b mPOWER in 2021.

While the market environment in Video remains challenging, we've delivered value to customers across our core neighbourhoods and are starting to see benefits of bringing together our infrastructure and MX1 businesses into a single operational unit. In the period, we signed further renewals in our core neighbourhoods; grew our video platforms with new customers in Ethiopia, Brazil and Ivory Coast; expanded our managed services relationship with Discovery in Germany; and MX1's Sports & Events team were instrumental in bringing the Women's World Cup and Eurovision Song Contest to viewers across our neighbourhoods.

Looking ahead, our priority for H2 is to deliver on our financial outlook and the revenue expansion implied. We achieved this in H2 2018 and we are on track to do so this year. We've now secured 90% of the expected revenue for 2019 and have good visibility of future revenue across Video and Networks.

With respect to C-Band and our ongoing market-based engagement in support of the rapid deployment of 5G services in the U.S., through the C-Band Alliance, we have made further progress this quarter. The CBA has been extremely active with all stakeholders as focus and intensity around the repurposing of spectrum gathers momentum. I believe the record clearly shows that our proposal remains the only one that appropriately balances the support to the 120 million U.S. TV and radio households with the need to quickly, efficiently and safely repurpose mid-band spectrum for 5G. I'm encouraged by the comments of the FCC Chairman who believes that there will be 'results to show' in the Fall."

Key business highlights

- Group revenue of EUR 961.4 million in H1 2019 was 5.1% lower (year-on-year) at constant FX and included periodic and other revenue of EUR 10.8 million (H1 2018: EUR 20.0 million). Underlying revenue (excluding periodic and other) was 4.2% lower (year-on-year) at constant FX to EUR 950.6 million.

- Video underlying revenue of EUR 603.8 million in H1 2019 was 8.8% lower (year-on-year) at constant FX due to lower video distribution revenue (-8.7%), including the North American wholesale business, and lower video services (-9.4%) revenue which was mainly due to the non-renewal of low-margin 'legacy' services in MX1.

- Networks' underlying revenue grew by 5.0% (year-on-year) at constant FX to EUR 346.8 million in H1 2019. This expansion reflected the continued strong growth in the Government (+7.9%) and Mobility (+10.9%) businesses while Fixed Data was lower (-2.2%) than H1 2018.

- EBITDA of EUR 584.5 million (down 8.4% at constant FX) represented an EBITDA margin of 60.8%, or 62.0% excluding a restructuring charge of EUR 11.4 million associated with the group's ongoing optimisation initiatives.

- Net profit attributable to SES shareholders was EUR 169.2 million (H1 2018: EUR 227.7 million) with the year-on-year variance reflecting the combination of lower EBTIDA and higher depreciation and amortisation expenses.

- Free Cash Flow before financing was EUR 379.8 million, including a 30.3% (year-on-year) reduction in investing activities.

- Net debt to EBITDA ratio (per the rating agency methodology) was 3.50 times at H1 2019 (H1 2018: 3.53 times) and is expected to be at or below 3.30 times at the end of 2019, in line with SES' commitment to investment grade status.

- SES's fully protected contract backlog at 30 June 2019 was EUR 6.4 billion (gross backlog of EUR 7.1 billion when including backlog subject to contractual break clauses). 90% of the 2019 expected group revenue is now secured comprising over 90% of the Video and over 85% of the Networks expected revenue already contractually committed.

- The financial outlook, as presented in February 2019, is unchanged with 2019 group revenue of EUR 1,975 - 2,040 million and 2019 group EBITDA of EUR 1,220 - 1,265 million (excluding a restructuring charge of EUR 25 - 30 million expected to be recognised in 2019).

- Relative to H1 2019, second half revenue is expected to benefit from continued growth in Networks, notably in the Aeronautical, Maritime and Government segments, along with new services coming on-line on SES-12 and the four additional O3b satellites which recently came into operation. Growth in International and MX1 services, notably the Sports & Events business, is expected to contribute to the run rate in Video in the second half.

