

# First Quarter 2016 Results

Three months ended 31 March 2016

29 April 2016



## Q1 2016 Highlights





	Q1 2016 EUR million	Q1 2015 EUR million	Growth as reported	Growth at constant FX <sup>(1)</sup>
Revenue	481.6	477.8	+0.8%	-1.9%
EBITDA	356.2	356.1	In line	-2.9%
EBITDA margin	74.0%	74.5%	-50 bps	-80 bps

### Productive start to 2016, continuing to set the foundations for sustainable growth

- ▲ Continued growth in Global Video, complemented by creating a world-leading media solutions provider
- ▲ Significant, long-term aeronautical connectivity agreements, contributing to strong and growing backlog
- ▲ Taking control of O3b, strengthening SES's differentiated global network and capabilities

1) "Constant FX" refers to the restatement of comparative figures to neutralise currency variations and thus facilitate comparison

## Growing global revenue by 0.8% to EUR 481.6 million

	Reported revenue (EUR million)		Growth (YOY)	
	Q1 2016	Q1 2015	Reported	At constant FX
 Video (71%)	<b>339.7</b>	323.5	+5.0%	+3.2%
 Enterprise (12%)	<b>59.9</b>	73.1	-18.1%	-22.2% <sup>(2)</sup>
 Mobility (5%)	<b>22.3</b>	13.9	+60.6%	+50.8%
 Government (12%)	<b>56.8</b>	60.4	-5.9%	-9.9% <sup>(3)</sup>
Other <sup>(1)</sup>	<b>2.9</b>	6.9	n/m	n/m
<b>Group total</b>	<b>481.6</b>	<b>477.8</b>	<b>+0.8%</b>	<b>-1.9%</b>

- ▲ Comparison to prior period affected by ARSAT migration, AMC-15/AMC-16 renewals impact and accelerated revenue contribution from WAAS hosted payload
  - Adjusting for these items, group revenue in line (at constant FX) with prior period

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

2) -19.5% (at constant FX), excluding impact of ARSAT migration and AMC-15/AMC-16 renewals

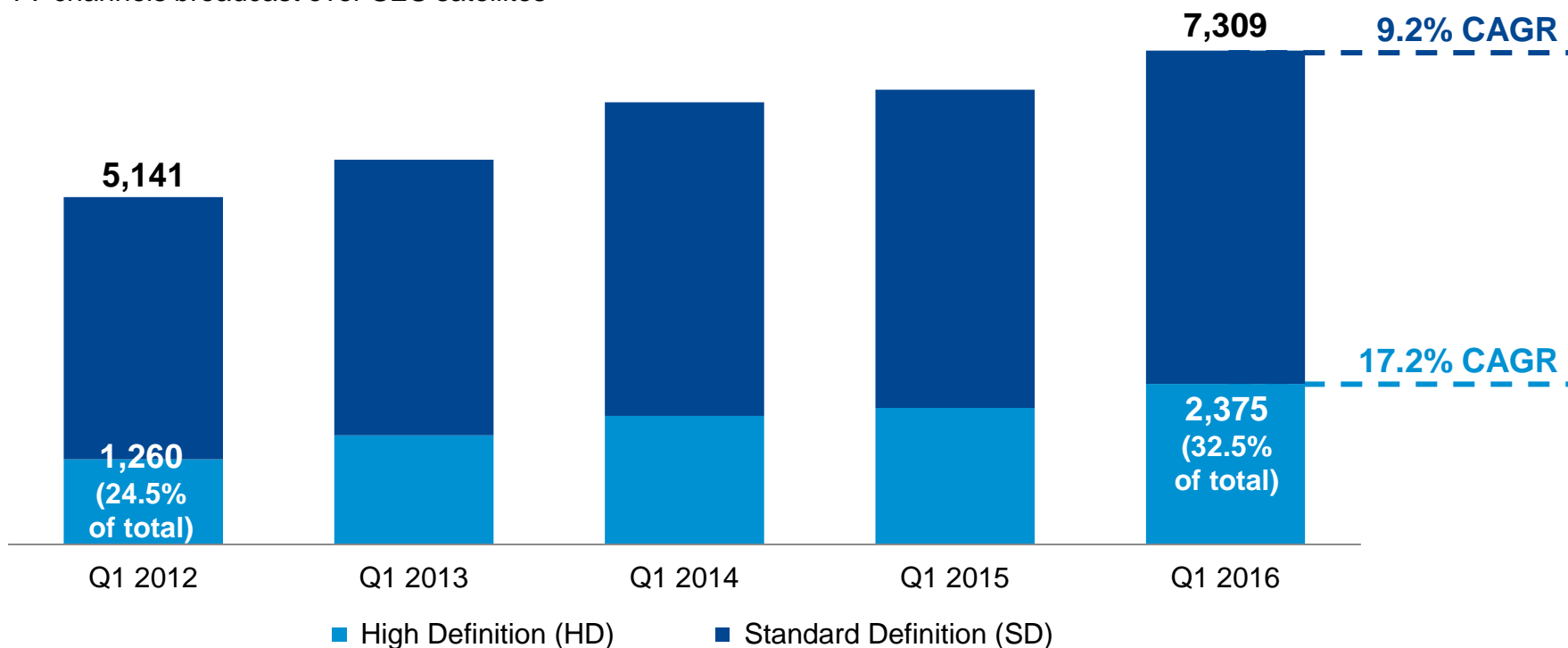
3) -4.4% (at constant FX), excluding accelerated revenue contribution from WAAS hosted payload in Q1 2015



