SES

Press Release

Half Year 2020 Results

"Solid first half performance"

Luxembourg, 7 August 2020 -- SES S.A. announced financial results for the six months ended 30 June 2020.

Solid H1 performance in line with expectations and continued underlying growth in Networks of +7.1% year-on-year[1,2]

- Revenue of EUR 947.5 million, -1.5% as reported with underlying revenue 2.4%[1,2] lower than H1 2019
- Adjusted EBITDA[3] of EUR 582.0 million, -2.3% as reported (-3.5% at constant FX[2]) compared with H1 2019 and representing an Adjusted EBITDA[3] margin of 61.4% including a 2.2% year-on-year reduction in recurring operating expenses

Limited COVID-19 impact in H1 reflecting business resilience with measures in place to mitigate increased headwinds in H2 2020

- Updated FY 2020 group revenue outlook to EUR 1,860 - 1,900 million[4] in view of expected COVID-19 related revenue development
- FY 2020 Adjusted EBITDA[3] outlook now EUR 1,120 - 1,160 million[4] including EUR 40 - 60 million of 'exceptional' COVID-specific cost mitigation measures implemented to protect the bottom line

Substantially increased visibility of USD 3.97 billion in accelerated relocation payments from U.S. C-Band repurposing and now fully included in SES' financial projections for the first time

- Full execution of transition plan underway following unanimous election to accelerate clearing by satellite operators with total clearing costs of USD 1.6 billion and more than USD 1.5 billion expected to be reimbursed from mid-2021
- First relocation proceeds (linked to success milestone in Q4 2021) to be utilised to strengthen balance sheet with final proceeds (linked to success milestone in Q4 2023) to be used for a mix between return to shareholders, strong balance sheet and any disciplined value-accretive investment

Networks business set to deliver long-term growth through deployment of SES-17 and an enhanced O3b mPOWER constellation

- EUR 1.8 billion of growth CapEx (2020-2024), including four additional O3b mPOWER satellites[5], de-risking overall investment through launch resilience, enhanced launch cadence, improved constellation efficiency and meaningful expansion in coverage and throughput. Agreement with Boeing to collaborate in the development of commercially based solutions for Government customers
- EUR 550 million of CapEx deferred from 2020-2021 and total CapEx (2020-2024) flat, both as compared with March 2020 forecast

Significant progress on 'Simplify & Amplify' transformation programme

- On track to deliver EUR 40 - 50 million of Simplify & Amplify related recurring annual EBITDA optimisations from 2021 with significant steps taken in the second quarter to reduce footprint, delayer, increase efficiency and remove positions across the organisation

Strong balance sheet, strong liquidity and a disciplined financial policy

- Adjusted Net Debt to Adjusted EBITDA[3] ratio 3.3 times[6] consistent with SES' commitment to investment grade
- Successful EUR 400 million Euro bond reduces future interest cost and ensures no significant senior debt maturities before 2023

Steve Collar, CEO of SES, commented: "The business has performed well in the first half of the year, delivering solid revenue in challenging trading conditions, while the benefits of the proactive cost-saving measures that we took early in the development of COVID-19 are also seen in our H1 results. We were particularly pleased to sign a broad distribution agreement with BBC Studios during the quarter, underlining our ability to support premium customers across a range of satellite and terrestrial distribution methods as well as significant extensions with ProSieben in Germany and Austria. On the Networks side, we are seeing a pickup in our Government business after a slower first half, with a new and innovative use of the O3b constellation for the U.S. Government among a number of important deals won and signed in the second quarter.

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[1] Excluding periodic and other revenue (disclosed separately) that are not directly related to or otherwise distort the underlying business trends
[2] At constant FX which refers to comparative figures restated at the current period FX to neutralise currency variations
[3] Excluding restructuring charge and operating expenses recognised in relation to U.S. C-Band repurposing
[4] Financial outlook assumes a EUR/USD exchange rate of EUR 1 = USD 1.15, nominal satellite health and launch schedule
[5] Total incremental investment of EUR 480 million of which EUR 250 million over the period of 2020-2024 with the remaining balance thereafter
[6] Treats the hybrid bonds as 50% debt and 50% equity, per the rating agency methodology

Notwithstanding the resilience that our business has shown in the first half of the year, we are not immune to the impact that global lockdowns are having on a number of the markets that we serve. We anticipate a slowdown in the pace of new business in the second half of the year and have updated our financial outlook for the full year in view of the challenges faced by a number of our customers, particularly in Mobility and Sports & Events. We were quick and early to initiate exceptional one-off cost reduction measures of EUR 40 - 60 million for 2020 to mitigate the impact of COVID-19 on our bottom line and are tracking well against this target.

