SES

SES, Société Anonyme
Interim results for the six months ended 30 June 2017

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OPERATIONAL REVIEWS

At 30 June 2017, SES's fully protected contract backlog was EUR 7.5 billion (30 June 2016: EUR 7.3 billion). The substantial backlog is the result of the successful commercial activity across SES's two natural business units – SES Video and SES Networks.

SES Video: 67% of group revenue (H1 2016: 70%)

- Reported revenue up 5.4% to EUR 699.7 million (-3.1% like-for-like)
- Improving trend with Q2 2017 at -1.9% (YOY) versus -4.2% (YOY) for Q1 2017
- Nearly doubling reported revenue from integrated media solutions

As expected, a significant improvement in the year-on-year (like-for-like) development between Q1 2017 (-4.2%) and Q2 2017 (-1.9%) led to an overall reduction of 3.1% for H1 2017, compared with the prior period. This resulted from the impact of higher periodic revenue, predominantly in Q1 2016, beginning to progressively normalise over the course of 2017. Q2 2017 benefited from the signing of new agreements covering the existing fleet and recently launched capacity.

At 30 June 2017, SES's global fleet carried a total of 7,741 TV channels, representing a year-on-year increase of 4%. SES's HDTV channel count grew by 6%, year-on-year, to 2,587 channels, while the SES satellite network now also carries 20 commercial UHD channels (30 June 2016: 16), including regional variations.

Consequently, HD penetration increased from 32.7% to 33.4% in the last 12 months. Over the same period, the proportion of total channels broadcast in MPEG-4 increased from 58.9% to 63.5% of SES's total TV channels.

The main highlights in Video included:

- Media Broadcast Satellite and SES agreed a multi-year capacity extension contract for use of a full transponder at 19.2 degrees East to continue to serve customers in Germany, Austria and Switzerland;
- Two multichannel video programming distributors (MVPDs) in the U.S. launched the first linear UHD services for cable and internet protocol (IP) TV subscriber homes using SES's end-to-end UHD solution;
- More than 25 MVPDs are now testing SES's UHD all-in-one in North America. This includes Verizon, which is using the platform to drive the overall development of UHD delivery solutions for Verizon Fios;
- Multi-year capacity agreement with MultTV to deliver approximately 60 (SD and HD) channels to smaller regional Internet Service Providers (ISP) across Brazil; and
- Successful launch of SES-10, which will serve the Andean Community (Bolivia, Columbia, Ecuador and Peru) for direct-to-home broadcasting as well as fixed data and mobility services.

MX1 has continued to build market traction, offering a differentiated combination of end-to-end, linear and non-linear, media solutions. Compared with H1 2016, the proportion of reported revenue from integrated media solutions (combining capacity and value-added services) has nearly doubled, supported by the acquisition of RR Media and the creation of MX1. The commercial highlights for MX1 included:

- Securing a long-term contract and expanded service agreement with Beta Film Ltd. for a range of media services, including content management, using the new and innovative MX1 360 platform;
- Contract with the Israel Premier Football League to provide end-to-end services for live content editing;
- MX1 and Sky Deutschland agreed a multi-year contract extension for the provision of back-up services to enable business continuity. The agreement includes playout and turnaround services, such as encoding, multiplexing and encryption, and uplink services;
- Multi-year distribution agreement with VUBIQUITY for a new service offering broadcasters, TV channels and rights holders the ability to aggregate content and reach millions of viewers quickly and simply; and
- Agreement to support the linear broadcasting requirements of a major global video on demand platform.

SES Networks: 33% of group revenue (H1 2016: 29%)

- Reported revenue up 24.9% to EUR 343.4 million (+7.5% like-for-like)
- Growth in Mobility and Government, complemented by broadly stable development in Fixed Data
- Development agreement with Boeing to deliver next generation technology innovation

SES Networks comprises the Fixed Data, Mobility and Government verticals and integrates O3b's unique high throughput, low latency Medium Earth Orbit (MEO) constellation and distributed network capabilities. The progress in each of these data-centric verticals is discussed separately below.

SES and Boeing have, today, signed a new agreement to develop innovative technology improvements aimed at delivering next generation technology that will form the basis for SES's future satellite fleet.

Fixed Data: 13% of group revenue (H1 2016: 12%)

- Reported revenue up 18.9% to EUR 139.6 million (-0.4% like-for-like)
- Further expansion and service upgrades by major global GEO and MEO clients offsetting lower point-to-point wholesale capacity revenue (now representing around 1.5% of group revenue)

As the only multi-orbit and multi-frequency distributed network solutions provider, SES Networks has continued to secure new business opportunities, as well as scaling up services with existing, long-term tier one clients. H1 2017 revenue also benefited from periodic revenue of around EUR 9 million.

SES Networks is focused on supporting the applications and networks of the future for a range of telecoms companies, mobile network operators, cloud-based services and corporate enterprises, where it can benefit from important elasticity of demand and significant growth opportunities. The main highlights in Fixed Data included:

- SES Networks will provide a full end-to-end solution, including wireless terrestrial communication, to connect nearly 900 sites throughout Burkina Faso using its high throughput, low latency MEO fleet;
- Orange Central African Republic contracted SES Networks to deliver faster 3G services and improved internet connections for enterprise clients and hundreds of thousands of people in the region;

- Intersat signed a multi-year, multi-frequency capacity agreement for the delivery of internet solutions across Africa, using the SES network and supporting teleport services;
- Palau Telecoms increased contracted network capacity for the fifth time in under two years, nearly doubling its capacity requirement since going live on the MEO network;
- Timor Telecom extended their contract for MEO services, which now delivers more than one gigabit per second of low latency connectivity delivered to two sites operated by Timor Telecom; and
- Presta Bist Telecoms increased by 66% its contracted MEO capacity in response to rising demand for reliable, high-speed broadband in the Republic of Chad.

