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Isabelle Kocher

Good evening and thank you for being with us today. I'm very pleased to welcome you, with Judith Hartmann, our CFO, to present our Group's results for the first nine months of 17. And this call will also give us the opportunity to comment the transaction we concluded and announced today, to dispose our upstream and midstream LNG activities. And Pierre Chareyre, in charge of global businesses – and in particular LNG businesses – is also with us today for this call.

Let me start with the key messages of this presentation.

First, the nine months results are solid. We have reached close to 4% EBITDA organic growth at Group level. And these results are in line with the full-year guidance. And we confirm this full-year guidance.

Second, we have made further significant progress on our transformation plan with the disposal, last week, of our UK thermal assets, and with the announcement today of the agreement I mentioned with Total for the sale of our LNG upstream and midstream activities, which I will comment later on.

Indeed, we have continued to review our portfolio of activities, with the aim of reducing the merchant exposure. We are proud to say that, taking into account these two transactions, we have now achieved 83% of our 15 billion disposal program.

And, third and last key message, as you know, we have decided to focus our investments on our three growth engines, that is to say Low-CO_2 Power Generation, Infrastructures and Customer Solutions. These activities, which represent today 90% of the Group's EBITDA, continue to drive our results and to show a good dynamic. The year-on-year variation at the end of September was sustained on these three growth engines, at +4.6%. In Q3 we have seen, in particular, a clear acceleration of the momentum on our Customer Solutions activities.

Let's now focus on the nine-months results. And I'm on slide 3. As you can see here, year-on-year and organically, EBITDA is up by close to 4% and COI is up by close to 2%. This is roughly in line with the organic growth posted at end of H1. Looking at our growth engines specifically, over the first nine months, they are growing by 4.6% and 4% at EBITDA and COI respectively. And they confirm their solid momentum.

At the end of September, we have also managed to further reduce our indebtedness by 1.5 billion compared to year-end 16, reflecting mainly the cash flow from disposals. Net debt to EBITDA stands now at 2.35 x.

So, overall results over the first nine months are solid and in line with expectations.

Although, we don't publish the net recurring income Group share level at the end of September, let me just say that this indicator is in line with the full-year expectations, and therefore we confirm our full-year guidance on the net recurring income Group share. And, as already mentioned at end of H1, we continue to target the midpoint of the initial range. That is to say €2.5 billion. And I remind you that this target excludes the D&A windfall effect from the IFRS 5 treatment of E&P.

Let me now focus on the transaction announced today on our LNG activities. Let me start by saying that this transaction will be submitted to the relevant employee representative bodies and is also subject to customary closing conditions. As you have seen in our press release, we have reached an agreement with Total with respect to the sale of our upstream and midstream LNG activities. We envisage to complete the transaction in the course of 18. The strategic rationale is the same as for the sale of our E&P business. As you know, we are refocusing the Group's portfolio on contracted and regulated activities as well as on downstream businesses. This transaction occurs in a context of consolidation of upstream and midstream portfolio with major oil and gas players, who are reinforcing their presence in these activities. Hence, in this evolving LNG business, in this context, Engie's ability to differentiate itself is more important in the downstream part of the value chain. Therefore we have decided to exit the upstream part and, at the same time, we accelerate our downstream development, meaning both infrastructures receiving LNG and also commercialisation of this LNG with services around. And we have a strong pipeline in this domain, in Latin America, in Asia and in Africa.

Furthermore, we have concluded a cooperation agreement with Total with respect to the Hydrogen and Biomass businesses, through which we will become the preferred supplier of Total and thereby we are securing a privileged position in these markets, that are poised for growth.

This transaction will, as for 18, improve the Group's financial performance and also our risk profile. Indeed, these upstream and midstream LNG activities have been durably under pressure due to market overcapacities, and we don't expect any short-term improvements.

The expected transaction enterprise value is US$2.04 billion, including an earn-out of US$550 million based on future Brent prices. The immediate financial net debt impact is expected to be at around US$1.4 billion. And when taking into account the off-balance-sheet commitments related to the LNG leases, the impact on the economic net debt will be even more favourable.

The scope of the transaction covers our upstream and midstream LNG activities, which more or less corresponds to the scope of our global LNG business unit. And you can see on the slide 5 the detailed perimeter. The transaction does not include our downstream activities, and these downstream we are keeping are our equity stakes in the regulated French regasification terminals, our equity stakes and capacities in international regasification terminals, our stake in GTT, and our bunkering activities and small-scale LNG onshore positions. These activities they remain core for us and we'll continue to develop them.

