

# Financial Results, 2007



**18 February 2008**

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# Financial Highlights

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- ▲ Recurring revenue increased 8.5% to EUR 1,597.1 million
- ▲ Recurring EBITDA rose 12.2% to EUR 1,125.5 million
  - Industry-leading infrastructure EBITDA margin of 81.5%
- ▲ Net operating cash flow grew to EUR 1,192.7 million
- ▲ Return on average equity was 17.4%
- ▲ Average weighted EPS rose 11% to EUR 0.91
  - year-end EPS was EUR 0.98
- ▲ Dividend of EUR 0.60 per share is proposed
  - a 36% increase over last year
- ▲ EUR 1.4 billion applied to buyback of:
  - 103.1 million shares as part of the GE transaction
  - 7.7 million additional shares in 2007
- ▲ A further 4.3 million shares have been bought back this year to 15 February 2008

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# Business Review

# Business Highlights

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## ▲ GE split-off transaction in March 2007

- streamlined our asset portfolio
- removed major share overhang

## Revenue Growth:

## ▲ Canal+ agreement secured development of French DTH market on the ASTRA satellite system

## ▲ Strong growth in SES NEW SKIES

- 20% on like-for-like basis

## ▲ Increase of marketable capacity from 1,004 to 1,048 transponders

## ▲ Overall fleet utilisation grew to 77%, from 75%

## Effective Cost Management:

## ▲ Multiple satellite procurement agreement with Orbital Sciences

## ▲ Multi-Launch agreements with Arianespace and ILS

## ▲ Improved approach to securing in-orbit insurance for the fleet

## ▲ SES ENGINEERING established to consolidate Group technical operations and develop capex and opex synergies



# Recent Infrastructure Developments (1)

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- ▲ Comcast agreement brings AMC-18 satellite to full utilisation
  - Comcast has contracted 31 transponders in SES AMERICOM's HD-PRIME neighbourhood, including 29 for delivery and expansion of HITS Quantum Services
  - 17 of which are new business
  - AMC-18 new capacity revenue contribution will ramp up over three years
  - SES AMERICOM now carries 34 HD channels
- ▲ Spain's first HD channel launched on ASTRA
  - Canal+ HD, on Pay-TV package Digital+
  - 28 HD channels now carried on ASTRA
- ▲ SES ASTRA's interest in SES SIRIUS raised to 90%
  - from existing 75% participation

# Recent Infrastructure Developments (2)

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- ▲ SIRIUS 4 brought into commercial use
  - traffic offloaded from SIRIUS 2 and SIRIUS 3
  - SIRIUS 2 available for redeployment within ASTRA fleet, potential increase of 27 transponders
- ▲ AMC-1R replacement satellite to be procured under multi-satellite agreement with Orbital Sciences
  - redeployment of AMERICOM satellites will permit additional capacity (up to 7 transponders) to be applied to the Latin American market
- ▲ NSS-14 satellite procurement negotiations in final stage
  - launch will enable fleet redeployment and the opening of another orbital position in the Atlantic Ocean Region

## 2007 results

# Launch schedule & Incremental txps

Successfully launched satellites - starting service in 2008:

ASTRA Satellites	Launch Date	Incremental txp's
Sirius-4	18-Nov-07	Europe 4 (+ 27 on Sirius-2 <sup>1)</sup> ), Africa 6

Procurement program - starting service in 2008 and beyond:

ASTRA Satellites	Launch Date	Incremental txp's
ASTRA 1M	Q2 2008	
ASTRA 3B	Q4 2009	Europe 20 <sup>2)</sup> , Middle East 12
AMERICOM Satellites		
AMC-14	Q1 2008	32
AMC-21	Q2 2008	24
Ciel-2 (@ 70%) <sup>3)</sup>	Q4 2008	32 (@70%: 22)
AMC-1R	Q3 2009	Latin America 7 <sup>4)</sup>
AMC-5R	Q2 2010	32
NEW SKIES Satellites		
NSS-9	Q1 2009	
NSS-12 (8 R)	Q2 2009	30
NSS-14 (7R) <sup>5)</sup>	Q4 2010	24 + 47

Replacement
Incremental
Replacement & Incremental

- ▲ Focus on growing market segments supports continued investment programme
- ▲ 10 satellites are in the pipeline for launch between 2008 and 2010: four in 2008, four in 2009 and two in 2010; plus the AMC-5R ground spare
- ▲ In total 287 incremental transponders <sup>6)</sup>, providing a 27% increase in commercially available capacity (1,048 at 31.12.2007), support future growth
- ▲ All infrastructure projects exceed IRR hurdle rate of 10-15%

