EXTRAORDINARY AMAZING EVERYWHERE

ANNUAL REPORT 2019

SES

OUR PURPOSE

WE DO THE EXTRAORDINARY IN SPACE TO DELIVER AMAZING EXPERIENCES EVERYWHERE ON EARTH

We are part of something bigger and what we do makes a difference. Our purpose and ambitions reflect what we at SES want to achieve and the value that we seek to create for all our stakeholders.

OUR AMBITIONS

We believe in content and connectivity everywhere

We provide Cloud-enabled, satellite-based intelligent connectivity

We are future-proof, powered by sustained growth and innovation

We are passionate about customer experience and focused on customer success

SES is a great place to work

We are here to make a difference

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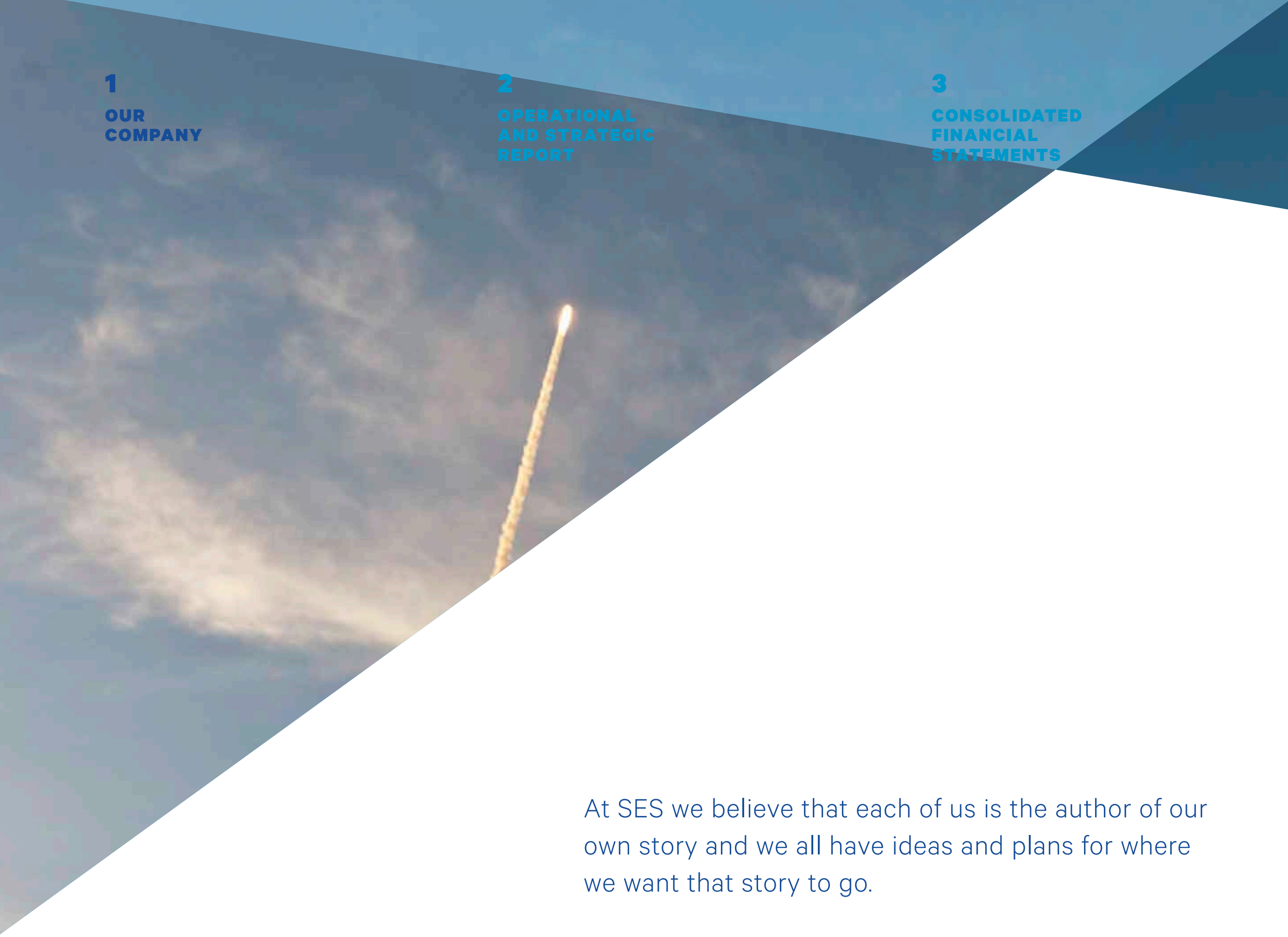
OUR COMPANY

LEADER IN GLOBAL CONTENT CONNECTIVITY SOLUTIONS

"At SES, we believe you should have the freedom to take your story wherever you want it to go—unlimited by geography, technology, or even gravity."

Steve Collar,
SES CEO



At SES we believe that each of us is the author of our own story and we all have ideas and plans for where we want that story to go.

As as the leader in global content connectivity solutions we leverage a vast and intelligent network that spans satellite and ground infra-structure—connecting more people in more places with content that enriches their personal stories with entertainment, knowledge and opportunity.

We do the extraordinary in space to deliver amazing experiences everywhere on Earth. Because when everyone is empowered with content and connectivity, billions of stories have infinite possibilities.

366
million TV homes served by SES

Only
multi-orbit and multi-frequency satellite-enabled solutions provider

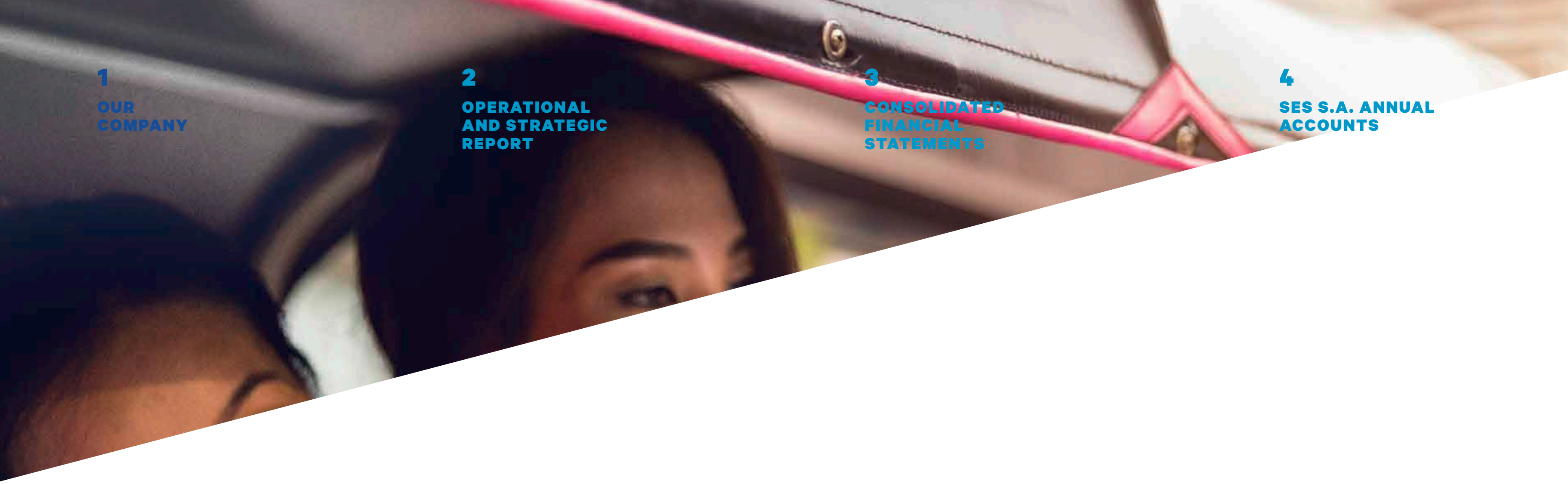
€1.98 BN
2019 group revenue

99%
of the world population covered by SES

SIGNIFICANT DEMAND FOR GLOBAL CONTENT CONNECTIVITY SOLUTIONS

"Long-term projections for the satellite industry are promising, driven by a global need for more connectivity anywhere, anytime. While video demand faces hurdles, video will remain a dominant force in the satellite industry."

Northern Sky Research



Satellite offers communication without limits. From space, satellite can provide connections almost immediately and virtually anywhere—on land, at sea or in the air—without the need for substantial and highly costly infrastructure.

The consumption and demand for content on any device, any place and any time is increasing and proliferating, putting pressure on traditional TV platforms. Broadcasters are in the process of right-sizing content carried over satellite but satellites remain essential for mass coverage and premium content.

Demand for connectivity is growing exponentially and powered by Cloud applications: mobility (especially aero and maritime), fixed data (rural inclusion and mobile backhaul) and government (ISR, e-inclusion, disaster recovery). Critical success factors are the combination of experience, performance and economics.

$9+ BN
Expected growth in satellite operator revenue 2019 – 2028[1]

479 min
a day of content consumed in average[2]

26+%
CAGR internet traffic growth[3]

Almost 500,000
global commercial aircraft and vessels[4]

1 Source: Euroconsult, The Space Economy Report (Satellite Value Chain), December 2019.
2 Source: Zenith Media Consumption Forecasts 2019, June 2019 .
3 Source: Cisco Visual Networking Index: Forecast and Trends, 2017–2022.
4 Source: NSR, Satellite Industry Financial Analysis (9th Edition), October 2019

DOING THE EXTRAORDINARY IN SPACE

"We are leading the race in space being the first and only player operating in multiple orbits, revolutionising the delivery of content and data over satellite and providing completely new opportunities and customer applications."

Ruy Pinto,
CTO SES

50+
satellites in Geostationary Earth Orbit

20
satellites in Medium Earth Orbit

99.999%
network reliability

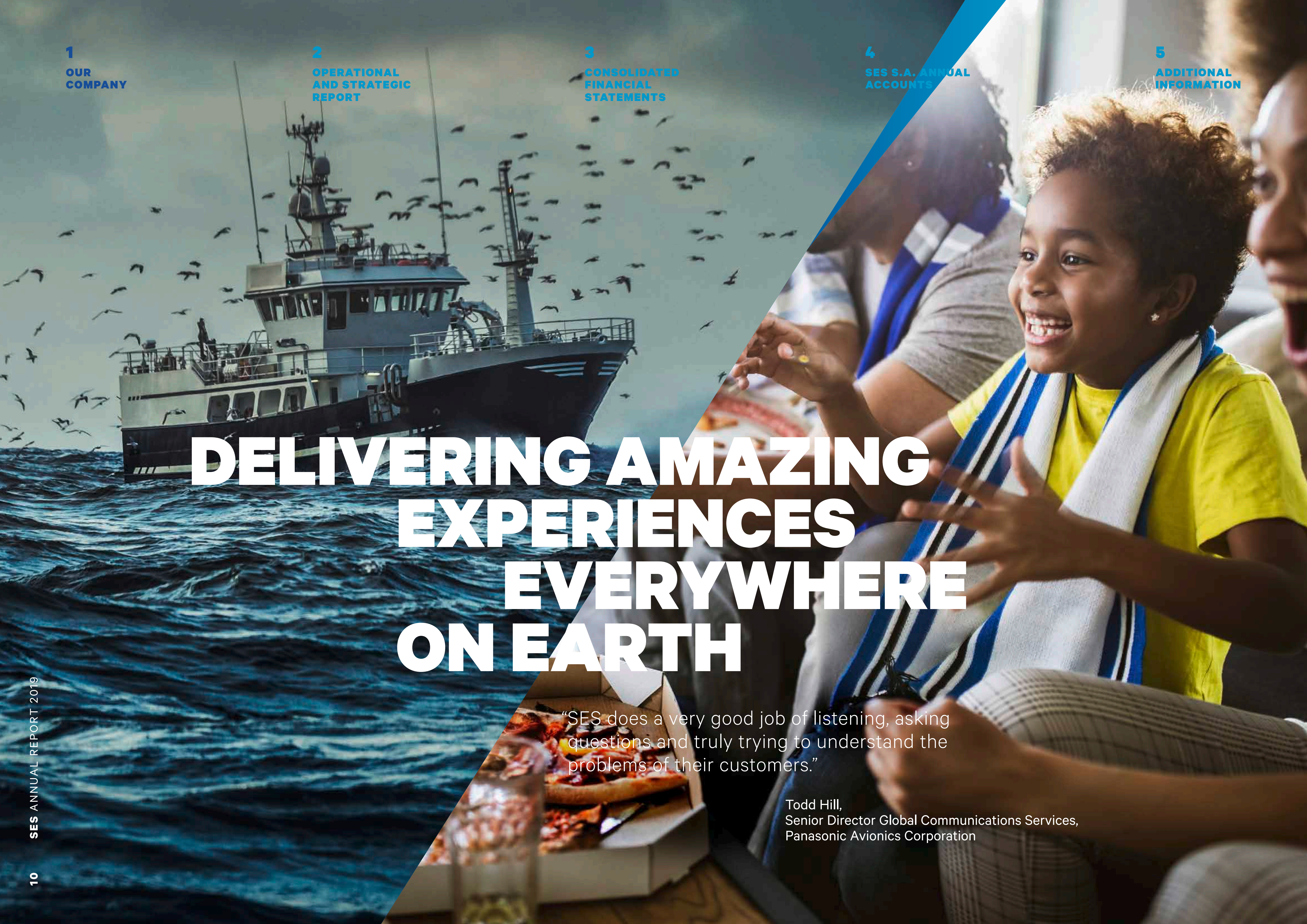
4 times faster
MEO latency vs. GEO

SES is the only global content connectivity solutions provider to operate a multi-orbit, multi-frequency satellite-based network. Operating such a vast, intelligent and reliable network in space is literally rocket science. We have been doing the extraordinary in space for over 30 years.

Spectrum and the optimal usage lies at the heart of our work. With more than 50 satellites in Geostationary Orbit we can offer solutions for a huge variety of spectrum—Ku-band, Ka-band and C-band.

With our unique and complementary Medium Earth Orbit constellation—and with the second one to be launched in 2021—we unlock new business opportunities for our customers in providing far more flexibility and enabling a far greater array of optimised applications such as latency sensitive ones.

In the near future, the SES satellite network will provide a seamless extension of Cloud and terrestrial applications to all corners of the world.



DELIVERING AMAZING EXPERIENCES EVERYWHERE ON EARTH

"SES does a very good job of listening, asking questions and truly trying to understand the problems of their customers."

Todd Hill,
Senior Director Global Communications Services,
Panasonic Avionics Corporation

Our customers are part of our family and our success depends on their success. We are passionate about customer experience and delivering world-class services that enable our customers—some of the world's largest companies, governments and institutions—to be successful in taking their story anywhere.

In Video, we are the trusted partner to world-leading broadcasters, platform operators and content owners in providing unparalleled audience reach and distribution economics. We have established leadership in delivering the highest-quality viewing experiences and maximising the value of our customers' content.

In Networks, we provide unparalleled, fibre-like connectivity solutions to the world's largest governments, telecommunications companies, mobile network operators, aeronautical service providers, cruise lines and Cloud service providers. We enable our customers to extend the reach of their networks to more places, more people and more devices.

1,250+
SES customers

1+ BN
people rely on SES Video

Up to 1 GBps
connectivity from just one O3b (MEO) beam

MEF 2.0
Only MEF CE 2.0 telco-grade certified satellite-based network operator

MAKING A DIFFERENCE TO BILLIONS ALL AROUND THE WORLD

"In the midst of sorrow, loss and fear, the only spark of hope was being able to speak with my kids in Europe once a week on Skype."

Anonymous person living in a refugee camp in Syria

What we do at SES meaningfully contributes to making the world a better place and is an important part of what drives us. We believe that by enabling people to connect with the world's content, we can provide them with the opportunities they need to grow and flourish.

By doing the extraordinary in space, we are bringing connectivity to remote populations; pioneering new technologies to drive social, environmental and economic improvement globally; as well as restoring critical connectivity following natural disasters.

Our superpower is our truly global reach and, combined with constant innovation, we intend to continue to use this superpower to make a difference.

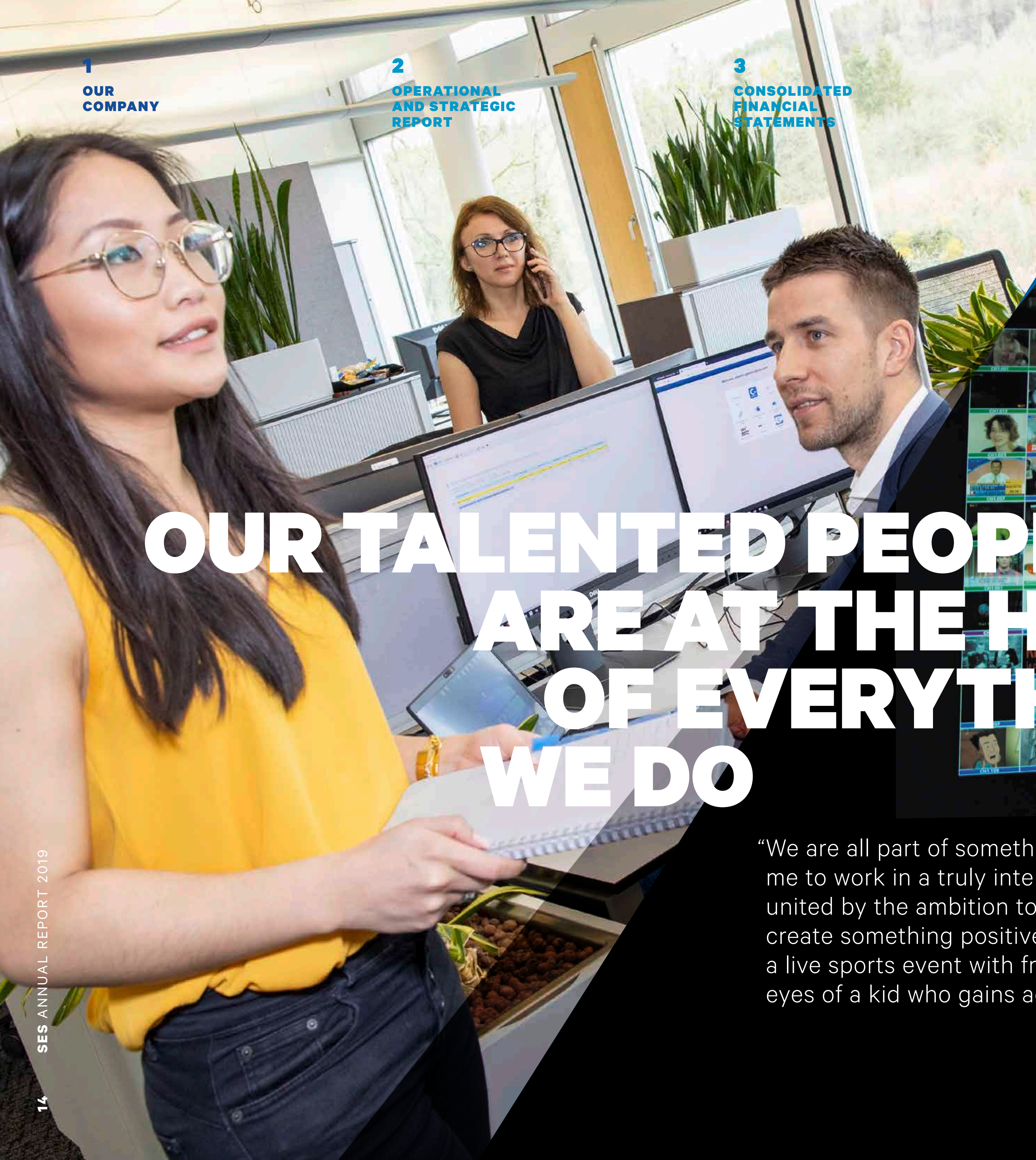
3.5+ BN
people without access to the internet today[1]

1,000
remote sites provided with 300Mbps together with INRED in Columbia in 2019

12 locations
deployed with connectivity in 7 emergency.lu missions in 2019

500+ hours
spent by SES employees in charity activities in 2019

1 Source: ITU, facts and figures 2019



OUR TALENTED PEOPLE ARE AT THE HEART OF EVERYTHING WE DO

"We are all part of something bigger. I have chosen SES as it enables me to work in a truly international environment with people all united by the ambition to grow personally, to give back and to create something positive. This can be the smile of a customer, a live sports event with friends or the thank you message in the eyes of a kid who gains access to information and learning."

Divya Chauhan,
Software Engineer

2,100+
employees

80+
nationalities

14,700+
hours of training completed by SES employees in 2019

Our people are dedicated to delivering amazing experiences and making a difference. Whether it's to help driving global digital equality, allowing people to stay connected to the world while at 30,000 feet, or enabling hundreds of millions of households to access a wide range of entertainment and news.

At SES, we believe that people are our most important asset and in bringing together an SES community of diverse individuals and giving them the tools to grow is paramount to bringing the best to our customers, everyday.

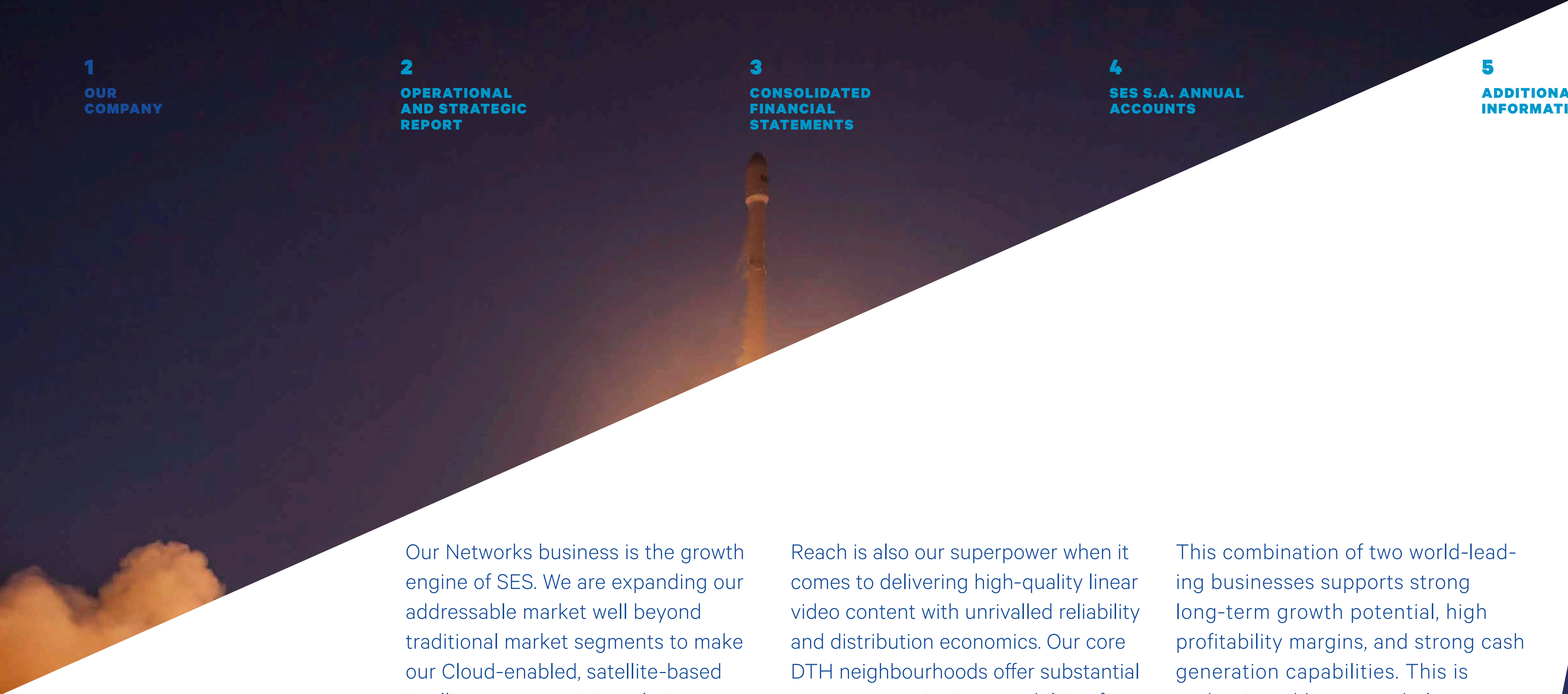
We are focused on establishing a culture of high performance based on a growth mindset and aspires for everyone at SES to be:

- In it together
- Proud to be here
- Transparent, honest and courageous

GENERATING SUSTAINED GROWTH

"With clear strategic priorities and focus on execution, we aim to drive long-term growth and shareholder returns from the combination of SES' fast-growing networks solutions, world-leading DTH neighbourhoods and strong balance sheet."

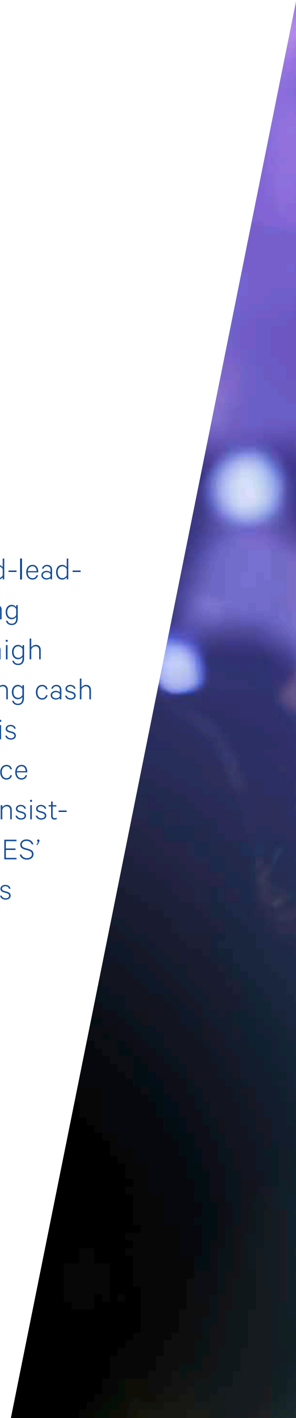
Steve Collar
CEO of SES



Our Networks business is the growth engine of SES. We are expanding our addressable market well beyond traditional market segments to make our Cloud-enabled, satellite-based intelligent connectivity solutions part of the mainstream network ecosystem. We leverage our vast global network and managed end-to-end solutions to expand our customers' reach and growing our business as they do.

Reach is also our superpower when it comes to delivering high-quality linear video content with unrivalled reliability and distribution economics. Our core DTH neighbourhoods offer substantial content monetisation capabilities for which our customers continue to make long-term commitments, resulting in a large contract backlog and great visibility of future revenue.

This combination of two world-leading businesses supports strong long-term growth potential, high profitability margins, and strong cash generation capabilities. This is underpinned by strong balance sheet and liquidity metrics consistent with our commitment to SES' investment grade credit status (currently Baa2/BBB–).



+20%
SES Networks underlying growth (last 2 years)

€3.9 BN
fully protected video contract backlog

61%
Group EBITDA margin

3.22 times
net debt to EBITDA ratio

A LONG HISTORY OF INNOVATION

"O3b mPOWER is a unique system with exponentially more power, performance and flexibility, which sets the technology at the highest level, offering a visionary roadmap for next generation technology. We are proud that we, together with SES, have jointly developed this unprecedented level of technology integration scalable for all orbits."

Paul Rusnock,
Chairman and CEO,
Boeing Satellite Systems International

SES' story is one of a group of pioneers and innovators overcoming technical, political and commercial obstacles to become a leader in global content connectivity solutions. In doing so, we have contributed to the creation of new industries, sectors and jobs all over the world.

Our history of innovation started in 1985 with the idea that satellite could be used to broadcast TV channels all over Western Europe. Now SES distributes over 8,300 TV channels and serves 366 million global TV homes!

Today, we are redefining what it means to deliver high-quality connectivity experiences anywhere, anytime in the world. Positioned in multiple orbits, and at close to launching the second generation of the scalable O3b mPOWER constellation, we will leverage the ability of our intelligent network to provide unique flexibility, coverage, performance and Cloud integration.

Together with our partners we set standards in terms of reusable launchers, electric propulsion, flexible payloads and driving down cost per bit.

1st

successful non-geostationary orbit constellation with O3b

1st

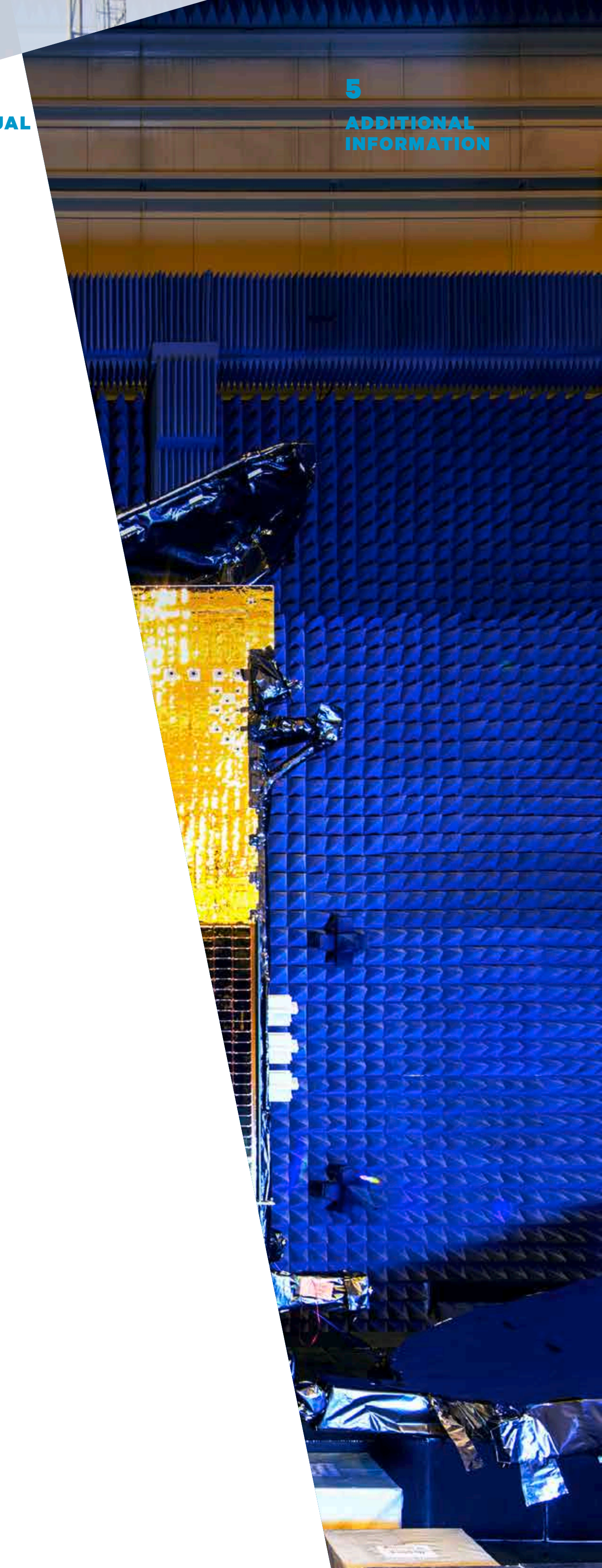
to use SpaceX Falcon 9 for commercial launch

1st

commercial satellite to launch using SpaceX's reusable rocket

€10 million

invested in start-up space and technology funds



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OPERATIONAL AND STRATEGIC REPORT

BUSINESS POSITION

CORPORATE RESPONSIBILITY

CORPORATE GOVERNANCE

REMUNERATION REPORT

BUSINESS POSITION

FINANCIAL HIGHLIGHTS

Revenue

€1,983.9 million

(2018: €2,010.3 million)

EBITDA

€1,216.6 million

(2018: €1,255.5 million)

Operating Profit

€365.4 million

(2018: €391.1 million)

Net Profit Attributable to SES Shareholders

€296.2 million

(2018: €292.4 million)

Earnings Per Share

€0.54 per share

(2018: €0.54 per share)

Proposed Dividend Per Share

€0.40 per share

(2018: €0.80 per share)

Net Debt to EBITDA Ratio

3.22 times

(2018: 3.29 times)

Fully protected contract backlog

6.3 billion

(2018: 6.8 billion)

Net Cash Generated by Operating Activities

€1,134.1 million

(2018: € 1,191.3 millon)

Net cash absorbed by investing activities

€307.8 million

(2018: €320.8 million)

Free Cash Flow (FCF) before financing activities

€826.3 million

(2018: €870.5 million)

FCF as a percentage of Revenue

41.7%

(2018: 43.3%)

OUR COMPANY

At SES, we do the extraordinary in space to deliver amazing experiences everywhere on earth by distributing the highest picture quality video content and providing seamless connectivity (aero and mobility) around the world.

As a world leading integrated satellite-enabled solutions provider, SES is a trusted partner to the world's leading telecommunications companies, mobile network operators, governments, connectivity (aero and mobility) and Cloud service providers, broadcasters, video platform operators and content owners. SES is providing services through its two market-leading businesses: Networks and Video.

SES Networks operates the world's only multi-orbit constellation of satellites with the unique combination of global coverage and high performance, low-latency Medium Earth Orbit O3b system. By leveraging a vast and intelligent, Cloud-enabled network, SES is able to deliver high quality connectivity solutions anywhere on land, at sea or in the air.

SES' Video has an unparalleled reach of 366 million households, serving over 1 billion people worldwide with high quality viewing experiences, and delivers managed media services for both linear and non-linear content.

The Company is listed at the Paris stock exchange and the Luxembourg stock exchange (Ticker: SESG).

Purpose and Ambitions G01

OUR PURPOSE

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OUR AMBITIONS

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We provide Cloud-enabled, satellite-based intelligent connectivity

We are future-proof, powered by sustained growth and innovation

We are passionate about customer experience and focused on customer success

SES is a great place to work

We are here to make a difference

OUR POSITIONING

LEADER IN GLOBAL CONTENT CONNECTIVITY SOLUTIONS

OUR PROMISE

Every one of us is the author of our own story. We believe everyone should have the freedom to take their story wherever they want it to go—unlimited by geography, technology, or even gravity. Because when everyone is empowered with content and connectivity, billions of stories have infinite possibilities.

LETTER FROM THE CHAIRMAN

2019 was another important year for our company where, against the backdrop of changing and challenging trading conditions, SES delivered a robust financial and operational performance.

For the year ended 31 December 2019, the group generated total revenue of €1.98 billion, EBITDA of €1.22 billion, net profit of €296 million, and free cash flow before financing activities of €826 million reflecting a strong focus on cash flow generation.

Our Video business is facing challenges in the near-term as our customers—the world's leading broadcasters, platform operators and content owners—adapt their business models in response to the changes in consumer behaviour. Despite this, our Direct-to-Home neighbourhoods grew in reach for an eighth consecutive year and SES is now serving audiences in more than 366 million households around the world, more than any other satellite operator.

Satellite remains the most reliable and cost-effective platform for our customers' most valuable content and in 2019 the number of High Definition and Ultra High Definition TV channels grew to almost 3,000 TV channels, some 1,300 TV channels more than the next operator and underscoring the long-term attraction of SES' highly profitable, market-leading Video neighbourhoods and connecting global audiences to the best content.

In the last two years, our Networks business has expanded with double-digit growth, delivering on the opportunity to extend satellite-based connectivity everywhere on Earth with an important and differentiated investment programme. In 2019, we successfully launched and brought the final four satellites into service for the first generation of our unique Medium Earth Orbit, O3b constellation, expanding low latency services to major telcos, mobile network operators, government clients and cruise lines.

This year, we also completed our initial investment programme in Geostationary high throughput satellite (HTS) capabilities, with the entry into service of SES-12 and deployment of important rural broadband and mobile connectivity services, bridging the digital divide in Asia. SES-12 will also cater to the growing demand for Aeronautical connectivity, complementing the significant new business secured in the Americas on SES-15 and SES-14 during 2019 which contributed to double-digit growth in SES' Mobility revenue.

Demonstrating the value of SES' investment grade status, the company successfully completed €500 million of new financing at a record-low annual coupon this year and renewed the €1.2 billion credit facility at rates below the previous facility.

In total, SES has raised over €1.4 billion of new financing in the last two years at an average cost of below 1.5%, allowing the company to retire maturities carrying an average annual cost of over 3% and reducing SES' overall cost of capital.

Romain Bausch, Chairman of the Board of Directors

In view of the important investments in SES-17 and O3b mPOWER that peak in 2021, and of SES' commitment to an Investment Grade credit rating, the Board took the prudent decision to propose a 2019 dividend per A-share of €0.40 to shareholders. The Board considers that this dividend level, which is well covered by earnings, proves an attractive return to shareholders while supporting the short-term investment peak.

The SES transformation is also taking place at the level of the Board. This year, the Directors voted to reduce the size of the Board to 12, down from 15 in 2018 and from 18 in 2015, becoming more focused and agile.

I would like to take this opportunity to thank Hadelin de Liedekerke Beaufort, Marc Beuls, Victor Casier, Conny Kullman, Marc Serres, François Tesch, Jean-Paul Senninger, and Jean-Paul Zens for their contribution, commitment and service to SES and the Board and wish them well.

Accordingly, I am delighted that Peter van Bommel, Béatrice de Clermont-Tonnerre, Frank Esser and Paul Konsbruck agreed to join the SES Board, and each will bring strong competencies complementing those of the rest of the Board.

On behalf of the Board, I would also like to share our appreciation for Andrew Browne, who stepped down as CFO last November, and look forward to welcoming Sandeep Jalan who will take over as our new CFO in May this year.

As we look to 2020 and beyond, our company is in a great position to continue to grow from strength to strength. With a clear and compelling purpose and set of ambitions, talented and innovative people, a unique set of capabilities and value proposition, and an enthusiastic and experienced Board, I am confident that SES will continue to lead our industry forward and create value for all our stakeholders over this new decade just as we have done in the decades before.

Let me finish by sharing with you my decision not to stand up for re-election as Chairman of SES. I have been at at the helm of the company for 25 years, firstly as CEO and latterly as Chairman and with the company now entering an exciting period of transformation under Steve Collar's leadership and with a newly invigorated and streamlined Board, I consider it to be the right time to pass the baton to a new Chair in the renewed Board. It has been a true privilege to serve SES in these different roles and I want to thank our shareholders for their continued support.

Romain Bausch
Chairman of the Board of Directors

LETTER FROM THE CHIEF EXECUTIVE

Our 2019 operational and financial performance reflects a solid year of execution and focus on transforming our business for the future to fulfil our purpose to do the extraordinary in space to deliver amazing experiences everywhere on Earth.

SOLID 2019 OPERATIONAL AND FINANCIAL PERFORMANCE

We are satisfied with our 2019 performance which delivered EBITDA, net debt to EBITDA and CapEx metrics all in line with our financial outlook.

Networks revenue, up 4.5% on an underlying basis in 2019 and with over 20% growth in the last two years, was in line with our expectations, driven by a double-digit performance in Mobility and solid growth in Government. In Fixed Data, we also signed and deployed several important connectivity networks that will contribute to future revenue development.

Video revenue was slightly lower than we anticipated, driven largely by single deal that we had expected to close at the end year that would have put us within the range. The business continues to respond the ongoing evolution of media consumption with DTH and cable customers right-sizing their capacity utilisation and commitments. This, along with our decision to exit certain unprofitable services contracts, led to a decline of 7.8% in underlying revenue.

Nevertheless, strong focus on execution and control over discretionary spending ensured we delivered EBITDA in line with our financial outlook for the second consecutive year, with net debt to EBITDA consistent with our commitment to investment grade. Pleasingly, we also reported a net profit increase of 1.3% to €296 million and CapEx of €308 million was 30% lower than our forecast, also for the second consecutive year.

DRIVING CUSTOMER SUCCESS ACROSS THE BUSINESS

Our passion for delivering best-in-class customer experience again resulted in many notable successes in 2019.

On the Networks side, we delivered new and expanded connectivity solutions in aero with Thales Avionics, Gogo and Collins Aerospace, supporting commercial airlines and business jets; and in cruise with the likes of Carnival, MSC, Genting and Ritz-Carlton, strengthening our market-leading position in this segment. In addition, 2019 saw us launch a managed end-to-end service supporting the European Maritime Safety Agency to deliver search and rescue, environmental and other critical applications using an unmanned civilian aviation platform.

On land, we are using our unique multi-orbit network to extend the reach of telco, mobile and cloud infrastructure. In 2019, we deployed 'life-changing' broadband and mobile services that meaningfully improve connectivity for people in rural areas all over the world including Burkina Faso, Columbia, Indonesia, and Pakistan. I am also really pleased that our scalable and reliable solutions allowed us to restore critical connectivity and disaster recovery services that made a difference to the people of Papua New Guinea after a major earthquake.

In Video, our technical reach grew from 355 million to over 366 million TV homes and we now carry almost 3,000 HD and UHD TV channels to audiences around the world. Both these metrics underscore the lasting attraction of our industry-leading DTH neighbourhoods.

Across our core, industry-leading neighbourhoods, we signed important renewals including with ProSieben, RTL, Crown Media, and several other U.S. cable operators; launched commercial 4K services with RCN in the U.S.; as well as establishing new and/or expanded video platforms in Brazil, Benin, Ethiopia, Indonesia, and the Ivory Coast.

In 2019, our Sports & Events team was instrumental in bringing the Eurovision Song Contest, FIFA Women's World Cup and other major, successful events to audiences across our video neighbourhoods.

Steve Collar, CEO

Lastly, we made progress in creating new products and services to cater to the changing needs of our customers and, in doing so, allow us to 'modernise' satellite. These included a partnership with Microsoft to develop a new media delivery service on Azure, a Satellite and OTT in sync solution, as well as expanding our SES 360 solution.

In Germany, our most important DTH market where we serve over 50% all households, we secured a key win with Panasonic and Samsung who are now integrating our HD+ offering directly into their new TV sets, with other manufacturers to follow.

REALISING OUR AMBITION OF INTELLIGENT CONNECTIVITY

We are getting closer to the launch of both SES-17 and O3b mPOWER and we have made substantial progress over the last year in the development of our seamless, automated, cloud-scale multi-orbit network.

Notably we partnered with Microsoft to extend Azure ExpressRoute services across our network, began working with Amdocs to build an automation and orchestration layer in ONAP, and are developing our Adaptive Resource Control with Kythera. Most recently, we began testing multi-beam customer edge terminals with Isotropic for a range of global connectivity applications.

Pleasingly, we also signed our first O3b mPOWER customers with Carnival's Global Experience and Innovation team extending multi-orbit operations to all Princess Cruise Line vessels, as well as agreements with Orange in Africa and a second telco to leverage the unique backhaul capabilities of O3b mPOWER.

Along with Thales Avionics' significant commitment to SES-17, these contracts underpin our confidence in the ability of our Networks business to sustain double-digit revenue growth for the foreseeable future.

The power of our combined GEO/MEO network was further underscored when we successfully completed our first seamless and uninterrupted multi-orbit inflight connectivity demonstration, with Thales Avionics, paving the way for our MEO network to enhance and disrupt aviation services much as it has in cruise.

CONTINUING SES' STRATEGIC TRANSFORMATION

We believe in content and connectivity everywhere and are positioning SES to deliver growth and value for our customers, shareholders and other stakeholders.

Accordingly, we recently launched a programme of initiatives that represent the next phase in our strategic transformation which started with the creation of the Video and Networks business units in 2017. The programme, Simplify & Amplify, comprises four major initiatives:

- **Create pure-play verticals:** by investigating the potential separation of Networks within SES and, in doing so, provide greater visibility to the market, increase operational focus within the two businesses, and maximise strategic flexibility.
- **Focus on core strengths:** by concentrating our capabilities and offerings across each of the markets on profitable segments and resulting in a stronger, more focused SES with world-leading products and solutions in the areas where we excel.
- **Simplify operations:** by realigning resources to maximise efficiency and generate EBITDA optimisation ramping to €40-50 million annually from 2021 due to the focus on core strengths and simplification of the business.
- **Innovate for the future:** by deepening our commitment to innovation including putting in place a cloud practice that will serve our entire business, creating an innovation hub, investing in architectures and enabling technologies, and developing a cross-functional team to look at the delivery on linear video into mobile and WiFi networks.

Simplify & Amplify is an important programme for SES that will ensure we are in the best position to take advantage of the significant opportunities ahead of us.

LANDMARK C-BAND DECISION REACHED IN THE U.S.

Finally, this year was also a very important one with respect to the repurposing of the part of the C-Band spectrum in the U.S.

In 2019, we developed a technically validated plan that increased the amount of clearable C-Band spectrum to 300 MHz, of which 280 MHz would be available to facilitate 5G deployment in the U.S. and continued to build on our engagement with the prospective users of the spectrum.

We are delighted with the significant step taken by the U.S. FCC, on 28 February 2020, in voting a final Report and Order that delivers the win-win-win outcome that SES and members of the C-Band Alliance have advocated and supported for almost three years.

The Order will facilitate U.S. leadership in 5G, protect millions of U.S. TV households and critical broadcast services, and generate substantial value for SES in the form of $3.97 billion of accelerated relocation payments which will be used to enhance value through a combination of pragmatic delevering, targeted investments focused on our fast-growing Networks business and return to shareholders.

Our focus now is on working diligently with our customers to protect and enhance our services while undertaking the largest and most complex spectrum repurposing effort ever undertaken.

A LEADER IN GLOBAL CONTENT CONNECTIVITY SOLUTIONS

In summary, 2019 was an important year for SES and 2020 is already shaping up to be even more exciting, notwithstanding the challenging market and macro environment in which we find ourselves.

Our 2020 priorities reflect a laser focus on execution throughout the business while, at the same time, transforming SES to take full advantage of the future opportunities ahead in our fast-growing Networks verticals and sharpening our focus on the cash generating and value sustaining priorities across our market-leading Video business.

Steve Collar
CEO

KEY MARKET TRENDS & POSITIONING

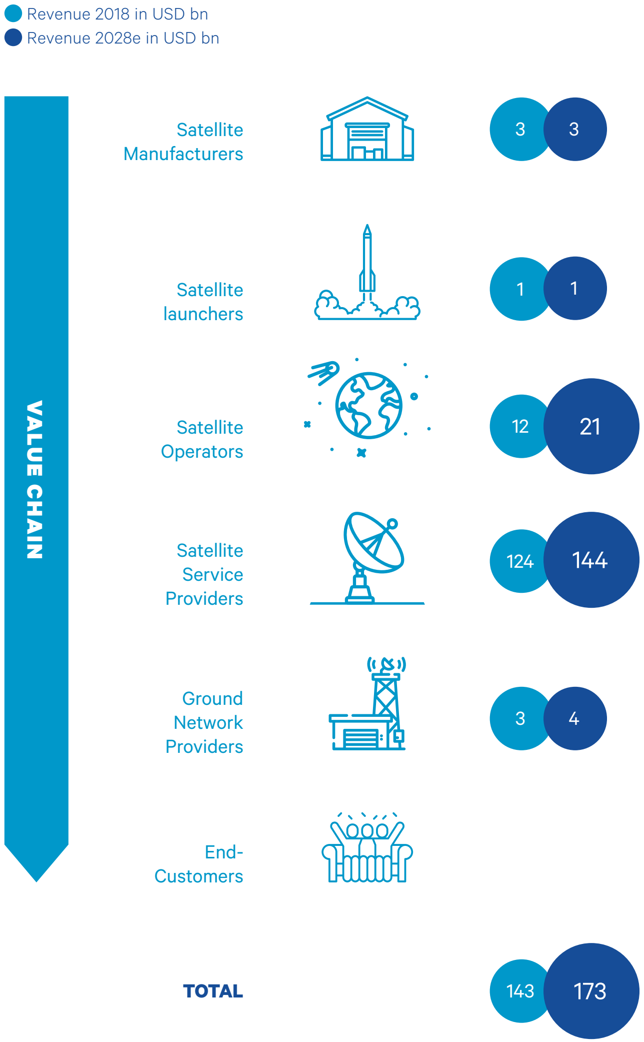
SATELLITE COMMUNICATION SOLUTIONS

The Satellite Communication (SatCom) sector constitutes a part of the Satellite Industry which also includes Navigation and Earth Observation.

As the mainstay of the industry, the SatCom sector offers state-of-the-art network technologies, managed services and various communication solutions such as video delivery and data connectivity. It can be divided in upstream and downstream activities. The first comprising satellite manufacturing, launch and operations and the latter service and ground network providers.

As a leader in global content connectivity solutions, SES follows an integrated approach with business activities spanning across the value chain. SES both operates as satellite operator and in some business areas also as a satellite service provider (Managed Service Provider), for instance in the Cruise segment.

Satellite Commercial Value Chain G02



PROSPECTS FOR THE SATCOM SECTOR

Satellite communication will continue to play an important role in global media and communications. According to Euroconsult[1] total revenues of the SatCom sector totalled USD 143 billion in 2018 and are expected to reach USD 173 billion in 2028, representing a growth rate of 21%.

The largest part of the revenue opportunities is expected to be generated in the satellite operations and satellite services value stages. The segment revenues are forecasted to grow by 23% to USD 165 billion in 2028. The Video segment, as part of the service value stage, is expected to constitute the majority of this revenue growth.

In recent years the momentum of the industry has shifted from Video centric to Network centric. The main drivers for this shift have been technology developments such as a reduction in launch costs, the improved payload efficiency resulting in lower cost per bit, ground technique and antenna equipment, and Cloud adoption.

Increased requirements for bandwidth, growing demand for mobility based applications for both commercial and government sectors and rising public funding for social inclusion programs are driving exponential demand for connectivity.

1 Euroconsult, December 2019

Industry Trends, Major Market Trends and SES Focus

G03

	SATELLITE COMMUNICATIONS	VIDEO	NETWORKS
MAJOR MARKET TRENDS	• Strong competitive advantages of satellite-based communication offering substantial global coverage; instant and scalable infrastructure; as well as reliable, secure and cost-effective solution • Substantial connectivity opportunities for satellite operators and service providers driving strong SatCom industry growth outlook • Spectrum is a key differentiator—it is a scarce resource and highly regulated at international level • Technological advances improving capability and productivity of satellite, unlocking new business models and addressable markets	• Important shifts in media content consumption patterns » see page 29 leading to reducing number of linear TV channels • Big media brands driving consolidation in response to new entrants and / or media business models • Fibre-to-the-Home and Mobile infrastructure expanding • Satellite remains essential for mass market and premium content (e.g. live sports, news and major TV events) • Growing audiences and demand for new content in emerging markets • Cloud-based workflows and applications becoming the new normal to support efficient, cost-effective distribution of content across multiple platforms and devices	• Exponential growth in demand for fixed and mobile connectivity solutions around the globe, powered by Cloud and Telco network expansion » see page 30 • Substantial growth in addressable market and opportunity make satellite part of the mainstream global ecosystem, especially in Mobility, Government and Fixed Data • Competition from new satellite-based systems and new entrants while traditional Satellite Service Providers under pressure from new business case requirements • Cloud- and Telco-inspired technologies are driving changes and new approaches to satellite network systems architecture
SES POSITIONING	• Only multi-orbit (GEO / MEO) global satellite-based network • Priority access to C-, Ku-, Ka- and X-band spectrum across 30+ orbital positions, as well as the entire global Ka-band spectrum in equatorial MEO • End-to-end, managed services capabilities to deliver 'best-in-class' customer experiences, underpinned by high level of expertise across multiple disciplines • Strong cash flow generation and visibility, high profitability and strong balance sheet credentials ensuring access to capital markets at attractive cost of capital	• Unparalleled audience reach of 366 million global TV homes underpinning industry-leading Direct-To-Home (DTH) neighbourhoods • Largest portfolio of premium linear content, distributing around 3,000 HD and Ultra HD TV channels with most attractive combination of economics and service reliability • Trusted partner to the world's leading broadcaster, video platform operators and content owners with strong neighbourhoods in Europe, Americas, Asia and Africa • Modernising satellite offering with new products such as SES 360, In Sync and Video-on-Demand solutions to provided integrated IP / Linear delivery	• Unique multi-orbit network with combination of global coverage and high performance, low-latency solutions anywhere on land, at sea and in the air • Partnerships with major governments as well as the world's largest telcos, MNOs, aeronautical service providers, cruise lines and Cloud companies • Seamlessly integrating, automation and standardising SES' satellite network with telco and Cloud ecosystems as the only satellite operator with MEF 2.0 CE certification • Leveraging vast and intelligent, Cloud-enabled global network to drive universal inclusion and deliver critical communications infrastructure that make a difference

SHIFTING CONSUMER HABITS IN MEDIA CONTENT CONSUMPTION

Total media consumption is on the rise and expected to grow from 7 hours in 2013 to more than eight hours a day by 2021. According to Zenith[2], Television will remain the world's favourite medium, accounting for 33% of all media consumption in 2021, down from 35% in 2019.