Mobility: 8% of group revenue (H1 2016: 5%)

- Reported revenue up 88.1% to EUR 83.8 million (+37.1% like-for-like)
- H1 2017 included upfront revenue contribution from Global Eagle Entertainment (GEE) in Q1 2017
- Double-digit growth in both aeronautical and maritime underpinning strong growth outlook

In the first half of 2017, SES has continued to expand its global aeronautical mobility business with the leading providers of inflight connectivity and entertainment. This included:

- GEE announced the acquisition of a Ku-band payload on SES's AMC-3 satellite to boost capacity for its customers in North America, the Gulf of Mexico and the Caribbean;
- Gogo signed a new contract to use capacity on 12 Ku-band transponders, and supporting ground infrastructure, to expand high-speed inflight connectivity services over the U.S. and Canada; and
- Gogo subsequently leased all available capacity on AMC-4 to serve flights across Alaska, Hawaii, the west coast of the U.S., as well as over the Pacific Ocean.

The agreements with GEE and Gogo reflect SES's unique approach of leveraging its global fleet, including non-station-kept satellites, to support growth opportunities across the Mobility sector.

SES Networks continued to gain market traction and benefit from differentiated capabilities to deliver flexible and scalable connectivity network solutions in maritime, including:

- Multi-year contract with Primacom, which will use SES's fully-managed Maritime+ service to deliver reliable and high-speed connectivity to vessels operating in the Asia-Pacific region;
- Multi-year agreement with Telenor Maritime to provide a fully-managed solution delivering a high-quality end-user experience for passengers on eight of Silversea Cruise Ships' ultra-luxury vessels;
- SES and GT Maritime announced a partnership to provide a new volume-based solutions package, using SES Networks' Maritime+ service, for a range of vessels across Europe and the Middle East;
- Patrakom signed a multi-year agreement to use capacity across SES-9's powerful mobility beam to provide connectivity for over 80 passenger vessels and oil barges traversing Indonesian waters; and
- Satcom Global contracted capacity on both SES's existing fleet and upcoming next generation hybrid satellites to deliver seamless, high-speed connectivity solutions for its customers.

Government: 12% of group revenue (H1 2016: 12%)

- Reported revenue up 6.3% to EUR 120.0 million (+1.6% like-for-like)
- Growing in global government, including important new business for LuxGovSat and O3b
- SES GS benefiting from differentiated solutions and increasing stabilisation of U.S. Government demand

The main highlights in Government included:

- SES GS contracted, on a multi-year basis, additional MEO services with a U.S. Government customer;
- SES and the Luxembourg Ministry of Foreign Affairs extended a contract to maintain and support SATMED, a satellite-enabled e-health platform, until 2020; and
- SES launched the Rapid Response Vehicle (RRV), a new Government+ solution, capable of delivering multi-orbit (GEO-MEO) and multi-frequency connectivity for a broad range of government missions.

Future satellite capacity and fleet update

COMMITTED LAUNCH SCHEDULE

Satellite	Region	Application	Launch Date
SES-10	Latin America	Video, Fixed Data	Launched (March 2017)
SES-11	North America	Video, Fixed Data	Q4 2017 (from Q2 2017)
SES-12(1)	Asia-Pacific	Video, Fixed Data, Mobility	Q1 2018 (from Q4 2017)
SES-14(1)	Latin America	Video, Fixed Data, Mobility	Q1 2018 (from Q4 2017)
SES-15(1)	North America	Fixed Data, Mobility, Government	Launched (May 2017)
SES-16/GovSat-1(2)	Europe/MENA	Government	Q4 2017
O3b (satellites 13-16)	Global	Fixed Data, Mobility, Government	Q1 2018
O3b (satellites 17-20)	Global	Fixed Data, Mobility, Government	H1 2019
SES-17	Americas	Fixed Data, Mobility, Government	H1 2021

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

On 30 March 2017, SES-10 was successfully launched on board a SpaceX Falcon 9 rocket, becoming the first GEO satellite to launch on a flight-proven first-stage rocket booster, and entered into service in May 2017.

On 18 May 2017, SES-15 was launched on a Soyuz rocket, and is expected to enter into service at the end of 2017. This spacecraft is SES's first hybrid with wide beam and high throughput capacity serving inflight connectivity and entertainment over North America. SES-15 also carries a Wide Area Augmentation System (WAAS) hosted payload for the U.S. Government.

In June 2017, AMC-9 (48 total transponders) was affected by a significant anomaly, which resulted in an impairment charge of EUR 38.4 million against the spacecraft in the H1 2017 financial statements. SES was able

to draw on its global fleet to rapidly restore customers' capacity. The impact on FY 2017 group revenue is expected to be between EUR 15 million and EUR 18 million, reflecting the reduction in the total number of available fleet transponders for future commercialisation.

In July 2017, SES determined that, due to a recent anomaly, the available capacity on NSS-806 is reduced by 12 transponders. The impact on FY 2017 revenue is expected to be between EUR 7 million and EUR 9 million, reflecting the reduction in total available fleet transponders for future commercialisation.

The impact of these anomalies is expected to be temporary as SES's fleet planning and new capacity from satellites expected to be launched within the next nine months will mitigate the short-term reduction in marketable capacity.

The revenue impact from the combination of changes in satellite health status, as well as the updated launch schedule, will be mainly in the second half of 2017. This will predominantly be in Video and is expected to have a lower impact on FY 2018 revenue development.

