

# NEW ACCELERATIONS

## Foreword from the President and CEO - Karim Michel Sabbagh

The SES right-to-win is defined along three pillars.

First, we want to scale and globalise our core activities. Our infrastructure covers 99% of the world's population and our business can further realise the potential of this technology and add value to the societies and economies we serve.

Second, we seek to build differentiated capabilities in four distinct markets, namely Video, Enterprise, Mobility and Government. Our goal is to best serve our customers with optimised communication solutions. We are single-mindedly focused on growing our leadership and underlying capabilities in these core markets.

Third, we aim to develop a future-proof business and technology model using an iterative approach to adaptation and innovation. At all levels of the SES community, we are challenging the status quo and developing new insights in order to enable and grow the business of our customers. While these themes are now well established in the SES strategic narrative, 2016 was a year of acceleration in executing on our right-to-win. As outlined below, this was our most substantive year in building our capabilities and preparing for the years ahead.

In Video, we accelerated the scale-up of our capabilities across the value chain. We are shaping the experience of over 1 billion end-users who rely on SES to deliver their preferred content in the most relevant manner.

SES acquired RR Media in July 2016 and merged their capabilities with SES Platform Services to form MX1, the world's leading media globaliser. SES now transmits more than 7,500 TV channels, of which 2,495 are HD and 21 are commercial UHD. In particular, SES leads the distribution of channels in the higher standards with 27% in HD and 43% in UHD for all channels distributed via satellite. Our versatile video distribution capabilities also enable us to manage more than 120 video on demand platforms. Overall, four of the top ten global satellite Pay TV operators rely on SES solutions.

In Enterprise, we expanded our global reach as we now serve businesses in over 130 countries and across diverse industries where digitization is central to their value proposition. In fact, our customers' average bandwidth usage for managed data services has increased by four-fold over the past four years. Our networks and solutions are enabling millions of business points every day, and as result are improving the lives of millions of end customers.

In August 2016, SES brought O3b fully into the SES group. With O3b's 12 MEO satellites – and eight more set to launch starting in 2018 – SES now delivers a completely integrated GEO-MEO offering for our data-centric customers. In 2016, we increased the number of tier one global and regional customers we serve. We have 31 network facilities deployed, enabling seamless access to our satellite network and interconnecting with terrestrial networks. Our average measured service availability for managed Enterprise service is 99.991%, above the established benchmark of 99.97%.

In Mobility, SES provides communication services to Global Eagle Entertainment, Gogo, Panasonic Avionics and Thales, which between them serve about 90% of the world's connected planes. This means that a majority of aircraft across the world providing Internet and/or live TV via satellite use SES's network – either exclusively or partially.

In September 2016, we announced the procurement of SES-17, with Thales committing to a long-term commercial agreement for service over the Americas and Atlantic Ocean. In the maritime segment, we launched our Maritime+ product, allowing our customers to serve the cruise ship, shipping, fishing and leisure industries with reliable and highly customisable service packages. By the end of 2016, we were already serving 46 vessels with Maritime+ and this number is increasing. The overall number of vessels we serve has grown across the board, with O3b's service to Royal Caribbean Cruises having grown to 11 ships, setting a new standard of service in the cruise industry.

In Government, we further enlarged our scope, now serving 62 government entities world-wide. Our unique service model continues to deliver the resilient connectivity that governments need, along with the flexibility and scalability that is so important to their defence and security projects plus their civilian applications.

We launched our Tactical Persistence Surveillance (TPS) product in September 2016, the first within SES's Government+ offering. This is just the beginning of a wide selection of end-to-end solutions that our Government vertical is creating, differentiating it within the market. Beyond service models, SES is offering ground-breaking services through O3b. In 2016, we delivered over 2Gbps of high-throughput, low latency O3b capacity to a range of US and global government customers operating in seven countries. SES's infrastructure and products support our e-inclusion applications as well, and the SATMED tool our

team developed has been deployed 10 times between 2013 and 2016, significantly expanding access to healthcare in rural areas.

Our unique infrastructure - multi-orbit, multi-band and multi-system - underpins our success in the four distinct markets. Our network efficiently integrates unique capabilities in the GEO and MEO arcs globally, providing seamless service in C, Ku and Ka-bands. When combined with our ground infrastructure, SES provides ubiquitous, globally managed network solutions for our customers. SES is, and will continue to be, the only provider of satellite-centric communication solutions able to deploy such capabilities.

We will continue the expansion of our fleet with new satellites under construction. SES-10, SES-11, SES-12, SES-14, SES-15 and GovSat-1 are all scheduled to be launched in 2017. Several of these programmes have been optimised to serve our targeted markets by combining hybrid design and leading-edge digital processing. Additionally, SES-17, which was commissioned in September 2016 to primarily serve the mobility market in the Americas, also addresses the needs of Enterprise and Government customers, and will be launched in 2020. These programmes are complemented by the eight O3b satellites under construction, which will be launched starting in 2018. Put together, the SES developments underway are unmatched and will enable continued acceleration of the business through to 2020.

Finally, in 2016, we accelerated the growth of our global community. I am proud, along with the SES management, to work everyday with nearly 2,000 colleagues who are the most talented and customer-focused group in the satellite industry. These men and women operate across the world through our more than 20 offices and serve more than 1,900 clients in over 130 countries with the utmost dedication and professionalism.

Also, on the topic of human capital, the first class of SES high potential employees graduated in December 2016. Each of the about 60 participants complete a rigorous development and mentoring programme over three years, and this group is strengthening our corps of future leaders. I look forward to working with the graduating classes in the coming years.

Central to our efforts in building our human capital is the knowledge networking platform we rolled out across all our operations in 2016. It is a specifically designed knowledge management system which facilitates the capture, aggregation, augmentation and dissemination of industry-leading insights and knowledge. This platform enables every member of the SES community to augment his or her knowledge and learning, and translate this intellectual capital into innovative practices, products and services to best serve our customers.

These are exciting and fast-changing times, and it is great to be SES. We are proud to carry the flag of industry leader. We are bringing our insightful thinking and differentiated capabilities to our customers, and, as a result, we are playing an essential role in supporting their businesses. We are accelerating beyond frontiers to evolve existing business models and introduce new ones with our industrial partners and customers. In fact, 'beyond frontiers' has become our signature in 2016 and it represents our mind-set, commitment and actions.

We are playing the long game, and our focused, perseverant and resilient approach is creating a differentiated base. This foundation best enables the businesses of our customers, creates optimal development and innovation opportunities with our industrial partners and brings out the best in all members of the SES community. With these elements in place, we are firmly engaged on the path of delivering outstanding shareholder value.

I had the opportunity to meet with many SES customers, investors and community members over the course of 2016. These conversations often touched on the transformations, complexities, discontinuities and opportunities that are surfacing in the macro environment, as well as within our industry. The resulting dialogue has reinforced our belief in driving our strategy and execution first and foremost through our differentiated capabilities system.

The combination of a flexible and scalable technology platform, customised ancillary services geared towards end-to-end solutions, high-performing global deployment and distribution and pro-active account management, all provide us with the right-to-win. Our organic initiatives, as well as the success stories presented here, have positioned SES as the leading provider of satellite enabled communication solutions that contribute to digital experiences globally.

Our commitment is to continue building our business with strategic clarity, value accretive investments in our differentiated capabilities and strong execution. On behalf of the SES management, thank you for your trust, engagement and support.



Karim Michel Sabbagh