The proliferation of TV can also be seen in the rise of the total number of TV homes globally to over 1.8 billion in 2019 and the expected future growth up to almost 2 billion by 2023[3].

Changing consumer viewing behaviour and demand for content anywhere, anytime and on any device is influencing the traditional linear TV broadcasting industry model.

While linear broadcast TV continues to be the most important and profitable revenue source for broadcasters, the uptake of on-demand-centric video consumption changes the focus towards over-the-top (OTT) delivery of content.

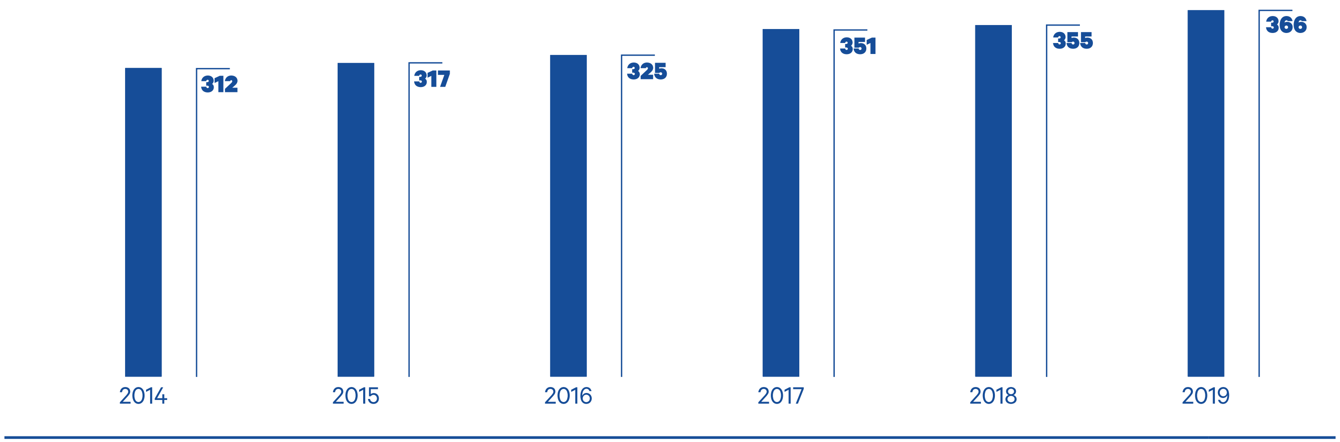
This is expected to impact satellite operator revenues with NSR projecting that revenue from video distribution will be $5.5 billion in 2024, compared with $7.2 billion in 2019.

Nevertheless, the amount of content available via satellite has remained on a constantly high level: In 2019, more than 43,000 TV channels worldwide have been broadcast via satellite[4], allowing satellite's customers to benefit from its broadcast efficiencies and reach. Demand for high picture quality remained on the rise with more than 1,000 HD and UHD channels having been added over the course of the year—a trend which is expected to continue going forward.

2 Zenith, June 2019
3 Dataxis
4 Lyngsat

SES Global TV Homes Reach G04

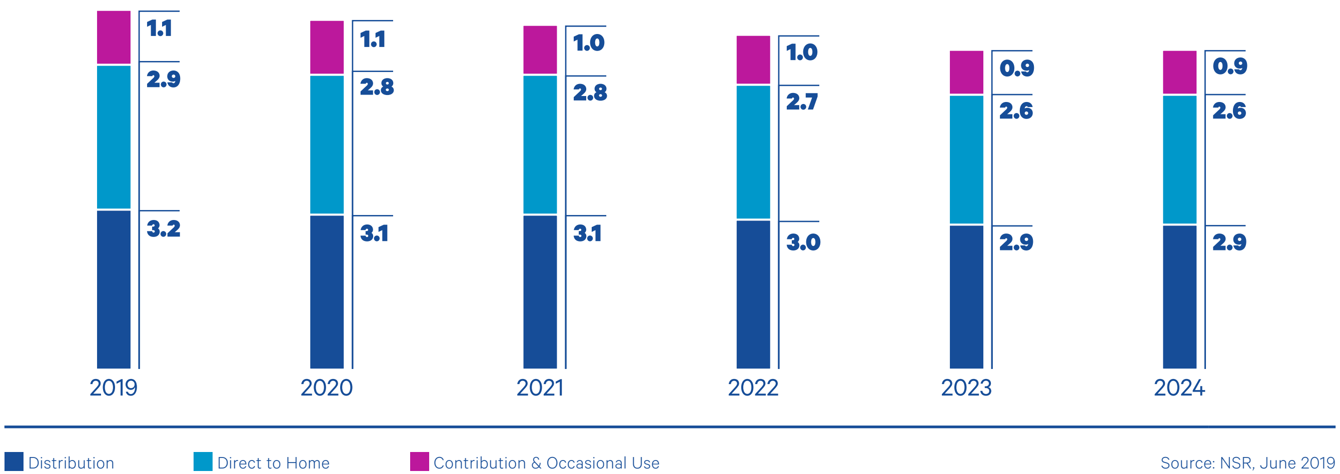
IN MILLION



Source: SES Satellite Monitor 2019: Africa, Asia-Pacific, and Europe, B2B surveys among cable and IPTV headends in North and Latin America, pay-TV operators' figures, SES analyses and estimates

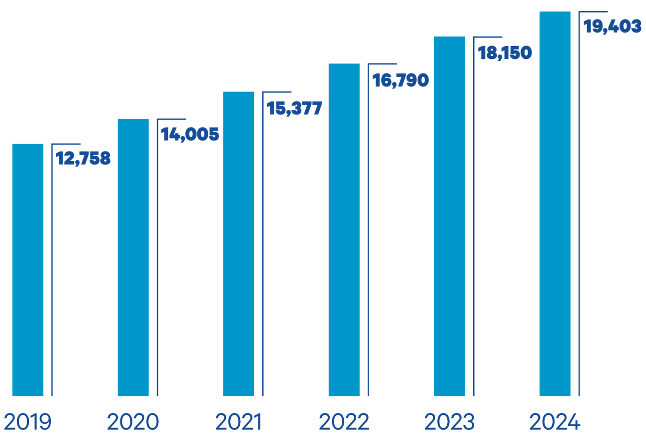
Global Revenues Expectations from Video Distribution G05

US$ BILLIONS



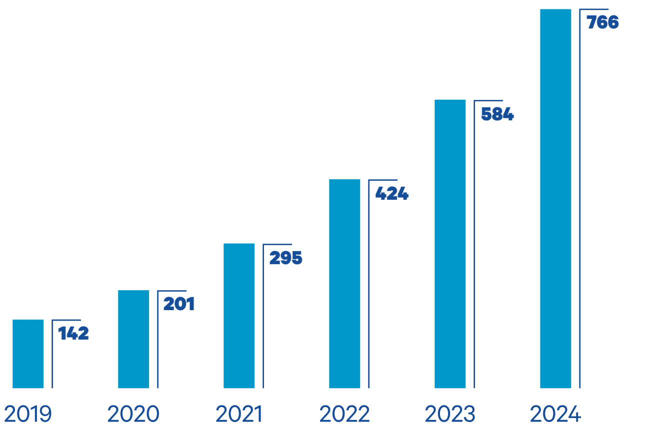
Source: NSR, June 2019

HD TV Channels Broadcast by Satellite [6] G06



Source: Euroconsult, September 2019

Ultra HD Channels Broadcast by Satellite [6] G07



Source: Euroconsult, September 2019

CLOUD ADOPTION AND EXPONENTIAL GROWTH IN DEMAND FOR FIXED AND MOBILE CONNECTIVITY SOLUTIONS

Connectivity demand is expected to grow across all industries and geographies: global internet traffic is forecasted to grow 3.7 times from 2017 to 2022, a CAGR of 26%[5].

End-user bandwidth requirement are increasing due to increased reliance on Cloud based applications for business and personal use.

Another development has been the increased enablement of mobility plattforms with broadband connectivity in the air and at sea for comercial, civil, defense pruposes. For example in recent years, commercial aero broadband has been the single largest driver of growth across the sector.

Governments are increasingly subsidising universal access programs which have a stimulating effect on demand for satellite based backhaul, trunking and rural VSAT solutions.

And lastly governments and TElcos increasingly rely on satellite resilience during times of natural disasters and other catastrophes.

This increasing demand is driven by end-customers' usage patterns having changed from voice- to more and more application-based communication in various shapes and forms as well as the innovation push regarding Cloud- and IoT-related solutions.

As terrestrial networks have limits in reach, costs and timing, and thanks to the technological push towards a more productive satellite infrastructure, satellite communications providers were able to reposition their investments towards new growth segments such as mobility (especially aero and maritime), fixed data (rural inclusion and cell backhaul) and government (ISR, e-inclusion, disaster recovery).

The major growth will be driven by other applications powered by Cloud: Mobility, Fixed Data, and Government.

Global IP Traffic by Region T01

IP TRAFFIC, 2017-2022	2017	2018	2019	2020	2021	2022	CAGR (2017-2022)
By Geography							
Asia Pacific	43	59	80	105	136	173	32 %
North America	42	52	63	77	92	108	21 %
Western Europe	18	22	27	33	41	50	22 %
Central and Eastern Europe	8	10	12	15	20	25	26 %
Middle East and Africa	4	5	7	10	15	21	41 %
Latin America	7	9	11	13	16	19	21 %
Total (Exabyte per Month)							
Total IP traffic	**122**	**156**	**201**	**254**	**319**	**396**	**26 %**

Source: Cisco, VNI 2018

5 Cisco, Visual Networking Index (VNI), Global IP Traffic Forecast, 2017–2022
6 Euroconsult, September 2019

MOBILITY CONNECTIVITY SOLUTIONS

The demand for connectivity everywhere and at any time drives mobility applications mainly in the aero and maritime sector.

The number of connected aircrafts has continued to grow in 2019 to almost 9,000 commercial planes globally[7]. Besides this growth in penetration, the global in-flight Connectivity (IFC) market will continue to be driven by the growth in active passenger aircrafts from around 24,000 in 2019 to over 47,000 in 2038[8]. While North America continued to be the most developed IFC market, the majority of connectivity demand growth is expected to come from Asia-Pacific.

With more than 30 million passengers having embarked on a cruise voyage in 2019 the cruise industry is booming. In 2019, 18 new luxury vessels left the shipyard raising the total amount of cruise ships to 272[9]. Connectivity solutions have become mandatory to satisfy passengers' "like-home" connectivity expectations, leading to strong demand for high-performance satellite capacity. The next growth driver is likely to be the usage of aircraft data and analytics to improve operational performance.

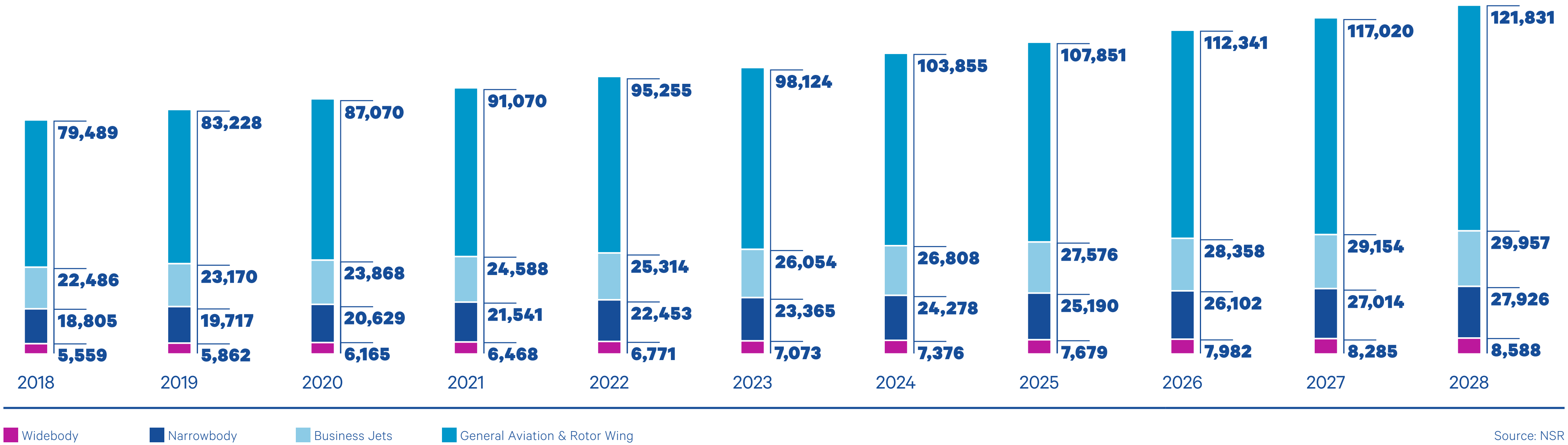
Overall, the potential for connectivity solutions becomes clear when looking at the current numbers of mobile vehicles: according to NSR[10], there are already almost 500,000 global commercial aircraft and vessels active in 2019.

FIXED DATA SOLUTIONS

While future growth is expected to be driven by Cloud adoption, IoT— by 2025, IoT connections are expected to amount to 25 billion[11]— 2019 has seen an expansion in mobile backhaul (3G / 4G) and the proliferation of Wi-Fi Hotspots for social / rural inclusion programs. With commercial 5G services having started to gain traction in developed economies and Cloud service providers having developed compatible edge computing services, satellite solutions are more and more being recognized as essential for integrating terrestrial with space applications and therefore combining the advantages of both solutions.

Aeronautical SatCom Addressable Market by Airframe **G08**

NUMBER OF AIRCRAFTS



Source: NSR

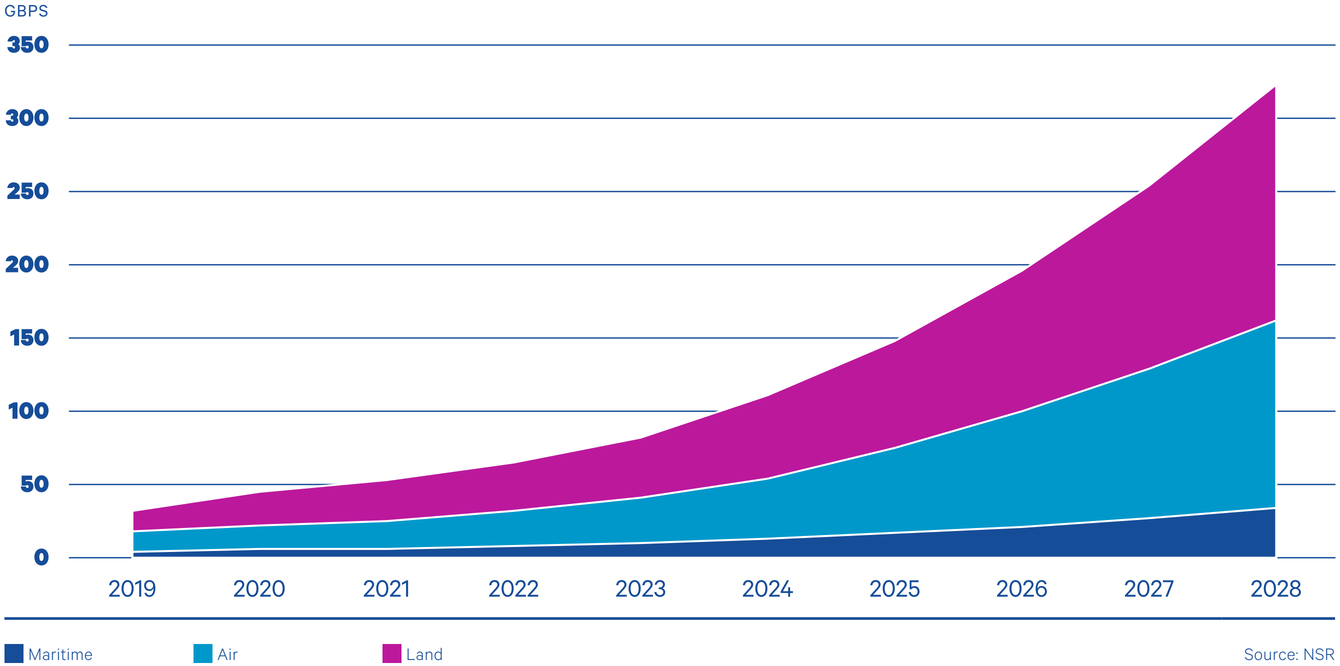
7 Valour Consultancy, In-Flight Connectivity Update, Q3 2019
8 Boeing, Commercial Market Outlook 2019-2038
9 Cruise Lines International Association (CLIA), 2019 Cruise Trends & Industry Outlook
10 NSR, 2019
11 Ericsson, Mobility Report, November 2019

GOVERNMENT SOLUTIONS

With a rise in geopolitical risks and uncertainty, many Governments have been significantly augmenting their defense expenditures.[12] The largest procurer of commercial satellite communication solutions—the US Department of Defense (DoD)—increased its budget by over 12% compared to 2018 to a total of $686bn in 2019.[13] Just as the use of mobile platforms, including UAVs, ships and land vehicles, continued to rise, so did the need for reliable and secure, fiber-like connectivity.

Further, the rise of peace-keeping missions, increased Cloud adoption as well as the expansion of e-inclusion programs (e-health, e-learning, etc.) were further drivers of satellite communication demand.

Capacity Demand by Force Type **G09**



Source: NSR

12 The World Bank Group
13 US DoD FY 2019 Budget Request

BUSINESS MODEL

1 PURPOSE AND OPPORTUNITIES

We contribute to making the world and society a better place. We believe in the need for content connectivity solutions everywhere.

OUR PURPOSE & AMBITIONS
We do the EXTRAORDINARY in space to deliver AMAZING experiences EVERYWHERE on Earth
» see page 22

OUR OPPORTUNITIES
We see significant demand for content connectivity solutions where satellite can play a major role
» see page 27

2 OUR VALUE PROPOSITION

We leverage a vast and intelligent network that spans satellite and ground infrastructure—enabling you to connect more people in more places with content that enriches their personal stories with entertainment, knowledge and opportunity.

TWO MARKET-LEADING BUSINESSES

SES VIDEO
Unparalleled reach and economics underpinning large, profitable and resilient video neighbourhoods

Focus on: reinforcing and driving value through our core neighbourhoods, modernising satellite in IP delivery and maximising operational efficiency
» see page 38

SES NETWORKS
Integrating unparalleled connectivity solutions into the mainstream global network ecosystem, driving SES' growth

Focus on: combining unique high throughput, low latency global network with end-to-end managed solutions and Cloud-enabled capabilities
» see page 40

STRONG FUNDAMENTAL COMMON CAPABILITIES

SPECTRUM & REGULATORY
Unique access to multiple frequencies (C-, Ku- and Ka-band) globally, including entire equatorial MEO Ka-band spectrum
» see page 34

OUR FINANCING & PROFITABILITY
Strong balance and liquidity management, underpinned by high margins, cash flow generation and investment grade status » see page 43

OUR INNOVATION & TECHNOLOGY
Open innovation approach with leading industrial partners to drive productivity, flexibility and reduce cost » see page 34

OUR CULTURE & PEOPLE
Diverse global business and talent base who are experts in their fields with a growth mindset and drive to make a difference » see page 51

3 VALUE CREATION FOR STAKEHOLDERS

With clear strategic priorities and focus on execution, we aim to create value for all stakeholders.

CUSTOMERS & PARTNERS
Our customers are part of our family. We are passionate about customer experience and focused on customer success
» see page 38 and 40

EMPLOYEES
We want to unleash the full potential and passion of the entire SES family, making SES a great place to work
» see page 51

SOCIETY
We want to raise up the human experience, ensure everyone is connected to the world's content and use our business to do good
» see page 47

SHAREHOLDERS
We strive to deliver an attractive combination of sustained capital growth and income return while making a difference
» see page 16

SES GLOBAL NETWORK

OUR NETWORK APPROACH

The network enables us to be a leader in global content connectivity solutions. The core building blocks of the network architecture are an integrated satellite and ground infrastructure.

GLOBAL SPACE NETWORK TODAY

SES' space segment operates within two orbits: Geostationary Orbit (GEO) and Medium Earth Orbit (MEO). This provides a unique combination of truly global coverage and high throughput, low latency capabilities.

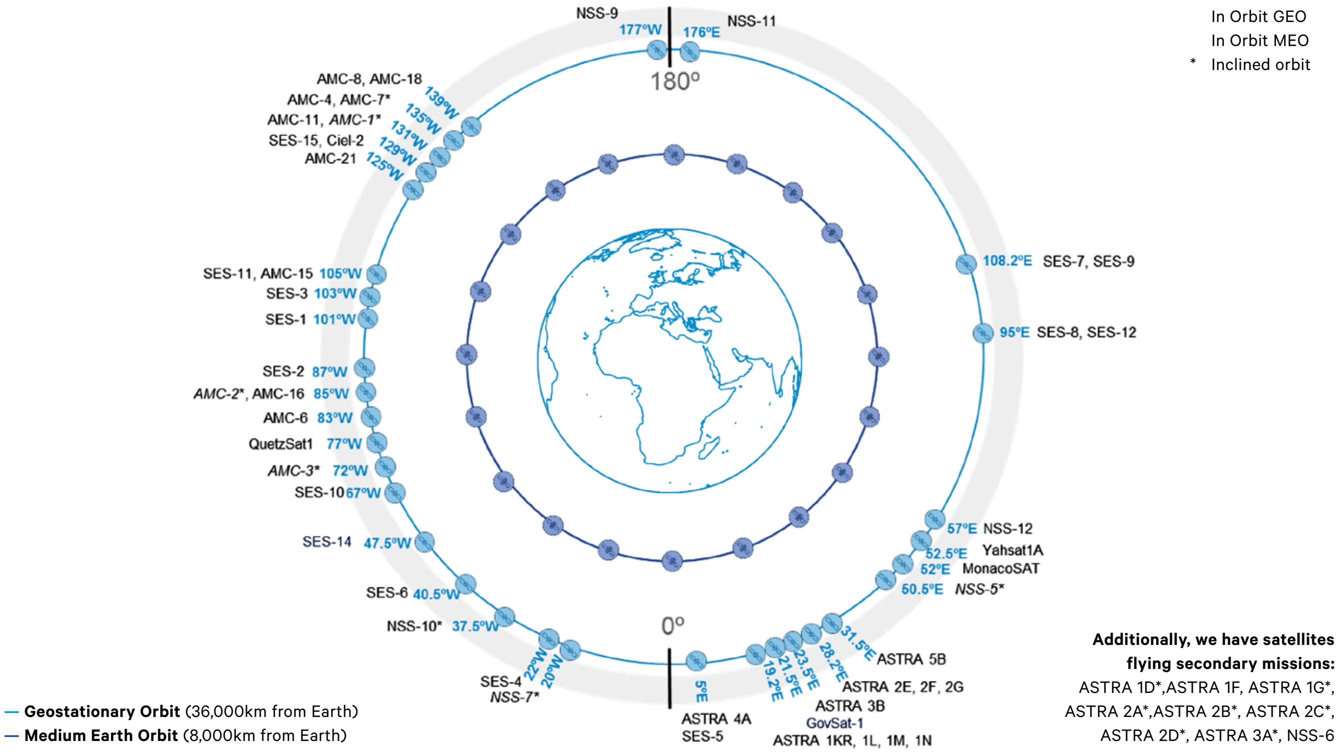
Today, our SES GEO fleet comprises more than 50 satellites operating with a combination of C-, Ku-, Ka- and X-band frequencies.

The majority have 'wide-beam' payloads where a small number of beams are used to cover a large geographic area.

Three of SES' satellites (SES-12, SES-14 and SES-15) have a hybrid combination of wide-beam and high throughput payloads—a large number of smaller beams capable of deploying more bandwidth and throughput to a defined area.

SES also operates O3b, a constellation of 20 high throughput Ka-band satellites in MEO equatorial orbit. The key advantages of MEO satellites are the capability to scale capacity globally simply by adding more satellites into the MEO orbit and the ability to serve applications which require low latency which GEO cannot. SES' first mover advantage at MEO gives priority access to Ka-band for the equatorial MEO constellation.

SES Fleet in Multiple Orbits as of December 2019 G10



Additionally, we have satellites flying secondary missions: ASTRA 1D*, ASTRA 1F, ASTRA 1G*, ASTRA 2A*, ASTRA 2B*, ASTRA 2C*, ASTRA 2D*, ASTRA 3A*, NSS-6

GLOBAL GROUND NETWORK TODAY

Our ground infrastructure ensures that customers can gain access to SES' satellite fleet and capacity from anywhere in the world. To do this, SES combines global network with local presence.

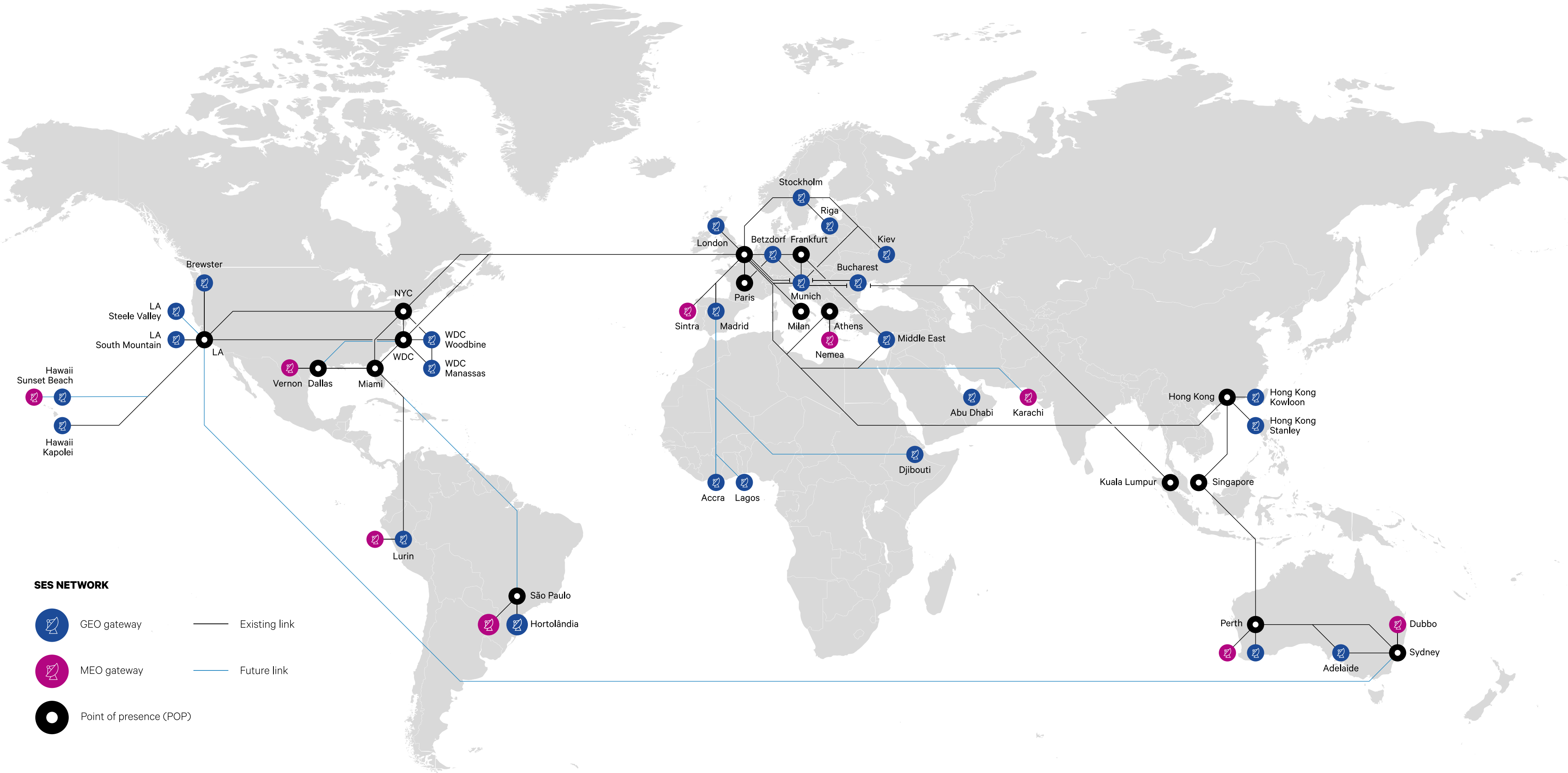
This is done by either 30 SES-owned or partner teleports, a comprehensive fibre-based terrestrial network and numerous points of presence (POP).

We at SES bring satellite connectivity to the customer by providing seamless access to the satellite fleet: the extensive fibre-based network transports content from any city in the world to any other place in the world via one of SES-owned or partner teleports and the six main SES POPs.

SES Ground Network

G11

AS OF DECEMBER 2019



OUR NETWORK VISION

Our ambition is to take satellite mainstream, having it as a seamless integrated extension to the world's terrestrial telco networks and making SES a global Cloud connectivity platform. To accomplish that, standardisation, integration and automation are critical.

Standardisation:
- SES is the first and only satellite operator to have been certified with the Metro Ethernet Forum (MEF) 2.0 standard, used to rate the latency of terrestrial networks and making satellite networks comparable to terrestrial standards.

Integration:
- Further, Software defined networking (SDN) techniques play a key role in uniquely equipping SES Networks' ecosystem with the flexibility to shape, moderate, route, and switch satellite connectivity in a truly dynamic manner.
- Adding application visibility, analytics and intelligence also enables smart utilisation of our MEO and GEO satellites alongside terrestrial based infrastructure.

Automation:
- SES is working with Amdocs to host an Open Networking Automation Platform (ONAP) within an Microsoft Azure domain. This is a first for the satellite industry leveraging standards developed within the Telco and Cloud industries, bring the same automation and programmability to Satellite.

FUTURE LAUNCHES

- SES-17 will be launched in 2021. It is an HTS satellite covering the Americas and Atlantic Ocean region and tailored to serve mobility and fixed data applications. Thales Avionics has committed to a long-term commercial agreement for service over the Americas and Atlantic Ocean.
- In 2021, we will launch our next generation MEO constellation with seven O3b mPOWER satellites manufactured by Boeing. These satellites will have unprecedented capability to redistribute bandwidth and coverage in orbit to meet the dynamic demands of our customers and fulfill our ambition.

O3b mPOWER

O3b mPOWER will combine innovative space and ground technology advancements, as well as software intelligence and will enable SES Networks to deliver fully managed services to meet exponentially accelerating demand in the dynamic fixed data, mobility and government markets. The investment also unlocks important capital efficiencies from SES' unique GEO-MEO network architecture with synergies equivalent to two replacement GEO satellites.

Each O3b mPOWER satellite can dynamically generate up to 5,000 fully shapeable and steerable beams, which can be combined into fewer, more capable beams as needed giving maximum flexibility to tailor services to the customer requirement.

Each satellite has a throughput 10 times greater than those in the first-generation constellation, delivering a multiple terabits-per-second, low latency constellation, which is highly scalable by simply adding satellites to the MEO orbit.

Further, the constellation will cover an area of nearly 400 million square kilometres representing 80 per cent of the Earth's surface.

The constellation has improved economics with lower cost-per-bit and cheaper ground equipment, including small, fast and easy-to-install O3b mPOWER Customer Edge Terminals.

The new satellites will seamlessly integrate into the current O3b and GEO fleet, including SES-17 and SES partners are investing in significant ground infrastructure innovations. Viasat, and Istotropic Systems are developing application-specific prototypes that converge storage, computing and routing resources with software intelligence to introduce a new concept for the network endpoint: a small, fast and easy-to-install O3b mPOWER Customer Edge Terminal.

OPERATIONAL REVIEW

REVENUE BY BUSINESS UNIT

OPERATIONAL REVIEW

Revenue by Business Unit **T02**

EUR MILLION	2019	2018	Change (%) Reported	Change (%) Constant FX
Video	**1,213.4**	**1,306.3**	**-7.1%**	**-8.5%**
Underlying	1,210.0	1,292.1	-6.4%	-7.8%
Periodic	3.4	14.2	n/m	n/m
Networks	**762.0**	**695.7**	**+9.5%**	**+4.7%**
Underlying	734.1	671.1	+9.4%	+4.5%
Periodic	27.9	24.6	n/m	n/m
Sub-total	**1,975.4**	**2,002.0**	**-1.3%**	**-3.8%**
Underlying	1,944.1	1,963.2	-1.0%	-3.5%
Periodic	31.3	38.8	n/m	n/m
Other	**8.5**	**8.3**	**n/m**	**n/m**
Group Total	**1,983.9**	**2,010.3**	**-1.3%**	**-3.8%**

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

2019 underlying revenue of EUR 1,944.1 million was 3.5% lower at constant FX, compared with the prior year. Total group revenue of EUR 1,983.9 million included periodic and other revenue of EUR 39.8 million (2018: EUR 47.1 million).

SES VIDEO PERFORMANCE

SES Video delivers high-quality media content to more than 366 million households worldwide across 40 video neighbourhoods.

As of 31 December 2019, the SES fleet distributes over 8,300 TV channels to global audiences including nearly 3,000 High Definition (HD) and Ultra HD (UHD) TV channels.

Globally, this is done via Direct-to-Home (DTH) platforms, Direct-to-Cable (DTC) neighbourhoods, digital terrestrial, and Internet Protocol Television (IPTV) networks.

SES Video delivers a full suite of innovative end-to-end value-added services for both linear and non-linear distribution on prem and now via Cloud.

Every day, SES Video manages playout for more than 525 channels, and delivers more than 8,400 hours of online video streaming, including over 620 hours of premium sports and live events.

Those connectivity solutions and services are delivered to a broad range of global customers.

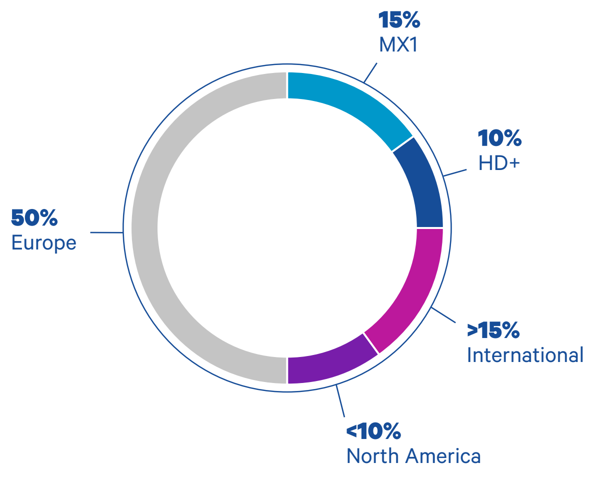
Key customers include Sky, Dish, Canal+, BBC, Pro7 Group, ARD, ZDF IMG, Telefonica, Amazon, Discovery, Disney, Fox, Turner, to name some.

2019 PERFORMANCE

For the year ended 31 December 2019, SES Video generated revenue of EUR 1,213.4 million including periodic revenue of EUR 3.4 million.

Underlying revenue (excluding periodic) of EUR 1,210.0 million was 7.8% lower than the prior year at constant FX reflecting lower distribution (-7.9%) and services (-7.2%) revenue, including from U.S. wholesale and reduced exposure to low-margin services contracts.

2019 Video Revenue by Segment **G12**



At 31 December 2019, SES carried a total of 8,324 TV channels to viewers around the world including 2,956 channels in High Definition (up 6% year-on-year) and 48 commercial Ultra High Definition channels (up 17% year-on-year). 68% of the total TV channels carried on the SES fleet are now broadcast in MPEG-4 with an additional 4% in HEVC.

Video Distribution

2019 underlying revenue was 7.9% lower (constant FX) than the prior year.

As expected, North American revenue decreased, primarily driven by the reduction in wholesale business related to a specific satellite used by a single customer while the ongoing switch-off of Standard Definition TV channels also contributed to the lower (year-on-year) revenue development in this region.

In Europe, the effect of modest volume reductions on certain long-term renewals secured in late 2018 and the reversal of some short-term capacity contracts that ended during the second half of 2018 contributed to lower (year-on-year) revenue.

While trading conditions remained challenging, SES has made progress in its International business with new customer contracts signed, albeit not yet offsetting the impact of challenges in specific markets.

Video Services

Underlying revenue was 7.2% lower (constant FX) in 2019 compared with the prior year.

HD+ has been suffering from somewhat lower hardware sales, as the business is shifting towards a software-based model in partnership with leading TV set manufacturers such as Panasonic and Samsung, which led to HD+ revenue being lower (year-on-year) while the number of paying subscribers remained stable.

In MX1, the discontinuation of certain low-margin services led to lower overall (year-on-year) revenue and held back the positive contribution from other, more value-added products and services. This included the Sports & Events business where SES Video continued to build commercial momentum with major sports rights holders, as well as SES' OU Flex solution.

Since the beginning of September 2019, MX1 has been combined with SES' video infrastructure teams to create a single market-facing entity and improved value proposition for customers.

ENHANCING CUSTOMER EXPERIENCE AND DRIVING CUSTOMER SUCCESS EVERYWHERE

Notwithstanding the challenging » market environment, SES Video concluded some important contracts and was able to offer new products and solutions to customers.

Some examples as follows:

1. Daring to Dream—Global distribution of the Eurovision 2019 song contest SES Blog

   "EBU entrusted MX1 to take care of the global distribution of the three Eurovision 2019 live broadcasts, as well as the aggregation of the voting summaries coming in from the 41 separate participating countries across Europe and Australia."

2. Bringing content to life—RCN Launches New Ultra HD 4K Channels with SES SES Press Release

   "Not only will customers enjoy a crystal-clear picture for sports, shows and movies, but also will be able to use the 4K technology with their favorite streaming apps—providing a seamless user experience."

   Chris Fenger,
   COO of RCN

3. Transforming media delivery with Cloud—SES to Deliver Premium Broadcast-Grade Cloud Service for Media Delivery on Microsoft Azure SES Press Release

   "Broadcasters and media companies need solutions to deliver high-quality video services globally with maximum flexibility, scalability and reliability. We look forward to working with SES to deliver these new solutions on Azure."

   Tad Brockway,
   Corporate Vice President of Microsoft

4. Sharing in the best sports experiences—Nex Parabola and SES bring UEFA Champions League and Europa League football matches live in HD to viewers across Indonesia
   SES Press Release

   "Having recently secured the exclusive broadcast rights for the UEFA Champions League and Europa League in Indonesia, we want to bring the best European football entertainment to as many fans as possible."

   Junus Koswara,
   President of Nex Parabola

5. Bringing TV platforms to Ethiopia—Ethiosat platform to deliver over 30 HD channels to Ethiopian viewers SES Press Release

   "By migrating the most popular Ethiopian TV channels to a new location on SES's satellite, we've created an Ethiopian-only TV offering, that also delivers a variety of channels in HD, a first in Ethiopia."

   Amman Fissehazion,
   Chairman of the AEB

6. Offering customer oriented solutions—SES to offer Free-to-Air satellite solutions to Brazil's Local TV audiences
   SES Press Release

   "TV Cultura, among other channels and content owners, have been testing SES's newest Ku-band uplink and are reaping the benefits of getting to market faster and being able to broadcast to millions of viewers at a lower investment cost."

SES NETWORKS PERFORMANCE

SES Networks provides managed global connectivity and data service solutions for a wide range of fixed and mobile applications. By combining a global GEO / MEO network and end-to-end solutions capability, SES Networks enables major Government, Fixed Data (Telco, MNO and Cloud) and Mobility (Aeronautical and Maritime) customers to extend their network reach across the entire world.

SES is the first, and only, satellite operator to have been certified with the Metro Ethernet Forum (MEF) 2.0 standard, used to rate the latency of terrestrial networks. By adopting these practices and standards of the terrestrial network system, SES is making it easier for customers to integrate satellite-based networks into a global ecosystem.

This also includes the integration of software-defined networking (SDN) capabilities and the flexibility and control that come with it opening new opportunities such as the optimisation of the traffic between MEO or GEO over an intelligent multi-orbit network.

Further, SES is working with Amdocs to host an Open Networking Automation Platform (ONAP) within an Microsoft Azure domain. This is a first for the satellite industry leveraging standards developed within the Telco and Cloud industries, bring the same automation and programmability to Satellite.

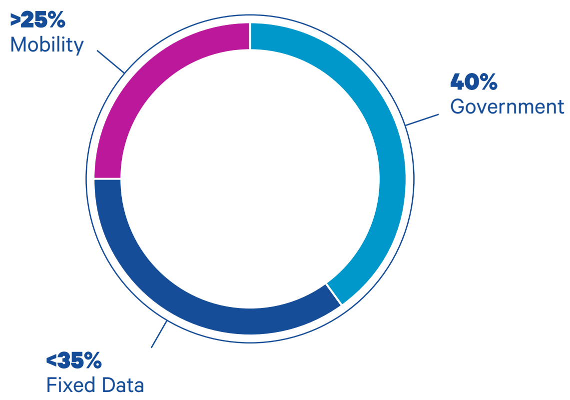
Network customers vary depending on the data application. For mobility applications customer examples are Thales, Panasonic, Gogo, Global Eagle. In contrast, in the cruise industry SES directly partners with the cruise companies encompassing Carnival, Royal Carribean, Genting, MSC. Examples for government customers are the Luxembourg State, US DoD, Nasa, ESA, Hughes. Besides, SES Telco customers examples are Orange, Teleglobal and Telefonica.

2019 PERFORMANCE

For the year ended 31 December 2019, SES Networks generated revenue of EUR 762.0 million including periodic revenue of EUR 27.9 million.

Underlying revenue (excluding periodic) of EUR 734.1 million was 4.5% higher than the prior year.

2019 Networks Revenue by Segment **G13**



Government

2019 underlying revenue grew by 4.9% (year-on-year) at constant FX on the back of a second successive year of growth in both U.S. and Global Government revenue.

Revenue from the U.S. Government continued to grow, supported by MEO and a solid base of GEO-enabled network solutions, albeit with some delays experienced which impacted the timing of revenues.

Growth across the Global Government portfolio was driven by the expansion in managed services for government-funded connectivity projects, humanitarian operations, as well as strong execution in institutional projects.

Fixed Data

2019 underlying revenue was 4.2% lower (year-on-year) at constant FX.

Growth in the Americas, and notably Latin America, was supported by new and incremental managed services to tier one telecommunications companies and Mobile Networks Operators to deploy 4G networks and government-funded rural WiFi projects, as well as ongoing MEO adoption provided to leading service providers in the Energy segment.

The business also saw growth in Asia, especially in the second half of 2019 following the successful deployment of broadband access and mobile connectivity services to rural communities in support of government-funded universal service obligation projects and in partnership with telecommunications companies.

Lower revenue from wholesale capacity in Europe, the Middle East and Africa, and services in Asia Pacific, led to overall Fixed Data revenue being lower than 2018 which benefited from an exceptionally strong fourth quarter and has yet to be offset by the timing of customer upgrades and new business secured during 2019 but not yet contributing a full year of revenue.

Mobility

Underlying revenue grew by 16.6% (year-on-year) at constant FX with double-digit growth in both Aeronautical and Maritime.

Aeronautical once again delivered strong growth driven by the steady increase in the fill rate of SES-15 and SES-14, capturing the significant demand for bandwidth and services from Aero Service Providers supporting airlines operating flights across North America and Latin America; the expansion of SES' Ka-based aero network; the first contribution from managed connectivity services delivered to the business aviation segment and the restoration of services on behalf of Intelsat as part of the restoration agreement between the two companies that was activated during Q2 2019.

In Maritime, the cruise segment continued to lead growth with the expansion of agreements with existing cruise customers and contributions from new cruise operators signed. As at 31 December 2019, SES is now supporting four of the top five global cruise operators, representing significant vessel expansion potential and highlighting SES' market-leadership in this important and valuable part of the market.

ENHANCING CUSTOMER EXPERIENCE AND DRIVING CUSTOMER SUCCESS EVERYWHERE

With underlying growth of 4.5% in 2019, and more than 20% in the last two years, SES Networks continues to expand on the back of growth in the Aeronautical, Cruise and Government segments while, in Fixed Data, SES signed and deployed several important connectivity networks that will contribute to future growth in 2020 and beyond.

Some examples of important customer successes are as follows:

1. At home and the office connectivity in the air—Long-standing partnership with Gogo in support of the growth of airline internet consumption over the Americas

   "Our agreements with SES secure scalable bandwidth necessary for Gogo 2Ku to continue to provide the best passenger experience in flight."

   Oakleigh Thorne,
   President & CEO of Gogo

2. Empowering next-gen passenger experiences—the next level of floating smart cities and Cloud-enabled customer experiences with O3b mPOWER's flexibility and performance.
   SES Press Release

   "MedallionNet has significantly elevated the cruise experience for our guests and crew, but more importantly stimulated the creation of leading-edge, Cloud-based edge compute models that were previously considered impossible."

   John Padgett
   Chief Experience Officer of Carnival Corporation

3. New era for connecting the unconnected—Orange will be the first global telecom operator to integrate satellite-based revolutionary terabit-scale O3b mPOWER communications system in its network, to support the growing demand for connectivity in Africa SES Press Release

   "This longstanding partnership fully aligns with our mission of building smarter and open networks to bridge the digital divide in Africa, and to increase the speed and geographic reach of our network."

   Jean-Luc Vuillemin,
   EVP of Orange

4. Driving the Cloud era everywhere—Certified Partner to Microsoft Azure. Co-creating customer opportunities that leverage Microsoft Azure Express Route over satellite for Cloud connectivity and intelligent edge applications, such as IoT. SES Press Release

   "This new collaboration between SES and Microsoft Azure Express Route further enables us to bring Azure to any business or government site."

   Ross Ortega
   Partner, Product Manager of Azure

5 Connecting rural areas in Columbia - INRED partners with SES Networks to enable 1,000 free community wifi hotspots to connect Colombia SES Press Release

   "By working together with SES Networks, we were able to quickly and cost-effectively expand our data and Internet services via satellite throughout the Colombian territory, reducing the digital divide that still separates cities from the countryside. This project will allow end users in 20 Colombian departments to have high speed Internet access, even in those areas that have been historically underserved or tough-to-reach."

   Jhon Jairo Ureña
   CEO at INRED

FINANCIAL REVIEW

Revenue, Operating Expenses and EBITDA **T03**

EUR MILLION	2019	2018	Change	Change (%)
Revenue	1,983.9	2,010.3	(26.4)	-1.3%
Revenue (constant FX)	1,983.9	2,062.1	(78.2)	-3.8%
Operating expenses	(767.3)	(754.8)	(12.5)	-1.7%
Operating expenses (constant FX)	(767.3)	(775.3)	8.0	+1.0%
EBITDA	**1,216.6**	**1,255.5**	**(38.9)**	**-3.1%**
EBITDA (constant FX)	**1,216.6**	**1,286.8**	**(70.2)**	**-5.5%**

Reported **revenue** was EUR 26.4 million below the prior year and included the benefit of the stronger U.S. Dollar in 2019. At constant FX, revenue decreased by EUR 78.2 million (or 3.8%) with lower Video revenue partly offset by a second successive year of growth in Networks.

Operating expenses were EUR 12.5 million higher as reported (or EUR 8.0 million lower at constant FX) and included a restructuring charge of EUR 20.6 million as part of the company's ongoing optimisation initiatives (2018: EUR 11.1 million). Excluding the restructuring charge, and at constant FX, operating expenses were 2.3% lower than the prior year.

EBITDA represented an EBITDA margin of 61.3% (2018: 62.5%), or 62.4% excluding the restructuring charge noted above.

Depreciation, Amortisation and Operating Profit **T04**

EUR MILLION	2019	2018	Change	Change (%)
Depreciation and impairment expense	(696.9)	(719.0)	+22.1	+3.1%
Amortisation and impairment expense	(154.3)	(145.4)	(8.9)	-6.1%
Depreciation, impairment and amortisation expense	(851.2)	(864.4)	+13.2	+1.5%
Depreciation, impairment and amortisation expense (constant FX)	(851.2)	(891.1)	+39.9	+4.5%
Operating profit	**365.4**	**391.1**	**(25.7)**	**-6.6%**
Operating profit (constant FX)	**365.4**	**395.7**	**(30.3)**	**-7.6%**

Depreciation, impairment and amortisation expense decreased by EUR 39.9 million compared with the prior year (at constant FX) and included EUR 96.8 million of impairment expenses (compared with EUR 156.4 million in 2018), comprising EUR 32.8 million relating to satellites and EUR 64.0 million relating to MX1, as a result of SES' more prudent financial outlook.

Operating profit represented an operating profit margin of 18.4% (2018: 19.5%), or 19.5% excluding the restructuring charge as noted above.

Profit Attributable to SES Shareholders **T05**

EUR MILLION	2019	2018	Change	Change (%)
Net interest expense and other	(176.9)	(180.3)	+3.4	+1.9%
Capitalised interest	8.2	28.9	(20.7)	n/m
Net foreign exchange gains / (loss)	2.8	5.1	(2.3)	n/m
Net financing costs	(165.9)	(146.3)	(19.6)	-13.4%
Profit before tax	**199.5**	**244.8**	**(45.3)**	**-18.5%**
Income tax benefit / (expense)	76.5	41.9	+34.6	n/m
Profit after tax	**276.0**	**286.7**	**(10.7)**	**-3.7%**
Non-controlling interests	20.2	5.7	+14.5	n/m
Profit attributable to SES shareholders	**296.2**	**292.4**	**+3.8**	**+1.3%**
Coupon on hybrid (perpetual) bond, net of tax	(48.8)	(48.1)	(0.7)	-1.5%
Adjusted profit attributable to SES shareholders	**247.4**	**244.3**	**+3.1**	**+1.3%**
Basic earnings per Class A share (in EUR)	**0.54**	**0.54**		

Net financing costs were EUR 19.6 million higher than the prior year with lower interest expenses and favourable foreign exchange movements more than offset by lower capitalised interest, as recent space and ground investments are now in service and ramping up.

The year-on-year comparison of **income tax benefit and non-controlling interests** is affected by the impairment expenses, as noted above, which also had an impact on non-controlling interests. The 2019 income tax included the recognition of certain investment tax credits.

