



YTD 2018 RESULTS

ENDED 30 SEPTEMBER 2018

26 OCTOBER 2018 (BETZDORF, LUXEMBOURG)

SES[▲]

Agenda

Business Highlights

Steve Collar

President & CEO

SES Video

Ferdinand Kayser

CEO of SES Video

SES Networks

John-Paul Hemingway

CEO of SES Networks

Financial Review

Andrew Browne

CFO

BUSINESS HIGHLIGHTS

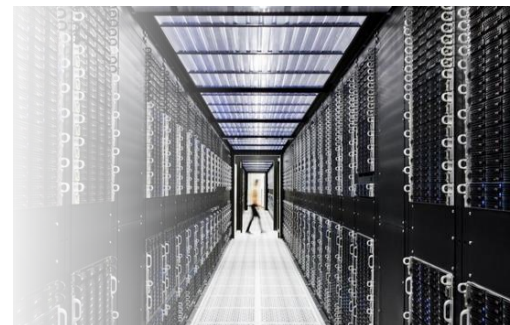
Steve Collar, President & CEO

Highlights

Solid YTD 2018 Results Reflect Continued Focus on Execution



- ▲ Revenue **EUR 1,469.4 million**, with underlying revenue **up 2.1%**⁽¹⁾
- ▲ **13.6% growth in networks** underlying revenue, and +19.5% in Q3
- ▲ **Video lower by 2.8%** with improved performance from video services
- ▲ Delivering group EBITDA **EUR 927.7 million**
- ▲ Net profit of **EUR 303.7 million**
- ▲ **EUR 7.0 billion** contract backlog with 97% of 2018 revenue now secured
- ▲ **On track** to deliver on financial outlook for FY 2018 and FY 2020
- ▲ **Making strong progress** with U.S. C-band initiative, aligning with leading U.S. operators, founding the C-band Alliance and hiring experience executives. CBA will confirm that up to 200 MHz of mid-band spectrum could be cleared to support 5G deployment



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

Outlook Unchanged

Growing Revenue and EBITDA Through Expansion of SES Networks



Revenue and EBITDA⁽¹⁾

EUR million

2,011

**32% of
revenue**

**68% of
revenue**

FY 2017

**EUR 1,309 million
(EBITDA margin 65.1%)**

SES[^] | Networks

- ▲ Strong growth engine for the SES business
- ▲ Satellite becoming more mainstream in data networks

SES[^] | Video

- ▲ Large, profitable and stable video neighbourhoods
- ▲ Providing value-add video services

Group EBITDA

2,110 – 2,210

**>40% of
revenue**

**<60% of
revenue**

FY 2020

**EUR 1,340 – 1,410 million
(EBITDA margin 62% - 64%)**

1) At constant EUR/USD exchange rate of 1.15; Financial outlook assumes nominal launch schedule and satellite health status. Includes Other revenue of EUR 5 million in 2017 and approximately EUR 10 million in 2018 and 2020

Our Strategic Priorities



SES[^] | Video

- ▲ Reinforce and drive value through our core video neighbourhoods
- ▲ Develop OTT and orchestration capabilities to support our content provider customers reach new markets and audiences
- ▲ Take advantage of opportunities to maximise efficiency and create value



SES[^] | Networks

- ▲ Leverage our market leading position in delivering unique high throughput, low latency GEO-MEO solutions, driving business growth
- ▲ Enable cloud adoption on a global scale, through partners and customers
- ▲ Harness emerging trends and technologies such as 5G, Industrial IoT, Analytics and Cloud to integrate fully within broader Network ecosystem. Making satellite mainstream

