



FIRST HALF RESULTS AS OF JUNE 30, 2018

July 27, 2018

Good morning, ladies and gentlemen, and welcome to the conference call on Engie's 2018 half-year results, organised by Engie. Along with Ms Isabelle Kocher, Chief Executive Officer of Engie, and Ms Judith Hartmann, Executive Vice-President and Chief Financial Officer.

Isabelle Kocher

Good morning, everyone, and thank you for joining us today for the presentation of our results for the first half 18.

Engie has delivered another strong quarter and continues the solid progress towards reaching its objectives for the year. H1 financial results show, again, solid organic growth fuelled by renewables, by networks, and also by B2B and B2T solutions.

These drivers of earnings, along with the very good performance of our Energy Management business, allow us to more than offset the impact of nuclear outages in H1.

With the Glow disposal we announced one month ago now, there is also the recent acquisitions of wind and solar developers in the US and in France. We have achieved further important steps in our strategic repositioning.

As such, we expect to continue growing in H2, despite the headwinds from nuclear outages. And, therefore, we confirm our 18 full-year guidance.

This confidence in our earnings is due to the diversified portfolio we benefit from. It's due to a more and more active asset management, and also, more globally, due to continuous improvement of performance.

You know our dedication, my dedication, to improve, continuously, the efficiency of our operations. To perpetuate this continuous improvement pace, I decided to take an important step and to appoint Paulo Almirante as Chief Operating Officer of the Group. It has been announced early July. Paulo has been with the Group for more than 20 years. He is a member of Engie's Executive Committee. He is supervising a lot of regions in our portfolio, as well as managing the Generation business in Europe. He is with us this morning – welcome, Paulo – along with Judith Hartmann, who you know, of course, very well.

Now I will start with an overview of the salient results, as well as an update on our key operational developments.

Numbers, first. So, these first-half numbers are in line with our expectations. EBITDA showed organic growth of 6% and, even better, Net Income increased by 19% organically. Gross variation reported is lower than organic, mainly due to significant foreign exchange headwinds. And net debt continues to be reduced.

Turning to our operational development efforts in the first half, we are pleased to have made additional progress in strategic repositioning, and also in reinforcing our leadership positions.

Client Solutions, first. So, the retail segment is hypercompetitive and thus we are pursuing a differentiation strategy based both on the quality of energy delivered and also on delivering service offerings focused on

optimisation and comfort at home. In this first half, we have the temporary effect of a margin squeeze in France. However, performance should reverse and improve in H2, as we expect this segment to grow over the full year. Moreover, some of the elements pressuring retail margins are in fact tailwinds to our Power Generation business, such as the increased capacity market remuneration and, obviously, higher power prices. And I believe that, in a context where securing an access to power production is key, the vertically integrated business model we put in place in most of Europe clearly shows its merits.

Services to businesses and territories: they continue to be a very dynamic sector. Here we have a marked competitive advantage, which results in a very high backlog (+13%) and a 7% EBITDA increase.

In Networks, our regulated asset base in infrastructures has increased sharply, following the regulation of gas storage activities in France, effective since the first half of 18.

Outside Europe, our development is beginning to bear fruit, notably in Latin America.

Let's now focus on Nuclear. The news for the first half was obviously marked by the update of the availability of our nuclear power plants in Belgium. It is, I believe, important we spend a few minutes on that, and I have asked Paulo Almirante to provide you with a full view of the situation.

Paulo Almirante

Good morning, everyone. Thank you, Isabelle. I'm very pleased to be with you today.

So, let me give you an update on our nuclear power plants in Belgium. An important reminder is that we manage two generations of nuclear units. Let's start with the first generation: Doel 1, Doel 2 and Tihange 1. They are listed at the top of the slide. These units started operating in 1975, initially for 40 years. But, in 2015, they were granted a 10-year lifetime extension. For Doel 1 and Doel 2, an outage linked to the lifetime extension, is taking place in 2018, as it was originally planned. These outages are on time and on budget, despite the complexity of this kind of projects. Tihange 1 will have regular maintenance during 1 month in Q4 of this year. Again, this is as originally scheduled.

