SES
your satellite company

# Financial Results

## For the year to 31 March 2013

**17 May 2013**

# Q1 2013 Highlights

- The first quarter of 2013 is heavily impacted from a comparative perspective as Q1 2012 included EUR 32 million of revenue from German analogue transponders

| Q1 2013 growth compared to prior year period | As Reported | At constant FX | **Excluding analogue impact, at constant FX** |
|---|---|---|---|
| Revenue | -2.1% | -1.8% | **+5.7%** |
| EBITDA | -4.8% | -4.5% | **+5.5%** |

- EBITDA margin of 72.9% (Q1 2012: 74.9%, 73.0% excluding German analogue impact)
- Utilisation rate of 75.3% (Q1 2012: 79.1%; Q4 2012: 74.4%)
  - 1,081 of the 1,436 transponders commercially available
  - an additional 23 transponders utilised versus Q1 2012, with available capacity increasing by 99
- Inaugural USD 1 billion bond issue
- Closing net debt / EBITDA of 2.94 times

- Growth guidance is reiterated

# Europe Business Review – Q1 2013

- Revenue was EUR 226.1 million, down 6.2% at constant FX
  - A strong underlying performance, as revenue increased by 8.2%, excluding German analogue impact
  - EUR 17 million of new business partly offsetting German analogue impact of EUR 32 million
- New business secured for 24 transponders versus Q1 2012
  - Offsetting the absence of revenue from 44 transponders carrying German analogue TV (29) and cable feeds (15)
  - Net decline in utilisation of 20 transponders
  - Available capacity increased by 12 transponders (SES-5)
  - Overall utilisation rate of 80.6% (Q1 2012: 89.5%, Q4 2012: 80.9%)
- Transponder pricing remained stable
- Georgian pay-TV broadcaster MagtiSat signed a contract for an additional transponder to further extend its DTH bouquet from the 31.5°E orbital position
- 6 transponders contracted in April for a DTH platform in Central / Eastern Europe
- HD+ continued its favourable development
  - 2.9 million active HD+ households at end March 2013
  - 1.1 million paying customers at end March 2013
  - Number of paying customers at end 2013 is expected to exceed 1.25 million

# SES increased reach in Europe

- The 2012 SES Satellite Monitor survey, published in March, confirmed SES' increased reach in Europe, with strong gains in Germany
- The switch-off of analogue satellite signals and the success of the HD+ platform contributed to the increase of over 500,000 satellite homes, bringing the total in Germany to over 18 million homes
- Across Europe, ASTRA reaches 143 million TV households (including those served indirectly via cable and IPTV transmissions)
- ASTRA now serves 73 percent of the 85 million satellite TV homes, and 80 percent of the 35 million satellite HD homes in Europe

Source: SES Satellite Monitors

# North America Business Review – Q1 2013

- Revenue of EUR 95.0 million, an increase of 0.5% at constant FX
- AMC-16 payload reduction due to health issues, offset by new business
- Globecast signed a contract renewing its capacity over the Americas
- US Government business was solid
- Utilisation reduced by 9 transponders versus Q1 2012
  - Except for AMC-16 (-6), no change to the available capacity
  - Overall utilisation rate of 74.7% (Q1 2012: 75.9%, Q4 2012: 75.3%)
- Transponder pricing remained stable

# International Business Review – Q1 2013

- Revenue of EUR 119.7 million, an increase of 5.4% at constant FX
  - In the Pacific region, Pactel extended its connectivity offering, signing a multi-year, multi-transponder contract for capacity on NSS-9 at 183°E
  - Digicel, also in the Pacific region, signed for additional capacity on NSS-9 (in collaboration with O3b Networks)
  - In the Russian Far East, Vimpelcom signed an agreement for incremental capacity to serve increased demand in the region.
  - CET, a major European teleport operator providing corporate VSAT and media broadcast services, signed up for Ku-band capacity on NSS-12 to deliver Europe / East Africa connectivity
- Available capacity increased by 93 transponders versus Q1 2012
  - New capacity from SES-4 (+27), SES-5 (+52) and ASTRA 2F (+12)
  - Other fleet movements (+2)
- Utilisation increased by 52 transponders versus Q1 2012
- Overall utilisation rate of 73.0% (Q1 2012: 75.6%, Q4 2012: 70.7%)
  - Resulting from the addition of capacity for long term growth opportunities
- Transponder pricing remained stable

