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# Press release

# Half Year 2017 Results: Solid Performance on Execution of SES's Differentiated Strategy

LUXEMBOURG, 28 July 2017 -- SES S.A. (Euronext Paris and Luxembourg Stock Exchange: SESG) announced financial results for the six months ended 30 June 2017.

**Delivering return to growth in revenue and profitability**

- Revenue EUR 1,048.7 million, up 9.6% over prior period (down 1.5% like-for-like[1])
- EBITDA margin 65.5% and operating profit margin 29.2%[2] (H1 2016[1]: 66.4% and 31.3% respectively)
- Net profit attributable to SES shareholders of EUR 275.5 million, up 21.2% over prior period
- Net debt to EBITDA ratio[3] 3.24 times (H1 2016: 2.03 times), in line with SES's financial framework
- Substantial contract backlog of EUR 7.5 billion (H1 2016: EUR 7.3 billion)

**Improving trend in SES Video and strong growth in SES Networks delivers stable verticals development**

- Improving trend in SES Video with Q2 2017 at -1.9% (YOY), compared with Q1 2017 at -4.2% (YOY)
- Stable outlook for SES Video, excluding short-term impact of launch schedule and satellite health changes
- Improved business mix and differentiated solutions driving 7.5% (YOY) growth in SES Networks
- Development agreement signed with Boeing to deliver next generation technology innovation

**Karim Michel Sabbagh, President and CEO, commented:** "SES continues to make a positive start to 2017 and is well positioned to generate sustained growth and improving returns.

SES Video continues to deliver differentiated services and enhance the viewing experience, with the proportion of integrated solutions nearly doubling versus last year. The improving trend in Q2 2017 underpins our stable outlook for 2017 before the temporary impact of changes due to launch schedule and satellite health, which are expected to result in a slight decline.

SES Networks' distributed network capabilities are driving strong growth across our data-centric verticals, expanding with global fixed data, aeronautical, maritime and government clients. The development agreement, signed today, with Boeing is the latest milestone in delivering next generation technology that will form the basis for SES's future network and will expand the future addressable market."

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[1] *Comparative figures are restated at constant FX to neutralise currency variations and assuming (on a pro forma basis) that RR Media and O3b had been consolidated from 1 January 2016*
[2] *Includes one-off impairment charge against AMC-9 of EUR 38.4 million. Excluding this item, H1 2017 operating profit margin was 32.8%*
[3] *Based on rating agency methodology (treats hybrid bonds as 50% debt and 50% equity). Under IFRS (treats hybrid bonds as 100% equity), net debt to EBITDA ratio was 2.79 times at 30 June 2017 (30 June 2016: 1.77 times)*

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## OPERATIONAL REVIEWS

At 30 June 2017, SES's fully protected contract backlog was EUR 7.5 billion (30 June 2016: EUR 7.3 billion). The substantial backlog is the result of the successful commercial activity across SES's two natural business units – SES Video and SES Networks.

### SES Video: 67% of group revenue (H1 2016: 70%)

- Reported revenue up 5.4% to EUR 699.7 million (-3.1% like-for-like)
- Improving trend with Q2 2017 at -1.9% (YOY) versus -4.2% (YOY) for Q1 2017
- Nearly doubling reported revenue from integrated media solutions

As expected, a significant improvement in the year-on-year (like-for-like) development between Q1 2017 (-4.2%) and Q2 2017 (-1.9%) led to an overall reduction of 3.1% for H1 2017, compared with the prior period. This resulted from the impact of higher periodic revenue, predominantly in Q1 2016, beginning to progressively normalise over the course of 2017. Q2 2017 benefited from the signing of new agreements covering the existing fleet and recently launched capacity.

At 30 June 2017, SES's global fleet carried a total of 7,741 TV channels, representing a year-on-year increase of 4%. SES's HDTV channel count grew by 6%, year-on-year, to 2,587 channels, while the SES satellite network now also carries 20 commercial UHD channels (30 June 2016: 16), including regional variations.

