

LETTER FROM THE CHIEF EXECUTIVE



Steve Collar

Chief Executive Officer

STRONG PERFORMANCE IN 2021

After a year like no other in 2020, the challenges induced by the COVID-19 global pandemic remained ever-present in 2021 for our business, our customers, and our employees. I am tremendously proud of the way the entire SES community stepped up to support our customers, enhance our reputation for exceptional products and services, and once again deliver a strong operational and financial performance.

For the year ended 31 December 2021, we generated €1.8 billion of revenue and €1.1 billion of Adjusted EBITDA while our laser-focus on all the cost lines resulted in a 69% year-on-year growth in Adjusted Net Profit.

We signed more than €1.2 billion in customer deals during the year from the combination of renewals and new business wins which demonstrated the commercial appeal of our prime video neighbourhoods, unique multi-orbit network offering, and value-added products and services.

After two years of expected higher-than-normal declines in our video business, I am pleased to report that we now see the evidence of the curve flattening with an excellent revenue outturn of over €1.0 billion which exceeded our expectations for the year. The lasting value of our video business lies in the reach of our core neighbourhoods, serving over 355 million TV households every day, borne out by the important contract extensions that we secured with our key customers throughout the year.

Satellite is by far the most reliable and cost-effective means of distributing quality content in High Definition and Ultra High Definition, and this is reflected in the 6% year-on-year growth to more than 3,100 total HD TV channels carried across the SES network, more than any other satellite operator.

2021 was also a successful year HD+, our consumer business in Germany, where we grew revenue, implemented a price increase, increased the average number of paying subscribers, and made the platform truly hybrid by adding to the overall offering with the introduction of HD+ ToGo and HD+ IP, products that will continue to grow our B2C reach.

On the Networks side, the extended COVID environment continued to impact our customers and dampen growth, notably in the commercial aviation and cruise segments. Notwithstanding this, the strength of our unique multi-orbit (MEO-GEO) capability ensured that we were able to deliver €735 million in revenue for the year, the same level as a year ago with some growth evident in the second half. In our high value government segment, we secured important commercial wins to support communications and morale, welfare, and recreation missions aboard large naval vessels, as well as other government agencies and institutional clients. Meanwhile, our Fixed Data continued to secure new business with major telcos, mobile network operators, and cloud partners.

IMPORTANT PROGRESS TOWARDS DELIVERING PROFITABLE, LONG-TERM GROWTH

Our business requires long-term investments necessitating substantial upfront capital and relatively long lead times as satellites are manufactured, launched and brought into service before revenues can be generated, with returns then delivered through the operation of the satellites over more than a decade.

Since our last satellite launch in the middle of 2018, we have been investing in the ongoing growth in our networks business, specifically in the development of SES-17, a state-of-the-art high throughput satellite (HTS) for the Americas, and O3b mPOWER, the follow-on to our highly successful Medium Earth Orbit constellation, O3b. Together, these assets will not only form the bedrock of our seamlessly interoperable, intelligent, and cloud-enabled network of the future, but will be a key driver of revenue, EBITDA, and free cash flow growth starting in 2023.

Following a successful launch in November 2021, SES-17 is already well on its way to orbit and will start serving customers, including the Thales Avionics as the anchor client, from the middle of 2022. SES-17 will be joined in space by the first six satellites for the O3b mPOWER constellation from the middle of 2022 with start of commercial service slated for the end of 2022.

We have signed agreements totalling over \$900 million in gross backlog, up by 60% from the end of 2020, underscoring the considerable customer interest in the high throughput, high flexibility services that these investments will deliver and I expect this backlog to continue to grow as we approach the start of service.

UNLOCKING SUBSTANTIAL VALUE FROM CLEARING US C-BAND FOR 5G

After a considerable effort on the part of our dedicated C-band team, as well as the supporting colleagues, partners, and providers, we were delighted to receive confirmation from the FCC of our successful clearing of the first 120 MHz of US C-band spectrum in advance of the 5 December 2021 deadline, paving the way for the 5G deployment in the US and the payment of our first accelerated relocation payment, totalling almost \$1 billion, which we received between late December 2021 and early January 2022.

The SES team is now fully focused on the clearing of the full 280 MHz of spectrum for 5G ahead of the 5 December 2023 clearing deadline and this phase two clearing remains fully on track. In doing so, we will earn the second accelerated relocation payment of almost \$3 billion while also ensuring a smooth transition for our video customers, who will continue to rely on the upper portion of the C-band spectrum for the delivery of critical broadcast services to some 120 million households across the US.

DRIVING LONG-TERM SHAREHOLDER VALUE

Exponentially growing demand for global content and connectivity solutions is set to propel our industry forward over the course of the decade, and we are positioning SES to retain the leadership standing that the company has enjoyed for over 35 years.

Having executed well in 2021 and delivered an excellent set of results, in 2022 we will continue to leverage the strength of our video neighbourhoods through an improving revenue trend while networks will grow on the back of momentum in government and mobility, buoyed by the activation of SES-17 and ahead of the introduction of O3b mPOWER.

Beyond 2022 we will see top line and EBITDA expansion driven by our growth investments while beyond our investment peak we will be in a substantially lower CapEx environment, generating strong cash flows on a sustaining basis and augmented by \$3 billion dollars in C-band proceeds in late 2023. All of this will drive substantial value for SES and our shareholders.

The strategic importance of space has never been clearer, reflected in the announcement by the European Commission of a secure and sovereign multi-orbit space architecture for the benefit of Europe and its citizens, an initiative that is consistent with our architecture, our capabilities, and our vision as the world's largest satellite operator.

Finally, we have laid out a bold ESG agenda focusing on four key areas of utmost importance to SES – Sustainable Space, Climate Action, Diversity & Inclusion, and the empowering of communities through the focus on Critical Human Needs.

To sum up, we are executing strongly in the core of our business, bringing highly innovative and differentiated assets to market at the right time to drive growth, we have one of the strongest balance sheets in the industry, and have laid out a bold and exciting vision for the future of SES and for the industry.



Steve Collar
Chief Executive Officer