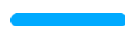


# 2020 FIRST-HALF FINANCIAL REPORT





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# 01 MANAGEMENT REPORT

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# 1 ENGIE 2020 FIRST-HALF RESULTS

## ENGIE H1 Financial Results for the period ended 30 June 2020

**Robust operational performance despite challenging market conditions**  
**2020 FY guidance provided, expected NRIGs between €1.7-1.9 billion <sup>(1)</sup>**

### Business Highlights

- Continued delivery of essential services and ensured health and safety of employees
- New partnership agreement for 2.3 GW renewable portfolio in the US, commissioned 0.9 GW of renewables
- Strong contribution from TAG pipeline and acquisition of further 10% closed
- Negative temperature effect in France (€195 million at COI level)
- To date, CS activity levels back to nearly 100% following material drop in Q2
- Successful project delivery with €2.1 billion growth CAPEX executed

### Financial Performance

- Significant impact of COVID-19 on H1 results (c. €0.85 billion), particularly on Customer Solutions and Supply
- Networks, Renewables and Thermal relatively resilient
- Negative FX impact of €94 million at COI <sup>(2)</sup> level mainly due to BRL depreciation
- CFFO <sup>(3)</sup> improved by €0.3 billion and net financial debt reduced by €0.8 billion, strong liquidity of €23.5 billion maintained
- Commitment to dividend policy re-affirmed, within the framework announced in 2019

### Key H1 financial figures at June 30, 2020 <sup>(4)</sup>

| In billions of euros                            | June 30, 2020 | June 30, 2019 | % change (reported basis) | % change (organic basis) <sup>(1)</sup> |
|-------------------------------------------------|---------------|---------------|---------------------------|-----------------------------------------|
| Revenues                                        | 27.4          | 30.2          | -9.3%                     | -8.8%                                   |
| EBITDA                                          | 4.5           | 5.3           | -15.8%                    | -14.0%                                  |
| CURRENT OPERATING INCOME (COI) <sup>(2)</sup>   | 2.2           | 3.1           | -30.8%                    | -29.3%                                  |
| Net recurring income Group share                | 0.7           | 1.5           | -50.0%                    | -51.9%                                  |
| Net income, Group share                         | 0.0           | 2.1           | (2.1)                     |                                         |
| Cash Flow From Operations (CFFO) <sup>(3)</sup> | 3.0           | 2.7           | 0.3                       |                                         |
| CAPEX                                           | 3.0           | 5.5           | (2.5)                     |                                         |
| Net financial debt                              | 25.1          | 25.9          | -0.8 vs Dec. 31, 2019     |                                         |

(1) Organic variation: gross variation without scope and foreign exchange effect.

(2) Net of DBSO (Develop, Build, Share & Operate) and tax equity proceeds.

## 1.1 Operational and financial overview

ENGIE remains focused on simplifying the Group and exiting 25 countries by the end of 2021. The Group has stopped development in some countries and for the countries to be exited specific plans are in progress. The Group has also continued to streamline operations, for example by merging the regional organizations of Africa and MESCAT Business Units, as well as APAC and China Business Units to be completed in early 2021.

(1) Main assumptions for these targets and indications: average weather in France, full pass through of supply costs in French regulated gas tariffs, no major regulatory, accounting or macro-economic changes, market commodity prices as of June 30, 2020, average forex for 2020: €/£: 1.11; €/BRL: 5.79, no significant impacts from disposals not already announced, continued/gradual return from lockdowns across key geographies with no new major lockdowns in key regions.

(2) New Current Operating Income (COI) definition excludes the non-recurring share in net income of equity method entities.

(3) Cash flow from operations: Free Cash Flow before maintenance Capex.

(4) Variations vs. H1 2019.

### 1.1.1. Revenues of €27.4 billion

**Revenues** were €27.4 billion, down 9.3% on a gross basis and 8.8% on an organic basis.

**The reported revenue decrease** includes a negative foreign exchange effect, mainly due to the depreciation of the Brazilian real against the euro and to a lesser extent to the depreciation of the Argentinian peso against the euro, only partly offset by the appreciation of the US dollar against the euro, and to a smaller degree to an aggregate slightly positive scope effect. Changes in the scope of consolidation included various acquisitions in Client Solutions, primarily in the United States and in France, partly offset by the disposals of the stake of Glow in Thailand in March 2019 and the BtoC Supply activities in the UK at the beginning of 2020.

**The organic revenue decrease** was primarily driven by the COVID-19 crisis and mild temperatures, impacting mainly Supply and to a lesser extent, Client Solutions activities across all geographies, the termination of an LNG contract in North America and to a lesser extent lower distribution in Networks.

These impacts have only been partly offset by higher revenues in Brazil thanks to the commissioning of Pampa Sul in Thermal and Umburanas in Renewables and a higher level of thermal dispatch.

### 1.1.2. EBITDA of €4.5 billion

**EBITDA** was €4.5 billion, down 15.8% on a gross basis and 14.0% on an organic basis.

These gross and organic<sup>1</sup> variations are overall in line with the current operating income decrease, except for the increase in depreciation attributable to the increase of the dismantling asset resulting from the triennial review of nuclear provisions that occurred at the end of last year and to the amortization of some gas distribution assets in France, which are not taken into account at EBITDA level.

In addition, the Lean 2021 plan continued to deliver results at EBITDA and COI levels, and is currently slightly above plan.

### 1.1.3. Current operating income of €2.2 billion

**Current operating income** amounted to €2.2 billion, down 30.8% on a reported basis and 29.3% on an organic basis.

ENGIE's results for the first half of 2020, and in particular for the second quarter, were down significantly with an estimated COI impact of c. EUR 0.85 billion due to the unprecedented COVID-19 crisis.

Asset Light Client Solutions and BtoB Supply were most impacted with a strong decrease in activity levels and energy consumption. Thermal maintained robust operational performance, Networks demonstrated resilience (excluding temperature impact) and Nuclear benefitted from improved achieved prices. Throughout the period, strong progress was made on developments across the Renewables portfolio. Warm temperatures in France impacted Group results, mainly in Networks and Supply with a total negative impact of €195 million at COI level.

The Group's COI also reflects deterioration of foreign exchange with a total effect of €94 million mainly driven by the depreciation of the Brazilian real. Negative scope effect of €20 million was mainly driven by the disposal of Glow in March 2019 and coal plants in Germany and the Netherlands, partly offset by the TAG acquisition in June 2019.

## H1 COI contribution by reportable segment

| <i>In millions of euros</i>      | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|----------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| France                           | 1,239         | 1,610         | -23.0%                          | -22.8%                         |
| France excluding Infrastructures | 212           | 482           | -56.0%                          | -57.1%                         |
| France Infrastructures           | 1,027         | 1,128         | -8.9%                           | -9.0%                          |
| Rest of Europe                   | 168           | 291           | -42.2%                          | -40.5%                         |
| Latin America                    | 696           | 820           | -15.1%                          | -15.0%                         |
| USA & Canada                     | 1             | 22            | -97.6%                          | -171.6%                        |
| Middle East, Asia & Africa       | 243           | 378           | -35.7%                          | -17.2%                         |
| Others                           | (179)         | 15            |                                 |                                |
| <b>TOTAL</b>                     | <b>2,169</b>  | <b>3,135</b>  | <b>-30.8%</b>                   | <b>-29.3%</b>                  |

See comments in section 1.1.3.2 - Organic performance across segments.

## H1 COI contribution by Business line

| <i>In millions of euros</i> | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Client Solutions            | (142)         | 414           | -                               | -                              |
| Networks                    | 1,266         | 1,359         | -6.8%                           | -11.4%                         |
| Renewables                  | 512           | 559           | -8.5%                           | +9.7%                          |
| Thermal                     | 588           | 682           | -13.7%                          | -0.5%                          |
| Nuclear                     | (107)         | (216)         | +50.6%                          | -50.6%                         |
| Supply                      | 3             | 340           | -99.0%                          | -97.9%                         |
| Others                      | 49            | (3)           | -                               | -                              |
| <b>TOTAL</b>                | <b>2,169</b>  | <b>3,135</b>  | <b>-30.8%</b>                   | <b>-29.3%</b>                  |

## Estimated COVID-19 impacts by Business Lines

| <i>In billions of euros</i> | Estimates at COI level | Nature                                                           |
|-----------------------------|------------------------|------------------------------------------------------------------|
| Client Solutions            | (0.49)                 | Loss of revenues / contracts, bad debts, specific purchases      |
| Networks                    | (0.04)                 | Lower volumes, lower capitalized costs, specific purchases       |
| Renewables                  | (0.02)                 | Lower volumes dispatched                                         |
| Thermal                     | (0.02)                 | Lower demand                                                     |
| Nuclear                     | -                      | -                                                                |
| Supply                      | (0.24)                 | Lower demand, unwinding of hedges, lower B2C services, bad debts |
| Others                      | (0.05)                 | Credit losses                                                    |
| <b>TOTAL</b>                | <b>(0.85)</b>          | <b>Net of savings / action plans</b>                             |

These estimates have been prepared in accordance with a standard guidance applied across our businesses under a dedicated oversight process (losses of revenues being inherently subject to more judgment than the identification of specific costs incurred). These estimates relate to operating items only, and are presented net of savings and mitigating management action plans. By construction, these estimates exclude foreign exchange and commodity price effects incurred in our various businesses, whether positive or negative.

### 1.1.3.1. Organic performance across Business Lines

#### Client Solutions: Activities strongly impacted by COVID-19 in Q2

Client Solutions' COI decreased significantly to -€142 million, mainly as a result of the COVID-19 crisis.

After a year on year increase of +5% in Q1 2020, Client Solutions revenues decreased by 16% in Q2. The Business Line experienced a strong impact in the asset-light business model predominately in Europe but also in the US. Revenues decreased significantly in all geographies during the containment periods with a very gradual recovery.

In France, as well as in other countries in Europe and Latin America, the Group utilized government temporary unemployment schemes. To further mitigate revenue impacts, the Group focused on variabilizing costs as much as

possible. Subcontractor and labour costs were reduced in all geographies. Other costs areas such as energy, equipment, consumed materials, consulting and IT were also lowered. All in all, ENGIE managed to reduce costs by 9% in Q2 2020.

COVID-19 weighed strongly on SUEZ's results.

Temperature and energy price effects in Europe also negatively impacted the asset-based activities. Excluding these negative effects, DHC and on-site generation activities were relatively resilient, showing for example an increase in installed capacity of heat and cold of 2.5%.

Lastly, start-up costs from ENGIE Impact and other investments for the future were also reflected in asset-light results.

### **Networks: Performance demonstrates overall operational and financial resilience**

Networks' COI was €1,266 million, down 11% on an organic basis.

In France, the Networks performance was impacted by unusually mild temperature and COVID-19 on distributed volumes, particularly during the second quarter, despite lower levels of expenditure in distribution and transmission activities during lockdown. Nevertheless, negative volume effects will be recovered in the medium-term under the clawback accounts mechanism.

Networks in Mexico and Argentina suffered from negative volume effects.

Lastly, headwinds related to price and temperature effects weighed on Networks in the rest of the world.

Overall, in Networks, the Group maintained strong operational performance with high levels of network safety and reliability. In France, along with the pick-up in activity levels, gas smart meter installation is resuming.

In Latin America, following the acquisition of 90% of TAG in June 2019, ENGIE, with its partner *Caisse de Dépôt et Placement du Québec*, successfully acquired the remaining 10% in July 2020. In addition, earlier this year ENGIE closed the acquisition of a 30-year greenfield concession project in northern Brazil that comprises the construction, operation and maintenance of a 1,800 km electric power transmission line, a new substation and the expansion of 3 additional substations.

### **Renewables: Continued growth and operational progress; FX impact from weaker BRL**

Renewables COI contribution was €512 million, up 10% on an organic basis. This is mainly due to higher hydroelectric and wind generation volumes in France, relatively favourable wind conditions in most European countries, only partly offset by less favourable hydro conditions in Brazil. Successful commissioning in North America also contributed to this increase.

During the first half of 2020, almost 1.2 GW of onshore wind and solar capacity was added including 0.9 GW of capacity commissioned and, as of June 30, 2020, 5.5 GW of renewables capacity is under construction.

On July 27, 2020, ENGIE and its partners finalized the commissioning of WindFloat Atlantic, a 25 MW floating wind farm in Portugal, the world's first semi-submersible floating wind farm. This commissioning is a landmark achievement for the sector as floating wind technology contributes to the diversification of energy sources and provides access to untapped marine areas.

On July 21, 2020, ENGIE and EDP Renováveis announced the creation of Ocean Winds, a joint venture in the floating and fixed offshore wind energy sector equally controlled by both partners. The new company will act as the exclusive investment vehicle of each partner to capture offshore wind opportunities around the world and aims to become a top five offshore global operator by combining the development potential of both partners.

On July 2, 2020, ENGIE announced the signing of an agreement to sell 49% of its equity interest in a 2.3 GW US renewables portfolio to Hannon Armstrong, a leading investor in climate change solutions. ENGIE will retain a controlling share in the portfolio and continue to manage the assets. When commissioned, this 2.3 GW portfolio, will comprise 1.8 GW onshore wind and 0.5 GW solar photovoltaic projects and will represent a major milestone in achieving ENGIE's goal of commissioning 9 GW additional renewable capacity between 2019 and 2021. ENGIE has secured nearly USD 2 billion of tax equity commitments for this portfolio. Tax equity financing is the traditional structure used in the United States to support

the development of renewable projects. This tax equity financing – the largest ever in the US – demonstrates ENGIE's successful development in this market.

Lastly, in March 2020, ENGIE finalized Renvico's acquisition to strengthen its growth in onshore wind in Italy and France. This acquisition has enabled ENGIE to double its installed onshore wind capacity in Italy to over 300 MW.

#### **Thermal: Robust operational performance maintained and expected COI impact of scope changes**

Thermal COI amounted to €588 million, flat on an organic basis. The Thermal business has shown resilience, as a result of its highly contracted portfolio and high achieved spreads and ancillaries mainly in Europe.

The negative impacts of the COVID-19 crisis leading to lower demand in Chile and Peru, and the significant liquidated damages received in 2019 in South America have been fully offset by the performance of thermal assets in Europe, the positive timing effects on the reinstatement of the Capacity Remuneration Mechanism in the UK and higher generation in Brazil, including Pampa Sul since its COD in June 2019.

In June 2020, the sale of New York's Astoria Energy facilities was finalized and represents another step in ENGIE's transition in the US from a merchant generator.

In March 2020, ENGIE reaffirmed its leading position as an independent power producer in the Middle East with the commissioning of Fadhili's 1.5 GW gas plant, a cogeneration plant in Saudi Arabia in which ENGIE has a 40% equity ownership.

#### **Nuclear: Performance benefitted from improved achieved prices in H1**

Nuclear COI reached -€107 million, up 51% on an organic basis. Nuclear activities benefitted from higher energy margin due to a positive price effect, and lower Opex, partly offset by higher depreciation.

The ongoing Long-Term Operations (LTO) works have continued well with works for Doel 1 and 2 complete and Tihange 1 underway. Including these LTO, the nuclear availability rate for first-half 2020 stood at 66%. The availability rate in 2021 is expected to increase significantly.

#### **Supply: Performance impacted by lower volumes due to COVID-19 and temperature**

Supply COI amounted to €3 million, down 98% on an organic basis. Financial performance was highly affected by COVID-19 (-€240 million) in Europe and in the US due to lower gas and electricity consumption during the lockdown periods (primarily BtoB). This sharp and unexpected reduction in demand led to a negative volume effect as related margins were not booked, together with a negative price effect as power and gas positions had to be unwound in a lower price environment. Also, lower BtoC services were provided during the lockdowns. Warm temperature in France and Benelux also contributed to the strong decrease. These effects were only marginally offset by better results in Romania and B2C margins in France.

#### **Others**

Other's COI strongly increased, up to €49 million. This increase reflects mainly higher contribution of GTT thanks to a good order book and GEM's (Global Energy Management) good performance in a context of high market volatility.

### **1.1.3.2. Organic performance across segments**

**France** reported an organic COI decrease. For France excluding Infrastructures, the organic decrease was driven by COVID-19 impacts and negative temperature effects on Supply and Client Solutions, partly offset by higher hydroelectric and wind power generation. For France Infrastructures activities, the decrease in revenues in distribution activity already mentioned was partly offset by lower costs in distribution and transmission activities. COI remained stable versus last year in terminalling and storage activities where the impact of new tariffs in effect since April 1, 2020 was offset by a better commercial performance in the UK and the absence of customer penalties as in 2019.

**Rest of Europe** showed an organic COI decrease. This decrease was mainly driven by Client Solutions notably in Benelux, the UK and Italy as a result of the COVID-19 crisis. Supply activities were also negatively impacted by warm temperatures and the impact of the COVID-19 crisis which resulted in a drop of consumption of BtoB and BtoC professional clients, partly offset by a better performance of Supply in Romania. Networks' contribution decreased in Romania with a significant negative climate effect, the impact of COVID-19 and a reduction of the distribution tariff. Those negative effects were only partially compensated by Nuclear activities that benefited from higher prices and lower operational expenditures partly offset by higher depreciation, by Thermal activities, which demonstrated good performance in Italy, higher spreads, and in the UK, a 2020 catch-up in Capacity Market remuneration and ancillary services and by Renewables activities, which recorded good performance thanks to favourable wind conditions in most countries.

**Latin America** reported an organic COI decrease, mainly due to a positive one-off in 2019 in Chile, lower power demand and PPA prices in Peru and lower gas volume distributed in Argentina and Mexico, these impacts were partly offset by organic growth in Brazil with higher generation in Thermal offset by lower contribution in renewables mainly due to lower prices.

**USA & Canada** reported an organic COI decrease. Main drivers were the end of a LNG contract, lower performance in Supply activities mainly due to the COVID-19 crisis and to a lesser extent, warm temperatures. This decrease was partly offset by contributions of four renewable projects commissioned since last year and higher contribution from Thermal activities

**Middle East, Asia & Africa** reported an organic COI decrease. The organic decrease mainly resulted from Thermal with unfavourable net negative one-offs in the Middle-East, the expiry of a PPA in Turkey as well as from difficulties in Supply in Australia and Africa. These negative effects were slightly offset by the higher performance in Renewables and in Client Solutions.

**Others** reported a significant organic COI decrease. This decrease was mainly due the COVID-19 crisis impact on SUEZ, *Entreprises & Collectivités* (also impacted by climate) and new businesses. These negative impacts were partly offset by the good contribution of GTT and of GEM which, notwithstanding significant COVID-19 impact, benefited from sound performance of market activities in a context of high volatility.

#### 1.1.4. Net recurring income Group share of €0.7 billion and Net income Group share of €0.02 billion

**Net recurring income, Group share** amounted to €0.7 billion compared with 1.5 billion in first-half 2019. This decrease was mainly driven by the decrease in current operating income, partly offset by lower tax expense, while financial costs remained stable.

**Net income Group share** amounted to €0.02 billion, down €2.1 billion as a result of the decrease in net recurring income, lower income from disposals and negative impact arising from the mark-to-market of nuclear provision funds and financial derivatives, partly offset by the positive effect of commodity mark-to-market compared to first-half 2019.

## 1.2 Strong Financial Position and Liquidity

ENGIE has maintained a sharp focus on maintaining a robust financial position through securing a strong liquidity position, disciplined capital allocation and OPEX and SG&A reduction. The Group has one of the strongest balance sheets in its sector, with €23.5 billion of liquidity (net cash + undrawn credit facilities – outstanding commercial paper) including €13.1 billion of cash, as of end of June.

Issuances of a triple tranche senior bond for a total of €2.5 billion in March 2020 and €750 million in June 2020 further improved ENGIE's financial position

**Net financial debt** stood at €25.1 billion, down €0.8 billion compared to December 31, 2019. This decrease was mainly attributable to (i) cash flow from operations (€3.0 billion), (ii) the impacts of disposal transactions (€0.6 billion, mainly related to the disposal of ENGIE's interests in Astoria 1 and 2 in the United States for €0.4 billion) and (iii) other items (€0.5 billion - mainly related to foreign exchange rates partly offset by new lease right-of-use assets). These items were partially offset

by (i) capital expenditure over the period (€3.0 billion), (ii) dividends paid to non-controlling interests and movements in treasury stock (€0.3 billion).

**Cash flow from operations** amounted to €3.0 billion, up €0.3 billion. This increase resulted from working capital requirement improvement. Firstly from margin calls on derivatives for €0.7 billion and secondly from cash action plans at working capital requirement level of €0.6 billion, partly offset by the EBITDA decrease.

At the end of June 2020, **the net financial debt to EBITDA ratio** amounted to 2.6x, increasing compared with the end of 2019. The average cost of gross debt was 2.38%, down 32bps compared with the end of 2019, thanks to optimized liability management and to a slight decrease in interest rates in Brazil and to a lesser extent in Europe. In addition, Brazilian real depreciation has reduced the proportion of higher-rate debt to lower-rate euro-denominated debt.

At the end of June 2020, **economic net debt<sup>(1)</sup> to EBITDA ratio** stood at 4.3x, also increasing compared with the end of 2019.

On April 24 S&P lowered its long-term rating to BBB+ and its short-term rating to A-2, and on May 5 Moody's affirmed its long-term rating of A3 and changed the outlook from stable to negative.

### 1.3 Financial forecasts

The forecasts for the financial year ended December 31, 2020, set forth below are based on data, assumptions and estimates considered to be reasonable by the Group at the date of issuance of this document.

These data and assumptions may evolve or be amended due to uncertainties related to the economic, financial, accounting, competitive, regulatory and tax environment or other factors that the Group may not be aware of at the date of registration of the management report. In addition, the fulfilment of forecasts requires the success of the Group's strategy. The Group therefore makes no commitment or warranty regarding the fulfilment of the forecasts set out in this section.

The forecasts presented below and the underlying assumptions, also been prepared in accordance with the provisions of Delegated Regulation (EU) No 2019/980 supplementing Regulation (EU) No 2017/1129 and the ESMA recommendations on forecasts.

The forecast presented below result from the budget and medium-term plan process as described in Note 13 to the consolidated financial statements at December 31, 2019 and updated mid-2020 as indicated in Note 11 to the 2020 interim condensed consolidated financial statements; they have been prepared on a comparable basis with historical financial information and in accordance with the accounting methods applied to the Group's consolidated financial statements for the year ended December 31, 2019 and June 30, 2020.

#### Assumptions for second half of the financial year 2020

- strategy: confirmation and deepening of the Group ambition to establish ENGIE as a leading force in the energy and climate transition;
- acquisitions and disposals: no significant change in the Group scope of consolidation beyond acquisitions or disposals already announced or impacts specifically mentioned in the forecasts below;
- foreign exchange rates: average annual €/US Dollar and €/Brazilian real foreign exchange rates at 1.11 and 5.79 respectively;
- Belgium nuclear assets availability: in line with REMIT at July 28, 2020, 62% (for 100% of the capacity installed, including the share of EDF);
- regulated gas and power tariffs in France: full pass through of supply costs;
- commodity prices: based on market conditions as of June 30, 2020 (notably for European outright power, forwards at €41/MWh in 2020) for the non-hedged part of the production (4% in 2020);

(1) Net economic debt amounted to €41.1 billion at the end of June 2020, stable compared with the level at end of December 2019; it includes, in particular, nuclear provisions and post-employment benefits.

- climate: normalized conditions in France (gas distribution and energy supply + normalized hydro production);
- recurring effective tax rate: 29% in 2020;
- employee benefit provisions discount rates: based on market conditions as of June 30, 2020, these being little different from those prevailing at December 31, 2019, as disclosed in Note 20 to the consolidated financial statements at December 31, 2019;
- no significant accounting changes compared to those described in the Group's consolidated financial statements for the year ended December 31, 2019 and for the six months ended June 30, 2020;
- no major regulatory and macro-economic changes compared to the situation as of 30 June 2020, and
- continuous/progressive lifting of containment measures in the main geographical regions where the Group operates, without major new containment in key regions.

## 2020 Guidance and Medium-Term Outlook

ENGIE is strongly focused on mitigating the impacts of the COVID-19 crisis and is determined to play a clear role in enabling a strong, green recovery. While H1 2020 experienced a significant impact as a result of this unprecedented crisis, ENGIE is fully prepared for the second half of the year and expects performance to recover from Q2 levels in line with the ongoing economic recovery and improving energy demand. Assuming a continued, gradual return from lockdowns across its key geographies, ENGIE anticipates **2020 net recurring income Group share to be between €1.7 billion and €1.9 billion**. This guidance is based on an indicative EBITDA range of €9.0 billion to €9.2 billion and COI range of €4.2 billion to €4.4 billion.

ENGIE expects a strong recovery from Q2 levels. In Client Solutions ENGIE has focused on variabilizing costs and the order backlog remains healthy. In Supply, there has been a swift recovery in BtoB power and gas demand and BtoC services activity has resumed.

For 2020 ENGIE expects CAPEX to be between €7.5 billion and €8.0 billion, including c. €4 billion of growth investments, c. €2.5 billion of maintenance CAPEX and c. €1.3 billion of nuclear funding.

ENGIE anticipates an economic net debt/EBITDA ratio above 4.0x for 2020 and below or equal to 4.0x over the long-term.

This guidance assumes continued, gradual return from lockdowns across ENGIE's key geographies and does not anticipate new major lockdowns in key regions.

Looking ahead to medium-term prospects, ENGIE is focused on driving a strong recovery. With carbon-neutrality at the heart of the Group's strategy, ENGIE is well positioned to benefit from new growth opportunities through government actions to drive a green recovery. Following a significantly impacted 2020 performance mainly due to COVID-19, the Group is confident of a substantial improvement in its financial performance.

ENGIE benefits from stability and good visibility for the majority of its operations. Networks have clarity through regulatory frameworks; Renewables and Thermal generation benefit from PPAs (Purchase Price Agreement) and long-term contracts, and market prices and spreads are near pre-crisis levels for merchant power generation activities.

