

# Investor Day 2009

19th May, London

## SES - Finance

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# Agenda

**Part 1: Financial Strategy**

**Part 2: Investment Approach**

**Part 3: Satellite Sector in 2009**

**Part 4: Share Price Development**

**Part 5: CapEx**

**Part 6: Financing**

**Part 7: Conclusion**

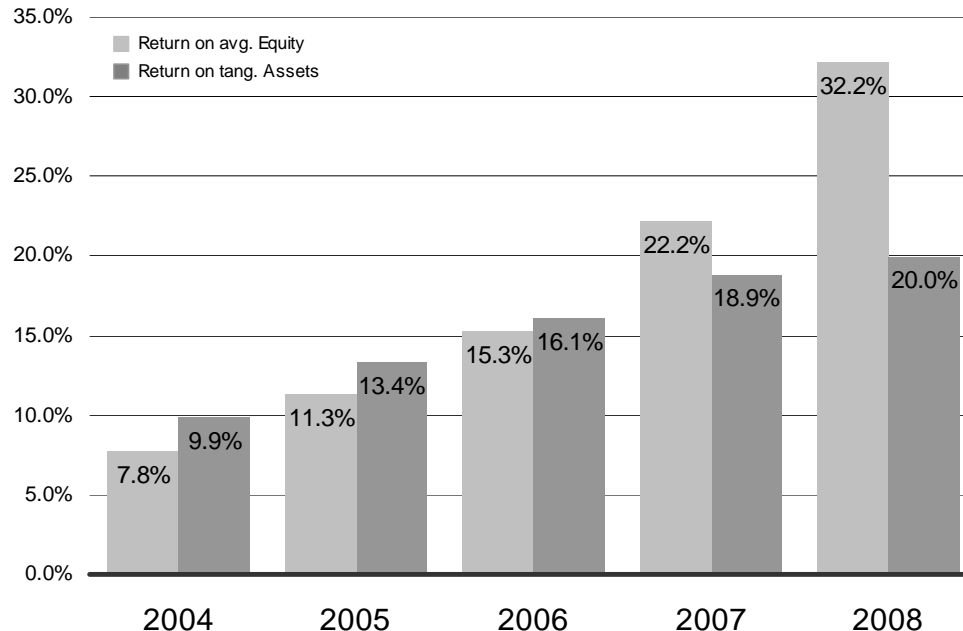
# SES' Financial Strategy

- ▲ Growing our business through profitable investment opportunities
  - organic development of new capacity
  - acquisitions are also considered
- ▲ Increasing the dividend by a minimum 10% per annum
  - EUR 0.66 per A share paid in April 2009
  - prospective base yield of 5.2%\*
- ▲ Adding shareholder value through suitable levels of borrowing
  - Net debt/EBITDA below 3.3 times
- ▲ Maintaining BBB / Baa2 investment grade credit rating

\* Based on the average price of EUR 14.08 between 1<sup>st</sup> January – 21<sup>st</sup> April 2009

# SES Obtains Outstanding and Solid Profitability

SES Group profitability development



### Drivers of expansion:

- ▲ Organic growth
- ▲ NEW SKIES acquisition
- ▲ GE split-off transaction
- ▲ Supplemented by share buybacks
- ▲ Limited impact of USD volatility

- ▲ Steady profitability improvements as a result of a favourable business development, driven by increased demand and stable pricing
- ▲ The successful acquisition and integration of NEW SKIES into the SES Group since 2006 supported the increasing profitability
- ▲ The GE transaction and share buybacks in 2007 and 2008 boosted equity returns