Notes:

1. The launch of Sirius-4 will permit the relocation of Sirius-2 adding 27 incremental txps at the new position
2. Of which 16 transponders are commercially available via prefill on ASTRA 1D
3. Ciel-2 will be launched by Ciel Satellite LP, in which SES AMERICOM holds a 70% economic interest
4. After the launch of AMC-1R up to 7 txps could be activated at 101°W for Latin America coverage
5. After the move of NSS-7 from 22°W to a new orbital position, NSS-14 will provide 24 additional txps at 22°W and NSS-7 47 additional txps elsewhere
6. Including Sirius-4 already launched, but starting service in 2008



# Recent Services Developments

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## ▲ *entavio*

- launched 1 September 2007
- modest commercial take-up to date
- guidance to EBITDA remains unchanged

## ▲ IP-PRIME

- Commercial launch in June 2007, rolling out across USA
- 19 distribution agreements signed with Tier 2 and Tier 3 telcos

## ▲ *ASTRA2Connect*

- launched April 2007
- contracts in 7 countries

# Business Outlook

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- ▲ Organic infrastructure growth to continue in 2008
  - Four satellite launches scheduled in 2008
  - 93 additional transponders during the year
- ▲ 287 incremental transponders, a 27% increase in commercial capacity, to be added in the next 36 months
- ▲ Active pursuit of select acquisitions or assets from other satellite operators
- ▲ Further development and streamlining of services activities
  - continue to improve profitability
  - focus on media and government segments
  - complementary to the core infrastructure business

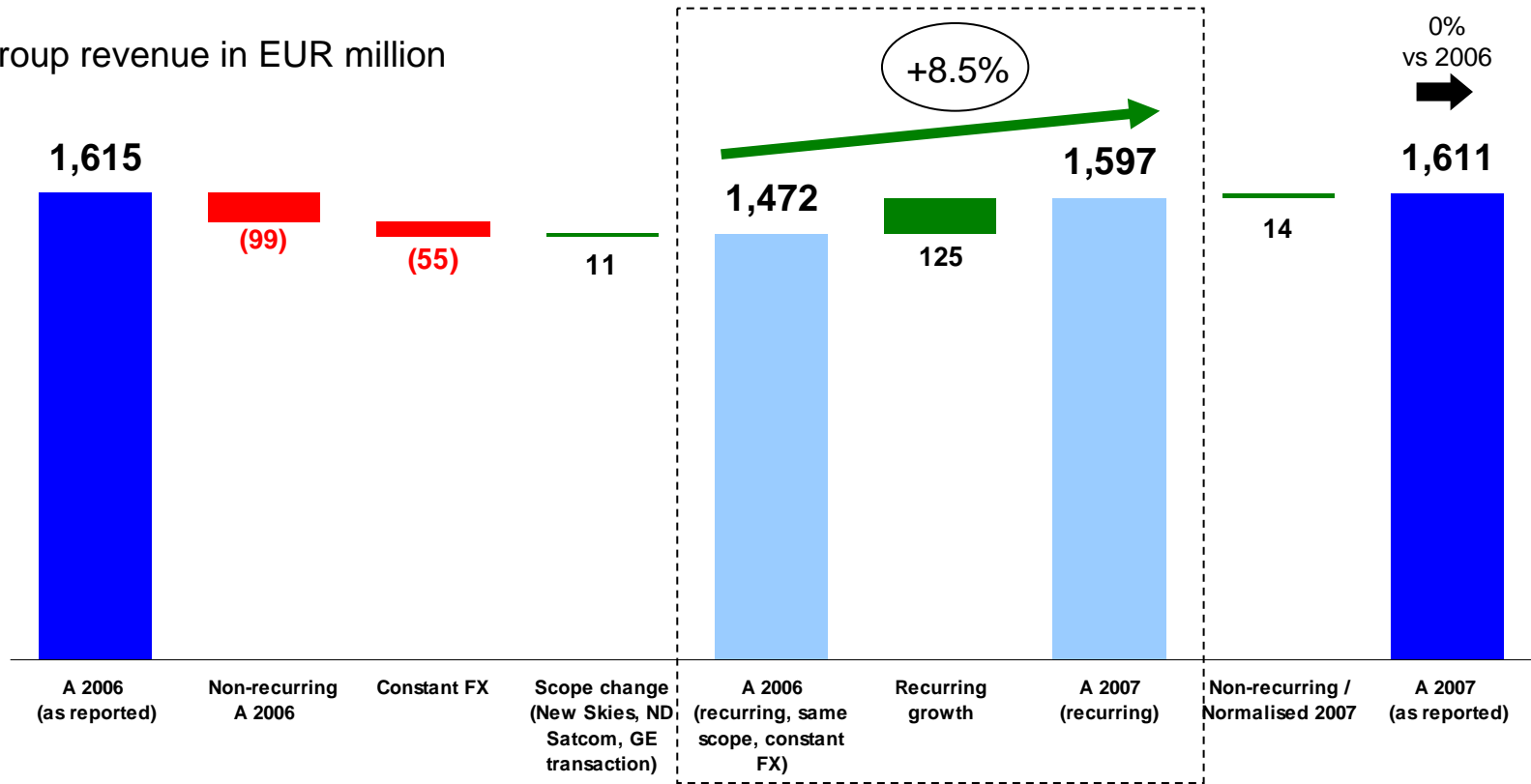
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# Financial Review