In Asset-Light Client Solutions, although some uncertainty remains of the potential ongoing economic impacts of COVID-19, activity levels have improved considerably compared to Q2 and the order book is healthy. Similarly, for BtoB gas and power Supply activities, whilst there could be a potential ongoing impact on activity levels due to COVID-19, energy demand levels have recovered significantly compared to Q2.

These medium-term expectations assume that the easing of lockdowns continues and that there are no new major lockdowns in the Group's key geographies.

## 1.4 Dividend policy maintained

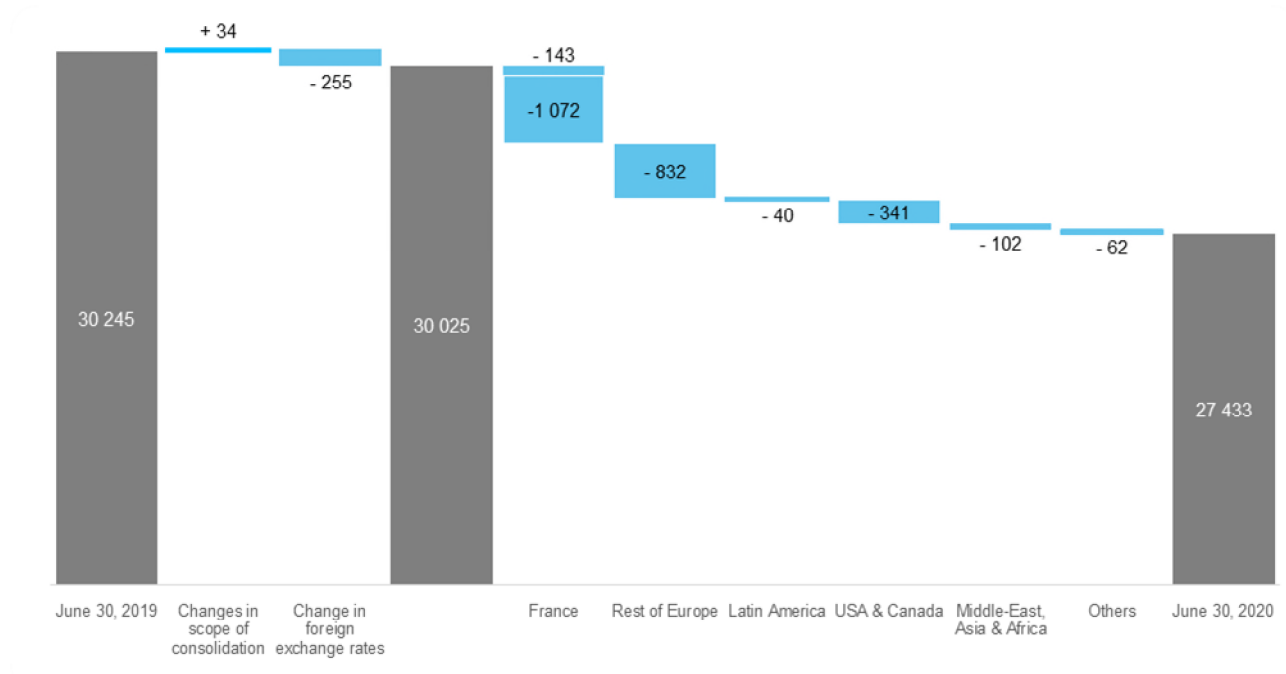
As previously communicated at the Group's General Meeting on May 14, 2020, ENGIE affirms its intent to resume dividend payment, within the framework of the policy announced last year, i.e. 65% to 75% of pay-out ratio on the basis of net recurring income Group share. The Board will decide on the dividend to be proposed at the time of the 2020 financial closing.

## 2 BUSINESS TRENDS

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 27,433        | 30,245        | -9.3%                           | -8.8%                          |
| EBITDA                                  | 4,478         | 5,321         | -15.8%                          | -14.0%                         |
| Net depreciation and amortization/Other | (2,309)       | (2,185)       |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 2,169         | 3,135         | -30.8%                          | -29.3%                         |

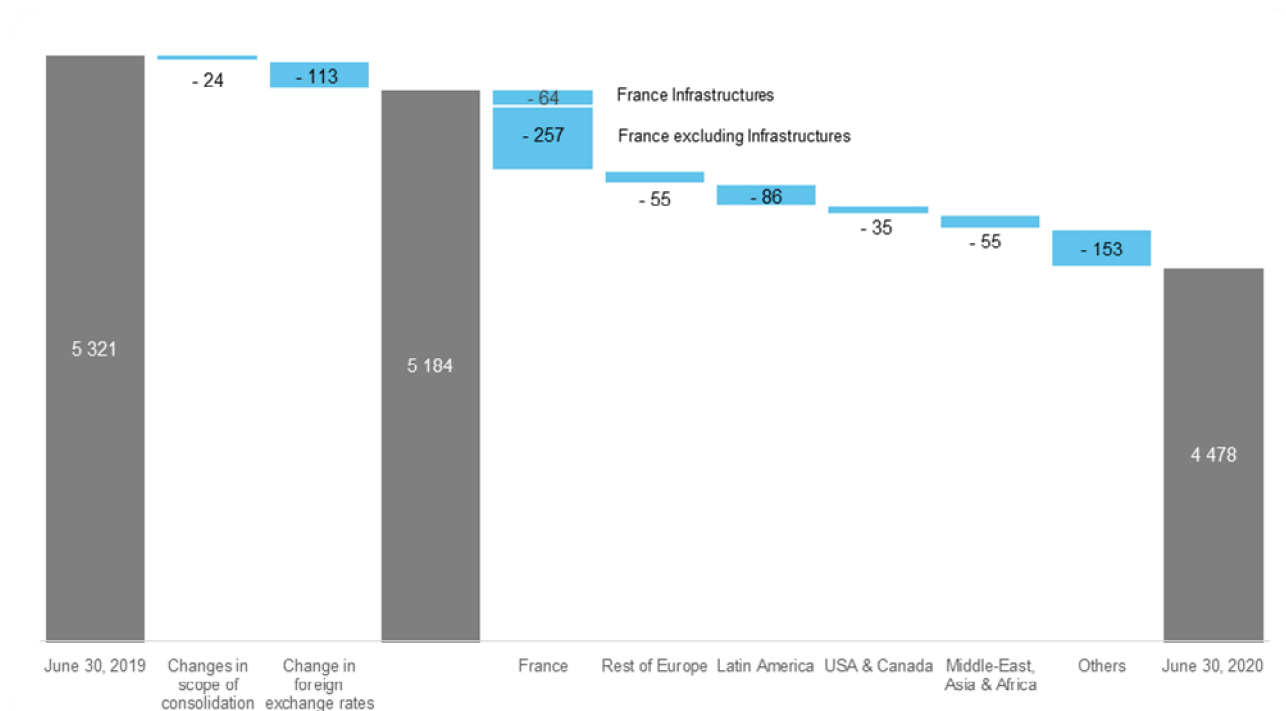
### REVENUE TRENDS

*In millions of euros*



## EBITDA TRENDS

In millions of euros



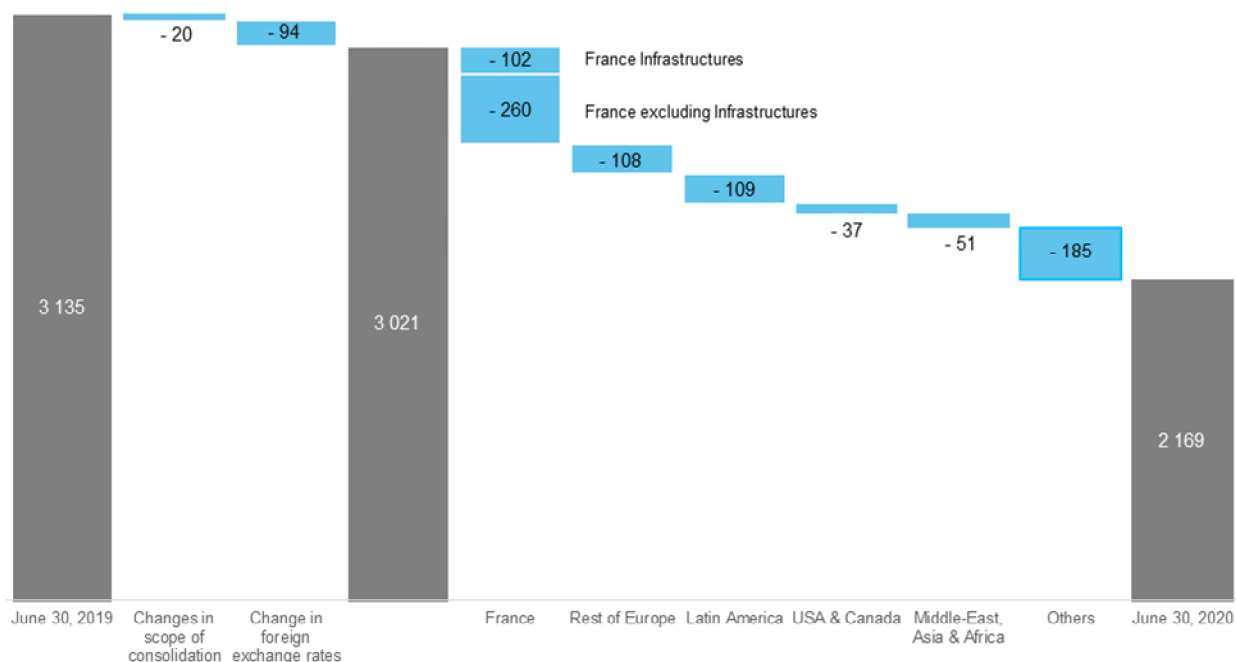
## Geography/Business Line matrix

| In millions of euros       | Client Solutions | Networks     | Renewables | Thermal    | Nuclear    | Supply     | Others     | June 30, 2020 |
|----------------------------|------------------|--------------|------------|------------|------------|------------|------------|---------------|
| France                     | 232              | 1,844        | 220        | -          | -          | 138        | -          | 2,433         |
| Rest of Europe             | 71               | 77           | 71         | 239        | 155        | 102        | -          | 715           |
| Latin America              | 12               | 218          | 391        | 305        | -          | 23         | -          | 948           |
| USA & Canada               | 2                | 1            | 49         | 18         | -          | (12)       | 2          | 59            |
| Middle East, Asia & Africa | 18               | 1            | 49         | 252        | -          | (33)       | -          | 287           |
| Others                     | (98)             | (3)          | (25)       | (2)        | -          | (58)       | 221        | 35            |
| <b>TOTAL EBITDA</b>        | <b>236</b>       | <b>2,137</b> | <b>755</b> | <b>812</b> | <b>155</b> | <b>159</b> | <b>223</b> | <b>4,478</b>  |

| In millions of euros       | Client Solutions | Networks     | Renewables | Thermal    | Nuclear   | Supply     | Others     | June 30, 2019 |
|----------------------------|------------------|--------------|------------|------------|-----------|------------|------------|---------------|
| France                     | 436              | 1,908        | 195        | -          | -         | 224        | -          | 2,763         |
| Rest of Europe             | 251              | 103          | 61         | 197        | 17        | 165        | -          | 793           |
| Latin America              | 18               | 168          | 505        | 351        | -         | 27         | -          | 1,069         |
| USA & Canada               | (14)             | 1            | 22         | 14         | -         | 10         | 41         | 74            |
| Middle East, Asia & Africa | 10               | 12           | 51         | 361        | -         | (8)        | -          | 426           |
| Others                     | 67               | (3)          | (21)       | (20)       | -         | 61         | 112        | 196           |
| <b>TOTAL EBITDA</b>        | <b>770</b>       | <b>2,188</b> | <b>812</b> | <b>902</b> | <b>17</b> | <b>479</b> | <b>153</b> | <b>5,321</b>  |

## CURRENT OPERATING INCOME (COI) TRENDS

In millions of euros



## Geography/Business Line matrix

| In millions of euros       | Client Solutions | Networks     | Renewables | Thermal    | Nuclear      | Supply   | Others    | June 30, 2020 |
|----------------------------|------------------|--------------|------------|------------|--------------|----------|-----------|---------------|
| France                     | 40               | 1,027        | 104        | -          | -            | 68       | -         | 1,239         |
| Rest of Europe             | (45)             | 56           | 44         | 160        | (107)        | 61       | -         | 168           |
| Latin America              | (1)              | 185          | 311        | 179        | -            | 22       | -         | 696           |
| USA & Canada               | (20)             | 1            | 34         | 16         | -            | (33)     | 2         | 1             |
| Middle East, Asia & Africa | 8                | -            | 43         | 236        | -            | (44)     | -         | 243           |
| Others                     | (124)            | (3)          | (25)       | (2)        | -            | (70)     | 47        | (179)         |
| <b>TOTAL COI</b>           | <b>(142)</b>     | <b>1,266</b> | <b>512</b> | <b>588</b> | <b>(107)</b> | <b>3</b> | <b>49</b> | <b>2,169</b>  |

| In millions of euros       | Client Solutions | Networks     | Renewables | Thermal    | Nuclear      | Supply     | Others     | June 30, 2019 |
|----------------------------|------------------|--------------|------------|------------|--------------|------------|------------|---------------|
| France                     | 246              | 1,129        | 80         | -          | -            | 155        | -          | 1,610         |
| Rest of Europe             | 141              | 82           | 33         | 119        | (216)        | 133        | -          | 291           |
| Latin America              | 4                | 140          | 414        | 236        | -            | 27         | -          | 820           |
| USA & Canada               | (27)             | 1            | 13         | 8          | -            | (6)        | 33         | 22            |
| Middle East, Asia & Africa | 3                | 11           | 41         | 340        | -            | (17)       | -          | 378           |
| Others                     | 47               | (3)          | (22)       | (20)       | -            | 49         | (36)       | 15            |
| <b>TOTAL COI</b>           | <b>414</b>       | <b>1,359</b> | <b>559</b> | <b>682</b> | <b>(216)</b> | <b>340</b> | <b>(3)</b> | <b>3,135</b>  |

## 2.1 France

| <i>In millions of euros</i>                     | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                        | 10,112        | 11,131        | -9.2%                           | -11.0%                         |
| Total revenues (incl. intra-group transactions) | 10,729        | 11,774        | -8.9%                           |                                |
| EBITDA                                          | 2,433         | 2,763         | -11.9%                          | -11.8%                         |
| Net depreciation and amortization/Other         | (1,194)       | (1,153)       |                                 |                                |
| CURRENT OPERATING INCOME (COI)                  | 1,239         | 1,610         | -23.0%                          | -22.8%                         |

### 2.1.1. France excluding Infrastructures

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 7,284         | 8,161         | -10.8%                          | -13.2%                         |
| EBITDA                                  | 590           | 856           | -31.1%                          | -31.2%                         |
| Net depreciation and amortization/Other | (378)         | (374)         |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 212           | 482           | -56.0%                          | -57.1%                         |

### Volumes sold

| <i>In TWh</i>     | June 30, 2020 | June 30, 2019 | % change (reported basis) |
|-------------------|---------------|---------------|---------------------------|
| Gas sales         | 43.3          | 51.2          | -15.5%                    |
| Electricity sales | 21.6          | 20.4          | +3.5%                     |

### France climatic adjustment

| <i>In TWh</i>                                                                                  | June 30, 2020 | June 30, 2019 | Total change in TWh |
|------------------------------------------------------------------------------------------------|---------------|---------------|---------------------|
| Climate adjustment volumes<br>(negative figure = warm climate, positive figure = cold climate) | (6.5)         | (0.6)         | (6.0)               |

**Revenues** for the France excluding Infrastructures segment amounted to €7,284 million, down 10.8% on a reported basis and 13.2% on an organic basis. The organic decrease is primarily due to the impact of the COVID-19 crisis and an unfavorable climate effect on Client Solutions and Supply activities. Acquisitions in BtoB services partly offset this organic decrease (in particular Powerlines and Pierre Guerin).

Gas sales volumes in the BtoC segment decreased by 7.9 TWh compared to first-half 2019, of which 6.0 TWh related to a negative temperature effect, and 1.9 TWh due to the end of commercialization of regulated tariff contracts since last year. The BtoC power portfolio recorded a sales increase by 0.1 TWh in line with growth in the client portfolio, whereas volumes sold by France Renewables and Engie Solutions increased by 1.2 TWh

**Current operating income** was €212 million, down 56.0% on a reported basis and 57.1% on an organic basis. This organic decrease was driven by COVID-19 impact and a negative temperature effect in the Supply and Client Solutions businesses. These decreases were partly offset by higher hydroelectric and wind power generation.

### 2.1.2. France Infrastructures

| <i>In millions of euros</i>                     | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-------------------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                        | 2,828         | 2,969         | -4.7%                           | -4.8%                          |
| Total revenues (incl. intra-group transactions) | 3,294         | 3,458         | -4.7%                           |                                |
| EBITDA                                          | 1,843         | 1,907         | -3.3%                           | -3.4%                          |
| Net depreciation and amortization/Other         | (816)         | (779)         |                                 |                                |
| CURRENT OPERATING INCOME (COI)                  | 1,027         | 1,128         | -8.9%                           | -9.0%                          |

**Revenues** for the France Infrastructures segment amounted to €2,828 million, down 4.7% on a reported basis. The decrease was driven by distribution activities, which were mainly impacted by record high winter temperatures, the adverse impact of the COVID-19 crisis on volumes and civil works revenues, partly offset by 2019 tariff hikes in distribution and transport activities.

**Current operating income** for the period was €1,027 million, down 8.9% on a reported basis. Besides the decrease in revenues mentioned above, infrastructures COI was favorably impacted by lower costs in distribution and transmission activities including lower energy consumption. COI remained stable versus 2019 in regasification and storage activities where the impact of the new ATS2 tariff in force since April 1 in France was offset by a better commercial performance in the UK and the absence of customer penalties as in 2019.

## 2.2 Rest of Europe

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 7,690         | 8,712         | -11.7%                          | -9.8%                          |
| EBITDA                                  | 715           | 793           | -9.8%                           | -7.3%                          |
| Net depreciation and amortization/Other | (546)         | (501)         |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 168           | 291           | -42.2%                          | -40.5%                         |

**Revenues** for the Rest of Europe segment amounted to €7,690 million, down 11.7% on a reported basis. This decrease was mainly driven by Supply and Client Solutions. Taking into account the negative impact arising from the disposal of the BtoC supply business in the United Kingdom at the beginning of the year, revenues were down organically by 9.8%.

Supply activities decreased organically, impacted by the negative volume effects due to unfavorable climatic conditions and lower consumption related to the COVID-19 crisis. Client Solutions asset-light activities were significantly affected by the business contraction resulting from the COVID-19 crisis, with main impacts in Belgium and in the United Kingdom.

**Current operating income** amounted to €168 million. The reported decrease of €123 million was mainly driven by Client Solutions, Supply, and Networks partly offset by Nuclear activities, Thermal and a slight increase in Renewables.

**Client Solutions** reported a significant decrease in the contribution from asset-light activities notably in Benelux, the UK and Italy mainly as a result of the COVID-19 crisis. **Supply** activities were negatively impacted by the warm climate and the impact of the COVID-19 crisis which entailed a drop in consumption of BtoB and BtoC professionals clients, partly offset by a better performance by Supply in Romania. **Networks'** contribution decreased in Romania with a significant negative climate effect, the impact of the COVID-19 crisis and a reduction in the distribution tariff. **Nuclear** activities benefited from a higher energy margin mainly thanks to a positive price effect and lower operational expenditures partly offset by higher depreciation and amortization. The increase in **Thermal** activities, despite the disposal of coal activities in 2019, was driven by the good performance in Italy, by higher spreads, and in the UK by the 2020 catch-up in Capacity Market remuneration (timing) and ancillary services. **Renewable** activities recorded good performances mainly driven by favorable wind conditions in most countries.

## 2.3 Latin America

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 2,294         | 2,601         | -11.8%                          | -1.7%                          |
| EBITDA                                  | 948           | 1,069         | -11.3%                          | -9.0%                          |
| Net depreciation and amortization/Other | (252)         | (249)         |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 696           | 820           | -15.1%                          | -15.0%                         |

**Revenues** for the Latin America segment totaled €2,294 million, down 11.8% on a reported basis and 1.7% organically. The reported decrease includes the negative foreign exchange effects in Brazil with the Brazilian Real depreciating against the Euro by 20%. In Brazil, revenues grew organically thanks to the commissioning of Pampa Sul (Thermal) and Umburanas (Wind), the high level of thermal dispatch, as well as construction revenue from Gralha Azul. In LATAM, revenues decreased organically mainly due to lower prices with no impact on COI in BtoB gas supply in Mexico, negative price effects in Thermal activities in Mexico and Chile, lower activity in services mainly due to the impact of COVID-19 crisis and lower power demand in Peru.

**Current operating income** totaled €696 million, down 15.1% on a reported basis and 15.0% on an organic basis. The reported decrease includes the positive scope impact of the acquisition in June 2019 of a gas transportation network in Brazil (TAG), offset by the strong negative foreign exchange impact in Brazil. The organic decrease was mainly due to a positive one-off in 2019 in Chile (IEM plant delay Liquidated Damages), lower power demand and PPA prices in Peru and lower gas volumes distributed in Argentina and Mexico, slightly offset by the positive impact of organic growth in Brazil with higher generation in Thermal offset by a lower contribution in renewables mainly due to lower prices.

## 2.4 USA & Canada

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 2,052         | 2,095         | -2.0%                           | -15.9%                         |
| EBITDA                                  | 59            | 74            | -19.3%                          | -46.7%                         |
| Net depreciation and amortization/Other | (59)          | (52)          |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 1             | 22            | -97.6%                          | -171.6%                        |

**Revenues** for the USA & Canada segment reached €2,052 million, down 2.0% on a reported basis and 15.9% organically. The reported decrease includes the positive scope-in effects relating to recent acquisitions in Client Solutions in particular Conti and a positive foreign exchange effect. The organic decrease is mainly explained by the contribution in 2019 of a legacy LNG contract and by the decrease in asset-light and supply activities, partly offset by higher revenue from US universities which are accelerating.

**Current operating income** amounted to €1 million, down €21 million on a reported basis and €37 million on an organic basis. The reported decrease was mainly due to the end of the LNG contract mentioned above and a weaker performance in Supply activities mainly due to the COVID-19 crisis and warm temperatures to a lesser extent. This decrease was partly offset by the contributions of four renewable projects commissioned since last year and a higher contribution from Thermal activities.

## 2.5 Middle East, Asia & Africa

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 1,158         | 1,532         | -24.4%                          | -8.2%                          |
| EBITDA                                  | 287           | 426           | -32.6%                          | -15.8%                         |
| Net depreciation and amortization/Other | (44)          | (48)          |                                 |                                |
| CURRENT OPERATING INCOME (COI)          | 243           | 378           | -35.7%                          | -17.2%                         |

**Revenues** for the Middle East, Africa & Asia segment totaled €1,158 million, down 24.4% on a reported basis and 8.2% organically. This reported decrease was mainly due to the disposal of Glow (Thailand) in March 2019, the mothballing of the Baymina power generation plant in Turkey, negative foreign exchange effects, and a weaker performance in Supply, notably in Australia. These impacts were slightly offset by acquisitions and the development of solar home systems in Africa (Mobisol) and Asia (RCS Engineering in Singapore).

Electricity sales decreased from 8.9 TWh to 7.4 TWh with the reduced volumes mostly due to the mothballing of Baymina.

**Current operating income** totaled €243 million, down 35.7% on a reported basis, and 17.2% organically. The reported decrease includes the negative impact of the disposal of Glow. The organic decrease mainly arises from Thermal with unfavorable net negative one offs in the Middle-East, the mothballing of the Baymina power generation plant in Turkey as well as difficulties in Supply in Australia and Africa, and weaker results in Networks in Thailand in relation to the oil price decrease. These negative effects were slightly offset by the higher performance in Renewables, and in Customer Solutions.

## 2.6 Others

| <i>In millions of euros</i>             | June 30, 2020 | June 30, 2019 | % change<br>(reported<br>basis) | % change<br>(organic<br>basis) |
|-----------------------------------------|---------------|---------------|---------------------------------|--------------------------------|
| Revenues                                | 4,126         | 4,174         | -1.2%                           | -1.5%                          |
| EBITDA                                  | 35            | 196           | -82.1%                          | -80.3%                         |
| Net depreciation and amortization/Other | (214)         | (182)         |                                 |                                |
| CURRENT OPERATING INCOME/(LOSS) (COI)   | (179)         | 15            |                                 |                                |

The Others reportable segment includes (i) GEM, (ii) Entreprises & Collectivités (E&C) (iii) Tractebel, (iv) GTT, (v) new businesses, as well as (vi) the Group's holding and corporate activities which include the entities centralizing the Group's financing requirements and the contribution of SUEZ and Touat B.V. (associates).

**Revenues** for the Others reportable segment amounted to €4,126 million. The -1.2% reported decrease compared to first-half 2019 was mainly driven by lower sales in E&C due to the COVID-19 crisis and the climate effect. These impacts were partly offset by higher revenues from GTT resulting from the historical growth of the order book intake.

**Current operating loss** amounted to €179 million, representing a €194 million decrease compared to 2019. This decrease was mainly due the COVID-19 crisis impact for SUEZ, E&C (also impacted by the climate) and new businesses. These negative impacts were partly offset by a positive contribution by GTT, and by GEM which, notwithstanding significant the COVID-19 impact, benefited from a sound performance of market activities in a context of high volatility.

