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SES Q1 2025 Results

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Operator: Hello and welcome to the SES Q1 2025 Results. My name is Laura and I will be your coordinator for today's event. Please note this call is being recorded, and for the duration of the call, your lines will be on listen-only mode. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator. I will now hand you over to your host, Christian Kern, Head of Investor Relations, to begin today's conference. Thank you.

Christian Kern: Thank you, Laura, and good morning, everyone, and thank you for joining us today. My name is Christian Kern, head of Investor Relations, and it is my pleasure to welcome you to SES Q1 2025 Results call on behalf of our management team. Before proceeding with the management presentation, we would like to inform you that the financial information contained in this document has been prepared under International Financial Reporting Standards. As usual, this presentation may contain announcements that constitute forward-looking statements, which are no guarantees of future performance and involve risks as well as uncertainties. Also, certain results may materially differ from those in these forward-looking statements due to several factors. We invite you to read the detailed disclaimer on page two of the presentation, which is also available on our company webpage. Today I'm here, I'm joined by our CEO, Adel Al-Saleh and our CFO, Sandeep Jalan, who will take you through this presentation followed by a Q&A session. Adel, with no further ado, over to you, please.

Adel Al-Saleh: Great. Thank you, Christian. Good morning, everybody. Starting with our Q1 highlights on page number three. We had a solid start to the year and are on track for our reaffirmed full year 2025 financial outlook, underscoring that our evolved strategy is delivering positive operational and financial results. We continue to have commercial momentum across the business, which demonstrates the growing demand for our differentiated solutions. The transformation and value creation – and value accretive Intelsat acquisition is progressing well and is anticipated to close in the early part of second half of 2025.

Looking at the financial highlights on page number four. As we expected, the first quarter of the year produced a solid set of results, with revenue stable year on year reflecting strong operational execution led by the network growth of 8.4% year on year, including some periodic revenue. Q1 2025 adjusted EBITDA was also in line with our expectation, broadly stable year on year, with a 55% margin, including flow through of periodic revenue impact and some shifts in cost as well as lower margin equipment sales to outer quarters. This was supported by solid growth in networks and nearly 6% reduction in controllable operational expenses as we continue to transform and drive operational excellence throughout the business. In Q1 2025, we secured €360 million of renewals and new customer contracts, with the majority coming from our growth segments supporting our growth gross backlog of €4.5 billion. Our net leverage is at 1.2 times, including €3.1 billion of cash and cash equivalents.

On page five, we continue to strengthen and build on existing and new partnerships in our chosen markets and seeing increased demand for our differentiated offering. We're proud to be a trusted partner in the government sector, but we started to see increased demand from the recent changes in the geopolitical landscape. This is, for example, demonstrated by key contracts like the 200 million NATO MGS contract, the US-European Command blanket purchase agreement and the IRIS² Contract Award. On the MGS contract, which you've heard from before, we're proud to have had the Netherlands joining the MGS agreement. The addition of Netherlands reflects the growing strength of our partnership with NATO. With O3b mPOWER, low latency, guaranteed SLAs, flexibility and security, we're proud to begin delivering connectivity to the MGS founding nations and new members under the NSPA agreement. These agreements enhance secure, resilient, and high-performance connectivity for NATO members and US-European Command, while expanding our global MEO offering. Our strategic wins underscore our commitment to delivering innovative solutions and driving growth in the government business. With IRIS², we're well poised for the future of connectivity. In April, we have successfully completed the kickoff phase of the EU's IRIS² programme, reinforcing our leadership in providing sovereign, secure European connectivity from space. In Q1 2025, we're proud that another airline, Uzbekistan Airways, selected our open orbit offering through our participating partners. Uzbekistan Airways will integrate the SES Open Orbits network in its inflight connectivity. In addition, Thai Airways plans to expand its use of SES open orbits on its future aircraft's. Wins like this are driving our future growth in aviation, where our ability to deliver, manage multi-orbit solutions is a source of strength, anchoring our right to win in this competitive segment.

Our continued success in maritime, driven by sustained demand from new builds from our customers like MSC, Princess, Virgin and others showcases our strong positioning in the Ocean Ships segment. This is thanks to our end-to-end multi-orbit service with manage MEO-based networks as a cornerstone of their passenger connectivity experience. In fixed data, we're setting up our differentiated capabilities for future growth with innovative partnerships such as the Lynk Global in direct to device, which will allow SES customers to benefit from a broader range of applications including remote access, mission-critical first responder and secure government communications, offshore and automotive connectivity. And the media, we're proud to have signed up ATP, a major sports media organisation. SES's centralised platform will allow ATP media's broadcast partners to easily procure, encrypt and customise their content for the local distribution. This partnership will enable one billion global fans to be watching over 3000 tennis matches in the coming year. This quarter, we have also signed Mileto in Brazil, a contract which over time has the potential to grow and mitigate some of the capacity revenue lost to a customer bankruptcy as announced last year. These wins demonstrate the sustained relevance of our satellite offering for media applications.

Moving on to the vertical performance. Starting with our networks business on page number six, where we have demonstrated our ability to win with our multi-orbit solutions. Let's start with the government business, which is showing strong growth. Up by more than 13% year on year, driven by expansion in both the US and global government businesses. Our mobility business is almost 9% year on year, with double digit growth in aviation and complemented by growth in maritime, including periodic revenue related to our contract modification of €19 million for Q1 2025, and a $22 million recognised in Q1 2024, which we announced before. Mobility, excluding this periodic effect, showed the strong performance of 18% growth year on year. Due to continued capacity constraints of our O3b mPOWER fleet and the competitive nature of the segment, our fixed data business is down 2% year on year, performing to our expectations as the trend begins to improve. As we increase our available capacity on the mPOWER constellation, we expect fixed data to continue to improve throughout the year. Finally, networks' gross backlog stands at €2.5 billion, having secured 276 million of new business and renewals this quarter, with a strong US and global government pipeline. Our gross backlog and pipeline are supporting our forecast and future growth, demonstrating that our strategy and our multi-orbit solutions are critical components of market requirements.

Moving on to page number seven and our high cash generated media business. As expected, the media business continued to decline by -10.6% year on year in first quarter, on the back of lower revenue and mature markets due to capacity optimisation and the impact of SD channel switch offs, as well as the impact of the Brazilian customer bankruptcy. We have secured 84 million of renewals and new agreements, underscoring the significant cash flow generation of our video business and contributing to our gross backlog of €2 billion, serving 362 million homes across the world. The revenue and operational performance reflects the robust fundamentals of this business and solid customer demand. We continue expanding our services to a comprehensive approach in the media service market by combining our traditional capacity business with added ground services and managing more of the distribution chain to reduce complexity for our customers.