Net profit attributable to SES shareholders of EUR 296.2 million represented basic **earnings per share** of EUR 0.54 after deducting the assumed coupon (net of tax) for the group's hybrid (perpetual) bonds.

Free Cash Flow before Financing Activities T06

EUR MILLION	2019	2018	Change	Change (%)
Net cash generated by operating activities	1,134.1	1,191.3	(57.2)	-4.8%
Net cash absorbed by investing activities	(307.8)	(320.8)	+13.0	+4.1%
Free cash flow before financing activities	**826.3**	**870.5**	**(44.2)**	**-5.1%**

Net cash generated by operating activities was lower than the prior year which benefitted from some periodic inflows in 2018. The group's Cash Conversion Ratio (being the ratio of net cash generated from operating activities to EBITDA) was 93.2% compared with 94.9% in 2018.

This was partly offset by lower **net cash absorbed by investing activities,** resulting in an overall decrease of EUR 44.2 million (or 5.1%) in **free cash flow before financing activities** compared with the prior year. The ratio of free cash flow before financing activities to revenue was 41.7% in 2019 compared with 43.3% in 2018.

Net Debt to EBITDA Ratio T07

EUR MILLION	31 Dec. 2019	31 Dec. 2018	Change	Change (%)
Borrowings[1]	4,428.3	4,384.9	(43.4)	-1.0%
Cash and cash equivalents	(1,155.3)	(909.1)	+246.2	+27.1%
Net debt	**3,273.0**	**3,475.8**	**+202.8**	**+5.8%**
Net debt to EBITDA (rating agency)[2]	3.22 times	3.29 times		
Weighted average interest cost[3]	3.63%	3.62%		
Weighted average debt maturity	7.0 years	7.0 years		

1 As presented using IFRS recognition principles, where hybrid (perpetual) bonds are treated as 100% equity
2 Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity. Net debt to EBITDA represents the ratio of net debt plus 50% of the group's EUR 1.3 billion of hybrid bonds, divided by the last 12 months' EBITDA
3 Excluding loan origination costs, commitment fees and hybrid bonds (average coupon of 5.05%)

Compared with 31 December 2018, **net debt** was EUR 202.8 million (or 5.8%) lower reflecting the combination of a small increase in gross borrowings and higher balance of cash and cash equivalents.

In line with SES' commitment to Investment Grade Credit status, the **net debt to EBITDA ratio** was 3.22 times at 31 December 2019, slightly lower than the 3.29 times as at 31 December 2018.

In June 2019, SES completed the renewal of the group's EUR 1.2 billion Committed Revolving Credit Facility. The margin for the new five-year facility is 40 basis points (for a Baa2/BBB rating) above EURIBOR and is five basis points inside the pricing of the former syndicated and committed credit facility closed in January 2014.

In October 2019, SES successfully launched and priced a new 8-year EUR 500 million Euro Bond which bears a coupon of 0.875% per annum. The transaction was oversubscribed by five times, allowing SES to strengthen its liquidity profile ahead of a EUR 650 million senior debt maturity in March 2020 where the interest rate is 4.625% and issued a new bond with the lowest coupon in the company's history.

DIVIDEND

For FY 2019, the SES Board of Directors proposed a dividend of EUR 0.40 per A-share and EUR 0.16 per B-share (as compared with EUR 0.80 per A-share and EUR 0.32 per B-share for FY 2018 that was paid on 30 April 2019).

The proposed dividend underscores the continued commitment to maintaining SES' Investment Grade credit rating, providing an attractive return to shareholders while supporting the short-term investment peak in SES' fast-growing, highly differentiated Networks business.

This dividend, will be paid to shareholders on 23 April 2020.

FULL YEAR 2020 FINANCIAL OUTLOOK

The financial outlook assumes a EUR/USD exchange rate of EUR 1 = USD 1.15, nominal launch schedule and satellite health.

Full Year 2019 Financial Outlook **T08**

EUR MILLION	2020	2019 (restated)	2019 (as reported)
Average EUR/USD exchange rate	**1.15**	1.15	1.12
Group revenue[1]	**1,920–2,000**	1,961	1,984
Video revenue	**1,110–1,150**	1,208	1,213
Networks revenue	**800–840**	745	762
EBITDA[2]	**1,150–1,210**	1,223	1,237

1 Group revenue including Other revenue of approximately EUR 10 million (2019: EUR 8.5 million)
2 EBITDA excluding restructuring charge of approximately EUR 40 million (2019: EUR 20.6 million) and excluding any impact from C-Band

SES expects FY 2020 group revenue of EUR 1,920-2,000 million, incorporating a more prudent view of revenue development in Video and a somewhat lower trajectory of growth exiting 2019 in our Networks segments.

FY 2020 expected EBITDA of EUR 1,150-1,210 million excludes a restructuring charge of approximately EUR 40 million as part of SES' Simplify and Amplify programme of initiatives, announced on 2 March 2020. The expected benefits of this programme include an annual improvement in EBITDA ramping to EUR 40-50 million from FY 2021 as compared with SES' provisional business plan. This outlook also excludes any impact from C-Band.

Net debt to EBITDA is expected to be at or below 3.3 times at the end of 2020, consistent with SES' commitment to investment grade status.

Expected capital expenditure (representing the net cash absorbed by the group's investing activities excluding acquisitions and financial investments) is expected to be EUR 360 million in 2020, EUR 1,350 million in 2021 (including the launch of SES-17 and O3b mPOWER satellites 1-7), EUR 450 million in 2022, EUR 450 million in 2023 and EUR 250 million in 2024.

CORPORATE RESPONSIBILITY

At SES, we believe in the need for content connectivity solutions everywhere and that providing access to the world's information in fast and reliable way is essential to providing everyone on Earth with the opportunities to grow and, in turn, to make a difference as well.

OUR APPROACH & IMPACT

Sustainability and Corporate Responsibility is an important component of the SES purpose and ambitions. The aim of our corporate activities is to add value in the short, medium and long-term. This reflects corporate success, as well as competitiveness and future viability and does not only depend on the company itself but also on the industry environment, relationships with stakeholders and the usage of different resources.

We aspire to conduct all of our business activities in a sustainable and responsible way. As part of this, we identify factors in four key areas—**S**ocietal, **E**nvironmental, **S**ocial and **G**overnance (SESG)—and our activities in these areas support the group's purpose and ambitions. In doing so, creating lasting value and impact for all stakeholders.

We support the principles of the United Nations Sustainable Development Goals (SDGs). Our areas of action and the sustainability-related activities support the following Sustainable Development Goals in particular:

SES Approach on Corporate Responsibility and our Impacts G14

	OUR AMBITIONS	IMPACTS	KEY SESG MATTERS
S	• We believe in content and connectivity everywhere • We provide Cloud-enabled, satellite-based Intelligent connectivity » see page 5 and 6	• Bridging the digital divide • Connecting people • E-inclusion (e-health / e-learning) • Disaster recovery	• Disaster recovery missions • Connecting people to video and data
E	• We are future-proof, powered by sustained growth and innovation • We provide Cloud-enabled, satellite-based intelligent connectivity » see page 16, 17, 18, 19	• Minimising carbon footprint • Responsible resource management • Sustainable space missions	• Carbon Disclosure Project (CDP) • Debris management • Management of resource consumption on earth
S	• SES is a great place to work • We are passionate about customer experience and focused on customer success » see page 10, 11, 14, 15	• Customer success and satisfaction • Employee engagement • Attractive employer • Health and safety improvements	• Customer satisfaction score • Supply chain standards • Human Capital development • Development policies
G	• We are here to make a difference » see page 12, 13	• Reputation • Transparency and ethical business behaviour • Corporate citizenship: behaviour and governance • Safeguarding compliance	• Group wide Code of Conduct • Human rights • Anti-bribery / anti-corruption measures • Data security / cybersecurity

- **SDG 10: Reduce inequalities**
  We bring content and connectivity to people and societies which were previously not connected to the world's information, so they can contribute to a more equal world with more equal opportunities.
- **SDG 3: Good Health and Wellbeing**
  Giving access to connectivity means bridging the information gap between countries or societies which benefits e-health, e-inclusion and improve the wellbeing of people.
- **SDG 4: Quality Education**
  Our connectivity solutions offer a wide variety of education and trainings that enable people and societies to learn and develop at anytime, anywhere in the world.
- **SDG 8: Decent Work and Economic Growth**
  By improving access to education and remote health solutions and investments into regions, countries and businesses while respect-

ing and upholding human rights in our own businesses and our supply chain, we support the implementation of decent work as defined by SDG 8.

- **SDG 9: Industry Innovation and Infrastructure**
  Through our innovation in Cloud, automation and virtualisation and the expected benefits for connectivity in poor and remote areas, we demonstrate the long-term potential of digital innovation.

POLICIES TO MINIMISE RISK

To minimise risks across the business, achieve our objectives to create sustainable value for stakeholders, we have identified potential risk areas relating to the Societal, Environmental, Social and Governance business activities. This is part of our Risk and Internal Control system, » More Information.

Balancing risks and optimising value creation for our stakeholders must go hand in hand with the right policies and business principles in place. Therefore, SES is implementing governance and policy structures tackling the four areas of SES' Corporate Responsibility approach (**S**ocietal, **E**nvironmental, **S**ocial and **G**overnance).

The following chapters give a fair and transparent overview of SES activities in these four areas related to value creation for our stakeholders while minimising risks.

NON-FINANCIAL STATEMENT

The following information is provided in compliance with the Non-Financial Reporting Directive requirements. The table below sets out where the relevant information can be found in this Annual Report.

Non-financial Statement Disclosures in the relevant Chapters of the Report **T09**

Reporting Requirement	Policies	Relevant Information
Business Model		• Business Model » More Information • Strategic priorities » More Information
Environmental matters	• Environmental Policy • Fleet Management and Lifecycle Management • Carbon Disclosure Project • Waste Management Policy	• Corporate responsibility » More Information • Ambitions and purpose » More Information
Social matters	• Procurement Policy • Giving back initiatives • Disaster relief programmes • Customer Heartbeat (satisfaction, voice) and perception studies	• Corporate responsibility » More Information • Ambitions and purpose » More Information • Governance section » More Information Link
Employee matters	• Health and Safety Policy • Flexible Working Policy • Social Fund Policy • Training and development • Diversity	• Corporate responsibility » More Information • Ambitions and purpose » More Information
Human Rights	• Vendor Policy / Supply Chain Policy • Code of Conduct • Human Rights Policy	• Ambitions and purpose » More Information • Governance section » More Information • Corporate Governance / Chairman report » More Information
Anti-corruption and bribery	• Supplier Code of Conduct • Group Wide Code of Conduct • Whistleblowing Hotline • Compliance Guidelines	• Ambitions and purpose » More Information • Corporate Governance » More Information
Principal risks and impact from business operations	• Shift in consumer trends • Customer dissatisfaction • Liquidity risks • Regulatory risks	• Principal risks and uncertainties, » More Information • Governance section on managing risks » More Information • Corporate responsibility » More Information
Non-financial key performance indicators	• Employee turnover, diversity ratio • Employee training • Technical reach and TV channel count • Net Promotor Score • Service availability • CO_2 emissions	

SOCIETAL MATTERS

We understand that we are part of something bigger and that we want to contribute and make a difference to the society and the people around us.

Since 1985, SES has been doing the extraordinary in space to deliver amazing experiences everywhere on Earth. We provide over 1 billion people with access to entertainment, news and information content; bring connectivity to remote populations; pioneer new technologies that can drive social, environment and economic change globally; and save lives by restoring critical connectivity following natural disasters.

SES has implemented several policies and guidelines with the aim to bring stakeholder value to customers, societies and to make a difference.

DRIVING GLOBAL DIGITAL EQUALITY

Reliable, high-speed connectivity is key to driving digitisation and boosting countries' economies and opening opportunities for their people. With the ability to beam reliable and flexible bandwidth anywhere on earth, our satellites bring access to information and learning, improving digital inclusion. In this way, we help progress initiatives across geographical barriers, bringing infrastructure to fragile economies and isolated communities, or aiding humanitarian efforts in disaster-hit areas. Each country has unique challenges and opportunities around the move towards digital and we are at the forefront of this transformation.

ENGAGING IN HUMANITARIAN AND DISASTER RELIEF

Over recent years, SES has engaged in various missions to improve humanitarian situations:

Emergency.lu missions
emergency.lu is a mobile, satellite based, telecommunications platform, created to re-establish communication (internet, phone) after a disaster, to support the coordination efforts of humanitarian organisations in the field and to contribute to saving lives during humanitarian emergencies. It is a Public-Private-Partnership between the Luxembourg Government and three Luxembourg companies (SES, HITEC Luxembourg and Luxembourg Air Ambulance).

In 2019, emergency.lu has been deployed in 15 locations:
- UNICEF in RoSS: Link
- WFP in Nigeria: Link
- UNHCR in Niger: Link
- UNHCR in Chad: Link
- WFP in CAR: Link
- UNICEF in Venezuela: Link
- UNHCR in Venezuela: Link
- Mozambique (Cyclone Idai): Link
- Bahamas (Hurricane Dorian): Link

Besides the 'new' deployments that SES achieved in 2019, there were also 3 missions that were up and running in 2019:
- UNICEF in RoSS (active from May 2015 to June 2019)
- UNHCR in Niger (Starting July 2017, ongoing)
- WFP in Nigeria (Starting January 2017, ongoing)

Since the initiation of the project in 2012, emergency covered 27 missions with 69 deployments.

Disaster Response and recovery response
Developed two disaster response and recovery products to better meet the needs of mission critical communications during a disaster. The first is a 'response' package geared toward the first days after a disaster when early communications are critical for disaster assessments and meeting the immediate needs of the people on the ground. The second package is a 'recovery' package utilizing our O3b constellation for a longer deployment where restoration of a network or connecting an entire community is the focus.

Luxembourg initiatives—High-Performance ICT Infrastructure

Supported by the Government of Luxembourg, SES devised a future-proof country-wide ICT infrastructure to deliver high-speed communications to connect government entities of Burkina Faso. The innovative solution integrates wireless terrestrial communications and available fibre-optic networks into a satellite-enabled infrastructure, powered by Medium Earth Orbit (MEO) capabilities. It is designed to connect over 880 sites across the country – to improve day-to-day operations for government offices and enable deployment of e-government, e-education, e-health projects. The infrastructure is also reinforced by solar energy installations. A reliable high-performance network is also the basis for further adoption of advanced IT tools and applications. Supporting the information, technology and communications sectors helps improve people's lives, enables productivity and economic growth.

SUPPORTING THE DEPLOYMENT OF UNIVERSAL ACCESS

We believe that everyone has the right to seek, receive and impart information. This right is an integral part of the right to freedom of expression.

In 2019, SES has translated this belief into concrete actions and deployed access to information in the following developing countries:

Colombia
Together with INRED SES provides internet access to 1,000 remote sites in Colombia, currently providing 300Mbps. Those 1,000 sites were installed by 30 November 2019.

Indonesia
TELEGLOBAL and SES provide broadband internet access and mobile backhaul services to 150,000 sites in remote parts of Indonesia.

Jakarta
SES installed two gateways in Jakarta supporting TELEGLOBAL, enabling the delivery of almost 1400 MHz in bandwidth capacity.

Brazil
We are currently also working on a project providing internet access to 700 schools in remote areas in Brazil and have started with the deployment of the first phase.

DRIVING E-LEARNING PROGRAMMES IN AFRICA

E-learning can change lives by delivering quality education to even the most remote locations, everywhere on the planet. Although our e-learning programmes are deployed across the world, in the last few years we have focused our efforts on the African continent, where satellite technology is best-placed to reach rural and isolated areas. We have therefore worked with governments and public institutions in Africa to encourage them to embrace satellite technology to accelerate an education development programme.

For example, in Nigeria we have leveraged our satellite technology and infrastructure to run e-learning programmes since 2015. In partnership with the Nigerian Government we are implementing ICT projects that are bridging the digital and information gap in rural areas and providing e-learning facilities to underserved communities.

GIVING BACK

SES' entire team focuses on charitable work, including volunteering, charitable activities that benefit from our donation-matching programme, SES social clubs, and charity projects endorsed by our HR Learning and Development team. These activities engage and motivate our colleagues, who then inspire each other to give back to the community where we work.

SES matches employee donations to charitable organisations including the Red Cross, the Red Crescent, Oxfam, Unicef, Médecins Sans Frontières, and Telecoms Sans Frontières.

In 2018, a group of SES volunteers developed SHARITY, an employee-based charity designed to support small and tailored development projects around the world. In 2019, SHARITY collected over EUR 13,000 and was able to bring girls back in school, help communities achieve sustainability, and contribute in a small way to keep this world a bit greener.

ENVIRONMENTAL MATTERS

Although our business activities have a low environmental impact, we understand our responsibility as corporate citizen to support the urgent action to prevent climate change and to limit the increase in global temperatures.

SES environmental policy is structured around two main impact zones: space and earth.

1. Responsible satellite fleet management

SES applies a responsible fleet management approach together with its satellite manufacturer to mitigate the environmental impact and to minimise space debris.

2. Minimising the environmental impact of SES sites and ground stations.

SES does not operate any manufacturing sites; it has 44 offices and ground stations » More Information. SES applies best practices in minimising the environmental impact of these facilities. Further, SES also ensures that the amount of radiation emitted from earth stations complies with local standards in each country of operation. This is checked through annual audits by third party accredited organisations that specialise in the field of industrial safety (like the WHO).

Having analysed the risks of potential environmental impacts, SES concluded that there is no need to make financial provisions or guarantees in respect of environmental risks. Furthermore, there is no ongoing litigation concerning environmental issues within the Group.

OPPORTUNITIES FOR CLIMATE CHANGE MITIGATION

Reduction of environmental pollution

Satellites receive their operating power from the sun, through solar panels, outside the Earth's atmosphere. They therefore create no carbon emissions during their operating lifetimes.

Climate Change adaptation technology

Climate change risks are not considered as principal risk ›› More Information to SES business activities. SES can contribute substantially to climate change adaptation efforts by providing specialised telecommunications applications for aircraft emission management and disaster warnings and impact analysis.

SPACE DEBRIS MANAGEMENT

The United Nations General Assembly has recognised "that space debris is an issue of concern to all nations". Space debris is defined as "all manmade objects including fragments and elements thereof, in Earth orbit or re-entering the atmosphere, that are non-functional."

Lifecycle analysis of satellites

Launch: non-reusable launch vehicles end up breaking up into thousands of small fragments as they re-enter the atmosphere, and debris can also occur as a result of explosions during launch. SES is involved at the institutional and industry level in developing protocols for reducing or removing space debris. We are a founder of the Space Data Association (SDA), a non-profit association of spacecraft operators that support the controlled, reliable and efficient sharing of data to enhance the safety and integrity of satellite operations.

Since 2017, SES and SpaceX have pioneered reusable rockets for satellite launches. This reduces space debris, allows the reuse of materials that would otherwise go to waste, and improves cost-effectiveness of launches.

In Operation and end-of-life: SES satellites operate in either geostationary orbit (35,786 km above the Earth) or medium-earth orbit, (8,000 km). At end-of-life, they are re-orbited using their remaining on-board propellant into a graveyard orbit, approximately 200 kilometres beyond the geostationary orbit. In general, SES satellites do not re-enter the Earth's atmosphere.

In this regard, SES follows the most stringent international standards for re-orbiting and passivating space assets and we have one of the best records in the industry terms of achieving a safe disposal of our satellites.

MINIMISING EMISSIONS

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

The data collection for CDP covers three scopes:

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

In 2018, the company's activities related to operating and commercialising SES' satellite fleet, as well as general administration, finance and marketing generated approximately 50,523 tons of CO_2 emissions worldwide, an increase of 8% compared to 2017. This increase was due to the growth of the company in number of employees and sites.

The methodology used follows as closely as possible the guidelines outlined in the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and Defra (UK) Guidance on How to Measure and Report your Greenhouse Gas Emissions (September 2009), the 2018 guidelines to DEFRA / DECC's GHG Conversion Factors for Company Reporting and the International Energy Agency's 2018 edition of CO_2 emissions from fuel combustion and World energy balances database.

Emissions from Scope 2, electricity consumption, represented the largest component of SES' total emissions (approximately 61%). Scope 2 location-based emissions factors were chosen in line with the GHG Protocol recommendations. For low occupancy sites, assumptions were made based on average electricity, gas and travel data at the main office sites. A data collection questionnaire was circulated to all 43 main SES global sites and a large sample of low occupancy and unmanned SES sites.

In the context of the legal framework in Europe with the goal to save energy, SES started to analyse the energy efficiency of the main facilities in accordance with EN 16247. This exercise has been performed at SES' sites in Munich, Germany, and Betzdorf, Luxembourg. Through these and other initiatives, we have implemented a substantial and ongoing carbon reduction plan in our sites across the world.

SES Group CO_2 Results **T10**

YEAR	2018	2017	2016	2015	2014	2013
Scope 1 (t CO_2e)	2,524	2,517	2,418	5,455	6,546	6,621
Scope 2 (t CO_2e)	30,821	26,980	24,701	24,395	17,080	17,391
Scope 3 (t CO_2e)	17,178	17,386	13,737	12,486	11,460	14,756
Total emissions (t CO_2e)	**50,523**	**46,883**	**40,856**	**42,336**	**35,087**	**38,768**

WASTE MANAGEMENT

In order to facilitate the recycling of different waste types in Betzdorf (Luxembourg), our Headquarters and biggest site, we separate as much waste generated on site as possible.

We systematically collect data on waste management in compliance with the Ministry of the Environment, Climate and Sustainable Development and ISO14024. We encourage each of our employees to do their part to limit and eventually reduce the waste produced on our sites.

Waste management initiatives

- Food Waste: We try to avoid food waste and all organic leftovers are used as combustible to fuel a Biogas plant.
- Plastic: eliminating single use plastics from our catering facilities for packaging and cups.
- As an ecological alternative to bottled water, SES installed water dispensers, dramatically reducing the number of consumed plastic bottles and related transport, storage and recycling efforts.

Betzdorf campus provides the Ministry of the Environment, Climate and Sustainable Development with a detailed report reflecting all different types of waste collection (quantities, volumes, recycling types). Additionally, SES is audited and certified by the Luxembourg SDK (SuperDrecksKescht) Label on an annual basis.

Supply chain waste minimisation

Contractors, sub-contractors and suppliers are required to support SES waste reduction by implementing policies and procedures regarding waste management.

PaperCut Initiative

SES has implemented the 'Paper Cut' software in 2019, a print management software with the ambition to save paper waste while having a secure and easy printing experience.

As a result, SES saved in total 86,535 pages and 43,946 color pages equalling 6.85 trees and 724.9 kg of CO_2 savings.

SOCIAL MATTERS

We understand that our activities are impacting and being impacted by wider social stakeholder groups of customers, suppliers and employees.

The success of SES is heavily dependent on the skills and commitment of our employees. More than 2,100 people from 81 nationalities worldwide contribute their concepts and ideas to their tasks and help to make improvements and innovations to create amazing customer experiences everywhere on the world.

HUMAN CAPITAL STRATEGY

In order to recruit, develop and retain highly qualified staff, we are continuously striving to further improve our attractiveness as an employer. Because our Leadership team, executives and managers should motivate their employees to achieve top performance, it is crucial that we equip them with outstanding leadership skills. In addition, we want to take on social responsibility and let diversity flourish in our global company. A professional Human Capital organisation and efficient operating processes form the basis for the implementation of these overarching goals, from which we have derived key areas of action.

Our main control tool is our Social Report, which uses key performance indicators concerning demographics, development and diversity.

HUMAN CAPITAL AMBITIONS

We are passionate about **employee experience and employee success.** We aim to treat employees as we want them to treat our customers; empower them to take ownership of their careers; and create a community where it is fun to work.

We strive to be **future proof,** powered by a strong, healthy culture. This depends on learning and teaching, a diverse workplace where everyone feels included, and having a growth mindset.

We drive **business success** within SES by anticipating and meeting the needs of the business through world-class human capital practices.

ATTRACTIVENESS AS EMPLOYER

Attractive and fair compensation and benefits
Our pay for performance compensation philosophy aims to stay ahead of the market and contributes to the Company's business strategy in a fair and equitable manner.

Key Principles:

- We benchmark our total compensation against local practices of other global organisations with the ICT industry as a reference point
- Total compensation consists of the annual base pay, bonus linked to individual, departmental and group financial targets, benefits aligned with local practices as well as long-term incentives in order to position the Company as a global employer of choice
- We are fair and consistent in all compensation & benefits related decisions

Modern working conditions
Working conditions are being increasingly influenced by working hours, workplaces, the work environment, the level of employee empowerment and a state-of-the-art, growth driven management culture.

The length of our employees' workweek is generally regulated by the company or by a collective bargaining agreement.

Today's living and working conditions require working times to be flexibly organized in accordance with individual needs. We help employees reconcile their professional and personal responsibilities and boost their flexibility and self-determination by giving them the opportunity for mobile working.

Since 2017, all employees can enter into a formal telecommuting arrangement where they may work from another SES office, from home or from another location for up to a max 20% of the contractually agreed working time. Further options for flexible working today include job sharing, part-time work, phased return from leave and reduction in work time.

Employee welfare
We challenge our employees to play an active and informed role in their health and benefits, providing information, programmes, benefits and policies that encourage physical and mental wellbeing. To this end, SES offers healthcare coverage for all employees in all locations, has a non-smoking policy for all SES offices and, depending on location, offers a range of wellness activities, healthy foods and confidential employee assistance to ensure everyone can find the balance between work, family and personal pursuits. We complement this with a variety of local employee events including informal get-togethers, parties, sports activities, community service projects and holiday activities.

Supporting our employees in times of need
To support our employees through the unexpected, the Social Fund has been established for the benefit of all employees of the SES Group.

This fund is intended to provide financial support to staff members and direct members of their families in case of social emergency situations, for which staff members or members of their families cannot be held responsible. This fund is a reflection of our company values. The spirit of these values defines SES as a caring organisation, that has a fundamental interest in protecting the welfare of its staff members and their families.

A COMPETITIVE WORKFORCE

Diversity management
We are committed to bringing together an SES team of diverse individuals with different life experiences, different backgrounds, and from different geographies and cultures.

This approach is paramount to serving our customers today and helping us decipher the world's communication needs of tomorrow. By actively nurturing an inclusive company culture, and appreciating why it is so important to create a fair and supportive work environment for our people, we seek to continue attracting and retaining the very best talent.

As an industry leader, SES is fully committed to increasing the number of colleagues from underrepresented groups and to creating a more diverse SES for the future.

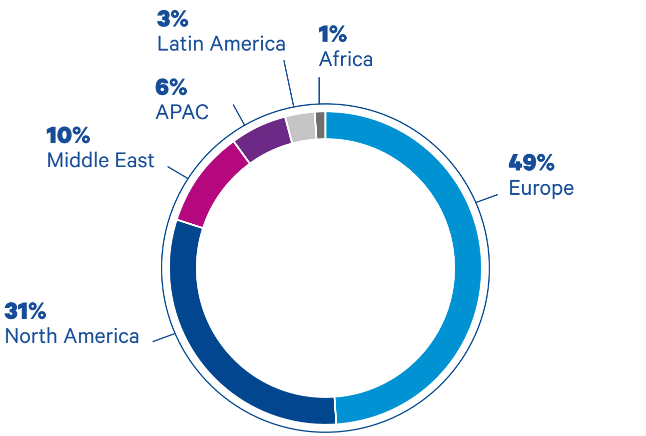
Currently 24% of SES' workforce are women, a figure that has been stable over the last years but that we aim to grow as part of our diversity strategy. Women are most present in Corporate Functions (58%) but considerably less in Technology & IT (12%). Furthermore, about 30% of our employees below 30 years are female. We have observed a slight increase of women representation at executive level (13% in 2019). In addition, 33% of SES' Leadership Development Program are women.

We are determined to continue to increase the number of women in areas where they are underrepresented and to increase the number of female executives by 2020. We are applying systematic and supportive practices in building a female talent pipeline that will sustain long-term gender inclusion.

As of end-December 2019, SES employed staff from 81 nationalities across 41 offices. The most represented nationalities are: United States, Germany, Israel, Great Britain, France, Luxembourg, The Netherlands, Belgium and Italy.

In addition, SES has an overall healthy age distribution with an average age of 43.8. 43% of our employees are aged 40 and below and 11% are aged 30 and below.

SES Employees—Geographical Distribution G15



SECURING TALENT

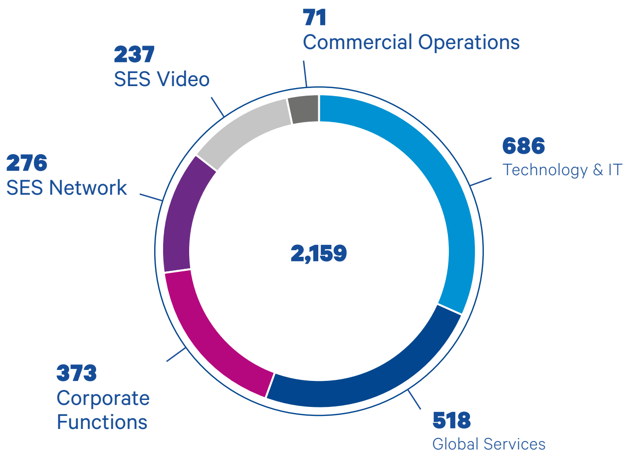
In-house talent acquisition programme

In 2018 we created a new global in-house Talent Acquisition function with dedicated personnel and developed a new Strategic Plan aligned to business imperatives. In 2019 we filled 412 positions 70% were filled externally. 47% of the positions were filled in Europe, 40% in North America.

Collaborating and supporting Science, Technology, Engineering and Mathematics (STEM)

To secure best in class employees and to sustain innovative capabilities, we believe that we must inspire the new generation towards Science, Technology, Engineering and Mathematics (STEM). Therefore, we engage in global activities in this field also using it as opportunity to support and increase diversity.

SES Employees—Split according to Job Functions G16



In May 2018, we teamed up with The Air League to create the first ever SES Space Scholarship. The Air League is a charitable organisation, founded in 1909, based in the United Kingdom. It provides powered flying, ballooning, gliding and engineering scholarships to young people and disabled veterans. The SES Space Scholarship is a unique opportunity for 17-18-year-old students, to introduce and inspire them towards the wide range of career opportunities in the space industry.

In promoting gender diversity in STEM, our office in Princeton, USA, has actively supported teams in the **YWCA Princeton Robotics** since 2016. In 2019 the two YWCA Princeton all-girls competitive robotics teams visited the SES facility and presented to SES scientists and management. Female leaders at SES spoke candidly to the girls about how they have managed to combine their passions and expertise to have strong careers in male-dominated industries.

In October 2019, SES hosted the fifth edition of **Engineering Trainee Days** for students aged 15-18 years from across Luxembourg. This is an initiative of Luxembourg's engineering association and the association for young entrepreneurs, in cooperation with the Ministry of Education and Lifelong Learning.

SES associate programme

To maintain our position as the world-leading satellite operator, we have established a special development programme for graduates to provide us with a pipeline of young talent.

The SES Associate Programme is a two-year programme that invites talented young people to work in our orbit for four assignments, each lasting six months. The programme typically exposes them to all of our functional areas—technology, finance, business development and sales—over the course of their two years. Participants have the opportunity to contribute to actual projects, learn from business leaders, and gain deep insight into the satellite industry.

Learning and development

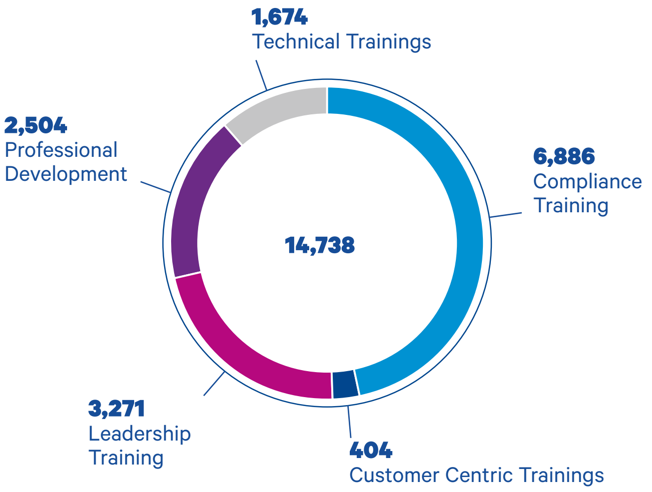
We offer a comprehensive portfolio of learning and professional development programmes to all our employees.

In 2019, we logged 9,177 participations in training for a total of 14,738 hours of learning, with participation up by 12.5% from 8,160 in 2018. This was facilitated by the increase in e-learning offerings. In fact, 5,491 of participations (66%) were in e-learning format.

We also managed a global Mentoring Programme last year with 70+ participants mentored by SES executives and introduced a monthly global Executive Lunch and Learn education session.

Trainings in hours in 2019

Hours by Category **G17**



HEALTH MANAGEMENT AND SAFETY AT WORK

We want to maintain our employees' health and physical well-being for the long term. Therefore, SES has uniform preventive healthcare standards in place worldwide.

As part of our approach we develop and implement anticipatory solutions that range from the job-related 'health check', preventive measures such as the flue vaccination (80 employees for the SES Betzdorf population), and the ergonomic design of workstations to the IT system that makes it easier to permanently reintegrate employees suffering from limitations imposed by their health.

SES has implemented many health policies ranging from self-instructions and road safety to travel safety and also includes contractor health standards.

In 2019, 9 accidents were reported for the SES Betzdorf populations, 8 on the way to or from work, 1 on site.

CUSTOMER 'HEARTBEAT'—CUSTOMER SATISFACTION, VOICE AND SCORE

Customers are an integral part of SES defining our activities and impacting our performance. SES conducts a 'voice of the customer' survey once a year. This survey is based on quantitative and qualitative methods and aims to measure the following:

- CSAT (Customer Satisfaction)
- CES (Customer Effort Score)
- NPS (Net Promotor Score = loyalty indicator)

By analysing the results from a quantitative, standardized survey of a large sample of customers with a deep-dive qualitative interview analysis of a smaller group, results in a holistic picture on the perception of SES, customer challenges, expectations and improvement potential for SES and also other important insights to steer the company in a customer focused way.

PROCUREMENT POLICY

We take a partnership approach in regard to our suppliers and business partners. For example, our open innovation approach across the R&D value chain and the development of the new constellation O3b mPOWER to be launched in 2021 was the result of an open innovation model together with Boeing.

We review the ethical behaviour of our partners as well as their compliance with human rights and global citizenship requirements.

As for the purchasing policy of products and services for use in offices, the Vendor Management Department ensures that key suppliers have implemented policies for social and environmental issues. Requests for tenders stipulate a commitment to respect the SES ethical charter; procurement contracts always require compliance with regulations, including prohibition of employment of non-registered personnel.

GOVERNANCE MATTERS

Our Corporate responsibility objectives and their management are part of our corporate governance system and are also represented in the » targets and remuneration of our Directors and Executives.

Integrity, compliance and legal responsibility are the cornerstones of our sustainable corporate governance and serve as the basis for all our actions.

COMPLIANCE AND CODE OF CONDUCT

We define compliance as trust-based, reliable and sustainable corporate governance derived from ethical values. The Board of Directors is responsible for compliance with the law and the company's policies and seeks the same level of compliance from all SES subsidiaries and employees.

To manage and address compliance risk we have implemented a Compliance Management System including a Compliance Committee and a Code of Conduct which defines guidelines for our everyday business conduct, offers our employees orientation and helps them make the right decisions even in difficult business situations.

The 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 Committee includes representatives from SES' offices in Asia, the Middle East and Latin America.

Whistleblowing System
In 2019, SES introduced a whistleblowing hotline, managed by a third-party provider, which allows our staff to file any compliance complaints in full confidence.

Compliance Training
SES has implemented a comprehensive compliance training programme for staff. In 2019, overall nearly 6,000 trainings have been completed on compliance topics including cyber-security, anti-bribery & corruption and sanctions & export controls.

RESPECTING AND UPHOLDING HUMAN RIGHTS

Respect for human rights is a natural prerequisite for responsible business management at SES. We expect all employees to be proactive in protecting human rights so that violations can be ruled out entirely when it comes to our company's business activities. This is a goal that is also highlighted in our Code of Conduct.

For instance, the potential risk of any child or forced labour at any of our locations is always considered within the scope of our audits. We do not see any elevated risk of child or forced labour at any of our SES locations or in our activities. SES was also not aware of any cases of human rights violations within the scope of its own business activities during the reporting period.

STATEMENT ON SLAVERY AND HUMAN TRAFFICKING

SES is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. SES will not support or deal with any business knowingly involved in slavery or human trafficking.

The nature of SES' business means that the majority of SES' suppliers are large international companies providing complex technical services relating to the space industry through highly skilled professional employees. SES' 50 largest suppliers account for approximately 80% of procurement spending.

SES does not procure a material amount of goods or services in sectors that are considered to be high risk for human trafficking or slavery (such as agriculture or horticulture, construction, textiles, catering and restaurants, domestic work, and entertainment).

SES has created a Code of Conduct for Suppliers, which clearly outlines SES' stance towards slavery and human trafficking. SES also includes in its contracts with suppliers a clause requiring the supplier to comply with all laws applicable to the provision of the goods or service. SES' contracts with its suppliers also contain a provision stating its suppliers cannot novate or subcontract any right or obligations to any third party without the written consent of SES.

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 of the UK and sets out the steps SES has taken to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business.

AVOIDING CORRUPTION AND BRIBERY

SES is committed to respecting the highest ethical and legal standards, set out in our Code of Conduct, on which all our employees are trained. We have identified bribery and corruption as one of the risks that SES is facing by doing business in most countries around the world, including with governments.

As part of compliance training, 147 of the most exposed staff members were given anti-bribery training. We are also conducting external due diligence on our third-party agents upon their appointment. The level of this due diligence depends on the risk assessment, which itself is based on several elements, including the country of operation and the type of business.

We also reduce the risk of bribery through a clear process for gifts and entertainment. The relevant policy, which like all compliance policies is available on a dedicated intranet page, contains a dedicated e-mail address that can be used to obtain guidance prior to providing or accepting a gift or entertainment.

HIGH STANDARDS FOR DATA PROTECTION AND CYBERSECURITY

The robust management of data protection and data security is essential, in our opinion, to secure the long-term confidence of our stakeholders.

To ensure compliance with data protection laws and regulations, SES appointed a Data Protection Officer. SES has implemented a variety of measures, has reviewed, updated and enacted relevant procedures and processes, and continuously strives to comply with the General Data Protection Regulation (GDPR).

SES has implemented technical and organizational security measures to protect networks and systems from cyber attacks. As part of continual organisational improvement and in line with its commitment to strengthening cyber security, management has introduced a security framework in accordance with the leading industry standard ISO 27001 in key areas. This framework is continually adapted to new threats considering global organizational changes, security controls and practices within the group to reduce the risks of cyber attacks.

ANTITRUST AND INSIDER TRADING POLICY

SES is committed to full compliance with competition laws. Compliance with competition laws is each employee's responsibility. Employees that violate this Policy may be subject to disciplinary action including termination of employment.

Given the complex nature, application and broad reach of competition laws, every SES employee is responsible for involving in-house legal counsel whenever and as soon as any issues or questions arise and before taking any action that might have competition law implications.

As a public company being listed at the Luxembourg and Paris Euronext stock exchange, SES has implemented a trading policy to ensure that SES and its directors and employees and, under certain circumstances, their respective close family members comply with the rules of the securities market, transparency regulation, Market Abuse Regulation and other applicable rules.

SUSTAINABILITY MANAGEMENT IN THE SUPPLY CHAIN

The purchasing functions within SES help to ensure the supply of materials and services at the best possible quality / cost ratio and thus strengthen the competitiveness of the company. SES places great emphasis on the efficient design of its procurement processes for achieving cost-effective purchasing results, as well as on sustainable procurement taking into account the requirements of national laws, EU law and the Group's code of conduct for suppliers.

Given the structure of the satellite industry and the highly technical nature of SES business, we can differentiate between the general vendor policy and the dealing with major business partners and satellite manufacturers or launchers.

Satellite manufacturer:
As well as complying with International and Luxembourg Space Law, our main suppliers, principally located in Europe and the U.S., are held to high social responsibility standards.

As SES is a capital-intensive company with continuing significant investments in assets, a Policy is also required to ensure that all investments are monitored on a regular basis and that the company's assets are safeguarded.

CORPORATE GOVERNANCE

SHAREHOLDER STRUCTURE

SES has been listed on the Luxembourg Stock Exchange since 1998 and on the Euronext Paris Stock Exchange since 2004.

Shareholder Structure as of 3 February 2020 **T11**

SES Shareholders[1]	Number of Shares	% Voting Shareholding	% Economic Participation
A Shares			
Nouvelle Santander Telecommunications S.A.	6,500,000	1.13%	1.41%
Kerla S. à r.l.	2,600,000	0.45%	0.57%
Other Shareholders	941,238	0.16%	0.20%
FDRs (free float)	373,416,362	64.92%	81.15%
Total A Shares	**383,457,600**	**66.67%[2]**	**83.33%[2]**
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 Shares	**191,728,800**	**33.33%[2]**	**16.67%**
Total Shares (Actual)	**575,186,400**		
Total Shares (Economic)	**460,149,120**		

1 Significant shareholdings as of 3 February 2020 (Most recent available data); shareholder structure is updated regularly at link to website
2 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.

The Company has issued two classes of shares: A-shares and B-shares. Each share is entitled to one vote. However, one B-share carries 40% of the economic rights of an A-share.

The ratio of A-shares to B-shares must be maintained at 2:1 as required by the Articles of Incorporation.

A-SHARES

A-shares are defined as shares held by private and institutional investors.

The listed security is the Fiduciary Depositary Receipt ("FDR"), listed on the Luxembourg and Euronext Paris Stock Exchanges. Each of these is backed by one A-share and has all the rights attached to that share, except the right of attending General Meetings of shareholders.

In order to attend a General Meeting, at least one registered share must be held. Voting rights may be exercised by notifying the Fiduciary (Banque et Caisse d'Epargne de l'Etat) of the voting intention.

B-SHARES

The State of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state-owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's B-shares. A B-share has 40% of the economic rights of an A-share or, in case the company is dissolved, is entitled to 40% of the net liquidation proceeds paid to A-shareholders. The B-shares are not listed on any exchange and do not back a tradable security.

RESTRICTIONS ON OWNERSHIP

No A-shareholder may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless he has obtained prior approval from the meeting of shareholders in accordance with the procedure described here below. Such limit shall be calculated by taking into account all the shares held by the A-shareholder.

A shareholder or a potential shareholder who envisages to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company (a 'demanding party') must inform the Chairperson of the Board of the company of such intention.

The Chairperson of the Board will inform the government of Luxembourg of the envisaged acquisition. The government may oppose the acquisition within three months from such information if it determines that such acquisition would be 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 provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorize the demanding party to acquire more than 20%, 33% or 50% of the shares. If the demanding party is a 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.

INFORMATION EXCHANGE IN REGARD TO CORPORATE GOVERNANCE

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

In this context, the SES website contains a regularly updated stream of information, such as the latest version of the company's main governance documents, including the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the Board) and the separate sections on the composition and the mission of the Board, the Board's committees and the Executive Committee[1].

The SES website 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.

INVESTOR RELATIONS

SES' dedicated Investor Relations function reports to the Chief Financial Officer and works closely with the 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 SLT.

The Head of Investor Relations, is responsible for the definition and execution of SES' active Investor Relations programme and participation in investor conferences and similar events. Investor Relations also works closely with the Chief Legal Officer to ensure that the group's external communications are compliant with all applicable legal and regulatory requirements.

The SES Investor Relations team will be pleased to assist you with any questions you may have in relation to SES. Further, the SES IR Website contains information on all recent financials, analyst coverage, financial calendar and company news and is updated on a regular basis.

1 The Executive Committee is internally called the Senior Leadership Team (SLT). Therefore, going forward the term SLT will be used instead of Executive Committee.

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market), as revised in 2017.

SES also complies with the governance rules for companies listed in Paris, where the majority of the trading in SES FDRs takes place. In the instance of conflicting compliance requirements, SES follows the rules of the home market.

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. After each meeting of the Remuneration Committee, its Chairman reports to the Board about the latest Remuneration Committee discussions and decisions.

ORGANISATION PRINCIPLES

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

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

The meetings are presided over by the Chairperson of the Board or, in his absence, by one of the Vice Chairperson 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. An A-shareholder may act at any meeting by appointing a proxy (who does not need to be an A-shareholder).

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

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

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

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

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

With the exception of the procedure described above regarding whenever an 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.

In 2019, the AGM was hold on 4 April. The AGM was attended by 98.79% of the company's shareholders, excluding the 5,486,094 FDRs held by the company. The detailed results of the shareholders' votes are available on the company's website.

BOARD OF DIRECTORS & COMMITTEES

The Board of Directors is responsible for:

- Defining the company's strategic objectives as well as its overall corporate plan;
- Approval, upon proposal from the Senior Leadership Team 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; and
- Approval of major investments and responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Senior Leadership Team (SLT) in accordance with the company's internal regulations.

As of 31 December 2019, the Board was comprised of 13 members of which 6 were considered independent.

In September 2019, the Board agreed to limit the maximum board tenure to 12 years. Therefore, from the AGM 2020 onwards, the Board will be compromised of 12 members of which 8 are considered independent.

From left to right:
Back row: **François Tesch, Katrin Wehr-Seiter, Serge Allegrezza, Françoise Thoma, Kaj-Erik Relander, Romain Bausch**
Front row: **Paul Konsbruck, Tsega Gebreyes, Ramu Potarazu, Anne-Catherine Ries**

Not pictured:
Victor Casier, Hadelin de Liedekerke Beaufort, Marc Serres

MEMBERS OF THE BOARD AS OF 31 DECEMBER 2019

Romain Bausch
(Chairman of the Board)

- Director since 4th of 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.
- Chairman of the Board of Directors of SES and a Director of SES ASTRA.
- Member of the Boards of Directors of Aperam, Banque Raiffeisen Société Coopérative, Compagnie Financière La Luxembourgeoise and the Luxembourg Future Fund, as well as the Chairman of the CNFP (Conseil National des Finances Publiques) of Luxembourg.
- Graduated with a degree in economics from the University of Nancy also holding an honorary doctorate from the Sacred Heart University in Luxembourg.
- Mr. Bausch is a Luxembourg national. He is an independent director.

Tsega Gebreyes
(Vice-Chairperson of the Board)

- Director since 4th of April 2013.
- Founding Director of Satya Capital Limited and Director of Sonae.
- Previously, she served as Chief Business Development and Strategy Officer of Celtel International BV and Senior Advisor to Zain and was Founding Partner of the New Africa Opportunity Fund, LLP working with Mc Kinsey and Citicorp.
- Senior Advisor to TPG Growth.
- Graduated with a double major in Economics and International Studies from Rhodes College and an M.B.A. from Harvard Business School.
- Mrs Gebreyes is an Ethiopian national. She is an independent director.

Anne-Catherine Ries
(Vice-Chairperson of the Board and Chairperson of the Nomination Committee)

- Director since 1 January 2015.
- First Advisor to the Prime Minister and Minister for Media and Telecommunications in Luxembourg being in charge of media, telecom and digital policy, and Member of the Board of Directors of POST Luxembourg.
- She holds a law degree from the Université de Paris II and the University of Oxford and 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.
- Over the last 15 years, her focus has been on attracting and developing tech companies in Luxembourg.
- Mrs Ries is a Luxembourg and French national. She is not an independent director because she represents an important shareholder.

Serge Allegrezza

- Director since 11th of February 2010.
- Since 2013, he is the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies,
- He was Conseiller de Gouvernement 1ère classe at the Ministry of Economics, responsible for internal market policy, and is the Chairman of the Observatory for Competitiveness.
- Chairman of the Board of Directors of POST Luxembourg and of the Board of LuxTrust i.n.c and former president of the Conseil Economique et Social.
- Prior, he was a part-time lecturer at the IAE / University of Nancy 2, has a Master in economics and a PhD. in applied economics.
- Mr Allegrezza is a Luxembourg national. He is not an independent director because he represents an important shareholder.

Victor Casier

- Director since 7th of April 2016.
- Member of the Executive Committee of Sofina S.A. and a board member of various companies within Sofina's portfolio, including Veepee, Drylock Technologies and Wynd.
- Prior to joining, he worked for Roland Berger Strategy Consultants, Transwide Ltd and Banco Urquijo
- 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 Belgian national. He is an independent director.

Hadelin de Liedekerke Beaufort

- Director since 17th of April 2000; will leave the board of directors at the AGM in 2020
- Director of Santander Telecommunications and director of other private companies with interests in various fields such as financial and real estate developments.
- Graduated from the Ecole Hôtelière de Lausanne.
- 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.

Paul Konsbruck

- Director since 13th of June 2019.
- Chief of Staff to the Prime Minister and Minister for Media and Communications in Luxembourg.
- Director of ENCEVO SA and is the government commissioner to CLT-UFA / RTL Luxembourg.
- After starting his professional career as Journalist and News Presenter at RTL, he became Editor in Chief at Eldoradio.
- In 2014, he entered the public service as communications adviser to the Luxembourg government and was named Chief of Staff and First Government Councillor at the Ministry of State on 1 January 2016.

- Holds a master's degree in Literature and Linguistics from the University of Heidelberg, and participated in the Senior Executive Fellow Programme at the Harvard Kennedy School.
- Mr. Konsbruck is a Luxembourg national. He is not an independent director because he represents an important shareholder.

Ramu Potarazu

- Director since 20th of February 2014.
- CEO of Binary Fountain and Founder and former CEO of Vubiquity.
- 15 years of experience in various positions at Intelsat (1991-2006): He became Intelsat's Vice President of Operations and CIO in 1996, Vice President, Commercial Restructuring in 2000, President of Intelsat Global Service Corporation in 2001 and from 2002 to 2006 he was President and Chief Operating Officer of Intelsat Ltd.
- Graduated with a BS in Computer Science and in Mathematics from the Oklahoma Christian University also holding a MSc in Electrical Engineering from the John Hopkins University and member of the Stanford Executive Program.
- Mr Potarazu is a US national. He is an independent director.

Kaj-Erik Relander

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

Marc Serres

- Director since 13th of June 2019.
- CEO of the Luxembourg Space Agency and Vice-Chairman of the Council of the European Space Agency and a Member of the International Academy of Astronautics.
- Previously, served as Director of Space Affairs at the Ministry of the Economy and as coordinator of the relations with the European Space Agency at the Ministry of Higher Education and Research.
- Prior to working for the Luxembourg Government, Mr Serres held several engineering positions at Hitec SA.
- He is an electrical engineer and holds a PhD in optoelectronics from the Université Catholique de Louvain.
- Mr Serres is a Luxembourg national. He is not an independent director because he represents an important shareholder.

François Tesch

- Director since 15th of April 1999; will leave the board of directors at the AGM in 2020
- Executive Chairman of Luxempart S.A. and Chairman of the Board of Foyer S.A., of Wealins S.A., and of Financière de Tubize S.A, and Vice-Chairman of CapitalatWork Foyer Group.
- Graduated with a degree in economics from the Faculté d'Aix en Provence and holds an M.B.A. from INSEAD (Institut Européen d'Administration des Affaires).
- Mr Tesch is a Luxembourg national. He is not an independent director because he has been a director for more than 12 years.

