

# INVESTOR PRESENTATION

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NOVEMBER 2019



# Agenda

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	Page
1) SES at a Glance	4
2) Business Highlights	5
3) Strategic Priorities	12
4) Video	14
5) Networks	16
6) Our Future Network	18
7) YTD 2019 Results	21
8) Key Takeaways	29

## Executive Summary

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Uniquely positioned with a balanced portfolio of high-growing Networks and sustained, highly profitable Video business through 2020 and ahead of the launch of our next generation network - O3b mPOWER

Organisational transformation towards delivering exceptional customer experience well under way

Strong business execution, delivering on all aspects of the 2018 financial outlook; focus on execution paramount in 2019

Strong focus on cash flow, costs and leverage


Strongly positioned to repurpose C-band, protect customers and neighbourhoods and deliver win-win market-based solution for 5G in the U.S.

# World's Leading Satellite-enabled Solutions Provider




<b>99%</b> coverage of the world	<b>EUR 2BN</b> annual revenue	<b>&gt;EUR 6BN</b> contract backlog	<b>EUR 8BN</b> market cap.
<b>99.999%</b> service reliability	<b>EUR 1.26BN</b> annual EBITDA	<b>&lt;3.3x</b> net debt / EBITDA	<b>EUR 13BN</b> enterprise value





Video

**Revenue of EUR 1.3BN**




**Large, profitable, long-term and resilient business** – enabling broadcasters and content owners to deliver the best viewer experience to any device, anywhere

-  **355 million TV homes** served by the SES network
-  **~1 billion people** receiving video content
-  **>8,200 total** TV channels
-  **~3,000 HD/UHD** TV channels




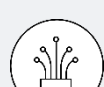
-  **525 TV channels** fully managed playout
-  **>120 VoD** platforms supported
-  **8,400 hours** of streaming video
-  **620 hours** sports & live events




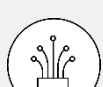
Networks

**Revenue of EUR 0.7BN**



**Growth engine for the SES business** – integrating satellite-based networks into the mainstream global communications ecosystem

-  **15 U.S. government** agencies and 50 customers
-  **MEF CE 2.0** telco-grade certification
-  **>35 airlines** served with partners
-  **Up to 1 GB/s** anywhere, anytime

-  **~60 government** clients served globally
-  **>300 customers** telco, MNO and cloud
-  **4 of the top 5** Global cruise lines
-  **120 milliseconds** low latency connectivity

Market-leader in Video and Networks | History of driving innovation | Focus on ROIC and FCF

# Highlights From YTD 2019 Results

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## Financials

- Results in line with our expectations reflecting ongoing focus on execution in our core business
- Sequential growth in quarterly revenue and EBITDA
- Control of discretionary spending reflected in EBITDA margin of 62.3%<sup>(1)</sup>
- Focus on closing out 2019 with strong Q4 outturn, consistent with unchanged financial outlook

## Innovation and Future






- Significant developments towards our vision for a seamless cloud-scale, multi-orbit, intelligent network
  - Concluded critical design phase for O3b mPOWER and signed launch agreements for 2021
  - Orchestration and automation in ONAP with flexibility managed with Adaptive Resource Control
  - Partnership with Microsoft extends Azure across SES network and supports cloud playout

## C-band

- Entering an important phase in the repurposing of C-Band spectrum for 5G in U.S.
- A full record supports CBA market-based approach to protect customers while enabling 5G

1) EBITDA margin excludes the restructuring charge of EUR 14.2 million

## Delivered on 2018 Financial Outlook ...

EUR million	2018 Financial Outlook	2018 Actual	
<b>Group revenue</b>	<b>1,958 - 2,002</b>	<b>2,010.3</b>	
Video (as reported)	1,303 - 1,318	1,306.3	
Networks	645 - 674	695.7	
<b>Group EBITDA</b>	<b>Over 1,252</b>	<b>1,255.5</b>	
<b>Net debt / EBITDA</b>	<b>Below 3.3x</b>	<b>3.29x</b>	

**Guidance delivered or exceeded across Video, Networks and Total Revenue, EBITDA, Leverage and Cash Flow**

## ...And On Track to Deliver on 2019 Financial Outlook

EUR million	Financial Outlook 2019 <sup>(1)</sup>	YTD 2019	
<b>Group revenue</b>	<b>1,975 - 2,040</b>	<b>1,452</b>	✓
Video	1,225 – 1,255	<b>907</b> <i>(underlying -8.1% YOY)</i>	✓
Networks	740 – 775	<b>544</b> <i>(underlying +5.1% YOY)</i>	✓
<b>Group EBITDA<sup>(2)</sup></b>	<b>1,220 - 1,265</b>	<b>904</b> <i>(62.3% margin)</i>	✓

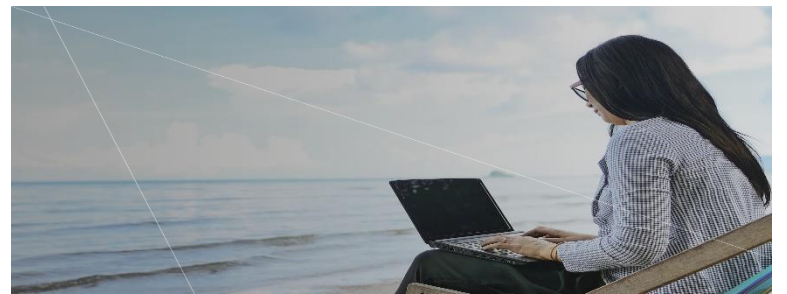
- ▲ Focus on execution and closing with a strong outturn in Q4 2019
- ▲ ~95% of 2019 expected Group revenue now contracted

1) Financial outlook assumes EUR/USD FX rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health status. Group revenue includes approximately EUR 10 million of Other revenue

2) Group EBITDA excluding a restructuring charge: In YTD 2019 restructuring charge amounted to EUR 14.2 million; Guidance for 2019 foresees a restructuring charge of EUR 25 - 30 million

