



Press Release

SOLID YTD 2022 RESULTS

Luxembourg, 3 November 2022 -- SES S.A. announces financial results for the nine and three months ended 30 September 2022.

YTD financial performance reflects solid execution across the business, complemented by value-accretive DRS GES acquisition

- Revenue of €1,400 million (+6.1% YOY as reported), Adjusted EBITDA⁽¹⁾ of €829 million (+0.7% YOY as reported), and Adjusted Net Profit €277 million (+23.2% YOY as reported) including contribution from DRS GES (acquired 1 August 2022) and stronger US dollar
- Growth in Networks (+2.7% YOY⁽²⁾) and important renewals secured in Video (-5.6% YOY including periodic⁽²⁾) underpins Full Year standalone outlook⁽³⁾ of €1,750-1,810 million in revenue and €1,030-1,070 million in Adjusted EBITDA
- Expected revenue contribution from DRS GES acquisition of \$85-90 million (from 1 August 2022 to 31 December 2022)
- Leverage⁽⁴⁾ at 4x due to DRS GES acquisition and growth investment; expected to reduce to around 3.5x by end-2022

US C-band clearing de-risked to deliver over \$3 billion of value; differentiated investments to drive future long-term growth

- SES-20, SES-21, and SES-22 all successfully in orbit. Clear line of sight to Phase 2 clearing proceeds (\$3 billion pre-tax)
- Additional clearing for Verizon nearing completion; expect \$155 million in Q4 2022 with balance up to \$15 million in early 2023
- SES-17 (in service/consuming backlog) & O3b mPOWER (service introduction Q3 2023) gross backlog \$955 million⁽⁵⁾ (up 22% YOY)
- First O3b mPOWER launch scheduled for 15 December 2022 with further launches planned for Q1 2023
- Ground-breaking EAGLE-1 partnership advances SES' leadership in Quantum Key Distribution and secure connectivity across Europe

Steve Collar, CEO of SES, commented: "Our year-to-date performance reflects solid ongoing execution across the business and we remain fully on track to deliver on our 2022 outlook, to capture significant value from US C-band, and to position SES for profitable long-term growth through the deployment of our state-of-the-art multi-orbit assets and architecture.

Our Networks business is up 2.7% year-on-year primarily driven by ongoing success in Cruise and Aviation. SES-17 is now contributing to growth across the Americas with 13 new deals signed in 8 different geographies, while Thales InFlyt Experience continues to transition aircraft successfully. In Government, we have completed the acquisition of DRS GES more quickly than expected and integration with our existing US Government business is well underway. The combined SES Government Solutions business now boasts scale and an expanded value proposition to our Government end-users just as we launch significant new assets in SES-17 and O3b mPOWER.

The first O3b mPOWER launch is scheduled for 15 December and, together with two further launches scheduled in Q1 2023, the constellation will enter service in Q3 2023. Importantly we have already deployed the O3b mPOWER environment on the ground, and our customers are starting to receive O3b mPOWER technology that will be deployed initially on our existing MEO constellation.

With the successful launches of our first three C-Band satellites, the second phase of clearing is de-risked and therefore we have clear line of sight to \$3 billion in accelerated clearing payments due at the end of 2023. In equally good news, the additional US C-band clearing for Verizon is nearly complete and we expect to receive the majority of the \$170 million of agreed proceeds by the end of this year."

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

² At constant FX and scope which refers to comparative figures restated, to neutralise currency variations, and excluding the acquisition of DRS Global Enterprise Solutions (DRS GES)

³ Financial outlook assumes a €/€ FX rate of €1 = \$1.13, nominal satellite health, and nominal launch schedule. "Standalone" outlook excludes acquisition of DRS GES

⁴ Ratio of Adjusted Net Debt (including 50% of the €1.175 billion of hybrid bonds as debt) to Adjusted EBITDA

⁵ Gross backlog \$955 million (fully protected: \$710 million)



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	YTD 2022	YTD 2021	Change as reported
Average €/€ FX rate	1.07	1.20	
Revenue	1,400	1,319	+6.1%
Adjusted EBITDA	829	823	+0.7%
Adjusted Net Profit	277	225	+23.2%
Adjusted Net Debt / Adjusted EBITDA	4.0 times	3.4 times	n/a