Let me now address the second-generation units. They are Doel 3, Tihange 3, Tihange 2 and Doel 4. These units were built 10 years after the first generation, with a technical design which includes a second bunker in the non-nuclear part of the plant. This bunker protects second-line safety equipment, which is only used if there's a problem with the first-level systems. I want to point out that this level of safety is unique in the nuclear power industry. On Doel 3, some time ago, we identified the need to repair the roof of the second bunker. The concrete was repaired during a planned outage, which has just finished on 23 July. The repair was approved by nuclear authorities and the unit returned to normal operation at the beginning of this week.

Following the findings at Doel 3, we will have to check the status of the concrete in the roof of the second bunkers for the other three reactors. To minimise the downtime, our strategy is to either extend or anticipate the annual regular maintenance plan for these units. The new schedule was announced in June and is shown in the second box of the slide. As always, this planning is subject to the authorisation of the nuclear safety agency.

Regarding EBITDA, as a result of the nuclear outages, the year-on-year impact for 2018 is a reduction of €330 million, as shown at the bottom of the table. Important to note that, out of the €330 million, around 250 are linked with additional outages that we will do on the second half of this year.

Obviously, as we faced such a significant impact on earnings, we decided to launch several actions to mitigate it. Isabelle mentioned earlier our ability to be agile and to actively manage our assets. This is the case in Europe where, over the last two years, we have introduced a dynamic management of our gas fleet. Let me give you two examples. In the Netherlands, we are operating a CCGT, Eems 3, which would normally be in summer mothballing, but is now fully available for commercial operation. Another plant, located in Belgium, Drogenboos, is being converted to CCGT mode to improve the load factor whilst at the same time increasing security of supply.

I hand over back to you, Isabelle.

Isabelle Kocher

Thank you, Paulo, for this detailed update. I'd like to thank the teams for the remarkable work that has been done.

In Contracted Thermal Generation, now, in June we announced the disposal of our stake in Glow, in Asia-Pacific, and, with this, will no longer operate any coal-fired assets in this region. Coal now represents only 5% of our capacities worldwide and, as a result, we have reduced our carbon footprint while also capturing value with a disposal sold at high multiples (more than 10 times EV on EBITDA).

Finally, the Renewables: we have become a significant player on this market. We are growing our renewable asset base at a fast pace. By year-end, we will have added more than 1.3 GW to our asset base. We have, to date, 3.3 GW under construction, and our pipeline has increased, also, significantly, year-to-date, totalling now more than 9 GW of projects.

We achieve our development using a variety of capital structures, often in equity. Again, what is key is to secure access to large carbon-free production capacities.

And, with that, I will now hand over to Judith, who will elaborate more upon H1 financial performance. Judith?

Judith Hartmann

Thank you, Isabelle, and good morning, everybody.

Like every year, there are headwinds and tailwinds, but we are indeed very happy with the first-half results. We experienced solid organic growth in the first half and we anticipate a strong second half. Hence, we confirm our guidance – of course with the assumption of a restart of nuclear units in line with the current information available on REMIT.

Let's look at the main business trends in our activities, on page 8. Excluding B2C, all of our core activities are growing, and this is a strong achievement considering the foreign exchange headwinds in the first half of €200 million.

In Client Solutions, H1 reported figures are impacted by the effect on B2C that we explained in Q1 – some of them temporary – and we anticipate a strong second half on the back of a margin recovery in B2C and a better performance in services.

In Renewables and Thermal Contracted Generation, we maintained the strong organic growth shown in the first quarter.

In Networks, as anticipated, we are now growing organically, benefitting from the storage regulation in France.

And, finally, on Merchant activities, the very strong H1 performance in our Energy Management business more than offsets the headwinds coming from nuclear outages and lower hedged prices.

Full-year 2018 outlook remains unchanged and you will indeed see that positive dynamics in many businesses and a specific H2 action plan are offsetting the nuclear pressure.

Focusing now on Client Solutions, on page 9, H1 performance is close to flat but it is impacted by one-offs and temporary effects, mainly in B2C. So, let me give you an update on performance in B2C in France, which is our biggest country in this segment.