## Video: Continuing to build scale in global video

SES's total TV channel count grew by 8.6% (YOY), HDTV channels up 17.6%<sup>(1)</sup>

TV channels broadcast over SES satellites



- ▲ SES's global fleet now reaches 317 million households around the world
- ▲ Commercial UHD channels over SES satellites grew from 12 to 15 (+25%) vs. Q4 2015

<sup>1)</sup> Source: Lyngsat. SES's channel count now includes ~300 TV channels broadcast over Quetzsat-1. Consequently, prior years have been restated to provide like-for-like comparison



## Video: Expanding SES's global media capabilities

### Backend Provider

- ▲ Creating a world-leading media services company
  - Acquiring RR Media, and merging its operations with SES Platform Services
  - New company will support over 1,500 customers, 1,000 TV channels and 120 VoD platforms

### Infrastructure Provider

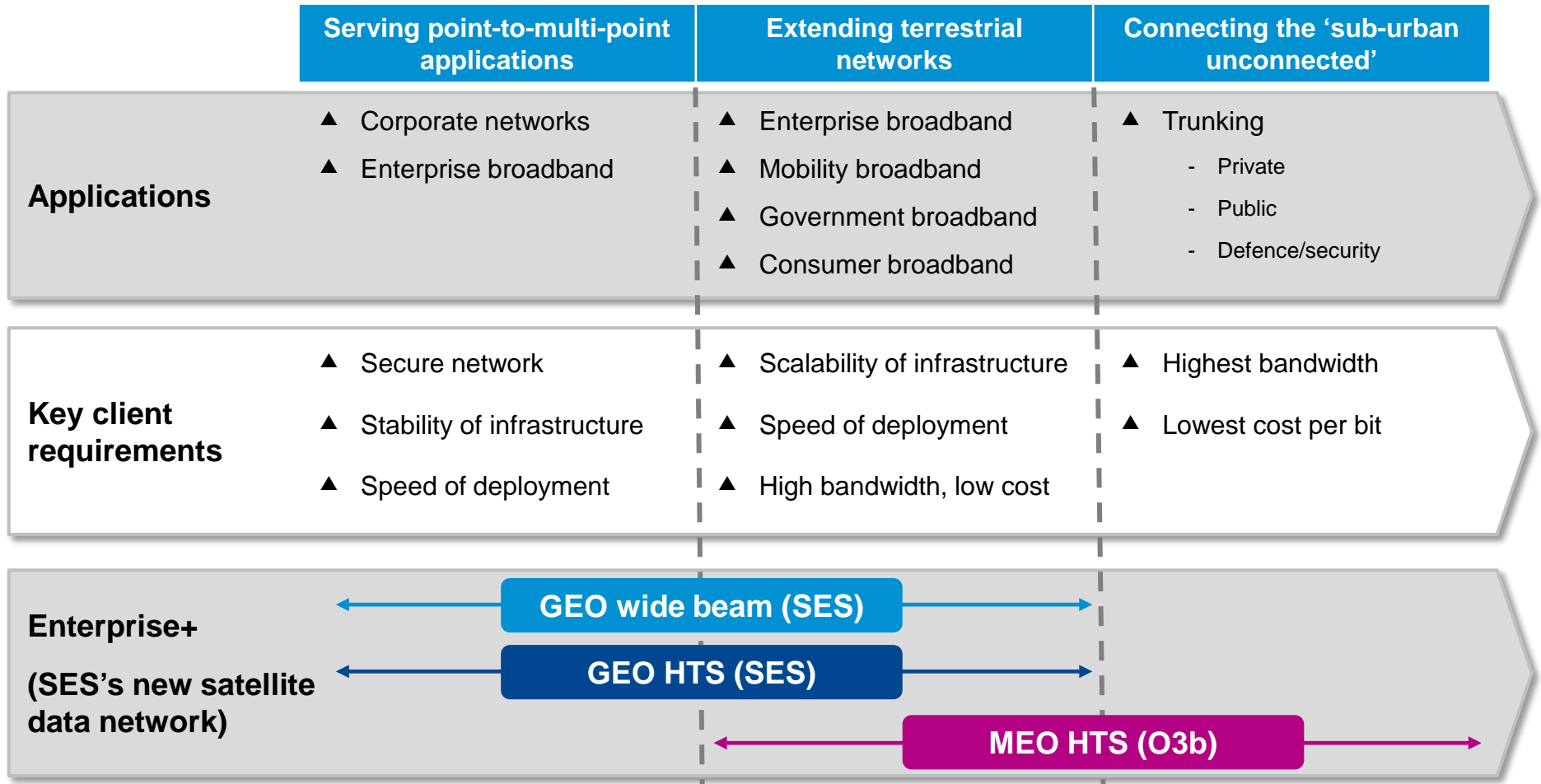
- ▲ Expanding capacity for Asia-Pacific to develop Global Video offering
  - SES-9 successfully launched, adding 53 incremental transponders
  - Operational Service Date expected to be mid-2016