### 3 OTHER INCOME STATEMENT ITEMS

| <i>In millions of euros</i>                                                                               | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>% change<br/>(reported basis)</b> |
|-----------------------------------------------------------------------------------------------------------|----------------------|----------------------|--------------------------------------|
| <b>CURRENT OPERATING INCOME (COI)</b>                                                                     | <b>2,169</b>         | <b>3,135</b>         | <b>-30.8%</b>                        |
| (+) Mark-to-Market on commodity contracts other than trading instruments                                  | (257)                | (989)                |                                      |
| (+) Non-recurring share in net income of equity method entities                                           | (112)                | 31                   |                                      |
| <b>Current operating income including operating MtM and share in net income of equity method entities</b> | <b>1,800</b>         | <b>2,177</b>         | <b>-17.3%</b>                        |
| Impairment losses                                                                                         | (62)                 | (242)                |                                      |
| Restructuring costs                                                                                       | (64)                 | (77)                 |                                      |
| Changes in scope of consolidation                                                                         | 39                   | 1,584                |                                      |
| Other non-recurring items                                                                                 | (12)                 | (44)                 |                                      |
| <b>Income/(loss) from operating activities</b>                                                            | <b>1,700</b>         | <b>3,397</b>         | <b>-50.0%</b>                        |
| Net financial income/(loss)                                                                               | (913)                | (719)                |                                      |
| Income tax benefit/(expense)                                                                              | (431)                | (221)                |                                      |
| <b>NET INCOME/(LOSS)</b>                                                                                  | <b>356</b>           | <b>2,457</b>         | <b>-85.5%</b>                        |
| <b>Net income/(loss) Group share</b>                                                                      | <b>24</b>            | <b>2,084</b>         |                                      |
| <b>Non-controlling interests</b>                                                                          | <b>332</b>           | <b>373</b>           |                                      |

**Income from operating activities** amounted to €1,700 million in first-half 2020, representing decrease compared with first-half 2019, mainly due to (i) the deterioration in current operating income, (ii) lower gains on asset disposals, (iii) partly offset by lower impairment losses in first-half 2020, and (iv) lower negative impact of changes in the fair value of commodity contracts other than trading instruments.

Income from operating activities was affected by:

- net impairment losses of €62 million in 2020 compared with €242 million in first-half 2019, mainly relating to renewable assets in Chile (see Note 8.1);
- restructuring costs of €64 million (compared with €77 million in first-half 2019) (see Note 8.2);
- positive scope effects of €39 million, mainly relating to the disposal of ENGIE's interest in Astoria 1 and 2 in the United States for a positive €105 million and the change in fair value of the earn-out related to the sale of ENGIE's liquefied natural gas (LNG) activities to Total for a negative €71 million (compared to €1,584 million in first-half 2019 mainly relating to the disposal of ENGIE's interest in Glow) (see Note 8.3);
- other non-recurring items for a negative €12 million (compared to a negative €44 million in first-half 2019).

The **net financial loss** amounted to €913 million in first-half 2020, compared with €719 million in first-half 2019. This increase was mainly due to the negative impact of changes in the fair value of money market funds held by Synatom, while the cost of net debt remained stable compared to first-half 2019 (see Note 9).

The **income tax expense** for first-half 2020 amounted to €431 million (compared to €221 million in first-half 2019). It includes an income tax benefit of €32 million arising on non-recurring taxable items (compared to €08 million in first-half 2019), which in 2020, mainly resulted from mark-to-market losses almost entirely offset by the disposal of ENGIE's interest in Astoria 1 and 2 in the United States (compared to mark-to-market losses recognized by ENGIE SA in first-half 2019). The **effective tax rate** increased (74.6% versus 9.2% in first-half 2019), mainly due to the non-taxation of proceeds in 2019 from the Glow disposal and the significant increase in 2020 in untaxed losses recorded in Belgium - in relation to a low earnings base. Adjusted for these non-recurring items, the effective recurring tax rate was 37.6%, compared with 27.6% for first-half 2019. This increase was mainly due to untaxed losses, notably in Belgium, to the effect of the devaluation of certain tax currencies against the functional currency of certain entities in South America and the United Kingdom, which reduced tax deductions compared to recorded expenses, as well as to the effect of the repeal of the decrease in the UK statutory rate on deferred tax bases and by the impact of more positive one-off effects in 2019 than in 2020 - also in relation to a lower earnings base.

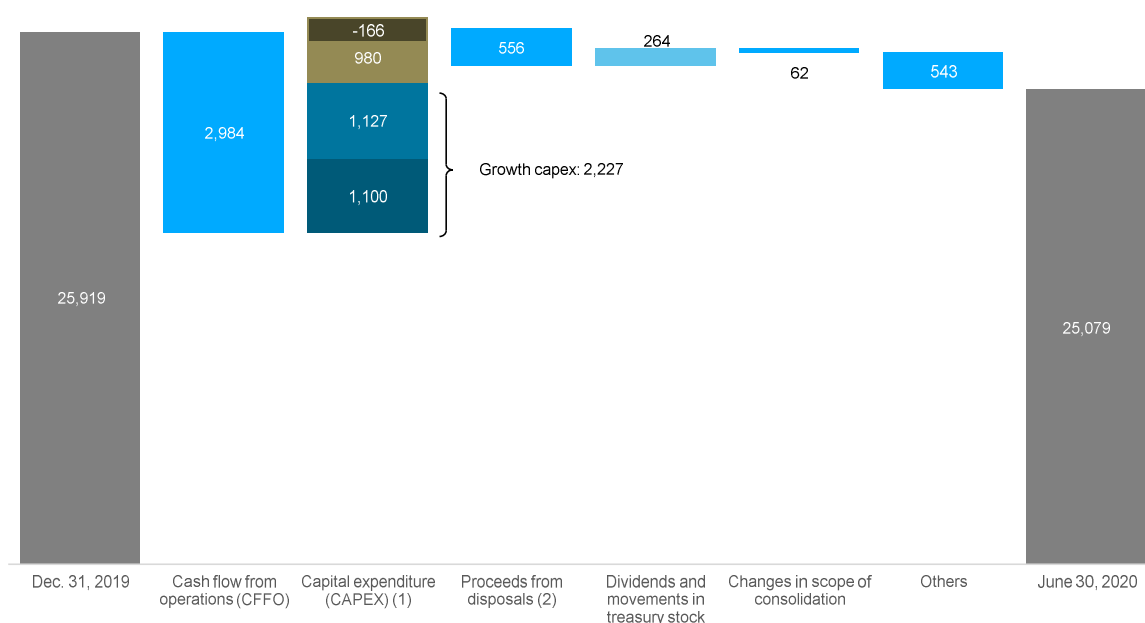
**Net income relating to non-controlling interests** amounted to €332 million, compared with €373 million in first-half 2019. The decrease was mainly due to the lower contribution of Glow following its disposal in March 2019.

## 4 CHANGES IN NET FINANCIAL DEBT

**Net financial debt** stood at €25.1 billion, down €0.8 billion compared to December 31, 2019. This decrease was mainly attributable to (i) cash flow from operations (€3.0 billion), (ii) the impacts of disposal transactions (€0.6 billion, mainly related to the disposal of ENGIE's interests in Astoria 1 and 2 in the United States for €0.4 billion) and (iii) other items (€0.5 billion - mainly related to foreign exchange rates partly offset by new lease right-of-use assets). These items were partially offset by (i) capital expenditure over the period (€3.0 billion <sup>(1)</sup>), (ii) dividends paid to non-controlling interests and movements in treasury stock (€0.3 billion). In 2020, ENGIE's dividend payment for the 2019 financial year (i.e. €1.9 billion) was cancelled.

Changes in net financial debt break down as follows:

*In millions of euros*



(1) Capital expenditure net of DBSO proceeds.

(2) Excluding DBSO proceeds.

|  |                                 |
|--|---------------------------------|
|  | Development CAPEX (net of DBSO) |
|  | Financial CAPEX                 |
|  | Change in Synatom investments   |
|  | Maintenance CAPEX               |

(1) Net of DBSO proceeds.

## 4 CHANGES IN NET FINANCIAL DEBT

The net financial debt to EBITDA ratio came out at 2.63 at June 30, 2020.

| <i>In millions of euros</i>  | June 30, 2020 | Dec. 31, 2019 |
|------------------------------|---------------|---------------|
| Net financial debt           | 25,079        | 25,919        |
| EBITDA (12-month rolling)    | 9,523         | 10,366        |
| <b>NET DEBT/EBITDA RATIO</b> | <b>2.63</b>   | <b>2.50</b>   |

The economic net debt to EBITDA ratio stood at 4.32 at June 30, 2020.

| <i>In millions of euros</i>           | June 30, 2020 | Dec. 31, 2019 |
|---------------------------------------|---------------|---------------|
| Economic net debt                     | 41,131        | 41,078        |
| EBITDA (12-month rolling)             | 9,523         | 10,366        |
| <b>ECONOMIC NET DEBT/EBITDA RATIO</b> | <b>4.32</b>   | <b>3.96</b>   |

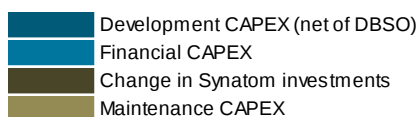
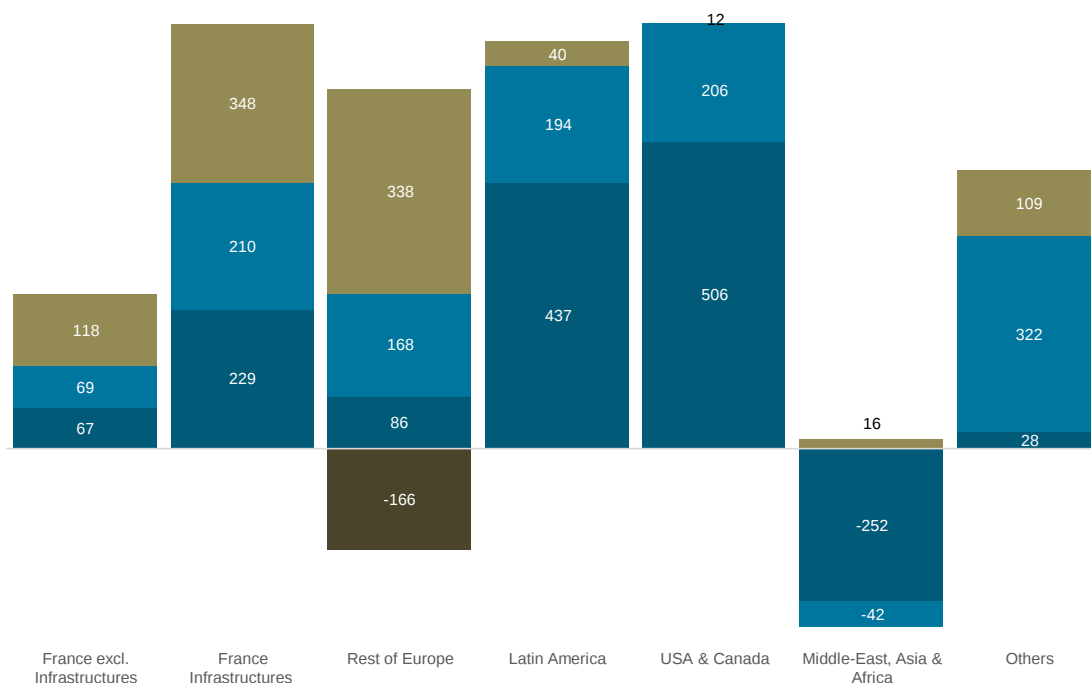
## 4.1 Cash flow from operations (CFFO)

**Cash flow from operations** amounted to €3.0 billion, up €0.3 billion. This increase resulted from working capital requirement improvement. Firstly from margin calls on derivatives for €0.7 billion and secondly from cash action plans at working capital requirement level of €0.6 billion, partly offset by the EBITDA decrease.

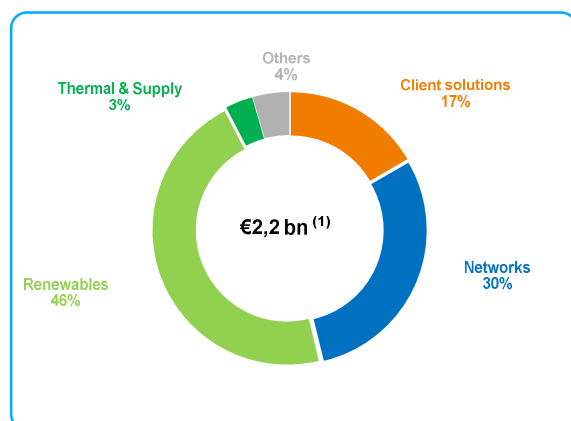
## 4.2 Net investments

**Capital expenditure (CAPEX)** amounted to €3,041 million, breaking down as follows by segment:

*In millions of euros*



**Growth capital expenditure** amounted to €2,227 million, breaking down as follows by Business Line:



#### Main projects (€bn)

|                                                       |        |
|-------------------------------------------------------|--------|
| <b>Client Solutions</b>                               | ~ 0.4  |
| North America - Iowa University                       | ~ 0.2  |
| France - ENGIE Solutions                              | ~ 0.1  |
| <b>Networks</b>                                       | ~ 0.7  |
| Brazil - Transmission lines                           | ~ 0.2  |
| GRDF (Gazpar & Networks development)                  | ~ 0.2  |
| Elengy - Minority shares in Fosmax LNG <sup>(2)</sup> | ~ 0.2  |
| <b>Renewables</b>                                     | ~ 1.0  |
| North America - Solar development                     | ~ 0.3  |
| North America - Wind Onshore development              | ~ 0.2  |
| France Renewables / NECST - Renvico acquisition       | ~ 0.2  |
| JV Offshore - Funding                                 | ~ 0.2  |
| Latin America - Mexican Solar                         | ~ 0.2  |
| Latin America - Chile                                 | ~ 0.1  |
| Brazil - Campo Largo                                  | ~ 0.1  |
| MESCAT - Debt deconsolidation of Indian solar assets  | ~ -0.3 |

- (1) Net of disposals under DBSO operations, excluding Corporate, and Synatom reallocated to maintenance expenditure.  
 (2) With no impact on the Group's net financial debt.

The **geography/Business Line matrix** for capital expenditures is presented hereunder:

| In millions of euros       | Client Solutions | Networks     | Renewables   | Thermal   | Nuclear   | Supply     | Others     | June 30, 2020 |
|----------------------------|------------------|--------------|--------------|-----------|-----------|------------|------------|---------------|
| France                     | 121              | 779          | 91           | -         | -         | 49         | -          | 1,040         |
| Rest of Europe             | 92               | 46           | 152          | 37        | 48        | 51         | -          | 427           |
| Latin America              | 6                | 209          | 409          | 48        | -         | -          | -          | 671           |
| USA & Canada               | 227              | -            | 459          | 1         | -         | 36         | -          | 723           |
| Middle East, Asia & Africa | 11               | 2            | (256)        | (67)      | -         | 32         | -          | (278)         |
| Others                     | 43               | -            | 211          | -         | -         | 15         | 190        | 458           |
| <b>TOTAL CAPEX</b>         | <b>499</b>       | <b>1,036</b> | <b>1,066</b> | <b>20</b> | <b>48</b> | <b>183</b> | <b>190</b> | <b>3,041</b>  |

| In millions of euros       | Client Solutions | Networks     | Renewables   | Thermal    | Nuclear    | Supply     | Others     | June 30, 2019 |
|----------------------------|------------------|--------------|--------------|------------|------------|------------|------------|---------------|
| France                     | 234              | 725          | 284          | -          | -          | 74         | -          | 1,317         |
| Rest of Europe             | 249              | 36           | 32           | 79         | 397        | 38         | -          | 832           |
| Latin America              | 21               | 1,570        | 418          | 194        | -          | 3          | -          | 2,206         |
| USA & Canada               | 70               | -            | 401          | 6          | -          | 30         | -          | 508           |
| Middle East, Asia & Africa | 66               | 3            | 187          | 14         | -          | 28         | -          | 299           |
| Others                     | 127              | -            | 50           | -          | -          | 22         | 177        | 376           |
| <b>TOTAL CAPEX</b>         | <b>768</b>       | <b>2,334</b> | <b>1,373</b> | <b>294</b> | <b>397</b> | <b>195</b> | <b>177</b> | <b>5,537</b>  |

**Net investments** amounted to €2,663 million and include:

- growth capital expenditure for €2,227 million (see above).
- gross maintenance capital expenditure amounting to €980 million;
- the €166 million decrease in Synatom investments, of which €289 million investment in the nuclear funds and -€455 million recovery of third party loans to be reinvested in second-half;
- new leased right-of-use assets recognized over the period (€240 million);
- changes in the scope of consolidation for the period relating to acquisitions and disposals of subsidiaries for €62 million; and
- proceeds from disposals representing an inflow of €556 million, mainly relating to the disposal of ENGIE's interests in Astoria 1 and 2 in the United States.

### 4.3 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €264 million (compared to €2,196 million in first-half 2019). This change is explained in particular by the cancellation of ENGIE's dividend payment for the 2019 financial year for €1.9 billion. In first-half 2020, dividends and movements in treasury stock included dividends paid by various subsidiaries to their non-controlling interests in an amount of €174 million and the payment of interest on hybrid debt for €88 million.

### 4.4 Net financial debt at June 30, 2020

Excluding amortized cost but including the impact of foreign currency derivatives, at June 30, 2020 a total of 77% of net financial debt was denominated in euros, 17% in US dollars and 7% in Brazilian real.

Including the impact of financial instruments, 91% of net financial debt is at fixed rates.

The average maturity of the Group's net financial debt is 11.3 years.

At June 30, 2020, the Group had total undrawn confirmed credit lines of €15.7 billion.

## 5 OTHER ITEMS IN THE STATEMENT OF FINANCIAL POSITION

| <i>In millions of euros</i>                                                             | <b>June 30, 2020</b> | <b>Dec. 31, 2019</b> | <b>Net change</b> |
|-----------------------------------------------------------------------------------------|----------------------|----------------------|-------------------|
| <b>Non-current assets</b>                                                               | <b>95,680</b>        | <b>99,297</b>        | <b>(3,617)</b>    |
| <i>Of which goodwill</i>                                                                | <i>18,390</i>        | <i>18,665</i>        | <i>(275)</i>      |
| <i>Of which property, plant and equipment and intangible assets, net</i>                | <i>57,597</i>        | <i>58,996</i>        | <i>(1,399)</i>    |
| <i>Of which investments in equity method entities</i>                                   | <i>8,172</i>         | <i>9,216</i>         | <i>(1,044)</i>    |
| <b>Current assets</b>                                                                   | <b>59,493</b>        | <b>60,496</b>        | <b>(1,003)</b>    |
| <i>Of which assets classified as held for sale</i>                                      | <i>1,561</i>         | <i>468</i>           | <i>1,093</i>      |
| <b>Total equity</b>                                                                     | <b>35,574</b>        | <b>38,037</b>        | <b>(2,463)</b>    |
| Provisions                                                                              | 25,731               | 25,115               | 616               |
| Borrowings                                                                              | 40,693               | 38,544               | 2,149             |
| Other liabilities                                                                       | 53,175               | 58,097               | (4,922)           |
| <i>Of which liabilities directly associated with assets classified as held for sale</i> | <i>665</i>           | <i>92</i>            | <i>573</i>        |

The carrying amount of **property, plant and equipment and intangible assets** was €57.6 billion, down €1.4 billion compared with December 31, 2019. The decrease was primarily the result of depreciation and amortization charges (€2.3 billion negative impact), foreign exchange effects (€1.4 billion negative impact mainly relating to the sharp depreciation of the Brazilian real), the classification of renewable energy assets in India, France and Italy as “Assets classified as held for sale” (€1.0 billion negative impact), partially offset by acquisitions and development capital expenditure during the period (€2.9 billion positive impact) and changes in the scope of consolidation (€0.5 billion positive impact) (see *Note 11*).

**Goodwill** decreased by €0.3 billion to €18.4 billion, mainly as a result of the disposal of the Group's interests in Astoria 1 and 2 in the United States (see *Note 11*).

**Total equity** amounted to €35.6 billion, a decrease of €2.5 billion compared with December 31, 2019. The decrease stemmed mainly from other items of comprehensive income (€2.5 billion negative impact, including €1.3 billion of foreign exchange effects mainly relating to the sharp depreciation of the Brazilian real, a €0.5 billion decrease in the share of equity method entities in recyclable items net of tax, and a €0.6 billion decrease in actuarial gains and losses), partially offset by net income for the period (€0.4 billion positive impact).

**Provisions** increased by €0.6 billion to €25.7 billion compared with December 31, 2019. This increase stemmed mainly from the decline in the value of plan assets, combined with the fall in discount rates over the period (see *Note 14*).

At June 30, 2020, assets and liabilities classified under “**Assets classified as held for sale**” and “**Liabilities directly associated with assets classified as held for sale**” comprised renewable energy assets in Mexico, India, France and Italy, as part of the DBSO model (see *Note 3*).

## 6 RELATED PARTY TRANSACTIONS

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Related party transactions are described in Note 22 to the consolidated financial statements for the year ended December 31, 2019 and have not significantly changed in first-half 2020.

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## 7 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2020

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The “Risk factors and control” section (Section 2) of the 2019 Universal Registration Document provides a detailed description of the risk factors to which the Group is exposed.

The evolution of the unprecedented COVID-19 crisis remains uncertain at this stage, despite the monitoring and remediation measures in place. The impact of the COVID-19 crisis on the situation at June 30, 2020 is presented in the “ENGIE 2020 half-year results” and “Business trends” sections of the management report and in Note 1.2 to the interim condensed consolidated financial statements for the six months ended June 30, 2020, and its impact on the Group's outlook for the coming months is presented in Section 1.3 “Financial forecasts”.

The risks and uncertainties relating to financial instruments and legal and anti-trust proceedings are presented in Note 13 and Note 16 to the interim condensed consolidated financial statements for the six months ended June 30, 2020.

The risks and uncertainties relating to the carrying amounts of goodwill, property, plant and equipment and intangible assets are presented in Note 11 to the interim condensed consolidated financial statements for the six months ended June 30, 2020 and in Notes 13, 14 and 15 to the 2019 consolidated financial statements.

# 02 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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# INCOME STATEMENT

| <i>In millions of euros</i>                                                                               | <b>Notes</b>       | <b>June 30, 2020 <sup>(1)</sup></b> | <b>June 30, 2019 <sup>(1)</sup></b> |
|-----------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------|-------------------------------------|
| <b>REVENUES</b>                                                                                           | <b>5.1 &amp; 6</b> | <b>27,433</b>                       | <b>30,245</b>                       |
| Purchases and operating derivatives                                                                       | 7                  | (17,606)                            | (20,484)                            |
| Personnel costs                                                                                           |                    | (5,858)                             | (5,751)                             |
| Depreciation, amortization and provisions                                                                 |                    | (2,281)                             | (2,126)                             |
| Taxes                                                                                                     |                    | (632)                               | (747)                               |
| Other operating income                                                                                    |                    | 536                                 | 763                                 |
| <b>Current operating income including operating MtM</b>                                                   |                    | <b>1,590</b>                        | <b>1,900</b>                        |
| Share in net income of equity method entities                                                             |                    | 209                                 | 276                                 |
| <b>Current operating income including operating MtM and share in net income of equity method entities</b> |                    | <b>1,800</b>                        | <b>2,177</b>                        |
| Impairment losses                                                                                         | 8.1                | (62)                                | (242)                               |
| Restructuring costs                                                                                       | 8.2                | (64)                                | (77)                                |
| Changes in scope of consolidation                                                                         | 8.3                | 39                                  | 1,584                               |
| Other non-recurring items                                                                                 |                    | (12)                                | (44)                                |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                                                            |                    | <b>1,700</b>                        | <b>3,397</b>                        |
| Financial expenses                                                                                        |                    | (1,225)                             | (1,069)                             |
| Financial income                                                                                          |                    | 312                                 | 350                                 |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                                                        | <b>9</b>           | <b>(913)</b>                        | <b>(719)</b>                        |
| Income tax benefit/(expense)                                                                              | 10                 | (431)                               | (221)                               |
| <b>NET INCOME/(LOSS)</b>                                                                                  |                    | <b>356</b>                          | <b>2,457</b>                        |
| <b>Net income/(loss) Group share</b>                                                                      |                    | <b>24</b>                           | <b>2,084</b>                        |
| <b>Non-controlling interests</b>                                                                          |                    | <b>332</b>                          | <b>373</b>                          |
| <b>BASIC EARNINGS/(LOSS) PER SHARE (EUROS) <sup>(2)</sup></b>                                             |                    | <b>(0.03)</b>                       | <b>0.82</b>                         |
| <b>DILUTED EARNINGS/(LOSS) PER SHARE (EUROS) <sup>(2)</sup></b>                                           |                    | <b>(0.03)</b>                       | <b>0.82</b>                         |

(1) Data presented at June 30, 2020 have been prepared in accordance with the new income statement presentation adopted by the Group. Comparative data at June 30, 2019 have been reclassified in accordance with this new presentation (see Note 2 "Adjustment of comparative information").

(2) In accordance with IAS 33 – Earnings per Share, earnings per share and diluted earnings per share are based on net income/(loss) Group share after deduction of payments to bearers of deeply-subordinated perpetual notes (see Note 12.5 "Deeply-subordinated perpetual notes").

