SES
Société Anonyme
Château de Betzdorf
L-6815 Betzdorf

RCS Luxembourg B 81267

Consolidated financial statements as at and for the year ended 31 December 2020 and Independent auditor's report

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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 2020, 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 2020;
- 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

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

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 and timing of revenue recognition, 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 (1,876 million EUR for the year ended 31 December 2020) by the users of the consolidated financial statements (see Note 3).

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 any 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 on a sample of revenue transactions;
- We considered the disclosures in Note 3 the consolidated financial statements and assessed their appropriateness.

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

The Group has goodwill of 2,026 million EUR and orbital rights with indefinite useful lives of 1,916 million EUR. An impairment expense of 51 million EUR was recognised for the year ended 31 December 2020 in relation to the goodwill at the level of 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, long-term 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 2021 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 3,770 million EUR as at 31 December 2020. An impairment expense of 229 million EUR and a reversal of impairment expense previously recorded of 46 million EUR were recognised for the year ended 31 December 2020 in relation to several satellites, due to the change in 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, clue 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.

C-band spectrum clearing

The Group has orbital slots license rights over several orbital location over the US. These have been recognised in the consolidated statements of financial position as intangible assets, following past business combinations.

On 3 March 2020, the Federal Communications Commission (the “FCC”) released a Report and Order and Order of Proposed Modification in the matter of Expanding Flexible Use of the 3.7 to 4.2 GHz Band (the “Order”), aimed to change how the C-band may be used in the contiguous United States and to make a part of it available for 5G technology.

As a result of the Order, the Group is required to no longer use the lower 300 MHz of the C-band and to continue its existing operations into the upper 200 MHz of the C-band. Through the provisions of the Order, the FCC seeks to ensure that the Group can continue to maintain comparable service for existing customers and obtain future customers in the upper 200 MHz. Also, transition costs are reimbursed under the condition that the lower 300 MHz of the C-band is successfully cleared by 5 December 2025.

In addition, the Order created a mechanism to provide the Group with an option to clear the spectrum on an accelerated timeline in exchange for accelerated relocation payments. The Group elected to apply for the accelerated relocation, and this was confirmed by the FCC on 2 June 2020. If successful clearing is achieved by the accelerated timeline, the Group is entitled to accelerated relocations payments as follows:

- Phase 1 deadline: 5 December 2021 for the lower 120 MHz of the C-band. If successfully completed, the Group will receive the Accelerated Relocation Phase 1 Payment of 977 million USD;

- Phase 2 deadline: 5 December 2023 for the remaining portion of the lower 300 MHz of the C- band. If successfully completed, the Group will receive of 2,991 million USD.

We focused on this area due to the complex and specific nature of the transaction and the significant judgments required in applying the applicable accounting framework to the specific recognition and measurement considerations (see Note 33).

How our audit addressed the key audit matter

- We held discussions with Management to understand the C-band spectrum clearing transaction and to identify and evaluate all the accounting impacts on the consolidated financial statements;

- We assessed Management’s position that recognition and measurement of income and expenses related to C-band spectrum clearing, as well as accelerated relocation payments are recorded in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance;

- We assessed Management’s position that it is appropriate to recognise capital expenditure reimbursments related to the new satellites and new ground assets and other income related to the reimbursements of costs at the time when they are reasonably assured;

- We considered the appropriateness of the disclosures in note 33 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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" by the General Meeting of the Shareholders on 2 April 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 February 2021

François Mousel

Consolidated income statement
For the year ended 31 December 2020

In millions of euros		**2020**	2019
Revenue	Note 3	**1,876**	1,984
C-band repurposing income	Note 33	**10**	-
Cost of sales	Note 4	**(291)**	(269)
Staff costs	Note 4	**(330)**	(312)
Other operating expenses	Note 4	**(186)**	(186)
Operating expenses	Note 4	**(807)**	(767)
EBITDA		**1,079**	1,217
Depreciation expense	Note 12	**(625)**	(664)
Property, plant and equipment impairment	Note 12	**(183)**	(33)
Amortisation expense	Note 14	**(95)**	(90)
Intangible assets impairment	Note 14	**(94)**	(64)
Operating profit	Note 3	**82**	366
Net financing costs	Note 6	**(184)**	(166)
Profit/(loss) before tax		**(102)**	200
Income tax benefit	Note 7	**7**	76
Profit/(loss) after tax		**(95)**	276
Profit/(loss) for the year		**(95)**	276
Attributable to:			
Owners of the parent		**(86)**	296
Non-controlling interests		**(9)**	(20)
		(95)	276
Basic and diluted earnings/(loss) per share (in euro)			
Class A shares	Note 10	**(0.30)**	0.54
Class B shares	Note 10	**(0.12)**	0.22

Adjusted EBITDA		**1,152**	1,238
C-band repurposing income	Note 33	**10**	-
C-band operating expenses	Note 33	**(43)**	-
Restructuring expenses	Note 24	**(40)**	(21)
EBITDA		**1,079**	1,217

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

Consolidated statement of comprehensive income
For the year ended 31 December 2020

In millions of euros		**2020**	2019
Profit/(loss) for the year		**(95)**	276
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		**(3)**	(1)
Income tax effect		**1**	-
Remeasurements of post-employment benefit obligation, net of tax		**(2)**	(1)
Income tax relating to treasury shares impairment expense or reversal		**6**	6
Total items that will not be reclassified to profit or loss		**4**	5
Items that may be reclassified subsequently to profit or loss			
Impact of currency translation	Note 9	**(624)**	143
Income tax effect	Note 9	**35**	(3)
Total impact of currency translation, net of tax		**(589)**	140
Net investment hedge		**113**	(27)
Income tax effect		**(29)**	7
Total net investment hedge, net of tax		**84**	(20)
Net movements on cash flow hedges, net of tax		**-**	-
Total net movements on cash flow hedges, net of tax		**-**	-
Total items that may be reclassified subsequently to profit or loss		**(505)**	120
Total other comprehensive income/(loss) for the year, net of tax		**(501)**	125
Total comprehensive income/(loss) for the year, net of tax		**(596)**	401
Attributable to:			
Owners of the parent		**(585)**	420
Non-controlling interests		**(11)**	(19)
		(596)	401

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

Consolidated statement of financial position
As at 31 December 2020

In millions of euros		**2020**	2019
Non-current assets			
Property, plant and equipment	Note 12	**4,170**	5,186
Assets in the course of construction	Note 13	**1,651**	924
Total property, plant and equipment		**5,821**	6,110
Intangible assets	Note 14	**4,192**	4,685
Other financial assets		**14**	12
Trade and other receivables	Note 16	**268**	285
Deferred customer contract costs		**9**	18
Deferred tax assets	Note 8	**313**	260
Total non-current assets		**10,617**	11,370
Current assets			
Inventories		**27**	31
Trade and other receivables	Note 16	**488**	590
Deferred customer contract costs		**10**	18
Prepayments		**72**	62
Income tax receivable		**11**	7
Cash and cash equivalents	Note 19	**1,162**	1,155
Total current assets		**1,770**	1,863
Total assets		**12,387**	13,233
Equity			
Attributable to the owners of the parent	Note 20	**5,366**	6,173
Non-controlling interests	Note 21	**72**	83
Total equity		**5,438**	6,256
Non-current liabilities			
Borrowings	Note 23	**3,317**	3,737
Provisions	Note 24	**12**	14
Deferred income	Note 15	**296**	317
Deferred tax liabilities	Note 8	**333**	359
Other long-term liabilities	Note 26	**127**	168
Lease liabilities	Note 29	**25**	30
Fixed assets suppliers	Note 27	**1,310**	623
Total non-current liabilities		**5,420**	5,248
Current liabilities			
Borrowings	Note 23	**613**	691
Provisions	Note 24	**60**	49
Deferred income	Note 15	**454**	467
Trade and other payables	Note 25	**300**	351
Lease liabilities	Note 29	**12**	11
Fixed assets suppliers	Note 27	**67**	135
Income tax liabilities		**23**	25
Total current liabilities		**1,529**	1,729
Total liabilities		**6,949**	6,977
Total equity and liabilities		**12,387**	13,233

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

Consolidated statement of cash flows
For the year ended 31 December 2020

In millions of euros		**2020**	2019
Profit/(loss) before tax		**(102)**	200
Taxes paid during the year		**(31)**	(54)
Interest expense	Note 6	**123**	144
Depreciation, amortisation and impairment	Notes 12, 14	**997**	851
Amortisation of client upfront payments		**(72)**	(88)
Other non-cash items in the consolidated income statement		**76**	43
Consolidated operating profit adjusted for non-cash items and tax payments and before working capital changes		**991**	1,096
Changes in working capital			
(Increase)/decrease in inventories		**(6)**	5
(Increase)/decrease in trade and other receivables		**17**	(64)
(Increase)/decrease in prepayments and deferred charges		**17**	(22)
Increase/(decrease) in trade and other payables		**(73)**	63
Increase in upfront payments and deferred income		**103**	56
Changes in working capital		**58**	38
Net cash generated by operating activities		**1,049**	1,134
Cash flow from investing activities			
Payments for purchases of intangible assets		**(39)**	(26)
Payments for purchases of tangible assets		**(171)**	(279)
Other investing activities		**(7)**	(3)
Net cash absorbed by investing activities		**(217)**	(308)
Cash flow from financing activities			
Proceeds from borrowings	Note 30	**395**	497
Repayment of borrowings	Note 30	**(785)**	(484)
Coupon paid on perpetual bond	Note 20	**(66)**	(66)
Dividends paid on ordinary shares[1]	Note 11	**(182)**	(364)
Interest paid on borrowings		**(152)**	(154)
Payments for acquisition of treasury shares		**(10)**	(50)
Proceeds from treasury shares sold and exercise of stock options		**9**	57
Lease payments	Note 29	**(15)**	(13)
Payment in respect of changes in ownership interest in subsidiaries		**(7)**	-
Net cash absorbed by financing activities		**(813)**	(577)
Net foreign exchange movements		**(12)**	(3)
Net increase in cash		**7**	246
Cash and cash equivalents at beginning of the year	Note 19	**1,155**	909
Cash and cash equivalents at end of the year	Note 19	**1,162**	1,155

[1] Dividends are presented net of dividends received on treasury shares of EUR 2 million (2019: EUR 4 million)

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

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2020

	Attributable to owners of the parent									
In millions of euros	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 2020	**719**	**1,636**	**(90)**	**1,300**	**2,519**	**296**	**(207)**	**6,173**	**83**	**6,256**
Result for the year	-	-	-	-	-	(86)	-	(86)	(9)	**(95)**
Other comprehensive income	-	-	-	-	4	-	(503)	(499)	(2)	**(501)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4**	**(86)**	**(503)**	**(585)**	**(11)**	**(596)**
Allocation of 2019 result	-	-	-	-	296	(296)	-	**-**	-	**-**
Coupon on perpetual bond (Note 20)	-	-	-	-	(66)	-	-	**(66)**	-	**(66)**
Tax on perpetual bond coupon (Note 20)	-	-	-	-	18	-	-	**18**	-	**18**
Dividends provided for or paid[1]	-	-	-	-	(182)	-	-	**(182)**	-	**(182)**
Acquisition of treasury shares	-	-	(10)	-	-	-	-	**(10)**	-	**(10)**
Share-based compensation expense	-	-	-	-	10	-	-	**10**	-	**10**
Exercise of share-based compensation	-	-	7	-	(14)	-	-	**(7)**	-	**(7)**
Sale of treasury shares	-	-	17	-	-	-	-	**17**	-	**17**
Other movements	-	-	-	-	(2)	-	-	**(2)**	-	**(2)**
At 31 December 2020	**719**	**1,636**	**(76)**	**1,300**	**2,583**	**(86)**	**(710)**	**5,366**	**72**	**5,438**

1 Dividends are presented net of dividends received on treasury shares of EUR 2 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 2019

	Attributable to owners of the parent									
In millions of euros	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**	**1,636**	**(132)**	**1,300**	**2,673**	**279**	**(326)**	**6,149**	**102**	**6,251**
Result for the year	-	-	-	-	-	296	-	296	(20)	**276**
Other comprehensive income	-	-	-	-	5	-	119	124	1	**125**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**5**	**296**	**119**	**420**	**(19)**	**401**
Allocation of 2018 result	-	-	-	-	279	(279)	-	**-**	-	**-**
Coupon on perpetual bond (Note 20)	-	-	-	-	(66)	-	-	**(66)**	-	**(66)**
Tax on perpetual bond coupon (Note 20)	-	-	-	-	18	-	-	**18**	-	**18**
Dividends provided for or paid[1]	-	-	-	-	(364)	-	-	**(364)**	-	**(364)**
Acquisition of treasury shares	-	-	(50)	-	-	-	-	**(50)**	-	**(50)**
Share-based compensation expense	-	-	-	-	10	-	-	**10**	-	**10**
Exercise of share-based compensation	-	-	18	-	(36)	-	-	**(18)**	-	**(18)**
Sale of treasury shares	-	-	74	-	-	-	-	**74**	-	**74**
Other movements	-	-	-	-	-	-	-	**-**	-	**-**
At 31 December 2019	**719**	**1,636**	**(90)**	**1,300**	**2,519**	**296**	**(207)**	**6,173**	**83**	**6,256**

1 Dividends are presented net of dividends received on treasury shares of EUR 4 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 financial statements

Notes to the consolidated financial statements
31 December 2020

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 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2021. 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 2020.

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

The consolidated financial statements are presented in euro (EUR). Unless otherwise stated, all amounts are rounded to the nearest million, except share and earnings per share data and audit and non-audit fee disclosures.

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 2020 and adopted by the Group. Any new IFRS amendments, effective from 1 January 2020 and not mentioned below are not applicable to the Group.

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

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 and earlier application is permitted. The adoption of this amendment did not have any impact on the Group's consolidated financial statements.

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 adoption of these amendments did not have any impact on the Group's consolidated financial statements.

4) Amendment to IFRS 16, “Leases” – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. The adoption of this amendment did not have any 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 inter-company transactions. Subsidiaries are fully consolidated from the date the Company obtains control until such time as control ceases. 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 36.

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

An associate is an entity in which the Group has significant influence but not control or joint control. The Group accounts for investments in associates using the equity method of accounting.

