SES

Press release

FULL YEAR 2019 RESULTS

LUXEMBOURG, 2 March 2020 -- SES S.A. today announced financial results for the year ended 31 December 2019 with results in line with SES' financial outlook, including a second successive year of revenue growth in SES Networks. SES also announced the next phase of strategic transformation to position itself for future growth and deliver value to both customers and stakeholders that includes the potential separation of its Networks business within SES, a programme of innovation, greater operational and strategic focus and resource rationalisation and optimisation across the business. Finally, SES announced its support for the landmark decision taken by the U.S. Federal Communication Commission to enable 5G operations in a portion of the C-Band and deliver a win-win-win solution that has been the focus of all stakeholders since this process began almost three years ago. This decision will accelerate 5G leadership in the US, protect critical broadcast customers and neighbourhoods and deliver substantial value to SES' shareholders.

Key Highlights

- Group revenue of EUR 1,983.9 million down 1.3% as reported (-3.8% YOY at constant FX)
- Group EBITDA of EUR 1,216.6 million down 3.1% as reported (-5.5% YOY at constant FX)
- Net profit attributable to SES shareholders of EUR 296.2 million up 1.3% as reported
- Net debt reduced by 5.8% (YOY) with net debt to EBITDA of 3.22 times in line with SES' commitment to Investment Grade
- Free cash flow before financing activities of EUR 826.3 million (2018: EUR 870.5 million) representing 41.7% of group revenue
- A proposed dividend per A-share of EUR 0.40 in view of the short-term investment peak in 2021 and fully covered by 2019 earnings
- 2020 financial outlook (revenue of EUR 1,920 - 2,000 million and EBITDA of EUR 1,150 - 1,210 million) reflects a more prudent view of revenue development in Video and a somewhat lower trajectory of growth exiting 2019 in Networks
- Next phase of strategic transformation launched that includes consideration of the potential separation of Networks business within SES and EBITDA optimisation of EUR 40 - 50 million annually from 2021 onwards

Steve Collar, CEO, commented: "We are satisfied with our 2019 financial results with EBITDA, net debt to EBITDA and CapEx metrics all in line with the outlook provided last February. Revenue was slightly below our expectations as we missed one important contract on the Video side but continued strong focus on discretionary spending ensured that we met our important EBITDA targets.

With growth of 4.5%, and more than 20% in the last two years, SES Networks continues to expand on the back of strong growth in the Aeronautical, Cruise and Government segments while, in Fixed Data, we signed and deployed several important connectivity networks that will contribute to future growth in 2020 and beyond.

With O3b mPOWER a little over one year away from first launch, we have made great progress in building our seamless, cloud-enabled, automated, multi-orbit global network partnering with Microsoft, Amdocs and Kythera. Pleasingly, we signed our first three O3b mPOWER customers with Carnival Corporation's Global Experience and Innovation team extending multi-orbit operations to all Princess Cruise Line vessels, as well as agreements with Orange in Africa and a second telco to leverage the unique backhaul capabilities of O3b mPOWER.

Our Video business continues to respond to the ongoing evolution in media consumption with DTH and cable customers 'right-sizing' capacity leading to a decline of 7.8% in underlying revenue. Despite this, our technical reach grew to over 365 million households in 2019 and we now carry 3,000 HD and UHD TV channels to audiences around the world. Our updated FY 2020 outlook incorporates a more prudent view of revenue development in Video and a somewhat lower trajectory of growth exiting 2019 in our Networks segments.

The proposed dividend of EUR 0.40 underscores our continued commitment to maintaining SES' Investment Grade credit rating, providing an attractive return to shareholders while supporting the short-term investment peak in our fast-growing, highly differentiated Networks business. We believe that we have established a unique and non-replicable value proposition within our Networks business with verticals such as Aeronautical, Cruise and Government offering strong growth opportunities that demand focus and scale. Accordingly, we are undertaking a programme of transformation that includes the consideration to separate our Networks business within SES and potentially provide it with access to external capital.

Finally, we are delighted to express our support for the plan that FCC Chairman Ajit Pai announced last Friday to repurpose a portion of the C-Band for 5G operations in the United States. This is a win-win-win outcome that we have worked tirelessly towards for almost three years. Our focus now is in working diligently with our customers to protect and enhance our services to the nearly 120 million households that rely on our satellites for distribution through the largest and most complex spectrum repurposing effort ever undertaken. The resulting accelerated relocation payments will be used to enhance value through pragmatic deleveraging, targeted investments focused on our fast-growing Networks business and return to our shareholders."

