SES beyond frontiers

Press release

Full Year 2016 Results: a year of acceleration and building differentiated capabilities

2.7% growth in reported revenue and 10% growth in contract backlog, reaching EUR 8.1 billion

LUXEMBOURG, 24 February 2017 -- SES S.A. (Euronext Paris and Luxembourg Stock Exchange: SESG) announced financial results for the year ended 31 December 2016.

Strong business fundamentals delivering solid financial performance

- Reported revenue of EUR 2,068.8 million, up 2.7% over prior year (+2.4% at constant FX[1])
- Revenue 2.7% lower at same scope[2] and constant FX
- Group EBITDA margin of 70.2% (2015: 74.2%); same scope[2] EBITDA margin of 73.7%
- EUR 495.2 million gain related to O3b consolidation recognised in Q3 2016
- Net profit attributable to SES shareholders of EUR 962.7 million (2015: EUR 544.9 million)
- Net debt to EBITDA ratio[3] 3.09x (2015: 2.54x); O3b refinanced with EUR 60 million annual synergies
- Commitment to progressive dividend re-affirmed with a proposed dividend per A-share of EUR 1.34

Building differentiated, future-proof capabilities to deliver sustained profitable growth and returns

- Substantial contract backlog increased to EUR 8.1 billion (2015: EUR 7.4 billion)
- HDTV grew 7.2% (YOY) to 2,495 channels; now signed 21 commercial UHD channels
- O3b annual revenue up by over 90% (YOY), improving business mix and growth profile in Enterprise
- Expanding leading aero position with Global Eagle Entertainment, Gogo, Panasonic Avionics and Thales
- 9% growth (YOY) in number of global government customers, including new SES GS contracts

Karim Michel Sabbagh, President and CEO, commented: "2016 was a year of acceleration for SES. We continued to execute our strategy of building differentiated capabilities in the four market verticals. This contributed to delivering 2.7% growth in reported revenue and SES's highest ever contract backlog.

In Video, SES continued to enhance the viewing experience, adding nearly 170 HDTV channels and grew in UHD to 21 commercial channels. SES accelerated the scale-up of capabilities across the value chain through the creation of MX1, which now provides value-added ancillary capabilities to over 2,750 global TV channels and more than 120 Video on Demand platforms.

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[1] "Constant FX" restates comparative figures to neutralise currency variations and thus facilitate comparison
[2] "Same scope" excludes the impact of the consolidation of RR Media and O3b during 2016 (including transaction-related costs)
[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 2.65 times at 31 December 2016 (31 December 2015: 2.54 times)

Acquiring the remaining shares in O3b allowed SES to bring it fully into the group, which is now uniquely placed to deliver ubiquitous managed network solutions for our data customers. The efficient integration of GEO-MEO capabilities enabled SES to increase the number of prime global and regional enterprise customers and provides a strong growth engine for 2017 and beyond.

Mobility revenue grew 67% at same scope and constant FX and almost doubled in 2016 as reported. SES is now the partner of choice for the four major global providers of inflight connectivity and entertainment. The agreement with Thales for SES-17, and further agreements with Global Eagle Entertainment, Gogo and Panasonic Avionics, increased SES's significant Mobility backlog and validates our differentiated approach of building customised and scalable satellite-enabled solutions.

SES's Government business continued to recover in the U.S. as we are increasingly able to deliver services across the value chain. This includes customised end-to-end solutions, such as TROJAN. 2016 also marked the first joint award for SES and O3b by the U.S. Department of Defense. Equally important is SES's growth in international Government clients in 2016, including an important end-to-end service agreement for NATO's AGS.

In RR Media and O3b, SES acquired two important growth accelerators and realised EUR 60 million of annual financing synergies from fully refinancing the O3b debt, commencing in 2017. These were supported by EUR 2.2 billion of new financing completed within SES's financial framework.

SES is committed to building the business with strategic clarity, value accretive investments and strong execution. These fundamentals support our objective of delivering sustained and profitable growth in all four market verticals, and will enable SES to continue to generate attractive long-term returns for shareholders."

About SES

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 four key market verticals (Video, Enterprise, Mobility and Government). It provides satellite communications services to broadcasters, content and internet service providers, mobile and fixed network operators, governments and institutions, and businesses worldwide. SES's portfolio includes the ASTRA satellite system, which has the largest Direct-to-Home (DTH) television reach in Europe, and O3b Networks, a global managed data communications service provider. Another SES subsidiary, MX1, is a leading media service provider and offers a full suite of innovative digital video and media services. Further information available at: www.ses.com

OPERATIONAL REVIEW

SES is focused on delivering flexible and scalable global capabilities, and is uniquely positioned to provide comprehensive end-to-end solutions across each of the four market verticals – Video, Enterprise, Mobility and Government.

As a result of SES's commercial activity in 2016, the group's fully protected contract backlog increased from EUR 7.4 billion to EUR 8.1 billion for the year ended 31 December 2016. This included EUR 0.3 billion from O3b and EUR 0.1 billion from RR Media, which were consolidated by SES during 2016.

Video: 68% of group revenue (2015: 66%)

- Reported revenue grew 4.7% to EUR 1,398.8 million (+4.6% at constant FX)
- First contribution from RR Media complemented 0.4% growth at same scope and constant FX
- HDTV up 7.2% (YOY) to 2,495 channels; growing UHD to 21 global commercial channels
- Expanded international capabilities with SES-9 and acquisition of RR Media

SES's global Video business benefits from the unique combination of prime neighbourhoods, substantial technical reach of over 317 million households, hybrid platforms and ancillary services. These create significant value for over 600 broadcast clients served by SES and MX1 through long-term commitments.

