SES, Société Anonyme
Interim results for the six months ended
30 June 2018

Contents:

OPERATIONAL REVIEW

Underlying revenue of EUR 961.4 million was EUR 14.4 million (or 1.5%) higher than H1 2017 at constant FX. Total group revenue included periodic and other revenue of EUR 20.0 million (H1 2017: EUR 43.6 million).

Second quarter 2018 underlying revenue of EUR 486.9 million was EUR 14.5 million (or 3.1%) higher at constant FX than the prior period. This included a transitional adjustment of EUR 10.4 million relating to the first-year adoption of changes in IFRS 15, as noted above.

REVENUE BY BUSINESS UNIT

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX**
SES Video	**658.5**	**699.7**	**-5.9%**	**-2.0%**
Underlying	**650.0**	**693.2**	**-6.2%**	**-2.3%**
Periodic	**8.5**	**6.5**	**n/m**	**n/m**
SES Networks	**322.2**	**343.5**	**-6.2%**	**+3.9%**
Underlying	**311.4**	**311.9**	**-0.2%**	**+10.6%**
Periodic	**10.8**	**31.6**	**n/m**	**n/m**
Sub-total	**980.7**	**1,043.2**	**-6.0%**	**-0.1%**
Underlying	**961.4**	**1,005.1**	**-4.4%**	**+1.5%**
Periodic	**19.3**	**38.1**	**n/m**	**n/m**
Other[1]	**0.7**	**5.5**	**n/m**	**n/m**
Group Total	**981.4**	**1,048.7**	**-6.4%**	**-0.5%**

"Underlying" revenue represents the core business of capacity sales, as well as associated services and equipment. This revenue may be impacted by changes in launch schedule and satellite health status. "Periodic" revenue separates revenues that are not directly related to or would distort the underlying business trends on a quarterly basis. Periodic revenue includes: the outright sale of transponders or transponder equivalents; accelerated revenue from hosted payloads during the course of construction; termination fees; insurance proceeds; certain interim satellite missions and other such items when material.

1 Other includes revenue not directly applicable to SES Video or SES Networks

SES Video: 67% of group revenue (H1 2017: 67%)

SES Video's underlying revenue of EUR 650.0 million was EUR 15.5 million (or 2.3%) lower than H1 2017 at constant FX. Total revenue for SES Video in H1 2018 included EUR 8.5 million of periodic revenue (H1 2017: EUR 6.5 million).

Second quarter 2018 underlying revenue of EUR 328.5 million was EUR 3.3 million (or 1.0%) lower at constant FX than the prior period and EUR 10.2 million (or 3.1%) lower at constant FX excluding the impact of IFRS 15 as noted above.

At H1 2018, SES distributed 7,941 total TV channels globally, up 3% compared with H1 2017 reflecting positive development across all major regions. 65.0% of total TV channels are now broadcast in MPEG-4 (H1 2017: 63.5%).

Acceleration of High Definition (HD) in Europe, North America and International markets led to a year-on-year increase of 7% in the global number of HDTV channels, now totalling 2,765, while the total number of commercial UHD channels also increased from 20 to 38 compared with H1 2017 mainly driven by new Ultra HD (UHD) TV channels launched in Europe.

SES VIDEO REVENUE BY VERTICAL

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX**
Video Distribution	**495.5**	**537.5**	**-7.8%**	**-3.7%**
Underlying	**487.0**	**531.0**	**-8.3%**	**-4.2%**
Periodic	**8.5**	**6.5**	**n/m**	**n/m**
Video Services	**163.0**	**162.2**	**+0.5%**	**+3.7%**
Underlying	**163.0**	**162.2**	**+0.5%**	**+3.7%**
Periodic	**--**	**--**	**n/m**	**n/m**
SES Video	**658.5**	**699.7**	**-5.9%**	**-2.0%**
- Underlying	**650.0**	**693.2**	**-6.2%**	**-2.3%**
- Periodic	**8.5**	**6.5**	**n/m**	**n/m**

Video Distribution

Underlying revenue in H1 2018 was 4.2% lower than H1 2017.

European distribution revenue remained stable compared with H1 2017.

North America decreased, as anticipated, due to the lower volume from the switch-off of SD TV channels that had already been replaced with HD, as well as lower revenue from the occasional use business.

In International, there is an encouraging commercial pipeline for SES-9 and SES-10 which will support the gradual ramp-up of these new assets. This will offset the impact of market conditions which remain challenging in the near term, contributing to lower (year-on-year) underlying revenue.

Second quarter 2018 underlying revenue of EUR 242.7 million was 4.2% lower (constant FX) than the prior period.

Video Services

Underlying revenue was 3.7% higher in H1 2018 compared with the prior period.

The HD+ business grew as a result of the increase in the annual subscription fee (from EUR 60 per annum to EUR 70 per annum) that was introduced at the start of Q2 2017.

This was complemented by stability in MX1 revenue as new business in Europe, bundling capacity and services, offset non-renewal of certain legacy contracts.

Second quarter 2018 underlying revenue of EUR 85.8 million was 9.5% higher (constant FX) including the EUR 10.4 million transitional adjustment relating to IFRS 15, as noted above.

SES Networks: 33% of group revenue (H1 2017: 33%)

Underlying revenue of EUR 311.4 million was EUR 29.8 million (or 10.6%) higher than H1 2017 at constant FX reflecting new revenue in aeronautical mobility, as well as growth in both U.S. and Global Government revenue.

Total revenue for SES Networks in H1 2018 included EUR 10.8 million of periodic revenue. This compared with periodic revenue of EUR 31.6 million in H1 2017 which included the second of two significant up-front revenue contributions from the sale of transponders to Global Eagle Entertainment.

Second quarter 2018 underlying revenue of EUR 158.4 million was 12.7% higher (constant FX) than the prior period.

