

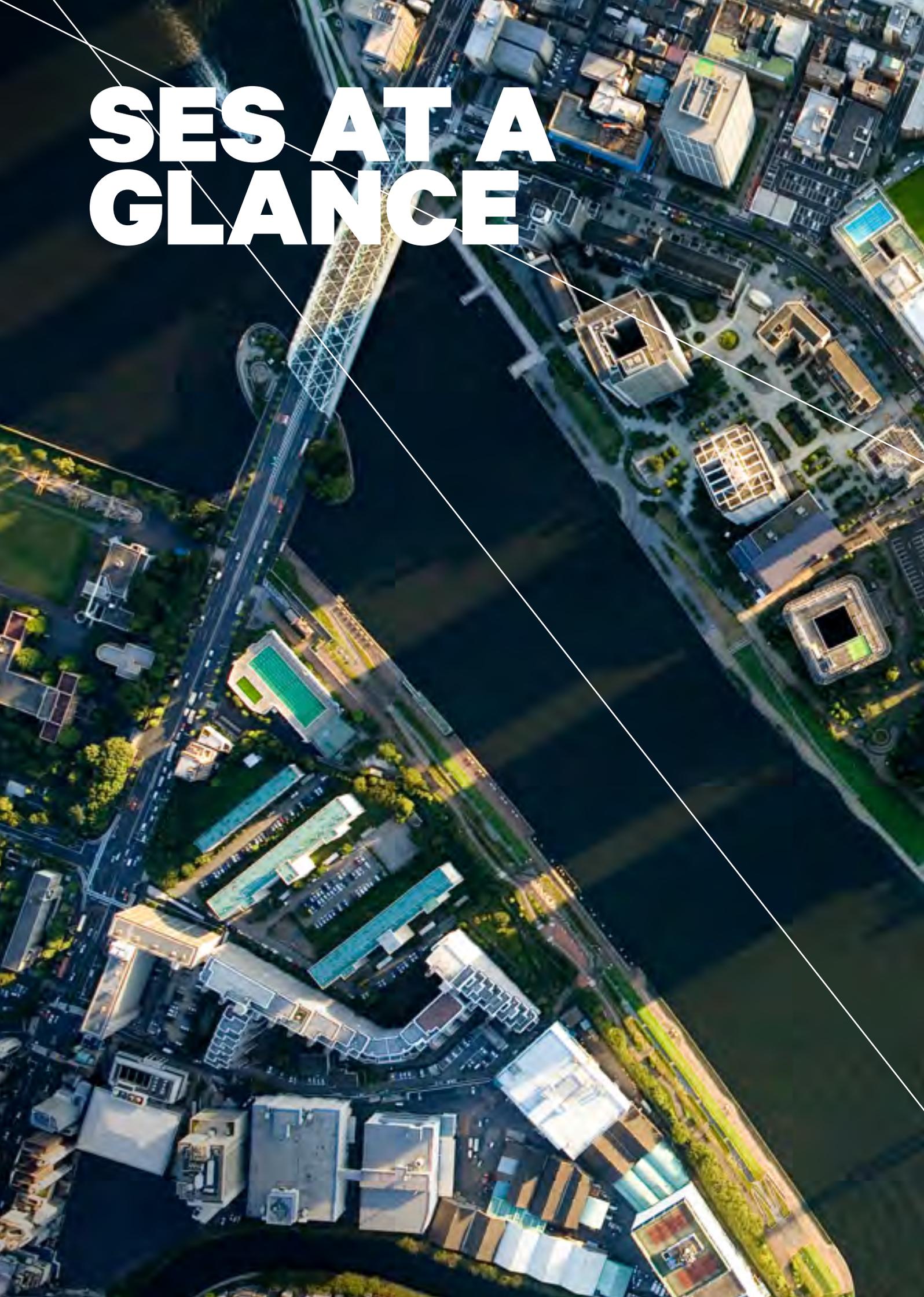
NEW ACCELERATIONS

Annual Report 2016

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SES AT A GLANCE



INTRODUCTION

SES is the world's leading satellite-enabled solutions provider. Our network reaches 99% of the world's population and we drive innovation to build a scalable and future-proof architecture for connectivity.

We connect and enable broadcast, telecom, corporate and government customers, powering the development of connectivity across the world. Our global network is built on a foundation of over 50 satellites in Geostationary Earth Orbit (GEO), 12 satellites in Medium Earth Orbit (MEO) and an expansive ground infrastructure. We offer a full suite of powerful end-to-end solutions that optimally deliver to market demands. We have four business verticals designed to target specific markets: one focused on Video and three focused on data for Enterprise, Mobility and Government.

We fuel high-quality video experiences around the world. Our satellite networks reach 325 million homes, totalling over 1 billion people. With more than 40 DTH platforms, over 700 broadcasters trust us to deliver a wide range of media content to their customers' homes – including standard definition, High Definition (HD), and now also Ultra HD (UHD). We distribute over 7,500 TV channels and are the largest HD and UHD platform. We provide a range of solutions for both linear and non-linear content as well as delivery on multiple screens. We offer end-to-end media solutions, including playout of content and distribution for video-on-demand, streaming via internet and satellite broadcasting. The reach and strength of our platform grows audiences for our customers globally.

We supply scalable bandwidth for connectivity worldwide. Satellite technology enables us to deliver connectivity to aircraft, ships and fixed telecom sites around the world. Our flexible network is fast to deploy, making it ideal for highly differentiated applications in industries such as aeronautical, maritime and cellular networks, as well as government and institutional operations. We serve all four major inflight connectivity providers, Global Eagle Entertainment (GEE), Gogo, Panasonic Avionics and Thales. Our network bridges the digital divide by delivering connectivity to those people and industries across the globe that are the hardest to connect. Together with our wholly-owned subsidiary SES Government Solutions, which is focused completely on the US government market, we serve 62 governmental and institutional entities globally. Our networks are used for an expanding range of purposes, including defence, security, networking and operations.

Our business drives technological innovation on the ground and in space. On the ground, we work closely with our customers and partners to develop tailored solutions to enable the connectivity they need. In space, we provide a fleet availability rate of 99.999952%, demonstrating a reliability that is synonymous with the SES name. This success is possible thanks to an industry-leading technology development and exacting operational standards. We continually support ground-breaking new technologies such as reusable launchers, satellite refuelling and in-orbit satellite payload exchange, showcasing our pioneering character.

We go beyond frontiers. We constantly expand and improve our business, now stronger with a full suite of subsidiaries offering integrated approaches to connectivity for media experiences, fibre-like connectivity and secure networks. We are ready to respond to global market demands in a way that is globally scalable, flexible and future-proof. We invest in research, technology and, critically, employee development, as main factors and guarantees of our long-term growth.



REINFORCING OUR TRACK RECORD

Introduction by the Chairman of the Board - Romain Bausch

We further reinforced our world-leading position in 2016, expanding our global reach with over 50 satellites in GEO and 12 in MEO. In addition to the continued organic investment programme in the extension and replacement of our satellite fleet, we completed two significant acquisitions, namely O3b Networks and RR Media, which have further strengthened our position in both of our segments, data and video. Our continued investment in space and ground technology continues to define our reputation for excellence across the board.

As our services move across the value chain to deliver increasingly better experiences to end-users, we are seeing customers connect even more with our service. We are increasingly seeing the benefits of our strategy, and we are well-positioned to generate sustainable and long-term growth.

Our revenue in 2016 was EUR 2,068.8 million (+2.4% at constant FX). Our EBITDA was 2.9% lower than last year, but we maintained a strong EBITDA margin at 70.2%. Profit of the group after tax increased to EUR 1,027.1 million, representing growth of 52.4% from last year.

Our strong commercial activity in 2016 led to an increase in SES's contract backlog (future revenue already contracted under irrevocable agreements) from EUR 7.4 billion to EUR 7.7 billion, or EUR 8.1 billion when including RR Media and O3b. This represents the highest in SES's history. We raised EUR 2.2 billion in financing, principally in relation to the O3b acquisition, demonstrating the confidence of stakeholders in this new venture.

The SES Board of Directors continues to apply a progressive dividend policy per share and is proposing a dividend of EUR 1.34 for A-shares and EUR 0.536 for B-shares. The dividend, which is subject to approval at the company's annual general meeting on 6 April 2017, will be paid to shareholders on 26 April 2017.

SES continues to be the satellite industry leader in Video, and this business represents 68% of the group revenue at EUR 1,398.8 million, an increase of 4.6% at constant FX from last year. We offer an unrivalled technical reach and differentiated services, which are further enhanced by our

acquisition of RR Media and the subsequent creation of MX1 through a merger with SES Platform Services. The launch of SES-9 and the continued development of our HD and Ultra HD business were also significant factors supporting growth. HDTV increased to 2,495 channels, an increase of 7.2% year-on-year.

In Enterprise, which represents 12% of group revenue, we have continued to substantially improve our business mix with the acquisition of O3b. The positive contribution from the acquired company partially offsets the reduction in Enterprise revenue to 252.0 million (-13.7% at constant FX). This decrease was mainly due to changes in point-to-point and wholesale capacity revenues. We have a deliberate strategy to move our business focus in Enterprise away from small- and medium-sized resellers for point-to-point applications towards major tier one global and regional service providers, including telcos and mobile operators. O3b has been central to this strategy, attracting tier one providers and generating high demand from existing customers. Around 65% of O3b customers have upgraded their contracts after their initial service period, with the African and Pacific markets in particular producing strong growth.

The Mobility business generated significant revenues in 2016, with an increase of 95.4% (+95.3% at constant FX). This vertical now represents 6% of the group revenue, compared to 3% at year-end 2015. The contribution from O3b was strengthened by the growth of SES's Mobility business, demonstrating the benefit of commercialising capacity across the existing global fleet for aeronautical and maritime services. Our continued investment in HTS satellites, including SES-12, SES-14, SES-15 and SES-17 is focused on supporting this growth. In 2016, we advanced our market-leading position in inflight connectivity, with Global Eagle Entertainment more than doubling their contracted capacity and with Thales becoming a committed customer for SES-17, our latest procured satellite.

The Government vertical developed a number of key deals in 2016, although revenues declined slightly to EUR 241.8 million, -6.6% at constant FX compared to 2015. The Government vertical now represents 12% of the group's

revenue. Renewed growth is expected as SES Government Solutions (SES GS) continues to deliver innovative and differentiated products and solutions, which contribute to important US contract backlog. Additionally, our international business is gaining strength and attracted five new customers in 2016. We have continued to develop end-to-end solutions and our increased capability to integrate O3b services into SES solutions and offers should generate positive effects on revenue going forward.

Overall, continuing SES investment in satellite and ground technologies points towards a future of sustainable growth. The substantial increase in our backlog to over EUR 8 billion is a strong indicator of this trend. SES plans to launch six new satellites in 2017, adding about 127 transponder equivalents and 36 GHz of HTS capacity to the SES fleet. These programmes are complemented by the addition of eight new satellites to O3b's unique high throughput and low latency MEO constellation, starting in 2018. These investments, plus SES-9 (which entered into service on 1 June 2016) are projected to create an incremental annualised revenue of approximately EUR 750 million (equivalent to over 35% of group revenue).

On behalf of the Board of Directors, I am pleased to report these positive results for the business year 2016. These results show the direct impact our strategy is having on growth and underline the sustainable nature of the current business direction.

I will conclude by thanking the management and the entire SES community for their commitment and dedication to realising the goals as defined in our strategy, and thus propelling SES into the next chapter of its success story.



Romain Bausch

NEW ACCELERATIONS

Foreword from the President and CEO - Karim Michel Sabbagh

The SES right-to-win is defined along three pillars.

First, we want to scale and globalise our core activities. Our infrastructure covers 99% of the world's population and our business can further realise the potential of this technology and add value to the societies and economies we serve.

Second, we seek to build differentiated capabilities in four distinct markets, namely Video, Enterprise, Mobility and Government. Our goal is to best serve our customers with optimised communication solutions. We are single-mindedly focused on growing our leadership and underlying capabilities in these core markets.

Third, we aim to develop a future-proof business and technology model using an iterative approach to adaptation and innovation. At all levels of the SES community, we are challenging the status quo and developing new insights in order to enable and grow the business of our customers. While these themes are now well established in the SES strategic narrative, 2016 was a year of acceleration in executing on our right-to-win. As outlined below, this was our most substantive year in building our capabilities and preparing for the years ahead.

In Video, we accelerated the scale-up of our capabilities across the value chain. We are shaping the experience of over 1 billion end-users who rely on SES to deliver their preferred content in the most relevant manner.

SES acquired RR Media in July 2016 and merged their capabilities with SES Platform Services to form MX1, the world's leading media globaliser. SES now transmits more than 7,500 TV channels, of which 2,495 are HD and 21 are commercial UHD. In particular, SES leads the distribution of channels in the higher standards with 27% in HD and 43% in UHD for all channels distributed via satellite. Our versatile video distribution capabilities also enable us to manage more than 120 video on demand platforms. Overall, four of the top ten global satellite Pay TV operators rely on SES solutions.

In Enterprise, we expanded our global reach as we now serve businesses in over 130 countries and across diverse industries where digitization is central to their value proposition. In fact, our customers' average bandwidth usage for managed data services has increased by four-fold over the past four years. Our networks and solutions are enabling millions of business points every day, and as result are improving the lives of millions of end customers.

In August 2016, SES brought O3b fully into the SES group. With O3b's 12 MEO satellites – and eight more set to launch starting in 2018 – SES now delivers a completely integrated GEO-MEO offering for our data-centric customers. In 2016, we increased the number of tier one global and regional customers we serve. We have 31 network facilities deployed, enabling seamless access to our satellite network and interconnecting with terrestrial networks. Our average measured service availability for managed Enterprise service is 99.991%, above the established benchmark of 99.97%.

In Mobility, SES provides communication services to Global Eagle Entertainment, Gogo, Panasonic Avionics and Thales, which between them serve about 90% of the world's connected planes. This means that a majority of aircraft across the world providing Internet and/or live TV via satellite use SES's network – either exclusively or partially.

In September 2016, we announced the procurement of SES-17, with Thales committing to a long-term commercial agreement for service over the Americas and Atlantic Ocean. In the maritime segment, we launched our Maritime+ product, allowing our customers to serve the cruise ship, shipping, fishing and leisure industries with reliable and highly customisable service packages. By the end of 2016, we were already serving 46 vessels with Maritime+ and this number is increasing. The overall number of vessels we serve has grown across the board, with O3b's service to Royal Caribbean Cruises having grown to 11 ships, setting a new standard of service in the cruise industry.

In Government, we further enlarged our scope, now serving 62 government entities world-wide. Our unique service model continues to deliver the resilient connectivity that governments need, along with the flexibility and scalability that is so important to their defence and security projects plus their civilian applications.

We launched our Tactical Persistence Surveillance (TPS) product in September 2016, the first within SES's Government+ offering. This is just the beginning of a wide selection of end-to-end solutions that our Government vertical is creating, differentiating it within the market. Beyond service models, SES is offering ground-breaking services through O3b. In 2016, we delivered over 2Gbps of high-throughput, low latency O3b capacity to a range of US and global government customers operating in seven countries. SES's infrastructure and products support our e-inclusion applications as well, and the SATMED tool our

team developed has been deployed 10 times between 2013 and 2016, significantly expanding access to healthcare in rural areas.

Our unique infrastructure - multi-orbit, multi-band and multi-system - underpins our success in the four distinct markets. Our network efficiently integrates unique capabilities in the GEO and MEO arcs globally, providing seamless service in C, Ku and Ka-bands. When combined with our ground infrastructure, SES provides ubiquitous, globally managed network solutions for our customers. SES is, and will continue to be, the only provider of satellite-centric communication solutions able to deploy such capabilities.

We will continue the expansion of our fleet with new satellites under construction. SES-10, SES-11, SES-12, SES-14, SES-15 and GovSat-1 are all scheduled to be launched in 2017. Several of these programmes have been optimised to serve our targeted markets by combining hybrid design and leading-edge digital processing. Additionally, SES-17, which was commissioned in September 2016 to primarily serve the mobility market in the Americas, also addresses the needs of Enterprise and Government customers, and will be launched in 2020. These programmes are complemented by the eight O3b satellites under construction, which will be launched starting in 2018. Put together, the SES developments underway are unmatched and will enable continued acceleration of the business through to 2020.

Finally, in 2016, we accelerated the growth of our global community. I am proud, along with the SES management, to work everyday with nearly 2,000 colleagues who are the most talented and customer-focused group in the satellite industry. These men and women operate across the world through our more than 20 offices and serve more than 1,900 clients in over 130 countries with the utmost dedication and professionalism.

Also, on the topic of human capital, the first class of SES high potential employees graduated in December 2016. Each of the about 60 participants complete a rigorous development and mentoring programme over three years, and this group is strengthening our corps of future leaders. I look forward to working with the graduating classes in the coming years.

Central to our efforts in building our human capital is the knowledge networking platform we rolled out across all our operations in 2016. It is a specifically designed knowledge management system which facilitates the capture, aggregation, augmentation and dissemination of industry-leading insights and knowledge. This platform enables every member of the SES community to augment his or her knowledge and learning, and translate this intellectual capital into innovative practices, products and services to best serve our customers.

These are exciting and fast-changing times, and it is great to be SES. We are proud to carry the flag of industry leader. We are bringing our insightful thinking and differentiated capabilities to our customers, and, as a result, we are playing an essential role in supporting their businesses. We are accelerating beyond frontiers to evolve existing business models and introduce new ones with our industrial partners and customers. In fact, 'beyond frontiers' has become our signature in 2016 and it represents our mind-set, commitment and actions.

We are playing the long game, and our focused, perseverant and resilient approach is creating a differentiated base. This foundation best enables the businesses of our customers, creates optimal development and innovation opportunities with our industrial partners and brings out the best in all members of the SES community. With these elements in place, we are firmly engaged on the path of delivering outstanding shareholder value.

I had the opportunity to meet with many SES customers, investors and community members over the course of 2016. These conversations often touched on the transformations, complexities, discontinuities and opportunities that are surfacing in the macro environment, as well as within our industry. The resulting dialogue has reinforced our belief in driving our strategy and execution first and foremost through our differentiated capabilities system.

The combination of a flexible and scalable technology platform, customised ancillary services geared towards end-to-end solutions, high-performing global deployment and distribution and pro-active account management, all provide us with the right-to-win. Our organic initiatives, as well as the success stories presented here, have positioned SES as the leading provider of satellite enabled communication solutions that contribute to digital experiences globally.

Our commitment is to continue building our business with strategic clarity, value accretive investments in our differentiated capabilities and strong execution. On behalf of the SES management, thank you for your trust, engagement and support.



Karim Michel Sabbagh



ORGANISATION



COMPANY STRUCTURE



In addition to satellite infrastructure, SES provides a differentiated global offer with a complete range of value-added services delivered through dedicated service companies.



100% Delivers linear and non-linear audiovisual content to the highest standard in all formats and via all distribution channels.
www.mx1.com



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



100% Provides total communications capacity for the US government and related agencies, from satellite bandwidth to customised end-to-end solutions with hosted payloads.
www.ses-gs.com



GovSat is a **50/50** public-private partnership between SES and the Luxembourg government. GovSat-1 will be a multi-mission satellite that will use X-band and Military Ka-band frequencies on high-power and fully steerable mission beams to support multiple government related operations.
www.govsat.lu



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



100% O3b Networks Ltd. is a provider of global managed communication services and operates both a state-of-the-art fleet of high throughput, low latency satellites and a global terrestrial infrastructure. O3b delivers carrier-grade Data Networking Solutions to ISPs, telcos, mobile network operators, governments and enterprises in the most remote and inaccessible places on the planet. O3b Networks is a wholly owned subsidiary of SES.
www.o3bnetworks.com

SES OWNS OR HOLDS STRATEGIC PARTICIPATIONS IN SEVERAL SATELLITE OPERATORS:



100% QuetzSat is a Mexican satellite operator which serves Mexico and the US with DTH TV services. QuetzSat operates from the orbital position 77°W. SES owns 100% of QuetzSat.
www.quetzsat.com



35% participation in YahLive, a partnership between SES and YahSat in Abu Dhabi. YahLive owns and commercialises 23 Ku-band transponders on the Yahsat 1A satellite to provide direct-to-home television capacity and services to numerous countries in the Middle East, North Africa and Southwest Africa.
www.yahlive.com



70% participation in Ciel, a Canadian satellite service that works to bring the highest quality digital television and broadband services to homes and businesses throughout North America. Currently using orbital positions 129°W, 103°W and 86.5°W.
www.cielsatellite.ca

GLOBAL INFRASTRUCTURE

Global fleet:

Global reach:

53

active satellites in geosynchronous orbit

1,530

available transponders

12

active satellites in medium earth orbit

72%

utilisation rate

33

orbital locations

11

satellites flown in inclined orbit

13

satellites flying secondary missions

15

new satellites under procurement



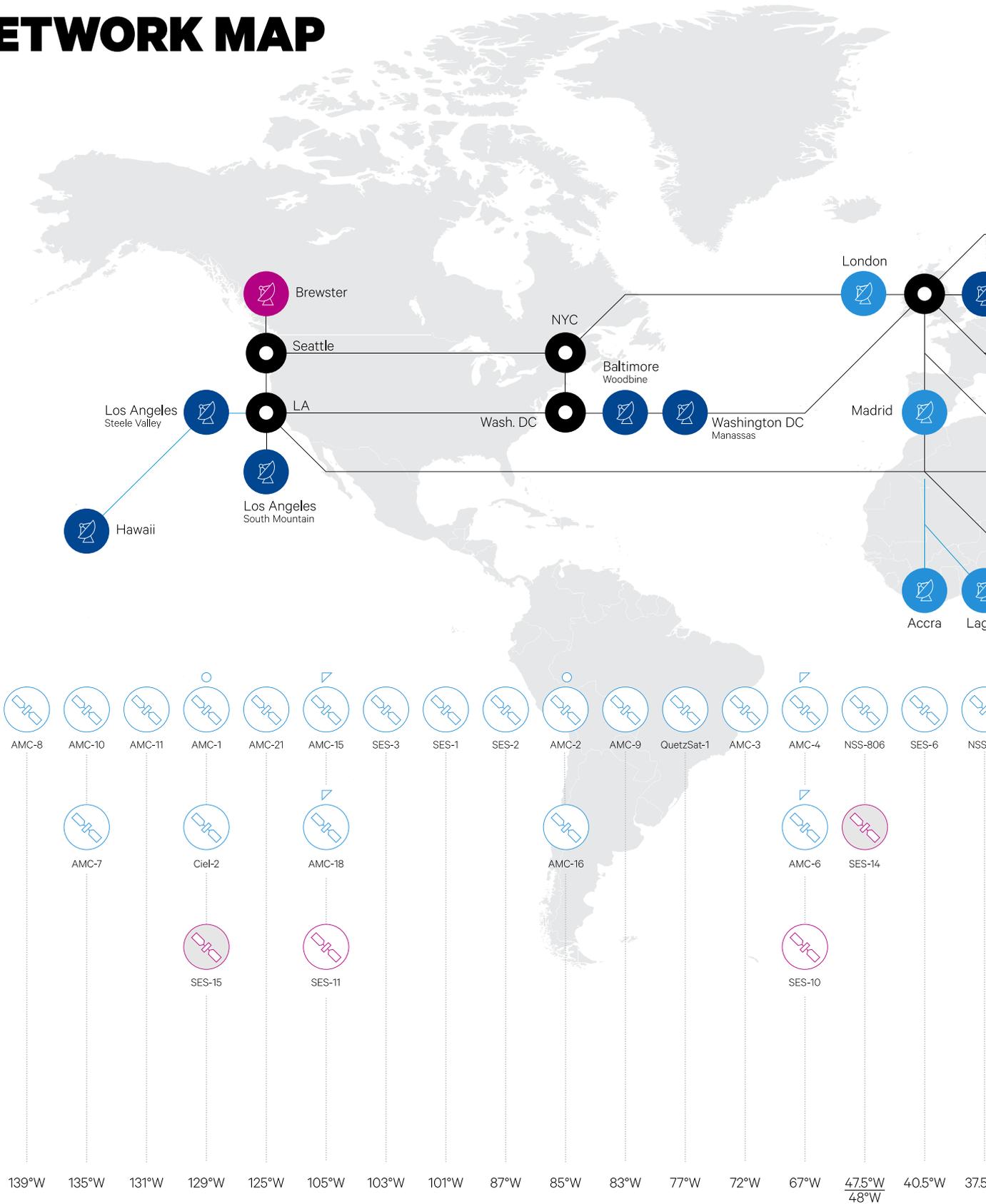
LAUNCH MANIFEST 2017 - 2020:

Satellite	Region	Application	Launch Date
SES-10	Latin America	Video, Enterprise	Q1 2017
SES-11	North America	Video, Enterprise	H1 2017
SES-12*	Asia-Pacific	Video, Enterprise, Mobility	H2 2017
SES-14*	Latin America	Video, Enterprise, Mobility	H2 2017
SES-15*	North America	Enterprise, Mobility, Government	H1 2017
SES-16 GovSat-1**	Europe/MENA	Government	H2 2017
O3B (SATELLITES 13-16)	Global	Enterprise, Mobility, Government	H1 2018
O3B (SATELLITES 17-20)	Global	Enterprise, Mobility, Government	H2 2019
SES-17	Americas	Enterprise, Mobility, Government	2020

* SES-12, SES-14 and SES-15 to be positioned using electric orbit raising, entry into service typically four to six months after launch

** procured by LuxGovSat

NETWORK MAP

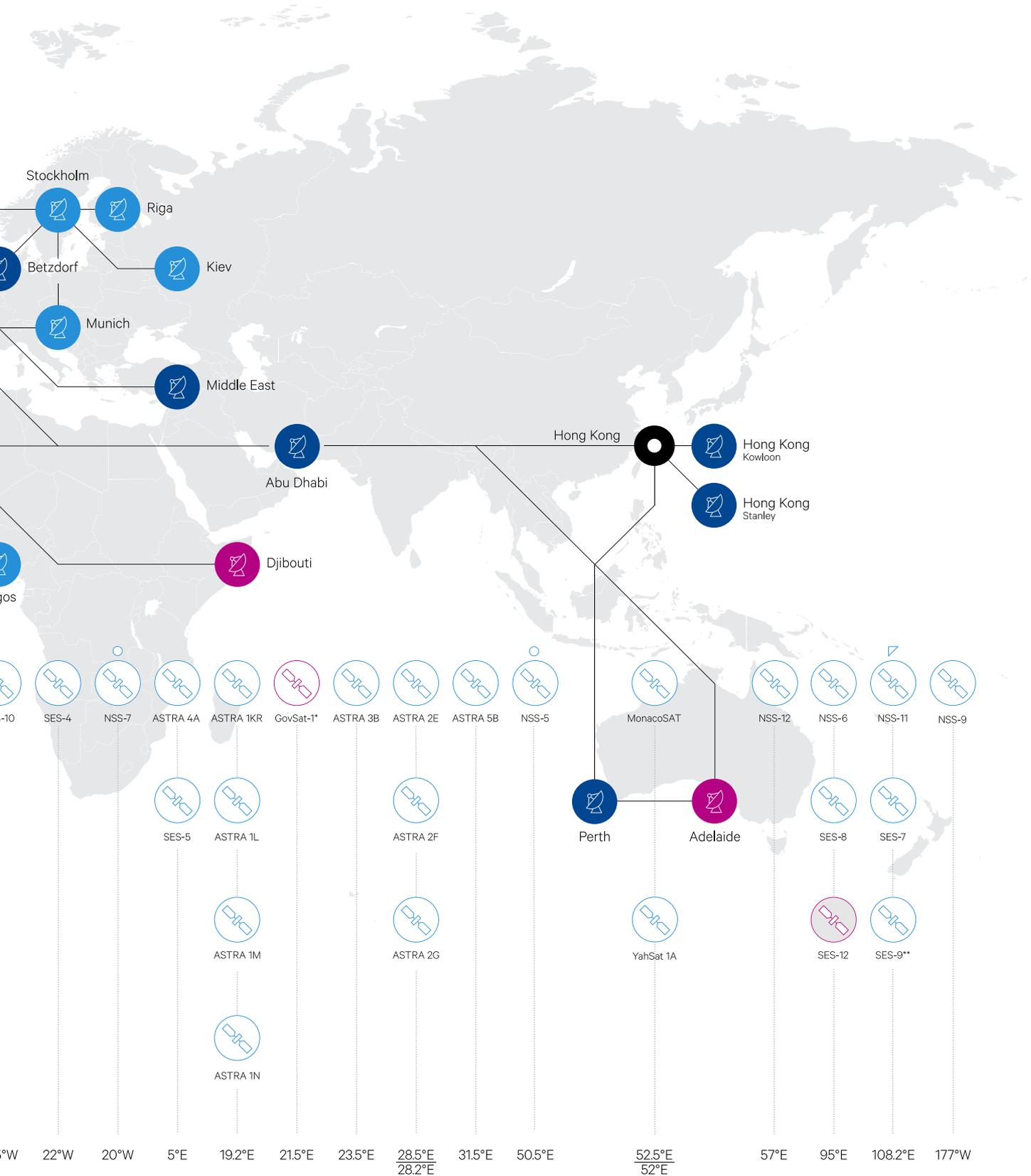


SES SATELLITE FLEET

-  In orbit
-  To be launched
-  HTS: High-throughput satellite
-  Inclined
-  Expected orbital position
-  To be relocated

SES NETWORK

-  Teleport
-  Video location teleport
-  IP-Platform teleport
-  Point of presence
-  Existing link
-  Future link



Additionally, we have nine satellites flying secondary missions:

ASTRA 1D, ASTRA 1F, ASTRA 1G, ASTRA 1H, ASTRA 2A, ASTRA 2B, ASTRA 2C, ASTRA 2D, ASTRA 3A.

The SES network also includes 12 O3b MEO satellites – not reflected in this map. Fleet configuration is based on current planning and is subject to change. SES holds a 70% interest in Ciel Satellite Limited Partnership and a 100% ownership interest in QuetzSat. Yahsat 1A's Ku-band payload is owned by YahLive, where SES holds a 35% ownership interest. MonacoSAT is a partner satellite with transponders onboard TurkmenAlem at 52°E.