Reported revenue benefited from the contribution of RR Media, which was consolidated on 6 July 2016 and merged with SES Platform Services to create MX1. As the world's leading media services provider, MX1 is entrusted with the distribution of over 2,750 global TV channels (including over 500 channels for which MX1 delivers fully managed playout services) and more than 120 Video on Demand (VoD) platforms.

The transition of Standard Definition (SD) to High Definition (HD) viewing formats is an important growth driver for SES. Since 31 December 2015, the number of HDTV channels broadcast over SES's global fleet increased by 7.2% to 2,495 HDTV channels. HDTV channels now represent 33.1% of SES's total TV channel count (31 December 2015: 31.2%), which also grew from 7,457 channels to 7,538 channels in 2016.

In Europe, SES's HDTV channel count grew by nearly 100 channels (or 14%) with the benefit of important new contracts and capacity renewals with a range of Pay-TV operators and Free-to-Air broadcasters. As a result, Europe HDTV penetration grew from 26% in December 2015 to 29% in December 2016. Many of these contracts also included ancillary services, which complemented the capacity agreements. For example, in December 2016, MX1 secured an additional contract to support the introduction of Sky's first free-to-air channel, Sky Sports News, in Germany and Austria via satellite.

Other notable long-term European video contracts in 2016 included a capacity renewal and extension with M7 Group to carry additional HDTV channels in Central and Eastern Europe; an agreement to broadcast NHK WORLD TV in HD; and an agreement for MX1 to provide content distribution services for the broadcast of

English Premier League matches in HD to TV service platforms, channels and networks across the Americas, Asia, Europe and the Middle East.

In December 2016, CANAL+ and SES signed a multi-year and multi-transponder agreement, re-affirming CANAL+ Group’s long-term commitment to satellite and resulting in a significant increase in contract backlog from the customer.

Additionally in December 2016, MX1 signed a multi-year agreement to manage the technical services and satellite transmission of Eurosport 1HD on SES’s HD+ platform in Germany. The new channel increased HD+’s encrypted HDTV offering to 23 channels, in addition to 35 free-to-air HD channels, which are now broadcast to 2.1 million paying subscribers (31 December 2015: 1.8 million).

SES has continued to maintain strong momentum in the introduction of commercial Ultra HD (UHD). SES has now secured agreements for 21 commercial UHD channels (31 December 2015: eight). These channels include the first two UHD channels launched by Sky Deutschland – Sky Sport Bundesliga UHD and Sky Sport UHD.

SES’s UHD distribution platform serving cable operators and multi-channel television platforms throughout North America is now home to nine linear UHD channels. During 2016, Travelxp 4K, 4KUNIVERSE, Nature Relaxation 4K, INsight TV and C4K360 joined SES’s UHD neighbourhood in North America (hosted on SES-1, SES-3 and AMC-18), which reaches over 100 million households.

In August 2016, bobbles.tv contracted SES capacity and MX1 services to launch a new global TV platform for expatriates living in Europe. This contract highlights the complementarity of satellite and terrestrial, as subscribers can select the Direct to Home (DTH) and/or the Over the Top (OTT) package. Under the agreement, SES and MX1 provide DTH and OTT back-end solutions, as well as distribution services via satellite and content delivery networks.

On 1 June 2016, SES-9 was brought into commercial service increasing capacity over important markets in the Asia-Pacific region and contributing to the further globalisation of SES’s video business. The satellite, co-located with SES-7, enables SES to expand a major video neighbourhood, which already serves over 22 million households. Prior to SES-9’s entry into service, SES announced a multi-year, multi-transponder agreement with Sky Cable, the Philippines’ largest cable TV operator, to deploy a nationwide DTH service. During the course of 2016, SES also continued the expansion of video platforms in South Asia, including agreements with key existing customers for capacity on SES-9.

Enterprise: 12% of group revenue (2015: 14%)

- Reported revenue of EUR 252.0 million; down 13.1% (-13.7% at constant FX)
- Revenue down 20.4% at same scope and constant FX
- Business mix and growth profile significantly improved by O3b consolidation (1 August 2016)

SES beyond frontiers

- O3b total revenue grew over 90% (YOY) to USD 109 million in 2016, of which Enterprise represented 50% and grew by 66% (YOY)

Enterprise revenue was 20.4% lower than the prior year at same scope and constant FX, or 17.8% lower excluding the contribution to 2015 revenue from capacity contracted to ARSAT, in advance of the planned migration to its own satellite, and the impact of capacity renewal with EchoStar on AMC-16.

Lower revenue derived from wholesale capacity contracted to small and medium-sized resellers for point-to-point applications was the main contributor to the lower 2016 results at same scope. SES has continued to reposition the Enterprise business and, as a result, these customers now represent around 2% of group revenue (2015: around 4%).

In August 2016, SES acquired the remaining shares of O3b, which operates a unique, global high throughput satellite (HTS) constellation at Medium Earth Orbit (MEO). In its second full year of commercial operations, O3b has generated USD 109 million of revenue, which represents an increase over the prior year of over 90%. O3b now serves 52 different customers around the world, of which around 65% have increased their initial bandwidth and services commitments since O3b began commercial operations in September 2014.

