



## Press Release

# SES Q1 2022 RESULTS

***“Solid start to 2022 with financial outlook and growth investments on track”***

Luxembourg, 5 May 2022 -- SES S.A. announces financial results for the three months ended 31 March 2022.

### **Solid performance delivering revenue of €448 million and Adjusted EBITDA<sup>(1)</sup> of €274 million**

- Important renewals in Video (-6% YOY<sup>(2)</sup>, -4% YOY excluding US wholesale) delivering long-term value
- Resilient Networks performance (flat YOY<sup>(2)</sup>) with Mobility growth and new Government wins to drive future revenue
- Adjusted Net Profit up 17% to €88 million including the benefit of lower recurring operating and interest expenses
- 2021 dividend of €0.50 per A-share (+25% YOY) was paid to shareholders in April 2022

### **On track to deliver robust 2022 Revenue and EBITDA and drive long-term value from differentiated growth investments**

- Over 85% of 2022 Group Revenue outlook (€1,750-1,810 million<sup>(3)</sup>) already under contract
- 2022 Adjusted EBITDA<sup>(1)</sup> outlook (€1,030-1,070 million<sup>(3)</sup>) reflects robust profitability despite added spend to drive Networks growth
- \$910 million<sup>(4)</sup> of gross backlog for SES-17 (in service mid-2022) & O3b mPOWER (service introduction beginning 2023)
- \$450 million DRS GES acquisition<sup>(5)</sup> doubles US government revenue and profitably expands in a high value, growth segment

**Steve Collar, CEO of SES, commented:** “We have made a solid start to 2022 with a strong financial performance supporting the delivery of our full year 2022 outlook and further execution on our key strategic goals.

Our Video business continues to deliver long-term value for customers as demonstrated by the most recent deal announced with long-term partner Sky UK, valued at around €85 million. We have continued to see customers transitioning from SD to HD in the quarter and achieved year-on-year growth of HD+ in Germany. Our Networks business has performed well, on the back of strong growth in Mobility and an encouraging volume of wins across Government and Fixed Data that support our expected uptick in growth.

Looking to our future growth drivers, SES-17 has now reached its orbital location and will begin commercial services from mid-June 2022. O3b mPOWER is also progressing well with an increased launch cadence accommodated within our existing CapEx envelope. Commercial momentum continues to build for these assets with combined gross backlog up 20% year-on-year.

We are excited by the pending acquisition of DRS Global Enterprise Solutions, announced in March 2022, doubling our US Government business, and enabling us to serve US government customers with an expanded set of connectivity solutions, leveraging our unique multi-orbit fleet, and in particular the arrival of O3b mPOWER.

Finally, we are progressing well towards completing the second phase of US C-band clearing by end-2023 and triggering the remaining accelerated relocation payment of \$3 billion (pre-tax), while creating a further \$170 million in value for SES through our additional clearing agreement with Verizon.”

<sup>1</sup> Excluding operating expenses/income recognised in relation to US C-band repurposing and other significant special items (disclosed separately)

<sup>2</sup> Underlying revenue (at constant FX which refers to comparative figures restated to neutralise currency variations), excluding periodic and other revenue (disclosed separately) that are not directly related to or otherwise distort the underlying business trends

<sup>3</sup> Financial outlook assumes a €/€ FX rate of €1 = \$1.13, nominal satellite health, and nominal launch schedule

<sup>4</sup> Gross backlog over \$910 million (fully protected: \$675 million)

<sup>5</sup> Subject to completion of regulatory approvals (expected to be completed during H2 2022)



## Key business and financial highlights (at constant FX unless explained otherwise)

SES regularly uses Alternative Performance Measures (APM) to present the performance of the Group and believes that these APMs are relevant to enhance understanding of the financial performance and financial position.