SES

Key Financial Highlights

EUR million	2019	2018	Change (%) Reported	Change (%) Constant FX[1]
Average EUR/USD exchange rate	***1.1213***	*1.1838*		
Revenue	**1,983.9**	2,010.3	-1.3%	-3.8%
EBITDA	**1,216.6**	1,255.5	-3.1%	-5.5%
Operating profit	**365.4**	391.1	-6.6%	-7.6%
Net profit attributable to SES shareholders	**296.2**	292.4	+1.3%	n/a
Earnings per share	**EUR 0.54**	EUR 0.54	Unchanged	n/a

1) Comparative figures are restated at constant FX to neutralise currency variations
2) Excluding periodic and other revenue (disclosed separately) that are not directly related to or would distort the underlying business trends

- 2019 underlying revenue[2] of EUR 1,944.1 million (excluding periodic and other) was 3.5% lower than 2018 (at constant FX). Additionally, periodic and other revenue totalled EUR 39.8 million for the year ended 31 December 2019.
- Video underlying revenue[2] of EUR 1,210.0 million (7.8% lower than 2018 at constant FX) reflects lower distribution (-7.9%) and services (-7.2%) revenue, including from U.S. wholesale and reduced exposure to low-margin services contracts.
- Networks underlying revenue[2] grew by 4.5% year-on-year (at constant FX) to EUR 734.1 million driven by strong growth in Mobility (+16.6%) and Government (+4.9%) while Fixed Data was lower (-4.2%) than 2018 which included an exceptionally strong fourth quarter.
- EBITDA of EUR 1,216.6 million represented an EBITDA margin of 61.3% including a EUR 20.6 million restructuring charge. Excluding this charge, EBITDA margin was 62.4% with operating expenses 2.3% lower than 2018 (at constant FX).
- Operating profit of EUR 365.4 million included impairment expenses of EUR 96.8 million, largely related to MX1 and reflecting SES' more prudent outlook. Net Profit Attributable to SES shareholders of EUR 296.2 million included an income tax benefit of EUR 76.5 million.
- Net debt to EBITDA ratio (as per the rating agency methodology) was 3.22 times at 31 December 2019, compared with 3.29 times at 31 December 2018.
- SES' fully protected contract backlog at 31 December 2019 was EUR 6.3 billion (and gross backlog of EUR 6.9 billion when including backlog subject to contractual break clauses). Over 80% of the FY 2020 expected revenue is already contractually committed.

Full Year 2020 Financial Outlook

The financial outlook assumes a EUR/USD exchange rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health.

EUR million	2020	2019 (restated)	2019 (as reported)
Average EUR/USD exchange rate	***1.15***	*1.15*	*1.12*
Group revenue[1]	**1,920 - 2,000** *(from 2,060 - 2,160)*	1,961	1,984
Video revenue	**1,110 - 1,150** *(from 1,200 - 1,250)*	1,208	1,213
Networks revenue	**800 - 840** *(from 850 - 900)*	745	762
EBITDA[2]	**1,150 - 1,210** *(from 1,260 - 1,340)*	1,223	1,237

1) Group revenue including Other revenue of approximately EUR 10 million (2019: EUR 8.5 million)
2) EBITDA excluding restructuring charge of approximately EUR 40 million (2019: EUR 20.6 million) and excluding any impact from C-Band

SES expects FY 2020 group revenue of EUR 1,920 - 2,000 million, incorporating a more prudent view of revenue development in Video and a somewhat lower trajectory of growth exiting 2019 in our Networks segments.

FY 2020 expected EBITDA of EUR 1,150 - 1,210 million excludes a restructuring charge of approximately EUR 40 million as part of SES' Simplify and Amplify programme of initiatives, announced today. The expected benefits of this programme include an annual improvement in EBITDA ramping to EUR 40 - 50 million from FY 2021 as compared with SES' provisional business plan. This outlook also excludes any impact from C-Band.

Net debt to EBITDA is expected to be at or below 3.3 times at the end of 2020, consistent with SES' commitment to investment grade status.

Expected capital expenditure (representing the net cash absorbed by the group's investing activities excluding acquisitions and financial investments) is expected to be EUR 360 million in 2020, EUR 1,350 million in 2021 (including the launch of SES-17 and O3b mPOWER satellites 1-7), EUR 450 million in 2022, EUR 450 million in 2023 and EUR 250 million in 2024.

Simplify and Amplify

Today, SES announced the launch of the next phase of strategic transformation to position itself for future growth and deliver maximum value to customers and stakeholders. The programme, called Simplify and Amplify and executed throughout 2020, comprises a series of strategic actions to enable SES to best deliver against its declared purpose of doing the extraordinary in space to deliver amazing experiences everywhere on Earth. It is the next phase in a process that began in 2017 when SES first established distinct units for its video and data businesses. The programme comprises four major initiatives:

- **Create Pure-Play Verticals**: SES will investigate the creation of two 'pure-play' market verticals through the potential separation of its Networks business within SES in order to drive strategic and operational focus, provide increased external visibility and to appropriately configure SES' overall business for the future. Consideration will include an analysis of a separate capital structure for the Networks business, potentially providing it with access to external capital to accelerate growth and build on the unique value proposition that has been established in the market. This structure also would facilitate a sharp focus on the cash generating and value sustaining priorities within SES's market-leading video business, leveraging its premier direct-to-home (DTH) neighbourhoods and superior global reach.

  As a result of the recent adoption by the U.S. Federal Communications Commission (FCC) of its order regarding the repurposing of part of the C-Band spectrum, SES is putting in to place a dedicated team to execute on the most complex and demanding spectrum repurposing ever contemplated. This team will leverage the company's in-house expertise to ensure a seamless process that meets the critical needs of its current customers as well as the FCC's desire to enable 5G leadership for the United States on an accelerated timeline. This is a transformational opportunity to protect SES's neighbourhoods and current customers, support the nearly 120 million U.S. households that rely on the C-Band for their cable and broadcast programming, and create shareholder value for SES.