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

# STATEMENT OF COMPREHENSIVE INCOME

| <i>In millions of euros</i>                                               | <b>Notes</b> | <b>June 30, 2020</b> | <b>June 30, 2019</b> |
|---------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>NET INCOME/(LOSS)</b>                                                  |              | <b>356</b>           | <b>2,457</b>         |
| Debt instruments                                                          | 12.1         | (29)                 | 33                   |
| Net investment hedges                                                     | 13           | 34                   | 59                   |
| Cash flow hedges (excl. commodity instruments)                            | 13           | (96)                 | (435)                |
| Commodity cash flow hedges                                                | 13           | (169)                | (81)                 |
| Deferred tax on items above                                               |              | 49                   | 192                  |
| Share of equity method entities in recyclable items, net of tax           |              | (546)                | (154)                |
| Translation adjustments                                                   |              | (1,283)              | (153)                |
| <b>TOTAL RECYCLABLE ITEMS</b>                                             |              | <b>(2,041)</b>       | <b>(539)</b>         |
| Equity instruments                                                        | 12.1         | (41)                 | 52                   |
| Actuarial gains and losses                                                |              | (583)                | (1,149)              |
| Deferred tax on items above                                               |              | 148                  | 266                  |
| Share of equity method entities in actuarial gains and losses, net of tax |              | 1                    | (29)                 |
| <b>TOTAL NON-RECYCLABLE ITEMS</b>                                         |              | <b>(475)</b>         | <b>(860)</b>         |
| <b>TOTAL RECYCLABLE ITEMS AND NON-RECYCLABLE ITEMS</b>                    |              | <b>(2,516)</b>       | <b>(1,399)</b>       |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>                                  |              | <b>(2,160)</b>       | <b>1,058</b>         |
| <i>Of which owners of the parent</i>                                      |              | <i>(2,235)</i>       | <i>811</i>           |
| <i>Of which non-controlling interests</i>                                 |              | <i>75</i>            | <i>248</i>           |

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

## STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

## ASSETS

| <i>In millions of euros</i>           | Notes | June 30, 2020  | Dec. 31, 2019  |
|---------------------------------------|-------|----------------|----------------|
| <b>Non-current assets</b>             |       |                |                |
| Goodwill                              | 11    | 18,390         | 18,665         |
| Intangible assets, net                | 11    | 6,979          | 7,038          |
| Property, plant and equipment, net    | 11    | 50,619         | 51,958         |
| Other financial assets                | 12.1  | 6,665          | 7,022          |
| Derivative instruments                | 12.4  | 3,486          | 4,137          |
| Assets from contracts with customers  | 6     | 21             | 15             |
| Investments in equity method entities |       | 8,172          | 9,216          |
| Other non-current assets              |       | 414            | 384            |
| Deferred tax assets                   |       | 935            | 860            |
| <b>TOTAL NON-CURRENT ASSETS</b>       |       | <b>95,680</b>  | <b>99,297</b>  |
| <b>Current assets</b>                 |       |                |                |
| Other financial assets                | 12.1  | 2,532          | 2,546          |
| Derivative instruments                | 12.4  | 11,745         | 10,134         |
| Trade and other receivables, net      | 6     | 12,318         | 15,180         |
| Assets from contracts with customers  | 6     | 7,146          | 7,816          |
| Inventories                           |       | 3,484          | 3,617          |
| Other current assets                  |       | 7,426          | 10,216         |
| Cash and cash equivalents             | 12.1  | 13,282         | 10,519         |
| Assets classified as held for sale    | 3.2   | 1,561          | 468            |
| <b>TOTAL CURRENT ASSETS</b>           |       | <b>59,493</b>  | <b>60,496</b>  |
| <b>TOTAL ASSETS</b>                   |       | <b>155,173</b> | <b>159,793</b> |

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

## LIABILITIES

| <i>In millions of euros</i>                                             | Notes       | June 30, 2020  | Dec. 31, 2019  |
|-------------------------------------------------------------------------|-------------|----------------|----------------|
| Shareholders' equity                                                    |             | 30,785         | 33,087         |
| Non-controlling interests                                               |             | 4,789          | 4,950          |
| <b>TOTAL EQUITY</b>                                                     |             | <b>35,574</b>  | <b>38,037</b>  |
| <b>Non-current liabilities</b>                                          |             |                |                |
| Provisions                                                              | 14          | 23,610         | 22,817         |
| Long-term borrowings                                                    | 12.2 & 12.3 | 31,042         | 30,002         |
| Derivative instruments                                                  | 12.4        | 4,608          | 5,129          |
| Other financial liabilities                                             | 12.1        | 41             | 38             |
| Liabilities from contracts with customers                               | 6           | 117            | 45             |
| Other non-current liabilities                                           |             | 1,246          | 1,222          |
| Deferred tax liabilities                                                |             | 4,541          | 4,631          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                    |             | <b>65,206</b>  | <b>63,882</b>  |
| <b>Current liabilities</b>                                              |             |                |                |
| Provisions                                                              | 14          | 2,121          | 2,298          |
| Short-term borrowings                                                   | 12.2 & 12.3 | 9,651          | 8,543          |
| Derivative instruments                                                  | 12.4        | 11,844         | 10,446         |
| Trade and other payables                                                | 12.1        | 14,960         | 19,109         |
| Liabilities from contracts with customers                               | 6           | 4,349          | 4,286          |
| Other current liabilities                                               |             | 10,804         | 13,101         |
| Liabilities directly associated with assets classified as held for sale | 3.2         | 665            | 92             |
| <b>TOTAL CURRENT LIABILITIES</b>                                        |             | <b>54,393</b>  | <b>57,874</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |             | <b>155,173</b> | <b>159,793</b> |

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

## STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY

| <i>In millions of euros</i>                                                                               | Number of<br>shares | Share<br>capital | Addi-<br>tional<br>paid-in<br>capital | Consoli-<br>dated<br>reserves | Deeply-<br>subor-<br>dinated<br>perpetual<br>notes | Changes<br>in fair<br>value<br>and<br>other | Transla-<br>tion<br>adjust-<br>ments | Treasury<br>stock | Sharehol-<br>ders'<br>equity | Non-<br>controlling<br>interests | Total        |
|-----------------------------------------------------------------------------------------------------------|---------------------|------------------|---------------------------------------|-------------------------------|----------------------------------------------------|---------------------------------------------|--------------------------------------|-------------------|------------------------------|----------------------------------|--------------|
| <b>EQUITY AT<br/>DECEMBER 31, 2018</b>                                                                    |                     |                  |                                       |                               |                                                    |                                             |                                      |                   |                              |                                  |              |
| <sup>(1)</sup>                                                                                            | 2,435,285,011       | 2,435            | 32,565                                | (590)                         | 3,750                                              | (1,019)                                     | (1,130)                              | (460)             | 35,551                       | 5,391                            | 40,941       |
| IFRS 16 impact                                                                                            | -                   | -                | -                                     | (7)                           | -                                                  | -                                           | -                                    | -                 | (7)                          | (4)                              | (11)         |
| <b>EQUITY AT JANUARY<br/>1, 2019</b>                                                                      | 2,435,285,011       | 2,435            | 32,565                                | (597)                         | 3,750                                              | (1,019)                                     | (1,130)                              | (460)             | 35,544                       | 5,386                            | 40,930       |
| Net income/(loss)                                                                                         |                     |                  |                                       | 2,084                         |                                                    |                                             |                                      |                   | 2,084                        | 373                              | 2,457        |
| Other comprehensive<br>income/(loss)                                                                      |                     |                  |                                       | (804)                         |                                                    | (405)                                       | (64)                                 |                   | (1,273)                      | (126)                            | (1,399)      |
| <b>TOTAL<br/>COMPREHENSIVE<br/>INCOME/(LOSS)</b>                                                          |                     |                  |                                       | <b>1,280</b>                  |                                                    | <b>(405)</b>                                | <b>(64)</b>                          |                   | <b>811</b>                   | <b>248</b>                       | <b>1,058</b> |
| Employee share issues<br>and share-based<br>payment                                                       |                     | -                | -                                     | 25                            |                                                    |                                             |                                      |                   | 25                           | -                                | 25           |
| Cancellation of treasury<br>stock                                                                         |                     | -                | -                                     | -                             | -                                                  | -                                           | -                                    | -                 | -                            | -                                | -            |
| Dividends paid in cash<br><sup>(2)</sup>                                                                  |                     |                  | (1,096)                               | (738)                         |                                                    |                                             |                                      |                   | (1,833)                      | (271)                            | (2,105)      |
| Purchase/disposal of<br>treasury stock                                                                    |                     |                  |                                       | (34)                          |                                                    |                                             |                                      | 34                | -                            | -                                | -            |
| Deeply-subordinated<br>perpetual notes <sup>(3)</sup>                                                     |                     |                  |                                       | (17)                          | 1,000                                              |                                             |                                      |                   | 983                          | -                                | 983          |
| Reclassification under<br>debt and redemption of<br>deeply-subordinated<br>perpetual notes <sup>(3)</sup> |                     |                  |                                       | -                             | (1,000)                                            |                                             |                                      |                   | (1,000)                      | -                                | (1,000)      |
| Interests on deeply-<br>subordinated perpetual<br>notes                                                   |                     |                  |                                       | (82)                          |                                                    |                                             |                                      |                   | (82)                         | -                                | (82)         |
| Transactions between<br>owners                                                                            |                     |                  |                                       | 56                            |                                                    |                                             |                                      |                   | 56                           | 6                                | 62           |
| Transactions with<br>impact on non-<br>controlling interests <sup>(4)</sup>                               |                     |                  |                                       | -                             |                                                    |                                             |                                      |                   | -                            | (446)                            | (446)        |
| Share capital increases<br>and decreases<br>subscribed by non-<br>controlling interests                   |                     |                  |                                       |                               |                                                    |                                             |                                      |                   | -                            | (11)                             | (11)         |
| Other changes                                                                                             |                     |                  |                                       | (1)                           |                                                    | -                                           |                                      |                   | (1)                          | 8                                | 7            |
| <b>EQUITY AT JUNE 30,<br/>2019</b>                                                                        | 2,435,285,011       | 2,435            | 31,470                                | (108)                         | 3,750                                              | (1,424)                                     | (1,194)                              | (426)             | 34,502                       | 4,919                            | 39,421       |

(1) Published data at December 31, 2018, not restated due to the application of IFRS 16 (See Note 1 "Accounting Standards and methods" to the consolidated financial statements for the year ended December 31, 2019).

(2) On May 17, 2019, the Shareholders' Meeting resolved that a €1.12 dividend per share would be paid for 2018, comprising an ordinary dividend of €0.75 per share and an extraordinary dividend of €0.37 per share. In accordance with Article 26.2 of the bylaws, a 10% bonus loyalty dividend of €0.11 per share, was awarded to shares registered (whether in a direct or an administered account) for at least two years at December 31, 2018 and that remained registered in the name of the same shareholder until the payment date of the dividend. The loyalty dividend will be capped at 0.5% of the share capital for each eligible shareholder.

(3) Transactions of the period are listed in Note 10.5 "Deeply-subordinated perpetual notes" to the 2019 interim condensed consolidated financial statements.

(4) Mainly related to the deconsolidation of Glow following its disposal (see Note 2.1. "Disposals carried out in first-half 2019" to the 2019 interim condensed consolidated financial statements).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

| <i>In millions of euros</i>                                                                            | Number<br>of shares  | Share<br>capital | Addi-<br>tional<br>paid-in<br>capital | Consoli-<br>dated<br>reserves | Deeply-<br>subor-<br>dinated<br>perpetual<br>notes | Changes<br>in fair<br>value<br>and<br>other | Transla-<br>tion<br>adjust-<br>ments | Treasury<br>stock | Sharehol-<br>ders'<br>equity | Non-<br>control-<br>ling<br>interests | Total          |
|--------------------------------------------------------------------------------------------------------|----------------------|------------------|---------------------------------------|-------------------------------|----------------------------------------------------|---------------------------------------------|--------------------------------------|-------------------|------------------------------|---------------------------------------|----------------|
| <b>EQUITY AT<br/>DECEMBER 31, 2019</b>                                                                 | <b>2,435,285,011</b> | <b>2,435</b>     | <b>31,470</b>                         | <b>(1,369)</b>                | <b>3,913</b>                                       | <b>(1,961)</b>                              | <b>(1,098)</b>                       | <b>(303)</b>      | <b>33,087</b>                | <b>4,950</b>                          | <b>38,037</b>  |
| Net income/(loss)                                                                                      |                      |                  |                                       | 24                            |                                                    |                                             |                                      |                   | 24                           | 332                                   | 356            |
| Other comprehensive<br>income/(loss)                                                                   |                      |                  |                                       | (448)                         |                                                    | (682)                                       | (1,130)                              |                   | (2,259)                      | (257)                                 | (2,516)        |
| <b>TOTAL<br/>COMPREHENSIVE<br/>INCOME/(LOSS)</b>                                                       |                      |                  |                                       | <b>(423)</b>                  | <b>-</b>                                           | <b>(682)</b>                                | <b>(1,130)</b>                       | <b>-</b>          | <b>(2,235)</b>               | <b>75</b>                             | <b>(2,160)</b> |
| Employee share issues<br>and share-based                                                               |                      | -                | -                                     | 31                            |                                                    |                                             |                                      |                   | 31                           | 1                                     | 32             |
| Dividends paid in cash <sup>(1)</sup>                                                                  |                      |                  | -                                     | -                             |                                                    |                                             |                                      |                   | -                            | (173)                                 | (173)          |
| Purchase/disposal of<br>treasury stock                                                                 |                      |                  |                                       | (47)                          |                                                    |                                             |                                      | 46                | -                            | -                                     | -              |
| Deeply-subordinated<br>perpetual notes <sup>(2)</sup>                                                  |                      |                  |                                       | (88)                          | -                                                  |                                             |                                      |                   | (88)                         | -                                     | (88)           |
| Transactions between<br>owners <sup>(3)</sup>                                                          |                      |                  |                                       | (13)                          |                                                    |                                             |                                      |                   | (13)                         | (237)                                 | (250)          |
| Transactions with impact<br>on non-controlling<br>interests                                            |                      |                  |                                       | -                             |                                                    |                                             |                                      |                   | -                            | -                                     | -              |
| 2019 result allocation<br>ENGIE SA                                                                     |                      |                  | (178)                                 | 178                           |                                                    |                                             |                                      |                   | -                            | -                                     | -              |
| Share capital increases<br>and decreases<br>subscribed by non-<br>controlling interests <sup>(3)</sup> |                      |                  |                                       |                               |                                                    |                                             |                                      |                   | -                            | 178                                   | 178            |
| Other changes                                                                                          |                      |                  |                                       | 3                             | -                                                  | -                                           |                                      |                   | 3                            | (4)                                   | (1)            |
| <b>EQUITY AT JUNE 30,<br/>2020</b>                                                                     | <b>2,435,285,011</b> | <b>2,435</b>     | <b>31,291</b>                         | <b>(1,727)</b>                | <b>3,913</b>                                       | <b>(2,644)</b>                              | <b>(2,228)</b>                       | <b>(256)</b>      | <b>30,785</b>                | <b>4,789</b>                          | <b>35,574</b>  |

(1) On May 14, 2020, the Shareholders' Meeting approved the resolution relating to the cancellation of the dividend for the 2019 financial year proposed by the Group in the current context of the COVID-19 crisis (see Note 13.3 "Liquidity risk").

(2) Transactions of the period are listed in Note 12.5 "Deeply-subordinated perpetual notes" to the 2020 interim condensed consolidated financial statements.

(3) On February 5, 2020, Elengy acquired the stake (27.5%) of Total (via its subsidiary Total Gaz Electricité Holding France – TGEHF) in Fosmax LNG. The acquisition of the shares excluding costs (€207 million) was mainly financed by a capital increase of Elengy reserved for the Société d'Infrastructures Gazières (SIG) for €185 million.

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

## STATEMENT OF CASH FLOWS

## STATEMENT OF CASH FLOWS

| <i>In millions of euros</i>                                                                                                              | Notes    | June 30, 2020  | June 30, 2019  |
|------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------|----------------|
| <b>NET INCOME/(LOSS)</b>                                                                                                                 |          | <b>356</b>     | <b>2,457</b>   |
| - Share in net income of equity method entities                                                                                          | 0        | (209)          | (276)          |
| + Dividends received from equity method entities                                                                                         |          | 352            | 399            |
| - Net depreciation, amortization, impairment and provisions                                                                              |          | 2,154          | 2,258          |
| - Impact of changes in scope of consolidation and other non-recurring items                                                              |          | (27)           | (1,570)        |
| - Mark-to-market on commodity contracts other than trading instruments                                                                   |          | 257            | 989            |
| - Other items with no cash impact                                                                                                        |          | (37)           | 5              |
| - Income tax expense                                                                                                                     | 10       | 431            | 221            |
| - Net financial income/(loss)                                                                                                            | 9        | 913            | 719            |
| <b>Cash generated from operations before income tax and working capital requirements</b>                                                 |          | <b>4,190</b>   | <b>5,202</b>   |
| + Tax paid                                                                                                                               |          | (235)          | (205)          |
| <b>Change in working capital requirements</b>                                                                                            | <b>0</b> | <b>(733)</b>   | <b>(2,038)</b> |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                                               |          | <b>3,221</b>   | <b>2,959</b>   |
| Acquisitions of property, plant and equipment and intangible assets                                                                      | 11       | (2,467)        | (2,996)        |
| Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired                                             | 3 & 12   | (303)          | (287)          |
| Acquisitions of investments in equity method entities and joint operations                                                               | 3 & 12   | (283)          | (1,360)        |
| Acquisitions of equity and debt instruments                                                                                              | 12       | 111            | (646)          |
| Disposals of property, plant and equipment, and intangible assets                                                                        | 11       | 56             | 62             |
| Loss of controlling interests in entities, net of cash and cash equivalents sold                                                         | 3 & 12   | 135            | 2,406          |
| Disposals of investments in equity method entities and joint operations                                                                  | 3 & 12   | 512            | 2              |
| Disposals of equity and debt instruments                                                                                                 | 12       | 11             | 110            |
| Interest received on financial assets                                                                                                    |          | 39             | 44             |
| Dividends received on equity instruments                                                                                                 |          | 40             | 31             |
| Change in loans and receivables originated by the Group and other                                                                        | 3 & 12   | (227)          | (124)          |
| <b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>                                                                                     |          | <b>(2,376)</b> | <b>(2,759)</b> |
| Dividends paid <sup>(1) (2)</sup>                                                                                                        |          | (264)          | (2,196)        |
| Repayment of borrowings and debt                                                                                                         |          | (4,458)        | (1,837)        |
| Change in financial assets held for investment and financing purposes                                                                    |          | (278)          | (528)          |
| Interest paid                                                                                                                            |          | (349)          | (395)          |
| Interest received on cash and cash equivalents                                                                                           |          | 33             | 46             |
| Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings |          | (27)           | (64)           |
| Increase in borrowings                                                                                                                   |          | 7,645          | 4,100          |
| Increase/decrease in capital                                                                                                             |          | 179            | (20)           |
| Issue of deeply-subordinated perpetual notes                                                                                             |          | -              | -              |
| Purchase and/or sale of treasury stock                                                                                                   |          | -              | -              |
| Changes in ownership interests in controlled entities                                                                                    | 11       | (225)          | -              |
| <b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>                                                                                     |          | <b>2,257</b>   | <b>(894)</b>   |
| Effects of changes in exchange rates and other                                                                                           |          | (338)          | (11)           |
| <b>TOTAL CASH FLOW FOR THE PERIOD</b>                                                                                                    |          | <b>2,763</b>   | <b>(705)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                                                                                  |          | <b>10,519</b>  | <b>8,700</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                                                        |          | <b>13,282</b>  | <b>7,995</b>   |

(1) On May 14, 2020, the Shareholders' Meeting approved the resolution relating to the cancellation of the dividend for the 2019 financial year proposed by the Group in the current context of the COVID-19 crisis (see Note 13.3 "Liquidity risk").

(2) The line "Dividends paid" includes the coupons paid to owners of deeply subordinated perpetual notes for an amount of €88 million at June 30, 2020 (€82 million at June 30, 2019).

NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.



# 03 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## INFORMATION ON THE ENGIE GROUP

ENGIE SA, the parent company of the Group, is a French *société anonyme* with a Board of Directors and is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years. It is governed by current and future laws and regulations applicable to *sociétés anonymes* and by its bylaws.

The Group is headquartered at 1, place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels and Luxembourg Stock Exchanges.

On July 30, 2020, the Group's Board of Directors approved and authorized for issue the interim condensed consolidated financial statements of the Group and its subsidiaries for the six months ended June 30, 2020.

## NOTE 1 ACCOUNTING STANDARDS AND METHODS

### 1.1 Accounting standards

In accordance with the European Regulation on international accounting standards dated July 19, 2002, the Group's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and endorsed by the European Union <sup>(1)</sup>. The Group's interim condensed consolidated financial statements for the six months ended June 30, 2020 were prepared in accordance with the provisions of IAS 34 – *Interim Financial Reporting*, which allows entities to present selected explanatory notes. These do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2019, subject to specific provisions relating to the preparation of interim condensed consolidated financial statements as described hereafter (see *Note 1.3*).

The accounting principles used to prepare the Group's interim condensed consolidated financial statements are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2019, apart from the following developments in IFRS presented in 1.1.1.

#### 1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2020

- Amendments to IFRS 3 – Business Combinations: Definition of a Business.
- Amendments to IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, Changes in accounting estimates and Errors: Definition of Material.
- Amendments to IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: recognition and measurement; IFRS 7 - Financial Instruments – Disclosures – Interest Rate Benchmark Reform.

As indicated in Note 17.1.5.2 of the consolidated financial statements for the year ended December 31, 2019, the Group has elected to early apply these amendments.

- Amendments to IFRS 16 – Leases: Covid-19-related-rent concessions <sup>(2)</sup>.

(1) Available on the European Commission's website:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32002R1606&from=EN>

(2) This amendment has not yet been adopted by the European Union.

Due to their publication date and the European Commission's endorsement timetable, the amendments to IFRS 16 are not applicable in the Group's interim condensed consolidated financial statements. The other amendments, applicable as from 2020, have no significant impact on these statements.

### 1.1.2 IFRS standards, amendments or IFRIC interpretations applicable after 2020 that the Group has elected not to early adopt

- IFRS 17 – *Insurance Contracts* (including its amendments) <sup>(1)</sup>.
- Amendments to IAS 1 – *Presentation of Financial Statements – Classification of liabilities as current or non-current* <sup>(1)</sup>.
- Amendments to IAS 16 – *Property, Plant and Equipment: Proceeds before Intended Use* <sup>(1)</sup>.
- Amendments to IAS 37 – *Provisions, contingent liabilities and contingent assets – Onerous Contracts - Cost of Fulfilling a Contract* <sup>(1)</sup>.
- Annual Improvements to IFRSs 2018 - 2020 <sup>(1)</sup>.

The impact of these standards and amendments is currently being assessed.

## 1.2 Impacts of the COVID-19 crisis on the Group's position at June 30, 2020

The impacts of the COVID-19 crisis on the Group's operational and financial performance are presented in the interim management report.

In the context of the health crisis, special care has been taken by the Group in determining the accounting treatments applicable to the main issues and impacts of said crisis, for which the IFRS accounting principles have been applied consistently with those previously used, particularly in relation to:

- **Impairment losses on non-financial assets**  
In light of the COVID-19 pandemic, the Group assessed whether its non-financial assets, in particular goodwill and equity-accounted investments, could be impaired. The Group thus carried out an analysis of indicators of potential impairment, in accordance with the provisions of IAS 36 – *Impairment of Assets*, particularly for the businesses the most strongly impacted by COVID-19. Where necessary, an impairment test was carried out to compare the carrying amount and the recoverable amount of the cash-generating units in question (see Note 8.1 “*Impairment losses*” and Note 11 “*Goodwill, property, plant and equipment and intangible assets*”).
- **Impairment losses on financial assets: counterparty risk and expected credit losses**  
The COVID-19 crisis gives rise to a potentially increased credit risk and may therefore affect the amount of impairment losses to be recognized in respect of expected credit losses. The Group has therefore monitored payment receipts and counterparty risk more closely (see Note 13 “*Risks arising from financial instruments*”).
- **Financial assets and liabilities: measurement at fair value**  
Faced with the crisis, the financial markets are very volatile, which affects the instruments held by the Group and measured at fair value. The fair value of these instruments incorporates data that reflect the way in which market participants would take into account the impacts of COVID-19, including the uncertainties inherent to the situation generated by the crisis (see Note 12 “*Financial instruments*”).

(1) These standards and amendments have not yet been adopted by the European Union.

- **Liquidity risk and market risk**

Liquidity risk and trends in interest rate, commodities and exchange rate markets, have been monitored carefully and the related information has been updated based on data available at June 30, 2020 (see *Note 13 "Risks arising from financial instruments"*).

- **Deferred tax assets**

ENGIE's deferred tax asset positions were reviewed in order to ensure their recoverability through future taxable income. The Group also monitored changes to legislation, revisions to tax rates and other tax measures taken in response to the crisis (see *Note 10 "Income tax expense"*).

- **Provisions**

As certain activities were more impacted by COVID-19 than others, the Group reviewed whether any current obligations were likely to give rise to the recognition of provisions, particularly for onerous contracts (see *Note 14 "Provisions"*).

- **Performance indicators and presentation of COVID-19 impacts in the income statement**

The Group has neither adjusted its performance indicators, nor included new indicators to describe the impacts of COVID-19 (see *Note 4 "Financial indicators used in financial communication"*).

Expenses directly associated with the COVID-19 crisis are presented according to their nature in current operating income in accordance with the recommendations published during this crisis which primarily impacts revenues, regardless of the Group's practice of presenting items of an unusual, non-recurring, infrequent and material nature below current operating income.

- **Subsequent events**

Given the uncertainties related to the health crisis and the constantly changing environment, the Group paid particular attention to events that occurred during the period from June 30, 2020 until the approval of the financial statements by the Board of Directors (see *Note 17 "Subsequent events"*).

## 1.3 Use of estimates and judgment

Due to COVID-19-related developments in the economic and financial environment in the first half of the year, the Group stepped up its risk oversight procedures, mainly in measuring financial instruments and performing impairment tests. The estimates used by the Group, among other things, to test for impairment and to measure provisions, take into account this environment and the sharp market volatility.

Accounting estimates are made in a context that remains sensitive to energy market developments, therefore making it difficult to apprehend medium-term economic prospects.

### 1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements for the six months ended June 30, 2020 relate mainly to:

- measurement of the recoverable amounts of goodwill, property, plant and equipment and intangible assets, and, in the context of COVID-19, factoring the uncertainty in measuring these recoverable amounts and their sensitivity to potential changes in key assumptions (see *Note 8.1 "Impairment losses"* and *Note 11 "Goodwill, property, plant and equipment and intangible assets"* for more details);

- measurement of the fair value of financial assets and liabilities, and, in the context of COVID-19, factoring the uncertainty surrounding the key assumptions used, mainly as regards the estimation of future cash flows (see Note 12 “Financial instruments” for more details);
- measurement of provisions, particularly for the back-end of the nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits;
- measurement at fair value of assets acquired and liabilities assumed in business combinations;
- measurement of un-metered revenues whose models have been impacted by changes in the consumption behavior of certain customers;
- measurement of deferred tax assets taking into account, where applicable and in the context of COVID-19, taxable income revisions and projections.

