



Press Release

SES YTD 2021 RESULTS

“Strong execution underpinning FY 2021 outlook, future growth, and value creation”

Luxembourg, 4 November 2021 -- SES S.A. announces financial results for the nine months ended 30 September 2021.

Solid performance delivering revenue of €1,319 million and Adjusted EBITDA⁽¹⁾ of €823 million

- Improving trajectory in Video to -4.1% YOY^(2,3) YTD 2021 from -8.0% YOY^(2,3) in FY 2020
- Resilient Networks performance, flat YOY^(2,3), in a COVID impacted environment with strong prospects for future growth
- 2% YOY⁽³⁾ reduction in recurring Operating Expenses supporting Adjusted EBITDA margin of 62%
- Over 95% of FY 2021 revenue outlook (€1,760-1,800 million⁽⁴⁾ vs. €1,760-1,820 million at H1 2021) already under contract
- Adjusted EBITDA outlook unchanged for FY 2021 of €1,080-1,100 million⁽⁴⁾ (improved from €1,060-1,100 million at H1 2021)

Significant progress in delivery of value creation through growth investments and C-band execution

- SES-17 successfully launched, with first revenues from H2 2022; and O3b mPOWER on track to begin services by end-2022
- SES-17 and O3b mPOWER backlog over \$780 million⁽⁵⁾; up \$220 million in YTD 2021 with strong customer interest
- First US C-band clearing milestone completed with \$1 billion of accelerated relocation payments expected by Q1 2022
- On track to meet second clearing milestone by end-2023, triggering a further \$3 billion in accelerated relocation payments

Steve Collar, CEO of SES, commented: “Our laser focus on execution has delivered another solid quarter and we remain fully on track to deliver on our FY 2021 group revenue and EBITDA outlook. The strength and resilience of our Video business is reflected in the improved FY 2021 outlook on the back of important renewals and new business signed across our core neighbourhoods, and the continued positive momentum of our HD+ platform in Germany.

Our Networks business is continuing to perform well against the backdrop of an extended COVID environment with strong year-on-year growth in Government now complemented by growing quarterly run rate revenue in Fixed Data and Mobility, where we are starting to see a recovery in cruise and new bandwidth demand from our aeronautical customers.

The successful launch of SES-17 only two weeks ago was an important step in realising our vision of a seamless, integrated, and cloud-enabled network of the future. SES-17 will start to generate incremental revenue and EBITDA for SES in the second half of 2022. This will soon be joined in orbit by our second-generation Medium Earth Orbit constellation, O3b mPOWER, with launches starting early next year and the constellation on track for start of service before the end of 2022.

I am delighted to report that we have completed Phase One C-band clearing in the US, comfortably ahead of the December 2021 deadline, and we expect to receive the first \$1 billion of accelerated relocation payments within the coming months. We have started to receive cost reimbursement from the Clearing House and we are on track to complete Phase Two clearing by December 2023, triggering an additional \$3 billion of accelerated relocation payments.”

¹ Excluding restructuring charge and operating expenses/income recognised in relation to US C-band repurposing (disclosed separately)

² Underlying revenue, excluding periodic and other revenue (disclosed separately) that are not directly related to or otherwise distort the underlying business trends

³ At constant FX which refers to comparative figures restated at the current period FX to neutralise currency variations

⁴ Financial outlook assumes a €/€ FX rate of €1 = \$1.20, nominal satellite health and launch schedule

⁵ Gross backlog over \$780 million (fully protected: \$620 million)

Key business and financial highlights

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

€million	YTD 2021	YTD 2020	Δ as reported	Δ at constant FX
Average €/ \$ FX rate	1.20	1.12		
Revenue	1,319	1,410	-6.5%	-3.3%
Adjusted EBITDA	823	883	-6.8%	-3.9%
Adjusted Net Profit	225	192	+17.2%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.4 times	3.2 times	n/a	n/a

