

Annual report 2014

New horizons



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SES at a glance

AT A GLANCE

Our fleet of 54 satellites provides reliable, secure and cost-efficient communications across the world. We provide video broadcasting and data communications services globally to broadcasters, cable TV programmers, telecommunications and mobile operators, Internet Service Providers (ISP) and specialised VSAT service providers, integrators of maritime and aeronautical connectivity, governments and institutions. By leveraging our global fleet, world-class terrestrial network and industry-leading innovations in satellite technologies, we are contributing to a new and converged ecosystem that blends data and video networks. We work with our partners to develop innovative business models to drive digitalisation and fulfill the future connectivity needs. Our business is built on four pillars: video, data, mobility and government. Data refers to services such as VSAT networks, IP trunking, mobile backhaul, and mobility refers, for example, to the maritime and aeronautical markets.

1. VIDEO

Video and TV distribution represents 70% of our business today. As the world's leading video platform, we enable broadcasters to deliver to global audiences, over 6,500 TV and radio channels of which more than 1,800 TV channels are in high definition (HD). With this, we are operating by far the largest HD platform in the world. Our satellites reach 312 million homes and nearly one billion people worldwide. We provide direct-to-home broadcasting and feeds for cable and IP networks as well as for digital terrestrial TV

networks. We offer full-time video contribution and occasional use, for example for large live events.

Beyond providing capacity, our value-added services include additional support along the technical value chain for the preparation and transmission of content via linear and non-linear platforms, over the internet and to mobile handsets. We see significant growth potential in both the developed and emerging markets by satisfying the enormous capacity demand with low free- and Pay-TV penetration, by supporting innovations such as the shift to Ultra HD television and by integrating linear- and non-linear services for the viewer and end-consumer into comprehensive and seamless next-generation video delivery.

2. DATA

With future applications demanding ever-higher throughputs and better economics, we are differentiating our offering with continued investment in high throughput infrastructure in both geostationary (GEO) and medium earth orbit (MEO). Together with O3b, we serve customers in sectors such as telecommunications, oil & gas, banking, transportation, health and education with unprecedented access to a unique, ubiquitous, future-proof and high-performing network.

3. MOBILITY

The global market for commercial mobility via satellite is driven by solid uptake in maritime markets and strong growth in aeronautical connectivity. We are meeting the growing needs of the

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maritime industry by the complementary GEO-MEO solutions that we offer jointly with O3b.

Our continued investment into our fleet also allows us to deliver high-throughput solutions that fulfil the growing popularity of inflight connectivity in the aeronautical industry. Our high-performing, satellite-based inflight connection services are becoming an increasingly attractive key differentiator for airlines on domestic and international routes.

4. GOVERNMENT

We serve the diverse needs of governments and multilateral agencies around the world by offering globally redundant, secure and highly reliable networks for civilian, security and defence applications.

With our global fleet and teleport network and a diverse array of satellite infrastructure incorporating commercial and specialised government frequencies, we partner with governments to offer end-to-end solutions in security, defence, and information-gathering, as well as for humanitarian purposes such as natural disaster response.

Our partnerships with the European agencies and governments are further strengthened with our Galileo/EGNOS contracts. With SES Government Solutions, we are a leading provider of commercial satellite communication solutions to the U.S. government, in which we support multiple missions such as enabling the worldwide information exchange between embassies and troops abroad.

COMPANY ORGANISATION



Satellite infrastructure business: satellite fleet operations and sales of transmission capacity. SES operates and commercialises satellite transmission capacity worldwide.

SES's space infrastructure offering is complemented by a range of additional value-added services and solutions which are provided by dedicated service companies:

SES
Platform Services
100% Offers services comprising content management, play-out, multiplexing, encryption and satellite uplinks to broadcasters.
www.ses-ps.com

SES
Techcom Services
100% Provides integrated end-to-end satellite solutions, ground infrastructure and operational services, as well as broadband connectivity worldwide.
www.ses.com/techcom

SES
Government Solutions
100% Provides total communications capacity, from satellite bandwidth to customised end-to-end solutions and hosted payloads.
www.ses-gs.com

LuxGovSat
LuxGovSat is a 50/50 public-private partnership between SES and the Luxembourg government, which will procure and launch a dedicated satellite SES-16/GovSat for governmental use which will deploy dedicated military frequencies (X-band and military Ka-band) for defence and other applications.

HD +
100% Broadcasts popular free-to-air TV channels in high definition to the German market.
www.hd-plus.de

SES participations in satellite operators

IEL
Canadian Satellite Group
70% Ciel is a Canadian satellite service provider bringing television and broadband services to homes and businesses throughout North America from 129° West.
www.cielsatellite.ca

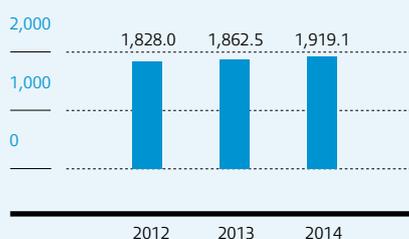
QUETZSAT
100% QuetzSat is a Mexican satellite operator providing direct-to-home (DTH) services from the orbital position 77° West.
www.quetzsat.com

YahLive
35% YahLive, a partnership between SES and YahSat of Abu Dhabi, owns and commercialises 23 Ku-band transponders on the YahSat 1A satellite at 52.5° East.
www.yahlive.tv

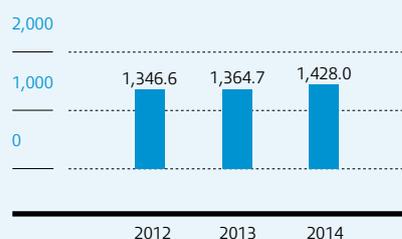
O3b Networks
45% O3b Networks provides a new fibre-quality, satellite-based, global internet backbone for telecommunications operators and internet service providers in emerging markets.
www.o3bnetworks.com

FINANCIAL HIGHLIGHTS

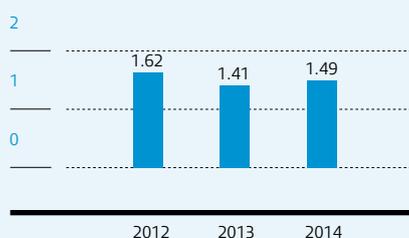
REVENUE (millions of euros)



EBITDA (millions of euros)



AVERAGE WEIGHTED EARNINGS PER SHARE (euro)



NET DEBT/EBITDA



€1,919.1 million

Revenue +4% at constant FX
2013: €1,862.5 million

€1,428.0 million

EBITDA +5% at constant FX
2013: €1,364.7 million

€882.6 million

Operating profit +4%
at constant FX
2013: €851.2 million

€1.18

Dividend per Class A share
2013: €1.07

€7.3 billion

Contract backlog +1.3%
at constant FX
2013: €7.5 billion

OPERATIONAL HIGHLIGHTS

- Two successful launches: ASTRA 5B and ASTRA 2G
- Available transponder capacity grew by 3.2% to 1,534 transponders
- Utilised transponders grew 1.4% to 1,115
- Global reach increased to 312 million homes



New horizons

SES has a spectacular vision, which is to bring people closer together through satellites, using technology and infrastructure to open new horizons in consumer choice and data services. We are creating the most reliable, innovative and highest quality satellite-based solutions to satisfy a supernova of global demand for unlimited connectivity, information and entertainment.

Our growing global customer base has very dynamic needs. To meet these evolving demands, SES has applied a future-proof lens to its satellite capability system and has grown from a single business proposition into a complete global operation. We offer a fully-fledged portfolio of satellite and integrated connectivity services on a high performing and global infrastructure in both geostationary (GEO) and medium earth orbit (MEO), the latter through our investment in O3b.

SES's right to play and win in the next generation video and data markets can be achieved on four strategic axes: video, data, mobility and government. In an increasingly IP-centric world, SES takes the lead in developing innovative solutions to leverage satellite's role as a key player in video reception. With SAT>IP connecting multiple IP devices in households to satellite, SES is ensuring that the highest quality image of satellite TV is delivered to the end users on multiple screens. This will become increasingly important with the emergence of new video technologies such as Ultra HD TV, which provides four times the resolution of HD TV. Our high-throughput infrastructures in both GEO and MEO enable us to meet the increased needs of data customers cost-effectively in

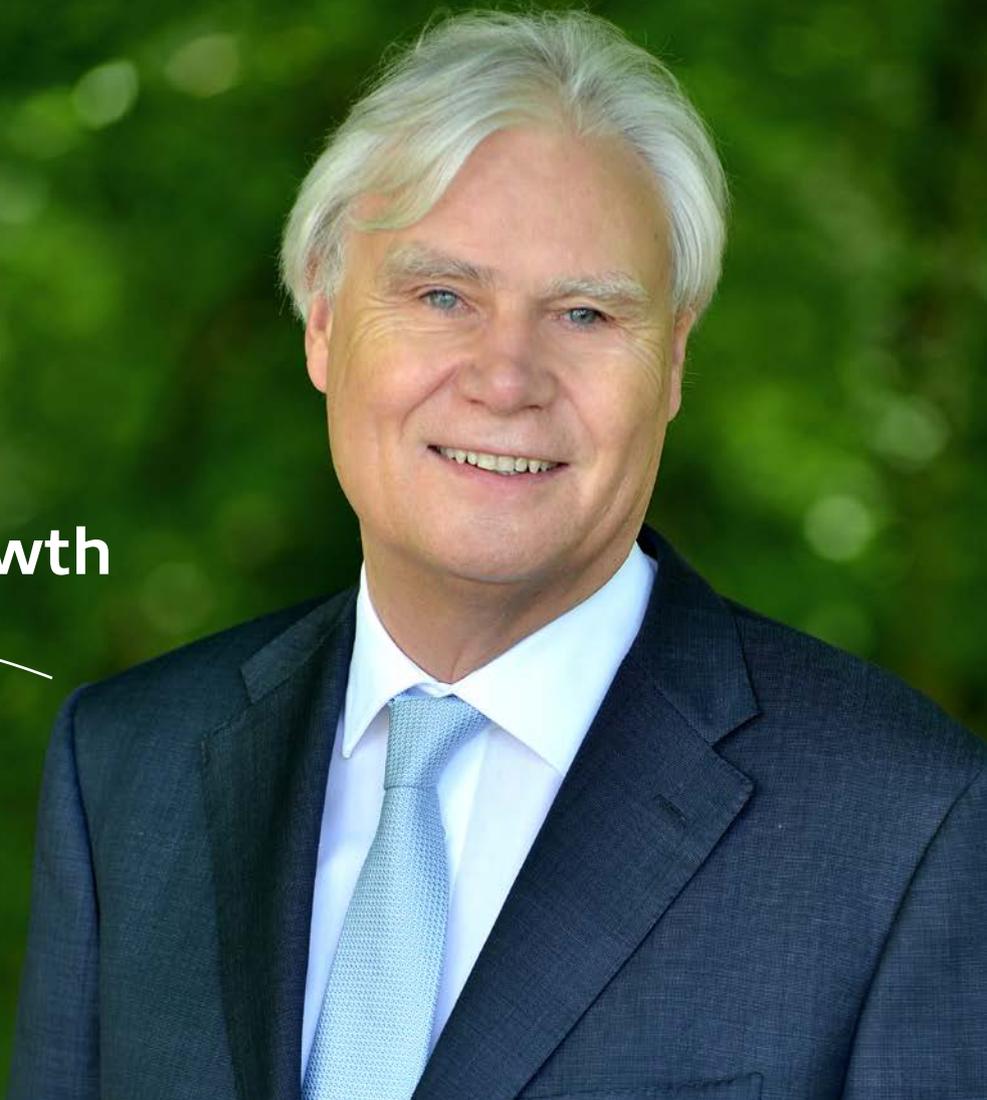
sectors such as telecommunications, oil & gas, and banking, as well as on ships and aircraft. We also work closely with our government partners on satellite solutions that best meet their defence and civilian requests.

OUR MISSION

SES is building and operating a unique, sustainable and innovative global satellite infrastructure to help our customers expand their businesses and services, and to improve people's lives around the world. Our satellites are designed together with our customers to ensure that their demands in evolving market conditions will always be met. We serve the video, data and mobility segments, as well as the government and institutional sector. We offer products and services that shape ecosystems, accelerate digitalization, create connectivity and support a wide range of economically and socially relevant applications.

Introduction by the Chairman
of the Board of Directors

Poised for continued growth



While signing my first SES Annual Report as Chairman of the Board of Directors, I am delighted to confirm that 2014 was another particularly successful year for SES. As a matter of fact, the fabulous venture that has been SES since its inception in 1985 has – roughly thirty years later – grown into the leading satellite operator in the world in terms of annual turnover.

The solid 2014 financial results clearly illustrate that we delivered on our guidance. We recorded a revenue of EUR 1,919.1 million, up 4.0% at constant exchange rates over the prior year. Our EBITDA of EUR 1,428.0 million was up 5.0% at constant FX over the prior year. The company's EBITDA margin improved to 74.4% from 73.7% at constant FX and profit of the group was up 6.0% to EUR 600.8 million. I am also pleased to report that earnings per share (EPS) went up 5.6% to EUR 1.49. This impressive performance translated in the SES share price, which increased by 26.2% and the SES equities traded at year-end at all-time highs on NYSE Euronext Paris and the Luxembourg Stock Exchange (SESG).

I am honored to see SES continue to reap the fruits of our strong foundations. I am most appreciative of the continuous work of the Executive team and of the entire SES community to dynamically frame the strategy, execute on it, and lay the foundations for further growth.

With our sustained investments in the SES satellite fleet, we continued to lay the ground for the expansion of our business into vibrant emerging countries and promising new vertical market segments like aeronautical mobile applications, oil & gas, as well as government, institutional and humanitarian services.

In January 2014, the ASTRA 2E satellite went live at 28.2/28.5 degrees East over Europe, the Middle East and Africa. In February, the SES-8 spacecraft became fully operational over Asia-Pacific at the 95 degrees East orbital position.

2014 was also marked by two successful SES satellite launches: ASTRA 5B was successfully orbited by Ariane 5 in March, and provides state-of-the-art capacity for Central and eastern Europe (CEE), Russia and Commonwealth of Independent States (CIS) from 31.5 degrees East since June. This spacecraft also carries SES's second EGNOS hosted payload for the European Commission.

And to finish the year with a blast, the ASTRA 2G satellite roared into space on December 28, 2014. To be deployed into the 28.2/28.5 degrees East orbital arc, ASTRA 2G completes SES's comprehensive fleet renewal program at this important orbital position for Direct-to-Home television over Europe.

However, 2014 was not least the year of O3b, an SES affiliate at currently 45%. Following the successful launch of the first batch of four O3b satellites in 2013, the European version of the Soyuz launch vehicle in July and December delivered two additional

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batches of four O3b spacecraft each into their designated medium earth orbit (MEO), at only 8.000 kilometers of altitude from earth, delivering unrivaled low latency applications. Officially operational since 15 September 2014, O3b, with twelve satellites in orbit, delivers fibre-like, broadband, high-speed, low-latency satellite connectivity to the “Other 3 billion” (O3b), i.e. ensuring that everyone has access to the internet regardless of location.

In 2014, the Board of Directors of SES, upon recommendation of the Executive team, furthermore committed significant new investments in additional satellite capacity to be launched by 2017.

In February, SES contracted Airbus Defence and Space to manufacture SES-10 from the 67 degrees West orbital position, to grow its capacity over the thriving Latin American market.

In July, SES contracted Airbus Defence and Space to manufacture SES-12, a powerful hybrid DTH/HTS satellite to cover Asia from 95 degrees East. True to SES’s spirit of innovation, the hybrid SES-12 satellite will respond to two distinct but complementary missions: first, traditional wide beam coverage, and second, a high-powered Ku-band multi spot beam payload (HTS). The spacecraft will also feature electric propulsion (EP) for orbit raising.

In September, SES and Echosat renewed their strategic partnership at 105 degrees West over the U.S. by ordering the SES-11 satellite.

And last but not least, in December, the Board of Directors of SES approved the ordering of three additional spacecraft: SES-14, SES-15 and SES-16 (also to be known as GovSat).

SES-14 will be a hybrid satellite manufactured by Airbus Space and Defence, to be launched on board SpaceX in Q4 2017 that will allow SES to grow its video line-up by developing a second Latin American cable neighbourhood in the C- and Ku-bands, the relevant orbital position (47.5/48 degrees West). In line with the company’s next generation data strategy, the spacecraft will also allow SES to introduce a Latin American and mobility Ku-band HTS product offering.

SES-15, ordered from Boeing Satellite Systems and to be launched by Arianespace in Q2 2017, will offer an organic path to developing North American Ku-band GEO-HTS infrastructure while solidifying SES’s position in the mobility vertical and supporting government applications which represent another important component in SES’s next generation data strategy.

SES-16 will be operated by a public-private partnership between SES and the Luxembourg Government, leveraging the Grand-Duchy’s access to X- and military Ka-band frequencies. The spacecraft is being built by Orbital ATK and will be launched by SpaceX in Q2 2017. From the orbital position of 21.5 degrees East, SES-16 will provide high-powered and fully steerable spot beams to support multiple operations for governmental and institutional customers in the defence and governmental verticals.

All in all, 2014 was thus a year in which SES brought three new satellites into service, successfully launched two satellites and approved the investment in six additional spacecraft to be launched in the 2017 timeframe.

I am equally pleased to report that, with satellite services being an integral part of the SES offering, the services sector plays an increasingly essential role in the delivery of end-to-end customer solutions and the support of SES’s development of Next Generation Video (NGV) and Next Generation Data (NGD) services on a global scale. A development priority has been to invest in scaling up SES’s network capabilities, which also facilitates incremental infrastructure sales – “pull-through” capacity.

Having started the year on a high-note, notably a ‘historic’ agreement between SES and Eutelsat on the future use of the orbital arc of 28.2/28.5 degrees East over Europe, allow me to state my conviction that the recent developments described above as well as the steady progress SES has achieved during 2014, illustrate that the company has reaffirmed its powerful momentum and is right on track to generate future growth, develop new markets, and prosper further in 2015 and beyond.

I will conclude my first Chairman’s statement by taking this opportunity to thank my predecessor, SES’s longstanding Chairman of the Board, René Steichen, for having kept SES’s trajectory focused, aligned strategies and stimulating shareholders high impact decisions that helped shape SES over nearly two decades.



Romain Bausch



Foreword from
the President and CEO

Towards new horizons

'New Horizons' is a fitting entrée en scene. After nearly 30 years of successfully redefining the boundaries of satellite-based communications, building the best talents in our industry, and rewarding shareholders, what would come next?

To start with, our winning aspiration is to be the foremost satellite-enabled provider of communications solutions to our clients and users around the world. In doing so, we want to be an indispensable contributor to global digitisation.

We therefore continue to build on our differentiated capabilities to best serve our customers in the market segments and geographies where we have the right-to-win. We are sustaining our innovations in solutions and underlying technologies. We are relentlessly investing in our people and infrastructure. And, at the end of the day, we are producing the economic results that duly reward our shareholders. Along the way, we are determined to reinvent what is possible within our industry and the broader digital ecosystem as their outcomes reshape for the better our daily lives.

2014 provided the right conditions to pursue these new horizons, deliver strong results, and continue to build a strong foundation for the future. What is important to note is that we have collectively achieved this performance while putting more emphasis on differentiated solutions combining our world-class infrastructure and unrivalled services. We also accelerated the globalness of our business. Our hypothesis from the start was that these two axes will enhance the fundamentals of our business, and we were proven right.

By the end of 2014, our geostationary fleet counted 54 satellites. Additionally, our O3b affiliate which operates a unique constellation in the medium earth orbit had achieved the feat of launching eight satellites between June and December 2014 to bring the total fleet to twelve satellites and efficiently enter operation.

So here is how we are thinking about 2014 and what lies ahead in the new horizons we are drawing.

First, we are determined to accelerate the globalization of our services. This means that we expect international markets, i.e. outside our traditional focus in Western Europe and North America, to represent a growing part of our business. This puts the onus on us to continue investing in our mature markets and grow them steadily. In parallel, we are doubling down on international markets in terms of investments as 85% of our money placed in new programs since January 2014 has gone to serve regions such as Latin America and Asia. Additionally, the pace of deployment of our personnel in these regions has gone up by 50% in 2014. And, our global experts are travelling around the world to support local and regional colleagues in serving all our clients.

The net result has been a growth in our business in international markets that is up to three times faster than the average growth of our industry. By the end of 2014, international markets represented 29% of SES revenues, and we are firmly committed to build it at par with our mature markets. The most rewarding part of this journey is that we are having a greater impact on the countries,

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cities, societies, and companies we serve in these regions while the fundamentals of our business are improving.

Second, SES has the right-to-win in four distinct segments and we have actively pursued each one of them in 2014, committed considerable resources and investments for the future, and along the way achieved strong results. We want to frame the future, while owning the present.

Present time SES has a formidable head-start in the video segment. We serve 312 million households through our global fleet which equates to impacting the entertainment and informational experience of more than 1 billion inhabitants on our planet. And, we still have a long way to go. Pay-TV penetration in some of the largest emerging countries remains under 20% and in many cases even under 10%. We are therefore contemplating a unique opportunity to improve and democratize the video experience, improve people's lives, and help build the business of our partners such as local and regional broadcasters.

Our participation in the Brazilian spectrum auction in 2014 and the two awarded slots at 47.5/48 degrees West and 67 degrees West underscored our strategy in this vein. In the meantime, we continued to grow existing video neighborhoods in all our markets while developing new ones in Asia, Latin America, and Africa. Four of our upcoming new satellites which will be launched by 2017 are precisely targeting these markets. Over the period 2014-2017, we would have increased our capacity in international markets by 23%.

In our more mature markets, we are seeing increasing opportunities to shape the ubiquitous viewing experience that most end-users have come to expect. We have in fact introduced in 2014 the seamless interplay between linear and non-linear viewing as we supported clients such as Sky Deutschland and others in developing and rolling out such new platforms.

We are firm believers in a hybrid infrastructure and application models which will bring such ubiquity and quality of experience to the masses. We also believe that such a convergence of technologies and applications will accelerate the upgrade from SD to HD, where SES already has a 25% global market share. This movement will pave the way for the mainstream introduction of Ultra HD. In fact, our coverage of the FIFA World Cup along with the Winter Olympics, Commonwealth Games, Wimbledon tennis tournament and other sport events with global audiences provided the impetus for an accelerated transition to HD and the repeat of comparable events and related coverage in 2015 and 2016 will set the stage for Ultra HD.

SES is also accelerating its service offering in the fixed data segment where critical business and institutional applications rely on best-in-class infrastructure and services. This is particularly manifested in emerging markets where our fleet, ground segments, and ancillary services are adding unprecedented value to our clients and the end users they serve. Case in point is the major

data contract with Telefonica Global Solutions to help them connect VIVO mobile phone users across Northern and North East Brazil. Working with clients such as Orange Business Services, SES is playing a central role in enabling the business of enterprises spreading across the globe.

Mobility has been one of the fastest growing segments in our portfolio as we actively participate in the development of this nascent market for high bandwidth connectivity. SES is now a major actor in maritime and aeronautical connectivity where end-user requirements require high bandwidth, global coverage, and reliability. We are enabling the major service providers and integrators of aeronautical mobility services such as Gogo, and Panasonic. Equally important is the strategic relation with some of our partners in order to best design and deploy our fleet to serve their business in the future. The agreement and partnership we concluded with Global Eagle Entertainment in 2014 provides them and the leading airline companies they serve with immediate access to a global fleet and also lays out the seamless transition to our next generation fleet with high throughput and digital processing features starting in late 2017 and early 2018.

SES has a long history of working with and serving the U.S. Government customers for their secure communication requirements domestically and internationally. We have developed over the years a unique set of capabilities that allow us to serve in a differentiated manner clients such as the Army, Navy, Air Force, NASA, Coast Guard, Department of State, and the National Park Service. SES Government Solutions has continued to build on its relationships across the U.S. Government by securing several new long-term contracts such as the Army WIN-T network which will contribute to building our business and capabilities in 2015 and beyond.

On the institutional front, we are also scaling up our relation with European Governments as evidenced by the two EGNOS payloads which we have built on Astra 5B and SES-5, and these play an instrumental role under the Galileo program. Going forward, we have jointly established LuxGovSat, with the Luxembourg government in a unique partnership to design, commission, and launch the dedicated and highly resilient SES-16/GovSat program with the intent to primarily serve NATO and individual European Governments in some of their mission critical secure communications.

Third, we believe that the pivotal role satellite communications play in the emerging digital ecosystems will go from strength to strength. The most important catalyst has to do with the coalescing of all forms of communications around IP. This is enabling us and other players in the digital ecosystem to redefine and simplify standards, and importantly think about applications that transcend access technologies. In doing so, we are seeing an increasing number of innovations that are converging consumer experiences.

One can think about the end-user video experience on a single device that seamlessly integrates linear and non-linear feeds and which is also enriched by two-way content-rich exchanges such as social networking or e-transacting. In the near future, this will define the standard communication experience. In fact, we are nearing this mark in some of our markets. Now imagine that we take this very same amalgam and extend it to mobility as our end-user travels by train, boat, or plane. And imagine then the central role of satellite connectivity.

In 2014, we coined the ideas of next generation video and next generation data. And we backed these ideas with almost 500 million euros worth of investments in new infrastructures and services that will position SES in the best possible manner in 2015 and beyond. Naturally, we have to work relentlessly at defining and affirming the right-to-win of satellite technologies. Similarly, we must embrace with an open mind the convergence of infrastructures, services, and applications in order to realize the full potential of the markets we target.

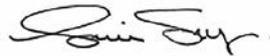
Fourth, we welcome the opportunity to innovate in our business and redefine the boundaries of our services. A great deal of innovation was in fact achieved in the design and manufacturing of our newest satellites working closely with our industrial partners. Considering the seven programs under construction at the time of printing this annual report, we have introduced in many of these features such hybrid payloads combining wide shaped and narrow high throughput beams, steerable beams, digital processing of signals, and all-electrical propulsion. And we have done that while revisiting the entire procurement process to harness the collective knowledge of SES and its partners in order to come up with futureproof infrastructure while delivering up to 30% improved efficiency.

The innovation drive in 2014 was greatly aided by the improvements in the launcher programs we rely on, present and future. These efforts are already delivering considerable efficiencies and preparing the ground for improving launchers in the future. On this note, we stood firm on the priorities of launcher reliability, availability, and affordability. SES, working with other industrial stakeholders, played a critical role in framing the public discourse on and design of future launchers.

Finally, the discussion on innovation would be incomplete without mentioning O3b. Nearly five years after our initial investment, O3b went live operationally in September 2014 with its constellation of twelve satellites in medium earth orbit. The combination of high power beams offering more than 1 Gigabit per second each along with low latency comparable to land-based infrastructure plus the innovative construct of the overall O3b system is yielding an unprecedented value proposition to clients in industries covering maritime, energy, telecommunications, and government. Demonstrations and activations already completed by O3b have elicited great feedback from clients, with more to come in 2015. What is important to note in this innovative model is the

scalability of O3b as a system in terms for future build-up of space and ground segments, their global deployment, and ultimately the growth of the business.

In conclusion, 2014 was an excellent springboard to step into our 30th year of existence. The initial idea behind the company created on 1 March 1985 has come a long way (and has gone far into space), and we still have plenty of new horizons to explore.



Karim Michel Sabbagh

GLOBALISATION



A global fleet

Expanding SES's presence worldwide

Full coverage serving a comprehensive range of applications

Global fleet:

54 active satellites in geosynchronous orbit

37 orbital locations

9 satellites flown in inclined orbit

12 satellites flying secondary missions

7 new satellites under procurement

Global reach:

1,534 active transponders

Accessible by 21 owned and partner teleports

Our global fleet covers 99% of the world's population and delivers reliable and secure connectivity.

SES features a record availability of its satellite capacity, consistently exceeding 99.9% over the years.

Our vast satellite footprint enables operators to deliver thousands of hours of the latest digital television content every day and allows companies to provide broadband networks in remote locations and governments to connect their sites.

SES is the only satellite operator in the world able to offer its customers global coverage from geostationary satellites in combination with high-speed, low latency, fibre-like connectivity through O3b.

We believe that flexible technology enables new procurements to adapt to market demand.

We are committed to supporting our customers' long-term success and continue to implement a substantial multi-year investment programme to expand and renew our fleet and our network of teleports.

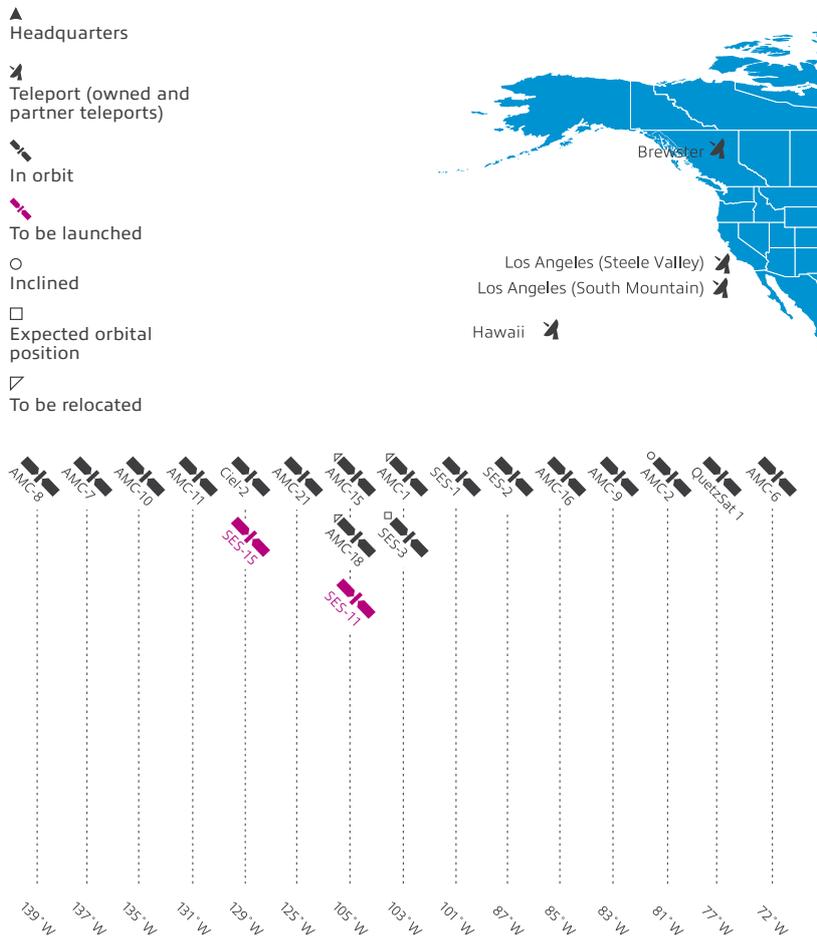
While we continuously replace existing satellites as required, the majority of the new capacity that SES will be launching between 2014 and 2017 will be dedicated to the thriving emerging markets where demand for bandwidth is insatiable.

SES is also at the forefront of the latest developments in launch and satellite technology, be it new launch vehicles like SpaceX's Falcon 9 booster, or electric propulsion satellites.

In 2014 SES successfully launched two satellites and payloads.

ASTRA 5B was orbited by an Ariane 5 rocket from the European spaceport in Kourou, French Guyana, on 22 March 2014. ASTRA 5B was built by Airbus Defence and Space Systems, on a Eurostar E3000 platform. The satellite is located at the orbital position of 31.5 degrees East and is equipped with 40 Ku-band transponders (36 MHz equivalent) as well as 6 Ka-band transponders. ASTRA 5B extends SES's transponder capacity and geographical reach over Central and Eastern Europe, Russia and the Commonwealth of Independent States for DTH, direct-to-cable and contribution feeds to digital terrestrial television networks. The spacecraft also carries the second SES hosted L-band payload for the European Commission's European Geostationary Navigation Overlay Service (EGNOS). EGNOS helps to verify, improve and report on the reliability and accuracy of positioning signals in Europe.

On December 28, 2014, ASTRA 2G was launched on ILS-Proton from Baikonour in Kazakhstan. ASTRA 2G was built by Airbus Space and Defence in Toulouse, France, based on the highly reliable Eurostar E3000 platform. ASTRA 2G also delivers next generation broadcast, VSAT and broadband services in Europe, the Middle East



UPCOMING LAUNCHES

SES-9 is scheduled for launch in 2015 will be positioned at the orbital slot of 108.2°E and will provide incremental as well as replacement capacity to this well-established SES slot over Asia, where it will be co-located with the existing SES-7 satellite. The satellite will expand SES's capabilities to provide DTH broadcasting and other communications services in Northeast Asia, South Asia and Indonesia, as well as maritime communications for vessels in the Indian Ocean.

Expected orbital location	108.2°E
Coverage	Asia-Pacific
Launch date	Q2/Q3
Launch Vehicle	SpaceX
Design Life	15 years
Satellite Manufacturer	Boeing Satellite Systems
Total Transponders	Ku-band: 81 (36MHZ equivalent)

SES-10 will replace AMC-3 and AMC-4 to provide enhanced coverage and significant capacity expansion over Latin America. The satellite will provide coverage over Mexico, serve the Spanish-speaking South America in one single beam, and cover Brazil with the ability to support offshore oil & gas exploration.

Expected orbital location	67°W
Coverage	Latin America
Launch date	Q4 2016
Launch Vehicle	SpaceX
Design Life	15 years
Satellite Manufacturer	Airbus Defence and Space
Total Transponders	Ku-band: 55

SES-11 is a new cornerstone in SES's strategic partnership with EchoStar Corporation (NASDAQ: SATS) at the orbital position of 105 degrees West. SES-11 will also be known as EchoStar 105. The SES-11 satellite will support SES's continued development of its centre of the U.S. orbital arc media distribution neighbourhood and provide coverage of North America, including Hawaii, Mexico and the Caribbean. The spacecraft's Ku-band capacity will replace AMC-15 at 105°W, an orbital position where Echostar has been our anchor customer since 2006. The spacecraft's C-band capacity will provide replacement capacity for AMC-18 at the same position.