SES NETWORKS REVENUE BY VERTICAL

			Change (%)	
EUR million	**H1 2018**	**H1 2017**	**Reported**	**Constant FX**
Government	**131.0**	**120.1**	**+9.1%**	**+19.2%**
Underlying	**123.2**	**115.1**	**+7.1%**	**+17.4%**
Periodic	**7.8**	**5.0**	**n/m**	**n/m**
Fixed Data	**114.0**	**139.6**	**-18.4%**	**-9.4%**
Underlying	**111.0**	**130.6**	**-15.0%**	**-5.6%**
Periodic	**3.0**	**9.0**	**n/m**	**n/m**
Mobility	**77.2**	**83.8**	**-7.8%**	**+4.0%**
Underlying	**77.2**	**66.2**	**+16.6%**	**+30.9%**
Periodic	**--**	**17.6**	**n/m**	**n/m**
SES Networks	**322.2**	**343.5**	**-6.2%**	**+3.9%**
- Underlying	**311.4**	**311.9**	**-0.2%**	**+10.6%**
- Periodic	**10.8**	**31.6**	**n/m**	**n/m**

Government

Underlying revenue grew by 17.4% in H1 2018, compared with H1 2017.

There was strong growth in U.S. Government business which was driven by the significant incremental adoption of SES Networks' O3b-based services by the U.S. Department of Defense.

Global Government revenue also saw strong growth as the extension and expansion of service commitments was complemented by the commencement of services on SES-16/GovSat-1 which entered into commercial operation at the end of Q1 2018.

Second quarter 2018 underlying revenue of EUR 63.8 million was 21.7% higher (constant FX) than the prior period.

Fixed Data

Underlying revenue in H1 2018 was down 5.6% year-on-year at constant FX.

Revenue in the Americas and Asia grew benefiting from the on-going expansion of managed service agreements supporting telecommunications companies and mobile network operators to extend their 3G and 4G network reach.

Fixed Data revenue in Europe, the Middle East and Africa were lower (year-on-year) reflecting the impact of lower wholesale capacity revenue which offset positive momentum on the O3b Medium Earth Orbit (MEO) fleet.

Second quarter 2018 underlying revenue of EUR 54.8 million was 5.3% lower (constant FX) than the prior period.

Mobility

Underlying revenue grew by 30.9%, versus H1 2017, driven by strong demand from aeronautical service providers in North America following the entry into service of SES-15 in January 2018.

Maritime revenue was marginally negative (year-on-year) as lower equipment-related revenue offset a positive contribution from services contracted by new customers recently secured in cruise.

Second quarter 2018 underlying revenue of EUR 39.8 million was 31.3% higher (constant FX) than the prior period.

Other Revenue

Other revenue includes transactions not directly applicable to SES Video or SES Networks and was EUR 0.7 million in H1 2018, compared with EUR 5.5 million in H1 2017. This included EUR 0.5 million in the second quarter 2018 (Q2 2017: nil).

Future satellite capacity and fleet update

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
SES-12[1]	Asia-Pacific	Video, Fixed Data, Mobility	Launched (June 2018)
SES-14[1]	Latin America	Video, Fixed Data, Mobility	Launched (January 2018)
SES-16/GovSat-1[2]	Europe/MENA	Government	Launched (January 2018)
O3b (satellites 13-16)	Global	Fixed Data, Mobility, Government	Launched (March 2018)
O3b (satellites 17-20)	Global	Fixed Data, Mobility, Government	H1 2019
SES-17	Americas	Fixed Data, Mobility, Government	H1 2021
O3b mPOWER (satellites 1-7)	Global	Fixed Data, Mobility, Government	H1 2021

1 To be positioned using electric orbit raising (entry into service typically around six months after launch)
2 Procured by GovSat

The first six months of 2018 was an important and successful period, as SES-14, SES-16/GovSat-1, four additional O3b satellites (satellites 13 to 16) and SES-12 were launched, adding important future growth capabilities.

SES-16/GovSat-1 entered into service in March 2018, while O3b satellites 13 to 16 are now augmenting the existing constellation of 12 MEO satellites. SES-14 and SES-12 are expected to enter into service by Q4 2018 and Q1 2019, respectively.

FINANCIAL REVIEW

Income Statement

REVENUE, OPERATING EXPENSES AND EBITDA

EUR million	H1 2018	H1 2017	Change	Change (%)
Revenue	**981.4**	**1,048.7**	**(67.3)**	**-6.4%**
Revenue (constant FX)	**981.4**	**986.7**	**(5.3)**	**-0.5%**
Operating expenses	**(360.3)**	**(361.6)**	**+1.3**	**+0.3%**
Operating expenses (constant FX)	**(360.3)**	**(337.2)**	**(23.1)**	**-6.9%**
EBITDA	**621.1**	**687.1**	**(66.0)**	**-9.6%**
EBITDA (constant FX)	**621.1**	**649.5**	**(28.4)**	**-4.4%**

Reported revenue was EUR 67.3 million lower than the prior period, of which EUR 62.0 million (over 90%) was as a result of the weaker U.S. dollar since H1 2017. At constant FX, lower periodic and other revenue in H1 2018 offset growth in underlying revenue which increased by EUR 14.4 million (or 1.5%).

Operating expenses were EUR 1.3 million lower as reported and EUR 23.1 million higher at constant FX including a restructuring charge of EUR 8.4 million as part of the roll-out of a company-wide optimisation programme. The balance of the movement at constant FX reflects higher operating expenses, primarily to support the expansion of SES Networks, as this segment captures new business from fast-growing data-centric demand.