There is still pressure on gas margins, with, notably, the impacts of the rising cost of energy savings certificates. As already explained, this will have a temporary effect as these costs will be eventually passed through to final customers. In fact, from 1 July 2018, we will benefit from the annual regulated tariff increase of roughly 9% on average, reflecting the cost increase previously mentioned. Gas volumes are slightly down with very limited impact on our financials.

In electricity, volume and margin impacts are offsetting each other. We benefitted from positive volume effects as we continued to gain market share. However, margins suffered as regulated electricity tariffs, which are the market reference, still fail to reflect some costs, such as capacity remuneration and wholesale market prices. We expect the current margin reduction to last until the end of 2019.

It is important to note – and Isabelle pointed it out earlier, that, in a vertically integrated business model like ours, other parts of the business will benefit from some of these negative drivers impacting B2C. Indeed, the increases of capacity remuneration and power prices have a positive contribution to our Generation portfolio.

In B2B, we benefit from positive dynamics in Service activities, and this despite losses incurred on some oil and gas contracts, and lower activity in Engineering. Indeed, excluding these two activities, B2B is up 7% year on year, organically. We have put in place action plans to restructure these activities, to reach profitability again, like we already did successfully in the past for these cyclical activities.

All in all, we enjoy an 11% growth in revenues, also benefitting from acquisitions.

In B2T, we still benefit from the good performance of our networks, with new connections and a strong effort on managing our cost base.

So, in summary, by year-end we expect a strong performance in Client Solutions, driven by a recovery in retail, the ramp-up of 2017 acquisitions, and the restructuring of loss-making activities in Oil & Gas Services. However, as compared to the initial forecast, we anticipate a slightly lower performance for the full-year outlook, given the explanations just provided. This should not deter from the fact that we have been able to create a real growth platform in B2X.

Let's now look at Networks. The explanation is straightforward here: growth is driven by the implementation of storage regulation effective as of 1 January 2018. This is of course crucial to ensure security of supply. The performance in the first half also benefitted from a better performance of our French distribution business, resulting from the acceleration in smart meter deployment and a slightly positive impact coming from temperatures. This is a good year for our Networks business, with mid-single-digit growth.

Turning now to Renewable and Thermal Contracted activities on page 11, organic growth is mainly driven by the impressive performance of our Hydro activities, which are up 34% year over year, with favourable hydrology conditions in France in the first half, and a very dynamic energy allocation in Brazil.

In Thermal Contracted in Latin America, we have new PPAs coming in while others are ending, largely offsetting each other.

In wind and solar, we benefit from the commissioning of new assets in the US, France, India and Latin America. In 2017, we had some positive effects that are not repeating, relating to BD fees and litigations. In H2, we anticipate to maintain a sustained organic growth in this segment.

Focusing now on Merchant activities, we benefited from a very good performance of our Energy Management activity resulting from several factors. First, in Q1 2018, the weather conditions were such that there were specifically some cold snaps, which created opportunities to benefit from price spikes in the market, to the tune of about €50 million. Second, we also benefit from the year-over-year comparison in 2017, when a shortage of gas in the south of France generated additional costs of about €40 million. Third, process reengineering combined with a new IT system helped us to optimise the management of gas assets and also to reduce costs. Lastly, the performance of our Energy Management activity is also benefitting from the change of accounting treatment that took place in 2017, for most of our long-term gas contracts. The impact of this change on our H1 performance is around €50 million.

On Nuclear, like you heard, the full-year impact of outages is estimated at 330 million versus last year, of which approximately 250 million not included in the guidance that we gave in February.

Finally, the rest of Generation is normalising. As you remember, we benefitted from higher-than-normal margins in 2017. In H2, we will be significantly impacted on Nuclear. But, as we explained, this is driven by the latest outages, for which the impact is expected at roughly €250 million, and prices also will have an unfavourable year-on-year impact. Again, the important thing to remember is that we have positive dynamics in many

businesses, and this helps us to offset the nuclear pressure. In addition, like it was mentioned, we have launched several actions. As already mentioned, we will further optimise the availability of our thermal fleet through dynamic asset management. We are also working on accelerating the renegotiation of some contracts in our Merchant business. In addition, we expect Lean 2018 savings contributions to accelerate in the second half versus H1.