Françoise Thoma
(Chairperson of the Remuneration Committee)

- Director since 16th of June 2016.
- 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 Luxembourg national. She is not an independent director because she represents an important shareholder.

Katrin Wehr-Seiter
(Chairperson of the Audit and Risk Committee)

- Director since 1st of January 2015.
- Managing Director of BIP Investment Partners SA, Managing Director / Partner of BIP Capital Partners SA and director of Bellevue Group and several non-listed corporations.
- 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.
- Holds an MBA from INSEAD and an MSc in Mechanical Engineering from the Technical University of Chemnitz.
- Mrs Wehr-Seiter is a German national. She is an independent director.

Frank Esser

- Director since 11 February 2020
- Vice Chair of Swisscom and Director of Interxion Holding
- Former Chairman and CEO of SFR, the leading private French Telecom Operator and also served as Board Member of Vivendi Group
- Prior to SFR, he held several managerial positions with Mannesmann Group
- Holds both a PhD in Managerial Economics and an MS in Economics from the University of Cologne.
- He is a German national and an independent director.

Béatrice de Clermont-Tonnerre

- Proposed Director to be elected in the AGM on 2 April 2020
- Member of the Board of Directors of Grupo Prisa and Klépierre and Senior Advisor to Kayrros
- Former Director, AI Partnerships of Google, having left Google in Q3 2019 after six years
- Prior to Google she held various positions in Group Lagardère including Senior VP Business Development and has worked in Canal Plus and Radio France Internationale
- Holds a Master degree in Politics and Economics from the Institut d'Etudes Politiques in Paris and an MBA from ESSEC Business School in France.
- She is a French national and would be an independent director.

Peter van Bommel

- Proposed Director to be elected in the AGM on 2 April 2020
- Chief Financial Officer and member of the Board of Management of ASM international and Board member of ASM Pacific Technology, Neways Electronics International, Bernhoven Foundation and the Amsterdam Business School (Chair of EMFC Curatorium)
- More than 20 years of experience in electronics and semiconductor industry
- Spent most of his career at Philips where he joined in 1979
- Director of KPN from 2012 to 2020
- Holds an MSc in Economics from Erasmus University in Rotterdam
- He is a Dutch national and would be an independent director.

MISSION AND COMPOSITION

At the annual general meeting in April 2019, the shareholders decided to reduce the Board to 14 members. Following the decision by Conny Kullman to resign from his mandate in June, the Board of SES has been composed, as of 31 December 2019, of 13 non-executive directors, four of them female.

In accordance with the company's articles of association, two-thirds of the board members represent the holders of A-shares and one-third of the board members represent the holders of B-shares.

The mandates of the current directors will expire at the annual general meeting of shareholders in April 2020, 2021 and 2022, 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.

Following the resignation of Jean-Paul Zens and Jean-Paul Senninger effective June 2019, the SES Board co-opted Paul Konsbruck and Marc Serres in the same meeting.

In its September meeting, the Board decided to amend the internal regulations and to limit the maximum tenure to 12 years, a period after which Directors could previously continue, but were no longer considered independent. In light of the new rules, the two directors who have served on the Board for longer (François Tesch and Hadelin de Liedekerke Beaufort) will leave the Board at the 2020 Annual General Meeting. Until then, the Company does not consider them to be independent.

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:

1. not having been an employee or officer of the company over the previous five years;
2. not having had a material business relationship with the company over the last three years; and
3. not representing a significant shareholder holding more than 5% of the voting shares directly or indirectly.

As of 31 December 2019, six of the board members are considered independent: Tsega Gebreyes, Katrin Wehr-Seiter, Romain Bausch, Victor Casier, Ramu Potarazu and Kaj-Erik Relander.

Five of the current directors are not considered independent as they represent a significant shareholder owning more than 5% of the company's shares. In its September meeting, the Board decided to amend the internal regulations and to limit the maximum tenure to 12 years, a period after which Directors could previously continue, but were no longer considered independent. In light of the new rules, the two directors who have set on the Board for longer (François Tesch and Hadelin de Liedekerke Beaufort) will leave the Board at the 2020 annual general meeting. Until then, the Company does not consider them to be independent.

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

In the context of the Board composition, the SES Nomination Committee will consider a diverse Board as adding value to the company, not limiting diversity to gender diversity, but also considering, as far as possible, professional background, experience and age diversity. The candidates should present most of the following competencies: (i) balanced international experience; (ii) satellite communication industry knowledge; (iii) non-satellite communication industry knowledge; (iv) video and data-centric products knowledge; (v) financial expertise (for Audit and Risk Committee); (vi) legal, regulatory and compliance expertise (for Audit and Risk Committee); (vii) HR expertise (for Remuneration and Nomination Committees); and (viii) experience in running a business amidst a changing business environment.

RULES OF GOVERNANCE

The Board of Directors meets when required by the company's business, and at least once per quarter. It can only validly deliberate if a majority of the directors are present or represented. The resolutions of the Board are passed by a simple majority of the votes of the voting directors present or represented, not considering abstentions. The Chairman does not have a casting vote.

Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning at least 5% of the shares of the company, directly or indirectly, is subject to a prior authorisation by the Board.

In 2019, the sole two transaction between the company and a shareholder owning at least 5% of the company's shares directly or indirectly related to the Company's investment in the Luxembourg Space fund and the renewal of the concession agreement between SES Astra (a direct subsidiary of SES S.A.) and the Luxembourg State. According to applicable conflict of interest rules, the relevant B-Directors did not participate in the discussion nor in the vote of these topics.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2019

The Board of Directors held six meetings in 2019, with an attendance rate of more than 97.5% as well as one Board call. After endorsement by the Audit and Risk Committee, the Board approved the 2018 audited accounts, including the proposed dividend, as well as the financial results for the first half of 2019. During the year, and after an internal evaluation led by the Chairman at the end of 2018, the Board used the services of an outside firm for an external review of its governance with the overall objective to improve the efficiency of the Board and of its Committees. These initiatives have led to several adaptions of the corporate governance framework, in particular through the creation of a Strategy and Investment Committee that provides support to the Board and to Management on strategic matters and acts as a conduit for regular exchange of information between Management and the Board. As a result of the same Board evaluation exercise, each Board meeting now includes on its agenda a restricted session, without the presence of Management.

At its first meeting of the year, the Board approved the final version of the 2019 budget and the 2019-2023 business plan. It also reviewed the Strategic Plan and was briefed on the strategic plan implementation. The Board held a Strategy Day ahead of the June Board meeting. The Board reviewed the remuneration policy and adopted the proposed discontinuation of the existing binary vesting condition for performance shares and its replacement by a linear ratchet table to define the final pay-out for the three-year compounded adjusted EVA.

During 2019, the Board also decided to launch a new share buyback programme, implementing through the filing of a 'notice d'information' on 9 April 2019 a decision taken by the shareholders during the annual general meeting of 4 April 2019. The 2019 programme executed on Euronext Paris was limited to the following two objectives:

1. to operate under the framework of a liquidity contract signed with Rothschild, and
2. 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 20 million A-shares and 10 million B-shares at prices between EUR 5 and EUR 25 per A-share and EUR 2 and EUR 10 per B-share.

The Board was regularly updated on the US C-band developments and possible implications for the Company. Further noted updates on the company's risk management report and the Senior Leadership Team (SLT) regularly informed the Board about the group's activities and financial situation. The Board noted updates on: (i) the execution of the Strategic Plan; (ii) the 2019 Business Objectives; (iii) company's approach to ESG; (iv) the Company's launch strategy; (v) the Group's Business Continuity Plans; and (vi) relevant HR matters.

At each meeting, directors receive a report on ongoing matters and the Chairperson of the four 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 part of its on-going training, the Board received a presentation by an investment bank on the satellite industry and SES' position in the relevant markets. The Board was also briefed by outside counsel on the role of a Director under Luxembourg corporate law.

BOARD GOVERNANCE STRUCTURE & COMMITTEES

- The Board agenda is prepared in close cooperation between the Chairman and the CEO. The committees consist of six members, at least a third of whom are independent board members in line with SES' internal regulations.
- 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. It has an oversight function and provides a link between the internal and external auditors and the Board.
- The Remuneration Committee determines the remuneration of the members of the Senior Leadership Team (SLT) and advises on the overall remuneration policies applied throughout the company. It acts as administrator of the company's long-term equity plans.
- The Nomination Committee identifies and nominates suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. 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. It also identifies and nominates suitable candidates for the Senior Leadership Team (SLT).
- The Strategy and Investment Committee supports Management in planning, preparing and implementing the corporate strategy and the Strategic Plan for approval by the Board as well as in the preparation of any investment or divestment decision for approval by the Board. The Strategy and Investment Committee discusses and reviews important industry and company developments as presented by Management and reviews with Management the implementation of strategic and investment decisions approved by the Board.

Board Structure and Committees G18

CHAIRMAN OF THE BOARD: ROMAIN BAUSCH

VICE-CHAIRPERSONS: TSEGA GEBREYES, ANNE-CATHERINE RIES

AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	STRATEGY & INVESTMENT COMMITTEE	SECRETARY OF THE BOARD OF DIRECTORS
CHAIR: KATRIN WEHR-SEITER	CHAIR: FRANÇOISE THOMA	CHAIR: ANNE-CATHERINE RIES	STEVE COLLAR	PIERRE MARGUE
SERGE ALLEGREZZA	SERGE ALLEGREZZA	ROMAIN BAUSCH	ROMAIN BAUSCH	
VICTOR CASIER	ROMAIN BAUSCH	TSEGA GEBREYES	RAMU POTARAZU	
RAMU POTARAZU	HADELIN DE LIEDEKERKE BEAUFORT	KAJ-ERIK RELANDER	ANNE-CATHERINE RIES	
KAJ-ERIK RELANDER	TSEGA GEBREYES	FRANÇOIS TESCH	KAJ-ERIK RELANDER	
FRANÇOISE THOMA	RAMU POTARAZU	FRANÇOISE THOMA	KATRIN WEHR-SEITER	

MEETINGS AND ATTENDANCE RATE IN %

AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	STRATEGY & INVESTMENT COMMITTEE
4 MEETINGS, 100% 2 ADDITIONAL CALLS, 91.7%	5 MEETINGS, 96%	8 MEETINGS, 95.833%	3 MEETINGS

Independent CEO

Activities of the Committees in 2019 **G19**

THE AUDIT AND RISK COMMITTEE

- Review of the 2018 financial results before their submission to the Board and their subsequent approval by the shareholders at the statutory annual general meeting.
- Review of the H1 2019 financial results of the company. Members had the opportunity to communicate any comments they had on the company's quarterly results through the Chair of the Audit and Risk Committee prior to the publication of these results.
- Review of 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 2018 PwC Management letter.
- Proposed to the Board and to the shareholders to appoint PwC as external auditor for 2019 and it approved its compensation.
- Received bi-annual updates on risk management from the SES risk management committee and was briefed on ongoing compliance matters.
- Review of WACC parameters for remuneration purposes, customer credit risk and the restructuring of the Finance team. After each meeting, the Board is briefed in writing about the work of the Audit and Risk Committee.

THE REMUNERATION COMMITTEE

- Matters addressed related to the determination of the bonuses and the vesting of performance shares allocated to the members of the SLT for their performance in 2018.
- Adoption of the 2019 corporate objectives, which are used as one element in the determination of their bonuses for 2019 as well as for the 2019 stock option grant.
- Discussions on the replacement of the current binary vesting condition of Performance Shares by a linear ratchet table to define the final pay-out for the three-year compounded adjusted EVA. The proposed change was subsequently adopted by the SES Board.
- Oversaw the implementation of the decision under which the members of the SLT must hold at least the equivalent of an annual salary's worth of registered shares in the company (with the CEO of SES having to hold shares of at least two years' worth of his or her annual salary).

THE NOMINATION COMMITTEE

- Extensive discussion on the size and the composition of the Board.
- Having reviewed the criteria for Board membership and the resulting changes to the Corporate Governance charter, the Nomination Committee closely worked with an outside consultant to find several new directors.
- It also discussed the renewal of existing directors and proposed to the Board a list of candidates for election by the shareholders in April 2020 for a 1-, 2- or 3-year mandate.
- Met with several candidates for the position of Chief Financial Officer and submitted proposal to the Board.
- After each meeting, the Board is briefed in writing about the work of the Nomination Committee.

STRATEGY AND INVESTMENT COMMITTEE

As a result of discussions held by the Board on how to improve the Company's Corporate Governance, the Board decided in April 2019 to create an informal advisory body of the Board to provide support to the Board and to Management on strategic matters and to provide a conduit for regular exchange of information between Management and the Board.

From left to right:
Back row: **John Purvis** (Chief Legal Officer), **Ruy Pinto** (Chief Technology Officer), **John-Paul Hemingway** (CEO SES Networks), **Ferdinand Kayser** (CEO SES Video), **John Baughn** (Chief Services Officer)
Front row: **Evie Roos** (Chief Human Resources Officer), **Steve Collar** (CEO), **Christophe De Hauwer** (Chief Strategy and Development Officer)

SENIOR LEADERSHIP TEAM (SLT)

The SES Executive Committee is known as the Senior Leadership Team (SLT):

- It is in charge of the daily management of the group.
- It functions as a collegial body.
- It 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 of each such transaction, it being understood that the aggregate amount for all such transactions can at no time be higher than EUR 30 million. Members of the Senior Leadership Team (SLT) are appointed by the Board of Directors upon a proposal from the Nomination Committee.

Steve Collar
(CEO, SES Group), Chairman of the SLT

- Appointed in April 2018.
- Since 2017 he has been CEO of SES Networks.
- Prior to SES, he was CEO of O3b Networks, and has profound experience in several commercial and technical roles at SES WORLD SKIES, New Skies Satellites, Astrium and Matra Marconi Space (now Airbus).
- Holds a degree in Mechanical Engineering from Brunel University in London.
- Mr Collar is a British national.

Ferdinand Kayser
(CEO, SES Video)

- Appointed in April 2017.
- Chairman of the Board of SES ASTRA and a member of the Board of YahLive.
- Having joined SES in 2002 as President and Chief Executive Officer of SES ASTRA he became Chief Commercial Officer of SES in 2011.
- Prior to SES, he has worked in senior roles in media companies such as Premiere Medien GmbH & Co. KG and CLT Multimedia.
- Holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialised university studies in Media Law and Management of Electronic Media.
- Mr Kayser is a Luxembourg national.

John-Paul Hemingway
(CEO, SES Networks)

- Appointed in April 2018.
- Prior to that, he served as the Executive Vice President, Product, Marketing and Strategy of SES Networks where he led Product Management, Marketing, Business Development and Corporate Strategy.
- Before SES acquired O3b and formed SES Networks, he was Chief Marketing Officer for O3b Networks.
- Prior to that, he held a variety of senior management roles in the networking industry within Ciena, Corning Cables, and Netscient.
- Holds a PhD in Optical Communications and a BSc (Hons) from Manchester Metropolitan University, UK.
- Mr Hemingway is a British national.

Christophe De Hauwer
(Chief Strategy and Development Officer)

- Appointed in August 2015.
- Member of the Board of SES ASTRA.
- Having joined SES in 2003, he held several positions of responsibility in the areas of Strategic Marketing, Strategic and Business Planning and Corporate Development, as well as Fleet Development and Yield Management.
- Prior to joining SES, he worked in the Strategy Consulting practice of the European Telecommunication and Media Industry with Arthur Andersen.
- Holds an Engineering and a PhD Degree from the Université Libre de Bruxelles.
- Mr De Hauwer is a Belgian national.

Ruy Pinto
(Chief Technology Officer)

- Appointed in January 2019.
- Since 2017, he had been the Deputy Technology Officer and took on the additional role of Chief Information Officer (CIO) at SES in 2018.
- Between 1990 to 2016 he was working for Inmarsat where he covered various technical and managerial roles, such as CTO and Group Chief Operations Officer (COO).
- Prior to that he was Chairman of UKSpace, and Director and VP of Space for the Association of Defence, Security and Aerospace Companies (ADS) and Non-Executive Director of the Space Application Catapult.
- Holds a degree in Electronics Engineering and completed post-graduate studies in Digital Telecommunications Systems, both from the Rio de Janeiro Catholic University (PUC-RJ).
- Mr Pinto is a dual British and Brazilian national.

John Baughn
(Chief Services Officer)

- Appointed in January 2019.
- Since 2017, he had been Executive Vice President, Global Services at SES Networks
- He joined SES Networks from O3b Networks, where he led the Global Services team, driving service strategy.
- Between 2008 and 2015, he was VP Global Services at Ciena, and has a vast Telco experience included leadership roles in Motorola
- Holds an MBA from the University of Warwick.
- Mr Baughn is a British national.

Evie Roos
(Chief Human Capital Officer)
- Appointed in February 2017.
- Prior she held the position of Executive Vice-President Human Resources of SES and is a member of the Board of SES ASTRA, as well as an elected member of the Luxembourg Chamber of Commerce.
- Before joining SES, she held various management positions at ArcelorMittal.
- Holds two degrees in Law and European Studies from the University of Leuven in Belgium and the Europa Institut in Saarbrücken in Germany.
- Mrs Roos is a Belgian, Luxembourg and US national.

John Purvis
(Chief Legal Officer)
- Appointed in February 2017.
- Having joined SES in 2001, he served as Executive Vice President & General Counsel of SES since 2007.
- Previously, he had been a lawyer in GE Lighting and Rowe & Maw,
- Qualified solicitor of England & and holds a law degree from Jesus College, Cambridge.
- Mr Purvis is a British national.

Martin Halliwell, previously Chief Technology Officer, became Strategic Advisor to the CEO on 1 January 2019 until his retirement in May.

In October 2019, Andrew Browne stepped down as Chief Financial Officer.

In February 2020, the SES Board of Directors announced the appointment of Sandeep Jalan as Chief Financial Officer of SES. Sandeep, who replaces Andrew Browne following his decision to leave the company in October 2019, will assume his position from May 2020.

RESPONSIBILITIES OF THE SENIOR LEADERSHIP TEAM

The SLT 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 SLT informs the Board at its next meeting of each such increase.

The SLT submits those measures to the Board 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 SLT submits to the Board a consolidated budget for approval.

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

The CEO organises the work of the SLT 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 CEO informs the Chairman of the Board on a regular basis of the company's activities. The latter receives the minutes of all meetings of the SLT in due time.

INTERNAL CONTROL PROCEDURES

OBJECTIVES AND PRINCIPLES

The Board of Directors has the 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 following objectives in the table below:

Internal Control Objectives — G20

OBJECTIVES
Compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts
Safeguarding efficiency and effectiveness of operations and the optimal use of the company's resources
Correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets
Integrity and reliability of financial and operational information, both for internal and external use
Ensuring that management's instructions and directions are properly applied
Ensuring 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 the Committee of Sponsoring Organisations of the Treadway Commission ('COSO'). 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 Senior Leadership Team of SES, which in turn works closely with the other levels of management in establishing control policies and procedures.

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

A Delegation of Authority Policy is in place and regularly updated providing the rules for the Internal Approval and External Execution that are required to authorise any external commitment of the company.

A group-wide 'Code of Conduct and Ethics' ('the Code') 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.

An SES Compliance Committee ('the 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 Committee includes representatives from SES' offices in Asia, the Middle East and Latin America.

SES has introduced a whistleblowing hotline, managed by a third-party provider, which allows its staff to file any compliance complaints in full confidence.

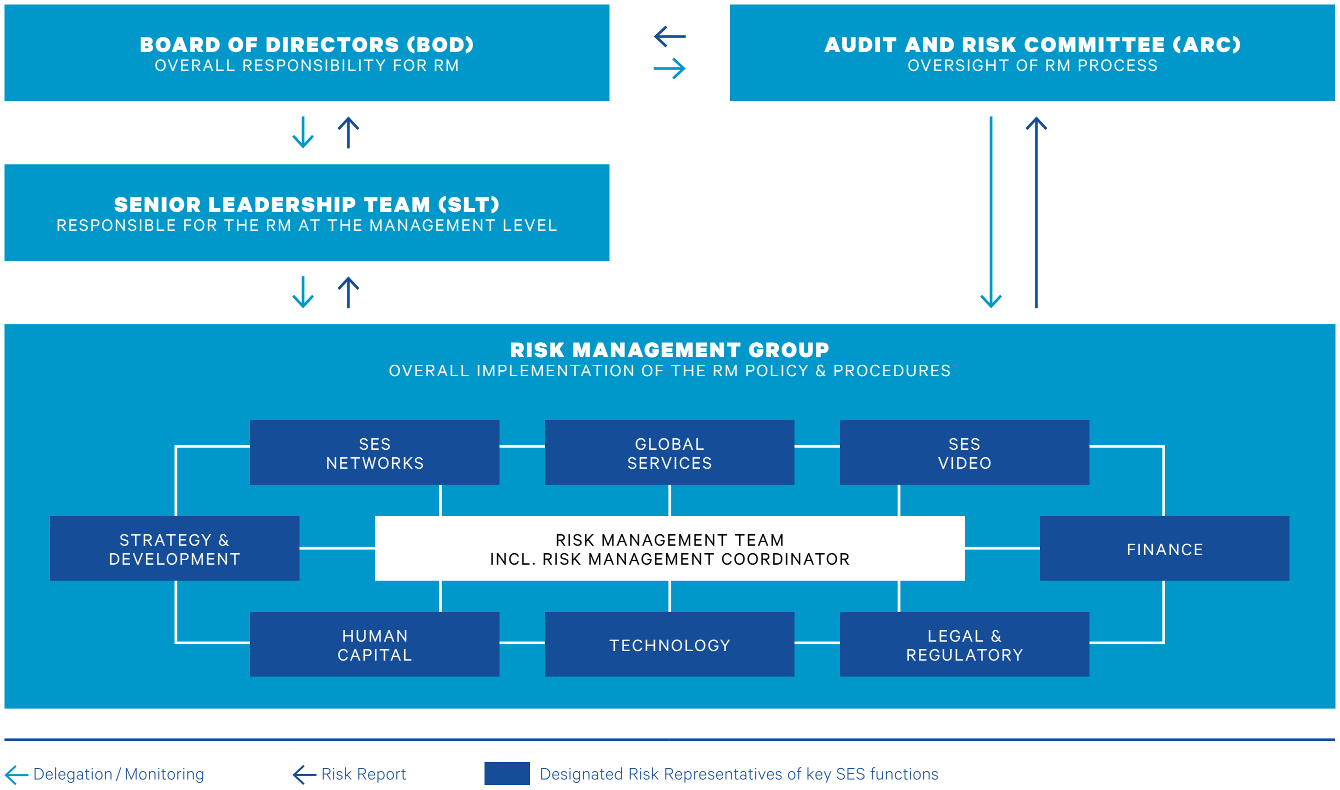
SES has implemented a comprehensive compliance training programme. Overall nearly 6,000 trainings have been completed by staff on various compliance topics with the major focus of 2019 trainings having been on cybersecurity, anti-bribery & corruption and sanctions & export controls.

To ensure better compliance with data protection laws and regulations, SES appointed a Data Protection Officer in 2014. SES has implemented a variety of measures, has reviewed and updated relevant procedures and processes, and continuously strives to comply with the General Data Protection Regulation (GDPR).

The descriptions of the main SES functions and processes are electronically documented. Given the many ongoing updates and changes in its processes and systems, SES is standardising its process mapping using a common Business Process Management software.

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

Risk Management Structure G21



RISK MANAGEMENT

SES adopted a risk management framework based on principles proposed by COSO and ISO31000. A Risk Management Team has been formed, including a Risk Management Coordinator, in order to ensure the adequate reporting of the risks facing SES and an overall implementation of the risk management policy and procedures by the SES Risk Management Group. The coordination of the implementation of the policy and regular preparation of risk management reports is the responsibility of the Risk Management Group that reports to the Senior Leadership Team. The Risk Management Group has replaced the Risk Management Committee and consists of direct reports of the Senior Leadership Team representing key SES functions. The Senior Leadership Team 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.

In 2019, the Risk Management Team performed a review of the SES risk management framework and is in the process of aligning it with the current structure of SES, and to ensure substantive risk reporting.

The risk management policy is being reviewed and updated by the Risk Management Team on a regular basis, including common definitions and measures of risk management, and is shared with the various risk owners to ensure that the risk management policy continues to be properly implemented.

Each reported risk is categorised, assessed by the risk owners and reviewed by the Risk Management Group. Key risk developments are periodically reported to the Senior Leadership Team, the Audit and Risk Committee and the Board.

INTERNAL CONTROL ACTIVITIES

Accounting and Financial Reporting

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, trained and are kept up-to-date with relevant changes in International Financial Reporting Standards ('IFRS'). Appropriate accounting and financial reporting policies and procedures are in place, regularly reviewed and updated for business developments and regulatory changes.
- 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. This control framework continues to be both extended (as more entities are brought onto the group's ERP platform) and enhanced through the implementation of additional workflow-based controls and validations.
- Concerning the revenue recognition process, adequate procedures and controls are in place, such as monthly reviews and data validation procedures, to ensure the correct and timely recognition of revenues.
- Risk-based monitoring controls are implemented for key SAP control configurations and transactions.
- The completeness and timely recording of financial information is ensured through regular reviews, the 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 material 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 group's half-year consolidated financial statements and a full audit of the annual consolidated financial statements.

Space Related Insurance

In the area of space related insurance, the following should be noted:

- The vast majority of the launch and in-orbit insurance activities of the group are managed through SES' insurance and reinsurance captive companies based in Luxembourg. Both companies are regulated and managed in accordance with the European Solvency II directive and are therefore subject to strict supervision and governance rules detailed in the companies' governance manuals. The governance structure of the companies is comprised of both companies' Boards of Directors, three committees (Investment, Underwriting and Audit, Compliance & Risk) and four key functions (Risk Management, Compliance, Actuarial and Internal Audit).
- Risk retention levels authorised under launch and in-orbit insurance policies are approved by the SES Board. Placement of new launch insurance policies as well as the placement or renewal of the SES fleet in-orbit insurance policy are approved by the Senior Leadership Team.

Treasury Management

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' hedging strategy for interest rate and foreign currency fluctuations. This software also aims to centralise the cash management of SES' affiliates.
- In order to ensure enhanced security and efficiency of the bank payments process, the company uses a banking payments system allowing for secured authorisation and transfer of payments from the SAP accounting system directly to the bank.
- A clear segregation of duties and assignment of bank mandates between members of SES management, treasury and accounting departments has been implemented.
- In order to streamline the cash management process, SES has centralised the in-house bank into one hub. This in-house banking system is fully integrated and managed in SAP.
- SES may use forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. Such foreign currency risk is predominantly in EUR or USD. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the company's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.
- Those treasury activities with a significant potential risk, such as financial derivative transactions with external parties and hedging activities, take place within a 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, the treasury policy is regularly updated. In addition, a treasury roadmap based on SES' strategic and business plans, is also prepared and presented to the Audit and Risk Committee.

Tax Management

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

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

Satellite Operations

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

- SES' 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 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 across 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. SES applies industry-standard incident management, escalation and reporting processes to provide effective and timely support to customers.
- The Satellite Contingency and Emergency Response Process reflects the company's current organisational structure.
- LuxGovSat has a highly secured Network Operation Centre ('NOC') on the Betzdorf campus.
- SES has adequate satellite control primary and backup capabilities utilising the European and US-based Satellite Operations Centres ('SOCs'). A SOC was built in Brazil to control the SES-14 satellite, with Betzdorf having the ability to control it.
- For SES Geostationary Earth Orbit ('GEO') located satellites, primary satellite operations in Europe are operated from the technical facility in Betzdorf and primary satellite operations in North America are operated from Princeton. Both SOCs are in a position to take over the operations of the other in an emergency with the fail-over procedure being tested regularly. Satellite engineering and Flight Dynamics tools, applications and documentation required to support satellite operations are available in the Betzdorf and Princeton SOCs and Data Centres. Backup satellite operations are also located in Redu (Belgium) and Woodbine (US). The backup SOCs in Redu and Woodbine are tested twice a year.
- For SES Medium Earth Orbit ('MEO') located satellites (O3b), primary satellite operations are performed from the SOC in Betzdorf and backup satellite operations are performed from the SOC in Manassas (US).
- For SES Infrastructure Redundancy, adequate backup capabilities are implemented.

Information Technology

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

- Management is committed to ensuring that SES' 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 are continuously being reviewed and updated in order to ensure compliance with the GDPR.
- 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 in this area.
- As part of continuous organisational improvements, and in line with its commitment to strengthen information and cyber-security, management has rolled out its information security and cyber-security framework across business units. This framework is continuously being aligned with global organisational improvements and security controls and practices within the SES group.
- Electronic information is regularly backed up and copies are stored off-site.
- SES has disaster recovery plans for its business applications. The regular testing of these activities confirms that SES is in a good position to recover all mission critical back-office applications within its recovery time objectives.
- A digital workflow process for managing information technology development projects is in place on a ServiceNow platform. Relevant key performance indicators are reviewed on a weekly basis;
- A service asset and configuration management process and database are in place

INFORMATION AND COMMUNICATION

All SES' main trading operations are included and operated on a common SAP ERP platform, sharing common IT processes and controls.

A comprehensive SAP security policy has been defined and implemented. This ensures that appropriate SAP access management is in place and is continually enhanced. It also leverages off the implemented SAP Governance Risk and Compliance module, which focuses on access and process controls.

The operation of the SAP hosting platform continues to mature in various areas including data privacy, data encryption and intrusion detection as annually confirmed in the Statement on Standards for Attestation Engagements ('SSAE') report provided by the hosting company. A detailed operational handbook is maintained to safeguard the smooth and secure operation of the company's SAP ERP platform. The hosting company operates a state-of-the-art backup data centre to ensure enhanced continuity of the SAP system operations.

Internal communication ensures the effective circulation of information across the organisation 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 and collaboration tools such as the Connect platform are instrumental in sharing information and knowledge throughout the company.

MONITORING ACTIVITIES

Monitoring of business policies and procedures is done in one of two ways:

1. Through continuous assessments
2. Or through a specific analysis.

Continuous assessments 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 **specific analyses** 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 with supporting management in 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 functionally reports to the 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 prepared in close cooperation with the company's Risk Management Team to dynamically link the audit plan to risks and exposures that may affect the organisation and its operations.

Internal Audit reports its observations and mitigation proposals to management and monitors the implementation of these recommendations. Regular reports are provided to the Senior Leadership Team and to the Audit and Risk Committee summarising Internal Audit's conclusions regarding internal control effectiveness testing and compliance.

Internal Audit also regularly coordinates audit planning and exchanges relevant information with the company's external auditors PwC.

The proxy structure of the SES Government Solutions Inc. entity, a wholly-owned subsidiary of SES SA, 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. For further informaton » see page 78.

The SES Internal Audit function does not perform any direct internal control reviews of this entity in line with those restrictions. However, these restrictions are mitigated through having agreement on a required risk management and internal control framework for SES Government Solutions that is subject to evaluation and testing by a third-party internal audit function.

An adequate reporting process of activities of the third-party audit function to the SES Internal Audit function and the Audit and Risk Committee is in place.

It should be further noted that the group's external auditor is also engaged for the audit of the financial statements of SES Government Solutions.

PRINCIPAL RISKS

Principles of managing risks

SES defines risk as the possibility that a potential event, condition, action or inaction will occur and adversely affect SES' ability to achieve its business objectives.

Risks are categorized as follows:

Risk Map G22

RISKS RELATING TO PROCUREMENT
- DEPENDENCY ON SATELLITE MANUFACTURER(S) AND / OR SECONDARY SUPPLIER(S)
- DEPENDENCY ON LAUNCH SERVICE PROVIDER(S)
- LAUNCH DELAY(S) AND / OR LAUNCH FAILURE(S)

RISKS RELATING TO SATELLITES
- IN-ORBIT FAILURE(S)
- SHORTENED OPERATIONAL LIFE

RISKS RELATING TO INSURANCE
- INSURANCE COVERAGE
- INSURANCE AVAILABILITY

RISKS RELATING TO CUSTOMERS
- KEY CUSTOMER LOSS
- CUSTOMER CREDIT
- INHERENT IN INTERNATIONAL BUSINESS
- INHERENT IN DOING BUSINESS WITH THE U.S. GOVERNMENT

RISKS RELATING TO THE SATCOMS MARKET
- COMPETITION RISK
- TECHNOLOGY RISK

RISKS RELATING TO STRATEGIC DEVELOPMENTS
- EMERGING MARKET RISK
- INVESTMENT RISK

RISKS RELATING TO LEGAL, CORPORATE, SPECTRUM
- LEGAL RISK
- SPECTRUM ACCESS RISK
- SPECTRUM COORDINATION RISK
- SPECTRUM USE RISK
- REGULATORY RISK
- EXPORT CONTROL
- SANCTIONS COMPLIANCE RISK
- EXTERNAL THREAT RISK
- CYBER RISK
- PEOPLE-RELATED RISK
- UNFORESEEN HIGH IMPACT RISK

RISKS RELATING TO FINANCE
- ECONOMIC DOWNTURN RISK
- INVESTMENTS
- CASH-FLOW RISK
- CREDIT RATING RISK
- TAX RISK
- ASSET IMPAIRMENT RISK
- LIQUIDITY RISK
- FOREIGN EXCHANGE RISK
- INTEREST RATE RISK
- COUNTERPARTY CREDIT RISK

1. RISKS RELATING TO PROCUREMENT

Dependency on satellite manufacturer(s) and / or secondary supplier(s)
SES is dependent on five major satellite manufacturers for the construction of its satellites.

Dependency on a small number of satellite manufacturers may reduce SES' 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.

Dependency on launch service provider(s)
SES is currently largely dependent on Arianespace (for SES-17) and SpaceX (for mPOWER) 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 these two launch vehicles.

Launch delay(s) and / or launch failure(s)
SES is planning to launch the SES-17 satellite as well as seven O3b mPOWER satellites (on two launch vehicles) during 2021. The launch of these satellites carries a risk of delay for a variety of reasons, including the late availability of the launch service or last-minute technical problems arising on the satellites or the launcher.

A launch delay or failure could have a material negative effect on revenue. 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, or failure of the satellites during the launch and early operations phase, resulting in a reduced satellite lifetime (in case of incorrect orbit injection or satellite propulsion anomalies during transfer orbit), 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 and asset insurance for each launch.

2. RISKS RELATING TO SATELLITES

In-orbit failure(s)
One or more of SES' 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 some of its customers.

A number of SES' satellites have experienced various technical anomalies either before or during 2019.

Some of 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.

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 non-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, which could affect all customers and require O3b to remove the satellite or beam from commercial operation. This would reduce the number of beams or regions served by the constellation unless a spare satellite could be utilised to replace the failed satellite or beam. Four of the current 20 satellites are used as spares to provide back-up for other satellites in the constellation.

SES attempts to mitigate the risk of in-orbit failure by careful vendor selection and high quality in-orbit operations. SES' 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 a restoration agreement in place 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. For the MEO fleet it is possible to 'pair' satellites to carry traffic following failures or, depending on the anomaly, to rebalance the customer traffic to provide 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.

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

Shortened operational life
The design life of SES' geostationary satellites is typically 15 years and the design life of O3b's current satellites is 12 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
SES' satellites may be subject to damage or loss from events that might not be covered by insurance policies. SES maintains 1. pre-launch insurance, 2. launch and initial in-orbit insurance, 3. in-orbit insurance and 4. 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;
- cyber attacks; and
- terrorism.

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

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

SES has adopted a policy of limited self-insurance. Premiums relating to its 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. The entire SES fleet is covered by this policy.

Insurance availability
Satellite insurance is a cyclical market subject to the laws of supply and demand and the space insurance market has seen a reduction of capacity, combined with a significant increase of insurance rates during 2019. This will likely 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 going forward.

SES' self-insurance programme improves its flexibility to accommodate variations in insurance market conditions.

4. RISKS RELATING TO CUSTOMERS

Key customer loss
SES depends on a number of key customers whose loss (or non-renewal) would reduce SES' revenues. SES' five largest customers represented 22.4% of SES' total revenues in 2019.

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 on time, SES' revenues may be impacted negatively.

It is important that SES' main, and long-term, satellite capacity agreements for the direct-to-home business in Europe are renewed on commercial terms similar to those reflected in the existing agreements. If SES would be materially unsuccessful in obtaining such renewals, revenues could be substantially adversely affected, with limited possibilities for mitigation.

SES' business is vulnerable to increasing presence from non-traditional Video distributors such as Netflix and Amazon and other OTT players. While relying on a distribution architecture that does not include satellites, in many cases, these players compete directly with SES' customers and increasingly drive up the costs for premium sports and other content for SES' customers.

SES may be forced to reduce prices in respect of its Networks services in current and future agreements. This risk is caused by various factors, including emergence of new technologies, such as LEO systems, which may claim ability to deliver lower pricing in the future, and pricing set in the past in long-term agreements which may no longer allow SES' customers to compete effectively in today's market.

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

Customer credit

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

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

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

Further details are provided in » note 18 to the consolidated financial statements.

Inherent in International Business

SES conducts business around the world. It is exposed to issues such as financial, regulatory, geopolitical, tax, sanctions and trade risks in many jurisdictions. Political and financial stability in some jurisdictions may impact SES' 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' results.

Inherent in doing business with the U.S. Government

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

The US Government requires SES Government Solutions to enter into the Proxy Agreement because SES Government Solutions is indirectly owned by SES, a foreign company, and SES Government Solutions has classified contracts with the US Government. As a result of the Proxy Agreement, strict limitations are placed on the information that may be shared between SES Government Solutions and other SES subsidiaries. The Proxy Agreement also imposes restrictions on the control of SES Government Solutions by SES.

It is important to note that inter-company activities including the provision of satellite capacity to SES Government Solutions for provision to the US Government are permitted under the Proxy Agreement.

5. RISKS RELATING TO THE SATELLITE COMMUNCIATIONS MARKET

Competition Risk

The telecommunications, connectivity and media market is fiercely competitive and SES faces competition from satellite (GEO and planned LEO) and terrestrial (fixed and wireless) networks.

SES faces competition from international, national and regional GEO satellite operators, as well as from planned LEO constellations. Some national operators receive tax and regulatory advantages in their countries that are not available to SES. The development of national satellite programmes in some countries may limit or prevent SES' ability to compete in those countries. Some planned LEO constellations might have material advantages based on their owners' capability to cross-subsidize and / or fertilize their satellite business with other parts of their business.

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

Developments and competition in the media market could result in a demand reduction for SES' satellite services and / or pricing changes resulting in a significant negative impact on SES' revenues. Changing consumer behaviour and the emergence of terrestrial technological substitution, particularly non-linear over the top services, could lead to horizontal consolidation among satellite service providers and to a reduction in demand for satellite-based distribution.

Technology Risk

The satellite communications industry is subject to increasing technological change. SES' satellites and associated technology could become less suited to meet requirements due to unforeseen advances in communications technology, leading to a reduction in demand for its services and a negative impact on revenues.

The use of new technology to improve the signal compression rate could lead to a reduction in demand for SES' satellite services on the Video side, which could lead to a negative impact on the financial results.

6. RISKS RELATING TO SES' STRATEGIC DEVELOPMENT

Emerging market risk

SES' 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' revenues and operational costs.

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' 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 evolving market conditions, antitrust changes, financing costs and regulatory approvals. If an investment is made, it may adversely affect SES' results due to financing costs or the economic 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 cooperation 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' business interests.

SES also invests in new and innovative projects, which often feature new and unproven technology or uncertain market demand. If the technology is not successful or demand does not materialise as planned, the economic value of SES' 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 services in the targeted regional markets. If that demand does not materialise as anticipated, SES' financial forecasts may not be met.

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

Legal Risk
SES cannot always predict the impact of laws, regulations and politics on its operations. The operation of the business is and will continue to be subject to the laws, regulations and political will of the various governmental authorities of the countries in which SES operates, uses radio spectrum or offers satellite capacity and services, as well as to the frequency coordination process of the International Telecommunication Union (the 'ITU'). Legal, regulatory and political changes are outside SES' 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' business means that it is subject to applicable sanctions, export control, competition and anti-bribery laws and regulations including associated civil and criminal penalties. Risks concerning and violations of applicable compliance laws and regulations may negatively affect future operations or subject SES to criminal or civil enforcement actions.

Disputes concerning SES' 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' business and financial position.

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

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

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

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

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

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

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

Spectrum use risk
If SES does not occupy unused orbital locations by specified deadlines, does not maintain satellites in the orbital locations it currently uses or does not operate in all the frequency bands for which a licence

has been received, then, in accordance with applicable national and ITU regulations, those orbital locations or frequency bands may become available for use by other satellite operators.

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

Regulatory risk

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

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

Export control

SES must comply with all applicable export control laws and regulations. For example, the US has comprehensive export compliance regulations. As a result, any US information, products or materials that SES provides to non-US entities relating to communications satellites, equipment, software and data are subject to US export control regulations. SES' US operations may not be able to maintain normal business activities and SES' non-US operations may not be able to source US satellites, hardware, technology and services if:

- export licences are not timely obtained;
- export licences do not permit transfer of all items requested;
- satellite launches are not permitted in the locations that SES prefers; or
- the requisite licence, when approved, contains conditions or restrictions that pose significant commercial or technical problems.

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

Sanctions compliance risk

As an international company, SES' business is subject to applicable financial and trade sanctions compliance laws and regulations. Sanctions laws and regulations restrict SES' ability to provide services in, export hardware or software to, certain countries or specific entities. In certain cases, SES may be able to obtain authorisation from the relevant sanctioning country in order to provide service that would otherwise be subject to sanctions, however, there is no guarantee that such authorisation will be granted. As a result, SES may be required to forgo commercial opportunities that are subject to sanctions.

SES has policies and systems in place designed to monitor the company's activities and to prevent engaging in prohibited activities or dealing with sanctioned parties. Failure to obtain or maintain required sanctions authorisations or failure to comply with applicable sanctions laws and regulations could have a material adverse effect on business.

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' results.

Cyber risk

SES' 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' reputation, or damage to SES' 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.

People-related risk

SES is competing for talent with large and well-known companies. In the context of low unemployment rates and a shortage of qualified candidates, SES may have difficulties in finding and onboarding diverse and competent talent with the required capabilities. SES attempts to mitigate this risk through the creation of a dedicated Talent Acquisition function, to enhance the sourcing of high-quality candidates, improve the applicant experience, and network more effectively with partners (universities, professional networks, recruitment agencies, referral programmes), as well as strengthening our Employer Brand.

Through its internal Learning and Development programmes, SES fosters the retention and in-house development of talent (Associate Programme, Leadership Programme, Mentoring Programme, Learning and Career Progression Opportunities) in order to reduce the risk of losing key contributors.

In addition, SES continues to nurture a high-performance culture founded on jointly endorsed behaviours aligned around a clear purpose and vision, helping teams to focus and remain energised in order to deliver on its customer promise.

If SES is unable to source, onboard, energise and retain key talent, it could have a negative impact on SES' business, financial situation and results.

Unforeseen high impact risk

SES' 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' 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' business, financial condition and results of operations.

Cash flow risk

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

Credit rating risk

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

Tax risk

SES' 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 other 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' 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 higher of fair value or 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 SA annual accounts, impairment testing—using value-in-use procedures similar to those outlined above—is performed on the carrying value of the shares in affiliate undertakings, or on the carrying value of groups of shareholdings where the Board of Directors believes that it is more appropriate under the circumstances, and better reflects the substance of the activities, the interdependency of the associated cash flows and their level of integration. If the carrying value of the relevant investment, or group of investments, is not substantiated by its value-in-use, and any shortfall is assessed as being other than a temporary nature, then this could result in an impairment charge being recorded to the income statement of the SES SA 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' 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 other debt capital market instruments. SES' 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 18 to the consolidated financial statements.

Foreign exchange risk

SES' reported financial performance can be impacted by movements in the Euro / US dollar exchange rate, as SES has significant operations, cash flows, assets and liabilities that are denominated in US dollar whereby the Group's functional currency is Euro. Furthermore, SES is exposed to movements in some other foreign currencies in which it generates revenue.

To mitigate this exposure, SES may enter into forward foreign exchange or similar derivatives contracts to hedge the exposure on financial debt or on the net US dollar assets. Further details are provided in » note 18 to the consolidated financial statements.

Interest rate risk

SES' exposure to the risk of changes in market interest rates relates primarily to SES' floating rate borrowings as well as the renewal of its fixed rate borrowings. SES carefully monitors and adjusts the mix between fixed and floating rate debt from time to time, responding to market conditions.

Interest rate derivatives may be used to manage the interest rate risk. The terms of such derivatives are negotiated to match the terms of the hedged item to maximise the effectiveness of the hedge. Further details are provided in » note 18 to the consolidated financial statements.

Counterparty credit risk

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

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 18 to the consolidated financial statements.

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 ensure 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 Luxembourg 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 2019, prepared in accordance with Luxembourg legal and regulatory requirements, and the consolidated financial statements as of end for the year ended 31 December 2019, 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.

29 February 2020

Romain Bausch
Chairman of the Board of Directors

Steve Collar
CEO

REMUNERATION REPORT

REMUNERATION POLICY

PURPOSE AND SCOPE OF THE POLICY

The purpose of the present Policy is to describe the remuneration paid by the Company to the Directors and to the members of the Strategic Leadership Team (SLT).

It describes:

- how the policy contributes to the Company's objectives relating to its business strategy and long-term interests and sustainability;
- the different components of remuneration, including all bonuses and other benefits in whatever form, if any, awarded to Directors and SLT members and indicates their relative proportion;
- how the pay and employment conditions of employees of the Company were taken into account when establishing the Policy;
- the duration of the contracts or arrangements with the Directors and SLT members, the applicable notice periods, the main characteristics of supplementary pension or early retirement schemes and the terms of, and payments linked to, termination;
- the decision-making process followed for the determination, review and implementation of the Policy, including measures to avoid or manage conflicts of interests and, where applicable, the role of the Remuneration Committee;
- the procedural conditions under which any derogation from the Policy can be applied as well as the elements of the Policy from which a derogation is possible.

The Policy covers all forms of remuneration being paid either to a Director or an SLT member.

THE POLICY

The Company must attract suitable Directors and SLT members to continue its success. Along with being an overall attractive Company, remuneration is one part of the Company's ability to do so. Consequently, this Policy contributes to the Company's business strategy and long-term interests and sustainability.

Remuneration must reflect the degree of required qualifications and experience of the Directors and ExComm members, the risks that they take personally, and honour the dedication and efforts that the Directors and ExComm members put into the Company. The Remuneration must also be relative to the pay and employment conditions of the employees of the Company.

REMUNERATION OF DIRECTORS

The remuneration granted to Directors consists of:

- a fixed annual fee and
- a fee per Board or committee meeting attended as described below.

All these fees are net of any Luxembourgish withholding taxes on directors' fees. Board members do not receive any stock options, nor do they receive any bonus.

Fixed remuneration per year

The fixed component of the remuneration encompasses 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.

Any Director chairing one of the committees set up by the Board (if not the Chairman of the Board) receives an annual fee of EUR 8,000. The Chair of the Audit and Risk Committee (if not the Chairman of the Board) receives an annual fee of EUR 9,600.

Remuneration per meeting

Directors receive EUR 1,600 for each Board meeting or Board committee meeting they attend, with the exception of the Audit and Risk Committee for which a fee of EUR 1,920 per meeting is paid.

It is important to note that a Director participating in more than one committee meeting on the same day will receive the attendance fee for one meeting only. Half of the attendance fee is paid if the Director participates in the meeting via telephone or videoconference.

The terms of the Directors

In general, the Company's directors are elected for terms of three years. If a Director leaves the Board during his/her term, the Company may co-opt a Director to finish that mandate.

A Director can be revoked at any moment by the shareholders. There is no notice period for a Director.

The maximum tenure on the Board is limited to 12 years (generally four terms of 3 years each).

The age limit of the Directors is set at 72 years. Any Director who reaches this age during his/her mandate will resign at the AGM following this date.

REMUNERATION OF SLT MEMBERS

The remuneration of SLT members comprises the following two major components:

1. the **compensation package** composed of the:
   - 1.1 Yearly base salary ("**YBS**");
   - 1.2 Annual bonus ("**AB**");
   - 1.3 Long-term equity ("**LTE**");
2. the **benefits** including, but not limited to:
   - 2.1 Company car;
   - 2.2 Pension and health care plans;
   - 2.3 Death and disability insurance.

In line with the Charter of the Remuneration Committee of the Company, remuneration matters of the SLT members are reviewed, discussed and decided by the Remuneration Committee.

1.1 Yearly base salary

The base salary of SLT members is reviewed by the Remuneration Committee in its first meeting of the year. The Remuneration Committee has the sole authority, besides the legally required cost of living adjustments (i.e. Luxemburg index), to adjust the YBS of SLT members.

For all new nominations as SLT member, remunerations are set by the Remuneration Committee on the basis of external benchmarks provided by compensation consultants thereby considering employment conditions at the time of the offer.

1.2 Annual bonus (AB)

The main objective of the bonus plan for the SLT is to create a performance reward scheme, that links annual variable compensation to the Company's financial results as well as the SLT members' personal and collective performance. Through this plan, the Company ensures alignment and focus on the company objectives.

The AB of SLT members is based on the yearly performance during the relevant year and is paid out in March of the following year after review by the Remuneration Committee in its first meeting of the year.

The AB target for SLT members ranges from 50% to 100% of YBS.

The minimum pay-out can be as low as 0% of the AB (in other words no bonus payment), with a maximum pay-out capped at 150% of the bonus target.

The AB of each SLT member is composed of two parts:

1.2.1 Financial performance (accounting for 50% of the AB)

The financial performance measures the actual achievement vs. budget for the following set of metrics with their respective weights: EBITDA (60% of the AB), net profit (20% of the AB) and net operating cash flow (20% of the AB). The budget targets for those measures are set during the annual budget process and finally approved by the Board. CEOs of SES Networks and SES Video are also measured on the financial performance vs. budget of their respective business units.

1.2.2 Individual performance (accounting for 50% of the AB)

The individual performance is split into two equal components:

a) achievement against individual objectives (25% of the AB);

   The individual objectives are set at the beginning of each year by the Remuneration Committee based on a proposal prepared by the CEO together with the ExComm.

   The Remuneration Committee determines, at the end of each year, whether the relevant SLT member achieved his individual objectives targets during that year. It will do so

   - for the CEO: based on a proposal by the Chairperson of the Board and
   - for the other ExComm members: based on a proposal by the CEO.

b) a discretionary part solely determined by the Remuneration Committee (25% of the AB).

   The discretionary element is fixed by the Remuneration Committee based on several factors including business and individual performance of the ExComm member.

1.3 Long-Term Equity (LTE)

The LTE is regulated by the EBCP.

The objective of the EBCP is to enhance the competitiveness of the Company and its affiliates in attracting and retaining the best global executive talent, and to position the Company as a global employer of choice. Moreover, the EBCP is designed to ensure that SES group executives become shareholders of the Company, feel a sense of ownership, and benefit from their contribution to increasing shareholder value.

To this end, the EBCP provides for the discretionary grant or award of equity-based incentive compensation in the form of:

- 1.3.1 stock options, representing one third of the total LTE grant,
- 1.3.2 restricted shares, representing one sixth of the LTE grant and
- 1.3.3 performance shares, representing one half of the LTE grant and with a vesting which is subject to both the individual performance of the executive and the Company´s financial performance.