- Expected capital expenditure (representing the net cash absorbed by the group's investing activities excluding acquisitions and financial investments) also remains unchanged for the period 2019 to 2023 with EUR 450 million planned in 2019.

Board Update

Anne-Catherine Ries and Tsega Gebreyes have been appointed Vice-Chairpersons of the Board and Romain Bausch was re-elected as Chairman of the Board. In June 2019, Paul Konsbruck and Marc Serres joined the Board, while Jean-Paul Senninger, Jean-Paul Zens and Conny Kullman retired from the Board for personal reasons. The Board now has 13 members (compared with 15 as at the end of 2018), all of which are non-executive directors.

OPERATIONAL REVIEW

REVENUE BY BUSINESS UNIT

EUR million	H1 2019	H1 2018	Change (%) Reported	Change (%) Constant FX
Video	**604.6**	658.5	-8.2%	-9.9%
- *Underlying*	**603.8**	650.0	-7.1%	-8.8%
- *Periodic*	**0.8**	8.5	n/m	n/m
Networks	**356.2**	322.2	+10.6%	+4.4%
- *Underlying*	**346.8**	311.4	+11.4%	+5.0%
- *Periodic*	**9.4**	10.8	n/m	n/m
Sub-total	**960.8**	980.7	-2.0%	-5.1%
- *Underlying*	**950.6**	961.4	-1.1%	-4.2%
- *Periodic*	**10.2**	19.3	n/m	n/m
Other(1)	**0.6**	0.7	n/m	n/m
Group Total	**961.4**	981.4	-2.0%	-5.1%

"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 Video or Networks

H1 2019 underlying revenue of EUR 950.6 million was EUR 42.0 million (or -4.2%) lower at constant FX, compared with the prior year. Total group revenue included periodic and other revenue of EUR 10.8 million (H1 2018: EUR 20.0 million).

Q2 2019 reported revenue of EUR 480.8 million (Q2 2018: EUR 503.8 million) included EUR 4.1 million of periodic and other revenue (Q2 2018: EUR 16.9 million). Q2 2019 underlying revenue of EUR 476.7 million was 5.4% lower (at constant FX) than Q2 2018.

Video: 63% of group revenue (H1 2018: 67%)

At 30 June 2019, SES was delivering a total of 8,292 TV channels to viewers around the world. This represented an increase of 4% (year-on-year) where a reduction in North American TV channels was more than compensated by the expansion of new channels in International and Eastern European markets, as well as further High Definition adoption in Western Europe.

Overall, SES is now distributing 2,845 channels in High Definition (up 3% year-on-year) and 43 commercial Ultra High Definition channels (up 13% year-on-year). 68% of total TV channels are now broadcast in MPEG-4, or 71% also including HEVC.

Video underlying revenue of EUR 603.8 million was EUR 58.6 million (or 8.8%) lower at constant FX than the prior year. Total Video revenue included EUR 0.8 million of periodic revenue which was lower than the EUR 8.5 million recognised in H1 2018.

VIDEO REVENUE BY VERTICAL

EUR million	H1 2019	H1 2018	Change (%) Reported	Change (%) Constant FX
Video Distribution	**454.5**	495.5	-8.3%	-10.0%
- *Underlying*	**453.7**	487.0	-6.8%	-8.7%
- *Periodic*	**0.8**	8.5	n/m	n/m
Video Services	**150.1**	163.0	-7.9%	-9.4%
- *Underlying*	**150.1**	163.0	-7.9%	-9.4%
- *Periodic*	**--**	--	n/m	n/m
Video (total)	**604.6**	658.5	-8.2%	-9.9%
- *Underlying*	**603.8**	650.0	-7.1%	-8.8%
- *Periodic*	**0.8**	8.5	n/m	n/m

Video Distribution

H1 2019 underlying revenue was 8.7% lower (constant FX) than the prior year.