FINANCIAL REVIEW

REVENUE BY MARKET VERTICAL

EUR million	H1 2017	H1 2016	Change (reported)	Change (like-for-like)[1]
SES Video	**699.7**	663.7	+5.4%	-3.1%
SES Networks	**343.4**	274.9	+24.9%	+7.5%
- Fixed Data	***139.6***	*117.4*	*+18.9%*	*-0.4%*
- Mobility	***83.8***	*44.6*	*+88.1%*	*+37.1%*
- Government	***120.0***	*112.9*	*+6.3%*	*+1.6%*
Sub-total	**1,043.1**	938.6	+11.1%	+0.2%
Other[2]	**5.6**	18.2	n/m	n/m
Group Total	**1,048.7**	956.8	+9.6%	-1.5%

1) At constant FX and assuming RR Media and O3b had been consolidated from 1 January 2016
2) Other includes revenue not directly applicable to a particular vertical

Reported revenue was 9.6% higher than the prior period, including the contribution from RR Media (acquired on 6 July 2016) and O3b (consolidated on 1 August 2016). On a like-for-like basis (at constant FX and assuming that RR Media and O3b had been consolidated from 1 January 2016), the combination of an improving trend in SES Video and strong growth in SES Networks resulted in a stable development across the four market verticals. The overall revenue reduction of 1.5% compared with the prior year was entirely due to lower "Other" revenue.

OPERATING EXPENSES AND EBITDA

EUR million	H1 2017	H1 2016	Change	Change
Operating expenses	**(361.6)**	(257.0)	(104.6)	-40.7%
Operating expenses (constant FX)	**(361.6)**	(260.7)	(100.9)	-38.7%
Operating expenses (like-for-like)[1]	**(361.6)**	(357.3)	(4.3)	-1.2%
EBITDA	**687.1**	699.8	(12.7)	-1.8%
EBITDA (constant FX)	**687.1**	707.9	(20.8)	-2.9%
EBITDA (like-for-like)[1]	**687.1**	706.9	(19.8)	-2.8%

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

Operating expenses were EUR 4.3 million (or 1.2%) higher on a like-for-like basis, mainly due to higher variable cost of sales associated with O3b and HD+ revenue growth. The group's fixed cost base was stable on a like-for-like basis, reflecting SES's long-term track record of continuous fixed cost optimisation.

Reported **EBITDA** was 1.8% lower than the prior period (-2.8% like-for-like). The reported **EBITDA margin** of 65.5% compared to the H1 2016 margin of 73.1% as reported and 66.4% like-for-like.

DEPRECIATION, AMORTISATION AND OPERATING PROFIT

EUR million	H1 2017	H1 2016	Change	Change
Depreciation and impairment expense	**(342.0)**	(251.0)	(91.0)	-36.2%
Amortisation expense	**(39.1)**	(31.2)	(7.9)	-25.8%
Depreciation, impairment and amortisation	**(381.1)**	(282.2)	(98.9)	-35.1%
Depreciation, impairment and amortisation (constant FX)	**(381.1)**	(286.4)	(94.7)	-33.1%
Depreciation, impairment and amortisation (like-for-like)(1)	**(381.1)**	(374.0)	(7.1)	-1.9%
Operating profit	**306.0**	417.6	(111.6)	-26.7%
Operating profit (constant FX)	**306.0**	421.5	(115.5)	-27.4%
Operating profit (like-for-like)(1)	**306.0**	332.9	(26.9)	-8.1%

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

Depreciation, impairment and amortisation expense increased by EUR 98.9 million mainly due to the consolidation of O3b and RR Media, as well as an impairment charge of EUR 38.4 million against AMC-9. Like-for-like depreciation and amortisation (excluding the impairment charge) was 8.4% lower than the prior period reflecting lower depreciation on the O3b fleet and a net reduction in the depreciation on the GEO fleet, which more than offset additional depreciation from new capacity added.

Operating profit was 26.7% lower (-8.1% like-for-like) than the prior period, and the group's **operating profit margin** was 29.2% (H1 2016: 43.7% as reported and 31.3% like-for-like). Excluding the one-off impairment charge against AMC-9, like-for-like operating profit was 3.5% higher and the operating profit margin was 32.8%.

PROFIT ATTRIBUTABLE TO SES SHAREHOLDERS

EUR million	H1 2017	H1 2016	Change	Change
Net interest expense and other	**(96.1)**	(93.8)	(2.3)	-2.5%
Capitalised interest	**21.8**	16.4	+5.4	+33.0%
Net foreign exchange gains	**5.7**	1.8	+3.9	n/m
Net financing costs	**(68.6)**	(75.6)	+7.0	+9.2%
Profit before tax	**237.4**	342.0	(104.6)	-30.6%
Income tax	**40.1**	(59.6)	+99.7	n/m
Profit after tax	**277.5**	282.4	(4.9)	-1.7%
Share of associates' results (net of tax)	**--**	(54.1)	+54.1	n/m
Non-controlling interests	**(2.0)**	(1.0)	(1.0)	n/m
Profit attributable to SES shareholders	**275.5**	227.3	+48.2	+21.2%

Net financing costs included a net foreign exchange gain of EUR 5.7 million (H1 2016: EUR 1.8 million). Net interest expense was broadly in line with the prior year, as additional finance costs from RR Media and O3b were offset by lower same scope net interest and higher capitalised interest. As presented using IFRS recognition principles, net financing costs exclude the interest payments for the EUR 1.3 billion of hybrid (perpetual) bonds issued during 2016 at an average coupon of 5.05%.

The positive contribution from **income tax** of EUR 40.1 million resulted from the release of certain tax provisions and the recognition of a tax asset in relation to withholding tax in Latin America. Excluding these items, the group's **effective tax rate** was 13.1% (H1 2016: 17.4%).

As a result of the consolidation of O3b on 1 August 2016, the group's **share of associates' results** (net of tax) was nil (H1 2016: loss of EUR 54.1 million).

Net profit attributable to SES shareholders increased by 21.2% compared with the prior period. **Earnings per share** was EUR 0.56 for the first half of the year (H1 2016: EUR 0.55), which included the impact of the increase in the weighted average number of shares following the group's equity raising in May 2016 and is after deducting the net of tax coupon for the hybrid bonds.