Consequently, HD penetration increased from 32.7% to 33.4% in the last 12 months. Over the same period, the proportion of total channels broadcast in MPEG-4 increased from 58.9% to 63.5% of SES's total TV channels.

The main highlights in Video included:

- Media Broadcast Satellite and SES agreed a multi-year capacity extension contract for use of a full transponder at 19.2 degrees East to continue to serve customers in Germany, Austria and Switzerland;
- Two multichannel video programming distributors (MVPDs) in the U.S. launched the first linear UHD services for cable and internet protocol (IP) TV subscriber homes using SES's end-to-end UHD solution;
- More than 25 MVPDs are now testing SES's UHD all-in-one in North America. This includes Verizon, which is using the platform to drive the overall development of UHD delivery solutions for Verizon Fios;
- Multi-year capacity agreement with MultTV to deliver approximately 60 (SD and HD) channels to smaller regional Internet Service Providers (ISP) across Brazil; and
- Successful launch of SES-10, which will serve the Andean Community (Bolivia, Columbia, Ecuador and Peru) for direct-to-home broadcasting as well as fixed data and mobility services.

MX1 has continued to build market traction, offering a differentiated combination of end-to-end, linear and non-linear, media solutions. Compared with H1 2016, the proportion of reported revenue from integrated media solutions (combining capacity and value-added services) has nearly doubled, supported by the acquisition of RR Media and the creation of MX1. The commercial highlights for MX1 included:

- Securing a long-term contract and expanded service agreement with Beta Film Ltd. for a range of media services, including content management, using the new and innovative MX1 360 platform;
- Contract with the Israel Premier Football League to provide end-to-end services for live content editing;
- MX1 and Sky Deutschland agreed a multi-year contract extension for the provision of back-up services to enable business continuity. The agreement includes playout and turnaround services, such as encoding, multiplexing and encryption, and uplink services;
- Multi-year distribution agreement with VUBIQUITY for a new service offering broadcasters, TV channels and rights holders the ability to aggregate content and reach millions of viewers quickly and simply; and
- Agreement to support the linear broadcasting requirements of a major global video on demand platform.

## SES Networks: 33% of group revenue (H1 2016: 29%)

- Reported revenue up 24.9% to EUR 343.4 million (+7.5% like-for-like)
- Growth in Mobility and Government, complemented by broadly stable development in Fixed Data
- Development agreement with Boeing to deliver next generation technology innovation

SES Networks comprises the Fixed Data, Mobility and Government verticals and integrates O3b's unique high throughput, low latency Medium Earth Orbit (MEO) constellation and distributed network capabilities. The progress in each of these data-centric verticals is discussed separately below.

SES and Boeing have, today, signed a new agreement to develop innovative technology improvements aimed at delivering next generation technology that will form the basis for SES's future satellite fleet.

## Fixed Data: 13% of group revenue (H1 2016: 12%)

- Reported revenue up 18.9% to EUR 139.6 million (-0.4% like-for-like)
- Further expansion and service upgrades by major global GEO and MEO clients offsetting lower point-to-point wholesale capacity revenue (now representing around 1.5% of group revenue)

As the only multi-orbit and multi-frequency distributed network solutions provider, SES Networks has continued to secure new business opportunities, as well as scaling up services with existing, long-term tier one clients. H1 2017 revenue also benefited from periodic revenue of around EUR 9 million.

SES Networks is focused on supporting the applications and networks of the future for a range of telecoms companies, mobile network operators, cloud-based services and corporate enterprises, where it can benefit from important elasticity of demand and significant growth opportunities. The main highlights in Fixed Data included:

- SES Networks will provide a full end-to-end solution, including wireless terrestrial communication, to connect nearly 900 sites throughout Burkina Faso using its high throughput, low latency MEO fleet;
- Orange Central African Republic contracted SES Networks to deliver faster 3G services and improved internet connections for enterprise clients and hundreds of thousands of people in the region;

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- Intersat signed a multi-year, multi-frequency capacity agreement for the delivery of internet solutions across Africa, using the SES network and supporting teleport services;
- Palau Telecoms increased contracted network capacity for the fifth time in under two years, nearly doubling its capacity requirement since going live on the MEO network;
- Timor Telecom extended their contract for MEO services, which now delivers more than one gigabit per second of low latency connectivity delivered to two sites operated by Timor Telecom; and
- Presta Bist Telecoms increased by 66% its contracted MEO capacity in response to rising demand for reliable, high-speed broadband in the Republic of Chad.

