



Press Release

YTD 2023 RESULTS

Luxembourg, 31 October 2023 -- SES S.A. announces financial results for the nine and three months ended 30 September 2023 and update on O3b mPOWER.

Key YTD Financial Highlights:

- Revenue of €1,494 million (+0.2% YOY⁽¹⁾), including €507 million in Q3 2023 (+3.1% YOY⁽²⁾)
- Networks +5.0% YOY⁽²⁾ with Mobility, Government, and Fixed Data growth; Video -3.2% YOY^(2,2) with €445 million of contracts signed
- Adjusted EBITDA⁽³⁾ of €792 million (-4.5% YOY as reported) representing a margin of 53%
- 2023 financial outlook⁽¹⁾ re-affirmed (Revenue: €1,950-2,000 million; Adjusted EBITDA: €1,010-1,050 million)
- U.S. C-band accelerated relocation payment (\$3 billion pre-tax) fully received in October 2023
- Pro forma Adjusted Net Debt to Adjusted EBITDA ratio of around 1.5 times⁽⁴⁾ underpins strong balance sheet

O3b mPOWER update:

- Launch of satellites 5&6 planned in early November 2023 and commercial service expected to start from early Q2 2024
- In light of an increased number of power module switch offs over the past few months, mitigations to be put in place for initial satellites
- Current O3b mPOWER customers are expected to be supported, as well as future customers and market growth
- Plan to upgrade satellites 7-11 and add 2 further satellites (12-13) within SES's existing committed Capital Expenditure envelope
- Expected impact of O3b mPOWER delay in the order of mid-single digit percentage⁽⁵⁾ lower in terms of 2024 revenue and Adjusted EBITDA before potential mitigations, including optimised use of existing MEO and GEO fleet, and additional programmes in progress

Other Highlights:

- €150 million share buyback (announced 3 August 2023) to start in November 2023
- SES plans to exercise the call for €550 million hybrid (perpetual) bond in January 2024
- Adel Al-Saleh appointed as CEO, effective February 2024, with proven track record of value creation in dynamic markets

Ruy Pinto, CEO of SES, commented: "We are pleased with a solid year to date financial performance and remain fully on track to deliver on our 2023 financial outlook. We achieved year-on-year growth in all 3 of our main Networks segments and secured important Video renewals which underpin the long-term cash generation and value of our broadcast business. Solid EBITDA performance underscores our focus on managing controllable costs across the business.

I am delighted to confirm that we have now collected the full \$3 billion (pre-tax) in accelerated relocation payments from Phase II U.S. C-band clearing. With the clearing completed ahead of schedule, we have fully delivered on the objectives of enabling accelerated deployment of 5G services in the U.S., protecting the critical broadcast services delivered by our customers, and realising significant value creation for SES.

We have identified the causes of the power module issues with the initial 4 satellites in orbit and have now put in place a plan to address those issues. With this plan in place, we now expect the launch of the next two O3b mPOWER satellites in early November and can look forward to deploying customers and beginning commercial services from early Q2 2024."

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 (YTD 2023: nil; YTD 2022: €10 million). Including periodic revenue, Video was -4.3% lower YOY at constant FX

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

4) Based on pro forma Adjusted Net Debt including U.S. C-band accelerated relocation payment (net of tax), remaining U.S. C-band reimbursements expected to be received, €150 million share buyback programme, and calling of €550 million hybrid bond (treated as 50% debt and 50% equity)

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



Update on O3b mPOWER

SES confirms the planned launch of O3b mPOWER satellites 5 and 6 in early November 2023, from which commercial services are expected to begin from early Q2 2024.

Over the past few months, an increased number of sporadic power module switch offs have been observed during O3b mPOWER operations in space, including a few non-recoverable events. After a comprehensive investigation where the causes were identified by Boeing and SES, mitigations for these events will be put in place for the initial satellites that include updated operational procedures and leveraging elements of the constellation in a resilient configuration, which will enable the expected high-performance services to customers.

With the operations of this initial O3b mPOWER constellation, in combination with the existing O3b MEO constellation, SES expects it can support its currently signed O3b mPOWER customers, as well as future customers and market growth.

It has been determined that the anticipated operational life and available capacity of the initial O3b mPOWER satellites will be significantly lower than previously expected. SES has secured firm commitments from Boeing and both companies are closely collaborating to deliver the full lifecycle capabilities of the constellation. SES and Boeing plan to upgrade 5 of the remaining satellites (7-11) already under manufacture and add 2 additional satellites into the constellation. The additional investment associated with this plan is expected to be fully covered within SES's existing committed CapEx envelope, including supplier concessions.

