



## Press Release

# Q1 2023 RESULTS

Luxembourg, 4 May 2023 -- SES S.A. announces financial results for the three months ended 31 March 2023.

### Solid Q1 2023 performance and on track to deliver Full Year 2023 financial outlook

- Revenue of €490 million (+9.6% YOY as reported) including contribution from DRS Global Enterprise Solutions and stronger US dollar
- Differentiated Networks business +2.9% YOY<sup>(1)</sup> including double digit growth in Mobility
- €90 million in new business signed in Mobility since 31 March 2023, including significant wins in Aviation and Cruise
- €110 million of renewals and new business in Video (-5.0% YOY<sup>(2)</sup>) demonstrating long-term attraction of our core neighbourhoods
- Adjusted EBITDA<sup>(3)</sup> of €265 million (-3.2% YOY as reported) representing a margin of 54%
- 2023 outlook<sup>(4)</sup> unchanged and on track (Revenue of €1,950-2,000 million and Adjusted EBITDA of €1,010-1,050 million)

### Strong execution in delivering on key strategic initiatives in 2023

- First 4 O3b mPOWER satellites launched and next 2 satellites planned to launch in June 2023, paving the way for start of commercial service in late Q3 2023 with customers ramping onto the system through Q4 2023
- SES-17 & O3b mPOWER backlog of \$1 billion<sup>(5)</sup> with additional commitment of €195 million from Luxembourg government<sup>(6)</sup>
- US C-band Phase II on track: SES-18 & SES-19 launched, >95% of satellite transitions completed, and >90% of ground filters installed
- Well positioned for the European Commission's IRIS<sup>2</sup> via strong consortium of space and telecom players focused on creating a state-of-art, multi-orbit space-based infrastructure for European governments and their citizens

**Steve Collar, CEO of SES, commented:** "2023 has started well with solid Q1 results and excellent progress on both O3b mPOWER and our US C-band project. Close to double digit revenue growth as reported reflects the contribution from our acquisition of DRS GES, while solid EBITDA performance underscores our continued focus on execution across the business.

We have good market traction with a number of deals signed since the start of the year with €90 million of backlog added in Mobility; a substantial upgrade with CNT in Ecuador including a transition to O3b mPOWER; a 5-year renewal with long standing customer US Army WIN-T programme; and a number of multi-year extensions, on excellent commercial terms, with private and public broadcasters in Germany underscoring the value of our industry-leading video neighbourhoods.

With the successful launch of the 2 remaining C-band satellites, our project to clear C-band spectrum to support 5G services across the US is entering its final phase, and we remain fully on track to earn \$3 billion in accelerated clearing payments before year-end.

O3b mPOWER will deliver industry-leading capabilities, broaden our commercial market reach, and form a critical layer for sovereign Government solutions such as Luxembourg's MEO Global Services programme. We are pleased to bring our multi-orbit credentials to a strong consortium formed of leading European space and telecom operators under the frame of the European Commission's IRIS<sup>2</sup> project. Last week was a good week for O3b mPOWER with 2 more satellites launched successfully. We now have 4 satellites in orbit with the last 2 of the initial constellation slated for a June launch. Our ground networks are ready, customer terminals are being deployed and we anticipate commercial launch in Q3 in what promises to be an exciting year for SES in 2023."

1) At constant FX (comparative figures restated to neutralise currency variations) and "like for like" (assumes the acquisition of DRS Global Enterprise Solutions on 31 December 2021, instead of actual acquisition date of 1 August 2022, see page 5)

2) Excluding periodic revenue (Q1 2023: nil; Q1 2022: €10 million). Including periodic revenue, Video was 8.3% lower YOY at constant FX

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

4) Financial outlook assumes a €/€ FX rate of €1 = \$1.09, nominal satellite health, and nominal launch schedule

5) Gross backlog of \$990 million (fully protected: \$800 million), including deals signed since 1 April 2023, with SES-17 in service and consuming backlog

6) Subject to parliamentary approval and therefore not yet included in the gross backlog



## Key business and financial highlights (at constant FX and like for like 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 2023	Q1 2022	Δ as reported	Δ at constant FX and like for like <sup>(1)</sup>
Average €/€ FX rate	1.07	1.12		
Revenue	490	448	+9.6%	-3.0%
Adjusted EBITDA	265	274	-3.2%	-7.3%
Adjusted Net Profit	64	88	-26.6%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.6x	3.1x	n/a	n/a

<sup>(1)</sup> "At constant FX" refers to comparative figures restated at the current period FX, to neutralise currency variations. 1) "Like for like" which refers to as if DRS Global Enterprise Solutions had been acquired on 31 December 2021 (actually acquired on 1 August 2022).

Networks revenue of €248 million increased 2.9% year-on-year, compared with Q1 2022, with double digit growth in Mobility (of +14.4%) and a robust outturn in Government (-0.6%), offsetting Fixed Data lower revenue (-1.6%) which included periodic revenue of €7 million in Q1 2023.

