Q1 2018 Results

Three months ended 31 March 2018

27 April 2018
Betzdorf, Luxembourg
Highlights

▲ Solid Q1 2018 results, in line with expectations
▲ Strong underlying growth in SES Networks
▲ SES Video resilient and highly profitable
▲ Strong quarter of execution with three successful launches and SES-15 now in service
▲ Outlook remains unchanged and an update will be given with H1 2018 results following internal review by incoming CEO and CFO
Solid Financial Results; In Line With Company’s Expectations

▲ Revenue **EUR 477.6 million** with underlying revenue stable⁽¹⁾ compared with Q1 2017

  - SES Video resilient with underlying revenue -0.9⁽¹⁾ excluding IFRS 15 (EUR 8.2 million) and satellite health (EUR 1.0 million)
  
  - Anticipated growth in SES Networks now becoming evident with 8.5⁽¹⁾ growth in underlying revenue

▲ EBITDA **EUR 304.4 million** including restructuring provision associated with on-going optimisation programme

  - EBITDA margin of 64.8% excluding restructuring provision of EUR 5.0 million

▲ Net profit⁽²⁾ **EUR 98.2 million** representing earnings per share of EUR 0.19

▲ Contract backlog **EUR 7.2 billion** in line with Q1 2017 at constant FX

1) Comparative figures are restated at constant FX to neutralise currency variations. Underlying revenue excludes periodic revenue and other (disclosed separately) that are not directly related to or would distort the underlying business trends
2) Net profit attributable to SES shareholders
## SES Video
### Strong Fundamentals Underpin Resilient, Profitable Neighbourhoods

### SES Video revenue

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1 2017 at constant FX(^{(1)})</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>337.2</td>
<td>324.4</td>
<td>324.4</td>
</tr>
</tbody>
</table>

Underlying -3.6% (-0.9% excluding impact of IFRS 15 accounting change and satellite health)

- **351 million** TV households now served by SES (2016: 325 million)
- **7,773** total TV channels; +2% (Y.O.Y)
- **2,665** HDTV channels; +7% (Y.O.Y)
- **32** UHD TV channels; +45% (Y.O.Y)

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1) Q1 2017: EUR 353.4 million as reported
Important capacity extension at 19.2°E and 28.2°E to serve viewers in Germany, Austria and the U.K.

Supporting launch of new DTH offering for viewers in the Caribbean with 130 TV channels

UHD and multi-screen for best viewer experience to 100% of Canal+ TV households in France

MX1 transmitting AFP news feeds to broadcasters around the world via cloud-based service (MX1 360)
SES | Video
Video Distribution - Core Neighbourhoods Remain Resilient

Video Distribution revenue walk
EUR million

<table>
<thead>
<tr>
<th>Q1 2017 at constant FX(1)</th>
<th>Underlying exc. satellite health</th>
<th>Satellite health</th>
<th>Periodic</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>258.4</td>
<td>(9.6)</td>
<td>(1.0)</td>
<td>(0.6)</td>
<td>247.2</td>
</tr>
</tbody>
</table>

Underlying -4.2%
(-3.8% exc. satellite health)

▲ Underlying revenue -4.2% (YOY), including impact of satellite health

- Europe stable with long-term renewals signed at like-for-like pricing
- North America lower due to volume reductions and lower occasional use
- International lower as gradual ramp-up of new capacity offset by near-term challenging market conditions

1) Q1 2017: EUR 271.7 million as reported
SES | Video
Video Services - MX1 Stability Complementing HD+ Growth

**Video Services revenue walk**
EUR million

<table>
<thead>
<tr>
<th>Period</th>
<th>Underlying exc. IFRS 15 change</th>
<th>IFRS 15 change</th>
<th>Periodic</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017 at constant FX (^{(1)})</td>
<td>78.8</td>
<td></td>
<td>0.0</td>
<td>77.2</td>
</tr>
</tbody>
</table>

- **Underlying revenue +8.4% (YOY), excluding impact of IFRS 15**
  - Increase in HD+ annual fee (start of Q2 2017) driving growth and supporting expansion of customer offering
  - MX1 stable as new revenue (bundling capacity and services) now offsetting non-renewal of ‘legacy’ contracts

1) Q1 2017: EUR 81.7 million as reported
SES Networks

Differentiated Services Generating Demand and Underlying Growth

**SES Networks revenue**

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1 2017 at constant FX(1)</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>141.0</td>
<td></td>
<td>153.0</td>
</tr>
<tr>
<td>160.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Underlying +8.5%

1) Q1 2017: EUR 181.7 million as reported

- **3 launches** successfully executed during Q1 2018
- Establishing SES-15 as a prime satellite for **aero** in North America
- Growing **government** revenue from both U.S. and Global clients
- Expanding **telco and MNO** networks by providing managed services

Q1 2018 Results | 7
SES Networks
Executing on Strategy, Building Commercial Momentum