### Experience Provider

- ▲ HD+ continuing to expand reach and end-user experience
  - Now over 1.8 million paying subscribers (up 11% YOY)
  - Launched UHD-1, new UHD demo channel operating 24/7



# Enterprise: Matching the optimal technology across Enterprise markets





# Enterprise: Providing a dynamic offering and optimal suite of solutions

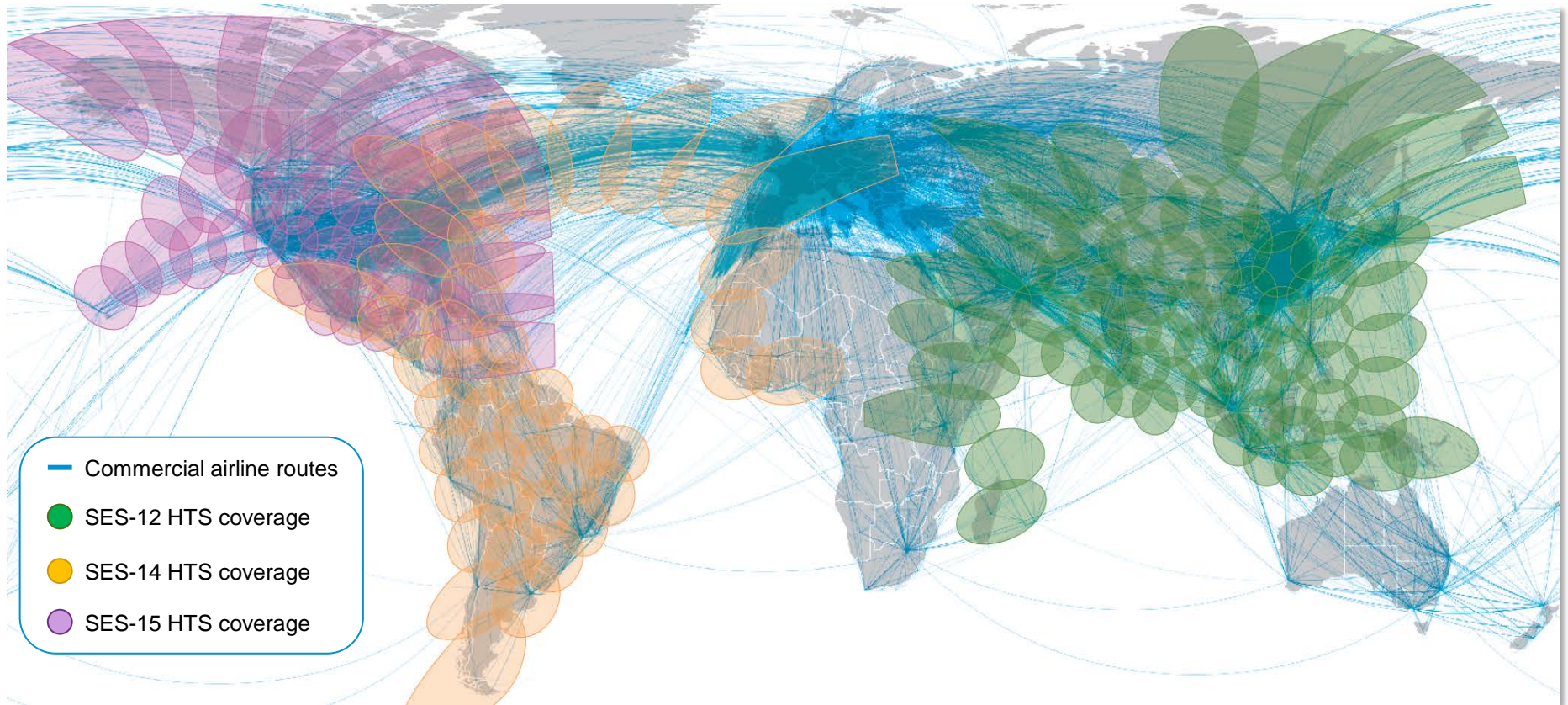


- ▲ Repositioning SES's Enterprise business to best serve future requirements
  - Developing new products and solutions in the context of changing market dynamics
  - May be impacted by some further headwinds in the short-term, with tailwinds from new products
- ▲ Introducing Plus, enhancing SES's medium- to long-term Enterprise capabilities
  - Differentiated offering of GEO wide beam, GEO HTS and O3b's MEO HTS
  - Global coverage across a range of spectrum (C-, commercial Ka-, military Ka-, Ku- and X-band)
  - Supported by robust ground network and innovative IP-based solutions
- ▲ Launched Enterprise+ Broadband in Africa
  - Secured first important contract with Facebook to deliver connectivity services