# Revenue – FY 2007

Guidance: 1,580 – 1,600  
MEUR @ 1.37 USD

SES Group revenue in EUR million



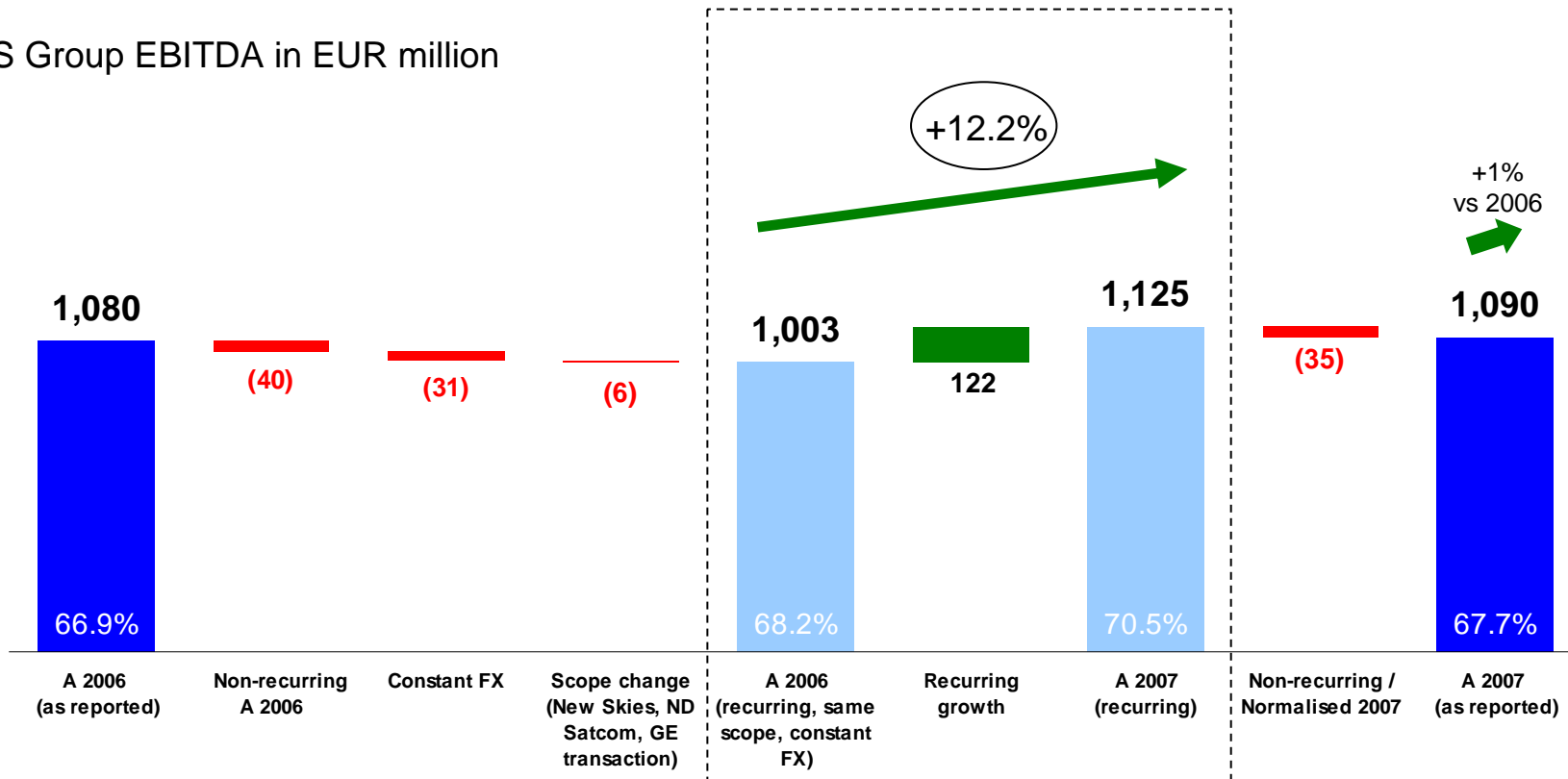
- ▲ Revenues as reported are ahead of guidance based on strong market demand
- ▲ Solid recurring revenue growth of 8.5% driven by strong infrastructure business in SES ASTRA and SES NEW SKIES as well as growth in the SES ASTRA services businesses



