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SES

Half Year 2025 Results

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SES Half Year 2025 Results

Operator: Welcome to the SES Half Year 2025 Conference Call. My name is Allen, and I'll be your coordinator for today's event. Please note, this call is being recorded. And for the duration, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end. This can be done by pressing star one on your telephone keypad. If you require assistance at any time, please press star zero and you'll 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, Alan. Good morning, everyone, and thank you for joining us today. It is my pleasure to welcome you to SES' first half 2025 results call on behalf of our management teams.

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 for future business performance and involve risks as well as uncertainties, as 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 joined by our CEO, Adel Al-Saleh, and our recently appointed CFO, Lisa Pataki, who will take you through the presentation, followed by a Q&A session.

Adel, without further ado, over to you.

Adel Al-Saleh: Great. Thank you, Christian. Good morning, everyone. I will start the presentation with the closing of the transformational Intelsat acquisition on page number four.

We're all excited to have reached this pivotal moment for SES. On 17th July, we closed the acquisition of Intelsat and brought together two very strong satellite players, creating a global multi-orbit connectivity powerhouse. This is a compelling value-accretive acquisition focused on the future with significant and readily executable synergies from day one of closing with 60% of revenue in high-demand growth segments. This transaction combines complimentary assets, capabilities, and innovations to deliver world-class solutions to our customers anywhere in the world.

Overall, it accelerates the company's profitable growth outlook and cash flow generation over the medium term.

On page number five, we show the combined strength of SES and Intelsat. We now operate a powerful fleet of around 120 state-of-the-art GEO and MEO satellites in a multi-orbit, multi-band network, supported by an extensive ground network covering 99% of the world's populated region.

In combination with strategic access to LEO satellites, this unmatched scale and flexibility positions us to accelerate profitable growth, delivering a unified solution that meets our customers' most demanding connectivity needs.

Moving to page six. You see our stronger combined financial profile, with pro forma financial year 2024 revenue of €3.7 billion, adjusted EBITDA of €1.8 billion and adjusted EBITDA less CAPEX of close to €1 billion. Following the acquisition, the combined top line has almost doubled, establishing a more robust financial foundation for SES. This stronger financial profile is supported by a combined contract backlog exceeding €8 billion, providing visibility into future revenue streams with 60% of the combined revenue in growing network segment, driving top line expansion, and strengthening our position as top tier player.

We expect the combined company to grow adjusted free cash flow before IRIS2 to over €1 billion by 2027-2028, and to deliver significant value for our shareholders. We'll remain committed to investment-grade metrics as we target to reduce net leverage below 3 times within 12 to 18 months after the deal closing. This robust combined financial profile gives us the opportunity to grow the business, invest in innovation, maintain our investment-grade metrics, and deliver attractive returns to shareholders.

On page seven, a reminder, our synergy plan is strong and we're highly confident about our execution plans which were well underway. We have identified total savings with an NPV of €2.4 billion. We're on track to achieve 70% of these synergies equivalent to a €260 million annual run rate by the end of the third year after the acquisition.

The total synergies include €210 million in OPEX and €160 million in CAPEX, clearly demonstrating the powerful value creation potential of this acquisition.

On page eight, as we're creating a stronger multi-orbit operator, we're becoming the leading force in a fast-moving, multi-orbit SATCOM landscape. Together, SES and Intelsat, bring end-to-end solutions, cost efficiency and unmatched global coverage, meeting market demand just what keeps going. However, this deal is not just about scale. It's about shaping the future of global connectivity.

I would like to remind you of our growing segments where we're the combined company operate and drive cash flow generation. Together, we support over 60 government organisations, including European governments and US government. We're all well positioned to tackle the sovereign capabilities governments now demand with multi-orbit network.

The newly announced GovSat-2 IRIS2 programme and the NGS agreement with NATO, a great example for our strong capabilities serving increasing government demands. As media evolves, satellite broadcasting remains the most cost efficient and reliable way to reach global audiences. Together, we deliver over 9,500 channels to nearly two billion viewers worldwide, with continued strong demand for live sports and events.

In both Mobility segments, Maritime and Aviation, our combined assets are uniquely positioned for continued growth for our delivery of seamless multi-orbit end-to-end solutions. We are serving five of the six major cruise lines at sea and delivering in-flight internet to 30 commercial airlines partners in the skies.

In Fixed Data, we also play an important role serving eight of the world's 10 top mobile network operators and multiple of energy companies across the world. We're creating a stronger, more agile, more competitive SES, one built to lead across orbits, across markets and across technologies.

Moving to page number nine, let me introduce you to the new leadership team of the combined company. I'm proud that we have established a united leadership team that brings together powerful mix of talented people, the best of both SES and Intelsat, strong, international and best-in-class experiences.

With clear strategic focus and deep operational expertise, this new leadership is poised to execute on our vision, drive integration and unlock the full value of the combined company.

I would also like to take the opportunity to thank our outgoing CFO, Sandeep Jalan, for his steadfast leadership over the last five years. We're pleased to welcome our recently appointed CFO, Lisa Pataki, who is here with me. Lisa has an extensive experience in the aerospace and defence ecosystem and has completed several successful M&A finance integrations.

Moreover, her ability to develop financial strategies that prioritise operational focus, efficiency and profitable investment will strengthen SES' leadership team, helping SES achieve our mission of being a leading satellite player. Lisa and I look forward to meeting with many of you over the next few months to discuss our business opportunities and to update you on the exciting journey ahead of SES.

On page number 10, we are reaffirming our growth outlook for the combined company on the basis of the unchanged pro forma full year 2024 financials. The combined company is strategically well-positioned to offer comprehensive end-to-end solutions in high-value, high-growth markets, and as such, we reiterate our guidance.

For the period of '24 to '28E, we expect revenue growth of low to mid-single digit CAGR and adjusted EBITDA growth of mid-single-digit CAGR. We continue to disciplined investment approach in future growth with annual CAPEX averaging €600 million to €650 million for 2025 through 2028. We expect these metrics to drive normalised adjusted free cash flow to over €1 billion by 2027-2028 time frame before IRIS2.

Our focus is clear, to grow, to lead in high-potential markets and to shape the future of our industries. This is the long-term play and we're building with the future in mind, growing year after year, expanding our capabilities and creating lasting value for our customers and shareholders alike.

Now, let's move to discuss standalone SES business highlights for first half 2025 on the following slides. With the Intelsat closure on 17th July, I'd like to remind you that 2Q, second quarter is the last quarter of standalone SES performance. So this section of my presentation is dedicated to standalone SES performance, starting with page 12.

