



FINANCIAL INFORMATION AS OF MARCH 31, 2017

May 5th, 2017

Isabelle Kocher

Good morning to everybody. Thank you for being here this morning. We are pleased, with Judith Hartmann, with our colleagues also, to welcome you for the presentation of our 2017 Q1 results.

Let me start, first, with the key messages we want to deliver today. Q1 results are in line with our expectations, given the timing impact of a number of drivers. Thus we confirm our 17 guidance. Our growth engines, presented early March, continue to post sound performance, and we expect them to continue delivering growth over the next three quarters, thanks to our commercial successes, and also to the pipeline of projects we have. And, finally, we continue to progress on our Transformation plan by shaping, rapidly, a more focused and a more profitable group.

So, first of all, a few figures. I'm on slide 2. Results are in line with our expectations, as I said, and, contrary to last year, we expect a different earnings trajectory throughout the year, notably with outright production offering an unfavourable basis of comparison in Q1, which will then turn particularly favourable towards year-end.

Thus the decrease of Ebitda in Q1 is in line with what we expected in our budget, allowing us to confirm our guidance for the year.

As I said, our leverage has significantly improved and our financial solidity has been confirmed, again, as S&P reaffirmed, a few days ago, our A- rating, looking favourably at our improving business-risk profile, and also at the financial flexibility created by the Transformation programme. And Judith you will come back later on, in detail on the results.

Our growth engines continue to perform well, with mid-single-digit COI growth recorded in Q1. I will give you just a few elements for this global growth, which is up 5% year on year, globally, and these three growth engines.

First of all, for renewable and thermal contracted activities: these activities they are flat year on year, which is in fact a rather good result, given the exceptionally adverse climate conditions experienced throughout the sector for solar, for wind, and for hydro production in Europe. Aside from better forex, our operations mainly benefited from the contribution from asset commissioning, mainly in Latin America, with, in particular, new thermal power plants in Peru, Chilca (900 MW) and Nodo (600 MW). And also improved hydro conditions and optimised energy management in our Brazilian operations.

Our infrastructure activities they have increased significantly, notably due to tariff increases in France and in Latin America. In LatAm, we also benefited from the first contribution of Los Ramones (it is a Mexican project we commissioned end-2016).

And, finally, on customer solutions, we enjoyed a very strong performance year on year, in line with our growth rate target, and it is worth mentioning that all three customer segments have contributed to this sustained year-on-year growth, and this performance has been particularly driven by a continuous development of our portfolio

of offers, and the strong performance in Belgian and US retail, notably. But also by the first positive impact from the restructuring of French BtoB supply and better margins also of our district heating and cooling networks.

So, over Q1, strong dynamic of our growth engines from a growth point of view. And, for the future, the growth will be sustained by the commercial development and the operations we managed over the quarter.

In low-CO₂ power generation, we have announced the acquisition of 100% of our subsidiary La Compagnie du Vent, exactly as we did a few months ago with other subsidiaries where we had minority stakes in this country. And this move enables us to strengthen our position on the French wind and solar market, and furthermore, since we now have the full control of most of our renewable assets in this country, it will allow us to extract additional industrial synergies.

Recently, also in April, we have entered the Chinese solar market by acquiring a minority stake in Unisun. Unisun is a photovoltaic power plant developer.

We have won several solar projects for more than 400 MW in France and India, mainly, respectively in March and in April. In France, with this additional 80 MW, Engie is consolidating its leading position in this country, with an installed or under-construction capacity of more than 500 MW. And, in India, following the 340 MW bid we won, Engie will reach a total capacity of a little bit more than 800 MW, and strengthens a leadership position as a major player in competitive solar.

Finally, in Q1, we started building our first high-temperature geothermal power plant in Indonesia. It is interesting, as a technology – it is a renewable technology, of course, but non-intermittent, and which is now both efficient and economical. In geothermal, we start to be strong. We also won, during this quarter, a public-service delegation contract for a new geothermal heating network in the area of Bordeaux. And I have to say that the capabilities of Storengy, which has all the drilling and underground expertise to manage such projects, is extremely helpful.