Expected orbital location	105°W
Coverage	North America
Launch date	Q4 2016
Launch Vehicle	SpaceX
Design Life	15 years
Satellite Manufacturer	Airbus Space and Defence
Total Transponders	C-band: 24 (36 MHz equivalent)

SES-12 will expand SES's capabilities to provide direct-to-home (DTH) broadcasting, VSAT, Mobility and High Throughput Satellite (HTS) data connectivity services in the Asia-Pacific region, including rapidly growing markets such as India and Indonesia. The satellite will replace NSS-6 positioned at 95°E, and will be co-located with SES-8.

Expected orbital location	95°E
Coverage	Asia-Pacific
Launch date	Q4 2017
Launch Vehicle	Arianespace
Design Life	15 years
Satellite Manufacturer	Airbus Defence and Space
Total Transponders	Ku-band: 56 (36 MHz equivalent) HTS: 70 Ku-band spot beams HTS: 11 Ka-band spot beams
Propulsion	Electric/Chemical

SES-14 is a hybrid satellite that will allow SES to grow its video line-up by developing a second Latin American cable neighbourhood in the C- and Ku-bands. In line with the company's next generation data strategy, the spacecraft will also allow SES to develop a Latin American and mobility Ku-band HTS product offering.

Expected orbital location	47.5°W
Coverage	Latin America
Launch date	Q4 2017
Launch vehicle	SpaceX
Satellite manufacturer	Airbus Defence and Space
Total transponders	C- and Ku-band: 48
Propulsion	Electric/Chemical

SES-15 will offer an organic path to developing North American Ku-band GEO-HTS infrastructure while solidifying SES's position in the mobility vertical and supporting government applications representing another vertical component in SES's next generation data strategy.

Expected orbital position	129°W
Coverage	North America
Launch date	Q2 2017
Launch vehicle	Arianespace
Manufacturer	Boeing Satellite Systems
Total transponders	Ku-band: 16 (36 MHz equivalent) HTS: 46 Ku-band 4 Ka-band
Propulsion	Electric



SES-16/GovSat will be operated by a public-private partnership between SES and the Luxembourg government, leveraging the Grand Duchy's access to X- and military Ka-band frequencies. From the orbital position of 21.5°E SES-16/GovSat will provide high-powered and fully steerable spot beams to support multiple operations for governmental and institutional customers in the defence and governmental verticals.

Expected orbital position	21.5°E
Coverage	Europe/MENA
Launch date	Q2 2017
Launch vehicle	SpaceX
Manufacturer	Orbital ATK
Total transponders	Ku-band: 68 (36 mhz equivalent)

MonacoSat is based on SES's partnership with SSI-Monaco, this new payload provides capacity for media, trunking and enterprise services in Central Asia, the Middle East, North Africa and Europe. SES has the rights to commercialize the entire MonacoSat hosted on the TürkmenÄlem satellite payload of 12 Ku-band transponders.

Expected orbital location	52°E
Coverage	Middle East and North Africa
Launch date	Q1 2015
Launch Vehicle	SpaceX
Design Life	15 years
Manufacturer	Thales Alenia Space
Total Transponders	Ku-band: 12

Reaching 312m homes worldwide

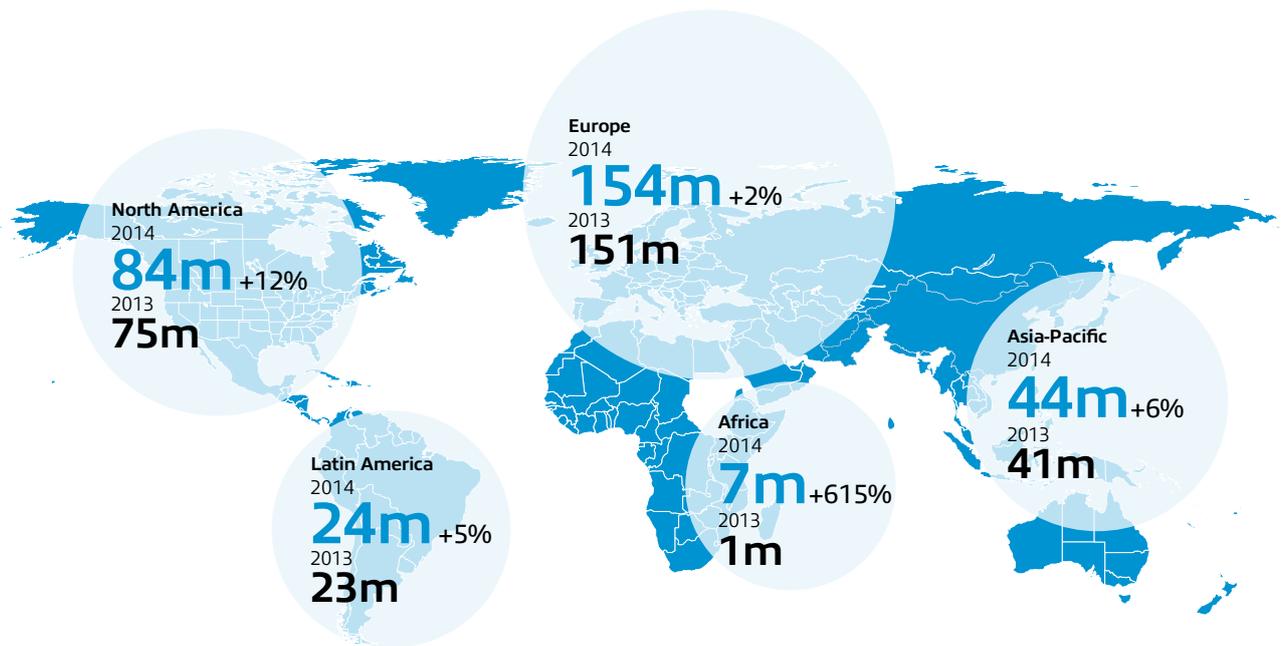


SES reach worldwide
312m

Satellite homes
125m

Cable homes
149m+

IPTV homes
38m+



SES DIRECT AND INDIRECT REACH WORLDWIDE

Satellite homes

106m 125m +18%



2013 2014

Cable homes

153 m 149 m -3%



2013 2014

IPTV homes

31 m 38 m +21%

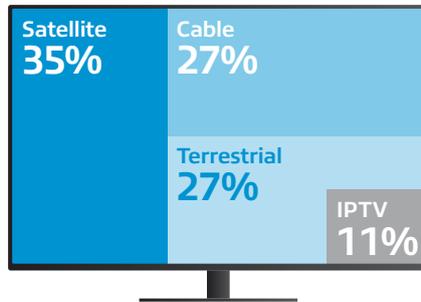


2013 2014

- Global fleet
- Market dynamics – Reaching 312m homes worldwide
- Snapshot – The FSS market in 2014

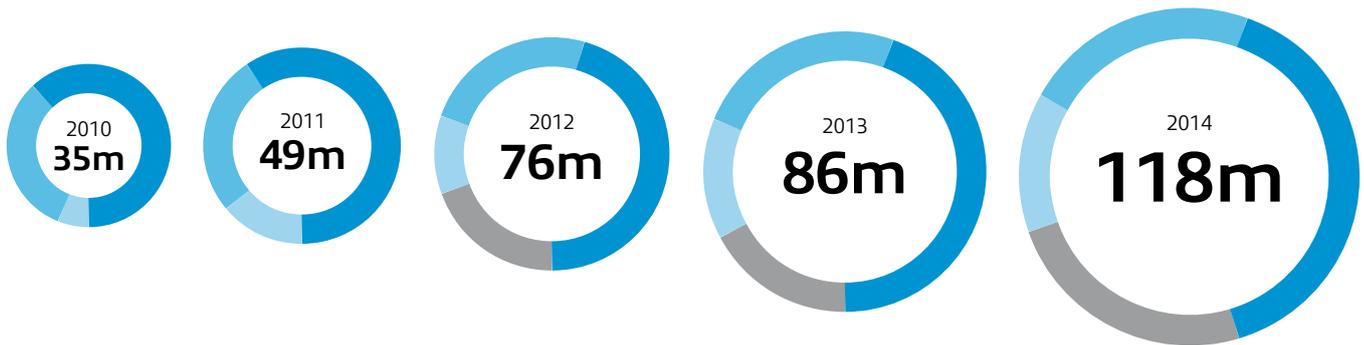
SES SPOTLIGHT ON EUROPE

254M TV HOMES IN EUROPE: SATELLITE REMAINS THE LEADING MODE OF TV DELIVERY



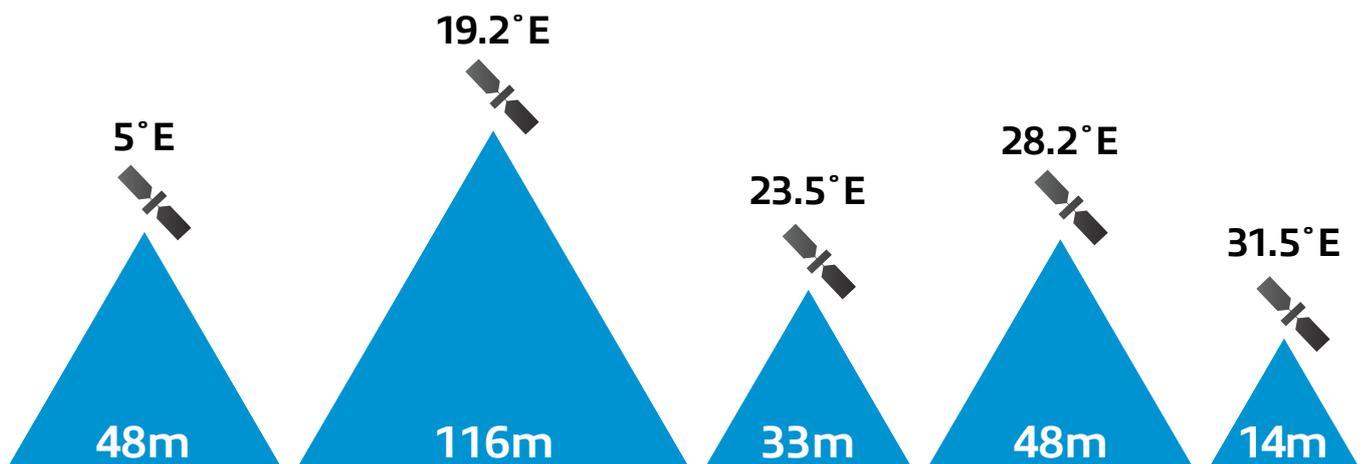
118M EUROPEAN HOMES ARE WATCHING TV IN HIGH DEFINITION

■ HD in DSTV ■ HD in DCTV ■ HD in IPTV ■ HD in DTT



2010	2011	2012	2013	2014
20.0m	29.4m	34.7m	38.3m	47.2m
10.3m	13.2m	18.3m	21.1m	26.5m
4.9m	6.8m	8.3m	12.0m	15.8m
–	–	14.7m	14.6m	28.6m
35.2m	49.4m	76.0m	86.0m	118.0m

TOTAL SES REACH IN EUROPE PER ORBITAL POSITION



Sources: SES, European Satellite Monitor YE14, B2B surveys among cable head-ends in North and Latin America, Pay-TV figures, SES analyses & estimates.
 Note: SES reach includes subscribers reached via Ciel-2's spot beams.



Snapshot

The FSS market in 2014

2014 was a high-flying year for the Fixed Satellite Service (FSS) industry, recording continued revenue and net capacity growth.

In a strong sign that the inflight connectivity market is taking off, Global Eagle Entertainment signed a significant capacity agreement with SES. Demand for broadband access is forecast to rise in the coming years. The FIFA World Cup 2014 in Brazil saw multiple broadcasters around the world further develop the Ultra HD ecosystem as they ventured into the domain of live Ultra High Definition TV (Ultra HD TV) broadcasting.

The launcher market also gained momentum as the European Space Agency (ESA) committed to guarantee access to space at competitive prices with its approval to build the next-generation Ariane 6 rocket. SpaceX with its Falcon 9 rocket continued to flourish in its first year of operations, building a track record of launch reliability and cost-effectiveness.

Having launched another eight MEO satellites to bring its total fleet to twelve, O3b initiated commercial operations in September 2014 across several markets with its fibre-like satellite services.

CONTINUED REVENUE GROWTH

Global revenues of the FSS industry remained on the steady growth track of the past few years, increasing by over 4% to USD 12.8 Bn¹.

CONTINUED NET CAPACITY GROWTH

A total of 20 commercial communication geostationary satellites, carrying C-band, Ku-band and Ka-band payloads, were successfully launched in 2014², out of which two are from SES. When adjusted for the capacity retired from service, the available net capacity in C-band and Ku-band increased by around 8% when compared to 2013. During the same period, High Throughput Satellite (HTS) capacity increased by more than 40%.

MEDIA AND BROADCASTING

Over 7,500 HD channels are broadcast via satellite worldwide. 25% of these are on SES satellites. In 2014 the number of TV channels broadcast worldwide via satellite increased by 5.7% to over 37,000. At 6,529 channels, SES accounted for 17% of the global number of channels broadcast via satellite, reflecting a growth of 4.4% over the year before³. Global Pay-TV subscriber numbers grew by 8% in 2014 to bring the total subscribers worldwide to nearly 240 million⁴.

There are strong economic and demographic reasons for the expansion of Pay-TV in Latin America, which has grown by 22%, bringing the total number of subscribers to 47 million⁵. Brazil in particular, with its large population and growing middle class, driving subscriber additions by a healthy 25.4% in 2014 to a total number of subscribers of 14 million⁶, is of special interest. Forecasts indicate that by 2015 satellite will account for 72.4% of the total Pay-TV base in this market⁷.

- Global fleet
- Market dynamics – Reaching 312m homes worldwide
- **Snapshot – The FSS market in 2014**

Sub Saharan Africa and the Asia Pacific region increased the number of DTH subscribers by 11.3% and 11.1% respectively, the APAC region representing the largest market with 80 million DTH subscribers⁸.

Asia Pacific and Sub Saharan Africa are also the regions with the largest number of analogue terrestrial Free-to-air (FTA) TV households (82 million and 45 million respectively) to be digitised⁹.

HD TV continued to show strong growth in 2014, with the number of channels broadcast worldwide growing by nearly 14% to over 7,500⁸ – 25% (over 1,800) of these channels were broadcast via SES satellites, making SES the leading carrier of HD channels. Satellite-delivered HD programming grew the fastest in Sub Saharan Africa, South Asia, Russia and Central Asia, which recorded 2013-2014 growth rates of 39.2%, 39.1% and 32.1% respectively.⁹

2014 also offered an important window for Ultra HD demonstrations, thanks to the FIFA World Cup. One example is Eurovision – the European Broadcasting Union’s (EBU) distributor of premium sports and news events – who broadcast the FIFA World Cup to audiences throughout North America, Latin America, Europe and Asia in Ultra HD and HD via SES satellites.

Ultra HD’s image quality improvement continues apace, led by TV set vendors and consumer preference, while broadcasters and TV platforms continue to assess the technical aspects before adopting Ultra HD broadcasts. With screen prices further declining, Ultra HD is on its way to becoming a key element in tomorrow’s TV offering and consumer behaviour.

TELECOM AND ENTERPRISE

Demand for connectivity in the data and voice market continues to rise as customers demand full connectivity – anytime, anywhere.

The Telecom and Enterprise segment aggregates several individual satellite markets that include VSAT network services, IP trunking services, mobile backhaul services as well as other point-to-point services such as banking and retail networks. These markets are considered fixed services since satellite typically serves fixed head-ends and installations that redistribute signals into mobile networks.

In the Telecom sector, strong growth was evident in data consumption on mobile devices, with a 60% growth in data traffic from Q2 2013 to Q2 2014¹⁰. Mobile or smartphone data traffic is expected to deliver a CAGR of 45% in the period 2014-2019, resulting in a six-fold increase by the end of 2019. Mobile data traffic will grow considerably faster than fixed data traffic over the forecast period (fixed data: CAGR of about 25% over the same period). The main drivers for mobile data traffic growth are the rising number of smartphone subscriptions and the increasing consumption of average data users per subscription, with video the largest and fastest growing mobile data traffic segment.¹¹

All regions show continued growth in mobile subscriptions. In Asia Pacific, this is driven by new subscribers. In more mature markets, such as North America and Western Europe, the growth comes from the increasing number of subscriptions per person – for example, many have recently added a tablet to their device setup.

The VSAT segment of the business continues to grow steadily. In 2014, the number of VSAT terminals in operation worldwide increased by 5% to over 2.1 million terminals in service. This reflected a sustained connectivity demand in the emerging markets, with Sub Saharan Africa, South Asia, CIS and Central Asia each accounting for growth rates exceeding 10% in 2014¹².

MOBILITY MARKET

In the commercial mobility market, voice and data services are being delivered to maritime for both vessels and offshore platforms, aeronautical, and land mobile applications.

The in-flight connectivity market has grown strongly in the past few years. Almost 900 commercial airliners and 900 business aircraft were equipped with antennas in 2014¹³. With a forecast CAGR of 19% over the next five years, the number of commercial aircraft providing connectivity is expected to reach 8,000 in 2018 and to increase to 13,000 in 2022 (a CAGR of 15% over the 10-year period). North America is currently the biggest market in terms of aircraft fleet, traffic and aircraft equipped with in-flight connectivity systems and it will remain the leading region, accounting for 61% of the global market through the 10-year period.

Starting in Northern Europe and quickly spreading worldwide, the maritime VSAT business has shown strong growth over the last few years. The number of VSAT maritime terminals has increased significantly, from fewer than 6,000 active terminals in 2005 to approximately 12,400 in 2014. The major growth driver is the Ku-band VSAT, which represented approximately 75% of maritime VSAT in 2014¹⁴. The demand is led by vessels, such as offshore rigs, tankers, oil & gas survey vessels, being fitted with new operational tools. With these tools, real-time monitoring, remote engine diagnostics, maintenance, and route planning, among others, are fuelling huge capacity growth. Crew communications and demands for connectivity by passengers on board merchant ships, cruise ships and superyachts are also stimulating growth for capacity.

The global Machine-to-Machine (M2M) market via satellite is currently growing quickly and is expected to reach around four million units by 2018. This growth is due mainly to the transportation, cargo, government, oil & gas, constructions and utilities sectors. Whereas some of the growth for satellite is threatened by terrestrial solutions, transportation, cargo and government are expected to provide most of the revenue over the next ten years, with North America the leading region followed by Europe and Latin America¹⁵.

GOVERNMENT AND INSTITUTIONAL

FSS operators are experiencing slower growth in government and military revenues due to the U.S. budget reduction, troop withdrawals in Afghanistan, and increasing utilisation of capacity from proprietary systems. Satellite communications, however, still remain a key component of government and military architectures, due to their strategic importance in supporting worldwide operations.

INNOVATION

The changing demands of the satellite industry have seen the arrival of high throughput satellites in recent years as businesses seek lower cost per bits to remain competitive. The fully operational O3b constellation – the world’s first MEO satellites – is leading the way for innovation with its low latency and massive throughput while SES-12, SES’s first hybrid satellite, consisting of classical wide beams and a high throughput payload, is set to complement and support growth in the video and data market segments. The combination of SES’s GEO wide-beam and GEO-HTS satellites with O3b’s MEO satellites is a unique offer that opens new horizons and creates innovative market opportunities and significant business potential that will attract new groups of customers.

The launch market continues to be highly innovative as SpaceX maintains its track record of launching GEO satellites successfully into orbit for a much lower cost. This new competition was also matched by the development of Ariane 6 by the European space industry and the ESA member states and will contribute to secure the industry’s access to space.

Satellite technology and innovation is a natural partnership, also seen in the development of applications that bring direct social and cultural benefits to people and communities as well as those designed to address consumer demands and market trends. Satellites are critical for the early establishment of disaster relief systems. emergency.lu, created by the Luxembourg Government and SES, is a tried and tested emergency communication system designed to connect and improve the first responses immediately following humanitarian or natural disasters. Luxembourg and SES have also developed SATMED, a satellite-based e-health and e-learning platform that will provide much needed connectivity to health professionals, social and community workers and education institutions in developing countries.

1 Euroconsult
2 Satelliteonthenet.co.uk
3 SES Internal Analysis
4 Dataxis – Satellite Pay-TV and Pre paid TV subs
5 Dataxis
6 Dataxis
7 Dataxis

8 Lyngsat, SES analysis
9 Euroconsult
10 Ericsson report
11 Ericsson report
12 Euroconsult
13 Euroconsult: Prospects for in-flight entertainment and connectivity

14 Euroconsult: Maritime Telecom Solutions by Satellite
15 NSR

INNOVATION



SES & ESA

Partners in space and on earth



SES is committed to support and drive innovation and development in satellite technology and applications and with the European Space Agency (ESA) as a trusted institutional partner, has forged a strong and sustainable cooperation to create a commercially competitive satellite platform in Europe.

2014 was an eventful year for SES. Luxembourg continued its co-chairmanship of the ESA (that started in November 2012), and the ESA-ARTES conference took place against the busy backdrop of close consultation between ESA and SES over several months working on the development of the next generation launcher in the Airbus program, Ariane 6.

ELECTRA

In 2014, SES continued its public-private partnership with ESA as part of the ELECTRA programme, which aims to develop an innovative small and medium-sized, fully electric platform, manufactured in Europe. SES is the prime contractor to ESA for the first phase of the programme and is working with OHB System AG of Bremen as a subcontractor for the corresponding manufacturing design of the platform.

The ELECTRA project aims to develop an innovative geostationary satellite platform that utilises electric propulsion instead of conventional chemical propulsion for the transfer into geostationary orbit as well as on orbit station keeping. Satellite platform can thus take advantage of smaller launch vehicles or dual launch capabilities, while carrying payload capabilities equivalent to current mid-sized satellites in terms of power consumption and number of active transponders.

AIRCRAFT TRACKING FROM SPACE

SES TechCom also continued its work in 2014 with the German aerospace centre DLR on automatic dependant surveillance broadcast (ADS-B). SES TechCom developed and implemented the ground data processing centre which retrieves, processes, analyses and stores all ADS-B data received from ESA's experimental Proba V satellite. On-orbit ADS-B instruments with the potential for worldwide coverage can detect and track aircraft, especially in areas not covered by ground-based radar, such as oceans or polar regions. Aircraft fitted with ADS-B broadcast their position, altitude, velocity and other measurements on an automatic basis every second or so. With ADS-B transmissions, aircraft remain continuously visible not only to ground controllers but also to other suitably equipped planes. The project aims at improving air traffic safety on a global scale.

- **SES & ESA – Partners in space and on earth**
- O3b – Innovation in satellite communications
- Spacecraft Operations Centres
 - SOC: Expanding to better innovate

REDU SPACE SERVICES (RSS)

Redu Space Services (RSS) is a Belgian company operating since 2007 on behalf of ESA at its ground station in Redu, Belgium. RSS is a joint venture between SES TechCom and Verhaert Space. It is responsible for the full end-to-end operations and maintenance of the station, as well as for the development of the commercial and institutional business that leverages the station's assets and resources. For this purpose, SES and Verhaert Space founded the joint Belgian company, RSS.

In April 2014, SES and QinetiQ, partners in the ESA-Redu Space Centre, announced the signing of a Memorandum of Understanding (MoU) ensuring the long-term and sustained development of the ESA ground facility in Redu, Belgium.

The agreement confirms the ESA Centre as the ideal site to host space-based activities, services and applications, with a high level of security for the benefit of ESA and its partners, as well as acting as a centre of excellence, able to welcome and cater to engineers, scientists and students. Acknowledging the strategic importance of the Redu Centre, the Parties to the MoU have identified potential common areas of cooperation, with a view to further developing the Redu Centre and to contributing together to its mid- to long-term sustainable development.

ESA and RSS furthermore signed a Letter of Intent (LOI) on the extension of the contractual relationship between ESA and RSS for a further five years. RSS was appointed by ESA to perform the maintenance and operations of the Redu Space Centre for ten years until 2017.

LASER COMMUNICATIONS PROJECTS

In cooperation with the University of Luxembourg's Interdisciplinary Centre for Security, Reliability and Trust (SnT) department and supported by ESA, SES is conducting research on optical links to geostationary satellites.

To acquire early practical experience with satellite laser links, SES TechCom is also collaborating with RUAG Space Switzerland on the development of a ground segment for the reception of large volumes of data from Low Earth Orbit satellites.

SES TechCom is actively involved in several laser communications projects, thus preparing the ground for very high data rate (Terabit/s) capacity satellites that will be launched from 2020.

SES is also a member of the CCSDS SLS-OPT working group that deals with standardisation in the area of optical satellite communications.

O3b – Innovation in satellite communications

On 18 December 2014, an Arianespace Soyuz rocket carrying four O3b satellites roared skyward and successfully delivered the latest additions to the ground breaking O3b constellation. This was the second successful launch in 2014 for O3b Networks, a company whose mission is to provide the “Other 3 Billion” people in emerging countries access to affordable high performance broadband. Operating in a unique medium Earth orbit (MEO), the constellation of 12 satellites combines the throughput and low latency of a fibre connection with the global coverage that only satellites can bring. The O3b constellation is now fully operational and is highly scalable, with the potential to grow to more than 100 satellites.

FIBRE IN THE SKY ...

While the developed world enjoys fibre coverage, in the emerging markets and in remote locations, satellite has been the technology of choice to provide data and voice communications quickly and reliably. The world is becoming increasingly configured around the Internet, IP and the applications that ride on core IP infrastructure and many of these applications (such as interactive cloud based services, ERP systems, web based clients) are sensitive to the roundtrip delay or latency imposed by traditional satellites. Orbiting at just 8,000 km above the earth and using small high frequency beams, O3b is able to provide the higher throughput and lower latency that supports modern business and consumer applications.

O3b began full commercial operations in September 2014 and the response from the first fourteen customers who began service before the end of the year was resoundingly positive, the first seven of whom have already increased their commitment with O3b.

Telecom Cook Islands was the first customer to go live on the O3b system. The Cook Islands is one of the most remote Pacific islands. Closing a business case for undersea fibre was impossible, while traditional satellite services were not offering the right technical profile and business case. Connecting with O3b has allowed Telecom Cook Islands to launch full 3G mobile data services and has revolutionized connectivity between the Islands and the rest of the world.

... AND ON THE SEA

During 2014, Royal Caribbean Cruise Lines (RCCL) deployed O3b to its three largest cruise ships in a partnership that has electrified the cruise industry. Royal Caribbean’s first “smartship”, Quantum of the Seas, now enjoys more bandwidth than all other cruise ships in the world. RCCL has used the high throughput low latency connection to the O3b fleet to provide digital experiences that were unheard of on a cruise ship, where guests enjoy streaming video, social networking and video chats and even online gaming from the ship. For the first time, RCCL can provide young affluent guests and business conferences the high speed broadband they would expect in any modern hotel.

O3B MAKES THE DEVELOPMENT DIFFERENCE

O3b is transforming the connectivity landscape to some of the most isolated populations of the world. From Kinshasa in the Democratic Republic of Congo to Leticia in the middle of the Colombian Amazon. From Juba in the world’s newest country of South Sudan to the island of East Timor, O3b is providing the connectivity that is fueling economic and social development.

In American Samoa, new O3b capacity improves network speeds and network reliability, and provides back-up, should the existing submarine fibre optic system fail.

The Malaysian government is aiming to close the digital divide between rural and urban Malaysia by offering cost effective mobile voice and broadband data service to rural areas in partnership with an O3b customer, Maja Nusa.

In Democratic Republic of Congo, O3b is providing hundreds of megabits-per-second (Mbps) to the local carrier Raga Telecom who in turn is serving Mobile Network Operators (MNOs) with core services in Kinshasa. Mobile networks with millions of subscribers are now reliant on O3b backbone services.

And finally, O3b is providing backbone services to its customer Digicel Pacific, the largest operator in the Pacific region, in Samoa, Nauru and most significantly Papua New Guinea (PNG). A population of 10 million people in PNG now has access to fibre like speeds over the O3b system, evidenced by the dramatic growth in communications traffic flowing on and off the island. The discovery of new horizons in satellite communications has begun.



Spacecraft Operations Centres (SOC's)

Expanding to better innovate

On 28 July 2014, Karim Michel Sabbagh, President & CEO, and Martin Halliwell, CTO, attended the official inauguration of the new Princeton satellite operations centre (SOC).

SES controls nearly half of its growing fleet from the new SOC at its commercial sales and satellite engineering office in Princeton, New Jersey.

A team of highly-skilled satellite controllers provides 24/7 monitoring and management of 23 SES satellites, as they deliver services ranging from high quality broadcast television channels to high-speed broadband to millions of people on land, in the air, and at sea throughout North America and around the world.

The bulk of the current SES fleet of more than 50 spacecraft is managed by controllers stationed at SES's headquarters in Luxembourg, in Princeton and in Gibraltar. All three satellite operations centres are fully integrated, enabling each facility and control team to provide real-time services delivery and backup support across the SES fleet.

The Princeton-based SOC features the latest control technologies and capabilities that allow SES to meet ever-evolving customer demands and an ever-changing satellite fleet for decades to come. Whether it's electric propulsion satellites or an expanding fleet of more than 100 satellites, SES has the expertise and the advanced satellite control stations to deliver on the future.

Princeton has long been an important hub for SES satellite engineering expertise and SES's customer account teams. These critical groups can now collaborate more closely with controllers located nearby, to further ensure optimal operations, customer success and satisfaction.

Customer success and team collaboration were major drivers behind the migration of this mission-critical satellite operations centre to Princeton.

Located in the heart of the building, the new SOC facility occupies some 2000 square feet (185 square metres), and accommodates a team of 12 controllers.

Part of the team moved over from our Vernon Valley and Woodbine locations to join the team in the new SOC.

Next to the SOC, two MAT (Mission Anomaly Training rooms) have been created. These will be used during satellite missions and possible anomalies, as well as for training purposes.

LUXEMBOURG SOC

In 2014 in Betzdorf, all Ground Control Systems were moved over to the antenna technical facility (ATF), in order to fully decommission the satellite control facility (SCF). Current planning is to finalise this part of the project by Q2/2015.

Nearly 60 employees and 30 SOC shift workers were moved into the new building during November 2014. All of them are now working on one floor, enabling instant coordination and effective collaboration of these business-critical operations teams.

The building hosting SES's satellite operations displays state-of-the-art features such as a highest level of redundancy for infrastructure as well as power, cooling, network, security and computer systems. A significantly increased level of network security, a first ever "in-service maintainability" for both building and IT infrastructure, allowing for maintenance during operations without the need to transfer satellite operations to other SES Operations Centres, as well as a bespoke "enclave design" to ensure network security.



APPLICATIONS



From emergency.lu to SATMED

Terrestrial and cellular networks are highly vulnerable to catastrophic events.

Hurricanes, earthquakes, floods and fires can damage ground infrastructures within minutes, yet in crisis secure and effective communications are the priority needs.

Our communications systems enable, extend and improve the management of humanitarian aid and emergency responses by:

- connecting people quickly and effectively
- allowing authorities and agencies to coordinate their work
- providing faster and more efficient relief in disaster situations worldwide
- reaching geographically difficult or inaccessible areas.

EMERGENCY.LU - ESTABLISHING COMMUNICATIONS IN EMERGENCY SITUATIONS

When disaster strikes, humanitarian aid organisations play a pivotal role in relief efforts. Communicating with affected populations is one of the many challenges these groups face during a response operation.

The emergency.lu platform, which can be used without delay by the experts and rescuers arriving on site, provides a set of services to fill the communication gap in the first hours and days after a large-scale disaster.

emergency.lu is a highly flexible and quickly deployable emergency communication system designed to support first responders during the initial hours of operation in situations of humanitarian or natural disasters.

The emergency.lu solution consists of satellite infrastructure and capacity, communication and coordination services and satellite ground terminals, as well as transportation of equipment to disaster areas all over the world.

emergency.lu is run by the Luxembourg Foreign Affairs Ministry together with HITEC Luxembourg S.A., SES TechCom S.A. and Luxembourg Air Rescue. The joint undertaking was first rolled out in 2012, offering an emergency communication system deployed in disaster or humanitarian crisis areas as a means to help coordinate rescue efforts by keeping communication avenues open.

The service is powered by SES satellite capacity and can be deployed within 24 hours practically anywhere on the planet, thus dramatically reducing the deployment time of traditional systems. emergency.lu provides email, voice-over IP, mapping, file sharing and other types of connectivity that are required by aid organisations early on in a disaster response. It greatly enhances the efficiency of first responders and contributes to saving lives.

In December 2014, Romain Schneider, Luxembourg's Minister for Development Cooperation and Humanitarian Aid, signed the prolongation contract of emergency.lu with its partners HITEC Luxembourg, SES TechCom and Luxembourg Air Rescue. A new contract with the transport company Schenker Luxembourg was signed on the same occasion.

Given the growing needs for telecommunication services in humanitarian crises around the world and the success of the first phase of the contract, the project has been extended for six years, until the end of 2020.

In October 2014, emergency.lu was awarded the "Changing Lives Award". The award highlights and recognises an inspiring initiative that has significantly impacted telecommunications in a community, assisting in alleviating hardship and contributing to subsequent economic and social development.

EMERGENCY.LU DEPLOYMENTS SINCE 2012

Since its launch, the infrastructure project has been deployed many times, and was used, for example, in South Sudan, Mali, Venezuela, Nepal, the Philippines and, more recently, West Africa.