In the first half of 2025, we had a solid financial performance and are on track for our reaffirmed financial year 2025 outlook, underscoring that our evolved strategies delivering positive operational and financial results.

O3b mPOWER is driving future growth with satellites seven and eight now in service and satellite nine and 10 successfully launched on 22nd July. We continue to see commercial momentum across networks which demonstrate the growing demand for our differentiated service solutions.

Page 13 summarises our solid first half 2025 financial performance. I'm proud to say the first half of the year produced a solid set of results with revenue stable year-on-year, reflecting

strong operational execution, led by Networks growth of 10.3% year-on-year, including some periodic revenues first quarter.

First half 2025 adjusted EBITDA was also in line with our expectations of broadly stable year-on-year with a 53% margin. Adjusted EBITDA trends have been underpinned by solid top line growth to the Networks and nearly 5% reduction in controllable operating expenses as we continue to transform and drive operational excellence throughout the business.

First half adjusted free cash flow was €193 million, up €47 million year-on-year, or 32% higher year-on-year, excluding restricted cash and special items. In first half 2025, we secured €690 million of renewals and new customer contracts with the majority coming from our growth segments, supporting our growth backlog of €4.2 billion, which had been impacted from the weakening of the US dollar this period.

Our net leverage on 30th of June stood at 1.1 times before acquisition closing and includes €4.3 billion of cash and cash equivalents.

On the back of this solid first half performance, we are reiterating our financial year 2025 outlook, stabilising our revenue and adjusted EBITDA trajectory.

On page 14, you see that we're deepening existing relationships and forging new partnerships with customers across our target markets as demand continues to grow for our unique high-value offerings. We're proud to be a trusted partner to customers worldwide.

In the Government sector, due to the recent geopolitical shifts, we're starting to see increased demand as governments identify the need for more sovereign, secure connectivity. We have a robust pipeline of government opportunities supported by increased defence spending in Europe, including the development of a second satellite for GovSat-2 jointly with the Luxembourg government, which I'll expand on in a moment, as well as strong momentum with the US government, including SES Space & Defence to provide hybrid space-based architecture to the US Department of Defence to a secure, integrated, multi-orbit network branded SIMON.

These agreements strengthen secure, resilient and high-performance connectivity for NATO members and US European command. Our strategic wins highlight our commitment to innovation and growth in the Government segment. We continue to progress the development of IRIS2 project ahead of 1W1 later this year or early next year. We're well positioned to help Europe build secure space-based connectivity system.

Our highly cash-generative Media business is performing as expected, delivering in line with expectations. In first half 2025, we secured key wins including ATP Media, enabling global distribution of over 3,000 tennis matches to one billion fans. And Mileto in Brazil, a contract with growth potential to offset past capacity losses.

SES continues to be a trusted partner to leading media companies such as Warner Brothers, Discovery, having just signed a long-term capacity agreement to deliver high-quality content to millions of TV users on 19.2 degrees East position, which is our most valued TV neighbourhood in Europe. These successes highlight the continued relevance of the value of our satellite solutions for media partners worldwide.

In Aero, we're seeing increased traction with our Open Orbits, including wins with Thai Airlines, Turkish Airline, and Uzbekistan Airlines. Wins like these are driving our future growth in aviation

where our ability to deliver and manage multi-orbit solutions is a source of strength, anchoring our right to win in this competitive segment.

Our continued momentum in Maritime, driven by strong demand from key customers like MSC, Princess and Virgin demonstrates our leadership in ocean ship segment. This success is powered by our end-to-end multi-orbit connectivity with managed MEO networks at the heart of the onboard passenger experience.

SES completed the largest transition of cruise ships this quarter where we helped our customers move their services from GEO services to SES Cruise mPOWERED services. SES is redefining onboard experience with SES Cruise mPOWERED, thanks to our real-time network optimisation that dynamically synchronizes space and ground systems between multi-orbits, enabling cruise operators to maintain consistent and high-quality connectivity at all times.

In Fixed Data, we're laying the groundwork for future growth through innovative partnerships like Lynk Global and direct-to-device, enabling new applications in remote access, emergency response, secure government communications, offshore operations, and automated automotive connectivity.

Moving on to the vertical performance, starting with Networks business on page 15 where we're demonstrating our ability to win with our best-in-class solutions. Network grew 10.3% year-on-year and is now 60% of the total revenue and was driven by strong performance in Government and Mobility.

Our Government vertical is showing strong growth, up by more than 17% year-on-year, driven by expansion in both the US and global government businesses. Our Mobility business is up close to 10% year-on-year with double-digit growth in aviation, complemented by solid performance in maritime, including periodic revenue related to a contract modification of €19 million in first quarter 2025, and also €22 million in first quarter 2024.

Fixed Data remains the most competitive of our segments with minus 4% year-on-year, impacted by continued capacity constraints of our O3b mPOWER fleet, which was prioritising higher margin verticals. As we increase availability capacity on the mPOWER constellation, we expect fixed data to actually improve.

Finally, Networks' gross backlog stands at €2.3 billion, also impacted by weaker dollar, having secured €510 million of new business and renewals this quarter with a strong US and global government pipeline. Our strong gross backlog and robust pipeline support our forecast and future growth, reflecting markets demand for our strategy and multi-orbit solutions as being essential to meeting evolving connectivity needs.

On page 16, we dive a bit deeper into our largest Networks segment, the Government. We're seeing a significant increase in government demand for secure resilient satellite connectivity, particularly in Europe, where defence spending is increasing. Amid the ongoing geopolitical shifts and rising global tensions, we're seeing governments prioritising sovereign capabilities on robust communications infrastructure. SES is well-positioned to meet these needs with our proven multi-orbit solutions and growing track record of trusted partnerships of serving the US government as well European and allied governments.

As such, you continue to see strong momentum from the US government underpinned by our most recent announcement with the US Department of Defence, where SES Space & Defence

will provide hybrid space-based architecture to the US Department of Defence to a secure, intelligent multi-orbit network. I mentioned that before, trademark assignment.

This transformational approach using multiple orbits solves the trade-off between affordability and resilience, delivering SATCOM agility, flexibility, and reliability for forward deployed personnel.

Further, we're proud to have announced GovSat-2 just a few days ago. This latest announcement underscores the surging demand for sovereign capabilities in Europe. After the proven success of the GovSat-1 satellite, the Luxembourg government and SES are developing a second GovSat satellite dedicated to government application. This is a public/private partnership at a 50-50 joint venture between SES and Luxembourg that provides secure, reliable and accessible satellite communication services for governments. It will join GovSat-1 in supporting the Luxembourg Directorate of Defence, EU and NATO nations, as well as US Department of Defence and other government users, reinforcing SES' position as a trusted partner for secure mission-critical government connectivity.