- **Focus on Core Strengths**: The markets in which SES operates have become both more resource intensive and the subject of technological disruption. SES will focus its capabilities and offerings across each of its markets on profitable segments that play to the group's core strengths, doubling down where it makes sense to do so, while exiting, reducing exposure to, or establishing alliances and partnerships to serve, other market segments. This will result in a stronger, more focused SES with world-leading products and solutions in the areas where it excels.

- **Simplify Operations**: SES expects to realign its resources to support the above initiatives, to simplify operations, maximise efficiency, and make SES easier to do business with. Activities will include the consolidation and reorganisation of some functions to reflect any changes in business scope and structure. In addition, the company plans a comprehensive review of its global footprint. Overall it is expected that SES will generate EBITDA optimisation ramping to EUR 40 - 50 million annually from 2021 as a result of this focus on core strengths and simplification of its business.

- **Innovate for the Future**: SES will deepen its commitment to innovation to drive the customer solutions demanded in the market today and in the future. SES has led the industry in the development of low-latency NGSO and now multi-orbit architectures along with the integration of network functions and automation. This further commitment to innovation will broaden SES's leadership in cloud integration through the development of a "cloud practice" focused on creating and driving cloud scale across all target market segments. In addition, the company intends to establish an innovation hub to co-create and incubate solutions together with customers and partners, and develop new technologies and business models through corporate venturing.

Board and Management Update

In June 2019, Jean-Paul Senninger, Jean-Paul Zens and Conny Kullman retired from the Board for personal reasons. At the same time, the Board co-opted Paul Konsbruck and Marc Serres while Frank Esser was also co-opted in February 2020.

In September 2019, the Board agreed to limit the maximum board tenure to 12 years. As a consequence, the mandates of Francois Tesch and Hadelin de Liedekerke Beaufort will end at the Annual General Meeting (AGM) in April 2020. The Board has proposed to the AGM the appointment of two new directors, Béatrice de Clermont-Tonnerre and Peter van Bommel.

In addition, the Board members propose to the AGM a reduction of the Board size from 14 to 12 directors. This will be achieved by the resignations of Victor Casier and Marc Serres who will also leave the Board effective 2 April 2020.

In February 2020, the Board announced the appointment of Sandeep Jalan as Chief Financial Officer of SES. Sandeep, who replaces Andrew Browne following his decision to leave the company in November 2019, will assume his position from May 2020.

OPERATIONAL REVIEW

REVENUE BY BUSINESS UNIT

EUR million	2019	2018	Change (%) Reported	Constant FX
Video	**1,213.4**	1,306.3	-7.1%	-8.5%
- *Underlying*	**1,210.0**	1,292.1	-6.4%	-7.8%
- *Periodic*	**3.4**	14.2	n/m	n/m
Networks	**762.0**	695.7	+9.5%	+4.7%
- *Underlying*	**734.1**	671.1	+9.4%	+4.5%
- *Periodic*	**27.9**	24.6	n/m	n/m
Sub-total	**1,975.4**	2,002.0	-1.3%	-3.8%
- *Underlying*	**1,944.1**	1,963.2	-1.0%	-3.5%
- *Periodic*	**31.3**	38.8	n/m	n/m
Other	**8.5**	8.3	n/m	n/m
Group Total	**1,983.9**	2,010.3	-1.3%	-3.8%

"Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material. "Other" includes revenue not directly applicable to Video or Networks

2019 underlying revenue of EUR 1,944.1 million was 3.5% lower at constant FX, compared with the prior year. Total group revenue of EUR 1,983.9 million included periodic and other revenue of EUR 39.8 million (2018: EUR 47.1 million).

Video: 61% of group revenue (2018: 65%)

At 31 December 2019, SES carried a total of 8,324 TV channels to viewers around the world including 2,956 channels in High Definition (up 6% year-on-year) and 48 commercial Ultra High Definition channels (up 17% year-on-year). 68% of the total TV channels carried on the SES fleet are now broadcast in MPEG-4 with an additional 4% in HEVC.

VIDEO REVENUE BY VERTICAL

EUR million	2019	2018	Change (%) Reported	Constant FX
Video Distribution	**909.8**	983.1	-7.5%	-8.9%
- *Underlying*	**906.4**	968.9	-6.5%	-7.9%
- *Periodic*	**3.4**	14.2	n/m	n/m
Video Services	**303.6**	323.2	-6.1%	-7.2%
- *Underlying*	**303.6**	323.2	-6.1%	-7.2%
- *Periodic*	**--**	--	n/m	n/m
Video (total)	**1,213.4**	1,306.3	-7.1%	-8.5%
- *Underlying*	**1,210.0**	1,292.1	-6.4%	-7.8%
- *Periodic*	**3.4**	14.2	n/m	n/m

Video Distribution

2019 underlying revenue was 7.9% lower (constant FX) than the prior year.

As expected, North American revenue decreased, primarily driven by the reduction in wholesale business related to a specific satellite used by a single customer while the ongoing switch-off of Standard Definition TV channels also contributed to the lower (year-on-year) revenue development in this region.

In Europe, the effect of modest volume reductions on certain long-term renewals secured in late 2018 and the reversal of some short-term capacity contracts that ended during the second half of 2018 contributed to lower (year-on-year) revenue.

While trading conditions remained challenging, SES has made progress in its International business with new customer contracts signed, albeit not yet offsetting the impact of challenges in specific markets.