B-LiFE - BIOLOGICAL LIGHT FIELDABLE LABORATORY FOR EMERGENCIES

Since 23 December 2014, an emergency.lu rapid deployment kit has been offering connectivity to the B-LiFE laboratory set up by a Belgian B-FAST team in N'zerekore, Guinea. B-LiFE operates on the emergency.lu and SATMED communication platform with SES satellite capacity, funded by the Luxembourg government. B-LiFE can be deployed quickly to perform fast diagnostic tests of patients. Once installed in a crisis zone, the B-LiFE laboratory uses genetic analysis techniques to precisely identify the presence of life-threatening, biological agents that are causing a disease. The effectiveness of the response provided by the laboratory depends on the real-time communication provided by satellite.

- From emergency.lu to SATMED
- HD+ Delivering a brilliant idea



1



2



3



4



5



6

- 1 Baikonur: ASTRA2G on Proton rocket
- 2 South Sudan deployment: Since January 2012
- 3 Nepal deployment: Since October 2012
- 4 Venezuela deployment: Since November 2012
- 5 The Philippines deployment: December 2013-May 2014
- 6 Region affected by Ebola: Since November 2014

This B-LIFE/B-FAST mission has been deployed to support an Ebola treatment centre installed in N’Zerekore by the French Non-Government Organization ALIMA. The EU Copernicus Emergency Management Service has been activated to provide satellite images for epidemiological data mapping. The European Commission (DG ECHO) and its Emergency Response Coordination Centre (ERCC) are also providing their support.

SATMED - IMPROVING E-HEALTH ACCESS, SIMPLIFYING E-HEALTH USE

“With SATMED, we leverage our connectivity knowledge and our satellites’ capacity to connect even the remotest areas, enabling a real time exchange between medical teams and participants of governmental, institutional, scientific and humanitarian projects worldwide,” Gerhard Betscheider, Managing Director of SES TechCom.

Another example of how Luxembourg and SES are working in a joint humanitarian effort is SATMED – a satellite-enhanced, cloud-computer-based telemedicine platform.

The SATMED project is directly linked to the emergency.lu project and based largely on the same equipment, the same technology and the same connectivity.

SATMED is an e-health platform conceived by SES TechCom and supported by the Luxembourg Government and the Directorate for Development Cooperation and Humanitarian Action.

The SATMED telemedicine platform aims to improve access to e-health and simplify its use. SATMED will provide a range of e-health services at different levels: satellite connectivity for remote areas with no internet connectivity, e-health and m-health tools developed with the support of doctors, and tools developed by international communities for providing universal access to e-care, e-learning, e-health administration, and e-health financing. SATMED will also provide access to cloud services for secure data storage, exchange, and data backup.

SES is developing SATMED in close cooperation with several Non-Governmental Organisations (NGOs), namely Friendship in Bangladesh, German Doctors, Médecins Sans Frontières, Archemed, and Fondation Follerau Luxembourg. During a pilot phase, the complete system, incorporating satellite terminal equipment and software platforms, will be deployed to partner organisations, including NGOs, hospitals, medical universities, and other healthcare providers active in resource-poor areas. Up to 15 satellite terminals will be installed in project locations in Bangladesh, Benin, Eritrea, Guinea, the Philippines, and Sierra Leone. Partner organisations will use SATMED to improve access to medical care, reinforce their medical training programmes, make health management more effective and quality assured, and/or upgrade their collection, management, and visualisation of data.

SATMED aims to improve public health in developing and emerging countries, above all in isolated areas without local connectivity, in three ways:

- SATMED will provide modern communication tools adapted to medical education and training to facilitate communication between doctors in developing and emerging countries and their colleagues in developed countries and, by virtue of this, the distribution of medical knowledge.
- SATMED will supply IT infrastructure services throughout the world, including in more isolated areas. Cloud computing will enable patients’ medical data to be exchanged between professionals.
- SATMED will be a multilevel platform capable of integrating various tele-health tools. One of the project’s priorities will be to create an architecture enabling the various existing tools in the sector to communicate with each other.

SATMED is intended for two major user groups. Firstly, users who are part of the global humanitarian community: NGOs, governmental organisations and their health programmes, medical universities and academic hospitals. Secondly, national stakeholders of the health care system in emerging or developing countries, national governmental health care authorities, and private stakeholders of the health care systems such as clinics, hospitals, and hospital chains.

SATMED is planned to have a pilot phase of 18 months. In September 2014, SATMED joined the Clinton Global Initiative (CGI) and announced its Commitment to Action to CGI in the form of SATMED at the CGI Annual Meeting, held in New York City in September 2014.

HD+ Delivering a brilliant idea

In 2014 SES's high definition transmission platform HD+ continued its success and celebrated its fifth year of commercial operation.

HD+ grew its customer base to over 1.65 million paying customers in Germany and now delivers channels to a total audience of more than 3.0 million households, including the 1.4 million enjoying the free six-month introductory period.

The HD+ open platform brings attractive Free TV services in high definition to the market and offers a package of high definition TV channels (HD TV), providing an HD broadcast platform for 20 of the leading private broadcasters in Germany. In addition, HD+ users can receive over 30 other free-to-air channels in brilliant HD-quality.

In December 2012, HD+ launched the first ancillary product integrating linear and non-linear feeds.

HD+ RePlay allows viewers to call up shows from the media libraries of private broadcasters on their televisions – independent of programme schedules and in TV quality.

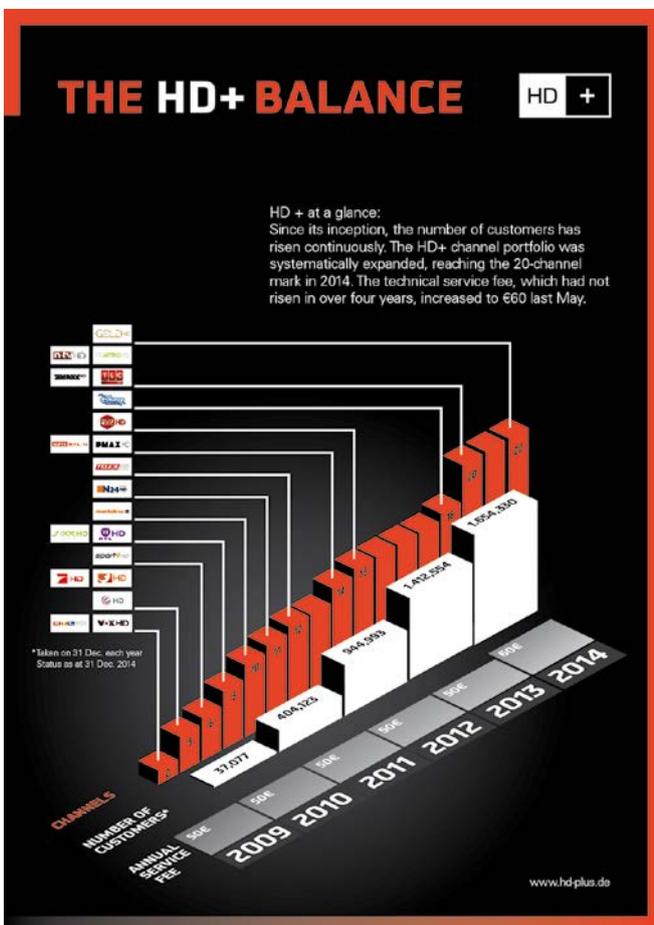
To use HD+ RePlay, viewers require an HD+ Smart TV set-top box with an internet connection.

Since 2014, HD+ RePlay is also available directly as an application on selected LG Electronics Smart-TV sets.

SES Platform Services is responsible for the technical management of the HD+ services and devices and also plays a central role in the operation of the HD+ RePlay service, taking care of technical specifications and encryption. In addition essential parts of the front end of the application have been developed by SES.

In 2014, SES Platform Services, was contracted by Sky Deutschland to manage the technical operations of its Sky Online service.

The market reach study "TV Monitor", conducted annually by SES, showed that the number of HD satellite households in Germany exceeded for the first time the ten million mark. A further 6.6 million households watch HD via cable and one million via IPTV. The number of HD households therefore totaled 17.6 million, about 24 percent more than a year before (14.2 million). The total number of TV households in Germany reached 38 million. Reaching 18.2 million households, satellite remains the most important broadcast distribution infrastructure.



CORPORATE SOCIAL RESPONSIBILITY







SES is committed to bringing the world closer together through the power of satellites – to open new horizons in consumer choice, to participate fully in a knowledge economy and to connect everyone on the planet.

Together with our employees and suppliers, we believe in sustainable development as an essential prerequisite for market strength, reputational excellence and economic success.

SES energetically and purposefully engages in corporate social responsibility activities (CSR) to these ends throughout the world.

STUDENT SCHOLARSHIPS AND EDUCATION PARTNERSHIP PROGRAMMES

We have a responsibility to contribute to the development of communications-based societies and knowledge-based economies.

We invest in education wherever we can make a difference. In 2014, we continued our multi-year partnership with the University of Luxembourg by supporting the university's efforts to develop a centre of excellence and innovation for advanced information and communications technology in satellite systems, and by financing a chair in satellite, telecommunications and media law.

SES also continued to finance and support student scholarships with the International Space University (ISU) in Strasbourg, as well as the educational projects of the Society of Satellite Professionals

International (SSPI), a non-profit organisation focusing on the skills and career development of satellite industry professionals worldwide.

ENVIRONMENTAL SUSTAINABILITY PROGRAMMES – CARBON FOOTPRINT

Our high-tech activities have a very light environmental impact, as satellite offers the most carbon-friendly solution available for broadcasting TV channels. We remain committed to leaving as light a footprint as possible on the ecosystem and to limiting the environmental impact of our activities even further.

In 2013 (the latest available figures), the company's activities related to operating and commercializing SES's satellite fleet, as well as general administration, finance and marketing, approximated 38,768 tonnes of CO₂e worldwide. This represents an increase of 16% compared to 2012, as for the first time we include emissions due to business travel and staff commuting on a world wide basis.

SOCIAL AND CULTURAL INITIATIVES

SES also supports a variety of social and cultural initiatives in the communities in which the company operates. In a multi-year plan, SES donates bandwidth to the International Polar Foundation and thus enables communication between the Foundation's Princess Elisabeth research station in Antarctica and the organisation's headquarters.

- Student scholarships and education partnership programmes
- Environmental sustainability programmes – carbon footprint
- Social and cultural initiatives
- Fight Ebola
- ELEVATE

SES is also a regular supporter of the Institut St. Joseph in Betzdorf, Luxembourg, a home for mentally handicapped persons, and our contribution pays primarily for therapy programmes for disabled people.

SES strives also to enrich the cultural life of its home country through targeted sponsorship programmes. In 2014, SES sponsored the exhibition “damage control” at the Mudam (Musée d’Art Moderne Grand-Duc Jean) in Luxembourg.

FIGHT EBOLA

SES is helping fight the spread of Ebola across West Africa with an Ebola focused education channel for Guinea, Liberia and Sierra Leone. Fight Ebola is available to all satellite TV viewers via ASTRA 2F at 28.2°E and SES-5 at 5°E. To find out more visit www.fightebola.tv.

ELEVATE – THE SES SATELLITE TRAINING, QUALITY ASSURANCE, AND ACCREDITATION PROGRAMME FOR INSTALLERS ACROSS THE AFRICAN CONTINENT

In Africa, only one third of the approximate total of 240 million homes have a TV set and only about 10% of those homes have access to digital TV. This number is expected to grow significantly in the coming years as younger consumers demand more channels, more technology and more digital connectivity. SES is working with African broadcasters and manufacturers to maximise television take-up via satellite and grow local audiences, which increases the need for a large network of trained and accredited installers to provide local support.

The SES ELEVATE Installer Training programme was born out of a need to complement satellite and digital television roll-out on the African continent with quality installations. So far the team has travelled to and trained in the Democratic Republic of Congo, Cameroon, Ghana, Nigeria, Senegal, Côte d’Ivoire, Uganda, Kenya and Tanzania and has held close to 4,000 training sessions. The growing number of ELEVATE-trained installers and trainers benefits local business growth across the digital broadcasting environment.

In East Africa, ELEVATE has helped establish and grow the installer community for Zuku TV, the Wananchi Group’s digital Pay-TV platform in the region.

TNT SAT Africa rolls out ELEVATE on a nationwide level. The SES ELEVATE training programme, in partnership with SES customer TNTSat Africa, the newly launched Free-to-View video platform in West Africa, is currently training thousands of satellite installers across Mali and neighbouring French speaking countries. This regional skills initiative supports SES and TNTSat Africa’s digitalisation goal for West Africa.

In partnership with SES customer Platco, SES ELEVATE has trained 100 OpenView HD (OV HD) Super Installers in South Africa. These Super Installers are now equipped to train other installers as the national demand for OV HD increases, and create much-needed jobs in the country. The SES ELEVATE programme, which includes recruitment, training, communication, monitoring and incentivising installers, is designed to increase the number of installers, as well as to demonstrate our engagement and support for our customers across the African continent and the rest of the globe.

Each training day of the programme is divided into two sessions. The first session is dedicated to providing the installers with general information about SES and introducing them to the TV product offering. The session focuses on the technical aspects of dishes and satellite transmission, including practical training with the participation of the installers and a dish installation demonstration.

At the end of the day, the installers receive their official SES and the respective customer Installer Accreditation Certificate and ID badge. Each installer certificate and badge has a unique reference number, for measurement and tracking of installer performance. This will allow for an on-going communication with customers as well as for the quality monitoring of their installations, an essential requirement for continuing accreditation.

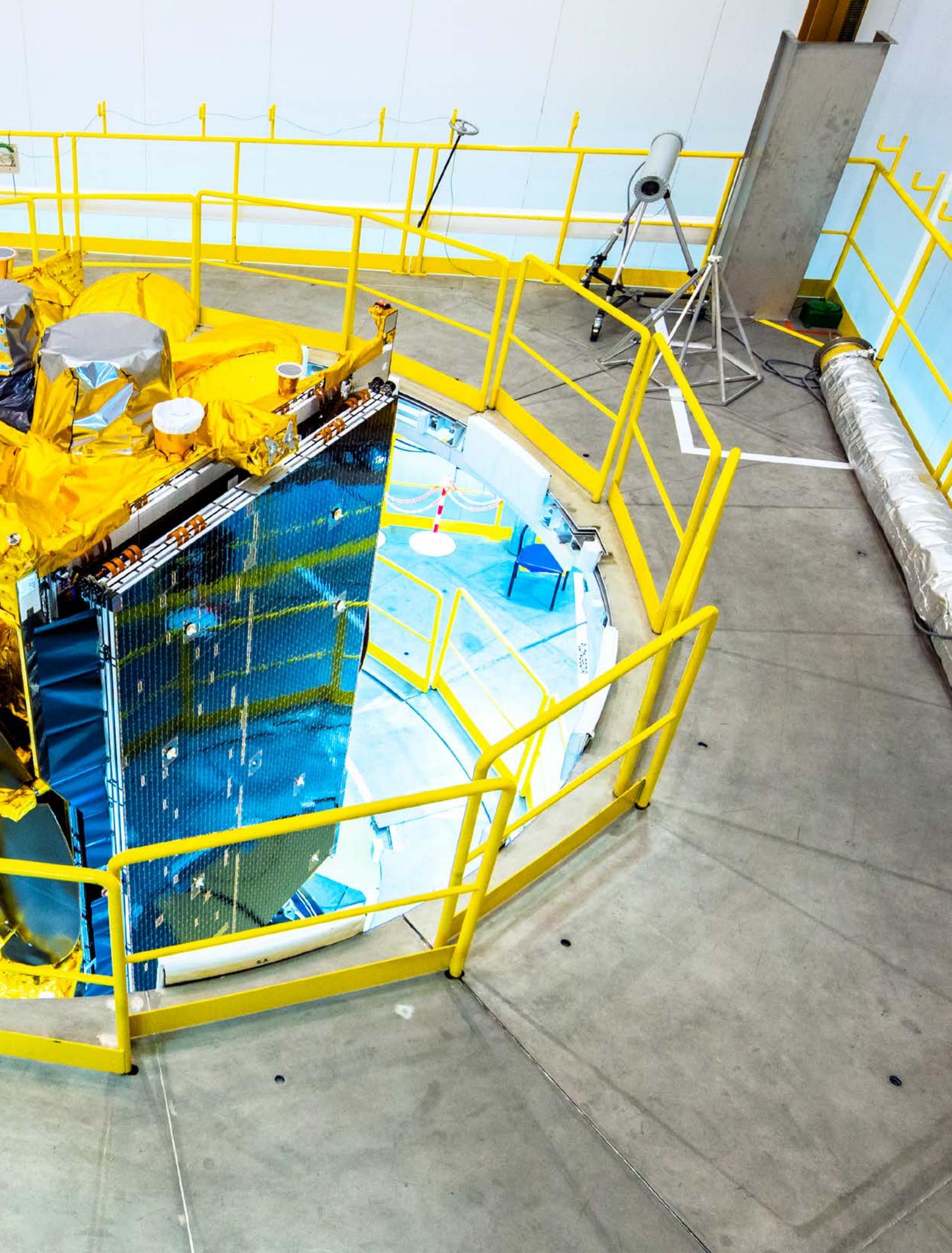
An SES ELEVATE certificate provides the opportunity for certified installers to generate more income, as well as to develop more skills, learn new techniques, and improve the overall quality of satellite installations.

ELEVATE distinguishes SES from other satellite operators: It demonstrates commitment, engagement and support towards our broadcast customers across the African continent.

CORPORATE GOVERNANCE



SURCHARGE AUTORISEE
STATIQUE
500 daN/m² sur 9 m²
250 daN/m² sur 18 m²
sur tiroir 250 daN/m²
DYNAMIQUE
250 daN/m² sur
125 daN/m² sur



SES shareholders¹

SES Shareholders ¹	Number of shares	% Voting shareholding	% Economic participation
A Shares			
Sofina Group	14,206,104	2.81 %	3.51 %
Nouvelle Santander Telecommunications S.A.	8,000,000	1.58 %	1.97 %
Luxempart Invest S.à.r.l.	7,638,264	1.51 %	1.89 %
Other shareholders	4,876,408	0.96 %	1.20 %
BCEE FDRs (free float)	302,879,224	59.81 %	74.76 %
Total A Shares	337,600,000	66.67 %³	83.33 %³
B Shares			
BCEE	55,089,816	10.88 %	5.44 %
SNCI	55,082,944	10.88 %	5.44 %
Etat du Grand-Duché de Luxembourg	58,627,240	11.58 %	5.79 %
Total B Shares²	168,800,000	33.33 %³	16.67 %
Total Shares (Actual)	506,400,000		
Total Shares (Economic)	405,120,000		

¹ Significant shareholdings as of 6 February 2015.

² Shares of Class B carry 40% of the economic rights of shares of Class A.

³ All figures have been rounded up to the second decimal, which may result in a rounding difference of the total percentage for Class A and B shares.

Chairman's report on corporate governance and internal 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 applied by companies listed in Paris, where the majority of the trading in SES FDRs takes place. In the instance of conflicting compliance requirements, for example with regard to the publication of the individual remuneration of the members of its Executive Committee and its Board members, SES follows the rules of its home market by reporting the aggregate amount of the direct and indirect 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).

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, be it the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) or 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 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. Following the completion of the acquisition of GE Americom 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 by such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided by the Chairman of the Board or, in case of 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 at least 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: Class A and Class 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 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. In accordance with the company's articles of incorporation, no shareholder of Class A may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless it has obtained prior approval from the meeting of the shareholders. Such limit is calculated by taking into account the shares of all classes held by a shareholder of Class A.

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, 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 the demanding party to acquire more than 20%, 33% or 50% of the shares.

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'Épargne de l'État acting as fiduciary. Each FDR will represent one Class A share. If a holder of FDRs wishes to attend the annual general meeting of shareholders in person, that shareholder needs 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.

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

With the exception of the procedure described above, 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 3 April 2014 was attended by 99.918% of the company's shareholders. As the 532,510 FDRs held by the company did not participate in the vote, the participation in the vote was reduced to 99.813% of the company's shares.

During the 2014 annual general meeting, the shareholders approved the 2013 financial results and the allocation of the 2013 profits, granted discharge to the external auditor and the directors, re-elected PwC as the company's external auditor for another year and granted an authorisation to SES to buy back its own shares. The shareholders also approved the directors' fees, which remained

unchanged in comparison to 2013. Finally, shareholders elected six Directors for a term of three years with a minimum majority of 95.905% of the votes expressed. Five of the Directors saw their mandate renewed, whereas Ramu Potarazu was elected for a first mandate of three years.

All of the Board's other proposals were carried by a majority of at least 97.258% of the votes expressed. 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.

COMPOSITION

The Board of SES is composed of 18 directors, all of them non-executive directors. In accordance with the company's articles of association, two thirds of the Board members represent holders of Class A shares and one third of the Board members represent holders of Class B shares. The mandates of the current directors will expire at the annual general meeting of shareholders in April, 2015, 2016 and 2017, respectively. Mr René Steichen was the Chairman of the Board of Directors until his retirement on 31 December 2014, having reached the age limit fixed in the company's internal regulations. He was elected by the members of the Board in the meeting which followed the annual general meeting on 3 April 2014. From 1 January 2015, Mr Romain Bausch, President and CEO until 3 April 2014 took over as Chairman of the Board of Directors. Mr Romain Bausch is currently assisted by two Vice Chairmen, Messrs François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by directors representing shareholders of Class A and of Class B shares, respectively.

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 its meeting of 4 December 2014, the

Board co-opted Mrs Katrin Wehr-Seiter and Anne-Catherine Ries, effective 1 January 2015, to complete the mandates of Mrs Miriam Meckel, who resigned effective 30 June 2014, and Mr René Steichen respectively.

In accordance with internal regulations, at least one third of the Board members must be independent directors. A Board member is considered independent if he has no relationship of any kind with the company or management that may impact his judgment. This 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 in the previous three years and
- (iv) not representing a significant shareholder owning directly or indirectly more than 5% of the company's shares.

Nine of the current Board members are considered independent:

Mrs Bridget Cosgrave, Tsega Gebreyes and Katrin Wehr-Seiterl and Messrs Marc Beuls, Marcus Bicknell, Jacques Espinasse, Conny Kullman, Ramu Potarazu and Marc Speeckaert.

Of the nine directors who are not considered independent, six represent a significant shareholder owning more than 5% of the company's shares, two have been a director for more than 12 years and one director 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 FUNCTIONING

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 votes of the voting directors present or represented, not considering abstentions. 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 2013, there was one transaction between the company and a shareholder owning directly or indirectly at least 5% of the company's shares. In its 4 December 2014 meeting, the Board approved the procurement of GovSat, a satellite that will be used for commercial applications and will be procured by a special purpose vehicle, jointly-owned by SES and the Luxembourg Government. The six directors, representing the B-shareholders, did not participate in the discussion or in the approval of the transaction.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2014

The Board of Directors held six meetings in 2014, with an average attendance rate of more than 99%. After endorsement by the Audit and Risk Committee, the Board approved the 2013 audited accounts, including the proposed dividend as well as the results for the first half of 2014. During the year, the Board approved the new strategic plan as well as a business plan for the period 2014-2020, which served as the basis for the 2015 budget approved by the Board in December. Prior to adopting the new strategic plan, the Board held dedicated workshops on next generation video and on next generation data.

During the year 2014, the Board approved various matters including: (i) terms of reference for Board members; (ii) procurement of several satellites; (iii) company's participation in the Brazilian spectrum bid; and (iv) increase in SES's participation in O3b on a fully diluted basis. Three Board members (François Tesch, Marc Speeckaert and Tsega Gebreyes) did not participate in the O3b discussion and in the vote of this topic, because they each represent a party that holds an investment in O3b.

During 2014, 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 4 April 2014. The 2014 programme was limited to the following three objectives:

- (i) to meet the company's obligations under its executive share ownership and stock option plans
- (ii) to operate under the framework of a liquidity contract signed with Rothschild and
- (iii) to use the shares for cancellation at an Extraordinary General Meeting, subject to Board approval.

Finally, the Board noted two updates 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 O3b. It noted an update on the company's financial framework and the Global Social Report. 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.

The Board unanimously awarded the title of Honorary Chairman to Mr René Steichen for his long-standing contribution to SES, when he retired from the Board at the end of 2014.

The Board will proceed with a self-evaluation exercise in 2015.



THE BOARD OF DIRECTORS AS OF DECEMBER 2014

From left to right:

Mr Romain Bausch, Mrs Tsega Gebreyes, Mr Marc Speeckaert,
Mr Hadelin de Liedekerke Beaufort, Mr Marcus Bicknell, Mr Marc Beuls,
Mr Conny Kullman, Ms Bridget Cosgrave, Mr Jean-Claude Finck,
Mr Victor Rod, Mr Ramu Potarazu, Mr Jean-Paul Zens, Mr Marc Colas,
Mr Jacques Espinasse

Seated:

Mr François Tesch, Mr René Steichen

Note:

Mr Serge Allegrezza was not present the day of the photo shooting

On 31 December 2014 the 17 members of the Board of Directors were:

MR RENÉ STEICHEN

Born on 27 November 1942. Mr Steichen retired as Chairman of the Board of Directors on 31 December 2014. He also served on the Board of Directors of SES ASTRA. He had been a Director since 1 June 1995 and Chairman since 15 April 1996. Prior to that time, he was a member of the Luxembourg government (1984–1993) and member of the European Commission (1993–1995). He is currently an attorney at law in Luxembourg. He is also the Chairman of the Board of Luxconnect S.A. Mr Steichen studied law and political science in Aix-en-Provence and Paris. He holds a doctorate in law and also earned the final degree in economics and finance from the Institut d'Etudes Politiques of Paris. Mr Steichen was the Chairman of the Board as well as of the company's Nomination and Remuneration Committees.

Mr Steichen is a Luxembourg national. He was not an independent Director, because he represented an important shareholder.

MR FRANÇOIS TESCH

Born on 16 January 1951. Mr Tesch became a Director on 15 April 1999. He is Chief Executive Officer 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). Mr Tesch is also Chairman of the Board of Foyer S.A. and of Financière de Tubize S.A., and Vice Chairman of the Board of SES 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

Born on 8 January 1953. Mr Zens became a Director on 7 May 2002, and was elected Vice Chairman on the same date. Mr Zens is also a member of the Board of Directors of SES ASTRA and Entreprise des Postes et Télécommunications, 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 a member of the Nomination Committee of SES.

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 1^{ère} 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 Entreprise des Postes et Télécommunications 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 Luxembourg national. He is not an independent Director, because he represents an important shareholder.

MR ROMAIN BAUSCH

Born on 3 July 1953. Mr Bausch has been President and CEO of SES from May 1995 to April 2014, following a career in the Luxembourg civil service (Ministry of Finance). Before joining SES as its chief executive, Mr Bausch occupied key positions in the banking, media and telecommunications sectors and spent a five-year term as a Director and Vice Chairman of SES. Mr Bausch was appointed to the Board of SES in April 2013 and he is Vice Chairman of the Board of Directors of O3b Networks and a Director of SES ASTRA. As of 1 January 2015, he succeeded René Steichen as Chairman of the Board of Directors of SES. Mr Bausch is also a member of the Boards of Directors of Aperam, BIP Investment Partners and Compagnie Financière La Luxembourgeoise, as well as the Chairman 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.

Mr Bausch is a Luxembourg national. He is not an independent Director, because of his recent employment relationship with SES.

MR MARC BEULS

Born on 15 September 1956. Mr Beuls became a Director on 7 April 2011. 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, currently UHasselt, holding a degree in economics with a major in finance. Mr Beuls is a member 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, is a member of the Development Board of the Royal Academy of Dramatic Art and is a Director of Inspire Young People. From 1986 to 1990 he was Commercial Director of Société Européenne des Satellites. Mr Bicknell holds an M.A. Honours Degree in physical anthropology from Cambridge University. Mr Bicknell is a member of the Remuneration Committee and of the Nomination Committee of SES.

Mr Bicknell is a British national. He is an independent Director.

MR MARC COLAS

Born on 13 May 1955. Mr Colas became a director on 21 February 2013. He was the general secretary of the Council of Ministers of the Luxembourg Government from 2004 to 2013, and he is presently Administrateur Général in the Presidency of the Government, in the Prime Minister's Office. Prior to that, he has held several positions in the Luxembourg civil service, in the Ministry of Finance, the Ministry for the Civil Service and Administrative Reform, the Ministry of Home Affairs and since 2004 in the Presidency of the Government, in the Prime Minister's Office. From 2001-2006, Mr Colas was a member of the Audit Committee of the European Investment Bank. He is also a member of the Board of Oeuvre Nationale de Secours Grand-Duchesse Charlotte. Mr Colas graduated with a master degree in law from the University of Strasbourg and holds a double Master of Business Administration (Finance and Marketing) from the Richard T. Farmer School of Business from the University of Oxford (Ohio). Mr Colas is a member of the Audit and Risk Committee of SES.

Mr Colas is a Luxembourg national. He is not an independent Director because he represents an important shareholder.

MS BRIDGET COSGRAVE

Born on 1 July 1961. Ms Cosgrave became a Director on 3 April 2008. She is President and Founder of EVERY EUROPEAN DIGITAL, a company deploying Internet of Things infrastructure focused on Poland, CEE and the Baltics. She is advisor and investor in UKKO VERKOT OY in Finland, and Board member at EUSKALTEL in Spain. Ms Cosgrave was with Belgacom S.A. from 2001-2007 as a member of the Executive Committee, where she was Executive Vice President of the Enterprise division, Chairman, President and founding CEO of BICS S.A., and Board Member of Belgacom Mobile (Proximus) and Telindus Group. She previously served as Director General of DIGITALEUROPE and Deputy Director General of ETSI. Ms Cosgrave holds an M.B.A. from London Business School and a B.A. (Hons.) in Economics & History from Queen's University in Canada. Ms Cosgrave is a member of the Audit and Risk Committee of SES.

Ms Cosgrave is a dual Irish and Canadian national. She 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.

MR JACQUES ESPINASSE

Born on 12 May 1943. Mr Espinasse became a Director on 6 May 2005. In May 2007, after five years of duty, he retired as a member of the Management Board and Chief Financial Officer of Vivendi. Mr Espinasse is the former Chief Operations Officer of TPS. He is a member of the Supervisory Boards of LBPAM, Axa Belgium and Hammerson Plc., and holds a B.B.A. and an M.B.A. from the University of Michigan. Mr Espinasse is a member of the Audit and Risk Committee and the Remuneration Committee of SES.

Mr Espinasse is a Belgian and French national. He is an independent Director.

MR JEAN-CLAUDE FINCK

Born on 22 January 1956. Mr Finck became a Director on 31 May 2001. Mr Finck is Chief Executive Officer of Banque et Caisse d'Épargne de l'État, a member of the Boards of Directors of Bourse de Luxembourg S.A., Luxair S.A., Cargolux S.A., La Luxembourgeoise S.A., La Luxembourgeoise Vie S.A., Paul Wurth S.A., and La Banque Postale Asset Management. Mr Finck graduated with a degree in economics from the University of Aix/Marseille. Mr Finck is a member of the Remuneration Committee and of the Audit and Risk Committee of SES.

Mr Finck is a Luxembourg national. He is not an independent Director, because he represents an important shareholder.

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 Hygeia Nigeria Limited, Ison Growth and Satya Capital Limited. 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.

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 a member of the Remuneration Committee and 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 U.S. national. He is an independent Director.

MR VICTOR ROD

Born on 26 April 1950. Mr Rod became a Director on 23 November 1995. He retired as President of Commissariat aux Assurances on 31 December 2014. He is the Chairman of the Board of Directors of Banque et Caisse d'Epargne de l'Etat, Luxembourg. Mr Rod graduated with a degree in law from the University of Nancy.

Mr Rod 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 is the Managing Director of Sofina S.A. and a Director of several non-listed corporations, as well as of Rapala (which is listed on the Helsinki Stock Exchange) and of Mersen (which is listed on Euronext Paris). 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 is the Chairman of the Audit and Risk Committee and a member of the Nomination Committee of SES.

Mr Speeckaert is a Belgian national. He is an independent Director.

On 1 January 2015, Anne-Catherine Ries (in replacement of René Steichen) and Katrin Wehr-Seiter (replacing Miriam Meckel who had resigned from the Board when she became Chief Editor of *Wirtschaftswoche*) joined the Board:

MRS ANNE-CATHERINE RIES

Born on 1 April 1973. Mrs Ries became a Director on 1 January 2015. She is Senior Policy Advisor to the Prime Minister and Minister for Media and Communications in Luxembourg with a focus on media, IT and e-commerce development strategies. She has recently been appointed coordinator of the newly launched government initiative 'Digital Lëtzebuerg'.

Mrs 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. Having started 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 technology companies to establish and develop in Luxembourg.

She sits on the Board of Directors of POST Luxembourg, and of the Centre Virtuel de la Connaissance pour l'Europe.

Mrs Ries is a Luxembourg and French 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 S.A.. Prior to joining BIP in 2012, she served as a Principal at global private equity firm Permira (2000-2009) and as an independent strategy consultant as well as a Senior Advisor to Bridgepoint (2010-2012). Prior to this, she worked for Siemens AG in strategy consulting, project management and engineering (1995-2000). She serves as a Director of several non-listed corporations as well as Sky Deutschland AG and Nanogate AG (both listed on the Frankfurt stock exchange). 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 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.

- Mr René Steichen
- Mr Marcus Bicknell (independent)
- Mr Hadelin de Liedekerke Beaufort
- Mr Jacques Espinasse (independent)
- Mr Jean-Claude Finck
- Mr Conny Kullman (independent)

The Remuneration Committee was chaired in 2014 by the Chairman of the Board.

The Remuneration Committee held four meetings, with an attendance rate of better than 95%. Matters addressed related to the determination of the 2014 stock option grant and the 2013 bonus 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 2013 and it adopted the 2014 business objectives which are used as one element in the determination of their bonuses for 2014. The Remuneration Committee ordered and reviewed a benchmarking study regarding the remuneration of Board members, as a result of which shareholders will be asked to approve an increase in the fees paid to members of the Audit and Risk Committee. 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 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 worth two years 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.