SES expects the impact of the O3b mPOWER delay (from end-2023 previously to early Q2 2024) to be in the order of mid-single digit percentage (assuming a constant FX rate, nominal satellite health, and nominal launch schedule) lower in terms of 2024 revenue and Adjusted EBITDA, before any potential mitigations, such as leveraging SES's satellite fleet with its existing MEO and GEO satellites, and/or additional programmes in progress.

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 2023	YTD 2022	Δ as reported	Δ at constant FX and like for like ⁽¹⁾
Average €/€ FX rate	1.08	1.07		
Revenue	1,494	1,400	+6.8%	+0.2%
Adjusted EBITDA	792	829	-4.5%	-5.2%
Adjusted Net Profit	180	277	-35.0%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.5x	4.0x	n/a	n/a

⁽¹⁾ "At constant FX" refers to comparative figures restated at the current period FX, to neutralise currency variations. 1) "Like for like" assumes the acquisition of DRS Global Enterprise Solutions on 31 December 2021, instead of actual acquisition date of 1 August 2022.

Networks revenue of €767 million increased 5.0% year-on-year driven by growth in Mobility (+9.4%) Government (+4.2%) and Fixed Data (+2.3%) which included periodic revenue of €7 million in Q1 2023.

Video revenue of €727 million represented a reduction of 4.3%, compared with YTD 2022. Excluding €10 million of periodic revenue which was recognised in Q1 2022, Video was 3.2% lower year-on-year.

Adjusted EBITDA of €792 million represented an Adjusted EBITDA margin of 53% (YTD 2022: 59% and 56% on a like for like basis).

Adjusted EBITDA excludes significant special items of €2,678 million (YTD 2022: €29 million), mainly comprising net U.S. C-band income of €2,701 million (YTD 2022 net expense: €18 million) and other significant special items of €23 million (YTD 2022: €11 million) related to M&A costs and restructuring expenses.

Adjusted Net Profit of €180 million included a net foreign exchange (FX) gain of €17 million (YTD 2022: gain of €87 million), higher year-on-year capitalised interest, and lower year-on-year recurring income tax expense.

Adjusted Net Profit excludes the significant special items highlighted above, a non-cash impairment of €1,553 million triggered by the recognition of the income from the Phase II U.S. C-band accelerated relocation payment, and related net tax expense of €443 million (YTD 2022: €26 million expense).

At 30 September 2023, Adjusted Net Debt (including 50% of the €1,175 million of hybrid bonds as debt) was €3,704 million and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.5 times which is unchanged compared with 31 December 2022.

Adjusted Net Debt does not yet include cash of \$2,991 million (pre-tax of 18.3%) from U.S. C-band accelerated relocation payments which were paid to SES in October 2023. Additionally, the total amount of remaining U.S. C-band clearing cost reimbursements expected to be received in future now stands at \$445 million.

Contract backlog at 30 September 2023 was €4.7 billion (€5.7 billion gross backlog including backlog with contractual break clauses). This included \$830 million of fully protected contract backlog (\$1,030 million gross backlog) for SES-17 and O3b mPOWER combined.

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, 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.

The share buyback programme of up to €150 million (announced 3 August 2023) is intended to start in November 2023 and executed under the authorisation given by the Annual General Meeting of shareholders held on 6 April 2023. Under the authorisation, SES can 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 are intended to be cancelled, reducing the total number of voting and economic shares in issue.

Operational performance

REVENUE BY BUSINESS UNIT

2023	Revenue (€ million) as reported				Like for like ⁽¹⁾ change (YOY) at constant FX			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
Average €/ \$ FX rate	1.07	1.08	1.09	1.08				
Video	242	244	241	727	-5.0% / -8.3%⁽²⁾	-2.0%	-2.5%	-3.2% / -4.3%⁽²⁾
Networks	248	252	267	767	+0.1% / +2.9%⁽³⁾	+3.4%	+8.8%	+4.1% / +5.0%⁽³⁾
Government	120	117	129	366	-0.6%	-0.9%	+14.7%	+4.2%
Fixed Data	60 ⁽³⁾	65	69	194	-1.6% ⁽³⁾	+1.9%	+6.3%	+2.3% ⁽³⁾
Mobility	68	70	69	207	+14.4%	+13.1%	+1.5%	+9.4%
Group Total	490	497	507	1,494	-3.0%	+0.7%	+3.1%	+0.2%

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).