* Procured by LuxGovSat

** SES-9 at 108.2E vicinity

VIDEO

SES in numbers

>7,500
channels



21 commercial
Ultra HD channels



>2,495
HD channels



>5,000
SD channels



33%

of all SES channels are HD



>2,750

broadcast TV channels
distributed



>500

Managed playout channels

>120

VOD platforms



SES share of global channels broadcast via satellite

Total



18%

HD



27%

UHD



43%

HD growth Europe*

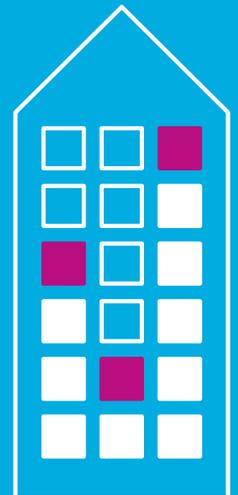
14% >750 channels

HD growth North America*

5% >1,360 channels

HD growth developing markets*

2% >370 channels



>600

Broadcast clients with long-term contracts

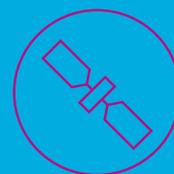
2017 increasing capacity for developing markets



SES-10



SES-12



SES-14



SES-15

* 2015 to 2016 growth

ENTERPRISE

SES in numbers

SES serves Enterprise customers in



SES serves



>300
enterprise customers

≈80%
of enterprise revenue from
Tier-1 applications/managed
services

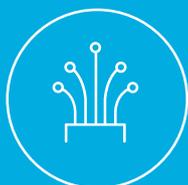
Flexible and
scalable global
network/
solutions



>50 GEO



12 MEO



The SES
network reaches



>1M
enterprise-grade
data terminals

Connecting the unconnected

O3b provides more
than **10 Gbps**
to remote islands
around the globe



Can enable up to
150 Mbps

of LTE backhaul per tower



Growth of average
bitrate per site

Industry-leading latency
for any satellite-based
broadband system

<150 ms



99.99%
measured service
availability



Compared to
99.97% benchmark service availability

MOBILITY

SES in numbers

Provides over

99%

coverage of global maritime and aeronautical traffic



SES customers serve about

90%

of all global connected planes



SES today provides connectivity to about

2,500

connected planes

Capable of delivering

1 Gbps

per cruise ship



Scalable connectivity ranging from **100 Mbps to 1 Gbps** per cruise ship

O3b serves

>1,000,000

passengers of Royal Caribbean Cruises per year



SES today provides connectivity to about

2,500

connected planes



70% GROWTH

in committed mobility capacity since 2014

GOVERNMENT

SES in numbers

28 countries



- 24** Europe
- 13** US served by SES GS*
- 12** Africa
- 4** Middle East
- 4** Other
- 3** Asia
- 2** UN



5 New global customers under contract in 2016



>10 Ground Infrastructure and Managed Services Projects in 2016

5 hosted payloads since 2011



USAF CHIRP
SES-2



EGNOS-GEO 1
SES-5



EGNOS-GEO 2
ASTRA 5B



FAA WAAS
SES-15



NASA GOLD
SES-14

Growing SATCOM-enabled ISR** requirements

Predator



3-5
Mbps

Reaper



5-10
Mbps

Opt. Piloted SATCOM Enabled Aircraft



5-10
Mbps

Global Hawk



10-50
Mbps

Aerostat



70
Mbps

Participant in **>5 PPP's*****

- **GovSat**
 - 50%** SES
 - 50%** Luxembourg Government
- European 5G PPP
- Electra
- emergency.lu
- SATMED



68

GovSat-1 transponders



>40 emergency.lu



project deployments from 2013 to 2016

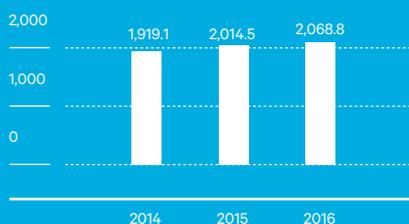
* SES Government Solutions

** Intelligence, Surveillance and Reconnaissance

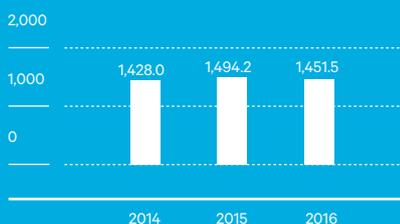
*** Public Private Partnership

FINANCIAL HIGHLIGHTS

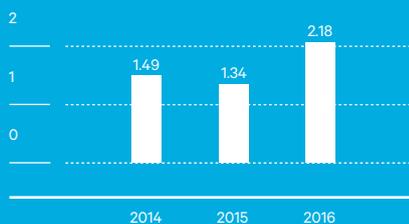
REVENUE (millions of euros)



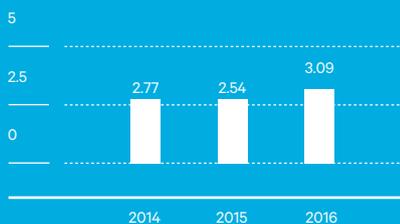
EBITDA (millions of euros)



AVERAGE WEIGHTED EARNINGS PER A-SHARE (euro)



NET DEBT/EBITDA*



* Rating agency treatment of hybrid borrowings

€2,068.8 million

Revenue up 2.7% versus 2015
(+2.4% at constant FX)
2015: €2,014.5 million

€1,451.5 million

EBITDA down 2.9% versus 2015
(-3.2% at constant FX 2015)
2015: €1,494.2 million

€1,315.5 million

Operating profit* up 47.1% versus 2015
(+46.5% at constant FX)
2015: €894.6 million

* Including €495.2 million gain on disposal of non-controlling interest

€1.34

Dividend per Class A share
2015: €1.30

€8.1 billion

Contract backlog
2015: €7.4 billion

€962.7 million

Profit of the Group
(attributable to SES shareholders)
up 76.7% versus 2015
2015: €544.9 million

EXECUTING OUR STRATEGY

In 2016, our business was focused on four pillars, each devoted to a particular market: Video, Enterprise, Mobility and Government. The quality of our work and the efficiency of our team generated solid business in all four units, which can be seen clearly in the achievements described below.

Our Video vertical expanded significantly during 2016 with the creation of MX1, an end-to-end media solutions provider. We expanded our service offering across the value chain with HD+ ExtraScreen being a great example. HD+, our subsidiary in Germany offering high quality HD video, launched their ExtraScreen product using SatIP technology in February 2017, allowing viewers to enjoy HD quality video delivered via satellite on their tablet or smartphone. We are improving video quality for viewers all over the world: For example, in Africa, we supported the digital transition as well as increasing our reach and neighbourhood; and in North America, we expanded the use of Ultra HD, increasing the number of UHD channels that we distribute to cable operators. We also secured a number of notable occasional-use contracts in 2016, including distributing the 2016 Olympics from Rio de Janeiro via satellite to Europe, and broadcasting the Tomorrowland music festival live in HD to seven countries.

We steadily grew the presence of our Enterprise vertical in 2016. With O3b's fibre-like connectivity from MEO, and SES satellites in GEO, we now offer the world's only GEO-MEO platform, which has enabled us to deliver powerful data services across the globe. In Asia, we are providing highly resilient services for data connectivity, with Palau Telecom as the first customer using our integrated GEO-MEO network. Also, in Asia, we partnered with Gilat to demonstrate our Enterprise+ Hybrid Broadband solution, which combines satellite and terrestrial networks for a superior end-user experience. Meanwhile, in Africa we are providing Facebook with a simplified connectivity solution for their Express Wi-Fi programme, and expanding the reach of affordable and reliable broadband with our Enterprise+ Broadband product. O3b is fuelling our expansion into the Enterprise market, attracting five new tier one telco customers this year. Just one of its successes includes launching O3bNow, which establishes a 'node' in areas beyond existing fiber networks, rapidly bringing connectivity to rural areas, including four locations in Brazil.

2016 was a particularly successful year for our Mobility business. In addition to the O3b fleet, we are investing in new HTS satellites and the associated ground systems. The procurement of SES-17 in 2016 is a key part of this future HTS architecture in space, with Thales as the main customer. We enable data for all four major in-flight connectivity providers, Global Eagle Entertainment, Gogo, Panasonic Avionics and Thales. Our Maritime+ product, launched this year, attracted customers including Telenor Maritime, and will be further supported by reserved C-band capacity that was integrated into the network at the beginning of 2017. Another new customer, Satcom Global, is benefiting from our differentiated mobility service, which will form a crucial part of their new Ku-band VSAT service, Aura, and allow them to provide reliable high-speed connectivity to hundreds of maritime, offshore and land customers.

We had a number of landmark achievements in our Government vertical in 2016. The NATO Alliance Ground Surveillance (NATO AGS) SatCom service was contracted for its operational phase to GovSat, a public-private partnership between the Luxembourg government and SES. We partnered with a customer in the Middle East to deliver satellite services in support of a variety of government applications, while in Africa we worked with Kenyan Defence forces to assist their evolution to a next generation communications capability. In South America, we continued our ongoing training to assist delegates of the Andean community in designing SES-10 services to meet their government needs. Finally, in the US, SES GS won substantial new business in 2016, including contracts to serve the critical US Army Trojan and Thule Tracking Station networks. SES GS also expanded into O3b service delivery, enabling ground-breaking contracts with both the National Oceanic and Atmospheric Administration and a key Department of Defense partner.

An aerial photograph of a rugged, rocky coastline. The terrain is composed of light-colored, jagged rocks and boulders, interspersed with patches of green vegetation. A clear blue body of water is visible on the right side of the image, meeting the rocky shore. The overall scene is bright and clear, suggesting a sunny day.

CORPORATE GOVERNANCE



SES SHAREHOLDERS¹

SES Shareholders ¹	Number of shares	% Voting shareholding	% Economic participation
A Shares			
Sofina Group	13,960,104	2.43%	3.03%
Nouvelle Santander Telecommunications S.A.	8,000,000	1.39%	1.74%
Luxempart Invest S.à.r.l.	5,413,264	0.94%	1.18%
Other shareholders	4,981,489	0.87%	1.08%
BCEE FDRs (free float)	351,102,743	61.04%	76.30%
Total A Shares	383,457,600	66.67%³	83.33%³
B Shares			
BCEE	62,572,893	10.88%	5.44%
SNCI	62,565,085	10.88%	5.44%
Etat du Grand-Duché de Luxembourg	66,590,822	11.58%	5.79%
Total B Shares²	191,728,800	33.33%³	16.67%
Total Shares (Actual)	575,186,400		
Total Shares (Economic)	460,149,120		

1 Significant shareholdings as of 31 December 2016.

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

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

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL PROCEDURES

INTRODUCTION

SES has been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004. The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market), as revised in 2013, a copy of which can be found at www.bourse.lu/corporate-governance. SES also complies with the governance rules 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 concerning the publication of the individual remuneration of the members of its Executive Committee and its Board members, SES follows the rules of 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). After each meeting of the Remuneration Committee, its Chairman reports to the Board about the latest Remuneration Committee discussions and decisions.

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

In this context, the SES website contains a regularly updated stream of information, such as the latest version of the company's main

governance documents, be it the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) and the separate sections on the composition and the mission of the Board, the Board's committees and the Executive Committee. This section also contains the SES Code of Conduct and Ethics, the SES Dealing Code, the financial calendar and any other information that may be of interest to the company's shareholders.

ORGANISATION PRINCIPLES

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

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

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

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

The State of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through

two State owned banks, Banque et Caisse d'Épargne de l'État and Société Nationale de Crédit et d'Investissement. These shares constitute the company's B-shares.

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

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

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

In accordance with article 8 of the Luxembourg law of January 11, 2008, as subsequently amended, any shareholder or FDR holder acquiring or disposing of shares or FDRs respectively, is required to inform the company and the Commission de Surveillance du Secteur Financier within four business days of the proportion of voting rights held as a result of such acquisition

or disposal where that proportion reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 33.33% 50% or 66.66%.

The annual general meeting is held on the first Thursday in April. Each registered shareholder will receive written notice of the annual general meeting, including the time of the meeting and the agenda, at least 30 days prior to the meeting. Holders of the company's FDRs will be represented at the meeting by Banque et Caisse d'Epargne de l'Etat acting as fiduciary. Each FDR will represent one A-share. If a holder of FDRs wishes to attend the annual general meeting of shareholders in person, that shareholder 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. One or more shareholders owning together at least 5% of the shares of SES have the right to add items on the agenda of the AGM and may deposit draft resolutions regarding items listed in the agenda or proposed to be added to the agenda. This request will need to be made in writing (via mail or e-mail) and received no later than the twenty-second day preceding the AGM and will need to include a justification or draft resolution to be adopted at the AGM. The written request must include a contact address to which the company can confirm receipt within 48 hours from the receipt of the request.

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

The meeting may deliberate validly only if at least half of the A-shares and at least half of the B-shares are represented. In the event that the required quorum is not reached, the meeting will be reconvened in accordance with the form prescribed by the articles of incorporation. It may then validly deliberate

without consideration of the number of represented shares.

The proceedings are 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 after the annual general meeting.

With the exception of the procedure described above regarding whenever a shareholder intends to hold more than 20%, 33% or 50%, all the resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by Luxembourg company law. The annual general meeting held on 7 April 2016 was attended by 99.917% of the company's shareholders. As the 4,582,809 FDRs held by the company did not participate in the vote, the participation in the vote was reduced to 99.028% of the company's shares.

During the 2016 annual general meeting, the shareholders approved the 2015 financial results and the allocation of the 2015 profits, granted discharge to the external auditor and to 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 2015. Finally, shareholders elected six Directors for a term of three years and one Director for a term of two years with a majority of at least 89.682%

All of the Board's other proposals were carried by a majority of more than 99% of the votes cast. In accordance with article 67-1 of the Luxembourg company law, abstentions are not considered when determining whether a resolution has been passed or not. The detailed results of the shareholders' votes are available in the corporate governance section of the company's website.

Following the annual general meeting, the shareholders met in an extraordinary general meeting during which 93.171% of the 99.028% shareholders who participated in the vote approved the introduction of an authorised share capital allowing the Board of Directors to issue a maximum of 61,848,000 new shares. In the same resolution, shareholders agreed that the new A-shares to be issued (up to a maximum of 41,232,000 shares) could be issued without reserving to the existing shareholders any preferential subscription rights.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

MISSION

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

COMPOSITION

At the end of December 2016, the Board of SES was composed of 17 non-executive directors, four of them female. In accordance with the company's articles of association, two-thirds of the Board members represent holders of A-shares and one-third of the Board members represent holders of B-shares. The mandates of the current directors will expire at the annual general meeting of shareholders in April 2017, 2018 and 2019, respectively. Mr Romain Bausch, President and CEO until 3 April 2014, is the Chairman of the Board of Directors. He is assisted by two Vice Chairmen, Messrs François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by directors representing A-shareholders and B-shareholders, respectively.

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

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

Independence for these purposes is defined as:

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

Eight of the current Board members are considered independent: Ms Tsega Gebreyes and Katrin Wehr-Seiter, Messrs Marc Beuls, Marcus Bicknell, Victor Casier, 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 has had a recent employment relationship with the company.

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

RULES OF GOVERNANCE

The Board of Directors meets when required by the company's business, and at least once per quarter. It can only validly deliberate if a majority of the directors are present or represented. The resolutions of the Board are passed by a simple majority of the votes of the voting directors present or represented, not considering abstentions. 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 2016, there were no transactions between the company and a shareholder owning directly or indirectly at least 5% of the company's shares, except for the B-shareholders' participation in the capital increase (see below under Activities of the Board of Directors in 2016).

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2016

The Board of Directors held six meetings in 2016, with an average attendance rate of more than 96%. After endorsement by

the Audit and Risk Committee, the Board approved the 2015 audited accounts, including the proposed dividend, as well as the results for the first half of 2016. During the year, the Board approved the updated strategic plan. In this context, the Board reviewed the evolution of the market dynamics in the four verticals as well as their impact on the strategic plan. In addition, a scenario planning exercise was conducted to assess the long-term robustness of SES's strategy in the four verticals to make sure that SES will stay relevant and will succeed in a rapidly evolving telecom and media environment. The Board also approved the business plan for the period 2016- 2021, which served as the basis for the 2017 budget as approved by the Board in December.

During the year 2016, the Board approved various matters including the acquisition of RR Media and taking full control of O3b. Four Board members (François Tesch, Marc Speeckaert, Tsega Gebreyes and Katrin Wehr-Seiter) did not participate in the discussions related to taking control of O3b nor in the vote on this topic, because they were each employed by parties that held an investment in O3b. In order to finance these acquisitions, SES issued 39,857,600 new A-shares and 19,928,000 new B-shares and issued two Hybrid bonds.

During 2016, 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 8 April 2016. The 2016 programme was limited to the following three objectives:

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

Under this programme, the company is authorised to buy back up to 18.5 million A-shares and 9.25 million B-shares at prices between EUR 15 and 35 per A-share and EUR 6 and 14 per B-share. As of 31 December 2016, the company had purchased 4,216,020 A-shares in the form of FDRs, at an average price of EUR 30,32394 EUR per FDR. These shares were acquired under a share purchase agreement signed with Goldman Sachs on 29 May 2015 and through a contribution in-kind by one B-shareholder during the capital increase of May '16.

The Board decided to extend the existing long term equity plans until the end of 2017 and approved an updated version of the plans for submission to the AGM in April '17. If approved by the shareholders, those plans will become effective from 1 January 2018.

Finally, the Board approved the procurement of SES-17, a decision that reinforces the company's most recent investments in new technology, as required for the long-term growth of the company. It noted updates on the procurement of several satellites as well as to the company's risk management report. The Executive Committee regularly informed the Board about the group's activities and financial situation, as well as about the integration of O3b and RR Media. It noted updates on: (i) 2016 Business Objectives; (ii) WRC-15 briefing; (iii) financial framework; (iv) corporate social responsibility; (v) regulatory management report; (vi) Market Solution Centers framework; (vii) potential impact of Brexit on SES; (viii) several commercial updates; and (ix) several HR matters.

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

On 31 December 2016 the 17 members of the Board of Directors were:

MR ROMAIN BAUSCH

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

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

MR FRANÇOIS TESCH

Born on 16 January 1951, Mr Tesch became a director on 15 April 1999. He is Chairman and 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). He is also Chairman of the Board of Foyer S.A. of Luxembourg and of Financière de Tubize S.A. Mr. Tesch is a Vice Chairman of the Board of Directors and a member of the Nomination Committee of SES.

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

MR JEAN-PAUL ZENS

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

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

MR SERGE ALLEGREZZA

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

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

MR MARC BEULS

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

Born on 7 May 1974, Mr Casier became a director on 7 April 2016. Mr Victor Casier is a member of the Executive Committee of Sofina S.A. and a board member of various companies within Sofina's portfolio, including Vente-Privée.com, Global Lifting Partners and Spanish investment fund QMC II. Prior to joining Sofina, Mr Casier worked for Roland Berger Strategy Consultants, Transwide

Limited and Banco Urquijo. Mr Casier holds an MBA from the University in Chicago, a Master in Business Engineering (Ingénieur de Gestion) from the Université Catholique de Louvain and a certificate from the INSEAD International Directors Programme (IDP). Mr Casier is a member of the Audit and Risk Committee of SES.

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

MR HADELIN DE LIEDEKERKE BEAUFORT

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

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

MRS TSEGA GEBREYES

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

Mrs Gebreyes is an Ethiopian national. She is an independent director.

MR CONNY KULLMAN

Born on 5 July 1950, Mr Kullman became a director on 5 April 2012. He was a former Director General, CEO and Chairman of Intelsat. After working as a Systems Engineer for Saab-Ericsson Space AB in Sweden until 1983, he joined Intelsat in Washington DC, where he held several positions before becoming the company's Director General and CEO in 1998. Mr Kullman became the CEO of Intelsat, Ltd. in 2001, and in 2005, Chairman of Intelsat, Ltd., and CEO

and President of Intelsat (Bermuda), Ltd., positions from which he retired in 2006. Mr Kullman graduated with a Master of Science in Electronic Engineering from the Chalmers University of Technology in Gothenburg in 1974. Mr Kullman is the Chairman of the Remuneration Committee and a member of the Nomination Committee of SES.

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

MR RAMU POTARAZU

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

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

MRS ANNE-CATHERINE RIES

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

Luxembourg. Mrs Anne-Catherine Ries is member of the Nomination Committee of the Company.

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

MR JEAN-PAUL SENNINGER

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

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

MR MARC SPEECKAERT

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

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

MS FRANÇOISE THOMA

Born on 25 August 1969, Ms Thoma became a director on 16 June 2016. Ms Thoma is President and Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, and a member of the Boards of Directors of

Cargolux International Airlines S.A. Luxair S.A., the Luxembourg Stock Exchange and of Enovos Luxembourg S.A. She was a member of the Luxembourg Council of State from 2000-2015 and holds a PhD in Law from the Université de Paris II Panthéon-Assas and an LL.M. from Harvard Law School. Ms Thoma is a member of the Remuneration Committee and of the Audit and Risk Committee of SES.

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

MRS PASCALE TOUSSING

Born on 26 June 1969, Mrs Toussing became director on 7 April 2016. Ms. Toussing serves as Premier Conseiller de Gouvernement and Director for Tax Policy at Luxembourg's Ministry of Finance and serves as a Director of Banque Internationale à Luxembourg SA. She is the Chairwoman of the Conseil Economique et Social, Vice-Chairwoman of the Commissariat aux Assurances and a member of the Steering Committee of the Luxembourg Sovereign Fund.

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

Mrs Toussing resigned from the Board effective 1 January 2017 when she became Director of the Luxembourg Direct Tax Administration.

MRS KATRIN WEHR-SEITER

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

Mrs Wehr-Seiter is a German national. She is an independent director.



THE BOARD OF DIRECTORS AS OF 23 FEBRUARY 2017

From left to right:

Hadelin de Liedekerke Beaufort, Ramu Potarazu, Tsega Gebreyes, Marc Speeckaert, Victor Casier, Markus Bicknell, Anne-Catherine Ries, Romain Bausch, Françoise Thoma, Serge Allegrezza, Katrin Wehr-Seiter, Marc Beuls, Conny Kullman, Jean-Paul Zens, François Tesch, Jean-Paul Senninger



OUR GOVERNANCE STRUCTURE

THE CHAIRMAN'S OFFICE

The Chairman's Office prepares the agenda for the Board meetings.

THE REMUNERATION COMMITTEE

The Remuneration Committee determines the remuneration of the members of the Executive Committee and advises on the overall remuneration policies applied throughout the company. It acts as administrator of the company's Long Term Equity Plans.

THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in carrying out its oversight responsibilities in relation to corporate policies, risk management, internal control, internal and external audit and financial and regulatory reporting practices.

THE NOMINATION COMMITTEE

The Nomination Committee identifies and nominates suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. It also identifies and nominates suitable candidates for the Executive Committee.

COMMITTEES OF THE BOARD OF DIRECTORS

THE CHAIRMAN'S OFFICE

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

At 31 December 2016, the members were:

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

The Chairman's Office met twelve times during 2016, with an attendance rate of more than 97%. During some of these meetings, the Chairman's Office discussed the acquisition of O3b on the basis of a delegation given to it by the Board. In these cases, François Tesch, who considered himself to be conflicted, was replaced by Jacques Espinasse, and later on, by Hadelin de Liedekerke Beaufort.

THE REMUNERATION COMMITTEE

In accordance with general corporate governance standards, the company's Board established a Remuneration Committee, which determines the remuneration of the

members of the Executive Committee and which advises on the overall remuneration policies applied throughout the company. It reports to the Board at each meeting through its Chairman. The Remuneration Committee is comprised of six members, at least a third of which are independent Board members in line with the SES internal regulations. At 31 December 2016, the Remuneration Committee was composed of the following six non-executive directors:

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

The Remuneration Committee held eight meetings, with an attendance rate of 100%. Matters addressed related to the determination of the 2016 stock option grant and the 2015 bonuses 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 2015, and it adopted the 2016 business objectives which are used as one element in the determination of their bonuses for 2016. The Remuneration Committee further reviewed all SES equity plans in order

to propose new plans as of 2018. After having approved these plans, the SES Board will present the principles of the plans to the 2017 AGM for approval. 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 two years' worth of his annual salary).

THE AUDIT AND RISK COMMITTEE

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

The current members of the Audit and Risk Committee are:

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

The Audit and Risk Committee held five meetings, with an attendance rate of 90%.

The meetings were dedicated in particular to the review of the 2015 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting and to the review of the results of the first half of 2016. Members of the Board also had the opportunity to communicate any comments they had on the company's quarterly results through the Chairman of the Audit and Risk Committee prior to the publication of these results.

The Audit and Risk Committee reviewed the company's statement on internal control systems prior to its inclusion in the annual report, approved the Internal Audit plan, and received bi-annual updates on the Internal Audit activities and on the follow-up of the major recommendations. It also reviewed the 2015 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 2016.

The Audit and Risk Committee received bi-annual updates on risk management from the SES risk management committee and held a discussion on the SES IT framework. The Committee received updates on (i) business continuity; (ii) potential impact of IFRS-16 on SES; (iii) CSSF enforcement review and (iv) satellite depreciation. One of the meetings of the Audit and Risk Committee was dedicated to the risks associated with the acquisition of RR Media. It also discussed the framework for limited non-audit engagements 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 a third of which are independent Board members in line with the SES internal regulations. On 31 December 2016, they were:

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

The Nomination Committee met three times with all its members being present. It discussed the Management Succession Plan 2016 and prepared the election of six directors as per the company's Board election process.

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

THE EXECUTIVE COMMITTEE

MISSION

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

The Executive Committee may approve any external credit facilities or external guarantees, pledges, mortgages and any other encumbrances of the company, or any wholly-owned affiliate, for as long as the company will not lose its investment grade rating as a result of such facility or guarantee. It may approve increases of up to 5% in the

capital expenditure budget for a satellite procurement already approved by the Board, it being understood that the Internal Rate of Return will need to comply with certain specific thresholds defined by the Board. The Executive Committee informs the Board at its next meeting of each such increase.

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

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

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

During 2016, the Executive Committee met 47 times, with an attendance rate of 94.04%. 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
- the Chief Technology Officer



THE EXECUTIVE COMMITTEE

From left to right:

Ferdinand Kayser, Padraig McCarthy, Karim Michel Sabbagh, Christophe De Hauwer, Martin Halliwell

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

The current members of the Executive Committee are:



MR KARIM MICHEL SABBAGH

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

Mr Sabbagh is a Canadian and Lebanese national.



MR PADRAIG MCCARTHY

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

Mr McCarthy is an Irish national.



MR FERDINAND KAYSER

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

Mr Kayser is a Luxembourg national.



MR CHRISTOPHE DE HAUWER

Born on 15 April 1971, Mr Christophe De Hauwer was appointed Chief Development Officer of SES as of 1 August 2015. He is a member of the Board of SES ASTRA. Mr De Hauwer joined SES in 2003, holding several positions of responsibility in the areas of Strategic Marketing, Strategic and Business Planning and Corporate Development, as well as Fleet Development and Yield Management. Mr De Hauwer played an instrumental role in many transactions, such as the acquisition of New Skies in 2005, the GE share redemption in 2006 and the investment in O3b in 2009. Prior to joining SES, Mr De Hauwer worked in the Strategy Consulting practice of the European Telecommunication and Media Industry with Arthur Andersen. He holds an Engineering and a PhD Degree from the Université Libre de Bruxelles.

Mr De Hauwer is a Belgian national.



MR MARTIN HALLIWELL

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

Mr Halliwell is a British national.

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 2016, the shareholders decided to maintain the fees paid to the directors at the previous year's level with a majority of 99.972%. Directors each receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen each receive an annual fixed fee of EUR 48,000 and the Chairman receives a fee of EUR 100,000 per year.

A Director, chairing one of the committees set up by the Board, if not the Chairman of the Board of Directors, receives an additional remuneration of EUR 8,000 per year. A Director, chairing the Audit and Risk Committee, if not the Chairman of the

Board of Directors, receives an additional remuneration of EUR 9,600 per year. The shareholders also maintained the fees at EUR 1,600 for each meeting of the Board or a Committee of the Board attended, except for the meetings of the Audit and Risk Committee for which directors receive EUR 1,920 per meeting. A director participating in more than one Committee meeting on the same day will receive the attendance fee for one meeting only. Half of the attendance fee is paid if the director participates in the meeting via telephone or videoconference.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2016 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 1,122,880, of which EUR 301,280 was paid as variable fees, with the remaining EUR 821,600 representing the fixed part of the

Board fees. The gross overall figure for the year 2016 was EUR 1,403,600.

COMPANY STOCK OWNED BY MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2016, the members of the Board of Directors and their closely associated family members owned a combined total of 768,488 shares and FDRs (representing 0.13% of the company's share capital).

Transactions made by members of the Board of Directors are published on the company's website under Management Disclosures. In accordance with the company's dealing code, directors require prior permission before dealing in SES shares or FDRs.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee. It is composed

of a fixed part and a variable part. The total gross remuneration paid to the five members of the Executive Committee for the year 2016 amounted to EUR 6,154,588.89, of which EUR 3,233,856.77 represented the fixed part and EUR 2,920,732.12 the variable part. The direct remuneration paid to the members of the Executive Committee amounted to EUR 4,159,502.92, whereas the indirect remuneration was EUR 1,995,085.98. 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 2016, the members of the Executive Committee were awarded a combined total of 731,211 options to acquire company FDRs at an exercise price of EUR 24.39, 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 2017, the remaining quarters vesting on 1 January 2018, 2019 and 2020, respectively. In 2016, members of the Executive Committee were granted 17,446 restricted shares as part of the company's long-term incentive plan, as well as 52,338 performance shares. These shares will vest on 1 June 2019.

During 2016, Messrs Martin Halliwell, Ferdinand Kayser, Padraig McCarthy and Christophe De Hauwer 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: <https://www.ses.com/investors/shareholder-information/shares/management-disclosures>

Each member of the Executive Committee is entitled to two years of base salary in case his contract is terminated without cause. A member of the Executive Committee who resigns is not entitled to any compensation.

COMPANY STOCK OWNED BY MEMBERS OF THE EXECUTIVE COMMITTEE

On 31 December 2016, the five members of the Executive Committee owned a combined total of 189,218 shares and FDRs (representing 0.03% of the company's share capital), 184,372 unvested restricted and performance shares and 1,636,070 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 7 April 2016, and based upon a proposal from the Board, the shareholders re-elected PwC as the company's external auditor for one year and approved its remuneration, with a majority of more than 99.495%. The mandate of PwC will expire at the annual general meeting on 6 April 2017.

BUSINESS RISKS AND THEIR MITIGATION

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

However:

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

KEY RISK AREAS:

- 1. Risks relating to procurement**
- 2. Risks relating to satellites**
- 3. Risks relating to insurance**
- 4. Risks relating to customers**
- 5. Risks relating to the satellite communications market**
- 6. Risks relating to SES's strategic development**
- 7. Risks 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 six geostationary satellites and four O3b satellites during 2017 and 2018. The launch of any of these satellites carries a risk of delay for a variety of reasons, including the late availability of the satellite or co-passenger satellite (if there is a co-passenger) for shipment to the launch site, the late availability of the launch service or last-minute technical problems arising on the satellite, the co-passenger satellite or the launcher.

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

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

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

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

Risk of dependency on launch service providers

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

Risk of dependency on satellite manufacturers and secondary suppliers

SES is dependent on six major satellite manufacturers for the construction of its satellites.

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

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

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

2. RISKS RELATING TO SATELLITES

Risk of in-orbit failure

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

SES attempts to mitigate the risk of in-orbit failure by careful vendor selection and high quality in-orbit operations. SES's fleet is diversified by manufacturer and satellite type, which reduces the likelihood of widespread technical problems. The impacts of such failures on customer service and related revenues may be mitigated by an in-orbit backup strategy, pursuant to which

customers on an impaired satellite may possibly be transferred to another satellite in the fleet. In addition, SES has in place a restoration agreement with another satellite operator pursuant to which customers on an impaired geostationary satellite may possibly be transferred to another satellite in that operator's fleet in order to protect continuity of service. However, there is no guarantee that these mitigations will be entirely effective, especially in the event of the failure of several satellites.