The current members of the Audit and Risk Committee are:

- Mr Marc Speeckaert, Chairman of the Audit and Risk Committee (independent)
- Mr Marc Beuls (independent)
- Mr Marc Colas
- Ms Bridget Cosgrave (independent)
- Mr Jacques Espinasse (independent)
- Mr Jean-Claude Finck

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 2014 the members were:

- Mr René Steichen
- Mr François Tesch
- Mr Jean-Paul Zens

The Chairman's Office met six times during 2014 with a members' 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 half of whom are independent Board members in line with the SES internal regulations. At 31 December 2014, the Remuneration Committee was composed of the following six non-executive directors:

The Audit and Risk Committee held four meetings, with a members' attendance rate of better than 94%.

The meetings were dedicated in particular to the review of the 2013 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting, and to the results of the first half of 2014. Members of the Board also had the opportunity to channel 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 2013 PwC Management letter.

The Audit and Risk Committee further continued to encourage management in its efforts to eliminate as many non-operating legal entities as possible. The Audit and Risk Committee proposed to the Board and to the shareholders to appoint PwC as external auditor for 2014.

The Audit and Risk Committee received bi-annual updates on risk management from the SES risk management committee and held a discussion on IT security. The Committee received updates on (i) IT disaster recovery and business continuity, (ii) SES's tax framework; (iii) counterparty risk; (iv) SES's satellite procurement process; and (v) an annual report from the Chairman of the Compliance Committee outlining the compliance training programme that has been rolled out throughout SES during 2014. It approved one non-audit engagement to be performed by PwC. 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 members, at least half of whom are independent Board members in line with the SES internal regulations. On 31 December 2014, they were:

- [Mr René Steichen](#)
- [Mr Marcus Bicknell \(independent\)](#)
- [Mr Conny Kullman \(independent\)](#)
- [Mr Marc Speeckaert \(independent\)](#)
- [Mr François Tesch](#)
- [Mr Jean-Paul Zens](#)

The Nomination Committee was chaired in 2014 by the Chairman of the Board. The Nomination Committee met three times with an attendance rate of more than 94%. The main topics discussed related to the Management Succession Plan 2014 as well as to the co-optation of two new Board members.

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 for an amount up to EUR 10 million per project. It informs the Board at its next meeting on each such transaction, it being understood that the aggregate amount for such projects 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 2014, the Executive Committee met 46 times, with an attendance rate of 93.80%. Mr Pierre Margue, Vice President Legal and Corporate Affairs, the secretary of the Board of Directors, also acted as secretary to the Executive Committee. The EVP General Counsel and the EVP Human Resources also attend the meetings of the Executive Committee.

COMPOSITION

The following persons are members of the Executive Committee:

- [the President and CEO who assumes the chairmanship of the Executive Committee](#)
- [the Chief Financial Officer](#)
- [the Chief Commercial Officer](#)
- [the Chief Development Officer and](#)
- [the Chief Technology Officer](#)

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

The current members of the Executive Committee are:



MR KARIM MICHEL SABBAGH

Born on 26 September 1963 and appointed President and CEO on 3 April 2014. Mr Sabbagh joined SES on 1 September 2013 as CEO Designate. Mr Karim Michel Sabbagh is the President and CEO and the Chairman of the Executive Committee of SES. He is also the Chairman

of SES ASTRA and a member of the Board of Directors as well as the Risk and Audit Committee of O3b Networks. Additionally, he is a member of the YahLive Board of Directors. He served on the SES Board of Directors and on its Audit and Risk Committee from 7 April 2011 to 31 August 2013. Prior to joining SES, Karim Michel Sabbagh was a Senior Partner and the global practice leader for communications, media & technology at Booz & Company. At Board and Chief Executive level, Mr Sabbagh has shaped and served the strategic agenda of global players in the communications, media and satellite sectors. Mr Sabbagh holds a BBA with Distinction from the American University of Beirut, an MBA from the American University of Beirut, a PhD with Honors in strategic management from the American Century University in New Mexico, and a Doctorate in international business management from the International School of Management in Paris.

Mr Sabbagh is a Canadian and Lebanese national.



MR PADRAIG MCCARTHY

Born on 27 September 1960, and appointed Chief Financial Officer on 4 April 2013.

Padraig McCarthy started his career with SES in 1995 and is a skilled satellite finance executive, having held senior finance positions throughout his career in the company.

As of 2001, Mr McCarthy

has been the CFO of SES ASTRA and, since the integration of SES ASTRA and SES World Skies into SES, Senior Vice President Financial Operations & Business Support at SES. Mr McCarthy is a Director of SES ASTRA and an alternate director of YahLive. Prior to joining SES, he occupied various positions with KPMG, Schering Plough and Norton S.A (an affiliate of Saint Gobain). Mr McCarthy holds a bachelors degree in Commerce from the University College Cork and is a fellow of the Irish Institute of Chartered Accountants.

Mr McCarthy is an Irish national.



MR GERSON SOUTO

Born on 14 June 1964, and appointed Chief Development Officer of SES on 1 May 2011.

Mr Souto joined SES in 1998 for a career in the Business Development function and held various executive positions within SES. Since 2009, Mr Souto was a member of the executive management of SES

World Skies with responsibility for commercial services; prior to that and since 2007, he held similar responsibilities at SES's New Skies division. Prior to joining SES, Mr Souto worked for Intelsat and at Embratel. Mr Souto holds an MBA from George Washington University in Washington, DC, an MA in Telecommunication Systems from the Pontifical Catholic University in Brazil, and a bachelor's degree in Telecommunication Engineering from the Federal Fluminense University in Brazil. Mr Souto is a member of the Boards of SES ASTRA and of O3b Networks.

Mr Souto is a Brazilian national.



MR FERDINAND KAYSER

Born on 4 July 1958, and appointed Chief Commercial Officer of SES on 1 May 2011.

Mr Kayser was previously President and Chief Executive Officer of SES ASTRA as of January 2002. Mr Kayser came to SES from Premiere World, the digital Pay-TV bouquet of Germany's Kirch Group, where

he was Managing Director between 1997 and 2001. Prior to joining the Kirch Group, Mr Kayser held a number of executive positions at CLT, Europe's largest commercial broadcaster, including Senior Vice President in charge of German TV and radio activities (1989–1992), Managing Director in charge of the launch of RTL2 (1993) and Executive Vice President and member of the Management Board responsible for all TV activities of CLT (1993–1996). Mr Kayser holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialised university studies in Media Law and Management of Electronic Media. Mr Kayser is a member of the Boards of SES ASTRA and YahLive.

Mr Kayser is a Luxembourg national.



MR MARTIN HALLIWELL

Born on 20 April 1959, and appointed Chief Technology Officer on 1 May 2011. Mr

Halliwell was President of SES Engineering from 1 January 2008 to April 2011. Prior to this assignment, Martin Halliwell held the position of SVP and Chief Technology Officer at SES ASTRA, where he was

responsible for all engineering and operational activities. In the course of his career at SES ASTRA, Mr Halliwell held a number of positions, including General Manager, Global Multimedia Networks, Technical Director of SES Multimedia and Deputy to the Technical Director of SES ASTRA. Prior to joining SES, Martin Halliwell worked for Cable & Wireless and for Mercury Communications. Mr Halliwell holds a BA in Mathematics and Mechanical Engineering and an MBA specialising in external environment and strategic management from the Open University. Mr Halliwell is a member of the Board of SES ASTRA and of O3b Networks.

Mr Halliwell is a British national.

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 2014, the shareholders decided to maintain the fees paid to the directors at the previous year's level with a majority of 99.992%. Directors receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen and the Chairman of the Audit and Risk Committee receive an annual fixed fee of EUR 48,000 and the Chairman receives EUR 100,000 per year.

The shareholders also maintained the fees per meeting at EUR 1,600 for each meeting of the Board or a committee of the Board attended. Half of that fee is paid if the director participates via telephone or videoconference in the meeting.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2014 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 1,038,200, of which EUR 279,200 were paid as variable fees, with the remaining EUR 759,000 representing the fixed part of the Board fees. The gross overall figure for the year 2014 was EUR 1,297,750.

COMPANY STOCK OWNED BY MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2014, the members of the Board of Directors and their closely associated family members owned a combined total of 852,787 shares and FDRs (representing 0.16% 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. It is composed of a fixed part and a variable part. The total gross remuneration paid to the six members of the Executive Committee for the year 2014 amounted to EUR 18,795,805.35, of which EUR 3,510,701.64 represented the fixed part and EUR 15,285,103.71 the variable part. The direct remuneration paid to the members of the Executive Committee amounted to EUR 5,201,729.28, whereas the indirect remuneration was EUR 13,594,076.07. The indirect remuneration also contains the benefits derived by the members of the Executive Committee from the company's executive stock option plan and the long-term incentive plan, as adopted by the Board of Directors. During 2014, the members of the Executive Committee were

awarded a combined total of 314,624 options to acquire company FDRs at an exercise price of EUR 26.91, 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 2015, the remaining quarters vesting on 1 January 2016, 2017 and 2018 respectively. In 2014, members of the Executive Committee were granted 18,518 restricted shares as part of the company's long-term incentive plan, as well as 55,554 performance shares. These shares will vest on 1 June 2017.

During 2014, Messrs Martin Halliwell, Ferdinand Kayser, Padraig McCarthy and Gerson Souto sold some or all of the restricted shares which vested on 1 June. SES publishes the details of all transactions made by its Board members and by the members of its Executive Committee on its website: <http://www.ses.com/management-disclosures>.

Each member of the Executive Committee is entitled to two years of base salary in case his contract is terminated without cause. If they resign they are not entitled to any compensation.

COMPANY STOCK OWNED BY MEMBERS OF THE EXECUTIVE COMMITTEE

On 31 December 2014, the five members of the Executive Committee owned a combined total of 127,318 shares and FDRs (representing 0.03% of the company's share capital), 197,486 unvested restricted and performance shares and 695,664 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 3 April 2014, 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 97.258%. The mandate of PwC will expire at the annual general meeting on 2 April 2015.

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

→ 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.

OUR KEY RISKS:

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 related to Regulatory 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 seven satellites between 2015 and 2017. 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 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 large time margins in procurement schedules for replacement satellites.

There is always an inherent risk of launch failure in the form of 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, ILS 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 three 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 launching new satellites in the event of prolonged problems at one of these secondary suppliers.

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

Procurement of SES-14, SES-15 and SES-16

On 16 February 2015, SES announced the addition of three next-generation satellites to its family; SES-14, SES-15 and SES-16/Govsat, which will allow SES to address the accelerating needs of fast growing markets and add significant high-power capacity to all four key strategic business verticals - video, data, mobility and government. All three satellites, manufactured by Airbus Space and Defence, Boeing and Orbital ATK, will be using the newest spacecraft technologies, leading to optimal performance and highest efficiency. SES-14 and SES-15 are both powerful hybrid satellites, using Ku-, Ka- and – in the case of SES-14 – also C-band in wide-beam and high-throughput (HTS) technology and a purely electric propulsion system that significantly enhances the satellites' economic efficiency thanks to the enhanced payload that can be carried as a result of the reduction in fuel mass. SES-16/GovSat, which is the satellite referred to above in the 'Incorporation of LuxGovSat' section, is a state-of-the-art multi-mission satellite with high-powered and fully steerable beams for government missions, which will be owned and operated by LuxGovSat. The aggregate capital commitment associated with these three programmes is approximately EUR 750 million, excluding the capitalisation of interest. This includes 100% of the capital commitment concerning SES-16, although the Luxembourg Government will be sharing in the funding of this satellite on an equal basis with SES.

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 their 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 are mitigated by an in-orbit backup strategy, where customers on an impaired satellite can be transferred to another satellite in the fleet. However, there is no guarantee that these mitigations will be entirely effective, especially in the event of the failure of several satellites.

For example, several of SES's satellites are operating beyond the end of their design lives and have experienced various technical anomalies. 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 in 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. All of the satellites with solar array issues are still being used for their primary missions, with the exception of AMC-4 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, ASTRA 1G, ASTRA 1H, ASTRA 1M, ASTRA 2B, NSS 7 and QuetzSat-1) 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 and NSS 7 have completed their primary missions and as a result no backup satellite is in place.

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.

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

In January 2015, the AMC-15 satellite suffered a tenth solar array circuit failure (of the 24 circuits on board) which will reduce the number of transponders which can be operated on the satellite. Reflecting the impact of this reduction in commercial capacity on future cash generation, an impairment charge of EUR 6.7 million was recorded on AMC-15 in December 2014. The net book value of AMC-15 after impairment is now EUR 70.9 million.

Risk of short operational life

The expected design life of SES's satellites is typically 15 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 launch and initial in-orbit insurance, in-orbit insurance and 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 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. Premiums are paid to a wholly owned subsidiary, 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 of coverage.

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 satellite programmes. However, events outside 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 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 23.3% of SES's total revenues in 2014. The total revenue generated from contracts with the U.S. Government (and customers serving the U.S. Government) represented approximately 10% of SES's total revenues in 2014.

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 fail to fulfil their contractual payment obligations.

The level of customer credit risk may increase as SES grows revenues in emerging markets, because credit risk tends to be higher in these markets (compared to the mature 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.

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 U.S. government

The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the U.S. Government, imposes various restrictions on SES's Board of Directors and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. However, these restrictions are mitigated through having an agreement on a required risk management and internal control framework.

SES Government Solutions, Inc., U.S.A. ("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 U.S. 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 U.S. 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 U.S. 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 U.S. Government despite being owned by a non-U.S. corporation.

As a result of the Proxy Agreement, strict limitations are placed on the information which may be shared, and the interaction which may occur, between SES GS, SES AMERICOM and SES S.A. as the parties to the Proxy Agreement. 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 U.S. national security.

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 country that are not available to SES. The development of national satellite programmes may hinder SES's ability to compete in those countries on normal economic terms.

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. Some terrestrial and wireless operators may receive state aid and subsidies not available to SES.

Competition in the telecommunications market could result in a demand reduction for SES's satellite capacity and have 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, if not offset by an increase in demand, could lead to a negative impact on the 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.

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.

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 such as O3b Networks, 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.

In relation to O3b, there can be no assurance that the business will not require further funding. If SES were to increase its investment in O3b to over 50%, it would have to include O3b's indebtedness in SES's financial statements. It may also have to purchase the shares of the minority investors at a fair market value.

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 REGULATORY AND CORPORATE

Legal risk

SES cannot always predict the impact of laws and regulations on its operations. The operation of the business is and will continue to be subject to the laws and regulations of the governmental authorities of the countries where SES operates or uses radio spectrum and offers satellite services or capacity, as well as to the frequency coordination process of the International Telecommunication Union (ITU). Regulation and legislation is extensive and 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 civil or criminal liability under the U.S., UK, EU and other regulations in relation to economic sanctions, export controls and anti-bribery requirements. International risks and violations of international 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

SES needs access to orbital slots and associated frequencies to permit it to maintain and develop its satellite system.

The ITU establishes radio regulations and is responsible for the allocation of frequency spectrum for particular uses and the allocation of orbital locations and associated frequency spectrum. SES can only access spectrum through ITU filings made by national administrations.

Orbital slots and associated frequencies are a limited resource. The ITU may reallocate spectrum from satellite to terrestrial 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 uses or charging 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 satellites operators through the ITU 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 those of 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 bringing into use risk

If SES does not

- occupy unused orbital locations by specified deadlines, or
- 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.

those orbital locations or frequency bands may become available for other satellite operators to use.

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 have to 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 at specific orbital locations. SES is committed to the highest quality in satellite procurement and launch, which helps to reduce this risk. In addition, SES's large fleet permits the relocation of in-orbit satellites in order to meet the regulatory conditions in many of the cases.

Regulatory risk

SES may need to obtain and maintain approvals from authorities or other entities to offer or operate satellite capacity. For example, SES must obtain authorisations or landing rights in certain countries for satellites to be able to transmit signals to or receive signals from those countries. The failure to obtain landing rights or the authorisations necessary to operate satellites internationally to provide services could lead to loss of revenues.

Customers are responsible for obtaining regulatory approval for their operations. As a result, there may be governmental regulations of which SES is not aware or which may adversely affect the operations of customers. SES could lose revenues if customers' current regulatory approvals do not remain sufficient in the view of the relevant regulatory authorities, or if additional necessary approvals are not granted on a timely basis, or at all, in all jurisdictions in which customers wish to operate or provide services or if applicable restrictions in those jurisdictions become unduly burdensome.

Export control

U.S. companies and companies located in the United States must comply with U.S. export control laws in connection with any information, products or materials that they provide to foreign companies relating to communications satellites, associated equipment and data. SES's U.S. operations may not be able to maintain normal international business activities and SES's non-U.S. operations may not be able to source satellites, satellite-related hardware, technology and services in the United States if:

- export licences are not obtained in a timely fashion
- export licences do not permit transfer of all items requested
- 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.

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 its 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 loss of key employees

SES has a number of key employees with highly specialised skills and extensive experience in their fields. If one of these employees was to leave, SES may have difficulty replacing him or her. SES

attempts to mitigate the risk of losing key employees through retention programmes, succession planning and development plans.

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 conditions risk

The global financial system has suffered considerable turbulence and uncertainty in recent years including the Eurozone sovereign debt crisis. This turbulence has contributed to a general economic slowdown in many of the countries where SES operates. This may have a negative effect on SES's performance if potential customers face difficulties funding their business plans, which could in turn delay the onset of new revenue.

Cash flow risk

SES operates a strong business model but if, for any reason, SES is not successful in implementing its business model, cash flow and capital resources may not be sufficient to repay indebtedness. If SES were unable to meet debt service obligations or comply with covenants, 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 debt. SES's policy is to attain, and retain, a stable BBB rating with Standard & Poor's and Fitch, and a Baa2 rating with Moody's. If SES's credit rating was 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.

Financial covenant risk

Certain of SES's financing agreements require it to maintain a net debt to EBITDA ratio of not more than 3.5 to 1. Several major rating agencies have indicated that failure to comply with SES's policy of maintaining a ratio of not more than 3.3 to 1 could result in a review of SES's credit rating. Complying with this ratio may limit SES's flexibility and opportunities, including by limiting capital expenditures and investments.

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 (amongst 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. If the carrying value of the relevant investment, or group of investments, is not substantiated by the value-in-use computed, and any shortfall is assessed as being of an other than temporary nature, then this could result in an impairment charge being taken 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 uncommitted loans and

a committed syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, SES can access additional funds through its European Medium-Term Note programme or through 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 U.S. dollar/euro exchange rate, as SES has significant operations whose functional currency is the U.S. dollar and liabilities denominated in U.S. dollar.

To mitigate this exposure, SES can enter into forward foreign exchange or similar derivatives contracts to hedge the exposure on 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. 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 hedge derivatives are negotiated to match the terms of the hedged item to maximise hedge effectiveness.

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

Counterparty risk

SES 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), 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, SES only deals with recognised financial institutions with an appropriate credit rating – generally 'A' and above. All counterparties are financial institutions that are regulated and controlled by the national financial supervisory authorities of the applicable 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 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 of Directors 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 of Directors 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 a Business Process Management software, with the support of the Operational Excellence Team. This has been supplemented by a review of all policies and procedures. 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 the 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 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 its employees, officers and directors to take a consistent approach to integrity issues and to make sure that SES conduct, its business in compliance with all applicable laws and regulations as well as to observing the highest standards of business ethics. In 2014 mandatory refresher courses for all SES employees worldwide were launched to reinforce awareness and compliance by SES 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 to ensure a consistent roll-out and training programme for the code. The committee meets regularly to discuss important topics or issues. In parallel with the company's expansion into developing markets, the composition of the Compliance Committee was extended in 2014 to include representatives from SES's offices in Africa, Asia, the Middle East and Latin America.

To ensure better compliance with the Data Compliance laws and regulations, SES has appointed a Group Data Protection Officer.

Another key component of the control environment is the coordination 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 policy based on principles proposed by COSO and ISO31000. The coordination 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 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 coordinator 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. As a result of such review, a risk can be flagged as a 'top risk', which triggers additional analysis for that risk in order to determine the appropriateness and effectiveness of the risk response.

All top risks 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. A reporting handbook, 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 guidelines and policies.
- 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.
- Activities with a significant potential risk, such as financial derivative transactions, take place within a clearly defined framework approved by the Board, or are brought to the Board for specific approval. 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 reporting. 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 the SES's hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of the SES's affiliates.
- In order to ensure enhanced security and efficiency of the bank payments process, the company is using a secured 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's management, treasury and accounting departments is implemented.
- In order to streamline the cash management process, SES has centralised the in-house bank into one hub and further reduced the number of cash pools being used.
- This in house banking system is fully integrated and managed by 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. The foreign currency risk might be 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.
- The activities of the Treasurer, and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board.
- The Treasurer reports on a formal basis 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 Mitigation strategy, combined with a multiple year funding plan based on the SES business plan, was 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 tax department seeks 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. When this is not possible, the tax treatment is analysed based on best authoritative interpretations and reported in internal tax technical memos or tax opinions from external tax consultancy firms. The main

principles of SES's tax risk management are laid down in the SES Tax Charter.

- The transfer pricing team is responsible for continuously improving and fine-tuning transfer pricing documentation underpinning all significant cross-border inter-company transactions in the company. SES's transfer pricing reports (including functional and economic analyses and benchmarking studies), are embedded in a framework consisting of a master file and a transfer pricing policy.

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, 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 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. A satellite control software is being used and fully validated electronic station-keeping procedures 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.
- SES has adequate satellite control backup capability utilising European and U.S.-based Satellite Operations Centres ('SOC's').
- Primary satellite operations in North America transferred from the Woodbine and Vernon SOC's to the new Princeton SOC in July 2014. In Europe primary satellite operations were transferred to new technical facility in Europe in November 2014. No changes have been made to Backup control capability. Both SOC projects have increased the satellite control efficiency and network security.
- SES continues to maintain a Disaster Recovery SOC in North America in the event that it is required by SES. The Uninterruptible Power Supply (UPS) capabilities have been further improved also to enhance the redundancy of that site and the TT&C overall network.

Adequate backup capabilities are currently implemented in the following areas:

- The telemetry, tracking and control ('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 SOC's
- A backup Ground Control System for Loral and Astrium spacecraft has been installed in the U.S. to support the emergency disaster recovery capabilities of the European SOC
- The global network that supports TT&C has been greatly strengthened by deploying a dual-redundant state-of-the-art Multi Protocol Label Switching ('MPLS') network connecting all the SOC's and TT&C sites worldwide and
- The alternative European backup of the TT&C functions has been built out for SES needs with a fully operational backup plan for all ASTRA satellites.

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.
- To further enhance information security in 2014 the Data Governance and Information Security Committee was established.
- Electronic information is regularly backed up and copies are stored off-site.
- SES has disaster recovery plans for its business applications. The testing of these activities in 2014 has confirmed that SES is in a good position to failover all mission critical back-office applications within their set recovery time objectives.
- During 2014 there has been the addition of new applications and infrastructure components for the management and control of the SES Fleet of Satellites.

INFORMATION AND COMMUNICATION

In 2014, a project was started to transition SES Platform Services to SAP. With the Go-Live of this project in January 2015 all of SES's main trading operations are on the common SES SAP platform, sharing common processes and common controls.

During 2014 the control environment in SAP has been enhanced by performing and completing a detailed access control validation exercise, creating a new SAP Security and Authorisation function and beginning the implementation of the SAP Governance Risk and Compliance module focussing on access control and process control.

The operation of the SAP hosting platform has matured with enhancements implemented in various areas, including data privacy and data encryption. A detailed operational handbook was established to safeguard smooth and secure operation of SES's ERP platform.

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 and disseminating information throughout the company.

MONITORING ACTIVITIES

Monitoring is done in two ways: through continuous and ad hoc evaluations. Continuous evaluations are performed by management as part of routine operations, built into business processes and performed on a real-time basis, reacting to changing conditions.

The SES Internal Audit function performs ad hoc assessments where appropriate 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 of SES.

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 annual 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 President and CEO of SES and to the Audit and Risk Committee.

Internal Audit also regularly coordinates 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 U.S. 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 2014, in line with the imposed restrictions. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework 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 Audit and Risk Committee has been put in place.

PwC, as external auditor, reviews the financial statements of SES Government Solutions.

HUMAN RESOURCES

HUMAN RESOURCES STRATEGY

The SES way of working sits firmly at the company's core. With the ultimate aim of always bringing the best of SES to customers across the globe, SES employees are forward thinkers who look to challenge the 'normal' way of doing business. Being bold and perseverant, and rolling up one's sleeves to get the job done, are key characteristics promoted throughout the organisation.

SES understands fully the position of responsibility it holds in the communications industry and it understands the trust invested by key stakeholders to take global satellite communications beyond existing boundaries.

With exceptional talent on board, the Human Resources function is the catalyst to convert the full potential of its employees, ensuring the organisation delivers on its challenging business objectives and seeks out new global communications opportunities. To leverage this important potential, SES focuses on optimising its operating model as well as helping its talent grow.

SES EMPLOYEES

As of 31 December 2014, the SES group employed 1,237 staff worldwide (counted in full time equivalents (FTE's)). 441 FTE's are based in the Luxembourg headquarters, 368 in the rest of Europe, 344 in the United States and 84 in the rest of the world. With regard to gender diversity, the employee population is split into 24% women and 76% men.

THE HUMAN RESOURCES FUNCTION

The human resources strategy and objectives are aligned with SES's business strategy and objectives and follow the guidance and decisions of SES's Executive Committee. SES is supported by a team of Human Resources professionals based in the company's major offices around the world, including Singapore since September 2014.

In 2014 SES reaffirmed its growth strategy and strengthened its presence in the emerging markets (Africa, Latin America, Asia/Middle East), through hiring local talent and transferring employees from mature to emerging markets. This dual approach underpins efficient integration between locations and accelerates local operations.

As the competition for talent increases, SES continues to review its recruitment strategy to ensure that it sources and attracts the best candidates. Widely acknowledged to be the most effective and efficient recruitment method to find high quality candidates, SES rolled out a worldwide Employee Referral programme in 2014.

SES is committed to managing its existing talent as well as to developing and bringing the best of SES worldwide. It is with this in mind that the Human Resources team successfully designed and implemented a new performance management platform which captures the achievements of all employees, as well as their skills and competencies.

SES values its employees' views and opinions. In 2014, SES conducted its fourth employee engagement survey, which concluded with an impressive response rate of 84%.

Transparent communication was enhanced through the creation of a concise and accessible human resources booklet which acts as a quick reference guide for employees, allowing them to find relevant and up-to-date information according to their location.

In addition to the above and many more activities, the second edition of the Social Report was produced.

A LEARNING ORGANISATION

SES believes that its highly qualified and motivated employees continue to be the foundation of success. SES, through the Learning and Development (L&D) function, is committed to enhancing organisational effectiveness by continuously improving employees' abilities to maximise performance.

Three key principles guide SES's learning and development efforts:

- Leaders as Teachers: Bi-directional learning with SES's experts as trainers
- Multimedia: Videos and simulations breathe life into learning
- Interactivity: The learner has an active role to play.

To make a difference in employees' lives through continuous learning, L&D connects learning to the SES strategic plan, and what's generally important to assure SES's success. This is accomplished by grouping training and development opportunities into the following five categories of customer facing, technology, leadership, compliance, and professional development.

In 2014 the two predominant training initiatives centred on compliance with a series of tailor made courses developed by in-

house experts as well as a dedicated curriculum for the sales force as a proof point for SES's customer centricity.

SES launched the "MOMENTUM" development programme in 2011 which is offered to all employees in the organisation. After the first module, on organisational change and the second dedicated to SES strategy, in 2014 SES deployed the third module on the subject of stakeholder centricity. This module engaged employees on how SES interacts with its customers and other strategic stakeholders. Continually challenging and improving its stakeholder interactions and behaviors differentiates SES and will help deliver the value that SES's customers and ultimately the shareholders require.

The fourth module to come in 2015 will enhance Knowledge Management.

TALENT MANAGEMENT

At SES, talent management is the application of an integrated and strategic approach to improving employee development and engagement, and supporting career advancement. That's why the Human Resources team has established targeted development curricula for different groups, ultimately sourcing SES's leadership pipeline:

- Associate programme (entry level programme)
- High potential programmes (three dedicated programmes for different seniority levels)
- Succession planning.

SES regularly offers key employees international assignments through a 'Development Programme' which boosts cross-functional and cross-continental talent and knowledge exchange.

Providing interesting and stretching development opportunities, be it in another business area or location, is key to energising and motivating talent. Furthermore, employee mobility fosters integration and brings the best of SES worldwide.

REMUNERATION PHILOSOPHY

With a focus on attracting talent and engaging our employees to give their best, SES aims to foster a great working environment and remuneration. This is reflected in SES's pay for performance remuneration philosophy, which strives to stay ahead of the market. The compensation and benefits team has a globally harmonised approach, which is aligned with the local practices. SES offers equity plans to all its employees with the aim to provide a sense of ownership as well as to align the interest of the employee with the one of the shareholder.

SOCIAL DIALOGUE WITHIN SES

For some companies in Luxembourg, the legal framework provides for a personnel delegation and a mixed committee.

The personnel delegation consist of between one and six members. All delegates have been elected in 2013 for a new

five-year term. Their mandate consists of protecting the interests of the workforce with regard to working conditions, job security and social matters. The personnel delegation is informed on the developments affecting the company and advises on amendments to work rules.

The mixed committee consists of three employer representatives and three employee representatives. The mixed committee has co-decision powers in matters covering performance assessment, health and safety, and in the general criteria applied in the recruitment, promotion and dismissal policies. The mixed committee is consulted on all important decisions regarding investments in plant or equipment, work processes and working conditions. The committee is informed about the general development of the company and employment trends.

As one of SES's legal entities, SES ASTRA benefits from a concession granted by the Luxembourg State, three employee representatives sit on the Board of Directors of SES ASTRA. One of them sits as an observer on the Board of SES.

In other SES locations, the social dialogue is conducted according to the rules laid out in the local legal frameworks, for instance by means of works councils.

In The Hague, The Netherlands, a Dutch works council represents the interests of the employees in line with national laws; the same is true for some divisions in Munich, Germany, where employee representation occurs via the local 'Betriebsrat'.

On 29 April 2014 social elections took place in Munich.

The constructive cooperation and respectful exchange with the social partners contribute to the quality and transparency of social dialogue at SES.

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 Vice President, 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 group's General Counsel to ensure that the group's external communications are compliant with all applicable legal and regulatory requirements.

CORPORATE SOCIAL RESPONSIBILITY – CSR

In 2014, SES implemented a range of corporate social responsibility projects and ventures in geographic areas where the SES group has commercial activities, provides communication services or otherwise interacts with local communities.

THE POLICY

SES's CSR policy is aimed at supporting educational projects, with a focus on reflecting the group's position as a leading provider of global communications infrastructure and services.

SES believes it has a responsibility to support projects that contribute to the development of a communications-based society and a knowledge-based economy. SES believes that progress in this area should help develop more resilient and flexible economic structures, contribute to enhanced social mobility development, and also contribute to the emergence of more sustainable economic development models.

In 2014 SES reinforced its commitment to support educational institutions, especially in Africa, reflecting the company's increasing commercial presence on the African continent.

PROJECTS SUPPORTED BY SES

Education

In 2014, SES pursued its scholarship programme with the International Space University (ISU) in Strasbourg, France, supporting students in advanced space applications.

Furthermore, SES continued its engagement initiated in 2010 for a five-year partnership with the University of Luxembourg.

SES committed to support the university's efforts to develop a centre of excellence and innovation for advanced information and communications technology in satellite systems, by cooperating with the university's Interdisciplinary Centre for Security, Reliability and Trust (SnT) and by financing a chair in satellite, telecommunications and media law.

In the Greater Luxembourg region, SES worked closely with SnT to develop a business incubator to encourage industrial development of PhD projects.

SES maintains a seat on the Board of Directors of SnT and also conducts regular steering committee meetings with SnT management and students.

In 2014 SES had a University partnership with the Université Catholique de Louvain relating to the following project:

- Reconfigurable radio systems using non-exclusive frequency bands.

SES renewed its support to the International Polar Foundation.

The company donates bandwidth to enable the foundation's Princess Elisabeth research station in Antarctica to communicate via satellite. Princess Elisabeth Antarctica's design and construction seamlessly integrates passive building technologies, renewable wind and solar energy, water treatment facilities, continuously monitored power demand and a smart grid for maximising energy efficiency.

Charitable donations

In 2014 SES continued its donation towards the Betzdorf based Institut St Joseph, a home for mentally handicapped people.

SES also matched donations made by SES employees to international emergency relief organisations providing help to victims of natural or man-made disasters.

Other projects

SES is a member of the IDATE Foundation, based in Montpellier, France, which provides assistance in strategic decision-making to the telecommunications, internet and media industries. SES is also a member of the International Astronautical Federation, a global organisation that promotes awareness of space activities worldwide.

In 2014, SES became a member of the Association for International Broadcasting (AIB). The AIB is the industry association and global knowledge network for the international broadcasting industry with members from all around the world. It is a unique centre of information and networking for television, radio, online and mobile media.

In order to enrich the cultural life of its home country through targeted sponsorship programmes, SES sponsored the exhibition "damage control" that was held at the Mudam (Musée d'Art Moderne Grand-Duc Jean) in Luxembourg, from July to October 2014.

Environmental initiatives

SES is committed to respecting the world's natural environment, and to aligning the companies' and the staff's conduct and, to the extent possible, those of their suppliers, to the principles of sustainable development. Compliance is benchmarked against the legal rules and regulations applied in the countries in which SES operates, as well as against industry-wide best practices. SES's objective is to continuously improve its environmental performance and to further reduce the environmental impact of its activities.