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 (Note 12).

(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 (Note 16).

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. Satellite 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 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:

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.

For reimbursable capitalised costs related to the procurement of satellites, launches, and upgraded ground facilities as part of the U.S. C-band repurposing project, the Group applies government grant accounting. The Group records credits to the recorded book values of the related asset when the costs have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. See additional information in Note 33.

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 expenses 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. 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, when the equipment and services are not deemed to be distinct 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 credit losses that would typically be carried for each receivable based on the credit risk class upon the initial recognition of the receivables. Expected lifetime credit losses are estimated based on historical financial information as well as forward-looking data. Additional provisions are recognised when 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 loss expectancy rates. The Group writes off trade receivables when it has no reasonable expectation of recovery. 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 revenue-generating activities 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 goods or services, and;
- the price of the contract increases by an amount of consideration that reflects the stand-alone selling prices of the additional goods or 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 goods or services to be provided to the customer under the modified contract are distinct from those already provided, in which case the modification results in a prospective adjustment to revenue recognition.

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.

Revenue from the sale of equipment

The Group recognises revenue for the sale of equipment when it transfers control of the equipment to the customer, which is typically when the Group transfers title, physical possession, and the significant risks and rewards of the equipment to the customer. The Group's equipment contracts do not typically contain a right of return.

For contracts in which the Group sells both equipment and capacity services, the Group evaluates at contract inception whether the equipment and capacity services represent separate performance obligations. When they represent separate performance obligations, the Group allocates consideration to the equipment and services based on relative standalone selling prices using either an expected cost plus a margin approach or an adjusted market assessment approach. When they do not represent separate performance obligations, the Group records revenue related to the single performance obligation over the contract period.

For equipment sales requiring the Group to perform significant integration, modification, or customisation of equipment, the Group recognises revenue over time if the equipment does not have an alternative use and the Group has an enforceable right to payment for performance completed to date. For these projects, the Group recognises revenue over time on a basis reflecting the costs incurred to date relative to the total costs expected to be incurred because costs incurred best reflect the pattern of transfer of control of the asset to the customer.

The Group may offer warranties on equipment. For warranties that are separately priced or offered as extended warranties, the Group recognises revenue on a straight-line basis over the duration of the warranty period. Using a straight-line measure of progress most faithfully depicts the Group's performance due to the nature of the Group's stand ready obligation during the warranty period. The Group also offers standard warranties with contract durations that are typically one year and represent assurance-type warranties. Standard warranties do not represent performance obligations that are separate from the related equipment, and revenue related to standard warranties is recognised at the same time as the related equipment.

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.

Revenue generated by 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 because costs incurred best reflect the pattern of transfer of control of the services to the customer.

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.

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.

C-band repurposing income

Income arising from settlements from the Relocation Payment Clearinghouse are recognised when the expenses have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement. The Group believes it obtains such reasonable assurance when either the Relocation Payment Clearinghouse validates the costs as being reimbursable or the costs fall within cost ranges for the applicable costs as published by the Federal Communications Commission (“FCC”) in a cost catalogue. More details are given in Note 33.

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 its 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. Our contracts at times contain prepayment terms that range from one month in advance to one year in advance of providing the service. Since the period of time between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service is one year or less, the Group does not make an adjustment to the transaction price for the effects of a significant financing component.

The unbilled portion of recognised revenues is recorded as a contract asset and presented as ‘unbilled accrued revenue’ within ‘Trade and other receivables’, allocated between current and non-current as appropriate.

Customer payments are generally due in advance or by the end of the month of capacity service.

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. The functional currency of all the significant subsidiaries is the local currency, except for SES Satellites Leasing Ltd, O3b Sales B.V. and New Skies Satellites B.V. whose functional currency is the US dollar.

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 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:

	Average rate for 2020	**Closing rate for 2020**	Average rate for 2019	Closing rate for 2019
USD	**1.1384**	**1.2271**	1.1213	1.1234

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 cease 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 asset; 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 the 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 2021, and have not been early adopted in preparing these consolidated financial statements:

1) **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 2023. The amendment was not yet endorsed by the EU. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

2) **Amendment to IFRS 3, IAS 16, IAS 37**

Amendments to IFRS 3, "Business combinations" update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, "Property, plant and equipment" prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, "Provisions, contingent liabilities and contingent assets" specify which costs a company includes when assessing whether a contract will be loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments were not yet endorsed by the EU. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

3) **Amendments to IFRS 4 "Insurance contracts – deferral of IFRS 9"**

The amendments extend the expiry date of the temporary exemption from applying IFRS 9 from 1 January 2021 to 1 January 2023 to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts. The amendments were endorsed by the EU and are effective for annual periods beginning on or after 1 January 2021. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

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 2020 are set out below:

In millions of euros	**2020**	2019	Change Favourable +/- Adverse
Revenue	**1,876**	1,984	-5.4%
C-band repurposing income	**10**	-	N/m
Operating expenses	**(807)**	(767)	-5.2%
EBITDA	**1,079**	1,217	-11.3%
EBITDA margin (%)	**57.2%**	61.3%	-3.8% pts
Depreciation and impairment	**(808)**	(697)	-15.9%
Amortisation and impairment	**(189)**	(154)	-22.7%
Operating profit	**82**	366	-77.6%

Adjusted EBITDA	**1,152**	1,238	-6.9%
Adjusted EBITDA margin	**61.4%**	62.4%	-1.0% pts
C-band repurposing income	**10**	-	N/m
C-band operating expenses	**(43)**	-	N/m
Restructuring expenses	**(40)**	(21)	-90.5%
EBITDA	**1,079**	1,217	-11.3%

In millions of euros	**2020**	Constant FX 2019	Change Favourable +/- Adverse
Revenue	**1,876**	1,964	-4.5%
C-band repurposing income	**10**	-	N/m
Operating expenses	**(807)**	(760)	-6.2%
EBITDA	**1,079**	1,204	-10.4%
EBITDA margin (%)	**57.2%**	61.3%	-3.8% pts
Depreciation and impairment	**(808)**	(688)	-17.4%
Amortisation and impairment	**(189)**	(148)	-27.7%
Operating profit	**82**	368	-77.7%

Adjusted EBITDA	**1,152**	1,224	-5.9%
Adjusted EBITDA margin	**61.4%**	62.3%	-0.9% pts
C-band repurposing other income	**10**	-	N/m
C-band operating expenses	**(43)**	-	N/m
Restructuring expenses	**(40)**	(20)	-100%
EBITDA	**1,079**	1,204	-10.4%

Revenue by business unit

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

In millions of euros	**2020**	2019	Constant FX 2019	Change Favourable + /- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	**1,108**	1,213	1,208	-8.6%	-8.3%
Underlying [1]	***1,108***	*1,210*	*1,205*	*-8.4%*	*-8.0%*
Periodic [2]	***-***	*3*	*3*	*N/m*	*N/m*
SES Networks	**767**	762	747	+0.6%	+2.6%
Underlying [1]	***759***	*734*	*720*	*+3.4%*	*+5.3%*
Periodic [2]	***8***	*28*	*27*	*-71.5%*	*-70.3%*
Sub-total	**1,875**	**1,975**	**1,955**	**-5.1%**	**-4.1%**
Underlying [1]	***1,867***	*1,944*	*1,925*	*-4.0%*	*-3.0%*
Periodic [2]	***8***	*31*	*30*	*-74.3%*	*-73.3%*
Other [3]	**1**	9	9	*N/m*	*N/m*
Group Total	**1,876**	**1,984**	**1,964**	**-5.4%**	**-4.5%**

In millions of euros	**2019**	2018	Constant FX 2018	Change Favourable + /- Adverse	Change Favourable +/- Adverse (constant FX)
SES Video	**1,213**	1,306	1,326	-7.1%	-8.5%
Underlying [1]	***1,210***	*1,292*	*1,312*	*-6.4%*	*-7.8%*
Periodic [2]	***3***	*14*	*14*	*-76.1%*	*-76.2%*
SES Networks	**762**	696	727	+9.5%	+4.7%
Underlying [1]	***734***	*671*	*702*	*+9.4%*	*+4.5%*
Periodic [2]	***28***	*25*	*25*	*+13.4%*	*+10.7%*
Sub-total	**1,975**	**2,002**	**2,053**	**-1.3%**	**-3.8%**
Underlying [1]	***1,944***	*1,963*	*2,014*	*-1.0%*	*-3.5%*
Periodic [2]	***31***	*39*	*39*	*-19.3%*	*-20.8%*
Other [3]	**9**	8	9	+2.4%	-1.2%
Group Total	**1,984**	**2,010**	**2,062**	**-1.3%**	**-3.8%**

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:

2020 *In millions of euros*	**Revenue recognised at a point in time**	**Revenue recognised over time**	**Total**
Revenue from contracts with customers	**20**	**1,816**	**1,836**
Lease income	**-**	**40**	**40**
Total	**20**	**1,856**	**1,876**

2019 *In millions of euros*	**Revenue recognised at a point in time**	**Revenue recognised over time**	**Total**
Revenue from contracts with customers	17	1,916	1,933
Lease income	-	43	43
Other income	8	-	8
Total	25	1,959	1,984

Revenue from contracts with customers recognised at a point in time is related to sales of equipment or transponders and amounts to EUR 20 million in 2020 (2019: EUR 17 million).

Remaining performance obligations

Our remaining performance obligations, which the Group refers to as revenue "backlog," represent our expected future revenues under existing customer contracts and include both cancellable and non-cancellable contracts. Our backlog was EUR 6.1 billion as of December 31, 2020, EUR 5.6 billion of which related to our 'protected' backlog and EUR 0.5 billion of which related to our 'unprotected' backlog. Approximately 28% of the backlog is expected to be recognised as revenue in 2021, approximately 17% in 2022, and approximately 14% in 2023, with the remaining thereafter.

Protected backlog includes non-cancellable contracts and cancellable contracts with substantive termination fees. For contracts with termination options that do not have substantive termination fees, protected backlog also includes contract periods up to the first optional termination date. Unprotected backlog includes revenue from contracts that are cancellable and not subject to substantive termination fees.

Revenue by country

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

In millions of euros	**2020**	2019
Luxembourg (SES country of domicile)	**54**	60
United States of America	**590**	629
Germany	**368**	385
United Kingdom	**232**	253
France	**94**	91
Others - Europe	**196**	202
Others	**342**	364
Total	**1,876**	1,984

No single customer accounted for 10%, or more, of total revenue in 2020, or 2019.

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.

In millions of euros	**2020**	2019
Luxembourg (SES country of domicile)	**4,754**	4,821
United States of America	**2,808**	2,790
The Netherlands	**1,183**	1,512
Isle of Man	**900**	1,178
Sweden	**160**	163
Germany	**48**	98
Israel	**30**	84
Others	**130**	149
Total	**10,013**	10,795

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 expenditures which generally vary directly with revenue. They are incurred in order to deliver services to customers and include a variety of expenses such as rental of third-party satellite capacity, third-party teleports, connectivity, equipment and equipment rental, customer support costs, such as hosting, monitoring, implementation, engineering work as well as commissions. Other cost of sales, detailed below include an amount of EUR 12 million (2019: nil), C-band related expenses (Note 33).

In millions of euros	**2020**	2019
Rental of third-party satellite capacity	**(82)**	(75)
Customer support costs	**(55)**	(39)
Other cost of sales	**(154)**	(155)
Total cost of sales	**(291)**	(269)

2) Staff costs of EUR 330 million (2019: EUR 312 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 38 million (2019: EUR 14 million) and C-band related expenses of EUR 15 million (2019: nil). At the year-end the total full-time equivalent number of members of staff is 2,095 (2019: 2,159).

3) Other operating expenses in the amount of EUR 186 million (2019: EUR 186 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 2 million (2019: EUR 7 million) restructuring charges in connection with charges associated with the Group's ongoing optimisation programme (Note 24) and as well an amount of EUR 16 million (2019: nil) C-band related expenses (Note 33).

Note 5 - Audit and non-audit fees

For 2020 and 2019 the Group has recorded charges, billed and accrued, from its independent auditors and affiliated companies thereof, as set out below:

In millions of euros	**2020**	2019
Fees for statutory audit of annual and consolidated accounts	**2.2**	2.3
Fees charged for other assurance services	**0.1**	0.2
Fees charged for other non-audit services	**-**	-
Total audit and non-audit fees	**2.3**	2.5

'Other assurance services' represent primarily comfort letters issued in connection with treasury funding operations and interim dividends reviews.

Note 6 - Finance income and costs

In millions of euros	**2020**	2019
Finance income		
Interest income	**1**	4
Net foreign exchange gains[1]	**-**	3
Total	**1**	7
Finance costs		
Interest expense (excluding amounts capitalised)	**(123)**	(144)
Loan fees and origination costs and other	**(30)**	(29)
Net foreign exchange losses[1]	**(32)**	-
Total	**(185)**	(173)

[1] Net foreign exchange gains/losses 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:

In millions of euros	**2020**	2019
Current income tax		
Current income tax charge on result of the year	**(38)**	(86)
Adjustments in respect of prior periods	**(4)**	12
Foreign withholding taxes	**(9)**	(6)
Total current income tax	**(51)**	(80)
Deferred income tax		
Relating to origination and reversal of temporary differences	**73**	101
Relating to tax losses carried forward	**7**	38
Changes in tax rate	**(12)**	17
Adjustment of prior years	**(10)**	-
Total deferred income tax	**58**	156
Income tax benefit per consolidated income statement	**7**	76
Consolidated statement of changes in equity		
Current and Deferred Income tax related to items (charged) or credited directly in equity		
Post-employment benefit obligation	**1**	-
Impact of currency translation	**35**	(3)
Net investment hedge - current tax	**(29)**	7
Tax impact of the treasury shares impairment recorded in the stand-alone financial statements	**6**	6
Tax impact on perpetual bond	**18**	18
Current and deferred income taxes reported in equity	**31**	28

A reconciliation between the income tax benefit and the profit before tax of the Group multiplied by a theoretical tax rate of 25.69% (2019: 25.69%) which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2020 is as follows:

In millions of euros	**2020**	2019
Profit/(loss) before tax from continuing operations	**(102)**	200
Multiplied by theoretical tax rate	**(26)**	51
Effect of different foreign tax rates	**4**	(19)
Investment tax credits	**(64)**	(72)
Tax exempt income	**-**	1
Non-deductible expenditures	**9**	4
Taxes related to prior years	**4**	(5)
Effect of changes in tax rate	**15**	(20)
Other changes in group tax provision not included in separate lines	**-**	(2)
Impairment on investments in subsidiaries and other assets	**14**	(25)
Impact of deferred taxes	**31**	4
Foreign withholding taxes	**9**	6
Other	**(3)**	1
Income tax reported in the consolidated income statement	**(7)**	(76)

Effect of changes in tax rate

During 2020, the reduction of the general Dutch corporate income tax rate from 25% to 21.7% as of 1 January 2021 which had been adopted in 2019 was cancelled and the deferred tax assets and liabilities balances have been re-measured. The total impact of re-measurement was an income tax expense of EUR 15 million. 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 9 million includes a provision of EUR 4 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 5 million mainly relates to the provision for Brazilian withholding tax and withholding tax charge withheld by our customers in various jurisdictions

Investment tax credits

In 2020, the continuing investment in the O3b mPOWER and SES-17 procurements triggered the recognition of deferred tax assets for investment tax credits of EUR 55 million (2019: EUR 43 million) and EUR 6 million respectively (2019: EUR 28 million). The remaining EUR 3 million of deferred tax assets for investment tax credits was recognised in connection with other investments by Group companies in Luxembourg.