A quick zoom now on the financial performance of our growth engines. And I'm on slide 6. The ongoing transformation of our portfolio of activities translates into an improvement in year-on-year financial performance. This strength was already visible over the past quarters. Over the first nine months, the performance of our growth engines continued to be sustained, with an increase of close to 5% overall and in average for the three activities. Over Q3 specifically, we have seen a slowdown on Infrastructures. This was expected, given the decrease in April this year of the regulated asset base remuneration rates on the French regulated transport infrastructures. Low-CO_2 power generation performance over Q3 was roughly in line with what we saw over H1 and, on Customer Solutions, we have seen a strong acceleration. This was expected also, given the timing of certain acquisitions and also given improved performance on B2C.

We expect these trends to continue over Q4. That is to say an acceleration in Customer Solutions, slowdown in Infrastructures and stability of our growth pace for Low-CO_2 Power Generation.

Let me now comment a sample of the recent operational achievements on each of these three growth engines.

As regards Low-CO_2 Power Generation, let me highlight three significant milestones over this quarter.

In France, Engie has been awarded close to 100 MW of solar PV projects in the context of the call for tenders organised by the regulator. In the UK, Engie and its partner EDP Renováveis have been awarded a long-term (15-year) contract for difference for the Moray Offshore Windfarm. This is a big one, a 950 MW windfarm located off the northeast coast of Scotland, and a project which is under development. In Brazil, our subsidiary Engie Brasil Energia has won two hydro concessions of, together, 800 MW of installed capacities for a period of 30 years. There is no construction risk as the two hydropower plants are already in operation. The concessions come with a 30-year power purchase agreement with distribution companies with very limited exposure to a hydrology risk. In addition, there will be synergies with the rest of our portfolio of assets in this country.

These examples of recent projects demonstrate the expertise of Engie in the renewable space and comfort our leadership positions in these markets.

Second growth engine, now, Infrastructures. On the regulatory front, we are pursuing the discussions with the regulator in France with a view to regulate the storage activity and to improve, of course, the security of supply for the country. At the end of the summer, a draft law on hydrocarbons was proposed by the minister in charge, Nicolas Hulot, and this draft law contains an authorisation for the government to regulate these gas storage activities. If the currently envisaged timetable proves to be right, it could allow us to enter into a regulation for the next gas storage campaign, starting in April 18. This evolution would be extremely important for Engie. The power transmission line project in Chile, called TEN, linking the north and the centre of Chile is also progressing well. The energisation is ongoing and the interconnection should begin operations before year-end.

Now, our Customer Solutions segment. This segment is split into three different activities, depending on the end customer, that is to say B2C, B2B and B2T (B2T being for Territories – cities and territories).

In B2C, we accelerate our growth. Let me highlight some of the key operational achievements. In Q3, we have reached the 1-million mark in terms of number of customers having subscribed to a green power contract in France. We target to reach 2 million of green customers by end-18. We have continued to increase our client base in France and we are now above the 10% market share market. We continue, also, to actively defend our market share in gas with a limited decrease recorded year-to-date. In Belgium, we are accelerating our services offers to retail customers. This is dynamic. And, in the UK, we have now 80,000 retail contracts, only five months after having entered this market in May this year. And we expect to be breakeven next year. In these very competitive markets, Engie differentiates itself through the quality of its power offers – and in particular with its green offers – and also its ability to provide a wide range of services.

And, finally, maybe last example to mention in this B2C segment, end of October, we announced the acquisition of 100% in Fenix International. Fenix will be the agile growth engine for Engie's solar home systems in Africa and enable us to become a leading profitable off-grid energy services company on this continent.

In B2B now, we have pursued in this quarter our tuck-in acquisition strategy that will contribute to extend our range of offers. In France, we acquired CNN MCO, which is a French company, specialised in technical management, energy management for military and civilian vessels, and then reinforcing our portfolio of solutions and services to B2B customers. Axima, also in France, entered into exclusive negotiations to buy another company, MCI, which is a French specialist in industrial and commercial refrigeration. In the US, we have announced the acquisition of the Talen Energy Group, a provider of energy services.

