Société Anonyme
RCS Luxembourg B 81267

La Société, SES, société anonyme, convoque par le présent avis à son

Assemblée Générale Ordinaire

qui se tiendra

le jeudi 5 avril 2018 à 10 heures 30

au siège social de SES, société anonyme, (la « Société ») Château de Betzdorf, 6815 Betzdorf, Luxembourg.

ORDRE DU JOUR

1. Liste de présences, quorum et adoption de l'ordre du jour
2. Désignation d'un secrétaire et de deux scrutateurs
3. Présentation par le Président du Conseil d'administration du rapport de gestion du Conseil pour l'année 2017
4. Présentation des principaux développements de la Société pendant l'année 2017 et perspectives
5. Présentation des résultats financiers pour l'exercice 2017
6. Présentation du rapport du réviseur d'entreprises
7. Approbation du bilan au 31 décembre 2017 et du compte de profits et pertes pour l'exercice 2017
8. Décision sur l'affectation du résultat net de l'exercice 2017 et transferts entre comptes de réserves
9. Décharge à donner aux administrateurs
10. Election statutaire du réviseur d'entreprises pour l'année 2018 et fixation de sa rémunération
11. Résolution permettant à la société l'acquisition de ses propres FDRs et/ou actions de la catégorie A ou B
12. Fixation du nombre d'administrateurs
13. Nomination de cinq administrateurs pour une durée de trois ans
14. Fixation de la rémunération des membres du Conseil d'administration
15. Divers

Assister à l'assemblée

Les droits d'un actionnaire de participer à l'assemblée générale ordinaire et d'exercer le vote attaché à ses actions sont déterminés en fonction des actions détenues par cet actionnaire le quatorzième jour qui précède l'assemblée générale ordinaire, à savoir le 22 mars 2018 à minuit (la date d'enregistrement). Si un détenteur de Fiduciary Depositary Receipts (FDRs) souhaite assister à l'assemblée en personne, il devra se faire inscrire comme actionnaire dans le registre des actionnaires de la Société avant la date d'enregistrement. Une personne qui n'est pas actionnaire à la date d'enregistrement ne peut pas assister à l'assemblée générale ordinaire.

Conversion en actions de la catégorie A

Le détenteur de FDRs qui souhaite convertir ses FDRs en actions A doit faire cette demande conformément aux clauses 12 et 16 des *Terms and Conditions* du *Amended and Restated Fiduciary Deposit Agreement* du 26 septembre 2001. Ce document est disponible auprès de la Banque et Caisse d'Epargne de l'Etat, Luxembourg. Aucune commission de conversion ne sera exigée des personnes physiques qui ne sont pas déjà actionnaires de la catégorie A et qui procèdent à la conversion d'un maximum de 10.000 FDRs en actions A, leur permettant de participer en personne à l'assemblée générale ordinaire du 5 avril 2018.

Pour assister en personne à l'assemblée, la conversion de FDRs en actions de la catégorie A devra être effectuée le 22 mars 2018 à 16 heures 30 au plus tard. Pour plus d'information à ce sujet, merci de bien vouloir contacter la Banque et Caisse d'Epargne de l'Etat, Luxembourg à l'adresse suivante : corporateactions.sec@bcee.lu

Instructions de vote

Le détenteur de FDRs est en droit, sous réserve des dispositions applicables (la loi luxembourgeoise, statuts de la Société, seuils de participation et contrat de concession) d'instruire le Fiduciaire en tant que mandataire en vue d'exercer son droit de vote au moyen d'un certificat de vote disponible sur demande à la banque auprès de laquelle les FDRs sont détenus.

Pour que les instructions de vote soient valables, le certificat de vote devra être complété et dûment signé par le détenteur de FDRs ou le cas échéant par le bénéficiaire économique. Pour plus d'informations à ce sujet, merci de bien vouloir contacter la Banque et Caisse d'Epargne de l'Etat, Luxembourg à l'adresse suivante : corporateactions.sec@bcee.lu

A la réception du certificat de vote comportant les déclarations et documents requis par le Fiduciaire ou la Société, avant ou à la date déterminée par le Fiduciaire (à savoir le 28 mars 2018 à 17 heures), celui-ci devra transmettre à la Société ledit certificat de vote accompagné des déclarations et documents requis pour vérifier si les détenteurs de FDRs ou les bénéficiaires économiques peuvent acquérir la qualité d'actionnaires de la catégorie A de la Société si à la place des FDRs ils détenaient un nombre correspondant d'actions A.

Si dans un délai de huit jours ouvrables au Luxembourg à partir de la réception du certificat de vote avec les déclarations et documents requis, la Société n'a pas notifié au Fiduciaire son rejet de la demande du détenteur de FDRs, elle est présumée l'avoir acceptée.

Après réception de l'accord écrit de la Société quant aux instructions de vote, le Fiduciaire votera ou fera en sorte qu'il soit voté conformément à ces instructions. Le Fiduciaire pourra désigner et nommer des représentants dûment autorisés afin que ceux-ci assistent à l'assemblée et votent au nom et pour compte des détenteurs de FDRs.

Les instructions de vote sont considérées comme étant irrévocables et définitives 48 heures avant l'heure d'ouverture de l'assemblée, à savoir le 3 avril 2018 à 10 heures 30 au plus tard.

Dans le cas où le Fiduciaire n'aurait pas reçu des instructions de vote des détenteurs de FDRs, le Fiduciaire sera supposé avoir été instruit de voter conformément aux propositions de vote du Conseil d'administration définies lors de sa réunion y afférente.

Aucune résolution ne sera soumise au vote sous le point 15. Divers.

Modifications de l'ordre du jour

Un ou plusieurs actionnaires disposant ensemble d'au moins 5% du capital social de SES, ont le droit d'inscrire des points à l'ordre du jour de l'assemblée générale ordinaire et de déposer des projets de résolution concernant des points inscrits ou à inscrire à l'ordre du jour de l'assemblée générale ordinaire. Cette demande devra être formulée par écrit et adressée par voie postale (à SES, attn. Mme Sarah Gavin, Château de Betzdorf, L-6815 Betzdorf) ou par voie électronique (shareholders@ses.com) et doit parvenir à la Société au plus tard le vingt-deuxième jour qui précède l'assemblée générale ordinaire (à savoir le 14 mars 2018). Cette demande doit inclure une justification ou un projet de résolution à adopter lors de l'assemblée générale ordinaire, ainsi qu'une adresse postale ou électronique à laquelle la Société peut transmettre l'accusé de réception de cette demande endéans 48 heures.

La Société publiera alors un ordre de jour révisé au plus tard le quinzième jour qui précède la date de l'assemblée générale ordinaire (le 21 mars 2018).

Documents mis à disposition par SES

Les documents mis à disposition par la Société pour les besoins de la présente assemblée (y inclus les propositions du Conseil d'administration) peuvent être consultés par les détenteurs de FDRs auprès du Fiduciaire - Banque et Caisse d'Epargne de l'Etat, Securities Department, 1, rue Zithe, L-2954 Luxembourg, BGL BNP Paribas Luxembourg S.A., 50, avenue J. F. Kennedy, L-2951 Luxembourg et Société Générale, GSSI/GIS/CMO/AGL, 32, rue du Champ de Tir, F-44312 Nantes Cedex 3, pendant les heures d'ouverture et sont disponibles sur les sites internet suivants www.ses.com et www.bcee.lu

N'hésitez pas à contacter SES pour de plus amples informations à l'adresse suivante : shareholders@ses.com

SES beyond frontiers

Société Anonyme
RCS Luxembourg B 81267

Notice is hereby given of the

Annual General Meeting

of SES, Société Anonyme, to be held at the Company's registered office at Château de Betzdorf, 6815 Betzdorf (the "Company"), Luxembourg, on

Thursday 5 April 2018 at 10:30 a.m.

AGENDA

1. Attendance list, quorum and adoption of the agenda
2. Nomination of a secretary and of two scrutineers
3. Presentation by the Chairman of the Board of Directors of the 2017 activities report of the Board
4. Presentation of the main developments during 2017 and of the outlook
5. Presentation of the 2017 financial results
6. Presentation of the audit report
7. Approval of the balance sheet as of 31 December 2017 and of the 2017 profit and loss accounts
8. Decision on allocation of 2017 profits and transfers between reserve accounts
9. Discharge of the members of the Board of Directors
10. Appointment of the auditor for the year 2018 and determination of its remuneration
11. Resolution on Company acquiring own FDRs and/or own A-, or B-shares
12. Determination of the number of Board members
13. Election of five Directors for a three-year term
14. Determination of the remuneration of Board members
15. Miscellaneous

Attendance

The right of a shareholder to attend the Annual General Meeting (AGM) and to participate in the vote will be determined on the fourteenth day (i.e. 22 March 2018) at midnight, preceding the AGM (the Registration Date). If a Fiduciary Depositary Receipts (FDRs) holder wishes to attend the meeting in person, he has to be recorded as a shareholder in the share register of the Company prior to the Registration Date. Anyone not being a shareholder at the Registration Date may not attend or vote at the AGM.

Withdrawal of FDRs and Conversion into A-shares

A FDR holder who wants to convert FDRs into A-shares has to request this conversion in accordance with conditions 12 and 16 of the Terms and Conditions of the Amended and Restated Fiduciary Deposit Agreement dated 26 September 2001. This is available at the Banque et Caisse d'Epargne de l'Etat, Luxembourg where the FDRs are held. No charge for conversion will be requested for natural persons who are not yet shareholders of category A and who proceed to a conversion of a maximum of 10,000 FDRs into A-shares, allowing them to participate in the AGM of 5 April 2018.

The latest date for withdrawing FDRs and converting into A-shares for personal attendance at the meeting is 22 March 2018 at 4:30 p.m. Please feel free to contact Banque et Caisse d'Epargne de l'Etat, Luxembourg for further queries in this respect at the following address: corporateactions.sec@bcee.lu

Voting instructions

The FDR holder is entitled, subject to any applicable provisions (e.g. Luxembourg law, Articles of Incorporation, shareholders' thresholds and concession agreement) to instruct the Fiduciary as proxyholder as to the exercise of the voting rights by means of a voting certificate available on request at the bank where the FDRs are held.

In order for the voting instructions to be valid, the voting certificate form must be completed and duly signed by the FDR holder or, as the case may be, the beneficial owner. Please feel free to contact Banque et Caisse d'Epargne de l'Etat, Luxembourg for further queries in this respect at the following address: corporateactions.sec@bcee.lu

Upon receipt of the voting certificate on or before the date determined by the Fiduciary (being 28 March 2018 at 5:00 p.m.) with such certification and evidence as requested by the Fiduciary or by the Company, the Fiduciary shall transmit to the Company the relevant certifications and supporting evidence and the Company shall verify whether the relevant holders of FDRs or the beneficial owners thereof would qualify as an A-shareholder of the Company if in lieu of FDRs they would hold the corresponding number of A-shares.

If within eight Luxembourg business days from the receipt of such certification and supporting evidence, the Company has not notified the Fiduciary of its rejection of the request of a holder to exercise its voting rights pertaining to the A-shares underlying its FDRs, the Company shall be deemed to have accepted the relevant voting request.

After receipt of the written approval of the voting request by the Company, the Fiduciary shall vote or cause to be voted in accordance with the instructions set forth in such requests. The Fiduciary may designate and appoint authorized representatives to attend the meeting and vote on behalf of the FDR holders.

The voting instructions are deemed to be irrevocable and definitive 48 hours prior to the time for which the meeting has been convened, i.e. at the latest on 3 April 2018 at 10:30 a.m. If the Fiduciary has not received voting instructions from the FDR holder, the Fiduciary shall be deemed to have been instructed to vote in the manner proposed by the Board of Directors in the relevant meeting.

There will be no vote under item 15. Miscellaneous

Amendments to the Agenda

One or more shareholders owning together at least 5% of the Share capital of SES have the right to add items to the agenda of the AGM and may deposit draft resolutions regarding items listed on the agenda or proposed to be added to the agenda. This request will need to be received at the latest the twenty–second day (i.e. 14 March 2018) preceding the AGM and made in writing via mail (to: SES, attn. Mrs Sarah Gavin, Château de Betzdorf, L-6815 Betzdorf) or e-mail (to: shareholders@ses.com) and will need to include a justification or draft resolution to be adopted at the AGM. The written request will need to include a contact address (mail or e-mail) to which the Company can confirm receipt within 48 hours from the receipt of the request.

At the latest fifteen days (i.e. 21 March 2018) preceding the AGM, the Company will then publish a revised agenda.

Documents made available by SES

Documents made available by the Company (including the Recommendations of the Board of Directors) for the purpose of this meeting may be inspected during normal working hours by the FDR holders at the offices of the Fiduciary, Banque et Caisse d'Epargne de l'Etat, Luxembourg, Securities Department, 1, rue Zithe, L-2954 Luxembourg or alternatively at the offices of the Listing Agents, BGL BNP Paribas S.A., 50, avenue J.F. Kennedy, L-2951 Luxembourg and Société Générale, GSSI/GIS/CMO/AGL, 32, rue du Champ de Tir, F-44312 Nantes Cedex 3 and are available on the following websites www.ses.com and www.bcee.lu

Please feel free to contact SES for further queries in this respect at the following address: shareholders@ses.com

Assemblée Générale Ordinaire

1 Liste de présences, quorum et adoption de l'ordre du jour

D’après l’article 24 des statuts, « l’Assemblée ne peut valablement délibérer que si la moitié des actions des catégories A et la moitié des Actions de la catégorie B sont représentées ».

Il sera demandé à l’Assemblée d’approuver l’ordre du jour.

2 Désignation d'un secrétaire et de deux scrutateurs

Selon l’article 23 des statuts « Le président de l’Assemblée désigne un secrétaire. L’Assemblée choisit deux scrutateurs ».

3 Présentation par le Président du Conseil d’administration du rapport de gestion du Conseil pour l’année 2017

Présentation par le Président du Conseil d’administration du rapport de gestion du Conseil pour l’année 2017.

SES
beyond frontiers

Annual General Meeting

1 Attendance list, quorum and adoption of the agenda

According to article 24 of the Articles of Association, “The Meeting may deliberate validly only if at least half of the shares of Class A and at least half of the shares of Class B are represented”.

The Meeting will be asked to adopt the agenda.

2 Nomination of a secretary and of two scrutineers

According to article 23 of the Articles of Association “The Chairperson shall appoint a secretary. The Meeting shall appoint two scrutineers”.

3 Presentation by the Chairman of the Board of Directors of the 2017 activities report of the Board

Presentation by the Chairman of the Board of Directors of the 2017 activities report of the Board.

CORPORATE GOVERNANCE

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL PROCEDURES

INTRODUCTION

SES has been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004. The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market), as revised in 2013, a copy of which can be found at www.bourse.lu/corporate-governance. SES also complies with the governance rules for companies listed in Paris, where the majority of the trading in SES FDRs takes place. In the instance of conflicting compliance requirements, for example concerning the publication of the individual remuneration of the members of its Executive Committee and its Board members, SES follows the rules of the home market by reporting the aggregate amount of the remuneration of the members of the Executive Committee, with the fixed and the variable components of the benefits being separately identified.

SES meets all the recommendations made by the 'Ten Principles' except with regard to Recommendation 3.9, which states that the committees created by the Board should only have advisory powers. The SES Board has delegated some decision-making powers to the Remuneration Committee. For the full details of these powers, see the charter of the Remuneration Committee on the SES website (www.ses.com). After each meeting of the Remuneration Committee, its Chairman reports to the Board about the latest Remuneration Committee discussions and decisions.

The company is continuously increasing the flow of information to its shareholders via the corporate governance section of its website, and communicates with its shareholders through the dedicated e-mail address: shareholders@ses.com. In line with Luxembourg law, the company allows shareholders to receive all corporate documentation, including the documents for shareholder meetings, in electronic format.

In this context, the SES website contains a regularly updated stream of information, such as the latest version of the company's main governance documents, including the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) and the separate sections on the composition and the mission of the Board, the Board's committees and the Executive Committee. This section also contains the SES Code of Conduct and Ethics, the SES Dealing Code, the financial calendar and any other information that may be of interest to the company's shareholders.

ORGANISATION PRINCIPLES

Created on 16 March 2001 under the name of SES GLOBAL, SES is incorporated in Luxembourg. On 9 November 2001, SES became the parent company of SES ASTRA, originally created in 1985. A copy of SES's articles of incorporation, in its latest version, is available in the corporate governance section of the company's website.

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Under Luxembourg company law, the company's Annual and/or Extraordinary General Meetings represent the entire body of shareholders of the company. They have the widest powers, and resolutions passed at such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided over by the Chairman of the Board or, in his absence, by one of the Vice Chairmen of the Board or, in their absence, by any other person appointed by the meeting. Any shareholder who is recorded in the company's shareholder register 14 business days before the meeting is authorised to attend and to vote at the meeting. A shareholder may act at any meeting by appointing a proxy (who does not need to be a shareholder).

The company has issued two classes of shares: A-shares and B-shares.

The State of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two State owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's B-shares.

Although they constitute separate classes of shares, A- and B-shares have the same rights except that the B-shares entitle their holders to only 40% of the dividend, or, in case the company is dissolved, to 40% of the net liquidation proceeds paid to A-shareholders. B-shares are not freely traded. Each share, whether A- or B-share, is entitled to one vote. In accordance with the company's articles of incorporation, no A-shareholder may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless it has obtained prior approval from a meeting of the shareholders. Such limit is calculated by taking into account the shares of all classes held by an A-shareholder.

A shareholder or a potential shareholder who plans to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of such intention. The Chairman will then inform the government of Luxembourg of the planned acquisition, which may only be opposed by the government within three months of receiving such information, should it determine that such an acquisition is against the general public interest.

In case of no opposition from the government of Luxembourg, the Board shall convene an extraordinary meeting of shareholders, which may decide at a majority as provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder or potential shareholder to acquire more than 20%, 33% or 50% of the shares.

In accordance with article 8 of the Luxembourg law of January 11, 2008, as subsequently amended, any shareholder or FDR holder acquiring or disposing of shares or FDRs, respectively, is required to inform the company and the Commission de Surveillance du Secteur Financier within four business days of the proportion of voting rights held as a result of such acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 33.33%, 50% or 66.66%.

The annual general meeting is held on the first Thursday in April. Each registered shareholder will receive written notice of the annual general meeting, including the time of the meeting and the agenda, at least 30 days prior to the meeting. Holders of the company's FDRs will be represented at the meeting by Banque et Caisse d'Epargne de l'Etat acting as fiduciary. Each FDR will represent one A-share. If a holder of FDRs wishes to attend the annual general meeting of shareholders in person, that shareholder will need to convert at least one FDR into an A share. In order to facilitate the attendance of the meeting by FDR holders, the company will pay the applicable charge for a conversion of up to 10,000 FDRs for a short period prior to the annual general meeting.

Notice of the meeting and of the proposed agenda will also be published in the international press. The fiduciary will circulate the draft resolutions to both international clearing systems, Clearstream and Euroclear, allowing FDR holders to give their voting instructions to the fiduciary in time for the meeting. At the same time, the draft resolutions will be made available on the company's website. Unless the fiduciary has received specific instructions from the FDR holder, the fiduciary will vote in favour of the proposals submitted by the Board. One or more shareholders owning together at least 5% of the shares of SES have the right to add items on the agenda of the AGM and may deposit draft resolutions regarding items listed in the agenda or proposed to be added to the agenda. This request will need to be made in writing (via mail or e-mail) and received no later than the twenty-second day preceding the AGM and will need to include a justification or draft resolution to be adopted at the AGM. The written request must include a contact address to which the company can confirm receipt within 48 hours from the receipt of the request.

No later than fifteen days preceding the AGM, the company will then publish a revised agenda.

The meeting may deliberate validly only if at least half of the A-shares and at least half of the B-shares are represented. In the event that the required quorum is not reached, the meeting will be reconvened in accordance with the form prescribed by the articles of incorporation. It may then validly deliberate without consideration of the number of represented shares.

The proceedings are mostly held in French, but an English translation is provided by the company. Interventions in English will be translated into French. A French version of the AGM minutes and the results of the shareholders' votes will be published on the SES website within 15 days after the annual general meeting.

With the exception of the procedure described above regarding whenever a shareholder intends to hold more than 20%, 33% or 50%, all the resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by Luxembourg company law. The annual general meeting held on 6 April 2017 was attended by 98.86% of the company's shareholders, not including the 6,189,148 FDRs held by the company.

During the 2017 annual general meeting, the shareholders used for the first time an electronic voting system. They approved the 2016 financial results and the allocation of the 2016 profits, granted discharge to the external auditor and to the directors, re-elected PwC as the company's external auditor for another year, granted an authorisation to SES to buy back its own shares and approved the new equity based compensation plan principles. The shareholders also approved the directors' fees, which remained unchanged in comparison to 2016. Finally, shareholders elected six Directors for a term of three years with a majority of at least 96.964%

All of the Board's other proposals were carried by a majority of at least 84.791% of the votes cast. In accordance with article 67-1 of the Luxembourg company law, abstentions are not considered when determining whether a resolution has been passed or not. The detailed results of the shareholders' votes are available in the corporate governance section of the company's website.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

MISSION

The Board of Directors is responsible for defining the company's strategic objectives as well as its overall corporate plan. The Board approves, upon proposal from the Executive Committee, the annual consolidated accounts of the company and the appropriation of results, the group's medium-term business plan, the consolidated annual budget of the company and the management report to be submitted to the meeting of shareholders. It also approves major investments and is responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Executive Committee in accordance with the company's internal regulations.

COMPOSITION

At the end of December 2017, the Board of SES was composed of 17 non-executive directors, four of them female. In accordance with the company's articles of association, two-thirds of the Board members represent holders of A-shares and one-third of the Board members represent holders of B-shares.

The mandates of the current directors will expire at the annual general meeting of shareholders in April 2018, 2019 and 2020, respectively. Mr Romain Bausch, President and CEO until 3 April 2014, is the Chairman of the Board of Directors. He is assisted by two Vice Chairmen, Messrs François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by directors representing A-shareholders and B-shareholders, respectively. Their mandates as Chairman and Vice Chairman are annual mandates.

In the event of a vacancy on the Board, the remaining directors may, upon a proposal from the Nomination Committee and on a temporary basis, fill such a vacancy by a majority vote. In this case, the next annual general meeting of shareholders will definitively elect the new director, who will complete the term of the director whose seat became vacant.

In accordance with internal regulations adopted by the Board, at least one-third of the Board members must be independent directors. A Board member is considered independent if he or she has no relationship of any kind with the company or management that may impact his or her judgment.

Independence for these purposes is defined as:

(i) not having been a director for more than 12 years;
(ii) not having been an employee or officer of the company over the previous five years;
(iii) not having had a material business relationship with the company over the last three years; and
(iv) not representing a significant shareholder holding directly or indirectly more than 5% of the voting shares.

Seven of the current Board members are considered independent: Ms Tsega Gebreyes and Katrin Wehr-Seiter, Messrs Marc Beuls, Victor Casier, Conny Kullman, Ramu Potarazu and Kaj-Erik Relander.

Of the ten directors who are not considered independent, five represent a significant shareholder owning more than 5% of the company's shares, four have been a director for more than 12 years and one has had a recent employment relationship with the company.

Mr Pierre Margue, Vice President Legal and Corporate Affairs, acts as secretary of the Board of Directors.

RULES OF GOVERNANCE

The Board of Directors meets when required by the company's business, and at least once per quarter. It can only validly deliberate if a majority of the directors are present or represented. The resolutions of the Board are passed by a simple majority of the votes of the voting directors present or represented, not considering abstentions. The Chairman does not have a casting vote. Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning, directly or indirectly, at least 5% of the shares of the company is subject to a prior authorisation by the Board. In 2017, there were no transactions between the company and a shareholder owning directly or indirectly at least 5% of the company's shares.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2017

The Board of Directors held seven meetings in 2017, with an average attendance rate of more than 97%. After endorsement by the Audit and Risk Committee, the Board approved the 2016 audited accounts, including the proposed dividend, as well as the results for the first half of 2017. During the year, the Board approved the updated strategic plan. In this context, the Board reviewed the evolution of the market dynamics and their impact on the two newly created NBUs (Video and Networks) and discussed how differentiated products and solutions can be developed and go-to-market channels will be enhanced through the two NBUs. The Board also approved the business plan for the period 2017- 2022, which served as the basis for the 2018 budget as approved by the Board in December.

The Board also used its informal pre-Board sessions to develop its knowledge about the industry and its perception by outside investors through several presentations. The Board visited SpaceX and Boeing at the occasion of its June Board meeting that was held in Los Angeles.

During 2017, the Board also decided to launch a new share buyback programme, which was implemented on Euronext Paris through the filing of a 'notice d'information' on 7 April 2017. The 2017 programme was limited to the following two objectives:

(i) to operate under the framework of a liquidity contract signed with Rothschild, and
(ii) to meet the company's obligations under its executive share ownership and stock option plans.

Under this programme, the company is authorised to buy back up to 18.5 million A-shares and 9.25 million B-shares at prices between EUR 15 and 35 per A-share and EUR 6 and 14 per B-share.

Finally, the Board approved the investment in O3b mPOWER as well as the launch vehicle for O3b satellites 17-20. In the context of the new operating model, the Board extended the composition of the Executive Committee. It approved updated corporate governance documents as well as changes to the satellite insurance policy. The Board noted updates on the IRRs of recent organic and inorganic investments as well as to the company's risk management report. The Executive Committee regularly informed the Board about the group's activities and financial situation, as well as about the new operating model, including an assessment of the Executive Committee's performance. It noted updates on: (i) 2017 Business Objectives; (ii) financial framework; (iii) corporate social responsibility; (iv) regulatory management strategy; (v)tax framework; (vi) IT operating model; (vii) cyber security; and (viii) investor relations matters.

At each meeting, directors receive a report on on-going matters and the Chairmen of the three committees set up by the Board present a report on the latest developments discussed in these respective committees. In addition, a business report is distributed to the members of the Board on a monthly basis, as well as a monthly Investor Relations report.

As at 31 December 2017, the 17 members of the Board of Directors were:

MR ROMAIN BAUSCH
Chairman of the Board

Born on 3 July 1953, Mr Bausch became a director on 4 April 2013. Following a career in the Luxembourg civil service (Ministry of Finance) where he occupied key positions in the banking, media and telecommunications sectors including a five-year term as a Director and Vice Chairman of SES. Mr. Bausch has been President and CEO of the Company from May 1995 to April 2014. Mr. Bausch is the Chairman of the Board of Directors of SES and a Director of SES ASTRA. He is also a member of the Boards of Directors of Aperam, Banque Raiffeisen Société Coopérative, Compagnie Financière La Luxembourgeoise and the Luxembourg Future Fund, as well as a member of the CNFP (Conseil National des Finances Publiques) of Luxembourg. He graduated with a degree in economics (specialisation in business administration) from the University of Nancy. He holds an honorary doctorate from the Sacred Heart University in Luxembourg. He is a member of the Company's Remuneration Committee and of its Nomination Committee.

Mr Bausch is a Luxembourg national. He is not an independent director because of his past employment relationship with SES.

MR FRANÇOIS TESCH
Vice Chairman of the Board

Born on 16 January 1951, Mr Tesch became a director on 15 April 1999. He is Executive Chairman of Luxempart S.A. He graduated with a degree in economics from the Faculté d'Aix en Provence and holds an M.B.A. from INSEAD (Institut Européen d'Administration des Affaires). He is also Chairman of the Board of Foyer S.A., of Wealins S.A. and of Financière de Tubize S.A, and Vice-Chairman of CapitalatWork Foyer Group. Mr. Tesch is a Vice Chairman of the Board of Directors and a member of the Nomination Committee of SES.

Mr Tesch is a Luxembourg national. He is not an independent director because he has been a director for more than 12 years.

MR JEAN-PAUL ZENS
Vice Chairman of the Board and Chairman of the Nomination Committee

Born on 8 January 1953, Mr Zens became a director on 7 May 2002. He was elected as a Vice Chairman on the same date. Mr Zens is also a member of the Board of Directors of SES ASTRA and POST Luxembourg. He is currently Director of the Media and Communications department of the Ministry of State in Luxembourg. He holds a law degree and a degree in psychology and communications sciences from the University of Strasbourg. Mr Zens is the Chairman of the Company’s Nomination Committee and a member of its Remuneration Committee.

Mr Zens is a Luxembourg national. He is not an independent director because he represents an important shareholder.

MR SERGE ALLEGREZZA

Born on 25 October 1959, Mr Allegrezza became a director on 11 February 2010. He is currently the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies, a post he has held since April 2003. He was Conseiller de Gouvernement 1ère classe at the Ministry of Economics, responsible for internal market policy, and is the Chairman of the Observatory for Competitiveness. He is also the Chairman of the Board of Directors of POST Luxembourg and of the Board of LuxTrust i.n.c and a member of the Conseil Economique et Social. Mr Allegrezza, was a part-time lecturer at the IAE/University of Nancy 2, has a Master in economics and a PhD. in applied economics. Mr Allegrezza is a member of the Audit and Risk Committee of SES.

Mr Allegrezza is a Luxembourg national. He is not an independent director because he represents an important shareholder.

MR MARC BEULS
Chairman of the Audit and Risk Committee

Born on 15 September 1956, Mr Beuls became a director on 7 April 2011. He serves as a Member of the Board of Directors at Maris Ltd, a Mauritian holding company investing in frontier markets in Africa, Qaelum NV, Belgium, providing software solutions for quality control of medical imaging and WindGen Power USA Inc., building and operating smart micro grids in Africa. He is the Chairman of American Prepaid Value VAS LLC, USA, developing value added services for the wireless prepaid market. He is the former President and CEO of Millicom International Cellular S.A., a position he held from 1998 to 2009. Prior to joining Millicom in 1992 as Senior Vice President in charge of finance and treasury, Mr Beuls worked for Generale Bank in Belgium, specialising in project and trade financing in emerging markets. Mr Beuls graduated from the Limburg Business School, holding a degree in economics with a major in finance. Mr Beuls is Chairman of the Audit and Risk Committee of SES.

Mr Beuls is a Belgian national. He is an independent director.

MR MARCUS BICKNELL

Born on 28 February 1948, Mr Bicknell became a director on 6 May 2005. Mr Bicknell is a director of New Media Foundry Ltd. and of Langstaff-Ellis Ltd., both non-listed companies in the United Kingdom. He is a Patron of the Royal Academy of Dramatic Art and winner of the 2017 Parmurelu d'Oru for services to cultural heritage in Bordighera, Italy. From 1986 to 1990, he was Commercial Director of Société Européenne des Satellites (now called SES ASTRA). Mr Bicknell holds an M.A. Honours Degree in physical anthropology from Cambridge University.

Mr Bicknell is a British national. He is not an independent director because he has been a director for more than 12 years.

MR VICTOR CASIER

Born on 7 May 1974, Mr Casier became a director on 7 April 2016. Mr Victor Casier is a member of the Executive Committee of Sofina S.A. and a board member of various companies within Sofina’s portfolio, including Vente-Privée.com, Global Lifting Partners and Spanish investment fund, QMC II. Prior to joining Sofina, Mr Casier worked for Roland Berger Strategy Consultants, Transwide Limited and Banco Urquijo. Mr Casier holds an MBA from the University in Chicago, a Master in Business Engineering (Ingénieur de Gestion) from the Université Catholique de Louvain and a certificate from the INSEAD International Directors Programme (IDP). Mr Casier is a member of the Audit and Risk Committee of SES.

Mr Casier is a Belgian national. He is an independent director.

MR HADELIN DE LIEDEKERKE BEAUFORT

Born on 29 April 1955, Mr de Liedekerke Beaufort became a director on 17 April 2000. He is currently a director of Santander Telecommunications, a privately held company, as well as a director of other private companies with interests in various fields such as financial, communication and real estate developments. Mr de Liedekerke Beaufort graduated from the Ecole Hôtelière de Lausanne. Mr de Liedekerke Beaufort is a member of the Remuneration Committee of SES.

Mr de Liedekerke Beaufort is a French national. He is not an independent director because he has been a director for more than 12 years.

MRS TSEGA GEBREYES

Born on 14 December 1969, Mrs Tsega Gebreyes became a director on 4 April 2013. She is the Founding Director of Satya Capital Limited. She served as Chief Business Development and Strategy Officer of Celtel International BV and Senior Advisor to Zain. She was also Founding Partner of the New Africa Opportunity Fund, LLP and has worked with McKinsey and Citicorp. Mrs Gebreyes is a director of Ison Growth, Satya Capital Limited and Sonae. She is a Senior Advisor to TPG Growth. She has a double major in Economics and International Studies from Rhodes College and holds an M.B.A. from Harvard Business School.

Mrs Gebreyes is an Ethiopian national. She is an independent director and a member of the Remuneration Committee and of the Nomination Committee of SES.

MR CONNY KULLMAN
Chairman of the Remuneration Committee

Born on 5 July 1950, Mr Kullman became a director on 5 April 2012. He was a former Director General, CEO and Chairman of Intelsat. After working as a Systems Engineer for Saab-Ericsson Space AB in Sweden until 1983, he joined Intelsat in Washington DC, where he held several positions before becoming the company's Director General and CEO in 1998. Mr Kullman became the CEO of Intelsat, Ltd. in 2001, and in 2005, Chairman of Intelsat, Ltd., and CEO and President of Intelsat (Bermuda), Ltd., positions from which he retired in 2006. Mr Kullman graduated with a Master of Science in Electronic Engineering from the Chalmers University of Technology in Gothenburg in 1974. Mr Kullman is the Chairman of the Remuneration Committee and a member of the Nomination Committee of SES.

Mr Kullman is a Swedish national. He is an independent director.

MR RAMU POTARAZU

Born on 10 August 1961, Mr Potarazu became a director on 20 February 2014. He is the CEO of Binary Fountain. He is the Founder and former CEO of Vubiquity. Prior to founding Vubiquity, Mr Potarazu spent 15 years in various positions at Intelsat (1991-2006). He became Intelsat's Vice President of Operations and CIO in 1996 and its Vice President, Commercial Restructuring in 2000. In 2001, Mr Potarazu became President of Intelsat Global Service Corporation and from 2002 to 2006 he was President and Chief Operating Officer of Intelsat Ltd. Prior to joining Intelsat, Mr Potarazu held several engineering positions. Mr Potarazu graduated with a BS in Computer Science and in Mathematics from the Oklahoma Christian University. He also holds an MSc in Electrical Engineering from the John Hopkins University and was a member of the Stanford Executive Program.

Mr Potarazu is a US national. He is an independent director.

MR KAJ-ERIK RELANDER

Born on 21 June 1962, Mr Relander became a director on 6 April 2017. He is Senior Independent Advisor of Mubadala Development Company. Mr Relander worked for the Finnish National Fund for Research and Development prior to joining Sonera Corporation where he held several management positions, including the position of CEO. He left Sonera in 2001 to join Accel Partners, a private equity and venture capital group before joining the Emirates Investment Authority in 2009 where he was a member of its Investment and Management Committees. Mr Relander graduated from the Helsinki School of Economics with an MSC in Economics. He also holds an MBA from the Helsinki School of Economics having completed part of it at the Wharton School, University of Pennsylvania (USA), and studied also for a PhD at the Wharton School and the Aalto University, Helsinki. He is Chairman of the Investment Committee at the private equity fund, Apis.pe, and a board director of Starzplay Arabia in Dubai.

Mr Relander is a Finnish national. He is an independent director.

MRS ANNE-CATHERINE RIES

Born on 1 April 1973, Mrs Ries became a director on 1 January 2015. Mrs Ries is Senior Policy Advisor to the Prime Minister and Minister for Media and Communications in Luxembourg with a focus on telecom and digital strategy. Her responsibilities include coordinating the government's 'Digital Luxembourg' priority. Anne-Catherine Ries graduated with a law degree from the Université de Paris II and the University of Oxford. She holds a postgraduate LL.M degree with honours from the London School of Economics, where she specialised in Telecommunications, Information Technology and European Competition Law. After starting her professional career in a law firm in Paris, she joined the Permanent Representation of Luxembourg to the EU in Brussels in 2000. Upon her return to Luxembourg and over the last decade, her focus has been on attracting tech companies to establish and develop in Luxembourg. She sits on the Board of Directors of POST Luxembourg. Mrs Anne-Catherine Ries is member of the Nomination Committee of the Company.

Mrs Ries is a Luxembourg and French national. She is not an independent director because she represents an important shareholder.

MR JEAN-PAUL SENNINGER

Born on 3 December 1959, Mr Senninger became a director on 7 April 2016. Mr Senninger has been the general secretary of the Council of Ministers of the Luxembourg Government from December 2013. Mr Senninger joined the Ministry of Foreign Affairs in 1999 as Premier Conseiller de Gouvernement. He was Luxembourg Ambassador to Spain (2004-2008) and to the United States of America, Canada and Mexico (2008-2012). From 2012-December 2013, he was the Secretary General of the Ministry of Foreign Affairs. Mr Senninger also worked as attaché in the Office of the Mayor of Luxembourg City and as Senior Officer and Head of Unit at the European Investment Bank. Mr Senninger holds a BA in Political Science and a BA in Literature from the Friedrich Wilhelms Universität in Freiburg and a Master in European Studies from the College of Europe in Bruges.

Mr Senninger is a Luxembourg national. He is not an independent director because he represents an important shareholder.

MR MARC SPEECKAERT

Born on 23 May 1951, Mr Speeckaert became a director on 6 May 2005. He was the Managing director of Sofina S.A. until June 2016 and is a director of several non-listed corporations, as well as of Rapala (which is listed on the Helsinki Stock Exchange). Mr Speeckaert graduated with a degree in applied economics and holds a Master in Business and Administration from the Université Catholique de Louvain (UCL) in Belgium. He also participated in an Advanced Management Program from Wharton, University of Pennsylvania (USA). Mr Speeckaert was the Chairman of the Audit and Risk Committee of SES until April 2017.

Mr Speeckaert is a Belgian national. He is not an independent director because he has been a director for more than 12 years.

MS FRANÇOISE THOMA

Born on 25 August 1969, Ms Thoma became a director on 16 June 2016. Ms Thoma is President and Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, and a member of the Boards of Directors of Cargolux International Airlines S.A., Luxair S.A., the Luxembourg Stock Exchange and Enovos Luxembourg S.A. She was a member of the Luxembourg Council of State from 2000-2015 and holds a PhD in Law from the Université de Paris II Panthéon-Assas and an LL.M. from Harvard Law School. Ms Thoma is a member of the Remuneration Committee and of the Audit and Risk Committee of SES.

Ms Thoma is a Luxembourg national. She is not an independent director because she represents an important shareholder.

MRS KATRIN WEHR-SEITER

Born on 27 January 1970, Mrs Wehr-Seiter became a director on 1 January 2015. She is a Managing Director of BIP Investment Partners SA and a Managing Director/Partner of BIP Capital Partners SA. Prior to joining BIP, she served as a Principal at global investment firm, Permira, and worked also as an independent strategy consultant as well as a Senior Advisor to international private equity group, Bridgepoint. She started her professional career at Siemens AG where she held various positions in strategy consulting and engineering. She serves as a director of Sky plc and of several non-listed corporations. Mrs Wehr-Seiter holds an MBA from INSEAD and an MSc in Mechanical Engineering from the Technical University of Chemnitz.

Mrs Wehr-Seiter is a member of the Audit and Risk Committee of the Company. Mrs Wehr-Seiter is a German national. She is an independent director.

OUR GOVERNANCE STRUCTURE

THE CHAIRMAN'S OFFICE The Chairman's Office prepares the agenda for the Board meetings.
THE REMUNERATION COMMITTEE The Remuneration Committee determines the remuneration of the members of the Executive Committee and advises on the overall remuneration policies applied throughout the company. It acts as administrator of the company's Long Term Equity Plans.
THE AUDIT AND RISK COMMITTEE The Audit and Risk Committee assists the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices.
THE NOMINATION COMMITTEE The Nomination Committee identifies and nominates suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. It also identifies and nominates suitable candidates for the Executive Committee.

COMMITTEES OF THE BOARD OF DIRECTORS

THE CHAIRMAN'S OFFICE

The Chairman and the two Vice Chairmen are members of the Chairman's Office. The Chairman's Office prepares the agenda for the Board meetings, allowing the Vice Chairmen to coordinate the preparation of the Board meetings with the directors of their respective share classes.

At 31 December 2017, the members were:

Mr Romain Bausch
Mr François Tesch
Mr Jean-Paul Zens

The Chairman's Office met eight times during 2017, with an attendance rate of 100%.

THE REMUNERATION COMMITTEE

In accordance with general corporate governance standards, the company's Board established a Remuneration Committee, which determines the remuneration of the members of the Executive Committee and which advises on the overall remuneration policies applied throughout the company. It reports to the Board at each meeting through its Chairman. The Remuneration Committee is comprised of six members, at least a third of which are independent Board members in line with the SES internal regulations. As at 31 December 2017, the Remuneration Committee was composed of the following six non-executive directors:

Mr Conny Kullman (Chairman of the Remuneration Committee, independent)
Mr Romain Bausch
Mr Hadelin de Liedekerke Beaufort
Mrs Tsega Gebreyes (independent)
Ms Françoise Thoma
Mr Jean-Paul Zens

The Remuneration Committee held six meetings, with an attendance rate of close to 97%. Matters addressed related to the 2016 bonuses and the determination of the 2017 stock option grant for members of the Executive Committee. The Remuneration Committee further determined the number of performance shares allocated to the members of the Executive Committee for their performance in 2016, and it adopted the 2017 business objectives which are used as one element in the determination of their bonuses for 2017. The Remuneration Committee finalised the renewal of the long-term equity plans of the Company, prior to their approval by the Board and the shareholders. The Remuneration Committee supported the Board regarding the benchmarked based remuneration of the new Executive Committee members to facilitate the implementation of the new operating model. After each meeting, the Board is briefed in writing about the work of the Remuneration Committee.

The Remuneration Committee also oversees the implementation of the decision under which the members of the Executive Committee must within five years hold at least the equivalent of an annual salary's worth of registered shares in the company (with the President and CEO of SES having to hold shares of at least two years' worth of his annual salary).

THE AUDIT AND RISK COMMITTEE

As part of its overall corporate governance, the Board established an Audit and Risk Committee, which assists the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function and provides a link between the internal and external auditors and the Board. The Audit and Risk Committee is comprised of six members, four of whom are independent Board members, in line with the SES internal regulations.

As at 31 December 2017, the Audit and Risk Committee was composed of the following six non-executive directors:

Mr Marc Beuls, Chairman of the Audit and Risk Committee (independent)
Mr Serge Allegrezza
Mr Victor Casier (independent)
Mr Kaj-Erik Relander (independent)
Ms Françoise Thoma
Mrs Katrin Wehr-Seiter (independent)

The Audit and Risk Committee held four meetings, with an attendance rate of more than 95%.

The meetings were dedicated in particular to the review of the 2016 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting and to the review of the H1 2017 financial results of the Company. Members of the Board also had the opportunity to communicate any comments they had on the company's quarterly results through the Chairman of the Audit and Risk Committee prior to the publication of these results.

The Audit and Risk Committee reviewed the company's statement on internal control systems prior to its inclusion in the annual report, approved the Internal Audit plan, and received bi-annual updates on the Internal Audit activities and on the follow-up of the major recommendations. It also reviewed the 2016 PwC Management letter.
The Audit and Risk Committee proposed to the Board and to the shareholders to appoint PwC as external auditor for 2017 and approved its compensation.

The Audit and Risk Committee further continued to encourage management in its efforts to eliminate as many non-operating legal entities as possible. An update on that topic was presented to the Audit and Risk Committee. The Audit and Risk Committee received bi-annual updates on risk management from the SES risk management committee and held a discussion on SES's IT security and cybersecurity issues. The Committee further was briefed on SES's Tax Framework. After each meeting, the Board is briefed in writing about the work of the Audit and Risk Committee.

THE NOMINATION COMMITTEE

In line with best practice in corporate governance, the Board established a Nomination Committee, whose role is to identify and nominate suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. Such proposals are based on submissions from shareholders for a number of candidates at least equal to the number of posts to be filled for each class of shareholders. The Nomination Committee also proposes candidates for Executive Committee membership for election by the Board. The Nomination Committee is composed of six non-executive members, at least a third of which are independent Board members in line with the SES internal regulations. On 31 December 2017, they were:

Mr Jean-Paul Zens (Chairman of the Nomination Committee)
Mr Romain Bausch
Mrs Tsega Gebreyes (independent)
Mr Conny Kullman (independent)
Mrs Anne-Catherine Ries
Mr François Tesch

The Nomination Committee met six times with all its members being present. It discussed the Management Succession Plan 2017 and prepared the election of five directors as per the company's Board election process.
In the context of the new operating model, the Nomination Committee proposed the appointment of three additional members to the Executive Committee and reviewed the performance of the new leadership team.

After each meeting, the Board is briefed in writing about the work of the Nomination Committee.

THE EXECUTIVE COMMITTEE

MISSION

The Executive Committee is in charge of the daily management of the group. It functions as a collegial body. The Executive Committee is mandated to prepare and plan the overall policies and strategies of the company for approval by the Board. It may approve intra-group transactions, irrespective of the amount, provided that they are consistent with the consolidated annual budget of the company, as well as specific transactions with third parties provided that the cost to SES does not exceed EUR 10 million per transaction. It informs the Board at its next meeting on each such transaction, it being understood that the aggregate amount for all such transactions can at no time be higher than EUR 30 million.

The Executive Committee may approve any external credit facilities or external guarantees, pledges, mortgages and any other encumbrances of the company, or any wholly-owned affiliate, for as long as the company will not lose its investment grade rating as a result of such facility or guarantee. It may approve increases of up to 5% in the capital expenditure budget for a satellite procurement already approved by the Board, it being understood that the Internal Rate of Return will need to comply with certain specific thresholds defined by the Board. The Executive Committee informs the Board at its next meeting of each such increase.

The Executive Committee submits to the Board those measures that it deems necessary to be taken in order to meet the purposes of the company. Prior to the beginning of each fiscal year, the Executive Committee submits to the Board a consolidated budget for approval.

The Executive Committee is in charge of implementing all decisions taken by the Board and by the committees specially mandated by the Board. The Executive Committee may, in the interests of the company, sub-delegate part of its powers and duties to its members acting individually or jointly.

The Chairman of the Executive Committee organises the work of the Executive Committee and coordinates the activities of its members, who report directly to him. In order to facilitate the implementation by the Board of its overall duty to supervise the affairs of the company, the Chairman of the Executive Committee informs the Chairman of the Board on a regular basis of the company’s activities. The latter receives the agenda and the minutes of all meetings of the Executive Committee in due time.

During 2017, the Executive Committee met 31 times, with an attendance rate of 95.59%. Mr Pierre Margue, Vice President Legal and Corporate Affairs, the secretary of the Board of Directors, also acted as secretary to the Executive Committee.

COMPOSITION

The following eight persons are members of the Executive Committee:

the President and CEO (who assumes the chairmanship of the Executive Committee)
the CEO SES Networks
the CEO SES Video
the Chief Financial Officer
the Chief Human Resources Officer
the Chief Legal Officer
the Chief Strategy and Development Officer
the Chief Technology Officer

THE EXECUTIVE COMMITTEE

Members of the Executive Committee are appointed by the Board of Directors upon a proposal from the Nomination Committee.