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 26 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 additional amount of EUR 4 million was reversed during 2020 (2019: EUR 5 million).

Impairment on subsidiaries and other assets

The impairment expense of EUR 64 million (2019: EUR 154 million) taken on the carrying value of subsidiary investments held by entities in Luxembourg resulted in a positive effective tax rate 'ETR' impact of EUR 17 million (2019: EUR 40 million).

The impairment expense of EUR 47 million (2019: EUR 64.0 million) relating to the goodwill booked in a German entity of the MX1 CGU resulted in a negative ETR impact of EUR 12 million (2019: EUR 14 million).

The impairment expense of EUR 72 million (2019: nil) on satellites owned by SES Satellites Leasing Ltd resulted in a negative ETR impact of EUR 19 million (2019: nil).

Note 8 - Deferred income tax

The deferred taxes positions included in the consolidated financial statements can be analysed as follows:

In millions of euros	**Deferred tax assets 2020**	Deferred tax assets 2019	**Deferred tax liabilities 2020**	Deferred tax liabilities 2019
Losses carried forward	**73**	71	**-**	-
Tax credits	**227**	168	**-**	-
Intangible assets	**27**	31	**(219)**	(207)
Tangible assets	**-**	-	**(123)**	(169)
Trade receivables	**13**	23	**-**	-
Other	**9**	9	**(27)**	(25)
Total deferred tax assets/(liabilities)	**349**	302	**(369)**	(401)
Offset of deferred taxes	**(36)**	(42)	**36**	42
Net deferred tax assets/(liabilities)	**313**	260	**(333)**	(359)

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 2020 the Group did not recognize any additional deferred tax assets for tax losses carried forward in Luxembourg (2019: EUR 29 million). Tax losses can be carried forward in Luxembourg for 17 years. 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 for the remaining tax losses carried forward are recoverable (EUR 34 million).

As a result of management's analysis of the recoverability of the deferred tax asset for Germany, an amount of EUR 10 million was reversed during 2020.

In addition to the recoverable tax losses for which the Group has recognised deferred tax assets, the Group has further tax losses of EUR 497 million as at 31 December 2020 (31 December 2019: EUR 437 million) which are available for offset against future taxable profits of the companies in which the losses arose. EUR 431 million (31 December 2019: 395 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:

Deferred tax assets	**Losses carried forward**	**Tax credits**	**Intangible assets**	**Receivables**	**Other**	**Total**
At 1 January 2019	**32**	**97**	**38**	**18**	**9**	**194**
(Charged)/credited to the income statement	39	71	(8)	5	-	107
Charged directly to equity	-	-	-	-	-	-
Exchange difference[1]	-	-	-	-	1	1
At 31 December 2019	**71**	**168**	**30**	**23**	**10**	**302**
(Charged)/credited to the income statement	3	60	(4)	(9)	1	51
Charged directly to equity	-	-	-	-	1	1
Exchange difference[1]	(2)	-	-	(1)	(2)	(5)
At 31 December 2020	**72**	**228**	**26**	**13**	**10**	**349**

Deferred tax liabilities	Intangible assets	Tangible assets	Other	Total
At 1 January 2019	**216**	**213**	**15**	**444**
Charged/(credited) to the income statement	(13)	(46)	10	(49)
Exchange difference[1]	4	2	-	6
At 31 December 2019	**207**	**169**	**25**	**401**
Charged/(credited) to the income statement	29	(38)	2	(7)
Exchange difference[1]	(17)	(8)	-	(25)
At 31 December 2020	**219**	**123**	**27**	**369**

[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 30 million as at 31 December 2020 (2019: EUR 6 million)

Note 9 - Components of other comprehensive income

In millions of euros	**2020**	2019
Impact of currency translation	**(624)**	143
Income tax effect	**35**	(3)
Total impact of currency translation, net of tax	**(589)**	140

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 loss in 2020 of EUR 624 million (2019: unrealised gain of EUR 143 million) reflects the impact on the valuation of SES's net US dollar assets due to the weakening of the US dollar against the euro from 1.2271 to 1.1234 (2019: 1.1450 to 1.1234). 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 or loss 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 2020, basic loss per share of EUR (0.30) per Class A share (2019: earnings per share of EUR 0.54), and EUR (0.12) per Class B share (2019: earnings per share of 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:

In millions of euros	**2020**	2019
Profit attributable to owners of the parent	**(86)**	296
Assumed coupon on perpetual bond (net of tax)	**(49)**	(49)
Total	**(135)**	247

Assumed coupon accruals of EUR 49 million (net of tax) for the year ended 31 December 2020 (2019: EUR 49 million) related to the perpetual bonds issued during 2016 have been considered for the calculation of the basic and diluted earnings available for distribution.

The weighted average number of shares based on the capital structure of the Company as described in Note 20, net of own shares held, for calculating basic earnings per share was as follows:

	2020	2019
Class A shares (in million)	**378.4**	378.0
Class B shares (in million)	**191.7**	191.7
Total	**570.1**	569.7

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 2020, diluted loss per share of EUR (0.30) per Class A share (2019: earnings per share of EUR 0.54), and EUR (0.12) per Class B share (2019: earnings per share of EUR 0.22) have been calculated on the following basis:

In millions of euros	**2020**	2019
Profit attributable to owners of the parent	**(86)**	296
Assumed coupon on perpetual bond (net of tax)	**(49)**	(49)
Total	**(135)**	247

The weighted average number of shares, net of own shares held, for calculating diluted earnings per share was as follows:

	2020	2019
Class A shares (in million)	**381.3**	379.6
Class B shares (in million)	**191.7**	191.7
Total	**573.0**	571.3

Note 11 - Dividends paid and proposed

Dividends declared are paid net of any withholding tax (2020: EUR 20 million, 2019: EUR 37 million).

Dividends declared and paid during the year:

In millions of euros	**2020**	2019
Class A dividend for 2019: EUR 0.40 (2018: EUR 0.80)	**153**	307
Class B dividend for 2019: EUR 0.16 (2018: EUR 0.32)	**31**	61
Total	**184**	368

Dividends proposed for approval at the annual general meeting to be held on 1 April 2021, which are not recognised as a liability as at 31 December 2020:

In millions of euros	**2021**	2020
Class A dividend for 2020: EUR 0.40 (2019: EUR 0.40)	**153**	153
Class B dividend for 2020: EUR 0.16 (2019: EUR 0.16)	**31**	31
Total	**184**	184

Note 12 - Property, plant and equipment

In millions of euros	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2020	**290**	**12,054**	**834**	**215**	**13,393**
Additions	5	-	8	2	15
Disposals	(2)		(1)	(1)	(4)
Retirements[1]	(6)	(285)	(1)	(2)	(294)
Transfers from assets in course of construction (Note 13)	3	-	15	23	41
Transfers between categories	-	-	1	(1)	-
Impact of currency translation	(12)	(678)	(45)	(7)	(742)
As at 31 December 2020	**278**	**11,091**	**811**	**229**	**12,409**

In millions of euros	Land and Buildings	Space Segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Depreciation					
As at 1 January 2020	**(178)**	**(7,335)**	**(536)**	**(158)**	**(8,207)**
Depreciation	(21)	(527)	(57)	(20)	(625)
Impairment expense	-	(229)	-	-	(229)
Impairment reversal		46			46
Disposals	-	-	1	1	2
Retirements[1]	6	285	1	2	294
Impact of currency translation	7	439	29	5	480
As at 31 December 2020	**(186)**	**(7,321)**	**(562)**	**(170)**	**(8,239)**
Net book value as at 31 December 2020	**92**	**3,770**	**249**	**59**	**4,170**

1 Satellites AMC-7 and ASTRA 1F were retired in 2020

In millions of euros	Land and buildings	Space segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Cost					
As at 1 January 2019	**282**	**11,676**	**752**	**200**	**12,910**
Additions	12	9[1]	9	6	36
Disposals	(8)	(15)[2]	(3)	(2)	(28)
Retirements	-	(361)[3]	(3)	(2)	(366)
Transfers from assets in course of construction (Note 13)	-	599[4]	67	8	674
Transfers from intangible assets	-	-	5	2	7
Transfers between categories	1	(2)	(1)	2	-
Impact of currency translation	3	148	8	1	160
As at 31 December 2019	**290**	**12,054**	**834**	**215**	**13,393**

In millions of euros	Land and Buildings	Space Segment	Ground Segment	Other fixtures and fittings, tools and equipment	Total
Depreciation					
As at 1 January 2019	**(163)**	**(7,028)**	**(473)**	**(140)**	**(7,804)**
Depreciation	(18)	(561)	(64)	(21)	(664)
Impairment expense	-	(33)	-	-	(33)
Disposals	4	15[2]	3	2	24
Retirements	-	361[3]	3	2	366
Impact of currency translation	(1)	(89)	(5)	(1)	(96)
As at 31 December 2019	**(178)**	**(7,335)**	**(536)**	**(158)**	**(8,207)**
Net book value as at 31 December 2019	**112**	**4,719**	**298**	**57**	**5,186**

1 Addition of 17 AMC-8 transponders (including EUR 6 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

The Group's policy in setting the useful economic life of its satellites is to initially use the design life and then, once sufficient time has passed to allow for any initial anomalies to be investigated and future fuel projections to be stabilised, to adjust the depreciation life to take into account factors such as the technical condition of the satellite, its projected remaining fuel life, and replacement or redeployment plans, if any.

The review in 2020 resulted in revisions to the remaining useful economic lives of four GEO satellites and five MEO satellites resulting in a net decrease in the depreciation expense for the year of EUR 17 million. The impact of the changes to the four GEO satellites was a decrease of EUR 5 million and the impact of the changes to the five MEO satellites was a net decrease of EUR 12 million. The corresponding review in 2019 resulted in revisions to the useful economic lives of four GEO satellites with a net decrease in the depreciation expense for the year of EUR 8 million.

As at 31 December 2020, the amount of the property, plant and equipment pledged in relation to the Group's liabilities is nil (2019: nil). For further information related to right-of-use assets, see Note 29.

Impairment of space segment assets

In 2020, the net impairment expense for space segment assets recorded was EUR 183 million (2019: EUR 33 million), comprising impairment expenses of EUR 229 million offset by impairment reversals of EUR 46 million. The charges and reversals are the aggregation of impairment testing procedures on specific satellites, or combinations of co-located satellites, in the Group's geostationary fleet.

The following table discloses the applicable amounts and discount rates used in the impairment test for those geostationary satellites subject to impairment expenses or reversals during the year.

In millions of euros	Carrying value	Value in use	Discount rate	Impairment expense
2020 – Expense	814	585	5.8% - 7.1%	229
2020 – Reversal	140	186	5.8% - 7.1%	(46)
2020 – Net impact				183
2019	285	252	6.3% - 8.1%	33

The impairment expenses and reversals recorded reflect updated business assumptions for the satellites through to the end of their useful economic lives. In general, these updated assumptions reflect a combination of revised commercial developments and expectations, updated assessments of the regulatory environment impacting certain assets (and hence the Group's ability to achieve the forecast commercial exploitation), changes in the competitive environment in which the Group operates, and certain changes in the operation of – or timing of - the satellites (for example the placement of a particular satellite into inclined orbit) or associated ground segment infrastructure.

Specific developments largely in the second half of 2020 in these areas contributed to the weakening of cash flow projections for certain satellites and contributed to the recording of the impairment expenses noted above.

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 expenses 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 for this category of asset, then under the least favourable combination of the circumstances above (namely a 1% higher discount rate in conjunction with a 5% lower EBITDA projection) an incremental impairment of EUR 52 million would be recorded. A 1% increase in the discount rate at a constant EBITDA level would increase satellite impairments by EUR 23 million. Taken separately, a 5% decrease in EBITDA would increase satellite impairments by EUR 29 million.