Several of SES's satellites have experienced various technical anomalies either before or during 2016. The following is a cumulative summary of the current position. Some of the SES satellites experiencing technical anomalies are operating beyond the end of their design lives. These satellites have already completed the primary missions for which they were designed and have been redeployed for secondary missions. Satellites in secondary missions are used for various reasons, such as developing new orbital locations, safeguarding spectrum rights and providing redundant capacity for satellites in their primary missions. These satellites' technical capabilities do not generally need to be fully utilised 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. NSS-6, NSS-7, NSS-11, AMC-4, AMC-11 and AMC-16 experienced further solar array degradation in 2016, which impaired power generation. None of those 2016 failures resulted in any reduction in the amount of satellite capacity used by commercial customers. All of the satellites with solar array issues are still being used for their primary missions, with the exception of AMC-4, AMC-6 and NSS-7, which are being used for secondary missions.

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

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

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

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

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

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

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

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

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

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

Risk of short operational life

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

3. RISKS RELATING TO INSURANCE

Insurance coverage risk

SES's satellites may be subject to damage or loss from events that might not be covered by insurance policies. SES maintains 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.

In the case of the O3b fleet, insurance only covers partial losses in excess of two satellites and total losses in excess of three satellites, reflecting the ability of the constellation to continue to operate commercially with the loss of a small number of satellites.

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 relating to its geostationary satellite fleet 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 in respect of the geostationary satellite fleet and EUR 60 million in respect of the O3b fleet.

Insurance availability risk

Satellite insurance is a cyclical market subject to the laws of supply and demand. The amount of capacity currently available in the market is adequate to cover SES's satellite programmes. However, events outside of SES's control – including large losses and shifts of insurance capacity from space to other lines of business – could change this situation. This could result

in increases in the amount of insurance premiums paid by SES to cover its risks and affect its ability to obtain the desired level of coverage. SES's self-insurance programme improves its flexibility to accommodate variations in 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 26.5% of SES's total revenues in 2016. The total revenue generated from contracts with the US Government (and customers serving the US Government) represented approximately 8% of SES's total revenues in 2015.

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

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

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

Risks relating to customer credit

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

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

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

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

Risks inherent in international business

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

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

Risks inherent in doing business with the US Government

The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the US Government, imposes various restrictions on 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.

5. RISKS RELATING TO THE SATELLITE COMMUNICATIONS MARKET

Competition risk

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

SES faces competition from international, national and regional satellite operators. Some national operators receive tax and regulatory advantages in their countries that are not available to SES. The development of national satellite programmes 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 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.

BREXIT risk

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

Investment risk

SES regularly evaluates opportunities to make strategic investments. These opportunities may not yield the expected benefits due to a number of factors, such as antitrust reviews, financing costs and regulatory approvals. If an investment is made, it may adversely affect SES's results due to financing costs or the performance of the investment following acquisition. The success of any such investment is not guaranteed.

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

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

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

O3b risk

On 1 August 2016, SES completed the acquisition of 100 per cent of the shares of O3b. As a result, O3b's financial information is fully consolidated in the financial reporting of SES. On completion of the acquisition, SES consolidated approximately \$1.3 billion of O3b's debt into SES's financial reporting. The consolidation of O3b's financial information into SES's financial reporting could have an adverse impact on its overall performance, financial condition and credit rating.

In addition, SES may not be able to fully realise the anticipated benefits of the acquisition of O3b and SES may not be successful in integrating the business operations of O3b in the manner or within the timeframe currently anticipated. There is no assurance that SES's ability to achieve the effective integration of O3b will not be limited or delayed, which could have a material adverse effect on the financial condition and results of operations of SES.

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 various 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 US, 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 fees and charges by national administrations may have a significant adverse effect on SES's current results and future prospects.

Spectrum coordination risk

SES is required to coordinate the operation of its satellites with other satellite operators through the 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, does not maintain satellites in the orbital locations it currently uses or does not operate in all the frequency bands for which a licence has been received, then 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 situations.

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

US companies and companies located in the United States must comply with US 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 US operations may not be able to maintain normal international business activities and SES's non-US 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 SES's properties, equipment and data. Furthermore, such event could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events in the future.

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

Risk of 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 were 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 downturn risk

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

Cash flow risk

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

Debt rating risk

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

Tax risk

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

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

However, SES cannot always be certain of a tax authority's application and interpretation of the tax law. SES may become subject to unforeseen material tax claims, including late payment interest and/or penalties. Such claims may arise for a number of reasons, including: the identification of a taxable presence of a non-indigenous group company in a taxing jurisdiction; transfer

pricing adjustments; application of indirect taxes on certain business transactions after the event; and the disallowance of the benefits of a tax treaty. In addition, SES may be subject to retroactive tax assessments based on changes in laws in a particular tax jurisdiction. SES has implemented a tax risks mitigation charter based on (among others things) a framework of tax opinions for the financially material positions taken, transfer pricing policies and documentation covering the group's important inter-company transactions, and procedures for accurate tax compliance in all jurisdictions.

Asset impairment risk

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

In the SES S.A. annual accounts, impairment testing – using value-in-use procedures similar to those outlined above – is performed on the carrying value of the shares in affiliate undertakings. 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 a number of committed and uncommitted credit facilities with banks. In addition, if deemed appropriate based on prevailing market conditions, SES can raise funds through its European Medium-Term Note programme or through the issuance of commercial paper. SES's debt maturity

profile is tailored to allow the company to cover repayment obligations as they fall due. SES operates a centralised treasury function, which manages the liquidity of SES and seeks to optimise the funding costs. This is supported by a daily cash pooling mechanism.

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

Foreign currency risk

SES's reported financial performance can be impacted by movements in the US dollar/euro exchange rate, as SES has significant operations whose functional currency is the US dollar and liabilities denominated in US 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 derivatives are negotiated to match the terms of the hedged item to maximise the effectiveness of the hedge.

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

Counterparty credit risk

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

The counterparty credit risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties. To mitigate the counterparty risk, SES only deals with recognised financial institutions with an appropriate credit rating. All counterparties are financial institutions that are regulated and controlled by the national financial supervisory authorities of the applicable

countries. The counterparty credit risk portfolio is analysed on a quarterly basis. Moreover, to reduce this counterparty risk, the portfolio is diversified as regards the main counterparties, ensuring a well-balanced relationship for all categories of products (derivatives as well as deposits).

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

INTERNAL CONTROL PROCEDURES

OBJECTIVE

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

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

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

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

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

CONTROL ENVIRONMENT

SES has adopted a robust internal control framework based on a set of guidelines prepared by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This framework provides reasonable assurance that the internal control objectives are being achieved; it is also consistent with the reference framework

proposed by the French securities regulator, the 'Autorité des Marchés Financiers' (AMF).

The control environment is an essential element of the company's internal control framework, as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.

The Board has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Executive Committee of SES, which in turn works closely with the other levels of management in establishing control policies and procedures.

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

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

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

A group-wide 'Code of Conduct and Ethics' has been in place since 2009. The Code is designed to enable all employees, officers and directors to take a consistent approach to integrity issues and to make sure that SES conducts its business in compliance with all applicable laws and regulations and observes the highest standards of business ethics. In 2016, the Code has been reviewed and refreshed, and also mandatory refresher courses for all SES employees worldwide, including MX1, were continued to reinforce awareness and compliance by staff.

O3b staff followed compliance trainings based on their Code of Conduct.

An SES Compliance Committee, composed of designated Compliance Officers in each main corporate location, is tasked with

raising the staff's awareness of the Code and ensures a consistent roll-out and training programme for the Code. The Committee meets regularly to discuss important topics or issues. Reflecting the company's expansion into developing markets, the composition of the Compliance Committee includes representatives from SES's offices in Africa, Asia, the Middle East and Latin America. MX1 and O3b are also represented on the Compliance Committee.

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

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

RISK MANAGEMENT

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

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

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

A risk management co-ordinator has been appointed in order to ensure the adequate review of the risks facing SES.

Each reported risk is categorised, assessed by the risk owners and reviewed by the Risk Management Committee.

Key risk developments are periodically reported to the Executive Committee, the Audit and Risk Committee and the Board.

INTERNAL CONTROL ACTIVITIES

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

- Staff involved in the company's accounting and financial reporting are appropriately qualified and are kept up-to-date with relevant changes in International Financial Reporting Standards ('IFRS'). Additionally, specific training and written guidance on particular matters is provided where needed. Written guidance, regularly updated for business developments and regulatory changes, is available to all relevant staff members and provides a summary of the company's accounting and financial reporting policies and procedures.
 - Controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, effective segregation of duties and the complete and accurate recording of financial information.
 - Completeness and timely recording of financial information is ensured through regular reviews, monitoring of specific key performance indicators, validation procedures by functional leaders and as an additional check, the process of internal and external audit.
 - In accordance with the requirements of IFRS, SES discloses detailed information on the market, credit and foreign exchange risks to which it is exposed, as well as its strategy for managing those risks.
 - The company relies on a comprehensive system of financial information and oversight. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the company's financial performance in comparison to the approved budget and prior year figures.
 - Any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed.
 - The external auditors perform a limited review of the company's half-year consolidated financial statements and a full audit of the annual consolidated financial statements.
- Regarding the internal controls in the area of treasury management, the following should be noted:
- The treasury function uses specific software that helps to ensure the efficiency and control of the implementation of SES's hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of SES's affiliates.
 - In order to ensure enhanced security and efficiency of the bank payments process, the company is using a banking payments system that allows for secured authorisation and transfer of payments from the SAP accounting system directly to the bank.
 - A clear segregation of duties and assignment of bank mandates between members of SES management, treasury and accounting departments has been implemented.
 - In order to streamline the cash management process, SES has centralised the in-house bank into one hub 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.
 - Those treasury activities with a significant potential risk, such as financial derivative transactions with external parties and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board.
 - A short treasury report is issued every quarter to the Board as part of the financial reporting.
 - To further strengthen these controls, a treasury policy is regularly updated. In addition, a Foreign Exchange Risk Management strategy, combined with a multiple year funding plan based on SES's strategic and business plans, is also prepared and presented to the Audit and Risk Committee.

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

- The main principles of SES's tax risk management are laid down in the SES Tax Charter. Tax positions are analysed based on best authoritative interpretations and reported in internal tax technical memos or tax opinions from external tax consultancy firms. The tax department seeks, where possible, to achieve upfront tax clearances with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the company.
- 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 through functional and economic analyses including benchmarking studies. SES's transfer pricing documentation includes a master file, local files and a country-by-country report.

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

- SES's Technology Department is responsible for the procurement of satellites and launch vehicles, the procurement and maintenance of satellite-related ground infrastructure and the administration, control and operations of the satellite fleet.
- The reporting of the satellite procurement and operations risk management process that is in place to monitor and assess sources of technical risks and to develop qualitative, quantitative and statistical methods which allow the mitigation of risk at the satellite fleet level has been integrated into the company's Risk Management framework.
- The operational procedures for satellite control and payload management cover manoeuvres and configuration changes required in nominal situations as well as in the case of technical emergencies. The controllers are trained and certified in the execution of such procedures. These procedures are periodically reviewed to ensure that they are up-to-date. Satellite control software is being used and fully validated electronic procedures

for station-keeping and other regular operations are being applied throughout the entire SES fleet.

- SES has designed crisis management systems and supporting infrastructure and tools in order to address satellite in-orbit anomaly situations at an appropriate management level. An effective 'trouble tickets' escalation process is used to provide effective and timely support to customers.
- The Satellite Contingency and Emergency Response Process reflects the current company's organisational structure.
- In 2016 the alert notifications and escalation systems were successfully tested which included the participation of the respective Emergency Recovery teams and a post event analysis was conducted where areas of improvement were identified and test documentation updated.
- SES has adequate satellite control primary and backup capabilities utilising the European and US-based Satellite Operations Centres ('SOCs').

For SES Geostationary satellites:

- Primary satellite operations in Europe are operated from the new technical facility in Betzdorf and the SOC in Gibraltar. Primary satellite operations in North America are operated from the new SOC in Princeton. SOC-related projects in Betzdorf, Gibraltar and Princeton continue to improve satellite control efficiency, reliability and network security.
- SES has adequate satellite control backup capability utilising the European and US SOC's:
 - In case of a major disaster impacting the primary (US) SOC, the primary European SOC's will first take-over satellite operations, until the backup SOC located in Woodbine (US) is staffed to take-over the operations.
 - In case of a major disaster impacting the primary European SOC in Betzdorf, Gibraltar and the primary US SOC will first take-over satellite operations. Once staffed, the backup European SOC (located in Redu, Belgium) will take-over operations of several satellites to reduce the workload of the Gibraltar and primary (US) SOC.
- Fail-over procedure from Primary to Backup SOC is tested regularly. The backup SOC's in Woodbine and Redu are tested twice a year.

For SES Medium Earth orbit located satellites (O3b):

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

For SES payload services:

- Adequate backup capabilities are currently implemented in the following areas:
 - MX1 has been equipped to be able to uplink control channels for DTH set-top boxes for the 19.2° orbital slot when Betzdorf is unavailable (not associated with telemetry, tracking and control ('TT&C')).
 - At SES's facility in Woodbine (US), additional fuel and Uninterruptible Power Supply ('UPS') redundant facilities are maintained to enhance the station emergency backup system.
 - At SES's facility in Manassas (US), thermal scans were performed on all power distribution devices of the backup power systems and adjustments made to improve the reliability of the devices. Electronics are safely located away from potential 'flood zone areas' and enhanced flood protection measures are effectively maintained to prevent potential damage.
 - Design work on the upgrade of the power system has been completed in 2016 for the installation in 2017 of the following at Manassas: 1) An additional new generator with associated fuel tank; 2) Replacement of two (2) UPS systems with new UPS systems; 3) Addition of new switchgear to improve the overall reliability and flexibility of the power system at the site.
 - At SES's facility in Hawaii, two (2) UPS systems were replaced in 2016 with newer, more efficient models. In 2017, SES is planning to replace two (2) generators and their associated fuel tanks with two (2) newer, more efficient models. Additionally, a new 7.3m gateway antenna will be installed in Hawaii in 2017 in support of O3b. This will be the fourth (4th) gateway antenna at the site for O3b.
 - At SES's facility in Gibraltar SES upgraded the two (2) UPS systems with new internal components and batteries. SES also commissioned a

- new server room with an improved cooling system.
- At SES’s facility in Betzdorf, SES upgraded the power plant cold water production system and upgraded various computer rooms with improved cooling systems and power distribution systems.
- The TT&C function is currently provided for each satellite via at least two independent antenna sites. The sites are connected via a ground dual-redundant state-of-the-art network to at least two site diverse SOC’s.
- 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 SOCs and TT&C sites worldwide.
- Additionally, Aggregation Service Routers (ASR’s) are being upgraded in the network in response to the upcoming High Throughput Satellites (HTS) network traffic, as well as the positioning of dual ISP’s servicing SES’s future HTS gateway sites.
- The alternative European back-up of the TT&C functions has been built out for SES needs with a fully operational backup plan for all SES 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.
- Management is committed to enhancing information security through the established Data Governance and Information Security Committee within SES, comprising representatives from various applicable functions, which reviews practices, policies and procedures.
- Electronic information is regularly backed up and copies are stored off-site.
- SES has disaster recovery plans for its business applications. The regular annual

testing of these activities which took place also in 2016 has confirmed that SES is in a good position to recover all mission critical back-office applications within their set recovery time objectives.

INFORMATION AND COMMUNICATION

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

Furthermore the companies O3b and MX1, acquired in 2016, and SmartCast, are planned to migrate to SAP as of January 2018 to achieve substantial integration of the trading and financial operations.

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

To further support this process, the SAP Security and Authorisation function has defined and is in a process of implementing a comprehensive SAP security policy.

The operation of the SAP hosting platform continues to mature in various areas including data privacy, data encryption and intrusion detection. A detailed operational handbook is maintained to safeguard smooth and secure operation of the company’s ERP platform.

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

MONITORING ACTIVITIES

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

The SES Internal Audit function performs separate evaluations of the relevance of,

and compliance with, company policies and internal control procedures.

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

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

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

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

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

The proxy structure of the SES Government Solutions entity, in line with common practice for businesses serving certain segments of the US Government, imposes various restrictions on the Board and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. The SES Internal Audit function did not perform any direct internal control review of this entity during 2016, 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.

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

INVESTOR RELATIONS

SES's dedicated Investor Relations function reports to the Chief Financial Officer and works closely with the President and CEO. Its purpose is to develop and coordinate the group's external financial communications and interactions with equity and debt investors, investment analysts, credit rating agencies, financial journalists and other external audiences, to monitor stock market developments, and to provide feedback and recommendations to the SES Executive Committee.

The General Manager, 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)

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

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

In addition to complying with the existing framework, SES voluntarily discloses supplementary and non-financial information - via this current report – that according to the EU directive 2014/95 will only become mandatory as of 2018.

ENVIRONMENT

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

Since 2008, SES has officially reported the CO₂ emissions of its operations through participation in the Carbon Disclosure Project (CDP), which collects the data of all SES's business activities and locations.

The data collection for CDP covers three scopes:

- Scope 1: Direct Combustibles (such as chemical fuels and gas, refrigerant leakage, car fleet)
- Scope 2: Indirect Energy consumption (purchased electricity or heat)

- Scope 3: Other Emissions (business travel, commuting, waste, water consumption)

In 2015, the company's activities related to operating and commercializing the SES's satellite fleet, as well as general administration, finance and marketing, generated approximately 42,336 tons of CO₂ emissions worldwide, an increase of 21 % compared to 2014. Scope 1 emissions were approximately 13%, reduced by 1,091 tons. Scope 3, business travel including staff commuting, increased by 1,025 tons to 29.5% overall.

This increase was due to the growth of the company in number of employees and sites in addition to the change in measuring methodology related to the conversion factor. The methodology used follows as closely as possible the guidelines outlined in the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and Defra (UK) Guidance on How to Measure and Report your Greenhouse Gas Emissions (September 2009) and the 2015 guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting.

Emissions from Scope 2, electricity consumption represented the largest component of SES's total emissions (approximately 57.5%). Scope 2 market-based emissions factors were chosen in line with the GHG Protocol recommendations. For low occupancy sites, assumptions were made based on average electricity, gas and travel data at main offices sites. A data collection questionnaire was circulated to all 33 main SES global sites in order to collect activity data. 56 low occupancy and unmanned SES sites ('co-locations') were included in the data collection exercise. In order to calculate GHG emissions, when electrical power consumption was not precisely measured, it was estimated.

SES is particularly focused on carbon reduction initiatives in connection with new building constructions and infrastructure upgrades as the largest share of the emissions was generated from Scope 1 and Scope 2 sources. In fact, at SES, the billions of items of data exchanged by satellite through teleports are analysed in computer servers located on the Betzdorf site in Luxembourg. These servers emit a lot

SES CO₂ results

Year	2015	2014	2013	2012	2011	2010	2009	2008
Scope 1	5,455	6,546	6,621	6,959	6,464	12,397	17,317	14,432
Scope 2	24,395	17,080	17,391	20,475	27,758	26,846	32,471	26,507
Scope 3	12,466	11,460	14,756	5,873	4,937	2,309		
Total emissions	42,336	35,087	38,768	33,307	39,159	41,553	49,788	40,939

of heat and need to be constantly cooled. Until recently, this need was covered by a Combined Heat and Power (CHP) unit, which reduces the emissions load of the general grid. These are special machines that can transform the waste heat of the cogeneration plants of the site into over 2 MW of refrigeration.

Since January 2010, SES's headquarters in Betzdorf, Luxembourg, have been using electricity sourced from hydropower, which can be considered CO₂-free. The use of renewable energy has had a significant reduction of the company's carbon emissions (an estimated 6,000 tonnes). However, due to the carbon accounting rules, these emissions gains are not reflected in the official company's carbon disclosure figures. The same technology was applied to its operations in Sweden.

In the context of the legal framework in Europe and in accordance to EN 16247, in 2015, SES started recovering the heat generated by servers and IT equipment and converting it into heating for its buildings, thus further reducing the company's carbon footprint. This was first implemented in SES's state-of-the-art site in Munich, Germany, and was followed in 2016 in Betzdorf, Luxembourg.

The investment needed for this technology and an optimised control system included training of an employee at the Learning Factory, a centre of excellence in energy efficiency in Foetz in Luxembourg.

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

EDUCATION

SES has established a partnership with the University of Luxembourg aimed at developing a centre of excellence and innovation for advanced information and communications technology in satellite systems. As part of this partnership, in 2016, SES introduced a new project to develop advanced techniques for the automated monitoring and testing of satellite ground control systems. On this subject, SES is also collaborating with the University's Interdisciplinary centre for Security, Reliability and Trust (SnT). Through this activity, senior engineers from SES supervise PhD candidates working on relevant subjects, in addition to co-authoring the candidates' scientific publications.

Aiming to widen its CSR portfolio, SES also promotes vocational education in Luxembourg through a partnership with Lycee Technique d'Esch, where students attend practical courses on SES's premises to complement with practical experience the theoretical knowledge acquired in the classroom.

SES finances a chair in satellite, telecommunications and media law within the Faculty of Law, Economics and Finance at the University of Luxembourg. Furthermore, SES has a cooperation agreement with the Sacred Heart University Luxembourg, which covers both educational services for SES employees and student visits.

In Bucharest, Romania, SES reputable engineers perform regular visiting seminars at the University Politehnica of Bucharest for both Master's and Bachelor's students. Seminars include topics such as, Satcom technology.

In Strasbourg, France, in 2016 SES has continued funding a scholarship programme with the International Space University (ISU) in support of students of advanced space applications.

At the Stevens Institute of Technology, a coeducational research university located in Hoboken, New Jersey (US), SES sponsors tuition fees for 12 SES employees to attend a Master's degree programme in Space Systems Engineering.

DIVERSITY

As of 31 December 2016, the SES group employed 1,9431 individuals worldwide, counted in full time equivalents (FTEs). 498.1 FTEs are based in the Luxembourg headquarters, 537.1 in the rest of Europe, 514.2 in the United States and 393.8 in the rest of the world. The gender split within SES is 24% women and 76% men.

SES is an international company with 65 different nationalities represented in its employee population. Its leadership team includes 26 different nationalities at the Executive level, while SES's high potential programme includes employees of 20 different nationalities.

SES provides state-of-the-art training to all its employees. In addition, by sharpening its strategy, SES ensures that all employees are equipped with new capabilities and opportunities to develop their skills.

CHARITY

The entire team at SES is focused on philanthropy, encompassing charitable work run by SES's matching donations scheme, SES social clubs and SES employees' individual and independent initiatives. SES charitable donations include contributions to charities and on-site charity run(s).

SES's charity activities engage and motivate SES employees who then inspire other colleagues to give back into the communities in which SES operates.

In 2016, SES continued to match employee donations to charitable organizations such as The Red Cross, The Red Crescent, Oxfam, SOS Villages d'Enfants, Unicef, Médecins Sans Frontières, Télécoms Sans Frontières and Life Project 4 Youth. Furthermore, with the overwhelming refugee crisis in Europe, in 2016, SES employees supported newcomers in Luxembourg, Trier, (Germany) and Metz, (France). Using the Intranet, they collected essential items among colleagues and raised awareness of this important humanitarian issue.

CORPORATE

Satellite technology holds an important role in the global communications infrastructure. SES's company management and the corporate team hold the responsibility to reinforce and communicate this importance widely. To this purpose, during 2016 SES led a range of activities to communicate SES's message about satellite's relevance, developing its corporate strategy, and being innovative in its technological approach.

The role and relevance of satellites in the current and next generation network architectures is the leitmotif of SES's narratives and a key element of its societal engagement.

Every year, SES leads and attends PR events across the globe to convey this message effectively. These initiatives are aimed at acknowledging the key role that satellites have in improving people's everyday life and in bridging the connectivity gap towards social and economic prosperity. In 2016 SES attended several career fairs in Luxembourg, the Netherlands (Delft) and the USA (Princeton and Indiana) and hosted visits from four universities in Luxembourg. In Luxembourg SES also organised two events for high school students to encourage them considering STEM studies. One event was specifically dedicated to young women.

Among other events, in 2016, SES was present at IBC in Amsterdam, AfricaCom in Cape Town, Africa CEO Forum, Global VSAT in London, Global MilSatCom in London, Berlin Security Conference, the World Satellite Business Week in Paris, the 2nd EU Aeronautics Conference in Brussels, Satellite 2016 in Washington and APEX in Singapore.

Moreover, SES held the GovSatCom Conference for European Defense and Security at its headquarters in Betzdorf, Luxembourg. SES also hosted SES Industry Days in Luxembourg and Cape Town, SES Satellite Monitor and the Ultra HD Conference in London.

RESPONSIBILITY STATEMENT

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

In accordance with article 3 of the law of 11 January 2008, as subsequently amended, on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the annual statutory accounts as of and for the year ended 31 December 2016, prepared in accordance with Luxembourg legal and regulatory requirements, and the consolidated financial statements as of end for the year ended 31 December 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the year of SES taken individually, and of SES and its consolidated subsidiaries taken as a whole, respectively. In addition, the management report includes a fair review of the development and performance of the business and the position of SES taken individually, and of SES and its consolidated subsidiaries taken as a whole, together with a description of the principal risks and uncertainties that they face.

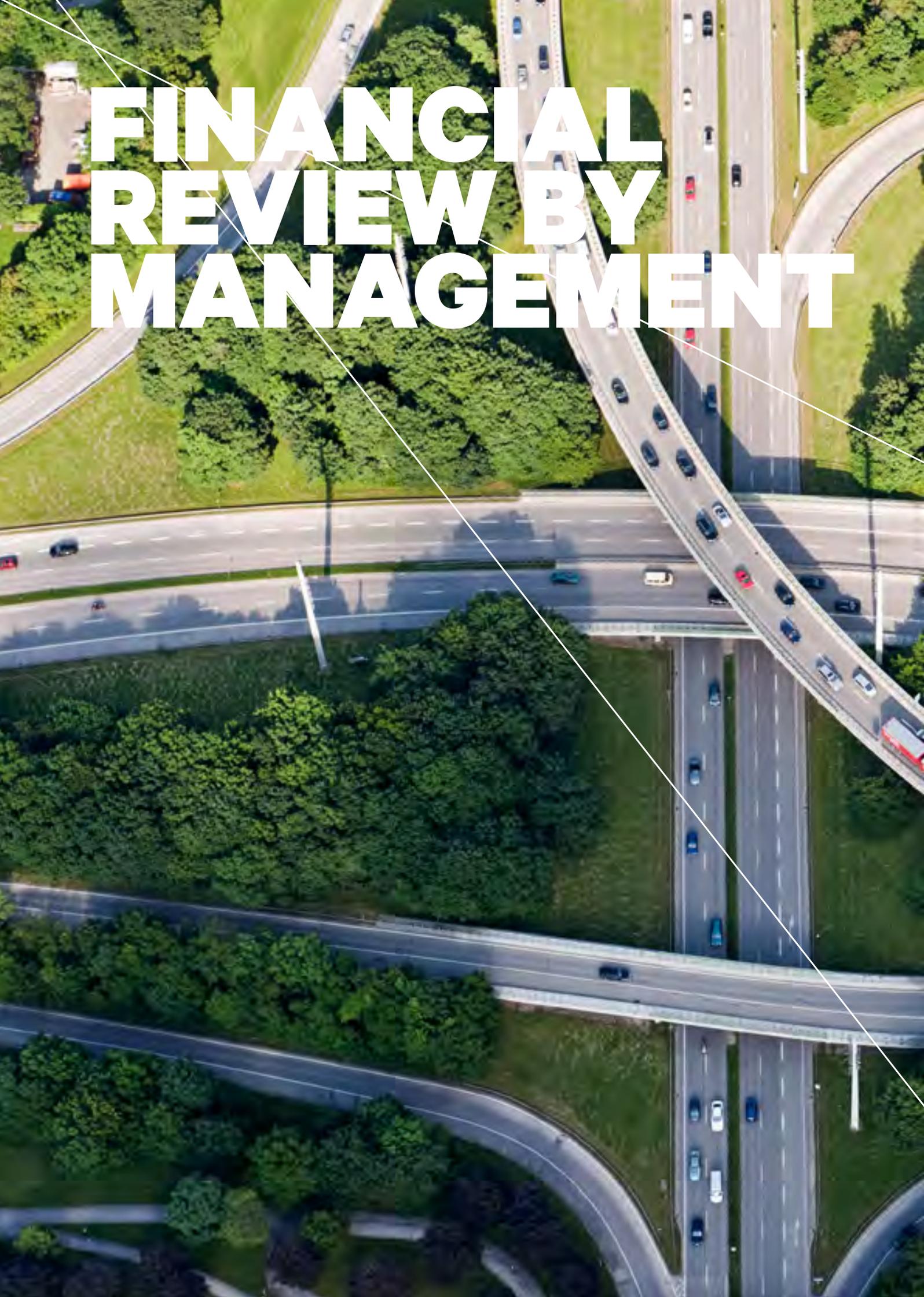
23 February 2017



Romain Bausch
Chairman of the Board of
Directors



Karim Michel Sabbagh
President and CEO



FINANCIAL REVIEW BY MANAGEMENT



INCOME STATEMENT

REVENUE BY MARKET VERTICAL

In millions of euros	2016	2015	Change (reported)	Change (constant FX)	Change (same scope and constant FX) ¹
Video	1,398.8	1,335.6	+4.7%	+4.6%	+0.4%
Enterprise	252.0	289.9	-13.1%	-13.7%	-20.4%
Mobility	133.7	68.4	+95.4%	+95.3%	+67.3%
Government	241.8	257.7	-6.2%	-6.6%	-9.5%
Other ²	42.5	62.9	n/m	n/m	n/m
Group Total	2,068.8	2,014.5	+2.7%	+2.4%	-2.7%

¹ Excluding contribution from RR Media and O3b from date of consolidation to 31 December 2016

² Other includes revenue not directly applicable to a particular vertical and revenue contributions from interim missions

Reported revenue was 2.7% higher than the prior year (up 2.4% at constant FX) and included a contribution of EUR 62.9 million (2015: nil) from the consolidation of RR Media (from 6 July 2016) and EUR 49.7 million from O3b (from 1 August 2016), before EUR 8.8 million of inter-company eliminations.

Excluding RR Media and O3b, revenue of EUR 1,965.0 million was EUR 54.8 million (or 2.7%) lower at same scope and constant FX. Of this, EUR 40.4 million was due to the

impact of the revenue contribution from 'legacy items', mainly in 2015. These items comprised the sale of European transponders, the planned migration of capacity contracted by ARSAT to its own satellite, the AMC-16 capacity renewal and the accelerated revenue associated with the construction phase of the WAAS and GOLD hosted payloads. Other revenue of EUR 42.5 million included important periodic revenue contributions.

OPERATING EXPENSES AND EBITDA

In millions of euros	2016	2015	Change	Change (%)
Operating expenses	(617.3)	(520.3)	(97.0)	-18.7%
Operating expenses (constant FX)	(617.3)	(519.7)	(97.6)	-18.8%
Operating expenses (same scope and constant FX) ¹	(517.2)	(519.7)	+2.5	+0.5%
EBITDA	1,451.5	1,494.2	(42.7)	-2.9%
EBITDA (constant FX)	1,451.5	1,500.1	(48.6)	-3.2%
EBITDA (same scope and constant FX)¹	1,447.8	1,500.1	(52.3)	-3.5%

¹ Excluding impact of RR Media and O3b from date of consolidation to 31 December 2016 (including transaction-related costs)

Operating expenses, at same scope and constant FX, improved by EUR 2.5 million (or 0.5%) due to on-going efficiencies. As reported, operating expenses were 18.7% higher due to the increase in costs following the consolidation of RR Media and O3b.