The grant shall be determined by the Remuneration Committee in its sole discretion.

For ExComm members, the annual LTE grant value ranges from 58% to 105% of the YBS.

1.3.1 Stock Options

The stock option is a standard call option with a maturity of 10 years from the date of the option grant.

The final strike price corresponds to the average of 15 days closing prices of the Company's FDRs at the Paris stock exchange after the allocation of options by the Remuneration Committee.

The grant value is determined by the multiplication of the YBS with the applicable percentage.

The number of stock option units is derived directly by dividing the grant value by the value of the stock option which is computed by an external and independent valuation firm and using a Binomial or Black-Scholes valuation (Aon-Hewitt in the past years). The final stock option valuation of each grant is then approved by the Remuneration Committee.

The stock options must vest before they can be exercised. The vesting period of stock options is four years with an annual vesting of 25% on 1 January of each year. As an example, if 100 stock options are granted in May 2019, the first 25 stock options can be exercised as of 1 January 2020, the next 25 as of 1 January 2021, the next 25 as of 1 January 2022 and the final 25 as of 1 January 2023.

1.3.2 Restricted Shares

The restricted shares are FDRs granted to the executives with the sole condition that at the day the restricted shares vest, the executive is employed by the Company. The restricted shares vest on 1 June of the third year following the year of the grant. No step vesting is applied in order to enhance the retention factor.

The number of restricted shares granted to each executive is determined by multiplying the relevant YBS with the applicable percentage and divided by the average 15 days preliminary share price.

1.3.3 Performance Shares

Performance shares are FDRs granted to the executives and the following two criteria must be fulfilled for the performance shares to vest entirely:

- the compounded three years adjusted EVA is positive; and
- over the three years vesting period, personal objectives have to be met ('successful performance') and can only be one year slightly below expectations for a successful performer.

The adjusted EVA measures the value created in excess of the required rate of return the Company has to provide to shareholders and debtholders. The adjusted EVA is generally reviewed by the Remuneration Committee in its second meeting of each year.

In the event that only criteria 1. is not fulfilled, a ratchet table will apply to determine the proportion of performance shares that will vest (minimum 50% and maximum 100% payout).

The number of performance shares is determined by multiplying the YBS with the applicable percentage and divided by the average 15 days preliminary share price.

The executives must, when exercising their vested stock options and their vested shares, do this in accordance with the regulations of the French stock market authorities AMF and the SES Code of dealing securities (i.e. require the prior authorization from the Corporate Secretary and/or Chief Financial Officer, not during a closed period, others). As for the members of the Board, the exercises by the ExComm members are reported on the Company's website under About Us -> Corporate Governance -> Management Disclosures.

Benefits

The following key benefits are provided to ExComm members, the amount of which is aligned with local practices:

- pensions and health care plans: in Luxembourg, pension contributions of 7% up to the Social Security Ceiling (SSC) and 19% for the portion of salary above the SSC. The complementary pension scheme is a defined contribution scheme. In the US, restoration plans are in place to provide retirement benefits that supplement the tax-qualified, defined-contribution pension account defined in subsection 401(k) of the United States Internal Revenue Code;
- health check-up for ExComm members;
- death and disability insurances;
- company car or car allowances.

In addition to the above:

- several ExComm members benefit from temporary tax support and participation in school fees;
- one ExComm member benefits from additional pension plan arrangements;
- one ExComm member benefits from a UK based benefit package that includes life, disability and health insurance as well as gross pension allowance.

Employment, Resignation and Termination
ExComm members are hired on a permanent basis and employment contracts are drafted according to local regulations.

One ExComm member has an employment contract with an American subsidiary of the Company while all other ExComm members have employment contracts with the Company or a Luxembourg subsidiary of the Company.

In case of resignation or termination, any unvested portion of outstanding stock options, restricted and performance shares is immediately forfeited. This excludes members leaving the Company due to disability or for retirement, benefitting from an immediate vesting of all unvested equity.

The Company and the ExComm member can terminate the employment contract respecting the legal notice period. For the ExComm member with an employment contract with an American subsidiary of the Company the employment contract stipulates a notice period of 30 days in case of termination or resignation.

All members of the ExComm are entitled to two years of YBS in case of termination without cause. The indemnity includes statutory severance payment, if any.

SLT members share ownership program
The ExComm members have an obligation to invest in the Company's equity (executive share ownership). Over a period of five years (with equal yearly investment), the SLT members have to hold in total one time their YBS and the CEO two times his YBS.

This program aims at assuring that SLT members become shareholders of the Company, feel a sense of ownership, and focus on creating shareholder value.

SHAREHOLDER VOTE

The present Policy will be submitted to a shareholders vote at the next annual general meeting, as will any material subsequent changes. The policy will be submitted to the shareholders at a minimum every four years.

While the vote by the shareholders at the annual general meeting is advisory only, the Company will pay its Directors and ExComm members only in accordance with a remuneration policy that has been submitted to a vote at the general meeting. If the general meeting rejects the proposed remuneration policy, the Company will submit a revised policy to a vote at the following general meeting.

DISCLOSURE

After the vote of the shareholders this Policy together with the date and the results of the vote shall be made available on the website of the Company where it will remain publicly available, free of charge, as long as it will be applicable.

PERIODIC REVIEW

This Policy shall be reviewed on a regular basis, but at least every three years.

The Remuneration Committee shall be responsible for advising the Board on any concrete amendment suggestions to this Policy. The final version that will be submitted to the shareholders will be approved by the Board.

REMUNERATION REPORT

The current remuneration report describes the remuneration of both the Board of Directors and of the SLT. It has been drafted following the adoption of the Luxembourg Shareholder Rights Law of 1 August 2019 and complies with the Company's Remuneration Policy that has been approved by the Board and which will be submitted to the shareholders for approval on 2 April 2020.

DIRECTORS REMUNERATION

The annual general meeting of shareholders has approved the remuneration of the Members of the Board of Directors through approving a resolution that has been submitted by the Board of Directors on an annual basis.

In 2019, the shareholders decided to maintain the fees paid to the directors at the previous year's level with a majority of 99.983%. The fees paid to the Board have not been increased since 2008, except for the fees paid to the members of the Audit and Risk Committee which have been increased in 2015.

Directors each receive a fixed fee of EUR 40,000 per year, whereas each of the Vice Chairs receives an annual fixed fee of EUR 48,000 and the Chair receives a fee of EUR 100,000 per year.

A director who chairs one of the committees set up by the Board, if not the Chair of the Board of Directors, receives an additional remuneration of EUR 8,000 per year. A director who chairs the Audit and Risk Committee, if not the Chair 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 Board or Board committee meeting, 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 of these fees are net of any Luxembourg withholding taxes.

The total net remuneration fees paid in the year 2019 to the members of the Board of Directors amounted to EUR 922,880 of which EUR 250,880 was paid as variable fees, with the remaining EUR 672,000 representing the fixed part of the Board fees. The gross overall figure for the year 2019 was EUR 1,153,600.

These amounts cover the fees paid for Board meetings, meetings of the Board Committees described in the table below, as well as meetings of the Chairman's Office. The amounts relate to the Board fees actually paid during the year 2019.

During 2019, the Board and the Committees of the Board were composed as follows:

CHAIRPERSONS BOARD OF DIRECTORS:

- Romain Bausch, Chair
- Tsega Gebreyes, Vice-Chair,
- Anne-Catherine Ries, Vice-Chair

CHAIRPERSONS OF THE COMMITTEES:

- Marc Beuls (replaced by Katrin Wehr-Seiter from June 2019)
- Jean-Paul Zens (replaced by Paul Konsbruck from June 2019)
- Conny Kullman (replaced by Françoise Thoma from mid-June 2019)

OTHER MEMBERS:

- Serge Allegrezza (from June 2019)
- Victor Casier
- Hadelin de Liedekerke Beaufort
- Ramu Potarazu (from April 2019)
- Kaj-Erik Relander (From June)
- Jean-Paul Senninger (replaced by Marc Serres from June 2019)
- François Tesch

Committee Membership and Meetings T12

	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Strategy and Investment Committee
Chair	• Marc Beuls (until 3 April) • Katrin Wehr-Seiter (from June)	• Jean-Paul Zens (until 3 April) • Anne-Catherine Ries (from June)	• Conny Kullman (until mid-June) • Françoise Thoma (from mid-June)	• Steve Collar
Members	• Serge Allegrezza • Victor Casier • Ramu Potarazu (from 4 April) • Kaj-Erik Relander • Françoise Thoma • Katrin Wehr-Seiter	• Romain Bausch • Tsega Gebreyes • Conny Kullman (until June) • Kaj-Erik Relander (from June) • François Tesch • Françoise Thoma	• Serge Allegrezza (from June) • Romain Bausch • Tsega Gebreyes • Hadelin de Liedekerke Beaufort • Françoise Thoma • Jean-Paul Zens (until June) • Ramu Potarazu	• Romain Bausch • Ramu Potarazu • Anne-Catherine Ries • Kaj-Erik Relander • Katrin Wehr-Seiter
Number of Meetings in 2019	4	8	5	3

The above data resulted in the following gross payments in 2019:

Chair EUR 154,000
Vice-Chair from EUR 85,000 to EUR 94,400
Director from EUR 64,400 to EUR 86,600

SLT REMUNERATION

The remuneration of the members of the SLT is determined by the Remuneration Committee, based on a delegation from the Board of Directors. It is regularly benchmarked against peer companies, in particular regarding the elements composing the remuneration. More details on these elements can be found on the Company's website www.ses.com where a copy of the Remuneration Policy can be found.

The remuneration of the SLT members comprises two major components:

1. the compensation package:
   - composed of the yearly base salary,
   - an annual bonus, and
   - long-term equity (LTE)

2. a benefits package which is aligned with local practices.

The average to highest compensation ratio (comprising annual base salary, bonus and equity at target) for all employees at the level of SES S.A. is 1 to 12 which is well below market benchmarks and ratios which can be observed in CAC 40 or FTSE 100 companies.

The amounts indicated below relate to the remuneration of ten SLT members, eight of which were members of the SLT for the full year 2019.

COMPENSATION PACKAGE

BASE SALARY

The yearly **base salary** is reviewed annually by the Remuneration Committee. For any new nomination, it is set based on external benchmarks thereby considering employment conditions at the time of the offer.

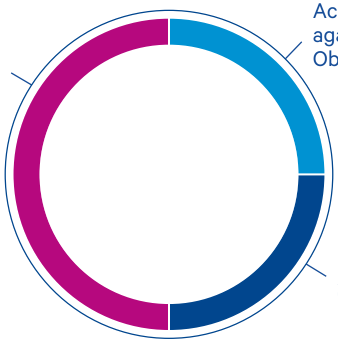
For 2019 the total amount of base salaries paid to the members of the SLT was EUR 3,812,112.32.

Each member of the SLT is entitled to two years of base salary in case his or her contract is terminated without cause. A member of the SLT who resigns is not entitled to any compensation. In 2019 no additional indemnities were paid for the departing SLT members.

Annual bonus
The main objective of the annual bonus plan is to create a performance reward scheme that links annual variable compensation to the company's financial results and the individual's performance. The annual bonus of members of the SLT is composed of two parts, each accounting for 50% of the bonus:

1. the financial performance of the Company;
2. the individual performance. The latter is split into two equal instalments: (i) achievement against individual objectives; and (ii) a discretionary part solely determined by the Remuneration Committee.

Annual Bonus Calculation G23



The financial performance

The financial performance measures actual achievement vs. budget for three elements, most important of which is group EBITDA (accounting for 60%), complemented by net profit (20%) and net operating cash flow (20%). CEOs of SES Networks and SES Video are also measured on the financial performance vs. budget of their respective business units. All budget targets are set by the Board of Directors during the annual budget process.

The individual business objectives

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

In 2019 the total annual bonus paid to members of the SLT was EUR 2,806,120.82.

THE SLT LONG-TERM EQUITY INCENTIVES

The third element of the compensation package relates to the **long-term equity** granted by the Company. The plan, managed by the Remuneration Committee, permits the grant of three equity types: 1. stock options; 2. restricted shares; and 3. performance shares. The total grant value is divided into one-third of stock options, one-sixth of restricted shares, and one half of performance shares.

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

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

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

During 2019, and applicable from 2020 onward, the Board amended the Equity Based Compensation Plan based on a recommendation from the Remuneration Committee to adjust the first of the two performance criteria, by replacing the binary vesting condition with a linear ratchet table which will determine the proportion of performance shares that will vest (minimum 50% for a three year compounded adjusted EVA at or below EUR 400 million negative and maximum 100% payout if the metric is positive).

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

During 2019, the members of the SLT were awarded a combined total of 729,309 options to acquire company FDRs at an exercise price of EUR 15.005 as well as 36,744 restricted shares as part of the company's long-term incentive plan and 110,232 performance shares.

The performance and restricted shares 2016 as well as stock options exercised in 2019 amounted to EUR 1,906,791.32.

When exercising their vested stock options and their vested shares, the executives must do this in accordance with the SES Dealing Code (including requiring the prior authorization from the Corporate Secretary and/or Chief Financial Officer and provide selling orders outside of a closed period).

During 2019, Ferdinand Kayser, Christophe De Hauwer, John Purvis and Ruy Pinto sold some or all of the restricted and performance shares that vested on 1 June 2019. Ferdinand Kayser and John Baughn exercised some of their stock options and sold the corresponding shares while Steve Collar, John Baughn, Evie Roos, John-Paul Hemingway and John Purvis bought additional shares during 2019. Christophe De Hauwer sold some of his shares during the year.

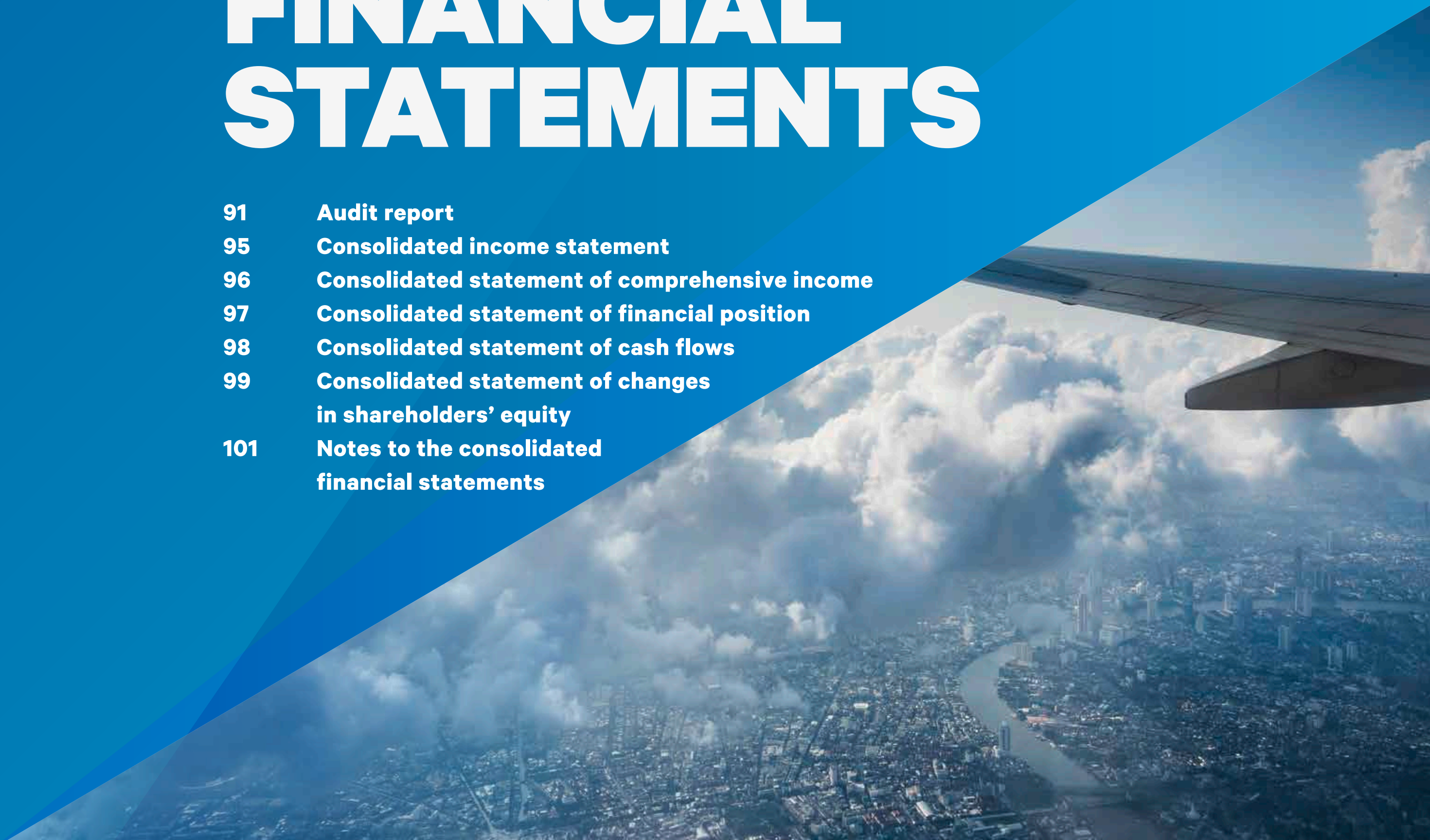
As for the members of the Board, all of these transactions by members of the SLT are reported on the SES website.

BENEFITS PACKAGE

As for the benefits provided to members of the SLT, they are aligned with local practices. For 2019, the total benefits and other remuneration elements paid by the company were EUR 2,293,371.99 and include pensions, health care plans, social security, death and disability insurance.

3

CONSOLIDATED FINANCIAL STATEMENTS



AUDIT REPORT

To the Shareholders of SES S.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of SES S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

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

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537 / 2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in ›› note 5 to the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates in the determination of the appropriate accounting treatment (lease vs. service arrangements, identification of the performance obligations, barter transactions, principle versus agent considerations, etc.).

We focused on this area due to the inherent complexity and judgement in applying the revenue recognition accounting standards and to the significant focus on the revenue amount (EUR 1,983.9 million for the year ended 31 December 2019) by the users of the consolidated financial statements.

How our audit addressed the Key audit matter
- We obtained an understanding of the main revenue streams and evaluated the accounting policy for revenue recognition thereof;
- We held discussions with Management on IFRS accounting analysis of any non-standard revenue contracts, performed testing of significant new revenue contracts and verified that the underlying revenue transactions were accounted in accordance with the substance of the commercial agreement and the relevant IFRS standards;

- We performed substantive analytical procedures at year-end on revenue and revenue related accounting in order to identify any unusual variances;
- We tested certain unusual and/or significant manual journal entries made to the revenue accounts, both at local and group level;
- We evaluated the deferred revenue schedules and their reconciliation with the accounting;
- We performed substantive testing of a sample of revenue transactions;
- We considered the disclosures in the consolidated financial statements and assessed their appropriateness.

Impairment of goodwill and orbital slots license rights (indefinite life)

The Group has goodwill of EUR 2,264.3 million and orbital rights with indefinite useful lives of EUR 2,095.0 million. An impairment charge of EUR 64.0 million was recognised for the year ended 31 December 2019 in relation to the MX1 CGU » see note 14.

Management performed the annual impairment test that is based on the value in use determined on the basis of a discounted cash flows model.

We focused on this area due to the high level of judgement in relation with the assumptions used in the calculation of the recoverable amounts (forecasted cash flows, growth rates, discount rates, etc.).

How our audit addressed the Key audit matter

- We tested the design and implementation of relevant internal controls;
- We evaluated Management's determination of the cash generating units as well as the method and model used for the determination of the value in use, considering the requirements of IAS 36;
- We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market data and verified the long-term growth rate to market data;
- We agreed the forecasted cash flows used for the calculation of the value in use to the 2020 Business Plan as approved by the Board of Directors;
- We evaluated the forecasted revenue and costs assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We evaluated the capital expenditure assumptions, considering our expectations in terms of significant developments during the forecast period (capital expenditure programs, replacement of satellites) and the expected capital expenditure level in terminal period in order to maintain the current assets base;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the appropriateness of the disclosures in » note 14 to the consolidated financial statements.

Impairment of satellites

The Group has a space segment assets balance, representing primarily satellites, of EUR 4,719.0 million as at 31 December 2019. An impairment charge of EUR 32.8 million was recognised for the year ended 31 December 2019 in relation to four satellites, due to the decrease of their forecasted future revenue » see note 12.

The valuation of the satellites might be impacted by events that may or may not be under Management's control (e.g., solar array issues) or by decrease in revenue due to unfavorable market developments. Moreover, there is a risk of impairment of the satellites due to obsolescence in the context of rapid evolution of technology.

How our audit addressed the Key audit matter

- We tested the design and implementation of relevant internal controls;
- We discussed with Management and in particular, the engineering team about any satellite health issues and evaluated their impact on the satellites capability to generate future cash inflows, and implicitly on the recoverable amount of the satellites;
- We evaluated the forecasted revenue and costs assumptions, considering our expectations in terms of significant developments during the forecast period (significant new contracts or loss thereof) and corroborated these with market data in respect of demand for satellite capacity and pricing;
- We involved valuation specialists and validated the method used to derive the value in use of satellites presenting a risk of impairment. We independently recalculated the weighted average cost of capital based on the use of market data;
- We performed sensitivity analysis of the models to changes in the key assumptions;
- We considered the disclosures in » note 12 to the consolidated financial statements.

Taxation

The Group operates across a large number of jurisdictions and is subject to various tax legislations and periodic reviews by local tax authorities of a range of tax matters during the normal course of business, including transfer pricing.

Moreover, the current tax structure of the Group evolves to consider the recent developments in international taxation.

We focused on two specific tax matters relating to the provisions for tax risks, and the recognition and recoverability of the deferred tax assets, due to the high level of judgment in the determination of the current and deferred income tax balances and the determination of the level of the tax provisions.

How our audit addressed the Key audit matter

- We tested the design and implementation of controls in respect of tax accounting, including the determination of the provisions for tax risks;
- We involved tax specialists in Luxembourg, the Netherlands and the USA, representing the main tax jurisdictions where the Group

has exposure, to gain an understanding of the current tax risks and evaluated the current and deferred tax income and expense and related balances;
- We held discussions with the Group Tax Management to understand and evaluate positions taken on uncertain tax risks and assessed Group tax provision;
- We discussed with Management the status of the open tax audits and evaluated their impact on the consolidated financial statements;
- We analysed the recognition and recoverability of the deferred tax assets and determined that it is supported by forecast future tax profits;
- We considered the appropriateness of the disclosures in ›› notes 7 and 8 to the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

RESPONSIBILITIES OF THE 'RÉVISEUR D'ENTREPRISES AGRÉÉ' FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

We have been appointed as “Réviseur d’Entreprises Agréé” of the Group by the General Meeting of the Shareholders on 4 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

PricewaterhouseCoopers, Société coopérative
Luxembourg,
29 February 2020

Represented by
Gilles Vanderweyen

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

Consolidated Income Statement **T13**

EUR MILLION		2019	2018
Revenue	Note 3	**1,983.9**	**2,010.3**
Cost of sales	Note 4	(269.1)	(285.8)
Staff costs	Note 4	(311.7)	(305.7)
Other operating expenses	Note 4	(186.5)	(163.3)
Operating expenses	Note 4	**(767.3)**	**(754.8)**
EBITDA		**1,216.6**	**1,255.5**
Depreciation and impairment expense	Note 12	(696.9)	(719.0)
Amortisation and impairment expense	Note 14	(154.3)	(145.4)
Operating profit	Note 3	**365.4**	**391.1**
Finance income	Note 6	6.6	16.7
Finance cost	Note 6	(172.5)	(163.0)
Net financing costs		**(165.9)**	**(146.3)**
Profit before tax		**199.5**	**244.8**
Income tax benefit	Note 7	76.5	41.9
Profit after tax		**276.0**	**286.7**
Profit for the year		**276.0**	**286.7**
Attributable to:			
Owners of the parent		296.2	292.4
Non-controlling interests		(20.2)	(5.7)
		276.0	**286.7**
Basic earnings per share (in euro)			
Class A shares	Note 10	0.54	0.54
Class B shares	Note 10	0.22	0.22
Diluted earnings per share (in euro)			
Class A shares	Note 10	0.54	0.54
Class B shares	Note 10	0.22	0.21

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

Consolidated Statement of Comprehensive Income T14

EUR MILLION		2019	2018
Profit for the year		**276.0**	**286.7**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		(0.9)	0.4
Income tax effect		0.3	(0.2)
Remeasurements of post-employment benefit obligation, net of tax		**(0.6)**	**0.2**
Income tax relating to treasury shares impairment charge or reversal		5.8	(6.4)
Total items that will not be reclassified to profit or loss		**5.2**	**(6.2)**
Items that may be reclassified subsequently to profit or loss			
Impact of currency translation	Note 9	142.5	345.2
Income tax effect	Note 9	(2.9)	(20.8)
Total impact of currency translation, net of tax		**139.6**	**324.4**
Net investment hedge		(26.5)	(79.1)
Income tax effect		6.8	21.2
Total net investment hedge, net of tax		**(19.7)**	**(57.9)**
Net movements on cash flow hedges, net of tax		0.0	1.2
Total net movements on cash flow hedges, net of tax		**0.0**	**1.2**
Total items that may be reclassified subsequently to profit or loss		**119.9**	**267.7**
Total other comprehensive income for the year, net of tax		**125.1**	**261.5**
Total comprehensive income for the year, net of tax		**401.1**	**548.2**
Attributable to:			
Owners of the parent		420.5	550.2
Non-controlling interests		(19.4)	(2.0)
		401.1	**548.2**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Consolidated Statement of Financial Position **T15**

EUR MILLION		2019	2018
Non-current assets			
Property, plant and equipment	Note 12	5,185.9	5,106.9
Assets in the course of construction	Note 13	923.7	907.4
Total property, plant and equipment		**6,109.6**	**6,014.3**
Intangible assets	Note 14	4,685.2	4,720.5
Other financial assets		11.8	6.5
Trade and other receivables	Note 16	285.5	294.5
Deferred customer contract costs		17.7	10.3
Deferred tax assets	Note 8	260.5	162.3
Total non-current assets		**11,370.3**	**11,208.4**
Current assets			
Inventories		30.5	35.1
Trade and other receivables	Note 16	590.1	614.2
Deferred customer contract costs		17.9	17.5
Prepayments		62.2	62.8
Derivatives	Note 17	-	0.2
Income tax receivable		6.9	12.0
Cash and cash equivalents	Note 19	1,155.3	909.1
Total current assets		1,862.9	1,650.9
Total assets		**13,233.2**	**12,859.3**

EUR MILLION		2019	2018
Equity			
Attributable to the owners of the parent	Note 20	6,173.4	6,148.4
Non-controlling interests	Note 21	83.1	102.2
Total equity		**6,256.5**	**6,250.6**
Non-current liabilities			
Borrowings	Note 23	3,737.2	3,908.5
Provisions	Note 24	14.0	16.8
Deferred income	Note 15	316.6	370.3
Deferred tax liabilities	Note 8	359.5	412.5
Other long-term liabilities	Note 26	168.2	133.9
Lease liabilities	Note 29	29.7	28.6
Fixed assets suppliers	Note 27	622.5	200.9
Total non-current liabilities		**5,247.7**	**5,071.5**
Current liabilities			
Borrowings	Note 23	691.1	476.4
Provisions	Note 24	48.6	48.6
Deferred income	Note 15	467.0	476.1
Trade and other payables	Note 25	351.2	367.5
Lease liabilities	Note 29	11.2	9.5
Fixed assets suppliers	Note 27	134.8	130.8
Derivatives	Note 17	0.0	0.1
Income tax liabilities		25.1	28.2
Total current liabilities		**1,729.0**	**1,537.2**
Total liabilities		**6,976.7**	**6,608.7**
Total equity and liabilities		**13,233.2**	**12,859.3**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Consolidated Statement of Cash Flows T16

EUR MILLION		2019	2018
Profit before tax		**199.5**	**244.8**
Taxes paid during the year		(54.4)	(37.8)
Interest expense	Note 6	144.2	128.0
Depreciation, amortisation and impairment	Notes 12, 14	851.2	864.4
Amortisation of client upfront payments		(88.2)	(75.8)
Other non-cash items in the consolidated income statement		43.2	63.6
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		**1,095.5**	**1,187.2**
Changes in working capital, net of business combinations effect			
(Increase)/decrease in inventories		5.7	(5.2)
Increase in trade and other receivables		(64.2)	(39.0)
Increase in prepayments and deferred charges		(21.7)	(33.4)
Increase in trade and other payables		63.0	70.0
Increase in upfront payments and deferred income		55.8	11.7
Changes in working capital		**38.6**	**4.1**
Net cash generated by operating activities		**1,134.1**	**1,191.3**

EUR MILLION		2019	2018
Cash flow from investing activities			
Payments for purchases of intangible assets		(26.2)	(37.4)
Payments for purchases of tangible assets		(279.1)	(290.8)
Proceeds from disposals of tangible assets		-	11.6
Other investing activities		(2.5)	(4.2)
Net cash absorbed by investing activities		**(307.8)**	**(320.8)**
Cash flow from financing activities			
Proceeds from borrowings	Note 30	496.7	893.0
Repayment of borrowings	Note 30	(483.6)	(541.7)
Coupon paid on perpetual bond	Note 20	(65.6)	(65.6)
Dividends paid on ordinary shares[1]	Note 11	(363.9)	(362.9)
Interest paid on borrowings		(153.7)	(152.3)
Payments for acquisition of treasury shares		(50.1)	(15.9)
Proceeds from treasury shares sold and exercise of stock options		56.5	28.8
Lease payments	Note 29	(13.4)	(9.5)
Other financing activities		(0.3)	(5.7)
Net cash absorbed by financing activities		**(577.4)**	**(231.8)**
Net foreign exchange movements		(2.7)	0.8
Net increase in cash		246.2	639.5
Cash and cash equivalents at beginning of the year	Note 19	**909.1**	**269.6**
Cash and cash equivalents at end of the year	Note 19	**1,155.3**	**909.1**

1 Dividends are presented net of dividends received on treasury shares of EUR 4.3 million (2018: EUR 5.3 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 2019

Consolidated Statement of Changes in Shareholders' Equity T17

EUR MILLION	Attributable to owners of the parent									
	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves[2]	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At 1 January 2019	**719.0**	**1,635.5**	**(132.1)**	**1,300.0**	**2,673.5**	**278.6**	**(326.1)**	**6,148.4**	**102.2**	**6,250.6**
Result for the year	-	-	-	-	-	296.2	-	296.2	(20.2)	276.0
Other comprehensive income	-	-	-	-	5.2	-	119.1	124.3	0.8	125.1
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**5.2**	**296.2**	**119.1**	**420.5**	**(19.4)**	**401.1**
Allocation of 2018 result	-	-	-	-	278.6	(278.6)	-	-	-	-
Coupon on perpetual bond (Note 20)	-	-	-	-	(65.6)	-	-	(65.6)	-	(65.6)
Tax on perpetual bond coupon (Note 20)	-	-	-	-	18.0	-	-	18.0	-	18.0
Dividends provided for or paid[1]	-	-	-	-	(363.9)	-	-	(363.9)	-	(363.9)
Acquisition of treasury shares	-	-	(50.1)	-	-	-	-	(50.1)	-	(50.1)
Share-based compensation expense	-	-	-	-	9.6	-	-	9.6	-	9.6
Exercise of share-based compensation	-	-	18.1	-	(36.0)	-	-	(17.9)	-	(17.9)
Sale of treasury shares	-	-	74.1	-	-	-	-	74.1	-	74.1
Other movements	-	-	-	-	0.3	-	-	0.3	0.3	0.6
At 31 December 2019	**719.0**	**1,635.5**	**(90.0)**	**1,300.0**	**2,519.7**	**296.2**	**(207.0)**	**6,173.4**	**83.1**	**6,256.5**

1 Dividends are presented net of dividends received on treasury shares of EUR 4.3 million.
2 The non-distributable items included in other reserves are described in note 20.

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

Consolidated Statement of Changes in Shareholder's Equity **T18**

	Attributable to owners of the parent										
EUR MILLION	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
At 1 January 2018	**719.0**	**1,635.5**	**(160.0)**	**1,300.0**	**2,487.0**	**596.1**	**(0.8)**	**(588.9)**	**5,987.9**	**124.6**	**6,112.5**
Changes in accounting policies[1]	-	-	-	-	-	(14.3)	-	-	(14.3)	-	(14.3)
Restated total equity at 1 January 2018	**719.0**	**1,635.5**	**(160.0)**	**1,300.0**	**2,487.0**	**581.8**	**(0.8)**	**(588.9)**	**5,973.6**	**124.6**	**6,098.2**
Result for the year	-	-	-	-	-	292.4	-	-	292.4	(5.7)	286.7
Other comprehensive income (loss)	-	-	-	-	(6.2)	-	1.2	262.8	257.8	3.7	261.5
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**(6.2)**	**292.4**	**1.2**	**262.8**	**550.2**	**(2.0)**	**548.2**
Allocation of 2017 result	-	-	-	-	233.2	(233.2)	-	-	-	-	-
Coupon on perpetual bond (Note 20)	-	-	-	-	(65.6)	-	-	-	(65.6)	-	(65.6)
Tax on perpetual bond coupon (Note 20)	-	-	-	-	18.8	-	-	-	18.8	-	18.8
Dividends provided for or paid[2]	-	-	-	-	-	(362.9)	-	-	(362.9)	(6.2)	(369.1)
Acquisition of treasury shares	-	-	(15.9)	-	-	-	-	-	(15.9)	-	(15.9)
Share-based compensation expense	-	-	-	-	12.0	-	-	-	12.0	-	12.0
Exercise of share-based compensation	-	-	9.4	-	(13.3)	-	-	-	(3.9)	-	(3.9)
Sale of treasury shares	-	-	34.4	-	-	-	-	-	34.4	-	34.4
Transactions with non-controlling interests (Note 21)	-	-	-	-	7.6	-	-	-	7.6	(14.2)	(6.6)
Other movements	-	-	-	-	-	0.5	(0.4)	-	0.1	-	0.1
At 31 December 2018	**719.0**	**1,635.5**	**(132.1)**	**1,300.0**	**2,673.5**	**278.6**	**-**	**(326.1)**	**6,148.4**	**102.2**	**6,250.6**

1 Represents the impact of the adoption of new International Financial Reporting Standards adopted and applied from 1 January 2018: IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases".
2 Dividends are presented net of dividends received on treasury shares of EUR 5.2 million

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

NOTE 1—CORPORATE INFORMATION

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

The consolidated financial statements of SES as at and for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 29 February 2020. Under Luxembourg Law, the consolidated financial statements are approved by the shareholders at their Annual General Meeting.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union ('IFRS'), as at 31 December 2019.

The consolidated financial statements have been prepared on a historical cost basis, except where fair value is required by IFRS.

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 2019 and adopted by the Group:

1) **Amendments to IFRS 9, "Financial instruments" on modification of financial liability**
This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

The adoption of this amendment did not have any impact on the Group's consolidated financial statements.

2) **Amendments to IAS 19, "Employee benefits" on plan amendment, curtailment or settlement**
These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The adoption of this amendment did not have any impact on the Group's consolidated financial statements.

3) **Annual improvements to IFRS Standards 2015-2017 applicable for periods on or after 1 January 2019**
The annual improvements include minor amendments affecting IFRS 3, "Business combinations", IFRS 11, "Joint arrangements", IAS 12, "Income taxes", and IAS 23, "Borrowing costs". The adoption of these improvements did not have any material impact on the Group's consolidated financial statements.

4) **IFRIC 23, Uncertainty over income tax treatments**
In June 2017, the IASB issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this amendment did not have any material impact on the Group's consolidated financial statements.

5) **Amendments to IAS 28, "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures**
The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. In such cases, entities must account for these interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28.

The adoption of this amendment did not have any material impact on the Group's consolidated financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are fully consolidated from the date the Company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries are generally prepared for the same reporting period as the Company, using consistent accounting policies. If required, adjustments are made to align any dissimilar accounting policies that may exist. For details regarding the subsidiaries included in the consolidated financial statements » see note 33.

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

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

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

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

INVESTMENTS IN ASSOCIATES

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

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

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

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

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

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

1) Judgments

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

(i) Treatment of orbital slot licence rights

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

In the cases when, on the expiry of such rights, management believes it will be able 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 14.

(ii) Taxation

The Group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the magnitude of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the Group. If this is deemed to be the case, then a provision is recognised for the potential taxation charges. More details are given in ›› notes 7 and 24.

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

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

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

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

- **LuxGovSat S.A.**
  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 subscribed equally in the equity of the new company. Management has concluded that the Group controls LuxGovSat, as SES has effective control over the relevant activities of the entity. It is therefore consolidated with a 50% non-controlling interest ›› see note 21.

(iv) SES Government Solutions, Inc.

SES Government Solutions, Inc., USA ('SES GS') is subject to specific governance rules and is managed through a Proxy Agreement agreed with the Defense Security Service ('DSS') department of the US Department of Defense ('DOD'). The DSS is a governmental authority responsible for the protection of information deemed classified or sensitive with respect to the national security of the United States of America which is being shared with industries. 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 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 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.

SES's assessment of the effective control 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 this assessment, SES concluded that, from an IFRS 10 perspective, SES has and is able to exercise power over the relevant activities of SES GS and has an exposure to variable returns from its involvement in SES GS, therefore controls the entity.

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 ('CGUs') 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 CGU and also to choose a suitable pre-tax discount rate and terminal growth rate in order to calculate the present value of those cash flows. More details are given in ›› note 14.

(ii) Impairment testing for space segment assets

The Group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indication exists, the Group determines an estimate of the recoverable amount, as the higher of: (1) the fair value less cost of disposal and, (2) its value in use, to determine whether the recoverable amount exceeds the carrying amount included in the consolidated financial statements. As far as this affects the Group's satellite assets, the estimation of the value in use requires estimations of the future commercial revenues to be generated by each satellite, particularly related to new markets or services, and also the impact of past in-orbit anomalies and their potential impact on the satellite's ability to provide its expected commercial service.

(iii) Recoverability of deferred tax assets

The Group recognises deferred tax assets primarily in connection with the carry forward of unused tax losses and tax credits. The Group reviews the tax position in the different jurisdictions in which it operates to assess the need to recognise such assets based mainly on projections of taxable profits to be generated in each of those jurisdictions. The carrying amount of any deferred tax assets is reviewed at each reporting date and reduced to the extent that current projections indicate that it is no longer probable that sufficient taxable profits will be available to enable all or part of these assets to be recovered.

(iv) Expected credit losses on trade receivables and unbilled accrued revenue

The Group estimates expected credit losses on trade receivables and unbilled accrued revenue using a provision matrix based on loss expectancy rates and forward-looking information. The Group records additional losses if circumstances or forward-looking information cause the Group to believe that additional collectability risk exists that is not reflected in the loss expectancy rates.

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, SES 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. 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 Group'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 SES 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 profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at historical cost, representing either the acquisition or manufacturing cost. Satellites cost includes the launcher and launch insurance, less depreciation and impairment losses.

The financial impact of changes resulting from a revision of management's estimate of the cost of property, plant and equipment is recognised in the consolidated income statement in the period concerned.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

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:

Asset lives	T19
Buildings	25 years
Space segment assets	10 to 18 years
Ground segment assets	3 to 15 years
Other fixtures, fittings, tools and equipment	3 to 15 years
Right-of-use assets	6 to 12 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 gain or loss arising on the derecognition of an asset is included in the consolidated income statement in the period 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 under construction. Incremental costs directly attributable to the purchase of satellites and bringing the asset in the condition and location to be used as intended by management, such as launch costs and other related expenses such as ground equipment and borrowing costs, are capitalised as part of the cost of the asset.

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 ready to operate 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 during the construction period as part of the cost of the asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

INTANGIBLE ASSETS

1) Goodwill

Goodwill is measured as described in accounting policy for business combinations in » note 2.

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

The carrying value of acquisition goodwill is not amortised, but rather is tested for impairment annually, or more frequently if required to establish whether the value is still recoverable. The recoverable amount is defined as the higher of: (1) fair value less costs to sell and, (2) 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 based on the estimated discounted cash flows to be generated by a CGU using five-year business plans approved by the Board of Directors. Beyond a five-year period, cash flows are generally estimated on the basis of stable rates of growth or decline, although longer periods may be considered where relevant to accurately calculate the value in use.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, then 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 CGU 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 30 years.

Indefinite-life intangible assets are held at cost and are subject to impairment testing in line with the treatment outlined for goodwill above. Assets with indefinite lives are reviewed annually to determine whether the 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, not exceeding seven years.

IMPAIRMENT OF OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The Group assesses at each reporting date whether there is an indication that the carrying amount of the assets may not be recoverable. If such indication exists, the recoverable amount of the asset or CGU is reviewed in order to determine the amount of the impairment, if any.

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

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

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

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity investments

Unless SES has significant influence, the Group measures all equity investments at fair value. Changes in the fair value of financial assets are recognised in the consolidated income statement.

DEFERRED CUSTOMER CONTRACT COSTS

Deferred customer contract costs include 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 RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For impairment of trade receivables, the Group estimates expected lifetime losses that would typically be carried for each receivable based on the credit risk class upon the initial recognition of the receivables. Expected lifetime losses are estimated based on historical financial information as well as forward-looking data. Additional provisions are recognised when there is objective evidence that the Group will not be able to recover a specific debt. The Group evaluates the credit risk of its customers on an ongoing basis.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

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 have not been drawn.

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 contractually agreed periods, including short-term occasional use capacity, with the associated uplinking and downlinking services as appropriate. Other services generating revenue mainly include: sale of customer equipment; platform services; subscription revenue; income received in connection with satellite interim missions; installation and other engineering services and proceeds from the sale of transponders if the revenue recognition criteria for the transaction are met.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control of a good or service to a customer.

Contract modifications are accounted for either as a separate contract or as part of the existing contract, depending on the nature of the modification. The Group accounts for a modification as a separate contract if:

- the scope of the contract increases because of the addition of distinct services, and;
- the price of the contract increases by an amount of consideration that reflects the stand-alone selling prices of the additional services.

A modification that does not meet the above criteria to be accounted for as a separate contract is accounted for as an adjustment to the existing contract, either prospectively or through a cumulative catch-up adjustment. The determination depends on whether the remaining services to be provided to the customer under the modified contract are distinct from those already provided.

Where a contract contains elements of variable consideration, the Group estimates the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of variable prices, incentives or other similar items. Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

Revenue from provision of satellite capacity
For the Group's contracts to provide satellite capacity, the Group makes capacity available to customers in a series of time periods that are distinct and have the same pattern of transfer to the customer. Revenue from customers under service agreements for satellite capacity is recognised on a straight-line basis over the duration of

the respective contracts, including any free-of-charge periods. Using a straight-line measure of progress most faithfully depicts the Group's performance because the Group makes available a consistent level of capacity over each distinct time period. Revenue will cease to be recognised if there is an indication of a significant deterioration in a customer's ability to pay for the remaining goods or services.

Subscription revenue

The subscription revenue related to HD Plus services is recorded on a linear basis over the term of the subscription agreement.

Proceeds from sale of transponders

The proceeds of transponder sales are recognised in the period of the transaction at the time the Group transfers control of the transponders, which generally corresponds to the timing of transfer of title and risks and rewards associated with the holding of the transponders.

Non-cash consideration

The Group occasionally receives non-cash consideration as part of a revenue transaction. The Group measures non-cash consideration at fair value unless it is unable to reasonably estimate fair value, in which case the Group measures the consideration indirectly based on the standalone selling price of the goods or services promised to the customer.

Revenue generated by the engineering services

For engineering services, the Group recognises revenue over time on a basis reflecting the costs incurred to date relative to the total costs expected to be incurred.

LEASE INCOME

Lease income from operating leases where the Group is lessor is recognised on a straight-line basis over the lease term. The respective right-of use assets are included in the balance sheet based on their nature.

OTHER INCOME

Other income arising from settlements under insurance claims and decreases in provisions for in-orbit incentives are recognised when they are virtually certain of being realised. Other income is presented as part of revenue due to their relative insignificance.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Assets and liabilities related to contracts with customers include trade receivables, unbilled accrued revenue, deferred customer contract costs, and deferred income.

Customer payments received in advance of the provision of service are recorded as contract liabilities and presented 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 recorded as contract assets and presented as 'unbilled accrued revenue' within 'Trade and other receivables', allocated between current and non-current as appropriate.

DIVIDENDS

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

PROVISIONS

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

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

BORROWINGS

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

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

CURRENT TAXES

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

DEFERRED TAXES

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

TRANSLATION OF FOREIGN CURRENCIES

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

Transactions in foreign currencies are initially recorded in the entity's functional currency at the exchange rate prevailing at the date of the transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of the period. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates which approximate 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 with a subsidiary that is a foreign operation 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 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:

USD Exchange Rate **T20**

	Average rate for 2019	Closing rate for 2019	Average rate for 2018	Closing rate for 2018
USD	1.1213	1.1234	1.1838	1.1450

BASIC EARNINGS PER SHARE

The Company's capital structure consists of Class A and Class B shares, entitled to the payment of annual dividends as approved by the shareholders at their annual meetings. Holders of Class B shares participate in earnings and are entitled to 40% of the dividends payable per Class A share. Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders, adjusted by deducting the assumed coupon, net of tax, on the perpetual bond, 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 weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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 net investment hedges to specific assets and liabilities in the statement of financial position. 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.
- 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 assets; or
b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of that asset.

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.

Offsetting financial instruments

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

ACCOUNTING FOR PENSION OBLIGATIONS

The Company and certain subsidiaries operate 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.

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

SHARE-BASED PAYMENTS

1) Equity-settled share-based compensation plans

Employees (including senior executives) of the Group receive remuneration in the form of share-based compensation transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model for the Stock Appreciation Rights Plan ('STAR Plan') and Executive Incentive Compensation Plan ('EICP Plan'), and a Black Scholes Model for the Long-term Incentive Programme ('LTI'). Further details are given in › note 22. In valuing equity-settled transactions, no account is taken of any non-market performance conditions, the valuation being linked only 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 10.

2) Cash-settled share-based compensation plans

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

DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES ("PERPETUAL BOND")

The deeply subordinated fixed rate securities issued by the Company are classified as equity since the Company has no contractual obligation to redeem the securities, and coupon payments may be deferred under certain circumstances (more details are given in › note 20) and recorded at fair value. Subsequent changes in fair value are not recognised in equity. Coupons become payable whenever the Company makes dividend payments. Coupon accruals are considered in the determination of earnings for calculating earnings per share › see note 10.

LEASES

The determination as to whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, primarily whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. At the commencement of the lease the Group recognises a lease asset and a lease liability. The lease liability is initially measured at present value of lease payments payable over the lease term, discounted at rate implicit in the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to expense.

In its accounting policies the Group applies the following practical expedients:

- using a single discount rate to a portfolio of leases with similar characteristics; and
- not accounting for leases ending within 12 months of the date of the initial application, or the underlying asset has a low value.

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 2020, and have not been early adopted in preparing these consolidated financial statements:

1) Amendment to IFRS 3—Definition of a Business

The IASB has issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The amendment was not yet endorsed by the EU.

2) Amendment to IAS 1 and IAS 8 on the definition of material

The IASB has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

3) Amendments to References to the Conceptual Framework in IFRS standards

The IASB has published its revised 'Conceptual Framework for Financial Reporting'. Included are revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The new Conceptual Framework does not constitute a substantial revision of the document as was originally intended when the project was first taken up in 2004. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

4) Amendments to IAS 1 on classification of liabilities as current or non-current

On 23 January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)." The amendment will affect the presentation of liabilities in the statement of financial position. The amendment clarifies that the classification of a liability as current or non-current should be based on rights in existence at the end of the reporting period to defer settlement of a liability by at least 12 months. The amendment also clarifies that classification of a liability should be unaffected by the entity's expectations regarding whether it will exercise its rights to defer payment. The amendment is effective for annual reporting periods beginning on 1 January 2022. The amendment was not yet endorsed by the EU.

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:

Net Debt T21

EUR MILLION	2019	2018
Borrowings—non-current	3,737.2	3,908.5
Borrowings—current	691.1	476.4
Borrowings, less	4,428.3	4,384.9
Cash and equivalents	1,155.3	909.1
Net debt	**3,273.0**	**3,475.8**

2) EBITDA and EBITDA margin

EBITDA is defined as profit for the period before the impact of depreciation, amortisation, net financing cost and income tax. EBITDA Margin is defined as EBITDA divided by revenue. The Group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating a Company's operating performance.

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

EBITDA T22

EUR MILLION	2019	2018
Profit before tax	199.5	244.8
Add: Depreciation and impairment expense	696.9	719.0
Add: Amortisation and impairment expense	154.3	145.4
Add: Net financing costs	165.9	146.3
EBITDA	**1,216.6**	**1,255.5**

The following table provides a reconciliation of EBITDA margin:

EBITDA Margin T23

EUR MILLION	2019	2018
Revenue	1,983.9	2,010.3
EBITDA	1,216.6	1,255.5
EBITDA Margin (%)	**61.3%**	**62.5%**

3) Operating profit and operating profit margin

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

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

Operating Profit T24

EUR MILLION	2019	2018
Profit before tax	199.5	244.8
Add: Net financing costs	165.9	146.3
Operating profit	**365.4**	**391.1**

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

The following table provides a reconciliation of the operating profit margin:

Operating Profit Margin T25

EUR MILLION	2019	2018
Revenue	1,983.9	2,010.3
Operating profit	365.4	391.1
Operating profit margin	**18.4%**	**19.5%**

4) Net debt to EBITDA ratio

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

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

Net Debt to EBITDA Ratio T26

EUR MILLION	2019	2018
Net debt	3,273.0	3,475.8
EBITDA	1,216.6	1,255.5
Net debt to EBITDA ratio	**2.69 times**	**2.77 times**

NOTE 3—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 Senior Leadership Team ('SLT'), 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 SLT in assessing the Group's performance and allocating resources are:

- analysis of the Group's revenues from its business units SES Video and SES Networks (comprising the sales verticals Fixed Data, Mobility and Government);
- cost and overall Group profitability development;
- internal and external analyses 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 single operating segment, the comparative prior year figures are analysed both as reported and at 'constant FX'—recomputed using the exchange rates applying for each month in the current period.