Note 13 - Assets in the course of construction

In millions of euros	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2020	**1**	**842**	**60**	**21**	**924**
Movements in 2020					
Additions[1]	-	766	69	26	**861**
Transfers to assets in use (Note 12)	(3)	-	(15)	(23)	(41)
Transfer to intangible assets (Note 14)			(5)	(1)	(6)
Transfer between categories	3	-	(12)	9	-
Impact of currency translation	-	(79)	(7)	(1)	(87)
Cost and net book value as at 31 December 2020	**1**	**1529**	**90**	**31**	**1651**

[1] Additions related to O3b mPOWER, SES-17, C-band repurposing (including EUR 702 million non-cash transactions)

In millions of euros	Land and Buildings	Space segment	Ground segment	Fixtures, tools & equipment	Total
Cost and net book value as at 1 January 2019	**-**	**831**	**69**	**7**	**907**
Movements in 2019					
Additions	1	600	57	21	679
Transfers to assets in use (Note 12)	-	(599)	(67)	(8)	(674)
Impact of currency translation	-	10	1	1	12
Cost and net book value as at 31 December 2019	**1**	**842**	**60**	**21**	**924**

Borrowing costs of EUR 5 million (2019: EUR 8 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 3.34% (2019: 3.73%) 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 3.14% (2019: 3.63%). During 2020 the Group recognised EUR 405 million (2019: EUR 291 million) additions in respect of the O3b mPOWER arrangement and EUR 47 million (2019: EUR 181 million) additions in respect of the SES-17 construction, described in Note 27 and as well EUR 313 million (2019: nil) additions for C-band repurposing (Note 33). 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

In millions of euros	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2020	**2,095**	**2,398**	**776**	**458**	**39**	**5,766**
Additions	-	-	-	2	45	47
Retirement	-	-	-	(6)	-	(6)
Transfers from assets in course of construction	-	-	-	24	(24)	-
Transfers from assets under constructions, property, plant and equipment (Note 13)	-	-	-	7	(1)	6
Impact of currency translation	(165)	(225)	(5)	(15)	(1)	(411)
As at 31 December 2020	**1,930**	**2,173**	**771**	**470**	**58**	**5,402**
Amortisation						
As at 1 January 2020	**-**	**(134)**	**(587)**	**(360)**	**-**	**(1,081)**
Amortisation	-	-	(44)	(51)	-	(95)
Impairment	(14)	(51)	-	(29)	-	(94)
Retirement	-	-	-	6	-	6
Impact of currency translation	-	38	1	15	-	54
As at 31 December 2020	**(14)**	**(147)**	**(630)**	**(419)**	**-**	**(1,210)**
Net book value as at 31 December 2020	**1,916**	**2,026**	**141**	**51**	**58**	**4,192**

In millions of euros	Orbital slot licence rights (indefinite-life)	Goodwill	Orbital slot licence rights (definite life)	Other definite life intangibles	Internally generated development costs	Total
Cost						
As at 1 January 2019	**2,058**	**2,348**	**770**	**440**	**27**	**5,643**
Additions	1	-	6	9	29	45
Retirement	-	-	-	(4)	-	(4)
Transfers from assets in course of construction	-	-	-	10	(10)	-
Transfers to property, plant and equipment				-	(7)	(7)
Impact of currency translation	36	50	-	3	-	89
As at 31 December 2019	**2,095**	**2,398**	**776**	**458**	**39**	**5,766**
Amortisation						
As at 1 January 2019	**-**	**(63)**	**(549)**	**(310)**	**-**	**(922)**
Amortisation	-	-	(38)	(52)	-	(90)
Impairment	-	(64)	-	-	-	(64)
Retirement	-	-	-	4	-	4
Impact of currency translation	-	(7)	-	(2)	-	(9)
As at 31 December 2019	**-**	**(134)**	**(587)**	**(360)**	**-**	**(1,081)**
Net book value as at 31 December 2019	**2,095**	**2,264**	**189**	**98**	**39**	**4,685**

Indefinite-life intangible assets

The Group's indefinite-life intangible assets comprise primarily 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 replacement capacity;
   - any changes in the expected capital expenditure cycle, for example due to the technical degradation of a satellite or the 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.

- SES GEO operations: 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: 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.
- MX1: 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. This video services business generated largely separate cash flows in 2019 and 2020 and hence was considered a separate CGU.

The pre-tax discount rates for each CGU are presented below:

	2020	2019
SES GEO operations	**8.04%**	8.37%
SES MEO operations	**7.97%**	9.32%
MX1	**8.43%**	8.09%

These discount rates were computed using 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. Specifically, the risk-free rate reduced significantly, especially the USD-based rate applied to SES MEO operations, and market risk premiums also decreased over the course of 2020.

The terminal growth rate used in the valuations is 0.5% (2019: 2.0%) for SES GEO operations, 2.0% (2019: 2.0%) for SES MEO operations and 2.0% (2019: 2.0%) for MX1. These rates reflect the most recent long-term planning assumptions approved by the Board of Directors and can be supported by reference to the trading performance of the companies concerned over a longer period. The lower rate applied to SES GEO operations reflects the projected growth expectations approaching the end of the business planning period, and is benchmarked using expected growth rates for wide-beam and high-throughput satellites from external data sources.

As a result of the impairment tests conducted as of 31 December 2020, no impairment expense was recorded on the carrying value of goodwill in either SES GEO operations or SES MEO operations.

- For SES GEO operations, the inclusion for the first time of future net cash inflows in connection with the Group's ongoing spectrum-clearing activities in the United States (see Note 33), which have an after-tax net present value of EUR 2,264 million, largely offset the effect of a lower perpetual growth rate assumption (EUR 1,558 million) and decrease in the present value of net cash inflows from the business due to revised commercial assumptions. Management has included 100% of the accelerated relocation payments due to the confidence around a successful clearing.
- For SES MEO operations, a decrease in the discount rate (positive impact of EUR 830 million) largely offsets changes in the projected business cash flows (negative impact of EUR 1,116 million) – including the inclusion for the first time of the four additional O3b mPOWER satellites contracted during the year. This augmentation of the O3b mPOWER fleet serves to decrease launch risk, as the O3b mPOWER launches are now spread over four separate launches, and also provides additional business opportunities due to the ability to provide increased throughput to each client terminal.

An impairment expense of EUR 80 million was recorded relating to the MX1 CGU (2019: EUR 64 million). The impairment reflects business developments over the past year, most notably management's continuing repositioning of the service offering of the business in preparation for its integration into the Group's wider Video business unit. The goodwill for this CGU is now fully written off, with the carrying value in use of EUR 113 million reflecting the value of the tangible fixed assets and working capital of MX1 which are deemed to be at their fair or recoverable value. The previous estimate of value in use was EUR 220 million.

For all three CGUs, the updated business plan approved by the SES Board of Directors in December 2020 reflects the impact of COVID-19 on each of the CGUs.

Arising from the impairment reviews above, the Group's remaining goodwill has a net book value as at 31 December 2020 and 2019 by CGU as presented below:

In millions of euros	**2020**	2019
SES GEO operations	**1,883**	2,054
SES MEO operations	**138**	153
MX1	**-**	51
Other (SES GS)	**5**	6
Total	**2,026**	2,264

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 specific rate used in the base valuation. In this way, a matrix of valuations is generated which reveals the potential exposure to impairment expenses 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:

- SES GEO operations: no impairment would be recorded applying the most adverse combination of developments (a 1% increase in discount rates and 1% decrease in the perpetual growth rate)
- SES MEO CGU: whilst SES MEO operations would not require impairment in the case of a 1% decrease in the perpetual growth rate, it would require an impairment of EUR 317 million in the case of a 1% increase in the discount rate and of EUR 547 million were there to be a combination of a 1% higher discount rate and a 1% lower perpetual growth rate.
- MX1: since the goodwill has now been reduced to a carrying value of zero, no further impairment exposure remains.

Taken separately from changes in discount and perpetuity growth rates, a 5% reduction in EBITDA would not lead to an impairment expense in the SES GEO or SES MEO CGUs, nor any additional impairment in the MX1 CGU.

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:

	2020	2019
SES MEO operations	**7.97%**	9.32%
SES GEO operations:		
Europe	**9.04%**	9.37%
U.S., Canada, Mexico, and International	**9.15%**	10.12%

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 0.5% for GEO operations and 2% for MEO operations (2019: 2% for both GEO and MEO operations), 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.

The Group recorded impairment expenses of EUR 14 million on orbital slot licence rights for the year ending 31 December 2020 (2019: nil).

The orbital slot license rights have a net book value as at 31 December 2020 and 2019 by CGU as presented below:

In millions of euros	**2020**	2019
MEO operations	**1,038**	1,134
Europe	**146**	150
U.S.	**294**	322
Canada	**-**	7
Mexico	**6**	7
International	**432**	475
Total	**1,916**	2,095

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 expenses 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 not lead to any impairment expenses of any orbital slot licence right CGU.

Definite-life intangible assets

The definite-life intangible assets as at 31 December 2020 have a net book value by CGU as presented below:

In millions of euros	**2020**	
	Orbital slot licence rights	**Other**
Luxembourg	130	24
Israel	-	2
Brazil	7	-
Other	4	25
Total	**141**	**51**

The definite-life intangible assets as at 31 December 2019 have a net book value by CGU presented below:

In millions of euros	**2019**	
	Orbital slot licence rights	**Other**
Luxembourg	173	25
Israel	-	45
Brazil	11	1
Other	5	27
Total	**189**	**98**

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 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 2020, the amount of the intangible assets pledged in relation to the Group's liabilities is nil (2019: 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:

In millions of euros	**2020**	2019
Current contract assets		
Trade debtors	**393**	525
Provision for trade debtors	**(93)**	(94)
Trade debtors, net of provisions	**300**	431
Unbilled accrued revenue	**127**	122
Provision for unbilled accrued revenue	**(2)**	(13)
Unbilled accrued revenue, net of provisions	**125**	109
Deferred customer contract costs	**10**	18
	435	558
Non-current contract assets		
Unbilled accrued revenue	**275**	291
Provision for unbilled accrued revenue	**(7)**	(6)
Unbilled accrued revenue, net of provisions	**268**	285
Deferred customer contract costs	**9**	18
	277	303
Current contract liabilities		
Deferred income	**454**	467
Non-current contract liabilities		
Deferred income	**296**	317

The following table shows the movement in deferred income recognised by the Group:

In millions of euros	Non-current	Current
As at 1 January 2020	**317**	**467**
Revenue recognised during the year	-	(1,184)
New billings	-	1,236
Other movements*	(12)	(50)
Impact of currency translation	(9)	(15)
As at 31 December 2020	**296**	**454**

* Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against trade receivables)

In millions of euros	Non-current	Current
As at 1 January 2019	**370**	**476**
Revenue recognised during the year	-	(1,309)
New billings	-	1,268
Other movements*	(56)	28
Impact of currency translation	3	4
As at 31 December 2019	**317**	**467**

* Other movements include reclassifications (between current and non-current, upfront and deferred, as well as against trade receivables)

Note 16 - Trade and other receivables

In millions of euros	**2020**	2019
Trade receivables, net of provisions	**300**	431
Unbilled accrued revenue, net of provisions	**393**	394
Other receivables	**63**	50
Total trade and other receivables	**756**	875
Of which:		
Non-current	**268**	285
Current	**488**	590

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. Other receivables include EUR 21 million (2019: nil) to be received as part of the C-band repurposing project (refer to Note 33).

An amount of EUR 35 million (2019: EUR 32 million) was expensed in 2020 reflecting an increase in the impairment of trade and other receivables. This amount is recorded in 'Other operating expenses'. As at 31 December 2020, trade and other receivables with a nominal amount of EUR 102 million (2019: EUR 113 million) were impaired. Movements in the provision for the impairment of trade and other receivables were as follows:

In millions of euros	**2020**	2019
As at 1 January	**113**	92
Increase in provision	**77**	44
Reversals of provision	**(42)**	(12)
Utilised	**(39)**	(12)
Impact of currency translation	**(7)**	1
As at 31 December	**102**	113

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.

In line with 2019, as at 31 December 2020, the Group does not have any financial derivatives outstanding.

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 the Group's financial instruments that are carried in the financial statements.

As at 31 December 2020

In millions of euros		Carried at amortised costt		Carried at fair value	Total
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Balance Sheet
As at 31 December 2020					
Financial assets					
Non-current financial assets:					
Other financial assets		14	14	-	14
Trade and other receivables		268	268	-	268
Total non-current financial assets		**282**	**282**	**-**	**282**
Current financial assets:					
Trade and other receivables		488	488	-	488
Cash and cash equivalents		1,162	1,162	-	1,162
Total current financial assets		**1,650**	**1,650**	**-**	**1,650**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2019*	2	-	-	-	-
COFACE	2	81	81	-	81
German Bond 2024 (EUR 150 million), non-listed	2	150	152	-	150
At fixed rates:					
Eurobond 2021 (EUR 650 million)	2	555	560	-	555
US Bond 2023 (USD 750 million)	2	610	648	-	610
German Bond 2025 (EUR 250 million), non-listed	2	249	266	-	249
Eurobond 2026 (EUR 500 million)	2	496	529	-	496
Euro Private Placement 2027 (EUR 140 million) issued under	2				
EMTN		140	167	-	140
Eurobond 2027 (EUR 500 million)	2	497	508	-	497
Eurobond 2028 (EUR 400 million)	2	395	426.0	-	395
Fixed Term Loan Facility (LuxGovSat)	2	115	139		115
German Bond 2032 (EUR 50 million), non-listed	2	50	63	-	50
US Bond 2043 (USD 250 million)	2	197	211	-	197
US Bond 2044 (USD 500 million)	2	395	429.0	-	395
Total borrowings		**3,930**	**4,179**		**3,930**
Non-current financial liabilities:		**4,779**	**5,020**	**-**	**4,779**
Non-current borrowings		3,317	3,558	-	3,317
Lease liabilities		25	25	-	25
Fixed assets suppliers		1,310	1,310	-	1,310
Other long-term liabilities		127	127	-	127
Current financial liabilities:		**992**	**1,000**	**-**	**992**
Current borrowings		613	621	-	613
Lease liabilities		12	12	-	12
Fixed assets suppliers		67	67	-	67
Trade and other payables		300	300	-	300

* As at 31 December 2020 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 million.