EBITDA was 2.9% lower than the prior year and 3.2% lower at constant FX. The reported EBITDA margin was 70.2% (2015: 74.2%) and 73.7% at same scope. During the year, the positive EBITDA contribution from RR Media and O3b was mostly offset by the non-recurring transaction-related costs associated with the acquisition of the two businesses.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT BEFORE GAIN ON DEEMED DISPOSAL OF EQUITY INTEREST

In millions of euros	2016	2015	Change	Change (%)
Depreciation	(560.5)	(536.8)	(23.7)	-4.4%
Amortisation	(70.7)	(62.8)	(7.9)	-12.5%
Depreciation and amortisation	(631.2)	(599.6)	(31.6)	-5.3%
Depreciation and amortisation (constant FX)	(631.2)	(602.1)	(29.1)	-4.8%
Operating profit before gain on deemed disposal of equity interest	820.3	894.6	(74.3)	-8.3%
Operating profit before gain on deemed disposal of equity interest (constant FX)	820.3	898.0	(77.7)	-8.6%

Depreciation and amortisation, at same scope and constant FX, reduced by EUR 21.8 million (or 3.6%) compared with the prior year and increased by 5.3% as reported due to the consolidation of RR Media and O3b.

As a result, **Operating profit before gain on deemed disposal of equity interest** of EUR 820.3 million was 8.3% lower than the prior year (-8.6% at constant FX).

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

In millions of euros	2016	2015	Change	Change (%)
Gain on deemed disposal of equity interest	495.2	-	n/m	n/m
Net interest expense and other	(228.3)	(196.5)	(31.8)	-16.2%
Capitalised interest	39.7	22.1	+17.6	+79.4%
Net foreign exchange gains	14.3	38.7	(24.4)	-63.0%
Net financing costs	(174.3)	(135.7)	(38.6)	-28.4%
Profit before tax	1,141.2	758.9	+382.3	+50.4%
Income tax expense	(114.1)	(84.9)	(29.2)	-34.5%
Profit after tax	1,027.1	674.0	+353.1	+52.4%
Share of associates' result	(62.4)	(126.7)	+64.3	+50.7%
Non-controlling interests	(2.0)	(2.4)	+0.4	+17.7%
Profit attributable to SES shareholders	962.7	544.9	+417.8	+76.7%
Coupon on hybrid bonds, net of tax	(15.0)	-	n/m	n/m
Adjusted profit attributable to SES shareholders	947.7	544.9	+402.8	+73.9%

The 2016 results include a reported **gain on deemed disposal of equity interest** of EUR 495.2 million, which was recognised directly before the full consolidation of O3b.

Net financing costs at same scope were EUR 6.9 million (or 5.0%) lower than prior year. Excluding the change in net foreign exchange gains, net financing costs reduced by EUR 31.4 million (or 19.6%) reflecting lower interest costs and higher capitalised interest. Reported net financing costs were up EUR 38.6 million (or 28.4%) due to the consolidation of RR Media and O3b. This includes non-recurring costs of EUR 21.6 million, associated with the early refinancing of the O3b debt, which secured EUR 60 million in financial synergies from 2017 onwards.

As presented using IFRS recognition principles, net financing costs exclude the annual interest payments for the EUR 1.3 billion of hybrid bonds issued during 2016 at an average coupon of 5.05%.

The group's **income tax expense** of EUR 114.1 million represented an **effective tax rate** of 10.0% (2015: 11.2%),

or 17.7% excluding the gain on deemed disposal of equity interest of EUR 495.2 million.

The effect of non-cash movements associated with SES's minority shareholding in O3b (prior to consolidation on 1 August 2016) was the principal contributor to the **share of associates' result** being a loss of EUR 62.4 million (2015: loss of EUR 126.7 million).

The **net profit attributable to SES shareholders** was EUR 962.7 million (2015: EUR 544.9 million), including the EUR 495.2 million gain on deemed disposal of equity interest. Including the full costs associated with the hybrid bonds (treated as equity using IFRS recognition principles) issued in 2016, adjusted profit attributable to shareholders was EUR 947.7 million (2015: EUR 544.9 million).

Earnings per share of EUR 2.18 (2015: EUR 1.34) included the impact of the increase in the number of shares following the group's equity raising, completed in May 2016 and is after deducting the net of tax coupon for the hybrid bonds.

CASH FLOW AND FINANCING

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

In millions of euros	2016	2015	Change	Change (%)
Net operating cash flow	1,274.1	1,450.6	(176.5)	-12.2%
Investing activities	(619.5)	(560.6)	(58.9)	-10.5%
Free cash flow before financing and acquisitions	654.6	890.0	(235.4)	-26.4%
Acquisitions of RR Media and remaining O3b shares	(762.2)	-	(762.2)	n/m
Free cash flow before financing activities	(107.6)	890.0	(997.6)	n/m

Net operating cash flow was lower than the prior year due to the impact of timing in working capital and up-front payments related to hosted payloads in 2015. The group's cash conversion rate (measured as the ratio of net operating cash flow to EBITDA) was 87.8% (2015: 97.1%).

Investment in new satellite programmes contributed to an increase in **investing activities**. Excluding the cash outflow associated with the consolidation of RR Media and O3b, **free cash flow before financing activities** was EUR 654.6 million (2015: EUR 890.0 million) and represented 33.3% of same scope group revenue (2015: 44.2%).

NET DEBT TO EBITDA RATIO

In millions of euros	2016	2015	Change	Change (%)
Loans and borrowings ¹	4,427.4	4,431.7	(4.3)	-0.1%
Cash and equivalents	(587.5)	(639.7)	+52.2	+8.2%
Net Debt	3,839.9	3,792.0	+47.9	+1.3%
Net Debt / EBITDA (IFRS)	2.65 times	2.54 times		
Net Debt / EBITDA (rating agency) ²	3.09 times	2.54 times		
Weighted average interest cost ³	3.87%	3.86%		
Weighted average debt maturity	7.8 years	8.4 years		

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

The group's **Net Debt to EBITDA ratio** was 3.09 times as at 31 December 2016 (31 December 2015: 2.54 times). This treats the hybrid bonds as 50% debt and 50% equity. As presented using IFRS recognition principles, where the hybrid bonds are treated as 100% equity, the Net Debt to EBITDA ratio was 2.65 times.

During 2016, SES raised EUR 2.2 billion (gross) from the issuance of new shares and the company's inaugural hybrid bond offerings.

In May 2016, SES raised total gross proceeds of EUR 909 million from the issuance of 39.86 million new Fiduciary Depositary Receipts (FDRs) and 19.93 million new B-shares.

This was followed by the issuance of two hybrid bonds (one in June 2016 and one in November 2016) totalling EUR 1.3 billion at an average coupon of 5.05%. The hybrid bonds are non-dilutive instruments and receive 50% equity treatment from each of Moody's and S&P, while classified as equity under IFRS.

The proceeds from the equity raising and the hybrid bonds were used to acquire the remaining shares in O3b (for EUR 638.6 million), as well as repaying and refinancing O3b's most expensive debt facilities.

In December 2016, SES completed the refinancing of the entire USD 1.4 billion of O3b debt, generating EUR 60 million of annual financial cost savings from 2017. The refinancing was funded using available cash, which included the proceeds of the hybrid bond issued in November 2016.

DIVIDEND

The Board of SES is proposing a dividend of EUR 1.34 for each A-share and EUR 0.536 for each B-share, in line with SES's commitment to a progressive dividend per share policy. This dividend, which is subject to approval at the company's Annual General Meeting on 6 April 2017, will be paid to shareholders on 26 April 2017.

FINANCIAL OUTLOOK

The financial outlook aims to provide shareholders with an understanding of SES's growth trajectory, drivers and strategy execution in each of the market verticals, as well as the group's long-term value creation potential.

In 2016, SES achieved important milestones, extended its capabilities across the four verticals and significantly improved the business mix and growth profile.

SES's objective is to generate sustained growth in all market verticals, and is supported by an improved business mix and substantial contract backlog, which increased from EUR 7.4 billion to EUR 8.1 billion in 2016.

For 2017¹, SES is targeting stable to slight revenue growth across Video and Government, complemented by a return to growth in Enterprise and strong growth for Mobility.

SES's future revenue trajectory will benefit from the

significant contribution of recently added and forthcoming GEO and MEO investments, which are expected to generate incremental annualised revenue of up to EUR 750 million (equivalent to around 35% of 2016 group revenue) at 'steady-state'.

SES's EBITDA margin is expected to be broadly stable for 2017 and 2018 and rising slightly thereafter, while operating profit margin¹ is expected to significantly improve to more than 40% in the medium-term.

These foundations will allow SES's to significantly grow Return on Invested Capital (ROIC)² to over 10% in the medium-term.

¹ On a like for like basis, assuming RR Media and O3b had been consolidated on 1 January 2016. On this basis, 2016 EBITDA margin of 66.7% and 2016 Operating profit margin (before gain on deemed disposal of equity interest) of 33.3%

² Net Operating Profit After Tax (NOPAT) divided by average of opening and closing shareholders' equity plus Net Debt

SUPPLEMENTARY INFORMATION

US DOLLAR EXCHANGE RATE

	2016 average	2016 closing	2015 average	2015 closing
EUR 1 = US dollars	1.1060	1.0541	1.1150	1.0887

BUSINESS SEGMENTATION

	Infrastructure	Services	Elimination/ Unallocated ¹	Group total
Revenue	1,698.4	610.8	(240.4)	2,068.8
EBITDA	1,391.2	94.5	(34.2)	1,451.5
2016 EBITDA margin	81.9%	15.5%	-	70.2%
2016 EBITDA margin (same scope) ²	83.9%	17.5%	-	73.7%
2015 EBITDA margin (constant FX)	84.1%	16.0%	-	74.3%

¹ Revenue elimination refers mainly to 'pull through' capacity provided by Infrastructure to Services. EBITDA impact represents unallocated corporate expenses

² Excluding contribution from RR Media and O3b from date of consolidation to 31 December 2016

QUARTERLY DEVELOPMENT OF OPERATING RESULTS (REPORTED)

In millions of euros	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Average US dollar exchange rate	1.0933	1.0898	1.1314	1.1116	1.0914
Revenue	521.9	481.6	475.2	533.3	578.7
Operating expenses	(134.2)	(125.4)	(131.6)	(172.2)	(188.1)
EBITDA	387.7	356.2	343.6	361.1	390.6
Depreciation	(143.0)	(126.4)	(124.6)	(150.2)	(159.3)
Amortisation	(16.5)	(15.6)	(15.6)	(18.1)	(21.4)
Operating profit before gain on deemed disposal of equity interest	228.2	214.2	203.4	192.8	209.9

QUARTERLY DEVELOPMENT OF OPERATING RESULTS (SAME SCOPE AND CONSTANT FX)

In millions of euros	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Revenue	521.1	480.6	482.0	490.9	520.9
Operating expenses	(134.0)	(125.2)	(133.4)	(127.2)	(133.8)
EBITDA	387.1	355.4	348.6	363.7	387.1
Depreciation	(142.8)	(126.2)	(127.0)	(131.7)	(133.5)
Amortisation	(16.6)	(15.6)	(15.6)	(16.0)	(18.2)
Operating profit before gain on deemed disposal of equity interest	227.7	213.6	206.0	216.0	235.4

CONSOLIDATED FINANCIAL STATEMENTS



AUDIT 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 (the 'Group') which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 give a true and fair view of the consolidated financial position of the Group as of 31 December 2016, 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.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report thereon.

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

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

OTHER MATTER

The Corporate Governance Statement includes the information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial companies register and on the accounting records and annual accounts of undertakings, as amended.

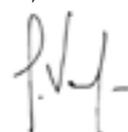
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

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

PricewaterhouseCoopers, Société coopérative
Luxembourg, 23 February 2017

Represented by
Gilles Vanderweyen



CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

In millions of euros		2016	2015
Revenue	Note 4	2,068.8	2,014.5
Cost of sales	Note 5	(231.0)	(183.6)
Staff costs	Note 5	(233.1)	(200.5)
Other operating expenses	Note 5	(153.2)	(136.2)
Operating expenses	Note 5	(617.3)	(520.3)
EBITDA		1,451.5	1,494.2
Depreciation expense	Note 13	(560.5)	(536.8)
Amortisation expense	Note 15	(70.7)	(62.8)
Operating profit before gain on deemed disposal of equity interest	Note 4	820.3	894.6
Gain on deemed disposal of equity interest	Note 3	495.2	-
Operating profit		1,315.5	894.6
Finance income	Note 7	22.8	53.1
Finance costs	Note 7	(197.1)	(188.8)
Net financing costs		(174.3)	(135.7)
Profit before tax		1,141.2	758.9
Income tax expense	Note 8	(114.1)	(84.9)
Profit after tax		1,027.1	674.0
Share of associates' result, net of tax	Note 3	(62.4)	(126.7)
Profit for the year		964.7	547.3
Attributable to:			
Owners of the parent		962.7	544.9
Non-controlling interests		2.0	2.4
		964.7	547.3
Basic earnings per share (in euro)			
A-shares	Note 11	2.18	1.34
B-shares	Note 11	0.87	0.54
Diluted earnings per share (in euro)			
A-shares	Note 11	2.18	1.33
B-shares	Note 11	0.87	0.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

In millions of euros	2016	2015
Profit for the year	964.7	547.3
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligation	(4.2)	2.6
Income tax effect	1.5	(0.9)
Remeasurements of post-employment benefit obligation, net of tax	(2.7)	1.7
Income tax relating to treasury shares impairment	13.9	5.0
Total items that will not be reclassified to profit or loss	11.2	6.7
Items that may be reclassified subsequently to profit or loss		
Impact of currency translation	Note 10 288.9	557.9
Income tax effect	Note 10 (9.1)	2.5
Total impact of currency translation, net of tax	279.8	560.4
Investment hedge	(61.8)	(215.5)
Income tax effect	19.7	75.6
Total net investment hedge, net of tax	(42.1)	(139.9)
Net movements on cash flow hedges, net of tax	(1.3)	1.6
Total net movements on cash flow hedges, net of tax	(1.3)	1.6
Total items that may be reclassified subsequently to profit or loss	236.4	422.1
Total other comprehensive income for the year, net of tax	247.6	428.8
Total comprehensive income for the year, net of tax	1,212.3	976.1
Attributable to:		
Owners of the parent	1,207.3	966.0
Non-controlling interests	5.0	10.1
	1,212.3	976.1

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

In millions of euros		2016	2015
Non-current assets			
Property, plant and equipment	Note 13	5,156.3	4,464.8
Assets in the course of construction	Note 14	1,389.6	894.3
Total property, plant and equipment		6,545.9	5,359.1
Intangible assets	Note 15	5,247.7	3,587.4
Investments in associates	Note 3	-	73.5
Other financial assets	Note 16	6.5	60.3
Trade and other receivables	Note 17	78.5	54.8
Deferred customer contract costs		29.3	-
Deferred tax assets	Note 9	70.5	59.2
Total non-current assets		11,978.4	9,194.3
Current assets			
Inventories		30.2	8.5
Trade and other receivables	Note 17	971.7	782.7
Prepayments		49.8	39.0
Derivatives	Note 18	-	1.6
Income tax receivable	Note 8	28.3	-
Cash and cash equivalents	Note 20	587.5	639.7
Total current assets		1,667.5	1,471.5
Total assets		13,645.9	10,665.8
Equity			
Attributable to the owners of the parent	Note 21	6,806.5	3,932.5
Non-controlling interests		138.6	128.3
Total equity		6,945.1	4,060.8
Non-current liabilities			
Borrowings	Note 24	4,223.1	4,177.9
Provisions	Note 25	44.7	62.7
Deferred income	Note 26	411.8	383.3
Deferred tax liabilities	Note 9	664.2	655.9
Other long-term liabilities	Note 28	69.1	75.9
Total non-current liabilities		5,412.9	5,355.7
Current liabilities			
Borrowings	Note 24	204.3	253.8
Provisions	Note 25	86.7	10.8
Deferred income	Note 26	510.5	450.7
Trade and other payables	Note 27	459.1	524.0
Derivatives	Note 18	1.0	-
Income tax liabilities	Note 8	26.3	10.0
Total current liabilities		1,287.9	1,249.3
Total liabilities		6,700.8	6,605.0
Total equity and liabilities		13,645.9	10,665.8

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

In millions of euros		2016	2015
Profit before tax		1,141.2	758.9
Taxes paid during the year	Note 8	(90.2)	(67.4)
Interest expense	Note 7	142.3	155.6
Loan repayment fees	Note 7	21.6	-
Depreciation and amortisation	Notes 13, 15	631.2	599.6
Amortisation of client upfront payments		(71.4)	(66.4)
Gain on deemed disposal of equity interest		(495.2)	-
Other non-cash items in the consolidated income statement		18.6	6.8
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		1,298.1	1,387.1
Changes in working capital, net of business combinations effect			
(Increase)/decrease in inventories		(7.8)	(3.2)
(Increase)/decrease in trade and other receivables		(179.1)	(119.0)
(Increase)/decrease in prepayments and deferred charges		(50.1)	2.0
Increase/(decrease) in trade and other payables		53.6	38.1
Increase/(decrease) in payments received on account		(23.2)	(20.5)
Increase/(decrease) in upfront payments and deferred income		182.6	166.1
Changes in working capital		(24.0)	63.5
Net cash generated by operating activities		1,274.1	1,450.6
Cash flow from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	Note 3	(725.5)	-
Payments for purchases of intangible assets	Note 15	(42.6)	(36.5)
Payments for purchases of tangible assets	Notes 13, 14	(577.4)	(532.2)
Proceeds from disposals of tangible assets	Note 13	-	8.2
Loan granted to associate	Note 3		(10.0)
Proceeds from repayment of loan to associate	Note 3		10.0
Investment in Equity accounted investments	Note 3	(36.7)	-
Other investing activities		0.5	(0.1)
Net cash absorbed by investing activities		(1,381.7)	(560.6)
Cash flow from financing activities			
Proceeds from borrowings	Note 24	375.5	-
Repayment of borrowings ¹	Note 24	(1,682.4)	(274.8)
Proceeds from Perpetual bond, net of transaction costs	Note 21	1,274.7	-
Dividends paid on ordinary shares ²	Note 12	(527.5)	(477.2)
Dividends paid to non-controlling interest		(7.2)	(6.0)
Interest on borrowings	Note 24	(188.5)	(180.7)
Payments for acquisition of treasury shares		(197.6)	(192.8)
Issue of shares ³		882.2	218.8
Proceeds from treasury shares sold and exercise of stock options		100.8	116.7
Equity contribution by non-controlling interest		12.5	39.3
Other financing activities		2.6	(1.6)
Net cash generated / (absorbed) by financing activities		45.1	(758.3)
Net foreign exchange movements		10.3	(16.5)
Net (decrease)/increase in cash		(52.2)	115.2
Cash and cash equivalents at beginning of the year	Note 20	639.7	524.5
Cash and cash equivalents at end of the year	Note 20	587.5	639.7

1 O3b debt repayment of borrowings of EUR 1,219.5 million (see Note 3), including loan repayment fees of EUR 21.6 million (see Note 7)

2 Dividends are presented net of dividends received on treasury shares of EUR 8.5 million (2015: EUR 0.8 million)

3 Net of the contribution in kind of EUR 13.6 million in 2016 and (see Note 21) (2015: EUR 13.4 million)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

Attributable to owners of the parent

In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total Equity
At 1 January 2016	644.3	814.4	(95.1)	-	2,033.8	546.4	1.6	(12.9)	3,932.5	128.3	4,060.8
Result for the year	-	-	-	-	-	962.7	-	-	962.7	2.0	964.7
Other comprehensive income (loss)	-	-	-	-	11.2	-	(1.3)	234.7	244.6	3.0	247.6
Total comprehensive income (loss) for the year	-	-	-	-	11.2	962.7	(1.3)	234.7	1,207.3	5.0	1,212.3
Allocation of 2015 result	-	-	-	-	18.9	(18.9)	-	-	-	-	-
Issue of share capital, net of transaction costs and tax	74.7	821.1	-	-	3.7	-	-	-	899.5	-	899.5
Issue of perpetual bond, net of transaction costs and tax (Note 21)	-	-	-	1,300.0	(18.1)	-	-	-	1,281.9	-	1,281.9
Dividends provided for or paid ¹	-	-	-	-	-	(527.5)	-	-	(527.5)	(7.2)	(534.7)
Purchase of treasury shares	-	-	(211.2)	-	112.8	-	-	-	(98.4)	-	(98.4)
Share-based compensation expense	-	-	-	-	9.3	-	-	-	9.3	-	9.3
Exercise of share-based compensation	-	-	13.3	-	(38.4)	-	-	-	(25.1)	-	(25.1)
Sale of treasury shares	-	-	125.7	-	-	-	-	-	125.7	-	125.7
Equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	12.5	12.5
Other movements	-	-	-	-	1.3	-	-	-	1.3	-	1.3
At 31 December 2016	719.0	1,635.5	(167.3)	1,300.0	2,134.5	962.7	0.3	221.8	6,806.5	138.6	6,945.1

For the year ended 31 December 2015

Attributable to owners of the parent

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 1 January 2015	633.0	593.5	(32.8)	2,034.4	600.8	-	(424.2)	3,404.7	84.9	3,489.6
Result for the year	-	-	-	-	544.9	-	-	544.9	2.4	547.3
Other comprehensive income (loss)	-	-	-	6.7	-	1.6	412.8	421.1	7.7	428.8
Total comprehensive income (loss) for the year	-	-	-	6.7	544.9	1.6	412.8	966.0	10.1	976.1
Allocation of 2014 result	-	-	-	123.6	(123.6)	-	-	-	-	-
Issue of share capital, net of transaction costs	11.3	220.9	-	(112.8)	-	-	-	119.4	-	119.4
Dividends provided for or paid ¹	-	-	-	-	(477.2)	-	-	(477.2)	(6.0)	(483.2)
Purchase of treasury shares	-	-	(206.2)	-	-	-	-	(206.2)	-	(206.2)
Share-based compensation expense	-	-	-	10.6	-	-	-	10.6	-	10.6
Exercise of share-based compensation	-	-	143.9	(28.7)	-	-	-	115.2	-	115.2
Equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	39.3	39.3
Other movements	-	-	-	-	1.5	-	(1.5)	-	-	-
At 31 December 2015	644.3	814.4	(95.1)	2,033.8	546.4	1.6	(12.9)	3,932.5	128.3	4,060.8

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

NOTE 1 - CORPORATE INFORMATION

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

The consolidated financial statements of SES as at and for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2017. Under Luxembourg Law the financial statements are approved by the shareholders at the Annual General Meeting of Shareholders.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed by the European Union (IFRS), as at 31 December 2016.

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

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS, effective from 1 January 2016 and adopted by the group:

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The adoption of this

amendment did not have any impact on the financial position and performance of the group.

Annuals improvements 2012 - 2014 cycle

This amendment adds new guidance on areas where clarification of wording was required for the following standards: IFRS 5, 'Non-current assets held for sale and discontinued operations', IFRS 7, 'Financial instruments: Disclosures', IAS 19, 'Employee benefits', IAS 34, 'Interim financial reporting'. The effective date of these amendments is 1 January 2016. The adoption of this amendment did not have any impact on the financial position and performance of the group.

Amendment to IAS 1, 'Presentation of financial statements'

This amendment is part of the IASB initiative to improve presentation and disclosure in financial reports. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies, and is effective for annual periods beginning on or after 1 January 2016. The adoption of this amendment did not have any impact on the financial position and performance of the group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are 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 associates 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 or loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts

previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in associates

The group accounts for investments in associates using the equity method of accounting. An associate is an entity in which the group has significant influence but not control. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of the profit or loss of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

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

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

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

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

Significant accounting judgments and estimates

1) Judgments

In the process of applying the group's accounting policies, management has made the following judgments, apart

from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements

(i) Treatment of orbital slot licence rights

The group's operating companies have obtained rights to operate satellites at certain orbital locations and using certain frequency bands. These licences are obtained through application to the relevant national and international regulatory authorities, and are generally made available for a defined period. Where the group has obtained such rights through the acquisition of subsidiaries 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 procedure.

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

(ii) Taxation

The group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the magnitude of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the group. If this is deemed to be the case then a provision is recognised for the potential taxation charges. More details are given in Notes 8 and 25.

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

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

AI Maisan Satellite Communication LLC

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

potential voting rights that could question SES' control. SES has power over relevant activities of Al Maisan, such as budget approval, appointment and removal of the CEO and senior management team as well as the power to appoint or remove the majority of the members of the Board of Directors. The entity is therefore consolidated with a 65% of non-controlling interest. (see Note 22).

LuxGovSat S.A.

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

Management has concluded that the group controls LuxGovSat, as SES has power over the relevant activities of LuxGovSat. The entity is therefore consolidated with a 50% non-controlling interest. (see Note 22).

SES Government Solutions, Inc.

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

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

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

The company's assessment of the allocation of powers over the relevant activities of SES GS encompassed the activities of operating and capital decision making, the

appointment and remuneration of key management, and the exposure to the variability of financial returns based on the financial performance of SES GS.

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

2) Estimation uncertainty

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

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

The group determines whether goodwill and other indefinite-life intangible assets are impaired at least on an annual basis.

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

(ii) Impairment testing for space segment assets

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.

The group has recorded no satellite impairment charges in 2016. In 2015, reflecting continuing solar array circuit health issues on the AMC-16 satellite, the group took an impairment charge of EUR 9.7 million on this satellite.

Business combinations

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

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

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

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

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

The excess of the:

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Assets in the course of construction

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

The cost of satellite construction may include an element of deferred consideration to satellite manufacturers referred to as satellite performance incentives. SES is contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Historically, the satellite manufacturers have earned substantially all of these payments. Therefore, SES accounts for these payments as deferred financing, capitalising the present value of the payments as part of the cost of the satellites and recording

a corresponding liability to the satellite manufacturers. Interest expense is recognised on the deferred financing and the liability is accreted based on the passage of time and reduced as the payments are made.

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

Borrowing costs

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset. 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 consolidated 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 consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods. The group estimates value in use on the basis of the estimated discounted cash flows to be generated by a cash-generating unit which are based upon business plans approved by management. Beyond a five-year period, cash flows may be estimated on the basis of stable rates of growth or decline.

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

2) Other intangibles

(i) Orbital rights

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

(ii) Software and development costs

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

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

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

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

assets are amortised over their estimated useful life, which does not exceed seven years.

Impairment of other non-financial assets

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

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

Investments and other financial assets

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

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

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

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

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

1) Financial assets at fair value through profit or loss

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

2) Loans and receivables

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

Impairment of financial assets carried at amortised cost

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

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

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

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

Deferred customer contract costs

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

Inventories

Inventories primarily consist of equipment held for re-sale, work-in-progress, related accessories and network

equipment spares and are stated at the lower of cost or net realisable value, with cost determined on a weighted average-cost method.

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

Trade and other receivables

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

Prepayments

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

Treasury shares

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

Cash and cash equivalents

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

Revenue recognition

Revenues are generated predominantly from customer service agreements for the provision of satellite capacity over agreed periods by station-kept satellites at the group's primary orbital positions. The group also includes as revenue income received from the following type of services: revenues arising under operating leases; occasional use revenues; uplinking and downlinking operations; income received in connection with satellite interim missions; and, proceeds from the sale of transponders if the revenue recognition criteria for the transaction are met. In 2016, an amount of EUR 28.9 million (2015: EUR 5.1 million) has been recognised in revenue from the sale of transponders.

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

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

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

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

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

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

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

Dividends

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

Provisions

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

Borrowings

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

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

Current taxes

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

Deferred taxes

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

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of

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

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

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

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

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

Translation of foreign currencies

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

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

The group considers that monetary long-term receivables or loans for which settlement is neither planned nor likely

to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. The related foreign exchange differences and income tax effect of the foreign exchange differences are included in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to the consolidated income statement.

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

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

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

1 euro =	Average rate for 2016	Closing rate for 2016	Average rate for 2015	Closing rate for 2015
USD	1.1060	1.0541	1.1150	1.0887

Basic earnings per share

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

Diluted earnings per share

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

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

Derivative financial instruments and hedging

The group recognises all derivatives at fair value in the consolidated statement of financial position. Changes in the fair value of derivatives are recorded in the consolidated

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

1) Fair value hedges

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

2) Cash flow hedges

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

3) Hedge of a net investment in a foreign operation

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

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

The group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking

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

Derecognition of financial assets and liabilities

1) Financial assets

A financial asset is derecognised where:

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

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor does transferred control of the asset, the asset 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 realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2) Financial liabilities

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

Accounting for pension obligations

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

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

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

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

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

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group

has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Equity-settled share-based compensation plans

Employees (including senior executives) of the group receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model for the Stock Appreciation Rights Plan ('STAR Plan') and Executive Incentive Compensation Plan ('EICP Plan'), and a Black Scholes Model for the Long-term Incentive Programme ('LTI'). Further details are given in Note 23. In valuing equity-settled transactions, no account is taken of any non-market performance conditions, other than conditions linked to the price of the company's shares, if applicable.

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

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

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

The deeply subordinated fixed rate securities issued by the company are classified as equity as the company has no contractual obligation to redeem the securities, and coupon payments may be deferred under certain circumstances (more details are given in Note 21). Coupons become payable whenever the company makes dividend payments. Coupon accruals are considered in the determination of earnings for the purpose of calculating earnings per share (see Note 11).

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, primarily whether the fulfilment of the

arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

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

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

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are relevant for the group and effective for annual periods beginning after 1 January 2016, and have not been early adopted in preparing these consolidated financial statements:

1) IFRS 9 Financial instruments

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

While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the group does not expect the new requirements to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principle-based approach and so it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model for financial assets requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as it the case under IAS 39 which could result in earlier recognition of such credit losses. The standard is effective for accounting periods beginning on or after 1 January 2018 and has been endorsed by the European Union. Early adoption is permitted. The group does not intend to adopt IFRS 9 before its mandatory date.

2) IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group performed a detailed assessment of the impact of IFRS 15 and concluded that the adoption of the standard will not have a material impact on the group's consolidated financial statements because current revenue recognition accounting policies are substantially aligned with the requirements of IFRS 15. The assessment of the impact of IFRS 15 on the newly acquired businesses (see Note 3) is yet to be performed.

3) IFRS 16 Leases

On 13 January 2016, the IASB issued IFRS 16 'Leases' which will replace IAS 17 'Leases'. This new standard specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after 1 January 2019, with early application permitted if IFRS 15 has also been applied. IFRS 16 has not yet been endorsed by the EU. The group performed a detailed assessment of the impact of IFRS 16 and concluded that the adoption of the standard will not have a material impact on the group's consolidated financial statements mainly due to the facts that: the group

does not have significant operating lease agreements which would result in the recognition of an asset and corresponding lease liability (the group as a 'lessee'), and the customer agreements of the group are not linked to an identified asset. (the group as a 'lessor') The assessment of the impact of IFRS 16 on the newly acquired businesses (see Note 3) is yet to be performed.

4) IAS 12 Income Taxes - Amendments

On 19 January 2016, the IASB issued amendments to IAS 12 'Income Taxes'. These amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value and how to recognise deferred tax assets for unrealized losses. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. This standard has not yet been endorsed by the European Union. The group is still assessing the impact of the adoption of this new standard.

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.