## Mobility: 8% of group revenue (H1 2016: 5%)

- Reported revenue up 88.1% to EUR 83.8 million (+37.1% like-for-like)
- H1 2017 included upfront revenue contribution from Global Eagle Entertainment (GEE) in Q1 2017
- Double-digit growth in both aeronautical and maritime underpinning strong growth outlook

In the first half of 2017, SES has continued to expand its global aeronautical mobility business with the leading providers of inflight connectivity and entertainment. This included:

- GEE announced the acquisition of a Ku-band payload on SES's AMC-3 satellite to boost capacity for its customers in North America, the Gulf of Mexico and the Caribbean;
- Gogo signed a new contract to use capacity on 12 Ku-band transponders, and supporting ground infrastructure, to expand high-speed inflight connectivity services over the U.S. and Canada; and
- Gogo subsequently leased all available capacity on AMC-4 to serve flights across Alaska, Hawaii, the west coast of the U.S., as well as over the Pacific Ocean.

The agreements with GEE and Gogo reflect SES's unique approach of leveraging its global fleet, including non-station-kept satellites, to support growth opportunities across the Mobility sector.

SES Networks continued to gain market traction and benefit from differentiated capabilities to deliver flexible and scalable connectivity network solutions in maritime, including:

- Multi-year contract with Primacom, which will use SES's fully-managed Maritime+ service to deliver reliable and high-speed connectivity to vessels operating in the Asia-Pacific region;
- Multi-year agreement with Telenor Maritime to provide a fully-managed solution delivering a high-quality end-user experience for passengers on eight of Silversea Cruise Ships' ultra-luxury vessels;
- SES and GT Maritime announced a partnership to provide a new volume-based solutions package, using SES Networks' Maritime+ service, for a range of vessels across Europe and the Middle East;
- Patrakom signed a multi-year agreement to use capacity across SES-9's powerful mobility beam to provide connectivity for over 80 passenger vessels and oil barges traversing Indonesian waters; and
- Satcom Global contracted capacity on both SES's existing fleet and upcoming next generation hybrid satellites to deliver seamless, high-speed connectivity solutions for its customers.

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## Government: 12% of group revenue (H1 2016: 12%)

- Reported revenue up 6.3% to EUR 120.0 million (+1.6% like-for-like)
- Growing in global government, including important new business for LuxGovSat and O3b
- SES GS benefiting from differentiated solutions and increasing stabilisation of U.S. Government demand

The main highlights in Government included:

- SES GS contracted, on a multi-year basis, additional MEO services with a U.S. Government customer;
- SES and the Luxembourg Ministry of Foreign Affairs extended a contract to maintain and support SATMED, a satellite-enabled e-health platform, until 2020; and
- SES launched the Rapid Response Vehicle (RRV), a new Government+ solution, capable of delivering multi-orbit (GEO-MEO) and multi-frequency connectivity for a broad range of government missions.

## Future satellite capacity and fleet update

**COMMITTED LAUNCH SCHEDULE**

| Satellite | Region | Application | Launch Date |
|---|---|---|---|
| **SES-10** | Latin America | Video, Fixed Data | Launched (March 2017) |
| **SES-11** | North America | Video, Fixed Data | Q4 2017 (from Q2 2017) |
| **SES-12**(1) | Asia-Pacific | Video, Fixed Data, Mobility | Q1 2018 (from Q4 2017) |
| **SES-14**(1) | Latin America | Video, Fixed Data, Mobility | Q1 2018 (from Q4 2017) |
| **SES-15**(1) | North America | Fixed Data, Mobility, Government | Launched (May 2017) |
| **SES-16/GovSat-1**(2) | Europe/MENA | Government | Q4 2017 |
| **O3b (satellites 13-16)** | Global | Fixed Data, Mobility, Government | Q1 2018 |
| **O3b (satellites 17-20)** | Global | Fixed Data, Mobility, Government | H1 2019 |
| **SES-17** | Americas | Fixed Data, Mobility, Government | H1 2021 |

*1) To be positioned using electric orbit raising (entry into service typically around six months after launch)*
*2) Procured by LuxGovSat*

On 30 March 2017, SES-10 was successfully launched on board a SpaceX Falcon 9 rocket, becoming the first GEO satellite to launch on a flight-proven first-stage rocket booster, and entered into service in May 2017.