# Investment in O3b Networks

- Two launches of four satellites each are scheduled, in June and September 2013
- Service start expected in Q4 2013
- Service offerings:
  - O3b*Trunk* - for internet trunking services
  - O3b*Maritime* – for maritime communications networks
  - O3b*Cell* – for mobile telephone networks
  - O3b*Energy* – for the special requirements of the oil & gas industry
  - O3b*Government*
- Sales commitments have increased, to stand at approximately USD 750 million
  - New agreements with Royal Caribbean Cruises and several regional telecoms operators
- SES interest in O3b at 47%
  - SES' total cash investment of approximately USD 200 million

# New Satellites to Increase Capacity by 12%

(compared to year-end 2012)

| SES GROUP by region (36 MHz Equiv. | 2013 Q1 | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2015 H1 | Total | 2015-2017 |
|---|---|---|---|---|---|---|---|---|
| **Europe** | | | ASTRA 2E<br>ASTRA 5B (+21) | | ASTRA 2G | | **21** | |
| **North America** | | | | | | | | |
| **International** | | SES-6 (+49) | SES-8 (+21)<br>ASTRA 2E beam (+12) | | ASTRA 2G beam (+10) | SES-9 (+53) | **145** | 1-3 satellites in Asia & Latin America |
| Changes due to fleet movements | | | | | | | | |
| **Total New Capacity** [1] | | **49** | **54** | | **10** | **53** | **166** | |

| |
|---|
| New Capacity |
| Replacement & New Capacity |
| Replacement Capacity |

1) Entry into commercial service is typically 6 to 8 weeks after the launch of the satellite

Timing shift of ASTRA 2E and SES-8

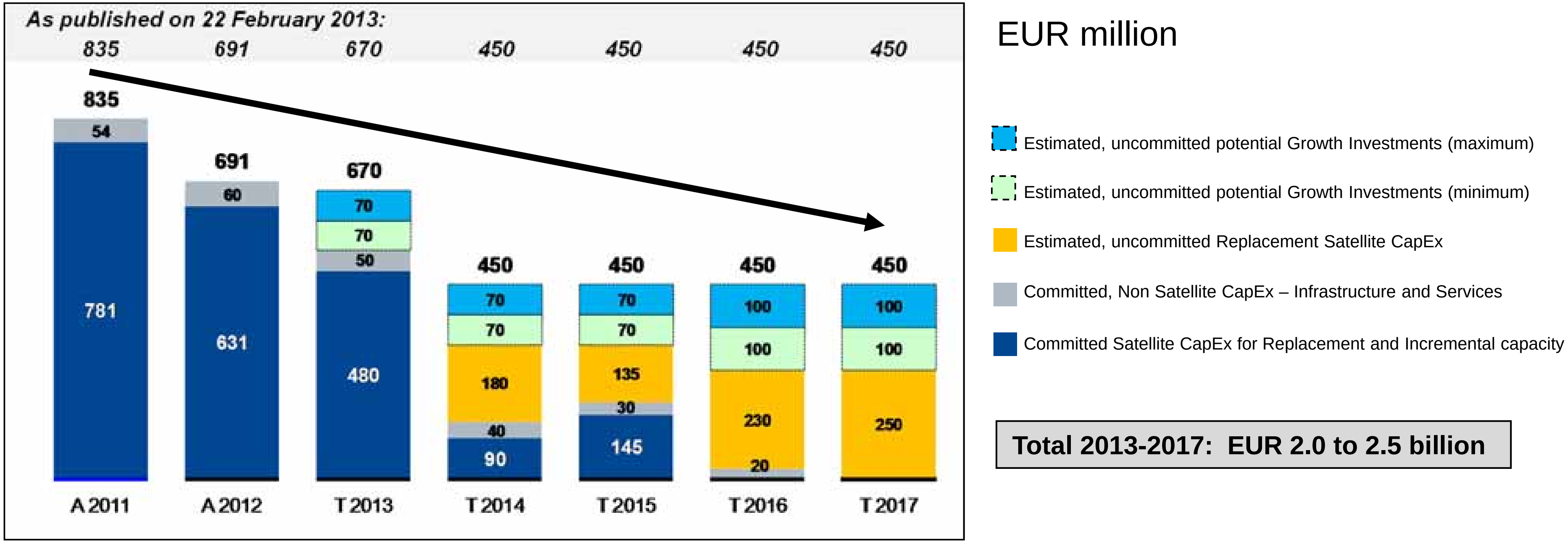
- Six satellites to be launched by end 2015, of which four in 2013, providing replacement and incremental capacity
- In total 166 incremental transponders will deliver around 12% additional capacity compared to the 1,436 transponders available at 31 December 2012 (295 transponders or 22% additional capacity compared to 31 December 2011)
- 1-3 additional investment opportunities are to be developed with potential launch dates between 2015 and 2017
- All infrastructure projects exceed IRR hurdle rate of 10-15%