# Unlocking Our Vision of a Connected, Seamless, Cloud-Scale Network

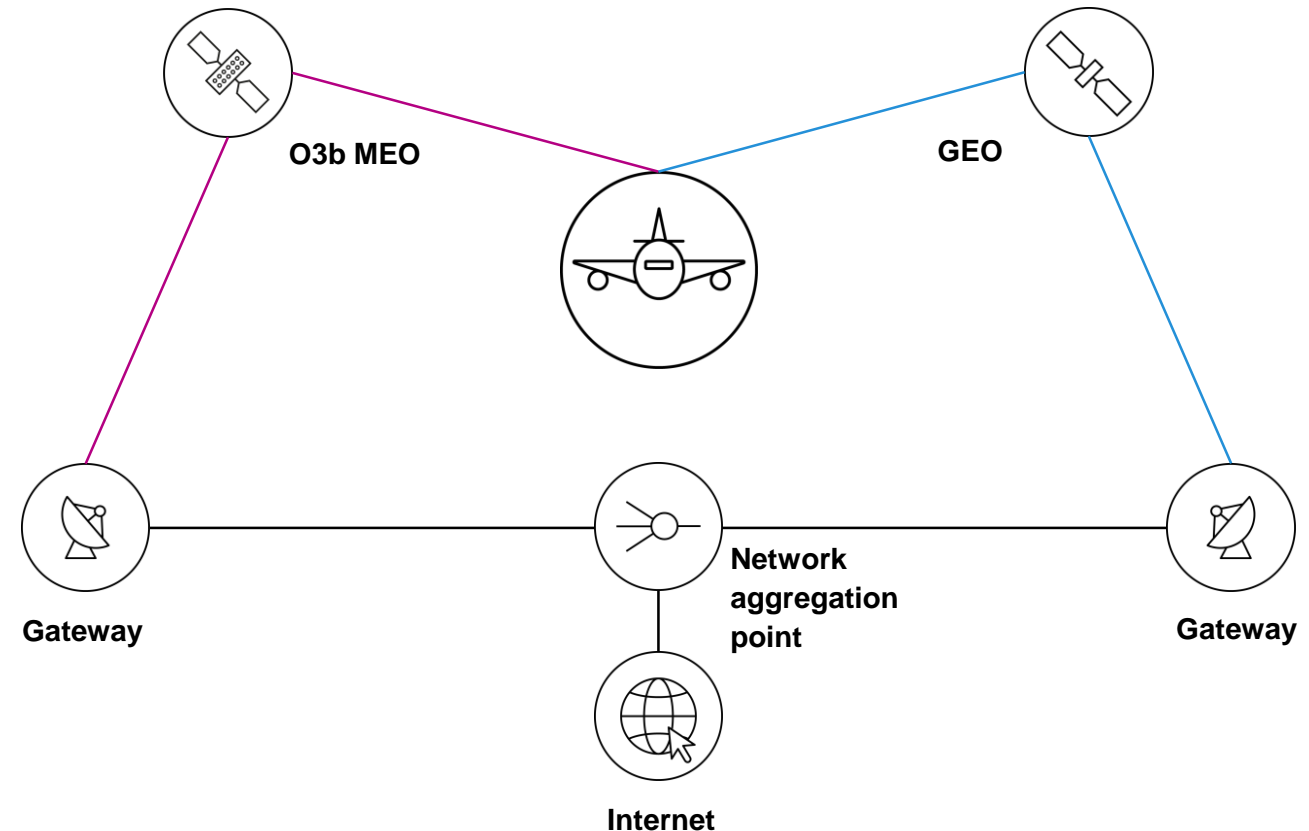
- ▲ Critical design phase completed and secured launch of **first 03b mPOWER satellites in 2021**
- ▲ Partnering with Microsoft to extend **Azure ExpressRoute** services globally
- ▲ First satellite operator to implement cloud-based **Open Network Automation Platform**
- ▲ Developing **Adaptive Resource Control** to synchronise space and ground in real-time using software
- ▲ Making it easier for our customers to get the **very best service and provide amazing experiences**



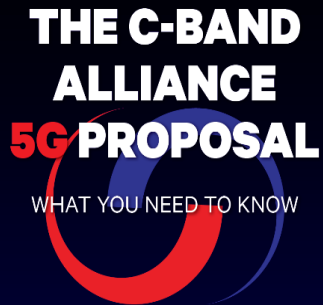


# Seamless Multi-Orbit Integration Offers a Completely New Dimension for In-Flight Connectivity and Passenger Experience

- ▲ **World's first:**  
Uninterrupted in-flight access to high-throughput broadband applications over an integrated GEO/MEO network
- ▲ **Customer benefits:**  
Unprecedented redundancy, higher connectivity speeds and a whole new level of operational models for air travel
- ▲ **New age of connectivity with O3b mPOWER:**  
Seamless roaming across our GEO and MEO networks to provide the most comprehensive coverage and high performance bandwidth



