



## Press Release

# Q1 2021 RESULTS

### “Strong start to 2021. Launching €100 million Share Buyback programme”

Luxembourg, 6 May 2021 -- SES S.A. announces financial results for the three months ended 31 March 2021.

#### Strong execution delivering revenue of €436 million and Adjusted EBITDA<sup>(1)</sup> of €268 million

- Improving trajectory in Video from -8.0% YOY<sup>(2,3)</sup> in FY 2020 to -4.6% YOY<sup>(2,3)</sup> in Q1 2021
- Solid Networks performance (flat YOY<sup>(2,3)</sup>) in the COVID environment with strong prospects for future growth
- 7% YOY<sup>(3)</sup> reduction in recurring Operating Expenses, reflecting S&A<sup>(4)</sup> gains, supporting higher YOY Adjusted EBITDA margin (61%)
- Solid cash flow generation and financial discipline supporting lower YOY leverage ratio<sup>(5)</sup> of 3.1 times at 31 March 2021
- Adjusted Net Profit up 42% YOY to €75 million

#### On track to deliver 2021 outlook. Growth investments and C-band proceeds supporting future growth and value creation

- Over 85% of 2021 revenue outlook (€1,760-1,820 million<sup>(6)</sup>) already under contract
- \$180 million of backlog signed in 2021 for SES-17 and O3b mPOWER with gross backlog at \$740 million<sup>(7)</sup>; timed to come to market as the world emerges from the COVID environment with highly differentiated products and solutions to capture substantial connectivity growth opportunity
- US C-band clearing on track to meet end-2021 milestone (triggering \$1 billion payment) and end-2023 milestone (triggering a further \$3 billion payment)

#### Delivering returns to shareholders

- 2020 dividend of €0.40 per A-share paid in April 2021, consistent with commitment to minimum base dividend of €0.40 going forward
- Launching [€100 million share buyback programme](#) reflecting confidence in the long-term fundamentals of the business

**Steve Collar, CEO of SES, commented:** “We have made a strong start to 2021 with the resilience of our Video business to the fore on the back of a number of important renewals and extensions secured at our core European neighbourhoods. Networks business performance was also solid in Q1, notwithstanding the near-term COVID environment, with new deal flow beginning to pick up. We continue our laser focus on removing cost from the business and minimising discretionary spend with a 7% year-on-year reduction in operating expenses, leading to improving EBITDA margin. In summary, our start to the year puts us firmly on track to deliver on our 2021 financial outlook which remains unchanged.

I am excited by the progress that we are making in securing customer commitments for SES-17 and O3b mPOWER ahead of launch in the second half of 2021, and the level of market interest that we are seeing across all Networks verticals. These important growth investments allow us to offer a significantly expanded set of low latency products and solutions to the market as the world emerges from the COVID environment and demand for connectivity increases exponentially. We are also on course with the clearing of C-band in the US and are continuing to pursue opportunities to create additional shareholder value from further monetisation initiatives.

The share buyback programme that we are announcing today reflects our confidence in the long-term fundamentals of the business. The current share price does not reflect the underlying value of SES and this programme represents an attractive opportunity to deploy capital for the optimal benefit of our shareholders. SES is uniquely positioned with targeted and differentiated growth investments fuelling future top line and EBITDA growth with strong cash flow enhanced by meaningfully lower capital expenditure, as well as the proceeds from our C-band initiative.”