Additional information on these estimates is provided in the relevant Notes to the consolidated financial statements for the year ended December 31, 2019.

### 1.3.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting treatment for certain activities and transactions, especially when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in:

- assessing the type of control,
- determining whether arrangements contain leases,
- recognizing revenue related to the distribution or transmission services invoiced to customers,
- identifying the performance obligations of sales contracts,
- regrouping operating segments for the presentation of reportable segments as well as the determination of “own use contracts” as defined by IFRS 9 within non-financial purchase and sales contracts (electricity, gas, etc.).

In the context of the COVID-19 crisis, the Group also exercised judgment in assessing:

- the existence of a trigger event leading to the potential impairment of goodwill, property, plant and equipment and/or intangible assets;
- expected credit losses, mainly in order to update probabilities of default and other inputs in an uncertain context;
- the impacts on risks related to financial instruments, mainly liquidity risk and trends in interest rate, commodities and exchange rate markets;
- the consequences on hedging, particularly with regard to maintaining the highly probable aspect of the hedged item;
- the application of enforceable rights and obligations associated with customer contracts, mainly with regard to future payment receipt probabilities and the recognition of revenues over time.

In accordance with IAS 1, the Group's current and non-current assets and liabilities are presented separately in the consolidated statement of financial position. In view of most of the Group's activities, it has been considered that the criterion to be retained for the breakdown into current and non-current items is the term in which assets are expected to be realized, or liabilities extinguished: current if the term is shorter than 12 months and non-current if the term exceeds 12 months.

## 1.4 Specificities of interim financial reporting

### 1.4.1 Seasonality of operations

The Group's operations are intrinsically subject to seasonal fluctuations, but key performance indicators and operating income are influenced even more by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended June 30, 2020 are not necessarily indicative of those that may be expected for full-year 2020.

### 1.4.2 Income tax expense

Current and deferred income tax expense for interim periods is calculated at the level of each tax entity by applying the average estimated annual effective tax rate for the current year to the taxable income for the interim period, with the exception of significant exceptional items. Significant exceptional items, if any, are recognized using their specific applicable taxation.

### 1.4.3 Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take account of curtailments, settlements or other major non-recurring events that have occurred during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (benchmark used to determine the discount rate) and the actual return on plan assets.

## NOTE 2 ADJUSTMENT OF COMPARATIVE INFORMATION

In its agenda decision of March 2019, the IFRS Interpretations Committee (IFRIC) concluded that, due to the characteristics of particular contracts entered into to buy or sell non-financial items, accounted for as derivatives under IFRS 9, and settled by either delivering or taking delivery of the non-financial items, said contracts have to be accounted for on a single line of the consolidated income statement, including their changes in fair value as well as the effects of their physical settlement.

This agenda decision applies to the Group's derivative financial instruments relating to commodities, including gas and electricity, used in economic hedging relationships but which do not qualify as such under IFRS.

The Group's practice was up to now, to present the changes in the fair value (mark-to-market or MtM) of commodity derivatives, not qualifying as either trading or hedging instruments under IFRS, below "Current operating income after share in net income of equity method entities". At physical settlement, gains and losses were reclassified in operating income together with the economically hedged item, so that the operating performance of the transactions concerned is recognized at the hedged rate.

Following the IFRIC decision, the Group changed its accounting policy as from December 31, 2019, with no impact on net income, equity or the current operating income indicator used in the management dialogue and financial communication. The Group therefore now presents unrealized income/(loss) relating to the derivatives concerned, whether it represents a seller or buyer position, on the same line as the realized income/(loss) arising from their physical settlement, i.e. under "Purchases and operating derivatives" within the indicator now named "Current operating income including operating MtM and share in net income of equity method entities". Thus:

- MtM on commodity contracts other than trading instruments, previously presented under "Income/(loss) from operating activities", is now included in "Purchases and operating derivatives";
- commodity sale transactions giving rise to physical delivery and used for economic hedging purposes which fall within the scope of IFRS 9, previously presented under "Revenues from other contracts" are now presented as a deduction from the "Purchases" line.

The performance management indicator (COI), which is defined as excluding operating MtM, is now calculated and reconciled to "Current operating income including operation MtM and share in net income of equity method entities" in Note 4 "Financial indicators used in financial communication".

The Group has also decided to improve the presentation by nature of the other items of "Current operating income including operating MtM and share in net income of equity method entities", without impacting the total for this indicator.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 ADJUSTMENT OF COMPARATIVE INFORMATION

The reconciliation between the old and new presentation of the income statement at June 30, 2019 is summarized below:

| In millions of euros                                                                                        | June 30,<br>2019 old<br>presentation | Operating<br>MtM <sup>(1)</sup> | Commodity<br>sales<br>transactions <sup>(2)</sup> | Taxes <sup>(3)</sup> | Other<br>expenses <sup>(4)</sup> | June 30,<br>2019 new<br>presentation |                                                                                                           |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------|---------------------------------------------------|----------------------|----------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Revenues from contracts with customers                                                                      | 30,106                               | -                               | (372)                                             | -                    | -                                | 29,734                               | Revenues from contracts with customers                                                                    |
| Revenues from other contracts                                                                               | 2,872                                | -                               | (2,361)                                           | -                    | -                                | 511                                  | Revenues from other                                                                                       |
| <b>REVENUES</b>                                                                                             | <b>32,978</b>                        | <b>-</b>                        | <b>(2,733)</b>                                    | <b>-</b>             | <b>-</b>                         | <b>30,245</b>                        | <b>REVENUES</b>                                                                                           |
| Purchases                                                                                                   | (17,574)                             | (989)                           | 2,733                                             | 238                  | (4,892)                          | (20,484)                             | Purchases and operating derivatives                                                                       |
| Personnel costs                                                                                             | (5,751)                              | -                               | -                                                 | -                    | -                                | (5,751)                              | Personnel costs                                                                                           |
| Depreciation, amortization and provisions                                                                   | (2,126)                              | -                               | -                                                 | -                    | -                                | (2,126)                              | Depreciation, amortization and provisions                                                                 |
| Taxes                                                                                                       | -                                    | -                               | -                                                 | (747)                | -                                | (747)                                | Taxes                                                                                                     |
| Other operating expenses                                                                                    | (5,479)                              | -                               | -                                                 | 509                  | 4,969                            | -                                    | Other operating expenses                                                                                  |
| Other operating income                                                                                      | 841                                  | -                               | -                                                 | -                    | (77)                             | 763                                  | Other operating income                                                                                    |
| <b>CURRENT OPERATING INCOME</b>                                                                             | <b>2,890</b>                         | <b>(989)</b>                    | <b>-</b>                                          | <b>-</b>             | <b>-</b>                         | <b>1,900</b>                         | <b>Current operating income including operating MtM</b>                                                   |
| Share in net income of entities accounted for using the equity method                                       | 276                                  | -                               | -                                                 | -                    | -                                | 276                                  | Share in net income of equity method entities                                                             |
| <b>CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b> | <b>3,166</b>                         | <b>(989)</b>                    | <b>-</b>                                          | <b>-</b>             | <b>-</b>                         | <b>2,177</b>                         | <b>Current operating income including operating MtM and share in net income of equity method entities</b> |
| Mark-to-market on commodity contracts other than trading instruments                                        | (989)                                | 989                             | -                                                 | -                    | -                                | -                                    |                                                                                                           |
| Impairment losses                                                                                           | (242)                                | -                               | -                                                 | -                    | -                                | (242)                                | Impairment losses                                                                                         |
| Restructuring costs                                                                                         | (77)                                 | -                               | -                                                 | -                    | -                                | (77)                                 | Restructuring costs                                                                                       |
| Changes in scope of consolidation                                                                           | 1,584                                | -                               | -                                                 | -                    | -                                | 1,584                                | Changes in scope of consolidation                                                                         |
| Other non-recurring items                                                                                   | (44)                                 | -                               | -                                                 | -                    | -                                | (44)                                 | Other non-recurring items                                                                                 |
| <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                                                              | <b>3,397</b>                         | <b>-</b>                        | <b>-</b>                                          | <b>-</b>             | <b>-</b>                         | <b>3,397</b>                         | <b>INCOME/(LOSS) FROM OPERATING ACTIVITIES</b>                                                            |

(1) Reclassification under "Purchases" of the unrealized income/(loss) (MtM) on derivatives not qualifying as trading instruments.

(2) Reclassification under "Purchases" of the realized income/(loss) on physical commodity contracts not qualifying as IFRS 15 contracts.

(3) Accounted for under a single dedicated line for operating tax effects and taxes (excluding social security contributions presented within personnel costs and excluding income tax presented on a dedicated line).

(4) Reclassification of other operating expenses according to their nature.

Without a change in accounting policy following the IFRIC decision, revenues would have stood at €29,166 million in first-half 2020.

In addition, as from January 1, 2020, in order to be consistent with the EBITDA and Net recurring income Group share definitions, and in accordance with ENGIE's accounting policies, the Group has revised the definition of its performance management indicator Current operating income (COI) by excluding from the latter the non recurring share in net income of equity method entities.

The reconciliation between the old and new definitions of Current operating income (COI) at June 30, 2019 is summarized below:

| In millions of euros                  | June 30, 2019<br>published | Non-recurring<br>income/(loss)<br>included in share in<br>net income of<br>equity method<br>entities | June 30, 2019<br>restated |
|---------------------------------------|----------------------------|------------------------------------------------------------------------------------------------------|---------------------------|
| <b>CURRENT OPERATING INCOME (COI)</b> | <b>3,166</b>               | <b>(31)</b>                                                                                          | <b>3,135</b>              |

NOTE 2 ADJUSTMENT OF COMPARATIVE INFORMATION

The reconciliation between “Current operating income including operating MtM and share in net income of equity method entities” in the income statement and the above performance management indicator “Current operating income” is presented in Note 4 “Financial indicators used in financial communication”.

## NOTE 3 MAIN CHANGES IN GROUP STRUCTURE

### 3.1 Disposals carried out in first-half 2020

The Group unveiled its 2019-2021 strategy on February 28, 2019 and on the same occasion announced a €6 billion asset disposal program as part of its continued transformation.

The table below shows the impact of the main disposals and sale agreements in the first half of the year on the Group's net debt, excluding partial disposals with respect to DBSO <sup>(1)</sup> activities:

| <i>In millions of euros</i>                                        | Disposal price | Reduction in net debt |
|--------------------------------------------------------------------|----------------|-----------------------|
| Disposal of ENGIE's interest in Astoria - United States of America | 386            | 386                   |
| Other disposals that are not material taken individually           | 170            | 228                   |
| <b>TOTAL</b>                                                       | <b>556</b>     | <b>614</b>            |

Additional disposals in the process of completion at June 30, 2020 are described in Note 3.2 "Assets held for sale".

#### 3.1.1 Disposal of ENGIE's interests in Astoria 1 and 2 (United States)

On June 18, 2020, the Group completed the sale of its respective 44.8% and 27.5% interests in the Astoria 1 and Astoria 2 gas-fired power plants to a consortium. This transaction followed an initial agreement entered into by ENGIE and the consortium in January 2020.

The effects of the transaction have reduced the Group's net debt by €386 million. The disposal gain before tax amounted to €105 million in first-half 2020.

### 3.2 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €1,561 million and €665 million, respectively, at June 30, 2020.

| <i>In millions of euros</i>                                                          | June 30, 2020 | Dec. 31, 2019 |
|--------------------------------------------------------------------------------------|---------------|---------------|
| Property, plant and equipment, net and intangible assets                             | 1,263         | 378           |
| Other assets                                                                         | 298           | 90            |
| <b>TOTAL ASSETS CLASSIFIED AS HELD FOR SALE</b>                                      | <b>1,561</b>  | <b>468</b>    |
| Borrowings and debt                                                                  | 452           | 26            |
| Other liabilities                                                                    | 213           | 65            |
| <b>TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b> | <b>665</b>    | <b>92</b>     |

The assets related to green gas production in France recorded in "Assets classified as held for sale" at December 31, 2019 were sold in first-half 2020 (see Note 3.1 "Disposals carried out in first-half 2020").

Assets classified as held for sale at June 30, 2020 include renewable energy assets in India, Mexico (the sale of which remains highly probable but subject to various administrative approvals), France and Italy. These transactions are expected to be completed in second-half 2020. Given the expected capital gains from the disposal, no value adjustment has been recorded.

(1) Develop, Build, Share and Operate, a model used in renewable energies based on the continuous rotation of capital employed, for which the impacts of disposals are recorded as deduction from CAPEX within current operating income.

### 3.3 Acquisitions carried out in first-half 2020

The acquisitions carried out in first-half 2020 increased net debt by €1.3 billion.

ENGIE and Meridiam, its 50/50 joint venture partner, finalized the transaction allowing them to operate a 50-year concession with the University of Iowa (UI) relating to energy efficiency, water management and, more generally, sustainability. The company, whose control is shared between the partners, has also issued preference shares held by Hannon Armstrong. ENGIE consolidates its investment using the equity method.

ENGIE also finalized the acquisition of Renvico, a renewable energy operator specializing in wind farm management.

The Group carried out various other acquisitions in the first half of 2020, mainly of non-controlling interests in the Fosmax LNG terminal in France and the electric power transportation concession in Brazil.

In addition, with its consortium partners Crédit Agricole Assurances and Mirova (a subsidiary of Natixis Investment Managers), the Group continued to finalize the acquisition of Portugal's second largest hydroelectric portfolio from EDP announced in 2019. ENGIE owns 40% of the consortium, while Crédit Agricole Assurances and Mirova, through managed funds, own 35% and 25%, respectively. A net debt impact of approximately €650 million is anticipated for ENGIE. This investment will be accounted for using the equity method. Closing of the transaction is expected during the second half of 2020.

## NOTE 4 FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION

The purpose of this note is to present the main non-GAAP financial indicators used by the Group as well as their reconciliation with the indicators of the IFRS consolidated financial statements..

### 4.1 EBITDA

The reconciliation between EBITDA and current operating income including operating MtM and share in net income of equity method entities is as follows:

| <i>In millions of euros</i>                                                                               | June 30, 2020 | June 30, 2019 |
|-----------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Current operating income including operating MtM and share in net income of equity method entities</b> | <b>1,800</b>  | <b>2,177</b>  |
| Mark-to-market on commodity contracts other than trading instruments                                      | 257           | 989           |
| Net depreciation and amortization/Other                                                                   | 2,282         | 2,161         |
| Share-based payments (IFRS 2)                                                                             | 28            | 25            |
| Non-recurring share in net income of equity method entities                                               | 112           | (31)          |
| <b>EBITDA</b>                                                                                             | <b>4,478</b>  | <b>5,321</b>  |

### 4.2 Current operating income (COI)

The reconciliation between current operating income (COI) and current operating income including operating MtM and share in net income of equity method entities is as follows:

| <i>In millions of euros</i>                                                                               | June 30, 2020 <sup>(1)</sup> | June 30, 2019 <sup>(2)</sup> |
|-----------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Current operating income including operating MtM and share in net income of equity method entities</b> | <b>1,800</b>                 | <b>2,177</b>                 |
| Mark-to-market on commodity contracts other than trading instruments                                      | 257                          | 989                          |
| Non-recurring share in net income of equity method entities                                               | 112                          | (31)                         |
| <b>CURRENT OPERATING INCOME (COI)</b>                                                                     | <b>2,169</b>                 | <b>3,135</b>                 |

(1) Data presented at June 30, 2020 have been prepared in accordance with the new income statement presentation adopted by the Group. Comparative data at June 30, 2019 have been restated in accordance with this new definition (see Note 2 "Adjustment of comparative information").

(2) Data presented at June 30, 2019 have been restated to reflect the change in the definition of the COI, which now excludes the non-recurring part of net income from equity (see Note 2 "Adjustment of comparative information").

### 4.3 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- all items presented between the lines "Current operating income including operating MtM and share in net income of equity method entities" and "Income/(loss) from operating activities", i.e. "Impairment losses", "Restructuring costs", "Changes in scope of consolidation" and "Other non-recurring items". These items are defined in Note 9 "Other items of income/(loss) from operating activities" to the consolidated financial statements for the year ended December 31, 2019;
- mark-to-market on commodity contracts other than trading instruments;
- the following components of net financial income/(loss): the impact of debt restructuring, compensation payments on the early unwinding of derivative instruments net of the reversal of the fair value of these derivatives that were settled early, changes in the fair value of derivative instruments that do not qualify as hedges under IFRS 9 – *Financial Instruments*, as well as the ineffective portion of derivative instruments that qualify as hedges;

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4 FINANCIAL INDICATORS USED IN FINANCIAL COMMUNICATION

- the income tax impact of the items described above, determined using the statutory income tax rate applicable to the relevant tax entity;
- net non-recurring items included in "Share in net income of equity method entities". The excluded items correspond to the non-recurring items as defined above.

The reconciliation of net income/(loss) with net recurring income Group share is as follows:

| In millions of euros                                                                                                                                         | Notes | June 30, 2020 | June 30, 2019  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------|----------------|
| <b>NET INCOME/(LOSS) GROUP SHARE</b>                                                                                                                         |       | <b>24</b>     | <b>2,084</b>   |
| Non-controlling interests                                                                                                                                    |       | 332           | 373            |
| <b>NET INCOME/(LOSS)</b>                                                                                                                                     |       | <b>356</b>    | <b>2,457</b>   |
| <b>Reconciliation items between CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF EQUITY METHOD ENTITIES and INCOME/(LOSS) FROM OPERATING ACTIVITIES</b> |       |               |                |
|                                                                                                                                                              |       | <b>100</b>    | <b>(1,220)</b> |
| Impairment losses                                                                                                                                            | 8.1   | 62            | 242            |
| Restructuring costs                                                                                                                                          | 8.2   | 64            | 77             |
| Changes in scope of consolidation                                                                                                                            | 8.3   | (39)          | (1,584)        |
| Other non-recurring items                                                                                                                                    |       | 12            | 44             |
| <b>Other adjusted items</b>                                                                                                                                  |       | <b>635</b>    | <b>662</b>     |
| Mark-to-market on commodity contracts other than trading instruments                                                                                         |       | 257           | 989            |
| Ineffective portion of derivatives qualified as fair value hedges                                                                                            | 9     | (1)           | 2              |
| Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments                                                                 | 9     | 16            | -              |
| Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges                             | 9     | 149           | 146            |
| Non-recurring income/(loss) from debt instruments and equity instruments                                                                                     | 9     | 134           | (36)           |
| Other adjusted tax impacts                                                                                                                                   |       | (32)          | (408)          |
| Non-recurring income/(loss) included in share in net income of equity method entities                                                                        |       | 112           | (31)           |
| <b>NET RECURRING INCOME</b>                                                                                                                                  |       | <b>1,091</b>  | <b>1,898</b>   |
| Net recurring income attributable to non-controlling interests                                                                                               |       | 345           | 407            |
| <b>NET RECURRING INCOME GROUP SHARE</b>                                                                                                                      |       | <b>746</b>    | <b>1,491</b>   |

## 4.4 Industrial capital employed

The reconciliation of industrial capital employed with items in the statement of financial position is as follows:

| In millions of euros                                                                        | June 30, 2020 | Dec. 31, 2019 |
|---------------------------------------------------------------------------------------------|---------------|---------------|
| (+) Property, plant and equipment and intangible assets, net                                | 57,597        | 58,996        |
| (+) Goodwill                                                                                | 18,390        | 18,665        |
| (-) Goodwill Gaz de France - SUEZ and International Power <sup>(1)</sup>                    | (7,563)       | (7,650)       |
| (+) IFRIC 4, IFRS 16 and IFRIC 12 receivables                                               | 1,583         | 1,737         |
| (+) Investments in equity method entities                                                   | 8,172         | 9,216         |
| (-) Goodwill arising on the International Power combination <sup>(1)</sup>                  | (154)         | (154)         |
| (+) Trade and other receivables, net                                                        | 12,318        | 15,180        |
| (-) Margin calls <sup>(1) (2)</sup>                                                         | (2,118)       | (2,023)       |
| (+) Inventories                                                                             | 3,484         | 3,617         |
| (+) Assets from contracts with customers                                                    | 7,167         | 7,831         |
| (+) Other current and non-current assets                                                    | 7,840         | 10,601        |
| (+) Deferred tax                                                                            | (3,606)       | (3,771)       |
| (+) Cancellation of deferred tax on other recyclable items <sup>(1)</sup>                   | (787)         | (571)         |
| (-) Provisions                                                                              | (25,731)      | (25,115)      |
| (+) Actuarial gains and losses in shareholders' equity (net of deferred tax) <sup>(1)</sup> | 3,935         | 3,507         |
| (-) Trade and other payables                                                                | (14,960)      | (19,109)      |
| (+) Margin calls <sup>(1) (2)</sup>                                                         | 2,625         | 1,996         |
| (-) Liabilities from contracts with customers                                               | (4,466)       | (4,330)       |
| (-) Other current and non-current liabilities                                               | (12,038)      | (14,298)      |
| <b>INDUSTRIAL CAPITAL EMPLOYED</b>                                                          | <b>51,689</b> | <b>54,325</b> |

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(2) Margin calls included in "Trade and other receivables, net" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to manage counterparty risk on commodity transactions.

## 4.5 Cash flow from operations (CFFO)

The reconciliation of cash flow from operations (CFFO) with items in the statement of cash flows is as follows:

| <i>In millions of euros</i>                                                       | <b>June 30, 2020</b> | <b>June 30, 2019</b> |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
| Cash generated from operations before income tax and working capital requirements | 4,190                | 5,202                |
| Tax paid                                                                          | (235)                | (205)                |
| Change in working capital requirements                                            | (733)                | (2,038)              |
| Interest received on non-current financial assets                                 | 39                   | 44                   |
| Dividends received on non-current financial assets                                | 40                   | 31                   |
| Interest paid                                                                     | (349)                | (395)                |
| Interest received on cash and cash equivalents                                    | 33                   | 46                   |
| <b>CASH FLOW FROM OPERATIONS (CFFO)</b>                                           | <b>2,984</b>         | <b>2,685</b>         |

## 4.6 Capital expenditure (CAPEX)

The reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows is as follows:

| <i>In millions of euros</i>                                                                  | <b>June 30, 2020</b> | <b>June 30, 2019</b> |
|----------------------------------------------------------------------------------------------|----------------------|----------------------|
| Acquisitions of property, plant and equipment and intangible assets                          | 2,467                | 2,996                |
| Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired | 303                  | 287                  |
| (+) <i>Cash and cash equivalents acquired</i>                                                | 36                   | 138                  |
| Acquisitions of investments in equity method entities and joint operations                   | 283                  | 1,360                |
| Acquisitions of equity and debt instruments                                                  | (111)                | 646                  |
| Change in loans and receivables originated by the Group and other                            | 227                  | 124                  |
| (+) <i>Other</i>                                                                             | (1)                  | 4                    |
| Change in ownership interests in controlled entities                                         | 225                  | -                    |
| (+) <i>Payments received in respect of the disposal of non-controlling interests</i>         | -                    | -                    |
| (-) Disposal impacts relating to DBSO <sup>(1)</sup> activities                              | (387)                | (19)                 |
| <b>TOTAL CAPITAL EXPENDITURE (CAPEX)</b>                                                     | <b>3,041</b>         | <b>5,537</b>         |

(1) Develop, Build, Share & Operate.

## 4.7 Net financial debt

The reconciliation of net financial debt with items in the statement of financial position is as follows:

| <i>In millions of euros</i>                                                           | <b>Notes</b> | <b>June 30, 2020</b> | <b>Dec. 31, 2019</b> |
|---------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| (+) Long-term borrowings                                                              | 12.2 & 12.3  | 31,042               | 30,002               |
| (+) Short-term borrowings                                                             | 12.2 & 12.3  | 9,651                | 8,543                |
| (+) Derivative instruments carried in liabilities                                     | 12.4         | 16,452               | 15,575               |
| (-) <i>Derivative instruments hedging commodities and other items</i>                 |              | (16,085)             | (15,350)             |
| (-) Other financial assets                                                            | 12.1         | (9,197)              | (9,568)              |
| (+) <i>Loans and receivables at amortized cost not included in net financial debt</i> |              | 4,621                | 4,870                |
| (+) <i>Equity instruments at fair value</i>                                           |              | 1,310                | 1,297                |
| (+) <i>Debt instruments at fair value not included in net financial debt</i>          |              | 1,505                | 1,899                |
| (-) Cash and cash equivalents                                                         | 12.1         | (13,282)             | (10,519)             |
| (-) Derivative instruments - carried in assets                                        | 12.4         | (15,231)             | (14,272)             |
| (+) <i>Derivative instruments hedging commodities and other items</i>                 |              | 14,291               | 13,443               |
| <b>NET FINANCIAL DEBT</b>                                                             | <b>12.3</b>  | <b>25,079</b>        | <b>25,919</b>        |

## 4.8 Economic net debt

Economic net debt is as follows:

| <i>In millions of euros</i>                                                                                           | <b>Notes</b> | <b>June 30, 2020</b> | <b>Dec. 31, 2019</b> |
|-----------------------------------------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>NET DEBT</b>                                                                                                       | 12.3         | <b>25,079</b>        | <b>25,919</b>        |
| Provisions for back-end of the nuclear fuel cycle                                                                     |              | 7,793                | 7,611                |
| Provisions for dismantling of plant and equipment                                                                     |              | 7,354                | 7,329                |
| Provisions for site rehabilitation                                                                                    |              | 233                  | 237                  |
| Post-employment benefit - Pension                                                                                     |              | 2,915                | 2,427                |
| (-) <i>Infrastructures regulated companies</i>                                                                        |              | (182)                | (93)                 |
| Post-employment benefit - Reimbursement rights                                                                        |              | (160)                | (160)                |
| Post-employment benefit - Other benefits                                                                              |              | 5,104                | 5,001                |
| (-) <i>Infrastructures regulated companies</i>                                                                        |              | (3,198)              | (3,080)              |
| Deferred tax assets for pension and related obligations                                                               |              | (1,788)              | (1,635)              |
| (-) <i>Infrastructures regulated companies</i>                                                                        |              | 813                  | 759                  |
| Plan assets relating to nuclear provisions, inventories of uranium and a receivable of Electrabel towards EDF Belgium |              | (2,831)              | (3,236)              |
| <b>ECONOMIC NET DEBT</b>                                                                                              |              | <b>41,131</b>        | <b>41,078</b>        |

## NOTE 5 SEGMENT INFORMATION

### 5.1 Operating and reportable segments

ENGIE is organized around twenty-four Business Units (BUs) or operating segments mostly according to a region-centered approach within a single country or a group of countries and four Global Business Lines (GBLs): Client Solutions, Networks, Renewables and Thermal. These GBLs plus the Supply and Nuclear business activities form the Group's six core Business Lines (BLs).