Increasing broadband access to businesses and thousands of locations across Thailand

SES-15 enhancing customer broadband experience on board over 200 aircraft within the first operational month

Providing essential ‘fibre-like’ network connectivity for U.S. AFRICOM

MedallionNet™ now capable of delivering internet speeds ahead of typical hotel levels
SES | Networks
Fixed Data - Expanding Managed Services For Telcos and MNOs

**Fixed Data revenue walk**
EUR million

<table>
<thead>
<tr>
<th>Q1 2017 at constant FX&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Underlying exc. satellite health</th>
<th>Satellite health</th>
<th>Periodic</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1.8)</td>
<td>(1.7)</td>
<td>(3.5)</td>
<td>56.2</td>
</tr>
</tbody>
</table>

*Underlying -6.0% (-3.2% exc. satellite health)*

- Underlying revenue -3.2% (YOY) excluding impact of satellite health
  - Lower wholesale capacity revenue, notably in EMEA
- Growing managed services with Telcos and MNOs, notably in Latin America and Asia-Pacific
- Successful launch of next four O3b satellites adding capacity and increasing network performance

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<sup>(1)</sup> Q1 2017: EUR 71.6 million as reported
SES | Networks
Mobility - New Aero Services Driving Strong Underlying Growth

Mobility revenue walk
EUR million

Q1 2017 at constant FX(1) Underlying Periodic Q1 2018

44.0

 Underlying +30.4%

(15.3) 37.4

▲ Comparison with Q1 2017 affected by transponder sale in periodic

- Second (of two) up-front contributions from Global Eagle Entertainment

▲ Underlying revenue +30.4% (Y0Y)

- Strong growth in Aeronautical, with benefit of SES-15 entry into service
- Maritime stable but making good progress in cruise during Q1 2018

1) Q1 2017: EUR 50.6 million as reported
**SES | Networks**

**Government - Growing U.S. and Global Government Revenue Base**

**Government revenue walk**
EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017 at constant FX(^{(1)})</th>
<th>Underlying</th>
<th>Periodic</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.0</td>
<td>+6.9</td>
<td>(0.5)</td>
<td></td>
<td>59.4</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Q1 2017: EUR 59.5 million as reported

▲ Underlying revenue +13.0% (Yoy)
- Significant incremental adoption of MEO by U.S. DoD driving growth
- Strong growth in Global Government, notably in Europe and Africa

▲ SES-16/GovSat-1 in service from March 2018

▲ Next four O3b satellites (13-16) to be in service from end of Q2 2018
FINANCIAL REVIEW
Andrew Browne, CFO
Financial Overview (1/2)

▲ **Revenue of EUR 477.6 million** reflecting stable underlying development compared with Q1 2017
  - Total revenue down 11.7% as reported and down 4.9% at constant FX including periodic and other revenue
  - Impact of adopting new IFRS 15 standard in Q1 2018 resulted in a non-cash reduction of EUR 8.2 million

▲ **EBITDA of EUR 304.4 million** (-14.9% as reported and -8.7% at constant FX) following revenue development
  - EBITDA margin of 63.7% (Q1 2017: 66.2%) or 64.8% excluding EUR 5.0 million restructuring provision related to optimisation programme
  - Operating expenses of EUR 168.2 million excluding provision, in line with Q1 2017 at constant FX

▲ **Operating profit of EUR 138.8 million** (Q1 2017: EUR 186.7 million) represents a margin of 29.1%, compared with 34.5% in Q1 2017
  - Net operating profit lower than Q1 2017 driven by lower revenue partly offset by lower operating, depreciation and amortisation expenses

▲ **Total CapEx Outlook Unchanged**
Net debt to EBITDA of **3.41x** (3.27x in Q1 2017) is expected to be below 3.3x at end-2018

- Q1 2018 ratio reflects lower 12-month rolling EBITDA and impact of higher proportion of CapEx and interest payments in Q1 2018

**EUR 500 million** Eurobond maturing in 2026 successfully issued in March 2018 at low coupon of 1.625%

**Current financial outlook remains unchanged** and an update will be provided with the H1 2018 results

Going forward, **complete focus on execution, transparency and communication**
Stable Underlying Revenue Development Compared With Q1 2017

Revenue walk
EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2017 at constant FX</th>
<th>Growth</th>
<th>IFRS 15 and satellite health</th>
<th>Periodic and other</th>
<th>Q1 2017 as reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>540.6</td>
<td>502.2</td>
<td>+10.9</td>
<td>(10.9)</td>
<td>(24.6)</td>
<td>477.6</td>
</tr>
<tr>
<td>Constant FX</td>
<td>(38.4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

▲ Underlying revenue in line with Q1 2017, including impact of IFRS 15 accounting change (EUR 8.2 million) and satellite health (EUR 2.7 million)
▲ Revenue down 11.7% as reported and down 4.9% at constant FX
  • Year-on-year revenue reduction reflects stronger U.S. dollar, higher periodic and other revenue in Q1 2017
**EBITDA Following Revenue Development**