Video Services

Underlying revenue was 7.2% lower (constant FX) in 2019 compared with the prior year.

Lower hardware sales, as the business is shifting towards a software-based model in partnership with leading TV set manufacturers such as Panasonic and Samsung, led to HD+ revenue being lower (year-on-year) while the number of paying subscribers remained stable.

In MX1, the discontinuation of certain low-margin services led to lower overall (year-on-year) revenue and held back the positive contribution from other, more value-added products and services. This included the Sports & Events business where SES Video continued to build commercial momentum with major sports rights holders, as well as SES' OU Flex solution.

Since the beginning of September 2019, MX1 has been combined with SES' video infrastructure teams to create a single market-facing entity and improved value proposition for customers.

Networks: 38% of group revenue (2018: 35%)

NETWORKS REVENUE BY VERTICAL

			Change (%)	
EUR million	2019	2018	Reported	Constant FX
Government	**294.6**	275.4	+7.0%	+2.9%
- *Underlying*	**292.1**	267.6	+9.2%	+4.9%
- *Periodic*	**2.5**	7.8	n/m	n/m
Fixed Data	**259.6**	255.8	+1.5%	-3.1%
- *Underlying*	**240.0**	239.0	+0.4%	-4.2%
- *Periodic*	**19.6**	16.8	n/m	n/m
Mobility	**207.8**	164.5	+26.3%	+19.9%
- *Underlying*	**202.0**	164.5	+22.8%	+16.6%
- *Periodic*	**5.8**	--	n/m	n/m
Networks (total)	**762.0**	695.7	+9.5%	+4.7%
- *Underlying*	**734.1**	671.1	+9.4%	+4.5%
- *Periodic*	**27.9**	24.6	n/m	n/m

Government

2019 underlying revenue grew by 4.9% (year-on-year) at constant FX on the back of a second successive year of growth in both U.S. and Global Government revenue.

Revenue from the U.S. Government continued to grow, supported by MEO and a solid base of GEO-enabled network solutions, albeit with some delays experienced which impacted the timing of revenues.

Growth across the Global Government portfolio was driven by the expansion in managed services for government-funded connectivity projects, humanitarian operations, as well as strong execution in institutional projects.

Fixed Data

2019 underlying revenue was 4.2% lower (year-on-year) at constant FX.

Growth in the Americas, and notably Latin America, was supported by new and incremental managed services to tier one telecommunications companies and Mobile Networks Operators to deploy 4G networks and government-funded rural WiFi projects, as well as ongoing MEO adoption provided to leading service providers in the Energy segment.

The business also saw growth in Asia, especially in the second half of 2019 following the successful deployment of broadband access and mobile connectivity services to rural communities in support of government-funded universal service obligation projects and in partnership with telecommunications companies.

Lower revenue from wholesale capacity in Europe, the Middle East and Africa, and services in Asia Pacific, led to overall Fixed Data revenue being lower than 2018 which benefited from an exceptionally strong fourth quarter and has yet to be offset by the timing of customer upgrades and new business secured during 2019 but not yet contributing a full year of revenue.

Mobility

Underlying revenue grew by 16.6% (year-on-year) at constant FX with double-digit growth in both Aeronautical and Maritime.

Aeronautical once again delivered strong growth driven by the steady increase in the fill rate of SES-15 and SES-14, capturing the significant demand for bandwidth and services from Aero Service Providers supporting airlines operating flights across North America and Latin America; the expansion of SES' Ka-based aero network; the first contribution from managed connectivity services delivered to the business aviation segment and the restoration of services on behalf of Intelsat as part of the restoration agreement between the two companies that was activated during Q2 2019.

In Maritime, the cruise segment continued to lead growth with the expansion of agreements with existing cruise customers and contributions from new cruise operators signed. As at 31 December 2019, SES is now supporting four of the top five global cruise operators, representing significant vessel expansion potential and highlighting SES' market-leadership in this important and valuable part of the market.

Future satellite capacity

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
O3b (satellites 17-20)	Global	Fixed Data, Mobility, Government	Launched (4 April 2019)
SES-17	Americas	Fixed Data, Mobility, Government	H1 2021
O3b mPOWER (satellites 1-7)	Global	Fixed Data, Mobility, Government	H1 2021

Having been successfully launched in April 2019, the final four O3b satellites (satellites 17-20) entered into operating at the beginning of H2 2019, completing the first generation of SES' successful and unique Medium Earth Orbit (MEO) constellation. The additional satellites provided enhanced coverage, as well as greater service availability and reliability across the globe.

In July 2019, the critical design phase for the O3b mPOWER satellites was completed and SES secured services for the launch of the first seven satellites in 2021 with SpaceX. O3b mPOWER is a terabit-level system that will enable the delivery of high-bandwidth, low latency connectivity solutions virtually anywhere on the globe.

At the start of 2020, SES secured its first three customer commitments for O3b mPOWER, including Carnival and Orange, and building on the partnership with Microsoft to extend the global reach of Azure ExpressRoute via SES' complete portfolio of Geostationary Earth Orbit (GEO) satellites, MEO constellation, global gateway network and core terrestrial network infrastructure.

Construction of SES-17 (a Ka-band high throughput satellite dedicated to providing services for the aeronautical, maritime, as well as fixed and mobile broadband markets across the Americas with 200 spot beams) is on schedule for launch in 2021 with Arianespace.