On 18 May 2017, SES-15 was launched on a Soyuz rocket, and is expected to enter into service at the end of 2017. This spacecraft is SES's first hybrid with wide beam and high throughput capacity serving inflight connectivity and entertainment over North America. SES-15 also carries a Wide Area Augmentation System (WAAS) hosted payload for the U.S. Government.

In June 2017, AMC-9 (48 total transponders) was affected by a significant anomaly, which resulted in an impairment charge of EUR 38.4 million against the spacecraft in the H1 2017 financial statements. SES was able to draw on its global fleet to rapidly restore customers' capacity. The impact on FY 2017 group revenue is expected to be between EUR 15 million and EUR 18 million, reflecting the reduction in the total number of available fleet transponders for future commercialisation.

In July 2017, SES determined that, due to a recent anomaly, the available capacity on NSS-806 is reduced by 12 transponders. The impact on FY 2017 revenue is expected to be between EUR 7 million and EUR 9 million, reflecting the reduction in total available fleet transponders for future commercialisation.

The impact of these anomalies is expected to be temporary as SES's fleet planning and new capacity from satellites expected to be launched within the next nine months will mitigate the short-term reduction in marketable capacity.

The revenue impact from the combination of changes in satellite health status, as well as the updated launch schedule, will be mainly in the second half of 2017. This will predominantly be in Video and is expected to have a lower impact on FY 2018 revenue development.

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# FINANCIAL REVIEW

### REVENUE BY MARKET VERTICAL

| EUR million | H1 2017 | H1 2016 | Change (reported) | Change (like-for-like)[1] |
|---|---|---|---|---|
| SES Video | **699.7** | 663.7 | +5.4% | -3.1% |
| SES Networks | **343.4** | 274.9 | +24.9% | +7.5% |
| *- Fixed Data* | ***139.6*** | *117.4* | *+18.9%* | *-0.4%* |
| *- Mobility* | ***83.8*** | *44.6* | *+88.1%* | *+37.1%* |
| *- Government* | ***120.0*** | *112.9* | *+6.3%* | *+1.6%* |
| **Sub-total** | **1,043.1** | 938.6 | +11.1% | +0.2% |
| Other[2] | **5.6** | 18.2 | n/m | n/m |
| **Group Total** | **1,048.7** | 956.8 | +9.6% | -1.5% |

*1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016*
*2) Other includes revenue not directly applicable to a particular vertical*

**Reported revenue** was 9.6% higher than the prior period, including the contribution from RR Media (acquired on 6 July 2016) and O3b (consolidated on 1 August 2016). On a like-for-like basis (at constant FX and assuming that RR Media and O3b had been consolidated from 1 January 2016), the combination of an improving trend in SES Video and strong growth in SES Networks resulted in a stable development across the four market verticals. The overall revenue reduction of 1.5% compared with the prior year was entirely due to lower "Other" revenue.

### OPERATING EXPENSES AND EBITDA

| EUR million | H1 2017 | H1 2016 | Change | Change |
|---|---|---|---|---|
| **Operating expenses** | **(361.6)** | (257.0) | (104.6) | -40.7% |
| **Operating expenses (constant FX)** | **(361.6)** | (260.7) | (100.9) | -38.7% |
| **Operating expenses (like-for-like)[1]** | **(361.6)** | (357.3) | (4.3) | -1.2% |
| | | | | |
| **EBITDA** | **687.1** | 699.8 | (12.7) | -1.8% |
| **EBITDA (constant FX)** | **687.1** | 707.9 | (20.8) | -2.9% |
| **EBITDA (like-for-like)[1]** | **687.1** | 706.9 | (19.8) | -2.8% |

*1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016)*

**Operating expenses** were EUR 4.3 million (or 1.2%) higher on a like-for-like basis, mainly due to higher variable cost of sales associated with O3b and HD+ revenue growth. The group's fixed cost base was stable on a like-for-like basis, reflecting SES's long-term track record of continuous fixed cost optimisation.