Video revenue of €242 million represented a reduction of 8.3% year-on-year compared with Q1 2022, or 5.0% year-on-year excluding periodic revenue of €10 million which was recognised in Q1 2022.

Adjusted EBITDA of €265 million represented an Adjusted EBITDA margin of 54.0% (Q1 2022: 61.3% and 56.4% on a like for like basis, assuming DRS Global Enterprise Solutions had been acquired on 31 December 2021).

Adjusted EBITDA excludes significant special items of €13 million (Q1 2022: €8 million), comprising net US C-band expenses of €4 million (Q1 2022: €7 million) and other significant special items of €9 million (Q1 2022: €1 million) related to acquisition costs and restructuring.

Adjusted Net Profit of €64 million included a net foreign exchange (FX) loss of €6 million (Q1 2022: gain of €11 million) which was partly offset by higher year-on-year reported capitalised interest and lower year-on-year reported income tax expense. Adjusted Net Profit excludes significant special items (highlighted above) and their related net tax benefit of €4 million (Q1 2022: €2 million).

The group's Adjusted Net Debt to Adjusted EBITDA ratio (including 50% of the €1,175 million of hybrid bonds as debt) at 31 March 2023 was 3.6 times, compared with 3.5 times at 31 December 2022. At 31 March 2023, the total amount of remaining US C-band clearing cost reimbursements expected to be received in the future was approximately \$600 million.

The Full Year 2022 dividend of €0.50 per A-share and €0.20 per B-share was paid to shareholders on 20 April 2023.

Contract backlog on 31 March 2023 was €4.7 billion (€5.9 billion gross backlog including backlog with contractual break clauses).

2023 group revenue and Adjusted EBITDA outlook (assuming an FX rate of €1=\$1.09, nominal satellite health, and nominal launch schedule) is on track and expected to be between €1,950 - 2,000 million and between €1,010 - 1,050 million respectively.

Capital expenditure (net cash absorbed by investing activities excluding acquisitions, financial investments, US C-band repurposing, and assuming an FX rate of €1=\$1.09) is also unchanged and expected to be around €550 million in 2023, with an average annual capital expenditure of around €385 million for the period 2024-2027.

On 29 March 2023, in response to rumours in the market, SES confirmed that the company has engaged in discussions regarding a possible combination with Intelsat. At this stage, there can be no certainty that a transaction would materialise. The Board of SES remains fully committed to acting in the best interest of SES and its shareholders.

## Operational performance

### REVENUE BY BUSINESS UNIT

Q1 2023	Revenue (€ million) as reported	Like-for-like <sup>(1)</sup> change (YOY) at constant FX
Average €/ \$ FX rate	1.07	
<b>Video</b>	<b>242</b>	<b>-8.3% / -5.0%</b> <sup>(2)</sup>
<b>Networks</b>	<b>248</b>	<b>+2.9%</b>
• Government	120	-0.6%
• Fixed Data	60 <sup>(3)</sup>	-1.6% <sup>(3)</sup>
• Mobility	68	+14.4%
Other	-	n/m
<b>Group Total</b>	<b>490</b>	<b>-3.0%</b>

1) As if DRS Global Enterprise Solutions had been acquired on 31 December 2021 (actually acquired on 1 August 2022) – see page 5. "At constant FX" refers to comparative figures restated at the current period FX, to neutralise currency variations. 2) Excluding periodic revenue (Q1 2023: nil; Q1 2022: €10 million). 3) Including periodic revenue of €7 million in Q1 2023 (Q1 2022: nil).

### Recent and future satellite launches

Satellite	Region	Application	Launch Date
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	Launched
O3b mPOWER (satellites 3-4)	Global	Fixed Data, Mobility, Government	Launched
O3b mPOWER (satellites 5-6)	Global	Fixed Data, Mobility, Government	Q2 2023
O3b mPOWER (satellites 7-8)	Global	Fixed Data, Mobility, Government	H2 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	Q1 2023	Q1 2022
Average €/€ FX rate	1.07	1.12
<b>Revenue</b>	<b>490</b>	<b>448</b>
US C-band repurposing income	2	2
Operating expenses	(240)	(184)
<b>EBITDA</b>	<b>252</b>	<b>266</b>
Depreciation expense	(148)	(147)
Amortisation expense	(17)	(12)
<b>Operating profit</b>	<b>87</b>	<b>107</b>
Net financing costs	(29)	(16)
<b>Profit before tax</b>	<b>58</b>	<b>91</b>
Income tax expense	(3)	(9)
Non-controlling interests	-	-
<b>Net profit attributable to owners of the parent</b>	<b>55</b>	<b>82</b>
<b>Basic earnings per A-share (in €)<sup>(1)</sup></b>	<b>0.10</b>	0.17
Basic earnings per B-share (in €) <sup>(1)</sup>	0.04	0.07
<b>Diluted earnings per A-share (in €)<sup>(1)</sup></b>	<b>0.10</b>	0.16
Diluted earnings per B-share (in €) <sup>(1)</sup>	0.04	0.07