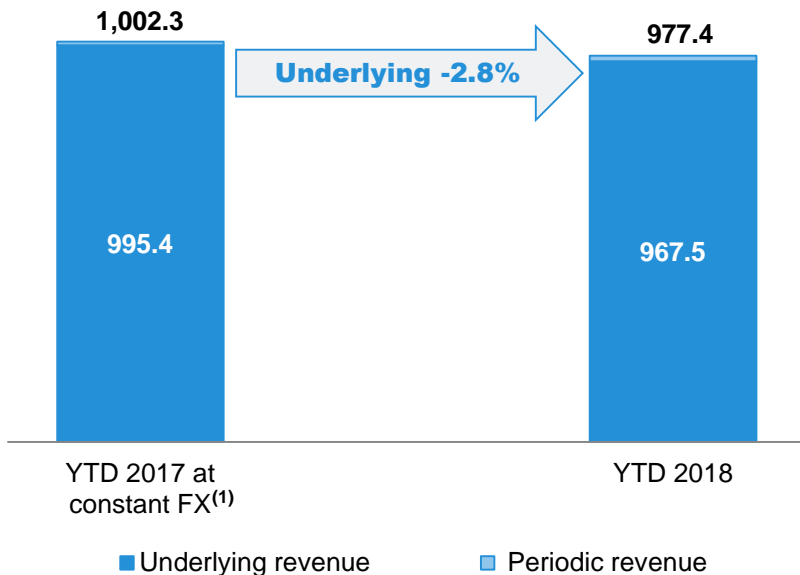
SES VIDEO

Ferdinand Kayser, CEO of SES Video

Solid Fundamentals Underpinning Resilient and Profitable Business

SES Video revenue

EUR million



▲ Large, profitable and resilient video neighbourhoods, complemented by value-added video services



96% of 2018 expected revenue now contracted



8,020 total TV channels (**+4%** YOY)



2,795 HD TV channels (**+7%** YOY)



40 commercial UHD TV channels (**+67%** YOY)



>8,400 hours/day of video streaming

1) YTD 2017: EUR 1,031.5 million as reported (including periodic revenue)

Supporting Clients With Quality Experience and Differentiated Services



Extends satellite capacity agreement for DTH services in the UK and Ireland



Renewed long-term commitment to satellite and rely on **MX1** end-to-end solutions



MX1 and partner offering enhanced event solutions and viewing experience



Enhancing Nigerian neighbourhood with a new FTA bouquet



Kiwisat expanding customer offering with 60 new TV channels

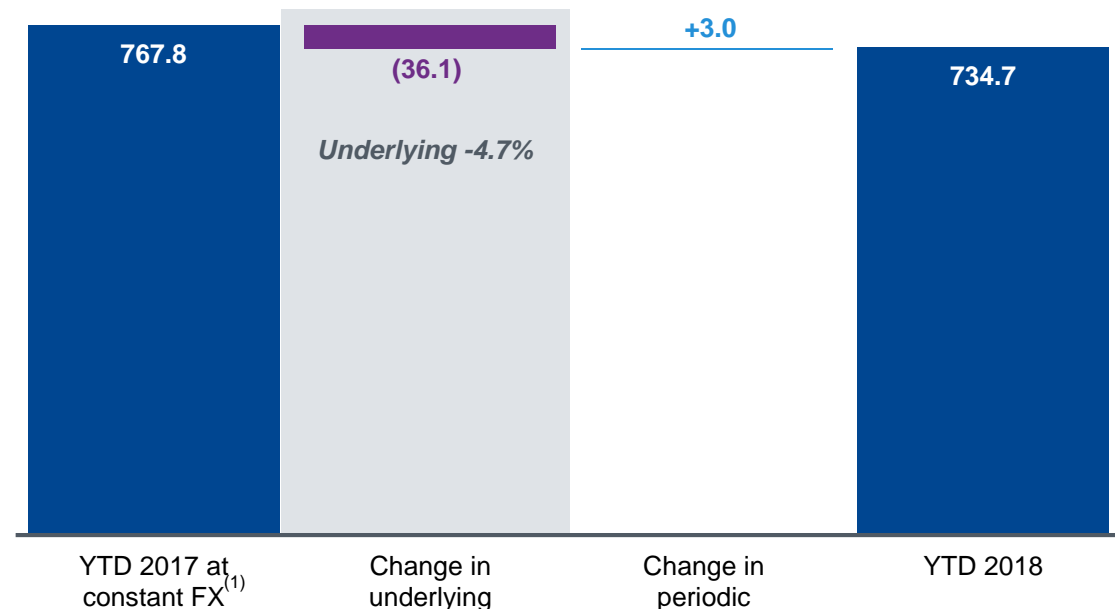


Expanding UHD experience in Latin America

Video Distribution – Core Neighbourhoods Remain Resilient

Video Distribution revenue walk

EUR million



▲ Underlying revenue -4.7% (YOY)

- Europe slightly lower in Q3 2018 due to expiration of certain capacity contracts signed on a short-term basis
- North America lower, as expected, due to lower volume
- International markets continue to be challenging with business focused on building commercial pipeline