As expected, North American revenue decreased, primarily driven by the reduction in wholesale business related to a specific satellite used by a single customer. The ongoing switch-off of Standard Definition TV channels, which had already been replaced with HD TV channels, also contributed to the lower (year-on-year) revenue development in this region.

In Europe, the effect of certain long-term renewals secured in late 2018 and the reversal of some short-term capacity contracts that ended in Q3 2018 led to lower (year-on-year) revenue.

While trading conditions remain challenging, SES is making progress in its International business with new customers signed during 2018, albeit not yet fully offsetting the impact of challenges in specific markets that was experienced in 2018.

Following the outcome of the strategic review, announced in October 2018, the commercial operations of YahLive (a partnership between SES and YahSat in which SES has a 35% participation) will be fully integrated within SES Video from Q3 2019 with the focus to build on the existing commercial pipeline and drive operational efficiencies.

Q2 2019 underlying revenue of EUR 225.3 million was 9.2% lower (at constant FX) than Q2 2018.

Video Services

Underlying revenue was down (-9.4%) in H1 2019 compared with the prior year.

HD+ was stable (year-on-year) and the business secured important wins as Panasonic and Samsung both announced that their new TV sets sold in Germany will include the HD+ software, enabling consumers to access the HD+ platform without requiring a set-top box.

In MX1, the discontinuation of certain low-margin ‘legacy’ services led to lower revenue (year-on-year). This has continued to hold back the contribution from customer adoption of the MX1 360 platform and the Sports & Events business which are gaining traction.

Q2 2019 underlying revenue was EUR 75.2 million. The year-on-year comparison is affected by the additional revenue recognised in Q2 2018 in relation to the adoption of changes in IFRS 15 in the HD+ business. Excluding this impact, Video Service’s revenue development (at constant FX) was comparable to the six months reduction of 9.4%.

Networks: 37% of group revenue (H1 2018: 33%)

Underlying revenue of EUR 346.8 million was EUR 16.5 million (or 5.0%) higher at constant FX, compared with H1 2018, reflecting strong growth in Mobility and Government and robust performance in Fixed Data. There was EUR 9.4 million of periodic revenue in H1 2019 (EUR 10.8 million in H1 2018).

NETWORKS REVENUE BY VERTICAL

			Change (%)	
EUR million	H1 2019	H1 2018	Reported	Constant FX
Government	**141.9**	131.0	+8.4%	+3.3%
- *Underlying*	**139.9**	123.2	+13.5%	+7.9%
- *Periodic*	**2.0**	7.8	n/m	n/m
Fixed Data	**116.9**	114.0	+2.7%	-3.5%
- *Underlying*	**115.3**	111.0	+4.0%	-2.2%
- *Periodic*	**1.6**	3.0	n/m	n/m
Mobility	**97.4**	77.2	+26.0%	+17.8%
- *Underlying*	**91.6**	77.2	+18.6%	+10.9%
- *Periodic*	**5.8**	--	n/m	n/m
Networks (total)	**356.2**	322.2	+10.6%	+4.4%
- *Underlying*	**346.8**	311.4	+11.4%	+5.0%
- *Periodic*	**9.4**	10.8	n/m	n/m

Government

Underlying revenue grew by 7.9% (year-on-year) in H1 2019, reflecting further growth in both the U.S. and Global Government businesses.

Revenue from the U.S. Government continued to grow, supported by GEO-enabled network solutions and new MEO missions, with opportunities in the second half of the year to continue to expand MEO services, enabled by the blanket purchase agreement signed in 2018.

There was strong growth across the Global Government portfolio, driven by the expansion of humanitarian and peacekeeping operations, institutional projects and the full six months' contribution of GovSat-1 in H1 2019.

Q2 2019 underlying revenue of EUR 71.4 million was 6.3% higher (at constant FX) than Q2 2018.

Fixed Data

H1 2019 underlying revenue was down 2.2% (year-on-year) at constant FX.