# EBITDA – FY 2007

Guidance: 1,074 – 1,094  
MEUR @ 1.37 USD

SES Group EBITDA in EUR million

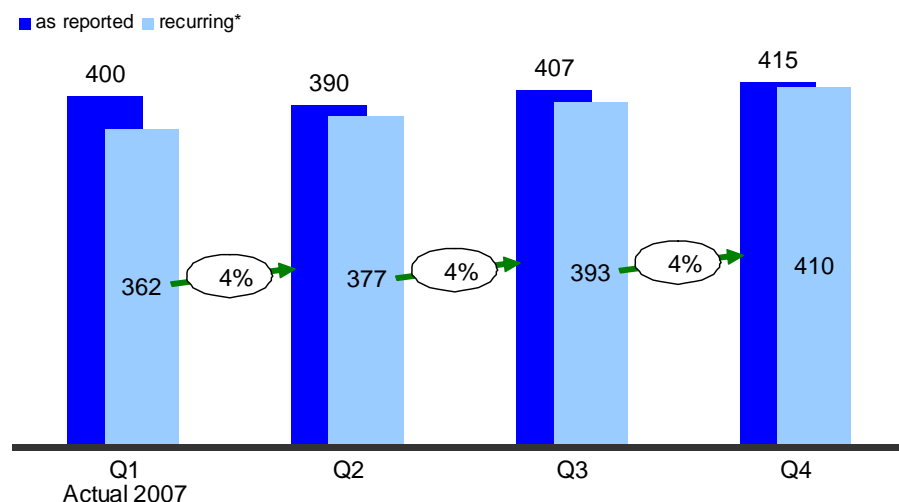


- ▲ EBITDA as reported close to top end of guidance
- ▲ Recurring EBITDA growth of 12.2% shows leverage effect and successful cost management

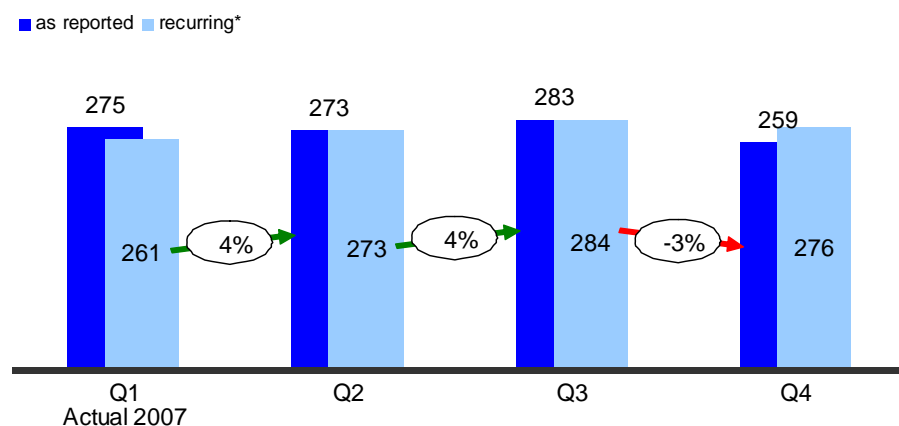


# Quarterly development

SES group **Revenue** in EUR million



SES group **EBITDA** in EUR million



## REVENUE (recurring):

- ▲ Strong growth driven by infrastructure and services business
- ▲ Q2 and Q3 increase driven by higher fill rates
- ▲ Q4 increase driven by higher fill rates and by higher services revenue