**SES' investment programme has a strong focus on growing market segments and regions**

Unchanged

SES

# Capital Expenditure is Reducing




**Total 2013-2017: EUR 2.0 to 2.5 billion**

- 2013 to 2017: CapEx spending significantly reduces as replacement cycle of the SES fleet nears its floor
- Three satellites still foreseen for potential, as yet uncommitted, investment programmes with additional CapEx spending of approximately EUR 0.8 billion as of 2013 for growth in Asia and Latin America
- CapEx as proportion of revenue reduces from 38% in 2012 to ~10% to ~25% between 2014 and 2017

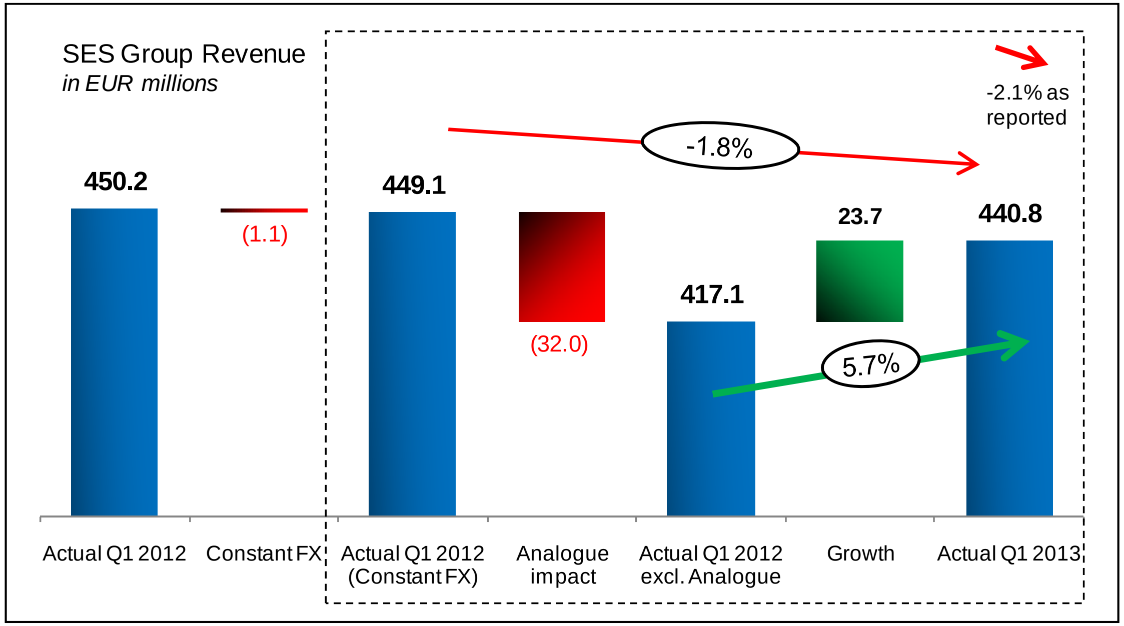
**Notes:** FX translation based on 1 EUR = 1.40 USD (Actual 2011), 1.29 USD (Actual 2012) and 1.35 USD (Trend 2013-2017);
Including capitalised interest (57 MEUR in Actual 2012), not including financial investments

# Financial Review
# and
# Analysis

# Financial Highlights – Q1 2013

- Revenue of EUR 440.8 million (-2.1%, -1.8% at constant FX)
  - Growth of 5.7%, excluding German analogue impact (at constant FX)
  - EUR 24 million of new business partly offsets the EUR 32 million German analogue impact in Q1 2012
- EBITDA of EUR 321.2 million (-4.8%, -4.5% at constant FX)
  - Growth of 5.5%, excluding German analogue impact (at constant FX)
  - EBITDA margin of 72.9% (prior period: 74.9%; excluding German analogue impact, margin remained stable)
  - Infrastructure margin of 83.7% remained robust
- Operating profit of EUR 197.2 million (Q1 2012: EUR 210.5 million)
- Profit of the group of EUR 141.5 million (Q1 2012: EUR 151.2 million)
- Earnings per A-share of EUR 0.36 (Q1 2012: 0.38)
- Closing Net debt / EBITDA of 2.94 times (2.96 times at end 2012)