Looking beyond COVID-19, 2020 has seen us make great strides in our more than two-year effort to repurpose spectrum in the U.S. for 5G while protecting the broadcast communities that we serve. Following the FCC Report and Order in February and the subsequent decision by all operators to adopt accelerated clearing in May, we are executing strongly on all elements of our clearing and transition plan. We incorporate the financial impact of the C-Band project in our financials for the first time, including clear line of sight to almost USD 4 billion in accelerated relocation payments.

We are also almost a year away from the launches of both SES-17 and O3b mPOWER, two programmes that underpin our multi-orbit, scalable, cloud-enabled network architecture that will drive significant future growth in our Networks business, a business that has already delivered 25% growth over the last three years. We have added four more satellites to the planned O3b mPOWER constellation, adding resilience, an improved launch cadence and a 90% increase in constellation throughput while maintaining our overall capex envelope broadly flat. Significantly, SES and Boeing have agreed to collaborate in the development of commercially based service offerings for Government users, including the development and demonstration of multi-orbit interoperability.

Our global transformation programme, Simplify & Amplify, is on track to deliver annualised cost reductions of EUR 40 - 50 million from 2021 onwards through a combination of sharpened focus, reductions in footprint and wide-reaching efficiency improvements. We have further strengthened our financing position with a 6% year-on-year reported net debt reduction and a new EUR 400 million Euro Bond reducing the cost of debt and enhancing debt maturity profile, with no significant senior debt maturities to refinance before 2023. Overall, we are satisfied with the progress that we are making as a business in what is a challenging, pandemic-dominated year.

Finally, on behalf of everyone at SES, both now and over the last 25 years, I want to pay tribute to Romain Bausch, who has decided to step down from the SES Board of Directors after a quarter of a century of service, dedication and success, firstly as CEO and latterly as Chairman. As we build the future vision for SES, we stand on the shoulders of giants and we could not be more appreciative and grateful for the legacy that Romain has created."

Key business and financial highlights

SES regularly uses Alternative Performance Measures (APM) to present the performance of the Group and believes that these APMs are relevant to enhance understanding of the financial performance and financial position. Further details can be found on pages 8-12.

EUR million	H1 2020	H1 2019	∆ as Reported	∆ at constant FX
Average EUR/USD exchange rate	***1.10***	*1.13*		
Revenue	**947.5**	961.4	-1.5%	-2.6%
Adjusted EBITDA	**582.0**	595.9	-2.3%	-3.5%
Net profit	**86.4**	169.2	-48.9%	n/a

- H1 2020 group revenue of EUR 947.5 million (-2.6% at constant FX compared with the prior period) included EUR 8.8 million of periodic and other revenue (H1 2019: EUR 10.8 million). Underlying revenue (excluding periodic and other) declined by 2.4% (year-on-year at constant FX) to EUR 938.7 million.

- Video underlying revenue of EUR 559.3 million (-8.0% at constant FX) reflected the combination of lower Distribution revenue (-7.4%), from 'right-sizing' of capacity by customers in mature markets, and the decision to reduce exposure to low margin video services activities contributing to lower Services revenue (-9.6%).

- Networks underlying revenue grew, for the third consecutive year, by 7.1% at constant FX to EUR 379.4 million with double-digit growth in Mobility (+22.6%) and a return to growth in Fixed Data (+4.6%), while Government (-1.0%) is expected to benefit from new business wins that will contribute to revenue from the second half of 2020.

- Adjusted EBITDA of EUR 582.0 million represented an Adjusted EBITDA margin of 61.4% (H1 2019: 62.0%). Adjusted EBITDA excludes a restructuring charge of EUR 21.7 million in relation to the Simplify & Amplify transformation programme (H1 2019: EUR 11.4 million) and the recognition of EUR 13.6 million (H1 2019: nil) of operating expenses associated with the accelerated repurposing of U.S. C-Band spectrum.

- H1 2020 operating expenses (excluding restructuring and C-Band) in line with H1 2019 at EUR 365.5 million. This included a one-off charge of EUR 8.1 million related to the recognition of Luxembourg net wealth tax in H1 2020 which offset the positive contribution to group EBITDA from a 2.2% (year-on-year) reduction in recurring operating expenses.