Year-on-year growth in O3b's enterprise revenue of 66% was a significant contributor to overall development in 2016, driven by increased demand from existing customers and new business contracts. During 2016, customers such as Digicel Pacific, Palau National Communications Corporation, SpeedCast International and Our Telekom contracted incremental O3b capacity.

In October 2016, RCS-Communication increased its capacity requirement to support increasing demand for cloud-based applications and enterprise resource planning systems in South Sudan. In addition to incremental capacity, RCS also became the first customer to implement O3b *Performance Services* Diversity solution, which uses a software defined networking platform to improve overall network reliability and resilience.

In January 2017, Palau Telecoms, Timor Telecom and Presta Bist were the most recent O3b customers to renew and expand their current service requirements. Having upgraded a number of times since 2014, Timor Telecom now receives more than one Gigabit per second (Gbps) of fibre-equivalent connectivity with network availability exceeding 99.9%. Palau Telecoms has increased network capacity five times in the last 24 months, nearly doubling its service capacity since going live over the O3b network to keep pace with growing subscriber demand.

In addition to O3b, SES has continued to expand commercial relationships with major global and regional enterprise customers.

In February 2016, SES launched the Enterprise+ Broadband service across five markets in Africa, providing a simple, affordable and flexible connectivity platform for service providers, and delivering up to one Gbps with 99.5% service availability.

Enterprise+ Broadband was the first product to be launched as part of Plus, SES's next generation data network that will provide customised solutions for Enterprise, Mobility and Government clients. SES is the only operator able to combine multiple satellite technologies (GEO wide beam, GEO HTS and MEO HTS) across a range of spectrum (C-, X-, Ku-, Ka-band), with a robust global management network and innovative IP-based solutions to optimally serve any customer requirement around the world.

In April 2016, SES secured a managed service agreement with Facebook to provide high-speed connectivity solutions to Sub-Saharan Africa, using SES's customised Enterprise+ Broadband services. The contract supports Facebook's Express Wi-Fi programme and involved designing a highly tailored solution, which uses SES satellite capacity and supporting data centre and implementation services.

In May 2016, SES and Gilat Satellite Networks Ltd. launched SES Enterprise+ Hybrid Broadband in Asia, an innovative solution using capacity on SES-9 and Gilat's hybrid terminal to provide cost-effective Internet connectivity to underserved areas at improved download speeds. In addition, SES established a new partnership with Indonesia's largest telecommunications services provider, PT Telekomunikasi Indonesia, to deliver connectivity also using SES-9 capacity.

Mobility: 6% of group revenue (2015: 3%)

- Reported revenue grew by 95.4% to EUR 133.7 million (up 95.3% at constant FX)
- Revenue grew by 67.3% at same scope and constant FX
- Enhanced SES's position as partner of choice to the four major global IFC/IFE providers
- Growing maritime business by scaling up capabilities and solutions, including addition of O3b

Reported revenue grew 67.3%, at same scope and constant FX, driven by significant commercial agreements secured for aeronautical and maritime services.

SES has secured major, long-term commitments for existing and future capacity, as well as services, with Global Eagle Entertainment (GEE), Gogo, Panasonic Avionics and Thales. Through these relationships, SES is now the partner of choice to all four of the world's leading providers of inflight connectivity (IFC) and inflight entertainment (IFE), which collectively serve nearly 90% of the total aircraft currently connected worldwide.

In February 2016, SES and Panasonic Avionics signed major, multi-year agreements for HTS and wide beam capacity aboard SES-14 and SES-15 to serve airline passengers throughout the Americas. Panasonic Avionics will also utilise the capacity to serve growing maritime markets, as well as oil and gas operations.

Also in February 2016, SES secured a major, long-term agreement with Gogo for HTS and wide beam capacity on SES-14 and SES-15.

SES-14 and SES-15 will deliver optimised coverage and solutions to meet the growing demand for high-speed connectivity and inflight entertainment on travel routes over the Americas, Caribbean and North Atlantic. These satellites, along with SES-12, are scheduled for launch in 2017 and will significantly enhance SES's global network of multi-layered (HTS and wide beam capacity) and multi-band capacity to meet the specific requirements of the evolving aeronautical market.

In September 2016, SES entered into a long-term commercial agreement with Thales to offer FlytLIVE, using SES-17, across the Americas and over the Atlantic Ocean. FlytLIVE is a new connectivity solution with full Internet services, including video streaming, games, social media and live television for passengers. Thales will launch FlytLIVE during 2017 on an SES-enabled network in advance of the launch of SES-17, an optimised Ka-band high throughput satellite, in 2020. The total value of the commitment made by Thales represents a significant share of the expected investment in the project.

In December 2016, GEE acquired a Ku-band payload on-board AMC-3 to expand their network capacity in North America, as well as the Gulf of Mexico and the Caribbean, for their airline customers. SES will operate the non-station-kept satellite, which is well positioned to play a vital role in GEE's delivery of connectivity solutions. This was then followed, in January 2017, by a further important multi-transponder agreement with a leading global IFC/IFE provider for capacity across SES's existing network, as well as supporting ground infrastructure.

SES's expanded maritime solutions, including O3b, also contributed to growth in 2016. Since entering commercial service in September 2014, O3b has expanded its commercial relationship with Royal Caribbean Cruises from providing capacity-only services to two cruise ships to delivering a fully managed end-to-end solution across 11 cruise ships. This contributed to year-on-year growth of 66% in O3b's mobility revenue for 2016.