**EBITDA walk**

**EUR million**

<table>
<thead>
<tr>
<th>Period</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017 as reported</td>
<td>66.2%</td>
</tr>
<tr>
<td>Constant FX</td>
<td></td>
</tr>
<tr>
<td>Q1 2017 at constant FX</td>
<td>66.4%</td>
</tr>
<tr>
<td>Periodic and other revenue</td>
<td>(24.6)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>+0.7</td>
</tr>
<tr>
<td>Restructuring provision</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>63.7%</td>
</tr>
</tbody>
</table>

- OpEx includes EUR 5.0 million restructuring provision; further EUR 5-7 million provision expected in Q2 2018
- OpEx of EUR 168.2 million (exc. restructuring provision) is in line with Q1 2017 at constant FX
- EBITDA margin of 64.8% excluding restructuring provision
Net Profit of EUR 98.2 million (2016: EUR 128.4 million)

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>304.4</td>
<td>357.6</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(165.6)</td>
<td>(170.9)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Operating profit margin</td>
<td>138.8</td>
<td>186.7</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>(35.9)</td>
<td>(29.7)</td>
</tr>
<tr>
<td>Income tax benefit/(expense)</td>
<td>+10.1</td>
<td>(27.7)</td>
</tr>
<tr>
<td>- Effective tax rate (normalised)(1)</td>
<td>21.9%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(14.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Net profit attributable to SES shareholders</td>
<td>98.2</td>
<td>128.4</td>
</tr>
</tbody>
</table>

1) Excluding non-recurring tax items

**Key Points:**
- EUR 8.9 million higher at constant FX, reflecting new capacity brought into commercial service.
- Lower net interest expense offset by less capitalised interest and FX gain of EUR 7.1 million in Q1 2017.
- Recognition of deferred tax asset with SES-16/GovSat-1 entry into service (end of Q1 2018).
- Corresponding impact on non-controlling interests line as SES-16/GovSat-1 owned by GovSat (a 50/50 public private partnership between SES and Luxembourg Government).
Investing in Future Growth; CapEx Remains Unchanged

GEO-MEO Capital Expenditure (growth and replacement)(1)
EUR million


2) Includes O3b mPOWER, for which SES has the right to acquire the satellites directly at the end of the construction period (shown above as base case assumption), or enter into a leasing agreement that would result in a deferred payment plan, or to direct the sale of these assets to a third party.

1,130(2)
850
100
310
100
140
83
90
110
100
100
140
290
240
170
100
100
100
409
430
380
460
492
80
90
110
180
100
550
FY '17
FY '18
FY '19
FY '20
FY '21
FY '22
Estimated uncommitted satellite
Ground/non-satellite
Committed satellite

Q1 2018 Results |
Net debt to EBITDA

Times\(^{(1)}\)

- 2014: 2.77
- 2015: 2.54
- 2016: 3.09
- 2017: 3.27
- Q1 2018: 3.41

\(\uparrow\) Net debt to EBITDA increase reflects lower 12-month rolling EBITDA and higher proportion of CapEx and Interest payments in Q1 2018; net debt to EBITDA expected to be below 3.3 times by year end 2018

\(\uparrow\) EUR 500 million maturing in 2026 successfully issued in March 2018 at low coupon of 1.625%
  - Allows refinancing of upcoming debt maturity (EUR 500 million at 1.875% coupon due in October 2018) at favourable terms

1) Based on rating agency methodology (treats hybrid bonds as 50% debt and 50% equity)
## Financial Outlook

<table>
<thead>
<tr>
<th></th>
<th>2017 as reported</th>
<th>2017</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average EUR/USD FX rate</strong></td>
<td>1.1249</td>
<td>1.15</td>
<td>1.15</td>
<td>1.15</td>
</tr>
<tr>
<td><strong>SES Video</strong></td>
<td>EUR 1,383 million</td>
<td>EUR 1,373.7 million</td>
<td>EUR 1,300 - 1,320 million</td>
<td>Over EUR 1,350 million</td>
</tr>
<tr>
<td><strong>SES Networks</strong></td>
<td>EUR 646 million</td>
<td>EUR 632.0 million</td>
<td>EUR 660 - 690 million</td>
<td>Over EUR 875 million</td>
</tr>
<tr>
<td><strong>Group EBITDA margin</strong></td>
<td>65.1%</td>
<td>65.1%</td>
<td>64.0% to 64.5%</td>
<td>Over 65.0%</td>
</tr>
</tbody>
</table>

Financial outlook assumes EUR/USD exchange rate of 1.15; nominal launch schedule and satellite health status and includes the impact of IFRS accounting changes. Group margin includes EUR 10-12 million restructuring provision expected in H1 2018.

- Current financial outlook remains unchanged
- An update will be provided with the H1 2018 results following internal review by the incoming CEO and CFO
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