- Video revenue of €763 million represents a reduction of 5.6% year-on-year including the planned impact of lower US wholesale revenue and periodic revenue of €10 million in Q1 2022. Excluding these two items, Video was 3.3% lower than YTD 2021 as lower volumes in mature markets were partially offset by growth in HD+ and Sports & Events.
- At 30 September 2022, SES delivers around 8,000 total TV channels to 366 million TV homes around the world, including around 3,100 High Definition TV channels. 73% of total TV channels are broadcast in MPEG-4 with an additional 6% broadcast in HEVC.
- Networks revenue of €636 million included the first contribution from DRS GES (acquired 1 August 2022) of €32 million. On a 'same scope' basis (excluding DRS GES) Networks grew by 2.7% year-on-year compared with YTD 2021 with growth in Mobility (of +17.7%) and Fixed Data (of +2.2%), while the rapid US withdrawal from Afghanistan in Q3 2021 was the main contributor to lower revenue in Government (-7.0%).
- Adjusted EBITDA of €829 million represented an Adjusted EBITDA margin of 59.2% (YTD 2021: 62.4%) including recurring operating expenses of €571 million and an EBITDA contribution of €4 million from the acquisition of DRS GES (from 1 August 2022). Adjusted EBITDA excludes US C-band operating expenses (net of reimbursement income) of €18 million (YTD 2021: €18 million) and other significant special items of €11 million (YTD 2021: €7 million).
- Adjusted Net Profit (as reported) improved by 23% year-on-year to €277 million including a net foreign exchange gain of €87 million (YTD 2021: €24 million gain) and higher income tax expense of €52 million (YTD 2021: €36 million expense).
- At 30 September 2022, the Adjusted Net Debt to Adjusted EBITDA ratio (including 50% of the €1,175 million of hybrid bonds as debt) was 4.0 times (YTD 2021: 3.4 times) reflecting the acquisition of DRS GES for \$450 million, capital expenditure for SES-17 and O3b mPOWER, and costs related to US C-band clearing ahead of anticipated future reimbursements, and before receipt of proceeds from additional clearing for Verizon of \$170 million (of which up to \$155 million is expected in Q4 2022), and Phase II accelerated relocation payment of \$2,991 million linked to 5 December 2023 clearing milestone.
- Contract backlog at 30 September 2022 was €5.1 billion (€6.4 billion gross backlog including backlog with contractual break clauses), including DRS GES contract backlog of €0.1 billion (€0.8 billion gross backlog).
- 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. This excludes the acquisition of DRS GES which is expected to contribute an additional \$85-90 million to group revenue for the period 1 August 2022 to 31 December 2022.
- Capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, and US C-band repurposing) outlook (assuming an FX rate of €1=\$1.13) is also unchanged and expected to be €950 million in 2022 with an average of €460 million for 2023-2026.

Operational performance

REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported				Change (YOY) at constant FX and scope ⁽¹⁾			
	Q1 2022	Q2 2022	Q3 2022	YTD 2022	Q1 2022	Q2 2022	Q3 2022	YTD 2022
Average €/€ FX rate	1.12	1.08	1.02	1.07				
Video (total)	261	250	252	763	-2.6%	-7.7%	-6.5%	-5.6%
- Video (underlying)	251	250	252	753	-6.4%	-7.7%	-6.5%	-6.8%
- Periodic	10	-	-	10	n/m	n/m	n/m	n/m
Government (underlying)	71	75	107 ⁽²⁾	253 ⁽²⁾	-5.7%	-9.2%	-6.0%	-7.0%
Fixed Data (underlying)	58	64	69	191	-2.4%	+7.9%	+1.3%	+2.2%
Mobility (underlying)	57	62	73	192	+9.9%	+22.2%	+20.6%	+17.7%
Networks (total)	186	201	249	636	-0.3%	+4.4%	+3.9%	+2.7%
- Networks (underlying)	186	201	249	636	-0.3%	+4.4%	+3.9%	+2.7%
Sub-total	447	451	501	1,399	-1.7%	-2.7%	-1.9%	-2.1%
- Underlying	437	451	501	1,389	-3.9%	-2.7%	-1.9%	-2.8%
Other	1	-	-	1	n/m	n/m	n/m	n/m
Group Total	448	451	501	1,400	-1.6%	-2.7%	-2.0%	-2.1%

1) "At constant FX and scope" refers to comparative figures restated at the current period FX, to neutralise currency variations, and excluding the acquisition of DRS GES (which was completed on 1 August 2022). 2) As reported includes €32 million from the acquisition of DRS GES.