Growth was reported in the Americas, and notably Latin America, supported by new and incremental services to Telcos and Mobile Networks Operators to deploy their mobile and enterprise networks and in the Energy segment especially due to new MEO services provided to leading service providers in the industry.

Lower revenue from wholesale capacity in EMEA and Asia-Pacific led to overall Fixed Data revenue being slightly lower than H1 2018 as this is yet to be offset by customer upgrades and new business that is expected to drive future growth.

Q2 2019 underlying revenue of EUR 56.6 million was 3.2% lower (at constant FX) than Q2 2018.

Mobility

Underlying revenue grew by 10.9% (year-on-year) at constant FX.

Aeronautical once again delivered strong growth driven by the steady increase in the fill rate of SES-15 and SES-14, meeting the strong demand for bandwidth and services from Aero Service Providers supporting North and Latin American airlines. This growth was furthered by the expansion of SES' Ka-based aero network and the restoration of services on behalf of Intelsat as part of the restoration agreement between the two companies that was activated during Q2 2019.

In Maritime, the cruise segment continued to lead growth with the expansion of agreements with existing cruise customers and contributions from new cruise operators signed. As a result, SES is now supporting four of the top five global cruise operators, representing significant vessel expansion potential.

Q2 2019 underlying revenue of EUR 48.2 million was 12.9% higher (at constant FX) than Q2 2018.

Future satellite capacity and fleet update

At the end of February 2019, SES-12 started to operate at 95° East, co-located with SES-8, and is relying on its combination of wide-beam and HTS capacities to deliver new services over the Asia-Pacific region.

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
O3b (satellites 17-20)	Global	Fixed Data, Mobility, Government	Launched (4 April 2019)
SES-17	Americas	Fixed Data, Mobility, Government	H1 2021
O3b mPOWER (satellites 1-7)	Global	Fixed Data, Mobility, Government	H1 2021

In April 2019 the final four O3b satellites (satellites 17-20) were launched, completing the first generation of SES' successful and unique MEO constellation. The four additional satellites entered operation very recently, enhancing coverage across the globe and enabling SES Networks to provide greater service availability and reliability.

Financial Outlook Unchanged

The financial outlook assumes a EUR/USD FX rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health status.

	FY 2019	FY 2020
Video revenue	EUR 1,225 - 1,255 million	EUR 1,200 - 1,250 million
Networks revenue	EUR 740 - 775 million	EUR 850 - 900 million
Other revenue	Approximately EUR 10 million	Approximately EUR 10 million
Group revenue	EUR 1,975 - 2,040 million	EUR 2,060 - 2,160 million
EBITDA	EUR 1,220 - 1,265 million(1)	EUR 1,260 - 1,340 million

1) Excluding a restructuring charge of EUR 25-30 million expected to be recognised in 2019

This financial outlook, as presented in February 2019, is unchanged. At 30 June 2019, 90% of the 2019 expected group revenue is now secured. Relative to H1 2019, second half revenue is expected to benefit from continued growth in Networks, notably in the Aeronautical, Maritime and Government segments, along with new services coming on-line on SES-12 and the four additional O3b satellites which recently came into operation. Growth in International and MX1 services, notably the Sports & Events business, is expected to contribute to the run rate in Video in the second half.

Expected capital expenditure (representing the net cash absorbed by the group's investing activities excluding acquisitions and financial investments) for the period of 2019-2023 is consistent with SES' previous expectations and comprises EUR 450 million in 2019, EUR 390 million in 2020, EUR 1,200 million in 2021 (principally relating to the investment in O3b mPOWER), EUR 450 million in 2022 and EUR 450 million in 2023.

