

YTD 2019 RESULTS

Nine Months ended 30 September 2019

25 October 2019 (BETZDORF, LUXEMBOURG)



Agenda



Business Highlights

Steve Collar
CEO

Video

Ferdinand Kayser
CEO of SES Video

Networks

John-Paul Hemingway
CEO of SES Networks

Financial Review

Andrew Browne
CFO

BUSINESS HIGHLIGHTS

Steve Collar, CEO

Highlights

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%⁽¹⁾
- 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

On Track to Deliver on 2019 Financial Outlook

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

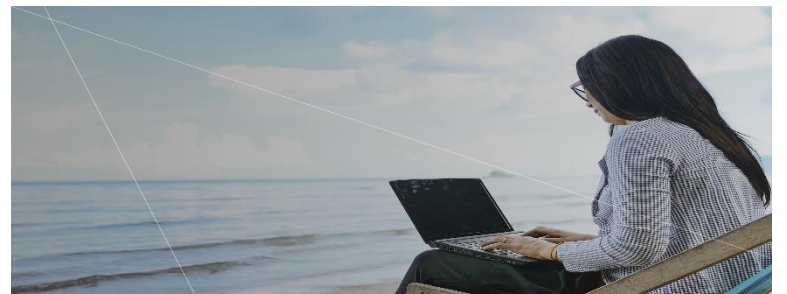
- ▲ Focus on execution and closing with a strong outturn in Q4 2019
- ▲ ~95% of 2019 expected Group revenue now contracted

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 9M 2019 restructuring charge amounted to EUR 14.2 million; Guidance for 2019 foresees a restructuring charge of EUR 25 - 30 million

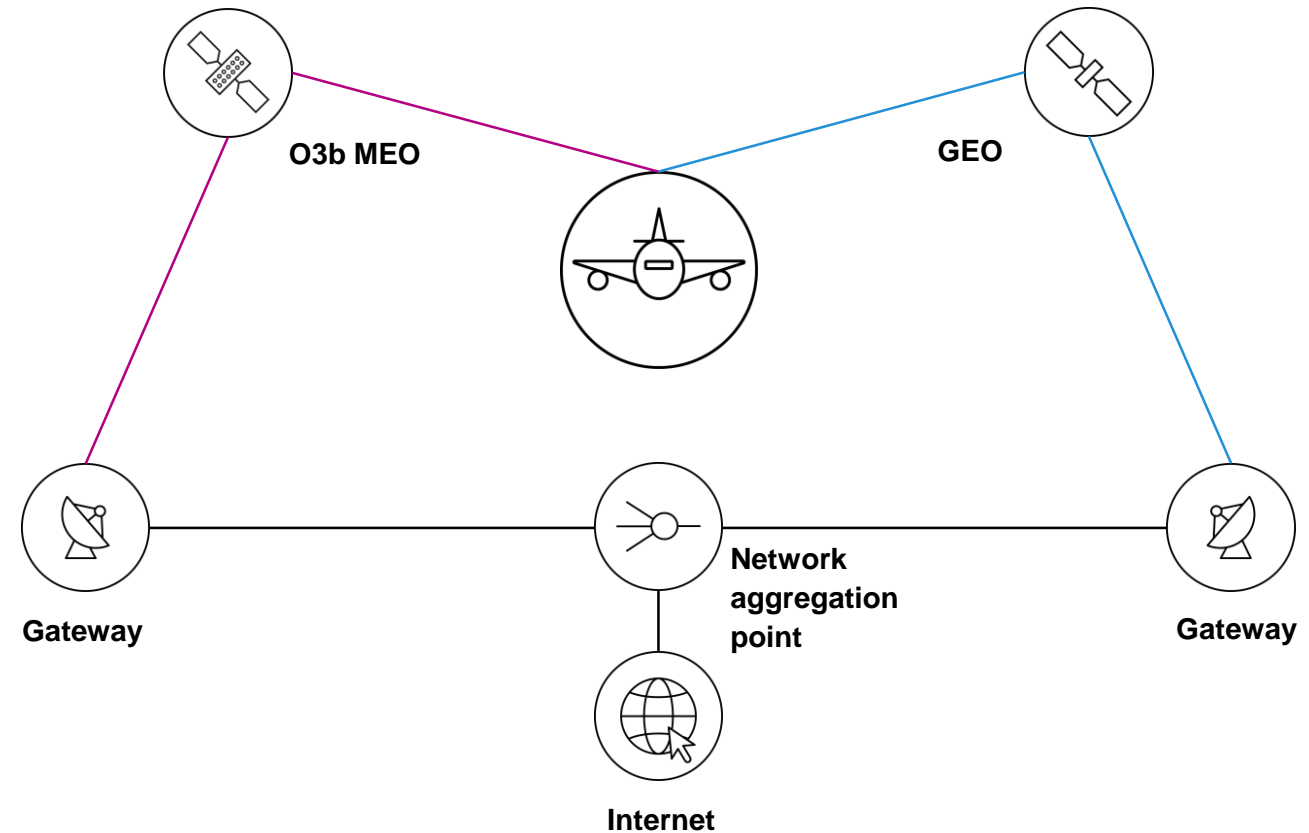
Unlocking Our Vision of a Connected, Seamless, Cloud-Scale Network

- ▲ 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”