The activities of SES are mainly office and technology-based and overall have a light environmental impact. In its operations, the company promotes the most efficient use of energy and natural resources. It has successfully implemented a programme to rely on cogeneration power. SES applies a waste recycling programme, which aims to avoid, reduce and recycle waste material as efficiently as possible; this programme is subject to independent

third-party audits and quality control. SES also conducts environmental training on a regular basis and encourages its staff to adopt environmentally correct attitudes in their professional activities. SES regularly conducts a company-wide carbon footprint assessment covering all of its operations.

In 2013, the company's activities related to operating and commercializing SES's satellite fleet, as well as general administration, finance and marketing, generated approximately 38,768 tonnes of CO₂e worldwide, an increase of 16% compared to 2012, as for the first time, we include emissions due to business travel and staff commuting on a world wide basis.

Emissions from Scope 2 electricity consumption represented the largest component of SES's total emissions in 2013 (approximately 45%) with Scope 1 emissions (approximately 17%), both overall reduced by 3400 t or approximately 12 %. The Scope 3 part, the business travel including the staff commuting, a new process element, has increased by 8.800 t to 38% overall. Teleports generated the largest share of the emissions from Scope 1 and Scope 2 sources.

Details of the carbon footprint are disclosed as part of the Carbon Disclosure Project, in which SES participates (www.cdproject.net).

In the wake of the implementation in previous years of a substantial carbon reduction plan at its headquarters site in Betzdorf, Luxembourg, SES continues to support carbon reduction initiatives on an ongoing basis, and especially in connection with new building constructions and infrastructure upgrades. In Luxembourg, the company also operates a CHP unit, which reduces the emissions load of the general grid. In addition, since January 2010, the Luxembourg campus has been using electricity sourced from hydropower, which can be considered CO₂-free; the same applies to operations in Sweden. The use of renewable energy has had a significant additional reduction impact (of an estimated 6,000 tonnes) on the company's carbon emissions in Luxembourg. However, due to the carbon accounting rules, these emissions gains are not reflected in the company's carbon disclosure figures. SES applies best practices in minimising the environmental impact of 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; compliance is checked through yearly internal and third-party audits by accredited organisations that specialise in the field of industrial safety.

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 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 annual statutory accounts, prepared in accordance with Luxembourg legal and regulatory requirements, and the consolidated financial statements for the year ended 31 December 2014, 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. 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.



Romain Bausch
*Chairman of the Board
of directors*



Karim Michel Sabbagh
President and CEO



FINANCIAL REVIEW BY MANAGEMENT



QUARTERLY DEVELOPMENT OF OPERATING RESULTS (AS REPORTED)

In millions of euro	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Average U.S. dollar exchange rate	1.3585	1.3706	1.3748	1.3408	1.2530
Revenue	484.3	465.6	473.3	467.7	512.5
Operating expenses	(128.9)	(120.6)	(124.5)	(111.8)	(134.2)
EBITDA	355.4	345.0	348.8	355.9	378.3
Depreciation expense	(110.1)	(114.7)	(118.3)	(123.7)	(134.9)
Amortisation expense	(21.0)	(10.9)	(12.4)	(13.2)	(17.3)
Operating profit	224.3	219.4	218.1	219.0	226.1

QUARTERLY DEVELOPMENT OF OPERATING RESULTS (AT CONSTANT FX)

In millions of euro	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Revenue	501.6	484.0	493.0	482.2	512.5
Operating expenses	(136.2)	(129.7)	(133.4)	(118.2)	(134.2)
EBITDA	365.4	354.3	359.6	364.0	378.3
Depreciation expense	(110.5)	(119.3)	(123.5)	(127.5)	(134.9)
Amortisation expense	(21.1)	(11.0)	(12.4)	(13.2)	(17.3)
Operating profit	233.8	224.0	223.7	223.3	226.1

TRANSPONDER UTILISATION AT END OF PERIOD

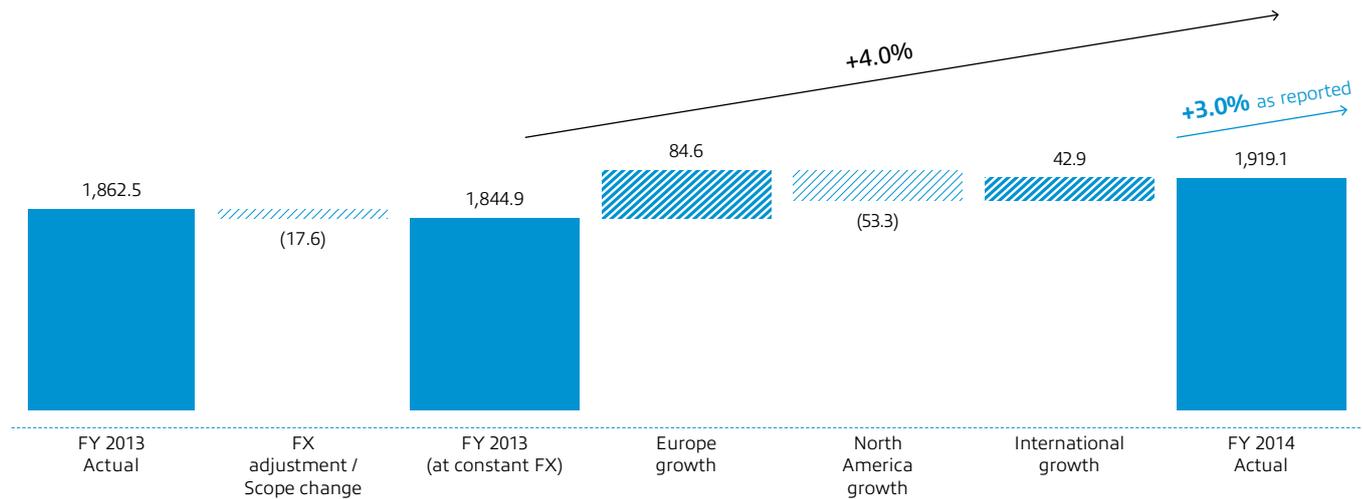
In 36 MHz-equivalent	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Europe Utilised	278	279	289	292	297
Europe Available	347	347	362	366	366
Europe %	80.1%	80.4%	79.8%	79.8%	81.1%
North America Utilised	279	271	267	269	265
North America Available	384	379	379	379	379
North America %	72.7%	71.5%	70.4%	71.0%	69.9%
International Utilised	543	548	554	549	553
International Available	756	789	789	789	789
International %	71.8%	69.5%	70.2%	69.6%	70.1%
Group Utilised	1,100	1,098	1,110	1,110	1,115
Group Available	1,487	1,515	1,530	1,534	1,534
Group %	74.0%	72.5%	72.5%	72.4%	72.7%

U.S. DOLLAR EXCHANGE RATE

EUR 1 =	2014 Average	2014 Closing	2013 Average	2013 Closing
United States dollar	1.3348	1.2141	1.3259	1.3791

REVENUE

In millions of euro	2014	2013	Change	%
Revenue	1,919.1	1,862.5	+56.6	+3.0%
Revenue with prior at constant FX	1,919.1	1,844.9	+74.2	+4.0%



REVENUE BY DOWNLINK REGION

As reported In millions of euro	Q4 2014	Q4 2013	Change	2014	2013	%
Europe	259.9	253.9	+2.4%	1,017.7	936.4	+8.7%
North America	88.8	94.3	-5.8%	341.7	398.0	-14.1%
International	163.8	136.1	+20.4%	559.7	528.1	+6.0%
Group	512.5	484.3	+5.8%	1,919.1	1,862.5	+3.0%

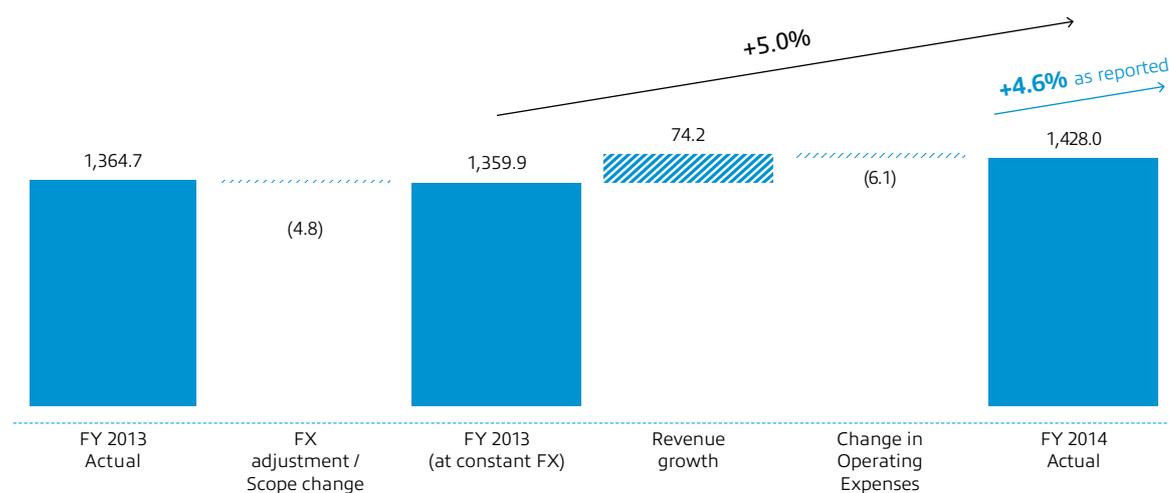
At constant FX In millions of euro	Q4 2014	Q4 2013	Change	2014	2013	%
Europe	259.9	253.1	+2.7%	1,017.7	933.1	+9.1%
North America	88.8	102.1	-13.0%	341.7	395.0	-13.5%
International	163.8	146.4	+11.9%	559.7	516.8	+8.3%
Group	512.5	501.6	+2.2%	1,919.1	1,844.9	+4.0%

Infrastructure growth in European and International markets, combined with a strong performance from SES's European services business, was the key driver of the overall growth in revenue. The sale of eight transponders to Eutelsat, as part of the comprehensive agreement in January 2014, was a key contributor to growth in Europe of 9.1% (at constant FX). The International segment grew

by 8.3% at constant FX, benefiting from the continued success in commercialising new capacity brought into service in emerging markets. The North America region continues to be adversely impacted by the U.S. Government sequester, which was the principal factor in the decrease of 13.5% at constant FX.

EBITDA

In millions of euro	2014	2013	Change	%
Operating expenses (reported)	(491.1)	(497.8)	+6.7	+1.3%
Operating expenses with prior at constant FX	(491.1)	(485.0)	-6.1	-1.3%
EBITDA (reported)	1,428.0	1,364.7	+63.3	+4.6%
EBITDA with prior at constant FX	1,428.0	1,359.9	+68.1	+5.0%



In millions of euro	Infrastructure	Services	Elimination/ Unallocated ¹	Total
Revenue	1,643.3	455.7	(179.9)	1,919.1
EBITDA	1,386.9	75.8	(34.7)	1,428.0
2014 margin	84.4%	16.6%		74.4%
2013 margin at constant FX	83.4%	17.5%		73.7%

¹ Revenue elimination refers mainly to "pull-through" capacity provided by Infrastructure to Services; EBITDA impact represents unallocated corporate expenses

Operating expenses of EUR 491.1 million represented a decrease of 1.3% as reported, or an increase of 1.3% at constant FX, which was mostly driven by variable costs associated with growth in services revenues. Staff costs also increased against the prior year, reflecting continued investment in developing SES's presence and capabilities in emerging markets. This was mitigated by continued cost optimisation, including a reduction of costs associated with the rental of third party satellite capacity, with traffic being migrated to SES spacecraft, increasing "pull-through" revenue generated between the services and infrastructure operations by 12%.

Reported EBITDA increased by 4.6% over 2013, or 5.0% at constant FX. SES's overall EBITDA margin improved to 74.4% for the year compared with 73.3% (73.7% at constant FX) for the year ended 31 December 2013.

The Infrastructure margin improved over 2013, to 84.4%, benefiting from the transponder sales in Europe, a reduction of third party capacity costs and overall cost management. Services activities returned a margin of 16.6%.

OPERATING PROFIT

In millions of euro	2014	2013	Change	%
Depreciation expenses	(491.6)	(466.5)	-25.1	-5.4%
Amortisation expenses	(53.8)	(47.0)	-6.8	-14.5%
Depreciation and amortisation	(545.4)	(513.5)	-31.9	-6.2%
Operating profit	882.6	851.2	+31.4	+3.7%
Operating profit with prior at constant FX	882.6	847.9	+34.7	+4.1%

Depreciation and amortisation was 6.2% above the prior year's reported comparable, reflecting the on-going expansion of the SES fleet with the launch of three satellites during 2013 and a further

two satellites in 2014. The depreciation expense also included an impairment charge against AMC-15 due to further power degradation being noted on the satellite since Q3 2014.

PROFIT BEFORE TAX

In millions of euro	2014	2013	Change	%
Net interest expense	(200.4)	(210.4)	+10.0	+4.8%
Capitalised interest	23.7	41.1	-17.4	-42.3%
Net foreign exchange gains	20.6	4.3	+16.3	Nm
Value adjustment on financial assets	1.1	(8.5)	+9.6	Nm
Net financing costs	(155.0)	(173.5)	+18.5	+10.7%
Profit before tax	727.6	677.7	+49.9	+7.4%

Net financing costs were 10.7% lower, benefiting from SES's successful refinancing activities since 2013. This was complemented by a positive net foreign exchange gain resulting from the strengthening of the U.S. dollar exchange rate, as well

as a lower value adjustment on financial assets. These more than offset the reduction in capitalised interest from EUR 41.1 million to EUR 23.7 million.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

In millions of euro	2014	2013	Change	%
Income tax expense	(85.2)	(87.5)	+2.3	+4.8%
Share of joint ventures and associates' result	(39.0)	(21.7)	-17.3	-79.7%
Non-controlling interests	(2.6)	(2.0)	-0.6	-30.0%
Profit attributable to SES shareholders	600.8	566.5	+34.3	+6.0%

The income tax expense for the year resulted in an effective tax rate of 11.7% (2013: 12.9%). The share of loss attributed to associates of EUR 39.0 million (2013: EUR 21.7 million) principally

relates to SES's interest in O3b Networks, which entered into commercial service in September 2014.

CASH FLOW

In millions of euro	2014	2013	Change	%
Net operating cash flow	1,239.5	1,148.5	+91.0	+7.9%
Investing activities	(501.1)	(422.3)	-78.8	-18.7%
Free cash flow before financing activities	738.4	726.2	+12.2	+1.7%

NET DEBT

In millions of euro	31 december 2014	31 december 2013	Change	%
Cash and cash equivalents	(524.5)	(544.2)	+19.7	+3.6%
Loans and borrowings	4,486.1	4,345.9	+140.2	+3.2%
Net Debt	3,961.6	3,801.7	+159.9	+4.2%
Net Debt/EBITDA	2.77	2.79		

Net Debt was EUR 3,961.6 million (31 December 2013: EUR 3,801.7 million), contributing to a Net Debt/EBITDA ratio of 2.77 times, compared with 2.79 times at the end of 2013. Net Debt includes EUR 524.5 million of cash and cash equivalents as at 31 December 2014 (31 December 2013: EUR 544.2 million).

The strengthening of the U.S. dollar has a temporary impact of increasing the Net Debt/EBITDA ratio. This reflects the translation of U.S. dollar denominated borrowings at the 2014 closing rate (EUR 1 = 1.2141 U.S. dollars), while EBITDA is based on the 2014 average of EUR 1 = 1.3348 U.S. dollars. This FX difference resulted in a 17 basis point increase in the Net Debt/EBITDA ratio at 31 December 2014, which is expected to reverse over time. From an operational perspective, Net Debt/EBITDA reduced by 19 basis points.

During the year, SES agreed EUR 1.9 billion of financing at attractive funding rates. In January, the company renewed a EUR

1.2 billion five-year multi-currency revolving credit facility with two one-year extension options. The new facility has an annual margin of 45 bps, based on the group's current investment grade credit rating of BBB/Baa2. In March, SES completed its second benchmark transaction in the U.S. dollar bond market by raising USD 500 million of 2.5% notes (due in 2019) and USD 500 million of 5.3% notes (due in 2044). This follows the EUR 1.5 billion of financing secured in 2013.

As a result of this activity, SES's weighted average interest rate (excluding loan origination costs and commitment fees) has reduced to 3.8% as at 31 December 2014 (31 December 2013: 4.0%) while the group's average debt maturity has been significantly extended from 6.4 years to 8.7 years.

In addition, U.S. dollar borrowings now represent 42% of total group borrowings (31 December 2013: 23%).

The background of the page is a composite image. The top half shows a bright, vertical trail of smoke and fire from a rocket launch against a blue and purple sky. A white curved line is positioned below the text. The bottom half shows a lighthouse on a small boat in the water, with a sunset sky and a dark shoreline with palm trees in the background.

CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report

To the Shareholders of SES S.A.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of SES S.A. and its subsidiaries and associates (the "Group") which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information presented on pages 73 to 124.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements, presented on pages 73 to 124, give a true and fair view of the consolidated financial position of the Group as of 31 December 2014, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated Director's report, including the Corporate Governance Statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the Law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société coopérative
Represented by



Gilles Vanderweylen
Luxembourg, 19 February 2015

Consolidated income statement

For the year ended December 31, 2014

In millions of euros		2014	2013
Revenue	Note 4	1,919.1	1,862.5
Cost of sales	Note 5	(173.5)	(179.6)
Staff costs	Note 5	(194.5)	(185.8)
Other operating expenses	Note 5	(123.1)	(132.4)
Operating expenses	Note 5	(491.1)	(497.8)
EBITDA¹		1,428.0	1,364.7
Depreciation expense	Note 12	(491.6)	(466.5)
Amortisation expense	Note 14	(53.8)	(47.0)
Operating profit	Note 4	882.6	851.2
Finance income	Note 7	33.8	9.6
Finance costs	Note 7	(188.8)	(183.1)
Net financing costs		(155.0)	(173.5)
Profit before tax		727.6	677.7
Income tax income/(expense)	Note 8	(85.2)	(87.5)
Profit after tax		642.4	590.2
Share of joint ventures and associates' result, net of tax	Notes 3, 15	(39.0)	(21.7)
Profit for the year		603.4	568.5
Attributable to:			
Owners of the parent		600.8	566.5
Non-controlling interests		2.6	2.0
		603.4	568.5
Earnings per share (in euro)²			
Class A shares	Note 10	1.49	1.41
Class B shares	Note 10	0.59	0.56

¹ Earnings before interest, taxes, depreciation, amortisation and share of joint ventures and associates' result net of tax.

² Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year as adjusted to reflect the economic rights of each class of share. Fully diluted earnings per share are insignificantly different from basic earnings per share.

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

Consolidated statement of comprehensive income

For the year ended December 31, 2014

In millions of euros		2014	2013
Profit for the year		603.4	568.5
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligation		(5.1)	3.8
Income tax effect		1.8	(1.3)
Remeasurements of post employment benefit obligation, net of tax		(3.3)	2.5
Total items that will not be reclassified to profit or loss		(3.3)	2.5
Items that may be reclassified subsequently to profit or loss			
Impact of currency translation	Note 9	588.6	(235.0)
Income tax effect	Note 9	13.0	3.8
Total impact of currency translation, net of tax		601.6	(231.2)
Investment hedge		(225.9)	45.8
Income tax effect		67.3	(13.7)
Total net investment hedge, net of tax		(158.6)	32.1
Net movements on cash flow hedges		-	(1.8)
Income tax effect		-	0.5
Total net movements on cash flow hedges, net of tax		-	(1.3)
Total items that may be reclassified subsequently to profit or loss		443.0	(200.4)
Total other comprehensive loss for the year, net of tax		439.7	(197.9)
Total comprehensive income for the year, net of tax		1,043.1	370.6
Attributable to:			
Owners of the parent		1,030.8	370.1
Non-controlling interests		12.3	0.5
		1,043.1	370.6

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

Consolidated statement of financial position

As at December 31, 2014

In millions of euros		2014	2013
Non-current assets			
Property, plant and equipment	Note 12	4,341.6	3,747.7
Assets in the course of construction	Note 13	684.8	1,099.8
Total property, plant and equipment		5,026.4	4,847.5
Intangible assets	Note 14	3,307.3	2,750.3
Investments in joint ventures and associates	Notes 3, 15	93.1	141.8
Other financial assets	Note 16	37.4	3.9
Trade and other receivables	Note 17	60.3	65.5
Deferred tax assets	Note 8	122.2	95.7
Total non-current assets		8,646.7	7,904.7
Current assets			
Inventories		5.3	6.4
Trade and other receivables	Note 17	691.5	586.6
Prepayments		38.8	37.4
Derivatives	Note 18	-	9.5
Income tax receivable		45.3	-
Cash and cash equivalents	Note 20	524.5	544.2
Total current assets		1,305.4	1,184.1
Total assets		9,952.1	9,088.8
Equity			
Attributable to the owners of the parent	Note 21	3,404.7	2,820.7
Non-controlling interests		84.9	78.2
Total equity		3,489.6	2,898.9
Non-current liabilities			
Loans and borrowings	Note 23	4,227.6	3,542.2
Provisions	Note 24	140.5	129.0
Deferred income	Note 25	335.1	227.8
Deferred tax liabilities	Note 8	676.5	645.3
Other long-term liabilities	Note 26	23.6	59.7
Total non-current liabilities		5,403.3	4,604.0
Current liabilities			
Loans and borrowings	Note 23	258.5	803.7
Provisions	Note 24	43.8	12.6
Deferred income	Note 25	410.6	385.6
Trade and other payables	Note 26	335.3	341.4
Income tax liabilities	Note 8	11.0	42.6
Total current liabilities		1,059.2	1,585.9
Total liabilities		6,462.5	6,189.9
Total equity and liabilities		9,952.1	9,088.8

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

Consolidated statement of cash flows

For the year ended December 31, 2014

In millions of euros		2014	2013
Profit before tax		727.6	677.7
Taxes paid during the year	Note 8	(88.7)	(30.6)
Finance costs, net	Note 7	162.8	147.7
Depreciation and amortisation	Notes 12, 14	545.4	513.5
Amortisation of client upfront payments		(58.0)	(42.3)
Other non-cash items in consolidated income statement		26.3	24.2
Consolidated operating profit before working capital changes		1,315.4	1,290.2
(Increase)/decrease in inventories		3.9	1.3
(Increase)/decrease in trade and other receivables		21.2	(211.6)
(Increase)/decrease in prepayments and deferred charges		(5.7)	2.9
Increase/(decrease) in trade and other payables		(43.3)	(60.3)
Increase/(decrease) in payments received on account		(16.3)	(21.2)
Increase/(decrease) in upfront payments and deferred income		(35.7)	147.2
Changes in working capital		(75.9)	(141.7)
Net operating cash flow		1,239.5	1,148.5
Cash flow from investing activities			
Net disposal/(purchase) of intangible assets	Note 14	(129.9)	(5.5)
Purchase of tangible assets	Notes 12, 13	(324.2)	(377.5)
Disposal of tangible assets	Note 12	1.3	0.2
Investment in subsidiaries and equity-accounted investments	Note 15	(18.3)	-
Proceeds from disposal of subsidiaries and joint ventures	Note 3	-	15.5
Loan granted to associate	Note 15	(42.5)	(12.3)
Repayment of loan to associate	Note 15	-	14.2
Settlement of net investment hedge instruments	Note 19	13.1	(57.0)
Other investing activities		(0.6)	0.1
Net cash absorbed by investing activities		(501.1)	(422.3)
Cash flow from financing activities			
Proceeds from borrowings	Note 23	707.9	1,769.5
Repayment of borrowings	Note 23	(808.6)	(1,587.1)
Dividends paid on ordinary shares, net of dividends received	Note 11	(433.1)	(390.2)
Dividends paid to non-controlling interest		(5.6)	(5.6)
Interest on borrowings	Note 23	(188.5)	(180.3)
Acquisition of treasury shares		(121.5)	(22.9)
Proceeds from treasury shares sold and exercise of stock options		92.4	44.7
Net cash absorbed by financing activities		(757.0)	(371.9)
Net foreign exchange movements		(1.1)	(50.1)
Net (decrease)/increase in cash		(19.7)	304.2
Net cash at beginning of the year (Note 20)	Note 20	544.2	240.0
Net cash at end of the year (Note 20)	Note 20	524.5	544.2

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

Consolidated statement of changes in shareholders' equity

For the year ended December 31, 2014

In millions of euros	Issued capital	Share premium	Treasury shares	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total Equity
At January 1, 2014	633.0	595.9	(29.6)	1,917.9	562.4	(1.4)	(857.5)	2,820.7	78.2	2,898.9
Result for the year	–	–	–	–	600.8	–	–	600.8	2.6	603.4
Other comprehensive income (loss)	–	–	–	(3.3)	–	–	433.3	430.0	9.7	439.7
Total comprehensive income (loss) for the year	–	–	–	(3.3)	600.8	–	433.3	1,030.8	12.3	1,043.1
Allocation of 2013 result	–	–	–	129.3	(129.3)	–	–	–	–	–
Dividends paid ¹	–	–	–	–	(433.1)	–	–	(433.1)	(5.6)	(438.7)
Purchase of treasury shares	–	–	(121.5)	–	–	–	–	(121.5)	–	(121.5)
Share-based payment adjustment	–	–	–	11.3	–	–	–	11.3	–	11.3
Exercise of stock options	–	–	115.9	(20.5)	–	–	–	95.4	–	95.4
Other movements	–	(2.4)	2.4	(0.3)	–	1.4	–	1.1	–	1.1
At December 31, 2014	633.0	593.5	(32.8)	2,034.4	600.8	–	(424.2)	3,404.7	84.9	3,489.6

In millions of euros	Issued capital	Share premium	Treasury shares	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total Equity
At January 1, 2013 Restated²	633.0	595.9	(75.4)	1,658.1	650.1	(0.1)	(659.9)	2,801.7	79.4	2,881.1
Result for the year	–	–	–	–	566.5	–	–	566.5	2.0	568.5
Other comprehensive income (loss)	–	–	–	2.5	–	(1.3)	(197.6)	(196.4)	(1.5)	(197.9)
Total comprehensive income (loss) for the year	–	–	–	2.5	566.5	(1.3)	(197.6)	370.1	0.5	370.6
Allocation of 2012 result	–	–	–	258.6	(258.6)	–	–	–	–	–
Dividends paid ¹	–	–	–	–	(390.2)	–	–	(390.2)	(5.6)	(395.8)
Share-based payment adjustment	–	–	–	11.2	–	–	–	11.2	–	11.2
Exercise of stock options	–	–	45.8	(12.5)	–	–	–	33.3	–	33.3
Other movements	–	–	–	–	(5.4)	–	–	(5.4)	3.9	(1.5)
At December 31, 2013	633.0	595.9	(29.6)	1,917.9	562.4	(1.4)	(857.5)	2,820.7	78.2	2,898.9

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

² Restated for the adoption of IAS 19 (revised), refer to Note 2.

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

Notes to the consolidated financial statements

December 31, 2014

NOTE 1 – CORPORATE INFORMATION

SES S.A. ("SES" or "the Company") was incorporated on March 16, 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, joint ventures and associates. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

The consolidated financial statements of SES for the year ended December 31, 2014 were authorised for issue in accordance with a resolution of the directors on February 19, 2015. Under Luxembourg Law the financial statements are approved by the shareholders at the annual general meeting.

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 December 31, 2014.

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 January 1, 2014 and adopted by the Group:

IFRS 10 Consolidated financial statements

Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has assessed the implication of the application of IFRS 10 on its subsidiaries and associates.

In that respect, it is noted that one of the subsidiaries of the Group, SES Government Solutions, Inc., U.S.A. ("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 U.S. 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 U.S. 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 U.S. 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 U.S. Government despite being owned by a non-U.S. 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 U.S. 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.

Therefore the adoption of IFRS 10 did not have any impact on the financial position of the Group.

IFRS 11 Joint arrangements

IFRS 11 focuses on the contractual rights and obligations of the parties to the arrangement rather than its legal structure. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses under the appropriate headings. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. As at 31 December, 2014, the Group does not have any joint arrangements. Therefore, the adoption of this standard did not have any impact on the financial position or performance of the Group.

IFRS 12 Disclosures of interests in other entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The consolidated financial statements have been prepared in accordance with this standard refer to Note 15 and Note 32 for further details. The adoption of this standard did not have any impact on the financial position or performance of the Group.

IFRIC 21 Levies

IFRIC 21 sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 Provisions. The interpretation addresses what the obligating event that gives rise to the levy is and when a liability should be recognised. This standard became effective for annual periods beginning on or after January 1, 2014. The Group is not currently subjected to significant levies so the impact on the Group is not material.

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 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 and affiliates 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 32.

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

A change in the ownership's interest of 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 as to its fair value at the date when control is lost, with the change in carrying amount recognised as 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 as profit or loss.

INVESTMENTS IN JOINT ARRANGEMENTS

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method. Under the equity method of

accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Financial statements of joint ventures are prepared for the same reporting year as the Group. Where necessary, adjustments are made to those financial statements to bring the accounting policies used into line with those of the Group.

The Group assesses investments in joint ventures for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs to sell and value in use. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Group ceases to use the equity method of accounting on the date from which it no longer has joint control over the joint venture or when the investment is classified as held for sale.

INVESTMENTS IN ASSOCIATES

The Group has investments in associates which are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence but not 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 net assets 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 adjacent to "Share of joint ventures and associates' result" in the income statement.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other

Notes to the consolidated financial statements

December 31, 2014

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. Where differences arise in the reporting dates the Group adjusts the financial information of the associate for significant transactions in the intervening period.

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. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the 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. On the expiry of such agreements, the operating Company will generally be in a position to re-apply for the usage of these positions and frequency rights. Where the Group has obtained such rights through the acquisition of subsidiaries and associates, 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 procedures. Such assets are deemed to have an indefinite life where the Group has a high probability that it will be able to successfully re-apply for these rights as and when they expire. 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 14.

(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. A corresponding provision of EUR 147.5 million (2013: EUR 98.0 million) is recorded in the Statement of Financial Position as at December 31, 2014 under non-current 'Provisions', for EUR 103.7 million (2013: EUR 85.4 million), and current 'Provisions' for EUR 43.8 million (2013: EUR 12.6 million).

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 less than 50%

Management has concluded that the Group controls AI Maisan Satellite Communication LLC ('AI Maisan'), even though it holds less than half of the voting rights of this subsidiary. The Group has the majority of the voting rights on the Board of Directors of AI Maisan and there is no other entity owning potential voting rights that could question the control of The Group.

SES has power over relevant activities of AI 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 Board members. The entity is therefore consolidated with a 65% of non-controlling interest.

(iv) Investment in O3b Networks Limited ('O3b Networks')

Management has assessed the level of influence that the Group has on O3b Networks and determined that it has significant influence. This is because the Group neither appoints the majority of the Board members of O3b Networks, nor controls a simple majority for shareholder resolutions. Although SES is acting as a consultant to O3b Networks (through some technical and commercial committees), such a consultancy role does not provide control over the relevant activities of O3b Networks and there is no "de facto" control over O3b Networks.

Consequently, this investment has been classified as an associate.

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 14.

(ii) Impairment testing for space segment assets

As described above, the Group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group determines an estimate of the recoverable amount. This requires an estimation of the value in use of the assets to ensure that this exceeds the carrying amount included in the consolidated financial statements. As far as this affects the Group's satellite assets, this 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.

In January 2015, the AMC-15 satellite suffered a tenth solar array circuit failure (of the 24 circuits on board) which will reduce the number of transponders which can be operated on the satellite. Reflecting the impact of this reduction in commercial capacity on future cash generation, an impairment charge of EUR 6.7 million was recorded on AMC-15 in December 2014.

The net book value of AMC-15 after impairment is now EUR 70.9 million.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer 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 administrative 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.

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 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at acquisition or manufacturing cost, which for satellites includes the launcher cost and launch insurance, and is depreciated over the expected useful economic life. Other than in respect of supplier credits for delayed delivery of satellites, which are set off against the base cost of the satellite concerned, the financial impact of changes resulting from revisions to management's estimate of the cost of the property, plant and equipment is taken to 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 16 years
Ground segment assets	3 to 15 years
Other fixtures, fittings, tools and equipment	3 to 15 years

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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, 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. All other borrowing costs are recognised as an expense in the period in which they are incurred.

INTANGIBLE ASSETS

1) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as income in the income statement.

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 reviewed 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 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 business plans approved by management. Beyond a seven-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 disposal of the operation. Goodwill disposed of in this circumstance 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 and acquired transponder service agreements. 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 incurred expense. 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 incurred expense. 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 lives, 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 impairment indicators exist, the asset 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 income.

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 income 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 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 the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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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.

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 market value, with cost determined on an average-cost method and market value based on the estimated net realisable value.

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.

TREASURY SHARES

Treasury shares are mostly used by the Group for the share-based payments plan. Acquired own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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. For the purposes of the consolidated statement of cash flow, 'Net Cash' consists of cash and cash equivalents, net of outstanding bank overdrafts.

REVENUE RECOGNITION

The Group generates its revenues through two complementary channels: the direct commercialisation to customers of its extensive satellite assets and ground network, which is what the Group refers to as its "Infrastructure" operations; and, through the provision of satellite-related products and services which are designed to generate additional markets for capacity on the satellite fleet (for example through the provision of digital platform services and retail two-way internet broadband access offerings) or to separately monetise skills and assets available in the Infrastructure operations, such as through the provision of engineering services. This latter group of businesses is what the Group refers to as its "Services" business.

In the Infrastructure operations, 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 Infrastructure 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. 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.

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. 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. 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 Services operations, and specifically 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.

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 has been reliably estimated.

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 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

DEFERRED TAXES

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

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.

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 the functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency 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

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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 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 income statement as part of the gain or loss on disposal.