- Underlying revenue (excluding periodic and other) was lower by 2.7% year-on-year (at constant FX) at €1,318 million. Periodic and other revenue in YTD 2021 was €1 million (YTD 2020: €9 million).
- Video underlying revenue of €785 million represents a reduction of 4.1% year-on-year (at constant FX), compared with -8.0% year-on-year in FY 2020, where lower revenue from mature markets was partially offset by the growth of HD+ in Germany, higher revenues generated across International markets, and a recovery in Sports & Events. Q3 2021 underlying revenue of €259 million was 4.6% lower year-on-year (at constant FX) and 1.3% lower compared with Q2 2021.
- Networks underlying revenue of €533 million was flat compared with YTD 2020 (-0.6% at constant FX) with strong ongoing growth in Government (+7.7%) offsetting short-term COVID-related impacts on Mobility (-8.8%) and near-term declines in Fixed Data (-2.9%). Q3 2021 underlying revenue of €184 million (-1.3% YOY at constant FX) was 4.8% higher than Q2 2021 reflecting a recovery in Cruise, combined with new revenue from Aeronautical, Cloud, and Energy customers.
- Adjusted EBITDA of €823 million represented an Adjusted EBITDA margin of 62.4% (YTD 2020: 62.6%) and benefitted from a 2.1% year-on-year reduction (at constant FX) in operating expenses.
- Adjusted EBITDA excludes restructuring expenses of €7 million (YTD 2020: €28 million) and net operating expenses associated with the accelerated repurposing of US C-band spectrum which totalled €18 million (YTD 2020: €21 million).
- Adjusted Net Profit improved by 17.2% year-on-year to €225 million including the positive combination of the lower recurring operating expenses highlighted above, lower depreciation and amortisation expenses (down 7.3% year-on-year), and a 21.0% reduction in the net interest expense. Adjusted Net Profit also included a net foreign exchange gain of €24 million (YTD 2020: loss of €19 million).
- At 30 September 2021, Adjusted Net Debt (including 50% of the now €1.175 billion of hybrid bonds as debt, per the rating agency methodology) of €3,703 million was 4.2% lower than 30 September 2020 and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.4 times (30 September 2020: 3.2 times).
- Contract backlog at 30 September 2021 was €5.2 billion (€5.8 billion gross backlog including backlog with contractual break clauses).
- In July 2021, SES completed a share buyback programme totalling €94 million. 12 million A-shares were purchased at a weighted average price of €6.56 and 6 million B-shares at a weighted average price of €2.62, maintaining the ratio of two A-shares to one B-share, as required by the Articles of Association. The shares acquired under the programme are intended to be cancelled, reducing the total number of voting and economic shares.
- FY 2021 revenue outlook (assuming a €/ \$ FX rate of €1 = \$1.20, nominal satellite health and launch schedule) is expected to be between €1,760-1,800 million (previously €1,760-1,820 million), including €1,030-1,040 million for Video (which is improved from €1,000-1,030 million) and €720-750 million for Networks (previously €750-780 million).
- FY 2021 Adjusted EBITDA outlook, excluding restructuring and net US C-band repurposing impact, is unchanged and expected to be between €1,080-1,100 million (assuming a €/ \$ FX rate of €1 = \$1.20, nominal satellite health and launch schedule), having previously been increased from €1,060-1,100 million.
- Expected capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, and US C-band repurposing) is €300 million in 2021 and €950 million in 2022 reflecting growth investments in SES-17 and O3b mPOWER. Thereafter, capital expenditure is expected to reduce to €510 million in 2023, €570 million in 2024, and €340 million in 2025.

Operational performance and commentary

REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported				Change (YOY) at constant FX			
	Q1 2021	Q2 2021	Q3 2021	YTD 2021	Q1 2021	Q2 2021	Q3 2021	YTD 2021
Average €/\$ FX rate	1.22	1.20	1.19	1.20				
Video (total)	263	263	259	785	-4.6%	-3.2%	-4.6%	-4.1%
- Video underlying	263	263	259	785	-4.6%	-3.2%	-4.6%	-4.1%
Government (underlying)	71	76	73	220	+8.5%	+14.0%	+1.2%	+7.7%
Fixed Data (underlying)	55	53	59	167	-1.0%	-6.7%	-1.1%	-2.9%
Mobility (underlying)	47	47	52	146	-9.1%	-12.3%	-5.0%	-8.8%
Periodic ⁽¹⁾	-	-	-	-	n/m	n/m	n/m	n/m
Networks (total)	173	176	184	533	-3.8%	-0.7%	-1.3%	-1.9%
- Networks underlying	173	176	184	533	+0.1%	-0.5%	-1.3%	-0.6%
Sub-total	436	439	443	1,318	-4.3%	-2.2%	-3.3%	-3.3%
- Underlying	436	439	443	1,318	-2.8%	-2.2%	-3.3%	-2.7%
- Periodic ⁽¹⁾	-	-	-	-	n/m	n/m	n/m	n/m
Other revenue	-	-	1	1	n/m	n/m	n/m	n/m
Group Total	436	439	444	1,319	-4.3%	-2.3%	-3.2%	-3.3%

"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
 1) YTD 2021 periodic revenue nil (YTD 2020: €8 million)

Video: 60% of group revenue

At 30 September 2021, SES delivers 8,555 total TV channels to 361 million TV homes around the world. This includes some 3,150 TV channels in High Definition which has grown by 8% compared with 30 September 2020. At 30 September 2021, 71% of total TV channels carried over the SES network are broadcast in MPEG-4 with an additional 5% broadcast in HEVC.