# Entering Important Phase in Support of Rapid Deployment of 5G in the U.S.



**Clears spectrum quickly  
to enable U.S. 5G  
leadership**



**Accelerates GDP growth  
and 5G innovation**



**Protects current TV and  
radio broadcasts to almost  
120 million households**



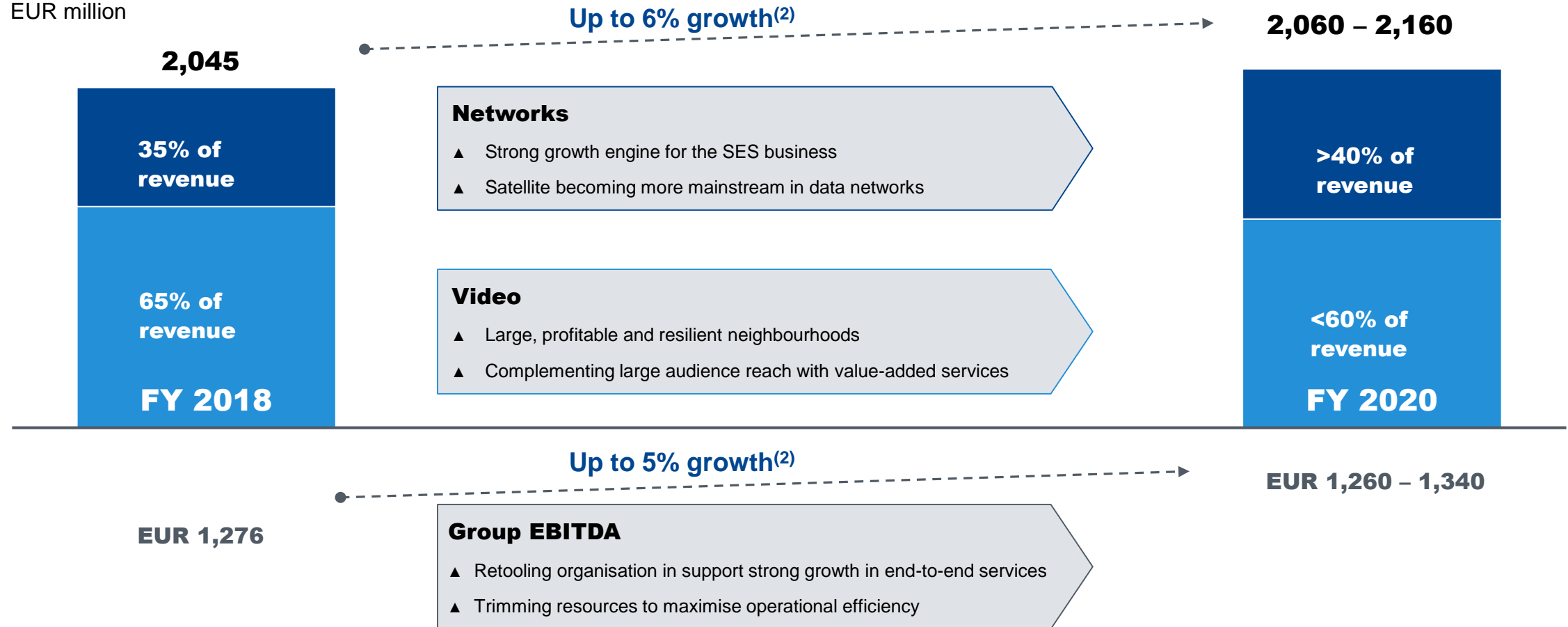
**Addresses rural U.S. needs  
for quality television and  
broadband**

- ▲ CBA uniquely positioned to offer the sole market-based proposal with clear value creation
- ▲ Only proposal both meeting the objective of speed and the protection of existing services
- ▲ Final phase of the process: FCC moving into a phase of execution with respect to C-band repurposing
- ▲ Working with all stakeholders proactively to ensure that the CBA approach wins broad based support
- ▲ FCC Chairman re-iterated comments that he hopes the FCC “will have results to show this fall”

# Business is Evolving Towards Balanced Portfolio of Stability and Growth

## Revenue and EBITDA<sup>(1)</sup>

EUR million



1) Financial outlook assumes EUR/USD FX rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health status. Group revenue includes 'other' revenue of EUR 8 million in 2018 and approximately EUR 10 million in 2020

2) Absolute growth at constant FX

# Our Strategic Priorities



## Video

- ▲ Reinforce and drive value through our core video neighbourhoods
- ▲ Develop OTT and orchestration capabilities to support our content provider customers reach new markets and audiences
- ▲ Take advantage of opportunities to maximise efficiency and create value



## Networks

- ▲ Leverage our market leading position in delivering unique high throughput, low latency GEO-MEO solutions, driving business growth
- ▲ Enable cloud adoption on a global scale, through partners and customers
- ▲ Harness emerging trends and technologies such as 5G, Industrial IoT, Analytics and Cloud to integrate fully within broader Network ecosystem. Making satellite mainstream

# Leading the Transformation in a Rapidly Evolving Market

## Video | Industry Trends

- ▲ Broadcasters/platform operators facing accelerated disruption
- ▲ Number of linear TV channels reducing in mature markets
- ▲ Increased competition for new platforms in international markets
- ▲ Satellite remains essential for mass market/premium content

## SES | Video

- ▲ Strongest DTH neighbourhoods in mature markets
- ▲ Expanding platforms in Asia, Latin America and Eastern Europe
- ▲ Trusted partner to world's leading broadcasters/content owners
- ▲ Increasing customers' reach with OTT distribution capabilities

**... Delivering customer success in core markets**

## Networks | Industry Trends

- ▲ Demand for connectivity growing exponentially around the globe
- ▲ Cloud and mobile applications expanding across all verticals
- ▲ Economics of traditional satellite assets challenged
- ▲ Scale and Performance of traditional satellite assets limits relevance

## SES | Networks

- ▲ Unique high-throughput, low-latency solutions on a global scale
- ▲ Long-term partnerships with major government/commercial clients
- ▲ Seamless integration of satellite into Telco/Cloud ecosystem
- ▲ Segment specific solutions optimising end customer experience

**... Transforming delivery of data networks over satellite**

# Large, Highly Profitable and Resilient Video Business

<b>&gt; 8,250</b> TV channels	<b>355 million</b> TV homes	<b>40</b> DTH platforms	<b>EUR &gt; 4 billion</b> contract backlog	<b>10 YEARS</b> typical contract length
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### VIDEO DISTRIBUTION

(75% of Video 2018 revenue)

- Europe (~50%):** leading video neighbourhoods in Germany, U.K., France and the Nordics; delivering customers' content to **167 million households**
- North America (~10%):** mix between long-term lease agreement and direct-to-cable; serving as a key distribution network for **75 million households**
- International (~15%):** delivering content across Asia-Pacific, Latin America, Africa and the Middle East to **108 million households**