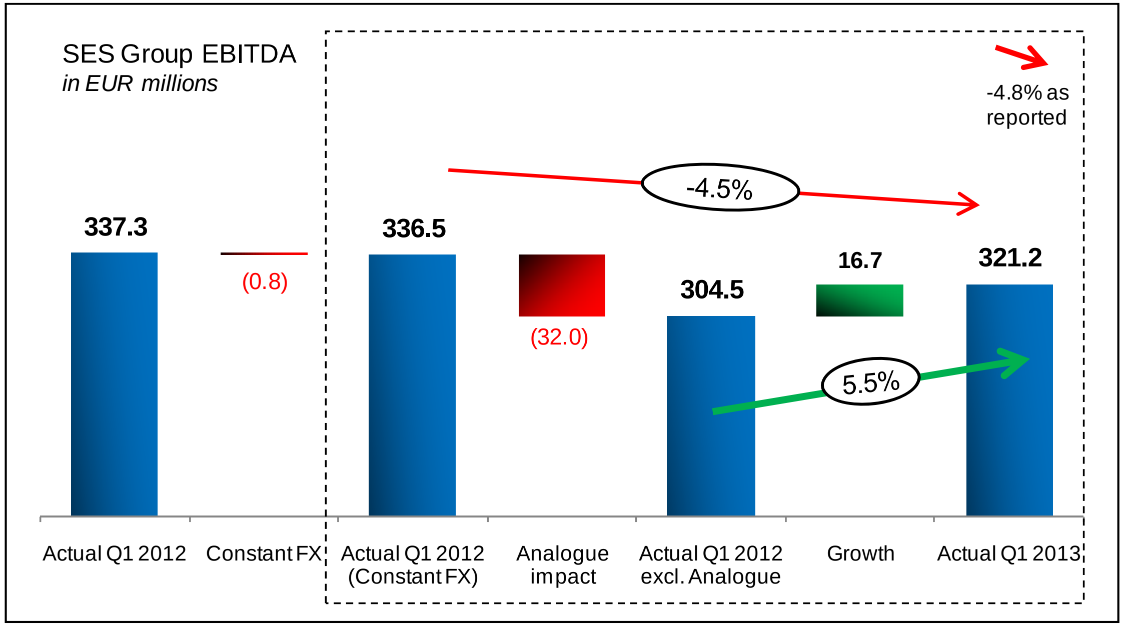
# Revenue Walk from Q1 2012 to Q1 2013




| **FX rate EUR/USD:** | | | |
|---|---|---|---|
| Actual | Q1 2012 | 1.32 | |
| Actual | Q1 2013 | 1.33 | **-1%** |

- Reported Q1 2013 revenue decreased by -2.1% reflecting German analogue impact (-1.8% at constant FX)
- Excluding German analogue impact and at constant FX, revenue grew by 5.7%, or EUR 23.7 million
- The underlying revenue increase reflects the continued strong growth in the European region driven by the recommercialisation of capacity at 19.2°E and the successful development of HD+ in Germany. This was augmented by further growth in the international region

# EBITDA Walk from Q1 2012 to Q1 2013




| **FX rate EUR/USD:** | | | |
|---|---|---|---|
| Actual | Q1 2012 | 1.32 | |
| Actual | Q1 2013 | 1.33 | **-1%** |

- Reported EBITDA was -4.8% lower than in the prior year period (-4.5% at constant FX) again reflecting the German analogue impact; excluding German analogue impact and at constant FX, EBITDA grew by 5.5%
- Overall operating expenses of EUR 119.6 million (2012: EUR 112.6 million) increased by 6.2% year-on-year (at constant FX); while infrastructure business operating expenses declined year-on-year, the net increase in operating expenses is driven by the favourable development of the services business, whereby an increase in revenue is associated with higher cost of sales