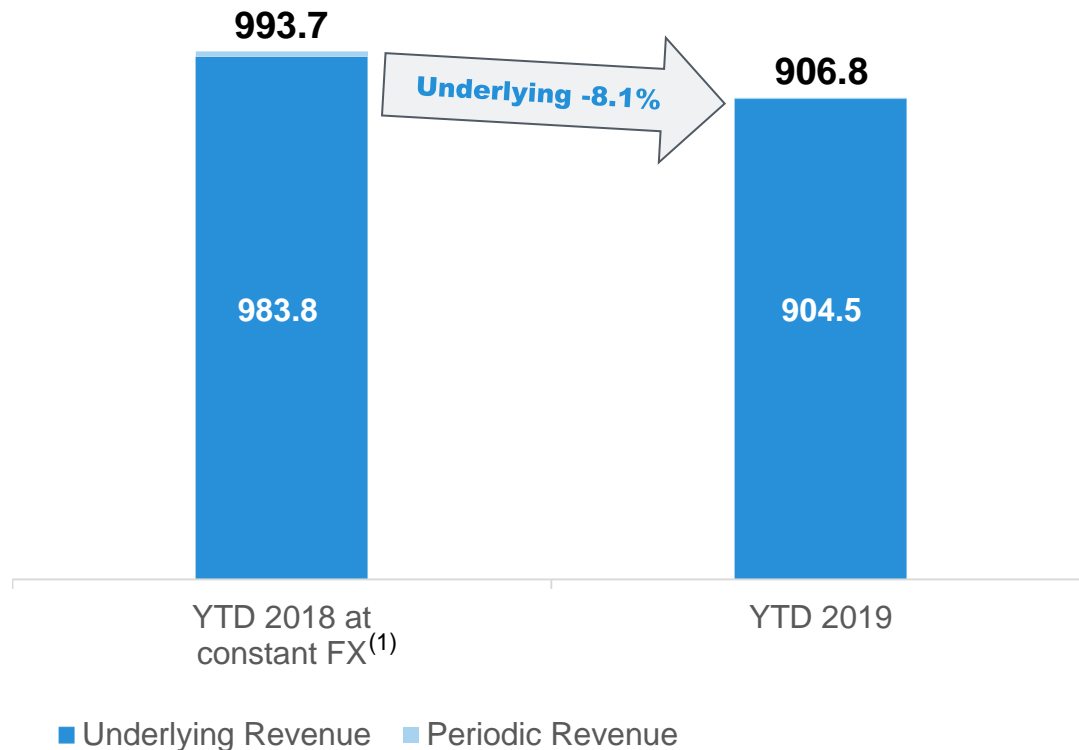
SES VIDEO

Ferdinand Kayser, CEO of SES Video

Revenue In Line With Expectations, Refocused Business to Drive Value

SES Video revenue

EUR million



- ▲ Delivering value and premium viewer experiences across our core video neighbourhoods
 - HD TV channels growing 3% (YOY) and UHD growing 13% (YOY)
- ▲ Video business continues to be impacted by U.S. wholesale reduction and the streamlining of our Video business
 - Combination of infrastructure and services completed
- ▲ On track to deliver on Video outlook
 - Nearly 95% of 2019 Video revenue outlook secured

1) YTD 2018 : EUR 977.4 million as reported (including periodic revenue)

Enabling Customers to Achieve Success



CANAL+ AFRIQUE

Connecting People across Borders
 Redefining viewing experience and reaching more than four million subscribers in West Africa



nex PARABOLA

Premium Sports Content Globally
 Bringing live UEFA Champions League and Europe League matches in HD to viewers across Indonesia



Microsoft Azure

Transforming Media Delivery
 Developing broadcast-grade managed cloud service in partnership for broadcasters and media companies worldwide



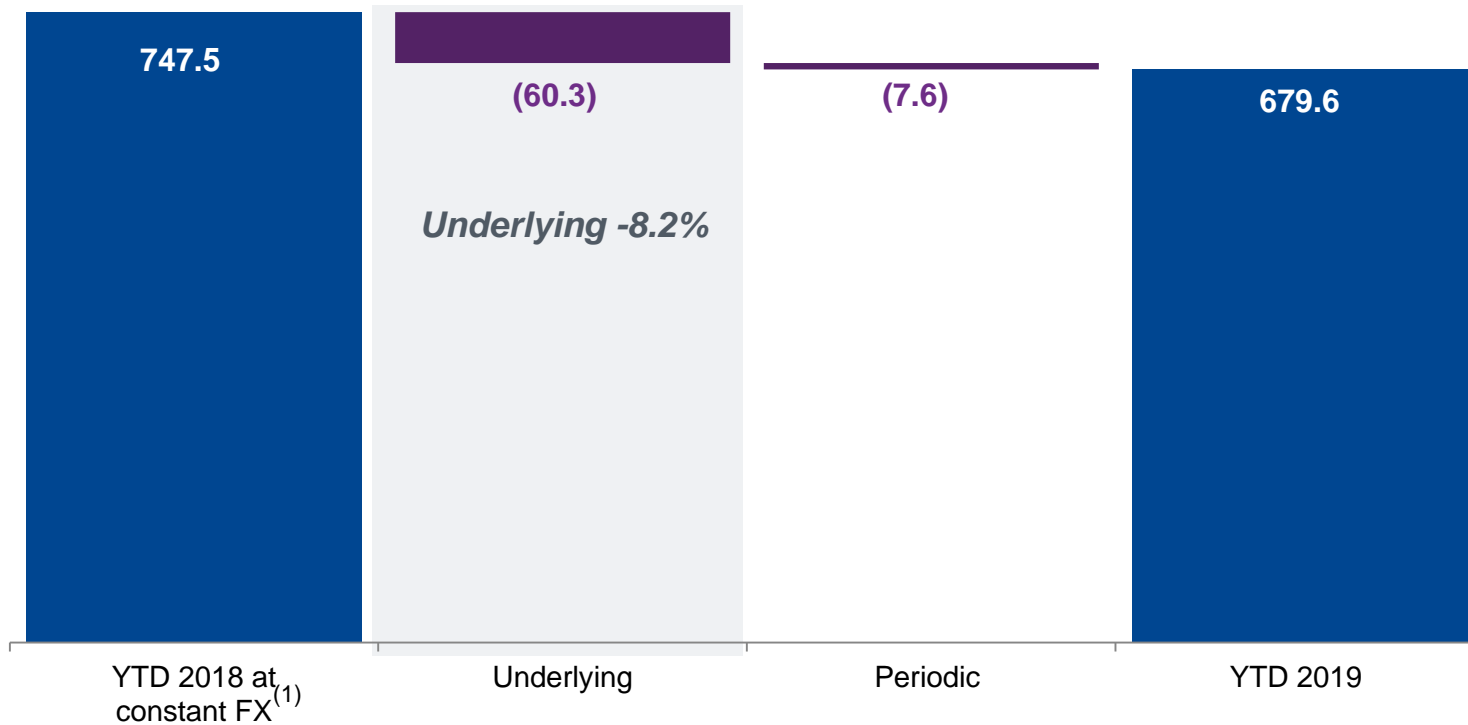
FOX SPORTS

Sharing Highest Quality Experience
 Bringing the FIFA Women's World Cup France 2019™ in 4K

