

LETTER FROM THE CHIEF EXECUTIVE

Our 2019 operational and financial performance reflects a solid year of execution and focus on transforming our business for the future to fulfil our purpose to do the extraordinary in space to deliver amazing experiences everywhere on Earth.

SOLID 2019 OPERATIONAL AND FINANCIAL PERFORMANCE

We are satisfied with our 2019 performance which delivered EBITDA, net debt to EBITDA and CapEx metrics all in line with our financial outlook.

Networks revenue, up 4.5% on an underlying basis in 2019 and with over 20% growth in the last two years, was in line with our expectations, driven by a double-digit performance in Mobility and solid growth in Government. In Fixed Data, we also signed and deployed several important connectivity networks that will contribute to future revenue development.

Video revenue was slightly lower than we anticipated, driven largely by single deal that we had expected to close at the end year that would have put us within the range. The business continues to respond the ongoing evolution of media consumption with DTH and cable customers right-sizing their capacity utilisation and commitments. This, along with our decision to exit certain unprofitable services contracts, led to a decline of 7.8% in underlying revenue.

Nevertheless, strong focus on execution and control over discretionary spending ensured we delivered EBITDA in line with our financial outlook for the second consecutive year, with net debt to EBITDA consistent with our commitment to investment grade. Pleasingly, we also reported a net profit increase of 1.3% to €296 million and CapEx of €308 million was 30% lower than our forecast, also for the second consecutive year.

DRIVING CUSTOMER SUCCESS ACROSS THE BUSINESS

Our passion for delivering best-in-class customer experience again resulted in many notable successes in 2019.

On the Networks side, we delivered new and expanded connectivity solutions in aero with Thales Avionics, Gogo and Collins Aerospace, supporting commercial airlines and business jets; and in cruise with the likes of Carnival, MSC, Genting and Ritz-Carlton, strengthening our market-leading position in this segment. In addition, 2019 saw us launch a managed end-to-end service supporting the European Maritime Safety Agency to deliver search and rescue, environmental and other critical applications using an unmanned civilian aviation platform.

On land, we are using our unique multi-orbit network to extend the reach of telco, mobile and cloud infrastructure. In 2019, we deployed 'life-changing' broadband and mobile services that meaningfully improve connectivity for people in rural areas all over the world including Burkina Faso, Columbia, Indonesia, and Pakistan. I am also really pleased that our scalable and reliable solutions allowed us to restore critical connectivity and disaster recovery services that made a difference to the people of Papua New Guinea after a major earthquake.

In Video, our technical reach grew from 355 million to over 367 million TV homes and we now carry almost 3,000 HD and UHD TV channels to audiences around the world. Both these metrics underscore the lasting attraction of our industry-leading DTH neighbourhoods.

Across our core, industry-leading neighbourhoods, we signed important renewals including with ProSieben, RTL, Crown Media, and several other U.S. cable operators; launched commercial 4K services with RCN in the U.S.; as well as establishing new and/or expanded video platforms in Brazil, Benin, Ethiopia, Indonesia, and the Ivory Coast.

In 2019, our Sports & Events team was instrumental in bringing the Eurovision Song Contest, FIFA Women's World Cup and other major, successful events to audiences across our video neighbourhoods.



Steve Collar, CEO

Lastly, we made progress in creating new products and services to cater to the changing needs of our customers and, in doing so, allow us to 'modernise' satellite. These included a partnership with Microsoft to develop a new media delivery service on Azure, a Satellite and OTT in sync solution, as well as expanding our SES 360 solution.

In Germany, our most important DTH market where we serve over 50% all households, we secured a key win with Panasonic and Samsung who are now integrating our HD+ offering directly into their new TV sets, with other manufacturers to follow.

REALISING OUR AMBITION OF INTELLIGENT CONNECTIVITY

We are getting closer to the launch of both SES-17 and O3b mPOWER and we have made substantial progress over the last year in the development of our seamless, automated, cloud-scale multi-orbit network.

Notably we partnered with Microsoft to extend Azure ExpressRoute services across our network, began working with Amdocs to build an automation and orchestration layer in ONAP, and are developing our Adaptive Resource Control with Kythera. Most recently, we began testing multi-beam customer edge terminals with Isotropic for a range of global connectivity applications.

Pleasingly, we also signed our first O3b mPOWER customers with Carnival'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.

Along with Thales Avionics' significant commitment to SES-17, these contracts underpin our confidence in the ability of our Networks business to sustain double-digit revenue growth for the foreseeable future.

The power of our combined GEO/MEO network was further underscored when we successfully completed our first seamless and uninterrupted multi-orbit inflight connectivity demonstration, with Thales Avionics, paving the way for our MEO network to enhance and disrupt aviation services much as it has in cruise.

CONTINUING SES' STRATEGIC TRANSFORMATION

We believe in content and connectivity everywhere and are positioning SES to deliver growth and value for our customers, shareholders and other stakeholders.

Accordingly, we recently launched a programme of initiatives that represent the next phase in our strategic transformation which started with the creation of the Video and Networks business units in 2017. The programme, Simplify & Amplify, comprises four major initiatives:

- **Create pure-play verticals:** by investigating the potential separation of Networks within SES and, in doing so, provide greater visibility to the market, increase operational focus within the two businesses, and maximise strategic flexibility.
- **Focus on core strengths:** by concentrating our capabilities and offerings across each of the markets on profitable segments and resulting in a stronger, more focused SES with world-leading products and solutions in the areas where we excel.
- **Simplify operations:** by realigning resources to maximise efficiency and generate EBITDA optimisation ramping to €40-50 million annually from 2021 due to the focus on core strengths and simplification of the business.
- **Innovate for the future:** by deepening our commitment to innovation including putting in place a cloud practice that will serve our entire business, creating an innovation hub, investing in architectures and enabling technologies, and developing a cross-functional team to look at the delivery on linear video into mobile and WiFi networks.

Simplify & Amplify is an important programme for SES that will ensure we are in the best position to take advantage of the significant opportunities ahead of us.

LANDMARK C-BAND DECISION REACHED IN THE U.S.

Finally, this year was also a very important one with respect to the repurposing of the part of the C-Band spectrum in the U.S.

In 2019, we developed a technically validated plan that increased the amount of clearable C-Band spectrum to 300 MHz, of which 280 MHz would be available to facilitate 5G deployment in the U.S. and continued to build on our engagement with the prospective users of the spectrum.

We are delighted with the significant step taken by the U.S. FCC, on 28 February 2020, in voting a final Report and Order that delivers the win-win-win outcome that SES and members of the C-Band Alliance have advocated and supported for almost three years.

The Order will facilitate U.S. leadership in 5G, protect millions of U.S. TV households and critical broadcast services, and generate substantial value for SES in the form of \$3.97 billion of accelerated relocation payments which will be used to enhance value through a combination of pragmatic delevering, targeted investments focused on our fast-growing Networks business and return to shareholders.

Our focus now is on working diligently with our customers to protect and enhance our services while undertaking the largest and most complex spectrum repurposing effort ever undertaken.

A LEADER IN GLOBAL CONTENT CONNECTIVITY SOLUTIONS

In summary, 2019 was an important year for SES and 2020 is already shaping up to be even more exciting, notwithstanding the challenging market and macro environment in which we find ourselves.

Our 2020 priorities reflect a laser focus on execution throughout the business while, at the same time, transforming SES to take full advantage of the future opportunities ahead in our fast-growing Networks verticals and sharpening our focus on the cash generating and value sustaining priorities across our market-leading Video business.



Steve Collar
CEO