€million	Q1 2022	Q1 2021	Δ as reported	Δ at constant FX
Average €/ \$ FX rate	1.12	1.22		
Revenue	448	436	+2.6%	-1.6%
Adjusted EBITDA	274	268	+2.4%	-1.5%
Adjusted Net Profit	88	75	+17.3%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.1x	3.1x	n/a	n/a

- Underlying revenue (excluding periodic and other) was 3.9% lower year-on-year at €437 million.
- Video underlying revenue of €251 million represents a reduction of 6.4% year-on-year including the planned impact of lower US wholesale revenue. Excluding US wholesale, Video was 4.1% lower than Q1 2021 as 'right-sizing' of volumes in mature European markets was partially offset by growth in HD+ and Sports & Events.
- At 31 March 2022, SES delivers 8,164 total TV channels to 366 million TV homes around the world, including 3,054 High Definition TV channels. Over 70% of total TV channels are broadcast in MPEG-4 with an additional 5% broadcast in HEVC.
- Networks underlying revenue of €186 million was flat compared with Q1 2021 (-0.3%) with growth in Mobility of +9.9%. The rapid US withdrawal from Afghanistan in Q3 2021 led to lower Government (-5.7%) with new wins expected to contribute positively to future revenue. In Fixed Data (-2.4%), revenue expansion in Asia, Latin America, and the cloud segment are not yet offsetting a lower contribution from the Pacific region.
- Adjusted EBITDA of €274 million represented an Adjusted EBITDA margin of 61.3% (Q1 2021: 61.4%) including a 1.9% reduction in recurring operating expenses to €173 million. Adjusted EBITDA excludes US C-band operating expenses (net of reimbursement income) of €7 million (2021: €7 million) and other significant special items of €1 million (Q1 2021: €1 million).
- Adjusted Net Profit (as reported) improved to €88 million including a 23.9% reduction in net interest expense, net foreign exchange gain of €11 million (Q1 2021: €9 million gain), and income tax expense of €9 million (Q1 2021: €8 million expense).
- At 31 March 2022, Adjusted Net Debt (including 50% of the €1.175 billion of hybrid bonds as debt) was €3,442 million and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.1 times.
- Contract backlog at 31 March 2022 was €5.1 billion (€5.7 billion gross backlog including backlog with contractual break clauses).
- 2021 dividend of €0.50 per A-share and €0.20 per B-share (+25% year-on-year) was paid to shareholders on 21 April 2022.
- 2022 group revenue and Adjusted EBITDA outlook (assuming an FX rate of €1=\$1.13, nominal satellite health, and nominal launch schedule) is unchanged and expected to be between €1,750-1,810 million and between €1,030-1,070 million respectively, with low-to mid-single digit average growth (at constant FX) in group revenue and Adjusted EBITDA expected from 2023 onwards.
- Capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, and US C-band repurposing) is also unchanged and expected to be €950 million in 2022 reflecting growth investments in SES-17 and O3b mPOWER before reducing to €540 million in 2023, €570 million in 2024, €380 million in 2025, and €360 million in 2026.
- In March 2022, SES secured an agreement to expand access for Verizon Communications to the 3700-3800 MHz C-band block in certain US markets beyond those cleared in Phase I and earlier than the deadline for Phase II clearing. SES will earn additional payments of up to \$170 million (pre-costs), subject to delivering the clearing on the agreed timeline.
- In March 2022, SES agreed to acquire DRS Global Enterprise Solutions for \$450 million, subject to completion of regulatory approvals (expected during H2 2022). The acquisition will double SES revenue in the high value US government business, expand capabilities and solutions for customers, and unlock annualised run-rate synergies of \$25 million.

## Operational performance

### REVENUE BY BUSINESS UNIT

Q1 2022	Revenue (€ million) as reported	Change (YOY) at constant FX
Average €/€ FX rate	1.12	
<b>Video (total)</b>	<b>261</b>	<b>-2.6%</b>
- Video (underlying)	251	-6.4%
- Periodic	10	n/m
Government (underlying)	71	-5.7%
Fixed Data (underlying)	58	-2.4%
Mobility (underlying)	57	+9.9%
<b>Networks (total)</b>	<b>186</b>	<b>-0.3%</b>
- Networks (underlying)	186	-0.3%
<b>Sub-total</b>	<b>447</b>	<b>-1.7%</b>
- Underlying	437	-3.9%
Other	1	n/m
<b>Group Total</b>	<b>448</b>	<b>-1.6%</b>

"At constant FX" refers to comparative figures restated at the current period FX to neutralise currency variations. "Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during construction; termination fees; insurance proceeds; certain interim satellite missions, and other such items when material. "Other" includes revenue not directly applicable to Video or Networks