**EUR 1.3BN**  
(2018 revenue)

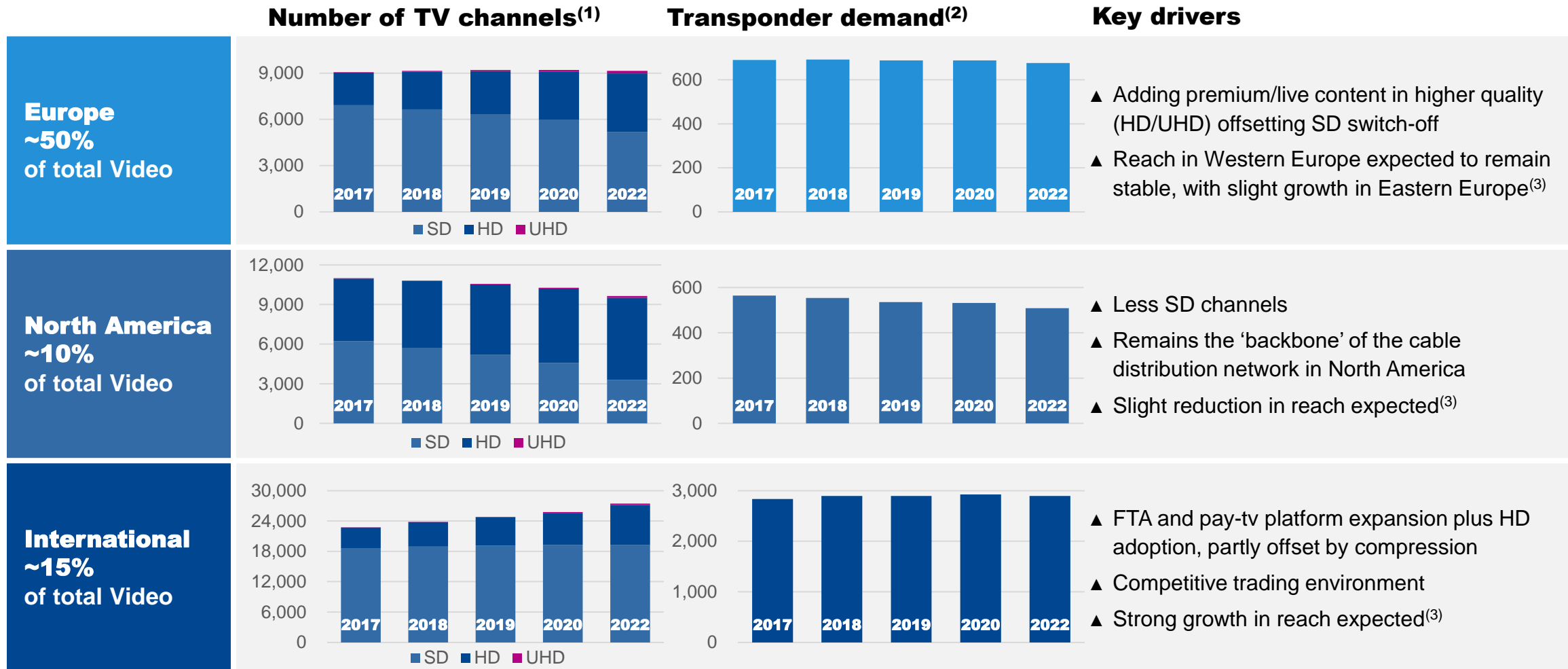
### VIDEO SERVICES

(25% of Video 2018 revenue)

- MX1 (~15%):** supporting the **world's leading media businesses** with a full range of content aggregation, management, playout, online video and content distribution services
- HD+ (~10%):** platform for broadcasters in Germany to deliver HD and UHD content to **over 2 million paying subscribers**

<b>World's strongest video neighbourhoods, with access to over 1 billion people</b>	+	<b>Trusted partner to the world's leading broadcasters, platform operators and content owners</b>	+	<b>Increasing engagement with customers by offering unified linear and OTT distribution capabilities</b>
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# SES Addressing Changing Video Markets



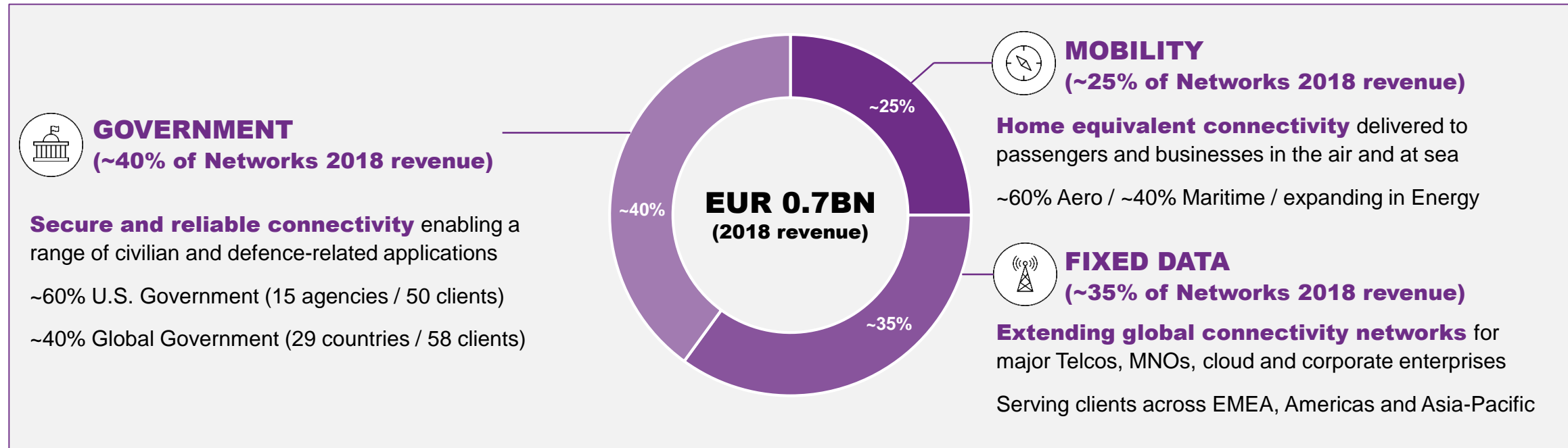
1) Eurodata 2017

2) Source: NSR (C-band and Ku-band 36 MHz TPE demand)

3) Ampere 2018 estimates for 2022 (satellite TV homes)

# Expanding Networks Business Is The Growth Engine For SES

<b>&gt;10% CAGR</b> revenue (2017-2020)	Unique <b>GEO-MEO</b> and terrestrial network	<b>MEF CE 2.0</b> telco-grade certification	<b>EUR &gt;2.5 billion</b> contract backlog	<b>3-5 YEARS</b> typical contract length
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Unique ability to deliver high throughput, low latency mobile and broadband solutions	+	Long-term partnerships with major government and commercial customers	+	Managed solutions that integrate fully within the broader global network ecosystem
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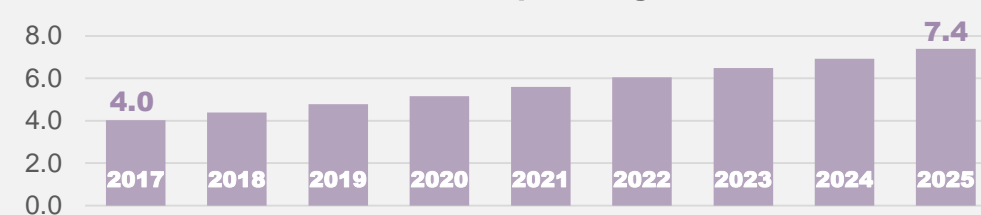
# SES Well Positioned to Benefit From Positive Network Market Dynamics