## EBITDA (recurring):

- ▲ Q2 and Q3 development in line with revenue development
- ▲ Q4 decline due to:
  - Higher cost of sales in line with services revenue increase
  - Increase of start-up costs for *entavio* and IP-PRIME as expected
  - Higher provisions for share based payments and other expenses

\* All recurring numbers restated to 1.45 USD/EUR (average rate of Q4 2007)

# Business segmentation – FY 2007

in EUR million

FY 2007	Infrastructure				Total
	ASTRA	AMERICOM	NEW SKIES	OTHER & ELIM <sup>*)</sup>	
Revenues	811.7	334.3	236.3	(4.2)	1,378.2
EBITDA	678.8	258.4	186.1	0.0	1,123.3
Margin %	83.6%	77.3%	78.7%		81.5%

FY 2007	Services				Sub-Total	Start-up initiatives	Total
	ASTRA	AMERICOM	NEW SKIES	OTHER & ELIM <sup>*)</sup>			
Revenues	189.2	77.0	47.9	0.0	314.1	6.1	320.2
EBITDA	24.4	4.2	7.9	0.0	36.5	(35.1)	1.4
Margin %	12.9%	5.5%	16.4%		11.6%		0.4%

	Infrastructure	Services	Start-up initiatives	Elimination / Unallocated *)	Total
Revenues	1,378.2	314.1	6.1	(87.7)	1,610.7
EBITDA	1,123.4	36.5	(35.1)	(34.5)	1,090.3
EBITDA margin	81.5%	11.6%			67.7%

- ▲ Industry-leading infrastructure margin at 81.5% with revenues and EBITDA out-performing expectations. EBITDA margin increases 2.7% points versus prior year resulting from solid revenue growth bolstered by cost management in all segments and synergies resulting from SES NEW SKIES on both revenues and costs
- ▲ Services top-line contribution to reported revenues increased 3.2% points to 19.8% in 2007 while the EBITDA margin <sup>\*\*)</sup> increased a further 1.1% points, achieving 11.6% for the year

<sup>\*)</sup> Revenue elim. refers to cross-charged capacity, EBITDA elim. to unallocated SES corporate expenses

<sup>\*\*)</sup> EBITDA margins have been normalised for start-ups and one-offs in the period to reflect better the performance of on-going operations