Commercial activities in B2B are also dynamic and, increasingly, we see opportunities to enter into long-term contracts with our customers whereby we share the investment and also the energy performance savings. A good example of this new kind of model is the contract recently won in France. This is a 30-year contract to develop, build, operate the AgroParisTech school, along with an energy commitment contract. And this is, I believe, a promising business model.

In B2T, finally, we have closed, in Q3, the acquisition of Tabreed, an acquisition we announced last June, and we reinforce, then, our presence in district networks. And this acquisition makes us the number-one operator of district cooling networks in the world. We have also made two small acquisitions in Italy, namely the network in Turin and also a public lighting district company. In France, we have tailored for the Paris area an integrated offer in terms for security and, I believe, this is also a promising market. Thus a very active quarter in our B2T activities with further developments to fuel the acceleration in Customer Solutions growth.

As far, now, as our merchant assets are concerned, we are pursuing the review and optimisation of our portfolio. In addition to the transaction announced today for the BU Global LNG, that is to say upstream and midstream LNG activities, we have also recently announced the sale of our UK thermal assets, as I said, for a total gross capacity of 1.8 GW. This is also a big transaction. This transaction, of course, is part of our strategic repositioning in the UK, focusing on low-carbon power generation and on downstream activities of energy supply and services.

So you see that we are very advanced in our reprofiling, being now almost at the end of our disposal programme, and this allows us, of course, to fully focus on the performance of the *métiers* we have decided to develop in the future, that is to say our three growth engines.

And I now hand over to Judith, who will focus on the transformation plan's key metrics. Judith.

Judith Hartmann

Thank you, Isabelle, and good evening, everyone.

I will focus, actually, on three topics today: the status of the Transformation Plan, the nine-month results and the outlook for the full year 2017.

Let's start with the Transformation Plan, which keeps progressing, and even accelerating with the agreement reached today to sell our upstream and midstream LNG activities. We have made, in fact, impressive progress over the first nine months and we are still ahead of schedule on all fronts: on investments, on disposals and on Lean 2018.

Let me just focus on the recent developments.

First on our investments over the first nine months. Out of the €14 billion of growth capex planned over 2016 to 2018, 8.1 billion have been invested until now. The development pipeline indeed remains very strong and we have 5.7 billion already committed to additional projects. This means that 96% of the total envelope is today either invested or identified. More specifically, over Q3 we won concession contracts for two hydro plants in Brazil, which Isabelle has already talked about.

On the portfolio rotation, as of today we have reached 83% of the objective. That is 12.3 billion of disposals, either closed or announced. We are thus well on track with the 85% target for the end of 2017. On top of the transactions already closed at the end of June – mainly US merchant assets, Paiton, Petronet and Polaniec – we have closed, in July, the disposal of 25% of Elengy and, more recently, the sale of our merchant thermal generation assets in the UK, announced last week.

The main disposals announced but not yet closed are the E&P business, whose disposal was announced in May and closing is expected in the first quarter of 2018, and of course the sale of our upstream and midstream LNG business, for which we have entered into exclusive negotiations with Total.

I remind you that we expect, for the total disposal programme of 15 billion, a dilution of €300 million at the net income level.

Now an update on Lean 2018. We continue to make important progress here as well, based on our revised target of 1.2 billion by 2018, we have already identified 90% of the actions and achieved close to 65%. Indeed, over the first nine months, we have achieved 230 million net savings at the EBITDA level. Hence we are now at €760 million achieved on accumulated basis since January 2016. Again, this is close to 65% of the overall programme and we target to be at around 850 million by the end of this year. We are well on track to achieve this ambitious target.

Let's now look at the investments made over the first nine months. So far, we have invested around 8.1 billion, of which 3.7 billion in 2016, and 4.3 billion in 2017. Around 45% of growth capex over the first nine months of 2017 were invested in Customer Solutions, 33% in Low-CO_2 Power Generation, and 21% in Global Networks. This reflects the increasing acquisition momentum in downstream. Over the first nine months of 2017, we have invested 2.5 billion of financial capex, coming from the acquisitions in Customer Solutions I just mentioned – Tabreed, Keepmoat, EV-Box and Icomera – but also including the minority buyout of La Compagnie du Vent, the capital increase of Suez and the Nord Stream 2 project.

Our development capex mainly relate to renewable projects, notably solar projects in India, France and Brazil, and wind projects in Brazil, France and Australia. Also, gas infrastructures in France, notably Val de Saone the north-south interconnection project, and to Customer Solutions activities in France, where we have invested in biomass, in cooling and heating network projects, but also in the United States and in Australia.