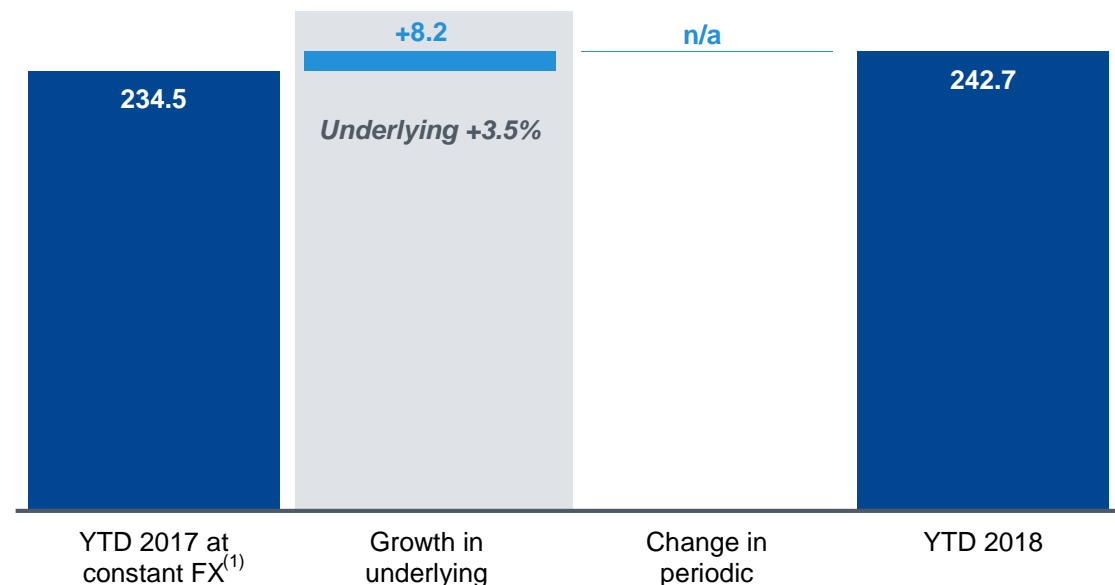
▲ Q3 2018 underlying revenue of EUR 237.8 million (-5.8% YOY) including the expiration of certain short-term contracts as noted above

1) YTD 2017: EUR 791.9 million as reported

Video Services – MX1 Stability Complementing HD+ Growth

Video Services revenue walk

EUR million



▲ Underlying revenue +3.5% (YOY)

- HD+ price increase of Q2 2017 contributing to YOY growth
- MX1 stable as new linear and OTT services offsetting non-renewal of legacy, low margin contracts

▲ Q3 2018 underlying revenue of EUR 79.7 million (+3.1% YOY)

1) YTD 2017: EUR 239.6 million as reported

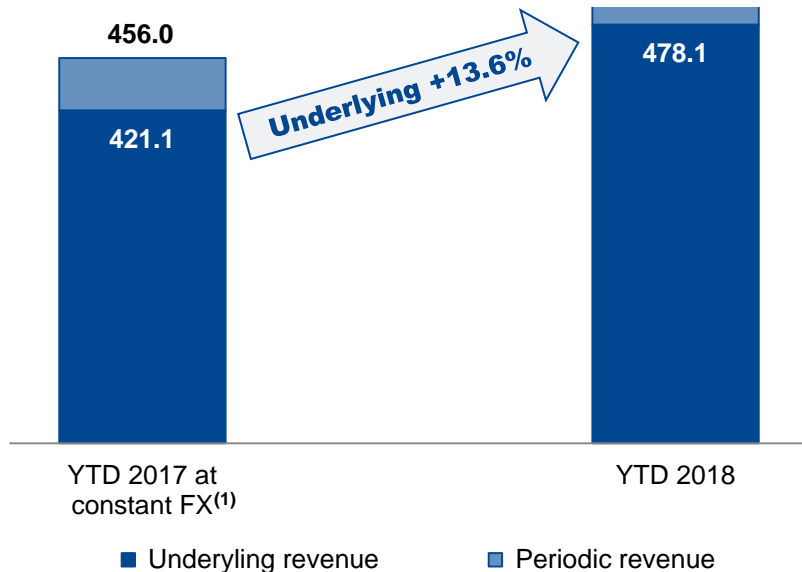
SES NETWORKS

John-Paul Hemingway, CEO of SES Networks

Differentiated Services Driving Double-digit Underlying Growth

SES Networks revenue

EUR million



▲ Growth engine for SES – integrating satellite into the mainstream ecosystem of data networks