FINANCIAL REVIEW

Income Statement

REVENUE, OPERATING EXPENSES AND EBITDA

EUR million	H1 2019	H1 2018	Change	Change (%)
Revenue	**961.4**	981.4	-20.0	-2.0%
Revenue (constant FX)	**961.4**	1,012.9	-51.5	-5.1%
Operating expenses	**(376.9)**	(360.3)	-16.6	-4.6%
Operating expenses (constant FX)	**(376.9)**	(374.6)	-2.3	-0.6%
EBITDA	**584.5**	621.1	-36.6	-5.9%
EBITDA (constant FX)	**584.5**	638.3	-53.8	-8.4%

Reported **revenue** was EUR 20.0 million below the prior period and included the benefit of the stronger U.S. Dollar in H1 2019 compared with the same period in 2018. At constant FX, revenue decreased by EUR 51.5 million (or 5.1%) with lower Video revenue partially offset by strong growth in Networks.

Operating expenses were EUR 16.6 million higher as reported (or EUR 2.3 million higher at constant FX) and included a restructuring charge of EUR 11.4 million as part of the company's ongoing optimisation initiatives (H1 2018: EUR 8.4 million). Excluding the restructuring charge, operating expenses were slightly favourable year on year (decrease of EUR 0.7 million).

Group **EBITDA** of EUR 584.5 million represented an EBITDA margin of 60.8% (H1 2018: 63.3%), or 62.0% excluding the restructuring charge noted above.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	H1 2019	H1 2018	Change	Change (%)
Depreciation and impairment expense	**(323.0)**	(303.5)	-19.5	-6.4%
Amortisation expense	**(45.3)**	(39.9)	-5.4	-13.6%
Depreciation, impairment and amortisation expense	**(368.3)**	(343.4)	-24.9	-7.3%
Depreciation, impairment and amortisation expense (constant FX)	**(368.3)**	(356.9)	-11.4	-3.2%
Operating profit	**216.2**	277.7	-61.5	-22.1%
Operating profit (constant FX)	**216.2**	281.4	-65.2	-23.2%

Reported **depreciation, impairment and amortisation expense** increased by EUR 11.4 million compared with the prior period (at constant FX) primarily due to the entry into service of new satellites since 30 June 2018.

Operating profit represented an operating profit margin of 22.5% (H1 2018: 28.3%), or 23.7% excluding the restructuring charge as noted above.

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	H1 2019	H1 2018	Change	Change (%)
Net interest expense and other	**(89.0)**	(94.1)	+5.1	+5.4%
Capitalised interest	**6.1**	17.8	-11.7	-66.0%
Net foreign exchange gains	**1.5**	1.1	+0.4	+33.6%
Net financing costs	**(81.4)**	(75.2)	-6.2	-8.4%
Profit before tax	**134.8**	202.5	-67.7	-33.5%
Income tax (expense) / benefit	**22.4**	40.9	-18.5	-45.2%
Profit after tax	**157.2**	243.4	-86.2	-35.4%
Non-controlling interests	**12.0**	(15.7)	+27.7	n/m
Profit attributable to SES shareholders	**169.2**	227.7	-58.5	-25.7%
Coupon on hybrid (perpetual) bond, net of tax	(24.2)	(23.8)	-0.4	-1.7%
Adjusted profit attributable to SES shareholders	**145.0**	203.9	-58.9	-28.9%
Basic earnings per Class A share (in EUR)	0.32	0.45	-0.13	-28.9%

Net financing costs were EUR 6.2 million higher than the prior period with lower interest expenses were more than offset by lower capitalised interest, as some recent space and ground investments are now in service and ramping up.

The year-on-year comparison of **income tax expense and non-controlling interests** is affected by the one-off impact associated with the recognition of a deferred tax asset in H1 2018 and its corresponding impact on non-controlling interests.

Net profit attributable to SES shareholders of EUR 169.2 million (H1 2018: EUR 227.7 million) represented basic **earnings per share** of EUR 0.32 (H1 2018: EUR 0.45) 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 2019	H1 2018	Change	Change (%)
Net cash generated by operating activities	**553.5**	688.0	-134.5	-19.5%
Net cash absorbed by investing activities	**(173.7)**	(249.3)	+75.6	+30.3%
Free cash flow before financing activities	**379.8**	438.7	-58.9	-13.4%

Net cash generated by operating activities was lower than the prior year which benefitted from some periodic inflows in H1 2018. This was largely offset by lower **net cash absorbed by investing activities** of EUR 173.7 million, resulting in an overall decrease EUR 58.9 million (or -13.4%) in **free cash flow before financing activities** compared with the prior year. The ratio of free cash flow before financing activities to revenue was 39.5% in H1 2019 compared with 44.7% in H1 2018.