The current members of the Executive Committee are:

MR KARIM MICHEL SABBAGH
President and CEO

Born on 26 September 1963, Mr Karim Michel Sabbagh joined the SES Executive Committee in September 2013 and was appointed as President and Chief Executive Officer effective 3 April 2014. He is Chairman of the Executive Committee and Chairman of the Board of SES ASTRA. He also serves on the Board of YahLive. He is Vice Chairman of FEDIL (Business Federation of Luxembourg). Mr Sabbagh served on the Board of SES from 2011 until 2013 and was a member of the Audit and Risk Committee of SES for the same period. Prior to joining SES, he was a Senior Partner and global practice leader for communications, media & technology at Booz & Company. Mr Sabbagh is a visiting professor in technology and innovation management and member of the Academic Council for École des Ponts Business School in France. He holds an MS in Technology Management from Columbia University, and a DBA (Doctorate) in international business management from the International School of Management (Paris). He also holds an MBA and BBA with Distinction from the American University in Beirut.

Mr Sabbagh is a Canadian and Lebanese national.

MR PADRAIG MCCARTHY
Chief Financial Officer

Born on 27 September 1960, Mr Padraig McCarthy was appointed as Chief Financial Officer on 4 April 2013. He is a member of the Board of SES ASTRA. Mr McCarthy joined SES in 1995 from Norton S.A. where he was Financial Director Europe. Previously he held positions with KPMG Chartered Accountants, Ireland. After having served as SES's Controller, Mr McCarthy took the position of Chief Financial Officer of SES ASTRA, then the European subsidiary of SES, from 2002-2011. Prior to his appointment as Chief Financial Officer, he worked as Senior Vice President Financial Operations & Business Support at SES since 2011. Mr McCarthy holds a Bachelor of Commerce degree from the University College Cork, is a fellow of the Irish Institute of Chartered Accountants and followed advanced management executive programmes at Babson Business School and INSEAD.

Mr McCarthy is an Irish national.

MR FERDINAND KAYSER
Chief Executive Officer, SES Video

Born on 4 July 1958, Mr Ferdinand Kayser was appointed Chief Executive Officer, SES Video in April 2017. Previously, he had been Chief Commercial Officer of SES since 2011. He is a member of the Boards of SES ASTRA and YahLive. Mr Kayser joined SES in 2002 as President and Chief Executive Officer of SES ASTRA. He has worked in senior roles in media companies such as Premiere Medien GmbH and Co. KG and CLT Multimedia. Prior to his appointment as Chief Commercial Officer of SES, he was President and Chief Executive Officer of SES ASTRA. Mr Kayser holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialized university studies in Media Law and Management of Electronic Media.

Mr Kayser is a Luxembourg national.

MR STEVE COLLAR
Chief Executive Officer, SES Networks

Born on 21 April 1970, Mr Steve Collar was appointed Chief Executive Officer, SES Networks in April 2017. Prior to SES Networks, Mr Collar was CEO of O3b Networks from March 2011 until it was fully acquired by SES in 2016. Mr Collar is a satellite industry veteran, having previously worked in a variety of commercial, business development and technical roles at SES WORLD SKIES, New Skies Satellites, Astrium and Matra Marconi Space (now Airbus). Mr Collar holds a degree in Mechanical Engineering from Brunel University in London.

Mr. Collar is a British national.

MR CHRISTOPHE DE HAUWER
Chief Strategy and Development Officer

Born on 15 April 1971, Mr Christophe De Hauwer was appointed Chief Development Officer of SES as of 1 August 2015. He is a member of the Board of SES ASTRA. Mr De Hauwer joined SES in 2003, holding several positions of responsibility in the areas of Strategic Marketing, Strategic and Business Planning and Corporate Development, as well as Fleet Development and Yield Management. Prior to joining SES, Mr De Hauwer worked in the Strategy Consulting practice of the European Telecommunication and Media Industry with Arthur Andersen. He holds an Engineering and a PhD Degree from the Université Libre de Bruxelles.

Mr De Hauwer is a Belgian national.

MR MARTIN HALLIWELL
Chief Technology Officer

Born on 20 April 1959, Mr Martin Halliwell was appointed Chief Technical Officer on 1 May 2011. He is a member of the Board of SES ASTRA. Mr Halliwell joined SES in 1987 after working for Cable & Wireless and for Mercury Communications. He was previously President of SES ENGINEERING and Technical Director of SES Multimedia. Previously, he worked as SES Operation Manager and as General Manager of SES's Global Multimedia Networks. Mr Halliwell holds a Higher National Diploma in Communications and Electronics and a BA specialising in Mechanical Engineering and Mathematics from The Open University, and an MBA in External Environment and Strategic Management from the same university.

Mr Halliwell is a British national.

MR JOHN PURVIS
Chief Legal Officer

Born on 15 June 1962, Mr John Purvis was appointed Chief Legal Officer in February 2017. He has served as EVP & General Counsel of SES since 2007. John joined SES in 2001 as part of SES's acquisition of GE Americom. Previously, he had been a lawyer in GE Lighting and Rowe & Maw, a City law firm in London. John qualified as a solicitor of England & Wales in 1986. He holds a law degree from Jesus College, Cambridge.

Mr Purvis is a British national.

MRS EVIE ROOS
Chief Human Resources Officer

Born on 9 July 1967, Mrs Evie Roos was appointed Chief Human Resources Officer in February 2017. Prior to that, Evie held the position of Executive Vice-President Human Resources of SES. Evie is also an elected member of the Luxembourg Chamber of Commerce. Before joining SES, Evie held various management positions at ArcelorMittal. She holds two degrees in Law and European Studies from the University of Leuven in Belgium and the Europa Institut in Saarbrücken in Germany.

Mrs Roos is a Belgian, Luxembourg and US national.

On 12 February 2018, the Board of Directors announced that they had accepted the decision of Karim Michel Sabbagh to step down from his role of President & CEO, with effect from 5 April 2018. Furthermore, Padraig McCarthy, CFO of SES, also informed the Board of his intention to retire during 2018 and it has been agreed that he will also step down from his current role as of 5 April 2018.

On the same date, the Board announced the appointment of Steve Collar as the next President and CEO as well as Andrew Browne as next CFO with effect from 5 April 2018. Both becoming, respectively CEO Designate and CFO Designate with immediate effect.

REMUNERATION

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The annual general meeting of shareholders determines the remuneration of the members of the Board of Directors for attending Board and committee meetings. In 2017, the shareholders decided to maintain the fees paid to the directors at the previous year's level with a majority of 99.833%. Directors each receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen each receive an annual fixed fee of EUR 48,000 and the Chairman receives a fee of EUR 100,000 per year. A Director, chairing one of the committees set up by the Board, if not the Chairman of the Board of Directors, receives an additional remuneration of EUR 8,000 per year. A Director, chairing the Audit and Risk Committee, if not the Chairman of the Board of Directors, receives an additional remuneration of EUR 9,600 per year.

The shareholders also maintained the fees at EUR 1,600 for each meeting of the Board or a Committee of the Board attended, except for the meetings of the Audit and Risk Committee for which directors receive EUR 1,920 per meeting. A director participating in more than one Committee meeting on the same day will receive the attendance fee for one meeting only. Half of the attendance fee is paid if the director participates in the meeting via telephone or videoconference.

The fees paid to the Board have not been increased since 2008, except for an increase paid to the members of the Audit and Risk Committee approved by the shareholders in 2015.

In 2017, the remuneration paid to the SES Board of Directors was benchmarked against companies of similar size and complexity. It was found to be in line with market practices and at market levels.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2017 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR1,078,960, of which EUR 309,760 was paid as variable fees, with the remaining EUR 769,200 representing the fixed part of the Board fees. The gross overall figure for the year 2017 was EUR 1,348,700.

COMPANY STOCK OWNED BY MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2017, the members of the Board of Directors and their closely associated family members owned a combined total of 768,388 shares and FDRs (representing 0.13% of the company's share capital).
Transactions made by members of the Board of Directors are published on the company's website under Management Disclosures. In accordance with the company's dealing code, directors require prior permission before dealing in SES shares or FDRs.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee. The total gross remuneration paid to the eight members of the Executive Committee for the year 2017 amounted to EUR 8,385,889.83. It is composed of a fixed part and a variable part. The fixed part (EUR 4,645,632.04) is composed of the base salaries (EUR 3,245,978.13) as well as the company's social security contributions, company's pension contributions, life and disability insurance, company car and other benefits (EUR 1,399,653.90).The variable part (EUR 3,740,257.79) is composed of the 2016 bonuses (EUR 2,068,934.14) and the 2017 exercised Performance and Restricted shares granted in 2014 (EUR 1,671,323.65). In the year 2017, no stock options were exercised by the Executive Committee.

The annual bonus is composed of three elements: (i) the financial performance of the Company; (ii) the individual business objectives of the Executive Committee members; and (iii) a discretionary element determined by the Remuneration Committee after reviewing the Company's achievements. These three elements are weighted in the following proportions: 50%; 25%; and 25%, respectively.

The Financial performance measures both the actual (current year) vs. actual (previous year) performance and the actual (current year) vs. budget (current year) performance. These two achievement percentages are multiplied such that, if the actual performance of the company is below a defined threshold, the financial part of the annual bonus will be zero.
The metric used for the actual vs. actual performance is the reported Group EBITDA. This metric measures the profitable growth of the business and is also reported to investors. A reduction of more than 5% in the year will lead to the total financial component of the bonus being forfeited. The actual vs. budget performance does take into account four financial metrics of the SES Group. The following metrics with their respective weights are measured: revenues (40%), operating expenses (30%), Group profit (10%) and net operating cash-flow (20%). The targets for those measures are set during the annual budget process and approved by the Board of Directors.

The individual business objectives are set at the beginning of the year by the Remuneration Committee. At year-end, the Remuneration Committee assesses in detail the performance of the Executive Committee to determine the target achievement.

During 2017, the members of the Executive Committee were awarded a combined total of 929,336 options to acquire company FDRs at an exercise price of EUR 21.15, the price being based on the average of the closing price on Euronext Paris of the first 15 trading days following the Remuneration Committee meeting at which the options were authorised. A quarter of those options vested on 1 January 2018, the remaining quarters vesting on 1 January 2019, 2020 and 2021, respectively. In 2017, members of the Executive Committee were granted 26,804 restricted shares as part of the company's long-term incentive plan, as well as 80,412 performance shares. These shares will vest on 1 June 2020.

The Executive long-term equity plans permit the grant of three equity types: (i) stock options; (ii) restricted shares; and (iii) performance shares. The total grant value is divided in one third of stock options, one sixth of restricted shares, and one half of performance shares.

The stock option is a standard call option with a maturity of 10 years. The final strike price is determined as the fair market value with an average of 15 days closing prices at the Paris stock exchange after the numbers of options have been determined by the Remuneration Committee. The vesting period is over four years with a yearly vesting of 25% on January 1st of each year following the grant.

The Restricted Shares are FDRs granted to the executives with the sole condition that, at vesting, the executive has to be employed by SES. The Restricted Shares vest on 1 June of the third year following the year of their grant.
Performance Shares are FDRs granted to the executives with two additional vesting conditions. Those conditions reflect two performance criteria. The following criteria have both to be fulfilled:

1. The compounded three years adjusted Economic Value Add (adjusted EVA) has to be positive; and
2. Over the three years vesting period, the personal objectives have to be met and can only be one year slightly below expectations.

The adjusted EVA used for remuneration purposes has the Invested Capital reduced for the assets under construction to ensure focus of Management on long-term investments.

The executives must, when exercising their vested stock options and their vested shares, do this in accordance with the SES Dealing Code (including requiring the prior authorisation from the Corporate Secretary and/or Chief Financial Officer, and provide selling orders outside of a closed period). As for the members of the Board, exercises by members of the Executive Committee are reported on the SES website https://www.ses.com/investors/shareholder-information/shares/management-disclosures

During 2017, Messrs Martin Halliwell, Ferdinand Kayser, Padraig McCarthy, Karim Michel Sabbagh and Christophe De Hauwer and Mrs Evie Roos sold some or all of the restricted and performance shares which vested on 1 June.
Each member of the Executive Committee is entitled to two years of base salary in case his contract is terminated without cause. A member of the Executive Committee who resigns is not entitled to any compensation.

COMPANY STOCK OWNED BY MEMBERS OF THE EXECUTIVE COMMITTEE

On 31 December 2017, the eight members of the Executive Committee owned a combined total of 271,107 shares and FDRs (representing 0.05% of the company's share capital), 267,608 unvested restricted and performance shares and 2,665,065 options. Transactions made by members of the Executive Committee are published on the company's website under Management Disclosures. Members of the Executive Committee are required to comply with the company's dealing code.

EXTERNAL AUDITOR

In accordance with the Luxembourg law on commercial companies, the company's annual and consolidated accounts are certified by an external auditor appointed by the annual general meeting of shareholders. On 6 April 2017, and based upon a proposal from the Board, the shareholders re-elected PwC as the company's external auditor for one year and approved its remuneration, with a majority of more than 99.774%. The mandate of PwC will expire at the annual general meeting on 5 April 2018.

BUSINESS RISKS AND THEIR MITIGATION

This section contains a summary of the main risks that SES may face during the normal course of its business. However:

- this section does not purport to contain an exhaustive list of the risks faced by SES and SES may be significantly affected by risks that it has not identified or considered not to be material;
- some risks faced by SES, whether they are mentioned in this section or not, may arise from external factors beyond SES's control; and
- where mitigations are mentioned in this section, there is no guarantee that such mitigations will be effective (in whole or in part) to remove or reduce the effect of the risk.

KEY RISKS AREAS:

1. **Risks relating to procurement**
2. **Risks relating to satellites**
3. **Risks relating to insurance**
4. **Risks relating to customers**
5. **Risks relating to the satellite communications market**
6. **Risks relating to SES's strategic development**
7. **Risks relating to legal, regulatory, spectrum and corporate**
8. **Risks relating to finance**

1. RISKS RELATING TO PROCUREMENT

Risk of launch delays and/or launch failures
SES is planning to launch one further geostationary satellite and eight O3b satellites (on two launch vehicles, each with four O3b satellites) during the rest of 2018 and 2019. The launch of any of these satellites carries a risk of delay for a variety of reasons, including the late availability of the satellite or co-passenger satellite (if there is a co-passenger for a geostationary satellite launch) for shipment to the launch site, the late availability of the launch service or last-minute technical problems arising on the satellite, the co-passenger satellite or the launcher.

A launch delay or failure could have a material negative effect on revenue and also potentially cause the loss of frequency rights at certain orbital positions. Satellite launch and in-orbit insurance policies do not compensate for lost revenues due to the loss of customers or for consequential losses resulting from any launch delay or failure.

SES attempts to mitigate the risk of a launch delay interrupting existing services by leaving adequate time margins in procurement schedules for replacement satellites.

There is always an inherent risk of launch failure resulting in a reduced satellite lifetime (in case of incorrect orbit injection), reduced functionality of the satellite or the total loss of a mission.

SES attempts to mitigate the risk of launch failure in several ways, including by detailed technical risk management of each satellite and launch vehicle programme, asset insurance for each launch and a staggered fleet deployment scheme (allowing assets to be repurposed in the case of single satellite failure so as to ensure a minimum impact on customers and revenues).

Risk of dependency on launch service providers
SES is largely dependent on Arianespace and SpaceX to launch its satellites into space. SES may incur significant delays in launching new satellites in the event of a prolonged unavailability of one of those two systems.

Risk of dependency on satellite manufacturers and secondary suppliers
SES is dependent on six major satellite manufacturers for the construction of its satellites.

Dependency on a small number of satellite manufacturers may reduce SES's negotiating power and access to advanced technologies (which may only be available to certain suppliers). It may also result in a higher concentration of risk – SES may incur significant delays in procuring new satellites in the event of prolonged problems at one of these satellite manufacturers. Further, the difficulties caused by any technical problems with the design of a particular model of satellite may be multiplied if several satellites of that design are purchased.

In addition, there are a limited number of second tier suppliers of certain key components for communication satellites. SES may incur significant delays in procuring new satellites in the event of prolonged problems at one of these secondary suppliers.

SES attempts to mitigate these risks relating to procurement by a constant monitoring of its supplier base, maintaining multiple procurement sources and developing relationships with new suppliers, where possible.

2. RISKS RELATING TO SATELLITES

Risk of in-orbit failure
One or more of SES's satellites may suffer in-orbit failures, ranging from a partial impairment of its commercial capabilities to a total loss of the asset. In the event of such a failure, SES may not be able to continue to provide service to its customers from the same orbital slot or at all.

SES attempts to mitigate the risk of in-orbit failure by careful vendor selection and high quality in-orbit operations. SES's fleet is diversified by manufacturer and satellite type, which reduces the likelihood of widespread technical problems. The impacts of such failures on customer service and related revenues may be mitigated by an in-orbit backup strategy, pursuant to which customers on an impaired satellite may possibly be transferred to another satellite in the fleet. In addition, SES has in place a restoration agreement with another satellite operator pursuant to which customers on an impaired geostationary satellite may possibly be transferred to another satellite in that operator's fleet in order to protect continuity of service. However, there is no guarantee that these mitigations will be entirely effective, especially in the event of the failure of several satellites.

Several of SES's satellites have experienced various technical anomalies either before or during 2017.

Some of the SES satellites experiencing technical anomalies are operating beyond the end of their design lives. These satellites have already completed the primary missions for which they were designed and have been redeployed for secondary missions. Satellites in secondary missions are used for various reasons, such as developing new orbital locations, safeguarding spectrum rights and providing redundant capacity for satellites in their primary missions. These satellites' technical capabilities do not generally need to be fully utilised when operating their secondary missions, which potentially mitigates the effects of further technical failures.

In addition, eleven of SES's Lockheed Martin A2100 satellites have experienced technical problems with their solar array circuits. The extent of the problem varies depending on the satellite, but it may reduce both the operational life of the satellite and the number of usable transponders, leading to a reduction in the revenue generated by the satellite. AMC-11, AMC-10, and AMC-6 experienced further solar array degradation in 2017, which further impaired power generation. AMC-10 and AMC-16 are potentially close to requiring re-orbiting in the event that they experience further failed solar circuits. All of the satellites with solar array issues are still being used for their primary missions, with the exception of AMC-4, AMC-6 and NSS-7, which are being used for secondary missions.

NSS 12, a satellite built by Space Systems Loral, has also experienced solar array power losses. However, these appear to be less severe than the Lockheed Martin A2100 solar array issue and SES does not believe a specific mitigation plan is needed at this point.

Several of SES's satellites (AMC-4, AMC-10, ASTRA 1G, ASTRA 1H, ASTRA 1KR, ASTRA 1M, ASTRA 2B, NSS-7, SES-3, QuetzSat-1 and NSS-10) have experienced various other anomalies.

Technical failures have resulted in a reduction of available capacity on ASTRA 1G and a reduction in the operational life of ASTRA 1H. There is no risk of a recurrence of these issues on these satellites.

AMC-4, AMC-6 and NSS-7 have completed their primary missions and as a result no mitigation is in place.

One gyro on AMC-10 is currently not useable.

ASTRA 1M, which is a key asset at the 19.2°E prime orbital position, has currently lost redundancy on its propulsion subsystem. Further technical problems on the propulsion system could result in the loss of the satellite. However, SES believes that such an event is unlikely and the risk is mitigated by the additional capacity at this orbital position.

QuetzSat-1 has experienced the loss of redundancy in its data handling equipment and further technical problems with this sub-system could result in the loss of the satellite. However, SES believes that the possibility of such an event happening is unlikely and risks have been mitigated by the uploading of a software patch which allows the partial restoration of the on-board redundancy.

NSS-10 (AMC-12) has a failed star tracker, part of the satellite's flight dynamics systems. The satellite manufacturer is exploring potential mitigations in the event of a failure of the second star tracker on the satellite fails before the scheduled end of life of the satellite in November 2019.

NSS-806 suffered a power anomaly in 2017 that resulted in 14 C-Band transponders being permanently turned off.

AMC-18 has experienced anomalies on its South solar array drive, and further anomalies could result in a reduction in its payload capacity.

AMC-9 suffered an undetermined anomaly in 2017 resulting in the total loss of the satellite. An insurance claim for USD 44.5 million was settled with our wholly-owned insurance subsidiary, with no pay-out from external insurance companies. The satellite was successfully placed in grave-yard orbit at the end of 2017.

The O3b satellites operate as a constellation in a non-geostationary orbit with each satellite covering a service region as it orbits the equator. Because the satellites are not geosynchronous, each satellite provides service to all O3b customers over each complete orbit around the Earth. Accordingly, a beam failure could affect all customers using that beam in each region served by O3b, and could affect all customers and require O3b to remove the satellite or beam from commercial operation. This would reduce the number of beams or regions served by the constellation unless a spare satellite could be utilised to replace the failed satellite or beam. Three of the current 12 satellites are used as spares to provide back-up for other satellites in the constellation.

The first set of four O3b satellites were affected by an anomaly with their frequency generator units. As a consequence, three of those satellites were removed from full-time commercial operations. In addition, two O3b satellites in operation have been affected by a reaction wheel issue, which has led to those wheels being removed from operations and spare units being used.

One O3b satellite has experienced telemetry transmitter malfunctions. Procedures for maintaining operations in the absence of continuous telemetry have been implemented.

In-orbit insurance constitutes an additional financial mitigation against the risk of impairments, subject to the limitations of such insurance.

Risk of short operational life
The design life of SES's geostationary satellites is typically 15 years and the design life of O3b's current satellites is 10 years. In the event of changes in the expected fuel life of the satellite, in-orbit anomalies or other technical factors, its actual life may be shorter than this. This could lead to the satellite being depreciated faster than anticipated and the lifetime revenue generated by the satellite being reduced, diminishing the overall return on investment for the asset. SES attempts to mitigate the risk of a reduced operational life by careful vendor selection and high quality in-orbit operations.

3. RISKS RELATING TO INSURANCE

Insurance coverage risk
SES's satellites may be subject to damage or loss from events that might not be covered by insurance policies. SES maintains (i) pre-launch insurance, (ii) launch and initial in-orbit insurance, (iii) in-orbit insurance and (iv) third-party liability insurance for its satellites. The insurance policies generally contain exclusions for losses resulting from:

- military or similar action;
- any anti-satellite device;
- electromagnetic and radio interference (except for physical damage to a satellite directly resulting from this interference);
- confiscation by any governmental body;
- insurrection and similar acts or governmental action to prevent such acts;
- nuclear reaction or radiation contamination;
- wilful or intentional acts causing the loss or failure of satellites; and
- terrorism.

The insurance policies do not provide compensation for business interruption, loss of market share, reputational damage, loss of revenue, incidental and consequential damages and similar losses that might arise from the loss of a satellite during transportation to the launch site or launch site operations, the failure of a satellite launch, incorrect orbital placement or the failure of a satellite to perform according to specifications. In addition, SES's in-orbit insurance only covers losses in excess of the risk retention level selected by SES.

The in-orbit insurance policies may exclude from coverage failures arising from pre-existing defects, such as defects in solar array and battery anomalies on some existing satellites. In addition, SES will not be fully reimbursed if the cost of a replacement satellite exceeds the sum insured. As a consequence, the loss, damage or destruction of any satellites as a result of any of these events could result in material increases in costs or reductions in expected revenues or both.

SES has reviewed its approach to in-orbit insurance of its satellites and, in recognition of the excellent procurement and operating record, has adopted a policy of limited self-insurance in addition to external insurance. Premiums relating to its satellite fleet are paid to wholly-owned subsidiaries, which only assume part of the risks, thus reducing the amount of insurance premiums paid to external insurance companies.

If any event occurs that is covered by the in-orbit insurance, the payment of the sum insured could result in material increases in costs.

SES has third party liability insurance that covers damage suffered by third parties resulting from accidents such as launch failures and satellite collisions. It is subject to an annual combined single limit of EUR 500 million.

Insurance availability risk
Satellite insurance is a cyclical market subject to the laws of supply and demand. The amount of capacity currently available in the market is adequate to cover SES's satellite programmes. However, events outside of SES's control – including large losses and shifts of insurance capacity from space to other lines of business – could change this situation. This could result in increases in the amount of insurance premiums paid by SES to cover its risks and affect its ability to obtain the desired level of coverage. SES's self-insurance programme improves its flexibility to accommodate variations in insurance market conditions.

4. RISKS RELATING TO CUSTOMERS

Risk of key customer loss
SES depends on a number of key customers whose loss (or non-renewal) would reduce SES's revenues. SES's five largest commercial customers represented 24.4% of SES's total revenues in 2017. The total revenue generated from contracts with the US Government (and customers serving the US Government) represented approximately 7.6% of SES's total revenues in 2017.

If key customers reduce their reliance on SES by developing or increasing relationships with other satellite operators (or moving to other telecommunications solutions) and such key customers cannot be replaced, SES's revenues may be impacted negatively.

SES's main existing satellite capacity agreements for the direct-to-home business in Europe typically have contract durations of ten years, with some contracts for longer periods. If SES is unsuccessful in obtaining the renewal of its satellite capacity agreements when they come up for renewal on commercial terms similar to those currently reflected in its agreements, revenues could be adversely affected for some time.

SES's customer base is subject to constant change. Bankruptcy of key customers or customer consolidation resulting from mergers and acquisitions can reduce demand for SES's satellites capacity, thereby affecting SES's revenues.

Risks relating to customer credit
SES may suffer a financial loss if any of its customers fails to fulfil its contractual payment obligations.

The level of customer credit risk may increase as SES, and/or its customers, grow revenues in emerging markets because credit risk tends to be higher in these markets (compared to the markets of Europe and North America).

This risk is mitigated principally through a customer credit policy that includes credit checks, credit profiles, deposits or other forms of security, monitoring of payment performance and the application of a provisioning policy. In some cases, customer credit risks are mitigated by credit insurance.

Further details are provided in Note [19] to the consolidated financial statements.

Risks inherent in international business
SES conducts business around the world. It is exposed to issues such as financial, regulatory, geopolitical, tax and trade risks in many jurisdictions. Political and financial stability in some jurisdictions may impact SES's business in that country. In practice, it may be difficult for SES to enforce its legal rights in some jurisdictions.

The inherent uncertainties in doing business in certain jurisdictions may have a negative impact on SES's results.

Risks inherent in doing business with the US Government
As a result of U.S. national security laws and regulations, SES Government Solutions, Inc. is subject to a proxy agreement with the U.S. Government ("the Proxy Agreement"). The proxy structure imposed upon SES Government Solutions is common for businesses contracting with the U.S. Government and is similarly imposed on SES's competitors.

The U.S. Government required SES Government Solutions to enter into the Proxy Agreement because SES Government Solutions is indirectly owned by SES, a foreign company, and SES Government Solutions has classified contracts with the U.S. Government. As a result of the Proxy Agreement, strict limitations are placed on the information that may be shared between SES Government Solutions and SES and its other subsidiaries. The Proxy Agreement also imposes restrictions on the control of SES Government Solutions by SES. However, it is important to note that inter-company activities including the provision of satellite capacity to SES Government Solutions for provision to the U.S. Government are permitted under the Proxy Agreement.

5. RISKS RELATING TO THE SATELLITE COMMUNICATIONS MARKET

Competition risk
The telecommunications market is fiercely competitive and SES faces competition from satellite, terrestrial and wireless networks.

SES faces competition from international, national and regional satellite operators. Some national operators receive tax and regulatory advantages in their countries that are not available to SES. The development of national satellite programmes in some countries may limit or prevent SES's ability to compete in those countries.

In addition, SES competes with operators of terrestrial and wireless networks. Any increase in the technical effectiveness or geographic spread of these terrestrial and wireless networks could result in a reduction in demand for SES's satellites capacity. Some terrestrial and wireless operators may receive state aid and subsidies not available to SES.

Competition in the communications market could result in a reduction in demand for SES's satellite capacity and/or pricing changes resulting in a significant negative impact on SES's revenues.

Technology risk
The satellite telecommunications industry is vulnerable to technological change. SES's satellites could become obsolete due to unforeseen advances in telecommunications technology, leading to a reduction in demand for its services and a negative impact on revenues.

The use of new technology to improve signal compression rate could lead to a reduction in demand for SES's satellites, which could lead to a negative impact on SES's results.

6. RISKS RELATING TO SES'S STRATEGIC DEVELOPMENT

Emerging market risk
SES's development strategy includes targeting new geographical areas and emerging markets and developing joint ventures or partnerships with local telecommunications, media and financial businesses in order to improve market access for its services.

SES may be exposed to the inherent instability of doing business in those regions. Such inherent instability could have an adverse impact on SES's revenue.

Please also see 'Risks inherent in international business' above.

In some emerging markets, customers may be less financially secure and run a higher risk of insolvency than in more developed markets. The failure of a customer could have an adverse impact on SES's revenue.

BREXIT risk
On 23 June 2016, the United Kingdom voted to leave the EU ('BREXIT'). There is widespread uncertainty and speculation regarding what will occur as a result of BREXIT and it is difficult to predict what impact BREXIT will have on SES. As a result, it is difficult to know whether BREXIT will have a significant negative impact on SES's revenues, although SES considers this to be unlikely at this time.

Investment risk
SES regularly evaluates opportunities to make strategic investments. These opportunities may not yield the expected benefits due to a number of factors, such as antitrust reviews, financing costs and regulatory approvals. If an investment is

made, it may adversely affect SES's results due to financing costs or the performance of the investment following acquisition. The success of any such investment is not guaranteed.

SES has a number of strategic investments in businesses that it does not fully control. As a result, SES is dependent in part on the co-operation of other investors and partners in protecting and realising the full potential of certain investments. SES may not be able to prevent strategic partners from taking actions that are contrary to SES's business interests.

SES also invests in new and innovative projects, which often feature new technology or uncertain market demand. If the technology is not successful or demand does not materialise as planned, the value of SES's investment may be reduced.

SES has also earmarked certain funds for investment, which includes the replacement of existing satellites (often with increased capacity) and the launching of new satellites. The successful marketing and sale of new capacity is dependent on the underlying demand for satellite capacity in the targeted regional markets. If that demand does not materialise as anticipated, SES's financial forecasts may not be met.

7. RISKS RELATED TO LEGAL, REGULATORY, SPECTRUM, AND CORPORATE

Legal risk
SES cannot always predict the impact of laws, regulations and politics on its operations. The operation of the business is and will continue to be subject to the laws, regulations and political will of the various governmental authorities of the countries in which SES operates, uses radio spectrum or offers satellite capacity, as well as to the frequency coordination process of the International Telecommunication Union (the "ITU".) Legal, regulatory and political changes are outside SES's direct control. New or modified rules, regulations, legislation, or decisions by a relevant governmental entity or the ITU could materially and adversely affect operations.

The international nature of SES's business means that it is subject to applicable sanctions, export control, competition and anti-bribery laws and regulations including associated civil and criminal penalties. Risks concerning and violations of applicable compliance laws and regulations may negatively affect future operations or subject SES to criminal or civil enforcement actions.

Disputes in relation to SES's business arise from time to time and can result in legal or arbitration proceedings. The outcome of these proceedings cannot be predicted. A negative outcome in a substantial litigation or arbitration case could have a material impact on SES's business and financial position.

Spectrum access risk
Access to orbital slots and frequencies is required for SES to develop and maintain its satellite fleet.

The ITU is responsible for the allocation of spectrum for particular uses, and the allocation of orbital locations and associated frequencies. Use of the spectrum and orbital positions is in accordance with the ITU Radio Regulations. SES can only access spectrum through ITU filings made by a national administration.

Orbital slots, satellite systems and associated frequencies are a limited resource. The ITU may reallocate spectrum from satellite to terrestrial or other uses. In addition, national administrations are increasingly charging for access to spectrum by the use of fees and auctions.

Any reallocation of spectrum from satellite to terrestrial or other uses or fees and charges assessed by national administrations may have a significant adverse effect on SES's current results and future prospects.

Spectrum coordination risk
SES is required to coordinate the operation of its satellites with other satellite operators through the relevant national administrations and in accordance with the ITU process so as to prevent or reduce interference between satellites. SES may also be required to coordinate any replacement satellite that has performance characteristics that differ from the satellite it replaces.

As a result of such coordination, SES may be required to modify the proposed coverage areas of its satellites, satellite design or transmission plans in order to eliminate or minimise interference with other satellites or ground-based facilities. Those modifications may mean that use of a particular orbital position is significantly restricted, possibly to the extent that it may not be economical to place a new satellite in that location. In addition, interference concerns of a country may affect the ability of SES's satellite network to generate revenues, due to the operational restrictions that the country may impose.

Similarly, the performance of SES's satellites in the affected areas could be adversely affected if ITU regulations or other legal constraints fail to prevent competing satellite operators from causing harmful interference by the operation of their satellites.

Spectrum use risk
If SES does not occupy unused orbital locations by specified deadlines, does not maintain satellites in the orbital locations it currently uses or does not operate in all the frequency bands for which a licence has been received then, in accordance with applicable national and ITU regulations, those orbital locations or frequency bands may become available for use by other satellite operators.

SES has access to a large portfolio of orbital locations that have been filed at the ITU through various administrations. For each filing, the ITU and the national regulators impose various conditions that must be met in order to secure the spectrum. Operational issues such as satellite launch failure, launch delay or in-orbit failure might compromise the access to the spectrum or orbital locations. SES is committed to the highest quality satellite and launch procurement processes, which helps to reduce this risk. In addition, SES's large fleet of satellites may in some circumstances permit the relocation of in-orbit satellites in order to meet regulatory requirements.

Regulatory risk
SES may need to obtain and maintain approvals from authorities or other entities to operate its satellites and to offer satellite capacity. For example, SES must obtain licences, authorisations or market access approvals in certain countries to enable provision of satellite capacity to those countries. The failure to obtain the licences, authorisations or market access approvals necessary to operate satellites or to offer satellite capacity could lead to loss of revenues and compliance actions against SES.

Each customer is responsible for obtaining regulatory approval for its operations. As a result, there may be governmental regulations inapplicable to SES which may adversely affect customers' operations. SES could lose revenues if customers are unable to obtain any necessary approvals, if customers' regulatory approvals are insufficient in the view of the relevant regulatory authorities, if the necessary approvals are not granted on a timely basis or if any applicable licencing restrictions become unduly burdensome.

Export control
SES must comply with U.S. export control laws in connection with any U.S. information, products or materials that it provides to non-U.S. companies relating to communications satellites, equipment, software and data. SES's U.S. operations may not be able to maintain normal business activities and SES's non-U.S. operations may not be able to source U.S. satellites, hardware, technology and services if:
- export licences are not timely obtained;
- export licences do not permit transfer of all items requested;
- satellite launches are not permitted in the locations that SES prefers; or
- the requisite licence, when approved, contains conditions or restrictions that pose significant commercial or technical problems.

Such occurrences could impede construction and delay the launch of any future satellites, adversely impacting current and/or future revenues. SES must also comply with other applicable national export laws and regulations.

External threat risk
In common with other satellite operators, SES is vulnerable to the risk of terrorist acts, sabotage, piracy, attack by anti-satellite devices, jamming, unintentional interference and natural disaster. Such external threats may lead to a temporary or permanent interruption in service and/or the loss of customers. Any such act could have a potentially significant adverse effect on SES's results.

Cyber risk
SES's operations may be subject to hacking, malware and other forms of cyber-attack. Due to the fast-moving pace of new hacking techniques, the high sophistication of certain attackers and an increasingly hostile cyber-attack environment, it may be difficult to detect, determine the scope of, contain and remediate every such event.

Any inability to prevent or to detect the occurrence of cyber-attacks in a timely manner could result in a disruption of services or malfunctions, loss of customers, inadvertent violations of data protection, export control and other relevant laws, damage to SES's reputation, or damage to SES's properties, equipment and data. Furthermore, such event could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events in the future.

SES has protections in place to help protect its networks, and continues to work to implement additional protective measures intended to limit the risks associated with such attacks.

Risk of the loss of key employees
SES has a number of key employees with highly specialised skills and extensive experience in their fields. If several of these employees were to leave, SES may have difficulty replacing all of them immediately. The risk of the loss of key employees may increase as SES continues with organisational changes.

SES attempts to mitigate the risk of losing key employees through retention programmes, in-house back-up solutions, knowledge transfer, succession planning and development plans. In recent years, SES has also invested in improving its recruitment process to engage with new talent.

If SES is unable to retain key employees or attract new highly qualified employees, it could have a negative impact on SES's business, financial situation and results.

Unforeseen high impact risk
SES's operations may be subject to unforeseen events that are both improbable and have a high impact. Due to the unforeseen nature of the event, it is difficult to manage the impact of such events or predict the nature or extent of the damage. Such unforeseen events may have a significant negative impact on SES's business, financial situation and results.

8. RISKS RELATING TO FINANCE

Economic downturn risk
An economic slowdown in the countries where SES operates may have a negative effect on its performance if potential customers face difficulties funding their business plans. This could, in turn, result in decreased profitability, with significant negative consequences for SES's business, financial condition and results of operations.

Cash flow risk
SES operates in accordance with a strong business model. If, for any reason, SES is not successful in implementing its business model then cash flow and capital resources may not be sufficient to repay indebtedness. If SES were unable to meet its debt service obligations or comply with covenants, then a default under debt agreements would occur. To avoid a possible default or upon a default, SES could be forced to reduce or delay the completion or expansion of the satellite fleet, sell assets, obtain additional equity capital or refinance or restructure its debt.

Debt rating risk
A change in SES's debt rating could affect the cost and terms of its debt, as well as its ability to raise financing. SES's policy is to attain, and retain, a stable BBB rating with Standard & Poor's, and a Baa2 rating with Moody's. If SES's credit rating were downgraded, it may affect SES's ability to obtain financing and the terms associated with that financing. SES cannot guarantee that it will be able to maintain its credit ratings.

Tax risk
SES's financial results may be materially adversely affected by unforeseen additional tax assessments or other tax liabilities.

SES does business in many different countries and is therefore subject to taxation in multiple jurisdictions. SES makes provisions in its accounts for current and deferred tax assets and liabilities based on a continuous assessment of prevailing tax laws in those jurisdictions.

However, SES cannot always be certain of a tax authority's application and interpretation of the tax law. SES may become subject to unforeseen material tax claims, including late payment interest and/or penalties. Such claims may arise for a number of reasons, including: the identification of a taxable presence of a non-indigenous group company in a taxing jurisdiction; transfer pricing adjustments; application of indirect taxes on certain business transactions after the event; and the disallowance of the benefits of a tax treaty. In addition, SES may be subject to retroactive tax assessments based on changes in laws in a particular tax jurisdiction. SES has implemented a tax risks mitigation charter based on (among others things) a framework of tax opinions for the financially material positions taken, transfer pricing policies and documentation covering the group's important inter-company transactions, and procedures for accurate tax compliance in all jurisdictions.

Asset impairment risk
SES's non-current intangible and tangible assets are valued at historic cost less amortisation, depreciation (where relevant) and accumulated impairment charges. The resulting net book values are subject to validation each year through impairment testing procedures, where they are compared to the value-in-use of the asset, representing the present value of the future cash flows expected to be derived from the asset. Where future assumptions for a specific asset, as set out in the approved Business Plan, become less favourable, or the discount rates applied to the future cash flows increase, then this may result in the need for material asset impairment charges.

In the SES S.A. annual accounts, impairment testing – using value-in-use procedures similar to those outlined above – is performed on the carrying value of the shares in affiliate undertakings, or on the carrying value of groups of shareholdings where the Board of Directors believes that it is more appropriate under the circumstances, and better reflects the substance of the activities, the interdependency of the associated cash flows and their level of integration. If the carrying value of the relevant investment, or group of investments, is not substantiated by value-in-use, and any shortfall is assessed as being of an other than temporary nature, then this could result in an impairment charge being recorded to the income statement of the SES S.A. annual accounts in the period concerned.

Liquidity risk
SES requires liquidity to maintain its operations and meet its obligations. Any liquidity problems may have a significant impact on SES's operations and lead to the breach of contractual obligations. In case of liquidity needs, SES can call on a number of committed and uncommitted credit facilities with banks. In addition, if deemed appropriate based on prevailing market conditions, SES can raise funds through its European Medium-Term Note programme or through the issuance of commercial paper. SES's debt maturity profile is tailored to allow the company to cover repayment obligations as they fall due. SES operates a centralised treasury function, which manages the liquidity of SES and seeks to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Further details are provided in Note [19] to the consolidated financial statements.

Foreign currency risk
SES's reported financial performance can be impacted by movements in the US dollar/euro exchange rate, as SES has significant operations whose functional currency is the US dollar and liabilities denominated in the US dollar.

To mitigate this exposure, SES can enter into forward foreign exchange or similar derivatives contracts to hedge the exposure on the financial debt or on the net assets.

Further details are provided in Note [19] to the consolidated financial statements.

Interest rate risk
SES's exposure to the risk of changes in market interest rates relates primarily to SES's floating rate borrowings as well as the renewal of its fixed rate borrowings. SES carefully monitors and adjusts the mix between fixed and floating rate debt from time to time, responding to market conditions. Interest rate derivatives can be used to manage the interest rate risk. The terms of the derivatives are negotiated to match the terms of the hedged item to maximise the effectiveness of the hedge.

Further details are provided in Note [19] to the consolidated financial statements.

Counterparty credit risk
SES's exposure relates to the potential default of a counterparty holding financial assets (cash and cash equivalents held for trading financial assets, loans, receivables and derivative instruments).

The counterparty credit risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties. To mitigate the counterparty risk, SES only deals with recognised financial institutions with an appropriate credit rating. All counterparties are financial institutions that are regulated and controlled by the national financial supervisory authorities of the applicable countries. The counterparty credit risk portfolio is analysed on a quarterly basis. Moreover, to reduce this counterparty risk, the portfolio is diversified as regards the main counterparties, ensuring a well-balanced relationship for all categories of products (derivatives as well as deposits).

Further details are provided in Note [19] to the consolidated financial statements.

INTERNAL CONTROL PROCEDURES

OBJECTIVE

The Board has overall responsibility for ensuring that SES maintains a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the company.

Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the company can be achieved.

The internal control procedures are defined and implemented by the company to ensure:

- the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;
- the efficiency and effectiveness of operations and the optimal use of the company's resources;
- the correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets;
- the integrity and reliability of financial and operational information, both for internal and external use;
- that management's instructions and directions are properly applied, and
- that material risks are properly identified, assessed, mitigated and reported.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated.

CONTROL ENVIRONMENT

SES has adopted a robust internal control framework based on a set of guidelines prepared by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This framework provides reasonable assurance that the internal control objectives are being achieved; it is also consistent with the reference framework proposed by the French securities regulator, the 'Autorité des Marchés Financiers' (AMF).

The control environment is an essential element of the company's internal control framework, as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.
The Board has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Executive Committee of SES, which in turn works closely with the other levels of management in establishing control policies and procedures.

The descriptions of the main SES functions and processes are electronically documented using Business Process Management software, with the support of the Enterprise Effectiveness Team. Policies and procedures are regularly updated, as appropriate. The aim is to design and implement a common set of policies and procedures that best support the organisation and can be used company-wide.

The policies and procedures apply to all employees and officers of the SES group, and where appropriate to its directors, as the general framework for their own business process design.

The policies and procedures take into account specificities of each legal entity and business unit and are adapted where necessary to their activity, size, organisation and legal and regulatory environment.

A group-wide 'Code of Conduct and Ethics' has been in place since 2009. The Code is designed to enable all employees, officers and directors to take a consistent approach to integrity issues and to make sure that SES conducts its business in compliance with all applicable laws and regulations and observes the highest standards of business ethics. In 2016, the Code has been reviewed and refreshed, and also mandatory refresher courses for all SES employees worldwide were continued to reinforce awareness and compliance by staff.

An SES Compliance Committee, composed of designated Compliance Officers in each main corporate location, is tasked with raising the staff's awareness of the Code and ensures a consistent roll-out and training programme for the Code. The Committee meets regularly to discuss important topics or issues. Reflecting the company's expansion into developing markets, the composition of the Compliance Committee includes representatives from SES's offices in Africa, Asia, the Middle East and Latin America.

To ensure better compliance with data protection laws and regulations SES appointed a Group Data Protection Officer in 2014.

Another key component of the control environment is the co-ordination of risk management with internal control. Risk management and internal control systems complement each other in controlling the company's activities.

RISK MANAGEMENT

SES has adopted a risk management framework based on principles proposed by COSO and ISO31000. The co-ordination of the implementation of this policy and the development of a risk register is the responsibility of a Risk Management Committee which reports to the Executive Committee of SES.

The Executive Committee in turn reports to the Board which has the ultimate responsibility for oversight of the company's risks and for ensuring that an effective risk management system is in place.

Common definitions and measures of risk management have been established and provided to the various risk owners to ensure that the risk management policy is properly implemented.

A risk management co-ordinator has been appointed in order to ensure the adequate review of the risks facing SES.
Each reported risk is categorised, assessed by the risk owners and reviewed by the Risk Management Committee.
Key risk developments are periodically reported to the Executive Committee, the Audit and Risk Committee and the Board.

INTERNAL CONTROL ACTIVITIES

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

- Staff involved in the company's accounting and financial reporting are appropriately qualified and are kept up-to-date with relevant changes in International Financial Reporting Standards ('IFRS'). Additionally, specific training and written guidance on particular matters is provided where needed. Written guidance, regularly updated for business developments and regulatory changes, is available to all relevant staff members and provides a summary of the company's accounting and financial reporting policies and procedures.
- Controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, effective segregation of duties and the complete and accurate recording of financial information.
- Completeness and timely recording of financial information is ensured through regular reviews, monitoring of specific key performance indicators, validation procedures by functional leaders and as an additional check, the process of internal and external audit.
- In accordance with the requirements of IFRS, SES discloses detailed information on the market, credit and foreign exchange risks to which it is exposed, as well as its strategy for managing those risks.
- The company relies on a comprehensive system of financial information and oversight. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the company's financial performance in comparison to the approved budget and prior year figures.
- Any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed.
- The external auditors perform a limited review of the company's half-year consolidated financial statements and a full audit of the annual consolidated financial statements.

Regarding the internal controls in the area of treasury management, the following should be noted:

- The treasury function uses specific software that helps to ensure the efficiency and control of the implementation of SES's hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of SES's affiliates.
- In order to ensure enhanced security and efficiency of the bank payments process, the company is using a banking payments system that allows for secured authorisation and transfer of payments from the SAP accounting system directly to the bank.
- A clear segregation of duties and assignment of bank mandates between members of SES management, treasury and accounting departments has been implemented.
- In order to streamline the cash management process, SES has centralised the in-house bank into one hub. This in-house banking system is fully integrated and managed in SAP.
- SES predominately uses forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. Such foreign currency risk is predominantly in EUR or USD. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the company's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

- Those treasury activities with a significant potential risk, such as financial derivative transactions with external parties and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board.
- A short treasury report is issued every quarter to the Board as part of the financial reporting.
- To further strengthen these controls, a treasury policy is regularly updated. In addition, a Foreign Exchange Risk Management strategy, combined with a multiple year funding plan based on SES's strategic and business plans, is also prepared and presented to the Audit and Risk Committee.

