FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2016

Thursday November 10, 2016

Isabelle Kocher

Well, good morning, ladies and gentlemen. Judith Hartmann and myself are very pleased to be here with you this morning to present the results at the end of September. We are also pleased to be joined today by some members of our Executive Committee. And we will see this opportunity of this call to not only present you the 9 months' results but also update you on our 3-year transformation programme.

We have three key messages this morning.

First, we progress well and rapidly on the execution of our strategy. We will give you, shortly, an update on the transformation programme.

Second, our results over the first 9 months are in line with the full-year trajectory, and show resilience. Indeed, our organic development and our performance efforts through Lean 2018 helped us offset most of the commodity price pressure that continued to impact our merchant activities. EBITDA is down -5% on a gross basis and -2% organically. And it is the combination of a good intrinsic performance of our activities and an unfavourable price impact of close to 600 million at the end of September. Current operating income is up by almost 7% organically, thanks notably to lower D&A. And cash flow generation remains robust too, and we managed to reduce, again, the level of our net debt.

And third message: we confirm our full-year 16 financial targets. With respect to the net recurring income (Group share), we expect to land towards the low end of the range of guidance. And Judith will come back on that.

So now an update on our transformation plan, which continues to progress very well. I remind you that this transformation plan is based on four pillars.

First of all, we are committed to redesign and to simplify our portfolio of activities. That is well on track. And, in fact, we want our portfolio to evolve along three main directions. Direction 1: clear priority to the lowest CO_2 options, because growth will come from decarbonised energy sources. Direction 2: we go towards downstream activities, because a significant part of growth will come from decentralised solutions. And Direction 3: we go towards regulated and contracted activities, not exposed to volatile commodity prices. As I said, we have been, again, significantly impacted by commodity prices over the first 9 months of this year. But we took the strategic decision to reduce, significantly, our exposure to commodity-exposed activities. And we progress well on the asset rotation front. And we will therefore see less and less impact from commodity prices going forward. And, by 2018, more than 85% of the EBITDA will be coming from contracted or regulated activities. And that is worth highlighting that 9 months' EBITDA would have been up organically year-on-year when excluding price impacts. Judith will come back on that too.

So, in a nutshell, the pace of our disposal programme, the pace at which we reduce our coal activities, the pace of our organic development, allows us to manage this redesign, this simplification of our activities, rapidly.

Second pillar of the transformation plan: we are paving the way for the future. We need to position ourselves to best capture future opportunities offered by the current energy revolution. In that regard, digital is a key catalyst for our transformation. We are adapting our organisation to seize opportunities created by the digital revolution. Among the recent achievements, we have set up Engie Digital, a groupwide digital platform which will accompany our business units in their digital transformation, and help them develop new solutions for our customers.

I believe Engie is seen and ranked as one of the most active players on this field. We have received a prize for being the number-one digital company in 16, among the French CAC 40. We also achieved a further step in our ability to offer innovative solutions to territories, by acquiring Siradel. Siradel is an internationally renowned French player in the field of 3D urban modelling, and also a developer of software to provide new energy efficiency solutions for smart cities.

Third pillar of our transformation plan: we are working at improving our efficiency. We want to improve our profitability over the next 3 years and, to do so, we have triggered a new performance plan, Lean 2018. Judith will give you in a minute an update on it, and the impact of it, at the end of 9 months. But you have to know that we triggered structuring action plans to streamline, for example, our corporate and support function, to extend our shared service centres, and to restore the profitability of business units that are under financial pressure.

Fourth pillar: we are adapting the group to the new energy context. I believe that internal transformation is a key success factor to our transformation programme. We have achieved a major step, in finding an agreement on social policy at a European level. Such an agreement will ensure professional excellence and also develop staff employability. In light of the signing of this agreement, we have created Engie Mobility to further find the right competences and promote mobility within the Group, to redeploy resources towards our core activities, where we anticipate significant developments and growth prospects.

Our new organisation is in place since January 1. It is based, I remind you, on 24 BUs, mainly based on geographies, having a P&L responsibility. And we also set up three *métier* lines to organise transversality and connection between these business units. These three *métier* lines are also an opportunity to give you a better view in a compacted way on the dynamic of our different activities.