Alternative performance measures

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

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

1) Net debt

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

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

In millions of euros	2016	2015
Borrowings - non-current	4,223.1	4,177.9
Borrowings - current	204.3	253.8
Total Borrowings	4,427.4	4,431.7
Less: Cash and equivalents	587.5	639.7
Net debt	3,839.9	3,792.0

2) EBITDA and EBITDA margin

EBITDA is defined as profit for the period before the impact of depreciation, amortisation, net financing cost, income tax, the group's share of the results of joint ventures and associates and discontinued operations and any extraordinary line item between revenue and profit before tax in the group's consolidated income statement. EBITDA

Margin is defined as EBITDA divided by revenue. The group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating a company's operating performance.

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

In millions of euros	2016	2015
Profit before tax	1,141.2	758.9
Add: Depreciation expense	560.5	536.8
Add: Amortisation expense	70.7	62.8
Less: Gain on deemed disposal of equity interest	495.2	-
Add: Net financing costs	174.3	135.7
EBITDA	1,451.5	1,494.2

The following table provides a reconciliation of EBITDA Margin:

In millions of euros	2016	2015
Revenue	2,068.8	2,014.5
EBITDA	1,451.5	1,494.2
EBITDA Margin (%)	70.2%	74.2%

3) Operating profit

Operating profit is defined as profit for the period before the impact of net financing charges, income tax, the group's share of the results of joint ventures and associates and discontinued operations and includes any extraordinary line item between revenue and profit before tax in the group's consolidated income statement. The group uses operating

profit to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets.

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

In millions of euros	2016	2015
Profit before tax	1,141.2	758.9
Add: Net financing costs	174.3	135.7
Operating profit	1,315.5	894.6

4) Net debt to EBITDA ratio

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

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

In millions of euros	2016	2015
Net debt	3,839.9	3,792.0
EBITDA	1,451.5	1,494.2
Net debt to EBITDA ratio	2.65 times	2.54 times

NOTE 3 - BUSINESS COMBINATIONS

Acquisition of O3b Networks Limited ('O3b')

On 1 August 2016, SES completed the acquisition of the remaining shares of O3b, a network communications service provider and operator of a Medium Earth Orbit ('MEO') satellite constellation, increasing its holding from 42.65% to 100% for a consideration of USD 726.3 million (EUR 638.6 million).

As a result of the transaction, SES acquired control over O3b, which was until then accounted for as an associate, under the equity method of accounting.

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

The accounting for the acquisition of O3b remains preliminary as the group is still verifying that it has obtained all information about facts and circumstances that existed as of the acquisition date.

Detail of the purchase consideration, as well as provisional amounts of the net assets acquired and goodwill are as follows:

Purchase consideration

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

Provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

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

*Non-deductible for tax purposes.

The existing borrowings of O3b as of acquisition date were entirely reimbursed after the acquisition (see Note 7).

Goodwill is mostly made up of expected synergies from combining operations of O3b with SES such as:

- Commercial synergies: Additional opportunities for SES and O3b through a broader, integrated commercial offering encompassing both geostationary (GEO) and MEO satellites.
- Financial synergies: Reduction in O3b's cost of debt by refinancing a significant proportion of its most expensive debt facilities.

The fair value of the acquired trade and other receivables and prepayments with aggregated gross contractual amount of EUR 50.6 million was assumed to equal their book value. The best estimate at the acquisition date of the contractual cash flows not expected to be collected was EUR 5.0 million.

Purchase consideration - cash outflow

In millions of euros	
Cash paid (including EUR 2.1 million liability paid to O3b employees)	604.7
Less	
Balance acquired: Cash and cash equivalents	84.8
Net outflow of cash - investing activities	519.9

Transaction-related costs of EUR 2.4 million were recognised directly in other operating expenses.

The amounts of revenue and net loss of O3b since the acquisition date included in the consolidated statement of comprehensive income for the reporting period were EUR 46.5 million and EUR 79.2 million, respectively.

Between 1 January 2016 and the acquisition date, the share of O3b's losses recognised by the group was EUR 62.4 million (2015: EUR 126.7 million).

The group's share of O3b's assets and liabilities, income and expenses up to acquisition in 2016 and as at 31 December 2015, were:

In millions of euros	1 August 2016	31 December 2015
Non-current assets	405.1	439.9
Current assets	89.0	68.1
Non-current liabilities	498.5	444.2
Current liabilities	18.1	23.9

In millions of euros	1 January 2016 to 31 July 2016	Year ended 31 December 2015
Revenue	20.9	22.5
Operating expenses	(22.3)	(32.4)
Depreciation and amortisation	(38.1)	(69.9)
Finance expense, net	(22.2)	(45.6)
Income tax	(0.7)	(1.3)
Total comprehensive loss for the year	(62.4)	(126.7)

Acquisition of RR Media Ltd ('RR Media')

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

The accounting for the acquisition of RR Media remains preliminary as the group is still verifying that it has obtained all information about facts and circumstances that existed as of the acquisition date.

Details of the purchase consideration, as well as provisional amounts of the net assets acquired and goodwill are as follows:

Purchase consideration

In millions of euros	
Cash paid	216.0
Total consideration	216.0

Provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

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

*Non-deductible for tax purpose.

Goodwill mostly represents expected synergies resulting reduction of costs by combining the operations of RR Media with those of other SES companies, particularly SES Platform Services.

The fair value of the acquired trade and other receivables

and prepayments with aggregated gross contractual amount of EUR 62.3 million was assumed to equal their book value.

The best estimate at the acquisition date of the contractual cash flows not expected to be collected at the acquisition dated was EUR 11.4 million.

Purchase consideration - cash outflow

In millions of euros	
Cash paid	216.0
Less	
Balance acquired: Cash and cash equivalents	13.7
Net outflow of cash - investing activities	202.3

Transaction-related costs of EUR 1.5 million were recognised directly in other operating expenses.

The amounts of post-acquisition RR Media revenue and net loss included in the consolidated income statement were EUR 62.1 million and EUR 5.5 million respectively.

The group's 2016 revenue and profit for the year if both acquisitions had taken effect on 1 January 2016 would have been EUR 2,168.8 million and EUR 878.3 million respectively.

There were no significant acquisitions during 2015.

NOTE 4 - SEGMENT INFORMATION

The group does business in one operating segment, namely the provision of satellite-based data transmission capacity, and ancillary services, to customers around the world. The newly acquired entities, O3b and RR Media (see Note 3), became part of this operating segment.

The Executive Committee, which is the chief operating decision-making committee in the group's corporate governance structure, reviews the group's financial reporting and generates those proposals for the allocation of the group's resources

which are submitted for validation to the Board of Directors. The main sources of financial information used by the Executive Committee in assessing the group's performance and allocating resources are:

- Analysis of the group's revenues including between four market verticals (Video, Enterprise, Mobility and Government);
- Overall group's profitability development at the operating and non-operating level;
- Internal and external analysis of expected future developments in the markets into which capacity is being delivered and of the commercial landscape applying to those markets.

When analysing the performance of the operating segment, the comparative prior year figures are analysed as reported and at 'constant FX' - recomputed using the exchange rates applying for each month in the current period. The performance of the operating segment is as well analysed at 'same scope' - excluding contribution from RR Media and O3b from date of consolidation to 31 December 2016.

The segment's financial results for 2016 are set out below.

In millions of euros	2016	Constant FX 2015	Change Favourable + / Adverse -
Revenue	2,068.8	2,019.8	+2.4%
Operating expenses	(617.3)	(519.7)	-18.8%
EBITDA	1,451.5	1,500.1	-3.2%
EBITDA margin (%)	70.2%	74.3%	-4.1% pts
Depreciation	(560.5)	(539.3)	-3.9%
Amortisation	(70.7)	(62.8)	-12.6%
Operating profit	820.3	898.0	-8.7%

In millions of euros	Same scope 2016	Constant FX 2015	Change Favourable + / Adverse -
Revenue	1,965.0	2,019.8	-2.7%
Operating expenses	(517.2)	(519.7)	+0.5%
EBITDA	1,447.8	1,500.1	-3.5%
EBITDA margin (%)	73.7%	74.3%	-0.6% pts
Depreciation	(515.0)	(539.3)	+4.5%
Amortisation	(65.3)	(62.8)	-4.0%
Operating profit	867.5	898.0	-3.4%

The following table reconciles the same scope 2016 financial results to 2016 reported financial results:

In millions of euros	Same scope 2016	Contribution from RR Media and O3b	2016
Revenue	1,965.0	103.8	2,068.8
Operating expenses	(517.2)	(100.1)	(617.3)
EBITDA	1,447.8	3.7	1,451.5
Depreciation	(515.0)	(45.5)	(560.5)
Amortisation	(65.3)	(5.4)	(70.7)
Operating profit	867.5	(47.2)	820.3

Revenue by market vertical

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

In millions of euros	2016	2015	Constant FX 2015	Change	Change (constant FX)
Video	1,398.8	1,335.6	1,337.9	+4.7%	+4.6%
Enterprise	252.0	289.9	291.8	-13.1%	-13.7%
Mobility	133.7	68.4	68.5	+95.4%	+95.3%
Government	241.8	257.7	259.1	-6.2%	-6.6%
Other ¹	42.5	62.9	62.5	-32.4%	-32.1%
Group Total	2,068.8	2,014.5	2,019.8	+2.7%	+2.4%

¹ Other includes revenue not directly applicable to a particular vertical and revenue contributions from geostationary missions

In millions of euros	Same scope 2016	Constant FX 2015	Change (same scope and constant FX)
Video	1,342.8	1,337.9	+0.4%
Enterprise	232.2	291.8	-20.4%
Mobility	114.5	68.5	+67.3%
Government	234.4	259.1	-9.5%
Other ¹	41.1	62.5	-34.3%
Group Total	1,965.0	2,019.8	-2.7%

¹ Other includes revenue not directly applicable to a particular vertical and revenue contributions from geostationary missions

Revenue by Infrastructure and Services

The group's revenue from external customers is also analysed between the Infrastructure and Services elements:

- Infrastructure: the direct commercialisation to customers of its extensive satellite assets and ground network
- Services: 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.

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

2016				
In millions of euros	Infrastructure	Services	Elim./unalloc.	Total
Revenue	1,698.4	610.8	(240.4)	2,068.8

2015				
In millions of euros	Infrastructure	Services	Elim./unalloc.	Total
Revenue	1,727.3	526.3	(239.1)	2,014.5

Revenue by country

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

In millions of euros	2016	2015
Luxembourg (SES country of domicile)	37.2	42.1
United States of America	587.2	555.0
Germany	409.1	403.3
United Kingdom	290.9	306.5
France	134.8	140.3
Others	609.6	567.3
Total	2,068.8	2,014.5

No single customer accounted for 10%, or more, of total revenue in 2016, or 2015.

Property, plant and equipment and intangible assets by location

The group's property, plant and equipment and intangible assets are located as set out in the following table. Note that

satellites are allocated to the country where the legal owner of the asset is incorporated. Similarly, orbital slot rights and goodwill balances are allocated to the attributable subsidiary.

In millions of euros	2016	2015
Luxembourg (SES country of domicile)	2,476.9	2,414.6
United States of America	3,075.6	2,937.3
Jersey ¹	2,341.4	-
The Netherlands	1,662.5	1,565.7
Isle of Man	1,414.0	1,431.2
Israel ²	259.6	-
Sweden	213.6	238.9
Others	350.0	358.8
Total	11,793.6	8,946.5

¹ Related to the acquisition of O3b (Note 3).

² Related to the acquisition of RR Media (Note 3).

NOTE 5 - OPERATING EXPENSES

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

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

In millions of euros	2016	2015
Costs associated with European Services business	(96.5)	(84.0)
Rental of third-party satellite capacity	(78.2)	(37.7)
Customer support costs	(22.1)	(20.2)
Other cost of sales	(34.2)	(41.7)
Total cost of sales	(231.0)	(183.6)

2) Staff costs of EUR 233.1 million (2015: EUR 200.5 million) include gross salaries and employer's social security payments, payments into pension schemes for employees, and charges arising under share-based payment schemes. At the year end the total full-time equivalent members of staff is 1,943 (2015: 1,314).

3) Other operating expenses in the amount of EUR 153.2 million (2015: EUR 136.2 million) are by their nature less variable to revenue development. Such costs include

facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements in provisions for debtors.

NOTE 6 - AUDIT AND NON-AUDIT FEES

For 2015 and 2016 the group has recorded charges, billed and accrued, from its independent auditors and affiliated companies thereof, as set out below:

In millions of euros	2016	2015
Fees for statutory audit of annual and consolidated accounts	2.2	1.7
Fees charged for other assurance services	1.0	0.2
Fees charged for tax services	0.5	0.5
Fees charged for other non-audit services	0.5	0.1
Total audit and non-audit fees	4.2	2.5

NOTE 7 - FINANCE INCOME AND COSTS

In millions of euros	2016	2015
Finance income		
Interest income	8.5	14.4
Net foreign exchange gains ¹	14.3	38.7
Total	22.8	53.1

In millions of euros	2016	2015
Finance costs		
Interest expenses on borrowings (excluding amounts capitalised)	(142.3)	(155.6)
Loan fees and origination costs and other	(33.2)	(33.2)
O3b borrowings breakage fees, net ²	(21.6)	-
Total	(197.1)	(188.8)

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

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

NOTE 8 - INCOME TAXES

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

In millions of euros	2016	2015
Current income tax		
Current income tax charge	(132.9)	(62.1)
Adjustments in respect of prior periods	(4.0)	(17.0)
Foreign withholding taxes	(15.3)	(11.5)
Total current income tax	(152.2)	(90.6)
Deferred income tax		
Relating to origination and reversal of temporary differences	31.3	21.3
Relating to tax losses brought forward	2.7	-
Changes in tax rate	(2.9)	-
Adjustment of prior years	7.0	(15.6)
Total deferred income tax	38.1	5.7
Income tax expense per consolidated income statement	(114.1)	(84.9)

Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	1.5	(0.9)
Impact of currency translation	(9.1)	2.5
Investment hedge - current tax	18.5	64.6
Investment hedge - deferred tax	1.2	11.0
Tax impact of the treasury shares impairment recorded in the statutory financial statements	13.9	5.0
Tax impact on perpetual bond	7.2	-
Tax impact on transaction costs related to capital increase	3.7	-
Current and Deferred Income taxes reported in equity	36.9	82.2

A reconciliation between the income tax expense and the profit before tax of the group multiplied by a theoretical tax rate of 29.97% (2015: 29.97%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2016 is as follows:

In millions of euros	2016	2015
Profit before tax from continuing operations	1,141.2	758.9
Multiplied by theoretical tax rate of 29.97%	342.0	227.5
Effect of different foreign tax rates	(36.2)	(30.0)
Investment tax credits	(23.2)	(16.8)
Tax exempt income	(4.3)	(21.4)
Non-deductible expenditures	1.1	20.9
Taxes related to prior years	8.5	10.2
Effect of changes in tax rate	2.9	2.3
Recognition of deferred tax asset on temporary differences related to prior years	(19.4)	15.6
Group tax provision related to current year	4.3	21.0
Release of group tax provision	(10.8)	(116.7)
Extra-Territorial Income exclusion benefit	-	(19.0)
Impairment on subsidiaries	(22.1)	(21.5)
Foreign withholding taxes	15.3	11.5
Gain on deemed disposal of equity interest (see Note 3)	(148.4)	-
Other	4.4	1.3
Income tax reported in the consolidated income statement	114.1	84.9

Gain on deemed disposal of equity interest

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

Effect of changes in tax rate

During the year, as a result of the change in the Luxembourg and Israeli corporate income tax rates respectively from 21% to 19% effective as of 1 January 2017 (18% as of 2018) in Luxembourg and from 25% to 24% effective as of 1 January 2017 (23% as of 2018) in Israel, the relevant

deferred tax balances have been re-measured. Deferred taxes expected to reverse in the year to 31 December 2017 have been measured using the effective rate that will apply in Luxembourg (19%) and in Israel (24%) for the period. Deferred taxes expected to reverse in the year to 31 December 2018 and after have been measured using the effective rate that will apply in Luxembourg (18%) and in Israel (23%) for the period. The total impact of re-measurement was a benefit of EUR 9.7 million for Luxembourg and EUR 1.3 million for Israel. Moreover, the change in state apportionment rules in the US triggered an additional tax charge of EUR 13.9 million.

NOTE 9 - DEFERRED INCOME TAX

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

In millions of euros	Deferred tax assets 2016	Deferred tax assets 2015	Deferred tax liabilities 2016	Deferred tax liabilities 2015
Losses carried forward	40.8	8.1	-	-
Tax credits	6.5	4.7	-	-
Intangible assets	41.4	45.2	(294.1)	(289.0)
Tangible assets	0.3	0.4	(401.4)	(381.2)
Employee benefits	15.6	14.5	-	-
Measurement of financial assets and derivatives	1.1	1.2	-	-
Receivables	14.4	18.4	-	-
Tax-free reserves	-	-	(3.9)	(3.0)
Measurement of financial instruments	-	-	-	(1.1)
Other provisions and accruals	0.9	0.1	(15.3)	(15.0)
Total deferred tax assets / (liabilities)	121.0	92.6	(714.7)	(689.3)
Offset of deferred taxes	(50.5)	(33.4)	50.5	33.4
Net deferred tax assets/ (liabilities)	70.5	59.2	(664.2)	(655.9)

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

In addition to the tax losses for which the group recognised deferred tax assets, the group has tax losses of EUR 752.2 million as at 31 December 2016 (31 December 2015: EUR 101.5 million) that are available for offset against future taxable profits of the companies in which the losses arose. EUR 730.0 million of tax losses are triggered by the change in state apportionment rules in the US. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in

the group and they have arisen in subsidiaries that are not expected to generate taxable profits against which these losses could be offset in the foreseeable future.

No deferred income tax liabilities 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.

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

Deferred tax assets	Losses carried forward	Tax credits	Intangible assets	Employee benefits	Measurement of financial assets and derivatives	Receivables	Other	Total
At 1 January 2015	15.2	56.8	48.9	14.7	1.1	9.7	0.5	146.9
(Charged)/credited to the income statement	(6.7)	(52.1)	(3.7)	(0.9)	-	7.6	-	(55.8)
Charged directly to equity	-	-	-	(0.9)	-	-	-	(0.9)
Exchange difference ¹	(0.4)	-	-	1.6	0.1	1.1	-	2.4
At 31 December 2015	8.1	4.7	45.2	14.5	1.2	18.4	0.5	92.6
Additions through business combinations (Note 3)	3.6	-	-	0.2	-	1.2	0.9	5.9
(Charged)/credited to the income statement	26.3	1.5	(3.7)	0.5	(0.1)	(5.7)	(0.1)	18.7
Charged directly to equity	-	-	-	1.5	-	-	-	1.5
Exchange difference ¹	2.8	0.3	(0.1)	(1.1)	-	0.5	(0.1)	2.3
At 31 December 2016	40.8	6.5	41.4	15.6	1.1	14.4	1.2	121.0

Deferred tax assets	Intangible assets	Tangible assets	Tax-free reserves	Employee benefits	Measurement of financial assets and derivatives	Measurement of financial instruments	Other	Total
At 1 January 2015	252.7	390.4	2.4	-	18.6	12.1	25.0	701.2
(Charged)/credited to the income statement	11.2	(45.3)	0.6	-	(18.6)	-	(9.4)	(61.5)
Charged directly to equity	-	-	-	-	-	(11.0)	-	(11.0)
Exchange difference ¹	25.1	36.1	-	-	-	-	(0.6)	60.6
At 31 December 2015	289.0	381.2	3.0	-	-	1.1	15.0	689.3
Additions through business combinations (Note 3)	20.2	6.7	-	-	-	-	-	26.9
(Charged)/credited to the income statement	(24.9)	4.5	0.7	-	-	-	0.3	(19.4)
Charged directly to equity	-	-	-	-	-	(1.1)	-	(1.1)
Exchange difference ¹	9.8	9.0	0.2	-	-	-	-	19.0
At 31 December 2016	294.1	401.4	3.9	-	-	-	15.3	714.7

¹ A foreign exchange impact arises due to the translation of group's operations with a different functional currency than Euro. This amounts to EUR 16.7 million as at 31 December 2016 (2015: EUR 58.2 million)

NOTE 10 - COMPONENTS OF OTHER COMPREHENSIVE INCOME

In millions of euros	2016	2015
Impact of currency translation	288.9	55.9
Income tax effect	(9.1)	2.5
Total impact of currency translation, net of tax	279.8	560.4

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 2016 reflects the impact on the valuation of SES's net US dollar assets of the strengthening of the US dollar against the euro from 1.0887 to 1.0541 (in 2015 from 1.2141 to 1.0887). This effect is partially offset by the impact of the net investment hedge (Note 19).

NOTE 11 - EARNINGS PER SHARE

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

For the year 2016, basic earnings per share of EUR 2.18 per A-share (2015: EUR 1.34), and EUR 0.87 per B-share (2015: EUR 0.54) have been calculated on the following basis:

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

In millions of euros	2016	2015
Profit attributable to owners of the parent	962.7	544.9
Assumed coupon on perpetual bond (net of tax)	(15.0)	-
Total	947.7	544.9

Assumed coupon accruals of EUR 15.0 million (net of tax) for the year ended 31 December 2016 (2015: nil) related to the perpetual securities issued during 2016 have been considered for the calculation of the basic and diluted earnings available for distribution.

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

In millions of euros	2016	2015
A-shares (in million)	361.0	338.8
B-shares (in million)	183.7	170.6
Total	544.7	509.4

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which are primarily related to the share-based compensation plans. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to

outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the difference, if it results in a dilutive effective, is considered to adjust the weighted average number of share.

For the year 2016, diluted earnings per share of EUR 2.18 per A-share (2015: EUR 1.33), and EUR 0.87 per B-share (2015: EUR 0.53) have been calculated on the following basis:

In millions of euros	2016	2015
Profit attributable to owners of the parent	962.7	544.9
Assumed coupon on perpetual bond (net of tax)	(15.0)	-
Total	947.7	544.9

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

In millions of euros	2016	2015
A-shares (in million)	361.9	340.2
B-shares (in million)	183.7	170.6
Total	545.6	510.8

NOTE 12 - DIVIDENDS PAID AND PROPOSED

Dividends declared and paid during the year:

In millions of euros	2016	2015
Class A dividend 2015: EUR 1.30 (2014: EUR 1.18)	446.7	398.4
Class B dividend 2015: EUR 0.52 (2014: EUR 0.47)	89.3	79.6
Total	536.0	478.0

Dividends proposed for approval at the annual general meeting to be held on 6 April 2017, which are not recognised as a liability as at 31 December 2016:

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

Dividends are paid net of any withholding tax.

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

In millions of euros	Land and buildings	Space segment	Ground segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2015	216.5	9,452.1	445.7	137.4	10,251.7
Additions	0.9	0.4	5.2	4.7	11.2
Disposals	(10.1)	(1.4)	(24.5)	(0.9)	(36.9)
Retirements	-	(403.2) ¹	(1.6)	(0.9)	(405.7)
Transfers from assets in course of construction (Note 14)	-	308.9 ²	44.4	16.1	369.4
Transfer	(4.1)	26.1	(3.7)	(18.3)	-
Impact of currency translation	6.9	636.4	131	4.5	660.9
As at 31 December 2015	210.1	10,019.3	478.6	142.6	10,850.6
Depreciation					
As at 1 January 2015	(124.3)	(5,365.0)	(323.8)	(97.0)	(5,910.1)
Depreciation	(8.8)	(490.1)	(29.0)	(8.9)	(536.8)
Disposals	7.7	1.4	18.4	0.9	28.4
Retirements	-	403.2 ¹	1.6	0.9	405.7
Impact of currency translation	(4.2)	(352.7)	(14.4)	(1.7)	(373.0)
As at 31 December 2015	(129.6)	(5,803.2)	(347.2)	(105.8)	(6,385.8)
Net book value as at 31 December 2015	80.5	4,216.1	131.4	36.8	4,464.8

In millions of euros	Land and buildings	Space segment	Ground segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2016	210.1	10,019.3	478.6	142.6	10,850.6
Additions	3.2	-	26.8	6.1	36.1
Additions through business combinations (Note 3)	27.1	624.0 ⁴	100.7	9.5	761.3
Disposals	-	(0.7)	(2.1)	(1.0)	(3.8)
Transfers from assets in course of construction (Note 14)	0.6	291.7 ³	31.2	11.1	334.6
Transfer	-	-	4.1	(4.1)	-
Impact of currency translation	3.9	252.0	14.0	2.2	272.1
As at 31 December 2016	244.9	11,186.3	653.3	166.4	12,250.9
Depreciation					
As at 1 January 2016	(129.6)	(5,803.2)	(347.2)	(105.8)	(6,385.8)
Depreciation	(8.8)	(497.9) ⁵	(42.3)	(11.5)	(560.5)
Disposals	-	0.7	2.1	1.0	3.8
Impact of currency translation	(2.0)	(141.9)	(7.2)	(1.0)	(152.1)
As at 31 December 2016	(140.4)	(6,442.3)	(394.6)	(117.3)	(7,094.6)
Net book value as at 31 December 2016	104.5	4,744.0	258.7	49.1	5,156.3

1 The following satellites have been fully retired during 2015: Astra 1E, Sirius 3, AMC-5

2 Astra 2G became operational during 2015

3 SES-9 became operational during 2016

4 Includes insurance proceeds received for O3b satellites amounting to EUR 45.0 million within space segment cost

5 Depreciation expense includes EUR 18.0 million related to insurance proceeds for O3b

Impairment charges of nil and EUR 9.7 million were recognised in connection to satellite failures respectively as of 31 December 2016 and 2015.

NOTE 14 - ASSETS IN THE COURSE OF CONSTRUCTION

In millions of euros	Land and buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2015	0.2	617.4	28.4	16.8	662.8
Movements in 2015					
Additions	0.7	515.5	23.7	15.4	555.3
Transfers to assets in use (Note 13)	-	(308.9)	(44.4)	(16.1)	(369.4)
Transfer	-	(0.9)	12.9	(12.0)	-
Disposals	-	-	-	-	-
Impact of currency translation	-	41.5	2.0	2.1	45.6
Cost and net book value as at 31 December 2015	0.9	864.6	22.6	6.2	894.3

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

Borrowing costs of EUR 39.7 million (2015: EUR 22.1 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 4.12% (2015: 4.10%) was used, representing the group's average weighted cost of borrowing. Excluding the impact of the loan origination costs and commitment fees the average weighted interest rate was 3.87% (2015: 3.86%).

NOTE 15 - INTANGIBLE ASSETS

In millions of euros	Orbital slot licence rights	Goodwill	Definite life intangibles	Internally generated development costs	Total
Cost					
As at 1 January 2015	908.6	1,957.5	1,005.4	22.0	3,893.5
Additions	1.4	-	7.1	7.9	16.4
Transfers	-	-	15.9	(15.9)	-
Impact of currency translation	88.6	217.6	6.5	-	312.7
As at 31 December 2015	998.6	2,175.1	1,034.9	14.0	4,222.6
Amortisation					
As at 1 January 2015	-	-	(564.2)	-	(564.2)
Amortisation	-	-	(62.8)	-	(62.8)
Impact of currency translation	-	-	(8.2)	-	(8.2)
As at 31 December 2015	-	-	(635.2)	-	(635.2)
Book value as at 31 December 2015	998.6	2,175.1	399.7	14.0	3,587.4

In millions of euros	Orbital slot licence rights	Goodwill	Definite life intangibles	Internally generated development costs	Total
Cost					
As at 1 January 2016	998.6	2,175.1	1,034.9	14.0	4,222.6
Additions	0.9	-	25.9	15.0	41.8
Additions through business combinations (Note 3)	1,147.4	282.1	80.6	0.3	1,510.4
Transfers	-	-	23.2	(23.2)	-
Impact of currency translation	85.8	83.7	12.2	0.1	181.8
As at 31 December 2016	2,232.7	2,540.9	1,176.8	6.2	5,956.6
Amortisation					
As at 1 January 2016	-	-	(635.2)	-	(635.2)
Amortisation	-	-	(70.7)	-	(70.7)
Impact of currency translation	-	-	(3.0)	-	(3.0)
As at 31 December 2016	-	-	(708.9)	-	(708.9)
Book value as at 31 December 2016	2,232.7	2,540.9	467.9	6.2	5,247.7

Indefinite-life intangible assets

Management identified the following cash-generating units at the level of which goodwill is allocated: SES Infrastructure operations, SES Platform Services and Smartcast, as well as two new CGUs related to acquisitions done in 2016: O3b and RR Media.

The level of integration of SES Infrastructure operations has lead management to conclude that there is only one cash-generating unit ('CGU') to which the goodwill and other indefinite-life intangibles are allocated for impairment test purposes.

O3b is considered a separate CGU, as the business generates cash inflows that are currently largely independent from SES's GEO infrastructure operations.

For 2016 impairment testing purposes, RR Media is also considered by management to be a separate CGU as it still generates cash flows largely independent from MX 1 GmbH, formerly SES Platform Services GmbH ('SES Platform Services').

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

In millions of euros	2016		2015	
	Orbital slot licence rights	Goodwill	Orbital slot licence rights	Goodwill
SES Infrastructure operations	1,023.1	2,190.3	998.6	2,122.3
SES Platform Services	-	35.9	-	35.9
O3b	1,209.6	162.4	-	-
RR Media	-	135.2	-	-
Smartcast and other	-	17.1	-	16.9
Total	2,232.7	2,540.9	998.6	2,175.1

1) Orbital slot licence rights

Interests in orbital slot licence rights were acquired in the course of the acquisitions of businesses contributing to SES's Infrastructure operations, most recently through the acquisition of the O3b, as well as through targeted acquisitions 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 testing procedures are performed at least once a year to assess whether the carrying value is still appropriate.

2) Goodwill

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

Pre-tax discount rates in 2016 are between 5.92% and 6.42% (2015: 5.93% and 6.34% - 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 of Directors 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:

- 1) Movements in the underlying business plan assumptions
Business plans are drawn up annually and provide an assessment of the expected developments for a five-year period beyond the end of the year when the plan is drawn up. These business plans reflect both the most up-to-

date assumptions concerning the CGU's markets and also developments and trends in the business of the CGU. For the provision of satellite capacity these will particularly take into account the following factors:

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

- 2) Changes in discount rates

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

- 3) Growth rate assumptions used to extrapolate cash flows beyond the business planning period are as follows:

- 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 group assesses the impact of changes in the discount rates and growth assumptions of the valuation surplus, or deficit as the case may be. Both discount rates and terminal values are simulated up to 2% below and above the CGU's specific rate used in the base valuation. In this way a matrix of valuations is generated which reveals the potential exposure to impairment charges for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.
- The most recent testing showed that the CGUs tested would have no impairment even in the least favourable case - a combination of lower terminal growth rates and higher discount rates. For this reason management believes that there is no combination of discount rates and terminal growth rates foreseeable at the valuation date which would result in the carrying value of indefinite-life intangible assets and goodwill materially exceeding their recoverable amount. In addition to the

changes in terminal growth rates and discount rates, no other reasonably possible change in another key assumption is expected to cause the CGU's carrying amounts to exceed their recoverable amount.