The U.S. dollar exchange rates used by the Group during the year were as follows:

1 euro =	Average rate for 2014	Closing rate for 2014	Average rate for 2013	Closing rate for 2013
USD	1.3348	1.2141	1.3259	1.3791

BASIC AND DILUTED 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 and diluted earnings per share are 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 are also adjusted for the effects of dilutive shares and options.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group recognises all derivatives at fair value in the statement of financial position. Changes in the fair value of derivatives are recorded in the 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) a hedge of the fair value of a recognised asset or liability or of an unrecognised firm commitment (fair value hedge)
- 2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability (cash flow hedge); or
- 3) a hedge of a net investment in a foreign operation.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

1) Fair value hedges

In relation to fair value hedges (for example interest rate swaps on fixed-rate debt), any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement as finance income or cost. The gain or loss relating to the ineffective portion of the hedge instrument is recognised in the income statement within finance costs.

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 and the ineffective portion is recognised in the 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 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 transferred control of the asset, the asset continues 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 realise 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 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 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.

EQUITY-SETTLED SHARE-BASED PAYMENTS SCHEMES

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment 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

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by an external valuer using a binomial model (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 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 10).

LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of 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. For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

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 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 January 1, 2014, and have not been early adopted in preparing these consolidated financial statements:

IFRS 9 Financial instruments

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in Other Comprehensive Income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. This standard has not yet been endorsed by the European Union. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IAS 19 Employee benefits (Revised) - Amendments to IAS 19 (Revised)

This amendment clarifies the application of IAS19, 'Employee Benefits' (2011) – referred to as IAS19 Employee Benefits (revised), to plans that require employees or third parties to contribute towards the cost of benefits. The amendment clarifies that the benefit of employee contributions linked to the length of services is recognised in profit or loss over the employee's working life. Contributions that are not linked to service are reflected in the measurement of the benefit obligation. The amendment does not affect the accounting for voluntary contributions. The Group does not expect this amendment to have a material impact and intends to adopt from January 2015.

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 2017 and earlier application is permitted. This standard has not yet been endorsed by the European Union. The Group is currently assessing the impact of IFRS 15.

As part of its annual improvement project, the IASB slightly amended various standards. The improvements 2013 and 2014 focus on areas of inconsistencies in IFRSs or where clarification of wording was required. The effective date of these amendments is July 1, 2015. The Group does not expect any significant impact of these amendments on its consolidated financial statements. These amendments have not yet been adopted by the European Union.

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.

NOTE 3 – INTEREST IN A JOINT VENTURE

There are no joint ventures owned by the Group as at December 31, 2014.

On December 13, 2013, the Group disposed of its 50% interest in Solaris Mobile Limited and recorded a gain on sale of EUR 12.4 million disclosed under “Share of joint ventures and associates’ result, net of tax” in the consolidated income statement.

The share of assets, liabilities, income and expenses of the joint venture as at the date of disposal and for the period then ended, which is included in the consolidated financial statements, is as follows:

In millions of euros	2013
Non-current assets	2.0
Current assets	1.5
Non-current liabilities	–
Current liabilities	0.3
Revenue	–
Other income	–
Operating expenses	(1.6)
Depreciation and amortisation	(0.1)
Finance income, net	–
Net loss	(1.7)

NOTE 4 – OPERATING SEGMENT

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 most senior 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 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:

- Analyses of Group revenues including the allocation of revenues between the geographical downlink regions
- Overall Group 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.

The level of integration of the Group’s infrastructure operations has lead Management to conclude that there is only one cash generating unit to which the goodwill and other indefinite-life intangibles are to be allocated for impairment test purposes.

When analysing the performance of the operating segment the comparative prior year figures are recomputed using the exchange rates applying for each month in the current period. These prior year figures are being presented at ‘constant FX’.

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The segment's financial results for 2014 and 2013 are set out below.

In millions of euros	2014	Constant FX 2013	Change Favourable + / Adverse
Revenue	1,919.1	1,844.9	+4.0%
Operating expenses	(491.1)	(485.0)	-1.3%
EBITDA	1,428.0	1,359.9	+5.0%
EBITDA margin (%)	74.4%	73.7%	+0.7% pts
Depreciation	(491.6)	(464.0)	-5.9%
Amortisation	(53.8)	(48.0)	-12.3%
Operating profit	882.6	847.9	+4.1%

In millions of euros	2013	Constant FX 2012	Change Favourable + / Adverse -
Revenue	1,862.5	1,801.6	+3.4%
Operating expenses	(497.8)	(473.7)	-5.1%
EBITDA	1,364.7	1,327.9	+2.8%
EBITDA margin (%)	73.3%	73.7%	-0.4% pts
Depreciation	(466.5)	(505.9)	+7.8%
Amortisation	(47.0)	(40.5)	-16.0%
Operating profit	851.2	781.5	+8.9%

At constant FX, the revenue allocated to the relevant downlink region developed as follows:

In millions of euros	2014	2013	Change Favourable + / Adverse -
Europe	1,017.7	933.1	+9.1%
North America	341.7	395.0	-13.5%
International	559.7	516.8	+8.3%
Total	1,919.1	1,844.9	+4.0%

The Group's revenues from external customers is also analysed between the Infrastructure and Services elements. Sales between

the two, mainly sales of Infrastructure capacity to Services businesses, are eliminated on consolidation.

2014 In millions of euros	Infrastructure	Services	Elim./unalloc.	Total
Revenue	1,643.3	455.7	(179.9)	1,919.1
2013 In millions of euros	Infrastructure	Services	Elim./unalloc.	Total
Revenue	1,591.0	432.5	(161.0)	1,862.5

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

In millions of euros	2014	2013
Luxembourg (SES country of domicile)	38.4	38.0
United States of America	489.4	513.3
Germany	397.3	336.6
United Kingdom	294.9	297.3
France	153.0	98.3
Others	546.1	579.0
Total	1,919.1	1,862.5

No single customer accounted for 10% or more of total revenue in 2014 or 2013.

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	2014	2013
Luxembourg (SES country of domicile)	2,432.3	2,274.7
United States of America	2,760.3	2,547.4
The Netherlands	1,381.4	1,226.8
Isle of Man	1,145.4	961.1
Sweden	250.0	282.2
Others	364.3	311.6
Total	8,333.7	7,603.8

NOTE 5 – OPERATING EXPENSES

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

- 1) Cost of sales (excluding 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 which include the cost of equipment rental or purchased for integration and resale, largely as part of SES Services offerings.

In millions of euros	2014	2013
Costs associated with European Services business	(92.7)	(81.1)
Rental of third-party satellite capacity	(39.3)	(59.8)
Customer support costs	(13.4)	(14.4)
Other cost of sales	(28.1)	(24.3)
Total cost of sales	(173.5)	(179.6)

- 2) Staff costs in the amount of EUR 194.5 million (2013: EUR 185.8 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 are 1,237 (2013: 1,237).
- 3) Other operating expenses in the amount of EUR 123.1 million (2013: EUR 132.4 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 the year ended December 31, the Group has recorded charges – both billed and accrued – from its independent auditor and affiliated companies thereof, as set out below:

In millions of euros	2014	2013
Fees for statutory audit of annual and consolidated accounts	1.5	1.5
Fees charged for other assurance services	0.2	0.2
Fees charged for tax services	0.4	0.6
Fees charged for other non-audit services	0.2	0.2
Total audit and non-audit fees	2.3	2.5

NOTE 7 – FINANCE INCOME AND COSTS

In millions of euros	2014	2013
Finance income		
Interest income	13.2	5.3
Net foreign exchange gains	20.6	4.3
Total	33.8	9.6
Finance costs		
Interest expenses on loans and borrowings (net of amounts capitalised)	(189.9)	(174.6)
Value adjustments on financial assets	1.1	(8.5)
Total	(188.8)	(183.1)

Net foreign exchange gains mostly relates to revaluation of USD denominated bank accounts and deposits.

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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	2014	2013
Consolidated income statement		
Current income tax		
Current income tax charge	(141.5)	(95.2)
Adjustments in respect of prior periods	9.6	18.9
Foreign withholding taxes	(11.0)	(8.3)
Total current income tax	(142.9)	(84.6)
Deferred income tax		
Relating to origination and reversal of temporary differences	54.8	(8.4)
Relating to tax losses brought forward	7.8	6.8
Changes in tax rate	7.0	5.9
Adjustment of prior years	(11.9)	(7.2)
Total deferred income tax	57.7	(2.9)
Income tax income/(expense) per consolidated income statement	(85.2)	(87.5)
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	1.8	(1.3)
Impact of currency translation	13.0	3.8
Investment hedge	67.3	(13.7)
Cash flow hedge	–	0.5
Current and Deferred Income taxes reported in equity	82.1	(10.7)

A reconciliation between the income tax expense and the profit before tax of the Group multiplied by a theoretical tax rate of 29.97% (2013: 29.97%) which corresponds to the Luxembourg domestic tax rate for the year ended December 31, 2014 is as follows:

In millions of euros	2014	2013
Profit before tax from continuing operations	727.6	677.7
Multiplied by theoretical tax rate of 29.97%	218.0	203.1
Effect of different foreign tax rates	(48.9)	(65.1)
Investment tax credits	(13.6)	(35.7)
Tax exempt income	(17.7)	(11.3)
Non deductible expenditures	1.7	3.9
Taxes related to prior years	(4.1)	12.4
Effect of changes in tax rate	(8.0)	(4.6)
Recognition of deferred tax asset on temporary differences related to prior years	(49.6)	(6.8)
Group tax provision related to current year	50.4	8.4
Reversal of Group tax provision related to prior years	(24.6)	(22.0)
Extra-Territorial Income exclusion benefit	(26.2)	–
Foreign withholding taxes	11.0	8.3
Other	(3.2)	(3.1)
Income tax reported in the consolidated income statement	85.2	87.5

In 2014 a deferred tax asset was recognised in respect of the transfer of the HD+ business from Luxembourg to Germany in 2013, as management now believes that there is sufficient certainty that future taxable profits will be available to utilise this deferred tax asset. This is recorded under the line item 'Recognition of deferred tax asset on temporary differences related to prior years' in the table above.

In 2014 an Extra-Territorial Income ("ETI") exclusion benefit related to prior years has been booked under a U.S. federal export incentive provision. Whilst the final ETI benefit that the Group is

able to claim is still being assessed, an amount of tax income of EUR 26.2 million was recognised in 2014 representing the element of the expected outcome which was sufficiently substantiated at the time of issuing the financial statements.

The increase in the Group tax provision reflects mainly potential liabilities in connection with withholding taxes and arising in connection with intra-Group distributions.

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

In millions of euros	Deferred tax assets 2014	Deferred tax assets 2013	Deferred tax liabilities 2014	Deferred tax liabilities 2013	Deferred tax in income 2014	Deferred tax in income 2013
Losses carried forward	15.2	11.8	–	–	3.4	(56.7)
Tax credits	56.8	103.1	–	–	(46.3)	19.6
Intangible assets	48.9	–	252.7	233.6	29.8	21.2
Tangible assets	–	–	390.4	403.2	12.8	54.3
Employee benefits	14.1	14.7	–	–	(0.5)	1.8
Measurement of financial assets and derivatives	0.1	–	18.6	18.7	0.2	(0.1)
Receivables	9.8	3.6	–	–	6.2	4.0
Tax-free reserves	–	–	2.4	3.7	1.3	(3.7)
Other provisions and accruals	0.5	0.4	25.0	11.6	(10.9)	4.5
Foreign exchange impact ¹					61.7	(47.8)
Total deferred tax as per consolidated income statement	145.4	133.6	689.1	670.8	57.7	(2.9)
Measurement of financial instruments	1.0	1.0	12.1	12.1	–	(13.2)
Employee benefits	0.5	–	–	1.3	1.8	(1.3)
Subtotal	146.9	134.6	701.2	684.2	59.5	(17.4)
Offset of deferred taxes	(24.7)	(38.9)	(24.7)	(38.9)	–	–
Total	122.2	95.7	676.5	645.3	59.5	(17.4)

¹ A foreign exchange impact arises due to the translation of Group's operations with a different functional currency than Euro.

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 no tax losses as at December 31, 2014 (2013: EUR 1.6 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. 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 has 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.

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NOTE 9 – COMPONENTS OF OTHER COMPREHENSIVE INCOME

In millions of euros	2014	2013
Impact of currency translation	588.6	(235.0)
Income tax effect	13.0	3.8
Total impact of currency translation, net of tax	601.6	(231.2)

The impact of currency translation in other comprehensive income relates to exchange gains or losses arising on the translation of the results 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 income in the year reflects the impact on the valuation of SES's net U.S. dollar assets of the strengthening of the U.S. dollar against the Euro from 1.3791 to 1.2141. The loss in 2013 reflects the correspondingly adverse impact of the weakening of the U.S. dollar against the Euro from 1.3194 to 1.3791. This effect is partially offset by the net investment hedge (Note 19).

NOTE 10 – EARNINGS PER SHARE

Basic 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. Earnings per share calculated on a fully diluted basis is insignificantly different from the basic earnings per share.

For the year 2014, earnings per share of EUR 1.49 per A share (2013: EUR 1.41), and EUR 0.59 per B share (2013: EUR 0.56) have been calculated on the following basis:

In millions of euros	2014	2013
Profit attributable to owners of the parent	600.8	566.5

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

In millions of euros	2014	2013
Class A shares (in million)	336.8	335.1
Class B shares (in million)	168.8	168.8
Total	505.6	503.9

The weighted average number of shares is based on the capital structure of the Company as described in Note 21.

NOTE 11 – DIVIDENDS PAID AND PROPOSED

Dividends declared and paid during the year:

In millions of euros	2014	2013
Class A dividend (2013: EUR 1.07, 2012: EUR 0.97)	361.2	327.5
Class B dividend (2013: EUR 0.43, 2012: EUR 0.39)	72.3	65.5
Total	433.5	393.0

Dividends proposed for approval at the annual general meeting to be held on April 2, 2015, which are not recognised as a liability as at December 31, 2014:

In millions of euros	2014	2013
Class A dividend for 2014: EUR 1.18	398.4	361.2
Class B dividend for 2014: EUR 0.47	79.6	72.3
Total	478.0	433.5

Dividends are paid net of any withholding tax.

NOTE 12 – 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 January 1, 2013	186.2	8,299.3	371.9	147.6	9,005.0
Additions	1.1	9.7	12.5	7.8	31.1
Disposals	(0.1)	(0.7)	(5.0)	(4.5)	(10.3)
Retirements	(0.4)	(0.5)	(0.1)	(0.3)	(1.3)
Transfers from assets in course of construction (Note 13)	–	266.0	46.0	–	312.0
Transfer	–	–	–	(30.7)	(30.7)
Impact of currency translation	(1.8)	(245.7)	(13.1)	(2.4)	(263.0)
As at December 31, 2013	185.0	8,328.1	412.2	117.5	9,042.8
Depreciation					
As at January 1, 2013	(108.7)	(4,480.9)	(278.5)	(99.8)	(4,967.9)
Depreciation	(6.8)	(422.0)	(31.7)	(6.0)	(466.5)
Depreciation on disposals	0.1	0.7	5.0	1.9	7.7
Depreciation on retirements	0.2	0.5	–	0.3	1.0
Transfer	–	–	–	9.1	9.1
Impact of currency translation	1.0	111.7	6.7	2.1	121.5
As at December 31, 2013	(114.2)	(4,790.0)	(298.5)	(92.4)	(5,295.1)
Net book value as at December 31, 2013	70.8	3,538.1	113.7	25.1	3,747.7

In millions of euros	Land and buildings	Space segment	Ground segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at January 1, 2014	185.0	8,328.1	412.2	117.5	9,042.8
Additions	2.6	4.3	13.5	18.5	38.9
Disposals	(0.2)	(0.1)	–	–	(0.3)
Retirements	–	(215.1)*	(14.9)	–	(230.0)
Transfers from assets in course of construction (Note 13)	21.2	697.6**	20.9	4.4	744.1
Transfer	–	–	–	(9.5)	(9.5)
Impact of currency translation	7.9	637.3	14.0	6.5	665.7
As at December 31, 2014	216.5	9,452.1	445.7	137.4	10,251.7
Depreciation					
As at January 1, 2014	(114.2)	(4,790.0)	(298.5)	(92.4)	(5,295.1)
Depreciation	(6.1)	(448.8)	(27.6)	(9.1)	(491.6)
Disposals	0.2	–	–	–	0.2
Retirements	–	215.1*	14.4	–	229.5
Transfer	–	–	–	6.8	6.8
Impact of currency translation	(4.2)	(341.3)	(12.1)	(2.3)	(359.9)
As at December 31, 2014	(124.3)	(5,365.0)	(323.8)	(97.0)	(5,910.1)
Net book value as at December 31, 2014	92.2	4,087.1	121.9	40.4	4,341.6

* The following satellites were fully retired during 2014: Astra 1C, NSS 703

** The following satellites have been launched and became operational during 2014: ASTRA 2E, SES-8, and Astra 5B. Astra 2G was launched in 2014.

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NOTE 13 – ASSETS IN THE COURSE OF CONSTRUCTION

In millions of euros	Land and Buildings	Space segment	Ground Segment	Fixtures, tools & Equipment and intangible assets	Total
Cost and net book value as at January 1, 2013	9.1	980.6	60.6	–	1,050.3
Movements in 2013					
Additions	8.6	317.8	19.2	29.4	375.0
Transfers to assets in use (Note 12)	–	(266.0)	(46.0)	–	(312.0)
Transfer	–	(2.2)	–	–	(2.2)
Disposals	–	–	(0.2)	(0.2)	(0.4)
Impact of currency translation	–	(9.5)	(1.1)	(0.3)	(10.9)
Cost and net book value as at December 31, 2013	17.7	1,020.7	32.5	28.9	1,099.8

In millions of euros	Land and Buildings	Space segment	Ground Segment	Fixtures, tools & Equipment and intangible assets	Total
Cost and net book value as at January 1, 2014	17.7	1,020.7	32.5	28.9	1,099.8
Movements in 2014					
Additions	3.8	262.1	16.0	28.0	309.9
Transfers to assets in use (Note 12, 14)	(21.2)	(697.6)	(20.9)	(19.9)	(759.6)
Transfer	–	0.1	0.2	–	0.3
Disposals	–	–	(0.8)	–	(0.8)
Impact of currency translation	(0.1)	32.1	1.4	1.8	35.2
Cost and net book value as at December 31, 2014	0.2	617.4	28.4	38.8	684.8

Borrowing costs of EUR 23.7 million (2013: EUR 41.1 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 4.33% (2013: 4.37%) was used, representing the Group's average weighted cost of borrowing. Excluding the impact of the loan origination costs the average weighted interest rate was 3.95% (2013: 4.13%).

NOTE 14 – INTANGIBLE ASSETS

In millions of euros	Orbital slot licence rights	Goodwill	Definite life intangibles	Total
Cost				
As at January 1, 2013	759.0	1,802.1	769.6	3,330.7
Additions	5.3	–	0.6	5.9
Impairment Glocom ¹	–	(3.0)	(2.9)	(5.9)
Transfers	–	–	30.7	30.7
Impact of currency translation	(30.7)	(81.3)	(5.0)	(117.0)
As at December 31, 2013	733.6	1,717.8	793.0	3,244.4
Amortisation				
As at January 1, 2013	–	–	(454.7)	(454.7)
Amortisation	–	–	(34.2)	(34.2)
Impairment Glocom ¹	–	–	2.2	2.2
Transfers to	–	–	(9.1)	(9.1)
Impact of currency translation	–	–	1.7	1.7
As at December 31, 2013	–	–	(494.1)	(494.1)
Book value as at December 31, 2013	733.6	1,717.8	298.9	2,750.3

In millions of euros	Orbital slot licence rights	Goodwill	Definite life intangibles	Total
Cost				
As at January 1, 2014	733.6	1,717.8	793.0	3,244.4
Additions	89.8	10.9	169.8	270.5
Transfers from assets in course of construction (Note 13)	–	–	15.5	15.5
Transfers	–	–	9.5	9.5
Impact of currency translation	85.2	228.8	17.6	331.6
As at December 31, 2014	908.6	1,957.5	1,005.4	3,871.5
Amortisation				
As at January 1, 2014	–	–	(494.1)	(494.1)
Amortisation	–	–	(53.8)	(53.8)
Transfers	–	–	(6.8)	(6.8)
Impact of currency translation	–	–	(9.5)	(9.5)
As at December 31, 2014	–	–	(564.2)	(564.2)
Book value as at December 31, 2014	908.6	1,957.5	441.2	3,307.3

1 Impairment has been recorded under "Amortisation expense" in the income statement.

As further set out in Note 30, SES has recognised additional intangible assets in 2014 reflecting the economic benefit generated through the clarification of the technical frequency coordination matters at the various orbital positions.

INDEFINITE-LIFE INTANGIBLE ASSETS

The indefinite-life intangible assets as at December 31, 2014 have a net book value by cash-generating unit as shown below.

In millions of euros	2014		2013	
	Orbital slot licence rights	Goodwill	Orbital slot licence rights	Goodwill
SES Infrastructure operations	908.6	1,905.0	730.8	1,682.7
SES Platform Services	–	35.9	–	35.9
Others	–	16.6	2.8	4.5
Total	908.6	1,957.5	733.6	1,723.1

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December 31, 2014

1) Orbital slot licence rights

Interests in orbital slot licence rights were acquired in the course of the acquisitions of the SES WORLD SKIES' entities and SES ASTRA AB, as well as through targeted acquisition of such rights from third parties. The Group believes that there is a high probability of being able to achieve the extension of these rights at no significant cost as and when the current agreements expire. Hence these assets are not amortised, but rather held in the statement of financial position at acquisition cost. Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate.

2) Goodwill

Impairment procedures are performed at least once a year to assess whether the carrying value of goodwill is still appropriate. 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 up to seven years. This relatively long period for the business plan is derived from the long-term contractual basis for the satellite business.

Pre-tax discount rates in 2014 are between 6.06% and 8.38% (2013: 6.20% and 7.60% - comparatives adjusted to a comparable pre-tax basis) 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%, which reflect 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.

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

The calculations of value in use are most sensitive to:

- movements in the underlying business plan assumptions for the satellites
- changes in discount rates; and
- the growth rate assumptions used to extrapolate cash flows beyond the business plan period.

Movements in the underlying business plan assumptions:

Business plans are drawn up annually and generally provide an assessment of the expected developments for a seven-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;

- new products and services to be launched during the business plan period
- 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.

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 ten-year bonds in the market concerned, the capital structure of businesses in the Group's business sector, and other factors, as necessary, applying specifically to the CGU concerned.

Growth rate assumptions used to extrapolate cash flows beyond the business planning period:

- Rates 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 Company 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 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 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 January 1, 2001 to December 31, 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.

NOTE 15 – INVESTMENT IN ASSOCIATES

O3B NETWORKS

As of December 31, 2014, SES has an equity interest of 44.75% in O3b Networks, compared to 46.85% at the end of 2013.

The carrying value of SES's equity interest in O3b Networks as at December 31, 2014 is EUR 93.0 million (2013: EUR 132.8 million), with the decrease reflecting mainly the Group's share of O3b Networks' net loss during the period. The equity investment includes a fair value of EUR 30.9 million in connection with the provision by the Group of funding to O3b Networks at conditions more favourable than market rates.

In July 2014, O3b Networks successfully launched satellites 5 to 8 of its Middle Earth Orbit constellation, followed by the launch

of satellites 9 to 12 in December 2014. With these satellites in orbit, the full commercial services of O3b Networks are able to be commercialised.

During the year the company reached agreements with its shareholders and lenders on new financing arrangements, including an agreement with SES in April 2014 for a new Subordinated Shareholder Facility Agreement, and as such the level of uncertainty concerning the going concern of the investment has substantially reduced during 2014.

The Group's share of O3b Networks' assets, liabilities, income and expenses as at December 31, 2014 and 2013 and for the years then ended, which are included in the consolidated financial statements, are as follows:

In millions of euros	2014	2013
Non-current assets	399.3	367.7
Current assets	122.2	34.8
Non-current liabilities	395.7	238.2
Current liabilities	24.0	19.9
Revenue	3.7	0.2
Operating expenses	(22.3)	(15.1)
Depreciation and amortisation	(10.3)	(9.6)
Finance expense, net	(11.0)	(1.1)
Income tax	–	(0.2)
Net loss for the year	(39.8)	(25.8)
Other comprehensive income/(expenses)	–	–
Total comprehensive income	(39.8)	(25.8)
Dividends received from associate	–	–

As of December 31, 2014 and 2013, O3b Networks has no significant contingent liabilities. As of December 31, 2014, the Group's share in O3b Networks capital commitments, which mainly relate to

satellites procurement costs, amounts to EUR 5.7 million (2013: EUR 41.0 million). The Group's share in O3b Networks' operating lease commitments is as follows:

In millions of euros	2014	2013
Operating lease commitments		
within one year	1.5	1.8
years 2-5	3.4	5.6
Thereafter	0.5	0.5
Total operating lease commitments	5.4	7.9

On December 31, 2014, as per December 31, 2013, the Group held no other significant investments in associates.

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ND SATCOM

On May 31, 2013, the Group disposed of its remaining 24.9% interest in ND SatCom and set off the amount receivable from ND SatCom against the final selling price. The investment in the Group's interest in its 24.9% shareholding in ND SatCom was initially recorded at EUR 3.4 million. The share of losses taken for the ten-month period from March to December 2011 resulted in

the Group's interest being reduced to zero as at December 31, 2011.

The 24.9% share of assets, liabilities, income and expenses of ND SatCom as of and for the year ended December 31, 2013 and the share of income and expenses for the prior year period from January 1, 2013 to May 31, 2013 were as follows:

In millions of euros	2014	2013
Non-current assets	-	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Revenue	-	3.6
Operating expenses	-	(4.4)
Depreciation and amortisation	-	(0.3)
Finance expense, net	-	(0.1)
Share of associate	-	0.1
Net loss	-	(1.1)
Net loss attributed to associate	-	(3.1)

NOTE 16 – OTHER FINANCIAL ASSETS

In millions of euros	2014	2013
Amounts receivable from associates	36.5	2.7
Sundry financial assets	0.9	1.2
Total other financial assets	37.4	3.9

The 'Amounts receivable from associates' represents two loan facilities granted to O3b Networks, a "Contingent Equity" loan of USD16.0 million and a Subordinated Shareholder Facility Agreement ('SSFA') agreed with the SES Group in April 2014 for an amount of USD 53.2 million.

50.0 million which had been agreed in a previous financing round.

Since the SSFA facility is provided on terms closer to market terms than the previous facility, an amount of EUR 9.5 million has been released through finance income in 2014.

The "Contingent Equity" loan was drawn down by O3b Networks in 2013, with the SSFA facility being drawn in 2014. The SSFA facility replaced an (undrawn) Sales Underwrite facility in the amount of USD

At the year end the gross outstanding receivable amount from O3b Networks is EUR 58.0 million while its amortised cost is EUR 36.5 million.

NOTE 17 – TRADE AND OTHER RECEIVABLES

In millions of euros	2014	2013
Net trade debtors	377.0	355.9
Unbilled accrued revenue	311.2	223.5
Other receivables	63.6	72.7
Total trade and other receivables	751.8	652.1
Of which: Non-current	60.3	65.5
Of which: Current	691.5	586.6

Unbilled accrued revenue represents revenue for use of satellite capacity under long-term contracts but not billed. 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 60.3 million (2013: EUR 65.5 million).

An amount of EUR 17.3 million was expensed in 2014 reflecting an increase in the debtor's provisions (2013: EUR 9.2 million). This amount is recorded in 'Other operating charges'. As at December 31, 2014, trade receivables with a nominal amount of EUR 37.2 million

(2013: EUR 17.7 million) were impaired and fully provided for. Movements in the provision for the impairment of receivables were as follows:

In millions of euros	2014	2013
As at January 1	17.7	19.0
Increase in debtor's provision for the year	17.3	9.2
Utilised	(0.2)	(10.1)
Impact of currency translation	1.6	(0.4)
Other movements	0.8	-
As at December 31	37.2	17.7

NOTE 18 – 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.

There were no financial assets or liabilities that are measured at fair value at December 31, 2014. The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2013.

AS AT DECEMBER 31, 2013

Assets (in millions of euros)	Level 1	Level 2	Level 3	Total
Derivatives used for hedging				
- Cross-currency swap	-	9.5	-	9.5
Total assets	-	9.5	-	9.5

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:

In millions of euros	December 31, 2014		December 31, 2013	
	Fair value asset	Fair value liability	Fair value asset	Fair value liability
Net investment hedges:	-	-	9.5	-
Cross currency swaps	-	-	9.5	-
Total valuation of financial derivatives	-	-	9.5	-
Of which: Non-current	-	-	-	-
Of which: Current	-	-	9.5	-

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FAIR VALUES

The fair value of the loans and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates except for the listed Eurobonds for which the quoted market price 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. The fair value of the interest rate swap contracts is

determined by reference to market values for similar instruments. All loans and 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 DECEMBER 31, 2014

In millions of euros	Fair value hierarchy	Carried at amortised cost Carrying amount	Fair value	Carried at fair value Carrying amount	Total Balance Sheet
As at December 31, 2014					
Financial assets					
Non-current financial assets:					
Trade and other receivables		60.3	60.3	–	60.3
Loans and receivables		37.4	37.4	–	37.4
Total non-current financial assets		97.7	97.7	–	97.7
Current financial assets:					
Trade and other receivables		691.5	691.5	–	691.5
Cash and cash equivalents		524.5	524.5	–	524.5
Total current financial assets		1,216.0	1,216.0	–	1,216.0
Financial liabilities					
Loans and borrowings:					
At floating rates:					
Syndicated loan 2020*	2	–	–	–	–
COFACE	2	406.4	406.4	–	406.4
At fixed rates:					
Eurobond 2018 (EUR 500 million)	2	494.1	518.8	–	494.1
U.S. Bond 2019 (USD 500 million)	2	403.1	401.2	–	403.1
Eurobond 2020 (EUR 650 million)	2	646.2	770.2	–	646.2
Eurobond 2021 (EUR 650 million)	2	645.6	792.7	–	645.6
U.S. Bond 2023 (USD 750 million)	2	610.1	620.2	–	610.1
U.S. Bond 2043 (USD 250 million)	2	203.4	225.1	–	203.4
U.S. Bond 2044 (USD 500 million)	2	403.1	453.0	–	403.1
U.S. Private Placement Series B (USD 513 million)	2	84.5	87.4	–	84.5
U.S. Private Placement Series C (USD 87 million)	2	71.7	74.2	–	71.7
U.S. Ex-Im	2	79.0	79.9	–	79.0
German Bond 2032 (EUR 50 million), non-listed	2	49.8	60.7	–	49.8
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	2	149.7	160.4	–	149.7
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.4	168.8	–	139.4
European Investment Bank (EUR 200 million)	2	100.0	102.8	–	100.0
					–
Total loans and borrowings:		4,486.1	4,921.8	–	4,486.1
Of which: Non-current		4,227.6	4,638.2	–	4,227.6
Of which: Current		258.5	283.6	–	258.5
Other long term liabilities		23.6	23.6	–	23.6
					–
Trade and other payables		335.3	335.3	–	335.3

* As at December 31, 2014 no amount has been draw 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 5.3 million

AS AT DECEMBER 31, 2013

In millions of euros	Carried at amortised cost		Carried at fair value		Total
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	
As at December 31, 2013					
Financial assets					
Non-current financial assets:					
Trade and other receivables		65.5	65.5	–	65.5
Loans and receivables		3.9	3.9	–	3.9
Total non-current financial assets		69.4	69.4	–	69.4
Current financial assets:					
Trade and other receivables		586.6	586.6	–	586.6
Derivatives		–	–	9.5	9.5
Cash and cash equivalents		544.2	544.2	–	544.2
Total current financial assets		1,130.8	1,130.8	9.5	1,140.3
Financial liabilities					
Loans and borrowings:					
At floating rates:					
Syndicated loan 2015*	2	–	–	–	–
COFACE	2	429.7	429.7	–	429.7
At fixed rates:					
Eurobond 2014 (EUR 650 million)	2	649.5	663.3	–	649.5
Eurobond 2018 (EUR 500 million)	2	493.7	490.9	–	493.7
Eurobond 2020 (EUR 650 million)	2	645.5	724.8	–	645.5
Eurobond 2021 (EUR 650 million)	2	644.9	730.9	–	644.9
U.S. Bond 2023 (USD 750 million)	2	537.6	502.4	–	537.6
U.S. Bond 2043 (USD 250 million)	2	179.3	167.3	–	179.3
U.S. Private Placement Series B (USD 513 million)	2	148.8	153.3	–	148.8
U.S. Private Placement Series C (USD 87 million)	2	63.1	67.6	–	63.1
U.S. Ex-Im	2	81.9	82.7	–	81.9
German Bond 2032 (EUR 50 million), non-listed	2	49.8	48.5	–	49.8
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	2	149.5	161.2	–	149.5
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.3	142.0	–	139.3
European Investment Bank (EUR 200 million)	2	133.3	137.0	–	133.3
Total loans and borrowings:		4,345.9	4,501.6	–	4,345.9
Of which: Non-current		3,542.2	3,668.9	–	3,542.2
Of which: Current		803.7	832.7	–	803.7
Other long term liabilities		59.7	59.7	–	59.7
Trade and other payables		341.4	341.4	–	341.4

* As at December 31, 2013 no amount has been draw 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 7.0 million

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NOTE 19 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments, other than derivatives, comprise a syndicated loan, Eurobonds, U.S. dollar Bonds (144A), EUR Private Placement, German Bonds, European Investment Bank loan, borrowings under a Private Placement issue, euro-denominated commercial papers, drawings under Coface and Export-Import Bank of the United States ('U.S. Ex-Im') for specified satellites under construction, cash and short-term deposits. The main purpose of these financial instruments is to raise cash 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 finance 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 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.