Focus on Value Creation in Core Neighbourhoods

Video Distribution revenue walk

EUR million



▲ Underlying revenue 8.2% lower (YOY)

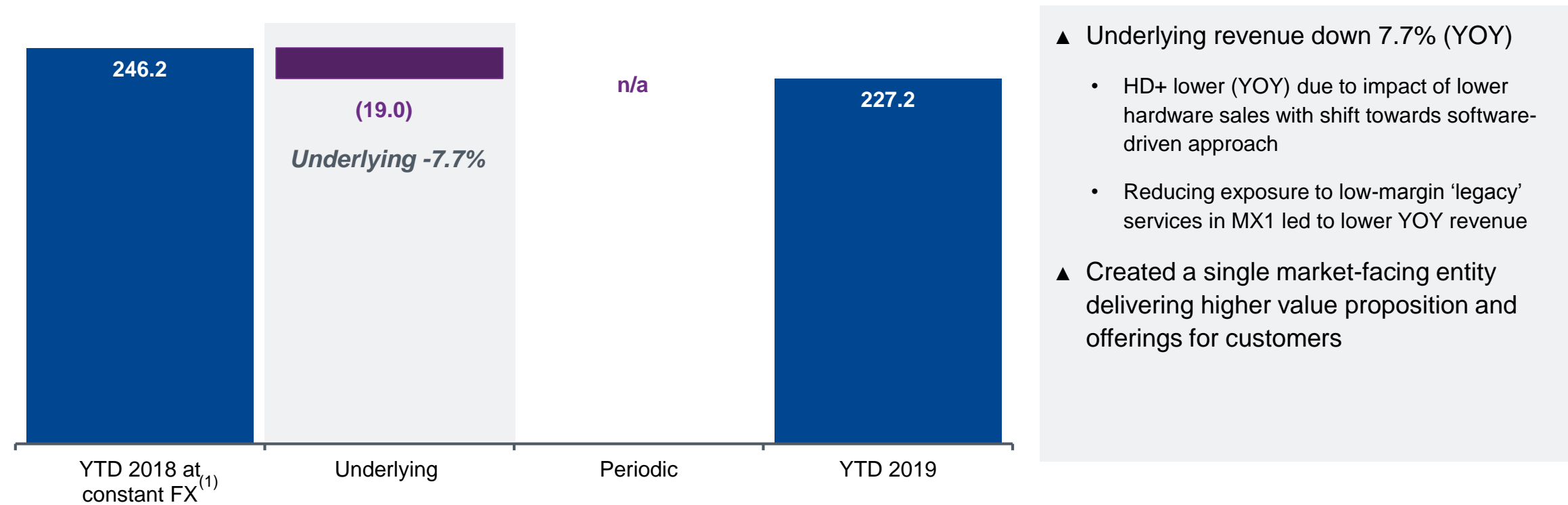
- Reduction in North American wholesale business and ongoing SD switch-off in the cable business
- In Europe, impact of certain long-term renewals secured and the reversal of some short-term contracts in 2018
- Making progress in International business with new customer contracts signed albeit not yet offsetting the challenges in specific markets

1) YTD 2018: EUR 734.7 million as reported

Refocusing Our Video Services to Deliver Enhanced Value Proposition

Video Services revenue walk

EUR million



- ▲ Underlying revenue down 7.7% (YOY)
 - HD+ lower (YOY) due to impact of lower hardware sales with shift towards software-driven approach
 - Reducing exposure to low-margin 'legacy' services in MX1 led to lower YOY revenue
- ▲ Created a single market-facing entity delivering higher value proposition and offerings for customers