Moving on to page number eight and the deployment of our O3b mPOWER Constellation, which will support our revenue growth as we try to keep up with the demand. As you know, 2024 was a very important landmark year for our mPOWER new constellation, where it entered commercial services. We're proud to say that O3b mPOWER deployment remains on track, with satellite seven and eight having reached their final orbital position and have been fully tested. They will enter commercial operations beginning of May, which is in just a few days. This start of service of satellite seven and eight is expanding the capacity and resilience of the constellation and bringing much needed capacity where we see more demand than what we have, what we can serve today. Satellites 9 to 11 will follow with a summer launch and will increase our capacity even further from the beginning of 2026. The final O3b mPOWER satellites, which is 12 and 13, would be launched in 2026. Overall, this represents a threefold capacity increase compared to today, when the constellation is fully operational in 2027, and will accelerate revenue ramp up of our MEO constellation. In 2027, we will manage our robust constellation of seven fully operational satellites, complemented by the initial six satellites. The scalability of our MEO network allows us to regularly add satellites incrementally, ensuring capacity growth aligns with customer demand while maintaining a balanced supply-demand ratio in a CapEx-efficient manner. Each new satellite enhances the constellation, boosting overall capacity and network efficiency to support long term profitable growth. IRIS^2 is strategically timed to commence services by 2030, coinciding with mPOWER steady state operations. Together, they will meet growing demand well into the next decade. Additionally, IRIS^2 will expand coverage beyond mPOWER reach today, unlocking new opportunities for media-based services in previously inaccessible regions, including seamless pole to pole coverage.

On page number nine, I would like to talk about our differentiator; our integrated, holistic multi-orbit network. At SES, our integrated multi-orbit architecture is not just a technical jargon or technical achievement. It is a strategic advantage that delivers advanced performance, global reach and future ready flexibility for our customers. We leverage full ownership economics and GEO and MEO combined with strategic partnerships in LEO and our vast ground network and terminals portfolio to provide high availability and match resilience, network density and seamless interoperability across orbits. With complete control over our assets on the ground in geostationary and medium Earth orbits will ensure secure, scalable, bandwidth and optimised cost structures essential for mission-critical and high throughput applications. Through key alliances and partnerships in LEO, we extend our reach and enhance agility and our services portfolio without the significant capital expenditure of owning a LEO infrastructure. By securing access to a GEO, MEO and LEO orbital architecture in space, we are integrated with a pervasive and robust global ground network. Combined with an intelligent digital layer of networking software, this allows our customers superior ingress and egress, bandwidth, latency, coverage, density, security and reach. When this network is finally accessed via a diverse portfolio of end user terminals which are optimised for our government, maritime, aviation and fixed data customers, we are delivering a unique and enhanced connectivity experience for them. Our multi-orbit network is designed for what matters most; performance without compromise. Whether for governments, mobility or fixed data, we’re enhancing our service offerings including smart routing, dynamic traffic steering, quality of experience, management and preparing for 5G NTN seamless connectivity. With IRIS², our area of coverage will expand to a global full pole to pole coverage, provide resilience with multiple satellites in view and, more importantly, drive user terminals small form factors for any easy install with meeting customer use cases needs, ensuring customer remains connected wherever, whenever and however they need.

On page 10, an update on our transformational agreement to acquire Intelsat. On the regulatory front, we continue to make good progress with smaller regulatory clearances completed including Brazil. Remaining clearances are progressing as well and continue working with major administration and regulatory bodies. That includes FCC, Department of Justice in the United States, European Commission and CMA in UK, as well as close with this process as quickly as possible.

We also made an F4 filing with the SEC last week, which is public as of yesterday, including pro forma financials for the combined company for financial year 2024, and an indicative IFRS valuation of the CVRs to be attributed to Intelsat shareholders in the context of potential additional C-band clearing. This has been required to meet FCC registration requirements, and does not in any way suggest the actual outcome of a process or any proceeds for the clearing of the upper C-band, as ordered by the FCC. Sandeep will explain a lot more on this topic in a few minutes. Closing on the acquisition remains on track to complete during second half 2025, with detailed planning for synergies ready to be executed and all financial objectives for the combined company reaffirmed. Given how well we're progressing, we could be looking to close the acquisition in the earlier part of second half 2025, rather than later. However, SES submitted its comments to the FCC’s draft notice of inquiry proposal, what's called NOI, for further C-band clearances yesterday on 29th of April. Reply comments are due in 30 days. FCC’s objective continues to be to move fast in clearing additional C-band spectrum, and SES is working closely with the FCC to meet its objectives of finding more intensive uses for the spectrum while protecting incumbent users both in band and in adjacent bands. SES welcomes the opportunity to work with the stakeholders to ensure a successful outcome that protects incumbent services while advancing the rollout of newer technologies, and will continue cooperating with the FCC to support their objectives while ensuring the best outcome for our clients in North America and for us as well.

Moving to page 11, I would like to reiterate the combined company growth outlook and the value accretion of this transaction. The combined company will be strategically positioned to offer comprehensive end to end solutions in high value, high growth markets. This integration will establish a strong competitor with a financial capability to invest in future opportunities, maintaining our investment grade metrics and delivering attractive returns to our shareholders, creating a stronger, more competitive multi-orbit operator with an improved financial position and cash generation profile. Intelsat transaction is highly synergistic. We continue to make great progress on the integration plan, which has been validated by both teams from both companies to deliver conviction case synergies of €2.4 billion NPV and the execution timetable of 70% of these synergies, by the end of the third year, with an opportunity to accelerate our timeline from day one closing, with over 8 billion of combined gross backlog, 60% of the combined revenue to be in the growing network segment, driving top line expansion and strengthening our position as a top tier player. The combined company is on track to grow adjusted free cash flow to over 1 billion before IRIS[2] by 2027-2028, and delivering significant value for our shareholders. With that, I'll hand over to Sandeep to take you through the financial highlights.

Sandeep Jalan: Thanks, Adel. Good morning, everyone. We are very pleased with our Q1 financial performance, which once again demonstrates our disciplined execution with stable revenues and broadly stable adjusted EBITDA, which is in line with our outlook for 2025. Both revenues and EBITDA showed underlying growth when excluding the periodic revenues, both in quarter one of this year as well as in quarter one of last year.