So, as you can see, we have a lot of investment opportunities in our growth engines, and Q3 proved to be, again, a significant quarter in terms of new developments.

Let's now look at the year-on-year evolution of the EBITDA over the first nine months of 2017, on page 15. EBITDA stands at €6.6. billion and is in line with the trajectory expected for the full year, despite negative volume impacts and scope impact from disposals. Year-on-year, EBITDA is decreasing on a gross basis and is up 4% organically when excluding the impact of foreign exchange, scope and the new treatment of the nuclear tax. As you know, as from 2017, the nuclear tax is booked at the EBITDA level. It amounted to €107 million at the end of September, which represents a slight increase year-on-year of 19 million.

The positive effects impact of around €60 million mainly comes from the Brazilian real. The positive impact of foreign exchange is decelerating compared to the first half, mainly due to the recent US dollar weakness. The negative scope impact of around €500 million comes mainly from the sale of the merchant assets in the US, as well as Paiton in Indonesia. The scope impact is much higher compared to the June – it was 200 million then – given that those assets contributed significantly in Q3 of last year.

Now let's have a look at the organic drivers of EBITDA, split by growth engines and business lines.

First, on Renewables and thermal contracted, as already mentioned by Isabelle, we benefited from the commissioning of new assets, mainly in Latin America and the Middle East. This was partly offset by lower outright hydro volumes in France, as the output was significantly down over the first nine months of 2017 (-31% year over year) because of a lack of water.

Second, on Infrastructures. Gas infrastructures in France benefited from the annual tariff indexations that took place last year in distribution, offset by the four-year tariff revision for transmission and LNG terminals, applicable as from April 2017. In addition, gas infrastructures have been negatively impacted by the poor commercialisation campaign for French storage that started in April of this year. Outside of France, we benefited from a strong contribution from our international gas networks, notably in Latin America, driven by tariff reviews in Mexico, Argentina and Romania.

Then, on Customer Solutions, thanks to restructuring actions, the profitability of E&C, which is the French B2B supply business, has significantly improved. In B2T, there has been a good performance of network activities in France. In B2C, the increase of power sales and services has more than offset the decrease in gas volumes. All in all, we have 23.5 million customers, which is an increase of around 4% year-on-year.

Finally, on our Merchant activities, we saw a significant positive impact from the European thermal power fleet and we benefited from the recent pickup in spreads. We also have positive price impacts coming from our international generation assets, mainly in Australia. Yet these positive price impacts were offset both by lower achieved prices and lower volumes on nuclear production, and by lower results on the midstream gas activity. Indeed, on midstream, the year-on-year comparison is unfavourable due to negative price impacts, gas supply difficulties in the south of France last winter, as well as trading and commercial underperformance, partially offset by a long-term contract renegotiation in the LNG business in the second quarter.

Finally, our Lean 2018 programme contributed to all business lines, with an overall contribution of close to 230 million over the first nine months. We expect to reach about 70% of our 2018 target by the end of this year.

In terms of year-on-year evolution by effects, you can see that the price impact is still up by around €200 million year-on-year, versus 200 million also at the end of the first half, mostly driven by Europe and Australia thermal generation. Volumes are down by €350 million due to lower hydro and nuclear volumes. This is slightly worse than at the end of the first half (it was 300 million then). And, as mentioned, Lean continues to ramp up nicely: 230 million now versus 180 million at the end of the first half.

The block Others amounts to roughly 200 million, in line with the full-year indication.

All this leads us to confirm our full-year guidance, and we continue to target the midpoint of the €2.4 billion to €2.6 billion range of net recurring income Group share, excluding the D&A windfall effect from the IFRS 5 treatment of E&P.

At the EBITDA level, we expect to be closer to the low end of the range.

Now let's have a look at the bridge between EBITDA and cash flow from operations. The CFFO amounts to 4.9 billion at the end of September. As you can see in this bridge between EBITDA and CFFO, cash flow generation over the first nine months has been mainly impacted by higher restructuring charges and some one-offs such as the settlement of litigations.

Yet you can see on the right-hand side that the cash equation remains in surplus by around 1.1 billion. This is of course after the payment of the final 2016 dividend in the second quarter.

