

ENGIE H1 2019 RESULTS

Restated H1 2018 figures for IFRS 16 treatment Temperature effect in France Outright power generation volumes in Europe

ENGIE will release its financial information as of June 30, 2019 on July 30, 2019 before Euronext market opening.

Prior to this publication and in order to support analysts and investors, ENGIE issues restated H1 2018 financial figures for IFRS 16 treatment as well as volumes related to the temperature effect in France and the outright power generation in Europe for H1 2018 and H1 2019.

Restated H1 2018 figures for IFRS 16 treatment

In January 2016, the IASB issued a new standard on leases. Under the new standard, all lease commitments will be recognized on the face of the statement of financial position, without distinguishing between operating leases and finance leases.

The main impact on the consolidated statement of financial position is an increase in the “right-of-use assets” on the assets side and an increase of the lease liabilities on the liabilities side, regarding leases where the Group acts as lessee and which are qualified as operating leases. They concern mainly real estate and vehicles. The IFRS 16 treatment will also lead to a **higher net financial debt without any impact on the net economic debt**, as these liabilities were already taken into account in the net economic debt.

In the consolidated income statement, reversal of the rental expenses of these operating leases will lead to an **increase in EBITDA**, which is largely offset by an **increase in depreciation** and hence there is an **almost neutral impact on current operating income**¹. There is also a **slight increase in financial expenses**, with a global **neutral impact at net recurring income, Group share level**.

<i>in EUR M</i>	H1 2018 published	IFRS 16	H1 2018 restated
Revenues	30,182	-	30,182
EBITDA	5,065	223	5,288
Current operating income ¹	3,061	10	3,072
Net recurring income Group share	1,468	-9	1,459
Net income Group share	938	-9	929
Cash flow from operations ²	3,263	219	3,482
Gross Capex	3,585	-	3,585
Net financial debt ³	20,429	2,351	22,781

¹ Incl. share in net income of entities accounted for using the equity method

² Cash flow from operations (CFFO) = Free cash flow before maintenance Capex

³ Excl. interco financial net debt from discontinued operations

Temperature effect in France

After a very warm Q1 2019 due to a mild winter, French temperatures in Q2 were relatively cold versus the prior year, especially in April and May. Therefore, the negative temperature effect on our Q1 French volumes was largely offset by the favorable Q2 variance, resulting in a **limited negative year-on-year volume impact on H1 financials for the French supply activities** (geographical segment “France” – business line “Supply” in the new reporting matrix) **and for the French gas distribution networks activities of GRDF** (geographical segment “France” – business line “Networks”).

Sensitivity at EBITDA / COI level:

- Supply (sales): ~EUR ±10 M/TWh
- Networks (distribution): ~EUR ±7 M/TWh

Actual figures (positive figures for a colder than average period, negative figures for a warmer than average period):

	Volume effect H1 2018	Volume effect H1 2019	Volume effect Delta H1 19-18
Supply	+1.3 TWh	+0.4 TWh	-0.9 TWh
Networks	+2.8 TWh	+0.8 TWh	-2.0 TWh

Outright power generation volumes in Europe

As expected, Belgian nuclear units showed a higher availability in H1 2019 than in H1 2018. However, H1 2018 was exceptionally rainy and thus hydro power production in France was lower in H1 2019 than in H1 2018.

As a result, the outright power generation in Europe will have a **negative year-on-year volume impact on financial figures, as the positive volume impact for the nuclear activities** (geographical segment “Rest of Europe” – business line “Nuclear” in the new reporting matrix) **is more than offset by the negative volume impact for the French renewables activities** (geographical segment “France” – business line “Renewables”).

Nuclear (Belgium + France + Germany):

	H1 2018	H1 2019	Delta H1 19-18
Power production (BE + FR + GE, @share)	19.4 TWh	20.1 TWh	+0.8 TWh
Availability (Belgium, @share)	69.2%	75.1%	+590 bps

Hydro (France):

	H1 2018	H1 2019	Delta H1 19-18
Power production (CNR + SHEMA, @100%)	10.8 TWh	8.0 TWh	-2.8 TWh



Important notice

The figures presented here are those customarily used and communicated to the markets by ENGIE. This communication contains forward-looking information and statements. Such statements include financial projections and estimates, the assumptions on which they are based, as well as statements about projects, objectives and expectations regarding future operations, profits, or services, or future performance. Although the management of ENGIE believes that these forward-looking statements are reasonable, investors and ENGIE shareholders should be aware that such forward-looking information and statements are subject to many risks and uncertainties that are generally difficult to predict and beyond the control of ENGIE, and may cause results and developments to differ significantly from those expressed, implied or predicted in the forward-looking statements or information. Such risks include those explained or identified in the public documents filed by ENGIE with the French Financial Markets Authority (AMF "Autorité des Marchés Financiers"), including those listed in the "Risk Factors" section ("facteurs de risques") of the ENGIE (ex GDF SUEZ) reference document ("Document de référence" filed with the AMF on March 20, 2019 (under number D.19-0177). Investors and ENGIE shareholders should note that, if some or all of these risks are realized, they may have a significant unfavorable impact on ENGIE.

About ENGIE

We are a global energy and services group, focused on three core activities: low-carbon power generation, mainly based on natural gas and renewable energy, global networks and client solutions. Driven by our ambition to contribute to a harmonious progress, we take up major global challenges such as the fight against global warming, access to energy to all, or mobility, and offer our residential customers, businesses and communities energy production solutions and services that reconcile individual and collective interests.

Our integrated - low-carbon, high-performing and sustainable - offers are based on digital technologies. Beyond energy, they facilitate the development of new uses and promote new ways of living and working. Our ambition is conveyed by each of our 160,000 employees in 70 countries. Together with our customers and partners, they form a community of imaginative builders who invent and build today solutions for tomorrow.

2018 turnover: EUR 60.6 billion. Listed in Paris and Brussels (ENGI), the Group is represented in the main financial (CAC 40, BEL 20, Euro STOXX 50, STOXX Europe 600, MSCI Europe, Euronext 100, FTSE Eurotop 100, Euro STOXX Utilities, STOXX Europe 600 Utilities) and extra-financial indices (DJSI World, DJSI Europe and Euronext Vigeo Eiris - World 120, Eurozone 120, Europe 120, France 20, CAC 40 Governance).

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