# Prudent Investment Approach

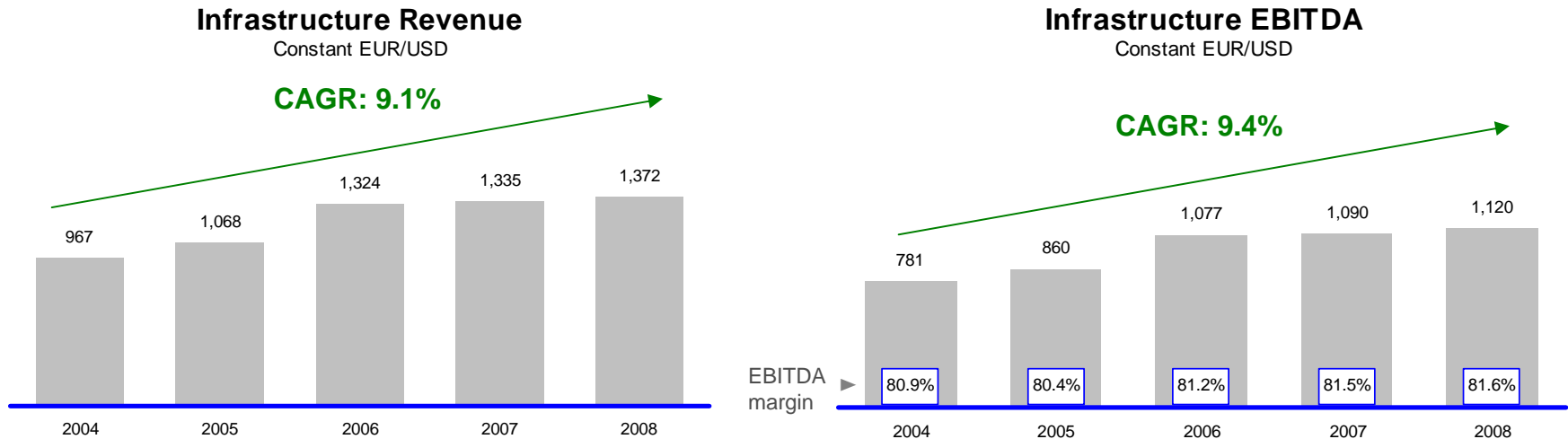
## ▲ Demanding investment criteria

- All satellite projects must exceed IRR hurdle rates of 10-15%
  - minimum reflects degree of perceived risk
- Satellite capacity pre-fill at launch is typically 25%-plus
  - ramping up to full utilisation over first three years of operations
- New growth initiatives can be effectively de-risked
  - employing a spacecraft which has completed its primary mission
  - establishing the commercial viability of a new market before a procurement decision for a new spacecraft is made
  - low opportunity cost
- Services initiatives must satisfy minimum IRR hurdle rate of 20%
  - reflecting higher risk profile and shorter typical contract lengths
  - significantly lower capital requirements than satellite projects

# Strong Cash Generation

EUR million

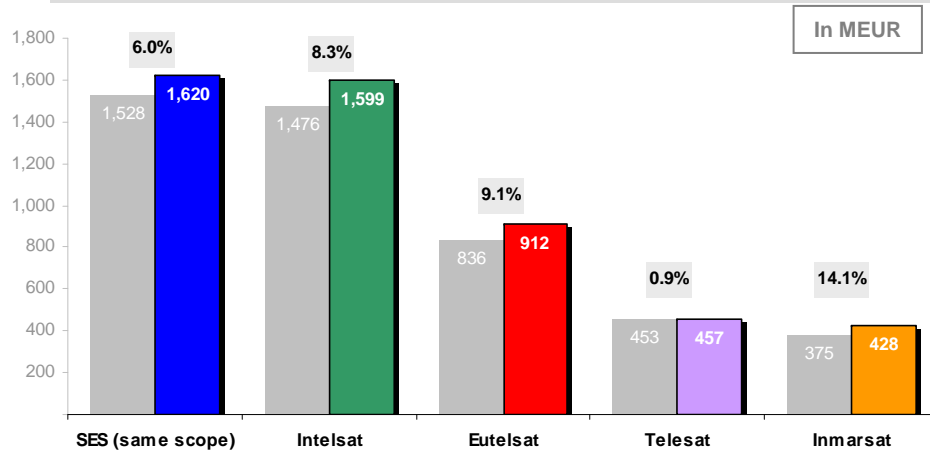
## Reported Infrastructure Revenue and EBITDA 2004 – 2008<sup>1</sup>



- ▲ Infrastructure Revenue CAGR of 9.1% reflects organic growth (more capacity, higher fill rates, overall stable pricing environment) augmented by the acquisition of NEW SKIES
- ▲ Infrastructure EBITDA CAGR of 9.4% shows the leveraging impact of a relatively fixed cost base and results in a superior infrastructure EBITDA margin
- ▲ Coupled with a cash conversion rate at around 95%, EBITDA is a clear indicator for future cash flows

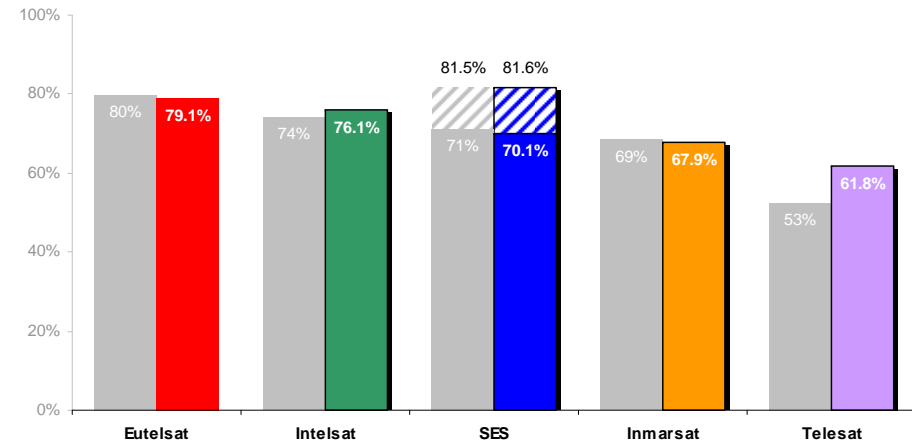
# Satellite Sector in 2008 (1 of 6)

Recurring Revenue Development – Constant FX



- ▲ SES growth driven by the infrastructure segment (mainly NEW SKIES) and supported by continued double digit growth in services (mainly Astra segment)