Starting with the income statement on page 13, adjusted EBITDA of €280 million was down year on year by about 0.9%, which is in line with our expectations to stabilise results. The adjusted EBITDA margin was robust at 55%, and this is mainly due to continued growth in our network business, including a periodic impact from a contract modification which amounted to €90 million for quarter one 2025 compared to 2020 €22 million for quarter one of last year. Also, there were some impacts from shifts in cost as well as shift in sales of lower margin equipment to the next quarters of 2025. We expect some costs over the next three quarters to execute equipment and service-heavy revenues, with mPOWER satellite seven and eight also coming into service and ramping. We reiterate our adjusted EBITDA guidance of broadly stable for the full year 2025, with an implied margin being in the range of 50-51%. Total OpEx, including the cost of sales, was stable year on year. Cost of sales increased in line with the network revenue increase, while it was fully offset by continued drive on cost efficiency actions, which resulted in extended savings in controllable OpEx by about 6% reduction year over year. Adjusted net profit was €42 million reduction versus the prior year; it reflects the higher depreciation and amortization expense, as well as higher net interest costs, partly offset by lower net income tax expense.

The increase in depreciation and amortisation arises primarily from depreciation, from getting in service, and a change in accounting policy to treat our indefinite life intangibles as definite life amortisable intangibles as already flagged in August last year. Higher interest costs primarily arose from the reduced interest rates for interest income on surplus cash and cash equivalents. Finally, the difference between adjusted and reported net profit is explained by significant special items, which includes €19 million of other non-recurring expenses which relate to restructuring costs as well as the M&A cost and other significant special items pertaining to the net financing cost, once again pertaining to the M&A transaction. These were partly offset by €1 million other income and €5 million of related net income tax benefits.

Turning to our financial position and balance sheet metrics on page 14, we continue to hold a strong financial position. Adjusted free cash flow for quarter one was a negative €51 million, primarily due to a CapEx phasing being front loaded this year due to mPOWER satellites and our other satellite programmes. Our CapEx cash outflows are not linear and are dependent on project milestones. And as such, we are reiterating our full year CapEx guidance, which is between €425-€475 million for the full year 2025. In terms of the adjusted free cash flow, we have generated €684 million in the last two years. The final full year 2024 interim dividend of €25 per share was paid to shareholders on 17th of April. This takes our total shareholder returns since 2021 now to €1.3 billion EUR which is over 100% of our adjusted free cash flow over the last four years. And it continues to remain a sector leading shareholder returns.

Our investment grade balance sheet continues to be industry leading, with net leverage of 1.2 times as of 31st March 2025, including €3.1 billion of cash and cash equivalents, which exclude the €295 million cash advance received from the European Commission as the IRIS² consortium lead towards this programme, which we hold as a restricted cash. We have made also excellent progress on the C-band reimbursement. We have received a further $70 million during quarter one of this year, and we expect the remaining $24 million to be received in the next quarter, which is quarter two. We have also made some progress on the insurance claim for O3b mPOWER satellites 1 to 4, with some initial settlements already closed, with cumulative $58 million having been settled to date. We expect this cash to be collected during quarter two. The negotiations are accelerating also with other insurers, and as it develops, we'll provide more updates during the coming quarters. The highly accretive Intelsat acquisition is on track to close, as I said earlier, in early part of the second half of this year, and the financing for this transaction as well is fully secured. Hence, SES now intends to optimise the debt structure of the combined entity as well. As such, SES intends to redeem in aggregate approximately $2 billion of the 6.5% first lien senior secured notes, which are due 2030, which were issued by Intelsat Jackson Holdings on or before closing of the transaction through a closing redemption of the part of the SSN in accordance with the terms thereof and prior to closing, conducting some open market purchases of these outstanding senior secured notes.

The combined company is expected to generate growing levels of adjusted free cash flow, including from ramp up of significant synergies, and have a strong growth outlook with sufficient liquidity to cover upcoming maturities post the transaction closing. As Adel already mentioned, we have submitted a F4 filing to the FCC in relation to the registration of the Contingent Value Rights instruments. This is now public and includes pro forma condensed financial information of the combined company for full year 2024, including a translation of US GAAP reported results from Intelsat to IFRS accounting standards and alignment of Intelsat accounting policies to SES accounting policies, and also details of intercompany elimination as well as IFRS valuation of the CVRs. The IFRS value of the CVRs and the F4 filing only represents the net present value of a contingent liability based on 42.5% of the net clearing proceeds which will become payable to Intelsat shareholders towards the first megahertz clear in the event of a monetisation event. This is further discounted by the probabilities of the underlying uncertainties. The IFRS valuation of the liability of the CVR is not necessarily indicative of the amount of the future proceeds that the CVR holders, or SES, may or may not actually receive for clearing the applicable spectrum if the FCC decides to repurpose some portion of the C-band spectrum.

Adel Al-Saleh: And if you said 100MHz, right. That's the first 100MHz.

Sandeep Jalan: It's only the first megahertz where the CVR holders are entitled. It's also important to mention that SES shareholders will continue to benefit from the remaining 57.5% of the first 100MHz, as well as 100% of any further clearing of the second 100MHz. We have compiled a list of frequently asked questions in relation to this F4 filing, which you can find on public domains, and we have also published on our company website to provide more clarity to our investors and to analysts. On 3rd of April, SES had held its AGM and all company recommended resolutions were approved, including our intention to increase the annual base dividend and prioritise the majority of any exceptional cash flows of the combined company towards shareholder returns as SES meets its net leverage targets of below three times within 12 to 18 months after closing the Intelsat transaction.

Lastly, moving to the financial outlook on page 15. Our quarter one performance shows a solid start to the year, and we are on track to meet our full year financial outlook. Hence, we reaffirm our guidance for full year, expecting group revenue to stable year on year on the back of strong network growth in 2025 compared to 2025 2024. This will offset media declines, which we expect to be above our medium-term outlook of mid-single digit average decline due to two elements. First, about 5% point from the Brazilian customer bankruptcy already flagged last year, and second, the impact of HD TV channels having now been switched off in Europe and the UK, reflecting the full impacts in this year results as the customer now transitioned to HD channels. We expect the media trajectory to improve from 2026 onwards. 2025 adjusted EBITDA is expected to be broadly stable year on year on the back of better-than-expected outturn in 2024, as we surpassed our 24 outlook by almost €30 million. When excluding the impact of Brazilian customer bankruptcy in 2025, we would have expected year on year growth on both revenue as well as EBITDA. We expect to deliver in ’25 a second full year of stable revenues and adjusted EBITDA despite this effect in Brazil, positioning us for sustained growth beyond 2025. CapEx in quarter one was €216 million, showing that this year our CapEx is front loaded, as I previously mentioned, and we are also reiterating our 2025 CapEx outlook, which is in the range of €4.25 to €4.75 million, and we expect an average of €325 million for the subsequent years, 26 to 29, when excluding the IRIS^2 CapEx. IRIS^2 CapEx phasing, as we have announced earlier, is expected to be backloaded with most of the CapEx to ramp from year ‘27 onwards, and it will translate into an average annual CapEx spend of about €400 million over ‘27 to 2030. We will announce the exact phasing of IRIS^2 programme once the programme cost estimates, and the time schedule gets finalised toward the end of this year, with the first kick off phase now behind us. Now I hand back to Adel for his closing remarks.