Cash Flow and Financing

FREE CASH FLOW BEFORE FINANCING ACTIVITIES

EUR million	H1 2017	H1 2016	Change	Change
Net cash generated by operating activities	**635.1**	566.8	+68.3	+12.1%
Net cash absorbed by investing activities	**(259.9)**	(286.8)	+26.9	+9.4%
Free cash flow before financing activities	**375.2**	280.0	+95.2	+34.0%

Net cash generated by operating activities was EUR 68.3 million (or 12.1%) higher than the prior period. When combined with lower net cash absorbed by investing activities, **free cash flow before financing** increased by EUR 95.2 million (or 34.0%) compared with H1 2016. Free cash flow as a proportion of revenue was 35.8% (H1 2016: 29.3%).

NET DEBT TO EBITDA RATIO

EUR million	30 June 2017	30 June 2016	Change	Change
Borrowings[1]	**4,248.0**	4,358.9	(110.9)	-2.5%
Cash and cash equivalents	**(234.8)**	(1,777.7)	+1,542.9	n/m
Net debt	**4,013.2**	2,581.2	+1,432.0	+55.5%
Net debt / EBITDA (IFRS)	**2.79 times**	1.77 times		
Net debt / EBITDA (rating agency)[2]	**3.24 times**	2.03 times		

1) As presented using IFRS recognition principles, where hybrid bonds are treated as 100% equity
2) Rating agency methodology treats the hybrid bonds as 50% debt and 50% equity

The group's current and non-current **borrowings** were EUR 110.9 million (or 2.5%) lower than the prior period. The lower **cash and equivalents** mainly reflect the timing of cash outflows for the acquisition of RR Media and the consolidation of O3b in H2 2016.

The group's **net debt to EBITDA ratio** was 3.24 times as at 30 June 2017 (30 June 2016: 2.03 times), based on the treatment of SES's hybrid bonds as 50% debt and 50% equity.

Financial Outlook

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

SES Video growth for FY 2017[1] is expected to be stable, in line with the previous outlook, before the combined impact of the later launches and changes in satellite health, as outlined on pages five and six. Including the temporary impact of these changes, SES Video is expected to decline slightly in FY 2017, returning to growth thereafter.

The previous targets for the three SES Networks verticals are all re-affirmed. For FY 2017, SES is targeting a return to growth in Fixed Data, strong growth in Mobility and stable-to-slight growth in Government.

SES's future revenue trajectory will benefit from the contribution of recently added and forthcoming GEO-MEO investments, planned to be launched by the end of 2019, which are expected to generate incremental annualised revenue of up to EUR 750 million (equivalent to around 35% of 2016 group revenue) at 'steady-state'. Over 30% of this revenue is already contracted.

SES's EBITDA margin[1] is expected to be broadly stable for FY 2017 and FY 2018 and rising slightly thereafter, while operating profit margin[1] is expected to significantly improve to more than 40% in the medium term.

SES's capital expenditure (CapEx) in FY 2017 is now expected to be around EUR 120 million lower (from EUR 810 million to EUR 690 million), due to changes in launch timing and lower uncommitted CapEx.

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

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

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

Business risks and their mitigation

For the remaining six months of the financial year, SES does not envisage any additional risks compared to the risk assessment performed for year-end 31 December 2016, which are disclosed in full in the Annual Report 2016.

Related party transactions

Refer to Note 11 – Related party transactions

Responsibility statement

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

In accordance with Article 4 of the law of 11 January 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2017, prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted for use by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the year of SES and its subsidiaries included in the consolidation taken as a whole.

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

Romain Bausch

Chairman of the Board of Directors

Karim Michel Sabbagh

President and Chief Executive

Report on review of the interim condensed consolidated financial information

To the Shareholders of
SES S.A.

We have reviewed the accompanying interim condensed consolidated statement of financial position of SES S.A. and its subsidiaries (the "Group") as of 30 June 2017 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial information").

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

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

Responsibility of the "Réviseur d'entreprises agréé"

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

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

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

PricewaterhouseCoopers, Société coopérative, 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not present fairly in all material respects the financial position of the Group as of 30 June 2017, and its financial performance and cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 27 July 2017

Gilles Vanderweyen

Interim condensed consolidated income statement

For the six month period ended 30 June

In millions of euros		**2017**	2016
Revenue		**1,048.7**	956.8
Operating expenses		**(361.6)**	(257.0)
EBITDA		**687.1**	699.8
Depreciation and impairment expense		**(342.0)**	(251.0)
Amortisation expense		**(39.1)**	(31.2)
Operating profit		**306.0**	417.6
Finance income		**5.7**	6.9
Finance costs		**(74.3)**	(82.5)
Net financing costs		**(68.6)**	(75.6)
Profit before tax		**237.4**	342.0
Income tax benefit/ (expense)	Note 9	**40.1**	(59.6)
Share of associates' result, net of tax		**-**	(54.1)
Profit for the period		**277.5**	228.3
Attributable to owners of the parent		**275.5**	227.3
Attributable to non-controlling interests		**2.0**	1.0

Basic earnings per share (in euro)	Note 10	**2017**	2016
Class A shares		**0.56**	0.55
Class B shares		**0.22**	0.22

Diluted earnings per share (in euro)	Note 10	**2017**	2016
Class A shares		**0.55**	0.55
Class B shares		**0.22**	0.22