# Mobility: Supporting the delivery of superior passenger experiences



▲ Complementing SES's global wide beam GEO network, along with O3b's unique MEO HTS





# Mobility: Securing major, long-term commitments for global mobility

SES<sup>▲</sup>



- ▲  (SES-14/SES-15) signed one of the market's largest capacity agreements
- ▲ **Panasonic** (SES-14/SES-15) made their highest bandwidth commitment to date
- ▲ Further significant agreements with  GLOBAL EAGLE ENTERTAINMENT on SES's existing global fleet
- ▲ Launched Maritime+, starting in Europe
  - Providing valued-added connectivity solutions
  - Service based on SES Techcom Services' Astra Connect solution
  - Initially providing the service in Europe for inland shipping sector



# Government: Providing end-to-end solutions across a range of programmes

*Military communications*



*Government communications*



*Disaster relief*

**IMPROVING E-HEALTH ACCESS,  
SIMPLIFYING E-HEALTH USE.**

Access anytime everywhere



*E-inclusion*

▲ Optimally serving the most demanding civilian, defence and security programmes



## Government: Expanding SES's global government business

### Infrastructure Provider

- ▲ Enhancing critical communications capabilities for Kativik regional government
  - Contracted 12 transponders, tripling Northern Quebec region's currently available bandwidth

### Network Platform

- ▲ SES Government Solutions sole winner of U.S. Government TROJAN contracts
  - Secured two follow-on contracts, supporting U.S. Army's Intelligence and Security Command
  - Customised, global end-to-end network solution to meet the client's specific requirements

### Service Provider

- ▲ SES Techcom's Astra Connect model gaining momentum in the U.K.
  - Connecting third community as part of U.K. Government-funded market test pilot
  - Delivering a scalable connectivity solution to areas significantly underserved by terrestrial
  - Significantly improved user experience, installed within seven weeks

# Q1 2016 FINANCIAL RESULTS





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Padraig McCarthy, CFO

## Financial Highlights

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Revenue	481.6	477.8	+0.8%	-1.9%
EBITDA	356.2	356.1	In line	-2.9%
EBITDA margin	74.0%	74.5%	-50 bps	-80 bps
Operating profit	214.2	215.1	-0.4%	-2.9%
Profit after tax	144.0	163.2	-11.7%	n/a
Profit after tax margin	29.9%	34.2%	-430 bps	n/a
Profit of the group	115.1	131.0	-12.2%	n/a
Net Debt to EBITDA	2.43 times	2.76 times		
Contract backlog	EUR 7.6 billion	EUR 7.4 billion		

## Growing global revenue by 0.8% to EUR 481.6 million

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 Mobility (5%)	<b>22.3</b>	13.9	+60.6%	+50.8%
 Government (12%)	<b>56.8</b>	60.4	-5.9%	-9.9% <sup>(3)</sup>
Other <sup>(1)</sup>	<b>2.9</b>	6.9	n/m	n/m
<b>Group total</b>	<b>481.6</b>	<b>477.8</b>	<b>+0.8%</b>	<b>-1.9%</b>