1) YTD 2018: EUR 242.7 million as reported

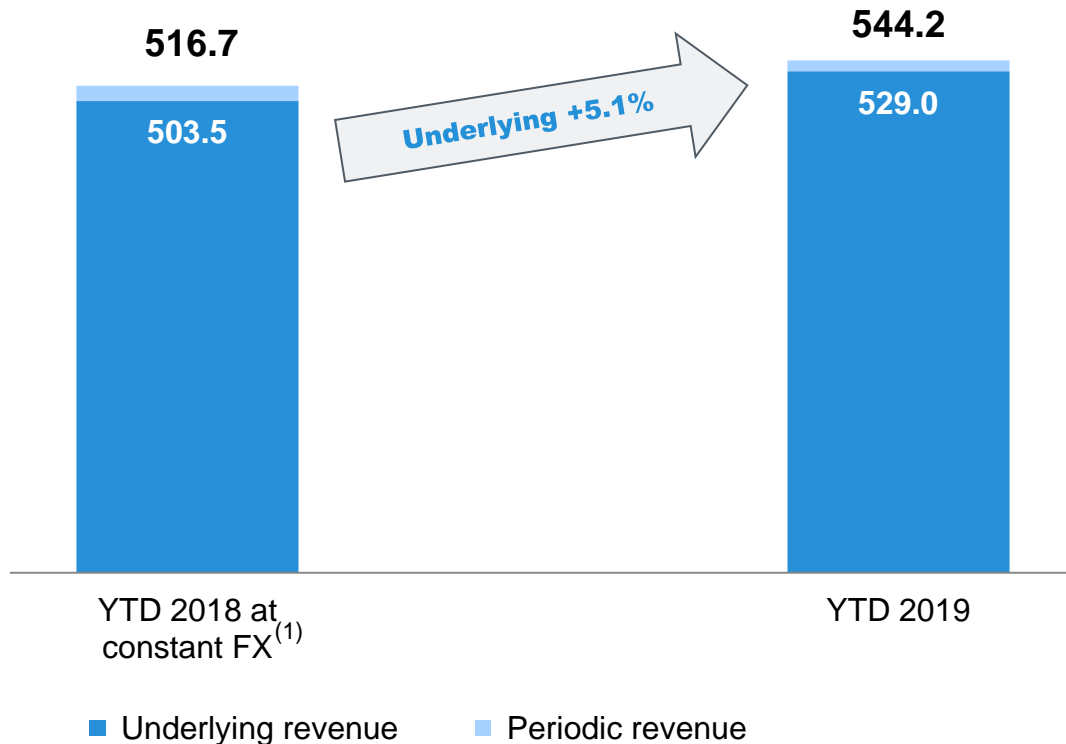
SES NETWORKS

John-Paul Hemingway, CEO of SES Networks

Focus on Continued Execution and Driving Sustained Revenue Growth

SES Networks revenue

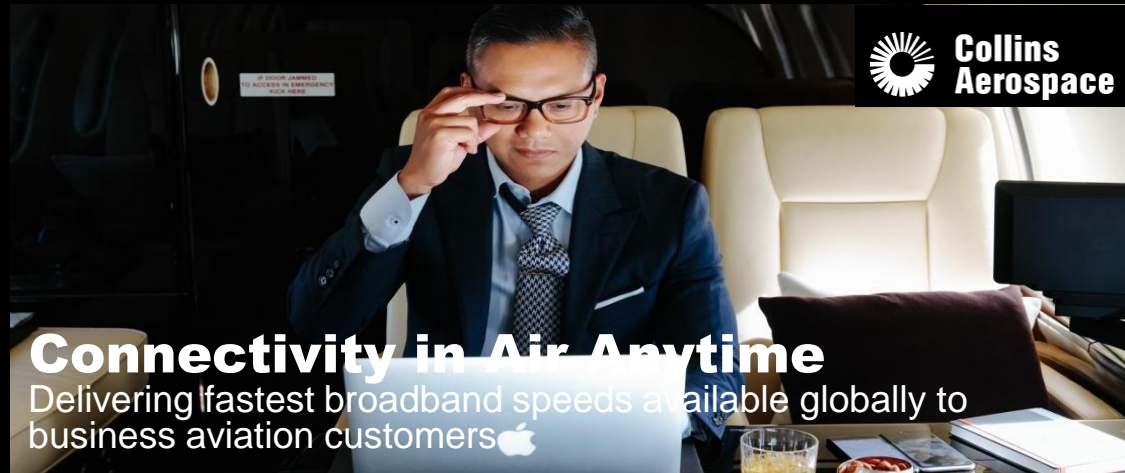
EUR million



- ▲ Capturing growing demand across multiple segments
 - Government, Mobility (Aero, Cruise), Fixed Data (4G, Rural Connectivity and Energy)
- ▲ Executing well on recently launched GEO HTS
 - Strong sales development on SES-12 and SES-14
 - Continued expansion on SES-15's market leading position in the North American aero segment
- ▲ On track to deliver on Networks outlook
 - Over 92% of 2019 revenue outlook secured
- ▲ Progress on O3b mPOWER program and customers
 - SpaceX contracted to launch initial 7 satellites in 2021
 - Customer opportunities in Fixed Data, Mobility and Government

1) YTD 2018: EUR 491.0 million as reported

Enabling Customers to Achieve Success



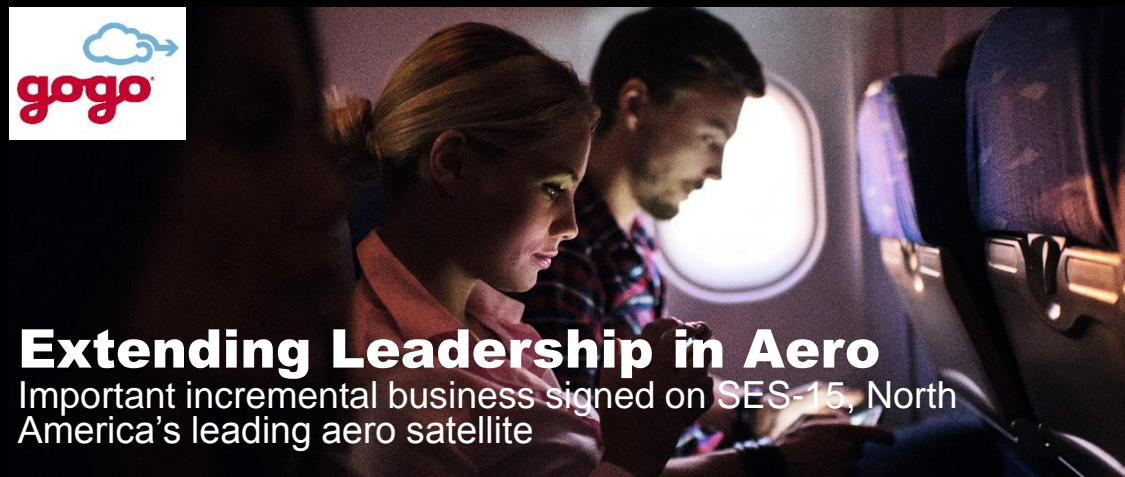
Collins Aerospace

Connectivity in Air Anytime
 Delivering fastest broadband speeds available globally to business aviation customers