In accordance with IFRS 8, these operating segments are grouped into seven reportable segments to present the Group's segment information.

The reportable segments at June 30, 2020 are as follows: France excluding Infrastructures, France Infrastructures, Rest of Europe, Latin America, USA & Canada, Middle East, Asia & Africa and Others and are described in Note 6 "Segment information" to the consolidated financial statements for the year ended December 31, 2019. Data at June 30, 2019 take into account minor changes caused by reorganizations (reallocation of ENGIE Impact and offshore wind farm projects to the Other segment).

Due to the variety of its businesses and their geographical location, the Group serves a very diverse range of situations and customer types (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

#### 5.1.1 Key indicators by reportable segment

#### REVENUES

| In millions of euros                 | June 30, 2020 <sup>(1)</sup> |                      |               | June 30, 2019 <sup>(1)</sup> |                      |               |
|--------------------------------------|------------------------------|----------------------|---------------|------------------------------|----------------------|---------------|
|                                      | External revenues            | Intra-Group Revenues | Total         | External revenues            | Intra-Group Revenues | Total         |
| France excluding Infrastructures     | 7,284                        | 151                  | 7,435         | 8,161                        | 155                  | 8,317         |
| France Infrastructures               | 2,828                        | 466                  | 3,294         | 2,969                        | 488                  | 3,458         |
| <b>Total France</b>                  | <b>10,112</b>                | <b>617</b>           | <b>10,729</b> | <b>11,131</b>                | <b>644</b>           | <b>11,774</b> |
| Rest of Europe                       | 7,690                        | 963                  | 8,653         | 8,712                        | 723                  | 9,435         |
| Latin America                        | 2,294                        | -                    | 2,294         | 2,601                        | -                    | 2,601         |
| USA & Canada                         | 2,052                        | 1                    | 2,053         | 2,095                        | 1                    | 2,096         |
| Middle East, Asia & Africa           | 1,158                        | -                    | 1,158         | 1,532                        | 1                    | 1,533         |
| Others                               | 4,126                        | 2,365                | 6,491         | 4,174                        | 3,422                | 7,597         |
| Elimination of internal transactions | -                            | (3,947)              | (3,947)       | -                            | (4,791)              | (4,791)       |
| <b>TOTAL REVENUES</b>                | <b>27,433</b>                | <b>-</b>             | <b>27,433</b> | <b>30,245</b>                | <b>-</b>             | <b>30,245</b> |

(1) Data presented at June 30, 2020 have been prepared in accordance with the new income statement presentation adopted by the Group. Comparative data at June 30, 2019 have been reclassified in accordance with this new presentation (see Note 2 "Adjustment of comparative information").

#### EBITDA

| In millions of euros             | June 30, 2020 | June 30, 2019 |
|----------------------------------|---------------|---------------|
| France excluding Infrastructures | 590           | 856           |
| France Infrastructures           | 1,843         | 1,907         |
| <b>Total France</b>              | <b>2,433</b>  | <b>2,763</b>  |
| Rest of Europe                   | 715           | 793           |
| Latin America                    | 948           | 1,069         |
| USA & Canada                     | 59            | 74            |
| Middle East, Asia & Africa       | 287           | 426           |
| Others                           | 35            | 196           |
| <b>TOTAL EBITDA</b>              | <b>4,478</b>  | <b>5,321</b>  |

## DEPRECIATION AND AMORTIZATION

| <i>In millions of euros</i>                | June 30, 2020  | June 30, 2019  |
|--------------------------------------------|----------------|----------------|
| France excluding Infrastructures           | (373)          | (370)          |
| France Infrastructures                     | (816)          | (779)          |
| <i>Total France</i>                        | <i>(1,189)</i> | <i>(1,149)</i> |
| Rest of Europe                             | (541)          | (497)          |
| Latin America                              | (251)          | (248)          |
| USA & Canada                               | (58)           | (51)           |
| Middle East, Asia & Africa                 | (42)           | (46)           |
| Others                                     | (200)          | (170)          |
| <b>TOTAL DEPRECIATION AND AMORTIZATION</b> | <b>(2,282)</b> | <b>(2,161)</b> |

## SHARE IN NET INCOME OF EQUITY METHOD ENTITIES

| <i>In millions of euros</i>                                | June 30, 2020 | June 30, 2019 |
|------------------------------------------------------------|---------------|---------------|
| France excluding Infrastructures                           | 21            | 7             |
| France Infrastructures                                     | 3             | 4             |
| <i>Total France</i>                                        | <i>24</i>     | <i>12</i>     |
| Rest of Europe                                             | 70            | 37            |
| Latin America                                              | 96            | (12)          |
| USA & Canada                                               | 35            | 22            |
| Middle East, Asia & Africa                                 | 153           | 149           |
| Others                                                     | (169)         | 69            |
| <i>Of which share in net income of SUEZ</i>                | <i>(182)</i>  | <i>73</i>     |
| <b>TOTAL SHARE IN NET INCOME OF EQUITY METHOD ENTITIES</b> | <b>209</b>    | <b>276</b>    |

Associates and joint ventures account for €10 million and €199 million respectively of share in net income of equity method entities at June 30, 2020, compared to €186 million and €90 million at June 30, 2019.

## CURRENT OPERATING INCOME (COI)

| <i>In millions of euros</i>                 | June 30, 2020 | June 30, 2019 <sup>(1)</sup> |
|---------------------------------------------|---------------|------------------------------|
| France excluding Infrastructures            | 212           | 482                          |
| France Infrastructures                      | 1,027         | 1,128                        |
| <i>Total France</i>                         | <i>1,239</i>  | <i>1,610</i>                 |
| Rest of Europe                              | 168           | 291                          |
| Latin America                               | 696           | 820                          |
| USA & Canada                                | 1             | 22                           |
| Middle East, Asia & Africa                  | 243           | 378                          |
| Others                                      | (179)         | 15                           |
| <b>TOTAL CURRENT OPERATING INCOME (COI)</b> | <b>2,169</b>  | <b>3,135</b>                 |

(1) Published data at June 30, 2019 have been restated due to the change in the definition of COI, which now excludes the non-recurring share in net income of equity method entities (see Note 2 "Adjustment of comparative information").

## INDUSTRIAL CAPITAL EMPLOYED

| <i>In millions of euros</i>              | June 30, 2020 | Dec. 31, 2019 |
|------------------------------------------|---------------|---------------|
| France excluding Infrastructures         | 7,528         | 7,157         |
| France Infrastructures                   | 19,658        | 20,172        |
| <i>Total France</i>                      | <i>27,186</i> | <i>27,329</i> |
| Rest of Europe                           | 1,006         | 1,805         |
| Latin America                            | 9,733         | 11,462        |
| USA & Canada                             | 4,016         | 3,550         |
| Middle East, Asia & Africa               | 3,210         | 3,633         |
| Others                                   | 6,535         | 6,546         |
| <i>Of which SUEZ equity value</i>        | <i>1,762</i>  | <i>2,027</i>  |
| <b>TOTAL INDUSTRIAL CAPITAL EMPLOYED</b> | <b>51,685</b> | <b>54,325</b> |

## CAPITAL EXPENDITURE (CAPEX)

| <i>In millions of euros</i>              | June 30, 2020 | June 30, 2019 |
|------------------------------------------|---------------|---------------|
| France excluding Infrastructures         | 254           | 558           |
| France Infrastructures                   | 787           | 759           |
| <i>Total France</i>                      | <i>1,040</i>  | <i>1,317</i>  |
| Rest of Europe                           | 427           | 832           |
| Latin America                            | 671           | 2,206         |
| USA & Canada                             | 723           | 508           |
| Middle East, Asia & Africa               | (278)         | 299           |
| Others                                   | 458           | 376           |
| <b>TOTAL CAPITAL EXPENDITURE (CAPEX)</b> | <b>3,041</b>  | <b>5,537</b>  |

## 5.2 Key indicators by Business Line

## EBITDA

| <i>En millions d'euros</i> | 30 juin 2020 | 30 juin 2019 |
|----------------------------|--------------|--------------|
| Solutions Clients          | 236          | 770          |
| Infrastructures            | 2,137        | 2,188        |
| Renouvelables              | 755          | 812          |
| Thermique                  | 812          | 902          |
| Nucléaire                  | 155          | 17           |
| Approvisionnement          | 159          | 479          |
| Autres                     | 223          | 153          |
| <b>TOTAL EBITDA</b>        | <b>4,478</b> | <b>5,321</b> |

## CURRENT OPERATING INCOME (COI)

| <i>En millions d'euros</i>                       | 30 juin 2020 | 30 juin 2019 <sup>(1)</sup> |
|--------------------------------------------------|--------------|-----------------------------|
| Solutions Clients                                | (142)        | 414                         |
| Infrastructures                                  | 1,266        | 1,359                       |
| Renouvelables                                    | 512          | 559                         |
| Thermique                                        | 588          | 682                         |
| Nucléaire                                        | (107)        | (216)                       |
| Approvisionnement                                | 3            | 340                         |
| Autres                                           | 49           | (3)                         |
| <b>TOTAL RÉSULTAT OPÉRATIONNEL COURANT (ROC)</b> | <b>2,169</b> | <b>3,135</b>                |

(1) Published data at June 30, 2019 have been restated due to the change in the definition of COI, which now excludes the non recurring share in net income of equity method entities (see Note 2 "Adjustment of comparative information").

## CAPITAL EXPENDITURE (CAPEX)

| <i>En millions d'euros</i>                                                | 30 juin 2020 | 30 juin 2019 |
|---------------------------------------------------------------------------|--------------|--------------|
| Solutions Clients                                                         | 499          | 768          |
| Infrastructures                                                           | 1,036        | 2,334        |
| Renouvelables                                                             | 1,066        | 1,373        |
| Thermique                                                                 | 20           | 294          |
| Nucléaire                                                                 | 48           | 397          |
| Approvisionnement                                                         | 183          | 195          |
| Autres                                                                    | 190          | 177          |
| <b>TOTAL INVESTISSEMENTS CORPORELS, INCORPORELS ET FINANCIERS (CAPEX)</b> | <b>3,041</b> | <b>5,537</b> |

### 5.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

| <i>In millions of euros</i> | Revenues      |                              | Industrial capital employed |                              |
|-----------------------------|---------------|------------------------------|-----------------------------|------------------------------|
|                             | June 30, 2020 | June 30, 2019 <sup>(1)</sup> | June 30, 2020               | Dec. 31, 2019 <sup>(1)</sup> |
| France                      | 10,930        | 12,833                       | 31,505                      | 31,831                       |
| Belgium                     | 2,576         | 3,105                        | (6,237)                     | (6,008)                      |
| Other EU countries          | 4,943         | 5,114                        | 5,636                       | 5,764                        |
| Other European countries    | 2,092         | 2,329                        | 2,806                       | 3,066                        |
| North America               | 2,688         | 2,382                        | 4,893                       | 4,419                        |
| Asia, Middle East & Oceania | 1,879         | 1,988                        | 2,951                       | 3,361                        |
| South America               | 2,064         | 2,330                        | 9,182                       | 10,920                       |
| Africa                      | 259           | 164                          | 950                         | 971                          |
| <b>TOTAL</b>                | <b>27,433</b> | <b>30,245</b>                | <b>51,685</b>               | <b>54,325</b>                |

(1) Comparative data presented for 2019 have been reclassified following the ratification of the Agreement on the withdrawal of the United Kingdom from the European Union on January 31, 2020.

## NOTE 6 REVENUES

### 6.1 Revenues

Revenues from contracts with customers concern revenues from contracts that fall within the scope of IFRS 15 (see Note 7 “Revenues” to the 2019 consolidated financial statements).

Revenues from other contracts, corresponding to revenues from operations that do not fall within the scope of IFRS 15, presented in the “Others” column include lease or concession income, as well as any financial component of operating services.

The table below shows a breakdown of revenues by type of accounting principles:

| <i>In millions of euros</i>      | Sales of gas | Sales of electricity and other energies | Sales of services linked to infrastructures | Constructions, installations, O&M, FM and other services | Others     | June 30, 2020 |
|----------------------------------|--------------|-----------------------------------------|---------------------------------------------|----------------------------------------------------------|------------|---------------|
| France excluding Infrastructures | 1,488        | 2,142                                   | 95                                          | 3,557                                                    | 2          | 7,284         |
| France Infrastructures           | 6            | -                                       | 2,733                                       | 83                                                       | 6          | 2,828         |
| <b>Total France</b>              | <b>1,494</b> | <b>2,142</b>                            | <b>2,828</b>                                | <b>3,641</b>                                             | <b>8</b>   | <b>10,112</b> |
| Rest of Europe                   | 1,606        | 2,726                                   | 167                                         | 3,160                                                    | 32         | 7,690         |
| Latin America                    | 182          | 1,648                                   | 147                                         | 267                                                      | 50         | 2,294         |
| USA & Canada                     | 91           | 1,330                                   | -                                           | 629                                                      | 1          | 2,052         |
| Middle East, Asia & Africa       | 179          | 444                                     | 16                                          | 469                                                      | 49         | 1,158         |
| Others                           | 1,473        | 1,612                                   | 52                                          | 639                                                      | 350        | 4,126         |
| <b>TOTAL REVENUES</b>            | <b>5,026</b> | <b>9,902</b>                            | <b>3,209</b>                                | <b>8,805</b>                                             | <b>491</b> | <b>27,433</b> |

| <i>In millions of euros</i>      | Sales of gas | Sales of electricity and other energies | Sales of services linked to infrastructures | Constructions, installations, O&M, FM and other services | Others     | June 30, 2019 <sup>(1)</sup> |
|----------------------------------|--------------|-----------------------------------------|---------------------------------------------|----------------------------------------------------------|------------|------------------------------|
| France excluding Infrastructures | 1,974        | 2,254                                   | 78                                          | 3,852                                                    | 3          | 8,161                        |
| France Infrastructures           | 26           | -                                       | 2,825                                       | 110                                                      | 8          | 2,969                        |
| <b>Total France</b>              | <b>2,000</b> | <b>2,254</b>                            | <b>2,903</b>                                | <b>3,962</b>                                             | <b>11</b>  | <b>11,131</b>                |
| Rest of Europe                   | 1,891        | 3,134                                   | 174                                         | 3,465                                                    | 48         | 8,712                        |
| Latin America                    | 288          | 1,881                                   | 162                                         | 212                                                      | 57         | 2,601                        |
| USA & Canada                     | 343          | 1,232                                   | 1                                           | 518                                                      | 2          | 2,095                        |
| Middle East, Asia & Africa       | 215          | 807                                     | 7                                           | 456                                                      | 46         | 1,532                        |
| Others                           | 1,873        | 1,382                                   | 79                                          | 494                                                      | 347        | 4,174                        |
| <b>TOTAL REVENUES</b>            | <b>6,611</b> | <b>10,689</b>                           | <b>3,328</b>                                | <b>9,106</b>                                             | <b>511</b> | <b>30,245</b>                |

(1) Data presented at June 30, 2020 have been prepared in accordance with the new income statement presentation adopted by the Group. Comparative data at June 30, 2019 have been reclassified in accordance with this new presentation (see Note 2 “Adjustment of comparative information”).

## 6.2 Trade and other receivables, assets and liabilities from contracts with customers

### 6.2.1 Trade and other receivables and assets from contracts with customers

| <i>In millions of euros</i>          | June 30, 2020 | Dec. 31, 2019 |
|--------------------------------------|---------------|---------------|
| Trade and other receivables, net     | 12,318        | 15,180        |
| Of which IFRS 15                     | 6,632         | 7,385         |
| Of which non-IFRS15                  | 5,686         | 7,795         |
| Assets from contracts with customers | 7,167         | 7,831         |
| Accrued income and unbilled revenues | 6,489         | 6,783         |
| Energy in the meter <sup>(1)</sup>   | 678           | 1,048         |

(1) Net of advance payments.

Contract assets include accrued income and unbilled revenues, and delivered, un-metered and unbilled gas and electricity ("energy in the meter").

### 6.2.2 Liabilities from contracts with customers

| <i>In millions of euros</i>               | June 30, 2020 |         |       | Dec. 31, 2019 |         |       |
|-------------------------------------------|---------------|---------|-------|---------------|---------|-------|
|                                           | Non-current   | Current | Total | Non-current   | Current | Total |
| Liabilities from contracts with customers | 117           | 4,349   | 4,466 | 45            | 4,286   | 4,330 |
| Advances and down payments received       | 85            | 2,097   | 2,182 | 11            | 2,190   | 2,201 |
| Deferred revenues                         | 32            | 2,252   | 2,284 | 34            | 2,096   | 2,129 |

Current liabilities from contracts with customers include advances and down payments, and deferred revenues.

## NOTE 7 PURCHASES AND OPERATING DERIVATIVES

### 7.1 Purchases and operating derivatives

| <i>In millions of euros</i>                                                                        | <b>June 30, 2020</b> | <b>June 30, 2019 <sup>(1)</sup></b> |
|----------------------------------------------------------------------------------------------------|----------------------|-------------------------------------|
| Purchases and other income and expenses on operating derivatives other than trading <sup>(2)</sup> | (12,747)             | (15,592)                            |
| Service and other purchases <sup>(3)</sup>                                                         | (4,859)              | (4,892)                             |
| <b>PURCHASES AND OPERATING DERIVATIVES</b>                                                         | <b>(17,606)</b>      | <b>(20,484)</b>                     |

- (1) Data presented at June 30, 2020 have been prepared in accordance with the new income statement presentation adopted by the Group. Comparative data at June 30, 2019 have been restated in accordance with this new definition (see Note 2 "Adjustment of comparative information").
- (2) Of which a net expense of €257million at June 30, 2020 relating to MtM on commodity contracts other than trading (compared to a net expense of €989 million at June 30, 2019).
- (3) Of which €87 million in lease expenses, relating to short term lease contracts and leases with a low underlying asset value, accounted for in accordance with IFRS 16 at June 30, 2020 (compared to €139 million at June 30, 2019).

## NOTE 8 OTHER ITEMS OF INCOME/(LOSS) FROM OPERATING ACTIVITIES

### 8.1 Impairment losses

| <i>In millions of euros</i>                                  | Notes | June 30, 2020 | June 30, 2019 |
|--------------------------------------------------------------|-------|---------------|---------------|
| <b>Impairment losses:</b>                                    |       |               |               |
| Goodwill                                                     | 11.1  | (2)           | (116)         |
| Property, plant and equipment and other intangible assets    | 11    | (55)          | (129)         |
| Investments in equity method entities and related provisions |       | (7)           | -             |
| <b>TOTAL IMPAIRMENT LOSSES</b>                               |       | <b>(64)</b>   | <b>(245)</b>  |
| <b>Reversal of impairment losses:</b>                        |       |               |               |
| Property, plant and equipment and other intangible assets    |       | 2             | 3             |
| <b>TOTAL REVERSALS OF IMPAIRMENT LOSSES</b>                  |       | <b>2</b>      | <b>3</b>      |
| <b>TOTAL</b>                                                 |       | <b>(62)</b>   | <b>(242)</b>  |

In addition to the annual impairment tests on goodwill and non-amortizable intangible assets carried out in the second half of the year, the Group also tests goodwill, property, plant and equipment, intangible assets, investments in entities accounted for using the equity method and financial assets for impairment whenever there is an indication that the asset may be impaired.

The COVID-19 crisis has impacts that are a potential indication that the asset may be impaired (in particular the decrease in energy prices, BtoB activity, stock market), the Group updated the impairment tests performed on the assets that proved to be highly sensitive to short term changes in market conditions or low-margin assets during previous tests (see Note 11 "Goodwill, property, plant and equipment and intangible assets").

#### 8.1.1 Impairment losses recognized during the first half of 2020

Net impairment losses recognized in first-half 2020 amounted to €62 million and mainly concerned renewable assets in Chile for €35 million.

Net impairment losses recognized in first-half 2019 amounted to €242 million, primarily relating to:

- the ongoing disposal of several coal plants in Germany and the Netherlands for €140 million, mainly on the goodwill allocated to "Assets held for sale" (€108 million);
- thermal power generation assets in Latin America for €81 million, following the anticipated shut down of these plants.

### 8.2 Restructuring costs

Restructuring costs totaled €64 million in first-half 2020 (€77 million in first-half 2019) and mainly included employee-related costs and other restructuring costs.

### 8.3 Changes in scope of consolidation

In first-half 2020, the impact of changes in the scope of consolidation amounted to a positive €39 million and mainly comprised the positive impact of the sale of the Group's interests in Astoria 1 and Astoria 2 for €105 million and a negative impact of €71 million on the fair value of the earn-out related to the sale of the liquefied natural gas (LNG) activities to Total.

NOTE 8 OTHER ITEMS OF INCOME/(LOSS) FROM OPERATING ACTIVITIES

In first-half 2019, this item amounted to a positive €1,584 million and mainly comprised the positive impact of the sale of Glow for €1,580 million, including €143 million in respect of items of other comprehensive income recycled to the income statement (translation adjustments for €351 million and hedges for a negative €208 million).

## NOTE 9 NET FINANCIAL INCOME/(LOSS)

| <i>In millions of euros</i>                                                                                                             | Expense        | Income     | June 30,<br>2020 | Expense        | Income     | June 30,<br>2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|------------------|----------------|------------|------------------|
| <i>Interest expense on gross debt and hedges</i>                                                                                        | (446)          | -          | (446)            | (474)          | -          | (474)            |
| <i>Foreign exchange gains/losses on borrowings and hedges</i>                                                                           | (8)            | -          | (8)              | -              | 20         | 20               |
| <i>Ineffective portion of derivatives qualified as fair value hedges</i>                                                                | -              | 1          | 1                | (2)            | -          | (2)              |
| <i>Gains and losses on cash and cash equivalents and liquid debt instruments held for cash investment purposes</i>                      | -              | 33         | 33               | -              | 46         | 46               |
| <i>Capitalized borrowing costs</i>                                                                                                      | 55             | -          | 55               | 72             | -          | 72               |
| <b>Cost of net debt</b>                                                                                                                 | <b>(399)</b>   | <b>34</b>  | <b>(365)</b>     | <b>(404)</b>   | <b>65</b>  | <b>(339)</b>     |
| <b>Cost of lease liabilities</b>                                                                                                        | <b>(24)</b>    | <b>-</b>   | <b>(24)</b>      | <b>(22)</b>    | <b>-</b>   | <b>(22)</b>      |
| <i>Cash payments made on the unwinding of swaps</i>                                                                                     | -              | -          | -                | -              | -          | -                |
| <i>Reversal of the negative fair value of these early unwound derivative financial instruments</i>                                      | -              | -          | -                | -              | -          | -                |
| <i>Expenses on debt restructuring transactions</i>                                                                                      | (16)           | -          | (16)             | -              | -          | -                |
| <b>Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments</b>                                     | <b>(16)</b>    | <b>-</b>   | <b>(16)</b>      | <b>-</b>       | <b>-</b>   | <b>-</b>         |
| <i>Net interest expense on post-employment benefits and other long-term benefits</i>                                                    | (43)           | -          | (43)             | (61)           | -          | (61)             |
| <i>Unwinding of discounting adjustments to other long-term provisions</i>                                                               | (268)          | -          | (268)            | (280)          | -          | (280)            |
| <i>Change in fair value of derivatives not qualified as hedges and ineffective portion of derivatives qualified as cash flow hedges</i> | (148)          | -          | (148)            | (146)          | -          | (146)            |
| <i>Income/(loss) from debt instruments and equity instruments</i>                                                                       | (162)          | 39         | (123)            | (5)            | 76         | 71               |
| <i>Interest income on loans and receivables at amortized cost</i>                                                                       | -              | 109        | 109              | -              | 70         | 70               |
| <i>Other</i>                                                                                                                            | (165)          | 130        | (35)             | (152)          | 139        | (13)             |
| <b>Other financial income and expenses</b>                                                                                              | <b>(787)</b>   | <b>278</b> | <b>(509)</b>     | <b>(643)</b>   | <b>285</b> | <b>(358)</b>     |
| <b>NET FINANCIAL INCOME/(LOSS)</b>                                                                                                      | <b>(1,225)</b> | <b>312</b> | <b>(913)</b>     | <b>(1,069)</b> | <b>350</b> | <b>(719)</b>     |

The cost of net debt remained stable compared to June 30, 2019.

Losses from debt and equity instruments amounted to a negative €123 million. This amount mainly includes the negative change in fair value of money market funds held by Synatom during the first half of 2020 for a negative amount of €147 million and a gain on the disposal of bonds for an amount of €14 million (see Note 12.1.1 Debt instruments at fair value).

## NOTE 10 INCOME TAX EXPENSE

| <i>In millions of euros</i>                                                                                     | June 30, 2020 | June 30, 2019 |
|-----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Net income/(loss) (A)                                                                                           | 356           | 2,457         |
| Total income tax expense recognized in income for the period (B)                                                | (431)         | (221)         |
| Share in net income of equity method entities (C)                                                               | 209           | 276           |
| <b>INCOME BEFORE INCOME TAX EXPENSE, NET FROM SHARE IN NET INCOME OF EQUITY METHOD ENTITIES (A)-(B)-(C)=(D)</b> | <b>577</b>    | <b>2,402</b>  |
| <b>EFFECTIVE TAX RATE (B)/(D)</b>                                                                               | <b>74.6%</b>  | <b>9.2%</b>   |

The effective tax rate of 75% at June 30, 2020 was mainly due to untaxed losses (notably in Belgium), the impact of the depreciation of some tax currencies against the functional currency of entities based in Latin America and in the UK which reduced tax allowances compared to the recorded expenses, the impact of the repeal of the decrease in the UK standard rate on deferred tax bases and various unfavorable one-offs, in relation to a low earnings base.