This investment in GovSat-2 is in line with SES' financial policy and also in line with prior combined company CAPEX guidance.

On page 17, we're moving on to our highly cash-generative Media business. As expected, the Media business declined 12.1% year-on-year on the back of lower revenue in mature markets due to capacity optimisation, SD channel switch-offs as well as the full Q2 quarter impact of the Brazilian customer bankruptcy. We have secured €175 million of long-term renewals and new business, underscoring the significant cash flow generation of our video business and contributing to our gross backlog of €1.9 billion, serving 362 million households worldwide. That's about one billion viewers.

Our revenue and operational performance highlight the strong fundamentals and steady demand in our video business. We're expanding beyond capacity to offer integrated media services, adding our ground capabilities and managing more of the distribution chain to simplify operations for our customers as satellite TV remains the most cost-effective transmission method with continued strong demand for linear TV content and live sports and events.

On page 18, we illustrate the deployment of our O3b mPOWER constellation, which extends our capabilities and supports our revenue growth, keeping pace with customer demand. O3b mPOWER satellites seven and eight are already delivering advanced high-performance connectivity to meet the evolving needs of our customers since May.

I'm very excited that on 22nd July we successfully launched satellites nine and 10 on an optimized launch schedule with a service entry expected at the start of 2026. This will further boost network capacity and resilience earlier than what we previously expected. The remaining satellites, 11 through 13, will be launched in 2026. The additional three O3b mPOWER satellites will bring up to a threefold increase in available capacity by 2027 when the entire O3b mPOWER constellation will be fully deployed, accelerating our profitable and long-term growth trajectory.

In 2027, we will manage a robust constellation of seven healthy MEO 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 CAPEX efficient manner.

Each new satellite enhances the constellation, boosting overall capacity and network efficiency to support long-term profitable growth. IRIS2 is strategically timed to commence services by 2030, coinciding with mPOWER's steady state operations. Together, they will meet growing demand well into the next decade. Additionally, the second GovSat satellite and IRIS2 will expand coverage beyond mPOWER's reach, unlocking new opportunities for MEO-based services in previously inaccessible regions, including seamless pole-to-pole coverage.

As part of our commitment to investing in innovation and shaping the future of SES, I'm excited that SES has signed a groundbreaking multi-launch agreement with Impulse Space to use their Helios kick stage launcher. This game-changing partnership will allow us to shorten the time required for the selected SES satellites to reach their final orbit position, launching satellites directly from LEO to MEO or GEO in just hours instead of months, cutting transfer times, extending satellite lifespan and accelerating service delivery to our customers. It is just another bold step in our strategy to lead through innovation and agility.

At SES, our integrated multi-orbit architecture is not just a technical achievement, it is a strategic advantage that delivers advanced performance, global reach and future-ready flexibility for our customers.

We'll leverage full ownership economics in GEO and MEO, combined with the strategic partnerships in LEO and our vast ground network and terminals portfolio to provide high availability, unmatched resilience, network density and seamless interoperability across orbits.

With that, I'm now delighted to hand over to our new CFO, Lisa, to take you through more detailed financial highlights.

Lisa Pataki: Thank you, Adel, and SES for the warm welcome. I'd also like to thank Sandeep for his support during our handover period. I'm excited to join SES at such a pivotal moment as the company accelerates its transformation and positions itself for long-term growth with a clear strategic vision. I am equally excited to lead a talented team of finance professionals. And together, we are well positioned to deliver on SES' ambitious goals.

Now let's turn to page 20. We are pleased with our Q2 and first half 2025 financial performance, which is in line with our full year 2025 guidance and demonstrates our disciplined approach to execution. Revenue for SES was €469 million in Q2 and €978 million for the first half of 2025, more or less flat compared to the same period last year at constant foreign exchange rates.

Revenue from the Media business declined by 13.6% in the second quarter and declined 12.1% for the first half. Media revenues contribute roughly 40% of the Group revenue and are challenged by capacity optimisation and discontinuation of standard definition channels.

Furthermore, and as a reminder, SES recognised final revenue in 2024 and some in Q1 2025 related to a bankruptcy restructuring agreement of a Brazilian customer. In light of these headwinds, we anticipate the Media business revenue to decline at low double digits this year. As previously stated, we expect this trend to improve from 2026, returning to mid-single-digit declines.

In Networks, revenue growth more than offset Media's decline, achieving 12.5% growth in Q2 and 10.3% growth for the first half versus prior year. The Networks verticals account for close to 60% of the Group revenue, ending Q2 with €277 million and the first half with €579 million in revenue.

The Government and Mobility businesses continue to monetise opportunities and are expected to continue to headline the growth for the company going into the second half. Q2 2025 adjusted EBITDA was broadly stable, returning margins of 51.3%, dipping 40 basis points versus prior year. The first half adjusted EBITDA was €521 million with 53.3% margin, declining 30 basis points compared to the first half of 2024. These results are in line with our expectations. We expect full year adjusted EBITDA performance to be in line with our reiterated full year guidance, implying an adjusted EBITDA margin of 50% to 51%.

Now let's turn to page 21 to take a more detailed view of the Group's first half adjusted net profit. First half adjusted net profit amounted to €77 million. As already discussed, adjusted EBITDA decreased €4 million year-over-year, in line with our expectations and driven by mix as our Networks business outpaced our higher margin Media business. We are pleased to report that our work to control the cost structure has reduced controllable operating expenses by €12 million, representing a 4.9% decline year-over-year.

We continue to focus our efforts in the second half to right-size our cost structure and accelerate synergies related to the acquisition of Intelsat. Depreciation and amortisation increased €12 million compared to the same period last year as the new mPOWER and ASTRA 1P satellites entered service in the first half 2025.

Net interest costs rose by €6 million due to reduced interest income on the Group's cash and cash equivalents. Tax and other expenses increased by €12 million. Approximately half of this increase is attributed to foreign exchange losses resulting from the revaluation of the US dollar.

Finally, the €63 million difference between adjusted and net reported profit is explained by significant special items, which include €73 million impairment expense related to changes in future fleet deployment configuration and €63 million other non-recurring expenses related to M&A and restructuring activities. These charges are partially offset by €49 million from the proceeds of SES' insurance claim in connection with first-generation mPOWER satellites and €23 million of related net income tax benefits.

Turning to our financial position and balance sheet metrics on page 22. We continue to hold a strong financial position. Our adjusted free cash flow for the first half of 2025 of €193 million has increased 32% year-over-year, reflecting our strong operating cash flow performance. Note that our adjusted cash flow definition excludes any C-band reimbursements and significant special items such as the proceeds from the insurance claim.