As at 31 December 2019

In millions of euros		Carried at amortised		Carried at fair value	Total
	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		12	12	-	12
Trade and other receivables		285	285	-	285
Total non-current financial assets		**297**	**297**	**-**	**297**
Current financial assets:					
Trade and other receivables		590	590	-	590
Cash and cash equivalents		1,155	1,155	-	1,155
Total current financial assets		**1,745**	**1,745**	**-**	**1,745**
Financial liabilities					
Borrowings:					
At floating rates:					
Syndicated loan 2019*	2	-	-	-	-
COFACE	2	120	121	-	120
German Bond 2024 (EUR 150 million), non-listed	2	150	151	-	150
At fixed rates:					
Eurobond 2020 (EUR 650 million)	2	650	656	-	650
Eurobond 2021 (EUR 650 million)	2	649	686	-	649
US Bond 2023 (USD 750 million)	2	666	683	-	666
German Bond 2025 (EUR 250 million), non-listed	2	249	262	-	249
Eurobond 2026 (EUR 500 million)	2	495	517	-	495
Euro Private Placement 2027 (EUR 140 million) issued under EMTN	2	140	168	-	140
Eurobond 2027 (EUR 500 million)	2	497	486	-	497
Fixed Term Loan Facility (LuxGovSat)	2	115	137		115
German Bond 2032 (EUR 50 million), non-listed	2	50	60	-	50
US Bond 2043 (USD 250 million)	2	215	209	-	215
US Bond 2044 (USD 500 million)	2	432	423	-	432
Total borrowings		**4,428**	**4,559**		**4,428**
Non-current financial liabilities:		**4,558**	**4,668**	**-**	**4,558**
Non-current borrowings		3,737	3,847	-	3,737
Lease liabilities		30	30	-	30
Fixed assets suppliers		623	623	-	623
Other long-term liabilities		168	168	-	168
Current financial liabilities:		**1,188**	**1,208**	**-**	**1,188**
Current borrowings		691	711	-	691
Lease liabilities		11	11	-	11
Fixed assets suppliers		135	135	-	135
Trade and other payables		351	351	-	351

* 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 4 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), an 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 4,604 million as at 31 December 2020 and EUR 4,260 million as at 31 December 2019 - more details in Note 23).

The table below summarises the projected contractual undiscounted cash flows based on the maturity profile as at 31 December 2020 and 2019.

In millions of euros	Within 1 year	Between 1 and 5 years	After 5 years	Total
As at 31 December 2020:				
Borrowings	613	1,117	2,234	3,964
Future interest commitments	119	305	656	1,080
Trade and other payables	300	-	-	300
Other long-term liabilities	-	127	-	127
Lease liabilities	13	26	4	43
Fixed assets suppliers	67	1,310	-	1,377
Total maturity profile	**1,112**	**2,885**	**2,894**	**6,891**
As at 31 December 2019:				
Borrowings	691	1,549	2,222	4,462
Future interest commitments	151	347	748	1,246
Trade and other payables	351	-	-	351
Other long-term liabilities	-	168	-	168
Lease liabilities	13	29	6	48
Fixed assets suppliers	135	623	-	758
Total maturity profile	**1,341**	**2,716**	**2,976**	**7,033**

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 creating 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: 51.4% (2019: 50.5%) of the Group's sales and 57.7% (2019: 52.9%) 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 2020 and 2019, 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 2020, all designated net investment hedges were assessed to be highly effective and a total gain of EUR 84 million, stated net of tax of EUR 29 million is included as part of other comprehensive income for the period (2019: loss EUR 20 million net of tax of EUR 7 million).

The following table sets out the hedged portion of USD statement of financial position exposure as at 31 December:

	2020 USD	2019 USD
USD statement of financial position exposure:		
SES Americas	**2,729**	2,855
SES Netherlands	**4,733**	4,649
SES Satellite Leasing Limited	**984**	1,193
MX1 Ltd, Israel	**47**	104
O3b Networks[1]	**-**	181
Total	**8,493**	8,982
Hedged with:		
US Bonds	**1,500**	1,500
Total	**1,500**	1,500
Hedged proportion	**18%**	17%

[1] O3b Networks moved under SES Netherlands during 2020

The following table demonstrates the sensitivity to a +/- 20% change in the US dollar exchange rate on the nominal amount of the Group's US dollar net investment, with all other variables held constant. All value changes are eligible to be recorded in other comprehensive account with no impact on profit and loss.

31 December 2020	Amount in USD million	Amount in EUR million at closing rate of 1.2271	Amount in EUR million at rate of 1.47	Amount in EUR million at rate of 0.98
USD statement of financial position exposure:				
SES Americas	2,729	2,224	1,856	2,785
SES Netherlands	4,733	3,857	3,220	4,829
SES Satellite Leasing Limited	984	802	669	1,004
MX1 Ltd, Israel	47	38	32	48
Total	**8,493**	**6,921**	**5,777**	**8,666**
Hedged with:				
US Bonds	1,500	1,222	1,020	1,531
Other external borrowings	-	-	-	-
Total	**1,500**	**1,222**	**1,020**	**1,531**
Hedged proportion	18%			
Absolute difference without hedging			(1,144)	1,745
Absolute difference with hedging			(942)	1,437

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	2,855	2,542	2,115	3,172
SES Netherlands	4,649	4,138	3,444	5,165
SES Satellite Leasing Limited	1,193	1,062	884	1,326
MX1 Ltd, Israel	104	92	77	115
O3b Networks	181	161	134	201
Total	**8,982**	**7,996**	**6,653**	**9,980**
Hedged with:				
US Bonds	1,500	1,335	1,111	1,667
Other external borrowings	-	-	-	-
Total	**1,500**	**1,335**	**1,111**	**1,667**
Hedged proportion	17%			
Absolute difference without hedging			(1,342)	1,985
Absolute difference with hedging			(1,118)	1,653

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 2020 and 31 December 2019, 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.

In millions of euros	At fixed rates	At floating rates	Total
Borrowings at 31 December 2020	**3,699**	**231**	**3,930**
Borrowings at 31 December 2019	4,158	270	4,428

In the course of 2020, the Group repaid a maturing USD 650 million senior bond and a total amount of EUR 41 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 9 basis points (2019: increase of 10 basis points or a decrease of nil basis points).

Euro interest rates *In millions of euros*	Floating rate borrowings	Increase in rates Pre-tax impact	Decrease in rates Pre-tax impact
Borrowings at 31 December 2020	**231**	**-**	**0.2**
Borrowings at 31 December 2019	270	-	0.3

Credit risk

Risk management

The Group has the following types of financial assets that are subject to the expected credit loss model: trade receivables, unbilled accrued revenue, and C-band repurposing receivables.

While cash and cash equivalents are also subject to impairment testing, there was no impairment loss identified as at 31 December 2020.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. To measure expected credit losses on trade receivables and unbilled accrued revenue, they are grouped based on shared credit risk characteristics, country and 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 trade receivables and unbilled accrued revenue 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), 'Sub-prime' (customers for which viability is dependent on continued growth with higher leverage), or Government (governments or governmental institutions, subject to the corresponding country meeting minimum credit rating criteria). The credit profile is updated at least once a year for all key customers with an ongoing contractual relationship.

Impairment of trade receivables and unbilled accrued revenue

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, and Government), 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 and any securities held. 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 2020 and 31 December 2019 is as follows:

In millions of euros

31 December 2020	**Current**	**Less than 1 month**	**Between 1 and 3 months**	**More than 3 months**	**Total**
Average expected loss rate (by portfolio)	4.1%	5.1%	7.5%	12.1%	
Gross carrying amount – trade receivables	164	40	33	156	393
Provision	**-**	**-**	**1**	**8**	**9**

31 December 2019	**Current**	**Less than 1 month**	**Between 1 and 3 months**	**More than 3 months**	**Total**
Average expected loss rate (by portfolio)	3.3%	4.0%	6.7%	12.1%	
Gross carrying amount – trade receivables	244	55	71	156	526
Provision	**-**	**-**	**-**	**5**	**5**

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 84 million has been recorded as at 31 December 2020 (31 December 2019: EUR 89 million), of which approximately EUR 10 million (2019: 0) represents an incremental estimated provision for cruise and aero customers that have been most significantly affected by the COVID-19 pandemic.

The provision in respect of unbilled accrued revenue as at 31 December 2020 amounts to EUR 9 million and the corresponding expected credit loss is 2.2% (31 December 2019: EUR 19 million and the corresponding expected credit losses is 4.6%).

The movement in provisions for trade receivables and unbilled accrued revenue as at 31 December 2020 and 2019 are as follows:

In millions of euros	Provisions for trade receivables		Provisions for unbilled accrued revenue	
	2020	2019	**2020**	2019
Opening provision as at 1 January - calculated under IFRS 9	**94**	**66**	**19**	**26**
Increase in provision recognised in profit or loss during the year	75	39	2	5
Receivables written off during the year as uncollectible	(28)	(4)	(11)	(8)
Unused amount reversed	(41)	(8)	(1)	(4)
Impact of currency translation	(7)	1	-	-
At 31 December	**93**	**94**	**9**	**19**

C-band repurposing receivables

The Group has recorded C-band repurposing receivables for costs incurred related to C-band spectrum clearing for which the Group expects to be reimbursed. The Group considered the credit risk related to the C-band repurposing receivables at the end of 2020 and concluded that an estimate of zero expected credit losses is appropriate.

The U.S. government, through the FCC, developed the rules of the C-band auction to ensure incumbent satellite operators such as the Group are paid in full even if one or more individual overlay license winners fails to pay the Group its assigned portion of the Group's relocation costs. An independent third-party Relocation Payment Clearinghouse is administering the C-band transition and related payments with FCC oversight. If an auction winner defaults on an obligation to pay the Group, the FCC could require a license to be re-auctioned with the same payment condition, or the FCC could require the other auction winners to collectively pay the Group for the shortfall as a condition for them to maintain their licenses.

Therefore, as it expects the U.S. government to regulate and ensure the auction winners' compliance with their payment obligations to the Group, the Group has estimated zero expected credit losses on the C-band repurposing receivables. Additional disclosure on the C-band clearing project is included in Note 33.

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

In millions of euros	**2020**	2019
Cash at bank and in hand	**708**	398
Short-term deposits	**454**	757
Total cash and cash equivalents	**1,162**	1,155

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 2020, there were no investments in money market funds, whereas at the end of 2019 an amount of EUR 17 million was so invested and included under 'Short-term deposits' as part of cash and cash equivalents.

Note 20 - Shareholders' equity

Issued capital

SES has a subscribed capital of EUR 719 million (2019: EUR 719 million), represented by 383,457,600 class A shares (2019: 383,457,600 class A shares) and 191,728,800 class B shares (2019: 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:

	Class A shares	Class B shares	Total shares
As at 1 January 2020	**383,457,600**	**191,728,800**	**575,186,400**
Shares issued during the year	-	-	-
As at 31 December 2020	**383,457,600**	**191,728,800**	**575,186,400**
	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**

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.

	2020	**2019**
FDRs held as at 31 December	4,559,818	4,708,584
Carrying value of FDRs held (in millions of euros)	77	90

EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities

In 2016 SES issued EUR 750,000,000 Deeply Subordinated Fixed Rate Resettable Securities (the 'EUR 750 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 20 million and have been deducted from ‘Other reserves’. SES is entitled to call the EUR 750 million perpetual bond on 2 January 2022 and on subsequent coupon payment dates.

EUR 550,000,000 Deeply Subordinated Fixed Rate Resettable Securities

In 2016 SES issued a second perpetual bond of EUR 550,000,000 (the ‘EUR 550 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 8 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 1,282 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 2020 (EUR 35 million) and 29 January 2020 (EUR 31 million) and have been deducted from ‘Other reserves’. The corresponding payments in 2019 were on 2 January 2019 (EUR 35 million) and 29 January 2019 (EUR 31 million) and were also deducted from ‘Other reserves’.

Tax on the perpetual bond coupon accrual of EUR 18 million (2019: EUR 18 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 2020 a legal reserve of EUR 72 million (2019: EUR 72 million) is included within other reserves.

Other reserves include a non-distributable amount of EUR 77 million (2019: EUR 90 million) linked to treasury shares, and an amount of EUR 228 million (2019: EUR 228 million) representing the net worth tax reserve for 2015-2019, 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 requirement.

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.

In millions of euros	LuxGovSat S.A. (50% NCI)**		Al Maisan Satellite Communications LLC, UAE (65% NCI)*	
Summarised balance sheet	**2020**	2019	**2020**	2019
Current assets	**39**	33	**12**	12
Current liabilities	**(27)**	(5)	**(4)**	(3)
Current net assets	**12**	28	**8**	9
Non-current assets	**178**	192	**28**	35
Non-current liabilities	**(100)**	(116)	**-**	-
Non-current net assets	**78**	76	**28**	35
Net assets	**90**	104	**36**	44
Accumulated NCI	**45**	52	**24**	29
Transactions with non-controlling interests	**-**	-	**-**	-

* The Group, as of 31 December 2020 and 31 December 2019, 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)

** Please refer to Note 2 for more details

In millions of euros	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)	
Summarised statement of comprehensive income	**2020**	2019	**2020**	2019
Revenue	**21**	19	**7**	7
Operating expenses	**(16)**	(13)	**(8)**	(15)
Profit/(loss) for the period	**(13)**	(14)	**(4)**	(20)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**(13)**	(14)	**(4)**	(20)
Profit/(loss) allocated to NCI	**(6)**	(7)	**(3)**	(13)
Dividend paid to NCI	**-**	-	-	-

In millions of euros	LuxGovSat S.A. (50% NCI)		Al Maisan Satellite Communications LLC, UAE (65% NCI)	
Summarised cash flows	**2020**	2019	**2020**	2019
Cash flows from/(absorbed by) operating activities	**8**	3	**3**	-
Cash flows from/(absorbed by) investing activities	**-**	-	**-**	-
Cash flows from/(absorbed by) financing activities	**6**	4	**-**	-
Net foreign exchange movements	**-**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents	**14**	7	**3**	-

Transactions with non-controlling interests

In 2018 SES entered into an agreement with the minority partner holding 30% interest in Ciel Satellite Limited Partnership, according to which SES would distribute to the minority partner a fixed amount per month over a five-year period, replacing the variable income stream previously received based on the partnership's financial performance. As the minority partner was no longer subject to variable returns and had no interest in the residual assets of the partnership, the non-controlling interest amounting to EUR 14 million as at 31 December 2018 was fully reversed.

In 2020 an agreement was signed with the minority partner to acquire its 30% minority shareholding for EUR 7 million.

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.

	2020	**2019**
Outstanding options at the end of the year	1,134,170	1,594,540
Weighted average exercise price in euro	27.31	26.52

All of the 1,134,170 outstanding options as at 31 December 2020 (2019: 1,594,540), are fully vested and exercisable. No options were exercised in 2020 or in 2019.