- The reduction in net profit to EUR 86.4 million in H1 2020 mainly reflected the combination of the lower reported EBITDA (including the restructuring and C-Band expenses noted above) and net foreign exchange losses compared to H1 2019, which also included an income tax benefit of EUR 22.4 million. These items offset the positive contribution from lower depreciation, amortisation and net interest expenses.

- Net cash generated by operating activities of EUR 411.9 million (H1 2019: EUR 553.5 million) represented 75.3% of EBITDA (H1 2019: 94.7%). The year-on-year comparison was predominantly impacted by the changes in working capital.

- Reported net debt of EUR 3,398 million at 30 June 2020 was 6% lower than 30 June 2019 while the weighted average debt maturity improved to 7.7 years (H1 2019: 7.3 years) and weighted average interest cost reduced to 3.3% (H1 2019: 3.6%). The Adjusted net debt to Adjusted EBITDA ratio of 3.3 times (including 50% of the hybrid bonds as debt, per the rating agency methodology) was lower (H1 2019: 3.5 times).

- Fully protected contract backlog at 30 June 2020 was EUR 5.9 billion (gross backlog of EUR 6.4 billion when including backlog subject to contractual break clauses).

- In June 2020, SES announced Ferdinand Kayser's decision to retire at the end of 2020 with CEO Steve Collar assuming direct responsibility for the Video business from 1 July 2020. Thai Rubin was appointed Chief Legal Officer to succeed John Purvis, who will remain an important member of the legal team on a part-time basis. In addition, Romain Bausch stepped down from the SES Board of Directors in July 2020 having dedicated more than 25 years of service to the company.

Update on Response to COVID-19 Global Pandemic and Financial Outlook

SES has continued to execute a series of measures to ensure employee safety and continuity of business operations including a worldwide 'work from home policy' implemented in March 2020 before any government regulation, and well established and tested contingency plans across all technical facilities around the globe. All operations centres across the SES network remain 100% in service and operational.

As at 30 June 2020, the group's financial position includes EUR 366.8 million of cash & cash equivalents, a EUR 1.2 billion Revolving Credit Facility which remains undrawn, and no meaningful senior debt maturities required to be refinanced before 2023 following the successful completion of a new EUR 400 million Euro bond maturing in 2028 with an annual coupon of 2.0%.

The fixed, long-term nature of SES' commercial contracts provides strong cash flow visibility and security as reflected in the fully protected contract backlog of EUR 5.9 billion at 30 June 2020. While the H1 2020 financial results were largely unaffected by COVID-19, it is expected that headwinds from the global pandemic will impact SES' performance over H2 2020 and, accordingly, the financial outlook (assuming a EUR/USD exchange rate of EUR 1 = USD 1.15, nominal satellite health and launch schedule) for full year 2020 is updated as follows:

- **Group revenue:** EUR 1,860 - 1,900 million (from 1,920 - 2,000 million), including Video revenue of EUR 1,090 - 1,110 million and Networks revenue of EUR 770 - 790 million (from EUR 1,110 - 1,150 million and EUR 800 - 840 million respectively). At 30 June 2020, nearly 95% of the updated FY 2020 group revenue outlook is already contractually committed.

- **Adjusted EBITDA:** EUR 1,120 - 1,160 million (from EUR 1,150 - 1,210 million) including EUR 40 - 60 million of COVID-19 specific cost mitigation actions that were implemented during H1 2020 and which are not currently expected to recur after 2020. The Adjusted EBITDA outlook excludes a restructuring charge of EUR 40 million and non-reimbursable C-Band operating expenses of EUR 25 million.

Update on SES Value Drivers

Delivering substantial shareholder value through the repurposing of U.S. C-Band spectrum

On 26 May 2020, SES elected to clear a portion of the C-Band spectrum in the U.S. in accordance with the accelerated timetable detailed in the U.S. Federal Communications Commission (FCC) final Report and Order. To execute the clearing will require an investment of approximately USD 1.6 billion, of which about USD 1.5 billion is expected to be reimbursed through the Clearinghouse envisaged in the FCC final Report and Order. The remaining USD 80 million of total non-reimbursable costs are expected to impact reported EBITDA by about EUR 30 million in 2020 and then slightly decreasing over the period 2021-2023.