The impact from customers 'right-sizing' volumes in mature markets (Western Europe and the US), lower US wholesale revenue, and the decision to reduce exposure to low margin services activities led to an overall year-on-year revenue reduction, albeit at a much slower pace of decline as compared with the trend in 2020.

The initial benefit of the increase in the cost to renew a 12-month subscription implemented in March 2021 and continued growth in the average number of paying subscribers led to year-on-year growth for HD+ in Germany. Looking forward, the full annualised contribution from the price increase and the introduction of new Internet Protocol-based solutions, such as HD+ ToGo which was launched in October 2021, into the market are expected to support the future development of the business.

In addition, International market revenue was higher year-on-year, while revenue from Sports & Events is continuing to recover, with improved performance compared with YTD 2020 which was impacted by cancellations and delays caused by the COVID pandemic.

Networks: 40% of group revenue

Government

The positive contribution from new MEO- and GEO-enabled network solutions for the US Government led to overall strong year-on-year growth in revenue compared with YTD 2020. This was partly offset by the cancellation of services during Q3 2021 resulting from the US withdrawal from Afghanistan.

The growth in US Government was complemented by higher year-on-year revenue generated from Global Government customers for new capacity services and institutional solutions.



Fixed Data

Underlying revenue decreased compared with the prior period as lower year-on-year revenue in the Pacific region and wholesale business in Africa and Europe was not yet being balanced with the ongoing growth in new business from tier one mobile network operators, notably in the Americas, revenue ramp up in the global cloud segment, and new revenue generated from services in the Energy segment.

Mobility

The effects of the COVID pandemic on customers in the commercial aviation and cruise segments resulted in lower revenue compared with YTD 2020. This was partly offset by a positive year-on-year performance in commercial shipping revenues. The long-term fundamentals remain strong with revenue in Q3 2021 improving by €5 million (or 11.8%) compared with Q2 2021 and reflecting recovery in Cruise as ships return to service and new business providing additional capacity to commercial aviation customers.

Future satellite launches

Satellite	Region	Application	Launch Date
SES-17	Americas	Fixed Data, Mobility, Government	Launched
O3b mPOWER (satellites 1-3)	Global	Fixed Data, Mobility, Government	Q1 2022
O3b mPOWER (satellites 4-6)	Global	Fixed Data, Mobility, Government	Q2 2022
O3b mPOWER (satellites 7-9)	Global	Fixed Data, Mobility, Government	H2 2022
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	H2 2022
SES-20 & SES-21	North America	Video (US C-band accelerated clearing)	H2 2022
SES-22	North America	Video (US C-band accelerated clearing)	H2 2022
O3b mPOWER (satellites 10-11)	Global	Fixed Data, Mobility, Government	2024

CONSOLIDATED INCOME STATEMENT

€ million	YTD 2021	YTD 2020
Average €/€ FX rate	1.20	1.12
Revenue	1,319	1,410
US C-band repurposing income	57	--
Operating expenses	(578)	(576)
EBITDA	798	834
Depreciation expense	(426)	(472)
Amortisation expense	(72)	(65)
Operating profit	300	297
Net financing costs	(67)	(135)
Profit before tax	233	162
Income tax expense	(30)	(14)
Non-controlling interests	2	6
Net profit attributable to owners of the parent	205	154
Basic and diluted earnings per share (in €)⁽¹⁾		
Class A shares	0.39	0.26
Class B shares	0.15	0.10

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

€ million	YTD 2021	YTD 2020
Adjusted EBITDA	823	883
US C-band repurposing income	57	--
US C-band operating expenses	(75)	(21)
Restructuring expenses	(7)	(28)
EBITDA	798	834

€ million	YTD 2021	YTD 2020
Adjusted Net Profit	225	192
US C-band repurposing income	57	--
US C-band operating expenses	(75)	(21)
Restructuring expenses	(7)	(28)
Tax on material exceptional items	5	11
Net profit attributable to owners of the parent	205	154