Regarding the internal controls in the area of tax management, the following should be noted:

- The main principles of SES's tax risk management are laid down in the SES Tax Charter. Tax positions are analysed based on most appropriate authoritative interpretations and reported in internal tax technical memos or tax opinions from external tax consultancy firms. The tax department seeks, where possible, to achieve upfront tax clearances with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the company.
- Current and deferred tax liabilities are recorded in the SES group accounts on the basis of a 5 step key control framework that ensures full transparency and understanding of all underlying data and reconciliation between the important sources of information within tax and accounting departments.
- The transfer pricing team is responsible for continuously updating and improving transfer pricing documentation underpinning all significant cross-border inter-company transactions in the company through functional and economic analyses including benchmarking studies. SES's transfer pricing documentation includes a master file, local files and a country-by-country report.

Regarding the internal controls in the area of satellite operations, the following should be noted:

- SES's Technology Department is responsible for the procurement of satellites and launch vehicles, the procurement and maintenance of satellite-related ground infrastructure and the administration, control and operations of the satellite fleet.
- The reporting of the satellite procurement and operations risk management process that is in place to monitor and assess sources of technical risks and to develop qualitative, quantitative and statistical methods which allow the mitigation of risk at the satellite fleet level has been integrated into the company's Risk Management framework.
- The operational procedures for satellite control and payload management cover manoeuvres and configuration changes required in nominal situations as well as in the case of technical emergencies. The controllers are trained and certified in the execution of such procedures. These procedures are periodically reviewed to ensure that they are up-to-date. Satellite control software is being used and fully validated electronic procedures for station-keeping and other regular operations are being applied throughout the entire SES fleet.
- SES has designed crisis management systems and supporting infrastructure and tools in order to address satellite in-orbit anomaly situations at an appropriate management level. An effective 'trouble tickets' escalation process is used to provide effective and timely support to customers.
- The Satellite Contingency and Emergency Response Process reflects the current company's organisational structure.
- For LuxGovSat, a highly secured Network Operation Center ('NOC') was constructed on the Betzdorf campus in 2017.

SES has adequate satellite control primary and backup capabilities utilising the European and US-based Satellite Operations Centres ('SOCs').). A SOC is being built in Brazil to control the SES-14 satellite, along with Betzdorf also being able to control it. This Brazilian SOC is scheduled for operation by mid-2018 in time for the SES-14 operational date.

For SES Geostationary satellites:

- Primary satellite operations in Europe are operated from the technical facility in Betzdorf and the SOC in Gibraltar. Primary satellite operations in North America are operated from the SOC in Princeton.
- Satellite engineering and Flight Dynamics tools, applications and documentation required to support satellite operations are available in the Betzdorf and Princeton Data Centers.
- SES has adequate satellite control backup capability utilising the European and US SOCs:
- In case of a major disaster impacting the primary US SOC, the primary European SOCs will first take-over satellite operations, until the backup SOC located in Woodbine (US) is staffed to take-over the operations.
- In case of a major disaster impacting the primary European SOC in Betzdorf, the Gibraltar SOC and the primary US SOC will first take-over satellite operations. Once staffed, the backup European SOC (located In Redu, Belgium) will take-over operations of several satellites to reduce the workload of the Gibraltar SOC and primary (US) SOC.
- Fail-over procedure from Primary to Backup SOC is tested regularly. The backup SOCs in Woodbine and Redu are tested twice a year.

For SES Medium Earth Orbit ('MEO') located satellites (O3b):

- Primary satellite operations are performed from the O3b/MEO SOC in Betzdorf and backup satellite operations are performed from the O3b/MEO SOC in Manassas (US).

For SES payload services:

- Adequate backup capabilities are currently implemented in the following areas:

  - MX1 has been equipped to be able to uplink control channels for DTH set-top boxes for the 19.2° orbital slot when Betzdorf is unavailable (not associated with telemetry, tracking and control ('TT&C')).
  - At SES's facilities in the US, additional fuel and Uninterruptible Power Supply ('UPS') redundant facilities are maintained to enhance the emergency backup system.
  - Design work on the upgrade of the power system at Manassas in the US has been completed and the installation commenced in 2017. Full operation is anticipated for the end of the first quarter in 2018. The work currently being undertaken at Manassas is summarised as follows: 1) An additional new generator with associated fuel tank; 2) Replacement of two (2) UPS systems with new UPS systems; 3) Addition of new switchgear to improve the overall reliability and flexibility of the power system at the site.
  - In 2018, SES is evaluating the need to replace two (2) generators and their associated fuel tanks with two (2) newer models. Additionally, a new 7.3m gateway antenna is currently being installed in Hawaii in support of O3b. This will be the fourth (4th) gateway antenna at the site for O3b. At SES's facility in Gibraltar SES upgraded its Security System in conjunction with the new computer room. At SES's facility in Betzdorf, SES is operating with a state of the art power plant cold water production system, cooling systems and power distribution systems.
  - The Betzdorf physical security has been upgraded with the addition of an additional external fence around the facility.
  - The TT&C function is currently provided for each satellite via at least two independent antenna sites. The sites are connected via a ground dual-redundant state-of-the-art network to at least two site diverse SOCs.
  - The global network that supports TT&C deploy a dual-redundant state-of-the-art Multi-Protocol Label Switching ('MPLS') network connecting all the SOCs and TT&C sites worldwide.
  - Additionally, Aggregation Service Routers (ASRs) were upgraded in the network in response to the new High Throughput Satellites (HTS) network traffic.

Regarding the internal controls in the area of information and communication technology, the following should be noted:

- Management is committed to ensuring that its data, infrastructure and information technology systems are as secure as is reasonably practicable. Security controls, policies and procedures are in place to prevent unauthorised access to premises, computer systems, networks and data. Policies and procedures have been defined and implemented in order to address the more rigorous regulations governing handling of personally identifiable data.
- Management is committed to enhancing information security through the established Data Governance and Information Security Committee within SES, comprising representatives from various applicable functions, which reviews practices, policies and procedures.
- SES is rolling out its information and cyber-security framework to its newly acquired businesses in order to align security controls and practices within the SES group.
- Electronic information is regularly backed up and copies are stored off-site.
- SES has disaster recovery plans for its business applications. The regular testing of these activities which took place in 2016 has confirmed that SES is in a good position to recover all mission critical back-office applications within their set recovery time objectives. The next testing is planned to take place in 2018.

INFORMATION AND COMMUNICATION

Since January 2015, all SES's main trading operations are now included and operated on a common SAP platform, sharing common processes and controls.

Furthermore, the companies O3b and MX1, acquired in 2016, and SmartCast, have been migrated to SAP as of January 2018 to achieve substantial integration of the trading and financial operations, leveraging existing best practices and security controls established within SES.

An SAP Security and Authorisation function is committed to continually enhancing SAP access management, taking advantage of the implemented SAP Governance Risk and Compliance module which focuses on access and process controls.

To further support this process, the SAP Security and Authorisation function has defined and implemented a comprehensive SAP security policy.

The operation of the SAP hosting platform continues to mature in various areas including data privacy, data encryption and intrusion detection. A detailed operational handbook is maintained to safeguard smooth and secure operation of the company's ERP platform. In 2017, the hosting company has commissioned a new state of the art backup data centre to ensure enhanced continuity of SAP system operations.

Internal communication ensures the effective circulation of information and supports the implementation of internal control and risk management by providing business and functional objectives, instructions and information to all levels of SES. The corporate intranet portal and collaboration tools are instrumental to sharing information throughout the company.

MONITORING ACTIVITIES

Monitoring is done in two ways: through ongoing evaluations or separate evaluations. Ongoing evaluations are performed by management as routine operations, built into business processes, and are performed on a real-time basis, reacting to changing conditions.

The SES Internal Audit function performs separate evaluations of the relevance of, and compliance with, company policies and internal control procedures.

The mission of the Internal Audit function is to provide independent and objective assurance regarding the effectiveness and efficiency of business operations, the reliability of financial and operational reporting, and the company's compliance with legal and regulatory requirements. In this context, Internal Audit is also tasked to support management with identifying, preventing and minimising risks, as well as safeguarding the company's assets.

To ensure an appropriate level of independence and communication, the Internal Audit function has a direct reporting line into the Audit and Risk Committee and reports functionally to the President and CEO.

The activities of the Internal Audit function are executed in accordance with an annual audit plan, which is reviewed and approved by the Audit and Risk Committee. This plan is derived from an annual risk assessment based on a risk mapping exercise relying on the SES risk register. The annual risk assessment responds to the need to dynamically link the audit plan to risks and exposures that may affect the organisation and its operations.

Internal Audit monitors the implementation of internal control recommendations and regularly reports on effective compliance to the Senior Management of SES and to the Audit and Risk Committee.

Internal Audit also regularly co-ordinates audit planning and exchanges relevant information with the company's external auditors.

The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the US Government, imposes various restrictions on the Board and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. The SES Internal Audit function did not perform any direct internal control review of this entity during 2017, in line with the imposed restrictions. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework for SES Government Solutions which is subject to evaluation and testing by a third-party internal audit function. An adequate reporting process of activities of the third-party audit function to the SES Internal Audit function and the Audit and Risk Committee has been put in place.

It should be further noted that PwC, as external auditor, reviews the financial statements of SES Government Solutions.

INVESTOR RELATIONS

SES's dedicated Investor Relations function reports to the Chief Financial Officer and works closely with the President and CEO. Its purpose is to develop and coordinate the group's external financial communications and interactions with equity and debt investors, investment analysts, credit rating agencies, financial journalists and other external audiences, to monitor stock market developments, and to provide feedback and recommendations to the SES Executive Committee.
The SVP, Corporate Finance and Investor Relations, along with the VP, Head of Investor Relations, is responsible for the definition and execution of SES's active Investor Relations programme and participation in investor conferences and similar events. Investor Relations also works closely with the Chief Legal Officer to ensure that the group's external communications are compliant with all applicable legal and regulatory requirements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The concept of Corporate Social Responsibility (CSR) is used to identify how a company's values and conduct demonstrate responsibility towards the communities and societies in which it operates. To get an accurate overview of a company's social responsibility, a variety of factors need to be considered, including environmental and ecological profile, educational contributions, charitable activities, diversity as well as corporate strategy.

SES CSR goes beyond compliance with the compulsory legal elements and includes self-defined targets. SES has made a number of commitments in this domain and defined its best practices. This results in notable recognition by stakeholders, investors, customers and employees, and an excellent reputation as a corporate citizen.

In addition to complying with the existing framework, SES voluntarily discloses supplementary and non-financial information - via this current report – beyond that required by the EU directive 2014/95 which will become mandatory for reporting in 2018.

ENVIRONMENT

SES applies best practices in minimising the environmental impact of its sites across the world and outsourced activities, such as the manufacturing and launching of spacecraft. The company also ensures that the amount of radiation emitted from earth stations respects or remains below the maximum levels defined by the countries of operation. SES's compliance with this is checked through yearly audits that are conducted both by internal and by third-party accredited organisations that specialise in the field of industrial safety.

Since 2008, SES has officially reported the CO_2 emissions of its operations through participation in the Carbon Disclosure Project (CDP), which collects the data of all SES's business activities and locations.

The data collection for CDP covers three scopes:

Scope 1: Direct Combustibles (gas and fuels consumption, refrigerant leakage, car fleet)
Scope 2: Indirect Energy consumption (purchased electricity or heat)
Scope 3: Other Emissions (business travel, commuting, waste, water consumption)

In 2016, the company's activities related to operating and commercialising the SES's satellite fleet, as well as general administration, finance and marketing, generated approximately 40,856 tons of CO_2 emissions worldwide, a decrease of 3 % compared to 2015. Scope 1 emissions were approximately 5.9 %, reduced by 3,037 tons. Scope 3, business travel including staff commuting, increased by 1,251 tons to 33.6 % overall. This increase was due to the growth of the company in number of employees and sites.

The methodology used follows as closely as possible the guidelines outlined in the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and Defra (UK) Guidance on How to Measure and Report your Greenhouse Gas Emissions (September 2009) and the 2016 guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting and the International Energy Agency's 2016 edition of CO_2 emissions from fuel combustion and World energy balances database.

Emissions from Scope 2, electricity consumption, represented the largest component of SES's total emissions (approximately 60.5%). Scope 2 location-based emissions factors were chosen in line with the GHG Protocol recommendations. For low occupancy sites, assumptions were made based on average electricity, gas and travel data at the main offices sites. A data collection questionnaire was circulated to all 33 main SES global sites in order to collect activity data. 59 low occupancy and unmanned SES sites ('co-locations') were included in the data collection exercise. In order to calculate GHG emissions, when electrical power consumption was not precisely measured, it was estimated.

SES is particularly focused on carbon reduction initiatives in connection with new building constructions and infrastructure upgrades as the largest share of the emissions was generated from Scope 1 and Scope 2 sources. In fact, at SES, the billions of items of data exchanged by satellite through teleports are analysed in computer servers located on the Betzdorf site in Luxembourg. These servers emit a lot of heat and need to be constantly cooled. Until recently, this need was covered by a Combined Heat and Power (CHP) unit, which reduces the emissions load of the general grid. These are special machines that can transform the waste heat of the cogeneration plants of the site into over 2 MW of refrigeration.

Since January 2010, SES's headquarters in Betzdorf, Luxembourg, have been using electricity sourced from hydropower, which can be considered CO_2-free. The use of renewable energy has had a significant reduction of the company's carbon emissions (an estimated 6,000 tonnes). However, due to the carbon accounting rules, these emissions gains are not reflected in the official company's carbon disclosure figures. The same technology was applied to its operations in Sweden.

In the context of the legal framework in Europe with the goal to save energy, SES started to analyse the energy efficiency of the main facilities in accordance with EN 16247. This audit was first performed at the SES's state-of-the-art site in Munich, Germany, and in 2016 at the headquarter site in Betzdorf, Luxembourg with the goal to identify energy saving potential for further optimisation.

Through these and other initiatives, SES has thus implemented a substantial and ongoing carbon reduction plan in its sites across the world.

EDUCATION

SES's education initiatives entail collaborations and partnerships across the world. SES partners with universities to foster technological innovation, contribute to the development of mission critical technical capabilities, advance satellite-based business solutions, develop engineering talent, and support PhD research.

SES also recognises that it must inspire the new generation towards Science, Technology, Engineering and Mathematics (STEM) and so it invests in considerable resources to get involved in local and global activities in this field.

SES academic partners include:

- Luxembourg Institute of Science and Technology (LIST)
- The Center for Security, Reliability and Trust (SnT) at the University of Luxembourg
- Massachusetts Institute of Technology, US
- The Faculty of Law, University of Luxembourg
- The Lycée Technique d'Esch, Esch-sur-Alzette, Luxembourg
- The International Space University, Strasbourg, France
- The University Politechnica, Bucharest, Romania
- The Stevens Institute of Technology, New Jersey, US
- Princeton University, New Jersey, US
- The African School of Economics (ASE), Abomey-Calavi, Benin

DIVERSITY & INCLUSION

SES seeks to bring the best to its customers, wherever they are and whatever their needs and challenges. To do this, SES is committed to bringing together an SES team of diverse individuals with different life experiences, different backgrounds, and from different geographies and cultures. This approach is paramount to serving its customers today and helping it decipher the world's communication needs of tomorrow.

By actively nurturing an inclusive company culture, and appreciating why it's so important to create a fair and supportive work environment for its people, SES seeks to continue attracting and retaining the very best talent.

SES also acknowledges that there is much work still to be done, as indeed there is in the technology sector as a whole. As an industry leader, SES is fully committed to increasing the number of colleagues from underrepresented groups and to creating a more diverse SES for the future.

SES has begun by analysing and addressing drivers for female inclusion, which is an approach that is also be used to maximise the commitment of all diverse groups in its workforce.

Currently SES's workforce consists of 23% women, a figure that has been stable over the last four years but that it expects to grow as part of its diversity strategy. Also, whilst currently 9% of its executives are female, more than 40% of its employees below 30 years are female, representing more than one third of the executive succession plan and 25% of the participants in SES's High Potential Program.

SES's goal is to continue to increase number of women in areas where they are underrepresented and SES has committed to increase the number of female executives by 2020. In order to achieve this goal it will need to introduce systematic and supportive practices in building a female talent pipeline that will sustain long-term gender inclusion.

As of 31 December 2017, the SES group employed 2,033 individuals worldwide. This breaks down to 533 in its Luxembourg headquarters, 554 in the rest of Europe, 555 in the US, and 388 in the rest of the world. SES is a truly international company represented by 68 different nationalities. The leadership team consists of 26 different nationalities at the executive level, with employees from 24 different nationalities in its high potential programme. The top five nationalities by number of employees are the US (546 employees), Germany (319), Israel (230), the UK (179) and France (113).

GIVING BACK

SES's entire team focuses on charitable work, including charitable activities that benefit from its donation-matching programme, SES social clubs, and charity projects endorsed by its HR Learning and Development team.

SES makes annual contributions to charities, one-off contributions to disaster-stricken areas in the context of the 'SES Gives Back!' programme, and a site-based charity run. These activities engage and motivate the colleagues, who then inspire each other to give back to the community where they work.

In 2017, SES matched employee donations to charitable organisations including - the Red Cross, the Red Crescent, Oxfam, Unicef, Médecins San Frontières/Doctors Without Borders, and Télécoms Sans Frontières.

In addition, SES is proud to see its employees take on independent initiatives to give back to society. In 2017, SES employees' independent initiatives took a more formal shape with a '1 charity per month' programme. This provides a platform where employees can join forces in support of particular charities and disaster relief activities.

RESPONSIBILITY STATEMENT

The Board of Directors and the Executive Committee of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time and ensuring that an appropriate system of internal controls is in place to ensure the group's business operations are carried out efficiently and transparently.

In accordance with article 3 of the law of 11 January 2008, as subsequently amended, on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the annual statutory accounts as of and for the year ended 31 December 2017, prepared in accordance with Luxembourg legal and regulatory requirements, and the consolidated financial statements as of end for the year ended 31 December 2017, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the year of SES taken individually, and of SES and its consolidated subsidiaries taken as a whole, respectively. In addition, the management report includes a fair review of the development and performance of the business and the position of SES taken individually, and of SES and its consolidated subsidiaries taken as a whole, together with a description of the principal risks and uncertainties that they face.

22 February 2018

Romain Bausch - Chairman of the Board of Directors
Karim Michel Sabbagh - President and CEO

Attachment 1

Main SES Shareholders
as of 2nd March 2018

A-shares

Sofina Group
Nouvelle Santander Telecommunications S.A.
Luxempart Invest S.à r.l.

B-shares

Etat du Grand-Duché de Luxembourg
Banque et Caisse d'Epargne de l'Etat
Société Nationale de Crédit et d'Investissement

Attachment 2

Composition of the Board of Directors as of 31 December 2017

Chairman

Mr Romain Bausch

Vice-Chairmen

Mr François Tesch
Mr Jean-Paul Zens

Members

Mr Serge Allegrezza
Mr Marc Beuls
Mr Marcus Bicknell
Mr Victor Casier
Mr Hadelin de Liedekerke Beaufort
Mrs Tsega Gebreyes
Mr Conny Kullman
Mr Ramu Potarazu
Mr Kaj-Erik Relander
Mrs Anne-Catherine Ries
Mr Jean-Paul Senninger
Mr Marc Speeckaert
Mrs Françoise Thoma
Mrs Kathrin Wehr-Seiter

Observers

Mr Pierre Goerens, Commissioner of the Government at SES ASTRA
Mrs Maria Kugel, SES ASTRA Employee Representative

Secretary to the Board of Directors

Mr Pierre Margue, VP Legal Services Corporate and Finance

Composition of the Committees set up by the Board
as of 31 December 2017

Chairman's Office

Mr Romain Bausch, Chairman
Mr François Tesch
Mr Jean-Paul Zens

Audit and Risk Committee

Mr Marc Beuls, Chairman
Mr Serge Allegrezza
Mr Victor Casier
Mr Kaj-Erik Relander
Mrs Françoise Thoma
Mrs Katrin Wehr-Seiter

Nomination Committee

Mr Jean-Paul Zens, Chairman
Mr Romain Bausch
Mrs Tsega Gebreyes
Mr Conny Kullman
Mrs Anne-Catherine Ries
Mr François Tesch

Remuneration Committee

Mr Conny Kullman, Chairman
Mr Romain Bausch
Mr Hadelin de Liedekerke Beaufort
Mrs Tsega Gebreyes
Mrs Françoise Thoma
Mr Jean-Paul Zens

Assemblée Générale Ordinaire

4 Présentation des principaux développements de la Société pendant l’année 2017 et perspectives

Une présentation sur les principaux développements de la société pendant l’année 2017 et les perspectives sera donnée en cours de séance.

Annual General Meeting

4 Presentation of the main developments during 2017 and of the outlook

A presentation of the main developments during 2017 and of the outlook will be given during the meeting.

4. Présentation des principaux développements de la Société pendant l'année 2017 et perspectives

Presentation of the main developments during 2017 and of the outlook

Karim Michel Sabbagh,
President and CEO

Key Highlights - 2017 an Important Year of Transformation

- Establishing two new market-focused businesses (SES Video and SES Networks) in 2017
- Integrating 2016 acquisitions (O3b and RR Media) and building differentiated capabilities
- 2017 financial performance did not meet original targets, partly affected by satellite health
- Five new satellites successfully launched since 1 January 2017, underpinning future growth
- Adapting business and financial model to support long-term profitability, including new guidance and rebased dividend

Transforming the Business to Support Strategy and Growth

- Undergoing holistic transformation to enhance strategy execution and SES's commercial value proposition

1. Scale and globalise SES's core activities	2. Build differentiated capabilities in Video, Fixed Data, Mobility and Government	3. Develop a future-proof business and technology model through innovation

	Drivers	SES actions (since 2014)	Outcome (from 2018)
Video	▲ Developed markets maturing ▲ Competition from IP distribution ▲ Multiple viewing models ▲ Increasing value of sports content ▲ Demand for added services	▲ Market solutions centres (2015); SES Video (2017) ▲ SES-9 and SES-10 (2016-17) for International markets ▲ MX1 (2016) for global video services ▲ Expansion of HD and UHD in developed markets ▲ Building hybrid solutions (e.g. SAT>IP and HD+)	▲ Resilient revenue stream ▲ High margin and cash flows ▲ CapEx efficiency potential ▲ Improving ROIC
Networks	▲ Explosion of data usage/applications ▲ Connectivity anytime, anywhere ▲ Requirement for higher throughput ▲ Demand for lower cost per bit ▲ From MHz to managed services	▲ Market solutions centres (2015); SES Networks (2017) ▲ SES-12, SES-14 and SES-15 (2017-2018) for IFC/IFE ▲ SES-16/GovSat-1 (2018) for global government ▲ Consolidation of O3b (2016) and O3b mPOWER (2021) ▲ SES-17 (2021) for IFC/IFE	▲ Strong revenue growth ▲ Lower EBITDA margin ▲ Flexible, scalable technology ▲ Improving ROIC

Aligning Operating Model to Target Markets; and Fit-for-Growth Launched

SES

- Building two market-centric business units with differentiated capabilities to meet clients' evolving demands

SES Video

- Prime video neighbourhoods with access to vast global audience
- Complementing Video Distribution with global Video Services
- Accelerating adoption of higher quality formats (HD and UHD)
- Delivering quality linear/OTT viewing to any device, anywhere

SES Networks

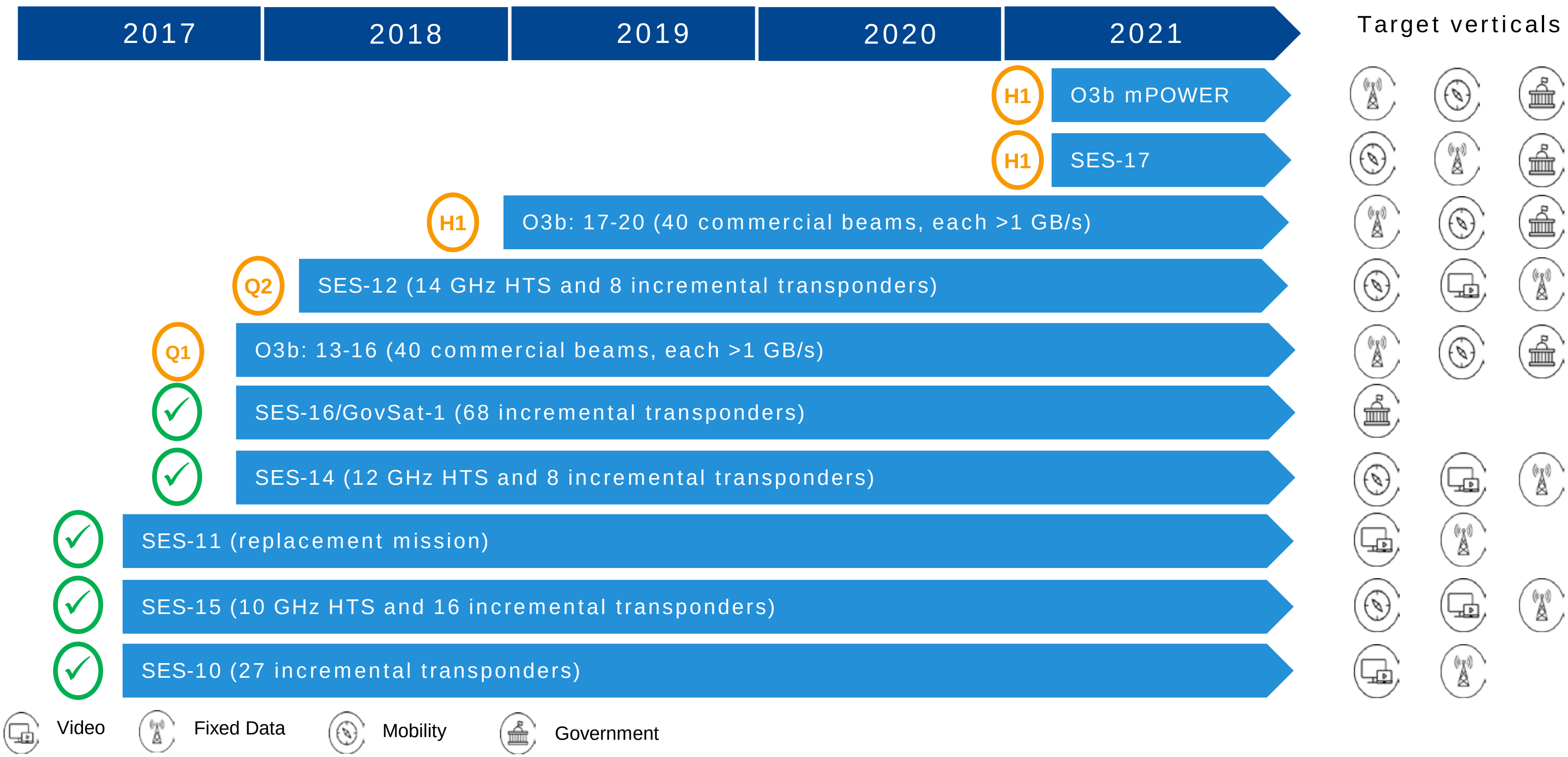
- Only multi-orbit, multi-frequency satellite-based services provider
- Focusing on customers in Fixed Data, Mobility and Government
- Expanding satellite's role in growing data-centric applications
- Developing optimised networking products/solutions

Company-wide

- Continuous attention to cost control, profitability and capital efficiency
- Launching Fit-for-Growth programme (zero-based approach to assigning resources, optimising costs to drive revenue and EBITDA)
- Driving innovation in space and ecosystems, with global partners, to enhance SES's value proposition and efficiency

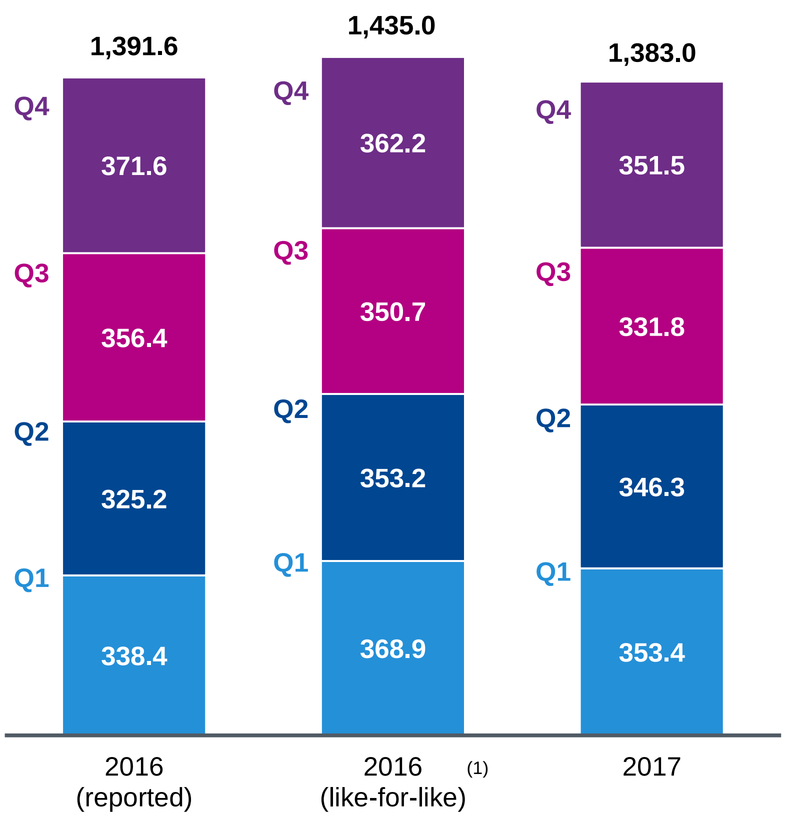
Launching Differentiated Capabilities to Support Future Growth

- Investing in growth capabilities specifically designed for their target markets, with important customer commitments
- Five satellites successfully launched since 1 January 2017, further launches planned in 2018, 2019 and 2021



SES Video - Key Highlights

SES Video revenue
EUR million



- FY 2017 revenue -3.6%(1) to EUR 1,383.0 million
  - Q4 2017 revenue of EUR 351.5 million (-3.0%(1) YOY)
  - FY and Q4 underlying development impacted by changes in satellite health and non-renewal of legacy MX1 services
- Total TV channels +2% (YOY) to 7,709 TV channels
  - Including +4% (YOY) expansion of HDTV channels across Europe, North America and International
  - Total TV channels (including HDTV) +8% (YOY) across the International markets
- Contract backlog of EUR 5.3 billion, with more than 85% of 2018 expected revenue already committed

1) *At constant FX and assuming RR Media had been consolidated on 1 January 2016*

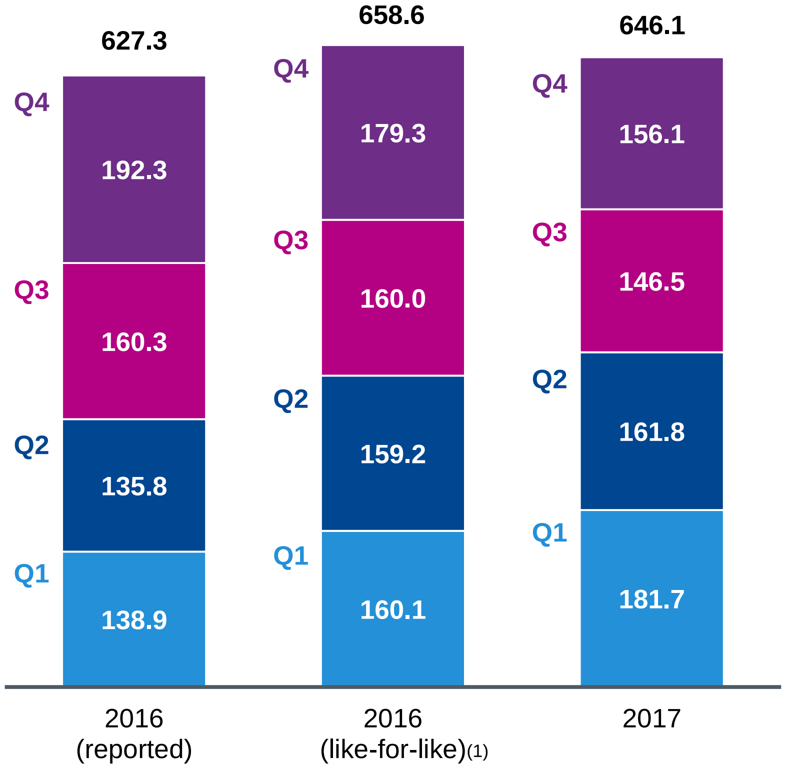
Commercial Activity Underpins Resilience of SES Video's Value Proposition

- Delivering distribution and video services, supporting content anytime, and on any screen

Sky	▲ Important long-term renewal of seven transponders to serve German audiences
Globecast	▲ Extending partnership in U.S. for cable clients and Romania to support Orange
Viasat	▲ Multi-year agreement to broadcast 40 pay-TV channels in Ukraine
QVC	▲ Ten-year agreement for additional capacity to launch new UHD channel in Germany
Vubiquity	▲ MX1 global, multi-year content aggregation and distribution over satellite and IPTV

Key Highlights - SES Networks

SES Networks revenue
EUR million



- Full year 2017 revenue -1.9%[1] (YOY)
  - Growing revenue from managed end-to-end services
  - Negatively impacted by AMC-9 loss and transitioning from legacy wholesale fixed data networks
- Q4 2017 down 12.9%[1] (YOY), reflecting transponder sale to Global Eagle in Q4 2016
  - Underlying -0.9%[1] (YOY) including impact of satellite health
  - Annualised value of new business/renewals in Q4 2017 at around two times the level of Q2 2017
- Building positive momentum with SES-15 now in service and SES-16/GovSat-1
  - SES-14, SES-12 and next four O3b satellites during 2018
- Contract backlog of EUR 2.3 billion, with over 75% of 2018 expected revenue already committed

1) *At constant FX and assuming O3b had been consolidated on 1 January 2016*

Building Momentum and Delivering on SES Networks Strategy

FIXED DATA	MOBILITY	GOVERNMENT
Multi-year, multi-gigabit core connectivity IP transit and EPL services for Cuba	Major increase in commitment to SES-15 Premier Americas satellite for Aero ASPs	US DoD now committed to > 5Gbps managed MEO capability across 18 sites
Enabling Digi to extend its cellular network to the far reaches of Malaysia	Reinforcing No.1 position in cruise via partnership with Carnival on MedallionNet™	Revolutionizing Pan African Peace-Keeping operations across 10 locations

Well Placed to Serve Our Customers

Global and scalable business

- Fleet covers 99% of the world with 99.99% reliability
- Only multi-orbit, multi-frequency satellite-enabled services provider
- Extensive global terrestrial network and partnerships

Differentiated capabilities in Video, Fixed Data, Mobility and Government

- Prime video neighbourhoods with access to 325 million households
- Unique GEO-MEO network providing high-throughput, low latency connectivity
- Value-added end-to-end solutions for video and networks clients

Future-proof business and technology model

- Five satellites launched since January 2017, with SES-12 launch in Q2 2018
- Expanding O3b fleet in 2018/2019, which is now reaching peak capacity in some regions
- Launching O3b mPOWER and SES-17 in 2021, expanding addressable market

Strategy and Organisation Now in Place to Support Execution

✓ Strategy in place

✓ Transformation to new Operating model

2018+ Priority now is Execution

SES's Financial Model

- ▲ SES Video highly profitable and resilient
- ▲ Revenue growth driven by SES Networks
  - Lower EBITDA margin driven by delivery of end-to-end solutions and additional headcount
  - EBITDA margin improving with scale, operational leverage and fixed-cost efficiencies
- ▲ Increasing capital efficiency/productivity
  - Supporting improved EBIT and ROIC
- ▲ Strengthening balance sheet to support growth commitments

Outlook - Completing Transformation and Executing Business Plan

	2017 as reported	2017	2018	2020
Average EUR/USD FX rate	*1.1249*	*1.15*	*1.15*	*1.15*
SES Video	EUR 1,383 million	EUR 1,373.7 million	EUR 1,300 - 1,320 million	Over EUR 1,350 million
SES Networks	EUR 646 million	EUR 632.0 million	EUR 660 - 690 million	Over EUR 875 million
Group EBITDA margin	65.1%	65.1%	64.0% to 64.5%	Over 65.0%

- New business driving SES Networks' return to growth in 2018 and revenue acceleration into 2020
- EBITDA margin initially lower before recovering into 2020
- Financial outlook assumes EUR/USD exchange rate of 1.15; nominal launch schedule and satellite health status; and includes the impact of IFRS accounting changes

Assemblée Générale Ordinaire

5 Présentation des résultats financiers pour l'exercice 2017

Une présentation sur les résultats financiers pour l'exercice 2017 sera donnée en cours de séance.

Annual General Meeting

5 Presentation of the 2017 financial results

A presentation on the 2017 financial results will be given during the meeting.

5. Présentation des résultats financiers pour l’exercice 2017

Presentation of the 2017 financial results

Padraig McCarthy,
Chief Financial Officer

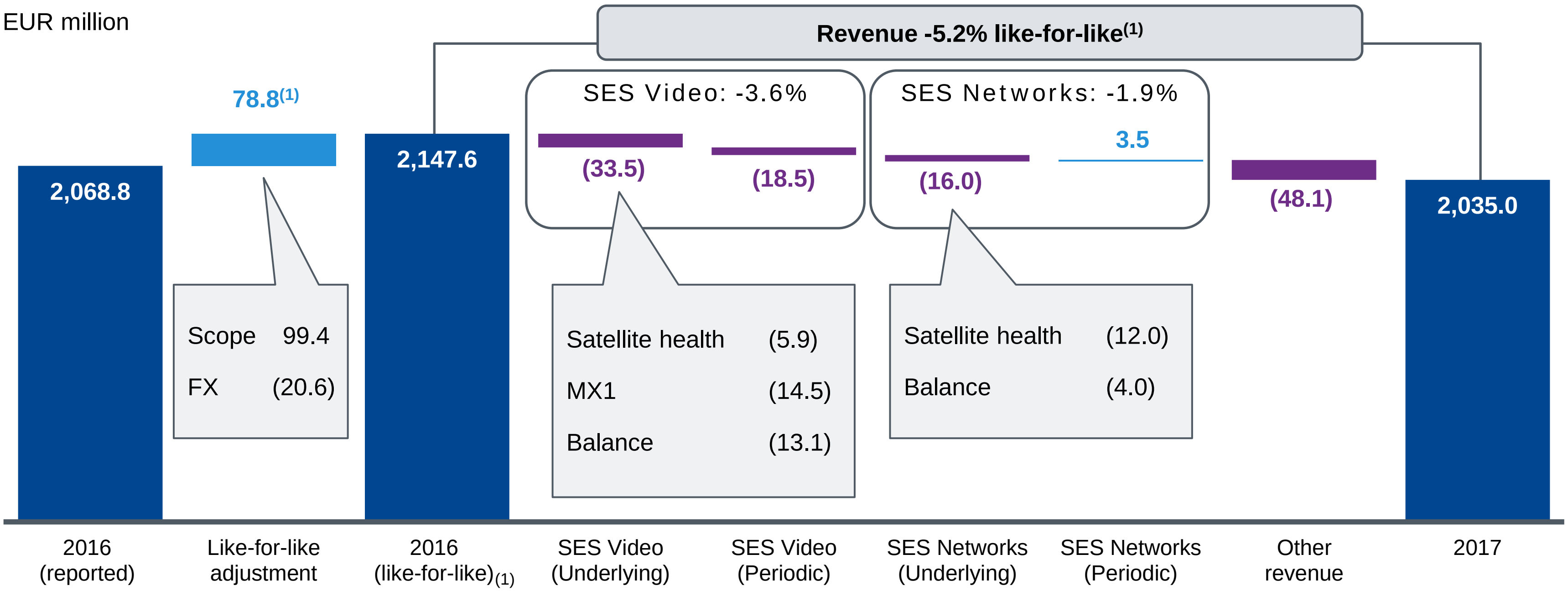
Financial Highlights

EUR million	2017	2016	Change (YOY) Reported	Change (YOY) Like-for-like[1]
Revenue	2,035.0	2,068.8	-1.6%	-5.2%
EBITDA - *EBITDA margin (like-for-like)*[1]	1,324.2 *65.1%*	1,451.5 *66.7%*	-8.8%	-7.6%
Operating profit - *Operating profit margin (like-for-like)*[1]	610.6 *30.0%*[2]	820.3 *33.2%*	-25.6%	-14.4%
Net profit attributable to SES shareholders	596.1	962.7	-38.1%	n/a
Net cash generated by operating activities	1,251.2	1,274.1	-1.8%	n/a
Free cash flow before financing and acquisitions	760.8	654.6	+16.2%	n/a
Net debt/EBITDA[3]	3.27 times	3.09 times		
Contract backlog	EUR 7.5 billion	EUR 8.1 billion		

1) *At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016*
2) *Included one-off impairment charge of EUR 38.4 million against AMC-9 in Q2 2017. Excluding this item 2017 operating profit margin was 31.9%*
3) *Based on rating agency methodology (hybrid bonds treated as 50% debt and 50% equity)*

Revenue Down 1.6% as Reported (-5.2% like-for-like)

Revenue walk
EUR million



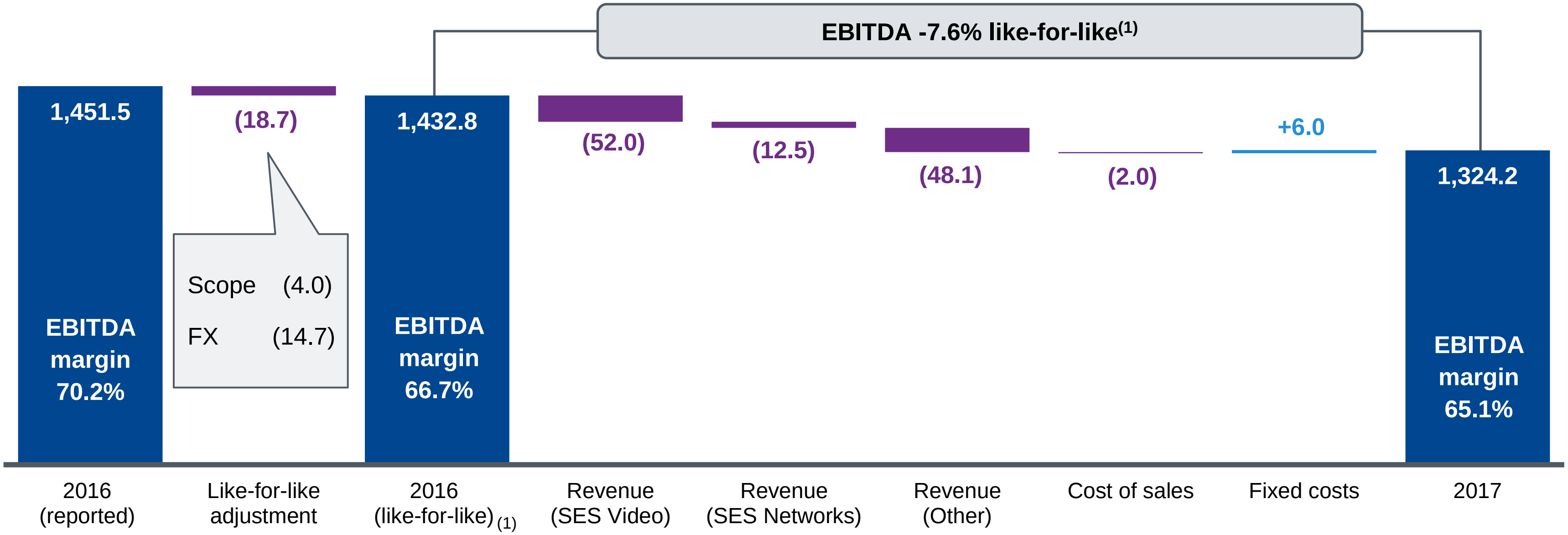
- Other revenue of EUR 5.9 million in 2017 (2016: EUR 54.0 million), in line with expected normalised run-rate
- Underlying revenue represents core business of capacity sales, as well as associated services and equipment
- O3b performance on target and underpinning execution of SES Networks strategy
- IFRS 15 implementation expected to reduce HD+ revenue by EUR 15-20 million in 2018; no cash impact on the business

1) *At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016*

EBITDA of EUR 1,324.2 million (2016: EUR 1,451.5 million)

EBITDA walk

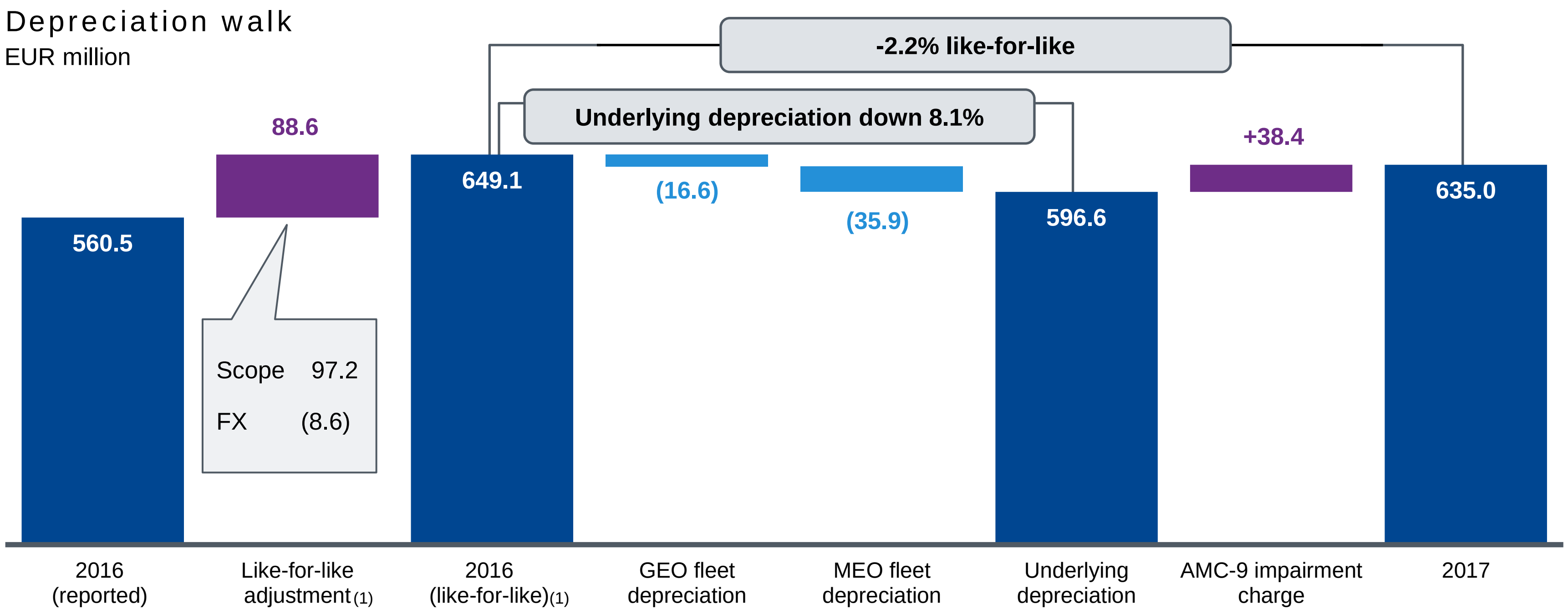
EUR million



- Operating expenses reduced (like-for-like) as lower fixed costs more than offset increase in variable cost of sales
- Launching Fit-For-Growth programme to optimise cost efficiency and support future business growth, EUR 10-12 million restructuring provision expected in Q1 2018 to fund planned measures
- Implementation of IFRS 16 from 2018 will reduce OpEx with small increase in annual depreciation