<sup>1</sup> Excluding restructuring charge and operating expenses recognised in relation to US C-band repurposing (disclosed separately)

<sup>2</sup> Underlying revenue, excluding periodic and other revenue (disclosed separately) that are not directly related to or otherwise distort the underlying business trends

<sup>3</sup> At constant FX which refers to comparative figures restated at the current period FX to neutralise currency variations

<sup>4</sup> Simplify & Amplify

<sup>5</sup> Ratio of Adjusted Net Debt (which includes 50% of hybrid bonds as debt, per the rating agency methodology) to Adjusted EBITDA

<sup>6</sup> Financial outlook assumes a €/€ FX rate of €1 = \$1.20, nominal satellite health and launch schedule

<sup>7</sup> Gross backlog \$740 million (fully protected: \$605 million)

## Key business and financial highlights

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 2021	Q1 2020	Δ as Reported	Δ at constant FX
Average €/€ FX rate	1.22	1.11		
Revenue	436	479	-8.9%	-4.3%
Adjusted EBITDA	268	288	-6.9%	-2.6%
Adjusted Net Profit	75	53	+41.5%	n/a
Adjusted Net Debt / Adjusted EBITDA	3.08 times	3.28 times	-0.20 times	n/a

- Underlying revenue (excluding periodic and other) declined by 2.8% year-on-year (at constant FX) to €436 million.
- Video underlying revenue of €263 million represents a reduction of 4.6% year-on-year (at constant FX), compared with -8.0% year-on-year in FY 2020, where lower revenue from mature markets was partially offset by higher revenues generated across International markets and growth in the number of paying consumers subscribing to HD+ in Germany.
- Networks underlying revenue of €173 million was flat compared with Q1 2020 (+0.1% at constant FX) with strong ongoing growth in Government (+8.5%) offsetting COVID-related impacts on Mobility (-9.1%), while Fixed Data (-1.0%) was in line with the prior period.
- Adjusted EBITDA of €268 million represented a higher Adjusted EBITDA margin of 61.4% (Q1 2020: 60.1%) and benefitted from a 6.9% year-on-year reduction (at constant FX) in operating expenses.
- Adjusted EBITDA excludes restructuring expenses of €1 million (Q1 2020: €3 million) and €7 million (Q1 2020: nil) of operating expenses associated with the accelerated repurposing of US C-band spectrum, net of €27 million repurposing income (Q1 2020: nil).
- Adjusted Net Profit (see page 5) improved year-on-year by 41.5% to €75 million as the lower revenue was more than offset by the combination of lower recurring operating expenses, lower depreciation and amortisation expenses, and lower net interest expense. Adjusted Net Profit also included a net foreign exchange gain of €9 million (Q1 2020: loss of €5 million).
- At 31 March 2021, Adjusted Net Debt (including 50% of the €1.3 billion hybrid bonds as debt, per the rating agency methodology) of €3,486 million was €534 million (or 13.3%) lower than Q1 2020 and represented an Adjusted Net Debt to Adjusted EBITDA ratio of 3.08 times (31 March 2020: 3.28 times).
- Fully protected contract backlog at 31 March 2021 was €5.5 billion (gross backlog of €6.1 billion when including backlog subject to contractual break clauses).
- Following the Annual General Meeting on 1 April 2021, where all resolutions were approved, a dividend of €0.40 per A-share and €0.16 per B-share was paid to shareholders on 22 April 2021, consistent with the prior year and the Board's commitment to maintain a base dividend of €0.40 per A-share and €0.16 per B-share.
- SES has, today, announced a share buyback programme of up to €100 million to be executed by 31 December 2021 under the authorisation given by the Annual General Meeting of shareholders held on 1 April 2021. SES will purchase up to 12 million A-shares and up to 6 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 shares acquired under the programme are intended to be cancelled, reducing the total number of voting and economic shares.
- The FY 2021 financial outlook (assuming a €/€ FX rate of €1 = \$1.20, nominal satellite health and launch schedule) is unchanged with group revenue expected to be between €1,760-1,820 million (including €1,000-1,030 million for Video and €750-780 million for Networks) and Adjusted EBITDA (excluding restructuring and US C-band expenses) between €1,060-1,100 million.
- Capital expenditure (representing net cash absorbed by investing activities excluding acquisitions, financial investments, and US C-band repurposing) is also unchanged and expected to be €660 million in 2021 and €880 million in 2022 reflecting the growth investment in SES-17 and O3b mPOWER. Thereafter, capital expenditure is expected to reduce significantly to €220 million in 2023, €570 million in 2024, and €340 million in 2025, representing an average annual capital expenditure of €375 million (2023-2025).
- In April 2021, SES joined the United Nations Global Compact, underscoring the Group's commitment to operating in the most sustainable and responsible way across the business through a purpose-led Environmental, Social, and Governance programme.