Group EBITDA of EUR 621.1 million in H1 2018 represented an EBITDA margin of 63.3% (H1 2017: 65.5%) and 64.1% excluding the restructuring charge.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	H1 2018	H1 2017	Change	Change (%)
Depreciation and impairment expense	**(303.5)**	**(342.0)**	+38.5	+11.3%
Amortisation expense	**(39.9)**	**(39.1)**	(0.8)	-2.0%
Depreciation, impairment and amortisation	**(343.4)**	**(381.1)**	+37.7	+9.9%
Depreciation, impairment and amortisation (constant FX)	**(343.4)**	**(355.5)**	+12.1	+3.4%
Operating profit	**277.7**	**306.0**	(28.3)	-9.3%
Operating profit (constant FX)	**277.7**	**294.0**	(16.3)	-5.6%

Reported depreciation, impairment and amortisation expense reduced by EUR 37.7 million to EUR 343.4 million. This reflected the impact of the weaker U.S. dollar and the impairment charge of EUR 38.4 million expensed in the prior period. These items offset an increase driven by the entry into service of new satellites since 30 June 2017.

Group operating profit represented an operating profit margin of 28.3% (H1 2017: 29.2%) including the restructuring charge of EUR 8.4 million.

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	H1 2018	H1 2017	Change	Change (%)
Net interest expense and other	(94.1)	(96.1)	+2.0	+2.1%
Capitalised interest	17.8	21.8	(4.0)	-18.1%
Net foreign exchange gains	1.1	5.7	(4.6)	-80.9%
Net financing costs	(75.2)	(68.6)	(6.6)	-9.5%
Profit before tax	202.5	237.4	(34.9)	-14.7%
Income tax benefit/(expense)	40.9	40.1	+0.8	+2.0%
Profit after tax	243.4	277.5	(34.1)	-12.3%
Non-controlling interests	(15.7)	(2.0)	(13.7)	n/m
Profit attributable to SES shareholders	227.7	275.5	(47.8)	-17.3%
Coupon on hybrid (perpetual) bond, net of tax	(23.8)	(23.5)	(0.3)	-1.3%
Adjusted profit attributable to SES shareholders	203.9	252.0	(48.1)	-19.1%
Earnings per A Class share	EUR 0.45	EUR 0.56	EUR (0.11)	-19.6%

Net financing costs were EUR 6.6 million higher than H1 2017 which included a net foreign exchange gain of EUR 5.7 million. Excluding this gain, net financing costs were slightly higher than the prior period as lower capitalised interest offset lower net interest expense.

The positive income tax contribution included the recognition of a one-time deferred tax asset relating to SES-16/GovSat-1 in Q1 2018, as well as the transfer of the O3b Jersey business to Luxembourg in Q2 2018. The group's normalised effective tax rate was 27.3% in H1 2018 (H1 2017: 13.1%).

The recognition of the deferred tax asset relating to SES-16/GovSat-1 is also the principal reason for the increase in non-controlling interests as the satellite is owned by GovSat, a 50/50 public private partnership between SES and the Government of Luxembourg.

Consequently, net profit attributable to SES shareholders of EUR 227.7 million (H1 2017: EUR 275.5 million) represented earnings per share of EUR 0.45 (H1 2017: EUR 0.56) after deducting the assumed coupon (net of tax) for the group's hybrid (perpetual) bonds.

Cash Flow and Financing

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

EUR million	H1 2018	H1 2017	Change	Change (%)
Net cash generated by operating activities	**688.0**	**635.1**	+52.9	+8.3%
Net cash absorbed by investing activities	**(249.3)**	**(259.9)**	+10.6	+4.1%
Free cash flow before financing activities	**438.7**	**375.2**	+63.5	+16.9%

Net cash generated by operating activities was EUR 52.9 million above the prior year including positive changes in working capital.

Higher cash generated by operating activities and lower net cash absorbed by investing activities resulted in an increase of EUR 63.5 million (or +16.9%) in free cash flow before financing activities compared with the prior year. Consequently, the ratio of free cash flow before financing activities to revenue increased from 35.8% in 2017 to 44.7% in 2018.

NET DEBT TO EBITDA RATIO

EUR million	30 June 2018	31 December 2017	Change	Change (%)
Borrowings[1]	**4,472.3**	**3,947.9**	+524.4	+13.3%
Cash and cash equivalents	**(685.1)**	**(269.6)**	(415.5)	-154.1%
Net debt	**3,787.2**	**3,678.3**	+108.9	+3.0%
Net debt / EBITDA (rating agency)[2]	**3.53 times**	**3.27 times**	0.26 times	+8.0%
Weighted average interest cost[3]	**3.56%**	**3.79%**		
Weighted average debt maturity	**6.7 years**	**7.0 years**		

1 As presented using IFRS recognition principles, where hybrid (perpetual) bonds are treated as 100% equity
2 Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity
3 Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

The group's Net debt to EBITDA ratio (as per the rating agency methodology which treats the hybrid bonds as 50% debt and 50% equity) at 30 June 2018 of 3.53 times (30 June 2017: 3.24 times) increased from 3.27 times at 31 December 2017 due mainly to the decrease in 12-month rolling EBITDA caused by FX, lower periodic and other revenue, as well as the higher proportion of capital expenditure, interest and dividend payments in the first half of 2018. The net debt to EBITDA ratio is expected to be below 3.30 times at the end of 2018.

Financial Outlook

Following the review by the incoming CEO and CFO, the 2018 revenue outlook is unchanged and expected to be within the top half of the range, driven by strong growth in SES Networks' revenue. This performance supports the previously implied Group EBITDA for 2018 of over EUR 1,270 million (as shown below), notwithstanding the updated EBITDA margin which reflects the increasing contribution of SES Networks to the overall business.

Group revenue is expected to grow between 2018 and 2020, fuelled by the strong growth outlook for SES Networks which is re-affirmed. The outlook for SES Video revenue in 2020 is updated to reflect a more prudent expectation for the business.

Over the same period, Group EBITDA is also expected to grow as the additional revenue from SES Networks more than offsets the lower expected EBITDA margin profile; in line with SES' strategy of delivering best-in-class managed services and changing business mix.

Establishing SES as an integrated provider of media and connectivity solutions will allow the business to maximise customer retention and satisfaction; develop and capture new growth opportunities; increase scale and operational leverage; enhance competitive advantage and enable SES to deliver sustained and profitable growth over the medium-to-long term.