Microsoft Azure

Empowering the cloud-scale era
 Collaboration with Microsoft Azure to seamlessly connect customers to cloud applications across the globe



gogo

Extending Leadership in Aero
 Important incremental business signed on SES-15, North America's leading aero satellite



telenor
 Telenor Pakistan

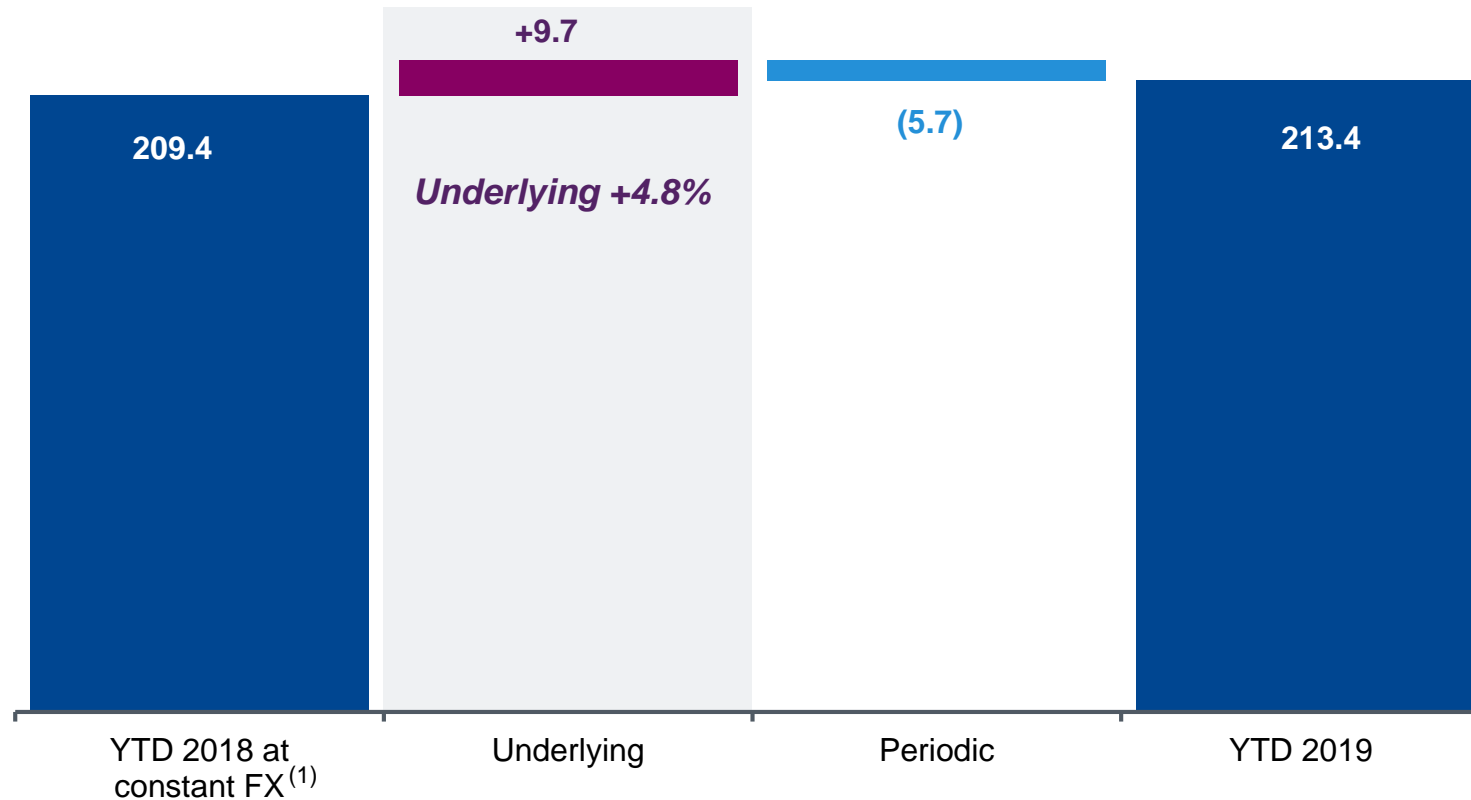
SUPERNET

4G Expansion in Pakistan
 Delivering 4G services in partnership with SuperNet and Telenor Pakistan across rural Pakistan

Driving Growth Across Government With Trusted Solutions

Government revenue walk

EUR million



▲ Underlying revenue grew by 4.8% (YOY)