Financial covenants as committed in certain debt instruments are monitored periodically where the related financial ratios that need to be upheld are measured and internally reported on a regular basis. The most actively monitored covenant is the Net Debt / EBITDA ratio that is reviewed at least once a month and includes both, backward-looking data reconciliation as well as forward-looking projections including its sensitivity to future foreign currency movements. 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 4,610.0 million as at December 31, 2014, EUR 4,029.9 million as at December 31, 2013, 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 loans and borrowings as at December 31, 2014 and 2013. The interest assumption for all floating debts is based on the interest rate of the last drawing.

In millions of euros	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at December 31, 2014:				
Loans and borrowings	258.5	1,404.4	2,874.5	4,537.4
Future interest commitments	173.2	594.0	1,036.4	1,803.6
Trade and other payables	335.3	–	–	335.3
Other long term liabilities	–	23.6	–	23.6
Total maturity profile	767.0	2,022.0	3,910.9	6,699.9
As at December 31, 2013:				
Loans and borrowings	804.6	1,154.6	2,422.9	4,382.1
Future interest commitments	157.6	470.6	496.2	1,124.4
Trade and other payables	341.4	–	–	341.4
Other long term liabilities	–	59.7	–	59.7
Total maturity profile	1,303.6	1,684.9	2,919.1	5,907.6

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 principally are used 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 denominated in euro. The primary currency exposure in terms of foreign operations is the U.S. dollar and the Group has designated certain U.S. dollar-denominated debt as net investment hedges of these operations. The Group also has a corresponding exposure in the Income Statement. Approximately 42.6% (2013: 46.1%) of the Group's sales and 40.5% (2013: 40.3%) of the Group's operating expenses are denominated in U.S. 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 capex projects, such as satellite procurements, tailoring the maturities to each milestone payment. The foreign currency risk might be in euro or U.S. 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 December 31, 2014 and 2013 the Group had no forward exchange contract outstanding designated as cash flow hedges.

The USD portfolio was not hedged in 2013 and 2014, as a large number of the U.S. dollar denominated procurement projects are currently located in entities which have the U.S. dollar as their functional currency.

2) Hedge of net investment in foreign operations

At December 31, 2014 and 2013, certain borrowings denominated in U.S. dollars were designated as hedges of the net investments in SES Americom, SES Holdings (Netherlands) BV, SES Satellite Leasing and SES Re International (Bermuda) to hedge the Group's exposure to foreign exchange risk on these investments. As at December 31, 2014, all designated net investment hedges were assessed to be highly effective and a total loss of EUR 158.6 million net of tax of EUR 67.3 million (2013: gain of EUR 32.1 million net of tax of EUR 13.7 million) is included in equity accounts. This includes realised gain of EUR 13.3 million on settlement of cross-currency swaps which were part of net investment hedge instruments (2013: realised loss of EUR 57.0 million).

The following table demonstrates the hedged portion of USD statement of financial position exposure:

	December 31, 2014 in USD	December 31, 2013 in USD
USD statement of financial position exposure:		
SES Americom	2,803.5	2,927.4
SES Holdings (NL) BV	1,608.7	1,655.7
SES Satellite Leasing	1,210.5	1,137.0
SES Re International (Bermuda)	24.0	90.1
Total	5,646.7	5,810.2
Hedged with:		
Foreign exchange derivatives (cross-currency swaps excluding interest)	–	537.6
Private Placement	189.6	292.2
U.S. Bonds	2,000.0	1,000.0
Other external borrowings	98.5	116.4
Total	2,288.1	1,946.2
Hedged proportion	41%	33%

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The following table demonstrates the sensitivity to a +/- 20% change in the U.S. dollar exchange rate on the nominal amount of the Group's U.S. 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.

December 31, 2014	Amount in USD million	Amount in euro at closing rate of 1.2141 EUR million	Amount in euro at rate of 1.4600 EUR million	Amount in euro at rate of 0.9700 EUR million
USD statement of financial position exposure:				
SES Americom	2,803.5	2,309.1	1,920.2	2,890.2
SES Holdings (NL) BV	1,608.7	1,325.0	1,101.8	1,658.5
SES Satellite Leasing	1,210.5	997.0	829.1	1,247.9
SES Re International (Bermuda)	24.0	19.8	16.4	24.7
Total	5,646.7	4,650.9	3,867.5	5,821.3
Hedged with:				
Private Placement	189.6	156.2	129.9	195.5
U.S. Bonds	2,000.0	1,647.3	1,369.9	2,061.9
Other external borrowings	98.5	81.1	67.5	101.5
Total	2,288.1	1,884.6	1,567.3	2,358.9
Hedged proportion	41%			
Absolute difference without hedging			(783.3)	1,170.4
Absolute difference with hedging			(465.9)	696.1

December 31, 2013	Amount in USD million	Amount in euro at closing rate of 1.3791 EUR million	Amount in euro at rate of 1.6500 EUR million	Amount in euro at rate of 1.1000 EUR million
USD statement of financial position exposure:				
SES Americom	2,927.4	2,122.7	1,774.2	2,661.3
SES Holdings (NL) BV	1,655.7	1,200.6	1,003.5	1,505.2
SES Satellite Leasing	1,137.0	824.5	689.1	1,033.6
SES Re International (Bermuda)	90.1	65.3	54.6	81.9
Total	5,810.2	4,213.1	3,521.4	5,282.0
Hedged with:				
Cross currency swaps	537.6	389.8	325.8	488.7
Private Placement	292.2	211.9	177.1	265.6
U.S. Bonds	1,000.0	725.1	606.1	909.1
Other external borrowings	116.4	84.4	70.5	105.8
Total	1,946.2	1,411.2	1,179.5	1,769.2
Hedged proportion	33%			
Absolute difference without hedging			(691.7)	1,069.0
Absolute difference with hedging			(460.0)	710.9

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 generally seeks to contract as much of its outstanding debt as possible at fixed interest rates, and carefully monitors the evolution of market conditions, adjusting the mix

between fixed and floating rate debt if necessary. The Group had neither on December 31, 2014 nor on December 31, 2013 interest rate hedges outstanding.

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 December 31, 2014	4,124.6	412.8	4,537.4
Borrowings at December 31, 2013	3,944.7	437.4	4,382.1

During the year 2014 the Group repaid the EUR 650 million Eurobond, another amortisation tranche of EUR 33.3 million to the European Investment Bank, two amortisation tranches of the U.S. Ex-Im facility for a total of USD 17.9 million and another amortisation tranche of the U.S. Private Placement in the amount of USD 102.6 million, which all represented fixed rate obligations.

Furthermore, during the year 2014 the Group repaid floating rate obligations of total EUR 33.9 million related to various Coface amortisation payments. In January 2014, SES successfully completed the closing of an update of the EUR 1.2 billion syndicated loan facility.

Finally, the Group concluded in March 2014 a fixed 144A bond offering of USD 1.0 billion of notes.

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 euro-zone interest rates would be an increase of 25 basis points or a decrease of 50 basis points (2013: increase of 50 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 December 31, 2014	412.8	(1.0)	2.1
Borrowings at December 31, 2013	437.4	(2.2)	1.1

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 MEUR/MUSD 1 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 December 31, 2014 is EUR 410.6 million (2013: EUR 373.6 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
2014					
Gross trade debtors	270.6	48.3	27.5	67.8	414.2
Provision	–	(15.7)	–	(21.5)	(37.2)
Net trade debtors	270.6	32.6	27.5	46.3	377.0
2013					
Gross trade debtors	206.1	136.2	10.1	21.2	373.6
Provision	–	(8.8)	–	(8.9)	(17.7)
Net trade debtors	206.1	127.4	10.1	12.3	355.9

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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 Fitch, and a 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 20 – CASH AND CASH EQUIVALENTS

In millions of euros	2014	2013
Cash at bank and in hand	173.7	429.8
Short-term deposits	350.8	114.4
Total cash and cash equivalents	524.5	544.2

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 19 above.

As at December 31, 2014, an amount of EUR 14.9 million (2013: EUR 16.0 million) is invested in Money Market Funds which qualify as cash and cash equivalents.

NOTE 21 – ISSUED CAPITAL AND RESERVES

SES has a subscribed capital of EUR 633 million (2013: EUR 633 million), represented by 337,600,000 class A shares and 168,800,000 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 January 1, 2014	337,600,000	168,800,000	506,400,000
Shares Issued during the year	–	–	–
As at December 31, 2014	337,600,000	168,800,000	506,400,000

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 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 August 10, 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.

SES has historically, in agreement with the shareholders, purchased FDRs in respect of 'A' shares in connection with executives' and employees' option schemes 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 weighted average cost to the Group as a deduction of equity.

	2014	2013
FDRs held as at December 31	1,187,145	1,678,009
Carrying value of FDRs held (in millions of euros)	32.8	29.6

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit (statutory) 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 December 31, 2014 a legal reserve of EUR 63.3 million (2013:

EUR 63.2 million) is included within other reserves. Other reserves include a further undistributable amount of EUR 312.2 million (2013: EUR 347.5 million) linked to local tax legislation in Luxembourg (Net wealth tax), which may be released and distributable after a period of 5 years of retention.

NOTE 22 – SHARE-BASED PAYMENT PLANS

The Group has three share-based payment plans which are detailed below. In the case of schemes 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.

1) THE STOCK APPRECIATION RIGHTS PLAN (STAR PLAN)

The STAR Plan, initiated in 2000, is an equity-settled scheme 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.

	2014	2013
Outstanding options at the end of the year	1,938,948	2,393,356
Weighted average exercise price in euro	22.34	19.29

Out of 1,938,948 outstanding options as of December 31, 2014 (2013: 2,393,356), 773,914 options are exercisable (2013: 1,111,316). Options exercised in 2014 resulted in 969,019 treasury shares (2013: 518,218) being issued at a weighted average price of EUR 17.54 each (2013: EUR 16.57).

On average, the related weighted average share price at the time of exercise was EUR 26.90 (2013: EUR 22.45) per share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price per share option in euro	Number of options	Average exercise price per share option in euro	Number of options
At 1 January	19.29	2,393,356	17.43	2,353,319
Granted	26.91	588,425	23.87	630,356
Forfeited	24.07	(61,510)	19.33	(45,635)
Exercised	17.54	(969,019)	16.57	(518,218)
Expired	17.98	(10,104)	17.18	(15,033)
Cancelled	16.66	(2,200)	15.15	(11,433)
At December 31	22.34	1,938,948	19.29	2,393,356

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Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant	Expiry date – June 1	Exercise price per share options in euro	Share options	
			2014	2013
2014	2021	26.91	562,808	–
2013	2020	23.87	547,076	621,304
2012	2019	18.38	461,701	646,687
2011	2018	17.84	226,809	479,267
2010	2015	18.23	140,554	451,970
2009	2014	13.68	–	194,128
			1,938,948	2,393,356

2) EXECUTIVE INCENTIVE COMPENSATION PLAN (EICP)

The EICP, initiated in 2002, is available to Group executives. Under the plan, options are granted with an effective date of January 1.

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.

	2014	2013
Outstanding options at the end of the year	3,613,129	4,359,026
Weighted average exercise price in euro	21.46	17.92

Out of 3,613,129 outstanding options as of December 31, 2014 (2013: 4,359,026), 1,258,527 options are exercisable (2013: 2,090,141). Options exercised in 2014 resulted in 1,847,657 Treasury shares (2013: 1,223,392) being issued at a weighted average price of EUR 16.54 each (2013:15.40).

On average, the related weighted average share price at the time of exercise was EUR 26.90 (2013: EUR 22.45) per share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price per share option in euro	Number of options	Average exercise price per share option in euro	Number of options
At 1 January	17.92	4,359,026	16.38	4,960,235
Granted	26.91	1,199,375	23.87	779,242
Forfeited	22.34	(86,140)	18.40	(152,485)
Exercised	16.54	(1,847,657)	15.40	(1,223,392)
Expired	18.62	(10,198)	17.39	(4,574)
Cancelled	18.38	(1,277)	-	-
At December 31	21.46	3,613,129	17.92	4,359,026

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant	Expiry date – Jan 1	Exercise price per share options in euro	Share options	
			2014	2013
2014	2024	26.91	1,175,242	–
2013	2023	23.87	625,208	773,187
2012	2022	18.38	659,936	971,736
2011	2021	17.84	488,996	818,458
2010	2020	18.23	211,845	516,068
2009	2019	13.68	146,541	349,214
2008	2018	14.62	158,736	354,129
2007	2017	15.17	74,294	240,775
2006	2016	12.93	48,302	236,432
2005	2015	10.64	24,029	91,027
2004	2014	6.76	–	8,000
			3,613,129	4,359,026

3) LONG-TERM INCENTIVE PROGRAMME ('LTI')

The LTI programme, initiated in 2005, is also a programme for executives and senior executives of the Group. Under the scheme, until end of 2008, restricted shares were allocated to executives on July 1 and these vest on the third anniversary of the grant. Senior executives also had the possibility to be allocated performance shares whose granting was 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 were met, the shares vested on the third anniversary of the original grant. Since January 1, 2009, both executives and senior executives are granted restricted and performance shares. Since 2011 the LTI vest on June 1.

	2014	2013
Restricted and performance shares outstanding at the end of the year	843,570	999,684
Weighted average fair value in euro	19.49	16.77

During 2014, 71,216 restricted shares and 206,148 performance shares have been granted. On the same period, 23,603 restricted shares and 24,687 performance shares have forfeited, 149,536 performance shares and 239,652 restricted shares have been exercised. During 2014, 4,000 additional restricted shares were granted related to the 2013 LTI plan with a retroactive effect.

The fair value of equity-settled share options (restricted and performance shares) granted is estimated as at the date of grant using a binomial model, 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 December 31, 2014, and December 31, 2013.

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2014	EICP	STARs	LTI
Dividend yield (%)	5.73%	5.73%	5.06%
Expected volatility (%)	28.82%	28.82%	20.11%
Risk-free interest rate (%)	0.70%	0.70%	0.36%
Expected life of options (years)	9.67	7	3
Share price at inception (EUR)	27.06	27.06	27.06
Fair value per option/share (EUR)	3.52-3.87	3.55-3.81	23.55
Total expected cost for each plan (in millions of euros)	4.1	2.0	6.3

2013	EICP	STARs	LTI
Dividend yield (%)	6.08%	6.08%	5.35%
Expected volatility (%)	35.22%	35.22%	25.92%
Risk-free interest rate (%)	0.55%	0.55%	0.20%
Expected life of options (years)	9.67	7	3
Share price at inception (EUR)	23.28	23.28	23.28
Fair value per option/share (EUR)	3.46-3.99	3.45-3.85	19.76
Total expected cost for each plan (in millions of euros)	2.7	2.1	5.2

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 total charge for the period for share-based compensation payments amounted to EUR 11.3 million (2013: EUR 11.2 million).

NOTE 23 – INTEREST-BEARING LOANS AND BORROWINGS

As at December 31, 2014 and 2013, the Group's interest-bearing loans and borrowings were:

In millions of euros	Effective interest rate	Maturity	Carried at amortised cost	
			Amounts Outstanding 2014	Amounts outstanding 2013
Non-current				
U.S. Private Placement				
Series B (USD 513 million)	5.83%	September 2015	–	74.4
Series C (USD 87 million)	5.93%	September 2015	–	63.1
Euro Private Placement 2016 (EUR 150 million issued under EMTN)	5.05%	August 2016	149.7	149.5
European Investment Bank (EUR 200 million)	3.618%	May 2017	66.7	100.0
Eurobond 2018 (EUR 500 million)	1.875%	October 2018	494.1	493.7
U.S. Bond (USD 500 million)	2.500%	March 2019	403.1	–
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	646.2	645.5
U.S. Ex-Im	3.11%	June 2020	64.2	69.3
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	645.6	644.9
COFACE	EURIBOR + 1.7%	October 2022	352.2	395.8
U.S. Bond (USD 750 million)	3.60%	April 2023	610.1	537.6
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	139.4	139.3
German bond (EUR 50 million), non-listed	4.00%	November 2032	49.8	49.8
U.S. Bond (USD 250 million)	5.30%	April 2043	203.4	179.3
U.S. Bond (USD 500 million)	5.300%	March 2044	403.1	–
Total non-current			4,227.6	3,542.2
Current				
U.S. Private Placement				
Series B (USD 513 million)	5.83%	September 2015	84.5	74.4
Series C (USD 87 million)	5.93%	September 2015	71.7	
European Investment Bank (EUR 200 million)	3.618%	May 2015	33.3	33.3
Eurobond 2014 (EUR 650 million)	4.875%	July 2014	–	649.5
COFACE	EURIBOR + 1.7%	Various in 2015	54.2	33.9
U.S. Ex-Im	3.11%	Various in 2015	14.8	12.6
Total current			258.5	803.7

– U.S. PRIVATE PLACEMENT

On September 30, 2003, the Group issued in the U.S. Private Placement market four series of unsecured notes amounting to USD 1,000.0 million and GBP 28.0 million. These notes comprised:

- 1) Series A USD 400.0 million of 5.29% Senior Notes due September 2013, repayable as of September 2007. The Private Placement Series A was repaid on September 30, 2013.
- 2) Series B USD 513.0 million of 5.83% Senior Notes due September 2015, repayable as of September 2011.
- 3) Series C USD 87.0 million of 5.93% Senior Notes due September 2015.
- 4) Series D GBP 28.0 million of 5.63% Senior Notes due September 2013, repayable as of September 2007. The Private Placement Series D was repaid on September 30, 2013.

On these four series, the Group pays interests semi-annually. SES is committed under the U.S. Private Placement to maintaining covenants requiring certain financial ratios to be upheld within agreed limits in order to provide sufficient security to the lenders. Of these, the covenant which management monitors the most actively is the requirement to maintain the Net Debt/EBITDA ratio at a level of 3.5 or below.

– EUROPEAN MEDIUM-TERM NOTE PROGRAMME ('EMTN')

On December 6, 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 October 3, 2014 this programme has been extended for one further year. As

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of December 31, 2014, SES had issued EUR 2,090.0 million (2013: EUR 2,740.0 million) under the EMTN Programme with maturities ranging from 2014 to 2027.

– EUR 650.0 MILLION EUROBOND (2014)

On July 9, 2009 (pricing June 30, 2009), SES issued a EUR 650.0 million bond under the Company's European Medium-Term Note Programme. The bond had a 5-year maturity and has borne interest at a fixed rate of 4.875%. It was fully repaid on July 9, 2014.

– EUR 150.0 MILLION PRIVATE PLACEMENT (2016)

On July 13, 2009, SES issued a EUR 150.0 million Private Placement under the Company's European Medium-Term Note Programme with Deutsche Bank. The Private Placement has a 7-year maturity, beginning August 5, 2009, and bears interest at a fixed rate of 5.05%.

– EUR 500.0 MILLION EUROBOND (2018)

On October 16, 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 March 25, 2014, SES completed a 144A offering in the U.S. market issuing USD 500 million 5-year bond with a coupon of 2.50% and a final maturity date of March 25, 2019.

– EUR 650.0 MILLION EUROBOND (2020)

On March 9, 2010 (pricing March 1, 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 March 11, 2011 (pricing March 2, 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 May 31, 2012, and bears interest at a fixed rate of 4.00%.

– EUR 200.0 MILLION EUROPEAN INVESTMENT BANK FUNDING

On April 21, 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 3.618%, is repayable in six annual instalments between May 2012 and May 2017.

– GERMAN BOND ISSUE OF EUR 50.0 MILLION

On October 29, 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 4.0% and matures on November 12, 2032.

– 144A BOND USD 750 MILLION (2023)

On April 4, 2013, SES completed a 144A offering in the U.S. market issuing USD 750 million 10-year bond with a coupon of 3.60% and a final maturity date on April 4, 2023.

– 144A BOND USD 250 MILLION (2043)

On April 4, 2013, SES completed a 144A offering in the U.S. market issuing USD 250 million 30-year bond with a coupon of 5.30% and a final maturity date on April 4, 2043.

– 144A BOND USD 500 MILLION (2044)

On March 25, 2014, SES completed a 144A offering in the U.S. market issuing USD 500 million 30-year bond with a coupon of 5.30% and a final maturity date of March 25, 2044.

– SYNDICATED LOAN 2020

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 1.2 billion 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 December 23, 2014, all lenders granted an extension of the facility by one year to January 14, 2020. The facility expiry date is December 14, 2019. As at December 31, 2014, no amount has been drawn from this facility.

– EUR 522.9 MILLION COFACE FACILITY

On December 16, 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 April 23, 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 August 1, 2022, Coface B and F are maturing on May 21, 2021 and Coface C and D are maturing on October 3, 2022. The entire facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

– USD 158 MILLION U.S. EX-IM FACILITY

In April 2011, SES signed a financing agreement with Ex-Im Bank (Export-Import Bank of the United States) over USD 158 million for the 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 which will be repaid in 17 equal semi-annual instalments starting on June 22, 2012. The loan has a final maturity date of June 22, 2020 and bears interest at a fixed rate of 3.11%.

– FRENCH COMMERCIAL PAPER PROGRAMME

On October 25, 2005, SES put in place a EUR 500.0 million 'Programme de Titres de Créances Négociables' in the French market where the Company issued 'Billets de Trésorerie' (commercial paper) in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and decree n°92.137 of February 13, 1992 and all subsequent regulations. The maximum outstanding amount of 'Billet de Trésorerie' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On May 26, 2014, this programme was extended for one further year. As of December 31, 2014 borrowings of EUR nil million (2013: EUR nil million) were outstanding under this programme.

– EUROPEAN COMMERCIAL PAPER PROGRAMME

In July 2012, SES signed the documentation for the inception of a joint EUR 1 billion 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. As of December 31, 2014 borrowings of EUR nil million (2013: EUR nil million) were outstanding.

NOTE 24 – PROVISIONS

In millions of euros	Non-current	Current
As at January 1, 2014	129.0	12.6
Increase in provisions	58.7	7.9
Decrease in provisions	(15.5)	(12.6)
Transfer	(35.1)	35.1
Impact of currency translation	3.4	0.7
As at December 31, 2014	140.5	43.8

In millions of euros	Non-current	Current
As at January 1, 2013	169.8	16.0
Increase in provisions	16.4	–
Decrease in provisions	(42.0)	(16.0)
Transfer	(12.6)	12.6
Impact of currency translation	(2.6)	–
As at December 31, 2013	129.0	12.6

Provisions relate primarily to Group tax provisions, provision for post-retirement benefit schemes and other items arising in the normal course of business.

In U.S. operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at December 31, 2014, accrued premiums of EUR 14.8 million (2013: EUR 16.6 million) are included in this position. Contributions made in 2014 to Group pension schemes totalled EUR 1.6 million

(2013: EUR 1.6 million), which are recorded in the income statement under 'staff costs'. During 2014, the Company modified the benefits under this programme, and as a result recognised an income of EUR 8.3 million in "Other operating expenses" of the year. The EUR 1.8 million reduction in the balance during 2014 is the result of this credit, partially offset by the 2014 expenses under the plan and the change in the discount rate in valuing the liability as of year-end 2014 and 2013.

NOTE 25 – DEFERRED INCOME

In millions of euros	Non-current	Current
As at January 1, 2014	227.8	385.6
Movement on deferred income	90.2	10.3
Impact of currency translation	17.1	14.7
As at December 31, 2014	335.1	410.6

In millions of euros	Non-current	Current
As at January 1, 2013	285.4	238.2
Movement on deferred income	(48.1)	144.6
Impact of currency translation	(9.5)	2.8
As at December 31, 2013	227.8	385.6

Notes to the consolidated financial statements

December 31, 2014

NOTE 26 – TRADE AND OTHER PAYABLES

In millions of euros	2014	2013
Trade creditors	89.8	72.4
Payments received in advance	18.1	40.2
Interest on loans	80.8	89.1
Personnel-related liabilities	35.3	27.1
Tax liabilities other than for income tax	33.2	22.4
Other liabilities	78.1	90.2
Total	335.3	341.4

In the framework of receivables securitisation transactions completed in June 2010, in June 2012 and June 2013, the Group received a net cash amount of EUR 50.6 million, EUR 59.5 million and EUR 40.2 million respectively from a financial institution as advance settlement of future receivables arising between 2011 and 2016 under contracts with a specific customer. A corresponding liability of EUR 41.6 million (2013: EUR 82.7 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 December 31, 2014 under 'Other long-term liabilities', for EUR 23.6 million (2013: EUR 41.6 million), and 'Trade and other payables' for EUR 18.0 million (2013: EUR 41.1 million).

NOTE 27 – COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 190.9 million at December 31, 2014 (2013: EUR 25.2 million). These commitments largely reflect the purchase and launch of future satellites for the expansion and replacement of the Group satellite system, together with the necessary expansion of the associated ground station and control

facilities. In the case of termination by the Group of these contracts, contractual penalty provisions apply.

OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows as at December 31:

In millions of euros	2014	2013
Within one year	5.9	8.4
After one year but not more than five years	4.5	10.1
More than five years	2.5	4.4
Total	12.9	22.9

Total operating lease expense was EUR 8.4 million in 2014 (2013: EUR 11.0 million).

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 December 31 is as follows:

In millions of euros	2014	2013
Within one year	9.8	8.4
After one year but not more than five years	1.1	4.1
After more than five years	–	1.9
Total	10.9	14.4

Total operating lease expense for transponder service agreements was EUR 8.4 million in 2014 (2013: EUR 29.3 million).

LITIGATION

There were no significant litigation claims against the Group as of December 31, 2014.

GUARANTEES

On December 31, 2014 the Group had outstanding bank guarantees for an amount of EUR 78.1 million (2013: EUR 19.7 million) with respect to performance and warranty guarantees for services of satellite operations.

RESTRICTIONS ON USE OF CASH

At the year-end, there were no restricted cash balances (2013: nil).

NOTE 28 – 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'Épargne de l'État and Société Nationale de Crédit et d'Investissement. These shares constitute the Company's Class B shares, which are described in more detail in Note 21.

The total payments to directors for attendance at board and committee meetings in 2014 amounted to EUR 1.3 million (2013: 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.

In 2014, SES recognised revenue of EUR 7.2 million (2013: nil) from O3b Networks Limited in connection with the provision of satellite-related services to that company. O3b Networks Limited has commitments to SES for similar services totalling EUR 10.4 million, of which EUR 3.0 million will be incurred within one year and EUR 7.4 million between 2 and 5 years. (refer also to Note 16)

There were no other significant transactions with related parties.

The key management of the Group, defined as the Group's Executive Committee, received compensation as follows:

In millions of euros	2014	2013
Remuneration including bonuses	5.2	5.0
Pension benefits	0.7	0.6
Share-based payments	12.6	5.0
Other benefits	0.3	0.1
Total	18.8	10.7

Total share-based payment instruments allocated to key management as at December 31, 2014 were 893,150 (2013: 1,521,328).

NOTE 29 - 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	Ciel Satellite Limited Partnership, Canada (30% held by NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% held by NCI)	
	2014	2013	2014	2013
Summarised balance sheet				
Current assets	5.4	4.6	16.5	11.9
Current liabilities	(16.8)	(14.5)	(5.8)	(4.2)
Current net assets	(11.4)	(9.9)	10.7	7.7
Non-current assets	147.3	143.6	74.6	71.5
Non-current liabilities	(43.1)	(49.1)	–	–
Non-current net assets	104.2	94.5	74.6	71.5
Net assets	92.8	84.6	85.3	79.2
Accumulated NCI	27.8	25.4	55.4	51.5

In millions of euros	Ciel Satellite Limited Partnership, Canada (30% held by NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% held by NCI)	
	2014	2013	2014	2013
Summarised statement of comprehensive income				
Revenue	36.6	36.2	14.8	8.9
Operating expenses	(3.6)	(3.0)	(13.1)	(7.1)
Profit for the period	16.1	15.4	4.2	4.2
Other comprehensive income	–	–	–	–
Total comprehensive income	16.1	15.4	4.2	4.2
Profit/(loss) allocated to NCI	4.8	4.6	2.7	2.7
Dividend paid to NCI	5.6	5.6	–	–

Notes to the consolidated financial statements

December 31, 2014

In millions of euros	Ciel Satellite Limited Partnership, Canada (30% held by NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% held by NCI)	
Summarised cash flows	2014	2013	2014	2013
Cash flows from/(absorbed by) operating activities	19.2	18.8	(2.3)	(1.5)
Cash flows from/(absorbed by) investing activities	(0.3)	(0.3)	–	–
Cash flows from/(absorbed by) financing activities	(19.1)	(18.1)	–	2.9
Net increase/(decrease) in cash and cash equivalents	(0.2)	0.4	(2.3)	1.4

There were no transactions with non-controlling interests in 2013 and 2014.

NOTE 30 – EUTELSAT SETTLEMENT

On January 30, 2014 SES and Eutelsat Communications announced the conclusion of a series of agreements including a comprehensive settlement of legal proceedings concerning the right to operate at the 28.5 degrees East orbital position and containing long-term commercial as well as frequency coordination elements.

- The first agreement ends the arbitral procedure between Eutelsat and SES that was initiated in October 2012 under the rules of the International Chamber of Commerce in Paris. The dispute concerned a right of use of 500 MHz spectrum at the 28.5 degrees East orbital position. Eutelsat ceased to operate this spectrum on 3 October 2013 and SES has operated this spectrum since that date. The dispute over this right of use has now been resolved, with SES continuing to operate its satellites at this location, and Eutelsat independently commercialising part of the capacity of the previously disputed frequencies
- According to the second agreement between both companies, Eutelsat has therefore contracted long-term satellite capacity on the SES satellite fleet at the 28.5 degrees East orbital position. Eutelsat is commercialising over Europe on the SES fleet 125 MHz (eight Band-B transponders) of the formerly disputed 500 MHz. Eutelsat is also commercialising on the SES fleet the 250 MHz (12 Band-A transponders) which was not the subject of the legal proceedings. The 20 transponders are operated on three new satellites which SES is deploying at the 28.2/28.5 degrees East neighbourhood – ASTRA 2F, ASTRA 2E and ASTRA 2G. The first two of these satellites have been launched and commenced operational service; ASTRA 2G was launched in December 2014 and is expected to commence providing the service to Eutelsat during the first half of 2015
- The third agreement between the two companies addresses technical frequency coordination under the rules of the International Telecommunication Union. It will allow both parties an optimised use of their respective spectrum at a number of orbital positions over Europe, the Middle East and Africa. It confirms and clarifies in technical terms the geographic coverage and transmission power levels for frequencies at these positions.

Within the framework of these agreements, SES is recognising revenues in connection with the sale of the 12 Band-A transponders, with eight of these recognised in 2014. SES will recognise revenue on the provision of services on the eight Band-B

transponders over the term of the agreement. SES has also recognised additional intangible assets to reflect the economic benefit generated through the clarification of the technical frequency coordination matters at the various orbital positions.

NOTE 31 – POST-BALANCE SHEET EVENTS

INCORPORATION OF LUXGOVSAT

On February 12, 2015, SES and the Luxembourg Government jointly incorporated a legal entity LuxGovSat as a limited liability Company (Société Anonyme) under Luxembourg Law. LuxGovSat will procure and operate a satellite which is expected to be launched in the second quarter of 2017.

The Luxembourg Government and SES are each subscribing EUR 50 million for their interest in the equity of the new company, which will also enter into a EUR 125 million bank loan with a consortium of Luxembourg banks to finance the satellite procurement and launch. The spacecraft is to be positioned in the European arc, covering Europe, the Middle East, and Africa.

The capacity of the new satellite will satisfy Luxembourg's requirements for satellite communications in military frequencies and will be made available to governmental and institutional customers for defence and governmental applications. The multi-mission satellite will use dedicated military frequencies (known as X-band and military Ka-band), providing high-powered and fully steerable spot beams to support multiple operations.

PROCUREMENT OF SES-14, SES-15 AND SES-16

On 16 February 2015 SES announced the addition of three next-generation satellites to its family; SES-14, SES-15 and SES-16/ Govsat, which will allow SES to address the accelerating needs of fast growing markets and add significant high-power capacity to all four key strategic business verticals - video, data, mobility and government. All three satellites, manufactured by Airbus Space and Defence, Boeing and Orbital ATK, respectively, will be using the newest spacecraft technologies, leading to optimal performance and highest efficiency. SES-14 and SES-15 are both powerful hybrid satellites, using Ku-, Ka- and – in the case of SES-14 – also C-band in wide-beam and high-throughput (HTS) technology and a purely electric propulsion system that significantly enhances the satellites' economic efficiency thanks to the enhanced payload that can be carried as a result of the reduction in fuel mass. SES-16/GovSat, which is the satellite referred to above in the 'Incorporation of LuxGovSat' section, is a state-of-the-art multi-mission satellite with

high-powered and fully steerable beams for government missions which will be owned and operated by LuxGovSat. The aggregate capital commitment associated with these three programmes is approximately EUR 750 million excluding the capitalisation of

interest. This includes 100% of the capital commitment concerning SES-16, although the Luxembourg Government will be sharing in the funding of this satellite on an equal basis with SES.