97% of 2018 expected revenue now contracted



>30 government sites now with O3b-based services



Integrating satellite into **cloud-based** solutions



First live service deployed on our Ka-band platform



Expanding leadership in maritime

1) YTD 2017: EUR 490.0 million as reported (including periodic revenue)

SES | Networks

Continuing to Build Commercial Momentum



Partnering to expand the cloud market with fibre-like connectivity



Full managed GEO-MEO solutions for networks expansion solutions in Chad



6 Gbps of reliable low latency connectivity in support upcoming APEC summit in PNG



Expanding distribution partnership to add new solutions to enterprise customers



Expanding managed mobility services to shipping companies with value-added partner



Getting new contracts with US DoD for high-performance Ku GEO bandwidth

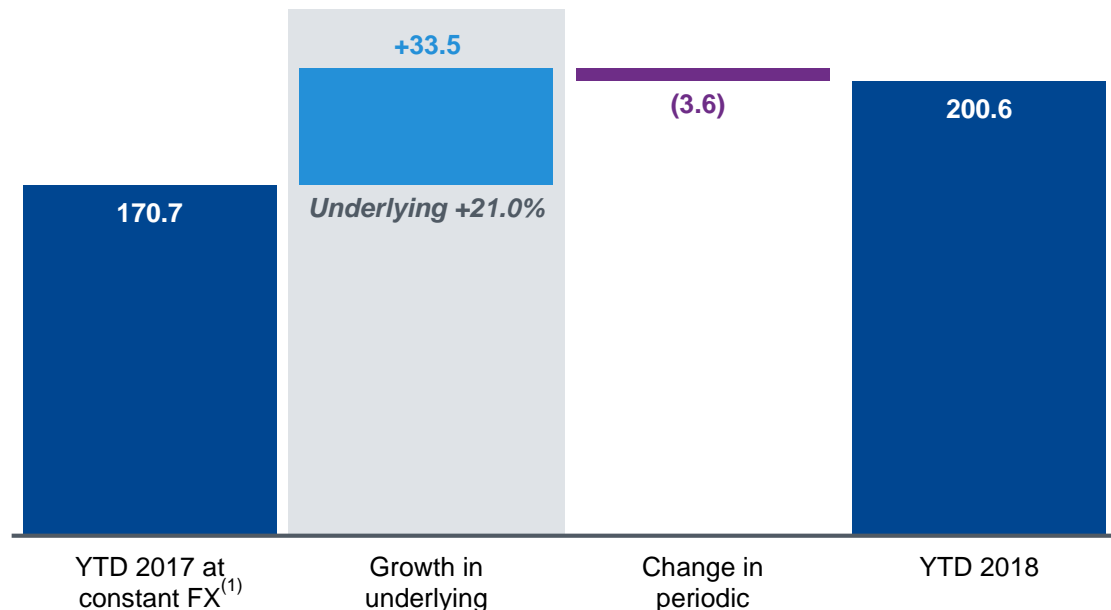
SES | Networks

Government – U.S. and Global Government Gaining Momentum



Government revenue walk

EUR million



▲ Underlying revenue +21.0% (YOY)

- Significant incremental adoption of MEO driving growth in U.S. government, complemented by strong execution in GEO renewals
- Strong growth in Global Government fueled by expansion of existing services and start of services on Govsat-1 (at end of Q1 18)

▲ Q3 2018 underlying revenue of EUR 69.6 million (+28.1%)