In May 2016, SeaVsat selected SES's Enterprise+ Broadband solution and contracted additional satellite capacity to deliver connectivity and Voice over Internet P (VoIP) services to their maritime customers.

In September 2016, SES launched the global Maritime+ service, a managed connectivity service that combines SES's global network infrastructure and hybrid satellite capacity with the latest technology from VT iDirect.

In October 2016, O3b and RigNet announced an agreement to provide O3b services for MODEC's floating production storage and offloading vessels, situated off the coast of Brazil. The O3b solution will enable MODEC to deliver operational decisions in real time, thus improving overall production and operating efficiency.

In January 2017, SES announced an important partnership with Satcom Global to deliver a worldwide managed mobility service. The solution will form a crucial part of Aura, Satcom Global's new Ku-band Very Small Aperture Terminal (VSAT) service, which will provide seamless and reliable high-speed connectivity to hundreds of maritime, offshore and land customers.

SES beyond frontiers

Government: 12% of group revenue (2015: 13%)

- Reported revenue of EUR 241.8 million, down 6.2% (-6.6% at constant FX)
- Revenue 9.5% lower at same scope and constant FX, with growth in H2 2016 compared with H1 2016
- U.S. Army TROJAN and joint SES GS/O3b contracts delivering important U.S. government backlog
- Expanded global business with number of total government customers grown to 62 (up 9% YOY)

At same scope and constant FX, revenue was 9.5% lower than 2015, which had benefitted from the accelerated revenue contribution associated with the construction phase of the Wide Area Augmentation System (WAAS) and Global-Scale Observations of the Limb and Disc (GOLD) hosted payloads. Excluding these two U.S. government-funded payloads, revenue was 5.1% lower.

For over 40 years, SES Government Solutions (SES GS) has been providing satellite communications solutions to a range of U.S. government, intelligence and civilian agencies. In 2016, SES GS continued to recover from the impact of the U.S. budget sequestration and benefit from its ability to deliver differentiated services across the value chain.

In April 2016, SES GS was the sole winner of two important U.S. government TROJAN follow-on contracts, supporting the U.S. Army Intelligence and Security Command (INSCOM). Both contracts were secured as Blanket Purchase Agreements with five-year performance periods, and involved upgrading the original contracts from bandwidth-only to delivering a customised and managed global end-to-end solution. This program represents the largest government contract ever awarded to SES GS, with a total potential value of up to USD 285 million.

In August 2016, SES GS secured a contract to provide O3b's high throughput and low latency managed solution for a U.S. Department of Defense (DoD) end-user. The solution provides the capability to transfer large files from remote locations, allowing end-users to view simultaneous HD-quality videos and enhancing real time situational awareness. The contract also enables the U.S. government to order additional O3b services to meet surge requirements.

This contract followed the completion of SES GS and O3b's first managed services installation for the U.S. National Oceanic and Atmospheric Administration (NOAA), which provides an uninterrupted high-speed data connection between NOAA's National Weather Service Office (NWSO) in the Pacific and the primary NWSO in Hawaii. These contracts contributed to year-on-year growth in O3b's Government revenue of over 500% for the year ended 31 December 2016.

In 2016, SES has continued to globalise its Government business by adding new customers, capabilities, products and solutions. In January 2016, SES secured a new contract with the Kativik Regional Government, in Canada, to provide connectivity services across the northern Quebec region. The contract, which began in June 2016, uses 12 transponders to deliver critical communications capabilities to more than 14 remote communities by delivering up to three times the amount of bandwidth that was previously available.

In September 2016, SES introduced a first Government+ product offering designed to provide enhanced situational awareness for border security, special event monitoring and disaster response missions around the world. Tactical Persistent Surveillance (TPS) is a highly portable and cost effective solution, which hosts a variety of advanced sensor and communications payload options at altitudes of up to 1,000 feet. The advanced sensor payload can transmit or backhaul Intelligence, Surveillance and Reconnaissance (ISR) video and data via satellite to a centralised monitoring and control centre.

In October 2016, SES, as a partner in emergency.lu, provided vital connectivity services in Haiti to support disaster recovery efforts following Hurricane Matthew. Using the emergency.lu terminals and dedicated SES capacity, responders were able to re-establish vital communications links and improve the effectiveness of the humanitarian relief efforts.

In November 2016, LuxGovSat, a public-private partnership between the Luxembourg government and SES, secured a long-term agreement to support NATO's Alliance Ground Surveillance (AGS). Under the contract, LuxGovSat will deliver an end-to-end service, including commercial satellite capacity and associated managed services.

Fleet Utilisation

As of 31 December 2016, SES's GEO fleet comprised 1,530 available (36 MHz equivalent) transponders (31 December 2015: 1,502 available transponders). This included the new capacity from SES-9's entry into commercial service on 1 June 2016, offset by the acquisition of a Ku-band payload on AMC-3 by GEE in December 2016.

The recent GEE agreement demonstrates SES's overall strategy to build a robust, global and multi-layered network of traditional and high throughput capacity to meet the specific needs and requirements of high growth sectors.

In Q1 2016, power degradation on NSS-6 resulted in a reduction of five commercially available transponders, while no existing commercial traffic was impacted. The satellite will be replaced by SES-12, which is expected to be launched end-2017. There were no other events affecting commercially available capacity on the SES fleet in the year.