Recurring EBITDA Margins

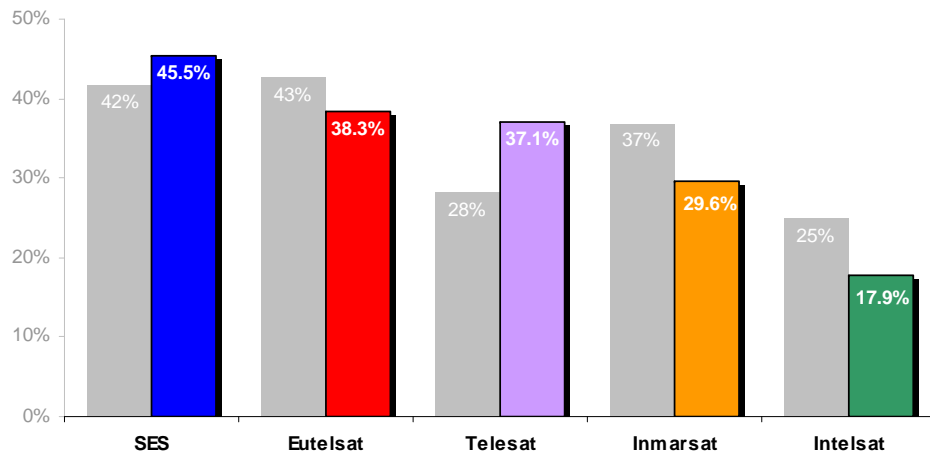


- ▲ SES: recurring infrastructure EBITDA margin remains strong at 81.6% (70.1% reported)

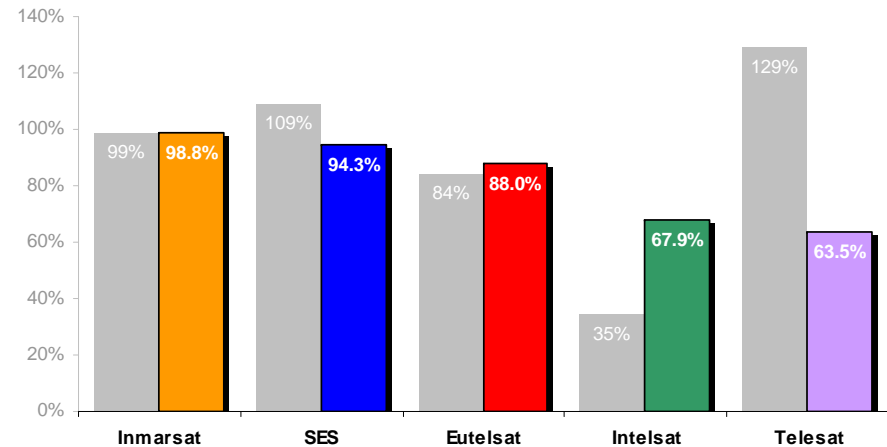
Notes: Grey bars in chart represent figures for FY 2007  
 SES: in hatched recurring infrastructure EBITDA margins  
 Eutelsat: on a calendar basis (FY 2007 & 2008 revenues with an assumed 20% revenues in USD)  
 Inmarsat: without Stratos contribution  
 Fx rates: 1.48 USD = 1 EUR

# Satellite Sector in 2008 (2 of 6)

CapEx as a % of recurring revenues



Cash conversion rate (1)



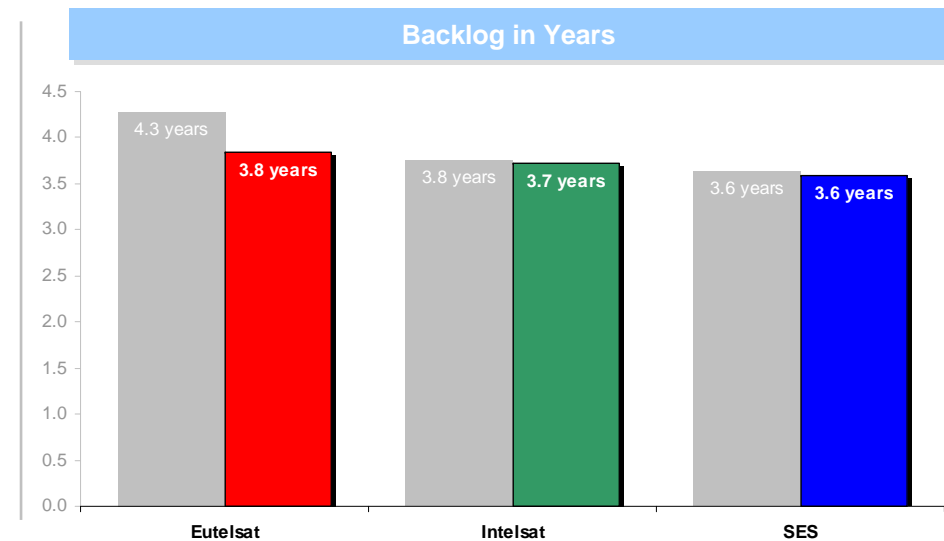
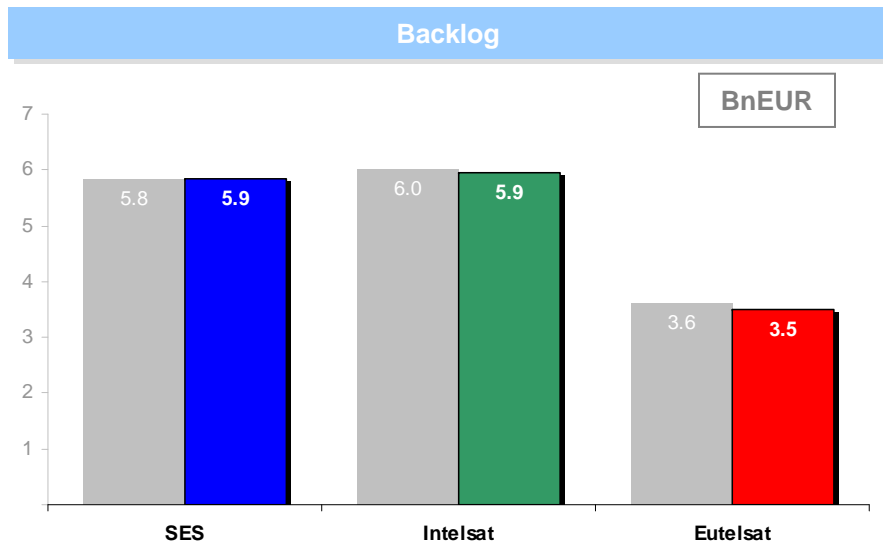
- ▲ SES: high CapEx spending for both replacement and incremental capacity
- ▲ Growth CapEx to provide more than 20% increase in commercially available capacity

- ▲ SES: the average cash conversion rate lies around 95%.