SUPPLEMENTARY INFORMATION

QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Average €/\$ FX rate	1.11	1.10	1.17	1.18	1.22	1.20	1.19
Revenue	479	469	462	466	436	439	444
US C-band repurposing income	--	--	--	10	27	20	10
Operating expenses	(194)	(207)	(175)	(231)	(203)	(193)	(182)
EBITDA	285	262	287	245	260	266	272
Depreciation expense	(158)	(161)	(153)	(153)	(140)	(143)	(143)
Amortisation expense	(23)	(21)	(21)	(30)	(19)	(29)	(24)
Impairment expense	-	-	-	(277)	-	-	-
Operating profit/(loss)	104	80	113	(215)	101	94	105
Net financing costs	(46)	(45)	(44)	(49)	(26)	(18)	(23)
Profit/(loss) before tax	58	35	69	(264)	75	76	82
Income tax benefit/(expense)	(9)	(2)	(3)	21	(8)	(8)	(14)
Non-controlling interests	2	2	2	3	2	-	-
Net Profit/(loss)	51	35	68	(240)	69	68	68
Earnings/(loss) per share (in €)⁽¹⁾							
Class A shares	0.09	0.05	0.12	(0.56)	0.13	0.12	0.14
Class B shares	0.03	0.02	0.05	(0.22)	0.05	0.05	0.05
Adjusted EBITDA	288	294	301	269	268	276	279
Adjusted EBITDA margin	60%	63%	65%	58%	61%	63%	63%
US C-band repurposing income	--	--	--	10	27	20	10
US C-band operating expenses	--	(13)	(8)	(22)	(34)	(25)	(16)
Restructuring expenses	(3)	(19)	(6)	(12)	(1)	(5)	(1)
EBITDA	285	262	287	245	260	266	272

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: \$1.20)

€ million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Average €/\$ FX rate	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Revenue	459	449	456	463	440	439	441
US C-band repurposing income	-	-	-	10	28	20	11
Operating expenses	(184)	(194)	(172)	(230)	(206)	(193)	(181)
EBITDA	275	255	284	243	262	266	271
Depreciation expense	(150)	(152)	(150)	(148)	(142)	(144)	(142)
Amortisation expense	(22)	(21)	(21)	(28)	(19)	(29)	(23)
Impairment expense	-	-	-	(277)	-	-	-
Operating profit/(loss)	103	82	113	(210)	101	93	106
Adjusted EBITDA	278	285	297	267	270	276	277
US C-band repurposing income	-	-	-	10	28	20	11
US C-band operating expenses	-	(12)	(7)	(22)	(35)	(25)	(16)
Restructuring expenses	(3)	(18)	(6)	(12)	(1)	(5)	(1)
EBITDA	275	255	284	243	262	266	271

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 material exceptional items. In 2020 and 2021, the primary exceptional items are restructuring charges and the net impact of the repurposing of US C-band spectrum. 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 material exceptional items. In 2020 and 2021, the primary exceptional items are restructuring charges, the net impact of the repurposing of US C-band spectrum, and the net impact of impairment expenses.

For further information please contact:

Richard Whiteing
Investor Relations
Tel: +352 710 725 261
richard.whiteing@ses.com

Suzanne Ong
External Communications
Tel: +352 710 725 500
suzanne.ong@ses.com

Follow us on:



[Read our Blogs >](#)
[Visit the Media Gallery >](#)

Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CET on 4 November 2021 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/ses/#!/ses/20211104_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 over 8,500 channels and has an unparalleled reach of 361 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.

Disclaimer

This presentation does not, in any jurisdiction, including without limitation in the U.S., constitute or form part of, and should not be construed as, any offer for sale of, or solicitation of any offer to buy, or any investment advice in connection with, any securities of SES, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

No representation or warranty, express or implied, is or will be made by SES, its directors, officers or advisors, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this presentation, and any reliance you place on them will be at your sole risk. Without prejudice to the foregoing, none of SES, or its directors, officers or advisors accept any liability whatsoever for any loss however arising, directly or indirectly, from use of this presentation or its contents or otherwise arising in connection therewith.

This presentation includes "forward-looking statements". All statements other than statements of historical fact included in this presentation, including without limitation those regarding SES's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to SES products and services), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of SES to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding SES and its subsidiaries and affiliates, present and future business strategies, and the environment in which SES will operate in the future, and such assumptions may or may not prove to be correct. These forward-looking statements speak only as at the date of this presentation. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will occur or continue in the future. SES, and its directors, officers and advisors do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.