LOOKING AHEAD

Letter from the Chairman of the Board - Romain Bausch

In 2017 SES began a transformation as we look towards a long-term future; a future that will be defined by exploding demand for video content and data. As the world's leading satellite-enabled solutions provider, we are ready to take on this future and benefit from this growth.

Yet transforming our business for the long-term has meant some short-term adjustments. For example, in 2017 we generated EUR 2,035.0 million of revenue, down 1.6% (-5.2% like-for-like*). Our EBITDA also shifted slightly, now coming in at a margin of 65.1% (70.2% as reported and 66.7% like-for-like*) and an operating profit of 610.6** (FY 2016 820.3). Profit of the group after tax was EUR 597.9 million.

Our business activity in 2017 has resulted in a contract backlog (future revenue already contracted under irrevocable agreements) of EUR 7.5 billion. This means that a majority of our future 2018 revenue has already been contracted.

The investments we made in 2016, namely O3b and RR Media, continued to be integrated into the SES organisation this year, respectively fuelling the creation of the SES Networks business unit and the MX1 brand (which is part of SES Video). Each of these organisations will help to ensure the stability of the company moving forward, as will our investments made in 2017. SES's future growth is enabled by the successful launches of SES-10, SES-11 and SES-15 in 2017, and now SES-14 and SES-16 already in 2018. In the remainder of this year, SES expects to launch SES-12 and an additional four satellites for the O3b constellation which are specifically designed to maximise the MEO advantages for the target customers. In September we announced O3b mPOWER, a unique system of advanced technologies that will fully integrate with the existing SES fleet and is the highest-capacity, farthest-reaching, and most flexible system ever. As part of this system we procured seven Boeing satellites, which are scheduled to launch in 2021.

Representing 68% of the overall group revenue, our video business remains resilient. Our position in the video market is resilient because of our prime neighbourhoods in developed markets and the long-term contracts these attract. We are building on this strong foundation by executing on growth opportunities in emerging markets and digital video solutions, which will maintain our leadership into the future.

SES Networks currently generates 32% of the group revenue. It is building, resourcing and implementing its unique and differentiated data solutions services which are now starting to gain traction with customers around the world and it has built a strong pipeline of new business.

Overall, our committed investments will sustain our competitive advantage and future proof our business. In the long-term this will deliver above average growth due to our differentiated strategy and capabilities. Both SES Video and SES Networks are high-margin businesses that deliver strong cash flows for reinvestment in future growth and return to shareholders. This, coupled with our disciplined financial framework, will deliver a strong balance sheet, liquidity, and growing Return on Invested Capital spread to WACC in the future.

Given the challenging industry environment, the Board of Directors has proposed to rebase the dividend to a lower level of 0.80 EUR per A class share for 2017, a reduction of 40% from 2016. We consider this rebasing to be appropriate as it will allow a strengthening of the balance sheet whilst supporting growth opportunities and enabling a progressive dividend in the future.

On behalf of the Board of Directors, I thank our shareholders for their continued confidence in our business. We are taking on 2018 with full confidence, and the changes in our executive committee reflect that.

* Comparative figures are restated at constant FX to neutralise currency variations and assuming (on a pro forma basis) that RR Media and O3b had been consolidated from 1 January 2016

** Before deemed gain on disposal of equity interest (relating to consolidation of O3b) of EUR 495.2 million in 2016

As we look back on the year, I would thank Karim Michel Sabbagh and Padraig McCarthy for their individual contributions to our business. As President and CEO from 2014 to 5 April 2018, Karim steered the strategic positioning of SES in a fast-changing environment, built world-class capabilities within the leadership team, and restructured our business and organisation to allow for full implementation of our strategy. Padraig has made an enormous contribution to the success of SES since he joined the company in 1995, enabling SES to develop its strong financial profile and balance sheet and grow into its worldwide leading position. I wish Karim all the best in his future endeavours, and Padraig in his well-deserved retirement.

Looking towards the future, we are extremely excited to welcome Steve and Andrew as our next CEO and CFO. They each have extensive experience with SES and the broader satellite industry, especially also as the architects of O3b, the fastest growing and most successful satellite start-up. We have confidence that with our leadership team, our industry position, our solid balance sheet and our differentiated assets and capabilities, we are well positioned to deliver on our objectives.

To conclude I must communicate my gratitude to the management team and the overall SES community for the dedication and vision they have in pursuing a strategy that will shepherd in a new era for SES.

Romain Bausch