## Vertical

## Demand drivers

**Government**  
~40%  
of Networks

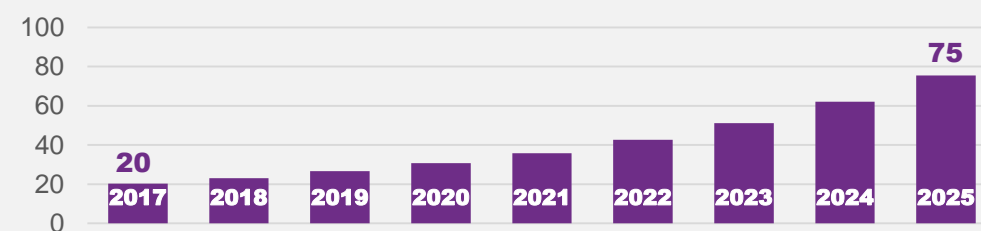
Global ComSatCom services spending USD billion<sup>(1)</sup>



- ▲ Growing need for Intelligence, Surveillance, Recognition and resilience and other data hungry applications
- ▲ Demand for reliable and secure fibre-like connectivity
- ▲ Expansion of e-inclusion programmes (e-health, e-learning, etc.)

**Fixed Data**  
~35%  
of Networks

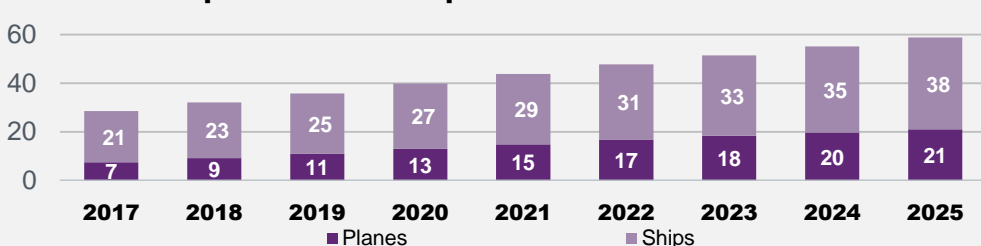
Connected devices Billions<sup>(2)</sup>



- ▲ Nearly 50% of the world with limited internet access<sup>(4)</sup>
- ▲ ‘Big Data’ and ‘Internet of things’: More devices / people to connect having all bigger data needs, cloud access
- ▲ Further technologies leading to a further use of satellite (connected car, machine to machine, 5G)

**Mobility**  
~25%  
of Networks

Connected planes and ships<sup>(3)</sup> in 000s



- ▲ Only 30% of the planes connected today<sup>(5)</sup> and connectivity per plane from 6 Mbps to 70 Mbps by 2028
- ▲ ‘Cockpit’, ‘Smartship’ and Energy cloud applications offering strong productivity potential

1) NSR 2018

2) IHS IoT platforms

3) NSR 2017

4) ITU 2017

5) Euroconsult 2018

# Building the Future with O3b mPOWER



**Dramatically scales the industry's only commercially and operationally proven NGSO**



**Unprecedented flexibility to create differentiated user experiences and commercial models**



**Seamless, intelligent integration with existing terrestrial, MEO and GEO satellite networks**



**Reach and performance to open cloud, IoT, AI and mobile data markets everywhere**

# O3b mPOWER Offering New Opportunities

<p><b>Multi-terabit</b> scalable to 10s of Tbps globally</p>	<p><b>5,000+</b> beams per satellite</p>	<p><b>400M</b> square kilometres covered</p>	<p><b>100% productive</b> beams go only to customers not empty territory</p>
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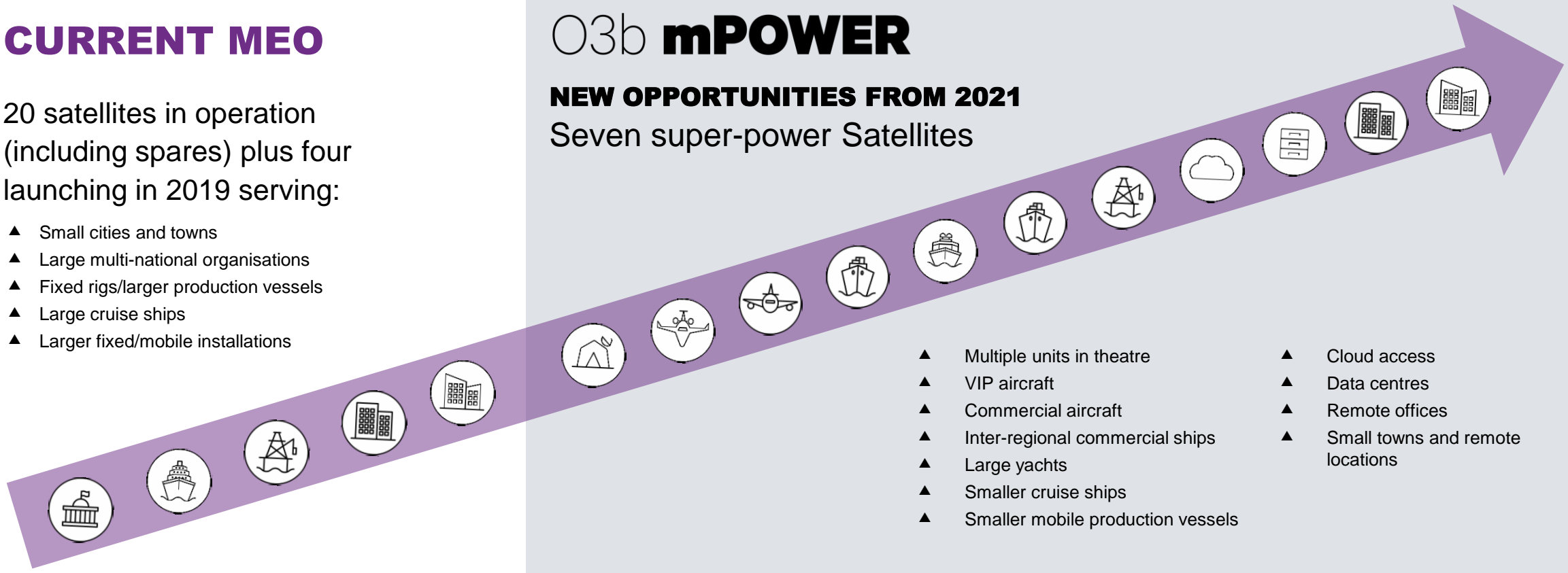
## CURRENT MEO