	FY 2018[1]	FY 2020
SES Video revenue	EUR 1,320 - 1,335 million	EUR 1,250 - 1,300 million (from over EUR 1,350 million)
SES Networks revenue	EUR 660 - 690 million	EUR 850 - 900 million (from over EUR 875 million)
Other revenue	Approximately EUR 10 million	Approximately EUR 10 million
Total revenue	EUR 1,990 - 2,035 million (within the top half of the range)	EUR 2,110 - 2,210 million (from over EUR 2,235 million)
EBITDA margin	Approximately 63% (from 64% - 64.5%)	62% - 64% (from over 65%)
Implied Group EBITDA	Over EUR 1,270 million[2]	EUR 1,340 - 1,410 million (from over EUR 1,450 million)

Financial outlook assumes EUR/USD exchange rate of 1.15, nominal launch schedule and satellite health status. EBITDA outlook for FY 2018 includes a restructuring charge of EUR 10-12 million (of which EUR 8.4 million was recognised in H1 2018)

1 FY 2018 financial outlook has been restated to reflect the group's updated expectation that there will be no impact from the changes to IFRS 15 on SES Video revenue, as compared with the previous outlook of a reduction of EUR 15 - 20 million

2 FY 2018 implied Group EBITDA is calculated based on total revenue of EUR 2,010 million (being the mid-point of the range), or above, and the updated EBITDA margin of around 63%. Previously implied Group EBITDA was calculated based on total restated revenue of EUR 1,990 million (being the low end of the range) and an EBITDA margin of 64% which is equal to EUR 1,270 million

Business risks and their mitigation

For the remaining six months of the financial year, SES does not envisage any additional risks compared to the risk assessment performed for year-end 31 December 2017, which are disclosed in full in the Annual Report 2017.

Related party transactions

Refer to Note 11 – Related party transactions.

Responsibility statement

The Board of Directors and the executive management 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 that the group's business operations are carried on efficiently and transparently.

In accordance with Article 4 of the law of 11 January 2008 on the harmonisation of 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 interim condensed consolidated financial statements for the half year ended 30 June 2018, prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted for use by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the year of SES and its subsidiaries included in the consolidation taken as a whole.

In addition, the management's report includes a fair review of the development and performance of the business and the position of SES and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Romain Bausch
Chairman of the Board of Directors

Steve Collar
President and Chief Executive Officer

Report on Review of the Interim Condensed Consolidated Financial Statements

To the Shareholders of
SES S.A.

We have reviewed the accompanying interim condensed consolidated financial statements of SES S.A. and its subsidiaries (the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2018 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of cash flows and statement of changes in shareholders' equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the interim condensed consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal controls as the Board of Directors determines are necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE 2410, "Review of interim financial information performed by the independent auditor of the entity"), as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with the applicable financial reporting framework.

A review of interim condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 July 2018

Gilles Vanderweyen

Interim condensed consolidated income statement

For the six month period ended 30 June 2018

In millions of euros		**2018**	2017
Revenue		**981.4**	1,048.7
Operating expenses		**(360.3)**	(361.6)
EBITDA		**621.1**	687.1
Depreciation and impairment expense		**(303.5)**	(342.0)
Amortisation expense		**(39.9)**	(39.1)
Operating profit		**277.7**	306.0
Finance income		**1.1**	5.7
Finance costs		**(76.3)**	(74.3)
Net financing costs		**(75.2)**	(68.6)
Profit before tax		**202.5**	237.4
Income tax benefit	Note 9	**40.9**	40.1
Profit for the period		**243.4**	277.5
Attributable to owners of the parent		**227.7**	275.5
Attributable to non-controlling interests		**15.7**	2.0

Basic earnings per share (in euro)	Note 10	**2018**	2017
Class A shares		**0.45**	0.56
Class B shares		**0.18**	0.22

Diluted earnings per share (in euro)	Note 10	**2018**	2017
Class A shares		**0.45**	0.55
Class B shares		**0.18**	0.22

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

Interim condensed consolidated statement of comprehensive income

For the six month period ended 30 June 2018

In millions of euros	**2018**	2017
Profit for the period	**243.4**	277.5
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligation	**(1.5)**	0.9
Income tax effect	**0.5**	(0.3)
Remeasurements of post employment benefit obligation, net of tax	**(1.0)**	0.6
Income tax reversed relating to treasury shares impairment	**(4.4)**	-
Total items that will not be reclassified to profit or loss	**(5.4)**	0.6
Items that may be reclassified subsequently to profit or loss		
Impact of currency translation	**202.3**	(668.3)
Income tax effect	**(11.6)**	38.2
Total impact of currency translation, net of tax	**190.7**	(630.1)
Net investment hedge	**(47.9)**	149.0
Income tax effect	**12.8**	(41.5)
Total net investment hedge, net of tax	**(35.1)**	107.5
Net movements on cash flow hedges	**6.4**	3.7
Total net movements on cash flow hedges, net of tax	**6.4**	3.7
Total items that may be reclassified subsequently to profit or loss	**162.0**	(518.9)
Total other comprehensive income/(loss) for the period, net of tax	**156.6**	(518.3)
Total comprehensive income/(loss) for the period, net of tax	**400.0**	(240.8)
Attributable to:		
Owners of the parent	**382.3**	(236.1)
Non-controlling interests	**17.7**	(4.7)

The notes are an integral part of the interim condensed consolidated financial statements