Reported **EBITDA** was 1.8% lower than the prior period (-2.8% like-for-like). The reported **EBITDA margin** of 65.5% compared to the H1 2016 margin of 73.1% as reported and 66.4% like-for-like.

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**DEPRECIATION, AMORTISATION AND OPERATING PROFIT**

| EUR million | H1 2017 | H1 2016 | Change | Change |
|---|---|---|---|---|
| **Depreciation and impairment expense** | **(342.0)** | (251.0) | (91.0) | -36.2% |
| **Amortisation expense** | **(39.1)** | (31.2) | (7.9) | -25.8% |
| **Depreciation, impairment and amortisation** | **(381.1)** | (282.2) | (98.9) | -35.1% |
| **Depreciation, impairment and amortisation (constant FX)** | **(381.1)** | (286.4) | (94.7) | -33.1% |
| **Depreciation, impairment and amortisation (like-for-like)[(1)]** | **(381.1)** | (374.0) | (7.1) | -1.9% |
| | | | | |
| **Operating profit** | **306.0** | 417.6 | (111.6) | -26.7% |
| **Operating profit (constant FX)** | **306.0** | 421.5 | (115.5) | -27.4% |
| **Operating profit (like-for-like)[(1)]** | **306.0** | 332.9 | (26.9) | -8.1% |

*1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016*

**Depreciation, impairment and amortisation expense** increased by EUR 98.9 million mainly due to the consolidation of O3b and RR Media, as well as an impairment charge of EUR 38.4 million against AMC-9. Like-for-like depreciation and amortisation (excluding the impairment charge) was 8.4% lower than the prior period reflecting lower depreciation on the O3b fleet and a net reduction in the depreciation on the GEO fleet, which more than offset additional depreciation from new capacity added.

**Operating profit** was 26.7% lower (-8.1% like-for-like) than the prior period, and the group's **operating profit margin** was 29.2% (H1 2016: 43.7% as reported and 31.3% like-for-like). Excluding the one-off impairment charge against AMC-9, like-for-like operating profit was 3.5% higher and the operating profit margin was 32.8%.

**PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS**

| EUR million | H1 2017 | H1 2016 | Change | Change |
|---|---|---|---|---|
| Net interest expense and other | **(96.1)** | (93.8) | (2.3) | -2.5% |
| Capitalised interest | **21.8** | 16.4 | +5.4 | +33.0% |
| Net foreign exchange gains | **5.7** | 1.8 | +3.9 | n/m |
| **Net financing costs** | **(68.6)** | (75.6) | +7.0 | +9.2% |
| | | | | |
| **Profit before tax** | **237.4** | 342.0 | (104.6) | -30.6% |
| | | | | |
| **Income tax** | **40.1** | (59.6) | +99.7 | n/m |
| **Profit after tax** | **277.5** | 282.4 | (4.9) | -1.7% |
| | | | | |
| **Share of associates' results (net of tax)** | **--** | (54.1) | +54.1 | n/m |
| **Non-controlling interests** | **(2.0)** | (1.0) | (1.0) | n/m |
| **Profit attributable to SES shareholders** | **275.5** | 227.3 | +48.2 | +21.2% |

**Net financing costs** included a net foreign exchange gain of EUR 5.7 million (H1 2016: EUR 1.8 million). Net interest expense was broadly in line with the prior year, as additional finance costs from RR Media and O3b were offset by lower same scope net interest and higher capitalised interest. As presented using IFRS recognition principles, net financing costs exclude the interest payments for the EUR 1.3 billion of hybrid (perpetual) bonds issued during 2016 at an average coupon of 5.05%.