Let me now turn to our financial structure. As you can see on the next page, we have significantly reduced our financial net debt during the first half, to €20.5 billion. This result is driven mainly from the sound operating cash generation, standing at €3.3 billion, and also driven by the portfolio rotation programme. Indeed, the portfolio rotation portfolio leads to a decrease in debt of €3.4 billion, mainly resulting from the closing of three transactions that you've already heard about – Loy Yang B and Egaz-Degaz in January, E&P in mid-February – and from the deconsolidation of Glow's net debt following the held-for-sale IFRS 5 treatment as of June 2018.

At the same time, we have invested €3.6 billion in H1, including 2.5 billion on development capex, of which about a third on Renewable projects and a third on Client Solutions.

Since Q1 2018, net financial debt increased mainly due to the 2017 final dividend payment. The cost of debt continues to decrease, and stands at 2.53, down 10 basis points compared to 2017. Financial net debt to EBITDA stands at 2.2 times at the end of H1 2018, remaining well below the 2.5 times target.

Economic net debt to EBITDA stands at 3.8 times at the end of H1 2018, in line with end-2017.

S&P and Moody's have recently reaffirmed their A-category rating with stable outlook for both, S&P having upgraded its outlook from negative to stable recently.

So, back to Isabelle for the conclusion.

Isabelle Kocher

Thank you, Judith.

To conclude, these strong first-half results highlight the merits of our business model and diversified portfolio.

Nuclear energy will continue to bring its share of challenges. I want to be very open about the issues. I can assure you that our teams will pay the utmost attention, both to anticipate the problems early and to solve them, always in collaboration with the relevant authorities.

As for the new Engie, the last six months show that we are starting to harvest the strategic changes executed in the last three years. Organic growth is kicking in and we are excited about the potential. This potential and our capital allocation strategy will be presented during our capital markets day. It will take place at the end of February 19.

And now we will take your questions.

Q&A

J. P. Morgan

Yes, good morning. A couple of questions.

One on nuclear outages: we saw a strong market reaction on that day. Pretty much of it was deemed by the market to be a recurring issue. Could you make any comments regarding what happened and, more than anything, in the following years, why do you feel confident that this would not happen again. So I think that that's question number 1.

Then, second, would be an update on what I would call the Belgian restructuring, life extension, nuclear provision, refocusing of the legal entity, what are the remaining steps in your view?

And, finally, as well, an update on the government stake sale process and the change of the law there, where are we and similarly on the auction in Brazilian gas transmission assets.

Thank you very much.

Paulo Almirante

Okay. So, the work and the inspections that we've carried out, of the structural integrity of these bunkers, are to make sure that this is known in all of our units. So we do not expect, after the additional outages that are planned for this year, we do not expect to see similar problems at any of our units.

Isabelle Kocher

As far as the Belgian discussion is concerned, so it is progressing, still ongoing. The objective remains the same, and I had several times the opportunity to summarise that here. The idea is very simple: it's to build a player that will be more focused on Benelux, in order to set up, in this region, a player that is able to accompany the strategy of the Belgian authorities regarding energy transition. And that's the reason why we work hard on the progressive increase of Electrabel's competitiveness. I believe that we went through important steps. It will continue to progress. Belgium, as all the other countries, has a very important project in order to develop carbon-free capacities, to develop energy efficiency, to develop services. Electrabel is very well placed to do so, and that's our goal. That's still under discussion.

As far as TAG is concerned, Paulo?

Paulo Almirante

So, as far as TAG is concerned, you know that Petrobras has suspended the sale process, waiting for a decision regarding an injunction that was requested by the unions, and a decision by the Supreme Court, a judge at the Supreme Court, to suspend the process. So, Petrobras is appealing this and we expect to return back to the negotiations by the end of September, beginning of October.