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016

Like-for-like Depreciation down 2.2% (+13.3% as reported)

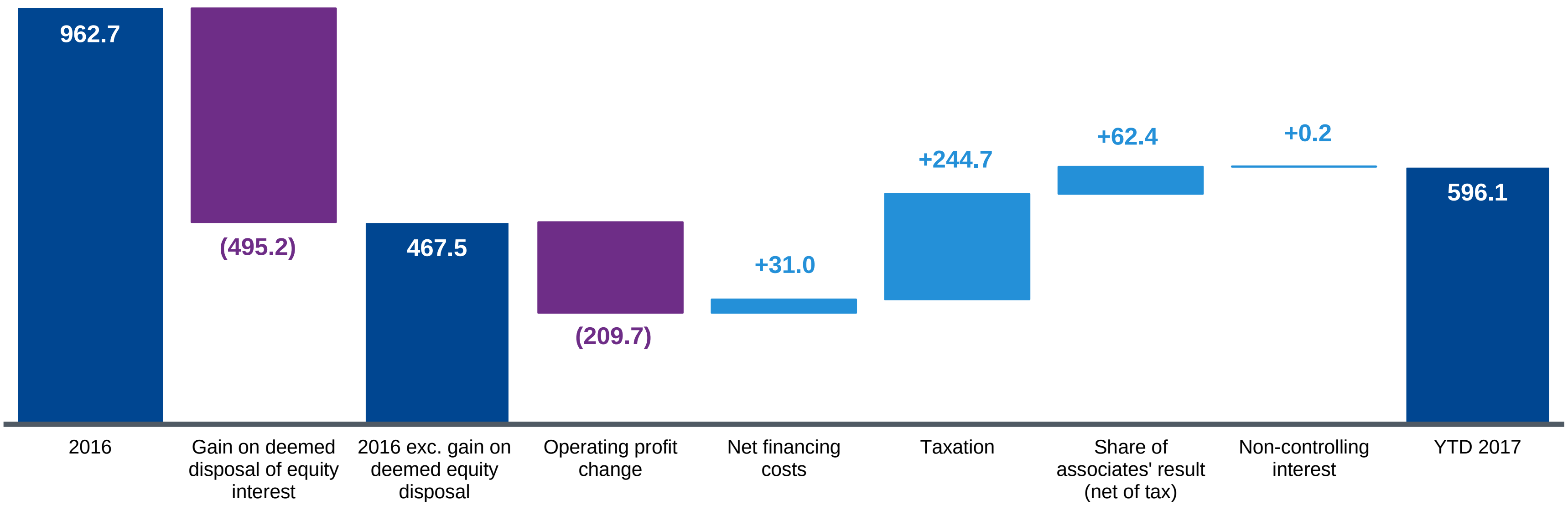


- Amortisation expense of EUR 78.6 million (2016: EUR 70.7 million as reported and EUR 70.3 million like-for-like[1])
- Reported operating profit EUR 610.6 million (2016[2]: EUR 820.3 million as reported and EUR 713.5 million like-for-like[1])
- Operating profit margin at 30.0% including AMC-9 impairment charge in Q2 2017 (2016 like-for-like[1,2]: 33.2%)

1) At constant FX and assuming RR Media and O3b had been consolidated on 1 January 2016
2) Operating profit before gain on deemed disposal of equity interest (EUR 495.2 million) in 2016

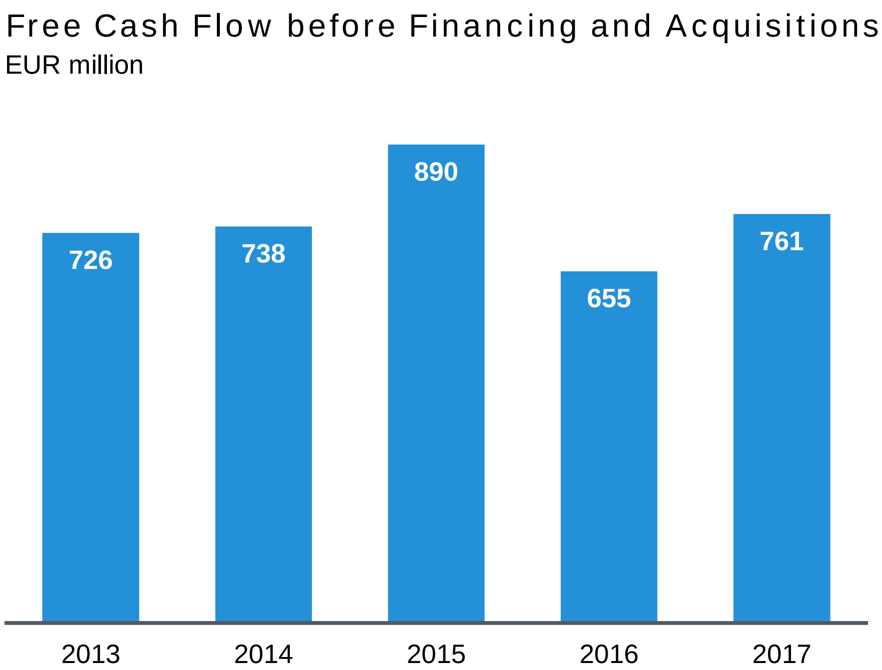
Net Profit of EUR 596.1 million (2016: EUR 962.7 million)

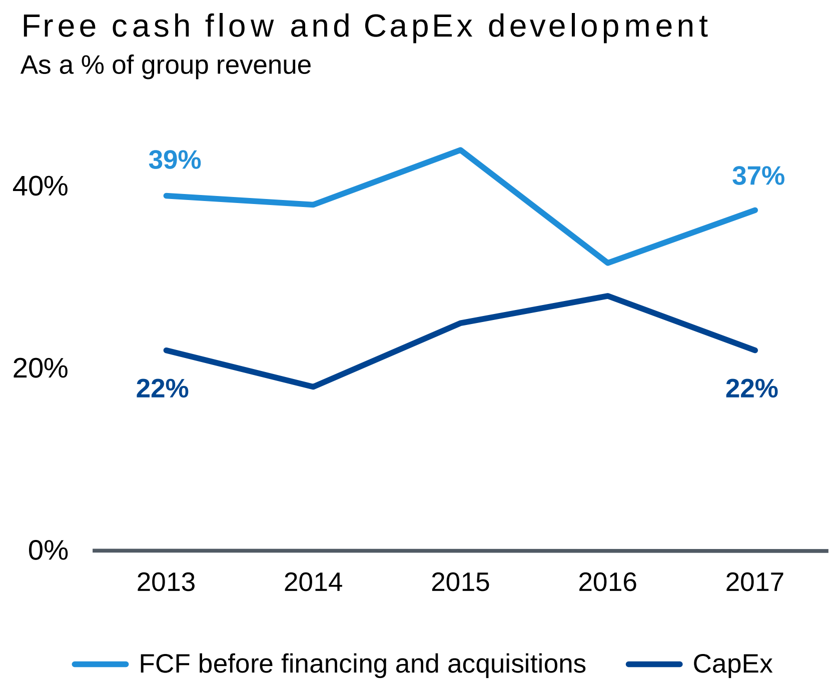
Net Profit Attributable to SES Shareholders
EUR million



- Net financing 17.7% lower due to lower same scope net interest, higher capitalised interest and synergies from O3b refinancing in H2 2016
- Positive impact of U.S. tax reforms led to one-off accounting gain of EUR 94.4 million in Q4 2017, in addition to other positive contributions
- Share of associates' result nil for 2017 following O3b consolidation which resulted in EUR 495.2 million gain in Q3 2016

Free Cash Flow Before Financing and Acquisitions Up 16.2%



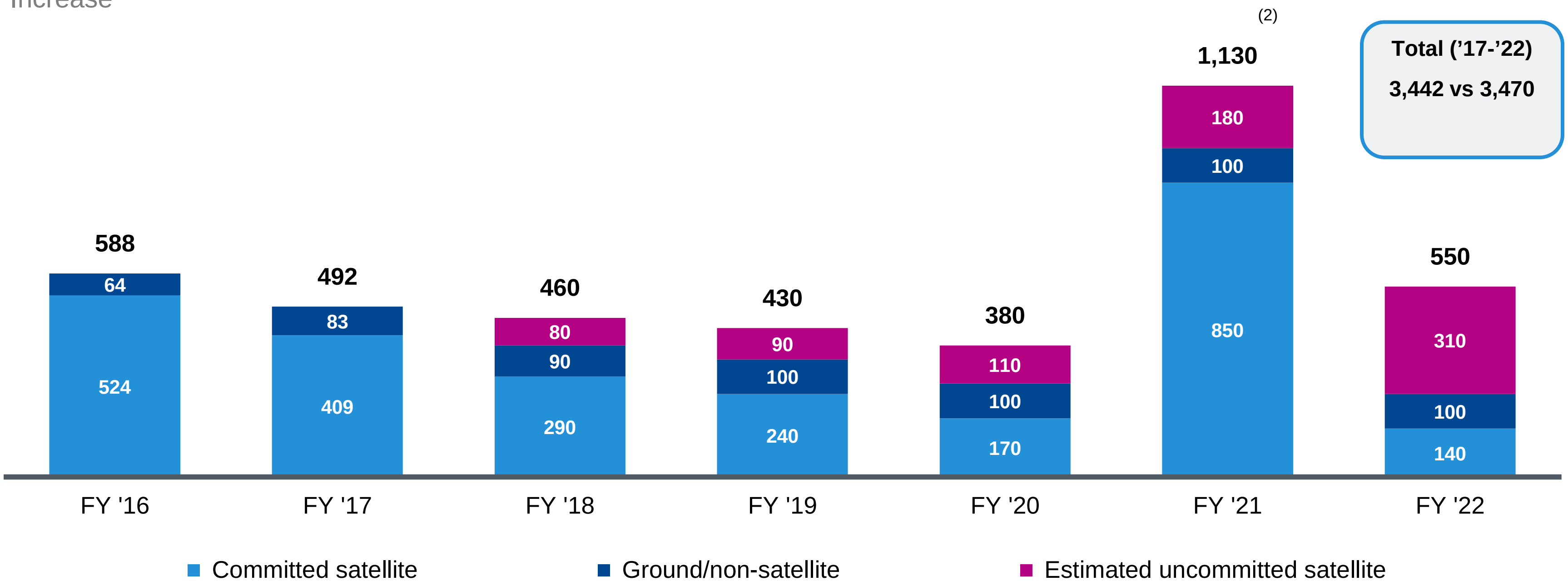


- Net cash flow generated by operating activities (NOCF) of EUR 1,251.2 million (2016: EUR 1,274.1 million)
- 2017 cash conversion (ratio of NOCF to group EBITDA) of 94.5% (2016: 87.8%)
- FCF includes lower net cash absorbed by investing activities of EUR 490.4 million (2016: EUR 619.5 million)

Investing in Future Growth Capabilities

GEO-MEO Capital Expenditure (growth and replacement)[(1)]
EUR million

FY ’17 (27 Oct ‘17)	630	430	430	430	980	570
(Reduction) / Increase	(138)	+30	-	(50)	+150	(20)

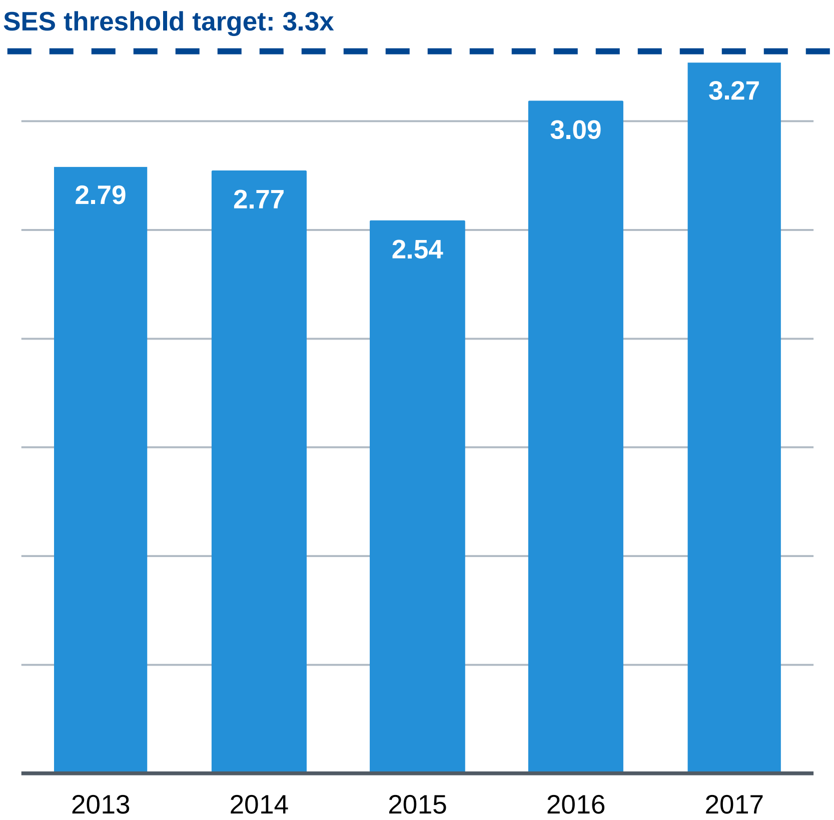


1) Cash CapEx including payload, launcher, capitalised interest and excluding financial or intangible investments (based on EUR/USD FX rate of 1.15 as of FY ’18). CapEx includes capitalised interest as follows: 2017: EUR 47 million, 2018: EUR 35 million, 2019: EUR 15 million, 2020: EUR 20 million, 2021: EUR 50 million and 2022: EUR 25 million
2) Includes O3b mPOWER, for which SES has the right to acquire the satellites directly at the end of the construction period (shown above as base case assumption), or enter into a leasing agreement that would result in a deferred payment plan, or to direct the sale of these assets to a third party

Focusing on Strengthening the Balance Sheet

Net debt to EBITDA

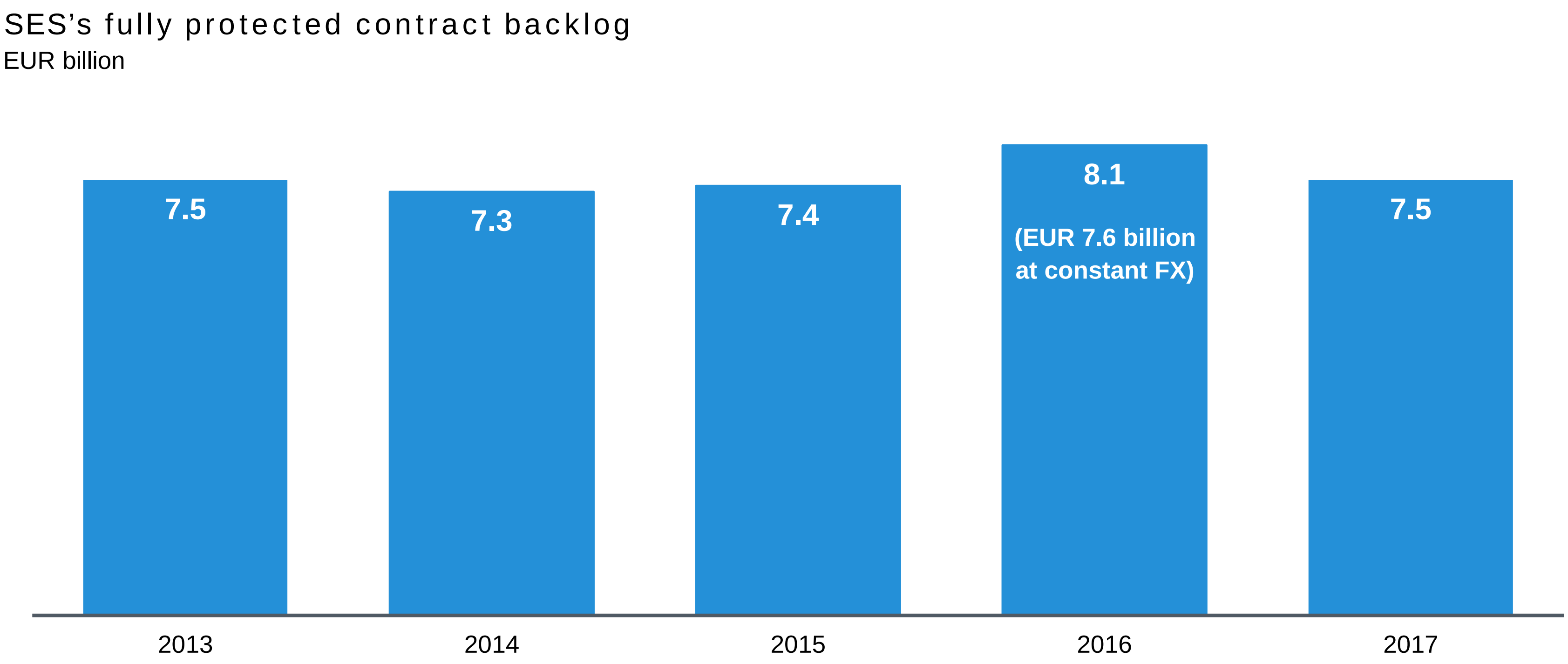
Times (including 50% of hybrid bonds)



- Net debt reduced by 4.2% to EUR 3,678.3 million
  - Weighted average interest rate(1) 3.66% (2016: 3.87%)
  - Weighted average debt maturity 7.0 years (2016: 7.8 years)
- Additional EUR 1.3 billion of hybrid bonds at average coupon of 5.05%
  - SES Net debt to EBITDA calculation adopts rating agency approach which treats the hybrid bonds as 50% debt and 50% equity
- BBB/Baa2 rating (stable outlook) re-affirmed
- SES intends to strengthen balance sheet
  - Whilst supporting growth opportunities

1) Excluding loan origination costs, commitment fees and hybrid bonds

Substantial Contract Backlog Underpinning Future Revenue



- Contract backlog close to historic high at constant FX reflecting robust and stable contracts
- Over 80% of 2018 expected revenue already contractually committed

SES
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Château de Betzdorf
L-6815 Betzdorf

RCS Luxembourg B 81267

Consolidated financial statements as at and for the year ended 31 December 2017 and Independent auditor’s report

Contents

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Audit Report

To the Shareholders of
SES S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SES S.A. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Our opinion is consistent with our additional report to the Audit & Risk Committee.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014 (the "Regulation"), the Law of 23 July 2016 on the audit profession (the "Law") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Regulation, Law and ISAs are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation.

The non-audit services that we have provided to the Group, in the period from 1 January 2017 to 31 December 2017, are disclosed in the note 6 to the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition	
The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates in the determination of the appropriate accounting treatment (lease vs. service arrangements, operating lease vs. finance lease where SES is the lessor, barter transactions, principle versus agent considerations, service agreements vs. construction contracts, etc.). We focused on this area due to the inherent complexity and judgement in applying the revenue recognition accounting standards and due to the significant focus on the revenue amount (2,035.0 million EUR) of the users of the consolidated financial statements (see note 2 for revenue recognition accounting policy).	We obtained an understanding of the main revenue streams, including identification of potential new revenue streams following the acquisition of the new businesses and evaluated the accounting policy for revenue recognition thereof; We tested the design and implementation of relevant internal controls; We held upfront discussions with Management on IFRS accounting analysis of any non-standard revenue contracts, performed testing of significant new revenue contracts and verified that the underlying revenue transactions were accounted in accordance with the substance of the commercial agreement and the relevant IFRS standards; We performed substantive analytical procedures at year-end on revenue and revenue related accounting in order to identify any unusual variances; We tested certain unusual and/or significant manual journal entries made to the revenue accounts, both at local and group level; We evaluated the deferred revenue schedules and their reconciliation with the accounting;

Key audit matter	How our audit addressed the Key audit matter
	We performed substantive testing of a sample of revenue transactions; We considered the disclosures in the consolidated financial statements and assessed their appropriateness.
Impairment of goodwill and orbital rights The Group has goodwill of 2,243.9 million EUR and orbital rights with indefinite useful lives of 1,972.1 million EUR (see note 15). Management performed the annual impairment test that is based on the value in use calculation. We focused on this area due to the high level of judgement in relation with the assumptions used in the calculation of the recoverable amount (forecasted cash flows, growth rate, discount rate, etc.).	We tested the design and implementation of relevant internal controls; We evaluated Management's determination of the cash generating units as well as the impairment test method and model used for the determination of the value in use in accordance with the requirements of IAS 36; We agreed the forecasted cash flows used for the calculation of the value in use to the 2018 Business Plan as approved by the Board of Directors. We considered our expectations in terms of significant developments during the forecast period (capital expenditure programs, replacement of satellites, significant new contracts, market evolution) and evaluated whether these were appropriately reflected in the cash flows forecasts; We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market data and verified the long-term growth rate to market data; We performed sensitivity analysis of the models to changes in the key assumptions; We considered the appropriateness of the disclosures in note 15 to the consolidated financial statements and assessed their appropriateness.
Impairment of satellites The Group has space segment assets balance, representing primarily satellites, of 4,206.3 million EUR (see note 13).	We tested the design and implementation of relevant internal controls;

Key audit matter	How our audit addressed the Key audit matter
The valuation of the satellites might be impacted by events that may or may not be under Management's control (e.g., solar array issues) or by decrease in revenue due to unfavorable market developments. Moreover, there is a risk of impairment of the satellites due to obsolescence in the context of rapid evolution of technology (mainly in relation with the Medium Earth Orbit (MEO) satellites).	We met with Management and in particular, their engineering team to discuss any satellite health issues and evaluate the estimation of their impact on the satellites capability to generate future cash inflows, and implicitly on the recoverable amount of the satellites; We evaluated the impairment test performed by Management, involving specialists as appropriate, and tested the significant business and valuation assumptions which impact the impairment test and focused on the estimated future revenue and costs assumptions based on the existing backlog of signed contracts and occasional use future revenue assumptions; We performed sensitivity analysis of the models to changes in the key assumptions; We considered the disclosures in note 13 to the consolidated financial statements and assessed their appropriateness.
Taxation	
The Group operates across a large number of jurisdictions and is subject to various tax legislations and periodic reviews by local tax authorities of a range of tax matters during the normal course of business, including transfer pricing. Moreover, the current tax structure of the Group evolves to consider the recent developments in international taxation. We focused on two specific tax matters relating to the provisions for tax risks, and the recognition and recoverability of the deferred tax assets, due to the high level of judgment in the determination of the current and deferred income tax balances and the determination of the level of the tax provisions (see notes 8 and 9).	We tested the design and implementation of controls in respect of tax accounting, including the determination of the provisions for tax risks; We used tax specialists in Luxembourg, the Netherlands and the USA, representing the main tax jurisdictions where the Group has exposure, to gain an understanding of the current tax risks at the level of the main jurisdictions and evaluate the current and deferred tax income and expense and related balances; We held discussions with the Group Tax Management to understand and evaluate positions taken on uncertain tax risks and assess Group tax provision; We discussed with Management the status of the open tax audits and evaluated their impact on the consolidated financial statements; We analysed the recognition and recoverability of the deferred tax assets and determined that it is supported by forecast future tax profits; We considered the disclosures in notes 8 and 9 to the consolidated financial statements and assessed their appropriateness.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated Management report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation, the Law and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Regulation, the Law and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The consolidated Management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated Management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, which is included in the Corporate Governance Statement, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 6 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

Other matter

The Corporate Governance Statement includes, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 February 2018

Gilles Vanderweyen

Consolidated income statement
For the year ended 31 December 2017

In millions of euros		**2017**	2016
Revenue	Note 4	**2,035.0**	2,068.8
Cost of sales	Note 5	**(273.9)**	(231.0)
Staff costs	Note 5	**(279.2)**	(233.1)
Other operating expenses	Note 5	**(157.7)**	(153.2)
Operating expenses	Note 5	**(710.8)**	(617.3)
EBITDA		**1,324.2**	1,451.5
Depreciation and impairment expense	Note 13	**(635.0)**	(560.5)
Amortisation expense	Note 15	**(78.6)**	(70.7)
Operating profit before gain on deemed disposal of equity interest	Note 4	**610.6**	820.3
Gain on deemed disposal of equity interest	Note 3	**-**	495.2
Operating profit		**610.6**	1,315.5
Finance income	Note 7	**1.1**	22.8
Finance cost	Note 7	**(144.4)**	(197.1)
Net financing costs		**(143.3)**	(174.3)
Profit before tax		**467.3**	1,141.2
Income tax benefit/ (expense)	Note 8	**130.6**	(114.1)
Profit after tax		**597.9**	1,027.1
Share of associates' result, net of tax	Note 3	**-**	(62.4)
Profit for the year		**597.9**	964.7
Attributable to:			
Owners of the parent		**596.1**	962.7
Non-controlling interests		**1.8**	2.0
		597.9	964.7
Basic earnings per share (in euro)			
Class A shares	Note 11	**1.21**	2.18
Class B shares	Note 11	**0.48**	0.87
Diluted earnings per share (in euro)			
Class A shares	Note 11	**1.21**	2.18
Class B shares	Note 11	**0.48**	0.87

The notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2017

In millions of euros		**2017**	2016
Profit for the year		**597.9**	964.7
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		**1.0**	(4.2)
Income tax effect		**(0.3)**	1.5
Remeasurements of post-employment benefit obligation, net of tax		**0.7**	(2.7)
Income tax relating to treasury shares impairment		**14.2**	13.9
Total items that will not be reclassified to profit or loss		**14.9**	11.2
Items that may be reclassified subsequently to profit or loss			
Impact of currency translation	Note 10	**(1,050.9)**	288.9
Income tax effect	Note 10	**60.3**	(9.1)
Total impact of currency translation, net of tax		**(990.6)**	279.8
Net investment hedge		**234.8**	(61.8)
Income tax effect		**(65.4)**	19.7
Total net investment hedge, net of tax		**169.4**	(42.1)
Net movements on cash flow hedges, net of tax		**(1.1)**	(1.3)
Total net movements on cash flow hedges, net of tax		**(1.1)**	(1.3)
Total items that may be reclassified subsequently to profit or loss		**(822.3)**	236.4
Total other comprehensive income for the year, net of tax		**(807.4)**	247.6
Total comprehensive income for the year, net of tax		**(209.5)**	1,212.3
Attributable to:			
Owners of the parent		**(200.8)**	1,207.3
Non-controlling interests		**(8.7)**	5.0
		(209.5)	1,212.3

The notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2017

In millions of euros		**2017**	2016
Non-current assets			
Property, plant and equipment	Note 13	**4,591.4**	5,156.3
Assets in the course of construction	Note 14	**1,480.2**	1,389.6
Total property, plant and equipment		**6,071.6**	6,545.9
Intangible assets	Note 15	**4,630.9**	5,247.7
Other financial assets		**5.0**	6.5
Trade and other receivables[1]	Note 2, 16	**317.8**	356.1
Deferred customer contract costs		**15.2**	29.3
Deferred tax assets	Note 9	**70.4**	70.5
Total non-current assets		**11,110.9**	12,256.0
Current assets			
Inventories		**30.1**	30.2
Trade and other receivables[1]	Note 2, 16	**648.2**	694.1
Deferred customer contract costs		**10.4**	-
Prepayments		**43.7**	49.8
Derivatives	Note 17	**2.6**	-
Income tax receivable	Note 8	**68.9**	28.3
Cash and cash equivalents	Note 19	**269.6**	587.5
Total current assets		**1,073.5**	1,389.9
Total assets		**12,184.4**	13,645.9
Equity			
Attributable to the owners of the parent	Note 20	**5,987.9**	6,806.5
Non-controlling interests	Note 21	**124.6**	138.6
Total equity		**6,112.5**	6,945.1
Non-current liabilities			
Borrowings	Note 23	**3,413.8**	4,223.1
Provisions	Note 24	**41.2**	44.7
Deferred income	Note 25	**477.3**	411.8
Deferred tax liabilities	Note 9	**438.5**	664.2
Other long-term liabilities	Note 27	**76.1**	53.7
Fixed assets suppliers	Note 28	**53.4**	15.4
Total non-current liabilities		**4,500.3**	5,412.9
Current liabilities			
Borrowings	Note 23	**534.1**	204.3
Provisions	Note 24	**12.7**	86.7
Deferred income	Note 25	**443.2**	510.5
Trade and other payables	Note 26	**385.6**	398.3
Fixed assets suppliers	Note 28	**126.6**	60.8
Derivatives	Note 17	**0.6**	1.0
Income tax liabilities	Note 8	**68.8**	26.3
Total current liabilities		**1,571.6**	1,287.9
Total liabilities		**6,071.9**	6,700.8
Total equity and liabilities		**12,184.4**	13,645.9

Certain comparative balances have been reclassified to conform to current year presentation.

[1] An amount of EUR 277.6 million as at 31 December 2016 representing non-current portion of unbilled accrued revenue has been reclassified from ‘trade and other receivables’ current to ‘trade and other receivables’ non-current (see Note 2).

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2017

In millions of euros		**2017**	2016
Profit before tax		**467.3**	1,141.2
Taxes paid during the year	Note 8	**(58.4)**	(90.2)
Interest expense on borrowings	Note 7	**111.0**	142.3
Loan repayment fees	Note 7	**-**	21.6
Depreciation, impairment and amortisation	Notes 13, 15	**713.6**	631.2
Amortisation of client upfront payments		**(70.8)**	(71.4)
Gain on deemed disposal of equity interest		**-**	(495.2)
Other non-cash items in the consolidated income statement		**34.3**	18.6
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		**1,197.0**	1,298.1
Changes in working capital, net of business combinations effect			
(Increase)/decrease in inventories		**(2.7)**	(7.8)
(Increase)/decrease in trade and other receivables		**(125.5)**	(179.1)
(Increase)/decrease in prepayments and deferred charges		**(13.0)**	(50.1)
Increase/(decrease) in trade and other payables		**66.7**	53.6
Increase/(decrease) in payments received on account		**(42.7)**	(23.2)
Increase/(decrease) in upfront payments and deferred income		**171.4**	182.6
Changes in working capital		**54.2**	(24.0)
Net cash generated by operating activities		**1,251.2**	1,274.1
Cash flow from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	Note 3	**-**	(725.5)
Payments for purchases of intangible assets	Note 15	**(35.1)**	(42.6)
Payments for purchases of tangible assets	Notes 13, 14, 30	**(446.1)**	(577.4)
Proceeds from disposals of tangible assets	Note 13	**1.1**	-
Investment in equity accounted investments	Note 3	**(8.7)**	(36.7)
Other investing activities		**(1.6)**	0.5
Net cash absorbed by investing activities		**(490.4)**	(1,381.7)
Cash flow from financing activities			
Proceeds from borrowings	Note 23	**34.5**	275.5
Repayment of borrowings[1]	Note 23	**(287.5)**	(1,582.4)
Proceeds from perpetual bond, net of transaction costs paid	Note 20	**(2.1)**	1,274.7
Coupon paid on perpetual bond	Note 20	**(24.7)**	-
Dividends paid on ordinary shares[2]	Note 12	**(608.3)**	(527.5)
Dividends paid to non-controlling interest		**(7.2)**	(7.2)
Interest paid on borrowings	Note 23	**(158.3)**	(188.5)
Payments for acquisition of treasury shares		**(51.3)**	(197.6)
Issue of shares[3]		**-**	882.2
Proceeds from treasury shares sold and exercise of stock options		**40.5**	100.8
Equity contribution by non-controlling interest		**1.9**	12.5
Other financing activities		**-**	2.6
Net cash absorbed/(generated) by financing activities		**(1,062.5)**	45.1
Net foreign exchange movements		**(16.2)**	10.3
Net decrease in cash		**(317.9)**	(52.2)
Cash and cash equivalents at beginning of the year	Note 19	**587.5**	639.7
Cash and cash equivalents at end of the year	Note 19	**269.6**	587.5

Certain comparative balances have been reclassified to conform to current year presentation.

1 2016 balance represented O3b debt repayment of borrowings of EUR 1,219.5 million, including loan repayment fees of EUR 21.6 million (see Note 7)

2 Dividends are presented net of dividends received on treasury shares of EUR 8.3 million (2016: EUR 8.5 million)

3 Net of the contribution in kind of EUR 13.6 million in 2016

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders’ equity

For the year ended 31 December 2017

	Attributable to owners of the parent										
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At January 2017	**719.0**	**1,635.5**	**(167.3)**	**1,300.0**	**2,134.5**	**962.7**	**0.3**	**221.8**	**6,806.5**	**138.6**	**6,945.1**
Result for the year	-	-	-	-	-	596.1	-	-	596.1	1.8	597.9
Other comprehensive income (loss)	-	-	-	-	14.9	-	(1.1)	(810.7)	(796.9)	(10.5)	(807.4)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**14.9**	**596.1**	**(1.1)**	**(810.7)**	**(200.8)**	**(8.7)**	**(209.5)**
Allocation of 2016 result	-	-	-	-	354.4	(354.4)	-	-	-	-	-
Coupon on perpetual bond (Note 20)	-	-	-	-	(24.7)	-	-	-	(24.7)	-	(24.7)
Tax on perpetual bond coupon (Note 20)	-	-	-	-	19.5	-	-	-	19.5	-	19.5
Transaction cost on perpetual bond	-	-	-	-	(2.1)	-	-	-	(2.1)	-	(2.1)
Dividends provided for or paid[1]	-	-	-	-	-	(608.3)	-	-	(608.3)	(7.2)	(615.5)
Acquisition of treasury shares	-	-	(51.3)	-	-	-	-	-	(51.3)	-	(51.3)
Share-based compensation expense	-	-	-	-	9.7	-	-	-	9.7	-	9.7
Exercise of share-based compensation	-	-	7.7	-	(15.8)	-	-	-	(8.1)	-	(8.1)
Sale of treasury shares	-	-	50.9	-	-	-	-	-	50.9	-	50.9
Equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	0.0	1.9	1.9
Other movements	-	-	-	-	(3.4)	-	-	-	(3.4)	-	(3.4)
At 31 December 2017	**719.0**	**1,635.5**	**(160.0)**	**1,300.0**	**2,487.0**	**596.1**	**(0.8)**	**(588.9)**	**5,987.9**	**124.6**	**6,112.5**

1 Dividends are shown net of dividends received on treasury shares.

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders’ equity
For the year ended 31 December 2016

	Attributable to owners of the parent										
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At 1 January 2016	**644.3**	**814.4**	**(95.1)**	**-**	**2,033.8**	**546.4**	**1.6**	**(12.9)**	**3,932.5**	**128.3**	**4,060.8**
Result for the year	-	-	-	-	-	962.7	-	-	962.7	2.0	964.7
Other comprehensive income (loss)	-	-	-	-	11.2	-	(1.3)	234.7	244.6	3.0	247.6
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**11.2**	**962.7**	**(1.3)**	**234.7**	**1,207.3**	**5.0**	**1,212.3**
Allocation of 2015 result	-	-	-	-	18.9	(18.9)	-	-	-	-	-
Issue of share capital, net of transaction costs and tax	74.7	821.1	-	-	3.7	-	-	-	899.5	-	899.5
Issue of perpetual bond, net of transaction costs and tax (Note 20)	-	-		1,300.0	(18.1)	-	-	-	1,281.9	-	1,281.9
Dividends provided for or paid[1]	-	-	-	-	-	(527.5)	-	-	(527.5)	(7.2)	(534.7)
Acquisition of treasury shares	-	-	(211.2)	-	112.8	-	-	-	(98.4)	-	(98.4)
Share-based compensation expense	-	-	-	-	9.3	-	-	-	9.3	-	9.3
Exercise of share-based compensation			13.3	-	(38.4)				(25.1)	-	(25.1)
Sale of treasury shares	-	-	125.7	-	-	-	-	-	125.7	-	125.7
Equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	12.5	12.5
Other movements	-	-	-	-	1.3	-	-	-	1.3	-	1.3
At 31 December 2016	**719.0**	**1,635.5**	**(167.3)**	**1,300.0**	**2,134.5**	**962.7**	**0.3**	**221.8**	**6,806.5**	**138.6**	**6,945.1**

[1] Dividends are shown net of dividends received on treasury shares.

The notes are an integral part of the consolidated financial statements.

Note 1 - Corporate information

SES S.A. ('SES' or 'the company') was incorporated on 16 March 2001 as a limited liability company (Société Anonyme) under Luxembourg Law. References to the 'group' in the following notes are to the company and its subsidiaries. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

The consolidated financial statements of SES as at and for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2018. Under Luxembourg Law, the consolidated financial statements are approved by the shareholders at the Annual General Meeting of Shareholders.

Note 2 - Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed by the European Union (IFRS), as at 31 December 2017. The consolidated financial statements comply with IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except where fair value is required by IFRS as described below. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS, effective from 1 January 2017 and adopted by the group:

1) **Amendments to IAS 7, Statement of cash flows on disclosure initiative**

   In February 2016, the IASB issued amendments to IAS 7 "Statement of cash flows" to introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The effective date of these amendments was 1 January 2017. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities (see note 31).

2) **IAS 12 Income Taxes – Amendments**

   On 19 January 2016, the IASB issued amendments to IAS 12 'Income Taxes'. These amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value and how to recognise deferred tax assets for unrealized losses. The adoption of this amendment did not have any impact on the financial position and performance of the group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are fully consolidated from the date the company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. For details regarding the subsidiaries included in the consolidated financial statements see Note 34.

Total comprehensive income or loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in associates

The group accounts for investments in associates using the equity method of accounting. An associate is an entity in which the group has significant influence but not control or joint control.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of the profit or loss of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount within 'Share of associates' result' in the consolidated income statement.

The group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. In general, the financial statements of associates are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

The group ceases to use the equity method of accounting on the date from which it no longer has significant influence over the associate, or when the interest becomes classified as an asset held for sale.

Significant accounting judgments and estimates

1) Judgments

In the process of applying the group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Treatment of orbital slot licence rights

The group's operating companies have obtained rights to operate satellites at certain orbital locations and using certain frequency bands. These licences are obtained through application to the relevant national and international regulatory authorities, and are generally made available for a defined period. Where the group has obtained such rights through the acquisition of subsidiaries, the rights have been identified as an asset acquired and recorded at the fair value attributed to the asset at the time of the acquisition as a result of purchase accounting procedure.

In the cases when, on the expiry of such rights, management believes it will be in a position to successfully re-apply for their usage at insignificant incremental cost, such rights are deemed to have an indefinite life. Hence these assets are not amortised, but rather are subject to regular impairment reviews to confirm that the carrying value in the group's financial statements is still appropriate. More details are given in Note 15.

(ii) Taxation

The group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the magnitude of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the group. If this is deemed to be the case, then a provision is recognised for the potential taxation charges. More details are given in Notes 8 and 24.

One significant area of management's judgment is in the area of transfer pricing. Whilst the group employs dedicated members of staff to establish and maintain appropriate transfer pricing structures and documentation, judgment still needs to be applied and hence potential tax exposures can be identified. The group, as part of its overall assessment of liabilities for taxation, reviews in detail the transfer pricing structures in place and records provisions where this seems appropriate on a case by case basis.

(iii) Consolidation of entities in which the group holds 50% or less

Al Maisan Satellite Communication LLC

Management has concluded that the group controls Al Maisan Satellite Communication LLC ('Al Maisan'), even though it holds 35% economic interest in this subsidiary, since it has the majority of the voting rights on the Board of Directors of Al Maisan and there is no other entity owning potential voting rights that could question SES' control.

SES has power over relevant activities of Al Maisan, such as budget approval, appointment and removal of the CEO and senior management team as well as the power to appoint or remove the majority of the members of the Board of Directors. The entity is therefore consolidated with a 65% of non-controlling interest (see Note 21).

LuxGovSat S.A.

On 12 February 2015, SES and the Luxembourg government jointly incorporated the legal entity LuxGovSat S.A. ('LuxGovSat') as a limited liability company (Société Anonyme) under Luxembourg law. The Luxembourg government and SES each equally subscribed for their interest in the equity of the new company.

Management has concluded that the group controls LuxGovSat, as SES has power over the relevant activities of LuxGovSat. The entity is therefore consolidated with a 50% non-controlling interest (see Note 21).

SES Government Solutions, Inc.

SES Government Solutions, Inc., USA ('SES GS') is subject to specific governance rules and is managed through a Proxy Agreement, which was agreed with the Defense Security Service ('DSS') (the government entity responsible for the protection of information which is shared with industry that is deemed classified or sensitive with respect to the national security of the United States of America) of the US Department of Defense ('DOD'). A proxy agreement is an instrument intended to mitigate the risk of foreign ownership, control or influence when a foreign person acquires or merges with a US entity that has a facility security clearance. A proxy agreement conveys a foreign owner's voting rights to proxy holders, comprising the proxy board. Proxy holders are cleared US citizens approved by the DSS.

The DSS required that SES GS enter into a proxy agreement because it is indirectly owned by SES and SES GS has contracts with the DOD which contain certain classified information. The Proxy Agreement enables SES GS to participate in such contracts with the US Government despite being owned by a non-US corporation.

As a result of the Proxy Agreement, certain limitations are placed on the information which may be shared, and the interaction which may occur, between SES GS and other SES group companies. The Proxy Holders, besides acting as directors of SES GS, are entitled to vote in the context of a trust relationship with SES on whose basis their activity is performed in the interest of SES's shareholders and of US national security.

The company's assessment of the allocation of powers over the relevant activities of SES GS encompassed the activities of operating and capital decision making, the appointment and remuneration of key management, and the exposure to the variability of financial returns based on the financial performance of SES GS.

Based on its assessment, the company concluded that, from an IFRS 10 perspective, SES has and is able to use powers over the relevant activities of SES GS and has an exposure to variable returns from its involvement in SES GS, consistent with an assumption of control.

2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year(s), are described below. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

(i) Impairment testing for goodwill and other indefinite-life intangible assets

The group determines whether goodwill and other indefinite-life intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and other indefinite-life intangible assets are allocated. Establishing the value in use requires the group to make an estimate of the expected future pre-tax cash flows from the cash-generating unit and also to choose a suitable pre-tax discount rate and terminal growth rate in order to calculate the present value of those cash flows. More details are given in Note 15.

(ii) Impairment testing for space segment assets

The group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indication exists, the group determines an estimate of the recoverable amount, as the higher of the fair value less cost of disposal and its value in use to ensure that this exceeds the carrying amount included in the consolidated financial statements. As far as this affects the group's satellite assets, the estimation of the value in use requires estimations not only concerning the commercial revenues to be generated by each satellite, but also the impact of past in-orbit anomalies and their potential impact on the satellite’s ability to provide its expected commercial service.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of the subsidiary is measured as the aggregate of the:

- fair value of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration agreement, and
- fair value of any pre-existing equity interest in the subsidiary.

For each business combination, the company measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

Acquisition costs incurred are expensed and included in other operating expenses.

When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Assets acquired and liabilities assumed are recognised at fair value.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with IAS 39 in profit or loss.

Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost, representing either the acquisition or manufacturing cost, which for satellites includes the launcher cost and launch insurance, less depreciation and impairment losses. Insurance proceeds are set off first against the base cost of the satellite concerned and released against the depreciation over the useful life of the asset. Insurance proceeds in excess of the base cost of the satellite are recognised as an income. The financial impact of changes resulting from revisions to management's estimate of the cost of the property, plant and equipment is taken to the consolidated income statement of the period concerned.

Costs for the repair and maintenance of these assets are recorded as an expense.

Property, plant and equipment is depreciated using the straight-line method, generally based on the following useful lives:

Buildings	25 years
Space segment assets	10 to 19.5 years
Ground segment assets	3 to 15 years
Other fixtures, fittings, tools and equipment	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

The residual values, remaining useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted where necessary.

Assets in the course of construction

This caption includes satellites which are under construction. Incremental costs directly attributable to the purchase of satellites, including launch costs and other related expenses such as ground equipment and borrowing costs, are capitalised in the statement of financial position.

The cost of satellite construction may include an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. SES is contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Historically, the satellite manufacturers have earned substantially all of these payments. Therefore, SES accounts for these payments as deferred financing, capitalising the present value of the payments as part of the cost of the satellites and recording a corresponding liability to the satellite manufacturers. Interest expense is recognised on the deferred financing and the liability is accreted based on the passage of time and reduced as the payments are made.

Once the asset is subsequently put into service and operates in the manner intended by management, the expenditure is transferred to assets in use and depreciation commences.

Borrowing costs

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete the asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

1) Goodwill

Goodwill measured as described in accounting policy for business combinations in Note 2.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill, from the acquisition date, is allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The carrying value of acquisition goodwill is not amortised, but tested for impairment annually, or more frequently if required to establish whether the value is still recoverable. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. Impairment charges are recorded in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods. The group estimates value in use on the basis of the estimated discounted cash flows to be generated by a cash-generating unit which are based upon a five-year business plans approved by management. Beyond a five-year period, cash flows may be estimated on the basis of stable rates of growth or decline.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on its disposal. Goodwill disposed of in this situation is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2) Other intangibles

(i) Orbital rights

Intangible assets consist principally of rights of usage of orbital frequencies. The group is authorised by governments to operate satellites at certain orbital locations. Governments acquire rights to these orbital locations through filings made with the International Telecommunication Union ('ITU'), a sub-organisation of the United Nations. The group will continue to have rights to operate at its orbital locations so long as it maintains its authorisations to do so. Those rights are reviewed at acquisition to establish whether they represent assets with a definite or indefinite life. Those assessed as being definite life assets are amortised on a straight-line basis over their estimated useful life not exceeding 21 years. Indefinite-life intangible assets are held at cost in the statement of financial position and are subject to impairment testing in line with the treatment outlined for goodwill above. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Orbital rights acquired for a non-cash consideration are initially measured at the fair value of the consideration given.

(ii) Software and development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful life, which does not exceed seven years.

Impairment of other non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the recoverable amount.

The group's long-lived assets and definite-life intangible assets, including its in-service satellite fleet, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairments can arise from complete or partial failure of a satellite as well as other changes in expected discounted future cash flows. Such impairment tests are based on a recoverable value determined using estimated future cash flows and an appropriate discount rate. The estimated cash flows are based on the most recent business plans. If an impairment is identified, the carrying value will be written down to its recoverable amount.

Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as one of:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date, that is to say the date that the group is committed to the purchase or sale of the asset.

The following categories of financial asset as defined in IAS 39 are relevant in the group's financial statements.

1) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in the consolidated income statement.

2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that this loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a specific debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in servicing interest or principal payments. For example, where there are indicators that the debtor may enter bankruptcy or other financial reorganisation.

For 'loans and receivables', the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Deferred customer contract costs

Deferred customer contract costs represent the cost of equipment provided to customers under the terms of their service agreements and expensed over the term of those contracts.