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

Interim condensed consolidated statement of comprehensive income

For the six month period ended 30 June

In millions of euros	**2017**	2016
Profit for the period	**277.5**	228.3
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligation	**0.9**	(0.1)
Income tax effect	**(0.3)**	-
Remeasurements of post employment benefit obligation, net of tax	**0.6**	(0.1)
Income tax relating to treasury shares impairment	**-**	17.4
Total items that will not be reclassified to profit or loss	**0.6**	17.3
Items that may be reclassified subsequently to profit or loss		
Impact of currency translation	**(668.3)**	(115.7)
Income tax effect	**38.2**	6.1
Total impact of currency translation, net of tax	**(630.1)**	(109.6)
Net investment hedge	**149.0**	37.2
Income tax effect	**(41.5)**	(9.9)
Total net investment hedge, net of tax	**107.5**	27.3
Net movements on cash flow hedges	**3.7**	(0.8)
Total net movements on cash flow hedges, net of tax	**3.7**	(0.8)
Total items that may be reclassified subsequently to profit or loss	**(518.9)**	(83.1)
Total other comprehensive loss for the period, net of tax	**(518.3)**	(65.8)
Total comprehensive (loss)/income for the period, net of	**(240.8)**	162.5
Attributable to:		
Owners of the parent	**(236.1)**	162.9
Non-controlling interests	**(4.7)**	(0.4)

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

Interim condensed consolidated statement of financial position

In millions of euros		**30 June 2017**	31 December 2016
Non-current assets			
Property, plant and equipment		**4,773.7**	5,156.3
Assets in the course of construction		**1,330.1**	1,389.6
Total property, plant and equipment		**6,103.8**	6,545.9
Intangible assets		**4,863.0**	5,247.7
Deferred tax assets		**68.8**	70.5
Financial and other non-current assets	Note 2	**175.3**	215.6
Total non-current assets		**11,210.9**	12,079.7
Current assets			
Inventories		**36.1**	30.2
Trade and other receivables	Note 2	**721.8**	870.4
Prepayments		**49.2**	49.8
Derivatives	Note 6	**3.2**	-
Income tax receivable	Note 9	**63.2**	28.3
Cash and cash equivalents		**234.8**	587.5
Total current assets		**1,108.3**	1,566.2
Total assets		**12,319.2**	13,645.9
Equity			
Attributable to the owners of the parent		**5,948.9**	6,806.5
Non-controlling interests		**132.3**	138.6
Total equity		**6,081.2**	6,945.1
Non-current liabilities			
Borrowings		**4,078.3**	4,223.1
Provisions		**33.3**	44.7
Deferred income		**372.3**	411.8
Deferred tax liabilities		**583.0**	664.2
Other long-term liabilities		**93.5**	69.1
Total non-current liabilities		**5,160.4**	5,412.9
Current liabilities			
Borrowings		**169.7**	204.3
Provisions		**48.2**	86.7
Deferred income		**412.1**	510.5
Trade and other payables		**403.0**	459.1
Derivatives	Note 6	**-**	1.0
Income tax liabilities		**44.6**	26.3
Total current liabilities		**1,077.6**	1,287.9
Total liabilities		**6,238.0**	6,700.8
Total equity and liabilities		**12,319.2**	13,645.9

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

Interim condensed consolidated statement of cash flows

For the six month period ended 30 June

In millions of euros	**2017**	2016
Profit before tax	**237.4**	342.0
Taxes paid during the period	**(45.9)**	(52.7)
Adjustment for non-cash items	**395.3**	329.5
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes	**586.8**	618.8
Changes in working capital	**48.3**	(52.0)
Net cash generated by operating activities	**635.1**	566.8
Cash flow from investing activities		
Payments for purchases of intangible assets	**(10.9)**	(12.2)
Payments for purchases of tangible assets	**(239.7)**	(252.4)
Other investing activities	**(9.3)**	(22.2)
Net cash absorbed by investing activities	**(259.9)**	(286.8)
Free cash flow before financing activities	**375.2**	280.0
Cash flow from financing activities		
Proceeds from borrowings	**34.5**	124.4
Repayment of borrowings	**(68.7)**	(163.8)
Proceeds from perpetual bond, net of transaction costs paid	**(1.8)**	733.5
Coupon paid on perpetual bond	**(24.7)**	-
Dividends paid on ordinary shares[1]	**(547.3)**	(527.5)
Dividends paid to non-controlling interests	**(3.5)**	(3.6)
Interest paid on borrowings	**(110.1)**	(108.1)
Proceeds from issuance of shares, net of transaction costs	**-**	885.5
Payments for acquisition of treasury shares	**(42.6)**	(172.1)
Proceeds from treasury shares sold and exercise of stock options	**40.8**	63.6
Equity contribution by non-controlling interest	**1.9**	12.5
Net cash (absorbed) / generated by financing activities	**(721.5)**	844.4
Net foreign exchange movements	**(6.4)**	13.6
Net increase / (decrease) in cash	**(352.7)**	1,138.0
Cash and cash equivalents at beginning of the period	**587.5**	639.7
Cash and cash equivalents at end of the period	**234.8**	1,777.7

[1] Dividends are presented net of dividends received on treasury shares of EUR 8.3 million (2016: EUR 8.6 million)