Interim condensed consolidated statement of financial position

As at 30 June 2018

In millions of euros		**30 June 2018**	31 December 2017
Non-current assets			
Property, plant and equipment		**5,036.5**	4,591.4
Assets in the course of construction		**1,041.8**	1,480.2
Total property, plant and equipment		**6,078.3**	6,071.6
Intangible assets		**4,721.5**	4,630.9
Deferred tax assets	Note 9	**148.4**	70.4
Trade and other receivables		**309.2**	317.8
Deferred customer contract costs		**13.7**	15.2
Other financial assets		**6.9**	5.0
Total non-current assets		**11,278.0**	11,110.9
Current assets			
Inventories		**33.4**	30.1
Trade and other receivables		**525.1**	648.2
Deferred customer contract costs		**16.1**	10.4
Prepayments		**52.9**	43.7
Derivatives	Note 7	**7.7**	2.6
Income tax receivable		**3.3**	68.9
Cash and cash equivalents		**685.1**	269.6
Total current assets		**1,323.6**	1,073.5
Total assets		**12,601.6**	12,184.4
Equity			
Attributable to the owners of the parent		**5,947.7**	5,987.9
Non-controlling interests		**139.2**	124.6
Total equity		**6,086.9**	6,112.5
Non-current liabilities			
Borrowings		**3,504.8**	3,413.8
Provisions		**46.3**	41.2
Deferred income		**420.7**	477.3
Deferred tax liabilities		**435.5**	438.5
Other long-term liabilities		**125.5**	76.1
Lease liabilities	Note 3	**30.3**	-
Fixed assets suppliers		**92.4**	53.4
Total non-current liabilities		**4,655.5**	4,500.3
Current liabilities			
Borrowings		**967.5**	534.1
Provisions		**15.6**	12.7
Deferred income		**438.7**	443.2
Trade and other payables		**362.2**	385.6
Derivatives	Note 7	**-**	0.6
Income tax liabilities		**37.1**	68.8
Lease liabilities	Note 3	**10.4**	-
Fixed assets suppliers		**27.7**	126.6
Total current liabilities		**1,859.2**	1,571.6
Total liabilities		**6,514.7**	6,071.9
Total equity and liabilities		**12,601.6**	12,184.4

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

Interim condensed consolidated statement of cash flows

For the six month period ended 30 June 2018

In millions of euros	**2018**	2017
Profit before tax	**202.5**	237.4
Taxes received/ (paid) during the period (net)	**3.6**	(45.9)
Adjustment for non-cash items	**395.9**	395.3
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes	**602.0**	586.8
Changes in working capital	**86.0**	48.3
Net cash generated by operating activities	**688.0**	635.1
Cash flow from investing activities		
Payments for purchases of intangible assets	**(15.1)**	(10.9)
Payments for purchases of tangible assets	**(231.6)**	(239.7)
Other investing activities	**(2.6)**	(9.3)
Net cash absorbed by investing activities	**(249.3)**	(259.9)
Free cash flow before financing activities	**438.7**	375.2
Cash flow from financing activities		
Proceeds from borrowings	**500.0**	34.5
Repayment of borrowings	**(26.9)**	(68.7)
Coupon paid on perpetual bond	**(65.6)**	(24.7)
Dividends paid on ordinary shares[1]	**(327.3)**	(547.3)
Dividends paid to non-controlling interests	**(3.1)**	(3.5)
Interest paid on borrowings	**(102.8)**	(110.1)
Payments for acquisition of treasury shares	**(0.6)**	(42.6)
Proceeds from treasury shares sold and exercise of stock options	**0.1**	40.8
Lease payments	**(5.2)**	-
Other financing activities	**(0.7)**	0.1
Net cash absorbed by financing activities	**(32.1)**	(721.5)
Net foreign exchange movements	**8.9**	(6.4)
Net increase / (decrease) in cash	**415.5**	(352.7)
Cash and cash equivalents at beginning of the period	**269.6**	587.5
Cash and cash equivalents at end of the period	**685.1**	234.8

1 Dividends are presented net of dividends received on treasury shares of EUR 5.2 million (2017: EUR 8.3 million)

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

Interim condensed consolidated statement of changes in shareholders' equity

For the six month period ended 30 June 2018

	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 interests	Total equity
At 1 January 2018	**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**
Change in accounting policies[1]	-	-	-	-	-	(12.9)	-	-	**(12.9)**	-	(12.9)
Restated total equity at 1 January 2018	**719.0**	**1,635.5**	**(160.0)**	**1,300.0**	**2,487.0**	**583.2**	**(0.8)**	**(588.9)**	**5,975.0**	**124.6**	**6,099.6**
Result of the period	-	-	-	-	-	227.7	-	-	**227.7**	15.7	243.4
Other comprehensive income (loss)	-	-	-		(5.4)	-	6.4	153.6	**154.6**	2.0	156.6
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**(5.4)**	**227.7**	**6.4**	**153.6**	**382.3**	**17.7**	**400.0**
Allocation of 2017 result	-	-	-	-	233.2	(233.2)	-	-	**-**	-	-
Coupon on perpetual bond	-	-	-	-	(65.6)	-	-	-	**(65.6)**	-	**(65.6)**
Tax on perpetual bond coupon	-	-	-	-	9.3	-	-	-	**9.3**	-	**9.3**
Dividends declared/ paid[2]	-	-	-	-	-	(362.9)	-	-	**(362.9)**	(3.1)	**(366.0)**
Acquisition of treasury shares	-	-	(0.6)	-	-	-	-	-	**(0.6)**	-	**(0.6)**
Share-based compensation expense	-	-	-	-	5.2	-	-	-	**5.2**	-	**5.2**
Exercise of share-based compensation	-	-	5.3	-	0.4	-	-	-	**5.7**	-	**5.7**
Other movements	-	-	-	-	(0.7)	-	-	-	**(0.7)**	-	**(0.7)**
At 30 June 2018	**719.0**	**1,635.5**	**(155.3)**	**1,300.0**	**2,663.4**	**214.8**	**5.6**	**(435.3)**	**5,947.7**	**139.2**	**6,086.9**