Of the group's total available capacity, 1,102 transponders were utilised (31 December 2015: 1,093 utilised transponders). Consequently, the utilisation rate was 72.0% as at 31 December 2016 (31 December 2015: 72.8%) for SES's GEO fleet.

Future satellite capacity

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
SES-10	Latin America	Video, Enterprise	Q1 2017
SES-11	North America	Video, Enterprise	H1 2017
SES-12(1)	Asia-Pacific	Video, Enterprise, Mobility	H2 2017
SES-14(1)	Latin America	Video, Enterprise, Mobility	H2 2017
SES-15(1)	North America	Enterprise, Mobility, Government	H1 2017
SES-16/GovSat-1(2)	Europe/MENA	Government	H2 2017
O3b (satellites 13-16)	Global	Enterprise, Mobility, Government	H1 2018
O3b (satellites 17-20)	Global	Enterprise, Mobility, Government	H2 2019
SES-17	Americas	Enterprise, Mobility, Government	2020

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

SES plans to launch six satellites by the end of 2017, adding important expansion capacity in fast-growing markets. These programmes are complemented by the addition of eight new satellites to O3b's unique high throughput and low latency MEO constellation, starting in 2018. These launches through 2019, plus SES-9 (which entered into service on 1 June 2016), are expected to contribute up to EUR 750 million of incremental annualised revenue at 'steady-state' utilisation (equivalent to over 35% of SES's 2016 group revenue), where important anchor customers have already been secured.

In September 2016, SES announced the procurement of SES-17, a Ka-band high throughput satellite that will provide optimal coverage for the busiest data corridors in the Americas and over the Atlantic Ocean. The satellite is expected to be launched in 2020 and is expected to add a further EUR 100 million of annualised revenue at 'steady-state' utilisation.

SES-10 is expected to be launched by the end of March 2017 and will be the first satellite to use a flight-proven SpaceX Falcon 9 orbital rocket booster. The satellite will provide enhanced coverage and important capacity expansion over Latin America.

Management Update

In February 2017, the Board of SES extended the SES Executive Committee with the appointments of Steve Collar, CEO of O3b; John Purvis, Chief Legal Officer; and Evie Roos, Chief Human Resources Officer. The Executive Committee is in charge of the daily management of the group.

John has been with SES since 2001, while Evie joined the company in 2013. The appointment of Steve will further align SES's differentiated GEO-MEO capabilities and approach, following the consolidation of O3b in August 2016.

SES beyond frontiers

FINANCIAL REVIEW

Income Statement

REVENUE BY MARKET VERTICAL

EUR million	2016	2015	Change (reported)	Change (constant FX)	Change (same scope and constant FX)(1)
Video	**1,398.8**	1,335.6	+4.7%	+4.6%	+0.4%
Enterprise	**252.0**	289.9	-13.1%	-13.7%	-20.4%
Mobility	**133.7**	68.4	+95.4%	+95.3%	+67.3%
Government	**241.8**	257.7	-6.2%	-6.6%	-9.5%
Other(2)	**42.5**	62.9	n/m	n/m	n/m
Group Total	**2,068.8**	2,014.5	+2.7%	+2.4%	-2.7%

1) Excluding contribution from RR Media and O3b from date of consolidation to 31 December 2016
2) Other includes revenue not directly applicable to a particular vertical and revenue contributions from interim missions

Reported revenue was 2.7% higher than the prior year (up 2.4% at constant FX) and included a contribution of EUR 62.9 million (2015: nil) from the consolidation of RR Media (from 6 July 2016) and EUR 49.7 million from O3b (from 1 August 2016), before EUR 8.8 million of inter-company eliminations.

Excluding RR Media and O3b, revenue of EUR 1,965.0 million was EUR 54.8 million (or 2.7%) lower at same scope and constant FX. Of this, EUR 40.4 million was due to the impact of the revenue contribution from 'legacy items', mainly in 2015. These items comprised the sale of European transponders, the planned migration of capacity contracted by ARSAT to its own satellite, the AMC-16 capacity renewal and the accelerated revenue associated with the construction phase of the WAAS and GOLD hosted payloads. Other revenue of EUR 42.5 million included important periodic revenue contributions.

OPERATING EXPENSES AND EBITDA

EUR million	2016	2015	Change	Change (%)
Operating expenses	**(617.3)**	(520.3)	(97.0)	-18.7%
Operating expenses (constant FX)	**(617.3)**	(519.7)	(97.6)	-18.8%
Operating expenses (same scope and constant FX)(1)	**(517.2)**	(519.7)	+2.5	+0.5%
EBITDA	**1,451.5**	1,494.2	(42.7)	-2.9%
EBITDA (constant FX)	**1,451.5**	1,500.1	(48.6)	-3.2%
EBITDA (same scope and constant FX)(1)	**1,447.8**	1,500.1	(52.3)	-3.5%

1) Excluding impact of RR Media and O3b from date of consolidation to 31 December 2016 (including transaction-related costs)

Operating expenses, at same scope and constant FX, improved by EUR 2.5 million (or 0.5%) due to on-going efficiencies. As reported, operating expenses were 18.7% higher due to the increase in costs following the consolidation of RR Media and O3b.