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

Interim condensed consolidated statement of changes in shareholders' equity

For the six month period ended 30 June 2017

	Attributable to owners of the parent										
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2017	**719.0**	**1,635.5**	**(167.3)**	**1,300.0**	**2,134.5**	**962.7**	**0.3**	**221.8**	**6,806.5**	**138.6**	**6,945.1**
Result of the period	-	-	-	-	-	275.5	-	-	**275.5**	2.0	277.5
Other comprehensive income (loss)	-	-	-	-	0.6	-	3.7	(515.9)	**(511.6)**	(6.7)	(518.3)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**0.6**	**275.5**	**3.7**	**(515.9)**	**(236.1)**	**(4.7)**	**(240.8)**
Allocation of 2016 result	-	-	-	-	354.4	(354.4)	-	-	**-**	-	-
Coupon on perpetual bond (Note 8)	-	-	-	-	(24.7)	-	-	-	**(24.7)**	-	**(24.7)**
Tax on perpetual bond coupon	-	-	-	-	9.7	-	-	-	**9.7**	-	**9.7**
Transaction costs on perpetual bond	-	-	-	-	(1.8)	-	-	-	**(1.8)**	-	**(1.8)**
Dividends declared/ paid[1]	-	-	-	-	-	(608.3)	-	-	**(608.3)**	(3.5)	**(611.8)**
Acquisition of treasury shares	-	-	(42.6)	-	-	-	-	-	**(42.6)**	-	**(42.6)**
Share-based compensation expense	-	-	-	-	4.8	-	-	-	**4.8**	-	**4.8**
Exercise of share-based compensation	-	-	7.5	-	(16.6)	-	-	-	**(9.1)**	-	**(9.1)**
Sale of treasury shares	-	-	50.9	-	-	-	-	-	**50.9**	-	**50.9**
Other movements	-	0.4	-	-	(0.8)	-	-	-	**(0.4)**	1.9	**1.5**
At 30 June 2017	**719.0**	**1,635.9**	**(151.5)**	**1,300.0**	**2,460.1**	**275.5**	**4.0**	**(294.1)**	**5,948.9**	**132.3**	**6,081.2**

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

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

Interim condensed consolidated statement of changes in shareholders’ equity

For the six month period ended 30 June 2016

	Attributable to owners of the parent										
In millions of euros	Issued capital	Share premium	Treasury shares	Perpetual bond	Other reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
At 1 January 2016	**644.3**	**814.4**	**(95.1)**	**-**	**2,033.8**	**546.4**	**1.6**	**(12.9)**	**3,932.5**	**128.3**	**4,060.8**
Result of the period	-	-	-	-	-	227.3	-	-	**227.3**	1.0	228.3
Other comprehensive income (loss)	-	-	-	-	17.3	-	(0.8)	(80.9)	**(64.4)**	(1.4)	(65.8)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**17.3**	**227.3**	**(0.8)**	**(80.9)**	**162.9**	**(0.4)**	**162.5**
Allocation of 2015 result	-	-	-	-	18.9	(18.9)	-	-	**-**	-	-
Issue of share capital, net of transaction costs	74.7	821.8	-	-	-	-	-	-	**896.5**	-	**896.5**
Issue of perpetual bond, net of transaction costs	-	-	-	750.0	(16.5)	-	-	-	**733.5**	-	**733.5**
Dividends declared/ paid[1]	-	-	-	-	-	(527.5)	-	-	**(527.5)**	(3.6)	**(531.1)**
Acquisition of treasury shares	-	-	(185.6)	-	112.8	-	-	-	**(72.8)**	-	**(72.8)**
Share-based compensation expense	-	-	-	-	4.3	-	-	-	**4.3**	-	**4.3**
Exercise of share-based compensation	-	-	10.7	-	(26.0)	-	-	-	**(15.3)**	-	**(15.3)**
Sale of treasury shares	-	-	79.3	-	-	-	-	-	**79.3**	-	**79.3**
Equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	**-**	12.5	**12.5**
Other movements	-	-	-	-	(0.8)	-	-	-	**(0.8)**	1.4	**0.6**
At 30 June 2016	**719.0**	**1,636.2**	**(190.7)**	**750.0**	**2,143.8**	**227.3**	**0.8**	**(93.8)**	**5,192.6**	**138.2**	**5,330.8**

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

[1] Dividends are presented net of dividends received on treasury shares of EUR 8.6 million

Notes to the interim condensed consolidated financial statements

(In millions of euro, unless indicated otherwise)

Note 1 - Corporate information

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

The interim condensed consolidated financial statements of SES S.A. as at and for the six month period ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 27 July 2017. These interim condensed consolidated financial statements have been reviewed, not audited.

Note 2 - Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements as at and for the six month period ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the group's annual consolidated financial statements as at and for the year ended 31 December 2016. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the group's annual consolidated financial statements as at and for the year ended 31 December 2016.

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 on or after 1 January 2017, and have not been early adopted in preparing these interim condensed consolidated financial statements:

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

In February 2016, the IASB issued amendments to IAS 7 "Statement of cash flows" to introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The effective date of these amendments is 1 January 2017. The amendment was not yet endorsed by EU.

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

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

Amendment to IFRS 15, Revenue from contracts with customers

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

IFRIC 22, Foreign currency transactions and advance consideration

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

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

Clarifying the scope of IFRS 12, Disclosure of interests in other entities

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. The objective of IFRS 12 was to provide information about nature of interests in other entities, risks associated with these interests, and the effect of these interests on financial statements. The Board noted that this objective is relevant to interests in other entities regardless of whether they are classified as held for sale. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. An option to apply the amendments early is not necessary because disclosing additional information is not prohibited.

There are no other IFRSs or IFRIC interpretations except the ones disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2016 or disclosed herewith, that are not yet effective that would be expected to have a material impact on the group.

Prior year reclassification

An amount of EUR 101.3 million as at 31 December 2016 representing non-current portion of unbilled accrued revenue has been reclassified from ‘trade and other receivables’ to ‘financial and other non-current assets’ in order to ensure comparability with the classification as of 30 June 2017.