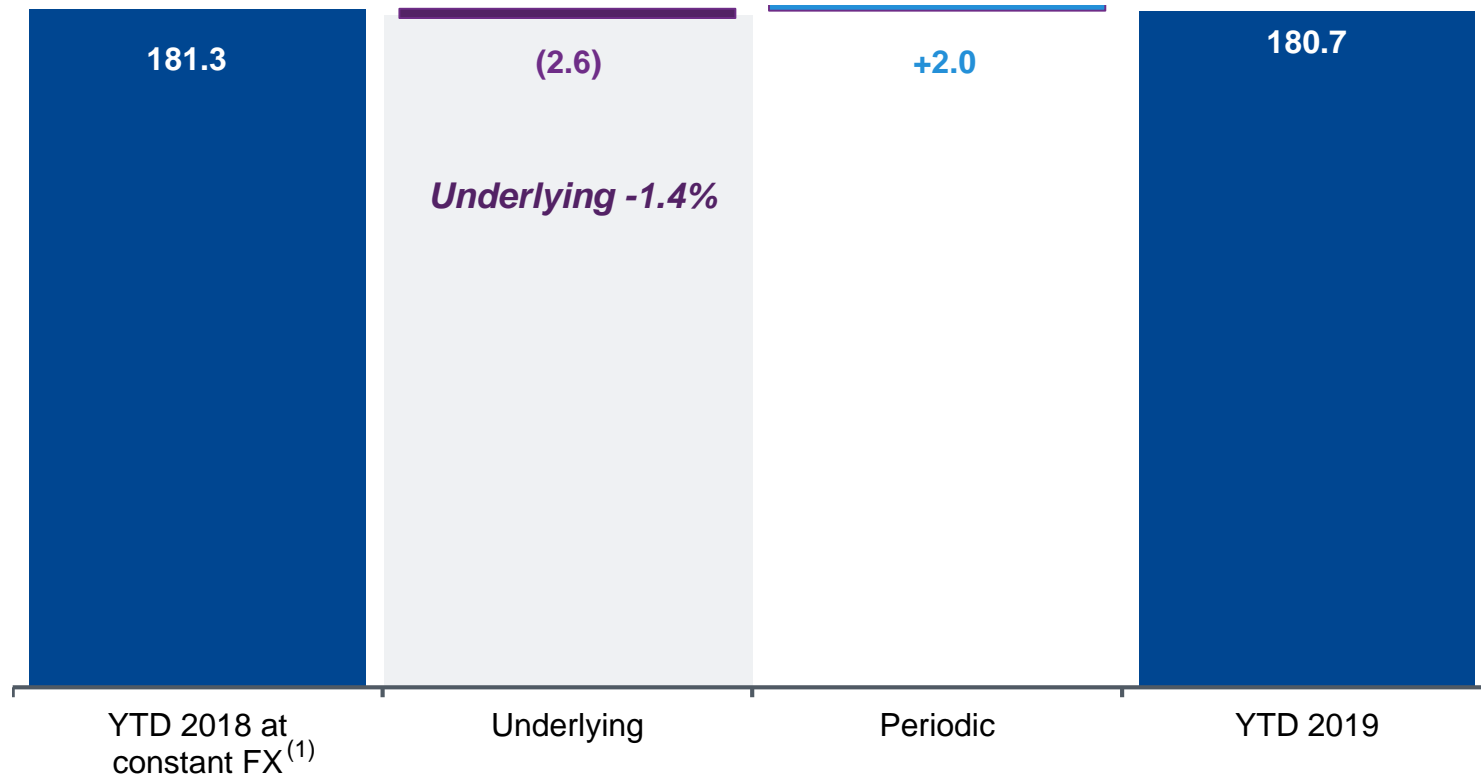
- U.S. Government growth supported by MEO and GEO-enabled network solutions
- Additional U.S. Government MEO mission secured in second half 2019, with further mission opportunities ahead
- Growth in Global Government driven by expansion in managed services for government-funded connectivity projects, humanitarian and peacekeeping operations, as well as strong execution in institutional projects

1) YTD 2018: EUR 200.6 million as reported

Fixed Data Performing Robustly With Pipeline Building

Fixed Data revenue walk

EUR million



▲ Underlying revenue declined 1.4% (YOY)

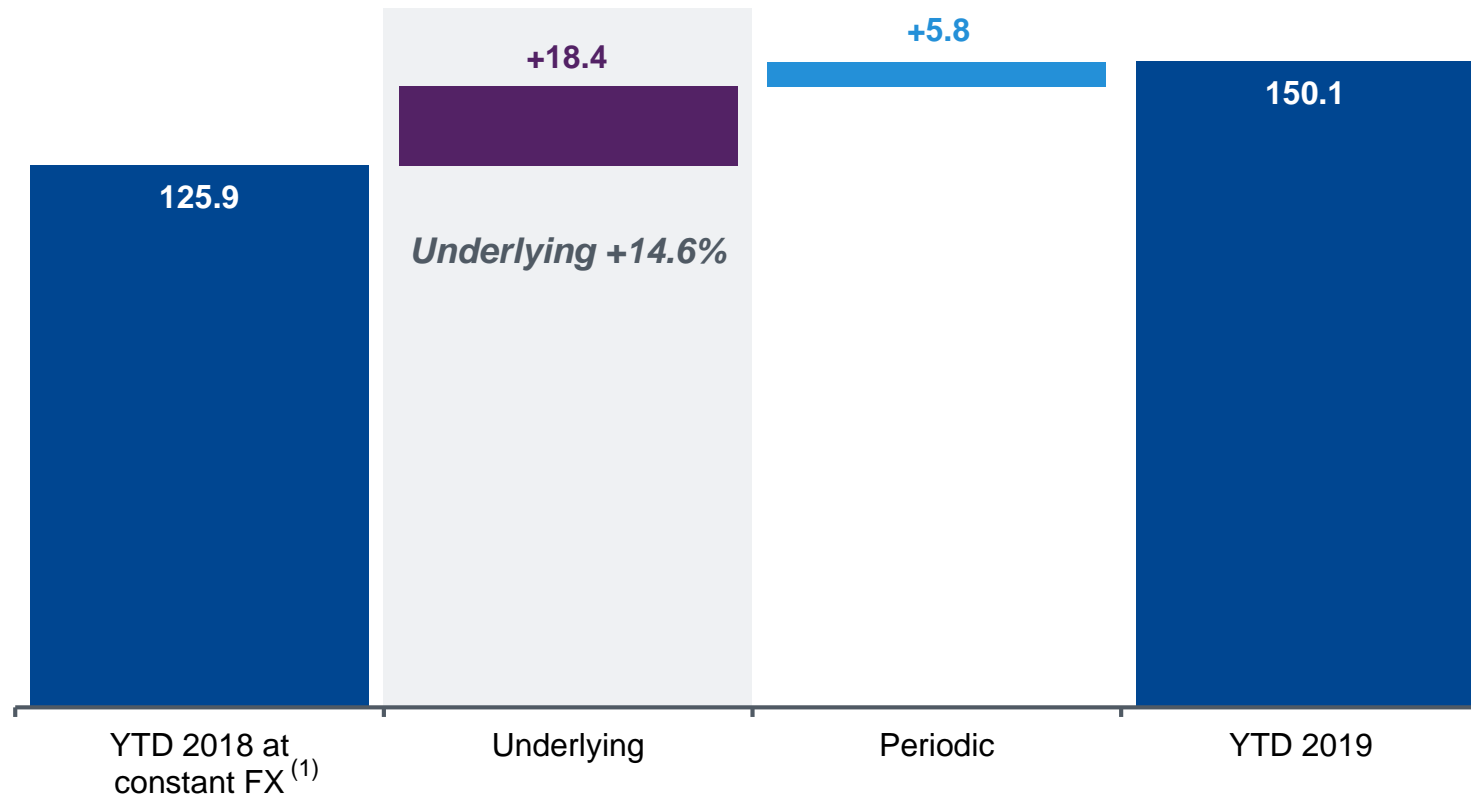
- Growth in Latin America with SES-14 and Managed Platforms, 4G customer expansion and rural inclusion WiFi projects
- Continued Energy growth through ongoing MEO service adoption
- Lower wholesale capacity revenue in EMEA and Asia-Pacific not yet offset by the timing of customer upgrades and new commercial business