Capital expenditures in the first half amounted to €248 million, primarily driven by mPOWER satellite milestone achievements. We expect that the first half CAPEX outflows will be higher than in the second half as cash outflows are not linear and are dependent on project milestones. This is in line with our full year guidance.

In addition, I would like to discuss two noteworthy items related to the C-band and insurance claim proceeds. During the first half, we finalised our C-band reimbursement claim and have received approximately €90 million, which is in line with our expectations. On the insurance claim for the first four mPOWER satellites, we continue to make good progress in our settlement discussions. To date, we have collected US\$58 million. We will provide updates as settlement negotiations develop.

With respect to cash returned to shareholders, SES continues to be sector leading. We paid the final fiscal year 2024 interim dividend of €0.25 per A-share and €0.10 per B-share on 17th April. In October 2025, SES will pay an interim dividend of €0.25 per A-share and €0.10 per B-share to shareholders. SES expects to maintain a stable to progressive dividend policy and pay a final dividend of at least the same amount per share class in April 2026, subject to shareholder approval.

Our net leverage was 1.1 times as of 30th June balance sheet date and prior to the closing of the Intelsat transaction. This includes €4.3 billion of cash and cash equivalents, which excludes the €284 million of restricted cash from the European Commission related to the IRIS2 programme.

I would like to now make a few comments related to our acquisition of Intelsat, which was finalised on 17th July, post the first half balance sheet date. SES closed the deal with a final cash consideration of US\$2.6 billion or €2.2 billion and certain contingent value rights. SES financed the deal with a combination of cash, a term loan agreement, hybrid and senior unsecured bonds.

On 17th June, SES announced the successful launch and pricing of dual tranche notes raising €1 billion with a combination of €500 million due in five years, bearing a 4.125% coupon and €500 million due in eight years, bearing a 4.875% coupon. The success of SES' ability to secure long-term financing enabled the redemption of US\$3 billion of the Intelsat 6.5% first lien senior secured notes due in 2030.

The combined company is expected to generate growing levels of adjusted free cash expected to be over €1 billion by the 2027-2028 time frame, including from a ramp-up of significant synergies and strong growth outlook with sufficient liquidity to cover upcoming maturities. Our strong balance sheet metrics remain intact as we enter on our path to deliver with SES' net leverage target at below 3 times within 12 to 18 months after the Intelsat closing.

Finally, let's turn to our full year stand-alone SES 2025 financial outlook on page 23. Our first half 2025 performance was solid, and we are on track to meet our full year 2025 financial outlook. On an SES stand-alone basis, 2025 Group revenue is expected to be stable and adjusted EBITDA is expected to be broadly stable year-over-year, driven by strong Networks growth, partially offset by an expected decline in Media from general market dynamics and the restructuring activities related to a Brazilian customer bankruptcy.

CAPEX is to be within the range of €425 million to €475 million, and we expect an annual average of approximately €325 million for 2026 through 2029, excluding IRIS2. As discussed on previous calls, IRIS2 CAPEX phasing is expected to be back-end loaded with most of the CAPEX to ramp up from 2027 and will translate into an average annual spend of around €400 million over 2027 to 2030. We will announce exact phasing of the IRIS2 programme once the project cost estimates and time schedule have been finalised, which is expected to occur after the project's first key milestone known as Rendezvous I at the end of the year or early next.

As you know, we just closed the Intelsat acquisition two weeks ago and after the 30th June balance sheet date, we will start providing a combined company financial view with our Q3 earnings call. I can tell you that the Intelsat stand-alone financial performance for the first half of 2025 is in line with expectations and tracking to the full year outlook Intelsat provided.

Thank you again for your time this morning. I look forward to meeting many of you to exchange views about our business and the exciting journey ahead for SES.

With that, I hand it back to Adel for his closing remarks.

Adel Al-Saleh: Thank you, Lisa. On page 25, I want to reaffirm the strong momentum behind our evolved differentiated strategy. Our solid first half 2025 financial performance clearly reflects the benefits of our transformation, focus on creating a more efficient and agile operating model that accelerates execution and enhances profitability, as well as operational efficiencies and cash flow, as evidenced by further reduction in controllable OPEX of 5% year-on-year in the first half of 2025. As a reminder, we had 9% reduction in OPEX in full year 2024.

Demand for our advanced multi-orbit offering continues to grow, as customers seek high-performance solutions that simplify operations. While commoditising offerings face growing competition, SES is uniquely positioned to lead in delivering high-value managed services where performance, reliability and support are critical. This is evident in our strong commercial momentum with €690 million in new contract wins during the first half of the year, contributing to a €4.2 billion backlog.

Our continued expansion of mPOWER with satellites seven and eight now in service and satellites nine and 10 now successfully launched and in service at the beginning of 2026 alongside investments in innovation and programmes like GovSat-2 and IRIS2 ensures our network stays ahead of evolving customer needs.

With a differentiated future-ready platform, compelling vertical value propositions and continued investment in innovation, SES is strongly positioned for long-term sustainable growth and value creation in an increasingly competitive and innovation-driven market.

Finally, on page 26, our ambition remains to position SES as an industry leader in a valuable fast-growing SATCOM industry. Now together with Intelsat, we're creating a stronger global multi-orbit connectivity powerhouse, uniquely positioned to lead in this dynamic, fast-evolving industry. Our focus remains firmly on customer centricity, delivering maximum value to governments and commercial clients in our priority markets.

With laser focus on execution, operational excellence and our key strategic priorities, we're set to accelerate growth in Government and Mobility, driving sustainable profitable momentum across the Networks business. We are investing with intent, enhancing efficiency, expanding capabilities and powering innovation through mPOWER.

There are a few other examples like Impulse, Helios, Lynk direct-to-device, Open Orbits and sovereign secure connectivity programmes like GovSat-2, MGS, SIMON and IRIS2.

With regards to C-band, our ongoing cooperation with FCC reflects our commitment to serving our clients for securing the best outcome for SES in North America. With greater scale, stronger financial firepower and a future-ready solution set, SES is well positioned to be a top tier player in global connectivity and on track to generate over €1 billion in free cash flow by 2027-2028 before IRIS2.

And at the heart of it all, our people remain our greatest assets, driving our culture, our performance and our long-term success.

With that, we're ready to take your questions.

Christian Kern: Operator?

Questions and Answers

Operator: If you'd like to ask a question or make a contribution on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. Please limit the number of questions per person to two due to time. You will be advised when to ask your question. We will take our first question from Paul Sidney, Berenberg. Your line is open. Please go ahead.