Recent and future satellite launches

Satellite	Region	Application	Launch Date
SES-18 & SES-19	North America	Video (U.S. 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	Q4 2023
O3b mPOWER (satellites 7-8)	Global	Fixed Data, Mobility, Government	H2 2024
ASTRA 1P	Europe	Video	H2 2024
ASTRA 1Q	Europe	Video, Fixed Data, Mobility, Government	2025
SES-26	Africa, Asia, Europe, Middle East	Video, Fixed Data, Mobility, Government	2025
EAGLE-1	Europe	Government	2025
O3b mPOWER (satellites 9-11)	Global	Fixed Data, Mobility, Government	2025
O3b mPOWER (satellites 12-13)	Global	Fixed Data, Mobility, Government	2026

Final launch dates are subject to confirmation by launch providers

CONSOLIDATED INCOME STATEMENT

€ million	YTD 2023	YTD 2022
Average €/€ FX rate	1.08	1.07
Revenue	1,494	1,400
U.S. C-band repurposing income	2,718	6
Operating expenses	(742)	(606)
EBITDA	3,470	800
Depreciation expense	(447)	(454)
Amortisation expense	(67)	(40)
Non-cash impairment	(1,553)	(24)
Operating profit	1,403	282
Net financing costs	(49)	(6)
Profit before tax	1,354	276
Income tax expense	(492)	(78)
Non-controlling interests	-	-
Net profit attributable to owners of the parent	862	198
Basic and diluted earnings per A-share (in €)⁽¹⁾	1.90	0.39
Basic and diluted earnings per B-share (in €) ⁽¹⁾	0.76	0.16

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	2023	2022
Adjusted EBITDA	792	829
U.S. C-band income	2,718	6
U.S. C-band operating expenses	(17)	(24)
Other significant special items	(23)	(11)
EBITDA	3,470	800

€ million	2023	2022
Adjusted Net Profit	180	277
U.S. C-band income	2,718	6
U.S. C-band operating expenses	(17)	(24)
Non-cash impairment	(1,553)	(24)
Other significant special items	(23)	(11)
Tax on significant special items	(443)	(26)
Net profit attributable to owners of the parent	862	198

SUPPLEMENTARY INFORMATION

QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Average €/ \$ FX rate	1.12	1.08	1.02	1.00	1.07	1.08	1.08
Revenue	448	451	501	544	490	497	507
U.S. C-band income	2	2	2	178	2	1	2,715
Operating expenses	(184)	(190)	(232)	(280)	(240)	(251)	(251)
EBITDA	266	263	271	442	252	247	2,971
Depreciation expense	(147)	(149)	(158)	(188)	(148)	(146)	(153)
Amortisation expense	(12)	(12)	(16)	(23)	(17)	(29)	(21)
Non-cash impairment	-	(24)	-	(373)	-	-	(1,553)
Operating profit/ (loss)	107	78	97	(142)	87	72	1,244
Net financing costs	(16)	(14)	24	(82)	(29)	(18)	(2)
Profit/ (loss) before tax	91	64	121	(224)	58	54	1,242
Income tax expense	(9)	(45)	(24)	(9)	(3)	(17)	(472)
Non-controlling interests	-	-	-	1	-	-	-
Net profit/ (loss)	82	19	97	(232)	55	37	770
Basic earnings/(loss) per share (in €) ⁽¹⁾							
Class A shares	0.17	0.02	0.20	(0.55)	0.10	0.07	1.73
Class B shares	0.07	0.01	0.08	(0.22)	0.04	0.03	0.69
Adjusted EBITDA	274	271	284	276	265	265	262
Adjusted EBITDA margin	61%	60%	57%	51%	54%	53%	52%
U.S. C-band income	2	2	2	178	2	1	2,715
U.S. C-band operating expenses	(9)	(8)	(7)	(6)	(6)	(7)	(4)
Other significant special items	(1)	(2)	(8)	(6)	(9)	(12)	(2)
EBITDA	266	263	271	442	252	247	2,971

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
Video	261⁽¹⁾	250	252	257	1,020⁽¹⁾
Networks	231	245	261	287⁽²⁾	1,024⁽²⁾
Government	116	119	119	144	498
Fixed Data	58	64	69	75 ⁽²⁾	266 ⁽²⁾
Mobility	57	62	73	68	260
Group Total	493	495	513	544	2,045

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, 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.

Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CET on 31 October 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/20231031_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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