Adel Al-Saleh: Thank you, Sandeep. On page 17, I'd like to reaffirm the positive impact of our evolved and differentiated strategy. Our solid financial performance in Q1 2025 reflects the impact of our transformational strategy, focused on building a more efficient, agile operating model that accelerates execution and drives profitability, efficiency, and cash flow generation, as can be seen from the reduction of OpEx, excluding cost of goods sold. OpEx reduced, as we already said in Q1, by about 6%. And if you remember, last year it was reduced 9% for the full year. We continue to see rising demand for advanced multi-orbit connectivity solutions that reduce complexity for our customers. Customer requirements are clearly bifurcating, while standard commoditised solutions face intense competition. SES is positioned to lead in delivering high value managed multi-orbit services where performance, reliability and support matters the most. This is reflected in our commercial momentum, with €360 million in new contract wins across target segments this quarter, adding to our 4.5 billion gross backlog. Furthermore, our combined expansion of mPOWER with satellite seven and eight starting to service as from May, then satellites nine through 11, which will be launched in the summer, and our investment in innovative technologies, services and projects such as IRIS² ensure our versatile solutions remain at the forefront of evolving customer needs. SES is well positioned for long term sustainable growth with a differentiated future ready network and a clear path to value creation in a more competitive and innovation-driven environment.

Finally, on page number 18, our ambition remains to position ourselves as an industry leader in a valuable, fast growing Satcom industry. We continue to focus on customer centricity, delivering the highest value for governments and our clients in our chosen markets, with laser focus on strong execution, operational excellence and SES's key strategic priorities. We'll continue to further grow in government and mobility, which we expect will drive network acceleration, showing sustainable, profitable growth for future investments and total shareholder return.

We will continue investing in developing our differentiated solutions, enhancing our capabilities, efficiency and productivity with our mPOWER satellites. Projects like the Lynk direct to device OpenOrbits, and key projects such as Sovereign Secure Connectivity for US government and European governments through MGS and IRIS². As mentioned, we'll continue to cooperate with the FCC on the C-band and support their objective while ensuring the best outcome for our clients in North America and for us as well. With enhanced scale, financial strength, and a broader solution set, we're well positioned to be one of the top players in this expanding industry with an important differentiating ability to generate over €1 billion in free cash flows by 2027/2028. Our commitment to strategic, iterative investment will continue to reinforce our industry-leading balance sheet and strengthen our capabilities, and will continue to create – we'll continue to be a great place to work for our employees who are our most valuable assets. And with that, Christian, I'll give it back to you for Q&A.

Questions and Answers

Christian Kern: Thank you, Adel. Thank you, Sandeep. And Laura, we are ready for Q&A, if you would be kind to register questions, please.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you would like to ask a question, please press Star One on your telephone keypad. We'll pause for just a moment to allow everyone to signal for question. Thank you. We'll now take our first question from Halima Ilyas of Goldman Sachs. Your line is open. Please go ahead.

Halima Ilyas (Goldman Sachs): Thank you and good morning, everyone. I have two questions, please. Firstly, can you help us frame the potential opportunity available to SES as a result of the sharp rise in European defence budgets that we've seen over the quarter? Have you been involved in any discussions with policymakers so far? And can you offer any colour on the scale and the potential timeline over which this could materialise?

And then secondly, your first quarter results were once again supported by strong cost control. How much scope do you have to continue capturing these cost efficiencies? And should we expect to see any margin dilution through the year as equipment revenues take a greater share within the overall mix after the service launch of mPOWER satellite seven and eight? Thank you very much.

Adel Al-Saleh: Okay. Thank you, Halima. Let me let me tackle the questions. Then, Sandeep, please help me with the first on the back end on the cost control and the margin. We clearly see increased demand in Europe, across all the nations in the European Union, around their defence spend. You read it in the news. You've seen all the nations bolstering their future investments. All of these budgets are coming together as we speak. And we expect to see increased demand in mid-term and long term. It takes a little bit of time for them to finalise their budgets, decide exactly what they want to do. I mean, one of the things I would point you to yesterday, there was a real – there were two very interesting articles that were published. One of them was by the Ministry of Defence in Germany, which actually highlighted their space architecture, which again reaffirmed our view of the criticality of multi-orbit. They specifically talked about having a GEO, MEO and a LEO architecture supported not only by government-owned infrastructure, but also in partnership with commercial players. We've seen that with Space Force in the US over the last several years. And there are other nations that are doing exactly that. So we expect demand to grow as they start putting these budgets to work. Tactically, we also see the demand growing. Right. So you've seen our business in government growing 13% in double digit growth, by the way, on both sides of the Atlantic. So it demonstrates that the demand there is quite robust and sustainable over a foreseeable future.

But let's see where the budgets finally get into effect, and when they put them deploy them into specific programmes. And that's why I say mid-term to long term, we'll see a good boost from that. Look, as your second question on cost control, I mean, this is a real critical element of our strategy, which is the transformation piece. We believe there is quite some room for us to execute our cost initiatives making us leaner, making us more efficient, faster, etc. Also, the combination between with SES and Intelsat gives us a significant opportunity clearly through the synergies, but also to continue to take cost actions in the future. So this is sustainable. Right. There'll be peaks and valleys as we execute. Of course, as we continue to progress the year on year dynamics become different because we put a lot of the stuff in our base. And for us, it's critical to balance both investment and cost controls. Right. So as you know, we're investing in IRIS², which requires people and requires upfront R&D work. At the same time, we're ensuring that the rest of the business is highly efficient so we can afford those investments right going forward. So that's the philosophy. It's a philosophy we have in this company. It's clear pillar of our strategy and therefore we expect it to continue to add value. And on the margins and the cost,

Sandeep Jalan: Yeah. So, Halima, just giving a little bit more flavour in addition to what Adel mentioned on the margins and the cost. On the cost, we are putting a lot of focus to take out the discretionary cost. Right. And there we had a reduction almost 8% year over year, right, on our discretionary cost when you exclude the cost of sales, which by the way, will continue to rise, right as we transition more from media revenue to us to the network revenues. But on discretionary costs in quarter one, we see about 6% reduction on top of the 8% reduction that we saw last year. We will see continued reduction this year as well, right in our costs and programmes. And they should further accelerate once the Intelsat combination takes place during second half of the year. That should further accelerate our pace of cost reduction. Now, in front of that, clearly there is a shift in our revenue mix. Our revenue mix is shifting also from media decline, as we have said, in about double-digit percentage this year, offset by growth in mPOWER revenues, which is also bringing some of the satellite's ramp-up, including mPOWER satellite. So that provides us a nice profile to be able to fully offset the impact of media revenue and margin decline with the growth in mPOWER revenues and our network business, as well as the discretionary cost reduction. And this should all accelerate with the Intelsat integration. So on the overall, as you can see that we had robust margin last year of about 51%. This year, again, we are reaffirming, despite all these effects, once again a margin which is very similar to last year. So we are quite pleased that all these efforts are starting to reflect in our bottom line and in cash flows.