For global networks, now a few commercial or operational elements. We have announced, in January, that Engie and the other stakeholders, shareholders, of GRTgaz will pursue negotiations for the acquisition of Elengy, the society, the entity, that manages LNG terminals in France, so bought by GRTgaz. This planned acquisition responds to the challenges of European gas infrastructures and to the needs of market players. And it is expected to help us gaining efficiency.

Last week, the Nord Stream 2 project being pursued by Gazprom has taken an important step towards its implementation. This project responds to the needs of the European Union for additional gas imports and for better security of supply. And then, together with other companies, we will participate in this project.

And then, finally, a quick update on the Cameron LNG project, which is progressing well, and is currently completed at roughly 70%. We anticipate that the commissioning of the three trains will take place between mid-2018 and mid-2019, with full commissioning reached in the course of 19.

And, third, customer solutions. In retail, we have been very active with new innovative offers launched in France, that will help us continue developing our portfolio of power clients. We increased our client base in power by 200,000, hence reaching the 10% market share mark. We also continued to actively defend our market shares in gas, with a very limited decrease recorded year to date.

In BtoB, we have just closed the acquisition of Keepmoat, which is a leader in building regeneration in the UK. Our backlog of projects in France has increased by 8% year on year, while the Ebit margin has increased by 40 basis points. We have a strong pipeline of new projects, and also a new contracts that should materialise over the next quarters.

In BtoT (business for territories, for places), the activity continues to enjoy a strong momentum, both on our historical businesses (that is to say district heating and cooling, for example) but also on new markets (like green mobility, with new references). We also are very proud of the concession contract we won in April with the Ohio State University in the US. Our teams worked very hard on the bid and our consortium with Axiom infrastructure was awarded this contract in April, culminating a more than two-year-long process in which 40 interested parties initially participated. This is frankly an outstanding project. It is a 50-year concession contract valued at a little bit more than \$1.1 billion, and this contract has two sections: first we will operate and optimise the university's

utility system, and notably development of projects to improve the energy efficiency by 25% within only 10 years; and second we will build a new energy advancement and innovation centre for energy research, and this will be a living laboratory for faculty, for students, alumni, entrepreneurs, industrial experts and Engie researchers to collaborate on the next-generation technology, such as smart energy systems, renewable energy and also green mobility. And this is really a flagship for our further development in the United States.

So the commercial dynamic has been strong over the last months, over the last quarter.

Finally, our internal transformation is progressing well. I just would like to give you two examples, among others; two examples of new milestones.

We continue to simplify our portfolio of activity and to improve our strategic and risk profile. We decided to exit from NuGen nuclear project in the UK. So we are still available to support this project, the UK project, and also the Turkish nuclear project we are in contact with – but through engineering, and not via direct investment. So it means that, in the nuclear sector, we are a very strong operator – in Belgium in particular – we are also a very experienced services provider with altogether about 8,000 people involved in this sector, but no equity in new-build.

Second example: we have made further progress in adapting our Group by launching an ambitious reorganisation of our headquarters. The mission, the location of the Group's headquarters, would be streamlined, with a significant reduction in positions, and the closure of our headquarter offices in London. And after the implementation in January last year of our new organisation, which reinforces the geographical business units, this announcement goes one step further towards our intent to be more decentralised, more agile and closer to our customers.

So I now hand over to Judith, who will detail the financial figures.

Judith Hartmann

Thank you, Isabelle, and good morning everyone.

I will give you an update on the Transformation plan and on Q1 performance. Let's start with a quick update on the financial aspects of the Transformation plan.

We are staying ahead of schedule on investments, disposals and Lean 2018. Let me just focus on recent developments and start with investments. In Q1 2017, we have continued to develop projects which will generate future growth for the company. We have invested €800 million in growth capex, of which 75% into our growth engines. Our investments relate to solar projects in India, France, Chile and Brazil; wind projects in Brazil and France; gas infrastructures in France; and the Cameron LNG project in the United States.