The segment's financial results for 2019 are set out below:

Operating Profit Reported T27

EUR MILLION	2019	2018	Change Favourable +/- Adverse
Revenue	**1,983.9**	**2,010.3**	**-1.3%**
Operating expenses	(767.3)	(754.8)	-1.7%
EBITDA	**1,216.6**	**1,255.5**	**-3.1%**
EBITDA margin (%)	61.3%	62.5%	-1.9% pts
Depreciation and impairment expense	(696.9)	(719.0)	+3.1%
Amortisation and impairment expense	(154.3)	(145.4)	-6.1%
Operating profit	**365.4**	**391.1**	**-6.6%**

Operating Profit at Constant FX T28

EUR MILLION	2019	Constant FX 2018	Change Favourable +/- Adverse
Revenue	**1,983.9**	**2,062.1**	**-3.8%**
Operating expenses	(767.3)	(775.3)	+1.0%
EBITDA	**1,216.6**	**1,286.8**	**-5.5%**
EBITDA margin (%)	61.3%	62.4%	-1.8% pts
Depreciation and impairment expense	(696.9)	(742.6)	+6.2%
Amortisation and impairment expense	(154.3)	(148.5)	-3.9%
Operating profit	**365.4**	**395.7**	**-7.7%**

REVENUE BY BUSINESS UNIT

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

Revenue by Business Unit 2019 and 2018 T29

EUR MILLION	2019	2018	Constant FX 2018	Change Favourable +/- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	1,213.4	1,306.3	1,326.0	-7.1%	-8.5%
Underlying[1]	1,210.0	1,292.1	1,311.7	-6.4%	-7.8%
Periodic[2]	3.4	14.2	14.3	-76.1%	-76.2%
SES Networks	762.0	695.7	727.5	+9.5%	+4.7%
Underlying[1]	734.1	671.1	702.4	+9.4%	+4.5%
Periodic[2]	27.9	24.6	25.2	+13.4%	+10.7%
Sub-total	**1,975.4**	**2,002.0**	**2,053.5**	**-1.3%**	**-3.8%**
Underlying[1]	1,944.1	1,963.2	2,014.1	-1.0%	-3.5%
Periodic[2]	31.3	38.8	39.5	-19.3%	-20.8%
Other[3]	8.5	8.3	8.6	+2.4%	-1.2%
Group Total	**1,983.9**	**2,010.3**	**2,062.1**	**-1.3%**	**-3.8%**

Revenue by Business Unit 2018 and 2017 T30

EUR MILLION	2018	2017	Constant FX 2017	Change Favourable +/- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	1,306.3	1,383.0	1,356.1	-5.5%	-3.7%
Underlying[1]	1,292.1	1,373.2	1,346.3	-5.9%	-4.0%
Periodic[2]	14.2	9.8	9.8	+44.9%	+44.9%
SES Networks	695.7	646.1	616.1	+7.7%	+12.9%
Underlying[1]	671.1	606.6	579.8	+10.6%	+15.8%
Periodic[2]	24.6	39.5	36.3	-37.7%	-32.3%
Sub-total	**2,002.0**	**2,029.1**	**1,972.2**	**-1.3%**	**+1.5%**
Underlying[1]	1,963.2	1,979.8	1,926.1	-0.8%	+1.9%
Periodic[2]	38.8	49.3	46.1	-21.3%	-15.9%
Other[3]	8.3	5.9	5.2	+40.7%	+58.7%
Group Total	**2,010.3**	**2,035.0**	**1,977.4**	**-1.2%**	**+1.7%**

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

REVENUE BY CATEGORY

The Group's revenue analysis from the point of view of category and timing can be found below:

Revenue by Category 2019 **T31**

EUR MILLION	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	17.1	1,916.2	1,933.3
Lease income	-	43.0	43.0
Other income	7.6	-	7.6
Total	**24.7**	**1,959.2**	**1,983.9**

Revenue by Category 2018 **T32**

EUR MILLION	Revenue recognised at a point in time	Revenue recognised over time	Total
Revenue from contracts with customers	-	1,906.7	1,906.7
Lease income	-	76.8	76.8
Other income	26.8	-	26.8
Total	**26.8**	**1,983.5**	**2,010.3**

Revenue from contracts with customers, recognised at a point in time is related to sale of transponders and amounts to EUR 17.1 million in 2019 (2018: no revenue).

REVENUE BY COUNTRY

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

Revenue by Country **T33**

EUR MILLION	2019	2018
Luxembourg (SES country of domicile)	60.3	59.5
United States of America	628.7	576.0
Germany	385.0	408.1
United Kingdom	253.1	279.1
France	90.6	99.3
Others	566.2	588.3
Total	**1,983.9**	**2,010.3**

No single customer accounted for 10%, or more, of total revenue in 2019, or 2018.

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.

Property, Plant and Equipment and Intangible Assets by Location **T34**

EUR MILLION	2019	2018
Luxembourg (SES country of domicile)	4,821.0	4,566.3
United States of America	2,790.2	2,808.1
The Netherlands	1,511.4	1,543.5
Isle of Man	1,178.3	1,204.7
Sweden	163.0	176.7
Germany	98.1	94.6
Israel	83.9	156.3
Others	148.9	184.6
Total	**10,794.8**	**10,734.8**

NOTE 4—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, hosting and monitoring, and other costs of sales such as equipment rental, engineering work, commissions, hardware and implementation costs.

Cost of Sales T35

EUR MILLION	2019	2018
Rental of third-party satellite capacity	(74.5)	(89.8)
Customer support costs	(39.4)	(36.7)
Other cost of sales	(155.2)	(159.3)
Total cost of sales	**(269.1)**	**(285.8)**

2) Staff costs of EUR 311.7 million (2018: EUR 305.7 million) include gross salaries and employer's social security payments, payments into pension schemes for employees, charges arising under share-based payment schemes, as well as staff related restructuring charges of EUR 13.6 million (2018: EUR 11.1 million). At the year-end the total full-time equivalent number of members of staff is 2,159 (2018: 2,147).

3) Other operating expenses in the amount of EUR 186.5 million (2018: EUR 163.3 million) are by their nature less variable to revenue development. Such costs include office related and technical facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements in provisions for debtors. Other operating expenses also include an amount of EUR 7.0 million (2018: nil) restructuring charges in connection with charges associated with the Group's ongoing optimisation programme.

NOTE 5—AUDIT AND NON-AUDIT FEES

For 2019 and 2018 the Group has recorded charges, billed and accrued, from its independent auditors and affiliated companies thereof, as set out below:

Audit and Non-Audit Fees T36

EUR MILLION	2019	2018
Fees for statutory audit of annual and consolidated accounts	2.3	2.4
Fees charged for other assurance services	0.2	0.1
Fees charged for other non-audit services	-	0.1
Total audit and non-audit fees	**2.5**	**2.6**

Other assurance services represent primarily interim dividends reviews and contractual audits.

NOTE 6—FINANCE INCOME AND COSTS

Finance Income and Costs T37

EUR MILLION	2019	2018
Finance income		
Interest income	3.8	11.6
Net foreign exchange gains[1]	2.8	5.1
Total	**6.6**	**16.7**
Finance costs		
Interest expense (excluding amounts capitalised)	(144.2)	(128.0)
Loan fees and origination costs and other	(28.3)	(35.0)
Total	**(172.5)**	**(163.0)**

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

NOTE 7—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:

Income Taxes T38

EUR MILLION	2019	2018
Current income tax		
Current income tax charge	(86.4)	(72.1)
Adjustments in respect of prior periods	11.9	(1.8)
Foreign withholding taxes	(5.8)	(9.9)
Total current income tax	**(80.3)**	**(83.8)**
Deferred income tax		
Relating to origination and reversal of temporary differences	100.5	118.0
Relating to tax losses brought forward	38.7	(4.2)
Changes in tax rate	18.0	8.2
Adjustment of prior years	(0.4)	3.7
Total deferred income tax	**156.8**	**125.7**
Income tax benefit per consolidated income statement	**76.5**	**41.9**
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	0.3	(0.2)
Impact of currency translation	(2.9)	(20.8)
Net investment hedge—current tax	6.8	21.2
Tax impact of the treasury shares impairment recorded in the statutory financial statements	5.8	(6.4)
Tax impact on perpetual bond	18.0	18.8
Current and deferred income taxes reported in equity	**28.0**	**12.6**

A reconciliation between the income tax benefit and the profit before tax of the Group multiplied by a theoretical tax rate of 25.69% (2018: 26.76%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2019 is as follows:

Income Tax Reported in the Consolidated Income Statement T39

EUR MILLION	2019	2018
Profit before tax from continuing operations	**199.5**	**244.8**
Multiplied by theoretical tax rate	51.3	65.5
Effect of different foreign tax rates	(19.3)	7.6
Investment tax credits	(71.7)	(109.6)
Tax exempt income	1.3	(22.7)
Non-deductible expenditures	3.6	14.9
Taxes related to prior years	(5.0)	12.8
Effect of changes in tax rate	(20.2)	(21.8)
Other changes in group tax provision not included in separate lines	(1.7)	4.9
Impairment on investments in subsidiaries and intangible assets	(25.2)	(3.1)
Foreign withholding taxes	5.8	9.9
Other	4.6	(0.3)
Income tax reported in the consolidated income statement	**(76.5)**	**(41.9)**

EFFECT OF CHANGES IN TAX RATE

As a result of the reduction of Luxembourg corporate income tax rate rom 26.76% to 25.69% effective January 2019, the relevant deferred tax assets and liabilities balances have been re-measured. The total impact of the re-measurement is an income tax benefit of EUR 2.3 million.

During 2019, as a result of a change in the Dutch corporate income tax rate from 25% to 21.7% effective as of 1 January 2021, the deferred tax assets and liabilities balances have been re-measured. The total impact of re-measurement was an income tax expense of EUR 6.6 million.

In 2018 New Jersey made significant changes to its corporate income tax law which became effective as of 1 January 2019. Amongst those changes was one to the method of apportioning income to the state of New Jersey whereby the income is now deemed to be sourced based on the jurisdiction in which the customer receives the benefit. This change triggered a decrease of income apportioned to the state of New Jersey and therefore the deferred tax liability as of 31 December 2018 was restated resulting in a net tax income adjustment of EUR 24.1 million.

Other changes in the tax rates resulted in a EUR 0.5 million tax expense.

All the above re-measurements were considered changes in accounting estimate in accordance with IAS 8.

FOREIGN WITHHOLDING TAX

The foreign withholding tax of EUR 5.8 million includes a provision of EUR 2.9 million for Indian withholding tax withheld by customers and paid to the Indian tax authorities. A final decision on Indian withholding taxes is still pending at the level of the Supreme Court. The remaining EUR 2.9 million mainly relates to the provision for Brazilian withholding tax.

INVESTMENT TAX CREDITS

In 2019, the continuing investment in the mPower and SES-17 procurements triggered the recognition of deferred tax assets for investment tax credits of EUR 43.1 million and EUR 28.4 million respectively. The remaining EUR 5.2 million of deferred tax assets for investment tax credits was recognised in connection with other investments by Group companies in Luxembourg.

In May 2018, following the completion of 100% acquisition of O3b Networks in 2016 and its subsequent financial reorganisation, the O3b business assets were transferred from Jersey to Luxembourg. This triggered the recognition of EUR 74.9 million of investment tax credits in Luxembourg of which EUR 23.5 million was recorded as current tax and EUR 51.4 million as a deferred tax asset.

Based on Luxembourg tax law, unused investment tax credits can be carried forward for ten years. SES believes that it is probable that sufficient taxable profits will be available in the Luxembourg fiscal unity in the future to use all the available investment tax credits.

GovSat-1 was successfully launched on 31 January 2018 and entered in operational service on 28 March 2018. A deferred tax asset for investment tax credits of EUR 25.8 million was recognised by its owner LuxGovSat S.A. in the same year. LuxGovSat S.A. is not part of the Luxembourg fiscal unity. As a result of management's analysis of the recoverability of this deferred tax asset, an amount of EUR 5 million was reversed during 2019.

IMPAIRMENT ON SUBSIDIARIES AND INTANGIBLE ASSETS

The impairment on subsidiaries booked in Luxembourg for a total of EUR 153.9 million (2018: EUR 66.5 million) gave rise to a tax benefit of EUR 39.6 million (2018: EUR 17.7 million).

The impairment charge of EUR 64.0 million (2018: EUR 63.3 million) relating to the MX1 CGU resulted in a negative ETR impact of EUR 14.4 million (2018: EUR 14.6 million).

NOTE 8—DEFERRED INCOME TAX

The deferred taxes positions included in the consolidated financial statements can be analysed as follows:

Deferred Income Tax **T40**

EUR MILLION	Deferred tax assets 2019	Deferred tax assets 2018	Deferred tax liabilities 2019	Deferred tax liabilities 2018
Losses carried forward	71.3	32.3	-	-
Tax credits	168.0	96.7	-	-
Intangible assets	30.5	38.3	(207.4)	(215.9)
Tangible assets	-	-	(169.1)	(213.4)
Trade receivables	22.8	17.8	-	-
Other	9.4	8.5	(24.5)	(14.5)
Total deferred tax assets / (liabilities)	302.0	193.6	(401.0)	(443.8)
Offset of deferred taxes	(41.5)	(31.3)	41.5	31.3
Net deferred tax assets / (liabilities)	**260.5**	**162.3**	**(359.5)**	**(412.5)**

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

In 2019 the Group recognised additional deferred tax assets for tax losses carried forward in Luxembourg (EUR 28.9 million) and in Germany (EUR 7.7 million). Tax losses can be carried forward in Luxembourg for 17 years and in Germany indefinitely. Using the estimated future taxable income based on the most recent business plan information approved by the Board of Directors, the Company has concluded that the deferred tax assets are recoverable.

In addition to the recoverable tax losses for which the Group has recognised deferred tax assets, the Group has further tax losses of EUR 436.8 million as at 31 December 2019 (31 December 2018: EUR 569.9 million) which are available for offset against future taxable profits of the companies in which the losses arose. EUR 394.7 million (31 December 2018: 478.0 million) of these tax losses are generated in the US. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that are not expected to generate taxable profits against which these losses could be offset in the foreseeable future.

No deferred income tax liabilities have been recognised for withholding tax and other taxes which 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:

Movement in deferred Income Tax Assets T41

DEFERRED TAX ASSETS	Losses carried forward	Tax credits	Intangible assets	Receivables	Other	Total
At 1 January 2018	**33.5**	**6.0**	**37.7**	**21.0**	**11.1**	**109.3**
Changes in accounting policies	-	-	-	4.3	-	4.3
(Charged)/credited to the income statement	(2.1)	89.7	0.8	(8.0)	(3.0)	77.4
Charged directly to equity	-	-	-	-	(0.2)	(0.2)
Exchange difference[1]	0.9	1.0	(0.2)	0.5	0.6	2.8
At 31 December 2018	**32.3**	**96.7**	**38.3**	**17.8**	**8.5**	**193.6**
(Charged)/credited to the income statement	38.7	71.1	(7.6)	4.9	0.4	107.5
Charged directly to equity	-	-	-	-	0.3	0.3
Exchange difference[1]	0.3	0.2	(0.2)	0.1	0.2	0.6
At 31 December 2019	**71.3**	**168.0**	**30.5**	**22.8**	**9.4**	**302.0**

Movement in deferred Income Tax Liabilities T42

DEFERRED TAX LIABILITIES	Intangible assets	Tangible assets	Other	Total
At 1 January 2018	**218.6**	**244.3**	**14.5**	**477.4**
Charged/(credited) to the income statement	(13.0)	(35.3)	-	(48.3)
Exchange difference[1]	10.3	4.4	-	14.7
At 31 December 2018	**215.9**	**213.4**	**14.5**	**443.8**
Charged/(credited) to the income statement	(12.6)	(46.1)	9.4	(49.3)
Exchange difference[1]	4.1	1.8	0.6	6.5
At 31 December 2019	**207.4**	**169.1**	**24.5**	**401.0**

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 5.9 million as at 31 December 2019 (2018: EUR 11.9 million)

NOTE 9—COMPONENTS OF OTHER COMPREHENSIVE INCOME

Components of Other Comprehensive Income T43

EUR MILLION	2019	2018
Impact of currency translation	142.5	345.2
Income tax effect	(2.9)	(20.8)
Total impact of currency translation, net of tax	**139.6**	**324.4**

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

The unrealised gain in 2019 of EUR 142.5 million (2018: EUR 345.2 million) reflects the impact on the valuation of SES's net US dollar assets of the strengthening of the US dollar against the euro from 1.1450 to 1.1234 (2018: 1.1993 to 1.1450). This effect is partially offset by the impact of the net investment hedge (›› Note 18).

NOTE 10—EARNINGS PER SHARE

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

For the year 2019, basic earnings per share of EUR 0.54 per Class A share (2018: EUR 0.54), and EUR 0.22 per Class B share (2018: EUR 0.22) have been calculated on the following basis:

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

Profit Attributable to Owners T44

EUR MILLION	2019	2018
Profit attributable to owners of the parent	296.2	292.4
Assumed coupon on perpetual bond (net of tax)	(48.8)	(48.1)
Total	**247.4**	**244.3**

Assumed coupon accruals of EUR 48.8 million (net of tax) for the year ended 31 December 2019 (2018: EUR 48.1 million) related to the perpetual bonds issued during 2016 have been considered for the calculation of the basic and diluted earnings available for distribution.

Weighted average number of shares, net of own shares held, for calculating basic earnings per share were as follows:

A- and B-shares T45

	2019	2018
Class A shares (in million)	378.0	376.4
Class B shares (in million)	191.7	191.7
Total	**569.7**	**568.1**

The weighted average number of shares is based on the capital structure of the Company as described in » note 20.

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

For the year 2019, diluted earnings per share of EUR 0.54 per Class A share (2018: EUR 0.54), and EUR 0.22 per Class B share (2018: EUR 0.21) have been calculated on the following basis:

Diluted Earnings per Share T46

EUR MILLION	2019	2018
Profit attributable to owners of the parent	296.2	292.4
Assumed coupon on perpetual bond (net of tax)	(48.8)	(48.1)
Total	**247.4**	**244.3**

The weighted average number of shares, net of own shares held, for calculating diluted earnings per share was as follows:

Weighted Average Number of Shares T47

	2019	2018
Class A shares (in million)	379.6	379.0
Class B shares (in million)	191.7	191.7
Total	**571.3**	**570.7**

NOTE 11—DIVIDENDS PAID AND PROPOSED

Dividends declared and paid during the year:

Dividends Declared and Paid T48

EUR MILLION	2019	2018
Class A dividend for 2018: EUR 0.80 (2017: EUR 0.80)	306.8	306.8
Class B dividend for 2018: EUR 0.32 (2017: EUR 0.32)	61.4	61.4
Total	**368.2**	**368.2**

Dividends declared are paid net of any withholding tax (2019: EUR 37.3 million, 2018: EUR 35.7 million).

Dividends proposed for approval at the annual general meeting to be held on 2 April 2020, which are not recognised as a liability as at 31 December 2019:

Dividend Proposed T49

EUR MILLION	2020	2019
Class A dividend for 2019: EUR 0.40 (2018: EUR 0.80)	153.4	306.8
Class B dividend for 2019: EUR 0.16 (2018: EUR 0.32)	30.7	61.4
Total	**184.1**	**368.2**

NOTE 12—PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment 2019 **T50**

EUR MILLION	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2019	**281.5**	**11,676.5**	**752.3**	**200.1**	**12,910.4**
Additions	11.9	8.8[1]	9.2	5.8	35.7
Disposals	(8.0)	(14.9)[2]	(2.9)	(2.1)	(27.9)
Retirements	(0.3)	(361.0)[3]	(2.9)	(1.7)	(365.9)
Transfers from assets in course of construction (Note 13)	0.3	598.8[4]	67.1	7.8	674.0
Transfers from intangible assets	-	-	5.0	2.0	7.0
Transfers between categories	1.4	(2.0)	(1.4)	2.0	-
Impact of currency translation	3.0	148.2	7.5	0.8	159.5
As at 31 December 2019	**289.8**	**12,054.4**	**833.9**	**214.7**	**13,392.8**
Accumulated depreciation					
As at 1 January 2019	**(162.9)**	**(7,027.8)**	**(472.9)**	**(139.9)**	**(7,803.5)**
Depreciation	(18.1)	(561.7)	(63.5)	(20.8)	(664.1)
Impairment	-	(32.8)	-	-	(32.8)
Disposals	4.3	14.9[2]	2.9	1.9	24.0
Retirements	0.3	361.0[3]	2.9	1.7	365.9
Impact of currency translation	(1.3)	(88.9)	(5.1)	(1.1)	(96.4)
As at 31 December 2019	**(177.7)**	**(7,335.3)**	**(535.7)**	**(158.2)**	**(8,206.9)**
Net book value as at 31 December 2019	**112.1**	**4,719.1**	**298.2**	**56.5**	**5,185.9**

1 Addition of 17 AMC-8 transponders (including EUR 6.1 million non-cash transaction)
2 Sale of 2 AMC-18 transponders (non-cash transaction)
3 AMC-10 and ASTRA 1H were retired in 2019
4 SES-12 and O3b satellites 17-20 became operational during 2019

Property, Plant and Equipment 2018 T51

EUR MILLION	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2018	**239.8**	**10,410.2**	**652.7**	**173.6**	**11,476.3**
Adoption of IFRS 16[1]	36.6	-	8.1	2.1	46.8
Additions	0.7	0.7	16.1	2.3	19.8
Disposals	-	(11.8)	(2.2)	-	(14.0)
Retirements	(1.1)	(0.1)	(18.9)	(2.0)	(22.1)
Transfers from assets in course of construction (Note 13)[2]	-	955.4	85.6	12.5	1,053.5
Transfer	0.1	(1.8)	(13.8)	10.4	(5.1)
Impact of currency translation	5.4	323.9	24.7	1.2	355.2
As at 31 December 2018	**281.5**	**11,676.5**	**752.3**	**200.1**	**12,910.4**
Accumulated depreciation					
As at 1 January 2018	**(144.0)**	**(6,203.9)**	**(414.9)**	**(122.1)**	**(6,884.9)**
Depreciation	(17.4)	(529.4)	(62.8)	(16.3)	(625.9)
Impairment	-	(93.1)	-	-	(93.1)
Disposals	-	-	2.2	-	2.2
Retirements	1.1	0.1	18.9	2.0	22.1
Transfer	-	-	1.5	(1.5)	-
Impact of currency translation	(2.6)	(201.5)	(17.8)	(2.0)	(223.9)
As at 31 December 2018	**(162.9)**	**(7,027.8)**	**(472.9)**	**(139.9)**	**(7,803.5)**
Net book value as at 31 December 2018	**118.6**	**4,648.7**	**279.4**	**60.2**	**5,106.9**

1 Represents impact of the adoption of the IFRS 16 “Leases” (Note 2).
2 SES-15, SES-14, SES-16 and O3b satellites 13-16 became operational during 2018.

During 2019, an assessment of the useful life for ASTRA 5B, SES-1, SES-8 and SES-9 satellites was performed, resulting in a net decrease of the depreciation expense for the year of EUR 8.1 million.

As at 31 December 2019, the amount of the property, plant and equipment pledged in relation to the Group’s liabilities is nil (2018: nil).

For further information related to right-of use assets, ›› see note 29.

IMPAIRMENT FOR SPACE SEGMENT

In 2019, the impairment charge for space segment assets recorded was EUR 32.8 million (2018: EUR 93.1 million).

The following table (T52) discloses the impairment charge and related assumptions used in the impairment test for the satellites presenting impairment indicators in 2019.

For ASTRA 5B, YahSat 1A, and NSS-9, the impairment was caused by a reassessment of the future cash flows to be achieved in the markets served by those satellites. For Ciel-2, the impairment was caused by a further extension of the contract with Ciel-2's sole customer agreed in August 2019. For NSS-10, the impairment was caused by a reassessment of the future revenues to be achieved on the satellite as it approaches its end of life.

As part of standard impairment testing procedures, the Group assesses the impact of changes in the discount rates and reductions in EBITDA. Discount rates are simulated up to 1% below and above the CGU's specific rate used in the base valuation, and EBITDA projections are simulated up to 5% below and above the base valuation. In this way a matrix of valuations is generated which reveals the potential exposure to impairment charges 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 certain satellites have an impairment, or an additional impairment in the least favourable case—a combination of higher discount rates or lower EBITDA. A 1% increase in the discount rates would increase satellite impairments by EUR 26.0 million. Taken separately, a 5% decrease in EBITDA would increase satellite impairments by EUR 28.8 million.

The following table (T53) discloses the impairment charge and related assumptions used in the impairment test for the satellites presenting impairment indicators in 2018.

For Ciel-2, the impairment was caused by an extension of the contract with Ciel-2's lone customer agreed in November 2018. For ASTRA 5B and YahSat 1A, the impairment was caused by a reassessment of the future revenues to be achieved in the markets served by those satellites. For NSS-10, the impairment was caused by a reassessment of the future revenues to be achieved on the satellite as it approaches its end of life. In addition, an impairment charge of EUR 5.5 million was recorded on AMC-10 due to technical deterioration of that satellite.

Impairment Charge and Assumptions 2019 **T52**

EUR MILLION	Impairment charge	Recoverable Amount	Discount Rate (pre-tax)	Previous estimate of value in use ('VIU')	Nature of the asset
ASTRA 5B	11.2	152.7 VIU	6.27%	177.3	Satellite serving Eastern Europe
Ciel-2	10.8	23.0 VIU	8.09%	41.1	Satellite serving DTH market in North America
YahSat 1A	6.9	34.7 VIU	10.90%	45.2	Satellite serving MENA and Southwest Asia
NSS-10	3.2	- VIU	8.09%	12.5	Satellite serving Americas, Africa, and Europe
NSS-9	0.7	41.9 VIU	8.09%	51.1	Satellite serving Pacific Ocean Region
Total	**32.8**				

Impairment Charge and Assumptions 2018 **T53**

EUR MILLION	Impairment charge	Recoverable Amount	Discount Rate (pre-tax)	Previous estimate of value in use ('VIU')	Nature of the asset
Ciel-2	42.9	41.1 VIU	9.07%	139.1	Satellite serving DTH market in North America
ASTRA 5B	34.3	177.3 VIU	6.79%	236.9	Satellite serving Eastern Europe
YahSat 1A	6.0	45.2 VIU	9.07%	173.5	Satellite serving MENA and Southwest Asia
NSS-10	4.4	12.5 VIU	9.07%	42.6	Satellite serving Americas, Africa, and Europe
Total	**87.6**				

NOTE 13—ASSETS IN THE COURSE OF CONSTRUCTION

Assets in the Course of Construction 2019 **T54**

EUR MILLION	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2019	**0.2**	**831.0**	**68.8**	**7.4**	**907.4**
Movements in 2019					
Additions	0.7	600.3	57.1	21.0	679.1
Transfers to assets in use (Note 12)	(0.3)	(598.8)	(67.1)	(7.8)	(674.0)
Impact of currency translation	-	9.5	1.2	0.5	11.2
Cost and net book value as at 31 December 2019	**0.6**	**842.0**	**60.0**	**21.1**	**923.7**

Assets in the Course of Construction 2018 **T55**

EUR MILLION	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2018	**0.2**	**1,388.3**	**81.5**	**10.2**	**1,480.2**
Movements in 2018					
Additions	-	359.5	71.6	9.4	440.5
Transfers to assets in use (Note 12)	-	(955.4)	(85.6)	(12.5)	(1,053.5)
Impact of currency translation	-	38.6	1.3	0.3	40.2
Cost and net book value as at 31 December 2018	**0.2**	**831.0**	**68.8**	**7.4**	**907.4**

Borrowing costs of EUR 8.2 million (2018: EUR 42.3 million) arising from financing specifically relating to satellite procurements were capitalised during the year and are included in additions to 'Space segment' in the above table.

A weighted average effective rate of 3.73% (2018: 3.90%) 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 3.63% (2018: 3.62%).

During 2019 the Group recognized EUR 290.6 million (2018: EUR 174.1 million) additions in respect of the mPower arrangement and EUR 181.2 million additions in respect of the SES-17 construction, described in » note 27. Due to the nature of the arrangements, these transactions are included in the Group's assets in the course of construction space segment and included in 'Payments for purchases of tangible assets' within the consolidated statement of cash flows only to the extent that payments were made to the suppliers.

NOTE 14—INTANGIBLE ASSETS

Intangible Assets 2019 T56

EUR MILLION	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated develop-ment costs	Total
Cost						
As at 1 January 2019	**2,058.1**	**2,347.5**	**769.8**	**440.6**	**26.6**	**5,642.6**
Additions	0.6	-	6.8	8.5	28.7	44.6
Retirement	-	-	-	(3.9)	-	(3.9)
Transfers from assets in course of construction	-	-	-	9.9	(9.9)	-
Transfers to property, plant and equipment	-	-	-	-	(7.0)	(7.0)
Impact of currency translation	36.3	50.1	-	3.1	0.1	89.6
As at 31 December 2019	**2,095.0**	**2,397.6**	**776.6**	**458.2**	**38.5**	**5,765.9**
Amortisation						
As at 1 January 2019	**-**	**(63.3)**	**(549.0)**	**(309.8)**	**-**	**(922.1)**
Amortisation	-	-	(37.8)	(52.5)	-	(90.3)
Impairment	-	(64.0)	-	-	-	(64.0)
Retirement	-	-	-	3.9	-	3.9
Impact of currency translation	-	(6.0)	(0.4)	(1.8)	-	(8.2)
As at 31 December 2019	**-**	**(133.3)**	**(587.2)**	**(360.2)**	**-**	**(1,080.7)**
Book value as at 31 December 2019	**2,095.0**	**2,264.3**	**189.4**	**98.0**	**38.5**	**4,685.2**

Intangible Assets 2018 T57

EUR MILLION	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated develop-ment costs	Total
Cost						
As at 1 January 2018	**1,972.1**	**2,243.9**	**772.4**	**387.8**	**26.5**	**5,402.7**
Additions	0.8	-	-	7.7	30.6	39.1
Transfers	-	-	-	3.8	1.3	5.1
Transfers from assets in course of construction	0.8	-	(1.4)	32.6	(32.0)	-
Impact of currency translation	84.4	103.6	(1.2)	8.7	0.2	195.7
As at 31 December 2018	**2,058.1**	**2,347.5**	**769.8**	**440.6**	**26.6**	**5,642.6**
Amortisation						
As at 1 January 2018	**-**	**-**	**(511.4)**	**(260.4)**	**-**	**(771.8)**
Amortisation	-	-	(38.0)	(44.1)	-	(82.1)
Impairment	-	(63.3)	-	-	-	(63.3)
Transfers	-	-	0.4	(0.4)	-	-
Impact of currency translation	-	-	-	(4.9)	-	(4.9)
As at 31 December 2018	**-**	**(63.3)**	**(549.0)**	**(309.8)**	**-**	**(922.1)**
Book value as at 31 December 2018	**2,058.1**	**2,284.2**	**220.8**	**130.8**	**26.6**	**4,720.5**

INDEFINITE-LIFE INTANGIBLE ASSETS

The Group's indefinite-life intangibles include goodwill and orbital slot licence rights.

Impairment testing procedures are performed annually, or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The annual impairment tests are performed as of 31 October each year. The recoverable amounts are 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.

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, including launch schedule.

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) Perpetuity growth rates

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

Goodwill

Management identified the following CGUs at the level of which goodwill is allocated: SES GEO operations, SES MEO operations, MX1 and Other.

The level of integration of SES GEO operations has led management to conclude that it represents a single group of CGUs to which the goodwill is allocated for impairment test purposes.

SES MEO operations, representing the O3b Networks business acquired in 2016, is considered a separate CGU, as the business generates cash inflows that are currently largely independent from SES's GEO operations ›› see note 2. For the MEO CGU, the impairment test period was extended beyond the five-year period, to 2034. This extension is necessary to fully capture the contracted capital expenditure and expected growth of the business in connection with the O3b mPOWER constellation, which is expected to launch in 2021, as well as properly reflect the timing of the replacement capital expenditure.

Similarly to SES MEO, MX1 generates largely separate cash flows and hence has been considered a separate CGU in 2019.

The pre-tax discount rates for each CGU are presented below:

Goodwill: Pre-tax Discount Rates for CGU T58

	2019	2018
SES GEO operations	8.37%	8.40%
SES MEO operations	9.32%	10.21%
MX1	8.09%	8.66%

These rates 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. The terminal growth rate used in the valuations is 2% (2018: 2%), which reflects 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.

As a result of the impairment tests conducted as of 31 December 2019, the Group recorded an impairment charge of EUR 64.0 million relating to the MX1 CGU (2018: EUR 63.3 million). The MX1 CGU represents SES's media services business, comprised of the legacy SES Platform Services business in Germany and the legacy RR Media business in Israel, which were brought together following the acquisition of RR Media in 2016. The impairment reflects business developments over the past year, most notably increased competition for MX1's services and the profitability of those services. The recoverable amount, represented by the value in use, is EUR 220.1 million, reflecting the pre-tax discount rate 8.09%. The previous estimate of value in use was EUR 292.4 million.

The goodwill has a net book value as at 31 December 2019 and 2018 by CGU as presented below:

Goodwill: Net Book Value T59

EUR MILLION	2019	2018
SES GEO operations	2,054.3	2,016.4
SES MEO operations	153.4	150.1
MX1	51.1	111.8
Other (SES GS)	5.5	5.9
Total	**2,264.3**	**2,284.2**

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 1% 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 SES MEO and MX1 CGUs would have an impairment in the least favourable case—a combination of lower terminal growth rates and higher discount rates. In this least favourable case, the SES MEO CGU would have an impairment of EUR 60.6 million and the MX1 CGU would have an additional impairment of EUR 49.4 million. There would be no impairment in the SES GEO CGU. Unfavourable changes in the factors listed above under 'Movements in the underlying business plan assumptions', in combination with unfavourable changes in discount rates and perpetuity growth rates, would increase these impairments.

Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would not lead to an impairment charge in the SES GEO or SES MEO CGUs. A 5% reduction in EBITDA would increase the impairment charge in the MX1 CGU by EUR 5.7 million.

Taken separately from changes in discount rates, perpetuity growth rates and EBITDA, for SES MEO, a delay in the launch of the mPOWER constellation by one year would not lead to an impairment charge.

Orbital slot licence rights

The rights conveyed by orbital slot licences in different jurisdictions can have varying characteristics that make them separate and distinct from the orbital slot licence rights in other jurisdictions. For this reason, the Group aggregates the GEO orbital slot licence rights in Europe, the U.S., Canada, and Mexico into separate CGUs. All other GEO orbital slot licence rights are not separable and do not generate separate cash flows, and thus are considered a single CGU, "International". The MEO orbital rights are not separable and do not generate separate cash flows, and thus are considered a single CGU, which is tested for impairment together with the related corresponding goodwill and the MEO satellites constellation.

The pre-tax discount rates for each CGU are presented below:

Orbital Slots Licence Rights: Pre-Tax discount Rates for CGU T60

	2019	2018
SES MEO operations	9.32%	10.21%
Europe	9.37%	9.40%
U.S., Canada, Mexico, and International	10.12%	11.10%

Similar to the pre-tax discount rates used for goodwill testing, these rates 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. The terminal growth rate used in the valuations is 2% (2018: 2%), which reflects 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.

There were no impairment charges on orbital slot licence rights recorded for the year ending 31 December 2019 or 2018. The orbital slot license rights have a net book value as at 31 December 2019 and 2018 by CGU as presented below:

Orbital Slot Licence Rights: Net Book Value T61

EUR MILLION	2019	2018
MEO operations	1,134.3	1,113.0
Europe	150.2	151.1
U.S.	321.5	315.4
Canada	7.0	6.4
Mexico	7.2	6.8
International	474.8	465.4
Total	**2,095.0**	**2,058.1**

As part of standard impairment testing procedures, as with goodwill, 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 1% 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.

For orbital slot licence rights, the least favourable case—a combination of lower terminal growth rates and higher discount rates—would lead to impairment charges of EUR 48.3 million in the International CGU.

DEFINITE LIFE INTANGIBLE ASSETS

The definite-life intangible assets as at 31 December 2019 have a net book value by CGU as presented below:

Definite Life Intangible Assets 2019 T62

EUR MILLION	2019	
	Orbital slot licence rights	Other
Luxembourg	173.6	24.8
Israel	-	45.2
Brazil	10.9	1.3
Other	4.9	26.7
Total	**189.4**	**98.0**

The definite-life intangible assets as at 31 December 2018 have a net book value by CGU presented below:

Definite Life Intangible Assets 2018 T63

EUR MILLION	2018	
	Orbital slot licence rights	Other
Luxembourg	204.1	44.6
Israel	-	53.8
Brazil	11.5	1.1
Other	5.2	31.3
Total	**220.8**	**130.8**

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 from 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.

In November 2019, SES and the Luxembourg government reached an agreement to renew SES's concession to operate satellites operating under Luxembourg's jurisdiction for 20 years, effective from January 2022 when the current concession expires, with an annual fee of EUR 1 million payable from 2025 onwards. Under the agreement, and starting from 2022, SES will also contribute a maximum of EUR 7 million per year into a space sector fund.

The Group also holds orbital slot licence rights in Brazil, which were awarded to a Group subsidiary at auction in 2014 for a 15-year term. These rights are being amortised over a 30-year period, reflecting the Group's ability to renew the rights once in 2029 at a minimal cost, assuming they are being utilised.

As at 31 December 2019, the amount of the intangible assets pledged in relation to the Group's liabilities is nil (2018: nil).

NOTE 15—ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

Assets and Liabilities Related to Contracts With Customers T64

EUR MILLION	2019	2018
Current contract assets		
Trade debtors	525.5	509.5
Provision for trade debtors	(94.0)	(66.4)
Trade debtors, net of provisions	**431.5**	**443.1**
Unbilled accrued revenue	122.1	111.9
Provision for unbilled accrued revenue	(13.4)	(13.6)
Unbilled accrued revenue, net of provisions	**108.7**	**98.3**
Deferred customer contract costs	**17.9**	**17.5**
	558.1	558.9
Non-current contract assets		
Unbilled accrued revenue	290.9	306.2
Provision for unbilled accrued revenue	(5.4)	(11.7)
Unbilled accrued revenue, net of provisions	**285.5**	**294.5**
Deferred customer contract costs	**17.7**	**10.3**
	303.2	304.8
Current contract liabilities		
Deferred income	467.0	476.1
Non-current contract liabilities		
Deferred income	316.6	370.3

The following table shows the movement in deferred income recognised by the Group:

Movement in Deferred Income 2019 T65

EUR MILLION	Non-current	Current
As at 1 January 2019	**370.3**	**476.1**
Revenue recognised during the year	-	(1,309.1)
New billings	-	1,267.6
Other movements[1]	(56.3)	28.2
Impact of currency translation	2.6	4.2
As at 31 December 2019	**316.6**	**467.0**

1 Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against receivables)

Movement in Deferred Income 2018 T66

EUR MILLION	Non-current	Current
As at 1 January 2018	**477.3**	**443.2**
Adoption of IFRS 15	-	14.0
Revenue recognised during the year	-	(1,377.3)
New billings	-	1,285.8
Other movements[1]	(113.7)	101.1
Impact of currency translation	6.7	9.3
As at 31 December 2018	**370.3**	**476.1**

1 Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against receivables)

NOTE 16—TRADE AND OTHER RECEIVABLES

Trade and Other Receivables T67

EUR MILLION	2019	2018
Trade receivables, net of provisions	431.5	443.1
Unbilled accrued revenue, net of provisions	394.2	392.8
Other receivables	49.9	72.8
Total trade and other receivables	**875.6**	**908.7**
Of which:		
Non-current	285.5	294.5
Current	590.1	614.2

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. The non-current balance represents entirely unbilled accrued revenue.

An amount of EUR 31.9 million (2018: EUR 25.0 million) was expensed in 2019 reflecting an increase in the impairment of trade and other receivables. This amount is recorded in 'Other operating charges'. As at 31 December 2019, trade and other receivables with a nominal amount of EUR 112.8 million (2018: EUR 91.7 million) were impaired. Movements in the provision for the impairment of trade and other receivables were as follows:

Movement in the Provision for the Impairment of Trade and other Receivables T68

EUR MILLION	2019	2018
As at 1 January	**91.7**	**71.8**
Adoption of IFRS 9	-	6.4
Increase in provision	43.6	45.6
Reversals of provision	(11.7)	(20.6)
Utilised	(11.7)	(14.5)
Impact of currency translation	0.9	3.0
As at 31 December	**112.8**	**91.7**

NOTE 17—FINANCIAL INSTRUMENTS

FAIR VALUE ESTIMATION AND HIERARCHY

The Group uses the following hierarchy levels for determining the fair value of financial instruments by valuation technique:

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly;
- Level 3—Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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.

As at 31 December 2019, the Group does not have any financial derivatives. As at 31 December 2018, the Group had derivative financial instruments included in current assets of EUR 0.2 million and in current liabilities of EUR 0.1 million (all measured at fair value valuation technique Level 2).

FAIR VALUES

The fair value of borrowings has been calculated with the quoted market prices except for COFACE, Fixed Term Loan Facility (LuxGovSat) and the floating tranche of the Schuldschein Loan for which the discounted expected future cash flows at prevailing interest rates has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

All borrowings are measured at amortised cost. Financial assets and other financial liabilities measured at amortised cost, have a fair value that approximates their carrying amount. 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 2019 – Fair Values **T69**

		Carried at amortised cost		Carried at fair value	Total
EUR MILLION	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Balance Sheet
As at 31 December 2019					
Financial assets					
Non-current financial assets:					
Other financial assets		11.8	11.8	-	11.8
Trade and other receivables		285.5	285.5	-	285.5
Total non-current financial assets		**297.3**	**297.3**	**-**	**297.3**
Current financial assets:					
Trade and other receivables		590.1	590.1	-	590.1
Derivatives	2	-	-	-	-
Cash and cash equivalents		1,155.3	1,155.3	-	1,155.3
Total current financial assets		**1,745.4**	**1,745.4**	**-**	**1,745.4**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021[1]	2	-	-	-	-
COFACE	2	120.6	120.6	-	120.6
German Bond 2024 (EUR 150 million), non-listed	2	149.5	151.0	-	149.5
At fixed rates:					
Eurobond 2020 (EUR 650 million)	2	649.9	655.5	-	649.9
Eurobond 2021 (EUR 650 million)	2	649.1	685.6	-	649.1
US Bond 2023 (USD 750 million)	2	666.6	683.4	-	666.6
German Bond 2025 (EUR 250 million), non-listed	2	249.1	262.2	-	249.1
Eurobond 2026 (EUR 500 million)	2	494.8	517.4	-	494.8
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.6	168.4	-	139.6
Eurobond 2027 (EUR 500 million)	2	496.8	485.8	-	496.8
Fixed Term Loan Facility (LuxGovSat)	2	114.6	136.7	-	114.6
German Bond 2032 (EUR 50 million), non-listed	2	49.9	60.3	-	49.9
US Bond 2043 (USD 250 million)	2	215.6	209.1	-	215.6
US Bond 2044 (USD 500 million)	2	432.2	422.5	-	432.2
Total borrowings		**4,428.3**	**4,558.5**	**-**	**4,428.3**
Non-current financial liabilities:		**4,557.6**	**4,667.6**	**-**	**4,557.6**
Non-current borrowings		3,737.2	3,847.2	-	3,737.2
Lease liabilities		29.7	29.7	-	29.7
Fixed assets suppliers		622.5	622.5	-	622.5
Other long term liabilities		168.2	168.2	-	168.2
Current financial liabilities:		**1,188.3**	**1,208.5**	**-**	**1,188.3**
Current borrowings		691.1	711.3	-	691.1
Lease liabilities		11.2	11.2	-	11.2
Fixed assets suppliers		134.8	134.8	-	134.8
Derivatives	2	-	-	-	-
Trade and other payables		351.2	351.2	-	351.2

1 As at 31 December 2019 no amount has been drawn down under this facility. As a consequence, the remaining balance of loan origination cost of the Syndicated Loan has been disclosed under prepaid expenses for an amount of EUR 3.8 million.

As at 31 December 2018 – Fair Values T70

		Carried at amortised cost		Carried at fair value	Total
EUR MILLION	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Balance Sheet
As at 31 December 2018					
Financial assets					
Non-current financial assets:					
Other financial assets		6.5	6.5	-	6.5
Trade and other receivables		294.5	294.5	-	294.5
Total non-current financial assets		**301.0**	**301.0**	**-**	**301.0**
Current financial assets:					
Trade and other receivables		614.2	614.2	-	614.2
Derivatives	2	-	-	0.2	0.2
Cash and cash equivalents		909.1	909.1	-	909.1
Total current financial assets		**1,523.3**	**1,523.3**	**0.2**	**1,523.5**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2021[1]	2	-	-	-	-
COFACE	2	160.8	161.1	-	160.8
German Bond 2024 (EUR 150 million), non-listed	2	149.4	145.5	-	149.4
At fixed rates:					
US Bond 2019 (USD 500 million)	2	435.2	434.2	-	435.2
Eurobond 2020 (EUR 650 million)	2	649.1	684.2	-	649.1
Eurobond 2021 (EUR 650 million)	2	648.4	708.5	-	648.4
US Bond 2023 (USD 750 million)	2	653.4	640.0	-	653.4
German Bond 2025 (EUR 250 million), non-listed	2	249.0	244.4	-	249.0
Eurobond 2026 (EUR 500 million)	2	494.1	477.6	-	494.1
US Bond 2043 (USD 250 million)	2	213.6	185.1	-	213.6
US Bond 2044 (USD 500 million)	2	427.5	371.3	-	427.5
German Bond 2032 (EUR 50 million), non-listed	2	49.8	61.0	-	49.8
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	139.6	168.5	-	139.6
Fixed Term Loan Facility (LuxGovSat)	2	115.0	122.8	-	115.0
Total borrowings		**4,384.9**	**4,404.2**	**-**	**4,384.9**
Non-current financial liabilities:		**4,271.9**	**4,289.1**	**-**	**4,271.9**
Non-current borrowings		3,908.5	3,925.7	-	3,908.5
Lease liabilities		28.6	28.6		28.6
Fixed assets suppliers		200.9	200.9	-	200.9
Other long term liabilities		133.9	133.9	-	133.9
Current financial liabilities:		**984.2**	**986.3**	**0.1**	**984.3**
Current borrowings		476.4	478.5	-	476.4
Lease liabilities		9.5	9.5	-	9.5
Fixed assets suppliers		130.8	130.8	-	130.8
Derivatives	2	-	-	0.1	0.1
Trade and other payables		367.5	367.5	-	367.5

1 As at 31 December 2018 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 0.5 million.

NOTE 18—FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments, other than derivatives, comprise: a syndicated loan, Eurobonds, US dollar bonds (144A), a euro-dominated Private Placement, German Bonds ('Schuldschein'), drawings under Coface and under a committed credit facility for specified satellites under construction, cash and short-term deposits.

The main purpose of the debt instruments is to raise funds to finance the Group's day-to-day operations, as well as for other general business purposes. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The 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.

LIQUIDITY RISK

The Group's objective is to efficiently use cash generated so as to maintain borrowings at an appropriate level. In case of liquidity needs, the Group can call on uncommitted loans, commercial paper programs and a committed syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, the Group can access additional funds through the European Medium-Term Note programme. 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 regularly 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 4,260.0 million as at 31 December 2019 and EUR 4,760.0 million as at 31 December 2018—more details in » note 23).

The table below summarises the projected contractual undiscounted cash flows based on the maturity profile as at 31 December 2019 and 2018.

Projected Contractual Undiscounted Cash Flows based on Maturity Profile as at 31 December 2019 **T71**

EUR MILLION	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2019:				
Borrowings	691.2	1,548.6	2,222.6	4,462.4
Future interest commitments	151.3	347.2	747.5	1,246.0
Trade and other payables	351.2	-	-	351.2
Other long-term liabilities	-	168.2	-	168.2
Lease liabilities	12.4	29.1	6.2	47.7
Fixed assets suppliers	134.8	622.5	-	757.3
Total maturity profile	**1,340.9**	**2,715.6**	**2,976.3**	**7,032.8**
As at 31 December 2018:				
Borrowings	477.9	2,126.4	1,810.7	4,415.0
Future interest commitments	151.8	413.0	778.8	1,343.6
Trade and other payables	367.5	-	-	367.5
Other long-term liabilities	-	133.9	-	133.9
Lease liabilities	10.2	25.7	5.3	41.2
Fixed assets suppliers	130.8	200.9	-	331.7
Total maturity profile	**1,138.2**	**2,899.9**	**2,594.8**	**6,632.9**

FOREIGN CURRENCY RISK

SES is active in markets outside the Eurozone, with business operations in many 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 ceating offsetting exposures. SES is not a party to leveraged derivatives and, as a matter of 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 has a corresponding exposure in the consolidated income statement: 50.5% (2018: 48.7%) of the Group's sales and 52.9% (2018: 51.7%) of its operating expenses being denominated in US dollars. The Group does not enter into derivative instruments to hedge 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 to maximise effectiveness. 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.

Hedge of net investment in foreign operations

As at 31 December 2019 and 2018, certain borrowings denominated in US dollars were designated as hedges of the net investments in SES Global Americas Inc. and its subsidiaries ('SES Americas'), SES Holdings (Netherlands) BV and its subsidiaries ('SES Netherlands'), SES Satellite Leasing Limited, MX1 Ltd in Israel and the operational entities providing the O3b MEO services ('O3b Networks') to hedge the Group's exposure to foreign exchange risk on these investments.

As at 31 December 2019, all designated net investment hedges were assessed to be highly effective and a total loss of EUR 19.7 million, stated net of tax of EUR 6.8 million is included as part of other comprehensive income for the period (2018: loss EUR 57.9 million net of tax of EUR 21.1 million).

The following table sets out the hedged portion of USD statement of financial position exposure as at 31 December:

Hedged Portions of USD Statement of Financial Position Exposure T72

USD MILLION	2019	2018
USD statement of financial position exposure:		
SES Americas	2,415.7	2,369.7
SES Netherlands	1,502.8	1,535.7
SES Satellite Leasing Limited	1,061.8	1,130.4
MX1 Ltd, Israel	104.9	162.3
O3b Networks	2,816.1	2,385.7
Total	**7,901.3**	**7,583.8**
Hedged with:		
US Bonds	1,500.0	2,000.0
Total	**1,500.0**	**2,000.0**
Hedged proportion	**19%**	**26%**

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.

Sensitivity to a +/– 20% change in US Dollar Exchange Rate 2019 T73

31 December 2019	Amount in USD million	Amount in EUR million at closing rate of 1.1234	Amount in EUR million at rate of 1.3500	Amount in EUR million at rate of 0.9000
USD statement of financial position exposure:				
SES Americas	2,415.7	2,150.3	1,789.4	2,684.1
SES Netherlands	1,502.8	1,337.7	1,113.2	1,669.8
SES Satellite Leasing Limited	1,061.8	945.2	786.5	1,179.8
MX1 Ltd, Israel	104.9	93.4	77.7	116.6
O3b Networks	2,816.1	2,506.8	2,086.0	3,129.0
Total	**7,901.3**	**7,033.4**	**5,852.8**	**8,779.3**
Hedged with:				
US Bonds	1,500.0	1,335.2	1,111.1	1,666.7
Other external borrowings	-	-	-	-
Total	**1,500.0**	**1,335.2**	**1,111.1**	**1,666.7**
Hedged proportion	19%			
Absolute difference without hedging			(1,180.6)	1,745.9
Absolute difference with hedging			(956.5)	1,414.4

Sensitivity to a +/– 20% change in US Dollar Exchange Rate 2018 T74

	Amount in USD million	Amount in EUR million at closing rate of 1.1450	Amount in EUR million at rate of 1.3700	Amount in EUR million at rate of 0.9200
31 December 2018				
USD statement of financial position exposure:				
SES Americas	2,369.7	2,069.6	1,729.7	2,575.8
SES Holdings (Netherlands) BV	1,535.7	1,341.2	1,120.9	1,669.2
SES Satellite Leasing Limited	1,130.4	987.2	825.1	1,228.7
MX1 Ltd, Israel	162.3	141.7	118.5	176.4
SES Networks Lux Sarl	1,701.6	1,486.1	1,242.0	1,849.6
O3b Networks	684.1	597.5	499.3	743.6
Total	**7,583.8**	**6,623.3**	**5,535.5**	**8,243.3**
Hedged with:				
US Bonds	2,000.0	1,746.7	1,459.9	2,173.9
Total	**2,000.0**	**1,746.7**	**1,459.9**	**2,173.9**
Hedged proportion	26%			
Absolute difference without hedging			(1,087.8)	1,620.0
Absolute difference with hedging			(801.0)	1,192.8

INTEREST RATE RISK

The Group's exposure to market interest rate risk relates primarily to the Group's debt portion at floating rates. In order to mitigate this risk, the Group is generally seeking to contract as much as possible of its debt outstanding at fixed interest rates, and is carefully monitoring the evolution of market conditions, adjusting the mix between fixed and floating rate debt if necessary. To mitigate the Group's interest rate risk in connection with near-term debt refinancing needs, the Group may from time to time enter into interest rate hedges through forward contracts denominated in EUR and USD. As per 31 December 2019 and 31 December 2018, the Group had no interest rate hedges outstanding.