1 Represents impact of the adoption of new International Financial Reporting Standards (Note 3)

2 Dividends are presented net of dividends received on treasury shares of EUR 5.2 million

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

Interim condensed consolidated statement of changes in shareholders’ equity

For the six month period ended 30 June 2017

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 interests	Total equity
	Attributable to owners of the parent										
At 1 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 of the period	-	-	-	-	-	275.5	-	-	**275.5**	2.0	277.5
Other comprehensive income (loss)	-	-	-	-	0.6	-	3.7	(515.9)	**(511.6)**	(6.7)	(518.3)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**0.6**	**275.5**	**3.7**	**(515.9)**	**(236.1)**	**(4.7)**	**(240.8)**
Allocation of 2016 result	-	-	-	-	354.4	(354.4)	-	-	**-**	-	-
Coupon on perpetual bond	-	-	-	-	(24.7)	-	-	-	**(24.7)**	-	**(24.7)**
Tax on perpetual bond coupon	-	-	-	-	9.7	-	-	-	**9.7**	-	**9.7**
Transaction costs on perpetual bond	-	-	-	-	(1.8)	-	-	-	**(1.8)**	-	**(1.8)**
Dividends declared/ paid[1]	-	-	-	-	-	(608.3)	-	-	**(608.3)**	(3.5)	**(611.8)**
Acquisition of treasury shares	-	-	(42.6)	-	-	-	-	-	**(42.6)**	-	**(42.6)**
Share-based compensation expense	-	-	-	-	4.8	-	-	-	**4.8**	-	**4.8**
Exercise of share-based compensation	-	-	7.5	-	(16.6)	-	-	-	**(9.1)**	-	**(9.1)**
Sale of treasury shares	-	-	50.9	-	-	-	-	-	**50.9**	-	**50.9**
Other movements	-	0.4	-	-	(0.8)	-	-	-	**(0.4)**	1.9	**1.5**
At 30 June 2017	**719.0**	**1,635.9**	**(151.5)**	**1,300.0**	**2,460.1**	**275.5**	**4.0**	**(294.1)**	**5,948.9**	**132.3**	**6,081.2**

[1] Dividends are presented net of dividends received on treasury shares of EUR 8.3 million

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

Notes to the interim condensed consolidated financial statements

As at 30 June 2018
(In millions of euro, unless indicated otherwise)

Note 1 - Corporate information

SES S.A. (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 both the Luxembourg Stock Exchange and Euronext in Paris.

The interim condensed consolidated financial statements of SES S.A. as at and for the six month period ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 26 July 2018. These interim condensed consolidated financial statements have been reviewed, not audited.

Note 2 - Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements as at and for the six month period ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the group’s annual consolidated financial statements as at, and for the year ended 31 December 2017.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the group’s annual consolidated financial statements as at, and for the year ended 31 December 2017.

A number of new or amended standards became applicable or were early adopted for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards: IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 3 below. The other standards did not have any impact on the group’s accounting policies and did not require retrospective adjustments.

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 2018, and have not been early adopted in preparing these interim condensed consolidated financial statements:

Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The effective date of these amendments is 1 January 2019. The amendment was not yet endorsed by EU. The group does not expect any significant impact of these amendments on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations except the ones disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2017 or disclosed herewith, that are not yet effective that would be expected to have a material impact on the group.

Note 3 - Implementation of new International Financial Reporting Standards

This note explains the impact of the adoption of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' on the group's interim condensed consolidated financial statements, and also discloses those new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods and are expected to have a material impact.

Summary impact on the interim condensed consolidated financial statements
As a result of the adoption of the three new standards, certain prior year-end financial information had to be restated, consistent with the transitional provisions set out in the three standards. The impact of these adjustments on the statement of financial position as at 1 January 2018 is set out in the table below:

In millions of euros

Statement of Financial Position (extract)	31 Dec 2017 as originally presented	IFRS 9	IFRS 15	IFRS 16	1 January 2018 restated
Non-current assets					
Property, plant and equipment	4,591.4	-	-	45.9	4,637.3
Trade and other receivables	317.8	0.9	-	-	318.7
Deferred tax asset	70.4	1.2	3.4	-	75.0
Current assets					
Trade and other receivables	648.2	(6.2)	-	-	642.0
Deferred customer contract costs	10.4	-	1.8	-	12.2
Total assets	12,184.4	(4.1)	5.2	45.9	12,231.4
Non-current liabilities					
Lease liabilities	-	-	-	35.5	35.5
Current liabilities					
Deferred income	443.2	-	14.0	-	457.2
Lease liabilities	-	-	-	10.4	10.4
Total liabilities	6,071.9	-	14.0	45.9	6,131.8
Net assets	6,112.5	(4.1)	(8.8)	-	6,099.6
Retained earnings	596.1	(4.1)	(8.8)	-	583.2
Total equity	6,112.5	(4.1)	(8.8)	-	6,099.6

- **IFRS 9 ('Financial Instruments') – Impact of adoption**

IFRS 9 replaces IAS 39 relating to the recognition, classification and measurement of financial assets and financial liabilities, the derecognition of financial instruments, the impairment of financial assets, and hedge accounting.

Classification and measurement

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss; and
- Those to be measured at amortised cost.

The adoption of IFRS 9 has not affected the classification and measurement of financial assets. Group receivables represent contractual cash flows and their measurement remains at amortised cost. Similarly, derivative financial instruments used by the group continue to be measured at fair value through the income statement. There was also no impact on the group's accounting for financial liabilities, since the new requirements only affect the accounting for those financial liabilities measured at fair value through the income statement and the group does not have such liabilities.

IFRS 9 was adopted without restating comparative information. The adoption of IFRS 9 resulted in changes in the recognition principles in the area of impairment and adjustments to the opening balances recognised in the interim condensed consolidated financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated, but rather have been recognised in the opening balance sheet on 1 January 2018 as set out in the table above.

All the group's hedge relationships in place at the end of 2017 continue to qualify as hedges under IFRS 9 with hedge documentation in place aligned with the requirements of IFRS 9.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not remeasured to fair value through the income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value and revalued through the income statement are expensed in the period when they were incurred.