Net capex amounts to 1.9 billion, which is a significant increase compared to the end of June. Indeed, in Q3, we notably cashed out the Tabreed acquisition while there was no additional cash in from disposals. The CFFO, year on year, is down -1.9 billion, mainly due to scope and one-offs of 600 million, and the change in working capital variation, which has increased year-on-year by 1.2 billion, mainly due to the fact that the 2016 change in working capital was exceptionally positive, hence the return to a more normalised level.

The next slide is our usual slide on the balance sheet and financial structure. Net debt benefited from the positive impact of the portfolio rotation programme, following the closing of disposals previously mentioned – mainly the US thermal assets, Petronet and Polaniec.

At the end of September 2017, net debt stands at €23.3 billion and therefore continued to decrease by €1.5 billion compared to the end of 2016. Adjusted for the E&P intercompany debt, net debt stands at 21.7 billion. Net debt to EBITDA stands at 2.35 x at the end of September, improving versus the end of 2016, and is thus significantly the 2.5 x limit that we had set.

The cost of debt has continued to decrease as well and today stands at 2.61%. This reflects the favourable market environment with low interest rates but also shows the performance of our liability management, which optimises our financing operations.

Last month, Fitch assigned a strong investment grade rating of A with stable outlook and I remind you that S&P and Moody's have confirmed our credit rating earlier this year.

I now hand over to Isabelle for the conclusion.

Isabelle Kocher

Thank you Judith and, just to conclude I will insist on the fact that our nine-month results are solid and on the fact that we confirm our full-year guidance. We continue to be ahead of plan on the various programmes for transformation, so the momentum is extremely rapid. And, finally, on the fact that our growth engines continue to support the Group's financial performance and to show a very good momentum.

Thank you for your attention. And now we are ready to take your questions.

Q&A

Credit Suisse

Yes, good afternoon. Two questions: the first one is the transaction today… It's actually two questions. The first one would be why split the LNG business into two parts. I'm trying to understand the logic and how much growth you expect from what you keep of the LNG business compared to what you're selling in the LNG business. And the second question is the impact on the economic net debt. You alluded to the fact that the impact would be greater than on the pure financial net debt: maybe you can help us measure what the impact would be. Thank you very much.

Isabelle Kocher

So I will let Pierre Chareyre to complete what I'm just about to say. On the first part of your question, what we keep versus what we sell, if you look at contributions, that is to say really the contribution of these two parts in our P&L, just have in mind that the upstream and midstream part is just balanced in 17 and expected to be even more under pressure next year, and then that the EBITDA we have is made, in fact, on downstream activities. Now, Pierre on the impact on our economic debt.

Pierre Chareyre

Well, maybe on the split, I think, you have to remind that it is a very different business model. The upstream activity is essentially commodity-driven and hence it is suffering from the excess of LNG in the market, and we believe that this excess of LNG is likely to last for quite a number of years. The business model of the downstream market is very different. On the regas side, it is essentially either a regulated model, like we have in France, and in other countries it's mostly a contracted business with long-term contracts. So I think it fits very well with our strategy, which is to decrease the exposure to commodity prices. That being said, as far as our presence in the gas chain is concerned – and the supply for our markets – there is another big change which has been happening in the gas markets now for quite a number of years, which is the fact that these markets are more liquid and hence we can source most of the gas in the form of gas, I would say, and not in the form of liquefied natural gas, through our long-term contracts or through the exchanges. So the need to have, I would say, a long-term supply contract to balance our markets with LNG, has greatly diminished over these years.

Judith Hartmann

On the debt impact, so financial debt, like we said, 1.2 billion, there is an additional impact of about 1.1 billion on economic debt, which is mostly leases on the ships. So that's 2.3 billion complete, total impact effect immediately once we close the transaction and get the payments. And then there is the earn-out component, which obviously is going to depend on how that's going to do but a maximum of 500 million additional debt net reduction.

Société Générale

Thank you very much. I would like to follow up on Vincent's question on the LNG disposal. For what you are retaining of the business, of the downstream, you are saying that you are positive on EBITDA for this year. Could you give us your view on the outlook for the earnings power for this business over the next two to three years? If we base… We don't have a split for last year but it looks like the LNG business overall was breakeven at EBITDA so it would be good to maybe have the base in terms of profitability for what you are keeping for 16, or maybe an idea of the outlook you see for 18 or 19. That's number one.