The vast majority of this investment will be placed with U.S. suppliers including the selection of Northrup Grumman and the Boeing Company to deliver four new satellites to be launched by SpaceX and United Launch Alliance, while Thales Alenia Space has been contracted for the provision of two contingency satellites to ensure that SES can meet the strict deadlines laid down by the FCC. In line with SES' firm commitment to maintaining investment grade status, the company has secured deferred payment terms with the vendors taking part in the satellite programmes associated with the accelerated clearing, ahead of reimbursement by the Clearinghouse.

SES intends to meet the deadlines envisaged in the FCC Order, which entitles the company to receive up to USD 3.97 billion in accelerated relocation payments. The first payment of USD 0.98 billion, to be earned in Q4 2021 and expected to be paid in Q1 2022, will be fully utilised to strengthen the balance sheet, while the payment of USD 2.99 billion, to be earned in Q4 2023 and expected in Q1 2024, will be used for a mix between return to shareholders, strong balance sheet and any disciplined value-accretive investment.

Investing in profitable future growth

Today, SES announced an investment in four additional O3b mPOWER satellites, expanding the constellation to 11 satellites. The total cost of the additional investment is EUR 480 million including EUR 250 million over the period 2020-2024 and the remaining expenditure thereafter. The investment further de-risks the overall project and will enhance the constellation efficiency, increase total throughput by 90% and expand geographic coverage. As SES expands the O3b mPOWER constellation, Boeing and SES have agreed to collaborate to develop commercially-based service offerings for the US Government that leverage the companies' combined multi-orbit, multi-frequency, high-throughput capabilities including the demonstration of interoperability between systems and the use of O3b mPOWER's flexible and open architecture to support waveforms and capabilities of interest to Government users."

Including the above investment, capital expenditure (representing net cash absorbed by investing activities excluding acquisitions and financial investments) is now expected to be EUR 310 million in 2020, EUR 850 million in 2021, EUR 970 million in 2022, EUR 550 million in 2023 and EUR 250 million in 2024. Compared with the forecast provided with the Full Year 2019 results, EUR 550 million is deferred from 2020 and 2021 to the following years, while the total capital expenditure is in line and represents an overall investment of EUR 2.9 billion over the period 2020-2024 of which 60% relates to growth investments and 40% for replacement of existing assets. No further growth investments are currently foreseen.

Transforming SES – Simplify and Amplify

Launched in early 2020, SES' transformation programme - Simplify & Amplify - comprises four elements including a recurring EBITDA optimisation goal ramping to EUR 40 - 50 million per year from 2021.

- **Create pure-play verticals:** a dedicated team comprising 70 Full Time Equivalent resources is in place and executing on the transformational opportunity to reshape the 5G landscape in the U.S.; protect existing C-Band broadcast neighbourhoods and customers and realise substantial shareholder value for SES. The previously announced investigation into the potential separation of the Video and Networks businesses within SES is underway with outcome expect in H2.

- **Focus on core strengths:** in July 2020, we have made a number of changes to the operation and focus of our Video business including the creation of a single unit responsible for driving our business in Germany, Austria and Switzerland, our single largest market. SES enjoys a significant market share in Germany and operates a successful B2C business in HD+ that has generated cumulative revenue of more than EUR 1 billion for SES since its inception.

- **Simplify operations:** SES will close its offices in Brussels, Central London, the Isle of Man, Warsaw and Zurich, redistributing activities in these locations to other offices in Kiev, Stockholm, Stockley Park in London and The Hague as well as its headquarters in Luxembourg. SES also launched a voluntary phased retirement programme and is retraining and realigning resources internally towards high-value future market opportunities. In aggregate, these changes will impact between 10% and 15% of its global employee base.

- **Innovate for the future:** A cross-functional organisation has been established to drive a unified approach to cloud and enabling SES to become an integral part of customers' cloud transformation. This followed the inception of an 'innovation hub' to co-create solutions with our customers and partners and develop future technologies and business models.