And, precisely, I will now give you an update on operations over Q3 along these three *métier* lines. I am on slide 4.

First *métier*: low-CO_2 power generation. That is to say large-scale power generation plants. I have already mentioned that we are giving priority to the lowest-CO_2 options, keeping in mind a value-creation objective. In practice, this means that we are focusing our new power developments on renewable and gas projects while reducing our exposure to coal. Over Q3, for this year specifically, in renewables we have continued to accelerate our development in solar, we have won around 200 MW of additional new projects, namely in Mexico. So, year-to-date, we have won 600 MW of solar capacities in total. In wind, we are pursuing our development with, amongst others, the construction in Brazil of Campo Largo and Santa Monica wind complexes. It is also worth mentioning that the French government has selected a floating windfarm pilot project in the Mediterranean Sea, conducted by a joint venture comprised of Engie and other renowned companies. And this shows, I believe, our ability to be innovative. And we have, as far as renewables are concerned, all in all, added 0.4 GW of renewable capacities in Q3 and we have 1.4 GW under construction.

As far as our gas-fired plants are concerned, we have started to benefit gradually from the pickup of prices recently, given the recent tensions on supply in France. Load factors in October 16 in France were 15% higher than last year, at 67% in October this year, compared to 52% in October 15. And this may also act as a potential tailwind in 17.

As far as coal is concerned, we have further reduced our exposure. Coal exposure reduction is a strategic choice. To implement it, we look, plant by plant, at the best scenario from a value-creation standpoint. In a lot of cases, the best option is to dispose the asset. The sale of Paiton, the sale of Meenakshi in Asia, are good examples of that.

Other times, we convert them, as we did in Belgium. We converted a big coal plant in biomass, as we did also in the US, where we converted a coal plant, Mount Tom, into a solar plant.

And, in some cases, the best option is to proceed to plant closure. For instance, Rugeley in the UK and Gelderland in the Netherlands were closed. And we also recently announced that we will close the coal plant Hazelwood we operate in Australia. For Hazelwood, clearly, the closure was the best economical option.

Taking the future closure, in March 2017, of Hazelwood, into account, we have already announced closures or conversions or disposals for close to 7 GW of coal capacities in total, that is to say roughly 40% of our total installed coal capacity.

We are recognised externally for our achievements in terms of sustainability. Engie is included in the A list of the British rating agency CDP, which rates leading companies based on their climate-change strategies and actions. Engie was also recognised on September 16 by the rating agency RobecoSAM, in the DJSI index, as one of the most successful companies in the world regarding sustainability.

Last update now, on our nuclear fleet. Our results, year-on-year, benefit from the restart of Doel 3, Tihange 2 and Doel 1, at the end of last year. On Q3, specifically, our operations were impacted by unplanned outages, mainly related to Tricastin in France. We don't operate this plant but we have rights on part of the production of this installation.

As far as Doel 1 and 2 extension life is concerned, you remember that we found an agreement with the Belgian government end of last year to extend the life of these two tranches, and to revise also the nuclear contribution for most of the units. The last legislative step to materialise this agreement is a vote in parliament on the tax mechanism for the second-generation units. We are confident that this law will be adopted before year-end. This implies that Engie and the Belgian government need to postpone a little bit the initial deadline of 15 November. We are in discussions with the government on this matter.

Second *métier* now, global networks. Our regulated gas infrastructures in France are a strong asset for the Group, providing stable and visible cash flows. Every four years in France, we sit down with the regulator and review the framework in place, keeping in mind the long-term nature of these assets. Such review is taking place as we speak, with respect to transmission and LNG terminals, and we are still awaiting the outcome of the ongoing public consultation. The deliberation of the regulator is expected in December. New framework will start in April 17 for these two activities. In France, still, the process of regulating the storage activity is not yet finalised and discussions are ongoing. And, of course, we will update you in due course.

On LNG now, although we remain confident over the long-term outlook for that activity, this year, as you know, market conditions remain difficult. And we are still suffering from the supply disruption from Yemen.