# Infrastructure and Services Segmentation

| Business Segmentation Q1 2013 (as reported) | | | | |
|---|---|---|---|---|
| in EUR million | Infrastructure | Services | Other / Elim. *) | SES GROUP |
| Revenues | 378.9 | 100.2 | (38.3) | 440.8 |
| EBITDA | 317.1 | 12.8 | (8.7) | 321.2 |
| Margin % | 83.7% | 12.8% | | 72.9% |

| Business Segmentation Q1 2012 (at constant FX) | | | | |
|---|---|---|---|---|
| in EUR million | Infrastructure | Services | Other / Elim. *) | SES GROUP |
| Revenues | 394.9 | 91.1 | (36.9) | 449.1 |
| EBITDA | 330.9 | 13.3 | (7.7) | 336.5 |
| Margin % | 83.8% | 14.6% | | 74.9% |

- Group EBITDA of EUR 321.2 million was 4.5% lower than in the prior year period on a constant FX basis, although excluding the 2012 analogue impact, EBITDA increased by 5.5%. The reported group EBITDA margin declined from 74.9% to 72.9%, due to the loss of the EUR 32 million of analogue revenues. When excluding this German analogue impact, the group EBITDA margin of 72.9% was stable compared to the prior year period
- The infrastructure segment maintained its robust margin of 83.7% (Q1 2012: 83.8%), while the timing of recognition of certain costs in the services segment resulted in a decline in the services margin to 12.8% (Q1 2012: 14.6%). Nevertheless the full year services margin is expected to be within the guidance range of 14-18%
- Due to the analogue switch-off in 2012, Q1 2013 revenue includes a higher proportion of services revenue than the comparative period, a proportion that will reduce as the year progresses

*) Revenue elimination refers to cross-charged capacity and other services, EBITDA elimination to unallocated SES corporate expenses

# Additional Financial Information

- Depreciation of EUR 116.1 million was EUR 2.0 million lower than in 2012 due to:
  - the absence of the EUR 3 million impairment impact of AMC-16 in Q1 2012
  - changes in the depreciable fleet which resulted in a net increase of EUR 1.3 million
  - the comparatively weaker U.S. dollar in Q1 2013 which reduced depreciation by EUR 0.3 million

- Overall net financing charges decreased by EUR 6.0 million to EUR 29.5 million

| **EUR millions** | **Q1 2013** | **Q1 2012** | **Variance** | **%** |
|---|---|---|---|---|
| Net interest expense | (47.9) | (54.8) | +6.9 | +12.6% |
| Capitalised interest | 11.9 | 15.3 | -3.4 | -22.2% |
| Net FX gain / (loss) | 6.5 | 4.0 | +2.5 | 62.5% |
| **Net financing charges** | **(29.5)** | **(35.5)** | **+6.0** | **+16.9%** |

The decrease versus the prior year period is driven by a reduction in net interest expense due to lower financing rates, with the group's weighted direct cost of debt standing at 4.1% at the end of Q1 2013 (Q1 2012: 4.6%).

- The effective tax rate of 12.7% is consistent with the guidance range of 10-15%

# Guidance

Reiterated *)

| Reporting Period | Growth as reported / Outlook | | Proforma as reported / Outlook Excluding Analogue | |
|---|---|---|---|---|
| | Revenue | EBITDA | Revenue | EBITDA |
| **2012 growth as reported** | 1.5% | 1.6% | ~ 8% | ~ 11% |
| **2012 growth pro forma** (excl. additional launch delays and health issues) | 2.2% | 2.5% | ~ 9% | ~ 12% |
| **2013** | ~ 4% - 5% | ~ 4% - 5% | ~ 6.5% - 7.5% | ~ 7% - 8% |
| **2012-2014 CAGR (Guidance reiterated)** | ~ 4.5% | ~ 4.5% | ~ 7.5% | ~ 8.0% |

- Strong underlying revenue and EBITDA growth in 2013
  - Overall growth rate reflects the four months of German analogue revenue in 2012
- Other key financial guidance for 2013:
  - Infrastructure EBITDA margin above 82%
  - Services activities EBITDA margin of 14% to 18%
  - Reported tax rate in a range of 10% to 15%
  - Net Debt / EBITDA ratio will be managed below 3.3 times
  - Total depreciation (excluding amortisation) of EUR 480 – 520 million

*Note: Guidance is presented on a constant FX basis*

*) versus FY 2012 result publication on 22 February 2013

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