SES' commitment to a disciplined financial policy

SES is focused on driving sustained, profitable growth and value creation. In tandem with clear strategic priorities and focus on execution, SES intends to maintain the commitment to adhering to the financial policy which is based on four main priorities:

Priority	Policy	Outlook
Disciplined investment	• Replacement capital expenditure to sustain profitable portfolio of business • Disciplined value-accretive growth investment opportunities • Internal rate of return (IRR) hurdle rate of more than 10% (post-tax) over the investment horizon	• Limited annual replacement CapEx of EUR 220 million (Average 2020-2024) • Expected growth investment representing a total capital expenditure of EUR 1.8 billion over the period 2020-2024) followed by substantially lower growth CapEx anticipated
Maintain strong balance sheet	• Maintain a strong balance sheet consistent with investment grade ratios, allowing continued access to wide range of funding sources and keeping low cost of funding	• Net debt to Adjusted EBITDA ratio below 3.3 times
Cash return to shareholders	• Maintain a base dividend	• 2019 dividend of EUR 0.4 per A-share paid in April 2020 (total payment of EUR 182 million)
Utilising excess cash	• Utilise any excess cash in the most optimal way for the benefit of shareholders	• First payment of C-Band relocation incentive (USD 0.98 billion pre-tax linked to success milestone in Q4 2021) to be fully utilised to strengthen the balance sheet • Second payment of C-Band relocation incentive (USD 2.99 billion pre-tax linked to success milestone in Q4 2023) to be used for a mix between return to shareholders, strong balance sheet and any disciplined value-accretive investments

Operational performance and commentary

REVENUE BY BUSINESS UNIT

	Revenue (reported)			Δ (year-on-year) at constant FX		
EUR million	Q1 2020	Q2 2020	H1 2020	Q1 2020	Q2 2020	H1 2020
Video Distribution	211.5	211.4	**422.9**	-8.5%	-6.6%	**-7.6%**
- *Underlying*	211.5	211.4	**422.9**	-8.2%	-6.6%	**-7.4%**
- *Periodic*	--	--	**--**	n/m	n/m	**n/m**
Video Services	70.4	66.0	**136.4**	-6.7%	-12.5%	**-9.6%**
- *Underlying*	70.4	66.0	**136.4**	-6.7%	-12.5%	**-9.6%**
- *Periodic*	--	--	**--**	n/m	n/m	**n/m**
Video (total)	281.9	277.4	**559.3**	-8.1%	-8.1%	**-8.1%**
- *Underlying*	281.9	277.4	**559.3**	-7.8%	-8.1%	**-8.0%**
- *Periodic*	--	--	**--**	n/m	n/m	**n/m**
Government	69.8	71.7	**141.5**	-0.5%	-3.8%	**-2.2%**
- *Underlying*	69.8	71.4	**141.2**	-0.5%	-1.5%	**-1.0%**
- *Periodic*	--	0.3	**0.3**	n/m	n/m	**n/m**

Fixed Data	69.1	61.7	**130.8**	14.3%	+4.9%	**+9.6%**
- *Underlying*	61.4	61.7	**123.1**	+1.6%	+7.9%	**+4.6%**
- *Periodic*	7.7	--	**7.7**	n/m	n/m	**n/m**
Mobility	57.7	57.4	**115.1**	+13.6%	+16.9%	**+15.2%**
- *Underlying*	57.7	57.4	**115.1**	+28.8%	+16.9%	**+22.6%**
- *Periodic*	--	--	**--**	n/m	n/m	**n/m**
Networks (total)	196.6	190.8	**387.4**	+8.4%	+4.6%	**+6.4%**
- *Underlying*	188.9	190.5	**379.4**	+7.7%	+6.5%	**+7.1%**
- *Periodic*	7.7	0.3	**8.0**	n/m	n/m	**n/m**
Sub-total	478.5	468.2	**946.7**	-2.0%	-3.3%	**-2.6%**
- *Underlying*	470.8	467.9	**938.7**	-2.2%	-2.6%	**-2.4%**
- *Periodic*	7.7	0.3	**8.0**	n/m	n/m	**n/m**
Other	0.4	0.4	**0.8**	n/m	n/m	**n/m**
Group Total	478.9	468.6	**947.5**	-1.9%	-3.3%	**-2.6%**

Video: 59% of group revenue (H1 2019: 63%)

At 30 June 2020, SES carried a total of 8,302 TV channels to viewers around the world including 2,948 channels in High Definition and Ultra High Definition (up 2% year-on-year). 68% of total TV channels are now broadcast in MPEG-4 with an additional 4% in HEVC.