Market conditions remain difficult indeed. We saw recently an increase in interregional spreads, but it seems to be a temporary phenomenon driven by specific supply and demand dynamics. We continue, then, to optimise our LNG contract portfolio and supply chain.

We are also very active from a commercial point of view. We were able to capture some spot opportunities due to an increase in the NBP-JKM, that is to say the Europe-Asia spread, just mentioned, and therefore we absorb a part of our shipping length. And we also signed, end of September, a contract to supply 10 LNG cargos to Beijing Gas for the coming winter.

And, finally, our third *métier*, that is to say, customer solutions. I reminded you earlier of our objective to increase our presence in the downstream activities, which relates to the supply of energy and to the sale of energy services to our different categories of clients. What did we achieve on that front at end of September?

For our B-to-C clients, we have continued to accelerate customer acquisition in power in France, with now close to 3 million customers. And, in order to differentiate ourselves and to accelerate our growth, we moved our catalogue of offers to a fully green power offer. Any new Engie client will be supplied by 100% renewable energy.

For our B-to-B clients, our power sales doubled over the first 9 months while we continued to lose market share on gas customers as the historical incumbent. With the exception of Benelux services activities related to oil and gas, commercial momentum on services overall remains dynamic. We have signed contracts in the areas of facility management, engineering consulting, heating and cooling networks.

And, finally, for our B-to-T clients, that is to say cities and territories, as you know, we provide services offers covering, among others, district facilities, facility management, district energy, smart government, as well as energy supply also. And we have been very active on the commercial front, winning for example mobility… electric mobility projects in the Netherlands and in Luxembourg. We won new contracts also in the heating and cooling networks domain, for example with the city of Newcastle. We won HVAC contracts with, for example, with the Boston regional airport. And, finally, we won a lot of consultancy contracts with, for example, cities in China.

So, on these three *métiers* on which we are decided to focus ourselves, we have leadership positions. Leadership positions on low-CO_2 power generation, on global networks, on customer solutions. They are value-creative, and our growth pipeline is solid in these three domains.

So I now hand over to Judith, who will present the results – financial results – at the end of September. Judith?

Judith Hartmann

Thank you, Isabelle. Good morning everyone. So let's start with the main figures for the first 9 months of 2016. Three main takeaways.

First, results benefited from nuclear volumes in Belgium, the commissioning of new assets, and the impacts of the Lean 2018 performance plan, which enabled us to compensate the adverse price impact on merchant activities.

EBITDA is slight down organically, year on year, -2%. This is a resilient performance in a context where the Group had to absorb a foreign-exchange headwind of around €200 million and an adverse price impact of around €600 million at the EBITDA level.

The COI is up 7% organically, as it also benefited from lower D&A and from the accounting treatment of assets in the process of being sold as held-for-sale.

Second, the cash generation remains strong over the 9 months and enabled to further reduce our net debt compared to year-end 2015.

Third, our financial structure remains strong with a net-debt/EBITDA ratio of 2.38, decreasing versus year-end 2015 and still below our maximum limit of 2.5.

Net debt continues to decrease and stands just below 26 billion at the end of September.

So, overall, a good quarter and results at the end of September are in line with expectations.

Now, an update on the transformation plan. Isabelle mentioned it: the transformation plan is well on track.

First, on our capex programme, out of the €15 billion of growth capex over 2016 to 2018, 3.1 billion have been invested until now, mostly in our core areas, with solar projects (for example in France, Chile, India), hydro and gas projects (for example in Peru), network developments (in France and Chile) and acquisitions in customer solutions (for example in the US). This compares to 2.1 billion of growth capex invested at the end of H1. In other words, the flow of projects remains very solid. A part of the 3.1 billion capex spent relates to legacy projects, namely 37% or 1.1 billion.

Second, on the portfolio rotation programme. Out of the €15 billion net debt impact targeted over 3 years, we have already signed transactions accounting for €6.1 billion, which is close to 41% of the total programme. This compares to 5.8 billion signed at the end of H1. Although no major transaction has been announced during the quarter, the plan continues to progress well and we are working a number of transactions in parallel.