Société Générale

Good morning, everyone.

My first question is on Belgian nuclear. You quantified the financial impact you expect in the second half. How safe is this estimate? In other words, have you been able to cover most or all of the output shortfall? How much are you still exposed to potential risks of further price hikes? I am asking this question in a context of low hydro in Europe pushing prices up. So, what's the value at risk here for EBITDA, on net earnings full year?

My second question is on the very strong performance of GEM, and what I would like to get to is how structural versus how opportunistic is this strong performance. You mentioned optimisation on new management of the gas assets. Could you give us some examples of what this means? And what would be helpful, from a modelling perspective, is, in the context of what is structurally quite a volatile business, what's your view of a normalised level of EBITDA over the coming years?

And my last question is on Client Solutions, for which we saw, I believe, a deterioration of EBITDA in the Q2 trend versus Q1. You seem very confident and comfortable with the idea there will be a rebound in EBITDA in B2C in particular in H2. Could you come back to those reasons and, again, maybe to the timing of the tariff increase you mentioned? I missed this. And what would be helpful, maybe, is some form of quantification of the rebound you expect.

Thank you very much.

Judith Hartmann

Okay, Emmanuel, thank you for all of these questions.

So, on the first question, on the nuclear outages, so, again, there's two effects that you've rightly pointed out. One is obviously the calendar and Paulo went through our confidence in that piece. There was indeed a price exposure here because we had to sell some electricity... that we had to buy back, basically, that we had

promised to sell and, with the shortage of volume. But that's already integrated in our numbers. So there is no additional shortfall coming from this. That's already dealt with and that's in the 250 that we mentioned. So no issue, no additional issue to be expected there.

On GEM, on Energy Management, indeed a very good quarter and, like I pointed out, there is really some effects due to the fact that 2017 was actually a very difficult year. We had to buy, at the time, gas, because there was a shortage of gas in the south of France and because of, you know, security of supply. We bought gas, at the time, at very high prices, when there was a shortage. About a €40 million impact. So that's obviously a swing from year to year. So, on your question, normalising that... that wouldn't be a normalised performance from that perspective. The price spikes at the beginning of the year were very significant this year. And so, to be able to capture that, I think is something that we're now better positioned to do. Now, as you and I know, obviously it always depends on market conditions. But we've been able, like I mentioned, to restructure some of the team setups, some of the IT, and I firmly believe that that's helping us to really drive a more reactive view. We used to look at these exposures on a monthly basis and we now have... basically we can now react on an hourly basis, which was put in place. So that should help us going forward. And then the last thing I mentioned is a roughly €50 million one-off, which is an accounting change, which is by the way related to everything I've just mentioned. The change of business model has led us to move from industrial accounting to trading accounting. And so that is a one-shot improvement versus last year. So I hope that answers your question there.

On Client Solutions, we are very confident, you know, there is a few "untypical" things, if I may call it that way, in terms of the quarter performance, or half-year performance, and we're expecting big growth in the second half. Some of it I've mentioned. It's mostly around B2C, where last year's numbers were quite low. I mentioned also the price increase that we have just registered on 1 July in France. And they I've mentioned the ramp-up of some of the acquisitions that we did last year. And so, all in all, we look at a total year outlook that should have an increase in the double-digit range. So a significant turnaround from the first half. We're confident about that.

Isabelle Kocher

Thank you, Judith. I'd like just to come back to a last question from Vincent Ayrat we didn't answer, which is about the stake of the French State. So, first of all, as you all know, it would be a decision that belongs to the State. Our duty is to make that the Group is ready to face all the scenarios, and it is the case. Fundamentally, I believe that it would be good for Engie, normalising, progressively, pursuing the normalisation of shareholding; increasing, by the way, the level of free-float. Nevertheless, it is not planned in the short term since, as you know, a law is necessary to allow the State to reduce its stake. It will be potentially part of the Pacte law, which would be promulgated at the end of 18 or, more probably now, at the beginning of 19.

Société Générale

A quick follow-up, if I may, on the answer by Judith on my question on Client Solutions: the double-digit increase in 2H that you mentioned, is it referring to Client Solutions or just to B2C?