- ▲ Comparison to prior period affected by ARSAT migration, AMC-15/AMC-16 renewals impact and accelerated revenue contribution from WAAS hosted payload
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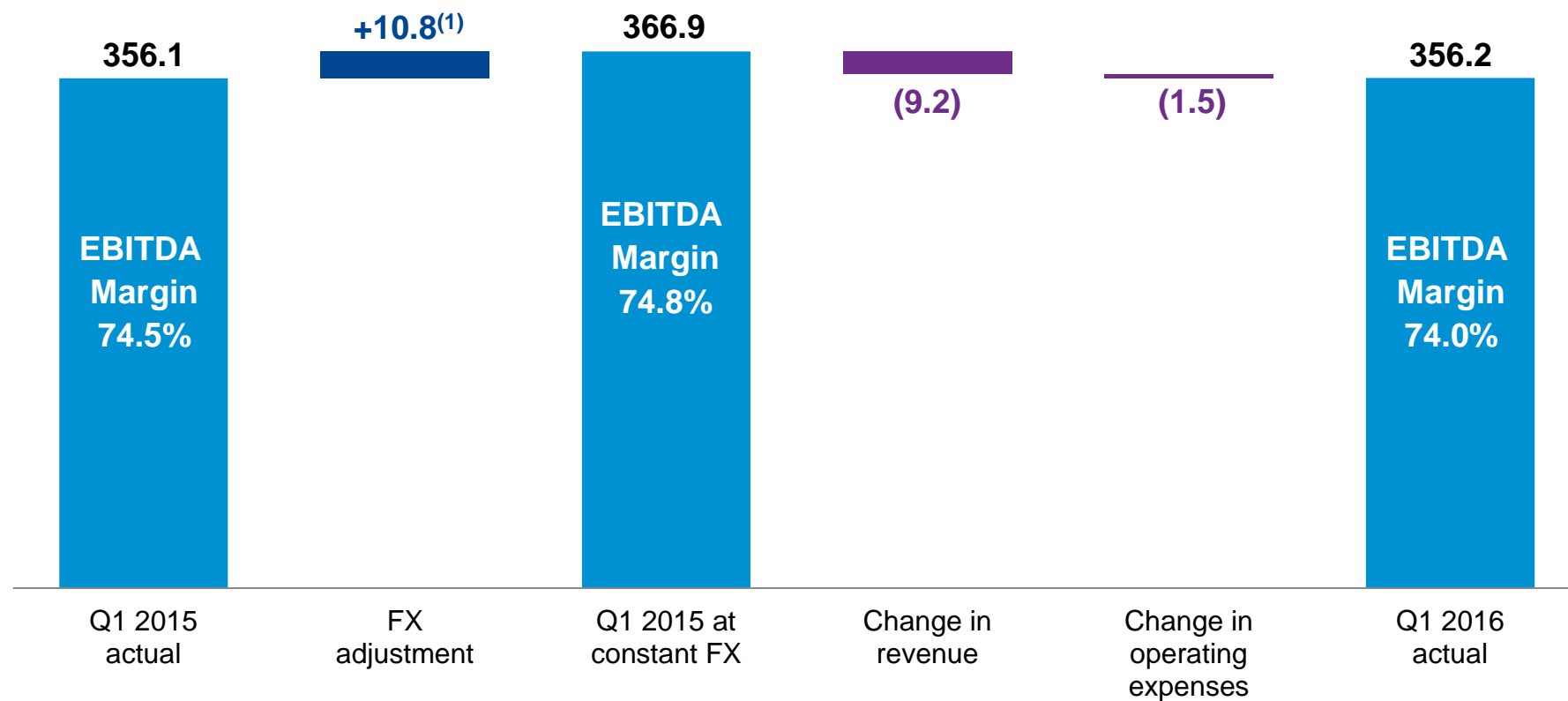
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# EBITDA in line with prior period (-2.9% at constant FX)

## EBITDA walk

EUR million



1) 3.0% translation uplift with U.S. Dollar strengthening by 5.7% compared to EUR



## Continuing to deliver strong margins and differentiated services

	Revenue			EBITDA margin	
	Q1 2016 EUR million	Growth as reported	Growth at constant FX	Q1 2016	Q1 2015 at constant FX
Infrastructure	412.2	+1.1%	-1.7%	84.2%	84.9%
Services	122.9	+1.7%	-0.6%	15.0%	16.1%
Elimination/Unallocated <sup>(1)</sup>	(53.5)	+5.7%	+2.5%	n/a	n/a
<b>Group total</b>	<b>481.6</b>	<b>+0.8%</b>	<b>-1.9%</b>	<b>74.0%</b>	<b>74.8%</b>

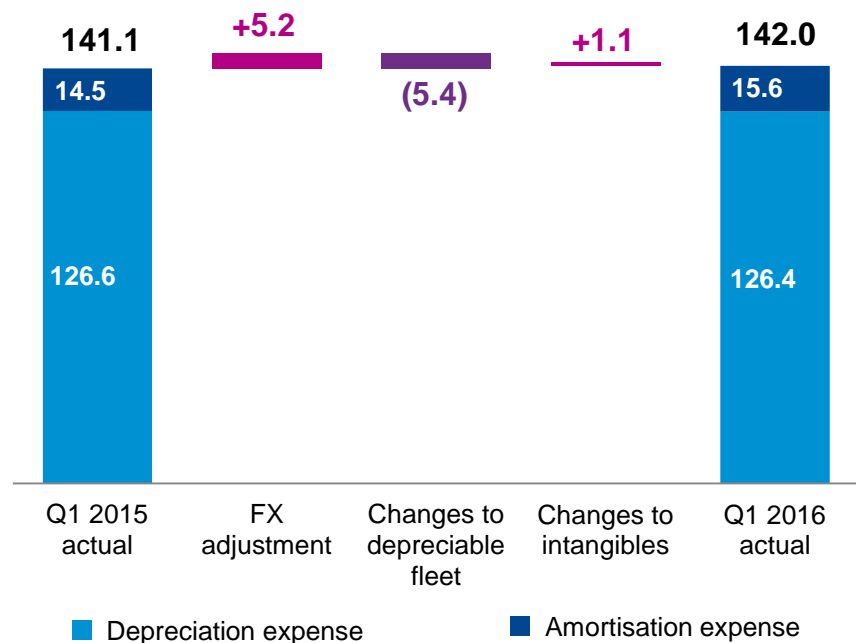
▲ “Pull through” revenue up 5.7% (+2.5% at constant FX), with increasing complementarity of services

