



## Press Release

# SES H1 2023 RESULTS

Luxembourg, 3 August 2023 -- SES S.A. announces financial results for the six months ended 30 June 2023.

### Key Highlights:

- Revenue of €987 million (+9.8% YOY as reported)
- Double digit Mobility growth driving Networks (+3.1% YOY<sup>(1)</sup>); Video -3.5% YOY<sup>(2)</sup> with €350 million<sup>(3)</sup> of contracts signed
- Adjusted EBITDA<sup>(4)</sup> of €530 million (-2.7% YOY as reported) representing a margin of 54%
- 2023 financial outlook<sup>(5)</sup> re-affirmed (Revenue: €1,950-2,000 million; Adjusted EBITDA: €1,010-1,050 million)
- Launching a share buyback of up to €150 million
- 4 O3b mPOWER satellites launched; next launch currently planned for Q3 2023 and commercial service start by end-2023
- SES-17 & O3b mPOWER backlog now over \$1 billion<sup>(6)</sup>
- C-band clearing completed and accelerated relocation payment (\$3 billion pre-tax) expected in Q4 2023

**Ruy Pinto, CEO of SES, commented:** "The strong start to the year continued into Q2 resulting in a solid H1 financial performance and confirmation of the 2023 financial outlook. Networks is growing on the back of strong performance in Mobility and robust outturns in Government and Fixed Data. In Video, we have signed additional important renewals which underpin the long-term cash fundamentals and value of our direct-to-home neighbourhoods.

Today, we are announcing a share buyback programme which demonstrates our conviction in SES's long-term fundamentals.

With O3b mPOWER expected to be in commercial service by the end of this year, customers will benefit from an expanded set of capabilities for flexible, guaranteed, and high-performance connectivity to meet requirements in competitive, high growth segments.

In Government, the Luxembourg Parliament recently approved funding for an important, multi-year commitment to O3b mPOWER, while the group of SES and other European space and telecom players has been selected to develop a proposal for the European Commission's future satellite constellation, IRIS<sup>2</sup>.

Lastly, we are delighted to have cleared C-band ahead of schedule, after more than 3 years of hard work, and expect to receive the \$3 billion (pre-tax) accelerated relocation payment in Q4 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 7)

2) Excluding periodic revenue (H1 2023: nil; H1 2022: €10 million). Including periodic revenue, Video was 5.2% lower YOY at constant FX

3) Including significant deals signed since 1 July 2023

4) Excluding operating expenses/income recognised in relation to U.S. C-band repurposing and other significant special items (disclosed separately)

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

6) Gross backlog \$1,025 million (fully protected: \$835 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	H1 2023	H1 2022	Δ as reported	Δ at constant FX and like for like <sup>(1)</sup>
Average €/\$ FX rate	1.08	1.10		
Revenue	987	899	+9.8%	-1.2%
Adjusted EBITDA	530	545	-2.7%	-5.7%
Adjusted Net Profit	116	168	-31.0%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.6x	3.0x	n/a	n/a

*"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 (acquired on 1 August 2022).*

Networks revenue of €501 million represented a growth of 3.1% compared with H1 2022, with growth in Mobility (of +13.8%), complemented by robust performance in Fixed Data (+0.2%), which included periodic revenue of €7 million in Q1 2023, as well as Government (-0.7%).

Video revenue of €486 million represents a reduction of 5.2% compared with H1 2022, or a 3.5% reduction excluding periodic revenue of €10 million which was recognised in Q1 2022.

Adjusted EBITDA of €530 million represented an Adjusted EBITDA margin of 54% (H1 2022: 61% and 56% 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 €31 million (H1 2022: €16 million), comprising net U.S. C-band expenses of €10 million (H1 2022: €13 million) and other significant special items of €21 million (H1 2022: €3 million) related to acquisition costs and restructuring expenses.

Adjusted Net Profit of €116 million included a net foreign exchange (FX) loss of €2 million (H1 2022: gain of €26 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 €7 million (H1 2022: €27 million).

At 30 June 2023, Adjusted Net Debt (including 50% of the €1,175 million of hybrid bonds as debt) was €3,932 million and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.6 times, compared with 3.5 times at 31 December 2022. At 30 June 2023, the total amount of remaining U.S. C-band clearing cost reimbursements expected to be received in the future was approximately \$500 million.

Contract backlog at 30 June 2023 was €4.7 billion (€5.7 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) remains 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, U.S. C-band repurposing, and assuming an FX rate of €1=\$1.09) is also unchanged and expected to be around €550 million in 2023.

SES is, today, announcing a share buyback programme of up to €150 million expected to be executed by 30 June 2024 under the authorisation given by the Annual General Meeting of shareholders held on 6 April 2023. SES will purchase up to 20 million A-shares and up to 10 million B-shares in equal proportion to maintain the ratio of two A-shares to one B-share, as required by the Articles of Association. The aggregate value of the programme shall not exceed €150 million, and the shares acquired under the programme are intended to be cancelled to reduce the total number of voting and economic shares.