1) YTD 2017: EUR 181.1 million as reported

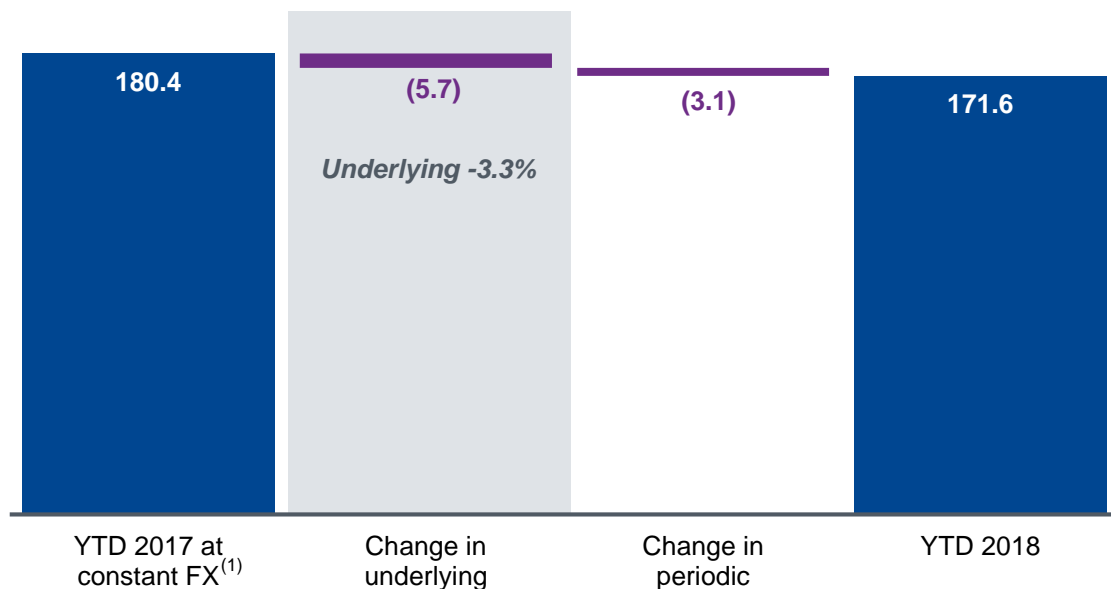
SES | Networks

Fixed Data – Positive Contribution in Q3 2018



Fixed Data revenue walk

EUR million



▲ Underlying revenue -3.3% (YOY)

- Growing managed services in the Americas and Asia, integrating SES' capabilities into the global communications ecosystem
- EMEA decreased where expansion of O3b-based services are not yet offsetting lower (YOY) wholesale capacity revenue

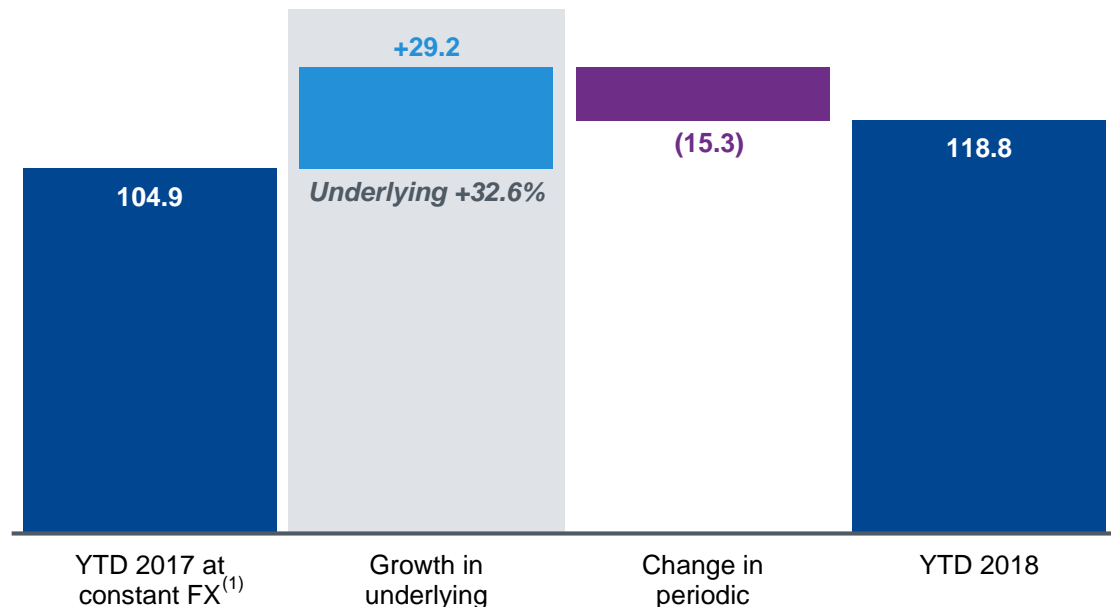
▲ Q3 2018 underlying revenue of EUR 55.5 million (+1.7%)