Number two: it looks like there will be no dilution from this specific disposal – or potentially an accretion as it was loss-making. Could you update us on the metric you… on the dilution of earnings from the disposal programme? You gave us the idea on the metric that, for the disposals announced at the end of H1, the total dilution was 250 million. You just confirmed that, overall, you are sticking to your 300 million target but, now, for what has been implemented, announced, in Q3 as well, what would be the overall dilution, so the equivalent the 250 million?

And my last question would be about capital deployment, growth capex. You have now implemented or identified 96% of your 14 billion. So it's basically all budget for… You should now have a fairly good idea and visibility about the future contribution that you expect from this capital deployment. I understand that your metric of contribution has been 1.1 billion of COI, as a run rate at the end of 18, so full contribution maybe in 19 or 20. Are you in a position to now guide a little bit more specifically about the contribution you expect from growth capex in calendar 18? And then what would come in 19 or 20? That would be very helpful. Thank you very much.

Judith Hartmann

All right. Hello Emmanuel. So a good list of questions.

On what's staying in terms of EBITDA from the GNL business, I think the easiest, quite frankly, in terms of what yourmodel is probably based on is what we're… You know, the reasons we're making this distinction is because it's important, strategically, to understand that there is still, of course, a big part of gas that stays within the respective businesses. But, in your modelling, it is really the business unit GNL that we're selling, to simplify and respond, and what is staying is partially in different business units, the terminals, and also GTT of course. So, you know, for you to simplify, if you exclude the business unit GNL then that should help you get to the right results.

On the dilution in general, of course, what you're getting at here is what does the announcement of today mean in terms of dilution and, if we said 250 million on everything announced and only going to 300 for the rest, you can assume that the impact of the business we're selling today was actually… is actually not very high. In as we had been saying over the last couple of years, this is a market with a short-term oversupply and so we've been really working hard to keep this business breakeven. And so there's actually a slightly positive, relutive, accretive impact for next year coming from the transaction announced today.

Now, when you talk about the growth capex of 14 billion with 96% announced, I will confirm the 1.1 billion of COI that we have given as a good guideline of what the full-year pro-forma impact will be on this. And then of course stay tuned when we talk about 2018 guidance on what the impact there will be.

J.P. Morgan

Good afternoon. I'd like to come back, again, quite quickly on the LNG. So we're selling the GNL division and the GTT. But it's difficult for us, actually, to get an order or magnitude of the EBITDA contribution we can expect going forward. So sorry to come back on this one, if it is possible to get any more clarity that would be really appreciated.

And now another question regarding the gas storage. We're expecting new regulation soon. You commented on it in the presentation. Now this is a business which was producing several hundred million of EBITDA, maybe 600, quite a few years ago. What type of potential upside could we see on the gas storage regulation? That would be… An indication would be appreciated as well.

And then I would like to come quickly to the tax deductibility for the dividend for 2012-16 and the increase in the corporate tax rate. So this is happening for the French companies.

We can see there have been some difficulties on hydro or nuclear in Q3, maybe Q4. Is there here any upside for Engie? Have you quantified it? That would be one.

And the last point would be regarding the trialogue discussions which are happening at the moment: what are your expectations on CO_2 going forward, price-wise? What you are you using in your MTP? Thank you.

Isabelle Kocher

Thank you very much. I will let Judith answering the three first questions and just remind you, nevertheless, that we are not disposing GTT. And GTT is a different case. GTT is specialised in membranes for cargos and we keep the stake we have in this company. What we are disposing, again, is upstream – that is to say, concretely, the stake we have in Cameron – and midstream (a portfolio of midstream) LNG activities.

On CO_2, you know, it's difficult to say what we can really expect. The only point, nevertheless, I really see is that, progressively, the idea that effectively, in Europe, we need significant, let's say, CO_2 price, is more and more shared. We push for that, of course. I personally spent time to convince our stakeholders on that point. You have maybe seen that, in the Netherlands, the new coalition is just about to set up a scheme which is extremely similar to what happened in the UK over the last years, that is to say a minimum CO_2 price including the ETS price, but fixing a minimum. So it is progressing. I believe that it is reasonable to expect that, effectively, it will happen. Nevertheless, we continue to manage our fleet and our portfolio of assets without taking into account this element, and managing, as we do in fact for years now, cash, that is to say, continuing to arbitrate between keeping, mothballing or not, our assets. But managing the option to restart them if, effectively, a CO_2 price comes. But I'm really reasonably optimistic. Now, Judith on the elements?