The table below summarises the split of the nominal amount of the Group's debt between fixed and floating rate.

Split of the Nominal Amount of the Group's Debt between Fixed and Floating Rate T75

EUR MILLION	At fixed rates	At floating rates	Total
Borrowings at 31 December 2019	**4,158.2**	**270.1**	**4,428.3**
Borrowings at 31 December 2018	4,074.7	310.2	4,384.9

In the course of 2019 the Group repaid a maturing USD 500.0 million senior bond and a total amount of EUR 41.2 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 Eurozone interest rates would be an increase of nil basis points or a decrease of 10 basis points (2018: increase of 25 basis points or a decrease of nil basis points).

Euro Interest Rates T76

EUR MILLION	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2019	**270.1**	**0.0**	**0.3**
Borrowings at 31 December 2018	310.2	(0.8)	0.0

CREDIT RISK

Risk management

The Group has two types of financial assets that are subject to the expected credit loss model: trade receivables and unbilled accrued revenue.

While cash and cash equivalents are also subject to impairment testing, there was no impairment loss identified as at 31 December 2019.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. To measure the expected credit losses, trade receivables and unbilled accrued revenue have been grouped based on shared credit risk characteristics, country and the days past due. The unbilled accrued revenues have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled accrued revenue.

The credit verification procedures in relation to the assets above include the assessment of the creditworthiness of the customer by using sources of quality information such as external specialist reports, audited annual reports, press articles or rating agencies.

Should the customer be a governmental entity, the official debt rating of the respective country is a 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 listed entities), '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.

Impairment of trade receivables and unbilled accrued revenues

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables and unbilled accrued revenue by measuring the loss allowance at an amount equal to lifetime expected credit losses. To measure the expected credit losses, trade receivables and unbilled accrued revenue have been grouped in portfolios based on shared credit risk characteristics (credit risk profile: Prime, Market and Sub-prime), country and the days past due.

In order to compute the provision, the gross trade receivables balance is reduced for any portion representing deferred revenue, any securities held and any applicable credit limit provided by credit insurance. Trade receivables are written off when there is no reasonable expectation of recovery. The Group's largest customers are large media companies and government agencies and hence the credit risk associated with these contracts is assessed as low.

The Company calculates loss expectancy rates based on the history of losses and forward-looking information to create a provision matrix. On that basis, the provision as at 31 December 2019 and 31 December 2018 is as follows:

Impairment of Trade Receivables and Unbilled Accrued Revenues 2019 T77

EUR MILLION	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
31 December 2019					
Average expected loss rate (by portfolio)	3.3%	4.0%	6.7%	12.1%	
Gross carrying amount—trade-receivables	243.6	55.1	71.0	155.8	525.5
Provision	**0.1**	**0.1**	**0.2**	**5.0**	**5.4**

Impairment of Trade Receivables and Unbilled Accrued Revenues 2018 T78

EUR MILLION	Current	Less than 1 month	Between 1 and 3 months	More than 3 months	Total
31 December 2018					
Average expected loss rate (by portfolio)	2.8%	3.2%	5.1%	7.2%	
Gross carrying amount—trade receivables	248.5	58.0	63.4	139.6	509.5
Provision	**0.3**	**0.2**	**1.0**	**2.4**	**3.8**

Additional provisions are recorded for trade receivables balances if specific circumstances or forward-looking information lead the Group to believe that additional collectability risk exists with respect to customers that are not reflected in the loss expectancy rates. An additional provision for trade receivables of EUR 88.6 million has been recorded as at 31 December 2019 (31 December 2018: EUR 62.6 million).

The provision in respect of unbilled accrued revenue as at 31 December 2019 amounts to EUR 18.8 million and the corresponding expected credit loss is 4.6% (31 December 2018: EUR 25.3 million and the corresponding expected credit losses is 6.1%).

The movement in provisions for trade receivables and unbilled accrued revenue as at 31 December 2019 and 2018 are as follows:

Movement in Provisions for Trade Receivables and Unbilled Accrued Revenue T79

	Provisions for trade receivables		Provisions for unbilled accrued revenue	
EUR MILLION	2019	2018	2019	2018
Opening provision as at 1 January 2018—calculated under IFRS 9	**66.4**	**57.1**	**25.3**	**21.1**
Increase in provision recognised in profit or loss during the year	38.8	38.5	4.8	7.1
Receivables written off during the year as uncollectible	(4.0)	(14.5)	(7.7)	-
Unused amount reversed	(7.7)	(16.6)	(4.0)	(4.0)
Impact of currency translation	0.5	1.9	0.4	1.1
At 31 December	**94.0**	**66.4**	**18.8**	**25.3**

FINANCIAL CREDIT RISK

With respect to the credit risk relating to financial assets, 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 national financial supervisory authorities of the associated countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover, to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

CAPITAL MANAGEMENT

The Group's policy is to attain, and retain, a stable BBB- rating with Standard & Poor's and a stable Baa2 rating with Moody's. This investment grade rating serves to maintain investors, creditors, rating agency and market confidence. Within this framework, the Group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for the shareholder. The Group's dividend policy takes into account the financial performance of the year, cash flow developments and other factors such as yield and pay-out ratio.

NOTE 19—CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents T80

EUR MILLION	2019	2018
Cash at bank and in hand	398.0	542.2
Short-term deposits	757.3	366.9
Total cash and cash equivalents	**1,155.3**	**909.1**

Cash at banks is subject to interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Short-term deposits and cash at bank and in hand are held at various financial institutions meeting the credit rating criteria set out in » note 18 above.

As at 31 December 2019, an amount of EUR 17.1 million (2018: EUR 15.4 million) is invested in money market funds which qualify as cash and cash equivalents and is included in short-term deposits.

NOTE 20—SHAREHOLDERS' EQUITY

ISSUED CAPITAL

SES has a subscribed capital of EUR 719.0 million (2018: EUR 719.0 million), represented by 383,457,600 class A shares (2018: 383,457,600 class A shares) and 191,728,800 class B shares (2018: 191,728,800 class B shares) with no par value.

The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

Issued Capital T81

	Class A shares	Class B shares	Total shares
As at 1 January 2019	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	-	-	-
As at 31 December 2019	**383,457,600**	**191,728,800**	**575,186,400**
	Class A shares	**Class B shares**	**Total shares**
As at 1 January 2018	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	-	-	-
As at 31 December 2018	**383,457,600**	**191,728,800**	**575,186,400**

Fiduciary Deposit Receipts ('FDRs') with respect to Class A shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into Class A shares at any time and at no cost at the option of the holder under the conditions applicable in the Company's articles of association and in accordance with the terms of the FDRs.

All Class B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one share of Class B equal 40% of the dividend for one share of Class A.

A shareholder, or a potential shareholder, who seeks to acquire, directly or indirectly, more than 20% 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 450-3 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the shareholder, or potential shareholder, to acquire more than 20% 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.

BUY-BACK OF TREASURY SHARES

SES has historically, in agreement with the shareholders, purchased FDRs in respect of 'Class A' shares in connection with executives' and employees' share-based payments plans as well as for cancellation. At the year-end, the Company held FDRs relating to the above schemes as set out below. These FDRs are disclosed as treasury shares in the balance sheet and are carried at acquisition cost as a deduction of equity.

Buy-Back of Treasury Shares T82

	2019	2018
FDRs held as at 31 December	4,708,584	5,589,589
Carrying value of FDRs held (EUR million)	90.0	132.1

EUR 750 MILLION DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES

In 2016 SES issued EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities (the 'EUR 750.0 million perpetual bond') at a coupon of 4.625 percent to the first call date, a price of 99.666 and a yield of 4.7 percent. Transaction costs related to this transaction amounted to EUR 19.8 million and have been deducted from 'Other reserves'. SES is entitled to call the EUR 750.0 million perpetual bond on 2 January 2022 and on subsequent coupon payment dates.

EUR 550 MILLION DEEPLY SUBORDINATED FIXED RATE RESETTABLE SECURITIES

In 2016 SES issued a second perpetual bond of EUR 550,000,000 (the 'EUR 550.0 million perpetual bond') at a coupon of 5.625 percent to the first call date, a price of 99.304 and a yield of 5.75 percent. Transaction costs related to this transaction amounted to EUR 7.6 million and have been deducted from 'Other reserves'. This brought the aggregate perpetual bond issued by the Group to EUR 1,300 million. SES is entitled to call the EUR 550 million perpetual bond on 29 January 2024 and on subsequent coupon payment dates.

As the Company has no obligation to redeem either of the bonds, and the coupon payments are discretionary, it classified the net proceeds from the issuance of the securities (together EUR 1,281.9 million net of transaction costs and tax) as equity. The perpetual bonds are guaranteed on a subordinated basis by SES Global Americas Holdings GP. SES used the net proceeds from the offerings for the repayment of O3b debt, the repayment of certain existing indebtedness of the Group, as well as for general corporate purposes.

Coupon payments in respect of the two perpetual bonds occurred on 2 January 2019 (EUR 34.7 million) and 29 January 2019 (EUR 30.9 million) and have been deducted from 'Other reserves'. The corresponding payments in 2018 were on 2 January 2018 (EUR 34.7 million) and 29 January 2018 (EUR 30.9 million) and were also deducted from "Other reserves".

Tax on the perpetual bond coupon accrual of EUR 18.0 million (2018: EUR 18.8 million) has been credited to 'Other reserves".

OTHER RESERVES

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly statutory net profit of the Company is transferred to a legal reserve which is non-distributable. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at 31 December 2019 a legal reserve of EUR 71.9 million (2018: EUR 70.0 million) is included within other reserves.

Other reserves include a non-distributable amount of EUR 90.0 million (2018: EUR 93.4 million) linked to treasury shares, and an amount of EUR 227.9 million (2018: EUR 229.4 million) representing the net worth tax reserve for 2013-2019, for which the distribution would result in the payment of net worth tax at a rate of up to 20% of the distributed reserve in accordance with Luxembourg law requirements.

NOTE 21—NON-CONTROLLING INTEREST

Set out below is the summarised financial information for each subsidiary that has non-controlling interests (NCI) that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised Financial Information for each Subsidiary that has Non-Controlling Interests: Balance Sheet T83

EUR MILLION	LuxGovSat S.A. (50% NCI)[2]		Al Maisan Satellite Communications LLC, UAE (65% NCI)[1]		Ciel Satellite Limited Partnership, Canada (30% NCI in 2018)[3]	
Summarised balance sheet	**2019**	**2018**	**2019**	**2018**		**2018**
Current assets	32.4	31.3	11.8	22.6		3.6
Current liabilities	(4.6)	(5.8)	(2.6)	(5.5)		(4.9)
Current net assets	**27.8**	**25.5**	**9.2**	**17.1**		**(1.3)**
Non-current assets	191.9	208.1	4.7	51.4		49.0
Non-current liabilities	(116.3)	(116.3)	-	-		-
Non-current net assets	**75.6**	**91.8**	**34.7**	**51.4**		**49.0**
Net assets	**103.4**	**117.3**	**43.9**	**68.5**		**47.7**
Accumulated NCI	51.7	58.6	28.5	44.5		14.2
Transactions with non-controlling interests	-	-	-	-		(14.2)

1 The Group, as of 31 December 2019 and 31 December 2018, has majority of the voting rights on the Board of Directors of the Company, i.e. 3 members out of 5 or 60% (Note 2)
2 Please refer to note 2 for more details
3 Please refer to paragraph "Transactions with non-controlling interests" for more details

Summarised Financial Information for each Subsidiary that has Non-Controlling Interests: Statement of Comprehensive Income T84

EUR MILLION	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI in 2018)	
Summarised statement of comprehensive income	**2019**	**2018**	**2019**	**2018**		**2018**
Revenue	19.4	22.2	7.1	16.4		39.3
Operating expenses	(13.3)	(12.8)	(15.3)	(22.1)		(2.3)
Profit/(loss) for the period	**(13.9)**	**24.2**	**(19.8)**	**(18.3)**		**(23.2)**
Other comprehensive income	-	-	-	-		-
Total comprehensive income	**(13.9)**	**24.2**	**(19.8)**	**(18.3)**		**(23.2)**
Profit/(loss) allocated to NCI	(6.9)	12.1	(12.9)	(11.9)		(7.0)
Dividend paid to NCI	-	-	-	-		6.2

Summarised Financial Information for each Subsidiary that has Non-Controlling Interests: Cash Flows T85

EUR MILLION	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)		Ciel Satellite Limited Partnership, Canada (30% NCI in 2018)	
Summarised cash flows	**2019**	**2018**	**2019**	**2018**		**2018**
Cash flows from/(absorbed by) operating activities	3.5	8.6	0.3	(1.4)		23.4
Cash flows from/(absorbed by) investing activities	(0.0)	(17.6)	0.0	(0.0)		(0.7)
Cash flows from/(absorbed by) financing activities	3.7	10.4	-	0.2		(20.8)
Net foreign exchange movements	-	-	0.1	0.4		-
Net increase/(decrease) in cash and cash equivalents	**7.2**	**1.4**	**0.4**	**(0.8)**		**1.9**

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2018 SES put in place an agreement with the minority partner holding 30% interest in Ciel Satellite Limited Partnership, according to which SES will distribute to the minority partner a fixed amount per month over a five-year period. Thus, the variable stream that the minority partner was previously receiving based on Ciel Satellite Limited Partnership's business developments, has been replaced with a fixed stream.

As the minority partner is no longer subject to variable returns and has no interest in the residual assets of Ciel Satellite Limited Partnership, the non-controlling interest amounting to EUR 14.2 million as at 31 December 2018 has been fully reversed.

NOTE 22—SHARE-BASED COMPENSATION PLANS

The Group has four share-based compensation plans which are detailed below. In the case of the Stock Appreciation Rights Plan and Equity Incentive Compensation Plan the relevant strike price is defined as the average of the market price of the underlying shares over a period of 15 trading days before the date of the grant.

1) The Stock Appreciation Rights Plan ('STAR Plan')

The STAR Plan 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.

Stock Appreciation Rights Plan **T86**

	2019	2018
Outstanding options at the end of the year	1,594,540	2,154,927
Weighted average exercise price in euro	26.52	25.01

All of the 1,594,540 outstanding options as at 31 December 2019 (2018: 2,154,927), are fully vested and exercisable. No options were exercised in 2019, while in 2018 the exercised options resulted in 11,914 treasury shares being delivered at a weighted average price of EUR 17.83. On average, in 2018, the related weighted average share price at the time of exercise was EUR 19.63 per share.

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

Stock Appreciation Rights Plan: Movements in the Number of Share Options Outstanding and their Related Weighted Average Exercise Price **T87**

	2019 Average exercise price per share option	Number of options	2018 Average exercise price per share option	Number of options
As at 1 January	25.01	2,154,927	25.02	2,306,003
Forfeited	20.71	(560,387)	25.71	(139,162)
Exercised	-	-	17.83	(11,914)
At 31 December	**26.52**	**1,594,540**	**25.01**	**2,154,927**

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

Stock Appreciation Rights Plan: Share Options Outstanding at the End of The Year **T88**

Grant	Expiry date	Exercise price per share options	Number of options 2019	2018
2016	2023	24.39	544,459	603,910
2015	2022	32.73	350,047	390,881
2014	2021	26.5	368,394	412,864
2013	2020	23.51	331,640	366,033
2012	2019	18.1	0	256,154
2011	2019	17.57	0	125,085
			1,594,540	**2,154,927**

2) Simulated Restricted Stock Units (SRSU)

In 2017, the Group entered into a new compensation plan, which will progressively replace the STAR Plan. Simulated Restricted Stock Units (SRSU) are cash-settled awards which will be delivered on 1 June following a three-year vesting period and are settled in cash. The liability for the cash-settled awards is measured initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, taking into account the terms and conditions on which the stock appreciation rights were granted and recognised to the extent to which the employees have rendered services to date.

During 2019, 333,049 SRSUs have granted (2018: 415,761). During the same period, 91,073 SRSUs have been forfeited (2018: 56,658) and 9,375 SRSUs have been vested (2018: 2,840). An accrual amounting to EUR 5,474,458 has been recognized in the consolidated income statement as 'staff costs' as at 31 December 2019 (31 December 2018: EUR 3,558,351) based on the 858,729 outstanding SRSUs (31 December 2018: 626,128) measured at the Group's share price at the end of the year on a pro-rata basis over 3 years vesting period.

3) Equity Incentive Compensation Plan ('EICP')

The EICP is available to Group executives. Under the plan, options are granted with an effective date of 1 or 6 of January. One-quarter or one fifth 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. In 2019, the plan was renamed to Equity Based Compensation Plan ('EBCP Option').

Equity Incentive Compensation Plan **T89**

	2019	2018
Outstanding options at the end of the year	14,908,795	14,311,080
Weighted average exercise price in euro	18.60	19.22

Out of 14,908,795 outstanding options as at 31 December 2019 (31 December 2018: 14,311,080), 9,699,314 options are exercisable (31 December 2018: 7,871,276). Options exercised in 2019 resulted in 358,293 Treasury shares (2018: 143,150) being delivered at a weighted average price of EUR 13.03 each (2018: 13.31).

The related weighted average share price at the time of exercise during 2019 was EUR 16.91 (2018: EUR 15.97) per share.

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

Equity Incentive Compensation Plan: Movements in the Number of Share Options Outstanding and their related Weighted Average Exercise Prices T90

	2019 Average exercise price per share option	Number of options	2018 Average exercise price per share option	Number of options
At 1 January	19.22	14,311,080	23.62	9,727,470
Granted	15.47	2,927,606	12.67	5,796,083
Forfeited	19.45	(1,971,598)	24.54	(1,069,323)
Exercised	13.03	(358,293)	13.31	(143,150)
At 31 December	**18.60**	**14,908,795**	**19.22**	**14,311,080**

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

Equity Incentive Compensation Plan: Expiry Date and Exercise Prices T91

Grant	Expiry date	Exercise price per share options	Number of options 2019	2018
2019	2029	15.01	2,408,747	-
2018	2028	18.23	407,000	-
2018	2028	12.67	4,792,760	5,686,736
2017	2027	21.15	2,705,797	3,136,922
2016	2026	24.39	2,032,260	2,384,490
2015	2025	32.73	848,352	986,269
2014	2024	26.5	687,230	791,159
2013	2023	23.51	354,804	408,105
2012	2022	18.1	332,892	371,738
2011	2021	17.57	233,387	259,311
2010	2020	17.96	105,566	124,943
2009	2019	13.47	-	104,792
2008	2019	14.4	-	38,341
2007 non-US	2019	14.32	-	5,584
2007 US	2019	15.56	-	12,690
			14,908,795	**14,311,080**

4) 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. These shares also vest on the 1 June following the third anniversary of the original grant. In 2019, the plan was renamed to Equity Based Compensation Plan, comprising performance shares ('EBCP PS') and restricted shares ('EBCP RS').

Long-term Incentive Programme T92

	2019	2018
Restricted and performance shares outstanding at the end of the year	1,546,366	1,578,505
Weighted average fair value in euro	12.46	14.02

During 2019, 194,385 restricted shares (2018: 203,890) and 379,305 (2018: 594,645) performance shares have been granted. On the same period, 47,773 restricted shares (2018: 23,113) and 122,844 performance shares (2018: 58,410) have forfeited, 210,984 performance shares (2018: 163,350) and 224,228 restricted shares (2018: 74,817) 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 2019, and 31 December 2018.

Long-term Incentive Programme: average Value of Inputs to the Model used for 2019 T93

2019	EBCP Option	EBCP PS and EBCP RS
Dividend yield (%)	6.35%	5.94%
Expected volatility (%)	30.47%	34.82%
Risk-free interest rate (%)	-0.47%	-0.62%
Expected life of options (years)	10	3
Share price at inception (EUR)	15.38	15.38
Fair value per option/share (EUR)	2.16-2.26	12.86
Total expected cost for each plan (EUR million)	**4.98**	**4.89**

Long-term Incentive Programme: average Value of Inputs to the Model used for 2018 T94

2018	EICP	LTI
Dividend yield (%)	7.89%, 7.99%	7.89%
Expected volatility (%)	27.37%	31.73%
Risk-free interest rate (%)	-0.06%, -0.43%	-0.43%
Expected life of options (years)	10	3
Share price at inception (EUR)	13.33	13.33
Fair value per option/share (EUR)	1.31-1.58	10.53
Total expected cost for each plan (EUR million)	**7.23**	**7.04**

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The total charge for the year for share-based compensation amounted to EUR 11.7 million (2018: EUR 14.7 million), out of which equity-settled EUR 9.6 million (2018: EUR 12.0 million) and cash-settled EUR 2.1 million (2018: EUR 2.7 million).

NOTE 23—INTEREST-BEARING BORROWINGS

As at 31 December 2019 and 2018, the Group's interest-bearing borrowings were:

Interest-Bearing Borrowings 2019 T95

EUR MILLION	Effective interest rate	Maturity	Amounts outstanding 2019, carried at amortised cost
Non-current			
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	649.1
COFACE	EURIBOR 6M + 1.70%	Various 2021—2022	79.4
US Bond (USD 750 million)	3.60%	April 2023	666.6
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	149.5
German bond (EUR 250 million), non-listed	1.71%	December 2025	249.1
Eurobond 2026 (EUR 500 million)	1.625%	March 2026	494.8
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	139.6
Eurobond 2027 (EUR 500 million)	0.875%	November, 2027	496.8
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	114.6
German bond (EUR 50 million), non-listed	4.00%	November 2032	49.9
US Bond (USD 250 million)	5.30%	April 2043	215.6
US Bond (USD 500 million)	5.30%	March 2044	432.2
Total non-current			**3,737.2**
Current			
COFACE	EURIBOR 6M + 1.70%	Various in 2020	41.2
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	649.9
Total current			**691.1**

Interest-Bearing Borrowings 2018 T96

EUR MILLION	Effective interest rate	Maturity	Amounts outstanding 2018, carried at amortised cost
Non-current			
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	649.1
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	648.4
COFACE	EURIBOR 6M + 1.70%	Various 2020—2022	119.6
US Bond (USD 750 million)	3.60%	April 2023	653.4
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	149.4
German bond (EUR 250 million), non-listed	1.71%	December 2025	249.0
Eurobond 2026 (EUR 500 million)	1.625%	March 2026	494.1
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	139.6
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	115.0
German bond (EUR 50 million), non-listed	4.00%	November 2032	49.8
US Bond (USD 250 million)	5.30%	April 2043	213.6
US Bond (USD 500 million)	5.30%	March 2044	427.5
Total non-current			**3,908.5**
Current			
COFACE	EURIBOR 6M + 1.70%	Various in 2019	41.2
US Bond (USD 500 million)	2.50%	March 2019	435.2
Total current			**476.4**

European Medium-Term Note Programme ('EMTN')
SES has a EMTN Programme enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 4,000.0 million. As at 31 December 2019, SES had issued EUR 2,440.0 million (2018: EUR 1,940.0 million) under the EMTN Programme with maturities ranging from 2020 to 2027.

EUR 500.0 million Eurobond (2018)
SES repaid its EUR 500.0 million bond on 24 October 2018 which was issued under the Company's European Medium-Term Note Programme and was bearing and interest at a fixed rate of 1.875%.

144A Bond USD 500.0 million (2019)
SES repaid its USD 500.0 million 5-year bond with a coupon of 2.50%, on 25 March 2019.

EUR 650.0 million Eurobond (2020)
SES issued a EUR 650.0 million bond under the Company's European Medium-Term Note Programme in 2010. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2021)
SES issued a EUR 650.0 million bond under the Company's European Medium-Term Note Programme in 2011. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

German bond issue of EUR 400.0 million (2024 / 2025)
In 2018 the Group closed the issuance of an aggregated amount of EUR 400.0 million in the German bond ('Schuldschein') market. The transaction consists of two individual tranches—a EUR 150.0 million tranche with a floating interest rate of a six-month EURIBOR plus a margin of 0.8% and a final maturity date on 18 June 2024 as well as a EUR 250.0 million tranche with a fixed interest rate of 1.71% and a final maturity date on 18 December 2025.

EUR 500.0 million Eurobond (2026)
In 2018 SES issued a EUR 500.0 million 8-year bond under the Company's European Medium-Term Note Programme. The bond bears interest at a fixed rate of 1.625% and has a final maturity date on 22 March 2026.

EUR 500.0 million Eurobond (2027)
On 4 November 2019, SES issued a EUR 500.0 million bond under the Company's European Medium-Term Note Programme. The bond has an 8-year maturity and bears interest at a fixed rate of 0.875% and has a final maturity date on 4 November 2027.

EUR 140.0 million Private Placement (2027)
In 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%.

German bond issue of EUR 50.0 million (2032)
In 2012 the Group signed an agreement to issue EUR 50.0 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)
In 2013 SES completed a 144A offering in the US market issuing USD 750.0 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)
In 2013 SES completed a 144A offering in the US market issuing 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)
In 2014 SES completed a 144A offering in the US market issuing USD 500.0 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

Syndicated loan 2021
In June 2019 the Company renewed 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 multi-currency revolving credit facility with an option to extend until 2026 (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 credit rating of BBB- / Baa2, the interest rate is 45 basis points over EURIBOR/LIBOR. As at 31 December 2019 and 2018, no amount has been drawn under this facility.

EUR 522.9 million COFACE facility
In 2009 SES signed a financing agreement with COFACE (Compagnie Française d'Assurance pour le Commerce Extérieur) in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the facility are based on invoices from the supplier of the satellites. The first drawing was done on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual instalments where Coface A has a final maturity date of 1 August 2022, Coface F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six-month EURIBOR plus a margin of 1.7%. In November 2017, SES opted to execute voluntary prepayment clauses pursuant to the Agreement and repaid the remaining outstanding amount of Coface tranche B as per 21 November 2017. All other Coface tranches remain in place as contracted.

EUR 115.0 million Credit Facility (LuxGovSat)

In 2015 LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas for a EUR 115.0 million with a fixed rate coupon of 3.30%. The facility is repayable in 14 semi-annual installments and has a final maturity date of 1 December 2027. The first drawing was done on 1 May 2016 and as of 31 December 2019 and 2018, total borrowings of EUR 115.0 million were outstanding under the fixed term facility.

Negotiable European Commercial Paper "NEU CP" (previous French Commercial paper programme)

In 2005 SES put in place a EUR 500.0 million 'NEU CP' programme in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On 18 April 2019, this programme was extended for one further year. As at 31 December 2019 and 2018, no borrowings were outstanding under this programme.

European Commercial paper programme

In 2012 SES signed the documentation for the inception of a joint EUR 1,000.0 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings GP. The issuance under the programme represents senior unsecured obligations of the issuer and any issuance under the programme is guaranteed by the non-issuing entity. The programme is rated by Moody's Investors Services and is compliant with the standards set out in the STEP Market Convention. On 4 July 2017, this programme was updated and extended. As at 31 December 2019 and 2018, no borrowings were outstanding under this programme.

NOTE 24—PROVISIONS

Provisions T97

EUR MILLION	2019	2018
Non-current	14.0	16.8
Current	48.6	48.6
Total	**62.6**	**65.4**

Movements in each class of provision during the financial year are set out below:

Movements in Each Class of Provisions T98

EUR MILLION	Group tax provision	Other provisions	Total
As at 1 January 2019	**57.5**	**7.9**	**65.4**
Additional provisions recognised	9.5	20.0	29.5
Unused amounts reversed	(3.9)	(3.6)	(7.5)
Used during the year	(3.9)	(13.2)	(17.1)
Reclassification to income tax payable	(8.2)	(0.1)	(8.3)
Impact of currency translation	0.6	-	0.6
As at 31 December 2019	**51.6**	**11.0**	**62.6**
Non-current	11.2	2.8	14.0
Current	40.4	8.2	48.6
As at 1 January 2018	**40.1**	**13.8**	**53.9**
Additional provisions recognised	24.3	2.7	27.0
Unused amounts reversed	(1.1)	-	(1.1)
Used during the year	(6.0)	(8.9)	(14.9)
Impact of currency translation	0.2	0.3	0.5
As at 31 December 2018	**57.5**	**7.9**	**65.4**
Non-current	13.7	3.1	16.8
Current	43.8	4.8	48.6

GROUP TAX PROVISION

Group tax provision mainly relates to Indian withholding taxes and potential associated interest charges. The decrease of the Group tax provision was mainly due to a reclassification from group tax provisions to income tax payable in the US. The US Internal Revenue Service concluded the audit of 2015 and 2016. The main adjustment related to Extraterritorial Income Exclusions ("ETI"). The full adjustment had already been provided for in previous years and the liability of EUR 4.9 million has now been reclassified to the income tax payable account upon the conclusion of the audit.

OTHER PROVISIONS

Additions to 'Other provisions' during the year include restructuring expenses in connection with charges associated with the Group's ongoing optimisation programme » see note 4. Other provisions used during the year relate primarily to costs associated with these restructuring activities.

On the acquisition of O3b, a liability to its employees amounting to EUR 15.9 million was recognised in respect of outstanding share-based payment awards as at acquisition date. An amount of EUR 1.5 million (2018: EUR 3.2 million) was paid to O3b employees during the year and an amount of EUR 1.4 million was reversed due to forfeiture. As at 31 December 2019 the remaining liability is EUR 0.5 million (2018: EUR 3.4 million).

NOTE 25—TRADE AND OTHER PAYABLES

Trade and Other Payables **T99**

EUR MILLION	2019	2018
Trade creditors	81.0	113.7
Payments received in advance (please also see note 26)	40.1	1.2
Interest on borrowings	75.2	77.4
Personnel-related liabilities	55.6	53.4
Tax liabilities other than for income tax	63.8	65.3
Other liabilities	35.5	56.5
Total	**351.2**	**367.5**

Tax liabilities mainly relate to VAT payables in the amount of EUR 59.3 million as of 31 December 2019 (2018: EUR 61.3 million).

NOTE 26—OTHER LONG-TERM LIABILITIES

Other Long-Term Liabilities **T100**

EUR MILLION	2019	2018
Employee benefits obligations	24.7	24.3
Payments received in advance	118.1	96.7
Other long-term liabilities	25.4	12.9
Total	**168.2**	**133.9**

EMPLOYEE BENEFITS OBLIGATIONS

In US operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at 31 December 2019, accrued premiums of EUR 16.5 million (2018: EUR 14.8 million) are included in this position.

Contributions made in 2019 to Group pension schemes totalled EUR 1.2 million (2018: EUR 1.1 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 11.6 million has been recognised as at 31 December 2019 (2018: EUR 10.0 million) in this respect, out of which EUR 3.4 million is included under 'Trade and other payables' (2018: EUR 3.1 million).

PAYMENTS RECEIVED IN ADVANCE

In the framework of receivables securitisation transactions completed in June 2017, June 2018 and June 2019 the Group received a net cash amount of EUR 61.0 million, EUR 88.3 million and EUR 59.1 million, respectively, from a financial institution as advance settlement of future receivables arising until 2022 under contracts with a specific customer.

A corresponding liability of EUR 156.5 million (2018: EUR 96.7 million), representing SES's obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the Statement of Financial Position as at 31 December 2019 under 'Other long-term liabilities' for EUR 118.1 million (2018: EUR 96.7 million) and under 'Trade and other payables' for EUR 38.4 million.

OTHER LONG-TERM LIABILITIES

The other long-term liabilities include customer collateral deposits amounting to EUR 20.7 million and as well the liability towards Ciel Satellite Limited Partnership ›› see note 21.

NOTE 27—FIXED ASSETS SUPPLIERS

Fixed Assets Suppliers **T101**

EUR MILLION	2019	2018
Non-current	622.5	200.9
Current	134.8	130.8

Fixed assets suppliers represent liabilities for assets being either acquired directly through procurement contracts with asset manufacturers, or in the framework of agreements whereby the asset is being acquired by an intermediary but where in substance SES bears the risks and rewards of the procurement.

In the latter case the Company accrues for construction-related liabilities on the basis of pre-determined milestones agreed between the manufacturer and the relevant parties, see also ›› note 28. Non-current fixed assets suppliers are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

The two main procurements under this caption are:

- The mPower medium-Earth orbit constellation;
- The SES-17 satellite programme.

Acquisition of the SES mPower medium-Earth orbit constellation—EUR 478.2 million (2018: EUR 174.1 million)
On 11 September 2017, the Company, jointly with its subsidiary O3b Networks Limited, entered as Procurement Agents into a Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of seven medium-Earth orbit satellites from a satellite manufacturer. At the end of the satellite construction period, which is foreseen in 2021, the Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

Since the underlying Satellite Purchase and Sale Agreement is directly between the financial institution and the satellite manufacturer then there is no contractual obligation on the side of the Procurement Agents during the satellite construction process. However, SES management takes the view that there is a constructive obligation arising over the procurement period and hence the Group is accruing for the costs of this programme. SES has the right to nominate shortly before the end of the construction period the entity within the Group which will acquire or lease those assets. SES management expects that the satellites will be acquired or leased in due course by the company SES mPower S.à r.l. in Luxembourg.

Acquisition of the SES-17 satellite—EUR 178.4 million (2018: EUR 34.2 million)
The liability towards the manufacturer of the SES-17 satellite, which is scheduled for launch in 2021, is stated at the higher of the milestone invoices outstanding or the amount payable to the manufacturer in the case of a termination for convenience of the programme by the Company.

NOTE 28—COMMITMENTS AND CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 554.6 million as at 31 December 2019 (2018: EUR 997.5 million). These commitments largely reflect the procurement of satellites and satellite launchers and are stated net of liabilities under these programmes which are already disclosed under "Fixed assets suppliers", » see Note 27. The commitments as at 31 December 2019 also include EUR 87.0 million in connection with the renewal of the agreement with Luxembourg government in respect of SES' concession to operate satellites under Luxembourg's jurisdiction, as disclosed in » Note 14—"Intangible assets".

The capital expenditure commitments arising under these agreements as at 31 December are as follows:

Capital Expenditure Commitments T102

EUR MILLION	2019	2018
Within one year	265.0	471.7
After one year but not more than five years	230.1	460.6
After more than five years	59.5	65.2
Total	**554.6**	**997.5**

OTHER COMMITMENTS

The Group's other commitments mainly comprise transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years, as well as EUR 70.0 million capital contribution into a Luxembourg space sector fund in connection with the renewal of the agreement with Luxembourg government in respect of SES's concession to operate satellites under Luxembourg's jurisdiction.

Other Commitments T103

EUR MILLION	2019	2018
Within one year	82.5	99.7
After one year but not more than five years	50.2	100.8
After more than five years	65.5	5.0
Total	**198.2**	**205.5**

The total expense recognised for transponder service agreements in 2019 was EUR 77.2 million (2018: EUR 92.3 million).

LITIGATION

There were no significant litigation claims against the Group as at 31 December 2019.

GUARANTEES

On 31 December 2019 the Group had outstanding bank guarantees for an amount of EUR 101.3 million (2018: EUR 118.5 million) with respect to performance and warranty guarantees for services of satellite operations.

NOTE 29—LEASES

1) **Lessor**
During 2019 the Group recognised leasing income of EUR 43.0 million (2018: EUR 76.8 million) related to two lease contracts. One of the lease contracts matured on 27 January 2019. The other lease contract matures on 30 November 2021 and the related annual lease payment will amount to EUR 23.2 million in 2020 and EUR 21.3 million in 2021. The related carrying amount of property, plant and equipment leased as at 31 December 2019 amounts to EUR 122.2 million (31 December 2018: EUR 178.8 million).

2) **Lessee**
The adoption of IFRS 16 has resulted in changes in accounting policies and adjustments to the opening balances as of 1 January 2018 in the consolidated statement of financial position. The Group has applied the simplified transition approach as allowed by the standard. The amount of right-of-use assets and lease liabilities recorded as an adjustment to the opening balance sheet of 2018 was EUR 46.8 million.

Specifically, the Group has recognised right-of-use assets, and associated liabilities, in relation to contracts previously classified as "operating leases" under the provision of IAS 17. These assets and liabilities were measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 3.62% as at 31 December 2019 (3.66% as at 31 December 2018). The difference between the operating lease commitments and the right-of-use assets recognised represents impact of discounting over the outstanding lease term.

i) Amounts recognised in the consolidated statement of financial position

The Group leases office buildings, ground segment assets and other fixtures and fittings, tools and equipment, information about which is presented below.

Group leases of Offices, Ground Segment, Assets and other Fixtures, Tools and Equipment, Information 2019 **T104**

EUR MILLION	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2019
Right-of-use assets				
Cost	44.0	8.5	3.6	56.1
Accumulated depreciation	(12.1)	(3.6)	(1.2)	(16.9)
Total	**31.9**	**4.9**	**2.4**	**39.2**

Group leases of Offices, Ground Segment, Assets and other Fixtures, Tools and Equipment, Information 2018 **T105**

EUR MILLION	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2018
Right-of-use assets				
Cost	37.3	8.2	2.1	47.6
Accumulated depreciation	(6.5)	(2.5)	(0.9)	(9.9)
Total	**30.8**	**5.7**	**1.2**	**37.7**

There were no material additions to the right-of-use assets during 2019, depreciation charge for the year was EUR 11.9 million (2018: EUR 9.8 million).

Lease liabilities are presented below as at 31 December:

Lease Liabilities **T106**

EUR MILLION	2019	2018
Maturity analysis—contractual undiscounted cash flows		
Within one year	12.4	10.2
After one year but not more than five years	29.1	25.7
More than five years	6.2	5.3
Total	**47.7**	**41.2**
Lease liabilities included in the statement of financial position at 31 December		
Current	11.2	9.5
Non-current	29.7	28.6
Total	**40.9**	**38.1**

The leases of office buildings typically run for a period of 2-10 years and leases of ground segment assets for 5 years. Some leases include an option to renew the lease for an additional period of time after the end of the contract term. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

ii) Amounts recognised in the consolidated income statement

Depreciation charge of right-of-use assets:

Depreciation Charge of Right-of-Use Assets **T107**

EUR MILLION	2019	2018
Buildings	8.3	6.4
Ground segment	2.5	2.4
Other fixtures and fittings, tools and equipment	1.1	0.9
Total	**11.9**	**9.7**

Finance cost:

Finance Cost **T108**

EUR MILLION	2019	2018
Interest expense	0.9	0.7
Total	**0.9**	**0.7**

The total cash outflow for leases in 2019 was EUR 13.4 million (2018: EUR 9.5 million).

NOTE 30—CASH FLOW INFORMATION

NON-CASH INVESTING ACTIVITIES

Purchases of property, plant and equipment or intangible assets not included as a cash outflow in the consolidated statement of cash flows are disclosed in » notes 12, 13 and 14.

NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for 2019 and 2018.

Net debt 2018 and 2019 T109

EUR MILLION	2019	2018
Cash and cash equivalents	1,155.3	909.1
Borrowings—repayable within one year	(691.1)	(476.4)
Borrowings—repayable after one year	(3,737.2)	(3,908.5)
Net debt	**(3,273.0)**	**(3,475.8)**

EUR MILLION	2019	2018
Cash and cash equivalents	1,155.3	909.1
Borrowings—floating rates	(270.0)	(310.2)
Borrowings—fixed interest rates	(4,158.3)	(4,074.7)
Net debt	**(3,273.0)**	**(3,475.8)**

Movements in Net Debt for 2019 and 2018 T110

EUR MILLION	Cash and cash equivalents	Borrowings—repayable within one year	Borrowings—repayable after one year	Total
Net debt as at 31 December 2018	**909.1**	**(476.4)**	**(3,908.5)**	**(3,475.8)**
Cash flows (net)	248.9	483.6	(496.7)	235.8
Foreign exchange adjustments	(2.7)	0.0	(25.7)	(28.4)
Transfers	-	(691.2)	691.2	-
Other non-cash movements[1]	-	(7.1)	2.5	(4.6)
Net debt as at 31 December 2019	**1,155.3**	**(691.1)**	**(3,737.2)**	**(3,273.0)**

1 related to loan origination costs

EUR MILLION	Cash and cash equivalents	Borrowings—repayable within one year	Borrowings—repayable after one year	Total
Net debt as at 31 December 2017	**269.6**	**(534.1)**	**(3,413.8)**	**(3,678.3)**
Cash flows (net)	640.3	541.7	(893.0)	289.0
Foreign exchange adjustments	(0.8)	(30.9)	(48.2)	(79.9)
Transfers	-	(447.0)	447.0	-
Other non-cash movements[1]	-	(6.1)	(0.5)	(6.6)
Net debt as at 31 December 2018	**909.1**	**(476.4)**	**(3,908.5)**	**(3,475.8)**

1 related to loan origination costs

During 2019 the Group issued European Commercial Paper for EUR 150.0 million (2018: EUR 100.0 million) and reimbursed EUR 150.0 million (2018: EUR 100.0 million). These have been presented net in the consolidated statement of cash flows.

NOTE 31—RELATED PARTIES

The state of Luxembourg holds a direct 11.58% voting interest in the Company and two indirect interests, both of 10.88%, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the Company's Class B shares, as described in » note 20.

The total payments to directors for attendance at board and committee meetings in 2019 amounted to EUR 1.2 million (2018: 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.

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

Group Management Compensation T111

EUR MILLION	2019	2018
Remuneration including bonuses and other benefits	8.0	8.3
Pension benefits	0.9	0.6
Share-based compensation plans	1.9	1.8
Total	**10.8**	**10.7**

The total outstanding amount in respect of share-based payment instruments allocated to key management as at 31 December 2019 were 3,567,545 (2018: 3,714,589).

In 2019, SES and the Luxembourg government reached an agreement to renew SES's concession to operate satellites operating under Luxembourg's jurisdiction, as disclosed in » note 14—"Intangible assets" and » note 28—"Commitments and contingencies".

NOTE 32—POST-BALANCE SHEET EVENTS

C-BAND SPECTRUM TO REPURPOSE

At its Open Commission Meeting on Friday 28 February 2020, the Federal Communications Commission ('FCC') adopted a Report and Order of Proposed Modification ('Order') in connection with the repurposing of 300 MHz of C-band spectrum to support the rapid deployment of terrestrial 5G services in the contiguous United States.

The C-band downlink is a 500 MHz segment of spectrum from 3.7 to 4.2 GHz, which is currently mainly used by satellite operators, including SES, to distribute video and audio content to broadcasters, cable operators, and other content distributors. To vacate the lower 300 MHz of the C-band within the accelerated time frame set by the FCC, the satellite operators will need to procure and bring into use new satellite capacity and re-equip ground segment infrastructure, including at customer sites. The main elements of this Order pertaining to the Company are as follows:

- It requires the satellite operators to clear the lower 280 megahertz of the C-band (3.7-3.98 GHz) in the contiguous United States and make it available for flexible use, including 5G, via a public auction, with the remaining 20 megahertz serving as a guard band (3.98-4 GHz).
- It requires satellite operators to 'repack' their transmissions into the upper 200 MHz of the band (4.0-4.2 GHz).
- It foresees the holding of a public auction of licenses in the 3.7–3.98 GHz band with bidding for these licenses to commence on 8 December 2020. The auction would offer fourteen 20-megahertz blocks of spectrum.
- It proposes that all reasonable relocation costs of eligible C-band users, inclusing SES, would be reimbursed by the winning bidders in the C-band auction.
- It establishes a deadline of 5 December 2025 for this clearing process and gives satellite operators the opportunity to clear the lower portion of the C-band on an accelerated timeline in exchange for accelerated relocation payments which could total up to USD 9.7 billion, with an amount being apportioned to SES as will be set out in the Order to released shortly, and would be paid by winning bidders in the C-band auction.
- It sets out the following timeline for eligible satellite operators seeking to qualify for accelerated relocation payments as will be set out in Order to released shortly:
  - submissions for Accelerated Relocation Elections by Q2 2020;
  - clearing 100 MHz for terrestrial operations in 46 of the nation's top 50 Partial Economic Areas by 5 December 2021;
  - clearing the entire 280 MHz for terrestrial operations in the contiguous United States by 5 December 2023.

The Company in principle supports the FCC's objectives and will fully cooperate with the FCC to implement the clearing process and awaits the release of the full Order in order to fully evaluate the impact on its operations and on its consolidated financial statements.

POTENTIAL SEPARATION OF SES VIDEO AND SES NETWORKS

At its meeting on 25 February 2020, the Board approved the investigation by Management of the creation of two 'pure-play' market verticals through the potential separation of its Networks business within SES in order to drive strategic and operational focus, provide increased external visibility and to appropriately configure SES' overall business for the future.

Consideration will include an analysis of a separate capital structure for the Networks business, potentially providing it with access to external capital to accelerate growth and build on the unique value proposition that has been established in the market.

There were no other material events occurring between the reporting date and the date when the consolidated financial statements were authorised by the Board of Directors.

NOTE 33—CONSOLIDATED SUBSIDIARIES, ASSOCIATES

The consolidated financial statements include the financial statements of the Group's subsidiaries and associates listed below:

Group's Subsidiaries and Associates **T112**

	Economic interest (%) 2019	Economic interest (%) 2018	Method of consolidation 2019	Method of consolidation 2018
SES ASTRA S.A., Luxembourg	100	100	Full	Full
SES GLOBAL-Americas Inc., U.S.A.	100	100	Full	Full
SES GLOBAL Americas Holdings General Partnership, U.S.A.	100	100	Full	Full
SES Participations S.A., Luxembourg	100	100	Full	Full
SES Finance S.à r.l., Luxembourg	100	100	Full	Full
SES Holdings (Netherlands) B.V., Netherlands	100	100	Full	Full
SES ASTRA Services Europe S.A., Luxembourg	100	100	Full	Full
SES Latin America S.A., Luxembourg	100	100	Full	Full
SES Belgium S.p.r.l, Belgium	100	100	Full	Full
SES Insurance International S.A., Luxembourg	100	100	Full	Full
SES Insurance International Re S.A., Luxembourg	100	100	Full	Full
SES Lux Finance S.à r.l., Luxembourg[2]	-	100	Full	Full
SES Networks Lux S.à r.l., Luxembourg	100	100	Full	Full
Ciel Satellite Holdings Inc., Canada	100	100	Full	Full
Ciel Satellite Limited Partnership, Canada	100	100	Full	Full
Northern Americas Satellite Ventures, Inc., Canada	100	100	Full	Full
SES TechCom S.A., Luxembourg	100	100	Full	Full
SES-15 S.à r.l., Luxembourg	100	100	Full	Full
SES Digital Distribution Services AG, Switzerland[2]	-	100	Full	Full
Redu Operations Services S.A., Belgium	48	48	Equity	Equity
Redu Space Services S.A., Belgium	52	52	Full	Full
HD Plus GmbH, Germany	100	100	Full	Full
SES ASTRA Real Estate (Betzdorf) S.A., Luxembourg	100	100	Full	Full
MX1 GmbH, Germany	100	100	Full	Full
SES Media Solutions GmbH, Germany	100	100	Full	Full
MX1 (Thailand) Ltd, Thailand	100	100	Full	Full
PT MX1 Smartcast Indonesia, Indonesia	100	100	Full	Full
ASTRA Deutschland GmbH, Germany	100	100	Full	Full
SES ASTRA Iberica S.A., Spain	100	100	Full	Full
ASTRA France S.A., France	100	100	Full	Full
ASTRA (GB) Limited, United Kingdom	100	100	Full	Full
ASTRA CEE Sp. z o.o, Poland	100	100	Full	Full
SES ASTRA (Romania) S.r.l., Romania	100	100	Full	Full
SES Satellites Ghana Ltd, Ghana	100	100	Full	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA AB, Sweden	100	100	Full	Full
Sirius Satellite Services SIA, Latvia	100	100	Full	Full
SES SIRIUS Ukraine, Ukraine	100	100	Full	Full
SES ASTRA 1KR S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 1L S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 1M S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 3B S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 5B S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 1N S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 2E S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 2F S.à r.l., Luxembourg	100	100	Full	Full
SES ASTRA 2G S.à r.l., Luxembourg	100	100	Full	Full
SES-10 S.à r.l., Luxembourg	100	100	Full	Full
LuxGovSat S.A., Luxembourg	50	50	Full	Full
SES Satellite Leasing Ltd, Isle of Man	100	100	Full	Full
Al Maisan Satellite Communications Company LLC, UAE	35	35	Full	Full
Satellites Ventures (Bermuda), Ltd, Bermuda	50	50	Full	Full
SES ASTRA Africa (Proprietary) Ltd, South Africa	100	100	Full	Full

2 Entity sold, merged, liquidated or in the process of liquidation in 2019

	Economic interest (%) 2019	Economic interest (%) 2018	Method of consolidation 2019	Method of consolidation 2018
SES AMERICOM, Inc., U.S.A.	100	100	Full	Full
SES Telecomunicacoes do Brasil Ltda, Brazil	100	100	Full	Full
SES Government Solutions, Inc., U.S.A.	100	100	Full	Full
Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Telecommunicaciones de Mexico S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Satellites International, Inc., U.S.A.	100	100	Full	Full
SES Satellites (Gibraltar) Ltd, Gibraltar	100	100	Full	Full
AMC-1 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-2 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-3 Holdings LLC, U.S.A.	100	100	Full	Full
SES-9 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-6 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-8 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-9 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-10 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-11 Holdings LLC, U.S.A.	100	100	Full	Full
SES AMERICOM (Asia 1A) LLC, U.S.A.	100	100	Full	Full
AMERICOM Asia Pacific LLC, U.S.A.	100	100	Full	Full
AMC-12 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-4 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-7 Holdings LLC, the US	100	100	Full	Full
AMC-15 Holdings LLC, U.S.A.	100	100	Full	Full
AMC-16 Holdings LLC, U.S.A.	100	100	Full	Full
SES-1 Holdings, LLC, U.S.A.	100	100	Full	Full
QuetzSat Directo, S. de R.L. de C.V., Mexico	100	100	Full	Full
SES ENGINEERING (US) Inc., U.S.A.	100	100	Full	Full
AOS Inc., the US	100	100	Full	Full
SES-2 Holdings LLC, U.S.A.	100	100	Full	Full
SES-3 Holdings LLC, U.S.A.	100	100	Full	Full
QuetzSat S. de R.L. de C.V., Mexico	100	100	Full	Full

	Economic interest (%) 2019	Economic interest (%) 2018	Method of consolidation 2019	Method of consolidation 2018
Satelites Globales S. de R.L. de C.V., Mexico	100	100	Full	Full
SES Satelites Directo Ltda, Brazil	100	100	Full	Full
SES DTH do Brasil Ltda, Brazil	100	100	Full	Full
SES Global South America Holding S.L., Spain	100	100	Full	Full
New Skies Satellites B.V., The Netherlands	100	100	Full	Full
New Skies Satellites, Inc., U.S.A.	100	100	Full	Full
New Skies Satellites Mar B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Ltda, Brazil	100	100	Full	Full
SES ENGINEERING (Netherlands) B.V., The Netherlands	100	100	Full	Full
SES NEW SKIES Marketing B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Argentina B.V., The Netherlands	100	100	Full	Full
New Skies Satellites Australia Pty Ltd, Australia	100	100	Full	Full
New Skies Satellites Licensee B.V., The Netherlands	100	100	Full	Full
SES Asia S.A., Luxembourg	100	100	Full	Full
SES Finance Services AG, Switzerland	100	100	Full	Full
SES World Skies Singapore Pte Ltd, Singapore	100	100	Full	Full
O3b Networks Ltd, Jersey, Channel Islands	100	100	Full	Full
O3b Ltd, Jersey, Channel Islands	100	100	Full	Full
O3b Africa Ltd, Mauritius[2]	100	100	Full	Full
O3b Networks Management Services B.V., The Netherlands	100	100	Full	Full
O3b Sales B.V., The Netherlands	100	100	Full	Full
O3b Holdings 1 B.V., The Netherlands	100	100	Full	Full
O3b Holdings 2 B.V., The Netherlands	100	100	Full	Full
O3b Coöperatief UA, The Netherlands	100	100	Full	Full
O3b Networks USA, LLC, U.S.A.	100	100	Full	Full
O3b USA, LLC, U.S.A.	100	100	Full	Full
O3b America, LLC, U.S.A.	100	100	Full	Full
O3b (Singapore) Pte Limited, Singapore[2]	100	100	Full	Full
O3b Teleport Services (Australia) Pty Limited, Australia	100	100	Full	Full
O3b Teleport Serviços (Brasil) Ltda, Brasil	100	100	Full	Full

2 Entity sold, merged, liquidated or in the process of liquidation in 2019

	Economic interest (%) 2019	Economic interest (%) 2018	Method of consolidation 2019	Method of consolidation 2018
O3b Networks (Brasil) Ltda, Brasil	100	100	Full	Full
O3b Services (Portugal) Ltda, Portugal	100	100	Full	Full
O3b Teleport Services (Peru) SAC, Peru	100	100	Full	Full
SES mPOWER S.à r.l., Luxembourg	100	100	Full	Full
SES Networks Satellites S.à r.l., Luxembourg	100	100	Full	Full
West Africa Platform Services Ltd, Ghana	51	51	Full	Full
MX1 Ltd, Israel	100	100	Full	Full
MX1 Inc., U.S.A.	100	100	Full	Full
G.S.N GoSat Distribution Network Ltd, Cyprus	100	100	Full	Full
EMP Media Port Ltd, Cyprus	100	100	Full	Full
MX1 C.E.E. S.A., Romania	100	80	Full	Full
MX1 Limited, United Kingdom[2]	100	100	Full	Full
World Satellite Distribution S.A., Luxembourg[2]	-	100	Full	Full
Sofia Teleport EOOD, Bulgaria[2]	-	100	Full	Full
MX1 Korea Ltd., Korea	51	51	Full	Full
London Broadcasting Center Ltd., United Kingdom[2]	-	100	Full	Full
SES-17 S.à r.l., Luxembourg	100	100	Full	Full
SES Defence UK Ltd, United Kingdom	100	100	Full	Full
SES Techcom Afrique S.A. S.U., Burkina Faso	100	100	Full	Full
SES Satellite Nigeria Limited, Nigeria	100	100	Full	Full
SES-11 Holdings, LLC, U.S.A.	100	100	Full	Full
SES Networks GmbH, Germany	100	100	Full	Full
SES Satellites India Private Limited[1]	100	-	Full	-

1 Entity created in 2019
2 Entity sold, merged, liquidated or in the process of liquidation in 2019

4

SES S.A. ANNUAL ACCOUNTS

AUDIT REPORT

To the Shareholders of SES S.A.