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

## Other items contributing to net profit of EUR 115.5 million

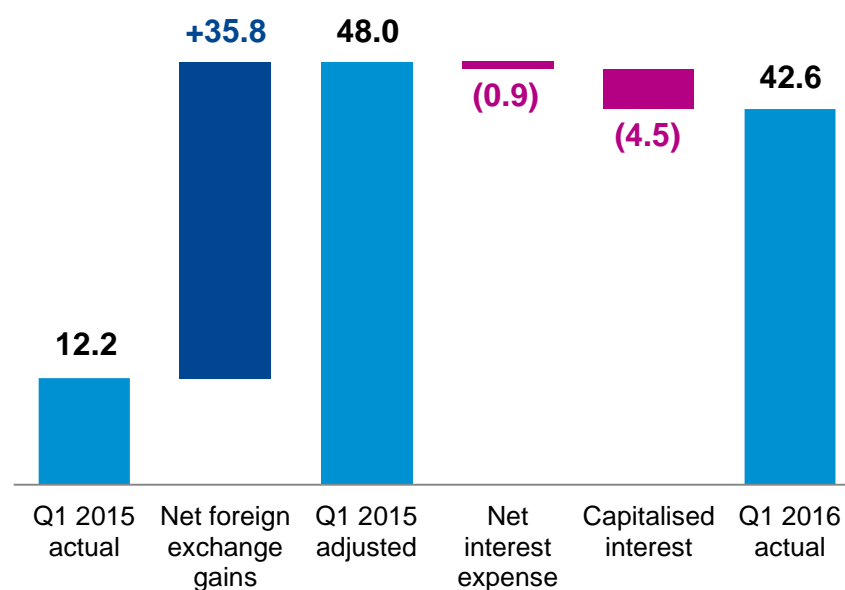
### Depreciation and amortisation walk

EUR million



### Net financing costs walk

EUR million



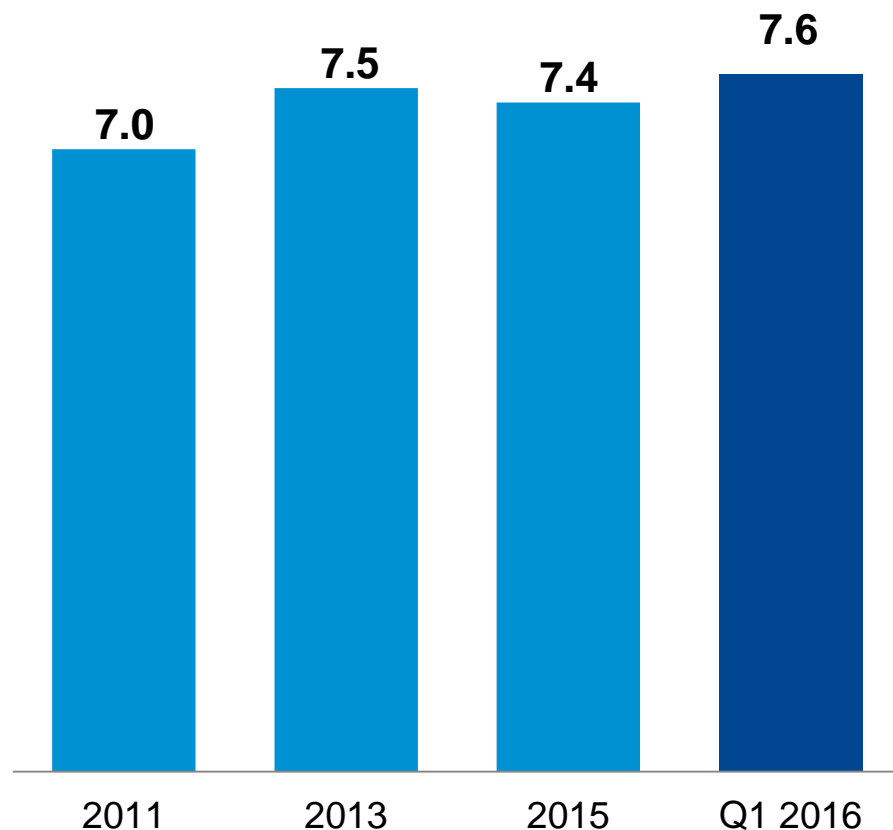
▲ Effective tax rate was 16.1% (Q1 2014: 19.6%)