Lastly, on our performance plan Lean 2018, we have already achieved around €400 million of net savings at the EBITDA level. This compares to 200 million at the end of H1. This is in line with our full-year target of half a billion and with the 3-year target of €1 billion.

H2 contribution will be stronger than H1, as expected. Actions identified so far represent around 64% of the total target of 1 billion of savings by 2018. And the teams continue to work on identifying actions to meet the target. For 2017, specifically, already 75% of savings have been identified.

So the plan is progressing well, in line with the 3-year target. We will of course continue to update you regularly. You can expect to see further progress at every quarterly presentation.

Let's now look at the evolution of EBITDA over the first 9 months: 9-month EBITDA stands at €7.7 billion and is in line with the full-year expected trajectory.

Year-on-year, EBITDA is down 2% organically when excluding the adverse impacts from foreign exchange and scope. The foreign exchange impact was very strong in the first 9 months, at close to -€200 million, more than a third coming from the Brazilian real, which depreciated strongly in H2 of last year. The rest of the foreign-exchange impact is due to the Norwegian krone and, to a much lesser extent, to the British pound and the Thai baht.

The scope impact is around €100 million. It includes the impact of the sale of our hydro assets in the United States, closed in May. The rest relates to a number of small transactions.

Thus we still have to see the impact of what has already been signed earlier this year but not yet closed. Most importantly, the sale of our US thermal assets and one of the coal assets in Asia, which is expected for later this year.

Now, looking at the organic drivers of EBITDA, as you can see, the pressure from prices is compensated by the benefits of higher volumes and of Lean 2018. The large negative price impact of around 600 million includes an impact of 360 million related to outright activities, in other words E&P and nuclear and hydro power generation. Let me remind you that, at our investor day, we indicated that the total commodity price impact for outright activities was expected at 700 million by 2018, and this is still the case, based on recent forward prices.

The rest of the price impact comes from midstream gas and LNG activities, and from some negative impacts on power operations at international levels, but these effects are mostly non-recurring.

This is partially compensated by the benefit of the yearly price revision on the regulated infrastructure in France.

On volumes, the impact is positive at roughly 300 million and comes from, first, the restart of Doel 3, Tihange 2 and Doel 1 in Belgium; second, the commissioning of new assets; third, E&P volumes are slightly down year-on-year by 1 million barrels as expected, due to the natural depletion of our fields and due to the planned shutdown of the Njord platform in Norway since June; fourth, temperatures in France were slightly cold over the first 9 months compared to average weather, but last year, over the same period, temperatures were slightly colder, hence, on a year-on-year basis, the comparison is slightly unfavourable.

Lean 2018 delivered a net impact of around €400 million, which is in line with the full-year trajectory of 500 million of net opex savings, as the plan was launched earlier this year and hence was ramping up in H1.

The block "Other" includes namely the impact from provision reversals last year, mainly related to pensions.

Overall, in a context that continues to remain difficult, we managed to compensate a large part of the negative external headwinds from forex and commodity prices.

Let's now look at the cash equation on page 8, and the way we have again reduced our net debt compared to the end of last year, as you will see on the next slide.

As usual, the cash generation remained strong over the first 9 months despite the decrease in our CFFO indicator, which is down €600 million, which has been impacted year-on-year, as you can see, by the decrease in EBITDA, and also by a negative variation in working capital requirements of 200 million. This is mostly driven by margin calls and financial derivatives.

Net capex amounted to 3.3 billion. As you can see from the 9-month 2016 cash equation, we have been able to further reduce our net debt, taking into account payments of dividends, hybrid coupons and investments.

The next slide illustrates the continued strength of our financial structure. Net debt to EBITDA stands at 2.38 at the end of September 2016, improving versus the end of 2015, when it was at 2.46, and thus remains below our 2.5 maximum target.

At €25.8 billion, net debt continues to decrease compared to the end of 2015, benefiting from the cash generation, the first impacts from the portfolio rotation programme, and a favourable foreign-exchange impact, notably due to the euro-British pound exchange rate.

Cost of debt at the end of September is close to its end of June level, at approximately 2.8%, compared to 3% at the end of last year.

We took advantage from the low interest rate environment thanks to the high quality of our credit signature.