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

	2020 Average exercise price per share option	**Number of options**	2019 Average exercise price per share option	Number of options
As at 1 January	**26.5**	**1,594,540**	25.01	2,154,927
Forfeited	**24.58**	**(460,370)**	20.71	(560,387)
Exercised	**-**	**-**	-	-
At 31 December	**27.31**	**1,134,170**	26.52	1,594,540

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

Grant	Expiry date	Exercise price per share options	Number of options	
			2020	2019
2016	2023	24.39	**488,338**	544,459
2015	2022	32.73	**313,802**	350,047
2014	2021	26.5	**332,030**	368,394
2013	2020	23.51	**-**	331,640
			1,134,170	1,594,540

2) Simulated Restricted Share Units (SRSU)

In 2017, the Group entered into a new compensation plan, which will progressively replace the STAR Plan. Simulated Restricted Share 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 2020, 864,428 SRSUs have been granted (2019: 333,049). During the same period, 98,645 SRSUs have been forfeited (2019: 91,073) and 221,056 SRSUs have been vested (2019: 9,375). An accrual amounting to EUR 4,591,628 has been recognised in the consolidated income statement as 'staff costs' as at 31 December 2020 (31 December 2019: EUR 5,474,458) based on the 1,403,456 outstanding SRSUs (31 December 2019: 858,729) 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, "date of Option Grant" means the first business day that follows fifteen (15) market trading days for Shares after the Allocation Period during which the Fair Market Value is fixed. Generally, one-quarter of the entitlement vests on each 1 January of the four years following the Date of Option Grant, but for one grant, one fifth of the entitlement vests on each 1 June of the five years following the Date of Option 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').

	2020	2019
Outstanding options at the end of the year	**18,364,300**	14,908,795
Weighted average exercise price in euro	**15.29**	18.60

Out of 18,364,300 outstanding options as the end of 2020 (2019: 14,908,795), 12,241,571 options are exercisable (2019: 9,699,314). No options were exercised in 2020, while in 2019 358,293 treasury shares were delivered at a weighted average price of EUR 13.03 each. On average, in 2019, the related weighted average share price at the time of exercise during 2019 was EUR 16.91 per share.

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

	2020 Average exercise price per share option	**Number of options**	2019 Average exercise price per share option	Number of options
At 1 January	**18.6**	**14,908,795**	19.22	14,311,080
Granted	**5.97**	**4,824,735**	15.47	2,927,606
Forfeited	**18.61**	**(1,369,230)**	19.45	(1,971,598)
Exercised	**-**	**-**	13.03	(358,293)
At 31 December	**15.29**	**18,364,300**	18.60	14,908,795

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

Grant	Expiry date	Exercise price per share options	Number of options	
			2020	2019
2020	2030	5.97	**4,816,869**	-
2019	2029	15.01	**2,262,401**	2,408,747
2018	2028	18.23	**407,000**	407,000
2018	2028	12.67	**4,294,036**	4,792,760
2017	2027	21.15	**2,511,089**	2,705,797
2016	2026	24.39	**1,864,557**	2,032,260
2015	2025	32.73	**750,640**	848,352
2014	2024	26.5	**605,363**	687,230
2013	2023	23.51	**315,092**	354,804
2012	2022	18.1	**313,392**	332,892
2011	2021	17.57	**223,861**	233,387
2010	2020	17.96	**-**	105,566
			18,364,300	14,908,795

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').

	2020	**2019**
Restricted and performance shares outstanding at the end of the year	**2,026,147**	1,546,366
Weighted average fair value in euro	**8.65**	12.46

During 2020, 262,731 restricted shares (2019: 194,385) and 676,743 (2019: 379,305) performance shares were granted; 26,298 restricted shares (2019: 47,773) and 75,436 performance shares (2019: 122,844) were forfeited; and 266,385 performance shares (2019: 210,984) and 91,574 restricted shares (2019: 224,228) were 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 2020 and 31 December 2019.

2020	EBCP Option	EBCP PS and EBCP RS
Dividend yield (%)	**6.89%**	**6.61%**
Expected volatility (%)	**30.42%**	**35.12%**
Risk-free interest rate (%)	**-0.62%**	**-0.64%**
Expected life of options (years)	**10**	**3**
Share price at inception (EUR)	**6.34**	**6.34**
Fair value per option/share (EUR)	**0.77-0.90**	**5.12-5.53**
Total expected cost for each plan (in millions of euros)	**3.64**	**4.38**

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 (in millions of euros)	**4.98**	**4.89**

The expected life of the 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 10 million (2019: EUR 12 million), out of which equity-settled EUR 9 million (2019: EUR 10 million) and cash-settled EUR 1 million (2019: EUR 2 million).

Note 23 - Interest-bearing borrowings

As at 31 December 2020 and 2019, the Group's interest-bearing borrowings were:

In millions of euros	Effective interest rate	Maturity	Amounts outstanding 2020, carried at amortised cost
Non-current			
Coface	EURIBOR 6M + 1.70%	Various 2022	40
US Bond (USD 750 million)	3.60%	April 2023	610
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
German bond (EUR 250 million), non-listed	1.71%	December 2025	249
Eurobond 2026 (EUR 500 million)	1.625%	March 2026	496
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	140
Eurobond 2027 (EUR 500 million)	0.875%	November 2027	497
Eurobond 2028 (EUR 400 million)	2.00%	July 2028	395
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	98
German bond (EUR 50 million), non-listed	4.00%	November 2032	50
US Bond (USD 250 million)	5.30%	April 2043	197
US Bond (USD 500 million)	5.30%	March 2044	395
Total non-current			**3,317**
Current			
Coface	EURIBOR 6M + 1.70%	Various in 2021	41
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	556
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	16
Total current			**613**

In millions of euros	Effective interest rate	Maturity	**Amounts outstanding 2019, carried at amortised cost**
Non-current			
Eurobond 2021 (EUR 650 million)	4.75%	March 2021	649
Coface	EURIBOR 6M + 1.70%	Various 2021 - 2022	79
US Bond (USD 750 million)	3.60%	April 2023	666
German bond (EUR 150 million), non-listed	EURIBOR 6M + 0.80%	June 2024	150
German bond (EUR 250 million), non-listed	1.71%	December 2025	249
Eurobond 2026 (EUR 500 million)	1.625%	March 2026	495
Euro Private Placement 2027 (EUR 140 million issued under EMTN)	4.00%	May 2027	140
Eurobond 2027 (EUR 500 million)	0.875%	November, 2027	497
Fixed Term Loan (LuxGovSat)	3.30%	December 2027	115
German bond (EUR 50 million), non-listed	4.00%	November 2032	50
US Bond (USD 250 million)	5.30%	April 2043	215
US Bond (USD 500 million)	5.30%	March 2044	432
Total non-current			**3,737**
Current			
Coface	EURIBOR 6M + 1.70%	Various in 2020	41
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	650
Total current			**691**

European Medium-Term Note Programme ('EMTN')

SES has an 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 million. As at 31 December 2020, SES had issued EUR 2,096 million (2019: EUR 2,440 million) under the EMTN Programme with maturities ranging from 2021 to 2028.

144A Bond USD 500 million (2019)

SES repaid its USD 500 million 5-year bond with a coupon of 2.50%, on 25 March 2019.

EUR 650 million Eurobond (2020)

SES repaid its EUR 650 million 10-year bond under the Company's European Medium-Term Note Programme issued 2010, with a fixed interest rate of 4.625% on March 9, 2020.

EUR 650 million Eurobond (2021)

In 2011 SES issued a EUR 650 million bond under the Company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.75%. On 30 June 2020, SES further announced the completion of a tenor offer to repurchase the aggregated principal amount of total EUR 94 million of its outstanding Eurobond 2021 (650 million) at a repurchase price of 102.75% of the nominal amount.

German bond issue of EUR 400 million (2024/2025)

In 2018 the Group closed the issuance of an aggregated amount of EUR 400 million in the German bond ('Schuldschein') market. The transaction consists of two individual tranches - a EUR 150 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 million tranche with a fixed interest rate of 1.71% and a final maturity date on 18 December 2025.

EUR 500 million Eurobond (2026)

In 2018 SES issued a EUR 500 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 million Eurobond (2027)

On 4 November 2019, SES issued a EUR 500 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 million Private Placement (2027)

In 2012 SES issued three individual tranches of a total EUR 140 million Private Placement under the Company's European Medium-Term Note Programme with ING Bank N.V. The Private Placement has a 15-year maturity, beginning 31 May 2012, and bears interest at a fixed rate of 4.00%.

EUR 400 million Eurobond (2028)

On 2 July 2020, SES issued a EUR 400 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 2.00% and has a final maturity date on 2 July 2028.

German bond issue of EUR 50 million (2032)

In 2012 the Group signed an agreement to issue EUR 50 million in the German bond ('Schuldschein') market. The German bond bears a fixed interest rate of 4.00% and matures on 12 November 2032.

144A Bond USD 750 million (2023)

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

144A Bond USD 250 million (2043)

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

144A Bond USD 500 million (2044)

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

Syndicated loan 2019

In June 2019 the Company renewed its previous syndicated loan facility ('Syndicated loan 2015'). The updated facility is being provided by 19 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 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 2020 and 2019, no amount has been drawn under this facility.

EUR 523 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 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 million Credit Facility (LuxGovSat)

In 2015 LuxGovSat S.A. signed a financing agreement with BGL BNP Paribas for a EUR 115 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 2020 and 2019, total borrowings of EUR 115 million were outstanding under the fixed term facility.

Negotiable European Commercial Paper "NEU CP" (formerly French Commercial paper programme)

In 2005 SES put in place a EUR 500 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 million or its counter value at the date of issue in any other authorised currency. On 20 May 2020, this programme was extended for one further year. As at 31 December 2020 and 2019, 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 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 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 2020 and 2019, no borrowings were outstanding under this programme.

Note 24 - Provisions

In millions of euros	**2020**	2019
Non-current	**12**	14
Current	**60**	49
Total	**72**	63

Movements in each class of provision during the financial year are set out below:

In millions of euros	**Group tax provision**	**Restructuring provision**	**Other provisions**	**Total**
As at 1 January 2020	**52**	**8**	**3**	**63**
Additional provisions recognised	11	40	-	51
Unused amounts reversed	(3)	(5)	-	(8)
Used during the year	(8)	(18)	-	(26)
Reclassification to income tax payable	-	(1)	-	(1)
Impact of currency translation	(6)	(1)	-	(7)
As at 31 December 2020	**46**	**23**	**3**	**72**
Non-current	9	-	3	12
Current	37	23	-	60

In millions of euros	**Group tax provision**	**Restructuring provision**	**Other provisions**	**Total**
As at 1 January 2019	**57**	**5**	**3**	**65**
Additional provisions recognised	10	21	(1)	30
Unused amounts reversed	(4)	(5)	1	(8)
Used during the year	(4)	(13)	-	(17)
Reclassification to income tax payable	(8)	-	-	(8)
Impact of currency translation	1	-	-	1
As at 31 December 2019	**52**	**8**	3	**63**
Non-current	11	-	3	14
Current	41	8	-	49

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 the weakening of INR against EUR and to the reversal of provisions for the years under statute of limitation.

Restructuring provision

Expenses of the period include an amount of EUR 40 million (2019: EUR 21 million) of charges associated with the reorganisation of the Group's operations, mainly in the framework of the Group's 'Simplify & Amplify' programme. These comprise primarily personnel measures such as the implementation of an incentive programme for early retirement and measures to adjust staffing levels and structures in certain areas, as well as the cessation of operations in certain locations including the Isle of Man, Poland and Switzerland. Reflecting these activities, the consolidated statement of financial position includes a provision of EUR 23 million (2019: EUR 8 million).

Note 25 - Trade and other payables

In millions of euros	**2020**	2019
Trade creditors	**94**	81
Payments received in advance (please also see Note 26)	**40**	40
Interest on borrowings	**51**	75
Personnel-related liabilities	**35**	56
Tax liabilities other than for income tax	**19**	64
Other liabilities	**61**	35
Total	**300**	351

Tax liabilities mainly relate to VAT payables in the amount of EUR 11 million as of 31 December 2020 (2019: EUR 59 million).

Note 26 - Other long-term liabilities

In millions of euros	**2020**	2019
Employee benefits obligations	**27**	25
Payments received in advance	**80**	118
Other long-term liabilities	**20**	25
Total	**127**	168

Employee benefits obligations

In US operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at 31 December 2020, accrued premiums of EUR 19 million (2019: EUR 17 million) are included in this position.

Contributions made in 2020 to Group pension schemes totalled EUR 2 million (2019: EUR 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 million has been recognised as at 31 December 2020 (2019: EUR 12 million) in this respect, out of which EUR 3 million is included under 'Trade and other payables' (2019: EUR 3 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 million, EUR 88 million and EUR 59 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 119 million (2019: EUR 157 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 2020 under 'Other long-term liabilities' for EUR 80 million (2019: EUR 118 million) and under 'Trade and other payables' for EUR 39 million (2019: EUR 38 million).

Other long-term liabilities

The other long-term liabilities include customer collateral deposits amounting to EUR 19 million (2019: EUR 21 million).

Note 27 - Fixed assets suppliers

In millions of euros	**2020**	2019
Non-current	**1,310**	623
Current	**67**	135

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 main procurements under this caption are:

- The O3b mPOWER medium-Earth orbit constellation;
- The SES-17 satellite programme;
- Five satellites being procured in connection with the C-band repurposing activities.

Acquisition of the SES O3b mPOWER medium-Earth orbit constellation and launchers - EUR 860 million (2019: EUR 545 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. The satellites were divided into 2 sub-blocks (Sub-Block 1 A consisting of four satellites and sub-block 1B consisting of three satellites) currently under construction. 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.

In August 2020 the Company exercised the option under the Purchase and Sale agreement to procure four additional O3b mPOWER satellites. The Company, jointly with its subsidiary O3b Networks Limited, entered as Procurement Agent into a second Master Procurement Agency and Option Agreement with a financial institution in connection with the procurement by that financial institution of the additional satellites. At the end of the satellite construction period, foreseen in 2022, 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 Agreements are directly between the financial institutions 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 189 million (2019: EUR 178 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.