Definite life intangible assets

The group's primary definite life intangible asset is the agreement concluded by SES Astra with the Luxembourg

government in relation to the usage of Luxembourg frequencies in the orbital positions of the geostationary arc from 45° west to 50° east for the period of 1 January 2001 to 31 December 2021. Given the finite nature of this agreement, these usage rights - valued at EUR 550.0 million at the date of acquisition - are being amortised on a straight-line basis over the 21-year term of the agreement.

NOTE 16 - OTHER FINANCIAL ASSETS

In millions of euros	2016	2015
Amounts receivable from associates	-	59.6
Sundry financial assets	6.5	0.7
Total other financial assets	6.5	60.3

In 2015, amounts receivable from associates represented two loan facilities granted to O3b, a 'contingent equity' loan of USD 16.0 million and a Subordinated Shareholder Facility agreed with the SES group in April 2014 for an amount of USD 53.2 million. The loans accrued interest at contractual interest rates which are lower than the market rates. The interest accrued are capitalised and are payable on the maturity dates of the loans.

As at 31 December 2015, the loans had a gross value of EUR 74.0 million and an amortised cost of EUR 59.6 million. The interest accrued and fair value adjustment amounted EUR 14.4 million.

Following the O3b acquisition, these balances are fully eliminated on consolidation in 2016 (see Note 3).

NOTE 17 - TRADE AND OTHER RECEIVABLES

In millions of euros	2016	2015
Trade debtors, net of provisions	458.1	378.8
Unbilled accrued revenue	492.1	391.7
Other receivables	100.0	67.0
Total trade and other receivables	1,050.2	837.5
Of which:		
Non-current	78.5	54.8
Current	971.7	782.7

Unbilled accrued revenue represents revenue recognised, but not billed, for satellite capacity under long-term contracts. Billing will occur based on the terms of the contracts. There is a current and non-current portion for unbilled accrued revenue. The non-current portion amounts to EUR 78.5 million (2015: EUR 54.8 million).

An amount of EUR 14.6 million was expensed in 2016 reflecting an increase in the impairment of trade and other receivables (2015: EUR 16.4 million). This amount is recorded in 'Other operating charges'. As at 31 December 2016, trade receivables with a nominal amount of EUR 67.9 million (2015: EUR 52.7 million) were impaired and fully provided for. Movements in the provision for the impairment of receivables were as follows:

In millions of euros	2016	2015
As at 1 January	52.7	37.2
Increase in debtor's provision	14.6	16.4
Reversals of debtor's provision	(5.1)	-
Utilised	(7.8)	(2.8)
Impact of currency translation	0.9	1.9
Addition from business combinations	12.6	-
As at 31 December	67.9	52.7

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.

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2016.

As at 31 December 2016

Liabilities (in millions of euros)	Level 1	Level 2	Level 3	Total
Derivatives used for hedging				
Forward currency exchange contracts	-	1.0	-	1.0
Total	-	1.0	-	1.0

As at 31 December 2015

Assets (in millions of euros)	Level 1	Level 2	Level 3	Total
Derivatives used for hedging				
Forward currency exchange contracts	-	1.6	-	1.6
Total	-	1.6	-	1.6

A change in the group's credit default rate by +/- 5% would only marginally impact profit and loss.

Set out below is an analysis of financial derivatives by category:

In millions of euros	31 December 2016		31 December 2015	
	Fair value asset	Fair value liability	Fair value asset	Fair value liability
Derivatives used for hedging:	-	1.0	1.6	-
Forward currency exchange contracts	-	1.0	1.6	-
Total valuation of financial derivatives	-	1.0	1.6	-
Of which: Non-current	-	-	-	-
Of which: Current	-	1.0	1.6	-

Fair values

The fair value of the 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.

All borrowings are measured at amortised cost.

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments that are carried in the financial statements.

As at 31 December 2016

In millions of euros	Fair value hierarchy	Carried at	Fair value	Carried at fair value	Total
		amortised cost		Carrying amount	
Financial assets					
Non-current financial assets:					
Other financial assets		6.5	6.5	-	6.5
Trade and other receivables		78.5	78.5	-	78.5
Total non-current financial assets		85.0	85.0	-	85.0
Current financial assets:					
Trade and other receivables		971.7	971.7	-	971.7
Cash and cash equivalents		587.5	587.5	-	587.5
Total current financial assets		1,559.2	1,559.2	-	1,559.2
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021*	2	-	-	-	-
Commercial papers	2	100.0	100.0	-	100.0
COFACE	2	300.3	300.3	-	300.3
At fixed rates:					
Eurobond 2018 (EUR 500 million)	2	496.6	514.0	-	496.6
US Bond 2019 (USD 500 million)	2	472.3	469.7	-	472.3
Eurobond 2020 (EUR 650 million)	2	647.7	740.2	-	647.7
Eurobond 2021 (EUR 650 million)	2	647.0	768.3	-	647.0
US Bond 2023 (USD 750 million)	2	709.4	699.0	-	709.4
US Bond 2043 (USD 250 million)	2	231.0	201.5	-	231.0
US Bond 2044 (USD 500 million)	2	462.0	400.1	-	462.0
US Ex-Im	2	58.0	59.2	-	58.0
German Bond 2032 (EUR 50 million), non-listed	2	49.8	61.5	-	49.8
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.5	171.7	-	139.5
European Investment Bank (EUR 200 million)	2	33.3	33.7	-	33.3
Fixed Term Loan Facility (LuxGovSat)	2	80.5	95.7	-	80.5
Total borrowings:		4,427.4	4,614.9	-	4,427.4
Of which: Non-current		4,223.1	4,401.8	-	4,223.1
Of which: Current		204.3	213.1	-	204.3
Non-current financial liabilities:					
Other long term liabilities		69.1	69.1	-	69.1
Current financial liabilities:					
Derivatives	2	-	-	1.0	1.0
Trade and other payables		459.1	459.1	-	459.1

* As at 31 December 2016 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated loan has been disclosed under prepaid expenses for an amount of EUR 30 million.

As at 31 December 2015

In millions of euros	Fair value hierarchy	Carried at	Fair value	Carried at fair value	Total
		amortised cost		Carrying amount	Balance Sheet
Financial assets					
Non-current financial assets:					
Trade and other receivables		54.8	54.8	-	54.8
Other financial assets		60.3	60.3	-	60.3
Total non-current financial assets		115.1	115.1	-	115.1
Current financial assets:					
Trade and other receivables		782.7	782.7	-	782.7
Derivatives	2	-	-	16	16
Cash and cash equivalents		639.7	639.7	-	639.7
Total current financial assets		1,422.4	1,422.4	1.6	1,424.0
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021*	2	-	-	-	-
COFACE	2	353.4	353.4	-	353.4
At fixed rates:					
Eurobond 2018 (EUR 500 million)	2	494.8	512.0	-	494.8
US Bond 2019 (USD 500 million)	2	456.8	450.8	-	456.8
Eurobond 2020 (EUR 650 million)	2	647.0	743.7	-	647.0
Eurobond 2021 (EUR 650 million)	2	646.3	761.3	-	646.3
US Bond 2023 (USD 750 million)	2	682.0	653.2	-	682.0
US Bond 2043 (USD 250 million)	2	227.3	225.9	-	227.3
US Bond 2044 (USD 500 million)	2	446.0	426.9	-	446.0
US Ex-Im	2	72.3	72.7	-	72.3
German Bond 2032 (EUR 50 million), non-listed	2	49.8	57.3	-	49.8
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	2	149.9	154.1	-	149.9
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.4	165.3	-	139.4
European Investment Bank (EUR 200 million)	2	66.7	69.8	-	66.7
Total borrowings:		4,431.7	4,646.3	-	4,431.7
Of which: Non-current		4,177.9	4,380.1	-	4,177.9
Of which: Current		253.8	266.2	-	253.8
Other long term liabilities		75.9	75.9	-	75.9
Trade and other payables		524.0	524.0	-	524.0

* As at 31 December 2015 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated loan has been disclosed under prepaid expenses for an amount of EUR 5.3 million.

NOTE 19 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's financial instruments, other than derivatives, comprise: a syndicated loan, Eurobonds, US dollar bonds (144A), a euro- dominated Private Placement, a German Bond, a European Investment Bank loan, euro-denominated commercial papers, drawings under Coface, Export-Import Bank of the United States ('US Ex-Im') and under a committed credit facility for specified satellites under construction, cash and short-term deposits. The main purpose of the debt instruments is to raise funds to finance the group's day-to-day operations, as well as for other general business purposes. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into derivative transactions, principally forward currency contracts, in order to manage exchange rate exposure on the group's assets, liabilities and financial operations.

The main risks arising from the group's financial instruments are liquidity risks, foreign currency risks, interest rate risks and credit risks. The general policies are periodically reviewed and approved by the board.

The group's accounting policies in relation to derivatives and other financial instruments are set out in Note 2.

Liquidity risk

The group's objective is to efficiently use cash generated so as to maintain short-term debt and bank loans at a low level. In case of liquidity needs, the group can call on uncommitted loans and a committed syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, the group can access additional funds through the European Medium-Term Note or commercial paper programmes. The group's debt maturity profile is tailored to allow the company and its subsidiaries to cover repayment obligations as they fall due.

The group operates a centralised treasury function which manages, among others, the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Liquidity is monitored on a daily basis through a review of cash balances, the drawn and issued amounts and the availability of additional funding under committed credit lines, the two commercial paper programmes and the EMTN Programme (EUR 4,704.5 million as at 31 December 2016, EUR 4,735.0 million as at 31 December 2015, more details in Note 24).

The table below summarises the projected contractual undiscounted cash flows (nominal amount plus interest charges) based on the maturity profile of the group's interest-bearing borrowings as at 31 December 2016 and 2015.

In millions of euros	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2016:				
Borrowings	204.6	2,538.2	1,722.2	4,465.0
Future interest commitments	162.5	546.7	938.2	1,647.4
Trade and other payables	459.1	-	-	459.1
Other long term liabilities	-	69.1	-	69.1
Total maturity profile	826.2	3,154.0	2,660.4	6,640.6
As at 31 December 2015:				
Borrowings	254.0	1,917.1	2,305.2	4,476.3
Future interest commitments	168.3	585.7	1,003.8	1,757.8
Trade and other payables	526.1	-	-	526.1
Other long term liabilities	-	75.9	-	75.9
Total maturity profile	948.4	2,578.7	3,309.0	6,836.1

Foreign currency risk

SES operates in markets outside of the Eurozone, with procurement and sales facilities in various locations throughout the world. Consequently, SES uses certain financial instruments to manage its foreign currency exposure. Derivative financial instruments are used mainly to reduce the group's exposure to market risks resulting from fluctuations in foreign exchange rates by creating offsetting exposures. SES is not a party to leveraged derivatives and, by policy, does not use derivative financial instruments for speculative purposes.

The group has significant foreign operations whose functional currency is not the euro. The primary currency exposure in terms of foreign operations is the US dollar and the group has designated certain US dollar-denominated debt as net investment hedges of these operations. The group also has a corresponding exposure in the consolidated income statement. 47.9% (2015: 45.2%) of the group's sales and 52.6% (2015: 50.5%) of the group's operating expenses are denominated in US dollars. The group does not enter into any hedging derivatives to cover these currency exposures.

The group uses predominantly forward currency contracts to eliminate or reduce the currency exposure arising from individual capital expenditure projects, such as satellite procurements, tailoring the maturities to each milestone payment. Depending on the functional currency of the entity with the capital expenditure commitment, the foreign currency risk might be in euro or in the US dollar. The forward

contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the group's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

1) Cash flow hedges in relation to contracted commitments for capital expenditure

At 31 December 2016 and 2015, the group held forward exchange contracts designated as hedges, relating to the capital expenditure for the procurement of the SES-14 satellite.

2) Hedge of net investment in foreign operations

At 31 December 2016 and 2015, certain borrowings denominated in the US dollars were designated as hedges of the net investments in SES Americas, SES Holdings (Netherlands) BV, SES Satellite Leasing Limited, RR Media and O3b Networks to hedge the group's exposure to foreign exchange risk on these investments. As at 31 December 2016, all designated net investment hedges were assessed to be highly effective and a total loss of EUR 42.1 million net of tax of EUR 19.7 million (2015: loss of EUR 150.9 million net of tax of EUR 64.6 million) is included in equity accounts.

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

In millions of USD	2016	2015
USD statement of financial position exposure:		
SES Americas	2,928.3	2,769.4
SES Holdings (Netherlands) BV	1,908.9	1,720.3
SES Satellite Leasing	1,380.1	1,327.5
RR Media	271.0	-
O3b	2,716.8	-
Total	9,205.1	5,817.2
Hedged with:		
US Bonds	2,000.0	2,000.0
Other external borrowings	62.7	80.6
Total	2,062.7	2,080.6
Hedged proportion	22%	36%

The following table demonstrates the sensitivity to a +/- 20% change in the US dollar exchange rate on the nominal amount of the group's US dollar net investment, with all other variables

held constant. All value changes are eligible to be recorded in other comprehensive account with no impact on profit and loss.

31 December 2016	Amount in USD million	Amount in EUR million at closing rate of 1.0541	Amount in EUR million at rate of 1.2600	Amount in EUR million at rate of 0.8400
USD statement of financial position exposure:				
SES Americas	2,928.3	2,778.0	2,324.0	3,486.1
SES Holdings (Netherlands) BV	1,908.9	1,810.9	1,515.0	2,272.5
SES Satellite Leasing Limited	1,380.1	1,309.3	1,095.3	1,643.0
RR Media	271.0	257.1	215.1	322.6
O3b	2,716.8	2,577.4	2,156.2	3,234.3
Total	9,205.1	8,732.7	7,305.6	10,958.5
Hedged with:				
US Bonds	2,000.0	1,897.4	1,587.3	2,381.0
Other external borrowings	62.7	59.5	49.8	74.6
Total	2,062.7	1,956.9	1,637.1	2,455.6
Hedged proportion	22%			
Absolute difference without hedging			(1,427.1)	2,225.8
Absolute difference with hedging			(1,107.3)	1,727.1
31 December 2015	Amount in USD million	Amount in EUR million at closing rate of 1.0887	Amount in EUR million at rate of 1.3100	Amount in EUR million at rate of 0.8700
USD statement of financial position exposure:				
SES Americom, Inc.	2,769.4	2,543.8	2,114.0	3,183.2
SES Holdings (Netherlands) BV	1,720.3	1,580.1	1,313.2	1,977.4
SES Satellite Leasing Limited	1,327.5	1,219.3	1,013.4	1,525.9
Total	5,817.2	5,343.2	4,440.6	6,686.5
Hedged with:				
US Bonds	2,000.0	1,837.1	1,526.7	2,298.9
Other external borrowings	80.6	74.0	61.5	92.6
Total	2,080.6	1,911.1	1,588.2	2,391.5
Hedged proportion	36%			
Absolute difference without hedging			(902.6)	1,343.3
Absolute difference with hedging			(579.7)	862.9

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 is generally seeking to contract as much as possible of its debt outstanding at fixed interest rates, and is carefully monitoring the evolution of market conditions, adjusting the mix between fixed and floating rate

debt if necessary. The group had neither on 31 December 2016 nor on 31 December 2015 any 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 31 December 2016	4,247.6	404.4	4,652.0
Borrowings at 31 December 2015	4,117.7	358.6	4,476.3

During the year 2016 the group repaid another tranche of EUR 33.3 million to the European Investment Bank, two amortisation tranches of the US Ex-Im facility for a total of USD 17.9 million, as well as the euro-denominated Private Placement in the amount of EUR 150 million, which all represented fixed rate obligations.

Furthermore, during the year 2016 the group repaid floating rate obligations of total EUR 54.2 million related to various Coface instalments.

The following table demonstrates the sensitivity of the group's pre-tax income to reasonably possible changes in interest rates affecting the interest charged on the floating rate borrowings. All other variables are held constant.

The group believes that a reasonably possible development in the Euro-zone interest rates would be an increase of 25 basis points or a decrease of 25 basis points (2015: increase of 30 basis points or a decrease of 30 basis points).

Euro interest rates

In millions of euros	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2016	404.4	(1.0)	1.0
Borrowings at 31 December 2015	358.6	(1.1)	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 EUR/USD 1 million or the equivalent in any other currency.

Receivables which are more than 90 days overdue are provided for at 100% of the receivable amount. Receivable amounts more than 90 days overdue with a credit worthy government or branch thereof are generally not provided for unless conditions warrant. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is historically insignificant. The carrying value of unprovided gross debtors at 31 December 2016 is EUR 526.1 million (2015: EUR 431.5 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
2016					
Gross trade debtors	256.6	90.9	83.3	95.2	526.0
Provision	(16.4)	(6.6)	(14.8)	(30.1)	(67.9)
Net trade debtors	240.2	84.3	68.5	65.1	458.1
2015					
Gross trade debtors	292.5	24.3	39.1	75.6	431.5
Provision	(36.6)	-	(0.2)	(15.9)	(52.7)
Net trade debtors	255.9	24.3	38.9	59.7	378.8

Financial credit risk

With respect to the credit risk relating to financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments), this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments. The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

To mitigate the counterparty risk, the group only deals with recognised financial institutions with an appropriate credit rating - generally 'A' and above - and in adherence of a maximum trade limit for each counterparty which has been approved for each type of transactions. All counterparties are financial institutions which are regulated and controlled by the federal financial supervisory authorities of the associated

countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

Capital management

The group's policy is to attain, and retain, a stable BBB rating with Standard & Poor's and a 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	2016	2015
Cash at bank and in hand	537.5	249.7
Short-term deposits	50.0	390.0
Total cash and cash equivalents	587.5	639.7

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 31 December 2016, an amount of EUR 15.6 million (2015: EUR 16.4 million) is invested in Money Market Funds which qualify as cash and cash equivalents and is included in short-term deposits.

NOTE 21 - SHAREHOLDERS' EQUITY

Issued capital

SES has a subscribed capital of EUR 719.0 million (2015: EUR 644.3 million), represented by 383,457,600 A-shares (2015: 343,600,000 A-shares) and 191,728,800 B-shares (2015: 171,800,000 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:

	A-shares	B-shares	Total shares
As at 1 January 2016	343,600,000	171,800,000	515,400,000
Shares issued during the year	39,857,600	19,928,800	59,786,400
As at 31 December 2016	383,457,600	191,728,800	575,186,400

Fiduciary Deposit Receipts ('FDRs') with respect to A-shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into A-shares at any time and at no cost at the option of the holder under the conditions applicable in the company's articles of association and in accordance with the terms of the FDRs.

All B-shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one B-share equal 40% of the dividend for one A-share.

A shareholder, or a potential shareholder, who seeks to acquire, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of Directors of the company of such intention. The Chairman of the Board of Directors of the company shall forthwith inform the government of the Grand Duchy of Luxembourg of the envisaged acquisition which may be opposed by the government within three months from such information should the government determine that such acquisition would be against the general public interest. In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder, or potential shareholder, to acquire more than 20%, 33% or 50% of the shares. If it is an existing shareholder of the company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

Capital increase

The Extraordinary General Meeting on 7 April 2016 approved an increase in the authorised share capital up to 61,848,000 shares without par value (41,232,000 A-shares and 20,616,000 B-shares).

On 26 May 2016, SES launched an equity increase resulting in EUR 908.8 million shareholders contribution split between EUR 757.3 million (A-shareholders), representing 39,857,600 shares at a price of EUR 19.0, and EUR 151.5 million

(B-shareholders), representing 19,928,800 shares at a price of EUR 7.6. The B-shareholder contribution was mainly in the form of cash (EUR 137.9 million), with the Luxembourg state electing to contribute EUR 13.6 million in FDRs.

Transaction costs related to the capital increase amounted to EUR 12.9 million (completely paid during the period) and are included as a deduction from share premium.

Buy-back of treasury shares

SES has historically, in agreement with the shareholders, purchased FDRs in respect of A-shares in connection with executives' and employees' share based payments plans as well as for cancellation. At the year-end, the company held FDRs relating to the above schemes as set out below. These FDRs are disclosed as treasury shares in the balance sheet and are carried at acquisition cost as a deduction of equity.

Within the framework of SES's share buy-back programme, on 29 May 2015, SES entered into a forward purchase agreement with a financial institution for the purchase of 6,000,000 FDRs. The forward purchase agreement is entered into by SES to allow delivery of FDRs upon the exercise of the outstanding stock purchase options issued by SES.

The forward purchase agreement sets forth the terms and conditions of the purchase of the FDRs, including, in particular, the purchase price of the FDRs to be paid by SES to the financial institution, and the maturities of the future purchases. As per the forward purchase agreement, SES purchased 2,500,000 FDRs on 10 June 2015. The maturities for the purchase of 1,500,000 FDRs and 2,000,000 FDRs were 14 January 2016 and 7 April 2016 respectively. As at 31 December 2015, a liability of EUR 112.8 million was recorded corresponding to the purchase of the 3,500,000 FDRs.

On 14 January 2016 and 7 April 2016, SES purchased the remaining 1,500,000 FDRs and 2,000,000 FDRs respectively, resulting in an extinguishment of the EUR 112.8 million liability.

	2016	2015
FDRs held as at 31 December	6,243,500	3,144,730
Carrying value of FDRs held (in millions of euros)	167.3	95.1

EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities

On 10 June 2016 SES issued EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities (the 'EUR 750.0 million perpetual bond') at a coupon of 4.625 percent to the first call date, a price of 99.666 and a yield of 4.7 percent. Transaction costs related to this transaction amounted to EUR 17.7 million and have been deducted from 'Other reserves'. SES is entitled to call the EUR 750.0 million perpetual bond on 2 January 2022 and on subsequent coupon payment dates.

EUR 550,000,000 Deeply Subordinated Fixed Rate Resettable Securities

On 29 November 2016 SES issued a second perpetual bond of EUR 550,000,000 (the 'EUR 550.0 million perpetual bond') at a coupon of 5.625 percent to the first call date, a price of 99.304 and a yield of 5.75 percent. Transaction costs related to this transaction amounted to EUR 7.6 million and have been deducted from 'Other reserves'. This brought the aggregate perpetual bond issued by the group to EUR 1,300 million. SES is entitled to call the EUR 550 million perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

As the company has no obligation to redeem either of the bonds, and the coupon payments are discretionary, it classified the net proceeds from the issuance of the securities (together EUR 1,281.9 million net of transaction costs and tax) as equity.

The perpetual bonds are guaranteed on a subordinated basis by SES Global Americas Holdings GP. SES used the net proceeds from the offerings for the repayment of O3b

debt, the repayment of certain existing indebtedness of the group, as well as for general corporate purposes.

Other reserves

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly statutory net profit of the company is transferred to a legal reserve which is non-distributable. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at 31 December 2016 a legal reserve of EUR 64.4 million (2015: EUR 63.3 million) is included within other reserves.

Other reserves include a non-distributable amount of EUR 130.6 million (2015: EUR 80.4 million) linked to treasury shares, and an amount of EUR 263.9 million (2015: EUR 295.8 million) representing the net worth tax reserve for 2011-2016, for which the distribution would result in the payment of net worth tax at a rate of up to 20% of the distributed reserve in accordance with Luxembourg law requirements.

NOTE 22 - NON-CONTROLLING INTEREST

Set out below is the summarised financial information for each subsidiary that has non-controlling interests (NCI) that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)	
	2016	2015	2016	2015	2016	2015
Summarised balance sheet						
Current assets	58.0	8.7	4.7	4.8	25.9	23.4
Current liabilities	(16.1)	(2.8)	(19.4)	(18.2)	(5.7)	(6.2)
Current net assets	41.9	5.9	(14.7)	(13.4)	20.2	17.2
Non-current assets	134.7	67.1	135.0	147.9	70.9	76.0
Non-current liabilities	(80.6)	-	(19.6)	(34.5)	-	-
Non-current net assets	54.1	67.1	115.4	113.4	70.9	76.0
Net assets	96.0	73.0	100.7	100.0	91.1	93.2
Accumulated NCI	48.0	36.5	30.2	30.0	59.2	60.6

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)	
	2016	2015	2016	2015	2016	2015
Summarised statement of comprehensive income						
Revenue	0.6	-	43.0	42.9	23.5	20.3
Operating expenses	(2.8)	(1.2)	(3.2)	(3.5)	(21.2)	(17.8)
Profit/(loss) for the period	(2.3)	(1.8)	20.4	19.6	(4.9)	(4.6)
Other comprehensive income	(0.2)	0.2	-	-	-	-
Total comprehensive income	(2.5)	(1.6)	20.4	19.6	(4.9)	(4.6)
Profit/(loss) allocated to NCI	(1.3)	(0.9)	6.1	5.9	(3.2)	(3.0)
Dividend paid to NCI	-	-	7.2	6.0	-	-

In millions of euros	LuxGovSat S.A. (50% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI)		Al Maisan Satellite Communications (YahSat) LLC, UAE (65% NCI)	
	2016	2015	2016	2015	2016	2015
Summarised cash flows						
Cash flows from/(absorbed by) operating activities	(1.9)	(2.5)	23.3	24.4	(1.5)	(0.6)
Cash flows from/(absorbed by) investing activities	(39.9)	(29.2)	(0.5)	(1.4)	-	1.0
Cash flows from/(absorbed by) financing activities	92.0	39.1	(23.9)	(20.3)	(0.2)	1.7
Net foreign exchange movements	-	(0.2)	1.1	(2.8)	0.1	-
Net increase/(decrease) in cash and cash equivalents	50.2	7.2	-	(0.1)	(1.6)	2.1

There were no transactions with non-controlling shareholders during 2016 and 2015.

NOTE 23 - SHARE-BASED COMPENSATION PLANS

The group has three share-based compensation plans which are detailed below. In the case of plans 1 and 2 the relevant strike price is defined as the average of the market price of the underlying shares over a period of 15 trading days before the date of the grant.

During 2016 SES Remuneration Committee approved the modification of options granted under STAR and EICP plans applicable with the date of 31 October 2016. The modification consists in reduction of the exercise price and increase of the number of outstanding options by 1.508% for all options granted under STAR and EICP plans. Also,

the vesting period of options granted under 2011 STAR plan and 2007 and 2008 EICP plans was extended to 1 June 2019.

1) The Stock Appreciation Rights Plan ("STAR Plan")

The STAR Plan is an equity-settled plan available to non-executive staff of group subsidiaries, where share options are granted. In January 2011, the STAR Plan was amended and, for all options granted 2011 onwards, a third of the share options vest and can be exercised each year. After being fully vested, the share options have a four-year exercise period.

	2016	2015
Outstanding options at the end of the year	2,447,556	1,868,670
Weighted average exercise price in euro	25.04	25.62

Out of 2,447,556 outstanding options as at 31 December 2016 (2015: 1,868,670), 1,303,343 options are exercisable (2015: 873,070). Options exercised in 2016 resulted in 43,449 treasury shares (2015: 487,389) being delivered at a weighted average price of EUR 18.56 each (2015: EUR 20.02).

On average, the related weighted average share price at the time of exercise was EUR 23.03 (2015: EUR 31.72) per share.

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

	2016		2015	
	Average exercise price per share option	Number of options	Average exercise price per share option in euro	Number of options
As at 1 January	25.62	1,868,670	22.34	1,938,948
Granted	24.39	697,922	33.23	484,724
Forfeited	26.67	(115,835)	26.12	(67,613)
Exercised	18.56	(43,449)	20.02	(487,389)
Modified plan- increase in number of options	25.04	40,248	-	-
At 31 December	25.04*	2,447,556	25.62	1,868,670

* Average exercise price is considering the modification in exercise price as presented in table below.

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

Grant	Expiry date	Exercise price per share options (modified plan)	Exercise price per share options (original plan)	Number of options	
				2016	2015
2016	2023	24.39	24.76	689,745	-
2015	2022	32.73	33.23	448,231	472,442
2014	2021	26.50	26.91	468,392	494,301
2013	2020	23.51	23.87	413,570	435,190
2012	2019	18.10	18.38	282,738	307,962
2011	2019	17.57	17.84	144,880	158,775
Total				2,447,556	1,868,670

2) Equity Incentive Compensation Plan ('EICP')

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

One-quarter of the entitlement vests on each anniversary date of the original grant. Once vested, the options can be exercised until the tenth anniversary of the original grant.

	2016	2015
Outstanding options at the end of the year	6,503,084	3,929,736
Weighted average exercise price in euro	25.01	25.67

Out of 6,503,084 outstanding options as at 31 December 2016 (2015: 3,929,736), 2,080,867 options are exercisable (2015: 1,300,087). Options exercised in 2016 resulted in 152,948 Treasury shares (2015: 916,604) being delivered at a weighted average price of EUR 16.40 each (2015: 19.52). On average, the related weighted average share price at

the time of exercise was EUR 22.50 (2015: EUR 32.02) per share.

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

	2016		2015	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	21.46	3,929,736	21.46	3,613,129
Granted	24.39	2,818,154	33.23	1,269,868
Forfeited	28.13	(189,426)	27.78	(36,657)
Exercised	16.40	(152,948)	19.52	(916,604)
Modified plan- increase in number of options	25.03	97,568	-	-
At 31 December	25.01*	6,503,084	25.67	3,929,736

* Average exercise price is considering the modification in exercise price as presented in table below.

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

Grant	Expiry date	Exercise price per share options (modified plan)	Exercise price per share options (original plan)	Number of options	
				2016	2015
2016	2026	24.39	24.76	2,846,221	-
2015	2025	32.73	33.23	1,198,743	1,255,700
2014	2024	26.50	26.91	969,087	1,019,536
2013	2023	23.51	23.87	455,377	486,360
2012	2022	18.10	18.38	411,310	466,250
2011	2021	17.57	17.84	269,075	276,065
2010	2020	17.96	18.23	136,684	145,851
2009	2019	13.47	13.68	123,983	129,082
2008	2019	14.40	14.62	63,089	71,547
2007 non-US	2019	14.32	15.17	29,515	45,672
2007 US	2019	15.56	15.17	-	45,672
Total				6,503,084	3,929,736

3) Long-term Incentive programme ('LTI')

The LTI Plan is also a programme for executives, and senior executives, of the group. Under the plan, restricted shares are allocated to executives at the beginning of May each year and these vest on the 1 June following the third anniversary of the grant. Senior executives also have the possibility to be allocated performance shares whose

granting is dependent on the achievement of defined performance criteria which are a) individual objectives and b) the economic value added ('EVA') target established by the Board from time to time. Where these criteria are met, the shares also vest on the 1 June following the third anniversary of the original grant.

	2016	2015
Restricted and performance shares outstanding at the end of the year	909,298	738,040
Weighted average fair value in euro	21.92	23.14

During 2016, 217,632 restricted shares and 225,264 performance shares have been granted. On the same period, 12,285 restricted shares and 28,870 performance shares have forfeited, 102,272 performance shares and 152,561 restricted shares have been exercised.

The fair value of equity-settled shares (restricted and performance shares) granted is estimated as at the date of grant using a binomial model for STARs and EICP and a Black & Scholes model for LTI, taking into account the terms and conditions upon which the options (restricted and performance shares) were granted. The following table lists the average value of inputs to the model used for the years ended 31 December 2016, and 31 December 2015.