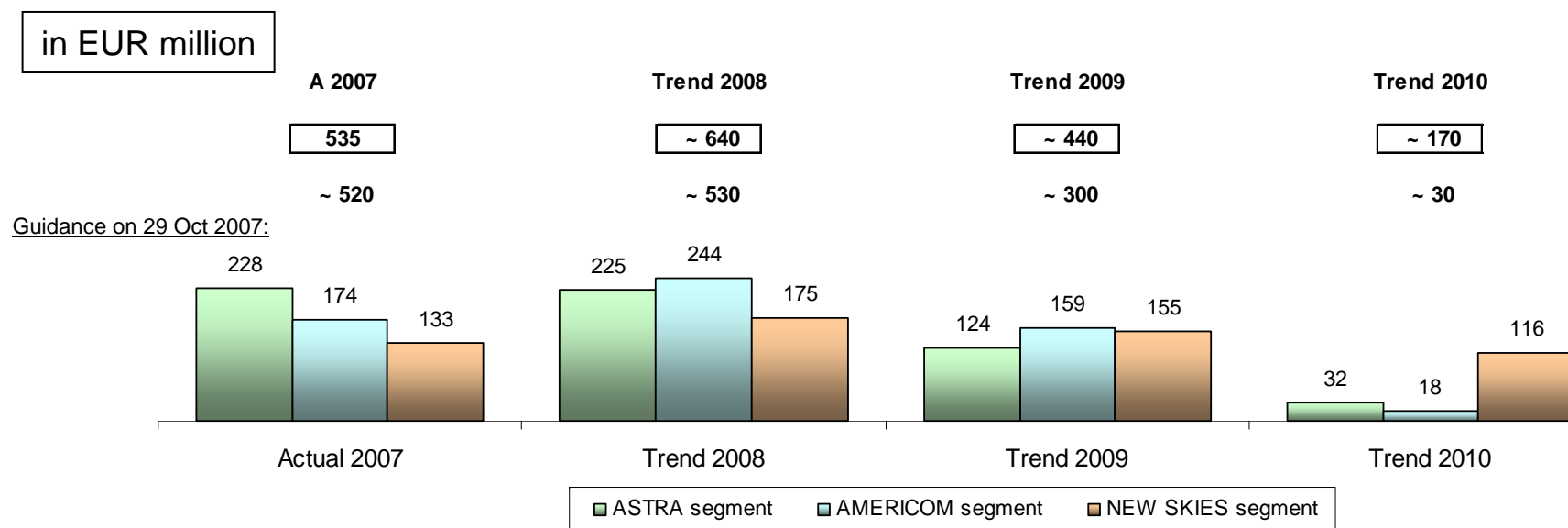
# Other financial lines

- ▲ **Depreciation** in line with 2006 level, whereby favourable impacts
  - the weakening US Dollar and
  - the sale of AMC-23 to GE in March 2007more than offset
  - full year impact from SES NEW SKIES fleet integration (9 months in 2006),
  - new satellites entering service (ASTRA 1KR in June 2006, AMC-18 in February 2007 and ASTRA-1L in July 2007) and
  - the accelerated write-down associated with the failed NSS-8 satellite launch in January 2007
  
- ▲ **Net finance charges** increase by EUR 49.2 million
  - Higher net interest expense (EUR 51.9 million) due to
    - one-off charges of EUR 14.1 million,
    - higher average net debt levels (from EUR 2,903 million at 31.12.2006 to EUR 3,218 million at 31.12.2007) and
    - the increase in the average weighted interest rate (from 4.6% to 4.9%)
  - Absence of income from disposal of SES Ré S.A. in Q1 2006 (EUR 15.0 million)
  - Other income of EUR 17.7 million (mainly higher capitalised interest and net foreign exchange gains)
  
- ▲ **Tax charge** decreases by EUR 21.1 million (effective tax rate: 16.2%)
  - Reflecting a slightly lower taxable base and efficient tax management
  - ETR is below our long term guidance (17%-22%) due to the release of tax provisions (normalised: 19.2%)