Video Distribution

H1 2020 underlying revenue of EUR 422.9 million was 7.4% lower year-on-year at constant FX mainly impacted by direct to home and cable customers 'right-sizing' capacity in mature markets. In Europe, modest volume reductions on some long-term renewals secured in late 2019 resulted in lower revenue (year-on-year). Nevertheless, utilisation rates across SES' industry-leading European Video neighbourhoods remain strong. North American revenue was mainly impacted by ongoing 'right-sizing' of volume across U.S. cable neighbourhoods and reduction in the wholesale business resulting in lower revenues year-on-year. Challenging trading environments in specific markets led to an overall revenue reduction (year-on-year) in International distribution revenue.

Video Services

Underlying revenue of EUR 136.4 million in H1 2020 was down 9.6% year-on-year at constant FX. The ongoing shift from hardware to software solutions in partnership with TV set manufacturers, and a modest reduction in the number of paying subscribers, resulted in lower HD+ revenue (year-on-year). Within the remainder of the services segment (formerly MX1), the decision to reduce exposure to low margin activities and the postponement or cancellation of many sports and events due to the COVID-19 global pandemic led to lower (year-on-year) overall revenue.

Networks: 41% of group revenue (H1 2019: 37%)

Government

Underlying revenue of EUR 141.2 million was 1.0% lower at constant FX compared with H1 2019 which had benefited from additional revenue related to the completion of certain milestone-driven institutional projects in Global Government. U.S. Government revenue was slightly up (year-on-year) and is expected to benefit from the future contribution of new business already secured and executing on a strong commercial pipeline, for both additional MEO- and GEO-enabled network solutions. Excluding the milestone-driven projects noted above, Global Government revenue was stable (year-on-year).

Fixed Data

Underlying revenue grew by 4.6% (year-on-year) at constant FX to EUR 123.1 million in H1 2020. Growth in the Americas 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. The successful deployment of broadband access and mobile connectivity services to rural communities on behalf of SES' customers, notably using SES-12 and MEO-enabled high throughput capabilities, contributed to growth (year-in-year) in Asia-Pacific. Along with a positive contribution from new business in Energy, and first cloud revenues, these more than offset lower (year-on-year) wholesale capacity revenue in Europe and Africa.

Mobility

Underlying revenue grew by 22.6% (year-on-year) at constant FX to EUR 115.1 million with double-digit growth in both Aeronautical and Maritime. Strong growth (year-on-year) in Aeronautical reflected the full year impact of the important new business signed during 2019 and notably utilising SES-15, SES-14 and SES' Ka-based aero network, as well as connectivity services delivered to the business aviation segment. Similarly, the full revenue contribution of expanded services with key cruise customers continued to drive strong growth (year-on-year) in the Maritime segment.

As the vast majority of SES' commercial contracts, including in Mobility, are fixed, the H1 2020 performance was largely unaffected by the impact of COVID-19 on customers and end markets served by SES in the Cruise and Commercial Aviation segments. Nevertheless, it is expected that the development of both existing revenue and pace of new business will be impacted during the second half of the 2020.

Future satellite capacity

Satellite	Region	Application	Launch Date
SES-17	Americas	Fixed Data, Mobility, Government	Q3 2021
O3b mPOWER (satellites 1-3)	Global	Fixed Data, Mobility, Government	Q3 2021
O3b mPOWER (satellites 4-6)	Global	Fixed Data, Mobility, Government	Q1 2022
O3b mPOWER (satellites 7-9)	Global	Fixed Data, Mobility, Government	H2 2022
O3b mPOWER (satellites 10-11)	Global	Fixed Data, Mobility, Government	H2 2024

CONSOLIDATED INCOME STATEMENT

SIX MONTHS ENDED 30 JUNE

EUR million	2020	2019
Revenue	**947.5**	961.4
Operating expenses	**(400.8)**	(376.9)
EBITDA	**546.7**	584.5
Depreciation and impairment expense	**(319.1)**	(323.0)
Amortisation expense	**(43.6)**	(45.3)
Operating profit	**184.0**	216.2
Net financing costs	**(90.7)**	(81.4)
Profit before tax	**93.3**	134.8
Income tax expense	**(11.3)**	22.4
Profit after tax	**82.0**	157.2
Non-controlling interests	**4.4**	12.0
Profit attributable to SES shareholders	**86.4**	169.2
Basic earnings per share (in EUR) (1)		
Class A shares	**0.14**	0.32
Class B shares	**0.05**	0.13
Diluted earnings per share (in EUR) (1)		
Class A shares	**0.14**	0.32
Class B shares	**0.05**	0.13