Inventories

Inventories primarily consist of equipment held for re-sale, work-in-progress, related accessories and network equipment spares and are stated at the lower of cost or net realisable value, with cost determined on a weighted average-cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provisions are recognised when there is objective evidence that the group will not be able to collect the debts. The group evaluates the credit risk of its customers on an ongoing basis, classifying them into three categories: prime, market and sub-prime.

Prepayments

Prepayments represent expenditures paid during the financial year but relating to a subsequent financial year. The prepaid expenses include mainly insurance, rental of third-party satellite capacity, advertising expenses as well as loan origination costs related to loan facilities which has not been draw down.

Treasury shares

Treasury shares are mostly acquired by the group in connection with share-based compensation plans, and are presented as a set off to equity in the consolidated statement of financial position. Gains and losses on the purchase, sale, issue or cancellation of treasury shares are not recognised in the consolidated income statement, but rather in the equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at fair value.

Revenue recognition

Revenues are generated predominantly from customer service agreements for the provision of satellite capacity over agreed periods by station-kept satellites at the group's primary orbital positions. The group also includes as revenue income received from the following type of services: revenues arising under operating leases; occasional use revenues; uplinking and downlinking operations; income received in connection with satellite interim missions; and, proceeds from the sale of transponders if the revenue recognition criteria for the transaction are met. In 2017, an amount of EUR 21.4 million (2016: EUR 28.9 million) has been recognised in revenue from the sale of transponders.

All amounts received from customers under service agreements or operating lease contracts for satellite capacity are recognised on a straight-line basis at the fair value of the consideration received or receivable over the duration of the respective contracts - including any free-of-charge periods which may be included in the contract.

If payment by a customer is not assured (defined as when management determines recoverability of the amounts due under the contract from the customer is no longer considered probable), then revenue will cease to be recognised on a straight-line basis and will only be recognised upon receipt of cash.

Occasional use revenues, uplinking and downlinking revenues and interim mission revenues are recognised in the period that the service is delivered. The proceeds of transponder sales are recognised in the period of the transaction at the time of transfer of the risks and rewards associated with the holding of the transponders. Income received in connection with insurance and legal settlements are recognised in the period when they become receivable by the group.

Customer payments received in advance of the provision of service are recorded as deferred income in the statement of financial position, and for significant advance payments, interest is accrued on the amount received at the effective interest rate at the time of receipt. The unbilled portion of recognised revenues is disclosed within 'Trade and other receivables', allocated between current and non-current as appropriate.

Where satellite transponder services are provided in exchange for dissimilar goods and services, the revenue is measured at the fair value of the goods or services received where these can be reliably measured, otherwise at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents received.

Concerning revenue recognition in the area of engineering services, the group applies a percentage of completion analysis to allocate revenue arising on long-term construction contracts appropriately between the accounting periods concerned assuming the outcome can be estimated reliably.

Other income received in connection with settlements under insurance claims, or disputes with satellite manufactures are also included as part of revenue due to their relative insignificance.

Dividends

The company declares dividends after the financial statements for the year have been approved. Accordingly, dividends are recorded in the subsequent year's financial statements.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Current taxes

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and laws used to compute these amounts are those enacted, or substantively enacted, at the reporting date.

Deferred taxes

Deferred tax is determined using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes are classified according to the classification of the underlying temporary difference either, as an asset or a liability, or in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Translation of foreign currencies

The consolidated financial statements are presented in euro (EUR), which is the company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency at the exchange rate prevailing at the date of the transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of period. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates which approximate to the rate prevailing on the date they occur or accrue. All exchange differences resulting from the application of these principles are included in the consolidated income statement.

The group considers that monetary long-term receivables or loans for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. The related foreign exchange differences and income tax effect of the foreign exchange differences are included in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The assets and liabilities of consolidated foreign operations are translated into euro at the year-end exchange rates, while the income and expense items of these foreign operations are translated at the average exchange rate of the year. The related foreign exchange differences are included in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal.

The US dollar exchange rates used by the group during the year were as follows:

1 euro =	**Average rate for 2017**	**Closing rate for 2017**	Average rate for 2016	Closing rate for 2016
USD	**1.1249**	**1.1993**	**1.1060**	**1.0541**

Basic earnings per share

The company's capital structure consists of Class A and Class B shares, entitled to the payment of annual dividends as approved by the shareholders at their annual meetings. Holders of Class B shares participate in earnings and are entitled to 40% of the dividends payable per Class A share. Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of common shares outstanding during the period as adjusted to reflect the economic rights of each class of shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Derivative financial instruments and hedging

The group recognises all derivatives at fair value in the consolidated statement of financial position. Changes in the fair value of derivatives are recorded in the consolidated income statement or in accordance with the principles below where hedge accounting is applied. The group may use derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. On the date a hedging derivative instrument is entered into, the group designates the derivative as one of the following:

1) **Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge accounting for hedging fixed interest risk on borrowings, and for hedging of foreign currency risk on firm commitments and highly probable forecast transactions.

2) **Cash flow hedges**

In relation to cash flow hedges (forward foreign currency contracts and interest rate swaps on floating-rate debt) to hedge firm commitments or forecasted transactions, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity as other comprehensive income, with the ineffective portion being recognised in the consolidated income statement as finance income or cost. When the hedged commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or carrying amount of the asset or liability.

3) **Hedge of a net investment in a foreign operation**

Changes in the fair value of a derivative or non-derivative instrument that is designated as a hedge of a net investment are recorded in the foreign currency translation reserve within equity to the extent that it is deemed to be an effective hedge. The ineffective portion is recognised in the consolidated income statement as finance income or cost.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting, or the group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes allocating all derivatives that are designated as fair value hedges, cash flow hedges or net investment hedges to specific assets and liabilities in the statement of financial position or to specific firm commitments or forecasted transactions. The group also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the group will discontinue hedge accounting prospectively. The ineffective portion of hedge is recognised in profit or loss.

Derecognition of financial assets and liabilities

1) **Financial assets**

A financial asset is derecognised where:

- the right to receive cash flows from the asset has expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass- through’ arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either
    a) has transferred substantially all the risks and rewards of the asset, or
    b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of that asset.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor does transferred control of the asset, the asset continue to be recognised to the extent of the group’s continuing involvement in it. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including cash-settled options or similar provision) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accounting for pension obligations

The company and certain subsidiaries operate defined benefit pension plans and/or defined contribution pension plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated income statement.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

1) Equity-settled share-based compensation plans

Employees (including senior executives) of the group receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model for the Stock Appreciation Rights Plan ('STAR Plan') and Executive Incentive Compensation Plan ('EICP Plan'), and a Black Scholes Model for the Long-term Incentive Programme ('LTI'). Further details are given in Note 22. In valuing equity-settled transactions, no account is taken of any non-market performance conditions, other than conditions linked to the price of the company's shares, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The consolidated income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

2) Cash-settled share-based compensation plans

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 22.

Deeply Subordinated Fixed Rate Resettable Securities ("Perpetual bond")

The deeply subordinated fixed rate securities issued by the company are classified as equity as the company has no contractual obligation to redeem the securities, and coupon payments may be deferred under certain circumstances (more details are given in Note 20) and recorded at fair value. Subsequent changes in fair value are not recognised in equity. Coupons become payable whenever the company makes dividend payments Coupon accruals are considered in the determination of earnings for the purpose of calculating earnings per share (see Note 11).

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, primarily whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the group substantially all risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair market value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to expense. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are relevant for the group and effective for annual periods beginning after 1 January 2017, and have not been early adopted in preparing these consolidated financial statements:

1) Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions

In June 2016, the IASB issued amendments to clarify the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The effective date of these amendments is 1 January 2018. The amendment was not yet endorsed by EU. The group does not expect any significant impact of these amendments on its consolidated financial statements.

2) IFRS 9 Financial instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financing assets.

The standard is effective for accounting periods beginning on or after 1 January 2018 and has been endorsed by the European Union.

The group substantially finalised its detailed assessment of the impact of IFRS 9 and concluded that the adoption of the standard will not have a material impact on the group's consolidated financial statements. There is no impact on the classification and measurement of the financial assets as the group holds its receivables to collect contractual cash flows and therefore their measurement remains at amortised costs and the derivative financial instruments used by the group remain to be measured at fair value through profit or loss. There is also no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The IFRS 9 hedge accounting application is optional. The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As the standard introduces a more principle-based approach, more hedge relationships might be eligible for hedge accounting and so the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its current hedging relationships and opted to apply the IFRS 9 hedge accounting. Subsequently, all hedge documentation will be updated, even for existing qualifying hedge relationships and the additional disclosures as required by the standard will be provided in the subsequent consolidated financial statements.

The new impairment model for financial assets requires the recognition of impairment losses based on expected credit losses rather than only incurred credit losses as it the case under IAS 39, which would result in earlier recognition of such credit losses. The group substantially finalised the assessment of the impact of the new impairment model, and expects that the new impairment model would result in an additional bad debt provision of about EUR 15.0 million.

3) IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Management has assessed the effects of applying the new standard on the consolidated financial statements and has identified that the standard will impact the revenue recognition for the initial connection to the HD Plus platform, which is currently accounted for on a 'front-loaded' basis and instead linearize this revenue for a 12-month period during which the provision of content is provided. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. The group calculated that deferred revenue will have to be increased by EUR 14.0 million, and retained earnings decreased by EUR 14.0 million on 1 January 2018.

4) Clarifications to IFRS 15, Revenue from contracts with customers

In April 2016, the IASB issued amendments that comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The effective date of these amendments is 1 January 2018. The group does not expect any significant impact of these amendments on its consolidated financial statements.

5) IFRS 16 Leases

On 13 January 2016, the IASB issued IFRS 16 'Leases' which will replace IAS 17 'Leases'. This new standard specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after 1 January 2019, with early application permitted if IFRS 15 has also been applied.

The group performed an assessment of the impact of IFRS 16 and concluded that the standard will affect primarily the accounting for the group's operating leases. The group has early adopted the standard as from 1 January 2018. The group applied the simplified transition approach as allowed by the standard and did not restate comparative amounts for the years prior to first adoption.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as at 1 January 2018.

The group has applied the following practical expedients:

- Applying a single discount rate to a portfolio of leases with similar characteristics; and
- Not accounting for leases which end within 12 months from the date of the initial application or the underlying asset has a low value.

As at the reporting date, the group has non-cancellable operating lease commitments of EUR 52.5 million (see note 30), mainly in relation to office buildings and ground segment assets. The group determined that approximately 1% of these relate to payments for short-term and low-value leases which will be recognised on a straight-line basis over the duration of the agreements as an expense in the consolidated income statement.

On the adoption of IFRS 16, the amount of right-of-use assets and lease liability is EUR 45.9 million. The difference between the operating lease commitments and the right-of-use assets recognised is represented by the discounting impact. The discount rate applied is 3.66%, representing the weighted average incremental borrowing rate as at 1 January 2018.

6) IFRIC 22, Foreign currency transactions and advance consideration

In December 2016, the IASB issued IFRIC 22 which addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This standard is effective for annual periods beginning on or after 1 January 2018. IFRIC 22 was not yet endorsed by the EU. The group is currently assessing the impact of IFRIC 22.

7) IFRIC 23, Uncertainty over income tax treatments

In June 2017, the IASB issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. This standard is effective for annual periods beginning on or after 1 January 2019. IFRIC 23 was not yet endorsed by the EU. The group is currently assessing the impact of IFRIC 23.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

8) Annual improvements 2014-2016 applicable for the annual periods beginning on or after 1 January 2017 (not yet endorsed by EU)

Clarifying the scope of IFRS 12, Disclosure of interests in other entities
The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale, except for summarised financial information (para B17 of IFRS 12). These amendments apply retrospectively for annual periods beginning on or after 1 January 2017. The adoption of this amendment will not have any impact on the financial position and performance of the group.

9) Annual improvements 2015-2017 applicable for periods on or after 1 January 2019 (not yet endorsed by EU)

The annual improvements include minor amendments affecting IFRS 3, 'Business combinations', IFRS 11, 'Joint arrangements', IAS 12, 'Income taxes', and IAS 23, 'Borrowing costs'. The adoption of this amendment will not have any impact on the financial position and performance of the group.

Prior year reclassification

An amount of EUR 277.6 million as at 31 December 2016 representing non-current portion of unbilled accrued revenue has been reclassified from 'trade and other receivables' current to 'trade and other receivables' non-current in order to align the comparative amount with the current year presentation. The group evaluated the impact of this classification error on the previously issued consolidated financial statements and concluded that this was not material for the users of the consolidated financial statements, however decided to adjust the comparative consolidated statement of financial position.

Alternative performance measures

SES regularly uses alternative performance measures to present the performance of the group.

These measures may not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or any other body of generally accepted accounting principles, and thus should not be considered substitutes for the information contained in the group's financial statements.

1) Net debt

Net debt is defined as current and non-current borrowings less cash and cash equivalents, all as disclosed on the consolidated statement of financial position. The group believes that net debt is relevant to investors, since it gives an indication of the absolute level of non-equity funding of the business. This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

The following table reconciles net debt to the relevant balance sheet line items:

In millions of euros	**2017**	2016
Borrowings - non-current	**3,413.8**	4,223.1
Borrowings - current	**534.1**	204.3
Borrowings, *less*	**3,947.9**	4,427.4
Cash and equivalents	**269.6**	587.5
Net debt	**3,678.3**	3,839.9

2) EBITDA and EBITDA margin

EBITDA is defined as profit for the period before the impact of depreciation, amortisation, net financing cost, income tax, the group's share of the results of joint ventures and associates and discontinued operations and any extraordinary line item between revenue and profit before tax in the group's consolidated income statement. EBITDA Margin is defined as EBITDA divided by revenue. The group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating a company's operating performance.

The following table reconciles EBITDA to the consolidated income statement line items from which it is derived:

In millions of euros	**2017**	2016
Profit before tax	**467.3**	1,141.2
Add: Depreciation and impairment expense	**635.0**	560.5
Add: Amortisation expense	**78.6**	70.7
Less: Gain on deemed disposal of equity interest	**-**	495.2
Add: Net financing costs	**143.3**	174.3
EBITDA	**1,324.2**	1,451.5

The following table provides a reconciliation of EBITDA margin:

In millions of euros	**2017**	2016
Revenue	**2,035.0**	2,068.8
EBITDA	**1,324.2**	1,451.5
EBITDA Margin (%)	**65.1%**	70.2%

3) Operating profit and operating profit margin

Operating profit is defined as profit for the year before the impact of net financing charges, income tax, the group's share of the results of associates and includes any extraordinary line item between revenue and profit before tax in the group's consolidated income statement. The group uses operating profit to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets.

The following table reconciles operating profit to the income statement line items from which it is derived:

In millions of euros	**2017**	2016
Profit before tax	**467.3**	1,141.2
Add: Net financing costs	**143.3**	174.3
Operating profit	**610.6**	1,315.5

Operating profit margin is defined as operating profit as a percentage of revenue. SES believes that operating profit margin is a useful measure to demonstrate the proportion of revenue that has been realised as operating profit, and therefore an indicator of profitability.

The following table provides a reconciliation of operating profit margin:

In millions of euros	**2017**	2016
Revenue	**2,035.0**	2,068.8
Operating profit	**610.6**	1,315.5
Operating profit margin	**30.0%**	63.6%

4) Net debt to EBITDA ratio

Net debt to EBITDA ratio is defined as net debt divided by EBITDA. The group believes that net debt to EBITDA ratio is a useful measure to demonstrate to investors its ability to generate the income needed to be able to settle its loans and borrowings as they fall due.

The following table reconciles the net debt to EBITDA ratio to net debt and EBITDA:

In millions of euros	**2017**	2016
Net debt	**3,678.3**	3,839.9
EBITDA	**1,324.2**	1,451.5
Net debt to EBITDA ratio	**2.78 times**	2.65 times

5) Free cash flow before financing activities

Free cash flow before financing activities is defined as net operating cash flow less net cash absorbed by investing activities. Available free cash flow is used for the payment of dividends, the servicing and repayment of borrowings and other financing activities, and SES believes it is therefore a useful measure for investors.

The following table reconciles Free cash flow before financing activities to the cash flow statement line items from which it is derived:

In millions of euros	**2017**	2016
Net cash generated by operating activities	**1,251.2**	1,274.1
Add: Net cash absorbed by investing activities	**(490.4)**	(1,381.7)
Free cash flow before financing activities	**760.8**	(107.6)

Note 3 - Business combinations

Acquisition of RR Media Ltd (‘RR Media’)

On 6 July 2016, SES acquired all the issued and outstanding share capital of RR Media, a provider of global digital media services, for a consideration of USD 242.2 million (EUR 216.0 million). The RR Media business has now been combined with the group’s existing SES Platform Services business unit under an integrated management structure called MX1, establishing a global video services and media solutions operation.

The net assets recognised in the group’s consolidated financial statements for the year ended 31 December 2016 were based on provisional amounts. Based on information subsequently obtained regarding facts and circumstances that existed as of the acquisition date, the group has finalised the purchase price allocation.

The fair values of the assets and liabilities provisionally recognised as a result of the acquisition were as follows:

Property, plant and equipment (Notes 13, 14)	53.2
Intangible assets (Note 15)	80.9
Other non-current assets	7.6
Current assets	69.8
Deferred tax liabilities (Note 9)	(20.2)
Other non-current liabilities	(16.9)
Current liabilities	(87.0)
Net identifiable assets acquired	87.4
Add: Goodwill*	128.6
Net assets acquired	**216.0**

*Non-deductible for tax purpose.

Purchase consideration

In millions of euros

Cash paid	216.0
Total consideration	**216.0**

Based on information subsequently obtained regarding facts and circumstances that existed as of the acquisition date, the group has finalised the purchase price allocation. The fair value of the net assets acquired have been adjusted in order to include additional provisions related to legal and regulatory matters prevailing at the date of acquisition.

Details of the purchase consideration, as well as a reconciliation of the carrying amount of goodwill are as follows:

Goodwill

In millions of euros

At 6 July 2016 (acquisition date)	128.6
Exchange rate differences	6.6
At 31 December 2016	**135.2**
Increase in provisions	3.9
Exchange rate differences	(17.0)
At 31 December 2017	**122.1**

Acquisition of O3b Networks Limited (‘O3b’)

On 1 August 2016, SES completed the acquisition of the remaining shares of O3b, a network communications service provider and operator of a Medium Earth Orbit ('MEO') satellite constellation, increasing its holding from 42.65% to 100% for a consideration of USD 726.3 million (EUR 638.6 million). As a result of the transaction, SES acquired control over O3b, which was until then accounted for as an associate, under the equity method of accounting.

The transition from the equity method to consolidation resulted in a non-cash gain of EUR 495.2 million as a result of remeasuring at fair value SES 42.65% equity interest in O3b held before the business combination.

The net assets recognised in the group’s consolidated financial statements for the year ended 31 December 2016 were based on provisional amounts.

The fair values of the assets and liabilities provisionally recognised as a result of the acquisition were as follows:

Property, plant and equipment (Notes 13, 14)	888.6
Orbital slot licence rights (Note 15)	1,147.4
Other non-current assets	116.1
Current assets	149.2
Borrowings	(1,219.5)
Other non-current liabilities	(48.4)
Current liabilities	(41.6)
Net identifiable assets acquired	991.8
Add: Goodwill*	153.5
Net assets acquired	**1,145.3**

*Non-deductible for tax purposes.

Details of the purchase consideration, as well as a reconciliation of the carrying amount of goodwill are as follows:

Purchase consideration

In millions of euros

Cash paid	602.6
Deferred cash consideration representing liability to O3b employees	15.0
Deferred cash consideration in respect of unpaid equity	17.4
Consideration related to settlement of pre-existing relationship	3.6
Total consideration transferred	**638.6**
Fair value of equity interest in O3b held immediately before the business combination date	506.7
Total consideration	**1,145.3**

Based on information subsequently obtained regarding facts and circumstances that existed as of the acquisition date, the group has finalised the purchase price allocation. The fair value of the net assets acquired has been adjusted in order to include additional provisions.

In millions of euros	**Goodwill**
At 1 August 2016 (acquisition date)	153.5
Exchange rate differences	8.9
At 31 December 2016	**162.4**
Increase in property, plant and equipment	(14.8)
Increase in payable to fixed assets suppliers	14.8
Increase in provisions	1.7
Exchange rate differences	(21.5)
At 31 December 2017	**142.6**

Between 1 January 2016 and the acquisition date, the share of O3b's losses recognised by the group was EUR 62.4 million.

The group's share of O3b's assets and liabilities, income and expenses up to acquisition in 2016 were:

In millions of euros	**1 August 2016**
Non-current assets	**405.1**
Current assets	**89.0**
Non-current liabilities	**498.5**
Current liabilities	**18.1**

In millions of euros	**1 January 2016 to 31 July 2016**
Revenue	**20.9**
Operating expenses	**(22.3)**
Depreciation and amortisation	**(38.1)**
Finance expense, net	**(22.2)**
Income tax	**(0.7)**
Total comprehensive loss for the year	**(62.4)**

Note 4 - Segment information

The group does business in one operating segment, namely the provision of satellite-based data transmission capacity, and ancillary services, to customers around the world.

The Executive Committee, which is the chief operating decision-making committee in the group's corporate governance structure, reviews the group's financial reporting and generates those proposals for the allocation of the group's resources, which are submitted for validation to the Board of Directors. The main sources of financial information used by the Executive Committee in assessing the group's performance and allocating resources are:

- Analysis of the group's revenues by two natural business units SES Video and SES Networks which comprises Fixed Data, Mobility and Government verticals;
- Overall group's profitability development at the operating and non-operating level;
- Internal and external analysis of expected future developments in the markets into which capacity is being delivered and of the commercial landscape applying to those markets.

When analysing the performance of the operating segment, the comparative prior year figures are analysed as reported and at 'constant FX' - recomputed using the exchange rates applying for each month in the current period. The performance of the operating segment is as well analysed on a 'like-for-like' basis with comparative figures restated at constant FX, to neutralise currency variations, and assuming that RR Media and O3b had been consolidated from 1 January 2016.

The segment's financial results for 2017 are set out below:

In millions of euros	**2017**	2016	Change Favourable + / Adverse
Revenue	**2,035.0**	2,068.8	-1.6%
Operating expenses	**(710.8)**	(617.3)	-15.1%
EBITDA	**1,324.2**	1,451.5	-8.8%
EBITDA margin (%)	**65.1%**	70.2%	-5.1% pts
Depreciation and impairment expense	**(635.0)**	(560.5)	-13.3%
Amortisation expense	**(78.6)**	(70.7)	-11.2%
Operating profit	**610.6**	820.3	-25.6%

In millions of euros	**2017**	Constant FX 2016	Change Favourable + / Adverse
Revenue	**2,035.0**	2,045.6	-0.5%
Operating expenses	**(710.8)**	(608.8)	-16.8%
EBITDA	**1,324.2**	1,436.8	-7.8%
EBITDA margin (%)	**65.1%**	70.2%	-5.1% pts
Depreciation and impairment expense	**(635.0)**	(551.9)	-15.1%
Amortisation expense	**(78.6)**	(70.2)	-12.0%
Operating profit	**610.6**	814.7	-25.1%

In millions of euros	**2017**	Like-for-like Constant FX 2016 (proforma)*	Change Favourable + / Adverse
Revenue	**2,035.0**	2,147.6	-5.2 %
Operating expenses	**(710.8)**	(714.8)	+0.6%
EBITDA	**1,324.2**	1,432.8	-7.6%
EBITDA margin (%)	**65.1%**	66.7%	-1.6% pts
Depreciation and impairment expense	**(635.0)**	(649.1)	+2.2%
Amortisation expense	**(78.6)**	(70.2)	-12.0%
Operating profit	**610.6**	713.5	-14.4%

The following table reconciles the like-for-like 2016 financial results to 2016 reported financial results:

In millions of euros	Constant FX 2016	Contribution from RR Media and O3b	Like-for-like Constant FX 2016 (proforma)*
Revenue	2,045.6	102.0	2,147.6
Operating expenses	(608.8)	(106.0)	(714.8)
EBITDA	1,436.8	(4.0)	1,432.8
Depreciation and impairment expense	(551.9)	(97.2)	(649.1)
Amortisation expense	(70.2)	-	(70.2)
Operating profit	814.7	(101.2)	713.5

* Not audited

Revenue by natural business units and market vertical

As reported and at constant FX, the revenue allocated to the relevant natural business units and market verticals developed as follows:

In millions of euros	**2017**	2016	Constant FX 2016	Change Favourable + / Adverse	Change Favourable + / Adverse (constant FX)
SES Video	**1,383.0**	1,391.6 [1]	1,381.3	-0.6%	+0.1%
SES Networks	**646.1**	627.3	614.4	+3.0%	+5.2%
-Fixed Data	***254.8***	*251.8*	*247.5*	*+1.2%*	*+2.9%*
-Mobility	***145.4***	*133.7*	*128.6*	*+8.8%*	*+13.1%*
-Government	***245.9***	*241.8*	*238.3*	*+1.7%*	*+3.2%*
Sub-total	**2,029.1**	**2,018.9**	**1,995.7**	**+0.5%**	**+1.7%**
Other [1, 2]	**5.9**	49.9	49.9	-88.2%	-88.2%
Group Total	**2,035.0**	**2,068.8**	**2,045.6**	**-1.6%**	**-0.5%**

1 During 2017, EUR 7.2 million of 2016 reported revenue (EUR 6.8 million on a like-for-like basis) was reclassified from Video to "Other".
2 Other includes revenue not directly applicable to a particular vertical.

In millions of euros	**2017**	Like-for-like Constant FX 2016	Change Favourable + / Adverse (Like-for-Like and constant FX)
SES Video	**1,383.0**	1,435.0	-3.6%
SES Networks	**646.1**	658.6	-1.9%
-Fixed Data	***254.8***	*271.0*	*-6.0%*
-Mobility	***145.4***	*145.6*	*-0.1%*
-Government	***245.9***	*242.0*	*+1.6%*
Sub-total	**2,029.1**	**2,093.6**	-3.1%
Other [1]	**5.9**	54.0	-89.1%
Group Total	**2,035.0**	**2,147.6**	**-5.2%**

1 Other includes revenue not directly applicable to a particular vertical.

Revenue by country

The group's revenue from external customers analysed by country using the customer's billing address is as follows:

In millions of euros	**2017**	2016
Luxembourg (SES country of domicile)	**40.5**	37.2
United States of America	**564.4**	587.2
Germany	**406.4**	409.1
United Kingdom	**283.5**	290.9
France	**91.9**	134.8
Others	**648.3**	609.6
Total	**2,035.0**	2,068.8

No single customer accounted for 10%, or more, of total revenue in 2017, or 2016.

Property, plant and equipment and intangible assets by location

The group's property, plant and equipment and intangible assets are located as set out in the following table. Note that satellites are allocated to the country where the legal owner of the asset is incorporated. Similarly, orbital slot rights and goodwill balances are allocated to the attributable subsidiary.

In millions of euros	**2017**	2016
Luxembourg (SES country of domicile)	**2,446.4**	2,476.9
United States of America	**2,711.5**	3,075.6
Jersey	**2,113.2**	2,341.4
The Netherlands	**1,462.9**	1,662.5
Isle of Man	**1,252.8**	1,414.0
Israel	**219.3**	259.6
Sweden	**195.3**	213.6
Others	**301.1**	350.0
Total	**10,702.5**	11,793.6

Note 5 - Operating expenses

The operating expense categories disclosed include the following types of expenditure:

1) Cost of sales, which excludes staff costs and depreciation, represents cost categories which generally vary directly with revenue. Such costs include the rental of third-party satellite capacity, customer support costs, such as uplinking and monitoring, and other cost of sales such as equipment rental.

In millions of euros	**2017**	2016
Costs associated with European Services business	**(115.9)**	(96.5)
Rental of third-party satellite capacity	**(102.9)**	(78.2)
Customer support costs	**(25.1)**	(22.1)
Other cost of sales	**(30.0)**	(34.2)
Total cost of sales	**(273.9)**	(231.0)

2) Staff costs of EUR 279.2 million (2016: EUR 233.1 million) include gross salaries and employer's social security payments, payments into pension schemes for employees, and charges arising under share-based payment schemes. At the year-end the total full-time equivalent members of staff is 2,015 (2016: 1,943).

3) Other operating expenses in the amount of EUR 157.7 million (2016: EUR 153.2 million) are by their nature less variable to revenue development. Such costs include facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements in provisions for debtors.

Note 6 - Audit and non-audit fees

For 2017 and 2016 the group has recorded charges, billed and accrued, from its independent auditors and affiliated companies thereof, as set out below:

In millions of euros	**2017**	2016
Fees for statutory audit of annual and consolidated accounts	**2.1**	2.2
Fees charged for other assurance services	**0.2**	1.0
Fees charged for tax services	**-**	0.5
Fees charged for other non-audit services	**-**	0.5
Total audit and non-audit fees	**2.3**	4.2

Note 7 - Finance income and costs

In millions of euros	**2017**	2016
Finance income		
Interest income	**1.1**	8.5
Net foreign exchange gains[1]	**-**	14.3
Total	**1.1**	22.8
Finance costs		
Interest expenses on borrowings (excluding amounts capitalised)	**(111.0)**	(142.3)
Loan fees and origination costs and other	**(32.2)**	(33.2)
O3b borrowings breakage fees, net [2]	**-**	(21.6)
Net foreign exchange losses[1]	**(1.2)**	-
Total	**(144.4)**	(197.1)

1 Net foreign exchange gains /losses are mostly related to revaluation of bank accounts, deposits and other monetary items denominated in US dollar.

2 On 23 August 2016, O3b reimbursed its mezzanine loans before the maturity date for a total amount of USD 302.8 million, comprising the principal of USD 291.0 million, accrued interest of USD 1.7 million and redeployment costs ('breakage fees') of USD 10.1 million. On 15 December 2016, O3b repaid its Coface borrowings and term loans for a total amount of USD 965.3 million, comprising Coface borrowing principal of USD 777.6 million, term loan principal of USD 127.0 million, Coface borrowings accrued interest of USD 17.4 million, term loan accrued interest of USD 5.3 million, Coface breakage fees of USD 32.4 million, term loan breakage fees of USD 5.6 million and breakage support fees of USD 1.5 million. On 22 December 2016, O3b received a refund of insurance premiums from Coface of USD 26.7 million on the repayment of the borrowings.

Note 8 - Income taxes

Taxes on income comprise the taxes paid or owed in the individual countries, as well as deferred taxes. Current and deferred taxes can be analysed as follows:

In millions of euros	**2017**	2016
Current income tax		
Current income tax charge	**(57.7)**	(132.9)
Adjustments in respect of prior periods	**28.7**	(4.0)
Foreign withholding taxes	**(3.4)**	(15.3)
Total current income tax	**(32.4)**	(152.2)
Deferred income tax		
Relating to origination and reversal of temporary differences	**51.2**	31.3
Relating to tax losses brought forward	**17.5**	2.7
Changes in tax rate	**95.0**	(2.9)
Adjustment of prior years	**(0.7)**	7.0
Total deferred income tax	**163.0**	38.1
Income tax benefit / (expense) per consolidated income statement	**130.6**	(114.1)
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	**(0.3)**	1.5
Impact of currency translation	**60.3**	(9.1)
Net investment hedge - current tax	**(65.4)**	18.5
Net investment hedge - deferred tax	**-**	1.2
Tax impact of the treasury shares impairment recorded in the statutory financial statements	**14.2**	13.9
Tax impact on perpetual bond	**19.5**	7.2
Tax impact on transaction costs related to capital increase	**-**	3.7
Current and deferred income taxes reported in equity	**28.3**	36.9

A reconciliation between the income tax expense and the profit before tax of the group multiplied by a theoretical tax rate of 27.83% (2016: 29.97%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2017 is as follows:

In millions of euros	**2017**	2016
Profit before tax from continuing operations	**467.3**	1,141.2
Multiplied by theoretical tax rate	**130.0**	342.0
Effect of different foreign tax rates	**(15.1)**	(36.2)
Investment tax credits	**(15.0)**	(23.2)
Tax exempt income	**(4.5)**	(4.3)
Non-deductible expenditures	**10.5**	1.1
Taxes related to prior years	**(7.1)**	8.5
Effect of changes in tax rate	**(3.4)**	2.9
Change in deferred tax due to temporary differences related to prior years	**7.7**	(19.4)
Group tax provision related to current year	**2.3**	4.3
Release of group tax provision	**(17.7)**	(10.8)
Extra-Territorial Income exclusion benefit	**(56.7)**	-
Impairment on subsidiaries	**(23.8)**	(22.1)
Remeasurement of deferred taxes due to change in US tax law	**(94.4)**	-
Brazilian withholding tax refund	**(51.1)**	-
Foreign withholding taxes	**3.4**	15.3
Gain on deemed disposal of equity interest	**-**	(148.4)
Other	**4.3**	4.4
Income tax reported in the consolidated income statement	**(130.6)**	114.1

Adjustments in respect to prior periods

Adjustments in respect to prior periods of EUR 28.7 million mainly include the benefit for US subsidiaries in respect of basis restoration related to the Extra-Territorial Income previously claimed and accepted by the Internal Revenue Service in 2017.

Brazilian withholding tax receivable

In April 2017 the Superior Court in Brazil issued an irrevocable decision that withholding tax is not applicable on payments from Brazil for the provision of satellite capacity. As a result, the group recorded during the year an income tax benefit amounting to EUR 51.1 million in respect of the expected refund of withholding tax paid in Brazil during the period 2008 to 2017 and related interest, presented as income tax receivable.

Extra-Territorial Income exclusion benefit

A benefit of EUR 56.7 million has been recognised in connection with Extra-Territorial Income and basis restoration at the level of the US subsidiaries following the completion of the 2014 tax audit by the Internal Revenue Service. This resulted in the release of provision of EUR 44.3 million previously recognised (see Note 24).

Gain on deemed disposal of equity interest

SES Finance Services AG is a Swiss resident company holding the shares in O3b. On 1 August 2016 its holding in O3b increased from 42.65% to 100%, which resulted in a gain on deemed disposal of the equity interest held as of acquisition date of EUR 495.2 million (see Note 3). Based on Swiss tax law, any gain on the deemed disposal of the shares will be tax exempt in Switzerland. Therefore, no tax effect has been booked on the gain on the deemed disposal of the equity interest.

Effect of changes in tax rate

During 2017, as a result of the change in the US corporate income tax rate from 35% to 21% effective as of 1 January 2018, the relevant deferred tax assets and liabilities balances have been re-measured. The total impact of re-measurement was an income tax benefit of EUR 94.4 million. These measurement adjustments were considered a change in accounting estimate in accordance with IAS 8 requirements.

During 2016, as a result of the change in the Luxembourg and Israeli corporate income tax rates respectively from 21% to 19% effective as of 1 January 2017 (18% as of 2018) in Luxembourg and from 25% to 24% effective as of 1 January 2017 (23% as of 2018) in Israel, the relevant deferred tax balances have been re-measured. The total impact of re-measurement was a benefit of EUR 9.7 million for Luxembourg and EUR 1.3 million for Israel. Moreover, the change in state apportionment rules in the US triggered an additional tax charge of EUR 13.9 million.

Change in US tax law

The United States Tax Cuts and Jobs Act (the 'Act') which was signed into law on 22 December 2017, introduces significant changes in the US tax laws taking into effect on 1 January 2018. The group performed a preliminary assessment of the impact of the Act on the current and deferred tax balances in the consolidated financial statements as of 31 December 2017 and estimated the impact disclosed above under ‘Effect of changes in tax rate’ as well as EUR 2 million increase in current income tax payable and current income tax expense, representing toll charge.

Note 9 - Deferred income tax

The accounts related to deferred taxes included in the consolidated financial statements can be analysed as follows:

In millions of euros	**Deferred tax assets 2017**	Deferred tax assets 2016	**Deferred tax liabilities 2017**	Deferred tax liabilities 2016
Losses carried forward	**33.5**	40.8	**-**	-
Tax credits	**6.0**	6.5	**-**	-
Intangible assets	**37.7**	41.4	**(218.6)**	(294.1)
Tangible assets	**-**	0.3	**(244.3)**	(401.4)
Employee benefits	**10.0**	15.6	**-**	-
Measurement of financial assets and derivatives	**-**	1.1	**-**	-
Receivables	**21.0**	14.4	**-**	-
Tax-free reserves	**-**	-	**-**	(3.9)
Other provisions and accruals	**1.1**	0.9	**(14.5)**	(15.3)
Total deferred tax assets / (liabilities)	**109.3**	121.0	**(477.4)**	(714.7)
Offset of deferred taxes	**(38.9)**	(50.5)	**38.9**	50.5
Net deferred tax assets/ (liabilities)	**70.4**	70.5	**(438.5)**	(664.2)

Deferred tax assets have been offset against deferred tax liabilities where they relate to the same taxation authority and the entity concerned has a legally enforceable right to set off current tax assets against current tax liabilities.

In addition to the tax losses for which the group recognised deferred tax assets, the group has tax losses of EUR 490.8 million as at 31 December 2017 (31 December 2016: EUR 752.2 million) that are available for offset against future taxable profits of the companies in which the losses arose. EUR 450.7 million (31 December 2016: 730.0 million) of tax losses are triggered by the change in state apportionment rules in the US. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group and they have arisen in subsidiaries that are not expected to generate taxable profits against which these losses could be offset in the foreseeable future.

No deferred income tax liabilities have been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested or not subject to taxation.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances is as follows:

Deferred tax assets	**Losses carried forward**	**Tax credits**	**Intangible assets**	**Employee benefits**	**Measurement of financial assets and derivatives**	**Receivables**	**Other**	**Total**
At 1 January 2016	**8.1**	**4.7**	**45.2**	**14.5**	**1.2**	**18.4**	**0.5**	**92.6**
Additions through business combinations	3.6	-	-	0.2	-	1.2	0.9	5.9
(Charged)/credited to the income statement	26.3	1.5	(3.7)	0.5	(0.1)	(5.7)	(0.1)	18.7
Charged directly to equity	-	-	-	1.5	-	-	-	1.5
Exchange difference[1]	2.8	0.3	(0.1)	(1.1)	-	0.5	(0.1)	2.3
At 31 December 2016	**40.8**	**6.5**	**41.4**	**15.6**	**1.1**	**14.4**	**1.2**	**121.0**
(Charged)/credited to the income statement	(3.9)	(0.5)	(3.7)	(3.9)	(0.8)	8.8	(0.1)	(4.1)
Charged directly to equity		-	-	(0.4)	(0.1)	-	-	(0.5)
Exchange difference[1]	(3.4)	-	-	(1.3)	(0.2)	(2.2)	-	(7.1)
At 31 December 2017	**33.5**	**6.0**	**37.7**	**10.0**	**-**	**21.0**	**1.1**	**109.3**

Deferred tax liabilities	Intangible assets	Tangible assets	Tax-free reserves	Measurement of financial instruments	Other	Total
1 January 2016	**289.0**	**381.2**	**3.0**	**1.1**	**15.0**	**689.3**
Additions through business combinations	20.2	6.7	-	-	-	26.9
Charged/(credited) to the income statement	(24.9)	4.5	0.7	-	0.3	(19.4)
Charged directly to equity	-	-	-	(1.1)	-	(1.1)
Exchange difference[1]	9.8	9.0	0.2	-	-	19.0
At 31 December 2016	**294.1**	**401.4**	**3.9**	**-**	**15.3**	**714.7**
Charged/(credited) to the income statement	(46.5)	(116.8)	(3.4)	-	(0.4)	(167.1)
Exchange difference[1]	(29.0)	(40.3)	(0.5)	-	(0.4)	(70.2)
At 31 December 2017	**218.6**	**244.3**	**-**	**-**	**14.5**	**477.4**

[1] A foreign exchange impact arises due to the translation of group's operations with a different functional currency than euro. This amounts to EUR 63.1 million as at 31 December 2017 (2016: EUR 16.7 million)

Note 10 - Components of other comprehensive income

In millions of euros	**2017**	2016
Impact of currency translation	**(1,050.9)**	288.9
Income tax effect	**60.3**	(9.1)
Total impact of currency translation, net of tax	**(990.6)**	279.8

The impact of currency translation in other comprehensive income relates to exchange gains or losses arising on the translation of the net assets of foreign operations from their functional currency to euro, which is the company's functional and presentation currency. The assets and liabilities of consolidated foreign operations are translated into euro at the year-end exchange rates, while the income and expense items of these foreign operations are translated at the average exchange rate of the year.

The significant unrealised loss in 2017 reflects the impact on the valuation of SES's net US dollar assets of the weakening of the US dollar against the euro from 1.0541 to 1.1993 (compared to significant unrealised income in 2016 from the strengthening of the US dollar against the euro from 1.0887 to 1.0541). This effect is partially offset by the impact of the net investment hedge (Note 18).

Note 11 - Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of each class of shares by the weighted average number of shares outstanding during the year as adjusted to reflect the economic rights of each class of share. The net profit for the year attributable to ordinary shareholders has been adjusted to include an assumed coupon, net of tax, on the perpetual bond.

For the year 2017, basic earnings per share of EUR 1.21 per Class A share (2016: EUR 2.18), and EUR 0.48 per Class B share (2016: EUR 0.87) have been calculated on the following basis:

Profit attributable to the owners of the parent for calculating basic earnings per share:

In millions of euros	**2017**	2016
Profit attributable to owners of the parent	**596.1**	962.7
Assumed coupon on perpetual bond (net of tax)	**(47.3)**	(15.0)
Total	**548.8**	947.7

Assumed coupon accruals of EUR 47.3 million (net of tax) for the year ended 31 December 2017 (2016: EUR 15.0 million) related to the perpetual bonds issued during 2016 have been considered for the calculation of the basic and diluted earnings available for distribution.

Weighted average number of shares, net of own shares held, for calculating basic and diluted earnings per share:

	2017	2016
Class A shares (in million)	**376.5**	361.0
Class B shares (in million)	**191.7**	183.7
Total	**568.2**	544.7

The weighted average number of shares is based on the capital structure of the company as described in Note 20.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which are primarily related to the share-based compensation plans. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the difference, if it results in a dilutive effective, is considered to adjust the weighted average number of share.

For the year 2017, diluted earnings per share of EUR 1.21 per Class A share (2016: EUR 2.18), and EUR 0.48 per Class B share (2016: EUR 0.87) have been calculated on the following basis:

In millions of euros	**2017**	2016
Profit attributable to owners of the parent	**596.1**	962.7
Assumed coupon on perpetual bond (net of tax)	**(47.3)**	(15.0)
Total	**548.8**	947.7

Weighted average number of shares, net of own shares held, for the purpose of calculating diluted earnings per share:

	2017	2016
Class A shares (in million)	**377.7**	361.9
Class B shares (in million)	**191.7**	183.7
Total	**569.4**	545.6

Note 12 - Dividends paid and proposed

Dividends declared and paid during the year:

In millions of euros	**2017**	2016
Class A dividend 2016: EUR 1.34 (2015: EUR 1.30)	**513.8**	446.7
Class B dividend 2016: EUR 0.54 (2015: EUR 0.52)	**102.8**	89.3
Total	**616.6**	536.0

Dividends proposed for approval at the annual general meeting to be held on 5 April 2018, which are not recognised as a liability as at 31 December 2017:

In millions of euros	**2017**	2016
Class A dividend for 2017: EUR 0.80 (2016: EUR 1.34)	**306.8**	513.8
Class B dividend for 2017: EUR 0.32 (2016: EUR 0.54)	**61.4**	102.8
Total	**368.2**	616.6

Dividends are paid net of any withholding tax.

Note 13 - Property, plant and equipment

In millions of euros	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2017	**244.9**	**11,186.3**	**653.3**	**166.4**	**12,250.9**
Additions	5.3	126.9 [1]	24.4	9.7	166.3
Additions through business combinations (Note 3)	-	14.8	-	-	14.8
Disposals	(0.7)	-	(0.6)	(3.0)	(4.3)
Retirements	-	(247.3) [2]	(5.8)	(1.0)	(254.1)
Transfers from assets in course of construction (Note 14)	2.5	248.3 [3]	26.0	8.2	285.0
Transfer	0.9	-	(0.9)	-	0.0
Other movements	-	-	6.0	-	6.0
Impact of currency translation	(13.1)	(918.8)	(49.7)	(6.7)	(988.3)
As at 31 December 2017	**239.8**	**10,410.2**	**652.7**	**173.6**	**11,476.3**
Depreciation					
As at 1 January 2017	**(140.4)**	**(6,442.3)**	**(394.6)**	**(117.3)**	**(7,094.6)**
Depreciation and impairment	(9.9)	(552.7) [4]	(57.7)	(14.7)	(635.0)
Disposals	-	-	-	3.0	3.0
Retirements	-	247.3 [2]	5.8	1.0	254.1
Transfer	-	-	(0.9)	0.9	-
Impact of currency translation	6.3	543.8	32.5	5.0	587.6
As at 31 December 2017	**(144.0)**	**(6,203.9)**	**(414.9)**	**(122.1)**	**(6,884.9)**
Net book value as at 31 December 2017	**95.8**	**4,206.3**	**237.8**	**51.5**	**4,591.4**

1 SES-11 has been acquired and became operational during 2017
2 AMC-9 has been fully retired during 2017
3 SES-10 became operational during 2017
4 Depreciation expense includes EUR 18.3 million related to insurance proceeds for O3b (2016: EUR 18.0 million)

In millions of euros	Land and buildings	Space segment	Ground segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2016	**210.1**	**10,019.3**	**478.6**	**142.6**	**10,850.6**
Additions	3.2	-	26.8	6.1	36.1
Additions through business combinations	27.1	624.0[5]	100.7	9.5	761.3
Disposals	-	(0.7)	(2.1)	(1.0)	(3.8)
Transfers from assets in course of construction (Note 14)	0.6	291.7[6]	31.2	11.1	334.6
Transfer	-	-	4.1	(4.1)	-
Impact of currency translation	3.9	252.0	14.0	2.2	272.1
As at 31 December 2016	**244.9**	**11,186.3**	**653.3**	**166.4**	**12,250.9**
Depreciation					
As at 1 January 2016	**(129.6)**	**(5,803.2)**	**(347.2)**	**(105.8)**	**(6,385.8)**
Depreciation	(8.8)	(497.9)[4]	(42.3)	(11.5)	(560.5)
Disposals	-	0.7	2.1	1.0	3.8
Impact of currency translation	(2.0)	(141.9)	(7.2)	(1.0)	(152.1)
As at 31 December 2016	**(140.4)**	**(6,442.3)**	**(394.6)**	**(117.3)**	**(7,094.6)**
Net book value as at 31 December 2016	**104.5**	**4,744.0**	**258.7**	**49.1**	**5,156.3**

5 Includes insurance proceeds received for O3b satellites amounting to EUR 45.0 million within space segment cost
6 SES-9 became operational during 2016

During 2017, the total amount of the impairment charge for space segment assets recorded by the group was EUR 40.3 million, mainly related to the AMC-9 satellite (EUR 38.4 million). The AMC-9 impairment charge was a result of a significant anomaly on the satellite, bringing its net book value to zero. The group has recorded no satellite impairment charges in 2016.