Let me remind you that the triannual revision of nuclear provisions will take place at the end of this year. Given the current interest rate environment, the discount rate will potentially be revised downwards, thus leading to an increase in provisions on the balance sheet. The sensitivity for each 10 basis points delta in the discount rate is, as you know, 110 million impact on provisions. And, in terms of P&L, it is roughly 10 million on net recurring income (Group share) as from 2017, mainly coming from higher D&A related to the dismantling provision.

Synatom, our subsidiary managing the nuclear provisions in Belgium, submitted on September 12 its report to the commission for nuclear provisions, which will review all the underlying assumptions, including, of course, the discount rate but also the industrial scenarios.

On slide 10, we highlight the main upsides and downsides that we see today for the full-year 2016. This leads us to confirm our full-year guidance. We expect that we will end towards the low end of the range for the net recurring income (Group share).

Upsides relate to the Brazilian real, which is stronger than initially expected, as we had built into our guidance a euro-real rate of 4.59 versus what we see now of 3.86; the outlook for E&P production, now revised to 57 million barrels versus 53 million barrels initially expected; and the scope effect driven by the timing of disposals, as we initially anticipated to close the announced transactions in the US and Asia in the middle of this year.

Downsides relate to the unexpected nuclear outages in Belgium and in France, even when taking into account the favourable price effect; the continued price and volume pressure on LNG activities, in particular given that supply disruptions from Yemen LNG continue in H2, while we initially assumed that we would be supplied as from July onwards. Gas sales to C&I customers in France: we continue to be impacted by a tough competitive environment, leading to lower than expected market share. And, in Benelux, our service activities related to the oil and gas sector suffer from the current context for this sector. Storage activity in France: we are impacted by the unfavourable summer-winter spreads and the continued gas oversupply environment in Europe.

The charts at the bottom of the slide show achieved hedging levels and achieved prices for outright power (nuclear and hydro) and for outright gas… E&P production… we are not showing here the outright oil production as hedging is low and impact is limited.

As mentioned earlier, given current forward prices, we still expect that outright activities will be impacted by the drop in prices to the tune of 700 million by 2018. As you know, we reduce about 60 TWh of outright power annually, and 60 TWh of E&P gas production. So, for outright power in 2017, specifically, you can expect a further decrease in EBITDA of around 200 million year-on-year, given the hedges already achieved. However, we see a potential tailwind on our gas assets from the current uptick in spreads. As you can see for outright power, we are already highly hedged until the end of 2018, hence the benefit of the late uptick in prices will be rather limited. We will mainly benefit from this trend as from 2019, as we are only hedged at 20% to date.

I will now hand over to Isabelle to conclude.

Isabelle Kocher

Thank you, Judith. So, in conclusion, our transformation plan is well on track, as you have seen, and we are confident in our ability to execute our strategy and to execute it rapidly.

Figures at end of September are resilient, and we confirm our 2016 financial targets at the low end of the range, for net recurring income (Group share). And, as an implementation of our dividend policy, as you know, we have paid 50 cents per share of interim dividend on October 14.

So I am now ready, with Judith and with our colleagues, to answer your questions.

Q&A

Citigroup

Yes, good morning. This is Michel Debs from Citigroup. I have three questions, please.

The first one relates to the impact of low rates on your business. Can we expect you to tell us next year that your provisions have gone up because the discount rate is lower, and that your unwinding charges have gone down? That's the first question.

My second question relates to France, where power prices are going through the roof. I'm just curious to know how much uncontracted capacity you have left there and, therefore, how much benefit you can get from higher prices in France over this winter.

My last question relates to guidance. When you speak to the market with your full-year results next February, you will tell us probably about 2017 guidance. But do you think you will be in a position to give us maybe a range, maybe just a direction, for 2018, so as to materialise for investors the inflection point that will come from the success of the transformation plan?

Thank you very much.

Isabelle Kocher

Thank you, Michel.