1) YTD 2017: EUR 194.5 million as reported

Mobility – Strong Underlying Growth in Aero with Progress in Maritime

Mobility revenue walk

EUR million



▲ Underlying revenue +32.6% (YOY)

- Significant aeronautical growth in North America (SES-15) with incremental agreements secured in Q3 2018
- Maritime stable with further progress achieved in cruise

▲ Q3 2018 underlying revenue of EUR 41.6 million (+36.1%)

1) YTD 2017: EUR 114.4 million as reported

FINANCIAL REVIEW

Andrew Browne, CFO

Financial Review

Highlights

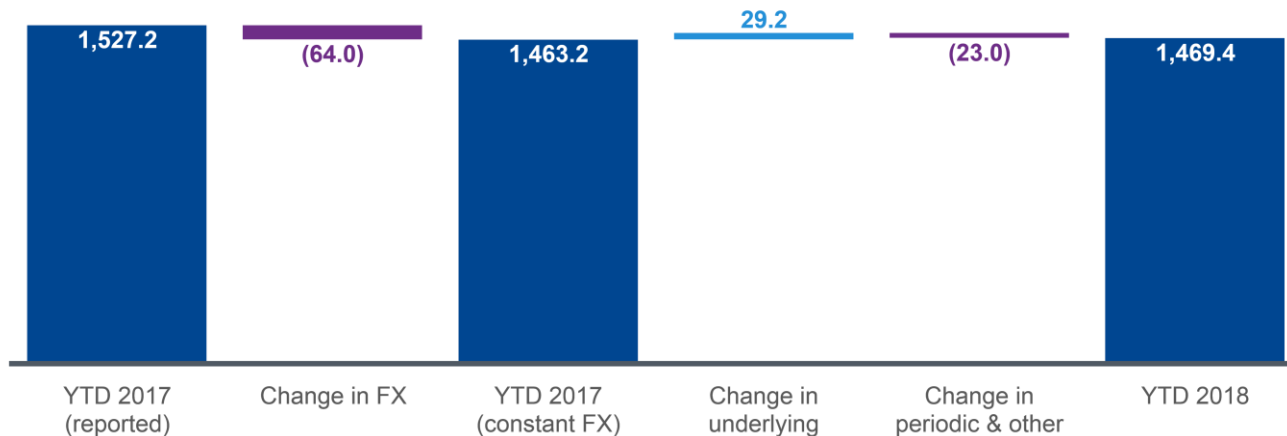
- ▲ **Revenue EUR 1,469.4 million** including 2.1% growth in underlying revenue compared with YTD 2017
 - Group revenue -3.8% (YOY) as reported, including impact of FX; and +0.4% (YOY) at constant FX including periodic and other revenue
- ▲ **EBITDA EUR 927.7 million** (-6.7% as reported and -2.9% at constant FX compared with YTD 2017)
 - EBITDA margin of 63.1% (YTD 2017: 65.1%); or 63.8% excluding EUR 9.7 million restructuring charge related to optimisation programme
- ▲ **Operating profit EUR 404.3 million** (YTD 2017: EUR 448.4 million)
 - Represents a margin of 27.5% (YTD 2017: 29.4%)
- ▲ **Net profit attributable to SES shareholders EUR 303.7 million** (YTD 2017: EUR 394.5 million)
- ▲ **Net debt to EBITDA ratio 3.43x**, compared with 3.53x at H1 2018 and 3.27x at FY 2017
 - Benefiting from 29.2% growth in Free Cash Flow before financing to EUR 593.0 million
 - Net debt to EBITDA ratio expected to be below 3.30x at end-2018
- ▲ **2018 expected CapEx** reduced by EUR 80 million to EUR 380 million with shift into 2019/2020
- ▲ **Financial outlook on track** with 2018 group revenue expected within the top half of the range

Financial Review

Positive Momentum in Underlying Revenue

Revenue walk

EUR million



- ▲ Underlying revenue up EUR 29.2 million (or 2.1%) at constant FX compared with prior year
- ▲ Total revenue stabilised at constant FX (+0.4%), with Q3 2018 +2.4% compared with Q3 2017 at constant FX