Adel Al-Saleh: Thank you.

Christian Kern: Next question, please.

Operator: Yes. Thank you. We'll now take our next question from Alexander Peterc of Bernstein. Your line is open. Please go ahead.

Aleksander Peterc (Bernstein): Yes. Good morning, and thank you for taking my question. I would have – I'd have three, if I may. So the first one is on the potential of a C-band disposal. Do you have any updated views that you could share on the amount of spectrum that could be offered? Could you relocate entirely out of this band? Is that practically possible? If you have any visibility on this. And do you have a view on what should be the guard band vis a vis aviation radar altimeter equipment that is in the adjacent band of 4.2 to 4.4 gigahertz? That would be the first one.

The second one, on media. You mentioned last year efforts to mitigate the impact of the Brazilian bankruptcy to have more colour on this. And how should we think on the trajectory of media throughout the current year?

And then lastly, when will you have capacity on MEO to serve your fixed data customers better so that this vertical can return to growth? And will we then see an impact on your margins, because this is obviously a less profitable segment. Thank you very much.

Adel Al-Saleh: Very good. Aleksander, thank you for the three questions. Again, let me start and then Sandeep will compliment me. On the C-band, you have to follow the FCC strategy, right? I mean, they are – you know, they've declared that they would like to clear as much as they can. Now, they need to go through the process of consultation and understanding the dynamics and so on. And there's a lot – as you know, we have a lot of experience in this, right? We've cleared 300MHz of C-band over the last five years when we started the work with FCC and had to relocate our customers and repack them. The technologies are evolving, right? The compression technologies, the usage and efficiency of satellite is evolving. Customers are also looking at combination of different mediums to deliver content and so on. So there is clearly an opportunity to clear C-band in North America. How much is still to be determined not only by the technical possibility, but also by FCC's strategy and their decision, that's going to drive it. Technically, we can see – if we work very closely with FCC, we can see a path of clearing the 100MHz which is the first – could be the first phase quiet efficiently. And I would direct you to read our response to the notice of inquiry, which lays out our thinking. Clearing the rest is possible, but requires more work. It requires more technical work, and it will require also us working with our clients, because our key objective is to protect our clients, to protect our services as well, because that continues to be an important vehicle for them to distribute content to tens of millions of households in the United States.

So we need to find a solution, and we believe there are solutions to be able to do it. So it's just that it requires a little bit more work. Now, regarding off guard bands, right. As you know, there's already a 20MHz guard band today that was set up for the radio altimeters. We believe that that guard band will need to be there, right, to be the protection from the 4.2 up to the 4.4 where the radio altimeters reside. So which means that whatever we do, we need to create that guard band. And by the way, the FAA needs to be very active in involving – in their involvement and how to actually clear it and how to upgrade the planes and how to make sure that the radio altimeters have the latest technology. So there's a lot of work, which is why FCC, of course, is going through their process. And as I said earlier in my comments, we are working very closely with them. We understand their objectives and we want to create a win-win-win; win for the FCC, win for our clients, and win for us as well. Right. And that's possible because that's what FCC did actually in the first clearing.

Look, regarding your second question on media mitigation, I mean, we've done that. I mean, a year ago, we told you, look, this was very painful that we have losing a customer due to a bankruptcy procedure. But we committed to all of you, to the market, to our shareholders, that we will mitigate that, not necessarily in the media line, but in the total company. So everybody forecasted, when we announced the initial bankruptcy, that 2025 will not be a stable year, it will be a declining year. And we have emphasised that we will do the work both on the cost side, which, as we can demonstrate to you, the 2024 and our first quarter and our focus for the balance of the year, as well as the top line, accelerating growth in other segments, and as well as protecting and renewing some of the contracts in media to get a stable business despite this quite significant impact that we have to manage. So in our opinion, we have done that both on top line and the bottom line.

And regarding your last question around capacity. Look, we're fortunate and we've got to keep knocking on wood and keeping our fingers crossed. We've got a very good cadence in front of us and launching the future satellites. With each satellite increase launch, we're able to reconfigure the constellation to increase capacity. So from May, we will be increasing capacity by almost 30% to the constellation this year. So we'll start seeing this year an increase in capacity for our not only our fixed data, but for all of the segments. They all have to compete for it. Right. Because at the end of the day, we go for the best possible outcome for us as a company, for our shareholders, not just in short term, but actually in mid-term and long term. So it's not a given that every capacity that we generate increment goes to fixed data, but it has to be the right deals and the right kind of construct for us.

With the next wave of satellites nine, ten and 11 that are launching in the summer by the beginning of 2026, we have another big step up in capacity, and it will give us additional confidence to further reconfigure and put more power through the satellites, through the constellation, to create more capacity. So beginning of 2026, we will have a significant step up in the capacity. And then finally, as we launch the last two satellites in the 2026 and the first half of 2026, by beginning of 2027, in first half of 2027, we'll have another further step of capacity, and it will allow us, assuming we're successful and on the launches and all the satellites are nominal, we will be able to think about even more aggressive configurations of our constellation to give more power and more capacity to our segments. So there are steps that are in front of us that we're going to be seeing gradual step up in 2025, in 2026 and in 2027, that will give more capacity, usable capacity to both fix data, but also to our government customers, our maritime customers, as well as air customers who are now beginning to test our MEO constellations in the planes. And they really like that multi-orbit capability on the planes. So hopefully I've answered the question, Sandeep if –

Sandeep Jalan: To add to that from a quantitative perspective, Alexander, as Adel said, right, 2025 is a bumpy year so far as media revenues are concerned. It just comes from that Brazilian bankruptcy situation. We are very happy that we are able to fully offset that by driving higher growth in network. And network business you see that we are having 8.4% growth in quarter one, as well as for the full year, we are expecting a high single digit percentage growth, right? That will fully offset that in part as well as we are taking actions on the reduction in the discretionary costs. We should continue to have and at least stabilize the margin. A very important dynamics in our revenue mix is that the declining part of the business, which is media, right, used to be about 60%. Four years back, in year 2021, media was 60% of our business and network was 40%. This has flipped. When you take a look at quarter one, media is now 40%. And the growing part of our business, which is network, that is 60%. So as we move forward from this point on, every percentage of growth that we are able to drive in our network business, and coming from these new mPOWER satellites and the further capacity that are getting unlocked, as Adel just explained, this should just present a good dynamics to set us for sustainable growth in the subsequent years. Right. In 2025, again, it's a bumpy year for media, but we are able to fully offset the impact in both revenue and EBITDA. And that's our goal for this year, and we are fully on track on that.