Paul Sidney (Berenberg): Yeah, thank you very much. Good morning and thanks for taking questions. Two, please. You saw a very strong acceleration in Government revenue growth in the quarter, more than 20%. Just wondering, is SES seeing the benefit of increased European defence spending already? And also, you mentioned in the release good traction with US government. You've just announced GovSat-2. Just wondering how the outlook for your Government division is evolving, given the changing geopolitical landscape.

Then secondly, on mPOWER. It's been a very eventful few months for the network. You boosted the capacity with seven and eight, nine and 10 recently successfully launched. I just wondered, has this led to an increase in interactions with your key global customers now that they actually see the capacity is around the corner and that boost is coming in the next few months? Thank you.

Adel Al-Saleh: Very good, Paul. Thank you. Let me start with the first one, right? So Government outlook, right? Clearly, as I said in my prepared remarks, we're seeing a growth, an acceleration in government demand. We're seeing it on both sides of the Atlantic and also in other governments outside of the United States and Europe. It's fuelled by this commitment of all these governments to build a sovereign communications capabilities, and space is a very core element of that strategy, right? It is just very, very core to that. That's why we're seeing the surge.

Now 20%-plus growth year-on-year performance in second quarter is very, very strong. We expect that the Government business will continue to see high-single-digit growth into the future, right? We don't know if we can repeat the 20% growth. I mean, we've had a few quarters with good solid double-digit, and we could see a few more in the future. But we're quite confident that a high-single-digit growth in the government will continue for the foreseeable future, right?

I mean, these investments take time. The buildup of these capabilities take time. The changes of the government defence architecture takes time. So we expect it to continue for the foreseeable future for us.

Look, on mPOWER, your second question, we're super-excited, right? I mean this was desperately needed additional capacity, as I shared in prior calls. We've been managing the constraint in that segment with predominantly giving the capacity to our government customers and our cruise customers. The reason for cruise is they were the first adopters of the MEO orbit in the past. They were one of our biggest customers on MEO classic and now they are one of our biggest customers on the mPOWER.

With this additional capacity, we're able to give all of the segments more capacity. And our customers are waiting for this capacity to be available to be able to take advantage of this. We already have several contracts that are anticipating that capacity growth, right? We're quite excited about that and can't wait for the last three satellites to go up so we can really increase the capacity almost threefold from where we were last year to 2027.

Hopefully, Paul, I answered your questions.

Paul Sidney: Yes, that's great. Thank you. Can I just have a quick follow-up on Government? Are you seeing a general trend for government and militaries moving away from US-based capacity and towards yourself and other non-US operators? Is that a general trend that you're seeing already?

Adel Al-Saleh: Well, look, first of all, we're seeing Europe being very serious with their defence spending to build and strengthen their satellite capabilities. For sure, we're seeing that. We're also seeing them growing their demand for existing constellations. As an example, GovSat-2, which is the successor for GovSat-1, will be used by the Luxembourg government for their own purposes, for NATO, for US and for allied forces, right? So there's demand for this additional capacity coming from all angles.

At the same time, on the US side, their space force and their architecture continues to grow. They continue to invest as well in their dedicated military satellites, government-owned, as well as their use of the commercial satellite architectures. They were very clear with the architecture they want to drive, which is a hybrid architecture between both.

We're seeing it on both sides. It's not that people trying to go away from a particular usage. They actually have more demand for the existing capacity that they have, but they also want to build their own sovereign capability in the future.

Paul Sidney: Very clear. Thank you very much.

Operator: We will take our next question from Terence Tsui, Morgan Stanley. Your line is open. Please go ahead.

Terence Tsui (Morgan Stanley): Thank you very much, and good morning to everyone. Thanks again for the presentation. I've got a few questions when thinking about the combined company, please. Firstly, just beginning with Intelsat. You mentioned that the performance is in line with your expectations. I remember in Q1, there was a pretty sharp slowdown in revenues and EBITDA under US accounting. Are you thinking now that Q2 performance has improved quite materially?

Then secondly, when we're thinking about the phasing of the mid-term guidance for EBITDA growth, you mentioned that the 2024 pro forma is about €1.8 billion. What's the pro forma for 2025 shaping up to be? Do we think this mid-single-digit EBITDA growth is going to be more back-end loaded?

Adel Al-Saleh: Tsui, well, let me start, and then Lisa can pick up. First of all, look, if you were following Intelsat and went to their public website, they have published their forecast for the year. And they had explained in the past why there was a slowdown in the first half of the year and how they were guiding towards that. They also gave a forecast for the full year, right, at that point in time, which was high single-digit revenue growth to low double-digit revenue growth and mid-single-digit EBITDA decline.

We understand all the dynamics, right, why this is happening. By the way, they have delivered according to their forecast in the first half of the year. But the only reason we don't have these numbers is because their close of the quarter is slightly later than ours. And we need to take their numbers to their traditional audits and confirmation and things like that. So they're not ready to be published, which is why we don't have them today. But we know the numbers, we've seen the numbers, which are in line with what they have guided the market.

We've also looked at the full year forecast, and we're very comfortable with the guidance that I just mentioned to you, that I just summarised. There is a clear explanation why they had a slowdown with IAS 33 dynamics and movement to third-party capacities with the delay of certain equipment for their aero business and the delay of their government contracts, which we have been following very, very closely, right, and very confident of the execution and closure of some of these drivers in the past. That's as much as we can tell because we don't have audited accounts that we can share with you.

Now regarding pro forma for 2025, look, I am very sympathetic that all of you are eager to see that. We're eager to publish that as well. But we just need a few more weeks as we work through the combination of the two companies, and we will share that with you when we do the third quarter announcement. So we're going to be shifting gears as we go to the next earnings announcement by giving you the full guidance of the new company, if you will, for 2025 when we do our third quarter announcement. And also, we start talking to you about how do we see the business evolve, like, and how do we see it for 2026 and 2027 and so on.

Lisa, please.

Lisa Pataki: Yeah, not much more to add from what Adel mentioned, but I think first comment regarding Intelsat, they did perform in the second quarter as expected, which we were pleased to see. We also closed the acquisition, what, two weeks ago. So we've been diving into the numbers and we're looking forward to putting together the combined guidance.

Again, we have to convert from US GAAP into IFRS for Intelsat as well. But all things are trending in the right direction. We had good business reviews over the past couple of weeks. It looks like if we look into the second half, the growth is really coming from our Government business, which is as to be expected. We also will have a bit more equipment sales into the second half too, that have a bit of a mix effect with lower margins on both the SES as mPOWER comes up into service and on the Intelsat side in our commercial aviation business.

Again, we're really excited to publish the second half guidance once we get our arms around the combined company outlook.

Terence Tsui: Thank you, Adel. Thank you, Lisa.