On a cumulated basis, since early 2016, we have invested 5.5 billion in growth capex out of our 16 billion total envelope over three years, 78% of our growth capex is now committed, and we continue to see a strong project pipeline fitting our investment criteria, including many renewable and downstream projects relating to BtoB and BtoT customers.

You will remember that we have dedicated around 2 billion of our total envelope to small tuck-in acquisitions. To date, we have spent roughly one-quarter of that envelope.

On portfolio rotation, in Q1 we have closed the sale of our thermal assets in the United States (early February) and of our coal assets in Poland. We're working, of course, on a number of disposal projects in parallel, so stay tuned. Our goal is to have announced 85% of the total target by the end of 2017.

We continue to make progress on Lean 2018. You will remember that we have recently increased the overall Lean target by 20%, and the teams are now working on defining action plans around this new target. We have made great progress in redefining the mission of the headquarters, which will lead to a further simplification of decision-making processes. The recently announced plan will lead to an overall headcount reduction of 25% at our headquarters.

Let's now look at the year-on-year evolution of Ebitda over Q1 2017.

Ebitda at €3.3 billion is in line with the full-year expected trajectory, despite a negative volume impact during Q1. Year on year, Ebitda is down 3.6% organically when excluding the impact of foreign exchange, scope and the new treatment of the nuclear tax. As we announced, during our full-year 16 result presentation, as from 2017, the nuclear tax is booked at the Ebitda level and was around €30 million in Q1.

The positive foreign exchange impact of around €70 million mainly comes from the Brazilian real and, to a lesser extent, from the Norwegian krone and the US dollar.

The negative scope impact of €130 million comes mainly from the sale of the merchant assets in the US, as well as Paiton in Indonesia.

Now let's have a look at the organic drivers of Ebitda. The price impact is almost flat year on year. We saw a significant positive impact from the European thermal fleet as we benefited from the increase of clean spark spreads locked in at the end of last year, with respect to volumes of Q1 2017. We also have positive price impacts coming from our international generation assets, mainly in LatAm (notably in Brazil) and in Australia. Finally, gas infrastructures in France benefited from the annual tariff indexations that took place last year.

These positive price impacts were offset by negative effects from the midstream gas activity, mainly due to timing, and from lower achieved prices on our outright production, namely nuclear and hydro.

Volumes are down by around €200 million, mainly due to lower outright volumes, nuclear in Belgium, hydro in France, and E&P, partially compensated by the commissioning of new assets and a slightly favourable temperature impact in France.

E&P volumes have been mainly impacted by the planned shutdown of Njård field last summer, as the platform was moved onshore for refurbishment.

The lower nuclear volumes mainly relate to the outage of Tihange 1. We expect the plant to restart at the end of May.

Renewable output in France – mainly hydro – has been significantly down over the quarter.

Temperatures in France have been colder than in Q1 2016, with a year-on-year positive impact of €36 million.

Commissioning of new assets delivered a contribution in line with our expectations of close to €100 million.

Lean 2018 delivered a positive impact of around €50 million in Q1 2017, and we expect a strong ramp-up over the remaining quarters. We are very confident in our 2017 target and every business unit has rallied behind this goal.

To sum up, a few non-linear items have impacted Q1. For the full year 2017, we confirm our expectation.

At the bottom of the slide, you can see the organic Ebitda variations by reportable segment. I will go quickly through the main variations. The Ebitda of the segments GEM and LNG, Benelux and France, are down, year on year, mainly due to the negative impact of commodity prices, as well as the nuclear outage of Tihange and poor hydrology.

The North America segment is flat year on year, as lower performance from power generation activities is compensated by improved performance of commercialisation activities and by cost cutting.

The Ebitda of the segment E&P is almost flat, given that the volume impact mentioned earlier has been compensated by reduced opex.