Judith Hartmann

That's referring to Client Solutions.

Bank of America Merrill Lynch

Good morning. Two questions, please.

Firstly, can you just clarify whether the 330 million hit on EBITDA from Belgian nuclear... is that also a hit on Net Income? So is there a zero-tax shield there still? And how much headroom do you actually have in your NRIs guidance to absorb any further delays in the restarts of these plants, or any further unplanned outages?

And then my second question, perhaps a very brief one: you've been linked in press reports with being interested in the EDPR US wind portfolio. Is that something you're willing to comment on us all?

Judith Hartmann

I'll start with the first one. So, on the 330 million EBITDA, that is indeed a COI and also an NRIs impact, because of the tax shield that you mentioned. In terms of headroom in the guidance, we're confirming the guidance today. It is based on the calendar that we've just talked about, that we're confident in, the teams are very – as you can imagine – very engaged around this. We are still confident to confirm this guidance and, if there was any change then obviously you would hear from us. But, like I said, at this stage, we feel good. We had very significant upsides in some of the other businesses that are already translating in H1, that are giving us confidence, plus the action plan that we mentioned. Put that together... You know, that makes us confident to confirm at this stage.

Isabelle Kocher

On EDPR, very quickly, it is a very complex transaction that has been triggered... Complex offer that has been triggered by CTG and we actively monitor the situation.

Morgan Stanley

Good morning, everyone. I have three questions.

My first one is on guidance. Because I can see your guidance is based on an FX that is a little bit stronger on currencies than what we have today, so is it fair to say that your mark-to-market guidance is towards the lower range of your guidance?

My second question is, again, on Client Solutions: are the non-typical activities related to a specific country or is this a trend you're seeing everywhere; not only in France and Benelux but also in global markets?

And my third question, on EDPR, you were very clear but, more broadly, on renewables, given that it's a very competitive market, what do you think is the best way to grow? Through development of projects, the acquisition of projects, of already assets in operations, and which markets do you think are most attractive at the moment?

Thank you very much.

Judith Hartmann

So, on your question on guidance on foreign exchange, you know, you can see it from the press release, of what we had built into the initial guidance. It's mostly the US dollar and the Brazilian real that are impacting us. Of course, here in the budget, 1.22, and the Brazilian real at the time at 3.89. We have quite a significant impact in the first half already, with close to 200 million on EBITDA, about 150 on COI, and, in the second half, we've already baked in that this is going to increase by roughly, probably 100 million on the EBITDA line. So that's already integrated. You know, when I said that we're confirming guidance I want to be clear: some of the underlying assumptions have changed because there is some positives and some negatives. But we have baked the best of our knowledge in, including foreign exchange and obviously the nuclear topic that was mentioned. And even with all of that in, with those headwinds, like I said, we're comfortable confirming our guidance given all the positive news that we have had and all the action plans that we are working on.

We did not fully understand your second question, on Client Solutions. It seems to be about which countries we're in. Maybe you can repeat that one, please.

Morgan Stanley

Yes, what I meant is that... because you mentioned that there were like... there's typical performance, I think... It's the term of Client Solutions... If this has been in a specific country or if it has been a more global trend.

Judith Hartmann

So, the first-half performance is under pressure from two topics on Client Solutions, which is... One is the B2C topic that I mentioned in France, where the numbers are going to look much better in the second quarter in comparison to last year. And then, on B2B, I mentioned some expiration of production service contracts, which is really, you know, a follow-up on pressure on that industry, and some of the price renegotiations. So obviously

we're going to restructure those contracts. And there was also some topics around engineering in the first half. But, again, we feel confident for the second half. We have really created a growth platform here, you know, between 2015 and 18, we're adding €600 million to €700 million EBITDA. It's very significant. And we should not be deterred by the first-half results on the very positive outlook that we have on Client Solutions.