In connection with the acquisition of the SES-11 satellite, the group entered into an agreement with an anchor customer on one of the payloads of the satellite whereby the anchor customer entered into the construction agreement with the manufacturer to construct the satellite. Some of the payload construction costs were treated as an advance payment for the services to be provided to that customer over the duration of the customer agreement, with the remainder to be paid by the group to the anchor customer in cash.

As a result of this arrangement, the group recognised EUR 106.2 million (USD 127.4 million) of deferred revenue at the satellite's in-service date in November 2017, and paid EUR 66.2 million (USD 79.4) million in cash to the anchor customer in January 2018. For this reason, both of these amounts are included in the group's space segment as at 31 December 2017 and are excluded from ‘Payments for purchases of tangible assets’ within consolidated statement of cash flows.

Note 14 - Assets in the course of construction

In millions of euros	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2017	**2.6**	**1,335.0**	**47.1**	**4.9**	**1,389.6**
Movements in 2017					
Additions	0.1	415.1	66.3	14.0	495.5
Transfers to assets in use (Note 13)	(2.5)	(248.3)*	(26.0)	(8.2)	(285.0)
Impact of currency translation	-	(113.5)	(5.9)	(0.5)	(119.9)
Cost and net book value as at 31 December 2017	**0.2**	**1,388.3**	**81.5**	**10.2**	**1,480.2**

* Includes SES-15 that became operational in January 2018

In millions of euros	Land and Buildings	Space segment	Ground Segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2016	**0.9**	**864.6**	**22.6**	**6.2**	**894.3**
Movements in 2016					
Additions	2.3	553.9	51.8	9.6	617.6
Additions through business combinations (Note 3)	-	176.7	3.4	0.4	180.5
Transfers to assets in use (Note 13)	(0.6)	(291.7)	(31.2)	(11.1)	(334.6)
Disposals	-	-	(1.0)	(0.3)	(1.3)
Impact of currency translation	-	31.5	1.5	0.1	33.1
Cost and net book value as at 31 December 2016	**2.6**	**1,335.0**	**47.1**	**4.9**	**1,389.6**

Borrowing costs of EUR 47.0 million (2016: EUR 39.7 million) arising from financing specifically relating to the satellite construction were capitalised during the year and are included in additions to ‘Space segment’ in the above table.

A weighted average capitalisation rate of 3.97% (2016: 4.12%) was used, representing the group’s average weighted cost of borrowing. Excluding the impact of the loan origination costs and commitment fees the average weighted interest rate was 3.66% (2016: 3.87%).

Note 15 - Intangible assets

In millions of euros	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2017	**2,232.7**	**2,540.9**	**770.3**	**406.5**	**6.2**	**5,956.6**
Additions	0.3	-	-	10.4	25.4	36.1
Additions through business combinations (Note 3)	-	5.6	-	-	-	5.6
Transfers	(5.5)	-	5.5	4.5	(4.5)	-
Disposals	-	-	-	(1.7)	-	(1.7)
Other movements	-	-	-	(6.0)	-	(6.0)
Impact of currency translation	(255.4)	(302.6)	(3.4)	(25.9)	(0.6)	(587.9)
As at 31 December 2017	**1,972.1**	**2,243.9**	**772.4**	**387.8**	**26.5**	**5,402.7**
Amortisation						
As at 1 January 2017	**-**	**-**	**(473.4)**	**(235.5)**	**-**	**(708.9)**
Amortisation	-	-	(38.7)	(39.9)	-	(78.6)
Disposals	-	-	-	1.7	-	1.7
Impact of currency translation	-	-	0.7	13.3	-	14.0
As at 31 December 2017	**-**	**-**	**(511.4)**	**(260.4)**	**-**	**(771.8)**
Book value as at 31 December 2017	**1,972.1**	**2,243.9**	**261.0**	**127.4**	**26.5**	**4,630.9**

In millions of euros	Orbital slot licence rights (indefinite- life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2016	**998.6**	**2,175.1**	**759.6**	**275.3**	**14.0**	**4,222.6**
Additions	0.9	-	6.9	19.0	15.0	41.8
Additions through business combinations (Note 3)	1,147.4	282.1	-	80.6	0.3	1,510.4
Transfers	-	-	-	23.2	(23.2)	-
Impact of currency translation	85.8	83.7	3.8	8.4	0.1	181.8
As at 31 December 2016	**2,232.7**	**2,540.9**	**770.3**	**406.5**	**6.2**	**5,956.6**
Amortisation						
As at 1 January 2016	**-**	**-**	**(434.3)**	**(200.9)**	**-**	**(635.2)**
Amortisation	-	-	(38.7)	(32.0)	-	(70.7)
Impact of currency translation	-	-	(0.4)	(2.6)	-	(3.0)
As at 31 December 2016	**-**	**-**	**(473.4)**	**(235.5)**	**-**	**(708.9)**
Book value as at 31 December 2016	**2,232.7**	**2,540.9**	**296.9**	**171.0**	**6.2**	**5,247.7**

Indefinite-life intangible assets

Management identified the following cash-generating units at the level of which goodwill is allocated: SES GEO operations, SES MEO operations, MX1 and other.

The level of integration of SES GEO operations has lead management to conclude that there is only one cash-generating unit ('CGU') to which the goodwill is allocated for impairment test purposes. SES MEO operations, representing the O3b Networks business acquired in 2016, is considered a separate CGU, as the business generates cash inflows that are independent from SES's GEO operations. Similarly, MX1 generates separate cash flows and is considered a separate CGU.

The CGUs for orbital slot licence rights are different, as the rights conveyed in different jurisdictions can have different characteristics that makes them separate and distinct from the orbital slot licence rights in other jurisdictions. The group thus aggregates these rights in Europe, the U.S., Canada, and Mexico. All other slots are not separable and do not generate separate cash flows and are thus considered a single CGU, “International”.

The indefinite-life intangible assets as at 31 December 2017 have a net book value by cash-generating unit as presented below:

In millions of euros	**2017**	
	Orbital slot licence rights	**Goodwill**
SES GEO operations	**-**	**1,926.9**
SES MEO operations	**1,062.9**	**142.6**
MX1	**-**	**169.2**
Orbital slot licence rights:		
Europe	**154.0**	**-**
U.S.	**301.2**	**-**
Canada	**5.4**	**-**
Mexico	**6.5**	**-**
International	**442.1**	**-**
Other (SES GS)	**-**	**5.2**
Total	**1,972.1**	**2,243.9**

For 2016 impairment testing purposes, RR Media was also considered by management to be a separate CGU as, at that time, it still generated cash flows largely independent from MX1 GmbH, formerly SES Platform Services GmbH ('SES Platform Services'). In 2017, the businesses have been fully integrated and the cash flows of the legacy entities are no longer distinct: for this reason, MX1 is treated as a single cash generating unit beginning with these 2017 consolidated financial statements.

The indefinite-life intangible assets as at 31 December 2016 have a net book value by cash-generating unit as presented below:

In millions of euros	2016	
	Orbital slot licence rights	Goodwill
SES GEO operations	-	2,190.3
SES MEO operations	1,209.6	162.4
MX1	-	171.1
Orbital slot licence rights:		
Europe	156.2	-
U.S.	342.6	-
Canada	5.6	-
Mexico	7.0	-
Other	511.7	-
Other (Smartcast, SES GS)	-	17.1
Total	2,232.7	2,540.9

1) Orbital slot licence rights

Impairment testing procedures are performed at least once a year to assess whether the carrying value is still appropriate.

2) Goodwill

Impairment testing procedures are performed at least once a year to assess whether the carrying value of goodwill is still appropriate. The annual impairment test is performed as at 31 October each year. The recoverable amount of the goodwill is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by the Board of Directors which covers a period of five years.

For the MEO satellite business, the impairment test period was extended beyond the five-year period, reflecting the ramp-up phase of the business. This extension is necessary to fully capture the contracted capital expenditure and expected growth of the business in connection with the O3b mPOWER constellation, which is expected to launch in 2021.

Pre-tax discount rates in 2017 are between 7.93% and 10.37% (2016: 5.92% and 6.42%) and were selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the group's business sector; and the specific risk profile of the businesses concerned. Terminal growth rates used in the valuations are set at 2% (2016: 2%), which reflect the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance of the companies concerned over a longer period.

The calculations of value in use are most sensitive to:

1) Movements in the underlying business plan assumptions
   Business plans are drawn up annually and provide an assessment of the expected developments for a five-year period beyond the end of the year when the plan is drawn up. These business plans reflect both the most up-to-date assumptions concerning the CGU's markets and also developments and trends in the business of the CGU. For the provision of satellite capacity these will particularly take into account the following factors:

   - the expected developments in transponder fill rates, including the impact of the replacement capacity;
   - any changes in the expected capital expenditure cycle - due to technical degradation of a satellite or through the identified need for replacement capacities; and
   - any changes in satellite procurement, launch or cost assumptions.

2) Changes in discount rates
   Discount rates reflect management's estimate of the risks specific to each CGU. Management uses a pre-tax weighted average cost of capital as discount rate for each CGU. This reflects market interest rates of twenty-year bonds in the market concerned, the capital structure of businesses in the group's business sector, and other factors, as necessary, applied specifically to the CGU concerned.

3) Terminal growth rate
   Growth rate assumptions used to extrapolate cash flows beyond the business planning period are based on the commercial experience relating to the CGUs concerned and the expectations for developments in the markets which they serve.

As part of standard impairment testing procedures, the group assesses the impact of changes in the discount rates and growth assumptions of the valuation surplus, or deficit as the case may be. Both discount rates and terminal values are simulated up to 2% below and above the CGU's specific rate used in the base valuation. In this way a matrix of valuations is generated which reveals the potential exposure to impairment charges for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that the CGUs tested would have no impairment even in the least favourable case - a combination of lower terminal growth rates and higher discount rates. For this reason, management believes that there is no combination of discount rates and terminal growth rates foreseeable at the valuation date, which would result in the carrying value of indefinite-life intangible assets and goodwill materially exceeding their recoverable amount. In addition to the changes in terminal growth rates and discount rates, no other reasonably possible change in another key assumption is expected to cause the CGU's carrying amounts to exceed their recoverable amount.

Definite life intangible assets

The definite-life intangible assets as at 31 December 2017 have a net book value by cash-generating unit as presented below:

In millions of euros	2017	
	Orbital slot licence rights	**Other**
Luxembourg	**241.3**	**-**
Brazil	**13.3**	**-**
Other	**6.4**	**127.4**
Total	**261.0**	**127.4**

The group's primary definite life intangible asset is the agreement concluded by SES Astra with the Luxembourg government in relation to the usage of Luxembourg frequencies in the orbital positions of the geostationary arc from 45˚ west to 50˚ east for the period of 1 January 2001 to 31 December 2021. Given the finite nature of this agreement, these usage rights - valued at EUR 550.0 million at the date of acquisition - are being amortised on a straight-line basis over the 21-year term of the agreement.

The group also holds orbital slot licence rights in Brazil, which were awarded to a Group subsidiary at auction in 2014 for a 15-year term. These rights are being amortised over a 30-year period, reflecting the group's ability to renew the rights once in 2029, assuming they are being utilised.

Note 16 - Trade and other receivables

In millions of euros	**2017**	2016
Trade debtors, net of provisions	**440.7**	458.1
Unbilled accrued revenue	**434.4**	492.1
Other receivables	**90.9**	100.0
Total trade and other receivables	**966.0**	1,050.2
Of which:		
Non-current	**317.8**	356.1
Current	**648.2**	694.1

Unbilled accrued revenue represents revenue recognised, but not billed, for satellite capacity under long-term contracts. Billing will occur based on the terms of the contracts. There is a current and non-current portion for unbilled accrued revenue. The non-current portion amounts to EUR 317.8 million (2016: EUR 356.1 million).

An amount of EUR 32.4 million was expensed in 2017 reflecting an increase in the impairment of trade and other receivables (2016: EUR 14.6 million). This amount is recorded in 'Other operating charges'. As at 31 December 2017, trade receivables with a nominal amount of EUR 87.1 million (2016: EUR 73.0 million) were impaired and fully provided for. Movements in the provision for the impairment of receivables were as follows:

In millions of euros	**2017**	**2016**
As at 1 January	**73.0**	52.7
Increase in debtor's provision	**32.4**	14.6
Reversals of debtor's provision	**(7.3)**	(5.1)
Utilised	**(3.6)**	(2.7)
Impact of currency translation	**(7.4)**	0.9
Addition from business combinations	**-**	12.6
As at 31 December	**87.1**	73.0

Note 17 - Financial instruments

Fair value estimation and hierarchy

The group uses the following hierarchy levels for determining the fair value of financial instruments by valuation technique:

1) Quoted prices in active markets for identical assets or liabilities (Level 1);

2) Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly (Level 2);

3) Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (Level 3).

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2017.

As at 31 December 2017

Assets *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives				
Forward currency exchange contracts	-	0.6	-	0.6
Interest Rate swaps	-	2.0	-	2.0
Total	**-**	**2.6**	**-**	**2.6**

Liabilities *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives				
Interest Rate swaps	-	0.6	-	0.6
Total	**-**	**0.6**	**-**	**0.6**

As at 31 December 2016

Liabilities *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives				
Forward currency exchange contracts	-	1.0	-	1.0
Total	**-**	**1.0**	**-**	**1.0**

A change in the group's credit default rate by +/- 5% would only marginally impact profit and loss.

Set out below is an analysis of financial derivatives by category:

	31 December 2017		31 December 2016	
In millions of euros	**Fair value asset**	**Fair value liability**	Fair value asset	Fair value liability
Derivatives				
Forward currency exchange contracts	**0.6**	**-**	-	1.0
Interest rate swaps	**2.0**	**0.6**	-	-
Total valuation of financial derivatives	**2.6**	**0.6**	-	1.0
Of which: Non-current	**-**	**-**	-	-
Of which: Current	**2.6**	**0.6**	-	1.0

Fair values

The fair value of borrowings has been calculated with the quoted market prices except for COFACE and Fixed Term Loan Facility (LuxGovSat) for which the discounted expected future cash flows at prevailing interest rates has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

All borrowings are measured at amortised cost.

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments that are carried in the financial statements.

As at 31 December 2017

In millions of euros		Carried at amortised cost		Carried at fair value	Total
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Balance Sheet
As at 31 December 2017					
Financial assets					
Non-current financial assets:					
Other financial assets		**5.0**	**5.0**	**-**	**5.0**
Trade and other receivables		**317.8**	**317.8**	**-**	**317.8**
Total non-current financial assets		**322.8**	**322.8**	**-**	**322.8**
Current financial assets:					
Trade and other receivables		**648.2**	**648.2**	**-**	**648.2**
Cash and cash equivalents		**269.6**	**269.6**	**-**	**269.6**
Total current financial assets		**917.8**	**917.8**	**-**	**917.8**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021*	2	-	-	-	-
Commercial papers	2	-	-	-	-
COFACE	2	201.4	201.4	-	201.4
At fixed rates:					
Eurobond 2018 (EUR 500 million)	2	498.4	506.7	-	498.4
US Bond 2019 (USD 500 million)	2	415.1	413.7	-	415.1
Eurobond 2020 (EUR 650 million)	2	648.3	712.9	-	648.3
Eurobond 2021 (EUR 650 million)	2	647.6	741.2	-	647.6
US Bond 2023 (USD 750 million)	2	623.5	627.7	-	623.5
US Bond 2043 (USD 250 million)	2	203.0	190.8	-	203.0
US Bond 2044 (USD 500 million)	2	406.3	377.0	-	406.3
German Bond 2032 (EUR 50 million), non-listed	2	49.8	59.0	-	49.8
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.5	167.9	-	139.5
Fixed Term Loan Facility (LuxGovSat)	2	115.0	135.7	-	115.0
Total borrowings:		**3,947.9**	**4,134.0**	**-**	**3,947.9**
Of which: Non-current		3,413.8	3,590.8	-	3,413.8
Of which: Current		534.1	543.2	-	534.1
Non-current financial liabilities:					
Other long term liabilities		76.1	76.1	-	76.1
Current financial liabilities:					
Derivatives	2	-	-	0.6	0.6
Trade and other payables		512.2	512.2	-	512.2

* As at 31 December 2017 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated loan has been disclosed under prepaid expenses for an amount of EUR 1.8 million.

As at 31 December 2016

In millions of euros	Fair value hierarchy	Carried at amortised cost: Carrying amount	Carried at amortised cost: Fair value	Carried at fair value: Carrying amount	Total: Balance Sheet
As at 31 December 2016					
Financial assets					
Non-current financial assets:					
Other financial assets		6.5	6.5	-	6.5
Trade and other receivables		356.1	356.1	-	356.1
Total non-current financial assets		362.6	362.6	-	362.6
Current financial assets:					
Trade and other receivables		694.1	694.1	-	694.1
Cash and cash equivalents		587.5	587.5	-	587.5
Total current financial assets		1,281.6	1,281.6	-	1,281.6
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021*	2	-	-	-	-
Commercial papers	2	100.0	100.0	-	100.0
COFACE	2	300.3	300.3	-	300.3
At fixed rates:					
Eurobond 2018 (EUR 500 million)	2	496.6	514.0	-	496.6
US Bond 2019 (USD 500 million)	2	472.3	469.7	-	472.3
Eurobond 2020 (EUR 650 million)	2	647.7	740.2	-	647.7
Eurobond 2021 (EUR 650 million)	2	647.0	768.3	-	647.0
US Bond 2023 (USD 750 million)	2	709.4	699.0	-	709.4
US Bond 2043 (USD 250 million)	2	231.0	201.5	-	231.0
US Bond 2044 (USD 500 million)	2	462.0	400.1	-	462.0
US Ex-Im	2	58.0	59.2	-	58.0
German Bond 2032 (EUR 50 million), non-listed	2	49.8	61.5	-	49.8
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.5	171.7	-	139.5
European Investment Bank (EUR 200 million)	2	33.3	33.7	-	33.3
Fixed Term Loan Facility (LuxGovSat)	2	80.5	95.7	-	80.5
Total borrowings:		**4,427.4**	**4,614.9**	**-**	**4,427.4**
Of which: Non-current		4,223.1	4,401.8	-	4,223.1
Of which: Current		204.3	213.1	-	204.3
Non-current financial liabilities:					
Other long term liabilities		69.1	69.1	-	69.1
Current financial liabilities:					
Derivatives	2	-	-	1.0	1.0
Trade and other payables		459.1	459.1	-	459.1

* As at 31 December 2016 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated loan has been disclosed under prepaid expenses for an amount of EUR 3.0 million.

Note 18 - Financial risk management objectives and policies

The group's financial instruments, other than derivatives, comprise: a syndicated loan, Eurobonds, US dollar bonds (144A), a euro- dominated Private Placement, a German Bond, drawings under Coface and under a committed credit facility for specified satellites under construction, cash and short-term deposits. The main purpose of the debt instruments is to raise funds to finance the group's day-to-day operations, as well as for other general business purposes. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into derivative transactions, principally forward currency contracts, in order to manage exchange rate exposure on the group's assets, liabilities and financial operations.

The main risks arising from the group's financial instruments are liquidity risks, foreign currency risks, interest rate risks and credit risks. The general policies are periodically reviewed and approved by the board.

The group's accounting policies in relation to derivatives and other financial instruments are set out in Note 2.

Liquidity risk

The group's objective is to efficiently use cash generated so as to maintain short-term debt and bank loans at a low level. In case of liquidity needs, the group can call on uncommitted loans, commercial paper programs and a committed syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, the group can access additional funds through the European Medium-Term Note or commercial paper programmes. The group's debt maturity profile is tailored to allow the company and its subsidiaries to cover repayment obligations as they fall due.

The group operates a centralised treasury function which manages, among others, the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Liquidity is monitored on a daily basis through a review of cash balances, the drawn and issued amounts and the availability of additional funding under committed credit lines, the two commercial paper programmes and the EMTN Programme (EUR 4,770.0 million as at 31 December 2017, EUR 4,704.5 million as at 31 December 2016, more details in Note 23).

The table below summarises the projected contractual undiscounted cash flows (nominal amount plus interest charges) based on the maturity profile of the group's interest-bearing borrowings as at 31 December 2017 and 2016.

In millions of euros	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2017:				
Borrowings	541.2	1,913.1	1,522.9	3,977.2
Future interest commitments	151.3	439.4	450.1	1,040.8
Trade and other payables	512.2	-	-	512.2
Other long term liabilities	-	76.1	-	76.1
Fixed assets suppliers, non-current	-	53.4	-	53.4
Total maturity profile	**1,204.7**	**2,482.0**	**1,973.0**	**5,659.7**
As at 31 December 2016:				
Borrowings	204.6	2,538.2	1,722.2	4,465.0
Future interest commitments	162.5	546.7	938.2	1,647.4
Trade and other payables, non-current	459.1	-	-	459.1
Other long term liabilities	-	53.7	-	53.7
Fixed assets suppliers long-term	-	15.4	-	15.4
Total maturity profile	**826.2**	**3,154.0**	**2,660.4**	**6,640.6**

Foreign currency risk

SES operates in markets outside of the Eurozone, with procurement and sales facilities in various locations throughout the world. Consequently, SES uses certain financial instruments to manage its foreign currency exposure. Derivative financial instruments are used mainly to reduce the group's exposure to market risks resulting from fluctuations in foreign exchange rates by creating offsetting exposures. SES is not a party to leveraged derivatives and, by policy, does not use derivative financial instruments for speculative purposes.

The group has significant foreign operations whose functional currency is not the euro. The primary currency exposure in terms of foreign operations is the US dollar and the group has designated certain US dollar-denominated debt as net investment hedges of these operations. The group also has a corresponding exposure in the consolidated income statement. 49.5% (2016: 47.9%) of the group's sales and 59.5% (2016: 52.6%) of the group's operating expenses are denominated in US dollars. The group does not enter into any hedging derivatives to cover these currency exposures.

The group uses predominantly forward currency contracts to eliminate or reduce the currency exposure arising from individual capital expenditure projects, such as satellite procurements, tailoring the maturities to each milestone payment. Depending on the functional currency of the entity with the capital expenditure commitment, the foreign currency risk might be in euro or in the US dollar. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the group's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

1) Cash flow hedges in relation to contracted commitments for capital expenditure

   At 31 December 2017 and 2016, the group held forward exchange contracts designated as hedges, relating to the capital expenditure for the procurement of the SES-14 satellite (2017: asset of EUR 0.2 million; 2016: liability of EUR 0.4 million) and forward exchange contracts designated as hedges to cover the exposure between USD and BRL, 2017: asset of EUR 0.4 million (2016: nil).

2) Hedge of net investment in foreign operations

   At 31 December 2017 and 2016, certain borrowings denominated in US dollars were designated as hedges of the net investments in SES Americas, SES Holdings (Netherlands) BV, SES Satellite Leasing Limited, MX1 Ltd, Israel and O3b Networks to hedge the group's exposure to foreign exchange risk on these investments. As at 31 December 2017, all designated net investment hedges were assessed to be highly effective and a total gain of EUR 169.4 million net of tax of EUR 65.4 million (2016: loss of EUR 42.1 million net of tax of EUR 19.7 million) is included in equity accounts.

   The following table demonstrates the hedged portion of USD statement of financial position exposure:

	31 December 2017 in USD	31 December 2016 in USD
USD statement of financial position exposure:		
SES Americas	**2,706.6**	2,928.3
SES Holdings (Netherlands) BV	**1,835.3**	1,908.9
SES Satellite Leasing	**1,395.9**	1,380.1
MX1 Ltd, Israel	**244.5**	271.0
O3b	**2,461.1**	2,716.8
Total	**8,643.4**	9,205.1
Hedged with:		
US Bonds	**2,000.0**	2,000.0
Other external borrowings	**-**	62.7
Total	**2,000.0**	2,062.7
Hedged proportion	**23%**	22%

The following table demonstrates the sensitivity to a +/- 20% change in the US dollar exchange rate on the nominal amount of the group's US dollar net investment, with all other variables held constant. All value changes are eligible to be recorded in other comprehensive account with no impact on profit and loss.

31 December 2017	Amount in USD million	Amount in EUR million at closing rate of 1.1993	Amount in EUR million at rate of 1.4392	Amount in EUR million at rate of 0.9594
USD statement of financial position exposure:				
SES Americas	2,706.6	2,256.8	1,880.7	2,821.0
SES Holdings (Netherlands) BV	1,835.3	1,530.3	1,275.2	1,912.9
SES Satellite Leasing Limited	1,395.9	1,163.9	969.9	1,454.9
MX1 Ltd, Israel	244.5	203.9	169.9	254.9
O3b	2,461.1	2,052.1	1,710.1	2,565.2
Total	**8,643.4**	**7,207.0**	**6,005.8**	**9,008.9**
Hedged with:				
US Bonds	2,000.0	1,667.6	1,389.7	2,084.5
Other external borrowings	-	-	-	-
Total	**2,000.0**	**1,667.6**	**1,389.7**	**2,084.5**
Hedged proportion	23%			
Absolute difference without hedging			(1,201.2)	1,801.9
Absolute difference with hedging			(923.3)	1,385.0

31 December 2016	Amount in USD million	Amount in EUR million at closing rate of 1.0541	Amount in EUR million at rate of 1.2600	Amount in EUR million at rate of 0.8400
USD statement of financial position exposure:				
SES Americas	2,928.3	2,778.0	2,324.0	3,486.1
SES Holdings (Netherlands) BV	1,908.9	1,810.9	1,515.0	2,272.5
SES Satellite Leasing Limited	1,380.1	1,309.3	1,095.3	1,643.0
MX1 Ltd, Israel	271.0	257.1	215.1	322.6
O3b	2,716.8	2,577.4	2,156.2	3,234.3
Total	**9,205.1**	**8,732.7**	**7,305.6**	**1,0958.5**
Hedged with:				
US Bonds	2,000.0	1,897.4	1,587.3	2,381.0
Other external borrowings	62.7	59.5	49.8	74.6
Total	**2,062.7**	**1,956.9**	**1,637.1**	**2,455.6**
Hedged proportion	22%			
Absolute difference without hedging			(1,427.1)	2,225.8
Absolute difference with hedging			(1,107.3)	1,727.1

Interest rate risk

The group's exposure to market interest rate risk relates primarily to the group's debt portion at floating rates. In order to mitigate this risk, the group is generally seeking to contract as much as possible of its debt outstanding at fixed interest rates, and is carefully monitoring the evolution of market conditions, adjusting the mix between fixed and floating rate debt if necessary. To mitigate the group's interest rate risk in connection with near-term debt refinancing needs, the group has entered into interest rate forward contracts denominated in EUR and USD for hedging purposes. As per 31 December 2017, the group had total EUR 566.8 million interest rate hedges outstanding (no outstanding hedges as per 31 December 2016).

The table below summarises the split of the nominal amount of the group's debt between fixed and floating rate.

In millions of euros	At fixed rates	At floating rates	Total
Borrowings at 31 December 2017	**3,746.5**	**201.4**	**3,947.9**
Borrowings at 31 December 2016	4,027.1	400.3	4,427.4

In the course of 2017 the group repaid the last tranche of EUR 33.3 million of the European Investment Bank facility and fully repaid the US Ex-Im facility for a total of USD 62.7 million and of which USD 44.8 were repaid under a voluntarily early termination agreement. Both debt instruments represented fixed rate obligations.

Furthermore, during the year 2017 the group repaid floating rate obligations of EUR 100 million related to European Commercial Paper issuances and a total amount of EUR 99.8 million related to various Coface instalments and of which EUR 45.6 million were repaid under a voluntarily early termination agreement.

The following table demonstrates the sensitivity of the group's pre-tax income to reasonably possible changes in interest rates affecting the interest charged on the floating rate borrowings. All other variables are held constant.

The group believes that a reasonably possible development in the Euro-zone interest rates would be an increase of 25 basis points or a decrease of nil basis points (2016: increase of 25 basis points or a decrease of 25 basis points).

Euro interest rates *In millions of euros*	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2017	**201.4**	**(0.5)**	**0.0**
Borrowings at 31 December 2016	400.3	(1.0)	1.0

Credit risk

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Those procedures include the assessment of the creditworthiness of the customer by using sources of quality information such as Dun & Bradstreet reports, audited annual reports, press articles or rating agencies. Should the customer be a governmental entity, the official debt rating of the respective country will be the key driver in determining the appropriate credit risk category. Following this credit analysis, the customer is classified into a credit risk category which can be as follows: 'prime' (typically publicly rated and traded customers), 'market' (usually higher growth companies with higher leverage) or 'sub-prime' (customers for which viability is dependent on continued growth with higher leverage). The credit profile is updated at least once a year for all customers with an ongoing contractual relationship with annual revenues over EUR/USD 1 million or the equivalent in any other currency.

Receivables which are more than 90 days overdue are provided for at 100% of the receivable amount. Receivable amounts more than 90 days overdue with a credit worthy government or branch thereof are generally not provided for unless conditions warrant. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is historically insignificant. The carrying value of unprovided gross debtors at 31 December 2017 is EUR 516.9 million (2016: EUR 526.0 million). The group's largest customers are substantial media companies and government agencies and the credit risk associated with these contracts is assessed as low.

Aging of trade debtors *(in millions of euros)*	Neither past due nor impaired	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
2017					
Gross trade debtors	**283.5**	**45.7**	**36.6**	**162.0**	**527.8**
Provision	**(12.2)**	**(1.2)**	**(1.9)**	**(71.8)**	**(87.1)**
Net trade debtors	**271.3**	**44.5**	**34.7**	**90.2**	**440.7**
2016					
Gross trade debtors	256.6	90.9	83.3	100.3	531.1
Provision	(16.4)	(6.6)	(14.8)	(35.2)	(73.0)
Net trade debtors	240.2	84.3	68.5	65.1	458.1

Financial credit risk

With respect to the credit risk relating to financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments), this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments. The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

To mitigate the counterparty risk, the group only deals with recognised financial institutions with an appropriate credit rating - generally 'A' and above - and in adherence of a maximum trade limit for each counterparty which has been approved for each type of transactions. All counterparties are financial institutions which are regulated and controlled by the federal financial supervisory authorities of the associated countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover, to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

Capital management

The group's policy is to attain, and retain, a stable BBB rating with Standard & Poor's and a stable Baa2 rating with Moody's. This investment grade rating serves to maintain investors, creditors, rating agency and market confidence. Within this framework, the group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for the shareholder. The group is committed to maintain a progressive dividend policy which will be validated annually based on cash flow developments and other factors such as yield and payout ratio.

Note 19 - Cash and cash equivalents

In millions of euros	**2017**	**2016**
Cash at bank and in hand	**227.7**	521.9
Short-term deposits	**41.9**	65.6
Total cash and cash equivalents	**269.6**	587.5

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates. Short-term deposits and cash at bank and in hand are held at various financial institutions meeting the credit rating criteria set out in Note 18 above.

As at 31 December 2017, an amount of EUR 4.4 million (2016: EUR 15.6 million) is invested in Money Market Funds which qualify as cash and cash equivalents and is included in short-term deposits.

Note 20 - Shareholders' equity

Issued capital

SES has a subscribed capital of EUR 719.0 million (2016: EUR 719.0 million), represented by 383,457,600 class A shares (2016: 383,457,600 class A shares) and 191,728,800 class B shares (2016: 191,728,800 class B shares) with no par value.

The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

	Class A shares	Class B shares	Total shares
As at 1 January 2017	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	-	-	-
As at 31 December 2017	**383,457,600**	**191,728,800**	**575,186,400**

	Class A shares	Class B shares	Total shares
As at 1 January 2016	**343,600,000**	**171,800,000**	**515,400,000**
Shares issued during the year	39,857,600	19,928,800	59,786,400
As at 31 December 2016	**383,457,600**	**191,728,800**	**575,186,400**

Fiduciary Deposit Receipts ('FDRs') with respect to Class A shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into Class A shares at any time and at no cost at the option of the holder under the conditions applicable in the company's articles of association and in accordance with the terms of the FDRs.

All Class B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one share of Class B equal 40% of the dividend for one share of Class A.

A shareholder, or a potential shareholder, who seeks to acquire, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of Directors of the company of such intention. The Chairman of the Board of Directors of the company shall forthwith inform the government of the Grand Duchy of Luxembourg of the envisaged acquisition which may be opposed by the government within three months from such information should the government determine that such acquisition would be against the general public interest. In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder, or potential shareholder, to acquire more than 20%, 33% or 50% of the shares. If it is an existing shareholder of the company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

Capital increase

The Extraordinary General Meeting on 7 April 2016 approved an increase in the authorised share capital up to 61,848,000 shares without par value (41,232,000 Class A Shares and 20,616,000 Class B Shares).

On 26 May 2016, SES launched an equity increase resulting in EUR 908.8 million shareholders contribution split between EUR 757.3 million (Class A shareholders), representing 39,857,600 shares at a price of EUR 19.0, and EUR 151.5 million (Class B shareholders), representing 19,928,800 shares at a price of EUR 7.6. The Class B shareholder contribution was mainly in the form of cash (EUR 137.9 million), with the Luxembourg state electing to contribute EUR 13.6 million in FDRs. Transaction costs related to the capital increase amounted to EUR 14.7 million (EUR 12.9 million paid during 2016, EUR 1.8 million paid during 2017) and were included as a deduction from share premium.

There was no capital movement during 2017.

Buy-back of treasury shares

SES has historically, in agreement with the shareholders, purchased FDRs in respect of 'Class A' shares in connection with executives' and employees' share based payments plans as well as for cancellation. At the year-end, the company held FDRs relating to the above schemes as set out below. These FDRs are disclosed as treasury shares in the balance sheet and are carried at acquisition cost as a deduction of equity.

	2017	2016
FDRs held as at 31 December	6,535,320	6,243,500
Carrying value of FDRs held (in millions of euros)	160.0	167.3

EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities

On 10 June 2016 SES issued EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities (the 'EUR 750.0 million perpetual bond') at a coupon of 4.625 percent to the first call date, a price of 99.666 and a yield of 4.7 percent. Transaction costs related to this transaction amounted to EUR 19.8 million and have been deducted from 'Other reserves'. SES is entitled to call the EUR 750.0 million perpetual bond on 2 January 2022 and on subsequent coupon payment dates.

EUR 550,000,000 Deeply Subordinated Fixed Rate Resettable Securities

On 29 November 2016 SES issued a second perpetual bond of EUR 550,000,000 (the 'EUR 550.0 million perpetual bond') at a coupon of 5.625 percent to the first call date, a price of 99.304 and a yield of 5.75 percent. Transaction costs related to this transaction amounted to EUR 7.6 million and have been deducted from 'Other reserves'. This brought the aggregate perpetual bond issued by the group to EUR 1,300 million. SES is entitled to call the EUR 550 million perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

As the company has no obligation to redeem either of the bonds, and the coupon payments are discretionary, it classified the net proceeds from the issuance of the securities (together EUR 1,281.9 million net of transaction costs and tax) as equity.

The perpetual bonds are guaranteed on a subordinated basis by SES Global Americas Holdings GP. SES used the net proceeds from the offerings for the repayment of O3b debt, the repayment of certain existing indebtedness of the group, as well as for general corporate purposes.

Coupon payments in respect of the two perpetual bonds occurred on 2 January 2017 in amount of EUR 19.5 million and 31 January 2017 in amount of EUR 5.2 million and have been deducted from 'Other reserves'.

Tax on perpetual bond coupon accrual in amount of EUR 19.5 million (2016: EUR 7.2 million) has been credited to 'Other reserves".

Other reserves

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly statutory net profit of the company is transferred to a legal reserve which is non-distributable. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at 31 December 2017 a legal reserve of EUR 70.0 million (2016: EUR 64.4 million) is included within other reserves.

Other reserves include a non-distributable amount of EUR 85.1 million (2016: EUR 130.6 million) linked to treasury shares, and an amount of EUR 243.7 million (2016: EUR 263.9 million) representing the net worth tax reserve for 2012-2017, for which the distribution would result in the payment of net worth tax at a rate of up to 20% of the distributed reserve in accordance with Luxembourg law requirements.

Note 21 - Non-controlling interest

Set out below is the summarised financial information for each subsidiary that has non-controlling interests (NCI) that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)*	
Summarised balance sheet	**2017**	2016	**2017**	2016	**2017**	2016
Current assets	**42.2**	58.0	**4.5**	4.7	**27.1**	25.9
Current liabilities	**(15.5)**	(16.1)	**(17.9)**	(19.4)	**(5.6)**	(5.7)
Current net assets	**26.7**	41.9	**(13.4)**	(14.7)	**21.5**	20.2
Non-current assets	**182.6**	134.7	**103.0**	135.0	**55.7**	70.9
Non-current liabilities	**(116.1)**	(80.6)	**(2.4)**	(19.6)	**-**	-
Non-current net assets	**66.5**	54.1	**100.6**	115.4	**55.7**	70.9
Net assets	**93.2**	96.0	**87.2**	100.7	**77.2**	91.1
Accumulated NCI	**46.6**	48.0	**26.2**	30.2	**50.2**	59.2

* The group, as of 31 December 2017 and 31 December 2016, has majority of the voting rights on the Board of Directors of the Company, i.e. 3 members out of 5 or 60%

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)	
Summarised statement of comprehensive income	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**4.2**	0.6	**42.3**	43.0	**22.0**	23.5
Operating expenses	**(5.6)**	(2.8)	**(2.5)**	(3.2)	**(20.5)**	(21.2)
Profit/(loss) for the period	**(2.8)**	(2.3)	**21.4**	20.4	**(5.6)**	(4.9)
Other comprehensive income	**-**	(0.2)	**-**	-	**-**	-
Total comprehensive income	**(2.8)**	(2.5)	**21.4**	20.4	**(5.6)**	(4.9)
Profit/(loss) allocated to NCI	**(1.4)**	(1.3)	**6.4**	6.1	**(3.6)**	(3.2)
Dividend paid to NCI	**-**	-	**7.2**	7.2	-	-

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)	
Summarised cash flows	**2017**	2016	**2017**	2016	**2017**	2016
Cash flows from/(absorbed by) operating activities	**(3.8)**	(1.9)	**23.5**	23.3	**-**	(1.5)
			(0.4)	(0.5)	**1.0**	-
Cash flows from/(absorbed by) investing activities	**(42.9)**					
Cash flows from/(absorbed by) financing activities	**(0.3)**	92.0	**(24.2)**	(23.9)	**1.9**	(0.2)
Net foreign exchange movements	**(0.2)**	-	**1.3**	1.1	**(0.6)**	0.1
Net increase/(decrease) in cash and cash equivalents	**(47.2)**	50.2	**0.2**	-	**2.3**	(1.6)

There were no transactions with non-controlling shareholders during 2017 and 2016.

Note 22 - Share-based compensation plans

The group has three share-based compensation plans which are detailed below. In the case of plans 1 and 2 the relevant strike price is defined as the average of the market price of the underlying shares over a period of 15 trading days before the date of the grant.

During 2016, SES Remuneration Committee approved the modification of options granted under STAR and EICP plans applicable with the date of 31 October 2016. The modification consisted in reduction of the exercise price and increase of the number of outstanding options by 1.508% for all options granted under STAR and EICP plans. Also, the vesting period of options granted under 2011 STAR plan and 2007 and 2008 EICP plans was extended to 1 June 2019.

1) The Stock Appreciation Rights Plan ('STAR Plan')

The STAR Plan is an equity-settled plan available to non-executive staff of group subsidiaries, where share options are granted. In January 2011, the STAR Plan was amended and, for all options granted 2011 onwards, a third of the share options vest and can be exercised each year. After being fully vested, the share options have a four-year exercise period.

	2017	**2016**
Outstanding options at the end of the year	2,306,003	2,447,556
Weighted average exercise price in euro	25.02	25.04

Out of 2,306,003 outstanding options as at 31 December 2017 (2016: 2,447,556), 2,092,730 options are exercisable (2016: 1,303,343). Options exercised in 2017 resulted in 15,675 treasury shares (2016: 43,449) being delivered at a weighted average price of EUR 17.90 each (2016: EUR 18.56).

On average, the related weighted average share price at the time of exercise was EUR 21.48 (2016: EUR 23.03) per share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017 Average exercise price per share option	**Number of options**	2016 Average exercise price per share option	Number of options
As at 1 January	**25.04**	**2,447,556**	25.62	1,868,670
Granted	**-**	**-**	24.39	697,922
Forfeited	**26.35**	**(125,878)**	26.67	(115,835)
Exercised	**17.90**	**(15,675)**	18.56	(43,449)
Modified plan- increase in number of options	**-**	**-**	25.04	40,248
At 31 December	**25.02**	**2,306,003**	25.04*	2,447,556

* Average exercise price is considering the modification in exercise price as presented in table below.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant	Expiry date	Exercise price per share options (modified plan)	Exercise price per share options (original plan)	Number of options	
				2017	2016
2016	2023	24.39	24.76	**647,556**	689,745
2015	2022	32.73	33.23	**419,006**	448,231
2014	2021	26.50	26.91	**441,287**	468,392
2013	2020	23.51	23.87	**391,473**	413,570
2012	2019	18.10	18.38	**270,243**	282,738
2011	2019	17.57	17.84	**136,438**	144,880
				2,306,003	2,447,556

In June 2017, the group entered into a new compensation plan, which will progressively replace the STAR Plan. Simulated Restricted Stock Units (SRSU) are cash-settled awards which will be delivered on 1 June following a three year vesting period and are settled in cash. The liability for the cash-settled awards is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying a binominal model, taking into account the terms and conditions on which the stock appreciation rights were granted, and the extent to which the employees have rendered services to date.

During 2017, 281,800 SRSUs have been granted. On the same period, 10,848 SRSUs have been forfeited and 1,087 SRSUs have been vested. An accrual amounting to EUR 682,683 has been recognized as at 31 December 2017 based on the 269,865 outstanding SRSUs measured at the group's share price at the end of the year on a pro-rata basis over 3 years vesting period.

2) Equity Incentive Compensation Plan ('EICP')

The EICP is available to group executives. Under the plan, options are granted with an effective date of 1 January. One-quarter of the entitlement vests on each anniversary date of the original grant. Once vested, the options can be exercised until the tenth anniversary of the original grant.

	2017	2016
Outstanding options at the end of the year	**9,727,470**	6,503,084
Weighted average exercise price in euro	**23.62**	25.01

Out of 9,727,470 outstanding options as at 31 December 2017 (2016: 6,503,084), 5,496,176 options are exercisable (2016: 2,080,867). Options exercised in 2017 resulted in 44,897 Treasury shares (2016: 152,948) being delivered at a weighted average price of EUR 16.52 each (2016:16.40).

On average, the related weighted average share price at the time of exercise was EUR 22.10 (2016: EUR 22.50) per share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017 Average exercise price per share option	**Number of options**	2016 Average exercise price per share option	Number of options
At 1 January	25.01	6,503,084	21.46	3,929,736
Granted	**21.15**	**3,531,419**	24.39	2,818,154
Forfeited	**26.25**	**(262,136)**	28.13	(189,426)
Exercised	**16.52**	**(44,897)**	16.40	(152,948)
Modified plan- increase in number of options	**-**	**-**	25.03	97,568
At 31 December	**23.62**	**9,727,470**	25.01*	6,503,084

* Average exercise price is considering the modification in exercise price as presented in table below.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant	Expiry date	Exercise price per share options (modified plan)	Exercise price per share options (original plan)	Number of options	
				2017	2016
2017	2027	21.15	-	**3,520,224**	-
2016	2026	24.39	24.76	**2,726,576**	2,846,221
2015	2025	32.73	33.23	**1,140,693**	1,198,743
2014	2024	26.50	26.91	**925,254**	969,087
2013	2023	23.51	23.87	**430,720**	455,377
2012	2022	18.10	18.38	**385,012**	411,310
2011	2021	17.57	17.84	**265,430**	269,075
2010	2020	17.96	18.23	**136,684**	136,684
2009	2019	13.47	13.68	**115,514**	123,983
2008	2019	14.40	14.62	**63,089**	63,089
2007 non-US	2019	14.32	15.17	**5,584**	29,515
2007 US	2019	15.56	15.17	**12,690**	-
				9,727,470	6,503,084

3) Long-term Incentive programme ('LTI')

The LTI Plan is also a programme for executives, and senior executives, of the group. Under the plan, restricted shares are allocated to executives at the beginning of May each year and these vest on the 1 June following the third anniversary of the grant. Senior executives also have the possibility to be allocated performance shares whose granting is dependent on the achievement of defined performance criteria which are a) individual objectives and b) the economic value added ('EVA') target established by the Board from time to time. Where these criteria are met, the shares also vest on the 1 June following the third anniversary of the original grant.

	2017	**2016**
Restricted and performance shares outstanding at the end of the year	1,099,660	909,298
Weighted average fair value in euro	19.32	21.92

During 2017, 141,229 restricted shares and 343,617 performance shares have been granted. On the same period, 29,216 restricted shares and 27,660 performance shares have forfeited, 177,903 performance shares and 59,705 restricted shares have been exercised.

The fair value of equity-settled shares (restricted and performance shares) granted is estimated as at the date of grant using a binomial model for STARs and EICP and a Black & Scholes model for LTI, taking into account the terms and conditions upon which the options (restricted and performance shares) were granted. The following table lists the average value of inputs to the model used for the years ended 31 December 2017, and 31 December 2016.

2017	**EICP**	**LTI**
Dividend yield (%)	**8.97%**	**7.95%**
Expected volatility (%)	**21.14%**	**23.21%**
Risk-free interest rate (%)	**-0.30%**	**-0.61%**
Expected life of options (years)	**9.65**	**3**
Share price at inception (EUR)	**21.06**	**21.06**
Fair value per option/share (EUR)	**0.95-1.31**	**16.56**
Total expected cost for each plan (in millions of euros)	**3.7**	**7.1**

2016	EICP	STARs	LTI
Dividend yield (%)	10.26%	10.26%	8.30%
Expected volatility (%)	20.29%	20.29%	21.51%
Risk-free interest rate (%)	-0. 33%	-0.33%	-0.50%
Expected life of options (years)	9.66	7	3
Share price at inception (EUR)	23.85	23.85	23.85
Fair value per option/share (EUR)	0.54-0.76	0.69-0.78	18.58
Total expected cost for each plan (in millions of euros)	1.7	0.5	4.8

In 2016 the fair value of the modified options for STARs and EICP was determined using a binomial model. The following table list the average value of inputs to the model used as at 31 October 2016, being the modification date.