First of all, as far as guidance is concerned, as you know, it's too early for us. It's not the right moment to speak about 17. And it's a *rendezvous* we have with you next February. Judith, I will let you answer the first question on discount rates. And I will say a word about France. Because, as we… as you have seen, in France what we see in the market is tension. As the RTE, the French TSO, stated a few days ago, the security of electricity supply for this winter promises to be more difficult to secure… to secure the market than in the previous winters. And it is due to the unavailability of several production sites. And, as you have seen maybe, the statement of the RTE, the TSO counts on the development of renewable energy, on imports of capacities, and also on energy savings, to at least partially offset the overall decline. But, effectively, the prices are extremely volatile and extremely high. So I would say that Engie is well placed to benefit from this situation, and to help securing the supply of the French market.

First of all – and of course it will be progressive, but I believe that the idea, the awareness about the fact that energy savings are a big way to cope with security of supply and with, more globally, an efficient management of energy framework in a country – it is more and more present. And we expect, by the way, that the winter package the EU will put on the table in a few weeks will highlight that. And that's a first point.

And, more immediately, our CCGT fleet is there and the role of this gas fleet in the security of supply is already very visible. As I stated, so the load factor of this fleet is much higher, already this year, compared to last year. We still have a part of it which is not yet loaded, because we are at 67%, 67%. So we still have a potential to push further the production of this gas fleet.

By the way – that's maybe the third point I wanted to mention – this tension on security of supply – in France, in particular… but with contagious effects, I would say, in Belgium and in Germany… It is expected, I believe, to help to set up every mechanism expected to help the security of supply in Europe. And you have seen that the EU, a few days ago, approved the French capacity payment mechanism, in order, precisely, to maintain this gas fleet open or at least available to face this kind of market event. I would say the same for gas. The ability we will have – probably, I hope – to regulate the gas-storage activities in France are, I believe, are really helped by this kind of market event.

So, now, Judith on discount rates, interest rates?

Judith Hartmann

Yes. So, on interest rates, of course, you know, there's many things I could mention. I will hit the most important points only. On, you know… there is of course an impact on our debt. I will remind you that about 80% of our debt is fixed actually. And, of course, we're going to continue to work on reducing the cost of debt. And you see it clearly in the results in comparison to last year already. Then, of course, you know, we've mentioned – or I've mentioned earlier – the impact on some of our businesses including the nuclear provision. So, as I said, there is ongoing discussions right now – in fact we're going to know very soon here what the outcome is with the discussions on the commission for nuclear provisions in Belgium. The sensitivity I gave earlier was that 10 basis points has an impact of 110 million on the provision and about 10 million on the net recurring income. So that's something to keep in mind when you look at that. The other businesses of course that we are… that have an impact coming from interest rates is our Infrastructure businesses. And, again, as a reminder, GRDF, we already concluded the framework for the next four years, and that's obviously baked in, as you know it, and the GRT, the transportation business, is ongoing. And so we will have news on this when we present in February the results.

Morgan Stanley

OK, so wrong, it's Vincent Gilles from Credit Suisse. But we're all banks, anyway. Two questions, please.

The first one is, you obviously made the point you very successfully offset the headwinds in your numbers for the nine months. When should we be – bouncing off what Michel just asked – when should we expect some tailwinds, some positive news, from the transformation that will help the numbers? Because, so far, it's been very defensive. We'd be interested to hear when it's becoming a bit more offensive in a way.

The other question is on LNG. You mentioned that the reappearance of some form of interregional spread, but you also said you don't believe it's a long-term trend. I think you used the word "temporary". Can you explain why you believe it's not going to be more favourable in the next few months?

Thank you very much.

Isabelle Kocher

OK, thank you. I will let Pierre Chareyre answering on the LNG side. Pierre. Pierre is EVP on this activity.