Christian Kern: Great. Thank you.

Adel Al-Saleh: Thank you. Aleksander

Aleksander Peterc: Thank you very much.

Operator: Thank you. We'll now take our next question from Nick Dempsey of Barclays. Your line is open. Please go ahead.

Nick Dempsey (Barclays): Yeah. Good morning, guys. So first of all, when setting the amount for the CVR, the matter F4 filing, I understand this is an MPV figure, you're factoring in some risks into that, we can't really see that, but what was the kind of starting point for that calculation? Because it looks like it's probably lower than just using what you achieved last time on a run rate basis.

Second question. Last year you had the periodic boost in mobility in Q1, but then that seemed to have a negative effect on organic revenue growth in the following couple of quarters as you start to benefit from one customer into periodic, and that was then balanced out by negatives from other customers, I think is how it worked. Should we expect some kind of similar pattern to that, or is this different this year?

And then the third question just on the SD channel switch offs. Can you give us a bit more colour on the timing of that? Particularly, is this just a negative one-off factor in 2025, or could it spill into 2026 and therefore we should expect a higher decline than you expect going forward in '26 for video?

Adel Al-Saleh: Sandeep, why don't you take the first two and then I'll –

Sandeep Jalan: So Nick, just explaining a little bit on the CVR. So it's an important topic. There is more details provided in our FAQ as well as F4 that you can refer for any details regarding the valuation. But let me tee it up, the key elements. First of all, why do we value the CVR? It is due to the IFRS requirements as a part of the that position accounting. We are supposed to factor that in the proforma results, which we have, right? So we have recorded a contingent liability which is payable to the CVR holders only when that successful event happens and cash is realised. In that event, 42.5% of that net proceeds is payable to these holders, right? And it is payable only once the cash is realised. So that's very, very important. The remaining 57.5% of the first 100MHz and 100% of the next 100MHz is fully for the benefit of SES shareholders, but it doesn't appear in that pro-forma. It's not required by the IFRS valuation rules.

Now coming to the valuation. The valuation that we have put together it follows IFRS parameters. It certainly puts a reference to the past valuation. But also it factors in certain uncertainties associated with the process, which is still evolving. We are in NOI stage and as the uncertainties get clarified in the next stages, these amounts will continue to evolve. Second element in the valuation is clearly the time value of money. So we have taken a net present value, that means discounted over x years of successful clearing for the first 100MHz. So today, this value that we have put together, it takes into account several uncertainties, several probabilities, time value of money. For all practical purposes, the most reliable reference that exists today is the most recent precedent for the 200MHz clearing, which resulted in about $8.8 billion gross accelerated relocation incentives for SES and Intelsat combined. And as far as this process continues to evolve with FCC, there will be more clarity emerging, and these amounts may be more volatile depending upon those uncertainties, how they evolve, and the time value of the money and the timeline of the clearing. So we'll provide further clarity as it emerges.

Adel Al-Saleh: And, Sandeep, let me just add to that. So Nick, you asked the question of what do you think the starting point for all of this. There is a starting point. I mean, I'd rather not talk about it, but there are so many steps following the IFRS rules that kind of adjust the values, which is why we're being very clear that this should not be taken as the representative of where it's going to be. There are a lot of variables in between. The biggest variable, by the way, is FCC, what does FCC want to do, which is not for us to predict right or speculate on it and so on. But there is very important precedent in the market. It's then the actually the only valuable and the only real data point. And that is what happened last time and what was paid last time. And to me, that is the most important data point that the market has, right. So let's leave it at that rather than – and by the way, Christian can give you a lot more colour one on one and walk you through kind of what – how did this work, how the mechanics work, if you will.

Second, on periodic revenue. Sandeep, on whether or not it will have impact on the rest of the year.

Sandeep Jalan: Yeah. So on periodic revenue, this was – it's very important to reiterate, right. This was part of our guidance. It is not something which is just a surprise to us. It is very much part of our customer existing contracts that we were expecting to benefit from the revenues in this year. So it doesn't change anything whatsoever in our expectations for the full year. It's just the timing that appears in quarter one from – again coming from accounting specificities by virtue of which we recorded these revenues in quarter one, 2025, similar to what we did last year. So, our intent and our goal remains to stabilise our revenues and our EBITDA for the next – for the rest of the year. And we are fully on track.

Adel Al-Saleh: So, I mean, the results, I mean, so you can do the math for our outlook remains the way we describe. And that will continue to be what we deliver, which means if you look at our numbers today and you look at how it's going to evolve by quarter, we should not have a adverse effect by quarter. We'll actually expect to be improving as we go forward.

Sandeep Jalan: Absolutely.

Adel Al-Saleh: Your last question on SD channels, which are whether it's a one off or something. Look, this is not news to us, right? Because actually, the decisions of SD channel switch off happened several years ago during our contract renewals discussions with our customers. And many customers carried SD and HD channels in parallel for several years as the customers the end customers began to upgrade their TV sets and to be able to actually accept and watch HD channels overall. So this was coming. It was a milestone in front of us. And it's a big step down and it just happens to all align all these contracts in 2025. There will be some SD channels left in the future, but their impact of switch offs, which will continue, will not be as impactful as it is in this year. So we expect after 2025, we get back to our strategic forecast of media, which is being declining mid-single digit consistently over the future. And our contracts that we already have secured through 2030, even beyond some of them, demonstrate that. But so that's the answer to that particular question.

Christian Kern: And all, if I may add to Adel, all embedded in our full year '25 guidance. There is nothing unexpected around this. That answer your question?

Nick Dempsey: That's great. Thank you, guys.

Christian Kern: Thank you, Nick. Let's move on to the next question, Laura.

Operator: We will take our next question from Roshan Ranjit of Deutsche Bank. Your line is open. Please go ahead.

Roshan Ranjit (Deutsche Bank): Oh, great morning, everyone. I've got three questions, please. Going back to one of the previous ones around the increase of capacity. Adel, you said that's going to be a 30% increase in May from mPOWER seven and eight. Is it fair to assume the bulk of that incremental capacity has already been kind of contracted? You know, you've talked up the appetite for government contracts. So essentially the utilisation rate on those two satellites near 100%; is that is that fair to assume?