SES-17's anchor customer, Thales InFlyt Experience, has signed a long-term commercial agreement to utilise the satellite which will replace and upgrade the capacity currently being used by SES to serve Thales' FlytLIVE network in the Americas.

FINANCIAL REVIEW

REVENUE, OPERATING EXPENSES AND EBITDA

EUR million	2019	2018	Change	Change (%)
Revenue	**1,983.9**	2,010.3	(26.4)	-1.3%
Revenue (constant FX)	**1,983.9**	2,062.1	(78.2)	-3.8%
Operating expenses	**(767.3)**	(754.8)	(12.5)	-1.7%
Operating expenses (constant FX)	**(767.3)**	(775.3)	+8.0	+1.0%
EBITDA	**1,216.6**	1,255.5	(38.9)	-3.1%
EBITDA (constant FX)	**1,216.6**	1,286.8	(70.2)	-5.5%

Reported **revenue** was EUR 26.4 million below the prior year and included the benefit of the stronger U.S. Dollar in 2019. At constant FX, revenue decreased by EUR 78.2 million (or 3.8%) with lower Video revenue partly offset by a second successive year of growth in Networks.

Operating expenses were EUR 12.5 million higher as reported (or EUR 8.0 million lower at constant FX) and included a restructuring charge of EUR 20.6 million as part of the company's ongoing optimisation initiatives (2018: EUR 11.1 million). Excluding the restructuring charge, and at constant FX, operating expenses were 2.3% lower than the prior year.

EBITDA represented an EBITDA margin of 61.3% (2018: 62.5%), or 62.4% excluding the restructuring charge noted above.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	2019	2018	Change	Change (%)
Depreciation and impairment expense	**(696.9)**	(719.0)	+22.1	+3.1%
Amortisation and impairment expense	**(154.3)**	(145.4)	(8.9)	-6.1%
Depreciation, impairment and amortisation expense	**(851.2)**	(864.4)	+13.2	+1.5%
Depreciation, impairment and amortisation expense (constant FX)	**(851.2)**	(891.1)	+39.9	+4.5%
Operating profit	**365.4**	391.1	(25.7)	-6.6%
Operating profit (constant FX)	**365.4**	395.7	(30.3)	-7.6%

Depreciation, impairment and amortisation expense decreased by EUR 39.9 million compared with the prior year (at constant FX) and includes EUR 96.8 million of impairment expenses (compared with EUR 156.4 million in 2018), comprising EUR 32.8 million relating to satellites and EUR 64.0 million relating to MX1, as a result of SES' more prudent financial outlook.

Operating profit represented an operating profit margin of 18.4% (2018: 19.5%), or 19.5% excluding the restructuring charge as noted above.

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	2019	2018	Change	Change (%)
Net interest expense and other	**(176.9)**	(180.3)	+3.4	+1.9%
Capitalised interest	**8.2**	28.9	(20.7)	n/m
Net foreign exchange gains / (loss)	**2.8**	5.1	(2.3)	n/m
Net financing costs	**(165.9)**	(146.3)	(19.6)	-13.4%
Profit before tax	**199.5**	244.8	(45.3)	-18.5%
Income tax benefit / (expense)	**76.5**	41.9	+34.6	n/m
Profit after tax	**276.0**	286.7	(10.7)	-3.7%
Non-controlling interests	**20.2**	5.7	+14.5	n/m
Profit attributable to SES shareholders	**296.2**	292.4	+3.8	+1.3%
Coupon on hybrid (perpetual) bond, net of tax	**(48.8)**	(48.1)	(0.7)	-1.5%
Adjusted profit attributable to SES shareholders	**247.4**	244.3	+3.1	+1.3%
Basic earnings per Class A share (in EUR)	**EUR 0.54**	EUR 0.54		

Net financing costs were EUR 19.6 million higher than the prior year with lower interest expenses and favourable foreign exchange movements more than offset by lower capitalised interest, as recent space and ground investments are now in service and ramping up.

The year-on-year comparison of **income tax benefit and non-controlling interests** is affected by the impairment expenses, as noted above, which also had an impact on non-controlling interests. The 2019 income tax included the recognition of certain investment tax credits.

Net profit attributable to SES shareholders of EUR 296.2 million represented basic **earnings per share** of EUR 0.54 after deducting the assumed coupon (net of tax) for the group's hybrid (perpetual) bonds.

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

EUR million	2019	2018	Change	Change (%)
Net cash generated by operating activities	**1,134.1**	1,191.3	(57.2)	-4.8%
Net cash absorbed by investing activities	**(307.8)**	(320.8)	+13.0	+4.1%
Free cash flow before financing activities	**826.3**	870.5	(44.2)	-5.1%

Net cash generated by operating activities was lower than the prior year which benefitted from some periodic inflows in 2018. The group's Cash Conversion Ratio (being the ratio of net cash generated from operating activities to EBITDA) was 93.2% compared with 94.9% in 2018.

This was partly offset by lower **net cash absorbed by investing activities**, resulting in an overall decrease of EUR 44.2 million (or 5.1%) in **free cash flow before financing activities** compared with the prior year. The ratio of free cash flow before financing activities to revenue was 41.7% in 2019 compared with 43.3% in 2018.