Adel Al-Saleh: Thank you.

Operator: We will take our next question from Alexander Peterc, Bernstein. Your line is open. Please go ahead.

Alexander Peterc (Bernstein): Yes, good morning. Thank you for taking my questions. I'd just like to clarify on reporting. Do you intend to now only report combined Intelsat-SES results from 3Q onwards? If you do that, then I do wonder what is the point of having a stand-alone SES guidance if you're not going to report those numbers anymore. I'd just like a little bit of clarity on that.

Secondly, you already touched upon this a little bit, but I'd like to have a little bit more visibility into the additional capacity from O3b. You had launches of five and six in November and seven, eight in December last year. I suppose those are already on stream fully in the reported second quarter. Then you're launching - you just launched nine and 10. So that will start delivering full capacity from Q1 '26 onwards. Is that correct? And if you could put any numbers on this, that will be helpful. I know you said capacity on mPOWER went up threefold since the launches of five, six, seven, eight and nine and 10. Is that the correct vision? And if you have anything else to give us an idea of how these additional launches phase and feed into additional revenue for Networks, that would be helpful. Thank you very much.

Adel Al-Saleh: Thank you, Alexander. Lisa, do you want to take the first part, which is how we're going to report?

Lisa Pataki: Yeah. The way that we are going to structure ourselves going forward will be combined. Adel and the company announced how the leadership team will look like. We're organised with the four verticals. We will start to report combined, and that's how we want to continue to manage the company going forward. So you can look forward to that again. We'll announce that in the third quarter results.

Adel Al-Saleh: Alexander, your question about why are we still doing the stand-alone company guidance? Look, we are obligated to do that to you guys, right? I mean we were a stand-alone company in the first half of the year. We have to reinforce how the company is performing operationally, and we will shift gears, right, as soon as we integrate those numbers. Going forward, you'll see the integrated numbers for the company.

Look, your second question on O3b. To be clear, the threefold increase in capacity compared to 2024 and when we first launched the and went into operation, refers to when we have all of the new satellites up, right? So that's going to be beginning of 2027, right, when we get all the additional three satellites that are still missing.

What happened with the seven and eight is we've seen a 30% increase in our capacity already. And that is fuelling our growth, both in Mobility as well as in government, right? That's because people do need that capacity. As soon as it comes on board, they are actually using it.

Now the reason there is a bigger boost when we go into the additional three satellites is because we will be changing the configuration of the network, right? That will add more satellites in the network, if you will. I don't want to get into a lot of technical details on this call, but if you're interested, we can walk you through it. But we are changing the configuration, what gives us more capacity. And we also keep in mind that these new satellites, they're totally healthy. So we can run them at full power. Where the first four satellites, they were run at a much lower power consumption in order to preserve their health, in order to preserve their life.

Now that we don't need that preservation, we're going to go full power on the healthy satellites. We will use the old satellites as backups, right, instead of being the main network components, if you will. That will enable us to take it to the next level of performance and next level of capacity. That's how it works. So 30% already seen and then a big boost as we go into the last three satellites being launched and in operations.

Hopefully, Alexander, that's clear. If not clear, if you're hungry for more, just come back to the team, and we'll walk you through it.

Alexander Peterc: Yes, excellent. I would like that actually. Just a very quick housekeeping one. Is your refinancing now complete, or are there any other debt adjustments you'd like to make for the combined company between now and year-end? Thank you.

Adel Al-Saleh: Yeah, so we're just thinking through it, the debt adjustment. I don't think we have plans to do any.

Lisa Pataki: No. What we're really working for towards right now is to meet the net leverage target within 12 to 18 months, which is less than 3 times. We are very committed to ensuring that we are delivering according to our maturity schedules. We are going to take - we do this already, but I'm going to put a lot of emphasis too on how we're looking at our investments and ensuring that they are very well aligned with our strategies and that they have the proper return on investments associated with them. So we're going to continue to maintain the financial discipline that we've had and probably put a little bit more rigour on things going forward as well to accomplish our deleverage targets.

Alexander Peterc: Great colour. Thank you very much.

Adel Al-Saleh: Thank you.

Operator: We will take our next question from Ben Rickett from New Street Research. Your line is open. Please go ahead.

Ben Rickett (New Street Research): Thank you for the questions. Hi, Adel. Hi, Lisa. I had two questions, please. Firstly, just a follow-up there. So you're mentioning that your MEO capacity is increasing 30% with these recent launches. How does that feed through into revenue? I mean, presumably that doesn't drive an exact 30% increase in revenue. So how are you thinking about the feed-through and unit price dynamics as you bring on this new capacity?

Then second question I had was just around how you think about currency risk. So your business is increasingly dollar-denominated, but I see you have been refinancing I think all of the recent debt has been in euros. So how do you think about that risk? And are you using derivatives to hedge that exposure at all? Thank you.

Adel Al-Saleh: Very good. Thank you, Ben. Good to hear from you, by the way. Look, on the capacity increase, when we built our business plan, three-year plan, four-year plan, and as we model our future growth of our segments, right, and which is why we are very confident of our Networks business continue to grow, we assume these growth in capacities. These increases in capacity are built into our forecast where we're returning to growth with Network business continues to be a very good growth driver and our Media business after this transition year goes back to the model that we're all familiar with, which is kind of middle single-digit decline as it goes forward.

So every capacity increase is spoken for, right? So our customers are waiting for it. We already have, like I said before, already contract obligations that we have committed.

Now regarding how does the unit price look like, it varies dramatically by segment then, right? So it's not the same in the segments. Government, which is our most attractive segment, continues to be quite stable. I mean there is more demand than there is, to be honest with you, not enough capacity in the market today despite what everybody thinks in the areas where our Government customers really want it. Therefore, the pricing tends to be quite stable and

opportunities to actually have some premium pricing when we're doing unique projects for the government, especially in the R&D phases where they want to have very advanced innovation for their capabilities.

When you look at other segments, for example, we've seen pressure in the fixed data market, right? That's what we do see. That's our most competitive segments, which is why logically, they did not get the mPOWER capacity that was available, right, because we pushed it into the segments that have better pricing dynamics.

However, as we bring mPOWER more, we will go drive differentiated solutions. Now the way that we sell, keep in mind, is not through a capacity-only sales as in the past. We're offering our customers a managed service solutions. We're offering them multi-orbits. We're offering them an ability to manage that network for them. We've taken over some of the network elements that the customers used to own themselves, like we're doing in Media, like their ground infrastructure because we just can operate ground better than anybody.

We have the largest ground infrastructure than any of our competitors around the world, including Starlink, right? Just register that, right, in terms of capabilities on the ground. So we are taking over some of the capabilities that the customers used to do in-house, and that gives us an ability to provide a more compelling solution, if you will, for our clients that makes it different.