NET DEBT TO EBITDA RATIO

EUR million	30 June 2019	31 December 2018	Change	Change (%)
Borrowings[(1)]	**3,938.3**	**4,384.9**	+446.6	+10.2%
Cash and cash equivalents	**(322.5)**	**(909.1)**	-586.6	-64.5%
Net debt	**3,615.8**	**3,475.8**	-140.0	-4.0%
Net debt to EBITDA (rating agency)[(2)]	**3.50 times**	**3.29 times**		
Weighted average interest cost[(3)]	**3.63%**	**3.62%**		
Weighted average debt maturity	**7.3 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. Net debt to EBITDA represents the ratio of net debt plus 50% of the group's EUR 1.3 billion of hybrid bonds, divided by the last 12 months' EBITDA
3) Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

Compared with 31 December 2018, net debt increased by 4.0% mainly reflecting the higher proportion of interest and dividend payments in the first half of 2019. In line with the previous year's trend, cash outflows are expected to be moderate in H2 2019 relative to H1 2019, with the net debt to EBITDA ratio expected to be at or below 3.30 times by the end of 2019.

In June 2019, SES completed the renewal of the group's EUR 1.2 billion Committed Revolving Credit Facility. The margin for the new five-year facility is 40 basis points (for a Baa2/BBB rating) above EURIBOR and is five basis points inside the pricing of the former syndicated and committed credit facility closed in January 2014.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE

EUR million	H1 2019	H1 2018
Average EUR/USD exchange rate	***1.1326***	*1.2127*
Revenue	**961.4**	981.4
Operating expenses[(1)]	**(376.9)**	(360.3)
EBITDA[(2)]	**584.5**	621.1
Depreciation and impairment expense	**(323.0)**	(303.5)
Amortisation expense	**(45.3)**	(39.9)
Operating profit	**216.2**	277.7
Net financing costs	**(81.4)**	(75.2)
Profit before tax	**134.8**	202.5
Income tax benefit/(expense)	**22.4**	40.9
Profit after tax	**157.2**	243.4
Non-controlling interests	**12.0**	(15.7)
Profit attributable to owners of the parent	**169.2**	227.7
Basic earnings per share (in EUR)[(3)]		
Class A shares	**0.32**	0.45
Class B shares	**0.13**	0.18

1) Includes EUR 11.4 million of restructuring charges in H1 2019 and EUR 8.4 million in H1 2018
2) Earnings before interest, tax, depreciation, amortisation and share of associates' result (net of tax)
3) 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

SES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT

EUR million	30 June 2019	31 December 2018
Property, plant and equipment	**5,350.4**	5,106.9
Assets in the course of construction	**777.3**	907.4
Intangible assets	**4,710.0**	4,720.5
Other financial assets	**11.0**	6.5
Trade and other receivables	**292.4**	294.5
Deferred customer contract costs	**15.5**	10.3
Deferred tax assets	**206.3**	162.3
Total non-current assets	**11,362.9**	11,208.4
Inventories	**37.9**	35.1
Trade and other receivables	**537.4**	614.2
Deferred customer contract costs	**14.8**	17.5
Prepayments	**53.0**	62.8
Derivatives	**--**	0.2
Income tax receivable	**8.4**	12.0
Cash and equivalents	**322.5**	909.1
Total current assets	**974.0**	1,650.9
Total assets	**12,336.9**	12,859.3
Equity attributable to the owners of the parent	**5,941.0**	6,148.4
Non-controlling interests	**90.7**	102.2
Total equity	**6,031.7**	6,250.6
Borrowings	**3,247.6**	3,908.5
Provisions	**16.5**	16.8
Deferred income	**344.9**	370.3
Deferred tax liabilities	**394.0**	412.5
Other long-term liabilities	**171.0**	133.9
Lease liabilities	**28.6**	28.6
Fixed assets suppliers	**500.0**	200.9
Total non-current liabilities	**4,702.6**	5,071.5
Borrowings	**690.7**	476.4
Provisions	**54.8**	48.6
Deferred income	**416.1**	476.1
Trade and other payables	**361.2**	367.5
Lease liabilities	**9.6**	9.5
Fixed assets suppliers	**59.9**	130.8
Derivatives	**--**	0.1
Income tax liabilities	**10.3**	28.2
Total current liabilities	**1,602.6**	1,537.2
Total liabilities	**6,305.2**	6,608.7
Total equity and liabilities	**12,336.9**	12,859.3