Procurement of satellites in connection with the C-band repurposing activities – EUR 313 million (2019: nil), refer to Note 33

Note 28 - Commitments and contingencies

Capital expenditure commitments

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 948 million as at 31 December 2020 (2019: EUR 555 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 2020 also include EUR 87 million (2019: EUR 87 million) in connection with the renewal of the agreement with Luxembourg government in respect of SES's 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:

In millions of euros	**2020**	2019
Within one year	**497**	265
After one year but not more than five years	**395**	230
After more than five years	**56**	60
Total	**948**	555

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 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.

In millions of euros	**2020**	2019
Within one year	**150**	83
After one year but not more than five years	**160**	50
After more than five years	**60**	65
Total	**370**	198

The total expense recognised for transponder service agreements in 2020 was EUR 82 million (2019: EUR 77 million).

Litigation

There were no significant litigation claims against the Group as at 31 December 2020, or as at 31 December 2019.

Guarantees

On 31 December 2020 the Group had outstanding bank guarantees for an amount of EUR 89 million (2019: EUR 101 million) with respect to performance and warranty guarantees for services of satellite operations.

Note 29 - Leases

1) Lessor

   During 2020 the Group recognised leasing income of EUR 40 million (2019: EUR 43 million) related to one (2019: two) lease contracts. One of the lease contracts matured in January 2019. The other lease contract matures in November 2021 and the related annual lease payment will amount to EUR 21 million in 2021. The related carrying amount of property, plant and equipment leased as at 31 December 2020 amounts to EUR 69 million (31 December 2019: EUR 122 million).

2) Lessee

   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 3.14% as at 31 December 2020 (3.62% as at 31 December 2019). 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.

In millions of euros	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2020
Right-of-use assets				
Cost	39	13	4	56
Accumulated depreciation	(14)	(6)	(2)	(22)
Total	**25**	**7**	**2**	**34**

In millions of euros	Buildings	Ground segment	Other fixtures and fittings, tools and equipment	31 December 2019
Right-of-use assets				
Cost	44	9	3	56
Accumulated depreciation	(12)	(4)	(1)	(17)
Total	**32**	**5**	**2**	**39**

There were no material additions to the right-of-use assets during 2020, depreciation charge for the year was EUR 15 million (2019: EUR 12 million).

Lease liabilities are presented below as at 31 December:

In millions of euros	**2020**	**2019**
Maturity analysis - contractual undiscounted cash flows		
Within one year	13	13
After one year but not more than five years	26	29
More than five years	4	6
Total	**43**	48
Lease liabilities included in the statement of financial position at 31 December		
Current	12	11
Non-current	25	30
Total	**37**	41

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 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:

In millions of euros	**2020**	**2019**
Buildings	11	8
Ground segment	3	3
Other fixtures and fittings, tools and equipment	1	1
Total	**15**	**12**

Finance cost:

In millions of euros	**2020**	**2019**
Interest expense	1	1
Total	**1**	**1**

The total cash outflow for leases in 2020 was EUR 15 million (2019: EUR 13 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 2020 and 2019.

In millions of euros	**2020**	2019
Cash and cash equivalents	**1,162**	1,155
Borrowings - repayable within one year	**(613)**	(691)
Borrowings - repayable after one year	**(3,317)**	(3,737)
Net debt	**(2,768)**	(3,273)

In millions of euros	**2020**	2019
Cash and cash equivalents	**1,162**	1,155
Borrowings - floating rates	**(231)**	(270)
Borrowings - fixed interest rates	**(3,699)**	(4,158)
Net debt	**(2,768)**	(3,273)

In millions of euros	Cash and cash equivalents	Borrowings repayable within one year	Borrowings repayable after one year	**Total**
Net debt as at 1 January 2020	**1,155**	**(691)**	**(3,737)**	**(3,273)**
Cash flows (net)	19	785	(395)	409
Foreign exchange adjustments	(12)	-	113	101
Transfers	-	(707)	707	-
Other non-cash movements*	-		(5)	(5)
Net debt as at 31 December 2020	**1,162**	**(613)**	**(3,317)**	**(2,768)**

In millions of euros	Cash and cash equivalents	Borrowings repayable within one year	Borrowings repayable after one year	**Total**
Net debt as at 1 January 2019	**909**	**(476)**	**(3,909)**	**(3,476)**
Cash flows (net)	249	484	(497)	236
Foreign exchange adjustments	(3)	-	(25)	(28)
Transfers	-	(691)	691	-
Other non-cash movements*	-	(8)	3	(5)
Net debt as at 31 December 2019	**1,155**	**(691)**	**(3,737)**	**(3,273)**

* *related to loan origination costs*

During 2020 the Group issued European Commercial Paper for EUR 159 million (2019: EUR 150 million) and reimbursed EUR 159 million (2019: EUR 150 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% each, 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 remuneration to directors for attendance at board and committee meetings in 2020 amounted to EUR 1 million (2019: EUR 1 million). These amounts 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:

In millions of euros	**2020**	2019
Remuneration including bonuses and other benefits	**5**	8
Pension benefits	**1**	1
Share-based compensation plans	**2**	2
Total	**8**	11

The total outstanding amount in respect of share-based payment instruments allocated to key management as at 31 December 2020 were 3,843,944 (2019: 3,567,545).

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 - Implications of COVID-19

The continuing COVID-19 pandemic has had, and continues to have, widespread economic implications across nearly all economic sectors, including our own, and management continues to monitor carefully the impact on different aspects of our financial performance and to respond accordingly to protect the financial interests of the Group.

We have set out our analysis below into four areas of current, or potential, impact:

Operational risk

Overall, COVID-19 is having a pronounced short and medium-term impact, significantly challenging the contract base, renewals and dampening growth across Mobility, Energy, Government, as well as stretching cash flows across much of the industry, and accelerating a restructuring / consolidation process in some parts of the sectors the Group serves.

While the pandemic is challenging the Group's short-term growth, early indications tend to substantiate the expectation of a consumer bounce-back with a continuing strong appetite for reliable and high-performance connectivity, for example in the areas of Fixed Data – including in ubiquitous rural connectivity – and in Mobility, such as the appetite for bandwidth in the Aero vertical for in-flight connectivity services.

The overall revenue decrease versus prior year which can be directly attributed to COVID-19 was EUR 31 million (Video - EUR 17 million, Networks - EUR 14 million), whilst it is estimated that its impact on our Budget expectations for 2020 was EUR 77 million (Video - EUR 32 million, Networks - EUR 45 million). In the Group's most recent business planning exercise then whilst it is assumed that COVID-19 will continue to affect our customers, and hence our own business performance in 2021, management's expectation was that the residual impact on 2022 and beyond will not be significant.

- Video

  In Video, whilst growth in 'Sports & Events' was significantly impacted in the first half of 2020 due to the cancellation or postponement of many major tournaments and events, there was some recovery in the third quarter and a return to more normal monthly run rates by end of the year. The lockdown also impacted the Group's HD Plus business in Germany due to the closure of retailers, although there was a good recovery on the initial reopening in June 2020.

  The biggest driver of the decrease of EUR 17 million in Video revenue versus 2019 was the impact on the 'Sports and Events' business noted above. The plans of specific customers in Europe and Asia were also affected by the pandemic contributing to the balance of the decline.

  Over half of the shortfall for 2020 versus management's budgetary expectations came from the impact of the pandemic on the 'Sports & Events' business, with the balance again representing largely the impact on Video customers of the pandemic leading to the restriction, postponement or cancellation of projected new business opportunities.

- Networks

  For Networks, a year-on-year decline of EUR 14 million of revenue is attributable to COVID-19, mainly driven by aero and maritime customers in the Mobility area.

Of the shortfall to management's budgetary expectations for 2020 of EUR 45 million, then around half comes from the pandemic's impact on existing Mobility customers in maritime (primarily cruise) and aero operations, with the balance a combination of delays to, or postpone of, new business opportunities in both aero and Government reflecting travel restrictions and the pandemics impact on the value chain.

During the year the Group provided free-of-charge or reduced-rate capacity to certain Mobility customers in exchange for partial payments and/or significant contract extensions. These relief agreements impacted revenues in 2020, and will continue to do so in the medium-term, but have resulted in – or are expected to shortly result in - significant additions to the overall financial volume of those extended contracts and hence the Group's fully-protected contract backlog.

On costs, exceptional measures to mitigate revenue shortfall were implemented leading to a reduction of EUR 44 million in operating expenses for the year versus management's budgetary expectations, significantly offsetting the revenue shortfall of EUR 77 million. This decrease in operating costs was made up of a combination of: EUR 30 million in lower personnel costs; EUR 13 million in business travel; EUR 7 million in marketing; EUR 10 million from lower costs of sales; and, an increase in associated provisions on receivables of EUR 16 million.

In its business planning, which serves as a basis for the computation of value-in-use amounts in the framework of impairment testing, the revenue and cost projections have been adjusted to reflect the 2020 impact on the Group's operating results of the pandemic and management's best estimate of a likely recovery profile based on the information available at the time of the approval of those plans in December 2020.

Risk to the measurement of assets and liabilities

As noted above, the pandemic has impacted customers in both Video and Networks operations and the Group has worked constructively as a business partner with those customers to support their financial operations during the periods of enforced restriction of their businesses whilst maintaining and developing the respective business relationships for the longer term. In Video the impact on the Group's operating cash flow in 2020 was circa EUR 20 million; for Networks the impact was more significant at around EUR 52 million. Where appropriate the Group has recorded additional provisions against receivables as noted above.

Liquidity risk

As noted above there has been an impact on the Group's 2020 operating cash flow of the arrangements agreed with certain customers to support them during periods of regulatory restrictions on their operations with an aggregate impact of EUR 72 million. The Group's operating cash flow for the year remained nonetheless strong at EUR 1,049 million.

Beginning in March 2020 COVID-19 led to an increase of financing costs across the world and all sectors. This resulted in SES credit spreads have increased by 200 basis points. However, during Q3 and Q4 2020 credit spreads narrowed again and the Group successfully issued a EUR 400 million Eurobond in the senior debt market in July 2020. At the time of this issuance of these financial statements, refinancing conditions continue to be favourable and management does not believe that timely refinancing activities will either be impossible or will be substantially more expensive in 2021.

The Group manages its liquidity by monitoring the available cash holdings and the forecast cash-flow projections for the business. As of 31 December 2020, the Group has cash and cash equivalents of EUR 1,162 million, enough to cover its upcoming 2021 maturities and operational cash needs. In addition to the available cash holdings, the Group has a revolving credit facility for EUR 1,200 million in place until 2024 which is currently undrawn. Together these sources of immediately available funds represent EUR 2,362 million.

The continuing strong operating cash flows, the high cash holdings at the end of the year, the availability of the full revolving credit facility and the continuing access to liquid debt markets, indicate to management that there is no significant liquidity risk for the Group at the date of the issuance of these financial statements.

Going concern risk

Based on the information presented above, management does not believe that the impact on the Group's activities is such that there is any reason to cast doubt on the Group's ability to continue as a going concern or that there would be a material uncertainty in this regard.

Note 33 - C-band repurposing

At its Open Commission Meeting held on 28 February 2020, the Federal Communications Commission (‘FCC’) adopted a Report and Order and Order of Proposed Modification (‘the FCC Order’) in connection with the clearing of a 300 MHz band of C-band downlink spectrum between 3,700 and 4,000 MHz by December 2025 to support the rapid deployment of terrestrial 5G services in the contiguous United States (‘CONUS’). The FCC held a public auction for the repurposed spectrum which began on 8 December 2020 and is expected to end in March 2021.

On 26 May 2020, SES officially committed to an accelerated version of the C-band clearing programme proposed in the FCC Order, which aims at ensuring a faster deployment of 5G capabilities in the United States. On 1 June 2020, the FCC’s Wireless Telecommunications Bureau confirmed that a sufficient number of eligible space station operators had filed similar accelerated relocation elections, triggering the adoption of the accelerated programme pursuant to the schedule set out below:

- Phase I: By 5 December 2021, SES will relocate all of its commercial services out of the 3,700-3,820 MHz band over the CONUS. This will require making equipment changes on all associated incumbent earth stations located in 46 of the top 50 Partial Economic Areas, supplementing telemetry, tracking and control (“TT&C”) operations to enhance two earth stations located in Hawley (Pennsylvania, U.S.A.) and Brewster (Washington, U.S.A.) and beginning the consolidation of gateway services currently located at other SES locations, as well as any customer or user gateway services, to Hawley and / or Brewster.
- Phase II: By 5 December 2023, SES will relocate all its CONUS commercial services out of the full 3,700-4,000 MHz band, making necessary equipment changes on all associated incumbent earth stations located in all CONUS Partial Economic Areas, completing its gateway consolidation to the Hawley and Brewster sites and completing TT&C upgrades across SES teleports.

SES will receive Accelerated Relocation Payments of USD 977 million (EUR 796 million) and USD 2,991 million (EUR 2,437 million) respectively for Phase 1 and Phase 2 if it successfully completes the clearing of the spectrum as described above. In the case of delays in achieving those spectrum clearing milestones then the Accelerated Relocation Payments will decrease on a sliding scale to zero over the six-month period beginning with the stated deadlines for Phases 1 and 2 set out above.

To facilitate the clearing of the spectrum SES will procure six C-band satellites and necessary launch vehicles and is consolidating and upgrading its ground facilities to comply with the provisions of the FCC Order. In parallel, customers and affiliated earth stations are being equipped with special filters, new antennae and/or other technology capabilities so that they can be migrated to work with services operating in the remaining 200 MHz of spectrum (between 4,000 MHz and 4,200 MHz) available to satellite operators.

The SES Board of Directors has approved an investment envelope of EUR 1.4 billion (USD 1.6 billion) for the implementation of the accelerated clearing programme including the procurement and launch of the new satellites and other equipment and services described above. SES expects these spectrum clearing costs to be reimbursed by the independent third-party Relocation Payment Clearinghouse that is administering the transition and related payments with FCC oversight.

The C-band spectrum clearing operational activities are headed by a member of the Group’s Senior Leadership Team supported by a team of dedicated functional managers and full-time and part-time resources. The financial impact of these operations is monitored as part of the ongoing financial reporting to the Group’s management and Board.