1) YTD 2018: EUR 171.6 million as reported

Continued Market Leadership in Aero and Cruise

Mobility revenue walk

EUR million



▲ Underlying revenue up 14.6% (YOY)

- Strong growth in Aero with SES-15 and SES-14 enabling Aero Service Providers to support North and Latin American airlines, as well as the expansion of SES' Ka-based aero network
- Growth in Maritime driven by continued expansion of existing and new cruise clients

1) YTD 2018: EUR 118.8 million as reported

FINANCIAL REVIEW

Andrew Browne, CFO

Financial Highlights

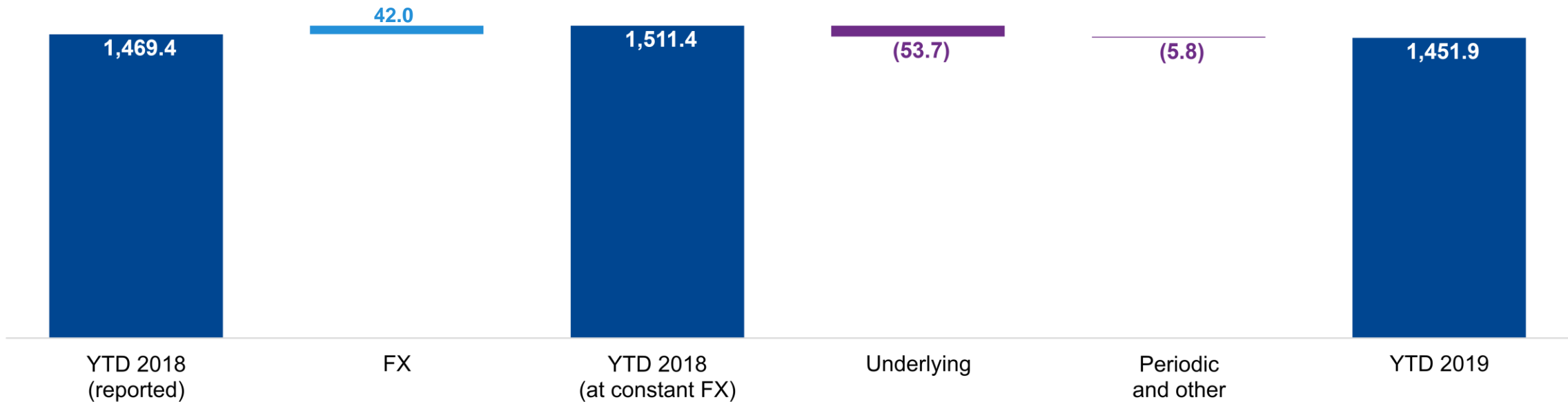
- ▲ **YTD reported revenue of EUR 1,451.9 million**, with underlying revenue⁽¹⁾ down 3.6% (YOY)
 - Group revenue -1.2% as reported and -3.9% at constant FX including periodic and other revenue
- ▲ **EBITDA of EUR 889.6 million** (-4.1% as reported and -6.6% at constant FX compared with prior year)
 - 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

1) 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

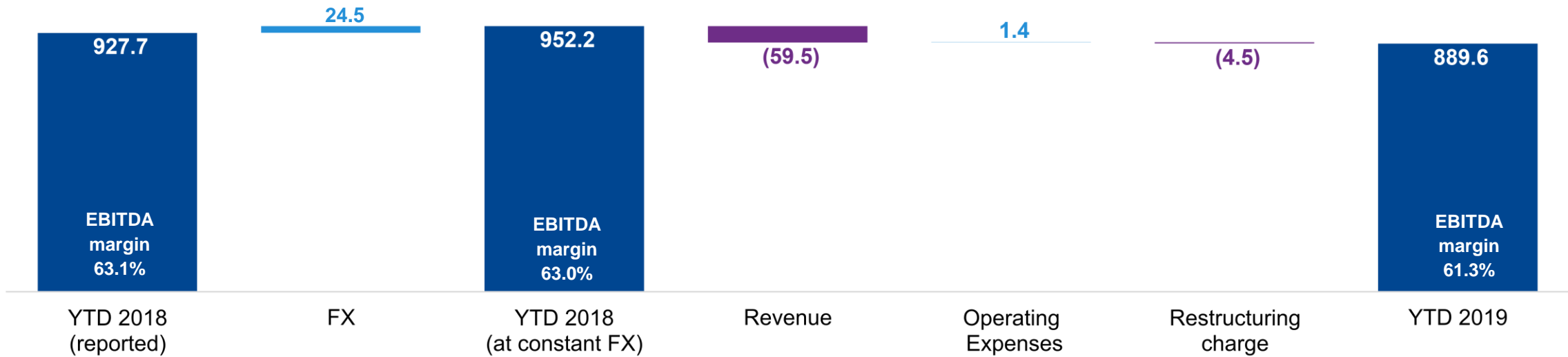


- ▲ Underlying revenue down EUR 53.7 million (or 3.6%) at constant FX compared with the prior year
- ▲ Sustained growth in Networks, with Video performing in line with expectations

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)