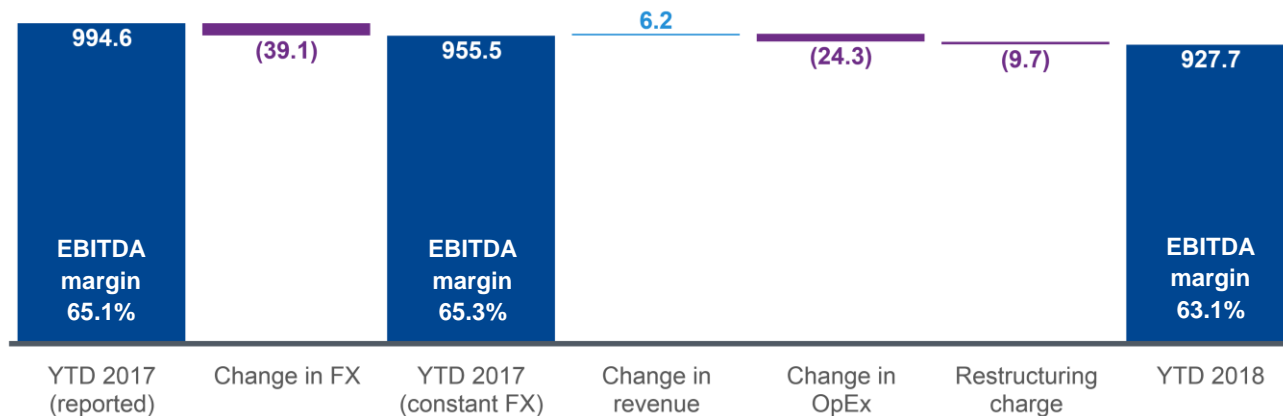
Financial Review



EBITDA Development Reflects Investment in Fast-growing SES Networks

EBITDA walk

EUR million



- ▲ Change in recurring OpEx (EUR 24.3 million) principally reflects investment in expanding capabilities of SES Networks
- ▲ EBITDA margin 63.8% excluding the EUR 9.7 million restructuring provision related to on-going optimisation programme

Financial Review

Net Profit of EUR 303.7 million (YTD 2017: EUR 394.5 million)



EUR million	YTD 2018	YTD 2017	
EBITDA	927.7	994.6	
Depreciation, impairment and amortisation expense	(523.4)	(546.2)	In line (YOY) at constant FX with new satellites depreciation in 2018 offsetting impairment charge in Q2 2017 relating to AMC-9 (EUR 38.4 million)
Operating profit	404.3	448.4	
- Operating profit margin	27.5%	29.4%	
Net financing costs	(111.5)	(102.2)	Lower net interest expense more than offset by lower capitalised interest and lower FX gain
Income tax benefit/(expense)	27.3	49.5	Recognition of deferred tax asset for GovSat-1 and transfer of O3b Jersey business to Luxembourg recognised in H1 2018 financial results
- <i>Effective tax rate (normalised)⁽¹⁾</i>	25.6%	17.2%	
Non-controlling interests	(16.4)	(1.2)	Corresponding impact on non-controlling interests line as GovSat-1 owned by GovSat (50/50 PPP between SES and Luxembourg Government)
Net profit attributable to SES shareholders	303.7	394.5	