# Capital Expenditure schedule

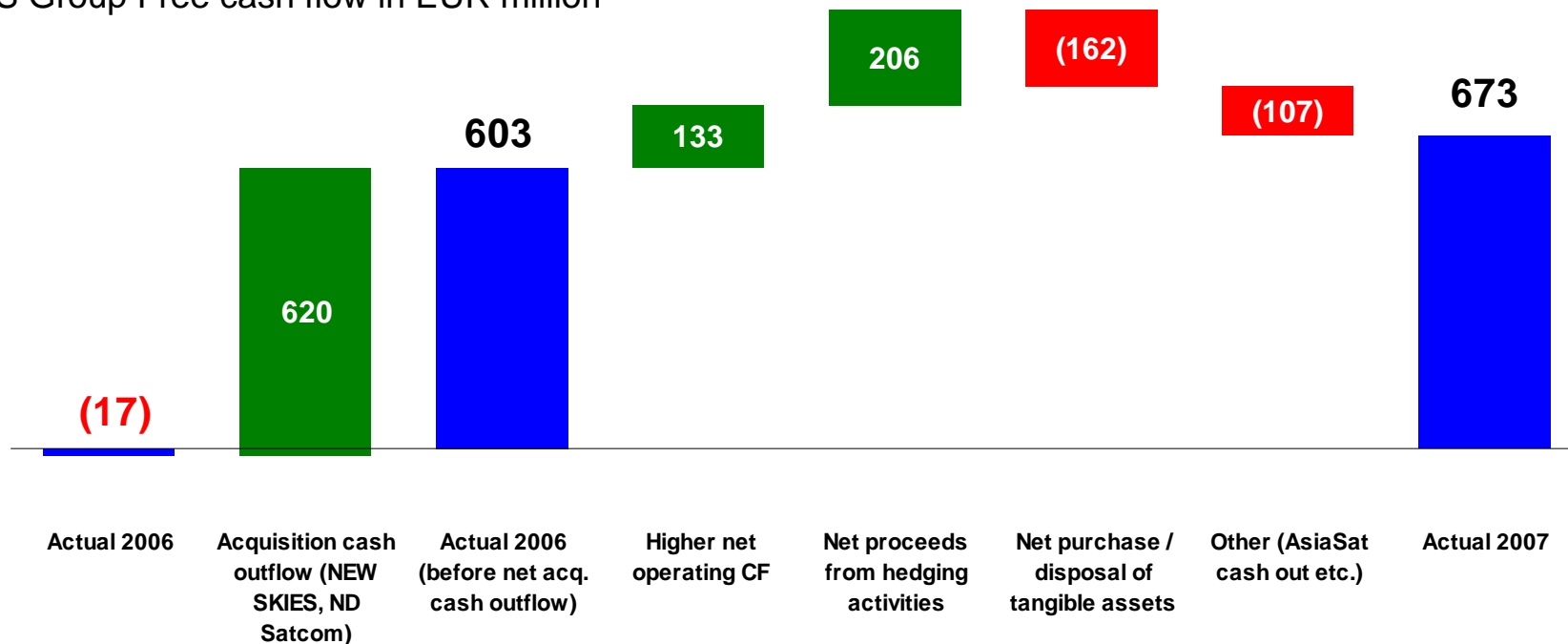


- ▲ Satellite CapEx schedule for committed CapEx updated for inclusion of NSS-14 (7R) and AMC-1R; it also reflects the further weakening of the US Dollar
- ▲ CapEx relating to as yet undisclosed replacement satellites and growth opportunities is not included
- ▲ CapEx associated with new replacement cycle began in 2007 for SES AMERICOM and will begin in 2009 for SES ASTRA
- ▲ Total 'purchase of tangible assets' of EUR 638 million in 2007 is EUR 103 million higher than satellite CapEx as presented above. The delta can be split roughly equally into expenditures for ground equipment, investments for services businesses and a one-time payment under the Multi Launch Agreement
- ▲ Maintenance CapEx for ground equipment and services business accounts for approximately 50 MEUR per annum in 2008 and thereafter



# Cash Flow

SES Group Free cash flow in EUR million



- ▲ Free cash flow as reported of EUR 673 million is up versus restated prior year
- ▲ The increase is based on net proceeds from hedging activities and higher net operating CF, partly absorbed by higher capital expenditures for satellites and investments in services businesses as well as the cash-out of AsiaSat as part of the GE transaction



# Financial Outlook

Upgraded

- ▲ **2008:** Growth continues associated with profitability improvement
  - Revenue growth in excess of 6% reflects solid base and realisation of growth initiatives offsetting scope change related to GE transaction and one-offs in 2007
  - Infrastructure EBITDA margin will remain above 81%
  - Services business performance will further improve
  - Achievement of Net debt / EBITDA target of 3.5 times will further contribute to the return of cash to shareholders
  - Higher profitability and lower number of shares will augment EPS
- ▲ **2008-2010:** The revenue CAGR over the next three years will equal or exceed the growth rate foreseen in the guidance for 2008 with an infrastructure EBITDA margin of over 81%

# Revenue and EBITDA ranges – 2008

Upgraded

Analyst guidance				
EUR million	29 October 2007		18 February 2008	
	1 EUR = 1.40 USD	1 EUR = 1.44 USD	Upgrade	New guidance 1 EUR = 1.44 USD
<b>Total</b>				
- Revenues	1623 - 1663	1603 - 1643	20	1623 - 1663
- EBITDA	1100 - 1140	1087 - 1127	13	1100 - 1140
<b>Infrastructure</b>				
- Revenues	1355 - 1395	1340 - 1380	15	1355 - 1395
- EBITDA	1097 - 1137	1085 - 1125	12	1097 - 1137
<b>Services</b>				
- Revenues *)	345 - 375	340 - 370	5	345 - 375
- EBITDA *)	43 - 53	42 - 52	1	43 - 53
*) Services revenue and EBITDA exclude start-up activities				

- ▲ Reiteration of >6% growth in revenues notwithstanding the strong overperformance in 2007
- ▲ Revenue and EBITDA numbers for 2008 remain unchanged, which means that incremental growth is compensating for the assumed weaker US Dollar



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# Appendices

# Satellite depreciation and NBV – ASTRA segment

in EUR million

Satellite	Depreciation Period (Yrs.)	End of Depreciation Life	NBV 31.12.2007	NBV 31.12.2006
Astra 1C *)	12	Jun-05	0.0	0.0
Astra 1D *)	10	Dec-04	0.0	0.0
Astra 1E *)	12	Dec-07	0.0	13.5
Astra 1F	13	May-09	14.2	24.3
Astra 1G	13	Dec-10	28.6	38.1
Astra 1H	13	Aug-12	60.2	73.1
Astra 2A	15	Apr-13	45.5	57.7
Astra 2B	12	Dec-12	71.8	86.3
Astra 2C	13	Mar-14	82.6	96.2
Astra 2D	11	Jan-12	30.1	39.9
Astra 3A	10	Jun-12	50.4	61.7
Astra 1KR	15	Apr-21	147.2	162.3
Astra 1L	15	Jun-22	158.5	n. a.
Sirius 2	12	Dec-08	19.0	38.7
Sirius 3	12	Nov-09	15.8	24.5
Sirius 4 / European Beam	15	Dec-22	192.2	n/a
Sirius 4 / African Beam	15	Dec-22	15.4	n/a
			<b>931.5</b>	<b>716.3</b>

\*) Fully depreciated, but still in use

Note: At 31 December 2006 ASTRA 1L and Sirius 4 were classified as assets in the course of construction. They were brought into use and depreciation began on 10 July 2007 / 30 December 2007 respectively.