The effective tax rate of 9% at June 30, 2019 was mainly due to the tax-exempt capital gain on the disposal of Glow.

The Group has not recorded any material impacts in respect of changes in tax laws and tax measures resulting from the COVID-19 crisis, or in respect of the update of medium-and long-term forecasts regarding the recoverable value of deferred tax assets.

## NOTE 11 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| <i>In millions of euros</i>                                                          | Goodwill       | Intangible assets | Property, plant and equipment |
|--------------------------------------------------------------------------------------|----------------|-------------------|-------------------------------|
| <b>GROSS AMOUNT</b>                                                                  |                |                   |                               |
| <b>At December 31, 2019</b>                                                          | <b>27,824</b>  | <b>18,684</b>     | <b>101,478</b>                |
| Acquisitions and construction of property, plant and equipment and intangible assets | -              | 479               | 2,383                         |
| Disposals and scrap of property, plant and equipment and intangible assets           | -              | (45)              | (296)                         |
| Changes in scope of consolidation                                                    | (51)           | 72                | 500                           |
| Transfer to "Assets classified as held for sale"                                     | (38)           | (1)               | (1,117)                       |
| Other changes                                                                        | 1              | 8                 | (67)                          |
| Translation adjustments                                                              | (191)          | (167)             | (1,870)                       |
| <b>AT JUNE 30, 2020</b>                                                              | <b>27,545</b>  | <b>19,031</b>     | <b>101,010</b>                |
| <b>ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT</b>                         |                |                   |                               |
| <b>At December 31, 2019</b>                                                          | <b>(9,159)</b> | <b>(11,646)</b>   | <b>(49,520)</b>               |
| Depreciation and amortization                                                        | -              | (479)             | (1,803)                       |
| Impairment losses                                                                    | (2)            | (13)              | (42)                          |
| Disposals and scrap of property, plant and equipment and intangible assets           | -              | 41                | 210                           |
| Changes in scope of consolidation                                                    | -              | (9)               | (63)                          |
| Transfer to "Assets classified as held for sale"                                     | -              | -                 | 137                           |
| Other changes                                                                        | -              | 8                 | 9                             |
| Translation adjustments                                                              | 6              | 45                | 681                           |
| <b>AT JUNE 30, 2020</b>                                                              | <b>(9,155)</b> | <b>(12,053)</b>   | <b>(50,391)</b>               |
| <b>CARRYING AMOUNT</b>                                                               |                |                   |                               |
| <b>At December 31, 2019</b>                                                          | <b>18,665</b>  | <b>7,038</b>      | <b>51,958</b>                 |
| <b>AT JUNE 30, 2020</b>                                                              | <b>18,390</b>  | <b>6,979</b>      | <b>50,619</b>                 |

In first-half 2020, the net decrease in "Goodwill", "Intangible assets" and "Property, plant and equipment" resulted primarily from:

- amortization for a total amount of €2,282 million;
- the impact of the strong depreciation of the Brazilian real for a negative €1,447 million;
- the transfer of the carrying amount of property, plant and equipment to "Assets held for sale" mainly relating to several solar installations in India, solar and wind installations in Mexico and assets in the renewable energies in France and Italy for a negative €1,019 million;
- impairment losses amounting to €57 million mainly relating to wind power assets in Chile (see Note 8.1 "Impairment");

partly offset by:

- maintenance and development investments for a total amount of €2,622 million mainly relating to the construction and development of wind and solar farms in the United States and in Latin America, as well as to the extension of transportation and distribution networks in the France Infrastructures segment;
- changes in the scope of consolidation for a positive €449 million, mainly resulting from acquisitions in renewables in France and Italy for a positive €495 million and an acquisition in transmission lines in Brazil for a positive €52 million, partly offset by a decrease in goodwill for a negative €145 million following the disposal of the Group's interests in Astoria 1 and 2 in the United States.

## 11.1 Goodwill

| <i>In millions of euros</i>           | <b>Operating segment</b>     | <b>June 30, 2020</b> |
|---------------------------------------|------------------------------|----------------------|
| <b>MATERIAL CGUs</b>                  |                              |                      |
| GRDF                                  | Infrastructures France       | 4,009                |
| Nuclear                               | Rest of Europe               | 2,942                |
| ENGIE Solutions                       | France excl. Infrastructures | 1,465                |
| Benelux                               | Rest of Europe               | 1,243                |
| France Renewable Energy               | France excl. Infrastructures | 1,196                |
| United Kingdom                        | Rest of Europe               | 1,036                |
| <b>OTHER SIGNIFICANT CGUs</b>         |                              |                      |
| France BtoC                           | France excl. Infrastructures | 1,046                |
| Northern, Southern and Central Europe | Rest of Europe               | 847                  |
| GRTgaz                                | France Infrastructures       | 614                  |
| North America                         | USA & Canada                 | 596                  |
| Generation Europe                     | Rest of Europe               | 521                  |
| <b>OTHER CGUs</b>                     |                              | 2,875                |
| <b>TOTAL</b>                          |                              | <b>18,390</b>        |

In first-half 2020, the Group made a number of adjustments to its organization by:

- merging the France BtoB and France Réseaux CGUs within a new Engie Solutions CGU;
- splitting the Benelux CGU into three separate CGUs: Nuclear (power generation from its nuclear plants in Belgium and the drawing rights on the Chooz B and Tricastin power plants in France), Renewables and Benelux (energy services activities, natural gas and electricity sales activities);
- reallocating of share of the Noram and Tractebel CGUs' goodwill to ENGIE Impact in the Impact CGU.

All goodwill CGUs are tested for impairment at least once a year, but also whenever there is a trigger event of potential impairment. Although goodwill represents long-term values, the current market conditions, negatively impacted by the COVID-19 crisis, entail consequences that might be seen as a potential indication of impairment: notably the decrease in energy prices, business levels in services and stock market changes.

The Group did not identify any risks of impairment on goodwill attached to activities that have a limited exposure to short-term changes in market conditions: in particular thermal power generation, regulated infrastructures, less capitalistic activities or CGUs with no significant goodwill such as historical client solutions activities or energy supply.

However, in-depth analyses were performed on merchant outright generation assets such as nuclear or hydropower generation plants, and for CGUs having recently undergone major external growth (such as North America). These analyses were based on data observed in first-half 2020, in particular forward prices and medium-term plan updates as defined by the Group in its processes, and based on certain assumptions regarding the the timing of and recovery from the crisis.

No significant impairment was recorded at June 30, 2020. Nevertheless, regarding our nuclear power generation activities, although current forward prices improved significantly in the second quarter of 2020, they remain below end-2019 levels, thereby reducing to zero the excess recoverable amount over the carrying amount at June 30, 2020.

Consequently, a decrease of €10/MWh in electricity prices over the whole nuclear power generation horizon would lead to an impairment loss of circa €2 billion. Conversely, an increase of €10/MWh in electricity prices would have the opposite impact on the excess of the recoverable value over the carrying amount of the goodwill CGU.

An increase of 50 basis points in the discount rates used would lead to an impairment loss of around €0.3 billion. Conversely, a reduction of 50 basis points in the discount rates would have the opposite impact on the excess of the recoverable value over the carrying amount of the goodwill CGU.

Regarding nuclear power generation in Belgium, the Group's underlying assumptions remain unchanged compared to December 31, 2019:

- the disappearance of the entire nuclear component from the portfolio in 2025 after 50 years of operation in the case of Tihange 1, Doel 1 and Doel 2, and 40 years of operation for the second-generation reactors would have a strong adverse impact on the results of the test, and the impairment risk would represent around €1.9 billion;
- if the life of half of the second-generation reactors were to be extended by ten years and the entire nuclear component subsequently disappear, the impairment risk would represent €1.0 billion.

## NOTE 12 FINANCIAL INSTRUMENTS

### 12.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

| In millions of euros                                                | Notes | June 30, 2020 |               |               | Dec. 31, 2019 |               |               |
|---------------------------------------------------------------------|-------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                     |       | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Other financial assets                                              | 12.1  | 6,665         | 2,532         | 9,196         | 7,021         | 2,546         | 9,567         |
| Equity instruments at fair value through other comprehensive income |       | 961           | -             | 961           | 921           | -             | 921           |
| Equity instruments at fair value through income                     |       | 348           | -             | 348           | 377           | -             | 377           |
| Debt instruments at fair value through other comprehensive income   |       | 1,076         | 89            | 1,165         | 1,072         | 77            | 1,149         |
| Debt instruments at fair value through income                       |       | 478           | 426           | 904           | 871           | 397           | 1,268         |
| Loans and receivables at amortized cost <sup>(1)</sup>              |       | 3,801         | 2,017         | 5,818         | 3,782         | 2,072         | 5,854         |
| Trade and other receivables                                         | 6.2   | -             | 12,318        | 12,318        | -             | 15,180        | 15,180        |
| Assets from contracts with customers                                | 6.2   | 21            | 7,146         | 7,167         | 15            | 7,816         | 7,831         |
| Cash and cash equivalents                                           |       | -             | 13,282        | 13,282        | -             | 10,519        | 10,519        |
| Derivative instruments                                              | 12.4  | 3,486         | 11,745        | 15,231        | 4,137         | 10,134        | 14,272        |
| <b>TOTAL</b>                                                        |       | <b>10,172</b> | <b>47,023</b> | <b>57,194</b> | <b>11,174</b> | <b>46,194</b> | <b>57,368</b> |

(1) Loans and receivables at amortized cost include the financing of the Nord Stream 2 gas pipeline project for a nominal amount of €279 million (excluding capitalized interest and expected credit losses) for the first tranche and €485 million for the second tranche, i.e. a total amount of €914 million including capitalized interest.

#### 12.1.1 Other financial assets

Changes in equity instruments and debt instruments at fair value between December 31, 2019, and June 30, 2020 are set out below:

##### Equity instruments at fair value

| In millions of euros                                                 | Equity instruments at fair value through other comprehensive income | Equity instruments at fair value through income | Total        |
|----------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------|--------------|
| <b>AT DECEMBER 31, 2019</b>                                          | <b>921</b>                                                          | <b>377</b>                                      | <b>1,297</b> |
| Increase                                                             | 129                                                                 | 25                                              | 154          |
| Decrease                                                             | (49)                                                                | (4)                                             | (53)         |
| Changes in fair value                                                | (41)                                                                | -                                               | (41)         |
| Changes in scope of consolidation, translation adjustments and other | 2                                                                   | (49)                                            | (47)         |
| <b>AT JUNE 30, 2020</b>                                              | <b>961</b>                                                          | <b>348</b>                                      | <b>1,310</b> |
| Dividends                                                            | 21                                                                  | 3                                               | 24           |

The Group's equity instruments amounted to €1,310 million at June 30, 2020 of which €235 million in listed securities.

This amount includes the minority interest held by the Group in Nord Stream AG for an amount of €485 million.

**Debt instruments at fair value**

| <i>In millions of euros</i>                                          | Debt instruments at fair value through other comprehensive income | Liquid debt instruments held for cash investment purposes at fair value through other comprehensive income | Debt instruments at fair value through income | Liquid debt instruments held for cash investment purposes at fair value through income | Total        |
|----------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------|--------------|
| <b>AT DECEMBER 31, 2019</b>                                          | <b>1,138</b>                                                      | <b>11</b>                                                                                                  | <b>761</b>                                    | <b>507</b>                                                                             | <b>2,417</b> |
| Increase                                                             | 473                                                               | -                                                                                                          | 163                                           | 88                                                                                     | 724          |
| Decrease                                                             | (439)                                                             | (4)                                                                                                        | (419)                                         | (38)                                                                                   | (901)        |
| Changes in fair value                                                | (18)                                                              | -                                                                                                          | (147)                                         | (5)                                                                                    | (170)        |
| Changes in scope of consolidation, translation adjustments and other | -                                                                 | 4                                                                                                          | (6)                                           | -                                                                                      | (1)          |
| <b>AT JUNE 30, 2020</b>                                              | <b>1,153</b>                                                      | <b>11</b>                                                                                                  | <b>352</b>                                    | <b>552</b>                                                                             | <b>2,069</b> |

Debt instruments at fair value at June 30, 2020 include bonds and money market funds held by Synatom for €1,457 million, and liquid instruments deducted from net financial debt for €563 million (respectively €1,846 million and €518 million at December 31, 2019).

**Changes in portfolio held by Synatom**

In view of the current crisis on the financial markets, in order to limit risks and in accordance with Group policies, the various investment managers of the portfolios held by Synatom sold part of:

- the share portfolio (recorded as equity instruments at fair value through other comprehensive income). Under IFRS 9, the disposal operations carried out generated a €10 million capital gain in equity;
- the bond portfolio (recorded under debt instruments at fair value through other comprehensive income). The disposal operations carried out during the first half of the year generated a transfer of gains previously recognized in other comprehensive income to non-recurring financial income for €14 million.

Furthermore, money market funds recorded as debt instruments at fair value through income and equity instruments at fair value through other comprehensive income generated a negative change in fair value of €195 million, respectively recognized in non recurring financial income for a negative €147 million, and in equity for a negative €48 million.

**12.1.2 Cash and cash equivalents**

Cash and cash equivalents totaled €13,282 million at June 30, 2020 (€10,519 million at December 31, 2019).

This amount included funds related to the green bond issues, that have not yet been allocated to the funding of eligible projects (see section 5 of the Universal Registration Document).

At June 30, 2020, this amount also included €87 million in cash and cash equivalents subject to restrictions (€86 million at December 31, 2019), including €54 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of "Cash and cash equivalents" amounted to €36 million at June 30, 2020 compared to €42 million at June 30, 2019.

## 12.2 Financial liabilities

The following table presents the Group's different financial liabilities at June 30, 2020, broken down into current and non-current items:

| In millions of euros                      | Notes | June 30, 2020 |               |               | Dec. 31, 2019 |               |               |
|-------------------------------------------|-------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                           |       | Non-current   | Current       | Total         | Non-current   | Current       | Total         |
| Borrowings and debt                       |       | 31,042        | 9,651         | 40,693        | 30,002        | 8,543         | 38,544        |
| Trade and other payables                  | 12.2  | -             | 14,960        | 14,960        | -             | 19,109        | 19,109        |
| Liabilities from contracts with customers | 6.2   | 117           | 4,349         | 4,466         | 45            | 4,286         | 4,330         |
| Derivative instruments                    | 12.4  | 4,608         | 11,844        | 16,452        | 5,129         | 10,446        | 15,575        |
| Other financial liabilities               |       | 41            | -             | 41            | 38            | -             | 38            |
| <b>TOTAL</b>                              |       | <b>35,809</b> | <b>40,803</b> | <b>76,612</b> | <b>35,213</b> | <b>42,383</b> | <b>77,596</b> |

## 12.3 Net financial debt

### 12.3.1 Net financial debt by type

| In millions of euros             |                                                                        | June 30, 2020 |                |               | Dec. 31, 2019 |                |               |
|----------------------------------|------------------------------------------------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|
|                                  |                                                                        | Non-current   | Current        | Total         | Non-current   | Current        | Total         |
| <b>Borrowings and debt</b>       | Bond issues                                                            | 25,001        | 1,690          | 26,690        | 23,262        | 2,753          | 26,015        |
|                                  | Bank borrowings                                                        | 3,655         | 812            | 4,468         | 4,229         | 1,063          | 5,292         |
|                                  | Negotiable commercial paper                                            | -             | 5,258          | 5,258         | -             | 3,233          | 3,233         |
|                                  | Lease liabilities                                                      | 1,912         | 518            | 2,430         | 1,935         | 578            | 2,512         |
|                                  | Other borrowings <sup>(1)</sup>                                        | 474           | 677            | 1,152         | 576           | 668            | 1,244         |
|                                  | Bank overdrafts and current account                                    | -             | 696            | 696           | -             | 247            | 247           |
|                                  | <b>BORROWINGS AND DEBT</b>                                             | <b>31,042</b> | <b>9,651</b>   | <b>40,693</b> | <b>30,002</b> | <b>8,543</b>   | <b>38,544</b> |
| <b>Other financial assets</b>    | Other financial assets deducted from net financial debt <sup>(2)</sup> | (181)         | (1,578)        | (1,760)       | (213)         | (1,289)        | (1,502)       |
| <b>Cash and cash equivalents</b> | Cash and cash equivalents                                              | -             | (13,282)       | (13,282)      | -             | (10,519)       | (10,519)      |
| <b>Derivative instruments</b>    | Derivatives hedging borrowings <sup>(3)</sup>                          | (428)         | (144)          | (573)         | (521)         | (83)           | (604)         |
| <b>NET FINANCIAL DEBT</b>        |                                                                        | <b>30,433</b> | <b>(5,354)</b> | <b>25,079</b> | <b>29,267</b> | <b>(3,348)</b> | <b>25,919</b> |

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship.

(2) This item notably corresponds to assets related to financing, liquid debt instruments held for cash investment purposes and margin calls on derivatives hedging borrowings - carried in assets.

(3) This item represents the interest rate component of the fair value of derivatives hedging borrowings in a designated fair value hedging relationship. It also represents the exchange rate and outstanding accrued interest rate components of the fair value of all debt-related derivatives irrespective of whether or not they qualify as hedges.

The fair value of gross borrowings and debt (excluding lease liabilities) amounted to €40,957 million at June 30, 2020, compared with a carrying amount of €37,370 million.

Financial income and expenses related to borrowings and debt are presented in Note 9 "Net financial income/(loss)".

### 12.3.2 Main events of the period

#### 12.3.2.1 Impact of changes in the scope of consolidation and in exchange rates on net financial debt

In the first-half of 2020, changes in exchange rates resulted in a €667 million decrease in net financial debt, including a €602 million decrease in relation to the Brazilian real, and €34 million to the pound sterling.

Changes in the scope of consolidation (including the cash impact of acquisitions and disposals) led to a €265 million increase in net financial debt, reflecting:

- acquisitions carried out in the first-half of 2020 which increased net financial debt by €1,339 million mainly due to the creation, on a 50/50 basis with Meridiam, of the company to operate the University of Iowa's energy efficiency and water management concession, the acquisition of Renvico, active in the field of renewable energies in France and Italy, and the acquisition of minority interests in an LNG terminal in France and an electric power transportation concession in Brazil (see Note 3.3 "Acquisitions carried out in first-half 2020");
- asset disposals during the period resulting in a €614 million reduction in net financial debt, including the disposal of the interest in Astoria 1 et 2 in the United States (see Note 3.1 "Disposals carried out in first-half 2020");
- the classification of renewable energy assets in India, France and Italy under "Assets held for sale" which reduced net financial debt by €460 million (see Note 3.2 "Assets held for sale").

### 12.3.2.2 Financing and refinancing transactions

The Group carried out the following main transactions in first-half 2020:

- on January 21, 2020, ENGIE SA redeemed €824 million worth of bonds:
  - a €400 million tranche that matured with a 2.5% coupon,
  - a €424 million tranche that matured with a 3.125% coupon;
- on March 27, 2020, ENGIE SA issued €2.5 billion worth of bonds:
  - a €1 000 million tranche, maturing in March 2025 with a 1.375% coupon,
  - a €750 million tranche, a green bond maturing in March 2028 with a 1.75% coupon,
  - a €750 million tranche, a green bond maturing in March 2032 with a 2.125% coupon;
- ENGIE SA has drawn down bilateral credit lines for a total amount of €885 million for a duration of one month :
  - on March 20 for €300 million,
  - on March 23 for €200 million,
  - on March 30 for €385 million;
- on April 16, 2020, ENGIE SA redeemed €200 million worth of bonds that matured with a floating EURIBOR 3M coupon plus a 0.58% mark-up;
- on May 19, 2020, ENGIE SA redeemed €1.2 billion worth of green bonds that matured with a 1.375% coupon;
- on June 11, 2020, ENGIE SA issued €750 million worth of bonds, maturing in June 2027 with a 0.375% coupon;
- on January 28, 2020, ENGIE Energia Chile carried out the following refinancing transactions:
  - USD 500 million (€453 million) worth of bonds, maturing in January 2030 with a 3.4% coupon,
  - redemption of USD 400 million (€363 million) worth of bonds, maturing in January 2021 with a 5.625% coupon,
  - redemption of two bank loans totaling USD 80 million (€72 million) maturing in June 2020.

## 12.4 Derivative instruments

Derivative instruments recognized in assets and liabilities are measured at fair value and broken down as follows:

| In millions of euros                           | June 30, 2020 |               |               |              |               |               | Dec. 31, 2019 |               |               |              |               |               |
|------------------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
|                                                | Assets        |               |               | Liabilities  |               |               | Assets        |               |               | Liabilities  |               |               |
|                                                | Non-current   | Current       | Total         | Non-current  | Current       | Total         | Non-current   | Current       | Total         | Non-current  | Current       | Total         |
| Derivatives hedging borrowings                 | 765           | 175           | 939           | 337          | 30            | 367           | 705           | 124           | 829           | 183          | 41            | 225           |
| Derivatives hedging commodities                | 1,556         | 11,531        | 13,086        | 1,803        | 11,778        | 13,581        | 2,484         | 9,993         | 12,476        | 3,011        | 10,360        | 13,371        |
| Derivatives hedging other items <sup>(1)</sup> | 1,165         | 40            | 1,205         | 2,468        | 35            | 2,504         | 949           | 17            | 966           | 1,934        | 45            | 1,980         |
| <b>TOTAL</b>                                   | <b>3,486</b>  | <b>11,745</b> | <b>15,231</b> | <b>4,608</b> | <b>11,844</b> | <b>16,452</b> | <b>4,137</b>  | <b>10,134</b> | <b>14,272</b> | <b>5,129</b> | <b>10,446</b> | <b>15,575</b> |

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net financial debt, as well as net investment hedge derivatives.

### 12.4.1 Classification of financial instruments by level in the fair value hierarchy

During the first half of 2020, the Group did not make any material changes to the classification of financial instruments and did not recognize any material transfers between levels in the fair value hierarchy.

## 12.5 Deeply subordinated perpetual notes

The Group paid out interest coupons for an amount of €88 million.

In accordance with the provisions of IAS 32 – *Financial Instruments: Presentation*, and given their characteristics, these instruments were accounted for in equity in the Group's consolidated financial statements.

## NOTE 13 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in Section 2 “Risk factors and control” of the 2019 Universal Registration Document.

### 13.1 Market risks

#### 13.1.1 Commodity risk

##### 13.1.1.1 Portfolio management activities

Sensitivities of the commodity-related derivatives portfolio used as part of the portfolio management activities at June 30, 2020 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

##### Sensitivity analysis <sup>(1)</sup>

| In millions of euros           | Price changes | June 30, 2020            |                                              | Dec. 31, 2019            |                                              |
|--------------------------------|---------------|--------------------------|----------------------------------------------|--------------------------|----------------------------------------------|
|                                |               | Pre-tax impact on income | Pre-tax impact on other comprehensive income | Pre-tax impact on income | Pre-tax impact on other comprehensive income |
| Oil-based products             | +USD 10/bbl   | 45                       | 270                                          | 40                       | 234                                          |
| Natural gas                    | +€3/MWh       | 342                      | 535                                          | 225                      | 471                                          |
| Electricity                    | +€5/MWh       | 32                       | (40)                                         | 82                       | (47)                                         |
| Coal                           | +USD 10/ton   | (4)                      | 1                                            | (2)                      | -                                            |
| Greenhouse gas emission rights | +€2/ton       | (73)                     | 1                                            | (89)                     | 19                                           |
| EUR/USD                        | +10%          | 13                       | (73)                                         | (25)                     | (99)                                         |
| EUR/GBP                        | +10%          | (1)                      | (4)                                          | 33                       | -                                            |

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

The COVID-19 crisis has significantly increased the volatility of financial markets. This volatility resulted in a decrease in commodity prices, which contributed to substantial changes in the fair value of our financial instruments, impacting the income statement (see Note 7 “Purchases and operating derivatives”) as well as the other comprehensive income for the Group (see “Statement of comprehensive income”).

The COVID-19 crisis did not have a major impact on the sensitivity of other comprehensive income. No significant impact in terms of ineffectiveness or disqualification of certain hedges qualifying as cash flow hedges was recognized at closing.

##### 13.1.1.2 Trading activities

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group's trading entities.

## Value at Risk

| In millions of euros | June 30, 2020 | 2020 average <sup>(1)</sup> | 2020 maximum <sup>(2)</sup> | 2020 minimum <sup>(2)</sup> | 2019 average <sup>(1)</sup> |
|----------------------|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Trading activities   | 11            | 10                          | 18                          | 4                           | 14                          |

(1) Average daily VaR.

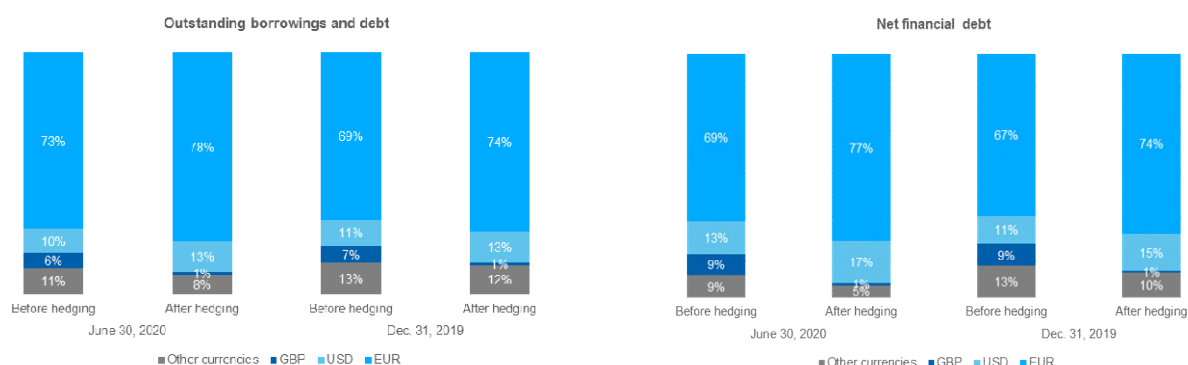
(2) Maximum and minimum daily VaR observed in 2020.