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 assumed coupon, net of tax, on the perpetual bonds of EUR 24.3 million (H1 2019: EUR 24.2 million)

EUR million	2020	2019
Adjusted EBITDA	**582.0**	595.9
C-Band operating expenses	**(13.6)**	-
Restructuring expenses	**(21.7)**	(11.4)
EBITDA	**546.7**	584.5

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30 June 2020	31 December 2019
Property, plant and equipment	**4,899.4**	5,185.9
Assets in the course of construction	**1,163.6**	923.7
Intangible assets	**4,681.5**	4,685.2
Other financial assets	**9.8**	11.8
Trade and other receivables	**273.4**	285.5
Deferred customer contract costs	**13.7**	17.7
Deferred tax assets	**279.5**	260.5
Total non-current assets	**11,320.9**	11,370.3
Inventories	**20.7**	30.5
Trade and other receivables	**550.4**	590.1
Deferred customer contract costs	**11.8**	17.9
Prepayments	**62.6**	62.2
Derivatives	**0.3**	-
Income tax receivable	**4.2**	6.9
Cash and cash equivalents	**366.8**	1,155.3
Total current assets	**1,016.8**	1,862.9
Total assets	**12,337.7**	13,233.2
Equity attributable to the owners of the parent	**6,047.1**	6,173.4
Non-controlling interests	**78.6**	83.1
Total equity	**6,125.7**	6,256.5
Borrowings	**3,065.0**	3,737.2
Provisions	**13.2**	14.0
Deferred income	**271.8**	316.6
Deferred tax liabilities	**359.0**	359.5
Other long-term liabilities	**125.8**	168.2
Lease liabilities	**26.2**	29.7
Fixed assets suppliers	**742.8**	622.5
Total non-current liabilities	**4,603.8**	5,247.7
Borrowings	**699.4**	691.1
Provisions	**60.2**	48.6
Deferred income	**400.4**	467.0
Trade and other payables	**266.6**	351.2
Lease liabilities	**11.3**	11.2
Fixed assets suppliers	**137.8**	134.8
Income tax liabilities	**32.5**	25.1
Total current liabilities	**1,608.2**	1,729.0
Total liabilities	**6,212.0**	6,976.7
Total equity and liabilities	**12,337.7**	13,233.2

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CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE

EUR million	2020	2019
Profit before tax	**93.3**	134.8
Taxes paid during the year	**(12.8)**	(39.7)
Adjustment for non-cash items	**447.6**	432.4
Adjusted consolidated operating profit	**528.1**	527.5
Changes in working capital	**(116.2)**	26.0
Net cash generated by operating activities	**411.9**	553.5
Payments for purchases of intangible assets	**(21.9)**	(12.0)
Payments for purchases of tangible assets	**(129.9)**	(159.6)
Other investing activities	**(1.1)**	(2.1)
Net cash absorbed by investing activities	**(152.9)**	(173.7)
Free cash flow before financing activities	**259.0**	379.8
Repayment of borrowings	**(670.6)**	(458.5)
Coupon paid on perpetual bond	**(65.6)**	(65.6)
Dividends paid on ordinary shares (1)	**(182.1)**	(326.7)
Dividends paid to non-controlling interests	**-**	(0.5)
Interest paid on borrowings	**(108.6)**	(113.7)
Payments for acquisition of treasury shares	**(8.9)**	(20.3)
Proceeds from treasury shares sold and exercise of stock options	**5.3**	26.1
Lease payments	**(6.5)**	(5.1)
Payments related to changes in ownership interest in subsidiaries	**(7.3)**	-
Net cash absorbed by financing activities	**(1,044.3)**	(964.3)
Free cash flow after financing activities	**(785.3)**	(584.5)
Net foreign exchange movements	**(3.2)**	(2.1)
Net increase in cash and cash equivalents	**(788.5)**	(586.6)
Cash and cash equivalents at beginning of the year	**1,155.3**	909.1
Cash and cash equivalents at end of the year	**366.8**	322.5

1) Net of dividends received on treasury shares of EUR 2.0 million (H1 2019: EUR 4.2 million)

QUARTERLY INCOME STATEMENT (AS REPORTED)