The positive contribution from **income tax** of EUR 40.1 million resulted from the release of certain tax provisions and the recognition of a tax asset in relation to withholding tax in Latin America. Excluding these items, the group's **effective tax rate** was 13.1% (H1 2016: 17.4%).

As a result of the consolidation of O3b on 1 August 2016, the group's **share of associates' results** (net of tax) was nil (H1 2016: loss of EUR 54.1 million).

**Net profit attributable to SES shareholders** increased by 21.2% compared with the prior period. **Earnings per share** was EUR 0.56 for the first half of the year (H1 2016: EUR 0.55), which included the impact of the increase in the weighted average number of shares following the group's equity raising in May 2016 and is after deducting the net of tax coupon for the hybrid bonds.

## Cash Flow and Financing

**FREE CASH FLOW BEFORE FINANCING ACTIVITIES**

| EUR million | H1 2017 | H1 2016 | Change | Change |
|---|---|---|---|---|
| **Net cash generated by operating activities** | **635.1** | 566.8 | +68.3 | +12.1% |
| **Net cash absorbed by investing activities** | **(259.9)** | (286.8) | +26.9 | +9.4% |
| **Free cash flow before financing activities** | **375.2** | 280.0 | +95.2 | +34.0% |

**Net cash generated by operating activities** was EUR 68.3 million (or 12.1%) higher than the prior period. When combined with lower net cash absorbed by investing activities, **free cash flow before financing** increased by EUR 95.2 million (or 34.0%) compared with H1 2016. Free cash flow as a proportion of revenue was 35.8% (H1 2016: 29.3%).

**NET DEBT TO EBITDA RATIO**

| EUR million | 30 June 2017 | 30 June 2016 | Change | Change |
|---|---|---|---|---|
| **Borrowings**(1) | **4,248.0** | 4,358.9 | (110.9) | -2.5% |
| **Cash and cash equivalents** | **(234.8)** | (1,777.7) | +1,542.9 | n/m |
| **Net debt** | **4,013.2** | 2,581.2 | +1,432.0 | +55.5% |
| | | | | |
| **Net debt / EBITDA (IFRS)** | **2.79 times** | 1.77 times | | |
| **Net debt / EBITDA (rating agency)**(2) | **3.24 times** | 2.03 times | | |

*1) As presented using IFRS recognition principles, where hybrid bonds are treated as 100% equity*
*2) Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity*

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The group's current and non-current **borrowings** were EUR 110.9 million (or 2.5%) lower than the prior period. The lower **cash and equivalents** mainly reflect the timing of cash outflows for the acquisition of RR Media and the consolidation of O3b in H2 2016.

The group's **net debt to EBITDA ratio** was 3.24 times as at 30 June 2017 (30 June 2016: 2.03 times), based on the treatment of SES's hybrid bonds as 50% debt and 50% equity.

## Financial Outlook

*The financial outlook aims to provide shareholders with an understanding of SES's growth trajectory, drivers and strategy execution in each of the market verticals, as well as the group's long-term value creation potential. The financial outlook assumes a nominal launch schedule and satellite health status.*

SES Video growth for FY 2017[1] is expected to be stable, in line with the previous outlook, before the combined impact of the later launches and changes in satellite health, as outlined on pages five and six. Including the temporary impact of these changes, SES Video is expected to decline slightly in FY 2017, returning to growth thereafter.

The previous targets for the three SES Networks verticals are all re-affirmed. For FY 2017, SES is targeting a return to growth in Fixed Data, strong growth in Mobility and stable-to-slight growth in Government.

SES's future revenue trajectory will benefit from the contribution of recently added and forthcoming GEO-MEO investments, planned to be launched by the end of 2019, which are expected to generate incremental annualised revenue of up to EUR 750 million (equivalent to around 35% of 2016 group revenue) at 'steady-state'. Over 30% of this revenue is already contracted.

SES's EBITDA margin[1] is expected to be broadly stable for FY 2017 and FY 2018 and rising slightly thereafter, while operating profit margin[1] is expected to significantly improve to more than 40% in the medium term.