The Ebitda of the segment Latin America is significantly up year on year thanks to the commissioning of new assets in Mexico and Peru, favourable price impacts in Mexico and Chile, as well as better performance of our hydro assets in Brazil.

The Ebitda of the segment Infrastructures Europe is up year on year, benefiting from the positive impact of tariff indexations for transmission and distribution activities in 2016.

Within the segment Other, Ebitda has been driven by the very good performance of thermal generation assets in Europe, benefiting from the high spreads that I mentioned, that were locked in at the end of last year, with respect to volumes of Q1 2017.

Please note that gas and power sales to BtoB customers in France are now booked in the segment Other, as from January 1st, 2017.

The next slide illustrates the non-linearity of our earnings trajectory in 2017. This was expected and was part of our full-year guidance.

Indeed, on Lean 2018, the Q1 contribution represents around 15% of the yearly target of 320 million. This is in line with the full-year target, as we expect the recent programme upgrade to ramp up over the remainder of the year.

On the gas midstream activity, we are in the final stages of a gas supply contract renegotiation, which will positively impact the rest of the year.

Contribution from new assets commissioning is expected to be stronger in the remainder of this year, as some assets progressively ramp up.

Last, we expect stronger volumes over the next three quarters, mainly driven by improved nuclear production as Tihange 1 is expected to restart at the end of May. Production was down 9% year over year, over Q1. Remember that, last year, we were impacted by outages at Tihange 1 and Tricastin in the second half of the year.

Normalised hydro production levels in France will be a positive. Production was down 26% over Q1.

Better E&P production as we expect further ramp-up at Cygnus and the start of production at Jangkrik. Production was down 14% over Q1, mainly due to the planned shutdown of Njård that I had already mentioned.

Now let's look at our financial structure, and you can see the continued strength there. We benefited again from a strong cash generation in Q1, driven by a favourable change in working capital, and, second, by the positive impact of the portfolio rotation programme, notably with the US transaction booked in February for an amount of €3 billion.

At €20.4 billion at the end of March 2016, net debt therefore continues to decrease, compared to the end of 2016. As a reminder, it was €24.8 billion at the end of 2016. As a result, our net debt to Ebitda stands at 1.95x at the end of the quarter, improving versus the end of last year, and is significantly below the 2.5x limit that we had set. The cost of debt has continued to decrease as well, and today stands at 2.74. This reflects the favourable market environment, of course, with low interest rates, but not only: it also is proof of our liability management initiatives, the optimisation of our financing operations, and our credit strength. As mentioned by Isabelle, S&P has recently confirmed our credit rating.

I will now hand over to Isabelle for the concluding words.

Isabelle Kocher

Thank you, Judith. So, to recap extremely quickly, we confirm our 17 guidance, Q1 is in line with our expectations and these results benefited from the underlying sound contribution from our growth engines. Our financial structure has improved further, which gives us comfort and flexibility to pursue our transformation programme with serenity and with conviction.

Our next events now: so, first of all, the AGM, taking place in the coming days (next Friday, exactly), followed by the payment of the final dividend. And we intend to organise, as we did last year, in June, an investor workshop in London, dedicated to our customer solutions activity. So it will be an opportunity for further conversations. And then just to mention that all our teams are fully engaged in our transformation journey. This is an enthusiastic move but, moreover, this is a successful path towards sustainable and profitable growth.

And now we are available for questions.

Q&A

Credit Suisse

Yes, good morning everyone. Apologies. I seem to have a problem finding the slides on your website so maybe some of my questions will be a bit redundant.

But my first question is on the weather impact. You sent us these weather correction slides a couple of days ago but, if you could come back and help us understand... Lower hydro, poor weather on the different businesses, and the impact and how much the normalisation over the second half of the year will help – or the three quarters left will help.

And the second question is on disposals. I understand you will not share secrets with us but if you can help us understand on E&P where you are and what you hope for, for the rest of the year, that would be very helpful. Thank you.