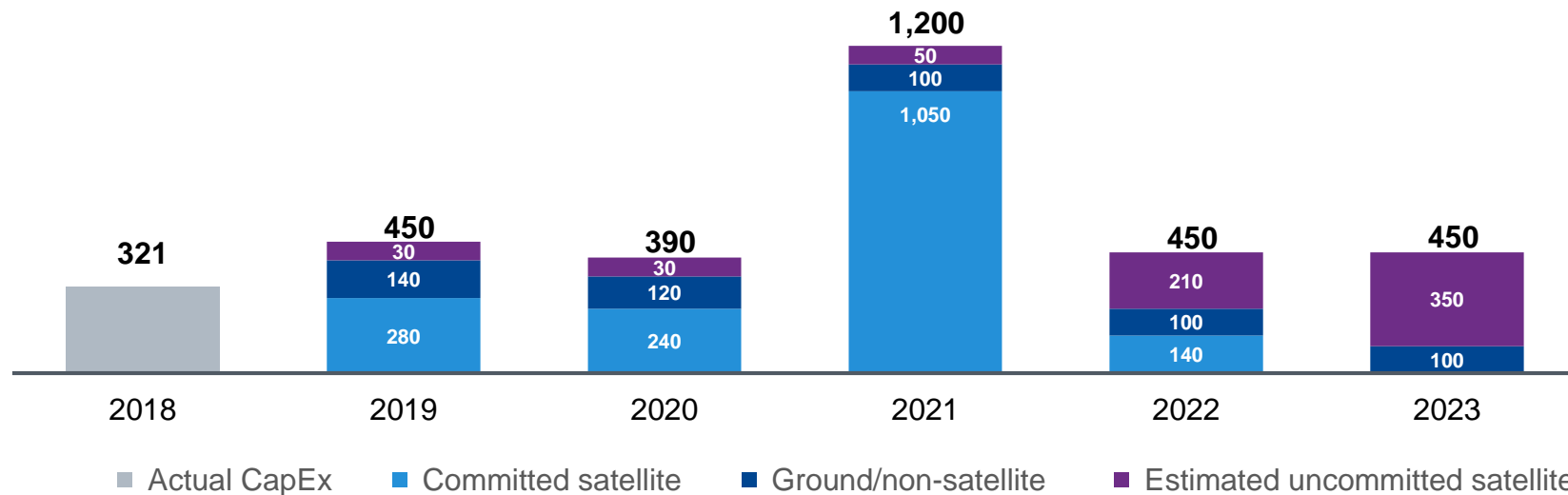
Net Profit of EUR 249.9 million

EUR million (as reported)	YTD 2019	YTD 2018	
EBITDA	889.6	927.7	
Depreciation, impairment and amortisation expense	(557.0)	(523.4)	← Slight increase in D&A (at constant FX) reflecting the addition of new assets
Operating profit	332.6	404.3	
- <i>Operating profit margin</i>	22.9%	27.5%	← 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)	←
Net profit attributable to SES shareholders	249.9	303.7	

CapEx Profile Unchanged

GEO-MEO Capital Expenditure (growth and replacement)⁽¹⁾

EUR million



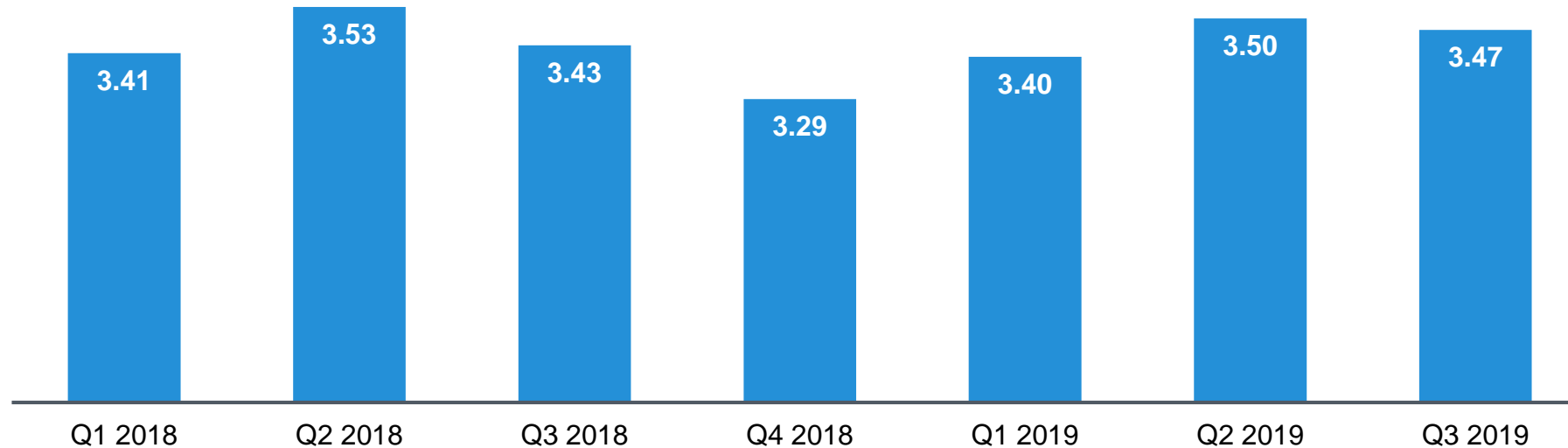
- ▲ Average CapEx investment of EUR 590 million over the next 5 years (2019-2023) including O3b mPOWER and SES-17 (2021)
- ▲ CapEx in 4 of the next 5 years of EUR 450 million or lower (nearly 10% lower than the average for 2014-2018 of EUR 490 million)

¹⁾ 2019-2023 assumes EUR/USD FX rate of EUR 1 = USD 1.15. CapEx includes payload, launcher, insurance and intangible investments (not previously included) but excludes capitalised interest (previously included) and financial investments

Leverage Development in Line with Expectations

Net debt to EBITDA

Times⁽¹⁾



- ▲ 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
Group revenue⁽¹⁾	1,975 – 2,040	2,060 – 2,160
Group EBITDA	1,220 – 1,265⁽²⁾	1,260 – 1,340

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

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

CONCLUSION

Steve Collar, CEO

Key Takeaways

Results in line with our expectations underlined by continued focus on execution

Focus on delivering strong Q4 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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