Pierre Chareyre

Yes, good morning. So, effectively, we have seen some more demands in the very recent weeks, from China, from Japan and also from Korea, basically because they needed the GNL to… for their supply. In Japan and Korea, mainly, because of the nuke situation. But we also have seen India and… coming on the market, and tenders for Egypt and Pakistan. So that's on the supply side. On the other side, in fact, some producers have not been there. Sabine Pass, as you know, has been on maintenance for longer than forecasted. And also the Angolan production has been interrupted for maintenance. So these are very specific and short-term problems. And our view is that, going forward, in fact, the market will be fairly well supplied, with the increase and the coming onstream of Australian projects. So, seen from that, we don't anticipate that the market will be effectively very… very strong, very supported, for this winter season. And we expect that, in fact, this small regional spread may disappear in the future. And our medium-term view is that the LNG market will continue to remain oversupplied because of the, I would say, structural imbalance of new LNG production as opposed to the growth of consumption. I remind you that, over the period of 2015 to… Sorry: 2016 to 2019, it is about 40% of the world liquefaction capacity which is coming onstream on the market. So it is a very strong increase in production, which will… And it will take certainly a few years, in our view, to be absorbed by the growth of the LNG market. Thank you.

Isabelle Kocher

Thank you, Pierre. And, if I go back to your first question, that is to say our dynamic, fundamentally… I believe that's really your question; about, fundamentally, what is the growth engines, what are the growth engines in our activities. In fact, as I said, the figures you see today are a mix. It is a mix of good intrinsic performance of our activities and also a mix of strong pressure from commodity prices.

So, if I start with the second, what we have decided is to lower, massively, the exposure of our activities to this price pressure, commodity price pressure. And you remember we said that 85% of our activities won't be exposed to this kind of volatility. And it is well on track. I believe we go rapidly through our disposal programme. And I have to say that the remaining part, 15% exposed to commodity prices… So it is namely our nuclear activity in Belgium, we consider that we can benefit from the increase of… the recent increase of prices… not a lot in 17 and 18, because we are already significantly hedged, but further. That's the commodity pressure price impact part.

And, as far as the intrinsic performance is concerned, it is extremely strong. And it is offensive, really. I mentioned the pipe we have on the new projects. So the intrinsic commercial efficiency and power of our network, customer network, is extremely efficient. And we – as you know perfectly – we have decided to invest a lot with our €15 billion investment programme.

And the third point is Lean. Because Lean is significant. I mentioned some really *structurant* actions we are currently taking. And Lean will be an additional engine in order to get a higher pace of performance increase in the years to come.

Citigroup

Just as a follow-up then, how much of the EBITDA in the nine months would you say could be attributed to businesses that did not exist, let's say, two years ago? It's another way to put the question.

Isabelle Kocher

As I said, we decided to refocus ourselves. So the strategy of our group is not to suddenly invent fully new *métiers*. That's not like that. We have decided to simplify. That is to say to dispose some, well, activities we have decided no longer to operate, to refocus ourselves on activities on which we already have leadership, worldwide leadership positions. So that's very… If I can say that like that, it's very secure because it's not something we invent from scratch. We have already these three main *métiers*, on which we have leadership positions, and then what we do is that we fuel them more, and we accelerate the pace at which we organise their growth. And we fuel that with innovation, of course, incremental innovation, and also, potentially, disruptive innovation. As you remember probably, we have decided to invest on new technology. It is a significant effort – 1.5 billion over 3 years – to work on new business models, and digital will be a big part of that in order to boost the growth in five… let's say a five-year horizon.

So it is… But it is mainly the fact that we push on existing *métiers*, very strong *métiers* for us – and, by the way, *métiers* on which we are skilled and we experience only for a long time, that we are able to create value.

Morgan Stanley

Good morning everybody.

First question would be on the situation for power in France. Would you mind giving us your exposure on the nuclear side in terms of shortfall of nuclear volumes from the plants… and the EDF plants which you have a stake in? That would be on the negative side. So how much volume do you expect you'll be down year-on-year in Q4, based on the budget provided by EDF. So that's, I guess, some public information there. On the positive side, there are two angles. CCGT: your plants will probably run fully this winter. You are… We know about your hedging policy for outright power but what about the spreads? Are you hedged? Or what share of your CCGT volumes are merchant? And, on Hydro, could you remind us of how much volumes are exposed to peak costs. I believe you have quite a few of these plants in France. So that would be on the power situation in France. A second situation, more structural, on the organisation: since the summer, we saw the quotation of new entities in Germany coming from spinoffs or partial IPOs on existing entities. That's essentially another version of the reorganisation. What lessons, if any, are you taking from these transactions for your own book? And do you see opportunities, maybe for Engie, here? I'm thinking about maybe working together on the thermal fleet in Europe. And my very last question is an update on a plan we had discussed on previous calls that would be to potentially do an IPO of the Belgium business for you. Is it still on the drawing board? Thank you very much.