Isabelle Kocher

And I see the opportunity to remind you that a key element of our strategy is to extend a client solution portfolio that was initially focused in Europe – in fact mainly in France – to transform that activity into a much more international one. And we have already developed some important activities in the US, even more in the Middle East, in Singapore, in a lot of geographies. So what we are doing is that we translate, we repeat, the success we made in the past in Europe with these client solutions, and we extend it abroad.

So, as far as Renewables are concerned, I would like to tell you that basically we do both. That is to say we build ourselves a big part of our renewable plants, and it allows us to seize the EPC margin, and the EPC margin in that business is an important part of the margin. We also buy projects that are already developed. The stages are different from a region to another (stages of development). And we mix the two. The goal we have is to develop renewable capacities at a pace that is sufficient to fuel our customer, client... our portfolio of customers, of clients. You've seen that, more and more corporates, in particular, they ask for green PPAs. And we have here value – more than others, I believe, being able to connect our renewable capacities with a portfolio of B2B clients, which is the biggest of the world. So, to play that game, to go at a sufficient pace in renewable development, in fact we play with the two levers: we buy projects and we also buy, in some cases, existing assets. But with an ability to value them, connecting them with our portfolio of clients, which is higher than for others.

UBS

Hi, everyone. Thanks for taking my questions.

One question on the renewables: could you please clarify the 8 GW of capacity pipeline of Infinity Renewables that you bought in February? Thank you.

Judith Hartmann

Yes, so, on the renewable pipeline, like Isabelle mentioned, we're working with really various business models here in many countries. The US is a big part of this. France is a big part of this. India, you know, where we now have almost 1 GW installed. In the US, one of the big things we did at the beginning of the year, we bought a company called Infinity and they have added a significant capacity to our pipeline here. They are... they should be able to install about 500 MW per year as from 2019 and we're working on two crucial projects already this year that we're hoping to put online by the end of the year. So it's been a very good add to our portfolio.

Credit Suisse

Good morning. Two questions, the first one being a very long one, an open-ended one, and the second being very simple.

Question number one is very strong organic numbers for the first half... Could you first remind us your exact definition of organic, given that you've sold so many assets, you've bought so many assets... How do you exactly calculate your organic number in the environment that is your ever-changing balance sheet? And the second sub-question is what is a reasonable number, based on the experience of last six months, you think we should take in terms of organic growth for the second half of the year, and beyond, as a form of sustainable level of organic growth? So that's question number one.

And question number two is on the offsetting measures. You spent a lot of time explaining to us the impact of... negative Belgian nuclear impact, sorry, and you insisted on you have flexibility to face this negative impact. You mentioned one or two topics more than real actions. Can you maybe develop a bit around the flexibility on Lean

2018? And maybe quantify – it's the basic word I'm going to use – quantify a bit the flex you've got around the cost. Thank you.

Judith Hartmann

Okay. On the first one, on the question around how do you define organic growth, so it's the standard definition of excluding foreign exchange and scope. So absolutely no change to that. And, just as a reminder, this is on our continued activities as we have excluded E&P and LNG as per the accounting treatment, the IFRS accounting treatment. So that's... It's actually quite straightforward.

In terms of what a sustainable growth would be, I would go back to what we've said in the past: depending on the segment, you know, we should have single-digit growth in Networks, we should have mid-single-digit growth in Renewables, and also higher-single-digit growth in Client Solutions. So that's really how we look at it. And that's also how we decide on how we invest. Quite frankly, we go after the opportunities of course, and so that's how I would answer that question.

Paulo Almirante

So, on the action plan to somehow try to offset the impact of the nuclear outages, the actions I described are much more than mechanical: they are management actions that we had to make to, for example, to transform an open-cycle gas turbine at Drogenboos (that was the example) into a combined-cycle gas turbine, which is able to capture either load factor and obviously the increase in the prices that we see in this market. But that's not the only kind of actions that we are taking. We have, over the last months, we have improved the response of our CCGT fleet to ancillary services, so the ability to respond to the volatility in the grid, and that requires a lot of information management, through our digital platforms, to identify opportunities in the market and to be able to respond with the units to the needs of the transmission system operator. That kind of actions that we are implementing, additionally, on procurement, we are bringing most of our units to what we call pooling, purchase pooling, and that is to improve and to take advantage of the size we are able to develop in certain areas of our needs. So this kind of actions that we are putting in place are somehow offsetting these major impacts. But, at the same time, they will continue for the future years.