2016	Dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Residual term (years)	Share price at inception (EUR)	Fair value per option/share of the modified plan at modification date (EUR)	Fair value per option/share of the initial plan at modification date (EUR)
2016 STAR	9.56%	21.31%	-0.40%	6.51	20.95	0.47-0.51	0.44-0.47
2015 STAR	9.56%	21.31%	-0.40%	5.50	20.95	0.11	0.10
2014 STAR	8.65%	22.03%	-0.50%	4.50	20.95	0.43	0.29
2013 STAR	7.89%	22.86%	-0.60%	3.50	20.95	0.88	0.68
2012 STAR	7.89%	22.86%	-0.60%	2.52	20.95	1.35	2.40
2011 STAR	7.89%	22.86%	-0.60%	2.58	20.95	0.3	2.99
2016 EICP	9.56%	21.31%	-0.40%	9.17	20.95	0.42-0.49	0.39-0.46
2015 EICP	9.56%	21.31%	-0.40%	8.17	20.95	0.12-0.13	0.11
2014 EICP	9.56%	21.31%	-0.40%	7.17	20.95	0.34	0.32
2013 EICP	9.56%	21.31%	-0.40%	6.17	20.95	0.60	0.56
2012 EICP	9.56%	21.31%	-0.50%	5.17	20.95	2.03	1.90
2011 EICP	8.65%	22.03%	-0.60%	4.17	20.95	2.55	2.41
2010 EICP	7.89%	22.86%	-0.60%	3.17	20.95	2.59	2.45
2009 EICP	7.35%	25.61%	-0.62%	2.17	20.95	6.52	6.33
2008 EICP	7.89%	22.86%	-0.60%	2.58	20.95	5.40	5.79
2007 EICP US	7.89%	22.86%	-0.60%	2.58	20.95	4.36	5.14
2007 EICP	7.89%	22.86%	-0.60%	2.58	20.95	5.48	6.40

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The fair value of the options at the date of modification was not significantly different from the fair value of the initial grants at modification date.

The total charge for the period for share-based compensation payments amounted to EUR 9.7 million (2016: EUR 9.3 million).

Note 23 - Interest-bearing borrowings

As at 31 December 2017 and 2016, the group's interest-bearing borrowings were:

In millions of euros	Effective interest rate	Maturity	Carried at amortised cost **Amounts outstanding 2017**	Amounts outstanding 2016
Non-current				
Eurobond 2018 (EUR 500 million)	1.875%	October 2018	**-**	496.6
US Bond (USD 500 million)	2.50%	March 2019	**416.5**	472.3
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	**649.1**	647.7
US Ex-Im	3.11%	June 2020	**-**	41.2
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	**648.4**	647.0
COFACE	EURIBOR + 1.70%	Various from 2019 to 2022	**161.6**	246.1
US Bond (USD 750 million)	3.60%	April 2023	**623.9**	709.4
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	**139.6**	139.5
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	**115.0**	80.5
German bond (EUR 50 million), non-listed	4.00%	November 2032	**49.8**	49.8
US Bond (USD 250 million)	5.30%	April 2043	**203.2**	231.0
US Bond (USD 500 million)	5.30%	March 2044	**406.7**	462.0
Total non-current			**3,413.8**	4,223.1
Current				
European Investment Bank (EUR 200 million)	3.62%	May 2017	**-**	33.3
Eurobond 2018 (EUR 500 million)	1.875%	October 2018	**498.4**	-
European Commercial Paper Programme	-0.20%	February 2017	**-**	100.0
COFACE	EURIBOR + 1.70%	Various in 2018	**40.3**	54.2
US Ex-Im	3.11%	Various in 2018	**-**	16.8
Loan origination cost			**(4.6)***	-
Total current			**534.1**	204.3

* The loan origination cost related to the borrowings have been reclassified to short term for the portion that will be amortised in 2018.

- **European Medium-Term Note Programme ('EMTN')**
  On 6 December 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On 2 June 2017 this programme has been extended for one further year. As at December 31, 2017, SES had issued EUR 1,940.0 million (2016: EUR 1,940.0 million) under the EMTN Programme with maturities ranging from 2018 to 2027.

- **EUR 500.0 million Eurobond (2018)**
  On 16 October 2013, SES issued a EUR 500.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 1.875%.

- **144A Bond USD 500 million (2019)**
  On 25 March 2014, SES completed a 144A offering in the US market issuing USD 500 million 5-year bond with a coupon of 2.50% and a final maturity date of 25 March 2019.

- **EUR 650.0 million Eurobond (2020)**
  On 9 March 2010, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

- **EUR 650.0 million Eurobond (2021)**
  On 11 March 2011, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

- **EUR 140.0 million Private Placement (2027)**
  Between May and July 2012, SES issued three individual tranches of a total EUR 140.0 million Private Placement under the company's European Medium-Term Note Programme with ING Bank N.V. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

- **EUR 200.0 million European Investment Bank funding (2017)**
  On 21 April 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.62%, it was repaid in six annual instalments between May 2012 and May 2017. The European Investment Bank funding matured in May 2017.

- **German bond issue of EUR 50.0 million (2032)**
  On 29 October 2012, the group signed an agreement to issue EUR 50 million in the German bond ('Schuldschein') market. The German bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

- **144A Bond USD 750.0 million (2023)**
  On 4 April 2013, SES completed a 144A offering in the US market issuing USD 750 million 10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

- **144A Bond USD 250.0 million (2043)**
  On 4 April 2013, SES completed a 144A offering in the US market issuing USD 250 million 30-year bond with a coupon of 5.30% and a final maturity date on 4 April 2043.

- **144A Bond USD 500.0 million (2044)**
  On 25 March 2014, SES completed a 144A offering in the US market issuing USD 500 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

- **Syndicated loan 2021**
  In January 2014, the group updated its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 20 banks and has been structured as a 5 year multicurrency revolving credit facility with two one-year extension options at the discretion of the lenders. The facility is for EUR 1,200 million and the interest payable is linked to a ratings grid. At the current SES rating of BBB / Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR. On 13 November 2015 and 23 November 2015 respectively, the facility agreement has been amended and extended by one year to 13 January 2021. As at 31 December 2017 and 2016, no amount had been drawn under this facility.

- **EUR 522.9 million COFACE facility**
  On16 December 2009, SES signed a financing agreement with COFACE (Compagnie Française d'Assurance pour le Commerce Extérieur) in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the facility are based on invoices from the supplier of the satellites. The first drawing was done on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual instalments where Coface A has a final maturity date of 1 August 2022, Coface B and F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%. In November 2017, SES opted to execute voluntary prepayment clauses pursuant to the Agreement and repaid the remaining outstanding amount of Coface tranche B as per 21 November 2017. All other Coface tranches remain in place as contracted.

- **USD 158.0 million US Ex-Im facility**
  In April 2011, SES signed a financing agreement with the Export-Import Bank of the United States ('US Ex-Im') for USD 158 million for investment in one geostationary satellite (QuetzSat). At the in-orbit acceptance date of the satellite, the facility was fully drawn with USD 152.2 million. This was scheduled to be repaid in 17 equal semi-annual instalments starting on 22 June 2012. The loan had a final maturity date of 22 June 2020 and bearing interest at a fixed rate of 3.11%. In November 2017, SES elected to execute voluntary prepayment clauses pursuant to the Agreement and repaid the remaining outstanding amount of the US Ex-Im facility on 20 November 2017.

- **EUR 125.0 million Credit Facility (LuxGovSat)**
  In July 2015, LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas over EUR 125 million for the acquisition, launch and operation of the GovSat Satellite. The facility consists of a EUR 115 million fixed rate portion at 3.30% and a EUR 10 million floating rate portion at a floating rate of six month EURIBOR plus a margin of 2.20%. Both facilities are repayable in 14 semi-annual installments and have a final maturity date of 1 December 2027. The first drawing was done on 1 May 2016 and as of 31 December 2017, total borrowings of EUR 115.0 million (2016: 80.5) were outstanding under the fixed term facility. As at 31 December 2017 and 2016, no borrowings were outstanding under the floating term facility.

- **Negotiable European Commercial Paper "NEU CP" (previous French Commercial paper programme)**
  On 25 October 2005, SES put in place a EUR 500.0 million 'NEU CP' programme in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On 3 May 2017, this programme was extended for one further year. As at 31 December 2017 and 2016, no borrowings were outstanding under this programme.

- **European Commercial paper programme**
  In July 2012, SES signed the documentation for the inception of a joint EUR 1,000 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings GP. The issuance under the programme represents senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity. The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. On 4 July 2017, this programme was updated and extended. As at 31 December 2017, no borrowings (2016: EUR 100 million) were outstanding under this programme.

Note 24 - Provisions

In millions of euros	**2017**	2016
Non-current	**41.2**	44.7
Current	**12.7**	86.7
Total	**53.9**	131.4

Movements in each class of provision during the financial year are set out below:

In millions of euros	**Group tax provision**	**Other provisions**	**Total**
As at 1 January 2017	**105.6**	**25.8**	**131.4**
Additional provisions recognised	16.1	5.6	21.7
Unused amounts reversed	(68.1)	(3.5)	(71.6)
Used during the year	(6.2)	(12.9)	(19.1)
Impact of currency translation	(7.3)	(1.2)	(8.5)
As at 31 December 2017	**40.1**	**13.8**	**53.9**
Non-current	31.1	10.1	41.2
Current	9.0	3.7	12.7

In millions of euros	**Group tax provision**	**Other provisions**	**Total**
As at 1 January 2016	**59.7**	**13.8**	**73.5**
Additional provisions recognised	25.9	25.8	51.7
Unused amounts reversed	(17.0)	(4.2)	(21.2)
Used during the year	(10.8)	(9.3)	(20.1)
Transfer from 'Income tax liabilities'	46.2	-	46.2
Impact of currency translation	1.6	(0.3)	1.3
As at 31 December 2016	**105.6**	**25.8**	**131.4**
Non-current	23.2	21.5	44.7
Current	82.4	4.3	86.7

Group tax provision

During 2017, a provision related to Extra-Territorial Income benefit at the level of the US subsidiaries amounting to EUR 44.3 million has been released following the completion of the 2014 tax audit by the Internal Revenue Service.

Other provisions

On the acquisition of O3b, a liability to its employees amounting to EUR 15.9 million has been recognized in respect of outstanding share-based payment awards as at acquisition date. An amount of EUR 5.8 million has been paid to O3b employees during the year (2016: EUR 3.1 million). As at 31 December 2017 the remaining liability is EUR 6.6 million (2016: 12.4 million).

During 2016, an amount of EUR 3.5 million relating to an earn-out provision has been released in respect of the SmartCast GmbH acquisition based on an updated fair value assessment. Of the remaining consideration, EUR 2.9 million has been paid during the year. As at 31 December 2017, the provision in respect of the SmartCast GmbH acquisition amounts to EUR 0.6 million (31 December 2016: EUR 3.5 million).

Other provisions of EUR 4.2 million used during the year relate to settled litigations of O3b and MX1.

An additional provision in amount of EUR 3.9 million was recognised in respect of MX1 Ltd legal and regulatory matters prevailing at the date of acquisition and adjusted the purchase accounting (see Note 3).

Based on information subsequently obtained regarding facts and circumstances that existed as of the acquisition date of O3b, the group has finalised the purchase price allocation and recognised an additional provision in amount of EUR 1.7 million (see Note 3).

Note 25 - Deferred income

In millions of euros	Non-current	Current
As at 1 January 2017	**411.8**	**510.5**
Movement on deferred income	79.6	(41.3)
Impact of currency translation	(14.1)	(26.0)
As at 31 December 2017	**477.3**	**443.2**

In millions of euros	Non-current	Current
As at 1 January 2016	**383.3**	**450.7**
Movement on deferred income	24.9	52.1
Impact of currency translation	3.6	7.7
As at 31 December 2016	**411.8**	**510.5**

Note 26 - Trade and other payables

In millions of euros	**2017**	2016
Trade creditors	**139.7**	134.7
Payments received in advance	**23.7**	28.6
Interest on loans	**72.9**	75.5
Personnel-related liabilities	**44.3**	48.1
Tax liabilities other than for income tax	**53.9**	46.6
Other liabilities	**51.1**	64.8
Total	**385.6**	398.3

Note 27 - Other long-term liabilities

In millions of euros	**2017**	2016
Employee benefits obligations	**23.6**	23.1
Payments received in advance	**46.3**	23.0
Other long-term liabilities	**6.2**	7.6
Total	**76.1**	53.7

Employee benefits obligations

In US operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at 31 December 2017, accrued premiums of EUR 14.0 million (2016: EUR 15.2 million) are included in this position.

Contributions made in 2017 to group pension schemes totalled EUR 1.2 million (2016: EUR 1.6 million), which are recorded in the consolidated income statement under 'staff costs'.

In addition, certain employees of the US operations benefit from defined contribution pension plans. A liability of EUR 9.8 million has been recognised as at 31 December 2017 (2016: EUR 7.9 million) in this respect.

Payments received in advance

In the framework of receivables securitisation transactions completed in June 2010, June 2012 and June 2013 and June 2017, the group received a net cash amount of EUR 50.6 million, EUR 59.5 million, EUR 40.2 million and EUR 61.0 million respectively, from a financial institution as advance settlement of future receivables arising between 2011 and 2017 under contracts with a specific customer. A corresponding liability of EUR 70.0 million (2016: EUR 51.5 million), representing SES's obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the Statement of Financial Position as at 31 December 2017 under 'Other long-term liabilities', for EUR 46.3 million (2016: EUR 23.0 million), and 'Trade and other payables' for EUR 23.7 million (2016: EUR 28.5 million) (see Note 26).

Note 28 - Fixed assets suppliers

In millions of euros	**2017**	2016
Non-current	**53.4**	15.4
Current	**126.6**	60.8

Fixed assets suppliers represent liabilities for assets being either acquired directly through procurement contracts with asset manufacturers, or in the framework of agreements whereby the asset is being acquired by an intermediary but in substance SES bears the risks and rewards of the procurement. In the latter case the company accrues for construction-related liabilities on the basis of pre-determined milestones agreed between the manufacturer and the relevant parties, see also Note 29.

Non-current fixed assets suppliers include an amount of EUR 14.1 million (2016: EUR 15.4 million) related to performance incentives for O3b's fully operational satellites.

Non-current fixed assets suppliers were initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

Note 29 - Commitments and contingencies

Capital commitments

The group had outstanding commitments in respect of contracted capital expenditure totalling EUR 1,136.1 million at 31 December 2017 (2016: EUR 686.9 million).

These commitments largely reflect the procurement of satellites and satellite launchers and are stated net of liabilities under these programmes which are already disclosed under within "Fixed assets suppliers", see Note 28.

The capital commitment arising under these agreements as at 31 December is as follows:

In millions of euros	**2017**	2016
Within one year	**129.1**	409.1
After one year but not more than five years	**909.1**	161.1
After more than five years	**97.9**	116.7
Total	**1,136.1**	686.9

Commitments under transponder service agreements

The group has entered into transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years. The commitment arising under these agreements as at 31 December is as follows:

In millions of euros	**2017**	2016
Within one year	**56.6**	48.9
After one year but not more than five years	**43.8**	18.1
After more than five years	**6.4**	-
Total	**106.8**	67.0

Total expense for transponder service agreements was EUR 102.9 million in 2017 (2016: EUR 78.1 million).

Litigation

There were no significant litigation claims against the group as at 31 December 2017.

Guarantees

On 31 December 2017 the group had outstanding bank guarantees for an amount of EUR 130.2 million (2016: EUR 141.9 million) with respect to performance and warranty guarantees for services of satellite operations.

Note 30 - Operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows as at 31 December:

In millions of euros	**2017**	2016
Within one year	**11.3**	17.7
After one year but not more than five years	**31.8**	33.7
More than five years	**9.4**	12.1
Total	**52.5**	63.5

Total operating lease expense was EUR 10.3 million in 2017 (2016: EUR 9.7 million).

Note 31 - Cash flow information

Non-cash investing activities

Purchases of property, plant and equipment not included as a cash outflow in the consolidated statement of cash flows are disclosed in Note 13.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for 2017.

In millions of euros	**2017**
Cash and cash equivalents	**269.6**
Borrowings – repayable within one year	**(534.1)**
Borrowings – repayable after one year	**(3,413.8)**
Net debt	**(3,678.3)**

In millions of euros	**2017**
Cash and cash equivalents	**269.6**
Borrowings – floating rates	**(201.4)**
Borrowings – fixed interest rates	**(3,746.5)**
Net debt	**(3,678.3)**

In millions of euros	Cash and cash equivalents	Borrowings – repayable within one year	Borrowings – repayable after one year	**Total**
Net debt as at 31 December 2016	**587.5**	**(204.3)**	**(4,223.1)**	**(3,839.9)**
Cash flows (net)	(301.7)	100.0	153.0	(48.7)
Foreign exchange adjustments	(16.2)	-	234.8	218.6
Transfers	-	(436.7)	436.7	-
Other non-cash movements*	-	6.9	(15.2)	(8.3)
Net debt as at 31 December 2017	**269.6**	**(534.1)**	**(3,413.8)**	**(3,678.3)**

* related to loan origination costs

During 2017 the group issued European Commercial Paper for EUR 500 million (2016: EUR 200 million) and reimbursed EUR 600 million (2016: EUR 100 million). These have been presented net in the consolidated statement of cash flows in 2017 and comparatives have been adjusted accordingly.

Note 32 - Related parties

The state of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's Class B shares, as described in Note 20.

The total payments to directors for attendance at board and committee meetings in 2017 amounted to EUR 1.4 million (2016: EUR 1.4 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

The key management of the group, defined as the group's Executive Committee, received compensation as follows:

In millions of euros	**2017**	2016
Remuneration including bonuses	**5.3**	4.2
Pension benefits	**0.8**	0.6
Share-based compensation plans	**1.7**	1.1
Other benefits	**0.6**	0.3
Total	**8.4**	6.2

Total share-based payment instruments allocated to key management as at 31 December 2017 were 2,932,673 (2016: 1,770,820).

Note 33 - Post-Balance Sheet events

The SES-14 satellite was launched on 25 January 2018 and will be positioned at 47.5 degrees West to serve Latin America, the Caribbean, North America and the North Atlantic region with C- and Ku-band wide beam coverage and Ku-band high throughput spot beam coverage.

The SES-16 ('GovSat') satellite was launched on 31 January 2018 and is to be located at the 21.5 degrees East orbital slot, to serve governmental and institutional customers over Europe, the Middle East and Africa, and provide extensive maritime coverage over the Mediterranean and Baltic seas, and the Atlantic and Indian oceans.

On 12 February 2018, the Board of Directors of SES announced its decision to appoint a new President & CEO and a new CFO of SES with effect from 5 April 2018. Steve Collar, who is currently CEO of SES Networks, has been appointed as the next President & CEO of SES, becoming CEO Designate with immediate effect. Andrew Browne, who was until recently CFO of O3b Networks and CFO of SES between 2010 and 2013, has been appointed as the next CFO of SES, becoming CFO Designate with immediate effect. They will work closely with Karim Michel Sabbagh, the current President & CEO, and Padraig McCarthy, the current CFO, in order to ensure a smooth handover.

In February 2018, management announced it was intensifying its focus on operational efficiency with the roll-out of a company-wide Fit-for-Growth programme, and anticipated taking a EUR 10 million restructuring provision in Q1 to fund planned measures.

SES continues to develop its operational model, which was implemented during 2017, and it is expected that beginning January 2018 further changes will be made in the allocation of responsibilities between the two customer-facing business units SES Video and SES Networks and the core operations. Associated with these changes the company expects to amend how it reports to the senior executives of the group, and this in turn is likely to result in the group reporting its operations as more than one operating segment beginning in 2018.

There were no other material events occurring between the reporting date and the date when the consolidated financial statements were authorised by the Board of Directors.

Note 34 - Consolidated subsidiaries, associates

The consolidated financial statements include the financial statements of the group's subsidiaries and associates listed below:

	Economic interest (%) 2017	Economic interest (%) 2016	**Method of consolidation 2017**	Method of consolidation 2016
SES ASTRA S.A., Luxembourg	**100**	100	**Full**	Full
SES GLOBAL-Americas Inc., the US	**100**	100	**Full**	Full
SES GLOBAL Americas Holdings General Partnership, the US	**100**	100	**Full**	Full
SES Participations S.A., Luxembourg	**100**	100	**Full**	Full
SES Finance S.à r.l., Switzerland	**100**	100	**Full**	Full
SES Holdings (Netherlands) B.V., Netherlands	**100**	100	**Full**	Full
SES ASTRA Services Europe S.A., Luxembourg	**100**	100	**Full**	Full
SES Latin America S.A., Luxembourg	**100**	100	**Full**	Full
SES Belgium S.p.r.l, Belgium	**100**	100	**Full**	Full
SES Insurance International S.A., Luxembourg	**100**	100	**Full**	Full
SES Insurance International Re S.A., Luxembourg	**100**	100	**Full**	Full
SES Lux Finance S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES NL Finance S.à r.l., Luxembourg	**100**	100	**Full**	Full
Ciel Satellite Holdings Inc., Canada	**100**	100	**Full**	Full
Ciel Satellite Limited Partnership, Canada	**70**	70	**Full**	Full
Northern Americas Satellite Ventures, Inc., Canada	**100**	100	**Full**	Full
SES TechCom S.A., Luxembourg	**100**	100	**Full**	Full
SES-15 S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES Digital Distribution Services AG, Switzerland[2]	**100**	100	**Full**	Full
SES Digital Distribution Services S.à r.l., Luxembourg[2]	**-**	100	**Full**	Full
Redu Operations Services S.A., Belgium	**48**	48	**Equity**	Equity
Redu Space Services S.A., Belgium	**52**	52	**Full**	Full
HD Plus GmbH, Germany	**100**	100	**Full**	Full
SES ASTRA Real Estate (Betzdorf) S.A., Luxembourg	**100**	100	**Full**	Full
MX1 GmbH, Germany	**100**	100	**Full**	Full
SES Media Solutions GmbH, Germany	**100**	100	**Full**	Full
Virtual Planet Group GmbH, Germany[2]	**-**	100	**Full**	Full
SmartCast GmbH, Germany[2]	**-**	100	**Full**	Full
MX1 (Thailand) Ltd, Thailand	**100**	100	**Full**	Full
MX1 Smartcast Indonesia, Indonesia [3]	**100**	100	**Full**	Full
MX1 Asia Limited, China [2, 4]	**100**	100	**Full**	Full
ASTRA Deutschland GmbH, Germany	**100**	100	**Full**	Full
SES ASTRA Iberica S.A., Spain	**100**	100	**Full**	Full
ASTRA France S.A., France	**100**	100	**Full**	Full
ASTRA (GB) Limited, United Kingdom	**100**	100	**Full**	Full
SES ASTRA CEE Sp. z o.o, Poland	**100**	100	**Full**	Full
SES ASTRA (Romania) S.r.l., Romania	**100**	100	**Full**	Full
SES Satellites Ghana Ltd, Ghana	**100**	100	**Full**	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA AB, Sweden	**100**	100	**Full**	Full
Sirius Satellite Services SIA, Latvia	**100**	100	**Full**	Full
SES SIRIUS Ukraine, Ukraine	**100**	100	**Full**	Full
SES ASTRA 1KR S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 1L S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 1M S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 3B S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 5B S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 1N S.à r.l., Luxembourg	**100**	100	**Full**	Full

	Economic interest (%) 2017	Economic interest (%) 2016	**Method of consolidation 2017**	Method of consolidation 2016
SES ASTRA 2E S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 2F S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES ASTRA 2G S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES 10 S.à r.l., Luxembourg	**100**	100	**Full**	Full
LuxGovSat S.A., Luxembourg	**50**	50	**Full**	Full
SES Satellite Leasing Ltd, Isle of Man	**100**	100	**Full**	Full
Al Maisan Satellite Communications (YahSat) LLC, UAE	**35**	35	**Full**	Full
Satellites Ventures (Bermuda), Ltd, Bermuda	**50**	50	**Full**	Full
SES ASTRA Africa (Proprietary) Ltd, South Africa	**100**	100	**Full**	Full
SES AMERICOM, Inc., the US	**100**	100	**Full**	Full
SES AMERICOM do Brasil Servicos de Telecomunicacoes, Ltda, Brazil	**100**	100	**Full**	Full
SES Government Solutions, Inc., the US	**100**	100	**Full**	Full
Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico	**100**	100	**Full**	Full
SES Telecomunicaciones de Mexico, Mexico	**100**	100	**Full**	Full
SES Satellites International, Inc., the US	**100**	100	**Full**	Full
SES Satellites (Gibraltar) Ltd, Gibraltar	**100**	100	**Full**	Full
AMC-1 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-2 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-3 Holdings LLC, the US	**100**	100	**Full**	Full
SES-9 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-6 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-8 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-9 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-10 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-11 Holdings LLC, the US	**100**	100	**Full**	Full
SES AMERICOM (Asia 1A) LLC, the US	**100**	100	**Full**	Full
AMERICOM Asia Pacific LLC, the US	**100**	100	**Full**	Full
AMC-12 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-4 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-7 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-15 Holdings LLC, the US	**100**	100	**Full**	Full
AMC-16 Holdings LLC, the US	**100**	100	**Full**	Full
SES-1 Holdings, LLC, the US	**100**	100	**Full**	Full
QuetzSat Directo, S. de R.L. de C.V., Mexico	**100**	100	**Full**	Full
SES ENGINEERING (US) Inc., the US	**100**	100	**Full**	Full
AOS Inc., the US	**100**	100	**Full**	Full
SES-2 Holdings LLC, the US	**100**	100	**Full**	Full
SES-3 Holdings LLC, the US	**100**	100	**Full**	Full
QuetzSat S. de R.L. de C.V., Mexico	**100**	100	**Full**	Full
Satelites Globales S. de R.L. de C.V., Mexico	**100**	100	**Full**	Full
SES Satelites Directo Ltda, Brazil	**100**	100	**Full**	Full
SES DTH do Brasil Ltda, Brazil	**100**	100	**Full**	Full
SES Global South America Holding S.L., Spain	**100**	100	**Full**	Full
New Skies Satellites B.V., The Netherlands	**100**	100	**Full**	Full
New Skies Satellites, Inc., the US	**100**	100	**Full**	Full
New Skies Satellites Mar B.V., The Netherlands	**100**	100	**Full**	Full
New Skies Satellites Ltda, Brazil	**100**	100	**Full**	Full
New Skies Networks, Inc., the US	**100**	100	**Full**	Full

	Economic interest (%) 2017	Economic interest (%) 2016	Method of consolidation 2017	Method of consolidation 2016
SES ENGINEERING (Netherlands) B.V., The Netherlands	**100**	100	**Full**	Full
SES NEW SKIES Marketing B.V., The Netherlands	**100**	100	**Full**	Full
New Skies Satellites Argentina B.V., The Netherlands	**100**	100	**Full**	Full
New Skies Satellites Australia Pty Ltd, Australia	**100**	100	**Full**	Full
New Skies Satellites Licensee B.V., The Netherlands	**100**	100	**Full**	Full
SES Asia S.A., Luxembourg	**100**	100	**Full**	Full
SES Finance Services AG, Switzerland	**100**	100	**Full**	Full
SES World Skies Singapore Pte Ltd, Singapore	**100**	100	**Full**	Full
O3b Networks Ltd, Jersey, Channel Islands	**100**	100	**Full**	Full
O3b Ltd, Jersey, Channel Islands	**100**	100	**Full**	Full
O3b Africa Ltd, Mauritius	**100**	100	**Full**	Full
O3b Networks Management Services B.V., The Netherlands	**100**	100	**Full**	Full
O3b Sales B.V., The Netherlands	**100**	100	**Full**	Full
O3b Holdings 1 B.V., The Netherlands	**100**	100	**Full**	Full
O3b Holdings 2 B.V., The Netherlands	**100**	100	**Full**	Full
O3b Coöperatief UA, The Netherlands	**100**	100	**Full**	Full
O3b Networks USA, LLC, the US	**100**	100	**Full**	Full
O3b USA, LLC, the US	**100**	100	**Full**	Full
O3b America, LLC, the US	**100**	100	**Full**	Full
O3b (Singapore) Pte Limited, Singapore	**100**	100	**Full**	Full
O3b Teleport Services (Australia) Pty Limited, Australia	**100**	100	**Full**	Full
O3b Teleport Serviços (Brasil) Ltda, Brasil	**100**	100	**Full**	Full
O3b Networks (Brasil) Ltda, Brasil	**100**	100	**Full**	Full
O3b Services (Portugal) Ltda, Portugal	**100**	100	**Full**	Full
O3b Teleport Services (Peru) SAC, Peru	**100**	100	**Full**	Full
O3b Lux S.à r.l., Luxembourg	**100**	100	**Full**	Full
O3bNext S.à r.l., Luxembourg	**100**	100	**Full**	Full
West Africa Platform Services Ltd, Ghana	**51**	51	**Full**	Full
MX1 Ltd, Israel	**100**	100	**Full**	Full
MX1 Inc., the US	**100**	100	**Full**	Full
Satlink Communications Ltd, Israel	**100**	100	**Full**	Full
G.S.N GoSat Distribution Network Ltd, Cyprus	**100**	100	**Full**	Full
EMP Media Port Ltd, Cyprus	**100**	100	**Full**	Full
MX1 C.E.E. S.A., Romania [5]	**80**	80	**Full**	Full
MX1 Limited, United Kingdom [6]	**100**	100	**Full**	Full
World Satellite Distribution S.A., Luxembourg	**100**	100	**Full**	Full
Sofia Teleport EOOD, Bulgaria	**100**	100	**Full**	Full
Mena Media Ltd, United Kingdom [2]	**-**	76	**Full**	Full
TVP Group Ltd, United Kingdom [2]	**100**	100	**Full**	Full
JCA TV Ltd, United Kingdom [2]	**-**	100	**Full**	Full
MX1 Korea Ltd., Korea	**51**	51	**Full**	Full
London Broadcasting Center Ltd., United Kingdom	**100**	100	**Full**	Full
SES-17 S.à r.l., Luxembourg	**100**	100	**Full**	Full
SES Defence UK Ltd, United Kingdom	**100**	100	**Full**	Full
Luxembourg Media Distribution S.A., Luxembourg [2]	**-**	100	**Full**	Full
SES Techcom Afrique S.A. S.U., Burkina Faso [1]	**100**	-	**Full**	-
SES Satellite Nigeria Limited, Nigeria [1]	**100**	-	**Full**	-
SES-11 Holdings, LLC, the US [1]	**100**	-	**Full**	-

1. Entity created or acquired in 2017
2. Entity sold, merged, liquidated or in the process of liquidation in 2017
3. Formerly PT Smart Cast Indonesia
4. Formerly SmartCast Asia Limited
5. Formerly RR Media C.E. S.A.
6. Formerly RR Media Europe Limited

SES S.A.
Société Anonyme
Château de Betzdorf
L-6815 Betzdorf

R.C.S. Luxembourg B 81267

Annual accounts as at and for the year ended 31 December 2017

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Audit report

To the Shareholders of
SES S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of SES S.A. (the "Company") as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit and Risk Committee.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014 (the "Regulation"), the Law of 23 July 2016 on the audit profession (the "Law") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Regulation, Law and ISAs are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

We did not provide any non-audit services to the Company in the period from 1 January 2017 to 31 December 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of the shares in affiliated undertakings	
The Company has investments in shares in affiliated undertakings of 8,034.9 million EUR. Management's assessment of the recoverable amount of investments in subsidiaries requires significant judgement in the determination of the level at which the investments in affiliated undertakings are tested for impairment taking into account the substance of the business activity, interdependency of the cash flows between the different subsidiaries and their level of integration. Moreover, the determination of the recoverable value requires significant estimates as it relates to the estimation of the forecasted cash flows and of the discount rates and long-term growth rates. We focused on this area due to the inherent complexity and judgement in the estimate for the recoverable amount of the investments in affiliated undertakings and the materiality of the balance.	We obtained an understanding of Management's process and controls related to the identification of the impairment indicators and the impairment test of the investments in affiliated undertakings; We evaluated Management's methodology used to estimate the recoverable amount of the investments in affiliated undertakings, including the grouping of certain investments in order to appropriately reflect the substance of the activity, interdependency of cash flows and the level of integration of their operations; We assessed Management's identification of indicators of impairment and the reasonableness of the assumptions used by Management for the determination of the recoverable value; We agreed the forecasted cash flows used for the determination of the recoverable value to the 2018 Business Plan as approved by the Board of Directors and challenged the different assumptions based on our expectations in terms of significant developments during the forecast period and evaluated whether these were appropriately reflected in the cash flows; We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market date and challenged the long-term growth rate applied based on market data; We considered the appropriateness of the disclosures in note 3 to the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation, the Law and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Regulation, the Law and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The Management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, which is included in the Corporate Governance Statement, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 6 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

Other matter

The Corporate Governance Statement includes the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 February 2018

Gilles Vanderweyen

SES
Société Anonyme
Balance sheet
As at 31 December 2017

Assets

	Note	2017	2016
		EUR million	**EUR million**
Fixed Assets			
Intangible assets		0.7	0.3
Financial assets			
Shares in affiliated undertakings	3	8,034.9	7,833.5
Loans to affiliated undertakings	3	1,994.8	2,964.4
		10,030.4	10,798.2
Current Assets			
Debtors			
Amounts owed by affiliated undertakings			
becoming due and payable within one year	4	2,014.1	5,045.6
Other debtors			
becoming due and payable within one year		4.6	1.7
Investments			
Own shares	5	85.0	130.6
Cash at bank and cash in hand		172.7	335.0
		2,276.4	5,512.9
Prepayments			
becoming due and payable within one year		14.5	13.0
becoming due and payable after more than one year		38.1	51.0
Total assets		**12,359.4**	**16,375.1**

Certain corresponding balances have been reclassified to conform to current year presentation

The accompanying notes form an integral part of the annual accounts.

SES
Société Anonyme
Balance sheet
As at 31 December 2017

Liabilities	**Note**	**2017**	**2016**
		EUR million	**EUR million**
Capital and reserves			
Subscribed capital	6	719.0	719.0
Share premium account	6	1,890.2	1,890.2
Reserves			
Legal reserve	7	70.0	64.4
Reserve for own shares	8	85.0	130.6
Other reserves, including the faire value reserve			
Other non available reserves	9	-	61.8
Profit brought forward		1,680.5	2,083.8
Profit/(Loss) for the financial year		(19.8)	111.5
		4,424.9	5,061.3
Creditors			
Debenture loans - Non convertible loans	10		
becoming due and payable within one year		634.1	95.4
becoming due and payable after more than one year		4,457.7	5,187.4
Amounts owed to credit institutions	10		
becoming due and payable within one year		41.9	206.0
becoming due and payable after more than one year		163.6	292.8
Trade creditors			
becoming due and payable within one year		1.7	1.3
Amounts owed to affiliated undertakings	10		
becoming due and payable within one year		2,079.2	5,006.4
becoming due and payable after more than one year		532.6	505.8
Other creditors			
Tax authorities	11	19.6	12.2
Social security authorities		0.3	0.3
Other creditors			
becoming due and payable within one year		3.8	6.2
		7,934.5	11,313.8
Total liabilities		**12,359.4**	**16,375.1**

The accompanying notes form an integral part of the annual accounts.

SES
Société Anonyme
Profit and loss account
For the year ended as at 31 December 2017

	Note	2017	2016
		EUR million	**EUR million**
Other operating income	12	15.2	15.1
Raw material and consumables and other external expenses			
Other external expenses		(31.6)	(42.2)
Staff costs	13		
Wages and salaries		(11.4)	(12.2)
Social security costs			
Relating to pensions		(1.2)	(1.3)
Other social security costs		(0.1)	(0.3)
Other staff costs		(0.2)	(0.1)
Other operating expenses		(3.1)	(3.7)
Income from participating interest			
derived from affiliated undertakings	14	255.2	358.6
Income from other investments and loans forming part of fixed assets			
derived from affiliated undertakings	15	37.3	61.8
Other interest receivable and similar income			
derived from affiliated undertakings	16	22.5	10.2
other interest and similar income	16	2.8	71.3
Value adjustment in respect of financial assets and of investments held as current assets	17	(136.0)	(68.4)
Interest payable and similar expenses			
concerning affiliated undertakings	18	(34.7)	(201.4)
other interest and similar expenses	18	(237.0)	(200.9)
Tax on profit or loss		104.5	125.0
Taxes other		(2.0)	-
Profit/(Loss) for the financial year		**(19.8)**	**111.5**

The accompanying notes form an integral part of the annual accounts.

SES
Société Anonyme
Statement of changes in shareholders' equity
As at 31 December 2017

	Subscribed capital	Share premium	Legal reserve	Other reserves*	Result for the year	Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2016	644.3	1,056.2	63.3	183.7	2,517.1	**4,464.6**
Allocation of result	-	-	1.1	2,516.0	(2,517.1)	**-**
Increase in share capital	74.7	834.0	-	-	-	**908.7**
Distribution of dividends	-	-	-	(536.0)	-	**(536.0)**
Other movements	-	-	-	112.5**	-	**112.5**
Profit for the financial year	-	-	-	-	111.5	**111.5**
At 31 December 2016	**719.0**	**1,890.2**	**64.4**	**2,276.2**	**111.5**	**5,061.3**
At 1 January 2017	719.0	1,890.2	64.4	2,276.2	111.5	**5,061.3**
Allocation of result	-	-	5.6	105.9	(111.5)	**-**
Distribution of dividends	-	-	-	(616.6)	-	**(616.6)**
Other movements				-	-	**-**
Loss for the financial year					(19.8)	**(19.8)**
At 31 December 2017	**719.0**	**1,890.2**	**70.0**	**1,765.5**	**(19.8)**	**4,424.9**

** Including reserves for own shares, other non available reserves and profit brought forward.*

*** Purchase of treasury shares in 2016 in accordance with the framework of SES's share buy-back programme (2015: repurchase obligation for own shares).*

The accompanying notes form an integral part of the annual accounts.

Note 1 – General Information

SES S.A. (hereafter 'SES' or 'the company') was incorporated on 16 March 2001 as a limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg for an unlimited period.

The registered office of the company is established at the Château de Betzdorf, L-6815 in Luxembourg.

The purpose of the company is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the company is from 1 January to 31 December.

The company has a 99.94% interest in a partnership, SES Global Americas Holdings GP, whose accounts are integrated into those of the company to the level of its share in the partnership.

In January 2013 the company established a branch in Switzerland in order to centralise the cash pooling mechanism in place in the SES group. The annual accounts of the branch are also integrated into those of the company.

The company also prepares consolidated financial statements for the company and its subsidiaries ('the group'), which are drawn up in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), and are published according to the provisions of the Luxembourg law.

The company's Fiduciary Deposit Receipts ('FDRs') have been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004 under the symbol SESG. FDRs can be traded freely, and are convertible into an equal number of Class A shares at any time, and at no cost, at the option of the holder under the conditions applicable in the company's articles of association, and in accordance with the terms of the FDRs.

Note 2 – Summary of significant accounting policies and valuation rules

2.1. Basis of preparation

The annual accounts are prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost covention relating to the preparation and presentation of the annual accounts.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions are changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.1. Basis of preparation (continued)

Management makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgments are regularly reevaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant accounting policies

The main accounting policies and valuation rules applied by the company are the following:

2.2.1. Financial assets

Shares in affiliated undertakings held by the company are recorded at acquisition cost.

In the case of a permanent diminution in the value of a financial fixed asset in the opinion of the Board of Directors, a value adjustment is made such that the investment is valued at the lower figure. Value adjustments are not maintained if the reasons for which they were made have ceased to apply.

In some instances, where the Board of Directors believes that it is more appropriate under the circumstances and better reflects the substance of the activity, interdependency of cash flows between SES subsidiaries, and their level of integration, have been taken into account in assessing the carrying value of the financial assets.

In those instances, investments in certain undertakings have been grouped together for the purposes of testing them for impairment - similarly to cash generating units as defined in IAS 36 “Impairment of Assets” under IFRS.

Loans to affiliated undertakings are valued at their nominal value. Value adjustments are recorded on loans which appear to be partly or wholly irrecoverable. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

2.2.2. Investments – own shares

Own shares are recorded at acquisition cost, including expenses incidental thereto. At the balance sheet date, own shares are valued at the lower of acquisition cost and a valuation calculated on the basis of weighted average cost or market value.

A value adjustment is recorded where the market value is lower than the acquisition cost. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

2.2.3. Prepayments

Loan origination costs are recorded at their nominal value, and are presented as prepayments. These costs are amortised over the remaining estimated loan periods based on the company’s financing strategy.

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.2.4. Dividends paid and received

Dividends are declared after the annual accounts for the year have been approved. Accordingly, dividends payable are recorded in the subsequent year's annual accounts.

Dividends receivable from affiliated undertakings are recorded as income in the year in which they are approved by the subsidiary.

Dividends receivable on own shares are recorded as income in the year in which the dividend is approved.

2.2.5. Profit Participating Convertible Certificates

Profit Participating Convertible Certificates ('certificates') are securities issued by SES's subsidiary SES Finance S.à r.l. ('Issuer') and subscribed by the company, representing a claim of principal amount and profit participating interest ('PPI') on principal amount. The amounts are payable on the maturity date, unless the Issuer elects to convert the amount into shares.

PPI on the certificates is calculated based on the cumulative profits of the issuer over the term of the certificates.The company's entitlement to a return, in the form of PPI, is thus only certain at the date of maturity at which time the PPI will be established and recorded.

2.2.6. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is uncertain. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.2.7. Foreign currency translation

The company maintains its books and records in euro (EUR). Transactions expressed in currencies other than the euro are translated into euros at the exchange rates effective at the time of the transaction.

With the exception of fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Realised and unrealised gains and losses are recognised in the profit and loss account.

Fixed assets acquired in currencies other than euro are translated into euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

The foreign exchange result for the year has been presented on a net basis.

2.2.8. Derivative financial instruments

The company may enter into derivative instruments, principally forward currency contracts, in order to manage exchange rate exposure on the company's and group's assets, liabilities and financial operations.

Note 2 – Summary of significant accounting policies and valuation rules (continued)

2.2.8. Derivative financial instruments (continued)

Such financial instruments are used to reduce the group's exposure to risks in connection with operating liabilities denominated in US dollars, such as milestone payments to satellite manufacturers. Such instruments are denominated in the same currency as the hedged item and can cover up to 100% of the total value of the hedged item. It is the company's policy not to enter into such forward contracts until a firm commitment is in place, and to match the terms of hedge derivatives to those of the hedged item.

Additionally, the company has significant debenture loans denominated in US dollars. The company may enter into derivatives, such as forward currency contracts or cross-currency swaps, in order to manage exchange rate exposure on foreign currency debt.

Financial derivatives are revalued at the year-end using forward rates. Both unrealised gains and losses resulting from the revaluation of these contracts are recognised in the profit and loss account under "other interest and similar income" or "other interest and similar expenses" respectively. SES does not use derivative financial instruments for speculative purposes.

Assets or liabilities generated by unrealised gains or losses are recognised and recorded under "amounts owed to/by affiliated undertakings" where the counterparty is a member of the SES group.

2.2.9. Creditors

Debenture loans and amounts owed to credit institutions are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.2.10. Share-based compensation

Employees of the company receive remuneration in the form of share-based compensation payments, whereby employees render services to the company as consideration for equity instruments. Three active equity-settled share-based payment schemes have been established by SES S.A. and are available to some of the company's staff:

- The Stock Appreciation Rights Plan (STAR Plan)
- Executive Incentive Compensation Plan (EICP)
- Long-Term Incentive Programme (LTIP)

A charge, representing a difference between the acquisition cost of own shares and exercise price is recognised in the profit and loss account upon exercise of the share option/shares.

On 1 June 2017, the company inaugurated a new compensation plan, the Simulated Restricted Stock Units ('SRSU') plan which is available to some company employees. The SRSUs are equivalent to Restricted Stock Units, delivered on 1 June following the three year vesting period. Delivery occurs through a gross cash payment in the June payroll cycle instead of in SES FDR's. This plan is intended to replace prospectively the STAR plan.

A charge corresponding to the number of SRSUs outstanding at the share price on 31 December 2017 is recognised in the profit and loss account on a pro-rata basis over the vesting period and is presented as wages and salaries in the profit and loss account. A corresponding liability is recorded and presented in the balance sheet as other creditors.

Note 3 – Financial assets

a) Shares in affiliated undertakings

	2017 EUR million	2016 EUR million
Cost at beginning of year	7,833.5	6,641.0
Decrease	-	(20.5)
Increase [1]	286,8	1,213.0
Cost at end of year	**8,120.3**	7,833.5
Value adjustments at beginning of year	-	(4.7)
Increase [2]	(85.4)	4.7
Value adjustment at the end of year	**(85.4)**	-
Net book value at end of year	**8,034.9**	7,833.5

[1] The increase of EUR 286.8 million in 2017 represents a contribution to equity in SES Insurance International Re (Luxembourg) S.A. of EUR 14.1 million (USD 16.0 million), to SES Holdings Netherlands) B.V. of EUR 254.1 million (USD 300.0 million) and to SES Latin America S.A. of EUR 18.6 million.

[2] The amount of EUR 85.4 million represents a value adjustment in connection with the investment in SES NL Finance S.à.r.l..

As at 31 December 2017, the company holds the following investments:

			2017	2016
Net book value	**Country of incorporation**		EUR million	EUR million
SES GEO operations				
SES Global – Americas, Inc.	United Sates	99.94%	3,477.6	3,477.6
SES Finance S.à r.l	Switzerland	100%	1,502.2	1,502.2
SES Astra S.A.	Luxembourg	100%	1,046.8	1,046.8
SES Participations S.A.	Luxembourg	100%	206.8	206.8
SES Holdings (Netherlands) B.V. [1]	Netherlands	100%	350.8	96.7
SES Insurance International Re (Luxembourg) S.A.	Luxembourg	100%	90.4	76.3
SES Astra A.B.	Sweden	32.34%	50.1	50.1
SES Insurance International (Luxembourg) S.A.	Luxembourg	100%	15.2	15.2
SES MEO operations				
O3B Lux S.a.r.l	Luxembourg	100%	-	-
O3B Next Lux S.a.r.l.	Luxembourg	100%	-	-
Services				
SES NL Finance S.à r.l.	Luxembourg	100%	909.8	995.2
SES Astra Services Europe S.A.	Luxembourg	100%	366.6	366.6
SES Latin America S.A	Luxembourg	100%	18.6	-
SES Belgium S.p.r.l	Belgium	99%	-	-
Total			**8,034.9**	**7,833.5**

[1] SES Holdings (Netherlands) B.V. has 100% direct ownership of the entity New Skies Satellites B.V. and 100% indirect ownership of the entity O3b Networks Limited, therefore for impairment purpose testing the investment is to be allocated between GEO and MEO operations businesses.

Note 3 – Financial assets (continued)

a) Shares in affiliated undertakings (continued)

Affiliated undertakings listed under "SES GEO operations" above form part of the "SES GEO operations" business of the SES group. They are aggregated for the purposes of testing their carrying values for impairment, considering the interdependency of their cash flows and their level of integration (see Note 2).

The recoverable amount of this group of companies is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by the Board of Directors which covers a period of five years. This period reflects the long-term contractual base for the satellite business. The pre-tax discount rate is 8.10 % (2016: 5.92 %) and was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the SES group's business sector, and the specific risk profile of the businesses concerned. The terminal growth rate used in the valuation is set at 2.0 % (2016: 2.0%), which reflects the most recent long-term planning assumptions approved by the Board, and can be supported by reference to the trading performance of the companies concerned over a longer period.

An impairment test performed on each investment taken individually (the "line-by-line method"), would potentially lead to a different conclusion, in particular, for the investment held by the Company in SES Global-Americas. Inc. However, for the reasons stated above and as described in Note 2.2.1., the Board of Directors of the company does not believe that the "line-by-line method" is appropriate considering the integrated nature of the SES GEO operations business of the SES group and the interdependency of its cash flows.