There are two measurement categories into which the group classifies its debt instruments:

1. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from such financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly through the income statement as part of foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.

2. Fair value through the income statement: Assets that do not meet the criteria for amortised cost, or fair value remeasurement through other comprehensive income, are remeasured to fair value through the income statement. Any gain or loss on a debt investment that is subsequently remeasured to fair value is recognised as part of net financing charges in the income statement covering the period in which it arises.

Impairment of financial assets

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as set out in the table above.

- **IFRS 15 ('Revenue from Contracts with Customers')**

The adoption of IFRS 15 ('Revenue from Contracts with Customers') has resulted in certain changes in revenue recognition policies and adjustments to the opening balances recognised in the interim condensed consolidated financial statements. The group applied the standard using the modified retrospective approach which means that the cumulative impact of the adoption was recognised in retained earnings as of 1 January 2018 without the restatement of comparatives from 2017.

The total impact on the group's retained earnings as at 1 January 2018 is set out in the table above.

The above impact of IFRS 15 is related only to the allocation of subscription revenue in connection with one of the services provided by HD Plus GmbH. These were previously recognised on a 'front-loaded' basis, matching the timing of the underlying operating expenses arising during the provision of the service. From 1 January 2018 the group instead linearises both the subscription revenue and the associated operating costs over the 12-month term of the subscription agreement.

- **IFRS 16 ('Leases')**

The adoption of IFRS 16 has resulted in changes in accounting policies and adjustments to the amounts recognised in the 2017 financial statements. The group has applied the simplified transition approach as allowed by the standard, and therefore has not restated comparative closing 2017 amounts, but rather has adjusted the opening balance sheet as set out in the table above.

Specifically, the group has recognised leased assets, and associated lease liabilities, in relation to contracts previously classified as 'operating leases' under the provisions of IAS 17. These assets and liabilities were measured at the present value of the remaining lease payments, discounted using the group's weighted average incremental borrowing rate of 3.66% 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 31 December 2017, the group had non-cancellable operating lease commitments of EUR 52.5 million, mainly in relation to office buildings and ground segment assets. The group determined that only approximately 1% of these relate to payments for short-term and low-value leases which will continue to be recognised on a straight-line basis as an expense in the consolidated income statement over the duration of the agreements.

The amount of right-of-use assets and lease liabilities recorded as an adjustment to the opening balance sheet was EUR 45.9 million. The difference between the operating lease commitments and the right-of-use assets recognised represents impact of discounting over the outstanding lease term.

Note 4 - 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.

i. 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	**30 June 2018**	31 December 2017
Borrowings - non-current	**3,504.8**	3,413.8
Borrowings - current	**967.5**	534.1
Borrowings, *less*	**4,472.3**	3,947.9
Cash and cash equivalents	**685.1**	269.6
Net debt	**3,787.2**	3,678.3

ii. EBITDA and EBITDA margin

EBITDA is defined as profit for the period before the impact of depreciation, amortisation, net financing charges and income tax. 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 income statement line items from which it is derived:

In millions of euros	**30 June 2018**	30 June 2017
Profit before tax	**202.5**	237.4
Add: Depreciation expense and impairment expense	**303.5**	342.0
Add: Amortisation expense	**39.9**	39.1
Add: Net financing costs	**75.2**	68.6
EBITDA	**621.1**	687.1

The following table provides a reconciliation of EBITDA margin:

In millions of euros	**30 June 2018**	30 June 2017
Revenue	**981.4**	1,048.7
EBITDA	**621.1**	687.1
EBITDA margin (%)	**63.3%**	65.5%

iii. Operating profit and operating profit margin

Operating profit is defined as profit for the period before the impact of net financing charges and income tax. 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	**30 June 2018**	30 June 2017
Profit before tax	**202.5**	237.4
Add: Net financing costs	**75.2**	68.6
Operating profit	**277.7**	306.0

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	**30 June 2018**	30 June 2017
Revenue	**981.4**	1,048.7
Operating profit	**277.7**	306.0
Operating profit margin (%)	**28.3%**	29.2%

iv. 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	**30 June 2018**	31 December 2017
Net debt	**3,787.2**	3,678.3
Twelve-month rolling EBITDA	**1,258.2***	1,324.2
Net debt to EBITDA ratio	**3.01 times**	2.78 times

* 2018 twelve-month rolling EBITDA was calculated as follows:

In millions of euros	**30 June 2018**
EBITDA as at 30 June 2018	**621.1**
Add: EBITDA as at 31 December 2017	**1,324.2**
Less: EBITDA as at 30 June 2017	**687.1**
EBITDA	**1,258.2**

v. *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	**30 June 2018**	30 June 2017
Net cash generated by operating activities	**688.0**	635.1
Add: Net cash absorbed by investing activities	**(249.3)**	(259.9)
Free cash flow before financing activities	**438.7**	375.2

Note 5 - Estimates

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

Impairment charge for space segment assets

During the first half of 2018 an impairment charge of EUR 5.5 million on space segment assets has been recorded by the group in connection with the AMC-10 satellite. In 2017, an impairment charge of EUR 40.3 million was recorded, mainly related to the AMC-9 satellite (EUR 38.4 million) due to an anomaly on the satellite and bringing its net book value to zero.

Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Note 6 - Segmental information

The group continues to report its activities as a single reportable operating segment in 2018.

At the time of the approval of the 2017 consolidated financial statements, the expectation was that additional responsibilities would be allocated to SES Video and SES Networks, making them more distinct and autonomous in their operations with their operating results being separately presented and reviewed by executive management.

With the change in the leadership team which became effective in April 2018, these developments have been reassessed and a revised approach is now being adopted which will in fact result in an enhanced level of integration of many of the group's operations. This integrated organisational approach will also be reflected in how the group's operating results are presented to executive management.