SES's capital expenditure (CapEx) in FY 2017 is now expected to be around EUR 120 million lower (from EUR 810 million to EUR 690 million), due to changes in launch timing and lower uncommitted CapEx.

These foundations will allow SES to significantly grow Return on Invested Capital (ROIC)[2] to over 10% in the medium term.

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[1] *On a like-for-like basis, assuming RR Media and O3b had been consolidated on 1 January 2016. On this basis, Full Year 2016 EBITDA margin of 66.7% and Full Year 2016 Operating profit margin (before gain on deemed disposal of equity interest) of 33.3%*
[2] *Net Operating Profit After Tax (NOPAT) divided by average of opening and closing shareholders' equity plus Net Debt*

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## CONSOLIDATED INCOME STATEMENT

**FOR THE SIX MONTHS ENDED 30 JUNE**

| EUR million | 2017 | 2016 |
|---|---|---|
| *Average Euro/U.S. Dollar exchange rate* | **1.0789** | 1.1106 |
| | | |
| **Revenue** | **1,048.7** | 956.8 |
| Operating expenses | **(361.6)** | (257.0) |
| **EBITDA**[(1)] | **687.1** | 699.8 |
| | | |
| Depreciation and impairment expense | **(342.0)** | (251.0) |
| Amortisation expense | **(39.1)** | (31.2) |
| **Operating profit** | **306.0** | 417.6 |
| | | |
| Finance income | **5.7** | 6.9 |
| Finance costs | **(74.3)** | (82.5) |
| **Net financing costs** | **(68.6)** | (75.6) |
| | | |
| **Profit before tax** | **237.4** | 342.0 |
| | | |
| Income tax benefit / (expense) | **40.1** | (59.6) |
| **Profit after tax** | **277.5** | 282.4 |
| | | |
| Share of associates' results (net of tax) | **--** | (54.1) |
| **Profit for the period** | **277.5** | 228.3 |
| | | |
| Non-controlling interests | **(2.0)** | (1.0) |
| **Profit attributable to owners of the parent** | **275.5** | 227.3 |
| | | |
| **Earnings per share (in EUR)**[(2)] | | |
| Class A shares | **0.56** | 0.55 |
| Class B shares | **0.22** | 0.22 |

*1) Earnings before interest, tax, depreciation, impairment, amortisation and share of associates' result (net of tax)*
*2) 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*

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR million | 30 June 2017 | 31 December 2016 |
|---|---|---|
| Property, plant and equipment | **4,773.7** | 5,156.3 |
| Assets in the course of construction | **1,330.1** | 1,389.6 |
| **Total property, plant and equipment** | **6,103.8** | **6,545.9** |
| Intangible assets | **4,863.0** | 5,247.7 |
| Deferred tax assets | **68.8** | 70.5 |
| Financial and other non-current assets | **175.3** | 215.6 |
| **Total non-current assets** | **11,210.9** | 12,079.7 |
| | | |
| Inventories | **36.1** | 30.2 |
| Trade and other receivables | **721.8** | 870.4 |
| Prepayments | **49.2** | 49.8 |
| Derivatives | **3.2** | -- |
| Income tax receivable | **63.2** | 28.3 |
| Cash and cash equivalents | **234.8** | 587.5 |
| **Total current assets** | **1,108.3** | 1,566.2 |
| **Total assets** | **12,319.2** | 13,645.9 |
| | | |
| Equity attributable to the owners of the parent | **5,948.9** | 6,806.5 |
| Non-controlling interests | **132.3** | 138.6 |
| **Total equity** | **6,081.2** | 6,945.1 |
| | | |
| Borrowings | **4,078.3** | 4,223.1 |
| Provisions | **33.3** | 44.7 |
| Deferred income | **372.3** | 411.8 |
| Deferred tax liabilities | **583.0** | 664.2 |
| Other long-term liabilities | **93.5** | 69.1 |
| **Total non-current liabilities** | **5,160.4** | 5,412.9 |
| | | |
| Borrowings | **169.7** | 204.3 |
| Provisions | **48.2** | 86.7 |
| Deferred income | **412.1** | 510.5 |
| Trade and other payables | **403.0** | 459.1 |
| Derivatives | **--** | 1.0 |
| Income tax liabilities | **44.6** | 26.3 |
| **Total current liabilities** | **1,077.6** | 1,287.9 |
| **Total liabilities** | **6,238.0** | 6,700.8 |
| | | |
| **Total equity and liabilities** | **12,319.2** | 13,645.9 |