EBITDA was 2.9% lower than the prior year and 3.2% lower at constant FX. The reported EBITDA margin was 70.2% (2015: 74.2%) and 73.7% at same scope. During the year, the positive EBITDA contribution from RR Media and O3b was mostly offset by the non-recurring transaction-related costs associated with the acquisition of the two businesses.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT BEFORE GAIN ON DEEMED DISPOSAL OF EQUITY INTEREST

EUR million	2016	2015	Change	Change (%)
Depreciation	**(560.5)**	(536.8)	(23.7)	-4.4%
Amortisation	**(70.7)**	(62.8)	(7.9)	-12.5%
Depreciation and amortisation	**(631.2)**	(599.6)	(31.6)	-5.3%
Depreciation and amortisation (constant FX)	**(631.2)**	(602.1)	(29.1)	-4.8%
Operating profit before gain on deemed disposal of equity interest	**820.3**	894.6	(74.3)	-8.3%
Operating profit before gain on deemed disposal of equity interest (constant FX)	**820.3**	898.0	(77.7)	-8.6%

Depreciation and amortisation, at same scope and constant FX, reduced by EUR 21.8 million (or 3.6%) compared with the prior year and increased by 5.3% as reported due to the consolidation of RR Media and O3b. As a result, **Operating profit before gain on deemed disposal of equity interest** of EUR 820.3 million was 8.3% lower than the prior year (-8.6% at constant FX).

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	2016	2015	Change	Change (%)
Gain on deemed disposal of equity interest	**495.2**	--	n/m	n/m
Net interest expense and other	**(228.3)**	(196.5)	(31.8)	-16.2%
Capitalised interest	**39.7**	22.1	+17.6	+79.4%
Net foreign exchange gains	**14.3**	38.7	(24.4)	-63.0%
Net financing costs	**(174.3)**	(135.7)	(38.6)	-28.4%
Profit before tax	**1,141.2**	758.9	+382.3	+50.4%
Income tax expense	**(114.1)**	(84.9)	(29.2)	-34.5%
Profit after tax	**1,027.1**	674.0	+353.1	+52.4%
Share of associates' result	**(62.4)**	(126.7)	+64.3	+50.7%
Non-controlling interests	**(2.0)**	(2.4)	+0.4	+17.7%
Profit attributable to SES shareholders	**962.7**	544.9	+417.8	+76.7%
Coupon on hybrid bonds, net of tax	**(15.0)**	--	n/m	n/m
Adjusted profit attributable to SES shareholders	**947.7**	544.9	+402.8	+73.9%

The 2016 results include a reported **gain on deemed disposal of equity interest** of EUR 495.2 million, which was recognised directly before the full consolidation of O3b.

Net financing costs at same scope were EUR 6.9 million (or 5.0%) lower than prior year. Excluding the change in net foreign exchange gains, net financing costs reduced by EUR 31.4 million (or 19.6%) reflecting lower interest costs and higher capitalised interest. Reported net financing costs were up EUR 38.6 million (or 28.4%) due to the consolidation of RR Media and O3b. This includes non-recurring costs of EUR 21.6 million, associated with the early refinancing of the O3b debt, which secured EUR 60 million in financial synergies from 2017 onwards.

As presented using IFRS recognition principles, net financing costs exclude the annual interest payments for the EUR 1.3 billion of hybrid bonds issued during 2016 at an average coupon of 5.05%.

The group's **income tax expense** of EUR 114.1 million represented an **effective tax rate** of 10.0% (2015: 11.2%), or 17.7% excluding the gain on deemed disposal of equity interest of EUR 495.2 million.

The effect of non-cash movements associated with SES's minority shareholding in O3b (prior to consolidation on 1 August 2016) was the principal contributor to the **share of associates' result** being a loss of EUR 62.4 million (2015: loss of EUR 126.7 million).

The **net profit attributable to SES shareholders** was EUR 962.7 million (2015: EUR 544.9 million), including the EUR 495.2 million gain on deemed disposal of equity interest. Including the full costs associated with the hybrid bonds (treated as equity using IFRS recognition principles) issued in 2016, adjusted profit attributable to shareholders was EUR 947.7 million (2015: EUR 544.9 million).

Earnings per share of EUR 2.18 (2015: EUR 1.34) included the impact of the increase in the number of shares following the group's equity raising, completed 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	2016	2015	Change	Change (%)
Net operating cash flow	**1,274.1**	1,450.6	(176.5)	-12.2%
Investing activities	**(619.5)**	(560.6)	(58.9)	-10.5%
Free cash flow before financing and acquisitions	**654.6**	890.0	(235.4)	-26.4%
Acquisitions of RR Media and remaining O3b shares	**(762.2)**	--	(762.2)	n/m
Free cash flow before financing activities	**(107.6)**	890.0	(997.6)	n/m

Net operating cash flow was lower than the prior year due to the impact of timing in working capital and up-front payments related to hosted payloads in 2015. The group's cash conversion rate (measured as the ratio of net operating cash flow to EBITDA) was 87.8% (2015: 97.1%).

Investment in new satellite programmes contributed to an increase in **investing activities**. Excluding the cash outflow associated with the consolidation of RR Media and O3b, **free cash flow before financing activities** was EUR 654.6 million (2015: EUR 890.0 million) and represented 33.3% of same scope group revenue (2015: 44.2%).