So unit pricing varies by different segments, where some segments that have bigger pressure and bigger competition and other segments where customers do appreciate a more end-to-end solution, we have stability in those unit pricing. And we manage our capacity accordingly. We optimise it. We make sure we put it in the areas where we can generate more profit and more cash for the company, which we need in order to pay down debt and continue to invest in our company.

Look, on the second part, I'll start and Lisa, please help us. Clearly, the new company, the combined company has much more dollar exposure than what we had in the past. I mean our Government business is a very sizable business. It's going to be hitting close to \$1 billion business as an overall government. We have not shared that before, and I'm sharing it to you guys to give you the significance of that segment. It is actually equally split between euros and US and US dollars right now, and the growth continues to be in euro as well as in the US dollars. But we are going to look at our structure going forward as maturities come and as we renew our debt structure as we pay it down to create a more balanced portfolio of the balance sheet.

Today, we don't have any hedging. We have not implemented hedging going forward. But we're exploring what else can we do that, right, and going forward. We also watch, of course, the economists and their predictions of how this currency is going to evolve, which is everybody is watching that. Today, that's our approach, and that's our strategy going forward.

Lisa Pataki: Yeah. So maybe just to follow up on that, and I think Adel hit how we're going to have to frame the future really well. But if we look at just the results of the first half, we experienced a weakened dollar in Q1 into Q2, which if you want to think about it, it probably had about a €12 million impact on the revenue side, maybe around €8 million on adjusted EBITDA. So not great evolution of the weakened dollar quarter-over-quarter, but something we certainly need to consider in the future.

The other thing is that for the combined company, we will have about 60% of our revenues will be US dollar-related revenues. But we will look in to see where the growth in the company is coming from, euro-denominated functional currencies or US dollars. We have to evaluate the use of hedging instruments, derivatives, etc., going forward, just as Adel mentioned. But today, functional currency, of course, is the euros.

One other thing to consider too is where the cost base is. If you look at our CAPEX, maybe a rule of thumb is to think about 50% is US dollars, 50% is in euros. We have clear synergy targets that we are 100% focused on right now, and that will reduce the cost base in both euro and US. So those are things that we are working on right now. But thanks for the question.

Christian Kern: If I may just add, Adel, we've got the natural hedging on the cost side, right? That's part of why we're not putting real hedges into place. There's natural hedging. And the number Lisa has given is the \$0.01 sensitivity on the revenue and the EBITDA. For the quarter-on-quarter exposure, it was about just over 50% of the absolute decline quarter-on-quarter came from forex weakness, and it was about a third on the EBITDA, just to be sure we are all on the same page then.

Adel Al-Saleh: Thank you, Christian. Ben, hopefully we answered your questions.

Operator: We will take our next question from Nick Dempsey, Barclays. Your line is open. Please go ahead.

Nick Dempsey (Barclays): Yeah. Good morning, guys. I've got three more questions, please. First of all, you have seven satellites for the combined business planned for launch in 2027, if I added that up, right? I think that's a lot to manage in a year compared to what we've seen over history. To what extent is your target of €1 billion of free cash flow before IRIS2 tied to the successful launch of that number of satellites in 2027? That's the first question.

Second one, can I double check that when you are pointing to net leverage less than 3 times within 12 to 18 months of closing, we're talking about including 50% of hybrids, not including leases in net debt and using adjusted EBITDA that includes Intelsat's non-cash component?

The final question, after putting in place all of your financing, are you still happy with that about €350 million of net interest combined business in the first full year of the combination, which you pointed to previously?

Adel Al-Saleh: Let me start with the first question, right? The seven satellite launches, if you got the math right, I haven't checked it, were all - Nick, they were known to us, right? So during our diligence - so none of these are news for us. We've diligence that. We know the satellites. By the way, out of the seven, there is four - I think it's actually more than seven, but there is four software-defined GEO satellites that Intelsat had planned to launch. We have two software-defined satellites that will be between end of '26, beginning of '27, etc. Then we have, of course, mPOWER satellites that will be all launched in 2026.

We do have the capacity to deal with that, Nick. We know how to run them. We know how to drive them. We have a very good cadence of launch. We are lucky to be in a market where the launch is now quite highly predictable and has been very efficient for us. That is all in there.

Now how much is our €1 billion cash generation tied to the success of these launches? I need to really think about it deeper, but I wouldn't say it's dramatically tied to those successes because a lot of these launches are actually going to be coming online in either late 2027 or

early 2028. So the impact of these satellites are going to be felt more in 2028 in terms of revenues and things like that.

The way the procurement agreements are set up, I mean, they're tied to certain milestones of these satellites being ready to launch and achieving those milestones. So if there are delays or if there are issues, we have certain protections built into some of these contracts with liquidated damages or delay fees and things like that. So that's kind of the answer I think. But we need to give it a little bit more thought, Nick, and get back to you with a little bit more precise answer versus what I have.

Can you take the other two questions? I actually didn't follow exactly what.

Lisa Pataki: Yeah, I think the answer to those are pretty simple at this point. No real changes into how you should think about the modelling going into the second half and into the mid-term outlook with respect to interest expense or how we're thinking about paying down the debt. Again, our target at this point, we're going to do everything we can to ensure that we're hitting that net leverage ratio of 3 times within 12 to 18 months.

Adel Al-Saleh: Yes. Nick, as I said in my presentation, look, we are going to spend a lot of time with you guys before we get into the third quarter earnings announcement to help all of you with your modelling, right, to give you a lot more insight from what you have today. I fully understand there is a need for more information, but just give us a few weeks to get our arms around what we actually combining the financials of the two companies. Thanks, Nick.

Christian Kern: Ben was muted but as well.

Adel Al-Saleh: Why we're muting these guys. Just keep them open.

Christian Kern: Alan, keep them open. They want to stay in for the answers. As per end, I understand he said thank you for the answers as well. So let's move on, Alan. Who is next on the line?

Operator: Once again, if you would like to ask a question, please press star one on your telephone keypad. We will take our next question from Roshan Ranjit, Deutsche Bank. Your line is open. Please go ahead.

Roshan Ranjit (Deutsche Bank): Good morning, everyone. I've got two questions, please, and one quick follow-up. Adel, I appreciate the deal was only two weeks closed, but you did mention significant synergy execution from day one. What are those synergies that are, I guess, already coming through or starting to come through, please, if you could give us a sense of how that is progressing? Again, you said you've had a good look under the hood. Any positive surprises within that?