Judith Hartmann

Yes, absolutely. So, yes, again, we're not selling GTT. What I said is we are selling, you know… financially, everything is in the business unit LNG. On your question what's 2017 EBITDA, it's roughly about 50. Again, very limited impact on net income and, like I said, for 2018, actually, this is accretive because it was going to go slightly negative next year.

When it comes to your question on gas storage, in fact the way we look at this it's mostly a matter of avoiding risk. The regulation is not yet fully concluded so it's hard to say what the exact impacts are going to be but it is important for us because it's taking out additional risk. In fact, you know, the gas storage business in the past has of course benefited from south-north differences. But certainly also winter-summer differences in price. And those differences are not seen anymore and so it is very important… Which is why, quite frankly, we're seeing the storage campaign lower this year, which poses a problem – potential problem – for the security of supply. And so that's why the regulation is very important for the security of supply for France. And, for us, it will give us visibility on earnings but too early to say on the exact financials that are going to come out of this. But stay tuned. We're going to have news very soon on this one.

On your question on the tax discussion in France, this is actually quite significant for us. So there are two aspects for the ones that are following this. There is the tax on dividends that is going to be abolished. That has two impacts. One is positive recurring impact this year of about 50-60 million on net income. And then there is also an impact on non-recurring, which is the catch-up of the past years. And that one is still, I would say, you know, to be seen exactly what it is, but it's going to be several hundred million in non-recurring. That's obviously also very positive for our cash flow. So it's very good news. And now this creates a 10 billion hole for the French government in their budget. And so what they said is half of it they're going to cover with other measures and half (5 billion) they're going to institute a new tax for this year, a higher tax on results for companies, which will be an impact for us. It's for all the companies with revenue higher than 1 billion. And they're still discussing exactly how they're going to roll this out. But, in all likelihood, it's going to be low (50 million impact). So positive 60 on net recurring this year on the tax on dividends, about a few hundred million positive on non-recurring, positive cash impact coming from that, and then a partial offset of below 50 on the compensatory tax that they're going to put in place to recover the 5 billion in their own budget.

Morgan Stanley

Good evening. I have two questions.

One, I wanted to understand a bit the drivers of the lower range of the EBITDA guidance. Is this just lower nuclear and hydro or there is something else?

Second is I've noticed that Services business has been growing in the first half but B2C… The growth has slowed down a bit. And you still have the target to increase EBITDA by 50% in 18 compared to 16. If you're still comfortable with that target and what would drive that growth. Thank you very much.

Judith Hartmann

OK, so on the drivers of the EBITDA, the fact that we would be at the lower end of the indication that we gave, you hit on one important aspect already, which is the hydro situation in France. The second one – I mentioned it also earlier – is some of the nuclear plants… The nuclear availability… Some of the nuclear plants that were stopped or are stopped at the moment. Those are really the main two items and, like I said, it is, you know, 33% of less hydro – 31%, sorry – on hydro impact and it is about a 5% impact on nuclear output. So quite significant. But, like I said, we feel comfortable that we can offset this at the net income level.

Your second question was around Services growth. What I would say there is it's an ambitious target to be at 50% in the three-year period, but you can see that the growth is really picking up here. You know, every quarter that we come back we have higher growth, we've done some acquisitions here recently – Tabreed and Keepmoat – that you can only see partially, of course, in our numbers right now, and we will have a full-year impact next year. And then the other thing that the teams are working on is of course, next to acquisitions, is of course Lean, which is going to be an impact, also, a positive impact on the results. And then, of course, the organic growth, and we had some great examples that were given in Isabelle's part of the presentation, of some of the new deals that were signed. So we're still working hard on this and we're still confident that we can generate a lot of growth in this area.

Bank of America Merrill Lynch

Good evening. Just a question on the guidance, again. I think you've sort of isolated Q3… EBITDA was down over 200 million year-on-year and even hit the bottom end of your full-year EBITDA guidance. You need fourth-quarter EBITDA to be flat year-on-year or even slightly up year-on-year if I've done my sums correctly. So I'm just wondering what kind of offsetting positive factors you're anticipating in Q4 to make up for the poor hydro conditions and poor nuclear output that you just mentioned.

And, sort of, second question – apologies if you already mentioned this earlier – but can you just repeat how come net income is going to be better (in the middle of the range) if EBITDA is at the bottom end of the range?