REPORT ON THE AUDIT OF THE ANNUAL ACCOUNTS

OUR OPINION

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of SES S.A. (the 'Company') as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

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

What we have audited
The Company's annual accounts comprise:

- the balance sheet as at 31 December 2019;
- the profit and loss account for the year then ended;
- the statement of changes in shareholders' equity; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

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

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537 / 2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in ›› note 19 to the annual accounts.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the shares in affiliated undertakings
The Company has investments in shares in affiliated undertakings of EUR 7,656.4 million as at 31 December 2019.

Management's assessment of the recoverable amount of investments in subsidiaries requires significant judgement in the determination of the level at which the investments in affiliated undertakings are tested for impairment taking into account the substance of the business activity, interdependency of the cash flows between the different subsidiaries and their level of integration.

Moreover, the determination of the recoverable value requires significant estimates as it relates to the estimation of the forecasted cash flows and of the discount rates and long-term growth rates.

We focused on this area due to the inherent complexity and judgement in the estimate for the recoverable amount of the investments in affiliated undertakings and the materiality of the balance.

How our audit addressed the Key audit matter

- We obtained an understanding of Management's process and controls related to the identification of the impairment indicators and the impairment test of the investments in affiliated undertakings;
- We evaluated Management's methodology used to estimate the recoverable amount of the investments in affiliated undertakings, including the grouping of certain investments in order to appropriately reflect the substance of the activity, interdependency of cash flows and the level of integration of their operations;
- We agreed the forecasted cash flows used for the determination of the recoverable value to the 2020 Business Plan as approved by the Board of Directors and challenged the different assumptions based on our expectations in terms of significant developments during the forecast period and evaluated whether these were appropriately reflected in the cash flows;
- We involved valuation specialists and independently recalculated the weighted average cost of capital based on the use of market date and challenged the long-term growth rate applied based on market data;
- We considered the appropriateness of the disclosures in ›› note 3 to the annual accounts.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE ANNUAL ACCOUNTS

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

RESPONSIBILITIES OF THE 'RÉVISEUR D'ENTREPRISES AGRÉÉ' FOR THE AUDIT OF THE ANNUAL ACCOUNTS

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

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

We have been appointed as 'Réviseur d'Entreprises Agréé' of the Company by the General Meeting of the Shareholders on 4 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

PricewaterhouseCoopers, Société coopérative

Luxembourg,
29 February 2020

Represented by
Gilles Vanderweyen

BALANCE SHEET

As at 31 December 2019

Balance Sheet **T113**

EUR MILLION	Note	2019	2018
Assets			
Fixed Assets			
Intangible assets		0.8	1.6
Financial assets			
Shares in affiliated undertakings	3	7,656.4	8,056.4
Loans to affiliated undertakings	3	3,489.7	2,275.6
		11,146.9	**10,333.6**
Current Assets			
Debtors			
Amounts owed by affiliated undertakings			
becoming due and payable within one year	4	1,146.6	2,323.0
becoming due and payable after one year	4	478.2	174.1
Other debtors			
becoming due and payable within one year		0.7	4.3
Investments			
Own shares	5	58.9	93.4
Cash at bank and cash in hand		1,021.4	825.2
		2,705.8	**3,420.0**
Prepayments			
becoming due and payable within one year		9.1	10.7
becoming due and payable after more than one year		44.1	38.1
Total assets		**13,905.9**	**13,802.4**

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

EUR MILLION	Note	2019	2018
Liabilities			
Capital and reserves			
Subscribed capital	6	719.0	719.0
Share premium account	6	1,890.2	1,890.2
Reserves			
Legal reserve	7	71.9	70.0
Reserve for own shares	8	58.9	93.4
Profit brought forward		2,121.5	1,284.7
Profit for the financial year		509.8	1,172.3
		5,371.3	**5,229.6**
Creditors			
Debenture loans—Non convertible loans	9		
becoming due and payable within one year		788.1	576.3
becoming due and payable after more than one year		4,875.2	5,000.0
Amounts owed to credit institutions	9		
becoming due and payable within one year		41.2	42.0
becoming due and payable after more than one year		80.9	122.1
Trade creditors			
becoming due and payable within one year		1.5	0.7
Amounts owed to affiliated undertakings	9		
becoming due and payable within one year		1,651.9	2,569.8
becoming due and payable after more than one year		611.7	68.0
Other creditors			
Tax authorities	10	1.2	11.5
Social security authorities		0.4	0.3
Other creditors			
becoming due and payable within one year		4.3	8.0
payable after more than one year	11	478.2	174.1
		8,534.6	**8,572.8**
Total liabilities		**13,905.9**	**13,802.4**

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

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

Profit and Loss Account T114

EUR MILLION	Note	2019	2018
Profit and loss account			
Other operating income	12	24.2	16.8
Raw material and consumables and other external expenses			
Other external expenses		(27.4)	(25.4)
Staff costs	13		
Wages and salaries		(10.4)	(18.7)
Social security costs			
relating to pensions		(1.4)	(1.1)
other social security costs		(0.6)	(0.4)
Other staff costs		(0.1)	(0.1)
Other operating expenses		(11.5)	(8.5)
Income from participating interest			
concerning affiliated undertakings	14	652.7	1,354.7
Income from other investments and loans forming part of fixed assets			
concerning affiliated undertakings	15	66.9	19.1
Other interest receivable and similar income			
concerning affiliated undertakings	16	55.8	51.8
other interest and similar income	16	2.2	10.4
Value adjustment in respect of financial assets and of investments held as current assets	17	(22.5)	5.7
Interest payable and similar expenses			
concerning affiliated undertakings	18	(45.3)	(35.2)
other interest and similar expenses	18	(236.8)	(254.6)
Tax on profit or loss		64.9	59.3
Taxes other		(0.9)	(1.5)
Profit or loss for the financial year		**509.8**	**1,172.3**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at 31 December 2019

Statement of Changes in Shareholders' Equity **T115**

EUR MILLION	Subscribed capital	Share premium	Legal reserve	Other reserves[1]	Result for the year	Total
At 1 January 2018	**719.0**	**1,890.2**	**70.0**	**1,765.5**	**(19.8)**	**4,424.9**
Allocation of result	-	-	-	(19.8)	19.8	-
Distribution of dividends	-	-	-	(367.6)	-	(367.6)
Other movements	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	1,172.3	1,172.3
At 31 December 2018	**719.0**	**1,890.2**	**70.0**	**1,378.1**	**1,172.3**	**5,229.6**
At 1 January 2019	**719.0**	**1,890.2**	**70.0**	**1,378.1**	**1,172.3**	**5,229.6**
Allocation of result	-	-	1.9	1,170.4	(1,172.3)	-
Distribution of dividends	-	-	-	(368.2)	-	(368.2)
Other movements	-	-	-	0.1	-	0.1
Profit for the financial year	-	-	-	-	509.8	509.8
At 31 December 2019	**719.0**	**1,890.2**	**71.9**	**2,180.4**	**509.8**	**5,371.3**

1 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 2019

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 Betzdorf, Luxembourg.

The purpose of the Company is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the Company is from 1 January to 31 December.

The Company has a 99.94% interest in a partnership, SES Global Americas Holdings GP, whose accounts are integrated into those of the Company to the level of its share in the partnership.

In 2013 the Company established a branch in Switzerland in order to centralise the cash pooling mechanism in place for the Company and its subsidiaries ('the SES Group'). The annual accounts of the branch are also integrated into those of the Company.

The Company prepares consolidated financial statements for the SES Group which are drawn up in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'), and are published according to the provisions of the Luxembourg law.

The Company's Fiduciary Deposit Receipts ('FDRs') have been listed on the Luxembourg Stock Exchange since 1998 and on Euronext Paris since 2004 under the symbol SESG. FDRs can be traded freely, and are convertible into an equal number of Class A shares at any time, and at no cost, at the option of the holder under the conditions applicable in the Company's articles of association, and in accordance with the terms of the FDRs.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES

2.1. Basis of preparation

The annual accounts are prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost 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.

Management makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgments are regularly reevaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant accounting policies

The main accounting policies and valuation rules applied by the Company are the following:

2.2.1. Financial assets

Shares in affiliated undertakings held by the Company are recorded at acquisition cost.

In the case of a permanent diminution in the value of a financial fixed asset in the opinion of the Board of Directors, a value adjustment is made such that the investment is valued at the lower figure. Value adjustments are not maintained if the reasons for which they were made have ceased to apply.

In some instances, where the Board of Directors believes that it is more appropriate under the circumstances and better reflects the substance of the activity, the interdependency of cash flows between SES subsidiaries, and their level of integration, have been taken into account in assessing the carrying value of the financial assets.

In those instances, investments in certain undertakings have been grouped together for the purposes of testing them for impairment—similarly to cash generating units ('CGUs') as defined in IAS 36 'Impairment of Assets' under IFRS.

Loans to affiliated undertakings are valued at their nominal value. Value adjustments are recorded on loans which appear to be partly or wholly irrecoverable. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

2.2.2. Investments—own shares
Own shares are recorded at acquisition cost, including expenses incidental thereto. At the balance sheet date, own shares are valued at the lower of acquisition cost and a valuation calculated on the basis of weighted average cost or market value.

A value adjustment is recorded where the market value is lower than the acquisition cost. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

2.2.3. Prepayments
Prepayments represent expenditures incurred during the financial year but relating to a subsequent financial year.

Loan origination costs are recorded at their nominal value, and are presented as prepayments. These costs are amortised over the remaining estimated loan periods based on the Company's financing strategy.

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 on own shares are recorded as income in the year in which the dividend is approved.

Dividends receivable from affiliated undertakings are recorded as income in the year in which they are approved by the subsidiary.

2.2.5. Debtors
Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is uncertain. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.2.6. 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, with the exception of the loans to affiliated undertakings, which are classified as fixed assets, 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.

2.2.7. Derivative financial instruments
The Company may enter into contracts for derivative instruments, for example forward currency contracts, in order to manage the exchange rate exposure on the Company's, and SES Group's, assets, liabilities and financial operations.

Such financial instruments are used to reduce the SES Group's exposure to risks in connection with operating liabilities denominated in US dollars, such as milestone payments to satellite manufacturers. Such instruments are denominated in the same currency as the hedged item and can cover up to 100% of the total value of the hedged item. It is the Company's policy not to enter into such forward contracts until a firm commitment is in place, and to match the terms of hedge derivatives to those of the hedged item.

Additionally, the Company has significant debenture loans denominated in US dollars. The Company may enter into derivatives, such as forward currency contracts or cross-currency swaps, in order to manage exchange rate exposure on foreign currency debt.

Financial derivatives are revalued at the year-end using forward rates. Both unrealised gains and losses resulting from the revaluation of these contracts are recognised in the profit and loss account under 'other interest and similar income' or 'other interest and similar expenses' respectively. SES does not use derivative financial instruments for speculative purposes.

Assets or liabilities generated by unrealised gains or losses are recognised and recorded under 'amounts owed to / by affiliated undertakings' where the counterparty is a member of the SES Group.

2.2.8. Creditors
Debenture loans and amounts owed to credit institutions are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, then the difference is shown as an asset and is written off over the period of the debt based on a straight-line basis over the term of the borrowing.

2.2.9. 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.

Four share-based payment schemes have been established by the Company and are available to members of the Company's staff and to employees of the SES Group:

Equity settled plans:

- The Stock Appreciation Rights Plan ('STAR Plan');
- Executive Incentive Compensation Plan ('EICP');
- Long-Term Incentive Programme ('LTIP').

Cash settled plan:

- Simulated Restricted Stock Units plan ('SRSU Plan').

A charge, representing the difference between the acquisition cost of own shares and exercise price is recognised in the profit and loss account on the exercising of share option / shares.

The SRSU Plan was inaugurated in 2017 and is replacing prospectively the Star Plan. SRSUs are delivered on 1 June following a three-year vesting period. Delivery occurs through a gross cash payment in the June payroll cycle instead of in SES FDR's.

For the cash settled plan, a charge corresponding to the number of SRSUs outstanding at the share price on 31 December 2019 is recognised in the profit and loss account on a pro-rata basis over the vesting period and is presented as wages and salaries in the profit and loss account. A corresponding liability is recorded and presented in the balance sheet as other creditors.

NOTE 3—FINANCIAL ASSETS

A) SHARES IN AFFILIATED UNDERTAKINGS

Movement in Shares in Affiliated Undertakings T116

EUR MILLION	2019	2018
Historic cost		
As at 1 January	8,161.1	8,120.3
Increase	-	40.8
Decrease[1]	(400.0)	-
As at 31 December	**7,761.1**	**8,161.1**
Accumulated value adjustments		
As at 1 January	(104.7)	(85.4)
Increase	-	(19.3)
As at 31 December	**(104.7)**	**(104.7)**
Net book value		
As at 1 January	8,056.4	8,034.9
As at 31 December	**7,656.4**	**8,056.4**

1 The decrease in 2019 represents the share premium reduction in SES Astra Services Europe S.A. in the amount of EUR 300.0 million and the share capital reduction in SES Participation S.A. in the amount of EUR 100.0 million.

As at 31 December 2019, the Company held the following investments:

Shares in Affiliated Undertakings T117

EUR MILLION

Net book value	Incorporation in		2019	2018
SES Global – Americas, Inc.	United Sates	99.94%	3,477.6	3,477.6
SES Finance S.à r.l	Luxembourg	100%	1,543.0	1,543.0
SES Holdings (Netherlands) B.V.[1]	Netherlands	100%	1,241.4	1,241.4
SES Astra S.A.	Luxembourg	100%	1,046.8	1,046.8
SES Participations S.A.	Luxembourg	100%	106.8	206.8
SES Insurance International Re (Luxembourg) S.A.	Luxembourg	100%	90.3	90.3
SES Astra A.B.	Sweden	32.34%	50.1	50.1
SES Insurance International (Luxembourg) S.A.	Luxembourg	100%	15.2	15.2
SES Astra Services Europe S.A.	Luxembourg	100%	66.6	366.6
SES Latin America S.A	Luxembourg	100%	18.6	18.6
Total			**7,656.4**	**8,056.4**

1 SES Holdings (Netherlands) B.V. has a 100% direct ownership of the entity New Skies Satellites B.V. and 100% indirect ownership of the entity O3b Networks Limited. Therefore for impairment testing purposes the investment is allocated between the SES GEO and SES MEO cash generating units.

Management identified the following CGUs for the purpose of impairment testing:

- SES GEO operations ('SES GEO'),
- SES MEO operations ('SES MEO'), and
- MX1 and other service businesses ('Services').

The investment in SES Holdings (Netherlands) B.V., amounting to EUR 1,241.4 million (2018: EUR 1,241.4 million), includes both SES GEO and SES MEO operations and was considered accordingly for impairment testing purposes.

Impairment testing for SES GEO operations

Affiliated undertakings listed under 'SES GEO operations' form part of the 'SES GEO operations' business of the SES Group. They are aggregated into one CGU for the purpose of testing their carrying values for impairment, considering the interdependency of their cash flows and their level of integration ›› see note 2. Loans to / from affiliated undertakings which are part of SES GEO have also been added to the carrying values of the affiliated undertakings.

The value-in-use of this CGU is determined based on a calculation 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 used was 8.37% (2018: 8.40%) 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 was 2.0% (2018: 2.0%), which reflects the most recent long-term planning assumptions approved by the Board, and can be supported by reference to the performance of the SES business concerned over a longer period in the relevant markets.

An impairment test performed on each investment taken individually (the 'line-by-line method'), would potentially lead to a different conclusion, in particular, for the investment held by the Company in SES Global-Americas, Inc. However, for the reasons stated above and as described in ›› note 2.2.1., the Board of Directors of the Company does not believe that the 'line-by-line method' is appropriate considering the integrated nature of the SES GEO operations business and the interdependency of its cash flows.

Impairment testing for SES MEO operations

SES MEO operations, representing the O3b Networks business acquired in 2016, is considered a separate CGU, as the business currently generates cash inflows that are largely independent from SES GEO operations.

For the SES MEO CGU, the impairment test period was extended beyond the five-year business plan period, to 2034. This extension was deemed necessary to fully capture the contracted capital expenditure and expected growth of the business in connection with the O3b mPOWER constellation, which is scheduled to launch in 2021, as well as to properly reflect the timing of replacement capital expenditure.

The pre-tax discount rate applied for 2019 was 9.32% (2018: 10.21%) and was selected to reflect market interest rates and commercial spreads; the capital structure of businesses in the CGU's business sector; and the specific risk profile of the businesses concerned. The terminal growth rate used in the valuations was 2.0% (2018: 2.0%), which reflects 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 for 'Services' operations

Affiliated undertakings listed under 'Services' are services companies of the SES Group. They are tested for impairment individually unless their carrying value is insignificant.

Based on this impairment testing, the Board of Directors believes that no value adjustment should be recorded on the carrying values of the shares in affiliated undertakings.

Article 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 as of 31 December 2019 consist of:

Loans to Affiliated Undertakings as of 31 December 2019 **T118**

Counterparty	Principal and accrued interest 31 December 2019 (EUR million)	Maturity	Interest rate
SES-15 S.à r.l	160.1	January-33	1.55%
SES Astra 5B S.à r.l.	160.7	June-29	1.11%
SES Astra 2G S.à r.l.	120.0	June-30	1.19%
SES Astra 2F S.à r.l.	93.3	November-27	0.95%
SES Astra 3B S.à r.l.	70.0	June-25	0.67%
SES-10 S.à r.l.	73.4	January-32	2.29%
SES Astra 2E S.à r.l.	22.5	February-29	1.06%
SES Astra 1N S.à r.l.	21.8	November-26	0.80%
HD Plus GmbH	60.0	October-22	4.50%
SES Media Solutions GmbH	140.1	November-21	0.41%
SES Americom Inc.	259.4	June-22	2.93%
SES Networks Lux S.à r.l.	826.5	October-29	3.33%
SES Networks Satellites S.à r.l.	401.1	October-29	3.33%
New Skies Satellites B.V.	190.5	November-23	3.87%
New Skies Satellites B.V.	351.2	November-23	3.87%
New Skies Satellites B.V.	5.0	December-24	3.87%
New Skies Satellites B.V.	234.3	December-24	3.87%
SES Holdings (Netherlands) B.V.	168.1	October-24	3.87%
SES Holdings (Netherlands) B.V.	95.9	December-24	3.87%
SES Holdings (Netherlands) B.V.	30.2	December-32	3.87%
SES DTH do Brasil Ltda	1.3	May-23	5.77%
SES DTH do Brasil Ltda	0.5	May-23	4.38%
SES DTH do Brasil Ltda	0.5	May-22	4.10%
SES DTH do Brasil Ltda	0.9	June-22	3.97%
SES DTH do Brasil Ltda	0.9	September-22	4.23%
SES DTH do Brasil Ltda	0.5	June-23	5.01%
SES DTH do Brasil Ltda	0.5	August-23	5.32%
SES DTH do Brasil Ltda	0.5	November-23	5.48%
Total	**3,489.7**		

In 2019, the Company undertook an intragroup financial restructuring with the purpose of simplifying the financing relationships between SES Networks Lux S.à r.l., SES Networks Satellites S.à r.l. and other companies of the Group. As a result, the Company has granted two new loans with maturity in October 2029 and interest rate of 3.33% to SES Networks Lux S.à r.l. in the amount of USD 922.7 million (EUR 821.3 million) and to SES Networks Satellites S.à r.l. in the amount of USD 447.8 million (EUR 398.6 million).

Furthermore, during the year, SES Finance Services A.G. has settled the outstanding loans payable in the amount of CHF 26.2 million (EUR 24.2 million).

In December 2019, SES ASTRA Services Europe S.A. reduced its share premium by EUR 300.0 million which was settled by: the assignment of a long-term loan receivable from HD Plus GmbH of EUR 60.0 million; through the current account with the Company of EUR 140.0 million; the assignment of a short-term loan receivable to SES Media Solutions GmbH of EUR 70.0 million; and the assignment of a short-term loan receivable from HD Plus GmbH of EUR 30.0 million » see note 4.

The Company does not consider any balances on its loans to affiliates as being irrecoverable as at 31 December 2019.

Loans to affiliated undertakings as of 31 December 2018 consist of:

Loans to Affiliated Undertakings as of 31 December 2018 T119

Counterparty	Principal and accrued interest 31 December 2018 (EUR million)	Maturity	Interest rate
SES Americom Inc.	259.5	June-22	2.93%
SES-15 S.à r.l	173.4	January-33	1.55%
SES Astra 5B S.à r.l.	178.6	June-29	1.11%
SES Astra 2G S.à r.l.	132.0	June-30	1.19%
SES Astra 2F S.à r.l.	106.7	November-27	0.95%
SES Astra 3B S.à r.l.	84.0	June-25	0.67%
SES-10 S.à r.l.	80.0	January-32	2.29%
SES Astra 2E S.à r.l.	25.0	February-29	1.06%
SES Astra 1N S.à r.l.	25.4	November-26	0.80%
SES Finance Services A.G.	8.8	March-25	0.80%
SES Finance Services A.G.	8.8	March-25	0.80%
SES Finance Services A.G.	5.5	March-25	0.80%
New Skies Satellites B.V.	182.3	November-23	4.16%
New Skies Satellites B.V.	334.5	November-23	4.16%
New Skies Satellites B.V.	4.9	December-24	4.16%
New Skies Satellites B.V.	231.2	December-32	4.16%
SES Holdings (Netherlands) B.V.	164.8	October-24	4.16%
SES Holdings (Netherlands) B.V.	88.4	December-24	4.16%
SES Holdings (Netherlands) B.V.	35.4	December-24	4.16%
SES Media Solutions GmbH	140.0	November-21	0.41%
SES DTH do Brasil Ltda	1.2	May-23	5.77%
SES DTH do Brasil Ltda	0.6	May-23	4.38%
SES DTH do Brasil Ltda	0.5	May-22	4.10%
SES DTH do Brasil Ltda	1.2	June-22	3.97%
SES DTH do Brasil Ltda	1.2	September-22	4.23%
SES DTH do Brasil Ltda	0.6	June-23	5.01%
SES DTH do Brasil Ltda	0.6	August-23	5.32%
SES DTH do Brasil Ltda	0.5	November-23	5.48%
Total	**2,275.6**		

NOTE 4—DEBTORS

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

The SES Group operates a centralised treasury function at the level of the Company which manages, amongst others, liquidity to optimise funding costs. This is supported by a daily cash pooling mechanism.

Amounts owed by affiliated undertakings as at 31 December 2019 of EUR 1,146.6 million (2018: EUR 2,323.0 million) consist of:

Amounts owed by Affiliated Undertakings T120

EUR MILLION	2019	2018
Intercompany current accounts	963.3	1,460.8
Short term loan to O3b Networks Limited	-	709.2
Short term loan to Luxembourg satellite companies	83.3	83.3
Short term loan to SES Asia S.A	-	23.1
Short term loan to SES Networks Lux S.à r.l.	-	46.6
Short term loan to HD Plus GmbH (Note 3)	30.0	-
Short term loan to SES Media Solutions GmbH (Note 3)	70.0	-
Total	**1,146.6**	**2,323.0**
Forward Sale Agreement with SES mPower S.à r.l.	478.2	174.1

Intercompany current accounts represent short-term advances bearing interest at market rates. The Company performed an analysis of the amounts owed by affiliated undertakings and does not consider their recoverability to be uncertain.

In 2019, the Company undertook an intragroup financial restructuring with the purpose of simplifying the financing relationships with other companies of the Group. As a result, the short term loan to O3b Networks Limited has been settled during the year.

In 2018, SES entered into a forward sale agreement with SES mPower S.à r.l ›› see note 11 in connection with the fleet of seven mPOWER satellites currently under construction. As at 31 December 2019, SES had a receivable from SES mPower S.à r.l of USD 537.2 million (EUR 478.2 million) in the framework of this agreement.

NOTE 5—INVESTMENTS—OWN SHARES

Own shares refer to the Company's own Fiduciary Deposit Receipts. All FDRs in respect of Class A shares owned by the Company are for use in connection with the share-based compensation plans for executives and staff of the SES Group. FDRs are valued at the lower of the weighted average cost and the market price.

As at 31 December 2019, the Company owned 4,708,584 FDRs (2018: 5,589,589) representing a carrying value of EUR 58.9 million (2018: EUR 93.4 million).

NOTE 6—SUBSCRIBED CAPITAL AND SHARE PREMIUM ACCOUNT

SES has a subscribed capital of EUR 719.0 million (2018: EUR 719.0 million), represented by 383,457,600 Class A shares (2018: 383,457,600) and 191,728,800 Class B shares (2018: 191,728,800) with no par value. Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that Class B shares, which are held by the State of Luxembourg and by two entities wholly-owned by the State of Luxembourg, entitle their holders to only 40% of the dividend, or in case the Company is dissolved, to 40% of the net liquidation proceeds paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or Class B, is entitled to one vote.

The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

Movement between the Opening and Closing Number of Shares **T121**

	Class A shares	Class B shares	Total shares
As at 1 January 2019	383,457,600	191,728,800	575,186,400
Shares issued during the year	-	-	-
As at 31 December 2019	**383,457,600**	**191,728,800**	**575,186,400**
As at 1 January 2018	383,457,600	191,728,800	575,186,400
Shares issued during the year	-	-	-
As at 31 December 2018	**383,457,600**	**191,728,800**	**575,186,400**

NOTE 7—LEGAL RESERVE

In accordance with Luxembourg legal requirements, a minimum of 5% of the annual net profit is transferred to a legal reserve. This requirement is satisfied when the reserve reaches 10% of the issued share capital. This reserve may not be distributed.

NOTE 8—RESERVE FOR OWN SHARES

In accordance with the Law, the Company has created a non-distributable 'reserve for own shares' for an amount of EUR 58.9 million (2018: EUR 93.4 million), corresponding to the balance of the own shares held as of year end.

ACQUISITION OF TREASURY SHARES

SES has historically, in agreement with its shareholders, purchased FDRs in connection with executives' and employees' share-based payments plans, as well as for cancellation.

NOTE 9—CREDITORS

A) DEBENTURE LOANS—NON CONVERTIBLE LOANS

The maturity profile of notes and bonds is as follows as at 31 December 2019.

Maturity Profile of Notes and Bonds as at 31 December 2019 T122

Creditors—Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans—Non convertible loans			**5,663.3**
becoming due and payable within one year[1]			**788.1**
EUR 650 million Eurobond (2020)	4.625%	March-20	650.0
Non convertible bonds due >1 Y: Accrued interest			138.1
becoming due and payable between 1 and 2 years			**650.0**
EUR 650 million Eurobond (2021)	4.75%	March-21	650.0
becoming due and payable between 3 and 5 years			**817.6**
144A Bond USD 750.0 million (2023)	3.60%	April-23	667.6
German Bond issue of EUR 150.0 million (2024)	Floating	June-24	150.0
becoming due and payable after 5 years			**3,407.6**
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144A Bond USD 250.0 million (2043)	5.30%	April-43	222.5
144A Bond USD 500.0 million (2044)	5.30%	March-44	445.1
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable securities	4.625%	January-22[2]	750.0
EUR 550 million deeply subordinated fixed rate resettable securities	5.625%	January-24[2]	550.0
EUR 500 million Eurobond (2026)	1.625%	March-26	500.0
EUR 500 million Eurobond (2027)	0.875%	November-27	500.0
German Bond issue of EUR 250.0 million (2025)	1.71%	December-25	250.0

1 Includes accrued interest of EUR 138.1 million at year-end 2019 (2018: EUR 139.6 million).
2 Representing first reset date

The maturity profile of notes and bonds is as follows as at 31 December 2018.

Maturity Profile of Notes and Bonds as at 31 December 2018 T123

Creditors—Financial liabilities	Interest rate	Maturity	EUR million
a) Debenture loans—Non convertible loans			**5,576.3**
becoming due and payable within one year[1]			**576.3**
Non convertible bonds due >1 Y: Accrued interest			139.6
144A Bond USD 500.0 million (2019)	2.50%	March-19	436.7
becoming due and payable between 1 and 2 years			**650.0**
EUR 650 million Eurobond (2020)	4.625%	March-20	650.0
becoming due and payable between 3 and 5 years			**650.0**
EUR 650 million Eurobond (2021)	4.75%	March-21	650.0
becoming due and payable after 5 years			**3,700.0**
EUR 140.0 million Private Placement (2027)	4.00%	May-27	140.0
144A Bond USD 750.0 million (2023)	3.60%	April-23	655.0
144A Bond USD 250.0 million (2043)	5.30%	April-43	218.3
144A Bond USD 500.0 million (2044)	5.30%	March-44	436.7
German Bond issue of EUR 50.0 million (2032)	4.00%	November-32	50.0
EUR 750 million deeply subordinated fixed rate resettable securities	4.625%	January-22[2]	750.0
EUR 550 million deeply subordinated fixed rate resettable securities	5.625%	January-24[2]	550.0
EUR 500 million Eurobond (2026)	1.625%	March-26	500.0
German Bond issue of EUR 150.0 million (2024)	Floating	June-24	150.0
German Bond issue of EUR 250.0 million (2025)	1.71%	December-25	250.0

1 Includes accrued interest of EUR 139.6 million at year-end 2018 (2017: EUR 134.1 million).
2 Representing first reset date

European Medium-Term Note Programme ('EMTN')
SES has a EMTN Programme enabling SES, or SES Global Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 4,000.0 million. As at 31 December 2019, SES had issued EUR 2,440.0 million (2018: EUR 1,940.0 million) under the EMTN Programme with maturities ranging from 2020 to 2027.

EUR 500.0 million Eurobond (2018)
SES repaid its EUR 500.0 million bond on 24 October 2018 which was issued under the Company's European Medium-Term Note Programme and was bearing and interest at a fixed rate of 1.875%.

144A Bond USD 500.0 million (2019)
SES repaid its USD 500.0 million 5-year bond with a coupon of 2.50%, on 25 March 2019.

EUR 650.0 million Eurobond (2020)
SES issued a EUR 650.0 million bond under the Company's European Medium-Term Note Programme in 2010. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2021)
SES issued a EUR 650.0 million bond under the Company's European Medium-Term Note Programme in 2011. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%.

EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities (2022)
On 10 June 2016 SES issued EUR 750.0 million Deeply Subordinated Fixed Rate Resettable Securities ('perpetual bond') at a coupon of 4.625% to the first call date, a price of 99.666% and a yield of 4.7%. SES is entitled to call the securities on 2 January 2022 and on subsequent coupon payment dates.

144A Bond USD 750.0 million (2023)
In 2013 SES completed a 144A offering in the US market issuing USD 750.0 million 10-year bond with a coupon of 3.60% and a final maturity date on 4 April 2023.

EUR 500.0 million Eurobond (2026)
In 2018 SES issued a EUR 500.0 million 8-year bond under the Company's European Medium-Term Note Programme. The bond bears interest at a fixed rate of 1.625% and has a final maturity date on 22 March 2026.

EUR 500.0 million Eurobond (2027)
On 4 November 2019, SES issued a EUR 500.0 million bond under the Company's European Medium-Term Note Programme. The bond has an 8-year maturity and bears interest at a fixed rate of 0.875% and has a final maturity date on 4 November 2027.

EUR 550.0 million Deeply Subordinated Fixed Rate Resettable Securities (2024)
In 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)
In 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%.

German bond issue of EUR 50.0 million (2032)
In 2012 the Group signed an agreement to issue EUR 50.0 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 250.0 million (2043)
In 2013 SES completed a 144A offering in the US market issuing 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)
In 2014 SES completed a 144A offering in the US market issuing USD 500.0 million 30-year bond with a coupon of 5.30% and a final maturity date of 25 March 2044.

German bond issue of EUR 400.0 million (2024 / 2025)
In 2018 the Group closed the issuance of an aggregated amount of EUR 400.0 million in the German bond ('Schuldschein') market. The transaction consists of two individual tranches—a EUR 150.0 million tranche with a floating interest rate of a six-month EURIBOR plus a margin of 0.8% and a final maturity date on 18 June 2024 as well as a EUR 250.0 million tranche with a fixed interest rate of 1.71% and a final maturity date on 18 December 2025.

B) AMOUNTS OWED TO CREDIT INSTITUTIONS

Amounts owed to credit institutions as of 31 December 2019 were:

Amounts owed to Credit Institutions as of 31 December 2019 **T124**

Creditors—Financial liabilities	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			**41.2**
COFACE facility	EURIBOR +1.70%	various in 2020	41.2
becoming due and payable after more than one year			**80.9**
COFACE facility	EURIBOR +1.70%	various from 2021 to 2022	80.9

Amounts owed to credit institutions as of 31 December 2018 were:

Amounts owed to Credit Institutions as of 31 December 2018 **T125**

Creditors—Financial liabilities	Interest rate	Maturity	EUR million
b) amounts owed to credit institutions			
becoming due and payable within one year			**42.0**
COFACE facility	EURIBOR +1.70%	various in 2019	42.0
becoming due and payable after more than one year			**122.1**
COFACE facility	EURIBOR +1.70%	various from 2020 to 2022	122.1

Syndicated loan 2021

In June 2019 the Company renewed 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 multi-currency revolving credit facility with an option to extend until 2026 (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 credit rating of BBB- / Baa2, the interest rate is 45 basis points over EURIBOR / LIBOR. As at 31 December 2019 and 2018, no amount has been drawn under this facility.

EUR 522.9 million COFACE facility

In 2009 SES signed a financing agreement with Compagnie Française d'Assurance pour le Commerce Extérieur ('Coface') in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the facility were based on invoices from the supplier of the satellites. The first drawing was done on 23 April 2010 and all loan tranches became fully drawn in November 2014. Each Coface tranche is repayable in 17 equal semi-annual instalments where Coface A has a final maturity date of 1 August 2022, Coface F will mature on 21 May 2021 and Coface C and D will mature on 3 October 2022. The entire facility bears interest at a floating rate of six-month EURIBOR plus a margin of 1.7%.

In November 2017, SES opted to execute voluntary prepayment clauses pursuant to the Agreement and repaid the remaining outstanding amount of Coface tranche B as per 21 November 2017. All other Coface tranches remain in place as contracted.

European Commercial paper programme

In 2012 SES incepted a joint EUR 1,000.0 million guaranteed European commercial paper programme of SES S.A. and SES Global Americas Holdings GP. Issuances under the programme represent senior unsecured obligations of the issuer and are 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. In 2017 this programme was updated and extended. As at 31 December 2019 and 2018, no borrowings were outstanding under this programme.

Negotiable European Commercial Paper 'NEU CP' (previous French Commercial paper programme)

In 2005 SES put in place a EUR 500.0 million 'NEU CP' programme in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and article 6 of the order of 30 May 2016 and subsequent amendments. The maximum outstanding amount of 'NEU CP' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currency. On 18 April 2019, this programme was extended for one further year. As at 31 December 2019 and 2018, no borrowings were outstanding under this programme.

The aggregate maturity profile of amounts drawn from credit institutions and becoming due and payable after more than one year is as follows as at 31 December 2019 and 2018:

Maturity Profile of Amounts owed to Credit Institutions **T126**

EUR MILLION	2019	2018
Between one and two years	80.9	82.4
Between two and five years	-	39.7
Total	**80.9**	**122.1**

During the year 2019, SES repaid floating rate obligations totaling EUR 41.2 million (2018: EUR 41.5 million) related to various Coface instalments.

Committed and uncommitted loan facilities

As at 31 December 2019, and as at 31 December 2018, the Company had no outstanding balances under uncommitted loan facilities.

C) AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings of EUR 2,263.6 million (2018: EUR 2,637.8 million) include the following:

Amounts owed to Affiliated Undertakings T127

EUR MILLION	2019	2018
Long-term loans (maturity after five years)	611.7	68.0
Current accounts	1,651.9	2,569.8
Total	**2,263.6**	**2,637.8**

'Current accounts' are linked to the daily cash pooling mechanism and represent short term debts bearing interest at market rates. The daily cash pooling mechanism supports, among others, the liquidity of the Group in order to optimize the funding costs.

As at 31 December 2019, long term loans included:

- A loan for a total amount of USD 51.2 million (EUR 45.6 million) from SES Satellites Gibraltar Ltd. with a maturity date of May 2025 and bearing interest at a rate of 4.2%;
- A loan for a total amount of EUR 23.3 million from SES ASTRA Real Estate S.A. with a maturity date of May 2025 and a bearing interest at a rate of 2.0%;
- In March 2019, SES Americom Inc. granted a new long-term loan to the Company for a total amount of USD 596.6 million with a maturity date of March 2024 and bearing interest at a rate of 3.7%. As at 31 December 2019, the outstanding balance, including accrued interest, amounted to USD 615.4 million (EUR: 542.8 million).

NOTE 10—OTHER CREDITORS—TAX AUTHORITIES

The Company is subject to the tax regulations in Luxembourg, in Switzerland for the Swiss branch, and in the U.S. for the partnership. In accordance with Article 164bis of the Luxembourg income tax law, SES S.A. is the head of the Luxembourg tax unity with its direct and indirect subsidiaries as follows:

- SES Astra S.A.;
- SES Asia S.A.;
- SES-15 S.à r.l.;
- 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 Astra 1N S.à r.l.;
- SES Engineering 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 Astra Services Europe S.A.;
- SES Lux Finance S.à r.l.;
- SES Networks Lux 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.;
- SES-17 S.à r.l.;
- SES mPower S.à r.l. ;
- SES Networks Satellites S.à r.l. ;
- SES Finance S.à r.l.;

The balance sheet tax position represents the net amount payable to, or receivable from, the Luxembourg tax authorities by the Company in its role as head of the tax unity.

The respective tax charge / income of each subsidiary is computed on a stand-alone basis and recharged via intercompany accounts.

NOTE 11—OTHER CREDITORS—PAYABLE AFTER MORE THAN ONE YEAR

Acquisition of SES mPOWER medium-Earth orbit constellation

In September 2017, the Company, jointly with O3b Networks Limited, entered as Procurement Agents into a Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of seven medium-Earth orbit satellites from The Boeing Company.

At the end of the satellite construction period, which is foreseen in 2021, the SES Group will have the right to acquire, or lease, the satellites from the financial institution or to direct their sale to a third-party.

SES has the right to nominate the entity within the SES Group which will acquire or lease those assets shortly before the end of the construction period.

SES management expects that the satellites will be acquired or leased in due course by the company SES mPower S.à r.l. in Luxembourg. To this end the Company entered into a forward sale agreement with that entity as at 29 May 2018 whereby as the satellite construction process proceeds, and the Procurement Agents confirm that construction milestones are achieved, then the underlying asset-under-construction is transferred by the Company to that entity against an intercompany receivable.

Since the underlying Satellite Purchase and Sale Agreement is directly between the financial institution and The Boeing Company then there is no contractual obligation on the side of the Procurement Agents during the satellite construction process.

However SES management takes the view that there is a constructive obligation arising over the construction period and hence the SES Group is accruing for the costs of this programme.

As at 31 December 2019 an amount of EUR 478.2 million (USD 537.2 million) was recorded under the caption 'Other creditors—becoming due and payable after one year', corresponding to the constructive obligation by the Company towards the financial institution procuring the satellites. Corresponding amount due to the Company from SES mPower S.à r.l. under a forward purchase agreement, was disclosed on the balance sheet under the caption 'Amounts owed by affiliated undertakings—becoming due and payable after one year'.

NOTE 12—OTHER OPERATING INCOME

Other operating income of EUR 24.2 million (2018: EUR 16.8 million) consists mainly of intra-group recharge income from advisory support services rendered to various affiliates.

NOTE 13—STAFF COSTS

As at 31 December 2019, the number of full time equivalent employees was 68 (2018: 57) and the average number of employees in the workforce for 2019 was 60 (2018: 61). Staff costs can be analysed as follows:

Staff Costs **T128**

EUR MILLION	2019	2018
Wages and salaries	10.4	18.7
Social security costs and other staff costs	2.1	1.6
Total	**12.5**	**20.3**

In 2018, total staff costs include an amount of EUR 4.4 million total gross remuneration paid to the two departing Executive Committee members.

NOTE 14—INCOME FROM PARTICIPATING INTERESTS

Income from participating interests concerning affiliated undertakings consists of the following:

Income from Participating Interests **T129**

EUR MILLION	2019	2018
Dividends received from affiliated undertakings	652.7	1,354.7
Total	**652.7**	**1,354.7**

Dividends received on own shares in the amount of million EUR 4.3 million (2018: EUR 4.7 million). Dividend received from affiliated untertakings EUR 648.4 million (2018: EUR 1,350.0 million).

NOTE 15—INCOME FROM OTHER INVESTMENTS AND LOANS

Income from other investments and loans forming part of fixed assets:

Income from Other Investments and Loans **T130**

EUR MILLION	2019	2018
Interest income from affiliated undertakings	66.9	19.1
Total	**66.9**	**19.1**

NOTE 16—OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income includes the following:

Other Interest Receivable and Similar Income **T131**

EUR MILLION	2019	2018
Interest income from current account	2.2	3.1
Other interest income from affiliated undertakings	55.8	51.8
Income from external Swap	-	7.3
Total	**58.0**	**62.2**

NOTE 17—VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND INVESTMENTS HELD AS CURRENT ASSETS

The loss of EUR 22.5 million (2018: gain of EUR 25.0 million) is composed of a loss on disposal of the Company's FDRs for EUR 30.0 million (2018: loss of EUR 11.2 million) and a value adjustment on outstanding FDRs as at 31 December 2019 of EUR 7.6 million (2018: EUR 36.2 million).

A value adjustment was recorded to account for the FDRs at the lower of the weighted average cost and the market price. The price of the SES FDR listed on Euronext in Paris was EUR 12.50 as at 31 December 2019 (2018: EUR 16.71).

In 2019, the value of the impairment on shares in affiliated undertakings is nil (2018: loss of EUR 19.3 million) ›› see note 3.

NOTE 18—INTEREST PAYABLE AND SIMILAR EXPENSES

A) CONCERNING AFFILIATED UNDERTAKINGS

Interest Payable and Similar Expenses concerning Affiliated Undertakings **T132**

EUR MILLION	2019	2018
Interest charges from current account	45.3	35.2
Total	**45.3**	**35.2**

B) OTHER INTEREST AND SIMILAR EXPENSES

Other interest and similar financial expenses include the following:

Other Interest Payable and Similar Expenses **T133**

EUR MILLION	2019	2018
Interest charges	227.0	233.4
Loan origination costs	8.8	12.9
Loss on disposal on own shares	0.8	0.4
Foreign exchange gains, net	0.2	7.9
Total	**236.8**	**254.6**

NOTE 19—AUDIT FEES

Art. 65 Paragraph (1) 16° of 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.

Fees incurred in connection with other assurance and non-audit services rendered to the Company and its controlled undertakings as defined by the Regulation (EU) N° 537/2014 amounted to EUR 0.2 million (2018: EUR 0.2 million) and represented primarily interim dividends reviews and contractual audits, comfort letters issued in connection to the Company's financial transactions and tax compliance services.

NOTE 20—BOARD OF DIRECTORS' REMUNERATION

Total payments to directors for attendance at board and committee meetings in 2019 amounted to EUR 1.2 million (2018: 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 21—OFF BALANCE SHEET COMMITMENTS

CAPITAL COMMITMENTS

On 11 September 2017, SES S.A., jointly with O3b Networks Limited, entered as Procurement Agents into a Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of seven medium-Earth orbit satellites from The Boeing Company. The outstanding commitments of the Company in respect of the related contracted capital expenditure as at 31 December 2019 amounting to USD 306.9 million (EUR 273.2 million).

The Company is currently in the process of procuring SES-17; this satellite is expected to be launched in the first half of 2021. The Company had outstanding commitments in respect of the related contracted capital expenditure as at 31 December 2019 amounting to EUR 126.1 million.

GUARANTEES

On 31 December 2019 the Company had outstanding bank guarantees provided for an amount of EUR 101.3 million (2018: EUR 118.0 million) with respect to performance and warranty guarantees for services of satellite operations.

PARENTAL GUARANTEES

SES S.A. issued a letter of guarantee to one of its subsidiaries to provide sufficient financial support to meet its obligations in full for at least two years after the issuance date of the 31 December 2019 stand alone financial statements of the subsidiary.

LITIGATION

SES S.A. is not currently subject to any material legal proceedings or litigation arising in the normal course of business.

NOTE 22—SUBSEQUENT EVENTS

There were no significant events between the balance sheet date and the approval of the annual accounts which would have influenced the results of the Company as at 31 December 2019.

5
ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

For further explanations of financial terms please
›› see note 2–'Consolidated statements'

EBITDA and **EBITDA margin:** EBITDA is defined as profit for the period before the impact of depreciation, amortisation, net financing cost and income tax. EBITDA Margin is defined as EBITDA divided by revenue. The Group believes that EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating a Company's operating performance

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

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

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

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

GLOSSARY

A

AMF: Autorité des Marchés Financiers (French markets authority)

C

C-band: Frequency range assigned to satellite communication systems, approximately 4 GHz for the downlink and 6 GHz for the uplink.
COSO: Committee of Sponsoring Organisations of the Treadway Commission
CDP: Carbon Disclosure Project
CES: Customer Effort Score
CSAT: Customer Satisfaction

D

DOD: US Department of Defense
DTC: Direct-to-Cable
DTH: Direct-to-Home
DTT: Digital terrestrial TV

E

ESG: Environmental, Social and Governance
EVA: Economic value added

F

FTA: free to air

G

GDPR: General Data Protection Regulation
GEO: Geostationary Earth Orbit
GHG: Greenhouse Gas
GovSatCom: Government Satellite Communications

H

HDTV: High-definition TV
HTS: High-throughput satellites

I

IFC: Inflight Connectivity
IPTV: Internet Protocol Television
ISR: Intelligence, Surveillance, and Reconnaissance
ITU: International Telecommunication Union

K

Ka-band: Frequency range assigned to satellite communication systems, approximately 20 GHz for the downlink and 30 GHz for the uplink.
Ku-band: Frequency range assigned to satellite communications systems, approximately 14 GHz for the uplink and 11 GHz for the downlink.

L

LEO: Low Earth Orbit

M

MEO: Medium Earth Orbit
Mbit: Mega Bit
MHz: Mega Hertz

N

NGSO: Non-Geostationary Orbit
NOC: Network Operation Centre
NPS: Net Promotor Score, Loyalty indicator

O

ONAP: Open Network Automation Platform
OTT: Over-The-Top
OUTV: Occasional Use TV

P

POP: Points of presence

S

SatCom sector: Satellite Communication sector
SDA: Space Data Association
SDN: Software Defined Networking
SDGs: Sustainable Development Goals
SESG: Societal, Environmental, Social and Governance
SDGs: Sustainable Development Goals
SLT: Senior Leadership Team
SOC: Satellite Operations Centre
SSAE: Statement on Standards for Attestation Engagements

U

UHD: Ultra HD

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CONTACT

SES HEADQUARTERS
Château de Betzdorf
L-6815 Betzdorf
Luxembourg
www.ses.com

The SES Investor Relations team will be pleased to assist you with any questions you may have in relation to SES.
Please reach out via ir@ses.com

CONCEPT AND DESIGN

MPM Corporate Communication Solutions
Mainz, Germany
mpm.de

PHOTO CREDITS

SES, Getty Images, iStock

SES HEADQUARTERS
CHÂTEAU DE BETZDORF
L-6815 BETZDORF
LUXEMBOURG