The combination of the above factors led to the assessment that a single reporting segment approach continues to be appropriate.
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 financial results for the six month period ended 30 June 2018 for the SES satellite operations operating segment, and the comparative prior period figures at constant FX, are set out below:

In millions of euros	**2018**	Constant FX 2017	Change Favourable + / Adverse
Revenue	**981.4**	986.7	-0.5%
Operating expenses	**(360.3)**	(337.2)	-6.9%
EBITDA	**621.1**	649.5	-4.4%
EBITDA margin (%)	63.3%	65.8%	-2.5 pts
Depreciation and impairment	**(303.5)**	(317.3)	+4.4%
Amortisation	**(39.9)**	(38.2)	-4.8%
Operating profit	**277.7**	294.0	-5.6%

Note 7 - Fair value management of financial instruments

The interim condensed consolidated financial statements do not include all fair value management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2017.

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 fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The following tables present the group's financial assets and liabilities that are measured at fair value:

As at 30 June 2018

Assets *(in millions of euros)*	Level 1	Level 2	Level 3	Total
Derivatives				
Interest Rate swaps	-	7.7	-	7.7
Total	**-**	**7.7**	**-**	**7.7**

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**

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:

	30 June 2018		31 December 2017	
In millions of euros	Fair value asset	Fair value liability	Fair value asset	Fair value liability
Derivatives	**7.7**	**-**	**2.6**	**0.6**
Forward currency exchange contracts	-	-	0.6	-
Interest rate swaps	7.7	-	2.0	0.6
Total valuation of financial derivatives	**7.7**	**-**	**2.6**	**0.6**
Of which: Non-current	-	-	-	-
Of which: Current	7.7	-	2.6	0.6

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following category of financial instruments at 30 June 2018:

Borrowings: *In millions of euros*	Carrying amount	Fair value
Eurobond 2026 (EUR 500 million)	495.0	500.5
Eurobond 2018 (EUR 500 million)	499.3	503.1
Eurobond 2020 (EUR 650 million)	648.8	700.6
Eurobond 2021 (EUR 650 million)	648.1	729.3
US Bond 2019 (USD 500 million)	427.3	426.9
US Bond 2023 (USD 750 million)	641.6	628.5
US Bond 2043 (USD 250 million)	209.3	186.8
US Bond 2044 (USD 500 million)	419.0	373.4
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	139.5	168.9
Coface	181.3	184.0
Fixed Term Loan Facility (LuxGovSat)	115.0	133.0
German Bond 2032 (EUR 50 million)	48.1	60.8
Total borrowings	**4,472.3**	**4,595.8**

Note 8 - Dividends declared and paid during the period

In millions of euros	Six month period ended 30 June **2018**[2]	2017[1]
Class A dividend (2017: EUR 0.80, 2016: EUR 1.34)	**271.1**	452.8
Class B dividend (2017: EUR 0.32, 2016: EUR 0.54)	**61.4**	102.8
Total dividends declared and paid during the period	**332.5**	555.6

1 Net of withholding tax of EUR 61.0 million paid in October 2017
2 Net of withholding tax of EUR 35.6 million not yet paid

Note 9 - Income tax benefit

The SES group acquired 100% of the shares of the Jersey-based satellite operator O3b Networks Limited (‘O3b’) in the second half of 2016. As part of a post-acquisition integration, the O3b business - including operational and recently-launched satellites, satellites under construction, and orbital slots - was transferred from Jersey to Luxembourg in Q2 2018. The transfer gave rise to investment tax credits in the amount of EUR 59.2 million being recognised in the statutory accounts of the related Luxembourg entities.

Part of these investment tax credits are being utilised against current income tax; therefore, only the remaining portion of EUR 41.2 million has been recognised as a deferred tax asset which is available for offset against future corporate income taxes in Luxembourg.

Furthermore, the successful launch of SES-16/GovSat-1, followed by its entrance into operational service in Q1 2018, has triggered the recognition of an additional deferred tax asset of EUR 25.8 million primarily in respect of investment tax credits.

The income tax benefit of EUR 40.9 million recognised for the period ended 30 June 2018 is due primarily to the recognition of deferred taxes of EUR 83.8 million, the main elements of which are set out above. This income is partially offset by the current income tax expense for the period of EUR 42.9 million which includes a provision of EUR 10.7 million mainly due to withholding tax risk in India.

Note 10 - 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 period ended 30 June 2018, basic earnings per share of EUR 0.45 per Class A share (30 June 2017: EUR 0.56), and EUR 0.18 per Class B share (30 June 2017: EUR 0.22) 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	Six month period ended 30 June	
	2018	2017
Profit attributable to owners of the parent	**227.7**	275.5
Assumed coupon on perpetual bond (net of tax)	**(23.8)**	(23.5)
Total	**203.9**	252.0

Assumed coupon accruals of EUR 23.8 million (net of tax) for the period ended 30 June 2018 (2017: 23.5) related to the perpetual securities 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 earnings per share:

	Six month period ended 30 June	
	2018	2017
Class A shares (in million)	**376.0**	376.9
Class B shares (in million)	**191.7**	191.7
Total	**567.7**	568.6

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 period ended 30 June 2018, diluted earnings per share of EUR 0.45 per Class A share (30 June 2017: EUR 0.55), and EUR 0.18 per Class B share (30 June 2017: EUR 0.22) have been calculated on the following basis:

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

In millions of euros	Six month period ended 30 June	
	2018	2017
Profit attributable to owners of the parent	**227.7**	275.5
Assumed coupon on perpetual bond (net of tax)	**(23.8)**	(23.5)
Total	**203.9**	252.0

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

	Six month period ended 30 June	
	2018	2017
Class A shares (in million)	**377.6**	378.1
Class B shares (in million)	**191.7**	191.7
Total	**569.3**	569.8

Note 11 - Related party transactions

No related party transactions have occurred during the six month period ended 30 June 2018 which have a significant impact on the financial position or results of the group.

Note 12 - Post balance sheet events

There are no material events occurred after the reporting date until the date when the interim condensed consolidated financial statements were authorised by the Board of Directors.

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