## Operational performance and commentary

### REVENUE BY BUSINESS UNIT

	Revenue (€ million) as reported		Change (YOY) at constant FX
	Q1 2021	Q1 2020	
Average €/€ FX rate	1.22	1.11	
<b>Video (total)</b>	<b>263</b>	<b>282</b>	<b>-4.6%</b>
- Video underlying	263	282	-4.6%
Government (underlying)	71	70	+8.5%
Fixed Data (underlying)	55	61	-1.0%
Mobility (underlying)	47	58	-9.1%
Periodic	-	8	n/m
<b>Networks (total)</b>	<b>173</b>	<b>197</b>	<b>-3.8%</b>
- Networks underlying	173	189	+0.1%
<b>Sub-total</b>	<b>436</b>	<b>479</b>	<b>-4.3%</b>
- Underlying	436	471	-2.8%
- Periodic	-	8	n/m
Other revenue	-	-	n/m
<b>Group Total</b>	<b>436</b>	<b>479</b>	<b>-4.3%</b>

"At constant FX" refers to comparative figures restated at the current period FX to neutralise currency variations. "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

### Video: 60% of group revenue

At 31 March 2021, SES carried a total of 8,430 TV channels to 361 million TV homes around the world. This includes 3,098 channels in High Definition and Ultra High Definition which has grown by 4% compared with Q1 2020. 69% of total TV channels are broadcast in MPEG-4 with an additional 4% in HEVC.

The impact from customers 'right-sizing' volumes in mature markets (Western Europe and the US), lower US wholesale revenue, and the decision to reduce exposure to low margin services activities led to an overall year-on-year revenue reduction, albeit at a much slower pace of decline as compared with the trend throughout 2020.

International market revenue was higher year-on-year, while continued growth in the number of paying subscribers led to year-on-year growth in HD+ where the combination of an increase in the cost to renew a 12-month subscription from March 2021 and introduction of new Internet Protocol-based solutions into the market are expected to support the future development of the business.

### Networks: 40% of group revenue

#### Government

Strong contribution from new MEO- and GEO-enabled network solutions for the US Government led to overall strong year-on-year growth in revenue compared with Q1 2020 with additional new business wins secured at the end of the quarter expected to contribute to future revenue development. This was complemented by slightly higher year-on-year revenue in Global Government.

#### Fixed Data

Underlying revenue was consistent with the prior period as lower year-on-year revenue in the Pacific region was balanced with growth in new revenue from tier one mobile network operators in Latin America and additional revenue ramp up in the global cloud segment.

#### Mobility

The effects of the COVID pandemic on customers in the commercial aviation and cruise segments resulted in lower revenue compared with Q1 2020 which had yet to see an impact from the pandemic at that point in time. This was partly offset by a positive year-on-year performance in commercial shipping revenues.



While the vast majority of commercial contracts across the entire SES business, including in Mobility, are fixed, it is expected that the impact of lower revenue as a result of the COVID environment continues to present a short-term headwind to the development of Mobility revenue, however the long-term growth fundamentals remain in place to drive the pace of new business as demand recovers.