NET DEBT TO EBITDA RATIO

EUR million	31 December 2019	31 December 2018	Change	Change (%)
Borrowings(1)	**4,428.3**	**4,384.9**	(43.4)	-1.0%
Cash and cash equivalents	**(1,155.3)**	**(909.1)**	+246.2	+27.1%
Net debt	**3,273.0**	**3,475.8**	+202.8	+5.8%
Net debt to EBITDA (rating agency)(2)	**3.22 times**	**3.29 times**		
Weighted average interest cost(3)	**3.63%**	**3.62%**		
Weighted average debt maturity	**7.0 years**	**7.0 years**		

1) As presented using IFRS recognition principles, where hybrid (perpetual) bonds are treated as 100% equity
2) Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity. Net debt to EBITDA represents the ratio of net debt plus 50% of the group's EUR 1.3 billion of hybrid bonds, divided by the last 12 months' EBITDA
3) Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

Compared with 31 December 2018, **net debt** was EUR 202.8 million (or 5.8%) lower reflecting the combination of a small increase in gross borrowings and higher balance of cash and cash equivalents.

In line with SES' commitment to Investment Grade Credit status, the **net debt to EBITDA ratio** was 3.22 times at 31 December 2019, slightly lower than the 3.29 times as at 31 December 2018.

In June 2019, SES completed the renewal of the group's EUR 1.2 billion Committed Revolving Credit Facility. The margin for the new five-year facility is 40 basis points (for a Baa2/BBB rating) above EURIBOR and is five basis points inside the pricing of the former syndicated and committed credit facility closed in January 2014.

In October 2019, SES successfully launched and priced a new 8-year EUR 500 million Euro Bond which bears a coupon of 0.875% per annum. The transaction was oversubscribed by five times, allowing SES to strengthen its liquidity profile ahead of a EUR 650 million senior debt maturity in March 2020 where the interest rate is 4.625% and issued a new bond with the lowest coupon in the company's history.

DIVIDEND

For FY 2019, the SES Board of Directors is proposing a dividend of EUR 0.40 per A-share and EUR 0.16 per B-share (as compared with EUR 0.80 per A-share and EUR 0.32 per B-share for FY 2018 that was paid on 30 April 2019).

The proposed dividend underscores the continued commitment to maintaining SES' Investment Grade credit rating, providing an attractive return to shareholders while supporting the short-term investment peak in SES' fast-growing, highly differentiated Networks business.

This dividend, which is subject to approval by shareholders at the company's Annual General Meeting on 2 April 2020, will be paid to shareholders on 23 April 2020.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2019	2018
Average EUR/USD exchange rate	***1.1213***	*1.1838*
Revenue	**1,983.9**	2,010.3
Cost of sales	**(269.1)**	(285.8)
Staff costs	**(311.7)**	(305.7)
Other operating expenses	**(186.5)**	(163.3)
Operating expenses(1)	**(767.3)**	(754.8)
EBITDA(2)	**1,216.6**	1,255.5
Depreciation and impairment expense	**(696.9)**	(719.0)
Amortisation and impairment expense	**(154.3)**	(145.4)
Depreciation, amortisation and impairment expense	**(851.2)**	(864.4)
Operating profit	**365.4**	391.1
Net financing costs	**(165.9)**	(146.3)
Profit before tax	**199.5**	244.8
Income tax benefit/(expense)	**76.5**	41.9
Profit after tax	**276.0**	286.7
Non-controlling interests	**20.2**	5.7
Profit attributable to owners of the parent	**296.2**	292.4
Basic earnings per share (in EUR)(3)		
Class A shares	**0.54**	0.54
Class B shares	**0.22**	0.22
Diluted earnings per share (in EUR)(3)		
Class A shares	**0.54**	0.54
Class B shares	**0.22**	0.21

1) Includes EUR 20.6 million of restructuring charges in 2019 and EUR 11.1 million in 2018
2) Earnings before interest, tax, depreciation, amortisation and share of associates' result (net of tax)
3) Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the assumed coupon, net of tax, on the perpetual bonds

SES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

EUR million	2019	2018
Property, plant and equipment	**5,185.9**	5,106.9
Assets in the course of construction	**923.7**	907.4
Intangible assets	**4,685.2**	4,720.5
Other financial assets	**11.8**	6.5
Trade and other receivables	**285.5**	294.5
Deferred customer contract costs	**17.7**	10.3
Deferred tax assets	**260.5**	162.3
Total non-current assets	**11,370.3**	11,208.4
Inventories	**30.5**	35.1
Trade and other receivables	**590.1**	614.2
Deferred customer contract costs	**17.9**	17.5
Prepayments	**62.2**	62.8
Derivatives	**--**	0.2
Income tax receivable	**6.9**	12.0
Cash and cash equivalents	**1,155.3**	909.1
Total current assets	**1,862.9**	1,650.9
Total assets	**13,233.2**	12,859.3
Equity attributable to the owners of the parent	**6,173.4**	6,148.4
Non-controlling interests	**83.1**	102.2
Total equity	**6,256.5**	6,250.6
Borrowings	**3,737.2**	3,908.5
Provisions	**14.0**	16.8
Deferred income	**316.6**	370.3
Deferred tax liabilities	**359.5**	412.5
Other long-term liabilities	**168.2**	133.9
Lease liabilities	**29.7**	28.6
Fixed assets suppliers	**622.5**	200.9
Total non-current liabilities	**5,247.7**	5,071.5
Borrowings	**691.1**	476.4
Provisions	**48.6**	48.6
Deferred income	**467.0**	476.1
Trade and other payables	**351.2**	367.5
Lease liabilities	**11.2**	9.5
Fixed assets suppliers	**134.8**	130.8
Derivatives	**--**	0.1
Income tax liabilities	**25.1**	28.2
Total current liabilities	**1,729.0**	1,537.2
Total liabilities	**6,976.7**	6,608.7
Total equity and liabilities	**13,233.2**	12,859.3