## Operational performance

### REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported			Like for like <sup>(1)</sup> change (YOY) at constant FX		
	Q1 2023	Q2 2023	H1 2023	Q1 2023	Q2 2023	H1 2023
Average €/€ FX rate	1.07	1.08	1.08			
<b>Video</b>	<b>242</b>	<b>244</b>	<b>486</b>	<b>-5.0% / -8.3%<sup>(2)</sup></b>	<b>-2.0%</b>	<b>-3.5% / -5.2%<sup>(2)</sup></b>
<b>Networks</b>	<b>248</b>	<b>252</b>	<b>501</b>	<b>+2.9%<sup>(3)</sup></b>	<b>+3.4%</b>	<b>+3.1%<sup>(3)</sup></b>
Government	120	117	237	-0.6%	-0.9%	-0.7%
Fixed Data	60 <sup>(3)</sup>	65	125 <sup>(3)</sup>	-1.6% <sup>(3)</sup>	+1.9%	+0.2% <sup>(3)</sup>
Mobility	68	70	139	+14.4%	+13.1%	+13.8%
Other	-	1	1	n/m	n/m	n/m
<b>Group Total</b>	<b>490</b>	<b>497</b>	<b>987</b>	<b>-3.0%</b>	<b>+0.7%</b>	<b>-1.2%</b>

1) As if DRS Global Enterprise Solutions had been acquired on 31 December 2021 (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) Including periodic revenue (Q1 2023: nil; Q1 2022: €10 million). 3) Including periodic revenue of €7 million in Q1 2023 (Q1 2022: nil).

### 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	Q3 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

Final launch dates are subject to confirmation by launch providers

## CONSOLIDATED INCOME STATEMENT

€ million	H1 2023	H1 2022
Average €/€ FX rate	1.08	1.10
<b>Revenue</b>	<b>987</b>	899
U.S. C-band repurposing income	3	4
Operating expenses	(491)	(374)
<b>EBITDA</b>	<b>499</b>	529
Depreciation expense	(294)	(296)
Impairment expense	-	(24)
Amortisation expense	(46)	(24)
<b>Operating profit</b>	<b>159</b>	185
Net financing costs	(47)	(30)
<b>Profit before tax</b>	<b>112</b>	155
Income tax expense	(20)	(54)
Non-controlling interests	-	-
<b>Net profit attributable to owners of the parent</b>	<b>92</b>	101
<b>Basic and diluted earnings per A-share (in €)<sup>(1)</sup></b>	<b>0.17</b>	0.19
Basic and diluted earnings per B-share (in €) <sup>(1)</sup>	0.07	0.08

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	H1 2023	H1 2022
<b>Adjusted EBITDA</b>	<b>530</b>	545
U.S. C-band reimbursement income	3	4
U.S. C-band operating expenses	(13)	(17)
Other significant special items	(21)	(3)
<b>EBITDA</b>	<b>499</b>	529

€ million	H1 2023	H1 2022
<b>Adjusted Net Profit</b>	<b>116</b>	168
U.S. C-band reimbursement income	3	4
U.S. C-band operating expenses	(13)	(17)
Impairment expense	-	(24)
Other significant special items	(21)	(3)
Tax on significant special items	7	(27)
<b>Net profit attributable to owners of the parent</b>	<b>92</b>	101

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	30 June 2023	31 December 2022
<i>Closing €/ \$ FX rate</i>	1.09	1.07
Property, plant, and equipment	3,345	3,630
Assets in the course of construction	1,948	1,859
Intangible assets	4,190	4,291
Other financial assets	20	20
Trade and other receivables <sup>(1)</sup>	109	111
Deferred customer contract costs	3	7
Deferred tax assets	522	499
<b>Total non-current assets</b>	<b>10,137</b>	<b>10,417</b>
Inventories	39	34
Trade and other receivables <sup>(1)</sup>	849	1,033
Deferred customer contract costs	2	4
Prepayments	51	47
Income tax receivable	32	25
Cash and cash equivalents (A)	333	1,047
<b>Total current assets</b>	<b>1,306</b>	<b>2,190</b>
<b>Total assets</b>	<b>11,443</b>	<b>12,607</b>
Equity attributable to the owners of the parent	5,363	5,596
Non-controlling interests	57	62
<b>Total equity</b>	<b>5,420</b>	<b>5,658</b>
Borrowings (B)	3,460	3,629
Provisions	7	7
Deferred income	330	359
Deferred tax liabilities	427	434
Other long-term liabilities	83	107
Lease liabilities	31	30
Fixed assets suppliers	375	740
<b>Total non-current liabilities</b>	<b>4,713</b>	<b>5,306</b>
Borrowings (C)	217	719
Provisions	80	67
Deferred income	191	189
Trade and other payables	303	367
Lease liabilities	21	15
Fixed assets suppliers	479	264
Income tax liabilities	19	22
<b>Total current liabilities</b>	<b>1,310</b>	<b>1,643</b>
<b>Total liabilities</b>	<b>6,023</b>	<b>6,949</b>
<b>Total equity and liabilities</b>	<b>11,443</b>	<b>12,607</b>
<b>Reported Net Debt (B + C – A)</b>	<b>3,344</b>	<b>3,301</b>

1) Trade and other receivables (current and non-current) include €385 million related to U.S. C-band repurposing (31 December 2022: €480 million).

## CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	H1 2023	H1 2022
<b>Profit before tax</b>	<b>112</b>	<b>155</b>
Taxes paid during the year	(38)	(169)
Adjustment for non-cash items	367	371
Changes in working capital	26	423
<b>Net cash generated by operating activities</b>	<b>467</b>	<b>780</b>
Payments for purchases of intangible assets	(13)	(25)
Payments for purchases of tangible assets <sup>(1)</sup>	(209)	(555)
Other investing activities	(5)	(1)
<b>Net cash absorbed by investing activities</b>	<b>(227)</b>	<b>(581)</b>
Proceeds from borrowings	50	745
Repayment of borrowings	(698)	(49)
Coupon paid on perpetual bond	(31)	(31)
Dividends paid on ordinary shares <sup>(2)</sup>	(220)	(219)
Interest paid on borrowings	(67)	(48)
Proceeds from treasury shares sold and exercise of stock options	3	4
Lease payments	(10)	(9)
<b>Net cash generated/(absorbed) by financing activities</b>	<b>(973)</b>	<b>393</b>
Net foreign exchange movements	19	28
Net increase in cash and cash equivalents	(714)	620
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,047</b>	<b>1,049</b>
<b>Cash and cash equivalents at end of the year</b>	<b>333</b>	<b>1,669</b>

1) Including net reimbursements of €87 million related to U.S. C-band repurposing (H1 2022: net payments of €319 million). 2) Net of dividends received on treasury shares of €3 million (H1 2022: €4 million)

€ million	H1 2023	H1 2022
<b>Net cash generated by operating activities</b>	<b>467</b>	<b>780</b>
Net cash absorbed by investing activities	(227)	(581)
<b>Free cash flow before financing activities</b>	<b>240</b>	<b>199</b>
Interest paid on borrowings	(67)	(48)
Lease payments	(10)	(9)
<b>Free cash flow before equity distributions and treasury activities</b>	<b>163</b>	<b>142</b>

## SUPPLEMENTARY INFORMATION

### QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Average €/€ FX rate	1.12	1.08	1.02	1.00	1.07	1.08
Revenue	448	451	501	544	490	497
U.S. C-band repurposing income	2	2	2	178	2	1
Operating expenses	(184)	(190)	(232)	(280)	(240)	(251)
<b>EBITDA</b>	<b>266</b>	<b>263</b>	<b>271</b>	<b>442</b>	<b>252</b>	<b>247</b>
Depreciation expense	(147)	(149)	(158)	(188)	(148)	(146)
Amortisation expense	(12)	(12)	(16)	(23)	(17)	(29)
Impairment expense	-	(24)	-	(373)	-	-
<b>Operating profit</b>	<b>107</b>	<b>78</b>	<b>97</b>	<b>(142)</b>	<b>87</b>	<b>72</b>
Net financing costs	(16)	(14)	24	(82)	(29)	(18)
<b>Profit before tax</b>	<b>91</b>	<b>64</b>	<b>121</b>	<b>(224)</b>	<b>58</b>	<b>54</b>
Income tax benefit/(expense)	(9)	(45)	(24)	(9)	(3)	(17)
Non-controlling interests	-	-	-	1	-	-
<b>Net (Loss)/Profit</b>	<b>82</b>	<b>19</b>	<b>97</b>	<b>(232)</b>	<b>55</b>	<b>37</b>
<b>Basic (loss)/earnings per share (in €)<sup>(1)</sup></b>						
Class A shares	0.17	0.02	0.20	(0.55)	0.10	0.07
Class B shares	0.07	0.01	0.08	(0.22)	0.04	0.03
<b>Adjusted EBITDA</b>	<b>274</b>	<b>271</b>	<b>284</b>	<b>276</b>	<b>265</b>	<b>265</b>
<b>Adjusted EBITDA margin</b>	<b>61%</b>	<b>60%</b>	<b>57%</b>	<b>51%</b>	<b>54%</b>	<b>53%</b>
U.S. C-band repurposing income	2	2	2	178	2	1
U.S. C-band operating expenses	(9)	(8)	(7)	(6)	(6)	(7)
Other significant special items	(1)	(2)	(8)	(6)	(9)	(12)
<b>EBITDA</b>	<b>266</b>	<b>263</b>	<b>271</b>	<b>442</b>	<b>252</b>	<b>247</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.

### 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>

1) Included periodic revenue of €10 million in Q1 2022. 2) 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
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 2022 and 2023, the primary exceptional items are the net impact of the repurposing of U.S. 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.

## Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 3 August 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
U.S.A.	+1 786 697 3501

Confirmation code **SES**

Webcast registration [https://channel.royalcast.com/landingpage/ses/20230803\\_1/](https://channel.royalcast.com/landingpage/ses/20230803_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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