Second question is around C-band. I think back in February, the FCC started their consultation period. They've got a feedback period within that. I think that brings us to the kind of mid to end August time frame for that review period to complete. What are the next steps beyond that? Because I think they seem quite keen to progress there?

Lastly, my follow-up question is just on Government, and thank you for the detail. Is it possible to get a sense of the mix within the GEO and MEO developments within that segment? And is it kind of existing customers who are perhaps augmenting the capacity with a MEO add-on? Or are you seeing new government customers come in and taking the MEO capacity. I guess in

the context that GovSat-2 is a GEO satellite, I guess, are you still seeing demand for GEO? Thank you.

Adel Al-Saleh: Very good, Roshan. Thank you for the questions. Let me start with the synergies. As I shared with you several quarters ago, we've done a detailed synergies planning during the last 12 months after we announced the deal. That was done bottoms-up by executives that are now running the company, right? This is not new people coming in. It's the same folks that I introduced were actually involved in the integration planning and synergy details.

So we have the blueprint. And that blueprint is now actually in the last two weeks have been transformed into exact milestones, what are we doing day one? Are we still executing what we said there? Do we need to make some adjustments? We already have executed some of the synergies.

The fast synergies are, of course, leadership team, right? I mean the leadership team was double the people that we currently have. The guys who didn't make it, they are synergy. They're leaving the company, right? Agreements have already been signed and people departure dates are set, etc. We also, by the way, announced the level two leadership in the company. So in our kick-off call on 17th July, when we brought 4,000 people together in a call, and I was actually physically in Tysons and Washington D.C. and the rest of the leadership team was spread across the world. We announced our Level 2 leadership team. So we already know the synergies that we have of that level two leadership team and so on, right?

Roshan, we already are executing what we said from a labour synergies from an OPEX perspective. We also have a non-OPEX synergies that we are crunching through right now. And we have huge confidence that we're going to be able to execute very, very fast, right, because we're prepared for it. And I'm confident that you've seen from the last several quarters when we declare something, we focus on execution and making sure that happens. And that psychology, that approach, that operational rigour will only get better with this new leadership team that we have. That's what I mean by ready day one and executing day one.

Lisa Pataki: Yeah. Maybe just a commentary, because I came in six weeks ago. I have to say I was extremely impressed to see the plans because synergies is obviously at the front of what we need to do going into the combined company. Really happy with what the team was able to do. I just came from doing a \$2.5 billion integration, and I think the team here is really, really positioned well for us to execute on what we said we were going to do.

Adel Al-Saleh: Good. Now on C-band, right, you said, look, what are the next steps? As you've seen, all of you probably, in the reconciliation budget and the new budget, the Big Beautiful Bill as it's branded in the US, had explicit instructions for auctioning at least 200 megahertz of auctions in the US, specifically targeting the upper C-band, right? It was not exclusive to the C-band, but it was specifically targeting that C-band. So we expect that to move quite fast.

As soon as the FCC is finalised with their process and all of the inquiries and feedback that they're going, we expect them to move quite fast in 2026 in the next steps. And the next steps would be a date for the auction and then deciding when to do the auction.

Clearly, we don't have control over that. That is an FCC decision, and they will drive it. But as I said in my opening remarks, we are collaborating with FCC. They understand our need to protect our customer base and provide solutions to them and provide transitions, and we are providing the technical know-how which we will continue to provide to FCC on actually how do you execute that clearing going forward.

By the way, the combined company has more experience than anybody else in the world on clearing the C-band. It's a fantastic team, both from a planning perspective, but also from actually technical execution to be able to do it. So that's the next steps that we have.

Look, regarding your Government question, look, the fact is GEO is still hugely demanded by our customers in the government, hugely, because there are many applications that we forget to think about that are very much relevant to GEOs, right? Not everything is LEO. That's what I keep repeating and I keep saying, but people tend to forget.

So the usage of GEO continues to be very robust in the Government sector on both sides of the Atlantic. Clearly, there are very valid applications like in-field communications, soldier communications in the theatre that LEO serves extremely well, extremely well. So the governments are expanding their portfolio of the need into our multi-orbit capabilities where they're adding LEOs, they want more NEOs from us, everything that we can deliver and they maintain their GEO capabilities. But over time, that GEO is declining and moving towards NEO and LEO.

But I do not see in the foreseeable future, governments not using GEOs. GovSat-2 is a really good example, right? This is the next generation of very robust military-grade satellite that's going to be in service for the next 20 years after we launch it. The governments foresee the need for that, right, for the applications that they have.

By the way, one of the key applications is drones, right, and management of drones, and ISRs, where GEOs are positioned extremely well to do it and so on. That's what we see.

In terms of the client base, we have both. We have our existing clients that are asking us for more. Some of them are asking us for different capacity configurations as we go forward. So more NEOs, if you will. And some of our customers asking us for LEO as well. And by the way, like I said, we're positioned through strategic partnership to provide that multi-orbit capability. But there are also new customers that we're acquiring, right? A lot of stuff on the European theatre or on the European side, we're beginning to see new customers knocking on our doors, getting us engaged in their procurement processes in order to deliver new capabilities that they didn't have before.

Look, the reason I emphasize Europe is for a couple of factors. One, all the European nations, part of the European Union have now clearly committed to increase their defence spending up to 5%, right? You've seen that. Space is a very important component of that increased investment. That's driver number one. Driver number two in Europe, which has been proven in the US is the dual usage of both military-grade satellites, i.e., dedicated sovereign satellites, along with the commercial capabilities, which the United States Space Force has demonstrated and has communicated their architecture and have been implementing for many, many years.

That's why we're seeing benefits from that hybrid military, government-owned and commercial fleet leverage. We're beginning to see that happen in Europe. If you've seen the UK

Department of Defence, you've seen the German Department of Defence declaring their architecture, space architectures, they are very similar to what the US Space Force has been driving, i.e., multi-orbit architectures and a hybrid solution between government-dedicated satellites and commercial satellite fleets. So that is what's driving that demand. Like I said before, we see it for the foreseeable future. We don't see it ending like in the next two years.

Sorry for going long, Roshan. Hopefully, I answered the questions.

Roshan Ranjit: That's extremely helpful. Thanks very much, both. Thank you.

Operator: There is no further questions on the line. So I will now hand you back to your host for closing remarks.

Christian Kern: Thank you, everyone, for participating in the conference call. As Adel already mentioned, we're in a very good shape and on an exciting journey now as a combined company. Please follow up with IR on any further more detailed questions you might have, and we look forward to keeping you informed about the next developments, the next steps and look very much forward to seeing you on the road after the summer break. Thank you for participating, and have a good day.

Adel Al-Saleh: Thank you, everybody.

Operator: Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]