# Satellite depreciation and NBV – AMERICOM segment

Satellite	Depreciation Period (Yrs.)	End of Depreciation Life	NBV at 31.12.2007 <sup>1)</sup> in MEUR	NBV at 31.12.2007 in MUSD	NBV at 31.12.2006 <sup>2)</sup> in MUSD
Satcom-C3 <sup>*)</sup>	12	Dec-04	0.0	0.0	0.0
AMC-1	15	Sep-11	35.1	51.8	65.6
AMC-2	15	Feb-12	41.5	61.3	76.0
AMC-3	15	Sep-12	44.8	66.1	80.0
AMC-4	15	Dec-14	68.3	100.8	115.2
AMC-5	12	Dec-10	28.0	41.4	56.0
AMC-6	15	Nov-15	90.6	133.8	150.7
AMC-7	15	Oct-15	49.9	73.6	83.0
AMC-8	15	Feb-16	11.7	17.3	19.4
AMC-9	15	Jul-18	137.5	202.9	222.2
AMC-10	15	Apr-19	98.0	144.6	157.4
AMC-11	15	Oct-19	84.6	124.9	135.5
AMC-15	15	Dec-19	153.3	226.3	245.1
AMC-16	15	Feb-20	123.8	182.7	197.7
AMC-18	15	Dec-21	67.1	99.1	N/A
			<b>1,034.2</b>	<b>1,526.6</b>	<b>1,603.8</b>

\*) Fully depreciated, but still in use

1) Currency exchange rate used 1 EUR = 1.47 USD

2) Restated for transfers to NSS (AMC-12, AMC-23, and AAP-1)

# Satellite depreciation and NBV – NEW SKIES segment

## Legally owned satellites

Satellite	Depreciation Period (Yrs.)	End of Depreciation Life	NBV at 31.12.2007 in MEUR <sup>1)</sup>	NBV at 31.12.2007 in MUSD	NBV at 31.12.2006 in MUSD
NSS-806	13	Mar-11	31.3	46.1	60.8
NSS-7	12	Nov-14	92.6	136.3	156.3
NSS-703	13	Dec-08	3.0	4.4	9.3
NSS-6	14	Feb-17	119.0	175.2	194.5
NSS-5	13	Sep-10	23.4	34.5	47.5
			<b>269.4</b>	<b>396.6</b>	<b>468.4</b>

## Segmentally allocated satellites <sup>2)</sup>

Satellite	Depreciation Period (Yrs.)	End of Depreciation Life	NBV at 31.12.2007 in MEUR <sup>1)</sup>	NBV at 31.12.2007 in MUSD	NBV at 31.12.2006 in MEUR <sup>5)</sup>	NBV at 31.12.2006 in MUSD
EUR-denominated part <sup>3a)</sup>	15	Mar-20	75.6		81.6	
USD-denominated part <sup>3b)</sup>	15	Mar-20	50.7	74.7	61.3	80.8
NSS-10	15	Mar-20	126.3		142.9	
NSS-11 Satellite <sup>4)</sup>	15	Nov-15	38.6	56.8	48.7	64.1
ASTRA 2B Steerable beam <sup>6)</sup>	12	Nov-12	14.1		17.0	
			<b>179.1</b>		<b>208.6</b>	

1) Currency exchange rate used 1 EUR = 1.47 USD

2) Transferred assets are presented by currency denomination to eliminate the impact of FX on asset allocation

3a) Formerly known as Astra 4A, legally owned by SES Satellite Leasing Ltd., EUR denominated part of satellite

3b) Formerly known as AMC-12, legally owned by SES AMERICOM, USD denominated part of satellite

4) Formerly known as AAP-1, legally owned by SES AMERICOM, USD denominated

5) Currency exchange rate used 1 EUR = 1.32 USD

6) Legally owned by SES ASTRA, EUR denominated