Isabelle Kocher

So I will just start with E&P, without saying anything, as you can imagine. Just to confirm that we are under negotiation and very optimistic in our ability to dispose of these assets. And then I ask Judith to go back more specifically on the weather impacts.

Judith Hartmann

Yes, so on the weather impact I mentioned about a 30 million impact positive on the quarter. So, you know, when I look at Q1 2017, it was actually warmer than the a normal year by 0.9 TWh but last year was... The impact versus last year was nevertheless positive. So I think that's the first comment I would make and that's on the temperature in France. And you know that's one of the big things that we look at.

One of the other things, of course, that I've alluded to, is that our Generation Europe business has strongly benefited from the fact that, in the first two months of the quarter, we had cold weather in lots of parts of Europe and not much wind, not much solar, and so really our gas plants were in full operation, which was a very significant positive impact over the quarter. In fact, we generated... The Generation Europe business was able to generate 100 million of positive impact and was able, that way, to offset some of the pressure that we've seen in other areas – or partially offset at least some of the pressure we've seen on the hydro impacts, mostly, in France.

Citigroup

Good morning. I have three questions, please.

The first one regards your cash flow generation. If I understand correctly, the cash flow generation improved by just over 1 billion but, out of that, there is a 1.5 billion positive impact from working capital and margin calls, because you have less of that than you had last year. At the same time, you probably are under pressure because you have scope effects. So what I would like to do, please, is understand, on an organic basis, where we exclude scope effects and where we exclude currencies, how did cash generation change Q1 2017 versus Q1 2016.

My second question is regarding your Ebitda. You have the ambition to have 85% at least of your Ebitda that is contracted or regulated at the end of the Transformation plan. Could you just tell us where you are today on that metric?

And the last one regards your French hydro concession system: in March, a few weeks ago, the French government wrote to the EU to ask for an extension of the concession that you have along the Rhone River, or CNR. Do you know when we will have an answer from the EU and how soon we will know that those concessions are safe for the long term?

Thank you very much.

Isabelle Kocher

So I will start with your third question then hand over to Judith for the two first ones.

So, as far as French hydro is concerned, you are perfectly right, we have a very strong case, we consider, from a legal point of view, and then the French State asked the EU to validate the extension of our concession for 10 years. So the file is now on the desk of the European Commission, and we expect an answer in 2018. So in roughly one year from now.

Judith Hartmann

So, on cash flow first, your question was the impact of scope. So, by definition, there is very little impact on this because we're looking at our operating assets in our cash flow definition... You mentioned the impact, indeed, of margin calls, which was one of the biggest impacts in comparison to last year. In fact you might remember we had an impact last year and so, year over year, there is about a billion on margin calls difference, and then there's about 200 million on operational working capital, which, quite frankly, is relatively in line with the Ebitda so not much to say there.

Then you had a question on our ambition to be at 85% contracted/regulated at the end of the transformation period. Today we are at 78% and so that's very good progress there, and I'm fully confident that we will be at the 85% at the end of the transformation.

Bank of America Merrill Lynch

Good morning. Just a question on Tihange 1: what are the risks that the restart of that could get delayed beyond the end of May? And also, could you explain whether the reason for the outage there is something that could ultimately impact your other nuclear assets? Thank you.

Judith Hartmann

On Tihange 1, we are very confident that it's going to restart, as we said, at the end of May. You will remember the outage is related to works in a building that is not related specifically to the reactor, and so there is some civil works going there, which are well progressing, and we are, you know, like I say, confident that this can be done by the end of May.

Your question on an impact of other nuclear assets: in fact, you know, obviously very good question because what we have been... What the teams have been working on already in this time of Tihange 1 outage is to partially offset and really trying to increase as much as possible the availability of the other reactors, and they've been able to compensate, partially, the Tihange 1 outage. But obviously that's work that is going to continue. But, like I said, good progress on getting the plant back up and running for the end of May.