Notes: Grey bars in chart represent figures for FY 2007  
 Eutelsat on a calendar basis  
 Inmarsat without Stratos contribution  
 (1) Net Operating Cash Flow / EBITDA

SES proprietary information

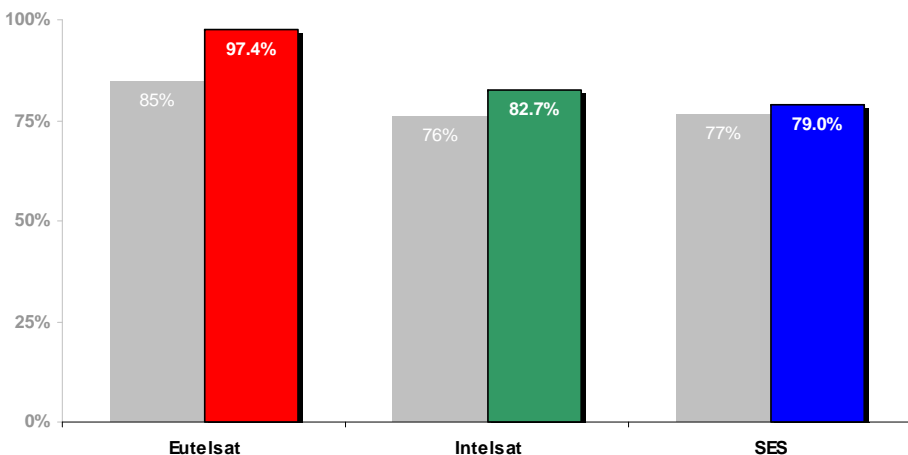
# Satellite Sector in 2008 (3 of 6)



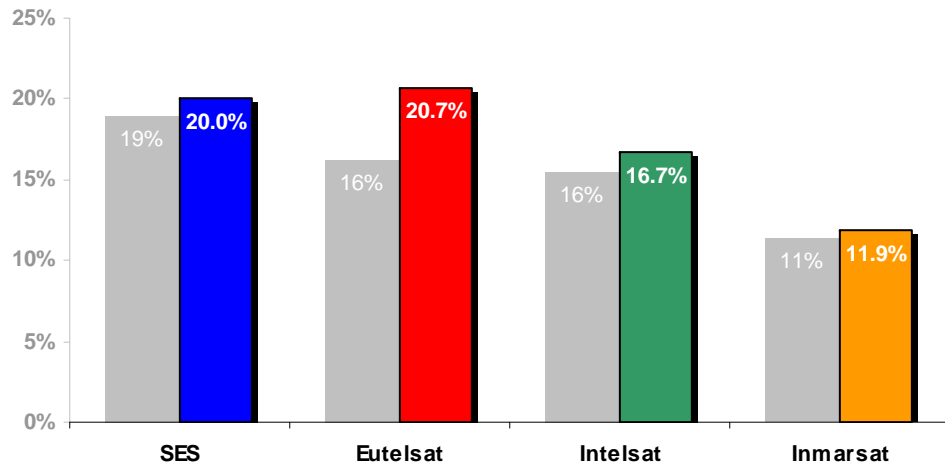
- ▲ SES: stable backlog providing transparency on future cash flows
- ▲ Backlog represents 3.6 years of the 2008 revenues

# Satellite Sector in 2008 (4 of 6)

## Utilisation rate



## Return On Tangible Assets (1)



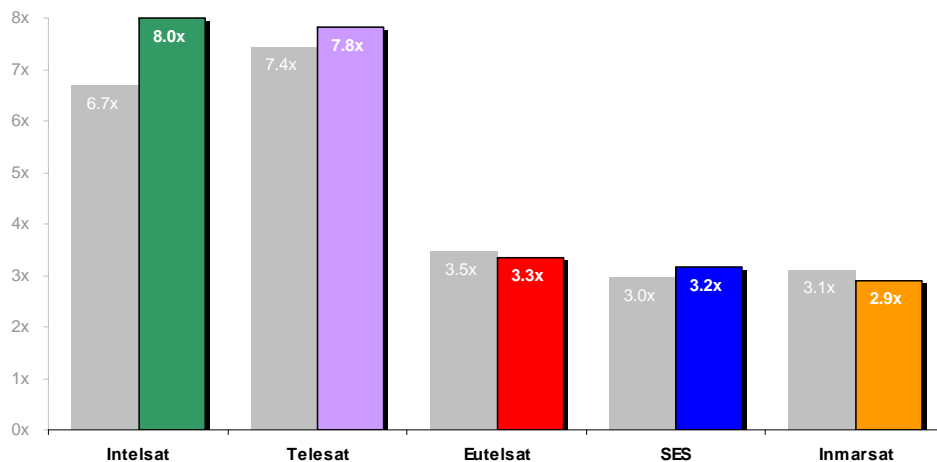
▲ SES: utilisation rate around 80% provides enough flexibility to satisfy demand