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE

EUR million	2019	2018
Profit before tax	**134.8**	202.5
Taxes (paid)/received	**(39.7)**	3.6
Adjustment for non-cash items	**432.4**	395.9
Consolidated operating profit before working capital changes	**527.5**	602.0
Changes in working capital	**26.0**	86.0
Net operating cash flow	**553.5**	688.0
Payments for purchases of intangible assets	**(12.0)**	(15.1)
Payments for purchases of tangible assets	**(159.6)**	(231.6)
Other investing activities	**(2.1)**	(2.6)
Cash flow from investing activities	**(173.7)**	(249.3)
Free cash flow before financing activities	**379.8**	438.7
Proceeds from borrowings	**--**	500.0
Repayment of borrowings	**(458.5)**	(26.9)
Coupon paid on perpetual bond	**(65.6)**	(65.6)
Dividends paid on ordinary shares, net of dividends received on treasury shares	**(326.7)**	(327.3)
Dividends paid to non-controlling interests	**(0.5)**	(3.1)
Interest paid	**(113.7)**	(102.8)
Payments for acquisition of treasury shares	**(20.3)**	(0.6)
Proceeds from treasury shares sold and exercise of stock options	**26.1**	0.1
Lease payments	**(5.1)**	(5.2)
Other financing activities	**--**	(0.7)
Cash flow from financing activities	**(964.3)**	(32.1)
Free cash flow after financing activities	**(584.5)**	406.6
Net foreign exchange movements	**(2.1)**	8.9
Cash and equivalents at beginning of the period	**909.1**	269.6
Net increase/(decrease) in cash and equivalents	**(586.6)**	415.5
Cash and equivalents at end of the period	**322.5**	685.1

Supplementary information:

QUARTERLY REVENUE BY VERTICAL

	Revenue (reported)			Change (year-on-year) at constant FX		
EUR million	Q1 2019	Q2 2019	H1 2019	Q1 2019	Q2 2019	H1 2019
Video Distribution	229.2	225.3	**454.5**	-8.9%	-11.2%	-10.0%
- *Underlying*	228.4	225.3	**453.7**	-8.1%	-9.2%	-8.7%
- *Periodic*	0.8	--	**0.8**	n/m	n/m	n/m
Video Services	74.9	75.2	**150.1**	-4.5%	-13.8%	-9.4%
- *Underlying*	74.9	75.2	**150.1**	-4.5%	-13.8%	-9.4%
- *Periodic*	--	--	**--**	n/m	n/m	n/m
Video (total)	304.1	300.5	**604.6**	-7.8%	-11.9%	-9.9%
- *Underlying*	303.3	300.5	**603.8**	-7.3%	-10.4%	-8.8%
- *Periodic*	0.8	--	**0.8**	n/m	n/m	n/m
Government	68.5	73.4	**141.9**	+9.6%	-2.0%	+3.3%
- *Underlying*	68.5	71.4	**139.9**	+9.6%	+6.3%	+7.9%
- *Periodic*	--	2.0	**2.0**	n/m	n/m	n/m
Fixed Data	58.7	58.2	**116.9**	-1.3%	-5.5%	-3.5%
- *Underlying*	58.7	56.6	**115.3**	-1.3%	-3.2%	-2.2%
- *Periodic*	--	1.6	**1.6**	n/m	n/m	n/m
Mobility	49.2	48.2	**97.4**	+23.2%	+12.9%	+17.8%
- *Underlying*	43.4	48.2	**91.6**	+8.7%	+12.9%	+10.9%
- *Periodic*	5.8	--	**5.8**	n/m	n/m	n/m
Networks (total)	176.4	179.8	**356.2**	+8.9%	+0.3%	+4.4%
- *Underlying*	170.6	176.2	**346.8**	+5.4%	+4.7%	+5.0%
- *Periodic*	5.8	3.6	**9.4**	n/m	n/m	n/m
Sub-total	480.5	480.3	**960.8**	-2.3%	-7.7%	-5.1%
- *Underlying*	473.9	476.7	**950.6**	-3.1%	-5.4%	-4.2%
- *Periodic*	6.6	3.6	**10.2**	n/m	n/m	n/m
Other(1)	0.1	0.5	**0.6**	n/m	n/m	n/m
Group Total	**480.6**	**480.8**	**961.4**	**-2.3%**	**-7.7%**	**-5.1%**

"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 Video or Networks

QUARTERLY INCOME STATEMENT (AS REPORTED)

EUR million	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Average EUR/USD exchange rate	*1.2033*	*1.1682*	*1.1418*	*1.1451*	***1.1201***
Revenue	503.8	488.0	540.9	480.6	**480.8**
Operating expenses	(187.1)	(181.4)	(213.1)	(190.5)	**(186.4)**
EBITDA	316.7	306.6	327.8	290.1	**294.4**
EBITDA margin	62.9%	62.8%	60.6%	60.4%	**61.2%**
Depreciation and impairment expense	(156.5)	(160.2)	(255.3)	(156.4)	**(166.6)**
Amortisation and impairment expense	(21.3)	(19.8)	(85.7)	(20.5)	**(24.8)**
Operating profit	138.9	126.6	(13.2)	113.2	**103.0**
Operating profit margin	27.6%	26.0%	-2.5%	23.6%	**21.4%**
Net financing costs	(39.3)	(36.3)	(34.8)	(37.8)	**(43.6)**
Profit before tax	99.6	90.3	(48.0)	75.4	**59.4**
Income tax benefit/(expense)	30.8	(13.6)	14.6	(7.2)	**29.6**
Non-controlling interests	(0.9)	(0.7)	22.1	4.0	**8.0**
Profit attributable to owners of the parent	129.5	76.0	(11.3)	72.2	**97.0**
Basic earnings per share (in EUR)[(1)]					
Class A shares	0.26	0.14	-0.05	0.13	**0.19**
Class B shares	0.10	0.06	-0.02	0.05	**0.07**

1) 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 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Average U.S. dollar exchange rate	*1.1201*	*1.1201*	*1.1201*	*1.1201*	***1.1201***
Revenue	520.8	498.2	546.1	485.8	**480.8**
Operating expenses	(194.5)	(186.2)	(215.7)	(193.2)	**(186.4)**
EBITDA	326.3	312.0	330.4	292.6	**294.4**
EBITDA margin	*62.7%*	*62.6%*	*60.5%*	*60.2%*	**61.2%**
Depreciation and impairment expense	(163.4)	(164.7)	(258.6)	(158.5)	**(166.6)**
Amortisation and impairment expense	(21.6)	(20.0)	(87.0)	(20.6)	**(24.8)**
Operating profit	141.3	127.3	(15.2)	113.5	**103.0**
Operating profit margin	*27.1%*	*25.6%*	*-2.8%*	*23.4%*	**21.4%**

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A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 26 July 2019 and will be broadcast via webcast and conference call. The details for the conference call and webcast are as follows:

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Conference code:	**1876712**
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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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