J.P. Morgan

Good morning. Three quick questions.

First, when I look at these numbers, it seems that there would be slight miss on both Ebitda and Ebit of plus €200 million. We don't have necessarily the reporting at the divisional level there. So I'm trying to understand where we could have actually missed the amplitude of one of the negative factors you have in Q1, what has been specially strong, which either we could have missed or was not fully envisaged. So that's question number one.

Question number two: we've seen the oil price weakening recently and everybody's waiting for an announcement on the E&P sale. I'd like to know if you could give us some colour on the discussions and how things are going on this side of things.

And question number three: there have been some rumours about large M&A, either energy or others, and this is a recurring concern among investors. I'd like to know if you could comment on this specific point. So is it really something you are envisaging, looking at, or not at all for this period of time. I think it would be great if we could have some clarity on this last point. Thank you.

Isabelle Kocher

I will very simply answer your third question, as I already did by the way, so we have no projects. Our priority is to implement the transformation programme.

Judith Hartmann

So your question on Ebitda being lower than what you had expected. I would mention three items that I put forward already, which is the outage of Tihange 1, the reduction of the production at E&P and the hydro impact at CNR, which is our French, you know, hydro asset. And, again, if I take them one by one very quickly, Tihange 1 obviously I've just talked about and I said it's going to come back up in June. E&P: this was planned; I don't know if it was as visible to you because we don't give quarterly guidance. I don't know if you had that visibility when you were doing your quarterly models. But this was planned. It's a planned refurbishment, basically, of one of the platforms, which is Njård. And then, of course, hydro. You've seen it from some of our peers also, when they did their result presentation: huge pressure on hydro in all of Europe. At the beginning of the year there wasn't enough water, basically. So those were the things I would mention.

Isabelle Kocher

We can also add that, in fact, as you know, we systematically renegotiate our gas supply contracts. This year, we performed... We are always extremely discreet on this kind of element but in Q1 we renegotiated a very important supply contract with an effect that will be extremely important for us over 17. But with this effect not on Q1 but spread on the rest of the year. So that's an additional element.

Judith Hartmann

And then I think you had a question on the oil price movement. So, as you know that we have a hedging policy, a progressive hedging policy I should say, and so the recent movements don't impact us as much. You know, I've looked at our hedging ratios here of oil and gas for the rest of the year and we are, I would say, close to two-thirds hedged. And so it's doesn't... The spot prices, quite frankly, don't impact us as much as you would expect.

J.P. Morgan

Just on the last question, it was regarding the E&P sale, what type of impact it could have and where are we, because lower oil price could mean potentially lower resale price or could potentially lengthen negotiations or reignite a few points. Can you comment on that?

Judith Hartmann

Great question. No, we are in final stages of a negotiation and, of course, as you look... You know, when you work on a transaction of this size and assets that are this long-term, you don't... The spot price is one element but, really, what you look at is the long term price curves that you're expecting, and so those elements are well aligned between us and the potential buyer. And so there is no, you know, no movement on that side. In fact, you know, I would add on a positive note: obviously in comparison to last year, there has been improvements on the outlook on oil prices, oil and gas prices for that matter, so that's been helpful in the recent discussions.

Goldman Sachs

Just a very quick question: is there a development fee for the new Middle Eastern asset this year, and when would you expect any sort of order of magnitude or impact?

Isabelle Kocher

So we have... We were just checking... No, there is only one project on which we've got a development fee over the quarter, which is Fadhili, which is a very big power plant we won and we are currently building in Saudi Arabia. But not a lot of... So, it's not, at the scale of our accounts, it's not extremely massive for Q1.

Société Générale

My first question is about the gas storage business. Reportedly, the capacity booking season has been quite poor in France. I was wondering if you could share with us the order of magnitude of the shortfall versus budget for the full year concerning this activity, and how confident you feel that you'll be able to obtain a revision of the

rules to basically improve the economics of this business once we have a new government in France. That would be the first question.