Secondly, IRIS², you said we're getting to a kind of kick off phase now that the formalities were done at the end of last year. I've seen recent press talk about some countries looking to potentially pursue alternative single country networks. How would that fit in with IRIS²? Is that something that could run in parallel, or are they maybe wavering a bit on the IRIS²participation?

And lastly, thank you for providing the proforma numbers. Just on a quick scan, something that stands out is the lease liabilities at Intelsat. And I see that as a percentage of the net debt, it's materially higher than what is at SES. Is that as a function of the third-party capacity that Intelsat leases, or is there anything else going on? If that is the case, should – Is that a big driver of the, I guess, OpEx saving as they move from third party capacity onto your own capacity? Thank you.

Adel Al-Saleh: Very good. Thank you. So let me start and then Sandeep will tackle the last question. Look, the increase of capacity that's coming in like 30% that I mentioned, remember, Roshan[?], it's not the two satellites, it's the network. Right? So as we add these 100% healthy satellites, we're increasing the capacity of the network. mPOWER is not single satellite connectivity. It's a network connectivity. Right? Those satellites are all connected. They all talk to each other. They all carry traffic. As they move around the world, traffic gets switched between different satellites. So as the ships or planes travel, beams get switched between the different satellites to continue the service of these clients. For us it's a tricky thing, because we didn't want to sell this capacity ahead of time, because we always want to make sure our launches and tests are 100% successful. So it's very frustrating to our salespeople because they know it's coming. They start preparing the pipeline, yet they can't really sign contracts until we tell them go and now you can sign the contracts. So the goal is starting in May. And we expect that this incremental 30% capacity will be solved very quickly. Because we are sold out on the other capacity, so we expect it to be taken up quite quickly. Our challenge, as I said earlier, is to make sure we pick the best contracts for SES, which is not always easy with our clients, because you want to serve every client successfully, but we will choose what's best for us. So that's what you'll see happening very, very quickly. And the same dynamic is going to happen over time.

Now, regarding a question on signals from some of the European Union nations signalling that they want to build their national sovereign constellations, and how does that impact IRIS^2. Again, I would refer you guys to this article that was published by – I don't remember who it is that was talking about the German Ministry of Defence, Bundesbank, talking about their architecture and how they want to do. And every nation, Roshan, what we'll do is we'll actually have a mix of things. And you can use the US as a blueprint, right, on what they've done. They – every nation will try to build certain satellites that are specific owned by the nation. Right. That will include European Union nations. And by the way, it exists today. Luxembourg has dedicated satellites, right, that we manage and run for them. Spain does, France does, Germany does, UK. They all have today their own satellites and they will continue to have them. That's part of the architecture. They all also understand that is not enough. They cannot create the scaled network and capacity and resilience and density that's needed by owning their own assets themselves. And again, the proxy is United States, which has a much bigger budget than many of these nations and have invested heavily over many, many decades in space. The United States Space Force has declared that they need commercial capacity to augment their own capability in order to create resilience in their network and the demand that they need to fulfil that's not enough with their own satellites. The same thing will happen in Europe. And that article that I keep in reminding, because it's a very fresh article from yesterday, Germans, they lay out exactly what the architecture is going to look like. And they say they'll have their own satellites, they need three orbits, not one, and they need desperately commercial capacity to be part of that. And in many instances, the sovereign nation owned satellites will play a part of it as well. And I give you an example of Luxembourg. There are others. We have – I'm not going to announce them because it's something for the countries to announce. Luxembourg is announced – that they use our help and our competitors help to build their own satellites and manage their own satellites as well. So keep that in mind. The IRIS² continues to be a very important part. And you could read the Germans in their article mentioned that IRIS² is very critical of their overall architecture as well. That is going to be a constellation that the European Union has that all of these nations can use and augment that capacity and capability with all of the other networks that they have.

And then the last point on leases…

Sandeep Jalan: Yes. So, Roshan, in summary, you are right, absolutely spot on in terms of thinking about this difference in the lease liability primarily arises from a different treatment of the cost of capacity that Intelsat buys. Again, to make a long story short, there are differences in such accounting treatments between US GAAP on which Intelsat has been reporting its results to IFRS results on the basis, accounting basis on which SES reported results. So when we translate some of those contracts in the IFRS accounting, there is an impact of about $200 million, right. So in euro terms, about €180 million compared with the amount of lease liability that we had announced as part of the acquisition. And the counter is that clearly benefits the cost of sales, right? So cost of sales goes down to that extent and the lease liability goes to the corresponding amount. So the cost of sales goes down by about €30 million or so. And the counter comes in lease. The proforma results, more details are contained in the F4; I encourage you all to look at. But in summary, long story short there as well, what you would see in adjusted EBITDA, there are several impacts, but the total impact is about €33 million, lower IFRS revenues, lower EBITDA, and that €33 million, very importantly, it is all in non-cash revenue and non-cash EBITDA. So the non-cash EBITDA from a US GAAP perspective was €175 million. And when you deduct this €33 million, which is pertaining to the non-cash EBITDA, which also becomes lower in our IFRS result, non-cash EBITDA now, in our consolidated pro forma results, is not 175 million, it is €142 million. So again, if the valuation is the left pocket, right pocket, it doesn't impact overall. These are primarily accounting impacts or alignment to SES accounting policies. More details are there. Please have a look at it. We have also published a Frequently asked questions. More clarifications around that. Feel free to have more discussions with our industrial relations team and I'm happy to jump on an additional call if needed.

Christian Kern: Great.

Speaker: That's great. Thank you so much.

Christian Kern: Thanks, Roshan. Operator, do we have more questions? We've got a bit more time.

Operator: Yes, we do. But before that, just again, as a reminder, if you would like to ask a question, please press Star One on your telephone keypad. Thank you. We will now move on to our next question from Stéphane Beyazian of ODDO BHF. Your line is open. Please go ahead.

Stéphane Beyazian (ODDO BHF): Yes, thank you very much. A couple of follow ups, if that's possible. The first one is on IRIS². The cost for the plan capacity looks relatively higher if we compare to some other projects. And I truly understand that we cannot compare apples to apples here, but still, there's a difference, well, to me. I was wondering if you see any room for revision in potentially the investment as you're moving closer to a closing of that agreement.

The second question is more related to what's happening politically in the US. I was just wondering if you have any exposure to some of the, let's say, the cuts or the changes in the US space air space budget. It seems that there have been some cuts lately, and I was wondering whether you could have any exposure to that. And also some somewhat related to that or not. I was wondering if you have any sort of clarity or visibility on what Starlink is trying to achieve on, on the C-band. Thank you.

Adel Al-Saleh: Okay. Very good. Can you just clarify question number two? So you said there's some exposure to some US space initiatives. What do you ..