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2019	2018
Profit before tax	**199.5**	244.8
Taxes paid during the year	**(54.4)**	(37.8)
Interest expense	**144.2**	128.0
Depreciation, amortisation and impairment	**851.2**	864.4
Amortisation of client upfront payments	**(88.2)**	(75.8)
Other non-cash items in the consolidated income statement	**43.2**	63.6
Adjusted consolidated operating profit[(1)]	**1,095.5**	1,187.2
Changes in working capital	**38.6**	4.1
Net cash generated by operating activities	**1,134.1**	1,191.3
Payments for purchases of intangible assets	**(26.2)**	(37.4)
Payments for purchases of tangible assets	**(279.1)**	(290.8)
Proceeds from disposal of tangible assets	**--**	11.6
Other investing activities	**(2.5)**	(4.2)
Net cash absorbed by investing activities	**(307.8)**	(320.8)
Free cash flow before financing activities	**826.3**	870.5
Proceeds from borrowings	**496.7**	893.0
Repayment of borrowings	**(483.6)**	(541.7)
Coupon paid on perpetual bond	**(65.6)**	(65.6)
Dividends paid on ordinary shares[(2)]	**(363.9)**	(362.9)
Interest paid on borrowings	**(153.7)**	(152.3)
Payments for acquisition of treasury shares	**(50.1)**	(15.9)
Proceeds from treasury shares sold and exercise of stock options	**56.5**	28.8
Lease payments	**(13.4)**	(9.5)
Other financing activities	**(0.3)**	(5.7)
Net cash absorbed by financing activities	**(577.4)**	(231.8)
Free cash flow after financing activities	**248.9**	638.7
Net foreign exchange movements	**(2.7)**	0.8
Net increase in cash and cash equivalents	**246.2**	639.5
Cash and cash equivalents at beginning of the year	**909.1**	269.6
Cash and cash equivalents at end of the year	**1,155.3**	909.1

1) Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes
2) Dividends are presented net of dividends received on treasury shares of EUR 4.3 million in 2019 and EUR 5.3 million in 2018

SES

SUPPLEMENTARY INFORMATION

QUARTERLY REVENUE BY VERTICAL

	Revenue (reported), EUR million					Change (year-on-year) at constant FX, %				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Video Distribution	229.2	225.3	225.1	**230.2**	**909.8**	-8.9%	-11.2%	-7.1%	-8.3%	-8.9%
- *Underlying*	228.4	225.3	223.6	229.1	906.4	-8.1%	-9.2%	-7.2%	-7.2%	-7.9%
- *Periodic*	0.8	--	1.5	1.1	3.4	n/m	n/m	n/m	n/m	n/m
Video Services	74.9	75.2	77.1	**76.4**	**303.6**	-4.5%	-13.8%	-4.3%	-5.8%	-7.2%
- *Underlying*	74.9	75.2	77.1	76.4	303.6	-4.5%	-13.8%	-4.3%	-5.8%	-7.2%
- *Periodic*	--	--	--	--	--	n/m	n/m	n/m	n/m	n/m
Video (total)	304.1	300.5	302.2	**306.6**	**1,213.4**	-7.8%	-11.9%	-6.4%	-7.7%	-8.5%
- *Underlying*	303.3	300.5	300.7	305.5	1,210.0	-7.3%	-10.4%	-6.4%	-6.8%	-7.8%
- *Periodic*	0.8	--	1.5	1.1	3.4	n/m	n/m	n/m	n/m	n/m
Government	68.5	73.4	71.5	**81.2**	**294.6**	+9.6%	-2.0%	-0.7%	+5.6%	+2.9%
- *Underlying*	68.5	71.4	71.5	80.7	292.1	+9.6%	+6.3%	-0.7%	+5.0%	+4.9%
- *Periodic*	--	2.0	--	0.5	2.5	n/m	n/m	n/m	n/m	n/m
Fixed Data	58.7	58.2	63.8	**78.9**	**259.6**	-1.3%	-5.5%	+6.2%	-9.0%	-3.1%
- *Underlying*	58.7	56.6	58.0	66.7	240.0	-1.3%	-3.2%	+0.3%	-10.7%	-4.2%
- *Periodic*	--	1.6	5.8	12.2	19.6	n/m	n/m	n/m	n/m	n/m
Mobility	49.2	48.2	52.7	**57.7**	**207.8**	+23.2%	+12.9%	+21.7%	+21.8%	+19.9%
- *Underlying*	43.4	48.2	52.7	57.7	202.0	+8.7%	+12.9%	+21.7%	+21.8%	+16.6%
- *Periodic*	5.8	--	--	--	5.8	n/m	n/m	n/m	n/m	n/m
Networks (total)	176.4	179.8	188.0	**217.8**	**762.0**	+8.9%	+0.3%	+7.2%	+3.3%	+4.7%
- *Underlying*	170.6	176.2	182.2	205.1	734.1	+5.4%	+4.7%	+5.2%	+3.1%	+4.5%
- *Periodic*	5.8	3.6	5.8	12.7	27.9	n/m	n/m	n/m	n/m	n/m
Sub-total	480.5	480.3	490.2	**524.4**	**1,975.4**	-2.3%	-7.7%	-1.6%	-3.5%	-3.8%
- *Underlying*	473.9	476.7	482.9	**510.6**	**1,944.1**	-3.1%	-5.4%	-2.3%	-3.1%	-3.5%
- *Periodic*	6.6	3.7	7.3	**13.8**	**31.3**	n/m	n/m	n/m	n/m	n/m
Other(1)	0.1	0.5	0.3	**7.6**	**8.5**	n/m	n/m	n/m	n/m	n/m
Group Total	**480.6**	**480.8**	**490.5**	**532.0**	**1,983.9**	**-2.3%**	**-7.7%**	**-1.6%**	**-3.4%**	**-3.8%**

"Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of capacity; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material. "Other" includes revenue not directly applicable to Video or Networks

QUARTERLY INCOME STATEMENT (AS REPORTED)

EUR million	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Average EUR/USD exchange rate	*1.1418*	*1.1451*	*1.1201*	*1.1189*	***1.1008***
Revenue	540.9	480.6	480.8	490.5	**532.0**
Operating expenses	(213.1)	(190.5)	(186.4)	(185.4)	**(205.0)**
EBITDA	327.8	290.1	294.4	305.1	**327.0**
EBITDA margin	*60.6%*	*60.4%*	*61.2%*	*62.2%*	***61.5%***
Depreciation and impairment expense	(255.3)	(156.4)	(166.6)	(168.1)	**(205.8)**
Amortisation and impairment expense	(85.7)	(20.5)	(24.8)	(20.6)	**(88.4)**
Operating profit	(13.2)	113.2	103.0	116.4	**32.8**
Operating profit margin	*(2.5)%*	*23.6%*	*21.4%*	*23.7%*	***6.2%***
Net financing costs	(34.8)	(37.8)	(43.6)	(33.0)	**(51.5)**
Profit before tax	(48.0)	75.4	59.4	83.4	**(18.7)**
Income tax benefit/(expense)	14.6	(7.2)	29.6	(6.4)	**60.5**
Non-controlling interests	22.1	4.0	8.0	3.7	**4.5**
Profit attributable to owners of the parent	(11.3)	72.2	97.0	80.7	**46.3**
Basic earnings per share (in EUR)[1]					
Class A shares	(0.05)	0.13	0.19	0.15	**0.07**
Class B shares	(0.02)	0.05	0.07	0.07	**0.03**

1) Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share

QUARTERLY OPERATING PROFIT (AT CONSTANT FX)

EUR million	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Average U.S. dollar exchange rate	*1.1008*	*1.1008*	*1.1008*	*1.1008*	***1.1008***
Revenue	550.7	490.0	484.9	494.6	**532.0**
Operating expenses	(216.1)	(195.3)	(188.2)	(187.3)	**(205.0)**
EBITDA	334.6	294.7	296.7	307.3	**327.0**
EBITDA margin	*60.8%*	*60.1%*	*61.2%*	*62.1%*	***61.5%***
Depreciation and impairment expense	(261.3)	(160.3)	(168.6)	(170.0)	**(205.8)**
Amortisation and impairment expense	(88.0)	(20.7)	(24.9)	(20.7)	**(88.4)**
Operating profit	(14.7)	113.7	103.2	116.6	**32.8**
Operating profit margin	*(2.7)%*	*23.2%*	*21.3%*	*23.6%*	***6.2%***

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Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CET on 2 March 2020 and will be broadcast via webcast and conference call. The details for the conference call and webcast are as follows:

Luxembourg Toll Free	800 2 6438
France	+33 (0) 1 7037 7166
Germany	+49 (0) 89 2444 32975
U.S.A.	+1 212 999 6659
U.K.	+44 (0) 20 3003 2666
Confirmation code	**SES**
Webcast registration	https://channel.royalcast.com/webcast/ses/20200302_1/

The presentation is available for download from the Investors section of the SES website (www.ses.com), and a replay will be available shortly after the conclusion of the presentation.

About SES

SES has a bold vision to deliver amazing experiences everywhere on earth by distributing the highest quality video content and providing seamless connectivity around the world. As the leader in global content connectivity solutions, SES operates the world's only multi-orbit constellation of satellites with the unique combination of global coverage and high performance, including the commercially-proven, low-latency Medium Earth Orbit O3b system. By leveraging a vast and intelligent, cloud-enabled network, SES is able to deliver high-quality connectivity solutions anywhere on land, at sea or in the air, and is a trusted partner to the world's leading telecommunications companies, mobile network operators, governments, connectivity and cloud service providers, broadcasters, video platform operators and content owners. SES's video network carries over 8,300 channels and has an unparalleled reach of over 355 million households, delivering managed media services for both linear and non-linear content. The company is listed on Paris and Luxembourg stock exchanges (Ticker: SESG). Further information is available at: www.ses.com.

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