▲ SES: strong ROTA reflecting an effective utilisation of the company's assets

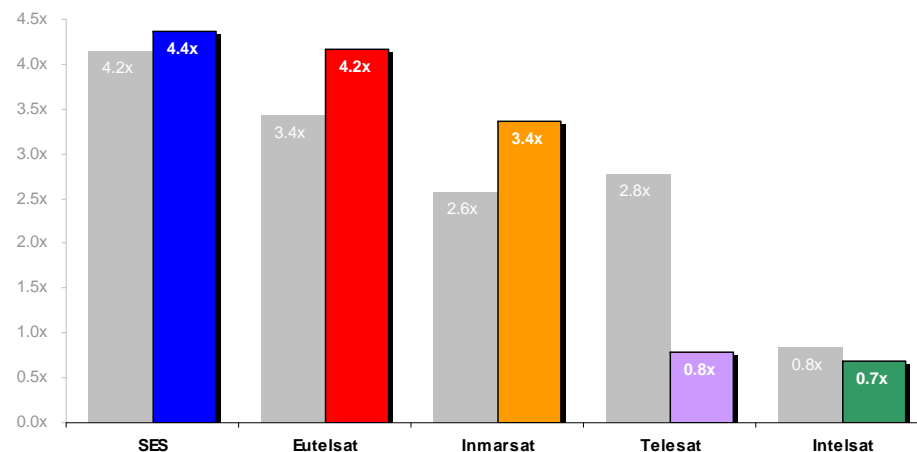
Notes: Grey bars in chart represent figures for FY 2007  
(1) ROTA without assets in construction  
Eutelsat: on a calendar basis  
Inmarsat: ROTA including AIC but without Stratos

# Satellite Sector in 2008 (5 of 6)

Net Debt / EBITDA



Net Interest Cover (1)



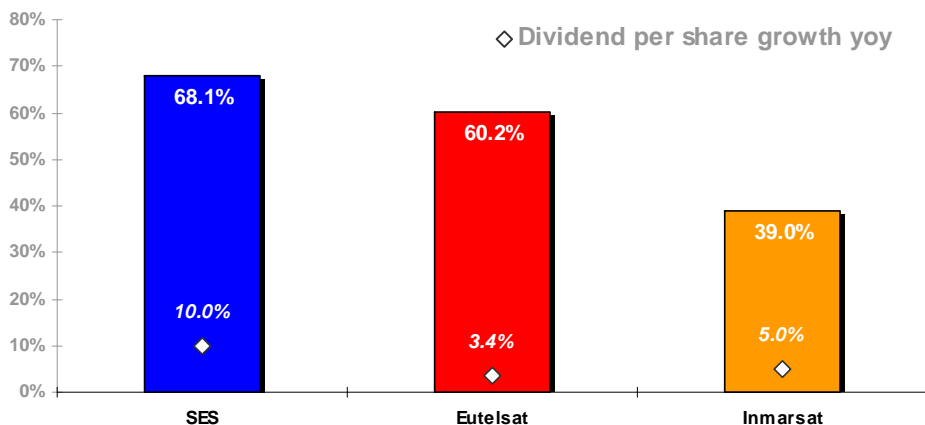
▲ SES: stable leverage, below the 3.3 times threshold, supporting investment grade rating

▲ SES: strong net interest cover ratio reflecting solid earnings

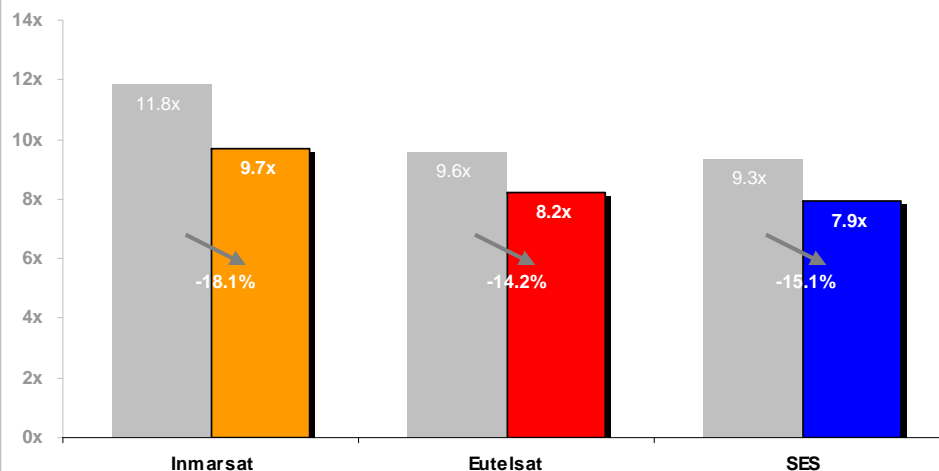
Notes: Grey bars in chart represent figures for FY 2007  
 Fx rates: 1.48 USD = 1 EUR in FY 2008 and 1.37 USD = 1 EUR in FY 2007  
 (1) Net interest cover = EBIT / Net interest charges