Secondly, coming back on your comments on the performance of the thermal fleet, I believe you said it had benefited from higher volumes at the start of the year, and I heard the figure of 100 million. Is it a 100 million positive swing or improvement in Ebitda or is it an absolute figure for the Ebitda of Q1?

And, still on the thermal fleet in Europe, are you still open-minded regarding an optimisation of this fleet, maybe through combinations or partnerships in Europe?

And last question would be an update regarding plans to do something with the Benelux entities, as we had discussed on previous calls. Thank you very much.

Isabelle Kocher

We'll start with the last one, on Benelux. So it is, of course, still in our view to discuss with the Belgian government and we started, in fact, to look at the way to recreate around our Belgian assets a pool of players that would be more able to protect the volume in the future. So it is now possible, after the negotiation of the extension of our oldest plants in this country. And, as you know, the negotiation of a new fiscal framework. So... But it will take, of course, a little bit of time. But it's still in our projects.

Judith Hartmann

So your two other questions were one on gas storage where, in fact, yes, we did mention that the capacity bookings are lower, and so that creates some pressure on that business. In fact, there's two elements I would mention there: one is the capacity bookings and then of course the spreads that are lower than they have been, than we've seen in the past. So, like you mentioned, it's going to be increasingly important for us to look at this framework, and we are looking at that with the regulator. This really is an element of security of supply for France. And so, you know, we are constructively looking at solutions on how we can improve the situation of the storage business with the regulator. I think it's really important for the full French environment and the economy here. So the impact, you know, pressure for the total year, could be around, I would say, the 50 million on Ebitda, and so obviously we're looking at how we offset this and we've mentioned some of the positive things we're working on.

You had a question on thermal. The 100 million I mentioned is indeed a year-on-year improvement. It's significant. It's very positive. And really, for us, it is a great example of energy transition at work and the place of gas in this whole mix because, like I mentioned, really, the teams were able to benefit from situations when the intermittency of the renewables in wind and solar led to a shortfall of energy production and were able, with our gas plants, to make up for that shortfall and benefit from the high prices – obviously the highest spot prices by keeping a certain percentage unhedged in that business. So a very significant improvement.

You asked about, you know, would we be open to optimisation or partnership? What I would say, operationally, the team has done just a tremendous job, I mean, to come to this kind of level of profitability in one quarter, taking advantage of a short-term situation... You know, goes to show... Is a big testament to their excellent work. And so I would say organically we have done a lot in optimising the fleet already.

Partnerships: you know, we're not looking at anything concrete at the moment but let's see if there's any opportunities. But I really want to stress the huge work that was done by the teams to improve the profitability and be able to have flexibility now to take advantage of these situations as they arise.

Morgan Stanley

Good morning, thanks for taking my questions. I have two.

I'd like to come back on the gas contract renegotiation to see if you can give us some guidance on the performance of the general LNG business for this year. Do you expect a flat performance versus 2016 or should it still be a bit weak?

And my second question is if you could give a bit of clarity on the guidance, because we've seen Q1, you probably have an idea of how April went... Are you trending towards the upper or the downward range of the guidance at this moment? Thank you very much.

IK

So, on the gas renegotiation, no, we cannot say more, but I will give the floor to Pierre Chareyre, our Executive Committee member in charge of upstream gas and, in particular, LNG, just to give you a flavour on the trends, let's say, in this LNG business, as we saw them over Q1.

Pierre Chareyre

Yes, hello, good morning, everybody. So, on our long-term contracts, in fact, you remember that we renegotiated our contracts with Gazprom and Statoil in 2016, and so we continue to adapt, in permanence, our portfolio. Obviously the target is to shift from oil indexation and... This is the long-term goal, and also, obviously to make those contracts fully competitive based on market prices, and this transformation is ongoing. And I think we are quite successful because, I think, most of the producers have now understood that the gas market was linked to the gas market prices and not to the oil prices. Having said that, so, this is for the generally speaking, and we are obviously also working on our LNG portfolio. And, on that side, I would say that we have the chance to have a portfolio which, compared to other players in the LNG market, is fairly well balanced with long-term sales contracts offsetting the purchase contract which we have made, and therefore we are not really suffering from the long... from the status of the market, which, as you know, is at the moment, and probably for a few years to come, very much under pressure, because of the new liquefaction facilities coming onstream both in Australia and in the US. Thank you.