### Future satellite launches

Satellite	Region	Application	Launch Date
SES-22	North America	Video (US C-band accelerated clearing)	Q2 2022
O3b mPOWER (satellites 1-2)	Global	Fixed Data, Mobility, Government	Q3 2022
O3b mPOWER (satellites 3-4)	Global	Fixed Data, Mobility, Government	Q3 2022
O3b mPOWER (satellites 5-6)	Global	Fixed Data, Mobility, Government	Q3 2022
SES-20 & SES-21	North America	Video (US C-band accelerated clearing)	Q3 2022
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	Q4 2022
O3b mPOWER (satellites 7-9)	Global	Fixed Data, Mobility, Government	Q4 2022
O3b mPOWER (satellites 10-11)	Global	Fixed Data, Mobility, Government	2024
ASTRA 1P	Europe	Video	2024
ASTRA 1Q	Europe	Video, Fixed Data, Mobility, Government	2024
SES-26	Africa, Asia, Europe, Middle East	Video, Fixed Data, Mobility, Government	2024

## CONSOLIDATED INCOME STATEMENT

Three months ended 31 March

€ million	Q1 2022	Q1 2021
Average €/€ FX rate	1.12	1.22
<b>Revenue</b>	<b>448</b>	<b>436</b>
US C-band repurposing income	2	27
Operating expenses	(184)	(203)
<b>EBITDA</b>	<b>266</b>	<b>260</b>
Depreciation expense	(147)	(140)
Amortisation expense	(12)	(19)
<b>Operating profit</b>	<b>107</b>	<b>101</b>
Net financing costs	(16)	(26)
<b>Profit before tax</b>	<b>91</b>	<b>75</b>
Income tax expense	(9)	(8)
Non-controlling interests	-	2
<b>Net profit attributable to owners of the parent</b>	<b>82</b>	<b>69</b>
<b>Basic earnings per A-share (in €)<sup>(1)</sup></b>	<b>0.17</b>	0.13
Basic earnings per B-share (in €) <sup>(1)</sup>	0.07	0.05
<b>Diluted earnings per A-share (in €)<sup>(1)</sup></b>	<b>0.16</b>	0.13
Diluted earnings per B-share (in €) <sup>(1)</sup>	0.07	0.05

<sup>1)</sup> Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the assumed coupon, net of tax, on the perpetual bonds.

€ million	2022	2021
<b>Adjusted EBITDA</b>	<b>274</b>	268
US C-band reimbursement income	2	27
US C-band operating expenses	(9)	(34)
Other significant special items	(1)	(1)
<b>EBITDA</b>	<b>266</b>	260

€ million	2022	2021
<b>Adjusted Net Profit</b>	<b>88</b>	75
US C-band reimbursement income	2	27
US C-band operating expenses	(9)	(34)
Other significant special items	(1)	(1)
Tax impact	2	2
<b>Net profit attributable to owners of the parent</b>	<b>82</b>	69

## SUPPLEMENTARY INFORMATION

### QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Average €/ \$ FX rate	1.22	1.20	1.19	1.15	1.12
Revenue	436	439	444	463	448
US C-band repurposing income	27	20	10	844	2
Operating expenses	(203)	(193)	(182)	(243)	(184)
<b>EBITDA</b>	<b>260</b>	<b>266</b>	<b>272</b>	<b>1,064</b>	<b>266</b>
Depreciation expense	(140)	(143)	(143)	(149)	(147)
Amortisation expense	(19)	(29)	(24)	(23)	(12)
Impairment expense	-	-	-	(724)	-
<b>Operating profit</b>	<b>101</b>	<b>94</b>	<b>105</b>	<b>168</b>	<b>107</b>
Net financing costs	(26)	(18)	(23)	(4)	(16)
<b>Profit before tax</b>	<b>75</b>	<b>76</b>	<b>82</b>	<b>164</b>	<b>91</b>
Income tax benefit/(expense)	(8)	(8)	(14)	79	(9)
Non-controlling interests	2	-	-	5	-
<b>Net Profit</b>	<b>69</b>	<b>68</b>	<b>68</b>	<b>248</b>	<b>82</b>
<b>Basic earnings per share (in €)<sup>(1)</sup></b>					
Class A shares	0.13	0.12	0.14	0.53	0.17
Class B shares	0.05	0.05	0.05	0.22	0.07
<b>Adjusted EBITDA</b>	<b>268</b>	<b>276</b>	<b>279</b>	<b>268</b>	<b>274</b>
<b>Adjusted EBITDA margin</b>	<b>61%</b>	<b>63%</b>	<b>63%</b>	<b>58%</b>	<b>61%</b>
US C-band repurposing income	27	20	10	844	2
US C-band operating expenses	(34)	(25)	(16)	(47)	(9)
Other significant special items	(1)	(5)	(1)	(1)	(1)
<b>EBITDA</b>	<b>260</b>	<b>266</b>	<b>272</b>	<b>1,064</b>	<b>266</b>

1) Earnings per share is calculated as profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the year, as adjusted to reflect the economic rights of each class of share. For the purposes of the EPS calculation only, the net profit for the year attributable to ordinary shareholders has been adjusted to include the coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share.