2016	EICP	STARs	LTI
Dividend yield (%)	10.26%	10.26%	8.30%
Expected volatility (%)	20.29%	20.29%	21.51%
Risk-free interest rate (%)	-0.33%	-0.33%	-0.50%
Expected life of options (years)	9.66	7	3
Share price at inception (EUR)	23.85	23.85	23.85
Fair value per option/share (EUR)	0.54-0.76	0.69-0.78	18.58
Total expected cost for each plan (in millions of euros)	1.7	0.5	4.8

2015	EICP	STARs	LTI
Dividend yield (%)	5.50%	5.50%	4.84%
Expected volatility (%)	23.90%	23.90%	19.29%
Risk-free interest rate (%)	0.13%	0.13%	-0.07%
Expected life of options (years)	9.67	7	3
Share price at inception (EUR)	31.00	31.00	31.00
Fair value per option/share (EUR)	2.64-2.79	2.63-2.73	26.7
Total expected cost for each plan (in millions of euros)	3.1	1.2	5.1

The fair value of the modified options for STARs and EICP was determined using a binomial model. The following table list the average value of inputs to the model used as at 31 October 2016, being the modification date.

2016	Dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Residual term (years)	Share price at inception (EUR)	Fair value per option/share of the modified plan at modification date (EUR)	Fair value per option/share of the initial plan at modification date (EUR)
2016 STAR	9.56%	21.31%	-0.40%	6.51	20.95	0.47-0.51	0.44-0.47
2015 STAR	9.56%	21.31%	-0.40%	5.50	20.95	0.11	0.10
2014 STAR	8.65%	22.03%	-0.50%	4.50	20.95	0.43	0.29
2013 STAR	7.89%	22.86%	-0.60%	3.50	20.95	0.88	0.68
2012 STAR	7.89%	22.86%	-0.60%	2.52	20.95	1.35	2.40
2011 STAR	7.89%	22.86%	-0.60%	2.58	20.95	0.3	2.99
2016 EICP	9.56%	21.31%	-0.40%	9.17	20.95	0.42-0.49	0.39-0.46
2015 EICP	9.56%	21.31%	-0.40%	8.17	20.95	0.12-0.13	0.11
2014 EICP	9.56%	21.31%	-0.40%	7.17	20.95	0.34	0.32
2013 EICP	9.56%	21.31%	-0.40%	6.17	20.95	0.60	0.56
2012 EICP	9.56%	21.31%	-0.50%	5.17	20.95	2.03	1.90
2011 EICP	8.65%	22.03%	-0.60%	4.17	20.95	2.55	2.41
2010 EICP	7.89%	22.86%	-0.60%	3.17	20.95	2.59	2.45
2009 EICP	7.35%	25.61%	-0.62%	2.17	20.95	6.52	6.33
2008 EICP	7.89%	22.86%	-0.60%	2.58	20.95	5.40	5.79
2007 EICP US	7.89%	22.86%	-0.60%	2.58	20.95	4.36	5.14
2007 EICP	7.89%	22.86%	-0.60%	2.58	20.95	5.48	6.40

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The fair value of the options at the date of modification is not significantly different from the fair value of the initial grants at modification date.

The total charge for the period for share-based compensation payments amounted to EUR 9.3 million (2015: EUR 10.6 million).

NOTE 24 - INTEREST-BEARING BORROWINGS

As at 31 December 2016 and 2015, the group's interest-bearing borrowings were:

In millions of euros	Effective interest rate	Maturity	Carried at amortised cost	
			Amounts outstanding 2016	Amounts outstanding 2015
Non-current				
European Investment Bank (EUR 200 million)	3.618%	May 2017	-	33.4
Eurobond 2018 (EUR 500 million)	1.875%	October 2018	496.6	494.8
US Bond (USD 500 million)	2.50%	March 2019	472.3	456.8
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	647.7	647.0
US Ex-Im	3.11%	June 2020	41.2	55.8
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	647.0	646.3
COFACE	EURIBOR + 1.70%	October 2022	246.1	299.2
US Bond (USD 750 million)	3.60%	April 2023	709.4	682.0
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	139.5	139.4
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	80.5	-
German bond (EUR 50 million), non-listed	4.00%	November 2032	49.8	49.8
US Bond (USD 250 million)	5.30%	April 2043	231.0	227.4
US Bond (USD 500 million)	5.30%	March 2044	462.0	446.0
Total non-current			4,223.1	4,177.9
Current				
European Investment Bank (EUR 200 million)	3.618%	May 2017	33.3	33.3
Euro Private Placement 2016 (EUR 150 million issued under EMTN)	5.05%	August 2016	-	149.9
European Commercial Paper Programme	-0.20%	February 2017	100.0	
COFACE	EURIBOR + 1.70%	Various in 2017	54.2	54.2
US Ex-Im	3.11%	Various in 2017	16.8	16.4
Total current			204.3	253.8

European Medium-Term Note Programme ('EMTN')

On 6 December 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On 19 October 2016 this programme has been extended for one further year. As at December 31, 2016, SES had issued EUR 1,940.0 million (2015: EUR 2,090.0 million) under the EMTN Programme with maturities ranging from 2018 to 2027.

EUR 150.0 million Private Placement (2016)

On 5 August 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%. The Private Placement matured in August 2016.

EUR 500.0 million Eurobond (2018)

On 16 October 2013, SES issued a EUR 500.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 1.875%.

144A Bond USD 500 million (2019)

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

EUR 650.0 million Eurobond (2020)

On 9 March 2010, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2021)

On 11 March 2011, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

EUR 140.0 million Private Placement (2027)

Between May and July 2012, SES issued three individual tranches of a total EUR 140.0 million Private Placement under the company's European Medium-Term Note Programme with ING Bank N.V. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

EUR 200.0 million European Investment Bank funding

On 21 April 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618%, is repayable in six annual instalments between May 2012 and May 2017.

German bond issue of EUR 50.0 million

On 29 October 2012, the group signed an agreement to issue EUR 50 million in the German bond ('Schuldschein') market. The German bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

144A Bond USD 750.0 million (2023)

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

144A Bond USD 250.0 million (2043)

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

144A Bond USD 500.0 million (2044)

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

Syndicated loan 2021

In January 2014, the group updated its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 20 banks and has been structured as a 5 year multicurrency revolving credit facility with two one-year extension options at the discretion of the lenders. The facility is for EUR 1,200 million and the interest payable is linked to a ratings grid. At the current SES rating of BBB/Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR. On 13 November 2015 and 23 November 2015 respectively, the facility agreement has been amended and extended by one year to 13 January 2021. As at 31 December 2016 and 2015, no amount had been drawn under this facility.

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 semi-annual installments where Coface A has a final maturity date of 1 August 2022, Coface B and F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

USD 158.0 million US Ex-Im facility

In April 2011, SES signed a financing agreement with the Export-Import Bank of the United States ('US Ex-Im') for USD 158 million for investment in one geostationary satellite (QuetzSat). At the in-orbit acceptance date of the satellite, the facility was fully drawn with USD 152.2 million. This 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%.

EUR 125.0 million Credit Facility (LuxGovSat)

In July 2015, LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas over EUR 125 million for the acquisition, launch and operation of the GovSat Satellite. The facility consists of a EUR 115 million fixed rate portion at 3.30% and a EUR 10 million floating rate portion at a floating rate of six month EURIBOR plus a margin of 2.20%. Both facilities are repayable in 14 semi-annual installments and have a final maturity date of 1 December 2027. The first drawing was done on 1 May 2016 and as of 31 December 2016, total borrowings of EUR 80.5 million (2015: nil) were outstanding under the fixed term facility. As at 31 December 2016 and 2015, no borrowings were outstanding under the floating term facility.

French Commercial paper programme

On 25 October 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 L.213-4 of the French Monetary and Financial Code and decree n°92.137 of 13 February 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 6 July 2016, this programme was extended for one further year. As at 31 December 2016 and 2015, no borrowings were outstanding under this programme.

European Commercial paper programme

In July 2012, SES signed the documentation for the inception of a joint EUR 1,000 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings GP. The issuance under the programme

represents senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity. The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. As of

31 December 2016, borrowings of EUR 100.0 million (2015: nil) were outstanding. The average rate of the outstanding commercial papers was negative 0.20% for the drawdown period.

NOTE 25 - PROVISIONS

In millions of euros	2016	2015
Non-current	44.7	62.7
Current	86.7	10.8
Total	131.4	73.5

Movements in each class of provision during the financial year are set out below:

In millions of euros	Group tax provision	Other provisions	Total
As at 1 January 2016	59.7	13.8	73.5
Additional provisions recognised	25.9	25.8	51.7
Unused amounts reversed	(17.0)	(4.2)	(21.2)
Used during the year	(10.8)	(9.3)	(20.1)
Transfer from 'Income tax liabilities'	46.2	-	46.2
Impact of currency translation	1.6	(0.3)	1.3
As at 31 December 2016	105.6	25.8	131.4
Non-current	23.2	21.5	44.7
Current	82.4	4.3	86.7

In millions of euros	Group tax provision	Other provisions	Total
As at January 1, 2015	147.6	18.3	165.9
Additional provisions recognised	16.0	1.5	17.5
Unused amounts reversed	(113.1)	-	(113.1)
Used during the year	(11.7)	(5.4)	(17.1)
Transfer from 'Income tax liabilities'	18.4	-	18.4
Impact of currency translation	2.5	(0.6)	1.9
As at December 31, 2015	59.7	13.8	73.5
Non-current	48.9	13.8	62.7
Current	10.8	-	10.8

Group tax provision

Included in group tax provision is a provision related to Extra-Territorial Income ('ETI') exclusion benefit related to prior years which has been booked under a US federal export incentive provision. The net ETI benefit recorded through 2016 amounts to EUR 53.1 million (being the maximal total ETI benefit of EUR 106.5 million corrected for uncertain elements amounting to EUR 53.4 million). The transfer from 'Income tax liabilities' to 'Provisions' relates to the uncertain elements since this has more the nature of a provision than a current tax liability.

Other provisions

On the acquisition of O3b, a liability to its employees amounting to EUR 15.9 million has been recognized in respect of outstanding share-based payment awards as at acquisition date (see Note 3). An amount of EUR 2.1 million has been paid to O3b employees during the year. As at 31 December 2016, the remaining liability of EUR 13.8 million is split between EUR 4.3 million current and EUR 9.5 million non-current, according to agreed payment schedules.

During the year an amount of EUR 3.5 million relating to an earn-out provision has been released in respect of the SmartCast GmbH acquisition based on an updated fair value assessment. Of the remaining consideration, EUR 3.3 million has been paid during the year. As at 31 December 2016, the provision in respect the SmartCast GmbH

acquisition amounts to EUR 3.5 million (31 December 2015: EUR 10.3 million).

An amount of EUR 4.1 million has been recognised in respect of RR Media onerous contracts at the acquisition date.

NOTE 26 - DEFERRED INCOME

In millions of euros	Non-current	Current
As at 1 January 2016	383.3	450.7
Movement on deferred income	24.9	52.1
Impact of currency translation	3.6	7.7
As at 31 December 2016	411.8	510.5

In millions of euros	Non-current	Current
As at 1 January 2015	335.1	410.6
Movement on deferred income	35.2	23.3
Impact of currency translation	13.0	16.8
As at 31 December 2015	383.3	450.7

NOTE 27 - TRADE AND OTHER PAYABLES

In millions of euros	2016	2015
Trade creditors	195.5	84.9
Payments received in advance	28.6	19.0
Interest on loans	75.5	77.9
Personnel-related liabilities	48.1	38.8
Tax liabilities other than for income tax	46.6	29.5
Other liabilities	64.8	273.9
Total	459.1	524.0

'Other liabilities' as at 31 December 2015 includes a liability of EUR 112.8 million corresponding to the purchase of 3,500,000 FDRs (Note 21) and a liability of EUR 107.0 million in relation to O3b unpaid contribution in 2015.

Following the acquisition of O3b Networks, the investment liability towards O3b is eliminated on consolidation (see Note 3).

NOTE 28 - OTHER LONG-TERM LIABILITIES

In millions of euros	2016	2015
Employee benefits obligations	23.1	24.4
Payments received in advance	23.0	51.5
Other long-term liabilities	23.0	-
Total	69.1	75.9

Employee benefits obligations

In US operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at 31 December 2016, accrued premiums of EUR 15.2 million (2015: EUR 15.2 million) are included in this position.

Contributions made in 2016 to group pension schemes totalled EUR 1.6 million (2015: EUR 1.5 million), which are recorded in the consolidated income statement under 'staff costs'.

In addition, certain employees of the US operations benefit from defined contribution pension plans. A liability of EUR

7.9 million has been recognised as at 31 December 2016 (2015: EUR 9.2 million) in this respect.

Payments received in advance

In the framework of receivables securitisation transactions completed in June 2010, 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 51.5 million (2015: EUR 70.5 million), representing SES's

obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the Statement of Financial Position as at 31 December 2016 under 'Other long-term liabilities', for EUR 23.0 million (2015: EUR 51.5 million), and 'Trade and other payables' for EUR 28.5 million (2015: EUR 19.0 million), see Note 27.

Other long-term liabilities

Other long-term liabilities include an amount of EUR 15.4 million related to performance incentives for O3b's fully operational satellites.

NOTE 29 - COMMITMENTS AND CONTINGENCIES

Capital commitments

The group had outstanding commitments in respect of contracted capital expenditure totalling EUR 686.9 million at 31 December 2016 (2015: EUR 825.6 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 and other commitments

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

In millions of euros	2016	2015
Within one year	17.7	4.8
After one year but not more than five years	33.7	18.7
More than five years	12.1	14.4
Total	63.5	37.9

Total operating lease expense was EUR 9.7 million in 2016 (2015: EUR 8.8 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 31 December is as follows:

In millions of euros	2016	2015
Within one year	48.9	29.5
After one year but not more than five years	18.1	2.7
After more than five years	-	-
Total	67.0	32.2

Total expense for transponder service agreements was EUR 78.1 million in 2016 (2015: EUR 37.7 million).

Litigation

There were no significant litigation claims against the group as at 31 December 2016.

Guarantees

On 31 December 2016 the group had outstanding bank guarantees for an amount of EUR 141.9 million (2015: EUR 152.7 million) with respect to performance and warranty guarantees for services of satellite operations.

NOTE 30 - RELATED PARTIES

The state of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's B-shares, as described in Note 21.

The total payments to directors for attendance at board and committee meetings in 2016 amounted to EUR 1.4 million (2015: EUR 1.3 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

In 2016, up to the acquisition date, the group recognised revenue of EUR 3.6 million (2015: EUR 4.3 million) from O3b in connection with the provision of satellite-related services to that company. 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	2016	2015
Remuneration including bonuses	4.2	4.7
Pension benefits	0.6	0.7
Share-based compensation plans	1.1	3.4
Other benefits	0.3	0.3
Total	6.2	9.1

Total share-based payment instruments allocated to key management as at 31 December 2016 were 1,770,820 (2015: 1,116,764).

NOTE 31 - POST-BALANCE SHEET EVENTS

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

NOTE 32 - CONSOLIDATED SUBSIDIARIES, ASSOCIATES

The consolidated financial statements include the financial statements of the group's subsidiaries and associates listed below:

	Economic interest (%) 2016	Economic interest (%) 2015	Method of consolidation 2016	Method of consolidation 2015
SES ASTRA S.A., Luxembourg	100.00	100.00	Full	Full
SES GLOBAL-Americas Inc., the US	100.00	100.00	Full	Full
SES GLOBAL Americas Holdings General Partnership, the US	100.00	100.00	Full	Full
SES GLOBAL Africa S.A., Luxembourg ²	-	100.00	Full	Full
SES Participations S.A., Luxembourg	100.00	100.00	Full	Full
SES Finance S.à r.l., Switzerland	100.00	100.00	Full	Full
SES Holdings (Netherlands) BV., Netherlands	100.00	100.00	Full	Full
SES ASTRA Services Europe S.A., Luxembourg	100.00	100.00	Full	Full
SES Latin America S.A., Luxembourg	100.00	100.00	Full	Full
SES Belgium S.p.r.l., Belgium	100.00	100.00	Full	Full
SES Insurance International S.A., Luxembourg	100.00	100.00	Full	Full
SES Insurance International Re S.A., Luxembourg	100.00	100.00	Full	Full
SES Lux Finance S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES NL Finance S.à r.l., Luxembourg	100.00	100.00	Full	Full
Ciel Satellite Holdings Inc., Canada	100.00	100.00	Full	Full
Ciel Satellite Limited Partnership, Canada	70.00	70.00	Full	Full
Northern Americas Satellite Ventures, Inc., Canada	100.00	100.00	Full	Full
SES TechCom S.A., Luxembourg	100.00	100.00	Full	Full
SES-15 S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES Digital Distribution Services AG, Switzerland ²	100.00	100.00	Full	Full
SES Digital Distribution Services S.à r.l., Luxembourg ²	100.00	100.00	Full	Full
Redu Operations Services S.A., Belgium	48.00	48.00	Equity	Equity
Redu Space Services S.A., Belgium	52.00	52.00	Full	Full
HD Plus GmbH, Germany	100.00	100.00	Full	Full
SES ASTRA Real Estate (Betzdorf) S.A., Luxembourg	100.00	100.00	Full	Full
MX1 GmbH, Germany ³	100.00	100.00	Full	Full
SES Media Solutions GmbH, Germany ⁶	100.00	100.00	Full	Full
Virtual Planet Group GmbH, Germany ²	100.00	100.00	Full	Full
SmartCast GmbH, Germany	100.00	100.00	Full	Full
MX 1 (Thailand) Ltd, Thailand ⁷	100.00	100.00	Full	Full
PT Smart Cast Indonesia, Indonesia	100.00	100.00	Full	Full
SmartCast Asia Ltd, China	100.00	100.00	Full	Full
ASTRA Deutschland GmbH, Germany	100.00	100.00	Full	Full
ASTRA Iberica S.A., Spain	100.00	100.00	Full	Full
ASTRA France S.A., France	100.00	100.00	Full	Full
ASTRA (GB) Limited, United Kingdom	100.00	100.00	Full	Full
ASTRA Benelux B.V., The Netherlands ²	-	100.00	Full	Full
SES ASTRA CEE Sp. z o.o, Poland	100.00	100.00	Full	Full
SES ASTRA Italia S.r.l., Italy ²	-	100.00	Full	Full
SES ASTRA (Romania) S.à r.l., Romania	100.00	100.00	Full	Full
SES Satellites Ghana Ltd, Ghana	100.00	100.00	Full	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA A.B., Sweden	100.00	100.00	Full	Full
Sirius Satellite Services SIA, Latvia	100.00	100.00	Full	Full

	Economic interest (%) 2016	Economic interest (%) 2015	Method of consolidation 2016	Method of consolidation 2015
SES SIRIUS Ukraine, Ukraine	100.00	100.00	Full	Full
SES ASTRA 1KR S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 1L S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 1M S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 3B S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 5B S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 1N S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 2E S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 2F S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES ASTRA 2G S.à r.l., Luxembourg	100.00	100.00	Full	Full
SES 10 S.à r.l., Luxembourg	100.00	100.00	Full	Full
LuxGovSat S.A., Luxembourg	50.00	50.00	Full	Full
SES Satellite Leasing Ltd, Isle of Man	100.00	100.00	Full	Full
Al Maisan Satellite Communications (YahSat) LLC, UAE	35.00	35.00	Full	Full
Satellites Ventures (Bermuda), Ltd, Bermuda	50.00	50.00	Full	Full
SES ASTRA Africa (Proprietary) Ltd, South Africa	100.00	100.00	Full	Full
SES AMERICOM, Inc., the US	100.00	100.00	Full	Full
SES AMERICOM PAC, Inc., the US ²	-	100.00	Full	Full
SES AMERICOM International Holdings, Inc., the US ²	-	100.00	Full	Full
SES AMERICOM (Brazil) Holdings, LLC, the US ²	-	100.00	Full	Full
SES AMERICOM do Brasil Servicos de Telecomunicacoes, Ltda, Brazil	100.00	100.00	Full	Full
SES Government Solutions, Inc., the US	100.00	100.00	Full	Full
Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico	100.00	100.00	Full	Full
SES Telecomunicaciones de Mexico, Mexico ⁴	100.00	49.00	Full	Equity
Columbia Communications Corporation, the US ²	-	100.00	Full	Full
SES Satellites International, Inc., the US	100.00	100.00	Full	Full
SES Satellites (Gibraltar) Ltd, Gibraltar	100.00	100.00	Full	Full
SES AMERICOM Colorado, Inc., the US ²	-	100.00	Full	Full
AMC-1 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-2 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-3 Holdings LLC, the US	100.00	100.00	Full	Full
SES-9 Holdings LLC, the US ⁵	100.00	100.00	Full	Full
AMC-6 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-8 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-9 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-10 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-11 Holdings LLC, the US	100.00	100.00	Full	Full
SES AMERICOM (Asia 1A) LLC, the US	100.00	100.00	Full	Full
AMERICOM Asia Pacific LLC, the US	100.00	100.00	Full	Full
AMC-12 Holdings LLC, the US	100.00	100.00	Full	Full
SES AMERICOM California, Inc., the US ²	-	100.00	Full	Full
AMC-4 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-7 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-15 Holdings LLC, the US	100.00	100.00	Full	Full
AMC-16 Holdings LLC, the US	100.00	100.00	Full	Full
SES-1 Holdings, LLC, the US	100.00	100.00	Full	Full
QuetzSat Directo, S. de R.L. de C.V., Mexico	100.00	100.00	Full	Full
SES ENGINEERING (US) Inc., the US	100.00	100.00	Full	Full

	Economic interest (%) 2016	Economic interest (%) 2015	Method of consolidation 2016	Method of consolidation 2015
AOS Inc., the US	100.00	100.00	Full	Full
SES-2 Holdings LLC, the US	100.00	100.00	Full	Full
SES-3 Holdings LLC, the US	100.00	100.00	Full	Full
QuetzSat S. de R.L. de C.V., Mexico	100.00	100.00	Full	Full
Satellites Globales S. de R.L. de C.V., Mexico ²	100.00	100.00	Full	Full
SES Satelites Directo Ltda, Brazil	100.00	100.00	Full	Full
SES DTH do Brasil Ltda, Brazil	100.00	100.00	Full	Full
SES GLOBAL South America Holding S.L., Spain	100.00	100.00	Full	Full
New Skies Satellites BV., The Netherlands	100.00	100.00	Full	Full
New Skies Satellites, Inc., the US	100.00	100.00	Full	Full
New Skies Satellites Mar BV., The Netherlands	100.00	100.00	Full	Full
New Skies Satellites Ltda, Brazil	100.00	100.00	Full	Full
New Skies Networks, Inc., the US	100.00	100.00	Full	Full
SES ENGINEERING (Netherlands) BV., The Netherlands	100.00	100.00	Full	Full
New Skies Asset Holdings, Inc., the US ²	-	100.00	Full	Full
SES NEW SKIES Marketing BV., The Netherlands	100.00	100.00	Full	Full
New Skies Satellites Argentina BV., The Netherlands	100.00	100.00	Full	Full
New Skies Networks Australia Pty Ltd, Australia ²	-	100.00	Full	Full
New Skies Satellites Australia Pty Ltd, Australia	100.00	100.00	Full	Full
New Skies Satellites Licensee BV., The Netherlands	100.00	100.00	Full	Full
SES Asia S.A., Luxembourg	100.00	100.00	Full	Full
SES Finance Services AG, Switzerland	100.00	100.00	Full	Full
SES World Skies Singapore Pte Ltd, Singapore	100.00	100.00	Full	Full
O3b Networks Ltd, Jersey, Channel Islands	100.00	42.65	Full	Equity
O3b Ltd, Jersey, Channel Islands ¹	100.00	-	Full	-
O3b Africa Ltd, Mauritius ¹	100.00	-	Full	-
O3b Networks Management Services BV., The Netherlands ¹	100.00	-	Full	-
O3b Sales BV., The Netherlands ¹	100.00	-	Full	-
O3b Holdings 1 BV., The Netherlands ¹	100.00	-	Full	-
O3b Holdings 2 BV., The Netherlands ¹	100.00	-	Full	-
O3b Coöperatief UA, The Netherlands ¹	100.00	-	Full	-
O3b Networks USA, LLC, the US ¹	100.00	-	Full	-
O3b USA, LLC, the US ¹	100.00	-	Full	-
O3b America, LLC, the US ¹	100.00	-	Full	-
O3b (Singapore) Pte Limited, Singapore ¹	100.00	-	Full	-
O3b Teleport Services (Australia) Pty Limited, Australia ¹	100.00	-	Full	-
O3b Teleport Serviços (Brasil) Ltda, Brasil ¹	100.00	-	Full	-
O3b Networks (Brasil) Ltda, Brasil ¹	100.00	-	Full	-
O3b Services (Portugal) Lda, Portugal ¹	100.00	-	Full	-
O3b Teleport Services (Peru) SAC, Peru ¹	100.00	-	Full	-
O3b Lux Sà r.l., Luxembourg ¹	100.00	-	Full	-
O3bNext Sà r.l., Luxembourg ¹	100.00	-	Full	-
West Africa Platform Services Ltd, Ghana ¹	51.00	-	Full	-
MX1 Ltd, Israel ¹	100.00	-	Full	-
MX1 Inc., the US ¹	100.00	-	Full	-
Satlink Communications Ltd, Israel ¹	100.00	-	Full	-
G.S.N. GoSat Distribution Network Ltd, Cyprus ¹	100.00	-	Full	-
EMP Media Port Ltd, Cyprus ¹	100.00	-	Full	-

	Economic interest (%) 2016	Economic interest (%) 2015	Method of consolidation 2016	Method of consolidation 2015
RR Media C.E.S.A, Romania ¹	80.00	-	Full	-
RR Media Europe Ltd, United Kingdom ¹	100.00	-	Full	-
World Satellite Distribution S.A., Luxembourg ¹	100.00	-	Full	-
Sofia Teleport EOOD, Bulgaria ¹	100.00	-	Full	-
Mena Media Ltd, United Kingdom ¹	76.00	-	Full	-
TVP Group Ltd, United Kingdom ^{1,2}	100.00	-	Full	-
JCA TV Ltd, United Kingdom ^{1,2}	100.00	-	Full	-
MX1 Korea Ltd., Korea ¹	51.00	-	Full	-
London Broadcasting Center Ltd., United Kingdom ¹	100.00	-	Full	-
SES-17 Sà r.l., Luxembourg ¹	100.00	-	Full	-
SES Defence UK Ltd, United Kingdom ¹	100.00	-	Full	-
TVP Archive Ltd, United Kingdom ¹	100.00	-	Full	-
Luxembourg Media Distribution S.A., Luxembourg ¹	100.00	-	Full	-
John Claxton Ltd, United Kingdom ¹	100.00	-	Full	-

1 Entity created or acquired in 2016, see Note 3.

2 Entity sold, merged, liquidated or in the process of liquidation in 2016.

3 Formerly SES Platform Services GmbH.

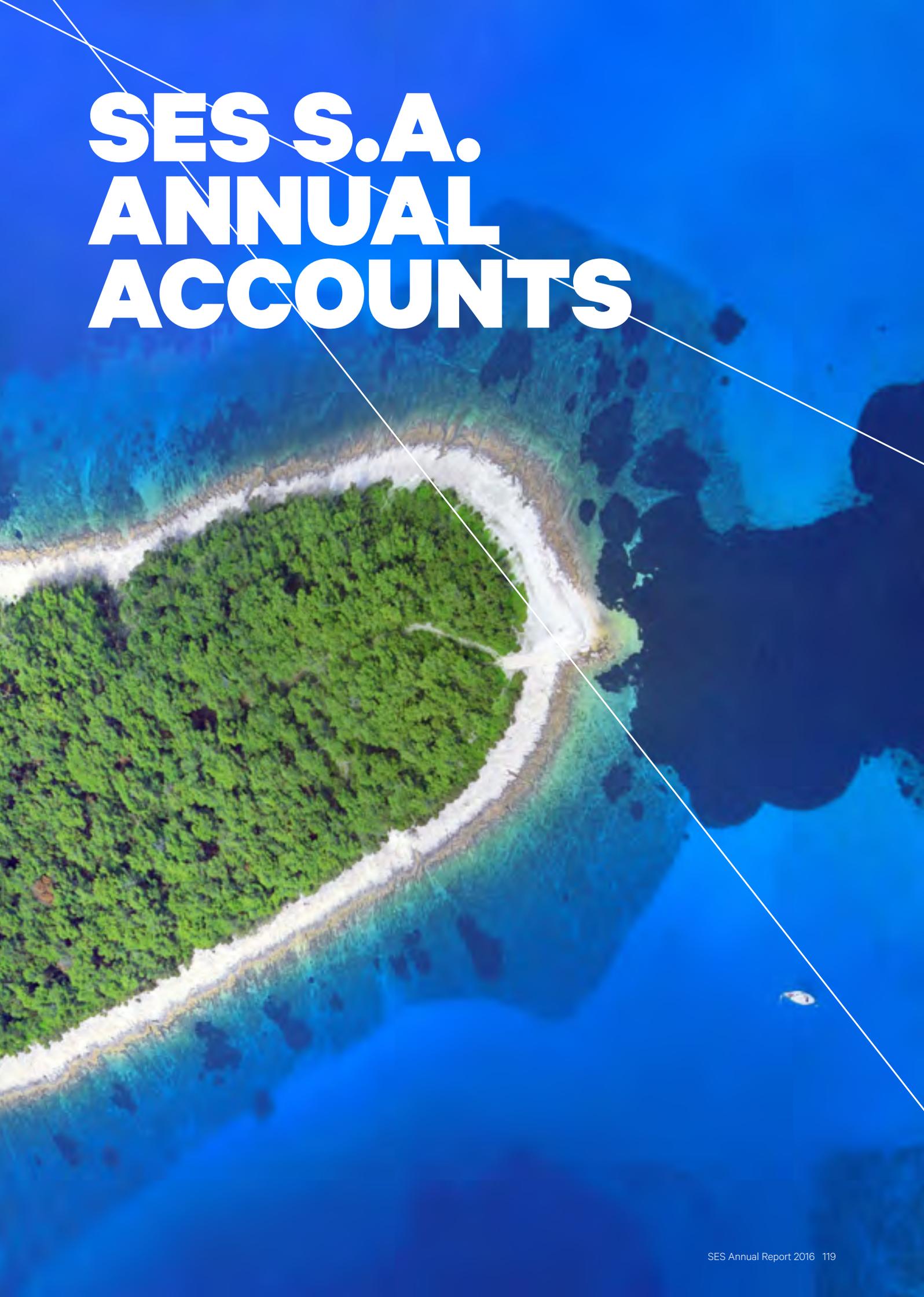
4 Formerly Socios Aguila S.de R.L de C.V.

5 Formerly AMC-5 Holdings LLC

6 Formerly SES Digital Distribution Services GmbH

7 Formerly Smartcast Technologies Ltd

SES S.A. ANNUAL ACCOUNTS



AUDIT 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 2016, 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.