Judith Hartmann

And on your question on guidance, of course, we just announced our guidance a month and a half ago so we don't have any reason to change it now. It's early days. But we're very confident on being at our guidance and so, obviously, we'll keep you updated in our second-half presentation on... You know, as things become more visible in terms of risks and opportunities. But very confident on the full-year guidance.

J.P. Morgan

Good morning again. A few follow-up questions.

When we talked about security of supply and the necessity, potentially, to get some regulation on gas storage... I would like to get some colour on what was the situation when we had the nuclear outages in France. I understand that gas was running on full in order to ensure security of supply on the electricity side of things. But, as well, it would be interesting to know if... What was the situation on capacity bookings if there was any margin for error during this time on either the gas side of the business or the electricity supply side.

Second question: longer-term regulatory intervention could be necessary in the power markets for security of supply so I keep this line. It could potentially result in a carbon floor coming back in France, as said by Macron's programme if he were to win on Sunday. What is your view there? I understand you are a net beneficiary in both your Belgian nuclear and you French hydro. Would this be the case even if you have a non-discriminatory future CO₂ floor bill in France?

And, finally, the third question, regarding Yemen LNG: what is your assumption on the restart of this potential project, which has been stopped due to war? Is there any light at the end of the tunnel or should we assume that this will not restart for a number of years? Thank you very much.

Isabelle Kocher

So, on Yemen, you know, so, we look at that if it restarts as a positive option, but we have... We don't count on that for our guidance. We have made the assumption that we wouldn't get any volumes from Yemen in 17. So it would be a positive, additional element.

A carbon floor is a real, real, real opportunity for us. We would be net beneficiary, as you said. By definition, I would say, since our profile now as an energy producer is extremely low-CO₂. So a carbon floor would be, for Engie, a very good news.

Security of supply: you're right, it was a big challenge for the European market but probably especially for the French market and, in particular, in the southeast of France, with congestions on both power and gas supply, because, at the same time, we had no wind, a very high proportion of French nuclear not available, and then it has been really, I believe, an opportunity to make that players, regulators, institutionals... they are more aware of the fact that security of supply is really something we have to manage more carefully. And then, as you know maybe, we push for months now changes in the regulation, in particular in the way to regulate the storage, the gas storage capacities, because... And it was a former question this morning... The level, the proportion, of capacities that are booked now by players, by gas producers and gas suppliers, is lower and lower. It is, for the first term, because it is an iterative process, for the gas... The French gas storage is roughly 43%, which is low. And then this period, a few months only, but extremely illustrative of the risk we have, collectively, and then, I believe, a strong support to get the additional regulation changes we need for both storage, gas storage, but also capacity payment for power, for the thermal fleet, which is now, as you've seen maybe, in the winter package. So it is... It will come. We push for that. It is necessary for our security of supply and it's also, of course, for us, an opportunity to value in a better way our assets in Europe.

UBS

Good morning, thank you. I have a very simple question, and it regards Ebitda guidance this year, which is, as I understand, 10.7 to 11.3 billion. I'm just noticing that, in your release this morning, at least in the English language version that I was using, I think you've put 10.77 to 11.3. So I just wanted to give you a chance to confirm whether you've brought the bottom end of the range up 70 million or is that a typo in your Ebitda guidance? That's my only question, thank you.

Judith Hartmann

No, that sounds like a typo. We're not changing our guidance there. So we'll make sure it's corrected.

Isabelle Kocher

Thank you for having attended this conference call. Have a good day.