<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	2023	2022
<b>Adjusted EBITDA</b>	<b>265</b>	274
US C-band reimbursement income	2	2
US C-band operating expenses	(6)	(9)
Other significant special items	(9)	(1)
<b>EBITDA</b>	<b>252</b>	266

€ million	2023	2022
<b>Adjusted Net Profit</b>	<b>64</b>	88
US C-band reimbursement income	2	2
US C-band operating expenses	(6)	(9)
Other significant special items	(9)	(1)
Tax on significant special items	4	2
<b>Net profit attributable to owners of the parent</b>	<b>55</b>	82

## SUPPLEMENTARY INFORMATION

### QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Average €/ \$ FX rate	1.12	1.08	1.02	1.00	1.07
Revenue	448	451	501	544	490
US C-band repurposing income	2	2	2	178	2
Operating expenses	(184)	(190)	(232)	(280)	(240)
<b>EBITDA</b>	<b>266</b>	<b>263</b>	<b>271</b>	<b>442</b>	<b>252</b>
Depreciation expense	(147)	(149)	(158)	(188)	(148)
Amortisation expense	(12)	(12)	(16)	(23)	(17)
Impairment expense	-	(24)	-	(373)	-
<b>Operating profit/ (loss)</b>	<b>107</b>	<b>78</b>	<b>97</b>	<b>(142)</b>	<b>87</b>
Net financing costs	(16)	(14)	24	(82)	(29)
<b>Profit/ (loss) before tax</b>	<b>91</b>	<b>64</b>	<b>121</b>	<b>(224)</b>	<b>58</b>
Income tax expense	(9)	(45)	(24)	(9)	(3)
Non-controlling interests	-	-	-	1	-
<b>Net profit/ (loss)</b>	<b>82</b>	<b>19</b>	<b>97</b>	<b>(232)</b>	<b>55</b>
<b>Basic earnings/(loss) per share (in €) <sup>(1)</sup></b>					
Class A shares	0.17	0.02	0.20	(0.55)	0.10
Class B shares	0.07	0.01	0.08	(0.22)	0.04
<b>Adjusted EBITDA</b>	<b>274</b>	<b>271</b>	<b>284</b>	<b>276</b>	<b>265</b>
<b>Adjusted EBITDA margin</b>	<b>61%</b>	<b>60%</b>	<b>57%</b>	<b>51%</b>	<b>54%</b>
US C-band repurposing income	2	2	2	178	2
US C-band operating expenses	(9)	(8)	(7)	(6)	(6)
Other significant special items	(1)	(2)	(8)	(6)	(9)
<b>EBITDA</b>	<b>266</b>	<b>263</b>	<b>271</b>	<b>442</b>	<b>252</b>

<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 coupon, net of tax, on the perpetual bonds. Fully diluted earnings per share are not significantly different from basic earnings per share.

### LIKE-FOR-LIKE REVENUE BY BUSINESS UNIT

(Pro forma as if the acquisition of DRS Global Enterprise Solutions had been completed on 31 December 2021)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Average €/ \$ FX rate	1.12	1.08	1.02	1.00	1.06
<b>Video</b>	<b>261 <sup>(1)</sup></b>	<b>250</b>	<b>252</b>	<b>257</b>	<b>1,020 <sup>(1)</sup></b>
<b>Networks</b>	<b>231</b>	<b>245</b>	<b>261</b>	<b>287 <sup>(2)</sup></b>	<b>1,024 <sup>(2)</sup></b>
• Government	116	119	119	144	498
• Fixed Data	58	64	69	75 <sup>(2)</sup>	266 <sup>(2)</sup>
• Mobility	57	62	73	68	260
Other	1	-	-	-	1
<b>Group Total</b>	<b>493</b>	<b>495</b>	<b>513</b>	<b>544</b>	<b>2,045</b>

<sup>1)</sup> Included periodic revenue of €10 million in Q1 2022. <sup>2)</sup> Included periodic revenue of €4 million in Q4 2022. "Periodic" revenue separated 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.

## 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
<b>Reported EBITDA and EBITDA margin</b>	EBITDA is profit for the period before depreciation, amortisation, net financing cost, and income tax. EBITDA margin is EBITDA divided by revenue.
<b>Adjusted EBITDA and Adjusted EBITDA margin</b>	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.
<b>Adjusted Net Debt to Adjusted EBITDA</b>	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.
<b>Adjusted Net Profit</b>	Net profit attributable to owners of the parent adjusted to exclude the after-tax impact of significant special items.

## Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 4 May 2023 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
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Confirmation code **SES**

Webcast registration [https://channel.royalcast.com/landingpage/ses/20230504\\_1/](https://channel.royalcast.com/landingpage/ses/20230504_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.

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