Isabelle Kocher

Okay, Judith on the first one?

Judith Hartmann

Okay, so yes, there is an impact. We do have the… An impact with Tricastin actually, in France. And so, when we said, when I said earlier that the EBITDA impact is partially offsetting with some of the spikes that we're seeing, Tricastin is, you know… You could assume that it is about 40 million impact on our EBITDA for 2016. But net… on these prices, obviously this is positive and we will certainly see that next year. So that goes to your question on the CCGTs, where we believe that we will see about… You know, from this view, right, from today's view, about 100, 110 million positive impact on our Benelux and generation businesses of the power spikes. So that's very positive. You mentioned load factors are much higher. You know, we have really… We're here to make sure that the supply is ensured for all the electricity customers, and so that creates, obviously, opportunities for us. You've asked on Hydro if there was peak exposure. There is, to some extent, on our SHEM activities, but the impact is relatively limited, so I would leave it at that.

Isabelle Kocher

And your two other questions are linked, Emmanuel, of course. So I would say that, first of all, we are in a different situation if we compare Engie and the two groups you have in mind when you ask these questions, because the proportion of the businesses that are expected to grow, and the three *métiers* we mentioned… the proportion of these activities versus the activities we expect to have a different kind of dynamic in the future, is absolutely not the same. Absolutely not the same. And as far as Electrabel is concerned, strictly, so, of course, our goal is to fix the two big topics we mentioned today, and concerning really Electrabel and the nuclear fleet, that is to say, on the one end, the provision and the level of provision, and we will be fixed in this domain in the coming days, normally… But also to be fixed as far as the life extension is concerned. So we will not reopen – because the file is open – but we will push further our reflection about the evolution of Electrabel after these big two steps.

Bank of America

Yes, hi, it's Peter Bisztyga here. Just two questions about the Australian business please. Could you talk about the planned close of Hazelwood and, in particular, the cash costs of dismantling and remediating that site please, and whether you've fully provisioned for those. And then, more broadly, just about what the strategy for Australia is going forwards, because you seem to be sort of closing or selling the vast majority of your generating capacity there?

Isabelle Kocher

Okay, Judith on Hazelwood?

Judith Hartmann

On the first one, yes, absolutely, so, yes, you did see in our communication that we will in fact close Hazelwood, which really helps us to reduce the exposure on CO_2. It is strategically quite important. It is one of our most… One of our oldest plants. So, you know, it's not entirely surprising that we're closing down some of them. In terms of your question on exact costs, we're working through this right now but you can assume that we are largely provisioned on this already. And so this will be a dismantlement that is going to take years to come, and so we will… we are in the process of running the different scenarios on how much this will be and what the exact impact will be. But, like I said, on the provisions, you can assume that it's largely included in our results already.

Isabelle Kocher

And, as… obviously, we will develop in Australia the energy strategy we have everywhere. That is to say that we will push the customer solutions. And I don't know if you know that but we have there already half a million clients in Australia. And it is an activity which is growing fast. And we have also – that's a beginning – but we have a portfolio of renewable activities and a pipe in that direction.

Bernstein

What is the upside you expect from the French capacity mechanism recently approved by the European Commission? And on which timeframe?

Isabelle Kocher

So capacity mechanism… It is… the effort we do to push this kind of mechanism are high for long term. We are very happy with this new French mechanism. It has been approved a few days ago. It is a first move. What we expect is… well, not massive at our scale (it is roughly €30 million) but for this market, for this market and for the activity we now have in power generation in France, it is not so small. So €30 million is our best estimate.

Natixis

Could you detail the forex impact at debt level, please, at the end of 9-months results?

Judith Hartmann

Yes, absolutely. So there is indeed a positive impact on net debt, which mostly comes from the British pound – about 300 million – and then to some extent also from the US dollar, for 60 million.

Isabelle Kocher

If there is no more question, I'd like to thank you all for your attention and I wish you a nice day. Goodbye.