NET DEBT TO EBITDA RATIO

EUR million	2016	2015	Change	Change (%)
Loans and borrowings[(1)]	**4,427.4**	4,431.7	(4.3)	-0.1%
Cash and equivalents	**(587.5)**	(639.7)	+52.2	+8.2%
Net Debt	**3,839.9**	3,792.0	+47.9	+1.3%
Net Debt / EBITDA (IFRS)	**2.65 times**	2.54 times		
Net Debt / EBITDA (rating agency)[(2)]	**3.09 times**	2.54 times		
Weighted average interest cost[(3)]	**3.87%**	3.86%		
Weighted average debt maturity	**7.8 years**	8.4 years		

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
3) Excluding loan origination costs, commitment fees and hybrid bonds

The group's **Net Debt to EBITDA ratio** was 3.09 times as at 31 December 2016 (31 December 2015: 2.54 times). This treats the hybrid bonds as 50% debt and 50% equity. As presented using IFRS recognition principles, where the hybrid bonds are treated as 100% equity, the Net Debt to EBITDA ratio was 2.65 times.

During 2016, SES raised EUR 2.2 billion (gross) from the issuance of new shares and the company's inaugural hybrid bond offerings.

In May 2016, SES raised total gross proceeds of EUR 909 million from the issuance of 39.86 million new Fiduciary Depositary Receipts (FDRs) and 19.93 million new Class B shares.

This was followed by the issuance of two hybrid bonds (one in June 2016 and one in November 2016) totalling EUR 1.3 billion at an average coupon of 5.05%. The hybrid bonds are non-dilutive instruments and receive 50% equity treatment from each of Moody's and S&P, while classified as equity under IFRS.

The proceeds from the equity raising and the hybrid bonds were used to acquire the remaining shares in O3b (for EUR 638.6 million), as well as repaying and refinancing O3b's most expensive debt facilities.

In December 2016, SES completed the refinancing of the entire USD 1.4 billion of O3b debt, generating EUR 60 million of annual financial cost savings from 2017. The refinancing was funded using available cash, which included the proceeds of the hybrid bond issued in November 2016.

Dividend

The Board of SES is proposing a dividend of EUR 1.34 for each Class A share and EUR 0.536 for each Class B share, in line with SES's commitment to a progressive dividend per share policy. This dividend, which is subject to approval at the company's Annual General Meeting on 6 April 2017, will be paid to shareholders on 26 April 2017.

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.

In 2016, SES achieved important milestones, extended its capabilities across the four verticals and significantly improved the business mix and growth profile.

SES's objective is to generate sustained growth in all market verticals, and is supported by an improved business mix and substantial contract backlog, which increased from EUR 7.4 billion to EUR 8.1 billion in 2016.

For 2017[1], SES is targeting stable to slight revenue growth across Video and Government, complemented by a return to growth in Enterprise and strong growth for Mobility.

SES's future revenue trajectory will benefit from the significant contribution of recently added and forthcoming GEO and MEO investments, 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'.

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

These foundations will allow SES's 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, 2016 EBITDA margin of 66.7% and 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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SUPPLEMENTARY INFORMATION

U.S. DOLLAR EXCHANGE RATE

	2016 average	2016 closing		2015 average	2015 closing
EUR 1 = U.S. dollars	**1.1060**	1.0541		1.1150	1.0887

BUSINESS SEGMENTATION

	Infrastructure	Services	Elimination/ Unallocated(1)	Group total
Revenue	1,698.4	610.8	(240.4)	**2,068.8**
EBITDA	1,391.2	94.5	(34.2)	**1,451.5**
2016 EBITDA margin	81.9%	15.5%	--	**70.2%**
2016 EBITDA margin (same scope)(2)	83.9%	17.5%	--	**73.7%**
2015 EBITDA margin (constant FX)	84.1%	16.0%	--	**74.3%**

1) Revenue elimination refers mainly to "pull through" capacity provided by Infrastructure to Services. EBITDA impact represents unallocated corporate expenses
2) Excluding contribution from RR Media and O3b from date of consolidation to 31 December 2016

QUARTERLY DEVELOPMENT OF OPERATING RESULTS (REPORTED)

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Average U.S. dollar exchange rate	*1.0933*	*1.0898*	*1.1314*	*1.1116*	***1.0914***
Revenue	521.9	481.6	475.2	533.3	**578.7**
Operating expenses	(134.2)	(125.4)	(131.6)	(172.2)	**(188.1)**
EBITDA	387.7	356.2	343.6	361.1	**390.6**
Depreciation	(143.0)	(126.4)	(124.6)	(150.2)	**(159.3)**
Amortisation	(16.5)	(15.6)	(15.6)	(18.1)	**(21.4)**
Operating profit before gain on deemed disposal of equity interest	228.2	214.2	203.4	192.8	**209.9**

QUARTERLY DEVELOPMENT OF OPERATING RESULTS (SAME SCOPE AND CONSTANT FX)

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Revenue	521.1	480.6	482.0	490.9	**520.9**
Operating expenses	(134.0)	(125.2)	(133.4)	(127.2)	**(133.8)**
EBITDA	387.1	355.4	348.6	363.7	**387.1**
Depreciation	(142.8)	(126.2)	(127.0)	(131.7)	**(133.5)**
Amortisation	(16.6)	(15.6)	(15.6)	(16.0)	**(18.2)**
Operating profit before gain on deemed disposal of equity interest	227.7	213.6	206.0	216.0	**235.4**