Stéphane: Budget

Adel Al-Saleh: Okay. Very good. Thank you, Stefan. So let me start with IRIS². Look, I'm not sure what data you looked at and you used to conclude that the costs are typically higher than other kind of investments. Clearly a more complex contract or setup that we currently have, which is a public private partnership contract, requires more administrative capacity and capability. There's no question. There are a lot of benefits, of course, for the PPP contracts, but with it comes certain costs, right, that you have to deal with it. However, we have built a business case for IRIS² with a very clear IRR requirement. And the way we structured the contract with the commission and our consortium partners that at the final what's called so-called rendezvous, one checkpoint towards the end of the year, beginning of next year, we will be validating the cost, the specs and the schedule of the contract. And if anything changes that does not deliver the required return on investment for our capital investments, we have the ability to exit the contract. By the way, so does our customer, the commission, if they don't like what the outcome is, and so does the other consortium members can decide to do that.

So and we're very strict about that, Stefan. I mean, we keep emphasising the discipline we have instilled in ourselves on how to invest capital and how to look for returns, and making sure that return on investment capital is where we need it to be, especially on these very large contracts. And that's how exactly we're going to behave, right, in a very constructive and a very focused way to find a solution. But if there is no solution, or the solution is different and there may be a negotiation of how do we go forward, that's also possible. So I want to reassure you that we have all of those different moving pieces under our control and in full understanding and transparency with our customer and what needs to happen. Regarding to the potential cuts on – look, I have not read anything where there is very specific cuts to space investments except for things outside of the military areas. But I've seen the NASA discussions, I've seen others, etc. We have not seen yet cuts that are specific in the projects. And let me rephrase that. There are certain projects that we have already seen impacts on. Right. USAID as is an example which was a user of some capacity of satellites. As you know, was under tremendous pressure. And as a result, we've seen that pressure translate into a reduction of our spend or even cancellation of our spends.

On the other hand, there are a bunch of projects that are also accelerating in their investments, right? So in aggregate, when you look at the US spend and focus and given our role that we play in the overall Department of Defence activities, especially with our architecture and their deterrence of space architecture, we feel quite comfortable going forward, without really knowing what could happen in the future as well. On the other hand, the European spend I think it was asked earlier, I think Halima asked us a question of how do you see this. We see the demand growing in Europe significantly. It's just not happening today. It's going to happen over the mid-term and long term. So I believe there – if you look at aggregate and the way we're positioned, we're in a good position, right. Even if there are more drastic reductions in the US, which I don't expect, by the way, because President Trump is a big supporter and very focused on building up space capabilities and not falling behind. And we play an important part supporting the national security of the United States and the activities that they have. So that's as much as I can tell you on that particular one.

And then clearly on your last question, I mean, Starlink is a very formidable, a very important competitor to us. And we see what they do. We see what they're doing in different segments. We see what they're doing with their next generation satellites. We design our strategy to be competitive and to be relevant for our customers, and we feel very good about that. Not just for the fact that alternatives are required and for resilience purposes, you need multi-orbit. That is, of course, a very important factor. But we also want to make sure that our solutions are robust. And they are a very good alternative for our customers. And we feel very good about that, especially as we bring mPOWER up, as we bring IRIS^2 up, as we launch the next generation of software defined GEO satellites that continue to play a very important role in many of the multi-orbit solutions. So we feel pretty good about where the dynamics are going. I hopefully I answered your question.

Stéphane: Yes. Thank you.

Operator: Thank you. And we'll now take our final question, a follow up from Nick Dempsey of Barclays. Please go ahead.

Nick Dempsey: Yeah. Thank you. Guys, I've got one more. So just looking at the FCC last meeting, they were talking about a potential proposed rulemaking relating to spectrum sharing and particularly power limits particularly related to LEO. I just wonder whether that process could have any effect on your business in the US, positive or negative. What do you think the implications could be?

Adel Al-Saleh: And you said SCC, but I think you mean FCC.

Nick Dempsey: Yeah, I was attempting to say –

Adel Al-Saleh: Okay. So yeah, of course, we're very closely connected to all of these different rulings. And there's been already a ruling around how do you manage interference between the different NGSO and GEO constellations? Remember, we play in bulk, right? So our – on one hand, when it comes to EPFD rules and the power of the satellites and how do you manage the interference between you and your competitors, we both sit at the GEO level and we sit at the MEO level, and we're kind of in both camps of needing more power, and as well as making sure that we're not destroying our neighbourhoods with GEO. So, so far, US is going through a very structured, a very transparent process in deciding on these things. And everybody has a say, right, in terms of providing FCC our inputs and our views. And we have done so. And if you go back and look at our comments and filings, you can see where we are and how we're providing comments to the FCC, etc. But we're also advocating, Nick, what's important to us because, look, we are global players, right? And there are just a handful of global players in the satellite business. We want to make sure that the environment globally is consistent and somehow logically connected. So if there are rulings that happen in the US around EPFD limits but they are not followed by ITU or other countries, it creates complexity for us because now as you operate satellites and as you go over certain geographies, you got to operate them in a different way. And then you have to architect the networks in a different way to accommodate the new rules. I don't – and by the way, I haven't spoken to the FCC. FCC also plays a very important role on a global stage, in coordination and in in setting the rulings. And I think that will continue. I don't believe there is a path for FCC to suddenly rule in different ways, but they have their points of view. They have their views on how things should be done. So there's a lot of coordination, a lot of work. So far, we've seen no impact on our satellite capabilities today or in the future based on what's happening. But we continue to be very diligent in making sure that we have a voice and making sure that we're connected to both our competitors who are our peers in this industry and as well as the other regulatory bodies. And I'll tell you, we work very closely with Starlink in coordination of especially of these kind of rules, because we operate together in space. Right. So we have to have that ongoing relationship. That same thing with Kuiper, same thing with Viasat, same thing with the with the Eutelsat and others. And that will continue in our industry. That's how space works, actually. It doesn't work if there's no coordination and alignment between regulatory bodies. Thank you, Nick.

Operator: Thank you. That was our last question. I will now hand it back to CEO, Adel, for closing remarks.

Adel Al-Saleh: Very good. Well, listen, thank you everybody. Thank you for the active questions. Thank you for following us. As you can see, we had a good solid start for 2025. We have a very clear plan how we're going to execute the rest of the year. Very eager to get the transaction closed with Intelsat, which we now expect to happen in early part of second half of 2025. We see a huge opportunity there to start very, very quickly, integrate the company, drive the synergies as quick as we can and continue to improve our top line as a company. So with that, thank you again for joining us, and we look forward to the next conversation. Thank you.

[END OF TRANSCRIPT]