# Satellite Sector in 2008 (6 of 6)

Payout Ratio and Dividend Growth



EV / EBITDA



- ▲ SES has a strong policy of returning cash to shareholders
- ▲ SES dividend per share increased by 10% in 2008
- ▲ Prospective base yield of 5.2%\*

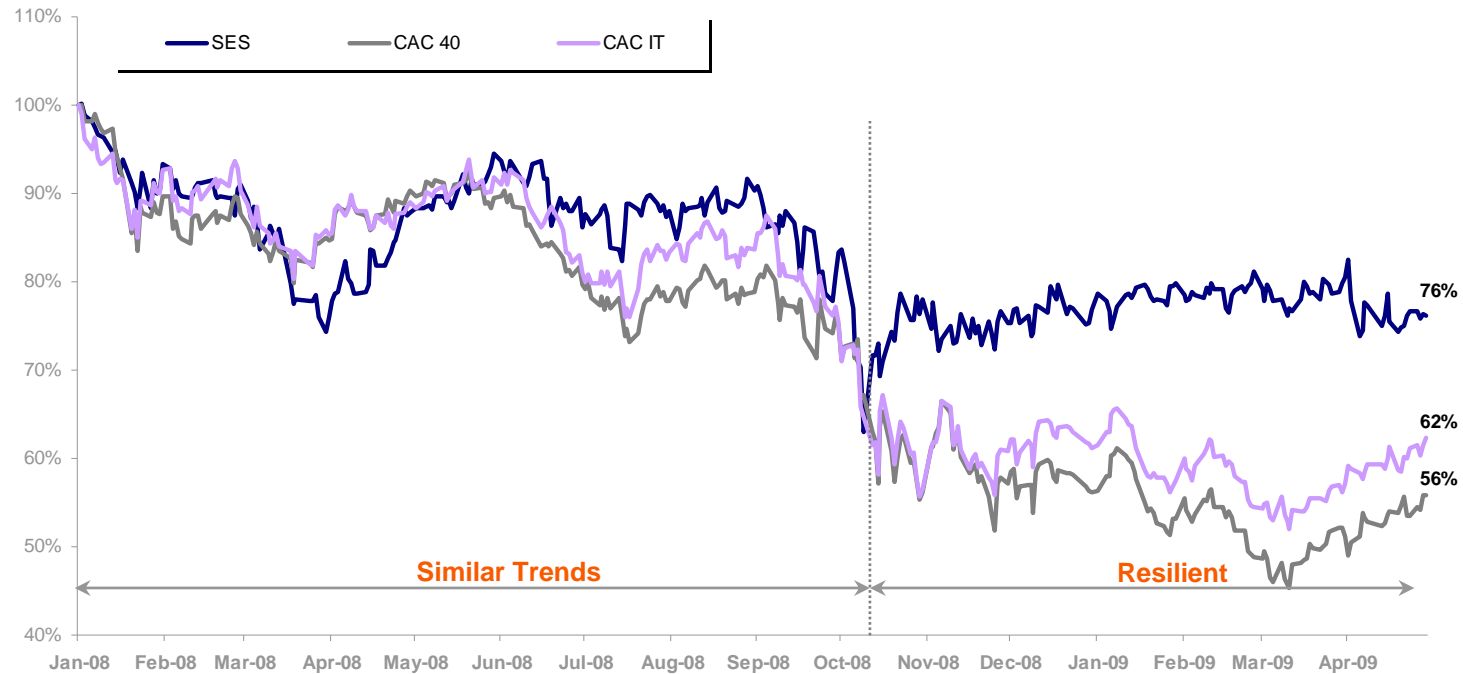
- ▲ All the peers (including SES) suffered from a decrease of the EV / EBITDA in 2008
- ▲ SES is trading at a discount

Notes: Grey bars in chart represent figures for FY 2007

EV based on a market capitalization computed from the average of the November and December share price of each year

\*Based on the average price of EUR 14.08 between 1<sup>st</sup> January – 21<sup>st</sup> April 2009

# SES' Share Price Development



- ▲ FSS stocks are seen as defensive positions in the current economic environment
- ▲ SES is trading at a discount

# Capital Expenditure

- ▲ Enhancing the economic return of a satellite project
  - co-located satellites replaced by a smaller number of spacecraft, reducing overall capital requirements
  - new satellites designed with greater operational flexibility, permitting multiple missions
  - hosted payloads improve returns
- ▲ CapEx trends
  - cost of programmes is optimised through multi-satellite, multi-launcher procurements
  - delivers planning security and improved access to space
  - larger satellites and longer design lives reduce the cost per transponder year
- ▲ Normalized replacement CapEx range reiterated

# Satellite investments – Normalisation

CapEx schedule 24 April 2009 \*:

681

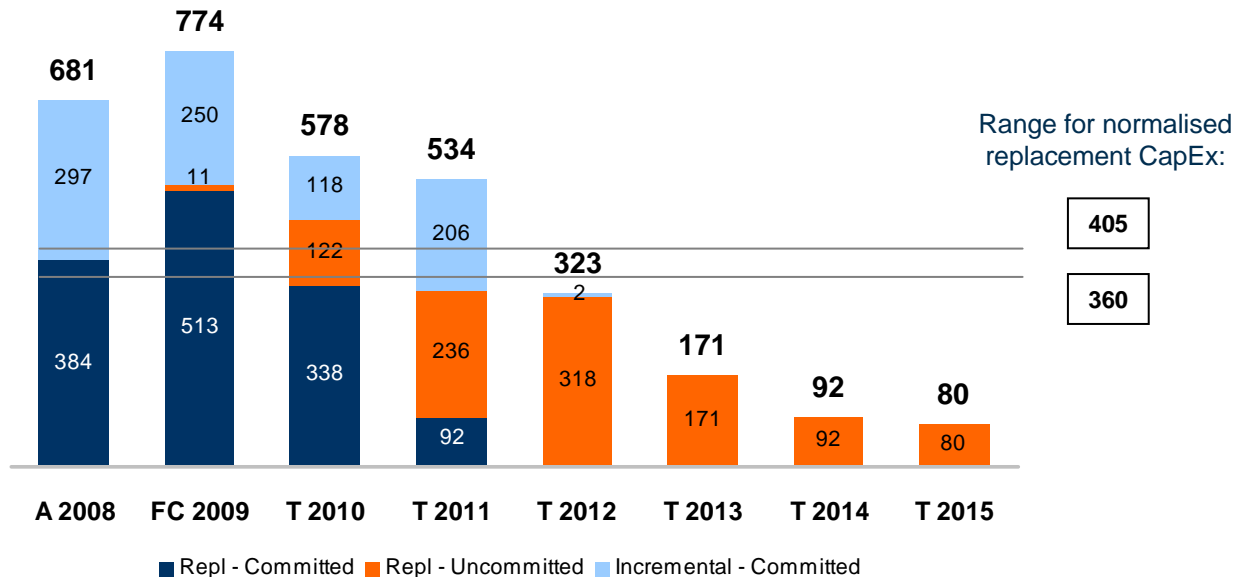
~763

~456

~298

→ Unchanged!

EUR million



- ▲ SES reiterates its projection of replacement satellite CapEx of the current fleet configuration to be in the low end of the guided range of EUR 360-405 million p.a.
- ▲ This favourable development underlines that SES is on track to deliver on the announced procurement standardisation as well as the payload and insurance optimisation
- ▲ The next full replacement cycle is only expected to start towards the end of the next decade
- ▲ Total anticipated CapEx of approximately EUR 818 million in 2009 also includes services and other investments (appr. EUR 44 million)

Note: - The computation of the normalised CapEx is based on an analysis of the expected cash outflows for replacement capacity over the next 15 years (the average lifetime of a satellite)

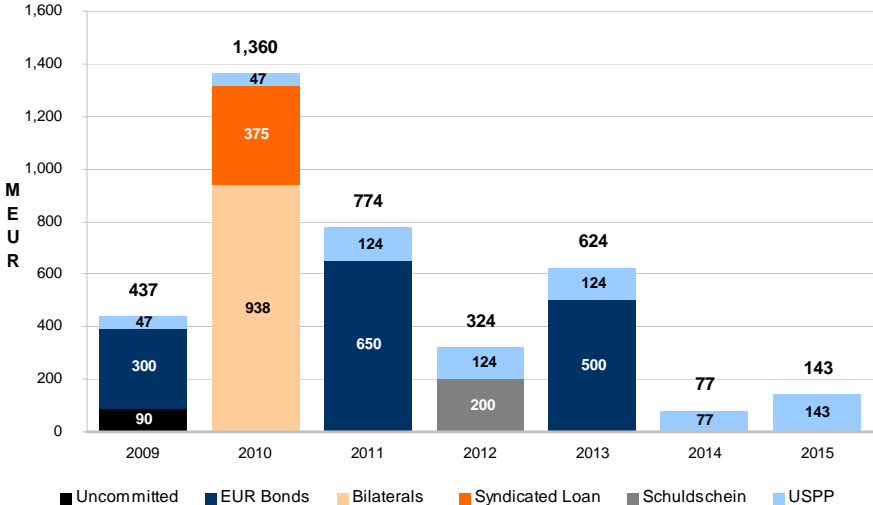
- Included in scenario: As yet uncommitted replacement programmes (different to the quarterly reporting of satellite CapEx)

# Secured Financing

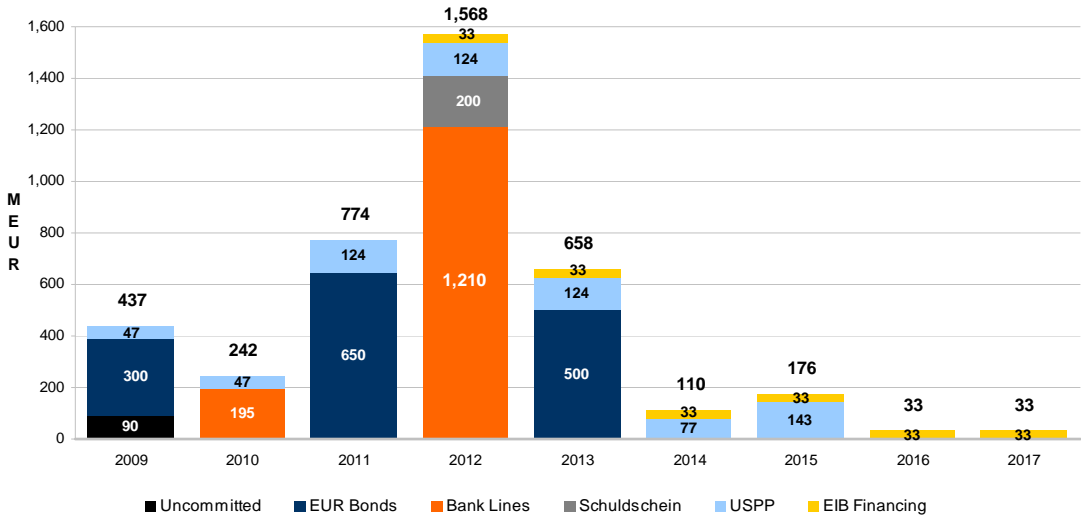
- ▲ Recent transactions have secured SES' financing needs and have thus significantly enhanced the debt maturity profile
- ▲ EUR 2 billion Syndicated Facility concluded in April 2009
  - EURIBOR + 235-275 bps, amortising to EUR 1bn in Year 3
- ▲ EUR 200 million EIB loan also concluded in April 2009
  - 3.6% fixed rate, 8-year maturity, amortising after Year 2
- ▲ Other sources of finance include Schuldschein, Eurobonds, Private Placements and bilateral facilities
- ▲ Bonds can be issued at a time of our choosing
- ▲ Targeting a balanced maturity profile