NOTE 32 – CONSOLIDATED SUBSIDIARIES, ASSOCIATES AND AFFILIATES

The consolidated financial statements include the financial statements of the material subsidiaries and associates listed below:

	Economic interest (%) 2014	Economic interest (%) 2013	Method of consolidation 2014
Held directly by SES:			
SES ASTRA S.A., Luxembourg	100.00	100.00	Full
SES GLOBAL-Americas Inc., U.S.A.	100.00	100.00	Full
SES GLOBAL Americas Holdings General Partnership, U.S.A.	100.00	100.00	Full
SES GLOBAL Africa S.A., Luxembourg	100.00	100.00	Full
SES Participations S.A., Luxembourg	100.00	100.00	Full
SES Finance S.à r.l., Switzerland	100.00	100.00	Full
SES Holdings (Netherlands) B.V., Netherlands	100.00	100.00	Full
SES ASTRA Services Europe S.A., Luxembourg	100.00	100.00	Full
SES Latin America S.A., Luxembourg	100.00	100.00	Full
SES Belgium S.p.r.l, Belgium	100.00	100.00	Full
SES Insurance International S.A., Luxembourg	100.00	100.00	Full
SES Insurance International Re S.A., Luxembourg	100.00	100.00	Full
SES Lux Finance S.à r.l., Luxembourg	100.00	100.00	Full
SES NL Finance S.à r.l., Luxembourg	100.00	100.00	Full
Held through SES Participations S.A., Luxembourg:			
Ciel Satellite Holdings Inc., Canada	100.00	100.00	Full
Ciel Satellite Limited Partnership, Canada	70.00	70.00	Full
Northern Americas Satellite Ventures, Inc., Canada	100.00	100.00	Full
Held through SES ASTRA Services Europe S.A., Luxembourg:			
Glocom (Communications and Images) Limited (Isle of Man) ⁴	–	75.00	–
SES TechCom S.A., Luxembourg	100.00	100.00	Full
SES ASTRA TechCom Belgium S.A., Belgium	100.00	100.00	Full
Astralis S.A., Luxembourg ⁴	–	100.00	–
SES Broadband Services S.A., Luxembourg	100.00	100.00	Full
SES Digital Distribution Services AG, Switzerland	100.00	100.00	Full
SES Digital Distribution Services S.à r.l., Luxembourg	100.00	100.00	Full
Redu Operations Services S.A., Belgium	48.00	48.00	Equity
Redu Space Services S.A., Belgium	52.00	52.00	Full
HD Plus GmbH, Germany	100.00	100.00	Full
SES ASTRA Real Estate (Betzdorf) S.A., Luxembourg	100.00	100.00	Full
SES Capital Belgium S.A., Belgium ³	100.00	100.00	Full
SES Platform Services GmbH, Germany	100.00	100.00	Full
SES Digital Distribution Services GmbH, Germany	100.00	100.00	Full
Virtual Planet Group GmbH, Germany	90.00	90.00	Full
SmartCast GmbH ²	100.00	–	Full
SmartCast Technologies Ltd ²	100.00	–	Full
SmartCast Asia Ltd ²	100.00	–	Full

Notes to the consolidated financial statements

December 31, 2014

	Economic interest (%) 2014	Economic interest (%) 2013	Method of consolidation 2014
Held through SES ASTRA S.A.:			
ASTRA Deutschland GmbH, Germany	100.00	100.00	Full
ASTRA (U.K.) Ltd, United Kingdom	100.00	100.00	Full
ASTRA Iberica S.A., Spain	100.00	100.00	Full
ASTRA France S.A., France	100.00	100.00	Full
ASTRA (GB) Limited, United Kingdom	100.00	100.00	Full
ASTRA Benelux B.V., The Netherlands	100.00	100.00	Full
SES ASTRA CEE Sp. z o.o, Poland	100.00	100.00	Full
SES ASTRA Italia S.r.l.	100.00	100.00	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	100.00	100.00	Full
New Skies Investments S.à r.l, Luxembourg	100.00	100.00	Full
SES ASTRA AB, Sweden	100.00	100.00	Full
Sirius Satellite Services SIA, Latvia	100.00	100.00	Full
SES SIRIUS Ukraine, Ukraine	100.00	100.00	Full
SES ASTRA 1KR S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 1L S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 1M S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 3B S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 5B S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 1N S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 2E S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 2F S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 2G S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA (Romania) S.à r.l.	100.00	100.00	Full
SES 10 S.à r.l. ¹	100.00	–	Full
Held through SES Finance S.à r.l.:			
SES Re International (Bermuda) Ltd, Bermuda ³	100.00	100.00	Full
SES Satellite Leasing Ltd, Isle of Man	100.00	100.00	Full
Al Maisan Satellite Communications (YahSat) LLC, UAE	35.00	35.00	Full
Satellites Ventures (Bermuda), Ltd	100.00	100.00	Full
Held through SES GLOBAL Africa S.A.:			
SES ASTRA Africa (Proprietary) Ltd, South Africa	100.00	100.00	Full
ODM (Proprietary) Ltd, South Africa	14.67	15.08	Equity
SES Satellites Ghana Ltd	100.00	100.00	Full
Held through SES GLOBAL-Americas Inc.:			
SES AMERICOM, Inc., U.S.A.	100.00	100.00	Full
SES AMERICOM PAC, Inc., U.S.A.	100.00	100.00	Full
SES AMERICOM International Holdings, Inc., U.S.A.	100.00	100.00	Full
SES AMERICOM (Brazil) Holdings, LLC, U.S.A.	100.00	100.00	Full
SES AMERICOM do Brasil Servicos de Telecomunicacoes, Ltda, Brazil	100.00	100.00	Full
AMERICOM Government Services, Inc., U.S.A.	100.00	100.00	Full
Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico	100.00	73.99	Full

	Economic interest (%) 2014	Economic interest (%) 2013	Method of consolidation 2014
Socios Aguila S.de R.L de C.V., Mexico	49.00	49.00	Equity
Columbia Communications Corporation, U.S.A.	100.00	100.00	Full
SES Satellites International, Inc., U.S.A.	100.00	100.00	Full
SES Satellites (Gibraltar) Ltd, Gibraltar	100.00	100.00	Full
SES AMERICOM Colorado, Inc., U.S.A.	100.00	100.00	Full
AMC-1 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-2 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-3 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-5 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-6 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-8 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-9 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-10 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-11 Holdings LLC, U.S.A.	100.00	100.00	Full
SES AMERICOM (Asia 1A) LLC, U.S.A.	100.00	100.00	Full
AMERICOM Asia Pacific LLC, U.S.A.	100.00	100.00	Full
AMC-12 Holdings LLC, U.S.A.	100.00	100.00	Full
SES AMERICOM California, Inc., U.S.A.	100.00	100.00	Full
AMC-4 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-7 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-15 Holdings LLC, U.S.A.	100.00	100.00	Full
AMC-16 Holdings LLC, U.S.A.	100.00	100.00	Full
SES-1 Holdings, LLC, U.S.A.	100.00	100.00	Full
QuetzSat Directo, S. de R.L. de C.V., Mexico	100.00	49.00	Full
SES ENGINEERING (U.S.) Inc., U.S.A.	100.00	100.00	Full
AOS Inc., U.S.A.	100.00	100.00	Full
SES-2 Holdings LLC, U.S.A.	100.00	100.00	Full
SES-3 Holdings LLC, U.S.A.	100.00	100.00	Full
Held through SES Latin America S.A.:			
QuetzSat S. de R.L. de C.V., Mexico	100.00	73.99	Full
Satellites Globales S. de R.L. de C.V., Mexico	100.00	49.00	Full
SES Satelites Directo Ltda, Brazil	100.00	100.00	Full
SES DTH do Brasil Ltda, Brazil	100.00	100.00	Full
SES GLOBAL South America Holding S.L., Spain	100.00	100.00	Full
Held through SES Holdings (Netherlands) B.V.:			
New Skies Satellites, Inc., U.S.A.	100.00	100.00	Full

Notes to the consolidated financial statements

December 31, 2014

	Economic interest (%) 2014	Economic interest (%) 2013	Method of consolidation 2014
New Skies Satellites Mar B.V., The Netherlands	100.00	100.00	Full
New Skies Satellites Ltda, Brazil	100.00	100.00	Full
New Skies Networks, Inc., U.S.A.	100.00	100.00	Full
New Skies Networks (U.K.) Ltd, U.K.	100.00	100.00	Full
SES ENGINEERING (Netherlands) B.V., The Netherlands	100.00	100.00	Full
New Skies Asset Holdings, Inc., U.S.A.	100.00	100.00	Full
SES NEW SKIES Marketing B.V., The Netherlands	100.00	100.00	Full
New Skies Satellites India B.V., The Netherlands	100.00	100.00	Full
New Skies Satellites Argentina B.V., The Netherlands	100.00	100.00	Full
New Skies Networks Australia B.V., The Netherlands	100.00	100.00	Full
New Skies Satellites Australia Pty Ltd, Australia	100.00	100.00	Full
New Skies Satellites Licensee B.V., The Netherlands	100.00	100.00	Full
SES Asia S.A., Luxembourg	100.00	100.00	Full
SES Finance Services AG, Switzerland	100.00	100.00	Full
O3b Networks Ltd, Jersey (Channel Islands) ⁵	44.75	46.85	Equity
SES World Skies Singapore Pty Ltd, Singapore	100.00	100.00	Full

¹ Entity created in 2014.

² Entity acquired in 2014.

³ Entity sold, merged, liquidated or in the process of liquidation in 2014.

⁴ Entity sold, merged or liquidated in 2013

⁵ See Note 15.

SES ANNUAL ACCOUNTS



Independent auditor's report

To the Shareholders of SES S.A.

REPORT ON THE ANNUAL ACCOUNTS

We have audited the accompanying annual accounts of SES S.A., which comprise the balance sheet as at 31 December 2014, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE ANNUAL ACCOUNTS

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation 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.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

OPINION

In our opinion, the annual accounts give a true and fair view of the financial position of SES S.A. as of 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The management report, which is the responsibility of the Board of Directors is consistent with the annual accounts.

PricewaterhouseCoopers, Société coopérative
Represented by



Gilles Vanderweylen
Luxembourg, 19 February 2015

Balance sheet

As at December 31, 2014

in millions of euros

2014

2013

		2014	2013
Assets			
Fixed Assets			
Financial fixed assets			
Shares in affiliated undertakings	Note 3	7,027.1	7,404.3
Amounts owed by affiliated undertakings	Note 3	1,479.0	1,269.6
Amounts owed by undertakings with which the company is linked by virtue of participating interests		-	0.5
		8,506.1	8,674.4
Current Assets			
Debtors			
Amounts owed by affiliated undertakings becoming due and payable within one year	Note 4	3,120.8	2,319.3
Other receivables becoming due and payable within one year		21.7	200.5
Transferable securities and other financial instruments			
Own shares or own corporate units	Note 3	32.8	22.9
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		458.8	343.9
		3,634.1	2,886.6
Prepayments	Note 2.2.2	57.3	47.6
Total assets		12,197.5	11,608.6

Balance sheet

As at December 31, 2014

in millions of euros		2014	2013
Liabilities			
Capital and reserves			
Subscribed capital	Note 5	633.0	633.0
Share premium and similar premiums		835.3	835.3
Reserves			
Legal reserve	Note 6	63.3	63.2
Other reserves	Note 7	292.6	337.4
Profit or loss for the financial year		482.8	388.8
		2,307.0	2,257.7
Non subordinated debts			
Debenture loans - Non convertible loans	Note 2.2.8 Note 8		
becoming due and payable within one year		234.0	811.0
becoming due and payable after more than one year		3,787.3	3,002.6
Amounts owed to credit institutions	Note 8		
becoming due and payable within one year		105.3	80.2
becoming due and payable after more than one year		491.6	574.9
Trade creditors			
becoming due and payable within one year		0.3	1.2
Amounts owed to affiliated undertakings	Note 8		
becoming due and payable within one year		3,880.8	3,567.5
becoming due and payable after more than one year		1,384.9	1,261.2
Tax and social security debts			
Tax debts	Note 9		
Social security debts		0.4	0.3
Other creditors			
becoming due and payable within one year		5.9	52.0
		9,890.5	9,350.9
Total liabilities		12,197.5	11,608.6

The accompanying notes form an integral part of the annual accounts.

Profit and loss account

For the year ended December 31, 2014

in millions of euros

		2014	2013
Charges			
Other external charges		24.5	27.2
Staff costs	Note 10		
Salaries and wages		27.4	15.3
Social security on salaries and wages		1.9	1.6
Other operating charges		2.8	2.7
Value adjustments and fair value adjustments on financial fixed assets	Note 3	10.5	12.5
Interest and other financial charges			
concerning affiliated undertakings		60.4	72.2
other interest and similar financial charges	Note 12	254.5	214.3
Income tax	Note 9	(96.3)	(79.5)
Profit for the financial year		482.8	388.8
Total Charges		768.5	655.1
Income			
Other operating income	Note 13	19.1	17.9
Income from financial fixed assets			
derived from affiliated undertakings	Note 14	717.8	578.6
Other interests and other financial income			
derived from affiliated undertakings		13.2	33.1
other interest and similar financial income	Note 15	18.4	25.5
Total Income		768.5	655.1

The accompanying notes form an integral part of the annual accounts.

Statement of changes in shareholders' equity

As at 31 December 2014

	Subscribed capital EUR million	Share premium EUR million	Legal reserve EUR million	Other reserves* EUR million	Result for the year EUR million	Total EUR million
At 1 January 2013	633.0	835.3	62.5	336.0	395.0	2,261.8
Allocation of result	–	–	0.7	394.4	(395.1)	–
Distribution of dividends	–	–	–	(393.0)	–	(393.0)
Profit for the financial year	–	–	–	–	388.9	388.9
At 31 December 2013	633.0	835.3	63.2	337.4	388.8	2,257.7
At 1 January 2014	633.0	835.3	63.2	337.4	388.8	2,257.7
Allocation of result	–	–	0.1	388.7	(388.8)	–
Distribution of dividends	–	–	–	(433.5)	–	(433.5)
Profit for the financial year	–	–	–	–	482.8	482.8
At 31 December 2014	633.0	835.3	63.3	292.6	482.8	2,307.0

* Including reserves for own shares of EUR 32.8 million as at 31 December 2014 (2013: EUR 22.9 million).

Notes to the annual accounts

As at December 31, 2014

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 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 in those of the Company to the level of its share in the partnership.

As from 1 January 2013, the Company has established a branch in Switzerland in order to centralise the cash pooling. The annual accounts of the branch are integrated in those of the Company.

The Company also prepares consolidated financial statements for the SES Group (“the Group”), which are published according to the provisions of the Luxembourg law.

The Company has been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004. Fiduciary Depositary Receipts each in respect to Class A share of SES S.A. are listed on the Stock Exchange of Luxembourg and on Euronext Paris under the symbol SESG.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The annual accounts are prepared in accordance with the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, as amended 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.

The 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 continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Whenever necessary, comparative amounts are reclassified to conform with changes in presentation in the current year. An amount of EUR 1,695.5 million owed to affiliated undertakings has been reclassified from long-term to short-term liabilities in the comparative 2013 balance sheet.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The main valuation rules applied by the Company are the following:

2.2.1. Financial fixed assets

Financial assets held by the Company are valued at purchase price. Loans are valued at their nominal value.

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. In some instances, where the Board of Directors believes that it is more appropriate in the circumstances and better reflects the substance of the activity, interdependency of cash flows between the legal entities of SES and their level of integration have been considered to assess the carrying value of the financial assets.

In those instances, investments in certain undertakings have therefore 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 International Financial Reporting Standards. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2 Transferable securities

Transferable securities are valued at the lower of purchase price, including expenses incidental thereto and calculated on the basis of average weighted average prices or market value, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3. Prepayments

Loan origination costs are capitalised and included in prepayments. These costs are amortised over the remaining estimated loan periods based on the Company’s financing strategy.

2.2.4. Dividends

Dividends are declared after the 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.

2.2.5. Convertible profit participating loan

Returns on convertible profit participating loans ("PPL") issued by the Company are calculated based on the cumulative profits of the PPL recipient over the life of the loan. The Company's entitlement to the return is therefore only certain at the date of maturity of the loan. The return is therefore recorded as income on final maturity of the PPL.

2.2.6. Debtors

Debtors are valued 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 the value adjustments were made have ceased to apply.

2.2.7. Foreign currency translation

The Company maintains its accounting records in Euro ("EUR") and the annual accounts are expressed in this currency.

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rates ruling 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. Related 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. Long-term financial liabilities, which are hedged by financial derivatives, are translated at the closing rate.

2.2.8. Derivative financial instruments

The Company may enter into derivative transactions, principally forward currency contracts, in order to manage exchange rate exposure on the Company's and Group's assets, liabilities and financial operations.

Such financial instruments are mainly used to reduce the Company's or Group's exposure to risks in connection with financial liabilities denominated in U.S. dollars. 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 forward contracts until a firm commitment is in place, and to match the terms of hedge derivatives to those of the hedged item to maximise effectiveness.

SES is not a party to leveraged derivatives and, in accordance with the Company's policy, does not use derivative financial instruments for speculative purposes.

Additionally, the Company has significant foreign operations whose functional currency is not the Euro. The primary currency exposure in terms of foreign operations is the U.S. dollar and the Company may enter into derivatives, such as forward currency contracts or cross-currency swaps in order to manage exchange rate exposure on the Company's investments.

Financial derivatives hedging balance sheet positions in foreign currencies are generally revalued at year-end using the closing rate. Both unrealised gains and unrealised losses resulting from the conversion of these contracts are recognised. Assets or liabilities generated by unrealised gains/losses are recognised and recorded in "Other debtors" and "Other creditors", respectively, or under "amounts owed to/by affiliated undertakings" where the counterparty is a member of the SES Group.

2.2.9. Debts

Debts 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.

Notes to the annual accounts

As at December 31, 2014

NOTE 3 – FINANCIAL FIXED ASSETS

A) SHARES IN AFFILIATED UNDERTAKINGS

	2014 EUR million	2013 EUR million
Cost at beginning of year	7,409.0	8,349.1
Increase	–	76.5
Decrease ¹	(377.2)	(1,016.6)
Cost at end of year	7,031.8	7,409.0
Value adjustments at beginning of year	(4.7)	(4.7)
Value adjustment of the year	–	–
Value adjustment at the end of year	(4.7)	(4.7)
Net book value at end of year	7,027.1	7,404.3

¹ In September 2014, the Board of Directors of SES Global Americas Inc. declared a dividend distribution to SES Global Americas Holding GP in the amount of USD 500.0 million. This distribution has been made by reduction of the share capital of SES Global Americas Inc. and recorded as a reduction in the shares in affiliated undertakings of the Company.

As at 31 December 2014, the Company holds the following investments:

Net book value		2014 EUR million	2013 EUR million
Infrastructure			
SES Astra S.A. (1)	100%	1,046.8	1,046.8
SES Global – Americas, Inc. (2)	99.94%	3,477.6	3,854.8
SES Astra A.B. (3)	32.34%	50.1	50.1
SES Participations S.A. (1)	100%	206.8	206.8
SES Global Africa S.A. (1)	100%	406.6	406.6
SES Finance S.à r.l. (4)	100%	1,502.2	1,502.2
SES Holdings (Netherlands) BV (5)	100%	96.7	96.7
SES Insurance International (Luxembourg) S.A. (1)	100%	15.2	15.2
SES Insurance International Re (Luxembourg) S.A. (2)	100%	76.3	76.3
Services			
SES Astra Services Europe S.A. (1)	100%	148.8	148.8
SES Astra TechCom Belgium S.A. (6)	1%	–	–
SES Latin America S.A. (1)	100%	–	–
SES Broadband Services S.A. (1)	0.01%	–	–
SES Belgium Sprl (6)	99%	–	–
SES NL Finance S.à r.l. (1)	100%	–	–
Total		7,027.1	7,404.3

Country of incorporation : (1) Luxembourg; (2) United States; (3) Sweden; (4) Switzerland; (5) Netherlands; (6) Belgium;

Affiliated undertakings listed under “Infrastructure” above form part of the “Infrastructure” business of the SES Group. They have been grouped together for the purposes of testing their carrying values for impairment, considering the interdependency of their cash flows and their level of integration.

The recoverable amount of this group of companies is determined by 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 up to seven years. This relatively long period reflects the long-term contractual base for the satellite business. The pre-tax

discount rate used in 2014 is 6.1% (2013: 6.2%) 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 business concerned. The terminal growth rate used in the valuation is set at 2% (2013: 2%), 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. As a result of 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.

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 Infrastructure business of the SES Group and the interdependency of its cash flows.

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. As a result of this impairment testing, the Board of Directors believes that none of them has suffered a permanent diminution in value.

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.

B) AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

Amounts owed by affiliated undertakings of EUR 1,479.0 million mainly consist of:

- EUR 805.0 million (2013: EUR 725.4 million) of Convertible Profit Participating Loans with SES Finance S.à r.l.
- EUR 567.9 million with SES NL Finance S.à r.l.. This loan was initially granted to SES Holdings (Netherlands) B.V on 20 December 2013 and subsequently transferred to SES NL Finance S.à r.l. on 18 December 2014
- EUR 23.1 million with SES Asia S.A. (2013: EUR 23.1 million)
- EUR 19.5 million with SES DTH do Brazil Ltda. granted on 24 July 2014
- EUR 19.5 million with SES Digital Distribution Services AG (2013: EUR 19.0 million)
- EUR 43.9 million with SES NL Finance S.à r.l. granted on 29 September 2014.

During 2014, the Company recorded a EUR 10.5 million value adjustment on the current account held with SES Capital Belgium S.A. following the liquidation of this entity.

C) OWN SHARES OR OWN CORPORATE UNITS

Own Fiduciary Deposit Receipts:

All Fiduciary Deposit Receipts (“FDRs”) in respect of Class A shares owned by the Company are for use in connection with the share

option schemes for executives and staff of the SES Group. These shares are valued at the weighted average cost.

As at 31 December 2014, the Company owned 1,187,145 FDRs (2013: 1,678,009).

NOTE 4 – DEBTORS

A) AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

The Group operates a centralised treasury function at the level of the Company which manages, amongst 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 3,120.8 million (2013: EUR 2,319.3 million) consist of in-house bank accounts that are current accounts.

As at 31 December 2014 current accounts represent short-term advances bearing interest at market rates.

NOTE 5 – SUBSCRIBED CAPITAL

As at 31 December 2014 the issued and fully paid share capital of the Company amounted to EUR 633.0 million, represented by 506,400,000 shares with no par value (337,600,000 Class A ordinary shares and 168,800,000 Class B ordinary shares).

The Company has issued two classes of shares: Class A and Class B shares (referred to also as “A-shares” and “B-shares”, respectively).

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.

NOTE 6 – 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.

NOTE 7 – OTHER RESERVES

In accordance with paragraph 8a of the 16 October 1934 Law as amended, the Company is entitled to reduce the net wealth tax due for the year by an amount which cannot exceed the corporate income tax due for that year. In order to avail itself of the above, the Company must set up a restricted reserve equal to five times the amount of the net wealth tax credited. This reserve has to be maintained for a period of five years following the year in which it was created. In case of distribution of the restricted

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As at December 31, 2014

reserve, the tax credit falls due during the year in which it was distributed.

As at 31 December 2014, the restricted portion of "other reserves" in the books of SES S.A. is as follows:

	Reduction in net wealth tax EUR million	Restricted reserve EUR million
2009	12.7	63.4
2010	14.1	70.7
2011	12.4	61.8

Since 2012 the reserve for net wealth tax is recorded at the level of SES Astra S.A.. This entity forms part of the Luxembourg tax unity.

NOTE 8 – NON SUBORDINATED DEBTS

A) NON CONVERTIBLE LOANS

U.S. Private Placement

On 30 September 2003, SES, through SES Global Americas Holdings GP, issued in the U.S. Private Placement market four series of unsecured notes amounting to USD 1,000.0 million and GBP 28.0 million. These notes comprised:

Series A USD 400.0 million of 5.29% Senior Notes due September 2013, amortising as of September 2007. The Private Placement Series A was reimbursed on 30 September 2013.

Series B USD 513.0 million of 5.83% Senior Notes due September 2015, amortising as of September 2011.

Series C USD 87.0 million of 5.93% Senior Notes due September 2015.

Series D GBP 28.0 million of 5.63% Senior Notes due September 2013, amortising as of September 2007. The Private Placement Series D was reimbursed on 30 September 2013.

On these four series, SES pays interest semi-annually. SES is committed under the

U.S. Private Placement to maintaining covenants requiring certain financial ratios to be upheld within agreed limits in order to provide sufficient security to the lenders. These financial ratios are based on the consolidated financial statements of SES S.A. Of these, the covenant which management monitors the most actively is the requirement to maintain the Net Debt/EBITDA ratio at a level of 3.5 or below. The Company was in compliance with these covenants as at 31 December 2014 and throughout the year then ended.

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. As of 31 December 2014, SES has issued EUR 2,090.00 million (2013:

EUR 2,740.0 million) under the EMTN Programme with maturities ranging from 2016 to 2027.

EUR 650.0 million Eurobond (2014)

On 9 July 2009 (pricing 30 June 2009), SES issued a EUR 650.0 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 4.875%. It was fully repaid on 9 July 2014.

EUR 150.0 million Private Placement (2016)

On 13 July 2009, SES issued a EUR 150.0 million Private Placement under the Company's European Medium-Term Note Programme with Deutsche Bank. The Private Placement has a 7-year maturity, beginning 5 August 2009, and bears interest at a fixed rate of 5.05%.

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%.

EUR 650.0 million Eurobond (2020)

On 9 March 2010 (pricing 1 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 (pricing 2 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%.

144A Bond USD 750 million (2023)

On 4 April 2013, SES completed a 144A offering in the U.S. market issuing USD 750 million (EUR 617.7 million at 31 December 2014)

10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

144A Bond USD 250 million (2043)

On 4 April 2013, SES completed a 144A offering in the U.S. market issuing USD 250 million (EUR 205.9 million at 31 December 2014) 30-year bond with a coupon of 5.30% and a final maturity date on 4 April 2043.

144A Bond USD 500 million (2019)

On 25 March 2014, SES completed a 144A offering in the U.S. market issuing USD 500 million (EUR 411.8 million at 31 December 2014) 5-year bond with a coupon of 2.50% and a final maturity date of 25 March 2019.

144A Bond USD 500 million (2044)

On 25 March 2014, SES completed a 144A offering in the U.S. market issuing USD 500 million (EUR 411.8 million at 31 December 2014) 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

German Bond issue of EUR 50.0 million

On 29 October 2012, SES signed an agreement to issue EUR 50 million in the German bond ("Schuldschein") market. The German bond bears a fixed interest rate of 4.0% and matures on 12 November 2032.

The maturity profile of notes, bonds and commercial papers is as follows as at 31 December 2014 and 2013:

	2014 EUR million	2013 EUR million
Within one year (1)	234.0	811.0
Between one to two years	150.0	137.5
Between two to five years	500.0	650.0
After five years	3,137.3	2,215.1
Total after one year	3,787.3	3,002.6

(1) Includes accrued interest in the amount of EUR 77.8 million at year-end 2014 (2013: EUR 85.4 million)

B) AMOUNTS OWED TO CREDIT INSTITUTIONS

As at 31 December 2014 and 2013, the amount owed to credit institutions was as follows:

	2014 EUR million	2013 EUR million
Becoming due and payable after more one year	491.6	574.9
European Investment Bank	66.7	100.0
COFACE facility	358.6	403.5
U.S. Ex-Im	66.3	71.4
Becoming due and payable within one year (1)	105.3	80.2
European Investment Bank	33.9	33.3
COFACE facility	56.4	33.9
U.S. Ex-Im	15.0	13.0

(1) Includes accrued interests in the amount of EUR 3.0 million at year-end 2014 (2013: EUR 1.3 million)

EUR 200.0 million European Investment Bank funding

On 21 April 2009, SES signed a financing agreement with the European Investment Bank for the investment by the SES Group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618% is repayable in six annual instalments between May 2012 and May 2017.

Syndicated loan 2019

In January 2015, the SES Group updated its previous syndicated loan facility (syndicated loan 2015). The revised facility is made available by 20 banks and has been structured as a 5-year multicurrency revolving credit facility with two one-year extension options exercisable at the discretion of the lenders. The amended facility is for EUR 1.2 billion and the interest due is linked to a

ratings grid. At the current rating of BBB/Baa2 the margin is 45 basis points per year above EURIBOR or LIBOR. On 23 December 2014, all lenders agreed to extend the termination date by a further period of 365 days to 14 January 2020.

EUR 522.9 million COFACE facility

On 16 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

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semi-annual instalments where Coface A has a final maturity date of August 1, 2022, Coface B and F will mature on May 21, 2021 and Coface C and D will mature on October 3, 2022. The facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

USD 158 million U.S. Ex-Im facility

In April 2011, SES signed a financing agreement with Ex-Im Bank (Export-Import Bank of the United States) for USD 158 million for the 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, which will be repaid in 17 equal semi-annual instalments starting on

22 June 2012. The loan has a final maturity date of 22 June 2020 and bears interest at a fixed rate of 3.11%.

The maturity profile of the amounts drawn is as follows as at 31 December 2014 and 2013:

	2014 EUR million	2013 EUR million
Between one and two years	204.6	100.1
Between two and five years	199.5	267.0
After five years	87.5	207.8
Total	491.6	574.9

Committed and uncommitted loan facilities

As at 31 December 2014, the Company had not drawn down under uncommitted loan facilities (2013: USD 0 million).

C) AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings of EUR 5,265.7 million (2013: EUR 4,828.7 million) include the following:

	2014 EUR million	2013 EUR million
Long-term loans (maturity after 5 years)	1,384.9	1,261.2
Short-term loans	500.0	0.0
Notes	952.6	1,695.6
Current accounts	2,428.2	1,871.9
Total	5,265.7	4,828.7

As at 31 December 2014 and 2013 long-term loans included:

- Seven loans bearing interest at a rate of 4.12% with a maturity of April 2021
- Two loans bearing interest at a rate of one month USD LIBOR plus a margin of 0.50% with a maturity of November 2020
- A loan with a maturity of December 2022 bearing interest at a rate of 4.00%. Part of this loan initially allocated to SES Americom Inc. has been allocated to SES Global Americas Inc. for a total amount of 848.5 MUSD. This allocated portion is interest free
- A new loan for a total amount of USD 118 million with a maturity of December 2016 at a rate of 0.99% that has been entered into in 2014 with SES Global Americas Inc.

Short-term loan outstanding as at 31 December 2014 is the loan with SES Lux Finance S.à.r.l. with a maturity in September 2015.

As at 31 December 2014 and 2013 the notes are interest free and are repayable upon demand.

As at 31 December 2014 and 2013 current accounts represent short-term debts bearing interest at market rates.

NOTE 9 – TAX DEBTS

The Company is subject to the tax regulations in Luxembourg, in Switzerland for the Swiss branch and in 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 Astra Broadband Services S.A.
- SES Participations S.A.
- SES Global Africa 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 Astra TechCom S.A.
- 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.

The balance sheet position takes into consideration the tax payable or receivable of the tax unity to the Luxembourg tax authorities, which is due by the head of the tax unity, i.e. SES S.A..

The respective tax charge/income of each subsidiary is computed and recharged on a stand-alone basis via intercompany accounts.

In 2014, the tax sharing agreement in place between the Company and its subsidiaries has been amended and allows the Company not to accept the recharge of tax income from its subsidiaries if it is not able itself to use that tax income for that year. The recharge of the tax income of SES Astra 5B S.à r.l. and SES Astra 2G S.à r.l. related to prior years has been adjusted in 2014 to the extent that SES S.A. was not able to use the respective tax income.

NOTE 10 – STAFF COSTS

As at 31 December 2014, the number of full time equivalent employees was 68 (2013: 55) and the average number of

employees in the workforce for 2014 was 68.5 (2013: 58). Staff costs can be analysed as follows:

	2014 EUR million	2013 EUR million
Wages and salaries	27.4	15.3
Social security costs	1.9	1.6
Total	29.3	16.9

NOTE 11 – AUDIT FEES

Art. 65 paragraph (1) 16° 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 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 12 – OTHER INTEREST AND SIMILAR FINANCIAL CHARGES

Other interest and similar financial charges include the following:

	2014 EUR million	2013 EUR million
Interest charges	184.9	185.4
Foreign exchange losses, net	54.1	12.3
Interests on swaps	0.0	0.8
Loan origination costs	15.5	15.8
Total	254.5	214.3

Notes to the annual accounts

As at December 31, 2014

NOTE 13 – OTHER OPERATING INCOME

Other operating income amounting to EUR 19.1 million (2013: EUR 17.9 million) consists mainly of group recharge revenues from advisory support services rendered to various affiliates.

NOTE 14 – INCOME FROM FINANCIAL FIXED ASSETS

Income from financial fixed assets derived from affiliated undertakings consists of the following:

	2014 EUR million	2013 EUR million
Dividends received from affiliated undertakings	717.8	578.6
Total	717.8	578.6

NOTE 15 – OTHER INTEREST AND OTHER FINANCIAL INCOME

Other interest and similar income include the following:

	2014 EUR million	2013 EUR million
Other financial income	1.2	3.4
Foreign exchange gain, net	0	22.1
Profit on disposal of own shares	17.2	
Total	18.4	25.5

NOTE 16 – BOARD OF DIRECTORS' REMUNERATION

At the Annual General Meeting held on 3 April 2014, payments to directors for attendance at Board and Committee meetings were approved. These payments are computed on a fixed and variable

basis. The variable payments are based upon attendance at Board and Committee meetings. Total payments arising in 2014 were EUR 1.3 million (2013: EUR 1.4 million).

NOTE 17 – OFF BALANCE SHEET COMMITMENTS

GUARANTEES

On 31 December 2014 the SES Group had outstanding bank guarantees for an amount of EUR 78.1 million (2013: EUR 19.7 million) with respect to performance and warranty guarantees for services of satellite operations.

CORPORATE GUARANTEES

In 2014, SES 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 0.2 million (2013: EUR 49.3 million).

SES S.A. is not subject to legal proceedings or litigations in the normal course of business.

Information for shareholders

FINANCIAL CALENDAR 2015

Annual general meeting of shareholders:	2 April 2015
Dividend payment:	22 April 2015
First quarter trading update:	30 April 2015
Announcement of first-half results:	24 July 2015
Third quarter trading update:	30 October 2015

LISTED SECURITY

Fiduciary Depositary Receipts each in respect of one A share of SES S.A. are listed on the Stock Exchange of Luxembourg and on NYSE Euronext Paris under the symbol SESG.

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