20 satellites in operation (including spares) plus four launching in 2019 serving:

- ▲ Small cities and towns
- ▲ Large multi-national organisations
- ▲ Fixed rigs/larger production vessels
- ▲ Large cruise ships
- ▲ Larger fixed/mobile installations

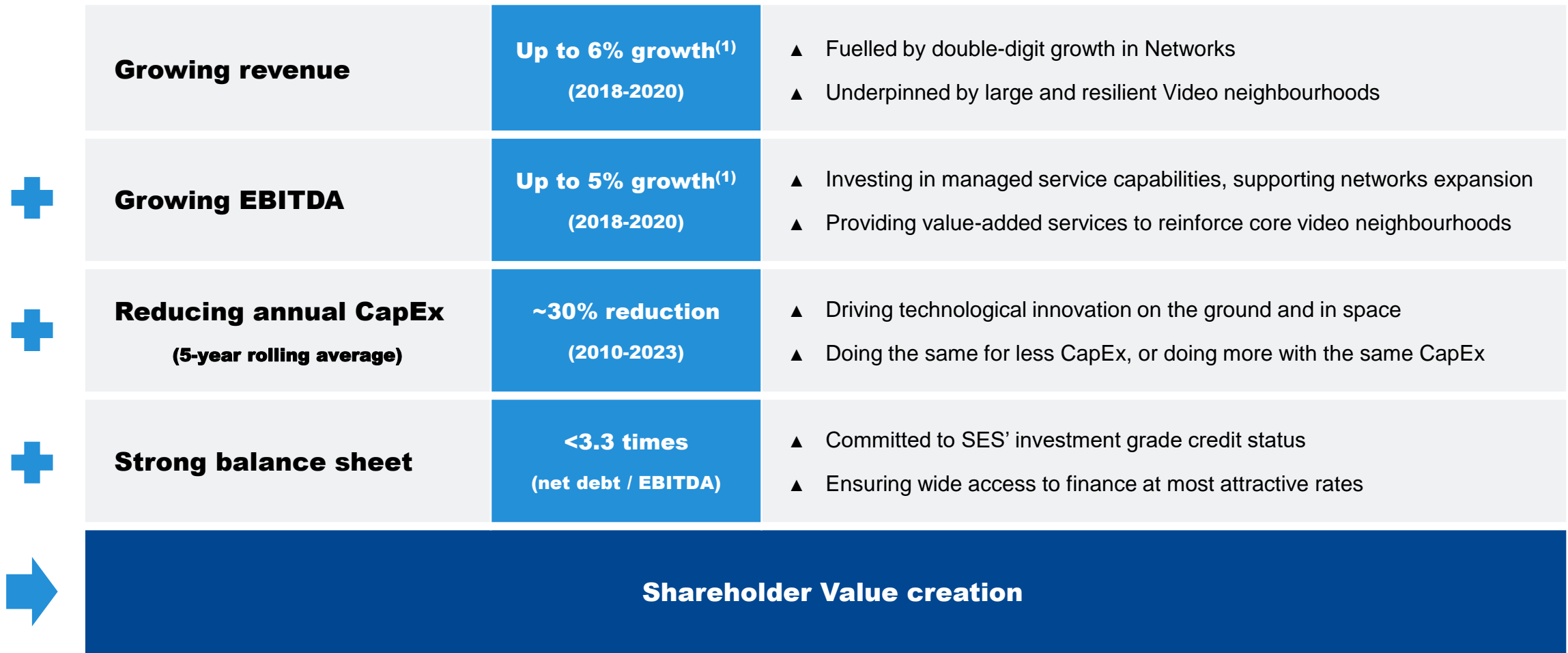
## O3b mPOWER

**NEW OPPORTUNITIES FROM 2021**  
Seven super-power Satellites



- ▲ Multiple units in theatre
- ▲ VIP aircraft
- ▲ Commercial aircraft
- ▲ Inter-regional commercial ships
- ▲ Large yachts
- ▲ Smaller cruise ships
- ▲ Smaller mobile production vessels
- ▲ Cloud access
- ▲ Data centres
- ▲ Remote offices
- ▲ Small towns and remote locations