J. P. Morgan

Thank you. Just coming back on the nuclear outages... I wanted to get some colour on the fact that it's a non-recurring type of event potentially, so, I guess to have maybe an easier question would be to say, how close are we to having finished all the life extension upgrades, basically for us to understand if there will... you know, how long is the period where there could be other bad surprises. So that's the question one.

And, quickly, on B2B, you have some pressure on E&P, but we've seen the oil moving from 50 in January last year to 74 now. So how do you see the outlook there? And, if you want to take action right now, could it have an impact on actually potentially shaving out some commercial upside, which could be late in coming?

Thank you.

Isabelle Kocher

On your question on B2B, yes, you are true, we are exposed in a lot of countries with these B2B activities and exposed also to a lot of client segments. And I believe that our strength is to be able to have this diversified exposure. Typically, what happened in Belgium, in Fabricom in particular, that is significantly exposed, or was significantly exposed to the oil and gas sector, effectively had an impact over H1. But we are currently restructuring this activity, as we did last year for another segment. So, I am confident things are progressing well and it is... I mean massively offset and compensated by the dynamic of this activity globally. And I believe that we really gained good agility at reacting quickly, restructuring significantly, and then offsetting quickly that kind of impact.

Paulo Almirante

So, if I understood correctly, the first question regarding nuclear outages for the lifetime extension, which applies to Doel 1, Doel 2, as shown in the first box of the slide, so we are expecting these units to return to service at the beginning of October. At the moment, these outages are progressing in accordance with the schedule and the budget, and we rely on our teams, and we have confidence in our teams, that this will be delivered as per the schedule.

Regarding future outages in relation to lifetime extensions, I want to add that most of the works have been realised in 17 and 18, and some that are still to be executed will be part of the outages of these units planned until 2020. But most of the works for the lifetime extension are realised in 17 and 18. Of course, the return to service of all these units depends on the nuclear safety authority's authorisation.

J. P. Morgan

Thank you. So that means that the works we're doing right now actually are pretty much the final one to get a green light by the AFCN. Do I understand correctly?

Paulo Almirante

Yes, that's right.

Goldman Sachs

Good morning. Just one quick question, please.

The recurrent effect of tax rates, so from 32% to 25% in 2018, Judith could you give us some guidance... Would you expect 25% to be the rate for the full year, and is there any items that maybe you want to kind of go through that may determine why that number's a bit lower than maybe I would have expected?

Judith Hartmann

So, yes, we had a very, very low tax rate in the first half. It's going to normalise by the end of the year, more around, you know, 28-ish. The positive effect that we had in the first half is related to deferred tax assets in Australia, which we were able to book. And so that's why we had very good tax results in the first half. That's by the way also the reason why we have such... Is one of the major reasons why there's so much higher growth rates on the net recurring income, compared to the COI, but that should, like I said, normalise in terms of tax rate by the end of the year.

Credit Suisse

It's me again. A very simple question: your CMD is in February 2019. You've been taking about it for nearly a year, I think, and it's been delayed, I think, twice (I may be wrong, but...). Why are you talking to the market about the next phase of your development so late in the process? Is there anything to read there or is it just calendar issues and the availability of people?

Judith Hartmann

No, absolutely, there's nothing to read into this. We didn't delay it twice, by the way, we just said that we were going to come back, you know, close to the end of the year. Having thought this through, we wanted to make sure that we actually have the numbers of 2018. We could do it either way. Quite frankly, we could have done one in December but not give you any numbers, but I'm now sure you would have been very happy with this. So, we decided it's best to have the closing behind us and then being able to be more precise on what... how the figures are going to look like. You know, obviously there will be an update on strategy. And you will all be very interested in that. But obviously your question is also going to be how is that going to translate into our financials, and that's how we felt it was better to do it with the results actually already known.

Isabelle Kocher

Have good holidays, if any! Thank you very much.