The C-band repurposing project is not the result of a contract with a customer and therefore proceeds from the contract are not accounted for as revenue under IFRS 15 – ‘Revenue from contracts with customers’, but rather as C-band repurposing income. The FCC is a U.S. governmental agency that developed the rules of the auction, including requiring the Group to clear the lower 300 MHz of C-band spectrum and requiring overlay license auction winners to reimburse the Group for reasonable relocation costs and pay the Group accelerated relocation payments if earned in accordance with the FCC Order. In consideration of the substance of the FCC’s rulemaking, the Group believes the payments the FCC requires auction winners to make to the Group are akin to a government grant. Accordingly, the Group is applying the requirements of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance to account for C-band repurposing income related to reimbursements of reasonable relocation costs and accelerated relocation payments.

For capitalised costs related to the procurement of the C-band satellites, launches, and upgraded ground facilities, the Group records credits to the recorded book values of the related asset when the costs have been incurred. and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement.

The Group records operating expenses as incurred for both equipment transferred to customers and affiliated earth stations to facilitate their migration to the upper 200 MHz of the C-band and other associated spectrum clearing costs. The Group records C-band repurposing reimbursement income related to these expenses when the expenses have been incurred and the Group has obtained reasonable assurance that the costs will be reimbursed and that it will comply with the requirements attached to the reimbursement.

In both cases, the Group believes it obtains such reasonable assurance when either the Relocation Payment Clearinghouse validates the costs as being reimbursable or the costs fall within cost ranges for the applicable costs as published by the FCC in a cost catalogue.

In 2020 the Group recorded C-band repurposing income of EUR 10 million and C-band-related expenses of EUR 43 million representing cost of sales of EUR 12 million, accumulated staff costs of EUR 15 million and other operating expenses (including travel and consulting charges) of EUR 16 million. Once the accelerated clearing programme had been confirmed, the Group began the amortisation of the remaining balance of deferred charges in connection with the C-band repurposing of EUR 14 million (31 December 2019: EUR 19 million). These deferred charges, which are presented under 'Prepayments' in the Statement of Financial Position are to be amortised on a straight-line basis through to the completion of Phase 2 in December 2023.

During 2020 SES entered into procurement agreements with three satellite manufacturers to acquire five of the six satellites needed to facilitate the repurposing of the C-band spectrum representing an aggregate commitment of EUR 755 million, out of which EUR 313 million is presented under non-current 'Fixed assets suppliers ' in the Statement of Financial Position (refer to Note 27 as well).

SES's other commitments for C-band repurposing expenditures represent EUR 52 million, of which EUR 50 million relate to one vendor who is performing a service for one of SES's largest C-band customers through May 2021.

Note 34 - Post-Balance Sheet events

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 35 - 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	**2020**	2019
Borrowings - non-current	**3,317**	3,737
Borrowings - current	**613**	691
Borrowings, *less*	**3,930**	4,428
Cash and equivalents	**1,162**	1,155
Net debt	**2,768**	3,273

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 the sum of revenue and C-band repurposing income. 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:

In millions of euros	**2020**	2019
Profit/(loss) before tax	**(102)**	200
Add: Depreciation and impairment expense	**808**	697
Add: Amortisation and impairment expense	**189**	154
Add: Net financing costs	**184**	166
EBITDA	**1,079**	1,217

The following table provides a reconciliation of EBITDA margin:

In millions of euros	**2020**	2019
Revenue	**1,876**	1,984
C-band repurposing income	**10**	-
EBITDA	**1,079**	1,217
EBITDA Margin (%)	**57.2%**	61.3%

3) Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA is defined as EBITDA adjusted to exclude material exceptional items. In 2020 the primary exceptional items are restructuring charges announced in the framework of the Group's 'Simplify and Amplify' programme, and the net impact of the C-band repurposing.

In millions of euros	**2020**	2019
EBITDA	**1,079**	1,217
Deduct: C-band repurposing income (Note 33)	**(10)**	-
Add: C-band repurposing expenses (Note 33)	**43**	-
Add: Restructuring expenses (Note 24)	**40**	21
Adjusted EBITDA	**1,152**	1,238

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue. The following table provides a reconciliation of the Adjusted EBITDA Margin:

In millions of euros	**2020**	2019
Revenue	**1,876**	1,984
Adjusted EBITDA	**1,152**	1,238
Adjusted EBITDA Margin (%)	**61.4%**	62.4%

4) 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:

In millions of euros	**2020**	2019
Profit/(loss) before tax	**(102)**	200
Add: Net financing costs	**184**	166
Operating profit	**82**	366

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:

In millions of euros	**2020**	2019
Revenue	**1,876**	1,984
Operating profit	**82**	366

Operating profit margin	**4.4%**	18.4%

5) **Adjusted Net Debt**

Adjusted Net Debt is defined as current and non-current borrowings less cash and cash equivalents, all as disclosed on the consolidated financial position and also includes 50% of the Group's EUR 1.3 billion of the perpetual bonds (consistent with rating agencies' methodology). The Group believes that Adjusted 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 Adjusted Net Debt to the relevant line items on the statement of financial position from which it is derived:

In millions of euros	**2020**	2019
Borrowings – non-current	**3,317**	3,737
Borrowings – current	**613**	691
Total borrowings	**3,930**	4,428
50% of the Group's EUR 1.3 billion of perpetual bonds	**650**	650
Less: Cash and cash equivalents	**1,162**	1,155
Adjusted Net Debt	**3,418**	3,923

6) **Adjusted Net Debt to EBITDA ratio**

The Adjusted Net Debt to EBITDA ratio is defined as Adjusted Net Debt, as described above, divided by EBITDA. The Group believes that Adjusted 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 Adjusted Net Debt to EBITDA ratio to Adjusted Net Debt and EBITDA:

In millions of euros	**2020**	2019
Adjusted Net debt	**3,418**	3,923
EBITDA	**1,079**	1,217
Adjusted Net Debt to EBITDA ratio	**3.17 times**	3.22 times

7) **Adjusted Net Debt to Adjusted EBITDA ratio**

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

In millions of euros	**2020**	2019
Adjusted Net Debt	**3,418**	3,923
Adjusted EBITDA	**1,152**	1,238
Adjusted Net debt to Adjusted EBITDA ratio	**2.97 times**	3.17 times

8) **Adjusted Net Profit and Adjusted Earnings per Share**

Adjusted Net Profit is defined as profit or loss of the period attributable to shareholders of the group adjusted to exclude the after-tax impact of material exceptional items of the period. In 2020 the primary exceptional items are restructuring charges announced in the framework of the Group's 'Simplify and Amplify' programme, the net impact of the C-band repurposing and as well the impairment expenses.

The tax rate applied to the pre-tax impact of the C-band operating expenses is the US tax rate and the tax rate applied to the restructuring expenses and impairment expenses represents the computed weighted average tax rate of the jurisdictions where the expenses occurred:

In millions of euros	**2020**	2019
Profit/(loss) of the group attributable to shareholders of the parent	**(86)**	296
C-band operating expenses (net of income)	***33***	-
Restructuring expenses	***40***	*21*
Impairment expenses	***277***	*97*
Add: Total material exceptional items	***350***	*118*
Tax on C-band operating expenses (net of income), at 21%	***(7)***	-
Tax on restructuring expenses, at 22%	***(9)***	*(5)*
Tax on impairment expenses, at 14.4%	***(40)***	*(14)*
Less: Tax on material exceptional items	***(56)***	*(19)*
Adjusted Net Profit	**208**	395

Adjusted Earnings per Share is the reported earnings share adjusted for the after-tax impact of material exceptional and non-recurring items as described above. For the year 2020, Adjusted Earnings per Share of EUR 0.35 per Class A share (2019: EUR 0.76), and EUR 0.14 per Class B share (2019: EUR 0.31) have been calculated on the following basis:

In millions of euros	**2020**	2019
Adjusted Net Profit	**208**	395
Assumed coupon on perpetual bond (net of tax)	**(49)**	(49)
Total	**159**	346

The weighted average number of shares, net of own shares held, for calculating Adjusted Earnings per Share – unchanged from the numbers of shares applied in the calculation of basic earnings per share:

	2020	2019
Class A shares (in million)	**378.4**	378.0
Class B shares (in million)	**191.7**	191.7
Total	**570.1**	569.7

Adjusted Earnings per share	**2020**	2019
Class A shares	**0.35**	0.76
Class B shares	**0.14**	0.31

9) Free cash flow before equity distributions and treasury activities

Free cash flow before financing activities is defined as net cash generated by operating activities, adjusted for the net cash absorbed by investing activities. In addition, free cash flow before equity distributions and treasury activities considers the effect of the interest paid on borrowings and lease payments on the computed free cash flow before financing activities. The Group believes that the free cash flow before equity distributions and treasury activities is relevant to the investors, since it gives an indication of the Group's ability to generate cash after payment taxes and other committed financing charges.

In millions of euros	**2020**	2019
Net cash generated by operating activities	**1,049**	1,134
Net cash absorbed by investing activities	**(217)**	(308)
Free cash flow before financing activities	**832**	826
Interest paid on borrowings	**(152)**	(154)
Lease payments	**(15)**	(13)
Free cash flow before equity distributions and treasury activities	**665**	659

Note 36 - Consolidated subsidiaries, associates

The consolidated financial statements include the financial statements of the Group's subsidiaries and associates listed below:

	Economic interest (%) 2020	Economic interest (%) 2019	**Method of consolidation 2020**	Method of consolidation 2019
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 (Luxembourg) S.A., Luxembourg	**100**	100	**Full**	Full
SES Insurance International Re (Luxembourg) S.A., Luxembourg	**100**	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
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 Germany GmbH (formerly MX1 GmbH), Germany	**100**	100	**Full**	Full
SES Media Solutions GmbH, Germany	**100**	100	**Full**	Full
MX1 (Thailand) Ltd, Thailand[3]	**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[4]	**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[3]	**100**	100	**Full**	Full
SES ASTRA (Romania) S.r.l., Romania	**100**	100	**Full**	Full
SES HD Plus Ghana Limited (formerly SES Satellite Ghana Ltd.), Ghana	**84.7**	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 Ukraina, Ukraine	**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 Limited, South Africa	**100**	100	**Full**	Full
SES AMERICOM Inc., U.S.A.	**100**	100	**Full**	Full
SESTelecomunicações 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, LLC, U.S.A.	**100**	100	**Full**	Full
SES Satellites (Gibraltar) Ltd., Gibraltar	**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
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., U.S.A. [5]	**100**	100	**Full**	Full
QuetzSat S. de R.L. de C.V., Mexico	**100**	100	**Full**	Full
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 Satélites Ibérica, S.L. (formerly SES Global South America Holding, S.L.), Spain	**100**	100	**Full**	Full
New Skies Satellites B.V., The Netherlands	**100**	100	**Full**	Full

	Economic interest (%) 2020	Economic interest (%) 2019	**Method of consolidation 2020**	Method of consolidation 2019
SES Engineering (Netherlands) 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 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 Limited, Jersey, Channel Islands	**100**	100	**Full**	Full
O3b Limited, Jersey, Channel Islands	**100**	100	**Full**	Full
O3b Africa Limited, Mauritius[3]	**100**	100	**Full**	Full
O3b Sales B.V., The Netherlands	**100**	100	**Full**	Full
O3b Networks USA LLC, U.S.A.	**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
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	**49**	51	**Full**	Full
MX1 Ltd, Israel	**100**	100	**Full**	Full
MX1 Inc., U.S.A.	**100**	100	**Full**	Full
GSN GoSat Distribution Network Ltd, Cyprus[3]	**100**	100	**Full**	Full
EMP Media Port Ltd, Cyprus[3]	**100**	100	**Full**	Full
SES Services Romania S.R.L. (formerly MX1 C.E.E. S.A.), Romania	**100**	100	**Full**	Full
MX1 Korea Ltd., Korea[3]	**100**	51	**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 Networks GmbH, Germany	**100**	100	**Full**	Full
SES Satellites India Private Limited, India	**100**	100	**Full**	Full
SES-15 S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES Astra Real Estate (Betzdorf) S.A., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 1KR S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 1L S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 1M S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 3B S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 5B S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 1N S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 2E S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 2F S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
SES ASTRA 2G S.à r.l., Luxembourg[3]	**-**	100	**Full**	Full
AMC-1 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-2 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-3 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
SES-9 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-6 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-8 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-9 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-10 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-11 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-12 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-4 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-7 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-15 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
AMC-16 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
SES-1 Holdings, LLC, U.S.A.[3]	**-**	100	**Full**	Full
SES-2 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full
SES-3 Holdings LLC, U.S.A.[3]	**-**	100	**Full**	Full

	Economic interest (%) 2020	Economic interest (%) 2019	**Method of consolidation 2020**	Method of consolidation 2019
O3b Networks Management Services B.V., The Netherlands[3]	**-**	100	**-**	Full
O3b Holdings 1 B.V., The Netherlands[3]	**-**	100	**Full**	Full
O3b Holdings 2 B.V., The Netherlands[3]	**-**	100	**Full**	Full
O3b Coöperatief UA, The Netherlands[3]	**-**	100	**Full**	Full
O3b USA, LLC, U.S.A.[3]	**-**	100	**Full**	Full
O3b America, LLC, U.S.A.[3]	**-**	100	**Full**	Full
O3b (Singapore) Pte, Singapore[3]	**-**	100	**Full**	Full
SES-11 Holdings, LLC, U.S.A.[3]	**-**	100	**Full**	Full
SES 5G Customer Services LLC, U.S.A.[1]	**100**	-	**Full**	-
SES US Satellite Holdings LLC, U.S.A.[1]	**100**	-	**Full**	-
SES Telecomunicaciones de Colombia S.A.S., Colombia[1]	**100**	-	**Full**	-
SES Telecomunicaciones de Colombia Zona Franca S.A.S., Colombia[1]	**100**	-	**Full**	-
SES Telecomunicaciones de Chile SpA, Chile[1]	**100**	-	**Full**	-
SES LU Satellite Holdings S.à r.l., Luxembourg[1]	**100**	-	**Full**	-

1. Entity created in 2020
2. Entity sold, merged, liquidated or in the process of liquidation in 2019
3. Entity sold, merged, liquidated or in the process of liquidation in 2020, as part of 'Simplify and Amplify' programme
4. Entity merged into SES Global South America Holding S.L., Spain with effect from 1st January 2021
5. Entity liquidated with effect from 22nd January 2021