EUR million	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Average EUR/USD exchange rate	*1.15*	*1.12*	*1.12*	*1.10*	*1.11*	***1.10***
Revenue	480.6	480.8	490.5	532.0	478.9	**468.6**
Operating expenses	(190.5)	(186.4)	(185.4)	(205.0)	(194.2)	**(206.6)**
EBITDA	290.1	294.4	305.1	327.0	284.7	**262.0**
Depreciation and impairment expense	(156.4)	(166.6)	(168.1)	(205.8)	(158.3)	**(160.8)**
Amortisation and impairment expense	(20.5)	(24.8)	(20.6)	(88.4)	(22.1)	**(21.5)**
Operating profit	113.2	103.0	116.4	32.8	104.3	**79.7**
Operating profit margin	23.6%	21.4%	23.7%	6.2%	21.8%	**17.0%**
Net financing costs	(37.8)	(43.6)	(33.0)	(51.5)	(46.3)	**(44.4)**
Profit before tax	75.4	59.4	83.4	(18.7)	58.0	**35.3**
Income tax benefit/(expense)	(7.2)	29.6	(6.4)	60.5	(9.7)	**(1.6)**
Non-controlling interests	4.0	8.0	3.7	4.5	2.5	**1.9**
Profit attributable to owners of the parent	72.2	97.0	80.7	46.3	50.8	**35.6**
Basic earnings per share (in EUR) (1)						
Class A shares	0.13	0.19	0.15	0.07	0.09	**0.05**
Class B shares	0.05	0.07	0.07	0.03	0.03	**0.02**
Adjusted EBITDA	298.4	297.5	307.9	333.4	287.8	**294.2**
Adjusted EBITDA margin	62.1%	61.9%	62.8%	62.7%	60.1%	**62.8%**
C-Band operating expenses	--	--	--	--	--	**(13.6)**
Restructuring expenses	(8.3)	(3.1)	(2.8)	(6.4)	(3.1)	**(18.6)**
EBITDA	290.1	294.4	305.1	327.0	284.7	**262.0**

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	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Average EUR/USD exchange rate	*1.10*	*1.10*	*1.10*	*1.10*	*1.10*	***1.10***
Revenue	489.8	484.7	494.0	530.8	480.3	**468.6**
Operating expenses	(195.1)	(187.3)	(186.9)	(205.0)	(194.5)	**(206.6)**
EBITDA	294.7	297.4	307.1	325.8	285.8	**262.0**
Depreciation and impairment expense	(160.4)	(168.8)	(170.1)	(205.3)	(159.1)	**(160.8)**
Amortisation and impairment expense	(20.7)	(24.8)	(20.7)	(88.5)	(22.2)	**(21.5)**
Operating profit	113.6	103.8	116.3	32.0	104.5	**79.7**
Adjusted EBITDA	303.0	300.6	309.9	332.2	288.9	**294.2**
C-Band operating expenses	--	--	--	--	--	**(13.6)**
Restructuring expenses	(8.3)	(3.2)	(2.8)	(6.4)	(3.1)	**(18.6)**
EBITDA	294.7	297.4	307.1	325.8	285.8	**262.0**

ALTERNATIVE PERFORMANCE MEASURES

SES regularly uses Alternative Performance Measures (APM) to present the performance of the Group and believes that these APMs are relevant to enhance understanding of the financial performance and financial position. These measures may not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or any other body of generally accepted accounting principles, and thus should not be considered substitutes for the information contained in the Group's financial statements.

Alternative Performance Measure	Definition
Adjusted EBITDA	EBITDA adjusted to exclude material exceptional and non-recurring items. In 2020 the primary exceptional and non-recurring items are restructuring charges announced in the framework of SES' 'Simplify and Amplify' programme, and the net impact of the repurposing of U.S. C-Band spectrum.
Adjusted Net debt to Adjusted EBITDA	Adjusted net debt to Adjusted EBITDA, represents the ratio of net debt plus 50% of the group's hybrid bonds (per the rating agency methodology) divided by the last 12 months' Adjusted EBITDA.

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Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 7 August 2020 and will be broadcast via webcast and conference call. The details for the conference call and webcast are as follows:

U.K. (Standard International Access):	+44 (0) 203 003 2666
France:	+33 (0) 1 799 4740
Germany:	+49 (0) 40 80 90 20 747
U.S.A.:	+1 212 999 66 59
Confirmation code:	**SES**
Webcast registration:	https://channel.royalcast.com/webcast/ses/20200807_1/

The presentation is available for download from https://www.ses.com/investors and a replay will be available shortly after the conclusion of the presentation.

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