▲ Share of associates' loss EUR 28.3 million, principally relating to O3b (Q1 2015: EUR 31.2 million loss)

## Growing SES's substantial pipeline of long-term income

### SES's fully protected contract backlog

EUR billion



- ▲ Achieving a record level of contract backlog
- ▲ Good level of renewals secured
- ▲ Strong new contract wins
- ▲ Building the business with upcoming programmes

## Outlook for 2016

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- ▲ FY 2016 revenue expected to be EUR 2,010 - 2,050 million<sup>(1)</sup> (based on USD rate of 1.10)
- ▲ Q1 2016 EBITDA margin (74.0%) in line with management's expectations
- ▲ Final contribution from RR Media and O3b Networks depends on timing of completion of acquisition
  - RR Media FY 2016 revenue expected to be USD 160 – 170 million (expected completion in Q2/Q3 2016)
  - O3b Networks expected to generate revenue of around USD 100 million for FY 2016 (expected completion in H2 2016)

*1) Assuming nominal satellite health and launch schedule*

# Appendix

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## Quarterly revenue by market vertical

	Reported revenue (EUR million)				
	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Video	339.7	360.1	328.6	342.5	323.5
Enterprise	59.9	75.1	73.8	72.0	73.1
Mobility	22.3	16.6	20.7	15.3	13.9
Government	56.8	60.7	62.7	71.8	60.4
Other <sup>(1)</sup>	2.9	9.4	7.7	19.7	6.9
<b>Group total</b>	<b>481.6</b>	<b>521.9</b>	<b>493.5</b>	<b>521.3</b>	<b>477.8</b>

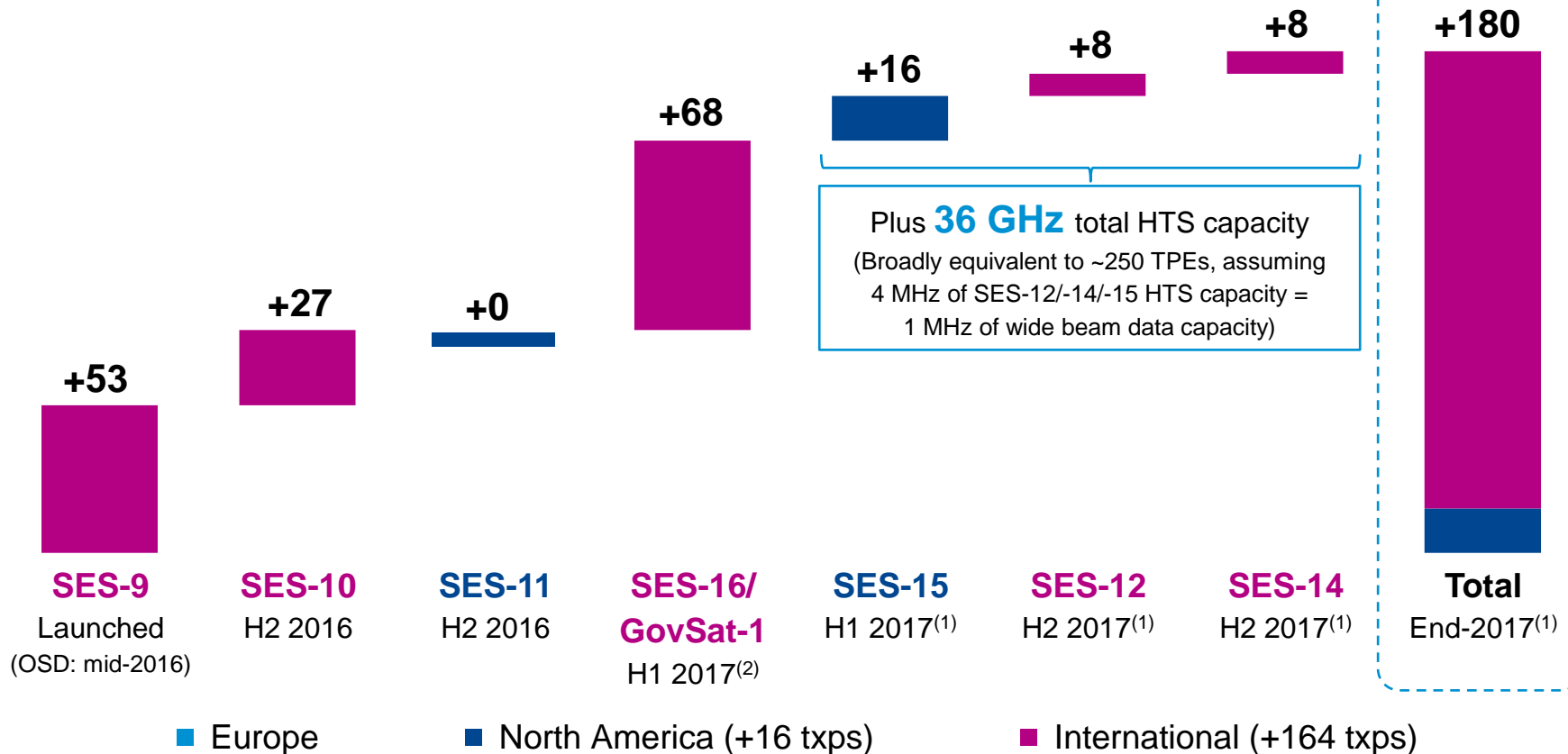
	Revenue at constant FX (EUR million)				
	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Video	339.7	360.7	331.0	343.5	329.1
Enterprise	59.9	75.2	75.1	72.3	76.9
Mobility	22.3	16.7	21.1	15.4	14.8
Government	56.8	60.9	63.7	72.3	63.1
Other <sup>(1)</sup>	2.9	9.2	7.7	19.6	6.9
<b>Group total</b>	<b>481.6</b>	<b>522.7</b>	<b>498.6</b>	<b>523.1</b>	<b>490.8</b>