## Future satellite launches

Satellite	Region	Application	Launch Date
SES-17	Americas	Fixed Data, Mobility, Government	Q4 2021 <sup>(1)</sup>
O3b mPOWER (satellites 1-3)	Global	Fixed Data, Mobility, Government	Q4 2021 <sup>(1)</sup>
O3b mPOWER (satellites 4-6)	Global	Fixed Data, Mobility, Government	Q1 2022
O3b mPOWER (satellites 7-9)	Global	Fixed Data, Mobility, Government	H2 2022
SES-18 & SES-19	North America	Video (US C-band accelerated clearing)	H2 2022
SES-20 & SES-21	North America	Video (US C-band accelerated clearing)	H2 2022
O3b mPOWER (satellites 10-11)	Global	Fixed Data, Mobility, Government	H2 2024

<sup>1)</sup> From Q3 2021, however the change is not expected to result in a significant change in operational service date (OSD)

## CONSOLIDATED INCOME STATEMENT

Three months ended 31 March

€ million	Q1 2021	Q1 2020
Average €/€ FX rate	1.22	1.11
<b>Revenue</b>	<b>436</b>	<b>479</b>
US C-band repurposing income	27	--
Operating expenses	(203)	(194)
<b>EBITDA</b>	<b>260</b>	<b>285</b>
Depreciation expense	(140)	(159)
Amortisation expense	(19)	(22)
<b>Operating profit</b>	<b>101</b>	<b>104</b>
Net financing costs	(26)	(46)
<b>Profit before tax</b>	<b>75</b>	<b>58</b>
Income tax expense	(8)	(10)
Non-controlling interests	2	3
<b>Net profit attributable to owners of the parent</b>	<b>69</b>	<b>51</b>
<b>Basic and diluted earnings per share (in €) <sup>(1)</sup></b>		
Class A shares	<b>0.13</b>	0.09
Class B shares	<b>0.05</b>	0.03

*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. Fully diluted earnings per share are not significantly different from basic earnings per share*

€ million	Q1 2021	Q1 2020
<b>Adjusted EBITDA</b>	<b>268</b>	<b>288</b>
US C-band repurposing income	27	--
US C-band operating expenses	(34)	--
Restructuring expenses	(1)	(3)
<b>EBITDA</b>	<b>260</b>	<b>285</b>

€ million	Q1 2021	Q1 2020
<b>Adjusted Net Profit</b>	<b>75</b>	<b>53</b>
US C-band repurposing income	27	--
US C-band operating expenses	(34)	--
Restructuring expenses	(1)	(3)
Tax on material exceptional items	2	1
<b>Net profit/(loss) attributable to owners of the parent</b>	<b>69</b>	<b>51</b>

## SUPPLEMENTARY INFORMATION

### QUARTERLY INCOME STATEMENT (AS REPORTED)

€ million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Average €/€ FX rate	1.11	1.10	1.17	1.18	1.22
Revenue	479	469	462	466	436
US C-band repurposing income	--	--	--	10	27
Operating expenses	(194)	(207)	(175)	(231)	(203)
<b>EBITDA</b>	<b>285</b>	<b>262</b>	<b>287</b>	<b>245</b>	<b>260</b>
Depreciation expense	(158)	(161)	(153)	(153)	(140)
Amortisation expense	(23)	(21)	(21)	(30)	(19)
Impairment expense	-	-	-	(277)	-
<b>Operating profit/(loss)</b>	<b>104</b>	<b>80</b>	<b>113</b>	<b>(215)</b>	<b>101</b>
Net financing costs	(46)	(45)	(44)	(49)	(26)
<b>Profit/(loss) before tax</b>	<b>58</b>	<b>35</b>	<b>69</b>	<b>(264)</b>	<b>75</b>
Income tax benefit/(expense)	(9)	(1)	(4)	21	(8)
Non-controlling interests	2	2	2	3	2
<b>Net Profit/(Loss)</b>	<b>51</b>	<b>36</b>	<b>67</b>	<b>(240)</b>	<b>69</b>
<b>Earnings/(loss) per share (in €)<sup>(1)</sup></b>					
Class A shares	0.09	0.05	0.12	(0.56)	0.13
Class B shares	0.03	0.02	0.05	(0.22)	0.05
<b>Adjusted EBITDA</b>	<b>288</b>	<b>294</b>	<b>301</b>	<b>269</b>	<b>268</b>
<b>Adjusted EBITDA margin</b>	<b>60%</b>	<b>63%</b>	<b>65%</b>	<b>58%</b>	<b>61%</b>
US C-band repurposing income	--	--	--	10	27
US C-band operating expenses	--	(14)	(7)	(22)	(34)
Restructuring expenses	(3)	(18)	(7)	(12)	(1)
<b>EBITDA</b>	<b>285</b>	<b>262</b>	<b>287</b>	<b>245</b>	<b>260</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.