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2016	2015
Revenue	**2,068.8**	2,014.5
Cost of sales	**(231.0)**	(183.6)
Staff costs	**(233.1)**	(200.5)
Other operating expenses	**(153.2)**	(136.2)
Operating expenses	**(617.3)**	(520.3)
EBITDA(1)	**1,451.5**	1,494.2
Depreciation expense	**(560.5)**	(536.8)
Amortisation expense	**(70.7)**	(62.8)
Operating profit before gain on deemed disposal of equity interest	**820.3**	894.6
Gain on deemed disposal of equity interest	**495.2**	--
Operating profit	**1,315.5**	894.6
Finance income	**22.8**	53.1
Finance costs	**(197.1)**	(188.8)
Net financing costs	**(174.3)**	(135.7)
Profit before tax	**1,141.2**	758.9
Income tax expense	**(114.1)**	(84.9)
Profit after tax	**1,027.1**	674.0
Share of associates' results (net of tax)	**(62.4)**	(126.7)
Profit for the year	**964.7**	547.3
Non-controlling interests	**(2.0)**	(2.4)
Profit attributable to owners of the parent	**962.7**	544.9
Earnings per share (in EUR)(2)		
Class A shares	**2.18**	1.34
Class B shares	**0.87**	0.54

1) Earnings before interest, tax, depreciation, 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

AS AT 31 DECEMBER

EUR million	2016	2015
Property, plant and equipment	**5,156.3**	4,464.8
Assets in the course of construction	**1,389.6**	894.3
Intangible assets	**5,247.7**	3,587.4
Investment in associates	**--**	73.5
Other financial assets	**6.5**	60.3
Trade and other receivables	**78.5**	54.8
Deferred customer contract costs	**29.3**	--
Deferred tax assets	**70.5**	59.2
Total non-current assets	**11,978.4**	9,194.3
Inventories	**30.2**	8.5
Trade and other receivables	**971.7**	782.7
Prepayments	**49.8**	39.0
Derivatives	**--**	1.6
Income tax receivable	**28.3**	--
Cash and equivalents	**587.5**	639.7
Total current assets	**1,667.5**	1,471.5
Total assets	**13,645.9**	10,665.8
Equity attributable to the owners of the parent	**6,806.5**	3,932.5
Non-controlling interests	**138.6**	128.3
Total equity	**6,945.1**	4,060.8
Borrowings	**4,223.1**	4,177.9
Provisions	**44.7**	62.7
Deferred income	**411.8**	383.3
Deferred tax liabilities	**664.2**	655.9
Other long-term liabilities	**69.1**	75.9
Total non-current liabilities	**5,412.9**	5,355.7
Borrowings	**204.3**	253.8
Provisions	**86.7**	10.8
Deferred income	**510.5**	450.7
Trade and other payables	**459.1**	524.0
Derivatives	**1.0**	--
Income tax liabilities	**26.3**	10.0
Total current liabilities	**1,287.9**	1,249.3
Total liabilities	**6,700.8**	6,605.0
Total equity and liabilities	**13,645.9**	10,665.8

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

EUR million	2016	2015
Profit before tax	**1,141.2**	758.9
Taxes paid during the year	**(90.2)**	(67.4)
Interest expense	**142.3**	155.6
Loan repayment fees	**21.6**	--
Depreciation and amortisation	**631.2**	599.6
Amortisation of client upfront payments	**(71.4)**	(66.4)
Gain on deemed disposal of equity interest	**(495.2)**	--
Other non-cash items in consolidated income statement	**18.6**	6.8
Consolidated operating profit before working capital changes	**1,298.1**	1,387.1
Changes in working capital	**(24.0)**	63.5
Net operating cash flow	**1,274.1**	1,450.6
Payments for purchases of intangible assets	**(42.6)**	(36.5)
Payments for purchases of tangible assets, net of proceeds from disposals	**(577.4)**	(524.0)
Payments for acquisition of subsidiary, net of cash acquired	**(725.5)**	--
Net investment in equity-accounted investments	**(36.7)**	--
Other investing activities	**0.5**	(0.1)
Cash flow from investing activities	**(1,381.7)**	(560.6)
Free cash flow before financing activities	**(107.6)**	890.0
Proceeds from borrowings	**375.5**	--
Repayment of borrowings	**(1,682.4)**	(274.8)
Proceeds from issuance of perpetual bonds(1)	**1,274.7**	--
Interest paid	**(188.5)**	(180.7)
Dividends paid on ordinary shares, net of dividends received on treasury shares	**(527.5)**	(477.2)
Dividends paid to non-controlling interests	**(7.2)**	(6.0)
Equity contribution by non-controlling interests	**12.5**	39.3
Issue of shares, net of the contribution in kind	**882.2**	218.8
Payments for acquisition of treasury shares	**(197.6)**	(192.8)
Proceeds from treasury shares sold and exercise of stock options	**100.8**	116.7
Other financing activities	**2.6**	(1.6)
Cash flow from financing activities	**45.1**	(758.3)
Free cash flow after financing activities	**(62.5)**	131.7
Net foreign exchange movements	**10.3**	(16.5)
Cash and equivalents at beginning of the year	**639.7**	524.5
Net increase/(decrease) in cash and equivalents	**(52.2)**	115.2
Cash and equivalents at end of the year	**587.5**	639.7

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 10.30 CET on 24 February 2017, and will be broadcast via webcast and conference call. The details for the conference call are as follows:

Belgium	+32 (0)2 620 0138
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Germany	+49 (0)69 2222 10623
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Confirmation code: **6442835**

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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