Alternative performance measures

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

1) Net debt

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

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

In millions of euros	**30 June 2017**	31 December 2016
Borrowings - non-current	**4.078.3**	4,223.1
Borrowings - current	**169.7**	204.3
Borrowings, *less*	**4,248.0**	4,427.4
Cash and equivalents	**234.8**	587.5
Net debt	**4,013.2**	3,839.9

2) EBITDA and EBITDA margin

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

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

In millions of euros	**30 June 2017**	30 June 2016
Profit before tax	**237.4**	342.0
Add: Depreciation expense and impairment expense	**342.0**	251.0
Add: Amortisation expense	**39.1**	31.2
Add: Net financing costs	**68.6**	75.6
EBITDA	**687.1**	699.8

The following table provides a reconciliation of EBITDA margin:

In millions of euros	**30 June 2017**	30 June 2016
Revenue	**1,048.7**	956.8
EBITDA	**687.1**	699.8
EBITDA margin (%)	**65.5%**	73.1%

3) Operating profit and operating profit margin

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

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

In millions of euros	**30 June 2017**	30 June 2016
Profit before tax	**237.4**	342.0
Add: Net financing costs	**68.6**	75.6
Operating profit	**306.0**	417.6

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

The following table provides a reconciliation of operating profit margin:

In millions of euros	**30 June 2017**	30 June 2016
Revenue	**1,048.7**	956.8
Operating profit	**306.0**	417.6
Operating profit margin (%)	**29.2%**	43.6%

4) Net debt to EBITDA ratio

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

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

In millions of euros	**30 June 2017**	31 December 2016
Net debt	**4,013.2**	3,839.9
EBITDA	**1,438.8***	1,451.5
Net debt to EBITDA ratio	**2.79 times**	2.65 times

* EBITDA for the net debt to EBITDA ratio purposes was calculated as follows:

In millions of euros	
EBITDA as at 30 June 2017	687.1
Add: EBITDA as at 31 December 2016	1,451.5
Less: EBITDA as at 30 June 2016	699.8
EBITDA	**1,438.8**

5) Free cash flow before financing activities

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

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

In millions of euros	**30 June 2017**	30 June 2016
Net cash generated by operating activities	**635.1**	566.8
Add: Net cash absorbed by investing activities	**(259.9)**	(286.8)
Free cash flow before financing activities	**375.2**	280.0

Note 3 - Estimates

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Impairment charge for space segment assets

During 2017, the total amount of the impairment charge for space segment assets recorded by the group was EUR 40.3 million, mainly related to the AMC-9 satellite (EUR 38.4 million). The AMC-9 impairment charge was a result of a significant anomaly on the satellite, bringing the net book value of this satellite to zero. There was no impairment recorded during the six-month period ended 30 June 2016 on space segment assets.

Note 4 - Business combinations

Acquisition of RR Media Ltd ('RR Media')

Details of this business combination, including provisional amounts of the net assets acquired and goodwill, were disclosed in note 3 of the group's consolidated financial statements for the year ended 31 December 2016.

Based on information subsequently obtained regarding facts and circumstances that existed as of the acquisition date, the group has finalised the purchase price allocation for the acquisition of RR Media. The fair value of the net assets acquired has been adjusted in order to include additional provisions related to legal and regulatory matters prevailing at the date of acquisition. Details of the purchase consideration, as well as a reconciliation of the carrying amount of goodwill are as follows:

Purchase consideration

In millions of euros	
Cash paid	216.0
Total consideration	**216.0**

Goodwill

In millions of euros	
At 6 July 2016 (acquisition date)	128.6
Exchange rate differences	6.6
At 31 December 2016	**135.2**
Increase in provisions	3.9
Exchange rate differences	(10.7)
At 30 June 2017	**128.4**

Acquisition of O3b Networks Limited ('O3b')

Details of this business combination were disclosed in note 3 of the group's consolidated financial statements for the year ended 31 December 2016. The purchase price allocation for the acquisition of O3b remains preliminary as the group is still verifying that it has obtained all information about facts and circumstances that existed as of the acquisition date. No modifications to the purchase consideration, or to the provisional amounts of the net assets acquired and goodwill, occurred in the six months ended 30 June 2017.

Note 5 - Segmental information

When analysing the performance of the operating segment, the comparative prior year figures are analysed as reported and at 'constant FX' - recomputed using the exchange rates applying for each month in the current period.

The performance of the operating segment is, as well, analysed on a ‘like-for like' basis with comparative figures restated at constant FX, to neutralise currency variations, and assuming that RR Media and O3b had been consolidated from 1 January 2016.

The financial results for the six month period ended 30 June 2017 for the SES satellite operations operating segment, and the comparative prior period figures at constant FX, are set out below:

	Six month period ended 30 June		
In millions of euros	**2017**	2016	Change Favourable + / Adverse
Revenue	**1,048.7**	956.8	+9.6%
Operating expenses	**(361.6)**	(257.0)	-40.7%
EBITDA	**687.1**	699.8	-1.8%
EBITDA margin (%)	**65.5%**	73.1%	-7.6 pts
Depreciation and impairment	**(342.0)**	(251.0)	-36.2%
Amortisation	**(39.1)**	(31.2)	-25.8%
Operating profit	**306.0**	417.6	-26.7%

	Six month period ended 30 June		
In millions of euros	**2017**	Constant FX 2016	Change Favourable + / Adverse
Revenue	**1,048.7**	968.6	+8.3%
Operating expenses	**(361.6)**	(260.7)	-38.7%
EBITDA	**687.1**	707.9	-2.9%
EBITDA margin (%)	**65.5%**	73.1%	-7.6 pts
Depreciation and impairment	**(342.0)**	(255.2)	-34.0%
Amortisation	**(39.1)**	(31.2)	-25.3%
Operating profit	**306.0**	421.5	-27.4%

	Six month period ended 30 June		
In millions of euros	**2017**	Like-for-like Constant FX 2016 (proforma)*	Change Favourable + / Adverse
Revenue	**1,048.7**	1,064.2	-1.5%
Operating expenses	**(361.6)**	(357.3)	-1.2%
EBITDA	**687.1**	706.9	-2.8%
EBITDA margin (%)	**65.5%**	66.4%	-0.9 pts
Depreciation	**(342.0)**	(342.8)	+0.2%
Amortisation	**(39.1)**	(31.2)	-25.3%
Operating profit	**306.0**	332.9	-8.1%

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

	Six month period ended 30 June		
In millions of euros	Constant FX 2016	Contribution from RR Media and O3b	Like-for-like Constant FX 2016 (proforma)*
Revenue	968.6	95.6	1,064.2
Operating expenses	(260.7)	(96.6)	(357.3)
EBITDA	707.9	(1.0)	706.9
Depreciation	(255.2)	(87.6)	(342.8)
Amortisation	(31.2)	-	(31.2)
Operating profit	421.5	(88.6)	332.9

* not reviewed

Note 6 - Fair value management of financial instruments

The interim condensed consolidated financial statements do not include all fair value management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2016.