### QUARTERLY OPERATING PROFIT (AT CONSTANT €/€ FX RATE OF €1:\$1.20)

€ million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Average €/€ FX rate	1.20	1.20	1.20	1.20	1.20
Revenue	459	449	456	463	440
US C-band repurposing income	-	-	-	10	28
Operating expenses	(184)	(194)	(172)	(230)	(206)
<b>EBITDA</b>	<b>275</b>	<b>255</b>	<b>284</b>	<b>243</b>	<b>262</b>
Depreciation expense	(150)	(152)	(150)	(148)	(142)
Amortisation expense	(22)	(21)	(21)	(28)	(19)
Impairment expense	-	-	-	(277)	-
<b>Operating profit/(loss)</b>	<b>103</b>	<b>82</b>	<b>113</b>	<b>(210)</b>	<b>101</b>
<b>Adjusted EBITDA</b>	<b>278</b>	<b>285</b>	<b>297</b>	<b>267</b>	<b>270</b>
US C-band repurposing income	-	-	-	10	28
US C-band operating expenses	-	(12)	(7)	(22)	(35)
Restructuring expenses	(3)	(18)	(6)	(12)	(1)
<b>EBITDA</b>	<b>275</b>	<b>255</b>	<b>284</b>	<b>243</b>	<b>262</b>

## 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 material exceptional items. In 2020 and 2021, the primary exceptional items are restructuring charges and the net impact of the repurposing of US C-band spectrum. 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 material exceptional items. In 2020 and 2021, the primary exceptional items are restructuring charges, the net impact of the repurposing of US C-band spectrum, and the net impact of impairment expenses.

## For further information please contact:

Richard Whiteing  
Investor Relations  
Tel: +352 710 725 261  
[richard.whiteing@ses.com](mailto:richard.whiteing@ses.com)

Suzanne Ong  
External Communications  
Tel: +352 710 725 500  
[suzanne.ong@ses.com](mailto:suzanne.ong@ses.com)

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## Presentation of Results:

A presentation of the results for investors and analysts will be hosted at 9.30 CEST on 6 May 2021 and will be broadcast via [webcast](#) and conference call. The details for the conference call and webcast are as follows:

U.K. (Standard International Access):	+44 (0) 33 0551 0200
France:	+33 (0) 1 7037 7166
Germany:	+49 (0) 30 3001 90612
U.S.A.:	+1 212 999 6659

Confirmation code: **SES**

Webcast registration: [https://channel.royalcast.com/landingpage/ses/20210506\\_1/](https://channel.royalcast.com/landingpage/ses/20210506_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

SES has a bold vision to deliver amazing experiences everywhere on earth by distributing the highest quality video content and providing seamless connectivity around the world. As the leader in global content connectivity solutions, SES operates the world's only multi-orbit constellation of satellites with the unique combination of global coverage and high performance, including the commercially proven, low latency Medium Earth Orbit O3b system. By leveraging a vast and intelligent, cloud-enabled network, SES is able to deliver high quality connectivity solutions anywhere on land, at sea or in the air, and is a trusted partner to the world's leading telecommunications companies, mobile network operators, governments, connectivity and cloud service providers, broadcasters, video platform operators and content owners. SES's video network carries over 8,200 channels and has an unparalleled reach of 361 million households, delivering managed media services for both linear and non-linear content. The company is listed on Paris and Luxembourg stock exchanges (Ticker: SESG). Further information is available at: [www.ses.com](http://www.ses.com).

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