SES MEO operations, representing the O3b Networks business acquired in 2016, is considered a separate CGU, as the business generates cash inflows that independent from SES's GEO operations. Pre-tax discount rate in 2017 is 10.37% and it was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the group's business sector; and the specific risk profile of the businesses concerned. Terminal growth rates used in the valuations are set at 2%, which reflect the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance of the companies concerned over a longer period.

Affiliated undertakings listed under "Services" are services companies of the SES group. They each form a separate cash generating unit and are therefore tested for impairment individually unless their carrying value is insignificant.

Based on this impairment testing, the Board of Directors believes that no value adjustment should be recorded on the carrying values of the shares in affiliated undertakings except for a charge of EUR 85.4 million in connection with the investment in 'Services' company SES NL Finance S.à.r.l..

Art. 65 Paragraph (1) 2º of the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "Law") requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with Art.67 (3) of the Law, these details have been omitted as the company prepares consolidated accounts and these consolidated accounts, and the related consolidated management report and auditors' report thereon, have been lodged with the Luxembourg Trade Registry.

Note 3 – Financial assets (continued)

b) Loans to affiliated undertakings

Loans to affiliated undertakings as of 31 December 2017 consist of:

Counterparty	**Principal and accrued interest 31 December 2017 (EUR million)**	**Maturity**	**Interest rate**
SES Finance S.à r.l.	673.2	December-22	Profit participating convertible certificates, no interest
SES Finance S.à r.l. *	140.0	December-18	Profit participating convertible certificates, no interest
SES Americom Inc.	247.7	June-22	2.93%
SES-15 S.à r.l	186.7	January-33	1.55%
SES Astra 5B S.à r.l.	196.4	June-29	1.11%
SES Astra 2G S.à r.l.	144.0	June-30	1.19%
SES Astra 2F S.à r.l.	120.1	November-27	0.95%
SES Astra 3B S.à r.l.	98.0	June-25	0.67%
SES-10 S.à r.l.	86.8	January-32	2.29%
SES Astra 2E S.à r.l.	27.5	February-29	1.06%
SES Astra 1N S.à r.l.	29.1	November-26	0.80%
SES Finance Services A.G.	8.5	March-25	0.80%
SES Finance Services A.G.	8.5	March-25	0.80%
SES Finance Services A.G.	5.2	March-25	0.80%
SES Asia S.A.	23.1	December-19	0.72%
Total	**1,994.8**		

* *Management does not currently expect the Profit Participating Convertible Certificate of EUR 140 million to be reimbursed in 2018*

Note 3 – Financial assets (continued)

b) Loans to affiliated undertakings (continued)

Loans to affiliated undertakings as of 31 December 2016 consist of:

Counterparty	**Principal and accrued interest 31 December 2016 (EUR million)**	**Maturity**	**Interest rate**
SES Finance S.à r.l.	766.0	December-17	Profit participating convertible certificates, no interest
SES Finance S.à r.l.	140.0	December-18	Profit participating convertible certificates, no interest
SES Finance S.à r.l.	189.1	October-33	4.73%
SES Finance S.à r.l.	296.7	December-25	4.00%
SES Global-Americas Inc.	463.3	June-17	2.46%
SES-15 S.à r.l	200.0	January-33	1.55%
SES Astra 5B S.à r.l.	214.2	June-29	1.11%
SES Astra 2G S.à r.l.	156.0	June-30	1.19%
SES Astra 2F S.à r.l.	133.4	November-27	0.95%
SES Astra 3B S.à r.l.	112.0	June-25	0.67%
SES-10 S.à r.l.	93.4	January-32	2.29%
SES NL Finance S.à r.l.	50.5	May-18	1.49%
SES Astra 2E S.à r.l.	30.0	February-29	1.06%
SES Astra 1N S.à r.l.	32.8	November-26	0.80%
SES DTH do Brasil Ltda	19.2	March-25	variable
SES Digital Distribution Services A.G.	20.4	May-18	2.50%
SES Finance Services A.G.	9.2	March-25	0.80%
SES Finance Services A.G.	9.2	March-25	0.80%
SES Finance Services A.G.	5.9	March-25	0.80%
SES Asia S.A.	23.1	December-19	0.72%
Total	**2,964.4**		

Note 3 – Financial assets (continued)

b) Loans to affiliated undertakings (continued)

In June 2017 the company's subsidiary SES Global Americas reimbursed EUR 418.6 million (USD 469.6) and in the same period a new loan was granted to SES Americom Inc. of EUR 260.2 million (USD 292.0).

In October 2017, the company's subsidiary SES Finance S.à r.l. reimbursed two loans in the total amount of EUR 446.8 million (USD 535.0 million) to the company. In the same period, the company's subsidiary SES DTH do Brasil Ltda reimbursed a loan of EUR 16.0 million (BRL 60.0 million) made to that company.

The company does not consider any balances on its loans to affiliates as being irrecoverable as at 31 December 2017.

Note 4 – Debtors

Amounts owed by affiliated undertakings

The group operates a centralised treasury function at the level of the company which manages, among others, the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism. Amounts owed by affiliated undertakings of EUR 2,014.1 million (2016: EUR 5,045.6 million) consist of :

	2017	**2016**
	EUR million	**EUR million**
Intercompany current accounts	1,162.5	4,165.2
Short term loan to O3b Networks Limited	786.8	880.4
Short term loan to SES Digital Distibution Services AG	20.4	-
Short term loan to SES NL Finance S.à r.l.	44.4	-
Total	**2,014.1**	**5,045.6**

Intercompany current accounts represent short-term advances bearing interest at market rates.

On 19 December 2016, the company granted a short term loan to O3b Networks Limited ('O3b'), an indirect subsidiary of the company, to finance the repayment of O3b's Coface borrowings and term loans, in the context of the restructuring of the O3b's borrowings further to its acquisition by the SES group in August 2016. This short term loan amounted to EUR 872 million (USD 927.4 million), matures on 15 May 2018, and bears interest at a fixed rate of 1.69%. At year end, the balance of the loan, including accrued interest, was EUR 786.8 million.

The short term loan amounting to EUR 20.4 million with SES Digital Distibution Services AG matures in May 2018, and bears interest at a fixed rate of 2.50%.

The short term loan amounting to EUR 44.4 million (USD 53.2 million) with SES NL Finance S.à r.l., matures in May 2018, and bears interest at a fixed rate of 1.47%.

The company performed an analysis of the amounts owed by affiliated undertakings and does not consider their recoverability to be uncertain.

Note 5 – Investments – own shares

Own shares refer to the company's own Fiduciary Deposit Receipts.

All FDRs in respect of Class A shares owned by the company are for use in connection with the share-based compensation plans for executives and staff of the SES group. The FDRs are valued at the lower of the weighted average cost and the market price.

As at 31 December 2017, the company owned 6,535,320 FDRs (2016: 6,243,500) representing EUR 85.0 million (2016: EUR 130.6 million).

Note 6 – Subscribed capital and share premium account

The company has issued two classes of shares: Class A and Class B shares.

Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that the shares of Class B, held by the State of Luxembourg and by two entities wholly-owned by the State of Luxembourg, entitle their holders to only 40% of the dividend, or in case the company is dissolved, to 40% of the net liquidation proceeds paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or Class B, is entitled to one vote.

<u>Capital increase</u>

The Extraordinary General Meeting on 7 April 2016 approved an increase in the authorised share capital of up to 61,848,000 shares without par value (41,232,000 Class A Shares and 20,616,000 Class B Shares).

On 26 May 2016, SES launched an equity increase resulting in EUR 908.8 million of additional shareholders' capital. This contribution was split between:

- EUR 757.3 million (A-shareholders), representing 39,857,600 shares, allocated as EUR 49.8 million to share capital and EUR 707.5 million to share premium and
- EUR 151.5 million (B-shareholders), representing 19,928,800 shares, allocated as EUR 24.9 million to share capital and EUR 126.6 million to share premium.

The B-shareholder contribution mostly comprised cash (EUR 137.9 million) with the State of Luxembourg electing to contribute EUR 13.6 million in FDRs. Transaction costs incurred in connection with the share issue in 2016 were EUR 12.9 million and were included in 'Other external expenses'.

	Class A shares	Class B shares	Total shares
As at 1 January 2016	**343,600,000**	**171,800,000**	**515,400,000**
Shares issued in 2016	39,857,600	19,928,800	59,786,400
As at 31 December 2016	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued in 2017	-	-	-
As at 31 December 2017	**383,457,600**	**191,728,800**	**575,186,400**

Note 7 – Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a legal reserve. This requirement is satisfied when the reserve reaches 10% of the issued share capital. This reserve may not be distributed.

Following the capital increase in 2016, the Board of Directors approved to allocate a portion of the 2016 profit to the legal reserve at the annual general meeting held in 2017.

Note 8 – Reserve for own shares

In accordance with the law, the company has created a non-distributable reserve included in the account “reserve for own shares” for an amount of EUR 85.0 million (2016: EUR 130.6 million), corresponding to the balance of the own shares held as of year end.

Buy-back of treasury shares

SES has historically, in agreement with its shareholders, purchased FDRs in respect of Class A shares in connection with executives’ and employees’ share based payments plans, as well as for cancellation.

On 29 May 2015, within the framework of its share buy-back programme, the company entered into a forward purchase agreement with a financial institution for the purchase of 6,000,000 FDRs issued to the financial institution concerned.

The agreement allowed delivery of FDRs upon the exercise of executive and employee stock purchase options, setting out the terms and conditions for the purchase of the FDRs, including the purchase price and maturities of the purchases. Under the terms of the agreement the company purchased 2,500,000 FDRs on 10 June 2015, 1,500,000 FDRs on 14 January 2016 and 2,000,000 FDRs on 7 April 2016.

As at 31 December 2017 no amounts were outstanding under the agreement (2016: none).

Note 9 – Other reserves, including the fair value reserve

Other non-distributable reserves

In 2017 the company released its remaining Net Wealth Tax liability in the amount of EUR 61.8 million, representing the reserve for 2011, in accordance with Paragraph 8a of the Luxembourg Net Wealth Tax law. The company allocated under “Other non-distributable reserves” an amount that corresponded to five times the amount of reduction of the Net Wealth Tax.

In order to benefit from the Net Wealth Tax reduction, the company had to maintain this reserve for a period of five years. Should the reserve have been distributed before the end of this five year period, then Net Wealth Tax would become due for an amount of up to 20% of the distributed amount.

Since 2012 the Net Wealth Tax reserve is recorded at the level of SES Astra S.A. This entity forms part of the tax unity.

Note 10 – Creditors

a) Debenture loans - Non convertible loans

The maturity profile of notes and bonds is as follows as at 31 December 2017.

			2017
Creditors - Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans - Non convertible loans			**5,091.8**
becoming due and payable within one year*			**634.1**
Non convertible bonds due >1 Y: Accrued interest			134.1
EUR 500.0 million Eurobond (2018)	1.875%	October-18	500.0
becoming due and payable between 1 and 2 years			**416.9**
144A Bond USD 500.0 million (2019)	2.50%	March-19	416.9
becoming due and payable between 3 and 5 years			**1,300.0**
EUR 650 million Eurobond (2020)	4.625%	March-20	650.0
EUR 650 million Eurobond (2021)	4.75%	March-21	650.0
becoming due and payable after 5 years			**2,740.8**
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144 A Bond USD 750.0 million (2023)	3.60%	April-23	625.4
144 A Bond USD 250.0 million (2043)	5.30%	April-43	208.5
144 A Bond USD 500.0 million (2044)	5.30%	March-44	416.9
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable Securities	4.625%	January-22**	750.0
EUR 550 million deeply subordinated fixed rate resettable Securities	5.625%	January-24**	550.0

* *Includes accrued interest of EUR 134.1 million at year-end 2017 (2016: EUR 95.4 million).*
** *Representing first reset date*

Note 10 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

The maturity profile of notes and bonds is as follows as at 31 December 2016.

			2016
Creditors - Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans - Non convertible loans			**5,282.8**
becoming due and payable within one year (1)			**95.4**
Non convertible bonds due >1 Y: Accrued interest			95.4
becoming due and payable between 1 and 2 years			**500.0**
EUR 500.0 million Eurobond (2018)	1.88%	October-18	500.0
becoming due and payable between 3 and 5 years			**1,774.3**
144A Bond USD 500.0 million (2019)	2.50%	March-19	474.3
EUR 650 million Eurobond (2020)	4.63%	March-20	650.0
EUR 650 million Eurobond (2021)	4.75%	March-21	650.0
becoming due and payable after 5 years			**2,913.1**
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144 A Bond USD 750.0 million (2023)	3.60%	April-23	711.6
144 A Bond USD 250.0 million (2043)	5.30%	April-43	237.2
144 A Bond USD 500.0 million (2044)	5.30%	March-44	474.3
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable Securities	4.625%	January-22*	750.0
EUR 550 million deeply subordinated fixed rate resettable Securities	5.625%	January-24*	550.0

* *Representing first reset date*

Note 10 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

European Medium-Term Note Programme ('EMTN')

On 6 December 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On 2 June 2017 this programme has been extended for one further year. As at December 31, 2017, SES had issued EUR 1,940.0 million (2016: EUR 1,940.0 million) under the EMTN Programme with maturities ranging from 2018 to 2027.

EUR 500.0 million Eurobond (2018)

On 16 October 2013, SES issued a EUR 500.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 1.875%.

144A Bond USD 500.0 million (2019)

On 25 March 2014, SES completed a 144A offering in the US market issuing USD 500.0 million 5-year bond with a coupon of 2.50% and a final maturity date of 25 March 2019.

EUR 650.0 million Eurobond (2020)

On 9 March 2010, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2021)

On 11 March 2011, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities (2022)

On 10 June 2016 SES issued EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities ('perpetual bond') at a coupon of 4.625% to the first call date, a price of 99.666 % and a yield of 4.7%. SES is entitled to call the securities on 2 January 2022 and on subsequent coupon payment dates.

144A Bond USD 750.0 million (2023)

On 4 April 2013, SES completed a 144A offering in the US market issuing a USD 750.0 million 10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

Note 10 – Creditors (continued)

a) Debenture loans - Non convertible loans (continued)

EUR 550.0 million Deeply Subordinated Fixed Rate Resettable Securities (2024)

On 29 November 2016 SES issued a second perpetual bond of EUR 550.0 million at a coupon of 5.625% to the first call date, a price of 99.304% and a yield of 5.75%. SES is entitled to call the second perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

EUR 140.0 million Private Placement (2027)

Between May and July 2012, SES issued to ING Bank N.V. three individual tranches of a total EUR 140.0 million Private Placement under the company's European Medium-Term Note Programme. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

German bond issue of EUR 50.0 million (2032)

On 29 October 2012, the group issued EUR 50.0 million in the German bond ('Schuldschein') market. The bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

144A Bond USD 250.0 million (2043)

On 4 April 2013, SES completed a 144A offering in the US market issuing a USD 250.0 million 30-year bond with a coupon of 5.30% and a final maturity date on 4 April 2043.

144A Bond USD 500.0 million (2044)

On 25 March 2014, SES completed a 144A offering in the US market issuing a USD 500.0 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

Note 10 – Creditors (continued)

b) Amounts owed to credit institutions

Amounts owed to credit institutions was as of 31 December 2017:

Creditors - Financial liabilities			**2017**
	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			**41.9**
COFACE facility	EURIBOR +1.70%	various from 2018	41.9
becoming due and payable after more than one year			**163.6**
COFACE facility	EURIBOR +1.70%	various from 2019 to 2022	163.6

Amounts owed to credit institutions was as of 31 December 2016:

Creditors - Financial liabilities			**2016**
	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			**206.0**
European Investment Bank	3.62%	fully repaid in May 2017	33.4
US Ex-Im	3.11%	fully repaid in November 2017	17.1
COFACE facility	EURIBOR +1.70%	various from 2017	55.5
Commercial papers	-0.20%		100.0
becoming due and payable after more than one year			**292.8**
COFACE facility	EURIBOR +1.70%	various from 2018 to 2022	250.3
US Ex-Im	3.11%	fully repaid in November 2017	42.5

Note 10 – Creditors (continued)

b) Amounts owed to credit institutions (continued)

EUR 200.0 million European Investment Bank funding

On 21 April 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite projects. This facility, bearing interest at a fixed rate of 3.618%, was repaid in six annual instalments between May 2012 and May 2017.

Syndicated loan (2021)

In January 2014, the group updated its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 20 banks and has been structured as a 5 year multicurrency revolving credit facility with two one-year extension options at the discretion of the lenders. The facility is for EUR 1,200.0 million and the interest payable is linked to a ratings grid. At the current SES rating of BBB / Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR. On 13 November 2015 and 23 November 2015 respectively, the facility agreement has been amended and extended by one year to 13 January 2021. As at 31 December 2017 and 2016, no amount has been drawn under this facility.

EUR 522.9 million COFACE facility

On 16 December 2009, SES signed a financing agreement with the Compagnie Française d'Assurance pour le Commerce Extérieur ('COFACE') in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the facility are based on invoices from the supplier of the satellites.

The first drawing was made on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual installments.

Coface A has a final maturity date of 1 August 2022, Coface B and F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

In November 2017 Coface B (maturity date: 21 May 2021) was fully reimbursed.

USD 158.0 million US Ex-Im facility

In April 2011, SES signed a financing agreement with the Export-Import Bank of the United States ("Ex-Im Bank") for USD 158 million for the investment in one geostationary satellite programme (QuetzSat). At the in-orbit acceptance date of the satellite, USD 152.2 million had been drawn under the agreement. This amount was scheduled to be repaid in 17 equal semi-annual instalments starting on 22 June 2012. The loan with a final maturity date of 22 June 2020, bore interest at a fixed rate of 3.11% and was fully repaid during in 2017.

European Commercial paper programme

In July 2012, SES signed the documentation for the inception of a joint EUR 1,000.0 million guaranteed European commercial paper programme for SES S.A. and SES Global Americas Holdings GP. The issuance under the programme represents senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity.

The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. On 4 July 2017, this programme was updated and extended. As at 31 December 2017, no borrowings (2016: EUR 100 million) were outstanding under this programme.

Note 10 – Creditors (continued)

b) Amounts owed to credit institutions (continued)

Negotiable European Commercial Paper "NEU CP" (previous French Commercial paper programme)

On 25 October 2005, SES put in place a EUR 500.0 million 'NEU CP' programme in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On 3 May 2017, this programme was extended for one further year. As at 31 December 2017 and 2016, no borrowings were outstanding under this programme.

The aggregate maturity profile of amounts drawn from credit institutions and becoming due and payable after more than one year is as follows as at 31 December 2017 and 2016:

	2017 **EUR million**	**2016** **EUR million**
Between one and two years	82.0	71.4
Between two and five years	81.6	181.2
After five years	-	40.2
Total	**163.6**	**292.8**

During the year 2017, SES repaid the last tranche of EUR 33.3 million (2016: EUR 33.3 million) to the European Investment Bank, and two tranches of the US Ex-Im facility for a total of USD 17.9 million (2016: USD 17.9 million). In addition, the remaining 3 tranches for 2018, 2019 and 2020, in the amount of USD 44.8 million, were also reimbursed in 2017.

Furthermore, during the year 2017, SES repaid floating rate obligations totaling EUR 54.2 million (2016: EUR 54.2 million) related to various Coface instalments. In November 2017, the Coface B loan (maturity date: 21 May 2021) was fully reimbursed with EUR 45.5 million.

Committed and uncommitted loan facilities

As at 31 December 2016 and as at 31 December 2017, the company had no outstanding balances under uncommitted loan facilities.

c) Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 2,611.8 million (2016: EUR 5,512.2 million) include the following:

	2017 **EUR million**	**2016** **EUR million**
Long-term loans (maturity after 5 years)	66.0	187.9
Term loans (between 1 – 5 years)	466.6	317.9
Notes due within one year	-	46.4
Current accounts	2,079.2	4,960.0
Total	**2,611.8**	**5,512.2**

Note 10 – Creditors (continued)

c) Amounts owed to affiliated undertakings (continued)

As at 31 December 2017 long-term loans included:

- A loan for a total amount of USD 550.0 million with a maturity of June 2022 bearing interest at a rate of 2.93% with SES Americom Inc.
- A loan for a total amount of USD 50.0 million with a maturity date of May 2025 at a rate of 4.2% that has been entered into in 2015 with SES Satellites Gibraltar Ltd.
- A loan for a total amount of EUR 23.0 million with a maturity date of May 2025 at a rate of 2% that has been entered into in 2015 with SES Astra Real Estate S.A.

As at 31 December 2017 and 2016 current accounts, which are linked to the daily cash pooling mechanism, represent short-term debts bearing interest at market rates.

Note 11 – Other creditors - tax authorities

The company is subject to the tax regulations in Luxembourg, in Switzerland for the Swiss branch, and in the U.S. for the partnership.

In accordance with Article 164bis of the Luxembourg income tax law, SES S.A. is the head of the Luxembourg tax unity with its subsidiaries as follows:

- SES Astra S.A.
- SES Asia S.A.
- SES-15 S.à r.l. (formerly SES Broadband Services S.A.)
- SES-10 S.à r.l.
- SES Participations S.A.
- SES Astra 3B S.à r.l.
- SES Astra 1KR S.à r.l.
- SES Astra 1L S.à r.l.
- SES Astra 1M S.à r.l.
- SES Engineering S.à r.l.
- SES Astra 1N S.à r.l.
- SES Astra 5B S.à r.l.
- SES Astra 2E S.à r.l.
- SES Astra 2F S.à r.l.
- SES Astra 2G S.à r.l.
- SES Digital Distribution Services S.à r.l.
- SES Astra Services Europe S.A.
- SES Lux Finance S.à r.l.
- SES NL Finance S.à r.l.
- SES Astra Real Estate (Betzdorf) S.A.

Note 11 – Other creditors - tax authorities (continued)

- SES Techcom S.A.
- SES Latin America S.A.
- SES Insurance International (Luxembourg) S.A.
- SES Insurance International Re (Luxembourg) S.A.
- SES-17 S.à r.l.
- O3b Lux S.à.r.l.
- O3bNext Lux S.à.r.l.

The balance sheet position takes into consideration the net tax payable or receivable by the tax unity to the Luxembourg tax authorities, which is due by the head of the tax unity, being SES S.A. The respective tax charge/income of each subsidiary is computed on a stand-alone basis and recharged via intercompany accounts.

Note 12 – Other operating income

Other operating income amounting to EUR 15.2 million (2016: EUR 15.1 million) consists mainly of group recharge revenues from advisory support services rendered to various affiliates.

Note 13 – Staff costs

As at 31 December 2017, the number of full time equivalent employees was 65 (2016: 69) and the average number of employees in the workforce for 2017 was 67 (2016: 61). Staff costs can be analysed as follows:

	2017	**2016**
	EUR million	**EUR million**
Wages and salaries	11.4	12.2
Social security costs and other staff costs	1.5	1.7
Total	**12.9**	**13.9**

Note 14 – Income from participating interest

Income from participating interest concerning affiliated undertakings consists of the following:

	2017	**2016**
	EUR million	**EUR million**
Dividends received from affiliated undertakings	255.2	358.6
Total	**255.2**	**358.6**

Dividends received from affiliated undertakings include dividends received on own shares in the amount of EUR 8.2 million (2016: EUR 8.6 million).

Note 15 – Income from other investments and loans

Income from other investments and loans forming part of fixed assets:

	2017	**2016**
	EUR million	**EUR million**
Interest income from affiliated undertakings	37.3	61.8
Total	**37.3**	**61.8**

Note 16 – Other interest receivable and similar income

Other interest receivable and similar income includes the following:

	2017	**2016**
	EUR million	**EUR million**
Interest income from current account	0.5	-
Other interest income from affiliated undertakings	22.5	10.2
Foreign exchange gains, net	2.3	71.3
Total	**25.3**	**81.5**

Note 17 – Value adjustments in respect of financial assets and investments held as current assets

The balance of EUR 50.6 million (2016: EUR 55.3 million) is composed of a loss on disposal of the company's FDRs for EUR 12.3 million (2016: EUR 33.3 million) and a value adjustment on outstanding FDRs as of 31 December 2017 for EUR 38.3 million (2016: EUR 22.0 million).

A value adjustment has been recorded to account for the FDRs at the lower of their weighted average cost and market price. The value of the SES's share listed on Euronext Paris was EUR 13.01 as at 31 December 2017 (2016: EUR 20.925 million) which results in a total value adjustment of EUR 38.3 million (2016: EUR 22 million).

The balance of EUR 85.4 million (2016: EUR 13.1 million) represents the provision for impairment on shares in affiliated undertakings (see Note 3).

Note 18 – Interest payable and similar expenses

a) Concerning affiliated undertakings

	2017 EUR million	**2016 EUR million**
Interest charges from current account	34.7	29.9
Net recharge O3b breakage fees	-	21.6
Waiver SES NL Finance S.à r.l.	-	149.9
Total	**34.7**	**201.4**

In 2016, the reimbursement by O3b of its external loans before the maturity date, O3b incurred breakage fees of EUR 46.7 million and received a refund of insurance premiums from Coface of EUR 25.1 million on the repayment of the borrowings. The total O3b loans repayment fees in the amount of EUR 21.6 million were recharged to SES S.A., as these fees were incurred due to actions by the company in pursuit of clearly identifiable commercial and financial synergies.

b) Other interest and similar expenses

Other interest and similar financial expenses include the following:

	2017 EUR million	**2016 EUR million**
Interest charges	221.9	189.5
Loan origination costs	13.9	11.4
Loss on disposal on own shares	1.2	-
Total	**237.0**	**200.9**

Note 19 – Audit fees

Art. 65 Paragraph (1) 16º of the Law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the “Law”) requires the disclosure of the independent auditor fees. In conformity with the law these details have been omitted as the company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

Note 20 – Board of Directors’ remuneration

The total payments to directors for attendance at board and committee meetings in 2017 amounted to EUR 1.4 million (2016: EUR 1.4 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

Note 21 – Off balance sheet commitments

Guarantees

On 31 December 2017 the company had outstanding bank guarantees for an amount of EUR 130.4 million (2016: EUR 142.1 million) with respect to performance and warranty guarantees for services of satellite operations.

Corporate guarantees

In 2017, the company has given several corporate guarantees to space and ground segment suppliers for the provision of communications spacecraft and related equipment contracted by fully-owned subsidiaries of the SES group for EUR 0.5 million (2016: EUR 0.5 million).

Parental guarantees

SES S.A. issued a letter of guarantee to one of its subsidiaries to provide sufficient financial support to meet its obligations in full for ar least two years after the issuance date of the 31 December 2016 stand alone financial statements of the subsidiaries.

Litigation

SES S.A. is not currently subject to any material legal proceedings or litigation arising in the normal course of business.

Forward purchase and sale of currency

SES has entered into forward exchange contracts for a total of EUR 2.7 million (2016: EUR 30.6 million) for the purpose of hedging the future contracted commitment to suppliers relating to satellite procurements. The total unrealised loss on these contracts amounts to EUR 0.2 million on 31 December 2017 (2016: EUR unrealised loss 1.0 million).

Note 22– Subsequent events

On 12 February 2018, the Board of Directors of SES announced its decision to appoint a new President & CEO and a new CFO of SES with effect from 5 April 2018. Steve Collar, who is currently CEO of SES Networks, has been appointed as the next President & CEO of SES, becoming CEO Designate with immediate effect. Andrew Browne, who was until recently CFO of O3b Networks and CFO of SES between 2010 and 2013, has been appointed as the next CFO of SES, becoming CFO Designate with immediate effect. They will work closely with Karim Michel Sabbagh, the current President & CEO, and Padraig McCarthy, the current CFO, in order to ensure a smooth handover.

There were no other significant events between the balance sheet date and the approval of the financial statements which would have influenced the results of the company as at 31 December 2017.

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Assemblée Générale Ordinaire

6 Présentation du rapport du réviseur d'entreprises

Une présentation du rapport du réviseur d’entreprises sera donnée en cours de séance.

Annual General Meeting

6 Presentation of the audit report

A presentation of the audit report will be given during the meeting.

Assemblée Générale Ordinaire

7 Approbation du bilan au 31 décembre 2017 et du compte de profits et pertes pour l'exercice 2017

Projet de résolution

Le Conseil d'administration propose à l'Assemblée d'approuver les comptes annuels et les comptes consolidés comme indiqués sous le point 6 de l'ordre du jour "Présentation du rapport du réviseur d'entreprises".

8 Décision sur l'affectation du résultat net de l'exercice 2017 et transferts entre comptes de réserves

Projet de résolution

Le Conseil d'administration propose à l'Assemblée d'approuver l'affectation du résultat net de l'exercice 2017 conformément aux indications figurant dans le tableau ci-joint, intitulé "Allocation of 2017 Profits", points 1 à 5 et la situation des comptes de réserves conformément aux indications figurant dans le même tableau sous les points A à D.

Annual General Meeting

7 Approval of the balance sheet as of 31 December 2017 and of the 2017 profit and loss accounts

Draft resolution

The Board of Directors proposes to the Meeting to approve the annual accounts and the consolidated annual accounts as shown under agenda item 6 “Presentation of the audit report”.

8 Decision on allocation of 2017 profits and transfer between reserve accounts

Draft resolution

The Board of Directors proposes to the Meeting to approve the allocation of the 2017 profits according to the indications of the enclosed table entitled “Allocation of 2017 Profits”, items 1 to 5 and the situation of the reserve accounts according to the same table items A to D.

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Annual General Meeting - 5 April 2018
Allocation of 2017 Profits

				EUR
1	2017 statutory net income of SES S.A. (unconsolidated) available for dividend			-19,761,258.66
2	Statutory release (to) / from Legal Reserve [1]			0.00
	Available for distribution after transfer from Legal Reserve			-19,761,258.66
3	Payment of a dividend under Article 31:	Shares	Dividend	
	Ordinary A shares	383,457,600	0.800	-306,766,080.00
	Ordinary B shares	191,728,800	0.320	-61,353,216.00
	Total			-368,119,296.00
4	Transfer (to) / from "Other Reserves"			387,880,554.66
5	Undistributed 2017 profits			0.00

[1] In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a Legal Reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital. In view of the loss recorded in 2017, no transfer to the Legal Reserve is proposed.

Situation des comptes de reserves / situation of the reserve accounts

		EUR
A	Movement on "Other Reserves" *('Free Reserves')*	
	"Other Reserves" before proposed transfer	1,765,534,596.89
	Transfer to / (from) 'Other reserves'	-387,880,554.66
	"Other Reserves" after proposed transfer	1,377,654,042.23
	Shareholders are specifically asked to note and confirm that a cumulative amount of EUR 85.0 million has been transferred to a non-distributable reserve within "Other reserves" in connection with holdings of own shares 2017: EUR 85.0 million (2016: EUR 130.6 million)	
B	Movement on "Result Brought Forward" / "Other Reserves"	
	"Result Brought Forward" before proposed transfer	0.00
	Transfer to / from "Other Reserves"	0.00
	"Result Brought Forward" after proposed transfer	0.00
	"Other Reserves" after proposed transfer	1,377,654,042.23
C	2017 Consolidated net income available for the shareholders of SES S.A.	596,083,315.61
D	Movement on "Legal Reserve"	
	"Legal Reserves" before proposed transfer	69,997,850.00
	Transfer to / (from) "Legal reserves"	0.00
	"Legal Reserves" after proposed transfer	69,997,850.00
	Note: Subscribed Capital of SES S.A. is	*718,983,000.00*

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Assemblée Générale Ordinaire

9 Décharge à donner aux administrateurs

Projet de résolution

Conformément à l'article 27 des statuts, le Conseil d'administration propose à l'Assemblée de donner décharge aux administrateurs.

10 Election statutaire du réviseur d'entreprises pour l'année 2018 et fixation de sa rémunération

Projet de résolution

Le Conseil d'administration propose de réélire PricewaterhouseCoopers comme réviseur d'entreprises pour l'année 2018.

Le Comité d'Audit et des Risques a approuvé le budget des frais et honoraires pour le réviseur d'entreprises.

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Annual General Meeting

9 Discharge of the members of the Board of Directors

Draft resolution

According to article 27 of the Articles of Association, the Board of Directors proposes to the Meeting to give discharge to the members of the Board.

10 Appointment of the auditor for the year 2018 and determination of its remuneration

Draft resolution

The Board of Directors proposes to re-appoint PricewaterhouseCoopers as external auditors for the year 2018.

The Audit and Risk Committee has approved the budget for the external auditor's fees.

Assemblée Générale Ordinaire

11 Résolution permettant à la société l'acquisition de ses propres FDRs et/ou actions de la catégorie A ou B

Projet de résolution

L'assemblée générale des actionnaires autorise le Conseil d'administration, avec faculté de délégation au Comité Exécutif, à acquérir un nombre maximal de 20.000.000 actions de la catégorie A, et/ou un maximum de 10.000.000 actions de la catégorie B émises par la Société en respectant les conditions fixées par la loi du 10 août 1915, telle que modifiée, concernant les sociétés commerciales ("LSC") relatives au rachat d'actions propres par une société anonyme conformément à l'article 430-15 LSC ou à en faire acquérir par d'autres sociétés du groupe telles que visées par l'article 430-23 LSC. L'autorisation de rachat d'actions de la catégorie A couvre également le rachat de FDRs émis par la BCEE sur base d'actions de la catégorie A de la Société. Les actions de la catégorie A et/ou les FDRs pourront être acquis soit par des achats en bourse, soit en bloc, soit de gré à gré au prix du marché en vigueur à ce moment là ou à un prix inférieur. Les actions de la catégorie B pourront être acquises de gré à gré à un prix équivalent à 40% du prix du marché en vigueur des FDRs.

Les FDRs acquis par la Société pourront ou ne pourront pas être ultérieurement convertis en actions de la catégorie A et pourront être conservés ou cédés ou annulés ou utilisés à toutes autres fins utiles que le Conseil d'administration estime recommandables pour la Société. Les actions de la catégorie A acquises par la Société pourront ou ne pourront pas être ultérieurement converties en FDRs et pourront être conservées ou cédées ou annulées ou utilisées à toutes autres fins utiles que le Conseil d'administration estime recommandables pour la Société. Les actions acquises de la catégorie B pourront être annulées, conservées, cédées ou utilisées à toutes autres fins utiles que le Conseil d'administration estime recommandables pour la Société. Toute annulation d'actions est sujette à une résolution des actionnaires de la Société dans une réunion de l'Assemblée Générale Extraordinaire à convoquer par le Conseil d'administration.

L'autorisation est valable (a) pour une période de dix-huit mois à compter de la date de la présente résolution ou (b) jusqu'à la date de son renouvellement ou de son extension par l'assemblée générale des actionnaires si la date d'expiration de cette période est postérieure.

La Société respectera les restrictions prévues par la LSC concernant le rachat d'actions propres.

La contre-valeur d'acquisition des actions de la catégorie A, et/ou des FDRs ne pourra pas être inférieure à 5 EUR ni supérieure à 25 EUR par action de la catégorie A, et/ou par FDR. La contre-valeur d'acquisition des actions de la catégorie B ne pourra pas être inférieure à 2 EUR ni supérieure à 10 EUR par action de la catégorie B.

La Société pourra décider d'acquérir uniquement des titres d'une ou de deux des catégories d'actions, mais devra respecter le principe de l'égalité de traitement des actionnaires à l'intérieur de chacune de ces catégories d'actions.

Tous pouvoirs sont conférés au Conseil d'administration, avec faculté de délégation au Comité Exécutif, en vue d'assurer l'exécution de la présente autorisation.

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Annual General Meeting

11 Resolution on Company acquiring own FDRs and/or own A-, or B-shares

Draft resolution

The General Meeting of Shareholders authorizes the Board of Directors, with full power of delegation to the Executive Committee, to purchase a maximum of 20,000,000 A-, and/or a maximum of 10,000,000 B-shares issued by the Company in accordance with the conditions set forth by the law of August 10, 1915, as amended, on commercial companies (the “Companies’ Act”) regarding the repurchase of own shares by a *société anonyme*, in accordance with article 430-15 of the Companies Act, or to have them purchased by other companies of the Group according to the definition of article 430-23 of the Companies’ Act. The A-shares and/or the FDRs shall be purchased either on the stock exchange, or by block trade or by mutual agreement at the then current market price or lower. The B-shares shall be purchased by mutual agreement for a price equivalent to 40% of the then current market price of FDRs. The authorization to repurchase A-shares also covers the repurchase of FDRs issued by BCEE with respect to A-shares of the Company.

The FDRs repurchased by the Company may or may not be converted into A-shares and, as the case may be, be kept or sold or cancelled or used for such legitimate purposes as the Board deems advisable. The A-shares repurchased by the Company may or may not be converted into FDRs and, as the case may be, be kept or sold or cancelled or used for such legitimate purposes as the Board deems advisable. The B-shares repurchased by the Company shall be subsequently cancelled, kept, sold or used for such legitimate purposes as the Board deems advisable. Any cancellation of shares shall be subject to approval by the shareholders of the Company taken in an Extraordinary General Meeting of Shareholders to be convened by the Board.

The authorization is valid for the longer of (a) a period of eighteen months from the date of this resolution or (b) the duration of such further period beyond those eighteen months for which it is renewed or extended by the General Meeting of Shareholders.

The Company shall respect the restrictions imposed by the Companies’ Act regarding the repurchase of own shares.

The purchase price of the A-shares and/or FDRs shall not be lower than EUR 5 or higher than EUR 25 per FDR or A-share. The purchase price of the B-shares shall not be lower than EUR 2 or higher than EUR 10 per B-share.

The Company may decide to purchase only shares of one or two of the existing categories, but will need to conform **to** the principle of equal treatment of shareholders within each category of these shares.

All powers are granted to the Board of Directors, with full power of delegation to the Executive Committee, to execute the present authorization.

Assemblée Générale Ordinaire

12 Taille du Conseil d'Administration

Projet de résolution

Le Conseil d'administration propose à l'Assemblée de réduire la taille du Conseil d'administration à 15 administrateurs (10 représentants les actionnaires A et 5 représentant les actionnaires B).

13 Nomination de cinq administrateurs pour une durée de trois ans

Projet de résolution

Le Conseil d'administration propose à l'Assemblée d'élire les administrateurs suivants pour une durée de trois ans :

Name	Title	Company	Category
Serge Allegrezza	Directeur Général	Statec 13, rue Erasme 1468- Luxembourg	B
Hadelin de Liedekerke Beaufort	Administrateur	51 route de la Résidence 1885-Chesières Switzerland	A
Conny Kullman	Administrateur	34 Vaermlandsgatan Goeteborg SE-413 28, Sweden	A
Jean-Paul Senninger	Secrétaire Général Conseil des Ministres	4, rue de la Congrégation 1352-Luxembourg	B
Katrin Wehr-Seiter	Administrateur Délégué	BIP Investment Partners 1, rue des Coquelicots 1356-Luxembourg	A

M Marcus Bicknell, dont le mandat courrait jusqu'à l'assemblée générale ordinaire de 2020, a démissionné de son poste d'administrateur avec effet au 5 avril 2018.

SES beyond frontiers

Annual General Meeting

12 Determination of the number of Board members

Draft resolution

The Board of Directors proposes to reduce the size of the Board to 15 directors (10 representing the shareholders of class A and 5 representing the shareholders of class B).

13 Election of five Directors for a three-year term

Draft resolution

The Board of Directors proposes to the Meeting that the following candidates should be elected as directors for a three year term:

Name	Title	Company	Category
Serge Allegrezza	Director General	Statec 13, rue Erasme 1468- Luxembourg	B
Hadelin de Liedekerke Beaufort	Director	51 route de la Résidence 1885-Chesières Switzerland	A
Conny Kullman	Director	34 Vaermlandsgatan Goeteborg SE-413 28, Sweden	A
Jean-Paul Senninger	General Secretary Council of Ministers	4, rue de la Congrégation 1352-Luxembourg	B
Katrin Wehr-Seiter	Managing Director	BIP Investment Partners 1, rue des Coquelicots 1356-Luxembourg	A

Mr Marcus Bicknell, whose mandate was running until the Annual General Meeting of 2020, resigned effective 5 April 2018.

Short biographies of the Board candidates

MR SERGE ALLEGREZZA
Born on 25 October 1959, Mr Allegrezza became a director on 11 February 2010. He is currently the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies, a post he has held since April 2003. He was Conseiller de Gouvernement 1ère classe at the Ministry of Economics, responsible for internal market policy, and is the Chairman of the Observatory for Competitiveness. He is also the Chairman of the Board of Directors of POST Luxembourg and of the Board of LuxTrust i.n.c and a member of the Conseil Economique et Social. Mr Allegrezza, who was a part-time lecturer at the IAE/University of Nancy 2, has a Master in economics and a PhD. in applied economics. Mr Allegrezza is a member of the Audit and Risk Committee of SES.

Mr Allegrezza is a Luxembourg national. He is not an independent director because he represents an important shareholder.

MR HADELIN de LIEDEKERKE BEAUFORT
Born on 29 April 1955, Mr de Liedekerke Beaufort became a director on 17 April 2000. He is currently a director of Santander Telecommunications, a privately held company, as well as a director of other private companies with interests in various fields such as finance, communication and real estate developments. Mr de Liedekerke Beaufort graduated from the Ecole Hôtelière de Lausanne. Mr de Liedekerke Beaufort is a member of the Remuneration Committee of SES.

Mr de Liedekerke Beaufort is a French national. He is not an independent director because he has been a director for more than 12 years.

MR CONNY KULLMAN
Born on 5 July 1950, Mr Kullman became a director on 5 April 2012. He was a former Director General, CEO and Chairman of Intelsat. After working as a Systems Engineer for Saab-Ericsson Space AB in Sweden until 1983, he joined Intelsat in Washington DC, where he held several positions before becoming the company's Director General and CEO in 1998. Mr Kullman became the CEO of Intelsat, Ltd. in 2001, and in 2005, Chairman of Intelsat, Ltd., and CEO and President of Intelsat (Bermuda), Ltd., positions from which he retired in 2006. Mr Kullman graduated with a Master of Science in Electronic Engineering from the Chalmers University of Technology in Gothenburg in 1974. Mr Kullman is the Chairman of the Remuneration Committee and a member of the Nomination Committee of SES.

Mr Kullman is a Swedish national. He is an independent director.

MR JEAN-PAUL SENNINGER

Born on 3 December 1959, Mr Senninger became a director on 7 April 2016. Mr Senninger has been the general secretary of the Council of Ministers of the Luxembourg Government from December 2013. Mr Senninger joined the Ministry of Foreign Affairs in 1999 as Premier Conseiller de Gouvernement. He was Luxembourg Ambassador to Spain (2004-2008) and to the United States of America, Canada and Mexico (2008-2012). From 2012-December 2013, he was the Secretary General of the Ministry of Foreign Affairs. Mr Senninger also worked as attaché in the Office of the Mayor of Luxembourg City and as Senior Officer and Head of Unit at the European Investment Bank. Mr Senninger holds a BA in Political Science and a BA in Literature from the Friedrich Wilhelms Universität in Freiburg and a Master in European Studies from the College of Europe in Bruges.

Mr Senninger is a Luxembourg national. He is not an independent director because he represents an important shareholder.

MRS KATRIN WEHR-SEITER

Born on 27 January 1970, Mrs Wehr-Seiter became a director on 1 January 2015. She is a Managing Director of BIP Investment Partners SA and a Managing Director/Partner of BIP Capital Partners SA. Prior to joining BIP, she served as a Principal at global investment firm Permira and worked also as an independent strategy consultant as well as a Senior Advisor to international private equity group Bridgepoint. She started her professional career at Siemens AG where she held various positions in strategy consulting and engineering. She serves as a director of Sky plc and of several non-listed corporations. Mrs Wehr-Seiter holds an MBA from INSEAD and an MSc in Mechanical Engineering from the Technical University of Chemnitz. Mrs Wehr-Seiter is a member of the Audit and Risk Committee of SES.

Mrs Wehr-Seiter is a German national. She is an independent director.

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Assemblée Générale Ordinaire

14 Fixation de la rémunération des membres du Conseil d'administration

Projet de résolution

Le Conseil d'administration propose à l'Assemblée que la rémunération des membres du Conseil soit fixée comme suit:

Pour chaque assistance à une séance du Conseil d'administration ou d'un des comités que le Conseil instituera, autre que le Comité d'Audit et des Risques, les administrateurs recevront une indemnité de 1.600 EUR par séance. Cette indemnité est la même pour les Vice-Présidents et le Président.

Un administrateur qui participera par téléphone à une séance du Conseil d'administration ou d'un comité, que le Conseil instituera, autre que le Comité d'Audit et des Risques, touchera une indemnité de 800 EUR pour cette séance.

Un administrateur qui participera à une séance du Comité d'Audit et des Risques touchera une indemnité de 1.920 EUR par séance, respectivement de 960 EUR par séance s'il participe par téléphone à cette séance. Cette indemnité est la même pour les Vice-Présidents et le Président.

Un administrateur qui participera à plus d'une séance d'un comité le même jour, ne touchera une indemnité que pour une séance.

Chaque membre du Conseil d'administration aura droit à une indemnité fixe de 40.000 EUR par an, indépendamment du nombre de présences aux séances. Cette indemnité est de 48.000 EUR par an pour les Vice-Présidents et de 100.000 EUR par an pour le Président.

Un administrateur, autre que le Président du Conseil d'administration, qui sera Président d'un comité instauré par le Conseil touchera une indemnité supplémentaire de 8.000 EUR par an. Un administrateur, autre que le Président du Conseil d'administration, qui sera Président du Comité d'Audit et des Risques, touchera une indemnité supplémentaire de 9.600 EUR

Tous les montants contenus dans la présente résolution s'entendent net de retenue à la source luxembourgeoise sur la rémunération des administrateurs.

Annual General Meeting

14 Determination of the remuneration of Board members

Draft resolution

The Board of Directors proposes to the Meeting that the remuneration of the Directors shall be determined as follows:

For the attendance at a meeting of the Board of Directors or of a committee set up by the Board, other than the Audit and Risk Committee, the Directors shall receive a remuneration of EUR 1,600 for that meeting. This remuneration is the same for the attendance by the Vice-Chairmen and the Chairman.

A Director participating by telephone at a meeting of the Board or of a committee set up by the Board, other than the Audit and Risk Committee, shall receive a remuneration of EUR 800 for that meeting.

A Director participating at a meeting of the Audit and Risk Committee shall receive a remuneration of EUR 1,920 for that meeting, or, if the Director participates by telephone, EUR 960 for that meeting. This remuneration is the same for the attendance by the Vice-Chairmen and the Chairman.

A Director participating in more than one committee meeting on the same day shall receive the remuneration for one meeting only.

Each Director shall receive a remuneration of EUR 40,000 each year, regardless of the number of attendances at meetings. The Vice-Chairmen shall receive EUR 48,000 each year and the Chairman of the Board shall receive EUR 100,000 each year.

A Director, other than the Chairman of the Board of Directors, chairing one of the committees set up by the Board, shall receive an additional remuneration of EUR 8,000 each year. A Director, other than the Chairman of the Board of Directors, chairing the Audit and Risk Committee, shall receive an additional remuneration of EUR 9,600 each year.

All the amounts contained in the present resolution will be net of any Luxembourgish withholding tax on directors’ fees.

Assemblée Générale Ordinaire

15 Divers

Annual General Meeting

15 Miscellaneous