# Strong Focus on Execution to Drive Growth and Shareholder Value



1) Absolute growth at constant FX

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**YTD 2019 RESULTS**

# Financial Highlights

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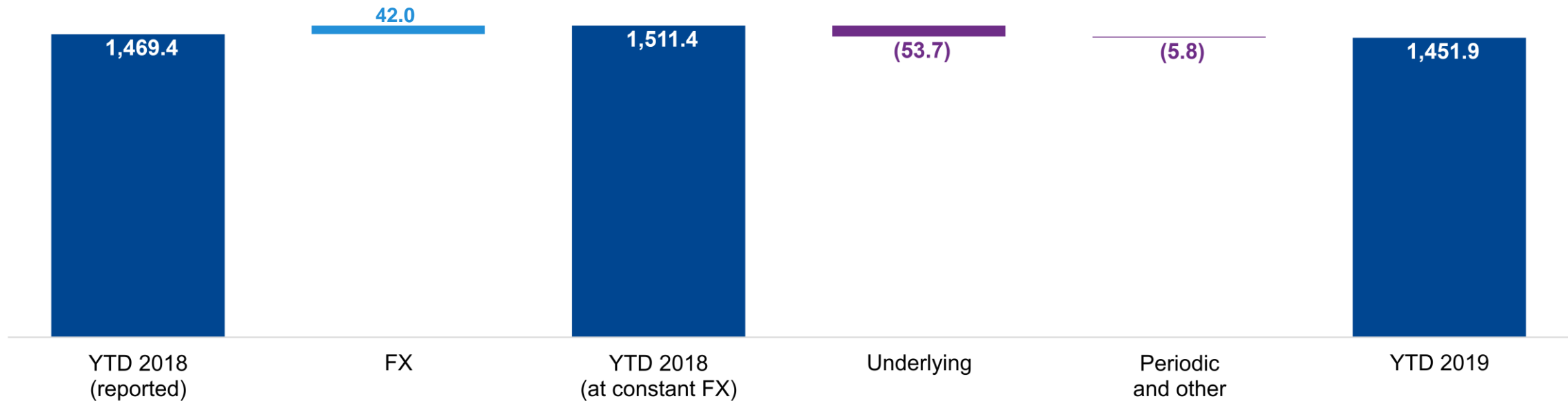
- ▲ **YTD reported revenue of EUR 1,451.9 million**, with underlying revenue<sup>(1)</sup> down 3.6% (YOY)
  - Group revenue -1.2% as reported and -3.9% at constant FX including periodic and other revenue
- ▲ **EBITDA of EUR 889.6 million** (-4.1% as reported and -6.6% at constant FX compared with prior year)
  - EBITDA margin of 61.3% (YTD 2018: 63.1%); or 62.3% excluding EUR 14.2 million restructuring charge related to optimisation programme
  - Operating costs lower YOY (at constant FX) reflecting strong control over cost and discretionary spending, while continuing to invest
- ▲ **Net profit attributable to SES shareholders of EUR 249.9 million** (YTD 2018: EUR 303.7 million)
  - Year-on-year comparison driven by operating profit development with YTD 2019 at EUR 332.6 million (YTD 2018: EUR 404.3 million)
- ▲ **Net debt to EBITDA ratio of 3.47x** in line with expectations and lower than 3.50x at H1 2019
  - Expected to be at or below 3.3x by end of 2019 in line with SES' commitment to investment grade status
- ▲ **Financial Outlook** remains unchanged

<sup>1)</sup> 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

# Revenue in Line with Expectations

## Revenue walk

EUR million

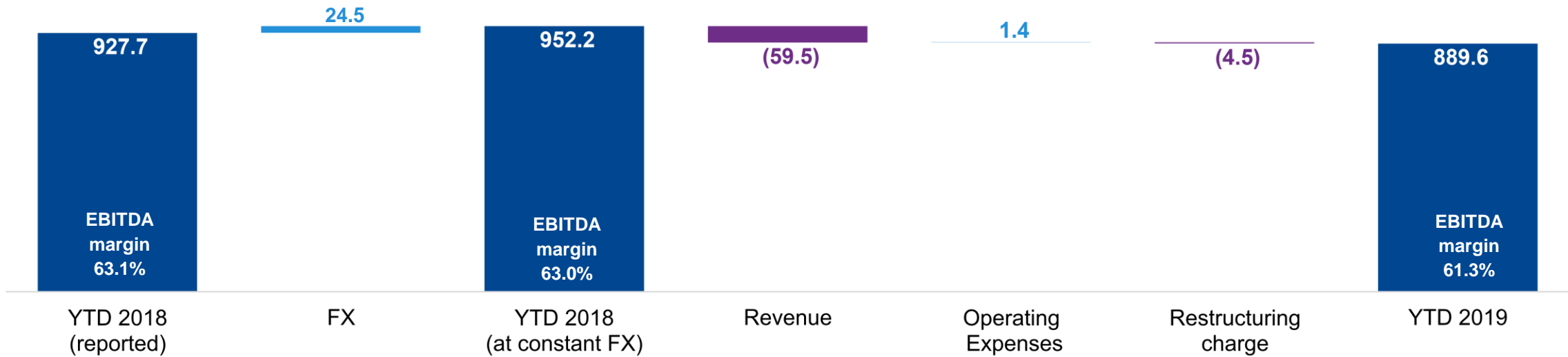


- ▲ Underlying revenue down EUR 53.7 million (or 3.6%) at constant FX compared with the prior year
- ▲ Sustained growth in Networks, with Video performing in line with expectations

# EBITDA Development Reflects Business Transformation

## EBITDA walk

EUR million



- ▲ Lower YOY operating costs reflects strong control over cost and discretionary spending
- ▲ Restructuring charge of EUR 14.2 million in YTD 2019 related to ongoing optimisation initiatives (YTD 2018: EUR 9.7 million)
- ▲ EBITDA margin 62.3% excluding restructuring charges (YTD 2018: 63.6% at constant FX)



# Net Profit of EUR 249.9 million

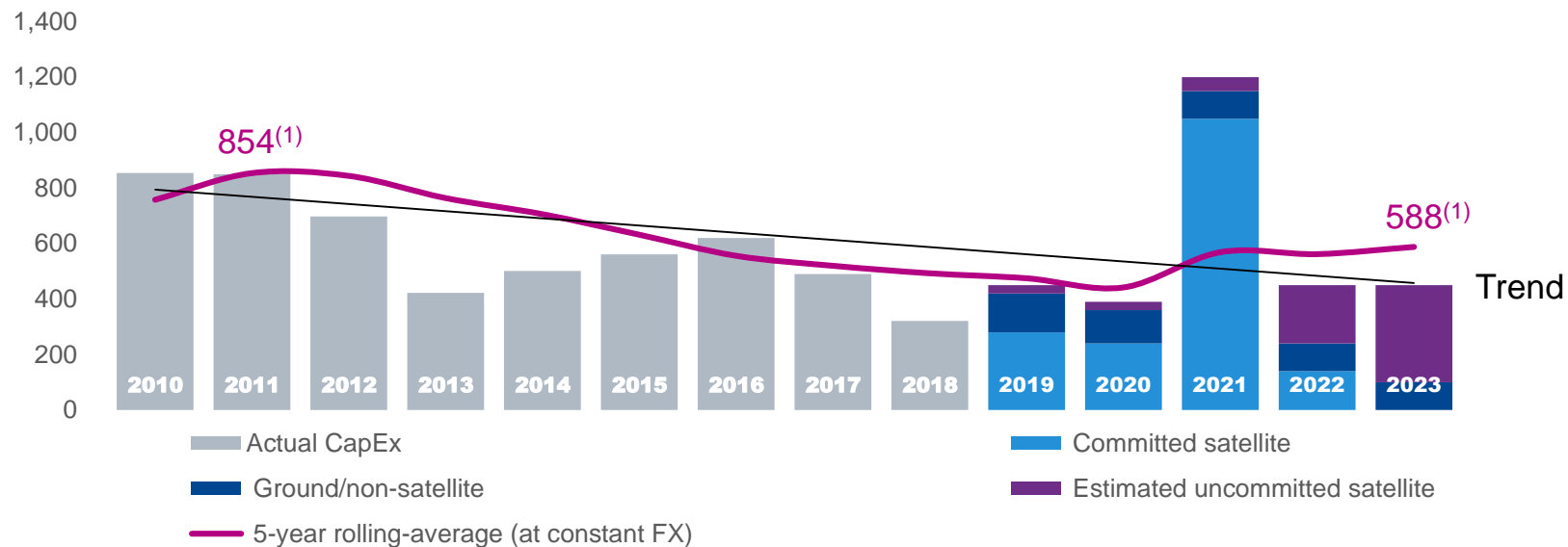
EUR million (as reported)	YTD 2019	YTD 2018	
<b>EBITDA</b>	<b>889.6</b>	<b>927.7</b>	
Depreciation, impairment and amortisation expense	(557.0)	(523.4)	Slight increase in D&A (at constant FX) reflecting the addition of new assets
<b>Operating profit</b>	<b>332.6</b>	<b>404.3</b>	
- <b>Operating profit margin</b>	<b>22.9%</b>	<b>27.5%</b>	YTD 2019 operating profit margin of 22.9% excluding restructuring charge
Net financing costs	(114.4)	(111.5)	Lower net interest expense offset by lower capitalised interest than prior period
Income tax benefit/(expense)	16.0	27.3	YOY comparison affected by one-off impact associated with the recognition of a deferred tax asset in 2018 and its corresponding impact on non-controlling interests. The YTD 2019 income tax included the recognition of certain investment tax credits.
Non-controlling interests	15.7	(16.4)	
<b>Net profit attributable to SES shareholders</b>	<b>249.9</b>	<b>303.7</b>	