## 13.1.2 Currency and interest rate risk

### 13.1.2.1 Currency risk

#### Financial instruments by currency

The following tables present a breakdown by currency of outstanding borrowings and debt and net financial debt, before and after hedging:



#### Currency risk sensitivity analysis

A sensitivity analysis to currency risk on financial income/(loss) – excluding the income statement translation impact of foreign subsidiaries – was performed based on all financial instruments managed by the treasury department and representing a currency risk (including derivative financial instruments).

A sensitivity analysis to currency risk on equity was performed based on all financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

| In millions of euros                                                                                                                                                  | June 30, 2020       |                     |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
|                                                                                                                                                                       | Impact on income    | Impact on equity    |                     |
|                                                                                                                                                                       | +10% <sup>(1)</sup> | -10% <sup>(1)</sup> | +10% <sup>(1)</sup> |
| Exposures denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position <sup>(2)</sup> | 3                   | (3)                 | NA                  |
| Financial instruments (debt and derivatives) qualified as net investment hedges <sup>(3)</sup>                                                                        | NA                  | NA                  | 177                 |

(1) +(-)10%: depreciation (appreciation) of 10% on all foreign currencies against the euro.

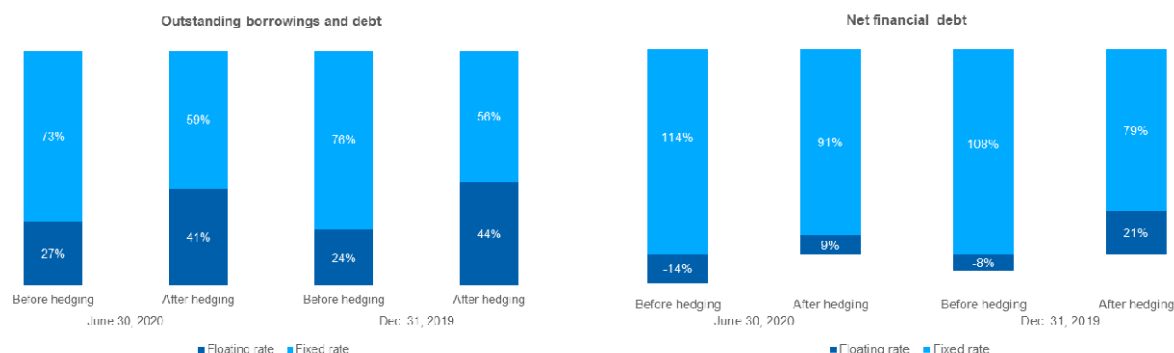
(2) Excluding derivatives qualifying as net investment hedges.

(3) This impact is countered by the offsetting change in the net investment hedged.

### 13.1.2.2 Interest rate risk

#### Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding borrowings and debt and net financial debt before and after hedging.



#### Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared to year-end interest rates.

| In millions of euros                                                                                    | June 30, 2020     |                   |                   |                   |
|---------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                         | Impact on income  |                   | Impact on equity  |                   |
|                                                                                                         | +100 basis points | -100 basis points | +100 basis points | -100 basis points |
| Net interest expense on floating-rate net debt (nominal amount) and on floating-rate leg of derivatives | (9)               | 9                 | NA                | NA                |
| Change in fair value of derivatives not qualifying as                                                   | 60                | (78)              | NA                | NA                |
| Change in fair value of derivatives qualifying as cash flow hedges                                      | NA                | NA                | 547               | (689)             |

### 13.1.2.3 Currency and interest rate hedges

The COVID-19 crisis has not led the Group to review its foreign exchange and interest rate risk management policy described in Note 17 "Risks arising from financial instruments" to the consolidated financial statements at December 31, 2019.

At June 30, 2020, no significant impact in terms of ineffectiveness or disqualification of certain hedges was recognized at closing.

## 13.2 Counterparty risk

### 13.2.1 Commodity derivatives

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

| In millions of euros                                      | June 30, 2020                   |        | Dec. 31, 2019                   |        |
|-----------------------------------------------------------|---------------------------------|--------|---------------------------------|--------|
|                                                           | Investment Grade <sup>(1)</sup> | Total  | Investment Grade <sup>(1)</sup> | Total  |
| Gross exposure <sup>(2)</sup>                             | 9,971                           | 13,079 | 9,849                           | 12,466 |
| Net exposure <sup>(3)</sup>                               | 3,495                           | 4,496  | 3,501                           | 4,422  |
| % of credit exposure to "Investment Grade" counterparties | 77.7%                           |        | 79.2%                           |        |

(1) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or equivalent by Dun & Bradstreet. "Investment Grade" is also determined based on an internal rating tool that has been rolled out within the Group, and covers its main counterparties.

(2) Corresponds to the maximum exposure, i.e., the value of the derivatives shown under assets (positive fair value).

(3) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques.

The COVID-19 crisis did not change the Group's exposure thanks to the credit quality that its counterparties preserved to date.

### 13.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

| In millions of euros | June 30, 2020 |                                 |                        |                                     | Dec. 31, 2019 |                                 |                        |                                     |
|----------------------|---------------|---------------------------------|------------------------|-------------------------------------|---------------|---------------------------------|------------------------|-------------------------------------|
|                      | Total         | Investment Grade <sup>(1)</sup> | Unrated <sup>(2)</sup> | Non Investment-Grade <sup>(2)</sup> | Total         | Investment Grade <sup>(1)</sup> | Unrated <sup>(2)</sup> | Non-Investment Grade <sup>(2)</sup> |
| Exposure             | 13,389        | 86.9%                           | 5.3%                   | 7.8%                                | 10,686        | 85.7%                           | 4.7%                   | 9.6%                                |

(1) Investment Grade corresponds to counterparties that are rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

(2) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally.

During the COVID-19 crisis, the Group reinforced the daily monitoring of its exposures. At the time of publication, this crisis had not significantly impacted the credit quality of its banking counterparties.

At June 30, 2020, Crédit Agricole Corporate and Investment Bank (CACIB) is the main Group counterparty and represents 23% of cash surpluses. This relates mainly to a depositary risk.

### 13.2.3 Expected credit losses on trade and other receivables, contract assets and loans and receivables at amortized cost

As part of its management of the COVID-19 crisis, the Group strengthened the monitoring of cash inflows and default risk in its BtoB and BtoC activities, as well as a possible downgrading of sovereign counterparty ratings (Bahrain, Pakistan, Brazil, Russia). At this stage, the impact on the Group's operational indicators remained moderate.

**Trade and other receivables, contract assets**

|                                      | June 30, 2020        |                        |               | Dec. 31, 2019        |                        |               |
|--------------------------------------|----------------------|------------------------|---------------|----------------------|------------------------|---------------|
| In millions of euros                 | Gross <sup>(1)</sup> | Expected credit losses | Net           | Gross <sup>(1)</sup> | Expected credit losses | Net           |
| Trade and other receivables, net     | 11,377               | (1,161)                | 10,216        | 14,313               | (1,097)                | 13,216        |
| Assets from contracts with customers | 7,184                | (17)                   | 7,167         | 7,848                | (17)                   | 7,831         |
| <b>TOTAL</b>                         | <b>18,561</b>        | <b>(1,177)</b>         | <b>17,383</b> | <b>22,162</b>        | <b>(1,114)</b>         | <b>21,047</b> |

(1) The gross amount includes the impact relating to VAT or to any other item not subject to credit risk.

At June 30, 2020, the Group did not recognize any significant expected credit losses in the income statement.

**Loans and receivables at amortized cost**

| In millions of euros   | June 30, 2020 | Dec. 31, 2019 |
|------------------------|---------------|---------------|
| Gross <sup>(1)</sup>   | 4,606         | 4,870         |
| Expected credit losses | (219)         | (139)         |
| <b>TOTAL</b>           | <b>4,387</b>  | <b>4,731</b>  |

(1) The gross amount includes the impact relating to VAT or to any other item not subject to credit risk.

At June 30, 2020, the Group did not recognize significant expected credit losses in the income statement.

**13.3 Liquidity risk**

In the course of its operations, the Group is exposed to the risk of having insufficient liquidity to meet its contractual obligations. In addition to the risks inherent in managing working capital requirements (WCR), the Group is also exposed to margin calls required by certain market activities.

During the COVID-19 crisis, the Group implemented specific management measures to secure its liquidity. It is based, (i) on increased monitoring of centralized cash management and central liquidity, which is regularly communicated to General Management and the Board of Directors, and (ii) on stress tests to assess the Group's liquidity.

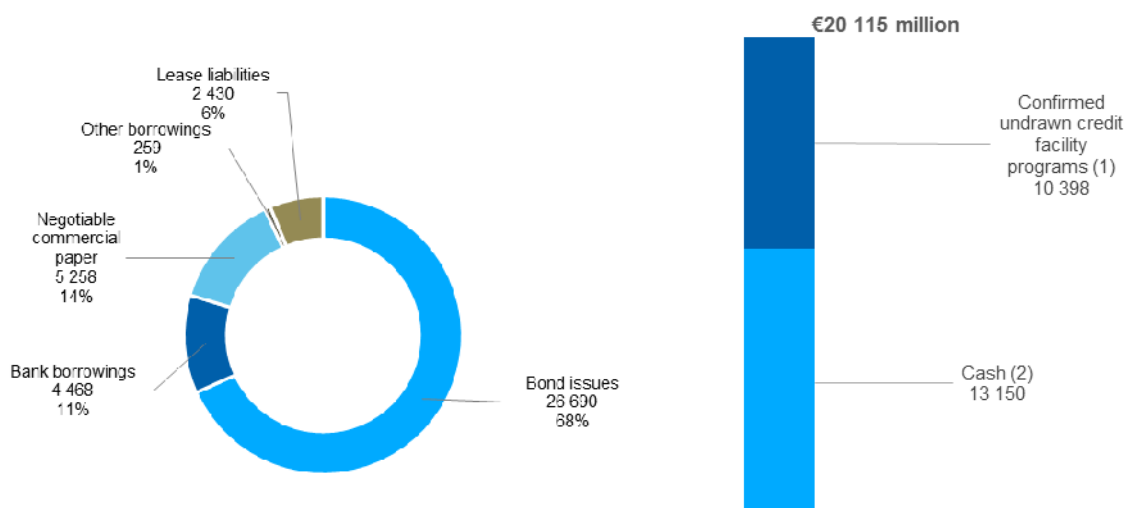
In this context, the Group has also taken several actions including:

- an outstanding amount of negotiable commercial papers in France and the United States close to €5 billion, benefiting from the measures offered by the ECB to combat the pandemic (PEPP <sup>(1)</sup> CSPP <sup>(2)</sup>) for €900 million;
- the drawdown on bilateral credit lines for €885 million in March for a period of one month to cover the decline in liquidity in the negotiable commercial papers market;
- a bond issue for a total amount of €2.5 billion on March 27, 2020;
- the signature on May 11, 2020 of a syndicated credit line for an amount of €2.5 billion with a 12-month term and renewable for two 6-month periods.

In addition of these actions, the Group decided to (i) propose the cancellation of the payment of the 2019 dividend – this resolution was approved by the Shareholders' Meeting on May 14, 2020 – and (ii) revise the timetable of certain investment projects (adjustments, postponements, etc.).

(1) Pandemic emergency purchase programme.

(2) Corporate sector purchase programme.

**Diversifying sources of financing and liquidity***In millions of euros**(1) Net of negotiable commercial papers.**(2) Including cash and cash equivalents, other financial assets reducing net financial debt, net of bank overdrafts and cash current accounts, 76% of which is invested in the euro zone.*

At June 30, 2020, all Group companies whose debt is consolidated were in compliance with the covenants and declarations included in their financial documentation, with the exception of a few non-material entities for which compliance actions are being implemented. None of the available centralized credit lines contain a default clause linked to financial ratios or rating levels.

**13.3.1 Undiscounted contractual payments relating to financial activities****Undiscounted contractual payments on outstanding borrowings and debt break down as follows by maturity**

| <i>In millions of euros</i>          | 2020  | 2021  | 2022  | 2023  | 2024  | Beyond 5 years | Total at June 30, 2020 | Total at Dec. 31, 2019 |
|--------------------------------------|-------|-------|-------|-------|-------|----------------|------------------------|------------------------|
| Bond issues                          | 512   | 1,414 | 2,631 | 2,570 | 1,140 | 18,423         | 26,690                 | 26,015                 |
| Bank borrowings                      | 416   | 480   | 628   | 454   | 329   | 2,162          | 4,468                  | 5,292                  |
| Negotiable commercial paper          | 4,244 | 1,014 | -     | -     | -     | -              | 5,258                  | 3,233                  |
| Lease liabilities                    | 263   | 450   | 269   | 229   | 209   | 892            | 2,430                  | 2,512                  |
| Other borrowings                     | 14    | 23    | 150   | 18    | 6     | 47             | 259                    | 261                    |
| Bank overdrafts and current accounts | 696   | -     | -     | -     | -     | -              | 696                    | 247                    |

Other financial assets and cash and cash equivalents deducted from net financial debt have a liquidity of less than 1 year.

**Group's undrawn credit facility programs**

At June 30, 2020, undrawn credit facility programs break down as follows by maturity:

| <i>In millions of euros</i>                | 2020 | 2021  | 2022  | 2023 | 2024  | Beyond 5 years | Total at June 30, 2020 | Total at Dec. 31, 2019 |
|--------------------------------------------|------|-------|-------|------|-------|----------------|------------------------|------------------------|
| Confirmed undrawn credit facility programs | 819  | 3,245 | 5,841 | 464  | 4,995 | 291            | 15,655                 | 13,019                 |

Of these undrawn programs, an amount of €5,258 million is allocated to covering commercial paper issues.

At June 30, 2020, no single counterparty represented more than 7% of the Group's confirmed undrawn credit lines.

## NOTE 14 PROVISIONS

| <i>In millions of euros</i>              | Post-employment and other long-term benefits | Back-end of the nuclear fuel cycle | Dismantling of plant and equipment <sup>(1)</sup> and Site rehabilitation | Other contingencies | Total         |
|------------------------------------------|----------------------------------------------|------------------------------------|---------------------------------------------------------------------------|---------------------|---------------|
| <b>AT DECEMBER 31, 2019</b>              | <b>7,481</b>                                 | <b>7,611</b>                       | <b>7,566</b>                                                              | <b>2,458</b>        | <b>25,115</b> |
| Additions                                | 173                                          | 72                                 | -                                                                         | 154                 | 399           |
| Utilizations                             | (148)                                        | (12)                               | (48)                                                                      | (336)               | (545)         |
| Reversals                                | (1)                                          | -                                  | -                                                                         | (7)                 | (7)           |
| Changes in scope of consolidation        | 1                                            | -                                  | 12                                                                        | 14                  | 27            |
| Impact of unwinding discount adjustments | 44                                           | 123                                | 92                                                                        | 7                   | 265           |
| Translation adjustments                  | (28)                                         | -                                  | (18)                                                                      | (19)                | (65)          |
| Other                                    | 566                                          | -                                  | (15)                                                                      | (9)                 | 542           |
| <b>AT JUNE 30, 2020</b>                  | <b>8,087</b>                                 | <b>7,793</b>                       | <b>7,587</b>                                                              | <b>2,263</b>        | <b>25,731</b> |
| Non-current                              | 7,941                                        | 7,670                              | 7,570                                                                     | 428                 | 23,610        |
| Current                                  | 146                                          | 123                                | 17                                                                        | 1,835               | 2,121         |

(1) Of which €6,647 million in provisions for dismantling nuclear facilities, compared to €6,573 million at December 31, 2019.

The different types of provisions and the calculation principles applied are described in the consolidated financial statements for the year ended December 31, 2019.

The impact of unwinding discount adjustments in respect of post-employment and other long-term benefits relates to the interest expense on the benefit obligation, net of interest income on plan assets.

The "Other" line mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2020, which are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site rehabilitation asset.

Additionally, in the context of the COVID-19 crisis, the Group did not recognize any significant provisions for onerous contracts.

## 14.1 Post-employment benefits and other long-term benefits

The discount rate applied to measure pension and other employee benefits is determined based on the yield, at the measurement date, on investment grade corporate bonds with maturities mirroring the term of the plan. The rates are determined for each monetary area (Eurozone and United Kingdom) based on data for AA corporate bond yields (Bloomberg and iBoxx), extrapolated on the basis of government bond yields for long maturities.

At June 30, 2020, the significant loss in the fair value of pension plan assets, combined with a decrease in discount rates compared to December 31, 2019, resulted in a €606 million increase in provisions for post-employment and other long-term benefits.

## NOTE 15 RELATED PARTY TRANSACTIONS

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The related party transactions described in Note 22 to the 2019 consolidated financial statements did not changed significantly in first-half 2020.

## NOTE 16 LEGAL AND ANTI-TRUST PROCEEDINGS

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Legal and anti-trust proceedings are described in Note 25 to the 2019 consolidated financial statements. The developments in disputes and investigations during the first half of 2020 are presented below.

### 16.1 France excluding Infrastructures

#### 16.1.1 Withholding tax

In their tax deficiency notice dated December 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million (receivable relating to the *précompte* paid in respect of the 1999-2003 fiscal years). The Montreuil Administrative Court handed down a judgment in ENGIE's favor in April 2019, which led to the French tax authorities appealing the decision before the Versailles Court of Appeal in May 2019. Exchanges of pleadings between the parties are currently ongoing.

Regarding the dispute over the *précompte* itself, on February 1, 2016, the *Conseil d'État* dismissed the appeal before the Court of Cassation seeking the repayment of the *précompte* in respect of the 1999, 2000 and 2001 fiscal years. On June 23, 2020, the Versailles Administrative Court of Appeal ruled in favor of ENGIE with respect to the claims for reimbursement relating to fiscal years 2002 and 2003, but rejected the claim relating to fiscal year 2004. As the *précompte* receivables for 2002/2003 have been assigned, the relevant amounts will be repaid to the assignee banks.

Furthermore, after ENGIE and several French groups lodged a complaint, on April 28, 2016, the European Commission issued a reasoned opinion to the French State as part of infringement proceedings, setting out its view that the *Conseil d'État* did not comply with European Union law when handing down decisions in disputes regarding the *précompte*, such as those involving ENGIE. On July 10, 2017, the European Commission referred the matter to the Court of Justice of the European Union (CJEU) on the grounds of France's failure to comply. On October 4, 2018, the Court of Justice of the European Union ruled partially in favor of the European Commission. Following this decision, France must revisit its methodology in order to determine the *précompte* repayment amounts in closed and pending court cases.

### 16.2 France Infrastructures

#### 16.2.1 Commissioning

On June 30, 2020, two memorandums of understanding were signed by GRDF with Total Direct Energie and ENI respectively with a view to ending all ongoing disputes between GRDF, Total Direct Energie and ENI, namely:

- the appeal before the Court of Cassation against the Paris Court of Appeal's decisions of June 2, 2016 relating to the transfer to the grid manager of the risk of unpaid transmission services fees by end customers and compensation by the grid manager for customer management services performed by suppliers on its behalf (Total Direct Energie, ENI and GRDF);
- the appeal before the Paris Court of Appeal against the decision dated June 2, 2018 of the Energy Regulatory Commission (*Commission de la Régulation de l'Énergie* – CRE)'s Standing Committee for Disputes and Sanctions (*Comité de règlement des différends et des sanctions* – CoRDIS) setting the level of compensation for customer management services performed by the suppliers on behalf of the grid manager (Total Direct Energie, ENI and GRDF) and the appeal before the Court of Cassation against the partial decision of the Court of Appeal of January 23, 2020;

- the appeal before the Paris Court of Appeal against the Paris Commercial Court's ruling of January 28, 2019, which convicted GRDF for abuse of a dominant position (Total Direct Energie and GRDF);
- the appeal before the Paris Court of Appeal against the decision of the CoRDIS of July 2, 2019 dismissing ENI's request to be compensated for the customer management services provided during the period prior to June 2, 2016 (ENI and GRDF);
- the ongoing investigation by the Paris Commercial Court following the proceedings launched against GRDF by ENI for abuse of a dominant position;
- the appeals lodged by Total Direct Energie and ENI against (i) the CRE's decisions setting the compensation for customer management services provided by the suppliers as from January 1, 2018 (no. 2017-237 and no. 2018-012), (ii) the CRE's decision amending prior transmission rates to include the compensation for customer management services for the period prior to January 1, 2018 (no. 2017-238) and (iii) the CRE's decision to approve the Gas Distributor-Supplier Agreement, previously the distribution network transmission agreement (no. 2018-249).

The financial impact of these memorandums of understanding has been fully taken into account in the financial statements for the six months ended June 30, 2020.

## 16.2.2 Investigation into the regulation mechanism for natural gas storage in France

On February 29, 2020, the European Commission announced that it had launched an in-depth investigation into the regulation mechanism for the storage of natural gas introduced on January 1, 2018 to secure France's natural gas supply. Storengy provided the Commission with all the necessary information to substantiate its analyses for the purposes of the Commission's investigation aimed at reaching a final decision.

The initiation of these proceedings provides no guarantee as to the outcome of the investigation, which cannot be assessed at this stage.

## 16.3 Benelux

### 16.3.1 Resumption and extension of operations at the nuclear power plants

Various associations have brought actions before the Constitutional Court, the *Conseil d'État* and the ordinary courts against the laws and administrative decisions authorizing the extension of operations at the Doel 1 and 2 and Tihange 1 reactors. The Brussels Court of Appeal dismissed Greenpeace's claims in a decision dated June 12, 2018. Greenpeace appealed this decision before the Court of Cassation. This appeal was rejected by a ruling of the Court of Cassation dated January 9, 2020, such that the decision by the Brussels Court of Appeal dated June 12, 2018 is now final. As for the action brought before the Constitutional Court, on June 22, 2017 the Court referred the case to the Court of Justice of the European Union (CJEU) for a preliminary ruling. In its judgment of July 29, 2019, the CJEU ruled that the Belgian law extending the operating lives of the Doel 1 and Doel 2 reactors (Law extending Doel 1 and Doel 2) was adopted without the required environmental assessments being carried out first, but that the effects of the law on extension may provisionally be maintained where there is a genuine and serious threat of an interruption to electricity supply, and then only for the length of time that is strictly necessary to eliminate this threat. In its decision of March 5, 2020, the Constitutional Court overturned the Law extending Doel 1 and Doel 2, while maintaining its effects until the legislator adopts a new law after having carried out the required environmental assessments, including a cross-border public consultation process, by December 31, 2022 at the latest. The appeal before the *Conseil d'État* is still ongoing.

In addition, some local authorities and various organizations have challenged the authorization to restart operations at the Tihange 2 reactor. On November 9, 2018, the *Conseil d'État* rejected the action brought by some local German authorities seeking the annulment of this decision. Civil proceedings are still ongoing before the Brussels Court of First Instance.

## 16.4 Europe excluding France & Benelux

### 16.4.1 Spain - Punica

In the Punica case (investigation into the awarding of contracts), 12 Cofely España employees as well as the company itself were placed under investigation by the examining judge in charge of the case. The criminal investigation is in progress and was scheduled to be closed by June 6, 2020, but is currently suspended due to the measures taken in response to the COVID-19 pandemic.

## NOTE 17 SUBSEQUENT EVENTS

### **Signing of an agreement with Hannon Armstrong to sell a 49% equity interest in a 2.3 GW renewables portfolio in the United States**

On July 2, 2020, the Group announced the signing of an agreement to sell a 49% equity interest in a 2.3 GW renewables portfolio in the United States to Hannon Armstrong, a leading investor in climate change solutions.

The agreement includes the immediate sale of 49% of 663 megawatts (MW) of commissioned wind projects. The remaining 1.6 GW of projects (of which 0.5 GW relates to solar projects), currently under construction, will be transferred into the partnership upon commissioning. This transaction is expected to have a negative impact of approximately €0.5 billion on the Group's net debt for the entire portfolio. ENGIE will continue to fully consolidate and manage these assets.

### **Joint acquisition of a 10% stake in Transportadora Associada de Gás S.A. (TAG) in Brazil**

On July 20, 2020, the Group and Caisse de dépôt et placement du Québec (CDPQ) acquired Petrobras' remaining 10% stake in Transportadora Associada de Gás S.A. (TAG), after having already acquired a 90% stake in 2019. With this acquisition, ENGIE's total equity holdings in TAG increase to 65% (of which 32.5% is held by ENGIE Brasil Energia) while CDPQ will hold the remaining 35%. ENGIE therefore has a net interest of 54.8% in TAG, and continues to exercise joint control with CDPQ. The Group's stake in TAG will continue to be recognized using the equity method.

The Group expects the transaction to have a positive impact of approximately €0.1 billion on net debt in the second half of 2020.

# 04 STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT

## Party responsible for the First-half Financial Report

Claire Waysand, Chief Executive Officer.

## Declaration by the party responsible for First-half Financial Report

«I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements for six months ended June 30, 2020 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and net income or loss of the Company and all the entities included in the consolidation, and that the interim management report presents a fair view of the significant events of first-half 2020, their impact on the interim financial statements, the main related party transactions and describes the main risks and uncertainties to which the Group is exposed for the second half of 2020.»

Courbevoie, July 30, 2020

The Chief Executive Officer

**Claire Waysand**

# 05 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST-HALF FINANCIAL INFORMATION

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's Meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of ENGIE, for the period from January 1, 2020 to June 30, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on July 30, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 30, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 31, 2020

The Statutory Auditors

*French original signed by*

**DELOITTE & ASSOCIES**

**ERNST & YOUNG et Autres**

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