"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)	Launched
SES-20 & SES-21	North America	Video (US C-band accelerated clearing)	Launched
O3b mPOWER (satellites 1-2)	Global	Fixed Data, Mobility, Government	Q4 2022
O3b mPOWER (satellites 3-4)	Global	Fixed Data, Mobility, Government	Q1 2023
O3b mPOWER (satellites 5-6)	Global	Fixed Data, Mobility, Government	Q1 2023
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	Q1 2023
O3b mPOWER (satellites 7-8)	Global	Fixed Data, Mobility, Government	2023
O3b mPOWER (satellites 9-11)	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
EAGLE-1	Europe	Government	2024

CONSOLIDATED INCOME STATEMENT

€ million	YTD 2022	YTD 2021
Average €/ \$ FX rate	1.07	1.20
Revenue	1,400	1,319
US C-band repurposing income	6	57
Operating expenses	(606)	(578)
EBITDA	800	798
Depreciation expense	(454)	(426)
Impairment expense	(24)	-
Amortisation expense	(40)	(72)
Operating profit	282	300
Net financing costs	(6)	(67)
Profit before tax	276	233
Income tax expense	(78)	(30)
Non-controlling interests	-	2
Net profit attributable to owners of the parent	198	205
Basic and diluted earnings per A-share (in €)⁽¹⁾	0.39	0.39
Basic and diluted earnings per B-share (in €) ⁽¹⁾	0.16	0.15

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.

€ million	YTD 2022	YTD 2021
Adjusted EBITDA	829	823
US C-band reimbursement income	6	57
US C-band operating expenses	(24)	(75)
Other significant special items	(11)	(7)
EBITDA	800	798

€ million	YTD 2022	YTD 2021
Adjusted Net Profit	277	225
US C-band reimbursement income	6	57
US C-band operating expenses	(24)	(75)
Impairment expense	(24)	-
Other significant special items	(11)	(7)
Tax on significant special items	(26)	5
Net profit attributable to owners of the parent	198	205

SUPPLEMENTARY INFORMATION

QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Average €/€ FX rate	1.22	1.20	1.19	1.15	1.12	1.08	1.02
Revenue	436	439	444	463	448	451	501
US C-band repurposing income	27	20	10	844	2	2	2
Operating expenses	(203)	(193)	(182)	(243)	(184)	(190)	(232)
EBITDA	260	266	272	1,064	266	263	271
Depreciation expense	(140)	(143)	(143)	(149)	(147)	(149)	(158)
Amortisation expense	(19)	(29)	(24)	(23)	(12)	(12)	(16)
Impairment expense	-	-	-	(724)	-	(24)	-
Operating profit	101	94	105	168	107	78	97
Net financing costs	(26)	(18)	(23)	(4)	(16)	(14)	24
Profit before tax	75	76	82	164	91	64	121
Income tax benefit/(expense)	(8)	(8)	(14)	79	(9)	(45)	(24)
Non-controlling interests	2	-	-	5	-	-	-
Net Profit	69	68	68	248	82	19	97
Basic earnings per share (in €) ⁽¹⁾							
Class A shares	0.13	0.12	0.14	0.53	0.17	0.02	0.20
Class B shares	0.05	0.05	0.05	0.22	0.07	0.01	0.08
Adjusted EBITDA	268	276	279	268	274	271	284
Adjusted EBITDA margin	61%	63%	63%	58%	61%	60%	57%
US C-band repurposing income	27	20	10	844	2	2	2
US C-band operating expenses	(34)	(25)	(16)	(47)	(9)	(8)	(7)
Other significant special items	(1)	(5)	(1)	(1)	(1)	(2)	(8)
EBITDA	260	266	272	1,064	266	263	271

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	Q2 2022	Q3 2022
Average €/€ FX rate	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Revenue	454	452	455	468	446	440	471
US C-band repurposing income	29	21	11	861	2	2	1
Operating expenses	(213)	(199)	(187)	(246)	(182)	(183)	(217)
EBITDA	270	274	279	1,083	266	259	255
Depreciation expense	(149)	(150)	(149)	(154)	(147)	(148)	(143)
Amortisation expense	(19)	(30)	(23)	(23)	(12)	(12)	(15)
Impairment expense	-	-	-	(739)	-	(24)	-
Operating profit	102	94	107	167	107	75	97
Adjusted EBITDA	278	285	286	271	274	267	267
Adjusted EBITDA margin	61%	63%	63%	58%	61%	60%	57%
US C-band repurposing income	29	21	11	861	2	2	1
US C-band operating expenses	(36)	(27)	(17)	(48)	(9)	(8)	(6)
Other significant special items	(1)	(5)	(1)	(1)	(1)	(2)	(7)
EBITDA	270	274	279	1,083	266	259	255

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, one-off regulatory charges arising outside ongoing operations, 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 CET on 3 November 2022 and will be broadcast via [webcast](#) and conference call. The details for the conference call and webcast are as follows:

U.K.	+44 (0) 33 0551 0200
France	+33 (0) 1 70 37 71 66
Germany	+49 (0) 30 3001 90612
U.S.A.	+1 212 999 6659

Confirmation code **SES**

Webcast registration https://channel.royalcast.com/landingpage/ses/20221103_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

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