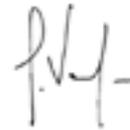
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2016, 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.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 23 February 2017

Represented by
Gilles Vanderweyen



BALANCE SHEET

As at 31 December 2016

In millions of euros	Note	2016	2015
Assets			
Fixed Assets			
Intangible assets		0.3	-
Financial assets			
Shares in affiliated undertakings	3	7,833.5	6,636.3
Loans to affiliated undertakings	3	3,034.3	2,567.5
		10,868.1	9,203.8
Current Assets			
Debtors			
Amounts owed by affiliated undertakings becoming due and payable within one year	4	4,975.7	3,799.6
Other debtors			
becoming due and payable within one year		1.7	1.9
Investments			
Own shares	5	130.6	80.4
Cash at bank and cash in hand		335.0	517.0
		5,443.0	4,398.9
Prepayments			
		64.0	50.2
Total assets			
		16,375.1	13,652.9

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

BALANCE SHEET

As at 31 December 2016

In millions of euros	Note	2016	2015
Liabilities			
Capital and reserves			
Subscribed capital	6	719.0	644.3
Share premium account	6	1,890.2	1,056.2
Reserves			
Legal reserve	7	64.4	63.3
Reserve for own shares	8	130.6	51.2
Other reserves, including the fair value reserve			
Other non available reserves	9	61.8	132.5
Profit brought forward			
		2,083.8	-
Profit for the financial year			
		111.5	2,517.1
		5,061.3	4,464.6
Creditors			
Debtenture loans - Non convertible loans			
	10		
becoming due and payable within one year		95.4	225.5
becoming due and payable after more than one year		5,187.4	3,827.1
Amounts owed to credit institutions			
	10		
becoming due and payable within one year		206.0	106.1
becoming due and payable after more than one year		292.8	395.5
Trade creditors			
becoming due and payable within one year		1.3	0.5
Amounts owed to affiliated undertakings			
	10		
becoming due and payable within one year		5,006.4	4,038.3
becoming due and payable after more than one year		505.8	474.6
Other creditors			
Tax authorities	11	12.2	1.3
Social security authorities		0.3	0.2
Other creditors			
becoming due and payable within one year		6.2	119.2
		11,313.8	9,188.3
Total liabilities		16,375.1	13,652.9

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

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

In millions of euros	Note	2016	2015
Other operating income	12	15.1	15.5
Raw material and consumables and other external expenses			
Other external expenses		(42.2)	(31.2)
Staff costs	13		
Wages and salaries		(12.2)	(17.0)
Social security costs			
relating to pensions		(1.3)	(1.1)
other social security costs		(0.3)	(0.3)
Other staff costs		(0.1)	
Other operating expenses		(3.7)	(4.7)
Income from participating interest			
a) derived from affiliated undertakings	14	358.6	2,721.8
Income from other investments and loans forming part of fixed assets			
a) derived from affiliated undertakings		61.8	10.5
Other interest receivable and similar income			
a) derived from affiliated undertakings	15	10.2	12.6
b) other interest and similar income	15	71.3	35.6
Value adjustment in respect of financial assets and of investments held as current assets	16	(68.4)	(33.7)
Interest payable and similar expenses			
a) derived from affiliated undertakings	17	(201.4)	(36.7)
b) other interest and similar expenses	17	(200.9)	(189.0)
Tax on profit or loss		125.0	34.8
Profit or loss for the financial year		111.5	2,517.1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at 31 December 2016

	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 2015	633.0	835.3	63.3	292.6	482.8	2,307.0
Allocation of result	-	-	-	482.8	(482.8)	-
Increase in share capital	11.3	220.9	-	(112.8)	-	119.4
Distribution of dividends	-	-	-	(478.0)	-	(478.0)
Other movements	-	-	-	(0.9)	-	(0.9)
Profit for the financial year	-	-	-	-	2,517.1	2,517.1
	-	-	-	-	-	-
At 31 December 2015	644.3	1,056.2	63.3	183.7	2,517.1	4,464.6
	-	-	-	-	-	-
At 1 January 2016	644.3	1,056.2	63.3	183.7	2,517.1	4,464.6
Allocation of result	-	-	1.1	2,516.0	(2,517.1)	-
Increase in share capital	74.7	834.0	-	-	-	908.7
Distribution of dividends	-	-	-	(536.0)	-	(536.0)
Other movements	-	-	-	112.5	-	112.5
Profit for the financial year	-	-	-	-	111.5	111.5
	-	-	-	-	-	-
At 31 December 2016	719.0	1,890.2	64.4	2,276.2	111.5	5,061.3

* Including reserves for own shares, other non available reserves and profit brought forward

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

NOTES TO THE ANNUAL ACCOUNTS

As at 31 December 2016

NOTE 1 - GENERAL INFORMATION

SES S.A. (hereafter 'SES' or 'the company') was incorporated on 16 March 2001 as a limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg for an unlimited period.

The registered office of the company is established at the Château de Betzdorf, L-6815 in Luxembourg.

The purpose of the company is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the company is from 1 January to 31 December.

The company has a 99.94% interest in a partnership, SES Global Americas Holdings GP, whose accounts are integrated 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 drawn up in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), and are published according to the provisions of the Luxembourg law.

The company has been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004. Fiduciary Depositary Receipts each in respect to 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 under the historical cost convention relating to the preparation and presentation of the annual accounts.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the

Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions are changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1. Basis of preparation (continued)

Management makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgments are 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.

According to the Grand Ducal Regulation dated 18 December 2015, the layout of the balance sheet and profit and loss account has been modified. Some figures for the year ended 31 December 2015 have been reclassified to ensure comparability with the figures for the year ended 31 December 2016.

2.2. Significant accounting policies

The main accounting policies and valuation rules applied by the company are the following:

2.2.1. Financial assets

Shares in affiliated undertakings held by the company are recorded at acquisition cost. In the case of a permanent diminution in the value of a financial fixed asset in the opinion of the Board of Directors, a value adjustment is made such that the investment is valued at the lower figure.

In some instances, where the Board of Directors believes that it is more appropriate under the circumstances and better reflects the substance of the activity, interdependency of cash flows between SES's subsidiaries and their level of integration have been taken into account in assessing the carrying value of the financial assets. In those instances, investments in certain undertakings have 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 IFRS. Value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Loans to affiliated undertakings are valued at their nominal value. Value adjustments are recorded on loans which appear to be partly or wholly irrecoverable. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2. Investments – own shares

Own shares are recorded at acquisition cost, including expenses incidental thereto. At the balance sheet date, own shares are valued at the lower of acquisition cost and a valuation calculated on the basis of weighted average cost or market value, expressed in the currency in which the annual accounts are prepared.

A value adjustment is recorded where the market value is lower than the acquisition cost. 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 recorded at their nominal value presented as prepayments. These costs are amortised over the remaining estimated loan periods based on the company's financing strategy.

2.2.4. Dividends paid and received

Dividends are declared after the annual accounts for the year have been approved. Accordingly, dividends payable are recorded in the subsequent year's annual accounts.

Dividends receivable from affiliated undertakings are recorded as income in the year in which they are approved by the subsidiary.

Dividends receivable on own shares are recorded as income in the year in which they are approved.

2.2.5. Profit Participating Convertible Certificates

Profit Participating Convertible Certificates ('certificates') are securities issued by SES's subsidiary ('Issuer') and subscribed by the company, representing a claim of principal amount and profit participating interest ('PPI') on principal amount. The amounts are payable at maturity date unless the Issuer elects to convert the amount into shares. PPI on the certificates is calculated based on the cumulative profits of the issuer over its life.

The company's entitlement to a return, in the form of Profit Participating Interest (PPI), is thus only certain at the date of maturity at which time the PPI will be established and recorded.

2.2.6. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is uncertain. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.7. Foreign currency translation

The company maintains its books and records in euro (EUR). Transactions expressed in currencies other than the euro are translated into euros at the exchange rates effective at the time of the transaction.

With the exception of fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Realised and unrealised gains and losses are recognised in the profit and loss account.

Fixed assets acquired in currencies other than euro are translated into euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

The foreign exchange result for the year has been presented on a net basis.

2.2.8. Derivative financial instruments

The company may enter into derivative instruments, principally forward currency contracts, in order to manage exchange rate exposure on the company's and group's assets, liabilities and financial operations.

Such financial instruments are used to reduce the group's exposure to risks in connection with operating liabilities denominated in US dollars, such as milestone payments to satellite manufacturers. Such instruments are denominated in the same currency as the hedged item and can cover up to 100% of the total value of the hedged item. It is the company's policy not to enter into such forward contracts until a firm commitment is in place, and to match the terms of hedge derivatives to those of the hedged item.

Additionally, the company has significant debenture loans denominated in US dollars. The company may enter into derivatives, such as forward currency contracts or cross-currency swaps, in order to manage exchange rate exposure on foreign currency debt.

Financial derivatives are revalued at year-end using forward rates. Both unrealised gains and losses resulting from the revaluation of these contracts are recognised in the profit and loss account under 'other interest and similar income' or 'other interest and similar expenses'. Assets or liabilities generated by unrealised gains/losses are recognised and recorded under 'amounts owed to/by affiliated undertakings' where the counterparty is a member of the SES group.

SES does not use derivative financial instruments for speculative purposes.

2.2.9. Creditors

Debenture loans and amounts owed to credit institutions are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.2.10. Share-based compensation

Employees of the company receive remuneration in the form of share-based compensation payments, whereby employees render services to the company as consideration for equity instruments. Three active equity-settled share-based payment schemes have been established by SES S.A. and are available to some of the company's staff:

- The Stock Appreciation Rights Plan (STAR Plan)
- Executive Incentive Compensation Plan (EICP)
- Long-Term Incentive Programme (LTIP)

A charge, representing a difference between the acquisition cost of own shares and exercise price is recognised in the profit and loss account upon exercise of the share option/shares.

NOTE 3 - FINANCIAL ASSETS

a) Shares in affiliated undertakings

In millions of euros	2016	2015
Cost at beginning of year	6,641.0	7,031.8
Decrease ¹	(20.5)	(390.8)
Increase ²	1,213.0	-
Cost at end of year	7,833.5	6,641.0
Value adjustments at beginning of year	(4.7)	(4.7)
Decrease	4.7	-
Value adjustment at the end of year	-	(4.7)
Net book value at end of year	7,833.5	6,636.3

1 The decrease of EUR 20.5 million in 2016 represents the write off of the investment in Global Africa S.A. further to the liquidation of the entity during the year. The decrease of EUR 390.8 million in 2015 is due to a reduction of the share capital of SES Global Africa S.A.

2 The increase of EUR 1,213.0 million in 2016 is due to an increase in the share capital of SES NL Finance S.à r.l. (995.2 million) and SES Astra Services Europe (217.8 million).

As at 31 December 2016, the company holds the following investments:

In millions of euros			2016	2015
Net book value	Country of incorporation			
Infrastructure				
SES Global – Americas, Inc.	United States	99.94%	3,477.6	3,477.6
SES Finance S.à r.l.	Switzerland	100%	1,502.2	1,502.2
SES Astra S.A.	Luxembourg	100%	1,046.8	1,046.8
SES Participations S.A.	Luxembourg	100%	206.8	206.8
SES Holdings (Netherlands) BV	Netherlands	100%	96.7	96.7
SES Insurance International Re (Luxembourg) S.A.	Luxembourg	100%	76.3	76.3
SES Astra A.B.	Sweden	32.34%	50.1	50.1
SES Global Africa S.A.	Luxembourg	0%	-	15.8
SES-15 S.à r.l.	Luxembourg	0.01%	-	-
SES Insurance International (Luxembourg) S.A.	Luxembourg	100%	15.2	15.2
Services				
SES NL Finance S.à r.l.	Luxembourg	100%	995.2	-
SES Astra Services Europe S.A.	Luxembourg	100%	366.6	148.8
SES Latin America S.A.	Luxembourg	100%	-	-
SES Belgium Sprl	Belgium	99%	-	-
Total			7,833.5	6,636.3

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 (see Note 2).

The recoverable amount of this group of companies is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by the Board of Directors which covers a period of five years. This period reflects the long-term contractual base for the satellite business. The pre-tax discount rate is 5.92% (2015: 5.93 %) and was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the SES group's business sector, and the specific risk profile of the businesses concerned. The terminal growth rate used in the valuation is set at 2.0% (2015: 2.0%), which reflects the most recent long-term planning assumptions approved by the Board and can be supported by reference to the trading performance of the companies concerned over a longer period.

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 except in the case that the carrying value is insignificant. 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) 2° 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) Loans to affiliated undertakings

Loans to affiliated undertakings consist of:

In millions of euros			
Counterparty	Principal and accrued interest 31 December 2016	Principal and accrued interest 31 December 2015	Comments
SES Finance S.à r.l.	906.0	881.6	Convertible Profit Participating Loans
SES Finance S.à r.l.	485.8	495.2	Loan
SES Global Americas Holdings GP	463.3	427.3	Loan
SES-15 S.à r.l.	200.0	-	Loan
SES Astra 5B S.à r.l.	232.1	-	Loan
SES Astra 2G S.à r.l.	168.0	-	Loan
SES Astra 2F S.à r.l.	146.7	-	Loan
SES Astra 3B S.à r.l.	126.0	-	Loan
SES-10 S.à r.l.	100.0	-	Loan
SES NL Finance S.à r.l.	50.5	682.2	Loan
SES Astra 2E S.à r.l.	32.5	-	Loan
SES Astra 1N S.à r.l.	36.4	-	Loan
SES DTH do Brasil Ltda	19.2	14.1	Loan
SES Digital Distribution services A.G.	20.4	20.0	Loan
SES Finance Services A.G.	24.3	24.0	Loan
SES Asia S.A.	23.1	23.1	Loan
Total	3,034.3	2,567.5	

In December 2016, the company's subsidiary SES NL Finance S.à r.l. reimbursed EUR 500.0 million of a loan of EUR 649.9 million. The balance of the loan of EUR 149.9 million was not considered recoverable as at 31 December 2016 and was waived (see Note 17).

The company does not consider any other balances on its loans to affiliates as being irrecoverable as at 31 December 2016.

In millions of euros	2016	2015
Intercompany current accounts	4,095.3	3,799.6
Short term loan to O3b Networks Limited	880.4	-
Total	4,975.7	3,799.6

Intercompany current accounts represent short-term advances bearing interest at market rates.

On 19 December 2016, the company granted a short term loan to O3b Networks Limited ('O3b'), an indirect subsidiary of the company to finance the repayment of O3b's Coface borrowings and term loans, in the context of the restructuring of the debt of O3b's further to its acquisition by SES group during 2016. SES signed a short term loan to O3b amounting to EUR 872 million (USD 927.4 million). This loan has a maturity of 15 June 2017 and bears interest at a fixed rate of 1.69%. At year end, the balance of the loan, including accrued interest, was EUR 880.4 million

The company performed an analysis of the amounts owed by affiliated undertakings and does not consider their recoverability to be uncertain.

NOTE 5 - INVESTMENTS - OWN SHARES

Own shares refer to the company's own Fiduciary Deposit Receipts (FDR).

All FDRs in respect of A-shares owned by the company are for use in connection with the share-based compensation plans for executives and staff of the SES group. The FDRs are valued at the lower of the weighted average cost and the market price.

As at 31 December 2016, the company owned 6,243,500 FDRs (2015: 3,144,730) representing EUR 130.6 million (2015: EUR 80.4 million).

In millions of euros	A-shares	B-shares	Total shares
As at 1 January 2016	343,600,000	171,800,000	515,400,000
Shares issued during the year	39,857,600	19,928,800	59,786,400
As at 31 December 2016	383,457,600	191,728,800	575,186,400

Transaction costs related to the capital increase incurred and settled during the year were EUR 12.9 million and are included in other external expenses.

NOTE 4 - DEBTORS

Amounts owed by affiliated undertakings

The group operates a centralised treasury function at the level of the company which manages, among others, the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism. Amounts owed by affiliated undertakings of EUR 4,975.7 million (2015: EUR 3,799.6 million) consist of :

NOTE 6 - SUBSCRIBED CAPITAL AND SHARE PREMIUM ACCOUNT

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

Although they constitute separate classes of shares, A and B-shares have the same rights except that the B-shares, 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 A-shares. B-shares are not freely traded. Each share, whether of A-share or B-share, is entitled to one vote.

Capital increase

The Extraordinary General Meeting on 7 April 2016 approved an increase in the authorised share capital of up to 61,848,000 shares without par value (41,232,000 A-shares and 20,616,000 B-shares).

On 26 May 2016, SES launched an equity increase resulting in EUR 908.8 million shareholders contribution. This contribution was split between EUR 757.3 million (A-shareholders), representing 39,857,600 shares, allocated as EUR 49.8 million to share capital and EUR 707.5 million to share premium and EUR 151.5 million (B-shareholders), representing 19,928,800 shares, allocated as EUR 24.9 million to share capital and EUR 126.6 million to share premium. B-shareholder contribution mostly comprised cash (EUR 137.9 million) with the State of Luxembourg electing to contribute EUR 13.6 million in FDRs.

NOTE 7 - LEGAL RESERVE

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a legal reserve. This requirement is satisfied when the reserve reaches 10% of the issued share capital. This reserve may not be distributed. Due to the capital increase in 2016 the Board of Directors will propose to allocate a portion of the 2016 profit to the legal reserve subject to approval at the next annual general meeting.

NOTE 8 - RESERVE FOR OWN SHARES

In accordance with the law, the company has created a non-distributable reserve included in the account 'reserve for own shares' for an amount of EUR 130.6 million (2015: EUR 80.4 million), corresponding to the balance of the own shares held as of year end.

As of 31 December 2015, an amount of EUR 29.2 million of the total EUR 80.4 million of non-distributable reserves for own shares was deemed to be covered by the share premium.

Buy-back of treasury shares

SES has historically, in agreement with its shareholders, purchased FDRs in respect of A-shares in connection with executives' and employees' share based payments plans, as well as for cancellation. At the year-end, the company held FDRs relating to the above schemes as set out below.

On 29 May 2015, within the framework of its share buy-back programme, the company entered into a forward purchase agreement with a financial institution for the purchase of 6,000,000 FDRs issued to the financial institution concerned.

The agreement allowed delivery of FDRs upon the exercise of executive and employee stock purchase options, setting out the terms and conditions for the purchase of the FDRs, including the purchase price and maturities of the purchases. Under the terms of the agreement the company purchased 2,500,000 FDRs on 10 June 2015, 1,500,000 FDRs on 14 January 2016 and 2,000,000 FDRs on 7 April 2016.

As at 31 December 2016 no amounts were outstanding under the agreement (2015: EUR 112.8 million).

NOTE 9 - OTHER RESERVES, INCLUDING THE FAIR VALUE RESERVE

Other non-available reserves

As at 31 December 2016, the company reduced its Net Wealth Tax liability in accordance with Paragraph 8a of the Luxembourg Net Wealth Tax law. The company allocates under 'Other non available reserves' an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. In order to benefit from the Net Wealth tax reduction, the company has to maintain this reserve for a period of five years from the year following the

one during which the Net Wealth Tax was reduced. Should the reserve be distributed before the end of this five year period, then Net Wealth Tax will become due for an amount of up to 20% of the distributed amount.

As at 31 December 2016, an amount of EUR 61.8 million (2015: EUR 132.5 million) is recorded by the company related to Net Wealth Tax, representing the reserve for 2011. Since 2012 the Net Wealth Tax reserve is recorded at the level of SES Astra S.A. This entity forms part of the tax unity.

NOTE 10 - CREDITORS

a) Debenture loans - Non convertible loans

European Medium-Term Note Programme ('EMTN')

On 6 December 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On 19 October 2016 this programme has been extended for one further year. As at December 31, 2016, SES had issued EUR 1,940.0 million (2015: EUR 2,090.0 million) under the EMTN Programme with maturities ranging from 2018 to 2027.

EUR 150.0 million Private Placement (2016)

On 5 August 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%. The Private Placement matured in August 2016.

EUR 500.0 million Eurobond (2018)

On 16 October 2013, SES issued a EUR 500.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 1.875%.

144A Bond USD 500.0 million (2019)

On 25 March 2014, SES completed a 144A offering in the US market issuing USD 500.0 million 5-year bond with a coupon of 2.50% and a final maturity date of 25 March 2019.

EUR 650.0 million Eurobond (2020)

On 9 March 2010, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2021)

On 11 March 2011, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

EUR 750.0 million Deeply Subordinated Fixed Rate Resetable Securities

On 10 June 2016 SES issued EUR 750.0 million Deeply Subordinated Fixed Rate Resetable Securities at a coupon of 4.625% to the first call date, a price of 99.666 and a yield of 4.7%. SES is entitled to call the securities on 2 January 2022 and on subsequent coupon payment dates.

144A Bond USD 750.0 million (2023)

On 4 April 2013, SES completed a 144A offering in the US market issuing a USD 750.0 million 10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

EUR 550.0 million Deeply Subordinated Fixed Rate Resetable Securities

On 29 November 2016 SES issued a second perpetual bond of EUR 550.0 million at a coupon of 5.625% to the first call date, a price of 99.304% and a yield of 5.75%. SES is entitled to call the second perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

EUR 140.0 million Private Placement (2027)

Between May and July 2012, SES issued to ING Bank N.V. three individual tranches of a total EUR 140.0 million Private

Placement under the company's European Medium-Term Note Programme. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

German bond issue of EUR 50.0 million (2032)

On 29 October 2012, the group issued EUR 50.0 million in the German bond ('Schuldschein') market. The bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

144A Bond USD 250.0 million (2043)

On 4 April 2013, SES completed a 144A offering in the US market issuing a USD 250.0 million 30-year bond with a coupon of 5.30% and a final maturity date on 4 April 2043.

144A Bond USD 500.0 million (2044)

On 25 March 2014, SES completed a 144A offering in the US market issuing a USD 500.0 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044. The maturity profile of notes and bonds is as follows as at 31 December 2016 and 2015:

In millions of euros	2016	2015
Within one year ¹	95.4	225.5
Between one to two years	500.0	-
Between two to five years	1,774.3	1,609.3
After five years	2,913.1	2,217.8
Total after one year	5,187.4	3,827.1

¹ Includes accrued interest of EUR 95.4 million at year-end 2016 (2015: EUR 75.5 million)

b) Amounts owed to credit institutions

EUR 200.0 million European Investment Bank funding

On 21 April 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite 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 2021

In January 2014, the group updated its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 20 banks and has been structured as a 5 year multicurrency revolving credit facility with two one-year extension options at the discretion of the lenders. The facility is for EUR 1,200.0 million and the interest payable is linked to a ratings grid. At the current SES rating of BBB / Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR. On 13 November 2015 and 23 November 2015 respectively, the facility agreement has been amended and extended by one year to 13 January 2021. As at 31 December 2016 and 2015, no amount has been drawn under this facility.

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 made on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual installments where Coface A has a final maturity date of 1 August 2022, Coface B and F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

USD 158.0 million US Ex-Im facility

In April 2011, SES signed a financing agreement with the Export-Import Bank of the United States ('Ex-Im Bank') for USD 158 million for the investment in one geostationary satellite programme (QuetzSat). At the in-orbit acceptance

date of the satellite, USD 152.2 million had been drawn under the agreement. This amount 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%.

European Commercial paper programme

In July 2012, SES signed the documentation for the inception of a joint EUR 1,000.0 million guaranteed European commercial paper programme for SES S.A. and SES Global Americas Holdings GP. The issuance under the programme represents senior unsecured obligations of the issuer and

any issuance under the programme is guaranteed by the non-issuing entity.

The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. As of 31 December 2016, borrowings of EUR 100.0 million (2015: nil) were outstanding. The average rate of the outstanding commercial papers was negative 0.20% for the drawdown period.

As at 31 December 2016 and 2015, the amount owed to credit institutions was as follows:

In millions of euros	2016	2015
European Investment Bank	33.4	336
COFACE facility	55.5	55.9
US Ex-Im	17.1	16.6
Commercial papers	100.0	-
Becoming due and payable within one year¹	206.0	106.1
European Investment Bank	-	33.4
COFACE facility	250.3	304.5
US Ex-Im	42.5	57.6
Becoming due and payable after more than one year	292.8	395.5

¹ Including accrued interest of EUR 16 million at year-end 2016 (2015: EUR 2.4 million)

The maturity profile of the amounts drawn is as follows as at 31 December 2016 and 2015:

In millions of euros	2016	2015
Between one and two years	71.4	104.0
Between two and five years	181.2	204.0
After five years	40.2	87.5
Total	292.8	395.5

During the year 2016 SES repaid another tranche of EUR 33.3 million (2015: EUR 33.3 million) to the European Investment Bank and two tranches of the US Ex-Im facility for a total of USD 17.9 million.

Furthermore, during the year 2016 SES repaid floating rate obligations totaling EUR 54.2 million (2015: EUR 54.2 million) related to various Coface instalments.

Committed and uncommitted loan facilities

As at 31 December 2015 and as at 31 December 2016, the company had no outstanding balance under uncommitted loan facilities.

c) Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 5,512.2 million (2015: EUR 4,512.9 million) include the following:

In millions of euros	2016	2015
Long-term loans (maturity after 5 years)	187.9	166.7
Term loans (between 1 – 5 years)	317.9	307.9
Notes due within one year	46.4	1,043.8
Current accounts	4,960.0	2,994.5
Total	5,512.2	4,512.9

As at 31 December 2016 long-term loans included:

- A loan for a total amount of USD 106 million with a maturity of December 2022 bearing interest at a rate of 4.00% with SES Americom Inc.
- A loan for a total amount of USD 50 million with a maturity date of May 2025 at a rate of 4.2% that has been entered into in 2015 with SES Satellites Gibraltar Ltd.
- A loan for a total amount of EUR 23 million with a maturity date of May 2025 at a rate of 2% that has been entered into in 2015 with SES Astra Real Estate S.A.

As at 31 December 2016, term loans included:

- A loan for a total amount of USD 334 million with a maturity of January 2019 bearing interest at a rate of 4% with SES Finance S.à r.l.

As at 31 December 2016 and 2015 current accounts represent short-term debts bearing interest at market rates.

NOTE 11 - OTHER CREDITORS - TAX AUTHORITIES

The company is subject to the tax regulations in Luxembourg, in Switzerland for the Swiss branch, and in the US for the partnership.

In accordance with Article 164bis of the Luxembourg income tax law, SES S.A. is the head of the Luxembourg tax unity with its subsidiaries as follows:

- SES Astra S.A.
- SES Asia S.A.
- SES-15 S.à r.l. (formerly SES Broadband Services S.A.)
- SES-10 S.à r.l.
- SES Participations S.A.
- SES Astra 3B S.à r.l.
- SES Astra 1KR S.à r.l.
- SES Astra 1L S.à r.l.

- SES Astra 1M S.à r.l.
- SES Engineering S.à r.l.
- SES Astra 1N S.à r.l.
- SES Astra 5B S.à r.l.
- SES Astra 2E S.à r.l.
- SES Astra 2F S.à r.l.
- SES Astra 2G S.à r.l.
- SES Digital Distribution Services S.à r.l.
- SES Astra Services Europe S.A.
- SES Lux Finance S.à r.l.
- SES NL Finance S.à r.l.
- SES Astra Real Estate (Betzdorf) S.A.
- SES Techcom S.A.
- SES Latin America S.A.
- SES Insurance International (Luxembourg) S.A.
- SES Insurance International Re (Luxembourg) S.A.

The balance sheet position takes into consideration the net tax payable or receivable by the tax unity to the Luxembourg tax authorities, which is due by the head of the tax unity, being SES S.A.

The respective tax charge/income of each subsidiary is computed on a stand-alone basis and recharged via intercompany accounts.

NOTE 12 - OTHER OPERATING INCOME

Other operating income amounting to EUR 15.1 million (2015: EUR 15.5 million) consists mainly of group recharge revenues from advisory support services rendered to various affiliates.

NOTE 13 - STAFF COSTS

As at 31 December 2016, the number of full time equivalent employees was 69 (2015: 68) and the average number of employees in the workforce for 2016 was 61 (2015: 67). Staff costs can be analysed as follows:

In millions of euros	2016	2015
Wages and salaries	12.2	17.0
Social security costs and other staff costs	1.7	1.4
Total	13.9	18.4

NOTE 14 - INCOME FROM PARTICIPATING INTEREST

Income from financial assets derived from affiliated undertakings consists of the following:

In millions of euros	2016	2015
Dividends received from affiliated undertakings	358.6	2,721.8
Total	358.6	2,721.8

Dividends received from affiliated undertakings include dividends received on own shares in the amount of EUR 8.6 million (2015: EUR 0.8 million).

NOTE 15 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest and similar income include the following:

In millions of euros	2016	2015
Interest income from affiliated undertakings on current account	10.2	12.6
Foreign exchange gains, net	71.3	19.4
Profit on disposal of financial assets	-	16.2
Total	81.5	48.2

NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND INVESTMENTS HELD AS CURRENT ASSETS

The balance of EUR 55.3 million (2015: EUR 33.7 million) is composed of a loss on disposal of the company's FDRs for EUR 33.3 million (2015: EUR 19.0 million) and a value adjustment on outstanding FDRs as of 31 December 2016 for EUR 22.0 million (2015: EUR 14.7 million).

A value adjustment has been recorded to account for the FDRs at the lower of their weighted average cost and market

price. The value of the SES's share listed on Euronext Paris was EUR 20.925 as at 31 December 2016 (2015: EUR 25.575) which results in a total value adjustment of EUR 22.0 million (2015: EUR 14.7 million).

The balance of EUR 13.1 million (2015: nil) represents a loss on disposal of affiliated undertaking (see Note 3).

NOTE 17 - INTEREST PAYABLE AND SIMILAR EXPENSES

a) Derived from affiliated undertakings

In millions of euros	2016	2015
Interest charges	29.9	36.7
Net recharge O3b breakage fees	21.6	-
Waiver SES NL Finance S.à r.l. (Note 3)	149.9	-
Total	201.4	36.7

Following the reimbursement by O3b of its external loans before the maturity date, O3b incurred breakage fees of EUR 46.7 million and received a refund of insurance premiums from Coface of EUR 25.1 million on the repayment of the borrowings. The total O3b loans repayment fees in the amount of EUR 21.6 million has been recharged to SES S.A., as these fees have been incurred due to actions by SES

in pursuit of clearly identifiable commercial and financial synergies.

b) Other interest and similar expenses

Other interest and similar financial expenses include the following:

In millions of euros	2016	2015
Interest charges	189.5	179.9
Loan origination costs	11.4	9.1
Total	200.9	189.0

NOTE 18 - AUDIT FEES

Art. 65 Paragraph (1) 16° of the Law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the 'Law') requires the disclosure of the independent auditor fees. In conformity with the law these details have been omitted as the company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

NOTE 19 - BOARD OF DIRECTORS' REMUNERATION

The total payments to directors for attendance at board and committee meetings in 2016 amounted to EUR 1.4 million (2015: EUR 1.3 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

NOTE 20 - OFF BALANCE SHEET COMMITMENTS

Guarantees

On 31 December 2016 the company had outstanding bank guarantees for an amount of EUR 142.1 million (2015: EUR 152.8 million) with respect to performance and warranty guarantees for services of satellite operations.

Corporate guarantees

In 2016, the company has given several corporate guarantees to space and ground segment suppliers for the provision of communications spacecraft and related equipment contracted by fully-owned subsidiaries of the SES group for EUR 0.5 million (2015: EUR 0.5 million).

Litigation

SES S.A. is not currently subject to any material legal proceedings or litigation arising in the normal course of business.

Forward purchase and sale of currency

SES has entered into forward exchange contracts for a total of EUR 30.6 million (2015: EUR 101.3 million) for the purpose of hedging the future contracted commitment to suppliers relating to satellite procurements. The total unrealised loss on these contracts amounts to EUR 1.0 million on 31 December 2016 (2015: EUR unrealised gain 1.6 million).

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR 2017

Annual General Meeting of Shareholders:	6 April 2017
Dividend payment:	26 April 2017
First quarter trading update:	28 April 2017
Announcement of first half results:	28 July 2017
Third quarter trading update:	27 October 2017

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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