Judith Hartmann

Yes, so, on the full-year EBITDA guidance or indication, we feel comfortable about this because, you know, the fourth quarter needs to be… Is always a big quarter for us and we are confident that we can do this. There is, I would say… I would mention two areas that I'm expecting to be better than in the first three quarters. One I just mentioned in the earlier question on Customer Solutions: there's a real ramp-up that we can see. And that's a good thing. And that's going to help in the fourth quarter. And the second area I would mention is Brazil, where we are expecting a good quarter in the fourth quarter. Generation should continue to be a good year, as you've seen from the results. It's a very good year, actually, for our European generation business this year.

On your question regarding net income, on why we are confident to hit the middle of the range when EBITDA is slightly lower or… It's really two items there: it's our financial results that are very positive and that are improving; that goes hand in hand, of course, with what I mentioned earlier on the reduction of the debt and the cost of the debt. And the second item is the tax impact, which is also going to be very helpful there. And so that's why we are confident to confirm the mid-range of our net income guidance.

Kepler Cheuvreux

Good evening. I have two additional questions. The first one: I would like to understand better what's the rationale for keeping GTT within your scope, given that you are selling the LNG shipping to Total. I understand that GTT has key technology for membranes but, yes, I want to understand where are the synergies with the remaining LNG activities within your scope.

The second question relates to the UK retail market. You recently confirmed your ambitions to expand in this market and notably in B2C. I want to understand what makes you so confident about this market when looking at the competitive landscape and also the uncertain political environment.

And also can you say a word on the merger that has been announced this morning between Innogy and SSE. Do you expect further restructuring on this market, further consolidation? And would you be part of an ongoing consolidation in this market? Thanks.

Isabelle Kocher

Thank you very much. Judith, you will elaborate on the second question. You know, GTT is a company, as you said, which is a very strong one as far as technology is concerned. In a segment, LNG, which is, as we said, key for us, downstream. And, typically, GTT can be part of the downstream developments because vessels they are partly, at least, moving to LNG propulsion, which is in line with the new rules, the new standards. So they are dynamic on this part. They recently booked an important commercial agreement to equip nine big Chinese cargos for CMA CGM. So that's part of the downstream play and that's also a window we have on the technology front. That's the reason why we keep this stake.

Judith Hartmann

On the UK retail business, we are indeed at about 80,000 customers right now. You know, the way we look at this is it's really a strategic reason. It's not to compete with the Big Six. It's really to complete our offerings that we have. We have a lot of B2X customers that are councils, that are cities, and, really, we wanted to complete our offer there to also be able to sell electricity or energy in general to the end customers that are living in these territories. And our offering is really around… it distinguishes itself around transparency and connected home, and of course we have… We went into this, in terms of the business case, eyes wide open, knowing all the political discussions that are going on in terms of the Big Three. So I feel quite confident that we are achieving this goal. It's relatively minor investment, I'll be honest, and with an intent to be at least breakeven of next year so I'm not… You know, this is not a big risk but a very strategic investment for us.

Exane

Thank you for taking my questions. Two from me.

One is on your balance sheet. You are selling out of pretty much all the merchant activities. Do you still think that having a strong A rating is important given your asset mix? You should really be able to borrow pretty much at any market conditions. So is that credit rating still important longer-term or could we be seeing a higher gearing target in the future?

And the second thing is on the cost-cutting. If I understood correctly, you said that you have already delivered on an annualised basis 800 million of cost savings at the nine-month point and your target for the full year was 850. So that leaves 50 million for Q4, which seems maybe a bit conservative given the run rate that you've been doing. So do you think there is scope for extra savings or are you coming to the end of you what you can deliver on the efficiency front?

Judith Hartmann

So, on you're 'A' rating question, I mean, it is, you know, it is still what we have given as guidance for this year and we're keeping to it. And so really that's pretty much what I would say at this stage. We will obviously look at this every year and then make a decision there.

In terms of the cost-cutting, of course, as you ramp up these efforts, it is true that you have addressed a lot of the lower-hanging fruits already but it's still ambitious, also for the fourth quarter. Of course, if we can do more we will do more. But the teams are very engaged around this and, like I said, I'm very confident that we can make this happen.

Isabelle Kocher

Thank you very much to all of you for having attended this call. I'd just like to finish congratulating our teams because not only the nine-month results are very good but the transaction we announced today for our upstream and LNG activities is a very good one for Engie. So congratulations to everybody. And thank you very much and have a good evening.