### QUARTERLY OPERATING PROFIT (AT CONSTANT €/ \$ FX RATE OF €1: \$1.13)

€ million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Average €/ \$ FX rate	1.13	1.13	1.13	1.13	1.13
Revenue	454	452	455	468	446
US C-band repurposing income	29	21	11	861	2
Operating expenses	(213)	(199)	(187)	(246)	(182)
<b>EBITDA</b>	<b>270</b>	<b>274</b>	<b>279</b>	<b>1,083</b>	<b>266</b>
Depreciation expense	(149)	(150)	(149)	(154)	(147)
Amortisation expense	(19)	(30)	(23)	(23)	(12)
Impairment expense	-	-	-	(739)	-
<b>Operating profit</b>	<b>102</b>	<b>94</b>	<b>107</b>	<b>167</b>	<b>107</b>
<b>Adjusted EBITDA</b>	<b>278</b>	<b>285</b>	<b>286</b>	<b>271</b>	<b>274</b>
<b>Adjusted EBITDA margin</b>	<b>61%</b>	<b>63%</b>	<b>63%</b>	<b>58%</b>	<b>61%</b>
US C-band repurposing income	29	21	11	861	2
US C-band operating expenses	(36)	(27)	(17)	(48)	(9)
Other significant special items	(1)	(5)	(1)	(1)	(1)
<b>EBITDA</b>	<b>270</b>	<b>274</b>	<b>279</b>	<b>1,083</b>	<b>266</b>

## ALTERNATIVE PERFORMANCE MEASURES

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

Alternative Performance Measure	Definition
Reported EBITDA and EBITDA margin	EBITDA is profit for the period before depreciation, amortisation, net financing cost and income tax. EBITDA margin is EBITDA divided by revenue.
Adjusted EBITDA and Adjusted EBITDA margin	EBITDA adjusted to exclude significant special items. In 2021 and 2022, the primary exceptional items are the net impact of the repurposing of US C-band spectrum, restructuring charges, and costs associated with the acquisition and integration of new subsidiaries. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.
Adjusted Net Debt to Adjusted EBITDA	Adjusted Net Debt to Adjusted EBITDA, represents the ratio of Net Debt plus 50% of the group's hybrid bonds (per the rating agency methodology) divided by the last 12 months' (rolling) Adjusted EBITDA.
Adjusted Net Profit	Net profit attributable to owners of the parent adjusted to exclude the After tax impact of significant special items.

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## Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 5 May 2022 and will be broadcast via [webcast](#) and conference call. The details for the conference call and webcast are as follows:

U.K. (Standard International Access):	+44 (0) 33 0551 0200
France:	+33 (0) 1 70 37 71 66
Germany:	+49 (0) 30 3001 90612
NL:	+31 (0) 20 708 5073
U.S.A.:	+1 212 999 6659

Confirmation code: **SES**

Webcast registration: [https://channel.royalcast.com/landingpage/ses/20220505\\_1/](https://channel.royalcast.com/landingpage/ses/20220505_1/)

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



## About SES

SES has a bold vision to deliver amazing experiences everywhere on earth by distributing the highest quality video content and providing seamless connectivity around the world. As the leader in global content connectivity solutions, SES operates the world's only multi-orbit constellation of satellites with the unique combination of global coverage and high performance, including the commercially proven, low latency Medium Earth Orbit O3b system. By leveraging a vast and intelligent, cloud-enabled network, SES is able to deliver high quality connectivity solutions anywhere on land, at sea or in the air, and is a trusted partner to the world's leading telecommunications companies, mobile network operators, governments, connectivity and cloud service providers, broadcasters, video platform operators and content owners. SES's video network carries 8,400 channels and has an unparalleled reach of 366 million households, delivering managed media services for both linear and non-linear content. The company is listed on Paris and Luxembourg stock exchanges (Ticker: SESG). Further information is available at: [www.ses.com](http://www.ses.com).

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