# Maturity Profile – Before and After April

Before April

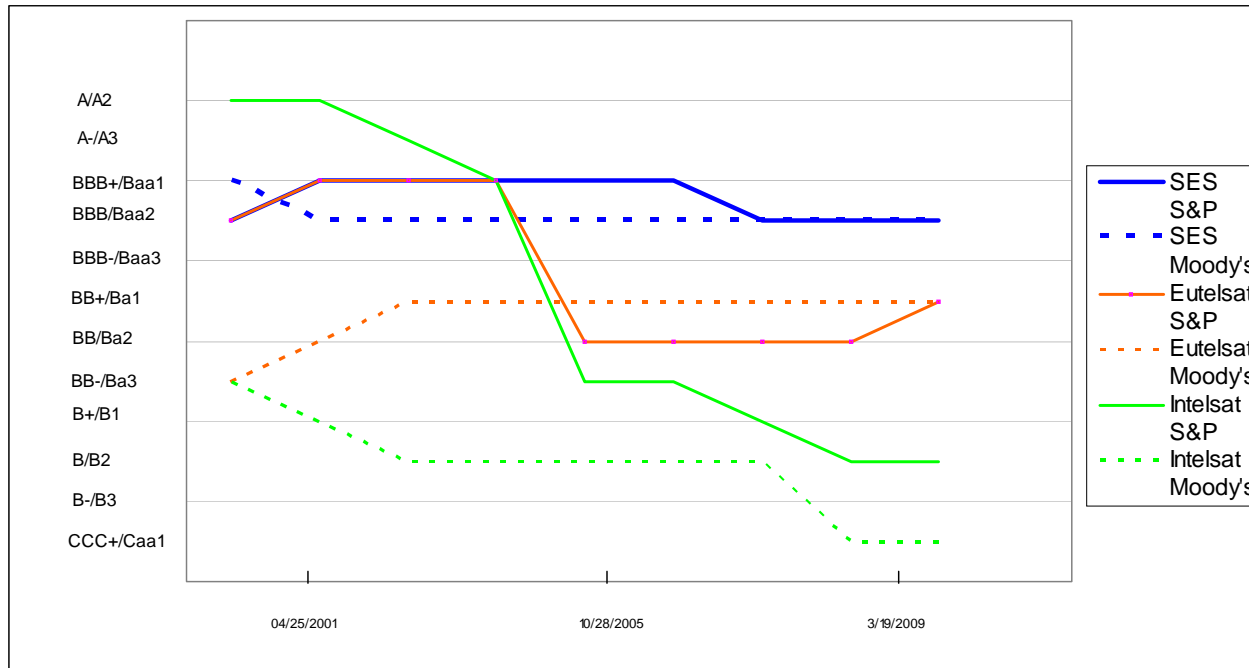


After April



# Credit Rating

- ▲ SES policy is to remain investment grade at BBB / Baa2 or better
- ▲ Credit rating has been BBB / Baa2 or better since initiation in 2001



- ▲ Validation of the consistent and stable execution of our business and financial strategy

# Executive Remuneration

- ▲ Compensation Philosophy is to foster performance and support long-term value creation
  - Benchmarked to Information Technology and Communication sector
  - Remuneration balanced between base salary, bonus and long term equity
- ▲ Bonus Plan
  - Measured against: financial performance; individual business objectives, and a discretionary component
  - Each individual Financial Target is capped at a maximum achievement level of 150%
  - The recurring group EBITDA growth is a central financial criterion. If the recurring group EBITDA is 10% or more below the preceding year, the financial component of the bonus is not paid out
  - Performance against other financial metrics, such as Profit and Cash Flow, is treated similarly
- ▲ Long-term equity (LTE)
  - LTE comprises three elements: Stock Options and Restricted & Performance Shares, which vest after 3 years
  - The weight of the LTE has been shifted from stock options to performance shares
  - The measurement period for the performance shares has been extended from one year to three years. The compounded group EVA has to be positive over this three year period for the shares to vest

# Conclusion

- ▲ SES has a favourable revenue growth outlook
- ▲ Maintained focus on cost control and EBITDA enhancement
- ▲ Substantial contract backlog of EUR 5.9 billion
- ▲ Soundly financed, with improving debt maturity profile
- ▲ Progressive dividend policy
- ▲ Well positioned to support the group's business objectives
- ▲ Delivering shareholder value