The group uses the following hierarchy levels for determining the fair value of financial instruments by valuation technique:

1) Quoted prices in active markets for identical assets or liabilities (Level 1);

2) Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly (Level 2);

3) Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (Level 3).

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

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

The following table presents the group's financial assets and liabilities that are measured at fair value as at 30 June 2017.

As at 30 June 2017

Assets *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives used for hedging				
Forward currency exchange contracts and interest rate swaps	-	3.2	-	3.2
Total	**-**	**3.2**	**-**	**3.2**

As at 31 December 2016

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

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

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

In millions of euros	**30 June 2017** Fair value asset	Fair value liability	31 December 2016 Fair value asset	Fair value liability
Derivatives used for hedging:	**3.2**	-	-	1.0
Forward currency exchange contracts	3.2	-	-	1.0
Total valuation of financial derivatives	3.2	-	-	1.0
Of which: Non-current	-	-	-	-
Of which: Current	3.2	-	-	1.0

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following category of financial instruments at 30 June 2017:

Borrowings: *In millions of euros*	Carrying amount	Fair value
Eurobond 2018 (EUR 500 million)	497.5	509.7
Eurobond 2020 (EUR 650 million)	648.0	723.5
Eurobond 2021 (EUR 650 million)	647.4	748.0
US Bond 2019 (USD 500 million)	436.2	435.8
US Bond 2023 (USD 750 million)	655.3	665.2
US Bond 2043 (USD 250 million)	213.3	197.2
US Bond 2044 (USD 500 million)	426.9	397.4
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	139.5	167.8
US Ex-Im	46.0	46.9
Coface	273.5	273.5
German Bond 2032 (EUR 50 million)	49.8	59.1
Fixed Term Loan Facility (LuxGovSat)	114.6	133.4
Commerical papers	100.0	100.0
Total borrowings	4,248.0	4,457.5

Note 7 - Dividends declared and paid during the period

In millions of euros	Six month period ended 30 June **2017**[2]	2016[1]
Class A dividend (2016: EUR 1.34, 2015: EUR 1.30)	**452.8**	398.6
Class B dividend (2016: EUR 0.54, 2015: EUR 0.52)	**102.8**	89.3
Total dividends declared and paid during the period	**555.6**	487.9

[1] Net of withholding tax of EUR 48.0 million paid in April 2016

[2] Net of withholding tax of EUR 61.0 million not yet paid

Note 8 - Shareholders' equity

Perpetual bonds

Coupon payments in respect of the two perpetual bonds issued in 2016 (disclosed in Note 21 of the group's consolidated financial statements) occurred on 2 January 2017 in amount of EUR 19.5 million and 31 January 2017 in amount of EUR 5.2 million and have been deducted from 'Other reserves'.

Note 9 - Income tax expense

In April 2017 the Superior Court in Brazil issued an irrevocable decision that withholding tax is not applicable on payments from Brazil for the provision of satellite capacity. As a result, the group recorded during the period an income tax benefit amounting to EUR 50.3 million in respect of the expected refund of withholding tax paid in Brazil during the period 2008 to 2017 and related interest, presented as income tax receivable.

During the period, a provision amounting to EUR 20.9 million related to Extra-Territorial Income benefit at the level of the US subsidiaries has been released following the completion of the 2014 tax audit by the Internal Revenue Service.

Note 10 - Earnings per share

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

For the period ended 30 June 2017, basic earnings per share of EUR 0.56 per Class A share (30 June 2016: EUR 0.55), and EUR 0.22 per Class B share (30 June 2016: EUR 0.22) have been calculated on the following basis:

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

In millions of euros	Six month period ended 30 June	
	2017	2016
Profit attributable to owners of the parent	**275.5**	227.3
Assumed coupon on perpetual bond (net of tax)	**(23.5)**	-
Total	**252.0**	227.3

Assumed coupon accruals of EUR 23.5 million (net of tax) for the period ended 30 June 2017 (2016: nil) related to the perpetual securities issued during 2016 have been considered for the calculation of the basic and diluted earnings available for distribution.

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

	Six month period ended 30 June	
	2017	2016
Class A shares (in million)	**376.9**	345.5
Class B shares (in million)	**191.7**	175.7
Total	**568.6**	521.2

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

For the period ended 30 June 2017, diluted earnings per share of EUR 0.55 per Class A share (30 June 2016: EUR 0.55), and EUR 0.22 per Class B share (30 June 2016: EUR 0.22) have been calculated on the following basis:

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

In millions of euros	Six month period ended 30 June	
	2017	2016
Profit attributable to owners of the parent	**275.5**	227.3
Assumed coupon on perpetual bond (net of tax)	**(23.5)**	-
Total	**252.0**	227.3

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

	Six month period ended 30 June	
	2017	2016
Class A shares (in million)	**378.1**	345.5
Class B shares (in million)	**191.7**	175.7
Total	**569.8**	521.2

Note 11 - Related party transactions

No related party transactions have occurred during the six month period ended 30 June 2017 which have a significant impact on the financial position or results of the group.

Note 12 - Post balance sheet events

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

SES, Société Anonyme
Château de Betzdorf
L-6815 Luxembourg
Registre de Commerce
RCS Luxembourg B 81.267
Tel : +352 710 7251
Fax : +352 710 725 309
www.ses.com