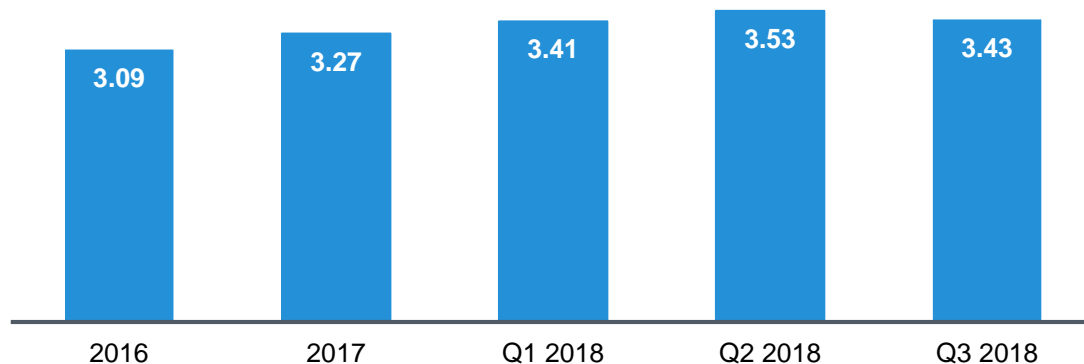
1) Excluding non-recurring tax items

Financial Review

YTD 2018 Leverage Development

Net debt to EBITDA

Times⁽¹⁾



- ▲ Increase on FY 2017 reflects lower 12-month rolling EBITDA and higher proportion of CapEx, interest and dividend payment in H1 2018
- ▲ YTD 2018 Free Cash Flow before financing activities up 29.2% to EUR 593.0 million
- ▲ Net debt to EBITDA expected to be below 3.30 times by year end 2018

1) Based on rating agency methodology (treats hybrid bonds as 50% debt and 50% equity)

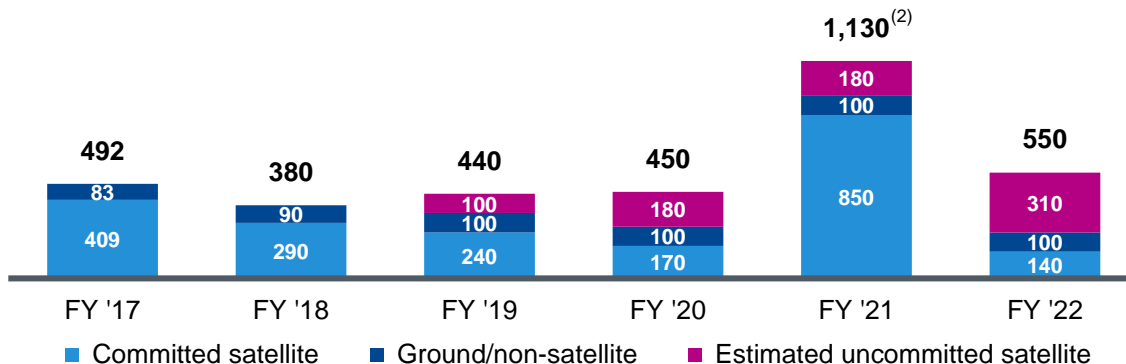
Financial Outlook

2018 Expected CapEx Reduced by EUR 80 million

GEO-MEO Capital Expenditure (growth and replacement)⁽¹⁾

EUR million

H1 2018 (July 2018)	460	430	380	1,130	550
Change	(80)	+10	+70	Unchanged	Unchanged



▲ No change to overall CapEx profile between 2018 and 2022

1) Cash CapEx including payload, launcher, capitalised interest and excluding financial or intangible investments (based on EUR/USD FX rate of 1.15 as of FY '18). CapEx includes capitalised interest as follows: 2017: EUR 47 million, 2018: EUR 30 million, 2019: EUR 10 million, 2020: EUR 10 million, 2021: EUR 30 million and 2022: EUR 20 million

2) Includes O3b mPOWER, for which SES has the right to acquire the satellites directly at the end of the construction period (shown above as base case assumption), or enter into a leasing agreement that would result in a deferred payment plan, or to direct the sale of these assets to a third party

Financial Outlook

Business On Track to Execute on Financial Outlook



	FY 2018	FY 2020
SES Video revenue	EUR 1,320 - 1,335 million	EUR 1,250 - 1,300 million
SES Networks revenue	EUR 660 - 690 million	EUR 850 - 900 million
Other revenue	Approximately EUR 10 million	Approximately EUR 10 million
Group revenue	EUR 1,990 - 2,035 million	EUR 2,110 - 2,210 million
EBITDA margin	Approximately 63%	62% - 64%
Implied Group EBITDA	Over EUR 1,270 million ⁽¹⁾	EUR 1,340 - 1,410 million

- ▲ 2018 group revenue expected to be within the top half of the range (more than EUR 2,010 million)
- ▲ SES Networks expansion driving revenue and EBITDA growth by 2020; complemented by large, profitable and resilient Video business

Financial outlook assumes EUR/USD exchange rate of 1.15, nominal launch schedule and satellite health status

1) FY 2018 implied Group EBITDA is calculated based on total revenue of EUR 2,010 million (being the mid-point of the range), or above, and EBITDA margin of approximately 63%. EBITDA outlook for 2018 includes a restructuring charge of EUR 10-12 million (of which EUR 9.7 million was recognised in YTD 2018)

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