



## Press release

### **SpaceRISE signs concession contract to deliver Europe's IRIS<sup>2</sup> connectivity network**

*SES-led consortium to design, deliver, and operate innovative MEO-LEO network.*

*IRIS<sup>2</sup> will expand SES's network with 18 new MEO satellites providing pole-to-pole global coverage, plus extended access to LEO capacity, to keep pace with rapidly expanding customer demand.*

*SES's participation in IRIS<sup>2</sup> is consistent with our disciplined financial policy, benefiting from significant public funding, which is frontloaded, and built-in protection mechanisms.*

*Post Intelsat integration, SES Adjusted Free Cash Flow expected to ramp to over €1 billion by 2027/2028 supporting existing deleveraging commitment, IRIS<sup>2</sup> CapEx, and expanding shareholder returns.*

Luxembourg, 16 December 2024 – SES S.A. announces that the SpaceRISE consortium, led by SES, has [signed the Concession Contract with the European Commission to design, deliver, and operate the innovative, multi-orbit IRIS<sup>2</sup> sovereign connectivity system](#) for a period of 12 years, with the network expected to provide services from the beginning of 2030.

Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS<sup>2</sup>) will be European Union's (EU) preferred and trusted network to provide reliable, secure, and cost-effective communication solutions for governmental institutions, commercial organisations, and European citizens.

SES's contribution to IRIS<sup>2</sup> will be to develop, procure, and operate 18 new MEO satellites providing 100% pole-to-pole coverage with carrier-grade connectivity solutions. SES will have rights to commercialise the MEO capacity and part of the LEO capacity of the IRIS<sup>2</sup> system. The compelling combination of high throughput data rates, low latency, service flexibility, and managed solutions will cater to EU's sophisticated requirements, as well as allied nations and SES's customers around the world.

With deployment of SES's O3b mPOWER completed in 2027 and subsequent commercial ramp up, the delivery of IRIS<sup>2</sup> is well timed to provide next-generation MEO capabilities to serve expanding customer demand for SES's high performance connectivity solutions, underpinning profitable growth into the next decade. The IRIS<sup>2</sup> satellites will form the foundation for SES's next-generation MEO capabilities.

Adel Al-Saleh, Chief Executive Officer of SES, commented, *"We are delighted to secure this important contract as the European Commission's trusted partner for this flagship project to realise the ambition of secure, sovereign multi-orbit-based network for EU's strategic communications autonomy. IRIS<sup>2</sup> will bring a new level of connectivity for the EU and its citizens in a public private partnership structure which aligns all interests and derisks the development phase with upfront public investment. IRIS<sup>2</sup> will be Europe's network of choice with the EU and Member States being the constellation's anchor customers.*

*IRIS<sup>2</sup> enables the profitable expansion of our differentiated MEO architecture into the next decade, while giving us access to LEO with owners' economics, to keep pace with the rapidly growing customer demand in our target segments where we have a strong right to win, record of delivering value for our customers, and history of growth execution. The contract terms we have agreed demonstrate our commitment to disciplined investment, delivering required rate of return, maintaining investment grade balance sheet metrics, and returning cash to our shareholders."*



The Internal Rate Return (IRR) of the contract is expected to exceed 10% and is underpinned by a strong commercial value proposition and built-in protection mechanisms. The MEO offering, complemented by access to LEO capacity, will serve a range of government and commercial requirements including fixed government connectivity; intelligence, surveillance, and reconnaissance; navy and air force needs; mobile backhaul and trunking; enterprise and cloud applications; global inflight connectivity; and connecting cruise ships around the world.

The initial phases of IRIS<sup>2</sup> will benefit from upfront public funding with limited need for private financing in the early years of design and procurement. In total, SES will contribute approximately 50% of the MEO cost while having the benefit of commercialising over 90% of the MEO capacity and part of the LEO capacity.

The EU and Member States will be the anchor customers to the IRIS<sup>2</sup> constellation, while also attracting allied nations across the world, underpinning revenue generation which is expected to cumulatively be around €6 billion over the 12 years. Starting in 2025, SES expects to generate incremental revenue and EBITDA for works related to the design and procurement phases. The Contract also provides for the possibility to add hosted payloads for commercial services, adding to the value proposition towards customers.

The contract grants protections to support SES's IRR including, but not limited to, i) a rendezvous point in 12 months' time to validate the project cost, technical requirements, and delivery timetable, whereby any party can exit in the event of excess expected cost, not meeting technical requirements, and/or delays to the in-service date; ii) mechanism to seek renegotiation to protect the IRR for qualifying reasons, such as delay in start of service; iii) certain protections from annual cost overruns; and iv) the Commission will cover any extra cost resulting from launch failures up to in-orbit validation.

Participation in IRIS<sup>2</sup> is fully consistent with the principles of SES's financial policy. SES maintains its prior expectation to have an Adjusted Net Debt to Adjusted EBITDA ratio of below 3 times within 12-18 months after closing the Intelsat acquisition, which is on track to complete during H2 2025. SES's commitment to a stable to progressive dividend is also reaffirmed with an annual base dividend of at least €0.50 per A-share. SES intends to increase the annual dividend as soon as the Adjusted Net Debt to Adjusted EBITDA ratio is reduced to below 3 times which is expected by 2027 as noted above.

The IRIS<sup>2</sup> contract will be incremental to SES's current investment outlook (average of around €350 million per year on a standalone basis and €600-650 million per year pro forma for the Intelsat acquisition over 2025-2030), revenue, and profit plans. The capital expenditure (CapEx) for IRIS<sup>2</sup> of up to €1.8 billion will start ramping from 2027 and have an average annual spend of around €400 million over 2027-2030.

With the Intelsat acquisition, normalised Adjusted Free Cash Flow (pre-IRIS<sup>2</sup>) is expected to ramp to over €1 billion by 2027/2028<sup>(1)</sup> driven by revenue and Adjusted EBITDA growth and execution of synergies (approximately 70% of the expected total annual rate of €370 million will be delivered by the end of Year 3). This level of cash generation will more than support the incremental CapEx for IRIS<sup>2</sup> while retaining financial flexibility to increase shareholder returns and consider further balance sheet strengthening.

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1) Financial outlook assumes nominal satellite health and launch schedule



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SES has a bold vision to deliver amazing experiences everywhere on Earth by distributing the highest quality video content and providing seamless data connectivity services around the world. As a provider of global content and connectivity solutions, SES owns and operates a geosynchronous orbit fleet and medium earth orbit (GEO-MEO) constellation of satellites, offering a combination of global coverage and high performance services. By using its intelligent, cloud-enabled network, SES delivers high-quality connectivity solutions anywhere on land, at sea or in the air, and is a trusted partner to telecommunications companies, mobile network operators, governments, connectivity and cloud service providers, broadcasters, video platform operators and content owners around the world. The company is headquartered in Luxembourg and listed on Paris and Luxembourg stock exchanges (Ticker: SESG). Further information is available at: [www.ses.com](http://www.ses.com).