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## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE SIX MONTHS ENDED 30 JUNE

| EUR million | 2017 | 2016 |
|---|---|---|
| **Profit before tax** | **237.4** | 342.0 |
| | | |
| Taxes paid during the year | **(45.9)** | (52.7) |
| Adjustment for non-cash items | **395.3** | 329.5 |
| **Consolidated operating profit before working capital changes** | **586.8** | 618.8 |
| Changes in working capital | **48.3** | (52.0) |
| **Net cash generated by operating activities** | **635.1** | 566.8 |
| | | |
| Payments for purchases of intangible assets | **(10.9)** | (12.2) |
| Payments for purchases of tangible assets | **(239.7)** | (252.4) |
| Other investing activities | **(9.3)** | (22.2) |
| **Net cash absorbed by investing activities** | **(259.9)** | (286.8) |
| **Free cash flow before financing activities** | **375.2** | 280.0 |
| | | |
| Proceeds from borrowings | **34.5** | 124.4 |
| Repayment of borrowings | **(68.7)** | (163.8) |
| Proceeds from perpetual bond(1) | **(1.8)** | 733.5 |
| Coupon paid on perpetual bond | **(24.7)** | -- |
| Dividends paid on ordinary shares, net of dividends received on treasury shares | **(547.3)** | (527.5) |
| Dividends paid to non-controlling interests | **(3.5)** | (3.6) |
| Interest on borrowings | **(110.1)** | (108.1) |
| Proceeds from issuance of shares(1), net of the contribution in kind | **--** | 885.5 |
| Payments for acquisition of treasury shares | **(42.6)** | (172.1) |
| Proceeds from treasury shares sold and exercise of stock options | **40.8** | 63.6 |
| Equity contribution by non-controlling interests | **1.9** | 12.5 |
| **Net cash (absorbed) / generated by financing activities** | **(721.5)** | 844.4 |
| **Free cash flow after financing activities** | **(346.3)** | 1,124.4 |
| | | |
| Net foreign exchange movements | **(6.4)** | 13.6 |
| | | |
| **Cash and cash equivalents at beginning of the period** | **587.5** | 639.7 |
| Net increase/(decrease) in cash and cash equivalents | **(352.7)** | 1,138.0 |
| **Cash and cash equivalents at end of the period** | **234.8** | 1,777.7 |

*1) Net of transaction costs*

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**Presentation of Results:**

A presentation of the results for investors and analysts will be hosted at 12.00 CEST on 28 July 2017, and will be broadcast via webcast and conference call. The details for the conference call and webcast are as follows:

| | |
|---|---|
| Belgium | +32 (0)2 620 0138 |
| France | +33 (0)1 76 77 22 23 |
| Germany | +49 (0)69 2222 10624 |
| Luxembourg | +352 342 080 8570 |
| U.K. | +44 (0)20 7136 2051 |
| U.S.A. | +1 646 254 3360 |

Confirmation code: 9759865

Webcast registration: http://edge.media-server.com/m/go/SES_HY_2017

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

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SES is the world-leading satellite operator and the first to deliver a differentiated and scalable GEO-MEO offering worldwide, with more than 50 satellites in Geostationary Earth Orbit (GEO) and 12 in Medium Earth Orbit (MEO). SES focuses on value-added, end-to-end solutions in two key business units; SES Video and SES Networks. The company provides satellite communications services to broadcasters, content and internet service providers, mobile and fixed network operators, governments and institutions. SES's portfolio includes the ASTRA satellite system, which has the largest Direct-to-Home (DTH) television reach in Europe, O3b Networks, a global managed data communications service provider, and MX1, a leading media service provider that offers a full suite of innovative digital video and media services.

Further information available at: www.ses.com

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