# Reducing CapEx through Innovation and Fleet Optimisation

- ▲ **2018 CapEx was 30% lower** than original forecast reflecting strong focus on cash flow and leverage, underpinned by disciplined spending
- ▲ **CapEx reduction of ~30%** during the period 2010 to projected 2023 (5-year rolling average)
- ▲ **CapEx to sales ratio from 35%-40% to 20%-25%** from beginning of the period to current outlook
- ▲ **Strong focus on cash flow and leverage** underpinned by disciplined spending

## Capital Expenditure (total investing activities excluding acquisitions)

EUR million (growth and replacement)



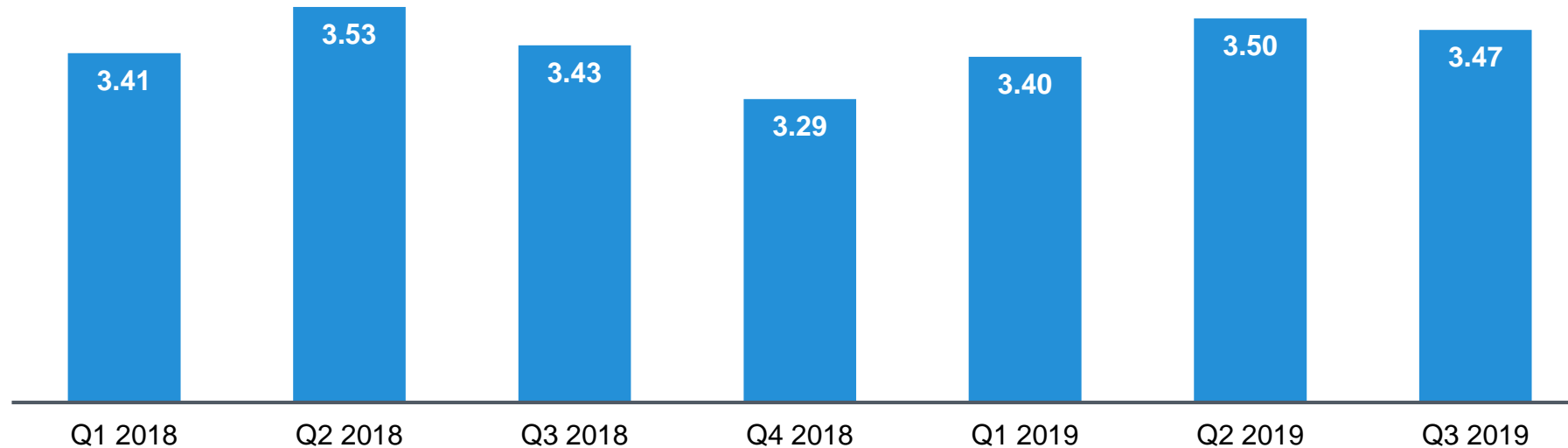
- ▲ 2021 CapEx reflects SES-17 and O3b mPOWER
- ▲ Targeting further CapEx efficiencies and increasing flexibility with new approach to satellite procurement

1) EUR 854 million CapEx average on the period 2007-2011 and EUR 588 million expected CapEx average on the period 2019-2023

# Leverage Development in Line with Expectations

## Net debt to EBITDA

Times<sup>(1)</sup>



- ▲ Net debt to EBITDA ratio of 3.47x at Q3 2019, lower than H1 2019
- ▲ Leverage Ratio expected to be at or below 3.3x at the end of 2019, in line with investment grade commitment

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

# Financial Outlook Unchanged

EUR million	FY 2019	FY 2020
<i>Financial outlook assumes EUR/USD FX rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health status</i>		
Video revenue	1,225 – 1,255	1,200 – 1,250
Networks revenue	740 – 775	850 – 900
<b>Group revenue<sup>(1)</sup></b>	<b>1,975 – 2,040</b>	<b>2,060 – 2,160</b>
<b>Group EBITDA</b>	<b>1,220 – 1,265<sup>(2)</sup></b>	<b>1,260 – 1,340</b>

1) Group revenue includes approximately EUR 10 million of Other revenue

2) Group EBITDA excluding a restructuring charge of EUR 25 - 30 million

## Key Takeaways

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YTD 2019 results in line with our expectations underlined by continued focus on execution

Focus on delivering strong Q4 2019 outturn in support of unchanged outlook

Important progress made to develop our future cloud-scale network and intelligent connectivity offerings

Execution on C-band gaining momentum as FCC Chairman re-affirms there'll be “results to show in the Fall”

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