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

# Growing Emerging Market capacity by 21%, total capacity by 12%

*Adding significant new capacity to serve anchor customers in fast-growing opportunities and markets*

Incremental transponders (36 MHz equivalent)



1) SES-12, SES-14 and SES-15 will be positioned using electric orbit raising, with entry into service some four to six months after launch date

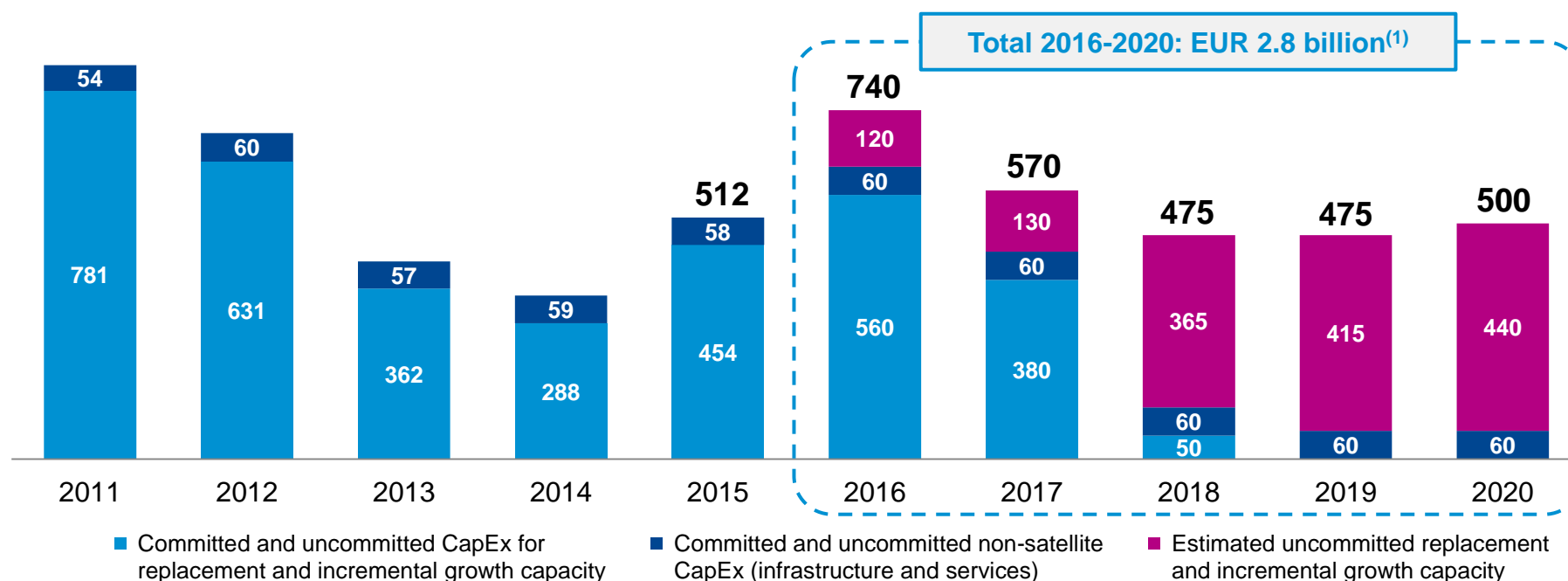
2) Procured by LuxGovSat



# Re-investing cash flow into important growth capacity

## SES's future capital expenditure profile

EUR million



▲ Fully funded CapEx profile and global anchor clients underpin growth drivers

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

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